

Mastering the Ascent

CREDIT INFORMATION BUREAU OF SRI LANKA (CRIB)
ANNUAL REPORT 2021



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CREDIT INFORMATION BUREAU OF SRI LANKA



Mastering the Ascent

As we celebrate another year in the industry as an entity that has ceaselessly strived to create innovation and customer-centric service, we are excited to see what lies ahead and witness the transformation that we have set in motion since our inception.

Renowned for our service that defy expectations, for our timely service that customers have come to associate with our brand and for our ground breaking new thinking that is constantly finding ways to serve them better, our journey ahead is surely directed onward and upward. So as we continue to assist Sri Lankans all over the island to become fiscally responsible while serving our customers with comprehensive information, we celebrate our rise to the top on a local and regional level, through the elevation of service standards along with the utilisation of technological advancements.

With great ideas on our side and an unquenchable thirst for navigating new horizons, we are mastering the ascent to further distinction.

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Introduction to the Report

THE REPORT PROFILE

Welcome to the fourth (04th) Integrated Annual Report of the Credit Information Bureau of Sri Lanka (CRIB). This report discusses our operational and financial performance within the conceptual framework of six (6) Capitals and how we generate value to our stakeholders through the effective management of these capitals, that includes 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 within the organisation in delivering 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 31st December 2021, 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 Manager's 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 evaluated by the senior management while the financial performance has been verified by external auditors for further assurance.
Consistency and comparability	The report being the 4th 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

The concept of Materiality considers the impact of the organisation's operations on its internal and external stakeholders as well as the impact of external developments on the organisational performance. Hence, CRIB's operations 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. In assessing the materiality of the selected topics, regulatory compliance, stakeholder expectations on areas of disclosure, improving transparency for the public and the government and sufficient compliance to the Integrated Reporting principles were taken into consideration. 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 	10 17
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 	38 28
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 play a significant role in sustainable operations and stakeholder expectation management.	<ul style="list-style-type: none"> Managing Risks Intellectual Capital Ethics and Anti-Corruption 	44 74 35
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 54 64 51 85
Managing our Assets	Managing the key capitals for effective output and outcomes play an 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 	62 67 74 77 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 General Manager's Message Strategy and resource allocation 	10 14 53
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 	22

Stakeholder Engagement

The CRIB greatly appreciates the support of all the stakeholders in carrying out all its functions. The performance of its services will not be possible without the support, trust and confidence of these stakeholders. CRIB is proud to have continued its service continuously and with slight or no interruption during the year under review, which was made possible by the successful relationships the Bureau has nurtured with its stakeholders.

The stakeholders of the CRIB were identified primarily based on the CRIB Act and the CRIB Act defines the role of CRIB in Sri Lankan society. As the National Credit Information Agency, CRIB deals with a wide range of stakeholders, including international organizations.

The Bureau's primary stakeholders are:

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

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

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

Stakeholder engagement can be mainly divided into two categories as local and international engagement and therefore, CRIB's stakeholder engagement framework can be defined as follows -

LOCAL ENGAGEMENT

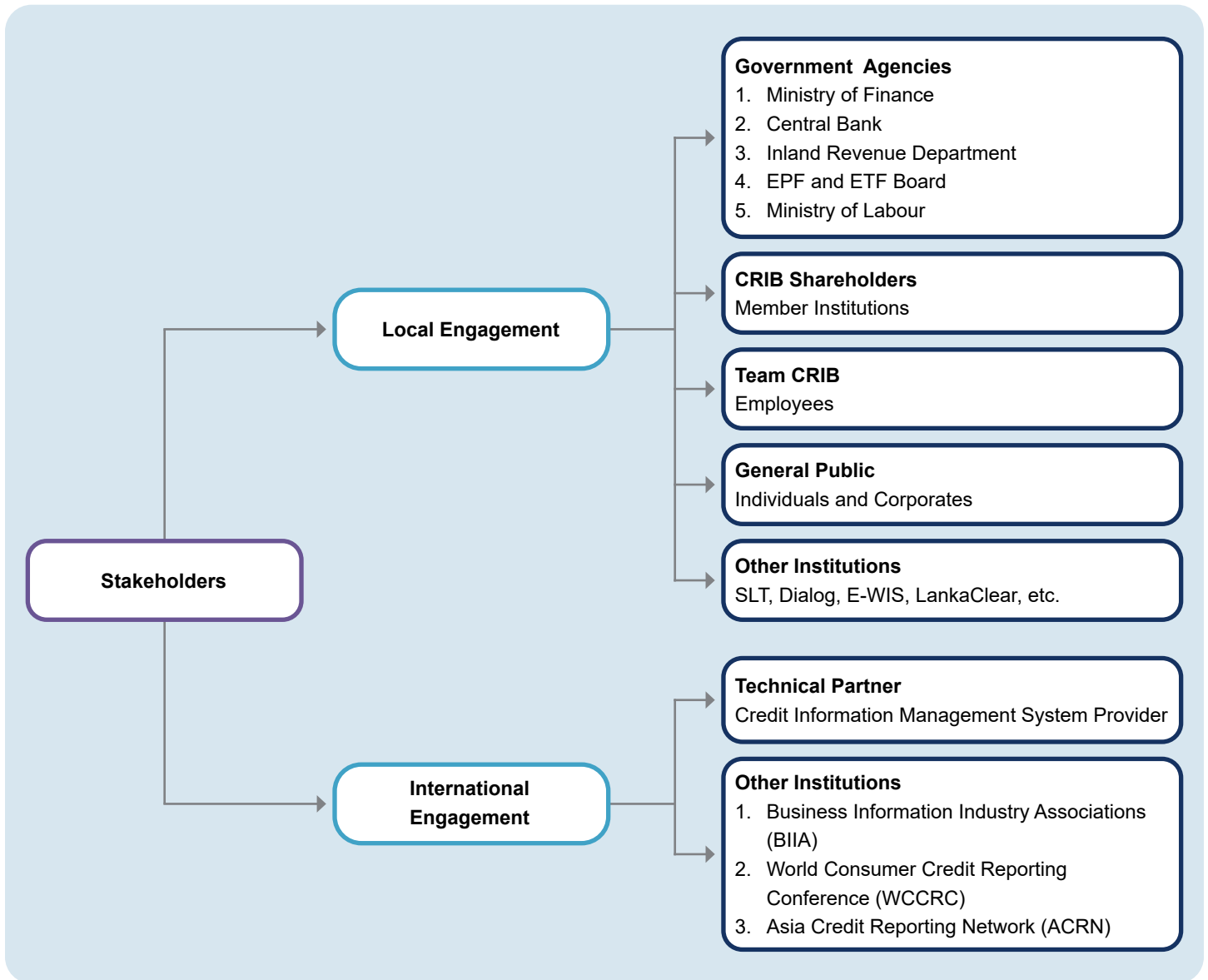
Stakeholder	Stakeholder Description	Method of Engagement	Purpose and Intent
Ministry of Finance, Central Bank of Sri Lanka, Inland Revenue Department, EPF, ETF and Ministry of Labour.	Government agencies.	Statutory reporting.	To respect statutory obligations, maintain transparency and ensure compliance.
CRIB member institutions.	Lending institutions registered with the Central Bank of Sri Lanka.	Annual Shareholder meeting, Annual report, Member awareness programmes, Issuing credit reports, Collecting credit information.	Providing accurate and up-to-date credit information and providing accurate information of moveable assets pledged as collateral for loan.
Team CRIB.	Employees	Salaries, wages and cash benefits, Knowledge and skills development programmes, Staff gatherings and meeting.	Providing industry standard compensation packages supplemented by other added financial benefits, job security, career growth and skill development opportunities.

Stakeholder Engagement

Stakeholder	Stakeholder Description	Method of Engagement	Purpose and Intent
General public.	All Sri Lankans and registered institutions in Sri Lanka.	Web site service, Publications, Dedicated customer service and hotlines.	Providing accurate and up to date credit information on-demand along with efficient customer service.
Telecommunication companies, E-Wis, LankaClear etc.	Support institutions.	Providing telecommunication facilities and premises for data centers. Agreement for maintenance of hardware and software.	Continue the service of the Bureau without any interruption.

INTERNATIONAL ENGAGEMENT

Stakeholder	Stakeholder Description	Method of Engagement	Purpose and Intent
Business Information Industry Association (BIIA)	Global information industry association represented by global information service providers such as credit bureaus, ratings agencies etc.	The CRIB received full membership in year 2015.	A view to maintain sound relations and collaboration to enhance the knowledge based capabilities of CRIB while contributing to the knowledge hub of BIIA.
Asia Credit Reporting Network (ACRN)	Represents the Asia Credit Reporting Industry by bringing together key players in the Credit Reporting infrastructure.	Full membership status obtained in 2019 with the signing of MOU in Vietnam.	To contribute to the urgent needs for Asian countries to promote exchange and corporation in credit reposting by sharing knowledge and experience amongst members.
Creditinfo International GMBH and Dun & Bradstreet	Technical and Service Partners.	Constant collaboration through cross communication.	Adherence to system performance, accuracy and safety standards to provide consistent, efficient and effective service to the general public and our shareholders.



Stakeholder Engagement

Government Agencies-

CRIB engages with these institutions through statutory reporting process and our aspirations are to respect statutory obligations, transparency and compliance.

CRIB Shareholders-

CRIB shareholders are the Central Bank of Sri Lanka, the regulator of the financial sector, registered banks, finance and leasing companies. We engage with our member institutions through the annual shareholder meeting, annual reports and user awareness programmes. Our aspirations are to provide accurate and up to date credit information and information on moveable assets pledge as collateral for loans.

Team CRIB-

Our employees are at the core of CRIB operations, and we provide benefits, job security including opportunities for growth through knowledge and skill development.

General Public-

All Sri Lankan citizens and institutions incorporated in Sri Lanka have legal right to receive CRIB services and for them we provide accurate and up-to-date credit information using 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. The CRIB received full membership of the BIIA in year 2015.

World Consumer Credit Reporting Conference (WCCRC)-

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 and the conferences help CRIB staff to enhance their knowledge of the industry while establishing international networks with key stakeholders and professionals in the industry.

Asia Credit Reporting Network (ACRN)-

To support equality and inclusive growth in Asia, the Asian Credit Reporting Network was established to represent the Asian Credit Reporting Industry by bringing together key players in the Credit Reporting discipline. This fulfils the urgent need for

Asian countries to promote exchange and cooperation in credit reporting by sharing knowledge and experience among members.

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

Technical and Service Partners-

CRIB has a dedicated technical support service provider to deliver a consistent, efficient and effective service to the general public and our shareholders.



Chairperson's Message

“Our forward strategy revolves around the core objective of providing credible credit information to every segment of society. In this process, the new state-of-the-art credit bureau system will play a vital role.”

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 2021, to our shareholders and the public of Sri Lanka.

CHALLENGING BACKDROP

The Sri Lankan economy recorded a growth rate of 3.7 percent during the year 2021 as opposed to the 3.6 percent contraction recorded in the previous year. This growth was supported by progress registered in the key economic sectors, overall normalization of the activities driven by adaptation to the 'new normal' environment and the vaccination drive, as well as the relief measures extended by the government to support those affected by the pandemic.

However, the growth impetus was shaken during the latter half of the year with COVID-19 taking the centre stage again disrupting daily life and related macroeconomic consequences. As a result of the prolonged vulnerabilities of the economy, the most acute predicament was the forex crisis owing to the reduction in remittances, the drop in tourism; one of the main foreign exchange earners for the economy as well as the rising import bill. These concerns climaxed into a debt sustainability issue which has been impacted by the depreciation of the rupee against the US Dollar. Subsequently, the rising inflation and the prices of commodities and essential items and reduction in people's disposable income continue to obstruct progress during the period. The unemployment rates also remained above average during the time.

As much as the impact of these macro issues descends on every individual and the business environment, CRIB is no exception to the repercussions. The drop in credit growth owing to the decrease in economic activities due to prolonged disruptions to day to day life of people during the period had a direct impact on demand for credit reports which affected our revenue. On the other hand, the low-interest regime also impacted our investment income. Hence, CRIB's two key income-generating avenues were both hindered as a result of the issues prevailing in the operating environment during the financial year.

Nevertheless, we were resilient in our approach to serving our stakeholders despite the odds that befell our way. We were cognizant of our role as an important institution to do our part to stay ahead of the impediments. While taking every measure to ensure the health and safety of our employees,

we continue to serve our members by providing uninterrupted service. CRIB as the National Credit Information Bureau was able to provide 8.4 million credit reports during 2021 amidst the obstacles encountered and recorded a profit (after tax) of Rs. 660 million. This was a noteworthy performance at a time of unprecedented challenges and was also a testament to our achievements in balancing the operations and financial performance in a sustainable manner. Further, aligned with our steadfast commitment to serve and support the public, in collaboration with our member institutions we continued to reflect any loan repayment status due to debt moratorium/concessions in the credit reports in a manner that enables a proper review of borrowers.

TECHNOLOGY DRIVE

Given the unstable backdrop and the insecurities that have arisen out of the COVID-19 pandemic, this was a period that compelled us to reflect on our ways of doing things exploring more efficient and innovative ways to serve our clientele when our movement and daily activities were restricted. Maintaining inclusivity became a keyword

for reflection during the period as we understood the importance of connectivity to our stakeholders (the public and the member institutions) which brought forth the topic of 'Technology' to the forefront. Although we were already pursuing a digital path, the conditions prevailing at the time forced us to accelerate our technology drive in sustaining our network and effective service delivery. Hence, we strengthened our technology platform, further consolidating our connectivity and partnerships with over 80 member institutions and the general public. By automating most of our services as well as several system enhancements we were able to improve the remote access to our services for the users at their convenience.

During the year, CRIB integrated its 'iReport online' service with the 'Internet Banking' system of member banks creating a simplified one stop platform for the individual consumers who are already on board in respective internet banking portals and the mobile applications to apply for CRIB's iReport with ease and convenience. The bureau also was successful in facilitating the online registration of

customers through a novel feature introduced in CRIB website adding to their ease and expediency. Before these integrations, the customer had to physically visit the CRIB premises to register for the online facility to obtain the iReport service

With the same intention, CRIB also moved its existing servers to a new virtual hardware platform streamlining the systems and processes enabling the bureau to save on the hardware cost involved in maintaining a host of physical servers. By replacing the existing legacy application service that is approaching the end of its life, the bureau will be able to enhance the performance of its credit bureau application system backed by a robust ICT infrastructure, responding more efficiently and speedily to customer requirements.

Furthermore, during the financial year 2021 several new member institutions also integrated their core application systems with the credit information management system using our Host-to-Host Application Programming Interface (API) to seamlessly connect services for enhanced operational efficiency.

As a key information hub of the nation, information security remains at the forefront of our priorities. Hence, we increased our investments in data security to further strengthen our existing security measures. Accordingly, we also conducted system-wide periodic vulnerability assessments and security audits on the Secured Transactions Registry system database through contracted IT experts to identify vulnerabilities.

A major milestone in our digital journey is the implementation of our state-of-the-art credit bureau system in partnership with Creditinfo, our new technology service provider based in Iceland. As we have completed the testing stage during the year under review, we look forward to launching it within the next few months. This system will bring about greater efficiency to our processes, expand our product portfolio while revolutionising the risk management and credit evaluation techniques of lending institutions in the country, to better manage their lending portfolios and contribute to economic sustainability. In addition, this system will also improve the bureau's capacity to collect non-traditional data.

With all these prudent measures, I believe that we have achieved our objective of presenting our institution as a people-centric organisation that is committed to sustaining inclusivity and service excellence to all our stakeholders. CRIB has emerged as a one-stop shop for our users in a time of adversity. The award we received as the 'Most innovative Credit Bureau in South Asia' by Global Business Outlook, a UK based business rating agency, is a validation of the determination and commitment of the CRIB team.

WAY FORWARD

Our forward strategy revolves around the core objective of providing accurate and up to date credit information to our users. In this process, the new state-of-the-art credit bureau system will play a vital role. This system will change the approach of institutions towards credit evaluation and risk

Chairperson's Message

evaluation while focusing on sustaining inclusiveness in providing access to credit for all segments of the economy. On the other hand, we intend to empower regulators to make informed policy decisions based on our reliable credit scores and our bench marking and analytical reports.

Enhancing our visibility and emerging as a recognised credit bureau within the region is another pivotal goal on the agenda. In this regard, we continue to actively participate in several regional forums that enhance our recognition as a regional player while using it as a platform to learn industry best practices that can be introduced in Sri Lanka.

Aligned with our strategy to maintain inclusivity, we intend to include microfinance institutions within the CRIB membership. As a vital source of rural finance, we support the enactment of the Credit Regulatory Authority Act allowing microfinance institutions to become a member of the bureau and access its services. This will immensely benefit the microfinance institutions allowing them to sustain healthier lending portfolios.

We believe our current initiatives as well as the prudent futuristic approach will enable CRIB to be an important institution that contributes to the economic prosperity of the Country.

APPRECIATION

Despite a challenging environment driven by the COVID-19 pandemic and its related macroeconomic uncertainties, the Credit Information Bureau has successfully navigated another year with steadfast commitment and resilience delivering enhanced value to all its stakeholders. In this regard, the contribution of the CRIB team led by the General Manager is highly commendable as they extended their unwavering support to serve the stakeholders surpassing every challenge that came their way. While ensuring the health and safety of all employees and stakeholders, we led the bureau with audacity and dedication during a tumultuous period.

I also wish to thank our valued stakeholders including the regulatory policy making authorities and the Central Bank who have continued to place their trust and confidence in us consolidating our existing relationships and creating new avenues for forming new partnerships amidst challenging circumstances.

Further, I wish to express my sincere appreciation to the members of the Board of Directors for their professional guidance and continuous support that enabled the bureau's robust performance amidst turbulent times.

