

Progressive and Proactive in Adversity

CREDIT INFORMATION BUREAU OF SRI LANKA (CRIB)

ANNUAL REPORT 2020



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CREDIT INFORMATION BUREAU OF SRI LANKA

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While the year under review was an unprecedented time of adversity, we are gratified by our ability to acclimate and meet these challenges head on. As the world struggled to deal with the financial and social repercussions of the pandemic, we too underwent a period of readjustment that vitalized our ability to operate in a far more business environment. Our plan of action was formed upon accessibility, innovation and uninterrupted service as we realigned our vision to meet the demands of new normal. This dynamic strategy has been a veritable advantage as we mobilised in strengthening our digital channels, while introducing new products with assured our customers focus and demonstrated ability to adapt, becoming progressive and proactive in preparation for the future.

Progressive and Proactive in Adversity



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CREDIT INFORMATION BUREAU OF SRI LANKA

Introduction to the Report



THE REPORT PROFILE

Welcome to the third (03rd) integrated Annual Report of the Credit Information Bureau of Sri Lanka (CRIB). This report discusses our operational and financial performance in the frame of capitals and value generated to our stakeholders through the effective management of these capitals, comprising of Finance Capital, Intellectual Capital, Human Capital, Manufactured Capital, Natural Capital and Social Capital.

The CRIB is a statutory body established by the Credit Information Bureau of Sri Lanka Act No. 18 of 1990, 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. Hence, the adoption of the Integrated Reporting framework to the Annual Report of CRIB is purely voluntary and is implemented in support of good governance and exemplary corporate citizenship. The objective of producing an Annual Report in line with Integrated Reporting standards is to enhance transparency of the operations of this public service establishment and to inform the public of Sri Lanka on how the capitals are managed to deliver value to our varied stakeholders. We believe this would also add value to strengthening our reputation and image with our stakeholders while enhancing the precision of our stakeholder communications.

The financial statements appearing in this report have been prepared in accordance with the Sri Lanka Accounting Standards (LKASs/SLFRSs) in effect as at 31 December 2020, issued by the Institute of Chartered Accountants of Sri Lanka.

MEETING INTEGRATED REPORTING FRAMEWORK PRINCIPLES

The table below summarised the areas on the Report that provides relevant information in line with the key principles that govern the Integrated Reporting framework.

Area of Focus	Annual Report section carrying relevant information
Strategic focus and future orientation	Chairperson's Review and General's Manager review sections cover the strategic direction, deviations and future prospects
Connectivity of information	Operations Performance section summarises the overall management of capitals and value generated to stakeholders
Stakeholder relationships	Stakeholder Engagement section provides insight into the nature and the quality of CRIB's stakeholder relations including how and to what extent the organisation understands, takes into account and responds to their needs and interests
	Additional details are captured under the Social and Human Capital sections of the report
Materiality	Materiality was determined through a careful evaluation by the senior management on disclosing information about matters that substantively affect the organisation's ability to create value over the short to medium and long term. Materiality is covered under Material Topics and Boundaries section of the report.
Conciseness	Information has been compiled and presented in a meticulously planned format to provide a comprehensive outlook in the most concise and user-friendly manner
Reliability and completeness	To maintain reliability, both positive and negative material aspects have been reported in a balanced way in order to avoid material error.
	Additionally, the report has been assessed and vetted by the senior management while the financial performance has been verified by external auditors for further assurance.
Consistency and comparability	The report being the 3rd integrated report of CRIB carries consistent data that have been reported in line with standard reporting guidelines that allow the comparability of its contents.

Materiality Assessment

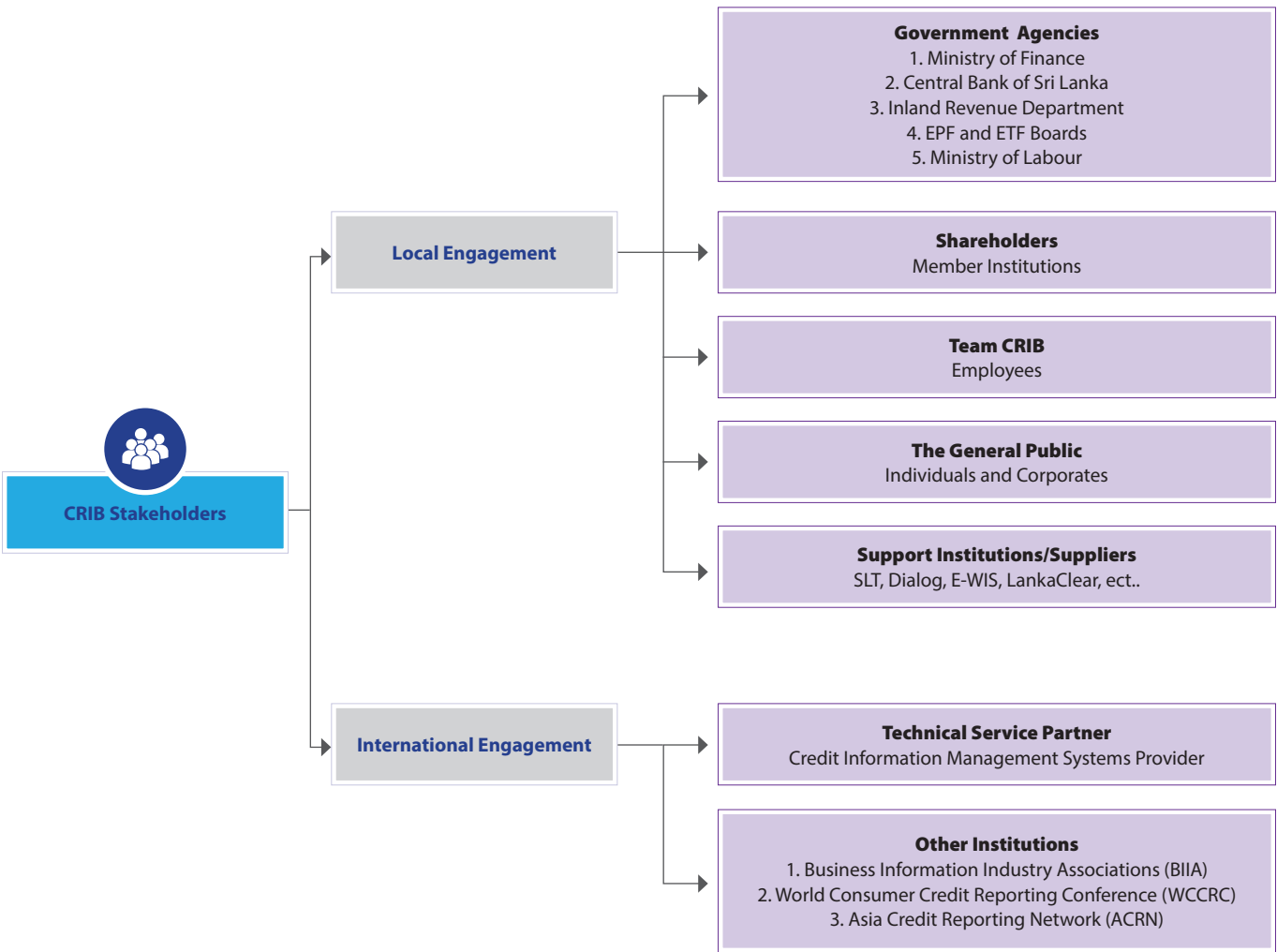
Materiality is defined by considering the significant impact which the organisation's operations impose on its internal and external stakeholders and the influences it receives from externalities. Operations of CRIB have been reviewed considering both financial and non-financial aspects in comparison with the previous year's assessment in determining the material topics and boundaries for this report. Regulatory compliance, expectations of our stakeholders on areas for disclosure, enhancement of transparency for the public and the government and adequate adherence to the principles of Integrated Reporting were the factors considered when assessing materiality of the selected topics. CRIB operates within Sri Lanka and hence its services and operations are limited within the boundaries of the country.

Material Topic	Significance	Section on Annual Report	Page Number/s
Discharging the Legal Mandate	Being a unique service provider established under a statutory act places significance on the need to maintain the legal mandate for which the organisation has been established.	<ul style="list-style-type: none"> ➤ Chairperson's Message ➤ Social Capital 	6 71
Governance	Given the unique public-private set up of CRIB places significant weight on maintaining a sound governance of the establishment for effective performance	<ul style="list-style-type: none"> ➤ The CRIB Governance System ➤ Board of Directors 	37 24
Managing Information Security Risks and Data Confidentiality	CRIB is a data hub that gathers, stores, processes and distributes highly sensitive financial data pertaining to credit information of individuals and institutions - hence data security and confidentiality plays a significant role in sustainable operations and stakeholder expectation management	<ul style="list-style-type: none"> ➤ Managing Risks ➤ Intellectual Capital ➤ Ethics and Anti-Corruption 	43 75 34
Financial and Operational Performance	The revenues generated and stakeholder value added are hinged on the successful performance of the organisation, hence the significance.	<ul style="list-style-type: none"> ➤ General Manager's Message ➤ Operations Review ➤ Financial Statements ➤ External Environment ➤ Independent Auditors Report 	10 56 82 50 85
Managing our Assets	Managing the key capitals for effective output and outcomes plays the integral role in creating stakeholder value and thus effective management of these assets need to be monitored and reported.	<ul style="list-style-type: none"> ➤ Financial Capital ➤ Human Capital ➤ Intellectual Capital ➤ Manufactured Capital ➤ Natural Capital 	63 67 75 78 79
Growth Strategy and Outlook	The sustainable growth and consistency of the organisation is dependent on its strategy, accuracy of execution and the future plans for growth – these factors determine the level of confidence of stakeholders in the organisation.	<ul style="list-style-type: none"> ➤ Message from the Chairperson's ➤ General Manager's Message ➤ Strategy and resource allocation 	6 10 54
Business model and Information about CRIB	Important to set the pace for the report and help the stakeholders understand the background, status and purpose of the organisation along with its value creation model.	<ul style="list-style-type: none"> ➤ Organisation Profile 	20

Stakeholder Engagement

We believe that creating sustainable corporate value and ensuring the consistence of CRIB is dependent on how well we anticipate and meet our stakeholder requirements. The Bureau would not be able to provide its services without the support, trust and confidence of its stakeholders, especially during the year under review which brought-forth unprecedented challenges due to the COVID-19 pandemic. The Bureau is pleased to report that its services were continued with consistency and with little or no interruptions during the review year and this was possible by the successful relations maintained by the Bureau with its stakeholders.

The stakeholders of CRIB have been identified primarily based on the CRIB Act. The CRIB Act defines the role of CRIB in the Sri Lankan milieu and in its capacity as the National Credit Information Agency. CRIB deals with a wide range of stakeholders, including international organisations. Stakeholder engagement framework of CRIB can be defined as follows.



The engagement process and quality of relations with each of the above stakeholder groups is summarized below.

Stakeholder description	Method of engagement	Purposes and Intent
Government Agencies	<ul style="list-style-type: none"> ➤ Statutory reporting processes 	A view to respect statutory obligations, maintain transparency and ensure compliance.
Shareholders/CRIB Members - Comprising of Central Bank of Sri Lanka and other lending institutions registered with the Central Bank of Sri Lanka (Commercial Banks, Specialized Banks, Finance Companies, Leasing Companies and other lending institutions)	<ul style="list-style-type: none"> ➤ Annual Shareholder Meeting ➤ Annual Report ➤ Member Awareness Programmes 	Providing accurate and up to date credit information and providing accurate information on moveable assets pledged as collateral for loans.
Employees	<ul style="list-style-type: none"> ➤ Salaries, wages and cash benefits ➤ Knowledge and skills development programmes ➤ Team building events and staff gatherings/meetings ➤ Internal communications via email, intranet Internal memorandums etc. 	Endeavour to provide industry-standard compensation packages, supplemented by other added monetary benefits, job security, career growth and skills development opportunities.
The General Public - All Sri Lankans and Registered Institutions in Sri Lanka	<ul style="list-style-type: none"> ➤ Dedicated customer portals and service hotlines ➤ Website services ➤ Member apps ➤ Publications ➤ Public relations through mass and digital media 	Providing accurate and up-to-date credit information on-demand along with efficient customer service.
Business Information Industry Association (BIIA) - One of the Largest Information Resources for Business Information and Credit Information such as credit bureaus, rating agencies, etc.	<ul style="list-style-type: none"> ➤ Full membership status obtained in 2015 ➤ Active participation at the Annual Conference 	A view to maintain sound relations and collaboration to enhance the knowledge-based capabilities of CRIB Sri Lanka while contributing to the knowledge hub of BIIA.
World Consumer Credit Reporting Conference (WCCRC) - World's largest gathering of the credit reporting industry	Active participation at the Annual Conference	This is the largest gathering of the credit reporting industry around the world to discuss the latest news and trends in credit reporting and is the only international event specifically focusing on credit reporting. The CRIB has participated in all conferences with the intention of enhancing the knowledge of CRIB staff on the industry and to establish international networks with key stakeholders and professionals in the industry
Asia Credit Reporting Network (ACRN) - Represents the Asian Credit Reporting Industry by bringing together key players in the Credit Reporting infrastructure	<ul style="list-style-type: none"> ➤ Attendance at key events of ACRN ➤ Full membership status obtained in 2019 and maintained henceforth 	To contribute to the urgent needs for Asian countries to promote exchange and corporation in credit reporting by sharing knowledge and experience amongst members.
Technical and Service Partners - Dedicated technical support service provider	<ul style="list-style-type: none"> ➤ Constant collaboration through cross communication ➤ Timely payments and ensuring good working relations 	Maintain the accuracy of the system performance and adherence to security standards in order to provide a consistent, efficient and effective service to the general public and our shareholders.

Chairperson's Message



CRIB also contributed to these efforts to grant reliefs to affected businesses and individuals by reporting credit data on moratorium facilities without any negative impacts to borrowers and their credit scores, whilst ensuring accurate credit data is available to member lending institutions.

On behalf of the Board of Directors of the Credit Information Bureau of Sri Lanka (CRIB), I am pleased to present the audited accounts and annual report for the year 2020, to our shareholders and the public of Sri Lanka.

NAVIGATING THE NATIONAL CREDIT INFORMATION BUREAU THROUGH CHALLENGING CONDITIONS

Despite obstacles and a very challenging operating environment, it is noteworthy that CRIB continued its statutory role effectively as the national Credit Information Bureau, by providing 8.6 million credit reports to member institutions during the year 2020, while expanding its product suite offered to its 73 member lending institutions (licensed commercial banks, licensed specialized banks, licensed finance companies and specialised leasing companies) and public at large. The year commenced with the Bureau launching "CRIB Score", the very first credit score of Sri Lanka developed through a partnership with Creditinfo International GMBH. Initially, the consumer credit score (individual) was developed and launched in January 2020 while the corporate credit score was released in December 2020. The "Retrospective CRIB Score Analysis", which can be used to predict the future performance based on the past behavior of the credit portfolio, was released to the lending institutions in November 2020 enabling lending institutions to develop new acquisitions,

account management or collection strategies, or to re-define and re-validate the strategies which are currently in place.

In June 2020, 'Host-to-Host integration', a new API was introduced enabling a seamless and real time connection of the Core Banking systems or the Loan Originating Systems of lending institutions, with the Credit Bureau System. From July 2020, CRIB facilitated all lending institutions to access CRIB Scores via Application Programming Interface (API) enabling them to connect CRIB Score directly to their internal score cards or the loan originating system. 'CRIB Bulk Scores' was also introduced to enable the lending institutions to obtain the CRIB scores for their existing customers in bulk mode for risk evaluation purposes.

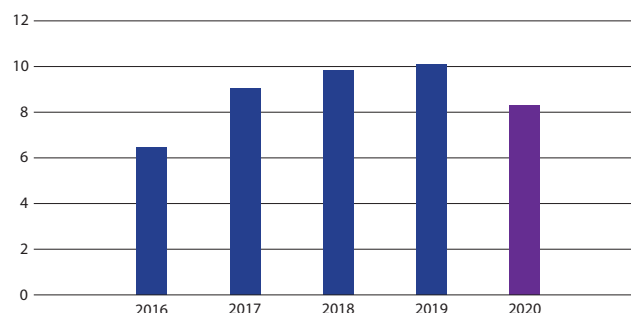
The above products and services provided lending institutions an effective credit reporting system with high quality credit information to reduce the information asymmetry, while introducing several other services to directly benefit the borrowers and the public. The Credit Reports are provided at affordable prices enabling enhanced credit information symmetry amongst lending institutions including Microfinance institutions and digital lenders who process high volume small ticket lending, especially to the rural sector. To offer an uninterrupted service to the public especially amidst the movement restrictions imposed to curtail the spread of the pandemic, the Bureau introduced the "Online iReport" service in November 2020.

It is also pertinent to mention that these new products and services of CRIB were unveiled despite many challenges, during an unprecedented time. The pandemic that ravaged the country throughout 2020 forcing long-spells of lockdowns, mobility restrictions, etc. impacted the operations of CRIB with routine disruptions to both administration and operational areas. The resultant uncertainty and prolonged nature of the COVID-19 outbreak, therefore required the Bureau to adopt with the emerging 'new normal', prompting to realign its processes, employee engagement, resource mobilization and service offering to diverse user groups.

The drop in demand for credit and the resultant deceleration of credit growth impacted the business volumes of CRIB, while a drop-in interest rates affected the investment income. The fluctuations in foreign exchange rate affected project payments and made technology more expensive. However, the Bureau was able to record a reasonable operating income (Rs 966 Mn) and

No of Credit Reports Issued to Member Institutions

Rs. Mn



profit after tax (Rs 835 Mn), although they were 12.0% and 11.0%, respectively, lower than the previous year. Accordingly, having recorded a net asset per share of Rs. 21,008, the Board of Directors of CRIB has decided to declare a total dividend of Rs. 600 Mn.

CRIB, while aiming to transform the industry's credit risk management practices to be more rational and objective, aspires to soon become the top performing credit bureau in the South Asian region. CRIB being awarded the prestigious accolade for 'The Most Innovative Credit Bureau in South Asia' at the Global Business Outlook Awards 2021 further testifies to its continued endeavors to ensure a sound credit reporting system despite the challenges of year 2020. I congratulate all of you for this achievement, while appreciating the strong commitment and dedication of all those who contributed to same.

THE ECONOMIC LANDSCAPE OF SRI LANKA 2020 IN BRIEF

The year 2020 presented extraordinary challenges to Sri Lanka's economy, businesses, and individuals with the impact of the Covid-19 pandemic being felt profoundly since the second quarter of the year. Amid the pandemic, the economy contracted by 3.6 percent in 2020, experiencing an unprecedented slowdown as was the case in many countries battling the pandemic. While the swift measures implemented by the State in the second quarter of 2020 helped contain the first wave of COVID-19 successfully, the economy resumed its recovery in the third quarter as the first wave was brought under control and containment measures were relaxed. The momentum continued in the fourth quarter as the country and economic activities were kept unrestricted despite a second wave of COVID-19 infections.

Chairperson's Message

Multitude of challenges were encountered by households and enterprises in the economy due to the spread of COVID-19 pandemic. The Central Bank of Sri Lanka (CBSL) promptly responded by undertaking timely and considerable monetary policy easing, and additional measures to increase liquidity in the market and support businesses. It also introduced financial sector regulatory measures through banks and non-bank financial institutions, such as debt moratoria for COVID-19 affected businesses and individuals. CBSL also introduced several concessionary loan schemes aimed at providing working capital for businesses, particularly for the Micro, Small and Medium Sector Enterprises (MSMEs) affected by the pandemic and initiated direct measures to reduce certain lending rates. Reflecting the extraordinary monetary policy easing measures by CBSL, overall interest rate structure declined to single digit levels and accordingly, credit extended to the private sector began to rebound. CBSL ensured the maintenance of financial system stability by introducing several measures aimed at safeguarding the interests of financial institutions as well as those of depositors, while enabling the financial sector to provide the extraordinary support required by the economy due to the pandemic. In addition, CBSL established the Financial Consumer Relations Department with a view to strengthen customer relationships with financial institutions. CRIB also contributed to these efforts to grant reliefs to affected businesses and individuals by reporting credit data on moratorium facilities without any negative impacts to borrowers and their credit scores, whilst ensuring accurate credit data is available to member lending institutions.

During 2020, the banking sector recorded a moderate growth in terms of core business activities including 11.9% credit growth resulting a loans and advances portfolio of Rs 9.0 trillion by the year-end. Despite the freezing of classification of credit facilities, during the year, non-performing loans of banks increased by Rs 66.4 billion, resulting in an increase in Non-Performing Loan (NPL) ratio to 4.9% at the end of the year. The Non-Bank Financial Institutions (NBFI) sector, represented by the licensed finance companies and specialized leasing companies too remained stable despite sluggish performance resulting from certain companies encountering difficulties due to pandemic related performance and reduced consumer confidence. During the year, total loans and advances recorded a negative growth of 5.7% resulting a Rs 1.0 trillion loans and advances by year end. The NPL ratio of the NBFI sector increased to 13.9% by end

2020 recording increased deterioration in the quality of assets. The actual NPL positions in both banking and NBFI sectors can only be assessed after cessation of the moratoria that are still in force. Overall, both sectors remained resilient with capital maintained at healthy levels. Against this background, the timely dissemination of credit information remained vital to facilitate lending institutions to screen their borrowers and monitor the risk profile of existing loan portfolios, while identifying further opportunities for expansion. Such efforts contributed to the efficiency improvements of financial intermediation throughout the pandemic stricken year.

