

BREAKING RECORDS CREATING A LEGACY



Breaking Records Creating a Legacy

In a year defined by exceptional growth, innovation, and an unwavering commitment to excellence, Vallibel Finance achieved a significant milestone-surpassing the Rs.100 billion mark in assets. This accomplishment not only underscores our strategic leadership in the finance sector, but also denotes a pivotal moment in our journey to create a legacy of financial empowerment.

Since our inception, we have been committed to delivering remarkable value to our clients, shareholders, and the communities we serve. This report illustrates the adaptability, resilience, and visionary leadership that have enabled us to achieve this milestone.

While this year's success is a moment of celebration, Vallibel Finance remains focused on continued growth and impact. We are committed to creating a lasting legacy-one that goes beyond financial milestones and fosters long-term trust, transparency, and positive change within the industry.

At Vallibel Finance, we are not just breaking records; we are creating a legacy that will endure for generations.



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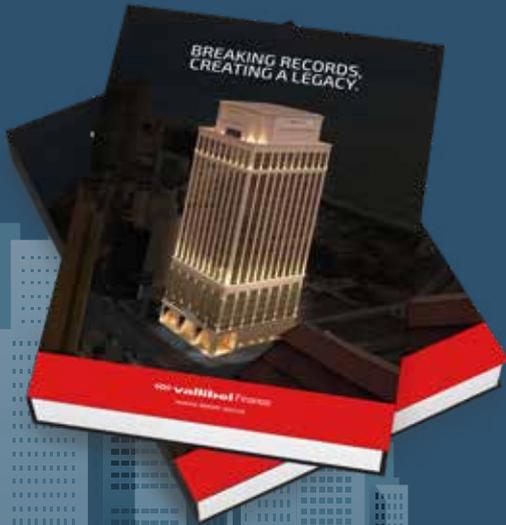
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Our report, with additional updated information is available on our website:

<https://www.vallibelfinance.com/annual-report>

About Our Integrated Annual Report



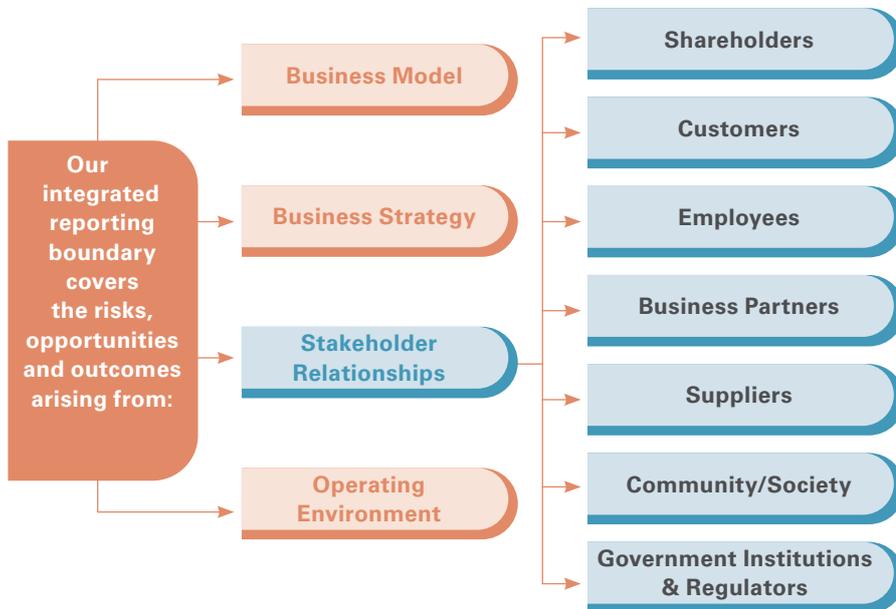
Vallibel Finance PLC is pleased to present our seventh Integrated Annual Report for the financial year 2024/25. Prepared in accordance with the International Integrated Reporting Council (IIRC) Framework and in reference to the GRI Standards 2021, this report provides a comprehensive yet concise review of our performance for the financial year ended 31st March 2025. Through a systematic materiality assessment, we have identified the key factors that significantly influence our ability to generate value. Central to this process has been active stakeholder engagement, ensuring that the report effectively addresses the diverse information needs of all our stakeholders. Within these pages, we highlight our operational and financial achievements for the year, providing a comparative analysis of our performance against the previous year, and underscore the advancements made in achieving our sustainability objectives. This report also provides a forward-looking perspective, illustrating how our strategy integrates both financial and non-financial elements to ensure the creation of sustainable long-term value.



About Our Integrated Annual Report

BOUNDARY AND SCOPE OF REPORTING

Areas within the scope of our integrated report boundary.



Digital Annual Report

To ensure convenient access for all our stakeholders, the Integrated Annual Report is available in a digital format on our website.

GRI Content Index

The GRI Content Index is available on pages 324 to 328 of this annual report.

OUR APPROACH TO TRANSPARENT REPORTING

This annual report covers the financial year from 1st April 2024 to 31st March 2025. The report provides both qualitative and quantitative information, enabling a deeper understanding of the Company's performance. Comparisons to the previous year are included where relevant and possible.

Additionally, the report provides insights into anticipated future developments based on the information available at the time of publication. To give more context, relevant data from the past five years has also been incorporated.

REPORTING UPDATES FOR THE FINANCIAL YEAR ENDING 2024/25

- > **Company Structure:** There were no significant changes in the organisation's type, structure, or ownership during the reporting period.
- > **Supply Chain:** The Company's supply chain remained consistent throughout the reporting period.
- > **New Subsidiary:** The Company operated one subsidiary, Vallibel Properties Ltd., which continued commercial operations. There were no new subsidiaries formed in the reporting period.
- > **Material Topics:** The 12 key topics identified in the previous report remain broadly relevant and have been included with adjustments reflecting developments during the financial year ended 31st March 2025. In addition, we have incorporated two new topics, Geographical Expansion and Customer Privacy, into our materiality assessment for the reporting period. These topics reflect our recognition of the growing importance of market reach and customer data security, ensuring that our strategic focus remains responsive to the evolving business landscape.

EXTERNAL ASSURANCE:

Messrs. Ernst & Young has audited the financial statements and the non-financial information included in this Annual Report. Their opinion confirms the accuracy and fairness of the financial statements presented on pages 224 to 322. Additionally, reasonable assurance has been obtained for the financial highlights on page 14, and limited assurance has been obtained for the GRI disclosures presented on page 324. The external assurance report can be found on pages 329 to 330.

RESTATEMENTS OF INFORMATION

There are no restatements of financial or non-financial information which was audited in the previous year.

REPORTING FRAMEWORKS AND GUIDELINES

The Company complies with several mandatory and voluntary reporting frameworks and guidelines to ensure unbiased and comprehensive reporting. This approach enables a comprehensive understanding of the Company’s performance and its impact on various stakeholders.

 <h4>Financial Reporting</h4> 	 <h4>Corporate Governance Reporting</h4> 	 <h4>Voluntary Reporting Frameworks and Guidelines</h4> 
<ul style="list-style-type: none"> > Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs)1 promulgated by The Institute of Chartered Accountants of Sri Lanka > Companies Act No. 07 of 2007 > Finance Business Act No. 42 of 2011 	<ul style="list-style-type: none"> > Finance Business Act No. 42 of 2011 > Listing Rules of the Colombo Stock Exchange (CSE) > Finance Business Act Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka > Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 	<ul style="list-style-type: none"> > International Integrated Reporting Council’s (IIRC) Integrated Reporting Framework > Global Reporting Initiative Sustainability Reporting Standards (GRI) 2021

PRECAUTIONARY APPROACH

Vallibel Finance has considered the principle of caution when reporting by carefully reviewing all financial and non-financial information to ensure accuracy before including it in the report to reduce the risks to stakeholders.

INDEX OF ICON REFERENCES

Capital Icons



Stakeholders



For any feedback or enquiries concerning this annual report and its contents, please reach out:



Senior DGM – Finance & Administration
 Vallibel Finance PLC
 No. 310, Galle Road,
 Colombo 03.
 Tel: 011-4393100

About Us



Vision

To change the financial landscape of our country; bringing more people in more areas to become stakeholders of a national reawakening. We are driven by relentless passion to seek out people who need help.

Mission

Our work ethics involve working tirelessly to formulate and offer a financial product spread that understands the pulse of the people. Our search is for excellence in all we do, including accountability in financial stewardship and our responsibility towards customers, stakeholders, and our country.

VALLIBEL FINANCE: EMPOWERING FINANCIAL CONFIDENCE, NATIONWIDE

Vallibel Finance's narrative is built on its key attributes of success: an experienced management team, a culture focused on learning, steadfast customer confidence, a long-standing reputation, and dedicated employees. These strengths enable the Company to advance its purpose of making financial services accessible to all Sri Lankans. From urban centres to rural communities, Vallibel Finance offers innovative, value-for-money solutions that help families and businesses thrive. By opening doors of possibility, the Company fulfils its commitment to empower people with the tools to achieve their financial goals. This inclusive approach underpins Vallibel Finance's impact on national development and economic inclusion.

Key Attributes of Success



A Legacy of Inclusion

Vallibel Finance’s history reflects a legacy of innovation and inclusion over 18 years. Founded in 1974 as Rupee Finance Company, it was acquired by Vallibel Investments in 2005 and subsequently transformed into Vallibel Finance. Over the decades, the Company has followed its founding vision of transforming the financial landscape through precision of thought and disciplined execution. Despite economic challenges, Vallibel Finance achieved strong, year-on-year growth, earning multiple local and global accolades. Today, the Company prides itself on an ethical, transparent culture. This has built deep trust and a respected reputation where its operations are described as “precision-driven,” delivering value-for-money financial solutions that reflect its long-standing commitment to Sri Lanka’s people.



Nationwide Reach

Vallibel Finance’s brand is truly national. Its strategic network of 75 branches spans provinces of Sri Lanka, from the Western and Central regions to the Uva and Northern provinces. The Company’s management notes that its brand presence has penetrated across all corners of the country, and it continues to expand its footprint to reach every household. This broad reach ensures that customers, from Colombo to rural towns, have access to loans, deposits, and other financial services tailored to their specific needs. By leveraging digital tools to enhance operational efficiency and improve accessibility, Vallibel Finance strengthens customer confidence and reinforces its nationwide presence through a robust branch network.

People at the Core

A core strength of Vallibel Finance is its people. The Company emphasises a human-centric approach, acknowledging that employees’ expertise and dedication are the cornerstone of success. The Company’s human resource policies are closely aligned with its vision and values, empowering employees at all levels. This alignment fosters a culture of open communication, continuous learning, and knowledge sharing across the organisation. Employees are supported through training programmes, clear ethical guidelines, and accessible information, enabling each team member to contribute meaningfully to the Company’s operations and growth. By nurturing talent and prioritising employee well-being, Vallibel Finance maintains an engaged and motivated workforce of 1,763 people who drive customer satisfaction and support the creation of stakeholder value.



A LEGACY IN THE MAKING

As we celebrate a historic year of surpassing Rs.100 billion in assets, Vallibel Finance continues to strengthen its position as a trusted and high-performing brand in Sri Lanka’s financial services landscape. This milestone reflects more than just financial success; it represents the strength of a brand built on integrity, innovation, and impact.

Our brand promise is to be a financial partner that understands the aspirations of our people. Whether it is a small business looking to expand, a family seeking financial stability, or a young entrepreneur chasing a dream, we will be there every step of the way.

We are proudly positioned:

As a performance-led brand, breaking records through sound leadership and strategic agility.



As a community-focused brand, with a strong branch presence and local understanding.



As a legacy-building brand, dedicated to long-term stakeholder value and national economic inclusion.

About Us

In a year defined by remarkable growth and transformative progress, we enhanced our operational efficiency, broadened our product offerings, and reaffirmed our commitment to service excellence. By delivering on our promise with consistency and care, Vallibel Finance is not only transforming the financial landscape; we are creating a legacy to empower future generations.

Total Assets

Rs 111.68 Bn

Total Equity

Rs 15.12 Bn

Total Deposits

Rs 67.48 Bn

Employees

1,763

Profit Before Tax

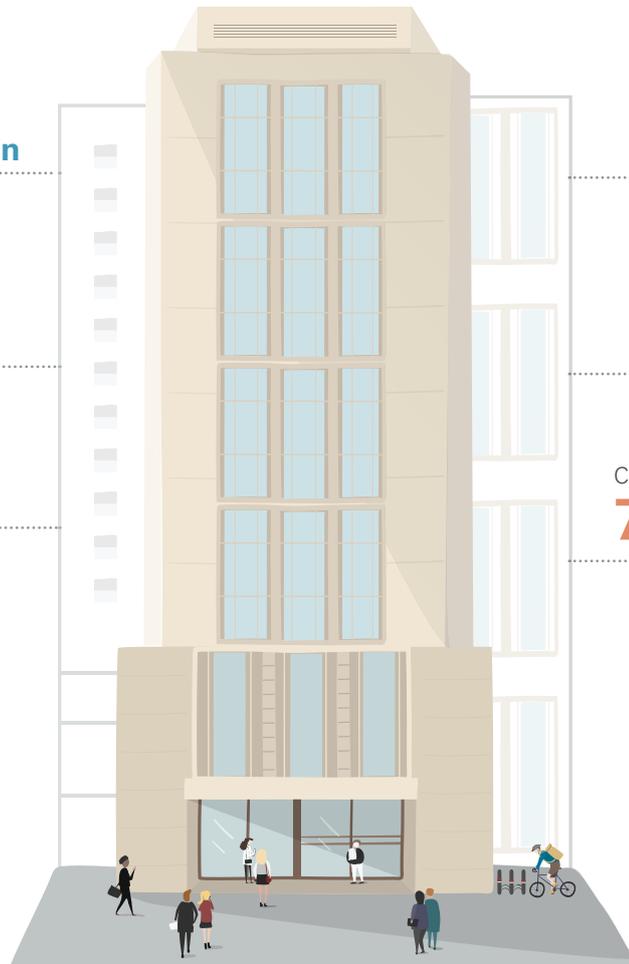
Rs 5.56 Bn

Customer Touch Points

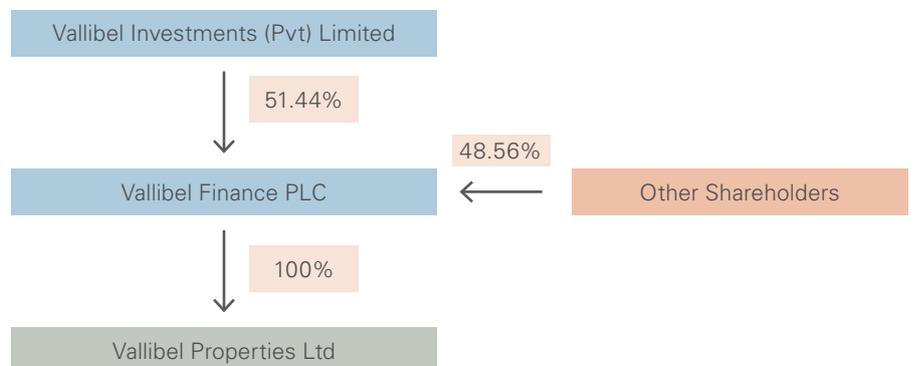
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A FUTURE ATTUNED TO GROWTH AND INNOVATION

With its foundations firmly in place, Vallibel Finance is poised for continued growth and innovation. The Company's leadership highlights an "astounding growth rate" in recent years and expresses optimism about consolidating its market presence through breakthrough innovations. Looking forward, strategic priorities include digital transformation of services, expansion of product offerings (such as enhanced lending and savings solutions), and outreach into underserved markets. These initiatives leverage the Company's experienced leadership and strong culture to create new opportunities. By staying true to its mission of inclusion and excellence, Vallibel Finance is committed to sustaining its trajectory of growth, delivering long-term value for customers, employees, and the Sri Lankan economy.



SHAREHOLDING STRUCTURE



ANNUAL REPORT STRUCTURE AND CONTENT 2024/25

The sections of the Annual Report provide a cohesive and transparent overview of Vallibel Finance PLC's stewardship, operations, and financial health. They underscore the Company's experienced leadership, culture of trust and dedication, and its focus on sustainable growth, reinforcing Vallibel Finance's strong reputation and its commitment to creating lasting value for all stakeholders.

LEADERSHIP

[PAGES 22 TO 36]

The Annual Report's Leadership section presents the Chairman's Statement and the Managing Director's Message, which provide context for the financial year under review and highlight key challenges, developments, and future strategic direction, while addressing stakeholder concerns. The section also profiles the Board of Directors and senior management, detailing their roles in strategy development and their dedication to the Company's long-term success. The report emphasises the experience and commitment of the leadership, which provides strategic oversight and ensures robust corporate governance.

BUSINESS MODEL AND VALUE CREATION

[PAGES 40 TO 41]

This section explains Vallibel Finance's integrated business model. It outlines how the Company's portfolio of products operates to create sustained value. It highlights customer-centric practices and operational efficiencies that support the Company's vision, showing how financial and non-financial capitals are employed to achieve sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

[PAGES 38 TO 43]

The Management Discussion and Analysis (MD&A) provides a comprehensive review of the Company's performance during the year in comparison to the previous financial year. It considers the macroeconomic and industry environment, explaining how these factors affected operations. The section presents key financial results, segment performance, and significant achievements. It provides stakeholders with insight into how management navigated challenges, implemented strategies, and achieved its business objectives during the year.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

[PAGES 44 TO 56]

Vallibel Finance's report dedicates a section to Stakeholder Engagement and Materiality. It outlines the Company's primary stakeholder groups and describes the processes used to engage them. The report details how feedback from these stakeholders is gathered and how material topics are identified and prioritised in the Company's strategy. This ensures that the concerns and interests of stakeholders are integrated into decision-making, reinforcing the Company's commitment to transparency and shared value.



GOVERNANCE AND RISK MANAGEMENT

[PAGES 124 TO 213]

In this section, the Annual Report details the Company's corporate governance framework and risk management practices. It describes the structures, policies, and processes in place to ensure responsible, transparent, and ethical business conduct. The report explains how the Board of Directors, management, and employees share responsibility for governance and risk oversight. It includes summaries of committee roles and emphasises the Company's commitment to strong internal controls and compliance with regulatory requirements.

CAPITAL MANAGEMENT REVIEW

[PAGES 58 TO 114]

The Capital Management Review examines how Vallibel Finance manages and creates value with various forms of capital. It analyses performance across human, financial, manufactured, intellectual, social and relationship, and natural capitals. For each capital type, the report discusses the inputs and outputs, explaining how these contribute to stakeholder value. The section also addresses challenges encountered during the year and outlines future plans and targets, providing a forward-looking view of resource allocation and value generation.

FINANCIAL REPORTS

[PAGES 216 TO 322]

The final section of the Annual Report presents the statutory financial statements and related disclosures for the financial year ended 31st March 2025 in comparison with the financial year ended 31st March 2024. 2024/25 Audited by EY, these statements provide quantitative insights into Vallibel Finance's financial performance and position. These comprehensive financial reports enable stakeholders to assess the Company's profitability, stability, and capital adequacy in accordance with Sri Lanka financial reporting standards.

Our Product Portfolio



GOLD LOAN

Need cash fast? Our gold loan service provides a hassle-free and convenient method to leverage the value of gold for a quick loan. We offer competitive loan amounts based on the current gold value. We regularly review our terms to ensure they meet the evolving needs of our customers. Our commitment to customer service ensures a positive experience, while our well-located branch network makes financial solutions easily accessible.



FIXED DEPOSIT

With our fixed deposit options, our customers have the opportunity to grow their money safely and securely. Enjoy guaranteed returns, flexible terms, and the opportunity to leverage a deposit for a loan with interest only on the amount used. We offer competitive interest rates, senior citizen benefits, and deposit insurance to give peace of mind. Our advisors are ready and willing to guide customers, and our extensive branch network provides streamlined conveniences.



LEASING

We don't just offer leases; we offer leasing that adapts to you! We constantly innovate our plans with flexible terms and add-on services. Competitive rates and a streamlined process ensure our customers an easy start to the process. We offer exceptional customer service and a nationwide network of branches to ensure uninterrupted customer support throughout the lease period.

LENDING

Customers can apply for a loan that suits their needs. We offer competitive interest rates and flexible terms that can be adjusted to your specific needs. Loan terms, including repayment options, are clearly defined upfront. Our customer service ensures a seamless experience, while our extensive branch network streamlines the loan application process.

MORTGAGE LOAN PORTFOLIO

Our solutions are flexible and can be customised to suit the unique financial situations and goals of individual customers. We regularly update our offerings to align with evolving customer requirements. Experience exceptional customer service every step of the way. Our extensive branch network provides a hassle-free access to our products and services.



VEHICLE LOAN

Experience streamlined convenience. We offer tailor-made loan options to fit customer needs, with a faster and easier application process. Our commitment to continuous improvement ensures our products remain relevant, while customer service guarantees a positive experience. Our extensive branch network enables easy access to this loan service nationwide.





PROPERTY MORTGAGE PORTFOLIO

We understand that every person's financial journey is unique. That's why we offer flexible solutions that can be tailored to specific needs. We continually innovate to stay ahead of evolving market demands, ensuring that customers always have access to the most relevant options. Exceptional customer service is our priority, and our widespread branch network makes everything conveniently accessible.



VALLIBEL AUTO DRAFT

Obtain an auto draft loan tailored to customer-specific needs, on your terms. We offer a streamlined process with enhanced convenience, highly competitive rates, and personalised repayment options. We continually enhance our offerings to meet our customers' evolving needs, all delivered through an outstanding branch network and exceptional customer service.



VALLIBEL WHEEL DRAFT

Get a loan that fits your budget. We offer customisable repayment periods that can extend up to 12 months, depending on the loan amount. We regularly update our offerings to better serve our customers, and providing exceptional customer service remains a top priority. Our branch network spread across the country ensures convenience and seamless loan processing facilities.



PERSONAL LOAN

Obtain a great deal, easily. We offer competitive interest rates and a hassle-free application process. Additionally, we continually innovate to better meet our customers' needs. Our customer service ensures a smooth experience, and our widespread branch network makes access convenient.

LOAN AGAINST FIXED DEPOSIT

Our loan against fixed deposit is explicitly designed for our valued fixed deposit customers. It provides a convenient short-term solution for urgent financial needs, all at competitive interest rates. We regularly update our offerings to ensure that the solution meets the changing needs of our customers. Our customer service throughout the process is exceptional, and our extensive branch network provides easy access to our services.





FORGING FOUNDATIONS, DEFINING IDENTITY

At Vallibel Finance, every milestone begins with a strong sense of purpose. With a legacy rooted in trust and performance, we continue to evolve with bold clarity, laying the groundwork for lasting impact in the financial sector.

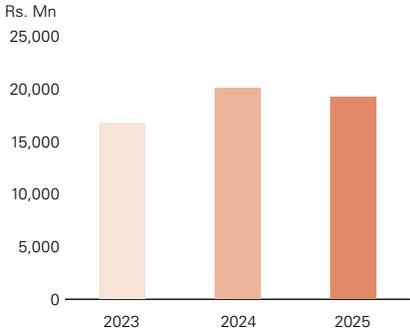
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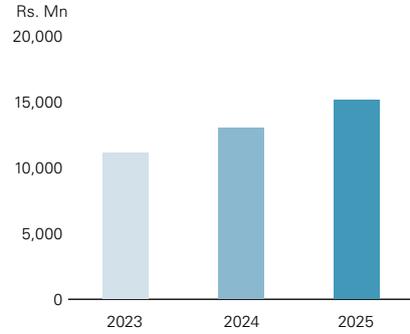
Financial Highlights

For the Year Ended / As at 31st March		2025	2024	Change %
Financial Performance				
Gross Income	Rs. thousand	19,200,595	20,029,639	(4.1)
Gross Interest Expense	Rs. thousand	8,796,402	11,365,024	(22.6)
Net Interest Income	Rs. thousand	8,117,491	7,006,612	15.9
Total Operating Income	Rs. thousand	10,404,193	8,664,615	20.1
Pre-Tax Profit	Rs. thousand	5,557,895	4,644,589	19.7
Income Taxation	Rs. thousand	1,607,798	1,313,647	22.4
Profit after Taxation	Rs. thousand	2,629,498	2,141,553	22.8
Financial Position				
Total Assets	Rs. thousand	111,682,578	93,167,550	19.9
Lending Portfolio	Rs. thousand	92,148,202	68,241,967	35.0
Total Deposit Base	Rs. thousand	67,480,200	58,643,446	15.1
Borrowings	Rs. thousand	21,169,860	16,032,253	32.0
Shareholder's Funds	Rs. thousand	15,124,084	12,973,793	16.6
Investor Information				
Earnings Per Share (EPS)	Rs. per share	11.17	9.10	22.8
Net Assets Per Share	Rs. per share	64.23	55.10	16.6
Market Value Per Share	Rs. per share	54.10	39.00	38.7
Market Capitalisation	Rs. thousand	12,738,029	9,182,683	38.7
Price Earning Ratio (PE)	Times	4.84	4.29	13.0
Dividend per share (DPS)	Rs. per share	-	2.00	(100.0)
Key Ratios				
Return on Average Equity - After Tax	%	18.72	17.80	5.1
Return on Average Assets - After Tax	%	2.57	2.44	5.2
Interest Cover	Times	1.63	1.41	15.8
Equity / Assets	Times	0.14	0.14	(2.8)
Lending Portfolio / Deposits	Times	1.37	1.16	17.3
Debt plus Total Deposit to Equity	Times	5.86	5.76	1.8
Non Performing Ratio - Gross	%	3.56	5.88	(39.5)
Non Performing Ratio - Net	%	(0.37)	0.88	(141.5)
Statutory Ratios				
Liquid Assets	%	15.14	22.60	(33.0)
Core Capital Ratio - Minimum Required 10% (2023/24 - 8.5%)	%	16.54	17.06	(3.0)
Total Risk Weighted Capital Ratio - Minimum Required 14% (2023/24 - 12.5%)	%	21.51	19.80	8.6

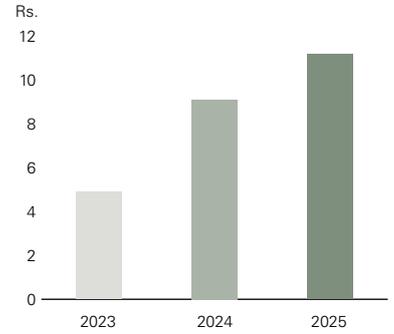
Gross Income



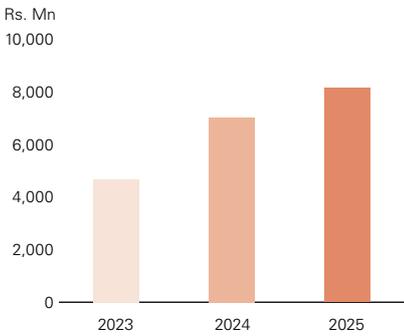
Equity



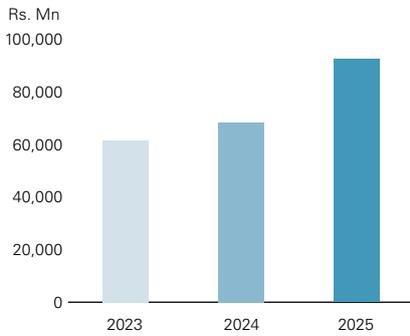
Earnings Per Share (EPS)



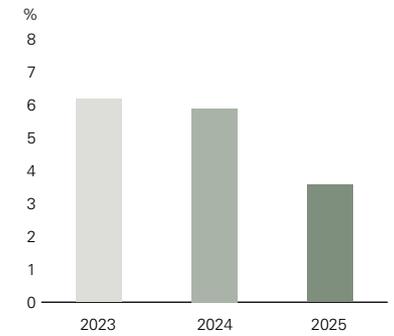
Net Interest Income



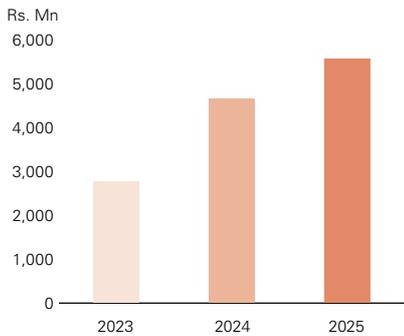
Lending Portfolio



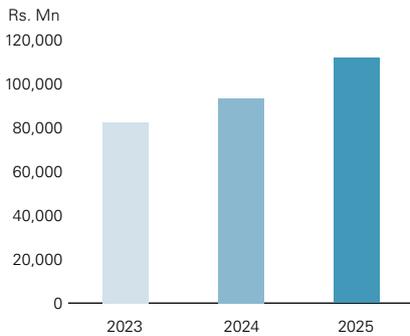
Non Performing Ratio - Gross



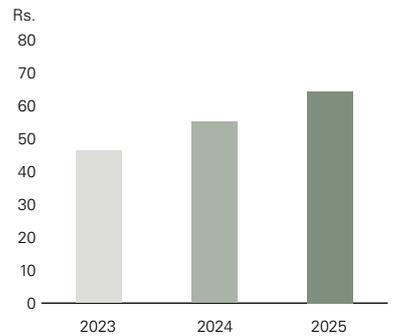
Pre-Tax Profit



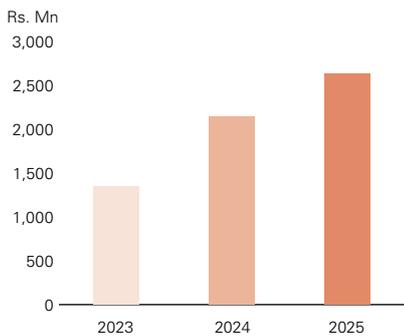
Total Assets



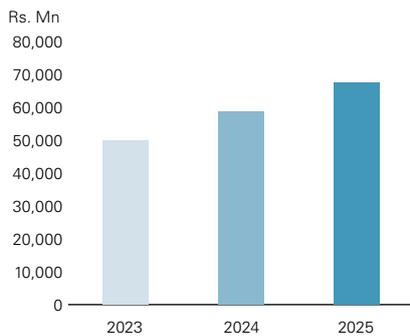
Net Assets Per Share



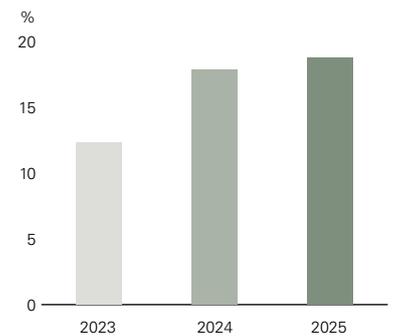
Profit after Taxation



Total Deposit Base



Return on Average Equity



Non-Financial Highlights

For the Year Ended / As at 31st March		2025	2024
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Capital Indicators

Human Capital

Total Workforce	number	1,763	1,502
New Recruits	number	779	709
Employees Completed 10 Years of Service	number	173	158
Investment in Training and Development	Rs. thousand	1,024	819
Employees Monetary Benefits	Rs. thousand	2,512,675	1,948,215
Staff Retention Ratio	%	81	80
Female Representation	%	37	37
Return to Work After Maternity Leave	%	100	81
Gender Diversity Ratio (Male : Female)	%	68:32	63:37
Revenue per Employee	Rs. thousand	10,891	13,335



Manufactured Capital

Branches	number	75	64
New Branches Opened	number	11	6
Branches outside western province	number	39	32
Investment in Property Plant and Equipment	Rs. thousand	375,558	359,725
Investment in IT Development	Rs. thousand	65,865	83,609



Intellectual Capital

Credit Rating, LRA		BBB+	BBB+
Brand Rating, LMD		A	A-
Investment in IT Advancements	Rs. thousand	2,973	11,130
Collective Tacit knowledge	number	1,763	1,502



Social and Relationship capital

Economic Value Added	Rs. thousand	19,200,595	20,029,639
Economic Value Distributed To:			
Depositors and Lenders	Rs. thousand	8,419,313	10,721,969
Employees	Rs. thousand	2,486,190	1,947,396
Government	Rs. thousand	2,955,813	2,525,450
Payment to providers of capital	Rs. thousand	1,115,834	878,507
Community Development Programmes	number	17	20
Total Loans Disbursed	Rs. thousand	68,679,610	50,399,728



Natural Capital

Electricity Consumption - Head Office	kWh	293,736	342,404
Electricity Consumption - All Branches	kWh	1,507,896	1,218,671
Water Consumption - Head Office	m3	6,283	4,966
Water Consumption - All Branches	m3	20,143	14,646
A4 Paper Usage at Head Office	Packs	2,438	2,219
Fuel Usage	Liters	25,175	29,551

HUMAN CAPITAL

Employees Completed 10 Years of Service		New Recruits	
173	158	779	709
2025	2024	2025	2024

Employees Monetary Benefits		Total Workforce	
Rs. 2.51 Bn	Rs. 1.95 Bn	1,763	1,502
2025	2024	2025	2024

Female Representation

37%	37%
2025	2024

Staff Retention Ratio

81%	80%
2025	2024

NATURAL CAPITAL

A4 Paper Usage at Head Office

2,438 Packs	2,219 Packs
2025	2024

Total Electricity Consumption

1,801,632 kWh	1,561,075 kWh
2025	2024

Total Water Consumption

26,427 m ³	19,612 m ³
2025	2024

Fuel Usage

25,175 Liters	29,551 Liters
---------------	---------------

MANUFACTURED CAPITAL

Branches		New Branches Opened	
75	64	11	6
2025	2024	2025	2024

INTELLECTUAL CAPITAL

Credit Rating, LRA		Brand Rating, LMD		Collective Tacit knowledge	
BBB+	BBB+	A	A-	1,763	1,502
2025	2024	2025	2024	2025	2024



Economic Value Distributed to Stakeholders



A Legacy of Growth: Key Turning Points



2005

- > Acquired by the Vallibel Group of companies and renamed as Vallibel Finance.

2007

- > The Company underwent a restructuring of leadership to pursue future goals to change the financial landscape of Sri Lanka.

2010

- > The success and projected growth led to the Company's listing on the Colombo Stock Exchange.

2011

- > Relocated Head Office to a landmark address at No. 310, Galle Road, Colombo 03.
- > Growth supported by 10 branches across the island.

2012

- > Total assets reached over Rs. 6 Bn, while the fixed deposit base amounted to Rs. 4 Bn as at 31st March 2012.

2013

- > Initial introduction of the Gold Loans facilities at the Maharagama branch.
- > The Company received a credit rating of BB+/NP with a stable outlook from the Lanka Rating Agency.

2014

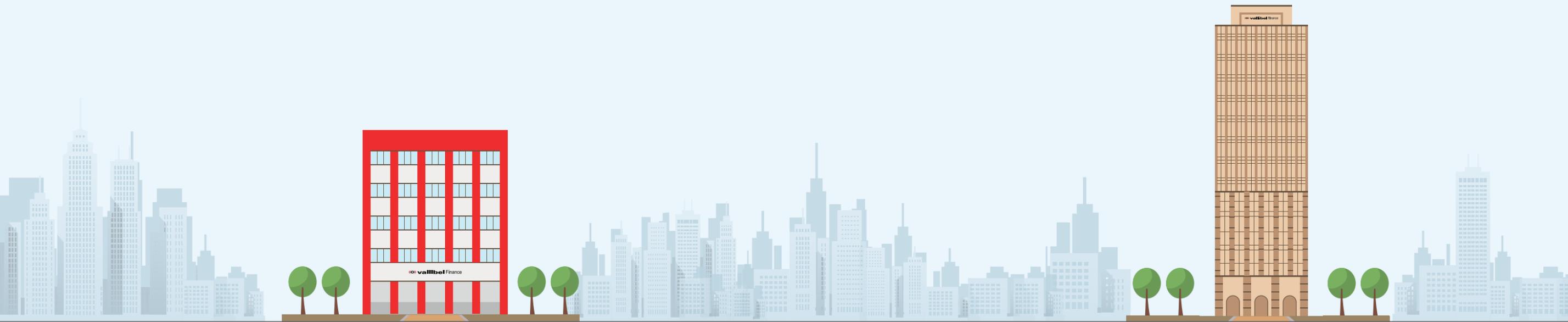
- > Appointed as an agent of Western Union –MBBL Money Transfers (Pvt) Ltd.
- > Opened the first Premier Centre in Nugegoda.
- > Introduced Group Personal Loans and Property Mortgage Loans in selected branches.

2015

- > Lanka Rating Agency upgraded the Company's credit rating of to[SL] BBB-/P3 with stable outlook.
- > Rated A- and placed within the 100 leading brands in Sri Lanka by the LMD Brands annual survey.
- > Joined Lanka Pay's national electronic fund transfer network.
- > Issued Rs. 1 Bn Unsecured Subordinated Redeemable Listed Debentures.
- > The total workforce reached over 500 people.
- > The Company's branch network expansion continued, reaching 24 branches in strategic locations across the island.
- > Introduced Vallibel Auto Draft and Business Loans to the Company's expanding product portfolio.

2016

- > Gross income reached Rs. 3.47 Bn as at 31st March 2016 with an assets base of over Rs. 20 Bn and a fixed deposit base of Rs. 15 Bn.
- > Achieved recognition as one of Sri Lanka's best employers at the Best Employer Brand Awards 2016.



2017

- > Celebrated the corporate milestone of providing 10 years of customised financial products to the Sri Lankan financial industry, having achieved unprecedented growth over the years.
- > The opening of the Uragasmanhandiya branch resulted in Vallibel Finance becoming the first finance company serving customers in this town and the surrounding vicinity.
- > The Company's branch network expansion continued, reaching 32 strategic locations by 31st March 2017.
- > Introduced Micro Financing to the Company's product portfolio.
- > The Vallibel Auto Draft was recognised as the "Most Innovative Finance Product in Sri Lanka" by the 2007 Global Banking & Finance Review Awards.
- > The Company was ranked as the "Fastest Growing Auto Financing Company in Sri Lanka" by the 2007 Global Banking & Finance Review Awards.

2018

- > The Company's profit after tax recorded over Rs. 1 Bn as at 31st March 2018.
- > ICRA Lanka upgraded the Company's credit rating to [SL] BBB with a stable outlook.
- > The Company achieved the status of the 'Most Respected Finance/Leasing Company' in LMD's Most Respected Rankings in 2017.
- > The Company was also awarded the status of 'Sector Winner' of the Finance and Leasing Sector by LMD's Most Respected Rankings in 2017.
- > The Company was rated among the fastest in Sri Lanka to cross Rs. 1 Bn in profits.

2019

- > Continued branch network expansion operating 40 branches across the island as at 31st March 2019.
- > The Company was certified as a Great Place to Work™ in Sri Lanka and selected to be among the '25 Best Places to Work in Sri Lanka'.
- > The fixed deposit base exceeded Rs. 25 Bn as at 31st March 2019.
- > Brand Finance Sri Lanka upgraded the Vallibel Finance brand rating to A+ as one of Sri Lanka's Most Valuable Consumer Brands of 2019.
- > The Company was considered to be among the 100 Most Valuable Brands by LMD in 2019. The Company's brand value reached Rs. 1,300 Mn.
- > The Gold Loan portfolio reached Rs. 3 Bn.
- > Surpassed Rs. 50 Bn in assets as of 30th September 2019, marking a significant financial milestone in the Company's growth trajectory.
- > The ground breaking ceremony of the new Corporate Office premises, which promised to be a 16-storey financial landmark in Colombo, took place on 07th November 2019.

2020

- > Named 'Brand of the Year – Sri Lanka 2020' (Financial Services) by the Global Banking & Finance Review at the prestigious 10th Global Banking & Finance Awards, recognising our leadership and excellence in the sector.
- > Awarded 'Most Innovative Finance Product – Sri Lanka 2020' for the Vallibel Wheel Draft by the Global Banking & Finance Review at the 10th Global Banking & Finance Awards, highlighting our commitment to innovation and customer-centric solutions.

2021

- > The Company was certified as a Great Place to Work™ in Sri Lanka, and it was selected to be among the '40 Best Places to Work in Sri Lanka'.
- > Increased our workforce strength to over 1,000 across our operating locations.
- > Attained an A+ Brand Rating from Brand Finance Sri Lanka, a recognition of our strong brand value, market leadership, and sustained performance.
- > Achieved a 26.56% increase in brand value, reflecting enhanced market recognition, customer trust, and strategic brand positioning.
- > Recognised as 'Best Finance Company – 2021', Sri Lanka by The Global Economics Awards.
- > Honoured as the 'Best Auto Finance Company 2021' by Global Banking & Finance Review at the 11th Global Banking & Finance Awards.
- > ICRA Lanka upgraded the Company's credit rating to [SL] BBB+ with a stable outlook.

2022

- > The Gold Loan portfolio reached Rs. 8 Bn as at 31st March 2022.
- > Total asset base surpassed Rs. 70 Bn while the deposit base grew to Rs. 41 Bn as at 31st March 2022.
- > Gross Income exceeded Rs. 12 Bn as at 31st March 2022.
- > Surpassed 50 customer outreach points, strengthening our presence and enhancing accessibility across diverse communities.

2023

- > Gold Loan portfolio grew by 78% during the financial year 2023.
- > Asset base grew to Rs. 82.32 Bn as of 31st March 2023, reflecting continued financial strength and strategic growth.
- > Recognised as 'Best Finance Company – 2022', Sri Lanka by The Global Economics Awards.

2024

- > Inaugurated the much-anticipated Vallibel Finance Corporate Office in the heart of Colombo.
- > Pursued strategic branch expansion with the successful establishment of six new branches during the year ended 31st March 2024.
- > Successfully grew the asset base by 13.2% to reach Rs. 93.17 Bn.
- > Recognised as 'Best Finance Company – 2023', Sri Lanka by The Global Economics Awards for a third consecutive year.

2025

- > Successfully expanded our footprint by opening 11 new branches, bringing the total to 75 branches nationwide.
- > Crossed a major milestone with our total assets surpassing Rs. 100 billion, reflecting our strong financial performance and sustainable growth.
- > Our team grew to 1,763 dedicated professionals, reinforcing our commitment to service excellence and operational efficiency.
- > Our Gold Loan portfolio exceeded Rs. 20 Bn.
- > Achieved a substantial increase in our deposit base, reaching Rs. 67.48 Bn.
- > Issued Rs. 3 Bn unsecured, Subordinated Redeemable Listed Debentures.

Awards and Accolades

AWARDS AND ACCOLADES

AT VALLIBEL FINANCE, OUR PURSUIT OF EXCELLENCE IS VALIDATED BY A CONSISTENT STREAM OF PRESTIGIOUS AWARDS AND ACCOLADES. EACH RECOGNITION STANDS AS A TESTAMENT TO OUR UNWAVERING COMMITMENT TO INNOVATION, CUSTOMER SATISFACTION, AND INDUSTRY LEADERSHIP. FROM BEING HONOURED AS A 'GREAT PLACE TO WORK' TO ACHIEVING TOP-TIER FINANCIAL RATINGS AND NUMEROUS INDUSTRY-SPECIFIC COMMENDATIONS, THESE AWARDS REFLECT THE DEDICATION OF OUR ENTIRE TEAM. THEY ARE NOT MERELY TROPHIES, BUT SIGNIFICANT MILESTONES IN OUR JOURNEY OF 'BREAKING RECORDS' YEAR AFTER YEAR, COLLECTIVELY 'CREATING A LEGACY' OF UNPARALLELED SUCCESS AND TRUST IN THE FINANCIAL SECTOR. THIS PAGE PROUDLY SHOWCASES THE REMARKABLE ACHIEVEMENTS THAT UNDERSCORE OUR CONTINUOUS GROWTH AND SUSTAINED IMPACT.



2016

One of Sri Lanka's Best Employer Brand – Best Employer Brand Awards

2017

Ranked 22nd within the top 100 Most Respected Entities in Sri Lanka - LMD

2017

Sector Winner of the Finance and Leasing Sector and awarded the Most Respected Finance/Leasing Company in Sri Lanka - LMD

2017

Vallibel Auto Draft awarded the Most Innovative Finance Product in Sri Lanka - Global Banking & Finance Review Awards

2017

Fasted Growing Auto Financing Company in Sri Lanka - Global Banking & Finance Review Awards



2020

Finance Services Brand of the Year in Sri Lanka - Global Banking & Finance Review Awards

2020

Ranked as one of the Top 25 Best Places to Work in Sri Lanka 2020 - Great Place Research & Consultancy (Pvt) Ltd

2020/21

Received A+ Brand Rating from Brand Finance Sri Lanka

2020/21

Certified by Great Place to Work™ in 2020/21 - Great Place Research & Consultancy (Pvt) Ltd



2018

Best Leasing Customer Service Company in Sri Lanka - Global Banking & Finance Review Awards

2018

Fastest Growing Auto Financing Company in Sri Lanka - Global Banking & Finance Awards

2018

Ranked amongst the Top 20 Most Admired Companies of Sri Lanka in 2018 - International Chamber of Commerce Sri Lanka & CIMA Sri Lanka

2019/20

Certified as a Great Place to Work™ in 2019/20 - Great Place Research & Consultancy (Pvt) Ltd

2020

Most Innovative Finance Product in Sri Lanka (Vallibel wheel Draft) - Global Banking and Finance Review Awards



2021

Best Auto Finance Company - Global Banking and Finance Review Awards

2021

Ranked as one of the Top 40 Best Places to Work in Sri Lanka 2021 - Great Place Research & Consultancy (Pvt) Ltd

2021

Best Finance Company - Sri Lanka Global Economics Awards

2022

Best Finance Company - Sri Lanka Global Economics Awards

2023

Best Finance Company - Sri Lanka Global Economics Awards

Chairman's Statement



**VALLIBEL FINANCE ACHIEVED
REMARKABLE GROWTH IN
FY 2024/25, SIGNIFICANTLY
SURPASSING THE
RS. 100 BN ASSET
MILESTONE AND
DEMONSTRATING ROBUST
EXPANSION IN BOTH
LENDING AND DEPOSIT
PORTFOLIOS.**

K D A Perera
Chairman

Dear Shareholders,

As Sri Lanka continues its path to economic recovery, Vallibel Finance remains steadfast in our mission to enable financial empowerment and inclusive growth across the island. We have embraced this moment as an opportunity to reaffirm our purpose, deepen our stakeholder relationships, and drive value creation across all six capitals.

It is therefore with considerable pleasure that I, on behalf of the Board of Directors, present the Annual Report of Vallibel Finance PLC for the financial year ending 31st March 2025. We remain committed to deepening our reporting and strengthening our efforts towards transparency and robust governance.

This year marks our seventh consecutive year of reporting, utilising both the International Integrated Reporting Framework (IIRF) of the IFRS Foundation and the GRI Universal Standards 2021 issued by the Global Reporting Initiative.

Strengthening Foundations in a Shifting Economic Landscape

The financial year 2024/25 unfolded amid cautiously optimistic macroeconomic signals. With inflation stabilising, interest rates gradually easing, and regulatory reforms underway, the domestic economic outlook provided a stronger platform for growth. In this context, Vallibel Finance demonstrated agility, discipline, and resilience in navigating a still-evolving environment.

The Company recorded healthy growth in both lending and deposit portfolios, supported by renewed consumer and business confidence. Lending volumes grew by 35%, while the deposit base expanded by 15% reflecting increased trust in our financial strength and service reliability. Our gross income stood at Rs. 19.2 Bn, while profit before tax reached Rs. 5.56 Bn, a commendable improvement over the previous year. Nonetheless, upward pressure on interest costs and operational expenses persisted, stemming from inflationary effects and legacy high-rate liabilities.

We are pleased to report that total assets grew to Rs. 111.6 Bn, surpassing the Rs. 100 Bn milestone, a clear reflection of


111.68 Bn

Total Assets (Rs.)


67.48 Bn

Total Deposits (Rs.)


8.11 Bn

Net Interest Income (Rs.)


2.63 Bn

Profit after Tax (Rs.)

our resilient performance and strategic foresight. This growth underscores our rigorous financial discipline and the targeted investments we've made to ensure the Company's long-term sustainability and resilience in a dynamic economic environment.

Driving Sustainable Value for Stakeholders

In line with our strategic direction and capitalising on the resurgent economic climate, we significantly expanded our reach by investing in 11 new branches during the year under review. This expansion has strengthened our nationwide presence and enhanced financial access in underserved areas, supporting regional upliftment amid the country's recovery.

We also made substantial progress in enhancing our digital and operational capabilities. Investments in core IT infrastructure improved process efficiency, reduced turnaround times, and enabled a more seamless customer experience. A key highlight in this area was the successful integration of Pay & Go into our payment coesystem, offering customers unprecedented convenience and flexibility. As we advance, we will continue leveraging digital tools to transform how we serve our customers and drive internal efficiencies.

Our people are at the heart of our success, and we remain committed to a supportive workplace through continuous learning and strong welfare initiatives. These efforts cultivate a culture rooted in collaboration, accountability, and continuous improvement, ensuring our employees are well-equipped with the skills and mindset needed to thrive in a dynamic financial services environment.

Our strong governance culture and a comprehensive, proactive risk management framework consistently uphold our operational integrity. Our unwavering commitment to ethical practices was paramount, providing a secure foundation for all our activities. It is with significant assurance that we confirm there were no reported violations of our Code of Business Conduct and Ethics during the financial year, reflecting our collective dedication to responsible conduct.

A Future-Focused Strategic Outlook

The year under review has set a robust foundation for the upcoming financial year and beyond. With a clear roadmap built around innovation, customer centricity, and inclusive growth, we are committed to expanding our physical reach, upgrading existing facilities, and modernising and restructuring our service delivery to meet our customers' evolving expectations.

We will continue to build on last year's strong lending and deposit growth to further strengthen our financial

capabilities. Our focus remains on enhancing our product portfolio, driven by deep customer insights and market research, to develop right-fit products that genuinely serve the diverse financial aspirations of our customers. We are incredibly optimistic about the future; these sustained efforts align perfectly with our broader goal of contributing meaningfully to Sri Lanka's socio-economic development and capitalising on the nation's continued recovery.

Appreciations

On behalf of the Board of Directors, I extend my heartfelt appreciation to Mr. S.B. Rangamuwa, our Managing Director, and the entire Vallibel Finance team for their dedication, professionalism, and pursuit of excellence. I am equally grateful to our loyal shareholders and customers for their continued trust and confidence.

I also deeply respect the unwavering leadership and strategic foresight of our Founder Chairman, Mr. Dhammika Perera, who has always inspired us to push boundaries and achieve excellence. His visionary guidance continues to be a cornerstone of our success and a beacon for our future direction.

As we look to the future, we do so confidently and optimistically, especially with the continued economic recovery and stabilisation across Sri Lanka providing a strong momentum for an ever-improving operating environment. We are firmly committed to building a stronger, more inclusive, and sustainable Vallibel Finance to serve all our stakeholders.



K D A Perera
Chairman

Managing Director's Review



DURING THE YEAR UNDER REVIEW, WE ACHIEVED A SIGNIFICANT MILESTONE IN OUR GROWTH JOURNEY BY SURPASSING RS. 100 BN IN TOTAL ASSETS WITHIN JUST 17 YEARS OF OPERATIONS, REFLECTING OUR STRONG FOUNDATIONS AND SUSTAINED EXPANSION AND GROWTH.

S B Rangamuwa
Managing Director

Breaking Records, Creating a Legacy

It is with great pride that I present an overview of the performance of Vallibel Finance PLC for the financial year ended 31st March 2025 - a year defined by resilience, record-breaking achievements, purposeful growth, and strategic transformation. We navigated a dynamic macroeconomic landscape with purpose and confidence, achieving milestones that underscore our leadership in Sri

Lanka's financial services sector.

During the year under review, we proudly crossed the Rs.100 Bn mark in total assets, a landmark achievement reached within just 17 years of operations, making us the fastest to achieve this milestone in the industry. This remarkable growth trajectory reflects our financial strength, strategic vision, and operational excellence, which continue to position Vallibel Finance as a key player in the

industry. More than just a milestone, it signals our transformation from a challenger brand to a market leader, thereby breaking records and creating a lasting legacy.

Our national footprint continued to expand, with 75 branches now serving communities across the island. This growth has been made possible through the dedication of our 1,763-strong team, whose unwavering commitment to our



35%

Lending Portfolio Growth



15%

Fixed Deposits



3.56%

Gross NPL Ratio



1700+

Workforce

mission continues to power our journey forward. Their passion, professionalism, and agility were instrumental in delivering our goals and deepening stakeholder value. Furthermore, our Corporate Office in Colombo stands as a landmark building, a lasting symbol of trust, stability, and connection for all our stakeholders.

Our performance during the financial year 2024/25 set new benchmarks within the industry while reinforcing our

identity as a values-driven organisation. Our progress reflects the strength of our foundation, the clarity of our vision, and the dedication of our people. It is also a testament to our unwavering belief in Sri Lanka’s potential, and our ability to be a catalyst for inclusive growth.

Resilience That Shapes a Legacy

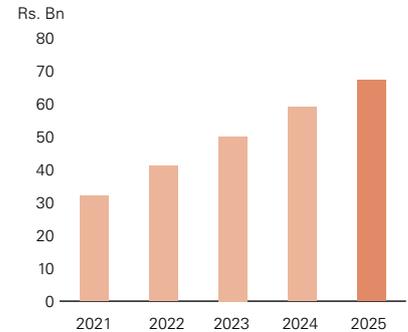
Sri Lanka’s economy demonstrating resilience in 2024, achieving a real GDP growth of 5%, the highest in seven years. This growth was underpinned by easing inflationary pressures, with inflation turning negative at minus 1.7% in December 2024, primarily due to reductions in energy prices. The Central Bank of Sri Lanka (CBSL) responded by easing its monetary policy and introducing a single policy interest rate of 8% to stimulate private sector credit growth. This was supported by the USD 2.9 billion IMF programme launched in March 2023, and a USD 25 billion debt restructuring finalised in December 2024.

Within this evolving macroeconomic landscape, the financial sector, particularly Licensed Finance Companies (LFCs), exhibited signs of recovery and fortitude. Vallibel Finance was at the forefront of this development, continuing to maintain a non-performing loans ratio below the industry average and achieving uninterrupted growth in profitability over the years. This demonstrates our agility and resilience, leveraging strategic foresight and operational strength to deliver growth and stability to all our stakeholders.

Robust Financial Performance

Despite the residual effects of Sri Lanka’s macroeconomic volatility, the Company has delivered one of its strongest financial performances to date. Total operating income rose by 20.1% to Rs. 10.4 Bn, supported by consistent growth in our core lending and deposit-taking activities. Net interest income reached Rs. 8.1 Bn, reflecting a 15.9% year-on-year increase, demonstrating our effective management of interest margins and careful balancing of assets and liabilities.

Deposits Base



Profit before tax stood at Rs. 5.56 Bn, representing a commendable 19.7% increase from the previous year. This growth was driven by enhanced portfolio quality, operational efficiencies, and targeted cost management measures, while we continued to invest in infrastructure, our employees, and Information Systems. Our ability to achieve substantial bottom-line growth in a recovering economy demonstrates our confidence in the nation’s potential.

Another key highlight of the year was the marked improvement in our asset quality. The Gross Non-Performing Loan (NPL) ratio sharply declined to 3.56%, marking it as one of the best in the industry during the year under review, compared to the 5.88% recorded in the previous year. This improvement reflects our disciplined credit appraisal processes, strengthened collections framework, and proactive risk management practices.

Our lending portfolio, a key driver of inclusive economic participation, also saw remarkable growth, expanding by 35% to reach Rs. 92.1 Bn during the year under review. This robust expansion reflects our continued commitment to driving entrepreneurship, personal aspirations, and real economic activity across Sri Lanka. Through our diversified lending products and responsible credit practices, we have remained true to our mission of empowering people and businesses with accessible financial solutions.

In addition to the growth in our lending portfolio, our Gold Loan portfolio recorded a 30.40% to surpass Rs. 20 Bn,

Managing Director's Review

reflecting increased demand for secure, short-term financing solutions and the trust customers place in our reliable and efficient service delivery.

We also achieved a substantial 15.1% increase in our deposit base, which reached Rs. 67.48 Bn by the end of the financial year under review. Additionally, we launched a listed debenture issue in November 2024 to raise Rs. 3 billion, offering up to 30 million five-year debentures with fixed annual returns, which was successfully oversubscribed. This growth underscores the continued confidence our investors place in Vallibel Finance as a secure and rewarding financial partner, providing a strong foundation for our future lending and investment initiatives.

Expanding Our Reach

The Company has always been committed to expanding our physical presence as a foundation of our inclusive financial model. The addition of 11 new branches during the year under review supported our aggressive expansion strategy, resulting in a total of 75 strategically located branches across Sri Lanka, which now enables us to serve a broader population, particularly in underserved and rural regions. Parallel investment in robust IT infrastructure and systems ensures we maintain service excellence while optimising operational efficiency.

Creating Employee Value

We created value for our employees through consistent investment in career progression and workplace wellbeing. We expanded learning and development opportunities to build tacit knowledge and prepared our workforce for an increasingly digital future. Our HR policies are aligned with both local legislation and international standards, reinforcing our commitment to fair treatment, diversity, and non-discrimination. Additionally, we celebrated our people through gala get-togethers, overseas tours, and a structured programme of recognitions, awards, and rewards, fostering a sense

Our landmark Corporate Office in Colombo stands as a powerful symbol of our brand's stability, progress, and enduring connection with stakeholders. This impressive building reflects our commitment to growth and innovation, while simultaneously reinforcing our relationships with customers, employees, and the community.

of belonging, motivation, and pride across the organisation.

Creating Shared Value through Responsible Leadership

As a responsible corporate citizen, we remain deeply committed to creating shared value that benefits not only our business but also the broader society. Our Corporate Social Responsibility (CSR) initiatives continue to make meaningful impacts in the communities we serve, reflecting our belief in inclusive growth and social equity.

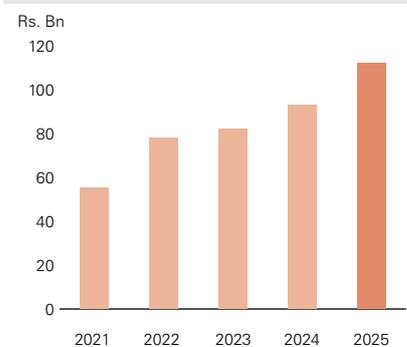
We are a significant taxpayer, consistently contributing to national development and supporting the country's economic progress. Beyond financial performance, we recognise our responsibility to all stakeholders - including employees, customers, shareholders, regulators, and communities. We maintain transparent, ethical practices and engage constructively with regulators to ensure compliance and uphold public trust.

Our stakeholder-centric approach underscores every decision we make, reinforcing our long-term commitment to sustainable, responsible growth.

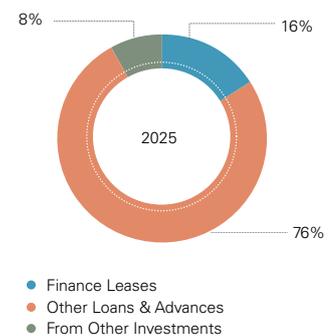
Strengthening Brand Resilience

In a year of recovery and realignment, Vallibel Finance remained firmly positioned as a trusted and respected financial institution. Our brand value was maintained and enhanced by focusing on stability, transparency, and customer-centricity. We proudly retained our BBB+ credit rating with a stable outlook by

Asset Base



Composition of Interest Income



Lanka Rating Agency (LRA), affirming our financial strength and prudent risk management. Furthermore, our brand was rated 'A' by LMD, reinforcing our standing among Sri Lanka's most respected brands.

Amidst shifting economic conditions, we proudly maintained a strong credit rating, reinforcing stakeholder confidence in our financial soundness and governance. Our excellence was further recognised as we were named 'Best Finance Company'

for third consecutive years - a testament to the trust we have built with our customers and partners.

Building on a Legacy of Confidence

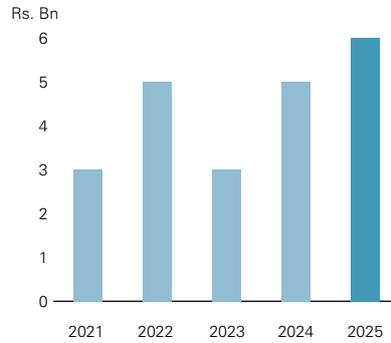
As we look to the future, Vallibel Finance remains on a bold growth trajectory, driven by a clear vision for aggressive branch expansion and digital transformation. As we look to the future, expansion continues to be a top priority, with plans to open new branches across key regions in the coming financial year and beyond. This strategic growth will deepen our footprint, enhance accessibility, and bring our inclusive financial services closer to underserved and rural communities.

Simultaneously, our focus on digital investment is accelerating, reinforcing our commitment to future-readiness. We will further leverage technology to streamline internal processes, reduce turnaround times, and enhance customer experience. From simplified loan applications to smarter account servicing, our digital ecosystem is evolving to meet the rising expectations of a new generation of customers.

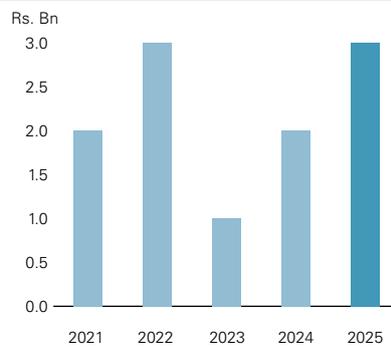
Sustainability remains a core pillar of our long-term strategy. We are scaling green finance initiatives, transitioning to eco-friendly branch models, and embedding sustainability practices across operations. These efforts reflect our belief that financial growth must go hand-in-hand with environmental and social responsibility.

Throughout this journey, we continue to break our own records, building on a strong legacy of trust and performance. Our foundation is strengthened by disciplined execution, deep customer insight, and an unwavering commitment to service excellence. As Sri Lanka’s macroeconomic outlook improves, we are strategically positioned to seize the opportunities ahead.

Profit Before Tax



Profit After Tax



Acknowledgements and Appreciation

As we close another successful year, I take this opportunity to extend my heartfelt gratitude to everyone who has been part of Vallibel Finance’s journey. Our achievements during the financial year 2024/25 are the result of the unwavering dedication, resilience, and collaborative spirit of our people and partners.

To our Chairman, Board of Directors, and our visionary Founder Chairman, Mr. Dhammika Perera, I sincerely appreciate your steadfast leadership, strategic direction, and unwavering confidence in the Company’s potential. Your guidance has been a cornerstone of our continued progress.

To our management and all staff members, I thank you for your tireless commitment, agility, and determination in advancing our goals, even in the face of uncertainty. Your collective efforts continue to drive our growth and innovation, making Vallibel Finance one of Sri Lanka’s leading financial institutions.

To our customers, shareholders, and all other stakeholders, thank you for your enduring trust, loyalty, and belief in our vision. Your support has empowered us to serve with purpose, grow with integrity, and continuously raise the bar.

As we reflect on the past year and set our sights on the future, our optimism remains unshaken, and our commitment to progress is stronger than ever. Together, we will continue to build a more resilient, innovative, and inclusive Vallibel Finance.

S B Rangamuwa
Managing Director

Board of Directors



K D A Perera
Chairman



S B Rangamuwa
Managing Director



S S Weerabahu
Executive Director



J Kumarasinghe
Independent Non - Executive Director



C P Malalgoda
Independent Non - Executive Director



M A K B Dodamgoda
Independent Non - Executive Director



R S Dahanayake
Independent Non - Executive Director

K D A Perera**Chairman**

Mr. Anuradha Perera is a Director of Vallibel Leisure (Pvt) Ltd and also holds directorships in other private sector companies under the Vallibel Group.

He serves as Director of Vallibel Investments (Pvt) Ltd., Bally's Limited, Country Energy (Pvt) Ltd, Alternate Power Systems (Pvt) Ltd., Bellagio Limited, Greener Water Ltd., Summer Season Ltd., L T L Development Ltd., Vallibel Power Kiriwaneliya (Pvt) Ltd., Neon – X (Pvt) Ltd., Kitulgala Hydro Power (Pvt) Ltd., LWL.Development (Pvt) Ltd., Swisstek Development Ltd., Beverly Jewellers (Pvt) Ltd. and Neonlite (Pvt) Ltd.

S B Rangamuwa**Managing Director**

A fellow of the Chartered Institute of Marketing (UK), and a Chartered Marketer, Mr. Rangamuwa is a member of the Institute of Management Accountants of Australia.

He is also a Fellow of the Sri Lanka Institute of Credit Management and holds a Certificate in Foundation Studies (Sports) from Unitech, New Zealand.

Mr. Rangamuwa obtained an MBA from the University of Southern Queensland as well as a postgraduate Diploma in Financial Administration from the Institute of Chartered Accountants of Sri Lanka.

He launched his career with Central Finance PLC after a stint at Ernst and Young. He was a Director of Mercantile Investments PLC having held various key positions during his longstanding career until he joined to launch Vallibel Finance PLC in February 2007.

He is the former Chairman of Pan Asia Bank. He is also a Director of Vallibel Properties Ltd.

S S Weerabahu**Executive Director**

Mr. Sisira Sirimevan Weerabahu possesses 43 years experience in the capacity of senior executive in both private and public sector. Studied at Royal College Colombo and entered the University of Moratuwa where he obtained a Bachelor of Science Degree in Civil Engineering.

Mr. Weerabahu is a Member of the Institute of Engineers of Sri Lanka and is a Fellow of the Chartered Institute of Management Accountants UK. He has followed the Master of Business Administration Degree programme at the Postgraduate Institute of Management of the University of Sri Jayewardenepura and has obtained international training in Financial Management.

He served as the Head of Finance at the National Water Supply and Drainage Board and Lanka Cellular Services for more than 14 years and worked as the Consultant attached to the country infrastructure division of World Bank resident mission for two years.

Thereafter, he joined the Millennium Group and was the Director / Chief Executive Officer of Millennium Housing Developers PLC, MC Urban Developers Ltd, Millennium Housing Ltd, MC Universal Ltd and Millennium Villa Housing Ltd for 19 years until he retired.

He has wide experience in project development, project financing, general management and finance and engineering. He joined the Vallibel Finance PLC as Director in 2018 and continues to date. He is a Director of Vallibel Properties Ltd. since 2021 to date.

J Kumarasinghe**Independent Non-Executive Director**

A past president of Chartered Institute of Personnel Management Sri Lanka and Asia Pacific Federation of HRM, he has earned his B.Com (Sp) Colombo, MSc in Asia Pacific HRM, National University of Singapore and completed CMA (Australia).

A visiting lecturer in HRM at University of Moratuwa in their Master's degrees, he was awarded the CIPM Gold Medal in 2009 for his outstanding contribution to the field of HRM. He was a COO / Senior VP of One Billion Tech (Pvt) Ltd. and currently serves as a Director of Kent Ridge (Pvt) Ltd.

C P Malalgoda**Independent Non-Executive Director**

Mrs. Champika Priyadarshanee Malalgoda graduated from Law School in Sri Lanka Law College obtaining the Attorney-at-Law qualification in 1984. She possesses a MSc in Human Resource Management from Robert Gordon University, UK. Mrs Malalgoda joined the Board of Investment (BOI) of Sri Lanka in 1991 and served as the Senior Advisor and the Director General of BOI, Sri Lanka's Premier Investment Agency.

Mrs. Malalgoda has a wealth of knowledge and experience on Regional and Bilateral Agreements related to both Trade and Investment and was a member of the Sri Lankan Delegation in International Trade and Investment Treaty negotiations in negotiating and drafting investment treaties. Further, she possesses Professional Chartered Membership in Chartered Institute of Professional Development, UK.

Board of Directors

M A K B Dodamgoda

Independent Non-Executive Director

Mr. Kapila Dodamgoda is the Regional Director of the Institute of Certified Management Accountants (ANZ) Sri Lanka and the Founder/Managing Director of the Academy of Finance (Private) Limited. He has been a Director of the National Engineering Research and Development Centre (NERD).

Mr. Dodamgoda was the Finance Director for MAS Investments, the General Manager of Finance - Overseas Operations in Madagascar, Vietnam, and India for MAS Active (Private) Limited. He was also a Senior Manager for Trade Finance and Corporate Finance at Vanik Incorporation Limited and an Engineer at Hayleys Electronics (Private) Limited.

The Academy of Finance has pioneered the launching of the ICMA (ANZ), Chartered Institute of Securities and Investments (CISI-UK), Institute of Internal Auditors (IIA-USA), and the Asia e University educational programmes in Sri Lanka under his leadership and guidance.

Mr. Dodamgoda has a Master's Degree in Economics from the University of Colombo and a Bachelor's in Electronics and Telecommunications Engineering from the University of Moratuwa. He is a Fellow of ICMA (ANZ), and the Chartered Institute of Management Accountants (UK). He holds Memberships with the CISI (UK), the Chartered Institute of Marketing (UK), the Sri Lanka Institute of Marketing, and the Institute of Engineers (Sri Lanka). He is a Director in Asian College of Management (Pvt) Ltd. and Quantum Leap Training (Pvt) Ltd.

R S Dahanayake

Independent Non-Executive Director

Mr. Ranjith Dahanayake, a distinguished legal professional, brings over four decades of experience to his role as a Board Director. Graduating from Sri Lanka Law College in 1981, He began his legal career as an Attorney-at-law in 1982, practicing under senior lawyers at Mount Lavinia Magistrate's Court. His early exposure to a wide array of cases provided a solid foundation for his specialisation in both criminal and civil law. In his extensive private practice, Mr. Dahanayake has made significant contributions to the legal field.

Mr. Dahanayake has successfully represented numerous high profile clients in complex cases. He is also a dedicated mentor, having guided and developed the careers of junior lawyers. His mentorship has helped shape the next generation of legal professionals, ensuring the continuation of high standards in the practice of law. A member of the Mount Lavinia Bar Association since 1982, he has held various leadership positions there including that of Vice President. Additionally, his status as a life time member of the Sri Lanka Bar Association underscores his long-term commitment to the legal profession. In 1996 he began serving, and continues to serve as an unofficial Magistrate in Mount Lavinia Magistrate's Court. In 2018, Mr. Dahanayake expanded his professional endeavours by joining the Board of Sathosa Motors PLC as an Independent Director.

Corporate Management Team



Sisira Weerabahu
Executive Director



Rohan Tennakoon
Chief Operating Officer



Nirosan Perera
Senior Deputy General Manager -
Credit



Menaka Sameera
Senior Deputy General Manager -
Finance & Administration



Thilak Nanayakkara
Senior Deputy General Manager -
Collections



Tharaka Amaraweera
Deputy General Manager -
Assets Management



Shanka Dissanayake
Deputy General Manager - Credit



Lakshman Wanniarachchi
Deputy General Manager - Branch
Operation & Channel Development



Nanda Bandara
Deputy General Manager - Internal Audit



Sobitha Weerasekera
IT Consultant



Rohan De Silva
Assistant General Manager -
Metropolitan Branches



Lakmal Gabadage
Assistant General Manager -
Sabaragamuwa Branches

Corporate Management Team



Aruni Navaratne
Assistant General Manager - Legal



Eranga Gunaratne
Assistant General Manager -
Human Resources



Lakmini Kottegoda
Assistant General Manager -
Company Secretary



Ruchira Bandara
Assistant General Manager -
Finance



Bathiya Samaraweera
Assistant General Manager - Corporate Branch



Kalum Warnakula
Assistant General Manager -
Micro Business



Manjula Pushpakumara
Assistant General Manager - Gold Loan

Senior Management Team



Suren Abewickrama
Senior Manager - Branches



Rukmal Mendis
Senior Manager -
Administration



Dilhani Wijayathilaka
Senior Manager - Compliance



Ruwan Wijesooriya
Senior Manager - IT Operation



Ranil Wickramaratne
Senior Manager
- Credit Administration



Chandima Ganesh
Senior Manager - Marketing
Communication



Harshaka Perera
Senior Manager - Operations



Vijitha Gunaratne
Senior Manager -
Security Operations



Indika Edirisinghe
Senior Manager - IT
Developments and Projects



Kasun Harischandra
Regional Manager - Recoveries



Dinesh Samaranayaka
Regional Manager - Recoveries



Prasanna Ranasinghe
Regional Manager - Recoveries



Dinesh Siriwardana
Regional Manager



Asinil Perera
Regional Manager



Ajith Rathnamalala
Regional Manager



Janaka Kumara
Regional Manager

Senior Management Team



Mahesh Gulawita
Regional Manager

Priyantha Rathnayake
Regional Manager

Dilhan Liyanage
Regional Manager

Madhura Jayasekara
Regional Manager



Jagath Mendis
Regional Manager

Asele Bandara
Regional Manager

Sampath Gunasekara
Chief Manager (Grade 01) -
Human Resources

Lakmal Marasinghe
Chief Manager (Grade 01) -
Gold Loan



Chithraka Hettiarachchi
Chief Manager (Grade 01) -
Aluthgama

Ravindra Kumara
Chief Manager (Grade 01) -
Panadura

Gayan Kumarasinghe
Chief Manager (Grade 01) -
Wattala

Chamara Perera
Chief Manager (Grade 01) -
Kuliypitiya



Priyankara Gamlath
Chief Manager (Grade 01) -
Kegalle

Kumara Thennekumbura
Chief Manager (Grade 01) -
Mount Lavinia

Chamaka Kumarasinghe
Chief Manager (Grade 01) -
Recoveries

Lagath Wanasooriya
Chief Manager (Grade 01) -
Special Channels



Wasantha Senanayake
Chief Manager (Grade 01) -
Chilaw

Amali De Silva
Chief Manager (Grade 02) -
Fixed Deposits

Ranjith Kumara
Chief Manager (Grade 02) -
Insurance

Ranjith Gunaratne
Chief Manager (Grade 02) -
Avisawella



Jayantha Soysa
Chief Manager (Grade 02) -
Corporate Communications

Kelum Udayanka
Chief Manager (Grade 02) -
Internal Audit

Asanka Dharmadasa
Chief Manager (Grade 02) -
Recoveries

Menaka Weligalla
Chief Manager (Grade 02) -
Gold Loan



Dilshan Rathnayake
Chief Manager (Grade 02) -
Kiribathgoda

Chaminda Attanayake
Chief Manager (Grade 02) -
Bandarawela

Damith Indimal
Chief Manager (Grade 02) -
Hanwella

Saliya Gunasinghe
Chief Manager (Grade 02) -
Piliyandala



Shiran Jayasinghe
Chief Manager (Grade 02) -
Ja-ela

Pramod Ranasinghe
Chief Manager (Grade 02) -
Ambalantota

Ranjith Munasinghe
Chief Manager (Grade 02) -
Embilipitiya

Aruna Jayarathna
Chief Manager (Grade 02) -
Madawachchiya

Senior Management Team



Dushan Kumarasinghe
Chief Manager (Grade 02) -
Moratuwa

Anushka Perera
Chief Manager (Grade 02) -
Borella

Manjula Kumarasinghe
Chief Manager (Grade 02) -
Payment Administration

Sumede Kulathilake
Chief Manager (Grade 02) -
Kaduruwela



Dhananjaya Bandara
Chief Manager (Grade 02) -
Pilimathalawa

Hasith Gunasekara
Chief Manager (Grade 02) -
Kurunegala

Dilusha De Zoysa
Chief Manager (Grade 02) -
Insurance

Indika Perera
Chief Manager (Grade 02) -
Recoveries



Nuwan Buddhika
Chief Manager (Grade 02) -
Anuradhapura

Prabath Pushpakumara
Chief Manager (Grade 02) -
Recoveries

Oshada Hapuarachchi
Chief Manager (Grade 02) -
Recoveries

Sameera Rajapaksha
Chief Manager (Grade 02) -
IT Infrastructure

NAVIGATING CHANGE, STEERING PROGRESS

In a dynamic economic landscape, Vallibel Finance continues to move with foresight and focus. We translate shifts in the market into strategic responses—ensuring performance is not only resilient but forward-driven. With clarity and control, we steer through change to unlock lasting value.

MANAGEMENT DISCUSSION & ANALYSIS

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Elevating Our Sustainable Strategic Path

At Vallibel Finance PLC, we recognise that sustainability is not merely a corporate responsibility but a fundamental enabler of long-term business success. Our ability to thrive amidst economic uncertainties, regulatory changes, and technological disruptions centres on our capabilities to align financial objectives with the evolving needs of our stakeholders, society, and the planet. This reflects our unwavering commitment to generating enduring stakeholder value, as demonstrated by our dedication to offering innovative, value-for-money financial solutions and maintaining accountability towards our stakeholders and the nation.

To achieve these commitments, we have embedded sustainability principles into our core business operations, guided by a purpose-driven strategy and a robust governance framework. The initiatives outlined herein reflect our commitment to both present and future generations.

1. INTEGRATING STRATEGY AND SUSTAINABILITY

We embrace a dynamic and evolving strategic framework that seamlessly integrates foresight, operational intelligence, and sustainability at every level. Operating within a rapidly evolving financial landscape, we recognise the importance of continually adapting our strategic focus. Our planning process is not static; it is informed by macroeconomic insights, stakeholder expectations, and emerging environmental and social trends. Strategic decisions are shaped through close collaboration amongst business units, risk management, compliance, and leadership teams, ensuring alignment with our long-term objectives.

The Company views sustainability not as a separate initiative, but as an integral element of strategy formulation. Every growth initiative, from the design of new products to the expansion of our branch network, is evaluated for its broader impact on society and the

environment. This integrated approach enables us to maximise value creation, mitigate risks, and capitalise on new opportunities. With a strong emphasis on regulatory compliance, open dialogue with stakeholders, and ongoing scenario analysis, we have developed a resilient model that harmonises profitability with responsibility. As we continue to refine our internal frameworks, we remain dedicated to strengthening this alignment through agile execution and impact-based performance measurement.

Our approach to corporate strategy is multi-dimensional, inclusive, and continuously evolving. We combine financial goals with social expectations and environmental stewardship, creating a robust operating model that is future-ready.



Insight-led Planning: Our strategy is guided by in-depth analysis and stakeholder input.

- > Macroeconomic and market trend analysis
- > Sector-specific research and benchmarking
- > Integration of stakeholder feedback
- > Competitive landscape assessments



Scenario-based Forecasting: We future-proof our strategy through proactive foresight.

- > Risk scenario planning
- > Sensitivity testing (e.g., inflation, interest rates)
- > Regulatory and policy impact analysis
- > Contingency resource planning



Dynamic Execution: We achieve real-time refinement through agile execution and oversight.

- > KPI-based performance monitoring
- > Strategic initiative dashboards
- > Governance committee feedback loops
- > Operational efficiency reviews



Sustainability Lens: Every decision considers environmental, social, and ethical factors.

- > Integrated reporting
- > Green financing
- > Employee impact
- > Resource efficiency

2. OUR SUSTAINABILITY COMMITMENT: BEYOND COMPLIANCE

During the year under review, the Company focused on strengthening the integration of sustainable principles within our business operations, with clearly defined impact zones and measurable performance metrics integrated into our business functions. We have transitioned from intention to integration. Our initial focus on responsible governance and ethics has expanded to encompass lending strategies, operations, employee development, and community engagement. Our objective is to mitigate harm while also generating lasting, positive value for the communities and environments we serve.

Our sustainability focus has evolved across three key dimensions

Integration into our Business Model

Sustainability is now a core decision-making criterion, rather than a peripheral initiative. During the financial year under review, we began integrating sustainability considerations into our product design, vendor selection, and lending policies. This will support the future enhancement of our sustainable financing portfolio, the introduction of ESG-aligned operational key performance indicators (KPIs), and investments in resource efficiency technologies.

Accountability through Data and Governance

To ensure genuine progress, we have initiated readiness assessments aligned with the Global Reporting Initiative (GRI). This is with a view to senior management receiving more regular updates on environmental impact, diversity metrics, and the effectiveness of our community-based initiatives.

Stakeholder-Centric Sustainability Culture

Understanding that sustainability is a shared responsibility, we are evaluating the feasibility of integrating environmentally-conscious behaviour into our learning and development initiatives, and planning to expand our CSR efforts.

3. THE PILLARS OF OUR SUSTAINABLE SUCCESS

During the year under review, we have moved beyond defining our strategic pillars to operationalising them. Each pillar is now a dynamic driver of performance, culture, compliance, and stakeholder impact. As we look ahead to the upcoming financial year, these pillars will continue to evolve, incorporating digital innovation, deeper ESG integration, and a more pronounced customer-centric approach. They serve not only as stabilisers but also as catalysts for long-term, sustainable transformation.

Responsibilities are clearly allocated among board committees to ensure effective oversight of environmental, social and governance (ESG) matters.

Senior managers and the highest governance body are regularly informed of and engaged in sustainability-related issues, with clear accountability for managing economic, environmental, and social impacts.

The highest governance body plays an active role in monitoring the organisation’s sustainability performance, supported by dedicated internal sustainability teams. Oversight mechanisms are in place to ensure continuous improvement and alignment with stakeholder expectations and global standards.

4. ESG GOVERNANCE

Our governance structure is led by the Board of Directors, which oversees the company’s strategic direction and the risk management. The board comprises independent and executive members with a diverse range of expertise.

Our senior leadership team are actively involved in setting and monitoring sustainability goals, and their performance evaluations as well as reporting.

We maintain a robust internal control system and risk management framework, aligned with ethical business practices and regulatory requirements, to uphold our commitment to transparency and integrity.

Business Model for Sustainable Value Creation

External Environment & Strategic Context

Economic Trends — Regulatory Environment — Stakeholder Expectations — Political Climate — Talent Migration

Capital Inputs



Financial Capital

Derived from investor and customer funding

- > Shareholders' Funds – Rs. 15.12 Bn
- > Deposits – Rs. 67.48 Bn
- > Assets – Rs. 111.68 Bn
- > Borrowings – Rs. 21.17 Bn



Manufactured Capital

Investments in buildings, machinery, and equipment to support business activities

- > Investment in Buildings, Machinery, and Equipment – Rs. 375.56 Mn
- > Investment in IT – Rs. 65.87 Mn
- > No. of Branches in the Country – 75



Intellectual Capital

Brand reputation and business know-how enabling operational efficiency

- > Credit Rating – BBB+
- > The Team's Collective Tacit Knowledge – 1,763



Human Capital

The skill and dedication of employees to achieve competitive advantage and for strategic execution.

- > Total Employees – 1763
- > Recruits – 779
- > Increase in Salaries and Benefits – 27.7%
- > Total Training Programs for Employees – 35
- > Cumulative Skills, Experience, and Competencies of Key Employees – 1,763



Social & Relationship Capital

Building strong stakeholder relationships for sustainable growth and success

- > No. of Deposit Customers – 16,951
- > No. of Lending Customers – 90,933
- > Payments to Business Partners – Rs. 1.71 Bn



Natural Capital

Managing the environmental impact of our resource use

- > Electricity Consumption – 1,801,632 kWh
- > Water Consumption – 26,427 m³
- > Paper Used (Head Office) – 2,438 Packets

Business Model Core Flow

Customer Focus & Market Alignment

- > Customer Needs & Market Analysis
- > Target Customer Segments
- > Tailored Financial Solutions
- > Customer Value Proposition

Operational Efficiency

- > Process Optimisation & Automation
- > Operational Efficiency

Key Business Activities

- > Fixed Deposits
- > Lending
- > Gold Loans
- > Vehicle Loans
- > Mortgage Loans
- > Auto Draft
- > Wheel Draft

Strategic Pillars

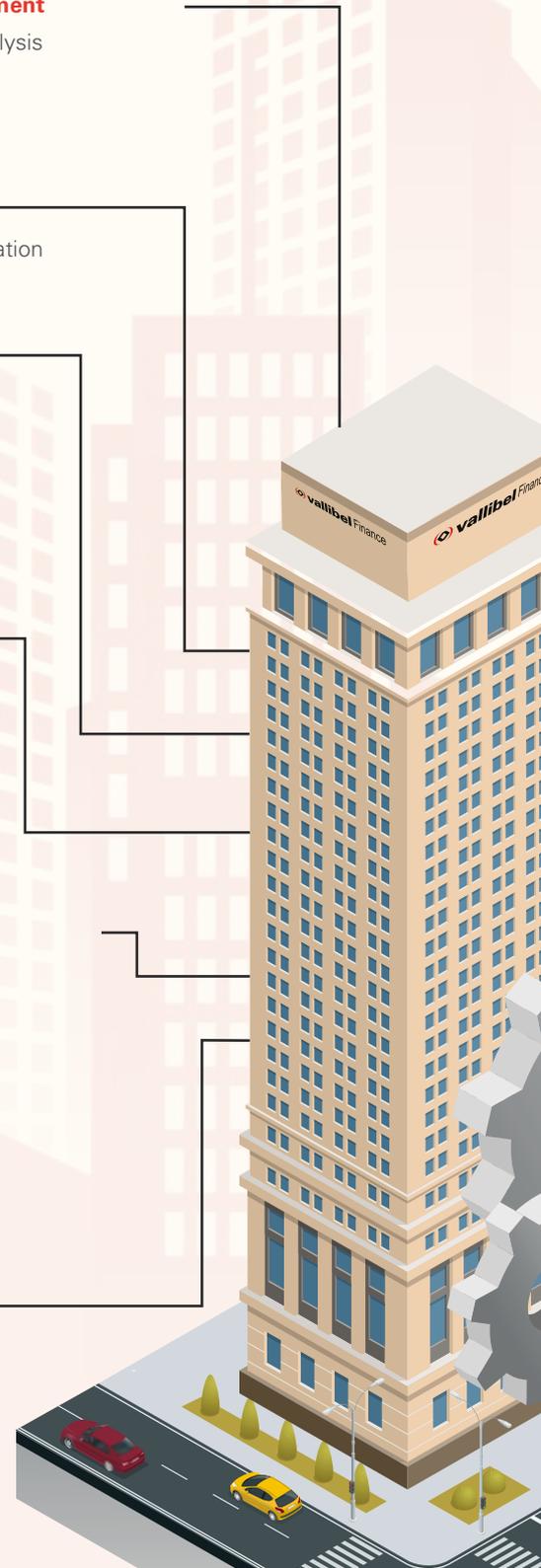
- > Financial Stability
- > Governing Principles
- > Risk Management
- > Corporate Values
- > Regulatory Compliance
- > Sustainable Business Practices
- > Customer-Centric Focus

Key Enablers / Support Functions

- > Administration
- > Information Technology
- > Human Resources
- > Finance
- > Legal and Compliance
- > Operations
- > Recovery
- > Customer Relations
- > Governance
- > Risk Management

Identified Critical Risks

- > Credit Risk
- > Market Risk
- > Liquidity Risk
- > Operational Risk
- > Legal Risk
- > Compliance Risk
- > Reputational Risk



Changing Consumer Preferences

Outputs and Outcomes	Stakeholder Value & Impact
<ul style="list-style-type: none"> > Sustained Value Creation > Sustainable Growth 	<p>Financial Capital </p> <ul style="list-style-type: none"> > Total assets increased by 19.87% > Lending portfolio increased by 35.10% to Rs. 92.15 Bn > Net interest income Rs. 8.12 Bn > ROE increased by 5.17% > Deposit base increased by 15.08% <ul style="list-style-type: none"> ▶ Customers ▶ Employees ▶ Government and Regulators ▶ Shareholders
 <p>Rs. 68.7 Bn In loan disbursements</p>	<p>Manufactured Capital </p> <ul style="list-style-type: none"> > Property, plant, and equipment increased to Rs. 1.09 Bn > Investment in IT Rs. 65.87 Mn <ul style="list-style-type: none"> ▶ Customers ▶ Employees
 <p>Rs. 8.84 Bn Increase in customer deposits</p>	<p>Intellectual Capital </p> <ul style="list-style-type: none"> > Knowledge enhancement > Upgraded IT systems > Streamlined processes <ul style="list-style-type: none"> ▶ Customers ▶ Employees
 <p>Rs. 6.88 Bn Interest paid to deposit holders</p>	<p>Human Capital </p> <ul style="list-style-type: none"> > 779 recruits > 321 promotions > Retention rate is 80.56% > Total employees increased by 17% > Revenue per employee Rs. 10.9 Mn <ul style="list-style-type: none"> ▶ Employees ▶ Society / Community
 <p>1,763 Workforce strength</p>	<p>Social & Relationship Capital </p> <ul style="list-style-type: none"> > Deposit customer base increased by 2% > Lending customer base increased by 6% > Built more meaningful stakeholder relationships <ul style="list-style-type: none"> ▶ Customers ▶ Employees ▶ Society / Community ▶ Business Partners ▶ Suppliers
 <p>11 New branches opened</p>	<p>Natural Capital </p> <ul style="list-style-type: none"> > Fuel consumption decreased by 14.8% > Reduced paper recycled by 47% > 9.9% increase paper used at the Head Office <ul style="list-style-type: none"> ▶ Customers ▶ Society/Community ▶ Shareholders

Operating Environment Overview

SRI LANKA'S ECONOMIC TURNAROUND: A REVIEW FOR 2024 AND IMPLICATIONS FOR LEASING AND FINANCE COMPANIES

SRI LANKA'S ECONOMY IN 2024 TELLS A COMPELLING STORY OF RESILIENCE AND RECOVERY, MARKING A SIGNIFICANT DEPARTURE FROM THE CRISIS OF 2022. DRIVEN BY STRATEGIC POLICY REFORMS AND IMPROVED MARKET CONFIDENCE, THE COUNTRY ACHIEVED A ROBUST 5.00% GDP GROWTH, STARKLY CONTRASTING WITH PREVIOUS CONTRACTIONS. THIS IMPRESSIVE REBOUND, PARTICULARLY IN THE INDUSTRIAL AND SERVICES SECTORS, HAS CREATED A MORE FAVOURABLE ENVIRONMENT FOR BUSINESSES, INCLUDING LEASING AND FINANCE COMPANIES.



REGULATORY INITIATIVES: THE MASTERPLAN FOR CONSOLIDATION

In a strategic move to further strengthen the resilience and stability of the Non-Bank Financial Institutions (NBFI) sector, specifically LFCs, the CBSL introduced the revised framework for Phase II of the Master plan for Consolidation of the LFCs sector in December 2024. This comprehensive initiative builds upon the success of Phase I, which witnessed the completion of eight amalgamations, creating more robust entities within the sector. Phase II is designed with specific medium to long-term objectives, aiming to cultivate enhanced stability and operational efficiency among standalone finance companies. The plan outlines a structured three-year implementation period, commencing from 31st March 2025, and extending until March 2028. Throughout this phase, the CBSL will closely monitor the progress of LFCs to ensure compliance with established benchmarks, reinforcing the sector's capital adequacy, liquidity, and overall operational strength. This proactive regulatory approach underscores the CBSL's commitment to ensuring a robust and well-capitalised financial system capable of navigating potential economic shifts and effectively addressing the evolving financial needs of the nation.

MACROECONOMIC HIGHLIGHTS OF 2024

The foundation of Sri Lanka's economic recovery lies in stringent fiscal discipline and a renewed commitment to the IMF's Extended Fund Facility (EFF) program. Sri Lanka not only met but exceeded its primary surplus target for the year, sustained by increased VAT revenues and cautious public spending. While the broader economic indicators show strength, persistent challenges such as high poverty rate (24.5%) and real incomes that haven't fully recovered to pre-crisis levels continued to impact economic recovery. Medium-term growth is projected to moderate, reflecting the lasting impact of the crisis and ongoing structural hurdles.

On the monetary front, 2024 witnessed significant positive shifts. Headline inflation fell, even turning negative by the year-end, primarily due to stabilising energy prices and currency appreciation. In response, the Central Bank of Sri Lanka (CBSL) proactively cut policy rates by a substantial 150 basis points, with the Overnight Policy Rate (OPR) settling at 8.00%. This easing of monetary policy supported a remarkable 21.00% increase in outstanding private sector credit for Licensed Finance Companies (LFCs), signalling a renewed appetite for lending and borrowing. The financial sector demonstrated enhanced stability, with banks reporting healthier non-performing loan (NPL) ratios and improved capital adequacy. The CBSL

fortified the regulatory landscape with new legislation and strategies to boost financial resilience.

The external sector also showed a positive picture. Sri Lanka recorded a current account surplus for the second consecutive year, driven by a vibrant tourism sector and steady remittances. Official reserves grew to USD 6.1 Bn, allowing the government to lift key import restrictions, including those on vehicles. The Sri Lankan Rupee appreciated and stabilised against the US Dollar, gaining nearly 20.00% since the end of 2022. Significant progress in external debt restructuring further underscored the country's return to financial normalcy, leading to sovereign rating upgrades.

PERFORMANCE OF FINANCE COMPANIES

The LFCs sector demonstrated significant expansion and sustained resilience throughout 2024, consistently maintaining capital and liquidity levels well above regulatory minimums. This sector, comprising 32 LFCs, accounted for 5.4% of the total financial sector assets by the end of 2024. With 1,908 branches, of which 1,265 are located outside the Western Province, LFCs played a fundamental role in facilitating financial inclusion across diverse segments of the population.

ASSET BASE EXPANSION

The sector's asset base grew by Rs. 235.2 Bn in 2024, reaching Rs. 1,930.7 Bn by year-end, representing a substantial 13.9% growth compared to 5.7% in 2023. This expansion was primarily driven by a significant increase in the loans and advances portfolio, which accounts for 74.1% of the sector's total assets.

LOANS AND ADVANCES PORTFOLIO

In 2024, the loans and advances portfolio expanded by Rs. 265.4 Bn to Rs. 1,430.2 Bn, reflecting a robust 22.8% growth, a strong turnaround from a 2.6% contraction in 2023.

The finance leases and vehicle loans portion of the loans and advances portfolio continued to dominate, representing 64.0% of total loans and advances by end-2024, although lower than 66.2% recorded in 2023. Growth recorded for 2024 was 18.7%, compared to the previous year. Loans secured by gold also observed notable growth, increasing by 30.4% in 2024 compared to 18.7% in 2023. Gold loans comprise 19.8% of the total loans and advances portfolio by end-2024. Conversely, financial assets in debt and other financial instruments measured at amortised cost contracted by 39.9% in 2024, primarily due to decreased investments in government securities.

IMPROVED ASSET QUALITY

The sector experienced a significant improvement in asset quality, as reflected by a decline in the gross NPL ratio to 11.3% at end-2024, down from 18.0% at end-2023. This indicates a notable improvement in credit quality. Concurrently, the sector's impairment coverage ratio for NPL strengthened to 41.9% at end-2024, up from 32.6% at end-2023. Consequently, the net NPL ratio also improved significantly, dropping to 6.6% by end-2024 from 12.1% at end-2023.

STRONG LIQUIDITY

The LFCs sector maintained robust liquidity levels throughout 2024,

comfortably exceeding the minimum regulatory requirements. By the end of 2024, the overall regulatory liquid assets amounted to Rs. 220.9 Bn against a stipulated minimum of Rs. 115.8 Bn, resulting in a liquidity surplus of Rs. 105.1 Bn.

CUSTOMER DEPOSITS

Customer deposits remained the primary funding source for the sector, accounting for 54.7% of total liabilities by the end of 2024. Deposits increased by Rs.121.4 Bn, reflecting a 13.0% growth during 2024, and reached Rs.1,056.4 Bn. Equity and borrowings contributed 24.3% and 15.8% to liabilities, respectively. Borrowings also witnessed a 15.3% growth, increasing by Rs. 40.5 Bn to Rs. 305.4 Bn by the end of 2024.

ENHANCED PROFITABILITY

The sector's profit after tax (PAT) notably increased by 20.9%, from Rs. 49.4 Bn in 2023 to Rs. 59.7 Bn in 2024. This growth was primarily driven by a substantial increase in net interest income, which reached Rs.191.8 Bn in 2024, contributing to a 24.3% growth compared to the previous year. Non-interest income also recorded a marginal increase of 1.4%, amounting to Rs. 33.8 Bn.

The improved profitability was evident as Return on Assets (ROA) rose to 6.1% from 5.2% in 2023. The Return on Equity (ROE) also increased to 13.5% from 12.7% in 2023. Operational efficiency also improved, with the efficiency ratio declining to 50.8% in 2024 from 52.8% in 2023.

CAPITAL BASE EXPANSION

The capital base of the LFCs sector strengthened by Rs. 28.3 Bn, growing 8.6% to Rs. 357.4 Bn by the end of 2024. The sector's core capital and total capital ratios experienced a marginal decline at the end of 2024, settling at 20.4% and 21.2% respectively, down from 21.1% and 22.3% in 2023. Despite this slight reduction, these ratios remained comfortably above the minimum regulatory requirements, with only two LFCs not in compliance.

