

REINFORCING STABILITY

*“TOWARDS CREATING A CULTURE OF HIGH
CREDIT QUALITY AND DISCIPLINE THAT
PROMOTES WIDER FINANCIAL INCLUSION
AMONG ALL SEGMENTS OF THE ECONOMY
AND STRENGTHENS THE FINANCIAL SYSTEM
STABILITY OF THE COUNTRY”*

Contents

Chairman's Review	2
Key Performance Indicators	5
Historical Milestones	8

Who We Are

Our Vital Statistics	12
CRIB Products & Services	14

Governance System

Board of Directors	17
Board of Directors (Retired)	24
Our Team	25
Ethics and Anti -Corruption	28
Governance and Internal Controls	32
Audit Committee Report	37
Remuneration Committee Report	39

Management Discussion & Analysis

Managing Risk	41
Operations Review	44
Financial Review	47
Economic Contributions	50
IT System	51
Our Customers	53
Our Team	55

Financial Reports

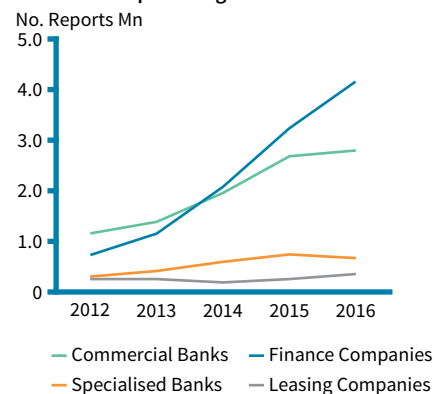
Statement of Directors' Responsibilities for Financial Statements	58
Annual Report of the Board of Directors on the Affairs of the Bureau	59
Independent Auditor's Report to the Shareholders of Credit Information Bureau of Sri Lanka	61
Statement of Comprehensive Income	62
Statement of Financial Position	63
Statements of Changes in Equity	65
Cash Flow Statements	66
Notes to the Financial Statements	67
Notes	84
Corporate Information	87



Chairman's Message

"...the total number of credit reports issued during the year increased by 15%, to 8 million, from 6.9 million in the previous financial year."

Credit Report Usage



ABOUT US

The Credit Information Bureau of Sri Lanka (CRIB), which is the first credit bureau in the South Asian region, was established by the Credit Information Bureau of Sri Lanka Act No. 18 of 1990. An initiative of the Central Bank of Sri Lanka and the Ministry of Finance, CRIB was a response to the country's debt crisis in the 1980s. The disciplining mechanism provided by a Credit Information Bureau is expected to improve the country's overall credit culture.

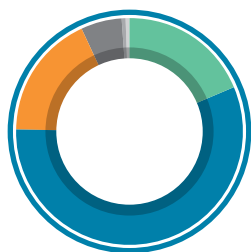
CHAIRMAN'S REVIEW

“

The financial year 2016 was a momentous year for CRIB as it marked a number of landmark events, the most prominent of which was the change of official premises. In June 2016, the CRIB shifted from its previous Vauxhall Street office to a newly constructed building, equipped with modern facilities, on Sir Baron Jayathilake Mawatha, in the heart of Colombo's commercial capital, Fort.

”

Shares Ownership of the CRIB



Monetary Board of Central Bank of Sri Lanka	19.3%
Commercial Banks	57.99%
Specialised Banks	16.62%
Finance Companies	5.57%
Leasing Establishments	0.44%
Other Institutions	0.08%



MR. P. SAMARASIRI - Chairman
(Retired w. e. f. Aug - 2017)

I am pleased to present the Annual Report and audited financial statements of the Credit Information Bureau of Sri Lanka (CRIB) for the financial year 2016. I am happy to report steady progress of CRIB in terms of both financial growth and also in an operational context, where the number of credit reports issued for institutional clients and the public, have recorded an increase year-on-year.

The financial year 2016 was a momentous year for CRIB as it marked a number of landmark events, the most prominent of which was the change of official premises. In June 2016, CRIB shifted from its previous Vauxhall Street office to a newly constructed building, equipped with modern facilities, on Sir Baron Jayathilake Mawatha, in the heart of Colombo's commercial capital, Fort. The prestigious and spacious building in a prime location in Colombo city has contributed towards raising CRIB profile, while also enhancing CRIB's capacities to serve our customers better. The new locality provides better accessibility for both CRIB employees and the rapidly growing customer base of CRIB and is also equipped with better amenities and customer service systems.

Despite the inconveniences associated with shifting of work premises, CRIB continued to provide uninterrupted services for its member financial institutions and the general public. In fact, the total number of credit reports issued during the year increased by 15%, to 8 million, from 6.9 million in the previous financial year. This growth in credit reports demonstrates the growing confidence of banks and other financial institutions of the CRIB as a reliable information source for managing of credit risk in lending decisions and the improved public perception about the Bureau.

CRIB's financial performance too, continued to improve with 10% growth in net profit to reach Rs. 888 million. The slower rate of profit growth is mainly due to the decision to reduce credit report charges from Rs. 200 to Rs. 125 in the previous financial year, as a means of distributing CRIB's financial gain to shareholders and in turn the general public. Hence, the primary contributor to the current year's growth in profitability was interest incomes from the CRIB investment portfolio, which grew by 92% benefiting from higher interest rates. Increase of CRIB's expenses by 31% year-on-year was mainly due to the higher rent payment for the new CRIB office building and some cost increases associated with ICT system maintenance. However, I am confident this cost increase will be offset by the greater benefits that will accrue to the shareholders in the future.

The CRIB database presently covers close to 6.2 million of the population in the country, with data being reported by all authorised lending institutions on main borrowers, or guarantors, to credit facilities. In comparison



MR. C. J. P. SIRIWARDENA
(Appointed w. e. f. Aug - 2017)

In 2016, the rate of dividend increased to 208% with a gross dividend of Rs. 500 Mn, as against the dividend of Rs. 162.5 Mn distributed in 2015.

to peer countries in the region, this coverage of 40% of the total adult population stands well above the South Asian regional average of 13%. Gradual and steady growth of the data base achieved during the past years can be credited to the commitment shown by members in supporting the Bureau's effort to offer comprehensive, near-real-time updated information services that are rich in coverage and informational value.

CRIB has achieved a 15% increase in distribution of credit reports among member institutions, compared to the 45% increase that was recorded during the year 2015. The declining demand for credit reports can be attributed to certain policy measures adopted by the Government to contain rising credit expansion to the private sector, which was growing at 15% as per available statistics for the year 2016.

However, sector wise comparison of demand for credit information suggests that the finance companies have overtaken the banking sector by 17%, by doubling the previous year's demand for credit reports by 8%. Finance companies' contribution to the total distribution of reports of 52% is supported by the segment's continuing interest into the micro finance operation in the market. The Bureau in this regard has introduced a uniquely-designed credit report, targeting micro lending in the main stream credit market. As a pilot run, this report was made available only to the finance and leasing companies and is expected to be introduced to the banking sector during 2017.

CRIB also continued to receive advisory assistance from the International Finance Organisation for strengthening of legal framework of the STR system in Sri Lanka. Upon completion of the project, CRIB will be able to provide a comprehensive electronic registry system for registration of security interests on movable assets for all lending institutions.

I am pleased to report that as an important aspect of our ongoing development effort, the procurement process for a credit bureau system was revived successfully during mid-2016. The Board took a decision to appoint an industry-represented advisory committee to advice on the best possible way forward for the Bureau.

A Board-appointed Tender Board and Technical Evaluation Committee were set up to ensure a more transparent system procurement process.

CRIB continued to transfer its financial gains to members by increasing capital reserves and distributing a substantial amount of profit as dividends. In 2016, the rate of dividend increased to 208% with a gross dividend of Rs. 500 million, as against the dividend of Rs. 162.5 million distributed in 2015. The continued increase in earnings per share to Rs.3,553 and net assets per share to Rs. 15,882 shows the strength of the shareholder value created by CRIB in 2016. The ownership structure of CRIB continued to remain as 19.3% by the Central Bank, 57.99% by commercial banks, 16.62% by specialised banks and 6.01% by finance companies and leasing companies.

Chairman's Review *Contd.*

As part of the overall growth process, a new General Manager for CRIB was recruited in January 2017 to support the strategic development process of the Bureau.

In the new financial year, the CRIB will continue with plans for a new IT system and will consider the introduction of new products and services to add value to our existing shareholders and to integrate more non-traditional credit sectors such as insurance and telcos to the portfolio of CRIB, to promote inclusive credit growth in the economy.

The CRIB Act has wide scope to facilitate credit flows to all sectors of the economy and mandates CRIB to provide information to help mitigate all elements of risk. Therefore, CRIB will consider setting up CRIB research teams to provide specialised information services to the lending industry.

Concluding the chairman's message, I take this opportunity to extend my appreciation to the Board for their guidance in leading and monitoring the operations of CRIB in terms of the provisions of the Act and best practices. I would also like to extend my sincere thanks to staff, members, clients and service providers of CRIB for their continued support to CRIB. A special thank you to Mr. K. A. J. Lakmal, Deputy General Manager of the Bureau, for his service during the period

from 1st January 2016 to 31st December 2016, when he acted as the General Manager. I look forward to the continued support of the Board and CRIB employees to drive the CRIB towards creating a culture of high credit quality and discipline in the country.



Mr. C. J. P. Siriwardena

Chairman

(Deputy Governor, Central Bank of Sri Lanka)

KEY PERFORMANCE INDICATORS

6.2Mn

Number of Persons with
Active Credit Records

40.79%

Persons in Database as a %
of Adult Population

26.5Mn

Number of Records
(credit facilities) in the System
(including settlements)

12.7%

Y-o-Y Growth in Total Credit
Portfolio Submitted

7.9Mn

Number of credit
Reports Issued

14.5%

Y-O-Y Increase credit
Reports Issued.

1.57%

Customer disputes against
iReports

99.2%

Data Quality (as a % of Total
Credit portfolio)

Key Performance Indicators *Contd.*

10%	Y-O-Y Growth in Net profit	Rs. 888Mn	Net Profit
21%	Y-O-Y Growth in Assets	Rs. 4.0Bn	Total Assets
Rs. 3,553	EPS	RS. 2,000	Dividend per Share
Rs. 15,882	Net Assets per share		

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2012	2013	2014	2015	2016
OPERATING RESULTS - (Rs. ' 000)					
Income	430,163	563,690	847,877	872,923	884,623
Expenses	(139,934)	(148,055)	(179,739)	(199,634)	(260,411)
Operating Profit / (Loss)	290,229	415,635	668,138	673,289	624,212
Other Income	121,273	204,736	166,566	191,077	366,506
Net Profit Before Extra Ordinary Items	411,502	620,371	834,704	864,366	990,718
Extra Ordinary Items					
Net Profit After Extra Ordinary Items	411,502	620,371	834,704	864,366	990,718
Taxation	(36,348)	(54,883)	(46,590)	(53,473)	(102,357)
Net Profit After Extra Ordinary Items & Taxation	375,154	565,488	788,114	810,893	888,361
SHAREHOLDERS' FUNDS - (Rs. ' 000)					
Share Capital	25,000	25,000	25,000	25,000	25,000
Reserve	817,435	817,901	1,117,357	1,118,593	1,932,252
Accumulated Fund	627,157	1,143,595	1,524,488	2,191,009	2,013,295
	1,469,592	1,986,496	2,666,845	3,334,602	3,970,547
LIABILITIES - (Rs. ' 000)					
Creditors & Other Payables	36,642	45,997	32,680	25,774	85,023
Deferred Liabilities	2,435	3,275	9,819	4,351	7,456
ASSETS - (Rs. ' 000)					
Non Current Assets	59,287	60,985	48,889	29,816	43,932
Investments	1,360,380	1,755,999	2,455,562	3,117,183	3,762,304
Inventories	389	369	342	282	405
Trade & Other Receivables	79,968	119,423	182,618	188,901	224,964
Cash & Bank Balances	8,644	19,734	21,932	28,544	31,425
	1,508,668	1,956,510	2,709,343	3,364,726	4,063,030
RATIOS					
Return on Average Shareholders' Funds (%)	26%	28%	30%	24%	22%
Income Growth (%)	-3%	31%	50%	3%	1%
Return on Average Assets (%)	25%	29%	29%	24%	22%
Rate of Dividends (%)	200%	400%	600%	650%	2,000
Gross Dividends (Rs. ' 000)	50,000	75,000	150,000	162,500	500,000
SHARE INFORMATION					
Earning Per Share (Rs.)	1,501	2,262	3,152	3,244	3,553
Net Assets Per Share (Rs.)	5,878	7,629	10,667	13,338	15,882

HISTORICAL MILESTONES

1990

Act No. 18 of 1990 set the foundation for the first Credit Bureau in South Asia.

The database for irregular loans over Rs. 1Mn was created and the first credit report was issued in December 1990.

1991

24 registered finance companies joined the Bureau as shareholders.

1992

The Board first decided to levy a charge on credit reports - Rs. 35/- and Rs. 20/- per report transmitted through fax and post respectively.

1995

1st Amendment to CRIB Act No. 8 of 1995 was passed in the Parliament.

1996

The office of the Bureau was totally destroyed due to the bomb explosion at the Central Bank and recommenced operations with restoration of the system from data backups.

1997

Credit card defaulters database started.

2000

10th anniversary of the commencement of operations.

2004

CRIB with CBSL and the World Bank jointly hold the first South Asian Credit Bureau Conference in Colombo.

2005

Commencement of CRIB modernisation project.

2006

Automation project initiated with technical partner Messrs Dun and Bradstreet Information Services.

2008

Launch of web-based Credit Information Management System (CRIMS).

2009

2nd Amendment to the CRIB Act No. 42 of 2008 was enacted.

2010

Commencement of collection of information on dishonoured cheques from commercial banks.

Issuing self inquiry reports (iReports) for the general public.

20th anniversary of CRIB

2011

The establishment of the Disaster Recovery Centre was completed.

Establishment of a Secured Transactions Register (STR).

2012

Signing of Declaration of Secrecy by users of the Bureau services made compulsory.

Data submission was fully automated with in-house developed system.

Inaugural cricket tournament, the Governor's Trophy for all member institutions.

2016

CRIB moved to its new office premises, the Whiteaways building at Sir Baron Jayathilake Mawatha, Fort.

Introduction of Micro Finance Credit Information Report.

2013

Online version of iReport launched.

Initiative with IFC to reform the secured transactions legal framework.

2014

Initiation of 2nd phase of development programme.

2015

25th anniversary of CRIB

OUR VISION

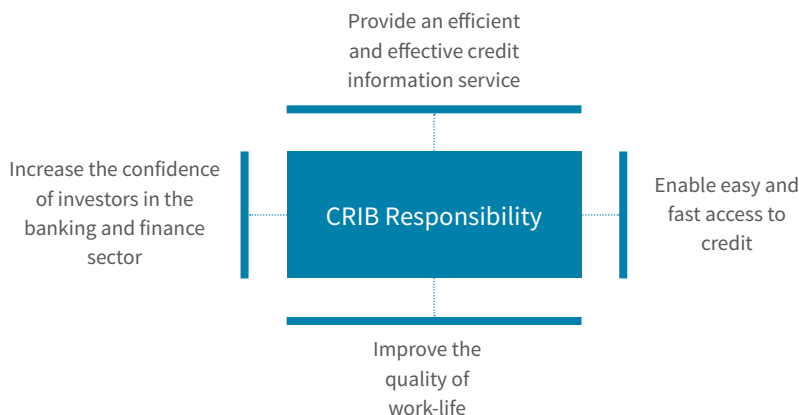
Building a customer - friendly reservoir of credit information.

OUR COLLECTIVE CRUSADE

- To collect and collate credit and financial information of borrowers and prospective borrowers of lending institutions
- To provide credit information of request to shareholder lending institutions and simultaneously to borrowers to whom such information relates, and to instill credit discipline in the financial sector
- To establish a credit rating system in Sri Lanka
- To undertake credit rating and to sell such credit ratings to any foreign and local agencies, or to any person making a request for such ratings.
- To undertake research and training projects for shareholder lending institutions
- To operate a filing office of secured transactions to register the security interest of movables with a view to facilitate the distribution of credit to all sectors of the economy and to the informal sector in particular

OUR RESPONSIBILITY

- Provide an efficient and effective credit information service and other value added services to the members by using state-of-the-art technology
- Enable easy and fast access to credit while minimising non-performing loan levels
- Increase the confidence of investors in the banking and finance sector, which is vital for the development of the economy and for the wellbeing of society
- Improve the quality of work-life of employees and develop their skills

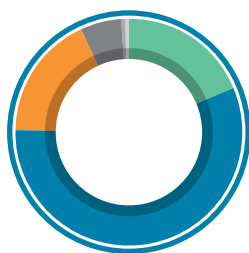


OUR VITAL STATISTICS

OWNERSHIP OF CRIB

Shares ownership of CRIB as at December 31st, 2016 :

Shares Ownership of CRIB



Monetary Board of Central Bank of Sri Lanka	19.3%
Commercial Banks	57.99%
Specialised Banks	16.62%
Finance Companies	5.57%
Leasing Establishments	0.44%
Other Institutions	0.08%

CRIB has a unique public-private ownership structure. The shares of CRIB have been allotted to its member institutions. These member institutions comprise the Monetary Board of Sri Lanka and all lending institutions (public and private) registered with the Central Bank of Sri Lanka.

Within the domestic lending sector, CRIB shares are distributed among different financial institutions, including specialised banks, commercial banks, finance companies, leasing companies and other nominated lending institutions. These institutions are listed below.