FUTURE OUTLOOK

Credit to the private sector by the formal lending institutions is expected to increase in the period ahead amidst the gradual recovery in domestic economic activity, although some deceleration could be expected in the near term due to the COVID-19 pandemic. This will be supported by the low interest structure prevailing in the market compared to very high interest rates prevailed before 2019/2020 period. Further, the Government's policy drive to strengthen the domestic production and MSME sector could also improve the demand for credit. As the CRIB has gained relevance and credibility by lending institutions in their credit risk management, the bureau must be prepared to meet such credit demand and continue to explore new products as credit risk management tools. Comprehensive credit information sharing helps to provide financial access to creditworthy borrowers from the mainstream credit market. In this regard, I am delighted to state that the Bureau is fast moving towards a new state-of-the-art Credit Bureau System (CBS) that will commence operations soon. The Bureau staff has been relentlessly working throughout these challenging times under the guidance of the Board of Directors to ensure that they acquire the best system to provide greater service to member lending institutions and the public at large.

CRIB has also been a key enabler in expediting the establishment of the Secured Transaction Registry (STR) Act in Sri Lanka. CRIB has thus far played a key role in maintaining the STR and is now actively involved in the advocacy of an STR Act that would result in the establishment of a fully-fledged Secured Transactions System and a dedicated Secured Transaction Authority (STA). The dedicated STA is expected to boost the borrowing capacities especially for SMEs and MSMEs in the country through optimum leverage of the STR. CRIB envisions to continue as a service

provider to the said authority, maintaining the STR and enhancing its quality of data to serve the national purpose of supporting SME and MSME growth in the years to come.

Additionally, several other policy measures are expected to create greater demand for bureau activities. Recently, the Cabinet of Ministers has approved a proposal to establish a credit guarantee institution (CGI) in Sri Lanka mainly to address these issues faced by MSMEs in obtaining credit through formal channels, by providing a credit guarantee to respective financial institutions over their lending to MSMEs. Establishing a dedicated CGI for MSMEs will increase the availability of low-cost funding from formal financial sector to these enterprises while encouraging financial institutions to lend to MSMEs, since credit risk is shared by CGI. The enactment of the proposed Microfinance and Credit Regulation Authority Bill, setting up of a statutory framework for financial assets management and policy initiatives towards promoting green/sustainable financing are also expected to improve the efficiency of financial intermediation, while providing much needed financial support to uplift the living standards of public at large through greater financial inclusion.

On the World Bank Ease-of-Doing-Business Index (EODBI), Sri Lanka is expected to receive the full 8 marks given for a country's credit bureau system, when CRIB switches over to its newly developed, state-of-the-art CBS system. It will deliver higher processing speeds and capacity to collect financial and non-traditional data, whilst also delivering a range of new products and features including E-Alerts and a comprehensive Business Intelligence (BI) Tool for Portfolio Management. After the switch over to the new CBS system, CRIB will also collect other non-traditional data such as mobile, utilities and insurance data which will also further augment the Credit Score algorithm and further improve the predictability of the CRIB Score in the near future.

APPRECIATION

The pandemic in 2020 brought sudden challenges to our living and working environments. Navigating operations of the Bureau and keeping its functions uninterrupted during such turbulent times calls for resilience and dedication. In this regard I wish to express my appreciation of the CRIB team led by the General Manager, who continued to work together and deliver support to our stakeholders under difficult conditions while ensuring the safety of our users and of each other. The challenge has been

tremendous and their efforts in overcoming these have been inspiring.

In addition, we have received support from multiple stakeholders throughout the year 2020, including the regulatory authorities, government and the Central Bank, I'm especially thankful to our shareholders that have continued to place their trust in us strengthening existing relationships and forming new partnerships throughout the years, specially amidst many challenges and limitations of the operating environment of the past year.

Within CRIB, the members of the Board of Directors under the Chairmanship of Mr H A Karunaratne, former Deputy Governor of the Central Bank, have provided professional guidance, which has enabled the Bureau's resilient performance amidst a challenging landscape.

To all member lending institutions, service providers, individuals, well-wishers and the general public, I wish to record my deep appreciation of support provided in numerous ways to navigate amidst a tough environment in the year 2020.



Mrs. T. M. J. Y. P. Fernando
Chairperson

General Manager's Message



I am pleased and proud to state however, that the CRIB stood resilient amidst such a tumultuous backdrop and was successful in conducting uninterrupted operations and recording an impressive performance during the review year.

Dear Stakeholders,

The year 2020 was one that tested the grit and resilience of corporates, organisations and governments around the world. The COVID-19 pandemic that struck by the end of year 2019, affected economies, communities and individuals worldwide as its damaging impacts left no one untouched.

I am pleased and proud to state however, that the CRIB stood resilient amidst such a tumultuous backdrop and was successful in conducting uninterrupted operations and recording an impressive performance during the review year.

OPERATIONAL PERFORMANCE

Our core operation is to play the role of a data hub, facilitating vital credit information to lenders, borrowers, the Central Bank of Sri Lanka, other governmental and non-governmental agencies and the general public. The overall economic slowdown caused by the COVID-19 impact had a bearing on the overall credit growth in the country, while driving down the demand for credit related information and data from CRIB. Despite this slowdown, the CRIB was able to provide 8.6 Mn. Credit reports during 2020, keeping up its operational performance to over 86 % of that of the previous year, made possible by proactive and pre-emptive

action initiated by the Bureau, in a very difficult, pandemic stricken year.

It is worthy to note that we were able to maintain the consistency, speed, quality and continuity of data submissions and reporting services amidst unprecedented challenges experienced in the year 2020. The lockdown that was imposed as a measure to curtail the spread of the virus during the first wave in early 2020 and the restrictions introduced thereafter throughout the year, propelled the Bureau to rethink and re-strategies its business continuity while ensuring the health and safety of our team. Several initiatives were undertaken to maintain undisrupted services to our stakeholders and to stay atop our strategic goals during this difficult year. In a bid to reduce exposure of our staff members, the Bureau took swift action to deploy identified staff members at the Disaster Recovery-site (DR site) while some staff members continued to work at the live site and other identified staff were provided with the necessary facilities to work from home on a rostered basis. With this staff re-deployment strategy, we were able to successfully manoeuvre the operations of CRIB efficiently, while optimising the available resources and ensuring consistency of system availability for all relevant staff members. I'm pleased to note that these initiatives that were continued throughout the year contributed to maintaining our high-quality outputs and meeting stakeholder expectations effectively and efficiently despite the challenges of the year.

One of the greatest challenges experienced in the year under review, was the limitation of access to users of CRIB services due to lockdowns, travel restrictions and other confinements caused by the pandemic situation. Having identified this as a major setback for the performance of the Bureau, swift action was taken to implement improvements to the CRIB system to enable better accessibility for credit reports. As such, several developments were undertaken for automation of identified service inquiries and the process for credit report issuance for individuals was automated under this programme, enabling them to gain easy access to their credit history without having to visit the Bureau. The security of the information issued online was ensured by a video-based screening interview conducted online with the requester to ensure the authenticity of the individual. Automation of the iReport service will be further leveraged to improve our operational and financial performance while providing quick and easy access to users to enable better control of their credit information requests.

The CRIB also played a crucial role in supporting the lenders to roll-out the moratorium relief programme introduced by the Central Bank of Sri Lanka to provide ease to borrowers affected by the COVID-19 pandemic. In line with the directives issued by the Monetary Board, CRIB issued reporting guidelines to lenders, which ensured that credit data of borrowers who availed themselves of the Moratorium were reported in a manner which had no negative impacts to the credit reports and credit scores of those borrowers, during the period of the Moratorium. Credit data reporting of all facilities under Moratorium were made under a separate category where any arrears pertaining to those facilities were not reported during the Moratorium period, so that those borrowers were not hindered when applying for further credit during this difficult period. In this manner, CRIB balance the expectations of the Lenders, Borrowers, Government, Monetary Board and The Central Bank, during these times of immense economic hardship.

It is noteworthy that these system improvements and consistency of services were achieved with no additional staff and with no price increases to our customers. Amidst this challenging backdrop, the Cost to Income ratio of the Bureau has been maintained at 37% while making continuous improvements to the system through strategic investments and continuously improving the quality of reports and standards of service to our stakeholders. I would like to reiterate that to date, we have not received any customer complaints against the Bureau in relation to delays, or failure to provide requested credit reports which stand testimony to the operational excellence and dedicated professionalism of the CRIB team. Despite mounting challenges both internally and externally, we have consistently maintained the quality of input data from our eighty-two member institutions, to retain high levels of data accuracy while ensuring speedy issuance of credit reports to customers, averaging at the rate of 35,322 reports a day, despite the extreme challenges in year 2020.

CRIB is a highly technical operation run by a modest, carefully selected team of 26 technically skilled staff members providing credit reporting services to the entire nation. We also take pride in our IT security standards that safeguard the high volume of sensitive and confidential data that pass through our databases on a daily basis. Therefore, it is vital that an exceptional level of employee commitment and integrity be maintained within the Bureau to ensure good governance practices and continue

General Manager's Message

to maintain high-quality outputs through our establishment. As we operated within a very challenging year, we were also cognizant of the work-related stresses as well as the personal challenges that our staff members were faced with and took measures to provide flexible work processes along with adequate compensation and safety to carry out their work with ease and purpose. The initiatives of the staff remuneration committee and the fully automated staff performance appraisal system that provides unbiased performance management etc. are other support mechanisms that ensure our staff members are motivated to perform within a knowledge-based organisation that encourages learning and the continuous improvement of its team.

The culmination of the successful operational performance of the year under review was marked by CRIB Sri Lanka being awarded the prestigious accolade for 'The Most Innovative Credit Bureau in South Asia' at the Global Business Outlook Awards 2021. The award testifies for the good work done by the Bureau to ensure a sound credit reporting process despite the challenges of year 2020.

I am also pleased to state that the relevant World Bank Team in New York has confirmed that Sri Lanka's Ease Of Doing Business Index will improve due to the very successful and comprehensive Credit Score initiative that was introduced by CRIB, highlighting the importance of our contribution to the National Economic and Financial System Stability.

FINANCIAL PERFORMANCE

Despite the drop in credit growth during the year, Rs. 966 Mn. was recorded as income from credit information during 2020, which was a marginal reduction of 11% YoY. Investment Income of Rs. 493 Mn. was also recorded in 2020, despite the drop in interest rates during the year, which translates to a marginal decline of 10% YoY. Thus, an impressive profit before tax of Rs. 1.1 Bn was posted for the year under review.

Costs contained during 2020 totalled Rs. 355 Mn. which was only a 2% increase YoY. significant investments were made in system enhancement and to ensure staff safety during the pandemic stricken year. CRIB contributed a sum of Rs. 269 Mn as tax to the state and reported a significant after-tax profit of Rs. 834 Mn. A dividend of Rs. 600 Mn. was thus declared and Earnings Per Share

for the year stood at Rs. 3,338, further affirming the great financial value continuously generated by CRIB to its shareholders.

DIGITALLY DRIVEN STRATEGIC GROWTH

The year 2020 with all its unprecedented challenges, propelled CRIB to accelerate its digital growth plans to better equip its system and processes to operate more efficiently within the new normal. Accordingly, CRIB took measures to invest in upgrading its current system to accommodate the evolving needs of the users and stakeholders of CRIB, while enhancing its service standards and turn-around times. Development of the Host to Host API, the automation of the personal iReport issuance and integration of same with Mobile Banking Applications of member institutions, were important aspects worked on during 2020, to give speed and ease of access remotely to CRIB users, during a difficult period where physical access was a real challenge to the users and a risk to our staff.

Parallely, CRIB also accelerated the implementation of its new state of the art credit bureau system, which is now in its User Acceptance Testing (UAT) stage. The new system is hence expected to feature at the end of the current year. With the new system, users can expect to enjoy much enhanced processing speeds, capacity, storage and also an enhanced product and services range. The Bureau will then be able to collect non-financial institutions data such as Telco Data, Utilities and Insurance Data and even Pawning Data. This data will be used to augment the predictive accuracy of the CRIB Score. Products and features such as Alerts, Analytics (Business Intelligence Tool) and Portfolio Management will also be introduced.

STAKEHOLDER ENGAGEMENT

Enhancing the CRIB's public image remained a key focus area during the year under review, subject to the limitations of a pandemic environment. We continued to raise awareness through electronic and digital media channels, to reach our target audiences with the latest developments of the CRIB and the services available to the public through the CRIB, even amidst the limitations to travel and physically visit the Bureau. Awareness related to debunking the misconceptions on CRIB and highlighting its services to the nation, was continued by our public relations initiatives via Webinars, TV, radio talk shows and through newspaper articles.

As part of a dynamic global industry, we maintain close tabs on global trends in credit reporting, so our Stakeholder are also kept abreast and can benefit from the latest in CRIB reporting trends and developments within the region and around the world. The usual awareness programmes of The Business Information Industry Association (BIIA) and the Asia Credit Reporting Network (ACRN) in which we are active members, had to be curtailed due to challenges posed by the COVID-19 pandemic and new membership drives are set to recommence in a safer manner, within the new normal of the new financial year.

CRIB continues to serve on and contribute to the important Financial Systems Stability committee of the Central Bank. Whilst the digital Secured Transaction Registry continues to be maintained by CRIB, we also provided valuable input and support to the Amended Secured Transaction Bill, which has now reached the obtaining of Cabinet approval stage. Once enacted, this Bill will facilitate a vital source of finance for particularly the important SME sector, where lenders can register moveables on this registry and lend to those small businesses.

FUTURE OUTLOOK

The enhancement of digital capabilities and other such initiatives discussed above will enable CRIB to expand its reach to hereto unbanked populations and to include more comprehensive credit data on individuals and corporates to cultivate a more inclusive reporting culture in the future.

Under the 'National Financial Inclusivity Programme' and once the proposed Credit Regulatory Authority Act is in place, we envision in growing our membership to include Micro Finance Institutions, Corporate and Rural Development Banks, in a bid to enrich our databases to be more comprehensive and inclusive.

A special awareness programme for G C E A/L students to create awareness of the CRIB and its contribution to individuals and the nation is being planned to be deployed once the pandemic situation is alleviated in the future.

It is our view that more inclusive reporting is the way forward to protect our consumers from unorthodox and non-conformist financial schemes and in this direction, CRIB envisions to grow its membership to include more vulnerable customer groups as well into its reporting sphere, in order to ensure safer and more organised financial schemes and lending in future Sri Lanka.

ACKNOWLEDGMENTS

I wish to record my sincere thanks to the past Chairmen Mr. H.A. Karunaratne, Mr. K.M. M. Siriwardena and the current Chairperson of CRIB Mrs. T. M. J. Y. P. Fernando for their guidance and astute counsel in successfully driving the operations of CRIB during a time of great difficulty. My grateful thanks to the Board of Directors for their guidance, direction and support extended at all times. I'm extremely thankful to my team at CRIB for their unwavering commitment and dedication, meeting our strategic goals despite many personal and professional challenges that prevailed in the year under review.

My grateful appreciation goes to the member institutions as well, for their continued patronage along with our customers for placing their trust in us. I am confident that Team CRIB will continue to deliver continuous value to our stakeholders in the year to come with new-found vigour and dedication towards accuracy and excellence.

Sincerely



Mr. Nandi Anthony
General Manager

Key Performance Indicators

Total Assets
Rs. 5.5Bn

Profit Before Tax
Rs. 1.1Bn

Operational Income
Rs. 966Mn

Net Assets
Rs. 5.2Bn

EPS
Rs. 3,338

DPS
Rs. 2,400

Income Earned From New Products

Rs. 8Mn

Net Assets Per Share
Rs. 21,008

Persons in database as a %
of adult Population
72%

Number of persons with
active Credit Records
Rs. 7.1 Mn

Data Quality Efficiency (as a
% of total Credit Portfolio)
99.20%

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

Rs. 45.7 Mn

Financial Highlights

YEAR ENDED 31 DECEMBER	2020	2019	2018	2017	2016
OPERATING RESULTS - (Rs.' 000)					
Income	965,984	1,093,070	1,077,447	983,819	884,623
Expenses	(355,222)	(347,915)	(296,820)	(263,669)	(260,411)
Operating Profit / (Loss)	610,762	745,155	780,627	720,150	624,212
Other Income	493,377	551,117	521,381	483,208	366,506
Net Profit Before Extra-Ordinary Items	1,104,140	1,296,272	1,302,008	1,203,358	990,718
Extra Ordinary Items					
Net Profit After Extra Ordinary Items	1,104,140	1,296,272	1,302,008	1,203,358	990,718
Taxation	(269,548)	(356,786)	(359,678)	(135,183)	(102,357)
Net Profit After Extra Ordinary Items & Taxation	834,591	939,486	942,330	1,068,175	888,361
SHAREHOLDERS FUNDS - (Rs.' 000)					
Share Capital	25,000	25,000	25,000	25,000	25,000
Reserve	3,767,776	3,689,730	2,490,271	2,466,796	1,932,252
Accumulated Fund	1,459,287	1,530,934	2,435,371	2,181,021	2,013,295
	5,252,066	5,245,664	4,950,642	4,672,817	3,970,547
LIABILITIES - (Rs.' 000)					
Creditors & Other Payables	192,060	220,196	373,289	88,258	84,995
Deferred Liabilities	132,166	174,635	9,917	8,259	7,456
	324,226	394,831	383,206	96,517	92,451
ASSETS - (Rs.' 000)					
Non-Current Assets	129,416	177,628	34,500	42,756	43,932
Investments	5,117,353	5,159,883	5,073,983	4,470,013	3,762,304
Inventories	742	590	567	497	405
Trade & Other Receivables	294,054	265,532	199,174	219,666	224,964
Cash & Bank Balances	34,723	36,859	25,625	36,403	31,425
	5,576,288	5,640,492	5,333,849	4,769,335	4,063,030
RATIOS					
Return on Average Shareholders' Funds (%)	16%	18%	19%	23%	22%
Income Growth (%)	-12%	1%	10%	11%	1%
Return on Average Assets (%)	15%	17%	18%	22%	22%
Rate of Dividends (%)	2,400%	3,200%	2,800%	2,400%	2,000%
Gross Dividends (Rs. ' 000)	600,000	800,000	700,000	600,000	500,000
SHARE INFORMATION					
Earnings Per Share (Rs.)	3,338	3,758	3,769	4,273	3,553
Net Assets Per Share (Rs.)	21,008	20,983	19,802	18,691	15,882



Through adversity

**we will bravely
innovate**

Historical Milestones

1990

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.

2004 1st Amendment to the CRIB Act No. 8 of 1995 was passed in Parliament.

2000 Credit card defaulters' database started.

1997 10th anniversary of the commencement of operations.

1995 CRIB with CBSL and the World Bank jointly hold the first South Asian Credit Bureau Conference in Colombo.

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

2009 2nd Amendment to the CRIB Act No. 42 of 2008 was enacted.

2005 Commencement of CRIB modernisation project.





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 partnership with a new technology vendor to drive the CRIB next generation development roadmap.

2019 Initiation of Issuance of Credit Score Report

2020

Development of Host to Host access API and Automation of iReport issuance

About Us

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

OUR RESPONSIBILITY

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

“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

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

VALUE CREATION MODEL

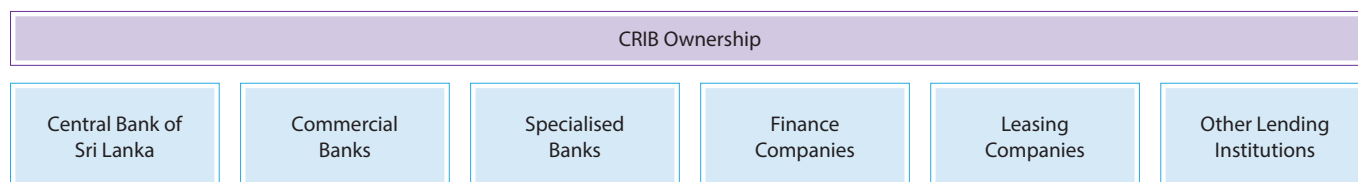
The CRIB's economic value creation activity is primarily the collection of credit information of individuals and institutions from registered financial services providers (member institutions) and issuing credit reports to individuals and institutions. This process is facilitated through digital data 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 programmes 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.



CRIB SHARE OWNERSHIP AS AT 31ST DECEMBER, 2020 :

- The Monetary Board of Central Bank of Sri Lanka : 19.30 %
- Bank of Ceylon : 18.88 %
- 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 31ST AUGUST 2021)

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
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. National Savings Bank
3. Regional Development Bank
4. Sanasa Development Bank PLC
5. Sri Lanka Savings Bank Limited
6. State Mortgage and Investment Bank

Finance Companies

1. Abans Finance PLC
2. Alliance Finance Company PLC
3. AMW Capital Leasing and Finance PLC
4. Asia Asset Finance PLC

5. Associated Motor Finance Company PLC
6. Bimputh Finance PLC
7. CBC Finance Limited
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. Fintrex Finance Limited
14. HNB Finance Limited
15. Ideal Finance Limited
16. Kanrich Finance Limited
17. L B Finance PLC
18. Lanka Credit and Business Finance Limited
19. LOLC Development Finance PLC
20. LOLC Finance PLC
21. Mercantile Investments and Finance PLC

About Us

22. Merchant Bank of Sri Lanka and Finance PLC
23. Multi Finance PLC
24. Nation Lanka Finance PLC
25. Orient Finance PLC
26. People's Leasing & Finance PLC
27. People's Merchant Finance PLC
28. Prime Finance PLC
29. Richard Pieris Finance Limited
30. Sarvodaya Development Finance Limited
31. Senkadagala Finance PLC
32. Singer Finance (Lanka) PLC
33. Sinhaputhra Finance PLC
34. Siyapatha Finance PLC
35. Softlogic Finance PLC
36. U B Finance Company Limited
37. 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.

