

Merchant Bank of Sri Lanka and Finance PLC and its subsidiaries - 2021

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Merchant Bank of Sri Lanka & Finance PLC (the “Bank”) and the consolidated financial statements of the company and its subsidiary (the “Group”) for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my 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 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and the Group’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared of the Company.

1.4 Audit Scope

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Company, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company;
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(i) There were 1510 number of facilities with negative balances for interest receivable amounting to Rs.8 million.	Proper system to identify such contracts is implemented. Perform a periodic review and required adjustments are made regularly. Current numbers of facilities are only 07. Responsible Person - Head of CCD Status as at 31.12.2022 – Implemented Timeline - Completed	It is recommended to implement a proper system to identify such balances and implement necessary actions.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
(i) There is a long outstanding balance of Rs.11,139,311 which is receivable from “Fingara Town & Country Club (Private) Limited” and no provision has been made in this regard.	Legal case is still processing, and interest receivable balance need to be maintained until the case settled. Responsible Person - Head of Legal / Head of Finance Status as at 31.12.2022 – The balance is held until the outcome of legal case is known Timeline - Will depend on the judgment of the legal case	It is recommended to take necessary steps to clear long outstanding balances.

1.6.2 Payables

Audit Issue	Management Comment	Recommendation
(i) Long outstanding balances were observed in temporary accounts of Customer Collection Account, Unidentified direct deposit, Salary Control and MF payable - MOU accounts aggregating to Rs. 133,225,640 which are coming for 1 year to more than 5 years period. The necessary actions have not been taken by the respective authorities to clear long outstanding balances.	<p data-bbox="576 327 751 353"><u>GL No. 20111</u></p> <p data-bbox="576 389 1190 495">Rs. 102,642,280 Receipts from legal cases pending settlement and until finalize the legal case this amount has to keep in the books of accounts.</p> <p data-bbox="576 530 1190 600">Responsible Person - Head of Legal / Head of Recovery / Head of Finance</p> <p data-bbox="576 636 1038 705">Status as at 31.12.2022 – Settlement of the legal case is pending.</p> <p data-bbox="576 719 887 745">Timeline - Not applicable</p> <p data-bbox="576 781 724 808">Rs. 833,280</p> <p data-bbox="576 844 1190 981">Remain funds after setting the facilities by the customers. When receiving the confirmation from respective customer touch points, the amounts could be cleared from the books of accounts.</p> <p data-bbox="576 1016 1190 1086">Responsible Person - Head of Recovery / Head of Finance</p> <p data-bbox="576 1122 1190 1236">Status as at 31.12.2022 – The recommendation is being followed as given in management comments.</p> <p data-bbox="576 1249 826 1276">Timeline - On going</p> <p data-bbox="576 1312 724 1339">Rs. 507,779</p> <p data-bbox="576 1375 1190 1480">Debenture due amount to be refunded for diseased customers. Company is in the process of clearing the balance with Board approval.</p> <p data-bbox="576 1516 1190 1585">Responsible Person - Head of Corporate Advisory / Head of Finance</p> <p data-bbox="576 1621 887 1691">Status as at 31.12.2022 – In progress</p> <p data-bbox="576 1704 847 1731">Timeline - 31.03.2023</p> <p data-bbox="576 1767 724 1794">Rs.612, 639</p> <p data-bbox="576 1830 1190 1977">Rs.583,351 cumulative amount is relevant to the transactions arose before 2017 and Cleared after verification and recommendation by Internal Audit Division and approval from the Board.</p>	It is recommended to take necessary steps to clear long outstanding balances.

Responsible Person - Head of Finance

Status as at 31.12.2022 –

The recommendation is being followed as given in management comments.

Timeline - On going

GL No. 20113

Cleared after verification and recommendation by Internal Audit Division and approval from the Board.

Responsible Person - Head of HR / Head of Finance

Status as at 31.12.2022 –

The recommendation is being followed as given in management comments.

Timeline - On going

GL No. 10361

These are long outstanding balances relevant to salaries not yet paid to employees (hold salaries) due to disciplinary grounds. Once the inquiries complete, the held salaries are paid to the employee or recover for any outstanding from the employee.

Responsible Person - Head of HR / Head of Finance

Status as at 31.12.2022 –

The recommendation is being followed as given in management comments.

Timeline - On going

GL No. 10186

As per the programmed on Special debt relief for micro finance loans granted to customers in drought affected districts and cleared after verification and recommendation by Internal Audit Division and approval from the Board.

Responsible Person - Head of HR / Head of Finance

Status as at 31.12.2022 –

The recommendation is being followed as given in management comments.

Timeline - On going

1.6.3 Advances

Audit Issue		Management Comment	Recommendation
(i) The total outstanding amount of top 10 Non-Performing customers was Rs. 1,183.91 million as at 31 December 2021 and it represent 22.12 percent of total non-performing gross loans and advances of the Bank as at that date. Details are given blow.		Follow-up, settlement negotiations and litigation are in progress. Progress is monitored regularly at the Recovery meetings. Gampaha Development Company Pvt Ltd since settled in full MAG Storage, A P A Jewellery & Walkers Sons under discussion for settlement.	It is recommended to ensure that satisfactory actions have been taken by the bank to recover the total due amount from the customers.
No	Name of the Customer	Total Amount Outstanding (Rs.'Mn)	
1	MAG Storage Battery (PVT) LTD	295.24	
2	A P A Jewellery (PVT) Limited	260.69	Responsible Person - Head of Recovery
3	ORU Mix Asphalt (PVT) LTD	121.71	Status as at 31.12.2022 –
4	Daya Group (PVT) Ltd	114.25	Gampaha Development Company Pvt Ltd since settled in full.
5	Walkers Sons & Company Engineers (PVT) Ltd	109.26	MAG Storage, A P A Jewellery and Walkers Sons under discussion for settlement.
6	Plantation Development & Management (PVT) LTD	76.09	
7	Sigiriya Viceroy Hotels (PVT) LTD	62.62	
8	Gampaha Development Company (PVT) LTD	59.02	The recommendation is being followed as given in management comments.
9	Premier Water Marketing (PVT) LTD	50.48	Timeline - On going
10	Anura Man Power Suppliers (PVT) LTD	34.55	
Total		1,183.91	

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-Compliance	Management Comments	Recommendation	
(i)	Section 5 of the Finance Companies Direction No.4 of 2006 (Single Borrower Limit)	The Company has violated the cited direction by granting unsecured loans and advances to MBSL Insurance Company Ltd amounting Rs.172 million, by exceeding 1% of the core capital (Rs. 41.86 Mn) as at 31 December 2021.	The Facility to MBSLI was exceptionally granted to revive the company when the license was suspended in 2017. As the parent company the facility was granted to manage the company operations as non-granting would have impacted the company and its existence. However, it's noteworthy that the company is now performing and the capital of the facility has reduced to LKR 65.96mn as at 30.11.2022. and there is a monthly capital reduction on the facility of LKR 11.65mn. and total outstanding will be settled on or before May 2023. The captioned ratio will be met in the month of March 2023. We have noted the concern highlighted for future compliance. Responsible Person - Head of Central Credit Status as at 31.12.2022 – In progress Timeline - 31.05.2023	It is recommender to ensure that relevant compliances are met as per the cited directions.
(ii)	Section 5 of the Finance Companies Direction No.4 of 2006 (unsecured accommodations -in aggregate)	The Company has violated the cited direction by granting unsecured accommodations (in aggregate) exceeding 5 per cent of the capital funds as at 31 December 2021. Total unsecured loan & advances granted by the company accounted to 11.6 per cent of the capital funds.	The given portfolio as at 31.12.2021 was re scrutinized and a data cleansing was carried out in the system with physical credit files and some lapses were rectified. The unsecured exposure which was at LKR 532.62 Mn as at 31.12.2021 is reduced to LKR 107.29 Mn as at 31.10.2022. Responsible Person - Head of Central Credit Status as at 31.12.2022 – Rectified. Timeline - Completed	It is recommender to ensure that relevant compliances are met as per the cited directions.

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|---------------------------------------|---|--|---|--|
| (iii) | Rule No; 7.13.1 (a) of the listing Rules of the Colombo Stock Exchange | Non- compliance with the Minimum Public Holding Requirement with effect from 1 November 2021, pursuant to the listing of 358,655,096 numbers of shares from the right issue on 1 October 2021. The public float of the company has dropped to 15.50 per cent due to the new right issue of the Company. | In terms of Listing Rule 7.14.3 (V), MBSL has been granted an extension of one year till 1 st November 2022 by the CSE to comply with the minimum public holding requirement. Accordingly 1st November 2022 is considered as the date of non-compliance and therefore in terms of Listing Rule 7.14..2 (I) (b) MBSL has another six month time from 1 st November 2022 to comply with the minimum public holding requirement.
Responsible Person - Company Secretary | It is recommender to ensure that relevant compliances are met as per the cited directions. |
| Status as at 31.12.2022 – | | | | |
| In progress | | | | |
| Timeline - 01.04.2023 | | | | |
| (iv) | Section 7(9) of Finance Companies Direction No. 3 of 2008 for Licensed Finance Companies (Corporate Governance) | Though it is prohibited for the Chairman to engages in activities involving direct supervision of key management personal or any other executive duties, it was observed that the Board of Directors of the company has authorized to the Chairman to negotiate a remuneration package for the newly appointed Chief Executive Office of the Company within the range of Rs.1.5 Mn to Rs.0.4 Mn. | As per the HR Recruitment Policy of MBSL, the interviews for the posts Chief Manager and above should be conducted by the Board of Directors. Also the CEO’s reporting authority is the Board of Directors. Therefore, the Chairman was authorized by the Board unanimously to negotiate a remuneration package for the new CEO.
Responsible Person - Company Secretary | It is recommender to ensure that relevant compliances are met as per the cited directions. |
| Status as at 31.12.2022 – | | | | |
| The recommendation is being complied. | | | | |
| Timeline - Completed | | | | |
| (v) | Rule No. 7.10.2 of the listing Rules of the Colombo Stock Exchange | The required minimum number of Independent Directors in the Board has not been complied with since the three months starting from 20 April 2021 with the appointment of Mr. M. P. Ruwan Kumara as a non- | This situation was rectified with the appointment of Mr. Varuna Jayasinghe as an independent non-executive director on 20th July 2021. We were able to receive the nomination of Mr. Varuna Jayasinghe as an independent director only after numerous requests made to the Ministry of Finance through our parent company, Bank of | It is recommender to ensure that relevant compliances are met as per the cited directions. |

executive and non- independent director of the director board of the Company. Ceylon since July 2020.
Responsible Person - Company Secretary

Status as at 31.12.2022 –

Rectified

Timeline - Completed

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profit of Rs.529 million and the corresponding loss in the preceding year amounted to Rs.1,108 million. Therefore, an improvement amounting to Rs.1,637 million of the financial result was observed. The main reason for the improvement is the increase of net interest income by Rs.1,432 million and decreased of impairment chargers for loans and other losses by Rs.488 million in the year under review when compare with the corresponding year.

