

CREDIT INFORMATION BUREAU OF SRI LANKA (CRIB)
ANNUAL REPORT 2019

THE AGE OF ADVANCEMENT



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இலங்கை கொடுகடன் தகவல் பணியகம்
CREDIT INFORMATION BUREAU OF SRI LANKA

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THE AGE OF ADVANCEMENT

At CRIB, we have been fully committed to creating a network and service that gives accurate and reliable credit information which in turn builds a more financially disciplined nation.

With the advent of the advanced credit score, we have taken a significant step in strengthening the accuracy, speed and credibility of what we do and we look forward to creating more opportunity, while maintaining impeccable standards in promoting a conducive credit environment for all Sri Lankans.

As we complete a challenging year under review, and the years ahead bring in more exciting opportunities, we're ushering in the age of advancement.

In 2018 the Credit Information Bureau of Sri Lanka (CRIB) adopted the International Integrated Reporting (IR) Framework 2013 to report on the management of our business operations and financial and non-financial capitals. The current CRIB Annual Report 2019 continues this journey of integrated reporting.

The CRIB is a statutory body established by act of statute, with a unique public private ownership structure, mandated to act as Sri Lanka's national credit information agency. The CRIB does not have subsidiaries, association or any other types of affiliations. Therefore, the adoption of the IR framework for our Annual Report is entirely voluntary, to support good governance. Our objective is to enhance transparency into our business operations as a publicly owned institution and to inform the public of Sri Lanka how we have managed our assets during the reporting time frame to create value for the country.

EXTERNAL ASSURANCE FOR INTEGRATED REPORTING

We have not obtained external assurance for Integrated Reporting for this report.

However, the Financial Statements of the Company have been audited by an External Auditor, Messrs Ernst and Yong.

HOW WE HAVE ATTEMPTED TO MEET INTEGRATED REPORTING PRINCIPLES

» **Strategic focus and future orientation and connectivity of information**

Through the Chairman's and General Manager's statements we have attempted to explain how the CRIB has met its strategic objectives for the year and future plans.

The Managing Risks chapter presents an overview of the risk profile of the CRIB and the Strategy and Resource Allocation chapter gives future growth plans of the CRIB. These two chapters together present a forward-looking picture of the CRIB for the short to medium term.

» **Stakeholder relationships**

Our key stakeholder groups and how we engage with them is summarised in the Stakeholder Engagements section. For additional information please refer the Social Capital Chapter of this report.

» **Materiality**

The material topics selected for disclosure were decided by the General Manager and senior management and approved by the Board of Directors. Please refer the Materiality Assessment section for more information on the

process of how we selected material topics for coverage in this report.

» **Conciseness**

Information has been presented to be as complete as possible in the most concise manner. We have also attempted to supplement narratives with informative diagrams and charts to concisely present additional information.

» **Reliability and completeness**

We have attempted to present a complete picture of material topics by providing a balanced perspective by disclosing both positive and negative aspects where relevant. For reliability of information, the contents of this report have been approved by relevant senior managers.

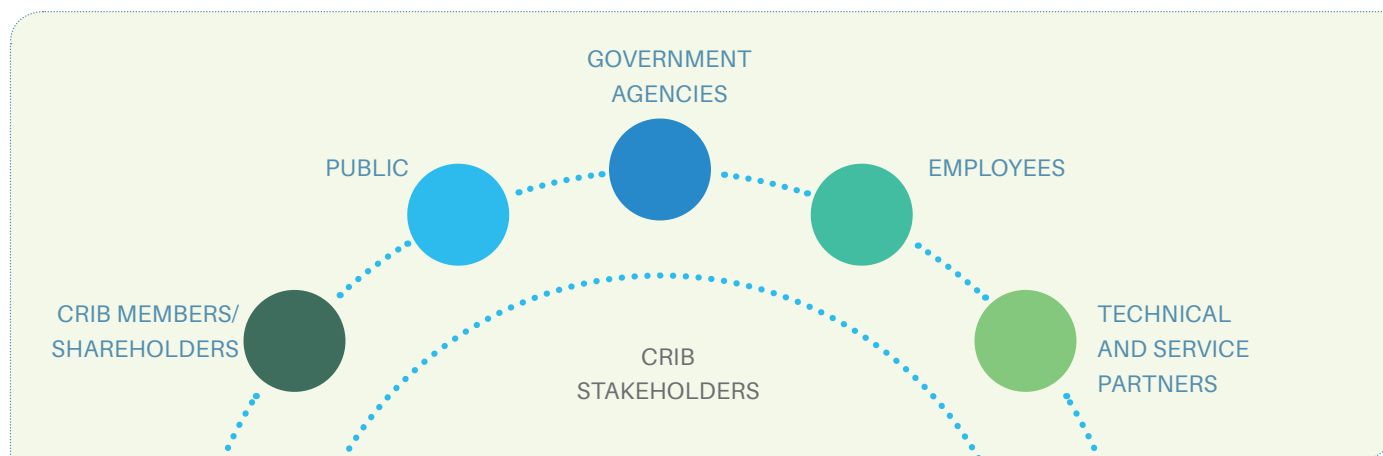
In addition, the Financial Statements of the Bureau have been audited by the External Auditors, for reliability.

MATERIALITY ASSESSMENT

The CRIB management took into consideration the following factors when identifying topics of material importance to be disclosed in this report.

1. Regulatory compliance
2. Disclosure expectations of our primary stakeholders (as a public private enterprise our primary stakeholders are the member financial institutions and the Central Bank of Sri Lanka)
3. Enhancing transparency for the public of Sri Lanka and the government, about our business activities and the management of our assets
4. Principles and disclosure requirements of the IR Framework

Material Topic	Annual Report Chapter	Page number/s
How well we have discharged our legal mandate	» Chairman's Message	6
	» Social Capital chapter	66
How the CRIB is governed	» The CRIB Governance System section	37
	» Board of Directors	24
	» Statutory Disclosures chapter	76
Quality of management and personnel	» Human Capital chapter	63
How we manage information security risks and data confidentiality	» Managing Risks chapter	43
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Business model and information about the company	» Who We Are	18



The CRIB, as the national credit information agency, deals with a large number of different interested parties and groups including foreign and international agencies.

However, we have identified our primary stakeholders as:

1. The groups that have the greatest influence on the CRIB through the CRIB Act.
2. The groups the CRIB is mandated to serve through the CRIB Act.
3. Other stakeholders that are essential for the CRIB's operations.

Based on the above definition, the primary stakeholders of the CRIB are:

1. CRIB members: CRIB members (shareholders) are the Central Bank of Sri Lanka, the financial sector regulator and registered banks and finance and leasing companies.
2. The public of Sri Lanka: As defined by the CRIB Act, all Sri Lankan citizens and institutions registered in Sri Lanka have the legal right to receive CRIB services.
3. Government agencies: CRIB collaborates with various Government agencies, including the Ministry of Finance, Central Bank, Ministry of National Policies and Economic Affairs and Ministry of Development Strategy and International Trade.
4. Our employees: Our employees are the core of CRIB operations.
5. Technical and service partners: The CRIB requires specialised technical support services to provide efficient and effective service to the public and member institutions. Therefore, CRIB technical services providers are essential for the CRIB's operations.

INDUSTRY COLLABORATION WITH OTHER AGENCIES

The CRIB engages with external multilateral agencies and other governing bodies relating to the credit reporting industry. These include:

The International Finance Corporation (IFC):

Regular communications are maintained with the IFC, in diverse areas, for the development of the CRIB and the domestic lending industry.

Business Information Industry Association (BIIA):

BIIA is a global information industry association represented by global information service providers such as credit bureaus, rating agencies, etc. The CRIB received full membership of the BIIA in year 2015 and presently a member of the BIIA Board. CRIB delegations last attended the BIIA Biennial Conference in October 2019, in Bangkok.

Asia-Pacific Consumer Credit Information Services (APCCIS):

APCCIS is the interactive and knowledge sharing platform for credit bureaus in the Asia Pacific region. It is a non-profit, advocacy group established to promote collaboration between credit reporting agencies. The mission of APCCIS is to educate and update the public about the use of consumer credit information for lending decisions. APCCIS is owned and managed by the Business Information Industry Association (BIIA).

The World Bank:

The CRIB has been engaging with the World Bank group through its country office in Colombo as well as the World Bank's Credit Bureau Development Group. The CRIB was participating in the visiting World Bank's missions to Sri Lanka and the World Bank organized Financial Infrastructure Conferences, as a contributor. CRIB is a key contributor to the World Bank Doing Business (DB) annual survey. The CRIB provides regular updates for the getting Credit Index which has a major impact on the overall country ranking of the Ease of Doing business in Sri Lanka.

World Consumer Credit Reporting Conference (WCCRC):

This is the largest gathering of the credit reporting industry in the world and meets every two years to discuss and share knowledge and experience. The CRIB has participated in all conferences to date. The conferences help CRIB staff enhance their knowledge of the industry and to establish international networks with key stakeholders and professionals in the industry.

Asia Credit Reporting Network (ACRN):

CRIB has been attending key events of ACRN and full membership status was received in September 2019 with the signing of MOU in Vietnam.



The Employers Federation of Ceylon (EFC):

The CRIB is a member of the EFC which is the employer trade union in Sri Lanka

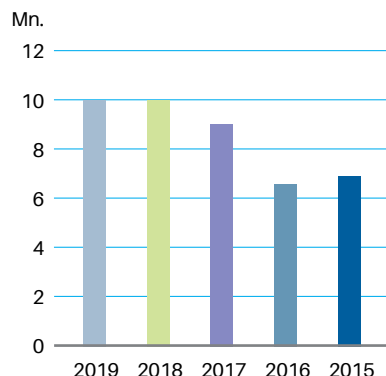


"IN JANUARY 2020 THE CRIB UNVEILED ITS CREDIT SCORE SYSTEM TO THE COUNTRY, AND I AM PLEASED TO NOTE GROWING INTEREST RIGHT FROM THE ONSET, FROM BOTH INDIVIDUALS AND LENDERS, ON THIS NEW PRODUCT. THE AVAILABILITY OF CREDIT SCORES WILL ALSO IMPROVE SRI LANKA'S RANKING IN THE WORLD BANK'S EASE OF DOING BUSINESS INDEX TO ENCOURAGE FOREIGN INVESTMENTS, WHILE HELPING TO UNBLOCK THE FLOW OF FUNDS WITHIN THE ECONOMY"

It gives me great pleasure to present the Annual Report and audited accounts of the Credit Information Bureau of Sri Lanka (CRIB) for the financial year 2019.

I am pleased to announce that the CRIB was able to provide over 10 Mn. credit reports to its users, for the first time ever, amidst a very difficult and challenging 2019. CRIB also remained very profitable during 2019 and declared one of the highest dividends to date. In contrast,

NO OF REPORTS ISSUED AT A GLANCE



Sri Lanka's formal banking and non-bank financial institutions experienced a marked downturn in business volumes and profitability in 2019, and the country's lending markets contracted continually as the anticipated economic recovery did not materialise. Therefore, the CRIB's profit growth in 2019 was not supported by increased activity in Sri Lanka's lending markets. Rather, CRIB's bottom line has benefited from other sources of income, such as investment earnings and also to some degree, gains achieved through operational efficiencies and promotion of supplementary products. I kindly urge our members to read the General Manager's Review for details on the CRIB's financial and operational performance during the year.

CONTRIBUTION BY THE CRIB IN 2019

The CRIB's statutory mandate has continued in 2019 with the provision of credit information as an independent financial service provider to formal lending institutions, amidst market uncertainties experienced within the year.

To put the country's lending industry in 2019 into perspective, the rate of disbursement of credit to the private sector by the formal lending sector fell from 15.9% in 2018, to 4.3%, demonstrating a significant slowdown in lending activities by the formal financial sector. Meanwhile private sector credit represented only 6% of total lending by the industry towards the latter part of 2019, from a high of 28% only three years ago in mid 2016. Despite encouraging signs at the start of 2019, hopes of economic revival did not materialise, as

lending rates remained high and private sector sentiments turned negative following the April 2019 terrorist attacks on Easter Sunday. Consequently, financial sector profitability continued to decline. The ROA of the banking sector maintained its downward trajectory from 2% in 2017, to 1.8% in 2018, to 1.4% in 2019 and the ROE fell from 17.6% to 13.2% to 10.3% during this three year period. The banking sector non-performing portfolio worsened to 4.7% in 2019, from 3.4% in 2018, while the NPLs of the non bank finance sector grew from 7.7% to 10.6%.

In this environment of uncertainty and high stress for both borrowers and lending institutions, the CRIB's neutral and impartial services for both borrowers and lenders, reduced the risk for lenders and supported access to credit for reliable borrowers. I would like to categorically emphasise that CRIB reports do not Black List clients nor do they dictate any decisions to lenders. Hence, CRIB reports only provide information, whilst the lending decision is entirely the prerogative of the lender. CRIB credit reports are compiled using data provided by member lending institutions. In this context the CRIB demands a maximum level of data accuracy in data submission from members. As such the strict measures and controls are in place to maintain the highest level of data quality in the CRIB data base further, CRIB provides convenient all possible customer focused avenues to rectify any inaccuracies or discrepancies of information that may appear in customer credit reports (iReports).

As individual financial institutions do not have the capability, or capacity, to collect and assess credit information of all potential borrowers, thus CRIB fulfils this requirement by collating credit information and making such information available efficiently and affordably, to lending institutions and potential borrowers. Credit information plays a vital role in maintaining the NPL in credit portfolios of lending institutions at a manageable level, which is essential for overall financial system stability. A robust, regulated and disciplined credit market is fundamentally vital for attracting investments into the Sri Lanka financial services sector.

I would also like to stress that CRIB reports should not be the only criteria in credit risk assessment, rather they could be the starting point of the borrower assessment process. I strongly recommend that all lending institutions evaluate each loan applicant on the basis of individual merit, and take the time and effort to objectively assess other aspects of the said applicant's credit worthiness, before making a decision. I would also like to highlight that the banking sector NPL ratio of 4.7% in 2019 is a stark reflection for credit discipline in the country, as timely loan repayment can be attributed to approximately 95% of the total borrower population.

The CRIB also contributed towards policy development in 2019 by supplying credit information for Macro prudential and Research aspects of the Central Bank.

GEARING FOR THE FUTURE

In the uncertain macro environment of 2019 and the sudden emergence of

COVID-19 in 2020, the CRIB has gained relevance and credibility as evident by the demand for more credit risk management tools from lending institutions. The CRIB is preparing to meet this demand. In January 2020 the CRIB unveiled its Credit Score system to the country, and I am pleased to note growing interest right from the onset, from both individuals and lenders, on this new product. The availability of Credit Scores will also improve Sri Lanka's ranking in the World Bank's Ease of Doing Business Index to encourage foreign investments, while helping to unblock the flow of funds within the economy. The CRIB is also preparing to deploy an advanced and new Credit Bureau System that will facilitate more credit information products and services for the credit industry.

A legal framework to regulate lending activities – the Credit Regulatory Authority Act - is already in the pipeline and we hope will be implemented in the near future. Under the proposed legislation, Micro Finance entities and lenders are to come under regulatory purview and thus, credit data from this sector will also be reported to the CRIB. This expected expansion of CRIB's information scope will create opportunities for presently underserved rural population to move into formal credit market in the future.

In terms of economic recovery, I do not think a rapid turnaround in 2020 is feasible, due to the widespread nature of COVID-19 impacts across industries and households, and also the uneven reopening of import and export markets.

Therefore, the country's financial institutions will have to adopt a proactive role to support this recovery process in a sustainable manner. The CRIB has a vital institutional role in this process and is ready to discharge its duties.

APPRECIATIONS

In conclusion I would like to thank Mr. Vasantha Kumar and Mr. Suranga Naulage who retired from the CRIB Board for their excellent services to the CRIB, and I would like to welcome on Board Mr. Krishan Thilakaratne and Mr. Ranjith Kodituwakku, who take their place on the CRIB Board. I thank the rest of the Board for their commitment towards the CRIB throughout the year. The Directors from various financial institutions provided a great service not only by attending regular CRIB meetings but by also getting involved in different committees and as part of negotiation teams for our new projects, to improve the CRIB's technology framework. The CRIB General Manager Mr. Nandi Anthony and the CRIB team have worked hard to design new products, improve CRIB services and develop the new CRIB IT system and I profusely thank all of them for their dedication. I thank the CRIB members for sending accurate and updated data, that is vital to maintain the quality of CRIB credit reports, and I extend a warm thank you to all other agencies that work hand-in-hand with the CRIB.

Sincerely



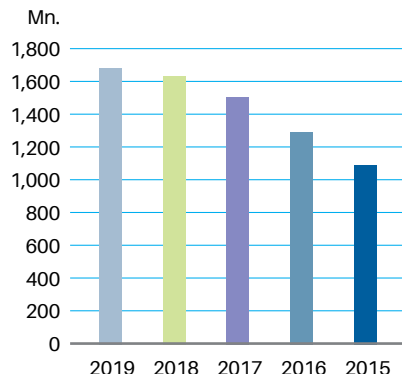
Mr. H. A. Karunaratne
Chairman



“INTRODUCTION OF CRIB CREDIT SCORE, A VALUE ADDED PRODUCT, WAS A SIGNIFICANT ACHIEVEMENT FOR THE BUREAU. DURING 2019 WE DID THE BACKGROUND WORK TO DEVELOP CREDIT SCORES FOR INDIVIDUALS AND CORPORATES”

GENERAL MANAGER'S REVIEW

I am pleased to report that the CRIB successfully delivered yet another great overall performance in 2019, despite the Easter Terrorist Attacks and the resulting slowdown in the country's economy and lending market. Rising above this adversity, CRIB successfully provided over 10 Mn. Credit Report to its users, for the first time this year. During this volatile period, CRIB was thus able to

REVENUE AT A GLANCE

significantly improve its operational efficiency to provide enhanced credit information services, to help overcome the risk management and credit portfolio management challenges faced by our member lending institutions, whilst also delivering the highest ever dividend payment to its shareholders.

FINANCIAL OVERVIEW

The CRIB recorded an after tax profit of Rs. 939 Mn. for 2019 and declared a total dividend pay-out of Rs. 800 Mn. The CRIB was also able to enhance its Technical Reserve, whilst strategically creating a Building Reserve.

Total revenue increased by 2.8% year-on-year, with a record total of 10 Mn. credit reports issued to both individuals and institutions, which was also a 1.5% increase from 2018.

Despite the conspicuous downturn in the credit market, there was an increase in demand for credit reports processed in batches (bulk processing), as lending institutions sought more information to review and monitor their existing credit portfolio, for proactive customer management and recovery purposes in the volatile operating environment that prevailed. We also introduced a more concise microfinance credit report, targeting lower borrowing segments in the microfinance companies, at half the price of the standard consumer credit report. These supplementary products also contributed towards supporting our top line.

Investment income of Rs. 551 Mn. was made during 2019, which was a 6%

increase year-on-year, made possible through the effective investment management strategies that were deployed. Due to this year-on-year profitability achieved by CRIB, its Net Assets per share also increased by 6% during 2019.

The CRIB also paid Rs. 506 Mn. in taxes to the Government in 2019, as part of our statutory contribution. The Financial Capital chapter of this report further highlights details regarding the financial performance of the CRIB, as at end 2019.

KEY OPERATIONAL ACHIEVEMENTS

In addition to a great financial performance, I am also happy to report continued progress in operational and technology development aspects of the bureau.

Introduction of CRIB Credit Score, a value added product, was a significant achievement for the bureau. During 2019 we did the background work to develop Credit Scores for individuals and corporates. The CRIB Credit Score, which ranges from 250 to 900 points, is calculated using information in the credit report, primarily using customers' past credit behaviour to predict their future. Credit scores are widely regarded in the credit market as effective risk management tool which is more consistent and objective to assess credit worthiness of prospective clients. The Score system was unveiled to the public in January 2020. CRIB will continue to fine-tune and enrich to improve the Score's predictability efficiency, with the eventual inclusion of other credit-related data such

as utility, retail, insurance payments, trade creditors, micro lending, etc.

When fully adopted by the public, the Credit Scores will be a game-changer in the local financial industry, as it will revolutionise the assessment process of lending in Sri Lanka.

During the 2019, we continued to improve our internal information systems and business processes that have indirectly contributed towards the bottom line by facilitating growth in output volumes and speed of delivery. An important advancement was the deployment of a host-to-host systems connectivity between the CRIB's credit information management systems (CRIMS) and loan originating systems of member lending institutions, significantly improving the dissemination of information in a more filtered and speedy way for lending institutions to use in various stages of the credit risk management process. This easy-to-adopt newest information distribution channel was an unparalleled technology advancement offered to our membership during this period. CRIB was also able to periodically provide vital data to the Macro prudential and Research section of the Central Bank, throughout this year.