Through adversity

**we will create
accessibility**



Board of Directors



MRS. T. M. J. Y. P. FERNANDO
Chairperson



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



MR. D. SENEVIRATNE
Director



MR. D. P. N. RODRIGO
Director



MR. R. KODITUWAKKU
Director



MR. D. P. K. GUNASEKERA
Director



MR. C. S. HETTIARACHCHI
Director



MR. N. UDAGE
Director



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

01

MRS. T. M. J. Y. P. FERNANDO

Chairperson

Mrs. Yvette Fernando currently serves as a Deputy Governor at the Central Bank of Sri Lanka, broadly in charge of the area of financial system stability.

She has over 30 years of service in the Central Bank in the areas of supervision and regulation of banks, foreign exchange management and currency management. During this period, Mrs. Fernando has served as the Director of Bank Supervision and the Controller of Exchange and has played a vital role in contributing to the financial system stability by providing leadership to implement a strong regulatory framework for banks in line with international standards and best practices. Prior to the appointment as a Deputy Governor, Mrs. Fernando held the position of Assistant Governor and was in-charge of the departments of Bank Supervision, Currency, Foreign Exchange and Employees' Provident Fund.

Mrs. Fernando has participated in several local and international training programmes, seminars and other forums to enhance and update her knowledge on different aspects of bank supervision and regulation, general banking operations, good governance practices, and resolution of weak banks, cash operations, currency management, sustainable finance and leadership skills. She has been a resource person in several training programmes and panel discussions on work related subjects, both local and overseas.

Mrs. Fernando, currently functions as the Chairperson of the Financial System Stability Committee and the National Payments Council of the Central Bank of Sri Lanka, the Institute of Bankers of Sri Lanka.

She holds a Master of Financial Economics degree from the University of Colombo and a Bachelor of Commerce degree from the University of Sri Jaywardenepura.

02

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

Director

Mrs. V. A. A. N. De Silva is the Director of Bank Supervision of the Central Bank of Sri Lanka (CBSL).

Mrs. De Silva counts over 27 years' service at CBSL 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, 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.

Board of Directors

03

MR. D. SENEVIRATNE

Director

Mr. Dimantha Seneviratne is the Group Chief Executive officer of the National Development Bank PLC and 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.

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

Mr. Seneviratne holds a MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and a 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.

04

MR. D. P. N. RODRIGO

Director

Mr. Rodrigo is an Executive Director and the Chief Operations Officer of Hatton National Bank PLC.

He counts 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.

Mr. Rodrigo serves on the councils of the Sri Lanka Institute of Directors (SLID) and as the Chairman of the 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 at SLID as a Lecturer of the Director Certification Program – Risk Management and Corporate Responsibility Modules. He is also a presenter on technical papers in various forums locally and overseas on Strategy, Business Transformation and Risk Management.

05

MR. R. KODITUWAKKU

Director

Mr. Ranjith Kodituwakku is the Chief Executive Officer/General Manager of People's Bank.

Mr. 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 geographic locations.

Mr. Kodituwakku 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.

He holds a Master's Degree in Business Administration specialised in Finance from the University of Colombo, a 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.

06

MR. D. P. K. GUNASEKERA

Director

Mr. D P K Gunasekera is the General Manager of Bank of Ceylon. 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 operations with BOC London Branch, and has 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, Ceybank 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.

Board of Directors

07

MR. C. S. HETTIARACHCHI

Director

Mr. C. S. Hettiarachchi is the Director Corporate Affairs of Central Finance Company PLC and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

Mr. Hettiarachchi counts over 19 years of experience in the Financial Services Sector and serves as a Director of a number of Central Finance Group Companies namely, Central Industries PLC, CF Insurance Brokers (Pvt) Limited, Dehigama Hotels Company Ltd., Central Transport & Travels Ltd., and Mark Marine Services (Pvt) Ltd.

He serves as the current Chairman of the Leasing Association of Sri Lanka (LASL) and a member of the Financial System Stability Consultative Committee (FSSCC) of the Central Bank of Sri Lanka. He was the representative of LASL to The Ceylon Chamber of Commerce and a member of Ceylon Chamber of Commerce's National Agenda Committee on Finance and Capital Markets. He had also served as a Director of Finance Houses Association (FHA).

Mr. Hettiarachchi holds a Bachelor's of Law (LL.B) Degree from the University of Colombo and he also holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

08

MR. N. UDAGE

Director

Mr. Niroshan Udage is an Executive Director of LB Finance PLC since 2007 and a Director of LB Microfinance Myanmar Company Limited since 2017.

Mr. Udage possesses 30 years of experience in the field of leasing and finance, including ten years at Lanka Orix Leasing Company PLC and 03 years at Mercantile Investments Limited prior to joining LB Finance PLC in 2004. He was a Director of Hayleys Fibre PLC during the period between 2011 to 2017. He is the present Chairman of the Finance Houses Association of Sri Lanka.

Mr. Udage holds a Bachelor's Degree in Science from the University of Colombo. He has also followed a course in 2007 conducted by the International Development Ireland Ltd. in Dublin and London on Strategy and Management in Banking and has also successfully completed the High Potentials Leadership Programme in 2012 at the Harvard Business School in Boston, MA, USA.



MR. C. N. S. N. ANTHONY

Director/General Manager

Mr. Nandi Anthony is the Director/ General Manager of the Credit Information Bureau of Sri Lanka. Mr. Anthony has a career spanning over 25 years in the financial services 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 at leading stock broking and investment management houses in the country.

He 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.

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 a licensed stockbroker.

Board of Directors (Retired)



MR. H. A. KARUNARATHNE

Chairman

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

(Retired w. e. f. August -2020)



MR. K. THILAKARATNE

Director

*Credit Information Bureau of Sri Lanka
Director/Chief Executive Officer of
Commercial Leasing and Finance PLC*

(Retired w. e. f. December - 2020)



MR. K. S. BANDARANAYAKE

Director

*Credit Information Bureau of Sri Lanka
Senior Deputy General Manager -Operations
of People's Leasing & Finance PLC*

(Retired w. e. f. February- 2021)



MR. U. G. R. ARIYARATHNE

Director

*Credit Information Bureau of Sri Lanka
Director of National Savings Bank*

(Retired w. e. f. April-2021)



MR. M. A. B SILVA

Director

*Credit Information Bureau of Sri Lanka
Acting General Manager Peoples Bank*

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

Not pictured

MR. K.M.M. SIRIWARDANA

Chairman

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

(Retired w. e. f. December -2020)

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
Assistant General 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

Our Team



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



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



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



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



MR. D. D. VITHANAARACHCHI
Executive - Administration



MR. S. S. JANSEN
Accounts Executive



MRS. W. A. L. H. D. WELIWITA
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. SANJANI GAMAGE
Legal Officer



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



MS. S. J. GAMAGE
Executive Secretary

Ethics and Anti-Corruption

CRIB ANTI-CORRUPTION SYSTEM

Being a public-private establishment with a commitment to serve the public with secure storage, processing and provision of confidential credit information, the CRIB undertakes a massive accountability for ethical conduct and prevention of corruption. The CRIB is equipped with a strong legal framework to prevent corruption and to safeguard credit and financial information of the public which are reported to CRIB by its member lending institutions as required by the law. The provisions on the CRIB Act empowers the CRIB to prevent corruption in its operations through multiple ways as described herein.

(A) Declaration of Secrecy

1. Declaration of Secrecy – By an officer or employee of the Bureau

Every director, officer or servant of CRIB is obliged to sign the Declaration of Secrecy once the appointment/recruitment is confirmed and prior to assuming duties. He/she is legally bound to adhere to the provisions of the CRIB Act under Section 22 (1) (Duty not to disclose information) & Section 23 (1) (Declaration of Secrecy).

“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 officer employed in a member lending institution and is appointed as an Authorised Officer to access and receive credit information from the Bureau is obliged to sign the Declaration of Secrecy prior to being appointed as an Authorised CRIB User. He/she is legally bound to adhere to the provisions of the CRIB Act under Section 22 (2) (Duty not to disclose information) & Section 23 (2) (Declaration of Secrecy)

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

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

CRIB Act - Section 23 (2)

(B) Accessing credit information

In terms of Section 7(B) (1) (a) of the CRIB Act, Authorised CRIB Users of member lending institutions can access credit information of their borrowers or prospective borrowers for the following six (06) permissible reasons ONLY;

1. Evaluating 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)

(C) Submission of credit information

The Bureau is empowered by law to call for credit and financial information of borrowers from any lending institution.

“The Bureau or any other person authorised by the Bureau in that behalf may, by notice in writing require any institution specified in section 7A to furnish information under this Act either to the Bureau or any other person authorised, within such period as shall be specified in the notice, all such information required by that notice.”

CRIB Act. - Section 21 (1)

By law, every lending institution is obliged to submit credit information to the Bureau irrespective of any other law or contractual obligation or agreement that may have been signed between parties to whom such information relates.

“Notwithstanding anything to the contrary in the respective laws establishing any institution specified in section 7A or any other law or in any agreement entered into between the consumers or borrowers and such institution, it shall be the duty of any such institution to furnish information under this Act, or required to furnish in response to a notice under subsection (1) any return or information, to comply with the requirements of such notice within such time as is specified therein.”

CRIB Act. - Section 21 (2)

(D) Additional safeguards

In addition to the above direct provisions in the CRIB Act in relation to disclosure of information, the Act also enables any individual or corporate entity to request his/her/its own credit report (iReport) from the Bureau. This enables an individual or corporate entity to rectify and resolve any discrepancies in the report as well as to find out which entities have accessed their credit report in the recent past.

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.

(E) Special procedures/work-flows adopted when issuing iReport

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.

(i) Issuing an iReport under a Power of Attorney

- An applicant who is unable to personally visit the Bureau or a Bank to request to obtain his/her iReport (due to being overseas/health conditions etc.), can request for his/her iReport through an attorney duly appointed by way of a Special Power of Attorney (POA). Several documents together with the POA must be submitted in support of the application.

(ii) Issuing an iReport of a deceased individual

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

(iii) Issuing an iReport of a foreign national

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

(iv) Issuing iReports through Online Video Call Verification

- Due to the COVID-19 pandemic situation, the Bureau introduced a new verification process via a ‘Video Call Verification’ method with an individual who requests for his/her iReport online without visiting the Bureau Office. The Video Call Verification is followed by a Q & A session to verify the applicant’s borrowings and other demographic information, in order to ensure authenticity of the requester and to deliver the iReport to the correct individual.

Ethics and Anti-Corruption

- (v) 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 respective 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 said levels of authorisation. Corruption is thus eliminated as several CRIB officers are involved in a single data correction.

(F) 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.

- under Section 27 (1) (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 as per Section 27(2) on conviction after trial before a Magistrate, be liable to a fine not exceeding One Million Rupees (Rs.1,000,000/-) or to imprisonment for a period not exceeding five (05) years or to both such fine and imprisonment.

(G) Suspension of Services to Member Institutions who are in violation of provisions of the CRIB Act

Section 26 (A) (1)

“The Bureau may, if it is satisfied that there is adequate proof that a person being a director, officer or servant of any institution specified in section 7B entitled to receive credit or financial information or other value added services from the Bureau, has committed an offence under paragraphs (a), (b), (c) and (e) of subsection (1) of section 27, make an order to suspend the furnishing of any such information or the provision of any other services, to such institution.”

Governance and Internal Controls

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.

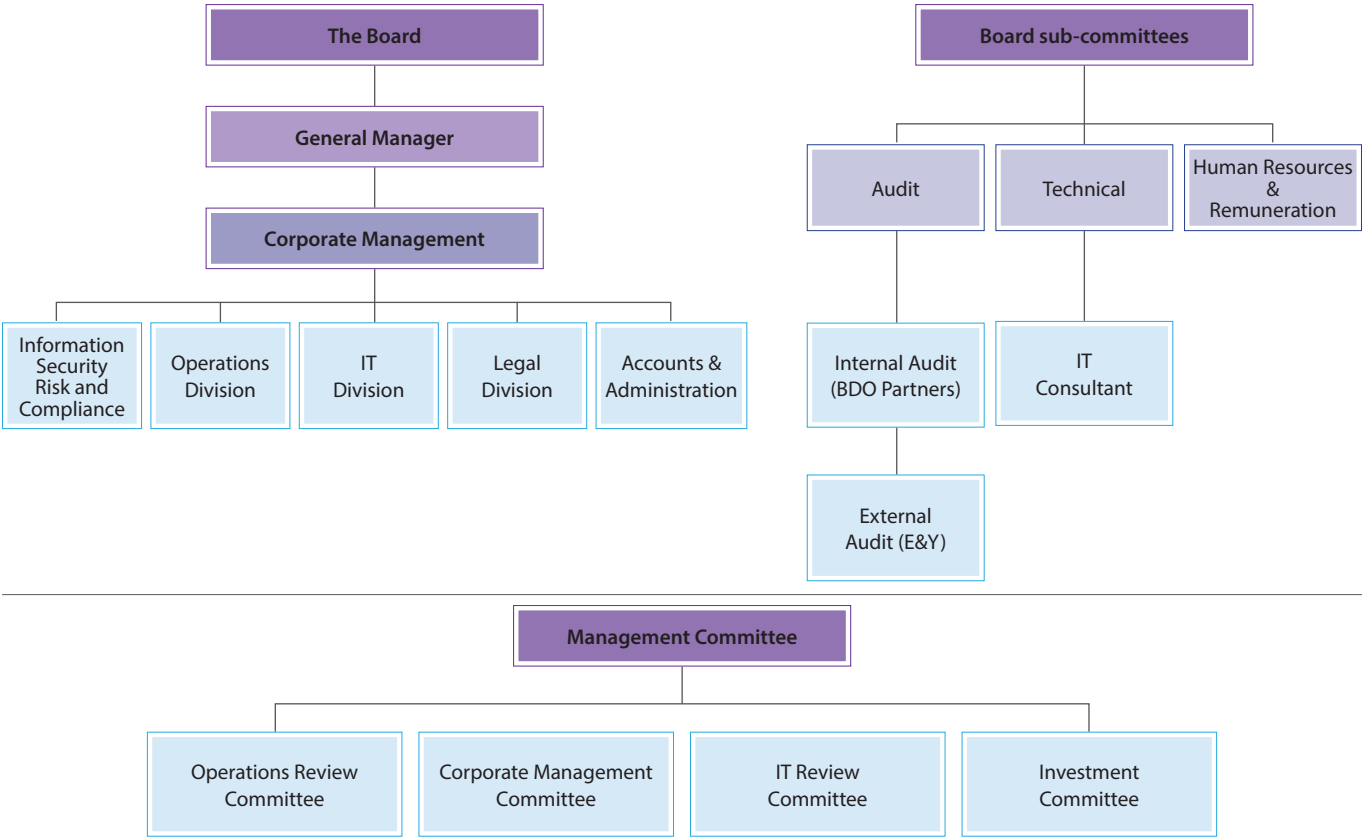
Regulation	Compliant	Partially compliant / Non-compliant
Credit Information Bureau of Sri Lanka Act No.18 of 1990 (as amended)	Yes	
Secured Transactions Act No.49 of 2009	Yes	
Shop and Office Employees (Regulation of Employment & Remuneration) Act No.19 of 1954 (as amended)	Yes	
Employees' Provident Fund Act No.15 of 1958 (as amended)	Yes	
Employees' Trust Fund Act No.46 of 1980 (as amended)		
Payment of Gratuity Act No.12 of 1983 (as amended)	Yes	
Inland Revenue Act No. 24 of 2017	Yes	
Foreign Exchange Act No.12 of 2017	Yes	
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 and Internal Controls

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 page 24 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.

Governance and Internal Controls

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.

Board Meeting				
Name of Member		No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. H. A. Karunaratne	Former Chairman	7	7	100%
Mr. K. M. M. Siriwardana	Former Chairman	4	3	75%
Mr. A. A. M. Thassim	Director	1	-	0%
Mr. D. P. K. Gunasekara	Director	8	3	38%
Mr. D. P. N. Rodrigo	Director	11	7	64%
Mr. Dimantha Seneviratne	Director	11	6	55%
Mr. Krishan Thilakaratne	Director	11	8	73%
Mr. Niroshan Udage	Director	1	1	100%
Mr. R. Kodituwakku	Alt. Director	5	3	60%
	Director	6	6	100%
Mr. Rasitha Gunawardana	Director	3	1	33%
Mr. Sanjeewa Bandaranayake	Director	11	9	82%
Mr. U. G. R. Ariyaratne	Director	11	10	91%
Mrs. V. A. A. N. De Silva	Director	10	6	60%
Mr. C. Amarasinghe	Alt. Director	4	2	50%
Mr. E. M. Jayarathne	Alt. Director	7	3	43%

MEETINGS OF THE BOARD (JANUARY'20 TO DECEMBER'20)

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

ROLE OF BOARD COMMITTEES

Board Committees are appointed by the Board of Directors in accordance with the generally accepted standards and best practices of Corporate Governance. The CRIB has three (03) Board Committees to date.

AUDIT COMMITTEE

Monitors and reviews the effectiveness of the Bureau's internal and external audit functions and coordinates between relevant parties. Internal audits are done on a quarterly basis and audit reports are discussed and required corrective measures are agreed upon at the Audit Committee meetings. The Report of the Audit Committee is annexed with this report on page 46.

Audit Committee Meetings				
Name of Member		No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. Dimantha Seneviratne	Director	1	1	100%
Mrs. V. A. A. N. De Silva	Director	1	1	100%
Mr. Chaminda Hettiarachchi	Director	1	1	100%

TECHNICAL COMMITTEE

The information systems of the Bureau are constantly audited, periodic review reports and findings are discussed and remedies are taken according to the directions of the Technical Committee.

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 48.

Remuneration Committee Meetings				
Name of Member		No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. Ranjith Kodituwakku	Director	1	1	100%
Mr. D. P. N. Rodrigo	Director	1	1	100%
Mr. Niroshan Udage	Director	1	1	100%

Governance and Internal Controls

MANAGEMENT COMMITTEES

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 TechCERT & BDO Partners.
4. In addition to the above, regular risk reviews are conducted by the Board and Board sub committees

Risk Management

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 organisation 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 Management

RISK CLASSIFICATION

The CRIB identifies its emerging risks and potential impacts and regularly monitors such risks for changes and potential of occurrence. The CRIB's strong financial discipline and the growing demand for its services ascertain that the CRIB did not face a significant financial risk as at end 2020. Therefore, due to the rapidly changing external environment, the highest potential risks were mainly related to IT systems and data security, operational aspects and human resources. Over the years, 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 MANAGEMENT OF THESE 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 level (L,M,H)	Risk management strategy
Unauthorised access to data: Unauthorised access to CRIB databases 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 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 are communicated to ICT for resolution. Subsequent follow-on 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. ➤ 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.

Operational risks	Risk level (L,M,H)	Risk management strategy
Data related risks: Any deficiency in quality or accuracy of data impacts the value of information and service integrity of the CRIB.	M	CRIB has no control over input data for CRIB credit reports, as such data are provided by member financial institutions. To minimise data risks: <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 2 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 ➤ Efficiency of online access ➤ System Incompatibilities with newer, more recent technologies ➤ 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 2022 will reduce this in the future. ➤ IT and application system providers are engaged for resolution of system level risks
<ul style="list-style-type: none"> ➤ Data security ➤ System security 		<ul style="list-style-type: none"> ➤ Periodic vulnerability assessment and security audits are conducted by 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 them. ➤ Vulnerabilities identified through these assessments and penetration tests are communicated to ICT along with the recommended remediation for resolution. Subsequent follow-on assessments ascertain whether or not remediation has been completed. ➤ 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.
Financial risks	Risk level (L,M,H)	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 level (L,M,H)	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

Audit Committee Report

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 2020 are as follows:

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

After the retirement of Mr. Bandaranayake from the board, presently the Audit Committee of the Bureau is chaired by Mr. Dimantha Seneviratne, who serves as the Chief Executive Officer of NDB Bank PLC. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura and Senior Fellow member of Institute of Bankers 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. Chaminda S. Hettiarachchi serves as the Director Corporate Affairs of the Central Finance Company PLC.

The wide range of experience mainly on banking and financial industry brought to the Committee from positions held by the present members are given on pages 24 of this Annual Report.

TERMS OF REFERENCE

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

MEETINGS

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

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

Attendance of the members is given on page 24 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 assesses 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 controls, 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;

- Mandates internal auditors at regular intervals to review and report on the effectiveness of existing controls and procedures adopted by the Bureau.
- Ensures that internal audit function is independent and performed with impartiality, proficiency and with due professional care.
- Reviews 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.
- Monitors management implementations of the recommendations suggested by the internal auditor.
- Reviews, assesses and approves the internal audit plan and the internal audit programme

Internal Audit Function is carried out by Messrs. BDO Partners, Chartered Accountants.

EXTERNAL AUDIT

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

- Monitors independence, objectivity and effectiveness of the external audit in accordance with applicable standards of best practice.
- Assists Board of Directors to implement processes of engaging external auditor for audit services and agree on their remuneration schemes.