2.2 Trend Analysis of major Income and Expenditure items

Analysis of major income and expenditure items of the year under review as compared with the preceding year with the percentage of increase or decrease are given below.

Description	2021 (Rs.'000)	2020 (Rs.'000)	Change (%)	Reason for the Variance
Interest and Similar Income	5,525,955	4,950,638	11.62	Interest income has been increased mainly due to increase of loans and receivables in the year under review when compare with the preceding year. Gross loans and advances for the year under review have been increased by Rs.701 million or 15 per cent when compare with the preceding year.
Interest and Similar Expenses	2,675,588	3,532,790	(24.26)	Interest expense has been decreased due to decrease of deposit base and the borrowings of the company. The deposit base of the company has decreased by Rs.528 million or 21 per cent in the year under review when compare with the preceding year. The borrowings also decreased by Rs.310 million or 54 per cent in the year under review when compare with the preceding year.
Fee and Commission Income	185,602	116,893	58.78	Fee and Commission Income has been increased mainly due to increase of trade and other related activities in the year under review when compare with the preceding year. Income related to trade and other related activities have been increased by Rs.69 million or 59 per cent when compare with the preceding year.

Net Trading Income	44,281	10,312	329.4	The results arising from trading activities include gain on disposal of financial assets at Fair Value through Profit or Loss (FVTPL). Income related to disposal of financial assets have been increased by Rs.34 million or 329 per cent when compare with the preceding year.
Other Operating Income	238,662	46,541	412.80	Increase in other operating income resulted due to increase in gains on disposal of property & equipment, dividend income, profit & losses from real estates, profit & losses from investment properties and write-off collection by Rs.192 million in the year under review when compare with the preceding year.
Impairment Charges for Loans and Other Losses	74,450	563,431	(86.79)	Impairment chargers for Loan and other losses decreased by Rs.489 million in year under review when compare with the preceding year mainly due to decreased in Impairment on individual significant loans by Rs.437 million.

2.3 Ratio Analysis

According to the information made available, certain important ratios of the Company for the year under review and the preceding year are given below.

Description	Sector Ratio *	Company	
		2021	2020
Performance Ratios			
Return on Equity (ROE)	10.9	18.77	(54.39)
Return on Assets (ROA)	1.0	1.59	(3.20)
Interest Margin	3.1	9.42	4.50
Assets Quality Ratio			
Gross Nonperforming Advances (NPL)	4.7	15.92	17.86
Capital Adequacy Ratios			
Tier 1 Capital (Minimum 7.0%)		10.75	4.41
Total Capital (Minimum 11.0%)		11.33	5.59
Statutory Ratio			
Liquid Assets Ratio		12.92	8.17

3. Operational Review

3.1 Identified Losses

Audit Issue	Management Comment	Recommendation
(i) The Board of Directors of the company has approved to write back the long outstanding GL credit balance aggregating to Rs.21,786,874 and to write-off the long outstanding GL debit balances aggregating to Rs.42,479,910.	The write off long outstanding balances written offs were made after a tedious reconciliation process for clearance completed. There was no loss as the write off balance of Rs. 21,786,874 was set off with write back balance of Rs. 42,479,910. These balances were written-off as after obtaining Board approval as per Board approved policy with the recommendations of the Board Audit Committee. Responsible Person - Head of Finance Status as at 31.12.2022 – Recommendation is being complied already as per the management comment. Timeline - On going	It is recommended to minimize the possible loss to the Company due to write offs.
(ii) The Company has written off non-performing loans and advances aggregating to Rs.47,777,741 during the year under review due to inability of recovering.	Writing-off proposals is submitted to the Board for approval after exploring all possible recovery actions and as the last option. For every individual write-off's a detailed paper is submitted to the Board providing justifications. Responsible Person - Head of Recovery Status as at 31.12.2022 – The recommendation is being complied already as stated in Management comments. Timeline - On going	It is recommended to take every possible effort to recover the loans before writing it off.
(iii) A firm in private practice has conducted a forensic audit towards the allegations of the Company which are reported through the Whistle Blowing Reporting System. The forensic audit report has been issued in the year 2021 and the major allegations revealed through the report are summarized in Annexure I to this report.	Current status is updated under Annexure 1 Status as at 31.12.2022 – Please refer annexure 1 for status and timelines.	It is recommended to implement disciplinary actions against the offenders and also strengthen the internal control framework of the Company to avoid such allegations in the future.

- (iv) The company has written off long outstanding unrecoverable balances related to investment in Unsecured Commercial Papers amounting Rs.107,777,000 on 30 November 2021 based on Board approval given on 3 November 2020. The investment has been made by the MBSL Savings Bank in 2008, prior to consolidation with MBSL and provision has been already made in this regard.
- Writing-off proposal is made only after all recovery actions are taken, and after no further action could be taken.
- Responsible Person** - Head of Recovery / Head of Legal **Status as at 31.12.2022** –
- The recommendation is being complied already as stated in Management comments.
- Timeline** - On going
- It is recommended to take decisions in a prudent manner which minimize possible losses to the Company.

3.2 Operational Inefficiencies

No.	Audit Issue	Management Comment	Recommendation
(i)	The company has repossessed and sold 296 numbers of vehicles during the year of 2021. However out of 296 vehicles, 138 numbers of vehicles were sold at lower price than the forced sale value given in the valuation report. The aggregated impact is calculated as Rs. 30,004,060 (the difference in value between the valuation report and disposal value). Further no upset price has set for those disposed vehicles. See <i>Annexure II</i> to this report.	<p>The disposal of all vehicles is approved by the disposal committee of the company. When approving the disposal of the vehicles the committee considers all vehicles that are above 80% of the vehicle valuations. In certain instances, some exceptions of less 80% is approved by the committee.</p> <p>The disposal committee when deciding always make sure to minimize the possible losses to the company.</p> <p>Responsible Person - Head of Recovery Status as at 31.12.2022 –</p> <p>The recommendation is being complied already as stated in Management comments</p> <p>Timeline - On going</p>	It is recommended to take decisions in a prudent manner which minimize possible losses to the Company.
(ii)	As per the details available for the disposing of yard vehicles during the year 2021, 296 number of yard vehicles had been disposed. Among these vehicles 274 numbers of vehicles were disposed less than the full outstanding value to be recovered from those vehicles. Full outstanding to be recovered for those vehicles was aggregating to Rs. 794,099,816 and disposed value was aggregating to Rs.352,612,690. Therefore, a loss of Rs.441,487,125 was incurred from	<p>The disposal decision is taken by the disposal committee as described under section 3.2 (11) above. The disposal committee when deciding always make sure to minimize the possible losses to the company. Also after the disposal of the vehicle and whenever a disposal loss is recorded in the books of the company legal action is initiated against the borrower and guarantors for the disposal loss.</p> <p>Responsible Person - Head of Recovery</p>	It is recommended to take decisions in a prudent manner which minimize possible losses to the Company.

disposing the yard vehicles. See *Annexure III* to this report.

Status as at 31.12.2022 –

The recommendation is being complied already as stated in the Management comments

Timeline - On going

- (iii) Significant delays were observed when disposing ceased vehicles from the yard. 85 numbers of vehicles out of 93 were laid in the yard for long period of time as at 07 October 2022 (more than 01 year). It involved high maintenance cost over years and losses arisen due to reduction of vehicle value as well.

This was mainly due to the price quoted in the previous tender was not in the acceptable levels. However, actions are taken to dispose vehicles without delay where no significant loss is accounted.

It is recommended to avoid significant delays when disposing ceased vehicles.

Responsible Person - Head of Recovery

Status as at 31.12.2022 –

The recommendation is being complied already as stated in Management comments

Timeline - On going

- (iv) Lack of transparency was observed at the auctions held to dispose vehicles. Out of 296 vehicles disposed, 72 vehicles were purchased by the second bidder for an aggregate sum of Rs.111,574,000 during the year 2021. No any dual control was executed by the higher authorities to verify, whether the bidders were withdrawn by the offer by themselves or rejected by the officers of the bank.

Dual control system has since been implemented. Two members of the disposal committee has to verify the withdrawal and sign off the register as per latest Board approved procedure.

It is recommended to establish transparency in the vehicle auction process.

Responsible Person - Head of Recovery

Status as at 31.12.2022 –

Rectified

Timeline - Completed

- (v) The Board has established four Board Committees namely Audit Committee, Integrated Risk Management Committee, Remuneration Committee, and Related party Transactions Review Committee. All minutes of such Committees are submitted to the main Board for their review.

Due to an oversight some of the minutes of both RPTRC and HRRC had not been submitted to the Board for ratification in a timely manner during the year 2021. However, this has been now rectified and all the minutes of both RPTRC and HRRC have been submitted to the Board and duly ratified. As a corrective measure, we now use a specimen agenda as a guidance for Board meetings and always check against that whether all the due reports/ minutes have been uploaded to the particular Board meeting.

It is recommended to submit all subcommittee minutes/ reports to the next immediate Board meeting for better governance.

However, meeting minutes of Human Resource & Remuneration Committee (HRRC) and Related Party Transaction Review Committee (RPTRC) has not been submitted to the Board for ratification on timely

Responsible Person - Company Secretary

manner.