CRIB team was also able to carry out significant work on the new Credit Bureau System Implementation project, for which a detailed contract had been finally signed on 31st December 2018, between CRIB and an internationally recognised strategic technology

partner. During the year we completed the detailed Project Specifications and the system will enter User Acceptance Testing phase in 2020. We are on track to switch over to the new system in the first quarter of 2021. The new state-of-the-art information management system will not only significantly increase the CRIB's operational capacities, but will also enable the development of more value-added products, such as electronic alert service, credit scoring, business intelligence and analytical reports to help different phases of customer life cycle management of member lending institutions.

CRIB continues to lead the task force for getting credit, for the Ease of Doing Business Index (EoDBI) of the country, which is expected to increase, with additional marks for the CRIB Credit Score initiative. The new Secured Transaction Registry Act is also being closely followed up by CRIB, which Act, once implemented, will further enhance the EoDBI of the country. CRIB also continues to be represented and contributes to the Financial System Stability Consultative Committee. CRIB also remains ready to on board data from Micro Finance entities and lenders, once the proposed Credit Regulatory Authority Act is implemented.

APPRECIATIONS

While 2019 has indeed been a challenging year, the CRIB has remained resilient. For this, I must thank all our stakeholders for their support. The Board of Directors and the Chairman have been a pillar of strength with their vast

knowledge of the Sri Lankan economy and financial industry. I am also grateful to my team for discharging their duties with commitment and dedication, even under difficult conditions. Our member institutions have accommodated many system changes and continued to support the CRIB, for which I am grateful and I also acknowledge the patience and understanding of our customers and the general public, in these difficult times.

The financial year 2020 has commenced with the emergence of a unique set of challenges due to COVID-19. As our country gradually recovers from the many negative economic effects of COVID-19, the CRIB team stands ready to support our people and our businesses.

Sincerely



Mr. Nandi Anthony
General Manager

KEY PERFORMANCE INDICATORS

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Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

10 Mn.

No. of Credit Reports
Issued in 2019

Rs. 5.2 Bn.

Net Assets

Rs. 3,758

EPS

Rs. 20,983

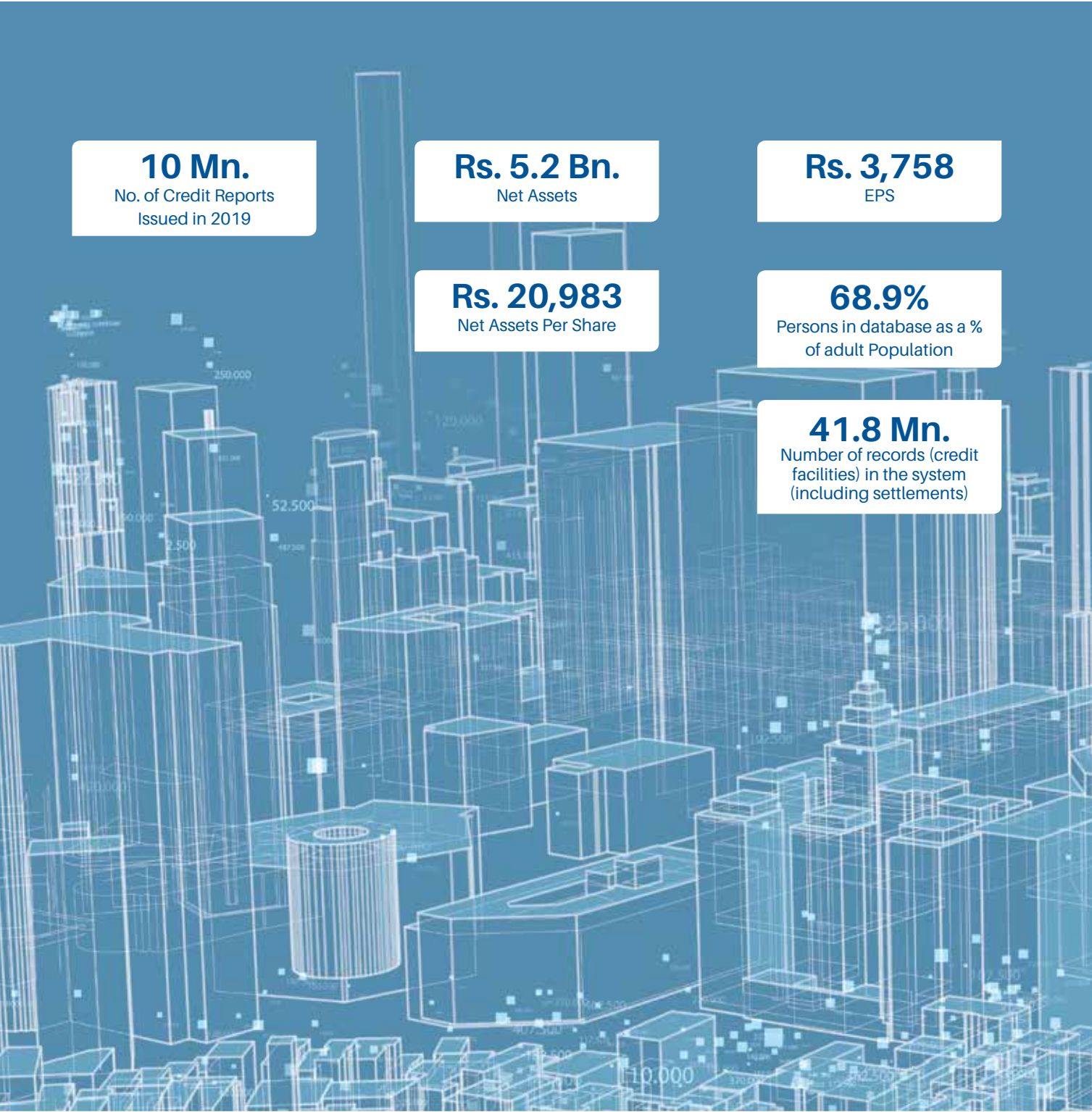
Net Assets Per Share

68.9%

Persons in database as a %
of adult Population

41.8 Mn.

Number of records (credit
facilities) in the system
(including settlements)



Rs. 1.2 Bn.

Profit Before Tax

Rs. 1.6 Bn.

Operational Income

Rs. 3,200

DPS

6.9Mn.Number of persons with
active credit Records**99.9%**Data quality efficiency
(as a % of total Credit
portfolio)

FINANCIAL HIGHLIGHTS

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Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

Year Ended 31st December	2019	2018	2017	2016	2015
Operating Results -(Rs. 000)					
Income	1,093,070	1,077,447	983,819	884,623	872,923
Expenses	(347,915)	(296,820)	(263,669)	(260,411)	(199,634)
Operation Profit/(Loss)	745,155	780,627	720,150	624,212	673,289
Other Income	551,117	521,381	483,208	366,506	191,077
Net Profit Before Extra-Ordinary Items	1,296,272	1,302,008	1,203,358	990,718	864,366
Extra Ordinary Items					
Net Profit After Extra Ordinary Items	1,296,272	1,302,009	1,203,358	990,718	864,366
Taxation	(356,786)	(359,678)	(135,183)	(102,357)	(56,473)
Net Profit After Extra-Ordinary Items &Taxation	939,486	942,331	1,068,175	888,361	807,893
Shareholders' Funds-(Rs. 000)					
Share Capital	25,000	25,000	25,000	25,000	25,000
Reserve	3,689,730	2,490,271	2,466,796	1,932,252	1,118,593
Accumulated Fund	1,530,934	2,435,371	2,181,021	2,013,295	2,191,009
	5,245,664	4,950,642	4,672,817	3,970,547	3,334,602
Liabilities-(Rs. 000)					
Creditors & Other Payables	220,196	372,408	88,258	84,995	25,774
Deferred Liabilities	174,635	9,917	8,259	7,456	4,351
Assets-(Rs. 000)					
Non-Current Assets	25,390	28,922	42,756	43,932	29,816
Investments	5,159,883	5,073,983	4,470,013	3,762,304	3,117,183
Inventories	590	567	497	405	282
Trade & Other Receivables	265,532	199,174	219,666	224,964	188,901
Cash & Bank Balance	36,859	24,743	36,403	31,425	28,544
	5,488,254	5,327,389	4,769,335	4,063,030	3,364,726
Ratios					
Return on Average Shareholder's Funds (%)	18%	19%	23%	22%	24%
Income Growth (%)	1%	10%	11%	1%	3%
Return on Average Assets (%)	17%	18%	22%	22%	24%
Rate of Dividends (%)	3200%	2800%	2400%	2000%	650%
Gross Dividends (Rs. 000)	800,000	700,000	600,000	500,000	162,500
Share Information					
Earnings Per Share(Rs.)	3,758	3,769	4,273	3,553	3,232
Net Assets Per Share (Rs.)	20,983	19,802	18,691	15,882	13,338

CREDIT SCORE

HAVING LAUNCHED THE ADVANCED CREDIT SCORE FACILITY,
WE ARE ENABLING MORE PEOPLE TO BE CONSIDERED CREDIT-
WORTHY BY FINANCIAL INSTITUTIONS.



1990

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

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

1991

24 registered finance companies joined the bureau as shareholders.

1992

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

1995

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

1997

Credit card defaulters' database started.

2000

10th anniversary of the commencement of operations.

2004

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

2005

Commencement of CRIB modernisation project.

2009

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

2010

Commenced collection of information on dishonoured cheques from commercial banks.

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

20th anniversary of the CRIB



2011

The establishment of the Disaster Recovery Centre was completed. Establishment of Secured Transactions Register (STR).

2012

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

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

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

2013

Online version of iReport launched.

Initiative with IFC to reform the secured transactions legal framework.

2014

Initiation of the 2nd phase of the development programme.

2015

25th anniversary of the CRIB

2016

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

Introduction of Credit Information Report for micro lending.

2017

CRIB Live Data centre was relocated to a Tier 3 standard hosted facility, more secure and implemented on the state-of-the-art technology Relunched member rating programme.

2018

A new CRIB era is in the offing with the signing to partnership with a new technology vendor to drive the CRIB next generation development roadmap.

2019

INITIATION OF ISSUANCE OF CREDIT SCORE REPORT



CRIB is a small organisation compared to many other national institutions. However, for more than two decades, CRIB has quietly contributed to strengthening the fundamentals of a safe and sound banking and financial industry, and those functions related to improving the credit and financial culture of the country.

OUR VISION

Building a customer friendly reservoir of credit information

OUR COLLECTIVE CRUSADE

- » 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 instil credit discipline in the financial sector.
- » To establish a credit rating system in Sri Lanka.
- » To undertake credit rating and to sell such credit ratings to any foreign and local agencies, or to any person making a request for such ratings.
- » To undertake research and training projects for shareholder lending institutions.

- » To operate a filing office of secured transactions to register the security interest of movables with a view to facilitate the distribution of credit to all sectors of the economy and to the informal sector in particular.

OUR RESPONSIBILITY

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

LEGAL FORM AND MANDATE OF THE CRIB

The CRIB was established through the Credit Information Bureau of Sri Lanka Act No. 18 of 1990, as a body corporate. Subsequent amendments to the CRIB Act were made through Act No. 08 of 1995 and Act No. 42 of 2008. The CRIB came under the purview of the Ministry of Finance, Economy and Policy Development

“AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE CREDIT INFORMATION BUREAU OF SRI LANKA FOR THE COLLECTION OF CREDIT INFORMATION RELATING TO BORROWERS FROM LENDING INSTITUTIONS AND CONSUMERS OF CREDIT GRANTING INSTITUTIONS AND FOR THE PROVISION OF THAT INFORMATION ON REQUEST TO THE SHAREHOLDERS OF THE BUREAU AND AUTHORITIES AND INSTITUTIONS ENTITLED TO RECEIVE INFORMATION WITH A VIEW TO FACILITATING THE DISTRIBUTION OF CREDIT TO ALL SECTORS OF THE ECONOMY AND TO THE INFORMAL SECTOR, IN PARTICULAR; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.”

Preamble CRIB Act

VALUE CREATION MODEL

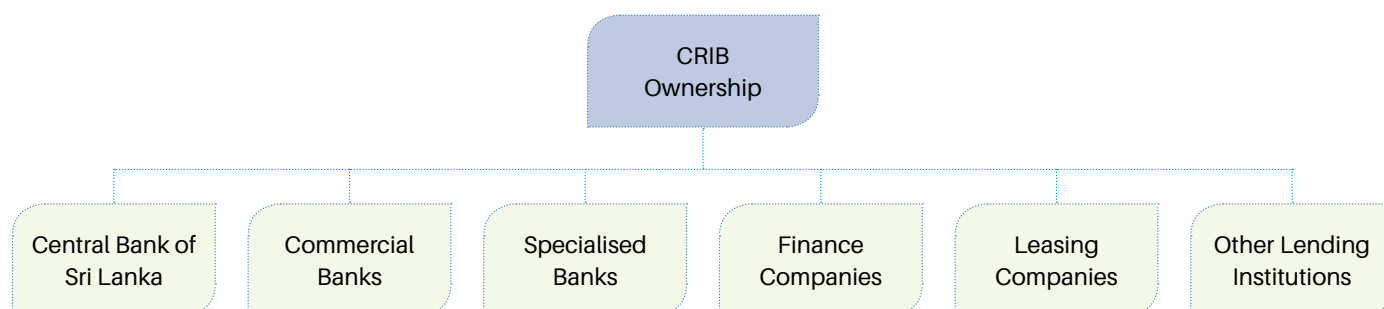
The CRIB's economic value creation activity is primarily the collection of credit information of individuals and institutions from registered financial services providers (member institutions) and issuing credit reports to individuals and institutions. This process is facilitated through digital data collection systems connected to all registered lending institutions that are operated and maintained by the CRIB. The CRIB is responsible for the safety and confidentiality of this private data.

In addition to this core function, the CRIB also provides other support services which are;

- » Coordinating with member institutions for data corrections and dispute resolutions regarding credit information in credit reports.
- » Conducting training programs for CRIB users at member institutions
- » Conducting awareness programmes regarding CRIB services for the general public

OWNERSHIP OF THE CRIB

The CRIB is owned by 'member financial institutions' and the financial sector regulator, the Central Bank of Sri Lanka. Member financial institutions comprise all lending institutions (public and private), registered with the Central Bank of Sri Lanka.



SHARE OWNERSHIP OF THE CRIB



- The Monetary Board of Central Bank of Sri Lanka : 19.30 %
- Bank of Ceylon : 18.64 %
- People's Bank : 18.96 %
- National Savings Bank : 12.18 %
- National Development Bank PLC : 6.20 %
- Other Lending Institutions : 24.72 %

CRIB SHARE OWNERSHIP AS AT DECEMBER 31ST, 2019 :

- » The Monetary Board of Central Bank of Sri Lanka : 19.30 %
- » Bank of Ceylon : 18.64 %
- » People's Bank : 18.96 %
- » National Savings Bank : 12.18 %
- » National Development Bank PLC: 6.20%
- » Other Lending Institutions: 24.72 %

OWNERSHIP OF CRIB BY TYPE OF FINANCIAL INSTITUTION (AS AT DECEMBER 31, 2019)

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

Commercial Banks

1. Amana Bank PLC
2. Bank of Ceylon
3. Bank of China Limited Colombo Branch
4. Cargills Bank Limited
5. Citibank 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. Hongkong and Shanghai Banking Corporation Limited
12. Indian Bank
13. Indian Overseas Bank
14. MCB Bank Limited
15. National Development Bank PLC
16. Nations Trust Bank PLC

Commercial Banks

17. Pan Asia Banking Corporation PLC
18. People's Bank
19. Public Bank Berhad
20. Sampath Bank PLC
21. Seylan Bank PLC
22. Standard Chartered Bank
23. State Bank of India
24. Union Bank of Colombo PLC

Specialised Banks

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

Finance Companies

1. Abans Finance PLC
2. Alliance Finance Company PLC
3. AMW Capital Leasing and Finance PLC
4. Arpico Finance Company PLC
5. Asia Asset Finance PLC
6. Associated Motor Finance Company PLC
7. Bimputh Finance PLC
8. Central Finance Company PLC
9. Citizens Development Business Finance PLC
10. Commercial Credit and Finance PLC
11. Commercial Leasing & Finance PLC
12. Dialog Finance PLC
13. ETI Finance Limited
14. Fintrex Finance Limited
15. HNB Finance Limited
16. Ideal Finance Limited
17. Kanrich Finance Limited
18. L B Finance PLC
19. Lanka Credit and Business Finance Limited

Finance Companies

20. LOLC Development Finance PLC
21. LOLC Finance PLC
22. Mercantile Investments and Finance PLC
23. Merchant Bank of Sri Lanka and 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 Pieris Finance Limited
31. Sarvodaya Development Finance Limited
32. Senkadagala Finance PLC
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. Trade Finance and Investments PLC.
40. U B Finance Company Limited
41. Vallibel Finance PLC

Leasing Establishments

1. Assetline Leasing Company Limited
2. Co-operative Leasing 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

OUR PRODUCT AND SERVICES

The main business of the Bureau is to issue credit information reports to member institutions and the general public. CRIB provides credit information services through the Automated Credit Information Management System (CRIMS) and the CRIB Quick Decision Module System (CRIB Score System). Credit information reports are primarily divided into two main categories: "Consumer" (individual) and "Corporate" (business). Banks and Authorised Financial Institutions obtain credit information of their customers online through the Bureau website and the "iReports" issued at the request of the general public

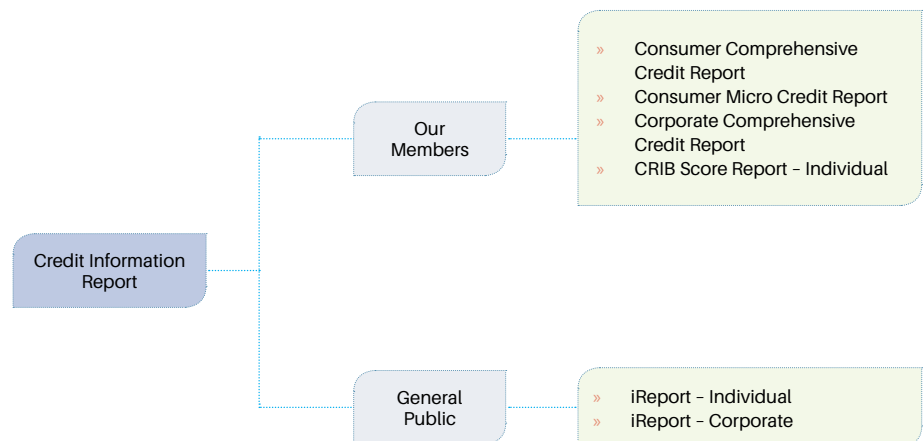
In addition to credit information reports, the Bureau also provides a variety of value-added services for our members and the general public.

CREDIT REPORT

A Credit Information Report contains factual information on individuals and corporates. It contains the subject's name, address, ID number and details of credit (type of credit, amount granted/limit, balance outstanding, last updated date and status of such credit etc.).

SCORE REPORT

The CRIB's credit score, which is branded "CRIB Score," has been developed through a technological partnership with Creditinfo International GMBH. The CRIB Score is a number ranging between 250 to 900, which provides lending institutions with a consistent indication of the risk level, credit worthiness and probability of default of a particular borrower.



VALUE ADDED SERVICES

Bulk Request

A service offered by the Credit Information Bureau to its Member Institutions for processing their requests for Credit Reports in an offline batch mode, which would reduce their operational overheads. This service is basically used for periodic review of lending portfolios of the existing customers of a member institution.

Secured Transaction Registry

Information on movable assets pledged as security with lending institutions.

Training and Awareness

Conducting training programmes for our members and awareness programmes for the general public.

OUR PROCESSES

OUR PROCESSES HAVE MADE WAY FOR MORE ACCURACY IN MEASURING AND COLLECTING DATA, THEREBY CREATING A FASTER INFORMATION SERVICE TO OUR CUSTOMERS.





Standing Left to Right

MR. K. S. BANDARANAYAKE
Director

MR. D. P. N. RODRIGO
Director

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

MR. K. THILAKARATNE
Director

MR. D. P. K. GUNASEKARA
Director

MR. RANJITH KODITHUWAKKU
Director

MR. U. G. R. ARIYARATHNE
Director

Seated Left to Right

MRS. V. A. A. N. DE SILVA
Director

MR. H. A. KARUNARATHNE
Chairman

MR. D. SENEVIRATNE
Director

MR. H. A. KARUNARATNE

Chairman

Mr. H. A. Karunaratne is currently functioning as the Deputy Governor overseeing the Financial System Stability of the Central Bank of Sri Lanka and has extensive experience in the financial services sector in Sri Lanka and overseas. He is a Member of the Monetary Policy Committee and Chairman of the Financial System Stability Committee, National Payments Council and EPF Investment Oversight Committee of the Central Bank. He serves as the Chairman of Institute of Bankers of Sri Lanka and West Coast Power (Pvt) Ltd. In addition, he also serves in the Boards of Securities and Exchange Commission, Insurance Regulatory Commission of Sri Lanka and Colombo Dockyard among others. During his thirty four years career at the Central Bank some of the key positions held by him have been Assistant Governor and Secretary to the Monetary Board, Secretary to the Monetary Board Advisory Audit Committee, Director, International Operations Department, Director, Financial Intelligence Unit of Sri Lanka and Chief Dealer of the Central Bank of Sri Lanka.