Last but not the least, I wish to thank all member lending institutions, service providers, individuals, well-wishers and the public for the support provided in numerous ways to navigate a challenging year.



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



General Manager's Message

Dear Stakeholders,

As the prolonged consequences of the COVID-19 pandemic continue to loom on the operating environment in 2021, implications of it on daily life and the business environment continued to prevail throughout the year. The situation pushed those affected to embrace the 'new normal' exploring the crisis through a lens of innovation and technology adoption. While we set ourselves on this path, I am pleased to state that CRIB navigated the journey with commitment and determination successfully adapting to the changing trajectory delivering its products and services to the general public and the member institutions with uninterrupted operations recording an impressive overall performance during the year.

OPERATIONAL PERFORMANCE

The financial year under review observed the peak of the pandemic with COVID-19 striking again with full ferocity towards the latter part of the year. The imposition of mobility restrictions and quarantine curfews disrupted every aspect of life with business activities and key industry sectors such as tourism coming to a standstill. Those who work in

“At the time when the effects of the pandemic have taken a heavy toll on the economy, CRIB succeeded in meticulously handling the situation by balancing the expectations of all key stakeholders; the government who provides debt relief, the lenders who sought accurate data and the borrowers who do not want their future borrowing to be affected by the situation”

the informal sector, the daily wage earners also faced the consequences with loss of employment and income sources due to the economic volatility in the pandemic backdrop.

CRIB depends on two key income generating avenues; credit reports and investment income, and both were impacted by the decline in demand for credit in the country. On the one hand, the subdued credit growth led to a decline in demand for credit reports and on the other hand, low-interest rates reduced our investment income. During the financial year, our interest income plunged by 29 percent compared to the previous year which was a notable setback in terms of CRIB's financial performance. The overall macroeconomic consequences impacted the loan repayment capacity of borrowers leading to low credit growth and subdued demand for credit reports.

In supporting those individuals and businesses that were affected by the pandemic, the government along with CBSL introduced a debt moratorium during this time where we diligently worked along with the banks to reflect the moratorium in credit reporting. By highlighting the moratorium in credit reports in a favourable way, we intend to throw light on those affected by economic hardships and the pandemic providing lenders with an accurate depiction of the borrowers' situation avoiding any impediments to their future borrowings. CRIB succeeded in meticulously handling the situation by balancing the expectations of all key stakeholders; the government who provides debt relief, the lenders who sought accurate data and the borrowers who do not want their future borrowing to be affected by the situation.

Amidst many challenges and operational difficulties, we served our stakeholders with uninterrupted service. CRIB was able to provide 8.3 million credit reports which is a creditable achievement considering the obstacles encountered during the period.

FINANCIAL PERFORMANCE

At a time when the effects of the pandemic have taken a heavy toll on the economy, we managed to achieve a profit of Rs. 660 million during the financial year 2021. CRIB also declared a dividend of Rs. 660 million to our shareholders balancing their expectations. This was an impressive

financial performance given the challenging backdrop in which we operated during the period. It is also noteworthy that a larger proportion of the profit (over 90%) was given as dividends to shareholders at a time when both income-generating means of CRIB were affected.

ENHANCED DIGITAL CONNECTIVITY

This was also a year that CRIB discern the necessity for inclusive connectivity to the public and its member institutions. As we cater to over 70 member institutions which comprise of the banks, finance companies and leasing companies and the general public at large, we comprehend the importance of enhanced digital connectivity further innovating to improve our collaboration with all our stakeholders. This led us to embrace technology at a greater speed making our products and services available on the digital platform.

Furthermore, we integrated our services with Mobile Applications of lending institutions allowing the customer to obtain CRIB services on one platform. These innovation bestowed an award on us during the year recognising CRIB as

the 'Most innovative Credit Bureau in South Asia' by Global Business Outlook Award. This was a confirmation of our achievement in establishing digital connectivity amongst all our users at a time of unprecedented hardships. We also delivered our products through the development of Host-to-Host API a real time web service connectivity between CRIB and banks and automation allowing easy remote access to CRIB services for the users.

STATE OF THE ART CREDIT BUREAU SYSTEM

At present, CRIB is in the process of developing a state-of-the-art credit bureau system in partnership with CreditInfo, our foreign technology service provider. Having completed the testing stage of the project during the year 2021, we now intend to launch the new system in the next financial year. This state-of-the-art credit bureau system will enable greater processing speed, and improved capacities to collect even non-traditional data such as utility costs, telco data and insurance data, with additional features such as alerts, portfolio management and business intelligence (BI) tools for both the users and the CRIB. This will greatly improve and revolutionize the risk management and risk evaluation process of lending institutions in the Country. Besides, this will lead to improve lending portfolios of lending institutions contributing to a healthy economy.

At the same time, the Credit score will also be a tremendous asset to the borrowers. As the credit history will be fed into the algorithm, the borrower's credit status will be assessed using the credit score. This will provide customers with several benefits including the ability to bargain for better credit terms with lenders and leaving out the need for traditional security to obtain loans.

Furthermore, we increased our investments in data security enhancement during the year under review. As we handle sensitive information of our customers base, we remain responsible to safeguard the personal information. Hence, being a technology-driven company, we understand the need to keep abreast of changing technology prudently investing in the latest technology innovations in ensuring data security.

Apart from that, we also contribute to key committees including the Financial system Stability Committee of Sri Lanka, the Payment Council, the Public Finance Committee, The world bank's Ease of Doing Business project. In addition, we provide data to regulator, the Central Bank of Sri Lanka, thereby empowering them to make informed decisions or prudential management and oversight of the credit market. The aggregate use of credit scores can be used by the regulator to monitor the health of the institutions that they regulate.

I believe that CRIB had succeeded in building itself to be a more reachable, and connected, digital one-stop-shop house for our users; lenders and borrowers, operating in a turbulent macroeconomic landscape in 2021. We were able to maintain an impressive balance between financial performance and operational performance while constantly embracing technology innovations to enhance our services.

General Manager's Message

FUTURE OUTLOOK

We have drawn out a comprehensive road map where the new state-of-the-art credit bureau system will be a critical component. By capitalising on this system, we will take our products and services to benefit the public and the member institutions transforming the credit evaluation and risk evaluation of lending institutions while propagating credit to all echelons of society. Financial Inclusivity will remain a key focus area in our future strategy where we will work towards enhancing access to credit for all communities. We believe this new credit bureau system will be a catalyst for encouraging inclusivity.

Furthermore, we anticipate becoming a regionally recognised credit bureau. We already function in forums such as Asia Credit Reporting Network (ACRN) and Business Information Industry Association (BIIA) – which are regional associations for credit reporting of business information. By being on those boards, we have gained recognition including a greater opportunity to introduce the best practices in other countries to the Sri Lankan market. On par with the world, we look forward to being the

best in the region making CRIB a pivotal one-stop shop for both borrowers and lenders.

In the near term, we also intend to bring on board with us the microfinance institutions, an important source of finance to the rural community and the public. Currently, we are on the committee supporting the enactment of the Credit Regulatory Authority Act allowing the microfinance institutions to become a member of CRIB and access its services. This will enable microfinance institutions to sustain healthier lending portfolios when lending to rural communities. CRIB has also put in place a Secured Transaction Registry system where SMEs and individuals who do not have high net worth securities and only have movable assets to mortgage to borrow against it.

We believe our commitment to establishing a one-stop shop for our stakeholders catering to the above areas will enable us to position ourselves as a vital regional player in the years ahead.

ACKNOWLEDGEMENT

Navigating through a year of adversity, we have been able to sustain our position with resilience. In this endeavour, I wish to thank all our stakeholders for their unwavering support. I wish to express my sincere gratitude to the Chairperson and the Board of Directors for their guidance and advice in sustaining the CRIB operations at a time of difficulty. I am also deeply indebted to my valued team at CRIB for their continued commitment and loyalty in achieving the strategic objectives amid all the hardships encountered during the period under review.

Last but not the least, I wish to thank all the member institutions and the customers for their support and confidence in us. We will continue to deliver enhanced value to our stakeholders by upholding the best industry standards.



Mr. Nandi Anthony
General Manager

Key Performance Indicators



Total Assets

Rs. 5.5Bn



Operation Income

Rs. 935Mn



Net Assets

Rs. 5.3Bn



EPS

Rs. 2,644



DPS

Rs. 2,400



Net Assets Per Share

Rs. 21,202



Number of Credit Report
Issued

8.4 Mn



Persons in database as a % of
adult Population

71%



Number of persons with
active credit Records

7Mn



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

46.9Mn



Data quality efficiency (as a %
of total Credit portfolio)

99%

Financial Highlights

Year Ended 31 December	2016	2017	2018	2019	2020	2021
OPERATING RESULTS - (Rs.' 000)						
Income	884,623	983,819	1,077,447	1,093,070	965,883	934,840
Expenses	(260,411)	(263,669)	(296,820)	(347,915)	(355,222)	(416,710)
Operating Profit / (Loss)	624,212	720,150	780,627	745,155	610,661	518,130
Other Income	366,506	483,208	521,381	551,117	493,377	346,928
Net Profit Before Extra Ordinary Items	990,718	1,203,358	1,302,008	1,296,272	1,104,139	865,058
Extra Ordinary Items						
Net Profit After Extra Ordinary Items	990,718	1,203,358	1,302,008	1,296,272	1,104,139	865,058
Taxation	(102,357)	-135,183	(359,678)	(356,786)	269,548	(204,137)
Net Profit After Extra Ordinary Items & Taxation	888,361	1,068,175	942,330	939,486	834,591	660,921
SHAREHOLDERS FUNDS - (Rs.' 000)						
Share Capital	25,000	25,000	25,000	25,000	25,000	25,000
Reserve	1,932,252	2,466,796	2,490,271	3,689,730	3,767,776	3,798,737
Accumulated Fund	2,013,295	2,181,021	2,435,371	1,530,934	1,459,289	1,476,834
	3,970,547	4,672,817	4,950,642	5,245,664	5,252,063	5,300,571
LIABILITIES - (Rs. ' 000)						
Creditors & Other Payables	84,995	88,258	373,289	220,196	192,060	167,939
Deferred Liabilities	7,456	8,259	9,917	174,635	132,166	67,206
	92,451	96,517	383,206	394,831	324,226	235,145
ASSETS - (Rs. ' 000)						
Non Current Assets	43,932	42,756	34,500	177,628	129,416	72,374
Investments	3,762,304	4,470,013	5,073,983	5,159,883	5,117,356	5,033,678
Inventories	405	497	567	590	742	630
Trade & Other Receivables	224,964	219,666	199,174	265,532	294,054	380,268
Cash & Bank Balances	31,425	36,403	25,625	36,859	34,723	48,767
RATIOS						
Return on Average Shareholders' Funds (%)	22%	23%	19%	18%	16%	12%
Income Growth (%)	1%	11%	10%	1%	-12%	-3%
Return on Average Assets (%)	22%	22%	18%	17%	15%	12%
Rate of Dividends (%)	2000%	2400%	2800%	3200%	2400%	2400%
Gross Dividends (Rs. ' 000)	500,000	600,000	700,000	800,000	600,000	600,000
SHARE INFORMATION						
Earning Per Share (Rs.)	3,553	4,273	3,769	3,758	3,338	2,644
Net Assets Per Share (Rs.)	15,882	18,691	19,802	20,983	21,008	21,202



**MASTERING A NEW
DIGITAL LANDSCAPE**

Historical Milestones

1990

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

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

1991

24 registered finance companies joined the bureau as shareholders.

1992

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

1995

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

1997

Credit card defaulters' database started.

2000

10th anniversary of the commencement of operations.

2004

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

2005

Commencement of CRIB modernisation project.

2006

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

2008

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

2009

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



2010

Commenced collection of information on dishonoured cheques from commercial banks.

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

20th anniversary of the CRIB

2011

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

2012

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

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

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

2013

Online version of iReport launched.

Initiative with IFC to reform the secured transactions legal framework.

2014

Initiation of the 2nd phase of the development programme.

2015

25th anniversary of the CRIB

2016

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

Introduction of Credit Information Report for micro lending.

2017

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

2018

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

2019

Initiation of Issuance of Credit Score Report

2020

iReport online"service was introduced with an online customer verification process to facilitate the general public during the COVID-19 pandemic.

2021

Commencement of the User Acceptance Testing activities in new Credit Information Management System.



About Us

We are the first Credit Bureau in the South Asian region, established by the Sri Lanka Credit Information Bureau Act No. 18 of 1990.

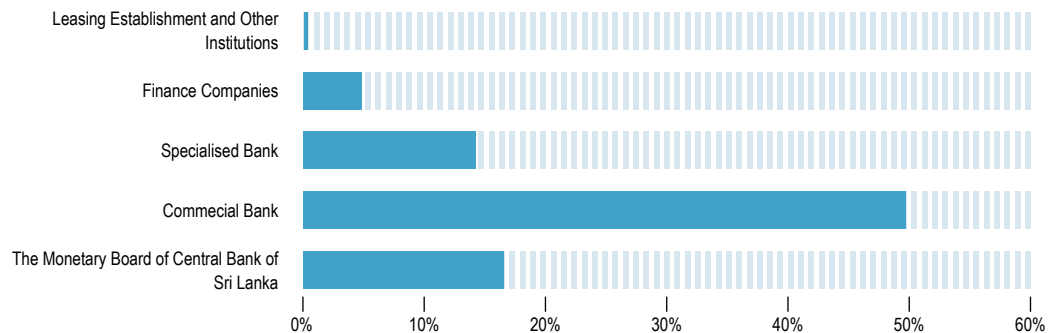
CRIB is a small organization compared to most other national institutions and for more than three decades we have contributed to strengthening the foundations of a safe and sound banking and financial industry to improve the Country's credit and financial culture.

CRIB is a public-private partnership, in which the Central Bank owns a majority share, and the remaining shares are held by lending institutions regulated by the Central Bank.

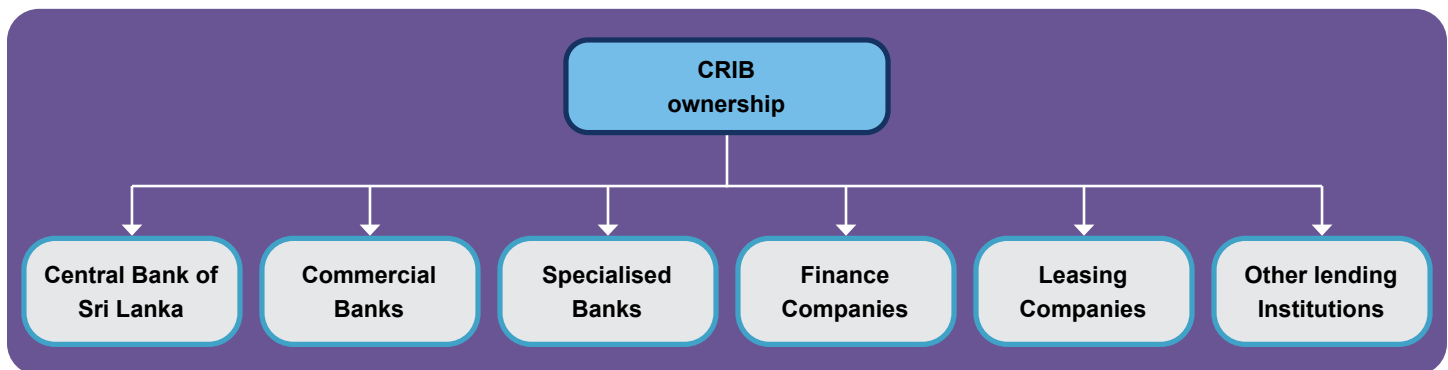
CRIB's main shareholders as at 31st December 2021

The Monetary Board of Central Bank of Sri Lanka	19.30%
People's Bank	18.96%
Bank of Ceylon	18.88%
National Savings Bank	12.18%
National Development Bank PLC	6.20%

Sector Wise CRIB Share Ownership



OWNERSHIP OF CRIB



OUR VISION

Building a customer friendly reservoir of credit information.

OUR COLLECTIVE CRUSADE

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

OUR RESPONSIBILITY

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

LEGAL FORM AND MANDATE OF THE CRIB

The CRIB was established through the Credit Information Bureau of Sri Lanka Act No. 18 of 1990, as a Statutory Body. Subsequent amendments to the CRIB Act were made through Act No. 08 of 1995 and Act No. 42 of 2008. In 2021, the CRIB came under the purview of the Ministry of Finance of Sri Lanka.

“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 CONSUMERS OF CREDIT GRANTING INSTITUTIONS AND FOR THE PROVISION OF THAT INFORMATION ON REQUEST TO THE SHAREHOLDERS OF THE BUREAU AND AUTHORITIES ENTITLED TO RECEIVE INFORMATION WITH A VIEW TO FACILITATING THE DISTRIBUTION OF CREDIT TO ALL SECTORS OF THE ECONOMY AND TO THE INFORMAL SECTOR, IN PARTICULAR ; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.”

Preamble CRIB Act

VALUE CREATION MODEL

The CRIB's economic value creation activity is primarily the collection of credit information of individuals and institutions from registered financial services providers (member institutions) and issuing credit reports to individuals and

institutions. This process is facilitated through digital data collection systems connected to all registered lending institutions that are operated and maintained by the CRIB. The CRIB is responsible for the safety and confidentiality of this private data.

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

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

In the domestic lending sector, CRIB shares are distributed among various financial institutions including specialized banks, commercial banks, finance companies, leasing companies and other nominated lending institutions, in addition to which The Central Bank of Sri Lanka is the major shareholder.