IMPLICATIONS FOR LEASING AND FINANCE COMPANIES

A favourable environment for LFCs emerged in 2024, presenting numerous opportunities.

- > Elevated credit demand was a clear signal of heightened economic activity, with substantial growth in private sector credit, particularly for LFCs, directly translating into increased avenues for lending.
- > LFCs experienced a significant rise in demand for consumer credit, encompassing gold-backed loans and personal loans. Furthermore, easing vehicle import restrictions proved to be a pivotal development for LFCs specialising in vehicle leasing, opening up a substantial market segment and increasing demand for vehicle leasing. This upward trend signifies a resurgence in consumer confidence and a growing inclination toward asset acquisition, which are fundamental to the LFC business model.
- > A favourable lending environment was created as lower interest rates resulted in a reduced cost of funds for LFCs, potentially enhancing their net interest margins and profitability.
- > Improved asset quality was observed as the general improvement in NPL ratios across the financial sector suggested stronger repayment capacity among borrowers, thereby mitigating credit risk for LFCs.
- > While consumer credit was a primary driver, the broader economic recovery also presented strategic growth potential for LFCs to finance industrial and services sector activities, such as equipment leasing and business loans.

NAVIGATING FORWARD

- > While the macroeconomic tide has turned significantly in Sri Lanka's favour, LFCs should maintain a balanced approach. The lingering effects of high poverty and a projected moderation in growth for 2025 necessitate prudent risk assessment and a focus on sustainable lending practices. However, with a stable financial sector, improving external conditions, and a clear path of reforms, LFCs are well-positioned to capitalise on the ongoing economic recovery and contribute to Sri Lanka's continued growth story.

Strategic Stakeholder Engagement

OUR COMMITMENT TO STAKEHOLDER INCLUSIVITY

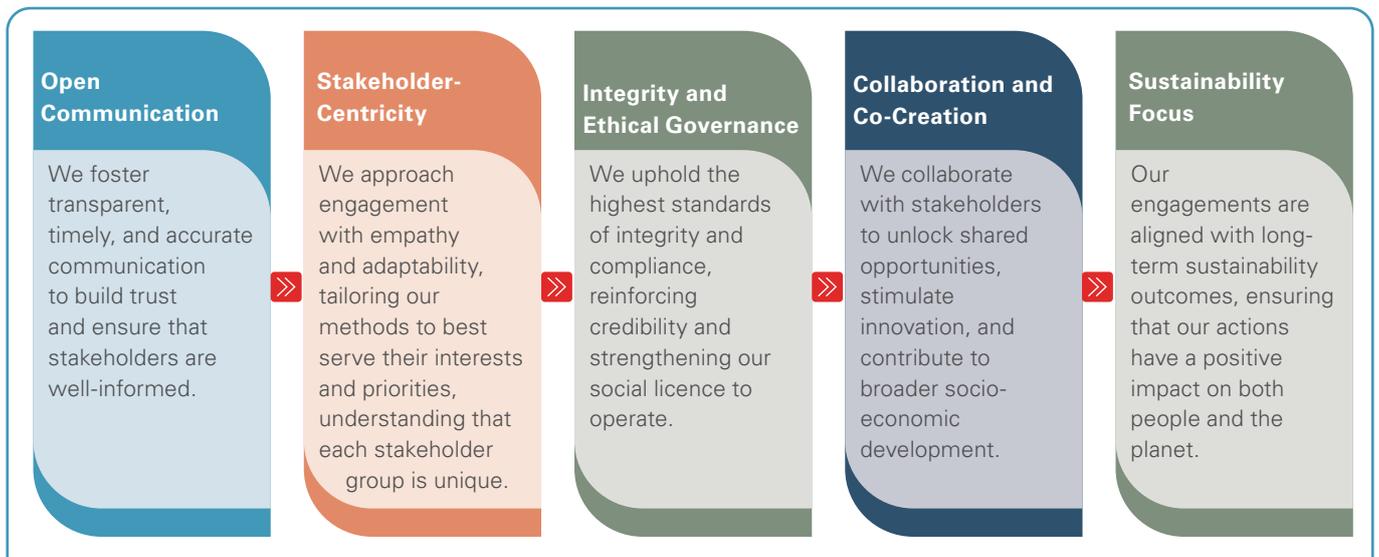
WE RECOGNISE THAT OUR STAKEHOLDERS - RANGING FROM INVESTORS AND CUSTOMERS TO REGULATORS AND COMMUNITIES - ARE INTEGRAL TO OUR SUCCESS. BY CONTINUOUSLY IDENTIFYING, UNDERSTANDING, AND RESPONDING TO THEIR EVOLVING NEEDS AND EXPECTATIONS, WE CO-CREATE VALUE THAT ALIGNS WITH OUR SUSTAINABILITY GOALS AND SUPPORTS A RESILIENT FINANCIAL ECOSYSTEM.



At Vallibel Finance PLC, stakeholder engagement is a cornerstone of our strategic direction and the creation of long-term value. By actively engaging with our diverse stakeholder groups, we deepen relationships built on trust and transparency, while also integrating stakeholder insights into our business model and strategies to foster innovation, resilience, and sustainable growth. Our stakeholder engagement process is aligned with the GRI 2021 Standards and the Integrated Reporting Framework, ensuring that our approach supports inclusive, ethical, and sustainable decision-making.

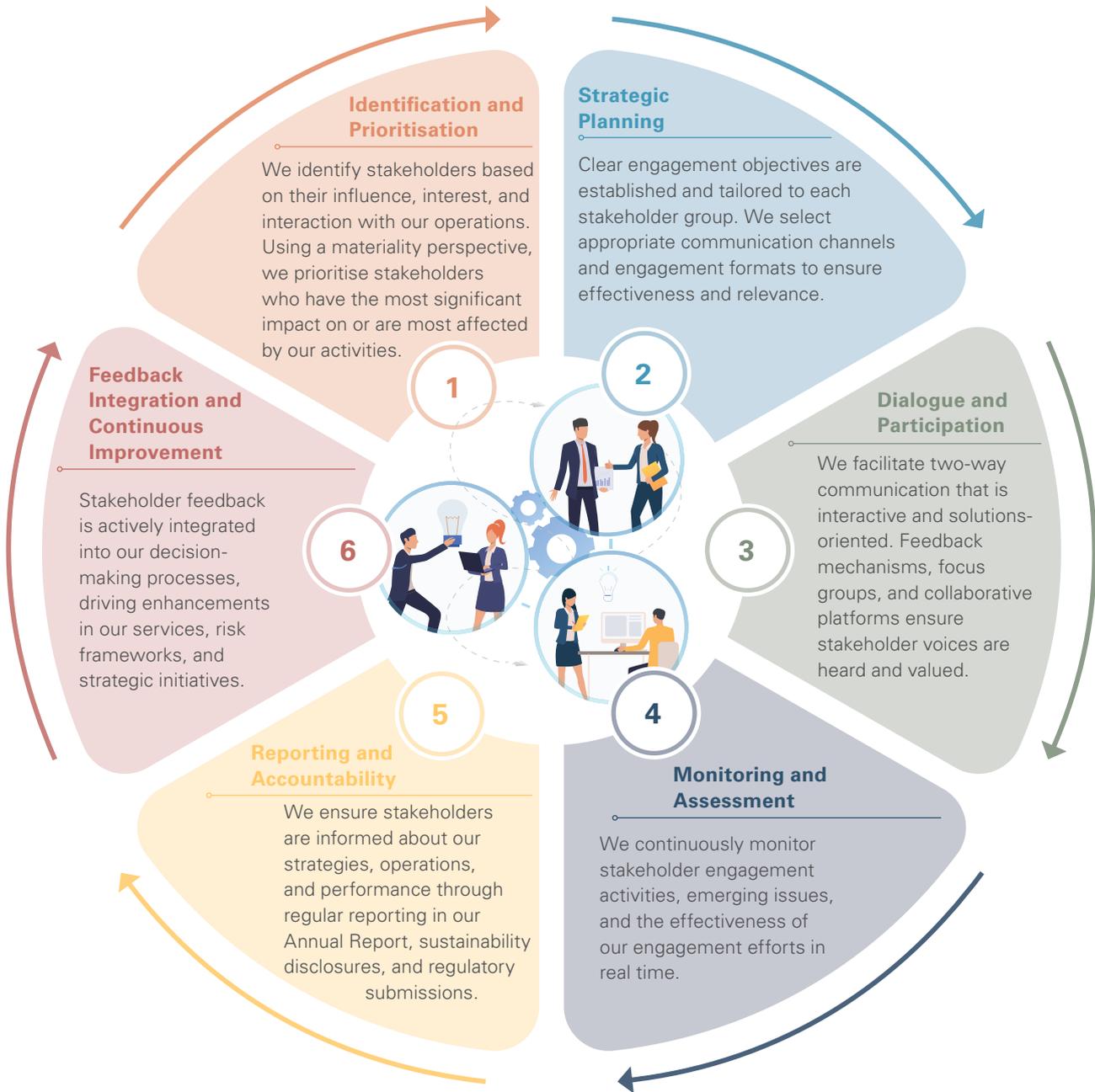
GUIDING VALUES FOR STAKEHOLDER ENGAGEMENT

Our stakeholder engagement is grounded in a core set of values that guide our interactions and foster mutually beneficial relationships.

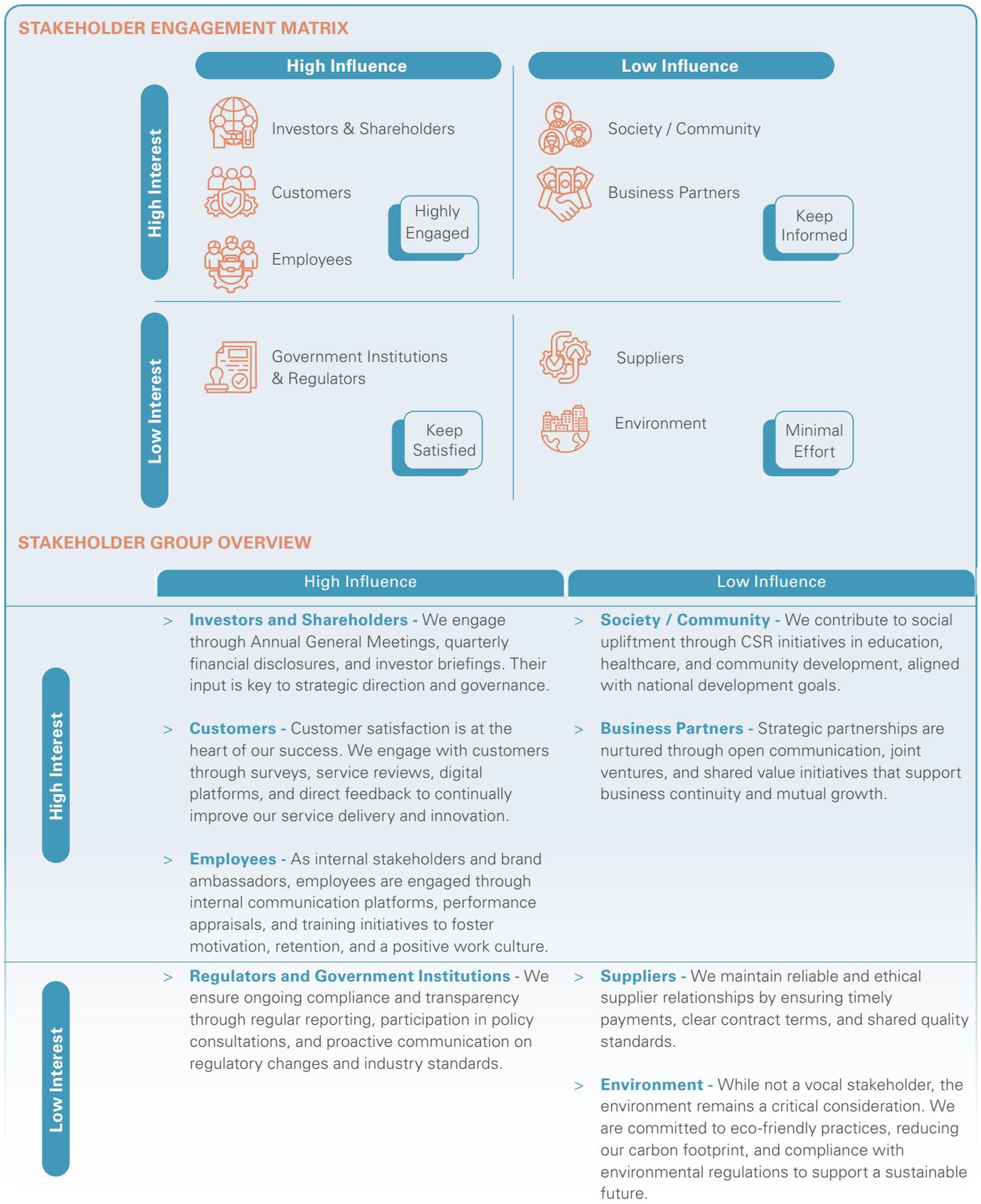


OUR STAKEHOLDER ENGAGEMENT PROCESS

We adopt a structured six-step approach to stakeholder engagement, designed to ensure transparency, responsiveness, and continuous improvement.



Strategic Stakeholder Engagement



OVERVIEW OF OUR STAKEHOLDER ENGAGEMENT 2024/25

During the year under review, Vallibel Finance advanced its structured and inclusive approach to stakeholder engagement, ensuring that the diverse interests of our key stakeholder groups - including shareholders, employees, customers, business partners, regulators, and communities - were meaningfully addressed. Leveraging multiple engagement channels such as AGMs, digital platforms, consultations, and community initiatives, we gathered valuable insights that informed our strategic decisions and risk management practices. Each engagement was aligned with our six capitals model and integrated reporting principles, driving tangible outcomes across financial performance, employee wellbeing, customer satisfaction, and social impact. Our ongoing focus on transparency, responsiveness, and shared value creation continues to reinforce stakeholder trust and organisational resilience in a changing financial landscape.

Investors and Shareholders



Strategic Stakeholder Engagement

How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Annual General Meetings	Business growth and profitability	We ensure financial stability and long-term value creation through transparent reporting, strategic planning, and prudent capital management.		Earnings per Share (EPS)
Company Website	Market conditions and interest rates	We provide real-time access to market updates, economic indicators, and corporate announcements to support informed investment decisions.		Return on Equity (ROE)
Financial Disclosures & Reports	Governance and risk management	We maintain strong governance practices and robust risk management frameworks, which enable us to sustain investor confidence.		Share Price Return on Equity (ROE)
Press Releases & Market Announcements	Future investment strategies	We communicate strategic priorities, expansion plans, and investment initiatives clearly to align with shareholder expectations.		Share Price



Employees

How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Open-Door Leadership Culture	Career progression and development	We nurture an empowering and inclusive workplace, offering growth opportunities, fair recognition, and open communication.		Employee Retention Rate
Digital HR Platforms	Work-life balance	We offer flexible work arrangements, efficient self-service tools, and prompt HR support to promote a seamless integration of work and life.		Employee Satisfaction
Career Development Roadmaps & Promotions	Compensation, benefits, and leadership roles	We design clear career paths, conduct transparent performance appraisals, and offer merit-based promotions and rewards.		Internal Promotion Rate Leadership Development Success
Employee Wellness Programmes	Job security, well-being, motivation, and productivity	We promote physical, mental, and financial wellness, while reinforcing job security and cultivating resilience.		Absenteeism Rate Quality of Work

Strategic Stakeholder Engagement



Customers

How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Call Centre and Social Media	Seamless and accessible financial solutions and services	We prioritise innovation and customer satisfaction, ensuring convenience, security, and financial empowerment for all.		Customer Complaints
Company Website	Transparent and fair policies Accurate and up-to-date information	We maintain open access to accurate information and fair practices, ensuring trust and compliance.		Customer Retention Rate Length of Customer Relationship
Advertisements and Digital Channels	Data privacy and security Accurate information	We protect customer information through robust cybersecurity measures and responsible data management practices.		Data Breaches Brand Value
Feedback Channels and Surveys	Customer-centric service excellence	We continually enhance our services through regular feedback, digital upgrades, and user-friendly innovations.		Repeat Customers



Business Collaborations

How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Exclusive Business Networking Forums	Ethical business relationships	We drive growth through collaborative, transparent, and mutually beneficial business relationships.		Years of Relationship
Direct Communication	Economic growth opportunities	We provide ongoing communication to identify synergies and co-create market opportunities.		Lifetime Value
Joint Strategic Planning Sessions	Competitive edge and industry leadership	We co-develop strategies that leverage joint expertise to lead and innovate in the industry.		Lead Times
Supplier & Partner Events	Long-term financial sustainability	We build resilient partnerships focused on sustainability, shared goals, and value chain integrity.		Attendance Rate



Communities & Society

How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Word of Mouth	Economic empowerment	We actively contribute to building a stronger, more inclusive society through education, financial inclusion, and sustainable initiatives.		Community Support
CSR & Social Impact Projects	Sustainable development initiatives	We support national goals by investing in impactful projects in health, education, the environment, and entrepreneurship.		Community Support
Social Media	Financial inclusion for underserved communities	We utilise social media to connect with marginalised groups and provide them with relevant financial products and services.		CSR Investment Growth
Marketing	Social responsibility Accurate information sharing	We promote responsible messaging that aligns with social values and demonstrates our role as a purpose-driven brand.		Public Awareness Metrics



Government & Regulators

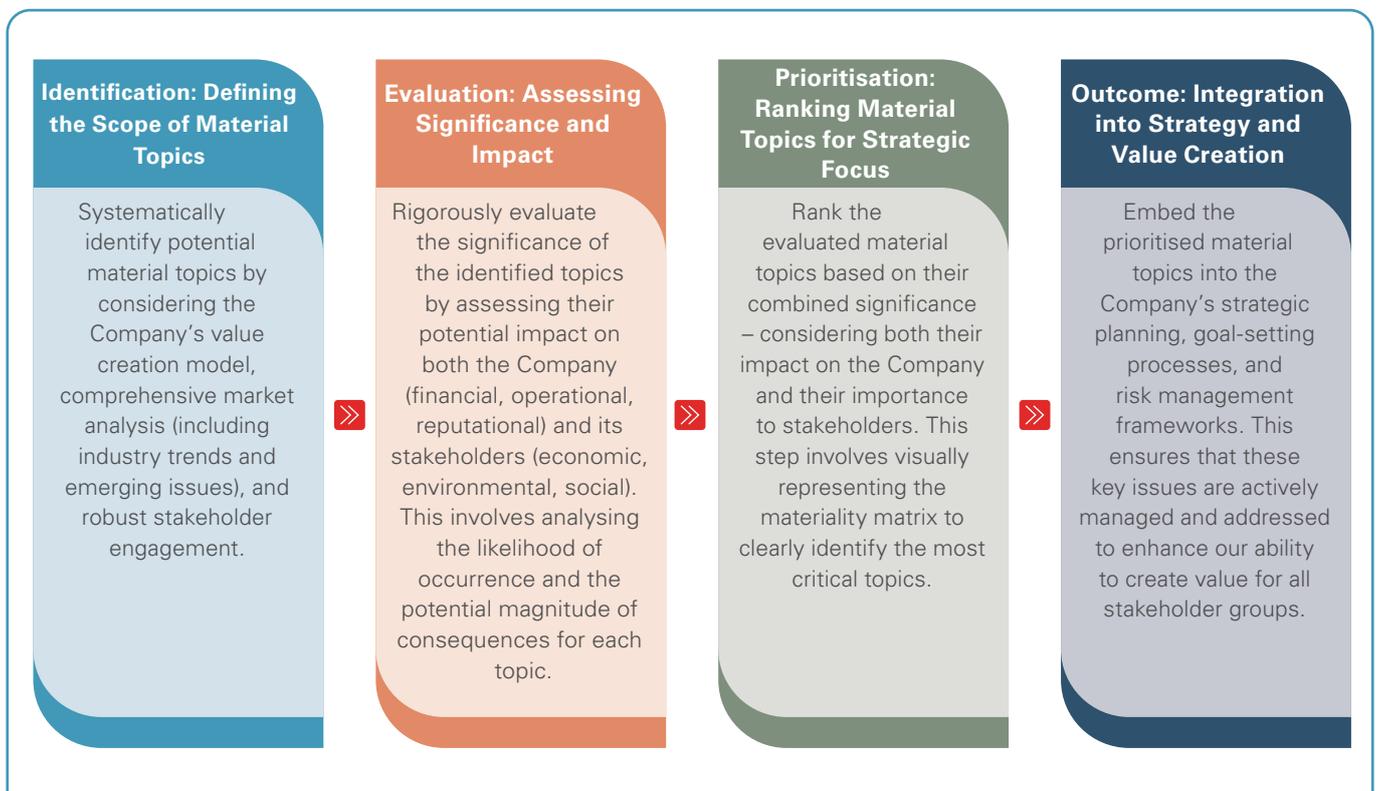
How We Connect	What Matters to Them	Our Commitment	Impact Areas	Key Performance Indicators
Direct Consultations & Regulatory Forums	Financial system stability	We uphold the required standards of compliance, ensuring responsible corporate governance and adherence to financial regulations.		Regulatory Compliance Levels
Compliance Audits & Assessments	Compliance with laws and regulations	We maintain full regulatory compliance through rigorous internal controls and timely disclosures.		Capital Adequacy Ratio
Industry Policy Engagement	Ethical governance	We engage in dialogue with policymakers to contribute to the development of sound financial sector reforms.		Tax Contribution Rate
Governance & Risk Management Reports	Market transparency	We provide accurate, timely, and comprehensive disclosures to promote investor confidence and market integrity.		Board Attendance Rate Timeliness of Regulatory Filings

Materiality Assessment: Key Findings and Explanations

At Vallibel Finance PLC, we continue to refine our sustainability and integrated reporting framework by assessing and addressing the most critical issues that impact our business and stakeholders. Our materiality assessment follows global best practices, enabling us to identify and prioritise key factors that influence long-term value creation. This structured approach helps the Company to align our corporate strategy with evolving stakeholder expectations, ensuring a sustainable and resilient business model.

MATERIAL TOPICS ASSESSMENT PROCESS

As we advance in our reporting disclosures, and our commitment to long-term sustainability, we recognise that identifying material topics is integral to making informed, forward-thinking decisions for both Vallibel Finance and our diverse stakeholders. As such, we have enhanced our material topic identification process to better reflect stakeholder priorities and business impacts, ensuring the accuracy and relevance of our sustainability reporting.



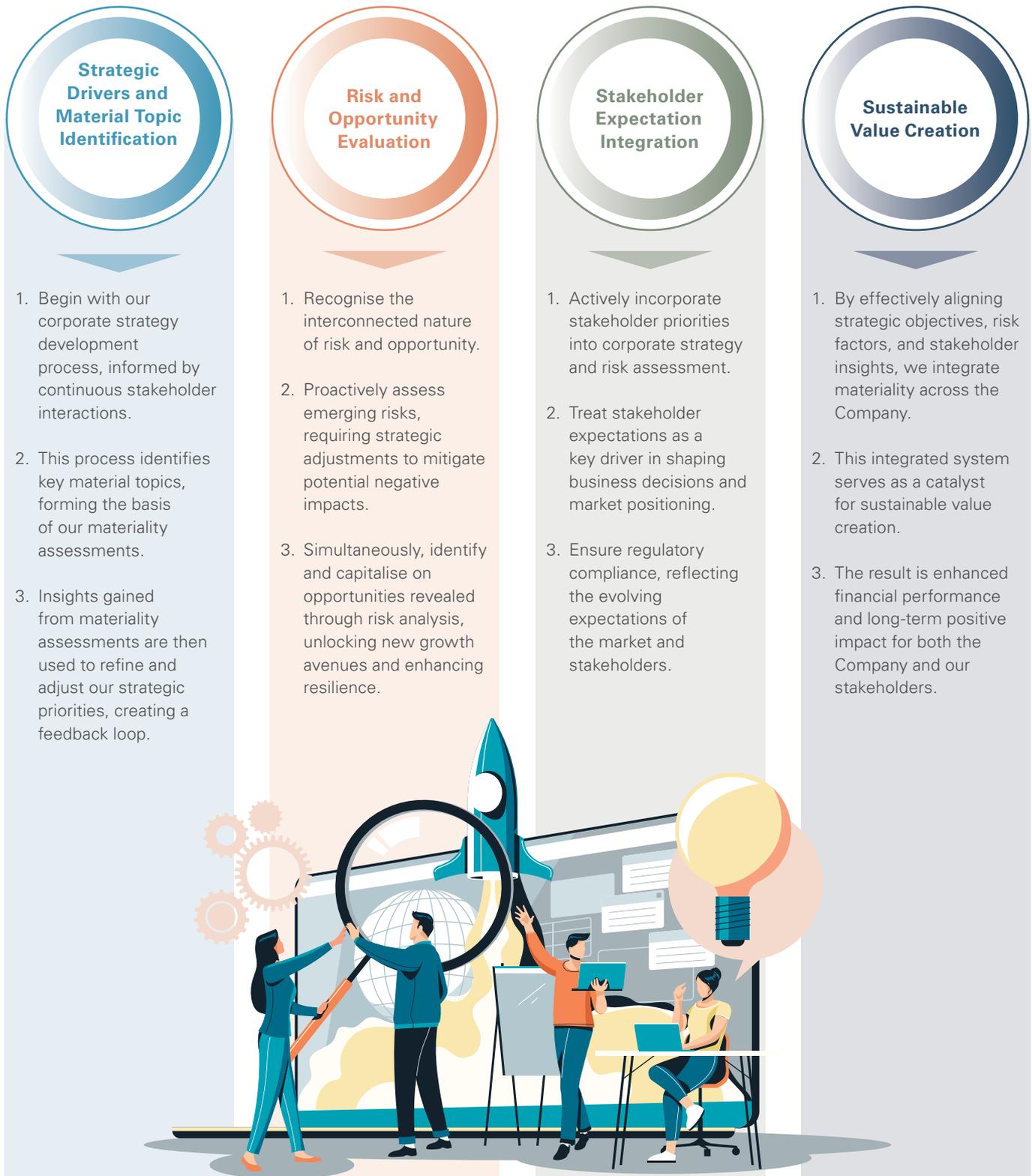
Using this systematic materiality assessment process, we proactively engage with our stakeholders, gaining insights into critical issues that shape our strategic direction, drive resilience, and ensure alignment with the interests of all concerned stakeholders.

This process not only helps us anticipate and address inherent risks and emerging opportunities but also strengthens our ability to navigate the complexities of a rapidly evolving operating landscape. By integrating these insights into our business operations, we remain committed to delivering uninterrupted business performance while fostering shared value.

As we progress, our core values, notably our dedication to inclusive financial services, will continue to guide our actions, ensuring a more sustainable and impactful future for both our Company and the communities we serve.

INTEGRATING MATERIALITY FOR STRATEGIC VALUE CREATION

Strategic value creation is achieved through the seamless integration of materiality. This process ensures that the Company’s efforts are focused on the issues that truly matter, maximising both financial performance and positive impact. By connecting materiality insights with our business strategy, we build resilience and generate sustainable value for all stakeholders.



Materiality Assessment: Key Findings and Explanations

BUILDING FUTURE RESILIENCE

Our materiality framework enables Vallibel Finance to adopt materiality as a proactive and strategic tool, moving beyond mere compliance. Our approach is built on a dynamic framework that continuously adapts to economic, social, and environmental shifts, enabling us to anticipate and respond to emerging trends. This ensures resilience, accountability, and sustainable value creation, while empowering the Company to identify risks, capitalise on opportunities, and maintain ethical governance in a constantly evolving business landscape.

Strategic Accountability and Adaptability



Senior leadership takes ownership of material topics, ensuring a structured yet flexible approach to resource allocation. By continuously assessing business priorities, we align strategic objectives with evolving economic, social, and environmental dynamics, enabling agile decision-making that drives sustainable growth.

Proactive Risk and Opportunity Management



Our assessment framework provides forward-looking insights into emerging risks and market opportunities. By leveraging data-driven analysis, we proactively mitigate potential disruptions while capitalising on new avenues for value creation, reinforcing resilience in an ever-changing business environment.

Continuous Stakeholder Engagement



Material topics are embedded into our corporate dialogue, fostering alignment with stakeholder priorities. Through structured engagement mechanisms, we ensure transparency, responsiveness, and collaboration, enabling the co-creation of long-term value across our ecosystem.

Workforce Empowerment and Ethical Governance



We equip employees with the knowledge and tools to manage material topics with integrity, transparency, and accountability. This commitment to ethical governance fosters a responsible corporate culture where all identified risks and opportunities are addressed effectively.

Impact-Driven Decision Making



Our materiality analysis undergoes continuous refinement to reflect evolving business conditions and external landscapes. By integrating impact-focused metrics into strategic planning, we ensure that decisions drive meaningful outcomes for stakeholders while reinforcing long-term corporate sustainability.



EVOLVING MATERIAL PRIORITIES: FINANCIAL YEAR 2024/25

Building on our commitment to addressing core material topics, we identified 12 key areas for the financial year ended 31st March 2025. We have proactively incorporated two new topics, Geographical Expansion and Customer Privacy, into our materiality assessment. This expansion reflects our recognition of the growing importance of market reach and customer data security, ensuring that our strategic focus remains responsive to the evolving business landscape.

Material Topics	Why is it Material?	Related Capital	Related GRI Standard	Employees	Shareholders	Customers	Suppliers	Society	Regulators/ Government
1. Macroeconomic Climate and Policy Dynamics	Economic fluctuations and policy shifts influence financial stability, necessitating agile strategies to navigate risks and capitalise on opportunities.	> Financial Capital > Social & Relationship Capital > Human Capital	GRI 201: Economic Performance	✓	✓	✓	✓	✓	✓
2. Sustainable Growth of Earnings	Long-term revenue generation and profitability are crucial for supporting expansion, maintaining stakeholder confidence, and ensuring resilience in a competitive industry.	> Financial Capital	GRI 201: Economic Performance	✓	✓	✓			✓
			GRI 202: Market Presence	✓	✓	✓			
			GRI 203: Indirect Economic Impacts			✓		✓	
			GRI 204: Procurement Practices	✓		✓			
3. Customer Satisfaction	Customer Satisfaction Strengthening customer relationships through tailored financial solutions and enhanced service touchpoints fosters trust and long-term loyalty.	> Social & Relationship Capital	GRI 416: Customer Health and Safety	✓		✓			
			GRI 417: Marketing and Labelling	✓		✓			
4. Managing Human Resources	A motivated and skilled workforce drives business growth, necessitating investment in talent acquisition, professional development, and employee satisfaction.	> Human Capital	GRI 401: Employment	✓					
			GRI 402: Labour/ Management Relations		✓				

Materiality Assessment: Key Findings and Explanations

Material Topics	Why is it Material?	Related Capital	Related GRI Standard	Employees	Shareholders	Customers	Suppliers	Society	Regulators/ Government
			GRI 403: Occupational Health and Safety	✓					
			GRI 404: Training and Education	✓					
			GRI 405: Diversity and Equal Opportunity	✓					
			GRI 406: Non-Discrimination	✓					
			GRI 407: Freedom of Association and Collective Bargaining	✓					
5. Company Brand and Reputation	A strong brand differentiates the Company in the financial sector, enhancing customer attraction, investor confidence, and market competitiveness.	> Intellectual Capital	GRI 206: Anti-Competitive Behaviour	✓					✓
6. Ethics, Compliance and Good Governance	Adhering to legal requirements and ethical practices strengthens corporate integrity, risk management, and stakeholder trust.	> Human Capital > Intellectual Capital > Manufactured Capital > Natural Capital	GRI 205: Anti-Corruption	✓					
			GRI 408: Child Labour	✓					✓
			GRI 409: Forced or Compulsory Labour	✓				✓	✓
			GRI 418: Customer Privacy	✓				✓	
7. Technology-Driven Innovation	Leveraging innovative technology enhances operational efficiency, customer engagement, and cybersecurity resilience.	> Social & Relationship Capital	GRI 418: Customer Privacy					✓	✓

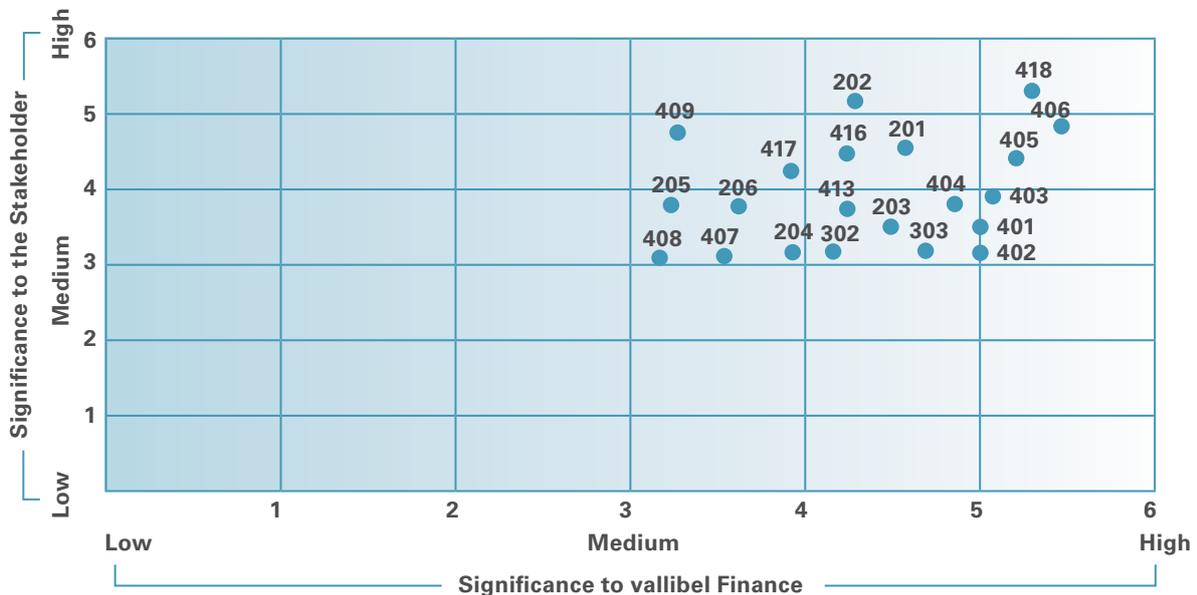
Material Topics	Why is it Material?	Related Capital	Related GRI Standard	Employees	Shareholders	Customers	Suppliers	Society	Regulators/ Government
			GRI 404: Training and Education	✓					
8. Community Upliftment	Contributing to community development aligns with corporate social responsibility (CSR) goals and enhances the Company's role as a responsible financial entity.	> Social & Relationship Capital	GRI 413: Local Communities					✓	
9. Commitment to the Environment	Integrating eco-friendly initiatives into operations ensures resource efficiency, regulatory compliance, and reduced environmental impact.	> Natural Capital	GRI 302: Energy	✓			✓	✓	✓
			GRI 303: Water and Effluents	✓			✓	✓	✓
10. Inclusive Finance	Providing accessible financial solutions enables economic empowerment, reduces inequalities, and fosters inclusive growth.	> Social & Relationship Capital	GRI 201: Economic Performance					✓	
			GRI 203: Indirect Economic Impacts					✓	
			GRI 413: Local Communities					✓	
11. Complaint Management	Effective complaint resolution mechanisms ensure transparency, protect the Vallibel Finance brand reputation, and foster strong relationships with stakeholders.	> Social & Relationship Capital	GRI 418: Customer Privacy			✓			✓
12. Employee Health & Safety	Prioritising workplace safety and health minimises operational risks and enhances workforce productivity.	> Human Capital	GRI 403: Occupational Health and Safety	✓		✓			
13. Geographic Expansion	Expanding the branch network across the country enhances accessibility, drives revenue growth, and strengthens market presence	> Manufactured Capital > Social & Relationship Capital	GRI 202: Market Presence	✓	✓	✓	✓	✓	✓

Materiality Assessment: Key Findings and Explanations

Material Topics	Why is it Material?	Related Capital	Related GRI Standard	Employees	Shareholders	Customers	Suppliers	Society	Regulators/ Government
14. Customer Privacy	In today's tech-driven marketplace, safeguarding customer privacy is essential for building trust, ensuring compliance, and mitigating risk.	<ul style="list-style-type: none"> > Intellectual Capital > Social & Relationship Capital 	GRI 418: Customer Privacy	✓	✓	✓			✓

MATERIALITY MATRIX

Our materiality matrix provides a strategic framework, uniquely tailored to the financial landscape, showcasing the relative significance of each material topic. This approach, grounded in both Company impact and stakeholder expectations, ensures a balanced strategy for sustainable growth. For Vallibel Finance PLC, this matrix is a critical tool for focusing management efforts on the most impactful issues, driving long-term value for our clients, shareholders, and the communities we serve.



REINFORCING SUCCESS, UNLOCKING POSSIBILITIES

At Vallibel Finance, our disciplined approach to capital management fuels resilience and strategic growth. By optimising our resources and strengthening financial foundations, we create enduring value, empower innovation, and position ourselves to seize emerging opportunities with confidence.

CAPITAL MANAGEMENT REVIEW

58	Human Capital
70	Financial Capital
82	Manufactured Capital
88	Intellectual Capital
96	Social and Relationship Capital
108	Natural Capital
115	Performance of Business Segments



Human Capital

OUR PEOPLE, OUR VALUE DRIVERS

HUMAN CAPITAL IS PARAMOUNT TO VALLIBEL FINANCE'S ACHIEVEMENTS. GUIDED BY GLOBAL AND LOCAL BEST PRACTICES AND OUR CORE VALUES, OUR HR STRATEGIES ARE DESIGNED TO EMPOWER OUR EMPLOYEES, FOSTERING THEIR GROWTH AND MAXIMISING THEIR CONTRIBUTION TO THE SUSTAINABLE SUCCESS OF OUR ORGANISATION.



HIGHLIGHTS: OUR HUMAN CAPITAL ADVANTAGE

Employee Training and Development

- > We are dedicated to offering employees continuous career growth through learning initiatives, including training programmes and mentoring.

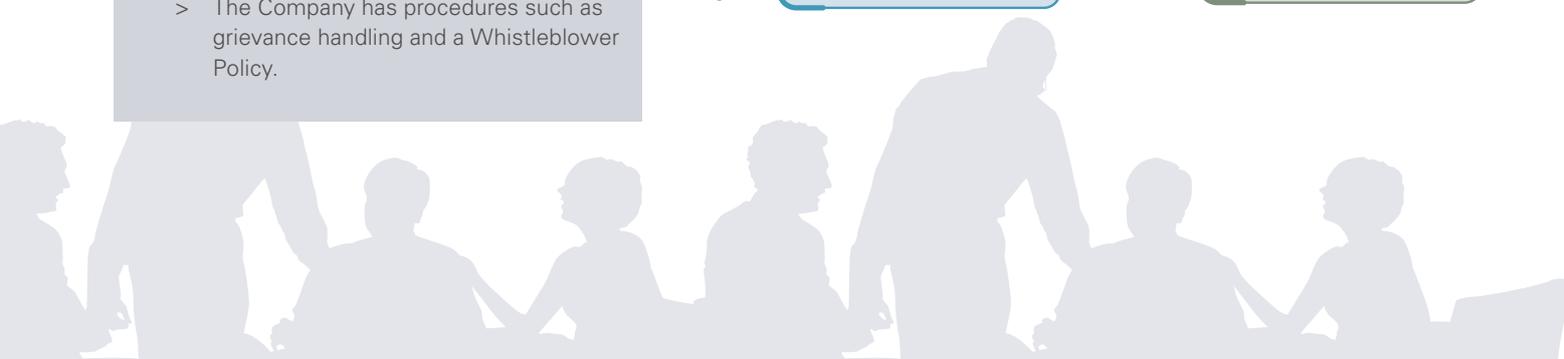
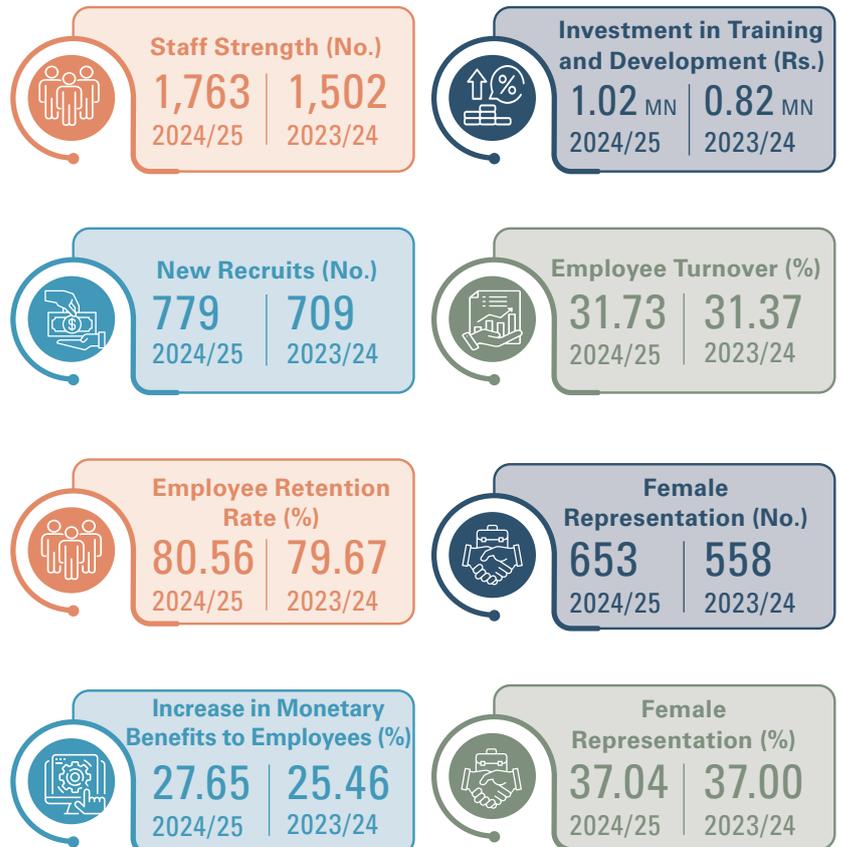
Talent Acquisition and Diversity

- > We prioritise building a strong talent pipeline through strategic recruitment and onboarding.
- > We remain committed to a more inclusive and gender-diverse workplace.
- > Diversity and inclusion are core values, focused on a discrimination-free environment.

Compliance and Ethical Conduct

- > HR policies are developed according to local laws and international voluntary standards, ensuring fair treatment.
- > We uphold employee human rights and prohibits child labour.
- > The Company has procedures such as grievance handling and a Whistleblower Policy.

KEY METRICS AND PERFORMANCE INDICATORS



Link to Material Aspects

- > Ethics, Compliance and Good Governance
- > Managing Human Resources
- > Company Brand and Reputation
- > Employee Health & Safety



Identified Risks

- > Reputation Risk
- > Human Resource Risk

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Employees	Empowered through enhanced training, an inclusive culture, and innovation platforms. Benefited from an enhanced career development, well-being, and future-readiness.
Customers	Indirectly benefit from a more capable, motivated, and customer-focused workforce that delivers better service and innovation.
Shareholders	Human capital enhancements support long-term value creation, operational resilience, and competitiveness, strengthening investor confidence.
Regulators	Compliance with ethical, diversity, and governance standards supports a stable and responsible financial institution.
Community	The Company’s commitment to inclusive employment practices, skills development, and broader socio-economic contribution.

VALUE CREATION ACROSS THE ORGANISATION

By applying an integrated approach, Vallibel Finance ensures that its investment in human capital enhances internal capabilities and delivers sustained, shared value across the organisation and its external environment.

For employees, value is created through continuous learning, enhanced well-being, and an inclusive workplace that values individual contributions. This fosters higher engagement, motivation, and retention, which are critical drivers of organisational stability and service excellence. Management and leadership increasingly recognise the value of a future-ready and empowered workforce,

which facilitates agile decision-making, effective strategy execution, and sustained organisational growth.

Additionally, a motivated and capable workforce enhances service delivery, fosters innovative financial solutions, and ensures responsive customer interactions. This commitment to our people directly cultivates brand loyalty and strengthens market competitiveness.

Our investment in a stable human capital base further reinforces long-term business resilience, mitigates risk, and ensures sustainable profitability for shareholders and investors. This approach demonstrates responsible governance and actively builds long-term enterprise value.

Vallibel Finance’s commitment to ethical conduct, fair employment practices, and proactive capacity building aligns with national development goals, strengthening sectoral stability and reinforcing our license to operate with regulators.

The community also benefits from our sustainable practices in human capital as they promote inclusive hiring, facilitate skill development, and actively contribute to increased economic participation within the community. This strengthens our social contract and reinforces our broader purpose as a responsible corporate citizen.

Human Capital

OUTLOOK AND STRATEGIC PRIORITIES 2025/26



MANAGEMENT APPROACH

The Company regards our employees as a cornerstone of sustainable value creation. Their collective expertise, capabilities, diverse perspectives, and dedication are pivotal to driving our organisational performance and long-term success. Our approach to managing human capital is guided by a clearly defined strategy, which aligns with our corporate vision, mission, and core values, ensuring that people management contributes meaningfully to our broader business objectives.

Our human resources policies and practices are designed to attract, retain, and develop talent while fostering a workplace culture rooted in inclusivity, integrity, and continuous learning. We actively promote transparent communication and open knowledge exchange across all levels of the organisation, enabling individuals to perform well and feel a sense of purpose and belonging.

We provide timely and consistent updates on organisational developments to support our workforce, empowering employees to adapt and thrive in a constantly evolving business landscape. All team members have access to comprehensive HR policies, employee handbooks, and digital HR platforms that provide clarity, accountability, and facilitate effective performance management.

Moreover, our Code of Business Conduct and Ethics sets clear expectations for ethical behaviour and professional integrity, reinforcing a culture of responsibility and trust. Through these measures, Vallibel Finance ensures a coherent and accountable approach to managing human capital, enhancing our ability to generate sustained value for our employees and other stakeholders.

LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

We continuously strengthen our human capital approach by learning from past challenges and implementing measures that ensure our people remain empowered, engaged, and aligned with the organisation’s long-term goals.

Attracting and Retaining Top Talent

In an increasingly competitive labour market, we face pressure from peers offering compelling compensation packages and dynamic work cultures. As a result, we are refining our employer value proposition to better reflect our organisational strengths and the opportunities we offer for personal and professional growth

Identifying Skill Gaps and Keeping Up with Change

The rapid pace of digital transformation and changing business demands has underscored the urgency of proactively identifying workforce skill gaps. Accordingly, we will accelerate the development and delivery of targeted training programmes to ensure our employees are equipped with future-ready capabilities.

Promoting Work-Life Balance and Well-Being

We acknowledge that balancing professional responsibilities with personal lives is increasingly challenging. To address this, we are expanding our flexible work options and introducing more holistic well-being initiatives to foster resilience and prevent burnout.

Measuring the Impact of HR Initiatives

We will enhance our performance measurement frameworks to better demonstrate the strategic value of our human capital investments. This includes developing robust metrics that clearly link HR initiatives to business outcomes, ensuring greater transparency and accountability in how we manage our people.

Managing a Multi-Generational Workforce

With a workforce spanning multiple generations, we recognise the importance of catering to diverse preferences, communication styles, and expectations. Thus, we aim to deepen our understanding of generational needs and tailor our policies and engagement strategies to foster inclusivity and collaboration.

MANAGEMENT OF CHALLENGES IN 2024/25

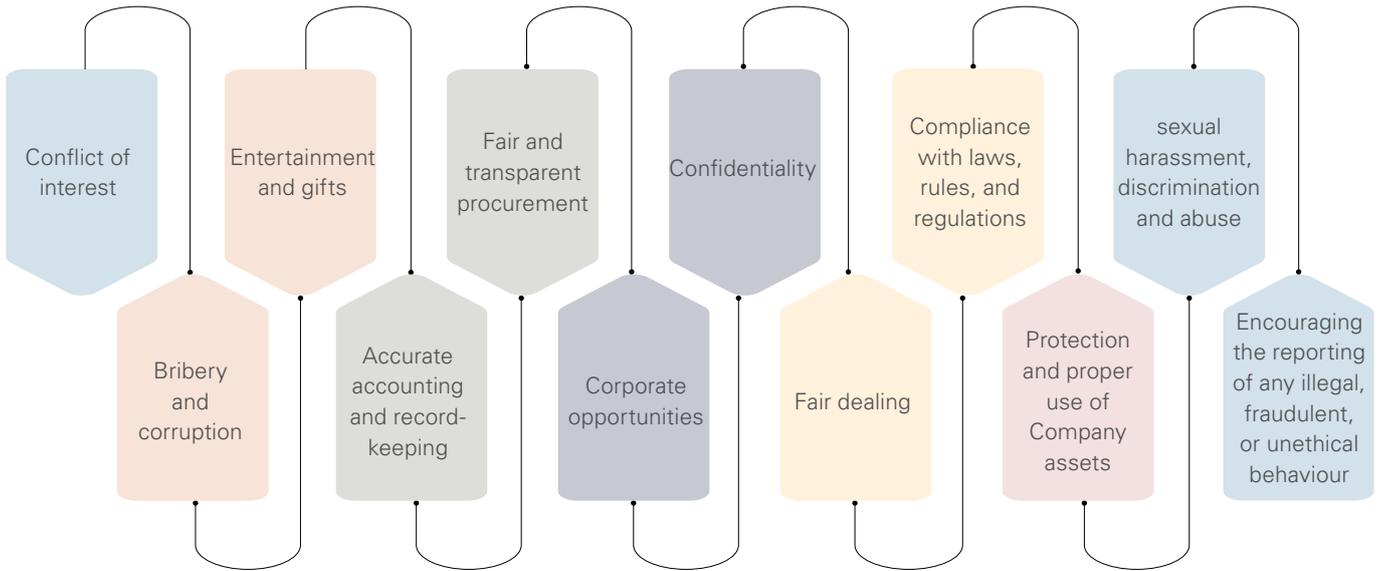
Challenge	Short Term	Medium Term	Long Term	Action Taken
Attracting and Retaining Talent	◆	◆	◆	<ul style="list-style-type: none"> > Reviewed compensation benchmarks. > Improved onboarding experience. > Enhanced employer branding and internal career pathways.
Identifying and Closing Skill Gaps	◆	◆	◆	<ul style="list-style-type: none"> > Rolled out targeted upskilling and reskilling programmes.
Managing a Multi-Generational Workforce	◆	◆	◆	<ul style="list-style-type: none"> > Encouraged team-building activities and events for department bonding. > Tailored engagement and development approaches by demographic group. > Fostered inclusive leadership and knowledge transfer opportunities.
Strengthening Diversity and Inclusion	◆	◆	◆	<ul style="list-style-type: none"> > Updated recruitment practices to reduce bias. > Extended recruitment opportunities across various ethnicities by advertising in multiple media in different languages.

Human Capital

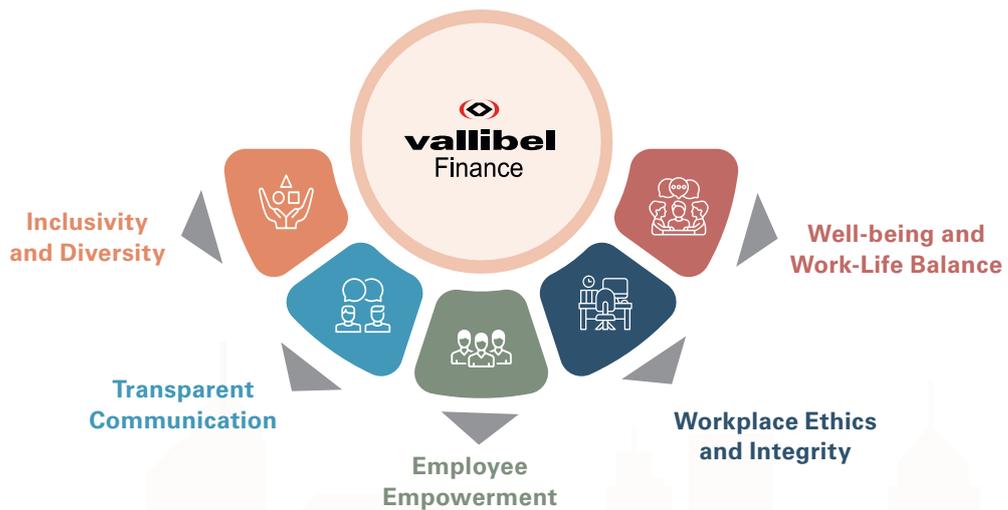
EMPOWERING VALUES-DRIVEN WORKFORCE

Our human-centric approach to workforce management is grounded in the principles of integrity, fairness, and mutual respect, values protected by our Code of Business Conduct and Ethics. This code serves as a guiding framework for employee behaviour and decision-making, promoting a culture of accountability and ethical conduct across all levels of the organisation.

CODE OF BUSINESS CONDUCT AND ETHICS



At Vallibel Finance, we believe that building a valued workforce requires more than just policies; it demands a continuous commitment to creating an environment where individuals feel respected, supported, and motivated. Our approach is anchored in several key pillars contributing to long-term employee well-being and organisational performance.

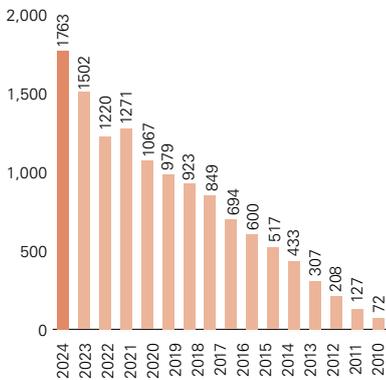


A CAPABLE AND COMMITTED TEAM

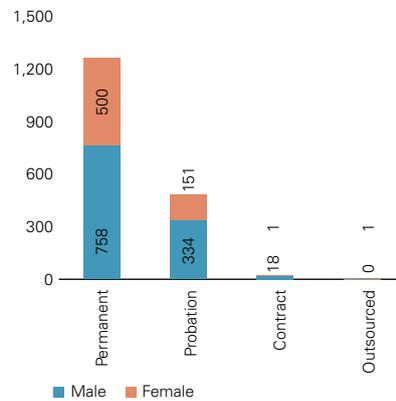
We take pride in the dedication and diversity of our workforce. As of 31st March 2025, our team comprises 1,763 full-time employees across our nationwide branch network, having 1,110 male employees (63%) and 653 female employees (37%). These individuals support the Company in achieving sustainable growth and success. In addition to our employees, we work with external personnel who support the organisation through services such as security and Janitorial. Such personnel are not included within our payroll.

Our senior management team reflects our commitment to local expertise, as it is composed entirely of Sri Lankan professionals. This deep understanding of the local market, combined with the diverse perspectives of our nationwide workforce, enables us to deliver exceptional service and effectively navigate the evolving financial landscape. This network brings significant experience and local knowledge, enriching our intellectual capital and adding value to our human capital. We are dedicated to creating a work environment that supports their growth and empowerment, recognising their fundamental role in our success.

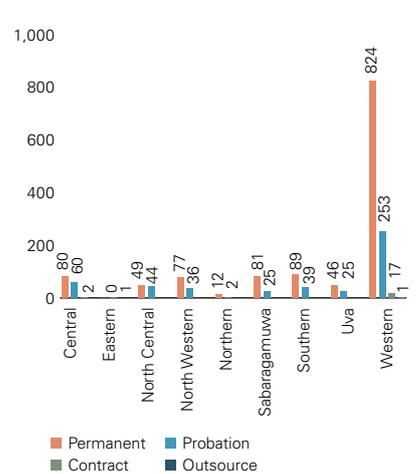
Employee growth over the years



Employees by Employment type and gender



Employees by Employment type and Region

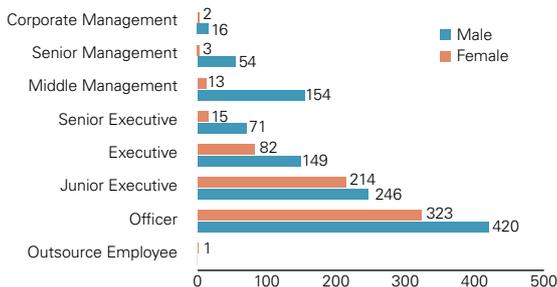


DIVERSITY AND INCLUSION

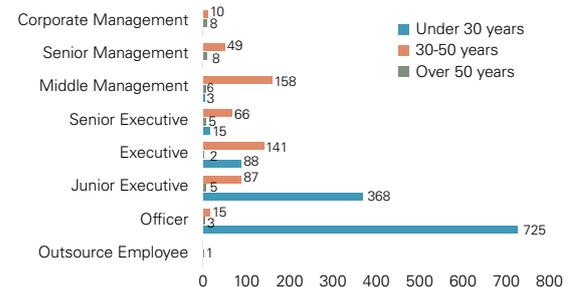
Diversity and inclusion are core values at Vallibel Finance. We are committed to fostering a workplace free from discrimination and harassment, where all employees are valued and respected, regardless of their caste, ethnicity, gender, religion, age, political beliefs, or disability. We believe that a diverse workforce drives innovation, creativity, and a stronger sense of community. During the reporting period, there were no incidents of discrimination.

In line with our commitment to fostering a diverse and inclusive workplace, we are dedicated to promoting a more inclusive and gender-diverse environment. We are encouraged by the progress made during the year under review, where the number of female employees in our workforce remained same as 37% in the year under review, compared to the previous financial year. With this indication, we acknowledge the need for continued gender diversity in our workforce. We actively implement strategies to attract, retain, and empower female talent, striving for a more balanced gender representation across all levels.

Employment Category by Gender



Employment Category by Age Group



Human Capital

TRADE UNIONS AND COLLECTIVE BARGAINING AGREEMENTS

Vallibel Finance currently does not have collective bargaining agreements with its employees. Nevertheless, the Company upholds the rights of each employee to join unions and negotiate their employment terms as they see fit. The Company guarantees this freedom for all employees, while also ensuring their compensation aligns with prevailing market and industry standards.



COMPLIANCE WITH LEGAL REQUIREMENTS

Our corporate human resource policies are developed in line with local laws, industry regulations, and other relevant local and international voluntary standards of business operations. This ensures fair and ethical treatment of all employees, respecting their rights to equal opportunity employment, collective bargaining, and unionisation. These practices have cultivated our reputation as a fair employer with a people-centric culture and open communication channels. We ensure adherence to the Shop and Office Act and its amendments, providing employees with suitable working conditions and benefits.

RESPECTING HUMAN RIGHTS

Respecting and upholding the human rights of our employees is a fundamental principle of our human resource management practices. We believe in fair treatment and recognising their rights in all aspects of our operations. We ensure that employees have a voice, their work-related concerns are addressed, and they are not coerced into tasks that conflict with their personal, professional, or religious convictions. We confirm that the Company has not identified any

operations or suppliers where incidents of forced or compulsory labour have occurred during the year under review or previously. We comply with international human rights standards and strictly prohibit child labour, employing only individuals aged 18 years or older, as per relevant laws.

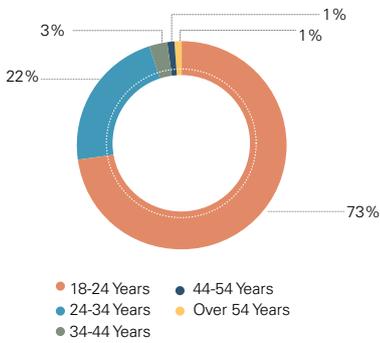
RECRUITMENT AND ONBOARDING

Recognising the critical role of talent in our success, Vallibel Finance prioritises building a strong talent pipeline through strategic recruitment and onboarding practices. Attracting and retaining top talent enables the Company to maintain its competitive edge in the dynamic financial industry. Our recruitment strategy employs a two-pronged approach: firstly, we focus on identifying skilled professionals who can contribute to our long-term goals. Secondly, we actively seek young and ambitious individuals who bring new perspectives and innovative thinking to the Company. These new recruits are given opportunities to work across our nationwide branch network, gaining experience and building strong community relationships. This approach fosters connections with local markets and offers direct exposure to our company's culture and values.

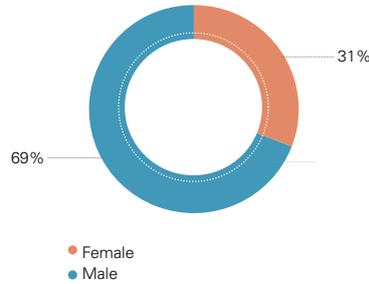
New employees benefit from comprehensive training and mentorship programmes designed to provide them with the necessary skills and knowledge to excel and make meaningful contributions to Vallibel Finance's continued success. This investment in our people creates mutual benefits, offering employees career development opportunities and building a strong, future-proof talent pool for the Company, ensuring industry leadership and sustainable growth.

During the year under review, we welcomed 779 new employees, representing diverse regions, ethnicities, age groups, and genders, enriching our talent pool and contributing to the Company's progress and the country's economic development.

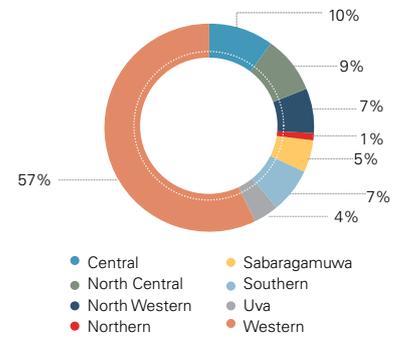
New recruits by age



New recruits by gender



New recruits by region

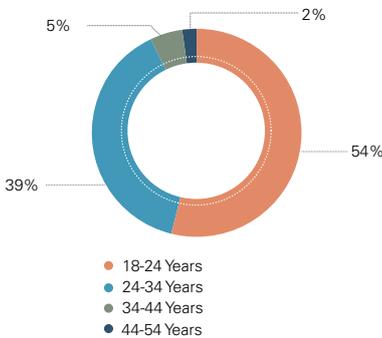


EMPLOYEE TURNOVER

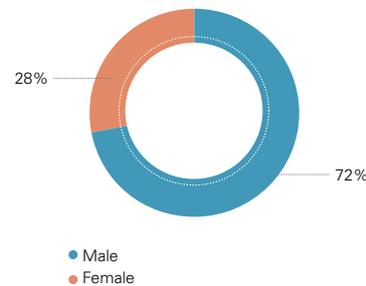
Employee transitions are a normal part of the workforce. During the year under review, the Company recorded 518 employees leaving for several reasons, including retirement, to pursue new career paths, further education, and migration.

We remain committed to fostering a positive work environment that empowers our employees to grow and achieve their aspirations. We believe this focus on employee well-being and development is key to minimising employee turnover and retaining a highly skilled and engaged workforce.

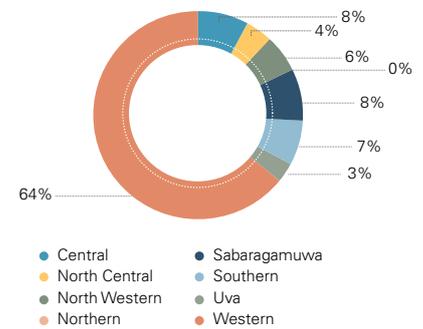
Turnover by age



Turnover by gender



Turnover by Province



COMPENSATION AND BENEFITS

The Company offers competitive and unbiased compensation and benefits packages, ensuring our employees are adequately supported in meeting their livelihood needs. Our compensation structure ensures fairness and equity by considering job role, level of responsibility, and individual skills and experience of an employee. We actively monitor industry trends and labour market changes within our sector to benchmark our compensation packages and ensure we offer competitive rates to attract and retain top talent.

Our commitment to fostering a positive and supportive work environment that promotes a healthy balance between work and life extends to offering 3 days of paternity leave and statutory maternity leave.

During the year under review, a total of 651 employees were entitled for parental leave out of which 195 employees were entitled for maternity leave and 456 employees were entitled for paternity leave.

47 employees took parental leave during the reporting period, where 22 employees took maternity leave and 25 employees took paternity leave.

16 employees who took maternity leave returned to work while the remaining 6 are yet to return. All of 25 employees that took paternity leave returned to work during the period.

The return-to-work rate of employees for both maternity leave and paternity leave marked as 100%.

MONETARY BENEFITS

Monetary Benefits	As at 31st March 2024 (Rs. Mn)	As at 31st March 2025 (Rs. Mn)
Wages and Bonus	1,601	2,047
Retirement Benefit Costs	32	49
EPF Payments	118	148
ETF Payments	29	37
Staff Welfare Expenses	167	206
Total	1,948	2,487

NON-MONETARY BENEFITS

The Company also offers comprehensive non-monetary benefits to our employees that support their well-being and professional growth.

Comprehensive Medical Insurance

- > OPD and hospital stay cover for employees and their families, tailored to different employee categories.

Leave to Support Learning Aspirations

- > Study leave to attend lectures and examinations.

Work-Life Balance Initiatives

- > Paternity Leave - Three days for male employees.
- > Marriage Leave - Up to eight days with senior management approval.
- > Leave for Athletes - For part-time athletes to attend practices and matches.
- > Extended Sick Leave - For severe or major illnesses.

Special Benefits

- > Overseas tours for employees as a reward for meeting business targets.

LEARNING AND DEVELOPMENT INITIATIVES

Vallibel Finance understands that investing in our employees is an enabler for business growth and supporting their career development. These ongoing learning initiatives encompass training programmes, mentoring opportunities, and access to professional development resources designed to enhance performance, career progression, and individual success. Our recruitment, training, performance management, and reward procedures are designed to create value for our employees while attracting and retaining highly qualified and competent personnel. During the year ending 31st March 2025, the Company invested Rs. 1.02 Mn, facilitating 35 employee training programmes that supported awareness on the areas of compliance, business operations and regulations etc. Out of all the training programmes conducted during the year, only 2 were hosted online. The average training hours per female employees and male employees recorded as 2.22 and 4.57 respectively for the period. Total training hours amounted to 6,521, compared to 2,880 hours in the previous financial year.

EMPLOYEE PERFORMANCE APPRAISALS

Vallibel Finance is committed to fostering a high-performance culture through a transparent and equitable performance appraisal process. This appraisal system enables individual and organisational growth, and recognises and rewards the valuable contributions of our employees.

Our appraisal process is designed to align individual objectives with the Company’s strategic goals, ensuring that every employee understands how their role contributes to our overall success. Regular feedback mechanisms, including mid-year reviews and annual appraisals, facilitate open communication between employees and supervisors. These discussions focus on evaluating performance against agreed-upon targets, identifying areas for development, and creating personalised growth plans.

We emphasise a holistic approach to performance evaluation, considering the achievement of key performance indicators (KPIs), adherence to our core values, and demonstration of desired competencies. This ensures a well-rounded assessment that acknowledges both results and behaviours. The outcomes of the performance appraisal process inform decisions related to career development, training opportunities, and performance-based rewards, reinforcing our commitment to recognising and investing in our talented workforce.

All employees graded at the executive level and above receive performance appraisals. During the year under review, 52.40% of the Company’s employees received performance reviews.

EMPLOYEE-MANAGEMENT RELATIONS

Strong employee-management relations are fundamental to fostering a shared

vision and successfully achieving the Company’s strategic objectives. We believe that open and effective communication between employees and management enhances employee engagement, improves operational efficiency, and strengthens employees’ understanding of the Company’s strategy and leadership. To cultivate this, the management maintains a range of formal and informal communication channels to facilitate information sharing, feedback, and dialogue. Formal meetings also serve as a forum where management can provide employees with information about any operational changes within the Company. Minimum notice for such changes depends on the complexity of the changes in operations and can range from one week to three months. For regulatory changes, the notice period aligns with when the regulatory change must go into effect.

To ensure consistent employee participation and effective communication, some departments hold monthly meetings at the corporate

office auditorium, while others adapt the frequency based on operational needs. These meetings serve as pivotal moments for sharing updates, addressing challenges, and setting clear goals. Additionally, our management facilitates regular interactions through the monthly management meetings between various levels of staff and leadership, fostering a culture of collaboration and responsiveness across the organisation.

EMPLOYEE ENGAGEMENT

Employee engagement signifies dedication, connection, and a shared passion for our collective success. To foster such a culture, the Company organises various events throughout the year to connect our employees and build community and camaraderie.

As part of our strategy to enhance employee engagement and foster stronger inter-team relationships, we organised three employee get-togethers across our operational regions. These

key events successfully connected employees across our Head Office and branch network.

- > The Northern branches held a formal full-day event at The Epitome on 25th January 2025, drawing a total of 517 attendees.
- > Colleagues from the Southern and Sabaragamuwa branches participated in a full-day Event at the Blue Water Hotel in Wadduwa on 25th February 2025, with 459 attendees joining the event.
- > The event for teams from the Head Office and Metropolitan branches took place at Monarch Imperial on 15th March 2025, attracting 505 attendees.



Human Capital



EMPLOYEE HEALTH AND WELL-BEING

The Company recognises that while the risk of physical work-related injuries or life-threatening illnesses is low, prioritising our employees’ mental well-being and ensuring good ergonomic practices is an essential aspect of our employees’ good health. Accordingly, we maintain comprehensive health and safety protocols that encompass mental health support and suitable ergonomic resources to foster a comfortable and healthy work environment. No incidents of occupational health injuries or illnesses were reported during the year under review.



EMPLOYEE GRIEVANCE HANDLING

Vallibel Finance fosters a culture of open communication and provides safe spaces for employees to raise concerns. Our grievance-handling procedure ensures prompt and fair resolution. Our Whistleblower Policy protects employees who report suspected wrongdoing, such as illegal conduct, fraud, bribery, financial irregularities, breaches of regulations, and threats to public or financial system safety, from retaliation. During the year under review, employees did not report any significant grievances with colleagues, management or the Company’s business operations.

a top-tier workforce through key initiatives, including enhanced learning and development programmes with significant investments in comprehensive training for cutting-edge skills and knowledge. We anticipate the need for a workforce driven by rapid innovation, fostering a culture that champions creativity through innovative idea-sharing platforms.

into the local talent pool, provide valuable career paths for residents, and support the growth of local communities. This initiative aligns with our broader human capital strategy of fostering inclusive growth and building a diverse workforce that reflects the communities we serve.

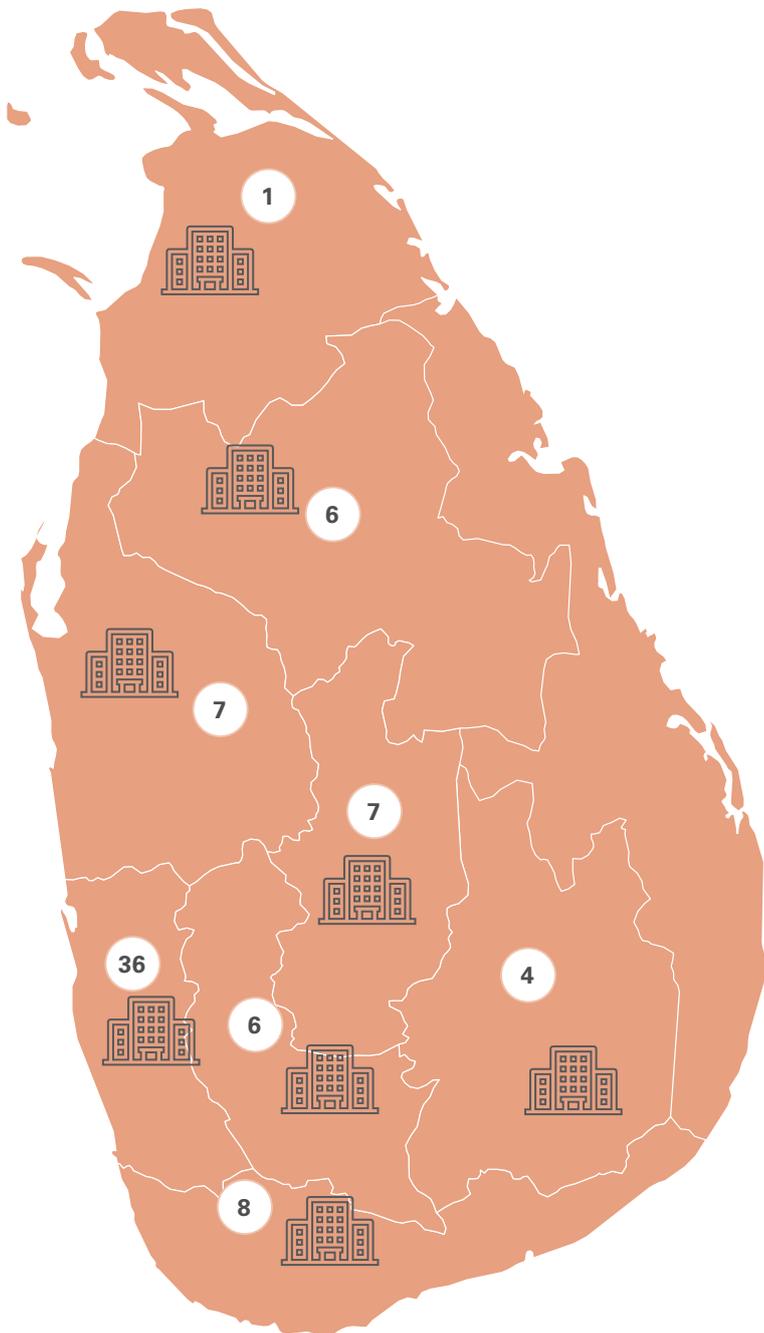
Through these efforts, Vallibel Finance aims to build a resilient and future-ready workforce that supports innovation, drives growth, and ensures sustained success in the dynamic financial services landscape.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

In the evolving financial services industry, the Company recognises the need for a continuously adapting HR strategy. Our future focus remains on cultivating

We are also committed to strengthening diversity and inclusion efforts by actively seeking talent from varied backgrounds and promoting an inclusive work environment. A key aspect of this commitment is the creation of new job opportunities in the Eastern Province. By strategically establishing and growing our presence in this region, we aim to tap

SERVING CUSTOMERS ISLAND-WIDE



Province	Employees	Branches
North Central Province		
Anuradhapura	64	4
Polonnaruwa	30	2
North Western Province		
Puttalam	23	2
Kurunegala	91	5
Southern Province		
Galle	63	4
Matara	36	2
Hambantota	30	2
Western Province		
Gampaha	180	9
Colombo	849	22
Kalutara	85	5
Northern Province		
Vavuniya	14	1
Central Province		
Kandy	71	3
Matale	46	3
Nuwara Eliya	13	1
Uva Province		
Badulla	48	3
Moneragala	16	1
Sabaragamuwa Province		
Kegalle	51	3
Ratnapura	53	3

	Employees	1763
	Branches	75



Financial Capital

PRUDENT CAPITAL MANAGEMENT, DRIVING SUSTAINABLE GROWTH

OUR FINANCIAL CAPITAL IS METICULOUSLY MANAGED TO CREATE AND PRESERVE VALUE FOR OUR SHAREHOLDERS AND THE BROADER ECONOMY. THROUGH PRUDENT FINANCIAL STRATEGIES, STRICT ADHERENCE TO REGULATIONS, AND A FOCUS ON OPERATIONAL EFFICIENCY, WE ENSURE THE STRENGTH AND SUSTAINABILITY NECESSARY TO ACHIEVE OUR STRATEGIC OBJECTIVES.



HIGHLIGHTS: DRIVING LONG-TERM VALUE

Ensuring Steady Returns

- > Year-on-year shareholder returns have been increasing over the last 5 years.

Sustainable Business Growth

- > Adaptability in managing key financial components allows us to capitalise on new market opportunities and respond effectively to changing economic conditions.

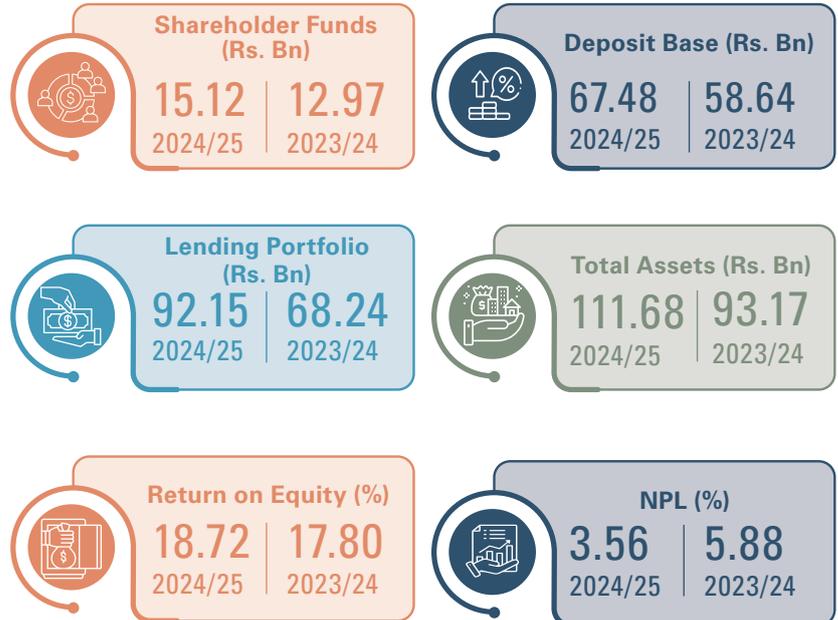
Efficient Financial Resource Management

- > We have maintained a capital adequacy ratio consistently above regulatory requirements for the last 5 years.
- > Our focus on cost management and operational efficiency enables to optimise every aspect of our operations to ensure robust performance without compromising the Company's long-term financial health.

Safeguarding Assets and Portfolio Quality

- > Total Assets exceeded the Rs.100 Bn mark during the year under review.
- > Through diligent credit risk management, our portfolio quality remains strong, with the Non-Performing Loan ratio continuing to decline over the last 3 years.

KEY METRICS AND PERFORMANCE INDICATORS



Link to Material Aspects

- > Macroeconomic Climate and Policy Dynamics
- > Sustainable Growth of Earnings



Identified Risks

- > Credit Risk
- > Interest Rate Risk
- > Liquidity Risk

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Shareholders	Provide essential financial capital for operations, growth, and future investments. Their confidence influences market valuation.
Depositors	Crucial source of financial capital, providing funds for lending activities. Their trust is paramount to sustained operations.
Lending Customers	Drive our business by utilising our products and services, contributing to revenue and market share. Their feedback shapes the development of products and services.
Business Partners and Suppliers	Provide essential services, technology, and collaborative opportunities, critical to efficiency and competitive edge to support creating financial capital value.
Employees	The individuals driving innovation, service delivery, and operational excellence are critical assets. Their skills, dedication, and productivity are fundamental to achieving financial capital value.
Regulators	Establish and enforce legal and operational frameworks to ensure industry stability, fairness, and investor protection. Directives influence operational strategies and the value of financial capital.

VALUE CREATION ACROSS THE ORGANISATION

Value creation is a continuous process tied to our interactions with stakeholders and the strategic use of our resources. Our commitment to responsible business practices ensures that the value we create extends beyond financial returns, fostering sustainable growth and making a positive contribution to the broader economy and society.

For our shareholders, we create value by strategically deploying the financial capital they have entrusted to us. Through prudent lending, efficient operations, and effective risk management, we aim to generate consistent and superior long-term returns. Our transparent reporting and robust governance frameworks

reinforce shareholder confidence, enhancing market valuation and ensuring the responsible stewardship of their investments. This commitment translates into sustained profitability and capital appreciation, ultimately leading to increased wealth.

We create value for our depositors by acting as a secure and reliable custodian of their financial capital. We offer competitive interest rates, ensuring attractive returns on their savings, while rigorously managing risk to safeguard their funds. Our operational efficiency and robust regulatory compliance guarantee the stability and accessibility of their deposits, fostering trust and demonstrating our unwavering commitment to their financial security.

This reliability encourages continued deposits, further strengthening our capital base.

We generate value for our customers by providing accessible and relevant financial products and services that empower individuals and businesses to achieve their financial aspirations. By understanding their needs, we deploy our intellectual capital in product innovation and our human capital through dedicated service. This enables us to offer loans, leasing, and other financial solutions that foster economic activity, support business growth, and improve livelihoods. Ethical conduct and transparent terms ensure fair value exchange, building lasting relationships and contributing to broader financial inclusion.

Financial Capital

Value is created for our business partners and suppliers through collaborative and mutually beneficial relationships. By engaging with reliable suppliers and other financial institutions, we enhance our operational efficiency and extend our reach, leveraging their specialised products and services. We ensure fair dealings and prompt payments, contributing to their financial stability and encouraging innovation within our ecosystem. This fosters a robust network that collectively strengthens our ability to serve customers and create value.

Our employees are central to our value creation story, embodying our human capital. We invest in their professional development, provide fair compensation, and cultivate a supportive and ethical work environment. By fostering a culture of empowerment and innovation, we unlock their full potential, directly translating into enhanced service delivery, operational excellence, and creative problem-solving, which leads to the creation of financial capital value.

Value for regulators is created by upholding the highest standards of governance and compliance. Our diligent adherence to regulatory frameworks, leveraging our internal intellectual capital in risk management and legal expertise, contributes to the stability and integrity of the entire financial sector. By demonstrating our accountability and commitment to responsible financial practices, we build trust with regulators, which in turn benefits the broader financial market space and fosters a stable operating environment for all stakeholders.



Financial Prudence and Margin Preservation

We will prioritise the effective management of both interest costs and operational expenses to safeguard and enhance healthy profit margins. This includes a continued focus on diversifying funding sources and strengthening liquidity management processes to ensure financial stability.



Sustaining Business Momentum

We are implementing robust strategies to maintain healthy business volumes by cautiously approaching lending and strictly adhering to our established processes. This is complemented by continuous efforts to strengthen credit evaluation and client investigation processes.



Operational Excellence and Asset Quality

We aim to further improve operational efficiencies through process enhancements. Concurrently, we are committed to enhancing the collection monitoring process and improving recovery efforts to ensure superior portfolio quality and safeguard assets.

MANAGEMENT APPROACH

Our management of financial capital is intrinsically linked to the regulatory landscape governing Sri Lanka's financial sector, particularly for Licensed Finance Companies (LFCs). We prioritise stringent compliance with all applicable regulations, including Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, the Listing Rules of the Colombo Stock Exchange (CSE), and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 issued by the Central Bank of Sri Lanka (CBSL).

Our commitment to sustainable financial strategies aims to facilitate robust business operations, generate long-term returns, and foster consistent earnings

growth. We implement prudent financial resource management measures, enabling us to adapt key financial capital components as needed. Our financial management is guided by qualified professionals who leverage modern tools, methodologies, and comprehensive financial reporting practices. As a responsible and accountable financial services company, we are dedicated to incorporating all changes and updates to accounting policies and industry regulations promptly.

For the financial year under review, a primary focus has been on managing and streamlining operational expenses to mitigate the impact of rising costs of operations. This proactive approach addresses the challenges stemming from external market and economic conditions,

including inflationary pressures. While actively managing our financial assets, we have consistently upheld transparent, ethical, and sustainable business practices. These integrated efforts have been instrumental in navigating economic headwinds, achieving acceptable business growth, and continuing to create sustainable value for our shareholders and other stakeholders.

LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

The financial year 2023/24 presented a complex operating landscape, characterised by significant macroeconomic shifts and persistent challenges. These experiences have provided invaluable learnings that fundamentally guided our strategic approach and operational priorities for the financial year under review.

Navigating Macroeconomic and Financial Volatility

The journey towards recovery from the macroeconomic and financial crisis underscored the critical importance of resilience, adaptability, and robust risk management frameworks. We learned that a proactive stance on liquidity and capital management must be adopted to safeguard stability during periods of economic uncertainty. As such, we are further strengthening our liquidity management processes and maintaining a disciplined approach to capital allocation, ensuring our preparedness for any unforeseen economic shifts.

Strategic Credit Management Amidst High Interest Rates

The sluggish credit expansion observed due to elevated interest rates underscored the need for a versatile and highly selective lending strategy. It reinforced our understanding that in such environments, the emphasis must shift from volume to portfolio quality and prudent risk assessment. Accordingly, we continued to enhance our credit evaluation and client investigation processes, together with taking a cautious approach to lending. This ensured that we maintained high-quality assets that contribute to sustainable growth.

Mastering Cost Efficiency in Inflationary Environments

Managing higher inflation levels and controlling overhead costs proved to be a significant operational challenge. This experience solidified our conviction that relentless pursuit of operational efficiency and stringent cost management are essential to preserving profit margins and maintaining financial health. We continued to prioritise process enhancements to improve overall operational efficiencies and meticulously manage all operational expenses. This commitment supported sustainable business growth without compromising our long-term financial stability.

MANAGEMENT OF CHALLENGES IN 2024/25

Challenge	Short Term	Medium Term	Long Term	Action Taken
Recovery from Macroeconomic and Financial Crisis	◆	◆	◆	> Maintaining disciplined lending, strengthening liquidity buffers, diversifying funding sources, and bolstering overall financial resilience.
Sluggish Credit Expansion (High Interest Rates)	◆	◆	◆	> Implementing cautious yet targeted lending strategies, refining credit evaluation and client investigation processes, enhancing collection efforts, and prioritising high-quality lending segments.
Managing High Inflation and Overhead Costs	◆	◆	◆	> Aggressive cost management, continuous focus on operational efficiency, implementing process enhancements, and maintaining tight control over operational expenses to preserve profit margins.
Import Restrictions on Motor Vehicles	◆	◆	◆	> Adapting lending portfolio mix, strategically focusing on growth in other loans and advances segments to offset impacts on vehicle finance.
Regulatory Developments/ Changes	◆	◆	◆	> Prioritising stringent compliance with all new and updated regulations. Proactively incorporating changes to accounting policies and industry directives. > Upholding the highest standards of regulatory compliance and transparency.

Financial Capital

Challenge	Short Term	Medium Term	Long Term	Action Taken
Digitalisation in Financial Systems	◆	◆	◆	<ul style="list-style-type: none"> > Leveraging technology to streamline processes and enhance operational efficiency. > Utilising modern tools for analysis, budgeting, and financial dashboards. > Fostering a culture of innovation to identify new financial products and services.

FINANCIAL PERFORMANCE

The financial year ended 31st March 2025 continued to present a dynamic and evolving landscape for Sri Lanka’s financial services sector. While the broader economy sustained its recovery trajectory from the 2022 macroeconomic crisis, persistent challenges and external volatilities continued to shape the operating environment. Ongoing import restrictions on motor vehicles continued to be a factor affecting credit demand. Although the Sri Lankan Rupee showed signs of stabilisation, it remains at a higher exchange rate against the US dollar compared to pre-crisis levels. Furthermore, the Central Bank of Sri Lanka (CBSL) has largely maintained its accommodative monetary policy stance from the previous year. Yet, vigilance remains crucial amidst global economic shifts and their potential local repercussions.

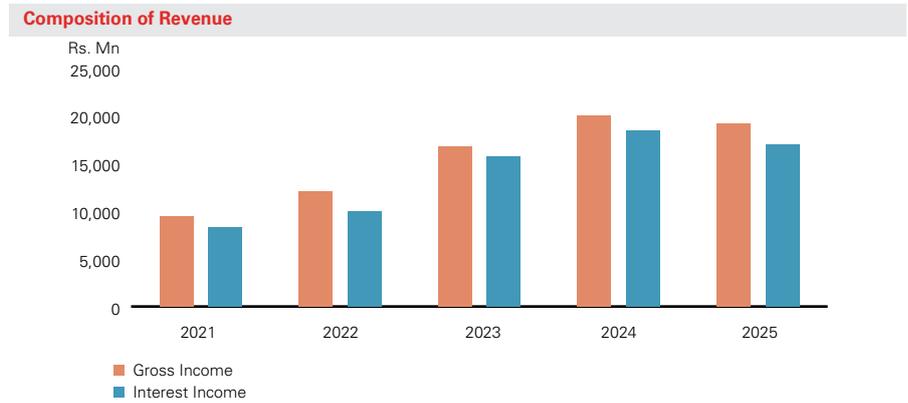
Despite these prevailing challenges, Vallibel Finance has demonstrated robust performance in the financial year under review. Our proactive strategies, anchored by a data-driven approach, continuous process improvement initiatives, and a deeply ingrained company-wide culture of cost consciousness, have been instrumental in navigating this complex environment. By effectively executing our cost control strategies and optimising operational efficiencies, the Company was well-positioned to deliver sustainable growth and continue enhancing the value created for our shareholders and all other stakeholders.

TOTAL INCOME

The Company’s total income comprising of interest income and non-interest income decreased by 4.14% during the financial year under review, primarily attributed to the lower prevailing interest rates within the operating environment compared to the previous financial year. The total income as of 31st March 2025 amounted to Rs. 19.20 Bn compared to Rs. 20.03 Bn earned during the previous financial year.

The total interest income derived from the loans and advances portfolio recorded a marginal decline of 0.93%

to Rs.12.93 Bn in comparison to the previous financial year’s earnings of Rs. 13.06 Bn. However, interest income from other investments decreased substantially by 57.61%, amounting to Rs.1.25 Bn during the year under review, compared to the previous financial year’s earnings of Rs. 2.95 Bn. The total non-interest income earned during the financial year under review increased by 37.92% to Rs. 2.29 Bn compared to the previous financial year’s earnings of Rs. 1.66 Bn.



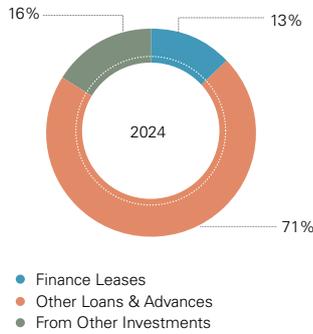
INTEREST INCOME

The Company’s interest income declined by 7.93% to Rs. 16.91 Bn during the financial year under review compared to Rs. 18.37 Bn earned in the previous financial year.

Finance leases recorded a turnaround compared to the previous few years, experiencing an increase of Rs. 0.36 Bn during the year ending 31st March 2025. As a result, its contribution to total

interest income increased to 16.13%. Interest income from finance leases rose by 15.44% to Rs. 2.73 Bn during the year under review, compared to Rs. 2.36 Bn in the previous financial year. The decrease in interest rates contributed to this increase.

Composition of Interest Income

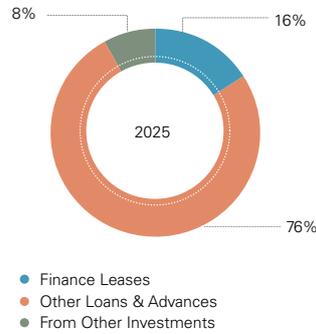


Interest income derived from other loans and advances remains the highest contributor to the Company's total interest income. During the year under review, total composition was 76%, compared to 71% recorded in the previous financial year. However, the total interest income from other loans and advances decreased by 0.93% to reach Rs.12.93 Bn during the year under review, compared to the previous financial year's earnings of Rs. 13.06 Bn. Vehicle loans, gold loans, auto drafts, and fixed deposit loans were the key contributors to interest income growth from other loans and advances.

Other interest income includes interest earned on placements with banks and other finance companies, as well as interest income from investments in government securities such as Treasury Bills and Treasury Bonds. Notably, the share of total interest income from other investments declined to 7% from 16% recorded in the previous financial year. Other interest income amounted to Rs. 0.95 Bn during the financial year under review, a decrease of 21.18% compared to the previous financial year.

The Company continued to carefully evaluate new loan applications, maintaining a rigorous credit evaluation process to maintain a sustainable loan portfolio and income growth. While factors are expected to remain stable in the upcoming financial year, growth

Composition of Interest Income



may depend on declining interest rates. Monitoring investor and business confidence is crucial as it could impact interest income. The gap between interest income and expenses will depend on market rates.

The Company will continue to closely monitor external market dynamics while maintaining a strong emphasis on safeguarding the loans and advances portfolio to achieve the targeted interest income. Concurrently, the Company will continuously assess and enhance the efficiency of our risk management and optimisation strategies for loans and leasing operations, ensuring they align with any evolving economic circumstances.

INTEREST EXPENSE

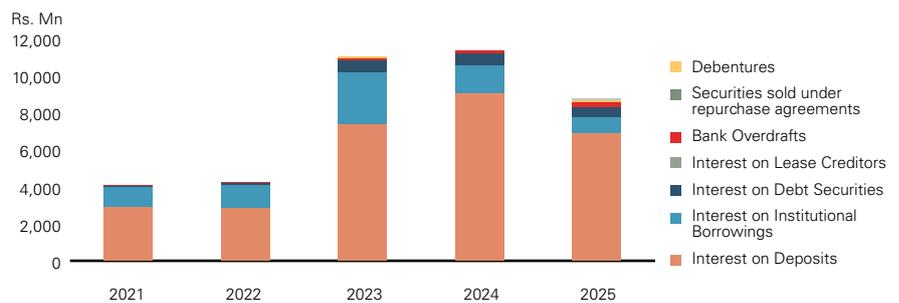
Total interest expenses, including interest payable to customers and banks, debt issued, and other borrowed funds,

declined by 22.60% during the financial year under review, in contrast to the 3.19% increase recorded during the previous financial year. The reason for this decline is the ongoing low interest environment, which prevailed for most of the year under review. Thus, the total interest expenses for the financial year ending on 31st March 2025 amounted to Rs. 8.80 Bn, compared to the previous financial year's expenses of Rs.11.37 Bn.

Interest expenses incurred on deposits represent 78.09% of the total interest expenses, although a significant decline of 23.86%, amounting to Rs. 6.87 Bn, was recorded during the year under review. This change contrasts with the previous year's rise in interest expenses by 22.28% to Rs. 9.02 Bn due to higher market interest rates during 2023.

Interest expenses related to institutional borrowings, including bank overdrafts, bank term loan facilities, and securitised borrowings, declined by 41.81% to Rs. 0.89 Bn during the financial year under review, compared to Rs. 1.53 Bn recorded in the previous year. This was mainly due to the repayment of Rs. 14.59 Bn in loans during the year under review, compared to the Rs.15.64 Bn obtained in new loans. Furthermore, interest expenses on commercial papers amounted to Rs. 0.005 Bn, while interest expenses on the subordinated term loan totalled Rs. 0.51 Bn.

Composition of Interest Expense



Financial Capital

NET INTEREST INCOME

Net interest income increased by 15.85% to Rs. 8.12 Bn during the year under review compared to Rs. 7.01 Bn earned in the previous financial year. The Company managed net interest income growth by re-pricing products according to market changes and adjusting the funding structure to secure favourable rates despite high-interest conditions.

	2021	2022	2023	2024	2025
Total Interest Income (Rs. Mn)	8,331	9,930	15,676	18,372	16,914
Total Interest Expense (Rs. Mn)	4,068	4,235	11,014	11,365	8,796
Net Interest Income (Rs. Mn)	4,263	5,696	4,662	7,007	8,117

OTHER OPERATING INCOME

Non-interest income, also known as other operating income, comprises various sources such as fees and commission income, early termination income, gains or losses from property, plant, and equipment disposals, gains or losses from financial investments, and other income. The Company's non-interest income significantly increased during the year under review, reaching Rs. 2.28 Bn. This represents a notable 37.92% increase compared to Rs. 1.66 Bn recorded in the previous financial year.

TOTAL OPERATING INCOME

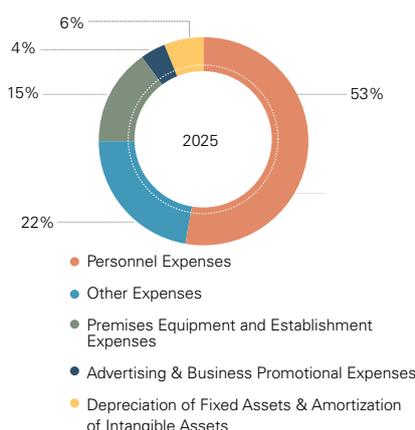
Total operating income, which includes net interest income and other income, increased to Rs. 10.40 Bn for the financial year ended 31st March 2025, compared to earnings of Rs. 8.66 Bn recorded in the previous financial year.

OPERATING EXPENSES

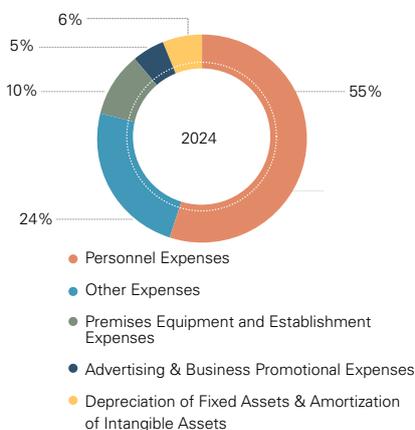
Total operating expenses increased by 30.52% to Rs. 4.68 Bn during the financial year under review, compared to Rs. 3.58 Bn incurred in the previous financial year. Strategic investments in our infrastructure and human capital primarily drove this increase. The premises, equipment, and establishment expenses component of the Company's operating expenses surged by 98.49% to Rs. 0.71 Bn, a direct result of our focused branch expansion initiatives. Concurrently, personnel expenses also increased by 27.67% to Rs. 2.49 Bn. This growth largely reflects new recruitments and the rising cost of employment benefits, influenced by the prevailing inflationary environment. Additionally,

advertising and business promotional expenses amounted to Rs. 0.19 Bn, representing 4.06% of total operating costs for the year.