Mr. Karunaratne served as a Vice President, Fixed Income Department, Refco Singapore Pte Ltd and Vice President, Prime Risk Monitoring, Man Financial Pte Ltd, Singapore, during which he obtained the license from the Monetary Authority of Singapore to trade futures options and other derivative products.

He holds a BSc Business Administration degree from the University of Sri Jayewardenepura, Sri Lanka and an M A in Economics from the Ohio University, USA. He is also a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

Mr. Karunaratne is a regular speaker at various local and international forums on reserves and portfolio management.

MRS. V. A. A. N. DE SILVA

Director

Mrs. V. A. A. N. De Silva was appointed as the Director of Bank Supervision of the Central Bank of Sri Lanka with effect from 20th December 2019. Mrs. De Silva has a service of more than 27 years in Central Bank of Sri Lanka including 20 years in the Bank Supervision Department. Prior to her recent appointment she held the position of Additional Director of the Department of Supervision of Non-Bank Financial Institutions. Mrs. De Silva has also served as a Deputy Director of Bank Supervision and International Operations Departments.

She has participated in several local and international training programmes, seminars and other forums on different aspects of bank supervision and regulations and foreign reserve management.

Mrs. De Silva holds a Master of Arts (MA) Degree in Financial Economics from the

University of Colombo and a Bachelor of Commerce (Special) Degree from the University of Kelaniya, Sri Lanka. She has also gained a ACI Dealing Certificate from Financial Market Associates, UK.

MR. SANJEEWA BANDARANAYAKE

Director

Mr. Sanjeewa Bandaranayake currently functions as the Senior Deputy General Manager – Operations of People's Leasing & Finance PLC. With over 26 years of post-qualifying experience at a very senior level in the finance sector, and Mr. Bandaranayake is also the Chairman of the Leasing Association of Sri Lanka, a Council member of the Finance Houses Association of Sri Lanka and a member of the Financial System Stability Consultative Committee of the Central Bank.

He has also served as the Vice President of the Asian Financial Services Association (AFSA), a former Committee Member of the Ceylon Chamber of Commerce and a former council member of the Sri Lanka Institute of Credit Management (SLICM), former CEO of People's Merchant Finance PLC. Mr. Bandaranayake possesses an FCA, FCMA (Sri Lanka), FCMA (Australia), and is a finalist of the CIMA (UK).

MR. DIMANTHA SENEVIRATNE

Director

Mr. Dimantha Seneviratne is the Group Chief Executive Officer of the National Development Bank PLC counts 30 years in the Banking industry. Prior to joining the Bank, he was the Director/ Chief Executive Officer of Pan Asia Banking Corporation PLC (PABC) and prior to that, he spent 15 years with the HSBC Group, where he held key senior management positions including Chief Risk Officer Post for Sri Lanka and Maldives, Bangladesh and Thailand where he was also responsible for business growth, strategy and governance in those respective geographies as a member of the Country Leadership Team.

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

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

He is a Past President of The Association of Professional Bankers (APB) Sri Lanka, having held various positions in the Executive Council of the APB for over a decade.

He currently functions as the Chairman of Sri Lanka Banks' Association (Guarantee) Limited and a Director of LankaClear (Pvt) Ltd and also serves on the Boards of several other subsidiaries of the NDB Group.

MR. D. P. N. RODRIGO

Director

Mr. Rodrigo is an Executive Director and the Chief Operations Officer of HNB PLC with over 18 years' experience in the field of banking presently providing administrative leadership to Finance, Credit, Operations, Risk Management, Banking Services, Compliance and Internal Audit. He is overseeing the cross functional teams involved in improving governance and compliance by serving in several Board and Management committees in the Bank.

Mr. Rodrigo has held many senior positions in multiple industries ranging from banking, insurance, investment banking and apparel. He is a Director of HNB Assurance PLC, Guardian Acuity Management and Sithma Development Ltd. He played a catalyst role in the Bank's transformation and cultural

change by being the driving force towards centralisation, automation, outsourcing and process improvement initiatives and recognised for driving a performance culture through training and talent acquisition and introducing several breakthrough cost optimisation initiatives. He possesses a wealth of experience encompassing both the retail business and support functions as deputy to the CEO. He has also been providing leadership to Bank's Recoveries vertical since early 2019.

Mr. Rodrigo serves on the councils of the Sri Lanka Institute of Directors (SLID) and as the Chairman Policy Advocacy Committee of Asian Bankers Association (Taiwan) during 2011/12 and 2019/20. He has served on local councils of CIMA, ACCA and Risk Professional Forum the latter two as President for two year terms.

He has served as a lecturer and examiner on various undergraduate (CIMA, ACCA) and postgraduate programs (PIM and University of Wales MBA programs) for over a decade and SLID as Lecturer Director Certification Programme - Risk Management and Corporate Responsibility Modules. Also a presenter on technical papers in various forums locally and overseas on Strategy, Business Transformation and Risk Management.

MR. KRISHAN THILAKARATNE

Director

Mr. Krishan Thilakaratne is the Director/ Chief Executive Officer of Commercial Leasing and Finance PLC and a Member of the Senior Management Team of LOLC PLC.

He is a Director at Seylan Bank PLC and also serves on the Boards of LOLC Myanmar Micro Finance Company Ltd and Commercial Insurance Brokers (Pvt) Ltd Sri Lanka. Mr. Thilakaratne is the past Chairman of the Finance Houses Association of Sri Lanka (FHASL), the Apex body for Non-Bank Financial Institutions (NBFIs) in Sri Lanka.

Mr. Thilakaratne is a Member of the Associateship of Institute of Bankers of Sri Lanka (AIB). He has followed a Strategic Leadership Training Programme in Micro Finance at Harvard Business School USA and counts 25 years of experience in Management, Credit, Channel Management, Marketing, Factoring, Portfolio Management and Islamic Finance.

MR. U. G. R. ARIYARATNE

Director

Mr. U. G. R. Ariyaratne is a Director of National Savings Bank. He is Postmaster General, Department of Post since 2018 and counts over 31 years experience in public service.

During his illustrious career, he has functioned in the capacity of a Resource person at MDTU (North Western Provincial Council) and Police, In-service Training Centre, North Central Province, the District Secretary of Polonnaruwa, the Additional Secretary of Social Development, and Rural Development at the Ministry of Social Empowerment and Welfare, the Director General of the Coconut Development Authority, the Additional Government Printer (Administration) of Department of Government Printing, Senior Assistant Secretary (Land) of Ministry of Lands, Executive Director/Deputy Director General (Administration & Finance) of Mahaweli Authority of Sri Lanka, the Deputy Postmaster General (NWP & CP) of Department of Posts, Divisional Secretary of Mawathagama, and Assistant Divisional Secretary of Divisional Secretariat Rajanganaya, Thirappane, Assistant/Deputy Commissioner (Kurunegala) of Department of Agrarian Services, the Secretary of Corporative Employees Commission, North Western Province, Provincial Commissioner (North Central Province) of Department of Probation and Childcare Services, Assistant Commissioner of Land of Department of Land Commissioners and as a SLAS Cadet of Sri Lanka Institute of Development Administration.

Mr. Ariyaratne holds a Bachelor of Commerce, a Masters in Sociology, and a postgraduate diploma in Regional Planning from the University of

Kelaniya. He also has a postgraduate diploma in Education from the University of Peradeniya, a Certificate of Public Administration, General Management and for a Capacity Building Programme for SLAS Class I Officer from the Sri Lanka Institute of Development Administration (SLIDA).

MR. D. P. K. GUNASEKERA

Director

Mr. D. P. K. Gunasekera was appointed as the Acting General Manager of Bank of Ceylon from 2nd March 2020. Prior to this appointment he has held many Corporate and Executive Management positions such as Senior Deputy General Manager (International, Treasury and Investment), Assistant General Manager (Overseas Branches) and Assistant General Manager (Corporate Relations) since October 2010.

Commencing his career in 1980 with retail banking in various parts of the country, Mr. Gunasekera has specialised in Treasury Operations, especially in foreign exchange trading, money market operations, and Government securities trading. He has acquired wide exposure to dealing operations with BOC London Branch, and undergone specialised training in Foreign Exchange Trading at American Express Bank London, and Lloyds Bank London. Mr. Gunasekera is also a Director of Lanka Finance Services (Bureau) Ltd, Institute of Bankers of Sri Lanka, BOC Property Development &

Management (Pvt) Ltd, BOC Travels (Private) Ltd, Hotels Colombo (1963) Ltd, Cey bank Holiday Homes (Pvt) Ltd and Bank of Ceylon (UK) Ltd.

Having graduated from the University of Sri Jayewardenepura Sri Lanka, with a Bachelor of Science Special Degree in Business Administration, he holds a Post Graduate Diploma in Business and Finance Administration from the Institute of Chartered Accountants of Sri Lanka and an MBA from the University of Southern Queensland. He is an Associate Member of the Institute of Bankers of Sri Lanka.

MR. RANJITH KODITUWAKKU

Director

Mr. Ranjith Kodituwakku commenced his career in 1982 at People's Bank, and has specialised in a wide spectrum of areas covering Branch Banking, Consumer Banking, Commercial Banking, Corporate Banking, Off-shore Banking, International Banking, Project Financing, Recoveries, Digitalisation, etc. with extensive local and international training/exposure gained through working in different capacities at different geographical Locations.

Currently serving as the Chief Executive Officer/General Manager of People's Bank, he is a key figure in driving the bank towards digitalisation

on mapping business requirements to a digital platform by adopting best practices in the industry and re-engineering business processes for which the bank was awarded many prestigious awards/recognitions both internationally and locally.

He also serves as a Director of People's Insurance PLC, Lanka Alliance Finance Ltd Bangladesh, Regional Development Bank Sri Lanka, Board of Financial Ombudsman Sri Lanka (Guarantee) Ltd, and as an Alternate Director of the Lanka Financial Services Bureau.

Mr. Kodituwakku holds a Master's Degree in Business Administration specialised in Finance from the University of Colombo, Bachelor of Law (Honours) from the University of New Buckinghamshire, United Kingdom and is an Associate Member of the Institute of Bankers of Sri Lanka.

MR. NANDI ANTHONY

Director/General Manager

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

BOARD OF DIRECTORS (RETIRED)



MR. N. VASANTHA KUMAR

Director

*Credit Information Bureau of Sri Lanka
General Manager of People's Bank
(Retired w. e. f. May - 2019)*



MR. SURANGA NAULLAGE

Director

*Credit Information Bureau of Sri Lanka
Director of National Savings Bank
(Retired w. e. f. June - 2019)*



MR. A. A. M. THASSIM

Director

*Director of Bank Supervision -
Central Bank of Sri Lanka
(Retired w.e.f. February 2020)*



MR. RASITHA GUNAWARDENA

Director

*General Manager of People's Bank
(Retired w.e.f. May 2020)*



MR. K. B. S. BANDARA

Director

*General Manager of Bank of Ceylon
(Retired w.e.f. May 2020)*

CREDIBILITY

THE CREDIBILITY OF OUR WORK IS UNMATCHED AS WE STRIVE
TO DO BETTER AND TO PERFORM TO THE BEST OF OUR ABILITY
IN INSTILLING CREDIT DISCIPLINE IN SRI LANKA.



OUR TEAM



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



MR. K. A. JANAKA LAKMAL
Deputy General Manager



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



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



MR. A. N. PIYASIRI
Chief Manager - ICT Infrastructure



MRS. K. A. S. N. DASSANAYAKE
Head of Information Security Risk &
Compliance



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



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



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



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



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



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



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



MR. D. D. VITHANAARACHCHI
Executive - Administration



MR. S. S. JANSEN
Accounts Executive



MRS. W. A. L. H. D. WELIWITA
Executive - Operations



MR. B. K. WIJENAYAKE
Executive - Operations



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



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



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



MRS. N. N. BOPAKADAGE
Receptionist



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



MR. K. VAGEESAN
Relationship Officer - Customer Services



MS. V. THIVYA
Relationship Officer - Customer Services



MR. M. M. M. IKRAM
Office Assistant



MRS. S. DE. S. GAMAGE
Legal Officer



MR. K. A. S. P. FERNANDO
Project Manager



MS. S. J. GAMAGE
Executive Secretary

CRIB ANTI-CORRUPTION SYSTEM

The CRIB is equipped with a strong legal framework to prevent corruption and to safeguard private information of the public. The CRIB Act empowers the CRIB to prevent corruption in its operations through multiple ways. These are described below.

DECLARATION OF SECRECY

1. 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).

“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 -

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

CRIB Act. - Section 23 (1)

2. Declaration of Secrecy – by a director, officer or servant employed in a member lending institution which is a shareholder of the Bureau.

“Every Director, officer or servant employed in the business institution authorised to receive credit information which is a shareholder of the Bureau, shall sign a declaration pledging himself to observe strict secrecy in respect of credit or financial information obtained by such institution authorised 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 -

- » 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.”

CRIB Act. - Section 23 (2)

ACCESSING CREDIT INFORMATION

Authorised 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. 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

CRIB Act. - Section 7 (B) (1) (a)

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.

“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)”

CRIB Act. - Section 21 (1)

ADDITIONAL SAFEGUARDS

In addition to direct anti-corruption provisions in the CRIB Act the Act also empowers any individual, or corporate entity to request his/her/its own credit report, or iReport from the Bureau. This enables an individual or corporate entity to rectify and resolve any discrepancy in the report.

Any discrepancy in a credit report should be brought to the notice of the relevant institution, whilst forwarding a dispute resolution request to the CRIB.

SPECIAL PROCEDURES/WORK FLOWS ADOPTED WHEN ISSUING IREPORTS

Several authentication measures are implemented when issuing Self Inquiry Credit Reports (iReports) for the following scenarios in order to maintain customer privacy under the Public Policy Concept.

ISSUING IREPORT UNDER A POWER OF ATTORNEY

- » An applicant who is unable to personally obtain his/her iReport through a bank, or directly from the CRIB (due to being overseas/health conditions, etc.), can request his/her iReport through an attorney, duly appointed by way of a special power of attorney (POA). Several documents with POA must be submitted in support of the application.

ISSUING AN IREPORT OF A DECEASED INDIVIDUAL

- » Only a legal heir, namely spouse/ child/parent, of the deceased can be the applicant and request and obtain the iReport of the deceased individual from the CRIB. The applicant needs to submit several documents in support of the application.

ISSUING AN IREPORT OF A FOREIGN NATIONAL

- » An Applicant who is not a Sri Lankan Citizen, can request and obtain his/her iReport from the CRIB upon submitting several required documents.

MAINTAINING CUSTOMER PRIVACY WHEN CORRECTING REPORTED CREDIT INFORMATION

- » The Bureau handles corrections of credit information (if there is any error or misreporting by member lending institutions) based on the customer dispute and with confirmation from the member lending institution.
- » The Bureau does not accept any data corrections from outside parties, or any other person in member lending institutions, other than the Compliance Officer, who is assigned to deal with the CRIB.
- » Every correction is accepted by the Bureau only through the standard Data Correction Form prepared by the Bureau, which should be submitted on the institution letterhead authenticated by the Compliance Officer.

At the Bureau, every correction is done within levels of authorisation. The data correction request is initiated, performed and finally approved within the levels of authorisation. Corruption is eliminated as several CRIB officers are involved in a single data correction.

OFFENCES AND PENALTIES

Section 27 of the CRIB Act defines offences under the Act which applies to any Director, Officer or servant of CRIB, and any institution authorised to receive credit information.

EXTRACT OF SECTION 27

- » under Section 27 sub section (e) of the CRIB Act, a Director, officer or servant of any institution specified in Section 7(b) of the CRIB Act entitled to receive information from the CRIB, who discloses any credit or financial information obtained by such institution from the CRIB, to any person for any purpose other than a purpose for which he is authorised to disclose such information by the CRIB Act, is guilty of an offence under the CRIB Act and on conviction after trial before a Magistrate, be liable to a fine not exceeding One Mn. Rupees (Rs.1,000,000/-) or to imprisonment for a period not exceeding five (05) years or to both such fine and imprisonment.

SUSPENSION OF SERVICES

Extract of Section 26 (A)

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

The basis of the CRIB's governance system is set 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 CRIB 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.

STATUS OF COMPLIANCE

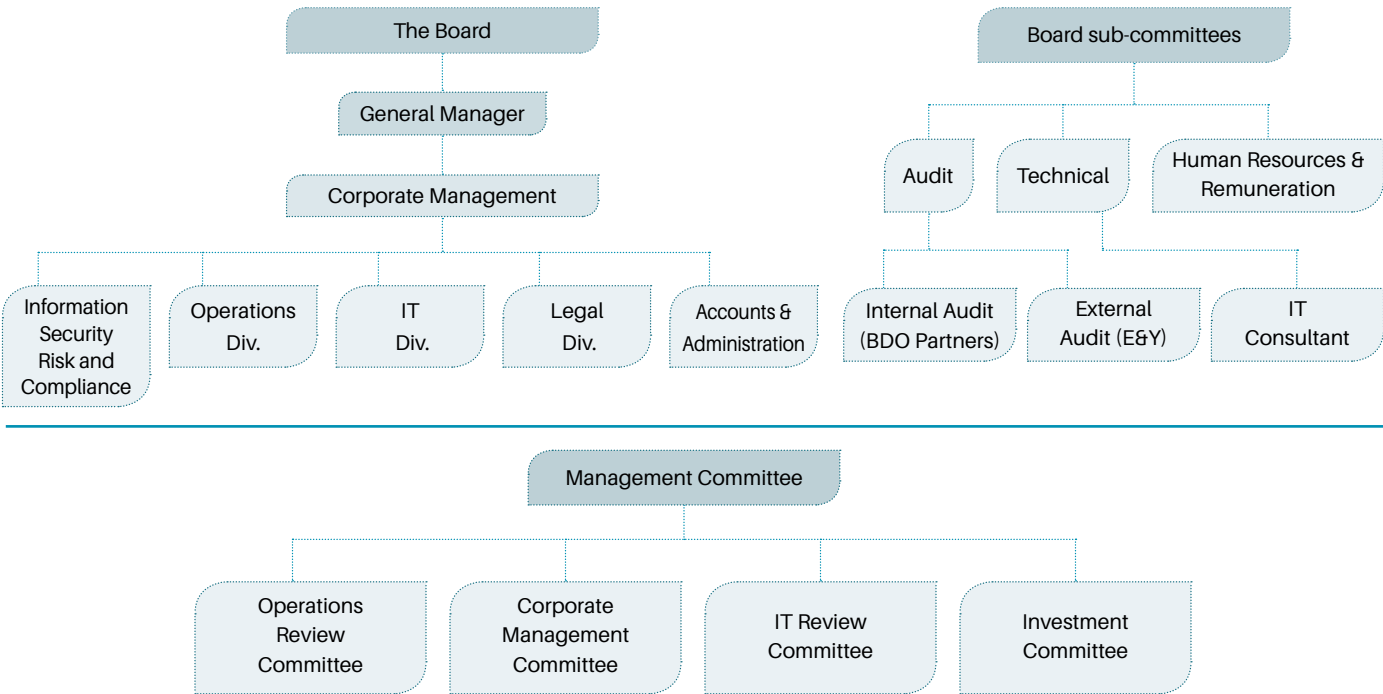
In addition to the CRIB Act, the CRIB complies with a number of national regulations in its daily operations.

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	
Payment of Gratuity Act, No.12 of 1983	Yes	
Inland Revenue Act No. 24 of 2017	Yes	
Foreign Exchange Act, No.12 of 2017		
Stamp Duty (Special Provisions) Act No.12 of 2006 (as amended)	Yes	
Electronic Transactions Act No.19 of 2006	Yes	
Right to Information Act, No.12 of 2016	Yes	

GOVERNANCE STRUCTURE

The CRIB Act stipulates the overall governance structure of the CRIB and specifies the composition of the Board and the Board’s powers, duties and functions.

The administration and management of the affairs of the CRIB is vested with the Board, and the Board is authorised to decide on necessary rules for internal management and governance.



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 (01) Director each, to the Board.

