

A YEAR OF **GROWTH** A YEAR OF **PROGRESS**



ශ්‍රී ලංකා ණය තොරතුරු කාර්යාංශය
இலங்கை கொடுக்கல் தகவல் பணிமனை
CREDIT INFORMATION BUREAU OF SRI LANKA

Credit Information Bureau of Sri Lanka (CRIB)
Annual Report 2017



CONTENTS

Key Performance Indicators	2
Financial Highlights	3
Historical Milestones	4
Chairman's Message	6
General Manager's Message	9

WHO WE ARE

Our Vision, Collective Crusade, Responsibility	12
Our Vital Statistics	13
CRIB Products & Services	14

GOVERNANCE SYSTEMS

Board of Directors	16
Board of Directors (Retired)	21
Our Team	22
Ethics and Anti - corruption	24
Governance and Internal Controls	27
Audit Committee Report	33
Remuneration Committee Report	35

MANAGEMENT DISCUSSION & ANALYSIS

International Environment in Credit Reporting	37
Managing Risks	38
Operations Review	41
Financial Review	47
Economic Contributions	49
Information Technology System	50
Our Customers	51
Managing Our Team	53

FINANCIAL REPORTS

Statement of Directors' Responsibilities for Financial Statements	56
Annual Report of the Board of Directors on the Affairs of the Bureau	57
Independent Auditor's Report to the Shareholders of the Bureau	59
Statement of Comprehensive Income	60
Statement of Financial Position	61
Statements of Changes in Equity	63
Cash Flow Statements	64
Notes to the Financial Statements	65
Notice of Annual General Meeting	78
Corporate Information	79

A YEAR OF **GROWTH**

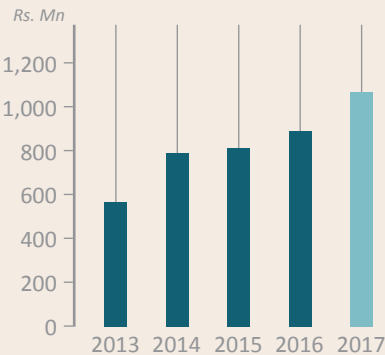
A YEAR OF **PROGRESS**

The pillars of a strong economy rest on the shoulders of its people, on their independence, their hard work and their financial responsibility. In a year that yielded phenomenal results for us at the CRIB, we supported this through diverse ways. This discipline and fortitude was grounded by our exemplary work and also through the new, state-of-the-art technology, which will come into play. This year, we aim to be stronger than ever in creating a solid foundation that would help Sri Lankans to be more prudent and responsible in their financial decisions. Together with them we are celebrating a year of growth and a year of progress.

KEY PERFORMANCE INDICATORS

Rs. 1Bn
Net Profit

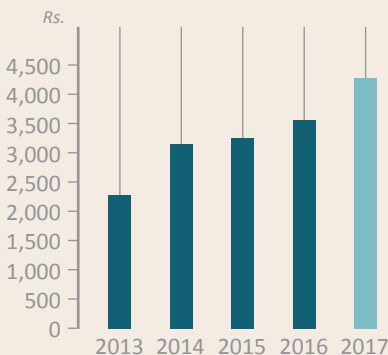
Profit for the Year



20%
Profitability Growth

Rs. 4,273
EPS

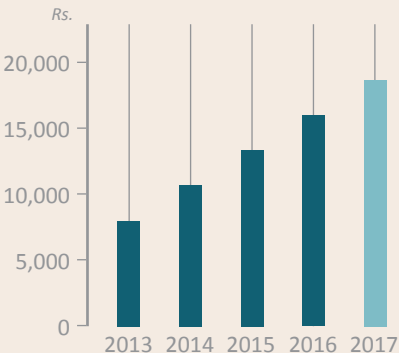
Earning Per Share



20%
Y-O-Y Growth in EPS

Rs. 18,691
Net Assets Per Share

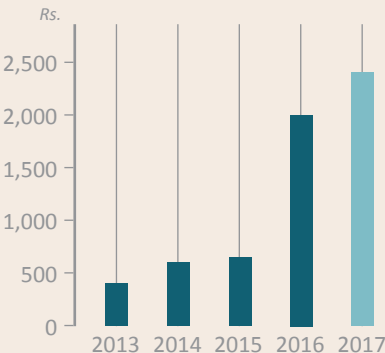
Net Assets Per Share



18%
Y-O-Y Growth in
Net Assets Per Share

Rs. 2,400
Dividend Per Share

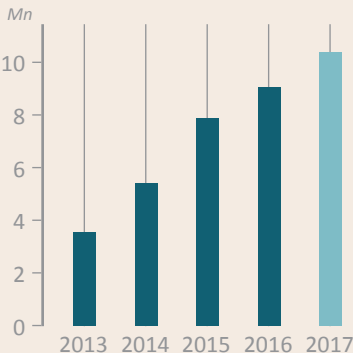
Dividend Per Share



20%
Y-O-Y Growth in
Dividend Per Share

Rs. 9 Mn
Credit Reports Issued

Credit Reports Issued



14%
Growth-Credit
Report Issued

Persons in Database
as a % of Adult Population **46%**

Number of Persons with Active Credit
Records **6.50 Mn**

Number of Records (Credit
Facilities) in the System
(Including settlements)
27.40 Mn

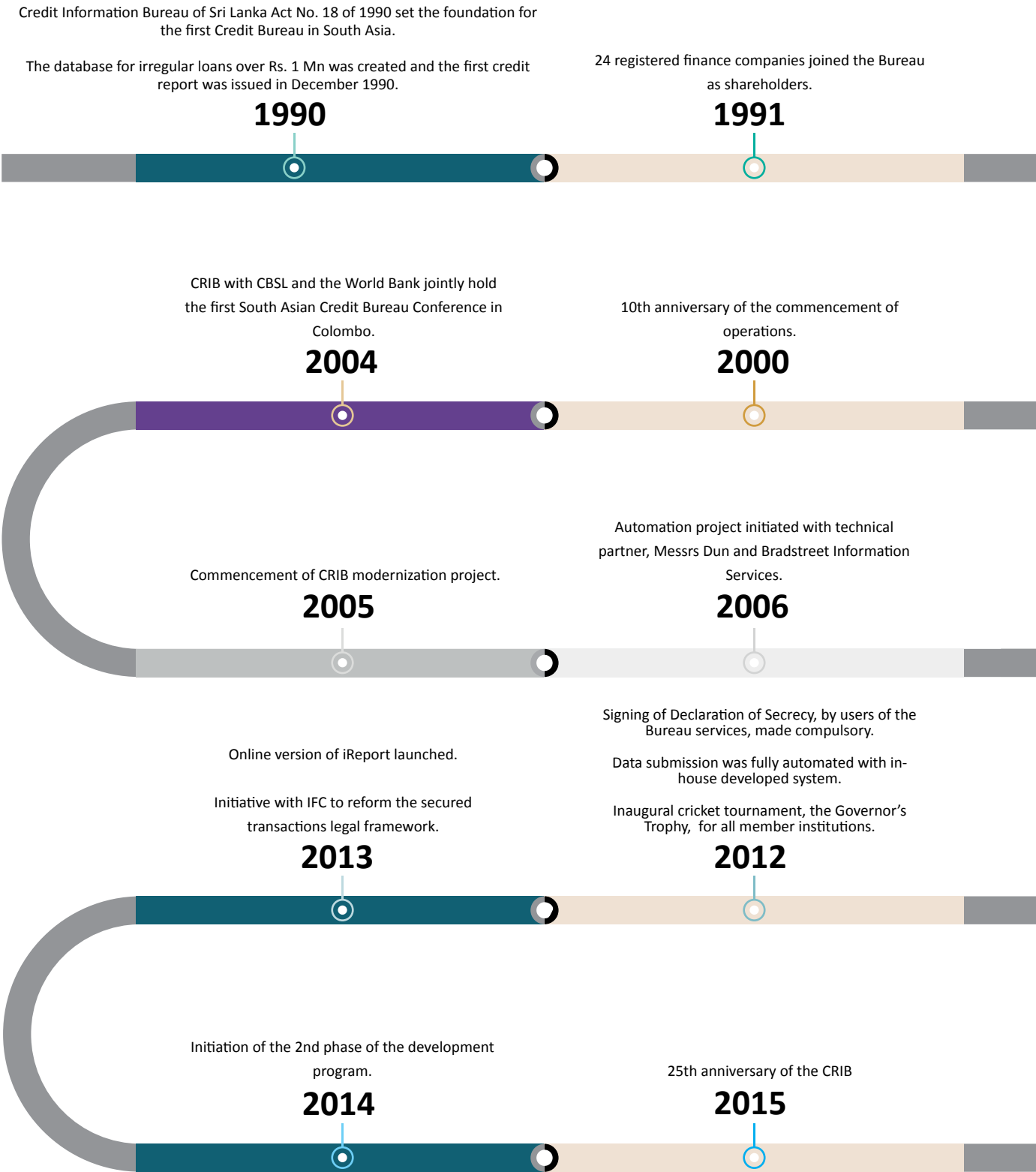
99% Level of up-to-Date information

Y-O-Y Growth in Total Credit Portfolio
Submitted **6.7%**

FINANCIAL HIGHLIGHTS

Year Ended 31 December	2013	2014	2015	2016	2017
Operating Results - (Rs. '000)					
Income	563,690	847,877	872,923	884,623	983,819
Expenses	(148,055)	(179,739)	(199,634)	(260,411)	(263,669)
Operating Profit / (Loss)	415,635	668,138	673,289	624,212	720,150
Other Income	204,736	166,566	191,077	366,506	483,208
Net Profit Before Extraordinary Items	620,371	834,704	864,366	990,718	1,203,358
Extraordinary Items - (Rs. '000)					
Net Profit After Extraordinary Items	620,371	834,704	864,366	990,718	1,203,358
Taxation	(54,883)	(46,590)	(56,473)	(102,357)	(135,183)
Net Profit After Extraordinary Items & Taxation	565,488	788,114	807,893	888,361	1,068,175
Shareholders Funds - (Rs. '000)					
Share Capital	25,000	25,000	25,000	25,000	25,000
Reserve	817,901	1,117,357	1,118,593	1,932,252	2,466,796
Accumulated Fund	1,143,595	1,524,488	2,191,009	2,013,295	2,181,021
	1,986,496	2,666,845	3,334,602	3,970,547	4,672,817
Liabilities - (Rs. '000)					
Creditors & Other Payables	45,997	32,680	25,774	84,995	88,258
Deferred Liabilities	3,275	9,819	4,351	7,456	8,259
Assets - (Rs. '000)					
Non Current Assets	60,985	48,889	29,816	43,932	42,756
Investments	1,755,999	2,455,562	3,117,183	3,762,304	4,470,013
Inventories	369	342	282	405	497
Trade & Other Receivables	119,423	182,618	188,901	224,964	219,666
Cash & Bank Balances	19,734	21,932	28,544	31,425	36,403
	1,956,510	2,709,343	3,364,726	4,063,030	4,769,335
Ratios					
Return on Average Shareholders' Funds (%)	28%	30%	24%	22%	23%
Income Growth (%)	31%	50%	3%	1%	11%
Return on Average Assets (%)	29%	29%	24%	22%	22%
Rate of Dividends (%)	400%	600%	650%	2000%	2400%
Gross Dividends (Rs. '000)	75,000	150,000	162,500	500,000	600,000
Share Information					
Earning Per Share (Rs.)	2,262	3,152	3,232	3,553	4,273
Net Assets Per Share (Rs.)	7,629	10,667	13,338	15,882	18,691

HISTORICAL MILESTONES



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

1992

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

1995

Credit card defaulter's database started.

1997

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.

1996

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

2008

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

2009

The establishment of the Disaster Recovery Center was completed.

Establishment of Secured Transactions Register (STR).

2011

Commenced collection of information on dishonored cheques from commercial banks.

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

20th anniversary of the CRIB

2010

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

Introduction of Credit Information Report for micro lending.

2016

CRIB Live Data center was relocated to a Tier 3 standard hosted facility, more secure and implemented on the state-of-the-art technology

Relaunched member rating program.

2017

CHAIRMAN’S MESSAGE

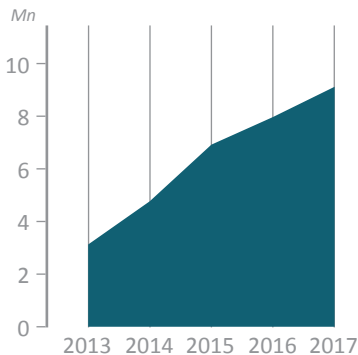
“The CRIB 2020 growth strategy is aimed at transforming the CRIB into a next-generation credit bureau with the vision of becoming the most sought after model bureau in the Asia Pacific region.”



It gives me great pleasure to present the audited financial statements and Annual Report of the Credit Information Bureau (CRIB) for the financial year 2017 and to announce a strong year of growth for the CRIB.

I am pleased to announce that the CRIB’s growth rate, in terms of number of credit reports issued, has moved up by 14% year-on-year, which is almost 1 million additional credit reports. This output demonstrates the growing public and institutional confidence in the services offered by the CRIB and also reflects the growing space for micro loans and reporting of micro loans to the Bureau by members. The CRIB’s finances have also benefited, with a sharp increase in revenues due to the large increase in credit reports. Hence, the CRIB closed 2017 as the most profitable year to date, recording a landmark net profit of Rs. 1 Bn, which is indeed a commendable achievement by such a small organization. These gains have been shared among our member institutions in the form of higher dividends, with dividend per share reaching Rs. 2,400, compared to Rs. 2,000 in 2016, and share value increasing from Rs. 15,882 to Rs. 18,691. I urge shareholders to refer the General Managers’ Review, Financial Review and Operations Review for greater details on the CRIB’s financial and operational status as at end December 2017.

Credit Reports Issued



CRIB CONTRIBUTIONS TO THE COUNTRY

As at end 2017, the CRIB was the custodian of credit information from over 80 financial institutions, including banks and finance companies, that collectively represented an asset base of Rs. 12 trillion, which is an extremely large share of the country’s economy. Another measure of the CRIB’s national impact, is its rapidly growing data base, which at present stands at over 8 million separate customers, comprising almost 46% of Sri Lanka’s adult population and almost 100% of households. All of these individuals and businesses have credit information with the

CRIB, representing their credit history from various credit transactions with lending institutions. In 2017, the CRIB produced over 9 million credit reports. For a small organization with only one official premises and a workforce of 25 people, this is a very high level of national impact.

Another contribution to the national economy is through involvement with external organizations to provide professional and technical assistance on important national tasks. The CRIB provides credit related market trends, industry analysis and insights to various national and international agencies to support national policy decisions and national projects. For instance, the CRIB is a leading contributor to the World Bank's Getting Credit Task Force, which is working on improving Sri Lanka's ranking in the Ease of Doing Business Index. The CRIB is also working with other agencies to implement a more practical Secured Transactions Register for the country. In addition, the CRIB continued to attend and provide credit analysis to the Financial Stability Committee and Public Finance Committee meetings during 2017.

FUTURE OF THE CRIB

As the national credit information agency, the CRIB will align itself with the Vision 2025 of the government, through the CRIB 2020 growth strategy.

Looking at 2018 and beyond, we anticipate macro developments to cause a sharp increase in CRIB services. These future developments include, the new micro finance regulatory framework and the anticipated credit upswing from 2018 onwards. Over 200 institutions are currently involved in micro financing and their inclusion in the CRIB, will expand CRIB credit information coverage to hundreds of thousands of small scale micro

lending. Meanwhile, the non-bank finance sector in general, is expected to expand its share in the credit market and increase its demands on the CRIB. While the banks are currently the largest lenders in the country in terms of value of lending, the non-bank sector is leading in terms of volume, or numbers of smaller credit disbursements, and is also growing faster than the banking sector. This can be seen in the share of assets of the non bank sector, which has expanded from 4% of total financial sector assets 10 years ago, to 7% by end 2017.

In 2017, the Central Bank tightened monetary policy to address emerging trends in the domestic and global economy, which had the forecasted outcome of slowing the rate of national credit growth. However, in 2018, we anticipate stronger 4.0% - 4.5% economic growth, reaching 5.0% in 2019, which will be supported by commensurate recovery in credit demand across both bank and non bank sectors. This recovery in credit markets will significantly amplify the demand for CRIB credit reports. We also anticipate higher demand for value added services from different industry stakeholders.