About Us

CRIB Shareholder's are listed below as at 31st August 2022

LICENSED 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
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

LICENSED 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

LICENSED FINANCE COMPANIES

1. Abans Finance PLC
2. Alliance Finance Company PLC
3. AMW Capital Leasing & Finance PLC
4. Asia Asset Finance PLC
5. Associated Motor Finance Company PLC
6. Assetline Finance Limited
7. Bimpuh Finance PLC
8. CBC Finance Limited
9. Central Finance Co PLC
10. Citizens Development Business Finance PLC
11. Commercial Credit and Finance PLC
12. Dialog Finance PLC
13. Fintrex Finance Limited
14. HNB Finance PLC
15. Kanrich Finance Limited
16. L B Finance PLC
17. Lanka Credit and Business Finance PLC
18. LOLC Development Finance PLC
19. LOLC Finance PLC
20. Mahindra Ideal Finance Limited
21. Mercantile Investments and Finance PLC
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 and Finance PLC
27. People's Merchant Finance PLC
28. Richard Pieris Finance Limited
29. Sarvodaya Development Finance PLC
30. Senkadagala Finance PLC
31. Singer Finance (Lanka) PLC
32. Siyapatha Finance PLC
33. Softlogic Finance PLC
34. U B Finance Company Limited
35. Vallibel Finance PLC

LICENSED LEASING ESTABLISHMENTS

1. Co-Operative Leasing Co Limited
2. SMB Leasing PLC
3. Unisons Capital Leasing Limited

OTHER LENDING INSTITUTIONS

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

OUR PRODUCTS AND SERVICES

CRIB provides credit information report on demand to member institutions and the general public through the Automated Credit Information Management System (CRIMS) and CRIB Score System. There are two types of credit reports, consumer (individual) and corporate (business). CRIB member institutions obtain their customers' credit information report through the bureau's website, while the general public can obtain their report directly from CRIB Premises and online.

In addition to issuing credit information reports, the Bureau also provides value added services to CRIB members and the general public.

Our Products and Services	Description
Credit Report (Credit report for the CRIB members and iReport for general public)	Contains factual information on individuals and corporates including Subject's name, address, ID numbers, and details of credit (Type of credit, amount granted/limit, balance outstanding, last updated date and status of such credit etc).
Score Report for CRIB members and general public	The CRIB score is a number ranging from 250 to 900 that provides a consistent indication of the level of risk, creditworthiness and likelihood of default.
iReport API and Score report API for member's platform integration	Customers of CRIB members can get their own iReport and score report through the API technology.
CRIB Score via an Application Programming Interface (API)	The Bureau facilitated all the member lending institutions to access CRIB Scores via APIs. With this latest technology, the member lending institutions are able to connect CRIB Score directly with their internal score cards or the loan originating system.
Online iReport	The general public can apply and obtain their iReport/CRIB Score report online through the Bureau website. The Bureau conducts an online interview with the relevant applicant through the Google Meet for verification purposes and also Sri Lankans in abroad can check their credit information online and monitor the credit accordingly.
Credit Report for the Micro Lenders	The Bureau also provides a special Credit report at a very concessional price to support digital lenders who do high volume small lending, especially to the rural sector.
Access the Credit Information Management System in Host-to-Host manner	Member institutions were facilitated to access the credit information in Host-to-Host manner and this access mode facilitates the member lending institutions to get the data from the Bureau instead from credit reports. The core system of the lending institution can be directly connected with the Bureau system through the Host-to-Host connection. It has helped the lending institutions to automate the decision-making processes of credit evaluation, internally.
Value Added Services	
Bulk Request	This service is primarily used to periodically review the lending portfolio of existing customers of member institutions. CRIB member institutions can process their request for credit reports in offline batch mode, thereby reducing their operational overhead.

About Us

Our Products and Services	Description
Retrospective CRIB Score Analysis	Retrospective CRIB score analysis is a report that can be used to predict the future based on the past behaviour of the loan portfolio. With the result of the retrospective CRIB score analysis, member institutions can develop new acquisition, account management or collection strategies, or define and revalidate existing strategies.
CRIB Bulk Scores	CRIB member lending institutions obtain CRIB bulk scores for their existing customers for risk assessment purposes. This service enables member institutions to efficiently review and monitor existing customers.
Secured Transaction Registry (STR)	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.



**MASTERING EFFICIENCY
AND SPEED**

Board of Directors



Standing & Seated Left to Right

MR. D. P. N. RODRIGO
Director

MR. H. K. D. L. GAMINI
Director

MR. K. E. D. SUMANASIRI
Director

MR. N. UDAGE
Director

MR. C. S. HETTIARACHCHI
Director

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

MR. R. KODITUWAKKU
Director

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

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

MR. K. ARIYARATNE
Director

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 the 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 and the Credit Information Bureau 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 Jayewardenepura.

Mrs. V. A. A. N. De Silva **Director**

Mrs. V A A N De Silva was appointed as the Director of Bank Supervision of the Central Bank of Sri Lanka with effect from 20th December 2019. Mrs. De Silva has a service of more than 27 years in Central Bank of Sri Lanka including 20 years in the Bank Supervision Department. Prior to her recent appointment she

held the position of Additional Director of the Department of Supervision of Non-Bank Financial Institutions. Mrs. De Silva has also served as a Deputy Director of Bank Supervision and International Operations Departments. She has participated in several local and international training programmes, seminars and other forums on different aspects of bank supervision and regulations and foreign reserve management.

Mrs. De Silva holds a Master of Arts (MA) Degree in Financial Economics from the University of Colombo and a Bachelor of Commerce (Special) Degree from the University of Kelaniya, Sri Lanka. She has also gained a ACI Dealing Certificate from Financial Market Associates, UK.

Mr. R. Kodituwakku **Director**

Mr. Ranjith Kodituwakku commenced his career in 1982 at People's Bank and has specialized in a wide spectrum of areas covering Branch Banking, Consumer Banking, Commercial Banking, Corporate Banking, Off-shore Banking, International Banking, Project Financing, Recoveries, Digitalization, etc. with extensive local and

international training/exposure gained through working in different capacities at different geographical Locations.

Currently serving as the Chief Executive Officer/General Manager of People's Bank, he is a key figure in driving the bank towards digitalization on mapping business requirements to a digital platform by adopting best practices in the industry and re-engineering business processes for which the bank was awarded many prestigious awards/recognitions both internationally and locally.

He also serves as a Director of People's Insurance PLC, Lanka Alliance Finance Ltd Bangladesh, Regional Development Bank Sri Lanka, Board of Financial Ombudsman Sri Lanka (Guarantee) Ltd, and as an Alternate Director of the Lanka Financial Services Bureau. Mr. Kodituwakku holds a Master's Degree in Business Administration specialized in Finance from the University of Colombo, Bachelor of Law (Honours) from the University of New Buckinghamshire, United Kingdom and is an Associate Member of the Institute of Bankers of Sri Lanka.

Board of Directors

Mr. K. Ariyaratne

Director

Mr. Ariyaratne currently serves as the Managing Director of the Seylan Bank PLC.

He counts over 30 years' experience having worked for several local and international banks acquiring an in-depth knowledge of all aspects of banking both in a local as well as in an international context.

Mr. Ariyaratne holds a BSc (Honours) Degree offered by the University of Colombo.

He is a member of the present Governing Board of the Institute of Bankers of Sri Lanka. Mr Ariyaratne is also a Trustee of the Seylan Bank Employees' Gratuity Trust Fund and Seylan Bank Employees' Provident Fund.

Mr. D. P. N. Rodrigo

Director

Mr. Rodrigo is an Executive Director and the Chief Operations Officer of Hatton National Bank PLC with over 18 years' experience in the field of banking presently providing administrative leadership to Finance, Credit, Operations, Risk Management, Banking Services, Compliance and Internal Audit.

He is overseeing the cross functional teams involved in improving governance and compliance by serving in several Board and Management committees in the Bank.

Mr. Rodrigo has held many senior positions in multiple industries ranging from banking, insurance, investment banking and apparel. He is a Director of HNB Assurance PLC, Guardian Acuity Management and Sithma Development Ltd. He played a catalyst role in the Bank's transformation and cultural change by being the driving force towards centralization, automation, outsourcing and process improvement initiatives and recognized for driving a performance culture through training and talent acquisition and introducing several breakthrough cost optimization initiatives. He possesses a wealth of experience encompassing both the retail business and support functions as deputy to the CEO. He has also been providing leadership to Bank's Recoveries vertical since early 2019.

Mr. Rodrigo serves on the councils of the Sri Lanka Institute of Directors (SLID) and as the Chairman of Policy Advocacy Committee of Asian Bankers Association

(Taiwan) during 2011/12 and 2019/20. He has served on local councils of CIMA, ACCA and Risk Professional Forum, the latter two as President for two-year terms.

He has served as a lecturer and examiner on various undergraduate (CIMA, ACCA) and postgraduate programs (PIM and University of Wales MBA programs) for over a decade and SLID as Lecturer Director Certification 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.

Mr. C. S. Hettiarachchi

Director

Mr. C S Hettiarachchi is the Director Corporate Affairs of Central Finance Company PLC. He is an Attorney-at-Law of the Supreme Court of Sri Lanka and holds a Bachelor of Laws (LL.B) Degree from University of Colombo. He also holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenapura. Mr. C S Hettiarachchi counts over 19 years of experience

in the Financial Sector and serves as a Director of following Central Finance group companies; Central Industries PLC, CF Insurance Brokers (Pvt) Limited, Dehigama Hotels Company Ltd., Central Transport & Travels Ltd., and Mark Marine Services (Pvt). He is the current Chairman of Leasing Association of Sri Lanka (LASL). He is also 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 served as a Director of Finance Houses Association (FHA).

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. He was appointed to the Board of Directors of the Credit Information Bureau of Sri Lanka in December, 2020.

He was a Director of Hayleys Fibre PLC during the period 2011 to 2017.

He holds a Bachelor's Degree in Science from the University of Colombo and possesses 30 years of experience in the field of leasing and finance, including 10 years at Lanka Orix Leasing Company PLC and three years at Mercantile Investments Limited prior to joining LB Finance PLC in 2004. He followed a course in 2007, conducted by the International Development Ireland Ltd., in Dublin and London on Strategy and Management in Banking and also successfully completed High Potentials Leadership Program in 2012 at Harvard Business School in Boston, MA, USA.

Mr. K. E. D. Sumanasiri
Director

Mr. Sumanasiri serves as the General Manager of the Bank of Ceylon and counts over 31 years' service in the banking sector.

He has wide knowledge and experience in Retail Banking, Micro Finance, Corporate Finance and Human Resource Development.

Mr. Sumanasiri holds a Bachelor of Science (Hons.) Degree in Business Administration from the University of Sri Jayewardenepura. He is an Associate Member of the Institute of Bankers of Sri Lanka and also the Chartered Institute of Personal Management Sri Lanka. He has undergone several training sessions at various levels including "The Linkage 20 conversations Leadership Program" conducted by Harvard Business School of USA, "Management Development Programme for Key Management Personnel" and the "Special Management Course of Higher Management and Public Policy for Business Leadership" conducted by the Post Graduate Institute of Management (PIM) Sri Lanka.

Mr. H. K. D. L. Gamini
Director

Mr. Lakshman Gamini serves as a Director of the Board of Directors of National Savings Bank (NSB) since December 2020.

Mr. Gamini is an experienced banker who had served People's Bank for a period exceeding three decades and retired in 2014. He was

widely involved in international banking and branch banking.

He had served State Printing Corporation as the Vice Chairman and Skills Development Fund, Ministry of Skills Development & Vocational Training as a Director. Currently, he serves as a Director at Three Star Logistics (Pvt) Limited exposing him to the private sector.

Mr. Gamini is a past pupil of the Royal College, Colombo.

Mr. C. N. S. N. Anthony
Director/General Manager

Mr. Anthony has a career spanning over 25 years in the financial sector, with a proven track record of extensive senior management experience at a leading foreign commercial bank, investment and merchant banks and as Head of Finance in leading stock broking and investment management houses in the country. Mr. Anthony is a Fellow of the Chartered Institute of Management Accountants (FCMA), UK and has a Master of Business Administration (MBA) from the University of Sri Jayewardenepura, Sri Lanka. He is also an

ACI Certified financial markets dealer and licensed stockbroker.

Mr. Anthony has gained vast experience and training, both locally and internationally in Treasury Management, Risk Management, Balance Sheet Management, Corporate Finance, Capital Markets, Stock Broking, Investment and Portfolio Management. His previous corporate positions include the postings as Chief Financial Officer (CFO) at Harris Ceylon (Pvt) Ltd., Director/Head of Assets and Liability Management at Standard Chartered Bank, Sri Lanka, and Head of Treasury and Fixed Income Securities, Asia Capital Limited.

Board of Directors (Retired)



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. D. P. K. GUNASEKARA

Director

*Credit Information Bureau of Sri Lanka
Former General Manager of Bank of
Ceylon
(Retired w. e. f. August-2021)*



MR. DIMANTHA SENEVIRTHNE

Director

*Credit Information Bureau of Sri Lanka
Managing Director of NDB Bank PLC
(Retired w. e. f. January-2022)*

Our Team



Standing & Seated Left to Right

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

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

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

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

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

MS. V. THIVYA
*Relationship Officer -
Customer Services*

MR. S. S. JANSEN
Accounts Executive

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

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

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

MR. K. A. JANAKA LAKMAL
Deputy General Manager

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

MRS. R. M. S. RATNAYAKE
*Assistant General Manager -
Operations*

Our Team



Standing & Seated Left to Right

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

MR. D. D. VITHANARACHCHI
Executive - Administrator

MR. M. M. M. IKRAM
Office Assistant

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

MRS. N. N. BOPAKADAGE
Receptionist

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

MR. K. VAGEESAN
*Relationship Officer -
Customer Services*

Mr. M. A. G. S. PERERA
Senior Manager - Projects

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

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

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

MR. J. S. WEERASINGHE
*Senior Executive - System
Administration*

MRS. SANJANI GAMAGE
*Legal officer
(Not Pictured)*

Ethics and Anti-Corruption

CRIB ANTI-CORRUPTION SYSTEM

Being a public-private establishment that is committed to serve the public with secure storage, processing and provision of confidential credit information, the CRIB assumes substantial 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 of a borrower for a new credit facility
2. Review as a guarantor for a new credit facility
3. Review as a partner/ proprietor for a new credit facility
4. Review as a director for a new credit facility
5. Monitoring and reviewing of an existing borrower
6. Opening of a current account

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

(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/ WORKFLOWS 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. The duly filled iReport Application and the copy of the Passport must be submitted with the authorization of CRIB Authorized User of a Bank, that the foreign national is dealing with locally.

(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.

(v) Issuing iReports through Internet / Mobile Banking Applications (Mobile Apps)

- ◆ Bureau introduced a new way of issuing Self-Inquiry Credit Reports to the customers whose identities have been verified via Know Your Customer (KYC) process of a Lending Institution. Customers can send their Registration Requests to the CRIB's Online Self-Inquiry Service via the Internet / Mobile Banking Application (Mobile App). The registration request consists of the verified Profile Information included with verified Mobile & Email, available in their Financial Institution and agreed Terms & Conditions relates to "Online Service Agreement of the Bureau.

- ◆ The customers who have registered successfully are eligible to obtain their Self-Inquiry Credit Reports (iReport and Score Report) via the Mobile App and get the required Report delivered to his/her Verified Email, automatically.
- ◆ This will enable the Bureau to Register KYC Customers of a Lending Institution, who is using Internet / Mobile Banking Application, without visiting the Bureau office, and enable the Bureau to send the required reports automatically (without manual intervention) to the requested Customers whose information relates to, in a secure mode.

(vi) 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)	Yes	
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	

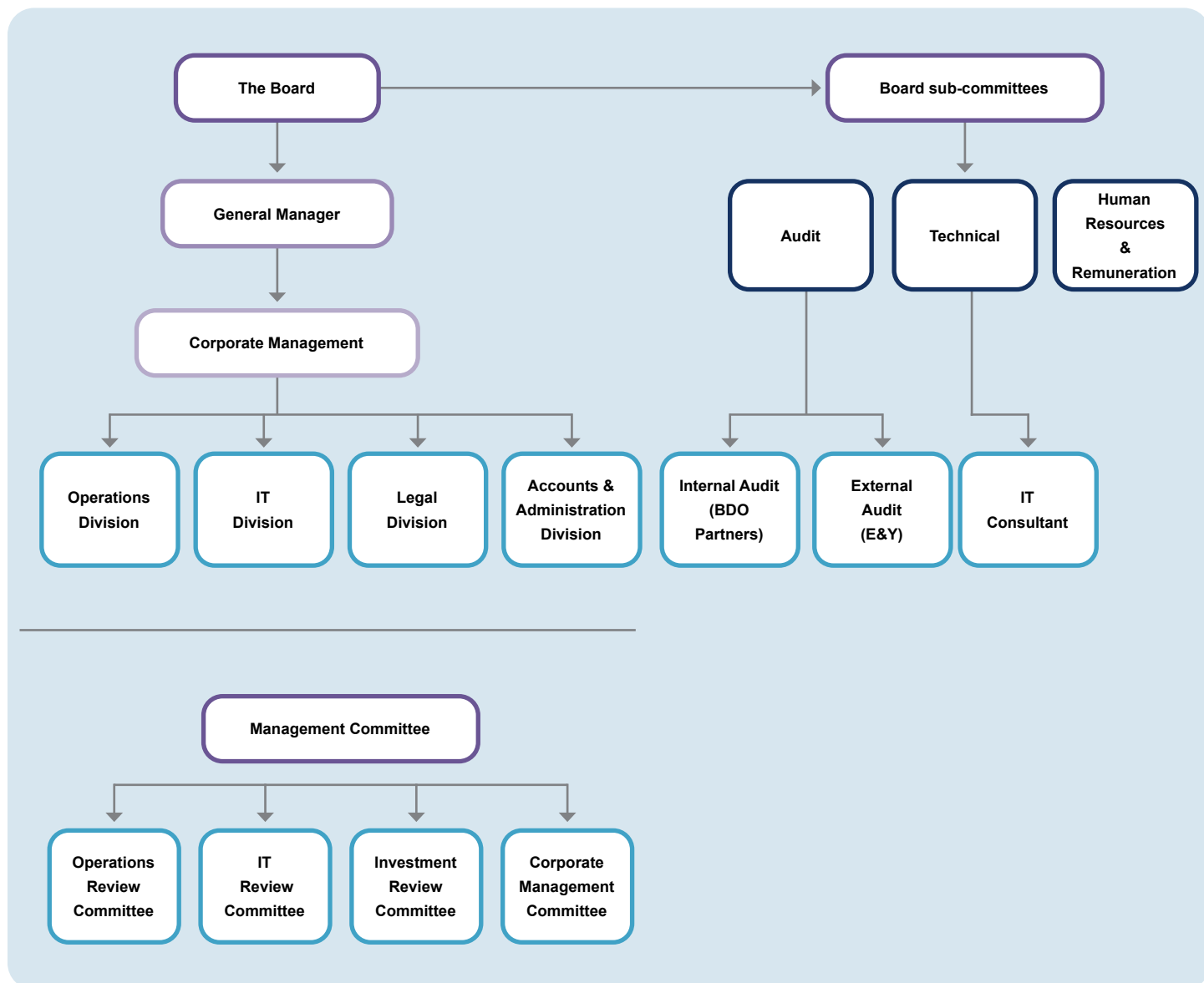
CORPERATE GOVERANCE

Corporate Governance is a system of mechanisms, processes and relations by which organisations are directed and controlled in the proper manner. Corporate Governance structure specifies the distribution of rights and responsibilities among different participants within the organisation, such as, the shareholders, the Board of Directors, senior management, auditors, etc., and spells out the rules, norms and procedures for decision making. This provides a structure/ framework in which the organisation's objectives and targets are set. Governance Framework brings transparency, accountability and responsibility not merely to satisfy regulatory requirements but also to show the openness of CRIB to all our stakeholders and to the general public.