Composition of Operating Expenses



Composition of Operating Expenses



COST-TO-INCOME RATIO

The cost-to-income ratio is a key indicator of the Company's operational efficiency and cost management effectiveness. During the financial year 2024/25, this ratio increased by 8.70% to 44.94%, compared to 41.34% recorded in the previous financial year. This increase was primarily driven by the higher costs of goods and services resulting from the persistent inflationary pressures experienced during the year under review. Despite these challenging external factors, the Company's proactive cost control and management measures were instrumental in containing this ratio at levels lower than initially anticipated, underscoring the management's ongoing commitment to enhancing operational efficiencies.

IMPAIRMENT CHARGES

The Company's proactive approach to risk mitigation and asset quality management has yielded significant results in terms of impairment charges for the year under review, which recorded a substantial 61% decrease, amounting to Rs. 0.17 Bn, compared to Rs. 0.44 Bn recorded in the previous financial year.

This notable reduction directly reflects our effective management of gross non-performing loans, even amidst a challenging external operating environment. Our consistent efforts in mitigating risks and diligently maintaining asset quality have played a critical role in achieving this considerable decrease in the impairment charge, underscoring the health and resilience of our lending portfolio.

TAXATION

The Company's tax charges encompass direct and indirect taxes such as corporate income tax, financial service taxes, Value-Added Taxation (VAT), and withholding tax. For the financial year ending 31st March 2025, the effective

tax rate was 52.69%, a decrease from the 53.89% rate applicable for the financial year ending 31st March 2024.

The Company's total tax liability increased by Rs. 0.43 Bn during the year under review, totalling Rs. 2.93 Bn. Total corporate income tax expenses

amounted to Rs.1.61 Bn, compared to Rs.1.31 Bn in the previous financial year. Taxation applicable on financial services was Rs. 1.32 Bn, compared to Rs.1.19 Bn incurred in the previous financial year.

Taxation Charges for the year ended 31st March 2025

	2023	2024	2025
Income Tax (Rs. Mn)	726	1,314	1,608
Value Added Tax on Financial Services (Rs. Mn)	697	1,189	1,321
Total (Rs. Mn)	1,423	2,503	2,928

PROFITABILITY

The Company's net profit for the financial year under review increased by 22.78%, reaching Rs. 2.63 Bn compared to the 59.87% increase to reach Rs. 2.14 Bn in the previous financial year. The net profit performance underscores the Company's ability to sustain profitability even in a maturing economic recovery phase. Profit before taxation also showed solid growth, increasing by 19.66% to Rs. 5.56 Bn for the financial year ending 31st March 2025.

Furthermore, key profitability ratios reflect a positive trend. Return on Average Assets (ROA), calculated on profit after tax, improved to 2.57% as of 31st March 2025, from 2.45% as of 31st March 2024. This represents an increase of 0.12 percentage points, or a 5.19% growth in the ratio itself. Return on Average Equity (ROE) increased to 18.72% as of 31st March 2025, demonstrating a 5.14% growth compared to 17.80% as of 31st March 2024.

These positive shifts in our profitability metrics, particularly the growth in net profit and key return ratios, highlight the effectiveness of the Company's adaptive strategies in navigating challenging market dynamics and delivering sustained value to our shareholders.

	2021	2022	2023	2024	2025
Profit Before Taxation (Rs. Mn)	2,859	4,778	2,763	4,645	5,558
Taxation (Rs. Mn)	1,130	1,866	1,423	2,503	2,928
Net Profit (Rs. Mn)	1,728	2,912	1,340	2,142	2,629

FINANCIAL POSITION

Vallibel Finance continues its value creation journey along a defined path, despite a challenging macroeconomic environment characterised by reduced money market liquidity and low consumer confidence. The Company's robust financial position is a direct outcome of our collaborative dedication to accurate, sustainable financial strategies that promote efficiency and effective growth. Our commitment to creating financial value is evident in the year-on-year improvement of our credit quality and growing deposit portfolio. This accomplishment stands as a

testament to the resolute determination of our leadership, management, and employees to overcome obstacles and propel the Company towards sustainable growth and success.

Total Assets

During the year under review, the Company's total assets recorded a significant 19.87% increase, reaching Rs. 111.68 Bn as of 31st March 2025. This achievement is particularly satisfactory given the constrained operating conditions and financial liquidity prevalent in the market throughout the year. Furthermore, crossing the 100 Bn mark in total assets is a testament

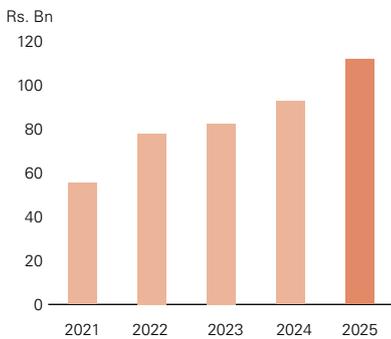
to the Company's resilience and ability to adapt to challenging economic conditions. This milestone demonstrates the effectiveness of our financial strategies and our commitment to sustainable growth. The Company has consistently focused on balancing our asset composition and strengthening our financial foundation to support expansion while maintaining stability.

Our steadfast commitment to implementing strong strategies for expanding the loans and advances portfolio and our proven ability to navigate emerging challenges played a vital role in driving this growth.

Financial Capital

Furthermore, we maintain a rigorous monitoring process for our asset mix and take appropriate measures to ensure effective asset management. These continuous initiatives contribute to the stability of our asset base, facilitate optimised asset growth, and help us maintain a high-quality asset portfolio, underpinning our long-term financial health.

Total Assets



LIQUIDITY POSITION

Vallibel Finance maintained a strong and strategic liquidity position as of 31st March 2025. Total liquid assets, comprising cash, short-term funds, government securities (treasury bills and treasury bonds), and placements with commercial banks, amounted to Rs. 10.63 Bn, compared to Rs. 13.66 Bn as of 31st March 2024.

Despite the absolute decrease in liquid assets, our ratio of liquid assets to total deposits stood at a robust 15.14%, significantly surpassing the Central Bank of Sri Lanka's (CBSL) required 10%. This strong ratio is a critical indicator of the Company's ability to effectively manage liquidity within the current constrained operating environment. It underscores our ability to withstand potential liquidity shocks and positions the Company for a sustainable competitive advantage, ultimately generating long-term value for our shareholders and other stakeholders.

LENDING ASSETS

The Company's net lending portfolio experienced a robust increase of 35.03%, reaching Rs. 92.15 Bn as of 31st March 2025, compared to Rs.

68.24 Bn recorded during the previous financial year. Complementing this, the Company's total finance lease net portfolio also grew significantly by 32.8%, amounting to Rs.13.75 Bn as of 31st March 2025, compared to Rs.10.35 Bn as at 31st March 2024. This strong expansion in both areas is a testament to our strategic market penetration despite the recovering economic conditions.

Within our overall lending portfolio, other loans and advances continued to be the dominant component, representing 85.09% of the total. Lease rentals and hire purchase receivables collectively accounted for the remaining 14.91%.

This consistent mix in our lending portfolio over the past five years reflects our stable business model and targeted focus within the financial services sector.

Lending Portfolio Distribution for Last Five Years



	Rs. Mn				
	2021	2022	2023	2024	2025
Gold Loans	5,385	8,602	15,343	15,677	20,599
Loans Against Fixed Deposits	652	1,133	968	1,185	1,546
Other Loans & Advances	27,623	40,960	36,107	43,333	58,798
Total Other Net Loans & Receivables	33,661	50,695	52,418	60,195	80,943

The category of gross other loans and advances encompasses various types of loans and receivables such as auto drafts, vehicle loans, gold loans, mortgage loans, personal loans, fixed deposit loans, group personal loans, business loans, and microfinance. The net portfolio of other loans and receivables increased by 35.42% to Rs. 78.40 Bn as of 31st March 2025, compared to Rs. 57.90 Bn recorded as of 31st March 2024.

CREDIT QUALITY

During the financial year 2024/25, Vallibel Finance continued to maintain excellent credit quality and significantly improved its performance. The NPL ratio recorded a remarkable 39.46% decrease, falling to 3.56% from 5.88% in the previous financial year. This substantial reduction was primarily driven by our improved collection and recovery efforts. The dedicated efforts of both the Vallibel Credit Department and Recovery Department have been instrumental in minimising credit risks and ensuring the

NPL ratio remains within acceptable levels for both the Company and the broader industry.

Given that a high-quality credit portfolio is fundamental to the sustained growth and success of any LFC, Vallibel Finance consistently works towards reducing its NPL ratio. This success is reflected in maintaining a lower NPL ratio than the industry average over the past years. As of March 31, 2025, the industry's gross NPL ratio stood at 8.3%, further underscoring our disciplined approach to credit management and robust asset quality.

TOTAL LIABILITIES

The Company's total liabilities, encompassing our diverse funding base, including public deposits, bank overdraft facilities, term loan facilities from banks, securitised borrowings, debt securities, and other liabilities, increased by 20.41% to reach Rs. 96.56 Bn as of 31st March 2025. This compares to Rs. 80.19 Bn recorded as of 31st March 2024.

FUNDING STRUCTURE

Public deposits remain the cornerstone of our funding, demonstrating a significant growth of 15.07% during the financial year 2024/25. While this growth rate is a moderation from the 18.09% recorded in the previous financial year, retail deposits continued to play a key role in driving this expansion, underscoring the trust placed in us by our customer base.

During the year under review, the Company strategically secured new loan facilities amounting to Rs. 15.65 Bn from leading banks in Sri Lanka to support operations and growth initiatives. Concurrently, we actively managed our obligations, settling Rs. 14.59 Bn in borrowings. These movements resulted in our bank borrowings (including term loans, bank overdrafts, and securitised borrowings) increasing by 17.28% to Rs. 12.65 Bn as of 31st March 2025, compared to Rs. 10.79 Bn as of 31st March 2024. Consequently, bank borrowings accounted for 13.10% of total liabilities by the end of the financial year under review, a slight decrease from 13.45% recorded in the previous financial year.

This balanced approach to managing our liabilities ensures a diversified and stable funding structure, supporting our operational stability and strategic growth objectives.

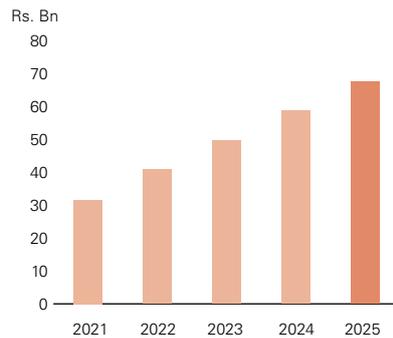
Deposit Base, Overdraft & Interest Bearing Borrowings



TOTAL FIXED DEPOSITS

The Company’s public deposits increased by 15.07%, amounting to Rs. 67.48 Bn as of 31st March 2025, compared to Rs. 58.64 Bn recorded as of 31st March 2024. This is a notable achievement amidst a climate of lowering interest rates. The sustained growth in our public deposits unequivocally reaffirms Vallibel Finance’s standing within the financial services community. It stands as a powerful testament to the deep trust the public places in the Vallibel Finance brand, highlighting our reputation as a leading and ethical financial institution committed to responsible stewardship and stakeholder value.

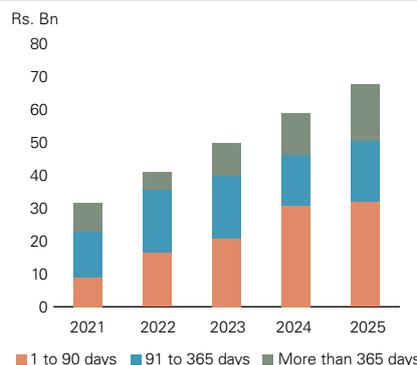
Fixed Deposits



DEPOSITS BY MATURITY

The Company’s deposit base comprises 75% of deposits with maturities under one year, while the remaining 25% are longer-term deposits. This strategic composition is maintained to emphasise securing medium and long-term funding, thereby reducing potential mismatches between interest-bearing assets and liabilities. By offering competitive rates, this approach not only aims to elevate customer service levels but also enhances overall system efficiency.

Analysis of Deposits by Maturity Date



CAPITAL ADEQUACY

According to regulations, organisations with an asset base exceeding Rs.100 Bn in the LFCs and Specialised Leasing Companies (SLCs) sector are required to maintain a minimum Tier I capital adequacy ratio of 10% and a total capital ratio of 14%. Capital adequacy is a vital measure of a company’s financial strength, representing the ratio of its capital to its risk-weighted assets. This ratio clearly demonstrates the Company’s capability to maintain sufficient equity and supplementary capital to withstand unexpected losses, ensuring the stability and resilience of our operations.

As of 31st March 2025, Vallibel Finance maintained a Tier I capital ratio of 16.54% and a total risk-weighted capital ratio of 21.51%. This compares favourably to the core capital ratio of 17.06% and total risk-weighted capital ratio of 19.80% recorded as of 31st March 2024. Our core capital and total capital funds amounted to Rs. 14.66 Bn and Rs. 19.06 Bn, respectively, comfortably exceeding the rigorous regulatory requirements set by the CBSL. Vallibel Finance proactively strengthened its capital adequacy ratios in alignment with asset growth by issuing a subordinated term loan of Rs. 3 Bn to boost Tier II capital in October 2024.

This robust capital position underpins our capacity for sustainable growth and reinforces stakeholder confidence. For a detailed breakdown of our capital adequacy ratio computation, please refer to Note 57 of the Financial Statements.

SHAREHOLDERS’ FUND

Creating value for our shareholders remains a core tenet for Vallibel Finance. Our strategies are meticulously designed to achieve a continual increase in retained earnings, which serves as the primary source of organic capital infusion into the Company.

At the close of the financial year 2024/25, the Company’s retained earnings grew by 20.95% to Rs. 11.60 Bn, up from Rs. 9.59 Bn in the previous financial year. This significant growth directly contributed to a 16.58% increase in total shareholders’ funds, which amounted

Financial Capital

to Rs. 15.12 Bn as of 31st March 2025, compared to Rs. 12.97 Bn as of 31st March 2024.

As a result, the Return on Average Equity (ROE), a key indicator of shareholder value generation, also improved to 18.72% by the year-end, from 17.80% recorded as of 31st March 2024. This positive movement is directly attributable to the increase in our profit after tax during the year. Furthermore, the Company's revaluation reserve increased by 5.66%, amounting to Rs. 0.19 Bn by the end of the year under review.

Vallibel Finance's ability to consistently maintain growth in shareholders' funds, even amidst macroeconomic challenges, is a testament to our enduring legacy of financial stability, unwavering commitment to ethical business practices, and a strong focus on achieving sustainable long-term growth.

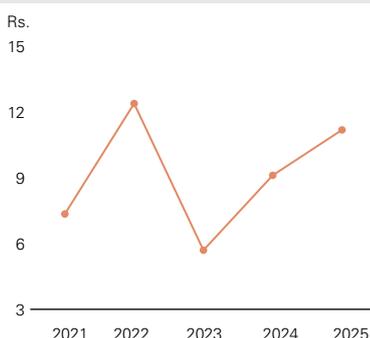
REVIEW OF KEY ORDINARY SHARE INDICATORS

The Company's ordinary shareholding was 235,453,400 as of 31st March 2025, unchanged from March 31, 2024.

EARNINGS PER SHARE

During the 12 months ending on 31st March 2025, Vallibel Finance recorded a substantial increase in its Earnings Per Share (EPS). EPS grew by 22.78% to Rs. 11.17, compared to Rs. 9.10 recorded in the preceding 12 months ending on 31st March 2024. This positive movement in EPS directly reflects the Company's enhanced profitability and effective management of its operations during the year under review.

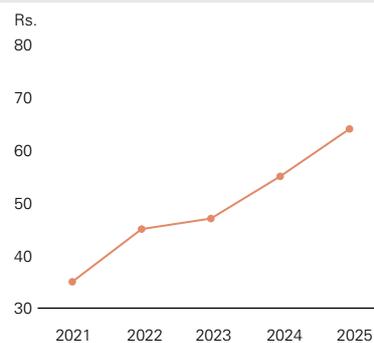
Earnings per Share



NET ASSET VALUE PER SHARE

Vallibel Finance's unwavering commitment to enhancing financial capital value and generating sustainable returns for shareholders is clearly reflected in the growth of our Net Asset Value (NAV) per share. As of 31st March 2025, the Company's NAV per share grew by a significant 16.58%, reaching Rs. 64.23. This marks a substantial increase from Rs. 55.10 reported on 31st March 2024. This consistent upward trend underscores our effective asset management, prudent capital allocation, and dedication to building enduring value for our investors.

Net Asset Value per Share



PRICE-TO-EARNINGS RATIO

In the 12 months ending 31st March 2025, the Company's Price-to-Earnings (P/E) ratio experienced a significant increase of 12.98%, reaching 4.84 times compared to 4.29 times recorded on 31st March 2024. This positive movement in the P/E ratio is primarily attributed to a strong appreciation in the Company's market price per share, which outpaced the healthy growth observed in our EPS during the period. This trend underscores robust investor confidence and positive market sentiment towards Vallibel Finance.

PRICE-TO-BOOK VALUE RATIO

The Company's Price-to-Book Value (P/BV) ratio witnessed a significant increase of 38.71% to reach 0.98 times as of 31st March 2025. This marks a notable improvement from approximately 0.71 times recorded on 31st March 2024.

This upward movement in the P/BV ratio reflects enhanced investor confidence and a more favourable market valuation of the Company's net assets, aligning more closely with the intrinsic value created for shareholders.

ECONOMIC VALUE-ADDED AND DISTRIBUTED TO STAKEHOLDERS

The Value-Added Statement provides essential insights into the financial value generated and distributed across all our stakeholders. During the financial year ending 31st March 2025, while the macroeconomic climate presented headwinds that impacted the overall efficiency of value creation as reflected by the 4.14% decrease in the Company's total income, Vallibel Finance remained steadfast in its commitment to shared prosperity.

Despite this slight decline, the Company increased the value distributed to our key stakeholder groups, including shareholders, business partners, customers, and employees. This demonstrates our strong financial health and our dedication to ensuring that our success translates into tangible benefits for all who contribute to and rely on our operations.

For a comprehensive understanding of the non-financial value created and its impact on our various stakeholder groups, please refer to the Capital Review Reports on pages 58 to 116 of this annual report.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

For the forthcoming financial year, Vallibel Finance remains committed to an integrated and cohesive approach that prioritises optimising financial capital for long-term sustainability and value creation. Building on the robust performance and strategic learnings from the financial year ended 2024/25, we will intensify our focus on key areas to expand our capital reach and strengthen our market position.

Our primary emphasis will be on maintaining a healthy balance sheet through highly effective cost control and a proactive diversification of funding sources. This will ensure our financial resilience and provide the necessary agility to navigate future economic shifts. We are also committed to leveraging technology even further to streamline processes and enhance operational efficiency, which will be crucial in maximising returns on our investments.

Adopting an intensely data-driven approach to risk management is becoming paramount for navigating economic uncertainties and safeguarding the quality and security of our lending portfolio. The shifting operating environment and evolving macroeconomic conditions continue to underscore loan default as a concern, challenging financial stability and resilience. Therefore, Vallibel Finance will remain highly vigilant and always prioritise NPL management to ensure credit quality.

The Company will also focus on maintaining capital adequacy, which will remain a cornerstone of our strategy, ensuring the Company meets regulatory requirements while providing a robust financial buffer to navigate uncertainties and sustain growth.

Additionally, fostering a vibrant culture of innovation will help us continuously identify and develop new financial products and services that meet evolving customer needs and capitalise on emerging market trends.

By prioritising these areas, Vallibel Finance is confident in our ability to overcome future challenges and consolidate our leadership position within Sri Lanka's dynamic financial services sector.

VALUE CREATED TO STAKEHOLDERS

For the year ended 31st March	2025		2024	
	Rs.'000	%	Rs.'000	%
Direct Economic Value Generated				
Interest Income	16,913,893	88.09%	18,371,636	91.72%
Fee Commission Income	785,151	4.09%	714,346	3.57%
Net Gain/(Loss) From Trading	1,599	0.01%	92,250	0.46%
Other Operating Income	1,499,952	7.81%	851,407	4.25%
Total Economic Value Generated	19,200,595	100.00%	20,029,639	100.00%
Economic Value Distributed				
To Employees				
Employees Salaries & Benefits	2,486,190		1,947,396	
	2,486,190	12.95%	1,947,396	9.72%
To Depositors and Lenders				
Interest Expenses	8,151,475		10,721,970	
	8,151,475	42.45%	10,721,970	53.53%
Payments to Providers of Capital				
Dividend to Shareholders	470,907		235,453	
Interest to Debt Holders	644,927		643,054	
	1,115,834	5.81%	878,507	4.39%
Payment to Government				
Income Tax Expenses	1,607,798		1,313,646	
VAT on Financial Services	1,320,599		1,189,389	
Crop Insurance Levy	27,416		22,415	
	2,955,813	15.39%	2,525,450	12.61%
To Community				
Social Responsibility Projects	2,230		1,396	
Donations	28		29	
	2,258	0.01%	1,425	0.01%
Operating Costs				
Depreciation & Amortisation Set Aside	272,453		201,059	
Impairment Charge for Loans and Other Losses	170,781		437,781	
Training Cost	1,024		819	
Other Operating Expenses	1,886,177		1,409,132	
	2,330,435	12.14%	2,048,791	10.23%
Economic Value Retained	2,158,591	11.24%	1,906,100	9.52%
Total Economic Value Distributed	19,200,595	100.00%	20,029,639	100.00%



Manufactured Capital

NATIONAL REACH, EFFICIENT DELIVERY

THROUGH OUR STRATEGICALLY LOCATED BRANCH NETWORK AND ADVANCED IT INFRASTRUCTURE, WE ENSURE THE EFFICIENT AND WIDESPREAD DELIVERY OF HIGH-QUALITY FINANCIAL SERVICES ACROSS SRI LANKA.



HIGHLIGHTS: BUILDING OUR CAPACITY FOR SUSTAINABLE GROWTH

Expanding Our Reach

- > Our strategic branch network expansion reached to 75 locations nationwide in FY 2024/25, enhancing financial accessibility for more communities.

Investing in Infrastructure

- > Continued investment in both physical branches and robust IT systems underpins our commitment to delivering quality financial services and improving customer convenience.

Driving Digital Efficiency

- > Leveraging the power of digitalisation remains a key focus, streamlining operations for faster service delivery, reduced costs, and a more agile response to the evolving market needs.

Upholding Data Security

- > We continue to prioritise the safeguarding of financial information through robust and evolving data security measures, reinforcing customer trust.

KEY METRICS AND PERFORMANCE INDICATORS

Investment in IT infrastructure (Rs. Mn)

65.87	83.61
2024/25	2023/24

Investment in Property, Plant, and Equipment (Rs. Mn)

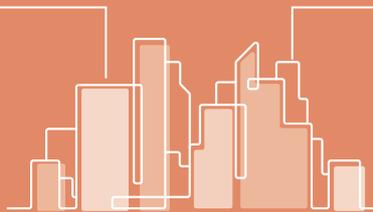
375.56	359.72
2024/25	2023/24

New Branches

11	6
2024/25	2023/24

Link to Material Aspects

- > Inclusive Finance
- > Technology-driven innovation



Identified Risks

- > Operational Risk
- > Technological Risks

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Customers	Consistent quality and efficient delivery
Local Communities	Economic advancement, Job creation, and infrastructure development
Employees	Higher service efficiency levels and faster service times

VALUE CREATION ACROSS THE ORGANISATION

Our investments in Manufactured Capital are not isolated expenditures; they are strategic enablers that generate tangible value across the Company, directly impacting our diverse stakeholders. The operational efficiencies gained through modern infrastructure and technological advancements directly translate into a smoother, more reliable service experience for our customers. This efficiency manifests in quicker processing times, enhanced accessibility through our expanding and well-equipped branch network, and a more seamless digital interaction, ultimately contributing

to increased customer satisfaction.

Furthermore, our commitment to environmental innovation, embedded within our manufactured capital decisions such as the sustainable design of our new corporate office, positively impacts the wider community and aligns with the growing expectations of environmentally conscious investors. By striving for a reduced carbon footprint and incorporating sustainable practices, we contribute to a healthier environment and demonstrate responsible corporate citizenship. This benefits society and enhances our long-term resilience and

reputation, appealing to stakeholders who value sustainability.

Internally, the advancements in manufactured capital, particularly our investment in IT infrastructure and security, and efficient workspaces, empower our employees. Streamlined processes and a modern working environment foster productivity, collaboration, and ultimately, job satisfaction. This enhanced operational efficiency, driven by our manufactured capital, also contributes to the overall financial performance of the Company, benefiting our shareholders through sustainable growth and value creation.

OUTLOOK AND STRATEGIC PRIORITIES 2025/26



Strategic Expansion

Our focus for FY 2025/26 includes reaching up to 85 branches and further expanding our presence in underserved regions, demonstrating our commitment to inclusive financial growth.



Broadening Reach, Integrated Experience

Connecting with customers through our expanding physical branch network for greater accessibility, complemented by a seamless experience across digital and physical touchpoints.

Manufactured Capital

MANAGEMENT APPROACH

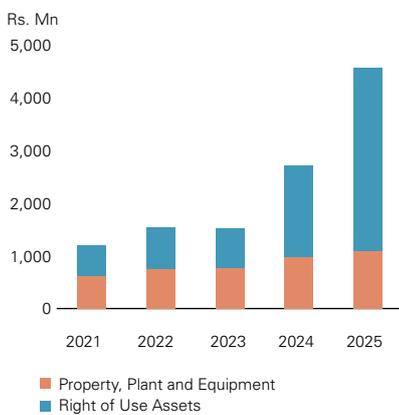
As part of our commitment to integrated reporting and continuous enhancements to our reporting framework, Vallibel Finance continues to strategically invest in manufactured capital assets. Our ongoing investment is designed to strengthen our operational capabilities and be the driver for sustainable long-term growth and broader societal impact. Our strategic priorities for the year under review include a refined approach to

expanding our geographic presence by means of strategically located new branches and a deeper integration of information technology (IT) to optimise internal and external processes, for improved operational efficiency. Furthermore, our efforts are increasingly directed towards empowering individuals, reducing inequalities, and fostering inclusive economic growth by proactively enhancing customer accessibility and extending our service

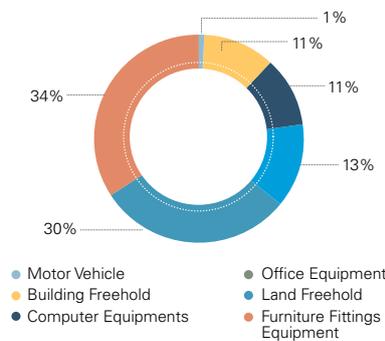
reach across diverse customer segments through accessible financial solutions.

This considered approach to manufactured capital development yields multifaceted benefits for our stakeholders, fostering synergistic value creation that seizes both current and future opportunities while honouring our commitments to our employees and customers, thereby strengthening our competitive edge in the market.

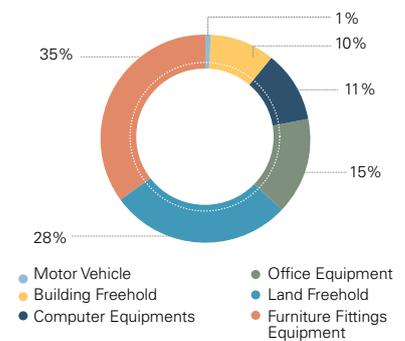
Investment in Manufacturing Capital



Property, Plant and Equipment Composition for FY 2023/24



Property, Plant and Equipment Composition for FY 2024/25



LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

In navigating our operating landscape of FY 2023/24, we encountered key challenges that have informed our strategic direction for the current financial year.

Managing Innovation Costs:

The need to balance cost-efficiency with rapid technological advancements highlighted the importance of strategic and targeted investments in innovation. Our approach in FY 2024/25 prioritised value-driven technological adoption.

Adapting to Uncertainty:

The economic and political instability of the previous year underscored the necessity for adaptable strategies. In FY 2024/25, we maintained a flexible and proactive stance to minimise potential disruptions and capitalise on emerging opportunities.

Responding to a Dynamic Market:

The dynamic market conditions of FY 2023/24 reinforced the importance of a flexible planning approach. Our focus in the current year was on maintaining agility to promptly respond to external market forces and evolving customer needs.

Maintaining a Competitive Edge:

Despite the challenges and escalating costs of FY 2023/24, our commitment to innovation, operational excellence, and customer experience remains steadfast. In FY 2024/25, we continued to prioritise these areas to maintain and strengthen our competitive position.

MANAGEMENT OF CHALLENGES IN 2024/25

Challenge	Short Term	Medium Term	Long Term	Action Taken
Branch network optimisation	◆	◆		> Added 11 new branches during the year.
Infrastructure reliability	◆	◆	◆	> Upgraded core banking and IT infrastructure to improve system resilience. > Ensured backup power and disaster recovery systems are in order. > Conducted regular maintenance on buildings, furniture, and fittings.
Digital transformation pace	◆	◆	◆	> Rolled out new digital platforms to enhance customer experience. > Developed long-term IT roadmap aligned with industry trends.
Technology obsolescence	◆	◆	◆	> Conducted regular audits of hardware and software lifecycles. > Initiation of establishing partnerships with technology vendors for timely upgrades. > Adopted scalable platforms to future-proof operations.

EXPANDING GEOGRAPHIC REACH

During the year under review, Vallibel Finance focused on increasing our ever-expanding branch network. Accordingly, as of 31 March 2025, Vallibel Finance had established and operated through a nationwide network of 75 strategically located branches, supported by a dedicated marketing team of 320 individuals. The Company continued expanding its branch network, adding 11 new branches and investing in physical and digital infrastructure to improve customer access to financial services and empower employees to deliver exceptional customer experiences.

NEW BRANCH OPENINGS

The Company expanded its reach to the Western, Southern, Central and North Central provinces, opening 11 branches to our network during the financial year ended 31st March 2025. The total investment in new branch openings amounted to Rs. 243 Mn.

April 2024
1 branch in Athurugiriya

Vallibel Finance expanded its reach to Athurugiriya to strengthen existing relationships and offer tailored financial solutions to a broader segment of the community. The new branch aims to enhance service quality and speed, bringing the Company’s renowned offerings closer to the people.

May 2024
1 branch in Mirigama

This new branch aims to create financial opportunities for the local business community and ensure customer satisfaction through a wide product mix and dedicated customer care professionals.

July and August 2024
3 branches in Medawachchiya, Battaramulla, and Nittambuwa

This expansion reflects the Company’s dedication to better support communities in the North Central and Western Provinces by bringing its services closer to customers and ensuring they receive the best financial solution.

October 2024
2 branches in Tangalle and Hingurakgoda

These two branches will enable quick and efficient financial facilities for the communities residing in these towns and surrounding areas. This strategic move will enable the Company to reach more customers and uphold its priority of providing excellent service.

December 2024 and January 2025
2 branches in Elpitiya and Kekirawa

Driven by a commitment to contribute to the development of local communities, these branches will provide a comprehensive range of financial services, supported by trained professionals, to enhance customer satisfaction and support regional growth.

March 2025
2 branches in Galewela and Pilimathalawa

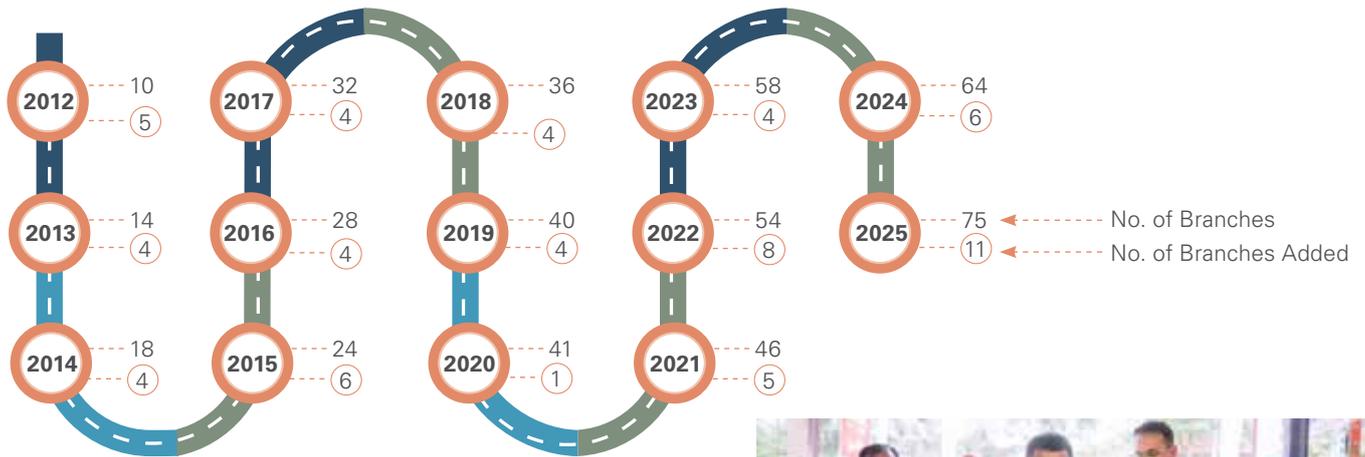
These two branches will support the Company’s purpose to foster economic growth and create financial opportunities within these local communities and surrounding towns.

Manufactured Capital

A record in branch network growth

Vallibel Finance achieved a record expansion of its branch network in FY 2024/25, adding 11 new locations. This substantial increase significantly outpaces previous years, with the prior highest being 6 branches added in 2015, showcasing our accelerated growth trajectory.

Branch network expansion from 2012 to 2025



Elpitiya - Branch



Athurugiriya - Branch



Mirigama - Branch



Galewela - Branch



Tangalle - Branch



Kekirawa - Branch

NEW CORPORATE OFFICE: BUILDING FOR THE FUTURE

Our landmark corporate office complex, opened on 1st June 2023, symbolises our commitment to progress and operational excellence. This benchmark building now serves as an additional Colombo branch and houses key divisions, including IT, Insurance, and the Call Centre, fostering greater efficiency and collaboration.

Building on this achievement, the recent inauguration of the 14th floor, housing the Human Resources (HR), Operations, Marketing, Risk, Compliance, and Secretarial departments, during the financial year under review further enhances our operational capacity. These expansions collectively enable us to effectively cater to the increasing demand for financial services by strengthening financial security for the local population.

Constructed with sustainable design principles, the 16-storey complex reflects our environmental responsibility and incorporates advanced technology for streamlined operations. Our subsidiary, Vallibel Properties Limited, oversees its ongoing management. This strategic investment provides a strong foundation for future growth and enhanced customer service.

DIGITAL INFRASTRUCTURE

The Company continues to be cognisant of the critical role of digital channels in reaching the modern generation of customers, particularly in the evolving digital landscape. As such, Vallibel Finance maintains a strong focus on enhancing our digital infrastructure, emphasising system resilience. The Company has implemented robust IT protocols to ensure optimal efficiency and effectiveness. Driven by a commitment to digital innovation and enhanced customer convenience, Vallibel Finance strategically collaborated with Fintech companies during the financial year ending 31st March 2025. This included a key partnership with Pay&Go, which now allows our customers to deposit cash at any time, day or night.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

Looking ahead to the upcoming financial year 2025/26, Vallibel Finance will strategically pursue a dual focus on expanding our capital reach and accelerating our digital transformation. A key objective remains the significant growth of our branch network, aiming to encompass 85 locations nationwide, and extending our physical presence for the first time to serve customers in the Eastern Province.

This expansion initiative aligns with our commitment to navigating the evolving market by reaching underserved areas and promising economic hubs in smaller towns. Our aim is to provide access to financial services for individuals across diverse backgrounds and economic means.

Furthermore, Driving Digital Efficiency will be a paramount focus in FY 2025/26. We are intensifying our efforts to leverage the power of digitalisation to fundamentally streamline our operations. This strategic imperative is designed to deliver faster service, achieve significant cost reductions, and cultivate a more agile organisation capable of effectively responding to evolving market needs. Our commitment to harnessing emerging technologies will be central to unlocking innovative opportunities and ensuring the sustained creation of long-term value for all our stakeholders, with digital efficiency acting as a key enabler for this growth.



Battaramulla - Branch



Medawachchiya - Branch



Pilimathalawa - Branch



Nittambuwa - Branch



Intellectual Capital

INTANGIBLE STRENGTHS, PRESERVED WITH CARE

OUR MOST VALUABLE ASSETS EXTEND BEYOND THE TANGIBLE, ENCOMPASSING ORGANISATIONAL KNOWLEDGE, ROBUST SYSTEMS, AND A STRONG BRAND REPUTATION. THESE ARE ALL UNDERPINNED BY A COMMITMENT TO SOCIAL INCLUSIVITY, CUSTOMER-CENTRIC INNOVATION, AND EMPLOYEE EMPOWERMENT.



HIGHLIGHTS: AUGMENTING INTANGIBLE ASSETS FOR COMPETITIVE ADVANTAGE

Enhanced Brand Value

- > Our steady and stable credit rating even amidst challenging macroeconomic environment supports the Company's brand value retention.
- > Undertook research to build a data base of customer insights and market dynamics to strengthen brand loyalty.

Tacit Knowledge Enhancement

- > Increased learning programs by 6.06% to enhance organisational tacit knowledge base.

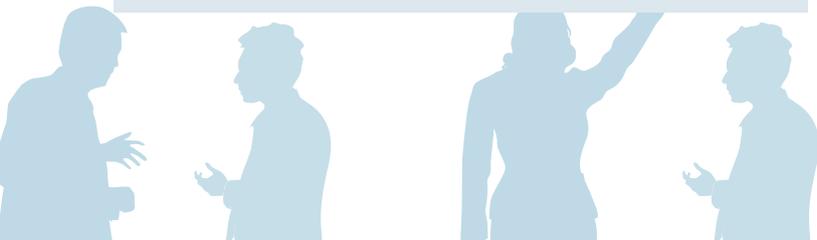
Advancements in Information Technology

- > Established connectivity with the Pay&Go network to expand customer payment options.
- > Invested in a scoring module incorporating Artificial Intelligence and Machine Learning capabilities.
- > Initiated a system to automate document flow management.
- > Implemented a Privilege Access Management (PAM) solution.
- > Integrated the Sri Lanka Interbank Payment System (SLIPS) with Fixed Deposit renewals.

Strengthening Cybersecurity Measures

- > Implemented several Information System Security Policies.

KEY METRICS AND PERFORMANCE INDICATORS



Link to Material Aspects

- > Customer Satisfaction
- > Company Brand and Reputation
- > Technology Driven Innovation
- > Inclusive Finance



Identified Risks

- > Reputation Risk
- > Technology Risk

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Customers	Enhanced service delivery, innovative products, and a better experience.
Partners	Stronger collaboration through improved process efficiency and shared knowledge platforms.
Employees	Access to cutting-edge digital tools and enriched knowledge assets.
Community	Brand reputation and inclusivity initiatives strengthen commitment to social responsibility.

VALUE CREATION ACROSS THE ORGANISATION

The strategic investments in intellectual capital have enabled Vallibel Finance to create value across the organisation, strengthening our competitive edge and driving sustainable growth. By prioritising customer-centric innovations and expanding service accessibility through digital platforms such as Pay&Go, we have enhanced customer service and expanded our market reach.

Our commitment to process efficiency and technological advancements, including the development of AI-powered scoring modules and automated document flow management, has enhanced operational efficiency and improved knowledge utilisation across all functions.

Furthermore, our focus on employee empowerment, through initiatives such as expanded training and development

programs, has fostered a culture of innovation and enabled our teams to drive new strategies while building the Company’s tacit knowledge base.

Our dedication to robust cybersecurity and data protection has also reinforced the trust of our customers and partners, contributing to stronger relationships and new collaboration and co-innovation opportunities.

OUTLOOK AND STRATEGIC PRIORITIES 2025/26



Brand Equity and Social Inclusivity

We will invest in initiatives that enhance our brand’s reputation and promote social inclusivity. This involves communicating our core values and engaging with diverse communities to foster a stronger sense of belonging and build lasting relationships.



Business Processes to Drive Business Excellence

We will continuously seek to improve our business processes to drive operational excellence. This will involve streamlining workflows, leveraging data analytics, and implementing automation technologies to enhance efficiency, reduce costs, and improve service delivery.



Knowledge Management Systems

We will ensure robust knowledge management systems are in place to optimise organisational learning and growth. This includes developing platforms and processes for capturing, sharing, and leveraging both tacit and explicit knowledge within the Company.

Intellectual Capital

MANAGEMENT APPROACH

Intellectual capital is more than an intangible asset; it serves as the fundamental driver of the Company’s sustained value creation and competitive edge. As a prominent non-bank financial institution, we understand that enduring success is rooted in the collective proficiency, innovative spirit, and ethical

principles upheld by our personnel, systems, and stakeholder engagements.

During the year under review, we adopted a comprehensive strategy for nurturing our intellectual capital by integrating it seamlessly across all facets of our operations. This approach harmonises human and relational capital

within a robust governance structure, underpinned by a resilient digital infrastructure and aligned with our core values of Simplicity, Integrity, Trust, and Flexibility.

 <p>Simplicity:</p>	<p>Streamlining Knowledge Sharing</p>
<p>Our commitment to simplicity extends beyond processes. We believe clear communication and readily accessible knowledge are essential for intellectual capital growth. We actively encourage knowledge sharing across teams, fostering collaboration and ensuring best practices are readily available. This empowers all employees to contribute their unique perspectives and ideas, enriching the Company’s intellectual capital base.</p>	
 <p>Integrity:</p>	<p>Building Trustworthy Solutions</p>
<p>Integrity is at the heart of everything we do. We are committed to upholding ethical practices and responsible decision-making. This focus on integrity builds trust not only with external stakeholders but also fosters trust within our workforce. When employees feel valued and heard, they are more likely to share their knowledge, ideas, and concerns, further enriching our intellectual capital.</p>	
 <p>Trust:</p>	<p>Empowering Innovation</p>
<p>A culture of trust empowers employees to take ownership and drive positive change. We encourage open communication and actively solicit feedback on existing processes and potential innovations. By trusting our employees with the freedom to explore and experiment, we unlock a wellspring of creativity and foster an environment where intellectual capital can flourish.</p>	
 <p>Flexibility:</p>	<p>Adapting to a Changing Landscape</p>
<p>Our commitment to flexibility allows us to adapt and thrive in a dynamic environment. By embracing new technologies, customer needs, and market trends, we ensure our intellectual capital remains relevant and future-proof. Flexibility also encourages employees to embrace continuous learning and skill development, ensuring our knowledge base keeps pace with evolving market demands.</p>	

Accordingly, the Company strategically invested Rs. 113.18 million in strengthening our intellectual capital base, with a particular emphasis on enhancing employee knowledge retention, building brand loyalty and reputation, process and technology advancements, and governance and ethical business conduct.

Through the strategic cultivation of our intellectual capital, our aim is to future-proof our business, empower our workforce, and generate shared value for all our stakeholders. By fostering a knowledge-driven environment and strategically leveraging technology, Vallibel Finance remains dedicated to unlocking the full potential of our intangible assets to achieve sustainable growth.

LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

The challenges encountered by the Company as we focused on enhancing intellectual capital during the financial year ended 31st March 2024 resulted in valuable learning that shaped our strategy for the financial year under review.



Intangibility and Measurement:

We recognised the inherent challenge in measuring intangible assets such as brand reputation, and accordingly researched optional evaluation methodologies to better quantify our intellectual capital and its impact on Company performance. This will enable more informed decision-making and stakeholder communication.



Knowledge Retention and Sharing:

We acknowledge the difficulties in fostering knowledge sharing in a competitive environment and ensuring smooth knowledge transfer between employees. Considering this, we implemented robust knowledge management systems and informed employees on the benefits of knowledge sharing to ensure seamless transitions and preserve institutional knowledge.



Fostering a Culture of Innovation:

We understand the importance of balancing innovation with established processes. Accordingly, we focused on creating a supportive ecosystem that encourages calculated risk-taking, celebrates creative solutions, and embeds continuous learning into our organisational culture.

MANAGEMENT OF CHALLENGES IN 2024/25

Challenge	Short Term	Medium Term	Long Term	Action Taken
Regulatory developments	◆	◆		<ul style="list-style-type: none"> > Continue updates to policies and procedures. > Align processes with new developments. > Continuously improve governance frameworks to ensure compliance and ethical practices.
Intensifying competition in digital financial services and fintech disruptions	◆	◆	◆	<ul style="list-style-type: none"> > Foster strategic partnerships to expand service offerings and market presence.
Adapting to evolving customer expectations for personalised, digital-first experiences		◆	◆	<ul style="list-style-type: none"> > Enhance digital infrastructure for improved service delivery and security.
Continuous upskilling of employees to keep pace with technological advancements		◆	◆	<ul style="list-style-type: none"> > Invest in employee upskilling and leadership development programs.
Balancing profitability with compliance in a tightly regulated environment	◆	◆	◆	<ul style="list-style-type: none"> > Enhance internal controls. > Refine products and pricing strategies to protect margins while ensuring compliance.
Sustaining innovation and relevance in a fast-changing financial ecosystem		◆	◆	<ul style="list-style-type: none"> > Invest in digital transformation, including automation of core processes.

Intellectual Capital

Challenge	Short Term	Medium Term	Long Term	Action Taken
Managing cybersecurity risks in an increasingly digital operating model	◆	◆		> Upgrade IT infrastructure with enhanced cybersecurity protocols and implement regular threat assessments.
Maintaining brand trust and resilience amidst socio-economic and environmental changes	◆	◆	◆	> Ensure consistent and transparent stakeholder communication. > Promote responsible lending and align with the Company’s ESG framework for long-term resilience.

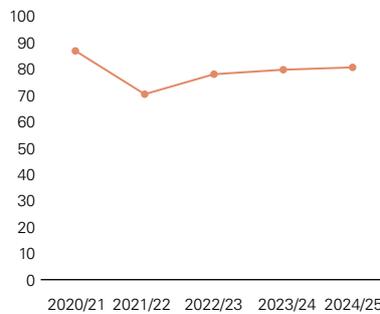
KNOWLEDGE RETENTION AND ENHANCEMENT

At Vallibel Finance, we recognise that our people are the cornerstone of creating and retaining tacit knowledge. Thus, we strategically invest in the professional growth of our employees through targeted training programmes, leadership development initiatives, and clearly defined career advancement pathways. This commitment to continuous learning equips our team with the necessary skills and knowledge to excel in the dynamic financial services sector while fostering a culture of continuous improvement and innovation.

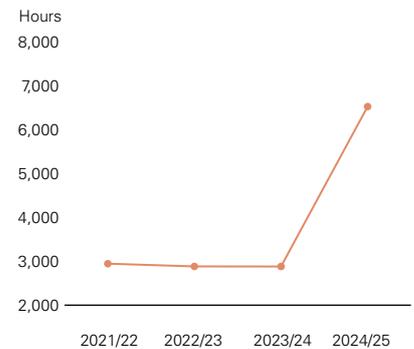
Furthermore, our consistently strong employee retention rate is a testament to our commitment to nurturing talent and building long-term careers. This stability underscores the depth of skill and experience within our workforce, representing a significant reservoir of tacit knowledge – the practical insights and expertise gained through years of hands-on experience. By actively

investing in our employees and fostering a collaborative environment, we ensure that this valuable tacit knowledge is not lost but embedded within our organisational framework, contributing directly to our sustained growth and competitive advantage. This integrated approach to employee knowledge retention is a key driver in increasing the overall value of our intellectual capital.

Retention rate



Hours invested for Training and Development



BUILDING BRAND LOYALTY AND REPUTATION

Recognising the significant power of a strong brand, Vallibel Finance strategically invests in brand-building activities to foster a positive and credible image. Our focus goes beyond advertising and focuses on building genuine trust with our customers, underpinned by our core values. These values are embedded in every customer interaction, nurturing lasting relationships and reinforcing brand loyalty. We are convinced that a strong brand reputation supports the attraction of new customers while empowering existing customers to become brand advocates, augmenting

positive recommendations and further strengthening our intellectual capital by enhancing the Company’s brand value.

During the year under review, the Company invested Rs. 105.45 million in continued initiatives such as broadcasting advertisements during peak viewing and listening hours on major television and radio channels, publishing product advertisements in weekend newspapers in both English and Sinhala, and disseminating promotional information for key products such as Gold Loans and Fixed Deposits on social media.

A unique development during the year under review was our efforts to strengthen brand loyalty by proactively deepening our understanding of customer needs and market dynamics. We actively leveraged customer insights and market intelligence through targeted research, feedback mechanisms, and data analysis. This approach enabled us to identify evolving customer expectations and emerging trends, which directly informed our strategies to enhance brand loyalty and create intellectual capital value for the longer term.

CREDIT RATING

The Company’s credit rating reflects the market’s confidence in our brand and the financial resilience cultivated over 18 years of growth and success. Despite prevailing challenging economic conditions, Vallibel Finance maintains a credit rating of BBB+ from the Lanka Rating Agency (LRA), underscoring our ability to navigate challenging macroeconomic conditions while adhering to regulatory requirements and maintaining asset quality. We view this positive recognition as a testament to the effectiveness of our intellectual capital strategy.



PROCESS AND TECHNOLOGICAL ADVANCEMENTS

The Company strengthened our systems through ongoing process optimisation and strategic technology upgrades. These enhancements will support improved operational efficiency and reinforce our data security protocols, regulatory compliance, and responsiveness to customer needs.

During the financial year under review, we strategically advanced our technological capabilities, directly contributing to the growth and strengthening of our intellectual capital across several key dimensions.

<p>Future-Proofing Operations and Security</p>	<p>Developing a comprehensive three-year IT strategy, with a strong focus on digital transformation and cybersecurity, represents a critical investment in enhancing intellectual capital value. This forward-looking approach ensures the long-term adaptability and security of our technological infrastructure, safeguarding our data and operational integrity.</p>
<p>Improving Decision-Making and Risk Management</p>	<p>Our investment in a sophisticated Scoring module incorporating Artificial Intelligence and Machine Learning capabilities directly enhances our analytical capabilities. This strengthens our intellectual capital by providing more insightful credit assessment and risk management data, leading to more informed decision-making.</p>

Intellectual Capital

<p>Enhancing Operational Efficiency and Insights</p>	<p>The development of numerous internal Management Information System (MIS) reports improves our ability to monitor performance, identify trends, and gain valuable business insights by providing the necessary data and tools for effective management and strategic planning for long-term growth.</p>
<p>Streamlining Processes and Knowledge Management</p>	<p>Undertaking internal development to automate document flow management enhances operational efficiency and reduces manual processes.</p>
<p>Improving Service Integration and Customer Experience</p>	<p>Integrating the Sri Lanka Interbank Payment System (SLIPS) with Fixed Deposit renewals streamlines a key customer-facing process. This enhancement improves efficiency and convenience for our customers, positively impacting intellectual capital through process improvement.</p>
<p>Strengthening Security Framework and Compliance</p>	<p>Implementing several Information System Security Policies reinforces our security framework and ensures adherence to best practices and regulatory requirements. This strengthens our intellectual capital by establishing clear guidelines and procedures for protecting our information assets and maintaining operational integrity.</p>

GOVERNANCE AND ETHICAL BUSINESS CONDUCT

All initiatives related to intellectual capital are governed by a stringent framework that promotes accountability, transparency, and effective risk management. We are committed to fair competition, compliance with relevant regulatory mandates, and maintaining ethical practices at every level of the organisation. We firmly believe that strong internal controls and a risk-aware culture are essential for safeguarding our assets and upholding our reputation. This proactive approach fosters trust among all stakeholders, further enhancing the value of our intellectual capital.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

Looking ahead, Vallibel Finance understands that the actual value of intellectual capital lies not just in acquiring knowledge but in its strategic investment, effective dissemination, and impactful application to establish a lasting

competitive advantage. Our strategy to significantly enhance our intellectual capital value in the long term is designed to benefit both the Company and our stakeholders.

As such, we will continue to build upon and refine our brand image to foster greater social inclusivity. This will ensure we can connect with diverse demographics and cultivate a stronger sense of belonging, thereby inherently creating intellectual capital value.

In today’s dynamically changing technological environment, our commitment to fortifying our cybersecurity systems through investments in advanced technology, comprehensive employee training, and robust protocols will remain a priority. We will also maintain our focus on optimising business processes through regular reviews, the strategic application of data analytics, and the careful implementation

of automation technologies to enhance processes and systems, leading to greater efficiency and improved knowledge utilisation.

To create new intellectual assets, we will continue prioritising employee development programmes, facilitating robust knowledge-sharing initiatives, and cultivating a culture of innovation that is integrated within our corporate ethos.

Vallibel

The Name Trusted
By Sri Lanka

Achieves
100⁺
BILLION

Assets in
Just **17** Years !

We thank our valued customers
and stakeholders for their
unwavering support,
for facilitating our growth and in setting
industry standards.



The Best Finance Company
2021 / 2022 / 2023



Social and Relationship Capital

ENDURING CONNECTIONS, MEANINGFUL IMPACT

OUR COMMITMENT TO UNDERSTANDING AND RESPONDING TO STAKEHOLDER NEEDS IS FUNDAMENTAL TO FOSTERING LONG-TERM RELATIONSHIPS BUILT ON TRUST, TRANSPARENCY, AND THE CREATION OF SHARED SOCIAL AND RELATIONSHIP VALUE.



HIGHLIGHTS: RELATIONSHIPS THAT STAND THE TEST OF TIME

Continuous Customer Growth

- > Year on year increase in our lending customer base demonstrates the expanding reach and appeal of Vallibel Finance's services.

Empowering Sri Lankan Communities

- > Our expanding branch network illustrates our significant role in providing financial access and support to communities across the nation.

Elevating Customer Service

- > Achieved a high customer satisfaction rating, reflecting our commitment to service excellence.
- > Enhanced customer understanding and market agility by keeping abreast of market developments.

KEY METRICS AND PERFORMANCE INDICATORS



Link to Material Aspects

- > Company Brand and Reputation
- > Customer Satisfaction
- > Community Upliftment
- > Complaint Management



Identified Risks

- > Reputation Risk
- > Operational Risk

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Communities	Financial empowerment and inclusivity, access to community projects, education opportunities.
Suppliers	Capacity building and business growth.
Customers	Trustworthy financial products, service excellence, ethical business and marketing practices
Shareholders	Increased investor confidence and long-term investment, enhanced brand reputation associated with ethical practices.
Government and Regulators	Reduced regulatory burden, enhanced compliance, increased trust and collaboration.

VALUE CREATION ACROSS THE ORGANISATION

Our commitment to fostering strong social and relationship capital generates significant value that permeates every aspect of Vallibel Finance operations. By prioritising ethical conduct and building trust-based relationships with our diverse stakeholders, we create a synergistic ecosystem where mutual benefit drives our collective success.

Our community-based initiatives focused on financial empowerment, inclusivity, access to community projects, and educational opportunities not only uplift the areas in which we operate but also cultivate goodwill and a stronger social license to operate. This embedness within the community fosters long-term stability and mutual support.

By investing in capacity building and facilitating business growth for our suppliers and partners, we create a resilient and reliable supply chain. Strong supplier and business partner relationships ensure operational efficiency, innovation, and a shared commitment to ethical practices, ultimately benefiting our service delivery and reputation.

Providing trustworthy financial products and adhering to ethical business and marketing practices builds enduring customer trust and loyalty. Customers who are satisfied and confident in our services are more inclined to remain engaged over the long term, thereby fostering sustainable growth and generating positive referrals.

Our commitment to ethical practices and strong stakeholder relationships translates directly into increased investor confidence and a focus on long-term investment. The enhanced brand reputation associated with our responsible conduct further attracts and retains investors who value sustainability and ethical governance.

By striving for reduced regulatory burden, enhanced compliance, and increased trust and collaboration with Government and regulatory bodies, we contribute to a more stable and predictable operating environment. This proactive and responsible approach fosters a positive regulatory landscape and reduces potential risks.

Social and Relationship Capital

OUTLOOK AND STRATEGIC PRIORITIES 2025/26



Strengthening Partnerships

Moving beyond transactional relationships, we will cultivate deeper, more collaborative partnerships with our business associates to unlock mutual value and achieve shared objectives.



Elevating Customer Service

We are committed to exceeding customer expectations by implementing improved service standards, fostering a culture of empathy across all customer-facing teams, and ensuring seamless and positive interactions across all touchpoints.



Customer-Centric Engagement

By actively listening to customer feedback and leveraging data-driven insights, we will engage with our customer base in a more meaningful and informed manner, ensuring their needs are thoroughly understood and effectively addressed.



Expanding Community Outreach

We will continue to actively address societal needs and support local economies, aiming to create a lasting positive impact and foster a greater sense of shared prosperity within the communities we serve.



Impactful Marketing and Targeted Awareness

Our marketing strategies will prioritise responsible practices and ethical communication, while employing targeted campaigns to effectively build product awareness and resonate authentically with our intended audience.

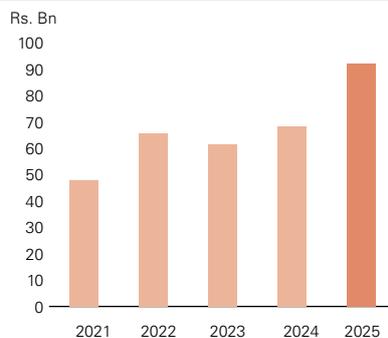
MANAGEMENT APPROACH

Our approach to creating social and relationship capital is supported by our stakeholder identification and engagement process, which helps us recognise the diverse interests and concerns of each stakeholder group, and adopt a tailored value creation strategy to ensure their needs are effectively addressed. By undertaking this comprehensive stakeholder mapping, the Company is better positioned to gain valuable insights into their specific requirements, enabling us to align our strategies and initiatives accordingly.

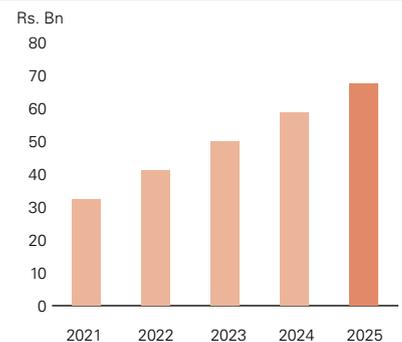
Furthermore, Vallibel Finance places significant emphasis on staying up-to-date on evolving market dynamics and shifting consumer trends. This proactive approach allows us to anticipate and adapt to change, thereby maximising

the positive impact of our social and relationship capital investments. By integrating robust stakeholder engagement with a deep understanding of the market landscape, we strive to generate mutually beneficial value for Vallibel Finance and all our stakeholders with a long-term focus.

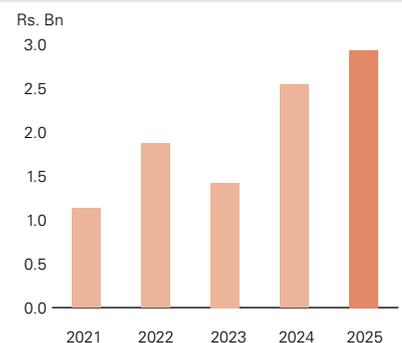
Lending portfolio



Deposit Base



Taxes paid to Government



LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

The past financial year provided valuable insights that enabled the Company to shape our strategic direction for FY 2024/25, particularly in how we approach and enhance our social and relationship capital initiatives.

Impact Measurement:

In FY 2023/24, we recognised the inherent complexities in demonstrating the direct and measurable impact of our Corporate Social Responsibility (CSR) programmes and community partnerships. External factors such as long-term economic fluctuations and individual circumstances often create challenges in isolating the specific influence of our interventions. Thus, during the year under review, we focused on researching a more robust impact measurement framework and employing more sophisticated data collection methodologies and potentially incorporating qualitative assessments to gain a more comprehensive understanding of the true success and long-term effects of our CSR endeavours. We aim to move beyond simply reporting activities to demonstrate tangible and meaningful change within the communities we serve.

Sustainability of Social Projects:

Our targeted CSR initiatives during the previous financial year, particularly those focused on infrastructure development and educational programmes, highlighted the critical need for ongoing support to ensure their long-term sustainability. While initial contributions are vital, we learned that maximising the lasting impact of these efforts requires innovative solutions for project financing and cultivating strong community ownership. Accordingly, we are exploring avenues for greater community involvement in the planning, implementation, and maintenance of these projects. Empowering local communities to take ownership will be central to ensuring the enduring success and positive impact of our social investments.

Building Trust and Collaboration:

Our experience has reinforced the understanding that fostering strong and meaningful connections with local organisations and community leaders demands continuous and dedicated effort. We recognised the importance of proactively addressing potential communication barriers and ensuring complete transparency in the design and implementation of our programmes. Building genuine trust and cultivating a sense of shared ownership within the communities we serve is a fundamental aspect of the success of our social initiatives. Accordingly, we strengthened our engagement strategies through regular dialogue, active listening, and collaborative decision-making with local stakeholders. By fostering these deeper connections, we aim to ensure our initiatives align with community needs and contribute to sustainable and positive change.

MANAGEMENT OF CHALLENGES IN 2024/25

Challenge	Short Term	Medium Term	Long Term	Action Taken
Evolving customer expectations		◆	◆	<ul style="list-style-type: none"> > Keeping abreast of changing customer requirements. > Strengthening customer care training programmes. > Conducted regular customer satisfaction surveys.
Quantifying the value of social and relationship capital	◆	◆	◆	<ul style="list-style-type: none"> > Evaluating customer retention and repeat customer rates on a regular basis. > Conducting periodic evaluations on supplier performance and compliance.
Identifying and prioritising the most impactful projects for sustainable CSR initiatives		◆	◆	<ul style="list-style-type: none"> > Identify and support long term social development programs in our operating areas.

Social and Relationship Capital

CREATING VALUE FOR STAKEHOLDERS

Vallibel Finance remains committed to fostering strong relationships and generating mutual value with our stakeholders.

Stakeholder Group	Activities	Value Created
Shareholders 	<ul style="list-style-type: none"> > Regular updates on financial performance and social responsibility initiatives. > Demonstrating alignment with long-term sustainability objectives. > Proactive engagement with shareholder concerns and promotion of responsible investment practices. 	<ul style="list-style-type: none"> > Enhanced investor confidence and long-term investment. > Strengthened brand reputation through ethical conduct.
Customers 	<ul style="list-style-type: none"> > Provision of comprehensive product information and details of geographical expansion. > Fostering communities through marketing and social media engagement. > Proactive customer service and efficient complaint resolution. 	<ul style="list-style-type: none"> > Increased customer trust and loyalty. > A stronger sense of belonging and shared values. > Improved accessibility to financial services due to growing branch network. > Higher customer retention rates. > Enhanced customer satisfaction through service improvements.
Business Partners & Suppliers 	<ul style="list-style-type: none"> > Collaborative problem-solving and joint initiatives. > Establishment of clear communication channels and collaborative performance evaluations. > Building trust through ethical business conduct and fair contractual agreements. 	<ul style="list-style-type: none"> > Stronger and more resilient supplier relationships. > Improved supply chain efficiency and innovation > Reduced risk of disruptions and legal challenges.
Government & Regulators 	<ul style="list-style-type: none"> > Proactive adherence to regulations and transparent reporting. > Open communication regarding potential risks and challenges. > Fostering trust through advocacy efforts. 	<ul style="list-style-type: none"> > Reduced risk of fines and sanctions. > Faster and more efficient regulatory processes and approvals. > Contributing to improved industry standards and best practices.
Community/ Society 	<ul style="list-style-type: none"> > Investment in community development programmes and sponsorships. > Collaboration with local organisations on social and environmental matters. > Transparent communication regarding the Company's community impact. 	<ul style="list-style-type: none"> > Positive community perception and enhanced brand reputation. > Improved social acceptability to conduct business operations. > Improved access to local talent and resources.

DELIVERING VALUE TO OUR CUSTOMERS

Vallibel Finance places the utmost importance on our customers, whose loyalty and insights are fundamental to our ongoing innovation and service excellence. We strive to anticipate and exceed their evolving financial requirements through tailored, high-quality solutions.

The Company is privileged to serve a wide-ranging customer base-both individuals and enterprises-throughout Sri Lanka. Through strong, collaborative relationships, we support them in achieving lasting financial success by offering a wide range of products to suit their diverse financial needs. For more details, refer to the Product Portfolio section of this report.

We also confirm that there were no incidents of non-compliance concerning the health and safety impacts of our services during the year under review.

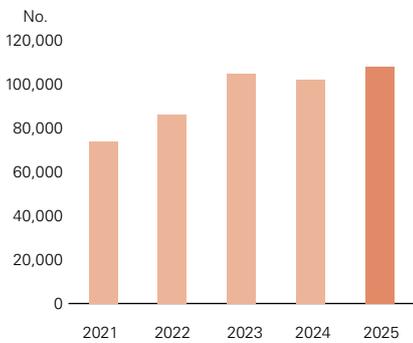


CUSTOMER INSIGHTS AND MARKET INTELLIGENCE

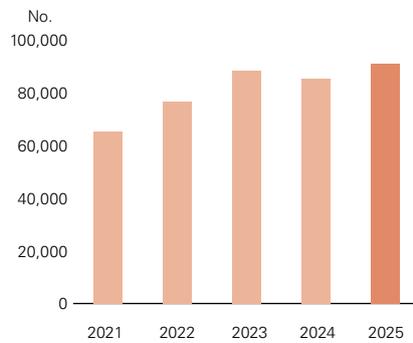
Vallibel Finance strengthened its understanding of evolving customer needs and market dynamics through targeted research, feedback mechanisms, and in-depth data analysis. These insights directly informed our product development, service enhancements, and market strategies, enabling us to proactively adapt and deliver greater value to our customers.



Total Customer Base



Number of Borrowers



	Internet
	Newsletters
	Public Media
	Publications
	Brochures & Leaflets
	Emails
	Meetings
	Advertisements
	Social Media

CUSTOMER COMMUNICATION

Vallibel Finance operates with a clear communications policy designed to facilitate meaningful and transparent interactions with our customer base. We utilise a variety of communication channels to effectively engage with both existing and potential customers, ensuring our messages are delivered clearly and efficiently.

We also ensure that we provide adequate information on all our financial products in all three languages to our customers to make informed decisions, enabling them to choose the most beneficial financial service.

SOCIAL MEDIA ENGAGEMENT



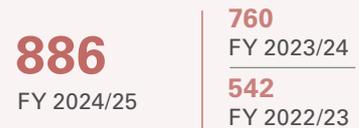
Facebook Followers



Instagram Followers



YouTube Subscribers



Social and Relationship Capital



The Official Vallibel Finance TikTok channel was launched on December 2024 to support the Company's social media goals through entertainment and promotional content. The Channel reached 286 followers within a short span 4 months as of 31st March 2025.

CUSTOMER ENGAGEMENT INITIATIVES OVER SOCIAL MEDIA

Vallibel Auto Show

This engaging video series, hosted on our official YouTube channel, serves as a valuable resource for individuals interested in the latest vehicles available in the market. The videos, targeting prospective buyers and vehicle enthusiasts, were produced in collaboration with leading automotive dealers in the Colombo region. Each episode concludes with our marketing managers providing detailed information about Vallibel Finance's leasing and other financial service offerings.



Christmas Quiz

We organised a weekly Christmas quiz to engage our Instagram followers during the festive season. Held every Friday for the first three weeks of December 2024, the competition involved selecting a winner each week from the comments section, with each winner receiving a voucher as a prize. This initiative fostered engagement and rewarded our loyal online community.



Branch Opening Coverage

To maximise awareness and celebrate our expanding network, we provided live coverage of new branch openings on both Facebook and YouTube. Subsequently, we release visually rich videos featuring photographs from the opening events on Facebook and LinkedIn, further amplifying our reach within professional and broader communities.



Gold Loan Campaign with Muthukaruppan Chettiar

We partnered with Muthukaruppan Chettiar for a joint gold loan campaign in the Kurunegala and Gampaha regions. This initiative was promoted through targeted TikTok and Facebook content to ensure maximum visibility and engagement. The content highlighted the benefits and accessibility of our gold loan services.



Ranwarama Campaign

This initiative introduced a monthly raffle draw exclusively for active Gold Loan customers. Each month, one active customer was randomly selected to win a Gold Coin. This campaign served as a gesture of appreciation, fostering excitement and strengthening the bond between Vallibel Finance and our valued Gold Loan customer base. The campaign also supported improved customer engagement.

VOLUNTARY COMPLIANCE

Vallibel Finance is pleased to confirm that there were no instances of non-compliance related to product and service information and labelling, marketing communications, or breaches of customer privacy and loss of customer data during the year under review. Furthermore, we did not incur any fines or non-monetary sanctions for non-compliance with national and industry laws and regulations applicable to our organisation.

Our commitment remains steadfast in upholding our reputation for compliance and customer satisfaction as we continue to support the financial well-being of the Sri Lankan people.

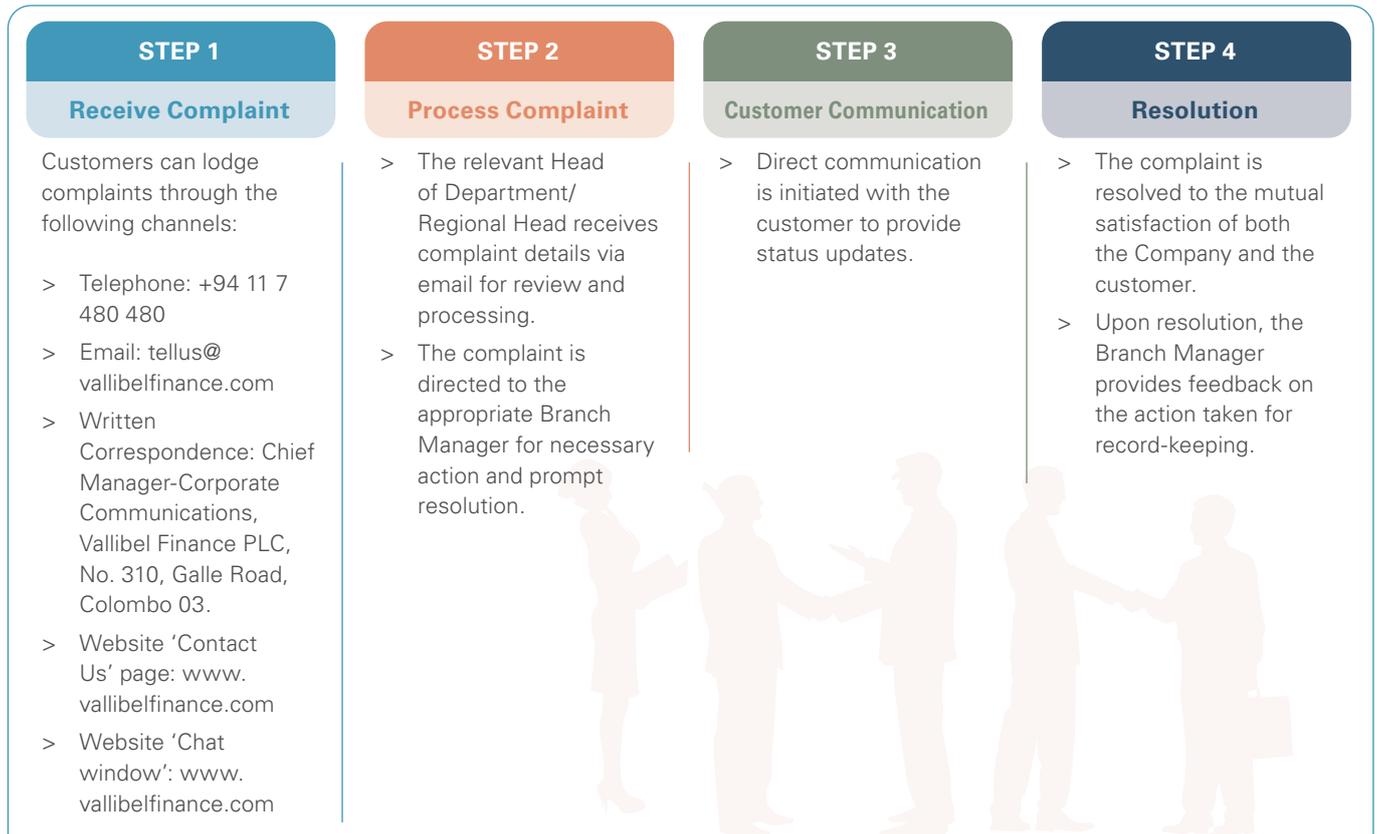
Furthermore, Vallibel Finance places significant emphasis on fostering a culture of transparency and accountability in its interactions with stakeholders, ensuring that all business dealings are conducted with integrity and in alignment with best practices. The Company maintains a policy of not making political contributions. We do engage in anti-competitive behaviours or monopoly practices. We adhere to anti-trust rules and prioritise fair market practices and ethical competition within the financial sector. During the reporting period, there were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices. This approach safeguards both the Company’s reputation and reinforces our role as a responsible and trustworthy financial institution within the Sri Lankan market.

- > **Product & Service Information**
0 non-compliance incidents
- > **Marketing Communications**
0 violations or breaches
- > **Customer Privacy & Data Protection**
0 data losses or privacy breaches
- > **Regulatory Sanctions**
0 fines | 0 sanctions
- > **Anti- corruption**
0 incidents of corruption

MANAGING CUSTOMER GRIEVANCES

Customer feedback, including grievances, is a valuable aspect of our operations, providing opportunities for improvement. At Vallibel Finance, we recognise the importance of addressing and resolving these issues promptly and effectively. Our dedicated customer service teams diligently manage complaints, viewing them as crucial for enhancing customer satisfaction. We have in place a systematic process whereby branch managers initially handle complaints, with escalation to senior management when necessary. We highly value customer feedback and utilise it to continuously refine our offerings and ensure a positive customer experience.

Customer Grievance Handling Process



Social and Relationship Capital

DELIVERING VALUE TO BUSINESS PARTNERS

Our business partners are valuable stakeholders whose collaboration is integral to our success. Vallibel Finance is committed to building and nurturing strong, mutually beneficial relationships with a wide network of partners, including banks, fintech companies, software providers, payment platforms, and other financial institutions.

These strategic partnerships are grounded in trust, transparency, and shared goals. By working closely together, we exchange knowledge, leverage collective strengths, and co-create value that extends beyond individual transactions, thereby contributing to a more resilient and innovative financial ecosystem.

DELIVERING VALUE TO SUPPLIERS

The strong, collaborative relationships with our suppliers built over the years have supported the Company's growth and expansion. Recognising our suppliers as essential contributors to our value chain, we currently engage with 100% local vendors only, thereby supporting community development and contributing to broader economic growth.

Our supplier partnerships are built on principles of mutual respect, transparency, and consistent communication. By ensuring timely and dependable payments, we reinforce trust and reliability and lay the foundation for long-term, mutually beneficial relationships that drive shared success.

To the best of our knowledge, our suppliers do not present a risk to the right to freedom of association and collective bargaining.

Procurement Process

At Vallibel Finance, our procurement process is guided by supply chain management principles, focusing on minimising waste, securing competitive pricing, and ensuring product quality. This is done while simultaneously promoting ethical business practices among our

partners and suppliers. Our procurement guidelines guarantee equal opportunities and fair treatment for all suppliers without any form of discrimination or favouritism. We partner with vendors who align with our values and are committed to exceeding minimum supply chain standards. By nurturing strong relationships with our suppliers and partners, we actively encourage positive changes in their practices, contributing to environmental and societal well-being.

DELIVERING VALUE TO COMMUNITIES

Vallibel Finance recognises the intrinsic link between our operational success and the well-being of the local communities in which we operate. Our approach to community engagement is proactive and multifaceted, aiming to foster mutually beneficial relationships. We actively seek to understand the needs and priorities of these communities through ongoing dialogue and feedback mechanisms. Furthermore, where our operations have the potential to create significant impacts, we are committed to conducting thorough impact assessments to identify and address any potential negative consequences. These assessments inform the development and implementation of targeted community development programs, focusing on areas such as financial literacy, education support, and local economic empowerment. By integrating community needs into our operational framework and actively investing in development initiatives, we strive to be a responsible and valued member of the local ecosystem.

While the Company remains committed to positive community engagement, we acknowledge the importance of identifying and mitigating any operations that have the potential for significant actual or potential negative impacts on local communities. Our risk management processes include evaluating the social and economic implications of our activities. Where such potential negative consequences are identified, we are dedicated to implementing proactive

measures to minimise and, where possible, eliminate these effects. This includes open communication with affected communities, establishing grievance mechanisms to address concerns promptly and effectively, and collaborating with local stakeholders to develop and implement appropriate mitigation strategies. Our commitment is to operate in a manner that minimises disruption and maximises positive contributions to the communities we serve, addressing any negative impacts with transparency and accountability. During the year under review there were no negative impacts to local communities due to the Company's business operations.

During the year under review, Vallibel Finance actively engaged in community development initiatives, addressing societal needs through various corporate social responsibility (CSR) projects as listed below.



Community Support and Welfare

Vallibel Finance invests in engagement activities to support the well-being of local communities through initiatives focused on health, disaster relief, and essential services.

- > Demonstrating our ongoing dedication to community health and well-being, Vallibel Finance successfully hosted our 8th blood donation drive at our Head Office. Under the inspiring theme "LIVE, LOVE, DONATE," 75 employees contributed blood to the Colombo Blood Bank to support those in need.
- > Contributed to Daya Mina, an organisation dedicated to empowering differently-abled youth through care, support, vocational training, and education, helping them achieve independence and societal contribution.
- > Contributed to the "Harmony of Hope" fundraiser organised by the Redemptorist Congregation in Colombo. This initiative aimed to provide educational scholarships for underprivileged children and medical assistance to cancer patients across Sri Lanka. The event, a singalong and dinner sought to raise funds for these noble causes.
- > Provided necessary support to arrange curtains for the office room of the various complaints departments at the Rathnapura Police Station, contributing to the betterment of public facilities.
- > Supported the Embilipitiya Hospital by providing necessary facilities for a training session on Advanced Life Support (A.L.S.) and Basic Life Support (B.L.S.) for their medical officers and nurses, contributing to enhanced patient care.

Cultural and Religious Sponsorships

The Company actively participates in preserving and celebrating the rich cultural and religious heritage of Sri Lanka through sponsorships and donations to significant festivals and places of worship.

- > Sponsored the traditional rituals of the annual Esala Maha Perahera Festival of Kollupitiya Valukarama Apa Viharashta, contributing to the successful conduct of the flower procession, Bodhi Puja worship, ritual procession of Devabharana, and Deva dana.
- > Contributed financially to the completion of the remaining works of the Chaitya Ghara at the Maharagama Sri Nanda International Buddhist Centre, which aims to house the Marble Pagoda donated by the Burmese Government and is intended to be opened before Vesak Pura Pasaloswaka Poya in 2025.
- > Contributed a donation towards the Sri Jayawardanepura Jayasekhararama Vesak Zone's first grand Vesak festival, which was held from 23rd May to 29th May 2024, which included Vesak Siri displays, Thorana, Rice Dansala, Vesak powder distribution, devotional songs, and a relics exhibition, anticipating extensive public participation.
- > Supported the Malabe United Traders' Association in building their annual Vesak Pandol (Thorana) display from 23rd to 26th May 2024. The large-scale pandol, depicting the "Muni Siripa Purawatha Puranokthiya," aimed to illuminate the Malabe town during the Vesak full moon Poya day.
- > Supported the Maharagama United Traders Forum's first Poson Maha Baath Dansala, held on 21st June 2024 in front of the Maharagama Supermarket, contributing to the provision of free food to devotees and visitors during the Poson festival, promoting generosity and community welfare.

Social and Relationship Capital

Educational and Professional Development Sponsorships

Recognising the importance of education and professional growth, the Company invests in the future by supporting educational institutions and professional development ceremonies.

- > Sponsored the Sri Lanka Institute of Credit Management's (SLICM) 25th Convocation and Awards Ceremony, held on Thursday, 11th July 2024 at the BMICH. This significant event conferred certifications to approximately 600 students in the field of credit management, with a Director of PIM Colombo, as the Chief Guest.
- > Sponsored the Kandy Schools Past Pupils' Association (KSPPA), a Colombo-based group of alumni from 13 Kandy schools with over 5,000 members, to support their fundraising efforts. These funds are mainly used to conduct a two-day Leadership Program for senior students of member schools, aiming to develop future leaders for Sri Lanka and the world.

Sports and Entertainment Sponsorships

Vallibel Finance demonstrates its commitment to community engagement and national spirit by supporting various sporting events and cultural entertainment.

- > Provided sponsorship to the Vehicle Importers Association of Sri Lanka (VIASL) for their AGM 2024, supporting their initiatives within the automotive industry.
- > Funded the St. Joseph's College Rugby Tournament. Recognising the school's commitment to both sporting excellence and producing well-rounded leaders for society, our sponsorship supported this premier educational institution's efforts.
- > Sponsored the Sackoba Ball, an event organised by the Colombo branch of the St. Anthony's College Kandy Old Boys Association.
- > Sponsored the "MAESTRO OF BAILA M.S. Fernando Unplugged Live in Concert" by Marians, which was held on 3rd August 2024 at the BMICH. This event, organised by the 2002 group of Mahanama College Old Boys Association, celebrated 70 years of education at Mahanama College and the 30th death anniversary of the musical pioneer M.S. Fernando, with the primary objective of enhancing college education and sports facilities.
- > Supported the Bakmaha Festival, organised by the Colombo District Court Welfare Association on 04th May 2024 at Welikada Prison Stadium.

DELIVERING VALUE TO GOVERNMENT AND REGULATORS

Vallibel Finance is firmly committed to upholding the highest standards of regulatory compliance and corporate responsibility. We fully adhere to national laws and industry-specific regulations, reinforcing our role as a responsible financial institution.

As a publicly listed entity, we ensure full compliance with the required listing rules and disclosure obligations set by the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka. This includes maintaining

transparency in financial reporting, timely dissemination of material information, and adherence to corporate governance best practices to uphold investor confidence and market integrity.

Our contributions to the national economy are demonstrated through timely tax remittances and proactive engagement with regulatory bodies. During the year under review, the Company remitted Rs. 2.93 billion in taxes to the Government, emphasising our commitment to fiscal responsibility and national development.

DELIVERING VALUE TO SHAREHOLDERS

Our unwavering commitment to ethical practices, sound governance, strong customer relationships, and prudent risk management directly translates into enhanced shareholder value, which underpins our continued growth and success.

Refer to the Financial Capital section of this report for comprehensive details regarding shareholder value creation.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

Building upon our commitment to continuous improvement and consistently exceeding the expectations of our valued stakeholders, the Company is strategically directing our efforts towards expanding our capital reach and significantly deepening our engagement across all key operational areas in the upcoming financial year. A cornerstone of our approach will be the substantial strengthening of our value delivery to our customers by strategically leveraging the power of advanced technology and the insightful analysis of market data. In parallel, we will proactively strengthen our range of strategic communication channels to effectively showcase our diverse products and services and clearly articulate the deeply held ethical principles and core values that serve as the basis of our business operations. This focused effort will ultimately cultivate enhanced customer retention and foster a more enduringly loyal customer base driven by consistently exceptional service experiences.

Our enduring commitment to Corporate Social Responsibility (CSR) will continue to be a central pillar in our strategy for building meaningful and impactful relationships with the communities we proudly serve and with wider society as a whole. We remain dedicated to sustaining the positive momentum of our current CSR endeavours while proactively identifying worthwhile initiatives to strategically scale their reach and impact across a broader spectrum of the community. This expansion will allow us to generate more significant and lasting positive social outcomes while further solidifying Vallibel Finance's reputation as a truly responsible and actively contributing corporate citizen.

Furthermore, our dedication extends to addressing pressing societal needs and providing robust support to local economies, consistently aiming to create a lasting positive impact and fostering a greater sense of shared prosperity within the communities where we operate. This commitment is mirrored in our marketing strategies, which adhere to responsible practices and employ targeted campaigns to build genuine product awareness and resonate authentically with our defined target audience.

Integral to our future success will be a concerted effort to cultivate deeper and more collaborative relationships with our valued business partners and suppliers, moving beyond purely transactional interactions to unlock mutually beneficial opportunities and achieve shared strategic objectives.

We believe that this cohesive and strategically integrated approach enables Vallibel Finance to be well-positioned to achieve sustainable growth, further strengthen our vital stakeholder relationships, and generate enduring shared value for all those we serve for many years.



Natural Capital

NATURE'S VALUE, PRESERVED WITH CARE

NATURAL CAPITAL ENCOMPASSES THE VITAL NATURAL RESOURCES AND ECOSYSTEM SERVICES WE DEPEND ON, INCLUDING CLEAN AIR, FRESH WATER, THRIVING BIODIVERSITY, AND ESSENTIAL RAW MATERIALS. AT VALLIBEL FINANCE, WE RECOGNISE THE INTRINSIC VALUE OF THESE ASSETS AND ARE COMMITTED TO MANAGING OUR IMPACT RESPONSIBLY.



HIGHLIGHTS: BUILDING PROCESSES FOR SUSTAINABLE GROWTH

Progress in Paper Reduction

Despite a marginal rise in total paper consumption, our strategic emphasis on digital workflows has yielded positive results, demonstrated by a reduction in paper usage on a per-branch basis, reflecting improved resource management across our growing network.

Expansion of Green Financing

Increased uptake in green financing facilities for hybrid and electric vehicles, contributing to reduced emissions within our customer base.

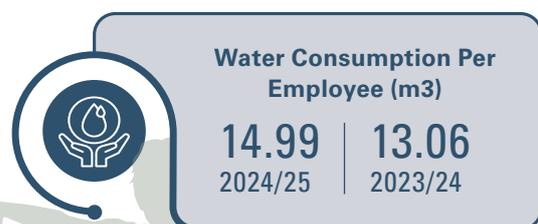
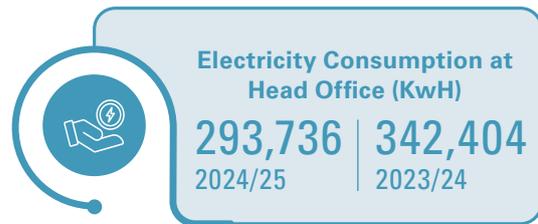
Advancement of Green Branch Model

Continued progress in adopting eco-friendly branch designs with improved natural lighting and ventilation.

Ongoing Energy Efficiency Initiatives

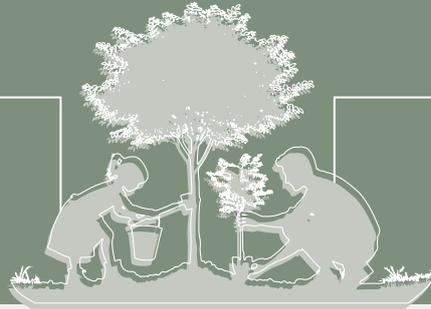
Expansion of LED lighting across more branches and corporate offices, and enhanced reliance on energy-efficient air conditioning systems.

KEY METRICS AND PERFORMANCE INDICATORS



Link to Material Aspects

- > Commitment to the Environment



Identified Risks

- > Operational Risk
- > Reputational Risk

STAKEHOLDERS IMPACTED AND HOW

Stakeholder Group	Impact Description
Regulators	Commitment to comply with Sri Lankan environmental laws and regulations.
Communities	Contributing to a more sustainable future through green financing options and reduced environmental impact from our operations.
Investors	Demonstrating a commitment to sustainable business practices, which can contribute to long-term viability and potentially attract environmentally conscious investments.
Employees	Increased awareness of and the need to conserve scarce resources both at work and at home, potentially leading to greater job satisfaction and a sense of purpose to preserve scarce natural resources. Identified the Company’s resource management efforts within the workplace, such as utilising paper efficiently, disposing of waste safely, and minimising energy usage.

VALUE CREATION ACROSS THE ORGANISATION

Protecting natural capital is integral to Vallibel Finance’s long-term vision, directly contributing value for all our stakeholders by strategically embedding environmental considerations across our business operations.

Our continuous strong focus on resource efficiency, leveraging digital transformation to minimise paper consumption and streamline processes,

empowers the Company and employees to enhance operational efficiency and reduce costs. Simultaneously, we anticipate growing our green finance portfolio, meeting increasing customer demand for sustainable options.

Our commitment to sustainability reduces environmental risks associated with our operations and enhances our reputation. By exploring renewable energy integration and deepening our engagement with communities on

environmental initiatives, we focus on the long-term benefits that underpin the sustainability of our operations and our ability to generate consistent value.

Furthermore, our proactive management of our environmental impact ensures ongoing compliance with evolving regulations, fostering a stable and predictable operating environment, and mitigating potential environmental risks.

OUTLOOK AND STRATEGIC PRIORITIES 2025/26



Growing Green Finance Portfolio

We foresee continued growth in our green financing portfolio as awareness and demand for sustainable options increase among our customers.



Implementation of E-Waste Management

We are in the process of establishing partnerships with certified vendors for the environmentally sound disposal of electronic waste.



Exploring Renewable Energy Integration

Research the feasibility and potential for integrating renewable energy sources into our operations in the medium to long term.

Natural Capital

MANAGEMENT APPROACH

The Company pursues its two-pronged strategy, taking a direct and indirect approach to uphold and enhance our organisation's positive influence on natural capital. We operate under the well-proven "reduce, reuse, and recycle" framework, which supports our targeted efforts to actively minimise our consumption of finite natural resources such as electricity, fuel, water, and paper. Over the years, this direct approach has resulted in lowering consumption of both non-renewable and scarce resources, even as the Company expands operations year-on-year. To ensure the success of this direct strategy, we are committed to educating our workforce on the significance of conserving resources in their everyday tasks and fostering a

culture of environmental responsibility that can enhance our reputation and employee engagement.

Furthermore, by actively implementing sustainable building principles in our Corporate Office building in Colombo, we further embrace the benefits to be gained by reducing our long-term operational expenses through energy and water efficiency, creating a healthier and more productive work environment for our employees.

Complementing these direct actions is our indirect approach, which seamlessly embeds the generation of natural capital value within our fundamental business operations. By offering green financing solutions to our customers, we extend our community reach and empower

environmentally conscious individuals to better manage their environmental impact. This supports a more sustainable economy, opens up new market opportunities for Vallibel Finance, and strengthens our relationships with the latest generation of environmentally conscientious consumers. Additionally, our focus towards digital platforms and the integration of advanced technologies improves how efficiently we operate while indirectly helping to decrease our carbon emissions, lessen our reliance on fuel, and minimise pollution. These efficiencies translate into lower overheads and a more agile business model.

All these efforts, coupled with our dedication to minimising our environmental footprint, not only enhance our corporate image and appeal to stakeholders who prioritise sustainability but also clearly demonstrate our commitment to environmental stewardship to both our direct stakeholders and the wider community.

COMMITMENT TO ENVIRONMENTAL COMPLIANCE

Vallibel Finance upholds a strong commitment to environmental responsibility. We are pleased to confirm that the Company maintained full compliance with all environmental statutes and regulations in Sri Lanka throughout the financial year under review. As such, we did not incur any environmental fines or non-monetary penalties during the financial year ended 31st March 2025. This achievement underscores our dedication to operating in an environmentally sound manner.



LEARNINGS FROM FY 2023/24: GUIDING OUR APPROACH IN FY 2024/25

The experiences of the previous financial year have provided valuable insights that supported our efforts to create natural capital value for our stakeholders in the year under review. While we made some progress in promoting digital workflows and advocating for responsible resource use, challenges in overall paper, water,

and energy consumption highlighted the need for more focused and intensified strategies in the coming years. Our learnings underscore the importance of moving beyond awareness to implementing more stringent policies, investing in efficient technologies, and fostering a deeper culture of sustainability across Vallibel Finance, thereby improving our strategic approach. We remain committed to enhancing

employee engagement in these efforts, ensuring that the principles of resource efficiency and responsible waste management are integrated into our daily operations, ultimately driving a more substantial and measurable reduction in our environmental footprint.

MANAGEMENT OF CHALLENGES IN 2024/25

Challenge	Short Term	Medium Term	Long Term	Action Taken
Environmental regulations	◆	◆	◆	<ul style="list-style-type: none"> > Stay informed on updates to existing environmental regulations and ensure timely compliance. > Monitored emerging environmental policies and other regulations on green financing. > Enhanced compliance mechanisms for ESG disclosures. > Participated in regulatory consultations and industry forums.
Resource efficiency	◆	◆	◆	<ul style="list-style-type: none"> > Implemented paperless initiatives across branches. > Reduced energy consumption by utilising energy-efficient lighting, equipment, and technologies across our branch network and head office in Colombo.
Biodiversity impact	◆	◆	◆	<ul style="list-style-type: none"> > Assessed the impact of branch expansions on local ecosystems.

OUR DIRECT ENVIRONMENTAL IMPACT REDUCTION STRATEGY

At Vallibel Finance, a core element of our sustainability efforts is directly minimising our environmental footprint. We firmly embed the “reduce, reuse, recycle” methodology into our operational practices to decrease our reliance on finite resources, including electricity, paper, water and fuel. To support this, we actively promote paperless operations, utilise energy-efficient equipment, and endeavour to track our resource consumption to ensure continuous improvement in reducing resource utilisation.

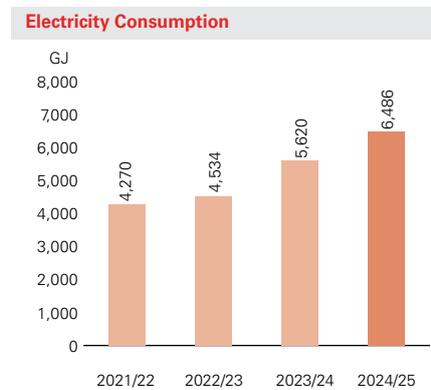
ENERGY EFFICIENCY AND CONSUMPTION MANAGEMENT

A core priority for the Company is energy efficiency, which we view as crucial in minimising our environmental impact. During the reporting year, the total energy consumption was 7,375 GJ. We primarily source our electricity from the National Grid and strategically deploy energy-saving technologies across our operations. This includes using inverter air conditioning systems and LED lighting, a transition we are actively focused on across many of our

branches during the year under review. Furthermore, we utilise energy-efficient office equipment such as photocopiers, printers, laptops, and computers.

Nonetheless, while our commitment to ongoing energy conservation initiatives remains steadfast, the expansion of our operational footprint and the growth of our branch network during the year under review resulted in a 15.17% increase in our overall electricity consumption.

We remain dedicated to identifying and implementing further energy-saving measures in the coming years.



Natural Capital Report

	2022/23 (kWh)	2023/24 (kWh)	2024/25 (kWh)
Total Consumption**	1,259,358	1,561,075	1,801,632
Consumed per Employee ¹	1,032	1,039	1,022
Consumed per Workday ²	4,588	5,782	6,760
Consumed at Head Office	252,550	342,404	293,736
Consumption per Branch	21,713	19,344	24,022
Consumption by all Branches/Service Centres	1,006,808	1,218,671	1,507,896

**Consumption varies between months due to the addition of three branches as well as changes in the employee base at the head office and branches. Thus, consumption is calculated as an average for the financial year.

1. The total consumption per employee is calculated based on the number of employees as of 31st March 2025.
2. There were 266.5 working days from 01st April 2024 to 31st March 2025. Hence, the total consumption was divided by 266.5. It is calculated as 24 working days per month (including ½ day on Saturday).

FUEL USAGE

Fuel is essential to several aspects of Vallibel Finance’s operations, including business-related travel and employee commuting, and it is a power source for backup generators. During the year under review, our overall fuel consumption decreased, mainly due to the decline in diesel usage. However, petrol usage increased, mostly due to the expansion in business activities and the branch network compared to the previous financial year.