Status as at 31.12.2022 –

Rectified

Timeline - Completed

- (vi) The main weaknesses observed by the internal audit division during their branch visits are summarized in *Annexure IV* to this report.
- Branch Operations Unit is newly added to the organization structure to monitor, control and regularize the audit observations.
- It is recommended to under take necessary actions to rectify the identified issues.

Responsible Person - Head of Internal Audit

Status as at 31.12.2022 –

The recommendation is being complied already as stated in the Management comments

Timeline - On going

3.3 Idle or underutilized Property, Plant and Equipment

No	Audit Issue	Management Comment	Recommendation
(i)	Even though the Company is having the legal ownership of the land, it is restricted to visit several investment properties due to prevailing legal situations with the previous landlords. Hence the lands and buildings are still being idle without any use.	There are 07 investment properties. At the inception there were 5 pending legal cases on investment properties. Since the legal case been concluded and the writ of ejectment cannot be executed for one investment property, there are only 4 legal cases pending in investment properties. One is a leasehold property and for one property Board approval was obtained to dispose.	It is recommended to utilize the investment properties in an effective manner after getting the legal clearance.
		Responsible Person - Head of Real Estate	
		Status as at 31.12.2022 –	
		The recommendation is being complied already as stated in the Management comments.	
		Timeline - On going	

3.4 Human Resource Management

No.	Audit Issue	Management Comment	Recommendation
(i)	The approved cadre of the Company for the financial year 2021 was 1,269 employees and the actual cadre as at that date was 972. It was observed that 440 numbers of positions are vacant as at 31 December 2021 in 12 job categories while having 143 numbers of excess employees in four job categories. Further Chief Financial Officer position is vacant in the Bank since 2021. Details are depicted in the following table.	Approval was obtained focusing the future business growth to increase the cadre. However, due to current economic restraints the cadre increase was not considered to manage the cost. The HR Department has commenced a cadre assessment which will be completed and updated to the Board by 31st December 2022. Responsible Person - Head of HR Status as at 31.12.2022 – In progress Timeline - 31.03.2023	It is recommended to take necessary steps to recruit the employees for the vacant positions to ensure smooth functioning of Bank's activities.

Designation	Approved Cadre	Actual Cadre as at 31/12/2021	Vacancies
Chief Executive Officer	1	1	-
Chief Financial Officer	1	-	1
Deputy General Manager	6	1	5
Assistant General Manager	13	10	3
Chief Manager/Regional Manager	16	11	5
Senior Manager	24	15	9
Manager	50	55	(5)
Deputy Manager	118	56	62
Assistant Manager	101	87	14
Executive Officer	162	144	18
Junior Executive Officer	75	211	(136)
Staff Assistant	487	347	140
Trainee Staff	3	4	(1)
Assistant Marketing Assistant	127	-	127
Office Assistant	72	17	55
Drivers	9	10	(1)
Other	4	3	1
Total	1269	972	297

- (ii) Five (5) numbers of vacancies were observed in Internal Audit Division during the financial year 2021. Satisfactory actions have not been taken by the relevant authorities to fill the vacancies. Details are given below.
- At present in 2022, Internal Audit operates with 11 staff members. Further recruitments are restricted at present under the instructions of Ministry of Finance and Planning. Present shortfall is mainly on Junior Executive and Staff Assistant level.
- It is recommended take necessary steps to fill the vacancies on priority basis.

Designation	Approved Cadre	Actual Cadre as at 31/12/2021	Vacancies	Responsible Person - Head of Internal Audit
				Status as at 31.12.2022 –
Assistant General Manager	1	-	1	In progress Timeline - 30.06.2023
Chief Manager/Regional Manager	1	-	1	
Senior Manager	2	2	-	
Assistant Manager	1	1	-	
Executive Officer	4	4	-	
Junior Executive Officer	3	4	(1)	
Staff Assistant	8	4	4	
Total	20	15	5	

Annexure I

Case	Summary of the Case	Possible Loss Amount (Rs.)	Management Comment
Land			
Sale of Wattala Land	Wattala Yard premises had been sold based on an inaccurate valuation report. Even though this land is located within a commercial area, it had been valued considering that it is located in a residential area. It seems like that there are underhand transactions.	Perch value is between Rs.1,700,000 to Rs 2,000,000 and land was sold for the price of Rs 1,566,000 per perch.	Apart from the stated procedural flaws, the financial impact mentioned in the report has been clearly outlined and addressed to CBSL. Based on the Forensic Audit report submitted to CBSL they have indicated that the MBSL has sold the property less than the market value without prior approval of CBSL. CBSL has strictly advised MBSL not to repeat such violations in the future via their letter dated with 15th November 2022.
			Responsible Person - Head of Real Estate

			<p>Status as at 31.12.2022 –</p> <p>The CBSL direction is being followed as stated in the Management comments.</p> <p>Timeline - On going</p>
<p>Sale of Kurana Land</p>	<p>It appears that the 23 perch land in Kurana is going to be sold at the same amount on which it was acquired. New value had not been considered. Although this land has been reserved after paying the advance, it has still not sold.</p>	<p>-</p>	<p>Highlighted procedure deficiencies have been rectified by 30.06.2022.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 – Rectified.</p> <p>Timeline - Completed</p>
<p>Sale of Hokandara Kalalgoda Land</p>	<p>In Hokandara around 16 acres of land has also been sold without valuing it at the new prices. Price at the time of selling in that area was more than Rs.1,000,000 and an advance has been taken for the sale based on a very low price.</p>	<p>-</p>	<p>No any irregularities or lapses have been noted in the forensic Audit Report (FAR) by E & Y auditors. No Further action is required.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 – No further action is required</p> <p>Timeline - Not applicable</p>
<p>Selling of Ekala Land</p>	<p>Acting CEO involved selling the land after valuing for less amount. On 12 December 2018, the Board has approved to sell the property at Rs.136,698,000 to the highest bidder subject to another independent valuation. Later on 8 July 2019, the Board Approval has obtained to sell the property to another person for Rs.123,000,000.</p>	<p>The new price is less than the earlier agreed price by Rs.13,698,000.</p>	<p>No any irregularities or lapses have been noted in the forensic Audit Report (FAR) by E & Y auditors. No Further action is required.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 – No further action is required</p>

Purchase of Kottawa Land	During the year 2018, this land was proposed to be purchased at a price of Rs. 420,000 per perch. However, it was rejected and then the same land was purchased during 2019 September, at a price of Rs.485,000 per perch.	Rs.14,400,000	<p>Timeline - Not applicable</p> <p>No any irregularities or lapses have been noted in the forensic Audit Report (FAR) by E & Y auditors. No Further action is required.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 –</p> <p>No further action is required</p> <p>Timeline - Not applicable</p>
Selling Kottawa Land	As per the valuation made, gross realization of the sale of the site was Rs.261,500,000 and the total realized value of the real estate project was Rs. 204,366,250.	Rs.57,133,750 less than the valuation amount.	<p>No any irregularities or lapses have been noted in the forensic Audit Report (FAR) by E & Y auditors. No Further action is required.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 –</p> <p>No further action is required</p> <p>Timeline - Not applicable</p>
Purchase of Madampalla Land	6 Acres land from Madampalla with title issues had been purchased at a price of Rs.110,075,000 (Rs.115,625 per perch) on 08 July 2019, even though this land could be purchased for around Rs. 60,000 to Rs.85,000 per perch in those days. Later the land price has set as Rs.180,000 per perch which is comparably higher than the market value. Since the prices set by the MBSL is high, still none of the land slots could be sold. The total cost incurred for the project until 31 August 2021 is Rs. 24,169,012.84 which is still not recovered.	Rs.24,169,012.84	<p>No any irregularities or lapses have been noted in the forensic Audit Report (FAR) by E & Y auditors. No Further action is required.</p> <p>Responsible Person - Head of Real Estate</p> <p>Status as at 31.12.2022 –</p> <p>No further action is required</p> <p>Timeline - Not applicable</p>

Loan

Rs.210 million loan granted to APA Jewellery (PVT) Limited.	Inappropriate valuation has been given on 11 July 2019 for 6 storied building situated in Sea Street amounting to Rs.300 million. Original building approval available only for 4 storied building and valuation report has given by considering square feet of all 6 floors. Two valuation reports have been issued in two times. First valuation report has been given for 6 storied building at a rate of Rs.325 per square feet and the second valuation has been given for 6 storied building at a rate of Rs.390 per square feet. Further no justification is documented for this value increase. The borrower had migrated by defaulting the loan.	-	There was no conclusive evidence, irregularities, or lapses identified in the Forensic Audit Report.
			Responsible Person - Head of Central Credit
			Status as at 31.12.2022 –
			No further action is required
			Timeline - Not applicable
Rs.200 Mn loan granted to Corporate Risk Management Consultants (PVT) LTD	Risk Analysis report issued by MBSL has mentioned that this entity is highly politicized organization and there is a risk of anti-money laundering. In January 2020 the facility is in arrears and it continuously increased up to March 2020. From April 2020 moratorium facility has granted as per the request of the borrower.	The monthly loss of Rs. 3.06 million.	There was no conclusive evidence, irregularities, or lapses identified in the Forensic Audit Report.
			Responsible Person - Head of Central Credit
			Status as at 31.12.2022 –
			No further action is required
			Timeline - Not applicable
Rs.150 million loan granted to Diana Chocolate (PVT) Ltd.	The Board approved to grant a term loan facility of Rs. 250 million to Diana Chocolates (Pvt) Ltd in two stages as separate loans. First Rs.150 million was disbursed to settle the HNB loan of Rs. 47.5 million on 26 June 2019. The balance amount released after deducting due charges on 2 July 2019. There are no evidences to prove that the borrower had used the loan proceeds to settle the third-party loans except the settlement of HNB loan which is an approved condition by the Board. The facility being arrears from September 2019 and it is continuously increased	-	There was no conclusive evidence, irregularities, or lapses identified in the Forensic Audit Report.
			Responsible Person - Head of Central Credit
			Status as at 31.12.2022 –
			No further action is required
			Timeline - Not applicable

until March 2020. Afterwards (From April 2020) moratorium facility has granted at the request of the borrower.