The shareholding licensed commercial banks are entitled to elect and nominate two (02) persons to the Board, whilst the shareholding finance companies and the shareholding leasing establishments have the right to elect and nominate one (01) Director each, to the Board.

One (01) person representing the licensed specialised 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 organisational goals. They are persons with vision, leadership qualities, proven competence and integrity. The individual profiles of the members of the Board are given in pages 25 to 28 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.

Name of Member	Board Meetings		
	No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. H. A. Karunaratne	12	11	92%
Mr. A. A. M. Thassim	12	8	67%
Mr. D. P. N. Rodrigo	12	11	92%
Mr. K. Sanjeewa Bandaranayake	12	11	92%
Mr. D. Seneviratne	12	7	58%
Mr. Senarath Bandara	12	4	33%
Mr. Suranga Naullage	3	2	66%
Mr. Krishan Thilakarathna	12	6	50%
Mr. Rasitha Gunawardena	8	4	50%
Mr. U. G. R. Ariyaratne	5	1	20%

MEETINGS OF THE BOARD*(January 19 to December 19)*

The Board of Directors meet regularly at monthly intervals. The Board had 12 Meetings during the period under review and the attendance of each Director at Board meetings is given in the table above.

In compliance with accepted best practices, Board papers are circulated 4-5 days prior to a meeting, giving the Board members adequate time to scrutinise 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 pages 47 to 48.

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. Dimantha Seneviratne	1		0%

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.

REMUNERATION COMMITTEE

The Terms of Reference of the Remuneration Committee includes the regulation of the organisational structure, salary scales, salary increments, bonus distribution and staff promotions. The Report of the Remuneration Committee is annexed with this report on page 49.

Name of Member	Remuneration Committee		
	No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. Rasitha Gunawardena	2	2	100%
Mr. K. Sanjeewa Bandaranayake	2	1	50%
Mr. D. P. N. Rodrigo	2	2	100%

MANAGEMENT COMMITTEES

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

Management Committee	Responsibility	Area of Focus
Corporate Management Committee (CMC)	<ul style="list-style-type: none"> » Oversee that the day-to-day operations of the Bureau are conducted in a manner which is consistent with the strategic plans, business plans and budgets approved by the Board. 	<ul style="list-style-type: none"> » Strategic Planning » Risk Management » Human Resources » Communications Policy » Financial Reporting
Operational Review Committee (ORC)	<ul style="list-style-type: none"> » Review operations of the Credit Information Management System (CRIMS), the Secured Transaction Registry (STR) and general administration of the Bureau » Make appropriate recommendations to the GM and the Board 	<ul style="list-style-type: none"> » Set annual operational targets and goals » Perform periodic progress reviews of targets.
ICT Review Committee (ICTRC)	<ul style="list-style-type: none"> » Provide monthly review reports on IT operations to the ORC for inclusion in the monthly Progress of Operations Report submitted to the Board. » Monitor security policies and practices on an 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 members comprise of representatives from the financial sector, regulator and industry leaders, and thus do not require this provision.

REMUNERATION POLICIES FOR MEMBERS OF THE BOARD AND SENIOR EXECUTIVES OF THE BUREAU

- » Board members and Board committee members are remunerated on a 'per sitting basis'.
- » 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. Internal audits on financials are conducted as requested by bureau, by BDO partners.
2. External annual audits on the financials are conducted annually by Ernst & Young.
3. IT system security audits are conducted by BDO Partners.
4. In addition to the above, regular risk reviews are conducted by the Board and Board sub committees.

RISK CULTURE

The CRIB Board and senior management are fully cognisant of the duties and obligations stipulated within the legal parameters of the CRIB Act towards ensuring confidentiality and security for sensitive public and financial sector information, while ensuring the welfare of the overall financial system. Therefore the Bureau makes all efforts to foster an internal culture geared towards sound internal controls and risk management, reflecting its accountability to the public of Sri Lanka.

A cohesive and comprehensive risk culture is ingrained within the hierarchy of the CRIB through an ongoing process of training, reinforced by legally binding contracts. This dual defence system ensures that all employees are instilled with a sense of responsibility and accountability regarding risks pertaining to discharging their duties on a daily basis.

Every Director of the Bureau and all officers and servants of the Bureau, sign a declaration pledging to observe strict secrecy respecting all matters connected with the affairs of the Bureau. Credit information is released by the Bureau only under six permissible reasons, as described in the Ethics and Anti-Corruption chapter of this report. Therefore, the CRIB's organization culture is constantly highly conscious of the external risk environment, to maintain essential credibility among member institutions and the general public.

RISK APPETITE

Risk appetite is the level of risk the CRIB is prepared to accept in perusing its objectives and have been defined with Board approval based on strategic targets and financial objectives. In the event the risk appetite threshold has been breached or it is approaching the levels not desirable, risk mitigating measures and business controls are implemented. Risk appetite, therefore, translates into operational measures such as new or enhanced limits or qualitative checks.

CRIB RISK MANAGEMENT FRAMEWORK

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. As part of its duties the Board regularly reviews the operating environment for potential risks that could impede the CRIB from discharging its obligations under the CRIB Act. The CRIB Audit Committee and the CRIB Management Committee are directly involved in supporting the Board in identifying and managing risks.

Risks are identified and regularly monitored and control processes are introduced to ensure risk management is effective. Risk reviews are also conducted against the strategic objectives of the CRIB.



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 risk as at end 2019. 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.

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 for minimising these risks are described below.

Regulatory risk	Risk level (L,M,H)	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.	L	<ul style="list-style-type: none"> » A full time risk management and compliance officer was recruited to address this risk. » In addition, regulatory compliance is continually monitored by the Compliance Officers of member institutions, Head of Finance and the Board of Directors of CRIB.
Operational risks		Risk management strategy
Unauthorised Access to Data : Unauthorised access to CRIB data bases could lead to loss of data, misuse of data and lack of credibility in the CRIB.	L	<ul style="list-style-type: none"> » Online users of credit information (except users of CRIB member organisations) are required to present themselves at the Bureau with valid proof of identity, to register for online access. » 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 IS auditors periodically. » Vulnerabilities identified through these assessments and the recommended remediation actions are communicated to ICT for resolution. Subsequent follow-up assessments ascertain whether or not remediation has been completed. » Physical access to the CRIB operations area is strictly controlled with biometric devices installed at every entry point and movements around the data centre 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.

Regulatory risk	Risk level (L,M,H)	Risk management strategy
		<ul style="list-style-type: none"> » 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 :	L	<ul style="list-style-type: none"> » All officers in financial institutions who are authorised to access credit information are required to sign a "Declaration of Secrecy". » Stipulated guidelines/procedures, are followed strictly, when disclosing the credit information to those it relates to. » Access credentials are only issued to a pre-defined number of users at each institution.
Data Related Risks : Any deficiency in quality or accuracy of data impacts the value of information and service integrity of the CRIB.	M	<p>CRIB has no control over input data for CRIB credit reports, as such data are provided by member financial institutions. To minimise data risks:</p> <ul style="list-style-type: none"> » 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.	M	<ul style="list-style-type: none"> » Grace period for submission delay is two months. 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 : <ul style="list-style-type: none"> » IT system capacity » Data security » Efficiency of online access » Incompatibility in IT systems » System support 	H	<ul style="list-style-type: none"> » While this remains a high risk for the year under review the implementation of the new IT system in 2021 will reduce this risk in 2021. » Periodic vulnerability assessment and security audits are conducted by the contracted IT experts. » In addition to vulnerability assessments, penetration testing of web accessible systems has been introduced and carried out to further ascertain exploitable vulnerabilities and remediate these vulnerabilities. » Vulnerabilities identified through these assessments and penetration tests are communicated to ICT along with the recommended remediation for resolution. Subsequent follow-up assessments ascertain whether or not remediation has been completed.

Regulatory risk	Risk level (L,M,H)	Risk management strategy
		<ul style="list-style-type: none"> » External Auditors' reports are submitted to the Board Appointed Audit Committee and the Board is updated on a regular basis with an action plan and risk mitigation measures. » IT and application system providers are engaged for resolution of system level risks.
Financial risks		Risk management strategy
Interest Rate Risk :	M	<ul style="list-style-type: none"> » The investment portfolio was rationalised during the year to address potential risks.
Credit Risk :	L	<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.	M	<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 unauthorised access to data. » Maintain quality of CRIB reports.

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

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board of Directors has established the Audit Committee in accordance with best practices on Audit Committee. Audit committee of the bureau comprises of three (03) Independent, Non-Executive directors appointed by the Board. Members of the Audit committee as of the financial year ended 31st December 2019 are as follows:

- » **Mr. Sanjeewa Bandaranayake**
(Chairman)
- » **Mr. Dimantha Senevirathna**
(Committee Member)
- » **Mrs. V. A. A. N. De Silva**
(Committee Member)

Presently the Audit Committee of the Bureau is chaired by Mr. Sanjeewa Bandaranayake, a Fellow member of the Institute of Chartered Accountants of Sri Lanka and of the Institute Certified Management Accountants of Sri Lanka and Australia and the society of Certified Management Accountant of Sri Lanka.

Mrs. V. A. A. N. De Silva is a Director of Bank Supervision Division of the Central

Bank of Sri Lanka and Mr. D. Senevirathna serves as the Chief Executive Officer of NDB Bank.

The wide range of experience mainly on banking and financial industry brought to the committee from position held by the present members are given on page 40 of this Annual Report.

TERMS OF REFERENCE

The Charter of the Audit Committee is subject to review and updated 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 the adequate details and reported to the Board of Directors, where all key issues, concerns, actions taken and outcome achieved or pending discussed at Board meeting.

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

Attendance of the members is given on page 40 of this Annual Report

DUTIES AND RESPONSIBILITIES OF 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 Audit Committee assess the effectiveness of financial reporting,

- » The Committee as a part of its responsibility oversees the Bureau's financial reporting process, on behalf of the Board of Directors reviews and discusses the annual financial statements to ensure reliability of information to the stakeholders.
- » Monitors integrity of the Financial Statements, Management Statements and any other formal announcements relating to its financial performance.
- » Adequacy and effectiveness of the internal control, systems and procedures to provide reasonable assurance that all transactions are accurately and completely recorded.
- » Review Financial Statements prior to 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 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 assesses the Bureau's ability to continue as a going concern in the foreseeable future.

REGULATORY COMPLIANCE

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

INTERNAL AUDIT

The Audit committee ensures that the internal audit function is independent of the activities and it is performed with impartiality proficiency and due professional care. In such context the committee;

- » Mandate internal auditors at regular intervals to review and report on the effectiveness of existing controls and procedures adopted by the Bureau.
- » Ensure that internal audit function is independent and performed with impartiality, proficiency and with due professional care.
- » Review the findings and recommendations of the Internal Auditors that enable the management to response on issues raised and to assess the effectiveness of such findings and responses.
- » Monitor management implementations of the recommendations suggested by the Internal Auditor.

- » Review, assess and approve the internal audit plan and the internal audit programme.

Internal audit function carried out by Messrs. BDO Partners (Chartered Accountant).

EXTERNAL AUDIT

External audit is carried out by Ernst & Young, Chartered Accountants. The committee,

- » Monitor independence, objectivity and effectiveness of the external audit in accordance with applicable standards of best practice.
- » Assist Board of Directors to implement processes of engaging External 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 Letter.

AUDIT COMMITTEE CHARTER

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

PROFESSIONAL ADVICE

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

Re-Appointment of External Auditors
The Audit Committee in keeping the Bureau's policy recommended the Board that Messrs Ernst & Young; Chartered Accountants be re-appointed as External Auditors for the financial year ending 31st December 2019.



Sanjeewa Bandaranayake
Chairman - Board Audit Committee

21st August 2020

REMUNERATION COMMITTEE REPORT

1. COMPOSITION AND CHARTER OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

- » **Mr. Rasitha Gunawardana** –
Chairman (Non-Executive)
- » **Mr. Sanjeewa Bandaranayake** –
Non-Executive
- » **Mr. D. P. N. 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 and 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.

The Committee recognises rewards as one of the key drivers influencing employee output which in turn have a direct impact on the service levels of the organisation.

2. REMUNERATION PACKAGE

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 & 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 a half 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.



Rasitha Gunawardena
Chairman – Remuneration Committee

21st August 2020

DOMESTIC MARKET

The Sri Lankan economy recorded a subdued growth of 2.3% in 2019, compared to the growth of 3.3% in 2018, as per the provisional estimates of GDP of the Department of Census and Statistics.

The banking sector expanded at a slower pace in 2019 and accounted for 62.1% of total assets in the financial system at end 2019. The LFCs and SLCs sector performance deteriorated and total assets of the sector represented 7.6% of Sri Lanka's financial system.

The year-on-year growth of credit extended to the private sector decelerated to 4.3% by end 2019, recording the lowest annual growth since 2009, and significantly below the growth of 15.9% recorded at end 2018. Growth of credit to the agriculture and fishing sector decelerated substantially to 0.2%, year-on-year, by end 2019, in comparison to the growth of 14.0% at end 2018. Industry sector credit growth also decelerated to 3.1%, from 15.3% at end 2018. The services sector, which was impacted by the Easter Sunday attacks, experienced slower credit growth at 3.1%, compared to the growth of 17.8% at end 2018. Growth of credit to the financial and business services subsector declined by 6.5%, year-on-year, by end 2019, compared to the high growth of 29.3% at end 2018, amidst policy measures to curtail the importation of personal motor vehicles during 2019.

Personal loans and advances, which grew by over 20%, year-on-year, during the first half of 2019, recorded a moderate growth of 11.9%, year-on-year, by end 2019, compared to the growth of 20.3% at end 2018. However, pawning advances and credit card advances grew notably by 22.8% and 22.9%, year-on-year, respectively, by end 2019 in comparison to the growth rates of 15.7% and 16.5%, respectively, at end 2018. The growth of short-term, medium-term and long-term facilities

decelerated to 3.0%, 3.4% and 8.0%, respectively, by end 2019, in comparison to 17.6%, 10.4% and 21.7 %, respectively, at end 2018.

INTERNATIONAL ENVIRONMENT**Alternative data-Privacy & Data Protection**

In an increasingly digitised world, large quantities of newly-generating data sets (alternative data) can complement or substitute for traditional financial data, which are used by credit reporting agencies to deliver various decision making tools to regulated credit providers, which are governed by purpose-built legal and regulatory frameworks. They typically collect financial data from mainstream credit providers, such as banks, micro lenders, finance and leasing companies, etc.

However, there is no single, widely accepted definition for 'alternative data' but it generally emphasises an enormous quantity of data created

through digital means, such as social media networks, using public information, e-commerce platforms securing transactional data, payment behavioral patterns; called unstructured data sets, and also from commercial institutions, such as telcos, insurance companies, retailers, trade creditors and so on; called structured data sets.

The European Union's General Data Protection Regulations (GDPR) was the prominent legislative framework which came into effect in 2018 giving much emphasis on personal data security and privacy protection aspects of this growing phenomenon and having an effect on other economies in the world.

DEVELOPMENTS IN THE ASIA PACIFIC REGION

As countries in the region are resorting to reform their existing laws, or creating new data privacy laws, it is evident that lawmakers and authorities across the APAC look to the European Union General Data Protection Regulation (GDPR). Some of key regulatory initiatives in the region are listed below;

Australia - The Notifiable Data Breaches scheme was introduced in February 2018. It aims to strengthen protection to personal information, thereby building trust with consumers. If a breach is likely to result in "serious harm," the organisation must notify the affected individuals and the Office of the Australian Information Commissioner.

Japan - Japan's Act on the Protection of Personal Information (APPI) is one of the earliest privacy laws in the region, enacted in 2003. In 2017, Japan issued an extensive amendment that reflects the global trend toward increased data privacy. The Japanese government and the European Commission have been working together on data privacy to create operational efficiency for global business. As of January 2019, they have formalised a framework for the mutual and smooth transfer of personal data between Japan and the EU.

Hong Kong - Hong Kong is leading the region as it developed one of the region's best data protection laws, the Personal Data Privacy Ordinance, in 1995, which intend to protect individuals in relation to their personal data. As is widely defined, it is any data that directly or indirectly relates to a living person and the law applies to any organization that controls, processes or holds personal data in or from Hong Kong.

Singapore - Singapore signed its Cybersecurity Bill into law in February 2018, and it provides a framework for data privacy for information infrastructure providers, governed through Singapore's Personal Data Protection Commission (PDPC).

South Korea - South Korea is one of the toughest on data protection and privacy compliance in the world. The Personal Information Protection Act provides the overarching guidance, and is supplemented by sector-specific laws.

The Philippines - The Philippines National Privacy Commission also set a high bar for data protection, with rules and regulations that went into effect in September 2016. The law requires consent, accompanied by data subject disclosures, for any private-sector data sharing.

Thailand - In February 2019, Thailand passed the Personal Data Protection Act, which offers similar protections to GDPR.

Malaysia - In Malaysia, the Personal Data Protection Act (PDPA) which was passed in 2010, is managed by the Department of Personal Data Protection.

India - The Personal Data Protection Bill, which was introduced in 2018, proposes a framework to protect individuals' personal data and to create trust between people and the entities processing their personal data. The bill which is in the public domain for wider consultation was to be introduced to Parliament in June 2019, but was delayed further

Sri Lanka - In line with growing digital economic landscape in Sri Lanka, the draft bill on Personal Data Protection, was reviewed and approved by the Legal Draftsman and is now out in the public domain.

The provisions of this Act once approved by the Parliament, is intended to be implemented in stages within three years from its certification, providing sufficient time for Government and private sector

organisations to take adequate steps to implement regulations. The Data Protection Authority is required to be established within 18 months of its enactment.

Several obligations have been imposed by this legislation on those who collect and process personal data ("Controllers" and "Processors") and a whole new set of rights have been given to citizens under this new legislation, which are known as "Rights of data subjects". The draft bill encompasses a comprehensive set of rich privacy protections regulations that may emanate from increased use of digitised data in the local business environment. The initiative is in a positive direction, driven by the Information Communication Technology Agency (ICTA) in Sri Lanka.

DATA SUBMISSION

Reflecting the slowdown within the overall financial sector during the 12 months of 2019, information submitted by lending institutions to the CRIB also demonstrated a marked reduction. Data on a total of 11.1 Mn. credit facilities were submitted by lending institutions to the CRIB within 2019, with over-99% validity, compared to 12.4 Mn. records submitted in 2018. This is a decline of 10.3% year-on-year compared to the 16.9% growth in 2018.

Data Submission Progress 2012-2019

	Total no of records submitted (Mn.)	Change %	Validation
2012	5.7		Over 99%
2013	6.8	20.0%	
2014	7.7	12.9%	
2015	8.8	14.2%	
2016	9.9	12.7%	
2017	10.6	6.7%	
2018	12.4	16.9%	
2019	11.1	-10.3%	

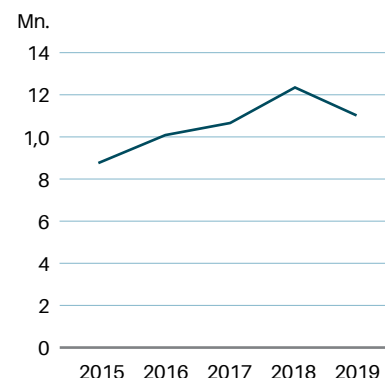
TOTAL CREDIT PORTFOLIO

The total credit portfolio balance outstanding as at 31st December 2019 grew from Rs. 9.6 Bn. to Rs. 11 Bn. from end 2018 to end 2019, which is a slower 15.1% increase, compared to the 19.2 % increase of 2018. Credit facilities that are less than 90 days in arrears have increased by 13.4%, while loans that are 90 days or more, in arrears have increased by 36% year-on-year, which are both lower rates of growth than in 2018.

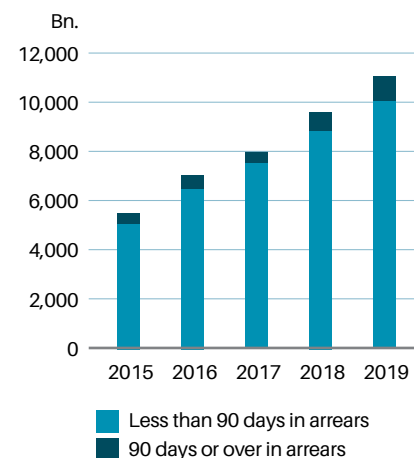
Balance Outstanding (Rs. Bn.) (2013-2019)

Year	Balance Outstanding (Bn.)			% Change		
	Less than 90 Days in arrears	90 days or over in arrears	Total	Less than 90 Days in arrears	90 days or over in arrears	Total
2013	3,305.1	303.6	3,608.7			
2014	3,932.2	341.1	4,273.2	19.0%	12.3%	18.4%
2015	5,123.8	372.9	5,496.7	30.3%	9.3%	28.6%
2016	6,613.3	415.6	7,028.9	29.1%	11.4%	27.9%
2017	7,590.5	491.3	8,081.8	14.8%	18.2%	15.0%
2018	8,930.9	701.4	9,632.3	17.7%	42.8%	19.2%
2019	10,129.4	953.7	11,083.2	13.4%	36.0%	15.1%

DATA SUBMISSION PROGRESS 2015 - 2019



ADVANCE ANALYSIS - BALANCE OUTSTANDING 2015 - 2019



Segment Wise Distribution (2018 vs 2019)

Out of the total outstanding borrowings of Rs. 11 Bn. by end 2019, the majority 72% was disbursed by commercial banks while finance companies and specialised banks accounted for 13.7% each. Leasing companies accounted for the balance 0.5%.