COMMERCIAL BANKS

1. Amana Bank Limited
2. Axis Bank Limited
3. Bank of Ceylon
4. Cargills Bank Limited
5. Citi Bank N A
6. Commercial Bank of Ceylon PLC
7. Deutsche Bank AG
8. DFCC Bank PLC
9. Habib Bank Limited
10. Hatton National Bank PLC
11. HSBC Limited
12. ICICI Bank Limited
13. Indian Bank
14. Indian Overseas Bank
15. MCB Bank Limited
16. National Development Bank PLC
17. Nations Trust Bank PLC
18. Pan Asia Banking Corporation PLC
19. People's Bank
20. Public Bank Berhad
21. Sampath Bank PLC
22. Seylan Bank PLC
23. Standard Chartered Bank
24. State Bank of India
25. Union Bank of Colombo PLC

SPECIALISED BANKS

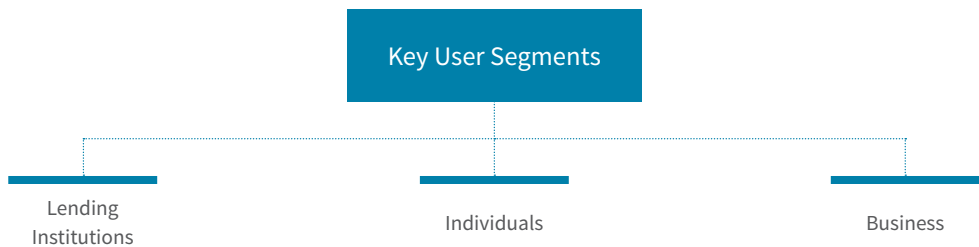
1. HDFC Bank Limited
2. Lankaputhra Development Bank
3. National Savings Bank
4. Regional Development Bank
5. Sanasa Development Bank PLC
6. Sri Lanka Savings Bank
7. State Mortgage & Investment Bank

FINANCE COMPANIES

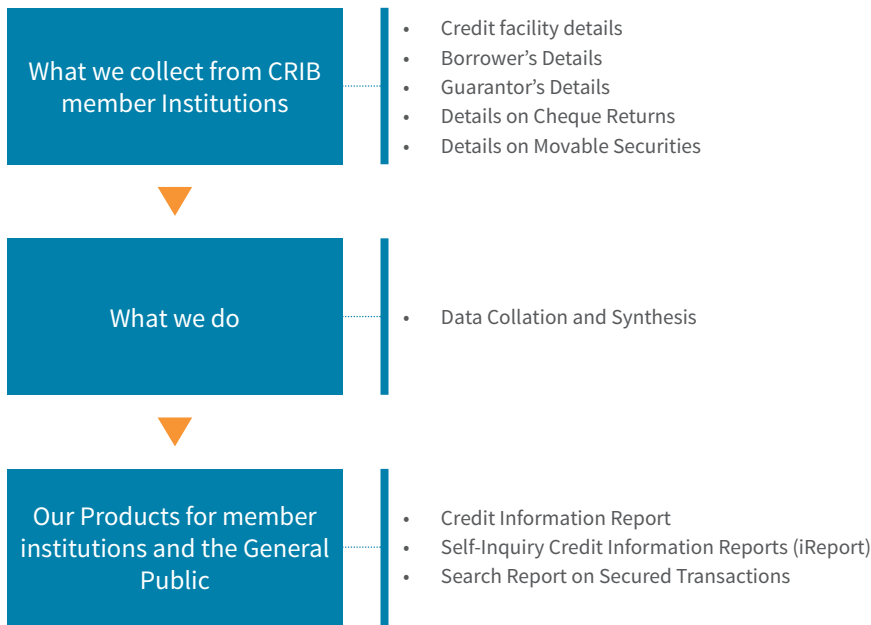
1. Abans Finance PLC
2. Alliance Finance Company PLC
3. AMW Capital Leasing & Finance PLC
4. Arpico Finance PLC
5. Asia Asset Finance PLC
6. Associate Motor Finance Company PLC
7. Bimpuh Finance PLC
8. BRAC Lanka Finance PLC
9. Central Finance Company PLC
10. Central Investment and Finance PLC
11. Chilaw Finance PLC
12. Citizens Development Business Finance PLC
13. City Finance Corporation Limited
14. Colombo Trust Finance PLC
15. Commercial Credit & Finance PLC
16. Commercial Leasing & Finance PLC
17. ETI Finance Limited
18. HNB Grameen Finance Limited
19. Ideal Finance Limited
20. Kanrich Finance Limited
21. L B Finance PLC
22. LOLC Finance PLC
23. Melsta Regal Finance Limited
24. Mercantile Investments & Finance PLC
25. Merchant Bank of Sri Lanka & Finance PLC
26. Multi Finance PLC
27. Nation Lanka Finance PLC
28. Orient Finance PLC
29. People's Leasing & Finance PLC
30. People's Merchant Finance PLC
31. Richard Peiris Finance Limited

32. Sarvodaya Development Finance Company Ltd.
33. Senkadagala Finance PLC
34. Serandib Finance Limited
35. Singer Finance (Lanka) PLC
36. Sinhaputhra Finance PLC
37. Siyapatha Finance PLC
38. Softlogic Finance PLC
39. Summit Finance PLC
40. Swarnamahal Financial Services PLC
41. The Finance Company PLC
42. The Standard Credit Lanka Limited
43. TKS Finance Limited
44. Trade Finance & Investments PLC
45. U B Finance Limited
46. Vallibel Finance PLC
LEASING ESTABLISHMENTS
1. Assetline Leasing Company Limited
2. Co-operative Leasing Company Limited
3. Isuru Leasing Company Limited
4. LOLC Micro Credit Limited
5. SMB Leasing PLC
6. Unisons Capital Leasing Limited
OTHER LENDING INSTITUTIONS
1. Mercantile Merchant Bank Limited
2. National Development Trust Fund
3. Sri Lanka Export Credit Insurance Corporation

CRIB PRODUCTS & SERVICES



Credit Information Bureau of Sri Lanka offers products and services to banks and financial institutions by collecting credit information from the members and distributes such data by way of Credit Information Reports to banks and financial institutions on their request.



TYPE	NAME OF THE PRODUCT/SERVICE
Credit Information Report	Comprehensive Consumer Report
	Comprehensive Corporate Report
	Micro Finance Credit Report
Self-Inquiry Credit Information Report	iReport (Consumer and Corporate)
	iReport-Online (Consumer)
Search reports on secured Transactions	Search Report
CRIB Services	<ol style="list-style-type: none"> 1. Dissemination of credit information to members of the Bureau 2. Maintain a register for secured transactions 3. Public awareness programs 4. Training programs for member institution 5. Undertake research and analytics services for member institution

GOVERNANCE SYSTEM

Board of Directors	17
Board of Directors (Retired)	24
Our Team	25
Ethics and Anti - Corruption	28
Governance and Internal Controls	32
Audit Committee Report	37
Remuneration Committee Report	39

BOARD OF DIRECTORS



MR. C. J. P. SIRIWARDENA - Chairman
Credit Information Bureau of Sri Lanka
*Deputy Governor of the Central Bank of
 Sri Lanka*

Mr. Siriwardana is a Deputy Governor of the Central Bank with over 31 years of experience in Central Banking, specialising in the areas of economic and price stability, financial system stability and other agency functions carried out by the Central Bank. Prior to his appointment as a Deputy Governor, Mr. Siriwardana held the position of Assistant Governor in-charge of Public Debt, Information Technology, Legal and Compliance, Macprudential Surveillance, Human Resources, Policy Review and Monitoring, Payments and Settlement and Risk Management Departments.

Mr. Siriwardana has an M. Sc. Degree and a Postgraduate Diploma in Quantitative Development Economics from the University of Warwick, UK and a B.Sc. Degree in Agriculture from the University of Ruhuna. He has also participated in a number of international training programmes in Risk Management, Debt Management, Investment Management, Financial Stability, Monetary Policy, Leadership and Rural Development. In addition, he has authored many articles in reputed international and local journals in the fields of Public Finance, Debt Management and Bond Market Development and is a regular speaker at various forums in different capacities and was a faculty member of the South East Asian Central Banks (SEACEN) Research and Training Centre, Malaysia. Mr. Siriwardana has made special contributions and innovations for the improvement of standards, especially in the fields of debt management and investments. Further, Mr. Siriwardana has participated in various national and international forum representing the Government and CBSL.

Mr. Siriwardana currently serves as a Director of LankaClear (Pvt) Ltd. and Colombo Dockyard PLC and is a member of the Monetary Policy Committee (MPC), Financial System Stability Committee (FSSC), Inter Regulatory Institutions Committee (IRIC) and Non-Financial Risk Management Committee (NFRMC), contributing towards achieving core objectives of the CBSL.

His previous appointments include the post of Secretary to the Monetary Board of the Central Bank of Sri Lanka and as a Director of the Ceylon Electricity Board, Provident Property Lanka Ltd., Kandurata Development Bank and as an observer of the Board of Directors of the Board of Investments (BOI).

Board of Directors *Contd.*



MR. A. A. M. THASSIM - Director
Credit Information Bureau of Sri Lanka
*Director Bank Supervision Department of
 Central Bank of Sri Lanka*

Mr. A.A.M. Thassim has been in the service of Central Bank of Sri Lanka (CBSL) for over 23 years and is currently the Director of Bank Supervision Department, which is responsible for the regulation and supervision of the banking sector in the country. Prior to this appointment he served a short period as Director of Communications and also served as the Director of International Operations and was responsible for the management of foreign reserves of the country and managing the exchange rate. Mr. Thassim has also gained experience and knowledge in the field of payment systems and was a Director of LankaClear (Pvt) Ltd., which is presently the national clearing house and was involved in the implementation of the Cheque Imaging and Truncation System.

Mr. Thassim is an Associate member of the Chartered Institute of Management Accountants UK and possesses a Masters in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He has also gained a Diploma in Computer Systems Design from NIBM and has completed an executive programme on Leaders in Development from the John F. Kennedy School of Government, Harvard University, USA and Gold Reserves Management from Hass School of Business, University of California, Berkeley, USA.



MR. D. M. GUNASEKERA - Director
Credit Information Bureau of Sri Lanka
General Manager of Bank of Ceylon

Mr. D. M. Gunasekera, the General Manager/Chief Executive Officer of Bank of Ceylon, was appointed to the Board of Directors of Credit Information Bureau of Sri Lanka since January 2013.

Mr. Gunasekera is a career banker with 33 years of diversified banking experience covering corporate and offshore banking, sales and channel management and international banking operations. Prior to his being appointed as Chief Executive, he has held a number of key corporate management positions in these areas. He possesses extensive experience in credit management and administration.

Being a graduate from the University of Colombo, with a Special Degree in Public Finance and Taxation, he has successfully completed the Program on Corporate Management for Sri Lanka 2 (LKCM2) conducted by The Association for Overseas Technical Scholarship (AOTS) Japan and the Advanced Management Program on Corporate Management for Sri Lanka (AMP63) conducted by Wharton University of Pennsylvania, USA. He is also an Associate Member of the Institute of Bankers of Sri Lanka.

He serves as a Non-Executive Nominee Director on the Boards of several subsidiaries and associate companies of Bank of Ceylon including Bank of Ceylon (UK) Ltd. He also chairs the Boards of BOC Management & Support Service (Pvt) Ltd., Ceybank Holiday Homes (Pvt) Ltd., Sri Lanka Banks' Association (Guarantee) Ltd. and Financial Ombudsman Sri Lanka

(Guarantee) Ltd. for the year 2016/2017. He is also a member of the Governing Board of the Institute of Bankers of Sri Lanka (IBSL) and a member of the Association of Professional Bankers (APB Sri Lanka).

He has been appointed as the Vice Chairman of Asia-Pacific Rural and Agricultural Credit Association (APRACA) for 2016/2017.

He has also been awarded the '100 GLOBAL SUSTAINABLE LEADERS (CEO) AWARD' 2016 by the World Sustainability Congress in Dubai. This award is a recognition of most eminent professional and organisations as superlative Sustainability Leaders.



Mr. N. Vasantha Kumar holds a Master's Degree in Business Administration and counts over 32 years of experience in Treasury Management. He joined People's Bank in March 2001, prior to which he served as Treasurer at ANZ Grindlays Bank, Colombo for many years.

Currently he is the Chief Executive Officer/General Manager of People's Bank.

He is a Director of People's Insurance PLC, People's Travels (Pvt.) Ltd., People's Merchant Finance PLC, People's Property Development Ltd., People's Leasing Havelock Property Ltd., and National Payment Council. He is a Member of the Governing Board of the Institute of Bankers of Sri Lanka.

He is a Past President of the Association of Primary Dealers and of the Sri Lanka Forex Association.

MR. N. VASANTHA KUMAR - Director
Credit Information Bureau of Sri Lanka
*Chief Executive Officer / General Manager of
 People's Bank*

Board of Directors *Contd.*



MR. D. P. N. RODRIGO - Director

Credit Information Bureau of Sri Lanka

Chief Operating Officer of Hatton National Bank PLC

Chief Operating Officer of Hatton National Bank PLC and Director of Acuity Securities Ltd., Acuity Partners (Pvt) Ltd., HNB Assurance PLC, Guardian Acuity Asset Management Ltd., Sithma Development (Pvt) Ltd., and HNB General Insurance Ltd., A Senior Banker with extensive experience in Retail Banking, Finance, Institutional Banking and Risk Management in leading local and foreign commercial banks operating in Sri Lanka. Elected Chairman for a two-year period of the Asian Banker's Policy Advocacy Committee, a forum for advancing the cause of banking and finance in the region and promoting regional co-operating. Served as a Lecturer and Examiner for Strategic Management for the University of Wales affiliated MBA Program in Sri Lanka, Guest Lecturer at Postgraduate Institute of Management and Director Certification Program at Sri Lanka Institute of Directors. Has presented technical papers in various forums locally and overseas on Strategy, Business Transformation and Risk Management. A former President of ACCA Sri Lanka Division.

Mr. Rodrigo holds a MBA from Cranfield University, UK and is a fellow of CIMA and ACCA UK Accounting bodies.



MR. K. S. BANDARANAYAKE - Director

Credit Information Bureau of Sri Lanka

Deputy General Manager, Finance & Administration, People's Leasing & Finance PLC

Mr. Bandaranayake, Deputy General Manager – Finance & Administration of People's Leasing & Finance PLC, is a Fellow of the Institute of Chartered Accountants of Sri Lanka, member of the Institute of Certified Management Accountants (CMA) of Australia, Fellow of the Society of Certified Management Accountants (CMA) of Sri Lanka and a finalist of the Chartered Institute of Management Accountants (CIMA), United Kingdom and possesses five years' experience at Ernst & Young Chartered Accountants. He has over 23 years of post-qualifying experience at a very senior level in the finance sector and joined People's Leasing & Finance PLC in July 2007.

He was a Vice President of the Asian Financial Services Association (AFSA). He also was a former Chairman and is a present Director of the Leasing Association of Sri Lanka, a former Committee Member of the Ceylon Chamber of Commerce and a Council Member of the Sri Lanka Institute of Credit Management.



MR. NALIN WIJEKOON - Director
Credit Information Bureau of Sri Lanka
Director/CEO of Softlogic Finance PLC

Mr. Nalin Wijekoon, Director/CEO of Softlogic Finance PLC and appointed a Director at Credit Information Bureau in 2015.

Mr. Wijekoon functioned as the Chairman of the Finance Houses Association of Sri Lanka (FHA) for years 2013/14 and 2014/15. He was appointed as CEO of Softlogic Finance PLC in February 2013. Prior to him been appointed as CEO, he served as the Deputy CEO of the Company. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of Chartered Institute of Management Accountants, UK, and a Finalist of the Institute of Bankers (Sri Lanka). He commenced his career at People's Bank and has functioned as Finance Officer from 1978 to 1990 before joining KMPG Ford Rhodes Thornton & Co., as its Branch Manager in Kandy, in 1990. He has also functioned as a Project Officer at DFCC Bank in 1992. He joined Vanik Incorporation Ltd as Asst. Vice President - Finance in 1994 and served in that capacity until 2003. He has undergone numerous training programmes in Sri Lanka and overseas, including training at Harvard University, Boston, USA. He counts more than 36 years of experience in the financial sector.



MR. D. SENEVIRATHNE - Director
Credit Information Bureau of Sri Lanka
Director / Chief Executive Officer of National Development Bank PLC

Mr. Dimantha Seneviratne joined National Development Bank PLC as its Chief Executive Officer/Director on 1 January 2017. He counts more than 26 years of experience in the banking industry, of which the last three years were with Pan Asia Banking Corporation PLC (PABC) where he functioned as Director/CEO. He was instrumental in turning around PABC and transforming it into a high-performing mid-sized player in the industry.

Prior to that, he spent 15 years with the HSBC Group, where he held key senior management positions including several senior overseas postings covering Thailand, Bangladesh and Saudi Arabia. His last posting with the HSBC Group was as the Chief Risk Officer, Thailand (2011 – 2013). Prior to that he was the Chief Risk Officer Sri Lanka/Maldives (2008 – 2011). He was also the Chief Risk Officer of HSBC Bangladesh in 2010. At HSBC, he was responsible for credit growth, strategy and governance in those respective geographies as a member of the country leadership team. He has gained extensive exposure in Corporate Banking, Retail Banking and Wealth Management, Credit Risk Management, Operations and Market Risk, Internal Control, Investment Banking and Finance.

Mr. Seneviratne commenced his banking career with Sampath Bank and has also served in Overseas Trust Bank, Colombo Branch and Saudi British Bank prior to joining HSBC.

Board of Directors *Contd.*

Mr. Seneviratne holds a MBA from the Postgraduate Institute of Management, University of Sri Jayawardenapura, and B.Sc. from the same university. He is a Fellow Member (FIB) of the Institute of Bankers, Sri Lanka and a Post Graduate Diploma Holder in computer system design from the NIBM. He successfully completed the High Potential Leadership Programme at the Harvard Business School, Boston, USA, in 2016.

A Past President of The Association of Professional Bankers (APB) Sri Lanka, he has held various positions in the Executive Council of APB for over a decade including the posts of Secretary General (2008-2009) and Senior Vice President (2009-2010).

He currently functions as a Director of Lanka Clear (Pvt) Ltd.