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.



Governance and Internal Controls

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 Chairman 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 Chairman 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 29 of this Report.

ROLE OF THE BOARD

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

regulations. The Board is primarily responsible for;

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

Topics reserved for approval by the Board include:

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

BOARD BALANCE & INDEPENDENCE

The Chairman is an independent, non-executive appointment. The roles of Chairman and General Manager are distinct and separate, with a clear division of responsibilities.

MANAGING CONFLICTS OF INTEREST

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

Board held regular monthly meetings in order to ensure effective direction of the Bureau objectives and identify possible existing gaps. During the financial year under review, 14 board meetings were held.

MEETINGS OF THE BOARD (January²¹ to December²¹)

The Board of Directors meet regularly at monthly intervals. The Board had 14 meetings during the period under review and the attendance of each Director at Board meetings is given in the table below.

Board Meeting				
Name of Member		No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mrs. T.M.J.Y.P Fernando	Chairperson	14	12	86%
Mr. D.P.N. Rodrigo	Director	14	10	71%
Mr. D. Seneviratne	Director	14	10	71%
Mr. R. Kodituwakku	Director	14	13	93%
Mr. N. Udage	Director	14	12	86%
Mrs. V.A.A.N. De Silva	Director	14	11	79%
Mr. D.P.K. Gunasekara	Director	10	03	30%
Mr. E.M. Jayarathne	Alt. Director	10	01	10%
Mr. S. Bandaranayake	Director	4	02	50%
Mr. U.G.R. Ariyaratne	Director	4	2	50%
Mr. C. Hettiarachchi	Director	12	8	67%
Mr. D. Muthukudaarachchi	Alt. Director	7	2	29%
Mr. K.E.D. Sumanasiri	Director	5	5	100%

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 carried out on a quarterly basis and the 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 47.

Governance and Internal Controls

Audit Committee Meetings				
Name of Member		No. of Meetings Held during Tenure of Office	No. of Meetings Attended	Percentage of Attendance
Mr. D. Seneviratne	Director	2	2	100%
Mrs. V.A.A.N. De Silva	Director	2	1	50%
Mr. C. Hettiarachchi	Director	2	2	100%

REMUNERATION COMMITTEE

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

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

MANAGEMENT COMMITTEES

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

Management Committee	Responsibility	Area of focus
Corporate Management Committee (CMC)	<ul style="list-style-type: none"> Oversee that the day-to-day operations of the Bureau are conducted in a manner which is consistent with the strategic plans, business plans and budgets approved by the Board. 	<ul style="list-style-type: none"> Strategic Planning Risk Management Human Resources Communications Policy Financial Reporting
Operational Review Committee (ORC)	<ul style="list-style-type: none"> Review operations of the Credit Information Management System (CRIMS), the Secured Transaction Registry (STR) and general administration of the Bureau. Make appropriate recommendations to the GM and the Board. 	<ul style="list-style-type: none"> Set annual operational targets and goals Perform periodic progress reviews of targets.

Management Committee	Responsibility	Area of focus
ICT Review Committee (ICTRC)	<ul style="list-style-type: none"> ◆ Provide monthly review reports on IT operations to the ORC for inclusion in the monthly Progress of Operations Report submitted to the Board. ◆ Monitor security policies and practices on an on-going basis. ◆ Overlook all non-ICT related technical aspects of CRIB operations and assist the ORC in handling such operations. 	<ul style="list-style-type: none"> ◆ Set ICT based technology strategy. ◆ Review performance of all ICT operations of the CRIB.
Investment Committee (IC) The committee meets as and when funds are available for investment, prior to maturity	<ul style="list-style-type: none"> ◆ Formulate and oversee the investment policies and management of investments. 	<ul style="list-style-type: none"> ◆ Prudent and effective investments of CRIB funds.

MEASURES TAKEN TO DEVELOP AND ENHANCE THE BOARD'S KNOWLEDGE

The CRIB Board 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 that are conducted as requested by Bureau, by BDO partners.
2. External annual audits on the financials that are conducted annually by Ernst & young.
3. 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 cognizant 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 conscious of the external risk environment in maintaining 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 pursuing 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 unacceptable levels, risk mitigating measures and business controls are implemented. Risk appetite, therefore, translates into operational measures such as new or enhanced limits or qualitative checks.

CRIB RISK MANAGEMENT FRAMEWORK

The CRIB risk management framework comprises several layers of risk identification

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

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

Risk classification

The CRIB identifies 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 2021. 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 monitors this risk. ◆ In addition, regulatory compliance is continually monitored by the Compliance Officers of member institutions, Head of Finance and the Board of Directors of CRIB.
Operational risks		Risk management strategy
Unauthorised access to data: Unauthorised access to CRIB 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 standards, logical safeguards and periodic reviews for any potential vulnerabilities and service exploitations are conducted by the external IS auditors periodically. ◆ Vulnerabilities identified through these assessments and the recommended remediation 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.
Data related risks: Any deficiency in quality or accuracy of data impacts the value of information and service integrity of the CRIB.	M	<ul style="list-style-type: none"> ◆ CRIB has no control over input data for CRIB credit reports, as such data are provided by member financial institutions. To minimise data risks: ◆ A 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.

Risk Management

Regulatory risk	Risk level (L,M,H)	Risk management strategy
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 Data security System security 	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 risk in 2022. IT and application system providers are engaged for resolution of system level risks. In addition to vulnerability assessments, penetration testing of web accessible systems have been introduced and carried out to further ascertain exploitable vulnerabilities and remediate them. Vulnerabilities are 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 management strategy
Interest rate risk:	M	<ul style="list-style-type: none"> The investment portfolio was rationalised during the year to address potential risks.
Credit risk:	L	<ul style="list-style-type: none"> Since the customers of the CRIB are banks, finance companies and leasing companies, there is minimum threat of credit risk.
Social risks		Risk management strategy
Reputational risk: This refers to the CRIB's credibility and integrity. These risks have profound impacts on the Bureau's service quality and statutory reputation.	M	<ul style="list-style-type: none"> The CRIB conducted a number of awareness and public relations exercises during the year to gain visibility, enhance credibility and build trust. Protect customer confidentiality – please refer breach of secrecy and unauthorised access to data. Maintain quality of CRIB reports.

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 2021. Members of the Audit committee as of the financial year ended 31st December 2021 are as follows : Mr. Dimantha Seneviratne (Chairman), Mr. Chaminda Hettiarachchi (Committee Member), Mrs. V. A. A. N. De Silva (Committee Member)

After retirement of Mr Dimantha Seneviratne from the board,

presently the Audit Committee of the Bureau is chaired by Mr. Kapila Ariyaratne, who serves as the Chief Executive Officer of Seylan Bank PLC. He holds BSc (Honours) Degree from the University of Colombo.

Mrs. V. A. A. N. De Silva is a Director of Bank Supervision Division of the Central Bank of Sri Lanka and Mr. Chaminda 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 through positions held by the present members are given on pages 28 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 41 of this Annual Report

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

FINANCIAL REPORTING

The Audit Committee assess the effectiveness of financial reporting,

- ◆ The Committee as a part of its responsibility oversees the Bureau's financial reporting process, on behalf

of the Board of Directors reviews and discusses the Annual Financial Statements to ensure reliability of information to the stakeholders.

- ◆ Monitors integrity of the Financial Statements, Management Statements and any other formal announcements relating to its financial performance.
- ◆ Adequacy and effectiveness of the internal 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;

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

- ◆ Monitor management implementations of the recommendations suggested by the internal auditor.
- ◆ Review, assess and approve the internal audit plan and the internal audit programme.

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

EXTERNAL AUDIT

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

- ◆ Monitor independence, objectivity and effectiveness of the external audit in accordance with applicable standards of best practice.
- ◆ Assist Board of Directors to implement processes of engaging external auditor for audit services and agree on their remuneration schemes.
- ◆ Review to ensure that auditor comply with appropriate guidelines and apply relevant accounting standards.

- ◆ Discuss the audit plan, scope and methodology proposed to be adopted in conducting the audit proceeding to commence the annual audit with external auditor.
- ◆ Follow up on the corrective action plan presented by the management on issues raised in the Management letter and also can mentioned about whistle blowing and fraud -board response.

Audit Committee Charter

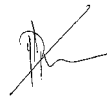
The Audit Committee Charter was last reviewed and revised in 2012 with the agreement of the Board of Directors.

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.



K. Ariyaratne

Chairman - Board Audit Committee

31st August 2022

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. R. Kodituwakku** –
Chairman (Non-Executive)
- ♦ **Mr. D. P. N. Rodrigo** –
Non Executive
- ♦ **Mr. N. Udage** –
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 organization.

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

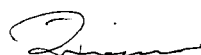
Apart from the above there are other benefits enjoyed by employees such as Loans, Medical Insurance etc.

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.



R. Kodituwakku
Chairman – Remuneration Committee

31st August 2022



**MASTERING A NEW AND
FUTURISTIC STRATEGY**

External Environment

DOMESTIC CREDIT MARKET

Overflowing impacts of the pandemic to the Sri Lankan economy continued in 2021 with real GDP growth recorded at 3.7% as against the contraction of the economy by 3.6% in 2020. Significant contributions to this growth came from manufacturing, financial services, construction, transport, and real estate activity. Despite low rate of foreign exchange inflow to the Country due to drop in remittances and declined receipts of tourists, exports expanded significantly, led by the textile industry. However, since the onset of COVID-19 pandemic, the Country was highly vulnerable to external shocks owing to inadequate external buffers and high risk to public debt sustainability as Sri Lanka lost access to international sovereign bond market.

According to the Central Bank estimates, domestic credit market showed increased resilience and the credit extended to the private sector expanded, reflecting improved economic activity in the later phase of the pandemic complemented by the effective vaccination drive and

supported by the low interest rate environment. Accordingly, credit extended to the private sector by LCBs increased by Rs. 810.5 billion during 2021, compared to the increase of Rs. 374.1 billion during 2020. Some moderation in the growth of credit to the private sector has been observed reflecting the impact of tight monetary and liquidity conditions in the market during the latter part of 2021.

Certain policy measures adopted and enforced by the CBSL since mid of 2021, such as the extended debt moratoria for COVID-19 affected businesses, lending to identified priority business sectors, priority sector lending targets to licensed banks, which were imposed in April 2021 to enhance credit flows to the SME sector, may have also contributed to the credit expansion during the year. Year-on-Year growth of credit extended to the private sector, which grew by 6.5% by end 2020, accelerated to 15.1% by August 2021, before moderating to 13.1% by end 2021.

As per the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector,

growth of credit to major economic sectors gathered pace during 2021 reflecting improved economic activity, although some moderation was observed in the growth of personal loans and advances towards end 2021. Overall, the increase in credit to Industry (by Rs. 340.4 billion) and Services (by Rs. 259.3 billion) sectors contributed around 43% and 33%, respectively, to the overall expansion of credit extended to the private sector by LCBs during 2021, while the increase in credit to Agriculture and Fishing (by Rs. 53.9 billion) and Personal Loans recorded a year-on-year growth of 10.1% by end 2021.

Further, in terms of the maturity of outstanding credit to the private sector by Licensed Commercial Banks (LCB), an increase was observed in short and medium term credit, while a slowdown was observed in long term credit facilities, possibly reflecting tight monetary conditions in the economy towards the end of the year.

The quarterly Credit Supply Surveys conducted during 2021 by the Central Bank of Sri Lanka identified the overall trends in 'willingness

to lend' by the banks and the 'demand for loans' in the market. In comparison to Q4 of 2020, there was a higher pace of banks' willingness to lend during Q1 of 2021. The availability of excess liquidity and the improved overall economic activities with the ease of COVID-19 related restrictions were the key drivers for these credit market developments prevailed during the start of 2021.

However, as per the outcome of the survey, the overall demand for loans increased at a higher pace and continued to the latter part of 2021 despite the mobility restrictions imposed during October. Nevertheless, the overall demand for loans was the result of increased economic activities due to ease of COVID-19 related restrictions, public confidence in attending day to day activities supported by the immunization programs, and the low interest rates resulting in liquidity in the market that prevailed during the latter part of 2021.

In response to these developments, demand for credit reports issued by the bureau reflected a similar pace of distribution throughout

2021. CRIB issued 8.4 million credit reports to the industry during 2021 as only 38% of the same was absorbed by the LSB's while major portion of the demand was from the finance and leasing companies accounting 61%.

(Source: CBSL Annual Report 2021 and Quarterly Credit Supply Surveys)

INTERNATIONAL MARKET AND GLOBAL CREDIT MARKET

Globally, credit quality continues to recover slowly from a lower ratings base, as the world adapts to the dominant Delta variant and growth regains resilience during latter part of 2021. Credit outlooks in aggregate have stabilized and returned to pre-pandemic levels. The economic and credit sensitivities to COVID-19 virus are becoming more manageable in most economies as vaccination programs and natural immunity provide a pathway to living with the virus and people to adapt new ways of consuming and doing business. Credit expansion though is near historic low, is further supported by expectations for continued accommodative policies of respective regulatory authorities.

International credit information industry too reflected a similar pattern of credit distribution across different geographies but with less and cautious approach in new aggressive or progressive development towards its sustainability. On the other hand, credit bureau market withstood its natural resilience as a time-tested industry fulfilling obligations towards credit market demands.

DEVELOPMENTS IN CREDIT INFORMATION REPORTING IN THE APAC REGION

International Committee on Credit Reporting (ICCR) – In August 2021, ICCR completed an exploratory report on cross-border (data sharing) credit reporting. The purposes of the study were to review currently established international cross-border sharing initiatives and mechanisms and to explore obstacles for cross-border sharing of credit information.

Malaysia – Bank Negara Malaysia (BNM) has temporarily suspended the Central Credit Reference Information System (CCRIS), the Country's central credit registry maintained by BNM to other credit reporting agencies (licensed credit bureaus) with effect from

1st October 2021. This was carried out as a proactive and precautionary measure against a backdrop of potential cyber threats and possibility of data leakage in the credit reporting industry.

Philippines – Credit Information Corporation (CIC), the Country's public repository of credit information has announced major technology and capacity enhancement drive to achieve expansion of database reaching to 60% of the adult population of the Country.

Singapore – The Monetary Authority of Singapore (MAS) issued that credit bureaus will be required to establish a Code of Conduct in order to better regulate credit bureaus and credit reporting domain to govern issues in areas such as fees, governance, dispute resolution standards, data security, technology risk management, and cyber hygiene.

Vietnam – Vietnam Credit Information Registry coverage has increased to 59.6% in 2020 from 41.8% in 2015. The rate, as it was reported, was higher than the average level of the AP region and the OECD Countries. The Country's credit

registry coverage had been continually improved bringing the total number of customers to more than 45.6 million.

Nepal - Nepal moved to progress the introduction of positive credit reporting in Nepal through the new Credit Information Act. Nepal has a long history of credit reporting with the existing credit bureau, Credit Information Bureau of Nepal being established in 1989. The purpose of the new proposed draft bill is to expedite the regulation of Nepal's credit Information system, by supporting the development of a healthy and secure financial system, collecting and protecting credit information and ensuring the safe, reliable and efficient flow of Credit Information to the lending community.

(Source: BIIA/World Bank publications)

CRIB's Strategic Objectives and Development Action Plan for 2021

The year 2021 continued with challenges posed by unanticipated disruptions to bureau operations leading to surface highly volatile business environment to navigate through the year. The operational space for realization and attainment of the planned development goals with time-bound targets of CRIB was significantly compressed. The purported growth strategy pursued by the bureau in the strategic plan, promulgates an envisioned objective of moving away from distribution of credit reports but to emerge as a provider of value-added products and services to Sri Lankan credit market. However, the emerged situation forced CRIB adopt a slow pace of movement all in its activities.