During the year under review, diesel fuel consumption decreased by

 **30.2%**

Petrol fuel consumption recorded an increase of

 **39.4%**

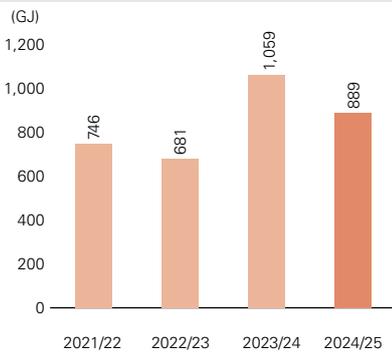
The total diesel consumption amounted to

 **589**
GJ

The total petrol consumption amounted to

 **300**
GJ

Fuel Consumption



Financial Year	Diesel (GJ)	Petrol (GJ)
2022	650	96
2023	565	117
2024	843	215
2025	589	300

PAPER MANAGEMENT

While acknowledging the continued necessity of paper in specific customer-facing and internal processes, the Company is actively pursuing a less paper-dependent working environment by implementing and embracing digitalisation and the use of electronic communication methods.

During the year under review, a key focus of our paper reduction strategy involved actively promoting the adoption of digital documentation across critical processes, and internal communications.

To more directly monitor our progress in reducing paper consumption, we record the usage of standard-sized

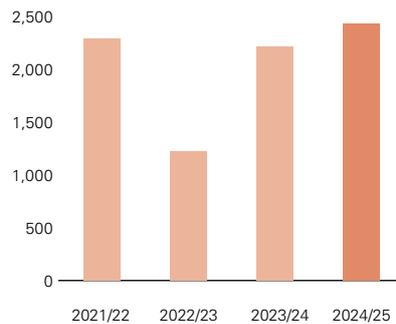
paper packs (A4, A5, and legal) used at our Head Office. Our analysis of paper usage during the financial year 2024/25 indicated 9.9% increase, due to the expansion of our geographical footprint. However, the paper usage per branch shows a year-on-year decline. We remain committed to further refining our paper reduction strategies in the coming years.



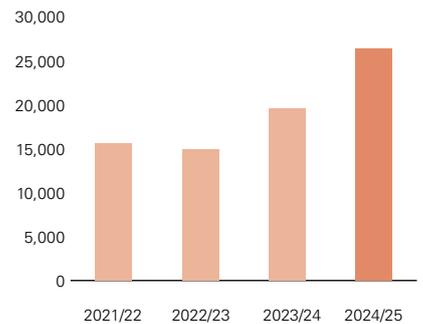
WATER CONSERVATION

Considering the inherent nature of our financial services operations, the Company’s water consumption remains relatively low. Nonetheless, we actively champion sustainable water usage practices across all our business locations, encouraging a culture of water conservation among our employees. Despite ongoing efforts, significant reductions in our overall water consumption have not been achieved in recent years, signifying an area that requires the Company to intensify its focus, explore innovative conservation technologies, and implement more impactful strategies and enhanced improvement measures.

Paper Usage at Head Office



Water Consumption



<p>Total Consumption**</p> <p>26,427 2024/25 (m³)</p> <p>19,612 2023/24 (m³)</p> <p>14,875 2022/23 (m³)</p>	<p>Consumed per Employee¹</p> <p>14.99 2024/25 (m³)</p> <p>13.06 2023/24 (m³)</p> <p>12.19 2022/23 (m³)</p>	<p>Consumed per Workday²</p> <p>99 2024/25 (m³)</p> <p>73 2023/24 (m³)</p> <p>54 2022/23 (m³)</p>
<p>Consumed at Head Office</p> <p>6,283 2024/25 (m³)</p> <p>4,966 2023/24 (m³)</p> <p>3,805 2022/23 (m³)</p>	<p>Consumption per Branch</p> <p>352 2024/25 (m³)</p> <p>232 2023/24 (m³)</p> <p>256.46 2022/23 (m³)</p>	<p>Consumption by all Branches</p> <p>20,143 2024/25 (m³)</p> <p>14,646 2023/24 (m³)</p> <p>11,070 2022/23 (m³)</p>

**Consumption varies between months due to the addition of eleven branches and changes in the employee base at the head office and branches. Thus, consumption is calculated as an average for the financial year.

1. The total consumption per employee is calculated based on the number of employees as of 31st March 2025.

2. There were 266.5 working days from 01st April 2024 to 31st March 2025. Hence, the total consumption was divided by 266.5. It is calculated as 24 working days per month (including ½ day on Saturday).

Natural Capital

WASTE MANAGEMENT

Vallibel Finance is committed to responsible waste management across our operations. Our approach includes:



General Waste:

We ensure the proper segregation and disposal of general waste through established municipal services.



Electronic Waste Management:

During the year under review, the Company initiated an evaluation of establishing strategic partnerships with certified vendors to collect and process e-waste in a responsible and safe manner. This proactive approach underscores our dedication to minimising the environmental impact as we enhance our technological infrastructure.



Paper Waste:

Wherever feasible, paper waste generated within our offices is recycled, further reducing our environmental footprint.

INDIRECT SUPPORT FOR ENVIRONMENTALLY SOUND PRACTICES

Our commitment to a sustainable future extends beyond our direct operations through our indirect approach, which actively fosters environmentally responsible practices.

GREEN FINANCING AND LENDING

Consistent with our green lending initiative and our strong belief in the vital role of financial institutions in building a sustainable future, Vallibel Finance continues to offer financing solutions for hybrid and electric vehicles. This empowers our customers to reduce their emissions. During the financial year under review, the Company experienced an increasing demand for our green financing facilities, highlighting our ongoing dedication to promoting environmentally conscious practices within the financial services industry.

GREEN BUILDING AND BRANCH MODEL

After witnessing the success of the sustainable building model adopted for our new Corporate Office in

Colombo, the Company continues to make progress in adopting eco-friendly designs for our branches. This includes optimising natural lighting and ventilation to reduce energy consumption, together with implementing employee awareness campaigns focused on conservation and reduced non-renewable resource usage.

FUTURE OUTLOOK: EXPANDING CAPITAL REACH FOR FY 2025/26

Vallibel Finance remains steadfast in our commitment to enhancing our natural capital management practices. We further continue to prioritise refining our paper reduction strategies and actively explore the feasibility of integrating renewable energy alternatives to further minimise our environmental footprint. We intend to establish strategic partnerships with certified vendors to ensure the environmentally sound disposal and recycling of electronic waste generated by our operations. Furthermore, we are dedicated to strategically expanding our Corporate Social Responsibility (CSR) initiatives, with a strong emphasis on promoting environmental sustainability and the conservation of natural capital within our operational sphere and the wider community in Colombo.

Complementing these efforts, we intend to broaden the scope and impact of our green lending and financing programmes. By providing increased opportunities for environmentally conscious choices, we aim to empower our customers in Colombo and beyond to contribute to a more sustainable future. A key priority within this expansion will be actively supporting lending for renewable energy projects. These sustained initiatives underscore our commitment to fostering a more sustainable future for Vallibel Finance and the communities we serve throughout Sri Lanka. We look forward to actively pursue collaborations with external stakeholders in Colombo and other regions to champion environmental education and encourage green entrepreneurship.

Business Segment Performance

A STRONG COMMITMENT TO CUSTOMER LOYALTY AND STRATEGIC ADAPTABILITY DRIVES THE COMPANY’S BUSINESS SEGMENT PERFORMANCE. VALLIBEL FINANCE DILIGENTLY MONITORS ECONOMIC AND MARKET TRENDS, PROACTIVELY ADJUSTING ITS STRATEGIES TO ENSURE CONTINUED VIABILITY AND EFFECTIVELY CATERS TO EVOLVING CUSTOMER FINANCIAL NEEDS.



Customer-Centric Approach

We prioritise supporting our customers, maintaining transparency and fairness in all dealings, and have a proven track record of success even in challenging times.



Strategic Adaptability

We are committed to adjusting our strategies based on economic and market trends to ensure long-term business viability.



Optimism for Future Growth

We are confident in our ability to leverage future opportunities and deliver exceptional value, fuelled by our past performance and adherence to core principles.

KEY ACHIEVEMENTS

Loan Portfolio Growth: The growth of our lending portfolio far exceeded our expectations for the year under review.

Deposit Portfolio Growth: Our deposits expanded significantly, underscoring robust customer confidence and the Company’s agility in an evolving operating environment.

Gold Loan Portfolio Expansion: Our gold loan portfolio continues its strong growth momentum, effectively capitalising on rising gold prices and a strategic approach to customer acquisition.

PORTFOLIO GROWTH HIGHLIGHTS

Gold Loans

Rs. 20.60 Bn

Recorded a 31.40% growth in FY 2024/25, compared to 2.20% in FY 2023/24

Total Deposits

Rs. 67.48 Bn

Recorded a 15.07% growth in FY 2024/25, compared 18.09% in FY 2023/24

Total Loans

Rs. 92.15 Bn

Recorded a 35.03% growth in FY 2024/25, compared to 11.20% in FY 2023/24



Performance of Business Segments

STRATEGIC RESPONSES TO CHALLENGES

Optimised Operations:
Implemented stringent cost controls and enhanced efficiency measures to navigate the challenging economic climate.

Dynamic Interest Rate Management:
Agilely adjusted deposit interest rates, ensuring regulatory compliance and maximising customer benefits.

Prudent and Selective Lending:
Adopted a cautious approach to loan applications, prioritising risk mitigation and genuine customer needs.

OVERVIEW OF THE DEPOSITS AND LENDING PORTFOLIOS

Sri Lanka’s economy showed a notable recovery in 2024, especially post the presidential election in September. This improved economic environment has positively impacted the Company’s deposits and lending portfolios.

While inflation rates significantly eased, even experiencing deflationary conditions in the early part of 2024, the Central Bank of Sri Lanka (CBSL) maintained an accommodative monetary policy stance. This resulted in a gradual reduction in

market lending interest rates. Despite some initial sluggishness, private sector credit showed notable expansion, particularly since May 2024, with broad-based growth across all major economic sectors.

The proactive measures adopted by the CBSL, including a shift to a single Overnight Policy Rate (OPR) in November 2024 to enhance monetary policy transmission, aimed to ensure inflation aligns with the 5% target while supporting economic activity. This conducive policy environment, coupled with improved liquidity conditions and a strengthening external sector, which was driven by tourism and remittances, continues to create favourable conditions for the expansion of both deposits and lending.

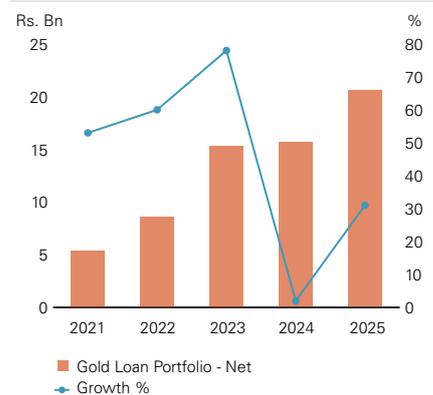
Deposit & Lending Portfolio over the years



GOLD LOAN PORTFOLIO

The gold loan portfolio recorded a remarkable growth during the year under review, a significant achievement given the intense competition from other Non-Banking Financial Institutions (NBFIs). This impressive expansion underscores the enduring appeal of gold-backed lending and the Company’s strategic commitment. This substantial growth can be attributed to several key factors: elevated gold prices which have increased the collateral value of gold, making gold loans an attractive option for quick liquidity; a persistent demand for accessible and less complex credit solutions, with gold loans offering streamlined processes and faster disbursement; the Company’s strategic market penetration and proactive product promotion through targeted campaigns and competitive rates; and the inherent resilience of the gold loan segment itself, which, as a secured lending product, typically entails lower default risks, making it a stable and attractive area for expansion. By understanding these drivers, the Company remains well-positioned to capitalise on the enduring strength of the gold loan market and further expand its footprint.

Growth in Gold Loan Portfolio



Performance Highlights

- > A robust 31% growth was achieved in the gold loan portfolio.
- > Gold loans now represent 21.50% of the Company's lending portfolio.
- > The total gross gold loan portfolio reached Rs. 20.6 Bn as of 31st March 2025.
- > Interest income from gold loans amounted to Rs. 3.59Bn.
- > 11 additional branches began offering gold loans in the year under review, bringing the total to 73 branches.

Looking Ahead

Recognising gold loans as a pivotal growth driver within our product portfolio, the Company aims to integrate these products into all new branch locations to enhance customer accessibility. Efforts will focus on refining gold loan offerings and actively promoting them through transparent procedures designed to encourage customer trust. Furthermore, the Company intends to explore untapped market segments, leveraging these opportunities to expand reach and cultivate a broader customer base.

DEPOSITS PORTFOLIO

The Company demonstrated notable growth in its deposit base during the financial year under review, underscoring our ability to foster trust among customers and adapt effectively in a shifting financial environment. This success was supported by a decline in interest rates, enabling the Company to offer competitive advantages to depositors while adhering to CBSL guidelines to maximise benefits.

Performance Highlights

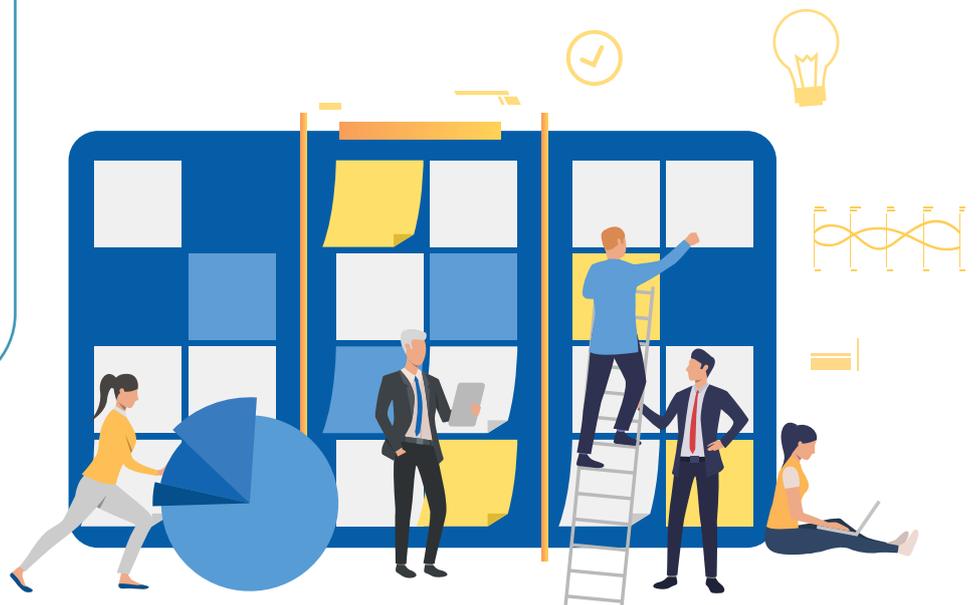
- > Total deposits reached Rs. 67.48 Bn during the year under review, compared to Rs. 58.64 Bn the previous year.
- > Despite challenging market conditions, a growth rate of 15.1% was achieved, a slight moderation from the 18.1% recorded last year.

Growth in Deposit Base



Looking Ahead

The upcoming financial year presents a cautiously optimistic outlook for Sri Lanka's economic landscape. Ongoing structural reforms, debt restructuring agreements, and further easing of monetary policy are anticipated to contribute to lower interest rates, reducing borrowing costs for businesses and individuals. While the high-interest rate regime of recent years may continue to weigh on certain sectors, the anticipated economic rebound is expected to accelerate deposit growth and enhanced financial stability across the sector.

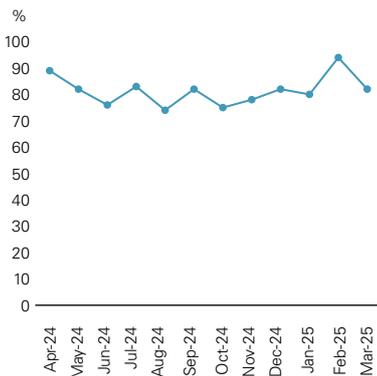


Performance of Business Segments

FIXED DEPOSITS

The Company successfully sustained a high renewal ratio for fixed deposits throughout the financial year under review, solidifying its position as a trusted financial partner. Adjustments to interest rates, aligned with prevailing market conditions, played a pivotal role in encouraging customers to renew their fixed deposits. Furthermore, the Company emphasised retention strategies by fostering both smaller deposits and long-term commitments, ensuring a diverse and robust deposit portfolio. By prioritising customer engagement and loyalty, the Company has laid the groundwork for continued success and stability in this key area of operations.

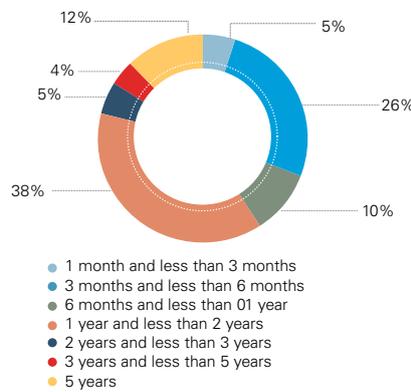
Fixed Deposit Renewal Ratio



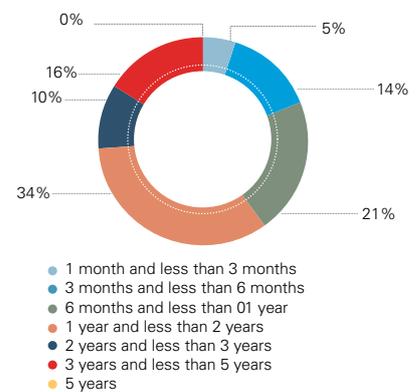
Performance Highlights

- > The Company achieved an average fixed deposits renewal ratio of 81%.
- > Above Rs. 10 Mn fixed deposits represent 40% of the total deposits portfolio.
- > Fixed deposits ranging from Rs. 1 Mn to Rs. 10 Mn equals 50% of the deposits portfolio.
- > 34% of the fixed deposit portfolio is held for 1 year to less than 2 years.
- > 20% of the portfolio matures within 6 months.

Tenure wise Fixed Deposits Base as at 31st March 2024



Tenure wise Fixed Deposits Base as at 31st March 2025



Looking Ahead

The Company remains dedicated to strengthening its fixed deposit offerings by providing competitive interest rates, prioritising exceptional customer service, and maintaining a well-diversified deposit portfolio strategy. These efforts aim to ensure sustained growth and stability in the deposit base over the coming years.

LEASING PORTFOLIO

The Company offers leasing solutions for high-value assets under its general leasing category and low-investment vehicles such as three-wheelers and motorbikes under the micro leasing category with competitive rates and flexible payment options.

Following a decline in the previous year, the leasing portfolio increased during the financial year under review. This positive shift is encouraging for the future growth of this portfolio despite continuing challenges in the Sri Lankan vehicle market, such as ongoing import restrictions on vehicles that affected availability and pricing. To effectively navigate this environment, the Company maintained a strategic approach, prioritising a cautious stance and diligently focusing on cost efficiency to maximise profitability.

Performance Highlights

- > The portfolio experienced a 28.93% increase compared to the 3.47% decline recorded in the previous financial year.
- > The portfolio amounted to Rs. 14.87 Bn during the year under review compared to Rs. 11.53 Bn recorded in the previous year.
- > The leasing portfolio's share of the total lending portfolio increased to 15.50% during the year, compared to 15.16% in the previous year.

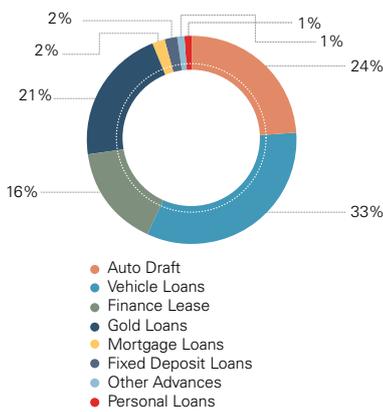
Looking Ahead

The Company will maintain a selective lending strategy to effectively manage risks and minimise potential defaults. We will closely monitor market developments to make informed decisions and identify promising customer segments for strategic growth. Furthermore, remain committed to continuously improving cost efficiency to ensure the long-term financial stability of our leasing portfolio.

LENDING PORTFOLIO

Despite the uncertainty prevailing in the operating environment, the Company's lending portfolio has shown robust growth. This expansion marks a significant turnaround from the decline experienced in the previous financial year. This positive shift is largely attributed to the Company's proactive strategic measures, coupled with greater customer confidence and an improvement in consumer spending amidst a stabilising macroeconomy.

Lending Portfolio Composition as at 31st March 2025



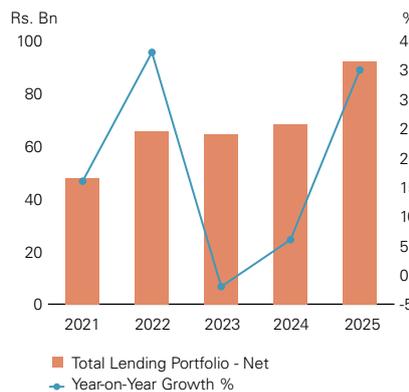
Performance Highlights

- > The portfolio recorded a growth of 35.0% compared to the 11.2% growth recorded in the previous financial year.
- > Total portfolio value amounted to Rs. 92.15 Bn for the year under review, compared to Rs. 68.24 Bn achieved in the previous financial year.
- > The significant expansion of our lending portfolio was primarily driven by strong performances in Gold Loans, Vehicle Loans, Finance Leases, and Auto Drafts.

Looking Ahead

As the economic environment continues to improve and key indicators stabilise, the Company maintains a positive outlook for significant expansion of our lending portfolio in the coming year, anticipating the attraction of new customers. As part of our approach, we will focus on meeting the evolving financial needs of our target customers while ensuring a rigorous loan application assessment process.

Growth in Lending Portfolio



The Company will continue to adopt a cautious yet proactive approach to strategy formulation and goal setting for our lending portfolio, optimise business operations for efficiency and enforce stringent cost-control measures to ensure sustained financial stability.

VEHICLE LOAN PORTFOLIO

The vehicle loans portfolio experienced a significant expansion during the year under review, mainly driven by the easing of import restrictions on vehicles (which officially began to lift in phases from late 2024, with personal vehicles by February 2025) and the overall stabilisation of the Sri Lankan economy, leading to increased consumer confidence and a gradual reduction in lending interest rates by the CBSL.

Performance Highlights

- > The portfolio achieved a remarkable 47.68% growth during the year under review, compared to 34.70% in the previous year.
- > The portfolio recorded Rs. 31.55 Bn during the year under review, compared to Rs. 21.36 Bn as of 31st March 2024.

Looking Ahead

As the economic landscape continues to evolve, the Company is strategically positioned to navigate the changing environment and ensure the long-term health of this portfolio. We will adopt a cautious approach to customer acquisition, maintaining rigorous credit assessments and thorough customer screening for all new loans. Additionally, the Company will uphold strong procedures and processes, supported by effective monitoring mechanisms, to proactively manage risks.

Performance of Business Segments

MORTGAGE LOAN PORTFOLIO

The positive turnaround and increase in the Company's mortgage loan portfolio during the year under review were directly driven by a strategic reassessment designed to address the challenges within the economic environment. This re-evaluation allowed us to align our mortgage loan offerings more closely with consumers' evolving needs and preferences, ultimately leading to enhanced relevance and appeal in the market.

Performance Highlights

- > The mortgage loan portfolio recorded a 12.17% increase compared to the 88.50% decline recorded in the previous financial year.
- > By the year-end, the total portfolio amounted to Rs. 2.21 Bn compared to Rs. 1.97 Bn during the year previous financial year.

Looking Ahead

The Company is optimistic about continued growth in its mortgage loan portfolio. Our core commitment in the medium term remains on sustainable management, with a key priority placed on preventing defaults on repayments.

PROPERTY MORTGAGE LOAN PORTFOLIO

The Company's property mortgage loan portfolio experienced positive growth during the financial year under review, indicating an increasing demand for investments in property. While this growth has been encouraging, the Company is cognisant that prevailing interest rates, though declining, still remain higher than pre-2022 levels. This could pose a challenge to maintaining a similar growth momentum in the coming years.

Performance Highlights

- > The property mortgage loan portfolio grew by 14.61% during the year under review, compared to 30.30% in the previous financial year.
- > The total portfolio amounted to Rs. 2.15 Bn compared to reach Rs. 1.87 Bn recorded in the previous financial year.

Looking Ahead

We remain committed to developing strategies that effectively navigate the changing economic climate and its impact on interest rates, allowing us to attract new customers. The Company will also continuously adapt our products and services to meet the evolving needs of property investors, while maintaining responsible lending practices to ensure the long-term sustainability of this portfolio.

VALLIBEL AUTO DRAFT PORTFOLIO

Vallibel Auto Draft offers a flexible financing solution where customers can make monthly interest payments with the principal due at the end of the loan term. This cost-effective alternative to traditional bank overdrafts requires collateral, such as a motor vehicle or a guarantor.

During the year under review, our Auto Draft portfolio recorded growth, mainly due to the recovering economic conditions, where individuals were willing to take on new credit for personal and business needs, leveraging this flexible financing option as a bridge during economic transition.

Performance Highlights

- > A 23.58% growth was recorded during the year under review compared to the 9.94% growth in the previous financial year.
- > The total portfolio amounted to Rs. 23.42 Bn as at 31st March 2025, compared to Rs. 18.95 Bn recorded as at 31st March 2024.

Looking Ahead

While the Company anticipates continued demand for Auto Drafts, evolving market dynamics may influence the growth trajectory in the upcoming year. Despite the easing of vehicle import restrictions, their lingering effects on vehicle availability for collateral, coupled with the financial strain on consumers from higher living expenses, could still impact borrowing capacity.

In response to these nuanced conditions, the Company will temporarily moderate the issuance of Auto Drafts. This will enable us to focus on maintaining a sustainable growth rate in the short to medium term and mitigate potential risks associated with a broader collateral pool during this transitional economic phase.

VALLIBEL WHEEL DRAFT PORTFOLIO

The Vallibel Wheel Draft is an alternate financing option specifically catering to registered and unregistered three-wheeler owners. During the year under review, this portfolio continued its growth momentum from the previous financial year. Declining leasing costs and easing vehicle import restrictions supported customer demand to opt for this alternative.

Performance Highlights

- > The portfolio experienced a 17.65% decrease during the year under review, compared to 1.34% increase in the previous financial year.
- > The total portfolio amounted to Rs. 0.28 Bn compared to Rs. 0.34 Bn in the previous year.

Looking Ahead

The Company anticipates higher portfolio growth in the forthcoming financial year as the economy further stabilises and interest rates continue to decline and stabilise. This improved economic outlook is expected to create more favourable conditions for this segment.

PERSONAL LOAN PORTFOLIO

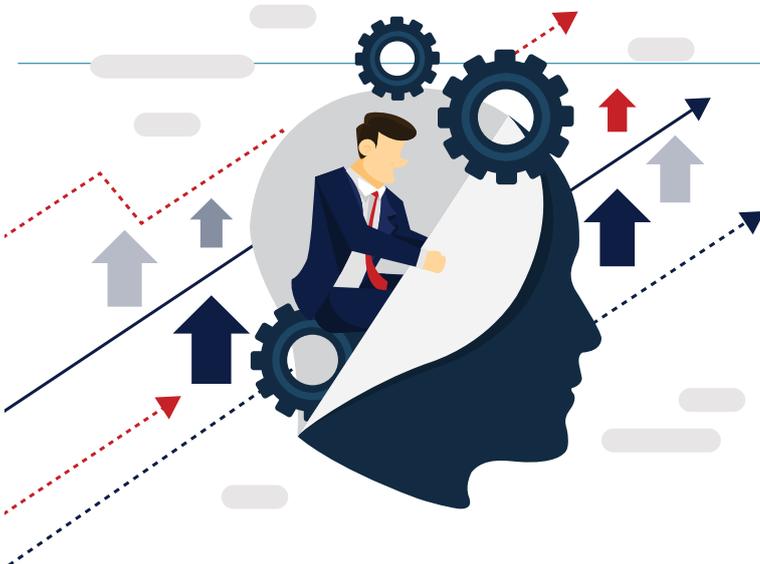
The personal loan portfolio, designed to offer financial assistance for various individual needs (such as home improvements, medical expenses, or education costs), recorded growth during the year under review. This marks a significant improvement from the decline experienced in the previous financial year, primarily reflecting the impact of lower interest rates on consumer borrowing behaviour in the improving economic climate.

Performance Highlights

- > The portfolio recorded a 51.73% increase during the year under review, a marked improvement from the 7.11% decline recorded in the previous financial year.
- > Total portfolio value reached Rs. 1 Bn as at 31st March 2025, compared to Rs. 0.65 Bn recorded as at 31st March 2024.

Looking Ahead

We are optimistic that the upcoming financial year will bring further growth to this portfolio, driven by increasing positive sentiment about the country's economy. Our strategic focus will be on proactively promoting alternative lending products that are increasingly aligned with evolving customer needs and current economic realities. We will also closely monitor market conditions, particularly interest rates, to effectively assess and respond to future demand for personal loans. We anticipate significant opportunities as the economy stabilises further and interest rates continue their downward trend.



Performance of Business Segments

LOANS AGAINST FIXED DEPOSITS PORTFOLIO

Vallibel Finance offers a unique and highly valued service: "Loans Against Fixed Deposits." This innovative solution allows our existing fixed deposit customers to access essential credit while simultaneously maintaining their deposits and continuing to earn interest.

Although currently constituting a small, yet impactful, 1.61% portion of the overall lending portfolio, loans against fixed deposits continued growth momentum during the year under review, highlighting its increasing appeal as a flexible financing option.

Performance Highlights

- > The portfolio demonstrated strong continued growth, expanding by 30.41% in the current financial year, following a significant 22.42% increase in the financial year 2023/24.
- > Total portfolio value was Rs. 1.55 Bn as at 31st March 2025, compared to Rs. 1.19 Bn recorded as at 31st March 2024.

Looking Ahead

We anticipate continued demand for our "Loans against Fixed Deposits" as customers seek to leverage their fixed deposits for short-term financial needs while effectively maintaining their long-term savings goals. We remain committed to offering our deposit base this valuable and flexible financing option.

UPHOLDING VALUES, LEADING WITH TRUST

Our commitment to principled leadership shapes every decision we make. At Vallibel Finance, governance is more than compliance—it is the ethical compass that builds credibility, confidence, and long-term value.

GOVERNANCE

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Corporate Governance

VALLIBEL FINANCE PLC ACKNOWLEDGES THAT STRONG CORPORATE GOVERNANCE IS VITAL TO OUR SUSTAINED SUCCESS. WE HAVE IMPLEMENTED A COMPREHENSIVE FRAMEWORK THAT ALIGNS WITH ESTABLISHED BEST PRACTICES AND REGULATORY STANDARDS, FOSTERING STAKEHOLDER TRUST AND DRIVING LONG-TERM VALUE CREATION.

Approach to Corporate Governance

Corporate governance forms a fundamental component of Vallibel Finance PLC (Vallibel Finance) business model, encompassing a comprehensive framework of rules, regulations, and operational processes. This framework ensures the Company's adherence to applicable governmental and industry regulatory requirements, while also facilitating the effective and sustainable management of business operations for the benefit of all stakeholders.

Vallibel Finance's corporate governance structure is underpinned by the core principles of accountability, transparency, and ethical conduct. It integrates both internal and external regulatory considerations that may influence governance policies and practices. Beyond mere compliance with statutory obligations, the Company actively adopts voluntary best practices to reinforce the robustness and integrity of its governance system. Over time, this deliberate and structured approach to corporate governance has enabled the Company to uphold best practices in ethical behaviour, corporate integrity, and transparent operations, thereby strengthening stakeholder trust and supporting long-term organisational sustainability.

The Board of Directors (BOD) of Vallibel Finance holds ultimate responsibility for overseeing governance-related matters on behalf of the Company. The Board is tasked with implementation of governance mechanisms by establishing clear lines of accountability and reporting

throughout the organisational structure. To ensure the efficient execution, control, and monitoring of corporate governance systems, the BOD has delegated specific responsibilities to dedicated Board Sub-Committees and Management Committees. A comprehensive corporate governance framework has been established to define roles and responsibilities clearly, set transparent reporting structures, and facilitate the continuous assessment of both external and internal factors impacting the Company's operations.

Corporate Governance Framework

The Company's corporate governance framework is designed to integrate governance principles seamlessly into its operational processes. By aligning governance practices and control systems with the Company's business strategies, this framework ensures that governance considerations are embedded not only in strategic decision-making but also in the execution of day-to-day operations. Moreover, the framework serves as a guiding structure for both management and employees, fostering a culture of accountability, ethical conduct, and responsible decision-making. This integrated approach supports long-term value creation and underpins the Company's commitment to sustainable growth, business development, and enduring success.

The Company recognises that its corporate governance framework must remain dynamic and responsive

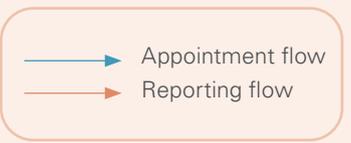
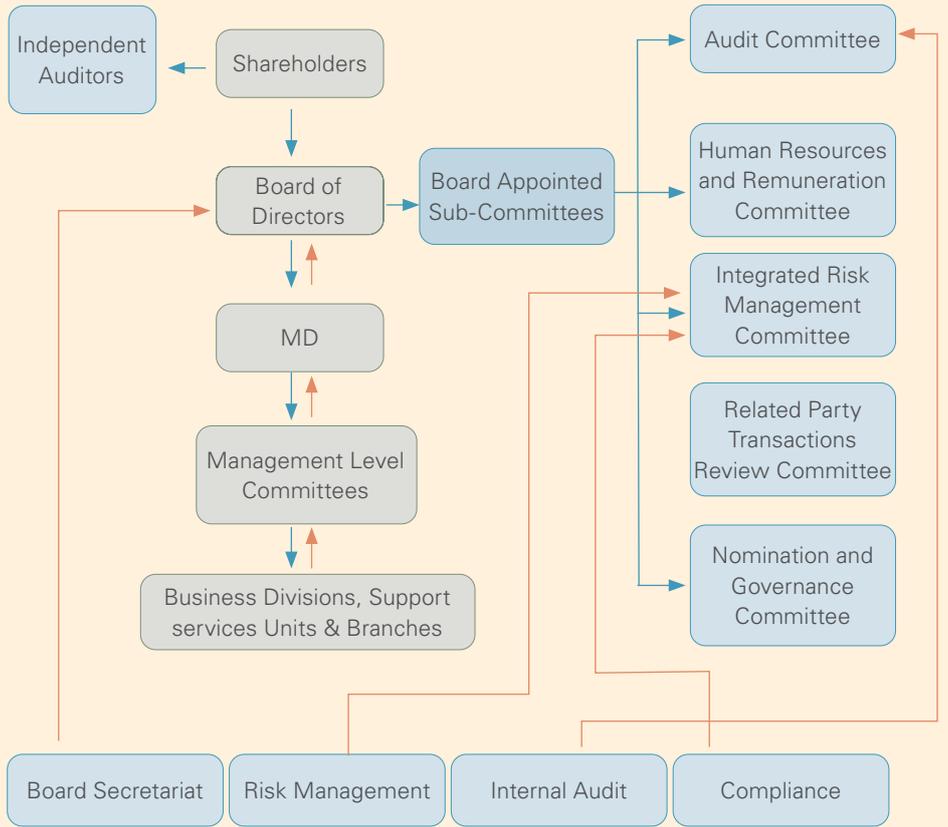
Regulatory Oversight Framework

- > Companies Act No. 07 of 2007
- > Finance Business Act No. 42 of 2011
- > Finance Business Act (Corporate Governance) Direction No.05 of 2021 issued by Monetary Board of the Central Bank of Sri Lanka
- > Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
- > Listing Rules of Colombo Stock Exchange (CSE)
- > Securities and Exchange Commission of Sri Lanka (SEC) Act No. 36 of 1987 (as amended)
- > Acts, Circulars and Gazettes issued by the Taxation Authorities
- > Shop and Office Employees Act No.19 of 1954 and amendments
- > Requirements under Sri Lanka Accounting and Auditing Standards Monitoring Board.

Working w

to evolving internal and external developments. As such, we are committed to the continuous improvement of our governance systems to ensure their relevance, effectiveness, and alignment with emerging best practices. As a listed entity on the Colombo Stock Exchange (CSE), we acknowledge our responsibility to uphold highest standard of governance practices in order to maintain the confidence of our shareholders and the broader stakeholder community. Operating as a financial services institution entrusted

CORPORATE GOVERNANCE FRAMEWORK



Internal Control and Monitoring Mechanisms

- > Vision, Mission and Corporate Values
- > Articles of Association
- > Charters of Board Sub-Committees and Management level Committees
- > Organisational Structure
- > Policies, Guidelines and Manuals
- > Risk Management Procedures
- > Internal Control Procedures and Processes
- > Code of Ethics for all Employees

within the concepts of Accountability, Transparency and Ethical Business Practices

with public deposits and responsible for disbursing funds to those in need, the establishment and maintenance of a comprehensive and resilient governance framework is essential. It fosters long-term trust, reinforces accountability, and enhances our credibility and reputation among key stakeholders.

The Company’s ongoing focus on strengthening corporate governance mechanisms has reinforced its commitment to ethical business conduct, ensuring integrity, transparency, and

accountability in all interactions with stakeholders. These efforts have not only upheld high standards of corporate behaviour but have also contributed to the creation of both financial and non-financial value for all stakeholder groups. To maintain the effectiveness and relevance of its governance practices, the Company regularly reviews, updates, and refines its governance structures, systems, and processes. This ensures alignment with evolving regulatory requirements and the adoption of emerging best practices. Through this

reflective and proactive approach, the Company sustains a clearly defined and responsive governance framework, enabling it to fulfil its mandate of accountability and long-term value creation for stakeholders.

Corporate Governance

Application of Corporate Governance Practices at Vallibel Finance

Vallibel Finance follows a sound corporate governance framework that is aligned with the directives issued by the Central Bank of Sri Lanka (CBSL), the 2023 edition of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the regulatory requirements outlined by the CSE under Section 09.

Board of Directors

As the highest governing body within the organisation, the Vallibel Finance Board holds the responsibility for directing the operations of the Company. The Board plays a key role in setting the Company's vision, mission, and values while also ensuring the establishment of an appropriate control environment. This framework enables the Company to be managed in a sustainable manner, aiming to meet stakeholder expectations.

Fit and Proper Assessment of Director

The Directors provided declarations confirming their continued compliance with the Fit and Proper assessment criteria, in accordance with Rule 9.4.7 of the Listing Rules of the CSE and Finance Business Act (Corporate Governance) Direction No.05 of 2021 (Finance Business Act Direction No. 05 of 2021). These confirmations covered the entire financial year under review and remained valid as at the date of the declarations.

Board Composition

The Board serves as the supreme governing body of Vallibel Finance, responsible for overseeing the Company's business operations. Its duties include evaluating the Company's performance, making strategic decisions, conducting regular meetings of the Board and its Sub-Committees, ensuring effective governance, and supervising the

Company's risk management practices. The Board consists of Seven (07) members, including the Chairman, with four (04) members being Non-Executive Directors. The Profiles of the Directors, along with their current appointments are presented on pages 29 and 30. As per the Articles of Association of the Company, the Board shall consist of not more than thirteen (13) members. The composition of the Board reflects a diverse balance of skills and experience tailored to the nature of the Company's business. The composition of the Board is guided by the Company's Articles of Association, the Corporate Governance provisions of the Finance Business Act Direction No. 05 of 2021, and the Listing Rules of the CSE.

Complete profiles of the Board members are available on pages 29 and 30.

No.	Name of Director	Status	Date of Appointment to the Board
01	Mr. K D A Perera	Chairman - Non-Executive Director	12.08.2014 Re-appointed as Chairman w.e.f. 06.09.2023*
02	Mr. S B Rangamuwa	Managing Director	14.03.2007
03	Mr. S S Weerabahu	Executive Director	20.04.2018 Appointed as an Executive Director w.e.f. 19.12.2019
04	Mr. J Kumarasinghe	Independent Non-Executive Director	01.02.2019 Appointed as the Senior Independent Director w.e.f. 23.09.2023
05	Mrs. C P Malalgoda	Independent Non-Executive Director	01.12.2021
06	Mr. M A K B Dodamgoda	Independent Non-Executive Director	05.09.2023
07	Mr R S Dahanayake	Independent Non-Executive Director	23.08.2024

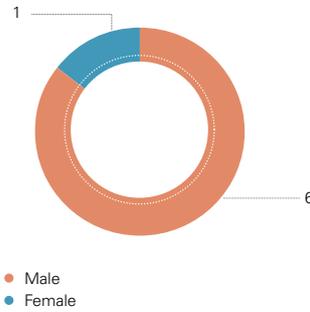
*Mr. K D A Perera, who was a Non-Executive Director/ Chairman completed his term of nine years of service as a Director of the Company on 12th August 2023 and ceased to be a Director. After having obtained relevant regulatory approval under the section 3.4 of the Finance Business Act Direction No. 05 of 2021, Mr. K D A Perera was re-appointed as a Non-Executive Director and the Chairman with effect from 06th September 2023.

Based on the declarations submitted by the Non-Executive Directors, the Board has concluded that Four (04) Non-Executive Directors, are 'Independent' as per the criteria outlined in the Listing Rules of the CSE and the Finance Business Act Direction No. 05 of 2021.

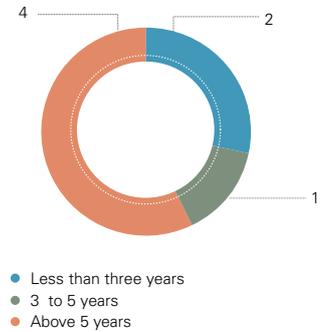
A Balanced Board



Gender Representation



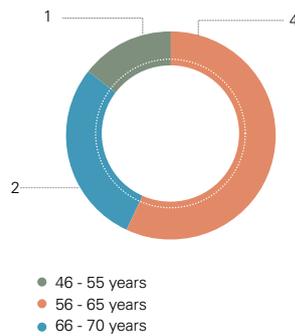
Period of Service



Expertise



Board Composition by Age



Appointment /Re-election/ Resignation of Directors

At Vallibel Finance, the appointment, re-election, and resignation of Directors are conducted in accordance with the Company’s Articles of Association, relevant regulatory frameworks, and established governance best practices. New appointments follow a formal and transparent process overseen by the Nomination and Governance Committee, based on knowledge, skills, experience, independence and objectivity to fulfil the responsibilities on the Board.

Under the Articles of Association of the Company the Director to retire in every year at each Annual General Meeting shall be such Director who has been longest in office since their last election or appointment except for an incumbent Director holding the office of Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director

or other Executive Officer. The Articles of Association of the Company further requires any Director who was appointed to the Board to be elected by the Shareholders at the first Annual General Meeting.

Directors offer themselves for re-election, subject to performance evaluations by the Board and the Nomination and Governance Committee. The newly appointed Directors are briefed on the corporate governance requirements, Listing Rules, securities market regulations and other applicable laws and regulations at the Board meetings and the incumbent Directors are regularly updated on same at the Board discussions and the discussions of the Board Sub-Committees.

Each Director’s election or re-election is conducted as a separate resolution, and is outlined in the Notice of Meeting on page 347 of this report.

Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company.

Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 29 and 30.

Board Diversity

At Vallibel Finance, we acknowledge that Board diversity is a critical component of effective governance, well-informed decision-making, and long-term corporate success. We are dedicated to cultivating a Board which reflects a broad spectrum of skills, experiences, perspectives, and backgrounds, ensuring a balanced and inclusive approach to leadership.

Corporate Governance

Responsible and accountable to the operations of the Company

The Board shall assume overall responsibility and accountability for the operations of the Vallibel Finance, by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements.

Chairman and Managing Director

The functions of the Chairman and the Managing Director are separate with a clear distinction drawn between responsibilities, which ensure balance of power and authority. Mr. K D A Perera serves as the Chairman and Mr. S B Rangamuwa serves as the Managing Director of the Company. The Senior

Independent Director provides essential support to the Chairman while acting as a bridge between Independent/Non-Executive Directors and shareholders.

Role	Responsibility
Chairman	The Chairman leads the Board by setting strategic direction, promoting good governance, and ensuring clear separation between oversight and management. The Chairman also oversees meeting agendas, supports efficient board processes, communicates shareholder views, and leads annual evaluations to improve Board performance and leadership.
Managing Director	The role is centred on implementing business and risk strategies that align with the Company's strategic objectives, while building a management framework that ensures accountability, transparency, and independent control functions. Working with the Board, Managing Director promotes a corporate culture grounded in ethics, risk awareness, and professionalism.
The Senior Independent Director	Senior Independent Director plays a key role in ensuring objective and unbiased oversight, supporting balanced governance and sound decision-making.

Conflicts of interest

The Board has established a formal Conflict of Interest Policy which is applicable to Directors and Senior Management which set outs their duty to disclose any interest that could or will conflict with those of the Company and set out the procedure pursuant to which such disclosure should be made.

Board Meetings

The results of the Company are regularly considered and monitored against the budgets at Board meetings at which a standard Agenda is discussed together with any other matter that require the attention of the Board. The Board meets once a month, and wherever necessary, Special Meetings of the Board are held.

During the year ended 31st March 2025, thirteen (13) meetings of the Board were held. The attendance at the meetings is as follows:

Name of the Director	Executive/Non-Executive/ Independent Non-Executive	Attendance
Mr. K D A Perera	Non-Executive	13/13
Mr. S B Rangamuwa	Executive	13/13
Mr. S S Weerabahu	Executive	13/13
Mr. J Kumarasinghe	Independent Non-Executive	13/13
Mrs. C P Malalgoda	Independent Non-Executive	13/13
Mr. M A K B Dodamgoda	Independent Non-Executive	13/13
Mr. R S Dahanayake *	Independent Non-Executive	9/9

* Appointed to the Board w.e.f. 23rd August 2024

Sub Committees

Given the limited time available to address all aspects of the Company's operations, the Board has established Sub-Committees to provide more focused, in-depth oversight of key matters. These Committees enhance the Board's effectiveness by allowing specialised attention to specific areas, enabling more efficient and informed decision-making. Each Committee operates under formal Terms of Reference approved by the Board, which support objectivity, balanced governance, and strengthened risk management.

Board Audit Committee

Board Audit Committee functions as a Sub-Committee of the Board. The names of the Directors who serve on the said Committee and attendance at meetings are given below.

Name of the member	Designation	Member status in the Committee	Meeting Attendance
Mr. M A K B Dodamgoda	Independent Non-Executive Director	Chairman	7/7
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Member	7/7
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	7/7

The Report of the Board Audit Committee is given on pages 201 to 203.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee functions as a Sub-Committee of the Board. The names of the Directors who serve on the said Committee and attendance at meetings are given below.

Name of the member	Designation	Member status in the Committee	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	7/7
Mr. K D A Perera	Non-Executive Director	Member	7/7
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	7/7

The Report of the Human Resource and Remuneration Committee is given on pages 210 and 211.

Nomination and Governance Committee

Nomination and Governance Committee functions as a Sub-Committee of the Board. The names of the Directors who serve on the said Committee and attendance at meetings are given below.

Name of the member	Designation	Member status in the Committee	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	2/2
Mr. K D A Perera	Non-Executive Director	Member	2/2
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	2/2

The Report of the Nomination and Governance Committee is given on pages 207 to 209.

Corporate Governance

Related Party Transactions Review Committee

Related Party Transactions Review Committee functions as a Sub-Committee of the Board. The names of the Directors who serve on the said Committee and attendance at meetings are given below.

Name of the member	Designation	Member status in the Committee	Meeting Attendance
Mr. M A K B Dodamgoda	Independent Non-Executive Director	Chairman	4/4
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Member	4/4
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	4/4

The Report of the Related Party Transactions Review Committee is given on pages 212 and 213.

Board Integrated Risk Management Committee

Board Integrated Risk Management Committee functions as a Sub-Committee of the Board. The names of the Directors who serve on the said Committee and attendance at meetings are given below.

Name of the member	Designation	Member status in the Committee	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	6/6
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	6/6
Mr. M A K B Dodamgoda	Independent Non-Executive Director	Member	6/6

The Report of the Board Integrated Risk Management Committee is given on pages 204 to 206.

Role of the Company Secretary

The Company Secretary is tasked with the proper administration of the proceedings and affairs of the Board, and its Committees in line with the applicable rules and regulations. All Directors have unrestricted access to the advice and services of the Company Secretary to ensure that Board procedures, as well as applicable laws, regulations, and governance standards, are properly followed. Mrs Lakmini Kottegoda serves as the Company Secretary for Vallibel Finance.

The Management

The day-to-day operations of the Company are entrusted to the Corporate and Senior Management headed by the Managing Director. They ensure that risks and opportunities are identified and required steps are taken to achieve targets within defined time frames and budgets.

Internal control

The internal control system of Vallibel Finance supports the identification and

management of financial, operational, IT and compliance risks. The Board, with support from the Board Audit and Board Integrated Risk Management Committees regularly reviews the effectiveness of the Internal Controls. External auditors have certified the internal controls over financial reporting.

Compliance Officer

Ms. D D Wijayathilaka functions as the Compliance Officer to ensure compliance with the Regulatory and Statutory requirements and the laws and regulations governing Finance Companies, Public Listed Companies and business activities undertaken by the Company in general.

Financial Disclosures and Transparency

The financial statements of the Company are prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS), the Companies

Act, the Finance Business Act and the directions and rules issued thereunder. As a listed Company, Vallibel Finance publishes unaudited quarterly/half yearly Financial Statements and Audited Financial Statements in compliance with the Listing Rules of the CSE and Finance Companies (Publication of half-yearly Financial Statements) Guideline.

Messrs Ernst & Young, Chartered Accountants, act as Independent Auditors of the Company. The Auditors are allowed to act independently and without intervention from the Management or the Board of Directors to express an opinion on the financial statements of the Company. All the required information is provided for examination to the Auditors.

Corporate Governance Policies

The Board approved governance policies prepared in line with Rule 9.2.1 of the Listing Rules of the CSE namely, 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 Whistle blowing, Policy on Anti-Bribery and Corruption are in effect to regulate the Governance culture and is published in the Corporate website of the Company [<https://www.vallibelfinance.com>]

Ethical Standards

The Company requires that all its employees maintain the highest standards of integrity in the performance of their duties and dealings on behalf of the Company.

The Company focuses on the training and career development of employees for the creation of an empowered and committed group of employees.

Statutory Payments

All statutory payments due to the Government, which have fallen due, have been made or where relevant, provided for. Retirement gratuities have been provided for in accordance with Sri Lanka Accounting Standards No.19, Employee Benefits.

Compliance Statement

We confirm that throughout the year ended 31st March 2025, and as at the date of this Annual Report, the Company was compliant with the Listing Rules of the CSE, the Finance Business Act Direction No. 05 of 2021 on Corporate Governance.

In addition, tables set out in pages 156 to 167 depict the extent of adherence with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Further, the Company has complied with the provisions of the Companies Act No. 07 of 2007 and other statutes as applicable to the Company.

IT Governance

Vallibel Finance has recognised the importance to have an effective IT Governance Model that ensures technology investments support the business goals of the company.

Having recognised the baseline security standards stipulated by the regulators, special mention on "Technology Risk Management and Resilience Direction 1 of 2022" is taken as a key deliverable for Vallibel Finance to comply with. Vallibel Finance has initiated to Implement ISO 27001:2022 standards which will enable identifying and mitigating security risks, safeguarding confidential information, reducing the risk of cyber-attacks, enhancing business resilience and also customer trust and confidence. BoardPAC has been successfully introduced to our Board this year, reinforcing the Company's digitalisation strategy. This fully automated platform supports efficient, real-time communication and decision-making at the highest level.

The Board has appointed a Chief Information Security Officer (CISO) who will be responsible for ensuring that organisation's data and cyber security are robust, overseeing security policies, conducting risk assessments and ensuring compliance. The IT Steering Committee overseeing the IT Security of the Company reports to Board Integrated

Risk Management Committee. There have been several awareness programs conducted to educate the employees on Information Systems Security including a session conducted to the members of the Board.

Accountability and Disclosure

The members of the Board of Directors have reviewed in detail the Financial Statements in order to satisfy themselves that they present a true and fair view of the Company's affairs.

By Order of the Board

VALLIBEL FINANCE PLC



Lakmini Kottegoda
Company Secretary

29th May 2025

Corporate Governance

SECTION ONE

The Finance Business Act Direction No.05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka for Licensed Finance Companies:

The disclosures below reflect the Company's compliance and the extent of its compliance with the above Direction which comprises of sixteen subsections, namely:

- | | |
|---|---|
| 1. Board's overall responsibilities | 9. Delegation of Functions by the Board |
| 2. Governance Framework | 10. Board Sub - Committees |
| 3. Composition of the Board | 11. Internal Controls |
| 4. Assessment of Fitness and Propriety Criteria | 12. Related Party Transactions |
| 5. Appointment and resignation of directors and senior management | 13. Group Governance |
| 6. The Chairperson and the CEO | 14. Corporate Culture |
| 7. Meetings of the Board | 15. Conflicts of Interest |
| 8. Company Secretary | 16. Disclosure |

Directions	Extent of Compliance
1. Board's overall responsibilities	
1.1 Assume overall responsibility and accountability for the operations of the Company, by setting up the strategic direction, governance framework, establishing corporate culture and ensuring compliance with regulatory requirements	Complied with. The Board has the overall responsibility and accountability for the operations of the Company and carrying out functions listed in 1.2 to 1.7 of the Direction.
1.2 Business Strategy and Governance Framework	
a) Approving and overseeing the implementation of the Company's overall business strategy with measurable goals for next three years and update it annually in view of the developments in business environment	Complied with. A Board-approved strategic plan is in place for the period 2024/2025 to 2027/2028, outlining the Company's overall business strategy. The Board provides direction in the development of short, medium and long term strategies of the Company. The Board approves and monitors the annual budget with updates on execution of the agreed strategies.
b) Approving and implementing the Company's governance framework	Complied with. Board approved Governance Framework is in place commensurate with the Company's size, complexity, business strategy and regulatory requirements.
c) Assessing the effectiveness of the Governance Framework periodically	Complied with. The Governance Framework is reviewed periodically according to the changes in operating environment to ensure that it remains appropriate to the conditions and the complexities of the Company's operations.
d) Appointing and defining the roles and responsibilities of the Chairperson and the Chief Executive Officer (CEO)	Complied with. The Chairman and the Chief Executive Officer have been appointed by the Board. The Chairman provides leadership to the Board and the Chief Executive Officer/ Managing Director is responsible for effective management of the Company's operations. Roles and responsibilities of the Chairman and the MD/CEO have been defined and approved by the Board.

Directions		Extent of Compliance
1.3 Corporate Culture and Values		
a)	Ensuring that there is a sound corporate culture within the Company, which reinforces ethical, prudent, and professional behaviour	<p>Complied with.</p> <p>Vallibel Finance strives to build a sound corporate culture which reinforces ethical, prudent and professional behaviour.</p>
b)	Playing a lead role in establishing the Company's corporate culture and values including developing a code of conduct and managing conflicts of interest	<p>Complied with.</p> <p>Corporate values are incorporated in the Board approved strategic plan and these have been communicated to the staff.</p> <p>The Company has developed a Code of Conduct and Ethics which applies to all employees and directors and this is posted on the internal web portal and is accessible by all employees. A policy on management of conflicts of interest is in place.</p>
c)	Promoting sustainable finance through appropriate environmental, social and governance considerations in the Company's business strategies	<p>Complied with.</p> <p>The Company has continued to take progressive action to manage our direct and indirect environmental, social and governance impact. A Sustainable Finance Policy is in place in this regard.</p>
d)	Approving the policy of communication with all stakeholders in the view of projecting a balanced view of the company's performance, position and prospects in public and regulators	<p>Complied with.</p> <p>The Board approved Communication Policy is in place which covers all stakeholders including depositors, shareholders, borrowers and other creditors.</p>
1.4 Risk Appetites, Risk Management and Internal Controls		
a)	Establishing and reviewing the Risk Appetite Statement (RAS) in line with Company's business strategy and governance framework	<p>Complied with.</p> <p>A Risk Appetite Statement (RAS) is in place which is in line with Company's business strategy and governance framework.</p>
b)	Ensuring the implementation of appropriate systems and controls to identify, mitigate and manage risks prudently	<p>Complied with.</p> <p>Identifying major risks, establishing governance structures and systems to measure, monitor and manage those key risks are carried out mainly through the Board Integrated Risk Management Committee.</p> <p>Risk reports are submitted to the Committee by the Management every two months.</p> <p>The decisions and action taken to mitigate possible risks are submitted for Board's information where necessary.</p> <p>Please refer Risk Management report on pages 180 to 195 and Board Integrated Risk Management Committee report on pages 204 to 206 for further details.</p>
c)	Adopting and reviewing the adequacy and the effectiveness of the Company's internal control systems and management information systems periodically	<p>Complied with.</p> <p>Adequacy and integrity of the Company's internal control systems and management information systems are reviewed by the Board Audit Committee. The Committee is assisted in this function by Internal Audit.</p> <p>Internal Audit undertakes both regular and ad-hoc reviews of internal control systems and management information systems, the results of which are reported to the Audit Committee. The Committee appraises the scope and results of internal audit reports and system reviews. The decisions and actions taken are submitted for Board's information and/or action (if deemed necessary).</p>

Directions	Extent of Compliance
d) Approving and overseeing Business Continuity and Disaster Recovery Plan for the Company to ensure stability, financial strength, and preserve critical operations and services under unforeseen circumstances	<p>Complied with.</p> <p>Board approved comprehensive Business Continuity and Disaster Recovery Plan (BCP) is in place.</p>
1.5 Board Commitment and Competency	
a) Devote sufficient time on dealing with the matters relating to affairs of the Company	<p>Complied with.</p> <p>Directors devote adequate time for Board meetings as well as Board Sub-committee meetings to ensure that the duties and responsibilities are satisfactorily discharged. Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification.</p>
b) Possess necessary qualifications, adequate skills, knowledge, and experience	<p>Complied with.</p> <p>Members of the Board possess experience, qualifications, adequate skills, and knowledge in the relevant fields.</p>
c) Regularly review and agree the training and development needs of all the members	<p>Complied with.</p> <p>The Board being the highest governing body recognises the need of training and development and enhancing knowledge on business environment. A newly appointed Director is given appropriate induction with regard to the affairs of the Company and laws and regulations applicable to the Company. Any training programs relevant to the Board are communicated to the Board for the Directors' participation. Further, the annual self-assessment scheme by Directors covers aspects on training to identify training needs of Directors.</p>
d) Adopt a scheme of self-assessment to be undertaken by each director annually on individual performance, of its Boards as a whole, and that of its committees, and maintain records of such assessments	<p>Complied with.</p> <p>The Company has adopted a scheme of annual self-assessment to be undertaken by each Director, and of its Boards as a whole, and that of its committee, and filed with the Company Secretaries.</p>
e) Obtain external independent professional advice to the Board to discharge duties to the Company	<p>Complied with.</p> <p>The Board is permitted to seek independent professional advice on any matters when deemed necessary. A Board approved procedure is in place for this purpose.</p>
1.6 Oversight of Senior Management	
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>Complied with.</p> <p>The Board has identified and designated the Senior Management, as defined in the Section 17 of the Finance Business Act Directions No.05 of 2021 on Corporate Governance.</p>
b) Defining the areas of authority and key responsibilities for the senior management	<p>Complied with.</p> <p>The key responsibilities of the senior management are defined in the job descriptions of each member and have been approved by the Board.</p>
c) Ensuring the senior management possesses the necessary qualifications, skills, experience, and knowledge to achieve the Company's strategic objectives	<p>Complied with.</p> <p>Members of the Senior Management possess experience, qualifications, adequate skills, and knowledge in the relevant fields.</p>

Directions	Extent of Compliance
d) Ensuring there is appropriate oversight of the affairs of the Company by senior management	<p>Complied with.</p> <p>The Board of Directors formulates policies and exercises oversight of the affairs of the Company through the MD / CEO. Affairs of the Company handled by the Corporate Management are reviewed and discussed at the monthly Board Meetings. Further, Board sub-committees and other management committees separately review and monitor the designated areas of business operations and report to the Board as it deems necessary.</p>
e) Ensuring the Company has an appropriate succession plan for senior management	<p>Complied with.</p> <p>A succession plan for senior management personnel is in place.</p>
f) Meeting regularly with the Senior Management	<p>Complied with.</p> <p>The members of the senior management regularly make presentation and take part in discussions on their areas of responsibility at Board meetings, Board subcommittee meetings and other management committee meetings. The Directors have free and open contact with the Corporate and Senior Management of the Company.</p>
1.7 Adherence to the Existing Legal Framework	
a) Ensuring that the Company does not act in a manner that is detrimental to the interests of and obligations to, depositors, shareholders and other stakeholders	<p>Complied with.</p> <p>The Company operates within the Board approved Governance Framework and the Company is committed not to act in a manner detrimental to the interests of, and its obligations towards depositors, shareholders and other stakeholders.</p>
b) Adhere to the regulatory environment and ensure compliance with relevant laws, regulations, directions and ethical standards	<p>Complied with.</p> <p>The Company adheres to the directions, regulations, rules, and circulars issued by the Central Bank of Sri Lanka. A Code of Business Conduct and Ethics is also in place for all employees and Directors.</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>Complied with.</p> <p>Fit and Proprietary of the Board of Directors is assessed annually and new appointment of the Board and Senior Management (as defined in Corporate Governance Direction No. 05 of 2021) is made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.</p>
2. Governance Framework	
2.1 Develop and implement a governance framework in line with the Finance Business Act Direction No.05 of 2021 on Corporate Governance	<p>Complied with.</p> <p>A Board approved Governance Framework is in place.</p>
3. Composition of the Board	
3.1 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 Company	<p>Complied with.</p> <p>The Board possesses adequate skills and experience in the relevant fields.</p> <p>Please refer pages 29 and 30 for the Profiles of the Directors.</p>
3.2 The number of directors on the Board shall not be less than 7 and not more than 13.	<p>Complied with.</p> <p>The Board comprised of seven Directors as 31st March 2025.</p>

Corporate Governance

Directions	Extent of Compliance
3.3 The total period of service of a director other than a director who holds the position of Chief Executive Officer/Executive Director shall not exceed nine years, subject to direction 3.4.	Complied with. Mr. K.D.A. Perera, the Chairman, has been reappointed as a Non-executive Director in accordance with Direction 3.4.
3.4 Non-Executive directors, who directly or indirectly hold more than 10% of the voting rights or who are 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, the number of non-executive directors eligible to exceed 9 years is limited to one-fourth (1/4) of the total number of directors on the Board.	The total length of service for the other Non-Executive Directors does not exceed nine years.
3.5 Executive Directors	
a) Appointment, election or nomination of an employee as a Director.	Complied with. The Board consists of seven members of whom two are Executive Directors. Accordingly, the number of Executive Directors does not exceed one-third of Directors of the Board.
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.	No such situations have arisen.
c) CEO shall be one of the Executive Directors and may be designated as the Managing Director of the Company.	Complied with. Mr. S B Rangamuwa holds the positions of Managing Director/CEO.
d) Executive Directors shall have a functional reporting line in the organisation structure of the Company.	Complied with. Mr. S S Weerabahu, Executive Director has a functional reporting line and is reporting to the Managing Director/CEO.
e) The Executive Directors are required to report to the Board through the CEO.	Complied with. Mr. S B Rangamuwa and Mr. S S Weerabahu do not hold any
f) Executive Directors shall refrain from holding executive directorships or senior management positions in any other entity.	executive directorships or senior management positions in any other Company.
3.6 Non-Executive Directors (NEDs)	
a) NEDs shall possess credible track records and necessary skills, competency and experience to bring an independent judgment on the issues of strategy, performance, resources, and standards of business conduct.	Complied with. The Non-Executive Directors of the Board are eminent personnel and they possess extensive knowledge, expertise and experience in different business fields. Their detailed profiles are given in pages 29 and 30.
b) A non-executive director cannot be appointed or function as the CEO/executive director.	Complied with. None of the Non-Executive Directors are appointed or function as the Executive Directors of the Company.
3.7 Independent Directors	
a) The number of Independent Directors of the Board shall be at least three or one-third of the total number of directors, whichever is higher.	Complied with. The Board comprises of four Independent Non-Executive Directors. Accordingly, the number of Independent Non-Executive Directors exceeds one-third of the total number of Directors on the Board.

Directions	Extent of Compliance
b) Independent Directors appointed shall be of the highest calibre, with professional qualifications, proven track records, and sufficient experience.	<p>Complied with.</p> <p>All Independent Non-Executive Directors of the Company are of the highest calibre with professional qualifications, a proven track records, and sufficient experience in the given fields.</p>
c) - e) Criteria of non-executive director for independence	<p>Complied with.</p> <p>Based on declarations submitted by the Non-Executive Directors, the Board has determined that four Non-Executive Directors, namely Mr. J Kumarasinghe, Mrs. C P Malalgoda, Mr. M A K B Dodamgoda and Mr. R S Dahanayake are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Directions No.05 of 2021 on Corporate Governance.</p> <p>During the year, there were no changes to the independence status of Directors.</p>
3.8 Alternate Directors	There were no Alternate Director appointments.
3.9 Cooling off Periods	No such appointments have been made during the period under review.
3.10 Common Directorships	
Director or senior management of a Finance Company shall not be nominated, elected, or appointed as a director of another Finance Company except where such Company is a parent Company, subsidiary Company, or an associate Company or has a joint arrangement with the first mentioned Company subject to conditions stipulated in Direction 3.5(f).	<p>Complied with.</p> <p>No Directors or Senior Managers held positions in other Finance Companies during the year 2024/2025.</p>
3.11 The Board shall determine the appropriate limits for directorships that can be held by directors. However, a director of a Finance Company 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 Finance Company.	<p>Complied with.</p> <p>No Director holds directorships in excess of 20 companies/ societies/ bodies/institutions.</p>
4 Assessment of Fitness and Propriety Criteria	
4.1 No person shall be nominated, elected or appointed as a director or continue as a director unless that person is a fit and proper person to hold office as a director in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction or as amended.	<p>Complied with.</p> <p>The appointments, resignations or continuation of the Directors are made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.</p>
4.2 The age of a Director shall not exceed 70 years.	<p>Complied with.</p> <p>All Directors are below the age of 70 years as at 31st March 2025.</p>
4.3 Criteria to hold office as a director, exceeding 70 years of age up to maximum of 75 years of age.	No such situations have arisen.
5 Appointment and resignation of directors and senior management	
5.1 The appointments, resignations or removals of Directors or Senior Management shall be made in accordance with the provisions of the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.	<p>Complied with.</p> <p>The appointments, resignations or removals of Directors or Senior Management are in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021.</p>

Corporate Governance

Directions	Extent of Compliance
6 The Chairperson and the CEO	
6.1 There shall be a clear division of responsibilities between the Chairperson and CEO and the responsibilities of each person shall be set out in writing.	Complied with. The positions of the Chairman and the Managing Director / Chief Executive Officer are separate and performed by two different individuals and responsibilities of the Chairman and the MD/CEO have been defined and approved by the Board.
6.2 The chairperson shall be an independent director, subject to 6.3 below.	Complied with. Mr. J Kumarasinghe serves as the Senior Independent Non-Executive Director since the Chairman is Non Independent Non-Executive Director.
6.3 In the 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. The Senior Director will serve as the intermediary for other directors and shareholders. Non-Executive Directors including Senior Directors shall assess the Chairperson's performance at least annually.	Complied with. The Board-approved Terms of Reference for the Senior Independent Non-Executive Director is in place. Non-Executive Directors including Senior Director annually assess the Chairperson's performance.
6.4 Responsibilities of the Chairperson	Complied with. The Chairman is responsible to lead, direct and manage the Board to ensure that the Board works effectively and discharges its responsibilities. Chairman's key responsibilities and duties have been approved by the Board. There is a constructive relationship among all Directors and they work together in the best interest of the Company. The Secretary to the Board draws up the agenda under the authority delegated by the Chairman. This agenda is approved by the Chairman of the Board. The Company Secretaries circulate formal agenda prior to the Board Meeting. The Chairman does not engage in direct supervision of senior management or any other day to day operational activities. Effective communication with shareholders is maintained at the Annual General Meeting providing opportunity for them to express their views and recommendations. An annual assessment of the Board's and the Chief Executive Officer's performance and contributions during the 2024/25 financial year was undertaken by the Chairman.
6.5 Responsibilities of the CEO	Complied with. The Chief Executive Officer/Managing Director functions as the apex Executive-In-Charge of the day-to-day management of the Company's operations and business. The Board approved responsibilities of the Chief Executive Officer/ Managing Director are in place.

Directions		Extent of Compliance
7	Meetings of the Board	
7.1	<p>The Board shall meet at least twelve times a financial year at approximately monthly intervals.</p> <p>Obtaining the Board's consent through the circulation of papers to be avoided as much as possible.</p>	<p>Complied with.</p> <p>Board meetings are held at monthly intervals, mainly to review the performance of the Company and other relevant matters referred to the Board. Circulation of resolutions/papers to obtain Board's consent is minimised and resorted only when absolutely necessary.</p> <p>The Board met 13 times during the 2024/2025 financial year, holding monthly meetings and one special meeting.</p>
7.2	<p>The Board shall ensure that arrangements are in place to enable matters and proposals by all directors of the board are to be represented in the agenda for scheduled Board Meetings.</p>	<p>Complied with.</p> <p>Annual calendar of Board meetings is issued at the beginning of each calendar year enabling them to include matters and proposals in this regard.</p> <p>Agenda, draft minutes and Board papers are sent in advance, enabling Directors to submit their views, proposals and observations at the respective Board Meeting.</p>
7.3	<p>A notice of at least 3 days shall be given for a scheduled Board Meeting. For all other Board meetings, reasonable notice shall be given.</p>	<p>Complied with.</p> <p>Notice of Meeting is circulated to the Directors at least 3 days prior to the meeting for regular Board meetings which are held at monthly intervals. Reasonable notice is given before any special meeting.</p>
7.4	<p>A director shall devote sufficient time to prepare and attend Board meetings and actively contribute by providing views and suggestions.</p>	<p>Complied with.</p> <p>Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification from Key Management Personnel. The views of the Board of Directors on issues under consideration are ascertained and records of such deliberations are reflected in the minutes.</p>
7.5	<p>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 of the number of directors that constitute the quorum at such meeting are independent directors.</p>	<p>Complied with.</p> <p>At all Board meetings held during the year 2024/2025, more than one fourth of the numbers of Directors were independent Non-Executive Directors.</p>
7.6	<p>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.</p>	<p>Complied with.</p> <p>Meetings are held only with the participation of the Non-Executive Directors, without the Executive Directors being present.</p> <p>During the period under review, the Chairperson held two meetings without the presence of the Executive Directors.</p>
7.7	<p>A director shall abstain from voting on any Board resolution in relation to a matter in which he/she or any of his relatives or a concern, in which he has a substantial interest, is interested, and he/she shall not be counted in the quorum for the relevant agenda item in the Board meeting.</p>	<p>Complied with.</p> <p>Directors abstain from voting on any resolution in which the Directors have related party interests and are not counted in the quorum for the relevant agenda item at the Board Meeting.</p>

Corporate Governance

Directions	Extent of Compliance
<p>7.8 A director, who has not attended at least two-thirds 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.</p> <p>Provided that participation at the directors' meetings through an alternate director shall be acceptable as attendance.</p>	<p>Complied with.</p> <p>All Directors have attended at least two-thirds of the meetings held during the year and no Director has been absent from three consecutive regular Board meetings during the year 2024/2025.</p>
<p>7.9 Scheduled Board Meetings and Ad Hoc Board Meetings</p>	
<p>For the scheduled meetings, participation in person is encouraged and for ad hoc meetings where the director cannot attend on short notice, participation through electronic means is acceptable.</p>	<p>Complied with</p> <p>For the scheduled meetings the Company encourages physical participation of all Directors. Participation in person or through electronic media is recorded in the minutes.</p>
<p>8 Company Secretary</p>	
<p>8.1 a) The Board shall appoint a Company Secretary considered to be 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.</p> <p>b) The Board shall appoint its Company Secretary, subject to the transitional provision, 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 the Company and shall not become an employee of any other institution.</p>	<p>Complied with.</p> <p>Ms. K G L D Kottegoda functions as the Secretary to the Board and the Board's sub-committees.</p> <p>Secretary's primary responsibilities involve handling of secretarial services to the Board and shareholders meetings and carrying other functions specified in related laws and regulations.</p>
<p>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.</p>	<p>Complied with.</p> <p>All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.</p>
<p>8.3 The Company Secretary shall be responsible for preparing the agenda in the event the Chairperson has delegated carrying out such function.</p>	<p>Complied with.</p> <p>The Company Secretary has been delegated with the responsibility of preparing the agenda for the Board meeting.</p>
<p>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.</p>	<p>Complied with.</p> <p>Minutes of Board Meetings are maintained by the Company Secretary. Minutes of the Board meetings with all submissions to the Board are maintained for a minimum period of 6 years.</p>
<p>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 Company.</p>	
<p>8.6 Minutes of the Board meetings shall be recorded in sufficient detail, as specified in the Direction, so that it is possible to ascertain whether the Board acted with due care and prudence in performing its duties.</p>	<p>Complied with.</p> <p>Detailed minutes are maintained by the Company Secretary covering all requirements of this direction.</p>
<p>8.7 The minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.</p>	<p>Complied with.</p> <p>Minutes are open for inspection by any Director.</p>

Directions	Extent of Compliance
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 Company.	Complied with. The Board approved delegation authority limits is in place.
9.2 In the absence of any of the sub-committees, the Board shall ensure the functions stipulated under such committees shall be carried out by the Board itself.	Not applicable as Board sub-committees are in operation.
9.3 The Board may establish appropriate senior management level sub-committees with appropriate DA to assist in Board decisions.	Complied with. Assets and Liabilities Management Committee, Credit Committee and IT Steering Committee are in place.
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 with. The Board is empowered by the Articles of Association to delegate any of their powers other than those exercisable exclusively by the Directors. The Board has delegated matters pertaining to the affairs of the Company to the Board Sub-committees within the scope of the respective terms of reference as approved by the Board and also to the CEO/MD and Senior Management. All delegations are made in a manner that would not hinder the Board's ability to discharge its 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 Company.	Complied with. The delegation process is periodically reviewed by the Board based on business requirements.
10 Board Sub Committee	
10.1 Requirements on Board subcommittees (Asset base more than Rs. 20 Billion)	
10.1 a) The company shall establish a Board Audit Committee (BAC), Board Integrated Risk Management Committee (BIRMC), Nomination Committee, Human Resource and Remuneration Committee and Related Party Transactions Review Committee. Further, meetings of those committees shall be held at least once in two months for BAC and BIRMC. Other committees shall meet at least annually.	Complied with The following Sub - Committees have been appointed by the Board; 1). Human Resource and Remuneration Committee 2). Board Audit Committee 3). Board Integrated Risk Management Committee 4). Related Party Transactions Review Committee 5). Nomination and Governance Committee
b) Each Board sub-committee shall have a written term of reference specifying clearly its authority and duties.	Complied with Written Term of References specifying the authority and duties are in place for each Sub-Committee.
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 Company.	Complied with The Reports of the Human Resource and Remuneration Committee, Audit Committee, Board Integrated Risk Management Committee and Related Party Transactions Review Committee, and Nomination and Governance Committee are given on pages 201 to 213 of this Annual Report.

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Directions	Extent of Compliance
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 such secretarial functions under the supervision of the Chairperson of the committee	Complied with The Company Secretary functions as the Secretary to these Committees.
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 committees.	Complied with Each Committee comprises at least three Board members who possess skills, knowledge and experience relevant to the responsibilities of the Committees. Compositions of the Committees are disclosed in the pages 201 to 213 of the annual report.
f) The Board may consider the occasional rotation of members and of the Chairperson of Board sub-committees to avoid undue concentration of power and promote new perspectives.	Complied with Occasional rotation of members and Chairpersons of the Board Sub Committees are considered as and when required.
10.2 Board Audit Committee (BAC)	
a) The Chairperson of the committee shall be an independent director who possesses qualifications and experience in accountancy and/or audit.	Complied with The Chairman of the Audit Committee is an Independent Non-Executive Director and possesses qualifications and related experience. Qualifications and experience are disclosed in page 30 of the Annual Report.
b) The Board members appointed to the BAC shall be Non-Executive Directors and the majority shall be Independent Directors with the necessary qualifications and experience relevant to the scope of the BAC.	Complied with All three members of the Board Audit Committee are Independent Non- Executive Directors.
c) The secretary to the Board Audit Committee shall preferably be the Chief Internal Auditor (CIA).	The Company Secretary acts as the Secretary to the Board Audit Committee as at the reporting date.
d) External Audit Function	
i) Appointment of the External Auditor	Complied with External auditor is appointed by shareholders at the AGM with the recommendation of the BAC.
ii) Service period of the External Audit firm and audit partner	Complied with Messrs. KPMG ceased to be the External Auditors of the Company after completing of the audit of financial year 2023/2024 by completing its service for ten consecutive years. Messrs. Ernst & Young was appointed as the company's new External Auditors and 2024/2025 Financial Year is the first engagement period of the audit partner.
iii) The External Audit Partner	Complied with Audit Partner is not a shareholder, director or employee and does not hold any Senior Management position of other Finance Company.
iv) Independence and objectivity of External Auditor and effectiveness of the audit process	Complied with The Committee reviews and monitors the External Auditors' independence, objectivity and the effectiveness of the audit processes. The Audit Committee reviews the nature and scope of the external audit taking in to account of the regulations and guidelines.

Directions		Extent of Compliance
v	Provision of non-audit services by the External Auditor	<p>Complied with</p> <p>The Committee assists the Board of Directors in engaging the External Auditor for non-audit services in compliance with the statutes and ensures that engagement in non-audit services does not impair the external auditors' independence and objectivity. Policy on engagement of the external auditor to provide non-audit services is in place.</p>
vi	Determine the nature and scope of the audit	<p>Complied with</p> <p>The Committee has discussed and finalised the nature and the scope of audit, with the External Auditors before the audit commences.</p>
vii	Review the financial information of the Company	<p>Complied with</p> <p>The Annual and Quarterly Financial Statements are reviewed by the Audit Committee in order to ascertain the quality and integrity of the financial information prepared by the Finance Department and their reviews/ comments and recommendations submitted to the Board for the final review and approval.</p>
viii	Discussion of issues, problems and reservations arising from the interim and final audits with the External Auditor	<p>Complied with</p> <p>The Audit Committee discusses issues, problems, and reservations arising from the interim and final audits with the External Auditors.</p>
ix	Review of the external auditor's management letter and the management's response	<p>Complied with</p> <p>The Committee has reviewed the External Auditor's Management letter and management responses thereto, relating to the audit for the year ended 31st March 2024.</p>
e)	The BAC shall at least annually conduct a review of the effectiveness of the system of internal controls.	<p>Complied with</p> <p>The Audit Committee through Internal Audit Department reviews the effectiveness of the Internal control system of the Company.</p> <p>Both regular and ad-hoc reviews of internal control systems and management information systems are carried out by the Internal Audit Department and the results of which are reported to the Audit Committee. The Committee assesses the scope and results of internal audit reports and system reviews. The decisions and actions taken are submitted for Board's information and/or action (if deemed necessary).</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 the Internal Audit function of the Company.	<p>Complied with</p> <p>The Committee monitors this through regular reporting from the Internal Audit Department.</p>
g)	Internal Audit function	
i	The Committee shall establish an Independent Internal Audit function that provides an objective assurance to the committee on the quality and effectiveness of the Company's internal control, risk management, governance systems and processes.	<p>Complied with</p> <p>The Company has established an own in-house Internal Audit Department and moreover, an out sourced service provider provides assistance in carrying out branch and specialised audit assignments through a co-sourcing arrangement.</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 company to carry out their assignments effectively and objectively.	<p>Complied with</p> <p>The Internal Audit function is an independent function which directly reports to the Board Audit Committee. Purpose, authority, and responsibility of the Internal Audit Department are outlined in the Internal Audit Charter.</p>

Corporate Governance

Directions	Extent of Compliance
iii The BAC shall take the following steps with regard to the Internal Audit Function of the Company:	
(i) Review the adequacy of the scope, functions and skills and resources of the Internal Audit Department, and ensure the department has the necessary authority to carry out its work.	Complied with Board Audit Committee reviews the adequacy of the scope, functions, and resources of the Internal Audit Department.
(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.	Complied with The Internal Audit plan is reviewed and approved by the Audit Committee at the beginning of each financial year. Audit reports are tabled at the Audit Committee meeting by the Internal Auditors and the relevant items are discussed in detail with suitable actions agreed upon. Where required, the Management is invited to attend the meeting to provide clarifications. Annual Report of the Company contains Statement of Directors' Responsibility and Directors' Statement on Internal Control Over Financial Reporting along with Auditors' Assurance Report on the Directors' Statement on Internal Control and Independent Auditors' Report.
(iii) Assess the performance of the head and senior staff members of the Internal Audit Department.	Complied with Performance of Internal Auditors was reviewed by the Audit Committee. The process will be further improved.
(iv) Ensure that the Internal Audit Function is independent and activities are performed with impartiality, proficiency, and due professional care.	Complied with The Internal Audit function is an independent function and the audits are performed with impartiality and due professional care. The Internal Audit Department staff reports directly to the Deputy General Manager – Internal Audit, who in turn reports directly to the Audit Committee.
(v) Ensure the Internal Audit Function carry out a periodic review of the Compliance Function and regulatory reporting to regulatory bodies.	Complied with Periodic reviews are conducted by the Internal Audit Department on the Compliance Function and regulatory reporting as per the Annual Audit plan.
(vi) Examine the major findings of internal investigations and management's responses thereto.	Complied with Significant findings of investigations carried out by the Internal Auditors along with the responses of the Management are tabled and discussed at Audit Committee meetings.
h) Committee 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.	Complied with The BAC and BIRMC reviews and monitors the progress on implementation of the recommendations made in the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through follow up reports submitted to the Committee meetings.
i) Meetings of the Committee i. The committee shall meet as specified in direction 10.1 (a) above, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	Complied with. The Audit Committee meets regularly and members of the Committee are provided with due notice of issues to be discussed. Minutes of the meetings are maintained by the Company Secretary. The Committee met 07 times during the financial year under review.

Directions	Extent of Compliance
<p>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.</p>	<p>Complied with. Other Board members, Chief Executive Officer, Chief Operating Officer, Senior Deputy General Manager - Finance & Administration, Compliance Officer, or any other members of the corporate management or any employee are invited to attend the meeting where it is deemed necessary.</p>
<p>iii. BAC shall meet at least twice a year with the external auditors without any other directors / senior management / employees being present.</p>	<p>Complied with. During the year under review, the Committee met twice with the External Auditors in the absence of Executive Directors.</p>
<p>10.3 Board Integrated Risk Management Committee (BIRMC)</p>	
<p>a) The Committee 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.</p>	<p>Complied with. The Chairman of the Committee is an Independent Non-Executive director. The Committee is comprised of three Independent Non-Executive Directors. Managing Director / CEO, Executive Director, Senior Deputy General Manager - Credit, Senior Deputy General Manager - Finance & Administration and Deputy General Manager - Asset Management, Compliance Officer, Risk Officer and other Senior Management personnel are attended by invitation.</p>
<p>b) The secretary to the committee may preferably be the CRO.</p>	<p>Complied with. The Company Secretary acts as the Secretary to the Board Integrated Risk Management Committee as at the reporting date.</p>
<p>c) The committee shall assess the impact of risks, including credit, market, liquidity, operational and strategic, compliance and technology, to the Company 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.</p>	<p>Complied with. Key risks are assessed on a once-in-two-months basis through appropriate risk indicators and management information and summary reports are submitted to the Board by the Board Integrated Risk Management Committee for necessary guidance.</p>
<p>d) Developing the Company's risk appetite through a Risk Appetite Statement (RAS), which articulates the individual and aggregate level and types of risk that a Finance Company will accept, or avoid, in order to achieve its strategic business objectives.</p>	<p>Complied with. Board approved RAS is in place which identifies the risk tolerance limits of the Company.</p>
<p>e) The BIRMC shall review the Company's risk policies including RAS, at least annually.</p>	<p>Complied with. All risk policies, including the Risk Appetite Statement (RAS) are reviewed by the BIRMC annually or as needed.</p>

Corporate Governance

Directions	Extent of Compliance
f) The BIRMC shall review the adequacy and effectiveness of senior management level committees to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.	Complied with. Minutes of management-level committees (Credit Committee, Assets and Liability Management Committee and IT Steering Committee) are submitted to the Committee to review their adequacy and effectiveness. All risk indicators which exceed the specified quantitative and qualitative risk limits are reviewed and discussed for action. The progress of rectification of the position and implementation of the recommendations are also being monitored closely by the Committee.
g) The committee shall assess all aspects of risk management including updated business continuity and disaster recovery plans.	Complied with. Board-approved Business Continuity and Disaster Recovery Plan (BCP) are in place and are reviewed periodically.
h) BIRMC shall annually assess the performance of the compliance officer and the CRO.	Complied with. Performance of Compliance Officer was reviewed by the Committee. The process will be further improved. The performance of the Risk Officer will be evaluated after completing 12 months of service.
i) Compliance function	Complied with.
i. BIRMC shall establish an independent compliance function to assess the Company's compliance with laws, regulations, directions, rules, regulatory guidelines and approved policies on the business operations.	The Committee has established a separate compliance function to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on respective areas of business operations.
ii. For a Company with an 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.	Complied with. A Compliance Officer has been appointed.
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.	Not applicable.
iv. The BIRMC shall ensure responsibilities of a compliance officer would broadly encompass the following:	Complied with.
i) Develop and implement policies and procedures designed to eliminate or minimise the risk of breach of regulatory requirements;	Board approved policies and procedures are in place commensurate with the size, complexity and risk profile of the Company.
ii) Ensure compliance policies and procedures are clearly communicated to all levels of the Company to enhance the compliance culture;	Complied with. Board approved Compliance policy is in place and available on the intranet which is accessible by all employees of the Company.
iii) Ensures that reviews are undertaken at appropriate frequencies to assess compliance with regulatory rules and internal compliance standards;	Complied with. Periodic reviews are conducted to assess the level of compliance with regulatory rules and internal compliance standards.
(iv) Understand and apply all new legal and regulatory developments relevant to the business of the Company;	Complied with. All new legal and regulatory developments are applied as applicable.

Directions	Extent of Compliance
v) Secure early involvement in the design and structuring of new products and systems, to ensure that they conform to regulatory requirements, internal compliance, and ethical standards	Complied with. Board approved new product policy is available to streamline the process of designing a new product in the Company.
vi) Highlight serious or persistent compliance problems and where appropriate, work with the management to ensure that they are rectified within an acceptable time, and	Complied with. Compliance reviews are carried out periodically and actions are taken to work with the management to rectify if deviations are noted.
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 the highest integrity	Complied with. Regular contact and a good working relationship with regulators is maintained.
j Risk management function	
i) BIRMC shall establish an independent risk management function responsible for managing risk-taking activities across the FC.	Complied with. An independent risk management function with a dedicated risk officer was established.
ii For Companies 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.	
iii The CRO has the primary responsibility for implementing the Board approved risk management policies and processes including RAS in order to ensure the Company's risk management function is robust and effective to support its strategic objectives and to full broader responsibilities to various stakeholders.	Complied with. The Company has put in place a risk management policies, including RAS, which is consistent with the company's strategic objectives.
iv The BIRMC shall ensure that the CRO is responsible for developing and implementing Board approved integrated risk management framework that covers: (a) various potential risks and frauds; (b) possible sources of such risks and frauds; (c) mechanism of identifying, assessing, monitoring and reporting of such risks and frauds; includes quantitative and qualitative analysis covering stress testing; (d) effective measures to control and mitigate risks at prudent levels; and (e) relevant officers and committees responsible for such control and mitigation. The framework shall be reviewed and updated at least annually.	Complied with. The Direction's requirements are covered by an integrated risk management framework that has been approved by the board and is reviewed and updated annually.

Corporate Governance

Directions	Extent of Compliance
v The chief risk officer 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.	Complied with Risk Officer contributes to important decision making processes and makes recommendations on risk management.
vi The CRO shall maintain an updated risk register, which shall be submitted to the BIRMC on a quarterly basis.	Complied with The Risk Officer is in charge of maintaining the Risk Register, which is periodically submitted to the BIRMC.
vii The BIRMC shall submit a risk assessment report for the upcoming Board meeting seeking the Board's views, concurrence and/or specific directions.	Complied with The minutes of the meetings are submitted to the subsequent Board meeting together with risk reports seeking Board's views and directions.
10.4 Nomination Committee	
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.	Complied with. The Board Nomination and Governance Committee was formed on 28th June 2024 and the Committee is comprised of three Non-Executive Directors out of whom majority are independent. The Chairman of the Committee is an Independent Non-Executive director. The CEO/MD attends the meeting by invitation.
b) Secretary to the nomination committee may preferably be the company secretary	Complied with. The Company Secretary acts as the Secretary to the Nomination and Governance Committee.
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.	Complied with. The Senior Management are appointed with the recommendation of Nomination and Governance Committee.
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.	Complied with. Following its formation in June 2024, the Committee ensures that fit and proper assessments were carried out in compliance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction.
e) The selection process shall include reviewing whether the proposed directors (1) possess the knowledge, skills, experience, independence and objectivity to fulfil their responsibilities on the board; (ii) have a record of integrity and good repute; and (iii) have sufficient time to fully carry out their responsibilities.	Complied with. The criteria outlined in this direction are considered by the Nomination and Governance Committee and the Board in the selection and recommendation process.
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.	Complied with. The majority of the members are Independent Non-Executive Directors, ensuring that the Board's composition is not dominated by any individual or small group.
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.	Complied with. The qualifications, experience, and key attributes required for the positions of CEO/Managing Director and senior management are clearly outlined in the respective job descriptions.

Directions	Extent of Compliance
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: (i) a brief resume of the director; (ii) the nature of the expertise in relevant functional areas; (iii) the names of companies in which the director holds directorships or memberships in Board committees; and (iv) whether such director can be considered as independent.	Complied with. Shareholders are informed of new Board appointments via announcements made to the Colombo Stock Exchange (CSE) by the Company Secretary, subsequent to receiving approval from the Director of the Department of Supervision of Non-Bank Financial Institutions at the Central Bank of Sri Lanka.
i) The committee shall consider and recommend (or not recommend) the re-election 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.	The committee, formed in June 2024, has recommended the current directors for re-election to the Board.
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.	Complied with. A Board-approved succession plan for the MD/CEO, Executive Director, and Senior Management is in place and reviewed periodically.
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.	Complied with. Members of the Nomination and Governance Committee are not involved in the decision-making process for their own appointment or reappointment. Moreover, the Board Chairperson abstains from the meeting when the topics of discussion concern the appointment of the successor.
10.5 Human Resources and Remuneration Committee	
a) The committee shall be chaired by a Non-Executive Director and the majority of the members shall consist of Non-Executive Directors.	Complied with. The Committee comprises of three Non-Executive Directors and the Chairman is an Independent Non-Executive Director.
b) The secretary to the Human Resource and Remuneration Committee may preferably be the Company Secretary.	Complied with. The Company Secretary functions as the secretary to the Committee.
c) The committee shall determine the remuneration policy (salaries, allowances, and other financial payments) relating to Executive Directors and senior management of the Company and fees and allowances structure for Non-Executive Directors.	Complied with. A Board-approved Remuneration Policy is in place. The Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations. Fees and allowances of Non-Executive Directors are decided by the Board of Directors as a whole. An approved structure for fees and allowances has been implemented.
d) There shall be a formal and transparent procedure in developing the remuneration policy.	Complied with. The remuneration policy has been developed to achieve fair and equitable benefits and ensure that the remuneration packages offered by the Company are stay on par with the industry/market while ensuring alignment of rewards with strategic and short-term objectives of the Company.

Corporate Governance

Directions	Extent of Compliance
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 Company. The policy shall be subject to periodic review by the Board, including when material changes are made.	Complied with. The Remuneration Policy is reviewed periodically and recommended by the Committee for the approval of the Board on paying salaries, allowances and other financial incentives for employees of the Company.
f) The remuneration structure shall be in line with the business strategy, objectives, values, long-term interests, and cost structure of the Company. It shall also incorporate measures to prevent conflicts of interest. In particular, incentives embedded within remuneration structures shall not incentivise employees to take an excessive risk or to act in self-interest.	Complied with. The remuneration structure offered by the Company is linked to the corporate and individual performances and is aligned with the market/industry rates.
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.	Complied with. The strategic plan and annual budget, approved by the Board, establish the overall targets and strategies for senior management. Additionally, a performance evaluation process is conducted annually to assess the senior management team's effectiveness in meeting these goals. The process is set to be further strengthened in the upcoming financial year.
h) The committee shall ensure that the senior management shall abstain from attending committee meetings when matters relating to them are being discussed.	Complied with. Respective Senior Management Personnel is abstained from attending meetings, when matters related to them are discussed.
11 Internal Controls	
11.1 The Company shall adopt well-established internal control systems, which include the organisational structure, segregation of duties, clear management reporting lines and adequate operating procedures in order to mitigate operational risks.	Complied with. The Board Audit Committee assists the Board in assessing the adequacy and the integrity of the Internal Controls System and the financial reporting processes of the Company. The Committee is assisted in this function by Internal Audit Department.
11.2 A proper internal control system shall, a) Promote effective and efficient operations b) Provide reliable financial information c) Safeguard assets; d) Minimise the operating risk of losses from irregularities, fraud and errors; e) Ensure effective risk management systems; f) Ensure compliance with relevant laws, regulations, directions and internal policies.	Further, the External Auditors were engaged in providing assurance on the "Directors' Statement on Internal Controls over Financial Reporting" and it is given on page 218. Internal Controls have been embedded to the day to day operations of all employees and all employees are accountable and responsible for protecting the Company and achieve its objectives.
11.3 All employees shall be given the responsibility for internal controls as part of their accountability for achieving objectives.	
12 Related Party Transactions	
12.1 The Board shall establish a policy and procedures for related party transactions, which covers the following.	

Directions	Extent of Compliance
<p>a) 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.</p>	<p>Complied with. The Board has established a Board Related Party Transactions Review Committee, and it is comprised of three Independent Non-Executive Directors.</p>
<p>b) All related party transactions shall be prior reviewed and recommended by the RPTRC</p>	<p>The Board approved policy is in place for governing the Related Party Transactions. All Related Party Transactions, as stipulated in the Policy, undergo prior review and recommendation by the RPTRC.</p>
<p>c) The business transactions with a related party that is covered in this Direction.</p>	
<p>12.2 The committee shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company with any person, and particularly with the categories of persons defined in the Direction who shall be considered as “related parties”. 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>	<p>The Board approved Related Party Transaction Policy provides for the procedure to ensure that the Company does not engage in transactions with related parties in a manner that would grant such parties “more favourable treatment” as defined in this Direction.</p> <p>The Board takes necessary steps to avoid any conflicts of interest that may arise from any transaction of the Company with its related parties.</p>
<p>12.3 The Committee shall ensure that the Company does not engage in business transactions with a related party in a manner that would grant such party “more favourable treatment” than that is accorded to other similar constituents of the Company.</p>	<p>Information relating to related party transactions, is disclosed on pages 179, 295 to 299 of this report.</p>
<p>13 Group Governance</p>	
<p>13.1 Responsibilities of the Company as a Holding Company</p>	<p>The Company’s only subsidiary, Vallibel Properties Ltd is engaged in the administration of construction, development and maintenance of the corporate office building complex for Vallibel Finance PLC.</p> <p>The Company exercises adequate oversight over Vallibel Properties Ltd while complying with the independent legal, regulatory and governance responsibilities apply to them.</p>
<p>13.2 Responsibilities as a Subsidiary</p>	<p>The Company is not a direct Subsidiary of any Group Company.</p>
<p>14 Corporate Culture</p>	
<p>14.1 A Finance Company shall adopt a Code of Conduct which includes the guidelines on appropriate conduct and addresses issues of confidentiality, conflicts of interest, the integrity of reporting, protection and proper use of Company assets and fair treatment of customers.</p>	<p>Complied with. The Company has developed a Code of Business Conduct and Ethics for all employees covering the areas of conflict of interest, bribery and corruption, accurate accounting and record keeping, confidentiality, fair dealing, protecting and proper use of the Company’s assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, etc.</p>
<p>14.2 The Company shall maintain records of breaches of the code of conduct and address such breaches in a manner that upholds high standards of integrity.</p>	<p>Complied with. Any lapse or a breach of the provisions stipulated in Code of Business Conduct and Ethics by any employee of the Company would constitute a ground for disciplinary action.</p>
<p>14.3 A Finance Company shall establish a Whistle Blowing 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 confident manner and without the risk of reprisal. The BAC shall review the policy periodically.</p>	<p>Complied with. A Board approved Whistle Blowing Policy is in place.</p> <p>This Whistleblowing Policy encourages all personnel to raise concerns, expose irregularities, help uncover financial malpractices and prevent frauds without any fear of revenge or adverse consequences.</p>

Corporate Governance

Directions	Extent of Compliance
15 Conflicts of Interest	
15.1 a) Relationships between the directors shall not exercise undue influence or 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 a substantial interest, is interested, and such director shall not be counted in the quorum for the relevant agenda item in the Board meeting.	Complied with. The Directors make declarations of their interests at appointment, annually and whenever there is a change in same. Directors abstain from voting on any resolution in which the Directors have related party interests and are not counted in the quorum for the relevant agenda item at the Board Meeting.
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.	Complied with. A Policy on managing conflicts of interest is in place.
16 Disclosures	
16.1 The Board shall ensure that: (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 (b) such statements are published in the newspapers in Sinhala, Tamil and English.	Complied with. The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by the Supervisory Regulatory Authorities and that such statements are published in the newspapers in all three languages. Interim (unaudited) Financial Statements as well as Audited Financial Statements are submitted to the Colombo Stock Exchange (CSE) and the financials are made available on the website of CSE.
The Board shall ensure that at least following disclosures are made in the Annual Report of the Company.	
i. Financial statements In addition to the set of financial statements as per LKAS 1 or applicable standard annual report shall include, <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 standards and regulatory requirements, inclusive of specific disclosures. • A statement of responsibility of the Board in preparation and presentation of financial statements. 	Complied with. Relevant disclosures are included in pages 220 of the Annual Report under "Statement of Directors Responsibilities" and pages 196 to 199 of the "Annual Report of the Board of Directors on the state of affairs of the Company".