Mr. Arjun Fernando is presently a Director of Central Finance Company PLC, Home Finance Company Ltd., and P/A HFC Bank Fiji. He was a former Chief Executive Officer of DFCC Bank PLC.

He holds over 30 years experience in the banking and financial services industry in executive and managerial positions in Sri Lanka and abroad. Prior to joining the DFCC Bank in August 2012, during the period October 2010 to June 2012 he was the Regional Head of Change Delivery (commercial banking, trade and supply chain), HSBC Asia Pacific, based in Hong Kong covering 22 countries.

Arjun Fernando holds a B.Sc. Engineering degree from the Southern Illinois University, USA and a M.Sc. in Management from Clemson University, South Carolina, USA. He is also an Associate of the Institute of Financial Studies (Chartered Institute of Bankers), UK.

MR. A. R. FERNANDO - Director
Credit Information Bureau of Sri Lanka
Director of Central Finance Company PLC.



MR. C. N. S. N. ANTHONY - Director/General
Manager

Credit Information Bureau of Sri Lanka

(Appointed w. e. f. Jan - 2017)

Mr. Anthony has a career spanning over 25 years in the financial sector, with a proven track record of extensive senior management experience at a leading foreign commercial bank, investment and merchant banks and as Head of Finance in leading stock broking and investment management houses in the country.

Mr. Anthony is a Fellow of the Chartered Institute of Management Accountants (FCMA), UK and has a Master of Business Administration (MBA) from the University of Sri Jayewardenepura, Sri Lanka. He is also an ACI Certified financial markets dealer and licensed stock broker.

Mr. Anthony has gained vast experience and training, both locally and internationally in Treasury Management, Risk Management, Balance Sheet Management, Corporate Finance, Capital Markets, Stock Broking, Investment & Portfolio Management.

His previous corporate positions include the postings as Chief Financial Officer(CFO) at Harris Ceylon (Pvt) Ltd., Director/Head of Assets & Liability Management at Standard Chartered Bank, Sri Lanka, Head of Treasury and Fixed Income Securities, Asia Capital Limited, and Head of Corporate Finance & Capital Markets at People's Merchant Bank of Sri Lanka.

BOARD OF DIRECTORS (RETIRED)



MR. G. P. KARUNARATNE - Director / General Manager
Credit Information Bureau of Sri Lanka
 (Retired w. e. f. May - 2016)

Mr. Gamini Karunaratne was the Director/General Manager of the Credit Information Bureau of Sri Lanka. He is a retired senior banker with 40 years of experience in commercial banking. At the time of retirement, he held the post of Senior Deputy General Manager, International and Investment Banking at Hatton National Bank (HNB). During his career at HNB he served on the Boards of HNB Securities Ltd., and HNB Stock Brokers Ltd. After his retirement from HNB he was appointed a Director of DFCC Bank. He also served as a Director of Ceylinco Savings Bank.

He is a founder member and a past President of the Sri Lanka Forex Association. He was the Chairman of Lunar Technologies (Pvt) Ltd. and a Director of Minnerva Financials Ltd. He is also a Fellow of the Chartered Institute of Management UK and a past President of its branch in Sri Lanka. He joined the Credit Information Bureau in June 2009.



MR. P. SAMARASIRI - Chairman
Credit Information Bureau of Sri Lanka
Deputy Governor of the Central Bank of Sri Lanka
 (Retired w. e. f. Aug - 2017)

Mr. P. Samarasiri has served in many senior positions such as Assistant Governor, Secretary to the Monetary Board, Compliance Officer and Director of Bank Supervision in the Central Bank. He also served as the Chairman of the Sri Lanka Accounting and Auditing Standards Monitoring Board (29.01.2009 to 20.01.2015) and Vice Chairman of the Institute of Bankers of Sri Lanka (27.09.2011 to 31.12.2015). He hold the post of Chairman of the Institute of Bankers of Sri Lanka, a member of the Securities and Exchange Commission of Sri Lanka and Insurance Board of Sri Lanka and the Board of Management of "Api Wenuven Api Fund" operating under the Ministry of Defence.

Mr. Samarasiri holds a BA Degree (Hons.) in Economics from University of Colombo and a MA in Economics from the University of Kansas, USA. Mr. Samarasiri counts 35 years of experience in the Central Bank in areas of statistics, economic policies, regulation and supervision of banks and non-bank financial institutions, financial system stability, corporate governance, currency management, foreign exchange policies, financial intelligence, financial reporting and regional development.

Mr. Samarasiri has authored five books — "මුදල් ගනුදෙනු, බැංකු සහ ආර්ථිකය" (2010-Six reprints/One revised edition), "මූලික ආර්ථික විද්‍යා මූලධර්ම විග්‍රහය" (2011-One reprint/One revised edition), "ආර්ථික විද්‍යා මූලධර්ම සහ ප්‍රතිපත්ති" (2013-One reprint), "A Survey of Financial System" (2017) and "A Guide to Financial Services in Sri Lanka" (2017) published by the Central Bank. He has also published several articles on economic and financial topics in various publications and news papers.

OUR TEAM



MR. K. A. JANAKA LAKMAL
Deputy General Manager



MS. D. I. A. JAYASINGHE
Chief Manager - Accounts & Administration



MRS. R. M. S. RATHNAYAKE
Chief Manager - Operations



MR. A. N. PIYASIRI
Deputy General Manager - ICT Infrastructure



MRS. P. T. PERERA
Chief Advisor to The Board of Directors



MRS. S. D. E. S. GAMAGE
Legal Officer



MR. D. M. S. I. DISSANAYAKE
Manager - Operations



MR. K. D. S. WANIGASOORIYA
Assistant Manager - Customer Services



MRS. Y. L. D. K. GUNATILAKE
Assistant Manager - Operations

Our Team *Contd.*



MR. U. L. WEERASINGHE
Senior Executive - Business System Development



MR. J. S. WEERESINGHE
Senior Executive - System Administration



MR. E. A. S. U. PREMAKUMARA
Executive - Operations



MR. D. D. VITHANAARACHCHI
Executive - Administration



MR. S. S. JANSEN
Accounts Executive



MR. M. D. S. N. GUNARATHNE
Executive - Operations



MS. A. P. HAMID
Executive Secretary



MR. B. K. WIJENAYAKE
Senior Relationship Officer - Operations



MRS. W. A. L. H. D. WELIWITA
Senior Relationship Officer - Analytics & Research



MR. A. B. DASSANAYAKE
Senior Officer -Business System Development



MR. H. V. S. M. DE SILVA
Accounts Officer



MR. K. K. D. W. GUNAWARDHANA
Relationship Officer - Customer Services



MR. K. VAGEESAN
Relationship Officer - Customer Services



MS. V. THIVYA
Relationship Officer - Customer Services



MRS. N. N. BOPAKADAGE
Receptionist



MRS. T. G. S. KAVINDIKA
Receptionist Cum Typist



MR. M. M. M. IKRAM
Office Assistant

ETHICS AND ANTI-CORRUPTION

ANTI-CORRUPTION

Disclosure of Credit Information

Provisions of CRIB Act are covered to eliminate any corruption relating to disclosure of credit information.

Declaration of Secrecy – by the Director, Officer or Servant of CRIB

- Every director, officer or servant of CRIB who joins the Bureau should sign the Declaration of Secrecy once the recruitment is confirmed and he or she is legally bound to adhere to the Provisions of the CRIB Act. under sections 22 & 23 (Non-Disclosure of information)

Extracts of Section 23 (1)

“Every Director of the Bureau and all officers and servants of the Bureau, shall before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all matter connected with the affairs of the Bureau, and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the performance or discharge of his duties and functions except.

- a) when required to do so by a Court of Law or by any person or body of person to whom such matters relate; and
- b) in order to comply with any of the provisions of this Act.”

Declaration of Secrecy – by the Director, Officer or Servant Employed in a Member Lending Institution which is a Shareholder of the Bureau

The officer who is requesting to be an Authorised CRIB User of a Member Lending Institution, he or she has to submit the form “DECLARATION OF SECRECY” compliance

with Section 23 (2) of the Credit Information Bureau of Sri Lanka Act No. 18 of 1990 (as amended by the Credit Information Bureau of Sri Lanka [Amendment] Act No.8 of 1995 (certified on 27th April 1995) and Act No.42 of 2008 (certified on 3rd December 2008)

The Declaration of Secrecy form is submitted for on behalf of every registration of an Authorised CRIB User, which should be authenticated by the relevant CRIB Compliance Officer of the respective Member Lending Institution.

Extraction of Section 23 (2)

“Every Director, officer or servant employed in the business of institution authorised to receive credit information which is a shareholder of the Bureau shall sign a declaration pledging himself to observe strict secrecy in respect of credit or financial information obtained by such institution authorized to receive credit information from the Bureau and all matters relating thereto, and shall by such declaration pledge himself not to reveal any such information or matter except –

- (a) when required to do so-
 - i) by a Court of Law
 - ii) by the person to whom such information relates;
- (b) in order to comply with any provisions of this Act or any other law. ”

Permissible Purposes of Accessing Credit Information is led to Eliminate Corruptions

Authorised CRIB Users of Member Lending Institutions are legally bound to access credit information of their borrowers or prospective borrowers under the six Permissible reasons only. Credit information cannot be accessed other than for these

permissible reasons. (eg. Personal Purposes, Marketing Purposes etc.).

Extraction of Section 7 (B) (1) (a)

Section 7 (B) (1) (a) of the CRIB Act ONLY permits lending institutions who are shareholders of the Bureau to obtain credit and financial information of individuals and corporate for the following Permissible Purposes:

1. Evaluating of a borrower for a new credit facility
2. Review as a Guarantor for a new credit facility
3. Review as a partner/proprietor for a new credit facility
4. Review as a director for a new credit facility
5. Monitoring and reviewing of an existing borrower
6. Opening of a Current Account

Usage of credit information for any other purposes than the above mentioned six Permissible reasons according to the provisions of the Act would be a punishable offence.

When a borrower submits an application with his signature to be considered for a credit facility, according to the above legal provisions, a lender could send a request to the Bureau and receive credit information relating to the borrower.

Submission of Credit Information

Every member of the Bureau is legally bound to submit credit information to the Bureau disregarding any other law and contractual obligation or agreement that may have been signed between parties to whom such information relates.

Provisions of CRIB Act.

- Section 21 (1) Bureau to call for information

It shall be the duty of any lending institution required to furnish any return or information by a notice, to comply with requirements of such notice within the time specified in such notice, notwithstanding anything to the contrary in any law establishing such lending institution or other law or any agreement entered into between such lending institution and borrower (privacy policies or contractual agreements.)

Issuance of Self-Inquiry Reports (iReports)

Credit information Bureau of Sri Lanka Act No. 18 of 1990 as amended by Act No. 42 of 2008, the section 7 (B) (1) (e) allows any individual or corporate entity to request his/her/its own credit report or self inquiry credit report (iReport) from the Bureau.

Advantages of Issuing iReports to eliminate corruptions

- An individual or corporate entity is able to rectify and resolve any discrepancy or dispute which appears in the report.

The iReport is issued to an individual or corporate entity to rectify incorrect information, if any, which should be brought to the notice of the relevant institution, whilst forwarding a dispute resolution request to CRIB.

PUBLIC POLICY**Maintaining Customer Privacy - Accessing Credit Information**

- Authorised CRIB users of Member Lending Institutions are legally bound with limitations under the Section 22(2) of CRIB Act. they are prohibited from disclosing any information furnished by the CRIB under the CRIB Act, other than any purpose for which the authorised officer is authorised to disclose such information.

Offences and Penalties

Knowingly makes any false or incorrect statement in return or information, fails or refuses without reasonable cause, discloses any information obtained by him other than for a purpose for which he is authorised to disclose such information by this Act, shall be guilty of an offence.

Applied to any director, officer or servant of CRIB and of any institution authorised to receive credit information.

Extract of Section 27

- Under Section 27 (e) of the CRIB Act, a director, officer or servant of any institution specified in Section 7(b) of the CRIB Act entitled to receive information from the CRIB, who discloses any credit or financial information obtained by such institution from CRIB, to any person for any purpose other than a purpose for which he is authorised to disclose such information by CRIB Act, is guilty of an offence under CRIB Act and on conviction after trial before a Magistrate, be liable to a fine not exceeding One Million Rupees (Rs.1,000,000/-) or to imprisonment for a period not exceeding

five years or to both such fine and imprisonment.

Suspension of Services**Extract of Section 26 (A)**

The Bureau may, if it is satisfied that there is adequate proof that a person being a director or officer of any institution (sec 7B) has committed an offence (sec 27), may make an order to suspend the furnishing of information/services to such institution.

Ethics and Anti-Corruption *Contd.*

CUSTOMER PRIVACY

Maintaining Customer Privacy when Issuing iReports

Several authentications are being implemented when issuing Self Inquiry Credit Reports (iReports) in order to maintain customer privacy under the Public Policy Concept.

- Walk-In customers who need to access his/her credit information, should submit his/her iReport Application form (individual) together with required supportive documents by visiting the Bureau office personally with proof of his/her identity.
- Individual customers who are unable to visit the Bureau personally should submit his/her iReport application form together with required supportive documents to his/her bank, with the authentication of an “Authorised CRIB User” of the bank in order to obtain Individual iReport.
- Directors/partners/proprietor of corporate entities should submit the iReport application form (Corporate) together with required supportive documents to their bank, with the authenticating of Authorised CRIB User of the Bank, in order to obtain a Corporate iReport.

Dispatching iReports (Individual or Corporate) are done only to the Requested Person or Requested Party (Corporate) over the Customer Service counter or by Registered Post. No iReport is dispatched to any other person/party other than the iReport applicant, unless the iReport

applicant given a written request to do so (Specially in Corporate iReport dispatching)

In addition to the above, customer privacy under the public policy concept is implemented at the Bureau premises.

- CCTV cameras are in operation at the customer serving desks/the use of CCTV images/cameras is to monitor any influence by outside parties to the Bureau staff in order to avoid corruption activities.
- Voice recordings are in operation at customer serving desks.
- Recording telephone conversations through customer help lines are in operation.
- If any rejection of iReport application, the photocopy of the identity (NIC, DL or Passport) taken, is handed over to the iReport applicant and the submitted iReport application will be cancelled at the same time.
- Reporting bribes/corruption - Any person can use the following email address “info@crib.lk” and the telephone number 94 112 131313 to report staff-related bribery and corruptions.
- Staff members not being able to generate or view some other peoples’ online iReport, SMS notification is sent to the report owner in the event is generated or viewed of his/her report.
- Customers who come to the CRIB office can use a self-service kiosk to obtain their own reports, which minimises bribes and corruptions.

Special Procedures/Work Flows have been Adopted when Issuing iReports

Several authentications are being implemented when issuing Self-Inquiry Credit Reports (iReports) for following scenarios in order to maintain customer privacy under the public policy concept.

Issuance of iReport with a Power of Attorney

- An applicant who is unable to personally obtain his/her Self Inquiry Credit Report (iReport) through a bank or directly from the Credit Information Bureau of Sri Lanka (due to being overseas/ health conditions, etc.), can request his/her iReport through an attorney duly appointed by way of a special power of attorney (POA). Several documents with POA are required to be submitted in support of the application.

Issuance of iReport of a Deceased Person

- Only a legal heir namely spouse/child/ parent of the deceased person, can be the applicant and request and obtain the Self-Inquiry Credit Report (iReport) of the deceased person from the Credit Information Bureau of Sri Lanka. The applicant needs to submit several documents in support of the application.

Issuance of iReport of a Foreign National

- An applicant who is not a Sri Lankan citizen, can request and obtain his/her Self-Inquiry Credit Report (iReport) from the Credit Information Bureau of Sri Lanka upon submitting the several required documents.

Maintaining Customer Privacy when Handling Corrections of Reported Credit Information

- The bureau is handling corrections of credit information related to the data in its repository (if any error or misreporting is done by Member Lending Institutions), based on the customer dispute with the confirmation of the Member Lending Institution.
- The bureau does not accept any data corrections from outside parties or any other person in Member Lending Institutions, other than the Compliance Officer who is assigned to deal with the Credit Bureau on behalf of the Member Lending Institution.
- Every correction is accepted by the Bureau, only through the standard Data Correction Form prepared by the Bureau, which should be submitted on the institution letter head authenticated by the Compliance Officer.

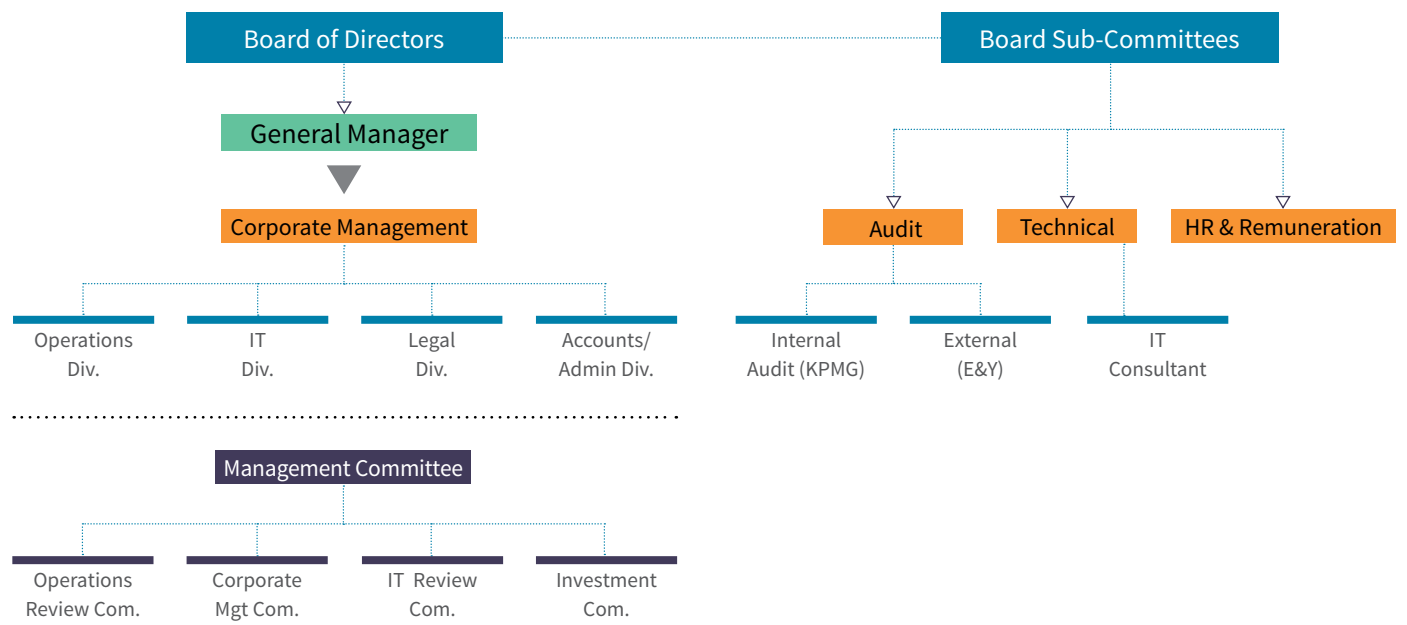
At the Bureau end every correction is done with levels of authorisation. The data correction request is initiated, performed and finally approved by the levels of authorisations. No errors or corruption are involved since several CRIB Officers are involved in a single data correction with levels of authorisation.