Under the current strategic development plan formulated by CRIB, two key business objectives (defined as strategic development goals) were set in motion by the Bureau to be achieved by the end of the five-year period, ending 2022. However, due to unforeseen disruptions faced by the country during the decisive 2020-21 period the planned development plan of the bureau too had been greatly

impacted. Key goals already set by the bureau are;

- ◆ Expansion of the Bureau's product portfolio – stakeholder value creation
- ◆ Achieve a highest level of user diversification – broadening financial inclusivity

The CRIB is taking concrete steps towards the vertical expansion of bureau services and carrying out stated statutory mandate as directed by the CRIB Act. The CRIB envisages in expanding the database coverage to include population segments underserved by the formal credit market, public outreach to create more awareness in financial literacy, contribute to regulatory and policy planning efforts of the Government at various institutional capacities.

In pursuit to achieving the two business objectives, CRIB has been making critical investments in technological enhancement of the existing credit bureau system while successfully progressing on the project to introduce a new credit bureau management system, identified as a pivotal element of the development journey.

Active engagement with peer organizations, industry associations and other regulatory bodies in various collaborative efforts during the year demonstrated the Bureau's commitment towards stimulating to create a sustainable model for economic wellbeing of all citizens in Sri Lanka. In this direction the Bureau's action on the involvement in the World Bank Ease of Doing Business (EoDB) annual survey, the ongoing Secured Transaction legal reform project, regular participation of financial sector and credit market stability forums conducted by the CBSL are key testaments to be mentioned in this effort, which helped to add strategic value to the Bureau during the year.

In this endeavor, CRIB's aspiration in becoming best operating credit bureau in South Asia and most sought after emerging credit bureau in Asia Pacific region by 2025 would still be an intact vision.

Operations Review

This section of the review provides a detailed account on the operational performance of CRIB within the year 2021.

DATA SUBMISSION

Despite the numerous challenges and limitations to business operations during the year under review, 11.4 Mn credit facilities were submitted by lending institutions as of 31st December 2021, in comparison to the 11.2 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 tireless efforts of the CRIB team regardless of the challenges encountered due to COVID-19 pandemic situation.

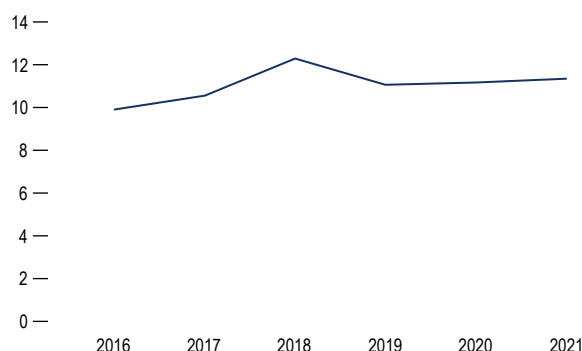
In accordance with the circulars issued by the Monetary Board of the Central Bank of Sri Lanka to the banks and financial institutions on Government Credit Support Program COVID-19, CRIB issued several circulars to member lending institutions during the years 2020 and 2021, advising on the data reporting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

Data submission progress 2016-2021

	Total No. of Records Submitted (Mn)	Change %	Validation
2016	9.9		More than 99%
2017	10.6	6.7%	
2018	12.4	16.9%	
2019	11.1	-10.3%	
2020	11.2	1.1%	
2021	11.4	1.6%	

Data Submission Progress 2016 - 2021

No. of Records in Million



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 in terms of Number of Credit facilities showed a decline in the year 2021 in comparison to 2020. Total balance outstanding as of 31st December 2021 was LKR 14,543 Bn compared to LKR 10,924 Bn reported at the end of 2020. This was a significant increase of 33% year on year (YoY). LKR depreciation also led to inflate the balance outstanding of non LKR credit facilities which represented in the total balance outstanding. The balance outstanding value of credit facilities with arrears for 90 days or over, marginally decreased by 2.2%. Therefore, 8.5% of the total credit balance outstanding in the year 2021 was reported as credit balances with arrears

of 90 days or more, whereas this ratio for the previous year stood at 11% reflecting a marginal improvement 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% and 3.7% of the total outstanding balance respectively. Out of the total credit portfolio 82.9% was represented by Commercial Banks, while Finance Companies held 10.8% with 5.9% being held with Specialised Banks. Leasing Companies accounted for only 0.4% of the total portfolio. Outstanding credit growth YoY was recorded only in the Commercial Banks segment, while Finance Companies, Leasing Companies and Specialised banks showed a slight growth during the review year.

Year	Balance Outstanding (LKR Billion)			% 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
2016	6,613.3	415.6	7,028.9			
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%
2021	13,299.3	1,244.3	14,543.6	37.0%	2.2%	33.1%

Highest number of credit facilities were concentrated within the western province of the Country. A drop in the number of credit facilities was reported from almost all provinces during the year.

PROVINCE	2020		2021	
	Balance Outstanding (LKR Billion)	No. of Credit Facilities	Balance Outstanding (LKR Billion)	No. of Credit Facilities
Western	7,995	5,157,441	11,249	5,038,617
Central	578	810,703	649	788,601
Southern	545	768,424	622	748,699
North Western	488	697,157	546	681,418
Sabaragamuwa	344	516,130	385	510,644
North Central	322	509,651	368	477,272
Uva	250	439,980	282	419,880
Eastern	231	490,654	255	462,030
Northern	172	338,447	189	310,645

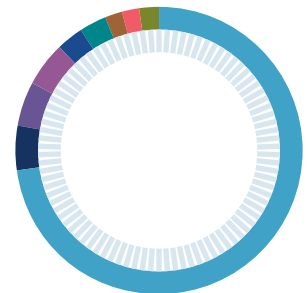
Segment wise distribution

Segment wise distribution (2020 and 2021)

Institution Category	Balance Outstanding (LKR Billion)		Credit facilities with 90 days or over in arrears		Total Balance Outstanding	
	2020	2021	2020	2021	2020	2021
Commercial Bank	519.2	587.9			8,621.2	12,057.4
Finance Companies	574.6	531.4			1,495.8	1,570.8
Specialized Bank	103.3	99.8			754.4	859.7
Leasing Companies	20.9	25.1			53.1	55.7
Total Balance Outstanding	1,218.1	1,244.3			10,924.4	14,543.6

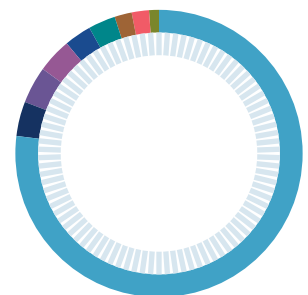
Province wise Distribution of Credits 2020

Balance Outstanding



Province wise Distribution of Credits 2021

Balance Outstanding



Operations Review

Institution Category	Credit facilities with 90 days or over in arrears		Total Balance Outstanding	
	2020	2021	2020	2021
Commercial Bank Category %	4.8%	4.0%	78.9%	82.9%
Finance Companies %	5.3%	3.7%	13.7%	10.8%
Specialized Bank Category %	0.9%	0.7%	6.9%	5.9%
Leasing Companies %	0.2%	0.2%	0.5%	0.4%
Total Balance Outstanding	11.1%	8.6%	100.0%	100.0%

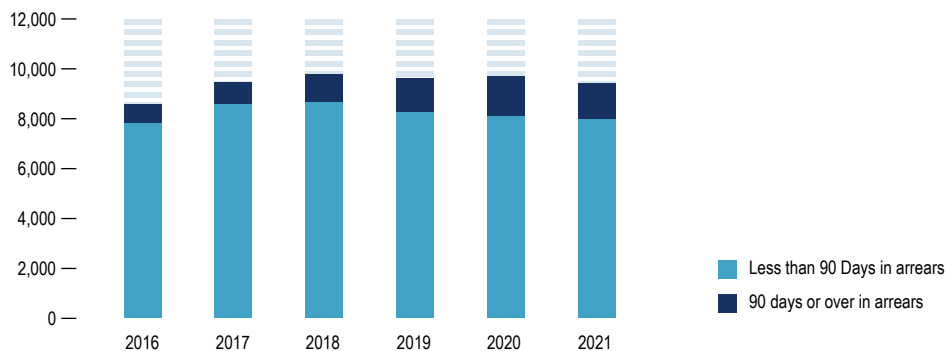
Advances Analysis

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
2016	7,851	746	8,596			
2017	8,612	843	9,454	9.69%	12.97%	9.98%
2018	8,682	1,119	9,801	0.82%	32.78%	3.67%
2019	8,281	1,354	9,635	-4.62%	21.01%	-1.69%
2020	8,142	1,587	9,729	-1.68%	17.22%	0.98%
2021	7,992	1,445	9,437	-1.84%	-8.95%	-3.00%

Advance Analysis - No. of Advances 2016 - 2021

No. of Advances ('000)



The total number of active credit facilities as of 31st December 2021 was 9.4 Mn in comparison to the 9.7 Mn reported in 2020. Out of the total active credit facilities, 15% were recorded as credit with 90 days or more in arrears. In terms number of active credit facilities, the portion represented by Specialized Banks and Finance Companies recorded a decline while Commercial Banks and Leasing Companies recorded a marginal growth.

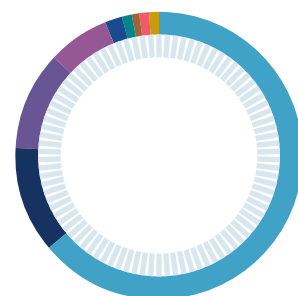
Segment wise distribution (2020 and 2021)

No. of Credit Facilities ('000)

Institution Category	Credit facilities with 90 days or over in arrears		Total	
	2020	2021	2020	2021
Commercial Bank	329.14	348.69	5,372.47	5,371.05
Finance Companies	932.40	784.57	2,973.72	2,636.32
Specialized Bank	266.76	254.38	1,239.96	1,314.91
Leasing Companies	58.51	57.98	142.45	115.52
Total	1,586.81	1,445.62	9,728.60	9,437.79

Institution Category	Credit facilities with 90 days or over in arrears		Total	
	2020	2021	2020	2021
Commercial Bank Category %	3.4%	3.7%	55.2%	56.9%
Finance Companies %	9.6%	8.3%	30.6%	27.9%
Leasing Companies %	2.7%	2.7%	12.7%	13.9%
Specialized Bank Category %	0.6%	0.6%	1.5%	1.2%
Total No. of Credit Facilities	16.3%	15.3%	100.0%	100.0%

Credit Portfolio (LKR Billion) - 2020



64%	Loan
12%	Leasing
11%	Bank Guarantee
7%	Overdraft
2%	Letter of Credit
1%	Credit Card
1%	Advances Against Import/Export
1%	Hire Purchase
0	Micro Loans
1%	Other

Advances - By Credit Facility Type

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

Credit Facility Type	2020		2021	
Loan	5,154	53.0%	4,990	52.9%
Leasing	1,628	16.7%	1,417	15.0%
Bank Guarantee	72	0.7%	80	0.8%
Overdraft	667	6.9%	683	7.2%
Letter of Credit	46	0.5%	51	0.5%
Credit Card	1,912	19.7%	2,041	21.6%
Advances Against Import/Export	10	0.1%	12	0.1%
Hire Purchase	54	0.6%	52	0.5%
Micro Loans	178	1.8%	104	1.1%
Other	8	0.1%	8	0.1%

Credit Portfolio (LKR Billion) - 2021



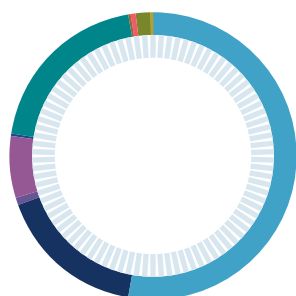
57%	Loan
8%	Leasing
13%	Bank Guarantee
6%	Overdraft
12%	Letter of Credit
1%	Credit Card
1%	Advances Against Import/Export
1%	Hire Purchase
0	Micro Loans
1%	Other

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

Credit Facility Type	2020		2021	
Loan	7,022.6	64.3%	8,223	56.5%
Leasing	1,254.6	11.5%	1,212	8.3%
Bank Guarantee	1,185.6	10.9%	1,819	12.5%
Overdraft	758.5	6.9%	941	6.5%
Letter of Credit	226.3	2.1%	1,799	12.4%
Credit Card	136.3	1.2%	154	1.1%
Advances Against Import/Export	147.1	1.3%	191	1.3%
Hire Purchase	69.9	0.6%	69	0.5%
Micro Loans	24.4	0.2%	15	0.1%
Other	99.2	0.9%	120	0.8%

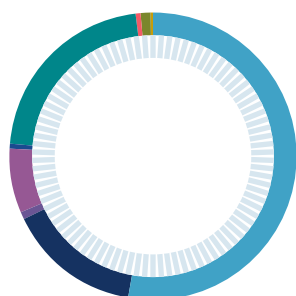
Operations Review

Credit Portfolio (No. of credit facilities) - 2020



53%	Loan
16.7%	Leasing
0.7%	Bank Guarantee
6.9%	Overdraft
0.5%	Letter of Credit
19.7%	Credit Card
0.1%	Advances Against Import/Export
0.6%	Hire Purchase
1.8%	Micro Loans
0.1%	Other

Credit Portfolio (No. of credit facilities) - 2021



52.9%	Loan
15.0%	Leasing
0.8%	Bank Guarantee
7.2%	Overdraft
0.5%	Letter of Credit
21.6%	Credit Card
0.1%	Advances Against Import/Export
0.5%	Hire Purchase
1.1%	Micro Loans
0.1%	Other

The Country recorded a decline in the number of almost all types of lending as of 31st December 2021 in comparison to the previous year, except in the categories of Overdrafts, Letter of Credits, Bank guarantees and Credit Cards. Loans continue to dominate the portfolio with largest share of lending as of 31st December 2021 in terms of number of credit facilities and the value. The Balance Outstanding of almost all types of lending except Micro Loans and Leasing, shows a growth during the year reflecting the LKR depreciation.

Advances – by Credit Quality

Credit facility wise analysis of credit portfolio - No. of credit facilities Dec 2021

Number of Days in Arrears	No of Credit Facilities
Zero days in arrears	6,427,421
Less than 90 days in arrears	1,564,761
90 days or over in arrears	1,445,624

Credit facility wise analysis of credit portfolio - Balance Outstanding LKR Billion Dec 2021

Number of Days in Arrears	Balance in LKR Bn
Zero days in arrears	11,606.6
Less than 90 days in arrears	1,692.6
90 days or over in arrears	1,244.3

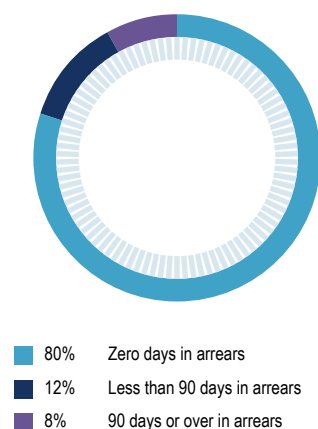
Out of the total number of credit facilities in active status, approximately 1.4 Mn or 15% were recorded under 90 days or over in arrears category and this was LKR 1,244 Bn in value.

ISSUANCE OF CREDIT REPORTS

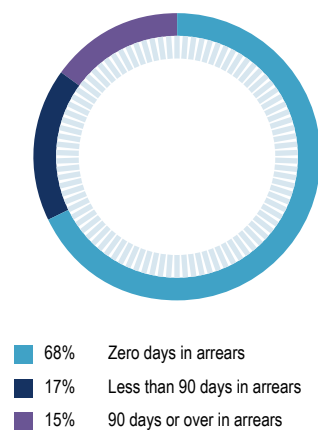
CRIB reported a 4% YoY decrease in terms of credit report issuance numbers owing to the overall slowdown in credit growth in the Country which resulted in a decline in credit report requests. Total credit report demand for the year was 8 Mn in comparison to 8.3 Mn in 2020. The decline came from a decreased demand from both Consumer and Corporate segments.

Year	Consumer	Corporate	Total	Year on Year growth %
2016	7,591,030	284,332	7,875,362	
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%
2021	7,736,973	291,173	8,028,146	-3.93%

Credit Portfolio (LKR Billion) - 2021

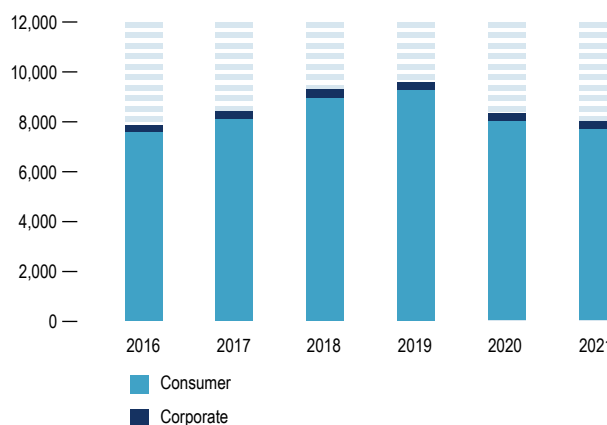


Credit Portfolio (No. of Advances) - 2021



Credit Reports Ordered 2016 - 2021

No. of Credit Reports (Thousand)



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 of categories saw an overall decline in line with the market trends, a slight growth was seen in requests related to Opening of a Current Account.