- Reviews to ensure that auditor complies with appropriate guidelines and apply relevant accounting standards.
- Discusses the audit plan, scope and methodology proposed to be adopted in conducting the audit proceeding to commence the annual audit with external auditor.
- Follows up on the corrective action plan presented by the management on issues raised in the Management Letter

ALSO CAN MENTION ABOUT WHISTLE BLOWING AND FRAUD - BOARD RESPONSE

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 with the Bureau's policy recommended the Board that Messrs. Ernst & Young, Chartered Accountants to be re-appointed as External auditors for the financial year ending 31st December 2021.

Evaluation of the Committee – Board Response



Dimantha Seneviratne

Chairman - Board Audit Committee

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. Ranjith Kodituwakku – Chairman (Non-Executive)
- Mr. Niroshan Udage – 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, 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 recognizes 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 half months' 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.



Ranjith Kodituwakku
Chairman – Remuneration Committee

Through adversity
**we will make
progress**



External Environment

EXTERNAL ENVIRONMENT (DOMESTIC)

Impact of the COVID-19 Outbreak

The COVID-19 outbreak that took its course in the year 2020, caused a global health crisis and created a highly adverse macro-economic environment, thus demanding Governments to introduce unprecedented measures to mitigate implications to the society. Sri Lanka's situation in this regard was no exception and the impacts of the pandemic that began to rage from April 2020, gave rise to substantial impacts on the business environment of the country while disrupting economic activities and affecting business performance. Sri Lanka's economy experienced a challenging year as the COVID-19 pandemic brought economic activity to a halt for most of the year. The year began with optimistic projections by the CBSL for GDP growth to double to 4.5% following subdued economic growth in 2019. Yet, the impacts of the COVID-19 pandemic resulted in a contraction in economic growth lowering the actual growth for 2020 to 3.6%. These macro-economic volatilities caused by COVID-19, left no business or individual untouched and hence the activities of the Bureau too were adversely impacted by the changes in the environment with resultant challenges in resource mobilisation in administration and operational areas. Amidst the uncertainties that prevailed indefinitely, CRIB re-aligned its processes, employee engagement, resource mobilisation and approaches of service delivery to effectively meet the requirements of the emerging 'new normal'. The new operations model of CRIB was therefore supported by digitisation and technological adaptations that contributed to process innovation and product/service enhancements that would deliver value to stakeholders while ensuring uninterrupted services.

Pandemic that ravaged the country throughout 2020 created substantial impact to operations of the bureau with routine disruptions in many areas resulted with resource mobilisation issues, to both on administration and operational areas.

Uncertainty and prolonged nature of the COVID-19 outbreak, therefore required CRIB to adopt with the emerging 'new normal'.

Required to realign its processes, employee engagement, resource mobilisation, service offering to diverse user groups. Novel operational model was supported by the digitized adaptations and process innovations.

Credit Market developments

Despite enduring challenges stemming from the pandemic, the banking sector that comprises 72% of the financial services sector remained resilient and reported moderate growth. The Banking sector reported a growth of 11.9% in loans and advances during the year while the gross NPL ratio deteriorated to 4.9%. In the face of mounting challenges, the Licensed Financial Companies (LFCs) and Specialised (LSBs) Bank took the brunt of the grim market conditions and experienced a growth of 5.7% in Loans and Advances while the gross NPL ratio of the sector climbed to a staggering 13.9%. Throughout the year, the Central Bank persisted with an accommodative monetary policy stance in a bid to support an ailing economy amidst slow GDP growth and lackluster credit growth. It enacted a series of policy rate cuts reducing the Standing Deposit Facility Rate (SDFR) and the Standard Lending Facility Rate (SLFR) by 250 basis points for the full year in order to support the revival of the domestic economy and bring down lending rates. In order to support the LFCs and LSB in the face of the challenges, CBSL initiated several regulatory actions along with the introduction of the Consolidation Master Plan to revive the sector. The expansion and growth of credit supply, particularly during the latter part of 2020 was supported by low interest rates. Despite the impact of the second wave of COVID-19, statistics released by CBSL indicated that the credit extended to the private sector continued to expand during the second half of 2020 supported by the above policy easing measures adopted. The impact of increased domestic credit supported the increased liquidity, thereby supporting the uptick in domestic economic activity towards the latter part of the year. Implementation of special loan schemes at concessionary interest rates also contributed to the rising demand for credit. However, the impact on income and earning capacity of borrowers arising from adverse COVID outbreak, are expected to have long term impacts on the credit quality of the financial system. The CBSL has mandated and encouraged debt moratoria for selected economic sectors that were economically hard-hit

due to the pandemic and lenders were swift to roll out these programs to provide relief to impacted borrowers. Annual Report 2020 of the CBSL indicates that the NPLs increased by Rs. 66.4 Bn during 2020 compared to an increase of Rs. 118.5 Bn during 2019, stemming from the challenging business environment that prevailed for a substantial period in 2020 resulting in an

increase in gross NPL ratio to 4.9 per cent by end 2020. Further, the circular issued by the CBSL on 27 March 2020 (No. 05 of 2020), in this regard provided directions for Financial Institutions in reporting of credit data to the Bureau. "Reporting to the Credit Information Bureau (CRIB) of Sri Lanka (i) Financial Institutions are expected to have a mechanism not to decline loan applications solely based on an adverse CRIB record. (ii) Financial Institutions, in consultation with CRIB, shall develop a reporting modality in respect of the capital deferment granted under this scheme to performing borrowers, so that participation in the Scheme will not have an impact on the credit score of borrowers in the future, or be negatively reflected in future CRIB reports." Accordingly, in consultations with the CBSL, CRIB issued specific guidelines to lenders on data reporting and interpreting such data in credit decisioning processes. These developments of the credit market impacted all spheres of the bureau operations, from the demand for CRIB services, data processing lead times, service offering and customer service etc. and thus having an adverse impact to a certain extent on the Bureau's development objectives, that were set to be achieved during the said period.

EXTERNAL ENVIRONMENT (INTERNATIONAL)

Treatment of credit data during the Pandemic

Treatment of Credit data has been the mostly debated topic world over during the COVID-19 pandemic due to its relevance to many aspects of social and economic spheres of the society. The issue has been intensely discussed throughout the pandemic era and with different schools of thoughts, to observe how irregularities in payments (missed or negative reporting) of borrower profiles should be treated in the credit reporting systems particularly, in borrowers' credit histories and credit scores. However, there have been two opposing views given on this; suppression of this data in reporting systems or reporting of this data with the necessary safeguards. The proponents of the latter view argue that credit reporting systems should reflect the accurate and true position of the individual but with certain safeguards to reflect conditions under which reporting is being done, such as this crisis. Various policy measures were notably implemented by diverse regulatory authorities to address this phenomenon during the period in an effort to safeguard integrity of the credit reporting systems while treating all categories of borrowers with reasonability. Also, it was concluded that 'full file' reporting (positive and negative data) shall be continued with the necessary safeguards

and measures to ensure minimal or no effect on the data subjects' credit history or score. In this effect, implementation of different technical reporting methods, such as special reporting codes, identified conventions for reporting of facilities under forbearance or negative status were put in place by the credit bureaus. Consumer's right for digital access to own information, digitalisation of dispute resolution processes and customer service channels, enhancing oversight on data reporting are some of the recommended actions/initiatives that were given precedence during the review year. Data Protection Regulations and Outlook 2020 brought several major developments in the world of data protection legislation. China is set to adopt its first omnibus data protection legislation in 2021, with one of its main focus points also being cross-border transfers. Several other countries including Brazil and Singapore are set to enforce or review their data privacy laws in 2021 while UK has lost its free access to EU data along with the Brexit. The General Data Protection Regulation of the European Union however, sets the benchmark for data protection laws of the world as the toughest and the strongest legislation for data security. Introduced in 2016, the GDPR imposes obligations onto organisations anywhere, so long as they target or collect data related to people in the EU and will levy harsh fines against those who violate its privacy and security standards, with penalties reaching into the tens of millions of euros. With the GDPR, Europe is signaling its firm stance on data privacy and security at a time when more people are entrusting their personal data with cloud services and security breaches have become a daily occurrence and a major threat to databases. The regulations cover all forms of personal data and also specifies security standards for data processing, controlling, usage etc.

Sri Lanka currently does not have a consolidated and/or specific laws on data protection. There are several data protection enabled legislation that are industry-specific. Such legislation does not however provide a definition for the term 'data' nor specific provisions for implementation. Notably, the Ministry of Digital Infrastructure and Information Technology ('MDIIT') and the Legal Draftsman's Department ('LDD') launched in 2019, a draft for an Act to Provide for the Regulation of Processing Personal Data (2019), which provides fundamental principles of privacy and data protection and is modelled after data protection legislation in place by similar countries. In early 2021,

External Environment

the LDD released a final draft version of an Act to Provide for the Regulation of Processing of Personal Data (2021). The Draft Bill is currently awaiting final approval and thereafter will be submitted to the Cabinet of Ministers and published as an official Bill.

CRIB'S STRATEGIC OBJECTIVES AND DEVELOPMENT ACTION PLAN FOR YEAR 2020

CRIB operates with strategic intent to drive the nation towards a healthy credit culture and credit inclusivity with the CRIB's statutory mandate of "facilitating the distribution of credit to all sectors of the economy and to the informal sector, in particular." Although the year 2020 posed many challenges to meeting the strategic goals set by CRIB, the growth strategy of CRIB continued to be pursued with the envisioned objective of moving away from distribution of credit reports to upgrading its product range through the introduction of new value-added products. The CRIB is taking concrete steps towards enhancing CRIB services, as directed by the CRIB Act, by expanding its service coverage to include underserved segments of the credit market, the informal sectors in particular. Under the current strategic development plan formulated by CRIB, two broad strategic objectives (strategic development goals) were set in motion by the Bureau to be achieved by the end of the five-year period, ending in 2022.

EXPANSION OF THE BUREAU'S PRODUCT PORTFOLIO Achieve the highest level of user diversification.

In this regard, critical investments have been already made in the enhancement of the existing credit bureau system while successfully progressing with the ongoing project to introduce a new system, as a pivotal technological advancement to systematically achieve the key strategic goals. CRIB, while aiming to transform the industry's credit risk management practices to be more rational and objective, also aspires to become the top performing credit bureau in South Asian region and to emerge as most sought-after model credit bureau in the Asia Pacific region by 2022.

In a more granular assessment, CRIB has further set short- and medium-term goals with identified performance benchmarks in achieving above objectives with time bound targets. The short to medium term goals of CRIB emphasize focus.

- On increasing operational efficiency of the Bureau with greater emphasis on expansion of data collection and dissemination.
- Introduction of an identified list of value-added products and services to the market.
- Enhancing the professional outlook of the Bureau through elevation of competencies, employee retention, recruitment strategies, talent management etc.
- Building the image of the Bureau through effective Corporate Communication strategy coupled with Public Relations and Awareness campaigns and regular stakeholder outreach efforts.

In line with the above strategic goals, CRIB under the ongoing Operational and Technological Development program implemented or initiated several action items during the period under assessment.

Continuing project implementation on the Core Bureau system and the ICT infrastructure deployment was a major highlight towards reaching the goal for operational excellence. Introduction of the first ever credit scoring system in Sri Lanka, was another important milestone that CRIB initiated as a proactive measure before the launch of new system. Stabilising the existing Application and IT infrastructure platforms of CRIB with the introduction of digital service channels, to enhance service performance, played a critical part in our mission to deliver highest level of customer service to the users of the Bureau during the pandemic times. Also, during the year, the Bureau initiated steps to implement an organisation wide an information Security Policy, a long awaiting initiative for overall enhancement of process compliance and standards conformity in information security. In order to enhance its internal performance, the Bureau implemented the Organisational Development Goals while job descriptions of Bureau staff were re-visited and refreshed for better alignment with the organisational goals. Introduction of a new performance evaluation system and skills development plan further strengthened the Bureau's commitment towards this effort during the year to enhance human capital potential to add further value to the organisation's development goals. Proactive

engagement with peer organisations, industry associations and other regulatory bodies in collaborative efforts, effectively contributed to the sustainable growth of the Bureau while enhancing stakeholder value generation. In this direction the Bureau's action on active involvement in the World Bank Ease of Doing Business (EoDB) annual survey on 'Getting Credit' indicator and engaging with the ongoing Secured Transaction legal reform project were key highlights that added strategic value to the Bureau during the year.

PERFORMANCE BENCHMARKS

The performance benchmarks set the standard for determining achievement of the set goals and objectives for the year. Accordingly, the number of inquiries serviced through different delivery channels (website, web services, batch, scores etc) within the year, data processing turn-around time and response times, the number of new products introduced and associated financial gains, the number of records increase in the database and the increase of population coverage and the EoDB index ranking are the key operational benchmarks that the Bureau worked towards achieving during the year under review.

CRIB's Strategic Objectives and Development action plan for 2020

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- Expansion of the Bureau's product portfolio
- Achieve the highest level of user diversification.

In this regard, critical investments have been already made in the enhancement of the existing credit bureau system while successfully progressing with the ongoing project to introduce a new system, as a pivotal technological advancement to systematically achieve the key strategic goals.

CRIB, while aiming to transform the industry's credit risk management practices to be more rational and objective, also aspires to become the top performing credit Bureau in South Asian region and to emerge as most sought-after model credit Bureau in the Asia Pacific region by 2022.

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Operations Review

This section of the review provides a detailed account on the operational performance of CRIB within the year 2020.

DATA SUBMISSION

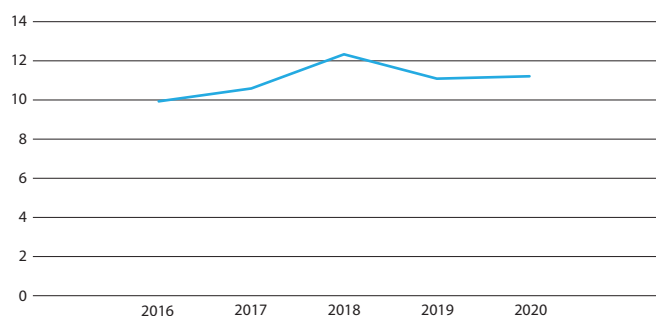
Despite the numerous challenges and limitations to business operations during the review year, 11.2 Mn credit facilities were submitted by lending institutions by 31 December 2020, in comparison to the 11.1 Mn facilities submitted in the previous year. The validation rate for the reports were maintained above 99% as had been the standard of the Bureau over the years demonstrating the commitment and untiring efforts of the CRIB team despite of the challenges encountered due to COVID-19 pandemic situation.

Based on the circulars issued by the Monetary Board of the Central Bank of Sri Lanka to the banks and financial institutions on Govt. Credit Support Program COVID - 19, CRIB issued several circulars to member lending institutions during the years 2020 and 2021, advising on the data reporting to CRIB to avoid negative impact to borrowers' credit reports and score reports under the prevailing COVID-19 pandemic situation.

	Total No. of records submitted (Mn)	Change %	Validation
2015	8.8	-	More than 99%
2016	9.9	12.7%	
2017	10.6	6.7%	
2018	12.4	16.9%	
2019	11.1	(10.3)%	
2020	11.2	1.1%	

Data Submission Progress

No. of Records in Mn



TOTAL CREDIT PORTFOLIO

Reflecting the contraction in the economy due to the challenges in the operating environment and the resultant drop in credit growth, the total credit portfolio showed a decline in the year 2020 in comparison to 2019.

Total balance outstanding as of 31st December 2021 was LKR 10,924 Bn compared to LKR 11,083 Bn reported at the end of 2019. This was a marginal decline of 1% year on year (YoY). The balance outstanding value of credit facilities with arrears for 90 days or over, increased significantly by 27.7% YoY as a result of negative impacts of the COVID-19 pandemic. Therefore, 11% of the total credit balance outstanding in the year 2020 was reported as credit balances with arrears of 90 days or more, whereas this ratio for the previous year stood at 9% reflecting a clear deterioration of the overall credit portfolio during the review year. Commercial Banks and Finance Companies contributed mostly to the credit facilities with 90 days or over in arrears representing 4.8% and 5.3% of the total outstanding balance respectively. Out of the total credit portfolio 78.9% was represented by Commercial Banks, while Finance Companies held 13.7% with 6.9% being held with Specialised Banks. Leasing Companies accounted for only 0.5% of the total portfolio. Outstanding credit growth YoY was recorded only in the Commercial Banks segment, while Finance and Leasing Companies' credit balances remained static, and the balances represented by Specialised Banks showed a decline during the review year.

Year	Balance Outstanding (LKR 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
2015	5,123.8	372.9	5,496.7			
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%
2020	9,706.3	1,218.1	10,924.4	(4.2)%	27.7%	(1.4) %

Highest number of credit facilities were concentrated within the Western province of the country. A growth in the number of credit facilities were reported from almost all provinces during the year, except for in the North Central Province.

Province	2019		2020	
	Balance Outstanding (LKR Bn)	No. of Credit Facilities	Balance Outstanding (LKR Bn)	No. of Credit Facilities
Western	7,705	5,154,792	7,995	5,157,441
Central	511	778,306	578	810,703
Southern	470	743,390	545	768,424
North Western	435	682,360	488	697,157
Sabaragamuwa	294	499,818	344	516,130
North Central	1,094	506,534	322	509,651
Uva	213	427,558	250	439,980
Eastern	204	506,419	231	490,654
Northern	150	335,320	172	338,447

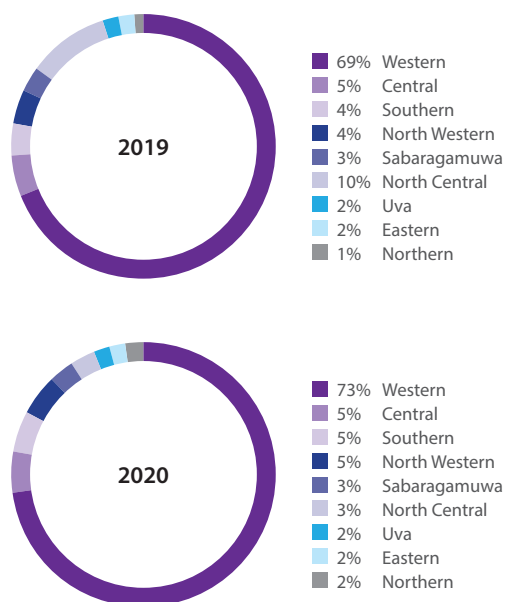
Segment-wise distribution

Balance Outstanding (LKR Bn)

Institution Category	Credit facilities with 90 days or over in arrears (LKR Bn)		Total Balance Outstanding (LKR Bn)	
	2019	2020	2019	2020
Commercial Banks	421.1	519.2	7,984.2	8,621.2
Finance Companies	441.3	574.6	1,519.8	1,495.8
Specialized Banks	77.8	103.3	1,519.0	754.4
Leasing Companies	13.6	20.9	60.1	53.1
Total Balance Outstanding	953.7	1,218.1	11,083.2	10,924.4

Institution Category	Credit facilities with 90 days or over in arrears		Total Balance Outstanding	
	2019	2020	2019	2020
Commercial Banks Category %	3.8%	4.8%	72.0%	78.9%
Finance Companies %	4.0%	5.3%	13.7%	13.7%
Specialized Banks Category %	0.7%	0.9%	13.7%	6.9%
Leasing Companies %	0.1%	0.2%	0.5%	0.5%
Total Balance Outstanding	8.6%	11.1%	100.0%	100.0%

Province-wise Distribution of Credits Balance Outstanding



Operations Review

Advances Analysis

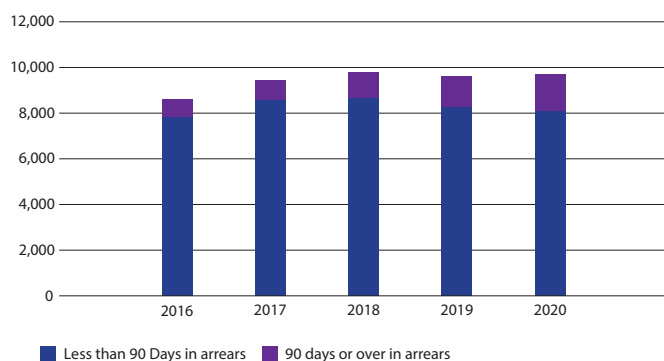
Advances (No. of Advances)

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
2015	6,773	653	7,426			
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	(4.6)%	21.01%	(1.69)%
2020	8,142	1,587	9,729	(1.68)%	17.22%	0.98%

The total number of active credit facilities as of 31st December 2020 was 9.7 Mn in comparison to the 9.6 Mn reported in 2019. Out of the total active credit facilities, 16% were recorded as credit with 90 days or more in arrears. In terms of no. of active credit facilities, the portion represented by Commercial Banks recorded a decline while Finance Companies and Leasing Companies recorded marginal growth. The number of active credit facilities represented by the Specialised Banking Category recorded a minor decrease amidst the challenges posed during the year.