In anticipation of this demand spike, the CRIB has made considerable progress during 2017 to obtain a new Credit Bureau System. This is another landmark development in the CRIB history, as the new system will significantly boost operational capacity of the CRIB, to contribute towards future financial policy making in the country. When fully operational the new CRIB IT system can be expected to generate multiple benefits for stakeholders, including reduction of costs to members and public, a higher level of business intelligence and research capability, and the ability to design and offer specialized new products and services.

The CRIB 2020 growth strategy is aimed at transforming the CRIB into a next-generation credit bureau with the vision of becoming the most sought after model bureau in the Asia Pacific region. We hope to achieve this ambitious objective by investing in the latest technologies and process re-engineering, expanding CRIB services to include nontraditional lending segments and developing new products and services through value addition to data and by ensuring efficient and effective management of the CRIB. The CRIB will be adding new resources to meet emerging operational needs of the Bureau and will be revamping existing human resource practices to realign internal resources to cater to new developmental needs of the Bureau.

At this juncture, I would like to be clear that the CRIB is entirely self financed. The CRIB finances itself for all its requirements, including acquisition of state-of-the-art technology to provide vital services to the financial services sector of the country and is not dependent on government funding, subsidies or grants.

DATA PROTECTION

As the Sri Lankan economy and financial system become increasingly digitized, the potential threats from cyber and other internet based platforms, can be expected to intensify. The rapid development in Artificial Intelligence, machine learning algorithms and various fin tech applications, may also pose threats to data security, as large sectors of the Sri Lankan economy converts to digital platforms and integrates with external global systems. Following the same trend, the CRIB's operations continue to expand and data bases of public information continues to grow at a rapid pace. In this context, we are highly conscious of the need to protect sensitive and confidential personal data.

CHAIRMAN'S MESSAGE *Contd.*

The Board and management of the CRIB are fully cognizant of these potential threats and, as an integral component of the CRIB's growth strategy, we have already taken measures to enhance technology systems and security systems of the CRIB and its rapidly growing data bases, to safeguard public information.

In conclusion, I would like to extend my appreciations to the Board for their advice in guiding the CRIB in terms of the provisions of the CRIB Act and best practices. The CRIB management and staff must be congratulated for an exceptional performance in 2017, particularly given the IT system constraints in which they have been operating. I would also like to extend my sincere thanks to clients, member institutions and service providers of the CRIB for their continued support of the CRIB and look forward to their cooperation in the new financial year.

Sincerely



Mr. C. J. P. Siriwardena
Chairman

GENERAL MANAGER'S MESSAGE

“... the most impactful and far reaching development of the year, was the progress made in selecting a vendor for a new Credit Bureau System. I am pleased to report that we were able to fast track the vendor evaluation process for a new Credit Bureau System for the CRIB.”



I am pleased to conclude my first year as the General Manager of the CRIB by announcing an exceptionally good year for the CRIB.

The financial year 2017 is to date, the most profitable year for the CRIB and its shareholders. More significantly, these financial returns have been achieved by rendering improved services for the Sri Lankan public. We have also made tangible progress towards acquiring a new, upgraded Credit Bureau System for the CRIB, which is essential to sustain future growth in CRIB services for lending institutions and the general public.

FINANCIAL PERFORMANCE

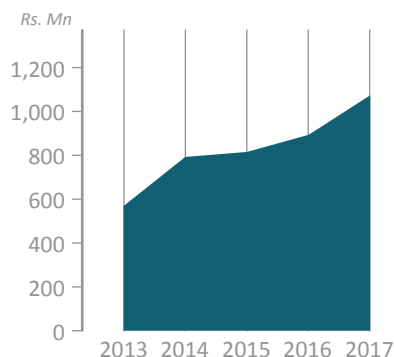
The CRIB's profit after tax surpassed the Rs. 1.0 Bn mark as at end of 2017, making this the most profitable year for the CRIB. We accomplished this by producing the highest amount of credit reports in a year to date, which was over 9.0 million reports. In March 2017 we issued the most number of credit reports for a month, to date, which was a record 905,339 reports. It is noteworthy that we achieved such high outputs in spite of existing systemic constraints, as the current CRIB Credit Bureau System is now both obsolete in terms of technology and under capacitated in terms of data volumes and processing. We also benefited from increased revenues emanating from investments, with investment income growing by 32% year on year. This was a direct result of timely investments and portfolio restructuring, by reducing tenures, and switching to higher yielding instruments, within the investment policy of the CRIB.

As a result of our profit growth, we were able to declare the highest dividend payout for shareholders to date, of Rs. 600 Mn. The price per share moved to Rs. 18,691/-, which translates to an earnings per share of Rs. 4,273/-, compared to the earning per share of Rs. 3,553/-, in 2016.

SYSTEM IMPROVEMENTS

The CRIB Credit Bureau System is by now over 10 years old, which in technology terms is obsolete, and as the system was originally designed for much lower volumes of traditional operations, at this stage it does not have the capacity to support volume growth and cannot accommodate modern credit information related products. To overcome these challenges, we continued to make modifications to the existing system as a stop-gap measure to provide better services to members and to enhance system performance. These include developing 2 URLs to counter the high user concurrence at peak

Net Profit



GENERAL MANAGER'S *Contd.*

hours, which causes the system to slow down. We also introduced a memory enhancement to the system and replaced the staging server and the internal application server, which helped improve the system performance. These modifications allowed us to increase the volumes of data being processed, which also made it possible to increase the number of credit reports issued during the year.

Therefore, the most impactful and far reaching development of the year, was the progress made in selecting a vendor for a new Credit Bureau System. I am pleased to report that we were able to fast track the vendor evaluation process for a new Credit Bureau System for the CRIB. The evaluation process was concluded by end December and we have now commenced contract negotiations with the most suitable vendor for a new, technologically superior, Credit Bureau System. We hope to commence implementation of this state-of-the-art Credit Bureau System, which can facilitate advanced credit bureau products and services, available in developed markets, within 2018.

Another important development during the year, relates to data security. As the national credit information trustee, we are fully cognizant of our responsibility to protect private data of the Sri Lankan public and institutions. Therefore, we have stepped up data protection by moving the CRIB data center to a hosted option, with a leading co-location data center service provider in the country. This change has enhanced data security through tier-3 level data center infrastructure facilities, which includes safety features such as, fire protection, temperature monitoring, power fluctuation protection and other systemic support functions, to safeguard CRIB data. In addition, we reviewed the data security system and strategically enhanced the scope of periodic vulnerability assessments, which has strengthened the network and data security monitoring of the CRIB.

ENHANCING VALUE TO STAKEHOLDERS

During the year we continued to engage with key stakeholder groups to add value for our stakeholders through our operations. As part of this process we recommenced the CRIB Institutional Ranking process, to improve data quality and completed no less than 85

member review meetings during the year. These interactions with member institutions contribute directly towards better quality credit information for more accurate credit reports, which enhances the value of CRIB credit reports for lending institutions and the general public.

Although we have limited system capacity, I am happy to announce that we successfully completed development of a new product called the Corporate iReport (Online version of Corporate Report), which will enter the market in 2018. The Corporate iReport will allow SMEs, micro finance sector companies, private limited liability companies, partnerships and sole proprietors, to register with the CRIB through bank branches throughout the island and obtain their credit report remotely. This eliminates the need to visit the CRIB in Colombo, thereby enhancing customer convenience.

The CRIB's employees have been instrumental in driving the CRIB's performance and during the current financial year, we acknowledged these contributions by rewarding employees with a salary increase and a special performance bonus. The employee insurance package was reviewed and enhanced, which I believe is also extremely beneficial for our employees.

As the country's only credit information provider, the CRIB also regularly engages with many external agencies to support national financial and economic infrastructure. During the year we worked actively to fast-track the revised Secured Transactions Act, whilst leading the Getting Credit Task force, to push-up Sri Lanka's ranking in the World Bank's Ease of Doing Business Index. The CRIB also participated in and made useful contributions at, the Financial Stability Committee, the Public Finance Committee and the National Payment Council, which is a Central Bank committee.

PLANS FOR THE NEW FINANCIAL YEAR

Based on market trends, we anticipate continued growth in demand for CRIB credit reports in the new financial year and we are gearing our systems to meet this anticipated demand growth. We will also introduce new, more advanced, credit information products and services as we continue to upgrade our systems.

A product that we aim to strategically introduce in this regard, is a Credit Score on Individuals and corporates. Such institutional and individual credit scores will help lenders mitigate their credit risks. The implantation of bureau credit score will also help improve the Ease of doing Business Index of the country.

To extend coverage of credit information, we will engage other agencies, such as telecommunications services providers, utility providers and insurance companies, to include non financial institutional data into the CRIB data bases. The inclusion of such additional information would provide a 360 degree credit profile of the borrower, which will lead to more informed lending and will help reduce default rates for improved financial stability.

Other new products we hope to introduce include alerts, portfolio management and analytics for member institutions via a comprehensive business intelligence tool, which will strengthen the credit risk management processes within member institutions and propagate credit into untapped areas.

The micro finance and SME sectors will remain in the CRIB radar for improved services and new products, to help these sectors grow and thrive.

We will remain focused on providing the service of maintaining the important, digital, Secured Transaction Registry, which will once again contribute towards Sri Lanka's position in the Ease of Doing Business Index.

As we come to the close of a successful year, I would like to thank the CRIB staff, the Board of Directors and officials of the Central Bank and other agencies, that worked closely with us to achieve our success. Last but not least, I would like to thank our member institutions for their collaboration and I look forward to another year of mutual cooperation.

Sincerely



Mr. Nandi Anthony
General Manager

WHO WE ARE

Our Vision, Collective Crusade, Responsibility	12
Our Vital Statistics	13
CRIB Products & Services	14

OUR VISION

OUR VISION

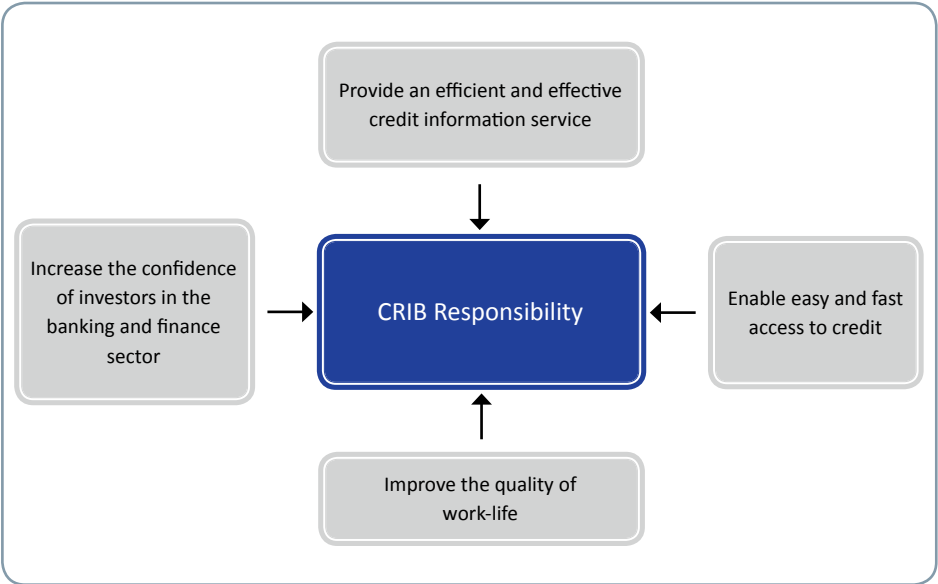
Building a customer friendly reservoir of credit information.

OUR COLLECTIVE CRUSADE

- To collect and collate credit and financial information of borrowers and prospective borrowers of lending institutions
- To provide credit information on 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 minimizing 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 THE CRIB

Shares ownership of the CRIB as at December 31st, 2017 :

- ➔ The Monetary Board of the Central Bank of Sri Lanka : 19.30 %
- ➔ Bank of Ceylon : 18.72 %
- ➔ People's Bank : 18.96 %
- ➔ National Savings Bank : 12.18 %
- ➔ National Development Bank PLC: 6.20 %
- ➔ Other Lending Institutions: 24.64 %

The CRIB has a unique public-private ownership structure. The shares of the CRIB have been allotted to it's 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 specialized 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 Ltd. Sri Lanka Branch
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

Commercial Banks

21. Sampath Bank PLC
22. Seylan Bank PLC
23. Standard Chartered Bank
24. State Bank of India
25. Union Bank of Colombo PLC

Specialized Banks

1. HDFC Bank of Sri Lanka
2. Lankaputra Development Bank
3. National Savings Bank
4. Regional Development Bank
5. Sanasa Development Bank PLC
6. Sri Lanka Savings Bank Limited
7. State Mortgage & Investments 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. Bimputh Finance PLC
8. BRAC Lanka Finance PLC
9. Central Finance Company PLC
10. Citizens Development Business Finance PLC
11. Colombo Trust Finance PLC
12. Commercial Credit & Finance PLC
13. Commercial Leasing & Finance PLC
14. ETI Finance Limited
15. HNB Grameen Finance Limited
16. Ideal Finance Limited
17. Kanrich Finance Limited
18. Lanka Credit and Business Finance Limited
19. L B Finance PLC
20. LOLC Finance PLC
21. Melsta Regal Finance Limited
22. Mercantile Investments & Finance PLC
23. Merchant Bank of Sri Lanka & Finance PLC
24. Multi Finance PLC
25. Nation Lanka Finance PLC
26. Orient Finance PLC
27. People's Leasing & Finance PLC
28. People's Merchant Finance PLC
29. Prime Finance PLC
30. Richard Peiris Finance Limited
31. Sarvodaya Development Finance Company Limited.
32. Senkadagala Finance PLC

Finance Companies

33. Serendib Finance Limited
34. Singer Finance (Lanka) PLC
35. Sinhaputhra Finance PLC
36. Siyapatha Finance PLC
37. Softlogic Finance PLC
38. Swarnamahal Financial Services PLC
39. The Finance Company PLC
40. TKS Finance Limited
41. Trade Finance & Investments PLC
42. U B Finance Limited
43. Vallibel Finance PLC

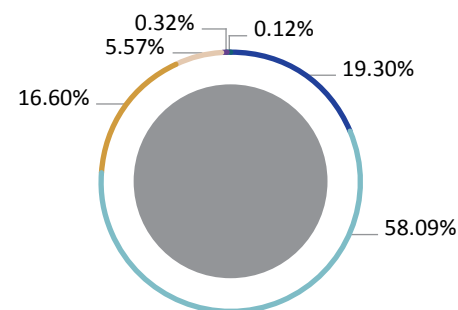
Leasing Establishments

1. Assetline Leasing Company Limited
2. Co-operative Company Limited
3. SMB Leasing PLC
4. Unisons Capital Leasing Limited

Other Lending Institutions

1. Mercantile Merchant Bank Limited
2. Sri Lanka Export Credit Insurance Corporation

Shares Ownership of the CRIB

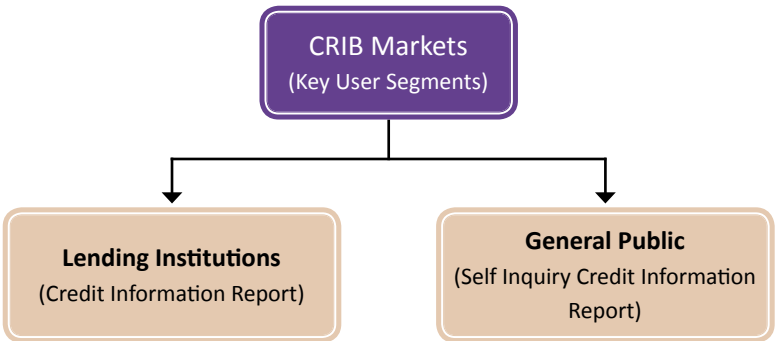


- Monetary Board of Central Bank of Sri Lanka
- Commercial Banks
- Specialized Banks
- Finance Companies
- Leasing Establishments
- Other Lending Institutions

CRIB PRODUCTS & SERVICES

The core business of the Bureau is to issue reports on credit information to members and the general public. The Bureau provides credit information services through the CRIB Automated Credit Information Management System (CRIMS). Credit information is divided into two main categories - “consumer” (individual) and “corporate” (businesses). Banks and member institutions can access their customers’ credit information via the Internet.