REASON WISE ANALYSIS CIR REPORT INQUIRY 2016 – 2021

REASON	2016	2017	2018	2019	2020	2021
Evaluating of a borrower for a new credit facility	3,088,029	3,605,471	3,705,984	3,434,609	2,893,735	2,470,340
Monitoring and reviewing of an existing borrower	2,456,385	3,106,090	3,736,527	4,237,112	3,253,658	3,231,942
Review as a Guarantor for a new credit facility	1,771,967	1,720,701	1,861,499	1,838,127	1,901,010	1,457,445
Review as a partner/ proprietor for a new credit facility	490,162	496,877	449,408	384,757	336,195	285,169
Opening of a Current Account	87,871	98,946	100,518	102,335	87,783	90,869
Review as a director for a new credit facility	54,554	68,047	72,564	82,898	48,000	29,902

Operations Review

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 grassroots 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 this trend was changed in the year 2021 recording a marginal growth of 1%.

Micro Credit Information Report

Year	Consumer	Y on Y growth %
2017	663,869	-
2018	613,310	-7.62%
2019	468,478	-23.61%
2020	292,241	-37.62%
2021	295,776	1.21%

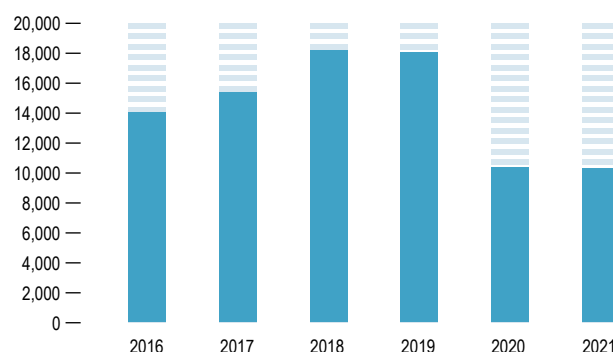
Self-Inquiry Reports (iReport)

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 limitations 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.

Year	Total No. of self-inquiry reports	Y on Y growth (%)
2016	14,010	
2017	15,360	9.6%
2018	18,183	18.4%
2019	18,059	-0.7%
2020	10,345	-42.7%
2021	10,258	-0.8%

Self-Inquiry Credit Reports Ordered 2016 - 2021

No of Reports



Although 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.

Many technological improvements were performed to provide better and 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.

In addition to online iReport issuance process, CRIB started to register the general public for CRIB online self-inquiry service through internet/mobile banking application with effect from June 2021 with one of the Commercial Banks. Subsequently one of the leading finance companies also connected to this service and a few other institutions are also in the process of connecting to this service. With this approach the general public is able to register and request their own reports without visiting either CRIB or his/her bank.

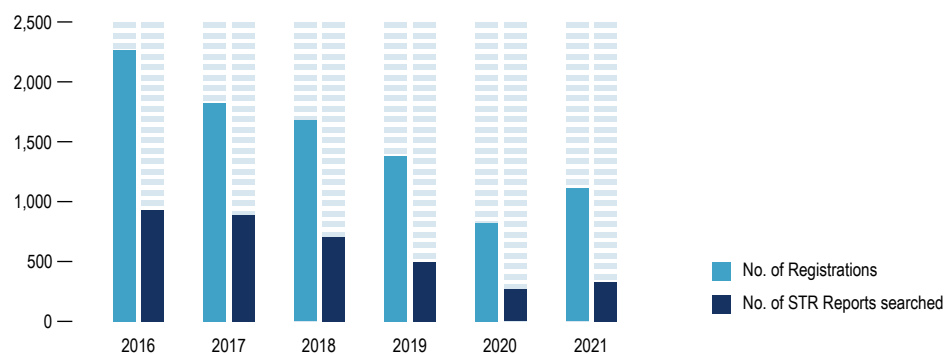
SECURED TRANSACTION REGISTRY SYSTEM OPERATIONS

The total number of registrations in STR Systems in the year 2021 was 1,117, compared to 825 registrations in 2020. The number of information searches carried out at STRS has increased from 268 in 2020 to 332 in the year under review.

Year	No. of Registrations	No. of STR Reports searched	Change in Registration %	Change in Searches %
2016	2,281	933		
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%
2021	1,117	332	35.39%	23.88%

STR Operations progress 2016 - 2021

No. of Reports/ Registration



Financial Capital



The financial capital chapter of the CRIB explains the material changes to our finances during the 12 months under review from January 1st to December 31st 2021. This section of the annual report should be read in conjunction 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 did not have to restate any information from our previous annual report.

The financial year under review marked one of the most challenging years both globally and locally due to COVID-19 Pandemic which took a toll on

the economy, businesses and lives of the people. Despite these challenges, the Bureau was able to perform well continuing uninterrupted services.

With the current trends and conditions that propel the society rapidly toward a digital lifestyle, the Bureau remains the cornerstone in a paradigm shift fervently embracing change to fulfill our obligations

and enhance financial prosperity.

CAPITAL STRUCTURE AND SHAREHOLDERS' FUNDS

The Bureau continues to function as an independent organization that do not receive government funds and sustain itself by its own investments acquired through domestically generated revenues, maintaining a capital structure free of debt. In the past

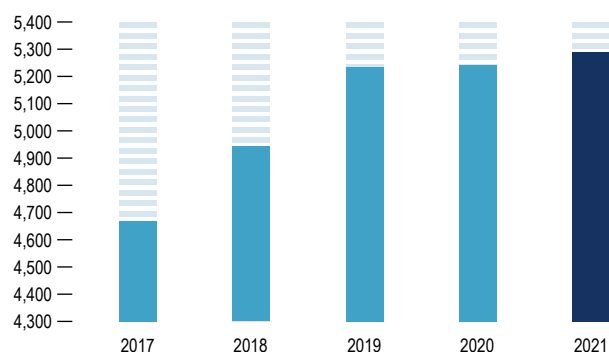
ten years, CRIB has maintained record earnings and benefited the general economy of the nation. Over the past 31 years, its expanding reserves have benefited the members, staff, and other stakeholders.

CHANGES TO EQUITY

The stated capital of the CRIB remained unchanged at Rs.25 million in 2021. However, the total equity of the CRIB marginally increased by 1% against 2020 to amount Rs 5.3 billion while CRIB's retained earnings grew to Rs 1,476 million.

Year Wise Total Equity

Mn



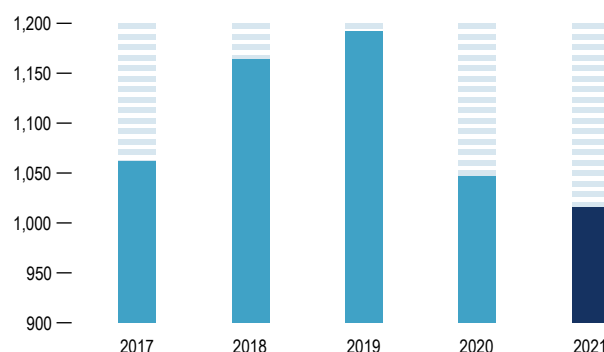
REVENUE

While the Country's financial industry had challenges that impacted its operations, the Bureau is pleased to report that the number of credit reports issued by the Bureau to member institutions during the year under review exceeded 8 million generating an income of Rs. 934 million from its core business. Credit score reports, which were first introduced in 2020, earned an income of approximately Rs 20 million in 2021, an increase by 73% compared to the last year's income.

Due to a large part of the processes being digitalized, the Bureau was able to establish a new revenue stream enabling the transmission of credit reports via mobile apps during the year 2021. Therefore, the bureau continued to gain from its product portfolio as a result of its long-term investment strategy based on new product developments. Items such as credit report income, score iReport income, ireport income, and value-added product income make up the Bureau's product mix.

Credit Report Income

Mn

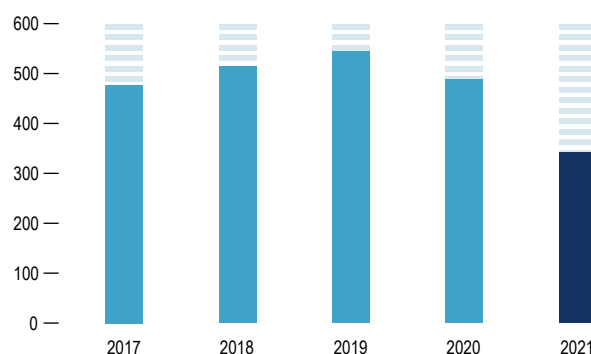


INVESTMENT INCOME

Interest income remains as a significant source of income for the Bureau contributing 27% of total income during the preview year to the Bureau's profitability. The retained profits were placed in by the board-approved financial instruments until they were properly diverted into the capital project at the appropriate moment to benefit our members, who serve as both our customers and the shareholders.

Year Wise Interest Income

Mn



The distribution of significant funding for capital-intensive projects, the state of the economy, and any revisions to government policy as a result of the pandemic will have a significant impact on the generation of future interest revenue of the Bureau.

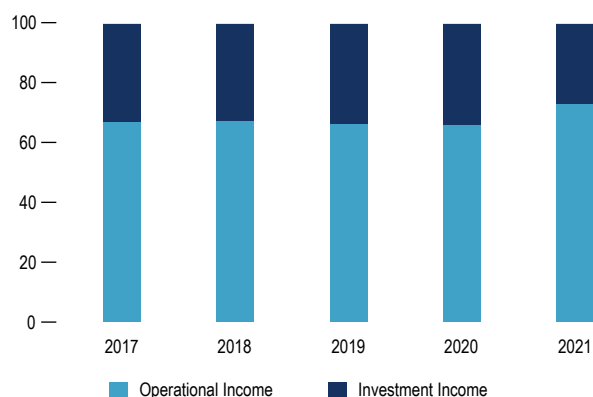
Financial Capital

The Bureau also had an investment portfolio worth Rs 5 billion, which supplemented its primary income and enabled it to maintain a sound financial position. For the year 2021, it generated an interest income of Rs 346 million. In comparison to the previous year, income reduced by 30% as a result of the market's low interest rates.

The Board and the Audit Committee observe the CRIB investment portfolio. Fixed deposits, debenture, Treasury bond and Treasury bills investments make up the majority of investments.

Income Composition

%



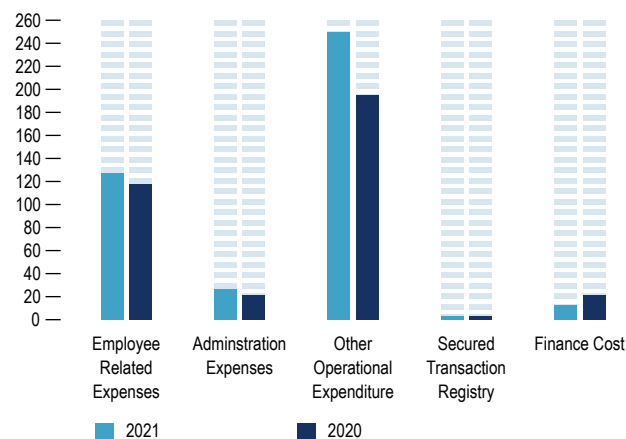
EXPENSES

Operating costs increased by 17% to Rs. 416 million throughout the year, compared to 2% in 2020/19. The cost of new system setup and IT maintenance increased during the year, significantly impacting the bottom line. Administration and establishment costs increased by 25%, while employee-related expenditures increased by 8%.

CRIB has granted Rs 50 million as donation to government COVID-19 fund during the year.

Expenses

Mn

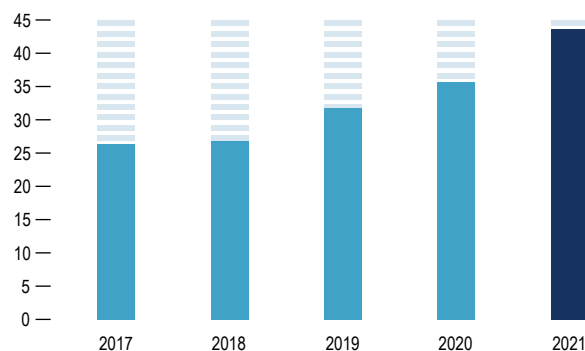


COST TO INCOME RATIO

The cost to income ratio increased from 37% in 2020 to 45% in 2021 due to rising expenses. Operational expenses rose by 17% year over year, though the operational income barely changed with a 3% decrease.

Cost to Income

%

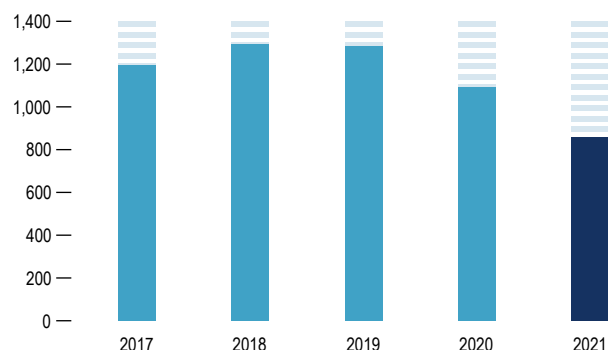


PROFITABILITY

The bureau's profit before tax was Rs. 865 million, a 22% YoY decline. The decline in profitability was a result of the deteriorating status of the economy last year, which had a domino effect on the bureau's operational and financial performance.

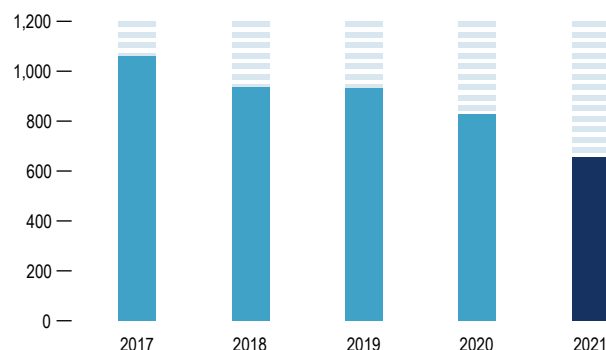
Profit Before Tax

Mn



Profit for the Year

Mn

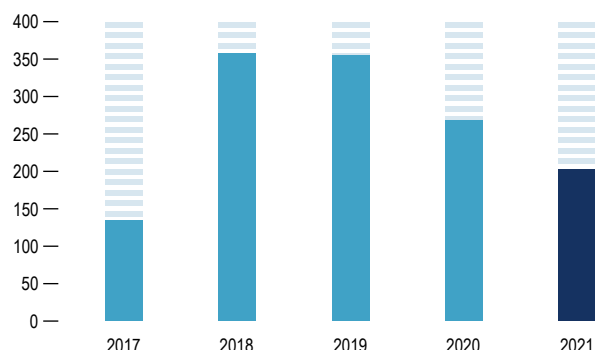


TAXATION

The CRIB initially entered the income tax net in connection to its operating profits once the income tax Act Number 24 of 2017 was amended. The taxation on operating profit, which totaling Rs. 204 million for the year, had a sizable effect on the bureau's net profit.

Year Wise Income Tax at a Glance

Mn

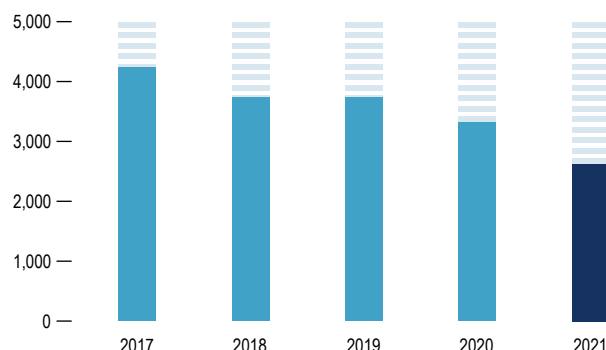


EARNINGS PER SHARE (EPS)

Earnings per share declined by Rs. 694 in 2021 compared to the previous year owing to the general reduction in revenues and profits resulting from the negative effects of the economic situation related to the COVID-19 pandemic.

Earnings Per Share

Rs.



NET PROFIT

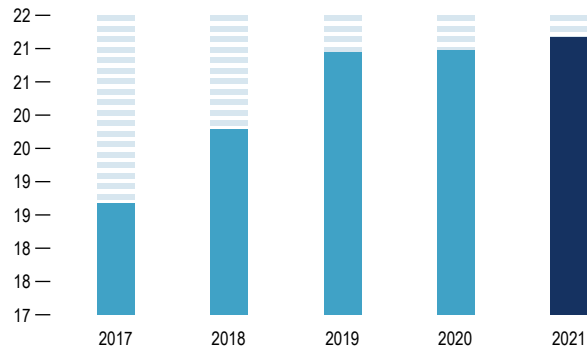
The Bureau recorded a net profit of Rs. 660 million during the year under review recording a 21% decline YoY.

NET ASSETS PER SHARE

By the end of 2021, the total net asset value had surpassed Rs. 5 billion and had reached the greatest net asset value per share of Rs. 21,202 as a result of the continued expansion of profitability. Subsequently, the Bureau's financial stability improved while increasing shareholder wealth.

Net Assets Per Share

Rs. Thousands

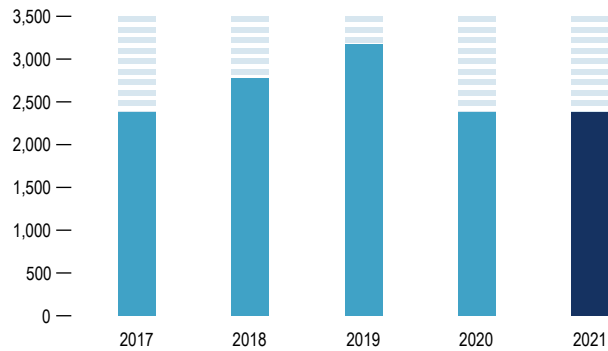


DIVIDEND PER SHARE

A dividend of Rs. 2400 per share was declared based on the profit of the year, which is similar 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 benefits to shareholders.

Dividend Per Share

Rs.



Human Capital



As a small organization, CRIB's human capital consists of a small team of highly trained and experienced staff who are committed to serve the nation. CRIB being an important data hub of the Country, the employees serve our clientele in compliance with the Code of Ethics of the Bureau while ensuring the privacy of the customer information.