Advance Analysis - No. of Advances

('000)



No. of Credit Facilities ('000)

Institution Category	Credit facilities with 90 days or over in arrears		Total	
	2019	2020	2019	2020
Commercial Banks	287.52	329.14	4,751.90	5,372.47
Finance Companies	832.51	932.40	2,378.13	2,973.72
Specialized Banks	203.65	266.76	1,015.19	1,239.96
Leasing Companies	30.25	58.51	135.90	142.45
Total	1,353.93	1,586.81	8,281.12	9,728.60

Institution Category	Credit facilities with 90 days or over in arrears			
	Total			
		2020	2019	2020
Commercial Banks Category %	3.5%	3.4%	57.4%	55.2%
Finance Companies %	10.1%	9.6%	28.7%	30.6%
Leasing Companies %	2.5%	2.7%	12.3%	12.7%
Specialized Banks Category %	0.4%	0.6%	1.6%	1.5%
Total No. of Credit Facilities	16.3%	16.3%	100.0%	100.0%

Advances - By Credit Type

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

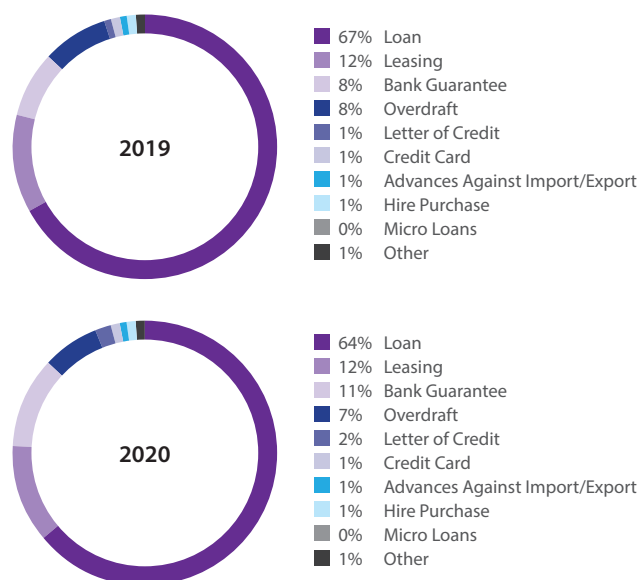
Credit Facility Type	2019		2020	
Loan	4,895	50.8%	5,154	53.0%
Leasing	1,747	18.1%	1,628	16.7%
Bank Guarantee	73	0.8%	72	0.7%
Overdraft	671	7.0%	667	6.9%
Letter of Credit	43	0.4%	46	0.5%
Credit Card	1,867	19.4%	1,912	19.7%
Advances Against Import/Export	12	0.1%	10	0.1%
Hire Purchase	59	0.6%	54	0.6%
Micro Loans	265	2.7%	178	1.8%
Other	4	0.0%	8	0.1%

Credit facility type-wise analysis of credit portfolio Balance Outstanding LKR Billion

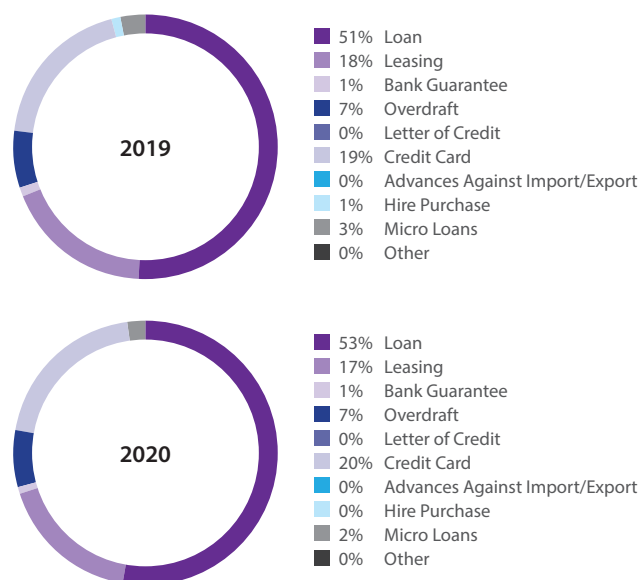
Credit Facility Type	2019		2020	
Loan	7,365.0	66.5%	7,022.6	64.3%
Leasing	1,270.1	11.5%	1,254.6	11.5%
Bank Guarantee	915.9	8.3%	1,185.6	10.9%
Overdraft	883.2	8.0%	758.5	6.9%
Letter of Credit	155.3	1.4%	226.3	2.1%
Credit Card	159.1	1.4%	136.3	1.2%
Advances Against Import/Export	157.5	1.4%	147.1	1.3%
Hire Purchase	65.6	0.6%	69.9	0.6%
Micro Loans	33.0	0.3%	24.4	0.2%
Other	78.5	0.7%	99.2	0.9%

The country recorded a decline in the number of almost all types of lending as of 31st December 2020 in comparison to the previous year, except in the categories of Overdrafts, LCs and Credit Cards. Loans continue to dominate the portfolio with largest share of lending as of 31st December 2020 in terms of number of credit facilities. However, the value of the loans portfolio decreased to LKR 7,022 Bn by the end of the review period from LKR 7,365 Bn reported in the previous year. The Balance Outstanding of almost all types lending experienced a decline during the year reflecting the slowdown in spends and an overall slowdown in economic activity. Marginal balance growth was recorded only in the categories of Bank Guarantees, Letters of Credit and Hire Purchase facilities.

Credit Portfolio (LKR Billion)



Credit Portfolio (No. of credit facilities)



Operations Review

Advances – by Credit Quality

Credit facility-wise analysis of credit portfolio - No. of credit facilities December 2020

Number of Days in Arrears	No. of Credit Facilities
Zero days in arrears	6,464,359
Less than 90 days in arrears	1,677,436
90 days or over in arrears	1,586,813

Credit facility wise analysis of credit portfolio - Balance Outstanding LKR Billion December 2020

Number of Days in Arrears	Balance in LKR Bn
Zero days in arrears	8,132.6
Less than 90 days in arrears	1,573.7
90 days or over in arrears	1,218.0

Out of the total number of credit facilities in active status, approximately 1.5 Mn or 25% were recorded under 90 days or over in arrears category and this was LKR 1,218 Bn in value.

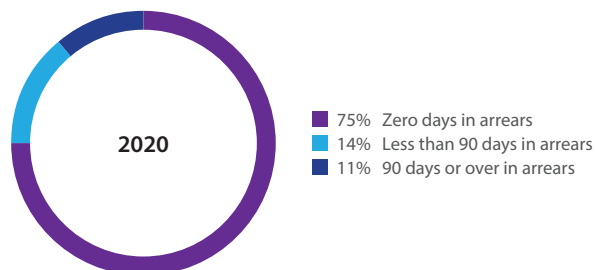
ISSUANCE OF CREDIT REPORTS

CRIB reported a 13% YoY decrease in terms of credit report issuance numbers owing to the overall slowdown in credit growth in the country which resulted in a decline in credit report requests. Total credit report demand for the year was 8.3 Mn in comparison to 9.6 Mn in 2019. The decline came from a decreased demand from both Consumer and Corporate segments.

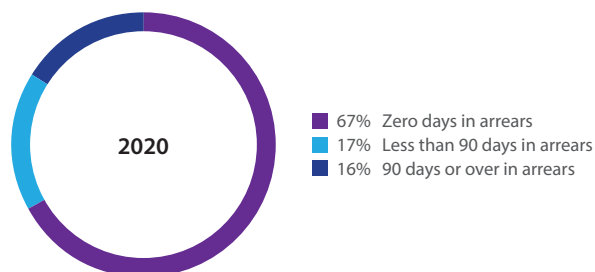
Year	Consumer	Corporate	Total	Year on Year growth %
2015	6,680,301	221,259	6,901,560	
2016	7,591,030	284,332	7,875,362	14.11%
2017	8,120,146	312,117	8,432,263	7.07%
2018	8,963,415	349,775	9,313,190	10.45%
2019	9,292,985	318,370	9,611,355	3.20%
2020	8,066,708	289,598	8,356,306	(13.06)%

The majority of report requests were for the purpose of monitoring the existing borrower behaviour while the second highest demand was for evaluating prospective borrowers for a new credit facility by lending institutions. While requests in almost all types categories saw an overall decline in line with the market trends, a slight growth was seen in requests related to Guarantor reviews for new facilities.

Credit Portfolio (LKR Billion)



Credit Portfolio (No. of Advances)



Credit Reports Ordered

(Thousands)



Credit Reports Inquiry 2015-2020

Reason	No. of Credit Reports Ordered					
	2015	2016	2017	2018	2019	2020
Evaluating of a borrower for a new credit facility	2,777,031	3,088,029	3,605,471	3,705,984	3,434,609	2,893,735
Monitoring and reviewing of an existing borrower	1,628,861	2,456,385	3,106,090	3,736,527	4,237,112	3,253,658
Review as a Guarantor for a new credit facility	1,930,722	1,771,967	1,720,701	1,861,499	1,838,127	1,901,010
Review as a partner/proprietor for a new credit facility	460,098	490,162	496,877	449,408	384,757	336,195
Opening of a Current Account	61,794	87,871	98,946	100,518	102,335	87,783
Review as a director for a new credit facility	43,054	54,554	68,047	72,564	82,898	48,000

CREDIT REPORTS FOR MICRO LENDING

Credit reports for micro lending was introduced in 2016 in a bid to record information regarding individual borrowers at the grass root level. Micro report was introduced to provide credit information in a simplified manner for small-ticket size credit facilities at a lesser cost. The report requests showed an increasing decline from 2018 and continued this trend in the year 2020 recording a decline of 37.62%.

Micro Credit Information Report

Year	Consumer No. of Credit Reports	Y on Y growth %
2016	73,605	-
2017	663,869	801.93%
2018	613,310	(7.62)%
2019	468,478	(23.61)%
2020	292,241	(37.62)%

Year	Total No. of Self-inquiry Reports	Y on Y growth %
2015	13,858	
2016	14,010	1.1%
2017	15,360	9.6%
2018	18,183	18.4%
2019	18,059	(0.7)%
2020	10,345	(42.7)%

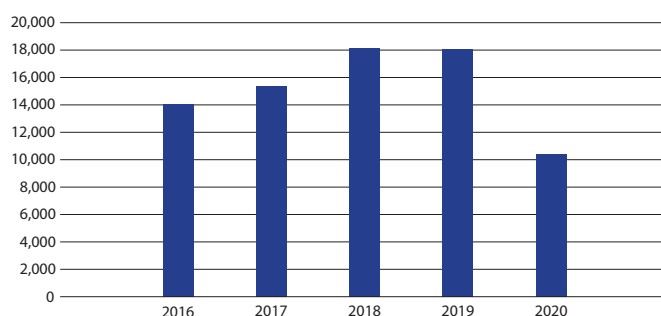
SELF-INQUIRY REPORTS (IREPORT)

Self-inquiry reports are a revolutionary solution from CRIB which had gained steady popularity over the past few years. Continuous education and publicity efforts on the benefits and convenience of self-inquiry reports from CRIB had resulted in this increase of public awareness and interest in this type of report. However, in a year of challenges and limitation caused by the pandemic, the demand for self-inquiry reports too showed a decline, thus reflecting the overall decline in credit appetite and demand in the economy during the review year.

However, CRIB would expand the iReport module further and continue to build on its awareness efforts in order to popularise the use of this type of inquiry which is envisioned to be of great service to customers specially during times of travel restrictions and limited access to the physical office of CRIB.

Self-Inquiry Credit Reports Ordered

(No. of Reports)



Operations Review

Registration for Online iReport service

Year	No. of Persons	Change Total %
2015	1,375	
2016	617	(55.13)%
2017	575	(6.81)%
2018	565	(1.74)%
2019	448	(20.71)%
2020	234	(47.77)%

Though there was a lesser demand for the credit reports due to the impacts of the COVID-19 pandemic, CRIB took several steps to increase the income during this period by introducing several new products while taking steps to enhance service efficiency.

As a result, Consumer and Corporate CRIB Score products were launched in 2020.

CRIB Score is a three-digit number calculated using information available in the credit report and the CRIB score today can be used as a yardstick to predict the future risk (probability of default) based on how the borrower has managed his/her debts in the past. Therefore, Credit Score is also called as Risk Score which is formulated to support lenders by providing fast and objective measurement in determining the risk in a lending process, but does not provide any lending decision.

Retrospective Scores product was another new product introduced during the year, which helps lenders to predict the future, based on the past behavior of the credit portfolio. With the outcome of the retrospective analysis, member institutions would be able to develop new acquisition, account management or collection strategies, or else refine and revalidate the strategies, which are currently in place.

“Bulk Scoring” which can be used to review existing credit portfolio too was introduced in 2020 enabling institutions to analyze their existing portfolio for risk and credit evaluation purposes.

Further to the different type of products introduced in the year 2020, many technological improvements were performed to provide better, efficient services to member lending institutions as well as to the general public.

As a result, the Host-to-Host access method which facilitates member lending institutions to access credit reports/score reports without manual intervention was also introduced.

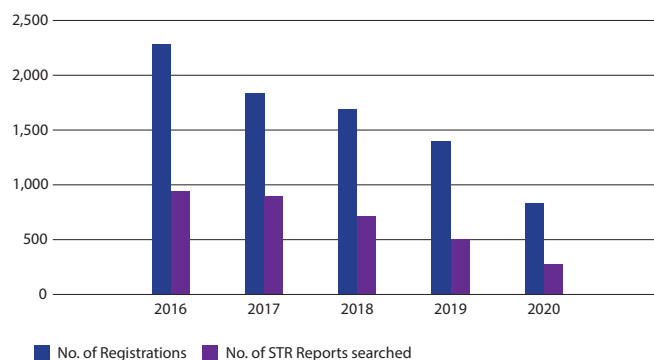
Online self-inquiry issuance process was introduced to enable the general public to get their own credit report and self-inquiry reports online.

Secured Transaction Registry System Operations

The total number of registrations in STR Systems in the year 2020 was 820, compared to 1,390 registrations in 2019. The number of information searches done at STRS also declined from 499 in 2019 to 268 in the year under review.

Year	No. of Registrations	No. of STR Reports searched	Change in Registration %	Change in Searches %
2015	1,846	742		
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)%
2020	825	268	(40.65)%	(46.29)%

STR Operations Progress



Financial Capital

The financial capital chapter of the CRIB explains the material changes to our finances during the 12 months under review from January 1 to December 31, 2020. 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. Further, our financial risk management process is described in the Managing Risks chapter of this annual report. Our 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.

The Bureau continued to operate with a debt -free capital structure as an independent institution that doesn't receive any government financing while funding its own investments via internally generated funds. CRIB has continued to record profits in the last 10 years and has created 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.

We are pleased to report that the number of credit reports issued to member institutions surpassed 8 Mn during the year under review. The Bureau's investment income decreased in 2020 due to the low interest rate climate that prevailed in the market. While earnings per share declined by 11% in 2020, the net assets per share continued to increase to Rs. 21,008 reflecting the healthy growth of the Bureau. The total assets of the bureau continued to grow beyond the Rs. 64 Mn mark during the year.

The financial capital base of the CRIB is made up of equity, which includes our stated capital, reserves and retained earnings. The CRIB does not have any debts.

CHANGES TO FINANCIAL CAPITALS

Key financial capitals	2019	2020	% change
Equity (Rs. Mn)	5,245	5,252	0.13
Total Operational Income (Rs. Mn)	1,093	966	(12)
Profit After Tax (Rs. Mn)	939	834	(11)
Total Assets (Rs. Mn)	5,640	5,576	(1.1)
Investments (Rs. Mn)	5,117	5,159	0.82
Reserves (Rs. Mn)	3,689	3,667	2
Earnings Per Share (Rs.)	3,758	3,338	(11)

CHANGES TO EQUITY

The stated capital of the CRIB remained unchanged at Rs.25 Mn in 2020. However, the total equity of the CRIB marginally increased by 0.13% against 2019 to Rs. 7 Mn. The bureau has established new reserve as "FX exposure Management Reserve" and transferred Rs 100 Mn from the profits earned and available for distribution, during the year ended 31st December 2020.

REVENUE

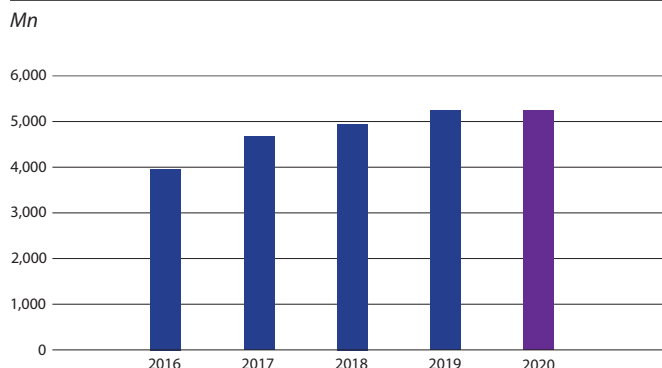
The CRIB's primary sources of revenue are from the sale of credit reports to consumers and member institutions and investment income. Both these revenue sources saw a slight dip in 2020 in the face of the challenges related COVID-19 pandemic and the resultant economic impacts. The key revenue of CRIB decreased by 12% YoY due a reduction of demand for credit reports within the year, while the interest income decreased by 10% YoY owing to the downward revision interest rate applicable on investments.

However, CRIB recorded an overall revenue generation of Rs. 1,028 Mn despite the unprecedented challenges in the operating achievement which as a result of process innovation efforts, and commitment to business continuity amidst challenges.

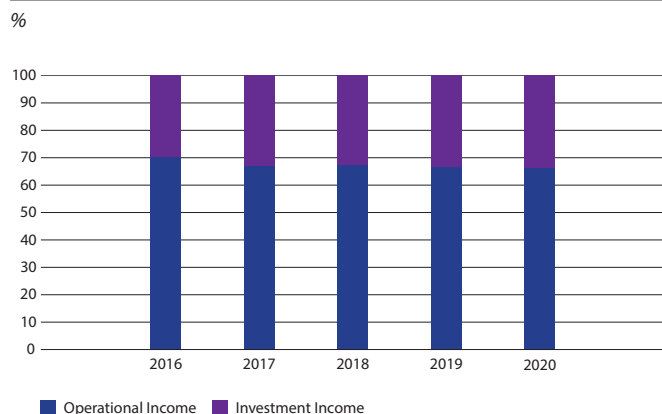
It was noteworthy that Bureau was able to implement the Credit Score Reports and Retrospective Reports as new products that would serve as new revenue generation channels as well from 2020 onwards. The revenue mix below clearly indicates the impact of COVID-19 on the revenue of CRIB during the year under review.

Financial Capital

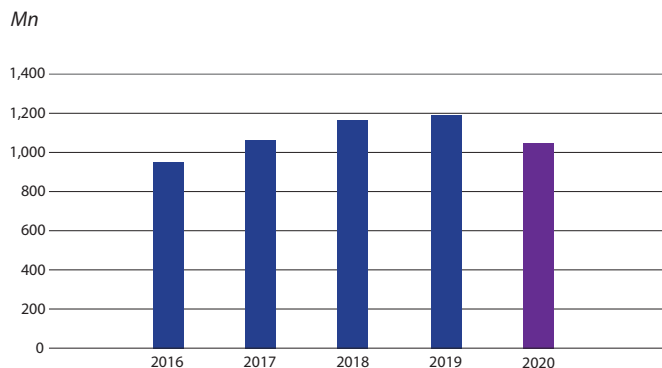
Year-wise Total Equity



Income Composition



Year-wise Operating Income



OPERATIONAL INCOME

The Operating Income was adversely impacted by the slowdown in the economy and a resultant slowdown in business activity which drove down the demand for credit reports while also limiting the capability of the public to request for reports during the year in comparison to the previous years.

As a result, the total number of reports issued during the year 2020 decreased by 14% compared to 2019. However, other value-added products continued to remain a vital contributor towards the overall revenue of the Bureau. Newly introduced products such as Score Reports and Retrospective Reports generated nearly Rs. 8 Mn. However total value added products generated Rs 18 Mn during the year 2020, to further bolster the balance sheet of the CRIB.

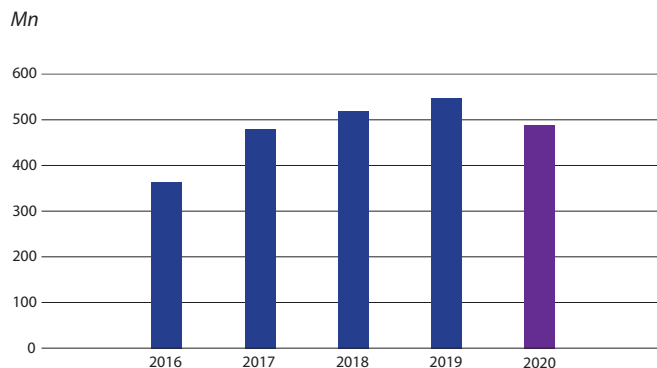
Despite the challenging environment, CRIB enhanced its operational efficiencies during the year to maintain uninterrupted services while delivering quality customer service in order to facilitate self-inquiry credit report services amidst the limitation of travel and other restrictions. As a result of this innovative approach the automated self-inquiry iReport generation process was introduced during the year. This product vertical contributed Rs. 2 Mn in revenue to CRIB during the year.

INVESTMENT INCOME

Revenues were further impacted by the interest fluctuations during the year. Interest income of the CRIB decreased by 10% to Rs 493 Mn in 2020.

The CRIB investment portfolio is monitored by the Board and the Audit Committee. Investments are primarily in fixed deposits, Debentures and Treasury Bonds.

Interest Income



EXPENSES

During the year, operating expenses increased by 2% in comparison to the previous year. Operational expenses are categorized as administration and establishment expenses (6 % of total expenses), employee related expenses (33 % of total expenses) and other expenses (55 % of total expenses). During the year, administration and establishment costs increased by 9% and other operation expenses decreased by only 2%. Employee related expenses increased by 15%. The increase in employee expenses was mainly due to the salary increase effected during the year,

COST TO INCOME RATIO

Despite the operational expenses increasing by 2% YoY, the Bureau was able to maintain the cost to income ratio at 37% while the ratio for the comparative year stood at 32%.