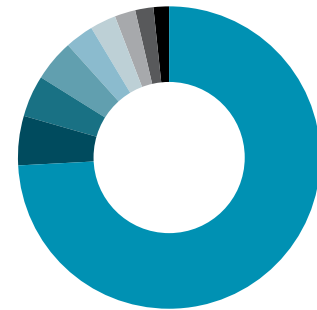
Balance Outstanding (Rs. Bn.)

Institution Category	Credit facilities with 90 days or over in arrears		Total Balance Outstanding	
	2018	2019	2018	2019
Commercial Banks	288.0	421.1	7,408.2	7,984.2
Finance Companies	336.3	441.3	1,498.8	1,519.8
Leasing Companies	11.8	13.6	63.1	60.1
Specialised Banks	65.3	77.8	662.2	1,519.0
Total Balance Outstanding	701.4	953.7	9,632.3	11,083.2

Institution Category	Credit facilities with 90 days or over in arrears		Total Balance Outstanding	
	2018	2019	2018	2019
Commercial Banks %	3.0%	3.8%	76.9%	72.0%
Finance Companies %	3.5%	4.0%	15.6%	13.7%
Leasing Companies %	0.1%	0.1%	0.7%	0.5%
Specialised Banks %	0.7%	0.7%	6.9%	13.7%
Total Balance Outstanding	7.3%	8.6%	100.0%	100.0%

Geographic Distribution

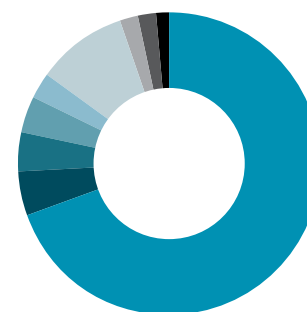
The Western Province had absorbed the most funds in terms of numbers of loans disbursed and total value of lending. The Western Province has single-handedly soaked up over five Mn. loans amounting to Rs 7,705 Bn. compared to the next highest consumer of credit which is the North Central Province accounting for only Rs. 1,094 Bn. The lowest consumption of credit was in the Northern Province which had a balance outstanding of Rs. 150 Bn. as at end 2019.

PROVINCE WISE DISTRIBUTION OF CREDITS 2018 BALANCE OUTSTANDING

Western : 7,153
Central : 500
Southern : 451
North Western : 428
Sabaragamuwa : 275
North Central : 274
Uva : 207
Eastern : 197
Northern : 146

Province	2018		2019	
	Balance Outstanding (Bn.)	No of Credit Facilities	Balance Outstanding (Bn.)	No of Credit Facilities
Western	7,153	5,145,007	7,705	5,154,792
Central	500	798,100	511	778,306
Southern	451	777,814	470	743,390
North Western	428	704,811	435	682,360
Sabaragamuwa	275	505,148	294	499,818
North Central	274	545,950	1,094	506,534
Uva	207	449,035	213	427,558
Eastern	197	514,948	204	506,419
Northern	146	356,985	150	335,320

PROVINCE WISE DISTRIBUTION OF CREDITS 2019 BALANCE OUTSTANDING

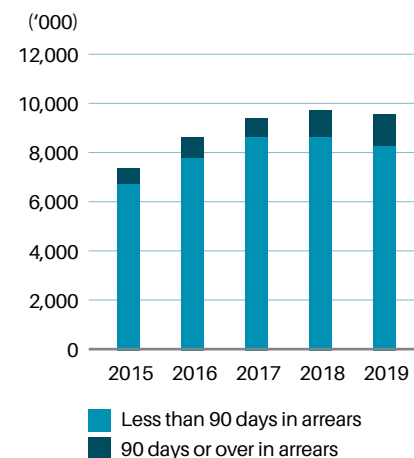


Western : 7,705
 Central : 511
 Southern : 470
 North Western : 435
 Sabaragamuwa : 294
 North Central : 1,094
 Uva : 213
 Eastern : 204
 Northern : 150

Industry Position (2013-2019) - Advances (No. of Advances)

The total number of advances decreased by 1.6%, to 9.6 Mn. from 9.8 Mn. year-on-year during 2019, for the first time since 2013.

Year	No. of Advances ('000)			% Change		
	Less than 90 Days in arrears	90 days or over in arrears	Total	Less than 90 Days in arrears	90 days or over in arrears	Total
2013	5,151	522	5,673			
2014	5,776	645	6,421	12.15%	23.47%	13.19%
2015	6,773	653	7,426	17.26%	1.19%	15.65%
2016	7,851	746	8,596	15.91%	14.28%	15.76%
2017	8,612	843	9,454	9.69%	12.97%	9.98%
2018	8,682	1,119	9,801	0.82%	32.78%	3.67%
2019	8,281	1,354	9,635	-4.62%	21.01%	-1.69%

ADVANCE ANALYSIS
- NO OF ADVANCES 2015 - 2019

No of Credit Facilities ('000)

The number of credit facilities decreased from 9.8 Mn. as at end 2018 to 8.2 Mn. by end 2019, due to disbursements by commercial banks, finance companies, leasing companies and specialised banks all declining during the year. Commercial banks continued to account for the major share of credit disbursed at 57.4%, which is a growth from 49.1% in 2018. Finance companies, leasing companies and specialised banks all experienced a decline in the share of overall loans issued in 2019 against 2018.

Segment wise distribution (2018 and 2019) - No of Credit Facilities ('000)

Institution Category	Credit facilities with 90 days or over in arrears		Total	
	2018	2019	2018	2019
Commercial Banks	235.33	287.52	4,809.64	4,751.90
Finance Companies	680.03	832.51	3,554.96	2,378.13
Leasing Companies	25.20	30.25	178.81	135.90
Specialised Banks	178.26	203.65	1,257.61	1,015.19
Total	1,118.82	1,353.93	9,801.01	8,281.12

Institution Category	Credit facilities with 90 days or over in arrears		Total	
	2018	2019	2018	2019
Commercial Bank Category %	2.4%	3.5%	49.1%	57.4%
Finance Companies %	6.9%	10.1%	36.3%	28.7%
Leasing Companies %	0.3%	0.4%	1.8%	1.6%
Specialised Bank Category %	1.8%	2.5%	12.8%	12.3%
Total No of Credit Facilities	11.4%	16.3%	100.0%	100.0%

Credit facility wise analysis of credit portfolio - No of credit facilities ('000)

Credit Facility Type	2018		2019	
Loan	5,459	55.7%	4,895	50.8%
Leasing	1,688	17.2%	1,747	18.1%
Overdraft	650	6.6%	671	7.0%
Bank Guarantee	69	0.7%	73	0.8%
Hire Purchase	72	0.7%	59	0.6%
Credit Card	1,686	17.2%	1,867	19.4%
Letter of Credit	38	0.4%	43	0.4%
Micro Loans	122	1.2%	265	2.7%
Other	17	0.2%	16	0.2%

Credit facility wise analysis of credit portfolio - Balance Outstanding LKR Bn.

The balance outstanding of loans increased in 2019 while there was a decrease in the outstanding in all other types of credit.

Credit Facility Type	2018		2019	
Loan	6,033.4	62.6%	7,365.0	66.5%
Leasing	1,226.1	12.7%	1,270.1	11.5%
Overdraft	902.7	9.4%	883.2	8.0%
Bank Guarantee	873.1	9.1%	915.9	8.3%
Hire Purchase	67.1	0.7%	65.6	0.6%
Credit Card	137.2	1.4%	159.1	1.4%
Letter of Credit	162.4	1.7%	155.3	1.4%
Micro Loans	4.7	0.0%	33.0	0.3%
Other	225.7	2.3%	235.9	2.1%

CRIB Credit Reports (2013-2019)

Consumer and Corporate Comprehensive Credit Reports

The combined growth rate of consumer and corporate credit reports declined in 2019 to 3.2% from 10.45% recorded in 2018.

The total number of credit reports issued to consumers and corporate increased from 9,313,190 in 2018 to 9,611,355 in 2019.

However, while the number of credit reports issued to corporates declined from 349,775 to 318,370, the number of credit reports issued to consumers increased from 8,963,415 to 9,292,985.

Year	Consumer	Corporate	Total	Year on Year growth %
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%
2018	8,963,415	349,775	9,313,190	10.45%
2019	9,292,985	318,370	9,611,355	3.20%

CRIB Credit Reports - Reasons for Obtaining Credit Reports 2013 - 2019

Monitoring and reviewing of an existing borrower remained the primary reason for obtaining CRIB credit reports in 2019, closely followed by the need to evaluate a borrower for a new credit facility.

Reason	2013	2014	2015	2016	2017	2018	2019
Evaluating of a borrower for a new credit facility	677,829	2,099,982	2,777,031	3,088,029	3,605,471	3,705,984	3,434,609
Monitoring and reviewing of an existing borrower	248,742	886,348	1,628,861	2,456,385	3,106,090	3,736,527	4,237,112
Review as a guarantor for a new credit facility	435,032	1,366,697	1,930,722	1,771,967	1,720,701	1,861,499	1,838,127
Review as a partner/proprietor for a new credit facility	93,135	317,863	460,098	490,162	496,877	449,408	384,757
Review as a director for a new credit facility	9,029	29,999	43,054	54,554	68,047	72,564	82,898
Opening of a Current Account	18,134	55,522	61,794	87,871	98,946	100,518	102,335

Credit Reports for Micro Lending

Credit reports for micro lending are issued to consumers and were first issued in 2016. However, demand for micro credit reports has been declining since 2017. A total of 468,478 micro credit reports were issued in 2019.

Micro Credit Reports - (2016-2019)

Year	No. of Reports
2016	73,605
2017	663,869
2018	613,310
2019	468,478

Self Inquiry Reports (iReports)

iReports allow individuals to access his/her own credit information. Demand for this product has continued to increase since it was introduced in 2010. In 2019, the growth rate in consumer demand reduced against 2018. The total number of iReports issued decreased from 18,183 to 18,059 year-on-year in 2019.

iReport Usage (2012-2019)

Year	Total No. of self inquiry reports	Online iReport (%)	Year on Year growth (%)
2012	6,217		
2013	7,464	1.9%	20.1%
2014	9,858	6.2%	32.1%
2015	13,858	7.6%	40.6%
2016	14,010	6.8%	1.1%
2017	15,360	6.4%	9.6%
2018	18,183	7.2%	18.4%
2019	18,059	7.6%	-0.7%

Registration for Online iReports

Registrations for online iReports continued to decline in 2019 from 565 in 2018 to 448.

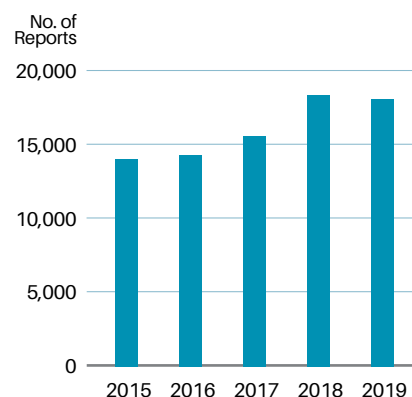
Year	No of Registration	Change Total %
2013	327	
2014	1,126	244.34%
2015	1,375	22.11%
2016	617	-55.13%
2017	575	-6.81%
2018	565	-1.74%
2019	448	-20.71%

Secured Transactions Registry System operations

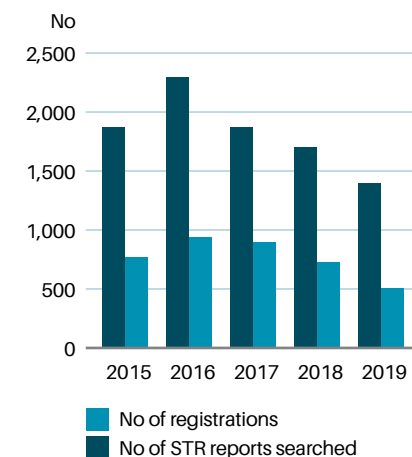
The total number of registrations in the STR System declined from 1,687 in 2018 to 1,390 while the number of information searches done in the STR also declined from 711 in 2018 to 499.

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%
2018	1,687	711	-7.91%	-20.56%
2019	1,390	499	-17.61%	-29.82%

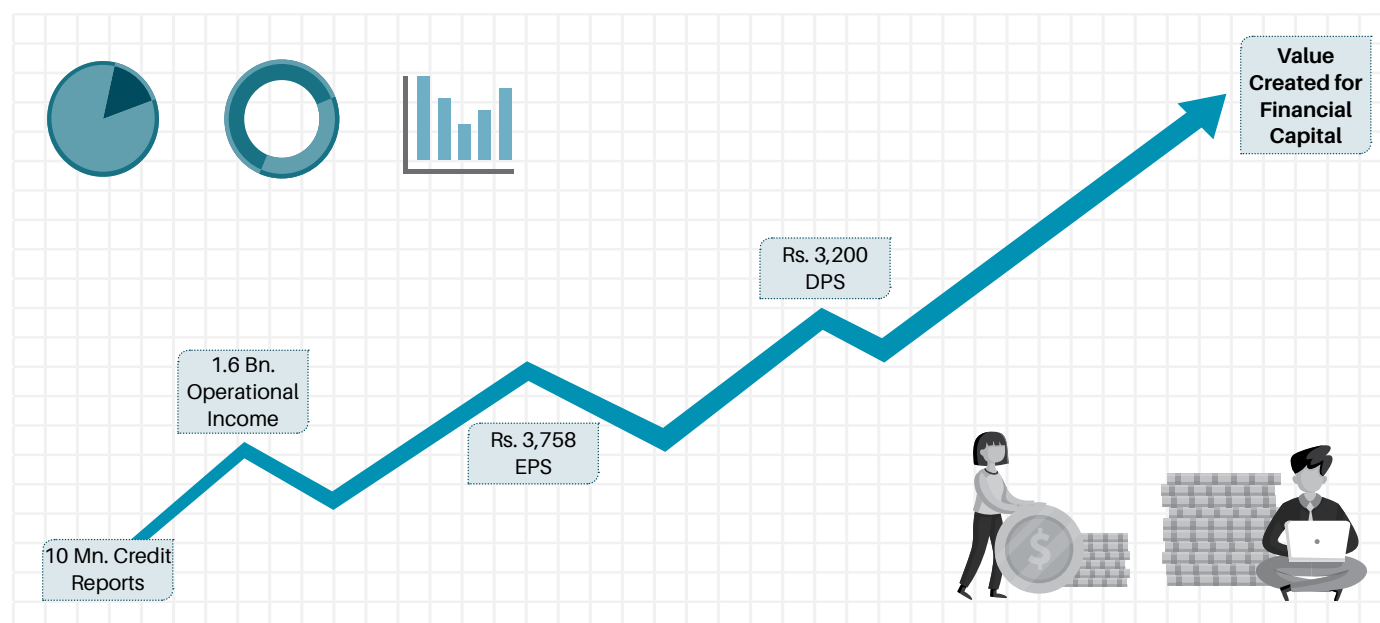
SELF INQUIRY CREDIT REPORTS ORDERED 2015 - 2019



STR OPERATIONS PROGRESS 2015 - 2019



FINANCIAL CAPITAL



The Financial Capital chapter of the CRIB Annual Report explains the material changes to our finances during the 12 months under review from January 1 to December 31, 2019. This section of the Annual Report should be read together with our Financial Statements and notes to the Financial Statements for a better understanding of our financial status. Our financial risk management process is described in the Managing Risks chapter of this annual report. CRIB financial reporting policies have not changed from the previous financial year and we have not had to restate any information from our previous Annual Report.

Our value distribution in 2019
CRIB is a self-financed, independent institution that doesn't receive any

Government financing. CRIB has continued to record profits in the last 10 years and create a positive impact on the country's overall economy. The members, employees and other stakeholders have benefitted over the last 25 years from its growing reserves.

Despite April's Easter terrorist attacks that had a negative ripple effect on the economy and subsequent challenges faced by the financial sector, CRIB's credit report income increased Compared to year 2018 performance.

We are pleased to report that the number of credit reports issued to member institutions surpassed 10 Mn. The Bureau's investment income increased in 2019 even though low interest rates prevailed in the market.

While earnings per share declined by 0.3% in 2019, the net assets per share continued to increase to Rs. 20,983 reflecting the healthy growth of the Bureau. The total assets of the Bureau continued to growth beyond the five Bn. mark.

However, CRIB's profit margin was comparatively lower in 2019 when compared with 2018. The overall economic value created by CRIB decreased by 0.46% year on year to amount to Rs. 939 Mn. net profit.

Key financial capitals	2017	2018	2019	% change
Equity (Rs. Mn.)	4,672	4,953	5,245	6
Trade and Other Receivables (Rs. Mn.)	497	199	265	33
Total income (Rs. Mn.)	1,466	1,598	1,644	3
Profit After Tax (Rs. Mn.)	1,068	942	939	(0.3)
Total Assets (Rs. Mn.)	4,769	5,333	5,640	3
Investments (Rs. Mn.)	4,469	5,073	5,159	2
Reserves (Rs. Mn.)	2,466	2,490	3,689	48
Shareholders' funds (Rs. Mn.)	25	25	25	0
EPS (Rs.)	4,273	3,769	3,758	(0.3)

CHANGES TO EQUITY

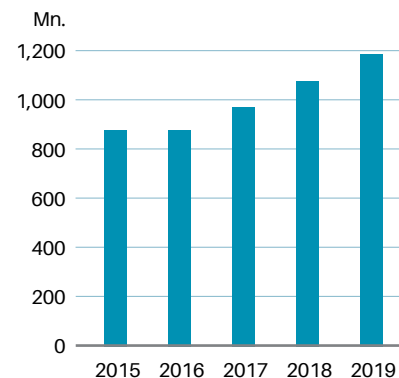
The stated capital of CRIB remained unchanged at Rs. 25 Mn. in 2019. The Board of Directors of the Bureau have decided to establish a building reserve for the Bureau. With this decision, Rs. 1 Bn. has been transferred to the building reserve from retained earnings at the end of this year. As a result, CRIB's total reserves increased by 48% to Rs. 3,689 Bn. and retained earnings decreased by 37% as at 31st December 2019. However, the total equity of CRIB increased by 6% against 2018 to Rs. 5,245 Mn.

REVENUE

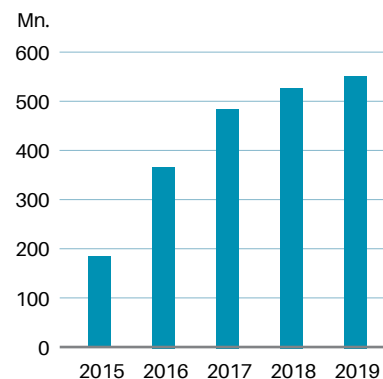
Despite 2019 being a challenging year for the finance sector, the Credit Information Bureau has recorded another successful year in 2019 by achieving Rs. 1.093 Bn. in revenue, which is a marginal growth of 1.5.% against Rs.1.077 Bn. in 2018. Credit reports issued to member institutions and value added services income increase were key contributors to maintaining the growth momentum.

Traditionally, CRIB's primary source of revenue has been the issuance of credit reports. In 2019, the CRIB's credit report volumes suffered a short set back after April's Easter terror attacks and the following economic downturn. However, credit report income remained positive thanks to income generated through value added services provided by the Bureau such as bulk report processing. The value added services income in 2019 showed a growth of 439%, which is a significant increase over 2018.

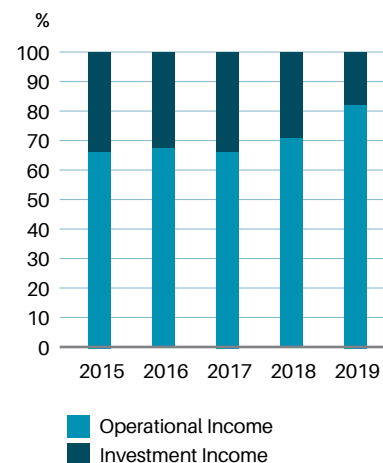
CREDIT REPORT INCOME



INTEREST INCOME



INCOME COMPOSITION



OPERATIONAL INCOME

Operational income increased slightly to Rs.1.093 Bn. in 2019 against the Rs.1.077 Bn. recorded in 2018.