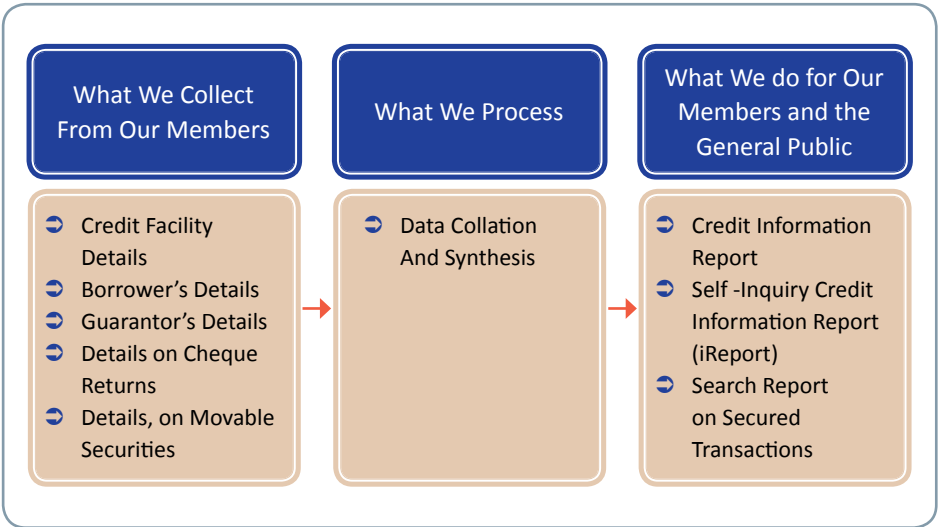
The credit information reports issued at the requests of the general public are known as “iReports”. The CRIB Act No 18 of 1990 as amended by Act No 42 of 2008, under the Section 7 (B) (1) (e), allows any individual or corporate entity, to request for his/her/its own Self Inquiry Credit Report (iReport) from the Bureau.



Type	Name of the Product/ Service
Credit Information Report	1. Comprehensive Report (Consumer and Corporate) 2. Credit Report for Micro Lending
Self-Inquiry Credit Information Report	1. iReport (Consumer and Corporate) 2. iReport-Online (Consumer)
Search Reports on Secured Transactions	Search Report

- In addition to credit information reports, the Bureau provides various value added services to banks and approved financial institutions. These include;
 - Maintaining a register for secured transactions
 - Conducting public awareness programs
 - Conducting training programs for member institutions
 - Undertaking research and analytics services for member institutions

What We Do...



GOVERNANCE SYSTEMS

Board of Directors	16
Board of Directors (Retired)	21
Our Team	22
Ethics and Anti - corruption	24
Governance and Internal Controls	27
Audit Committee Report	33
Remuneration Committee Report	35

BOARD OF DIRECTORS

Standing Left to Right

Mr. D. P. N. Rodrigo - Director

Mr. Nandi Anthony - Director/ General Manager

Mr. K. B. Senarath Bandara - Director

Mr. Dimantha Senevirathna - Director

Mr. K. S. Bandaranayake - Director

Seated Left to Right

Mr. N. Vasantha Kumar - Director

Mr. C. J. P. Siriwardena - Chairman

Mr. A. A. M. Thassim - Director



Board of Directors as at June 2018



BOARD OF DIRECTORS *Contd.*

Mr. C. J. P. SIRIWARDENA

Chairman

*Credit Information Bureau of Sri Lanka
Deputy Governor of the Central Bank of
Sri Lanka*

Mr. Siriwardena is a Deputy Governor of the Central Bank with over 32 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. Siriwardena 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. Siriwardena 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 programs 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. Siriwardena has made special contributions and innovations for the improvement of standards, especially in the fields of debt management and investments. Further, Mr. Siriwardena has participated in various national and international forum representing the Government and CBSL.

Mr. Siriwardena currently serves as Commissioner of Security and Exchange Commission of Sri Lanka, Director of Insurance Regulatory Commission, Chairman of National Payment Council (NPC), Chairman of the Financial System Stability Council (FSSC) and Director of Colombo Dockyard PLC, he is also member of the Monetary Policy Committee (MPC), 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).

Mr. A. A. M. THASSIM

Director

*Credit Information Bureau of Sri Lanka
Director Bank Supervision Department of
Central Bank of Sri Lanka*

Mr. Thassim has been in the service of Central Bank of Sri Lanka (CBSL) for over 25 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 program 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. K. B. SENARATH BANDARA

Director

*Credit Information Bureau of Sri Lanka
General Manager of Bank of Ceylon*

Mr. Senarath Bandara is the present General Manager/Chief Executive Officer of Bank of Ceylon, the largest bank in Sri Lanka. He is a Senior Banker with an illustrious career spanning over 28 years at the bank. He joined the Bank as a Management Trainee and advanced in the career ladder serving in key areas of banking such as treasury management, corporate banking, international banking, branch operations, electronic banking etc. He has also served as the Chief Executive Officer of Bank of Ceylon (UK) Ltd, London from 2011 to 2012. He successfully led several key projects of the Bank including the London Branch subsidarization, the core banking system upgrade, the bank's transformation project etc.

Prior to joining the Bank, he served as an Assistant Lecturer at the University of Kelaniya, Sri Lanka and also served at the Mahaweli Authority as a Statistician. He had been a resource person at the Institute of Bankers of Sri Lanka too. He currently serves

on the Governing Board of the Institute of Bankers of Sri Lanka and on several subsidiary companies of Bank of Ceylon as a director.

Mr. Bandara is a Physical Science graduate of the University of Kelaniya and holds a MBA with a Merit Pass from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. Also, he has successfully completed Advanced Management Program conducted by Harvard Business School, USA. He is a Fellow member of the Institute of Bankers of Sri Lanka and has obtained a Postgraduate Diploma in Bank Management from the same institute together with the best student award in 1998.

Mr. N. VASANTHA KUMAR

Director

*Credit Information Bureau of Sri Lanka
Chief Executive Officer / General Manager of
People's Bank*

Mr. Vasantha Kumar holds a Master's Degree in Business Administration and Diploma in Professional 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.

He is a Director of People's Leasing Merchant Finance PLC, People's Travels (Pvt) Ltd., People's Insurance Ltd., People's Property Development Ltd., People's Leasing Havelock Property Ltd, the National Payment Council, Lanka Financial Services Bureau Ltd and Lanka Alliance Finance Ltd - Bangladesh.

He is a member of the Governing Board of the Institute of Bankers of Sri Lanka and a Past President of the Association of Primary Dealers and Sri Lanka Forex Association.

Mr. D. P. N. RODRIGO

Director

*Credit Information Bureau of Sri Lanka
Chief Operating Officer of Hatton National
Bank PLC*

Mr. Rodrigo functions as Chief Operating Officer of Hatton National Bank PLC and as a Director of several subsidiaries of HNB including HNB Assurance PLC, 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-operation. Served as 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. K. S. BANDARANAYAKE

Director

*Credit Information Bureau of Sri Lanka
Deputy General Manager, Finance &
Administration, People's Leasing & Finance
PLC*

Mr. Bandaranayake, Senior Deputy General Manager – Operations of People's Leasing & Finance PLC, is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Australia, the Society of

Certified Management Accountants of Sri Lanka and a finalist of the Chartered Institute of Management Accountants (UK) and also possesses five years' experience at Ernst & Young Chartered Accountants. He has over 24 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 former Chairman and Director of the Leasing Association of Sri Lanka, a former Committee Member of the Ceylon Chamber of Commerce and a former council member of the Sri Lanka Institute of Credit Management (SLICM) and also has functioned as the Acting CEO of People's Merchant Finance PLC.

Mr. DIMANTHA SENEVIRATHNE

Director

*Credit Information Bureau of Sri Lanka
Director / Group Chief Executive Officer of
National Development Bank PLC*

Mr. Dimantha Seneviratne is the Group Chief Executive Officer/Director of the National Development Bank PLC since 1st January, 2017 counts more than 27 years of experience in the Banking industry of which three years were with Pan Asia Banking Corporation PLC (PABC) where he functions as Director/CEO.

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) and also functioned as 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

BOARD OF DIRECTORS *Contd.*

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 the Overseas Trust Bank, Colombo Branch and Saudi British Bank prior to joining HSBC.

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 Program 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. NANDI ANTHONY

*Director/General Manager
Credit Information Bureau of Sri Lanka*

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. P. Samarasiri

Chairman

*Credit Information Bureau of Sri Lanka
Deputy Governor of the Central Bank of
Sri Lanka*

(Retired w. e. f. August - 2017)



Mr. D. M. Gunasekera

Director

*Credit Information Bureau of Sri Lanka
General Manager of Bank of Ceylon
(Retired w. e. f. February - 2018)*



Mr. A. R. Fernando

Director

*Credit Information Bureau of Sri Lanka
Director of Central Finance Company PLC
(Retired w. e. f. April - 2018)*



Mr. Nalin Wijekoon

Director

*Credit Information Bureau of Sri Lanka
Director/CEO of Softlogic Finance PLC
(Retired w. e. f. January - 2018)*

OUR TEAM



(1) **Mr. K. D. S. WANIGASOORIYA**
Assistant Manager - Customer Services

(2) **Mrs. N. N. BOPAKADAGE**
Receptionist

(3) **Mr. K. K. D. W. GUNAWARDHANA**
Relationship Officer - Customer Services

(4) **Mr. J. S. WEERESINGHE**
Senior Executive - System Administration

(5) **Mr. K. VAGEESAN**
Relationship Officer - Customer Services

(6) **Mr. M. D. S. N. GUNARATHNE**
Executive - Operations

(7) **Mr. U. L. WEERASINGHE**
Senior Executive - Business System Development

(8) **Mrs. R. M. S. RATNAYAKE**
Chief Manager - Operations

(9) **Mr. D. M. S. I. DISSANAYAKE**
Manager - Operations

(10) **Mrs. W. A. L. H. D. WALIWITA**
Senior Relationship Officer - Analytics & Research

(11) **Mr. B. K. WIJENAYAKE**
Senior Relationship Officer - Operations

(12) **Mrs. T. G. S. KAVINDIKA**
Receptionist Cum Typist

(13) **Mr. E. A. S. U. PREMAKUMARA**
Executive - Operations



- (14) Mr. M. M. M. IKRAM
Office Assistant
- (15) Ms. V. THIVYA
Relationship Officer - Customer Services
- (16) Mr. D. D. VITHANAARACHCHI
Executive - Administration
- (17) Mrs. S. DE. S. GAMAGE
Legal Officer

- (18) Mr. S. S. JANSEN
Accounts Executive
- (19) Mr. H. V. S. M. DE SILVA
Accounts Officer
- (20) Ms. A. P. HAMID
Executive Secretary
- (21) Mr. A. N. PIYASIRI
Chief Manager - ICT Infrastructure

- (22) Ms. D. I. A. JAYASINGHE
Chief Manager - Accounts & Administration
- (23) Mr. K. A. JANAKA LAKMAL
Deputy General Manager
- (24) Mrs. Y. L. D. K. GUNATILAKE
Assistant Manager -Operations
- (25) Mr. A. B. DASSANAYAKE
Senior Officer - Business System Development

ETHICS AND ANTI - CORRUPTION

ANTI-CORRUPTION

The provisions of the CRIB Act (Credit Information Bureau of Sri Lanka Act No: 18 of 1990, as amended by Act No: 8 of 1995 and No 42 of 2008), empowers the CRIB to effect corruption prevention in Bureau operations, as follows:

➤ Declaration of Secrecy

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

Every director, officer or servant of CRIB should sign the Declaration of Secrecy once the recruitment is confirmed. He or she is legally bound to adhere to the provisions of the CRIB Act under sections 22 & 23 (Non-disclosure of information)

Extract of CRIB Act., 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 matters 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 a 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 authorized CRIB user of a member lending institution, he or she has to submit the form “DECLARATION OF SECRECY” in compliance with Section 23(2) of the CRIB Act.

The Declaration of Secrecy form is submitted on behalf of every registration of an authorized CRIB user, which should be authenticated by the relevant CRIB Compliance Officer of the respective member lending institution.

Extract of CRIB Act. - Section 23 (2)

Every director, officer or servant employed in the business institution authorized 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.

➤ Accessing Credit Information

Permissible purposes of accessing credit information eliminates corruption

Authorized CRIB users of member lending institutions are legally bound to observe credit information of their borrowers, or prospective borrowers, under the 06 permissible reasons only. Credit information cannot be accessed otherwise. (Ex. Personal purposes, marketing purposes etc...)

Extract of CRIB Act., 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 corporates 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 purpose other than the above mentioned (06) six permissible reasons, according to the provisions of the CRIB Act., would be a punishable offence.

➤ 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.

Extract 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)

➤ **Accessing Self Inquiry Reports (iReports) Issuance of iReports**

The CRIB Act allows any individual or corporate entity to request his/her/its own credit report or iReport from the Bureau.

Advantages of Issuing iReports to eliminate corruption

- 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 the CRIB.

Improvements to Customer confidentiality and privacy.

CUSTOMER PRIVACY

Customer Privacy in iReport Issuance

Several authentications are 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 support documents, by visiting the Bureau personally with proof of his/her identity.
- Individual customers who are unable to visit the Bureau personally, should submit his/her iReport application form, through his/her bank together with required support documents, with the authentication of the "Authorized CRIB User" of the Bank, in order to obtain an Individual iReport.

- Directors/partners/proprietors of corporate entities should submit their corporate iReport application form, through their bank together with required support documents, with the authentication of the "Authorized CRIB User" of the Bank, in order to obtain their Corporate iReport.

Dispatching iReports (individual or corporate) are done only to the applicant, or authorized party (corporate), over the customer service desk or by Registered Post. No iReport is dispatched to any other person/party other than the iReport applicant, unless the iReport applicant gives 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 in the below mentioned forms:

- CCTV cameras are in operation at the customer service desks. CCTV images/cameras can monitor any influence by outside parties on bureau staff in order to avoid corruption.
- Recording telephone conversations through the customer help line.
- If an iReport application is rejected, the photocopy of the identity (NIC, DL or passport), is handed over to the iReport applicant and the submitted iReport application is cancelled simultaneously.
- Any inquiry / complaint / dispute can be escalated to the Bureau's official email address "info@crib.lk," or to the Bureau's Customer Help Desk 94 112 131313. Responses are made within the shortest time period.
- Online, Self-Inquiry Reports (Online iReport) are provided through the public web portal (bbs.crib.lk). Only registered users are able to access their iReports

and any staff member of CRIB, or any other third party, cannot access the Online iReport of another individual. SMS notification is sent to the report owner in the event of generating or viewing of his/her report, in order to track unauthorized access of credit information.

Customer Privacy in iReport Issuance for Exceptional Cases

Several authentications mechanisms are implemented when issuing Self Inquiry Credit Reports (iReports) for the following scenarios in order to maintain customer privacy.

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 CRIB (due to being overseas/health conditions etc...), can request for his/her iReport through an Attorney, duly appointed by way of a special power of attorney (POA). Several documents must be submitted with the POA 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 apply for, and obtain the Self Inquiry Credit Report (iReport) of a deceased person from the CRIB. The applicant needs to submit several documents in support of the application.

Issuance of iReport of a Non Sri Lankan

An applicant who is not a Sri Lankan citizen, can apply through of bank for, and obtain his/her Self Inquiry Credit Report (iReport) from the CRIB upon submitting the several required documents.

ETHICS AND ANTI - CORRUPTION *Contd.*

CUSTOMER PRIVACY IN DATA CORRECTIONS

- ➡ The Bureau corrects data in its repository (if there is any error/misreporting by member lending institutions), based on the customer dispute, with the confirmation of the member lending institution.
- ➡ The Bureau does not effect data corrections from outside parties, or any other person in member lending institution, other than the Compliance Officer assigned to deal with the Bureau on behalf of the member lending institution.
- ➡ Every correction is accepted by the Bureau, only through the standard data correction request from issued by the Bureau, which should be submitted on the institution letterhead, authenticated by the Compliance Officer.