Directions	Extent of Compliance
<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. • Number/percentage of board meetings of the Company attended during the year; and • Names of board committees in which the director serves as the Chairperson or a member. 	<p>Complied with.</p> <p>Relevant disclosures are included in pages 29 and 30 of "Profiles of Directors" and pages 124 to 131 of the "Corporate Governance Report".</p>
<p>iii. Appraisal of board performance</p> <ul style="list-style-type: none"> • An overview of how the performance evaluations of the Board and its committees have been conducted. 	<p>Complied with.</p> <p>The Company has adopted a scheme of self-assessment, to be undertaken by each Director, annually. Each member of the Board carried out a self-assessment of his/her own effectiveness as an individual and the Board as a whole and that of its Committees and the records of such assessments are maintained by the Company Secretary.</p>
<p>iv. Remuneration</p> <ul style="list-style-type: none"> • A statement on the 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) • The aggregate values of remuneration paid by the Company to its directors 	<p>Complied with.</p> <p>The achievement of the set targets is a prerequisite for performance based remuneration. Performance targets are established in accordance with the Annual Strategic Plan and Budget. Annual promotions, increments and bonus of employees are directly in relation with the performance, contribution, commitment, work ethics and behaviour of the employee.</p> <p>The remuneration structure of the staff, Senior Management and Executive Directors are in line with the business strategy, objectives, values, long term interest, cost structure of the Company, incorporating prevention of conflict of interest in particular incentives embedded within the remuneration structures that does not incentivise employees to take excessive risk or act in self-interest.</p> <p>Aggregate values of remuneration paid for Directors and Senior Management for the Year 2024/2025 - Rs.369.16 Mn.</p>

Corporate Governance

Directions	Extent of Compliance						
<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 Company'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 Finance Company. 	<p>Complied with.</p> <p>The Board is aware that there are no relationships whatsoever, including financial, business, family, any other material/relevant relationship between the Chairman and the CEO. No relationships prevail among the other members of the Board.</p> <p>There were no accommodations outstanding in respect of related parties.</p> <p>The aggregate values of the transactions of the Company with its senior management during the year under review are given below.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Rs. Mn</th> </tr> </thead> <tbody> <tr> <td>Accommodation granted</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Deposits held</td> <td style="text-align: right;">38.68</td> </tr> </tbody> </table>		Rs. Mn	Accommodation granted	-	Deposits held	38.68
	Rs. Mn						
Accommodation granted	-						
Deposits held	38.68						
<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>Complied with.</p> <p>Relevant disclosures are included in pages 124 to 131 of the "Corporate Governance Report" and pages 196 to 199 of the "Annual Report of the Board of Directors on the state of affairs of the Company".</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>Complied with.</p> <p>Disclosed in the page 232 of the Notes to the Financial Statements.</p>						
<p>viii. Director's report</p> <p>A report, which shall contain the following declarations by the Board:</p> <ul style="list-style-type: none"> • The Company has not engaged in any activity, which contravenes laws and regulations. • The directors have declared all related party transactions with the Company and abstained from voting on matters in which they were materially interested. • The Company has made all endeavours to ensure the fair treatment for all stakeholders, in particular the depositors. • The business is a going concern with supporting assumptions; and • The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness. 	<p>Complied with.</p> <p>Disclosed in the pages 196 to 199 of the 'Annual Report of the Board of Directors on the Affairs of the Company'</p>						

Directions	Extent of Compliance
<p>ix. Statement on Internal Control</p> <ul style="list-style-type: none"> • A report by the Board on the Company'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 Company's risk management, or non-compliance with the Act, and rules and directions. 	<p>Complied with.</p> <p>Directors' Statement on Internal Control Over Financial Reporting" is given on page 218.</p> <p>The Company has obtained a certification from the External Auditors on the effectiveness of the internal control mechanism over financial reporting.</p> <p>There were no regulatory and supervisory concerns in the Company's risk management, or non-compliance with the Finance Business Act, No. 42 of 2011, rules and directions that have been communicated by the Director of the Department of Supervision of Non-Bank Financial Institutions.</p>
<p>x. Corporate governance report</p> <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. 	<p>Complied with.</p> <p>The Corporate Governance Report is given on pages 124 to 155 of the Annual Report.</p> <p>The Company has obtained an independent assurance report from the External Auditors over compliance with Finance Business Act Direction No. 05 of 2021 on Corporate Governance.</p>
<p>xi. Code of Conduct</p> <ul style="list-style-type: none"> • The Company'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>Complied with.</p> <p>The Company has developed a Code of Business Conduct and Ethics for all employees.</p> <p>The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by the Company. Refer the Chairman's Statement in the Annual Report for details.</p>
<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>Complied with.</p> <p>Please refer 'Management Discussion and Analysis' on pages 38 to 122.</p>
<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>Complied with.</p> <p>The Board approved Communication Policy is in place which covers all stakeholders including Depositors, Shareholders, borrowers and other creditors.</p> <p>The Company Secretary communicates with the shareholders through the Annual report, Quarterly Reports, and by notices issued to the shareholders.</p>

Corporate Governance

SECTION TWO

Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);

The disclosures below reflect the Company's compliance and the extent of the above Code of Best Practice which comprises of nine subsections, namely:

- A. Directors
- B. Directors' Remuneration
- C. Relations with Shareholders
- D. Accountability and Audit
- E. Institutional Investors
- F. Other Investors
- G. Internet of Things and Cyber Security
- H. Sustainability: ESG Risk and Opportunities
- I. Special Considerations for Listed Entities

Code Ref.	Principle	Extent of Compliance
A. Directors		
A.1 The Board		
A.1	Effective Board, which should direct, lead and control the Company	<p>Complied with.</p> <p>As at the end of the year under review, the Board comprised of two Executive and five Non-Executive Directors who are eminent professionals with extensive experience in the different business sectors.</p> <p>Mr. S B Rangamuwa is the Managing Director/ Chief Executive Officer to whom the day-to-day management of the Company's operations and business has been delegated. The Board has appointed Sub-Committees to assist in discharging its responsibilities and also approve policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company.</p>
A.1.1	Board meetings	<p>Complied with.</p> <p>The Board met 13 times during the 2024/2025 financial year, holding monthly meetings and one special meeting.</p> <p>See 'Board Meetings' on pages 128 to 130.</p>
A.1.2	The role and responsibilities of the Board	<p>Complied with.</p> <p>The Board provides strategic direction to the development of short, medium and long term strategy and monitors the performance against agreed goals and key performance indicators through regular Board meetings.</p> <p>Please refer response to requirement 1.2 a) of Section One, the Finance Business Act Directions No.05 of 2021 on Corporate Governance on page 132 for details.</p>
	Formulation and implementation of a sound business strategy;	
	Appointing the chair and the senior independent directors if relevant;	<p>Mr. K D A Perera, Non-Executive Director serves as the Chairman of the Company and Mr. J Kumarasinghe, independent Non-Executive Director serves as the Senior independent Director of the Company as the Chairman is not an independent Non-Executive Director.</p>
	Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy;	<p>The Board has put in place a Corporate Management team led by the MD / CEO who possess required skills, experience and knowledge necessary to implement the strategy.</p>

Code Ref.	Principle	Extent of Compliance
	The adoption of an effective CEO and Key Management Personnel succession strategy;	A succession plan for key management personnel is in place.
	Approving budgets and major capital expenditure;	Budgets and major capital expenditure are reviewed and approved by the Board.
	Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation;	The Board has a formal schedule of matters specifically reserved for the Board for decision to ensure that the direction and control is firmly under its authority. The Board has delegated matters pertaining to the affairs of the Company to the Board Sub-committees within the scope of the respective terms of reference as approved by the Board and also to the CEO and other key management personnel.
	An effective system to secure integrity of information, internal controls, business continuity and risk management;	The Board reviews effectiveness of internal control and risk management system on a continuous basis through the Audit Committee and Board Integrated Risk Management Committee. Please refer 'Director's Statement on Internal Control Over Financial Reporting', 'Audit Committee Report' and 'Board Integrated Risk Management Committee Report' on pages 218, 201 to 203 and 204 to 206 for details.
	Availability of information communication technology (ICT) roadmap in line with business strategy	IT strategy developed in line with the business strategy is in place.
	Compliance with laws, regulations and ethical standards;	Compliance function is in place to assess the Company's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business.
	All stakeholder interests are considered in corporate decisions;	The views/impact on all stakeholders is considered when corporate decisions are made at Board meetings.
	Sustainable business development and integrated reporting	The corporate strategy followed by the Company is directed at creating long term sustainable growth and enhancing stakeholder value and the Company has adopted integrated reporting framework to provide effective disclosure on its value creation.
	Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations;	The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards (LKAS/SLFRS) and the formats prescribed by the Supervisory Regulatory Authorities and that such statements are published in the newspapers in all three languages. The Annual and Quarterly Financial Statements are reviewed by the Audit Committee in order to ascertain the quality and integrity of the financial information prepared by the Finance Department and their reviews/ comments and recommendations submitted to the Board for the final review and approval.
	A process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks;	Regular meetings are held by the Managing Director with the corporate management team and other key officers to monitor progress on strategy implementation, budgets, plans and related risks.
	A process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the company; and	Financial reports are prepared on monthly basis and circulated to the Board for their review and necessary actions. Further quarterly financial statements, bi-annual and annual financial statements are prepared and published in line with CSE and CBSL regulations.

Code Ref.	Principle	Extent of Compliance
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.	The Board is committed to fulfilling such other functions that are required according to the business environment.
A.1.3	Compliance with laws and seeking independent professional advice	<p>Complied with.</p> <p>The Board collectively, and Directors individually are conscious of their responsibility to comply with laws applicable to the Company.</p> <p>The Directors are permitted to seek independent professional advice at the Company's expense as and when such advice is required.</p>
A.1.4	Access to the advice and services of the Company Secretary	<p>Complied with.</p> <p>All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.</p> <p>Minutes of Board Meetings are maintained by the Company Secretary. The minutes are approved at the subsequent Board meeting. Minutes are open for inspection by any Director.</p> <p>The Company Secretary serves only in the capacity of Company Secretary, not holding simultaneous employment in another capacity.</p> <p>The removal of the Company Secretary is a matter to be considered by the Board as a whole.</p>
A.1.5	Independent judgment of Directors	<p>Complied with.</p> <p>Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p>
A.1.6	Dedication of adequate time and effort by the Board	<p>Complied with.</p> <p>Directors devote adequate time for Board meetings as well as Board Sub-committee meetings to ensure that the duties and responsibilities are satisfactorily discharged. Agenda, draft minutes and Board papers are sent in advance to the Board to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification.</p>
A.1.7	Call for resolution	Such situation did not arise during the year.
A.1.8	Training for Directors	<p>Complied with.</p> <p>A newly appointed Director is given appropriate induction with regard to the affairs of the Company and laws and regulations applicable to the Company.</p> <p>In accepting the appointment consideration is given by a Director to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and possessing required competencies of the role.</p>
A.2 Chairman & Chief Executive Officer (CEO)		
A.2	Separation of the roles and responsibilities of the Chairman and CEO to ensure a balance power and authority, such that no one individual has unfettered powers of decision	<p>Complied with.</p> <p>The positions of the Chairman and the CEO have been separated. The Chairman is responsible for leading the Board and for its effectiveness. The Managing Director (MD) is the Chief Executive Officer who is responsible for managing the Company's business.</p>
A.2.1	Justification to combine the posts of Chairman and Chief Executive Officer	Not applicable.

Code Ref.	Principle	Extent of Compliance
A.3 Chairman's Role		
A.3.1	Role of the Chairman	<p>Complied with.</p> <p>The Chairman provides leadership to the Board and encourages an active contribution of both Executive and Non-Executive Directors to the Board's affairs and maintains balance of power between Executive and Non-Executive Directors.</p> <p>The Chairman ensures that the Board effectively discharges its responsibilities and that all key issues are discussed and resolved in a timely manner.</p> <p>The Secretary to the Board draws up the agenda under the authority delegated by the Chairman. This agenda is approved by the Chairman of the Board. The Company Secretary circulate formal agenda prior to the Board Meeting.</p> <p>Board papers covering adequate information of matters to be taken up for discussions are circulated in advance prior to the meeting.</p> <p>All Directors are encouraged to actively participate in Board's affairs.</p> <p>There is a constructive relationship among all Directors and they work together in the best interest of the Company.</p> <p>Effective communication with shareholders is maintained at the Annual General Meeting providing opportunity for them to express their views and recommendations.</p>
A.4 Financial Acumen		
A.4	Financial acumen and knowledge	<p>Complied with.</p> <p>The Board has adequate number of Directors who have financial acumen and knowledge to contribute and offer guidance to the Board on matters of finance.</p> <p>Please refer pages 29 and 30 for the Profiles of the Directors.</p>
A.5 Board Balance		
A.5.1	Have a balance of Executive & Non-Executive Directors	<p>Complied with.</p> <p>Board maintains the required balance of Executive and Non-Executive Directors on the Board. The Board consists of two Executive Directors and five Non-Executive Directors of whom four are independent as well. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board's decisions.</p>
A.5.2 & A.5.3	Independence of Non-Executive Directors	<p>Complied with.</p> <p>Four independent Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.</p>
A.5.4	Signed declaration of independence by the Non-Executive Directors and confirm at the end of each quarter whether the declared status on independence continues	<p>Complied with.</p> <p>Each Non-Executive Director provides a signed declaration of his/ her independence or non-independence annually as at the reporting date.</p>
A.5.5	Determination of the independence and Non-independence of each Non-Executive Director annually	<p>Complied with.</p> <p>The Board determines the independence and Non-independence of the Non-Executive Directors based on the declarations submitted by them and also based on the extent of independence as defined in the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Direction No.05 of 2021 on Corporate Governance.</p>

Corporate Governance

Code Ref.	Principle	Extent of Compliance
A.5.6	Appointment of Alternate Director	No Alternate Directors have been appointed to represent independent Non-Executive Directors.
A.5.7	Appointment of Senior independent Non-Executive Director Providing guidance to the Chairman on matters of governance of the Company	Complied with. Mr. J Kumarasinghe who is an independent Non-Executive Director serves as the Senior independent Director of the Company. The roles of the Chairman and the CEO being held by two different individuals. Independent Non- Executive Director, Mr. J Kumarasinghe serves as the Senior independent Director since Chairman of the Board is a Non-independent Non-Executive Director. Board approved TOR is in place for the Senior independent Director.
A.5.8	Make Senior independent Director available for confidential discussion with other Directors and include a report from the Senior independent Director in the annual report.	Complied with. The Senior independent Director is available to have confidential discussions with fellow Directors who feel that important concerns they have raised have not been properly reviewed by the Board and are related to significant issues that may harm the Company. The Senior Independent Director remains accessible for meetings with majority, significant, and minority shareholders as necessary. During the year under review, no such meetings were requested or held. 'Report from the Senior independent Director' is given on page 200 of the Annual Report.
A.5.9	Meetings only with Non-Executive Directors	Complied with. Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
A.5.10	Recording of concerns of Directors in Board minutes where they cannot be unanimously resolved	Complied with. The Board Minutes include concerns raised by Directors and also the ultimate decisions made by the Board.
A.6 Supply of Information		
A.6.1	Obligation of the Management to provide appropriate and timely information to the Board	Complied with. Timely and adequate information is provided by Management to the Board which is circulated to the Directors in advance for regular meetings. The Management also provides additional information as and when required by the Board members.
A.6.2	Adequate Notice for Board Meetings	Complied with. Annual calendar of Board meetings is issued at the beginning of the each calendar year enabling them to include matters and proposals in this regard. Notice of Meeting is circulated to the Directors prior to the meeting for regular Board meetings which are held at monthly intervals. Reasonable notice is given before any special meeting.
A.7 Appointments to the Board; Nomination Committee		
A.7.1 – A.7.6	Nomination Committee	The Board has established the Nominations and Governance Committee to ensure a formal and transparent process for appointing new Directors to the Board. The Committee comprises three Non-Executive Directors, including two Independent members, with the Chairmanship held by an Independent Non-Executive Director. Nomination and Governance Committee report is given on pages 207 to 209 of the Annual Report.

Code Ref.	Principle	Extent of Compliance
A.8 Re-election		
A.8.1 & A.8.2	All Directors should be subject to re-election by shareholders at first opportunity after appointment and should be submitted for re-election regularly or at least once in every three years.	<p>Complied with.</p> <p>Re-election of Directors is carried out in accordance with the provisions of the Articles of Association.</p> <p>All Directors appointed to the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment.</p> <p>One Director is required to retire by rotation at each AGM. Article 88 provides that the Directors to retire by rotation at an AGM shall be those who, (being subject to retirement by rotation), have been longest in office, since their last election or appointment.</p>
A.8.3	At the resignation the Director should submit a written communication to the board of his reasons for resignation in the event of resigning prior to completion of his appointed term.	No such situations have arisen.
A.9 Appraisal of Board performance		
A.9.1 – A.9.4	Periodic appraisal of Board's performance to ensure that their responsibilities are effectively discharged.	<p>Complied with.</p> <p>The Company has adopted a scheme of self-assessment to be undertaken by each Director annually and filed with the Company Secretary.</p>
A.10 Disclosure of Information in respect of Directors		
A.10.1	Disclosure of information on Directors in the Annual Report	<p>Complied with.</p> <p>Information pertaining to Directors is disclosed in the following sections of this Annual Report.</p> <ol style="list-style-type: none"> 1). Name, qualifications, expertise, material business interests and brief profiles on pages 29 and 30. 2). Related party transactions are given in Note No 52 to the Financial Statements on pages 295 to 299. 3). Membership of Sub-Committees and attendance at Board Meetings on pages 128 to 130.
A.11 Appraisal of Chief Executive Officer		
A.11.1 & A.11.2	Requirement for Board to at least annually assess the performance of the CEO	<p>Complied with.</p> <p>Managing Director/CEO's performance targets are aligned with the short, medium and long term objectives of the Company. Targets are set at the beginning of every financial year by the Board and at the end of each financial year the Board evaluates the set targets and the actual performance.</p>

Code Ref.	Principle	Extent of Compliance
B Directors' Remuneration		
B.1	Remuneration Procedure	
B.1	The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Directors should be involved in deciding his/her own remuneration.	<p>Complied with.</p> <p>The remuneration policy aims to provide fair benefits and keep the compensation packages in line with industry standards, while also aligning rewards with the Company's strategic and short-term goals. No Director is involved in deciding his/her own remuneration.</p>
B.2	Remuneration Committee	<p>The Board has established a Remuneration Committee and members of the Committee are Non-Executive Directors.</p> <p>The committee members are;</p> <ol style="list-style-type: none"> 1). Mr. J Kumarasinghe - Independent Non-Executive Director (Chairman) 2). Mr. K D A Perera - Non-Executive Director 3). Mrs. C.P Malalgoda - Independent Non-Executive Director <p>The remuneration packages offered by the Company are linked to the corporate and individual performances and are aligned with the market/industry rates.</p> <p>The Human Resource and Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations.</p> <p>Fees and allowances of Non-Executive Directors are decided by the Board of Directors as a whole.</p> <p>No share options schemes have been offered to the Executive Directors.</p>
B.3	Disclosure of Remuneration	<p>Complied with.</p> <p>Human Resource and Remuneration Committee report is given on pages 210 and 211 of the Annual Report.</p> <p>The remuneration paid to the Board of Directors is disclosed in aggregate in Note No 52 to the Financial Statements on page 296.</p> <p>The Compensation to KMP is given on page 296.</p>
C. Relations with share holders		
C.1 Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings		
C.1.1	Notice of Annual General Meeting to be sent to shareholders with other related papers as determined by statute, before the meeting.	<p>Complied with.</p> <p>Notice of the AGM, Form of Proxy and a copy of the Annual Report are sent to all shareholders at least 15 working days prior to the meeting in accordance with the provisions of the Companies Act of 2007, CSE Rules and the Articles of Association of the Company.</p>
C.1.2	Separate resolutions for each substantially separate issue	<p>Complied with.</p> <p>A separate resolution is proposed at the AGM for each item to be voted on. Forms of Proxy allow shareholders the option to direct their proxy holder to vote for or against each resolution or to withhold their vote on any matter.</p>
C.1.3	Properly recording and counting of proxy votes	<p>Complied with.</p> <p>All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.</p>

Code Ref.	Principle	Extent of Compliance
C.1.4	Board subcommittee Chairman's available at AGM	Complied with. Chairpersons of the other Board Sub-committees are present at the AGM to answer all queries that may be raised. In the absence of the Chairman of the respective Committee, a co-member is attended to queries raised.
C.1.5	Summary of procedures governing voting at general meetings to be circulated.	Complied with. Notice of Annual General Meeting and proxy form provides instructions for shareholders about voting procedures.
C.2 Communication with Shareholders		
C.2.1 – C.2.7	The Board should implement effective communication with shareholders.	Complied with. The main communication method with the shareholders is the Annual Report and AGM. Information is provided to the shareholders prior to the AGM, enabling them to raise / submit their views, suggestions and observations relating to the Company. A person to contact in relation to shareholders is the Company Secretary. The Company Secretary shall maintain a record of all correspondence received and will convey such correspondence to the Board.
C.3 Major and Material transactions		
C.3.1 & C.3.2	Disclosure to shareholders of all material facts concerning any proposed transaction involving acquisition, sale or disposition of greater than one third of the value of the Company's assets as defined by Section 185 of the Companies Act No. 7 of 2007.	There were no major transactions necessitating disclosure of this nature.
C.3.3	Comply with the disclosure requirements and shareholders' approval by special resolution as required by the rules and regulation of the SEC and by the CSE.	No such requirement materialised during the year under review.
D. Accountability And Audit		
D.1 Financial Reporting		
D.1	Requirement for Board to present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects.	Complied with. The Annual Report of the Company contains the audited Financial Statements together with comprehensive disclosures on the financial position, performance, business model, risk management, governance, internal controls and prospects of the Company to ensure disclosure of a balanced, complete and understandable assessment of the Company.
D.1.1	Present an annual report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.	Complied with. The Financial Statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007, Finance Business Act No.42 of 2011 and the directions and guidelines issued under the said Finance Business Act and the Listing Rules of the Colombo Stock Exchange.

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Code Ref.	Principle	Extent of Compliance
D.1.2	Present interim and other price sensitive public reports and mandated reports to regulators by statute	<p>Complied with.</p> <p>The Board's responsibility over financial reporting is stated in the 'Statement of Directors' Responsibilities' on page 220.</p> <p>In the preparation of quarterly and annual financial statements, the Company complies with the requirements of the Companies Act No 07 of 2007, the Finance Business Act No. 42 of 2011 and amendments thereto, and financial statements are prepared and presented in conformity with Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS).</p> <p>The Company complies with the reporting requirements prescribed by the regulatory authorities such as the Central Bank of Sri Lanka, the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.</p>
D.1.3	Chief Executive Officer's and Chief Financial Officer's Declaration on Financial Statements	<p>Complied with.</p> <p>Prior to approving the Financial Statements for a financial period, the Board obtains the declaration of the CEO and the Senior Deputy General Manager - Finance & Administration on their responsibility in respect of financial reporting.</p>
D.1.4	Declarations by Directors in the Directors' Report	<p>Complied with.</p> <p>Declarations/confirmations pertaining to this Principle are disclosed in the 'Annual Report of the Board of Directors on the affairs of the Company' on pages 196 to 199.</p>
D.1.5	Statements by Directors and Auditors on Responsibility for Financial Reporting	<p>Complied with.</p> <p>The 'Statement of Directors' Responsibilities' is given on page 220 and 'Directors' Statement on internal control system over financial reporting' is given on page 218.</p> <p>See 'Independent Auditor's Report' on pages 221 to 223 for the reporting responsibility of Auditors.</p>
D.1.6	Include a Management Discussion and Analysis	<p>Complied with.</p> <p>Please refer 'Management Discussion and Analysis' on pages 38 to 122.</p>
D.1.7	Remedial action at an Extra ordinary General Meeting if net assets fall below 50% of value of shareholders' funds	<p>This situation has not arisen.</p>
D.1.8	Disclosure of Related Party Transactions adequately and accurately in the Annual Report	<p>Complied with.</p> <p>Related Party Transactions as defined in Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures' is disclosed in Note No 52 to the Financial Statements on pages 295 to 299 .</p> <p>Please refer responses to requirements of section 12 of the Finance Business Act Directions No.05 of 2021 on Corporate Governance on pages 150 and 151 for further details.</p>

Code Ref.	Principle	Extent of Compliance
D.2 Risk management and internal control		
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the company's assets	<p>Complied with.</p> <p>The Board is responsible for determining the risk appetite for achieving the strategic objectives and formulates and implements appropriate processes for risk management and internal control systems to safeguard shareholder investments and assets of the Company.</p> <p>The Board Integrated Risk Management Committee (BIRMC) supports the Board in carrying out its responsibilities for risk management, while the Audit Committee supports the Board in carrying out its responsibilities for internal control, which is backed by the Internal Audit Department. Their duties are outlined in the Committee Reports and are formulated taking into account the Code requirements, Corporate Governance Direction, and the Company's business priorities.</p> <p>The risk management report given on pages 180 to 195 provides an assessment of the risks faced by the Company and the process of risk identification, measurement and control.</p> <p>The 'Board Integrated Risk Management Committee Report' is given on pages 204 to 206.</p>
D.3	Audit Committee	<p>Complied with.</p> <p>All members of the Board Audit Committee, including the Chairman are Non-Executive Directors and all members are independent Non-Executive Directors as well.</p> <p>The Audit Committee is guided by the Board approved Terms of Reference which specifies the authority and responsibility of the Committee.</p> <p>The Audit Committee monitors and reviews the scope, results and effectiveness of the audit and the independence and objectivity of the External Auditors.</p> <p>Please refer responses to requirements of section 10 (2) of the Finance Business Act Directions No.05 of 2021 on Corporate Governance on pages 142 to 145 for further details.</p> <p>Please refer 'Audit Committee Report' on pages 201 to 203 of this Annual Report.</p>
D.4	Risk Committee	<p>The Board Integrated Risk Management Committee (BIRMC) has been established to assist the Board in overseeing the Company's risk management framework and operates under a formal Terms of Reference that outlines its responsibilities and authority.</p> <p>The Committee comprises three Independent Non-Executive Directors. The CEO/ Managing Director, Senior Deputy General Manager – Finance, and other Key Management Personnel attend meetings by invitation.</p> <p>Meetings of the Board Integrated Risk Management Committee are held once every two months.</p> <p>The 'Board Integrated Risk Management Committee Report' is given on pages 204 to 206.</p>
D.5	Related Party Transactions Review Committee	<p>Related party transactions are defined in accordance with the LKAS 24, CBSL and CSE regulations.</p> <p>The Related Party Transactions Review Committee has been established in line with the Listing Rules of the Colombo Stock Exchange. The Related Party Transactions Committee operates under Terms of Reference and a Board approved Related Party Transactions Policy.</p> <p>Report on Related Party Transaction Review Committee is given on pages 212 and 213.</p>

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Code Ref.	Principle	Extent of Compliance
D.6	Code of Business Conduct and Ethics	<p>The Company has developed a Code of Business Conduct and Ethics for all employees.</p> <p>Material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.</p> <p>All the share dealings of the Directors are disclosed to the CSE promptly as per the CSE Listing Rules.</p> <p>The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or Key Management Personnel of the Company. Refer the Chairman's Statement in the Annual Report for details.</p>
D.7 Corporate Governance Disclosures		
D.7.1	Disclosure of Corporate Governance	<p>Complied with.</p> <p>This requirement is met through the presentation of this report.</p>
E. Institutional Investors		
E.1 Shareholder Voting		
E.1.1	Regular dialogue to be maintained with shareholders and Chairman to communicate shareholders' views to the Board.	<p>Complied with.</p> <p>The Annual General Meeting is the forum utilised by the Board to have an effective dialogue with shareholders. All shareholders are encouraged to participate and vote at the Annual General Meeting (AGM).</p>
E.2 Evaluation of Governance Disclosures		
E.2	Encourage Institutional investors to give due weight to relevant governance arrangements	<p>Complied with.</p> <p>Institutional investors are encouraged to give due weight to all relevant factors in Board structure and composition when evaluating governance arrangements.</p>
F. Other Investors		
F.1 Investing/Divesting Decision		
F.1	Adequate analysis or seek independent advice	<p>Complied with.</p> <p>Individual shareholders investing directly in the company are encouraged to carry out adequate analysis in investing or divesting decisions.</p>
F.2 Shareholder Voting		
F.2	Individual shareholder voting	<p>Complied with.</p> <p>Individual shareholders are encouraged to participate at Annual General Meeting and exercise their voting rights.</p>
G. Internet of Things and Cyber Security		
G.1 – G.5	Internet of Things and Cyber Security	<p>Comprehensive IT policy is in place covering network access controls, closer monitoring of the usage of the internet, email and mail server, use of antivirus and firewall servers and software, etc.</p> <p>Risks relating to IT matters including that arising from cyber security are discussed at Board meetings and Board Sub - Committee meetings and the review of information security is carried out by the Auditors periodically.</p> <p>Refer Risk Management Report on pages 180 to 195 on disclosure of details relating to cyber security risks.</p>

Code Ref.	Principle	Extent of Compliance
H. Sustainability: ESG Risk and Opportunities		
H.1- H.5	ESG Reporting	<p>ESG principles are embedded in business operations and considered in formulating our business strategy. This Annual Report has been prepared in accordance with the IIRC Framework and the GRI Guidelines. All efforts are taken to ensure that the Annual Report includes sufficient information in order to assess how ESG risks and opportunities are recognised, managed, measured and reported.</p> <p>Information required by the Code is given in the following sections of the Annual Report:</p> <p>Management Discussion and Analysis on pages 38 to 122.</p> <p>Corporate Governance on pages 124 to 179.</p> <p>Risk Management on pages 180 to 195.</p>
I. Special Considerations for Listed Entities		
I.1	Establishment and maintenance of policies	<p>Complied with.</p> <p>The following policies are in place and are published on the Company's official website for public access;</p>
I.2	Policy on the matters relating to the Board of Directors	<ul 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 Whistle-blowing • Policy on Anti-Bribery and Corruption <p>No waivers from compliance with the internal code of business conduct and ethics nor exemptions have been granted by the Company during the period under review.</p> <p>A copy of the policy is provided to shareholders upon written request.</p> <p>The Board has established and maintained of formal policy governing matters relating to Board of Directors and the Company is in compliance with the requirements set forth in the policy.</p>

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SECTION THREE

Requirements on the Content of the Annual Report in Rule 7.6 and Requirements on Corporate Governance under the Section 09 of the Listing Rules of the Colombo Stock Exchange:

The disclosures below reflect the Company's compliance with the Requirements on the Content of the Annual Report under the Rule 7.6 of the Listing Rules of the Colombo Stock Exchange.

Rule Reference	Requirement	Extent of Compliance
7.6 (i)	Names of persons who held the positions of Directors during the financial year	Complied with. Please refer 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 196 to 199.
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	Complied with. Please refer 'Annual Report of the Board of Directors on the Affairs of the Company' on pages 196 to 199 and Section 1.3 of the Notes to the Financial Statements on page 232.
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Complied with. Please refer 'Information on Ordinary Shares' on pages 338 and 339. The Company has not issued any non-voting shares.
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Entity complies with the Minimum Public Holding requirement	Complied with. Please refer 'Information on Ordinary Shares' on pages 338 and 339.
7.6 (v)	The statement of each Directors' holding and Chief Executive Officer's holding in shares of the Entity denominated in LKR and in Foreign Currency (as applicable)	Complied with. Please refer pages 196 to 199 of 'Annual Report of the Board of Directors on the Affairs of the Company'.
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied with. Please refer 'Risk Management' report on pages 180 to 195.
7.6 (vii)	Details of material issues relating to employees and industrial relations of the Company	During the year under review, there were no material issues pertaining to employees and industrial relations of the Company.
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied with. Information in this regard, is disclosed in Note 36 on 'Property, Plant and Equipment' in the Financial Statements and pages 196 to 199 of the 'Annual Report of the Board of Directors on the Affairs of the Company'.
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied with. Please refer Note 48 on 'Stated Capital' in the Financial Statements on page 293.
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied with. Please refer 'Information on Ordinary Shares' on pages 338 and 339.

Rule Reference	Requirement	Extent of Compliance
7.6 (xi)	Ratios and market price information on Equity and Debt	Complied with. Please refer 'Financial Highlights' on page 14, 'Information on Ordinary Shares' on pages 338 and 339 'Information on Listed Debentures' on page 340.
7.6 (xii)	Significant changes in the Entity's or or its subsidiaries' fixed assets and the market value of land, if the value differs sustainability from the book value	Complied with. Please refer Note 36 on 'Property, Plant and Equipment' in the Financial Statements on pages 278 to 282 of the 'Annual Report.
7.6 (xiii)	Details of funds raised through Public issues, Rights issues and Private Placements during the year	There were no any share issues, rights issues or private placement during the year under review.
7.6 (xiv)	Information in respect of Employee Share Option / Purchase Schemes	No share options schemes have been offered by the Company.
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Complied with. Please refer 'Corporate Governance' report on pages 170 to 179.
7.6 (xvi)	Disclosure on Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied with. Please refer section "Disclosure of Related Party Transactions as per section 7.6 (xvi) and 9.14.8 (1), 9.14.8 (2) of the CSE Listing Rules" on page 179.

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The disclosures below reflect the Company's compliance with the Requirements on Corporate Governance under the Section 09 of the Listing Rules of the Colombo Stock Exchange:

Section	Requirement	Extent of Compliance
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied with. The extent of compliance with Corporate Governance Section 09 of the listing rules issued by CSE is summarised below.
9.2	Policies	
9.2.1	The Company 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 Company on its website; (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle blowing (l) Policy on Anti-Bribery and Corruption	Complied with. The board approved policies are in place and published on the Company's website for public access.
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.	None.
9.2.3	The Company shall disclose in its Annual Report: (i) List of policies in place as per Section 9.2.1, with reference to website (ii) Any changes to policies adopted in compliance with Rule 9.2 above.	Complied with. The Company has adopted the requisite policies in accordance with Section 9.2 above. These policies are publicly available on the Company's website.
9.2.4	The Company shall make available all such policies to shareholders upon a written request being made for any such Policy.	Complied with. A copy of the policy is provided to shareholders upon written request.

Section	Requirement	Extent of Compliance
9.3	Board Committees	
9.3.1	The Company 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; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied with. The following Sub - Committees have been established by the Board; 1). Human Resources and Remuneration Committee 2). Board Audit Committee 3). Board Integrated Risk Management Committee 4). Related Party Transactions Review Committee 5). Nomination & Governance Committee
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	Complied with. Refer Sections 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied with. The Chairperson of the Board is not the Chairperson of the Board Committees.
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	The Company 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 with. The Company Secretary maintains records of all resolutions and information of General Meetings.
9.4.2	Communication and relations with shareholders and investors (a) The Company 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 Company. (b) The Company 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 in the Annual Report and the website of the Company. (d) The Company 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 with. A policy on communication has been established by the Company. Furthermore, a new Policy on Relations with Shareholders and Investors has been adopted, incorporating the provisions of the revised CSE Listing Rules to ensure effective communication and engagement with shareholders and investors.

Corporate Governance

Section	Requirement	Extent of Compliance
9.5	Policy on matters relating to the Board of Directors	
9.5.1	The Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy covering the requirements specified in 9.5.1.	Complied with. The Board approved policy on matters relating to the Board of Directors are in place covering the requirements specified in rule 9.5.1.
9.5.2	The Company 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.	Complied with. The Company complies with the requirements stated in rule 9.5.1.
9.6	Chairperson and CEO	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairperson and CEO shall not be held by the same individual.	Complied with. The Chairperson is a Non-Executive Director, and the position of Chairperson and CEO are not held by the same individual.
9.6.2	Disclosure of non-compliances to requirement 9.6.1	Not applicable.
9.6.3	The requirement of Senior Independent Director (SID) If Chairperson and CEO are the same person; or if the Chairperson and CEO are close family members or related parties, the Company shall appoint a Senior Independent Director (SID).	A Non-Executive Director has been designated as a Senior Independent Director in terms of direction 6(3) of the Finance Business Act Direction No.05 of 2021 on Corporate Governance issued by the CBSL which was duly notified to shareholders through Colombo Stock Exchange ("CSE") Disclosure. 'Report of the Senior independent Director' is given on page 200 of the Annual Report. However, since the Chairperson and CEO are not the same person, or not Close Family Members, or not related parties, the need for a Senior Independent Director under the listing Rule is not applicable.
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.4	The Company shall take necessary steps to ensure that the Directors and CEO are, at all times, fit and proper persons as per the criteria in 9.7.3 and obtain declarations from all directors and CEO on an annual basis confirming their fitness and propriety.	Complied with. The appointments, resignations or removals of Directors or Senior Management are in accordance with the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No. 6 of 2021. The criteria outlined in the CSE Listing Rules are also taken into consideration by the Nomination and Governance Committee when making recommendations to the Board. All appointments are duly notified to the CSE. All Directors appointed to the Board are subjected to re-election by shareholders at the first Annual General Meeting after their appointment.

Section	Requirement	Extent of Compliance
9.7.5	<p>The Company shall include the following disclosures/ reports in the Annual Report;</p> <p>(a) A statement that the Directors and CEO of the Company 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 with.</p> <p>Disclosures are made on page 126 of the Corporate Governance Report.</p> <p>No such circumstances have arisen.</p>
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	<p>Complied with.</p> <p>The Board comprised of seven Directors as 31st March 2025.</p>
9.8.2	<p>Minimum Number of Independent Directors:</p> <p>Minimum number of Independent Directors shall be 2 or 1/3rd of the total number of Directors (whichever is higher). Any change to be rectified within 90 days.</p>	<p>Complied with.</p> <p>The Board is comprised of four Independent Non-Executive Directors, representing more than one-third of all Directors.</p>
9.8.3	Criteria for determining independence	<p>Complied with.</p> <p>The Company takes into consideration the CSE listing rules when evaluating the independence of a Director.</p>
9.8.5	<p>The Board of Directors of the Company shall require:</p> <p>(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.</p> <p>(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.</p>	<p>Complied with.</p> <p>Based on declarations submitted by the Non-Executive Directors, the Board has determined that four Non-Executive Directors, namely Mr. J Kumarasinghe, Mrs. C.P Malalgoda, Mr. M.A.K.B Dodamgoda, and Mr. R.S Dahanayake are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the Finance Business Act Directions No.05 of 2021 on Corporate Governance.</p>
	(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.	No such instances recorded during the year under review.
9.9	Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.
9.10	Disclosures relating to Directors	
9.10.1	The Company 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.	<p>Complied with.</p> <p>In terms of direction 3.11 of Finance Business Act Direction No. 05 of 2021 on Corporate Governance issued by the Central Bank of Sri Lanka, Directors should not be Directors of more than twenty (20) companies/societies/bodies including subsidiaries and associates. As such Directors do not hold Directorships of more than twenty (20) companies/entities/institutions.</p>

Corporate Governance

Section	Requirement	Extent of Compliance
9.10.2	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the brief resume of such Director, his/her capacity of directorship; and, Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.	Complied with. The Company makes the required announcements as and when necessary. One new appointment was made during the year 2024/2025, and immediate market announcements were issued accordingly.
9.10.3	The Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Complied with. The Company makes the required announcements as and when necessary.
9.10.4	Details relating to Directors in the Annual Report as specified in the rule.	Complied with. Board of Directors and profiles are given on pages 29 and 30. Composition of the Board and attendance are given on pages 128 to 130. Board subcommittee reports are given on pages 201 to 213.
9.11	Nominations and Governance Committee	
9.11.1	The Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Complied with. The Nomination and Governance Committee was established by the Board with effect from 28 June 2024.
9.11.2	The Company 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 with. The Committee follows a formal procedure for the appointment and re-election of Directors.
9.11.3	The Committee shall have a written Terms of Reference clearly defining the scope, authority, duties and matters pertaining to the quorum of meetings.	Complied with. The Committee has adopted a Terms of Reference that defines its scope, authority, and responsibilities.
9.11.4	Composition (1) The members of the Nominations and Governance Committee shall; (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 Committee by the Board of Directors. (3) The Chairperson and the members of the Committee shall be identified in the Annual Report of the Listed Entity.	Complied with. The Committee comprises three Non-Executive Directors, including two independent members, with the Chairmanship held by an Independent Non-Executive Director. Nomination and Governance Committee Report is given on pages 207 to 209 of the Annual Report.

Section	Requirement	Extent of Compliance
9.11.5	Functions of the Nominations and Governance Committee	Complied with. The functions of the Committee are documented in its Terms of Reference. Please refer Nomination and Governance Committee Report on pages 207 to 209.
9.11.6	Disclosures in the Annual Report	Complied with. Disclosure requirements are covered in the Nomination and Governance Committee Report given on pages 207 to 209.
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	The Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Complied with. The Company has established a Human Resources and Remuneration Committee.
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 with. A Board approved remuneration policy is in place. The Human Resources and Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations.
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 with. Fees and allowances of Non-Executive Directors are decided by the Board of Directors as a whole.
9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied with. The Committee has adopted a Terms of Reference which define the scope, authority and duties.
9.12.6	Composition (1) The members of the Remuneration Committee shall; (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) In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary. (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied with. The Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. An Independent Non-Executive Director serves as the Chairperson of the Committee.

Corporate Governance

Section	Requirement	Extent of Compliance
9.12.7	<p>Functions</p> <p>(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.</p> <p>(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.</p>	<p>Complied with.</p> <p>The Human Resources and Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other key management personnel. The Board makes the final determination after considering such recommendations.</p>
9.12.8	Disclosure in Annual Report	<p>Complied with.</p> <p>The Human Resources and Remuneration Committee report is given on pages 210 and 211 of the Annual Report.</p> <p>The remuneration paid to the Board of Directors is disclosed in aggregate in Note No 52 to the Financial Statements on page 296.</p>
9.13	Audit Committee	
9.13.1	Where The Company 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.	The Company has established separate Committees to perform the Audit and Risk Functions.
9.13.2	The Audit Committee shall have a written term of reference clearly defining its scope, authority and duties.	<p>Complied with.</p> <p>Board approved Terms of References is in place.</p>
9.13.3	<p>Composition</p> <p>(1). A Minimum of three (3) Directors, out of which a minimum of two (2) or a majority of the members, whichever higher, shall be Independent Directors and not comprise of Executive Directors</p> <p>(2). The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors</p> <p>(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.</p> <p>(4) If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary</p> <p>(5) Independent Director shall be appointed as the Chairperson of the Committee.</p>	<p>Complied with.</p> <p>The Board Audit Committee consists of three Independent Non-Executive Directors.</p> <p>Complied with.</p> <p>All three members of the Board Audit Committee are Independent Non- Executive Directors.</p> <p>Complied with.</p> <p>The Committee convened on seven occasions throughout the year. The Committee reviewed the financial statements for both quarterly and annual periods and recommended the Board of Directors before they were made public.</p> <p>Not applicable.</p> <p>Complied with.</p> <p>An Independent Non-Executive Director serves as the Committee Chairman.</p>

Section	Requirement	Extent of Compliance
	(6) The CEO and the CFO shall attend the Audit Committee meetings by invitation.	Complied with. The MD/CEO, Senior DGM – Finance & Admin., DGM – Internal Audit, and a representative of the External Auditor usually receive invitations to participate in meetings. Additional Board members and staff may be present at meetings if they are invited.
	(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Complied with. The Chairman of the Board Audit Committee is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom.
9.13.4	Functions of the Audit Committee	Complied with. The functions of the Committee are set out in the Audit Committee Charter. Please refer Audit Committee Report on pages 201 to 203.
9.13.5	Disclosures in the Annual Report	Complied with. The Report of the Audit Committee is given on pages 201 to 203.
9.14	Related Party Transactions Review Committee	
9.14.1	The Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14.	Complied with. Related Party Transactions Review Committee has been established by the Board.
9.14.2	Composition The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors, out of which two (02) members shall be Independent Directors of the Company. It may also include Executive Directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	Complied with. The Committee consists of three Independent Non-Executive Directors and an Independent Non-Executive Director serves as the Chairperson of the Committee.
9.14.3	Functions of the Related Party Transactions Review Committee as set out in Section 9.14.3.	Complied with. The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions, to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintains a policy, procedures, and processes for the identification, clarification, and reporting of Related Party Transactions on an end-to-end basis across the Company's operations. Please refer Related Party Transactions Review Committee Report on pages 212 and 213.

Corporate Governance

Section	Requirement	Extent of Compliance
9.14.4	<p>General Requirements</p> <p>(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter and ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <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 Company 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> <p>(a) be present while the matter is being considered at the meeting; and,</p> <p>(b) vote on the matter</p>	<p>Complied with.</p> <p>The Committee meetings are held at quarterly intervals. The minutes of the meetings are submitted to the subsequent Board for Board's information and/or action (if deemed necessary).</p> <p>The Related Party Transactions Review Committee members have sufficient knowledge or expertise, or access to it, to evaluate all aspects of potential Related Party Transactions and should seek advice from a qualified professional if needed.</p> <p>If needed, the Committee will seek for the Board of Directors' approval for the Related Party Transactions which are under review by the Committee.</p> <p>Directors abstain from voting on any resolution in which the Directors have related party interests and are not counted in the quorum for the relevant agenda item at the Meeting.</p>
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Proposed related Party Transactions are reviewed by the Committee, except those exempted under Rule 9.14.10.
9.14.6	Shareholder approval	There were no such transactions occurred during the year under review.
9.14.7 - 9.14.8	Immediate disclosures and disclosures in the Annual Report	<p>There were no Related Party Transactions during the year which required immediate Market Announcement as set out in Section 9.14.7.</p> <p>Disclosures relating to 9.14.8(1) is given on page 179.</p> <p>There were no Related Party Transactions during the year which exceed 10% of the gross income as set out in section 9.14.8 (2).</p> <p>Further information relating to Related Party Transactions, is disclosed in Note 52 on "Related Party Disclosures" in the Financial Statements and pages 295 to 299 of this report.</p> <p>Related Party Transaction Review Committee Report is given on pages 212 and 213.</p>
9.14.7	Acquisition and disposal of assets from/ to Related Parties	During the year under review, there were no acquisition/disposal of substantial assets from/to Related Parties.
9.16	Additional disclosures	
	<p>Additional disclosures by Board of Directors Declaration on following;</p> <p>I. All material interests in contracts involving in the Company and have refrained from voting on matters in which they were materially interested</p>	<p>Relevant disclosures are included in the "Corporate Governance Report" on pages 124 to 131 and the "Annual Report of the Board of Directors on the state of affairs of the Company" on pages 196 to 199.</p>

Section	Requirement	Extent of Compliance
	II. Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Directors' Statement on Internal Control Over Financial Reporting" is given on page 218.
	III. Made 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.	

Disclosure of Related Party Transactions as per Section 7.6 (Xvi) and 9.14.8(1), 9.14.8(2) of the CSE Listing Rules:

As per CSE Listing Rule 7.6 (xvi) - Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower.

Name of the Related Party	Relationship	Terms of the Transaction	Date	2025 Rs.'000	Rationale for entering Transaction
K.D.D. Perera	Significant Shareholder	Fixed Deposit taken for interest rates of 16.5% & 18% for 24 & 60 Months - Monthly	29th December 2022 & 19th May 2023	2,505,188	To support the further expansion of business
K.D.A. Perera	Director	Fixed Deposit taken for interest rates between 9% & 25% for 12 & 60 Months - Maturity	09th June 2022, 13th March, 21st June, 25th July 2023 & 25th February 2025	1,798,741	To support the further expansion of business
Vallibel Three (Pvt) Ltd	Affiliate	Fixed Deposits taken for interest rate 10% for 07 Months - Maturity	05th November 2024	2,600,685	To support the further expansion of business

As per CSE Listing Rules 9.14.8 - Disclosures on Related Party Transactions

9.14.8. (1) Non- recurrent related party transactions which exceeds 10% of equity or 5% of total assets of the Company whichever is lower:

Following Corporate Guarantee has been issued by the Company,

- > The Company has provided a Corporate Guarantee amounting to Rs. 1.8 billion in favour of Commercial Bank of Ceylon PLC, on behalf of Vallibel Properties Limited, in relation to a borrowing facility obtained for the construction of the Corporate Office Complex. During the financial year, capital repayment totalling Rs. 360 million has been made against the facility.
- > The Company has provided a Corporate Guarantee amounting to Rs. 350 million in favour of Commercial Bank of Ceylon PLC, on behalf of Vallibel Properties Limited, in respect of a short-term borrowing obtained for the construction of the Corporate Office Complex. Capital repayment has been made during the financial year in relation to this facility.

The combined value of these related party transactions amounts to Rs. 2.15 billion, representing 11.90% of the Company's equity and 1.61% of total assets as at the reporting date.

Risk Management Report

THE FAVOURABLE ECONOMIC CONDITIONS IN SRI LANKA DURING THE FINANCIAL YEAR 2024/25 SIGNIFICANTLY SUPPORTED VALLIBEL FINANCE'S RISK MANAGEMENT ACTIVITIES, ENABLING THE COMPANY TO PERFORM BETTER THAN THE PREVIOUS YEAR. THE STEADY RECOVERY OF THE SRI LANKAN ECONOMY, MARKED BY POSITIVE OUTCOMES FROM POST-CRISIS REFORMS, IMPROVED ECONOMIC ACTIVITY, PARTIAL RECOVERY IN PURCHASING POWER AND REDUCED UNCERTAINTY CREATED A MORE STABLE ENVIRONMENT FOR FINANCIAL OPERATIONS. ENHANCED INVESTOR AND STAKEHOLDER CONFIDENCE, STEMMING FROM THE NEAR COMPLETION OF EXTERNAL DEBT RESTRUCTURING AND THE COUNTRY'S EXIT FROM A RESTRICTED DEFAULT RATING, FURTHER ENCOURAGED THIS STABILITY. THESE IMPROVED ECONOMIC CONDITIONS SUPPORTED VALLIBEL FINANCE'S RISK MANAGEMENT ACTIVITIES IN SEVERAL KEY AREAS.

Credit Risk Management

Despite challenging macroeconomic conditions, the Company experienced further reductions in its Non-Performing Loans (NPL) ratio to 3.56% during the year under review, compared to 5.88% at the previous year end. This improvement reflects the effectiveness of the Company's credit risk policies, high credit governance standards, and the ability to expand credit to households and businesses. The Company maintained adequate provisions for loan losses and adopted a prudent provisioning approach. Investments in upgraded IT infrastructure enabled more effective tracking of loan performance, contributing to the reduction in NPLs.

Liquidity Risk Management

Vallibel Finance successfully maintained strong liquidity metrics, with the Statutory Liquid Asset Ratio well above the regulatory minimum as of 31st March 2025. The stable economic environment and improved investor confidence facilitated the adoption of diversified funding strategies. The Company also strengthened its contingency funding plan and conducted regular stress tests.

Market Risk Management

Vallibel Finance effectively navigated a volatile interest rate environment, with regular market risk assessments and stress tests informing tactical adjustments to the balance sheet and product pricing. The easing inflation and reduced energy prices contributed to a more stable market environment.

Capital Management Risk

The Company maintained robust capital ratios, with the Core Capital Ratio at 16.54% (above the 10% regulatory minimum) and the Total Capital Ratio at 21.51% (exceeding the 14% regulatory threshold) as of 31st March 2025. Strong profitability, supported by the recovering economy, contributed to retained earnings and internal capital generation.

The positive economic backdrop enabled Vallibel Finance to continue its growth while maintaining stringent risk management practices. The Company's disciplined approach, which combines balanced growth initiatives with comprehensive risk management, has enabled us to strengthen our market position and ensure stakeholder trust, ultimately fostering a sustainable business model.

OUR APPROACH TO RISK MANAGEMENT

At Vallibel Finance, our success is driven by a disciplined risk management approach. Our multi-layered risk management framework is integral to the Company’s strategic decision-making process, with careful oversight provided by the Board of Directors and Senior Management. During the year under review, we strategically expanded our branch network into underserved regions and invested in cutting-edge technology infrastructure. Most significantly, we achieved a landmark asset base recording of over Rs. 100 Bn in our 17 years of operations while maintaining stringent

credit standards, enhancing early warning systems, and implementing robust portfolio monitoring practices.

The Board of Directors and Senior Management maintain vigilant oversight through regular reviews of key risk indicators, stress testing of portfolios, and ensuring adherence to Central Bank of Sri Lanka directives. By fostering a strong risk culture throughout the Company, diversifying funding sources, maintaining adequate liquidity buffers, and continuously adapting to evolving market conditions, we have demonstrated that growth and prudent risk management are complementary objectives. This fact is showcased by the resulting consistent growth in our

loan book, enhanced stakeholder trust, and a sustainable business model that positions Vallibel Finance as a reliable financial partner for customers and a sound investment for shareholders.

RISK MANAGEMENT FRAMEWORK

Vallibel Finance PLC maintains a robust Risk Management Framework that serves as the foundation for identifying, assessing, measuring, monitoring and controlling risks across all business activities. Our framework is designed to be both comprehensive and agile, enabling us to navigate Sri Lanka’s changing financial landscape while safeguarding the interests of all stakeholders.

KEY COMPONENTS OF OUR RISK MANAGEMENT FRAMEWORK



During the financial year ended 31st March 2025, we enhanced our risk management framework through several initiatives, including improved stress testing methodologies, upgraded early warning systems, and positioning Vallibel Finance to withstand market volatilities and emerging challenges.

OBJECTIVES OF RISK MANAGEMENT

The Company’s risk management objectives are strategically designed to support sustainable growth while maintaining financial stability. These objectives guide our approach to risk management. We review our risk objectives regularly to ensure that they align with our developing corporate strategy and evolving business environment.

Risk Management Report

KEY CHALLENGES FACED DURING THE FINANCIAL YEAR 2024/25

The financial year 2024/25 presented Vallibel Finance PLC with several significant challenges that tested the resilience and adaptability of our risk management framework.

Key Challenge	Impact on the Company	Strategy Adopted by the Company
Macroeconomic Volatility	<p>Inflation Pressures: Despite a moderate improvement from the previous year's levels, inflation continued to be a concern, affecting customer repayment capacity and operational costs.</p> <p>Interest Rate Fluctuations: The Central Bank of Sri Lanka's monetary policy adjustments created challenges for asset-liability management and margin preservation.</p>	The Company's business model is sensitive to interest rate fluctuations. We addressed this challenge by convening regular Asset and Liability Committee (ALCO) meetings, ensuring favourable repricing strategies for both interest income and expense.
Regulatory Evolution	<p>Heightened Compliance Requirements: The implementation of new regulatory directives necessitated significant adjustments to policies, procedures and systems.</p> <p>Increased Capital Requirements: Maintaining compliance with elevated capital adequacy requirements while supporting business growth.</p>	<p>As a financial entity, we strictly adhere to all relevant compliance requirements to mitigate potential risks.</p> <p>We have strictly complied with all capital adequacy requirements set by the CBSL and maintained well-capitalised levels as per the CBSL guidelines. Core Capital Ratio was 16.54%, exceeding the 10%, regulatory minimum, and the Total Capital Ratio was 21.51%, surpassing the 14% regulatory threshold.</p>
Digital Transformation Risks	<p>Cyber security Threats: The increased automation for operational excellence introduces cyber security vulnerabilities, necessitating continuous security measures enhancements.</p> <p>Technology Integration Challenges: Merging legacy systems with new platforms introduced operational complexities and potential vulnerabilities.</p>	The Company continues to invest significantly in IT infrastructure developments and security measures to minimise these risks and move towards zero cyber security incidents. During the year under review, the Company invested in Rs.65.87 Mn in IT infrastructure development and security measures. A key initiative was appointing a Chief Information Security Officer (CISO) to oversee cyber security risk management. The security awareness culture was also intensified across the Company through phishing simulations and security assessments, significantly improving employee awareness.
Climate-Related Risks	Physical Risk Impacts: Extreme weather events have affected specific customer segments, particularly those in the agricultural and related sectors.	The Company identified the impact of these changes on our portfolio and operations.
Market Competition	<p>Pricing Pressure: Intensified competition in key product segments compressed margins and challenged risk-pricing models.</p> <p>Customer Retention: Maintaining customer loyalty amid aggressive competitor offerings required a careful balance between growth and risk.</p>	We consistently diversify our portfolio and cater to each customer segment with unique features, striking a careful balance between competitive pricing and a risk-based pricing strategy.
Talent Management	Specialised Skill Shortages: Attracting and retaining professionals with specialised skills proved challenging in a competitive market.	As a leading finance company, we implement up-to-date and effective HR practices. We maintain a structured recruitment process, comprehensive training programs, competitive compensation structures and robust succession planning to cultivate a resilient workforce capable of achieving the Company's objectives while adapting to the evolving financial landscape.

Risk Management Process of Vallibel Finance PLC

Risk Universe

Financial Risks



- > Credit Risk
- > Market Risk
- > Liquidity Risk
- > Interest Rate Risk
- > Commodity Price Risk

Non-Financial Risks



- > Operational Risk
- > Strategic Risk
- > Reputational Risk
- > Regulatory Risk

Emerging Risks



- > Cyber Risk
- > ESG Risk
- > Climate Risk



Preliminary Risk Management Process

Risk Identification

Risk Assessment & Measurement

Risk Monitoring & Treatment

Risk Control

Risk Reporting



Risk Governance

Board of Directors

CEO/MD and the Corporate Management

ALCO

Credit Committee

IT Steering Committee

Board Integrated Risk Management Committee

Board Audit Committee

Chief Internal Auditor

Chief Information Security Officer

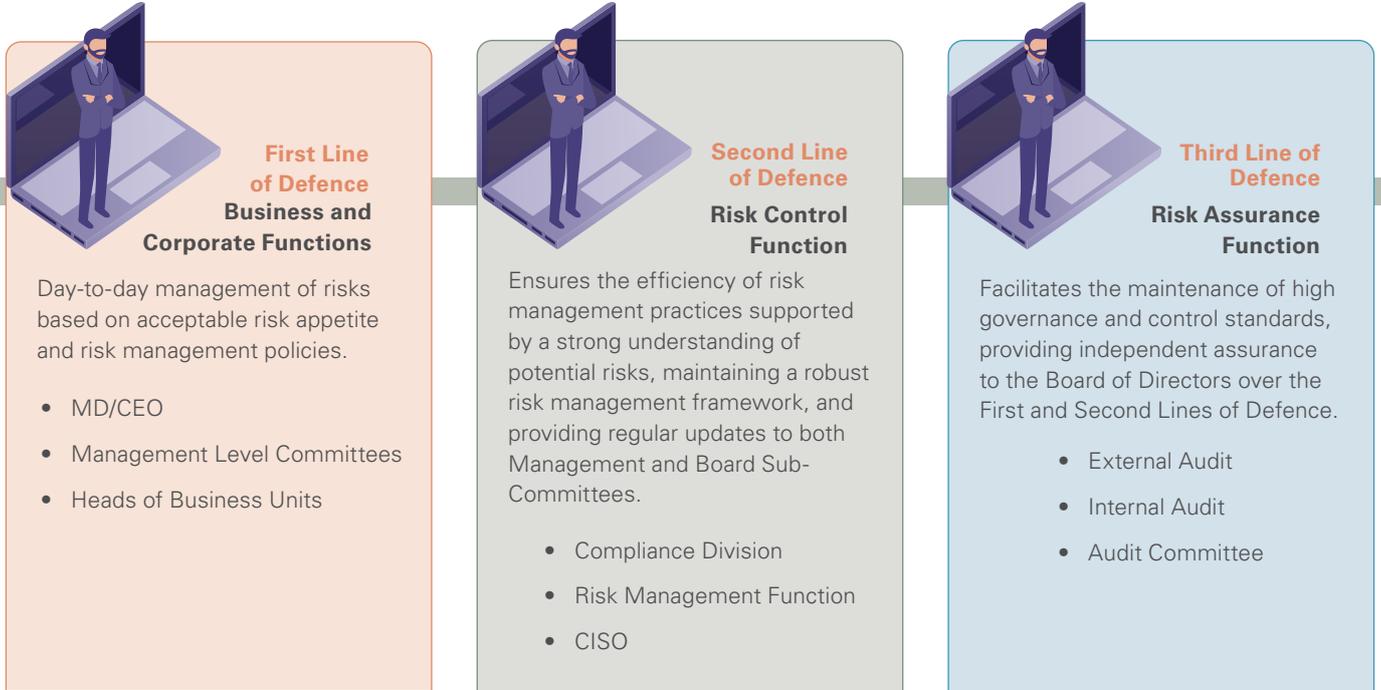
Compliance Officer

Risk Officer



Risk Management Report

THREE LINES OF DEFENCE FRAMEWORK



RISK MANAGEMENT COMMITTEES AND THEIR RESPONSIBILITIES

	Role and Responsibility	Assurance of Governance
Board of Directors (BOD)	The Board of Directors (BOD) is responsible for establishing and overseeing Vallibel Finance's risk management process. Accordingly, the Board has established several sub-committees to assist the BOD in discharging its risk management-related responsibilities.	The Statement of Directors' Responsibilities for the financial year ended 31st March 2025 is available on page 220 of the Annual Report.

Board Sub-Committees	Role and Responsibility	Assurance of Governance
Audit Committee (AC)	<p>Assists the BOD in fulfilling its oversight responsibilities for the integrity of the financial statements, the Company's compliance with legal and regulatory requirements, the external auditor's independence, the performance of the Company's internal audit function and the soundness of the internal controls and practices.</p> <p>Responsible for monitoring and reviewing risk management policies and procedures and evaluating the suitability of the risk management process adopted to manage the risks faced by the Company.</p> <p>The AC meets regularly.</p> <p>The AC is assisted in these functions by the Internal Audit team.</p>	The Statement of BAC for the financial year ended 31st March 2025 is available on page 201 of the Annual Report.

Management Committees	Role and Responsibility	Composition
Board Integrated Risk Management Committee (BIRMC)	<p>Responsible for developing and monitoring the risk management policies and procedures, as well as the risk profiles and appetite of the Company's specified risk categories.</p> <p>The BIRMC meets once in every two months to assess all aspects of risk management or more frequently as it deems necessary or appropriate to carry out its duties and responsibilities promptly and with accountability.</p>	The Statement of BIRMC for the financial year ended 31st March 2025 is available on page 204 of the Annual Report.
Assets and Liabilities Management Committee (ALCO)	<p>Assists the BOD in supervising and monitoring the Company's assets and liabilities and related management policies and procedures to ensure effective management of On- and Off-Balance Sheet risks of the Company.</p> <p>Primarily responsible for the management of interest rate risk, market risk, liquidity risk, capital risk and other risks which the BIRMC may specify.</p> <p>The ALCO meet monthly to review progress and developments and guide the Company forward as required.</p>	The ALCO comprises senior management team members who oversee significant risk categories. The ALCO is chaired by the Managing Director/CEO. All actions taken by the ALCO are reported to the BIRMC.
Credit Committee (CC)	<p>Responsible for formulating credit policies for the Company in consultation with business lines.</p> <p>Responsible for setting risk exposure concentration limits for counterparties, geographies, industries, asset classes and market liquidity.</p> <p>In considering credit policy formulation, the CC must review customer collateral requirements and credit assessments, risk grading and reporting, documentation and legal procedures and compliance with regulatory and statutory requirements.</p> <p>In addition, the CC must establish the authorisation structure to approve and renew credit facilities.</p> <p>The CC meets monthly or more frequently depending on business requirements.</p>	The Credit Committee is comprised of the Managing Director/CEO, Executive Director, Chief Operating Officer, Senior DGM–Credit, Senior DGM–Collections, DGM–Branch Operations and Channel Management, and the Senior Manager–Credit Administration.
IT Steering Committee (ITSC)	<p>The committee is responsible for evaluating the Company's IT strategies and the financial, tactical and strategic benefits of proposed major IT-related projects and technology architecture alternatives.</p> <p>ITSC meets regularly to review its functions. The committee is evaluated by BIRMC.</p>	The ITSC comprises the Managing Director/CEO, Executive Director, COO, IT Consultant/CISO, Senior Deputy General Manager - Finance and Administration, and all Senior Managers of IT.

MANAGEMENT OF KEY RISKS

Below, we elaborate on the Company's risk appetite and the various mechanisms utilised to manage identified risks, which can potentially impact the achievement of the Company's objectives and may arise from multiple sources such as financial operational, strategic or regulatory factors.

Risk Management Report

VALLIBEL FINANCE'S RISK APPETITE

Risk Criteria	Maximum Risk Tolerance Limit	Regulatory Limit	31st March 2025
Credit Risk			
Loans and Advances			
Non-Performing Loans Ratio - Gross	<20%	NA	3.56%
Non-Performing Loans Ratio - Net	<10%	NA	-0.41%%
Exposure to the 10 largest customers	<5% of the lending portfolio	NA	3.0%
Maximum exposure to a single borrower - Individual	15% of core capital	15% of core capital	3.0%
Maximum exposure to aggregate unsecured lending	20% of core capital	20% of core capital	0.00%
Liquidity Risk			
Liquid assets ratio	10% of deposit liabilities and unsecured borrowings	10% of deposit liabilities and unsecured borrowings	25.00%
Deposit renewal ratio	Average 3-months renewal ratio >85%	NA	86.00%
Maximum single depositor/group exposure	<25% of capital funds	NA	15.13%
Maximum exposure to large deposits (Over Rs. 10 Mn)	<55% of total deposits	NA	37.00%
Compliance - Capital Adequacy			
Core capital ratio	10.00%	10.00%	16.54%
Total risk-weighted capital ratio	14.00%	14.00%	21.51%
Capital funds to deposits ratio	10.00%	10.00%	24.49%
Market Risk			
% Impact on Net Interest Income from 100 bps shock	5.00%	NA	1.16%
% Impact on Net Interest Income from 200 bps shock	10.00%	NA	2.31%
% Impact on Net Interest Income from 300 bps shock	15.00%	NA	3.47%
% Impact on Net Interest Income from 400 bps shock	20.00%	NA	4.63%

MANAGEMENT OF KEY INTERNAL AND EXTERNAL RISKS DURING THE FINANCIAL YEAR 2024/25

Credit Risk

Credit risk is the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. As a leading financial institution in Sri Lanka, with lending at the Company's core business function, managing credit risk is vital important to Vallibel Finance. Effective credit risk management ensures the sustainability of the Company's earnings, protects

its asset base and secures long-term stakeholder confidence.

Vallibel Finance manages credit risk through a well-established framework that integrates governance, policies, analytical tools and experienced human oversight. The Company recognises that credit risk can arise from various segments, including vehicle loans, leasing and auto draft facilities. Accordingly, the risk management framework is designed to address the unique risk characteristics of each

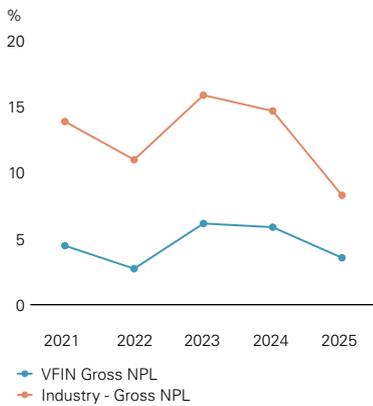
lending product and customer profile. The governance structure is a critical component of the Company's credit risk management framework. The Board of Directors and the Board Integrated Risk Management Committee (BIRMC) provide oversight and strategic direction, ensuring that credit risk policies align with the Company's risk appetite. At the operational level, day-to-day credit risk is managed by the branch-level, Credit Administration Department under the supervision of a dedicated Credit Committee. This committee

includes senior management and credit professionals who bring experience, judgment and analytical expertise to credit decisions.

Default Risk Management Approach

A key element of managing credit risk at Vallibel Finance is the robust credit evaluation process. Each loan application undergoes a thorough review involving both quantitative and qualitative assessments. The Company maintains rigorous credit evaluation standards, supported by internal scoring models and sector-specific criteria. Another key strategy the Company employs is the ongoing monitoring of loan performance. Vallibel Finance has invested in robust systems and processes to track repayments, identify arrears early and engage in proactive recovery efforts. The Recovery Department plays a critical role in this process by ensuring that overdue accounts are followed up diligently and repayment plans are renegotiated when necessary.

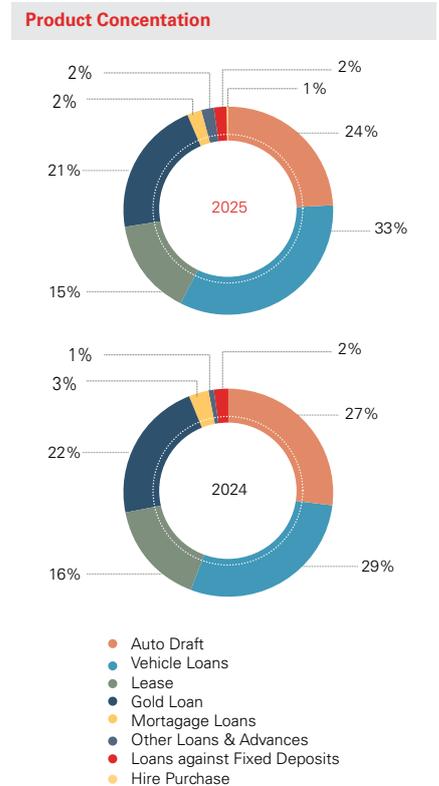
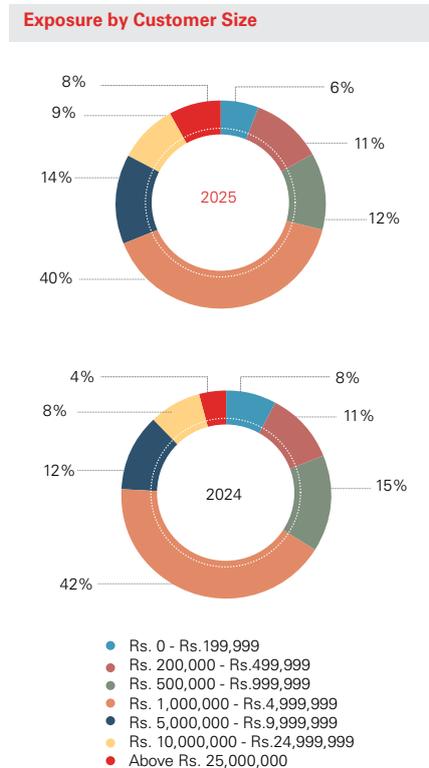
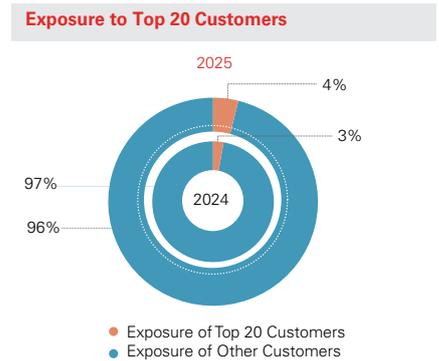
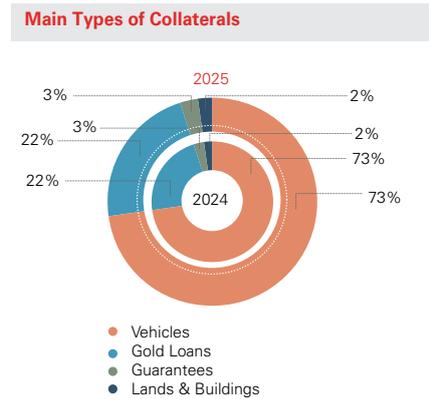
Non-Performing Loans (NPL) ratio



Credit Concentration Risk Management Approach

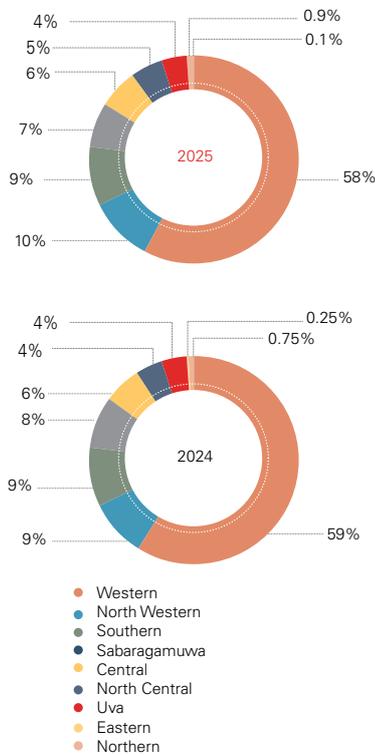
Vallibel Finance recognises the importance of portfolio diversification in managing credit risk. The lending portfolio is carefully structured to avoid overexposure to any single sector, geographic region or customer segment. This diversification helps cushion the Company against shocks in specific industries or economic sectors. The Company also actively monitors its credit concentration risk, taking preventive actions when early warning indicators are identified. The Credit

Policy and Credit Risk Management Policy serve as the foundation for prudent lending practices, ensuring diversified exposure across various sectors. Regular monitoring and reporting of asset-wise, sector-wise, and product-wise credit concentration, as well as concentration of top 25 borrowers to the BIRMC, facilitating timely interventions and maintaining the Company’s risk appetite.



Risk Management Report

Geographical Concentration



Credit Risk Update for the Financial Year 2024/25

During the year under review, despite challenging macroeconomic conditions, Vallibel Finance successfully improved the health of its loan book. The Non-Performing Loans (NPL) ratio declined to 3.56% for the financial year ended 31st March 2025, from 5.88% recorded at the end of the previous financial year. This improvement reflects the effectiveness of the Company’s credit risk policies and its commitment to high standards of credit governance. To further strengthen its risk position, the Company has maintained adequate provisions for loan losses in line with the regulatory requirements set by the Central Bank of Sri Lanka and Sri Lanka Accounting Standards (SLFRS 9). Vallibel Finance has adopted a prudent approach to provisioning, ensuring that its balance sheet remains resilient to potential credit shocks. Recognising the importance of data-driven decision-making, the Company invested in upgrading its information technology infrastructure.

The enhanced IT systems enabled more effective tracking of loan performance. This technological advancement supported timely interventions and informed decision-making, contributing to the overall reduction in NPLs. As the financial services sector evolves, emerging risks such as digital fraud, credit card defaults and SME volatility continue to pose new challenges. Vallibel Finance remains agile in adapting its credit risk strategy to meet these challenges. The Company is exploring enhanced credit scoring models to sharpen its credit decision-making processes. Moreover, employee training and capacity building are ongoing priorities to ensure credit officers remain well-informed and update with industry trends and regulatory changes.

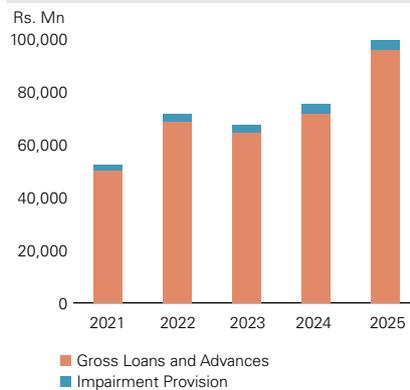
Outlook for the Financial Year 2025/26

Looking ahead, the Company aims to further enhance its credit risk infrastructure by leveraging technology, improving data quality and reinforcing its early warning systems. The outlook for credit risk management remains forward-thinking, data-driven and deeply rooted in stakeholder trust. By combining technological innovation with disciplined governance and a customer-centric approach, the Company is well-positioned to navigate emerging challenges, proactively manage exposures and maintain its legacy of financial resilience in the forthcoming years.

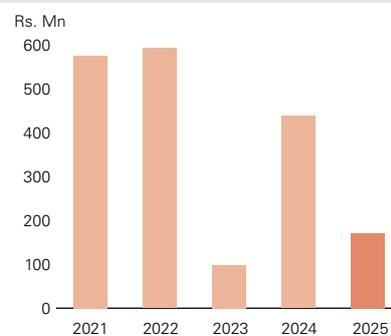
Liquidity Risk

Liquidity risk refers to the potential inability to meet financial obligations when they fall due without incurring unacceptable losses. For Vallibel Finance, maintaining optimal liquidity is critical to ensure smooth operations and stakeholder confidence. The Company manages its liquidity risk through a structured framework integrating governance, policies and analytical tools. The Company recognises that liquidity challenges can emerge from various sources, such as maturity mismatches, market disruptions, or sudden deposit withdrawals. Accordingly, the liquidity management framework has been designed to proactively address these diverse challenges. The governance structure for liquidity management is robust, with the Board of Directors and Assets and Liabilities Management Committee (ALCO) providing oversight. The Treasury Department handles day-to-day liquidity operations, maintaining appropriate levels of liquid assets while optimising returns.

Gross Loans & Advances and Impairment Provision



Impairment Charge



Liquidity Risk Management Approach

The Company’s comprehensive liquidity forecasting process is a cornerstone of its liquidity risk management. Vallibel Finance employs cashflow modelling techniques to project inflows and outflows across different time horizons, enabling proactive management of potential liquidity gaps. The Company maintains a prudent liquidity buffer comprising high-quality liquid assets that can be readily converted into cash during stress scenarios. This buffer is regularly reviewed and adjusted to match the Company’s evolving business profile and market conditions. Vallibel Finance also employs diversified funding strategies to reduce over reliance on any single funding source. The funding mix includes retail deposits, institutional deposits, bank borrowings and securitisation, ensuring stability even if individual funding channels face constraints.

Liquidity Risk Update for the Financial Year 2024/25

During the year under review, despite challenging macroeconomic conditions, Vallibel Finance successfully maintained strong liquidity metrics. The Statutory Liquid Asset Ratio stood at 25.00% as of 31st March 2025, well above the regulatory minimum requirement, demonstrating the Company’s robust liquidity position. The Company further strengthened its contingency funding plan, conducting regular stress tests to assess resilience under various scenarios. These tests simulated market-wide stress, company-specific stress and combined scenarios, helping identify potential vulnerabilities and refine mitigation strategies. The ALCO met monthly to review liquidity positions, funding strategies and market dynamics. This regular oversight ensured timely adjustments to the Company’s liquidity strategy in response to changing market conditions.

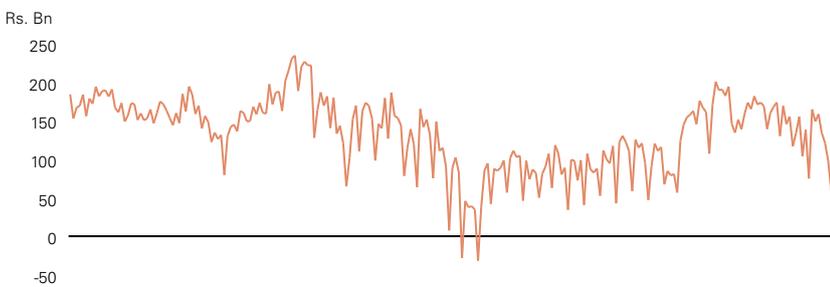
Outlook for the Financial Year 2025/2026

Looking ahead, Vallibel Finance aims to further enhance its liquidity risk framework by implementing advanced liquidity forecasting models and expanding stress testing capabilities. The Company remains committed to maintaining a prudent approach to liquidity management while adapting to evolving regulatory standards and market practices.

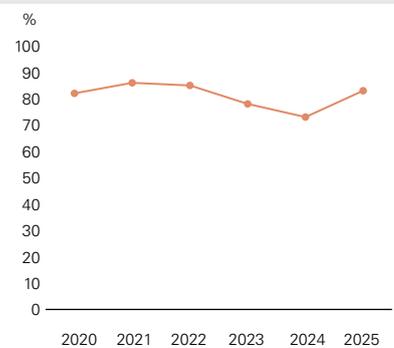
The maturity analysis of loans and advances

Rs Mn	up to 3 months	3 to months	1 to 3 years	3 to 5 years	More than 5 years	Total
Total Loans and Advances (Net)	29,767	33,104	24,770	8,281	38	95,961

Market Liquidity Risk (CBSL Over Night Liquidity)

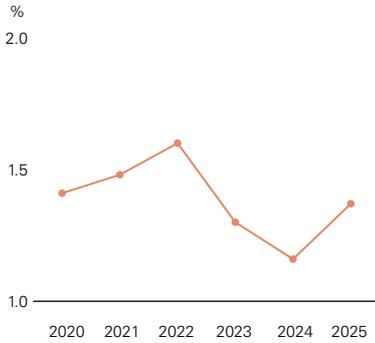


Net Loans to Total Assets Ratio

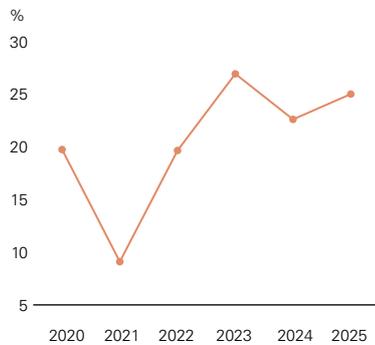


Risk Management Report

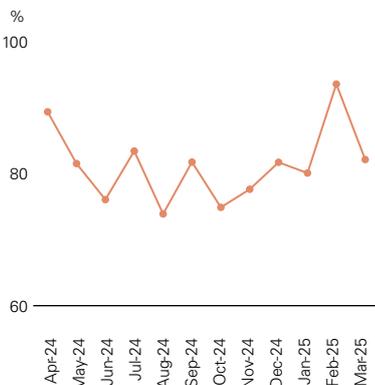
Movement in Advances to Deposits Ratio



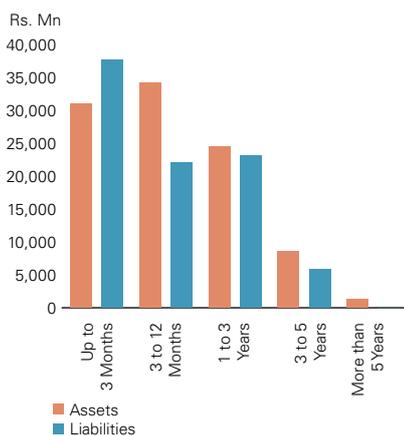
Liquid Assets to Deposit Ratio



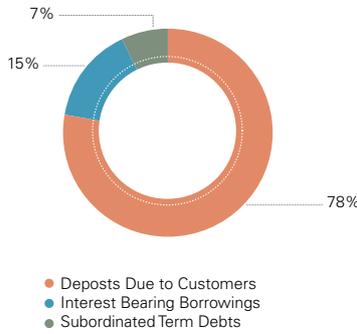
Deposit Renewal Ratio



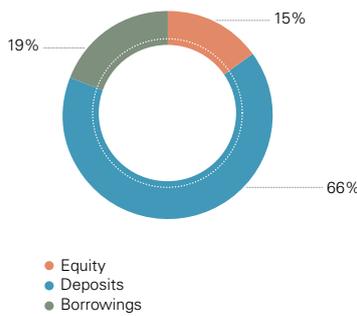
Maturity Analysis of Interest Bearing Assets and Liabilities as at 31st March 2025



Interest Bearing Liabilities Mix 2025



Funding Composition



Market Risk

Market risk refers to the potential for losses resulting from fluctuations in market variables, including interest rates, foreign exchange rates and equity prices. For Vallibel Finance, effectively managing market risk is essential to protect its financial stability and profitability. The Company manages market risk through a structured framework integrating governance, policies, analytical tools and experienced human oversight. The Company recognises that market risk can arise primarily from interest rate fluctuations and, to a lesser extent, equity price movements. The market risk management framework has been designed to address these specific risk elements. The governance structure includes oversight from the Board of Directors and the BIRMC, with the Treasury Department and ALCO handling operational aspects of market risk monitoring and management.

Interest Rate Risk Management Approach

Given the nature of its business, interest rate risk is a significant component of market risk for Vallibel Finance. The Company employs maturity gap analysis to assess and manage interest rate risk. Regular repricing gap analysis helps to identify mismatches between rate-sensitive assets and liabilities across different time bands. The Company also utilises interest rate sensitivity analysis to understand the potential impact of rate changes on net interest income. This analysis informs strategic decisions on product pricing, loan tenures and funding mix.

Commodity Price Risk Management Approach

Commodity price risk arises due to the Company's substantial gold loan portfolio which is a critical component of market risk for Vallibel Finance. Fluctuations in gold prices directly impact the collateral value of gold-backed loans, potentially affecting the loan-to-value ratios and recovery prospects in the case of defaults. Vallibel Finance employs a comprehensive approach to managing gold price risk.

Stress testing is an integral part of gold price risk management. The Company simulates various gold price decline scenarios to assess potential impacts on collateral coverage and provisioning requirements. The gold loan portfolio is also structured with relatively short tenures, typically ranging from 1 to 12 months, which limits exposure to long-term fluctuations in the gold price. This approach enables regular revaluation of collateral and adjustment of loan terms aligned to prevailing market conditions.

Market Risk Update for the Financial Year 2024/25

During the year under review, Vallibel Finance effectively navigated a volatile interest rate environment. The Treasury Department, working closely with ALCO, conducted regular market risk assessments and stress tests to evaluate the impact of adverse market movements. These assessments informed tactical adjustments to the Company’s balance sheet structure and product pricing. The Company also enhanced its market risk monitoring capabilities by implementing analytical tools that provide insights into market exposures and potential vulnerabilities.

Outlook for the Financial Year 2025/26

Looking ahead, Vallibel Finance plans to further refine its market risk management framework by adopting more sophisticated interest rate modelling techniques and expanding the scope of stress testing. The Company remains vigilant about emerging market risks and is committed to maintaining a prudent approach to market risk management while optimising returns within acceptable risk parameters.

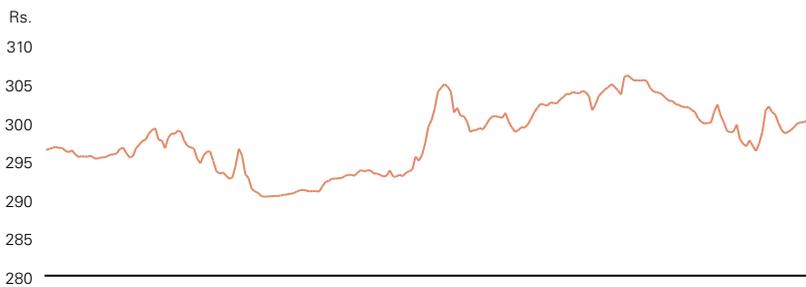
Operational Risk

Operational risk encompasses the potential for losses resulting from inadequate or failed internal processes, people, systems or external events. As a financial institution offering diverse products and services, Vallibel Finance recognises that effective operational risk management is essential for maintaining sustainable business operations and fostering stakeholder confidence. Accordingly, operational risk is managed through a comprehensive framework integrating governance, policies, procedures, and control mechanisms. The Company acknowledges that operational risks span its entire business spectrum, from branch operations to centralised processing units and support functions. The governance structure includes direct oversight from the Board of Directors and the BIRMC, with operational risk management responsibilities cascaded throughout all business units.

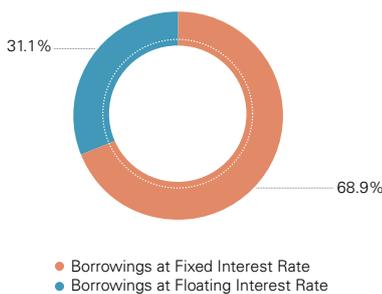
Operational Risk Management Approach

Vallibel Finance employs a composite approach to operational risk management. Risk and Control Self-Assessments are conducted across business units to identify and evaluate operational risks, as well as the effectiveness of controls. Key Risk Indicators (KRIs) are monitored to provide early warning signals of increasing risk exposures. The Company maintains an incident reporting mechanism that ensures prompt escalation and resolution of operational incidents. Root cause analysis is performed for significant incidents to prevent recurrence and strengthen control environments. Regular internal audits provide independent assurance on the effectiveness of operational controls. Business continuity planning is another critical element of the Company’s operational risk management. Comprehensive business continuity and disaster recovery plans are in place to ensure resilience against disruptions, with regular testing to validate their effectiveness.

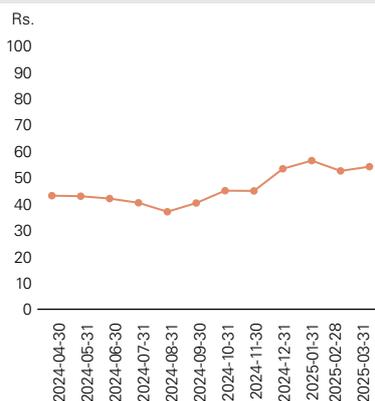
Foreign Exchange Rate Risk (USD)



Floating and Fixed Interest Rates 2025

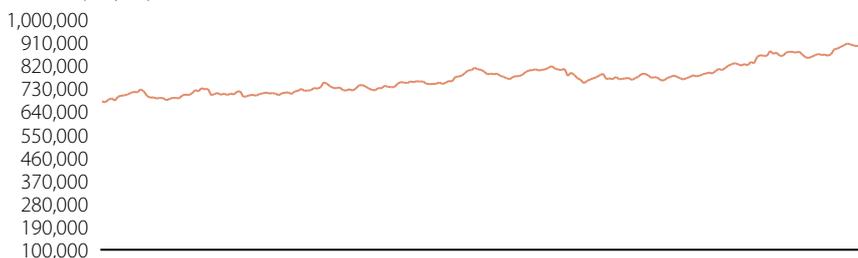


Equity Price



Commodity Price Risk

Gold Price (LKR/T.oz)



Risk Management Report

Operational Risk Update for the Financial Year 2024/25

During the financial year ended 31st March 2025, Vallibel Finance strengthened its operational risk management capabilities through several initiatives. The Company enhanced its operational risk policy framework in line with regulatory requirements, providing more explicit guidance on risk identification, assessment and mitigation responsibilities. Operational loss events remained within acceptable limits, with no material losses reported during the year. This positive outcome reflects the Company's strong control environment and risk-aware culture. The Company conducted multiple fire drills to ensure preparedness for operational disruptions.

Outlook for the Financial Year 2025/26

Looking ahead, Vallibel Finance aims to further enhance its operational risk framework by implementing analytics for predictive risk identification and strengthening its third-party risk management processes. The Company remains committed to fostering a strong risk culture in which operational risk management is embedded in day-to-day business activities at all levels of the Company.

Information Technology and Security Risk

Information Technology (IT) and Security Risk refers to the potential for losses or business disruptions arising from inadequate or failed IT systems, cyber threats, data breaches or information security vulnerabilities. As digital transformation accelerates in the financial services sector, managing IT and security risks has become increasingly critical for Vallibel Finance. Accordingly, IT and security risk are managed through a structured framework integrating governance, policies, technical controls and human oversight. The Company recognises that IT risks span its entire technology landscape, from core system to digital channels, data centres and end-user computing environments. The governance structure includes

oversight from the Board of Directors and the IT Steering Committee with operational responsibilities assigned to the IT Department and the Chief Information Security Officer (CISO). This multi-layered approach ensures that IT and security risks receive appropriate attention at all levels of the Company.

IT and Security Risk Management Approach

Vallibel Finance employs a comprehensive approach to IT and security risk management. Regular IT risk assessments are conducted to identify system, application and infrastructure vulnerabilities. These assessments inform the prioritisation of risk mitigation efforts and technology investments. The Company maintains a robust information security management framework aligned with international standards. This includes implementing multiple layers of security controls, access controls, encryption and monitoring mechanisms to protect against unauthorised access and data breaches. Cyber threat intelligence and monitoring are continuous processes at Vallibel Finance, with the Company actively monitoring its IT environment for suspicious activities and potential security incidents, enabling prompt detection and response to emerging threats.

IT and Security Risk Update for the Financial Year 2024/25

During the year under review, Vallibel Finance enhanced its IT risk management capabilities through several strategic initiatives. The appointment of a CISO was a key initiative towards cybersecurity risk management. A culture of security awareness was intensified across the Company, ensuring that all employees understand their role in maintaining information security. Phishing simulations and security assessments revealed a significant improvement in employee security awareness, reducing the Company's vulnerability to social engineering attacks. The Company also strengthened its IT governance framework by adopting industry best practices for system development,

change management and IT operations. These enhancements improved the stability and security of critical systems while reducing operational incidents.

Outlook for Financial Year 2025/26

Looking ahead, Vallibel Finance aims to further strengthen its IT and security risk posture by implementing advanced security analytics and expanding its vulnerability management programme. The Company remains vigilant about emerging cyber threats and is committed to maintaining robust defences to protect customer data and ensure service availability.

Capital Management Risk

Capital Management Risk refers to the potential inability to maintain adequate capital levels to support business growth, absorb unexpected losses and meet regulatory requirements. Effective capital management is crucial for the Company, as it fosters long-term sustainability, promotes regulatory compliance and maintains stakeholder confidence. At Vallibel Finance, capital management risk is addressed through a structured framework integrating governance, policies, analytical tools and strategic planning. The Company recognises that multiple factors influence capital adequacy, including business growth, asset quality, profitability and regulatory changes. The governance structure includes direct oversight from the Board of Directors and the BIRMC, with operational responsibilities assigned to the Finance Department and Treasury to ensure that capital management receives appropriate attention at both strategic and operational levels.

Capital Management Approach

Vallibel Finance employs a proactive approach to capital management. The Company maintains a comprehensive capital planning process that aligns with its strategic business plan. This process involves forecasting capital requirements based on projected growth,

changes in risk profile and regulatory developments. The Company maintains sufficient capital buffers above regulatory minimums by conducting regular capital adequacy assessments. The Company also performs stress tests to evaluate the resilience of its capital position under adverse scenarios. These tests help to identify potential vulnerabilities and inform contingency planning for capital conservation or enhancement as needed.

Capital Management Update for the Financial Year 2024/25

During the financial year ended 31st March 2025, Vallibel Finance maintained robust capital ratios despite challenging market conditions. The Core Capital Ratio stood at 16.54% as of 31st March 2025, comfortably above the regulatory minimum requirement of 10%, while the Total Capital Ratio was 21.51%, exceeding the 14% regulatory threshold. The Company's capital position was strengthened through retained earnings, reflecting its strong profitability and prudent dividend policy. This internal capital generation capacity provides a sustainable foundation for future growth while ensuring regulatory compliance. The Company also optimised its risk-weighted assets through strategic portfolio management, focusing on higher-quality assets and improving collateral coverage. This approach enhanced capital efficiency while maintaining a balanced risk profile.

Outlook for Financial Year 2025/26

Looking ahead, Vallibel Finance aims to further enhance its capital management framework by implementing more sophisticated capital allocation models and expanding stress testing capabilities. The Company remains committed to maintaining a strong capital position that supports sustainable growth while providing adequate protection against unexpected losses.