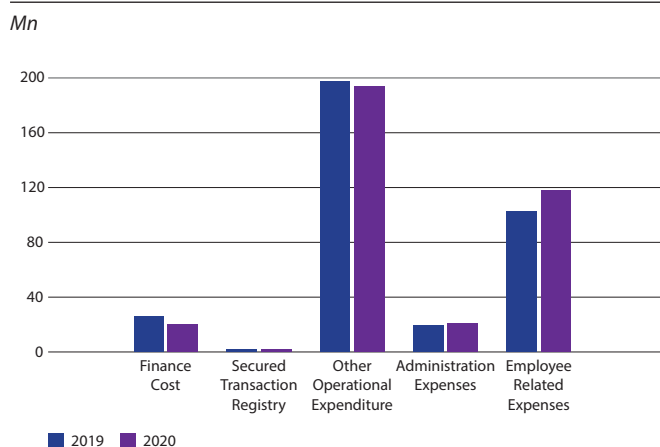
PROFITABILITY

The Bureau generated a Profit before Tax of Rs. 1,104 Mn which reflected 15% decrease YoY. The decrease profitability was a reflection of the deterioration of economic conditions year, which had a snowballing effect on the operational and financial performance of the Bureau.

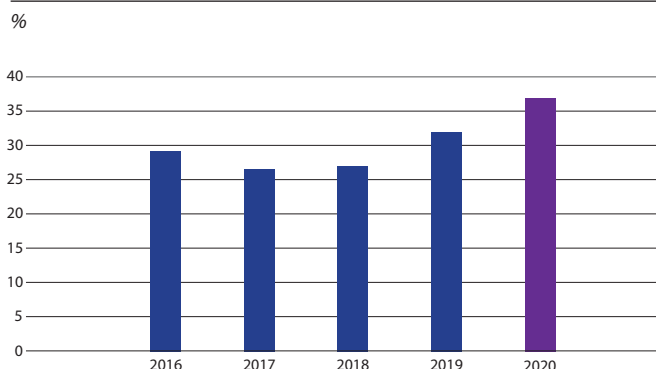
TAXATION

Following the amendment to the income tax Act number 24, of 2017, the CRIB entered the Income Tax net for the first time in relation to its operating profits. Taxation on operational profit, which amounted to Rs. 269 Mn for the year had a significant impact on the net profits of the Bureau.

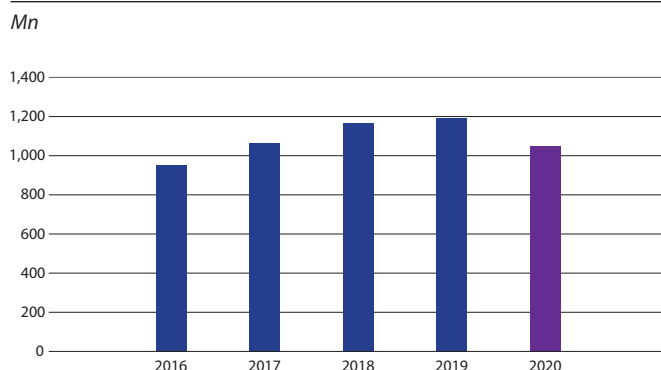
Expenses



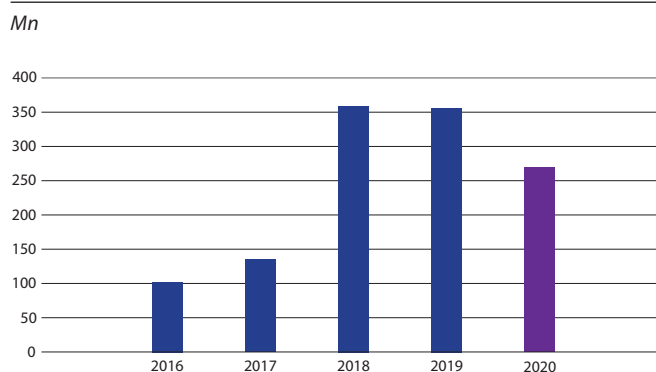
Cost to Income



Profit Before Taxation



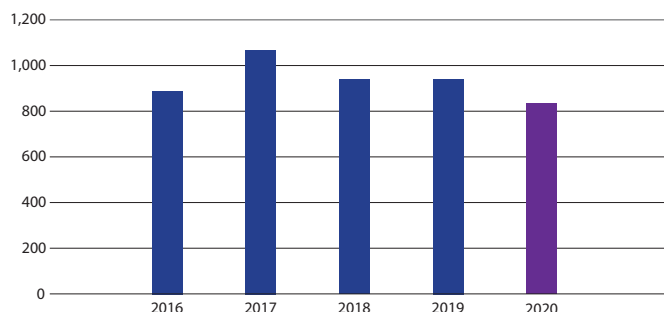
Taxation



Financial Capital

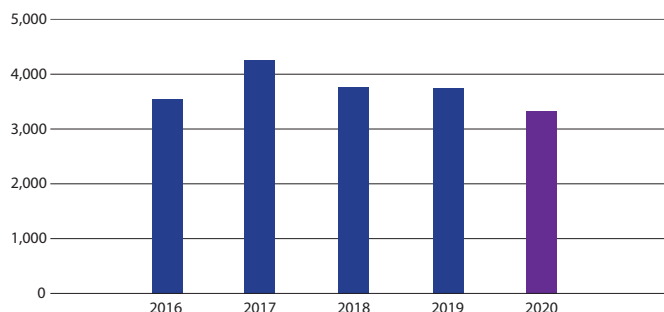
Net Profit

Rs. Mn



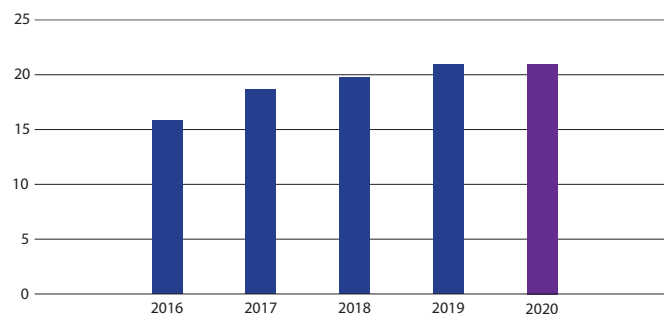
Earnings Per Share

Rs.



Net Assets Per Share

Rs. '000



NET PROFIT

The Bureau recorded a net profit of Rs 834 Mn during the year under review recording a 11% decline YoY.

EARNINGS PER SHARE (EPS)

Earnings Per Share in 2020 decreased by Rs. 420, compared with the previous year due owing to an overall decline in revenues and profits as a result of the adverse impacts of the COVID-19 pandemic.

NET ASSETS PER SHARE

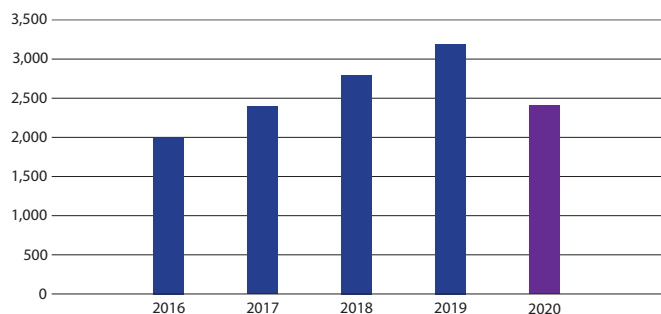
As a result of continuous growth in profitability, the total net asset value crossed the Rs. 5 Bn mark and recorded the highest net asset value per share at Rs. 21,008 by the end of 2020. Therefore, the financial strength of the Bureau has been enhanced, while augmenting shareholders' wealth.

DIVIDEND PER SHARE

A dividend of Rs. 2,400 per share was declared on the profit of the year. It is a 25% decrease compared to the previous year. This is consistent with the Bureau's continuous commitment to deliver balanced, healthy dividends and retention to support investing activities and to enhance long term shareholder value.

Dividend Per Share

Rs.



Human Capital

The Human Capital of CRIB is made up of a small team of highly trained, skilled and professional individuals. Given the nature of CRIB’s functions and being a data hub for the nation, the employees provide services while ensuring adherence to a code of ethics that govern their activity and ensure confidentiality of the information.

MANAGING THE HUMAN CAPITAL AMIDST THE COVID-19 PANDEMIC

The pandemic outbreak in 2020 brought sudden challenges to our living and working environment. Navigating operations of the company and keeping the functions alive and uninterrupted during such turbulent times called for resilience and dedication. The team at CRIB stood up to this challenge and continued to work and deliver support to our members and general public under difficult conditions while ensuring the safety of each other. The challenge to keep the operations running amidst restrictions was tremendous and their efforts in overcoming these with strategic rethinking, innovation and re-alignment of standard procedures to suit the new conditions was inspirational.

During this pandemic, CRIB took all possible precautions under the guidance provided by the government and health officials to continue our services while ensuring the health and safety of our employees. Setting up safety precautions such as sanitisation facilities, temperature screening etc. at the work premises and arranging alternate work arrangement by enabling home working were some of the key measures undertaken to safeguard

the health of employees and reduce their exposure during the year under review.

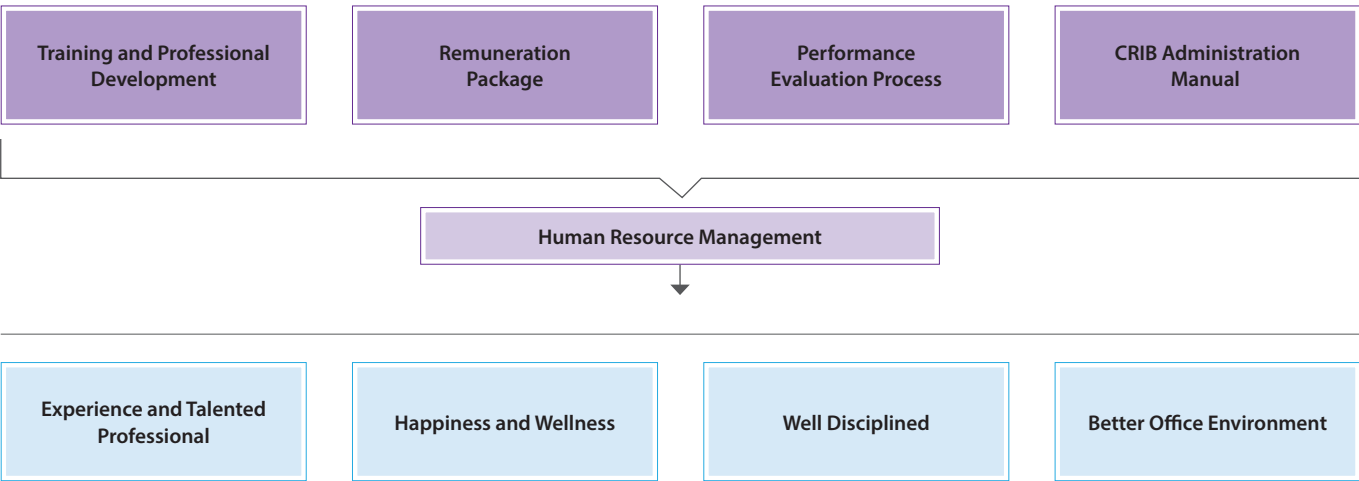
Value Created for Human Capital

Our team is at the heart of the Bureau's sustainable growth and we believe that harnessing the full potential of our human capital as well as maintaining a high level of satisfaction and ensuring the well-being of our employees are important driving forces of the Bureau's success.

In this direction the CRIB has taken several measures to enhance the level of our worker contentment, attitude, discipline, knowledge and professionalism.

To this end, CRIB strives to provide a learning and growth oriented organisational culture to its employees supplemented by training and career development opportunities, fair remuneration packages that suit their merits and qualifications and a transparent performance appraisal system that provides constructive feedback for further improvement. In managing its human capital, the CRIB adheres to the procedures governed by the CRIB Administrative Manual that sets the standards for maintaining staff behavior.

In culmination of all of the above, CRIB intends to provide its employees the impetus to grow and prosper while fostering a autonomous work environment that allows are team members the freedom to carry out their duties in the most apt and timely manner.



Human Capital

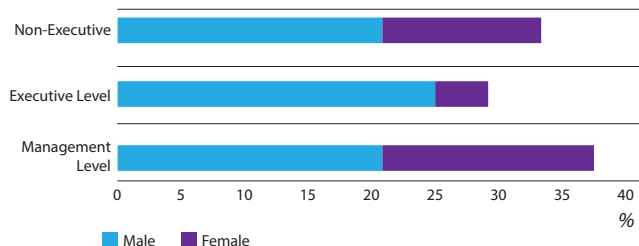
EMPLOYEE PROFILE

At the end of 2020, the CRIB employed 28 staff members. The well disbursed team comprises of Nine (09) management level employees, seven (07) executive employees, eight (08) non-executive officers and four contract staff. A balanced gender representation of five males and four females within the nine managerial staff members ascertain the Bureau's commitment to deviating from any bias. Six males and one female make up the pool of executive employees while the five non-executive employees are represented by one male and three females.

Total Permanent Employees	24
Male	16
Female	8
Total Contract Employees	4
Male	2
Female	2

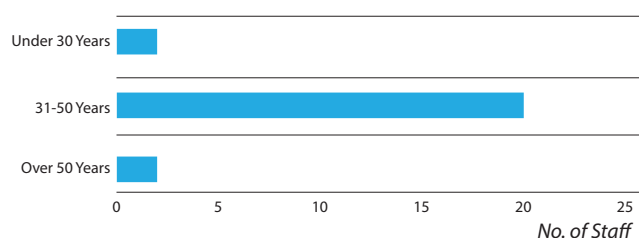
About 67% of our permanent employees are men and 33% are women.

Permanent Staff Based on Designation and Gender



Two of our permanent staff are under the age of 30, two are over the age of 50 and the others are between the ages of 30 and 50.

No. of Permanent Staff Based on Age



REMUNERATION AND OTHER BENEFITS

The employees of CRIB are entitled to competitive remuneration packages that have been approved by the Board of Directors and are based on wage categories and market rates. The remuneration packages are therefore fixed based on market trends and do not vary on the basis of gender, ethnicity or any other demographic.

The baseline remuneration package of the CRIB staff members is further supplemented by medical insurance, reimbursement of professional subscriptions and reimbursement of interest subsidies for home loans obtained by staff members. All permanent employees are enrolled into the statutory Employee Provident Fund and the Employee Trust Fund. The CRIB gratuity policy calculates half a month's basic salary for employees with more than five years of service.

LEARNING AND DEVELOPMENT

Given the significant role played by its employees in the success of the highly technical functions of CRIB, training and development of the CRIB team is given a key strategic priority.

Our employees receive local and international training to develop their skills and knowledge. These carefully picked training programmes are aimed at providing our employees the opportunity to develop skills, enhance current knowledge and gain professional experience to develop themselves and to also contribute to the development of the organisation year on year.

In view of the importance of maintaining professionalism and in providing the team members with the flexibility to build on their professional networks, a portion of the membership fees of employees that belong to professional bodies such as CA Sri Lanka and IBSL etc. are reimbursed by CRIB.

PERFORMANCE EVALUATION

Currently, performance appraisals are based on merit, performance, qualifications and discipline and are used annually to identify employee attitudes, training and development needs and to recommend annual special payments to employees.

We look forward to introducing a new evaluation system in 2021 to implement a more comprehensive performance evaluation procedure for our staff members twice a year. A reputable service provider has been selected to receive guidance and support in this regard. As always in implementing the new

system CRIB intends to maintain quality and consistency in the evaluation process while in particular striving to add a layer of additional transparency to the evaluation process and also assist in clearly identifying the development needs of the individual team members.

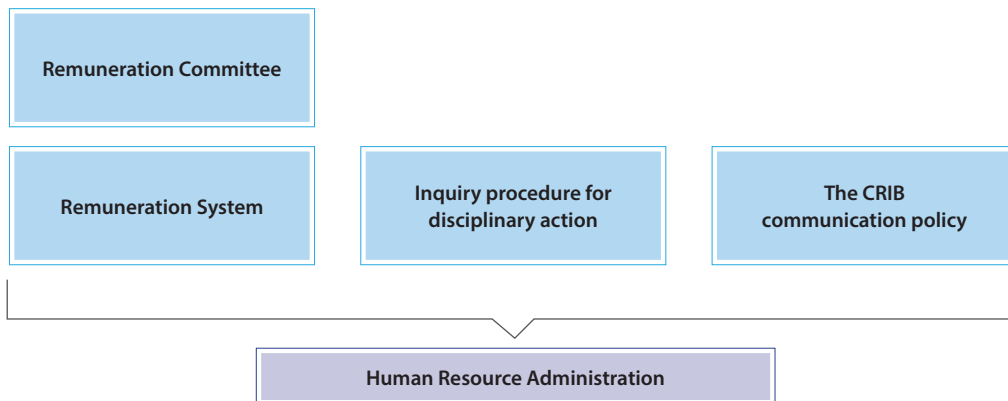
HUMAN RESOURCE ADMINISTRATION PROCEDURE

The CRIB Administration Manual carries salient information relating to Human Resource Administration under the three key topics of remuneration system, inquiry procedure for disciplinary action and CRIB communication policy.

Remuneration system – Is based on the Remuneration Committee appointed by the Board and recommendations are made by this committee to the Board on areas of salary scales, increments, bonus payment and staff promotions.

Inquiry procedure for disciplinary action- The section covers in detail and with transparency, the disciplinary measures that could be taken against an employee in the case of misalignment with Bureau’s code of conduct as well as the appeals that can be made by an employee in such an instance.

The CRIB communication policy- This provides employees adequate guidance on how to direct their communication to a higher level of the Bureau structure.



STATUS OF COMPLIANCE

CRIB is fully compliant with all labor laws and regulations applicable under the Shops and Offices Act. All statutory employee payments have been paid on time during the year. CRIB has not experienced fines or penalties for late or non-payment of statutory payments.

DIVERSITY AND EQUAL OPPORTUNITY

We strive to maintain diversity in the workplace, regardless of gender or ethnicity and no person tolerates discrimination or harassment for any reason. Our human resource policy includes equal opportunities to prevent discrimination based on race, religion, age, nationality, social origin and gender.

EVENTS

Due to limitations of the COVID-19 pandemic in the year under review staff gatherings and events had to be curtailed as much as possible and were held within strict guidelines and protocols.

Human Capital

At the beginning of each year, a religious ceremony is organized to invoke blessings on our staff, family members and the country. This event was held on 1st January 2020 marking the beginning of the new year.



The Annual General Meeting -2019, was successfully held at the Kingsbury - Colombo



The launch of the latest service addition by CRIB - Credit Score Report was carried out at a special event organized at the office premises on 9th January 2020.



Social Capital

As a national information service provider, CRIB considers the goodwill extended by its stakeholders and the credibility of the organisation in the eyes of the public as significant social capital that contributes to sustainable growth of the Bureau.

Therefore, the CRIB strives to maintain healthy, two-way communications and sustainable relations with its member institutions and the public which are the two most important stakeholders for the Bureau.

CHANGES TO SOCIAL CAPITAL

During the review year, CRIB invested in maintaining its public relations and awareness programmes targeting the member institutions and the public.

	Year 2020 (LKR)	Year 2019 (LKR)
Investment for Social Capital	3,538,137	763,980

MANAGING RELATIONS WITH MEMBER INSTITUTIONS

Credit Information Service

The primary service of CRIB is to issue credit information reports to its member institutions. CRIB ensures a fast, efficient and effective service to maintain long term relationships with the members.

Help desk Service

The Help Desk provides inbound and outbound inquiry support to member institutions and assists on inquiries related to 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 stays committed to respond to all member institutions' queries received via email, post and fax and ensures all enquiries are investigated and completed within a reasonable time.

Connecting with member institutions

The CRIB organises training programmes together with the member lending institutions for authorised CRIB users and officials (Credit Officers, Branch Managers, Compliance Officers), who are involved in evaluating and making decisions on credit. Programmes are held with the objective of educating officials of lending institutions on correct interpretation of credit information in credit reports. During these awareness programmes, the officers are advised on how to enhance the quality and validity of data, dispute resolution, data corrections and also correcting misconceptions regarding CRIB services.

Although the training programmes had to be curtailed during the year due to limitations of the COVID-19 pandemic, the CRIB continued to provide counsel to member institutions on a need basis.

Training and Awareness Sessions for the Member Lending Institutions

The Central Bank of Sri Lanka organised two training sessions for the officers of banks and financial institutions in the Eastern Province on 28th & 29th February 2020 on CRIB and its system and procedures. The programmes were held in Trincomalee and Batticaloa. Approximately 300 officers attended these programmes during the two-day sessions, where representatives of CRIB contributed as resource personnel sharing knowledge, information and raising awareness of the services of the Bureau with up and coming banking leaders of the country.

MANAGING RELATIONS WITH THE GENERAL PUBLIC

Public relations and mass media awareness efforts of CRIB are aimed at creating greater awareness of the Bureau and its services amongst the public while also sharing important knowledge with the public on areas such as responsible borrowing, how to be a credit worthy customer and financial literacy and discipline etc. The objective of our publicity efforts is to gain trust and confidence in the eyes of the public as a reliable, national information provider. We believe that these investments made in developing our social capital will bear fruit in sustainable operations of the organisation in the long term.

Social Capital

Launching of “CRIB Score” (Credit Score)

Heralding an exciting new advancement in the domestic financial services sector, CRIB introduced its latest product “CRIB Score” Sri Lanka’s first credit scoring system in January 2020. Credit Scores would benefit individuals, SMEs and companies, by enabling ‘Reputational Collateral’, to facilitate access to credit. The product launch and the press briefing on ‘CRIB Score’ was held on 9th January 2020 at Cinnamon Grand, Colombo. Mr. H A Karunaratne, Chairman/Deputy Governor – Central Bank of Sri Lanka officially launched the “CRIB Score” and conducted the press briefing, thereafter.