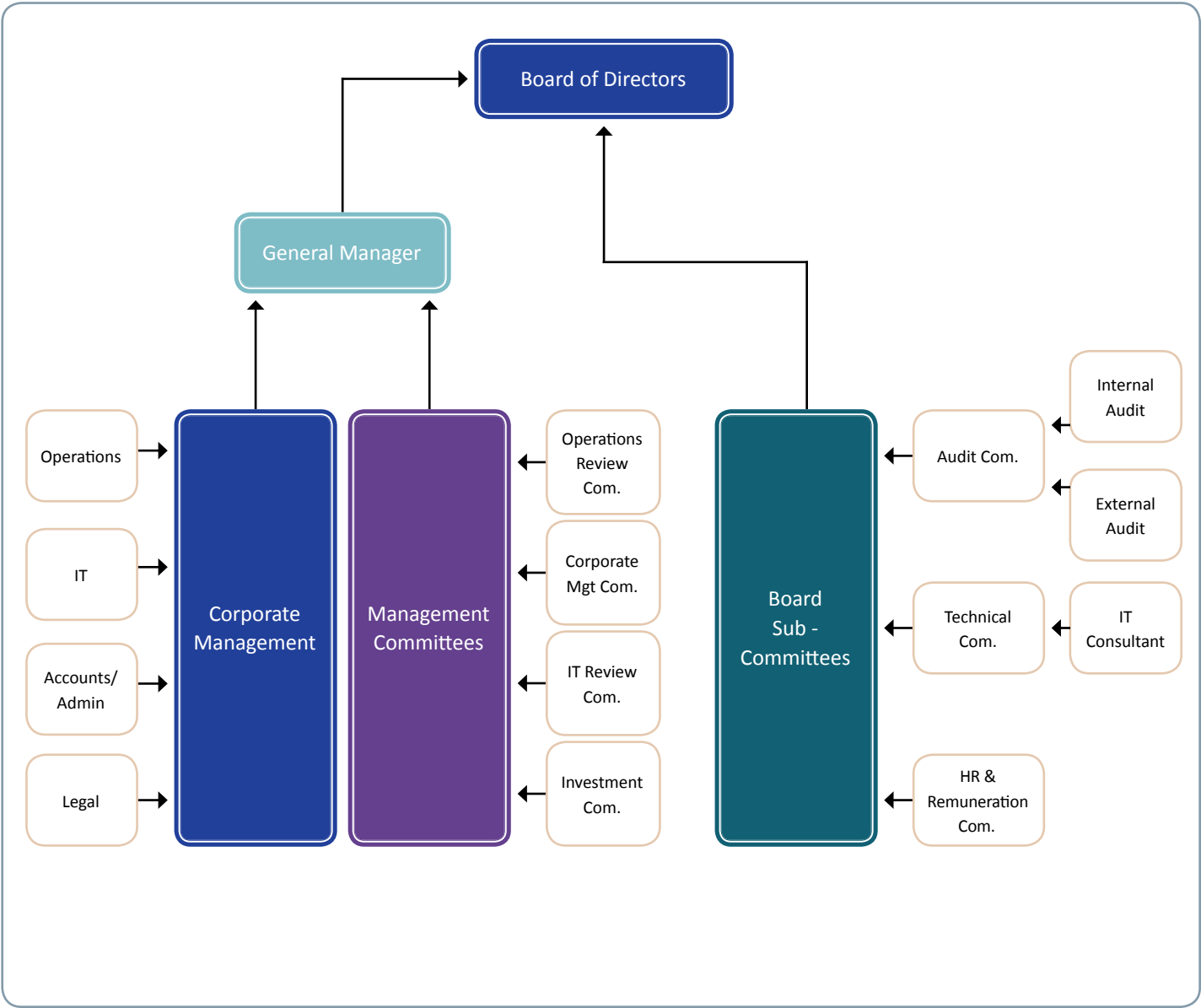
At the Bureau end, every correction is effected subject to levels of authorization. The data correction request is initiated, performed and finally approved through a hierarchy of approvals. Corruption is avoided as several CRIB officers are involved in a single data correction under the authorization process.

GOVERNANCE AND INTERNAL CONTROLS

Being an entity established by statute, the Bureau functions are primarily regulated by the CRIB Act (Credit Information Bureau of Sri Lanka Act, No.18 of 1990 as amended by (Amendment) Act, No.8 of 1995 and (Amendment Act, No.42 of 2008).

As per statute, the administration and management of the affairs of the Bureau is vested in the Board of Directors. The Board of Directors of the CRIB are committed to ensuring effective oversight of the Bureau operations and to ensure that all such business affairs of the Bureau are conducted according to the highest standards of good governance, embracing established best practices.

GOVERNANCE STRUCTURE



GOVERNANCE AND INTERNAL CONTROLS *Contd.*

BOARD OF DIRECTORS

As directed by statute, the Board of Directors of the CRIB comprises ten (10) Directors out of which, nine (09) are Non-Executive Directors.

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 specialized banks, nominated by the Monetary Board, is also appointed to the Board.

The General Manager of CRIB being the ex-officio member to the Board, completes the Board of Directors of the CRIB.

Every Director (except the Chairperson and the General Manager) shall hold office for a term of three (03) years and are eligible for re-nomination or re-election, as the case may be.

The members of the Board possess the required expertise, skills and experience to effectively manage and direct the Bureau in order to maintain the highest standards of good governance and attain the organizational goals. They are persons

with vision, leadership qualities, proven competence and integrity. The individual profiles of the members of the Board are given in page 18 of this Report.

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. The Board is primarily responsible for;

- ➔ 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
- ➔ Maintaining the Bureau Fund and reserves in a healthy manner
- ➔ Declaring dividends
- ➔ Reporting to shareholders

Topics reserved for approval by the Board include:

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

BOARD BALANCE & 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.

MEETINGS OF THE BOARD

The Board of Directors meet regularly at monthly intervals. The Board had 11 meetings during the period under review and the attendance of each Director at Board meetings is given in the table below.

Name of Member	Board Meetings		
	No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. C. J. P. Siriwardena	3	2	67%
Mr. A. A. M. Thassim	11	8	73%
Mr. D. M. Gunasekara	11	3	28%
Mr. N. Vasantha Kumar	11	3	28%
Mr. D. P. N. Rodrigo	11	8	73%
Mr. Dimantha Seneviratne	11	10	91%
Mr. Arjun R. Fernando	11	8	73%
Mr. K. S. Bandaranayake	11	7	64%
Mr. N. Wijekoon	11	9	82%
Mr. N. Anthony	11	11	100%
Mr. C. Amarasinghe - Alternate to GM (BOC)	11	6	55%
Mr. K. B. Rajapakshe - Alternate to GM (People's Bank)	11	4	37%

In compliance with accepted best practices, Board papers are circulated 4-5 days prior to a meeting, giving the Board members adequate time to scrutinize the same and be prepared for the meetings.

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 (03) 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 33.

GOVERNANCE AND INTERNAL CONTROLS *Contd.*

Name of Member	Audit Committee Meetings		
	No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. A. A. M. Thassim	1	1	100%
Mr. Sanjeewa Bandaranayake	1	1	100%
Mr. A. R. Fernando	1	1	100%

TECHNICAL COMMITTEE

The information systems of the Bureau are constantly audited, periodic review reports and findings are discussed and remedies are taken according to the directions of the Technical Committee. No technical committee meeting was held during the period under review.

REMUNERATION COMMITTEE

The Terms of Reference of the Remuneration Committee includes the regulation of the organizational structure, salary scales, salary increments, bonus distribution and staff promotions. The Report of the Remuneration Committee is annexed with this report on page 35.

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	2	2	100%
Mr. K. Sanjeewa Bandaranayake	2	2	100%
Mr. D. P. N. Rodrigo	2	1	50%

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 	<ul style="list-style-type: none"> Set annual operational targets and goals Perform periodic progress reviews of targets.

Management Committee	Responsibility	Area of focus
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 on-going 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.

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, so that internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

THESE INTERNAL CONTROLS INCLUDE

1. External annual audits on the financials are conducted annually by Ernst & Young
2. IT system security audits are conducted every six months by Techcert
3. In addition to the above, regular risk reviews are conducted by the Board and Board sub committees

GOVERNANCE AND INTERNAL CONTROLS *Contd.*

COMPLIANCE WITH REGULATIONS

The CRIB complies with a number of national regulations in its daily operations.

Regulation	Compliant	Partially compliant	Non-compliant
Credit Information Bureau of Sri Lanka Act No.18 of 1990 (as amended)	Yes		
Secured Transactions Act No.49 of 2009	Yes		
Shop and Office Employees (Regulation of Employment & Remuneration) Act No.19 of 1954 (as amended)	Yes		
Employees’ Provident Fund Act No.15 of 1958 (as amended)	Yes		
Employees’ Trust Fund Act No.46 of 1980 (as amended)	Yes		
Inland Revenue Act No. 10 of 2006 (as amended)	Yes		
Stamp Duty (Special Provisions) Act No.12 of 2006 (as amended)	Yes		
Electronic Transactions Act No.19 of 2006	Yes		

AUDIT COMMITTEE REPORT

The Board Audit Committee governs under the Charter and Terms of Reference adopted by the Board of Directors of the Credit Information Bureau of Sri Lanka. The Bureau 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 with regulatory requirements.

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board of Directors has established the Audit Committee in accordance with best practices on audit committees. The CRIB Audit Committee consists of three (03) independent, non-executive directors appointed by the Board. Members of the Audit Committee, as of the financial year ended 31st December, 2017 are as follows:

- Mr. Sanjeewa Bandaranayake
(Chairman)
- Mr. A. A. M. Thassim
(Committee Member)
- Mr. Dimantha Senevirathna
(Committee Member)

Mr. Sanjeewa Bandaranayake, Chairman of the Committee is a fellow member 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 Accountants of Sri Lanka.

Mr. A. A. M. Thassim is the Director of Bank Supervision division of the Central Bank of Sri Lanka and Mr. Dimantha Senevirathna serves as the Chief Executive Officer of NDB Bank.

The profiles of the members are given on pages 18 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 and 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 adequate details and reported to the Board of Directors, where all key issues, concerns, actions taken, and outcome achieved or pending, are discussed at Board meetings.

Attendance of the members are given on page 29 of this Annual Report.

The General Manager may attend meetings on the invitation of the Committee.

DUTIES AND RESPONSIBILITIES THE AUDIT OF 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 and on behalf of the Board of Directors, reviews and discusses the annual financial statements, to ensure reliability of information to stakeholders.

- The Committee monitors the integrity of the financial statements, management statements and any other formal announcements relating to the CRIB's financial performance.
- The Committee reviews the adequacy and effectiveness of the internal control, systems and procedures to provide reasonable assurance that all transactions are accurately and completely recorded.
- The Committee reviews financial statements prior to their submission to the Board / publication.

INTERNAL CONTROLS, RISK MANAGEMENT AND GOING CONCERN

The Bureau also obtained the services of an independent professional accounting firm to carry out the 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 and are assessed for the Bureau's ability to continue as a 'Going Concern' in the foreseeable future.

REGULATORY COMPLIANCE

The Committee closely monitors compliance relating to the 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.

AUDIT COMMITTEE REPORT *Contd.*

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 the internal audit function is independent and performed with impartiality, proficiency and with due professional care.
- ➔ Review the findings and recommendations of the internal auditors that enable the management to respond 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 program.

EXTERNAL AUDIT

- ➔ Monitor independence, objectivity and effectiveness of the external audit in accordance with applicable standards of best practice.
- ➔ Assist the Board of Directors to implement processes of engaging external auditor for audit services and agree on their remuneration schemes.
- ➔ Review to ensure that auditor 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 auditor.
- ➔ Follow up on the corrective action plan presented by the management on issues raised in the management latter.

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 the authority to seek external professional advice on matters within its purview where necessary.

RE-APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee, in keeping with the Bureau's policy, recommended to the Board that Ernst & Young; Chartered Accountants be re-appointed as External auditors for the financial year ending 31st December 2017.



Sanjeewa Bandaranayake

Chairman - Board Audit Committee

28th August 2018

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

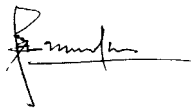
Apart from the above there are other benefits enjoyed by employees such as loans, medical insurance, etc.

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

28th August 2018

MANAGEMENT DISCUSSION & ANALYSIS

Internal Environment in Credit Reporting	37
Managing Risks	38
Operations Review	41
Financial Review	47
Economic Contributions	49
Information Technology System	50
Our Customers	51
Managing Our Team	53

INTERNATIONAL ENVIRONMENT IN CREDIT REPORTING

Many global dynamics, including new legislation, technological innovations and the liberalization of markets, have been influential factors in changing the scope and role of credit bureaus over time. At present, more emphasis is placed on data protection laws, which has been triggered by the introduction of the General Data Protection Regulation (GDPR) by the European Union.

The GDPR is a law on data protection and privacy for all individuals within the European Union (EU) and the European Economic Area (EEA) and was adopted on 14th April 2016, and became enforceable beginning 25th May 2018. In some cases, violators of the GDPR may be fined up to €20 million or up to 4% of the annual worldwide turnover of the preceding financial year in case of an enterprise, whichever is greater. It also addresses the export of personal data outside the EU and EEA areas. The GDPR aims primarily to give control to citizens and residents over their personal data.

Given the wide influence of European Union across the globe, countries in this region are also looking into broader data protection laws and India has commenced formulating their own data protection law. A report from a committee appointed to look into the matter has been released in July 2018. This phenomenon is directly connected to privacy concerns of the public, in terms of social media networks using public information. Given the widespread application of data protection laws and the use of public data by credit information agencies, it is expected that the current trend will have an impact on credit bureau businesses soon.

A significant other trend within the credit information environment, is the ongoing industry consolidation, mainly driven through mergers and acquisitions. Digital transformation, process automation and data analytics are shaping the industry and financial institutions try to leverage such advancements to become innovative and

competitive while providing a next generation digitalized service experience to their end customers. Major credit bureau services providers, such as Equifax, TransUnion, Experian, and other leading players in the business information industry are increasingly expanding their technology foot print through acquisitions, mergers and partnerships.

Over the last two decades, the range of products offered by credit bureaus has broadened significantly, apart from the generic credit information services such as credit reports or bureau credit scores. In developed financial markets most value-added services and products offered by credit bureaus cover different phases of client management, generally called 'customer life cycle' (CLC). The predictive nature of the bureau data has made it possible for business users to make faster and more accurate decisions at each stage of the CLC, from prospecting new clients and managing subsequent engagements of a client relationship.

LEGISLATION FOR CREDIT REPORTING

The main objective of legislation, to enable credit reporting, is to balance the ability of institutions to exchange credit information in the normal course of business, while simultaneously protecting individual rights to privacy. Worldwide, two broad approaches to the regulation of credit reporting can be identified:

1. Use of broad data protection laws and consumer privacy & secrecy provisions
2. Use of specific credit bureau or credit reporting laws

Sri Lanka credit bureau law, the Credit Information Bureau Sri Lanka Act No 18 of 1990 is one of the pioneer credit reporting laws enacted in the Asian region. Significantly, this law has established a time-tested private-public partnership for credit reporting - a role model credit reporting framework in the South Asian region.

CRIB EXTERNAL ENGAGEMENTS

As part of engagement with external agencies, the CRIB continued to head the "Getting Credit Taskforce" of the World Bank's Ease of Doing Business project, spearheaded by the Ministry of Development Strategies and International Trade. The Getting Credit Index comprises two sub-indices, namely the 'Depth of Credit Information' and the 'Legal Rights' sub-indices. The CRIB as the head of the task force with other agencies, including the Ministry of National Policies and Economic Affairs, has already achieved significant progress in the first sub index with recorded 06 marks out of 08 and working on the legal reform project on the Secured Transactions System in Sri Lanka, to improve the other sub index of the ranking.

During 2017 CRIB received delegations from our neighboring countries, a team from the Bangladesh Credit Bureau and officials from the Maldives Monetary Authority.



The CRIB Team and Bangladesh Officials

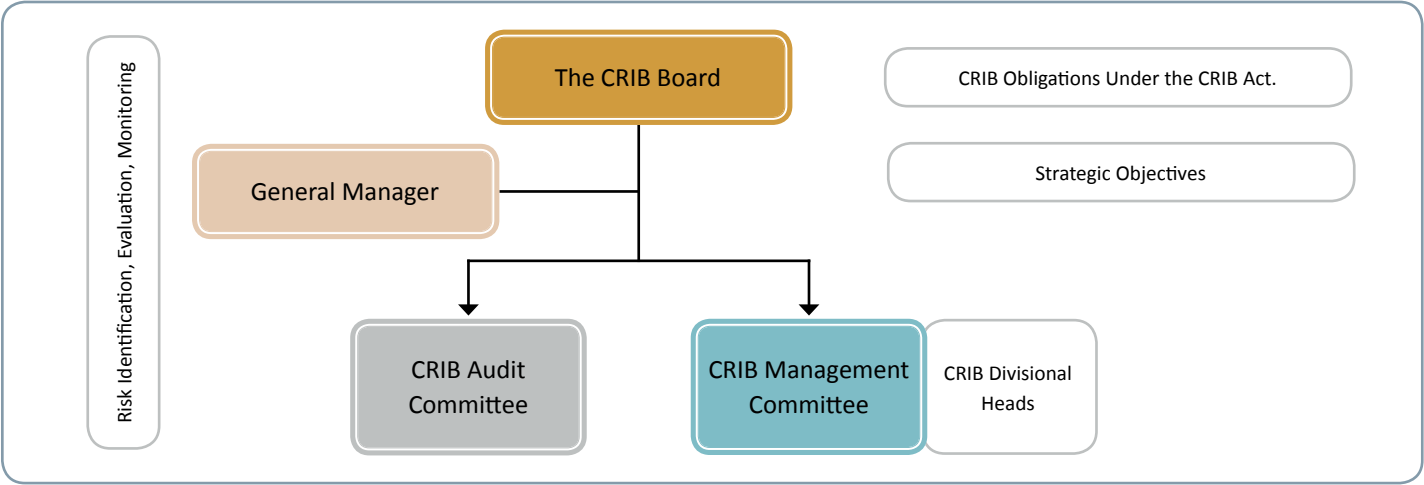
In 2018, the Chairman and the General Manager of the CRIB will be attending the regional conference of Business Information Industry Association (BIIA) in Cambodia, where a host of important industry issues, such as cross border data sharing, new fintech based technology development and cyber security threats, will be discussed by a panel of industry experts.