<p>Rs.800,000 Personal Loan granted to Mr. Ajantha Ranawaka</p>	<p>The customer has obtained a personal loan of Rs. 800,000 on 18 December 2012 under the loan number 6482347 at an interest rate of 18 per cent and loan period of 60 months. As per the Board Approved Personal Loan Policy, maximum term of the loan is 48 months and need to obtain a letter of undertaking from the employer to remit the installment directly to MBSL and these conditions were not complied with. The Acting CEO's approval is obtained to grant the loan. Currently the loan is in NPA category.</p>	<p>-</p> <p>Action has been initiated to recover arrears of the loan. He has been provided a payment plan to settle the arrears by 31.12.2022.</p> <p>Responsible Person - Head of Recovery</p> <p>Status as at 31.12.2022 - In progress</p> <p>Timeline - 31.03.2023</p>
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Repossessing of Vehicles

<p>Over payment of i. Seizing Charges</p>	<p>The vehicle bearing number KU 1666 had been repossessed within 8.9 KM and as per the approved tariff only Rs.23,000 can be paid. Rs.145,000 had been paid by providing reasons which cannot be justifiable.</p> <p>ii. The vehicle bearing number SG LG 4356 had been repossessed within 72 KM and as per the approved tariff only Rs. 35,000 can be paid and Rs.176,000 had been paid.</p> <p>iii. The vehicle bearing number KF 2345 had been repossessed at the rate of Rs.125,000 and approved tariff is only Rs. 35,000.</p> <p>iv. The vehicle bearing number NC KG 7036 had been repossessed at the rate of Rs.180,000 and approved tariff is only Rs.23,000.</p> <p>v. The vehicle bearing number NC PD 3095 had been repossessed at</p>	<p>Rs.742,000</p> <p>This allegation was reported as unsupported by the Forensic audit report.</p> <p>Responsible Person - Head of Recovery</p> <p>Status as at 31.12.2022 - No further action is required</p> <p>Timeline - Not applicable</p>
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the rate of Rs.115,000 and approved tariff is only Rs.23,000.

- vi. The vehicle bearing number 54-9493 had been repossessed at the rate of Rs.175,000 and approved tariff is only Rs.35,000.

Letter of Demand received from Mr. Anton Lal Rodrigo via an Attorney at Law on 3 March 2020. The customer has obtained a lease facility of Rs.2,410,000 for the vehicle number NW GU 8553. The vehicle is handed over to the branch by the customer on 25 February 2020. A valuation has obtained on 23 October 2020 from Premarathne Associates and forced sale value given is Rs. 2,950,000. The vehicle has been sold on 12 August 2021 for a subsequent bid received outside the tender process for Rs. 2,415,000 which is less than the value as per the valuation report.

Rs.535,000

There was no irregularities, or lapses identified in the Forensic Audit Report. No Further action is required.

Responsible Person -
Head of Recovery

Status as at 31.12.2022 –

No further action is required

Timeline - Not applicable

Yard Operations

- An anonymous allegation received on Yard Operations. i. The bus bearing number ND-8246 in the yard was sold to his private secretary at a lower price and the leasing facility has arranged at a higher value than the purchase price of the vehicle.
- ii. On 22 June 2020 the vehicle number CP KE 7174 was sold for Rs. 1,737,000 on a bid received subsequent to the tender after obtaining the approval of disposal committee. As per the valuation report dated 31 October 2019, the market value is Rs. 2,450,000 and the forced sale value is Rs. 2,400,000.
- iii. Tissamaharama Branch Manager requested the approval to obtain a Yard in

No any irregularities or lapses have been noted in the Forensic Audit Report. No Further action is required.

Responsible Person -
Head of Recovery

Status as at 31.12.2022 –

No further action is required

Timeline - Not applicable

Tissamaaharama area at a rate of Rs.60 per vehicle per day. AGM Recoveries, had recommended the request subject to 3 conditions. Acting CEO has approved the request by making a note as “Please put a Board Paper if we are signing an agreement”. Since before 25 October 2019, there was no proper guidelines provided to be followed when obtaining a land as yard. As per the Board Approved Delegated authority limits, other expenses from Rs.100,001 to Rs. 500,000 is authorized to be approved by CEO on the recommendation of the Purchasing Committee. No documentary evidence to prove that the Purchasing Committee had recommended and no agreement has been signed.

- iv. In 2018, when the existing Yard in Ekala shifted to a Yard in Heiyanthuduwa, no agreement has been signed and it was also not in a good condition to use as a Yard. Acting CEO approved to utilize the Heiyanthuduwa land for a monthly rental of Rs.300,000 until the formal Board approval and agreement was signed on 2 October 2019.

Keeping Vehicles outside the MBSL Yards.

- i. The place of the vehicle inspection is mentioned as MBSL Yard Katugastota Road, Kandy in the copy of the valuation report issued on 30 October 2018 for vehicle CP LN - 6054 by Krishnaratne & Sons, even there is no yard for MBSL in Kandy. Further the valuation chargers paid in relating to this vehicle was Rs.13,802.

There was no conclusive evidence revealed to support the stated allegation in the Forensic Audit Report.

Responsible Person -
Head of Recovery

Status as at 31.12.2022 –

No further action is

required

Timeline - Not applicable

- ii. In the valuation report obtained for vehicle number 47-2688 by Krishnaratne & Sons on 30 October 2018, the place of the vehicle inspection has mentioned as MBSL Yard, Katugastota Road Kandy even there is no yard for MBSL in Kandy.
- iii. Yard Operation Division has the original valuation report they obtained on 5 December 2018 issued by Upali Doranagama Associates (Pvt) Ltd. As per this valuation report, the place of the inspection was Ekala. However, the pictures of the vehicles with surrounding environment used in the valuation reports appear to be similar even if the dates, places of inspections, and valuers are different as per the two valuation reports.

Misappropriation Customer Money

Use of PD Cheques of Gampaha Development Company Limited

Cheque numbers 079968, 101314, 106590 and 106591 are issued by Gampaha Development Company Limited had been used to place four FDs totaling to Rs.6,842,249 under the spouse name of the Company's employee. The bank certified cheque image of the cheque number 086812 which is used to place another Fixed Deposit under her name amounting to Rs.1,686,136. Further the officer withdrawal proceeds of the FD which had been placed under his spouse using the cheques of Gampaha Development Company Limited.

Rs.6,842,249
Rs.1,686,136

& An external investigation was carried out and relevant staff member was terminated after he was found guilty from the external investigation.

Responsible Person -
Head of HR

Status as at 31.12.2022 –
Completed.

Timeline - Completed

2016 suspicious transactions were observed in MBSL Maharagama

On 02 October 2016 suspicious transactions were observed in MBSL Maharagama Branch relating to a particular customer account. First Rs.2,905,000 cash deposited to the

Rs.2,905,000

An investigation has been initiated by Internal Audit Division of MBSL and based on the findings disciplinary procedure is

Branch	<p>savings account and within half an hour that total cash deposit had been withdrawn by two cash withdrawals by Rs.2,000,000 and Rs.905,000 respectively. Thereafter cash deposited back to loan account by another two transactions by Rs.2,000,000 and Rs.323,050. There were 3 types of signatures used in the vouchers of the above mentioned 5 transactions. Among them two cash withdrawals from the savings account are close to signature of the customer. However as per the signature card, the customer is in overseas since 2015.</p>	<p>going on. Target date 31.12.2022.</p> <p>Responsible Person - Head of HR</p> <p>Status as at 31.12.2022 – Completed.</p> <p>Timeline - Completed</p>
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Allegations on HR Practices

<p>An employee of SSP Corporation had misappropriated the funds around when preparing salaries of MBSL.</p>	<p>Financial loss occurred from July 2015 to September 2017 to MBSL is Rs. 37,151,501,97 by remitting excess amount to SSP Bank account and the relevant statutory bodies on advice received from SSP. The MBSL had agreed with SSP Corporate Services to recover the loss of Rs.29,509,054.50 by 18 monthly installments starting from April 2018 and setoff overpayment of statutory payments of Rs.7,362,634.39 from the future payments.</p>	<p>An investigation has been initiated based on the Internal Audit Division of MBSL. Based on the findings disciplinary procedure will be implemented. Target date 31.12.2022.</p> <p>Responsible Person - Head of HR</p> <p>Status as at 31.12.2022 – In progress</p> <p>Timeline - 30.04.2023</p>
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<p>Resignation of Ms. Senali Bandara (Nugegoda branch Gold loan employee)</p>	<p>AGM HR Accepted resignation letter and issued services letter to a Company employee who was a Gold loan employee in Nugegoda branch who was suspended for failed to handover the balance amount due to a customer relating to pawn article redemption transaction. No inquiry report, investigation report is issued and there are violations of Board Approved Delegated Authority issued on 28 April 2017 in accepting resignation letter and issuing service certificate for the employee.</p>	<p>The AGM HR was found to have violated the Board Approved Delegated Authority dated August 17, 2017. He has been removed from the Head of HR position. Showcase letter issued to AGM HR. Target completion date 31.12.2022.</p> <p>Responsible Person - Chief Executive Officer</p>
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Marketing staff to leave MBSL and recruiting new staff for higher salary. Additional 9 increments are recommended by Senior Manager HR and AGM HR and approved by Acting CEO for the appointment of a Junior Executive Officer – IT Division.

HR issues in Real Estate Division The Deputy Manager who was working as the Head of Real Estate had been transferred to Yard Operation Division with effect from 1st August 2019 without giving reason for the transfer and another employee was recruited as the Manager Real Estate on 5 July 2019 who does not possess the required qualifications. He was given basic salary applicable to his grade with additional 15 increments as recommended by Senior Manger HR and AGM HR. This has been approved by the acting CEO.

Recruitment of Officer in Charge of Yard. A retired army officer has recruited as officer in charge of yard on contract basis by deviating the company recruitment policies and procedures. His employment category is not established in order to check the required qualifications.

Status as at 31.12.2022 –

Showcase letter issued to AGM HR.

Taken the appropriate disciplinary actions and completed the matter.

Timeline - Completed

Gaps in procedure were noted. Procedure gaps has been rectified by 30.06. 2022.

Responsible Person -
Head of HR

Status as at 31.12.2022 –
Procedure gaps has been rectified by 30.06. 2022

Timeline – Completed

There was no conclusive evidence revealed to support the stated allegation in the Forensic Audit Report.