GOVERNANCE AND INTERNAL CONTROLS

CRIB GOVERNANCE STRUCTURE

The administration and management of the affairs of CRIB are vested in the Board of Directors by the CRIB Act. The Board is supported in its decision making by three Board subcommittees – the Audit Committee, the Technical Committee and the Human Resource & Remuneration Committee. In addition, the CRIB has four Management Committees that review operations, corporate management, IT and investments.

CRIB shareholders, who are also CRIB customers, are represented in the CRIB Board and Board meetings are held monthly. There is no mechanism for the general public to contact the CRIB Board directly, but CRIB has made all contact information publicly available and all CRIB management, including the General Manager, can be contacted directly by a member of the public.



BOARD COMPOSITION

As directed by statute, the Board of Directors of CRIB comprises ten Directors out of which nine are Non-Executive Directors. The members of the Board possess the required expertise, skill and experience to effectively manage and direct the Bureau in order to maintain highest standards of good governance and attain the organisational goals. They are persons with vision, leadership qualities, proven competence and integrity.

NOMINATION TO THE BOARD AND BOARD COMMITTEES

The Chairperson of the Board is always a Deputy Governor of the Central Bank nominated by the Monetary Board. One other senior officer of the Central Bank also nominated by the Monetary Board is also appointed to the Board. The two main State banks i.e. the Bank of Ceylon and the People's Bank are entitled to nominate one Director each to the Board. The shareholding licensed commercial banks are entitled to elect and nominate two persons to the Board whilst the shareholding finance companies and the shareholding leasing establishments have the right to elect and nominate one Director each to the Board. One person representing the licensed specialised banks nominated by the

Monetary Board is also appointed to the Board and the General Manager of CRIB being the ex-officio member to the Board completes the Board of Directors of CRIB.

BOARD BALANCE AND INDEPENDENCE

The Chairman is an Independent, Non-Executive appointment. The roles of Chairman and General Manager are distinct and separate, with a clear division of responsibilities.

MANAGING CONFLICTS OF INTEREST

If a Director of CRIB has a conflict of interest in a matter to be considered by the Board, such matters are disclosed and discussed at the Board meetings, directors with substantial interests abstain from voting on any Board resolution and their votes are not counted in the quorum for the relevant agenda item at the Board meeting.

ROLE OF THE BOARD

The Board strives to ensure that the management of CRIB maintains an effective system of internal controls that provides assurance on efficient operations and compliance with applicable laws and regulations.

Board Meetings in 2016

Board meetings are held monthly and all relevant topics are subject to Board discussion.

The Board had 10 meetings during the period under review and the attendance of each Director at Board Meetings is given in the table below. In compliance with the accepted best practices, Board Papers are circulated four to five days prior to a meeting, giving the Board members adequate time to scrutinise the same and be prepared for the meetings.

CRIB Board responsibilities

- Setting strategies, direction and establishing objectives for the management
- Monitoring performance against objectives whilst ensuring adequate internal controls with the highest ethical standards
- Appointing the General Manager and determining the remuneration of the management and staff
- Declaring Dividends
- Reporting to Shareholders
- Maintaining the Bureau Fund and the Reserves in a healthy manner

Topics reserved for approval by the Board

- CRIB's strategy
- Major changes to the management structure
- Annual budgets
- Investments made by CRIB
- Staff appointments and remuneration/welfare packages
- Other matters specifically reserved for approval of the Board under law and regulation.

Governance and Internal Controls *Contd.*

Attendance at Board Meetings 2016

NAME OF MEMBER	BOARD MEETINGS		
	NO. OF MEETINGS HELD DURING TENURE OF OFFICE	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Mr. P. Samarasiri	10	10	100
Mr. A. A. M. Thassim	10	9	90
Mr. D. M. Gunasekara	10	3	30
Mr. N. Vasantha Kumar	10	6	60
Mr. Dimantha Seneviratne	10	8	80
Mr. D. P. N. Rodrigo	10	8	80
Mr. Sanjeewa Bandaranayake	10	8	80
Mr. Nalin Wijekoon	10	10	100
Mr. Arjun Fernando	10	7	70
Mr. S. M. J. C. Jayasinghe - Alternate to GM (BOC)	10	2	20

ROLE OF BOARD COMMITTEES

Board Committees are appointed by the Board of Directors in accordance with the generally-accepted standards and best practices of Corporate Governance. The CRIB has three Board Committees to date.

Audit Committee

Monitors and reviews the effectiveness of the Bureau's internal and external audit functions and coordinates between relevant parties. Internal Audits are done on a quarterly basis and Audit Reports are discussed and required corrective measures are agreed upon at the Audit Committee meetings. The Report of the Audit Committee is annexed with this report on page 37.

NAME OF MEMBER	AUDIT COMMITTEE MEETINGS		
	NO. OF MEETINGS HELD DURING TENURE OF OFFICE	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Mr. Sanjeewa Bandaranayake	1	1	100
Mr. A. A. M. Thassim	1	1	100
Mr. Arjun Fernando	1	1	100

Technical Committee

During this period under review the technical committee did not function.

Remuneration Committee

The Terms of Reference of the Remuneration Committee includes the regulation of the organisational structure, salary scales, salary increments, bonus distribution and staff promotions. The Report of the Remuneration Committee is annexed to this report on page 39.

NAME OF MEMBER	REMUNERATION COMMITTEE MEETINGS		
	NO. OF MEETINGS HELD DURING TENURE OF OFFICE	NO. OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Mr. N. Vasantha Kumar	1	1	100
Mr. Sanjeewa Bandaranayake	1	0	0
Mr. D. P. N. Rodrigo	1	1	100

MANAGEMENT COMMITTEES

The following Management Committees have been established to further support the Board and the General Manager.

MANAGEMENT COMMITTEE	RESPONSIBILITY	AREA OF FOCUS
Corporate Management Committee (CMC)	<ul style="list-style-type: none"> Oversee that the day-to-day operations of the Bureau are conducted in a manner which is consistent with the strategic plans, business plans and budgets approved by the Board. 	<ul style="list-style-type: none"> Strategic Planning Risk Management Human Resources Communications Policy Financial Reporting
Operational Review Committee (ORC)	<ul style="list-style-type: none"> Review operations of the Credit Information Management System (CRIMS), the Secured Transaction Registry (STR) and general administration of the Bureau Make appropriate recommendations to the GM and the Board 	<ul style="list-style-type: none"> Set annual operational targets and goals Perform periodic review of progress of set targets.
ICT Review Committee (ICTRC)	<ul style="list-style-type: none"> Provide monthly review reports on IT operations to the ORC for inclusion in the monthly Progress of Operations Report submitted to the Board. Monitor security policies and practices on an ongoing basis. Overlook all non-ICT related technical aspects of CRIB operations and assist the ORC in handling such operations. 	<ul style="list-style-type: none"> Set ICT-based technology strategy Review performance of all ICT operations of the CRIB.
Investment Committee (IC) The committee meets as and when funds are available for investment, prior to maturity	<ul style="list-style-type: none"> Formulate and oversee the investment policies and management of investments. 	<ul style="list-style-type: none"> Prudent and effective investments of CRIB funds

MEASURES TAKEN TO DEVELOP AND ENHANCE THE BOARD'S KNOWLEDGE

The CRIB Board comprises representation from the financial sector regulator and industry leaders and do not require this provision.

Governance and Internal Controls *Contd.*

REMUNERATION POLICIES FOR BOARD AND SENIOR EXECUTIVES

- Board members and Board Committee members are remunerated per sitting at Board meetings
- The Remuneration Committee decides on remuneration for all employees

PROCESS FOR DETERMINING REMUNERATION

The Remuneration Committee decides on remuneration of all employees. Salary scales have been set and approved by the Board for different employee grades.

INTERNAL CONTROLS

The Board has taken necessary steps to ensure the integrity of the Bureau's accounting and financial reporting systems, and that internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

AUDIT COMMITTEE REPORT

The Board Audit Committee governs under the Charter & Terms of Reference adopted by the Board of Directors of the Credit Information Bureau of Sri Lanka. The Audit Committee is empowered by the Board to review the effectiveness of internal control systems, review external and internal audit reports and financial statements and to assess compliance to regulatory requirements.

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board of Directors has established the audit committee in accordance with best practices on audit committee. Audit committee consists of three independent, non-executive directors appointed by the Board. Members of the Audit committee as of the financial year ended 31st December, 2016 are as follows:

- **Mr. Sanjeewa Bandaranayake**
(Chairman)
- **Mr. A. A. M. Thassim** (Committee Member)
- **Mr. A. R. Fernando** (Committee Member)

Mr. Sanjeewa Bandaranayake, Chairman of the Committee, is a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Certified Management Accountants of Sri Lanka and Australia and the society of Certified Management Accountant of Sri Lanka.

Mr. A. A. M. Thassim is a Director of Bank Supervision of the Central Bank of Sri Lanka and Mr. A. R. Fernando serves as Chief Executive Officer of DFCC Bank.

The Profiles of the members are given on pages 18, 20 and 22 of this Annual Report.

TERMS OF REFERENCE

The Charter of the Audit Committee is subject to review periodically by the Board of Directors and clearly defines the Terms of Reference of the Audit Committee. The Committee is responsible to the Board of Directors and its observations and recommendations are presented to the Board for necessary action and implementation. The Audit Committee provides a forum for review of internal & external audit reports and any operational deficiencies and shortcomings are highlighted in such reports.

MEETINGS

The proceedings of the Audit Committee meetings are recorded with the adequate details and reported to the Board of Directors, where all key issues, concerns, actions taken outcome achieved or pending discussed at Board meeting.

The General Manager attended meetings on the invitation of the committee.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee principally focuses on assisting the Board in fulfilling its duties by providing an independent and objective review of the Bureau's accounting and financial reporting processes and audit of the financial statements.

FINANCIAL REPORTING

- The Committee as a part of its responsibility oversees the Bureau's financial reporting process, on behalf of the Board of Directors, and reviews and discusses the annual financial statements to ensure reliability of information to the stakeholders.

- Monitors integrity of the financial statements, management statements and any other formal announcements relating to its financial performance.
- Adequacy and effectiveness of the internal control, systems and procedures to provide reasonable assurance that all transactions are accurately and completely recorded.
- Review financial statements prior to submit to the Board/Publication.

INTERNAL CONTROLS, RISK MANAGEMENT & GOING CONCERN

The Bureau also obtained the services of an independent professional accounting firm to carry out internal audit of the Bureau and to review reports. The effectiveness of the internal control procedures in place to identify and manage all significant risks are being reviewed by the Committee which assesses the Bureau's ability to continue as a going concern in the foreseeable future.

REGULATORY COMPLIANCE

The committee closely monitors compliance relating to CRIB Act No. 18 of 1990 as amended by Act No. 08 of 1995 and Act No. 42 of 2008, Secured Transactions Registry Act No. 49 of 2009 and other statutory requirements and the systems and procedures in place to ensure compliance with such requirements.

INTERNAL AUDIT

- Mandate internal auditors at regular intervals to review and report on the effectiveness of existing controls and procedures adopted by the Bureau.
- Ensure that internal audit function is independent and performed with impartiality, proficiency and with due professional care.

Audit Committee Report *Contd.*

- Review the findings and recommendations of the internal auditors that enable the management to response on issues raised and to assess the effectiveness of such findings and responses.
- Monitor management implementations of the recommendations suggested by the internal auditor.
- Review, assess and approve the internal audit plan and the internal audit programme.

EXTERNAL AUDIT

- Monitor independence, objectivity and effectiveness of the external audit in accordance with applicable standards of best practice.
- Assist Board of Directors to implement processes of engaging external auditors for audit services and agree on their remuneration schemes.
- Review to ensure that auditors comply with appropriate guidelines and apply relevant accounting standards.
- Discuss the audit plan, scope and methodology proposed to be adopted in conducting the audit proceeding to commence the annual audit with external auditors.
- Follow up on the corrective action plan presented by the management on issues raised in the audit report.

AUDIT COMMITTEE CHARTER

The Audit Committee Charter was last reviewed and revised in 2012 with the agreement of the Board of Directors.

PROFESSIONAL ADVICE

The committee has an authority to seek external professional advice on matters within its purview.

RE-APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee in keeping the Bureau's policy recommended the Board that Ernst & Young; Chartered Accountants be re-appointed as External Auditors for the financial year ended 31st December 2016.



Sanjeewa Bandaranayake
Chairman - Board Audit Committee



D. I. A. Jayasinghe
Secretary - Board Audit committee

18th July 2017

REMUNERATION COMMITTEE REPORT

1. Composition and charter of the Human Resources and Remuneration Committee

The Board appointed Human Resources and Remuneration Committee comprises the following Three Non-Executive Directors. The General Manager participates in all deliberations of this Committee and attends the meetings by invitation.

- **Mr. N. Vasantha Kumar** – *Chairman (Non- Executive)*
- **Mr. Sanjeewa Bandaranayake** – *Non- Executive*
- **Mr. Dilshan Rodrigo** – *Non-Executive*

The Committee was established by the Board on a formal and transparent process and the Board ensures the independence of the Committee.

ROLE OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

- Maintain a competitive and attractive remuneration package for employees at all levels on par with industry standards.
- Formulate policy on Executive and Non-Executive remuneration.
- Evaluate the performance of the General Manager and key management personnel against pre-agreed goals/ targets and recommend rewards/ promotions to the Board of Directors.

- Recommending annual bonuses, incentive payments, allowances to the Board based on individual performances, responsibility, expertise and contribution.
- Make recommendations to the Board of Directors from time to time of the new staff/ expertise required in order to enhance the quality of service.
- Recommend/give directions to the Board on disciplinary matters if any, relating to key management personnel.

2. Remuneration of Employees

The remuneration package of the employees consists of a fixed and variable component. The basic salary and travelling allowance is fixed whereas the other benefits are variable.

FIXED COMPONENTS	VARIABLE COMPONENTS
Basic Salary	Annual and Incentive Bonus
Travelling Allowance	Telephone Allowance

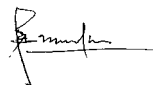
Apart from the above there are other benefits enjoyed by employees such as loans, medical insurance, etc.

3. Retirement Benefits

There are no retirement benefits to employees other than gratuity calculated at half a month basic salary for each completed year of service.

I confirm that the Committee fulfilled its role as a Sub-Committee with great care and diligence.

The performance evaluation procedure adopted by the Bureau is well in place and encourages employees to give their best to the institution.



N. Vasantha Kumar
Chairman – Remuneration Committee

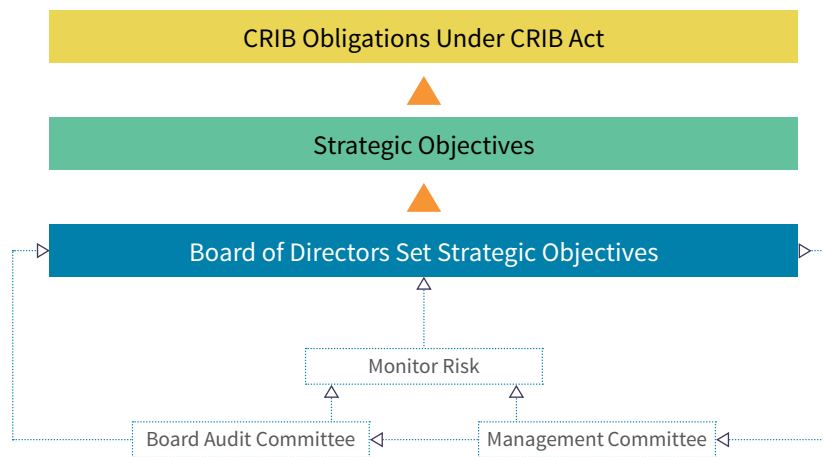
MANAGEMENT DISCUSSION & ANALYSIS

Managing Risk	41
Operations Review	44
Financial Review	47
Economic Contributions	50
IT System	51
Our Customers	53
Our Team	55

MANAGING RISK

The CRIB Board of Directors are the highest decision makers with regards to risk management at the CRIB. The Board regularly evaluates the operating environment for potential risks that could impede CRIB from achieving its strategic objectives, with feedback from the CRIB Audit Committee and the CRIB Management Committee. Risks are identified and regularly monitored and control processes are introduced to ensure risk management is effective.

CRIB RISK MANAGEMENT PROCESS



RISK CLASSIFICATION

Through the risk identification and risk assessment process described above, the CRIB classifies risks according to the potential impact and the likelihood of occurrence. As at end 2016, CRIB's potential financial risks were fairly low, and only one type of risk, IT system related risks, were classified with high likelihood of impact. However, CRIB is currently in the process of addressing this risk. Risks such as reputational risk have reduced in importance as CRIB's credibility and level of public acceptance continued to increase.