MANAGING RISKS

The CRIB risk management framework comprises several layers of risk identification and assessment.

The ultimate authority in risk management related decisions is the CRIB Board of Directors, which regularly reviews the operating environment for potential risks that could impede the CRIB from discharging its obligations under the CRIB Act.

Risk reviews are also conducted against the strategic objectives of the CRIB, supported by 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.



RISK CLASSIFICATION

The CRIB identifies emerging risks and potential impacts and regularly monitors these risks for changes and potential of occurrence. The CRIB’s strong financial discipline and the growing demand for CRIB products means the CRIB did not face a significant financial risks as at end 2017. Therefore, due to the rapidly changing external environment, the highest potential risks are mainly with regards to IT systems and data security, operational aspects and human resources. Over the year’s the CRIB has also enhanced its reputational and social credibility, which has helped reduce reputational related risks of the CRIB - although this remains a risk in the context of data security and public trust.

Probability of Occurrence	High			➤ IT system risk ➤ Data security risk
	Mid			➤ Reputational risks ➤ Operational risks ➤ Political risks ➤ Breach of Secrecy
	Low			➤ Financial risks ➤ Regulatory compliance
		Low Impact	Medium Impact	High Impact
Potential Impact of the Risk on CRIB				

SIGNIFICANT RISKS AND HOW WE MANAGE THE RISKS

The potential risks faced by the CRIB can be classified broadly under regulatory, financial, operational and social risks. The strategies formulated to minimize 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.	Regulatory compliance is continually monitored by the Compliance Officers of member Institutions, Head of Finance, Legal officers, General Manager and the Board of Directors of CRIB.
Operational Risks	Risk Management Strategy
Unauthorized Access to Data: Unauthorized 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 organizations) are required to present themselves at the Bureau with valid proof of identity, to register for online access. ➔ All data interchange and web service channels are encrypted using industry standards encryption mechanisms. ➔ ICT infrastructure is secured with industry standard logical safeguards and periodic reviews for any potential vulnerabilities and service exploitations are conducted by the external Information Security Auditors periodically. ➔ Access to office premises except customer service area is strictly controlled and monitored with biometric devices installed at every entry point and movements around the data center and lobby area, are video monitored and recorded. ➔ A Visitor Register is maintained at the reception and visitors are allowed inside the operational area only under supervision of a CRIB employee. ➔ 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 authorized 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.

MANAGING RISK *Contd.*

Operational Risks	Risk Management Strategy
Data Related Risks: Any deficiency in quality or accuracy of data impacts 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 minimize data risks: ➤ A system based validation mechanism based on rules and conditions is deployed 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 be less relevant to business decisions.	<ul style="list-style-type: none"> ➤ CRIB relationship executives takes maximum efforts with institution compliance officers to minimize submission delays. Non-compliance will lead to suspension of membership as per the CRIB Act Sec. 26A. ➤ 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 System support	<ul style="list-style-type: none"> ➤ The 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. ➤ The CRIB is currently exploring modalities to continue system maintenance of the existing system, upon expiry of its support contract.
Financial Risks	Risk Management Strategy
Interest Rate Risk:	<ul style="list-style-type: none"> ➤ Interest income is not a main income of the CRIB. Therefore this risk has minimum impacts.
Credit Risk:	<ul style="list-style-type: none"> ➤ Since the customers of the CRIB are banks, finance companies and leasing companies there is minimum threat of credit risk.
Social Risks	Risk Management Strategy
Reputational Risk: This refers to the 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"> ➤ The 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 unauthorized access to data ➤ Maintain quality of CRIB reports

OPERATIONS REVIEW

The CRIB continued to experience demand growth for credit reports during 2017 and issued a total of 8.4 million credit reports, which is an annual increase of 7.07% against 2016.

The CRIB credit reports are; Consumer Comprehensive Credit Reports, Corporate Comprehensive Credit Reports and Credit Report for Micro Lending which was introduced in October 2016 for CRIB member institutions involved in Micro Lending.

The probability of the credit profile of a searched-for borrower being found in the data base, is called the ‘hit-ratio,’ which has now increased to 84.4%, 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.

CREDIT REPORTS ISSUED

Consumer & Corporate Comprehensive Credit Reports

The total number of Consumer Credit Reports increased from 7,591,030 to 8,120,146 in 2017, while the number of Corporate Credit Reports increased from 284,332 to 312,117.

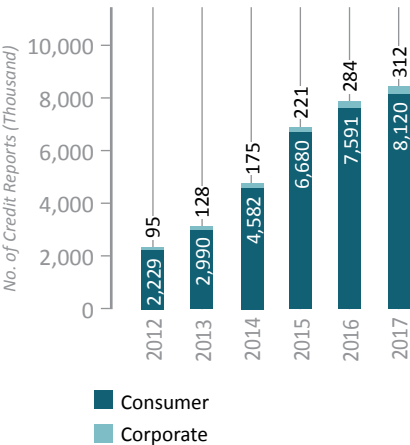
Year	Consumer	Corporate	Total	% Change
2012	2,229,424	95,188	2,324,612	
2013	2,989,639	127,677	3,117,316	34.10%
2014	4,581,690	174,728	4,756,418	52.58%
2015	6,680,301	221,259	6,901,560	45.10%
2016	7,591,030	284,332	7,875,362	14.11%
2017	8,120,146	312,117	8,432,263	7.07%

Credit Report for micro lending

In 2016, a total of 73,605 Credit Reports for Micro Lending were issued, which increased dramatically to 663,869 in 2017. Credit reports for Micro Lending are issued only for individual borrowers of customers.

Lending institutions are authorized to obtain credit reports only for the permissible purposes. The primary reason for obtaining a credit report was to evaluate a borrower for a new credit facility. The next most common reason was for monitoring and reviewing existing borrowers, which indicates the effectiveness of CRIB efforts to educate lending institutions through continuous awareness programs. The 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.

Credit Reports Issued 2012 - 2017



OPERATIONS REVIEW *Contd.*

Reason	Institution Category				
	Commercial Banks	Specialized Banks	Finance Companies	Leasing Companies	Total
Evaluating of a borrower for a new credit facility	1,195,901	393,780	1,904,669	111,121	3,605,471
Monitoring and reviewing of an existing borrower	867,374	42,150	1,905,495	291,071	3,106,090
Review as a Guarantor for a new credit facility	587,643	195,595	874,567	62,896	1,720,701
Review as a partner/proprietor for a new credit facility	83,904	71,571	327,673	13,729	496,877
Review as a director for a new credit facility	26,075	10,040	31,109	823	68,047
Opening of a Current Account	95,827	12	3,077	30	98,946
Total	2,856,724	713,148	5,046,590	479,670	9,096,132

Within the 5-year period of 2013 – 2017, demand for credit reports have increased exponentially.

Reason	2013	2014	2015	2016	2017
Evaluating of a borrower for a new credit facility	677,829	2,099,982	2,777,031	3,088,029	3,605,471
Monitoring and reviewing of an existing borrower	248,742	886,348	1,628,861	2,456,385	3,106,090
Review as a Guarantor for a new credit facility	435,032	1,366,697	1,930,722	1,771,967	1,720,701
Review as a partner/proprietor for a new credit facility	93,135	317,863	460,098	490,162	496,877
Review as a director for a new credit facility	9,029	29,999	43,054	54,554	68,047
Opening of a Current Account	18,134	55,522	61,794	87,871	98,946
Total	1,481,901	4,756,411	6,901,560	7,948,968	9,096,132

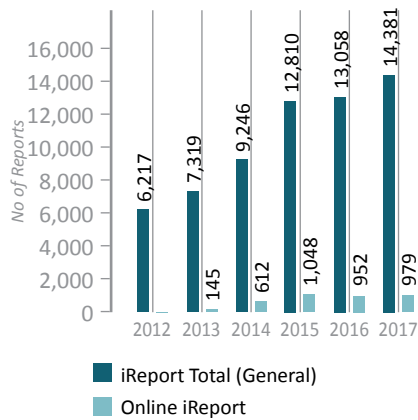
Self Inquiry Reports (iReports)

Self inquiry reports (iReports), which give the opportunity to individual users to access his/ her credit information, together with their credit history, was launched in 2010. In 2017 14,381 consumer and corporate iReports were issued, compared to 13,058 consumer and corporate iReports issued in 2016.

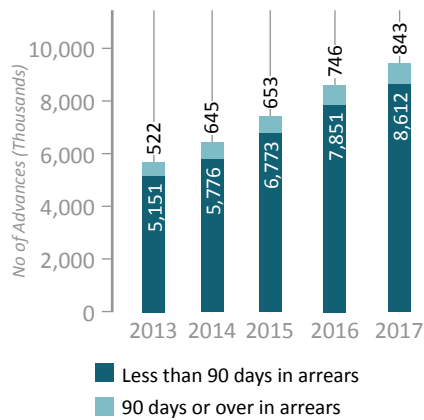
In addition, during the year, 979 iReports have been obtained by users registered with the online iReport service compared, to 952 in 2016. Increasing demand for iReports demonstrate the growing public acceptance of the value of maintaining up to date credit records, which helps to create a credit-disciplined society. Many awareness programs were conducted by the Bureau to widen public knowledge and understanding about iReport services.

Year	Self Inquiry Credit Information Report (iReport)			
	Consumer iReport	Corporate iReport	iReport Total	% Change
2012	6,001	216	6,217	
2013	7,180	284	7,319	20.06%
2014	9,685	173	9,246	32.07%
2015	13,516	342	12,810	40.58%
2016	13,610	400	13,058	1.10%
2017	14,872	488	14,381	9.64%

Self Inquiry Credit Reports Ordered
2012 - 2017



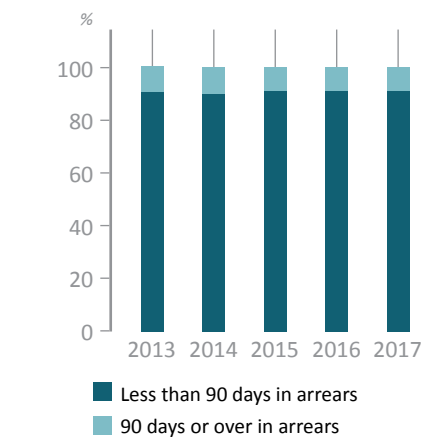
Analysis of Advances
2013 - 2017



TOTAL CREDIT PORTFOLIO

The total credit portfolio has continued to increase between 2013 and 2017 reflecting the growing demand for credit. The number of active credit facilities at the end of 2017 increased to 9.4 Mn from 8.6 Mn in 2016, which is a growth of 9.98%. Out of this figure, advances less than 90 days in arrears accounted for the major share of lending, rising from 7.8 Mn to 8.6 Mn. Advances greater than 90 days in arrears also increased by 8.91%.

Analysis of Advance - No. of Advances (%)
2013 - 2017



ANALYSIS OF ADVANCES (NO. OF ADVANCES (MN))

Year	Less than 90 days in arrears	90 days or over in arrears	Total	% Change
2013	5.15	0.52	5.67	
2014	5.78	0.65	6.42	13.19%
2015	6.77	0.65	7.43	15.65%
2016	7.85	0.75	8.60	15.76%
2017	8.61	0.84	9.45	9.98%

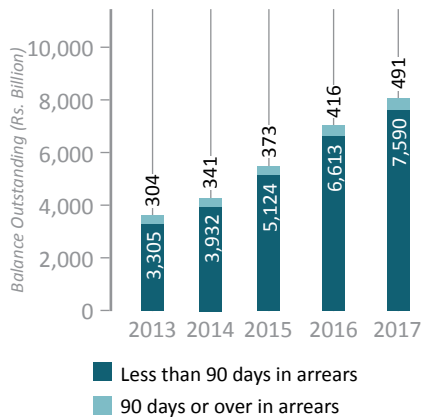
OPERATIONS REVIEW *Contd.*

The total balance outstanding at the end of 2017 increased to Rs. 8.1 Bn from Rs. 7.0 Bn in 2016, which is a growth of 14.9%. Out of this figures, the balance outstanding of the credit facilities less than 90 days in arrears and over 90 days in arrears, have increased 14.77% and 6.08% respectively.

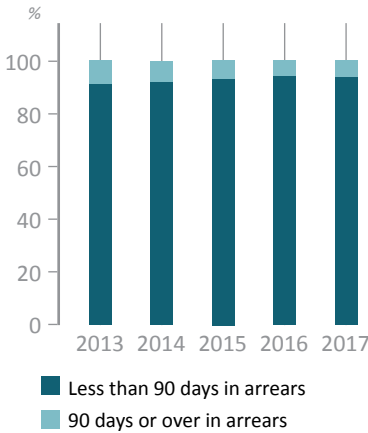
ANALYSIS OF ADVANCES (BALANCE OUTSTANDING (RS. BN))

Year	Less than 90 days in arrears	90 days or over in arrears	Total	% Change
2013	3,305.09	303.61	3,608.70	
2014	3,932.15	341.10	4,273.25	18.42%
2015	5,123.78	372.93	5,496.71	28.63%
2016	6,613.32	415.62	7,028.94	27.88%
2017	7,590.48	491.28	8,081.76	14.98%

Analysis of Advance - Balance Outstanding
2013 - 2017



Analysis of Advance - Balance Outstanding (%)
2013 - 2017



All types of credit facilities, with the exception of hire purchase, demonstrated an increasing trend between the five-year period of 2013-17 both in terms of numbers of credit facilities extended and the value. In 2017, the credit portfolio under hire purchase declined against 2016. However, the quantum and value of loans, leases, overdrafts, bank guarantees, credit cards, letters of credit and other types of credit, have all maintained an upwards movement.

Credit Facility Type	Number of Advance				
	2013	2014	2015	2016	2017
Loan	3,075,560	3,596,127	4,251,999	5,029,420	5,086,108
Leasing	840,579	964,225	1,215,982	1,392,021	1,574,905
Overdraft	468,773	497,560	528,345	605,345	636,589
Bank Guarantee	36,310	42,434	45,651	52,184	57,039
Hire Purchase	202,591	202,167	157,017	124,427	90,112
Credit Card	1,011,730	1,085,152	1,191,301	1,322,405	1,491,500
Letter of Credit	11,228	14,973	18,993	26,280	34,186
Micro Loans					467,389
Other	26,311	18,606	16,574	44,383	16,357

Loans continued to account for the largest share of lending in 2017 increasing from Rs. 3,719.02 Bn in 2016, to Rs. 4,938.06 Bn. The next largest credit type is leasing, which amounted to Rs. 1,069.30 Bn in 2017.

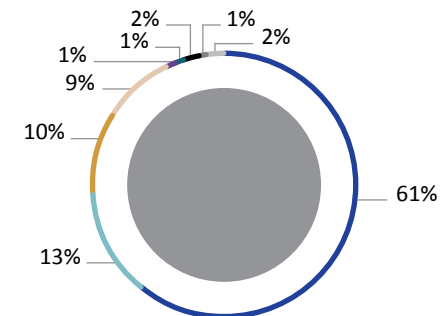
Credit Facility Type	Balance Outstanding (Bn)				
	2013	2014	2015	2016	2017
Loan	2,006.76	2,596.03	3,451.10	3,719.02	4,938.06
Leasing	486.66	547.29	801.35	937.37	1,069.30
Overdraft	533.35	495.97	617.23	641.93	777.49
Bank Guarantee	112.00	143.06	180.03	175.35	707.51
Hire Purchase	173.23	174.03	111.86	76.09	62.52
Credit Card	73.93	79.67	87.24	100.49	116.07
Letter of Credit	91.60	92.52	103.29	26.15	168.01
Micro Loans					41.29
Other	131.16	144.68	144.62	88.11	201.52

DATA SUBMISSION

Details on 10.58 million credit facilities were submitted to the Bureau as at 31st December 2017, out of which 10.47 million were accepted, which is a validation level of 99.01%. This demonstrates the committed and concerted efforts of operational and technical staff of both member institutions and the Bureau.