Responsible Person -
Head of HR

Status as at 31.12.2022 –

No further action is required

Timeline - Not applicable

There was no conclusive evidence revealed to support the stated allegation in the Forensic Audit Report.

Responsible Person -
Head of HR

Status as at 31.12.2022 –

No further action is required

Timeline - Not applicable

Annexure II

No.	Vehicle No.	Disposal Date	Valuation Amount (Rs.)	Disposal Value (Rs.)	Difference (Rs.)
1	Harvester	11/30/2021	300,000	295,900	4,100
2	SP BAY-2337	08/05/2021	60,000	55,000	5,000
3	64-6344	01/11/2021	4,000,000	3,876,000	124,000
4	UP SM-6396	10/15/2021	65,000	63,000	2,000
5	NW LL-8755	08/03/2021	3,250,000	2,650,000	600,000
6	68-0885	10/15/2021	450,000	370,000	80,000
7	68-5906	08/06/2021	550,000	486,500	63,500
8	NW HK-4548	10/14/2021	750,000	635,900	114,100
9	EP GX-3986	12/01/2021	850,000	725,000	125,000
10	SP PY-2647	12/07/2021	1,600,000	1,280,000	320,000
11	CP HB-5316	07/13/2021	800,000	610,000	190,000
12	SP LA-2436	08/10/2021	2,500,000	2,365,000	135,000
13	WP LM-9795	07/05/2021	2,850,000	2,612,000	238,000
14	SP LA-6853	08/10/2021	1,750,000	1,410,000	340,000
15	CP NC-7244	10/14/2021	4,100,000	3,450,000	650,000
16	NW LF-4402	08/05/2021	175,000	150,000	25,000
17	226-9876	08/03/2021	1,100,000	1,050,000	50,000
18	65-4581	08/09/2021	1,500,000	1,345,000	155,000
19	48-0051	12/20/2021	500,000	400,000	100,000
20	47-5752	08/03/2021	400,000	335,900	64,100
21	EP LD-8272	12/07/2021	1,200,000	1,135,000	65,000
22	NW LJ-7397	10/14/2021	1,700,000	1,462,955	237,045
23	WP LM-8943	07/01/2021	3,700,000	3,000,000	700,000
24	WP KC-6536	08/09/2021	900,000	730,000	170,000
25	WP LL-8166	10/13/2021	3,700,000	3,160,000	540,000
26	WP JC-3050	10/22/2021	1,300,000	1,110,000	190,000
27	EP LD-4501	08/02/2021	2,100,000	1,725,000	375,000
28	NW LK-3546	08/02/2021	3,400,000	3,312,500	87,500
29	NW LJ-6344	01/01/2021	2,375,000	2,250,000	125,000
30	CP LL-1284	10/14/2021	4,500,000	3,600,000	900,000
31	SP NC-8352	12/30/2021	4,900,000	4,400,000	500,000
32	CP LJ-4050	08/02/2021	1,700,000	1,350,000	350,000
33	NW LH-9506	06/28/2021	1,900,000	1,650,000	250,000

34	SP ND-1145	12/09/2021	4,500,000	3,620,000	880,000
35	NC RD-2693	11/29/2021	600,000	530,000	70,000
36	SG LI-8208	01/25/2021	2,900,000	2,702,000	198,000
37	WP HD-8494	08/03/2021	1,100,000	1,000,000	100,000
38	48-1623	11/30/2021	600,000	497,000	103,000
39	47-9412	10/21/2021	450,000	431,975	18,025
40	NW BGY-6296	11/30/2021	60,000	51,000	9,000
41	WP FZ-9109	01/29/2021	600,000	480,000	120,000
42	WP HM-2504	10/13/2021	600,000	575,000	25,000
43	WP KV-8737	08/03/2021	14,000,000	13,400,000	600,000
44	NW KD-0008	10/21/2021	3,000,000	2,550,000	450,000
45	14 SRI 9499	08/04/2021	300,000	270,000	30,000
46	47-2217	08/11/2021	350,000	310,000	40,000
47	CP PQ-5844	08/03/2021	650,000	637,500	12,500
48	325-4940	08/02/2021	1,700,000	1,377,000	323,000
49	48-7087	08/03/2021	400,000	325,000	75,000
50	SG LY-1894	10/15/2021	1,950,000	1,400,000	550,000
51	SP JJ-1172	10/15/2021	2,000,000	1,890,000	110,000
52	47-4790	08/04/2021	350,000	285,000	65,000
53	EP LB-9930	06/29/2021	1,450,000	1,212,500	237,500
54	SP RE-9990	10/18/2021	900,000	820,000	80,000
55	325-2124	03/29/2021	250,000	190,000	60,000
56	WP LC-0816	01/27/2021	700,000	636,000	64,000
57	WP PW-8872	08/03/2021	1,100,000	1,025,500	74,500
58	WP LN-9032	01/06/2021	3,800,000	3,500,000	300,000
59	NC RF-3422	10/13/2021	550,000	502,000	48,000
60	CP HH-1134	10/14/2021	800,000	695,900	104,100
61	CP GS-8164	08/01/2021	1,750,000	1,710,000	40,000
62	CP LF-8790	07/05/2021	1,450,000	1,100,000	350,000
63	WP HP-5142	06/28/2021	1,100,000	1,000,000	100,000
64	WP LN-6981	07/01/2021	3,900,000	2,920,000	980,000
65	SP LG-3585	03/24/2021	500,000	405,000	95,000
66	59-8364	08/11/2021	925,000	815,500	109,500
67	226-7362	10/27/2021	1,550,000	1,410,000	140,000
68	CP LB-4989	07/29/2021	900,000	785,000	115,000
69	SP HM-0258	08/02/2021	2,000,000	1,868,000	132,000

70	WP JH-7545	10/21/2021	1,900,000	1,626,000	274,000
71	NW LI-4166	01/25/2021	2,950,000	2,600,000	350,000
72	47-1603	08/10/2021	1,250,000	1,050,000	200,000
73	WP LD-9622	06/28/2021	2,450,000	2,200,000	250,000
74	NW LI-3538	01/29/2021	3,050,000	2,712,000	338,000
75	WP LH-9583	08/09/2021	1,300,000	1,125,000	175,000
76	CP PW-0808	11/29/2021	800,000	650,000	150,000
77	SP LF-5761	12/03/2021	520,000	420,000	100,000
78	19-2149	11/29/2021	550,000	440,000	110,000
79	LN-1889	08/02/2021	2,750,000	2,357,000	393,000
80	CP KH-1645	08/02/2021	1,800,000	1,658,000	142,000
81	43-5201	02/03/2021	1,000,000	817,000	183,000
82	49-9526	08/09/2021	550,000	490,000	60,000
83	EP BFQ-4042	08/24/2021	240,000	230,000	10,000
84	CP HK-1586	07/30/2021	1,800,000	1,435,000	365,000
85	SG EY-2312	11/29/2021	350,000	326,000	24,000
86	NW HI-8926	01/01/2021	1,100,000	970,000	130,000
87	WP LE-6553	02/23/2021	400,000	355,000	45,000
88	NW JA-9442	10/14/2021	950,000	756,000	194,000
89	SP NC-6088	12/15/2021	4,100,000	3,285,000	815,000
90	60-8020	08/03/2021	400,000	300,000	100,000
91	SG PR-2484	02/23/2021	1,050,000	885,000	165,000
92	NW BGN-9024	08/05/2021	110,000	85,000	25,000
93	NW BHE-5241	11/29/2021	75,000	66,500	8,500
94	54-3794	01/29/2021	1,600,000	1,425,600	174,400
95	SP LA-1824	08/01/2021	1,400,000	1,165,860	234,140
96	227-2568	08/25/2021	1,800,000	1,670,000	130,000
97	68-7424	10/26/2021	1,450,000	1,000,000	450,000
98	EP LG-2020	08/02/2021	1,300,000	1,100,000	200,000
99	EP LB-2885	07/01/2021	1,600,000	1,250,000	350,000
100	WP LB-8519	08/11/2021	1,800,000	1,420,000	380,000
101	WP LY-1050	08/11/2021	1,650,000	1,350,000	300,000
102	WP LY-0907	08/03/2021	800,000	780,000	20,000
103	WP LN-8930	07/12/2021	4,050,000	2,920,000	1,130,000
104	CP LA-9073	07/05/2021	1,500,000	1,160,000	340,000
105	WP LA-4248	08/05/2021	2,050,000	1,725,000	325,000

106	47-2390	08/30/2021	1,000,000	760,000	240,000
107	SP LK-2387	06/28/2021	2,000,000	1,687,000	313,000
108	WP LO-3682	08/02/2021	2,100,000	1,790,000	310,000
109	NP LG-6507	08/02/2021	2,100,000	1,862,000	238,000
110	68-3602	08/06/2021	800,000	650,000	150,000
111	SG HK-8958	08/04/2021	1,500,000	1,412,500	87,500
112	WP JH-1311	02/23/2021	1,650,000	1,376,500	273,500
113	SP LG-5916	02/23/2021	450,000	380,000	70,000
114	WP KS-2314	02/01/2021	1,700,000	1,369,000	331,000
115	EP RC-5619	11/30/2021	600,000	480,000	120,000
116	NW GU-8553	07/12/2021	2,950,000	2,415,000	535,000
117	KG-7036	06/25/2021	3,900,000	3,496,500	403,500
118	WP PB-8200	06/25/2021	2,700,000	2,210,000	490,000
119	NW BHN-8780	08/05/2021	100,000	75,000	25,000
120	NW LN-2856	07/06/2021	2,400,000	2,050,000	350,000
121	NW BHN-4149	11/26/2021	60,000	52,750	7,250
122	CP LB-2538	01/27/2021	850,000	800,000	50,000
123	SP PT-9719	10/15/2021	585,000	525,000	60,000
124	NA-7651	11/30/2021	700,000	579,900	120,100
125	WP LJ-1470	07/02/2021	1,750,000	1,325,000	425,000
126	NW BHK-6465	07/19/2021	190,000	147,000	43,000
127	NP YP-8336	11/30/2021	345,000	291,000	54,000
128	NW BHL-2439	08/24/2021	95,000	80,000	15,000
129	32-8176	07/02/2021	700,000	535,000	165,000
130	NW ABL-1168	12/10/2021	375,000	355,000	20,000
131	NC RG-4321	07/07/2021	1,700,000	1,340,000	360,000
132	CP PS-7318	12/08/2021	850,000	775,000	75,000
133	SP PB-7279	07/02/2021	1,050,000	935,000	115,000
134	63-2429	11/29/2021	2,950,000	2,625,100	324,900
135	SP GI-7567	06/26/2021	3,500,000	3,162,500	337,500
136	302-0153	06/30/2021	1,550,000	1,273,000	277,000
137	SG LF-4277	08/01/2021	1,525,000	1,300,000	225,000
138	WP KU-9258	08/17/2021	800,000	728,700	71,300
Total			218,630,000	188,625,940	30,004,060