Probability of occurrence	High			<ul style="list-style-type: none"> Low performance level of IT systems Low interest rate
	Mid		<ul style="list-style-type: none"> Reduction in data accuracy Degradation of data quality 	<ul style="list-style-type: none"> Delays in data submission
	Low			<ul style="list-style-type: none"> Non-compliance with CRIB Act. Low response to customer complaints Unauthorised access to data
		None	Medium Impact	High Impact
Potential impact of the risk on CRIB				

Managing Risk *Contd.*

SIGNIFICANT RISKS AND HOW WE MANAGE THE RISKS

The potential risks faced by CRIB can be classified broadly under regulatory, financial, operational and social risks. The strategies formulated for minimising these risks are described below.

REGULATORY RISK	RISK MANAGEMENT STRATEGY
Lapses in regulatory compliance: Non-compliance poses a risk of loss of credibility and reputation that could in turn impact operations of the CRIB.	<ul style="list-style-type: none"> Regulatory compliance is continually monitored by the Compliance Officers of member institutions, Head of Finance, Head of Operations, and the Board of Directors of CRIB. CRIB adopts strict compliance guidelines and enforced them internally in handling information submitted by the member institutions, in accordance with provisions of the CRIB Act.
OPERATIONAL RISKS	RISK MANAGEMENT STRATEGY
Unauthorised access to data: Unauthorised access to CRIB data bases could lead to loss of data, misuse of data and lack of credibility in the CRIB.	<ul style="list-style-type: none"> Online users of credit information (except users of CRIB member organisations) are required to present themselves at the Bureau with valid proof of identity, to register for online access. No data is interchanged in physical media between institutions and the Bureau. Nonetheless if data is exchanged in physical media in exceptional circumstances such communication is strictly subject to industry standards encryption mechanism. ICT infrastructure is secured with industry standard logical safeguards and periodic reviews for any potential vulnerabilities and service exploitations are conducted by the external IS auditors periodically. Access to two floors of the bureau premises are controlled through bio-metric devices. The main entrance to the operations and customer service area is protected by a security guard during office hours and is closed for outsiders during off office hours. Movements around lobby areas, parking are video monitored and recorded in closed circuit system. All correspondence with each member institution is coordinated and communicated only through a Compliance Officer appointed by the Chief Executive of the said institution.
Breach of secrecy:	<ul style="list-style-type: none"> All officers in financial institutions who are authorised to access credit information are required to sign a “Declaration of Secrecy”. Stipulated guidelines/procedures, are followed strictly, when disclosing the credit information to those it relates to. Access credentials are only issued to a pre-defined number of users at each institution.
Data related risks: Any deficiency in quality or accuracy of data impact the value of information and service integrity of the CRIB.	<ul style="list-style-type: none"> CRIB has no control over input data for CRIB credit reports, as such data are provided by member financial institutions. To minimise data risks: A validation mechanism based on rules and conditions is deployed at the system and application level to mitigate data submission errors. All member institutions have been instructed and are supervised to adhere to set guidelines in order to maintain data accuracy.
Non submission/delays of data: Non-submission of data or delays in submission by member institutions can make information obsolete and may lead to being of less importance and relevance to business decisions.	<ul style="list-style-type: none"> Grace period for submission delay is two months. Non-compliance could be considered for suspension of membership as per the CRIB Act Sec. 26A, subject to review of the Board. In addition to the regular monthly updates, the Bureau allows members access for interim submission of data.

IT related risks: IT system capacity Data security Efficiency of online access Incompatibility in IT systems	<ul style="list-style-type: none"> • CRIB is in the process of upgrading the IT system to enhance capacity. • Periodic vulnerability assessment and security audits are conducted by the contracted IT experts. • External auditors' reports are submitted to the Board Appointed Audit Committee and the Board is updated on a regular basis with an action plan and risk mitigation measures. • IT and application system providers are engaged for resolution of system level risks.
FINANCIAL RISKS	RISK MANAGEMENT STRATEGY
Interest rate risk:	<ul style="list-style-type: none"> • Interest income is not a main income of CRIB. Therefore this risk has minimum impacts.
Credit risk:	<ul style="list-style-type: none"> • Since the customers of CRIB are banks, finance companies and leasing companies there is minimum threat of credit risk.
Social risks :	<ul style="list-style-type: none"> • Risk management strategy.
Reputational risk: This refers to CRIB's credibility and integrity. These risks have profound impacts on the bureau's service quality and statutory reputation.	<ul style="list-style-type: none"> • CRIB conducted a number of awareness and public relations exercises during the year to gain visibility, enhance credibility and build trust. • Protect customer confidentiality – please refer breach of secrecy and unauthorised access to data. • Maintain quality of CRIB reports. • CRIB maintains a dedicated service help desk for customers of banks, which assists to resolve any disputes related to their credit profiles, thereby helping the general public to learn and understand the role of CRIB and build a positive image.

OPERATIONS REVIEW

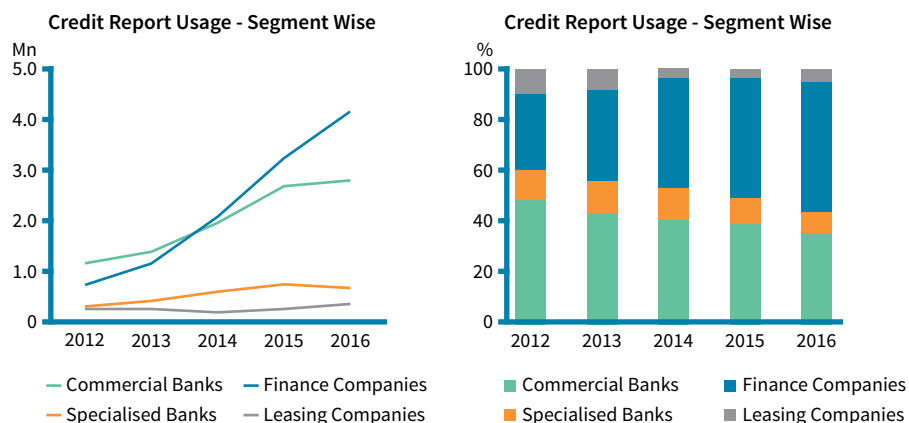
In the year 2016, 7.9 million credit reports were issued, which is an annual increase of 15.2% compared to the year 2015. CRIB issues different types of credit reports, namely; Consumer Comprehensive Credit Reports, Corporate Comprehensive Credit Reports, Micro Finance Credit Reports and No-Hit Reports.

Introduced in October 2016, the Micro Finance Credit Report is the newest addition to CRIB's credit reports portfolio, focusing on our existing member institutions that are engaged in the micro lending space within the main-stream credit domain.

The probability of the credit profile of a searched-for individual being found in the data base, is called the 'hit-ratio,' which has now increased to 84%, which could be an indication of improved borrower coverage. Increasing demand from the financial industry for credit reports during the last five years reflects the dependency on credit information for lending decisions.

ANALYSIS OF CREDIT REPORT ISSUED TO AUTHORISED LENDING INSTITUTIONS		
YEAR	INDUSTRY TOTALS WITH % INCREASE	
2012	2,324,612	
2013	3,117,316	34.1%
2014	4,756,418	52.6%
2015	6,901,560	45.1%
2016	7,948,967	15.2%

Although there is an increasing demand for credit reports within all four segments in the industry, demand from finance companies has significantly increased in 2015 and 2016.



As per statistics detailed below, usage of credit reports taken for the purpose of 'Monitoring and Reviewing, have significantly increased. In 2016, 30% of total credit reports were obtained for monitoring and reviewing purposes. This reflects the effort made by CRIB to educate lending institutions through continuous awareness programmes. CRIB has raised awareness about the value of the comprehensive and informative data contained in the credit report for lending decisions as well as for recovery purposes, to reduce the non-performing credit portfolio.

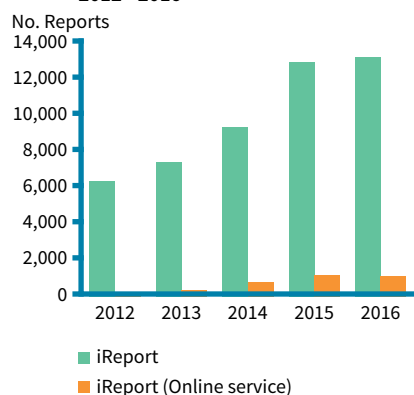
PURPOSE WISE ANALYSIS OF CREDIT REPORTS OBTAINED

PURPOSE OF THE INQUIRY	2012	2013	2014	2015	2016
Evaluating for granting a new credit facility (As Borrower, Guarantor, Partner etc.)	84.2%	82.3%	80.2%	75.5%	68.0%
Monitoring and reviewing of an existing borrower	14.58%	16.43%	18.63%	23.60%	30.90%
Opening of a Current Account	1.18%	1.25%	1.17%	0.90%	1.11%

Self inquiry reports (iReports) which give the opportunity to individual users to access his/her credit transactions, together with their credit history, was launched in 2010. In year 2016, 13,058 consumer and corporate iReports were issued, recording an annual increase of 2%. In addition, during the year 2016, 952 iReports have been obtained by users registered with the online iReport service. Since launching the service in 2013, a total of 3,355 users have registered for online iReport services as at end-2016. Increasing demand for iReports demonstrates the growing public acceptance of the value of maintaining good credit records, which helps to create a credit-disciplined society.

Many awareness programmes were conducted by the Bureau to widen the knowledge and understanding among the general public about iReport services.

**Self-Inquiry Credit Reports Obtained
2012 - 2016**



Details on 9.9 million credit facilities have been submitted to the Bureau as at 31st December 2016. In spite of record growth of the credit portfolio on a monthly basis, CRIB managed to maintain an overwhelmingly high 99% data accuracy level on technical validation. This indicates the committed and concerted efforts of operational and technical staff of both member institutions and the Bureau.

	TOTAL NO. OF CREDIT FACILITIES SUBMITTED	TECHNICAL VALIDITY OF RECORDS
2012	5.69 Mln	More than 99%
2013	6.83 Mln	
2014	7.71 Mln	
2015	8.80 Mln	
2016	9.92 Mln	

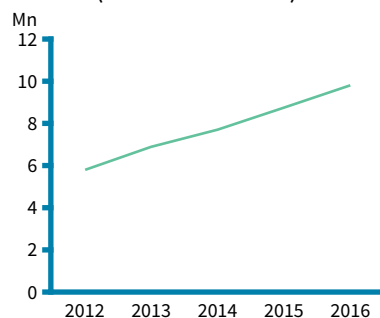
CRIB conducted knowledge sharing sessions with CRIB compliance officers and technical staff of the institutions to educate them on the importance of data quality and the data submission standards to maintain the same accuracy level despite the increased size of the credit portfolio.

Further to this, CRIB has implemented a comprehensive validation mechanism internally to improve data quality outcome of the data validation process. Analytical reports on data validation were internally reviewed and shared with institutions for attention.

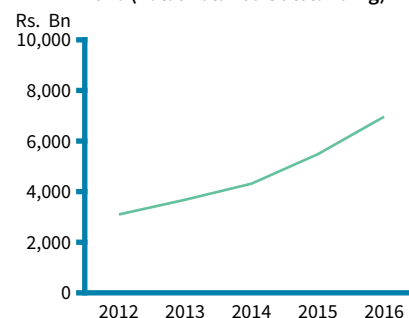
Additional awareness and educational programmes were conducted focusing on credit officers and other staff of lending institutions to emphasise the importance of error-free data feeding at business user level, in order to provide up-to-date, quality information services by the Bureau.

The institutional rating system, which was introduced to competitively measure performance of member institutions, and is based on a number of quantifiable performance indicators, has proved to be a success in promoting data quality and operational efficiency within the CRIB membership.

Data Submission Progress 2012 - 2016 (Total No. of facilities)



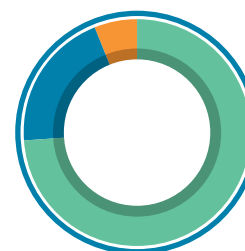
Data Submission Progress 2012 - 2016 (Total Balance Outstanding)



ANALYSIS OF TOTAL CREDIT PORTFOLIO AS AT 31ST DECEMBER 2016

Total Balance Outstanding

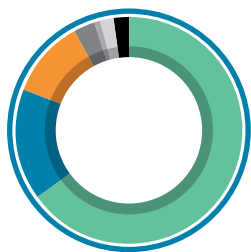
Balance Outstanding



Zero days in arrears	74%
Less than 90 days in arrears	20%
90 days or over in arrears	6%

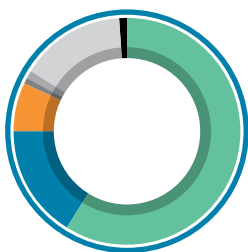
Operations review *Contd.*

Balance Outstanding



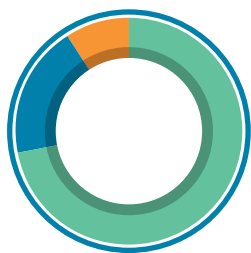
Loan	65%
Leasing	16%
Overdraft	11%
Bank Guarantee	3%
Hire Purchase	1%
Credit Card	2%
Other	2%

No. of facilities



Loan	59%
Leasing	16%
Overdraft	7%
Bank Guarantee	1%
Hire Purchase	1%
Credit Card	15%
Other	1%

No. of facilities



Zero days in arrears	72%
Less than 90 days in arrears	19%
90 days or over in arrears	9%

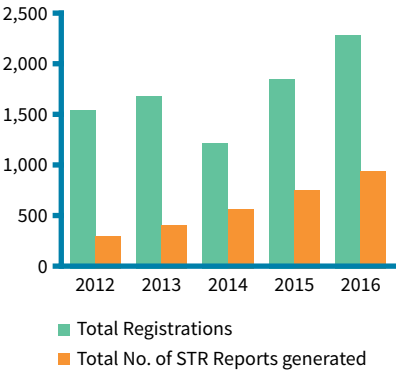
The Secured Transactions register that was launched in August 2011 in line with the provisions of the Secured Transactions Act No. 49 of 2009, has continued to attract lending institutions for registrations as well as to search the data base.

By end-December 2016, a total of 8,569 registrations were recorded under 6,644 individual and corporate borrowers in the STR register.

However, the lower rate of registry searches, which stood at 2,929 by the end of year, is a clear indication of the urgent need to revise existing legal provisions to strengthen the current legal framework governing the ST system in Sri Lanka.

In this regard, CRIB, under the guidance of the Ministry of National Policies and Economic Affairs, is coordinating an ongoing legal reform project with other stake holders.

Progress of STR Operations (2012-2016)



Total Registrations	
Total No. of STR Reports generated	

FINANCIAL REVIEW

We are proud to place on record another successful year of achieving high operational income even though we reduced the price of credit reports from the 2nd quarter of 2015. Investment income recorded Rs. 366 million during the year 2016. This amount stands as the highest-ever income generated as other operational income of the Bureau.

The success of strategies implemented by the Bureau and the increase in the usage of credit reports, internal efficiencies, and value added services contributed greatly to this end.

Our operational turnover increased by Rs. 12 million reaching Rs. 884 million in 2016.

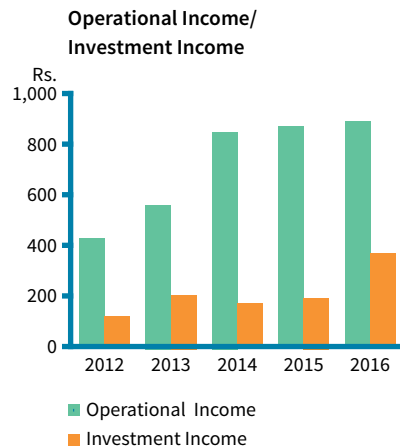
The Bureau managed its operational expenses at Rs. 260 million. In addition the Bureau made an Rs. 102 million tax provision on interest income. The Bureau closed the year with a net profit of Rs. 888 million.

The financial position of the Bureau is well positioned to cater to future expansion of the business.

OPERATIONAL INCOME

The main income from the Bureau's earning products are charges from Credit Reports issued to member institutions and individual customers.

The Bureau achieved Rs. 884 million in 2016 showing a growth of 1.3% (Rs. 11.7 million) against the last year which recorded Rs. 872 million. The major revenue contributor was the banking sector.

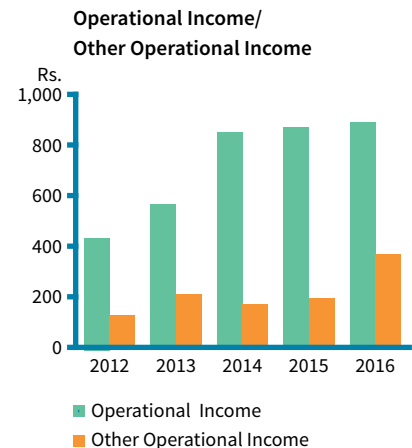


The number of reports issued to member institutions increased by 15%. The growth rate in revenue, compared to the growth rate of reports, was lower due to the decreased in charges from April, 2015. However, the Bureau managed a marginal income increased even though it transferred more benefits to member institutions by reducing charges.

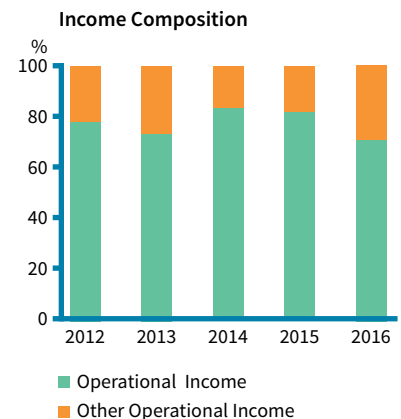
Main income of the Bureau is generated by Credit Reports; iReports and other value added services also contribute to the overall operational income of the Bureau.

OTHER INCOME

Other income of the Bureau consists mainly of interest income from Government securities. We are proud to place on record that other income of the Bureau significantly increased in the year 2016. Total other income recorded a growth of 92% throughout the past financial year. The success of strategies implemented by the Bureau and the increase in interest rates in the market contributed greatly to that end.