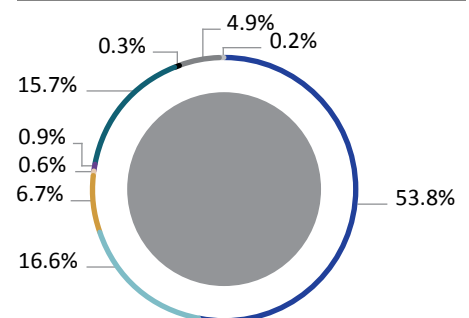
	Total No. of Records Submitted (Bn)	% Change	Validation
2012	5.69		More than 99%
2013	6.82	19.96%	
2014	7.70	12.89%	
2015	8.80	14.21%	
2016	9.92	12.68%	
2017	10.58	6.71%	

Credit Portfolio - 2017



- Loan
- Leasing
- Overdraft
- Bank Guarantee
- Hire Purchase
- Credit Card
- Letter of Credit
- Micro Loan
- Other

Credit Portfolio (No. of Credit Facilities) - 2017



- Loan
- Leasing
- Overdraft
- Bank Guarantee
- Hire Purchase
- Credit Card
- Letter of Credit
- Micro Loan
- Other

OPERATIONS REVIEW *Contd.*

KNOWLEDGE SHARING SESSIONS

One-on-one sessions were conducted for compliance officers and their respective teams, and their progress was reviewed in relation to the Bureau operations. The importance of maintaining high quality data was also highlighted.

In addition, the CRIB continued its user awareness and educational programs focusing on credit officers and other staff in lending institutions to assist them in correctly interpreting credit reports for their credit decisions. During these sessions, the importance of error free data feeding was also highlighted.

Public awareness programs were also conducted both in the print and electronic media to educate the general public on the value of maintaining good credit records.

INSTITUTIONAL RATINGS

An institutional rating system, based on a number of quantifiable performance indicators, to encourage member institutions to submit high quality data, was recommended in 2017.

With this rating system, it was possible to improve data quality and operational efficiency of member institutions by measuring their performance competitively.

THE SECURED TRANSACTIONS REGISTER (STR)

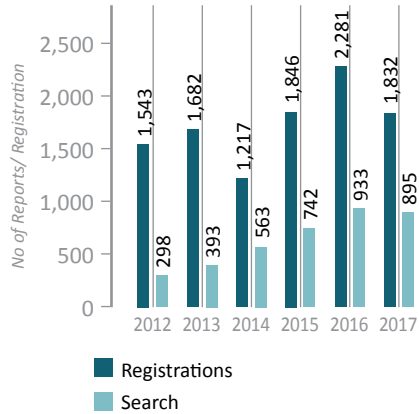
The Secured Transactions Register (STR) was launched in August 2011 in line with the provisions of the Secured Transactions Act No. 49 of 2009. In 2017, an additional 1,832 registrations were added to the STR. However, this is a decline of 19.68% in the rate of registrations, compared to 2016. The number of STR searches also declined from 933 searches in 2016, to 895.

The lower rate of registry searches, is a clear indication of the urgent need to revise existing legal provisions to strengthen the current legal framework governing the STR system in Sri Lanka. In this regard, the CRIB, under the guidance of the Ministry of National Policies and Economic Affairs, is coordinating an ongoing legal reform project with other stake holders.

STR OPERATIONS

Year	No. of Registrations	No. of STR Reports Searched	Change in Registration %	Change in Searches %
2012	1,543	298		
2013	1,682	393	9.01%	31.88%
2014	1,217	563	(27.65%)	43.26%
2015	1,846	742	51.68%	31.79%
2016	2,281	933	23.56%	25.74%
2017	1,832	895	(19.68%)	(4.07%)

STR Operations progress 2012 - 2017



FINANCIAL REVIEW

The Credit Information Bureau completed another successful year by achieving both top and bottom line targets in a very challenging environment. When analyzing the financial performance of the Bureau for the year 2017, a significant turnaround in net profits can be observed.

Total operational income recorded the highest ever turnover of Rs. 983 Mn this year, which is a large growth of Rs. 99 Mn. The revenue growth year on year was at a healthy 11%. The net profit recorded in the year 2017 was 1 Bn.

Overall, the Bureau witnessed a strong and consistent growth throughout the financial year under the growth strategies implemented by the Bureau.

The Bureau follows a strategy of maintaining the lowest possible tariff through economies of scale to pass-on the benefits to its member institutions.

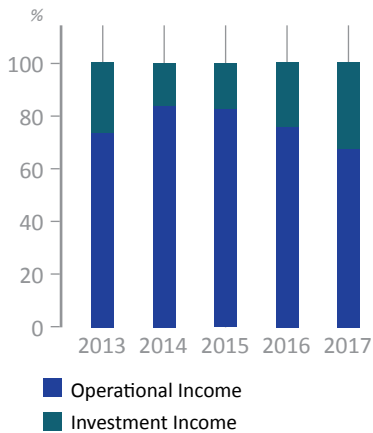
REVENUE

The main operational income generated from credit reports reached Rs. 978 Mn for the financial year 2017, an increase of 11% against the Rs. 879 million recorded in the previous year. However, the Bureau was able to maintain consistency in issuing credit reports to member institutions. Accordingly, the number of credit reports issued during the year 2017 was 9 million compared to 7.9 million in 2016, which is a 14% increase.

Revenue from Self-Inquiry Income Credit Reports also contributed to Bureau's income. The volume of Self Inquiry Reports increased year on year by an impressive 9.6% due to excellent service of the staff and the of awareness programs of the CRIB.

Key elements of the Bureau income and their contribution to Bureau turnover are highlighted below.

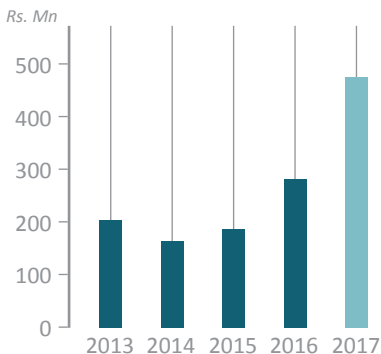
Income Composition



OTHER INCOME

Excess funds of the bureau are re-invested in financial instruments. Investment income also plays a vital role in supporting the Bureau's total income. At present, the Bureau is not borrowing any funds for any of its expansion and development project. The current year recorded an impressive interest income from investments, due to efficient treasury management in utilizing funds retained for future development.

Interest Income

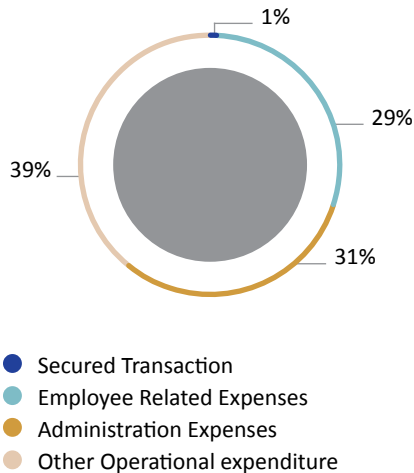


During the year 2017, Rs. 483 Mn was generated in interest income. The Bureau increased the interest income for 2017 by an impressive rate of 32%, year on year.

EXPENSES

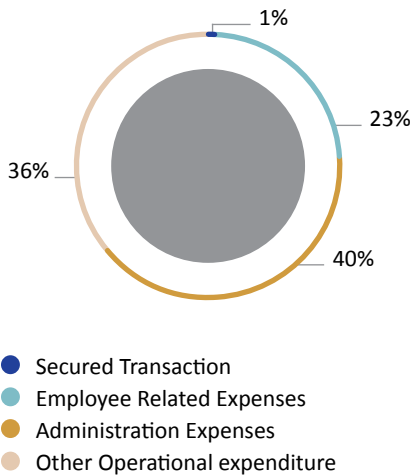
The CRIB's operational expenses consist of administration and establishment expenses, system related expenses, employee related expenses and other expenses. The Bureau was able to manage its operational expenses with only a 1% marginal increase during the year.

Expenses Year 2017



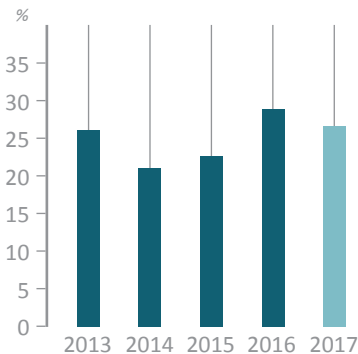
FINANCIAL REVIEW *Contd.*

Expenses Year 2016



In spite of increasing operational costs, the Bureau was able to maintain a healthy cost to income ratio of 26% for the year 2017, which is a 3% reduction in comparison to the previous financial year (2016).

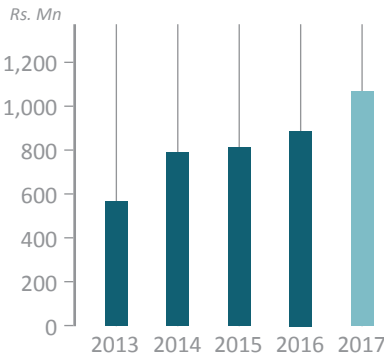
Cost to Income



NET PROFIT

Profitability is maintained through tight cost controls and prudent capital investment decisions. We are happy to report that the Bureau was able to record the highest ever net profit of Rs. 1 Bn during the year 2017. This is a 20% increase compared with the previous year.

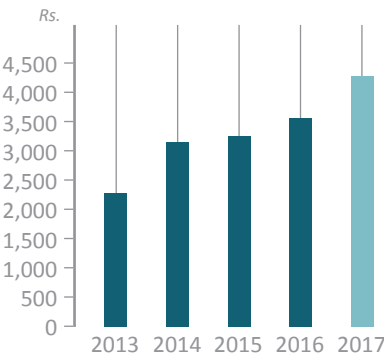
Net Profit



EARNING PER SHARE

The improved financial performance of the Bureau has also increased the earning per share to Rs. 4,273, which is a 20% growth year on year.

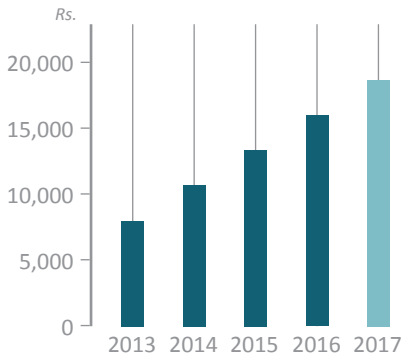
Earning Per Share



NET ASSETS PER SHARE

The continuous revenue and profit growth has improved shareholder's wealth and strengthened the financial position of the Bureau. Accordingly, the net asset value per share has continued upwards to reach Rs. 18,691 by end 2017.

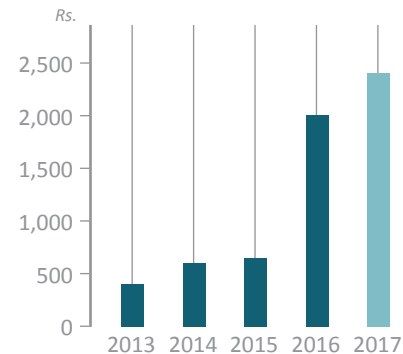
Net Assets per Share



DIVIDEND PER SHARE

Having closed the financial year 2017 with robust financial result the Bureau proposed a final dividend of Rs. 2,400 per share, on the profit declared for the year. It will amount to a total dividend payout of Rs. 600 Mn for the year 2017, which is an increase of 20% from the previous year.

Dividend Per Share



ECONOMIC CONTRIBUTIONS

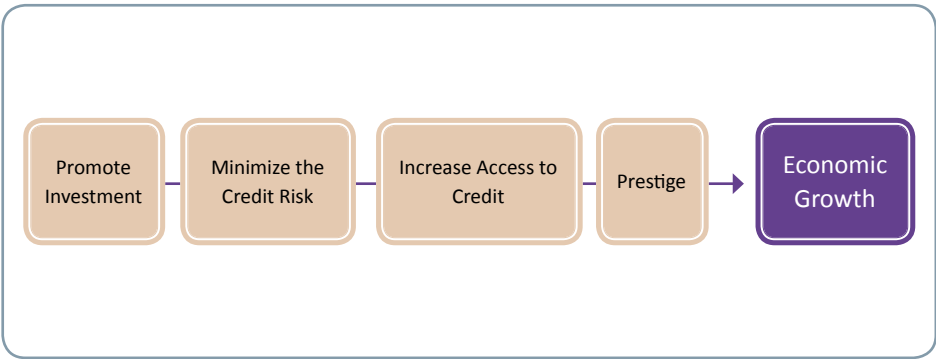
The stability of the banking and financial sector is a fundamental prerequisite for a sound financial system, especially in emerging economies such as Sri Lanka.

Our contributions to the above:

- Reducing credit risk and the risk of liquidity in the banking and financial sector.
- Widening and speeding up the growth of the country's credit portfolio.

Credit is a basic ingredient for any economy to function effectively and efficiently, as is also the case for any enterprise or household. Obtaining credit is a prime requirement for ongoing economic activity, or for expansion.

- Supporting businesses by increasing access to credit through credit profiles.
- Supporting individuals to build good loan repayment histories as reputational collateral, for them to access credit from the formal market
- Credit reports help individuals as well as businesses to prove their credit worthiness



OUR FINANCIAL HEALTH

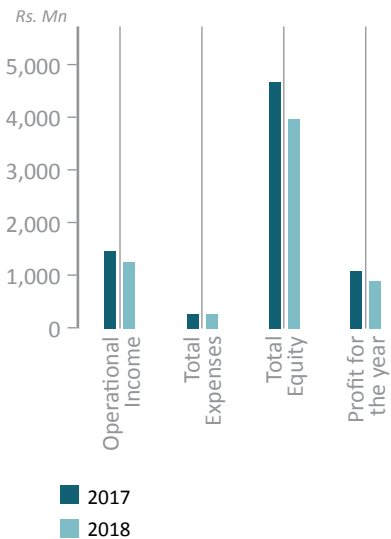
CRIB's sustainability has a direct impact on overall financial stability of the country, making it important that the CRIB is financially sustainable. The CRIB is fully self-financed and receives no government assistance. In 2017, the CRIB continued to record profits and met all statutory payment obligations of its employees.

The CRIB's economic impacts are quantified in the economic value statement given below.

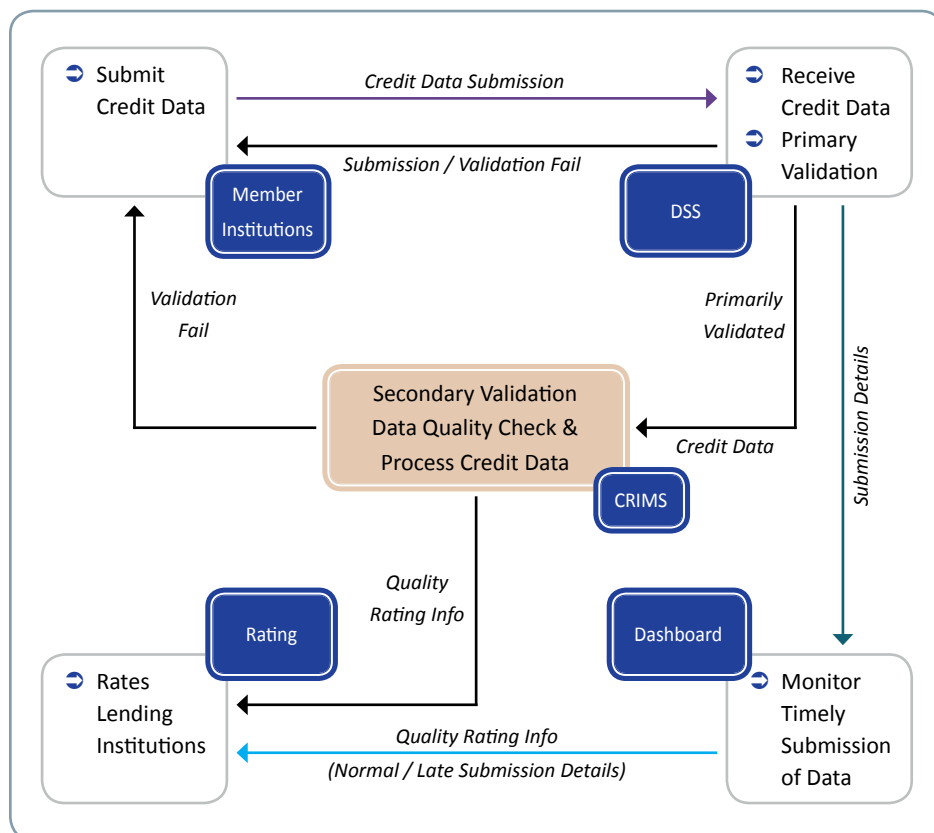
Economic Value Generated	2017 (LKR)	2016 (LKR)
Revenues	983,819,231	884,623,779
Other Operational Income	483,208,027	366,506,595
Economic Value Retained	4,672,817,794	3,970,547,286
Profit for the Year	1,068,175,440	888,360,746
EPS	4,273	3,553

The financial performance of the CRIB has improved in the year 2017. Operating revenue for the year under review was Rs. 1,467 million, with 17% growth annually. As a result, the profit for the year was Rs. 1,068 million and earning per share increased from Rs. 3,553 to Rs. 4,273 in 2017.