Annexure III

No.	Vehicle No.	Valuation Amount (Rs.)	Disposal Value (Rs.) (A)	Full Outstanding to be recovered from the Vehicle (Rs.) (B)	Difference (Rs.) (B-A)
1	58-4206	1,200,000.00	1,455,000.00	4,639,629	3,184,628.57
2	Harvester	300,000.00	295,900.00	9,046,080	8,750,180.24
3	WP JG-3927	300,000.00	460,000.00	7,356,903	6,896,903.47
4	SP BAY-2337	60,000.00	55,000.00	731,732	676,731.84
5	SP BAY-2679	70,000.00	76,000.00	539,938	463,938.49
6	BP BAZ-4949	70,000.00	72,000.00	571,422	499,421.80
7	SP SL-7967	65,000.00	70,000.00	768,596	698,595.81
9	SP SM-8963	50,000.00	63,000.00	851,978	788,978.05
10	UP SM-8961	48,000.00	64,000.00	933,234	869,233.89
11	UP SM-6396	65,000.00	63,000.00	868,082	805,081.81
12	SP SM-8967	60,000.00	67,500.00	739,474	671,973.72
13	SP BCK-2231	60,000.00	107,000.00	567,597	460,597.10
14	SP SM-9098	10,000.00	38,000.00	1,243,316	1,205,316.05
15	UP SM-9101	55,000.00	72,000.00	540,758	468,758.32
16	NW LL-8755	3,250,000.00	2,650,000.00	8,046,791	5,396,791.48
17	EP LI-0586	1,350,000.00	2,100,000.00	4,364,081	2,264,081.41
18	SP BCH-5999	65,000.00	70,000.00	405,882	335,881.50
19	68-0885	450,000.00	370,000.00	1,668,151	1,298,151.23
20	68-5906	550,000.00	486,500.00	2,694,877	2,208,376.68
21	NW QY-3962	150,000.00	225,000.00	467,606	242,606.26
22	SP YD-2591	90,000.00	120,000.00	674,159	554,159.00
23	NW HK-4548	750,000.00	635,900.00	2,724,491	2,088,591.38
24	SP BCK-0985	60,000.00	110,000.00	339,768	229,768.08
25	CP DAC-2121	575,000.00	706,000.00	1,699,942	993,941.56
26	EP GX-3986	850,000.00	725,000.00	2,488,667	1,763,667.44
27	SP PY-2647	1,600,000.00	1,280,000.00	3,944,765	2,664,764.66
28	64-7497	1,000,000.00	1,006,000.00	2,643,748	1,637,748.49
29	CP HB-5316	800,000.00	610,000.00	2,845,734	2,235,734.00
30	WP LB-0758	900,000.00	910,000.00	2,755,485	1,845,484.60
31	SP LA-2436	2,500,000.00	2,365,000.00	2,514,092	149,092.00
32	WP LY-0217	1,300,000.00	1,487,000.00	5,842,816	4,355,816.42
33	CP DAA-5129	1,175,000.00	1,110,000.00	2,604,303	1,494,302.57
34	EP LI-3320	1,150,000.00	1,625,000.00	3,525,904	1,900,903.64
35	EP BEH-2108	100,000.00	132,000.00	322,254	190,253.77
36	UP LC-1205	1,200,000.00	1,410,000.00	3,271,778	1,861,778.29
37	43-1506	250,000.00	397,000.00	2,267,594	1,870,593.78
38	WP LM-9795	2,850,000.00	2,612,000.00	9,055,847	6,443,846.69
39	SP LA-6853	1,750,000.00	1,410,000.00	7,781,700	6,371,699.87

40	CP NC-7244	4,100,000.00	3,450,000.00	11,383,638	7,933,638.41
41	NW LF-4402	175,000.00	150,000.00	1,076,950	926,950.26
42	64-1474	550,000.00	676,500.00	1,752,793	1,076,293.46
43	SP BCR-6573	60,000.00	60,000.00	266,229	206,229.13
44	NC LF-3906	450,000.00	500,000.00	1,464,708	964,708.48
45	226-9876	1,100,000.00	1,050,000.00	2,607,063	1,557,062.91
46	SP BCA-5106	55,000.00	95,000.00	368,469	273,469.46
47	64-3277	550,000.00	735,000.00	1,452,005	717,004.96
48	65-4581	1,500,000.00	1,345,000.00	2,811,103	1,466,102.77
49	18-3882	300,000.00	475,000.00	1,376,889	901,888.88
50	48-0051	500,000.00	400,000.00	2,412,848	2,012,848.35
51	47-5752	400,000.00	335,900.00	1,949,609	1,613,709.14
52	SP LC-3496	1,300,000.00	1,625,000.00	4,001,575	2,376,574.90
53	WP PU-8897	275,000.00	300,000.00	1,029,723	729,722.84
54	WP LN-3637	2,100,000.00	2,630,000.00	8,429,257	5,799,256.77
55	EP LD-8272	1,200,000.00	1,135,000.00	3,866,340	2,731,339.62
56	NW LJ-7397	1,700,000.00	1,462,955.00	4,444,012	2,981,057.05
57	SP LG-7530	2,300,000.00	2,725,000.00	5,481,496	2,756,496.21
58	68-9470	1,200,000.00	1,485,000.00	2,773,989	1,288,989.13
59	WP LM-8943	3,700,000.00	3,000,000.00	9,592,162	6,592,161.58
60	NP BEH-5814	190,000.00	255,000.00	724,755	469,754.80
61	CP LN-6054	3,000,000.00	3,840,000.00	9,499,569	5,659,569.04
62	NC LJ-4880	1,500,000.00	1,502,500.00	3,123,510	1,621,009.69
63	NC LJ-5038	900,000.00	1,412,000.00	2,741,439	1,329,438.82
64	NW CAH-5619	1,300,000.00	1,611,000.00	2,779,541	1,168,541.02
65	CP HP-9170	1,250,000.00	1,377,500.00	2,871,063	1,493,562.57
66	WP KC-6536	900,000.00	730,000.00	1,731,184	1,001,184.08
67	NW LL-6152	3,350,000.00	3,750,000.00	6,420,673	2,670,673.22
68	SP LC-0655	800,000.00	900,000.00	2,663,565	1,763,564.52
69	NW LH-4992	2,600,000.00	2,700,000.00	5,451,864	2,751,863.87
70	WP LL-8166	3,700,000.00	3,160,000.00	7,234,318	4,074,318.37
71	226-5495	1,200,000.00	1,310,000.00	2,534,531	1,224,530.50
72	NP BFV-8933	180,000.00	190,000.00	425,658	235,658.14
73	WP JC - 3050	1,300,000.00	1,110,000.00	3,051,164	1,941,163.87
74	EP LD-4501	2,100,000.00	1,725,000.00	3,707,543	1,982,542.50
75	NW LK-5523	3,000,000.00	3,162,500.00	5,837,772	2,675,272.47
76	NW LH-6137	1,800,000.00	2,200,000.00	3,941,382	1,741,382.45
77	NW LK-3546	3,400,000.00	3,312,500.00	6,394,508	3,082,007.96
78	NW LJ-6344	2,375,000.00	2,250,000.00	2,437,408	187,407.57
79	WP HC-0968	1,200,000.00	1,202,000.00	2,467,023	1,265,022.61
80	CP LL-1284	4,500,000.00	3,600,000.00	6,864,250	3,264,250.22
81	SP RF-3378	700,000.00	1,010,000.00	2,944,830	1,934,829.50
82	SP JW-8521	125,000.00	590,000.00	2,795,172	2,205,171.52
83	NP LJ-9294	1,200,000.00	1,350,000.00	2,550,094	1,200,093.69
84	SP GH-9454	900,000.00	927,900.00	4,870,202	3,942,302.09
85	WP JJ-4114	2,500,000.00	2,880,000.00	5,602,424	2,722,423.52
86	SP NC-8352	4,900,000.00	4,400,000.00	10,562,671	6,162,671.38