EMPLOYEE PROFILE

By the end of 2021, the Bureau comprises a total of 27 employees of which two (2) are contract employees and ten (10) are management grade employees. As an equally opportunity employer, CRIB maintains gender diversity in its workforce. Hence, of the total workforce, six (6) management employees are male and six (6) of the seven

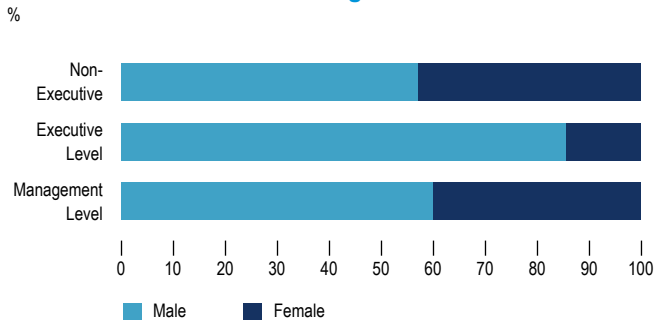
(7) executive grade employees are male. Three (3) of the eight (8) non-executive employees are female.

Of the total employee cadre, 67% of all staff members are male and 33% are female.

Total Permanent Employees	25
Male	17
Female	8
Total Contract Employees	2
Male	1
Female	1

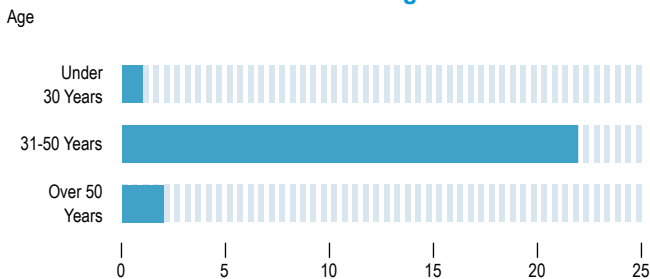
Human Capital

Permanent Staff Base on Designation and Gender



Of the total permanent cadre, one employee is under the age of 30, two are over the age of 50 and the others are between the ages of 30 and 50.

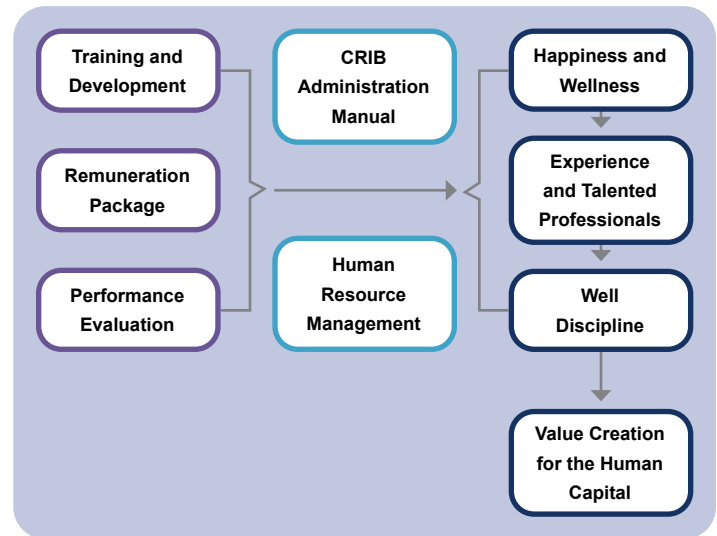
No. of Permanent Staff Based on Age



VALUE CREATION FOR HUMAN CAPITAL

Our team is the heart of the Bureau's sustainability, and we believe utilizing their full potential is critical to our success. Therefore, we have been committed to ensure happiness and wellbeing of our employees, taking necessary step to improve their knowledge and professionalism over the years. Further, we support their career enhancement with a transparent performance appraisal process, while maintaining an Administration Manual to sustain standard staff behaviour.

As a culmination of all the above, CRIB has been able to foster an autonomous work environment that provides the team members the freedom to perform their duties in a more appropriate and timely manner while motivating its employees for growth on the job.



Remuneration and Other Benefits

While fostering a non-discriminatory work environment, CRIB offers its employees with an industry par remuneration package including vital benefits such as medical insurance and repayment of interest subsidy on home loans.

Further, all permanent employees are included in the Statutory Employees Provident Fund and Employees Trust Fund. The CRIB's gratuity policy calculates half a month's basic salary for employees with more than five years of service.

Learning and Development

As employees are a key component of the Bureau, we consider training and skills development a strategic priority. Therefore, our employees are provided with opportunity to participate in local and international training to develop their existing skills and update their knowledge supporting them in their professional development. However, during the financial year under review, due to prevailing pandemic situation, our employees were unable to participate in any training and development programs.

In further supporting the professional advancement of employees, the Bureau also reimburses some portion of the membership fees of employees who have obtained membership in professional bodies such as CA Sri Lanka and IBSL.

Human Resource Administration

CRIB has formulated an Administration Manual that serves as a guide focusing on four main areas of human resource administration: staff benefits, hours of work and Leave, inquiry procedure for disciplinary action and CRIB communication policy.

Staff Benefits -

Staff benefits are based on the Remuneration Committee appointed by the Board and the Committee makes recommendations to the Board in the areas of salaries, increments, bonuses and staff promotions.

Hours of Work and Leave -

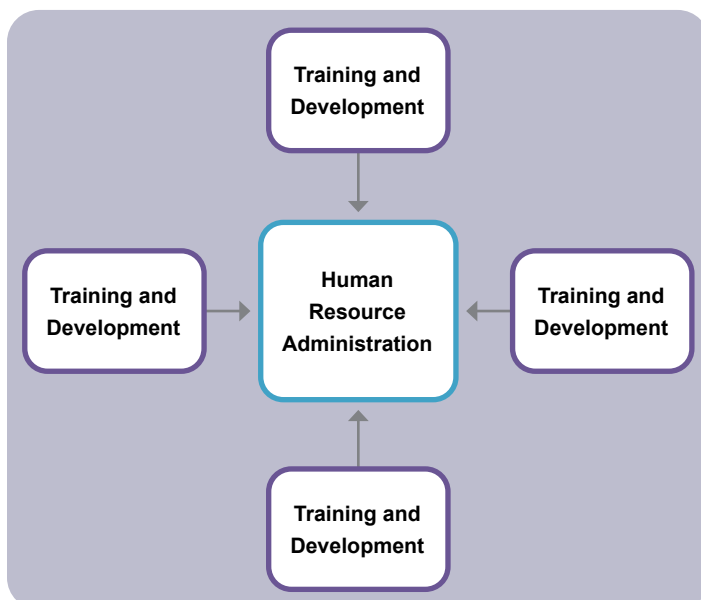
Employees are clearly instructed regarding their working hours, attendance, leave and compulsory vacation leave.

Inquiry Procedure for Disciplinary Action -

This inquiry procedure lay out the disciplinary action that can be taken against an employee as well as the appeals that can be made to the employee in a transparent manner.

The CRIB Communication Policy -

The Communication policy provide employees with the guidance on how to direct their communication to the higher level of the Bureau structure.



Performance Evaluation

CRIB's annual performance appraisal system is designed to evaluate the employees' skills, performance and qualifications thereby identifying the necessary training and development requirement for performance improvement. This performance appraisal of employee will also be a measure in recommending annual special payments for all categories of employees. CRIB has also implemented an automated performance appraisal system to maintain quality and consistency in the appraisal process.

Status of Compliance

CRIB is fully compliant with all labour laws and regulations applicable under the Shops and Offices Act. Therefore, all statutory employee payments have been paid on time. 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 without 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 CARRIED OUT DURING 2021

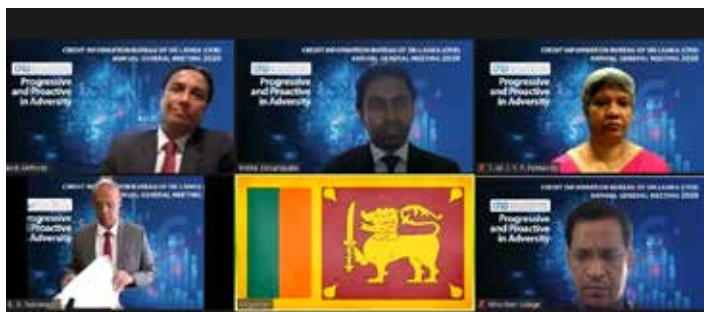
Virtual Gathering

We begin the year with a religious ceremony to bless our staff and family members. However, in 2021 we were unable to physically conduct this ceremony due to the prevailing COVID-19 situation. Hence, we organized a virtual gathering function on 1st January 2021 to bless all the staff, family members and the country.

Human Capital

Annual General meeting

The Annual General Meeting was held on 24th September 2021 as a virtual meeting using digital platform.



Annual Staff Get Together

We held our annual year-end get together on 30th December 2021 at the Colombo courtyard.



Social Capital



Social Capital

CRIB's Social Capital entails the goodwill and credibility of the Bureau and its services in the eyes of the Sri Lankan public, and the financial institutions. CRIB as a national information service provider, considers the public responsiveness and acceptance of its services as an important criterion to measure its Social Capital. While consistently fostering

positive interaction with all its stakeholders, CRIB strives to sustain healthy relations with the general public and member institutions thereby contributing to the sustainable progress of the Bureau.

CRIB's primary stakeholders include the member institutions and the general public. Therefore, CRIB carries out several stakeholder

engagement activities for these two categories. This Chapter describe the activities carried out during the financial year under review.

MANAGING RELATIONS WITH MEMBER INSTITUTIONS

Credit Information Service

The primary service of CRIB is to issue credit information reports to its member lending

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 them on inquiries related to our products and services. These include user

Social Capital

management inquiries, invoice queries and log-in details. Priority is given in maintaining a high level of customer service when providing training support and advice. The CRIB remains committed to respond to all member institutions' queries received via email, post and fax ensuring that all enquiries are investigated and addressed within a reasonable time.

Connecting with member institutions

The CRIB organizes training programmes in collaboration with the member lending institutions for authorised CRIB users and officials (Credit Officers, Branch Managers, Compliance Officers), who are involved in evaluating customers and their credit profiles. Hence, these training programmes are held with the objective of educating officials of lending institutions on correct interpretation of credit information in credit reports and CRIB Score reports. During these awareness programmes, the officers are advised on how to enhance the quality and validity of data, dispute resolution, data corrections while rectifying the misconceptions regarding CRIB services. In addition, from time-to-time CRIB

organized several technical and non-technical sessions with the participation of Creditinfo GmBh, the new credit Bureau system provider in order to improve the awareness of the member lending institutions.

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

Training and Awareness Sessions for the Member Institutions

With the invitations of the DFCC Bank and the People's Bank, CRIB has conducted 04 training sessions for these bank officials. Approximately 700 officers have attended these sessions that were conducted online due to COVID-19 pandemic situation.

Additionally, the Central Bank Regional Office in Kilinochchi organized a training session for the officers of banks and financial institutions in the Northern Province on CRIB and its system and procedures. This program was also conducted online due to the COVID-19 pandemic.

MANAGING RELATIONS WITH THE GENERAL PUBLIC

CRIB focuses its public relations and mass media efforts to create improved awareness of the Bureau and its services amongst the public in addition to sharing important knowledge with the public on areas such as responsible borrowing, how to be a credit worthy customer, financial literacy and discipline. 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 organization in the long term.

CRIB Awareness Programmes

With the invitation of the Sri Lanka Military Academy (SLMA) in Diyatalawa, CRIB conducted an awareness session for the cadet officers and other officers in the academy on 10th April 2021. Approximately 1,100 officers attended this program while the CRIB facilitated the participants to obtain their self-inquiry reports



The Ministry of Sports and Youth Affairs also organized an awareness session for the Small and Medium Entrepreneurs (SMEs) in Kurunegala on 2nd April 2021 with the participation of 100 entrepreneurs. This awareness session was a comprehensive knowledge sharing forum with the participation of many resource personnel representing CRIB, Banks and financial institutions, CBSL and the Ministry of Sports and Youth Affairs, enabling the attendees to gain knowledge and discuss on issues in an open discussion forum.

Public Awareness Webinar

The Central Bank Regional Office in Anuradhapura together with the Bureau organized and conducted a public webinar to raise awareness on the services of the Credit Information Bureau on 22nd April 2021. The webinar was conducted targeting the general public and anyone with the interest to learn about the Bureau.

The Ceylon Entrepreneurs Club organized an awareness webinar for their members in September 2021 and invited the Bureau officials to conduct same. More than 1000 entrepreneurs attended this

program and CRIB allowed them to discuss the issues in their credit reports.

Electronic Media Publicity

The Senior Management and the officials of the Bureau attended several discussions during the year 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.

A special radio promotional campaign was arranged in September 2021 to promote the "Online iReport" service via Sri Lanka Broadcasting Corporation (SLBC).



Amongst the television discussions held during the year, CRIB officials participated in famous "Mawatha" live discussion in April 2021.

Print Media Publicity

CRIB also contributed to a series of articles published by the "Nawaliya" newspaper in order to increase awareness amongst the women on CRIB and its services.

Intellectual Capital



Intellectual Capital

As the national credit Bureau, CRIB's key functions involve the collection, storage, analysis and distribution of confidential credit information. These functions take place on a secured technology platform that is specifically designed to cater to the evolving requirement of the CRIB as well as its users while ensuring the highest security of information. Therefore, CRIB's

intellectual capital consists of these elaborate software systems and processes that host the core database, which is the focal point of our operations.

This Chapter discusses the salient features of intellectual capital and how it contributes to the optimal function of the Bureau. As the robustness of our intellectual capital

enhances our credibility as an information provider, we continually make investments in the improvement of our systems and processes in delivering value to our stakeholders. During the year under review, given the increased preference to embrace technology for product and service delivery across all industries and the pandemic that has accelerated

the digital drive, we invested a considerable amount in upgrading our technology platform.

In handling customer information, safeguarding their privacy and security remains a critical component of our operations. Therefore, we are guided by three (3) vital aspects of information handling including integrity, availability

and security when delivering value to the stakeholder. In line with this, we continue to upgrade our information security technologies with the latest software to strengthen our security controls including carrying out regular audits and backups of our information. During the year, our investments in enhancing CRIB's primary intellectual assets is Rs 8.8 Mn below in page 105.

CRIB'S CORE INTELLECTUAL ASSETS INCLUDE;

1. CRIB Databases

Our main intellectual asset is the CRIB database which is supported by several latest software systems and technologies. This database incorporates vital credit information of over 11.5 million individuals and institutions in Sri Lanka and thus maintains a high level of quality and accuracy of information. During the year, the CRIB database expanded by 1.5TB.

2. The Secured Transaction Registry (STR)

A one-of-a-kind software developed by the in-house ICT team of CRIB, 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 fulfils this requirement by countering such risks. Using the STR, finance and leasing companies and banks could check on the creditworthiness 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.

3. Purchased Software

CRIB continuously invest in purchasing sophisticated software from external (third party) partner organisations in sustaining efficient services and delivering incomparable value to stakeholders. These include the Credit Information Management System (CRIMS) Purchased from D&B that form another significant part of the intellectual capital of the CRIB which is improved to deliver value to stakeholders in terms of efficiency, accuracy and credibility of information.

SYSTEM ENHANCEMENTS AND NEW SERVICES ENABLED IN 2021

1. Integration of "iReport online" service with the "Internet Banking" through the iReport API

During the year under review, CRIB integrated its 'iReport online' service with the 'Internet Banking' system of member institutions allowing the individual consumer with a simplified option where they can apply for CRIB's iReport through the Internet Banking or the Mobile Banking application of the relevant CRIB member Institution. This in turn delivers to CRIB a validated profile of the individual allowing the CRIB to further validates and registers the individual, before delivering the report directly to that individual, in a secure manner.

Before this integration, the customer had to physically visit the CRIB premises to register for the Online iReport account in order to obtain the Online iReport Service. Considering the frequent demand from the customers to register for this service online, the Bureau made inquiries with its member institutions and discovered that verified customer profiles need for registration can be collected through these institutions adding convenience to the

users of CRIB. This initiative facilitated the online customer registration process of the Bureau. With the integration of the Bureau system and the Bank system, Internet Banking or the Mobile Banking customers of those institutions have successfully been able to register for the "iReport online" service through their Internet/ Mobile Banking account.

2. New Virtual Hardware Platform

Efficient functioning is a key factor in our business and thus we consistently monitor the capability and scalability of our virtual hardware infrastructure in performing and responding speedily and effectively to the end users or other business requirements. Since the CRIB's existing legacy application services were approaching their end of life, CRIB during the financial year moved its existing servers to a new virtual hardware platform streamlining the systems and processes. This process has enabled the Bureau to save the hardware cost involved in maintaining a host of physical servers.

3. Host to Host API - New Member Integrations

Host-to-Host is the machine-to-machine real-time gateway to the Credit Bureau System that enables a seamless and

Intellectual Capital

real-time connection of the Core Banking systems or the Loan Originating Systems of lending institutions to connect with our Credit Bureau System.

During the year 2021, the following members integrated their core system with our live core system using our Host-to-Host Application Programming Interface (API).

No.	Institution name	Go Live Date
1.	Central Finance Company PLC	25 Feb 2021
2.	Commercial Bank Of Ceylon PLC	10 Mar 2021
3.	Citizens Development Business Finance PLC	28 Apr 2021
4.	Sampath Bank PLC	21 Jul 2021
5.	LOLC Development Finance PLC	15 Oct 2021
6.	Commercial Leasing & Finance PLC	15 Oct 2021

4. System Security Improvements in STR System

During the year, system-wide periodic vulnerability assessments and security audits were conducted on the STR database by contracted IT experts in identifying vulnerabilities. Following this, the below new security improvements were carried out to the system during the year 2021.