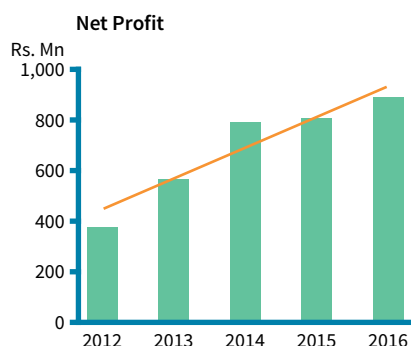
Income from investments also provides a considerable contribution to the Bureau's overall revenue. This offered a contribution of 30% to the overall income of the Bureau.



Financial Review *Contd.*

NET PROFIT

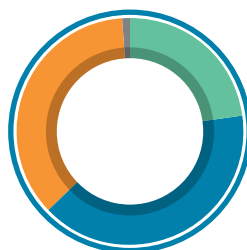
Bureau profit grew by more than 15% to record a PBT of Rs. 888 million. This is the highest ever achieved by the Bureau. The Rs. 884 million operational income, together with other income of Rs. 366 million resulted in an exceptional net profit of Rs. 888 million.



OPERATIONAL EXPENSES

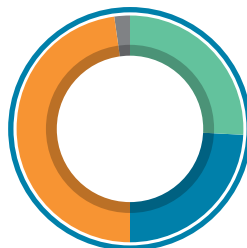
Operational expenses consists employee-related expenses, administration and establishment expenses, and other operating expenses. The overall expenses increased by 30% in 2016 to Rs. 260 million. The Bureau moved to new office premises mid of the year 2016. It was observed that the major increase in establishment expenses is due to new office rent, and other facilities maintained at the new premises.

EXPENSES YEAR 2016



Employee Related Expenses	23%
Administration & Establishment Expenses	40%
Other Operating Expenses	36%
Secured Transaction Registry	1%

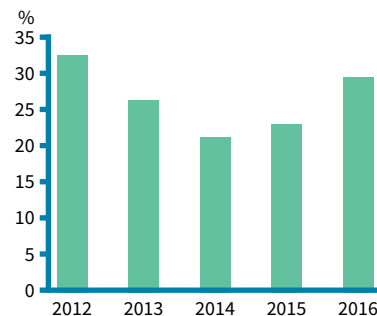
EXPENSES YEAR 2015



Employee Related Expenses	26%
Administration & Establishment Expenses	24%
Other Operating Expenses	48%
Secured Transaction Registry	2%

However, the Bureau was able to maintain a cost to income ratio of 29% for the year 2016.

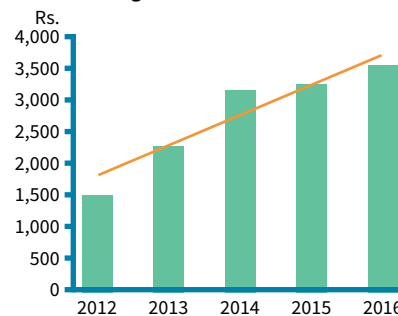
Cost to Income



EARNINGS PER SHARE

The Bureau reported Earnings per Share of Rs. 3,553 for the financial year in year 2016, which was a 10% improvement in relation to the previous financial year's figure of Rs. 8.35 in line with the growth seen in the net profit of the Bureau.

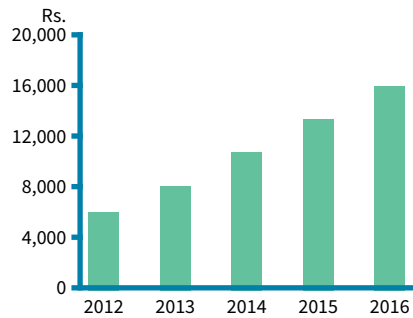
Earnings Per Share



NET ASSETS PER SHARE

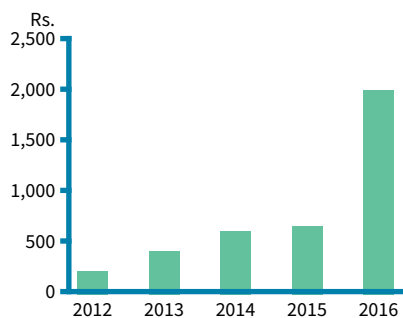
The profit made on consecutive operating periods have constantly added to share holder's wealth and strong balance sheet. However recorded net assets value per share is Rs. 15,882 during the year 2016, compared to Rs. 13,338 in the last year.

Net Assets Per Share

**DIVIDEND PER SHARE**

CRIB has been paying dividends to its shareholders consistently and the Bureau will consistently strive to strike a balance between a healthy dividend and retention to support investment activities to enhance long-term shareholder value. Accordingly a dividend of Rs. 2,000 per share was declared for the year. It is a 208% increase year-on-year.

Dividend Per Share

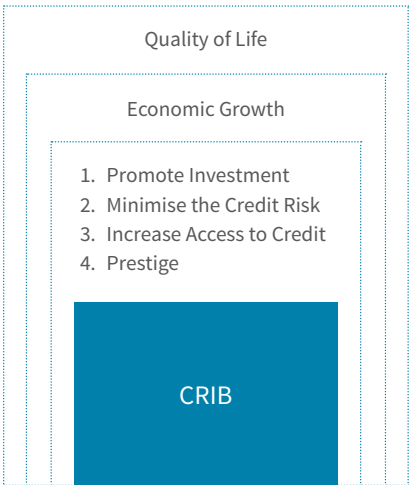


ECONOMIC CONTRIBUTIONS

Credit is a basic ingredient for any economy to function effectively and efficiently; whether it is a corporate customer with large financing requirements or a small and medium enterprise or a household with relatively lower funding needs. Obtaining credit is a prime requirement for ongoing economic activity or for expansion.

CRIB has helped the financial sector perform its intermediation function without disruption and facilitated the financial system to allocate financial resources effectively and efficiently, which have been crucial to the continued growth in economic activities and to maintain financial system stability.

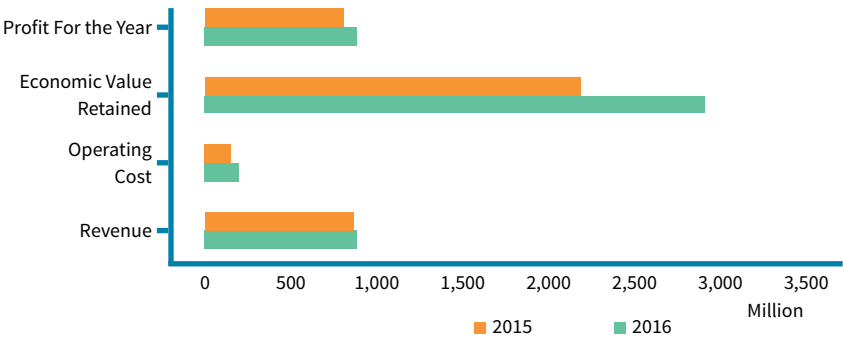
By providing credit information, CRIB helps lending institutions to mitigate credit risk and accelerate the speed of credit decisions, in order to provide easy access to the credit for all the sectors in the society.



CRIB INTERNAL FINANCIAL HEALTH

CRIB is entirely self-financed and does not receive any financial assistance from the Government. In 2016, we continued to see growth in profitability and we comply with all statutory payments to employees. CRIB economic impacts are quantified in the economic value statement given below.

ECONOMIC VALUE GENERATED	2016	2015
Revenues	884,623,779	872,923,609
Operating Cost	199,859,309	260,412,513
Economic Value Retained	2,913,295,065	2,191,009,117
Profit for the Year	888,360,747	810,892,442
EPS	3,553	3,244
EPF 12%	3,563,954	2,831,951
ETF 8%	890,988	707,987
Employee Wages and Benefit	60,553,204	51,970,875



IT SYSTEM

Confidentiality of Data

Maintaining confidentiality of data submitted to the CRIB, by CRIB members, is a strategic priority and is enforced through CRIB Act. The relevant provisions of the Act states that the use of the above information for any purpose other than the legitimate purposes stipulated in the Act is strictly prohibited and is punishable by law.

To mitigate any reputational and material risks that could emanate from potential breaches, we adopt and deploy the best of available data protection procedures and standards in the industry at every level of our operational activities and conducts.

Effective risk management is effected through IT system security and internal controls, which are constantly reviewed to ensure confidentiality of data.

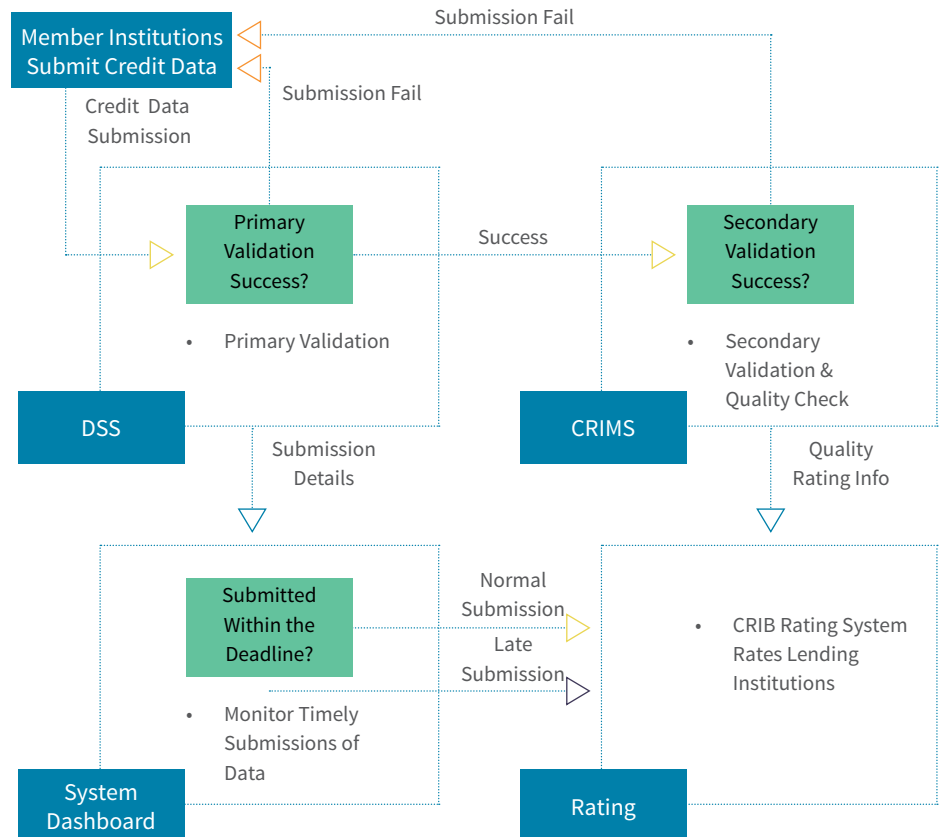
CRIB IT System

CRIB discharges this critical mandate by electronically collecting, organising and storing credit data from member lending institutions. This process is managed through the Data Submission Sub System (DSS) and Credit Information Management System (CRIMS). The key aspects of the CRIB data management process are data quality and data security.

Input Data Quality

Data fed through business applications of legacy systems at member institutions culminates at the Bureau as input data for the CRIB IT system. Therefore, the qualitative aspect of input data supplied by member data providers is of paramount important for CRIB, to provide accurate and up to date information back to its users.

- Validity and accuracy of data submitted by member institutions
- Timely submissions by member institutions



Data Security

Data security is essential to ensure confidentiality and to prevent misuse of CRIB data. Data security is facilitated through a number of security processes. These include:

- End-to-end encryption of data exchange.
- The data repository is constantly monitored through advanced data auditing and monitoring tools.
- Online iReport incorporates security features such as QR codes, tamper proof strip and other hidden features, to prevent counterfeiting attempts.
- An SMS alert system is used to help online users of the Bureau's IT system keep track of any changes to their profiles and credit data.
- Access for institutional users, to the CRIB data bases, are strictly controlled and tracked through IT system based features.
- A dual authorisation process has been established for CRIB officials to access data for investigative purposes.

IT System *Contd.*

CRIB IT System Security

Access to CRIB data bases and computers is restricted to authorised personnel. The CRIB IT system is regularly monitored by an independent IT systems auditor. Two types of audits are conducted.

1. Online Audits: These are random audits, conducted every two months for six audits per year. These audits check for possible web threats.
2. Onsite audits: These are conducted quarterly to improve and maintain physical and logical security.

Audit report summaries are sent to the Technical Sub Committee and conveyed to the Board.

The CRIB disaster recovery system was shifted to a more secure location in 2016 to ensure uninterrupted system availability for normal operations in the case of a disaster occurrence at the primary data centre.

Improving Our Systems

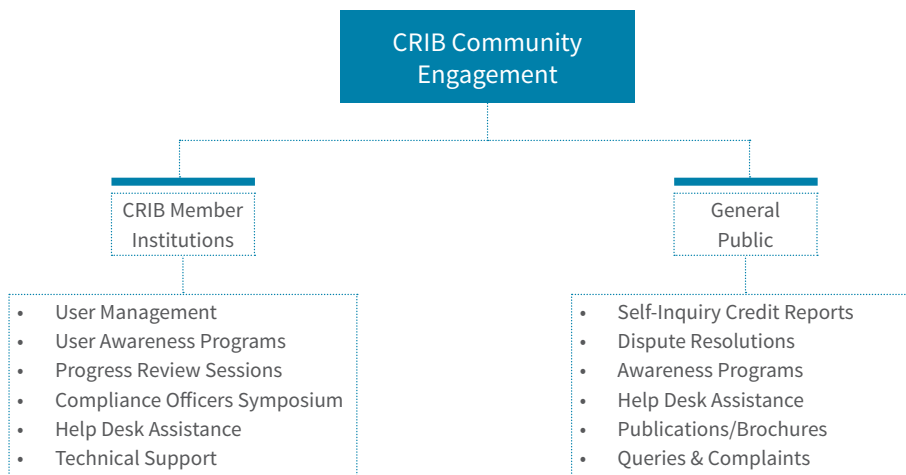
The current CRIB IT system has been operational since 2007. The system is now experiencing capacity constraints. The CRIB system also has a relatively high turn-around time. Therefore, we are currently in the process of acquiring a new IT system that will enhance the operational capacities and expand CRIB products and services.

The new system is expected to:

1. Improve service response time
2. Improve turn around time
3. Generate credit scores for individuals and businesses.
4. Integrate non-financial credit data into credit profiles
5. Facilitate SMS alerts to individuals
6. Facilitate mobile friendly Self Inquiry Report (iReports) to increase delivery modes/channels
7. Provide analytical and research reports to members

OUR CUSTOMERS

The Credit Information Bureau of Sri Lanka (CRIB) operates primarily with two community groups. These are our member institutions and the general public who are borrowers of credit, or are prospective borrowers. Therefore, it is necessary that we build relationship with both social segments, to ensure sustainable long term operations.



CRIB MEMBER INSTITUTIONS

Delivering Credit Information Reports

- The core service offered by CRIB is the Credit Information Report. A Credit Report details the positive and negative credit history of a given individual or corporate entity. The Bureau gathers information about credit facility performance of an individual's and business entity, from lending institutions and compile that information into a report called a Credit Information Report.
- The Credit Information Report includes borrower's/joint borrower's/guarantor's profile-related information as well as credit facility-related information which includes previous credit facilities that have already been paid, new credit facilities that have just been collected, how the credit facilities have/are being serviced for past 24 month period and if there are any outstanding balance(s) or any arrears amount(s). etc.

Help Desk

- Provides inbound and outbound support to member institutions on our products and services, user management inquiries, and other operations-related queries.
- Ensures the highest level of customer service standards throughout and satisfaction to user at all levels, irrespective of their mode of communication (walk-in, e-mail, call-in, internet-based, etc.) with the Bureau.

Connecting with Member Institutions

CRIB training programs are aimed at Authorised CRIB users (Credit Officers, Branch Managers, Compliance Officers) of Lending Institutions who are involved in evaluating and making lending decisions. Programs were aimed at educating officials of lending institutions on correct interpretation of Credit Information in credit report, and also the important sections, that the users must pay comprehensive attention when evaluating the credit worthiness of their borrowers or prospective borrowers. These awareness programs enhance the quality & validity of data submitted to the CRIB and also elimination public misconceptions about CRIB perceptions.

Compliance Officers Forum 2016

Provided an invaluable opportunity for the Compliance Officers and other staff members who deal directly with CRIB, to share their views and brainstorm on vital issues.

Networking amongst the participants had helped to gain valuable information on recent developments of the Credit Information Bureau.

Compliance Officers Forum 2016 was held at the Hilton Residences on 06th January 2016.

Our Customers *Contd.*



GENERAL PUBLIC

The Bureau is responsible for processing applications received for self-inquiry reports (iReport).

The guidance provided by the Bureau Help Desk staff helps customers understand their credit report and thereby resolve any discrepancies or misreporting appearing in their credit reports.

- Provide guidance to customers to get assistance from the Financial Ombudsman, if the customer has any disagreement or conflicts with the lending institutions.
- Provide responses and guidance to the Customer Complaints/Inquiries which reach either through post, e-mail (info@crib.lk) by phone.

Connecting the Public

The Bureau conducts awareness programmes for the general public and for small business owners. It also publishes various brochures, leaflets and other print material for distribution among CRIB users and the public.

Customer Feedback

CRIB is committed to capture customer feedback/suggestion about its services to achieving excellence in the delivery of services. Therefore, CRIB values customer feedback about services and welcome suggestions on how we could improve our services further and focus more on the needs of our customers.



A customer can submit his/her application for a consumer iReport either by visiting the head office during working hours or by sending an application through any bank branch situated in any part of the country. However, all applications for corporate iReports need to be channeled through a commercial bank with mandatory documents certified and attached to the application.

Online

Access to the internet based service for iReports (iReport Online) is also available for users. Individuals are required to visit the Bureau once to obtain access credentials for online access and may thereafter access the internet-based service at his/her convenience.