Operational income in 2019 continued to represent 67% of total revenue, similar to 2018. The total number of credit reports issued during the year through the primary service was higher compared to 2018. However CRIB did not increase report charges to consumers and companies during the year.

INVESTMENT INCOME

The Interest income of CRIB increased by 6% to Rs. 551 Mn. in 2019 compared to Rs. 521 Mn. in 2018. Investment income was marginally impacted by lower interest rates that prevailed in 2019 across most investment products.

Income from investments have continued to represent approximately 33% of the total income over the last three years since 2017. Majority investments are placed primarily in fixed deposits, treasury bonds and REPOs.

The CRIB's investment portfolio is monitored by the Board and the Investment Committee.

EXPENSES

The Bureau's operating expenses increased by 17% to Rs. 347 Mn. in 2019 compared to Rs. 296 Mn. in 2018.

The Bureau's operational expenses consist of administration and establishment expenses (5% of total expenses), employee related expenses

(29% of total expenses) and other expenses (66% of total expenses).

When compared with 2018, in 2019 CRIB's other operational expenses have increased significantly. This increase was due to a application software system maintenance. The existing system is maintained until the installation of the new application software system is completed. The new system is expected to increase the efficiency of the Bureau's reporting function and provide CRIB with tools for more services and upgrades to its existing value additions.

COST TO INCOME RATIO

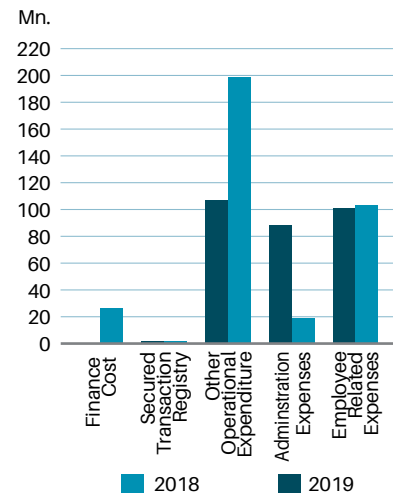
Due to expenditure increase the cost to income ratio increased in 2019 to 32 % from 28% in 2018. Operational expenses increased by 17% year on year while operational income remained almost same with a slight increase of 1.5%.

PROFITABILITY

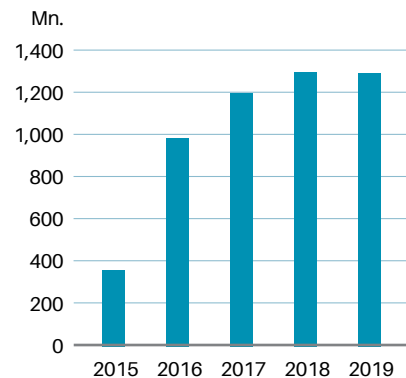
While CRIB had a profitable year in general, the Bureau's profit before tax achieved only a slight decrease 0.46% at Rs. 1.296 Bn. in 2019 from Rs. 1.302 Bn. in 2018. As detailed above, profitability was affected by factors that impacted the finance sector in 2019 and, higher operational expenses arising from CRIB's application software system maintenance.

In 2019, CRIB settled its taxation on operational profit of Rs. 356 Mn.

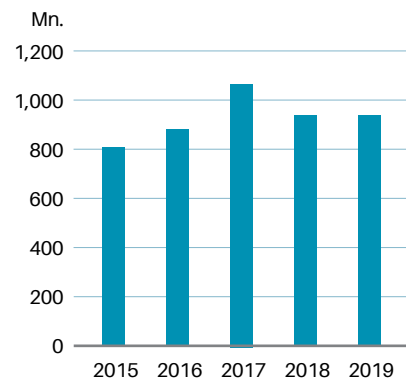
EXPENSES



NET PROFIT BEFORE TAX



PROFIT FOR THE YEAR



NET PROFIT

The Bureau recorded a net profit of Rs. 939 Mn. during the year under review. This is a year on year decrease in net profit by 0.3 % for the financial year 2019.

EARNINGS PER SHARE (EPS)

The EPS of the Bureau was Rs. 3,758 in 2019. The marginal decrease in profit was reflected in the EPS as well.

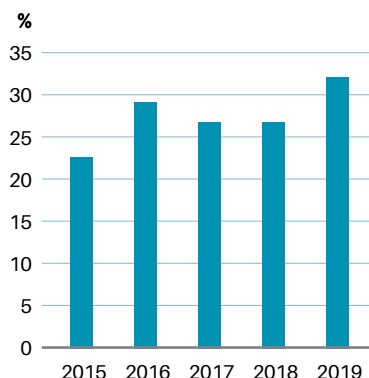
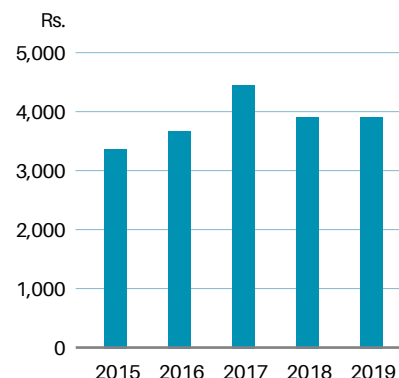
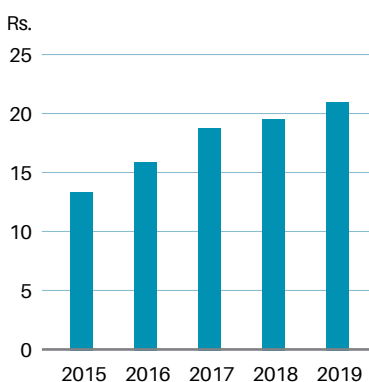
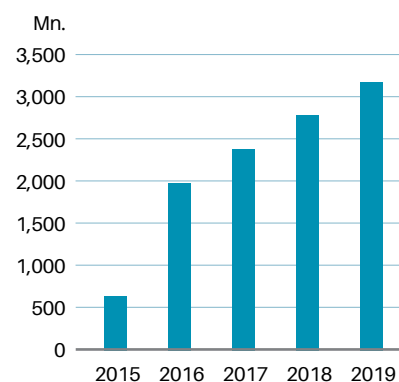
NET ASSETS PER SHARE

As a result of continuous profitability growth during the last 10 years, the total net asset value increased by the end of 2019. Therefore, the financial strength of the Bureau has been enhanced, while augmenting shareholders' wealth. Net assets pre share increased from Rs.19,803 in 2018 by 6% to Rs. 20,983 in 2019.

CRIB has a high net worth, backed by years of profitability,

DIVIDEND PER SHARE

A dividend of Rs. 3,200 per share was declared on the profit of the year. It is a 14% increase compared to 2018. The Bureau has consistently balanced healthy dividends and retention to support investing activities to enhance long term shareholder value.

COST TO INCOME**EARNINGS PER SHARE****NET ASSETS PER SHARE****DIVIDEND PER SHARE**

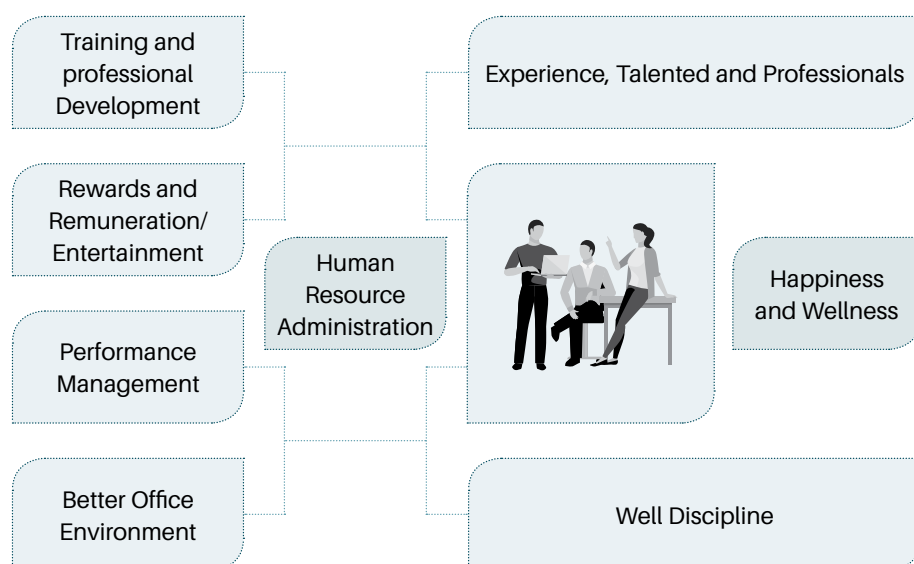
HUMAN CAPITAL

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Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

Our team of 28 employees is at the heart of the Bureau's sustainability and we believe that using the full potential of our Human Capital is the crucial driver for the success of the Bureau, while maintaining the happiness and well-being of our employees, who are our greatest asset.

VALUE CREATED FOR HUMAN CAPITAL



REWARDS AND REMUNERATION

We offer an attractive and comprehensive package of benefits approved by the Board and based on wage categories and market rates. Wages are therefore fixed and are based on market trends and do not change based on gender, ethnicity or any other demographic. The CRIB has a basic package of benefits applicable to our staff members that includes medical insurance, the compensation of professional subscriptions. All permanent employees are enrolled in the Employee's Provident Fund and the Employee's Trust Fund. The CRIB gratuity policy provides employees with more than five years' service rates that are higher than the statutory rate of half- monthly wages per year of service. Furthermore, the CRIB offers many benefits beyond statutory requirements, such as medical insurance cover, staff loans and interest subsidies for housing loans.

LEARNING AND DEVELOPMENT

Continuing to invest in the training and development of our employees is a key component of our employee value proposition. It gives our employees the opportunity to develop new skills, enhance current knowledge and experience, and develop themselves professionally year-on-year.

The Bureau also reimburses the membership fees in professional bodies such as the CA Sri Lanka and IBSL ect. In 2019, our employees in the management and executive grades received overseas and local trainings for which we invested Rs. 3.5 Mn.

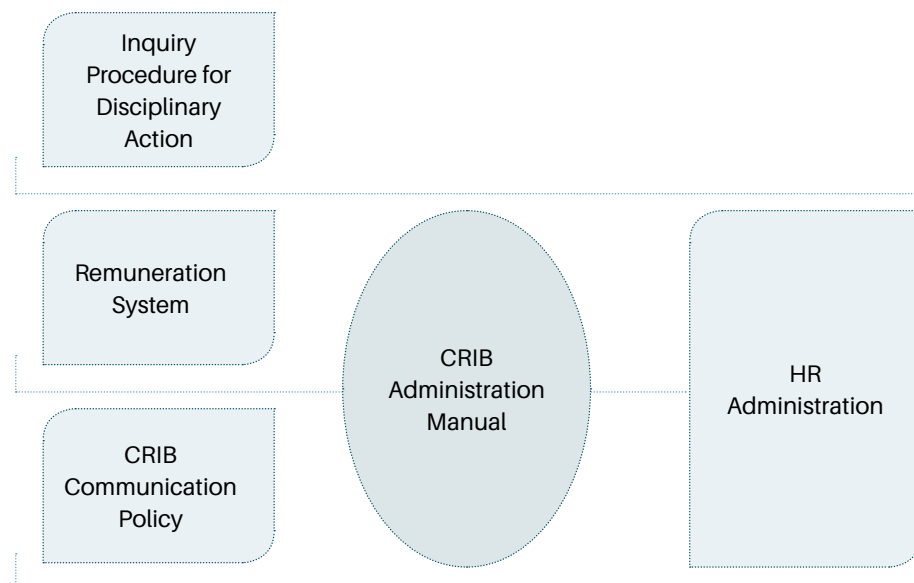
HUMAN RESOURCE ADMINISTRATION

The CRIB is guided by the CRIB Administration Manual and the Manual spells out the expected standard of behaviour from all employees.

Main areas covered in Administration Manual are:

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

Inquiry procedure for disciplinary action - The disciplinary code and inquiry procedures for disciplinary actions, including appeals on disciplinary verdicts.

THE CRIB COMMUNICATION POLICY**PERFORMANCE EVALUATION**

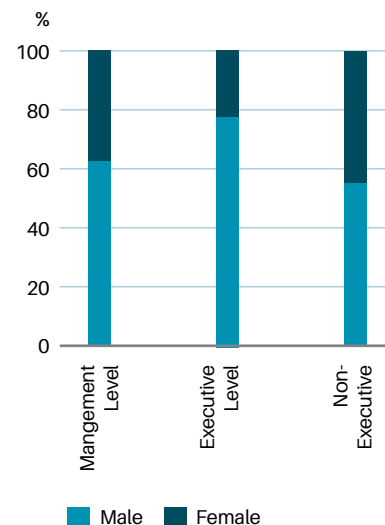
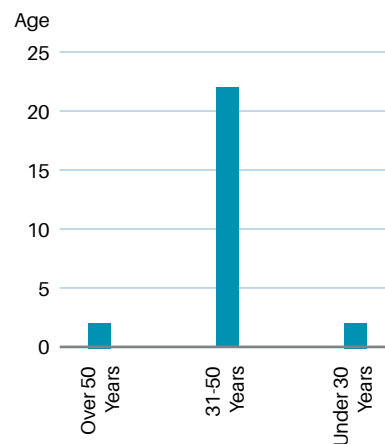
Performance appraisal is based on skill, performance and qualifications and this is used annually to identify employee attitudes, training and development needs, and to recommend annual special payments for employees of all categories.

The CRIB has also implemented an automate performance evaluation system to enhance quality, accuracy and efficiency of performance evaluation

EMPLOYEE PROFILE

By the end of 2019, there were only 28 employees, including two contract employees and nine management grade employees. Out of the management cadre, five are male, while out of the nine executive grade employees, two are women. Out of the eight non-executive grade employees two are women.

Total Permanent Employees	26
Male	17
Female	09
Total Contract Employees	02
Male	01
Female	01

PERMANENT STAFF BASED ON DESIGNATION AND GENDER**NO OF PERMANENT STAFF BASED ON AGE**

STATUS OF COMPLIANCE

The CRIB is fully compliant with all applicable labour laws and regulations under the Shop and Office Act. All statutory employee dues have been paid on time. The CRIB did not experience any fines or penalties for delays or non-payment of statutory payments.

DIVERSITY AND EQUAL OPPORTUNITY

The CRIB encourages workplace diversity regardless of gender or ethnicity. We embrace diversity and do not tolerate discrimination or harassment of any individual, for any reason. Our human resource policy includes equal opportunities to prevent discrimination based on race, religion, age, nationality, social origin and gender.

EVENTS

The CRIB conducts several employee events every year. Some of these events held during the current financial year are listed below.



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

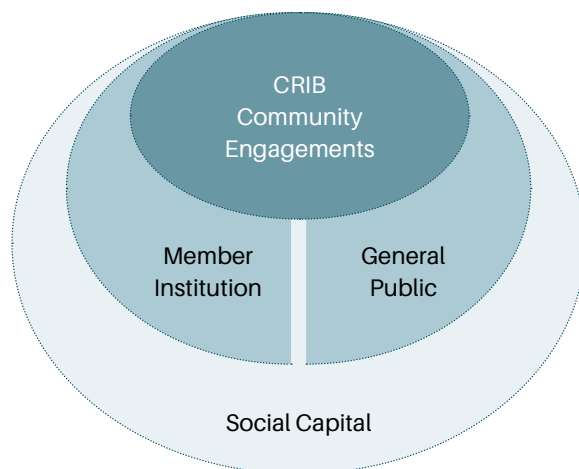


The CRIB Annual Shareholder Meeting 2018 at The Kingsbury, Colombo

SOCIAL CAPITAL

As the Credit Information Agency of Sri Lanka, the CRIB's Social Capital is the goodwill and credibility of the CRIB and its services in the eyes of the Sri Lankan public, and financial institutions. Public awareness and acceptance of the CRIB is vital for the CRIB's operations.

The CRIB's primary social stakeholders are member institutions and the general public. Therefore, the CRIB's stakeholder engagement activities are primarily designed for these two categories. These activities for the current financial year are described in this chapter.



AWARDS

The CRIB Annual Report was awarded a compliance award at the 2019 Institute of Chartered Accountants Annual Report Awards.



MEMBER INSTITUTIONS

Delivering Credit Information Reports with Value Added Services

The prime service offered by the CRIB is the credit report. A credit report details both the positive and negative credit history of a given individual or corporate entity. The Bureau gathers information about an individual's and/or a Business entity's credit facility performance, from lending institutions and compile that information into a report called a Credit Information Report.

The Credit Information Report includes the borrower's/joint borrower's/ guarantor's profile information, as well as credit facility related information, which includes previous credit facilities that have already been paid, new credit facilities that have just been collected, how the credit facilities have/are being serviced for the past 24 months' period and if there are any outstanding balance(s) or any arrears, etc.

And also Cheques which are dishonored due to "Insufficient Funds" (Refer to drawer) are reported to the Bureau by the respective Licensed Commercial Banks on a monthly basis, are displayed in the Credit Information Report.

Help Desk Assistance

The Help Desk provides inbound and outbound support to our member institutions on our products and services. These include user management inquiries, invoice queries and log-in details, whilst maintaining a high level of customer service when providing training support and advice.

The CRIB is responsible for responding to all member institutions' queries received via email, post and fax and ensuring all enquiries are investigated and completed within a reasonable time-frame.

Connecting with Member Institutions

CRIB training programmes are aimed at authorised CRIB users (Credit Officers, Branch Managers, Compliance Officers), of lending institutions, who are involved in evaluating and making decisions on credit. Programmes 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 programmes enhance the quality and validity of data submitted to the CRIB and also correct misconceptions regarding CRIB services.

User Training Programme for the Member Institutions

During the year under review, the Bureau accepted all invitations and requests from member lending institutions and conducted user awareness programmes appropriately.

For the first time, the CRIB conducted a user training programme for officers of the member lending institutions in the Northern Province in July 2019. The Kilinochchi Regional Office of the Central Bank of Sri Lanka organised this session and the session was conducted in the auditorium of the regional office with the participation of approximately 150 persons.



In addition, the CRIB participated in the user training programme organised by the Compliance Department of the People's Bank, in the Eastern Province. The session was conducted in Batticaloa, in October 2019. The CRIB Conducted several training sessions for People's Bank officers at their training centre, as per the invitations received from the bank during the year.

The Union Bank of Colombo PLC organised a user training programme for their Credit Officers in the Head Office, in July 2019.

GENERAL PUBLIC

The CRIB processes all the Self-Inquiry Applications received from individuals and corporate entities and delivers the respective Self-Inquiry Credit Reports.

We provide guidance to customers to understand their credit information and any credit related matters included in their Self-Inquiry Credit Reports. We also help them correct errors, if any. It may be important to be aware of personal credit information when applying for a loan, renting or buying an apartment or house, buying a car, or when trying to get new employment.

Process of Self-Inquiry

Individuals can obtain their Self-Inquiry Credit Reports over the counter during business hours on weekdays, by providing proof of identity with the necessary documentation. Explanations and guidance are provided to customers about the information on their Self-Inquiry Credit Reports, at the time of delivering it.

Those who do not wish to visit, or are unable to visit the Bureau, can submit the Self-Inquiry application with proof of identity with the authentication of a bank authorised officer. Every Corporate

Self-Inquiry application should be forwarded with the authentication of a bank authorised officer with necessary documentation and supportive documentation. The necessary guidance is provided with the delivery of the Self-Inquiry Credit Report.

Process of Online Self-Inquiry

The CRIB also provides online services to access Self-Inquiry Credit Reports via the Internet. The online registration is done at the Bureau and the access credentials are provided within a few minutes.

Everyone is entitled to one free credit report after the registration. The Bureau offers unlimited access to Self-Inquiry Credit Reports through the Online Payment Gateway.

Help Desk Services

- » Managing inbound calls from the general public to educate and provide guidance about CRIB services.
- » Provide directions to customers to resolve disputes regarding reported credit information.
- » Provide guidance to customers to petition the Financial Ombudsmen, in the case of disagreements, or conflicts with lending institutions.
- » Provide directions for Credit Counselling Services for the customers who need financial advice against financial difficulty and default, and guidance in prudent use of funds.

- » Provide responses and guidance to customer complaints/inquiries that are sent to the Bureau address and the Bureau email (info@crib.lk).
- » Respond to inquiries/grievances, from the general public via the Grievance Management System, which is incorporated in the "Tell President," programme, conducted by the Ministry of National Policies and Economic Affairs.