87	SG GK-0667	450,000.00	435,000.00	1,944,233	1,509,233.27
89	CP LJ-4050	1,700,000.00	1,350,000.00	3,113,700	1,763,699.70
90	WP KE-9911	1,900,000.00	2,370,000.00	4,509,662	2,139,661.71
91	NW LH-9506	1,900,000.00	1,650,000.00	3,231,493	1,581,493.33
92	SP ND-1145	4,500,000.00	3,620,000.00	11,050,650	7,430,649.78
93	NC RD2693	600,000.00	530,000.00	1,322,500	792,499.88
94	SP GJ-1172	1,400,000.00	1,665,000.00	3,306,530	1,641,530.32
95	SG LI-8208	2,900,000.00	2,702,000.00	3,742,104	1,040,103.59
96	SG LI-3920	2,000,000.00	2,340,000.00	3,281,238	941,237.80
97	NP LN-7739	3,000,000.00	3,320,000.00	7,345,636	4,025,635.75
98	WP HD-8494	1,100,000.00	1,000,000.00	2,128,189	1,128,188.54
99	WP LJ-9180	1,400,000.00	1,500,000.00	3,138,691	1,638,690.89
100	NW LN-4167	4,300,000.00	4,425,000.00	9,695,049	5,270,048.92
101	48-1623	600,000.00	497,000.00	2,163,448	1,666,448.15
102	WP JF-4046	1,450,000.00	1,526,000.00	2,966,787	1,440,786.68
103	47-9412	450,000.00	431,975.00	1,519,400	1,087,425.17
104	NW LB-6689	2,650,000.00	2,670,000.00	5,062,916	2,392,915.85
105	CP LD-6047	700,000.00	710,000.00	1,315,042	605,041.73
106	226-6095	925,000.00	950,000.00	2,344,133	1,394,133.20
107	NW BGY-6296	60,000.00	51,000.00	318,121	267,120.76
108	WP KB-9779	2,000,000.00	2,050,000.00	4,202,365	2,152,365.04
109	WP FZ-9109	600,000.00	480,000.00	819,650	339,650.09
110	SP BEL-2004	85,000.00	133,000.00	1,451,392	1,318,391.54
112	WP HM-2504	600,000.00	575,000.00	2,431,544	1,856,544.03
113	NW LN-0005	4,400,000.00	5,080,000.00	6,941,148	1,861,148.32
114	WP LX-1779	700,000.00	750,000.00	7,021,411	6,271,410.60
115	NW LI-3621	2,150,000.00	2,280,000.00	3,254,006	974,006.16
116	WP KV-8737	14,000,000.00	13,400,000.00	29,661,728	16,261,727.59
117	NW KD-0008	3,000,000.00	2,550,000.00	5,116,338	2,566,338.10
118	WP LF-1324	1,100,000.00	1,160,000.00	2,387,206	1,227,206.16
119	WP PW-4201	275,000.00	278,000.00	983,090	705,089.81
120	WP LN-0236	3,200,000.00	3,210,000.00	5,211,073	2,001,072.95
121	14 SRI 9499	300,000.00	270,000.00	806,197	536,196.98
122	47-2217	350,000.00	310,000.00	1,339,324	1,029,324.43
123	CP PQ-5844	650,000.00	637,500.00	1,394,320	756,819.80
124	NW LD-1018	1,550,000.00	1,810,000.00	2,454,476	644,475.52
125	18-7108	900,000.00	1,190,000.00	2,107,266	917,265.85
126	WP HG-2138	1,000,000.00	1,400,000.00	3,057,742	1,657,741.54
127	325-4940	1,700,000.00	1,377,000.00	3,455,782	2,078,782.08
128	48 7087	400,000.00	325,000.00	1,664,563	1,339,562.69
130	SG LX - 1972	1,450,000.00	1,986,500.00	5,537,234	3,550,733.69
131	SP JJ-1172	2,000,000.00	1,890,000.00	3,805,536	1,915,536.00
132	UP LC-2382	800,000.00	929,900.00	2,028,763	1,098,862.69
133	WP GN 9393	1,900,000.00	2,550,000.00	5,466,617	2,916,616.82
134	47-4790	350,000.00	285,000.00	1,194,287	909,286.55
135	EP LB-9930	1,450,000.00	1,212,500.00	2,139,544	927,044.12
136	SP RE-9990	900,000.00	820,000.00	3,969,663	3,149,663.41

137	NC RF-6674	300,000.00	350,000.00	2,002,977	1,652,976.60
138	CP LB-0189	700,000.00	900,000.00	2,726,087	1,826,086.88
139	SG LC-6619	1,100,000.00	1,720,000.00	3,025,601	1,305,601.46
140	WP GM-0133	575,000.00	545,900.00	1,051,568	505,667.81
141	SP LC-4150	800,000.00	1,050,000.00	2,621,593	1,571,593.18
142	NC RA-6590	850,000.00	710,000.00	1,091,972	381,972.43
143	325-2124	250,000.00	190,000.00	443,871	253,871.21
144	300-2397	1,100,000.00	1,576,000.00	2,031,916	455,916.16
145	UP SO-6231	90,000.00	126,500.00	590,454	463,953.94
146	NC RF-6073	1,400,000.00	1,900,000.00	5,149,341	3,249,340.53
147	CP LD-8406	2,800,000.00	2,818,000.00	4,652,085	1,834,084.63
148	WP LC-0816	700,000.00	636,000.00	1,044,202	408,202.27
149	WP PW-8872	1,100,000.00	1,025,500.00	1,735,217	709,717.17
150	WP LN-9032	3,800,000.00	3,500,000.00	3,838,239	338,239.25
151	NC RF-3422	550,000.00	502,000.00	2,150,717	1,648,716.94
152	CP HH-1134	800,000.00	695,900.00	2,735,725	2,039,825.46
153	CP GS-8164	1,750,000.00	1,710,000.00	2,532,554	822,554.01
154	CP LF-8790	1,450,000.00	1,100,000.00	2,183,954	1,083,953.92
155	NC GY-8565	1,400,000.00	1,437,150.00	3,731,765	2,294,615.15
156	NC BFC-1544	250,000.00	255,000.00	523,584	268,583.61
157	18-5735	100,000.00	437,000.00	1,230,853	793,853.30
158	WP HP-5142	1,100,000.00	1,000,000.00	1,886,661	886,661.12
159	SP LE-0939	1,450,000.00	1,470,000.00	2,258,677	788,676.80
160	WP LN-6981	3,900,000.00	2,920,000.00	6,750,254	3,830,254.20
161	SP LG-3585	500,000.00	405,000.00	589,032	184,031.67
162	WP LJ-2240	1,200,000.00	1,650,000.00	2,582,284	932,283.95
163	59-8364	925,000.00	815,500.00	1,681,576	866,075.61
164	226-7362	1,550,000.00	1,410,000.00	2,233,805	823,804.54
165	CP LB-4989	900,000.00	785,000.00	1,459,110	674,110.42
166	CP PY-4798	1,150,000.00	1,301,000.00	1,789,021	488,020.59
167	SP HM-0258	2,000,000.00	1,868,000.00	2,998,702	1,130,701.89
168	WP JH -7545	1,900,000.00	1,626,000.00	3,815,314	2,189,313.97
169	NW LI-4166	2,950,000.00	2,600,000.00	3,669,984	1,069,983.95
170	SP KB-9559	1,200,000.00	1,400,000.00	2,780,066	1,380,065.52
171	47-1603	1,250,000.00	1,050,000.00	2,097,306	1,047,306.35
172	WP LD-9622	2,450,000.00	2,200,000.00	5,711,310	3,511,310.06
173	NW LJ-3538	3,050,000.00	2,712,000.00	3,789,612	1,077,611.50
174	WP LI-1266	950,000.00	2,280,000.00	4,784,580	2,504,580.36
175	WP LF-9583	1,300,000.00	1,125,000.00	6,154,783	5,029,783.37
176	CP PW-0808	800,000.00	650,000.00	1,586,151	936,150.91
177	SP LF-5761	520,000.00	420,000.00	940,528	520,528.40
178	WP LI-5889	800,000.00	2,060,000.00	2,555,858	495,858.36
179	SP LN-6673	3,100,000.00	3,490,000.00	6,212,799	2,722,799.12
180	NC LB-7613	950,000.00	1,025,000.00	1,496,154	471,153.71
181	19-2149	550,000.00	440,000.00	1,543,123	1,103,122.97
182	LN-1889	2,750,000.00	2,357,000.00	3,747,620	1,390,619.81
183	CP KH-1645	1,800,000.00	1,658,000.00	2,799,588	1,141,588.45

184	NP GK-9773	1,450,000.00	1,545,000.00	2,640,479	1,095,479.48
185	43-5201	1,000,000.00	817,000.00	1,332,171	515,171.41
186	UP LJ-3119	2,300,000.00	2,362,500.00	3,995,122	1,632,622.31
187	ZA-3805	400,000.00	520,000.00	1,903,615	1,383,615.27
188	UP LJ-9431	2,500,000.00	2,715,000.00	3,655,423	940,422.53
189	49-9526	550,000.00	490,000.00	996,076	506,075.64
190	NW BHJ-3704	140,000.00	166,000.00	420,945	254,945.19
192	WP HD-9257	950,000.00	955,000.00	1,937,686	982,686.01
193	43-1710	300,000.00	375,000.00	1,850,320	1,475,319.80
194	NW BGO-6349	140,000.00	156,000.00	418,155	262,155.41
195	NW BGO-2517	85,000.00	85,000.00	224,300	139,300.23
196	CP HK-1586	1,800,000.00	1,435,000.00	2,267,868	832,868.33
197	SG PY-2312	350,000.00	326,000.00	2,128,741	1,802,741.28
198	NW HI-8926	1,100,000.00	970,000.00	1,295,170	325,169.84
199	WP LE-6553	400,000.00	355,000.00	641,428	286,427.96
200	NP PQ-7511	1,450,000.00	1,516,600.00	1,828,562	311,961.57
201	NW JA-9442	950,000.00	756,000.00	1,954,374	1,198,374.11
202	WP GA-6092	2,000,000.00	2,008,000.00	2,980,954	972,954.35
203	NC LK-1420	700,000.00	710,000.00	1,142,552	432,551.89
204	SP NC-6088	4,100,000.00	3,285,000.00	7,124,071	3,839,071.17
205	60-8020	400,000.00	300,000.00	642,856	342,855.74
206	SP YF-5349	175,000.00	240,000.00	560,878	320,877.86
207	SG PR-2484	1,050,000.00	885,000.00	1,112,204	227,203.99
208	NC LH-2040	2,200,000.00	2,005,000.00	3,076,336	1,071,335.88
209	NW BGN-9024	110,000.00	85,000.00	234,006	149,006.26
210	NW BHE-5241	75,000.00	66,500.00	205,533	139,033.08
211	NW LN-9672	2,300,000.00	2,525,000.00	5,329,518	2,804,518.39
212	54-3794	1,600,000.00	1,425,600.00	1,685,806	260,206.08
213	SP LA-1824	1,400,000.00	1,165,860.00	2,762,633	1,596,773.12
214	WP LB-4544	500,000.00	668,000.00	2,321,980	1,653,979.80
215	227-2568	1,800,000.00	1,670,000.00	2,977,144	1,307,143.92
217	EP LG-2020	1,300,000.00	1,100,000.00	2,540,495	1,440,494.54
218	EP RS-1116	950,000.00	1,900,000.00	4,718,897	2,818,896.87
219	EP LB-2885	1,600,000.00	1,250,000.00	2,181,305	931,305.25
220	WP LB-8519	1,800,000.00	1,420,000.00	2,727,524	1,307,524.28
221	WP LY-1050	1,650,000.00	1,350,000.00	2,477,708	1,127,708.04
222	WP LY-0907	800,000.00	780,000.00	2,274,835	1,494,835.22
223	WP LN-8930	4,050,000.00	2,920,000.00	4,614,726	1,694,726.37
224	CP LA-9073	1,500,000.00	1,160,000.00	1,712,756	552,755.67
225	WP LF-4248	2,050,000.00	1,725,000.00	2,652,829	927,828.98
226	47-2390	1,000,000.00	760,000.00	2,170,472	1,410,472.15
228	300-4967	700,000.00	926,000.00	1,791,890	865,890.03
229	WP LO-3682	2,100,000.00	1,790,000.00	3,898,430	2,108,429.60
230	NP LG-6507	2,100,000.00	1,862,000.00	2,998,241	1,136,241.14
231	NP RF-9536	1,400,000.00	1,537,000.00	3,023,509	1,486,508.63
232	68-3602	800,000.00	650,000.00	1,242,347	592,347.30
233	WP HT-8952	1,400,000.00	1,645,000.00	2,426,886	781,885.80