Help Desk Guidance

- Managing inbound calls from the general public to educate and provide information about our services.
- Provide directions to the customers to resolve any dispute against the reported credit information.

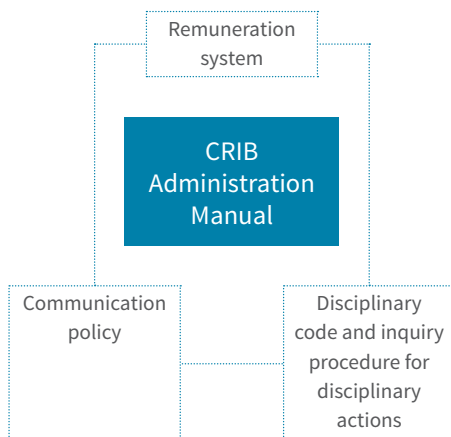
OUR TEAM

We expect our employees to actively endorse and support our corporate values. We promote equal opportunity and creativity of our staff by creating an environment they could train and develop to their full potential.

We are an equal opportunity employer as discrimination based on religion, caste, gender or any other profile is not in our mandate of HR recruitment and development.

CRIB is guided by the CRIB Administration manual and the manual spells out the expected standard of behavior from all employees.

Main areas covered in the Administration Manual are;

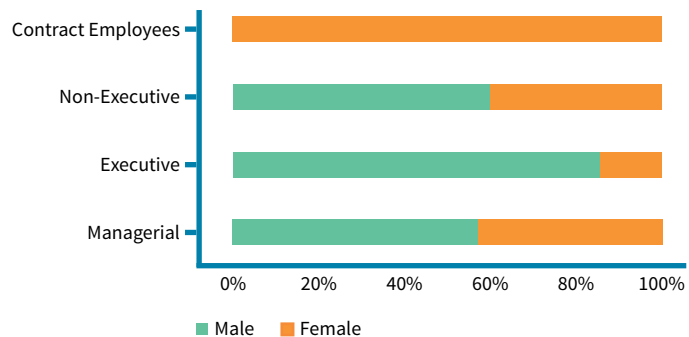


A staff appraisal system has been formulated to recommend annual special payment, ascertain employee attitudes and identify training & development needs. Performance appraisal system is in place for all categories of employees which applies annually for the entire staff.

CRIB employees enjoy competitive wages that have been approved by the Board of Directors and are based on wage categories and market rates. Therefore, wages are fixed and are based on market trends and do not change on the basis of sex, ethnicity or any other demographic category. CRIB has a baseline package of benefits that are applicable for our all staff members which include medical insurance cover, reimbursement of professional subscriptions, and reimbursement of interest subsidy base on the purpose of the loan. All permanent employees are enrolled in to the statutory Employees Provident Fund and the Employees' Trust Fund. Employees who retire after completing minimum five years of continued service are entitled to receive gratuity benefits.

By end of the year 2016, our total staff strength stood at only 25 employees including seven management grade employees.

EMPLOYEE PROFILE	MALE	FEMALE	TOTAL
Managerial	4	3	7
Executive	6	1	7
Non-Executive	6	4	10
Contract employees		1	1
Total	16	9	25



Our Team *Contd.*

EVENTS

Special religious ceremonies to invoke blessing for the staff and the new office premises



The staff enjoyed themselves at the year- end party at Waters Edge, Celebrating a year of achievement



FINANCIAL REPORTS

Statement of Directors' Responsibilities for Financial Statements	58
Annual Report of the Board of Directors on the Affairs of the Bureau	59
Independent Auditor's Report to the Shareholders of Credit Information Bureau of Sri Lanka	61
Statement of Comprehensive Income	62
Statement of Financial Position	63
Statements of Changes in Equity	65
Cash Flow Statements	66
Notes to the Financial Statements	67

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The CRIB Act No 18 of 1990 requires Directors to ensure that the Bureau keeps proper books of accounts of all the transactions and prepare financial statements that give a true and fair view of the state of the affairs of the Bureau and of the profit and loss for the year.

The Directors are also required to ensure that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

They are also responsible for taking reasonable measures to safeguard the assets of the Bureau, 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 confirm that to the best of their knowledge and belief, all taxes and levies payable by the Bureau and all contributions and taxes payable on behalf of and in respect of the employees of the Bureau have been paid or provided for as at the reporting date.

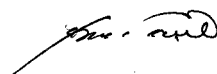
The Directors are of the view that, these financial statements have been prepared under the generally accepted accounting principles and in accordance with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka.

The Directors endeavor to ensure that the Bureau maintains sufficient records to be able to disclose with reasonable accuracy, the financial position of the Bureau and to be able to ensure that the financial statements of the Bureau meet with the requirements of the Sri Lanka Accounting Standards and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995

The Directors have reasonable expectation, after making enquiries and following a review of the Bureau's budget for the ensuing year including cash flows and borrowing facilities, that the Bureau has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the Accounts.

Messrs. Ernst & Young, Chartered Accountants, the Auditors of the Bureau have examined the financial statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Directors meeting and express their opinion in their report on page 61 of the Annual Report.

By Order of the Board
Credit Information Bureau of Sri Lanka



Secretary
Colombo

31st July 2017

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE BUREAU

The Directors are pleased to submit their report together with the Audited Accounts of the Bureau for the year ended 31st December 2016, to be presented at the 27th Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairman's review on page 2 describes the affairs of the Bureau and mentions important events that occurred during the year, and up to the date of this report. This report together with the audited financial statements reflects the state of the affairs of the Bureau.

PRINCIPAL ACTIVITIES / CORE BUSINESS

The main activity of the Bureau is the business of collection and collation of trade credit and financial information on borrowers and prospective borrowers of lending institutions.

FINANCIAL STATEMENTS

The financial statements prepared in compliance with the requirements of Credit Information Bureau of Sri Lanka Act No. 18 of 1990 are given on page 62 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 61 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the financial statements is given on pages 67 to 73. There were no changes in Accounting Policies adopted by the Bureau during the year under review.

FINANCIAL RESULTS / PROFIT AND APPROPRIATIONS

The Income Statement is set out on page 62.

PROPERTY, PLANT & EQUIPMENT

During the year under review the Bureau invested a sum of Rs. 3,493,034 (2015 – Rs 5,335,335/-) in Computer Accessories & of which Rs 5,226,896 is in Intangible Assets and Rs 24,486,021 is in Furniture and fixtures and Data Centre Assets.

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 07 to the financial statement.

INVESTMENTS

Details of long-term Investments held by the Bureau are given in Note 09 to the financial statements on page 78.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 58 of this report.

DIVIDEND

The Directors recommend the payment of a dividend for the financial year ended 31st December 2016.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2016 amount to Rs. 3,970Mn as against Rs 3,334Mn as at 31st December 2015. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements.

STATED CAPITAL

As per the terms of the Credit Information Bureau of Sri Lanka Act No. 18 of 1990, the stated capital of the Bureau is Rs. 25,000,000/- as at 31st December 2016. The details are given in Note 13 to the financial statement on page 80.

POST BALANCE SHEET EVENTS

There were no material events occurring after the Balance Sheet date that require adjustments, or disclosure which require adjustment in the Financial Statements other than those mentioned in Note 22 to the Financial Statements.

STATUTORY PAYMENTS

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibilities on page 58.

BOARD COMMITTEES

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board.

1. Mr. S. Bandaranayake (Chairman)
2. Mr. A. A. M. Thassim
3. Mr. A. R. Fernando

The Report of the Audit Committee is given on page 37.

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board

1. Mr. N. Vasantha Kumar (Chairman)
2. Mr. D. Rodrigo
3. Mr. S. Bandaranayake

Annual Report of the Board of Directors on the Affairs of the Bureau *Contd.*

The Report of the Remuneration Committee is given on page 39.

The earnings per share, net assets per share are given in Financial review on page 48 of this Annual Report.

Directors

The Directors of the Bureau as at 31st December 2016 and their brief profiles are given on page 17 in this report.

During the year under review the Board met on 10 occasions.

AUDITORS

The resolutions to appoint the present Auditors, Messrs. Ernst & Young Chartered Accountant, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

A sum of Rs 230,000/- was paid as audit fee during the year: -

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Bureau. The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Bureau including the level of audit and non-audit fees paid to the Auditor. Details on the work of the Audit Committee are set out under Corporate Governance.

Notice of Meeting

The Annual Shareholders Meeting of the Credit Information Bureau of Sri Lanka will be held on 20th September 2017 at Kingsbury Hotel at 10.00 a.m.

For and on behalf of the Board.



Mr. C. J. P. Siriwardena
Chairman



Mr. K. S. Bandaranayake
Director

31st July 2017
Colombo

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CREDIT INFORMATION BUREAU OF SRI LANKA



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

AL/CAY/JJ

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CREDIT INFORMATION BUREAU OF SRI LANKA

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Credit Information Bureau of Sri Lanka, ("the Bureau"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Set out on pages 02 to 19.

BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

31st July 2017
Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016	Note	2016 Rs.	2015 Rs.
Revenue	3	884,623,779	872,923,609
Other Operating Income	4	366,506,595	191,077,107
Employee Related Expenses		(60,553,204)	(51,970,875)
Administration & Establishment Expenses		(103,986,622)	(47,046,408)
Other Operating Expenses		(93,751,360)	(95,741,525)
Secured Transaction Registry		(2,121,327)	(4,875,547)
Profit Before tax		990,717,861	864,366,361
Income Tax Expense	5	(102,357,114)	(53,473,919)
Profit for the year		888,360,747	810,892,442
OTHER COMPREHENSIVE INCOME			
Items that are or may be Reclassified to Profit or Loss			
Net change in Fair Value of Available-for-Sale Financial Assets			
- Reclassified to Profit or Loss		-	875,766
Net change in Fair Value of Available-for-Sale Financial Assets		(86,341,148)	-
Items that will never be Reclassified to Profit or Loss			
Defined Benefit Plan Actuarial (Losses)/ Gain		(3,574,798)	(417,959)
Total Comprehensive Income for the Year		798,444,800	811,350,249
Earnings Per Share	17	3,553	3,244

The accounting policies and notes on pages 67 through 83 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016	Note	2016 Rs.	2015 Rs.
ASSETS			
Non-Current Assets			
Equipment	7	34,804,237	17,948,352
Intangible Assets	8	9,127,448	11,867,847
Non-Current financial Assets		2,361,662,423	-
		2,405,594,108	29,816,199
Current Assets			
Inventories	10	405,988	282,685
Trade and Other Receivables	11	224,963,666	188,901,374
Other Current Financial Assets	9	1,400,641,714	3,117,183,585
Cash and Cash Equivalents	12	31,424,560	28,544,753
		1,657,435,928	3,334,912,397
Total Assets		4,063,030,036	3,364,728,596
EQUITY AND LIABILITIES			
Capital & Reserves			
Stated Capital	13	25,000,000	25,000,000
Reserves		1,932,252,221	1,118,593,369
Retained Earnings		2,013,295,065	2,191,009,116
Total Equity		3,970,547,286	3,334,602,485

Statement of Financial Position *Contd.*

As at 31 December 2016	Note	2016 Rs.	2015 Rs.
Non-Current Liabilities			
Retirement Benefit Liability	14	7,456,811	4,351,840
		7,456,811	4,351,840
Current Liabilities			
Trade and Other Payables	15	34,233,647	19,439,476
Dividends Payable		1,586,896	1,227,121
Income Tax Liabilities		49,175,683	-
Cash and Cash Equivalents	12	29,713	5,107,674
		85,025,939	25,774,272
Total Equity and Liabilities		4,063,030,036	3,364,728,596



Dinesha I. A. Jayasinghe

Chief Manager - Accounts and Administration

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by:



Chairman



Director

The accounting policies and notes on pages 67 through 83 form an integral part of the Financial Statements.

18th July 2017
Colombo

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2016	Stated Capital Rs.	General Reserve Rs.	Other Reserves Rs.	Technical Reserves Rs.	Available-for- sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 1st January 2015	25,000,000	2,600,501	2,000,000	1,113,631,943	(875,566)	1,530,895,558	2,673,252,436
Net Profit for the year	-	-	-	-	-	810,892,442	810,892,442
Other comprehensive Income	-	-	-	-	875,566	(417,959)	457,607
Transferred to General Reserves	-	360,925	-	-	-	(360,925)	-
Dividends	-	-	-	-	-	(150,000,000)	(150,000,000)
Balance as at 31st December 2015	25,000,000	2,961,426	2,000,000	1,113,631,943	-	2,191,009,116	3,334,602,485
Net Profit for the year	-	-	-	-	-	888,360,747	888,360,747
Other comprehensive Income	-	-	-	-	(86,341,148)	(3,574,798)	(89,915,946)
Transferred to Technical Reserves	-	-	-	900,000,000	-	(900,000,000)	-
Dividends	-	-	-	-	-	(162,500,000)	(162,500,000)
As at 31 December 2016	25,000,000	2,961,426	2,000,000	2,013,631,943	(86,341,148)	2,013,295,065	3,970,547,286

The accounting policies and notes on pages 67 through 83 form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

Year ended 31 December 2016	2016 Rs.	2015 Rs.
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	990,717,861	864,366,361
ADJUSTMENTS FOR		
Depreciation	11,156,715	11,975,163
Amotisation	7,967,295	14,289,582
Income from Investments	(366,506,595)	(191,077,107)
(Profit)/Loss on sales of Property, Plant & Equipment	(168,053)	-
Provision for Defined Benefit Plans	(1,395,948)	952,034
Operating Profit/(Loss) before Working Capital Changes	641,771,276	700,506,033
(Increase)/ Decrease in Inventories	(123,303)	59,512
(Increase)/ Decrease in Trade and Other Receivables	(36,062,292)	(6,282,669)
Increase/ (Decrease) in Trade and Other Payables	63,969,852	(1,312,240)
Cash Generated from Operations	669,555,533	692,970,636
ESC Paid	(2,133,557)	(2,309,251)
Gratuity Paid	(1,865,775)	(430,125)
Income Tax Paid	(2,568,100)	(53,747,565)
Net Cash From/(Used in) Operating Activities	662,988,101	636,483,694
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Acquisition of Equipment	(28,423,911)	(6,670,879)
Proceeds from Sale of Equipment	667,750	6,369
Acquisition of Investments	(696,933,752)	(631,188,150)
Interest Received	201,798,635	181,471,318
Net Cash Flows from/(Used in) Investing Activities	(522,891,278)	(456,381,341)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Dividends Paid	(162,140,225)	(149,676,000)
Net Cash Flows from/(Used in) Financing Activities	(162,140,225)	(149,676,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	(22,043,401)	30,426,353
Cash and Cash Equivalents at the beginning of the year	93,446,214	63,019,862
Cash and Cash Equivalents at the end of the year	71,402,813	93,446,214

The accounting policies and notes on pages 67 through 83 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Credit Information Bureau of Sri Lanka is a Statutory Body incorporated and domiciled in Sri Lanka under the Credit Information Bureau of Sri Lanka Act No.18 of 1990 as amended by Act No.8 of 1995 and Act No.42 of 2008. The office of the Bureau is located at No.25, Sir Baron Jayathilake Mawatha Colombo 01.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Bureau were to collect and collate trade, credit and financial information about borrowers and prospective borrowers of lending institutions, and to provide credit information on request, to lending institutions who are the shareholders of the Bureau and simultaneously to borrowers and prospective borrowers to whom such information relate, with a view to facilitating the distribution of credit to all sectors of the economy and to the informal sector, in particular.

1.3 Date of Authorisation for Issue

The financial statements of Credit Information Bureau of Sri Lanka for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 31st July 2017.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

2.1.1 Basis of Preparation

The financial statements have been prepared on a historical basis. The financial statements are presented in Sri Lanka Rupees.

2.1.2 Statement of Compliance

The financial statements of the Bureau

have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the preparation and presentation of these Financial Statements is in compliance with the Credit Information Bureau of Sri Lanka Act No.18 of 1990 as amended by Act No.8 of 1995 and Act No.42 of 2008.

2.1.3 Going Concern

The Directors have made an assessment of the Bureau's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.1.4 Comparative Information

Comparative information is reclassified where ever necessary to comply with current presentation.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and Assumptions

The preparation of financial statements in conformity with SLFRS/LKAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Loans & Receivables

The Bureau provides services to member institutions on credit terms. We know that certain debts due to us will not be paid through the default of a small number of our customers. Current conditions prevail in the internal and external environment and historical trends are used in determining the level of debts that we believe will not be collected. These estimates include such factors as the current state of the economy, particular industry issues, and debt collection trends.

Useful life for Property, Plant and Equipment

The property, plant and equipment in the Bureau are estimated to carry economic useful lives lasting over year. Remaining useful lives are assessed annually and changed when necessary to reflect their remaining lives in light of technological change, network investment plans, prospective economic utilisation and physical condition of the assets concerned. Principal depreciation rates used are discussed under Note 2.3.6.

Defined Benefit Plan – Gratuity

The defined benefit obligation and the related charge for the year is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the

Notes to the Financial Statements *Contd.*

long-term nature of such obligations these estimates are subject to significant uncertainty.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Bureau's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or

loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

2.3.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bureau and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Rendering of Services

Income from credit reports furnished to constituent shareholders is recognized, as revenue, as and when the services are provided.

b) Interest

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-

sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in other operating income.

c) Others

Other income is recognised on an accrual basis.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions, which are not material, are aggregated, reported and presented on a net basis.

2.3.3 Expenditure Recognition

a) Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of income statement the directors are of the opinion that function of expenses method presents fairly the elements of the Bureau's performances, hence such presentation method is adopted.

2.3.4 Taxation

Current Taxes

The provision for income tax is based on

interest income in the financial statement and computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006.

2.3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Operating leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership over the leased term are classified as operating leases. Rental paid under leases are recognised as an expenses in the income statement on a straight-line basis over the lease term.

2.3.6 Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of equipment are required to be replaced at intervals, the Bureau derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

An item of equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight line basis over the useful life of the assets.