Help with Dispute Resolutions

Errors, or omissions, of reported credit information on the credit report may negatively affect the customer's credit status. For example, the customer may have paid the instalment of a loan, but the credit report may show that the customer has missed the payment. This can lower the creditworthiness and increase the credit risk of a customer, reducing the customer's ability to obtain future loans. In such cases, the Bureau facilitates dispute settlement, provided that customer can furnish proof of their position. The Bureau forwards the dispute to the respective financial institution for resolution. The amended Self-Inquiry Credit Report is dispatched to the respective individual, or corporate entity free of charge, after the resolution of the dispute.

Customer Feedback

The CRIB is committed to capture customer feedback/suggestions, about its services to achieve excellence in service delivery. Therefore, the CRIB values customer feedback and

welcomes suggestions on how to improve services to better cater to the needs of our customers.

CONNECTING WITH THE PUBLIC

Public Awareness

The Chairman, General Manager and Senior Officials of the Bureau participated in several media programmes broadcasted by TV Derana, the Sinhala Commercial Service of the Sri Lanka Broadcasting Corporation (SLBC). All radio programmes were live, and the listeners were able to ask their questions and receive clarifications immediately. Additionally, the Bureau responded to inquiries by the newspapers for news articles on the Bureau and its services.

The CRIB responded to queries and disputes of the general public, received through the Bureau website and other Govt. Departments, and educated them about the importance of credit reports that project their credit behaviour, in order to maintain and improve financial discipline.

INTELLECTUAL CAPITAL

CRIB is primarily a knowledge organisation involved in the knowledge industry of data collection, storage and analysis. The CRIB processes are highly automated and primarily on modern digital platforms. Therefore, the intellectual asset base of the CRIB is a core asset of the organisation and comprises software systems developed inhouse and purchased from external vendors.

At present the CRIB's research and development functions are limited due to capacity limitations. However, this aspect of enhancing our Intellectual Capital base is earmarked to expand with the deployment of our new IT system.

During the year, a significant investment was made towards developing our software systems to support expansion of CRIB services. Our primary intellectual assets and how we added value to these are described below.

CHANGES TO INTELLECTUAL CAPITAL

	Up to 2018	Up to 2019
CRIMS Cost Rs.	64,575,204	8,514,857
Other Software Cost Rs.	85,004,112	1,495,500
STR Cost Rs.	387,755	0

CRIB ONLINE IREPORTS

The CRIB iReports online are credit reports accessed online by consumers. In 2018 iReports online were issued for corporate as well. The iReport trade mark is unique to the CRIB.

CRIB DATABASES

The CRIB databases comprise information on over 10.5 Mn. individuals and institutions in Sri Lanka. The databases are unique to the CRIB and are a national asset due to the high data quality. The CRIB databases are regularly updated and maintain a high level of data accuracy. During the year CRIB database grew by nearly one terabyte.

In 2017, to ensure greater security, the ICT systems were shifted to a third party Tier 3 level data centre. In 2018, a Storage Area Network (SAN), which is a specialised, highspeed network that provides block-level network access to storage, was introduced.

THE SECURED TRANSACTIONS REGISTRY (STR)

The STR software was developed in-house by the CRIB ICT team and is a one-of-its-kind system.

The STR is an electronic database, to which secured creditors (financial institutions, leasing companies and private lenders), can give notice of their security interests in the movable goods of an enterprise, or individual.

Lenders, when financing against movables, need to account for significant default and enforcement risks, including double collateralisation of the same asset to different lenders, due to not having a central movables registration system. The STR has been designed to counter these risks.

Using the STR, finance and leasing companies and banks can check on the credit worthiness of a client, before approving a loan. They can check whether the same collateral has been given to other loans, which will help reduce fraud.

The STR will also help the public to ascertain whether any moveable assets they are buying have already been used as collateral. Even though individuals have no access to the database, they can request the relevant bank to check the STR on their behalf, which will again reduce instances of fraud.

BUREAU BUSINESS SYSTEM (BBS)

The BBS is another customised software developed in-house by CRIB ICT team.

The BBS establishes the necessary institutional procedure to deliver credit information to individuals in a secure, yet convenient manner, allowing

them to access their respective credit information online anytime, anywhere. The service is accessible via various devices ranging from personal computers to smart devices such as mobile phones and tablets.

PURCHASED SOFTWARE

The CRIB owns many sophisticated software purchased from external organisations. These include Credit Information Management System (CRIMS) purchased from D&B.

CRIB SCORE

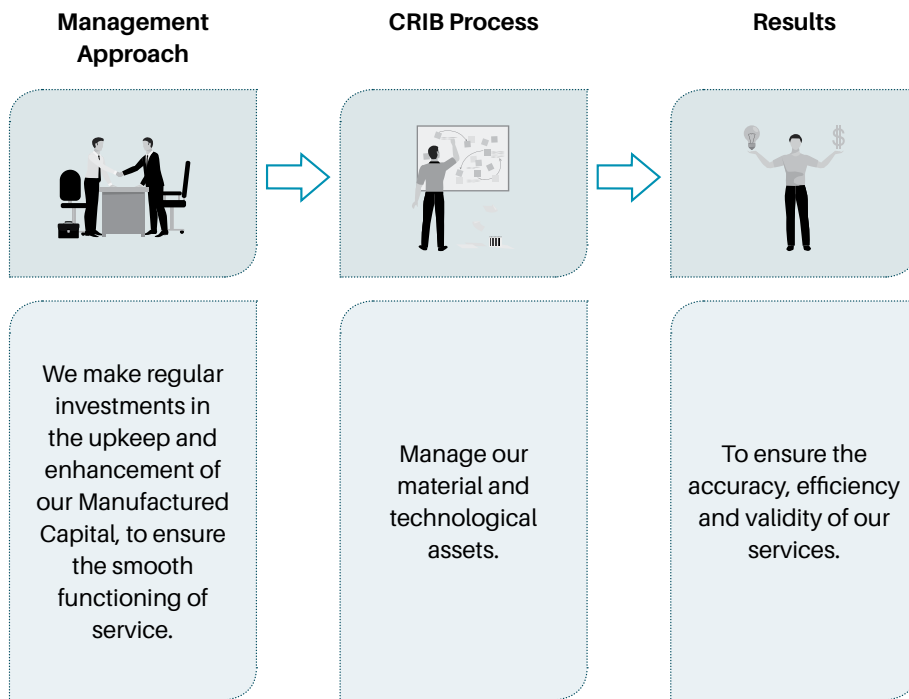
In 2019, the CRIB developed a credit score, which is branded "CRIB Score." The CRIB Score has been developed through a technological partnership with the Icelandic company, Creditinfo International Limited, which has a large global presence in the field of credit risk management, with a significant footprint in emerging markets across all continents.

The CRIB Score is a number ranging between 250 to 900, which provides lending institutions with a consistent indication of the risk level, credit worthiness and probability of default, of a particular borrower. Credit Scores have helped to speedup credit evaluation and granting, propagate credit to the unbanked through provision of "reputational collateral," and helped to augment the credit and risk evaluation processes of lending institutions, resulting in healthier credit portfolios and thus, to reduce the non-performing loans and default rates in countries that use these credit scores.

MANUFACTURED CAPITAL

Manufactured Capital is a crucial input in our value creation process. We manage our material and technological assets that are available and integrated with innovations to effectively provide superior services to our customers and members.

VALUE CRATED FOR MANUFACTURED CAPITAL



The Manufactured Capital of the CRIB comprises data centre equipment, furniture/fittings and equipment and IT equipment, etc. Although it is not a key component of the Bureau's revenue generation process, it is an integral part of the CRIB's value creation process. The Bureau used these assets to provide quality and efficient services to our members and the general public.

We invested Rs. 119 Mn. in capital assets, including Rs. 82 Mn. for computer equipment, Rs. 34 Mn. on furniture/fittings and equipment and Rs. 2.9 Mn. on data centre equipment. The Bureau expects benefits from these investments and manages them carefully to maximise the benefits to our members, customers and employees.

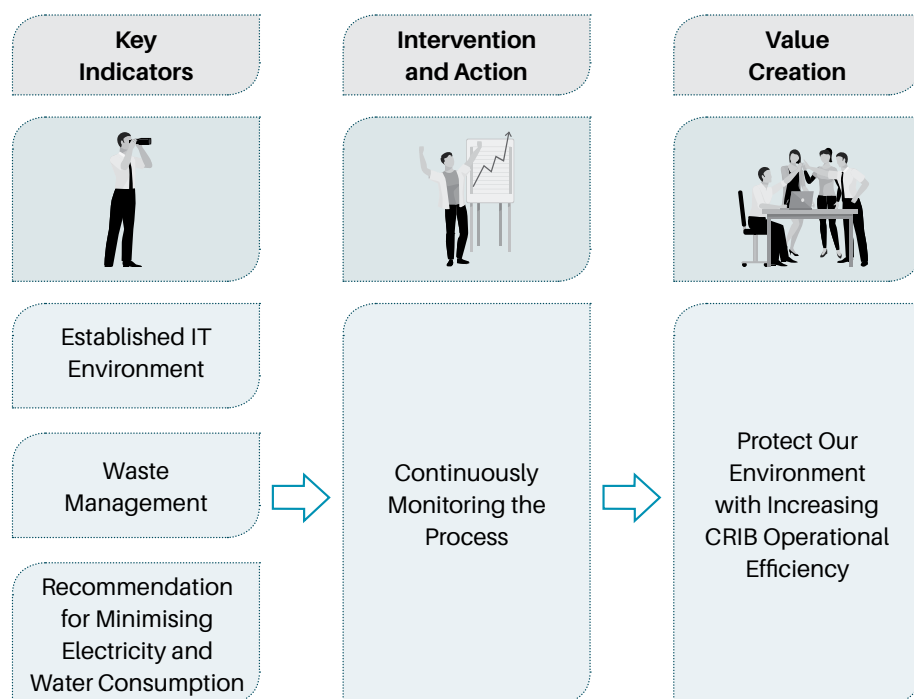
Year	Up to 2019	Up to 2018	Up to 2017
Capital Assets Rs.	119 Mn.	111 Mn.	133 Mn.

NATURAL CAPITAL

We believe that the environment is important to our organisation. This is primarily in the context of environmental responsibility, due to the life-sustaining properties of our natural environment and the need to conserve our natural resources as part of our national wealth. Therefore, we strive to conserve our natural resources by minimising waste and increasing our operational efficiency wherever possible.

As a small service operation, with no involvement in manufacturing, our environmental impacts are limited to consumption of natural resources in the form of electricity, water and paper. Fuel consumption is exceptionally low because most of our employees travel by public transport.

VALUE CREATED FOR NATURAL CAPITAL



ACTION AND PERFORMANCE IN YEAR 2019

Action Planed	Performance
Proper time fixed to switch lights and A/Cs on and off	Reduce electricity consumption whenever possible
Raising awareness about conservation	Create an attitude aimed at preventing waste
Practice of using e-mail, printing on both sides of paper and sending e-invoices.	Reduce paper consumption whenever possible
Providing online iReports for the public	
Cloud computing	
Set up separate garbage containers for paper, plastics and food waste	Handing over to CMC for recycling

Financial Reports

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STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

75

Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

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

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

They are also responsible for taking reasonable measures to safeguard the assets of the Bureau, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors confirm that to the best of their knowledge and belief, all taxes and levies payable by the Bureau and all contributions and taxes payable on behalf of and in respect of the employees of the Bureau have been paid or provided for as at the reporting date.

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

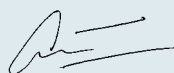
The Directors endeavour to ensure that the Bureau maintains sufficient records to be able to disclose with reasonable accuracy, the financial position of the Bureau and to be able to ensure that the financial statements of the Bureau meet with the requirements of the Sri Lanka Accounting Standards and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

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

Messrs. Ernst & Young, Chartered Accountants, the Auditors of the Bureau have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Directors meeting and express their opinion in their report on page 78 of the Annual Report.

By Order of the Board

Credit Information Bureau of Sri Lanka



Secretary
Colombo

21st August 2020

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 2019, to be presented at the 30th Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairman's review on pages 6 to 8 describes the affairs of the Bureau and mentions important events that occurred during the year, and up to the date of this report. This report together with the Audited Financial Statements reflects the state of the affairs of the Bureau.

PRINCIPAL ACTIVITIES/CORE BUSINESS

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

FINANCIAL STATEMENTS

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007 are given on page 80 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on pages 78 to 79 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements is given on pages 84 to 105 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 80

PROPERTY, PLANT & EQUIPMENT

During the year under review the Bureau invested a sum of Rs. 8.5 Mn. (2018-Rs. 16,400/-) in Computer Accessories & of which Rs. 1.5Mn.- is in Intangible Assets and Rs. 56,100/- 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 10 to the financial statements on page 100.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 75 of this report.

DIVIDEND

The Directors recommend the payment of a dividend for the financial year ended 31st December 2019.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2019 amount to Rs. 3,689,730,501 as against Rs. 2,490,271,941 as at 31st December

2018. 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 2019 The details are given in Note 14 to the Financial Statement on page 102.

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 23 to the Financial Statements.

STATUTORY PAYMENTS

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibilities on page 75.

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. Dimantha Senevirathna.**
3. **Mrs. V. A. A. N. De Silva**

The Report of the Audit Committee is given on pages 47 to 48.

REMUNERATION COMMITTEE

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

1. **Mr. Rasitha Gunawardena**
(Chairman) (Retiered w.e.f. May2002)
2. **Mr. D. P. N. Rodrigo**
3. **Mr. K. S. Bandaranayake**

The Report of the Remuneration Committee is given on page 49.

The earnings per share, net assets per share are given in the Financial review on pages 59 to 62 of this Annual Report.

DIRECTORS

The Directors of the Bureau as at 31st December 2019 and their brief profiles are given on pages 25 to 28 in this report.

During the year under review the Board meeting on 12 occasions.

AUDITORS

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

A sum of Rs. 375,000/- was paid as audit fee during the year.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Bureau. The Audit Committee reviews the appointment

of the Auditors, its effectiveness and its relationship with the Bureau including the level of audit and non-audit fees paid to the Auditor. Details on the work of the Audit Committee are set out under Corporate Governance.

NOTICE OF MEETING

The Annual Shareholders Meeting of the Credit Information Bureau of Sri Lanka will be held on 11th September 2020 at the Kingsbury, Colombo at 10 a.m.

For and on behalf of the Board.



Chairman



Director

21st August 2020
Colombo

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

78

Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019



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AL/CAY/JMDJ/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 2019, 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 2019 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

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

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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 scepticism 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.

21 August 2020
Colombo

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31st December 2019	Note	2019 Rs.	2018 Rs.
Revenue	3	1,093,070,787	1,077,447,610
Other Operating Income	4	551,117,296	521,381,675
Employee Related Expenses		102,593,558	(100,529,968)
Administration & Establishment Expenses		(19,239,712)	(87,866,464)
Other Operating Expenses		(197,805,261)	(106,442,176)
Secured Transaction Registry		(2,122,652)	(1,981,434)
Finance Cost		(26,154,403)	-
Profit Before tax	6	1,296,272,497	1,302,009,243
Income Tax Expense	5	(356,785,884)	(359,678,822)
Profit for the year		939,480,613	942,330,421
Net change in Fair Value of Available- for- Sale Financial Assets		59,378,447	(64,452,339)
Defined Benefit Plan Actuarial (Losses)/ Gain		(5,310,753)	(72,538)
Deffered Tax on Defined Benefit plan		1,466,700	20,311
Total Comprehensive Income for the Year		995,021,007	877,825,855
Earnings Per Share	18	3,758	3,769

The accounting policies and notes on pages 84 through 105 form an integral part of the Financial Statements.

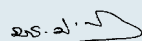
STATEMENT OF FINANCIAL POSITION

As at 31st December 2019	Note	2019 Rs.	2018 Rs.
ASSETS			
Non-Current Assets			
Equipment	7	22,409,264	25,487,381
Right of use assets	8	146,200,586	-
Intangible Assets	9	2,980,720	3,435,149
Other Financial Assets	10	1,836,569,871	1,253,506,101
Deferred Tax Asset	5	6,038,662	5,578,783
		2,014,199,105	1,288,007,414
Current Assets			
Inventories	11	590,974	567,519
Trade and Other Receivables	12	265,531,696	199,174,059
Other Current Financial Assets	10	3,323,314,766	3,820,477,113
Cash and Cash Equivalents	13	36,858,964	25,625,205
		3,626,296,400	4,044,962,661
Total Assets		5,640,495,505	5,332,970,075
EQUITY AND LIABILITIES			
Capital & Reserves			
Stated Capital	14	25,000,000	25,000,000
Reserves		3,689,730,501	2,490,271,941
Retained Earnings		1,530,934,125	2,435,371,708
Total Equity		5,245,664,626	4,950,643,649
Non-Current Liabilities			
Retirement Benefit Liability	15	17,865,702	9,917,924
Lease Liability	8	156,769,262	-
		174,634,964	9,917,924
Current Liabilities			
Trade and Other Payables	16	72,538,351	53,493,110
Dividends Payable		6,774,161	5,508,242
Income Tax Liabilities		140,883,403	313,407,150
Cash and Cash Equivalents	13	-	881,235
		220,195,915	372,408,502
Total Equity and Liabilities		5,640,495,505	5,332,970,075



Dinesha I. A Jayasinghe
Chief Manager (Accounts and Administration)

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



Chairman



Director

The accounting policies and notes on pages 84 through 105 form an integral part of the Financial Statements.

21st August 2020
Colombo

STATEMENTS OF CHANGES IN EQUITY

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Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

Year Ended 31st December 2019	Stated Capital Rs.	General Reserve Rs.	Other Reserves Rs.	Technical Reserves Rs.	Available for Sale Reserve Rs.	Building Reserves Rs.	Fair Value through Other Comprehensive Income Rs.	Retained Earnings Rs.	Total Rs.
As at 1st January 2018	25,000,000	3,550,501	2,000,000	2,413,631,943	47,613,978	-	-	2,181,021,372	4,672,817,794
Net Profit for the Year	-	-	-	-	-	-	-	942,330,421	942,330,421
Transferred to General Reserves	-	927,858	-	-	-	-	-	(927,858)	-
Transfer to Other Comprehensive Income	-	-	-	-	(47,613,978)	-	47,613,978	-	-
Fair Value Through other Comprehensive Income	-	-	-	-	-	-	(64,452,339)	(52,227)	(64,504,566)
Transferred to Technical Reserve	-	-	-	87,000,000	-	-	-	(87,000,000)	-
Dividends	-	-	-	-	-	-	-	(600,000,000)	(600,000,000)
Balance as at 31st December 2018	25,000,000	4,478,359	2,000,000	2,500,631,943	-	-	(16,838,361)	2,435,371,708	4,950,643,649
Net Profit for the Year	-	-	-	-	-	-	-	939,486,613	939,486,613
Transferred to General Reserves	-	1,080,143	-	-	-	-	-	(1,080,143)	-
Other Comprehensive Income	-	-	-	-	-	-	59,378,417	(3,844,053)	55,534,364
Transferred to Technical Reserves	-	-	-	139,000,000	-	-	-	(139,000,000)	-
Transferred to Building Reserves	-	-	-	-	-	1,000,000,000	-	(1,000,000,000)	-
Dividends	-	-	-	-	-	-	-	(700,000,000)	(700,000,000)
Balance as at 31 December 2019	25,000,000	5,558,502	2,000,000	2,639,631,943	-	1,000,000,000	42,540,056	1,530,934,125	5,245,664,626

The accounting policies and notes on pages 84 through 105 form an integral part of the Financial Statements.

CASH FLOW STATEMENT

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Credit Information Bureau
of Sri Lanka (CRIB)
Annual Report 2019

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(loss) before tax from continuing operations	1,296,272,497	1,302,009,243
Adjustments for		
Depreciation	11,652,312	12,086,814
Amotisation	57,397,768	2,316,169
Income from Investments	(551,569,322)	(521,381,675)
Provision for Defined Benefit Plans	2,637,025	
Profit /Loss on sale of property, Plant,& euipment	-	4,650
Provision for defined benifit plan	-	1,586,300
Lesae Interest	26,154,403	
Operating Profit/(Loss) before Working Capital Changes	842,544,684	796,621,501
(Increase)/ Decrease in Inventories	(23,454)	(70,159)
(Increase)/ Decrease in Trade and Other Receivables	(66,357,637)	20,524,600
Increase/ (Decrease) in Trade and Other Payables	19,045,241	9,130,204
Cash Generated from Operations	795,208,833	826,174,146
ESC Paid	(5,396,268)	(5,372,766)
Gratuity paid	-	-
Income Tax Paid	(506,342,490)	(85,872,999)
Net Cash From/(Used in) Operating Activities	283,470,075	734,928,381
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(8,574,197)	(12,565,129)
Proceeds from Sale of Property, Plant & Equipment	-	189,226
Acquisition of Investments	(43,667,089)	(577,728,362)
Interest Received	550,653,848	432,356,413
Net Cash Flows from/(Used in) Investing Activities	498,412,566	(157,747,854)
Cash Flows from (Used in) Financing Activities		
Dividends Paid	(698,734,079)	(598,840,440)
Payment for the Lease Liability	(71,033,564)	
Net Cash Flows from/(Used in) Financing Activities	(769,767,643)	(598,840,440)
Net Increase/(Decrease) in Cash and Cash Equivalents	12,114,994	(21,659,911)
Cash and Cash Equivalents at the beginning of the year	24,743,970	46,403,881
Cash and Cash Equivalents at the end of the year	36,858,964	24,743,970

The accounting policies and notes on pages 84 through 105 form an integral part of 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 "Whiteways" 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 Authorisation for Issue

The Financial Statements of Credit Information Bureau of Sri Lanka for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 21 August 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

2.1.1 Basis of Preparation

The Financial Statements have been prepared on a historical basis. The Financial Statements are presented in Sri Lanka Rupees.