234	SP KE-0808	1,400,000.00	1,510,000.00	2,554,905	1,044,905.39
235	SG HK-8958	1,500,000.00	1,412,500.00	1,964,487	551,987.04
236	WP JH-1311	1,650,000.00	1,376,500.00	1,815,207	438,707.13
237	SP LG-5916	450,000.00	380,000.00	649,353	269,353.05
238	WP KS 2314	1,700,000.00	1,369,000.00	1,663,437	294,437.11
239	NW LG-1311	550,000.00	700,000.00	2,474,672	1,774,671.85
240	EP RC-5619	600,000.00	480,000.00	1,476,491	996,490.86
241	NW GU-8553	2,950,000.00	2,415,000.00	3,256,465	841,464.80
242	CP LI-2655	1,200,000.00	1,285,000.00	1,998,369	713,369.15
243	KG 7036	3,900,000.00	3,496,500.00	5,876,952	2,380,451.96
244	WP PB-8200	2,700,000.00	2,210,000.00	3,053,803	843,803.39
245	WP LD-9048	1,700,000.00	1,787,000.00	2,319,658	532,658.07
246	60-4649	400,000.00	460,000.00	953,990	493,989.82
247	NW BHN-8780	100,000.00	75,000.00	310,884	235,883.62
248	NW LN-2856	2,400,000.00	2,050,000.00	3,941,967	1,891,967.18
249	NW BHN-4149	60,000.00	52,750.00	271,611	218,861.45
250	NW LL-0401	1,400,000.00	1,500,000.00	3,065,955	1,565,955.21
251	SP RC-4770	300,000.00	510,000.00	1,379,934	869,933.87
252	16 SRI 1161	100,000.00	175,000.00	771,199	596,198.70
253	WP GU-9734	450,000.00	515,000.00	1,030,926	515,926.49
254	CP QX-5059	80,000.00	103,000.00	575,670	472,669.57
255	WP PD-4199	2,600,000.00	3,110,000.00	5,747,170	2,637,170.13
256	WP LH-8154	975,000.00	1,350,000.00	4,289,528	2,939,527.60
258	SP PT-9719	585,000.00	525,000.00	897,171	372,170.94
259	NA-7651	700,000.00	579,900.00	16,518,747	15,938,847.45
260	WP LJ-1470	1,750,000.00	1,325,000.00	2,950,148	1,625,148.45
261	17-6236	600,000.00	605,000.00	645,474	40,474.37
262	NW BHI-5884	165,000.00	177,000.00	341,987	164,986.89
263	SP BEL-1999	95,000.00	126,500.00	1,506,568	1,380,067.58
264	EP LB-2204	450,000.00	615,000.00	1,842,454	1,227,453.53
265	NW BHK-6465	190,000.00	147,000.00	276,880	129,879.95
269	NP YP-8336	345,000.00	291,000.00	493,254	202,254.47
270	NW BHM-6248	100,000.00	105,000.00	259,852	154,851.78
271	NW BHL-2439	95,000.00	80,000.00	194,079	114,079.46
272	32-8176	700,000.00	535,000.00	688,182	153,182.02
273	NW ABL-1168	375,000.00	355,000.00	583,312	228,311.81
274	WP QU-6087	450,000.00	530,000.00	588,247	58,247.22
275	NC RG-4321	1,700,000.00	1,340,000.00	2,249,402	909,402.04
276	CP PS-7318	850,000.00	775,000.00	1,026,121	251,121.39
278	SP PB-7279	1,050,000.00	935,000.00	1,325,386	390,385.65
279	63-2429	2,950,000.00	2,625,100.00	2,957,852	332,752.30
282	302-0153	1,550,000.00	1,273,000.00	1,535,363	262,363.31
283	WP PT-5493	750,000.00	800,000.00	965,580	165,579.95
284	WP KU-9080	750,000.00	775,000.00	894,384	119,384.27
285	SG LF-4277	1,525,000.00	1,300,000.00	1,446,874	146,873.65
286	BFF-6077	150,000.00	161,500.00	232,443	70,943.20
293	EP LH-9014	2,300,000.00	2,351,500	3,134,277	782,777.34

296	WP QB-0744	400,000.00	410,000	475,286	65,285.98
Total		355,383,000	352,612,690	794,099,817	441,487,125.55

Annexure IV

Area	Weaknesses Observed	Management Comment
Pawning Advances	Preparation of updated pawning procedure manual and divisional manual is not finalized.	Completed.
	Unavailability of the related policies and guideline for pawning handling over process when the pawning officers are changed.	Process now place.
	Pawning advance tenure has not been specified in the procedure manual and system issue the pawning advanced tenure.	Completed.
	Weighing scale licenses were not renewed.	Completed.
	Unavailability of gold specimen bars for branch pawning operations.	Partially completed due to cost of specimen gold bars.
Safeguard and Equipment	Unavailability of fire alarms and smoke detectors in 10 branches and Unavailability of emergency exit/fire exit in 3 branches.	Fire extinguishers completed due to the high cost of smoke detectors.
	Unavailability of power generators in 2 branches and Unavailability of alternative power generating machine in 2 branches.	Not completed due to cost and space issues.
	Lapses identified in CCTV camera system in 3 branches and a CCTV camera is not in place to cover up some locations in 2 branches.	Completed.
	Expired fire extinguishers were observed in 2 branches.	Completed.
Information System	Availability of Expired software licenses, Absence of Quality Assurance (QA) testing and Usage of actual production data for Testing Purposes.	<ul style="list-style-type: none"> • Expired software's cancelled & removed. • Production data for testing – A solution being evaluated.
	Non-Availability of an automated information security event/log management solution, data has not been classified in accordance with the data classification policy, data loss prevention (DLP) mechanism has not been implemented in the bank and non-availability of required data center facilities for the DR site.	<ul style="list-style-type: none"> • Currently, the IT Department is in process of evaluating the technical and commercial proposals of DLP. This project is due to be completed in 2023. • Data centre facilities for DRP has been completed.

Business Continuity plan (BCP) has not been tested. MBSL does not have a secondary recovery location to work during a disaster. Absence of a clause in the building agreement that pertaining to responsibilities of the building owner, during a disaster and control lapses identified in Generator Room at head Office (Absence of proper generator room facilities/standards may cause damages to the generators and may result in disruptions for continuity of business activities.

- BCP full test completed on 27th September 2022.
- Reached an agreement with the building owner.

In Margin Trading Module it was observed that significant fields are not validated at the point of creation of a new customer/broker, system controls are not availability to validate customer contact details and dual authorization is not available at the point of changing customer details in the system.

Rectified.

Entering into rent agreements

The Company does not follow a standard procedure when entering into agreements to rent out premises for the business operations of the Company. Board approval has not obtained prior to entering into rent agreements. Details as follows.

Location/ Branch	Name of the Building Owner	Agreement Period	Board Approved date of Agreement
Ambalanthota	Mrs. I K Shanthy Priyadharshani	01/03/2021 to 28/02/2023	10/02/2022
Ampara	Ampara Corporative Society	15/02/2019 to 14/02/2024	26/02/2019
Batticaloa - Ground Floor - First Floor	Textile Weavers Co-operative Society Ltd.	01/02/2021 to 31/01/2031 01/07/2021 to 30/06/2031	10/02/2021 11/08/2021
Deniyaya	Mr. Piyadasa Hettige	15/03/2020 to 13/04/2025	16/07/2020
Kandana	Mr. R A S Perera	15/03/2020 to 14/03/2025	16/07/2020
Kiribathgoda	Mr. D Samaratunga	01/07/2018 to 30/06/2024	08/01/2019

Submitted for Board approval before agreement date.

Approval to renew with the request of to revise the rent Revised Terms.

Board paper was submitted on 29/04/2021 informing the delay due to not receiving the consent letter from the owner on time due to COVID restrictions.

Delay was due to COVID restrictions.

Delay was due to COVID restrictions.

Delay was due to obtaining the letter from the owner as he was in overseas.

Puttalam	Mrs. B M G M I M de Silva	01/04/2020 to 31/03/2025	16/07/2020	Delay was due to COVID restrictions.
Ratnapura	Mr. W R de Alwise	15/03/2022 to 14/03/2027	17/03/2017	Submitted for Board approval before agreement date.
Kadawatha	Nikado Enterprises Limited	07/07/2018 to 06/07/2023	13/08/2018	Board paper submitted on 02/07/2018 and have requested to resubmit with revised rent and resubmitted on 06/08/2018.
Nugegoda	Mrs. W C M Fonseka & Mrs. K B C Dayananda Mr. K K A L Dayananda	15/03/2020 to 14/03/2026	16/07/2020	Delay was due to COVID restrictions.
Negombo	Mr. L P S S Wijayarupa	08/08/2018 to 07/08/2023	27/08/2018	Letter received from the owner on 06/08/2018 and the board meeting was held on 27/08/2018.
Kurunegala (Yard)	Mr. E A P Wimalasena	01/09/2018 to 31/08/2021	12/05/2021	Submitted for Board approval before agreement date.