Capital adequacy

As at 31 March	2025	2024
Tier I Capital	14,661	12,475
Tier II Capital	4,398	1,999
Total Capital	19,059	14,474
Risk Weighted Amount for Credit Risk	79,629	64,211
Risk Weighted Amount for Operational Risk	8,984	8,882
Total Risk Weighted Amount	88,613	73,093
Regulatory Minimum Tier I Capital Ratio %	10.00%	8.50%
Tier I Capital Ratio %	16.54%	17.07%
Regulatory Minimum Total Capital Ratio %	14.00%	12.50%
Total Capital Ratio %	21.51%	19.80%

Strategic Risk

Strategic risk refers to the potential adverse impacts on earnings, capital or business viability arising from inadequate strategic decisions, improper implementation of strategic initiatives or failure to respond effectively to changes in the business environment. For Vallibel Finance, managing strategic risk is crucial to ensure long-term sustainability and maintain a competitive advantage. Accordingly, strategic risk is managed through a structured framework integrating governance, strategic planning processes, performance monitoring and environmental scanning. The Company recognises that strategic risks can emerge from various sources, including competitive pressures, technological disruptions, regulatory changes or macroeconomic shifts. The governance structure includes direct oversight from the Board of Directors, ensuring that strategic decisions receive appropriate scrutiny and are aligned with the Company's risk appetite and stakeholder expectations.

Strategic Risk Management Approach

Vallibel Finance employs a comprehensive approach to strategic risk management. The Company maintains a robust strategic planning process that involves a comprehensive analysis of internal capabilities,

competitive landscape, customer needs and market trends. This analysis informs the development of strategic objectives and initiatives. Regular performance reviews are conducted to monitor progress against strategic targets and identify emerging gaps or challenges. These reviews enable timely adjustments to strategic initiatives or resource allocations in response to changing conditions. The Company also maintains a systematic environmental scanning process to identify potential disruptions, emerging opportunities or regulatory developments that could impact its strategic positioning. This forward-looking approach enhances the Company's ability to anticipate and adapt to strategic challenges.

Compliance Risk

Compliance risk refers to the potential for legal or regulatory sanctions, financial loss or reputational damage that arises from failure to comply with applicable laws, regulations, codes of conduct and standards of good practice. Effective compliance risk management is crucial for maintaining stakeholder trust and operational legitimacy. At Vallibel Finance, compliance risk is managed through a structured framework integrating governance, policies, monitoring mechanisms and training programmes. The Company recognises that compliance risks span its entire business spectrum, from

Risk Management Report

customer onboarding and product design to financial reporting and regulatory interactions. The governance structure includes oversight from the Board of Directors and the BIRMC, with a dedicated Compliance Department responsible for managing day-to-day compliance activities. This multi-layered approach ensures that compliance receives appropriate attention at all levels of the organisation.

Compliance Risk Management Approach

Vallibel Finance employs a comprehensive approach to compliance risk management which includes regular compliance risk assessments conducted to identify and evaluate compliance obligations and potential vulnerabilities. These assessments inform the prioritisation of compliance efforts and resource allocation. The Company maintains a robust compliance monitoring program that includes regular reviews, testing and reporting on compliance status across various regulatory domains, enabling the early identification and resolution of compliance issues. The Compliance Department actively monitors regulatory developments, assesses their potential impact on the Company's operations and coordinates the implementation of necessary adjustments to ensure ongoing compliance.

Compliance Risk Update for the Financial Year 2024/25

During the period under review, Vallibel Finance strengthened its compliance risk management capabilities through several strategic initiatives. The Company enhanced its Anti-Money Laundering (AML) and Know Your Customer (KYC) frameworks. Compliance training was intensified across the company, ensuring that all employees understand the regulatory requirements relevant to their roles.

Legal and Regulatory Risk

Legal and regulatory risk encompasses the potential for losses arising from unenforceability of contracts, lawsuits, adverse judgments or regulatory sanctions. Effective management of legal and regulatory risks is crucial to protect the Company's financial position, operational capabilities and reputation. Vallibel Finance manages legal and regulatory risk through a structured framework that integrates governance, policies, legal expertise and monitoring mechanisms. The Company recognises that legal and regulatory risks can emerge from various sources, including contractual relationships, customer interactions, product features or regulatory changes. The governance structure includes oversight from the Board of Directors and the BIRMC, with operational responsibilities assigned to the Legal and Compliance Departments. This multi-layered approach ensures comprehensive coverage of legal and regulatory risk dimensions.

Legal and Regulatory Risk Management Approach

Vallibel Finance adopts a proactive approach to managing legal and regulatory risks, where all significant contracts and agreements undergo thorough legal review before execution to ensure enforceability and alignment with the Company's interests. Standard documentation is regularly updated to reflect legal developments and emerging risks. The Company maintains a systematic process for identifying and implementing regulatory changes. This process involves conducting an impact assessment, making procedural adjustments implementing system modifications, and providing training to employees to ensure compliance with the new requirements. Active case management is another critical element of the Company's legal risk management. The Legal Department closely monitors ongoing litigation and takes appropriate measures to protect the Company's interests, while seeking amicable resolutions where feasible.

Human Resource Risk

Human Resource risk refers to the potential adverse impacts arising from inadequate human capital management, including talent acquisition challenges, skill gaps, employee disengagement or succession planning deficiencies. Effective management of human resource risks is essential to ensure operational excellence, customer satisfaction and strategic execution. Vallibel Finance manages human resource risk through a structured framework that integrates governance, policies, talent management processes and performance monitoring. The Company recognises that human resource risks can emerge from various dimensions such as labour market dynamics, organisational culture, compensation practices or training inadequacies. The governance structure comprises oversight from the Board of Directors, as well as the Human Resource and Remuneration Committee and Nominations and Governance Committee with operational responsibilities delegated to the Human Resources Department. This ensures that human resource risks receive appropriate attention at both strategic and operational levels.

Human Resource Risk Management Approach

Vallibel Finance employs a comprehensive approach to human resource risk management by maintaining robust recruitment and selection processes to attract and retain talent with the right skills, experience and cultural fit. Competency frameworks guide the identification of skill requirements and development needs. Talent development is a priority at Vallibel Finance. The Company invests in structured training programmes, mentoring initiatives and career development plans to enhance employee capabilities and prepare future leaders. These development efforts help mitigate the risk of skill shortages while improving employee engagement. Succession planning is another critical element of the Company's human resource risk

management. Key positions are identified and potential successors are developed to ensure leadership continuity and minimise disruption during transitions.

Reputational Risk

Reputational risk refers to the potential for harm to the Company's standing in the eyes of its stakeholders, including customers, investors, regulators and the broader public. Safeguarding its reputation is paramount for the Company as it directly influences customer acquisition, retention, funding costs and regulatory relationships. Vallibel Finance manages reputational risk through a structured framework integrating governance, policies, monitoring mechanisms and stakeholder engagement strategies. The Company recognises that reputational risks can emerge from various sources, including customer service issues, governance failures, compliance breaches or negative media coverage. The governance structure includes oversight from the Board of Directors and the BIRMC, with cross-functional responsibilities assigned to relevant departments, including Corporate Communications and Compliance. This collaborative approach ensures comprehensive coverage of reputational risk dimensions.

Reputational Risk Management Approach

Vallibel Finance employs a proactive approach to reputational risk management. The Company maintains robust customer service standards and complaint handling procedures to address customer concerns promptly and effectively. Regular customer satisfaction surveys offer valuable insights into service quality and identify areas for improvement. Media monitoring and social media sentiment analysis are conducted regularly to identify emerging reputational issues or negative perceptions. This early warning system enables timely interventions to address potential reputational threats before they escalate. Stakeholder communication is another critical element of the Company's reputational risk management. The Company maintains transparent, consistent and timely communication with key stakeholders to build trust and manage expectations.

Communication of Critical Concerns

If any critical concerns arise, management will inform the Board of Directors, who will then discuss the issue and provide guidance and direction to address or mitigate them. No critical concerns were reported during the reporting period.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Vallibel Finance PLC are pleased to present the Annual Report for the year ended 31st March 2025, along with the Consolidated Financial Statements of the Company and its subsidiary, and the Independent Auditors' Report on those Financial Statements, in accordance with applicable statutory requirements.

General

Vallibel Finance PLC is a limited liability Company which was incorporated on 5th September 1974 as a private limited liability company under the Companies Ordinance (Chapter 145) as "THE RUPEE FINANCE COMPANY LIMITED" and was converted to a public company on 7th August 1989 under the Companies Act, No. 17 of 1982.

On 21st November 2005 the name of the Company was changed to "VALLIBEL FINANCE LIMITED". The Company was re-registered as "VALLIBEL FINANCE PLC" under the Companies Act, No. 07 of 2007 (Companies Act) on 20th August 2008 under Registration No. PB 526 PQ.

Vallibel Finance PLC is a Licensed Finance Company in terms of the Finance Business Act, No. 42 of 2011 and a Registered Finance Leasing Establishment in terms of the Finance Leasing Act No. 56 of 2000.

The Ordinary Shares of the Company are listed on the Main Board of the Colombo Stock Exchange.

The entity rating of Vallibel Finance PLC has been reaffirmed by Lanka Rating Agency Limited as BBB+ with an improved "Stable" outlook.

Principal activities of the Company and review of performance during the year

The Company's principal activities are accepting deposits, granting of finance leases, hire purchase facilities, mortgage loans, vehicle loans, personal loans, gold loans, micro finance and other credit facilities.

The Company's only subsidiary, Vallibel Properties Ltd was formed for the administration of construction, development and maintenance of the corporate office building for Vallibel Finance PLC. The said building was declared open on 1st June 2023.

There were no significant changes in the nature of the principal activities of the Company during the year under review.

The Directors do hereby declare that to the best of the knowledge of the Board of Directors the Company has not engaged in an activity which contravenes laws and regulations.

This Report and the Financial Statements reflect the state of affairs of the Company.

Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary have been prepared in accordance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) set by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No. 07 of 2007, Finance Business Act No. 42 of 2011 and the directions and guidelines issued under the said Finance Business Act and the Listing Rules of the Colombo Stock Exchange.

Consequent to the Audit Committee's recommendations, the Financial Statements were reviewed and approved by the Board of Directors on 29th May 2025.

The Consolidated Financial Statements of the Company and its subsidiary duly signed by the Senior Deputy General Manager – Finance and Administration and two Directors on behalf of the Board are given on pages 224 to 322, which form an integral part of the Annual Report of the Board of Directors on the affairs of the Company.

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and the Group is given on pages 221 to 223.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 232 to 322.

Changes in Accounting policies are described in Note 04 to the Financial Statements.

Directors

The names of the Directors who held office as at the end of the accounting period are given below:

Executive Directors

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

Non-Executive Directors

Mr. K D A Perera - Director
Mr. J Kumarasinghe* - Director
Mrs. C P Malalagoda* - Director
Mr. M A K B Dodamgoda* - Director
Mr. R S Dahanayake * - Director

*Independent Non-Executive Directors as per the Listing Rules of the Colombo Stock Exchange and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. Mr. J Kumarasinghe was appointed a Senior Independent Non-Executive Director on 16.09.2023.

Mr. J Kumarasinghe retires by rotation in terms of Articles 87 and 88 of the Articles of Association and being eligible is recommended by the Directors for re-election.

Mr. R S Dahanayake who was appointed to the Board on 23rd August 2024 is subject to election by shareholders at the Annual General Meeting in terms of Article 94 of the Articles of Association.

Based on the declarations made by the Independent Non-Executive Directors, the Board determined that Mr. J Kumarasinghe, Mrs. C P Malalgoda, Mr. M A K B Dodamgoda, and Mr. R S Dahanayake were independent as against the criteria for defining "independence" set out in the Listing Rules and the Finance Business Act (Corporate Governance) Direction No. 05 of 2021.

Directors of the Subsidiary Company

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

There were no changes in the Directors of the subsidiary during the year under review and upto the date of this Report.

Interests Register

The Company maintains an interests register in terms of the Companies Act, which is deemed to form part and parcel of this annual report and is available for inspection upon request. The relevant interests of Directors in the shares of the Company as at 31st March 2025 as recorded in the interests register are given in this report under Directors' shareholding.

Related Parties' Transactions with the Company

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period have been duly declared and are recorded in the interests register in due compliance with the provisions of the Companies Act, LKAS 24, Listing Rules and Finance Business Act (Corporate Governance) Direction No. 05 of 2021. The Directors also abstained from voting on matters in which they had a material interest in. Transactions of related parties (as defined in LKAS 24- Related Parties Disclosure) with the Company are set out in Note 52 to the financial statements. The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock

Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2025.

Directors' Remuneration

The remuneration of Directors of the Company and its subsidiary is disclosed under key management personnel compensation in Note 52 to the Financial Statements on page 296.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 was Rs.1,325,918,000/- represented by 235,453,400 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

Debenture Issues

The Company issued 30,000,000 Listed, Unsecured, Subordinated and Redeemable Debentures of Rs.100/- each to the value of Rs. Three Billion as listed Debentures in November 2024. The purpose of the issue was to expand and strengthen the capital base of the Company to keep in line with the Company's expansion strategy and to maintain the capital adequacy requirement of the Central Bank of Sri Lanka.

Directors' shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2025 are as follows:

	Shareholding as at 31/03/2025	Shareholding as at 31/03/2024
Mr. K D A Perera*	8,532,960	8,532,960
Mr. S B Rangamuwa	Nil	Nil
Seylan Bank PLC/ Mr. S B Rangamuwa	5,250,000	5,250,000
Mr. S S Weerabahu	Nil	Nil
Mr. J Kumarasinghe	Nil	Nil
Mrs. C P Malalgoda	Nil	Nil
Mr. M A K B Dodamgoda	Nil	Nil
Mr. R S Dahanayake	Nil	Nil

*Mr. K D A Perera serves as a Director of Vallibel Investments (Private) Limited which holds 121,108,000 shares constituting 51.44% of the issued shares of the Company.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, the 20 largest shareholders of the Company, public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 338 and 339 Earnings, Net Assets per Share, appear on page 14.

Annual Report of the Board of Directors on the Affairs of the Company

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided audit related services and permitted non-audit services.

Messrs Ernst & Young also served as the Auditors of the subsidiary Company, Vallibel Properties Ltd.

A total amount of Rs.5,896,165/- is payable by the Company to the Auditors for the year under review comprising Rs.4,354,790/-as Audit Fees and audit related services, and Rs.1,541,375/-as for non-audit services.

A fee of Rs. 1,038,400/-(Audit Fees) is payable to the Auditors of the subsidiary Company as audit fees.

The Board adopted a policy of rotation of Auditors in keeping with the principles of good Corporate Governance and to ensure compliance with Finance Business Act Direction No.05 of 2021 on Corporate Governance (Direction No.10.2d) (ii)).

The Auditors of the Company have expressed their willingness to continue in office. The Audit Committee at a meeting held on 29th April 2025 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Donations

During the year under review the Company made donations amounting to Rs. 28,300/- and there were no donations made by the subsidiary Company during the year under review.

Property, Plant and Equipment and Significant Changes in the Company's Fixed Assets /Market Value of Land

The details of property plant and equipment are given in Note 36 of the financial statements. The land and buildings owned by the Company are

recorded at revalued amount and details of those properties and their market values as at 31st March 2025 as per valuations conducted by Mr. H.B. Manjula Basanayake an independent valuer are set out in Note 36.4 to the financial statements on page 280 and 281.

The details of investment Property are given in Note 35 of the financial statements on page 275 and it is recorded at revalued amount as at 31st March 2025.

Material Foreseeable Risk Factors

The section on Risk Management on pages 180 to195 sets out the processes currently practiced by the Company to identify and manage the risks.

The Board has conducted a review of internal controls covering material risks to the Company and have obtained reasonable assurance of their effectiveness.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks and cash flows are satisfied that the Company has adequate resources to continue operations into the foreseeable future. Accordingly, the going concern basis is adopted in preparing the financial statements of the Company.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company and contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date, have been paid or, where relevant, provided for.

Awareness on applicable laws, rules and regulations

The Directors are aware of the laws, rules and regulations applicable to the Company and are continuously updated on any change on the governing laws including the Directions under Finance Business Act, Listing Rules and capital market provisions as applicable.

Corporate Governance

The Board of Directors confirm that the Company has complied with Section 9 of the Listing Rules of the CSE on Corporate Governance, the Finance Business Act (Corporate Governance) Direction No. 05 of 2021 and the Finance Business Act (Assessment of Fitness and Propriety of Key Responsible Persons) Direction No.06 of 2021.

The Corporate Governance Statement on page 124 to 179 explains the practices within the Company in this respect.

Board Audit Committee, Human Resource and Remuneration Committee, Related Party Transactions Review Committee, Nomination and Governance Committee and Board Integrated Risk Management Committee function as Board Sub Committees, with Directors who possess the requisite qualifications and experience.

The composition of the said Committees is as follows:

Board Audit Committee

Mr. M A K B Dodamgoda - Chairman
Mr. J Kumarasinghe - Member
Mrs. C P Malalgoda - Member

The Report of the Board Audit Committee appears on pages 201 to 203.

Human Resource and Remuneration Committee

Mr. J Kumarasinghe - Chairman
Mr. K D A Perera -Member
Mrs. C P Malalgoda - Member

The Human Resource and Remuneration Committee recommends the remuneration payable to the Managing Director, Executive Directors and other Key Management Personnel. The Board makes the final determination after considering such recommendations. The remuneration packages offered by the Company are linked to the individual performances and are aligned with the Company's business.

The Report of the Human Resource and Remuneration Committee appears on pages 210 and 211.

Nomination and Governance Committee

Mr. J Kumarasinghe - Chairman
Mr. K D A Perera - Member
Mrs. C P Malalgoda - Member

The Report of the Nomination and Governance Committee appears on pages 207 to 209.

Related Party Transactions Review Committee

Mr. M A K B Dodamgoda - Chairman
Mr. J Kumarasinghe - Member
Mrs. C P Malalgoda - Member

The Report of the Related Party Transactions Review Committee appears on pages 212 and 213.

Board Integrated Risk Management Committee

Mr. J Kumarasinghe – Chairman
Mr. M A K B Dodamgoda - Member
Mrs. C P Malalgoda- Member

The report of the Board Integrated Risk Management Committee appears on pages 204 to 206.

Equitable treatment of Stakeholders

The Company has at all times ensured that all shareholders treated equitably.

Statement by the Board

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report, which in the Board's opinion addresses all material issues and presents fairly the integrated performance of Vallibel Finance PLC.

Annual General Meeting

The Annual General Meeting will be held on 30th June 2025 at 10.00 a.m at the Auditorium of Corporate Office, No.480, Galle Road, Colombo 03. The notice of the Annual General Meeting appears on page 347. This Annual Report is signed for and on behalf of the Board of Directors by



K D A Perera
Chairman



S B Rangamuwa
Managing Director



Lakmini Kottegoda
Company Secretary

29th May 2025
Colombo

Report of The Senior Independent Director



“ AS INDEPENDENT DIRECTORS, WE PROVIDED AN IMPARTIAL AND OBJECTIVE PERSPECTIVE, CRITICALLY CHALLENGING MANAGEMENT AND ENSURING DECISIONS WERE MADE IN THE BEST INTERESTS OF ALL STAKEHOLDERS. WE WORKED TOWARDS SIGNIFICANTLY CONTRIBUTING TO VALLIBEL FINANCE'S ROBUST GOVERNANCE FRAMEWORK TO SUSTAIN A CULTURE OF ACCOUNTABILITY, FURTHER CEMENTING THE COMPANY'S DISTINCT LEGACY. ”

This statement is presented in accordance with Section A.5.7 of the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka, as part of the Company's commitment to good governance and its voluntary adoption of best practices.

In accordance with Section 6.3 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, issued by the Central Bank of Sri Lanka, if the Chairman of a Licensed Finance Company is not an Independent Director, the Board is required to appoint one of the Independent Directors as the Senior Director. This appointment must be supported by appropriately documented Terms of Reference to enhance Board independence. Accordingly, the Board has appointed a Senior Independent Director (SID) and adopted Terms of Reference for the role, in with the applicable regulatory requirements.

Role and Responsibilities of Senior Independent Director

The role of the Senior Independent Director is to strengthen the element of independence in the Board's proceedings and deliberations, whether conducted during Board meetings or through resolutions circulated among Board members.

The Senior Independent Director is responsible for upholding good corporate governance during Board proceedings and for facilitating the effective discharge of Board functions with a strong element of independence. This includes promoting the active participation of both Executive and Non-Executive Directors, ensuring that discussions and deliberations maintain an independent perspective, and that the views of all Directors on matters under consideration are duly solicited and taken into account by the Chairman when making decisions and recommendations on behalf of the Board.

In line with the above, two meetings were held during the year under review by the Senior Independent Director: one with the Non-Executive Directors without the presence of the Chairman, and another solely with the Independent Non-Executive Directors. The outcomes of these meetings, along with any concerns raised, were appropriately communicated to the Chairman and the Board of Directors.

As required by Section 6.3 of the Finance Business Act Direction No. 05 of 2021 on Corporate Governance, the performance of the Chairperson of the Board was assessed by the Senior Independent Director during the period under review.

J Kumarasinghe
Senior Independent Non-Executive Director

29th May 2025

Board Audit Committee Report



“ THE AUDIT COMMITTEE DILIGENTLY OVERSAW THE INTEGRITY OF VALLIBEL FINANCE’S FINANCIAL REPORTING, ENSURING ROBUST INTERNAL CONTROLS AND TRANSPARENT DISCLOSURE. OUR METICULOUS WORK WAS CRUCIAL IN SAFEGUARDING SHAREHOLDER INTERESTS AND UPHOLDING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE, THEREBY REINFORCING OUR LEGACY OF FINANCIAL CREDIBILITY. ”

Composition of the Board Audit Committee

The Board Audit Committee, appointed by and responsible to the Board of Directors of Vallibel Finance PLC consists of three independent Non-Executive Directors. All of them are members of recognised professional bodies and possess wide ranging financial, commercial and management experience. The details of the members of the Board Audit Committee are set out in the directors’ profiles section of the Annual Report.

The Committee Members as at 31st March 2025:

Mr. M A K B Dodamgoda

Independent Non-Executive Director (Chairman)

Mr. J Kumarasinghe

Independent Non-Executive Director

Mrs. C P Malalgoda

Independent Non-Executive Director

Terms of reference of the Committee

The scope and responsibilities of the Board Audit Committee emanates from its Terms of Reference (Audit Committee Charter) which is periodically reviewed and revised with the concurrence of the Board of Directors. The process ensures that new developments relating to the Committee’s functions are adequately addressed. The Terms of Reference of the Committee was last reviewed and

approved by the Board in June 2024.

The functions of the Committee are structured and regulated in line with the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, the Rules on Corporate Governance as per revised Section 9 of Listing Rules issued by the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Audit Committee assists the Board in fulfilling its responsibilities of ensuring the integrity of financial reporting, the adequacy of the system of internal control, and the assessment of the Company’s compliance with legal and regulatory requirements. The Audit Committee charter defines the duties and obligations of the Audit Committee.

Role and Responsibilities

The main objective of the Board Audit Committee is to assist the Board of Directors in exercising its responsibilities towards its stakeholders. The Audit Committee assumes a critical oversight role, assisting the Board of Directors in fulfilling its overseeing responsibilities including the following:

i. Ensure that the financial reporting system in place is effective and well managed to provide accurate, appropriate and timely information to the Board, Regulatory Authorities and other stakeholders.

ii. Review the Annual Financial Statements and Interim Financial Statements prior to publication to ensure compliance with statutory and regulatory requirements, Accounting Standards and Accounting Policies which are consistently applied.

iii. Evaluate the adequacy, effectiveness of Risk Management Systems and Internal Controls of the Company.

iv. Assess the independence and review adequacy of the scope, functions and resources of the Internal Audit Department.

v. Review and monitor the External Auditors’ independence, objectivity and effectiveness of the audit process.

vi. Ensure that sound Corporate Governance practices are upheld within the Company.

Meetings

The Board Audit Committee held meetings during the period under review.

The quorum for a meeting of the Committee is a minimum of two (2) Directors of the Board Audit Committee.

The Company Secretary functions as the Secretary to the Committee. Senior DGM – Finance & Administration, DGM – Internal Audit and other members of

Board Audit Committee Report

Senior Management were present at the meetings upon invitation. The External Auditors also attend meetings whenever they are invited to be present.

The attendance of the Committee members at the meetings was as follows:

Name of the Director	Attendance
Mr. M A K B Dodamgoda	7/7
Mr. J Kumarasinghe	7/7
Mrs. C P Malalgoda	7/7

Reporting to the Board

The minutes of the Audit Committee were tabled at the monthly Board Meetings.

Activities in the Financial Year 2024/2025

The Committee carried out the following activities:

Financial Reporting

The Committee reviewed and recommended the interim and annual financial statements prior to submitting to the Board for approval. These reviews facilitated the Committee to monitor compliance with SLFRS/LKAS and the other regulations and also to ensure the integrity of the information provided to the Company's stakeholders. The Committee examined the assumptions and judgments applied in financial reporting.

The Committee received assurance from the MD/CEO and the SDGM - Finance & Admin: that the financial records have been properly maintained and the financial statements provided true and fair view of the company's operations and finances.

Internal Control over Financial Reporting

In line with Section 16 (1)(ix) of the Finance Business Act Direction No. 05 of 2021, the Company is required to comply with the said direction and assess the

effectiveness of the Internal Control Over Financial Reporting as at 31 March 2025.

The Internal Audit Department of the Company carried out Audits to test the adequacy of documented processes and made appropriate recommendations where necessary. The Committee reviewed the observations and recommendations of the Auditors and the management responses thereto.

The External Auditors were engaged in providing assurance on the "Directors Responsibility Statements on Internal Controls over Financial Reporting," Which is given on page 218.

Internal Audit

The Committee ensures that the Internal Audit function is independent of the activities it audits and the audits are performed with impartiality, proficiency and due professional care. The Head of Internal Audit reports directly to the Board Audit Committee. The Committee has had sufficient interaction with the Head of Internal Audit throughout the year. The Committee also evaluated the performance of Head of Internal Audit.

The Committee approved the Internal Audit Plan for the financial year and also monitored and reviewed the scope, extent and effectiveness of the activities of the Internal Audit Department. The Committee also reviewed and monitored the progress of the Internal Audit Plan during the financial year.

During the year the Committee reviewed the internal audit reports covering matters pertaining to Financial Reporting, Regulatory Compliance, Branch operations, Department operations, IT General Controls and Special Investigations, and also followed up on the implementation of audit recommendations. Internal Audit reports are made available to the External Auditors on request.

The Committee reviewed and approved the Internal Audit Charter in April 2025.

External Auditors

The Board Audit Committee assisted the Board in engaging the External Auditors in compliance with regulatory provisions. The Committee reviewed and monitored the independence and objectivity of the External Auditor and also assessed the effectiveness of their audit process considering the relevant professional and regulatory requirements. To ensure that the External Auditor had the independence to discuss and express their opinions on the matter, they were granted opportunities to meet the Committee separately, without the presence of the Executive Directors and the Management.

Prior to the commencement of the annual audit, the Committee discussed with the External Auditors, their audit plan, audit approach, and matters relating to the nature and scope of the audit. The Committee met the External Auditors on two occasions during the financial year without the Executive Directors and the Management being present; to ensure that there was no limitation of scope in relation to the Audit and to allow for full disclosure of any matters which could have had a negative impact on the effectiveness of the external audit. The Committee concluded that there was no such cause for concern.

The Committee obtained a written assurance from the External Auditor confirming that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant regulatory and professional requirements. The Committee has evaluated the external auditor in line with applicable standards, relevant regulatory requirements and industry best practices, and satisfied with the status of the independence, objectivity and performance of the external auditor.

The Committee also reviewed the non-audit services provided by the External Auditors to ensure that they do not lead to impairment of the External Auditors' independence and objectivity. The non-audit services policy sets out the guidelines for the engagement of External Auditors for non-audit services in line with regulatory requirements. The BAC is satisfied that the independence and objectivity of the External Auditor has not been impaired by the provision of those services.

The Committee also reviewed the audit fees, non audit services fees and expenses for other services paid and payable to them.

The Management Letter issued by the External Auditors in respect of the financial year ended 31 March 2024 was considered by the Committee and corrective action is being pursued wherever such action is warranted.

The Committee has recommended to the Board that Messrs. Ernst & Young, Chartered Accountants, to be re-appointed for the financial year ending 31st March 2026 subject to the approval of shareholders at the forthcoming Annual General Meeting.

Statutory and Regulatory Compliance

The Committee reviewed the procedures established by management for compliance with the requirements of the regulatory bodies and also reviewed the compliance status with the Sri Lanka Accounting Standards. Further, the Internal Audit Department of the Company performs independent test checks on regulatory compliance requirements.

The Committee reviewed and monitored the progress on implementation of the recommendations made in the Statutory Examination Report of the Central Bank of Sri Lanka (CBSL) through follow-up reports submitted to the Committee meetings.

The Committee is satisfied with the status of the compliance with the Reporting Requirements, under Companies Act No. 07 of 2007, Directions of CBSL, CSE Listing Rules, the SEC Act and other relevant financial reporting related regulations and requirements.

Whistleblowing Policy

The Company's Whistleblowing Policy was put in place and all members of staff were educated and encouraged to resort to Whistleblowing if they had reasonable grounds to believe that there were wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Concerns raised are investigated and the identity of the person raising the concern is kept confidential. Even anonymous complaints are investigated. This process is monitored by the Board Audit Committee.

Board Audit Committee Evaluation

An independent evaluation of the effectiveness of the Committee was carried out by the members of the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as highly effective.

Conclusion

Based on the review of reports submitted by the External and Internal auditors, the information obtained by the Committee and after examination of the adequacy and effectiveness of the internal controls which have been designed to provide reasonable assurance to the Board of Directors that the assets of the Company are safeguarded, the Board Audit Committee is satisfied that the financial position of the Company is regularly monitored and that steps are being taken to continuously improve the control environment in which the Company operates.



M A K B Dodamgoda
Chairman to the Committee

29th May 2025

Board Integrated Risk Management Committee Report



THE BIRMC PLAYED A PIVOTAL ROLE IN STRATEGISING THE COMPANY'S INVESTMENT PORTFOLIO AND FORTIFYING ITS RISK MANAGEMENT FRAMEWORK. THE COMMITTEE ENSURED BALANCED GROWTH AND RESILIENCE AGAINST MARKET VOLATILITIES THROUGH PROACTIVE OVERSIGHT, ENABLING US TO CONTINUE BREAKING RECORDS RESPONSIBLY.

The Board Integrated Risk Management Committee (BIRMC) provides oversight of the Company wide risk management framework, including financial, operational, strategic, and compliance-related risks, and ensures alignment with the company's overall corporate governance principles. Through regular reviews and strategic guidance, the Committee supports informed decision-making by the Board, promoting resilience and responsible risk-taking across all levels of the Company.

Committee Composition and Governance

The BIRMC comprises three Independent Non- Executive Directors and is chaired by an Independent Non-Executive Director in compliance with Finance Business Act Direction No. 05 of 2021, Corporate Governance issued by Central Bank of Sri Lanka.

The Committee operates under a formal Terms of Reference (TOR) approved by the Board of Directors which was reviewed during the financial year in order to enhance the clarity in greater extent including authority vested with the Committee, purpose, composition, meeting frequency and quorum, responsibilities and other procedures of the Committee in line with the regulatory requirements set by Central Bank of Sri Lanka under Finance Business Act Direction No. 05 of 2021, Corporate Governance. The Committee meets once in two months adhering to the Corporate Governance Direction.

Composition of the Committee

The Committee Members as at 31st March 2025:

Mr. J Kumarasinghe

Senior Independent Non-Executive Director (Chairman)

Mr. M A K B Dodamgoda

Independent Non-Executive Director

Mrs. C P Malalgoda

Independent Non-Executive Director

Committee Meetings

The Board Integrated Risk Management Committee conducted its oversight responsibilities through a structured meeting framework designed to ensure comprehensive risk governance and effective decision-making. During the financial year, the Committee held six formal meetings. The Managing Director, Executive Director and Senior Management including Chief Operating Officer, Senior Deputy General Manager - Finance and Administration, Senior Deputy General Manager -Credit, Deputy General Manager - Asset Management, Compliance Officer and Risk Officer attend the meetings by invitation.

The Company Secretary functions as the Secretary to the Committee.

Committee Responsibilities

The BIRMC operates with a comprehensive mandate to oversee the Company's integrated risk management framework, ensuring alignment with strategic objectives and regulatory requirements. The primary responsibilities of the Committee includes;

- > Develop the Company's risk appetite through a Risk Appetite Statement (RAS) which articulates the individual and aggregate level and types of risk

- > Assess the impact of all material risks, including credit, market, liquidity, operational, strategic, compliance and technology risk to the Company through appropriate risk indicators and management information and make recommendations on the risk strategies and the risk appetite to the Board.
- > Monitor and approve, as required, the Company's material strategies, frameworks, policies, processes, models and limits in place to govern risk-taking that are consistent with the risk management strategy and the established risk appetite of the Company.
- > Assess all aspects of risk management including business continuity and disaster recovery plans.
- > Evaluate the adequacy and effectiveness of the risk management systems and internal controls.
- > Take prompt corrective action to mitigate the effects of specific risk in case such risks are at levels beyond the prudent levels, decided by the Committee or Board on the basis of the Company's policies and regulatory and supervisory requirements.

Activities of the Committee during the Financial Year

During the financial year under review, the Committee oversaw significant enhancements to the Company's integrated risk management framework. The framework encompasses credit risk, market risk, operational risk, liquidity risk, reputational risk, and strategic risk management.

Integrated Risk Management

- The Committee reviewed the Risk Management Policy including the integrated risk management framework covering credit, operational, market, liquidity, and reputational risks.
- The Committee reviewed the submitted policies and recommended for the approval of the Board including the following:
 - > Credit Risk Management Policy
 - > Risk Appetite and Tolerance Statement
 - > Stress Testing Policy
 - > Compliance policy, charter and procedure manual
 - > Policy and Procedures on Anti Money Laundering and Combating the Financing of Terrorism
 - > Treasury Management Policy
 - > Manual of Procedure Investment and Borrowings
 - > Contingency Funding Plan
 - > IT Policies

- The Committee reviewed the TORs of Asset and Liability Committee (ALCO) and IT Steering Committee recommended for approval during the financial year under review.
- The Committee reviewed the risk reports/risk dash boards including KRIs comprehensively and submit the regular risk report to the Board of Directors.
- Reviewed the meeting minutes of Management Level Committees including Credit Committee, Asset and Liability Committee (ALCO) and IT Steering Committee.

Credit Risk

- Regular review on the overall credit risk exposure of the company using credit risk related key risk indicators, their risk mitigation strategies and provide recommendations to improve the asset quality of the Company.
- Reviewed the portfolio quality of the company through non-performing loan ratio, asset wise and product wise non-performing portfolio comparing with the industry results.
- Assessed the product wise, sector wise and asset wise concentration risk of the Company.
- Reviewed and deliberated the credit risk related regulatory requirements and company status including single borrower limit; individual and group.

Market and Liquidity Risk

- Given the dynamic interest rate environment, the Committee focused extensively on interest rate risk management and liquidity planning.
- The Committee reviewed the asset-and liability management framework of the Company and deliberated the recommendations for maturity mismatch.
- Reviewed the adequacy of maintained liquid asset as per the regulatory requirements, investment exposures, deposits and borrowings exposure of the Company.
- Reviewed the ALCO meeting minutes and deliberated the adequacy of liquidity risk mitigation strategies thereon.
- The Committee reviewed the contingency funding plan and treasury management framework of the Company.

Operational Risk

- Reviewed the operational key risk indicators including operational losses, internal and external frauds/attempts and deliberated the risk mitigation strategies.
- The Committee reviewed the staff turnover analysis and deliberated on risk mitigation strategies during the period under review.

Board Integrated Risk Management Committee Report

- Reviewed the overall operational efficiency of the Company through efficiency ratio analysis comparing with the industry ratios.
- Reviewed the progress of Business Continuity and Disaster Recovery Plan of the Company.

Information and Cyber Security Risk

- Reviewed the nine (09) IT policies and recommended to the Board approval during the period under review.
- The Committee reviewed the TOR and the meeting minutes of IT Steering Committee with amendments to inclusion of Management Level Committee for IT security.
- Reviewed and deliberated on digitalisation journey of the Company with regular updates, time bound action plans provided by Consultant - IT to the Committee.
- The Committee reviewed and deliberated on cyber security threats and mitigation strategies adopted by the company including data privacy, system reliability, and digital transformation risks.

Regulatory and Compliance Risk

- The Committee maintained active oversight of regulatory compliance across all applicable frameworks.
- Reviewed the regular compliance reports submitted by Compliance Officer, provide visibility into adherence to prudential norms and reporting obligations.
- The Committee reviewed the compliance risk dash board regularly and deliberated on key regulatory ratios, customer complaints and reporting requirements of Financial Intelligence Unit.

- Reviewed the comprehensive anti-money laundering (AML) reports and risk mitigation strategies adopted by the Company.

Other Risk Related Activities

- The Committee reviewed the risk exposures of the Company's subsidiary.
- Strengthen the stress testing framework of the Company according to the industry standards.

Conclusion

During the period under review, the Board Integrated Risk Management Committee extended the support to uphold the integrated risk management framework of the Company effectively and supported the achievement of strategic objectives while maintaining appropriate risk levels. The BIRMC is satisfied that the Company had managed the risk during the reporting period effectively.



J Kumarasinghe
Chairman to the Committee

29th May 2025

Nomination and Governance Committee Report



The Nomination and Governance Committee of Vallibel Finance PLC (NGC) established in June 2024 is committed to the development of a strong corporate culture and the promotion of good governance throughout the organisation in order to facilitate the Company's sustainable growth.

Composition of Committee

The Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Independent, Non-Executive Director. The Committee is chaired by an Independent, Non-Executive Director.

Name of Director	Board status	Date Appointed to the Committee	Membership
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	28th June 2024	Chairman
Mr. K D A Perera	Non-Executive Director/ Chairman	28th June 2024	Member
Mrs. C P Malalgoda	Independent Non-Executive Director	28th June 2024	Member

Brief profiles of the members of the Committee are given on pages 29 and 30 of the Annual Report.

The Company secretary functions as the Secretary to the Committee.

Meetings

The Committee held two formal meetings during the year under review from its inception in June 2024. The Managing Director/ Chief Executive Officer attend the Committee meetings by invitation and he is consulted on the nomination of members to the Board, its Sub-Committees and Senior Management. Recommendations of the Committee meetings are submitted to the Board of Directors for consideration and approval.

Attendance of members at Committee meetings held during 2024/25:

Name of Director	Board status	Member Status	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	2/2
Mr. K D A Perera	Non-Executive Director/ Chairman	Member	2/2
Mrs. C P Malalgoda	Independent Non-Executive Director	Member	2/2

Regulations / Rules relevant to the functions of the Committee

The Committee was established in accordance with Section 10.4 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021 (Finance Business Act Direction No. 05 of 2021) with its composition aligning with Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange (CSE).

Nomination and Governance Committee report

Terms of Reference

The Board approved Terms of Reference (TOR) of the NGC, prepared in line with the Finance Business Act Direction No. 05 of 2021, Finance Business Act Direction No. 06 of 2021 on Assessment of Fitness and Propriety of Key Responsible Persons sets out the duties and responsibilities of the NGC.

Role of the Committee

The main functions of the NGC are as follows:

- > To evaluate the appointment of Directors to the Board and Board Committees and provide the Board with recommendations on such appointments.
- > To assess the suitability of proposed Directors in terms of their knowledge, skills, experience, independence and objectivity required to competently perform their duties in the Board.
- > To consider and recommend the re-appointment or re-election of incumbent Directors, taking into account their collective knowledge, experience, past performance and overall contribution to the matters relating to the Board.
- > To establish a formal and transparent procedure for the evaluation, selection, and appointment or re-appointment of Directors of the Company, as well as for the evaluation, selection, and appointment of Senior Management.
- > To review the structure, size, and composition of the Board and its Sub Committees to ensure the effective discharge of their duties and responsibilities.
- > To periodically assess and recommend the appointment of individuals with necessary expertise to replace retiring Directors and Senior Management.
- > To formulate a Succession Plan for the Board of Directors and Key Management Personnel.
- > To periodically review the Company's Corporate Governance policies and framework to ensure alignment with current regulatory and legal developments.

Activities of the Committee

During the year under review, the NGC advocated on Succession Plan and the training requirements of the potential successors. In furtherance of this, NGC reviewed Management's recommendations for certain key positions in the Company in line with the Finance Business Act Direction No. 05 of 2021 and in line with its Business expansion plan.

Under the Articles of Association of the Company, the Director to retire in every year at each Annual General Meeting shall be such Director who has been longest in office since their last election or appointment except for an incumbent Director holding the office of Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director or other Executive Officer. Accordingly, the Committee noted that Mr. J. Kumarasinghe, being last re-elected in year 2023, would retire at the forthcoming Annual General Meeting, and recommended him to be re-elected by the shareholders at the forthcoming Annual General Meeting and further recommended that he would continue as a Director of the Company. Mr. J. Kumarasinghe abstained from deliberations of the Committee pertaining to his re-election. Information

as required by Rule 9.11.6(g) of the Listing Rules of the CSE in respect of the said Director proposed to be re-elected is set out in his profile on page 29 and in Corporate Governance Report on pages 124 to 131.

The Articles of Association of the Company further requires any Director who was appointed to the Board to be elected by the Shareholders at the first Annual General Meeting. Accordingly, the Committee recommended that Mr. R.S. Dahanayake who was first appointed to the Board on 23rd August 2024 to be elected by the shareholders at the forthcoming Annual General Meeting. Information as required by Rule 9.11.6(g) of the Listing Rules of the CSE in respect of the said Director proposed to be elected is set out in his profile on page 30 and in Corporate Governance Report on pages 124 to 131.

The Committee also deliberated on the Board Performance Evaluations carried out by the Directors for the year under review and the output was forwarded to the Board of Directors for review.

The newly appointed Directors are briefed on the corporate governance requirements, Listing Rules, securities market regulations and other applicable laws and regulations at the Board meetings and the incumbent Directors are regularly updated on same at the Board discussions and the discussions of the Board Sub-Committees.

Authority

The recommendations of the Committee were duly submitted to the Board for approval subject to the requisite Regulatory approvals, where applicable.

The Committee has the authority to access information and appropriate professional advice, both from within the Company and externally, as it deems necessary or appropriate in discharging its responsibilities.

Policies and Procedures

The Board-approved Terms of Reference, which are subject to recurring amendments to reflect changing governance requirements, regulate the Committee's operations. The Committee values diversity on the Board and evaluates appointments based on a variety of factors such as skills, experience, age and gender in line with the Company's operations and the legal requirements of the Non-Bank financial services industry. The composition of the Board based on the skills, experience, age and gender is set out in Corporate Governance Report on page 127.

A documented Board approved Policy on Corporate Governance, Nomination and Re-election is in place as required by the CSE Rules on Corporate Governance to provide guidance on nomination of Directors.

The Committee consistently follows the corporate governance guidelines established in the CSE Listing Rules, maintaining compliance with all requirements. After receiving the declarations from Board Members, as outlined in Appendix 9A of Section 9 of the Listing Rules, a review was carried out and it was ascertained that the Independent Directors of the Board, namely Mr. J Kumarasinghe, Mrs. C P Malalgoda, Mr. M A K B Dodamgoda and Mr. R S Dahanayake met the criteria of independence.



J Kumarasinghe

Chairman to the Committee

29th May 2025

Human Resource and Remuneration Committee Report



The Human Resource and Remuneration Committee (HRRC) is responsible for guiding and overseeing the Company’s human resources strategies and policies. It focuses on areas such as talent acquisition, compensation and performance evaluation ensuring compliance with legal requirements and alignment with industry practices.

Composition of Committee

The Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Independent, Non-Executive Director. The Committee is chaired by an Independent, Non-Executive Director.

Name of Director	Board status	Date Appointed to the Committee	Membership
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	28th March 2019	Chairman
Mr. K D A Perera	Non-Executive Director/ Chairman	18th October 2023	Member
Mrs. C P Malalgoda	Independent Non-Executive Director	18th October 2023	Member

Brief profiles of the members of the Committee are given on pages 29 and 30 of the Annual Report.

The Company Secretary functions as the Secretary to the Committee.

Meetings

The Committee held seven formal meetings during the year under review. The Managing Director/ Chief Executive Officer attended the Committee meetings by invitation. Recommendations of the Committee meetings are submitted to the Board of Directors for consideration and approval.

Attendance of members at Committee meetings held during 2024/25:

Name of Director	Board status	Member Status	Meeting Attendance
Mr. J Kumarasinghe	Senior Independent Non-Executive Director	Chairman	7/7
Mr.. K D A Perera	Non-Executive Director/ Chairman	Member	7/7
Mrs C P Malalgoda	Independent Non-Executive Director	Member	7/7

Regulations / Rules Relevant to the Functions of the Committee

The Committee is established in accordance with section 10.5 of the Finance Business Act (Corporate Governance) Direction No. 5 of 2021 (Finance Business Act Direction No. 05 of 2021) with its composition aligning with Rule 9.12.6 of the Listing Rules.

Terms of Reference

The HRRC operates under Board approved Terms of Reference formulated in line with the Finance Business Act Direction No. 05 of 2021 and Corporate Governance Requirements of the Colombo Stock Exchange (CSE). The Committee assists the Board of Directors in formulating a remuneration framework at Vallibel Finance that aligns rewards with both organisational and individual performance. The Committee is empowered to examine matters within its scope and present recommendations to the Board, supporting informed decision-making in these areas.

Role of the Committee

The main functions of the Human Resource and Remuneration Committee are as follows:

- > To recommend the remuneration policy of the Company and amendments thereto, if any as required.
- > To review the Managing Director's and the Executive Directors' remuneration and recommend the same to the Board for approval.
- > To establish an effective remuneration framework for Senior Management and other employees which is structured to ensure that rewards are measurably linked to individual performance, skills, experience, and level of responsibilities.
- > To oversee any major changes in employee remuneration and benefit structures throughout the Company.
- > To carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

Activities during the year

During the year under review the Committee reviewed the Remuneration Policy of the Company to align with the Company's business strategy, long term interests of shareholders and financial consumers. The Committee also recommended a revision in Director sitting fees in line with the market practices.

Recognising the importance of keeping the committed employees motivated, the Committee recommended the Bonus and the Salary increment in line with the policies adopted by the Company.

Authority

The Committee has the authority to access information and appropriate professional advice, both from within the Company and externally, as it deems necessary or appropriate in discharging its responsibilities.

Policies and Procedures

The operations of the Committee are regulated by the Board approved Terms of Reference and is guided by the Board approved Policy on Human resource and Remuneration.

Remuneration Policy

Vallibel Finance recognises that a competitive remuneration structure is vital for attracting, retaining and motivating qualified employees and Senior Management. The Remuneration Policy is designed to be aligned with market standards, regulatory requirements and the Company's corporate values while ensuring sustainable financial performance and risk management.

Directors remuneration

The total remuneration paid to the Directors during the financial year under review is given on page 296 of the Annual Report.



J Kumarasinghe

Chairman to the Committee

29th May 2025

Related Party Transactions Review Committee Report



“

THE RPTRC MAINTAINED RIGOROUS OVERSIGHT OF ALL RELATED PARTY TRANSACTIONS, UPHOLDING THE HIGHEST ETHICAL STANDARDS AND TRANSPARENCY. WE DILIGENTLY SCRUTINISED ALL TRANSACTIONS TO ENSURE FAIRNESS WHILE PROTECTING THE COMPANY'S INTEGRITY, REINFORCING THE TRUST THAT UNDERPINS OUR RECORD-BREAKING JOURNEY.

”

Composition of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) consists of three Independent Non-Executive Directors. The composition of the committee is as follows:

Mr. M A K B Dodamgoda

Independent Non-Executive Director (Chairman)

Mr. J Kumarasinghe

Independent Non-Executive Director

Mrs. C P Malalgoda

Independent Non-Executive Director

A brief profile of each member of the Committee is given on pages 29 and 30.

The Company Secretary functions as the Secretary to the Committee. The Managing Director/ CEO, Senior Deputy General Manager - Finance and Administration, and the Compliance Officer attend meetings upon invitation.

Terms of Reference of the Committee

The Related Party Transactions Review Committee Charter ("RPT Charter") was adopted in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and Section 12 of the Finance Business Act (Corporate Governance) Direction No. 05 of 2021. The Charter defines the scope, responsibilities, and

functions of the Committee in overseeing related party transactions to ensure transparency and compliance with regulatory requirements.

Role of the Committee

The Related Party Transactions Review Committee is responsible for ensuring that related party transactions are conducted in a sound, prudent, and transparent manner, with integrity and in compliance with applicable laws and regulations. This oversight aims to safeguard stakeholder interests and uphold the principles of good governance. The primary objective of the Committee is to provide independent review, approval, and oversight of Related Party Transactions of the Company.

The main responsibilities of the Committee include the following:

- > Develop and recommend policies and procedures to review Related Party Transactions of the Company.
- > Review proposed Related Party Transactions of the Company, except those explicitly exempted by the Committee Charter.
- > Update the Board of Directors on the Related Party Transactions of the Company.

- > Make disclosures on applicable Related Party Transactions as required by the applicable regulations.
- > Monitor the Related Party Transactions, if any, to ensure that they are conducted in a manner that will prevent or mitigate the impact of any conflicts of interest between the Company and its Related Parties.

Policies and Procedures

The Company has adopted a Related Party Transactions (RPTs) Policy in view of structuring the Company's policies and procedures to uphold good governance and in the best interests of the Company. The Policy has been prepared in accordance with the rules pertaining to RPTs under the Listing Rules of the Colombo Stock Exchange and the Central Bank of Sri Lanka.

The Committee ensures that all transactions with related parties are in the best interests of all stakeholders; adequate transparency is maintained and is in compliance with the Listing Rules. The Committee reviewed related party transactions during the year and communicated its observations to the Board.

Meetings

The Committee held four meetings during the year, at quarterly intervals, to review the Related Party Transactions of the Company. The minutes of the meetings were tabled at Board meetings for the Board's information and/or action.

Related Party Transactions during the year

The Company has not entered into any transactions as set out in Sections 9.14.6 and 9.14.8 (2) of the Listing Rules of the CSE. All transactions entered into by the Company that fall under Section 9.14.8 (1) of the Listing Rules have been disclosed on page 179. Details of other Related Party Transactions are given in Note No. 52 to the Financial Statements on pages 295 to 299.



M A K B Dodamgoda

Chairman to the Committee

29th May 2025



DEMONSTRATING STRENGTH, REAFFIRMING COMMITMENT

At Vallibel Finance, transparency and accountability form the backbone of our financial discipline. Through clear, comprehensive disclosures, we showcase the resilience of our performance and our unwavering commitment to stakeholder trust and long-term value creation.

FINANCIAL STATEMENTS

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Financial Calendar

ANNUAL GENERAL MEETING (AGM) CALENDAR

	2024/2025	2025/2026
Annual Report and Accounts for the year signed / to be signed	29th May 2025	In June 2026
Annual General Meeting to be held	30th June 2025	In June 2026

INTERIM FINANCIAL STATEMENTS CALENDAR - SUBMISSION TO THE COLOMBO STOCK EXCHANGE (CSE)

	2024/2025 Submitted on	2025/2026 To be Submitted on or before
For the three months ended / ending 30th June	31st July 2024	15th August 2026
For the six months ended / ending 30th September	28th October 2024	15th November 2026
For the nine months ended / ending 31st December	03rd January 2025	15th February 2027
For the year ended / ending 31st March	29th May 2025	31st May 2027

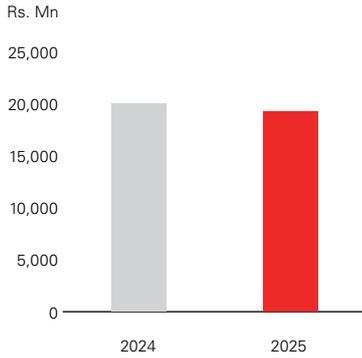
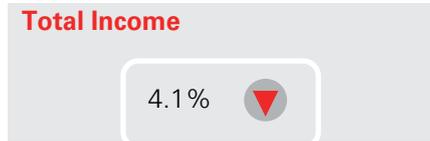
SIX MONTHS FINANCIAL STATEMENTS

Six months ended / ending 30th September	2024/2025 Published on	2025/2026 To be published on or before
English	25th November 2024	30th November 2025
Sinhala	25th November 2024	30th November 2025
Tamil	25th November 2024	30th November 2025

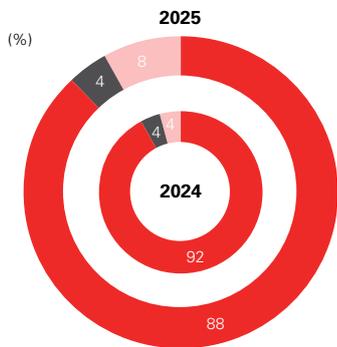
ANNUAL FINANCIAL STATEMENTS

Year ended / ending 31st March	2023/2024 Published on	2024/2025 To be published on or before
English	26th June 2024	30th June 2025
Sinhala	26th June 2024	30th June 2025
Tamil	26th June 2024	30th June 2025

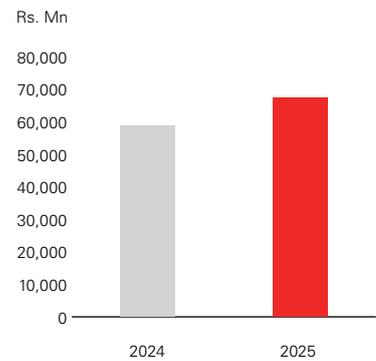
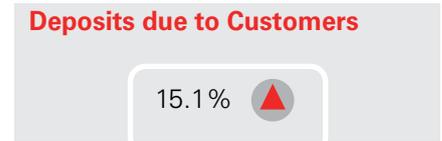
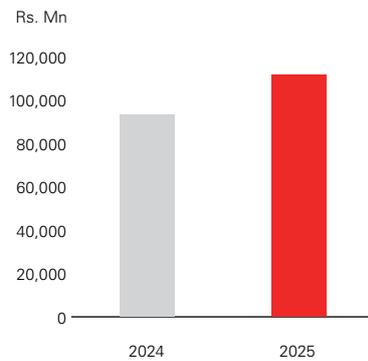
Key Highlights



Gross Income - 2025 vs 2024



- Interest Income
- Fee and Commission Income
- Other Operating Income



Directors' Statement on Internal Control Over Financial Reporting

Responsibility in line with the section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021 – Corporate Governance, 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 the Vallibel Finance PLC (“the Company”). The system of internal controls is primarily designed to manage the Company’s key risk areas within an acceptable risk profile, rather than to eliminate the risk of failing to achieve its policies and business objectives. However, it is important to note that the stipulated system of internal controls can provide reasonable, but not absolute, assurance against material misstatements of financial information, records, or against financial losses and fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board.

The Board is of the view 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 the implementation of the policies and procedures on risk and control, by identifying and assessing the risks faced, and in design, operation and monitoring of suitable internal controls over financial reporting to mitigate and control these risks. Internal controls over financial reporting are checked by the Internal

Auditors of the Company to ensure the design and operating effectiveness on an ongoing basis.

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 and has been done in accordance with Sri Lanka Accounting Standards and regulatory requirements of the Central Bank of Sri Lanka.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor, Messrs. Ernst & Young, has reviewed the above Directors’ Statement on Internal Control over Financial Reporting and report is included in the Company’s Annual Report for the year ended 31st March 2025. They have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in the review of the design and effectiveness of the internal control over financial reporting of the Company. Their report on the statement of internal control over financial reporting is given on page 219 of this annual report.

STATEMENT ON PRUDENTIAL REQUIREMENTS, REGULATIONS AND LAWS

The Board of Vallibel Finance PLC presents this report on compliance with prudential requirements, regulations and laws, in compliance with Section 16 (1) (ix) of the Finance Business Act Direction No. 05 of 2021, Corporate Governance.

- The Board has implemented sufficient internal controls to ensure adherence to statutory and regulatory obligations. The Board affirms that the Company

complies with all relevant prudential requirements, regulations, and legislation laws.

- The Board confirms that there are no significant regulatory and supervisory concerns on lapses in the Company’s risk management, or non-compliance with the Act, rules and directions.

By order of the Board



S B Rangamuwa
Managing Director



M A K B Dodamgoda
Chairman
Audit Committee

29th May 2025

Independent Assurance Report to the Board of Directors



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF VALLIBEL FINANCE PLC

Report on the Statement on Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control.

We were engaged by the Board of Directors of Vallibel Finance PLC (the "Company") to provide assurance on the Statement of Internal Control Over Financial Reporting included in the Directors' Statement on Internal Control for the year ended 31 March 2025 (the "Statement") included in the annual report.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the Statement in accordance with the "Guidance for Directors of License Finance Company / Finance Leasing Company on the Directors' Statement on Internal Control" issued in compliance with the Section 16 (1) (ix) of the Finance Companies Corporate Governance Direction no. 05 of 2021, by the Institute of Chartered Accountants of Sri Lanka.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Sri Lanka Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITIES AND COMPLIANCE WITH SLSAE 3051

Our responsibility is to assess whether the Statement is both supported by the documentation prepared by or for Directors and appropriately reflects the process the Directors have adopted in reviewing the design and effectiveness of the internal control of the Company.

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3051, Assurance Report for License Finance Company / Finance Leasing Company on Directors' Statement on Internal Control, issued by the Institute of Chartered Accountants of Sri Lanka.

This Standard required that we plan and perform procedures to obtain limited assurance about whether Management has prepared, in all material respects, the Statement on Internal Control.

For purpose of this engagement, we are not responsible for updating or reissuing any reports, nor have we, in the course of this engagement, performed an audit or review of the financial information.

SUMMARY OF WORK PERFORMED

We conducted our engagement to assess whether the Statement is supported by the documentation prepared by or for Directors; and appropriately reflected the process the Directors have adopted in reviewing the system of internal control over financial reporting of the Company.

The procedures performed were limited primarily to inquiries of the Company personnel and the existence of documentation on a sample basis that supported the process adopted by the Board of Directors.

SLSAE 3051 does not require us to consider whether the Statement covers all risks and controls or to form an opinion on the effectiveness of the Company's risk and control procedures. SLSAE 3051 also does not require us to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Statement has been prepared.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OUR CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Statement included in the annual report is inconsistent with our understanding of the process the Board of Directors has adopted in the review of the design and effectiveness of internal control over financial reporting of the Company.

C. M. Jay

29 May 2025

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, No. 7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the statement of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the financial statements are prepared in compliance with the required standards and any other requirements which apply to the Company's financial statements under any other law.

The Directors consider that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the revised Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Lanka Accounting Standards (LKAS), Companies Act, No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Finance Business Act, No. 42 of 2011 and the relevant Directions issued in respect of Licensed Finance Companies.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid. They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2025/2026, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board
VALLIBEL FINANCE PLC



Lakmini Kottegoda
Company Secretary
29th May 2025

Independent Auditor's Report



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF VALLIBEL FINANCE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vallibel 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 2025, 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 Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, 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 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.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Allowances for Expected Credit Losses of loans and lease receivables measured at amortised cost</p> <p>Allowances for expected credit losses of loans and lease receivables measured at amortised cost as stated in Notes 29 and 30 respectively, is determined by management on the accounting policies described in Note 6.1.10 to the financial statements.</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> ⊙ the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating future cash flows to recover such loans and lease receivables; and ⊙ the materiality of the reported amount of Allowances for expected credit losses. 	<p>In addressing the adequacy of the allowances for expected credit losses of loans and lease receivables, our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> ⊙ Assessed the alignment of the Company's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, on the best available information up to the date of our report. ⊙ Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. ⊙ Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the key audit matter
<p>Key areas of significant judgements, assumptions and estimates used by management in the assessment of the allowances for expected credit losses for loans and lease receivables include forward-looking macroeconomic scenarios and their associated weightages. These are subject to inherently heightened levels of estimation uncertainty and subjectivity.</p> <p>Further information on the key estimates, assumptions and judgements is disclosed in Notes 6.1.10 and 57 A iii.</p>	<ul style="list-style-type: none"> ⊙ Evaluated the reasonableness of credit quality assessments and related stage classifications. ⊙ Tested the key inputs and the calculations used in the impairment for expected credit losses. ⊙ Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. ⊙ Assessed the adequacy of the related financial statement disclosures set out in notes 6.1.10, 29,30 and 57 A.
<p>Information Technology (IT) system related internal controls over financial reporting</p> <p>Company's financial reporting process is significantly reliant on IT system and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by the IT system, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT system related internal controls over financial reporting were considered a key audit matter.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> ⊙ Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures. ⊙ Involved our internal specialised resources and; <ul style="list-style-type: none"> • Obtained an understanding of IT Governance Structure of the Company • Identified, evaluated and tested the design and operating effectiveness of IT system related internal controls over financial reporting, relating to user access and change management, and • Obtained a high-level understanding of the cybersecurity risks affecting the Company and the actions taken to address these risks primarily through inquiry. ⊙ Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.
<p>Other matter</p> <p>The financial statements of Vallibel Finance PLC for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 03 June 2024.</p> <p>Other Information included in the 2025 Annual Report</p> <p>Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.</p> <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read</p>	<p>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.</p> <p>Responsibilities of the management and those charged with governance for the financial statements</p> <p>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.</p> <p>In preparing the financial statements, management is responsible for assessing 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 Group or to cease operations, or has no realistic alternative but to do so.</p> <p>Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.</p> <p>Auditor's responsibilities for the audit of the financial statements</p> <p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to</p>

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 internal controls of the Company and the Group.
- ⊙ 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 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 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 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 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 relevant ethical

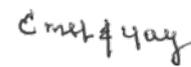
requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

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 4839.



29 May 2025

Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajjewanani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March	Page No.	Note	Company			Group		
			2025 Rs.'000	2024 Rs.'000	Change %	2025 Rs.'000	2024 Rs.'000	Change %
Gross Income	253	11	19,200,595	20,029,639	(4.1)	19,072,260	20,281,300	(6.0)
Interest Income	253	12.1	16,913,893	18,371,636	(7.9)	16,841,212	18,371,636	(8.3)
Interest Expense	254	12.2	(8,796,402)	(11,365,024)	(22.6)	(8,702,039)	(11,419,214)	(23.8)
Net Interest Income	253	12	8,117,491	7,006,612	15.9	8,139,173	6,952,422	17.1
Fee and Commission Income	254	13	785,151	714,346	9.9	772,284	697,029	10.8
Net Fee and Commission Income			785,151	714,346	9.9	772,284	697,029	10.8
Net Gain / (Loss) from Trading	254	14	1,460	239	510.4	1,460	239	510.4
Net Gain / (Loss) from other Financial Instruments at FVTPL	254	15	139	92,011	(99.8)	396	106,361	(99.6)
Other Operating Income	255	16	1,499,952	851,407	76.2	1,456,908	1,106,035	31.7
Total Operating Income			10,404,193	8,664,615	20.1	10,370,221	8,862,086	17.0
Impairment (Charges) / Reversals and Other Credit Losses on Financial Assets	255	17	(170,781)	(437,781)	(61.0)	(170,781)	(437,781)	(61.0)
Net Operating Income			10,233,412	8,226,834	24.4	10,199,440	8,424,305	21.1
Expenses								
Personnel Expenses	255	18	(2,487,213)	(1,948,215)	27.7	(2,489,037)	(1,949,075)	27.7
Premises Equipment and Establishment Expenses			(713,028)	(359,223)	98.5	(390,091)	(332,266)	17.4
Other Operating Expenses			(1,475,276)	(1,274,807)	15.7	(1,660,149)	(1,341,009)	23.8
Operating Profit Before Taxes on Financial Services	256	19	5,557,895	4,644,589	19.7	5,660,163	4,801,954	17.9
Taxes on Financial Services	256	20	(1,320,599)	(1,189,389)	11.0	(1,328,315)	(1,190,768)	11.6
Profit Before Income Tax			4,237,296	3,455,200	22.6	4,331,848	3,611,186	20.0
Income Tax Expense	256	21	(1,607,798)	(1,313,647)	22.4	(1,635,348)	(1,556,251)	5.1
Profit for the Year			2,629,498	2,141,553	22.8	2,696,500	2,054,934	31.2
Profit attributable to:								
Equity holders of the Company			2,629,498	2,141,553	22.8	2,696,500	2,054,934	31.2
Non - Controlling Interest			-	-	-	-	-	-
Profit for the Year			2,629,498	2,141,553	22.8	2,696,500	2,054,934	31.2
Earnings Per Share	257	22						
Basic Earnings Per Share		22.1	11.17	9.10	22.8	11.45	8.73	31.2
Diluted Earnings Per Share		22.2	11.17	9.10	22.8	11.45	8.73	31.2

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

For the Year Ended 31st March	Page Note No.	Company			Group		
		2025 Rs.'000	2024 Rs.'000	Change %	2025 Rs.'000	2024 Rs.'000	Change %
Profit for the Year		2,629,498	2,141,553	22.8	2,696,500	2,054,934	31.2
Other Comprehensive Income, Net of Tax							
Items that will never be reclassified to Profit or Loss							
Gains / (Losses) on remeasurement of Defined Benefit Liability	291 47.3	(26,679)	(57,665)	(53.7)	(26,679)	(57,665)	(53.7)
Deferred Tax (Charge) / Reversal on Actuarial Gains / (Losses)		8,004	17,300	(53.7)	8,004	17,300	(53.7)
Net Actuarial Gains / (Losses) on Defined Benefit Liability		(18,675)	(40,365)	(53.7)	(18,675)	(40,366)	53.7
Revaluation of Land & Buildings		14,267	27,355	(47.8)	320,938	603,635	(46.8)
Deferred Tax (Charge) / Reversal on Revaluation of Land & Buildings	294 50.1	(4,280)	(8,207)	(47.8)	(96,281)	(181,090)	(46.8)
Net Change in Revaluation of Land & Buildings		9,987	19,148	47.8	224,657	422,544	46.8
Other Comprehensive Income for the Year, Net of Tax		(8,688)	(21,217)	(59.1)	205,982	382,179	(46.1)
Total Comprehensive Income for the Year		2,620,810	2,120,336	23.6	2,902,482	2,437,113	19.1
Attributable to:							
Equity holders of the Company		2,620,810	2,120,336	23.6	2,902,482	2,437,113	19.1
Non - Controlling Interest		-	-	-	-	-	-
Total Comprehensive Income for the Year		2,620,810	2,120,336	23.6	2,902,482	2,437,113	19.1

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

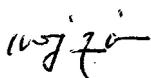
As at 31st March	Page No.	Note	Company			Group		
			2025 Rs.'000	2024 Rs.'000	Change %	2025 Rs.'000	2024 Rs.'000	Change %
Assets								
Cash and Cash Equivalents	266	26.1	1,982,202	1,952,377	1.5	1,999,887	1,958,981	2.1
Placements with Banks and Other Finance Companies	266	27	570,007	8,322,520	(93.2)	570,007	8,322,520	(93.2)
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	266	28	133,889	3,652,152	(96.3)	209,882	4,181,480	(95.0)
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	268	29	78,402,912	57,895,030	35.4	78,402,912	57,895,030	35.4
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	270	30	13,745,290	10,346,937	32.8	13,745,290	10,346,937	32.8
Financial Investments Measured at Fair Value Through Other Comprehensive Income	273	31	204	204	-	204	204	-
Financial Assets at Amortised Cost - Debt and other Financial Instruments	274	32	8,850,863	5,048,103	75.3	8,850,863	5,048,103	75.3
Financial Assets at Amortised Cost - Other Financial Assets	274	33	42,074	34,319	22.6	42,074	34,319	22.6
Investment in a Subsidiary	275	34	0	0	-	-	-	-
Investment Property	275	35	1,242,000	1,178,000	5.4	1,072,000	1,100,225	-
Property, Plant and Equipment	278	36	1,094,181	968,056	13.0	4,745,053	4,477,237	6.0
Right-of-use Lease Assets	283	37	3,473,889	1,746,895	98.9	801,828	744,154	7.8
Intangible Assets	283	38	13,357	20,325	(34.3)	14,108	21,450	(34.2)
Deferred Tax Assets	290	45.4	1,236,213	644,012	92.0	457,708	373,282	22.6
Other Assets	284	39	895,497	1,358,620	(34.1)	351,097	307,260	14.3
Total Assets			111,682,578	93,167,550	19.9	111,262,913	94,811,182	17.4
Liabilities								
Bank Overdrafts	266	26.2	1,828,680	1,913,964	(4.5)	1,828,680	1,913,964	(4.5)
Rental Received in Advance			306,105	197,788	54.8	313,485	216,239	45.0
Financial Liabilities at Amortised Cost - Deposits due to Customers	284	40	67,480,200	58,643,446	15.1	67,480,200	58,643,446	15.1
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	285	41	12,650,533	10,786,681	17.3	13,461,095	12,747,147	5.6
Subordinated Term Debt	287	42	6,690,647	3,331,609	100.8	6,690,647	3,331,609	100.8
Lease Liabilities	288	43	2,721,617	1,989,370	36.8	1,031,339	967,092	6.6
Current Tax Liabilities	289	44	919,107	642,304	43.1	919,107	642,304	43.1
Deferred Tax Liabilities	290	45.3	1,234,806	739,934	66.9	988,372	881,723	12.1
Other Liabilities	290	46	2,507,119	1,791,325	40.0	2,637,019	2,048,996	28.7
Retirement Benefit Obligations	291	47.1	219,680	157,336	39.6	219,680	157,336	39.6
Total Liabilities			96,558,494	80,193,757	20.4	95,569,624	81,549,856	17.2

As at 31st March	Page Note No.	Company			Group		
		2025 Rs.'000	2024 Rs.'000	Change %	2025 Rs.'000	2024 Rs.'000	Change %
Equity							
Stated Capital	293 48	1,325,918	1,325,918	-	1,325,918	1,325,918	-
Statutory Reserve Fund	294 49	2,005,326	1,873,851	7.0	2,005,326	1,873,851	7.0
Other Reserves	294 50	194,022	184,035	5.4	867,737	643,080	34.9
Retained Earnings	295 51	11,598,818	9,589,989	20.9	11,494,308	9,418,477	22.0
Total Equity attributable to Equity holders of the Company		15,124,084	12,973,793	16.6	15,693,289	13,261,326	18.3
Non - Controlling Interest		-	-	-	-	-	-
Total Equity		15,124,084	12,973,793	16.6	15,693,289	13,261,326	18.3
Total Liabilities and Equity		111,682,578	93,167,550	19.9	111,262,913	94,811,182	17.4
Net Assets Value Per Share (Rs.)		64.23	55.10	16.6	66.65	56.32	18.3

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Certification

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



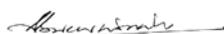
K.D. Menaka Sameera
Senior DGM - Finance & Administration

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 ;



S.B. Rangamuwa
Managing Director



S.S. Weerabahu
Executive Director

29th May 2025
Colombo.

Statement of Changes in Equity - Company

	Note	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Retained Earnings	Total Equity
		Rs.'000	Rs.'000.	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2023		1,325,918	1,766,773	157,386	7,500	7,829,349	11,086,926
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	2,141,553	2,141,553
Other Comprehensive Income, net of Tax							
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		-	-	-	-	(40,366)	(40,366)
Net Change in Revaluation of Land & Buildings, net of tax		-	-	19,149	-	-	19,149
Total Comprehensive Income for the Year		-	-	19,149	-	2,101,187	2,120,336
Transactions with owners of the Company							
Contributions and distributions							
Dividends to equity holders							
Dividend Paid Share for the Financial Year 2022/23		-	-	-	-	(235,453)	(235,453)
Unclaimed Dividend Adjustments		-	-	-	-	1,480	1,480
Deferred Tax impact on Right of Use Asset	45.2	-	-	-	-	504	504
Statutory Reserve Transfer	49.1	-	107,078	-	-	(107,078)	-
Total Transactions with Equity Holders		-	107,078	-	-	(340,547)	(233,470)
Balance as at 31st March 2024		1,325,918	1,873,851	176,535	7,500	9,589,989	12,973,793
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	2,629,498	2,629,498
Other Comprehensive Income, net of Tax							
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		-	-	-	-	(18,675)	(18,675)
Net Change in Revaluation of Land & Buildings, net of tax	50.1	-	-	9,987	-	-	9,987
Total Comprehensive Income for the Year		-	-	9,987	-	2,610,823	2,620,810
Transactions with owners of the Company							
Contributions and distributions							
Dividends to equity holders							
Dividend Paid Share for the Financial Year 2023/24		-	-	-	-	(470,907)	(470,907)
Unclaimed Dividend Adjustments		-	-	-	-	388	388
Deferred Tax impact on Right of Use Asset	45.2	-	-	-	-	-	-
Statutory Reserve Transfer	49.1	-	131,475	-	-	(131,475)	-
Total Transactions with Equity Holders		-	131,475	-	-	(601,994)	(470,519)
Balance as at 31st March 2025		1,325,918	2,005,326	186,522	7,500	11,598,818	15,124,084

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity - Group

	Note	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	Retained Earnings	Non - Controlling Interest	Total Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2023		1,325,918	1,766,773	213,036	7,500	7,744,456	-	11,057,683
Total Comprehensive Income for the Year								
Profit for the Year		-	-	-	-	2,054,934	-	2,054,934
Other Comprehensive Income, net of Tax								
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		-	-	-	-	(40,366)	-	(40,366)
Net Change in Revaluation of Land & Buildings, net of tax		-	-	422,544	-	-	-	422,544
Total Comprehensive Income for the Year		-	-	422,544	-	2,014,568	-	2,437,112
Transactions with owners of the Company								
Contributions and distributions								
Dividends to equity holders								
Dividend Paid Share for the Financial Year 2022/23		-	-	-	-	(235,453)	-	(235,453)
Unclaimed Dividend Adjustments		-	-	-	-	1,480	-	1,480
Deferred Tax impact on Right of Use Asset	45.2	-	-	-	-	504	-	504
Statutory Reserve Transfer	49.1	-	107,078	-	-	(107,078)	-	-
Total Transactions with Equity Holders		-	107,078	-	-	(340,547)	-	(233,469)
Balance as at 31st March 2024		1,325,918	1,873,851	635,580	7,500	9,418,477	-	13,261,326
Total Comprehensive Income for the Year								
Profit for the Year		-	-	-	-	2,696,500	-	2,696,500
Other Comprehensive Income, net of Tax								
Net Actuarial Gains / (Losses) on Defined Benefit Liability, net of tax		-	-	-	-	(18,675)	-	(18,675)
Net Change in Revaluation of Land & Buildings, net of tax	50.1	-	-	224,657	-	-	-	224,657
Total Comprehensive Income for the Year		-	-	224,657	-	2,677,825	-	2,902,482
Transactions with owners of the Company								
Contributions and distributions								
Dividends to equity holders								
Dividend Paid Share for the Financial Year 2023/24		-	-	-	-	(470,907)	-	(470,907)
Unclaimed Dividend Adjustments		-	-	-	-	388	-	388
Deferred Tax impact on Right of Use Asset	45.2	-	-	-	-	-	-	-
Statutory Reserve Transfer	49.1	-	131,475	-	-	(131,475)	-	-
Total Transactions with Equity Holders		-	131,475	-	-	(601,994)	-	(470,519)
Balance as at 31st March 2025		1,325,918	2,005,326	860,237	7,500	11,494,308	-	15,693,289

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year Ended 31st March	Note	Company		Group	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Cash Flow from Operating Activities					
Interest and Commission Receipts		18,265,025	19,032,528	18,277,408	19,018,181
Interest Payments		(7,932,764)	(10,271,754)	(8,073,948)	(10,332,669)
Cash Receipts from Customers		1,393,766	747,102	1,434,744	750,521
Cash Payments to Employees and Suppliers		(5,987,449)	(4,615,632)	(5,762,920)	(4,577,572)
Operating Profit Before Changes in Operating Assets and Liabilities (Note A)		5,738,578	4,892,243	5,875,284	4,858,461
(Increase) / Decrease in Operating Assets					
Short Term Funds		94,417	(270,244)	635,061	788,464
Deposits held for Regulatory or Monetary Control Purposes		(3,802,760)	(878,614)	(3,802,760)	(878,614)
Financial assets at amortised cost – Loans and advances / Lease rental & Hire purchase receivables		(23,975,525)	(7,293,566)	(23,975,525)	(7,293,566)
Other Short Term Negotiable Securities		10,808,300	(365,294)	11,261,892	(876,950)
Increase / (Decrease) in Operating Liabilities					
Financial liabilities at amortised cost – Due to depositors		8,642,519	8,307,438	8,642,519	8,307,438
Deposits and Trade payables			-	-	19,370
Net Cash Generated / (Used in) from Operating Activities before Income Tax		(2,494,471)	4,391,963	(1,363,529)	4,924,602
Current Taxes Paid	44	(1,424,600)	(1,290,407)	(1,424,600)	(1,290,407)
Gratuity Paid	47.1	(13,367)	(19,589)	(13,367)	(19,589)
Net Cash Generated / (Used in) from Operating Activities		(3,932,438)	3,081,967	(2,801,496)	3,614,606
Cash Flows from Investing Activities					
Dividends Received		102	181	102	181
Proceed from Sale of Property, Plant and Equipment		5,576	929	5,576	929
Purchase of Property, Plant and Equipment	36.1	(375,558)	(359,725)	(377,422)	(759,531)
Purchase of Intangible Assets	38.1	(2,973)	(11,130)	(2,974)	(12,030)
Net Cash (Used in) / Generated from Investing Activities		(372,853)	(369,744)	(374,718)	(770,450)
Cash Flows from Financing Activities					
Cash Inflows from Interest Bearing Borrowings		18,646,000	4,300,000	18,646,000	4,650,000
Repayments of Interest Bearing Borrowings		(13,755,081)	(7,511,442)	(14,873,077)	(7,993,501)
Dividend Paid		(470,907)	(235,453)	(470,907)	(235,453)
Unclaimed Dividend Adjustments		388	1,480	388	1,480
Net Cash (Used in) / Generated from Financing Activities		4,420,400	(3,445,415)	3,302,404	(3,577,473)
Net Increase / (Decrease) in Cash & Cash Equivalents		115,109	(733,192)	126,190	(733,317)
Cash & Cash Equivalents at the Beginning of the Year		38,413	771,605	45,017	778,334
Cash & Cash Equivalents at end of the Year (Note B)		153,522	38,413	171,207	45,017

For the Year Ended 31st March	Note	Company		Group	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Note A					
Reconciliation of Operating Profit Before Changes in Operating Assets and Liabilities					
Profit Before Income Tax		4,237,296	3,455,200	4,331,848	3,611,186
Amortisation of Intangible Assets	38.1	9,941	9,263	10,316	9,638
Accrual for Interest Expense / (Income)		464,363	(156,216)	464,363	(156,216)
Accrual for Interest Income / (Expense)		542,092	953,974	388,099	980,820
Accrual for Other Payable		8,728	59,690	9,610	62,873
Retirement Benefit Cost	472	49,032	32,441	49,032	32,441
Depreciation of Property, Plant and Equipment	36	262,512	191,795	429,356	243,210
Impairment Charges and Other Credit Losses on Financial Assets	17	170,781	437,781	170,781	437,781
Dividend Income		(102)	(181)	(102)	(181)
Unrealised Fair Value (gains) / losses on Financial Instruments measured at FVTPL		(1,460)	(138)	(1,460)	(138)
Unrealised Fair Value (gains) / losses on Other Financial Instruments measured at FVTPL	15	(139)	(92,011)	(396)	(106,361)
Gain / (Loss) on Disposal of Property, Plant & Equipment		(4,388)	(855)	(4,388)	(855)
Charge for Security Deposit - IFRS		63,922	-	-	-
Fair value change in Investment Property		(64,000)	1,500	28,225	(255,737)
		5,738,578	4,892,243	5,875,284	4,858,461
Note B					
Cash & Cash Equivalents at the end of the Year					
Cash in Hand and at Banks		1,982,202	1,952,377	1,999,887	1,958,981
Bank Overdrafts		(1,828,680)	(1,913,964)	(1,828,680)	(1,913,964)
		153,522	38,413	171,207	45,017

The notes appearing on pages 232 to 322 are an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Corporate Information

Vallibel Finance PLC (the 'Company'), regulated under the Finance Business Act No. 42 of 2011, was incorporated on 5th September 1974 as a Public Limited Liability Company domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 under the Company Registration No. PB 526/PQ.

The registered office of the Company is situated at No. 310, Galle Road, Colombo 03 and the principal place of business is situated at the same place.

The Company was listed on the Main Board of the Colombo Stock Exchange (CSE) on 4th May 2010.

The Staff strength of the Company and the Group was as follows.

As at 31st March	2025	2024
Company	1,763	1,502
Group	1,763	1,504

Corporate information is presented in the page 346 of this Annual Report.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements as at and for the year ended 31st March 2025 comprise the Vallibel Finance PLC (Parent Company) and its subsidiary (together referred to as the "Group" and individually as "Group entities").

In the opinion of Directors, the Company's immediate and ultimate parent undertaking and controlling party is Vallibel Investments (Private) Limited, which is incorporated in Sri Lanka.

1.3 Principal Business Activities, Nature of Operations of the Group and ownership by the Company

Group Structure



A Company under the name of "Vallibel Properties Ltd" was incorporated on 5th March 2020, as a fully owned subsidiary of Vallibel Finance PLC (Parent).

Principal Business Activities, Nature of Operations of the Group

Entity	Principal Business Activities
Vallibel Finance PLC	Accepting deposits, granting finance leases, granting mortgage loans, granting vehicle loans, granting personal loans, gold loans and other credit facilities
Subsidiary	
Vallibel Properties Limited	Engage in administration of construction, development and maintenance of the Corporate Office Complex for Vallibel Finance PLC. The company commenced its commercial operations on 09th November 2023.

2. BASIS OF ACCOUNTING

2.1. Statement of Compliance

The Consolidated Financial Statements of the Group and separate Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Finance Business Act No. 42 of 2011 and amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the CSE. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Statement of Director's Responsibilities" and the Certification on the Statement of Financial Position.

These Financial Statements include the following components:

- ⊙ Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- ⊙ a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.

- ⊙ a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.
- ⊙ a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- ⊙ Notes to the Financial Statements comprising Material Accounting Policies and other explanatory information.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31st March 2025 (including comparatives for 2024) were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 29th May 2025.

2.4 Basis of Measurement

The Financial Statements of the Group and the Company have been prepared on the historical cost basis except for the following material items stated in the Statement of Financial Position.

- ⊙ Financial assets measured at fair value through profit or loss is measured at fair value.
- ⊙ Financial assets measured at fair value through other comprehensive income measured at fair value.
- ⊙ Land and buildings measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.
- ⊙ Investment property measured at cost at the time of acquisition and subsequently at fair value.
- ⊙ Defined Benefit Obligation is recognised as the present value of the defined benefit obligation.

2.5 Functional and Presentation Currency

Items included in these Financial Statements of the Group are measured using the currency of the primary Economic environment in which the Group operates (the Functional Currency).

There was no change in the Group's Presentation and Functional Currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Group's Functional and Presentation Currency.

2.6 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements" and amendments to the LKAS 01 on "Disclosure initiative".

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group.

2.8 Going Concern Basis for Accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Management have considered the impact of the current macro-economic conditions on the business operations of the Group. Furthermore, the Board is not aware of any material doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis. Furthermore, the Board is not aware of any material doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.9 Offsetting

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 liabilities simultaneously.

Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specifically disclosed in the Material Accounting Policies of the Group and the Company.

2.10 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupees thousands (Rs. '000), except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 on "Presentation of Financial Statements".

Notes to the Financial Statements

2.11 Comparative Information

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.12 Use of Judgments and Estimates

In preparing the Financial Statements of the Group in conformity with SLFRSs and LKASs, the Management has made judgments, estimates and assumptions which affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses.

Due to the inherent uncertainty involved with estimates, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Further, changes to estimates were made in the measurement of Group's assets where applicable.

Significant areas of estimation uncertainty, assumptions and critical judgments in applying Accounting Policies that have most significant effects on amounts recognised in the Financial Statements of the Group are as follows:

A. Significant Accounting Judgments

Information about judgments made in applying Accounting Policies for that have the most significant effects on the amounts recognised in these Financial Statements is included in the following notes.

2.12.1 Classification of Financial Assets and Liabilities

Material Accounting Policies of the Group provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria;

- ⊙ The entity's business model for managing the financial assets as set out in Note 6.1.3.1
- ⊙ The contractual cash flow characteristics of the financial assets as set out in Note 6.1.3.2

2.12.2 Classification of investment property

Management uses its judgment to determine whether a property qualifies as an investment property. A property that is held either to earn rental income or for capital appreciation or both and thus generates cash flows largely independently of the other assets held by the Group are classified as investment property. On the other hand, a property used in production or supply of goods and services or administrative purposes and thus generates cash flows that are attributable not only to property but also to other assets used in the

production or supply process are classified as property, plant & equipment. The Group assesses on an annual basis, the accounting classification of its investment properties, taking into consideration the current use of such properties.

2.12.3 Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities recognised on the Statement of Financial Position, for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

2.12.4 Impairment

2.12.4.1 Impairment on Financial Assets

The measurement of impairment losses across the categories of financial assets under Sri Lanka Accounting Standard – SLFRS 9 on “Financial Instruments” (SLFRS 9) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Income Statement. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgements about a borrower's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

A collective impairment provision is established for:

- ⊙ groups of homogeneous loans and advances that are not considered individually significant; and
- ⊙ groups of assets that are individually significant but that were not found to be individually impaired.

As per SLFRS 9, the Group'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 Group's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so allowances for financial assets measured on a Life time expected credit loss (LTECL) basis;

- ⊙ The segmentation of financial assets when their ECL is assessed on a collective basis;
- ⊙ Development of ECL models, including the various statistical formulas and the choice of inputs;
- ⊙ Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates and unemployment and the effect on Probability of Default (PDs), Exposure At Default (EAD) and Loss Given Default (LGD);
- ⊙ Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The accuracy of the provision depends on the model assumptions and parameters used in determining the ECL calculations.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The key assumptions used in the Group's calculation of ECL have been revised to reflect the changes in the macro-economic conditions during the year. As at the reporting date, the expected impacts of the present macro-economic conditions have been captured via the modelled outcome as well as separate management overlays reflecting the considerable uncertainty still remaining in the modelled outcome.

Although the credit model inputs and assumptions, including forward-looking macroeconomic assumptions were revised in response to the current economic conditions, the fundamental credit model mechanics and methodology underpinning the Group's calculation of ECL have remained consistent with prior periods.

Further during 2024/25, the Group decided to decrease the weightings assigned for worst case scenario while increasing the weightings assigned for base case scenario when assessing the probability weighted forward looking macro-economic indicators along with management overlays to qualitative indicators relating to forward looking macro-economic environment with the objective of capturing the impact of economic uncertainties and volatilities in future outlook on the ECL computation.

2.12.4.2 Impairment of Non Financial Assets

The Group assesses whether there are any indicators of impairment for an asset or a Cash-Generating Unit (CGU) at each Reporting date or more frequently, if events or changes in circumstances necessitate doing so. This requires the estimation of the 'Value in use' of such individual assets or the CGUs. Estimating 'Value in use' requires management to make an estimate of the expected future cash flows from the asset or the CGU and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make

estimates about expected future cash flows and discount rate, and hence, they are subject to uncertainty.

2.12.5 Defined Benefit Obligation

The cost of the defined benefit plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions determining the discount rates, future salary increases, mortality rates etc. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

2.12.6 Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). The Group engages independent professional valuers to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard – SLFRS 13 on "Fair Value Measurement".

The key assumptions used to determine the fair value of the land and building and sensitivity analysis are provided in notes to the financial statements.

2.12.7 SLFRS 16 – Leases

2.12.7.1 Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

2.12.7.2 Estimating the incremental borrowing rate

As the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Group estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

Notes to the Financial Statements

2.12.8 Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilised against such tax losses. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax planning strategies.

2.12.9 Useful Life time of the Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each Reporting date. Judgment of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.12.10 Provisions for Liabilities, Commitments and Contingencies

The Group receives legal claims in the normal course of business. Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depends on the due processes in respective legal jurisdictions.

2.13 Fair valuation of investment property

Fair valuation of the investment property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties at similar locations and categories. They have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The key assumptions used to determine the fair value of investment property are provided in notes to financial statements.

2.14 Events after the Reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the Reporting date and the date when the Financial Statements are authorised for issue.

In this regard, all material and important events that occurred after the Reporting Period have been considered and appropriate disclosures are made in the Financial Statements where necessary.

3. FAIR VALUE MEASUREMENT

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in the absence, in the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1

Inputs that are quoted (unadjusted) market prices in active markets for identical assets or liabilities.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

This category includes instruments valued using;

- ⊙ quoted prices in active markets for similar instruments,
- ⊙ quoted prices for identical or similar instruments in markets that are considered to be less active, or
- ⊙ other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are un-observable.

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the un-observable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices of similar instruments for which significant un-observable adjustments or assumptions are required to reflect difference between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and Government Securities such as Treasury Bills and Treasury Bonds. Availability of observable prices and model inputs reduces the need for Management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognised only when the inputs become observable or on de-recognition of the instrument.

4. CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these Financial Statements.

There were no new or amended standards and interpretations that were required to be incorporated in to the financial statements with effect from April 01, 2024.

B. Material Accounting Policy Information

The Material Accounting Policy Information set out below have been applied consistently to all periods presented in the Financial Statements of the Group except if mentioned otherwise.

5. MATERIAL ACCOUNTING POLICIES – GENERAL

5.1 Basis of consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial Statements" (SLFRS 10).

5.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. As required by SLFRS 3 - Business Combinations and amendments to SLFRS 3, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exist as at the acquisition date.

The Group applies definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration

transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

5.1.2 Non-Controlling Interests (NCI)

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Notes to the Financial Statements

5.1.3 Subsidiary

Subsidiary is an investee controlled by the Group. The Group "controls" an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The Financial Statements of subsidiary included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

5.1.4 Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5.1.5 Loss of control

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently, it is accounted for as an Associate or in accordance with the Group's Accounting Policy for financial instruments depending on the level of influence retained.

6. MATERIAL ACCOUNTING POLICIES – RECOGNITION OF ASSETS AND LIABILITIES

6.1 Financial Instruments – Initial Recognition, Classification and Subsequent Measurement

6.1.1 Date of Recognition

The Group initially recognises Lease and Hire Purchase receivables, loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

6.1.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments.

A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15.

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement.

Trade receivables that do not have significant financing component are measured at their transaction price at initial recognition as defined in SLFRS 15.

When the fair value of financial instruments (except trade receivables that do not have significant financing component) at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

6.1.2.1 "Day 1" Profit or Loss

When the transaction price of the instrument differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group recognises the difference between the transaction price and fair value as a 'Day 1' profit or loss. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is de-recognised. The 'Day 1 loss' arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) over the remaining service period of the employees or tenure of the loan whichever is shorter.

6.1.3 Classification and Subsequent Measurement of Financial Assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms measured at either;

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

The subsequent measurement of financial assets depends on their classification.

6.1.3.1 Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- ⊙ the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- ⊙ how the performance of the portfolio is evaluated and reported to the Group's management;
- ⊙ the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ⊙ how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ⊙ the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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 realised in a way that is different from the Group's original expectations, the Group 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.

6.1.3.2 Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than de minimise 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 principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- ⊙ contingent events that would change the amount and timing of cash flows;
- ⊙ leverage features;
- ⊙ prepayment and extension terms;
- ⊙ terms that limit the Company's claim to cash flows from specified assets; and
- ⊙ features that modify consideration of the time value of money.

6.1.3.3 Financial assets measured at Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- ⊙ The asset is held within a business model whose objective is to hold assets 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 on the principal amount outstanding.

Financial assets measured at amortised cost include Loans and Receivables to other Customers, Lease Rental and Hire Purchase Receivables, Placements with Banks and other Finance Companies, Cash and Cash Equivalents, Reverse Repurchase Agreements and Debt & other financial instruments.

Notes to the Financial Statements

6.1.3.3.1 Loans and Receivables to other Customers, Lease Rental and Hire Purchase Receivables

As per SLFRS 9, "Loans and advances to other customers" are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.

When the Group is the lessor in a lease agreement that transfers substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Amounts receivable under finance leases, net of initial rentals received, unearned lease income and provision for impairment are classified as "Lease Rental Receivable" in the Statement of Financial Position.

Assets sold to customers under fixed rate hire agreements, which transfer all risk and rewards as well as the legal title at the end of such contractual period are classified as 'Hire Purchase Receivable'. Such assets are accounted for in a similar manner as finance leases.

After initial measurement, financial assets measured at amortised cost are subsequently measured at gross carrying amount using the EIR, less provision for impairment, except when the Group designates at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.

6.1.3.3.2 Reverse Repurchase Agreements

When the Group purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date, the arrangement is called "Reverse Repurchase Agreements" and accounted for as a financial asset in the Statement of Financial Position reflecting the transaction's economic substance as a loan granted by the Group. Subsequent to initial recognition, these securities issued are measured at amortised cost using the EIR with the corresponding interest income / receivable being recognised as interest income in profit or loss.

6.1.3.3.3 Cash and Cash Equivalents

Cash and cash equivalents include of cash in hand and balance at banks and other highly liquid financial assets which are held for the purpose of meeting short-term commitments with original maturities of less than three months which are subject to an insignificant risk of changes in their fair value. There were no cash and cash equivalents held by the Group that were not available for use by the Group.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included

as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

6.1.3.4 Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income.

As per SLFRS 9, this comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.

6.1.3.4.1 Debt instruments measured at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- ⊙ The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ⊙ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 ECL and reversals are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

6.1.3.4.2 Equity instruments at FVOCI

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose and regulatory purposes, 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 or loss instead directly transferred to retained earnings at the time of de-recognition. Dividends are recognised in profit or loss in "Other Operating Income" when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

6.1.3.5 Financial assets measured at FVTPL

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

6.1.3.5.1 Financial assets Held for Trading

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or they hold as a part of a portfolio that is managed together for short-term Profit or position taking.

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognised in profit or loss. Interest and dividend income are recorded in 'interest Income' and 'Net Gains / (Losses) from Trading' respectively in the income statement according to the terms of the contract, or when the right to receive the payment has been established.

6.1.4 Classification and Subsequent Measurement of Financial Liabilities

The Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- ⊙ Financial Liabilities at fair value through profit or loss, and within this category as :
 - Held for trading; or
 - Designated at fair value through profit or loss
- ⊙ Financial Liabilities at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

6.1.4.1 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.

Financial liabilities are classified as held for trading, if they are acquired principally for the purpose of repurchasing in the near term or held as a part of a portfolio that is managed together for short-term profit or position taking.

Changes in fair value are recorded in "Net fair value gains / (losses) from financial instruments at fair value through profit or loss" with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the own credit reserve through OCI and do not get recycled to profit or loss. Interest paid/payable is accrued in "Interest expense"; using the EIR.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

6.1.4.2 Financial Liabilities at Amortised Cost

Financial instruments issued by the Group that are not designated at fair value through profit or loss, are classified as

liabilities under 'Deposits Due to Customers', 'Interest Bearing Borrowings' and 'Subordinated Term Debts' as appropriate, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised 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 amortisation is included in 'Interest Expense' in the Income Statement. Gains and losses are recognised in Income Statement when the liabilities are de-recognised as well as through the EIR amortisation process.

6.1.4.3 Deposits due to Customers

These include term deposits, savings deposits and certificates of deposits. Subsequent to initial recognition, deposits are measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss. "Interest expense" on these deposits recognised in profit or loss.

6.1.4.4 Debt Securities Issued and Subordinated Term Debts

These represent the funds borrowed by the Group for long-term funding requirements. Subsequent to initial recognition debt securities issued are measured at their amortised cost using the effective interest method, except where the Group designates debt securities issued at fair value through profit or loss. Interest paid / payable is recognised in profit or loss.

6.1.5 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

6.1.5.1 Timing of reclassification of financial assets

Consequent to the change in the business model, the Group reclassifies all affected assets prospectively from the first day of the first reporting period following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

Notes to the Financial Statements

6.1.5.2 Measurement of reclassification of financial assets

6.1.5.2.1 Reclassification of Financial Instruments - Fair value through profit or loss

- ⊙ To Fair value through other comprehensive income

The fair value on reclassification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognised in OCI.