Internal Financial Health



INFORMATION TECHNOLOGY SYSTEM



above information for any purpose other than the legitimate purposes stipulated in the Act is strictly prohibited and is punishable by law. CRIB discharges this critical mandate by electronically collecting, organizing and storing credit data from member lending institutions. This process is managed through the Data Submission System (DSS) and Credit Information Management System (CRIMS).

CRIB IT SYSTEM SECURITY

Access to CRIB data bases and computers is restricted to authorized 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.

NEW IT ENHANCEMENTS

Cloud Based E-Mail Solution

Today's business environment demands applications that can be accessed anytime with ability to seamless integration with back office systems to deliver faster and efficient services to end customers.

Financial markets have become more dynamic with changing phase of disruptive emerging technologies providing more convenience and cost effectiveness to end users.

Cloud based applications have proven to become more robust development environment for such technology advancements. Bureau's decision to move into cloud based mail solution, as a first step forwards this journey had proven a success during 2017.

New Data Center

The CRIB production data center was relocated to a more secure and Tier 3 standard co-hosting facility in 2017 to ensure more data security & availability of the system

CONFIDENTIALITY OF DATA

Maintaining confidentiality of data submitted to the CRIB, by its members, is a strategic priority and is enforced through CRIB Act. The relevant provisions of the Act states that the use of the

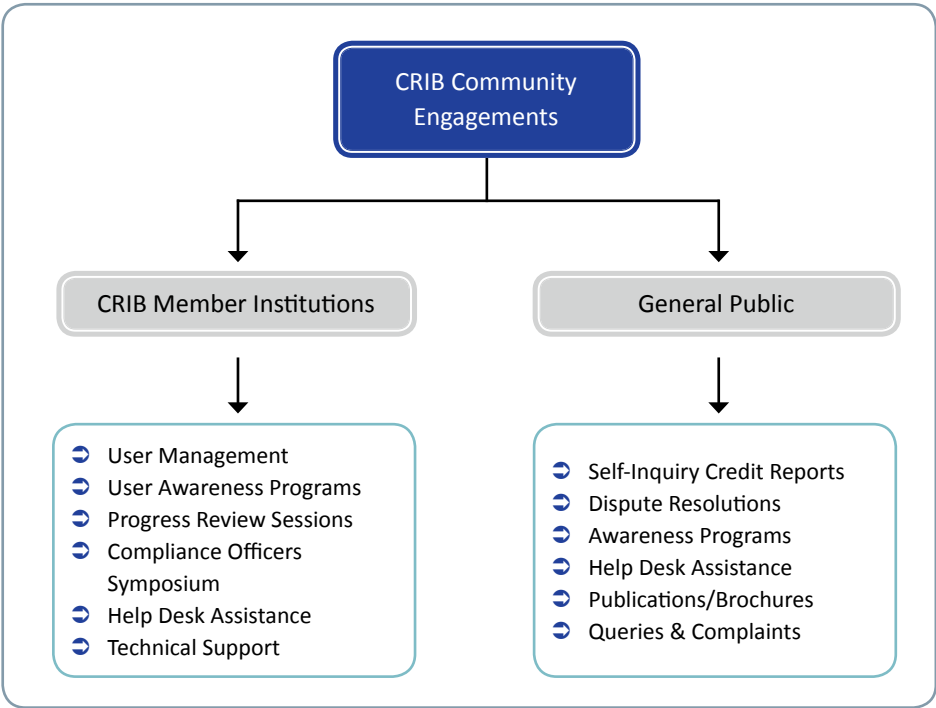
DATA SECURITY

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.
- 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.

OUR CUSTOMERS

The CRIB operates primarily with two community groups. These are our member institutions and the general public of Sri Lanka who are borrowers of credit, or are potential 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 primary offered by CRIB is credit information. A credit report that contains credit information details both positive and negative credit history of a given individual or corporate entity. The Bureau collect information about credit facility performance of individuals and business entities from lending institutions and compile that information into reports called Credit Information Reports.
- A 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 been/are being serviced for the past 24 months period and if there is an outstanding balance(s), or any arrears etc.

Help Desk Assistance

- Providing of support to our member institutions on our products and services. They include user management inquiries, invoice queries and login issues, whilst maintaining a high level of customer service with training support and advisory assistance.
- The CRIB is responsible for responding to all member institution queries received via email, telephone, post and fax and ensuring all inquiries are investigated and completed within a reasonable time frame.

Connecting with Member Institutions

CRIB training programs are conduct to authorized CRIB users (Credit Officers, Branch Managers, Compliance Officers) of lending institutions who are involved in evaluating and making decisions on credit. Programs are aimed at educating officials of lending institutions on correct interpretation of credit information in credit reports, and also the important sections that the users must pay comprehensive attention to, when evaluating the credit worthiness of their borrowers or prospective borrowers. These awareness programs enhance the quality and validity of data submitted to the CRIB and also correct misconceptions regarding CRIB services.

Discussion Forums

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

Forums promote networking amongst the participants and help gain valuable information on recent developments of the CRIB.

OUR CUSTOMERS *Contd.*

SERVICES FOR THE GENERAL PUBLIC

- Process all the Self-Inquiry Applications received from individual and corporate entities and deliver the respective Self-Inquiry Credit Reports to whom it may concern.
- Provide guidance to customers to understand credit information and any credit related issues included in their Self-Inquiry Credit Reports and help them to correct errors, if any.
- Provide online service to the individuals. For those who wish to access his/her Self-Inquiry Credit Report via the Internet, the online registration is done at the Bureau premises and the access credentials are provided.

Help Desk Guidance (Vocal & Written)

- Manage inbound calls from the general public to educate and provide guidance about our services.
- Provide directions to the customers to resolve any dispute regarding the reported credit information.
- Provide guidance to customers to get assistance from the Financial Ombudsman, if the customer has any disagreement with the lending institution, at the end dispute resolution process
- Assists customers who need financial advice and guide them to prevent them from getting into difficulty and default status, and guide them in the prudent use of funds by referring them to Credit Counseling Service of the Central Bank of Sri Lanka.
- Respond to customer complaints/inquiries directed to the bureau through the corporate email (info@crib.lk)

Connecting with the Public

The Bureaus conducts awareness programs for individuals and small business owners, publish answers for the frequently asked questions in web site, provide information brochures on its services, in order to improve the public awareness.



CRIB sponsored in 4th consecutive time for the "Insight- forum for Future Financiers" organized by the undergraduates of the Department of Banking & Finance, Faculty of Business Studies and Finance, Wayamba University of Sri Lanka.

Customer Feedback

CRIB is committed to capture customer feedback/suggestions about its services to achieve the services excellence. Therefore, The bureau customer feedback on its services and welcomes suggestions on how we could improve our services further and focus more on the needs of our customers.



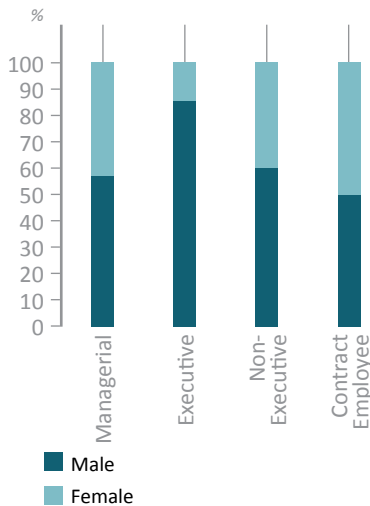
CRIB facilitated CBSL Open Day Program organized by Central Bank of Sri Lanka for the general public in the Matale region, which was held on the 5th and 6th of May 2017.

MANAGING OUR TEAM

As at end 2017, the total workforce of the CRIB comprised 26 employees, including two contract employees and seven management grade employees. Out of the management cadre five are male, while out of the seven executive grade employees, one is a woman. Out of the ten non-executive grade employees, one is a woman. Out of the ten non-executive grade employees four are women.

Total Permanent Employees	24
Male	16
Female	08
Total Contract Employees	02
Male	01
Female	01

Employees Composition



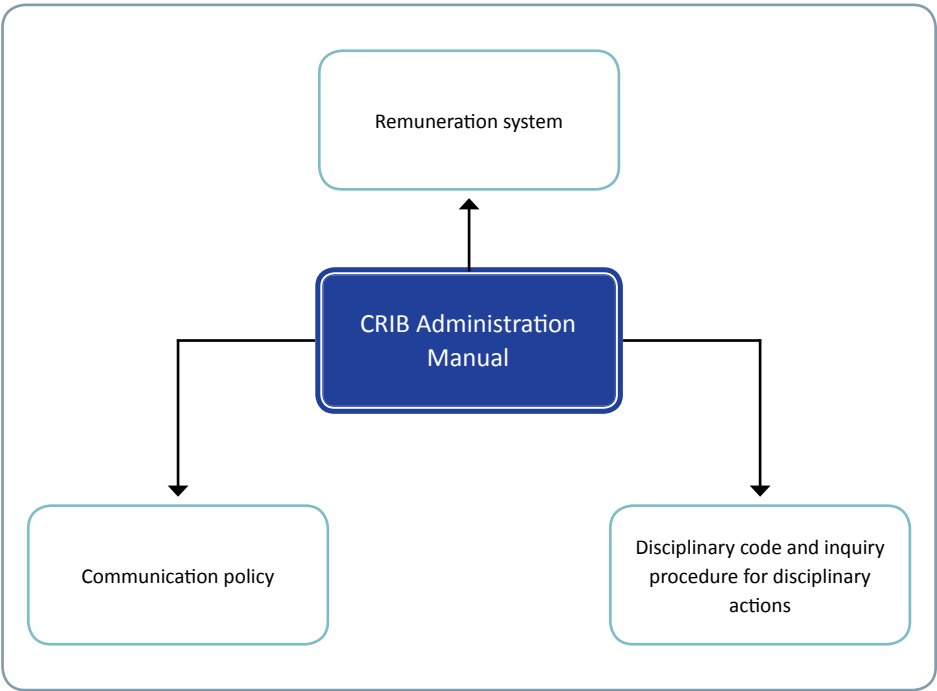
HUMAN RESOURCE ADMINISTRATION

The CRIB is guided by the CRIB Administration Manual, which spells out the expected standards of behavior from all employees.

The main areas covered in Administration Manual are:

- Remuneration system – This is based on the Remuneration Sub Committee’s recommendations that are then approved by the Board.

- The disciplinary code and inquiry procedure for disciplinary actions, including appeals on disciplinary verdicts.
- The CRIB communication policy



A staff appraisal system has been formulated to recommend annual special payments and to develop employee attitudes and address training and development needs. A performance appraisal system is in place for all categories of employees, which is implemented 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 are not influenced by demographics such as race, religion, gender and ethnicity. CRIB has a baseline package of benefits that are made available to all staff members, which includes medical insurance, reimbursement of professional subscriptions and reimbursement of interest subsidy based on the purpose of the loan. All permanent employees are members of the statutory Employees’ Provident Fund and the Employees’ Trust Fund. The CRIB gratuity policy offers employees with over 5 years’ service, rates which are above the statutory rate of ½ month pay per year of service.

TRAINING AND EDUCATION

During 2017, the CRIB invested Rs. 1.8 Mn on training programs. Employees from the management grades, received overseas training, while selected personnel from all three grades of management, executive and non-executive, received local training.

MANAGING OUR TEAM *Contd.*

DIVERSITY AND EQUAL OPPORTUNITY

The CRIB does not adhere to any discriminatory practices in recruitment and is an equal opportunity employer. As a non-discriminatory employer and all recruitments are based on merit.

EVENTS

CRIB conducts many employee participated events every year.



Religious ceremony to invoke blessings for the staff and the office in the eve of New Year



The staff enjoyed the annual get-together at the Cinnamon Lakeside



The CRIB Annual Shareholder Meeting - 2016



The CRIB donated stationery for the students of Sri Sumanasara Vidyalaya, Uhumiya, Kurunegala. Further the Bureau upgraded the library system of the school donated by the bureau in 2014

FINANCIAL REPORTS

Statement of Directors’ Responsibilities for Financial Statements	56
Annual Report of the Board of Directors on the Affairs of the Bureau	57
Independent Auditor’s Report to the Shareholders of the Bureau	59
Statement of Comprehensive Income	60
Statement of Financial Position	61
Statements of Changes in Equity	63
Cash Flow Statements	64
Notes to the Financial Statements	65
Notice of Meeting	78
Corporate Information	79

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Credit Information Bureau of Sri Lanka 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, have proper regard for 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 and minutes of Directors meetings, and express their opinion in their report on page 59 of the Annual Report.

By Order of the Board

Credit Information Bureau of Sri Lanka



Secretary
Colombo

28th August 2018

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 2017, to be presented at the 28th Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairman's review on page 6 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 reflect 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 Section 151 of the Companies Act No 7 of 2007 are given on page 60 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 59 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the financial statements is given on pages 65 to 70 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 60.

PROPERTY, PLANT & EQUIPMENT

During the year under review, the Bureau invested a sum of Rs. 8,596,236/- (2016 – Rs. 3,493,034/-) in computer accessories of which Rs. 1,690,106/- is in Intangible Assets and Rs. 7,182,453/- 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 73.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 56 of this report.

DIVIDEND

The Directors recommend the payment of a dividend for the financial year ended 31st December 2017.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2017 amount to Rs. 4,647,817,794, as against Rs. 3,970,547,286 as at 31st December 2016. 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 2017. The details are given in Note 13 to the financial statement on page 75.

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 56.

BOARD COMMITTEES

Audit Committee

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

1. Mr. K. S. Bandaranayake (*Chairman*)
2. Mr. A. A. M. Thassim
3. Mr. Dimantha Senevirathna

The Report of the Audit Committee is given on page 33.

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. P. N. Rodrigo
3. Mr. K. 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 35.

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 2017 and their brief profiles are given on page 18 in this report.

During the year under review the Board met on 11 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. 281,595 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 19th September 2018 at Shangri-La Hotel, Colombo 02 at 10.00 a.m.

For and on behalf of the Board.