CRIB Awareness Programme in the North Central Province

The State Minister of Finance, Mr. Shehan Semasinghe together with the Central Bank of Sri Lanka organized an awareness session for the individuals and entrepreneurs in North Central Province to enhance their knowledge on CRIB and its services. The event was held on 30th January and was conducted at the auditorium of the Central Bank’s regional office in Anuradhapura, with the participation of over 250 individuals. This was a comprehensive knowledge sharing forum where many resource personnel representing CRIB, Banks and financial institutions, CBSL and the State Ministry of Finance were present, enabling the attendees to gain knowledge and discuss issues in an open discussion setting.

Public Awareness Webinar

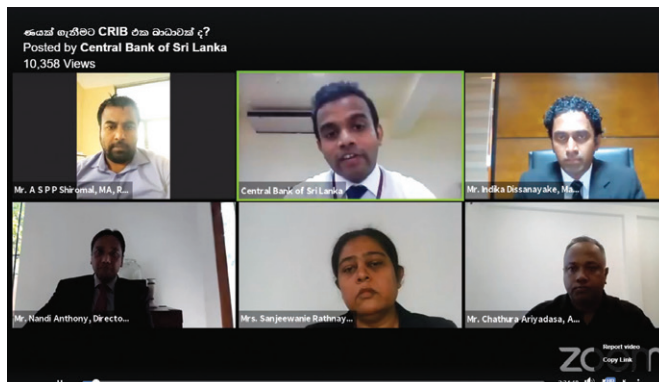
The Central Bank of Sri Lanka together with the Bureau organized and conducted a public webinar to raise awareness on the services of the Credit Information Bureau in November 2020. The webinar which was conducted targeting the general public and for anyone with the interest to learn about the Bureau attracted over 10,000 viewers and was live streamed on Facebook for additional reach and publicity.



Training and Awareness Sessions for the Member Lending Institutions



Launching of “CRIB Score” (Credit Score)



Public Awareness Webinar organized by the Central Bank



"Big Focus" Live TV discussion on TV Derana



"The Challenge" Live TV discussion on Jayamaga TV

Electronic Media Publicity

During the year under review, the Senior Management and the officials of the Bureau attended several discussions on electronic media such as television and radio to discuss the importance of CRIB and its services. Most of these programmes were 'live' sessions where the audiences had the opportunity to directly connect with the discussion to clarify their queries and learn more insights.

The Bureau had the opportunity to participate at one of Sri Lanka Broadcasting Corporation's most popular discussions themed "Ethul Peththa" to discuss about the role of the Bureau in the financial services sector.

Amongst the television discussions held during the year, the interview telecast by MBC Channels (MTV, Sirasa) on CRIB and its services gained a high level of popularity and public attention.

Print Media Publicity

A media campaign was organized and launched on print media during September and October 2020, to eliminate the misconceptions on the role of CRIB and its services. The attractive advertisements in all three major languages were published in the newspapers continuously to increase awareness levels amongst the general public. CRIB also, contributed for a series of articles published by the major newspapers during the year with knowledge enhancing content related to borrowing, credit and the role of CRIB. As part of its print media publicity efforts, CRIB collaborated with Capital Media's highly acclaimed English magazine 'Echelon' to raise awareness on the CRIB and its services.

Social Capital

Help Desk Services and Web-based Solutions

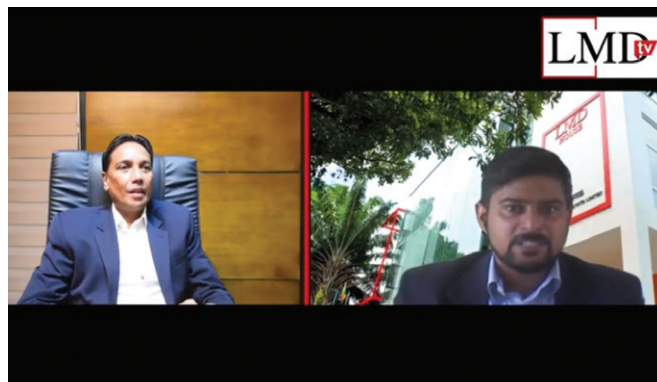
The help desk for the public manages inbound calls from the general public in relation to product and service inquiries, complaints etc. The help desk serves the public in the following ways.

- Provide directions to customers to resolve disputes regarding the reported credit information.
- Provide guidance to customers to petition the Financial Ombudsmen, in the case of disagreements or conflicts with lending institutions.
- Direct customers who needs financial advice against financial difficulty and default to the Credit Counselling Service of the Central Bank.
- 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 received via the dedicated Help Desk line.
- Provide assistance and guidance on the self-inquiry report service

The web-based services of CRIB include the iReport service where the general public could easily request for their credit reports online. Step by step guidance is provided to users in obtaining the iReport service. Also, the website of CRIB continuously disseminates important information on the Bureau and its services to the public and is updated regularly for enhanced value to its users.

Customer Service and Dispute Resolution

CRIB strives to deliver high levels of customer service to its users at all times and welcomes customer feedback to continuously improve its services. Any disputes or complaints regarding errors in reports issued etc. are resolved by the Bureau within stipulated timelines while the Bureau also intervenes and works with the lending institutions in question to resolve such matters and provide a corrected credit reports to customers free of charge, when necessary.



"LMD" Live TV discussion on Zoom

Intellectual Capital

The CRIB is a knowledge-based organisation of which the key function revolves around collection, storage, analysis and distribution of confidential credit data. The operations of CRIB are conducted on secured platforms that are mostly automated and are intelligently designed to suit the evolving needs of CRIB users while ensuring the dynamism and security of information stored therein. Owing to the above, the Intellectual Capital which comprises of its software systems and processes form a major part of CRIB's asset base and is integral to delivering value to its multiple stakeholders.

This chapter of the report discusses on the salient components that make up Intellectual Capital and how this is strategically maneuvered for optimum performance of the Bureau. Despite the challenges of the year, significant investments were made towards enhancing our systems and software during the year to meet the evolving needs of users, especially in a backdrop of accelerated digitalisation of service delivery across all industries. Our primary intellectual assets and how these were enhanced further to add value during the year under review are described below.

Product Cost	Up to 2019	Up to 2020
CRIMS Cost Rs.	64,579,203.64	64,579,203.64
Other Software Cost Rs.	86,499,612.34	87,798,863.62
STR Cost Rs.	387,755.10	387,755.10

SYSTEM ENHANCEMENTS AND NEW SERVICES ENABLED IN 2020 online

1) CRIB Score to the public over Bureau Business System (BBS)

The BBS is a customised software developed in-house by the ICT team at CRIB. The BBS establishes the necessary institutional procedures 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.

The CRIB Credit Score is a three-digit number which ranges from 250 to 900. A higher 'Credit Score' indicates lower 'Credit Risk' to lenders while a lower 'Credit Score' would indicate higher 'Credit Risk'.

With the enhancements made during the year under review, the public (any individual) can now directly access their credit score through the Bureau Business System (BBS) by visiting the Bureau and registering with the BBS. The registration is a one-time requirement to confirm the identity in order to get instant access to the credit score, on-demand.

For existing customers of CRIB the process of obtaining the Credit Score has been further simplified, where it only takes a few minutes to obtain instant access to their credit score report online through the Bureau Business System (BBS). Given the significance of the Credit Score in the current times, this one-click approach to obtaining the credit score report is expected to add value to users in terms of ease of access, and faster turnaround times.

The CRIB Score Report provides both the Credit Score and its corresponding Risk Grade and is the best reference one could present to prove his/her credit worthiness which in turn prompts lending institutions to offer attractive terms and concessionary interest rates.

The CRIB Score Report will provide the following benefits its users,

1. Have access and view the Credit Score before the lending institution does
2. Minimise the time and cost involved in the credit evaluation process
3. Helps to reorganise the repayment habits/behaviors
4. Helps to streamline credit utilisation
5. Aids in becoming a disciplined borrower

2) iReport Online – The Customer Access Portal (Automation of Manual iReport Issuance Process)

The deployment of the iReport online initiative marked a major milestone in the history of the Bureau in revolutionizing the level of accessibility to CRIB score report and to own Credit Report (iReport) for individuals from anywhere and at their convenience without having to visit the Bureau. Accordingly, the general public (any individual not accessing CRIB through a member institution) can now request their own Credit Report (iReport) and CRIB Score Report from the Credit Information Bureau through its online portal. The user-friendly and easy to navigate

Intellectual Capital

online portal enables this service to add convenience to users of CRIB while ensuring security and precision of the information that is being shared.

The process for obtaining the iReport and the CRIB Score Report has been simplified so that a person with even the basic technical know-how would be able to avail this service and the simple steps to be followed are described below.

- Visit the URL <https://onlineireport.crib.lk/>
- Submit the online application form with all the required details.
- A clear, close-up coloured photograph of both sides of the original National Identity Card (NIC), or both sides of the original valid driving license or bio-data page of the original valid passport (which indicates the NIC number) should be uploaded.
- The online registration verification will be done through a video call via Google Meet application/facility by the CRIB Officer.
- After the online application form is reviewed by the Bureau, an acceptance confirmation will be sent to the given email address.
- The customer should scan and upload the processing fees deposit receipt for each report
- After the successful registration and verification, the link to download the iReport and/or CRIB Score Report will be notified to the customer's e-mail address and to the mobile number with required credentials.

The introduction of iReport for individuals was a further extension to the introduction of iReport for member institutions last year and fulfills CRIBs promise to continuously deliver value through continuous enhancements to its service scope and efficiency. The iReport trademark is registered under CRIB and is a unique service provided by the Bureau and reckoned under its intellectual property.

3) Launch of the CRIB Corporate Score to member institutions

During the year 2020, CRIB launched its Corporate CRIB score to the member institutions as a means of enabling the lender institutions to determine the credit worthiness of corporate businesses based on their credit histories and how well their earlier debts have been repaid prior to approving financing towards corporates. Lenders can now check a company's business credit reports to get more detailed information about the business's financial history, where business credit scores would serve as shorthand evaluations, thus allowing lenders to make their credit evaluations more robust in the current challenging times. As per the set procedure of the Bureau a 'Primary Delegate' is the person who would rightfully have access to obtain the Corporate Score report. This should necessarily be a Proprietor/Partner/Director of a Business/Corporate entity. The primary delegate must approach a member institution branch with the application form in order to obtain the Corporate CRIB information. It is the view of the Bureau this initiative will add value to business owners and administrators as well, to better manage their credit and repayments while fostering improved credit management practices within Sri Lankan businesses in future.

CRIB DATABASES

The CRIB databases form an integral part of the intellectual capital of CRIB and encompass information on over 10.5 Mn individuals and institutions in Sri Lanka. The databases are unique to CRIB and are a national asset due to the high level of data quality. The CRIB databases are regularly updated and maintained with a high level of accuracy. During the review year the CRIB database grew by 1.25 TB.

THE SECURED TRANSACTIONS REGISTRY (STR)

The STR software is another development by the in-house ICT team of CRIB 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 provide 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 such risks. Using the STR, finance and leasing companies and banks could check on the credit worthiness of a client, before approving a loan while also checking if the same collateral has been pledged for another credit facility which in turn helps avoid and reduce fraud within the sector.

PURCHASED SOFTWARE

In order to maintain efficient services and deliver unparalleled value to its users, the CRIB has invested in sophisticated software purchased from external (third party) partner organisations. These include Credit Information Management System (CRIMS) Purchased from D&B that from another significant part of the intellectual capital of the CRIB which is optimised to deliver value to stakeholders in terms of efficiency, accuracy and credibility of information.

Manufactured Capital

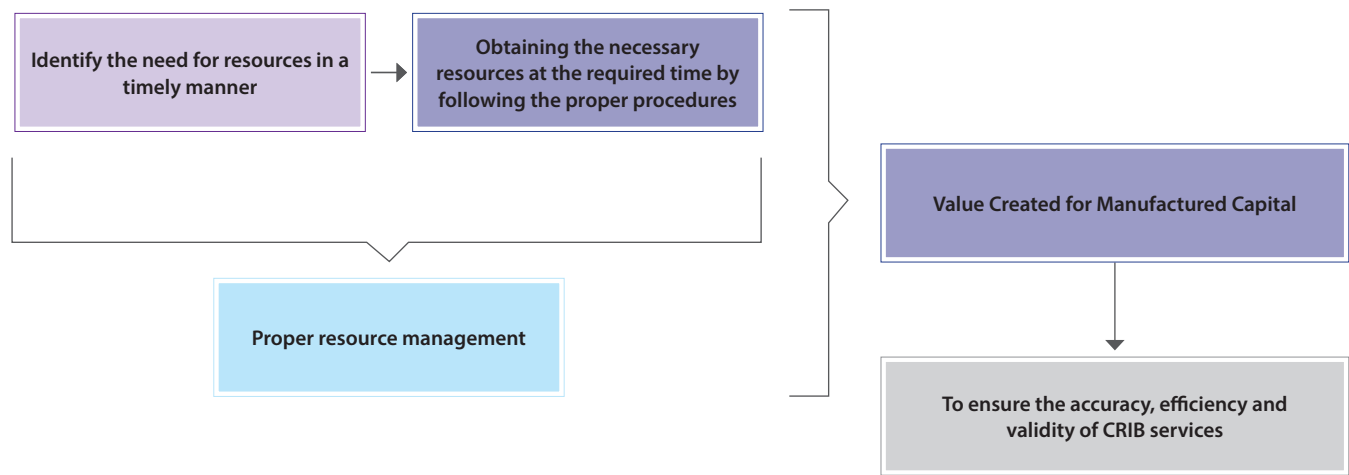
The Credit Information Bureau of Sri Lanka's manufactured capital refers primarily to the hardware that hosts its intellectual capital, namely the CRIB software systems and databases. In addition, the CRIB owns data centre equipment, office equipment and furniture that are considered as manufactured capital that contribute to the Bureau's value creation process.

Out of the above-mentioned components, the IT hardware is regarded as the most important asset in ensuring the consistency, efficiency, and accuracy of Bureau services. In view of the significance of its systems hardware and infrastructure, the Bureau places key focus on the continuous enhancement and development of this infrastructure as a measure to enhance the value delivered to its stakeholders. Timely maintenance, spot checks and periodic evaluations and audits are some of the regular steps undertaken to ensure proper management of the information technology related infrastructure of the Bureau. In this direction, the Bureau appreciates and acknowledges the support of its Board members, management as well as the employees and auditors in the proper maintenance and continuous improvement of its manufactured capital.

Despite the challenges brought about by the COVID-19 pandemic during the review year, CRIB hardware systems infrastructure along with other manufactured capital were optimally managed to deliver increased value to shareholders.

As of December 2020, the CRIB has invested Rs. 140 Mn in capital assets including Rs. 102 Mn for computer equipment, Rs. 35 Mn on furniture/fittings and equipment and Rs. 3 Mn on data center equipment.

VALUE CREATION PROCESS FOR MANUFACTURED CAPITAL



Natural Capital

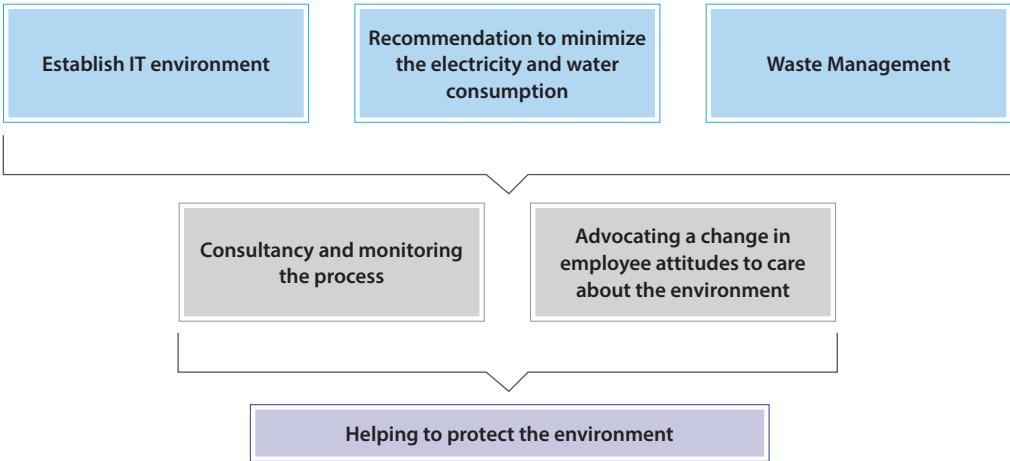
We firmly believe that our natural resources must be conserved in the interest of our country and that of the future generations. Therefore, we have considered it material to report on our efforts for conservation although the environmental impact of our operations is limited to consumption of natural resources in the form of electricity, water and paper. Fuel consumption is significantly low as well, given that most of employees travel to work through public modes of transportation.

Team CRIB remains committed to minimize the use of natural resources and optimize resources such as electricity, water and paper. The commitment for conservation is directed from the top tier at the Bureau and the staff are encouraged to minimize electricity and water wastage and to opt for digital modes of communication within the organisation to reduce the use of paper.

During this COVID-9 pandemic, some staff members of CRIB were given the option to work from home, which further contributed to a reduction in resource consumption, especially paper and fuel.

Provided below is a summary of the proactive steps taken by the Bureau to reduce the impact on the environment along with the corresponding objectives intended by each step.

Action Plan	Objectives and Performance
Fixed times to switch on and off lights and A/Cs at the office premises	Regulate and reduce electricity consumption whenever possible
Raising awareness about conservation	Cultivating an attitude for conservation amongst staff aimed at preventing wastage
Practices of using e-mail, printing on both sides of paper and sending e-invoices.	Reduce paper consumption whenever possible
Provide online iReports for the public	
Cloud computing	
Set up separate garbage containers to collect Paper, Plastic and food waste separately	Making a clear process for handing over segregated waste to the CMC for recycling etc.







Financial Reports

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Statement of Directors' Responsibilities for Financial Statements

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

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

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

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

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

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

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

Messrs. Ernst & Young, Chartered Accountants, the Auditors of the Bureau have examined the financial statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Directors meeting and express their opinion in their report on page 85 of the Annual Report.

By Order of the Board

Credit Information Bureau of Sri Lanka



Secretary

Colombo

31st August, 2021

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 2020, to be presented at the 31st Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairperson's Message on page 6 describes the affairs of the Bureau and mentions important events that occurred during the year, and up to the date of this report. This report together with the audited financial statements 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 87 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 85 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the financial statements is given on pages 91 to 110. 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 87.

PROPERTY, PLANT & EQUIPMENT

During the year under review the Bureau invested a sum of Rs. 20.2 Mn/- (2019-Rs 8.5Mn) in Computer Accessories & of which Rs 1.2 Mn/- is in Intangible Assets and Rs 1.2 Mn 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 106.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 82 of this report.

DIVIDEND

The Directors recommend the payment of a dividend for the financial year ended 31st December 2020.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2020 amount to Rs 5,226 Mn as against Rs 5,219 Mn as at 31st December 2019. 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 2020. The details are given in Note 14 to the financial statement on page 107.

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 102.

Annual Report of the Board of Directors on the Affairs of the Bureau

BOARD COMMITTEES

Audit Committee

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

1. Mr. D. Senevirathna (Chairman)
2. Mrs. V. A. A. N. De Silva
3. Mr. C. Hettiarachchi

The Report of the Audit Committee is given on page 46.

Remuneration Committee

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

1. Mr. Ranjith Kodithuwaku (Chairman)
2. Mr D. P. N. Rodrigo
3. Mr. N. Udage

The Report of the Remuneration Committee is given on page 48.

The earnings per share, net assets per share are given in Financial review on page 63 of this Annual Report.

DIRECTORS

The Directors of the Bureau as at 31st December 2020 and their brief profiles are given on page 24 in this report.

During the year under review the Board met on 11 occasions.

AUDITORS

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

A sum of Rs. 315,000/- 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 Audit Committee Report.

NOTICE OF MEETING

The Annual Shareholders' meeting of the Credit Information Bureau of Sri Lanka will be held on 24th September 2021 at 10.00 a.m. as a virtual meeting using a digital platform.

For and on behalf of the Board.