- ⊙ To Amortised Cost

The fair value on reclassification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

6.1.5.2.2 Reclassification of Financial Instruments - Fair value through other comprehensive income

- ⊙ To Fair value through profit or loss

The accumulated balance in OCI is reclassified to profit and loss on the reclassification date.

- ⊙ To Amortised Cost

The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and is used to adjust fair value on the reclassification date. The adjusted amount becomes the amortised cost.

EIR determined at initial recognition and gross carrying amount are not adjusted as a result of reclassification.

6.1.5.2.3 Reclassification of Financial Instruments - Amortised Cost

- ⊙ To Fair value through other comprehensive income

The asset is re-measured to fair value, with any difference recognised in OCI. EIR determined at initial recognition is not adjusted as a result of reclassification.

- ⊙ To Fair value through profit or loss

The fair value on the reclassification date becomes the new carrying amount. The difference between amortised cost and fair value is recognised in profit and loss.

6.1.6 De-recognition of Financial Assets and Financial Liabilities

6.1.6.1 Financial Assets

The Group de-recognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cashflows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

However, cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on de-recognition of such securities.

Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Company is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not de-recognised.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions because the Group retains all or substantially all risks and rewards of ownership of such assets.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on the basis that reflected the rights and obligations that the Group has retained.

6.1.6.2 Financial Liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled or expired.

6.1.7 Modification of Financial Assets and Financial Liabilities

6.1.7.1 Modification of Financial Assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is de-recognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. Subsequently the Group recognises the interest income on recalculated gross carrying amount based on the original EIR from the commencement of terms modification date to the end of the lifetime of the instrument.

6.1.7.2 Modification of Financial Liabilities

Where 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 de-recognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

6.1.8 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

6.1.9 Amortised Cost and gross Carrying amount

An 'Amortised Cost' of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the initial amount and the maturity amount, and for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any ECL allowance.

6.1.10 Identification and Measurement of Impairment of Financial Assets

6.1.10.1 Overview of the ECL principles

The Group records an allowance for expected credit losses for lease rental and hire purchase receivables, loans and receivables to other customers, debt and other financial

instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- ⊙ Stage 1: A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).
- ⊙ Stage 2: If significant increases in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for LTECL.
- ⊙ Stage 3: If a financial asset is credit-impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.

Purchased or originated credit impaired (POCI) financial assets: Financial assets which are credit impaired on initial recognition are categorised within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Group does not have POCI loans as at the reporting date.

6.1.10.2 Measurement of ECL

The Group recognises loss allowances for Expected Credit Losses (ECL) on financial investments that are not measured at FVTPL.

No impairment loss is recognised on equity investments.

The key inputs into the measurement of ECL are the term structure of the following variables:

- ⊙ Probability of default (PD)
- ⊙ Loss given default (LGD)
- ⊙ Exposure at default (EAD)

Probability of default (PD)

PD estimates are estimates at a certain date, which are calculated, based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

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Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, product category and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract. For some financial assets, EAD is determined by considering contractual cash flows, prepayments and other factors.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The groupings are subject to regular review to ensure that exposures within a particular Group remain appropriately homogeneous.

The key judgments and assumptions adopted by the Group in addressing the requirements of SLFRS 9 are discussed below:

6.1.10.3 Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward looking information.

The Group considers an exposure to have significantly increased credit risk when contractual payments of a

customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

6.1.10.4 Definition of default and credit impaired assets

The Group considers a financial asset to be in default when:

- ⊙ the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) ; or
- ⊙ the borrower is past due equal more than 90 days on any material credit obligation to the Group. , In determination of default the Group largely aligns with the regulatory definition of default which is 90 days and above.

6.1.10.5 Movement between the stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment.

6.1.10.6 Grouping financial assets measured on collective basis

Those financial assets for which, the Group determines that no provision is required under individual impairment are then collectively assessed for ECL. For the purpose of ECL calculation on collective basis, financial assets are grouped on the basis of similar risk characteristics. Loans and advances to other customers are grouped into homogeneous portfolios, based on product and underlying security characteristics.

6.1.10.7 Incorporating Forward Looking Information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL using variety of external actual and forecasted information, the Group formulates a "base case" view of the future direction of relevant economic variables as well as a representative range (Best Case and worst Case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes. Such as strategic planning and budgeting. The other scenarios represent more optimistic and more

pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The economic variables used by the Group based on the statistical significance include the followings:

Unemployment Rate	Base case scenario along
Interest Rate	with two other scenarios has
GDP growth Rate	been used (Best Case and
Inflation Rate	worst Case)

6.2 Write-off of Financial Assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

6.3 Property, Plant & Equipment

The Group applies the requirements of the Sri Lanka Accounting Standard – LKAS 16 on ‘Property, Plant & Equipment’ in accounting for its owned assets (including buildings under operating leases where the Group is the lessor) which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

6.3.1 Basis of Recognition

Property, Plant & Equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured.

6.3.2 Basis of Measurement

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the

site on which they are located and capitalised borrowing costs. Purchased software which is integral to the functionality of the related equipment is capitalised as part of Computer Equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

⊙ Cost Model

The Group applies the Cost Model to all Property, Plant & Equipment except freehold land and buildings. These are recorded at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

⊙ Revaluation Model

The Group applies the revaluation model for the entire class of freehold land and buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Group are revalued by independent professional valuers every three years or more frequently if the fair values are substantially different from carrying amounts, to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in Revaluation Reserve in Equity through OCI or used to reverse a previous loss on revaluation of the same asset, which was charged to the income statement. In this circumstance, the increase is recognised as income only to the extent of the amounts written down previously. Any decrease in the carrying amount is recognised as an expense in the income statement or charged to Revaluation Reserve in Equity through OCI, only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. Any balance remaining in the Revaluation Reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

The Group revalued all its freehold land and buildings as at 31st March 2025. Methods and significant assumptions including un-observable market inputs employed in estimating the fair value together with the sensitivity of same are given in notes to Financial Statements.

Notes to the Financial Statements

6.3.3 Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

6.3.4 Depreciation

Depreciation is calculated to write-off the cost of items of Property, Plant & Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Freehold land is not depreciated. Right-of-use assets are depreciated over the useful lives of the assets. However if there is no reasonable certainty that the Group will obtain the ownership by end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

Class of Asset	Period (Years)
Freehold Buildings	15
Buildings on Leasehold Land	10
Computer Equipment	4
Furniture & Fittings	4
Office Equipment	4
Motor Vehicles	4

The above rates are compatible with the rates used by all Group entities, and these rates have not been changed during the year.

The depreciation rates are determined separately for each significant part of an item of Property, Plant & Equipment and commence to depreciate when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised.

Depreciation methods, useful lives and residual values are re-assessed at each Reporting date and adjusted, if required.

6.3.5 De-recognition

An item of Property, Plant & Equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognised in 'Other Operating Income' in profit or loss in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant & Equipment, the remaining carrying amount of the replaced part is de-recognised as required by Sri Lanka Accounting Standard – LKAS 16 on 'Property, Plant & Equipment'.

6.3.6 Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e. available for use).

6.3.7 Transfers

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised in profit or loss immediately. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

6.4 Borrowing Costs

As per the Sri Lanka Accounting Standard – LKAS 23 on "Borrowing Costs", the Company capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the profit or loss in the period in which they occur.

6.5 Intangible Assets

The Group's intangible assets include the value of Computer Software.

6.5.1 Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortisation and accumulated impairment losses, if any.

6.5.2 Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

6.5.3 Amortisation of intangible assets

Intangible assets are amortised using the straight line method to write down the cost over its estimated useful economic lives specified below:

Class of Asset	Period (Years)
Computer Software	4

6.5.4 De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from their use. Gains or losses arising from de-recognition 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 profit or loss.

6.6 Investment Properties

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both.

Investment properties are initially measured at cost, including transaction costs. The Group subsequently measures investment properties under fair value model. Any gain or loss arising from a change in fair value and the rental income from the investment property is recognised under other operating income.

When the portion of the property is held to earn rentals or for capital appreciation and another portion is held for use in the production or supply of goods or services for the portions separately if these portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is treated as investment property, only if an insignificant portion is held for use in the production or supply of goods or service or for administrative purposes.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the other operating income.

6.7 Impairment of Non-Financial Assets

At each Reporting date, the Group reviews the carrying amounts of its non – financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating unit (CGU) exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets other than goodwill an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.8 Non-current assets held for sale and disposal groups

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

As per the Sri Lanka Accounting Standard – SLFRS 5 on "Non-current Assets Held for Sale and Discontinued Operations," such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

6.9 Dividends Payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended and declared by the Board of Directors. Interim dividends are deducted from Equity when they are declared by the Board of Directors.

Dividends for the year, that are approved after the Reporting date and not provided for, are disclosed as an event after the reporting period in accordance with the Sri Lanka Accounting Standard – LKAS 10 on “Events after the reporting period”.

6.10 Other Liabilities

Other liabilities are recorded at amounts expected to be payable at the Reporting date.

6.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in ‘Interest Expense’ in profit or loss.

6.11.1 Provisions for Operational Risk Events

Provisions for operational risk events are recognised for losses incurred by the Group which do not relate directly to amounts of principal outstanding for loans and advances.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

6.12 Employee Benefits

6.12.1 Defined Benefit Plan (DBP) - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value.

The defined benefits obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS-19, “employee benefits”.

Actuarial gains and losses in the period in which they occur have been recognised in the other Comprehensive income (OCI).

The assumptions based on which the results of actuarial valuation was determined, are included in notes to the financial statements.

Gratuity liability was computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 - “Employee Benefits”.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continual service.

The Group is liable to pay gratuity in terms of the relevant statute.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains & losses on the settlement of a defined benefit plan when a settlement occurs.

The gratuity liability is not externally funded.

6.12.2 Defined Contribution Plans (DCPs)

A Defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to Defined Contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

6.12.2.1 Employees’ Provident Fund (EPF)

The Company and employees contribute to an approved Provident Fund at 12% and 8% respectively, on the salaries of each employee. Other entity of the Group and its employees contribute at the same percentages as above to the Employees’ Provident Fund managed by the CBSL.

6.12.2.2 Employees’ Trust Fund (ETF)

The Company and other entity of the Group contribute at the rate of 3% of the salaries of each employee to the Employees’ Trust Fund managed by the CBSL.

6.13 Earnings per Share (EPS)

The Group computes basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

6.14 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For each of the strategic divisions, the Group's management monitors the operating results separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the Financial Statements. Income taxes are managed on a Group basis and are not allocated to operating segments.

Detailed information on the results of each reportable segment as required by the Sri Lanka Accounting Standard – SLFRS 8 "Operating Segments" is provided in Notes to the Financial Statements.

6.15 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets".

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

Pending legal claims against the Group form part of contingencies.

7. MATERIAL ACCOUNTING POLICIES – RECOGNITION OF INCOME AND EXPENSES

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

7.1 Net Interest Income

Interest income and expense are recognised in profit or loss using the effective interest method (EIR).

Interest income and expense presented in the Income Statement include:

- ⊙ Interest on financial assets measured at amortised cost calculated using EIR method;
- ⊙ Interest on financial assets measured at fair value through other comprehensive income (FVOCI) calculated using EIR method;
- ⊙ Interest on financial assets measured at fair value through profit or loss (FVTPL) calculated using EIR method;
- ⊙ Interest on financial liabilities measured at amortised cost calculated using EIR method;

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- ⊙ the gross carrying amount of the financial asset; or
- ⊙ the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

7.2 Fee and Commission Income and Expense

Fees and commission income and expense that are integral to the EIR of a financial asset or liability are capitalised and included in the measurement of the EIR. Other fees and commission income are recognised as the related services are performed.

Notes to the Financial Statements

7.3 Net Gain / (Loss) from Trading

'Net gain / (loss) from trading' comprise gains less losses related to trading assets and liabilities, and include all realised and unrealised fair value changes and dividends.

7.4 Net Gain / (Loss) from de-recognition of Financial Assets

'Net gains / (losses) from de-recognition of financial assets' comprised realised gains less losses related to debt instruments measured at FVOCI and financial assets measured at amortised cost.

7.5 Leases

7.5.1 Application as per SLFRS 16

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

After the assessment of whether a contract is, or contains, a lease, the Group determines whether it contains additional lease or non-lease (service) components based on the detailed guidance provided in SLFRS 16. Accordingly, the right to use of an identifying asset is a separate lease component if the lessee can benefit from the use of underlying asset either on its own or together with other resources readily available to the lessee and the underlying asset is neither highly dependent on, nor highly inter-related with, the other underlying assets in the contract.

7.5.1.1 Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

7.5.1.2 Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

7.5.1.2.1 Finance leases – Group as a lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Group recognises assets held under finance lease in the SOFP and present them as a "Lease Rental Receivable" at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Group's net investment in lease is included in notes to financial statements. The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub lease separately. It assesses the lease classification of a sub lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub lease as an operating lease.

7.5.1.2.2 Operating leases – Group as a lessor

As per SLFRS 16, a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The Group recognises lease payments from operating leases as income on straight line basis as part of other Operating Income.

7.6. Rental Income and Expenses

Rental income and expense are recognised in profit or loss on an accrual basis.

8. MATERIAL ACCOUNTING POLICIES – TAX EXPENSE

8.1. Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.

The Group has determined that interest and penalties related income taxes, including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them under LKAS 37 Provisions, Contingent liabilities and Contingent Assets.

8.1.1 Current Tax

'Current tax' comprises the best estimate of expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted, at the Reporting date.

Accordingly, provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto. Notes to Financial Statements include the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

8.1.1.1 Current Tax

Income Tax rate of 30% is applied on the taxable income of the Company for the financial year ended 31st March 2025.

8.1.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial re-orting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- ⊙ temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- ⊙ temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- ⊙ Temporary differences in relation to a right – of – use asset and a lease liability for leases are regarded as a net package (Right – of – use Leased asset) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each Reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the Reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the Reporting date, to recover or settle the carrying amount of its assets and liabilities.

8.1.2.1. Deferred Tax

Deferred tax assets and liabilities as at 31st March 2025, will be assessed based on the income tax rate of 30%.

8.1.3 Tax Exposures

In determining the amount of current and deferred tax, the Group considers the favourable / adverse impact to the tax liability due to assessments, revision to legislature etc. Such changes to tax liabilities could impact the tax expense in the period in which such revision is considered, as an over or under provision.

8.2 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 01 April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

Notes to the Financial Statements

8.3 Withholding Tax (WHT) on dividends distributed by the Company, subsidiaries and associates

8.3.1 WHT on dividends distributed by the Company

The prevailing WHT / AIT rate on dividends distributed by the Group to residents/ non- residents is 15%. Dividend paid by the Group will be exempt in the hands of shareholders to the extent that such dividend payment is attributable to, or derived from dividend received by the Company from another resident company.

8.3.2 WHT on dividends distributed by the subsidiaries and associate

Dividend income received from subsidiaries and associate is liable to WHT at the rate of 15% which will be a final tax for the Company.

8.4 Value Added Tax on Financial Services (VAT FS)

The value addition attributable to the supply of financial services is calculated at the rate of 18% by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable. Emoluments payable include benefits in money and not in money including contribution or provision relating to terminal benefits. The amount of VAT FS charged in determining the profit or loss for the period is given.

8.5 Social Security Contribution Levy (SSCL)

The Company is liable to pay SSCL on Financial Services at the rate of 2.5% on the value addition attributable to the supply of financial services. Further Non-Financial Services are made liable on the turnover at the rate of 2.5%.

8.6 Value Added Tax (VAT)

The VAT rate had been increased from 15% to 18% with effect from January 01, 2024. Further, goods and services which were previously exempt from VAT had been made liable at the rate of 18% effective January 01, 2024.

9. MATERIAL ACCOUNTING POLICIES – STATEMENT OF CASH FLOWS

9.1 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Direct Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard LKAS- 07 "Cash Flow Statements". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and favourable balances with banks.

10. AMENDMENTS TO ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new or amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

10.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- ⊙ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ⊙ A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group's financial statement.

10.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1st January 2025. Early adoption is permitted but will need to be disclosed.

When applying the amendments, an entity cannot restate comparative information.

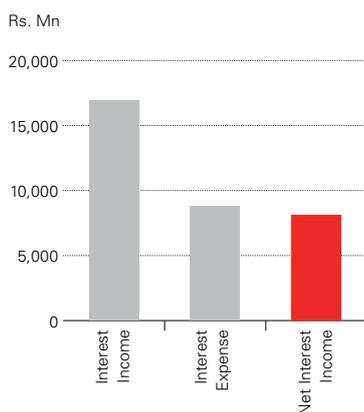
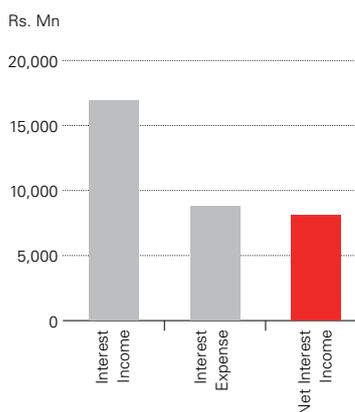
The amendments are not expected to have a material impact on the Group's financial statement.

11 GROSS INCOME

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest Income (Note 12.1)	16,913,893	18,371,636	16,841,212	18,371,636
Fee and Commission Income (Note 13)	785,151	714,346	772,284	697,029
Net Gain / (Loss) from Trading (Note 14)	1,460	239	1,460	239
Net Gain / (Loss) from other Financial Instruments at FVTPL (Note 15)	139	92,011	396	106,361
Other Operating Income (Note 16)	1,499,952	851,407	1,456,908	1,106,035
	19,200,595	20,029,639	19,072,260	20,281,300

12 NET INTEREST INCOME

Interest Income (Note 12.1)	16,913,893	18,371,636	16,841,212	18,371,636
Interest Expense (Note 12.2)	(8,796,402)	(11,365,024)	(8,702,039)	(11,419,214)
	8,117,491	7,006,612	8,139,173	6,952,422

2025**2024****12.1 Interest Income**

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Cash and Cash Equivalents	18,144	41,242	18,144	41,242
Placements with Banks and Other Finance Companies	196,298	1,691,316	196,298	1,691,316
Loans and Receivables to Other Customers (Note 12.1.1)	12,934,183	13,055,975	12,934,183	13,055,975
Lease Rental and Hire Purchase Receivables (Note 12.1.2)	2,728,406	2,363,483	2,728,406	2,363,483
Sri Lanka Government Securities	953,953	1,210,344	953,953	1,210,344
Other Financial Assets	82,909	9,276	10,228	9,276
	16,913,893	18,371,636	16,841,212	18,371,636

Notes to the Financial Statements

12.1.1 Loans and Receivables to Other Customers

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Loans and Advances	9,174,110	8,583,298	9,174,110	8,583,298
Loans against Fixed Deposits	172,685	238,221	172,685	238,221
Gold Loans	3,587,388	4,234,456	3,587,388	4,234,456
	12,934,183	13,055,975	12,934,183	13,055,975

12.1.2 Lease Rental and Hire Purchase Receivables

Hire Purchase	226	154	226	154
Lease	2,728,180	2,363,329	2,728,180	2,363,329
	2,728,406	2,363,483	2,728,406	2,363,483

12.2 Interest Expense

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Financial Liabilities at Amortised Cost - Deposits due to Customers	6,869,275	9,021,899	6,869,275	9,021,899
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	888,339	1,526,646	985,252	1,585,482
Securities Sold Under Repurchase Agreements	11,849	-	11,849	-
Bank Overdrafts	55,543	22,906	55,543	22,914
Subordinated Term Debts	505,296	643,054	505,296	643,054
Commercial Papers	4,923	11,224	17,285	40,140
Debentures	139,631	-	139,631	-
Interest Expense on Lease Liabilities (Note 43)	321,546	139,295	117,908	105,725
	8,796,402	11,365,024	8,702,039	11,419,214

13 FEE AND COMMISSION INCOME

Loans and Receivables Related Services	785,151	714,346	772,284	697,029
	785,151	714,346	772,284	697,029

14 NET GAIN / (LOSS) FROM TRADING

Equities				
Net mark- to- market Gain / (Loss) (Note 28.1)	1,460	138	1,460	138
Dividend Income	-	101	-	101
	1,460	239	1,460	239

15 NET GAIN / (LOSS) FROM OTHER FINANCIAL INSTRUMENTS AT FVTPL

Unit Trusts				
Net mark- to- market Gain / (Loss) (Note 28.2)	139	92,011	396	106,361
	139	92,011	396	106,361

16 OTHER OPERATING INCOME

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dividend Income - Financial Investments Measured at Fair Value Through Other Comprehensive Income	102	80	102	80
Redemption Income - Unit Trusts	35,897	104,963	61,146	107,933
Early Termination Income	1,289,120	626,166	1,289,120	626,166
Fair value change in Investment Property	64,000	(1,500)	(28,225)	257,237
Gain / (Loss) on Disposal of Property, Plant & Equipment	4,388	855	4,388	855
Service Charges Income	66,595	58,818	71,578	60,479
Rent Income	6,355	6,355	27,033	9,011
Other Income	33,495	55,670	31,766	44,273
	1,499,952	851,407	1,456,908	1,106,035

17 IMPAIRMENT CHARGES / (REVERSALS) AND OTHER CREDIT LOSSES ON FINANCIAL ASSETS

Placements with Banks and Other Finance Companies (Note 27.1)	(288)	(1,533)	(288)	(1,533)
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers (Note 17.1)	231,249	425,613	231,249	425,613
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables (Note 17.2)	(59,631)	13,061	(59,631)	13,061
Financial Assets at Amortised Cost - Other Financial Assets (Note 33.2)	(549)	641	(549)	641
	170,781	437,781	170,781	437,781

17.1 Financial Assets at Amortised Cost - Loans and Receivables to Other Customers

Impairment Charges - Stage 1	136,434	28,896	136,434	28,896
Impairment Charges - Stage 2	69,203	158,654	69,203	158,654
Impairment Charges - Stage 3	25,612	238,063	25,612	238,063
	231,249	425,613	231,249	425,613

17.2 Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables

Impairment Charges - Stage 1	47,726	5,722	47,726	5,722
Impairment Charges - Stage 2	(50,820)	7,768	(50,820)	7,768
Impairment Charges - Stage 3	(56,537)	(428)	(56,537)	(428)
	(59,631)	13,061	(59,631)	13,061

18 PERSONNEL EXPENSES

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Salary & Bonus	2,046,729	1,601,023	2,048,426	1,601,813
Retirement Benefit Costs (Note 47.2)	49,032	32,441	49,032	32,441
Employer's Contribution to Employee's Provident Fund	148,440	118,474	148,530	118,530
Employer's Contribution to Employee's Trust Fund	36,763	29,312	36,786	29,326
Staff Welfare Expenses	206,249	166,965	206,263	166,965
	2,487,213	1,948,215	2,489,037	1,949,075

Notes to the Financial Statements

19 OPERATING PROFIT BEFORE TAXES ON FINANCIAL SERVICES

Operating Profit Before Taxes on Financial Services is stated after charging all the expenses including the following:

Professional Fees	12,828	10,034	13,622	10,238
Auditors Remuneration - Statutory Audit and Audit Related Services	4,355	3,096	5,393	3,096
- Non Audit Services	1,541	1,749	1,541	2,677
Directors Fees and Expenses	11,135	7,143	11,135	7,143
Depreciation of Property, Plant and Equipment	262,512	191,795	429,356	243,210
Amortisation of Intangible Assets	9,941	9,263	10,316	9,638
Amortisation of Right to Use Asset	466,541	187,208	167,804	161,497
Advertising & Related Expenses	87,046	141,614	87,082	141,814
Business Promotion Expenses	105,447	60,998	105,447	60,998
Donations	28	29	28	29
Deposit Insurance Premium	91,932	72,942	91,932	72,942
CROP Insurance Levy	27,416	22,415	27,416	22,415
Personnel Expenses (Note 18)	2,487,213	1,948,215	2,489,037	1,949,075

20 TAXES ON FINANCIAL SERVICES

Value Added Tax on Financial Services	1,152,268	1,050,331	1,152,268	1,050,331
Social Security Contribution Levy	168,331	139,058	176,047	140,437
	1,320,599	1,189,389	1,328,315	1,190,768

21 INCOME TAX EXPENSE

Provision for Taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Current Income Tax Expense on Profits for the Year (Note 21.1)	1,706,145	1,387,147	1,706,145	1,387,147
(Over)/under provision in respect of previous year	(4,742)	(1,621)	(4,742)	(1,621)
	1,701,403	1,385,526	1,701,403	1,385,526
Deferred Tax (Reversal) / Charge for the Year (Note 45.2)	(93,605)	(71,880)	(66,055)	170,725
	1,607,798	1,313,647	1,635,348	1,556,251

21.1 Reconciliation of Accounting Profit to Income Tax Expense

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit Before Income Tax	4,237,296	3,455,200	4,331,848	3,611,186
Add : Non deductible Expenses	2,825,373	2,417,466	3,602,169	2,530,810
Less : Tax Deductible Expenses	(1,375,520)	(1,248,933)	(2,246,867)	(2,173,070)
Less : Allowable Credits	-	-	-	-
Assessable Income	5,687,149	4,623,733	5,687,150	3,968,925
Less : Qualifying Payments	-	-	-	-
Taxable Income	5,687,149	4,623,733	5,687,150	3,968,925
Current Income Tax Expense @ 30%	1,706,145	1,387,120	1,706,145	1,387,120
Current Income Tax Expense @ 15%	-	27	-	27
	1,706,145	1,387,147	1,706,145	1,387,147

21.2 Reconciliation of Effective Tax Rate

For the Year Ended 31st March	Company				Group			
	%	2025 Rs.'000	%	2024 Rs.'000	%	2025 Rs.'000	%	2024 Rs.'000
Profit Before Income Tax		4,237,296		3,455,200		4,331,848		3,611,186
Taxable Income		1,271,189		1,036,587		1,299,554		1,279,825
Non - Deductible Expenses		847,612		725,240		1,080,651		759,243
Tax Deductible Expenses		(412,656)		(374,680)		(674,060)		(651,921)
Allowable Credits		-		-		-		-
Effects on Qualifying Payments		-		-		-		-
Effects on Deferred Taxation		(93,605)		(71,880)		(66,055)		170,725
Effects on (Over) / under provision		(4,742)		(1,621)		(4,742)		(1,621)
Total Income Tax Expense	37.9%	1,607,798	38%	1,313,647	37.8%	1,635,348	43.1%	1,556,251

21.3 Income Tax Rate

The Group applied the rate of 30% to calculate the income tax and deferred tax assets / liabilities as at 31st March 2025. (2023/24 - 30%)

22 EARNINGS PER SHARE

22.1 Basic Earnings per Share

Basic Earnings per Share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Amount used as the Numerator				
Profit for the Year attributable to Equity holders (Rs.'000)	2,629,498	2,141,553	2,696,500	2,054,934
Number of Ordinary Shares used as the Denominator				
Weighted Average Number of Ordinary Shares (Note 22.1.1)	235,453	235,453	235,453	235,453
Basic Earnings Per Share (Rs.)	11.17	9.10	11.45	8.73

22.1.1 Weighted Average Number of Ordinary Shares

For the Year Ended 31st March	Outstanding Number of Shares		Weighted Average Number of Share	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Number of shares in issue as at beginning of the year	235,453	235,453	235,453	235,453
Ordinary shares issued in the year	-	-	-	-
Number of shares in issue as at end of the year	235,453	235,453	235,453	235,453

22.2 Diluted Earnings per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, Diluted Earnings Per Share is same as Basic Earnings Per Share shown above.

Notes to the Financial Statements

23 DIVIDENDS ON ORDINARY SHARES

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dividend Paid Per Share				
Gross Dividend Paid for the Financial Year 2023/24 & 2022/23	470,907	235,453	470,907	235,453
First Interim				
Dividend Paid Per Share for the Financial Year 2023/24 & 2022/23	2.00	1.00	2.00	1.00

24 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 Classification of Financial Assets and Financial Liabilities As at 31st March 2025 - Company

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL) Rs.'000	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) Rs.'000	Financial Assets at Amortised Cost (AC) Rs.'000	Total Carrying Amount Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,982,202	1,982,202
Placements with Banks and Other Finance Companies	-	-	570,007	570,007
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	-	133,889
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	78,402,912	78,402,912
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	13,745,290	13,745,290
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	8,850,863	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	-	-	42,074	42,074
Total Financial Assets	133,889	204	103,593,348	103,727,441

	Financial Liabilities at Amortised Cost (AC) Rs.'000	Total Carrying Amount Rs.'000
Financial Liabilities		
Bank Overdrafts	1,828,680	1,828,680
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	12,650,533	12,650,533
Subordinated Term Debt	6,690,647	6,690,647
Lease Liabilities	2,721,617	2,721,617
Total Financial Liabilities	91,371,677	91,371,677

There were no reclassifications or transfers of Financial Assets during the year.

24.2 Classification of Financial Assets and Financial Liabilities As at 31st March 2025 - Group

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,999,887	1,999,887
Placements with Banks and Other Finance Companies	-	-	570,007	570,007
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	209,882	-	-	209,882
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	78,402,912	78,402,912
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	13,745,290	13,745,290
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	8,850,863	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	-	-	42,074	42,074
Total Financial Assets	209,882	204	103,611,033	103,821,119

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	1,828,680	1,828,680
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	13,461,095	13,461,095
Subordinated Term Debt	6,690,647	6,690,647
Lease Liabilities	1,031,339	1,031,339
Total Financial Liabilities	90,491,961	90,491,961

There were no reclassifications or transfers of Financial Assets during the year.

Notes to the Financial Statements

24.3 Classification of Financial Assets and Financial Liabilities As at 31st March 2024 - Company

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,952,377	1,952,377
Placements with Banks and Other Finance Companies	-	-	8,322,520	8,322,520
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	3,652,152	-	-	3,652,152
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	57,895,030	57,895,030
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	10,346,937	10,346,937
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	5,048,103	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	-	-	34,319	34,319
Total Financial Assets	3,652,152	204	83,599,286	87,251,642

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	1,913,964	1,913,964
Financial Liabilities at Amortised Cost - Deposits due to Customers	58,643,446	58,643,446
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	10,786,681	10,786,681
Subordinated Term Debt	3,331,609	3,331,609
Lease Liabilities	1,989,370	1,989,370
Total Financial Liabilities	76,665,070	76,665,070

There were no reclassifications or transfers of Financial Assets during the year.

24.4 Classification of Financial Assets and Financial Liabilities As at 31st March 2024 - Group

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Financial Assets recognised through Profit or Loss (FVTPL)	Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Financial Assets at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets				
Cash and Cash Equivalents	-	-	1,958,981	1,958,981
Placements with Banks and Other Finance Companies	-	-	8,322,520	8,322,520
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	4,181,480	-	-	4,181,480
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	-	-	57,895,030	57,895,030
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	-	-	10,346,937	10,346,937
Financial Investments Measured at Fair Value Through Other Comprehensive Income	-	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	-	-	5,048,103	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	-	-	34,319	34,319
Total Financial Assets	4,181,480	204	83,605,890	87,787,574

	Financial Liabilities at Amortised Cost (AC)	Total Carrying Amount
	Rs.'000	Rs.'000
Financial Liabilities		
Bank Overdrafts	1,913,964	1,913,964
Financial Liabilities at Amortised Cost - Deposits due to Customers	58,643,446	58,643,446
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	12,747,147	12,747,147
Subordinated Term Debt	3,331,609	3,331,609
Lease Liabilities	967,092	967,092
Total Financial Liabilities	77,603,258	77,819,497

There were no reclassifications or transfers of Financial Assets during the year.

Notes to the Financial Statements

25 FAIR VALUE OF ASSETS AND LIABILITIES

25.1 Assets and Liabilities Measured at Fair Value and Fair Value Hierarchy

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

As at 31st March 2025	Company				Group			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Non-Financial Assets								
Property, Plant and Equipment								
Land & Buildings	-	-	418,500	418,500	-	-	4,028,500	4,028,500
Investment Properties	-	-	1,242,000	1,242,000	-	-	1,072,000	1,072,000
Total Non - Financial Assets at Fair Value	-	-	1,660,500	1,660,500	-	-	5,100,500	5,100,500
Financial Assets								
Financial Assets recognised through profit or loss - Measured at fair value								
Equity Shares - Quoted	3,008	-	-	3,008	3,008	-	-	3,008
Unit Trusts	-	130,881	-	130,881	-	206,874	-	206,874
Total Financial Assets at Fair Value	3,008	130,881	-	133,889	3,008	206,874	-	209,882
Total Assets at Fair Value	3,008	130,881	1,660,500	1,794,389	3,008	206,874	5,100,500	5,310,382

As at 31st March 2024	Company				Group			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Non-Financial Assets								
Property, Plant and Equipment								
Land & Buildings	-	-	411,500	411,500	-	-	3,866,275	3,866,275
Investment Properties	-	-	1,178,000	1,178,000	-	-	1,100,225	1,100,225
Total Non - Financial Assets at Fair Value	-	-	1,589,500	1,589,500	-	-	4,966,500	4,966,500
Financial Assets								
Financial Assets recognised through profit or loss - Measured at fair value								
Equity Shares - Quoted	1,548	-	-	1,548	1,548	-	-	1,548
Unit Trusts	-	3,650,604	-	3,650,604	-	4,179,932	-	4,179,932
Total Financial Assets at Fair Value	1,548	3,650,604	-	3,652,152	1,548	4,179,932	-	4,181,480
Total Assets at Fair Value	1,548	3,650,604	1,589,500	5,241,652	1,548	4,179,932	4,966,500	9,147,980

There were no transfer between levels in Fair Value Hierarchy during the year.

25.2 Level 3 Fair Value measurement

Property, Plant and Equipment

Reconciliation from the beginning balance to the ending balance for the Land and Buildings in the Level 3 of the fair value hierarchy is given in Note 36 of the Financial Statements.

Reconciliation of Revaluation Reserve pertaining to the Land and Buildings in the Level 3 of the fair value hierarchy is given in Statement of Changes in Equity.

Note 36 provides information on significant un-observable inputs / valuation techniques and sensitivity for fair value measurement of Land and Buildings categorised as Level 3 in the fair value hierarchy.

Investment Properties

Reconciliation from the beginning balance to the ending balance for the Investment Properties in the Level 3 of the fair value hierarchy is given in Note 35 of the Financial Statements.

Note 35 provides information on significant un-observable inputs / valuation techniques and sensitivity for fair value measurement of Investment Properties categorised as Level 3 in the fair value hierarchy.

25.3 Financial Instruments not measured at Fair Value and Fair Value Hierarchy

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Fixed rate Financial Instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost (eg. fixed rate loans and receivables , deposits due to customers and borrowings) are estimated based on the Discounted Cash Flow approach. This approach employs observable current market interest rates of similar financial instruments as inputs in measuring the fair value and hence it is categorised under Level 2 in the fair value hierarchy.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities with short-term maturities, with short -term re-pricing intervals , it is assumed that the carrying amounts approximate to their fair value.

Sensitivity of Significant Un-observable Inputs used to Measure Fair Value of Fixed Rate Financial Instruments

A significant increase / (decrease) in the market interest rate would result in lower/(higher) fair value being disclosed.

As at 31st March 2024	Carrying Value				Company Fair Value				Group Fair Value			
	Rs.'000				Rs.'000				Rs.'000			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets												
Cash and Cash Equivalents	1,952,377	-	-	1,952,377	1,952,377	-	-	1,952,377	1,958,981	-	-	1,958,981
Placements with Banks and Other Finance Companies	8,322,520	8,322,520	-	8,322,520	-	8,322,520	-	8,322,520	-	8,322,520	-	8,322,520
Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	57,895,030	56,571,251	-	56,571,251	57,895,030	56,571,251	-	56,571,251	-	56,571,251	-	56,571,251
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	10,346,937	10,087,144	-	10,087,144	10,346,937	10,087,144	-	10,087,144	-	10,087,144	-	10,087,144
Financial Assets at Amortised Cost - Debt and other Financial Instruments	5,048,103	5,048,103	-	5,048,103	5,048,103	5,048,103	-	5,048,103	-	5,048,103	-	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	34,319	34,319	-	34,319	34,319	34,319	-	34,319	-	34,319	-	34,319
	83,599,286	80,063,337	-	82,015,714	83,605,890	80,063,337	-	80,063,337	1,958,981	80,063,337	-	82,022,318
Financial Liabilities												
Bank Overdrafts	1,913,964	-	-	1,913,964	1,913,964	-	-	1,913,964	1,913,964	-	-	1,913,964
Rental Received in Advance	197,788	197,788	-	197,788	197,788	197,788	-	197,788	216,238	-	-	216,238
Financial Liabilities at Amortised Cost - Deposits due to Customers	58,643,446	61,637,699	-	61,637,699	58,643,446	61,637,699	-	61,637,699	61,637,699	-	-	61,637,699
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	10,786,681	10,888,806	-	10,888,806	12,747,147	10,888,806	-	10,888,806	12,791,430	-	-	12,791,430
Subordinated Term Debt	3,331,609	3,331,609	-	3,331,609	3,331,609	3,331,609	-	3,331,609	3,331,609	-	-	3,331,609
Lease Liabilities	1,989,370	1,989,370	-	1,989,370	967,092	1,989,370	-	1,989,370	967,092	-	-	967,092
	76,862,858	78,045,272	-	79,959,236	77,819,496	80,858,032	-	80,858,032	80,858,032	-	-	80,858,032

Notes to the Financial Statements

26 CASH AND CASH EQUIVALENTS

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Cash & Cash equivalents (Note 26.1)	1,982,202	1,952,377	1,999,887	1,958,981
Bank Overdrafts (Note 26.2)	(1,828,680)	(1,913,964)	(1,828,680)	(1,913,964)
Net cash and Cash Equivalents	153,522	38,413	171,207	45,017
26.1				
Cash at Bank	1,395,329	1,286,227	1,412,994	1,292,811
Cash in Hand	586,873	666,150	586,893	666,170
	1,982,202	1,952,377	1,999,887	1,958,981
26.2				
Bank Overdrafts	(1,828,680)	(1,913,964)	(1,828,680)	(1,913,964)

27 PLACEMENTS WITH BANKS AND OTHER FINANCE COMPANIES

Placements with Banks and Other Finance Companies	570,052	8,322,853	570,052	8,322,853
Allowance for Impairment (Note : 27.1)	(45)	(333)	(45)	(333)
	570,007	8,322,520	570,007	8,322,520

27.1 Movement in Stage 1 Impairment

Balance as at the beginning of the year	333	1,866	333	1,866
Net impairment charge / (reverse) for the year	(288)	(1,533)	(288)	(1,533)
Balance at the End of the year	45	333	45	333

28 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Quoted Equities (Note 28.1)	3,008	1,548	3,008	1,548
Unquoted Units in Unit Trusts (Note 28.2)	130,881	3,650,604	206,874	4,179,932
	133,889	3,652,152	209,882	4,181,480

28.1 Investments in Quoted Equities

Balance at the Beginning of the year	1,548	1,410	1,548	1,410
Gain / (Loss) from marked to market valuation	1,460	138	1,460	138
Balance at the End of the year	3,008	1,548	3,008	1,548

As at 31st March	Company						Group					
	2025		2024		2025		2024		2025		2024	
	No of Ordinary shares	Cost Rs.'000	Fair Value Rs.'000	No of Ordinary shares	Cost Rs.'000	Fair Value Rs.'000	No of Ordinary shares	Cost Rs.'000	Fair Value Rs.'000	No of Ordinary shares	Cost Rs.'000	Fair Value Rs.'000
	125,888	2,262	3,008	125,888	2,262	1,548	125,888	2,262	3,008	125,888	2,262	1,548
Bank, Finance & Insurance	125,888	2,262	3,008	125,888	2,262	1,548	125,888	2,262	3,008	125,888	2,262	1,548
Singer Finance (Lanka) PLC												
Total Quoted Equities	125,888	2,262	3,008	125,888	2,262	1,548	125,888	2,262	3,008	125,888	2,262	1,548

28.2 Unquoted Units in Unit Trusts

	Company			Group		
	2025		2024	2025		2024
	No of Units	Cost Rs.'000	Fair Value Rs.'000	No of Units	Cost Rs.'000	Fair Value Rs.'000
Balance at the Beginning of the year	3,650,604	1,497,143	1,500,465	4,179,932	1,500,465	1,500,465
Movement during the year	(3,555,759)	1,956,487	2,465,173	(4,034,600)	2,465,173	2,465,173
Gain / (Loss) from marked to market valuation	139	92,011	106,361	396	106,361	106,361
Redemption Income - Unit Trusts	35,897	104,963	107,933	61,146	107,933	107,933
Balance at the End of the year	130,881	3,650,604	4,179,932	206,874	4,179,932	4,179,932

As at 31st March	Company			Group		
	2025		2024	2025		2024
	No of Units	Cost Rs.'000	Fair Value Rs.'000	No of Units	Cost Rs.'000	Fair Value Rs.'000
	3,651,611	99,747	130,881	111,490,599	3,645,943	3,650,604
NDB Wealth Money Fund	3,651,611	99,747	130,881	111,490,599	3,645,943	3,650,604
				5,771,836	175,483	206,874
				127,656,443	4,170,070	4,179,932
				5,771,836	175,483	206,874
				127,656,443	4,170,070	4,179,932

Notes to the Financial Statements

29 FINANCIAL ASSETS AT AMORTISED COST - LOANS AND RECEIVABLES TO OTHER CUSTOMERS

As at 31st March	Company		Group	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Gross Loans and Receivables to Other Customers	80,943,003	60,195,058	80,943,003	60,195,058
Allowance for Impairment	(2,540,091)	(2,300,028)	(2,540,091)	(2,300,028)
Net Loans and Receivables to Other Customers (Note 29.1)	78,402,912	57,895,030	78,402,912	57,895,030

29.1 Loans and Receivables to Other Customers

As at 31st March	Company				Group			
	2025 Gross Carrying Amount Rs. '000	2025 ECL Allowance Rs. '000	2024 Gross Carrying Amount Rs. '000	2024 ECL Allowance Rs. '000	2025 Gross Carrying Amount Rs. '000	2025 ECL Allowance Rs. '000	2024 Gross Carrying Amount Rs. '000	2024 ECL Allowance Rs. '000
Receivable on Loans and advances	58,792,416	(2,341,387)	56,451,029	(2,098,845)	58,792,416	(2,341,387)	56,451,029	(2,098,845)
Receivable on Loans against fixed deposits	1,545,670	-	1,545,670	-	1,545,670	-	1,545,670	-
Receivable on Micro Finance Loans	5,430	(5,430)	-	(5,433)	5,430	(5,430)	-	(5,433)
Receivable on Gold Loans	20,599,487	(193,274)	20,406,213	(195,750)	20,599,487	(193,274)	20,406,213	(195,750)
	80,943,003	(2,540,091)	78,402,912	(2,300,028)	80,943,003	(2,540,091)	78,402,912	(2,300,028)

29.2 Movement in Provision for Impairment During the Year

As at 31st March	Company		Group	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at the beginning of the year	2,300,028	1,836,567	2,300,028	1,836,567
Net impairment charge/(reversal) for the year	240,064	463,461	240,064	463,461
Balance as at the end of the year	2,540,091	2,300,028	2,540,091	2,300,028

29.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2025				2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	447,453	457,166	1,395,408	2,300,027	418,557	298,512	1,119,498	1,836,567
Changes due to loans and receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	(34,710)	33,347	1,363	-	(42,139)	36,458	5,681	-
Transferred from Lifetime ECL not-credit impaired	91,457	(106,085)	14,628	-	33,457	(55,699)	22,242	-
Transferred from Lifetime ECL credit impaired	1,919	5,348	(7,267)	-	12,596	15,521	(28,117)	-
Interest accrued / (reversals) on impaired loans and advances	-	-	8,815	8,815	-	-	37,848	37,848
Net remeasurement of loss allowance	77,768	136,593	16,888	231,249	24,981	162,375	238,257	425,613
Balance as at the end of the year	583,887	526,369	1,429,835	2,540,091	447,453	457,166	1,395,408	2,300,028

As at 31st March	Group							
	2025				2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000.	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	447,453	457,166	1,395,408	2,300,027	418,557	298,512	1,119,498	1,836,567
Changes due to loans and receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	(34,710)	33,347	1,363	-	(42,139)	36,458	5,681	-
Transferred from Lifetime ECL not-credit impaired	91,457	(106,085)	14,628	-	33,457	(55,699)	22,242	-
Transferred from Lifetime ECL credit impaired	1,919	5,348	(7,267)	-	12,596	15,521	(28,117)	-
Interest accrued / (reversals) on impaired loans and advances	-	-	8,815	8,815	-	-	37,848	37,848
Net remeasurement of loss allowance	77,768	136,593	16,888	231,249	24,981	162,375	238,257	425,613
Balance as at the end of the year	583,887	526,369	1,429,835	2,540,091	447,453	457,166	1,395,408	2,300,028

Notes to the Financial Statements

30 FINANCIAL ASSETS AT AMORTISED COST - LEASE RENTAL AND HIRE PURCHASE RECEIVABLES

For the Year Ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
30.1 Hire Purchase Receivable (Note 30.1.1)	-	-	-	-
30.2 Lease Rental Receivable (Note 30.2.1)	13,745,290	10,346,937	13,745,290	10,346,937
	13,745,290	10,346,937	13,745,290	10,346,937

30.1.1 Hire Purchase Receivable

Hire purchase receivables within one year	104,162	105,272	104,162	105,272
Hire purchase receivables after one year but before five years	-	-	-	-
Hire purchase receivables after five years	-	-	-	-
Total Hire Purchase Receivable	104,162	105,272	104,162	105,272
Unearned Income	-	-	-	-
Gross Hire Purchase Receivable	104,162	105,272	104,162	105,272
Allowance for Impairment	(104,162)	(105,272)	(104,162)	(105,272)
Net Hire Purchase Receivable	-	-	-	-

30.1.2 Movement in Provision for Impairment During the Year

Balance as at the beginning of the year	105,272	111,914	105,272	111,914
Net impairment charge / (reversal) for the year	(1,110)	(6,643)	(1,110)	(6,643)
Balance as at the end of the year	104,162	105,272	104,162	105,272

30.1.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2025				2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000.	Rs.'000	Rs.'000
Balance as at the beginning of the year	-	-	105,272	105,272	-	-	111,914	111,914
Changes due to Hire Purchase Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL not-credit impaired	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Interest accrued / (reversals) on impaired loans and advances	-	-	(78)	(78)	-	-	(88)	(88)
Net remeasurement of loss allowance	-	-	(1,032)	(1,032)	-	-	(6,555)	(6,555)
Balance as at the end of the year	-	-	104,162	104,162	-	-	105,272	105,272

As at 31st March	Group							
	2025				2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000.	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	-	-	105,272	105,272	-	-	111,914	111,914
Changes due to Hire Purchase Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL not-credit impaired	-	-	-	-	-	-	-	-
Transferred from Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Interest accrued / (reversals) on impaired loans and advances	-	-	(78)	(78)	-	-	(88)	(88)
Net remeasurement of loss allowance	-	-	(1,032)	(1,032)	-	-	(6,555)	(6,555)
Balance as at the end of the year	-	-	104,162	104,162	-	-	105,272	105,272

Notes to the Financial Statements

30.2.1 Lease Rental Receivable

For the Year Ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Lease Rental receivable within one year	8,953,796	7,577,588	8,953,796	7,577,588
Lease Rental receivable after one year but before five years	10,192,973	7,117,613	10,192,973	7,117,613
Lease Rental receivable after five years	-	-	-	-
Total Lease Rental receivable	19,146,769	14,695,201	19,146,769	14,695,201
Unearned Income	(4,276,440)	(3,161,450)	(4,276,440)	(3,161,450)
Gross Lease Rental receivable	14,870,329	11,533,751	14,870,329	11,533,751
Allowance for Impairment	(1,125,039)	(1,186,814)	(1,125,039)	(1,186,814)
Net Lease Rental receivable	13,745,290	10,346,937	13,745,290	10,346,937

30.2.2 Movement in Provision for Impairment During the Year

Balance as at the beginning of the year	1,186,814	1,158,637	1,186,814	1,158,637
Net impairment charge / (reversal) for the year	(61,775)	28,177	(61,775)	28,177
Balance as at the end of the year	1,125,039	1,186,814	1,125,039	1,186,814

30.2.3 Movement in Allowance for Expected Credit Losses (Stage Transition)

As at 31st March	Company							
	2025				2024			
	Stage 1: 12-Month ECL Rs.'000	Stage 2: LifeTime ECL not-credit impaired Rs.'000	Stage 3: Lifetime ECL credit impaired Rs.'000	Total ECL Rs.'000	Stage 1: 12-Month ECL Rs.'000	Stage 2: LifeTime ECL not-credit impaired Rs.'000	Stage 3: Lifetime ECL credit impaired Rs.'000	Total ECL Rs.'000
Balance as at the beginning of the year	114,416	230,632	841,766	1,186,814	108,694	222,865	827,078	1,158,637
Changes due to Lease Rental Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	(21,961)	19,992	1,969	-	(40,155)	36,438	3,717	-
Transferred from Lifetime ECL not-credit impaired	61,814	(73,852)	12,038	-	47,852	(78,156)	30,304	-
Transferred from Lifetime ECL credit impaired	8,470	8,152	(16,622)	-	20,745	14,314	(35,060)	-
Interest accrued / (reversals) on impaired loans and advances	-	-	(3,175)	(3,175)	-	-	8,561	8,561
Net remeasurement of loss allowance	(596)	(5,113)	(52,891)	(58,600)	(22,721)	35,171	7,165	19,616
Balance as at the end of the year	162,143	179,811	783,085	1,125,039	114,416	230,632	841,766	1,186,814

As at 31st March	Group							
	2025				2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: Lifetime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	114,416	230,632	841,766	1,186,814	108,694	222,865	827,078	1,158,637
Changes due to Lease Rental Receivables recognised in opening balance that have:								
Transferred from 12 Month ECL	(21,961)	19,992	1,969	-	(40,155)	36,438	3,717	-
Transferred from Lifetime ECL not-credit impaired	61,814	(73,852)	12,038	-	47,852	(78,156)	30,304	-
Transferred from Lifetime ECL credit impaired	8,470	8,152	(16,622)	-	20,745	14,314	(35,060)	-
Interest accrued / (reversals) on impaired loans and advances	-	-	(3,175)	(3,175)	-	-	8,561	8,561
Net remeasurement of loss allowance	(596)	(5,113)	(52,891)	(58,600)	(22,721)	35,171	7,165	19,616
Balance as at the end of the year	162,143	179,811	783,085	1,125,039	114,416	230,632	841,766	1,186,814

31 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Company		Group	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Unquoted Equities - (Note 31.1)	204	204	204	204
	204	204	204	204

31.1 Unquoted Equities

As at 31st March	No of Ordinary shares	Cost of investment Rs.'000	Company		Group	
			Market Value as at 31/03/2025 Rs.'000	Market Value as at 31/03/2024 Rs.'000	Market Value as at 31/03/2025 Rs.'000	Market Value as at 31/03/2024 Rs.'000
			Credit Information Bureau of Sri Lanka	38	4	4
Finance House Association	20,000	200	200	200	200	200
		204	204	204	204	204

31.1.1 The Group designated the investments shown above as equity securities of FVOCI because these equity securities represent investments that Group intend to hold for the long term strategic purpose.

Notes to the Financial Statements

32 FINANCIAL ASSETS AT AMORTISED COST - DEBT AND OTHER FINANCIAL INSTRUMENTS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Government of Sri Lanka Treasury Bills	3,097,677	2,971,452	3,097,677	2,971,452
Government of Sri Lanka Treasury Bond (Note 32.1)	1,785,518	2,076,651	1,785,518	2,076,651
Securities Under Reverse Repurchase Agreements (Note 32.2)	3,967,668	-	3,967,668	-
	8,850,863	5,048,103	8,850,863	5,048,103

32.1 Reclassification of Government of Sri Lanka Treasury Bond

Considering the unprecedented changes in the macro-economic conditions and resulted changes to the business model of managing the assets, the Company reclassified its investment in treasury bonds issued by the Government of Sri Lanka amounting to Rs. 1,999.76 Mn from Fair Value through Other Comprehensive Income (FVOCI) to Amortised Cost with effect from 1 April 2022, in accordance with the "Statement of Alternative Treatment (SoAT) on Re-classification of Debt Portfolio" issued by the Institute of Chartered Accountants of Sri Lanka. There was no change to the effective interest rate used and interest income recognised on account of reclassified treasury bond portfolio for the period under review.

Had these investments continued to be carried at Fair Value through Other Comprehensive Income, the fair value of the remaining portfolio as at 31 March 2025 would have amounted to Rs.1,856.41 Mn (Amortised Cost of the remaining portfolio as at 31.03.2025 is Rs. 1,757.51 Mn) and would have resulted in a cumulative mark to market gain of LKR 98.9 Mn as at the reporting date.

32.2 Securities Under Reverse Repurchase Agreements

The collateral value of Securities Under Reverse Repurchase Agreements as at 31st March 2025 for the Company was Rs: 4,243.37 Mn & for the Group was Rs: 4,243.37 Mn.

33 FINANCIAL ASSETS AT AMORTISED COST - OTHER FINANCIAL ASSETS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Gross Staff Loans (Note 33.1)	43,274	36,068	43,274	36,068
Allowance for Impairment (Note 33.2)	(1,200)	(1,749)	(1,200)	(1,749)
Net Staff Loans	42,074	34,319	42,074	34,319

33.1 Gross Staff Loans

Balance at the beginning of the year	36,068	29,807	36,068	29,807
Granted during the year	70,866	48,931	70,866	48,931
Recovered during the year	(62,444)	(43,765)	(62,444)	(43,765)
Net change in Prepaid Staff Cost during the year	(1,216)	1,095	(1,216)	1,095
Balance at the end of the year	43,274	36,068	43,274	36,068

33.2 Allowance for Impairment

Balance at the beginning of the year	1,749	1,108	1,749	1,108
Net Impairment charge during the year	(549)	641	(549)	641
Balance at the end of the year	1,200	1,749	1,200	1,749

34 INVESTMENT IN A SUBSIDIARY

As at 31st March	Company	
	2025 Rs.'000	2024 Rs.'000
Vallibel Properties Limited (Note 34.1)	0.02	0.02
	0.02	0.02

34.1 Vallibel Properties Limited

A Company under the name "Vallibel Properties Ltd" was incorporated as a fully owned subsidiary of Vallibel Finance PLC, to engage in administration of development and maintenance of the Corporate office complex for Vallibel Finance PLC.

Cost of Rs.20 is assumed to be the best approximation for the market value of the investment as at 31st March 2025. There were no any restriction on its ability to access or use assets and settlement of liabilities of the Group.

35 INVESTMENT PROPERTY

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Cost/Valuation				
As at beginning of the year	1,178,000	1,179,500	1,100,225	-
Additions during the year	-	-	-	842,988
Fair value gains during the year	64,000	(1,500)	(28,225)	257,237
As at end of the year	1,242,000	1,178,000	1,072,000	1,100,225

35.1 The Company leased a bare land situated at Galle road, Colombo 03 extent of 42.12 perch for its fully owned subsidiary Vallibel Properties Ltd.

Lease Term - 30 years

Payment Term -The monthly rental amount is Rs. 250,000 for the first two years, with a 10% increase every two years thereafter

35.2 The Company earned Rs.6,354,507/- (2023/24 - Rs.6,354,507/-) during the year as rental income from the investment property.

35.3 Land is not depreciated under normal circumstances.

35.4 The above property is pledged as security for borrowing obtained amounting to Rs. 1.8 Bn from Commercial Bank of Ceylon, which outstanding balance amounting Rs. 0.81 Bn as at 31st March 2025 (2023/24 - Rs.1.17 Bn).

35.5 The Company charge a fee for providing a corporate grantee for above 1.8 Bn loan obtained by Vallibel Properties Limited . The Company earned Rs.12,866,667/- (2023/24 - Rs.17,316,667/-) during the year as a guarantee commission from the Vallibel Properties Limited.

35.6 The Investment Property in the group includes the fair value of four floors of the Corporate Office Complex which are not occupied by the Company. One floor has been leased out to First Capital Equities Pvt Ltd as at 31st March 2025.

Lease Term - 10 years

Payment Term -The monthly rental amount is Rs. 1,800,000 for the first two years, with a 10% increase every two years thereafter

Notes to the Financial Statements

35.7 Maturity analysis of future lease income receipts (gross) is as follows.

As at 31st March	Year 1	Year 2	Year 3	Year 4	Year 5	More Than 5 Years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company - Leased Land	3,630	3,872	3,993	4,259	4,392	155,469	175,615
Group - Leased floors of Corporate Office Complex	26,996	28,738	29,696	31,611	32,665	134,454	284,160

35.8 Details of Investment Property of the Company and group is given below.

Investment Property - Extent and Location

Location and address of the Property	Number of Buildings	Buildings	Extent (Perches)	Fair Value of the Investment Property	Carrying value of the Investment Property before fair valuation
		Sq.ft.		Rs.'000	Rs.'000
Company					
No.480, Kollupitiya Road, Colombo 03	-	-	42.12	1,242,000	1,178,000
Group					
Corporate Office Complex	04 Floors	29,711	-	1,072,000	1,100,225

Investment Property - Valuation

Date of valuation : 31st March 2025

Name of Professional Valuer / Location and address of the Property	Method of valuation and significant un-observable inputs	Range of estimates for un-observable inputs	Carrying value of the Investment Property before fair valuation	Fair Value of the Investment Property	Fair Value gain /(loss) recognised in Income Statement
			Rs.'000	Rs.'000	Rs.'000
J.M. Senanayaka Bandara					
No.480, Kollupitiya Road, Colombo 03	Market Comparable & DRC Method				
Company	- Price per perch for land	Rs.29,500,000 p.p approx.	1,178,000	1,242,000	64,000
Group	- Value per sq.ft for building	Rs.26,750 p.sq.ft approx.	1,100,225	1,072,000	(28,225)

Valuation techniques and sensitivity of the fair value measurement of the Investment Property of the Company & Group

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant un-observable inputs are tabulated below:

Valuation technique	Significant un-observable valuation inputs	Sensitivity of the fair value measurement to inputs
Market comparable method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land	Estimated fair value would increase / (decrease) if; Price per perch would increase / (decrease)
Depreciated Replacement Cost (DRC) method		
This method has been used to estimate the value of buildings. This method is primarily applied to assets that are unique in nature and not frequently traded. Replacement cost refers to the estimated amount required to replace and asset with a new one of similar utility and function at current prices. This includes direct costs such as materials, labour and related expenses necessary to bring the asset to operational condition. Depreciation considers the reduction in value due to physical deterioration, functional and economic obsolescence.	Replacement costs : Estimated based on current market conditions and recent construction costs. Depreciation rates : Reflecting the physical, functional, and economic depreciation of the assets.	Replacement cost would increase / (decrease) Depreciation rate for building would decrease / (increase)

Notes to the Financial Statements

36 PROPERTY, PLANT AND EQUIPMENT

36.1 Property, Plant and Equipment - Company

As at 31st March	Freehold Land	Freehold Building	Building on Leasehold Land	Computer Equipment	Furniture & Fittings	Office Equipment	Freehold Motor Vehicles	Capital WIP	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation										
As at 01st April	302,250	109,250	1,950	295,728	813,217	321,990	79,209	-	1,923,594	1,565,337
Additions during the year	-	-	-	62,892	205,239	98,427	9,000	-	375,558	359,725
Transfer during the year	-	-	-	-	-	-	-	-	-	-
Transfer of accumulated depreciation on assets revalued	-	(7,267)	-	-	-	-	-	-	(7,267)	(15,355)
Surplus on Revaluation of property	8,250	6,017	-	-	-	-	-	-	14,267	27,355
Disposals during the year	-	-	-	-	(3,484)	(13,489)	(11,256)	-	(28,229)	(13,467)
As at 31st March	310,500	108,000	1,950	358,620	1,014,972	406,928	76,953	-	2,277,923	1,923,594
Accumulated Depreciation										
As at 01st April	-	-	1,593	193,793	486,359	199,263	74,530	-	955,538	792,491
Depreciation for the year	-	7,267	194	42,863	149,389	58,077	4,722	-	262,512	191,795
Transfer of accumulated depreciation on assets revalued	-	(7,267)	-	-	-	-	-	-	(7,267)	(15,355)
Disposals during the year	-	-	-	-	(2,330)	(13,489)	(11,222)	-	(27,041)	(13,393)
As at 31st March	-	-	1,787	236,656	633,418	243,851	68,030	-	1,183,742	955,538
Carrying Amount										
As at 31st March 2025	310,500	108,000	163	121,964	381,554	163,077	8,923	-	1,094,181	968,056
As at 31st March 2024	302,250	109,250	357	101,935	326,857	122,727	4,679	-	968,056	968,056

36.2 Property, Plant and Equipment - Group

As at 31st March	Freehold Land	Freehold Building	Building on Leasehold Land	Computer Equipment	Furniture & Fittings	Office Equipment	Freehold Motor Vehicles	Capital WIP	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/Valuation										
As at 01st April	1,480,250	2,386,025	1,950	295,728	832,877	362,689	79,209	-	5,438,728	4,766,921
Additions during the year	-	-	-	62,892	207,103	98,427	9,000	-	377,422	985,444
Transfer during the year	-	-	-	-	-	-	-	-	-	(842,988)
Transfer of accumulated depreciation on assets revalued	-	(158,713)	-	-	-	-	-	-	(158,713)	(60,816)
Surplus on Revaluation of property	72,250	248,688	-	-	-	-	-	-	320,938	603,635
Disposals during the year	-	-	-	-	(3,484)	(13,489)	(11,256)	-	(28,229)	(13,467)
As at 31st March	1,552,500	2,476,000	1,950	358,620	1,036,496	447,627	76,953	-	5,950,146	5,438,729
Accumulated Depreciation										
As at 01st April	-	-	1,593	193,793	488,298	203,277	74,530	-	961,491	792,491
Depreciation for the year	-	158,713	194	42,863	154,624	68,240	4,722	-	429,356	243,210
Transfer of accumulated depreciation on assets revalued	-	(158,713)	-	-	-	-	-	-	(158,713)	(60,816)
Disposals during the year	-	-	-	-	(2,330)	(13,489)	(11,222)	-	(27,041)	(13,393)
As at 31st March	-	-	1,787	236,656	640,592	258,028	68,030	-	1,205,093	961,492
Carrying Amount										
As at 31st March 2025	1,552,500	2,476,000	163	121,964	395,904	189,599	8,923	-	4,745,053	-
As at 31st March 2024	1,480,250	2,386,025	357	101,935	344,579	159,412	4,679	-	4,477,237	-

Notes to the Financial Statements

36.3 The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

As at 31st March	Company				Group				
	2025		2024		2025		2024		
	Cost Rs.'000	Accumulated Depreciation Rs.'000	Net Book Value Rs.'000	Cost Rs.'000	Accumulated Depreciation Rs.'000	Net Book Value Rs.'000	Cost Rs.'000	Accumulated Depreciation Rs.'000	Net Book Value Rs.'000
Class of Asset									
Freehold Land	302,250	-	302,250	284,500	-	284,500	1,480,250	1,464,000	1,464,000
Freehold Building	109,250	7,267	101,983	115,000	15,355	99,645	2,386,025	1,859,456	1,798,640
	411,500	7,267	404,233	399,500	15,355	384,145	3,866,275	3,323,456	3,262,640

36.4 Details of freehold properties of the Company & Group are given below.

Freehold land & buildings - Extent and Locations

Location and address of the Property	Extent (Perches)	Buildings Number of	Sq.ft.	Revalued amounts Rs.'000	Revalued amounts Rs.'000	Net Book Value / Revalued Amount Rs.'000	Net Book Value before revaluation Rs.'000
Maharagama Branch	15.2			114,000	-	114,000	111,750
No. 126-5, Highlevel Road, Maharagama		1	12,240	-	58,000	58,000	54,842
Kiribathgoda Branch	10.0			73,500	-	73,500	72,500
No. 121-D, Gala Junction, Kandy Road, Kiribathgoda		1	2,626	-	12,500	12,500	11,669
Galle Branch	5.70			82,500	-	82,500	80,000
No. 128, Main Street , Galle		1	2,812	-	11,000	11,000	10,268
Chilaw Branch	10.00			21,000	-	21,000	20,000
No. 84, Kurunegala Road, Chilaw		1	2,144	-	9,000	9,000	8,401
Embilipitiya Branch	9.77			19,500	-	19,500	18,000
No. 103, New Town Road, Embilipitiya		1	3,776	-	17,500	17,500	16,803
Corporate Office Complex	42.12			1,242,000	-	1,242,000	1,178,000
No.480, Galle Road, Colombo 03		10/14 Floors	65,643	-	2,368,000	2,368,000	2,125,329

Freehold land & buildings - Valuations
Date of valuation : 31st March 2025

Name of Independent Professional Valuer / Location and address of the Property	Method of valuation and significant un-observable inputs	Range of estimates for un-observable inputs	Net Book Value before revaluation			Revalued amount			Revaluation gain / (loss) recognised		
			Land Rs.'000	Building Rs.'000	Total Rs.'000	Land Rs.'000	Building Rs.'000	Total Rs.'000	Land Rs.'000	Building Rs.'000	Total Rs.'000
H.B. Manjula Basanayaka											
Maharagama Branch											
Market Comparable & DRC Method											
No. 126, Highlevel Road, Maharagama	- Price per perch for land	Rs.7,500,000p.p	111,750		114,000		2,250				
	- Value per sq.ft for building	Rs.4,739 p.sq.ft	54,842		58,000		3,158				
Kiribathgoda Branch											
Market Comparable & DRC Method											
No. 376, Kandy Road, Kiribathgoda	- Price per perch for land	Rs.7,350,000 p.p	72,500		73,500		1,000				
	- Value per sq.ft for building	Rs.4,760 p.sq.ft	11,669		12,500		831				
Galle Branch											
Market Comparable & DRC Method											
No. 128, Main Street, Galle	- Price per perch for land	Rs.14,473,684 p.p	80,000		82,500		2,500				
	- Value per sq.ft for building	Rs.3,912 p.sq.ft	10,268		11,000		732				
Chilaw Branch											
Market Comparable & DRC Method											
No. 84, Kurunegala Road, Chilaw	- Price per perch for land	Rs.2,100,000 p.p	20,000		21,000		1,000				
	- Value per sq.ft for building	Rs.4,198 p.sq.ft	8,401		9,000		599				
Corporate Branch											
Market Comparable & DRC Method											
No. 480, Galle Road, Colombo 03	- Price per perch for land	Rs.29,500,000 p.p approx.	1,178,000		1,242,000		64,000				
	- Value per sq.ft for building	Rs.26,750 p.sq.ft approx.	2,125,329		2,368,000		242,671				
Embilipitiya Branch											
Market Comparable & DRC Method											
No. 103, New Town Road, Embilipitiya	- Price per perch for land	Rs.1,995,906 p.p	18,000		19,500		1,500				
	- Value per sq.ft for building	Rs.4,635 p.sq.ft	16,803		17,500		697				

Notes to the Financial Statements

Valuation techniques and sensitivity of the fair value measurement of the freehold land and buildings of the Company & Group

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant un-observable inputs are tabulated below:

Valuation technique	Significant un-observable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
		Estimated fair value would increase / (decrease) if;
Market comparable method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land	Price per perch would increase / (decrease)
	Price per square foot for building	Price per square foot would increase / (decrease)
	Depreciation rate for building	Depreciation rate for building would decrease / (increase)
Depreciated Replacement Cost (DRC) method		
This method has been used to estimate the value of buildings. This method is primarily applied to assets that are unique in nature and not frequently traded. Replacement cost refers to the estimated amount required to replace an asset with a new one of similar utility and function at current prices. This includes direct costs such as materials, labour and related expenses necessary to bring the asset to operational condition. Depreciation considers the reduction in value due to physical deterioration, functional and economic obsolescence.	Replacement costs : Estimated based on current market conditions and recent construction costs.	Replacement cost would increase / (decrease)
	Depreciation rates : Reflecting the physical, functional, and economic depreciation of the assets.	Depreciation rate for building would decrease / (increase)
36.5	Property, Plant & Equipment included fully depreciated assets having a gross amount of Rs.712,701,993/- as at 31st March 2024 (2023/24 Rs.586,992,775/-).	
36.6	There were no restrictions on the title of the Property, Plant & Equipment as at 31st March 2025 other than property mentioned under note 36.7.	
36.7	Property bearing assessment No. 480, Galle Road, Colombo 03 pledged as security for borrowing obtained from Commercial Bank of Ceylon as at 31st March 2025.	
36.8	There were no items of Property, Plant & Equipments retired from the active use as at 31st March 2025.	
36.9	There were no temporary idle items of Property, Plant & Equipment as at 31st March 2025.	

37 RIGHT-OF-USE LEASE ASSETS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Right-of-use Assets (Note 37.1)	3,473,889	1,746,895	801,828	744,154
	3,473,889	1,746,895	801,828	744,154

37.1 Right-of-use Assets**Cost**

Balance as at the beginning of the year	2,453,268	1,268,013	1,424,816	1,268,013
Additions during the year	2,193,535	1,187,081	225,478	158,629
Terminations during the year	-	(1,826)	-	(1,826)
Balance as at the end of the year	4,646,803	2,453,268	1,650,294	1,424,816

Accumulated Depreciation

Balance as at the beginning of the year	706,373	519,165	680,662	519,165
Charge for the year	466,541	187,208	167,804	161,497
Balance as at the end of the year	1,172,914	706,373	848,466	680,662

Carrying Amount

As at 31st March 2025	3,473,889		801,828	
As at 31st March 2024		1,746,895		744,154

38 INTANGIBLE ASSETS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Computer Software (Note 38.1)	13,357	20,325	14,108	21,450
	13,357	20,325	14,108	21,450

38.1 Computer Software**Cost**

Balance as at the beginning of the year	83,803	72,673	85,303	72,673
Additions during the year	2,973	11,130	2,974	12,630
Balance as at the end of the year	86,776	83,803	88,277	85,303

Accumulated Amortisation

Balance as at the beginning of the year	63,478	54,215	63,853	54,215
Charge for the year	9,941	9,263	10,316	9,638
Balance as at the end of the year	73,419	63,478	74,169	63,853

Carrying Amount

As at 31st March 2025	13,357		14,108	
As at 31st March 2024		20,325		21,450

38.2 Intangible Assets of the Company included fully amortised assets having a gross amount of Rs.44,189,506/- as at 31st March 2025 (2023/24 Rs.44,189,506 /-).

Notes to the Financial Statements

39 OTHER ASSETS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Refundable Deposits	626,166	1,103,071	60,667	53,168
Prepaid Expenses	79,369	63,600	81,913	66,341
Prepaid Staff Cost	193	1,410	193	1,410
Advance Payments	32,037	29,685	32,037	29,685
Related Party Receivable	1,685	2	-	-
Other Receivables	156,047	160,852	176,287	156,656
	895,497	1,358,620	351,097	307,260

40 FINANCIAL LIABILITIES AT AMORTISED COST - DEPOSITS DUE TO CUSTOMERS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Fixed Deposits	67,477,313	58,642,455	67,477,313	58,642,455
Savings Deposits	2,887	991	2,887	991
	67,480,200	58,643,446	67,480,200	58,643,446

Financial Liabilities at Amortised Cost - Deposits due to Customers



40.1 Analysis of Deposits due to Customers by Maturity Date

As at 31st March 2025	1 to 90 days Rs.'000	91 to 365 days Rs.'000	More than 365 days Rs.'000	Total Rs.'000
Fixed Deposits	31,794,340	18,576,860	17,106,113	67,477,313
Savings Deposits	2,887	-	-	2,887
	31,797,227	18,576,860	17,106,113	67,480,200

As at 31st March 2024	1 to 90 days Rs.'000	91 to 365 days Rs.'000	More than 365 days Rs.'000	Total Rs.'000
Fixed Deposits	30,677,666	15,426,071	12,538,718	58,642,455
Savings Deposits	991	-	-	991
	30,678,657	15,426,071	12,538,718	58,643,446

41 FINANCIAL LIABILITIES AT AMORTISED COST - INTEREST BEARING BORROWINGS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Institutional Borrowings (Note 41.1)	12,650,533	10,709,270	13,461,095	12,230,772
Commercial Papers	-	77,411	-	516,375
	12,650,533	10,786,681	13,461,095	12,747,147

41.1 Institutional Borrowings - Company

	As at 01/04/2024	Facility Obtained	Interest Recognised	Repayments		As at 31/03/2025	Tenure of Loan	Security Offered
	Rs.'000	Rs.'000	Rs.'000	Capital Rs.'000	Interest Rs.'000	Rs.'000		
PABC Bank	677,721	-	26,375	550,000	28,653	125,442	4 Years	Mortgage Bond over Receivables
Seylan Bank	2,970,797	3,000,000	153,903	4,569,600	160,991	1,394,108	1 to 4 Years	Mortgage Bond over Receivables
NDB Bank	649,661	200,000	55,012	325,000	54,837	524,837	4 Years	Mortgage Bond over Receivables
Hatton National Bank	2,797,664	3,096,000	282,972	3,288,500	287,211	2,600,925	2 to 4 Years	Mortgage Bond over Receivables
DFCC Bank	434,483	-	22,107	289,200	23,037	144,353	4 Years	Mortgage Bond over Receivables
MCB Bank	-	350,000	16,835	68,056	17,292	281,487	3 Years	Mortgage Bond over Receivables
Sampath Bank	1,437,081	4,500,000	199,927	2,437,500	205,912	3,493,596	1 to 4 Years	Mortgage Bond over Receivables
Commercial Bank of Ceylon	1,417,159	4,500,000	102,288	2,032,250	101,258	3,885,939	4 Years	Mortgage Bond over Receivables
Cargills Bank	324,703	-	28,920	125,000	28,777	199,846	4 Years	Mortgage Bond over Receivables
	10,709,269	15,646,000	888,339	13,685,106	907,968	12,650,533		

Notes to the Financial Statements

41.2 Institutional Borrowings - Group

	As at	Facility Obtained	Interest Recognised	Repayments		As at	Tenure of Loan	Security Offered
	01/04/2024			31/03/2025	Capital	Interest		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
PABC Bank	677,721	-	26,375	550,000	28,653	125,442	4 Years	Mortgage Bond over Receivables
Seylan Bank	2,970,797	3,000,000	153,903	4,569,600	160,991	1,394,108	1 & 4 Years	Mortgage Bond over Receivables
NDB Bank	649,661	200,000	55,012	325,000	54,837	524,837	3 Months	Mortgage Bond over Receivables
Hatton National Bank	2,797,664	3,096,000	282,972	3,288,500	287,211	2,600,925	2 to 5 Years	Mortgage Bond over Receivables
DFCC Bank	434,483	-	22,107	289,200	23,037	144,353	4 Years	Mortgage Bond over Receivables
NSB Bank	-	350,000	16,835	68,056	17,292	281,487	5 Years	Mortgage Bond over Receivables
Sampath Bank	1,437,081	4,500,000	199,927	2,437,500	205,912	3,493,596	5 Years	Mortgage Bond over Receivables
Commercial Bank of Ceylon	2,938,661	4,500,000	199,201	2,742,250	199,111	4,696,501	4 Years & 6.5 Years	Mortgage Bond over Receivables & PFMB over property at No. 480, Galle Road, Colombo 03 & Corporate Guarantee from Vallibel Finance PLC amounting to Rs. 1.8 Bn
Cargills Bank	324,703	-	28,920	125,000	28,777	199,846	4 Years	Mortgage Bond over Receivables
	12,230,771	15,646,000	985,252	14,395,106	1,005,821	13,461,095		

Notes to the Financial Statements

43 LEASE LIABILITIES

	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance as at beginning of the year	1,989,370	912,495	967,092	912,495
Additions during the year	899,913	1,172,801	188,443	144,349
Terminations during the year	-	(2,048)	-	(2,048)
Interest Expense on Lease Liabilities	321,546	139,295	117,908	105,725
Payments	(489,212)	(233,173)	(242,104)	(193,429)
Balance as at end of the year	2,721,617	1,989,370	1,031,339	967,092

43.1 Undiscounted Maturity Analysis of Lease Liability

As at 31st March	2025				2024			
	Within One Year Rs.'000	1-5 Years Rs.'000	Over 5 Years Rs.'000	Total Rs.'000	Within One Year Rs.'000	1-5 Years Rs.'000	Over 5 Years Rs.'000	Total Rs.'000
Company								
Lease Liability	506,604	1,891,126	1,907,126	4,304,856	378,161	1,399,065	1,453,178	3,230,405
Group								
Lease Liability	260,669	766,693	581,527	1,608,889	232,657	749,752	507,735	1,490,144

43.2 Sensitivity Analysis Of Lease Liability

The Following table illustrates the impact arising from possible changes in the incremental borrowing rate on the lease liability of the Company and Group .

As at 31st March	Increase / (Decrease)	2025		2024	
		Sensitivity Effect on Lease liability Increase / (Decrease) in the liability Rs.'000	Sensitivity effect on interest Expense Increase / (Decrease) in profits for the Year Rs.'000	Sensitivity Effect on Lease liability Increase / (Decrease) in the liability Rs.'000	Sensitivity effect on interest Expense Increase / (Decrease) in profits for the Year Rs.'000
Company	1 bp Up	(1,259,882)	156,734	(935,312)	69,467
	1 bp Down	1,260,772	(156,917)	936,018	(69,532)
Group	1 bp Up	(414,110)	60,143	(371,857)	54,667
	1 bp Down	828,505	(120,337)	743,972	(109,378)

44 CURRENT TAX LIABILITIES

	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance as at Beginning of the Year	642,304	547,185	642,304	547,185
Income Tax Provision on Current Year Profits	1,706,145	1,387,147	1,706,145	1,387,147
(Over) / under provision in respect of previous year	(4,742)	(1,621)	(4,742)	(1,621)
Paid and Set off During the Year	(1,424,600)	(1,290,407)	(1,424,600)	(1,290,407)
Balance as at end of the Year	919,107	642,304	919,107	642,304

45 DEFERRED TAX LIABILITIES

Deferred Tax Liabilities (Note 45.3)	1,234,806	739,934	988,372	881,723
Deferred Tax Assets (Note 45.4)	(1,236,213)	(644,012)	(457,708)	(373,282)
Net Deferred Tax Liabilities (Note 45.1)	(1,407)	95,922	530,664	508,442

45.1 Recognised Deferred Tax Assets & Liabilities

Deferred tax assets and liabilities are attributable to the following originations of temporary differences;

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Taxable / (Deductible) Temporary Differences				
Property, Plant & Equipment	129,552	122,650	930,706	763,007
Right of Use Lease Asset	3,473,889	1,746,895	801,828	744,154
Legal Termination receivables	104,118	123,878	104,118	123,878
Due to the changes in deductible loan loss provision method	-	142,830	-	142,830
Revaluation Surplus on Freehold Land & Buildings	266,460	252,193	1,228,910	907,972
Investment Property fair valuation	142,000	78,000	229,012	257,237
Taxable Temporary Differences	4,116,019	2,466,445	3,294,574	2,939,078
Retirement Benefit Obligation	(219,680)	(157,336)	(219,680)	(157,336)
Security Deposit	(1,119,985)	-	-	-
Due to the changes in deductible loan loss provision method	(59,425)	-	(59,425)	-
Lease Liability	(2,721,617)	(1,989,370)	(1,031,339)	(967,091)
Tax Loss on Subsidiary	-	-	(215,250)	(119,845)
Deductible Temporary Differences	(4,120,707)	(2,146,706)	(1,525,694)	(1,244,272)
Total Taxable Temporary Differences (net)	(4,688)	319,740	1,768,880	1,694,806
Applicable Tax Rate	30%	30%	30%	30%
Net Deferred Tax Liabilities / (Assets)	(1,406)	95,922	530,664	508,442

45.2 Deferred Tax Expense

Origination of Deferred tax				
Liability (Note 45.3)	494,872	455,015	106,649	596,805
Asset (Note 45.4)	(592,201)	(536,492)	(84,426)	(262,793)
	(97,329)	(81,477)	22,223	334,012
Total expense charged / (reversed) to Income Statement	(93,605)	(71,880)	(66,055)	170,725
Total expense charged / (reversed) to OCI	(3,724)	(9,093)	88,278	163,791
Adjustment to Retained Earnings	-	(504)	-	(504)

Notes to the Financial Statements

45.3 Deferred Tax Liabilities

	Company				Group			
	2025		2024		2025		2024	
	Temporary Difference Rs.'000	Tax Effect Rs.'000						
Balance as at beginning of the year	2,466,445	739,934	949,729	284,919	2,939,078	881,723	949,729	284,919
Impact of change in tax rate recognised in Income Statement & OCI	-	-	-	-	-	-	-	-
Originating / (reversing) during the year	1,649,574	494,872	1,516,716	455,015	355,496	106,649	1,989,349	596,805
Balance as at end of the year	4,116,019	1,234,806	2,466,445	739,934	3,294,574	988,372	2,939,078	881,723

45.4 Deferred Tax Assets

	Company				Group			
	2025		2024		2025		2024	
	Temporary Difference Rs.'000	Tax Effect Rs.'000						
Balance as at beginning of the year	2,146,706	644,012	358,400	107,520	1,244,273	373,282	368,296	110,489
Impact of change in tax rate recognised in Income Statement	-	-	-	-	-	-	-	-
Originating / (reversing) during the year	1,974,002	592,201	1,788,306	536,492	281,421	84,426	875,977	262,793
Balance as at end of the year	4,120,708	1,236,213	2,146,706	644,012	1,525,694	457,708	1,244,273	373,282

46 OTHER LIABILITIES

	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Other Provisions & Payables (Note 46.1)	2,351,430	1,558,925	2,479,426	1,814,362
Accrued Expenses	155,689	232,400	157,593	234,634
	2,507,119	1,791,325	2,637,019	2,048,996

46.1 Other Provisions & Payables

RMV Payable	15,452	17,152	15,452	17,152
Insurance Payable	154,976	148,597	154,976	148,597
Taxes Payable	560,950	472,993	515,498	475,924
Supplier Payables	1,518,061	793,310	1,518,061	793,310
Other Payables	101,991	126,873	275,439	379,379
	2,351,430	1,558,925	2,479,426	1,814,362

47. RETIREMENT BENEFIT OBLIGATIONS**47.1 Retirement Benefit Liability Recognised in Statement of Financial Position**

Balance as at 1st April	157,336	86,818	157,336	86,818
Amounts Recognised in Income Statement (Note 47.2)	49,032	32,441	49,032	32,441
Amounts Recognised in OCI (Note 47.3)	26,679	57,665	26,679	57,665
Payments during the Year	(13,367)	(19,589)	(13,367)	(19,589)
Balance as at 31st March	219,680	157,336	219,680	157,336

47.2 Amounts Recognised in Income Statement

Service cost	28,578	16,814	28,578	16,814
Net Interest on the net defined benefit obligation	20,454	15,627	20,454	15,627
	49,032	32,441	49,032	32,441

47.3 Amounts Recognised in OCI

Remeasurement of retirement benefit obligation arising from changes in assumptions	23,546	59,802	23,546	59,802
Remeasurement of retirement benefit obligation arising from experience adjustments	3,133	(2,137)	3,133	(2,137)
	26,679	57,665	26,679	57,665

47.4 Defined Benefit Obligation Reconciliation

	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Benefit obligation at end of prior year	157,336	86,818	157,336	86,818
Company service cost	28,578	16,814	28,578	16,814
Past Service Cost	-	-	-	-
Interest cost	20,454	15,627	20,454	15,627
Payments made during the year	(13,367)	(19,589)	(13,367)	(19,589)
Remeasurement of retirement benefit obligation arising from changes in assumptions	23,546	59,802	23,546	59,802
Remeasurement of retirement benefit obligation arising from experience adjustments	3,133	(2,137)	3,133	(2,137)
Benefit obligation at end of year	219,680	157,336	219,680	157,336

Notes to the Financial Statements

47.4.1 An actuarial valuation of the employee benefit liability as at 31st March 2025 was carried out by Mr. Piyal S Goonetilleke, FIA , of Messrs. Piyal S Goonetilleke and Associates, a firm of professional actuaries.

47.4.2 The valuation has been done using the "Projected Unit Credit Method", which is recommended in the Sri Lanka Accounting Standard - LKAS 19 "Employee Benefits".

47.5 Assumptions

	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Discount Rate	12.00%	13.00%	12.00%	13.00%
Salary increment	10.00%	10.00%	10.00%	10.00%
Staff Turnover				
20 years	15.00%	15.00%	15.00%	15.00%
25 years	15.00%	15.00%	15.00%	15.00%
30 years	9.00%	9.00%	9.00%	9.00%
35 years	6.00%	6.00%	6.00%	6.00%
40 years	1.00%	1.00%	1.00%	1.00%
45 years	1.00%	1.00%	1.00%	1.00%
50 years	1.00%	1.00%	1.00%	1.00%
55 years	1.00%	1.00%	1.00%	1.00%
59 years	1.00%	1.00%	1.00%	1.00%
Mortality - GA 1983 mortality Table				
Retirement age	60 Years	60 Years	60 Years	60 Years

47.5.1 In absence of a deep market in long term bonds in Sri Lanka, a long-term interest rate of 12% p.a (2023/2024 - 13% p.a) has been used to discount future retirement benefit liabilities.

47.6 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table illustrates the impact of the possible changes in the discount rate and salary increment rate on the gratuity valuation of the Company as at 31st March 2025.

	Sensitivity effect on Statement of Financial Position (Benefit Obligation) Rs.'000
1% increase in discount rate	196,134
1% decrease in discount rate	247,901
1% increase in salary increment rate	247,699
1% decrease in salary increment rate	195,893

There were no changes in the methods and assumptions used in preparing sensitivity analysis.

47.7 Maturity Analysis of the Payments

The following Gross payments are expected on defined benefit obligation in future 10 years.

	2025	
	Company Rs.'000	Group Rs.'000
Next 12 months	9,273,566	9,273,566
Between 1 - 2 years	22,327,141	22,327,141
Between 2 - 5 years	70,044,672	70,044,672
Between 5 - 10 years	160,366,334	160,366,334
	262,011,713	262,011,713

The weighted average duration of the defined benefit obligation is 13.5 Years.

48 STATED CAPITAL

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Ordinary Shares (Note 48.1)	1,325,918	1,325,918	1,325,918	1,325,918
No. of shares (Note 48.2)	235,453	235,453	235,453	235,453

48.1 Movement of Stated Capital

At the Beginning of the Year	1,325,918	1,325,918	1,325,918	1,325,918
Movement during the Year	-	-	-	-
As at the End of the Year	1,325,918	1,325,918	1,325,918	1,325,918

48.2 Movement of no. of Shares

At the Beginning of the Year	235,453	235,453	235,453	235,453
Movement during the Year	-	-	-	-
As at the End of the Year	235,453	235,453	235,453	235,453

48.3 There were no shares held by the Vallibel Finance PLC or Vallibel Properties Limited in the Company as at 31st March 2025.

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

Notes to the Financial Statements

49 STATUTORY RESERVE FUND

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Statutory Reserve Fund (Note 49.1)	2,005,326	1,873,851	2,005,326	1,873,851

49.1 Statutory Reserve Fund

Statutory Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the Beginning of the Year	1,873,851	1,766,773	1,873,851	1,766,773
Transfers during the Year (Note 49.1.1)	131,475	107,078	131,475	107,078
As at the End of the Year	2,005,326	1,873,851	2,005,326	1,873,851

49.1.1 The Company has transferred 5% of net profit to the fund since the capital funds exceeds 25% of total deposit liabilities in the current year.

50 OTHER RESERVES

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Revaluation Reserve (Note 50.1)	186,522	176,535	860,238	635,581
General Reserve (Note 50.2)	7,500	7,500	7,500	7,500
	194,022	184,035	867,738	643,081

50.1 Revaluation Reserve

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the land and buildings, as at the date of revaluation.

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the Beginning of the Year	176,535	157,386	635,581	213,036
Surplus on Revaluation of Freehold Land & Buildings	14,267	27,355	320,938	603,635
Deferred Tax (Charge) / Reversal on Revaluation of Land & Buildings	(4,280)	(8,207)	(96,281)	(181,090)
As at the End of the Year	186,522	176,535	860,238	635,581

50.2 General Reserve

General reserve comprises the amounts appropriated by the Board of Directors as a General Reserve. The purpose of setting up the General Reserve is to meet potential future unknown liabilities.

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
General Reserve	7,500	7,500	7,500	7,500

51 RETAINED EARNINGS

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the Beginning of the Year	9,589,989	7,829,349	9,418,477	7,744,456
Profit for the Year	2,629,498	2,141,553	2,696,500	2,054,934
Other Comprehensive Income	(18,675)	(40,366)	(18,675)	(40,366)
Statutory Reserve Transfer	(131,475)	(107,078)	(131,475)	(107,078)
Dividend Paid	(470,907)	(235,453)	(470,907)	(235,453)
Unclaimed Dividend Adjustments	388	1,480	388	1,480
Deferred Tax impact on Right of Use Asset	-	504	-	504
At the End of the Year	11,598,818	9,589,989	11,494,308	9,418,477

52 RELATED PARTY DISCLOSURES

Vallibel Finance PLC (the Company) carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosures".

52.1 Parent and Ultimate Controlling Party

In the opinion of Directors, the Company's immediate and ultimate parent undertaking and controlling party is Vallibel Investments (Private) Limited.

52.2 Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The Board of Directors (including executive and non-executive Directors) of both the Company and the Parent and selected key employees who meet the above criteria have been classified as KMP of the Company.

KMP of the Group

As the Company is the parent of the Group, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company is also KMP of the Group.

Notes to the Financial Statements

52.2.1 Transactions with KMP

52.2.1.1 Compensation of KMP

As at 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Short term employment benefits	215,245	154,931	215,245	154,931
Director fees and expenses	11,135	7,143	11,135	7,143
	226,380	162,074	226,380	162,074

52.2.2 Transactions, Arrangements and Agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner and children of the KMPs domestic partner and dependants of the KMPs domestic partner. CFM too have been identified as related parties of the Company / Group.

52.2.2.1 Statement of Financial Position

For the year ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Liabilities				
Financial Liabilities at Amortised Cost - Deposits due to Customers	6,202,531	4,812,538	6,202,531	4,812,538
	6,202,531	4,812,538	6,202,531	4,812,538

52.2.2.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest Expense	850,305	828,054	850,305	828,054
Compensation to KMP	226,380	162,074	226,380	162,074
	1,076,685	1,081,620	1,076,685	1,081,620

52.2.2.3 Share based transactions of KMP

For the year ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dividends paid	100,307	54,613	100,307	54,613
	100,307	54,613	100,307	54,613

52.2.3 Transactions, Arrangements and Agreements involving Entities which are controlled or jointly controlled and / or significantly influenced by the KMP or their CFM

52.2.3.1 Statement of Financial Position

	Company			Group			Company			Group		
	2025	2024	2025	2024	2025	2024	2024/2025	2023/2024	2024/2025	2023/2024	2023/2024	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 31st March												
Assets												
Cash and Cash Equivalents	1,150	127,069	1,250	127,171	125,920	(121,525)	(125,921)	(121,525)	(121,525)	(121,525)	(121,525)	
Placements with Banks and Other Finance Companies	419,254	11,646	419,254	11,646	(383,667)	1,424,031	(383,667)	1,424,031	(383,667)	1,424,031		
Financial Assets at Amortised Cost - Debt and other Financial Instruments	1,605,418	-	1,605,418	-	(1,562,996)	-	(1,562,996)	-	(1,562,996)	-	-	
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	3,008	1,548	3,008	1,548	-	101	-	101	-	101		
	2,028,830	140,264	2,028,930	140,365	(1,820,743)	1,302,607	(2,072,584)	1,302,607	(2,072,584)	1,302,607		
Liabilities												
Bank Overdrafts	530,732	5,917	530,732	5,917	524,815	(129,418)	524,815	(129,418)	524,815	(129,418)		
Financial Liabilities at Amortised Cost - Deposits due to Customers	5,312,393	5,135,496	5,312,393	5,135,496	(231,687)	616,672	(231,687)	616,672	(231,687)	616,672		
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	125,442	677,721	125,442	677,721	(578,653)	92,450	(578,653)	92,450	(578,653)	92,450		
Subordinated Term Debt	1,548,632	1,310,178	1,548,632	1,310,178	-	-	-	-	-	-		
	7,517,199	7,129,312	7,517,199	7,129,312	(285,525)	579,704	(285,525)	579,704	(285,525)	579,704		

Notes to the Financial Statements

52.2.3.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest Income	67,178	144,912	67,178	144,912
Interest Expense	702,305	652,471	702,305	652,471
Net Gain / (Loss) from Trading	1,460	239	1,460	239
Other Operating Income	1,920	1,920	1,920	1,920

52.3 Transactions with the Parent

52.3.1 Share based transactions with Parent

For the year ended 31st March	Company		Group	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dividends paid	205,884	102,942	205,884	102,942
	205,884	102,942	205,884	102,942

52.4 Transactions with Group Entity

The Group entity includes the Vallibel Properties Limited.

52.4.1 Statement of Financial Position

As at 31st March	Amount Received / (Paid)		Amount Received / (Paid)	
	2025 Rs.'000	2024/2025 Rs.'000	2024 Rs.'000	2023/2024 Rs.'000
Assets				
Investment in a Subsidiary	0	-	0	-
Right-of-use Lease Assets (Note 52.4.1.1)	2,672,061	-	1,002,741	-
Other Assets (Note 52.4.1.1)	583,437	(697,667)	1,058,968	(1,048,185)
	3,255,498	(697,667)	2,061,709	(1,048,185)
Liabilities				
Lease Creditor	1,690,278	(226,166)	1,022,278	(36,376)
Other Liabilities	1,122	(11,550)	1,375	-
	1,691,400	(237,716)	1,023,653	(36,376)

52.4.1.1 Other Assets include a refundable security deposit of Rs. 1,751,025,600 paid to Vallibel Properties Ltd, a subsidiary of the Company, in connection with the lease arrangement for the occupied office floors.

In accordance with SLFRS 9 – Financial Instruments and SLFRS 16 – Leases, the security deposit has been measured at its present value, which amounts to Rs. 567,117,593 as at 31 March 2025.

The difference between the deposit paid and its present value has been recognised as part of the Right-of-Use Asset and is being amortised over the lease term. The carrying value of the ROU asset component related to this deposit as at 31 March 2025 is Rs. 1,119,985,195.

52.4.2 Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	2025	2024
	Rs.'000	Rs.'000
Interest Expense	203,638	33,570
Other Operating Income (Note 52.4.2.3)	20,951	35,068
Other Operating Expense (Note 52.4.2.4)	198,142	34,044

52.4.2.1 The Company leased a bare land situated at Galle road, Colombo 03 extent of 42.12 perch for the subsidiary and it is pledged as security for borrowing obtained by the subsidiary amounting to Rs. 1.8 Bn from Commercial Bank of Ceylon, which outstanding balance amounting Rs. 0.81 Bn as at 31st March 2025 (2023/24 - Rs.1.17 Bn).

52.4.2.2 The Company charges a fee for providing corporate guarantee for above 1.8 Bn loan obtained by the subsidiary. The Company earned Rs.12,866,667/- (2023/24 - Rs.17,316,667/-) during the year as a guarantee commission from the Vallibel Properties Limited.

52.4.2.3 Other Operating Income includes Corporate Guarantee Commission, Management Fee, Current Account Interest and the Rental Income from the Land.

52.4.2.4 Other Operating Expense includes Service Charge Expense, Electricity and charges as per the lease agreement and the depreciation of Right of Use Asset.

52.4.3 Commitments & Contingent Liabilities

Refer the Note 53.3 for details.

52.5 Terms and conditions on the transactions entered by the Directors of the Company / Group

From time to time directors of the Company / Group, or their related entities, may transact with the Company. These transactions are on the same terms and conditions as those entered into by other customers.

53 CONTINGENT LIABILITIES AND COMMITMENTS

53.1 Capital Commitments

No Capital expenditure approved by the Board of Directors for which provision has not been made in these Financial Statements.

53.2 Litigations against the Company

Litigation is a common occurrence in the industry due to the nature of the business undertaken.