Mr. C. J. P. Siriwardena
Chairman



Mr. Nandi Anthony
Director / General Manager

28th August 2018
Colombo

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE BUREAU



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

TO THE SHAREHOLDERS OF CREDIT INFORMATION BUREAU OF SRI LANKA

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Credit Information Bureau of Sri Lanka ("Bureau"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bureau in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bureau's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bureau to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

29 August 2018
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 Rs.	2016 Rs.
Revenue	3	983,819,231	884,623,779
Other Operating Income	4	483,208,027	366,506,595
Employee Related Expenses		(77,291,143)	(60,553,204)
Administration & Establishment Expenses		(82,576,382)	(103,986,623)
Other Operating Expenses		(101,699,650)	(93,751,360)
Secured Transaction Registry		(2,101,606)	(2,121,327)
Profit Before tax		1,203,358,477	990,717,860
Income Tax Expense	5	(135,183,036)	(102,357,114)
Profit for the year		1,068,175,441	888,360,746
Other Comprehensive Income			
Net change in Fair Value of Available- for- Sale Financial Assets		133,955,126	(86,341,148)
Defined Benefit Plan Actuarial (Losses)/ Gain		139,942	(3,574,798)
Total Comprehensive Income for the Year		1,202,270,507	798,444,800
Earnings Per Share	17	4,273	3,553

The accounting policies and notes on pages 65 through 77 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 Rs.	2016 Rs.
ASSETS			
Non-Current Assets			
Equipment	7	37,483,079	34,804,237
Intangible Assets	8	5,273,003	9,127,448
Non-Current Financial Assets	9.1	2,005,754,656	2,361,662,423
		2,048,510,738	2,405,594,108
Current Assets			
Inventories	10	497,360	405,988
Trade and Other Receivables	11	219,666,659	224,963,666
Other Current Financial Assets	9.2	2,464,258,279	1,400,641,713
Cash and Cash Equivalents	12	36,403,881	31,424,560
		2,720,826,179	1,657,435,927
Total Assets		4,769,336,917	4,063,030,035
EQUITY AND LIABILITIES			
Capital & Reserves			
Stated Capital	13	25,000,000	25,000,000
Reserves		2,466,796,422	1,932,252,221
Retained Earnings		2,181,021,372	2,013,295,065
Total Equity		4,672,817,794	3,970,547,286
Non-Current Liabilities			
Retirement Benefit Liability	14	8,259,086	7,456,811
		8,259,086	7,456,811

STATEMENT OF FINANCIAL POSITION *Contd.*

As at 31 December 2017

	Note	2017 Rs.	2016 Rs.
Current Liabilities			
Trade and Other Payables	15	44,362,906	34,233,646
Dividends Payable		4,348,682	1,586,896
Income Tax Liabilities		39,548,449	49,175,683
Cash and Cash Equivalents	12	-	29,713
		88,260,037	85,025,939
Total Equity and Liabilities		4,769,336,917	4,063,030,035



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 65 through 77 form an integral part of the Financial Statements.

28th August 2018
Colombo

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2017

	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 2016	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 General Reserves	-	-	-	900,000,000	-	(900,000,000)	-
Dividends	-	-	-	-	-	(162,500,000)	(162,500,000)
Balance as at 31st 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
Net Profit for the year	-	-	-	-	-	1,068,175,441	1,068,175,441
Transferred to General Reserves	-	589,075	-	-	-	(589,075)	-
Other comprehensive Income	-	-	-	-	133,955,126	139,942	134,095,068
Transferred to Technical Reserves	-	-	-	400,000,000	-	(400,000,000)	-
Dividends	-	-	-	-	-	(500,000,000)	(500,000,000)
As at 31 December 2017	25,000,000	3,550,501	2,000,000	2,413,631,943	47,613,978	2,181,021,372	4,672,817,794

The accounting policies and notes on pages 65 through 77 form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

Year ended 31 December 2017	2017 Rs.	2016 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(loss) Before Tax from Operations	1,203,358,477	990,717,861
Adjustments for		
Depreciation	14,977,744	11,156,715
Amortization	5,554,553	7,967,295
Income from Investments	(483,208,027)	(366,506,595)
(Profit)/Loss on sales of Property, Plant & Equipment	(329,055)	(168,053)
Provision for Defined Benefit Plans	942,217	1,395,948
Operating Profit/(Loss) before Working Capital Changes	741,285,907	644,563,172
(Increase)/ Decrease in Inventories	(91,372)	(123,303)
(Increase)/ Decrease in Trade and Other Receivables	5,297,007	(36,062,292)
Increase/ (Decrease) in Trade and Other Payables	10,129,260	63,969,852
Cash Generated from Operations	756,620,802	672,347,429
ESC Paid	(5,884,512)	(2,133,557)
Gratuity Paid	-	(1,865,775)
Income Tax Paid	(138,925,758)	(2,568,100)
Net Cash from/ (Used in) Operating Activities	611,810,532	665,779,997
Cash Flows from/ (Used in) Investing Activities		
Acquisition of Equipment	(19,398,187)	(28,423,911)
Proceeds from Sale of Equipment	380,550	667,750
Acquisition of Investments	(513,762,964)	(699,725,648)
Interest Received	393,209,352	201,798,635
Net Cash Flows from/ (Used in) Investing Activities	(139,571,249)	(525,683,174)
Cash Flows from (Used in) Financing Activities		
Dividends Paid	(497,238,215)	(162,140,225)
Net Cash Flows from/ (Used in) Financing Activities	(497,238,215)	(162,140,225)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(24,998,932)	(22,043,401)
Cash and Cash Equivalents at the beginning of the year	71,402,813	93,446,214
Cash and Cash Equivalents at the end of the year	46,403,881	71,402,813

The accounting policies and notes on pages 65 through 77 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 Corporate 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 "Whiteaways" Building, 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 Authorization for Issue

The financial statements of Credit Information Bureau of Sri Lanka for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 28 August 2018.

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

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 recognized 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 utilization 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 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

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

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 reporting 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 recognized 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 recognized 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 recognized in other comprehensive income or profit or loss is also

recognized 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 amortized 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 recognized 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 recognized 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 fulfillment 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 recognized 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 derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

An item of equipment and any significant part initially recognized is derecognized 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 derecognized. 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, Fittings and Office Equipment	20 % p.a.
Data Center	20 % p.a.

2.3.7 Intangible Assets

Identifiable intangible assets are recognized 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 amortization. The amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Software	25%
----------	-----

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 recognized 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 recognized 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.

Subsequent Measurement

The subsequent measurement of financial assets depend 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 amortized cost using the effective interest rate method (EIR), less impairment. Amortized 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 amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

(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 unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized 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 derecognized 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 recognized 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 reorganization 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 Amortized Cost

For financial assets carried at amortized 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, recognized 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 recognized 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 recognized, the previously recognized 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 recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

Derecognition

A financial liability is derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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 realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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.

Impairment losses of continuing operations are recognized 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bureau makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

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 recognized 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

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However, under the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. The company is liable to pay gratuity in terms of relevant statute. In order to meet this liability the bureau uses an actuarial valuation method in accordance with LKAS 19.

The cost of providing benefits under gratuity is determined using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of comprehensive income. The defined benefit liability comprises the present value of the defined benefit obligation using a discount rate based on

market yields at the end of reporting period on government bonds of a similar tenure as the estimated term of the gratuity obligation.

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.

2.4 Standards Issued but not Yet Effective

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRSs will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements. None of those have been early adopted by the group.

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Year ended 31 December 2017	2017 Rs.	2016 Rs.
3. REVENUE		
Credit Information	1,212,063,736	1,064,059,080
Less		
Discount Allowed	(80,659,252)	(69,964,335)
Value Added Tax	(147,585,254)	(109,470,966)
	983,819,231	884,623,779
4. OTHER OPERATING INCOME 2017		
Interest Income	481,404,799	365,096,048
Staff Loan Interest	1,391,757	1,133,937
Sundry Income	340,337	177,438
Self Inquiry Income	71,135	99,172
	483,208,027	366,506,595
5. INCOME TAX		
The major components of Income Tax expense for the years ended 31 December are as follows :		
Income Statement		
Current Income Tax		
Current Income Tax charge	135,183,036	102,357,114
Over /Under Provision	-	-
Income Tax expense reported in the Income Statement	135,183,036	102,357,114
6. PROFIT BEFORE TAX		
Stated After Charging		
Included in Administrative Expenses		
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	942,217	1,395,948
- Defined Contribution Plan Costs - EPF & ETF (included in Employee 'Benefits)	5,147,060	4,454,943
Depreciation	14,977,744	11,156,715
Amortization of Intangible Assets	5,544,553	7,959,327
Auditor's Fees and Expenses	281,595	230,000
Legal Fees	115,659	18,870
Directors Fees	830,000	652,500
Donations	170,000	35,000

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

7. EQUIPMENT

	Balance As at 01.01.2017 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2017 Rs.
7.1 At Cost				
Computer & Accessories	85,638,485	8,596,236	7,791,730	86,442,991
Computer & Accessories -STR	149,400	-	54,400	95,000
Furniture, Fittings & Office Equipment	27,575,039	7,182,453	477,027	34,280,465
Sundry Assets	175,687	36,050	-	211,737
Data Centre	14,014,924	1,893,342	4,250,401	11,657,865
	127,553,534	17,708,081	12,573,558	132,688,058
Depreciation				
Computer & Accessories	74,713,744	8,227,827	7,791,730	75,149,841
Computer & Accessories -STR	149,400	-	54,400.00	95,000
Furniture, Fittings & Office Equipment	4,474,764	6,271,417	443,466	10,302,714
Sundry Assets	82,127	31,289	-	113,415
Data Centre	13,329,263	447,212	4,232,466	9,544,009
	92,749,298	14,977,744	12,522,062	95,204,979

	2017 Rs.	2016 Rs.
Net Book Values		
At Cost		
Computer & Accessories	11,293,150	10,924,739
Computer & Accessories -STR	-	-
Furniture, Fittings & Office Equipment	23,977,752	23,100,275
Sundry Assets	98,321	93,561
Data Centre	2,113,856	685,662
	37,483,079	34,804,237
Total Carrying Amount of Equipment	37,483,079	34,804,237

Equipments include fully depreciated assets having a gross carrying amount of 2017 Rs. 78,563,178/- (2016 - Rs. 66,421,722).

8. INTANGIBLE ASSETS

	System Development Costs Rs.	Computer Development Software Costs Rs.	Software STR Costs Rs.	Total Rs.
Cost				
As at 1st January 2017	64,579,204	82,835,690	387,756	147,802,649
Addition	-	1,690,106	-	1,690,106
As at 31st December 2017	64,579,204	84,525,796	387,756	149,492,755
Amortization				
As at 1st January 2017	60,236,041	78,051,403	379,787	138,675,200
Amortization for the year	1,184,499	4,360,054	-	5,544,553
As at 31st December 2017	61,420,540	82,411,457	387,756	144,219,752
Net book value				
As at 1st January 2017	4,343,163	4,784,287	-	9,127,450
As at 31st December 2017	3,158,664	2,114,339	-	5,273,003

Intangible assets include fully depreciated assets having a gross carrying amount of 2017 - Rs. 139,465,334/- (2016-Rs 59,748,303).

9. OTHER FINANCIAL INSTRUMENTS

	2017 Rs.	2016 Rs.
9.1 Available for sale financial instruments		
Treasury Bonds	2,535,057,003	2,361,662,423
	2,535,057,003	2,361,662,423
Non Current	2,005,754,656	2,361,662,423
Current	529,302,347	-
9.2 Loans and Receivables		
Receivable under Resale Agreements (Repo)	637,567,241	40,007,966
Fixed Deposit	1,297,388,691	1,360,633,747
	1,934,955,932	1,400,641,713
Non Current	-	-
Current	1,934,955,932	1,400,641,713
9.3 Total Non-Current	2,005,754,656	2,361,662,423
Total Current	2,464,258,279	1,400,641,713

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

10. INVENTORIES

	2017 Rs.	2016 Rs.
Stationery	497,360	405,988

11. TRADE AND OTHER RECEIVABLES

Financial Assets

Trade Debtors (11.1)	195,310,655	190,115,174
Loan to Bureau Staff	12,182,885	6,865,823
Pre-paid Staff Expenses	1,657,878	1,018,959
Deposits for Safe Lockers	45,000	45,000
Receivable	253,526	1,414,278
	209,449,943	199,459,234

Non Financial Assets

Advances & Prepayments	10,216,715	25,504,432
Interest Income due	-	-
	10,216,715	25,504,432
	219,666,659	224,963,666

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

Total Rs.	Neither Past Due Nor Impaired	Past Due but Not Impaired			
		<30 days Rs.	30 -60 days Rs.	61 - 90 days Rs.	< 90 days Rs.
195,310,655	91,306,350	57,797	77,815,363	17,542,503	8,588,642

12. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	2017 Rs.	2016 Rs.
12.1 Favorable Cash & Cash Equivalents Balance		
Cash & Bank Balances	7,204,227	696,304
Saving Accounts balances	29,199,654	30,728,256
	36,403,881	31,424,560
Government Securities	10,000,000	40,007,967
	46,403,881	71,432,527
12.2 Unfavorable Cash & Cash Equivalents Balance		
Bank Overdraft*	-	(29,713)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	46,403,881	71,402,813

* This is due to unrepresented cheques

13. STATED CAPITAL

	2017		2016	
	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

	2017 Rs.	2016 Rs.
Retirement Benefits Obligation-Gratuity		
As at 1st January	7,456,811	4,351,840
Charge for the year	942,217	1,395,948
Actuarial (Gain)/Loss	(139,942)	3,574,798
Payments made during the year	-	(1,865,775)
As at 31 December	8,259,086	7,456,811

14.1 Defined Benefit Liability is valued as of 31 December 2017 and the principal assumptions used in the valuation is as follows:

	2017	2016
Discount Rate	10.62%	10.5%
Annual Salary Increment Rate	5%	5%
Staff Turnover	1%	1%
Average Remaining Life	22	20

SENSITIVITY EFFECT ON NET LIABILITY AS AT 31 DECEMBER 2017

	Rs.	
Discount Rate	1%	(1,057,199)
	-1%	1,264,147
Salary Increment Rate	1%	1,324,638
	-1%	(1,118,406)

NOTES TO THE FINANCIAL STATEMENTS *Contd.*

15. TRADE AND OTHER PAYABLES

	2017 Rs.	2016 Rs.
Financial Liability		
Trade Payables	794,645	2,507,980
Other Payables	2,046,558	5,623,732
Accrued Expenses	26,196,993	12,512,861
	29,038,196	20,644,573
Non Financial Liability		
Other Payables	15,324,710	13,589,073
	44,362,906	34,233,646

16. DIVIDENDS PAID AND PROPOSED

	2017 Rs.	2016 Rs.
Declared during the year		
Dividends on ordinary shares :	600,000,000	500,000,000
	600,000,000	500,000,000
Dividend Per Share (Rs.)	2,400	2,000

Rs. 2,400 Per share have been proposed as dividends by the management on 28th August 2018.

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.

	2017	2016
Net Profit attributable to Ordinary Shareholders (Rs.)	1,068,175,441	888,360,746
Weighted Average number of Ordinary Shares	250,000	250,000
Earnings per Share (Rs.)	4,273	3,553

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 Credit Bureau solution(Software) and relevant 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 & 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:

	2017 Rs.	2016 Rs.
21.1 Key Management Personnel Compensation		
Short-term employee benefits	10,284,348	3,524,118
Post-employment benefits	-	321,750
Total	10,284,348	3,845,868

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual Shareholders meeting of the Credit Information Bureau of Sri Lanka will be held on 19th September 2018 at Shangri-La, Colombo 02 at 10.00 am.

The following business will be transacted

- To read the notice convening the meeting
- To receive and consider the Annual Report of the Board of Directors on the affairs of the Bureau and the Audited Financial Statements of the Bureau for the year ended 31st December 2017 together with the Report of the Auditors thereon.
- To ratify the re-appointment of Messrs Ernst and Young, Chartered Accountants as the Auditors of the Bureau for the ensuing year and to authorize the Directors to determine their remuneration
- To declare a first and final dividend of LKR 2,400 per share as recommended by the Directors for the year ended 31st December 2017
- To Consider any other Business of which due notice has been given

By order of the Board



Nandi Anthony
Secretary to the Board

14th September 2018

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. K. B. Senarath Bandara

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. K. S. Bandaranayake

Director

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

Mr. Dimantha Senevirathna

Director

Chief Executive Officer - National Development Bank.

Mr. Nandi 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. D. M. Gunasekara

Director

General Manager - Bank of Ceylon
(Retired w. e. f. February 2018)

Mr. N. Wijekoon

Director

Chief Executive Officer - Softlogic Finance PLC
(Retired w. e. f. April 2018)

Mr. A. R. Fernando

Director

Director - Central Finance Company PLC
(Retired w. e. f. January 2018)

ALTERNATE DIRECTORS

Mr. K. B. Rajapakse

Senior Deputy General Manager
People's Bank

Mr. C. Amarasinghe

Deputy General Manager
Bank of Ceylon

Mr. Ravi Yatawara

Executive Director
L B Finance PLC

Mr. Ananda Seneviratne

Director / Chief Executive Officer
Assetline Leasing Company Ltd.

CORPORATE INFORMATION *Contd.*

BOARD AUDIT COMMITTEE

Mr. K. S. Bandaranayake

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

Mr. A. A. M. Thassim

*Director Banking Supervision Department
Central Bank of Sri Lanka*

Mr. Dimantha Senevirathna

*Director
Chief Executive Officer - National
Development Bank.*

MANAGEMENT

Mr. Nandi 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 p.m.

REGISTERED OFFICE

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

CONTACT DETAILS

Hotline: +94 112 13 13 13
Fax : +94 112 33 82 59
E-mail : info@crib.lk
Website : www.crib.lk



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