The principal annual rates used are as follows:

Computer and Accessories	25 % p.a
Sundry Assets	20 % p.a
Furniture and Fittings	20 % p.a
Data Centre	20 % p.a

2.3.7 Intangible Assets

Identifiable intangible assets are recognised when the Bureau controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Bureau and the cost of the asset can be reliably measured.

Finite lives intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and methods reviewed

at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Software 25 % p.a

2.3.8 Financial Instruments — Initial Recognition and Subsequent Measurement

2.3.8.1 Financial Assets

(a) Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets as appropriate. The Bureau determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Bureau commits to purchase or sell the asset.

The bureau financial assets include cash and short-term deposits, trade and other receivables, Investment in governments' securities and repurchase agreement.

Notes to the Financial Statements *Contd.*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

(c) Available for Sale

Investment in Treasury bill & treasury bonds are classified as available-for-sale are those, which are neither classified as held to maturity nor designated at fair value through profit or loss. In this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired,

at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Bureau has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bureau has transferred substantially all the risks and rewards of the asset, or (b) the Bureau has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bureau has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Bureau's continuing involvement in it.

(d) Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may

include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Bureau first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bureau determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the

asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

2.3.8.2 Financial Liabilities

(a) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Bureau determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The bureau's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.3.8.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

2.3.8.4 Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.3.9 Inventories

Inventories are valued at the lower of cost and net realisable value, after making

due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae.

Stationery – At Accrual Cost on First in First out Basis

2.3.10 Impairment of Non Financial Assets

The Bureau assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bureau makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Notes to the Financial Statements *Contd.*

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bureau makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.11 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of

outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.12 Provision

Provisions are recognised when the Bureau has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Defined benefit plan defines an amount of benefits that an employee will receive on retirement, usually dependent on or more factors as years of service and compensation. Gratuity is a Defined Benefit Plan. The Bureau is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet and the Bureau. The cost of providing benefits under the defined benefit plans are determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are charged or credited in the period in which they arise.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately. The

defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Bureau contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.9 New Accounting Standards Effective From 1st January 2014 and Issued But Not Effective at Reporting Date

(i) New accounting standards that became effective during the year

The following Sri Lanka Accounting Standards were issued by the Institute of Chartered Accountants of Sri Lanka and is effective for the periods commencing on or after of 01 January 2014.

SLFRS 13 - Fair Value Measurement

Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement) establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to

use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Company did not have any material impact from the implementation of SLFRS 13. Necessary disclosures required by the new Standard have been included in the Notes to the Financial Statements.

(ii) Accounting standards issued but not effective

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Company will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

Sri Lanka Accounting Standard (SLFRS 15) – “Revenue from Contracts with Customers”

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Sri Lanka Accounting Standard (LKAS 18) – “Revenue”, Sri Lanka Accounting Standard (LKAS 11) – “Construction Contracts” and IFRIC 13 – “Customer Loyalty Programmes”. This standard is effective for the annual periods beginning on or after 01 January 2017. The Company will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.

SLFRS 9 - Financial Instruments:

Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities.

This standard was originally effective for annual periods commencing on or after 01 January 2015. However, the original effective date has been deferred and revised effective date is yet to be announced.

Notes to the Financial Statements *Contd.*

3. REVENUE

Year ended 31 December	2016 Rs.	2015 Rs.
Credit Information	1,064,059,080	1,035,663,051
LESS		
Discount Allowed	(69,964,335)	(66,717,845)
Value Added Tax	(109,470,966)	(96,021,597)
	884,623,779	872,923,609

4. OTHER OPERATING INCOME

Year ended 31 December	2016 Rs.	2015 Rs.
Interest Income	365,096,048	190,350,438
Staff Loan Interest	1,133,937	535,432
Sundry Income	177,438	72,223
Self Inquiry Income	99,172	119,014
	366,506,595	191,077,107

5. INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

Year ended 31 December	2016 Rs.	2015 Rs.
INCOME STATEMENT		
Current Income Tax		
Current Income Tax charge	102,357,114	53,448,044
Over /Under Provision	-	25,875
Income tax expense reported in the Income Statement	102,357,114	53,473,919

6. PROFIT BEFORE TAX

Year ended 31 December	2016 Rs.	2015 Rs.
------------------------	-------------	-------------

STATED AFTER CHARGING**Included in Administrative Expenses****Employees Benefits including the following**

- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	1,395,948	952,034
- Defined Contribution Plan Costs - EPF&ETF (included in Employee Benefits)	4,454,943	3,539,939
Depreciation	11,156,715	11,975,163
Amortisation of Intangible Assets	7,959,327	14,192,644
Auditor's Fees and Expenses	230,000	210,000
Legal Fees	18,870	172,080
Directors Fees	652,500	822,500
Donations	35,000	104,500

7. EQUIPMENT

	Balance As at 01.01.2016 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2016 Rs.
--	---------------------------------------	---	--------------------------------	---------------------------------------

7.1 At Cost

Computer & Accessories	82,179,951	3,493,034	34,500	85,638,485
Computer & Accessories -STR	149,400	-	-	149,400
Furniture, Fittings & Office Equipment	9,323,288	24,486,021	6,234,270	27,575,039
Sundry Assets	85,267	90,420	-	175,687
Data Centre	15,099,008	354,436	1,438,520	14,014,924
	106,836,914	28,423,911	7,707,290	127,553,534

Notes to the Financial Statements *Contd.*

7. EQUIPMENT (CONTD.)

	Balance As at 01.01.2016 Rs.	Charge for the period/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2016 Rs.
DEPRECIATION				
At Cost				
Computer & Accessories	67,833,156	6,912,725	32,137	74,713,744
Computer & Accessories -STR	149,400	-	-	149,400
Furniture, Fittings & Office Equipment	7,675,350	2,791,878	5,992,464	4,474,764
Sundry Assets	68,732	13,395	-	82,127
Data Centre	13,161,923	1,438,717	1,271,377	13,329,263
	88,888,561	11,156,715	7,295,978	92,749,298

Year ended 31 December	2016 Rs.	2015 Rs.
NET BOOK VALUES		
At Cost		
Computer & Accessories	10,924,741	14,346,795
Computer & Accessories -STR	-	-
Furniture, Fittings & Office Equipment	23,100,275	1,647,938
Sundry Assets	93,560	16,535
Data Centre	685,660	1,937,085
	34,804,237	17,948,353
Total Carrying Amount of Equipment	34,804,237	17,948,353

7.2 Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 2016 - 66,421,722/- (2015 - Rs.70,345,306/-).

8. INTANGIBLE ASSETS

	System Development Costs Rs.	Computer Software Development Costs Rs.	Software STR Costs Rs.	Total Rs.
COST				
As at 1st January 2015	59,841,208	82,346,790	387,756	142,575,753
As at 31st December 2016	64,579,204	82,835,690	387,756	147,802,649
Additions	4,737,996	488,900	-	5,226,896
	4,737,996	488,900	-	5,226,896
AMORTISATION				
As at 1st January 2016	57,906,870	72,421,249	379,787	130,707,906
Amortisation for the year	2,329,171	5,630,155	7,968	7,967,295
As at 31st December 2016	60,236,041	78,051,405	387,756	138,675,201
NET BOOK VALUE				
As at 1st January 2015	1,934,338	9,925,541	7,968	11,867,847
As at 31st December 2015	4,343,163	4,784,285	-	9,127,448

8.1 Intangible Assets include fully depreciated assets having a gross carrying amounts of Rs. 2016-59,748,303/-, (2015 Rs. 109,255/-).

Notes to the Financial Statements *Contd.*

9. OTHER FINANCIAL INSTRUMENTS

Year ended 31 December	2016 Rs.	2015 Rs.
9.1 Available for sale financial instruments		
Treasury Bonds	2,361,662,423	-
	2,361,662,423	-
Non Current	2,361,662,423	-
Current	-	-
9.2 Loans and Receivables		
Receivable under Resale Agreements (Repo)	40,007,967	2,614,695,604
Fixed Deposit	1,360,633,747	502,487,981
	1,400,641,714	3,117,183,585
Non Current	-	-
Current	1,400,641,714	3,117,183,585
9.3 Total Non Current	2,361,662,423	-
Total Current	1,400,641,714	3,117,183,585

10. INVENTORIES

Year ended 31 December	2016 Rs.	2015 Rs.
Stationery	405,988	282,685

11. TRADE AND OTHER RECEIVABLES

Year ended 31 December	2016 Rs.	2015 Rs.
FINANCIAL ASSETS		
Trade Debtors (11.1)	190,115,174	149,367,578
Loan to Bureau Staff	6,865,823	5,266,671
Pre paid Staff Expenses	1,018,959	648,398
Deposits for Safe Lockers	45,000	45,000
Receivable	1,414,278	50,000
	199,459,234	155,377,647
NON FINANCIAL ASSETS		
Advances & Prepayments	25,504,432	21,524,232
Taxes Receivable	-	11,999,494
	25,504,432	33,523,726
	224,963,666	188,901,373

11.1 As at 31 December, the ageing analysis of trade receivables is as follows:

Total	Neither Past Due Nor Impaired	<30 days Rs	Past Due but Not Impaired	< 90 days Rs
Rs			30 -60 days Rs	61 - 90 days Rs
190,115,174	81,306,448		89,686,455	18,250,774
				871,497

Notes to the Financial Statements *Contd.*

12. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

Year ended 31 December	2016 Rs.	2015 Rs.
12.1 Favourable Cash & Cash Equivalents Balance		
Cash & Bank Balances	696,304	638,806
Saving Accounts balances	30,728,256	27,905,947
	31,424,560	28,544,753
Government Securities	40,007,967	70,009,135
	71,432,527	98,553,888
12.2 Unfavourable Cash & Cash Equivalents Balance		
Bank Overdraft	(29,713)	(5,107,674)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	71,402,813	93,446,214

* This is due to unpresented cheques.

13. STATED CAPITAL

Year ended 31 December	2016		2015	
	Number	Rs.	Number	Rs.
Ordinary Shares	250,000	25,000,000	250,000	25,000,000
	250,000	25,000,000	250,000	25,000,000

14. RETIREMENT BENEFIT LIABILITY

Year ended 31 December	2016 Rs.	2015 Rs.
RETIREMENT BENEFITS OBLIGATION - GRATUITY		
As at 1st January	4,351,840	3,411,972
Charge for the year	1,395,948	952,034
Actuarial (Gain)/Loss	3,574,798	417,959
Payments made during the year	(1,865,775)	(430,125)
As at 31 December	7,456,811	4,351,840

14.1 Defined Benefit Liability is valued as of 31 December 2016 and the principal assumptions used in the valuation is as follows:

Year ended 31 December	2016	2015
Discount Rate	12.75%	10.5%
Annual Salary Increment Rate	10%	5%
Staff Turnover	8%	1%
Average Remaining Life	9.55	20

Sensitivity effect on net liability as at 31 December 2016

		Rs.
Discount Rate	1%	(463,804)
	-1%	520,301
Salary Increment Rate	1%	548,941
	-1%	(1,045,283)

15. TRADE AND OTHER PAYABLES

Year ended 31 December	2016 Rs.	2015 Rs.
FINANCIAL LIABILITY		
Trade Payables	2,507,980	4,153,065
Other Payables	5,623,732	870,598
Accrued Expenses	12,512,861	7,734,394
	20,644,573	12,758,057
NON FINANCIAL LIABILITY		
Other Payables	13,589,073	6,681,420
	34,233,647	19,439,477

Notes to the Financial Statements *Contd.*

16. DIVIDENDS PAID AND PROPOSED

Year ended 31 December	2016 Rs.	2015 Rs.
DECLARED DURING THE YEAR		
Dividends on ordinary shares :	500,000,000	162,500,000
	500,000,000	162,500,000
Dividend Per Share (Rs.)	2,000	650

Rs. 2000 per share has been proposed as dividends by the management on 31st July 2017.

17. EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net profit for the year attributable to Ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the year.

Year ended 31 December	2016	2015
Net Profit attributable to Ordinary Shareholders (Rs.)	888,360,747	810,892,442
Weighted Average number of Ordinary Shares -	250,000	250,000
Earnings per Share (Rs.)	3,553	3,244

18. FAIR VALUES

The management assessed that cash and cash equivalents, trade receivables, investments in repo, investments in fixed deposits, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

19. COMMITMENTS AND CONTINGENCIES

Capital Commitments

Approved but not contracted for

The Board has approved the purchase of software to up grade the Credit Information Management System and the selection process is underway.

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Bureau's main financial liabilities include trade and other payables. The main purpose of these financial liabilities is to support to operations of the Bureau. The Bureau has financial assets including trade and other receivables, cash and short-term deposits that arrive directly from its operations and Treasury bills and Treasury bonds as available-for-sale investments. The Bureau has following risk types.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a risk that future proceeds will have to be re-invested at a lower rate. But the interest income is not a main income of the Bureau. Therefore there is less possibility for interest rate risk to effect it's main operations.

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Since the customers of the Bureau are registered financial institutions, the exposure from default is minimum.

21. RELATED PARTY DISCLOSURE

Details of significant related party disclosures are as follows:

21.1 Key Management Personnel Compensation

Year ended 31 December	2016 Rs.	2015 Rs.
Short-term employee benefits	3,524,118	8,588,188
Post employment benefits	321,750	-
Total	3,845,868	8,588,188

Other Transactions with Key Management Personnel

22. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the Financial Statements.

[illegible]

[illegible]

CORPORATE INFORMATION

CREDIT INFORMATION BUREAU OF SRI LANKA

INCORPORATION

Established under Credit Information Bureau of Sri Lanka.
Act No. 18 of 1990 as amended by Act No. 08 of 1995 & 42 of 2008.

FUNCTIONS OF THE BUREAU

- To collect and collate credit and financial information on borrowers and prospective borrowers of lending institutions.
- To provide credit information on request, to shareholder lending institutions and simultaneously to borrowers to whom such information relate, and to instill credit discipline in the financial sector.
- To establish a credit-rating system in Sri Lanka.
- To undertake credit rating and to sell such credit ratings to any foreign and local agencies, or to any person making a request for such ratings.
- To undertake research and training projects for shareholder lending institutions.
- To operate a filing office of secured transactions to register the security interest of movables with a view to facilitate the distribution of credit to all sectors of the economy and to the informal sector in particular.

BOARD OF DIRECTORS

Mr. C. J. P. Siriwardena

[Chairman]

Deputy Governor - Central Bank of Sri Lanka

Mr. A. A. M. Thassim

[Director]

Bank Supervision Department Central Bank of Sri Lanka

Mr. D. M. Gunasekara

[Director]

General Manager - Bank of Ceylon

Mr. N. V. Kumar

[Director]

General Manager - People's Bank

Mr. D. P. N. Rodrigo

[Director]

Chief Operating Officer - Hatton National Bank

Mr. S. Bandaranayake

[Director]

Deputy General Manager - Finance & Administration - People's Leasing & Finance PLC

Mr. N. Wijekoon

[Director]

Chief Executive Officer - Softlogic Finance PLC

Mr. D. Senevirathna

[Director]

Chief Executive Officer - National Development Bank.

Mr. A. R. Fernando

[Director]

Director of Central Finance Company PLC

Mr. C. N. S. N. Anthony

[Director / General Manager]

Credit Information Bureau of Sri Lanka

BOARD OF DIRECTORS (RETIRED)

Mr. P. Samarasiri

[Chairman]

*Deputy Governor - Central Bank of Sri Lanka
(Retired w.e.f. August 2017)*

Mr. G. P. Karunaratne

[Director / General Manager]

*Credit Information Bureau of Sri Lanka
(Retired w.e.f. May 2016)*

ALTERNATE DIRECTORS

Mr. S. M. S. C. Jayasuriya

*Deputy General Manager
Bank of Ceylon*

Mr. K. B. Rajapakse

*Senior Deputy General Manager
People's Bank*

Mr. R. Muttiah

*Chief Operating Officer
National Development Bank PLC*

Mr. F. Perera

*Deputy General Manager
Commercial Bank of Ceylon PLC*

BOARD AUDIT COMMITTEE

Mr. S. Bandaranayake

Deputy General Manager - Finance & Administration - People's Leasing & Finance PLC

Mr. A. A. M. Thassim

*[Director Bank Supervision]
Department Central Bank of Sri Lanka*

Mr. A. R. Fernando

Director - Central Finance Company PLC

Corporate Information *Contd.*

MANAGEMENT

Mr. C. N. S. N. Anthony

Director / General Manager

Mr. K. A. Janaka Lakmal

Deputy General Manager

Ms. D. I. A. Jayasinghe

Chief Manager - Accounts & Administration

Mrs. R. M. S. Rathnayake

Chief Manager - Operations

Mr. A. N. Piyasiri

Chief Manager - ICT Infrastructure

Mr. D. M. S. I. Dissanayake

Manager - Operations

Mr. K. D. S. Wanigasooriya

Assistant Manager - Customer Service

Mrs. Y. L. D. K. Gunathilake

Assistant Manager - Operations

EXTERNAL AUDITORS

Ernst & Young

201, De Saram Place, P O Box 101,
Colombo 10, Sri Lanka.

INTERNAL AUDITORS

KPMG (Chartered Accountants)

32 A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186, Colombo 03, Sri Lanka.

LAWYERS

Varners

Level 14, West Tower, World Trade Centre,
Colombo 01, Sri Lanka.

PRINCIPAL BANKER

Bank of Ceylon

BUSINESS HOURS

8.00 am to 4.15 pm

REGISTERED OFFICE

The Whiteaways Building,
No 25, Sir Baron Jayathilake Mawatha,
Colombo 01.

CONTACT DETAILS

Hotline: +94 112 13 13 13

Fax: +94 112 338 259

E-mail: info@crib.lk

Website: www.crib.lk



ශ්‍රී ලංකා ණය තොරතුරු කාර්යාංශය
இலங்கை கொடு கடன் தகவல் பணியகம்
CREDIT INFORMATION BUREAU OF SRI LANKA