The Company has formal controls and policies in place for managing legal claims. Once professional advice has been obtained and the amount of loss is reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. The Company confirms that there is no case filed against the Company which is not disclosed which would have a material Impact on the financial position of the Company.

There were no cases filed against the Vallibel Properties Limited.

As at 31st March	Company	
	2025	2024
	Rs.'000	Rs.'000
Cases pending against the Company	5,000	5,000
	5,000	5,000

Action filed by a third party claiming the mortgaged bond which was signed in company's favour was forged - Case no. L566/15 (Pending proceedings)

The company's legal professionals are of the opinion that the Company will be able to defend against these cases. Therefore no provision is made for contingent liabilities in the financial statements.

Notes to the Financial Statements

53.3 Contingent Liabilities

Following Corporate Guarantee has been issued by the Company,

- A Corporate Guarantee amounting to Rs.1.8 Bn provided by the Company for Commercial Bank Ceylon PLC for a Borrowing obtained by Vallibel Properties Limited to construct the Corporate Office Complex. During the year Capital Repayment amounted to Rs.360Mn

54 ASSETS PLEDGED

The following Financial assets have been pledged as securities against the long-term and short-term borrowings that have been disclosed under the Note 26.2 & 41 to the Financial Statements.

Funding institute	Nature of Assets	Nature of Liability	Value of Assets Pledged (Rs.'000)	Included Under
Pan Asia Banking Corporation PLC	Lending Portfolio	Long-term Borrowings & Overdraft	3,006,423	Gross Receivable
Seylan Bank PLC	Lending Portfolio	Long-term Borrowings & Overdraft	2,810,297	Gross Receivable
Hatton National Bank	Lending Portfolio	Long-term Borrowings & Overdraft	4,092,955	Gross Receivable
DFCC Bank	Lending Portfolio	Long-term Borrowings	266,187	Gross Receivable
Sampath Bank	Lending Portfolio	Long-term Borrowings & Overdraft	5,360,021	Gross Receivable
NDB Bank	Lending Portfolio	Short-term & Long term Borrowings	914,480	Gross Receivable
Union Bank	Lending Portfolio	Overdraft	26,187	Gross Receivable
Commercial Bank	Lending Portfolio	Long-term Borrowings & Overdraft	5,743,103	Gross Receivable
Cargills Bank	Lending Portfolio	Long-term Borrowings	261,962	Gross Receivable
MCB Bank	Lending Portfolio	Long-term Borrowings	310,533	Gross Receivable

In the ordinary course of business the Group enters into transaction that result in the transfer of financial assets to third parties. The information above sets out the extent of such transfers and retained interest in transferred assets.

The lending portfolio is pledged against the borrowings made. The lender has the right to the receivables in the event of non payment. As the Group retains substantially all the risks and rewards associated with these assets, they continue to be recognised within the lending portfolio.

55 SEGMENT REPORTING

The Group has four reportable segments, as described below, which are the Group's strategic business lines. The strategic business lines offer different products and services, and are managed and monitored separately based on the Group's management and internal reporting structure. For each of the strategic business line, the Group Management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Reportable Segments	Operations
Finance Lease	Granting Finance Leases and related recovery operations
Hire Purchase	Granting Hire Purchase and related recovery operations
Loans and advances	Granting vehicle loans, mortgage loans, gold loans and related recovery operations
Investments	Managing funding, investing and liquidity operations

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue, as included in the internal management reports that are reviewed by the Group Management. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

55.1 Business Segments

For the year ended 31 March

	Finance Lease & Hire Purchase		Loans & Advances		Investments		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Income From External Operations										
Interest	2,728,406	2,363,483	12,944,412	13,007,815	1,168,394	2,942,902	-	-	16,841,212	18,314,200
Fee & Commission Income	51,437	35,741	441,727	422,982	-	-	279,120	255,623	772,284	714,346
Dividends	-	-	-	-	102	181	-	-	102	181
Other	308,693	94,811	1,046,594	596,278	37,497	197,112	65,878	98,122	1,458,662	986,324
Total Revenue	3,088,536	2,494,035	14,432,733	14,027,075	1,205,993	3,140,195	344,998	353,745	19,072,260	20,015,051
Other material non-cash items										
Impairment losses on Financial Assets	(59,631)	13,060	231,248	425,613	(288)	(1,533)	(549)	641	(170,781)	(437,781)
Impairment losses on Non Financial Assets	-	-	-	-	-	-	-	-	-	-
Profit Before Income Tax									4,331,848	3,611,186
Income Tax Expense									1,635,348	1,556,251
Profit After Tax									2,696,500	2,054,934
Other Information										
As at 31 March										
Segment Assets	13,745,290	10,346,936	78,402,912	57,895,031	9,630,956	17,552,307	9,483,755	9,016,908	111,262,913	94,811,182
Segment Liabilities	11,806,559	8,899,701	67,344,424	49,797,200	8,272,540	15,097,250	8,146,101	7,755,705	95,569,624	81,549,856
Net Assets	1,938,731	1,447,235	11,058,488	8,097,831	1,358,416	2,455,057	1,337,654	1,261,203	15,693,289	13,261,326

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56 CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

56.1 Current and non-current assets and liabilities as at 31st March 2025

The table below summarises the expected utilisation or settlement of assets and liabilities.

As at 31st March	Company 2025			Company 2024		
	Within 12 Months Rs.'000	More than 12 Months Rs.'000	Total Rs.'000	Within 12 Months Rs.'000	More than 12 Months Rs.'000	Total Rs.'000
Assets						
Cash and Cash Equivalents	1,982,202	-	1,982,202	1,999,887	-	1,999,887
Placements with Banks and Other Finance Companies	565,045	4,962	570,007	565,045	4,962	570,007
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	133,889	209,882	-	209,882
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	56,064,733	22,338,179	78,402,912	56,064,733	22,338,179	78,402,912
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	6,774,065	6,971,225	13,745,290	6,774,065	6,971,225	13,745,290
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	204	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	7,067,093	1,783,770	8,850,863	7,067,093	1,783,770	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	32,735	9,339	42,074	31,605	10,469	42,074
Investment Property	-	1,242,000	1,242,000	-	1,072,000	1,072,000
Property, Plant and Equipment	-	1,094,181	1,094,181	-	4,745,053	4,745,053
Right-of-use Lease Assets	-	3,473,889	3,473,889	-	801,828	801,828
Intangible Assets	-	13,357	13,357	-	14,108	14,108
Deferred Tax Assets	-	1,236,213	1,236,213	-	457,708	457,708
Other Assets	25,166	870,331	895,497	23,481	327,616	351,097
Total Assets	72,645,132	39,037,446	111,682,578	72,735,995	38,526,918	111,262,913
Liabilities						
Bank Overdrafts	1,828,680	-	1,828,680	1,828,680	-	1,828,680
Rental Received in Advance	306,105	-	306,105	313,485	-	313,485
Financial Liabilities at Amortised Cost - Deposits due to Customers	50,398,642	17,081,558	67,480,200	50,398,642	17,081,558	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	7,329,757	5,320,776	12,650,533	7,690,846	5,770,249	13,461,095
Subordinated Term Debt	156,843	6,533,804	6,690,647	156,842	6,533,805	6,690,647
Lease Liabilities	206,351	2,515,266	2,721,617	149,454	881,885	1,031,339
Current Tax Liabilities	919,107	-	919,107	919,107	-	919,107
Deferred Tax Liabilities	-	1,234,806	1,234,806	988,372	-	988,372
Other Liabilities	-	2,507,119	2,507,119	2,637,019	-	2,637,019
Retirement Benefit Obligations	-	219,680	219,680	-	219,680	219,680
Total Liabilities	61,145,485	35,413,009	96,558,494	65,082,447	30,487,177	95,569,624

56.2 Current and non-current assets and liabilities as at 31st March 2024

The table below summarises the expected utilisation or settlement of assets and liabilities.

As at 31st March	Company 2025			Company 2024		
	Within 12 Months Rs.'000	More than 12 Months Rs.'000	Total Rs.'000	Within 12 Months Rs.'000	More than 12 Months Rs.'000	Total Rs.'000
Assets						
Cash and Cash Equivalents	1,952,377	-	1,952,377	1,958,981	-	1,958,981
Placements with Banks and Other Finance Companies	8,322,446	74	8,322,520	8,322,446	74	8,322,520
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	3,652,152	-	3,652,152	4,181,480	-	4,181,480
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	38,353,723	19,541,307	57,895,030	38,353,723	19,541,307	57,895,030
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	4,374,367	5,972,570	10,346,937	4,374,367	5,972,570	10,346,937
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	204	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	3,401,906	1,646,197	5,048,103	3,401,906	1,646,197	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	22,862	11,457	34,319	22,862	11,457	34,319
Investment Property	-	1,178,000	1,178,000	-	1,100,225	1,100,225
Property, Plant and Equipment	-	968,056	968,056	-	4,477,237	4,477,237
Right-of-use Lease Assets	-	1,746,895	1,746,895	-	744,154	744,154
Intangible Assets	-	20,325	20,325	-	21,450	21,450
Deferred Tax Assets	-	644,012	644,012	-	373,282	373,282
Other Assets	13,821	1,344,799	1,358,620	13,819	293,441	307,260
Total Assets	60,093,858	33,073,692	93,167,550	60,629,788	34,181,394	94,811,182
Liabilities						
Bank Overdrafts	1,913,964	-	1,913,964	1,913,964	-	1,913,964
Rental Received in Advance	197,788	-	197,788	216,239	-	216,239
Financial Liabilities at Amortised Cost - Deposits due to Customers	46,104,728	12,538,718	58,643,446	46,104,728	12,538,718	58,643,446
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	7,631,090	3,155,591	10,786,681	8,782,503	3,964,644	12,747,147
Subordinated Term Debt	26,332	3,305,277	3,331,609	26,332	3,305,277	3,331,609
Lease Liabilities	140,320	1,849,050	1,989,370	127,302	839,790	967,092
Current Tax Liabilities	642,304	-	642,304	642,304	-	642,304
Deferred Tax Liabilities	-	739,934	739,934	-	881,723	881,723
Other Liabilities	-	1,791,325	1,791,325	-	2,048,996	2,048,996
Retirement Benefit Obligations	-	157,336	157,336	-	157,336	157,336
Total Liabilities	56,656,526	23,537,231	80,193,757	57,813,372	23,736,484	81,549,856

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57 FINANCIAL RISK MANAGEMENT

(A) Introduction and Overview

The Company has exposure to following risks from financial instruments:

- ⊙ Credit Risk
- ⊙ Liquidity Risk
- ⊙ Market Risk
- ⊙ Operational Risk

(i) Risk Management Framework

The Board of Directors possess overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated this responsibility to two sub committees of the Board.

The Audit Committee is responsible for monitoring and reviewing risk management policies and procedures and reviewing the adequacy of risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The Audit Committee presents vital matters to the Board whenever required and seeks for review and approval of the Board.

The Board has established the Integrated Risk Management Committee (BIRMC) which is responsible for developing and monitoring risk management policies and procedures in specified risk areas. With the cooperation of the management, the committees make decisions on behalf of the Board. Senior Management is responsible for implementing the risk management framework by identifying risks and managing those risks with appropriate risk mitigation strategies. Monthly risk review reports are submitted by the respective Deputy General Manager who supervises each major category of risk.

(B) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For risk management reporting purposes the Company considers and consolidates all elements of credit risk exposure (such as individual obligations or default risk and sector risk).

(i) Settlement risk

The Company's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transaction, the Company mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(ii) Management of credit risk

The Board of Directors has delegated responsibility for the overseeing of credit risk to its Company Credit Committee. A separate Company Credit department, reporting to the Company Credit Committee is responsible for management of the Company's credit risk, including:

- ⊙ Formulating credit policies in consultation with business lines, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- ⊙ Establishing the authorisation structure for the approval and renewal of credit facilities: Authorisation limits are allocated to business line Credit Officers. Larger facilities require approval by the Board of Directors as appropriate.
- ⊙ Reviewing and assessing credit risk.
- ⊙ Company's Credit Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business line concerned. Renewals and reviews of facilities are subject to the same review process.
- ⊙ Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances) , and by issuer and market liquidity.

- ⊙ Developing and maintaining the Company's processes for measuring ECL.
- ⊙ Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Regular audits of business units and Company Credit processes are undertaken by Internal Audit.

(C) Liquidity Risk

Liquidity risk is that which the Company will encounter in terms of difficulties in meeting obligations associated with its financial liabilities which are settled by delivering cash or other financial assets.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Finance Division receives information from other business lines regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Finance Division then maintains a portfolio of short-term liquid assets, largely made up of cash and cash equivalents, fixed and calls deposits and short term government securities, to ensure that sufficient liquidity maintained within the Company as a whole. All liquidity policies and procedures are subject to review and approval by Integrated Risk Management Committee. Daily reports cover the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to Integrated Risk Management Committee. The Company relies on deposits from customers and borrowing liabilities as its primary sources of funding. While the Company's borrowing liabilities have maturities of over one year, deposits from customers generally have shorter maturities. The short-term nature of these deposits increases the Company's liquidity risk and the Company actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

(D) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk

Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The ALCO is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

(E) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls is to address operational risk assigned to senior management within each business line. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- ⊙ Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- ⊙ Requirements for the reconciliation and monitoring of transactions.
- ⊙ Compliance with regulatory and other legal requirements.
- ⊙ Documentation of controls and procedures.
- ⊙ Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.

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- ⊙ Requirements for the reporting of operational losses and proposed remedial actions.
- ⊙ Development of contingency plans.
- ⊙ Training and professional development.
- ⊙ Risk mitigation, including insurance where it is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business line to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Financial Risk Review of the Company

This note presents information about the Company's exposure to financial risks and the Company's management of capital.

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A. Credit Risk**A. i Analysis of Credit Risk Exposure**

The following tables shows the maximum exposure to credit risk by class of financial asset.

As at 31st March	Company		Group	
	Maximum Exposure to Credit Risk		Maximum Exposure to Credit Risk	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Assets				
Cash and Cash Equivalents	1,982,202	1,952,377	1,999,887	1,958,981
Placements with Banks and Other Finance Companies (Gross)	570,052	8,322,853	570,052	8,322,853
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	3,652,152	209,882	4,181,480
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers (Gross)	80,943,003	60,195,058	80,943,003	60,195,058
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables (Gross)	14,974,491	11,639,022	14,974,491	11,639,022
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	204	204	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	8,850,863	5,048,103	8,850,863	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	43,274	36,068	43,274	36,068
Total Financial Assets	107,497,978	90,845,837	107,591,656	91,381,769

A. ii Credit Quality Analysis Stage-wise

The following table sets out information about the credit quality of financial assets measured at amortised cost, financial assets measured at FVTPL, Financial Investments Measured at Fair Value Through Other Comprehensive Income of the company.

With the adoption of SLFRS 9 (01st April 2018) - "Financial Instruments" the Company manages credit quality based on three stage approach.

Stage 1 - 12 Month Expected Credit Losses

Stage 2 - Life Time Expected Credit Losses - Not Credit Impaired

Stage 3 - Life Time Expected Credit Losses - Credit Impaired

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The following table shows the classification of Financial Assets based on the three stage approach.

As at 31st March 2025	12 Month Expected Credit Losses Rs.'000	LifeTime Expected Credit Losses - Not Credit Impaired Rs.'000	LifeTime Expected Credit Losses - Credit Impaired Rs.'000	Unclassified Rs.'000	Total Rs.'000
Cash and Cash Equivalents	1,982,202	-	-	-	1,982,202
Placements with Banks and Other Finance Companies	570,052	-	-	-	570,052
Less : ECL Allowance	(45)	-	-	-	(45)
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	-	-	133,889
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	68,572,546	10,213,839	2,156,618	-	80,943,003
Less : ECL Allowance	(583,888)	(526,368)	(1,429,835)	-	(2,540,091)
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	11,403,873	2,309,894	1,260,724	-	14,974,491
Less : ECL Allowance	(162,142)	(179,812)	(887,247)	-	(1,229,201)
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	-	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	8,850,863	-	-	-	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	44,474	-	1,200	-	43,274
Less : Impairment	-	-	(1,200)	-	(1,200)
	90,812,028	11,817,553	1,100,260	-	103,727,441

As at 31st March 2024	12 Month Expected Credit Losses Rs.'000	LifeTime Expected Credit Losses - Not Credit Impaired Rs.'000	LifeTime Expected Credit Losses - Credit Impaired Rs.'000	Unclassified Rs.'000	Total Rs.'000
Cash and Cash Equivalents	1,952,377	-	-	-	1,952,377
Placements with Banks and Other Finance Companies	8,322,853	-	-	-	8,322,853
Less : ECL Allowance	(333)	-	-	-	(333)
Reverse Repurchase Agreements	-	-	-	-	-
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	3,652,152	-	-	-	3,652,152
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	48,541,955	9,051,970	2,601,132	-	60,195,057
Less : ECL Allowance	(447,453)	(457,166)	(1,395,408)	-	(2,300,027)
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	7,350,217	2,662,779	1,626,026	-	11,639,022
Less : ECL Allowance	(114,416)	(230,632)	(947,038)	-	(1,292,086)
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	-	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	5,048,103	-	-	-	5,048,103
Financial Assets at Amortised Cost - Other Financial Assets	34,319	-	1,749	-	36,068
Less : Impairment	-	-	(1,749)	-	(1,749)
	74,339,978	11,026,951	1,884,712	-	87,251,641

A. iii Amounts arising from ECL

This note highlights inputs, assumptions and techniques used for estimating Expected Credit Losses (ECL) as per SLFRS 9 - "Financial Instruments".

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the information following data.

- ⊙ Payment record – this includes overdue status as well as a range of variables about payment ratios
- ⊙ External data from credit reference agencies, including industry-standard credit scores
- ⊙ Requests for and granting of forbearance
- ⊙ Existing and forecast changes in business, financial and economic conditions
- ⊙ Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

Generating the term structure of Probability of Default (PD)

Past Due date is a primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product and type of underlying security. For some portfolios, information gathered from external credit agencies is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time

LTV Ratio Details

LTV Ratio Details Adequate precautions were taken to maintain exposures by maintaining LTV ratio at acceptable levels which was below 75% as of 31.03.2025.

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) ; or the borrower is past due equal more than 90 days on any material credit obligation to the Company. , In determination of default the Company largely aligns with the regulatory definition of default which is 90 days and above.

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Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL using variety of external actual and forecasted information, the Company formulates a "base case" view of the future direction of relevant economic variables as well as a representative range (Best Case and worst Case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources.

The Economic variables used by the Company based on the statistical significance include the followings

1. Unemployment rate
2. Interest rate
3. GDP Growth rate
4. Inflation rate

Weightages assigned for each scenario for the year 2025 are;

- ⊙ Weightage Best case Scenario 10% , Base case Scenario 20%, Worst case Scenario 70%

As at 31.03.2025 the base case assumptions have been updated to reflect the rapidly evolving situation with respect to current economic condition of the country by using the economic forecast. In addition to the base case forecast which reflects the negative economic consequences, greater weighting has been applied to the worst scenario given the Company's assessment of downside risks. The assigned probability weightings are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

ECL allowance

Sensitivity Analysis of Allowance for Impairment

The Following table illustrates the impact arising from possible changes in Probability of Default (PD) and (Loss Given Default) LGD on the Expected Credit Loss (ECL) Allowance as at 31.03.2025.

Assumption	Increase by	Increase in ECL Allowance	
		2025 Rs.'000	2024 Rs.'000
LGD	10%	155,581	157,998
PD	1%	119,608	98,111

Movement in Allowance for Expected Credit Losses (Stage Transition)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of Loan portfolio.

As at 31st March	2025				Total ECL Rs.'000
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: LifeTime ECL credit impaired		
	Rs.'000	Rs.'000	Rs.'000		
Balance as at the beginning of the year	561,869	687,798	2,342,446		3,592,113
Changes due to Lending Portfolio recognised in opening balance that have:					-
Transferred from 12 Month ECL	(56,670)	53,338	3,332		-
Transferred from LifeTime ECL not-credit impaired	153,271	(179,937)	26,666		-
Transferred from LifeTime ECL credit impaired	10,389	13,500	(23,889)		-
Interest accrued / (reversals) on impaired loans and advances	-	-	5,562		5,562
Net remeasurement of loss allowance	77,172	131,480	(37,034)		171,618
Balance as at the end of the year	746,031	706,179	2,317,083		3,769,293
As at 31st March	2024				Total ECL Rs.'000
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: LifeTime ECL credit impaired		
	Rs.'000	Rs.'000	Rs.'000		
Balance as at the beginning of the year	527,252	521,376	2,058,490		3,107,118
Changes due to Lending Portfolio recognised in opening balance that have:					-
Transferred from 12 Month ECL	(82,294)	72,895	9,399		-
Transferred from LifeTime ECL not-credit impaired	81,309	(133,855)	52,546		-
Transferred from LifeTime ECL credit impaired	33,342	29,836	(63,177)		-
Interest accrued / (reversals) on impaired loans and advances	-	-	46,321		46,321
Net remeasurement of loss allowance	2,261	197,546	238,868		438,674
Balance as at the end of the year	561,869	687,798	2,342,446		3,592,113

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Stage Transition on Lending Portfolio

The following tables show reconciliations from the opening to the closing balance of the lending portfolio (gross) based on three stage approach.

As at 31st March	2025			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: LifeTime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	55,892,173	11,714,748	4,227,159	71,834,080
Changes due to Lending Portfolio recognised in opening balance that have:				
Transferred from 12 Month ECL	(4,020,807)	3,826,638	194,169	-
Transferred from LifeTime ECL not-credit impaired	1,903,821	(2,174,632)	270,811	-
Transferred from LifeTime ECL credit impaired	39,067	48,493	(87,560)	-
Financial Assets that have been de-recognised	(36,648,022)	(7,737,283)	(1,599,108)	(45,984,413)
Other Changes in the portfolio	62,810,187	6,845,768	411,872	70,067,827
Balance as at the end of the year	79,976,419	12,523,732	3,417,343	95,917,494

As at 31st March	2024			
	Stage 1: 12-Month ECL	Stage 2: LifeTime ECL not-credit impaired	Stage 3: LifeTime ECL credit impaired	Total ECL
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at the beginning of the year	55,020,607	5,487,986	3,969,920	64,478,514
Changes due to Lending Portfolio recognised in opening balance that have:				
Transferred from 12 Month ECL	(5,882,954)	5,120,223	762,730	-
Transferred from LifeTime ECL not-credit impaired	788,021	(1,306,833)	518,812	-
Transferred from LifeTime ECL credit impaired	91,629	104,659	(196,288)	-
Financial Assets that have been de-recognised	(38,030,838)	(2,720,405)	(1,454,442)	(42,205,685)
Other Changes in the portfolio	43,905,706	5,029,118	626,427	49,561,251
Balance as at the end of the year	55,892,173	11,714,748	4,227,159	71,834,080

Collateral held as security and other credit enhancements

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types financial assets.

Type of Credit Exposure	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	31st March 2025	31st March 2024	
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers			
Loans and Advances	100	100	Property and equipment
Loans against Fixed Deposits	100	100	Fixed Deposits
Gold Loans	100	100	Gold articles
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables			
Lease Rental Receivables	100	100	Property and equipment
Hire Purchase Receivables	100	100	Property and equipment

Collateral and Other Credit Enhancements - Lending Portfolio

The below tables provide an analysis of the current fair values of collateral held for stage 3 lending portfolio.

For the year ended 31st March	2025		2024	
	Rs.'000	%	Rs.'000	%
Maximum Exposure to Credit Risk	3,417,343	4,227,159	3,417,343	4,227,159
Less - Collateral				
Movable Securities	3,972,412	1,264,250	3,972,412	1,264,250
Immovable Securities	872,200	6,552,754	872,200	6,552,754
Total Collateral	4,844,612	7,817,004	4,844,612	7,817,004
Net Exposure	(1,427,269)	(3,589,845)	(1,427,269)	(3,589,845)
Associated ECL	2,317,082	2,342,446	2,317,082	2,342,446

A. iv Concentration of Credit Risk

The following tables show the concentration of net lending portfolio based on the type of product and geographical region.

Product Concentration of net lending portfolio - Company

For the year ended 31st March	2025		2024	
	Rs.'000	%	Rs.'000	%
Lease Rental Receivable	13,745,290	14.9	10,346,937	15.2
Loans and advances	56,451,029	61.3	41,228,712	60.4
Loans against fixed deposits	1,545,670	1.7	1,185,257	1.7
Gold Loans	20,406,213	22.1	15,481,061	22.7
	92,148,202	100.0	68,241,967	100.0

Notes to the Financial Statements

Product Concentration of net lending portfolio - Group

For the year ended 31st March	2025		2024	
	Rs.'000	%	Rs.'000	%
Lease Rental Receivable	13,745,290	14.9	10,346,937	15.2
Loans and advances	56,451,029	61.3	41,228,712	60.4
Loans against fixed deposits	1,545,670	1.7	1,185,257	1.7
Gold Loans	20,406,213	22.1	15,481,062	22.7
	92,148,202	100.0	68,241,967	100.0

Geographical Concentration of gross lending portfolio

Province	Company			
	Lease Rental & Hire Purchase Receivables		Loans and Receivables to Other Customers	
	2025	2024	2025	2024
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Western	6,488,768	5,077,513	48,893,512	37,058,890
Southern	1,644,492	1,210,908	7,165,586	5,380,917
Sabaragamuwa	1,438,954	1,314,225	5,050,989	4,146,798
Central	1,493,498	1,078,375	4,613,972	3,228,594
Uva	854,745	648,281	3,194,736	2,277,259
Eastern	38,877	25,594	154,296	180,853
North Western	2,073,294	1,658,686	7,128,153	4,989,753
North Central	833,320	554,836	3,987,355	2,460,743
Northern	108,543	70,604	754,404	471,251
	14,974,491	11,639,022	80,943,003	60,195,058

Province	Group			
	Lease Rental & Hire Purchase Receivables		Loans and Receivables to Other Customers	
	2025	2024	2025	2024
As at 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Western	6,488,768	5,077,513	48,893,512	37,058,890
Southern	1,644,492	1,210,908	7,165,586	5,380,917
Sabaragamuwa	1,438,954	1,314,225	5,050,989	4,146,798
Central	1,493,498	1,078,375	4,613,972	3,228,594
Uva	854,745	648,281	3,194,736	2,277,259
Eastern	38,877	25,594	154,296	180,853
North Western	2,073,294	1,658,686	7,128,153	4,989,753
North Central	833,320	554,836	3,987,355	2,460,743
Northern	108,543	70,604	754,404	471,251
	14,974,491	11,639,022	80,943,003	60,195,058

A v Credit quality analysis of Cash and Cash Equivalents and Placements with Banks and other Finance Companies

The following table sets out the credit quality of Placements with Banks and other Finance Companies. The analysis is based on Fitch and ICRA Lanka ratings.

Placements with Banks and other Finance Companies	As at 31st March	As at 31st March
	2025	2024
	Rs.'000	Rs.'000
Rated AAA	-	-
Rated AA- to AA+	150,799	-
Rated A- to A+	-	7,931,686
Rated BBB + and below	419,253	391,167
	570,052	8,322,853

The Company held Cash and Cash Equivalents of Rs.1,982,202,482 as at 31st March 2025 (2024- Rs.1,952,377,006). These balances are held with banks which are rated from A to BBB+.

B. Liquidity Risk**B. i Exposure to Liquidity Risk**

Exposure to Liquidity Risk is monitored through the Liquid Asset Ratio (LAR) of the Company.

As at 31st March	Company	
	2025	2024
Liquid Asset Ratio (LAR)		
Average for the year	18.71%	29.10%
Maximum for the year	23.06%	32.92%
Minimum for the year	13.88%	21.81%

Components of the Company's liquid assets used for the purpose of calculating the Statutory Liquid Asset Ratio as at 31st March is given below.

As at 31st March	Company	
	2025	2024
	Rs.'000	Rs.'000
Cash in Hand	585,248	665,031
Balances in Current Accounts free from lien	559,175	559,960
Deposits in Commercial Banks free from lien	550,000	7,450,000
Sri Lanka Government Treasury Bills and Treasury Bonds, maturing within one year, free from any lien or charge	3,107,119	2,984,519
Any Other Approved Securities	5,824,082	2,000,925
Total liquid assets	10,625,624	13,660,435

Notes to the Financial Statements

B. ii Maturity analysis for financial assets and financial liabilities

An analysis of the Financial Assets and Financial Liabilities employed by the company as at 31st March 2025, based on the remaining period at the Statement of Financial Position date to the respective contractual maturity date is given below;

a) Remaining contractual period to maturity – Company

Remaining contractual period to maturity of the Financial Assets and Financial Liabilities employed by the Company as at the date of Statement of Financial Position is detailed below:

As at 31st March 2025	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	1,982,202	-	-	-	-	1,982,202
Placements with Banks and Other Finance Companies	359,205	205,840	5,007	-	-	570,052
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	-	-	-	-	133,889
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	26,981,518	29,083,215	18,113,429	6,732,722	32,119	80,943,003
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	2,775,824	3,998,241	6,646,206	1,548,696	5,524	14,974,491
Financial Assets at Amortised Cost - Debt and other Financial Instruments	5,948,152	1,118,941	104,780	394,119	1,284,871	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	9,909	22,825	10,733	-	-	43,467
Other Assets	24,521	645	6,420	7,080	589,185	627,851
Total Financial Assets	38,215,220	34,429,707	24,886,575	8,682,617	1,911,699	108,125,818
Percentage 2025	35%	32%	23%	8%	2%	
Percentage 2024	32%	33%	20%	7%	8%	
Financial Liabilities						
Bank Overdrafts	1,828,680	-	-	-	-	1,828,680
Financial Liabilities at Amortised Cost - Deposits due to Customers	31,839,135	18,559,508	15,457,123	1,624,434	-	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	4,021,770	3,307,987	4,127,357	1,193,419	-	12,650,533
Subordinated Term Debt	29,483	127,360	3,539,478	2,994,326	-	6,690,647
Lease Liabilities	47,279	159,072	457,019	507,536	1,550,711	2,721,617
Total Financial Liabilities	37,766,347	22,153,927	23,580,977	6,319,715	1,550,711	91,371,677
Percentage 2025	41%	24%	26%	7%	2%	
Percentage 2024	48%	25%	15%	11%	1%	

Loans and Receivables to Other Customers and Lease Rental & Hire Purchase Receivables are reported in gross terms.

Remaining contractual period to maturity – Group

Remaining contractual period to maturity of the Financial Assets and Financial Liabilities employed by the Company as at the date of Statement of Financial Position is detailed below:

As at 31st March 2025	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	1,999,887	-	-	-	-	1,999,887
Placements with Banks and Other Finance Companies	359,205	205,840	5,007	-	-	570,052
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	209,882	-	-	-	-	209,882
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	26,981,518	29,083,215	18,113,429	6,732,722	32,119	80,943,003
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	2,775,824	3,998,241	6,646,206	1,548,696	5,524	14,974,491
Financial Assets at Amortised Cost - Debt and other Financial Instruments	5,948,152	1,118,941	104,780	394,119	1,284,871	8,850,863
Financial Assets at Amortised Cost - Other Financial Assets	8,780	22,825	10,733	-	1,130	43,468
Other Assets	22,836	645	6,420	7,080	23,686	60,667
Total Financial Assets	38,306,084	34,429,707	24,886,575	8,682,617	1,347,330	107,652,313
Percentage 2025	36%	32%	23%	8%	1%	
Financial Liabilities						
Bank Overdrafts	1,828,680	-	-	-	-	1,828,680
Financial Liabilities at Amortised Cost - Deposits due to Customers	31,839,135	18,559,508	15,457,123	1,624,434	-	67,480,200
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	4,113,175	3,577,671	4,576,831	1,193,418	-	13,461,095
Subordinated Term Debt	29,482	127,360	3,539,479	2,994,326	-	6,690,647
Lease Liabilities	34,679	114,775	265,596	194,798	421,491	1,031,339
Total Financial Liabilities	37,845,151	22,379,314	23,839,029	6,006,976	421,491	90,491,961
Percentage 2025	42%	25%	26%	7%	0%	

Loans and Receivables to Other Customers and Lease Rental & Hire Purchase Receivables are reported in gross terms.

Notes to the Financial Statements

b) *Undiscounted Cash Flow of financial assets and financial liabilities - Company*

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities as at 31st March 2025.

As at 31st March 2025	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	1,982,202	-	-	-	-	1,982,202
Placements with Banks and Other Finance Companies	361,760	214,903	5,840	-	-	582,503
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,890	-	-	-	-	133,890
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	30,018,177	34,474,840	23,082,558	7,548,593	32,437	95,156,605
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	3,477,750	5,650,154	8,452,206	1,735,243	5,524	19,320,877
Financial Assets at Amortised Cost - Debt and other Financial Instruments	6,009,238	1,250,000	150,000	250,000	1,324,372	8,983,610
Financial Assets at Amortised Cost - Other Financial Assets	11,883	26,293	11,832	-	-	50,008
Total Financial Assets	41,994,900	41,616,190	31,702,436	9,533,836	1,362,333	126,209,695
Financial Liabilities						
Bank Overdrafts	615,117	-	-	-	-	615,117
Financial Liabilities at Amortised Cost - Deposits due to Customers	33,253,746	19,773,634	19,363,556	2,132,814	-	74,523,750
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	4,282,432	3,944,547	4,786,562	1,267,588	-	14,281,129
Subordinated Term Debt	30,968	131,834	3,548,632	3,000,000	-	6,711,434
Lease Liabilities	124,486	382,118	980,974	910,152	1,907,126	4,304,856
Total Financial Liabilities	38,306,749	24,232,133	28,679,724	7,310,554	1,907,126	100,436,286

Undiscounted Cash Flow of financial assets and financial liabilities - Group

The following table shows the expected undiscounted cash flows for financial assets and financial liabilities as at 31st March 2025.

As at 31st March 2025	Up to 3 months Rs.'000	3 to 12 months Rs.'000	1 to 3 years Rs.'000	3 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Assets						
Cash and Cash Equivalents	1,999,887	-	-	-	-	1,999,887
Placements with Banks and Other Finance Companies	361,760	214,903	5,840	-	-	582,503
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	209,883	-	-	-	-	209,883
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	30,018,177	34,474,840	23,082,558	7,548,593	32,437	95,156,605
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	3,477,750	5,650,154	8,452,206	1,735,243	5,524	19,320,877
Financial Assets at Amortised Cost - Debt and other Financial Instruments	6,009,238	1,250,000	150,000	250,000	1,324,372	8,983,610
Financial Assets at Amortised Cost - Other Financial Assets	11,883	26,293	11,832	-	-	50,008
Total Financial Assets	42,088,578	41,616,190	31,702,436	9,533,836	1,362,333	126,303,373
Financial Liabilities						
Bank Overdrafts	615,117	-	-	-	-	615,117
Financial Liabilities at Amortised Cost - Deposits due to Customers	33,253,746	19,773,634	19,363,556	2,132,814	-	74,523,750
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	4,389,143	4,252,748	5,262,160	1,267,588	-	15,171,639
Subordinated Term Debt	30,968	131,834	3,548,632	3,000,000	-	6,711,434
Lease Liabilities	63,912	196,757	445,530	321,163	581,527	1,608,889
Total Financial Liabilities	38,352,886	24,354,973	28,619,878	6,721,565	581,527	98,630,829

Notes to the Financial Statements

C. Market Risk

C. i Exposure to Market Risk - Trading and non trading portfolios

	Market Risk Measurement			Market Risk Measurement		
	Carrying Amount as at 31st March 2025 Rs.'000	Trading Portfolios Rs.'000	Non-Trading Portfolios Rs.'000	Carrying Amount as at 31st March 2024 Rs.'000	Trading Portfolios Rs.'000	Non-Trading Portfolios Rs.'000
Assets subject to Market Risk						
Cash and Cash Equivalents	1,982,202	-	1,982,202	1,952,377	-	1,952,377
Placements with Banks and Other Finance Companies	570,007	-	570,007	8,322,520	-	8,322,520
Reverse Repurchase Agreements	-	-	-	-	-	-
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	133,889	-	3,652,152	3,652,152	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	78,402,912	-	78,402,912	57,895,030	-	57,895,030
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	13,745,290	-	13,745,290	10,346,937	-	10,346,937
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	-	204	204	-	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	8,850,863	-	8,850,863	5,048,103	-	5,048,103
Other Financial Assets	42,074	-	42,074	34,319	-	34,319
	103,727,441	133,889	103,593,552	87,251,642	3,652,152	83,599,490
Liabilities subject to Market Risk						
Bank Overdrafts	1,828,680	-	1,828,680	1,913,964	-	1,913,964
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	-	67,480,200	58,643,446	-	58,643,446
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	12,650,533	-	12,650,533	10,786,681	-	10,786,681
Subordinated Term Debt	6,690,647	-	6,690,647	3,331,609	-	3,331,609
	88,650,060	-	88,650,060	74,675,700	-	74,675,700

Sensitivity Analysis

Financial Assets recognised through Profit or Loss (FVTPL) which measured based on the market prices includes Equity shares and unit trust investments. Equity share valuations are based on the prices directly obtained from CSE and unit trust valuation is based on the available unit prices. Since these prices are based on the market prices and changes to such is beyond the control of the Company sensitivity analysis has not been prepared.

C. ii Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL)

As at 31st March	Company	
	2025 Rs.'000	2024 Rs.'000
Rate Sensitive Assets (RSA)	108,125,818	88,893,256
Rate Sensitive Liabilities (RSL)	91,371,677	76,665,070
GAP (RSA-RSL)	16,754,141	12,228,186

C. iii Cash flow sensitivity analysis for Variable Rate Financial Instruments

A reasonably possible change of AWPLR increase or decrease at the reporting date would give increase (decrease) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

As at 31st March	2025 Interest Expense Rs.'000	2024 Interest Expense Rs.'000
Variable Rate increase 1% (+1 % Increase in AWPLR)	524,700	524,968
Variable Rate decrease 1% (-1 % decrease in AWPLR)	416,232	446,218
Variable Rate Interest actual interest Cost	470,466	485,593
Cash flow sensitivity in Variable Rate increase +1%	54,234	39,375
Cash flow sensitivity in Variable Rate decrease -1%	(54,234)	(39,375)

C. iv Equity based investment Portfolio risk Analysis

The given below Analysis shows the maximum impact of change in the equity prices to the comprehensive income as at 31st March each Financial Year.

	Market Value as at 31st March 2025 Rs.'000	Lowest Market Value Rs.'000	Effect to the Comprehensive Income if the market price drops to the lowest value Rs.'000
Bank, Finance & Insurance	3,009	1,158	1,851
Total	3,009	1,158	1,851

	Market Value as at 31st March 2024 Rs.'000	Lowest Market Value Rs.'000	Effect to the Comprehensive Income if the market price drops to the lowest value Rs.'000
Bank, Finance & Insurance	1,548	1,246	302
Total	1,548	1,246	302

C. v Currency Risk

Currency risk arises as a result of fluctuations in the value of a financial instrument due to changes in foreign exchange rates. As the Company's financial instruments are denominated in Sri Lankan rupees no significant currency risk experienced.

C. vi Commodity Price Risk

Commodity price risk refers to the potential for financial loss due to commodity price fluctuations. Gold price risk is a critical component of market risk for the Company due to its significant gold loan portfolio. Fluctuations in gold prices directly impact the collateral value of gold-backed loans, potentially affecting the loan-to-value ratios and recovery prospects in case of defaults.

The gold loan portfolio is also structured with relatively short tenures, typically ranging from 1 to 12 months, which limits exposure to long-term gold price volatility.

Notes to the Financial Statements

(D) Operational Risk

Capital Management

The Company is required to manage its capital taking into account the need to meet the regulatory requirements as well as the current and future business needs, stakeholder expectations and available options for raising capital.

Regulatory Capital Adequacy

Capital adequacy is a measure of financial institutions financial strength and stability of a company. This measure has been introduced by Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company.

The Capital Adequacy Ratio (CAR) is calculated based on the CBSL Finance Business Act Direction No. 3 of 2018. The minimum Tier 1 capital ratio and total capital ratio are required to be maintained at 10% and 14% respectively with effect from 31st December 2025 since the Company exceeded the total assets of Rs. 100Bn.

Computation of Capital Adequacy Ratios

As at 31st March	Company	
	2025 Rs.	2024 Rs.
Tier 1 Capital	14,660,551	12,470,931
Total Capital	19,059,047	14,470,157
Risk Weighted Amount for Credit Risk	79,629,078	64,210,606
Risk Weighted Amount for Operational Risk	8,984,118	8,882,378
Total Risk Weighted Amount	88,613,202	73,092,984
Core Capital Ratio (TIER 1) (Minimum Requirement 10%)	16.54%	17.06%
Total Risk Weighted Capital Ratio (TIER 11) (Minimum Requirement 14%)	21.51%	19.80%

58 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no circumstances have arisen which would require adjustments or disclosure in the Financial Statements.

BROADENING OUR SCOPE, ELEVATING INSIGHT

Transparency goes beyond compliance—it reflects a mindset of openness and trust. By offering additional layers of detail and clarity, we empower stakeholders with a fuller understanding of our operations, performance, and long-term direction.

SUPPLEMENTARY INFORMATION

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GRI Content Index

Statement of use	Vallibel Finance PLC has reported in accordance with the GRI Standards for the period 1st April 2024 to 31st March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location Page No	Omission		
			Requirement(s) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	232			
	2-2 Entities included in the organisation's sustainability reporting	4			
	2-3 Reporting period, frequency and contact point	4.5			
	2-4 Restatements of information	4			
	2-5 External assurance	4, 329			
	2-6 Activities, value chain and other business relationships	10, 40, 85, 104			
	2-7 Employees	63			
	2-8 Workers who are not employees	-	2-8	Information unavailable/incomplete	Does not currently collect data on workers who are not employees.
	2-9 Governance structure and composition	28, 38, 124, 127			
	2-10 Nomination and selection of the highest governance body	127, 207			
	2-11 Chair of the highest governance body	128			
	2-12 Role of the highest governance body in overseeing the management of impacts	38			
	2-13 Delegation of responsibility for managing impacts	38			
	2-14 Role of the highest governance body in sustainability reporting	38, 50, 167			
	2-15 Conflicts of interest	128, 212			
	2-16 Communication of critical concerns	195			
	2-17 Collective knowledge of the highest governance body	134, 158			
	2-18 Evaluation of the performance of the highest governance body	153, 161			
	2-19 Remuneration policies	162, 210			
	2-20 Process to determine remuneration	162, 210			
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Does not disclose due to confidential reasons
	2-22 Statement on sustainable development strategy	22			

GRI Standard/ Other Source	Disclosure	Location Page No	Omission Requirement(s) Omitted	Reason	Explanation
	2-23 Policy commitments	38, 130, 133, 151, 170			
	2-24 Embedding policy commitments	38, 133, 151			
	2-25 Processes to remediate negative impacts	68, 103			
	2-26 Mechanisms for seeking advice and raising concerns	68, 203			
	2-27 Compliance with laws and regulations	103			
	2-28 Membership associations	346			
	2-29 Approach to stakeholder engagement	44			
	2-30 Collective bargaining agreements	64			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	50			
	3-2 List of material topics	50			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	72			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	81			
	201-3 Defined benefit plan obligations and other retirement plans	248			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	63			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	84, 98			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	85, 104			
	203-2 Significant indirect economic impacts	104			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	104			
Anti-corruption					

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location Page No	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	103			
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	103			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	111			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	110			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	113			
	303-5 Water consumption	113			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65			
	401-3 Parental leave	65			
Labour/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	66			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	68			
	403-9 Work-related injuries	68			
	403-10 Work-related ill health	68			

GRI Standard/ Other Source	Disclosure	Location Page No	Omission Requirement(s) Omitted	Reason	Explanation
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	66			
	404-2 Programs for upgrading employee skills and transition assistance programs	66, 92			
	404-3 Percentage of employees receiving regular performance and career development reviews	66			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	63			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	63			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	60, 98			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	64, 104			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	60, 98			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	64			
Force or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	60, 98			
GRI 409: Force or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	64			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			

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GRI Standard/ Other Source	Disclosure	Location Page No	Omission Requirement(s) Omitted	Reason	Explanation
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	104			
	413-2 Operations with significant actual and potential negative impacts on local communities	104			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	100			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	101			
	417-2 Incidents of non-compliance concerning product and service information and labelling	103			
	417-3 Incidents of non- compliance concerning marketing communications	103			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	103			

Independent Practitioner's Assurance Report



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Independent practitioner's assurance report to the Board of Directors of Vallibel Finance PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

Scope

We have been engaged by Vallibel Finance PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Vallibel Finance PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Vallibel Finance PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Vallibel Finance PLC

In preparing the Subject Matter, Vallibel Finance PLC applied the following criteria ("Criteria"):

- ⊙ The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Vallibel Finance PLC's responsibilities

Vallibel Finance PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Vallibel Finance PLC on 4 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are

aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Practitioner's Assurance Report

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ⊙ Validated the information presented and checked the calculations performed by the organisation through recalculation.
- ⊙ Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- ⊙ Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- ⊙ Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.

- ⊙ Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

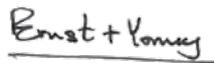
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Vallibel Finance PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



29 May 2025

Colombo

Glossary of Financial Terms

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

Accrual Basis

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

Actuarial Assumptions

An entity's unbiased and mutually compatible best estimates of the demographic and financial variables that will determine the ultimate cost of providing post employment benefits.

Actuarial Gains and Losses

Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Actuarial Valuation

Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets, and other relevant costs and values.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Amortised Cost

The amount at which a financial asset or liability is measured at initial recognition, minus any repayment of principal, minus any reduction for impairment or uncollectibility and plus or minus the cumulative amortisation using the effective interest method of the difference between that initial amount and maturity amount.

Capital Adequacy Ratio (CAR)

The relationship between capital and the risk weighted assets as prescribed by the Central Bank of Sri Lanka developed by modifying International best practices on maintenance of Capital for financial Institutions, to suit the local requirements.

Cash Equivalents

Short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Generating Unit (CGU)

The smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Collective Impairment Provisio

Impairment is measured on a collective basis for homogeneous groups of loans that are not considered individually significant.

Contingencies

Conditions or situations at the reporting date, the financial effect of which are to be determined by the future events which may or may not occur.

Contractual Maturity

The final payment date of a loan or other financial instrument, at which point the entire remaining outstanding principal will be repaid and interest is due to be paid.

Corporate Governance

The process by which Corporate Institutions are governed. It involves the way in which authority is exercised over the management and the direction of the company, the supervisions of executive roles and the responsibility and accountability towards owners and other parties.

Cost to Income Ratio

Operating expenses excluding impairment charge as a percentage of total operating income (Net of interest expenses).

Credit Ratings

An evaluation of a corporate's ability to repay its obligations or likelihood of not defaulting, carried out by an independent rating agency.

Credit Risk

The risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Deferred Tax

Sum set aside in the financial statements for income taxation that would become payable / receivable in a financial year other than the current financial year.

Delinquency

A debt or other financial obligation is considered to be in a state of delinquency when payments are overdue. Loans and advances are considered to be delinquent when consecutive payments are missed.

Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life.

De-recognition

Removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Diluted Earnings Per Share

The earnings per share that would result if all dilutive securities were converted into common shares.

Dividend Pay-Out Ratio

Dividend by profit after tax; indicates the percentage of earnings paid out to shareholders as dividends.

Dividend Per Share (DPS)

Value of the total dividend paid out and proposed to ordinary shareholders divided by the number of ordinary shares in issue; indicates the proportion of current year's dividend attributable to an ordinary share in issue.

Earnings Per Share (EPS)

Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue.

Effective Income Tax Rate

Provision for taxation divided by the net profit before taxation.

Glossary of Financial Terms

Effective Interest Rate (EIR)

Rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability.

Equity Instrument

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Expected Credit Losses (ECL)

A probability weighted estimate of credit losses over the expected life of the financial instrument.

12 Month Expected Credit Losses (12MECL)

The portion of life time expected credit losses that represent the expected credit losses resulting from default events of a financial instrument that are possible within 12 months after the reporting date.

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of reporting period and the date when the financial statements are authorised for issue.

Exposure

A claim, contingent claim or position which carries a risk of financial loss.

Exposure At Default (EAD)

Gross carrying amount of financial instruments subject to impairment calculation.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value through Profit or Loss

A financial asset or financial liability that is held for trading or upon initial recognition designated by the entity as fair value through profit or loss.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in other entity.

Forward-Looking Information

Incorporation of macroeconomic scenarios into the impairment calculations.

Global Reporting Initiative (GRI)

A leading organisation in the sustainability field which promotes the use of sustainability reporting as a way for organisation to become more sustainable and contribute to sustainable development.

Going Concern

The financial statements are normally prepared on the assumption that an entity is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially scale of its operation.

Guarantees

An assurance made by a third party (Guarantor) who is not a party to contract between two others, that the guarantor will be liable if the Guarantee fails to fulfil the contractual obligation.

Impairment

This occurs when recoverable amount of an asset is less than its carrying amount.

Individually Significant Loans

Exposures which are above a certain threshold decided by the Company's management which should be assessed for objective evidence, measurement, and recognition of impairment on an individual basis.

Individually Significant Loan Impairment Provision

Impairment measured individually for loans that are individually significant to the Company.

Intangible Asset

An identifiable non-monetary asset without physical substance.

Interest Cover

Profits before interest and taxes divided by the interest cost. This ratio measures the number of times Interest is covered by the current year's profits before interest and taxes.

Integrated Reporting

A methodology of reporting an organisation's strategy, governance, financial performance and prospects in relation to the creation of value over the short, medium and long-term in its economic, social and environmental context.

Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Liquid Assets

Assets that are held in cash or in a form that can be converted to cash readily.

Life Time Expected Credit Loss (LTECL)

The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss Given Default (LGD)

The percentage of an exposure that a lender expects to lose in the event of obligor default.

Market Capitalisation

Number of ordinary shares in issue multiplied by market value of a share and indicates total market value of all ordinary shares in issue.

Market Risk

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statement.

Net Assets Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Interest Income

The difference between the amounts a financial institution earns on assets such as loans and securities and what it incurs on liabilities such as deposits and borrowings.

Net Lending Portfolio

Total value of lending products net of unearned income and allowance for impairment.

Non-Performing Loans

Loans advances and hire purchase / lease finance of which interest or capital is in arrears for six months or more.

Non-Performing Ratio

Total non-performing loans expressed as a percentage of the total loans and advances.

Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Past Due

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Price Earnings Ratio (P/E Ratio)

Market price of an ordinary share divided by earnings per share.

Projected Unit Credit Method

An actuarial valuation method that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Probability of Default (PD)

An internal estimate for each borrower grade of likelihood that an obligor will default on an obligation.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Related party Transactions

A transfer of resources, services or obligations between related parties, regardless of whether a price is charged or not.

Return on Assets (ROA)

Net profit after tax divided by the average assets.

Return on Equity (ROE)

Profit after tax less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Reverse Repurchase Agreement

Transaction involving the purchase of government securities and resale back to the seller at a given price on a specific future date.

Revaluation Reserve

Reserves arising from revaluation of properties owned by the company.

Risk Weighted Assets

Risk weighted assets is the sum of risk weighted asset amount for credit risk and risk weighted asset amount for operational risk.

Right Issue

Issue of shares to the existing shareholders at an agreed price, generally lower than market price.

Solvency

The availability of cash over the long term to meet financial commitments as they fall due.

Solely Payments of Principal and Interest Test (SPPI)

Classification decision for non-equity financial assets under SLFRS 9.

Tier I Capital

Core Capital representing permanent shareholders' equity and reserves created or increased by appropriations of retained earnings or other surpluses.

Tier II Capital

Supplementary capital representing revaluation reserves, general provisions and debt instruments such as subordinated term debts and other hybrid capital instruments which combine certain characteristics of equity and debt.

Transaction costs

Incremental costs those are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Unit Trust

An undertaking formed to invest in securities under the terms of a trust deed.

Useful Life

The period over which an asset is expected to be available for use by an entity or the number of production or similar units expected to be obtained from the asset by an entity.

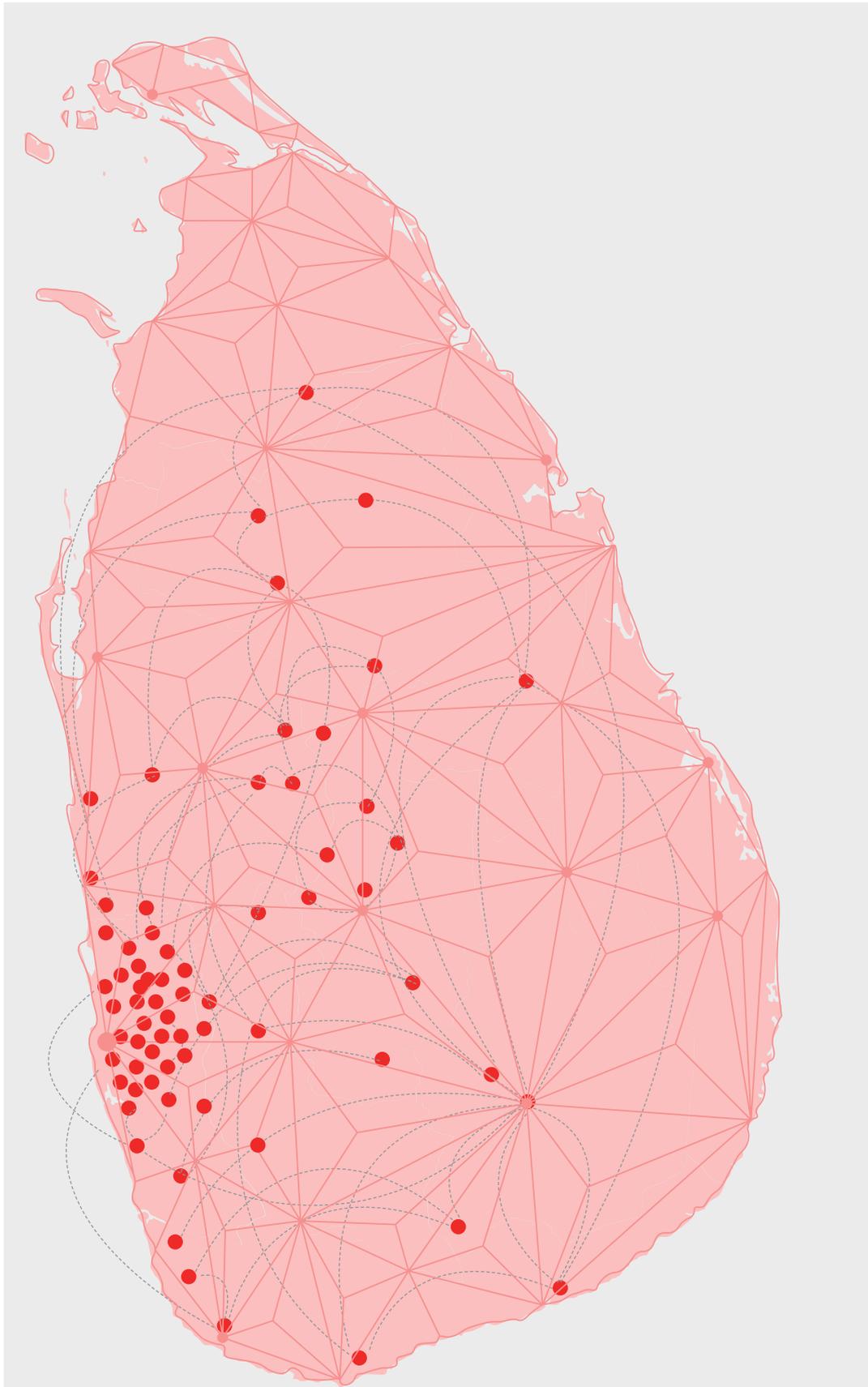
Value Added

Value of wealth created by providing financial and other related services after deducting the cost of providing such services.

Write-off of financial Assets

Loans and debt securities are written off (either partly or in full) when there is no realistic prospective recovery.

Branch Network



Branch

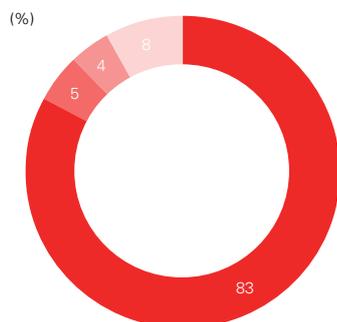
Aluthgama
Ambalangoda
Ambalanthota
Anuradhapura
Athurugiriya
Avissawella
Badulla
Balangoda
Bambalapitiya
Bandarawela
Battaramulla
Boralesgamuwa
Borella
Chilaw
Corporate Office
Dambulla
Dematagoda
Elpitiya
Embilipitiya
Galewela
Galle
Gampaha
Hanwella
Hingurakgoda
Homagama
Horana
Ja-Ela
Kadawatha
Kaduruwela
Kaduwwela
Kalutara
Kandy
Kegalle
Kekirawa
Kiribathgoda
Kohuwala
Kuliyapitiya
Kurunegala
Kurunegala Metro
Maharagama
Mahiyanganaya
Malabe
Maradana
Matale
Matara
Mathugama
Mawanella
Medawachchiya
Minuwangoda
Mirigama
Moratuwa
Mount Lavinia
Narammala
Negombo
Nittambuwa
Nugegoda
Nuwara Eliya
Panadura
Pelawatta
Pilimathalawa
Piliyanadala
Rajagiriya
Ratnapura
Senkadagala
Tangalle
Thambuttegama
Uragasmanhandiya
Vavuniya
Warakapola
Wariyapola
Wattala
Weligama
Wellawaya
Wennappuwa

Address	Telephone	Contact Person	District	Province
No. 375, Galle Road, Aluthgama	034-7687687	Chithraka Hettiarachchi	Kalutara	Western
No.16,Wickrarnasooriya Road, Ambalangoda	091-7488488	Naushad Samath	Galle	Southern
No. 141, Tangalle Road, Ambalanthota	047-7448448	Pramod Ranasinghe	Hambanthota	Southern
No.521/11, Maithripala Senanayake Mawatha, Anuradhapura	025-7687687	Nuwan Buddhika	Anuradhapura	North Central
No. 115, Main Street, Athurugiriya	011-7387347	Mohan Deegodage	Colombo	Western
No. 19, Colombo Road, Avissawella	036-7867867	Suminda Bandula	Colombo	Western
No. 19/B, Bank Road, Badulla	055-7687687	Indunil Bandara	Badulla	Uva
No. 86/C, Barnes Rathwaththa Mawatha, Balangoda	045-7857857	Ranjith Gunaratne	Ratnapura	Sabaragamuwa
No. 45, Bauddhaloka Mawatha, Colombo 04	011-7738738	Amal Chaminda	Colombo	Western
No. 197, Badulla Road, Bandarawela	057-7687687	Chaminda Attanayake	Badulla	Uva
No. 757, Pannipitiya Road, Battaramulla	011-7281281	Thusara Kanchana	Colombo	Western
No.09, Dehiwala Road, Boralesgamuwa	011-7534535	Gihan Buddika	Colombo	Western
No. 58, Castle Street, Borella	011-7876876	Anushka Perera	Colombo	Western
No. 84, Kurunegala Road, Chilaw	032-7687687	Wasantha Kumara	Puttalam	North Western
No. 480, Galle Road, Colombo 03	011-7600001	Bhathiya Samaraweera	Colombo	Western
No. 722A, Anuradhapura Road, Dambulla	066-7687687	Prabath Dharmapriya	Matale	Central
No. 8 Dharmarama Road, Dematagoda	011-7889900	Sineth Senevirathna	Colombo	Western
No. 38, Main Street, Elpitiya	091-7120120	Kavindu Pramuditha	Galle	Southern
No. 103, New Town Road, Embilipitiya	047-7687687	Ranjith Munasinghe	Ratnapura	Sabaragamuwa
No. 21, Kurunegala Road, Galewela	066-7520520	Buddhika Nuwan	Matale	Central
No. 128, Main Street, Galle	091-7687687	Jagath Mendis	Galle	Southern
No. 55, Yakkala Road, Gampaha	033-7687687	Ajith Rathnamalala	Gampaha	Western
No. 133/C, Avissawella Road, Hanwella	036-7687687	Damith Indimal	Colombo	Western
No. 58, Main Street, Hingurakgoda	027-7320320	Sameera Malagammana	Anuradhapura	North Central
No.52A, High-Level Road, Homagama	011-7582592	Kasun Darmasena	Colombo	Western
No. 101/A, Rathnapura road, Horana	034-7487487	Nilanka Dinesh	Kalutara	Western
No. 150, Negombo Road, Ja-Ela	011-7781881	Shiran Jayasinghe	Gampaha	Western
No.27/A, Kandy Road, Kadawatha	011-7488888	Rajitha Dayananda	Gampaha	Western
No. 292, Batticaloa Road, Kaduruwela	027-7687687	Sumede Kulathilaka	Polonnaruwa	North Central
No.438/2, Malabe Road, Kaduwela	011-7655455	Kapila Chandrakumara	Colombo	Western
No. 302, Galle Road, Kalutara South	034-7387387	Prasanna Fernando	Kalutara	Western
No. 177/A, D.S Senanayake Veediya, Kandy	081-7687687	Asela Bandara	Kandy	Central
No. 315, Main Street, Kegalle	035-7687687	Priyankara Gamlath	Kegalle	Sabaragamuwa
A M Dissanayake Building, Thalawa Road, Kekirawa	025-7123123	Sameera Premasinghe	Anuradhapura	North Central
No. 121, Gala Junction, Kandy Road, Kiribathgoda	011-7787787	Dilshan Rathnayake	Gampaha	Western
No. 169, Dutugemunu Street, Kohuwala	011-7677477	Kushan Perera	Colombo	Western
No. 111, Kurunegala Road, Kuliyapitiya	037-7787787	Chamara Perera	Kurunegala	North Western
No. 395, Colombo Road, Kurunegala	037-7687687	Hasith Gunasekara	Kurunegala	North Western
No. 36, Surathissa Mawatha, Kurunegala	037-7889889	Asinil Perera	Kurunegala	North Western
No. 126/5, High Level Road, Maharagama	011-7487487	Lasantha Kumara	Colombo	Western
No.24, New Town, Mahiyanganaya.	055-7487487	Damith Kulasekara	Badulla	Uva
No. 824/C, New Kandy Road, Malabe	011-7387387	Priyantha Rathnayake	Colombo	Western
No. 74, Deans Road, Maradana	011-7582582	Sajeewa Udayanga	Colombo	Western
No.260, Main Street, Matale	066-7487487	Iranga Priyadarshana	Matale	Central
No.59, Anagarika Dharmapala Mawatha, Matara	041-7687687	Janaka Kumara	Matara	Southern
No. 23, Neboda Road, Mathugama	034-7488488	Priyantha Silva	Kalutara	Western
No.232, Main Street, Mawanella	035-7480480	Nuwan Ranasinghe	Kegalle	Sabaragamuwa
No. 98, Jaffna Road, Medawachchiya	025-7320320	Aruna Jayarathne	Anuradhapura	North Central
No. 28/5A, Kurunegala Road, Minuwangoda	011-7587587	Suren Abewickrama	Gampaha	Western
No. 70, Giriulla Road, Mirigama	033-7857857	Malinda Hettiarachchi	Gampaha	Western
No. 303/A, Galle Road, Rawathawatta, Moratuwa	011-7807807	Dushan Kumarasinghe	Colombo	Western
No 461, Galle Road, Mt. Lavinia	011-7867867	Kumara Thennekumbura	Colombo	Western
No. 93, Kurunegala Road, Narammala	037-7475475	Kanjula Pamarathna	Kurunegala	North Western
No 178, Colombo Road, Negombo	031-7687687	Shashika Kumara	Gampaha	Western
No. 487/1, Kandy Road, Nittambuwa	033-7480480	Anil Gunarathne	Gampaha	Western
No. 213, High Level Road, Nugegoda	011-7517517	Madhura Jayasekara	Colombo	Western
No. 78, Kandy Road, Nuwara Eliya	052-7687687	Tharaka Keerthisinghe	Nuwara Eliya	Central
No. 293/A, Galle Road, Panadura	038-7687687	Ravindra Kumara	Kalutara	Western
No. 730/A, Pannipitiya Road, Pelawatte	011-7724824	Manoj Gayan	Colombo	Western
No. 177/B, Colombo Road, Pilimathalawa	081-7520520	Dhananjaya Bandara	Kandy	Central
No 32, Colombo Road, Piliyandala	011-7595595	Saliya Gunasinghe	Colombo	Western
No. 600/A, Nawala Road, Rajagiriya	011-7489489	Dilhan Liyanage	Colombo	Western
No. 191, Main Street, Ratnapura	045-7687687	Manjula Prabath	Ratnapura	Sabaragamuwa
No.274,Katugastota road,Mahaiyawa	081-7500500	Supun Chamikara	Kandy	Central
No. 54, Beliatta Road, Tangalle	047-7320320	Rukshan Ranaweera	Hambanthota	Southern
No. 156, Anuradhapura Road, Thambuttegama	025-7480480	Dayarathna Thennakoon	Anuradhapura	North Central
No. 52, Main Street, Uragasmanhandiya	091-7796796	Indika Kumara	Galle	Southern
No.272nd cross street,Vavuniya	024-7687687	Kanthasamy Thusiyanthan	Vavuniya	North
No. 95, Colombo-Kandy Road, Warakapola	035-7689689	Nirmal Shalinda	Kegalle	Sabaragamuwa
No.66,Puttalam Road, Wariyapola	037-7680680	Sujeewa Herath	Kurunegala	North Western
No. 520, Negombo Road, Wattala	011-7523523	Gayan Kumarasinghe	Gampaha	Western
No.321, Old Matara Road, Weligama	041-7480480	Vajira Abeysinghe	Matara	Southern
No.93, Monaragala Road, Wellawaya	055-7500500	Ranjan Bandara	Monaragala	Uva
No. 200, Main Street, Wennappuwa	031-7487487	Tharaka Kumara	Puttalam	North Western

Sources and Utilisation of Income

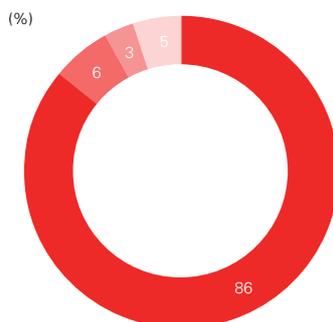
For the year ended 31st March	2025		2024	
	Rs.'000	%	Rs.	%
SOURCES OF INCOME				
Loans and Advances	15,959,940	83.12	17,161,292	85.68
Government Securities	953,953	4.97	1,210,344	6.04
Commission Income	785,151	4.09	714,346	3.57
Other Income	1,501,551	7.82	943,657	4.71
Total	19,200,595	100.00	20,029,639	100.00
UTILISATION OF INCOME				
To Employees				
Personnel Expenses	2,487,213	12.95	1,948,215	9.73
To Suppliers				
Interest Paid	8,796,402	45.81	11,365,024	56.74
Other Expenses	1,915,851	9.98	1,432,972	7.15
Depreciation & Amortisation	272,453	1.42	201,058	1.00
Impairment charge for Loans & other losses	170,781	0.89	437,781	2.19
To Government				
Taxes on Financial Services	1,320,599	6.88	1,189,389	5.94
Income Tax	1,607,798	8.37	1,313,647	6.56
To Shareholders				
Dividends	470,907	2.45	235,453	1.18
Retained Profit	2,158,591	11.24	1,906,100	9.52
Total	19,200,595	100.00	20,029,639	100.00

Sources of Income - 2025



- Loans and Advances
- Government Securities
- Commission Income
- Other Income

Sources of Income - 2024

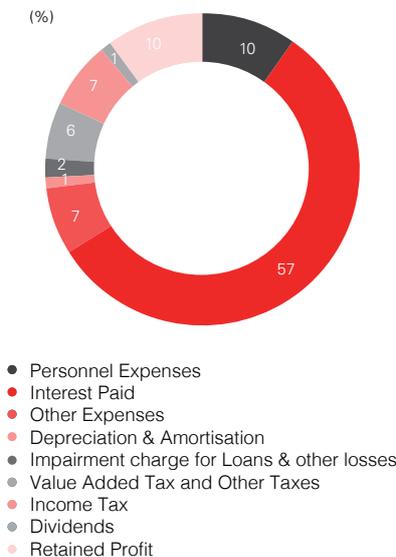
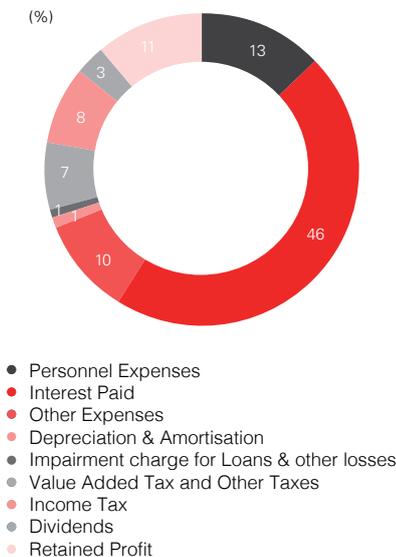


- Loans and Advances
- Government Securities
- Commission Income
- Other Income

2023		2022		2021	
Rs.	%	Rs.	%	Rs.	%
14,858,076	88.95	9,766,065	80.94	8,149,532	86.06
817,641	4.89	164,033	1.36	181,766	1.92
511,805	3.06	672,707	5.58	373,550	3.94
516,926	3.09	1,463,406	12.12	765,094	8.08
16,704,448	100.00	12,066,211	100.00	9,469,942	100.00
1,552,821	9.30	1,404,670	11.64	1,068,763	11.29
11,013,954	65.93	4,234,572	35.09	4,067,534	42.95
1,102,725	6.60	914,456	7.58	784,977	8.29
174,773	1.05	142,345	1.18	115,042	1.21
97,575	0.58	592,489	4.91	575,076	6.07
697,120	4.17	783,810	6.50	468,768	4.95
725,908	4.35	1,081,971	8.97	661,604	6.99
470,907	2.82	353,180	2.93	-	-
868,665	5.20	2,558,718	21.21	1,728,178	18.25
16,704,448	100.00	12,066,211	100.00	9,469,942	100.00

Utilisation of Income - 2025

Utilisation of Income - 2024



Information on Ordinary Shares

Stock Exchange Listing

Vallibel Finance PLC is a Public Quoted Company, the ordinary shares of which were listed on the main board of the Colombo Stock Exchange on 4th May 2010.

Shareholder Base

The total number of shareholders as at 31st March 2025 were 4,331.

Distribution of Shareholding

Shares As At 31st March	2025				2024			
	No of Shareholders	%	No of Shares	%	No of Shareholders	%	No of Shares	%
1-1,000	2,613	60.33	811,646	0.34	2,402	57.74	766,039	0.33
1,001-10,000	1,259	29.07	4,525,125	1.92	1,322	31.78	4,699,199	2.00
10,001-100,000	377	8.70	11,366,249	4.83	367	8.82	10,614,188	4.51
100,001-1,000,000	71	1.64	20,713,302	8.80	59	1.42	19,955,585	8.47
Over 1,000,000	11	0.25	198,037,078	84.11	10	0.24	199,418,389	84.69
	4,331	100.00	235,453,400	100.00	4,160	100.00	235,453,400	100.00

Categories of Shareholders

Type of Investor As At 31st March	2025			2024		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Local Individuals	4,093	90,138,821	38.28	3,939	91,165,391	38.72
Local Institutions	222	144,101,405	61.20	208	143,184,267	60.81
Foreign Individuals	16	1,213,174	0.52	13	1,103,742	0.47
Foreign Institutions	-	-	-	-	-	-
	4,331	235,453,400	100.00	4,160	235,453,400	100.00

Public holding

The percentage of shares held by the public being 21.27% comprising of 4,322 shareholders as at 31st March 2025.

The Float adjusted market capitalisation - Rs. 2,709,930,890.40

The Float adjusted market capitalisation of the Company falls under Option 4 of Rule 7.13.1.i (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.

25 Major Shareholders of the Company

Shareholders	As At 31st March 2025		As At 31st March 2024	
	No of Shares	%	No of Shares	%
Vallibel Investments (Pvt) Limited	121,108,000	51.44	121,108,000	51.44
Mr. K.D.D. Perera	50,465,064	21.43	50,465,064	21.43
Mr. K.D.A. Perera	8,532,960	3.62	8,532,960	3.62
Seylan Bank PLC/S. B. Rangamuwa	5,250,000	2.23	5,250,000	2.23
Mr. K.D.H. Perera	4,084,025	1.73	4,084,025	1.73
Mr. S. Abishek	2,800,000	1.19	2,781,049	1.18
Deutsche Bank AG-National Equity Fund	1,361,953	0.58	NIL	NIL
DFCC Bank PLC A/C No .02	1,265,887	0.54	NIL	NIL
National Savings Bank	1,067,000	0.45	650,000	0.28
Commercial Bank Of Ceylon PLC/G.S.N.Peiris	1,056,989	0.45	NIL	NIL
Mr. B.A.R. Dissanayake	1,050,000	0.45	1,541,815	0.66
Mr. A. Ragupathy	990,106	0.42	975,832	0.41
Hatton National Bank PLC/Mushtaq Mohamed Fuad	935,299	0.40	109,623	0.05
Mr. A. Sithampalam	900,000	0.38	873,495	0.37
DFCC Bank PLC A/C 1	751,937	0.32	NIL	NIL
Mr. G. Ramanan	727,400	0.31	NIL	NIL
Nagoya Ceylon Trading (Pvt) Ltd	724,602	0.31	NIL	NIL
Miss. S. Durga	653,853	0.28	621,000	0.26
Hatton National Bank PLC- Astrue Alpha Fund	610,000	0.26	NIL	NIL
MSS Investments (Private) Limited	580,499	0.25	757,462	0.32
Mr. K.A.K.G.P. Gunawardana	539,710	0.23	NIL	NIL
Mr. N. Balasingam	539,600	0.23	539,600	0.23
Seylan Bank PLC/A.C.Senanka	535,757	0.23	225,757	0.10
National Development Bank PLC/ MSS Investments (Pvt) Ltd	500,000	0.21	NIL	NIL
People's Leasing & Finance PLC/Mr.H.A.D.U.G.Gunasekera	500,000	0.21	101,500	0.04
	207,530,641	88.15	198,617,182	84.61
Others	27,922,759	11.85	36,836,218	15.39
Total	235,453,400	100.00	235,453,400	100.00

Market Prices		Quarter Ended				Year Ended	
		30.06.2024	30.09.2024	31.12.2024	31.03.2025	31.03.2025	31.03.2024
Highest	Rs.	46.00	43.00	53.90	60.40	60.40	42.90
Lowest	Rs.	39.00	36.00	39.80	50.10	36.00	27.50
Closing	Rs.	42.00	40.30	53.30	54.10	54.10	39.00

Utilisation of funds raised via Capital Market

The funds raised via Capital Market have been utilised for the respective objectives mentioned in the prospectus / circulars.

Information on Listed Debentures

Market Values of Listed Debentures

Debentures 2024/2029	Highest	2024/2025	
		Lowest	Period End
Type A		Not traded	
Type B	110.00	97.36	103.66

Interest Rates

Debentures 2024/2029	2024/2025	
	Coupon Rate	Effective Rate
Type A	12.95%	13.37%
Type B	13.37%	13.37%

Interest Rates of Comparable Government Securities - Gross Rates

Debentures 2024/2029	2024/2025
5 Year Treasury Bond	10.68%

Interest Yield and Yield to Maturity

Debentures 2024/2029	2024/2025	
	Type A	Type B
Interest Yield	N/A	13.37%
Yield to Maturity of last trade	N/A	12.38%

Ratios

Debentures 2024/2029	2024/2025
Debt to Equity Ratio (%)	127.88%
Interest Cover (Times)	1.63
Liquid Asset Ratio (%)	15.14%

Rating by Lanka Rating Agency Limited

- ⊙ Issuer Rating of BBB+ (stable)
- ⊙ Listed Subordinated Unsecured Redeemable Debentures rating of BBB (stable)

Utilisation of Funds Raised Via Capital Market

The funds raised via Capital Market have been utilised for the respective objective mentioned in the prospectus / circular.

List of Abbreviations

AC	Amortised Cost
AGM	Annual General Meeting
ALCO	Assets and Liabilities Management Committee
ASPI	All Share Price Index
AWDR	Average Weighted Deposit Rate
AWFDR	Average Weighted Fixed Deposit Rate
AWPLR	Average Weighted Prime Lending Rate
BFI	Banking Finance Insurance
BIRMC	Board Integrated Risk Management Committee
BN	Billion
BOD	Board Of Directors
BOI	Board Of Investment
CAR	Capital Adequacy Ratio
CBSL	Central Bank of Sri Lanka
CCPI	Colombo Consumer Price Index
CDS	Central Depository System
CEO	Chief Executive Officer
CFM	Close Family Members
CGU	Cash Generating Unit
CIL	Crop Insurance Levy
CRM	Customer Relationship Management
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
DBP	Defined Benefit Plan
DCP	Defined Contribution Plan
DGM	Deputy General Manager
DMS	Document Management System
DPS	Dividend Per Share
DR	Disaster Recovery
DRL	Debt Repayment Levy
EAD	Exposure At Default
ECL	Expected Credit Loss
EIR	Effective Interest Rate
EMDE'S	Emerging Markets and Developing Economies
EPF	Employees' Provident Fund
EPS	Earnings Per Share
ESC	Economic Service Charge
ESG	Environmental Social and Governance
ETF	Employees' Trust Fund
FSCMP	Financial Sector Consolidation Master Plan
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HP	Hire Purchase
HR	Human Resource
ICASL	The Institute of Chartered Accountants of Sri Lanka
IFRS	International Financial Reporting Standard
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
IT	Information Technology
KMP	Key Management Personnel
KPIs	Key Performance Indicators
L & R	Loans And Receivables
LAR	Liquid Asset Ratio
LCB	Licensed Commercial Bank
LFC	Licensed Finance Company
LGD	Loss Given Default
LKAS	Sri Lanka Accounting Standard
LKR	Sri Lankan Rupee
LTECL	Life Time Expected Credit Loss
LTV	Loan To Value
MD	Managing Director
MIS	Management Information System
MN	Million
NBFI	Non-Bank Financial Institution
NBT	Nation Building Tax
NCI	Non-Controlling Interest
NCPI	National Consumer Price Index
NII	Net Interest Income
NIM	Net Interest Margin
NPA	Non Performing Advances
NPL	Non Performing Loans
OCI	Other Comprehensive Income
OPD	Out Patient Department
P.A.	Per Annum
P/E	Price Earnings Ratio
PAT	Profit After Tax
PBT	Profit Before Tax
PAYE	Pay As You Earn
PBV	Price to Book Value
PD	Probability of Default
PLC	Public Limited Company
POCI	Purchased or Originated Credit Impaired
POS	Point Of Sale
PQ	Public Quoted
PUC	Projected Unit Credit
ROA	Return On Assets
ROCE	Return On Capital Employed
ROE	Return On Equity
RSA	Rate Sensitive Assets
RSL	Rate Sensitive Liabilities
RWA	Risk Weighted Assets
SBU's	Strategic Business Units
SEC	Securities and Exchange Commission
SLAS	Sri Lanka Accounting Standard
SLAuS	Sri Lanka Auditing Standard
SLC	Specialised Leasing Company
SLFRS	Sri Lanka Financial Reporting Standard
SLIPS	Sri Lanka Interbank Payment System
SLSAE	Sri Lanka Standard on Assurance Engagement
SME	Small and Medium Enterprises
SPPI	Solely Payments of Principal And Interest
TB	Treasury Bill
VAT	Value Added Tax
WHO	World Health Organisation
WHT	Withholding Tax
WIP	Work In Progress

Ten Year Summary

For the year ended 31st March	2025	2024	2023
	Rs.'000	Rs.'000	Rs.'000
Income Statement			
Gross Income	19,200,595	20,029,639	16,704,448
Interest Income	16,913,893	18,371,636	15,675,717
Interest Expense	8,796,402	11,365,024	11,013,954
Net Interest Income	8,117,491	7,006,612	4,661,764
Net Fee and Commission Income	785,151	714,346	511,805
Other Operating Income	1,501,551	943,657	516,926
Operating Expenses and provisions	4,846,298	4,020,027	2,927,895
Profit Before Taxation	5,557,895	4,644,589	2,762,600
Tax Expense	2,928,397	2,503,036	1,423,028
Net Profit	2,629,498	2,141,553	1,339,572

As at 31st March	2025	2024	2023
	Rs.'000	Rs.'000	Rs.'000
Assets			
Cash and Cash Equivalents	1,982,202	1,952,377	2,332,724
Placements with Bank's and Other Finance Companies	570,007	8,322,520	9,860,927
Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	133,889	3,652,152	1,498,553
Assets Held for Sale	-	-	-
Financial Assets at Amortised Cost - Loans and Receivables to Other Customers	78,402,912	57,895,030	50,581,535
Financial Assets at Amortised Cost - Lease Rental and Hire Purchase Receivables	13,745,290	10,346,937	10,789,860
Financial Investments Measured at Fair Value Through Other Comprehensive Income	204	204	204
Financial Assets at Amortised Cost - Debt and other Financial Instruments	8,850,863	5,048,103	4,169,489
Financial Assets at Amortised Cost - Other Financial Assets	42,074	34,319	28,698
Investment in a Subsidiary	-	-	-
Investment Property	1,242,000	1,178,000	1,179,500
Property, Plant and Equipment	1,094,181	968,056	772,846
Right-of-use Lease Assets	3,473,889	1,746,895	748,848
Intangible Assets	13,357	20,325	18,458
Deferred Tax Assets	1,236,213	644,012	107,520
Other Assets	895,497	1,358,620	234,912
Total Assets	111,682,578	93,167,550	82,324,074

2022	2021	2020	2019	2018	2017	2016
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
12,066,211	9,469,942	9,695,306	8,724,530	6,929,201	5,114,694	3,468,277
9,930,098	8,331,297	8,912,196	7,888,022	6,256,980	4,597,260	3,244,787
4,234,572	4,067,534	4,854,516	4,524,629	3,500,250	2,604,049	1,558,668
5,695,526	4,263,763	4,057,680	3,363,394	2,756,730	1,993,211	1,686,119
672,707	373,551	350,337	361,072	248,286	189,053	109,128
1,463,406	765,094	432,773	475,436	423,935	328,382	114,362
3,053,960	2,543,858	2,398,894	2,256,163	1,534,558	1,186,174	997,874
4,777,680	2,858,550	2,441,897	2,285,618	1,894,394	1,324,471	911,736
1,865,781	1,130,372	1,188,487	1,156,890	875,756	598,312	398,471
2,911,898	1,728,178	1,253,410	1,128,728	1,018,637	726,159	513,265

2022	2021	2020	2019	2018	2017	2016
Rs.'000						
877,638	1,683,003	2,046,506	1,507,933	1,021,651	806,207	519,315
4,167,388	267,312	2,568,898	2,356,359	2,076,192	2,243,113	1,312,170
314,015	1,188,829	1,084,455	812,321	1,939	1,761	4,067
-	-	-	-	23,919	-	-
50,691,039	33,660,559	27,625,557	24,332,296	18,073,714	12,466,944	7,251,677
14,973,325	14,085,116	13,493,996	14,624,917	12,753,940	12,311,136	11,228,228
1,737,815	204	204	204	208,704	510,085	104,658
1,871,036	1,795,353	2,177,796	2,015,846	2,551,008	1,829,477	1,980,511
13,648	15,162	16,618	15,963	16,972	20,828	15,969
1,179,500	1,100,000	-	-	-	-	-
756,193	614,155	1,762,547	1,719,587	1,445,290	315,104	194,787
781,225	583,945	369,693	-	-	-	-
28,672	9,898	17,664	19,648	14,569	10,298	4,130
141,914	80,267	73,780	73,029	16,020	8,525	37,147
156,803	141,235	186,135	181,424	202,359	161,619	114,517
77,690,211	55,225,038	51,423,849	47,659,527	38,406,277	30,685,097	22,767,176

Ten Year Summary

As at 31st March	2025	2024	2023
	Rs.'000	Rs.'000	Rs.'000
Bank Overdrafts	1,828,680	1,913,964	1,561,119
Rental Received in Advance	306,105	197,788	176,943
Financial Liabilities at Amortised Cost - Deposits due to Customers	67,480,200	58,643,446	49,659,457
Financial Liabilities at Amortised Cost - Interest bearing Borrowings	12,650,533	10,786,681	13,888,909
Subordinated Term Debt	6,690,647	3,331,609	3,163,398
Lease Liabilities	2,721,617	1,989,370	912,495
Current Tax Liabilities	919,107	642,304	547,185
Deferred Tax Liabilities	1,234,806	739,934	284,919
Other Liabilities	2,507,119	1,791,325	955,905
Retirement Benefit Obligations	219,680	157,336	86,818
Total Liabilities	96,558,494	80,193,757	71,237,148
Shareholders' Funds			
Stated Capital	1,325,918	1,325,918	1,325,918
Statutory Reserve Fund	2,005,326	1,873,851	1,766,773
Revaluation Reserve	186,522	176,535	157,386
Available For Sale Reserve / Fair Value Reserve	-	-	-
General Reserve	7,500	7,500	7,500
Retained Earnings	11,598,818	9,589,989	7,829,349
Total Shareholders' Funds	15,124,084	12,973,793	11,086,926
Total Shareholders' Funds & Total Liabilities	111,682,578	93,167,550	82,324,074

For the year ended 31st March	2025	2024	2023
Information on Ordinary Shares			
Earnings per Share (Rs.)*	11.17	9.10	5.69
Net Assets per Share (Rs.)*	64.23	55.10	47.09
Interest Cover (Times)	1.63	1.41	1.25
Dividend Per Share (Rs.)	-	2.00	1.00
Dividend Payout (%)	-	21.98	17.57
Market Value Per Share**	54.10	39.00	32.90
P/E Ratio (Times)	4.84	4.29	5.78
Ratios (%)			
Return on Shareholders Funds (%)	17.39	16.51	1.63
Liquid Assets as a % of Deposits (%)	17.10	32.36	35.97
Growth in Income (%)	(4.14)	19.91	38.44
Growth in Interest Expenses (%)	(22.60)	3.19	160.10
Growth in Other Expenses (%)	20.55	37.30	(4.13)
Growth in Profit After Tax (%)	22.78	59.87	(54.00)
Growth in Advances (%)	35.03	11.20	(6.54)
Growth in Deposits (%)	15.07	18.09	21.06
Growth on Shareholders' Funds (%)	16.57	17.02	4.05

*Ratios of years before 2022 have been restated based on the post sub-division of shares.

**Market price per share of years before 2022 represents the share price before the sub-division.

2022	2021	2020	2019	2018	2017	2016
Rs.'000						
1,062,547	983,750	964,530	1,566,069	1,839,145	1,487,194	1,224,665
227,759	247,761	266,875	324,197	308,688	243,882	208,870
41,021,170	32,170,953	29,243,913	25,436,258	22,186,880	17,863,861	14,804,037
20,034,340	11,282,499	12,037,796	12,497,221	8,011,422	6,043,392	2,243,116
2,012,844	-	-	1,031,100	1,550,967	1,700,466	1,917,563
858,556	599,681	402,519	-	-	-	-
604,894	635,606	223,998	509,697	364,888	209,077	38,688
142,581	112,558	260,945	343,734	385,537	270,784	182,866
989,545	841,326	1,442,619	411,166	400,427	279,104	190,776
80,825	162,996	102,642	69,132	57,213	29,717	27,669
67,035,061	47,037,130	44,945,837	42,188,574	35,105,167	28,127,477	20,838,250
1,325,918	1,325,918	1,325,918	1,325,918	287,153	287,153	287,153
1,699,794	1,554,200	1,208,564	957,882	732,136	528,409	383,177
170,877	131,762	127,146	127,146	-	-	-
(226,311)	-	-	-	-	(6,835)	(8,009)
7,500	7,500	7,500	7,500	7,500	7,500	7,500
7,677,372	5,168,528	3,808,884	3,052,507	2,274,321	1,741,393	1,259,105
10,655,150	8,187,908	6,478,012	5,470,953	3,301,110	2,557,620	1,928,926
77,690,211	55,225,038	51,423,849	47,659,527	38,406,277	30,685,097	22,767,176

2022	2021	2020	2019	2018	2017	2016
12.37	7.34	5.32	5.09	5.90	4.37	3.09
45.25	34.78	27.51	23.24	19.86	15.39	11.61
2.13	1.70	1.50	1.51	1.54	1.51	1.58
2.00	6.00	4.00	-	6.50	2.50	2.00
16.17	40.87	18.79	-	26.51	14.30	16.19
37.10	105.25	53.60	65.70	67.00	58.50	53.70
3.00	3.58	2.52	3.23	2.84	3.35	4.35
27.33	21.11	19.35	20.63	30.86	28.39	26.61
21.86	15.34	26.94	26.31	26.40	30.17	26.46
27.42	(2.32)	11.13	25.91	35.48	47.47	19.75
4.11	(16.21)	7.29	29.27	34.42	67.07	15.94
20.05	6.04	6.33	47.02	29.37	18.87	8.59
68.50	37.88	11.05	10.81	40.28	41.48	37.68
37.53	16.11	5.55	26.37	24.42	34.08	47.03
27.51	10.01	14.97	14.65	24.20	20.67	21.72
30.13	26.40	18.41	65.73	29.07	32.59	27.39

Corporate Information

Name of Company

Vallibel Finance PLC

Legal Form

Public Limited Liability Company incorporated in Sri Lanka. A Finance Company licensed under the Finance Business Act No.42 of 2011. A Registered Finance Leasing Establishment in terms of Finance Leasing Act No.56 of 2000. An Approved Credit Agency under the Mortgage Act No.6 of 1949 and Trust Receipt Ordinance No.12 of 1947.

Date of Incorporation

5th September 1974

Company Registration Number

PB 526/PQ

Board of Directors

Mr. K D A Perera - Chairman
 Mr. S B Rangamuwa - Managing Director
 Mr. S S Weerabahu - Executive Director
 Mr. J Kumarasinghe
 Mrs. C P Malalgoda
 Mr. M A K B Dodamgoda
 Mr. R S Dahanayake

Registered Office/Head office

No. 310, Galle Road, Colombo 03.

VAT registration no.

104040950 7000

Telephone

(+94) 11-2370990

Facsimile

(+94) 11-4393129

Website

www.vallibelfinance.com

Company Secretary

Mrs. K G L D Kottegoda
 Vallibel Finance PLC,
 Corporate Office,
 No.480, Galle Road,
 Colombo 3.
 Telephone: (+94) 11-4393100
 Email: lakminik@vallibelfinance.com

Company Registrars

Central Depository Systems (Pvt) Limited
 Ground Floor,
 M & M Centre,
 341/5, Kotte Road,
 Rajagiriya
 Telephone: (+94) 11- 2356444
 Fax: (+94) 11- 2440396
 Email: registrars@cse.lk

External Auditors

Ernst & Young
 Rotunda Towers,
 Rotunda Gardens,
 Colombo 03.
 Telephone: (+94) 112- 463 500
 Fax: (+94) 112- 697 369

Bankers

Bank of Ceylon
 Corporate Branch First Floor,
 No.1, BOC Square,
 Bank of Ceylon Mawatha,
 Colombo 01.

People's Bank

Headquarters Branch,
 No.75, Sir Chittampalam A Gardiner
 Mawatha,
 Colombo 02.

Seylan Bank PLC

Millennium Branch,
 90, Galle Road,
 Colombo 03.

Sampath Bank PLC

Headquarters Branch,
 No 110, Sir James Peiris Mawatha,
 Colombo 02.

Pan Asia Banking Corporation PLC

Head Office Branch,
 No.450, Galle Road,
 Colombo 03.

National Development Bank PLC

Head Office Branch,
 No. 40, Nawam Mawatha,
 Colombo 02.

Hatton National Bank PLC

Colpetty Branch,
 No.324, Galle Road,
 Colombo 03

Commercial Bank

Kollupitiya Branch,
 No 285, Galle Road,
 Colombo 03.

Cargills Bank

Corporate Branch,
 Cargills Bank Ltd,
 No.696, Galle Road,
 Colombo 03.

Union Bank

Head Office Branch,
 No. 64, Galle Road,
 Colombo 03.

National Savings Bank

Head Office Branch,
 No: 255, Savings House,
 Galle Road,
 Colombo 03.

DFCC Bank

No 73/5,
 Galle Road,
 Colombo 03.

MCB Bank

No. 8, Leyden Bastian Road,
 Colombo 01.

Corporate Memberships and Associations

The Finance House Association of Sri Lanka
 Leasing Association of Sri Lanka
 The Ombudsman Sri Lanka (Guarantee)
 Limited
 The Ceylon Chamber of Commerce
 Mercantile Cricket Association

Subsidiary Company

Vallibel Properties Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Vallibel Finance PLC will be held on Monday, the 30th of June 2025 at 10.00 am at the Auditorium of the Corporate Office of the Company No 480, Galle Road, Colombo 03 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
2. To re-elect Mr. J Kumarasinghe who retires by rotation in terms of Articles 87 and 88 of the Articles of Association, as a Director.
3. To elect Mr. R S Dahanayake who retires in terms of Article 94 of the Articles of Association, as a Director.
4. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.
5. To authorise the Directors to determine donations for the year ending 31st March 2026 and upto the date of the next Annual General Meeting.

By Order of the Board

VALLIBEL FINANCE PLC



Lakmini Kottegoda
Company Secretary

29th May 2025
Colombo

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/her.
2. A proxy need not be a shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company; No. 310, Galle Road, Colombo 03, not less than forty seven (47) hours prior to the time appointed for the meeting.

Form of Proxy

I/We*.....holder of
 (NIC/Passport/Co. Reg. No.) of
being a shareholder / shareholders of Vallibel Finance PLC hereby
 appointholder of
 (NIC/Passport No.) of or failing him/her

- | | |
|-------------------------|-----------------|
| Mr. K D A Perera | or failing him* |
| Mr. S B Rangamuwa | or failing him* |
| Mr. S S Weerabahu | or failing him* |
| Mr. J Kumarasinghe | or failing him* |
| Mrs. C P Malalgoda | or failing her* |
| Mr. M A K A B Dodamgoda | or failing him* |
| Mr. R S Dahanayake | |

as my/our* proxy to represent me/us*, to speak and to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 30th June 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To re-elect Mr. J Kumarasinghe who retires by rotation in terms of Articles 87 and 88 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
2. To elect Mr. R S Dahanayake who retires in terms of Article 94 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hand(s) this day of Two Thousand and Twenty Five.

.....
 Signature of Shareholder/s

*Please delete as appropriate

- Notes:**
1. Instructions as to completion appear on the reverse.
 2. A Proxy need not be a shareholder of the Company.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card / Passport / Company Registration No. and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company No.310, Galle Road, Colombo 03, Sri Lanka, forty seven (47) hours prior to the time appointed for the Meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney must be deposited at the Registered Office, No.310, Galle Road, Colombo 03 for registration.
5. If the appointor is a company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

Stakeholder Feedback Form

Your relationship with Vallibel Finance PLC (Please tick 'x' the appropriate box):

Shareholder	<input type="checkbox"/>	Employee	<input type="checkbox"/>	Government Institutions / Regulators	<input type="checkbox"/>
Customer	<input type="checkbox"/>	Business Partner/Supplier	<input type="checkbox"/>	Society/Community	<input type="checkbox"/>

Share your views about the Integrated Annual Report 2024/2025:

Theme and Layout		Content and Scope		Comprehensive and User Friendly	
Excellent	<input type="checkbox"/>	Excellent	<input type="checkbox"/>	Excellent	<input type="checkbox"/>
Good	<input type="checkbox"/>	Good	<input type="checkbox"/>	Good	<input type="checkbox"/>
Average	<input type="checkbox"/>	Average	<input type="checkbox"/>	Average	<input type="checkbox"/>
Poor	<input type="checkbox"/>	Poor	<input type="checkbox"/>	Poor	<input type="checkbox"/>

Feedback & any suggestions to improve content:

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Any other suggestions, improvements & concerns to be addressed:

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Your Name :

Contact No. :

Email :

Permanent Mailing Address:

.....

Your Organisation & Designation (If Applicable):

You can post or Email your feedback to:

Senior DGM - Finance & Administration
Vallibel Finance PLC

No. 310, Galle Road,
 Colombo 03.

Tel: 011-4393100
 Fax: 011-2713375
 Email: tellus@vallibelfinance.com