2.1.2 Statement of Compliance

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

2.1.3 Going Concern

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

2.1.4 Comparative Information

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

Estimates and Assumptions

The preparation of Financial Statements in conformity with SLFRS/LKAS requires

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

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

Impairment of Loans & Receivables

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

as the current state of the economy, particular industry issues, and debt collection trends.

Useful Life for Property, Plant and Equipment

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

Defined Benefit Plan - Gratuity

The defined benefit obligation and the related charge for the year is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates, etc. Due to the 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 judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 Summary of Significant Accounting Policies

2.3.1 Foreign Currency Translation

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

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the

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

2.3.2 Revenue Recognition

Revenue is recognised 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 recognised as revenue as and when the services are provided.

b) Interest

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

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

c) Others

Other income is recognised on an accrual basis.

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

2.3.3 Expenditure Recognition

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

Directors are of the opinion that function of expenses method presents fairly the elements of the Bureau's performances, hence such presentation method is adopted.

2.3.4 Taxation

Current Tax Expense

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the

same taxable entity. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The relevant disclosures are given in Note 3 to the Financial Statements.

2.3.5 Leases

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

(a) Right-of-Use Assets

SLFRS 16 supersedes LKAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS

17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

The Company has lease contracts for various branches. Before the adoption of SLFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 4.2 for the accounting policy prior to 1 January 2019.

Leases previously accounted for as operating leases The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases

and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Board of directors and management anticipate to stay in same office premises further 3 years from right now.

2.3.6 Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

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

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

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

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

The principal annual rates used are as follows:

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

2.3.7 Intangible Assets

Identifiable intangible assets are recognised when the Bureau controls the asset, it is probable that future economic benefits attributed to the

asset will flow to the Bureau and the cost of the asset can be reliably measured.

Finite Lives Intangible Assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and methods reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible asset.

Software & System Development 25%

2.3.8 Financial instruments

Financial Assets

Initial recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bureau's business model for

managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Bureau has applied the practical expedient, the Bureau initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Bureau has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Bureau's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place

(regular way trades) are recognised on the trade date, i.e., the date that the Bureau commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- » Financial assets at amortised cost (debt instruments)
- » Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- » Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- » Financial assets at fair value through profit or loss

Financial Assets at Amortised Cost (Debt Instruments)

The Bureau measures financial assets at amortised cost if both of the following conditions are met:

- » The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Bureau measures debt instruments at fair value through OCI if both of the following conditions are met:

- » The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling And
- » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Bureau can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Bureau benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless

they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the

contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Bureau's consolidated statement of financial position) when:

- » The rights to receive cash flows from the asset have expired
- Or
- » 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 passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bureau continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Bureau also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bureau has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bureau could be required to repay.

Impairment of Financial Assets

The Bureau recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bureau expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Bureau applies a simplified approach in calculating ECLs. Therefore, the Bureau does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Bureau has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Bureau applies the low credit risk simplification. At every reporting date, the Bureau evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Bureau reassesses

the internal credit rating of the debt instrument. In addition, the Bureau considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Bureau considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bureau may also consider a financial asset to be in default when internal or external information indicates that the Bureau is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Bureau. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

a) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

loans and borrowings including bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

- » Financial liabilities at fair value through profit or loss
- » Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.
- » Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- » Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
- » Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Bureau has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.9 Inventories

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

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

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

Stationery – At Accrual Cost on First in First out Basis

2.3.10 *Impairment of non-financial assets*

The Bureau assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bureau makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use,

the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.11 *Cash and Cash Equivalents*

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

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.12 *Provision*

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

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan - Gratuity
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 bureau 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 recognised 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 Changes In Significant Accounting Policies

SLFRS 16 - Lease

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted SLFRS 16 using the modified retrospective method of adoption and measure right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application. The impact on adoption of SLFRS 16 is reflected in Note 4.2 to the Financial Statements. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

2.5 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 Bureau and may have an impact on the future Financial Statements. None of those have been early adopted by the Bureau.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- » Whether an entity considers uncertain tax treatments separately
- » The assumptions an entity makes about the examination of tax treatments by taxation authorities
- » How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax
- » rates
- » How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the financial statements of the Company.

Amendments to LKAS 1 and IAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states

that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

Amendments to References to the Conceptual Framework in SLFRS Standards

Revisions to the Conceptual Framework were made because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted.

3. REVENUE

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Credit Information	1,354,321,443	1,329,444,897
Less		
Discount Allowed	(102,306,288)	(90,380,145)
Value Added Tax	(158,944,368)	(161,617,142)
	1,093,070,787	1,077,447,610

4. OTHER OPERATING INCOME

	2019 Rs.	2018 Rs.
Interest Income	549,194,530	518,717,567
Loss on sale of Fixed Assets	-	(4,650)
Staff Loan Interest	1,521,604	2,563,783
Sundry Income	282,251	4,644
Self Inquiry Income	118,911	100,331
	551,117,296	521,381,675

5. TAXATION

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

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Current Income Tax		
Income Tax for the year	355,779,062	365,237,294
Deferred Tax		
Deferred Taxation Charge/(Reversal)	1,006,821	(5,558,472)
Income tax expense reported in the Income Statement	356,785,884	359,678,822
Statement of Other Comprehensive Income		
Deferred Taxation Charge/ (Reversal)	(1,466,700)	(20,311)
Total Tax Expense for the Year	355,319,184	359,658,511

5. TAXATION *Contd.***Reconciliation of Accounting Profit and Taxable Income**

A reconciliation between the tax expense and the accounting profit multiplied by the Government of Sri Lanka's tax rate for the years ended 31 December 2019 and 2018 is as follows:

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Accounting profit before tax	1,296,280,201	1,302,009,243
Tax at the Statutory Tax Rate	349,995,654	364,562,588
Tax Effect of Net Disallowable Expenses	5,783,408	674,706
	355,779,062	365,237,294
Deferred Taxation Charge/Reversal	1,006,821	(5,558,472)
	356,788,041	359,678,822
Effective Tax Rate	27.5%	28%

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
Deferred Tax	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.

Deferred Tax Liability

Capital Allowances for tax purposes	(1,922,964)	(2,781,453)	1,922,964	(2,781,453)		
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Deferred Tax Asset

Post Employment Benefit Liability	5,002,397	(2,797,330)	(3,513,229)	(2,777,019)	(1,487,011)	(20,311)
Right to Use Asset	2,959,229	-	(2,959,229)			
			(4,551,651)	(5,558,472)	(1,487,011)	(20,311)

Deferred income tax charge/(reversal)						
Statement of Profit or Loss			1,006,821			
Statement of Other Comprehensive Income				(1,466,700)		
Net Deferred Tax Asset//Liability	6,038,662	5,578,783				

6. PROFIT BEFORE TAX STATED AFTER CHARGING

Year Ended 31st December 2019	2019 Rs	2018 Rs
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	2,637,025	1,586,300
- Defined Contribution Plan Costs - EPF & ETF (included in Employee 'Benefits)	7,216,986	4,454,944
Depreciation	11,652,312	12,086,814
Amortisation of Intangible Assets	1,949,931	2,316,169
Auditor's Fees	375,000	350,000
Legal Fees	339,150	18,870
Directors Fees	1,660,000	652,500
Donations	-	35,000

7. EQUIPMENT

Year Ended 31st December 2019	Balance At Cost 01.01.2019 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2019 Rs.
7.1 As at				
Computer & Accessories	73,439,380	8,514,857		81,954,237
Computer & Accessories -STR	95,000			95,000
Furniture, Fittings & Office Equipment	34,089,022	56,100		34,145,122
Sundry Assets	217,702	3,240		220,942
Data Centre	2,923,077			2,923,077
	110,764,177	8,574,197	-	119,338,378
Depreciation				
Computer & Accessories	67,039,845	4,577,107		71,616,952
Computer & Accessories -STR	95,000			95,000
Furniture, Fittings & Office Equipment	16,557,191	6,598,827		23,156,019
Sundry Assets	139,431	26,822		166,253
Data Centre	1,445,333	449,555		1,894,888
	85,276,800	11,652,312	-	96,929,112

7. EQUIPMENT *Contd.*

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Net Book Values		
At Cost		
Computer & Accessories	10,337,285	6,399,535
Computer & Accessories -STR	0	-
Furniture, Fittings & Office Equipment	10,989,103	17,531,831
Sundry Assets	54,689	78,270
Data Centre	1,028,189	1,477,745
	22,409,266	25,487,381
Total Carrying Amount of Equipment	22,409,266	25,487,381

Equipment included fully depreciated assets having a gross carrying amount of 2019 Rs. 63,389,275/- (2018 - Rs. 57,321,874/-)

8. RIGHT OF USE ASSETS

SLFRS 16 "Leases" requires lessee to recognize all significant leases in the statement of Financial Position as "Right of Use Assets" together with their corresponding lease liability with effect from 01st January 2019. These leases were classified as operating leases under the requirement of "LKAS 17 Leases" up to 31 December 2018.

Year Ended 31st December 2019 2019
Rs.

Movement in right-of-use assets

Balance as at 1st January 2018	-
Day 1 impact from the application of SLFRS 16	201,648,423
Restated Balance as at 31st December 2018	201,648,423
Additions / renewal operating lease during the year	-
Expiration of operating lease agreements during the year	-
Balance as at 31st December 2019	201,648,423

Accumulated Amortisation

Balance as at 1st January 2019	-
Amortisation for the year	55,447,837
Balance as at 31st March	55,447,837
Net Book Value at 31st December 2019	146,200,586

Year Ended 31st December 2019 2019
Rs.

Movement in right-of-use assets

Movement in operating lease liabilities

Balance as at 1st January 2018	-
Day 1 impact from the application of SLFRS 16	201,648,423
Restated Balance as at 31st December 2018	201,648,423
Additions/renewal of operating lease agreements during the year	-
Accretion of interest	26,154,403
Payments to lease creditors	(71,033,564)
As at 31st December 2019	156,769,262

9. INTANGIBLE ASSETS

Year Ended 31st December 2019	System Development Costs Rs.	Computer Software Costs Rs.	Software STR Costs Rs.	Total Rs.
Cost				
As at 1st January 2019	64,579,204	85,004,112	387,755	149,971,071
As at 31st December 2019	64,579,204	85,004,112	387,755	149,971,071
Additions	-	1,495,500	-	1,495,500
	-	1,495,500	-	1,495,500
As at 31st December 2019	64,579,204	86,499,612	387,755	151,466,571
Amortisation				
As at 1st January 2019	62,605,039	83,543,129	387,754	146,535,922
Amortisation for the year	1,187,744	762,186.00	-	1,949,930
As at 31st December 2019	63,792,783	84,305,315	387,754	148,485,852
Net Book Value				
As at 1st January 2019	1,974,165	1,460,983	1	3,435,149
As at 31st December 2019	786,421	2,194,297	1	2,980,720

Intangible assets include fully depreciated assets having a gross carrying amount of 2019 Rs. 142,187,998/- (2018 - Rs. 141,666,997)

10. OTHER FINANCIAL INSTRUMENTS

10.1 Current

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Treasury Bonds	-	727,897,992
Fixed Deposit	3,073,265,316	2,852,419,934
Receivable under Resale Agreements (Repo)	250,049,450	240,159,187
	3,323,314,766	3,820,477,113

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
10.2 Non-Current		-
Treasury Bond	1,318,631,515	1,253,506,100
Debenture	517,938,356	-
Fixed Deposit	-	-
	1,836,569,871	1,253,506,100
Total Non-Current	1,836,569,871	1,253,506,100
Total Current	3,323,314,766	3,820,477,113

11 INVENTORIES

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Stationery	590,974	567,519

12 TRADE AND OTHER RECEIVABLES

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Financial Assets		
Trade Debtors	142,049,879	171,145,470
Loan to Bureau Staff	16,030,016	17,587,618
Pre paid Staff Expenses	1,670,643	1,841,976
Deposits for Safe Lockers	45,000	45,000
Receivable	-	-
	159,795,538	190,620,063
Non Financial Assets		
Advances & Prepayments	105,736,158	8,553,995
Taxes Receivable	-	-
	105,736,158	8,553,995
	265,531,696	199,174,059

12 TRADE AND OTHER RECEIVABLES *Contd.*

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

Year Ended 31st December 2019	Total	Neither Past Due or Impaired	<30 days	31-60	61-90	Above 90
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	142,049,879	95,311,985	1,355,485	43,675,790	1,695,731	10,888

13 CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	2019 Rs.	2018 Rs.
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13.1 Favourable Cash & Cash Equivalents Balance

Cash & Bank Balances	14,394,610	868,862
Saving Accounts balances	22,464,354	24,756,343
	36,858,964	25,625,205
Government Securities	-	-
	36,858,964	24,743,970

13.2 Unfavourable Cash & Cash Equivalents Balance

Bank Overdraft *	-	(881,235)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	36,858,964	24,743,970

* This is due to unrepresented cheques

14 STATED CAPITAL

Year Ended 31st December 2019	2019	2018
	Number Rs.	Number Rs.
Ordinary Shares	250,000 25,000,000	250,000 25,000,000

15 RETIREMENT BENEFIT LIABILITY

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Retirement Benefits Obligation-Gratuity		
As at 1st January	9,917,924	8,259,086
Charge for the year	2,629,321	1,586,300
Actuarial (Gain)/Loss	4,838,154	72,538
Payments made during the year		-
As at 31 December	17,385,399	9,917,924

Defined Benefit Liability is valued as of 31 December 2019 and the principal assumptions used in the valuation is as follows:

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Discount Rate	10%	10%
Annual Salary Increment Rate	10%	5%
Staff Turnover	5%	1%
Average Remaining Life	10	22

Sensitivity effect on net liability as at 31 December 2019

		Rs.
Discount Rate	1%	(1,237,935)
	-1%	1,399,587
Salary Increment Rate	1%	1,283,295
	-1%	(1,158,164)

16 TRADE & OTHER PAYABLES

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Financial Liability		
Trade Payables	33,002,180	2,377,182
Other Payables	669,442	1,055,318
Accrued Expenses	29,255,442	34,179,659
	62,927,064	37,612,159
Non Financial Liability		
Other Payables	9,611,283	15,880,951
	72,538,347	53,493,110

17. DIVIDEND PAID AND PROPOSED

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Dividend Declared During the Year	800,000,000	700,000,000
Dividends On Ordinary Shares	800,000,000	700,000,000
Dividend Per Share	3,200	2,800

Rs. 3.200/- Per share have been proposed as dividends by the management on 21st August, 2020.

18 EARNINGS PER SHARE

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

Year Ended 31st December 2019	2019	2018
Net Profit attributable to Ordinary Shareholders (Rs.)	939,492,161	942,330,421
Weighted Average number of Ordinary Shares -	250,000	250,000
Earnings per Share (Rs.)	3,758	3,769

19. FAIR VALUE

The Management assessed that cash and cash equivalents, Trade and Receivable, Investment in Repo, Investment in Fixed deposits, Trade Payable, Bank Overdraft and other Current Liabilities approximately their carrying amounts Largely due to the short term maturities of these Instruments

20. COMMITMENTS AND CONTINGENCIES**Capital Commitments**

The Board has approved the purchase of Credit Bureau solutions (software) and the relevant agreement has being signed.
Total software cost USD 2,478,754 (Rs. 449,274,163/-Exchange rate 1 USD = Rs. 181.25)

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosure are as follow,

Year Ended 31st December 2019	2019 Rs.	2018 Rs.
Key Management Personal Compensation		
Short term employee ant benefits	31,711,459	26,440,508
	31,711,459	26,440,508

Other Transaction with Key Management Personal

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the Financial Statements. Except for as discriobed in note 17 the board had proposed a Rs. 3,200/- per share dividend on 21at August, 2020. Since December 2019, The spread of COVID19 has impacted many economies in the global. A Pandemic was declared by WHO on 11 May 2020. The Bureau has assessed the impact and the Pandemic does not foresee any significant impact on earnings and going concern of the company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual Shareholders' meeting of the Credit Information Bureau of Sri Lanka will be held on 11th September 2020 at the Kingsbury, Colombo at 10.00 a.m.

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 2019 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 authorise the Directors to determine their remuneration.
- » To declare a first and final dividend of LKR 3,200/= per share as recommended by the Directors for the year ended 31st December 2019.
- » To Consider any other Business of which due notice has been given.

By order of the Board



Nandi Anthony
Secretary to the Board

21st August 2020

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. H. A. Karunaratne

[Chairman]

Deputy Governor - Central Bank of Sri Lanka

Mrs. V. A. A. N. De Silva

[Director]

Bank Supervision Department Central Bank of Sri Lanka

Mr. D. P. N. Rodrigo

[Director]

Executive Director and the Chief Operations Officer - Hatton National Bank PLC

Mr. K. S. Bandaranayake

[Director]

Senior Deputy General Manager - Operations People's Leasing & Finance PLC

Mr. D. Senevirathna

[Director]

Group Chief Executive Officer - National Development Bank PLC.

Mr. K. Thilakaratne

[Director]

Director/Chief Executive Officer Commercial Leasing and Finance PLC

Mr. R. Kodituwakku

[Director]

Chief Executive Officer/General Manager People's Bank

Mr. U.G.R. Ariyaratne

[Director]

Director-National Savings Bank

Mr. N. Anthony

[Director / General Manager]

Credit Information Bureau of Sri Lanka

BOAR OF DIRECTORS (RETIRED)

Mr. N. Vasantha Kumar

Director,

General Manager of People's Bank
Retired w.e.f. May 2019

Mr. Suranga Naullage

Director

Director of National Savings Bank
Retired w.e.f. June 2019

Mr. A. A. M. Thassim

Director

Director of Bank Supervision - Central Bank of Sri Lanka
Retired w.e.f. February 2020

Mr. Rasitha Gunawardena

Director

General Manager of People's Bank
Retired w.e.f. May 2020

Mr. K. B. S. Bandara

Director

General Manager of Bank of Ceylon
Retired w.e.f. May 2020

ALTERNATE DIRECTORS

Mr. E. M. Jayaratne

Deputy General Manager - Retail
Banking Range I & II, Bank of Ceylon

Mr. Clive Fonseka

Head of Treasury & Investment Banking -
People's Bank

Mr. Deepal Akuretiyagama

Chief Operating Officer - National
Development Bank

Mr. Damith Pallewatte

Chief Risk Officer/Chief Information
Officer - Hatton National Bank

Mr. Ravi Yatawara

Executive Director - L B Finance PLC

Mr. Godfrey De Silva

Chief Operating Officer - LOLC
Development Finance PLC

BOARD AUDIT COMMITTEE

Mr. K. S. Bandaranayake

(Chairman)

Mrs. V. A. A. N. De Silva

(Committee Member)

Mr. D. Senevirathna

(Committee Member)

BOARD REMUNERATION COMMITTEE

Mr. R. Gunawardana

(Chairman (Retired w.e.f. July 2020))

Mr. D. P. N. Rodrigo

(Committee Member)

Mr. K. S. Bandaranayake

(Committee Member)

MANAGEMENT

Mr. Nandi Anthony

Director / General Manager

Mr. K. A. Janaka Lakmal

Deputy General Manager

Mrs. R. M. S. Rathnayake

Chief Manager - Operations

Ms. D. I. A. Jayasinghe

Chief Manager - Accounts &
Administration

Mr. A. N. Piyasiri

Chief Manager - ICT Infrastructure

Mrs. K. A. S. N. Fernando

Head of Information Security and
Compliance

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

BDO Partners

Charter House
#162/2 Sri Chittampalam Gardiner
Mawatha, Colombo 02.

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: +94 112 338 259

E-mail: info@crib.lk

Website: www.crib.lk



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இலங்கை கொடுகடன் தகவல் பணியகம்
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