Chairperson



Director

31st August, 2021
Colombo

Independent Auditor's Report to the Shareholders of the Credit Information Bureau of Sri Lanka



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Chartered Accountants
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eysl@lk.ey.com
ey.com

AL/CAY/PVSJ/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 2020, 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 2020 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Principals: G B Goudan ACA Ms. P S Paranavitane ACMA LLB (Colombo) T P M Ruberu FCMA FCCA C A Yalagala ACMA

A member firm of Ernst & Young Global Limited

Independent Auditor's Report to the Shareholders of the Credit Information Bureau of Sri Lanka



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bureau to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

31 August 2021
Colombo

Statement of Comprehensive Income

Year ended 31 December 2020	Note	2020 Rs.	2019 Rs.
Revenue	3	965,984,013	1,093,189,698
Other Operating Income	4	493,377,528	550,998,385
Employee Related Expenses		(117,265,791)	(102,593,558)
Administration & Establishment Expenses		(20,902,197)	(19,239,712)
Other Operating Expenses		(194,786,987)	(197,805,261)
Secured Transaction Registry		(1,931,406)	(2,122,652)
Finance Cost		(20,335,227)	(26,154,403)
Profit Before tax	6	1,104,139,933	1,296,272,497
Income Tax Expense	5	(269,548,165)	(356,785,884)
Profit for the year		834,591,768	939,486,613
Net change in Fair Value of Financial assets at fair value through other comprehensive income		(23,472,884)	59,378,447
Defined Benefit Plan Actuarial (Losses)/ Gain		(6,206,923)	(5,310,753)
Deferred Tax on Defined Benefit plan		1,489,662	1,466,700
Total Comprehensive Income for the Year		806,401,622	995,021,007
Earnings Per Share	18	3,338	3,758

The accounting policies and notes on pages 91 through 110 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020 Rs.	2019 Rs.
ASSETS			
Non-Current Assets			
Equipment	7	30,072,429	22,409,266
Right of use assets	8	90,867,870	146,200,586
Intangible Assets	9	2,514,651	2,980,719
Other Financial Assets	10	518,030,317	1,836,569,871
Deferred Tax Asset	5	5,960,904	6,038,662
		647,446,171	2,014,199,104
Current Assets			
Inventories	11	741,811	590,974
Trade and Other Receivables	12	294,054,373	265,531,696
Other Current Financial Assets	10	4,599,328,080	3,323,314,766
Cash and Cash Equivalents	13	34,723,168	36,858,964
		4,928,847,433	3,626,296,400
Total Assets		5,576,293,604	5,640,495,504
EQUITY AND LIABILITIES			
Capital & Reserves			
Stated Capital	14	25,000,000	25,000,000
Reserves		3,767,776,338	3,689,730,501
Retained Earnings		1,459,289,910	1,530,934,125
Total Equity		5,252,066,248	5,245,664,626
Non-Current Liabilities			
Retirement Benefit Liability	15	27,004,027	17,865,702
Lease Liability	8	105,161,700	156,769,262
		132,165,726	174,634,964
Current Liabilities			
Trade and Other Payables	16	38,386,458	72,538,351
Dividends Payable		7,814,161	6,774,161
Income Tax Liabilities		145,861,010	140,883,402
		192,061,629	220,195,914
Total Equity and Liabilities		5,576,293,604	5,640,495,504

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

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

Chairperson

Director

The accounting policies and notes on pages 91 through 110 form an integral part of the Financial Statements.

31 August 2021
Colombo

Statements of Changes in Equity

Year ended 31 December 2020

	Stated Capital Rs.	General Reserve Rs.	Other Reserves Rs.	Technical Reserves Rs.	Forex Exposure Management Reserve Rs.	Building Reserves Rs.	Fair Value through Other Comprehensive Income Rs.	Retained Earnings Rs.	Total Rs.
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
Net Profit for the year	-	-	-	-	-	-	-	834,591,768	834,591,768
Transferred to General Reserves	-	1,518,721	-	-	-	-	-	(1,518,721)	-
Other comprehensive income	-	-	-	-	-	-	(23,472,884)	(4,717,261)	(28,190,145)
Transferred to Technical Reserves	-	-	-	-	-	-	-	-	-
Transferred to Forex Exposure Management Reserve	-	-	-	-	100,000,000	-	-	(100,000,000)	-
Dividends	-	-	-	-	-	-	-	(800,000,000)	(800,000,000)
Balance as at 31st December 2020	25,000,000	7,077,223	2,000,000	2,639,631,943	100,000,000	1,000,000,000	19,067,172	1,459,289,910	5,252,066,248

- FX Exposure Management Reserve relates to the management of any foreign exchange exposure of the bureau
- Building Reserve relates to purchase, refurbishment and development of the buildings of the bureau
- Technical Reserve relates to purpose of development of the bureau system business

The accounting policies and notes on pages 91 through 110 form an integral part of the Financial Statements.

Cash Flow Statement

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(loss) before tax from continuing operations	1,104,139,933	1,296,272,497
Adjustments for		
Depreciation	69,204,592	67,100,149
Amotisation	1,765,319	1,949,941
Income from Investments	(493,377,528)	(551,569,322)
Provision for Defined Benefit Plans	4,092,203	2,637,025
Profit /Loss on sale of property, Plant,& equipment	(55,200)	-
Lease Interest	19,226,839	26,154,403
Operating Profit/(Loss) before Working Capital Changes	704,996,158	842,544,694
(Increase)/ Decrease in Inventories	(150,837)	(23,455)
(Increase)/ Decrease in Trade and Other Receivables	(28,522,678)	(66,357,637)
Increase/ (Decrease) in Trade and Other Payables	(34,151,893)	19,045,241
Cash Generated from Operations	642,170,751	759,208,843
ESC Paid	-	(5,396,268)
Gratuity paid	(1,165,801)	-
Income Tax Paid	(263,003,135)	(506,342,490)
Net Cash From/(Used in) Operating Activities	378,001,815	283,470,085
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	22,834,293	(8,574,197)
Proceeds from Sale of Property, Plant & Equipment	-	-
Acquisition of Investments	(43,667,085)	(43,667,089)
Interest Received	510,489,582	550,653,838
Net Cash Flows from/(Used in) Investing Activities	489,656,790	498,412,552
Cash Flows from/ (Used in) Financing Activities		
Dividends Paid	(798,960,000)	(698,734,079)
Payment for the Lease Liability	(70,834,401)	(71,033,564)
Net Cash Flows from/(Used in) Financing Activities	(869,794,401)	(769,767,643)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,135,796)	12,114,994
Cash and Cash Equivalents at the beginning of the year	36,858,964	24,743,970
Cash and Cash Equivalents at the end of the year	34,723,168	36,858,964

The accounting policies and notes on pages 91 through 110 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Date of Authorisation for Issue

The financial statements of Credit Information Bureau of Sri Lanka for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 31 August 2021.

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. The Directors have considered the potential downsides that the COVID-19 pandemic could bring to business operations of the Bureau in making this assessment.

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.

Notes to the Financial Statements

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 are recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

2.3.2 Revenue Recognition

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

a) Rendering of Services

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

b) Interest

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

c) Others

Other income is recognized on an accrual basis.

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

2.3.3 Expenditure Recognition

- a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- b) For the purpose of presentation of income statement the directors are of the opinion that function of expenses method presents fairly the elements of the Bureau's performances, hence such presentation method is adopted.

2.3.4 Taxation

Current 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 recognized 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 recognized 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 recognized

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 utilized.

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 realized.

The relevant disclosures are given in Note 5 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.

Notes to the Financial Statements

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

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 Developments	25%
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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:

Notes to the Financial Statements

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.

Notes to the Financial Statements

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

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

Stationery – At Accrual Cost on First in First out Basis

2.3.10 Impairment of non-financial assets

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

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

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

2.3.11 Cash and Cash Equivalents

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

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

2.3.12 Provision

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

2.3.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However under the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service, The 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 recognized in the statement of financial position immediately before the date of initial application. The impact on adoption of SLFRS 16 is reflected in Note 8 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.

Notes to the Financial Statements

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 31 December 2020	2020 Rs.	2019 Rs.
Credit Information	1,125,985,553	1,354,440,354
Less		
Discount Allowed	(82,730,887)	(102,306,288)
Value Added Tax	(77,270,653)	(158,944,368)
	965,984,013	1,093,189,698

4. OTHER OPERATING INCOME

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Interest Income	491,826,491	549,194,530
Loss on sale of Fixed Assets	55,200	-
Staff Loan Interest	1,485,767	1,521,604
Sundry Income	10,071	282,251
	493,377,528	550,998,385

5. TAXATION

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

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Statement of Profit or Loss		
Current Income Tax		
Income Tax for the year	267,980,745	355,779,062
Deferred Tax		
Deferred Taxation Charge/(Reversal)	1,567,420	1,006,821
Income tax expense reported in the Income Statement	269,548,165	356,785,884
Statement of Other Comprehensive Income		
Deferred Taxation Charge/ (Reversal)	(1,489,662)	(1,466,700)
Total Tax Expense for the year	268,058,503	355,319,184

Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit multiplied by government of Sri Lanka's tax rate for the years ended 31 December 2020 and 2019 is as follows:

Notes to the Financial Statements

5. TAXATION (CONTD.)

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Accounting profit before tax	1,104,139,933	1,296,280,201
Tax at the Statutory Tax Rate	264,993,584	349,995,654
Tax Effect of Net Disallowable Expenses	2,987,161	5,783,408
	267,980,745	355,779,062
Deferred Taxation Charge/Reversal	1,567,420	1,006,821
	269,548,165	356,785,884
Effective Tax Rate	24%	28%

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax						
Deferred Tax Liability						
Capital Allowances for tax purposes	(1,477,465)	(1,922,964)	(445,500)	1,922,964		
Deferred Tax Asset						
Post Employment Benefit Liability	4,007,849	5,002,397	2,484,209	(3,515,386)	(1,489,662)	(1,487,011)
Right to Use Asset	3,430,519	2,959,229	(471,290)	(2,959,229)		
			1,567,420	(4,551,651)	(1,489,662)	(1,487,011)
Net deferred Tax Asset/Liability	5,960,904	6,038,662				

6. PROFIT BEFORE TAX STATED AFTER CHARGING

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	4,097,203	2,637,025
- Defined Contribution Plan Costs - EPF&ETF (included in Employee 'Benefits)	8,600,686	7,216,986
Depreciation	69,204,592	67,100,149
Amortisation of Intangible Assets	1,765,319	1,949,931
Auditor's Fees	315,000	375,000
Legal and Consultancy Fees	2,419,936	2,097,222
Directors Fees	1,600,000	1,660,000
Donations	150,000	-

7. EQUIPMENT

	Balance As at 01.01.2020 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2020 Rs.
At Cost				
Computer & Accessories	81,954,237	20,223,274	-	102,177,511
Computer & Accessories -STR	95,000	-	-	95,000
Furniture, Fittings & Office Equipment	34,145,122	1,293,368	237,000	35,201,489
Sundry Assets	220,942	18,400	-	239,342
Data Centre	2,923,077	-	-	2,923,077
	119,338,378	21,535,041	237,000	140,636,420

DEPRECIATION

	Balance As at 01.01.2020 Rs.	Charge for the period/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2020 Rs.
At Cost				
Computer & Accessories	71,616,952	6,879,404	-	78,496,356
Computer & Accessories -STR	95,000	-	-	95,000
Furniture, Fittings & Office Equipment	23,156,019	6,513,401	237,000	29,432,420
Sundry Assets	166,253	29,518	-	195,771
Data Centre	1,894,888	449,555	-	2,344,444
	96,929,112	13,871,878	237,000	110,563,991

Net Book Values	2020 Rs.	2019 Rs.
At Cost		
Computer & Accessories	23,681,155	10,337,285
Furniture, Fittings & Office Equipment	5,769,069	10,989,103
Sundry Assets	43,571	54,689
Data Centre	578,634	1,028,189
	30,072,429	22,409,266
Total Carrying Amount of Equipment	30,072,429	22,409,266

Equipment include fully depreciated assets having a gross carrying amount of 2020 Rs 67,774,139/- (2019-63,389,275/-)

Notes to the Financial Statements

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.

Movement in right-of-use assets	2020 Rs.	2019 Rs.
As at 1st January	201,648,423	-
Day 1 impact from the application of SLFRS 16	-	201,648,423
Restated Balance as at 31st December	201,648,423	201,648,423
Additions / renewal operating lease during the year	-	-
Expiration of operating lease agreements during the year	-	-
As at 31 December	201,648,423	201,648,423
Accumulated amortisation :		
As at 1st January	55,447,837	-
Amortisation for the year	55,332,715	55,447,837
Balance as at 31st March	110,780,552	55,447,837
Net Book Value at 31st December	90,867,870	146,200,586
Movement in operating lease liabilities		
Balance as at 1st January	156,769,262	-
Day 1 impact from the application of SLFRS 16	-	201,648,423
Restated Balance as at 31st December	156,769,262	201,648,423
Additions/renewal of operating lease agreements during the year	-	-
Accretion of interest	19,226,839	26,154,403
Payments to lease creditors	(70,834,401)	(71,033,564)
As at 31st December	105,161,700	156,769,262

9. INTANGIBLE ASSETS

	Balance as at 01.01.2020 Rs.	Additions during the year Rs.	Disposals during the year Rs.	Balance as at 31.12.2020 Rs.
Gross Carrying Amounts at Cost				
System Development	64,579,204	-	-	64,579,204
Computer Software	86,499,612	1,299,251	-	87,798,864
Software STR	387,755	-	-	387,755
Total value of depreciable assets	151,466,571	1,299,251	-	152,765,822
Depreciation At cost	Balance As at 01.01.2020 Rs.	Amortisation for the year Rs.	Disposals during the year Rs.	Balance As at 31.12.2020 Rs.
System Development	63,792,783	786,421	-	64,579,204
Computer Software	84,305,315	978,899	-	85,284,213
Software STR	387,754	-	-	387,754
	148,485,852	1,765,319	-	150,251,171
Net book value as at 01 January 2020				2,980,719
Net book value as at 31 December 2020				2,514,651

Equipment include fully depreciated assets having a gross carrying amount of 2020 Rs 147,802,649/- (2019-142,187,998/-)

Notes to the Financial Statements

10. OTHER FINANCIAL INSTRUMENTS

Year ended 31 December 2020	2020 Rs.	2019 Rs.
10.1 Current		
Treasury Bonds	1,320,093,590	-
Fixed Deposit	2,428,559,697	3,073,265,316
Receivable under Resale Agreements (Repo)	850,674,792	250,049,450
	4,599,328,080	3,323,314,766
10.2 Non Current		
Treasury Bond	-	1,318,631,515
Debenture	518,030,317	517,938,356
	518,030,317	1,836,569,871
Total Non Current	518,030,317	1,836,569,871
Total Current	4,599,328,080	3,323,314,766

11. INVENTORIES

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Stationery	741,811	590,974

12. TRADE AND OTHER RECEIVABLES

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Financial Assets		
Trade Debtors	137,937,630	142,049,879
Loan to Bureau Staff	25,010,997	16,030,016
Pre paid Staff Expenses	1,670,643	1,670,643
Deposits for Safe Lockers	45,000	45,000
	164,664,270	159,795,538
Non Financial Assets		
Advances & Prepayments	129,390,104	105,736,158
	129,390,104	105,736,158
	294,054,373	265,531,696

12.1 As at 31 December 2020, the ageing analysis of trade receivables is as follows:

Total Rs.	<30 days Rs.	31-60 Rs.	61-90 Rs.	Above 90 Rs.
137,937,630	84,196,769	41,492,276	8,186,346	4,062,240

13. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	2020 Rs.	2019 Rs.
13.1 Favorable Cash & Cash Equivalents Balance		
Cash & Bank Balances	781,603	14,394,610
Saving Accounts balances	44,328,656	22,464,354
	45,110,258	36,858,964
Government Securities	-	-
	45,110,258	36,858,964
13.2 Unfavorable Cash & Cash Equivalents Balance		
Bank Overdraft *	(10,387,091)	-
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	34,723,168	36,858,964

* This is due to unrepresented cheques

14. STATED CAPITAL

Year ended 31 December 2020	2020 Number	2019	
		Number	Rs.
Ordinary Shares	250,000	250,000	25,000,000
	250,000	250,000	25,000,000

15. RETIREMENT BENEFIT LIABILITY

Retirement Benefits Obligation-Gratuity	2020 Rs.	2019 Rs.
As at 1st January	17,865,702	9,917,924
Charge for the year	4,097,203	2,637,025
Actuarial (Gain)/Loss	6,206,923	5,310,753
Payments made during the year	(1,165,801)	-
As at 31 December	27,004,027	17,865,702

Notes to the Financial Statements

15. RETIREMENT BENEFIT LIABILITY (CONTD.)

Defined Benefit Liability is valued as of 31 December 2020 and the principal assumptions used in the valuation are as follows:

Year ended 31 December 2020	2020	2019
Discount Rate	8%	10%
Annual Salary Increment Rate	10%	10%
Staff Turnover	8%	5%
Average Remaining Life (Years)	9	10

Sensitivity effect on net liability as at 31 December 2020

An actuarial valuation of the gratuity of the Bureau was carried out as at 31 December 2020 by Smiles Global (Pvt) Ltd , a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method".

		Rs.
Discount Rate	1%	(2,141,243)
	-1%	2,452,367
Salary Increment Rate	1%	2,463,012
	-1%	(2,192,614)

16. TRADE & OTHER PAYABLES

Year ended 31 December 2020	2020 Rs.	2019 Rs.
Financial Liability		
Trade Payables	3,638,614	33,002,180
Other Payables	1,130,938	669,444
Accrued Expenses	27,142,359	29,255,444
	31,911,912	62,927,068
Non Financial Liability		
Other Payables	6,474,546	9,611,283
	38,386,458	72,538,351

17. DIVIDEND PAID AND PROPOSED

	2020 Rs.	2019 Rs.
Dividend paid 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

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.

	2020	2019
Net Profit attributable to Ordinary Shareholders (Rs.)	834,591,768	939,486,613
Weighted Average number of Ordinary Shares -	250,000	250,000
Earnings per Share (Rs.)	3,338	3,758

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 solution (Software) and relevant agreement has signed. Total software cost USD 2,478,754 (Rs 462,060,071/- Exchange rate 1 USD = Rs 186.41) (Rs 449,274,163 - 2019)

Notes to the Financial Statements

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 & Treasury bonds as available-for-sale investments. The Bureau has following risk types.

(a) Interest rate risk

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

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosure are as follow,

Key Management Personal Compensation	2020 Rs.	2019 Rs.
Short term employment benefits	21,295,240	31,711,459
Long term transaction	10,420,735	-
	31,715,975	31,711,459

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 that the board had declared a Rs. 600,000,000 dividend (Rs 2,400/- per share dividend) on 31st August 2021.

Notice of the Annual General Meeting

Notice of Annual General Meeting is hereby given that the 31st Annual Shareholders' meeting of the Credit Information Bureau of Sri Lanka will be held on 24th September 2021 at 10.00 a.m. as a virtual meeting using a digital platform.

The board of directors of the Credit Information Bureau of Sri Lanka decided to hold the above meeting in the virtual format, in the interest of public health during the COVID -19 Pandemic. Instructions to join the meeting and other meeting related details will be duly circulated.

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 2020 together with the Report of the Auditors thereon.
- To ratify the re-appointment of Messrs. Ernst and Young, Chartered Accountants as the Auditors of the Bureau for the ensuing year and to authorize the Directors to determine their remuneration.
- To declare a first and final dividend of LKR 2,400/= per share as recommended by the Directors for the year ended 31st December 2020.
- To consider any other Business of which due notice has been given.

By order of the Board



Nandi Anthony

Secretary to the Board

31st August 2021

Corporate Information

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

Mrs. T. M. J. Y. P. Fernando

[Chairperson]

Deputy Governor - Central Bank of Sri Lanka

Mrs. V. A. A. N De Silva

[Director]

Director of Bank Supervision - Central Bank of Sri Lanka

Mr. D. P. N. Rodrigo

[Director]

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

Mr. D. P. K. Gunasekera

[Director]

General Manager – Bank of Ceylon

Mr. D. Seneviratne

[Director]

Group Chief Executive Officer - National Development Bank PLC

Mr. N. Udage

[Director]

Executive Director –LB Finance PLC

Mr. R. Kodituwakku

[Director]

Chief Executive Officer/General Manager
People's Bank

Mr. C. S. Hettiarachchi

[Director]

Director Corporate Affairs- Central Finance Company PLC

Mr. C. N. S. N. Anthony

[Director / General Manager]

Credit Information Bureau of Sri Lanka

BOAR OF DIRECTORS (RETIRED)

Mr. H. A. Karunatatne

[Chairman]

Deputy Governor - Central Bank of Sri Lanka
(Retired w.e.f August 2020)

Mr. K. M. M. Siriwardena

[Chairman]

Deputy Governor - Central Bank of Sri Lanka
(Retired w.e.f December 2020)

Mr. K. S. Bandaranayake

[Director]

Senior Deputy General Manager - Operations People's Leasing & Finance PLC
(Retired w.e.f Feb 2021)

Mr. K. Thilakaratne

[Director]

Director/Chief Executive Officer
Commercial Leasing and Finance PLC
(Retired w.e.f December 2020)

Mr. U . G . R . Ariyaratne

[Director]

Chief Executive Officer-National Savings Bank
(Retired w.e.f April 2021)

Mr. M. A. B. Silva

[Director]

Acting General Manager – Peoples Bank
(Retired w.e.f July 2020)

Alternate Directors

Mr. C. Fonseka

Head of Treasury & Investment Banking - People's Bank

Mr. D. Akuretiyagama

Chief Operating Officer – National Development Bank

Mr. D. Pallewatte

Deputy General Manager – Hatton National Bank

Mr. C. Dias

Managing Director – LOLC Finance PLC

Mr. S. Munasinghe

Director, Sales & Business Development –CDB Finance PLC

Mr. D. S. Muthukudaarachchi

Deputy General Manager-Bank of Ceylon

BOARD AUDIT COMMITTEE

Mr. D. Senevirathna

(Chairman)

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

(Committee Member)

Mr. C .S. Hettiarachchi

(Committee Member)

BOARD REMUNERATION COMMITTEE

Mr. R. Kodituwakku

(Chairman)

Mr. D. P. N. Rodrigo

(Committee Member)

Mr. N. Udage

(Committee Member)

Management

Mr. C. N. S. N. Anthony

Director / General Manager

Mr. K. A. Janaka Lakmal

Deputy General Manager

Mrs. R. M. S. Rathnayake

Assistant 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

Corporate Information

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, Sri Lanka

CONTACT DETAILS

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இலங்கை கொடு கடன் தகவல் பணியகம்
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