- ◆ STR system's secure authentication module and Identity module are enhanced to detect and avoid recently identified threats and vulnerabilities.
- ◆ Enhancement of the credential renewal process allows the branch users to renew their credentials more securely without involving the STR compliance officer of the institution.
- ◆ Tightening of the user password-related security controls.
- ◆ Enhancement of Internal system logging and event tracking mechanism.

Manufactured Capital



Manufactured capital is an integral part of our value creation process that ensures the efficiency and accuracy of Bureau services.

Our Manufactured capital refers primarily to the hardware that hosts Bureau's

intellectual capital, namely, the CRIB's software systems and databases. In addition, the CRIB's datacenter equipment, office equipment and furniture that contribute to the Bureau's value creation process are also considered as manufactured capital.

During the year, we initiated several steps to improve our manufactured capital including carrying out regular measures such as timely maintenance, site inspections, periodic evaluations and audits to ensure proper management of the Bureau's IT infrastructure.

Further, we have embraced modernization of information technology related infrastructure as a key component in our value creation. During the COVID-19 pandemic, we also acquired new resources necessary to carry out

Manufactured Capital

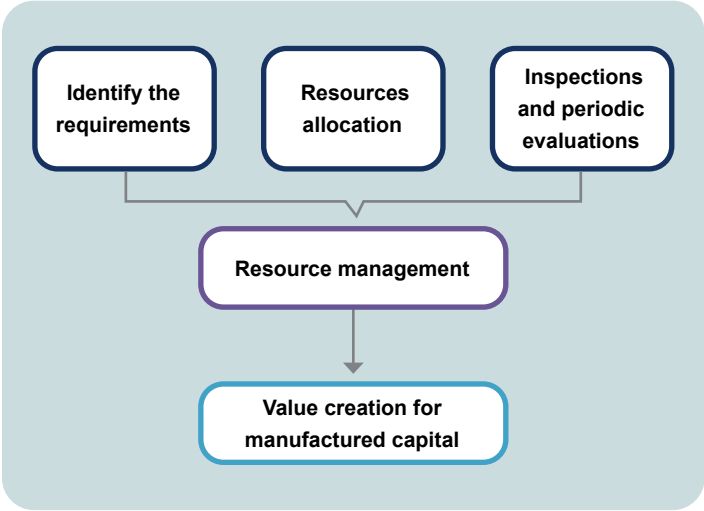
uninterrupted operations of the Bureau delivering continued service to the customers.

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 manufactured capital.

HOW WE MANAGE MANUFACTURED CAPITAL

- 1. We are persistently focused on improving our manufactured capital and thus continue to invest in it following all the necessary legal procedures.
- 2. We pay our best attention to our resources and do our best to manage and maintain all resources on time.

Value Creation for Manufactured Capital



Natural Capital



We strongly believe that our natural resources should be conserved for the benefit of our country and future generations.

As a small organization that is not involved in production, our environmental impact remains minimal and is limited to the consumption of natural resources in the form of

electricity, water and paper. As many employees use public transport, fuel consumption is also significantly low. But even if the environmental impact of our operations is limited, we consider it useful to report on our conservation efforts.

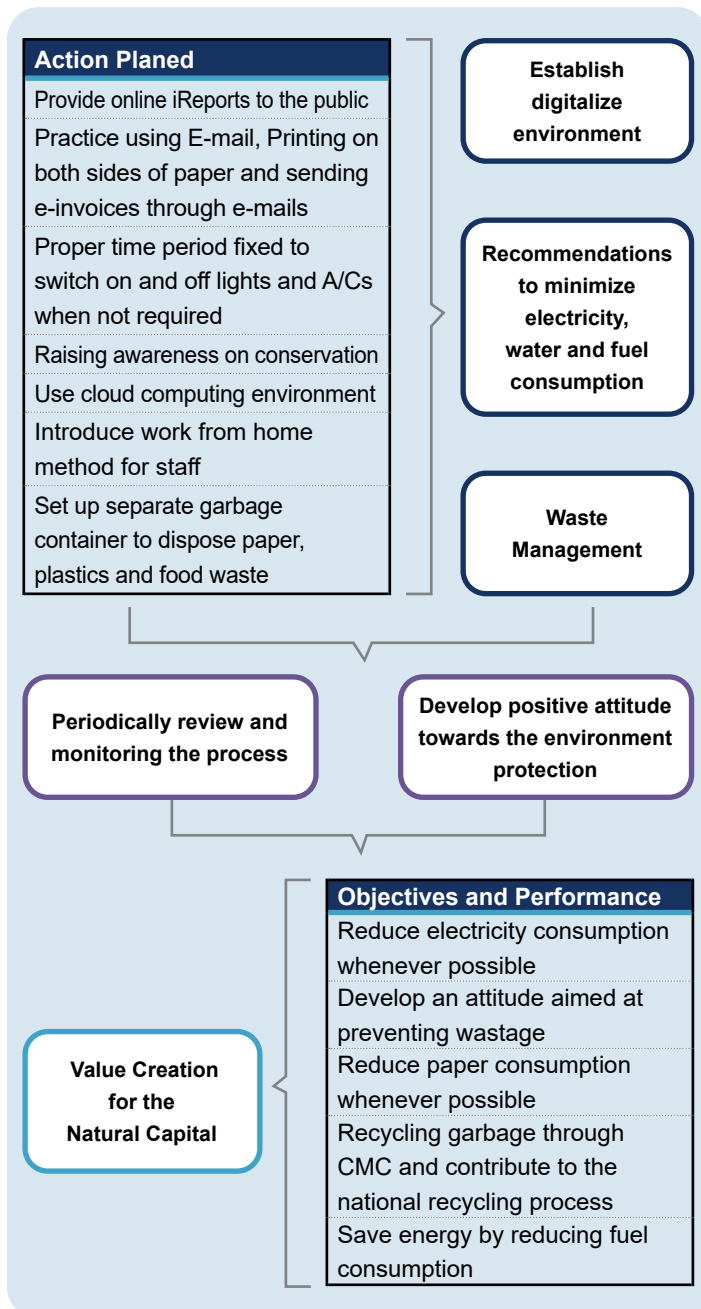
We do our best to minimize the use of natural resources and

always strives to minimize the usage of electricity, water and paper. In further encouraging this, we have raised the awareness amongst our employees to use electricity and water sparingly, and to use e-mail whenever possible minimizing the use of papers.

During the COVID-19 pandemic, our staff members adopted the mode of working from home, which greatly reduced paper consumption and fuel consumption within the organisation.

Natural Capital

Below are the measures taken by the Bureau to protect the environment and minimize the wastage of environmental resources. Below chart depicts the action taken by the Bureau regarding the above.



Financial Reports

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MASTERING A COMPREHENSIVE
INFORMATION SYSTEM

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



Mr. C. N. S. N. Anthony
Secretary

Colombo
31st August 2022

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 2021, to be presented at the 31st Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairperson's Message on page 10 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 100. 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. 8.4 Mn (2020-Rs 20.2 Mn) in Computer Accessories & of which Rs 0.3 Mn is in Intangible Assets and Rs 1.8 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 2021.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2021 amount to Rs 5,300 Mn as against Rs 5,252 Mn as at 31st December 2020. 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 2021. The details are given in Note 14 to the financial statement on page 108.

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 33 to the Financial Statements.

STATUTORY PAYMENTS

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibilities on page 82.

BOARD COMMITTEES

Audit Committee

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

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

The Report of the Audit Committee is given on page 47.

Remuneration Committee

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

1. Mr. R. Kodithuwakku (Chairman)
2. Mr D. P. N. Rodrigo
3. Mr. N. Udagé

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

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

The earnings per share, net assets per share are given in Financial review on page 62 of this Annual Report.

DIRECTORS

The Directors of the Bureau as at 31st December 2021 and their brief profiles are given on page 29 in this report.

During the year under review the Board met on 14 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 nonaudit 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 28th September 2022 at 10.00 a.m. as a virtual meeting using a digital platform.

For and on behalf of the Board.



Chairperson



Director

31st August 2022
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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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 31st December 2021, 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 31st December 2021 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,

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

A member firm of Ernst & Young Global Limited

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



they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bureau to cease to continue as a going concern.

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

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

31st August 2022
Colombo

Statement of Comprehensive Income

	Note	2021 Rs.	2020 Rs.
Revenue	3	934,840,906	965,984,013
Other Operating Income	4.1	346,928,178	493,377,528
Employee Related Expenses		(127,045,722)	(117,265,791)
Administration & Establishment Expenses		(26,129,285)	(20,902,197)
Other Operating Expenses	4.2	(249,443,491)	(194,786,987)
Secured Transaction Registry		(1,937,372)	(1,931,406)
Finance Cost		(12,156,128)	(20,335,227.00)
Profit Before tax		865,057,086	1,104,139,933
Income Tax Expense	5	(204,137,011)	(269,548,165)
Profit for the year		660,920,076	834,591,768
Net change in Fair Value of Financial assets at fair value through other comprehensive income		-	(23,472,884)
Defined Benefit Plan Actuarial (Losses)/ Gain		8,753,124	(6,206,923)
Deferred Tax on Defined Benefit plan		(2,100,750)	1,489,662
Total Comprehensive Income for the Year		667,572,450	806,401,623
Earnings Per Share	16	2,644	3,338

The Accounting Policies and Notes on pages 91 through 111 form an integral part of these Separate Financial Statements.

Statement of Financial Position

	Note	2021 Rs.	2020 Rs.
ASSETS			
Non-Current Assets			
Equipment	7	26,746,487	30,072,429
Intangible Assets	8	2,038,922	2,514,652
Right of Use Assets	9	35,535,156	90,867,870
Other Financial Assets	10	842,357,883	518,030,317
Deferred Tax Assets	5.1	8,054,768	5,960,904
		914,732,216	647,446,171
Current Assets			
Inventories	11	629,537	741,811
Trade and Other Receivables	12	380,268,050	294,054,373
Other Current Financial Assets	10	4,191,320,004	4,599,328,080
Cash and Cash Equivalents	13	48,767,164	34,723,168
		4,620,984,755	4,928,847,432
Total Assets		5,535,717,972	5,576,293,604
EQUITY AND LIABILITIES			
Capital & Reserves			
Stated Capital	14	25,000,000	25,000,000
Reserves		3,798,737,067	3,767,776,338
Retained Earnings		1,476,834,461	1,459,289,910
Total Equity		5,300,571,528	5,252,066,248
Non-Current Liabilities			
Retirement Benefit Liability	17	22,420,495	27,004,027
Lease Liability	9	44,786,291	105,161,700
		67,206,786	132,165,727
Current Liabilities			
Trade and Other Payables	15	50,620,907	38,386,458
Dividends Payable		7,614,461	7,814,161
Income Tax Liabilities	5.2	109,704,291	145,861,010
		167,939,659	192,061,630
Total Equity and Liabilities		5,535,717,972	5,576,293,604



Dinesha I. A. Jayasinghe

Chief Manager (Accounts and Administration)

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



Chairperson



Director

The accounting policies and notes on pages 91 through 111 form an integral part of the Financial Statements.

31st August 2022
Colombo

Statements of Changes in Equity

	Stated Capital Rs.	General Reserve Rs.	Other Reserves Rs.	Technical Reserves Rs.	Building Reserve Rs.	FX Exposure Management Reserve Rs.	Fair Value through Other Comprehensive Income Rs.	Retained Earnings Rs.	Total Rs.
As at 1st January 2020	25,000,000	5,558,502	2,000,000	2,639,631,943	1,000,000,000	-	42,540,056.00	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 Reserve	-	-	-	-	-	-	-	-	-
Transferred to FX 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	1,000,000,000	100,000,000	19,067,172	1,459,289,911	5,252,066,249
Net Profit for the year	-	-	-	-	-	-	-	660,920,076	660,920,076
Other comprehensive Income	-	-	-	-	-	-	(19,067,172)	6,652,374	(12,414,798)
Transferred to General Reserves	-	27,900	-	-	-	-	-	(27,900)	-
Transferred to FX Exposure Reserve	-	-	-	-	-	50,000,000	-	(50,000,000)	-
Dividends	-	-	-	-	-	-	-	(600,000,000)	(600,000,000)
Balance as at 31st December 2021	25,000,000	7,105,124	2,000,000	2,639,631,943	1,000,000,000	150,000,000	-	1,476,834,460	5,300,571,527

The Accounting Policies and Notes on pages 91 through 111 form an integral part of these Separate Financial Statements.

Statement of Financial Position

	2021 Rs.	2020 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(loss) before tax from continuing operations	865,057,087	1,104,139,933
Adjustments for		
Depreciation	68,940,191	69,204,592
Amortisation	865,469	1,765,319
Income from Investments	(346,928,179)	(493,377,528)
Provision for Defined Benefit Plans	4,169,592	4,092,203
Profit /Loss on sale of property, Plant,& equipment	(687,824)	(55,200)
Lease Interest	11,194,061	19,226,839
Operating Profit/(Loss) before Working Capital Changes	602,610,397	704,996,158
(Increase)/ Decrease in Inventories	112,275	(150,837)
(Increase)/ Decrease in Trade and Other Receivables	(86,213,677)	(28,522,678)
Increase/ (Decrease) in Trade and Other Payables	12,234,449	(34,151,893)
Cash Generated from Operations	528,743,444	642,170,751
ESC Paid	-	-
Gratuity paid	-	(1,165,801)
Income Tax Paid	(244,488,344)	(263,003,135)
Net Cash From/(Used in) Operating Activities	284,255,100	378,001,815
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(10,281,535)	22,834,293
Proceeds from Sale of Property, Plant & Equipment	742,850	-
Acquisition of Investments	(125,150,448)	(43,667,085)
Interest Received	535,512,129	510,489,582
Net Cash Flows from/(Used in) Investing Activities	400,822,996	489,656,790
Cash Flows from/ (Used in) Financing Activities		
Dividends Paid	(600,199,700)	(798,960,000)
Payment for the Lease Liability	(70,834,401)	(70,834,401)
Net Cash Flows from/(Used in) Financing Activities	(671,034,101)	(869,794,401)
Net Increase/(Decrease) in Cash and Cash Equivalents	14,043,996	(2,135,796)
Cash and Cash Equivalents at the beginning of the year	34,723,168	36,858,964
Cash and Cash Equivalents at the end of the year	48,767,164	34,723,168

The Accounting Policies and Notes on pages 91 through 111 form an integral part of these Separate 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 "Whiteways" Building, No.25, Sir Baron Jayathilake Mawatha, Colombo 01.

1.2 Principal Activities and Nature of Operations

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

1.3 Date of Authorisation for Issue

The financial statements of Credit Information Bureau of Sri Lanka for the year

ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 01 September 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.

Useful life for Property, Plant and Equipment

The property, plant and equipment in the Bureau are estimated to carry economic

Notes to the Financial Statements

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

Defined Benefit Plan – Gratuity

The defined benefit obligation and the related charge for the year is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long-term nature of such obligations these estimates are subject to significant uncertainty.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets

where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency Translation

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

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other

comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

2.3.2 Revenue Recognition

Revenue is 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.

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

Notes to the Financial Statements

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%

2.3.8 Financial instruments

Financial assets

Initial recognition and measurement

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

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (Debt instruments)

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

- ◆ The financial asset is held within a business model with the objective to hold financial

assets in order to collect contractual cash flows
And

- ◆ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

Financial assets at fair value through OCI (Debt instruments)

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

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Bureau benefits from such

Notes to the Financial Statements

proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt

instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

The Bureau recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit

or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bureau expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the Bureau applies a simplified approach in calculating ECLs. Therefore, the Bureau does not track changes in credit risk, but instead recognises a loss

allowance based on lifetime ECLs at each reporting date. The Bureau has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Bureau applies the low credit risk simplification. At every reporting date, the Bureau evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Bureau reassesses the internal credit rating of the debt instrument. In addition, the Bureau considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Bureau considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Bureau may also consider a financial asset to be in default when internal or external information indicates that the Bureau is unlikely to receive the outstanding contractual amounts in full

before taking into account any credit enhancements held by the Bureau. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

a) Financial liabilities Initial recognition and measurement

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

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

The Bureau's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Bureau has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

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

Notes to the Financial Statements

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.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 and LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are

Notes to the Financial Statements

directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform. These amendments to various standards are effective for the annual reporting periods beginning on or after 1 January 2021. None of the new or amended pronouncements are expected to have a material impact on the Financial Statements of the bureau in the foreseeable future.

Amendments to SLFRS 16 – COVID-19 related rent concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor

is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020. This amendment is not expected to have a significant impact on bureau's Financial State

3. REVENUE

	2021 Rs.	2020 Rs.
Credit Information	1,014,439,894	1,047,552,720
Less		
Discount Allowed	(79,598,988)	(82,730,887)
	934,840,906	964,821,833

4. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

4.1 Other Operating Income

	2021 Rs.	2020 Rs.
Interest Income	344,809,306	491,826,490
Loss on sale of Fixed Assets	687,824	55,200
Staff Loan Interest	1,351,322	1,485,767
Sundry Income	72,173	10,071
Penalty Income	7,554	
	346,928,178	493,377,528

4.2 Other Operating Expenses

	2021 Rs.	2020 Rs.
System Related Expenses	116,492,788	108,990,050
Other Operational Expenses	6,521,155	4,868,497
Professional Charges	5,672,284	6,332,371
Training & Developments	-	86,000
Customer & public Awareness	951,604	3,538,137
CSR Projects	50,000,000	-
Depreciation	69,805,661	70,969,911
	249,443,491	194,784,967

Notes to the Financial Statements

5. TAXATION

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

Statement of Profit or Loss	2021 Rs.	2020 Rs.
Current Income Tax		
Income Tax for the year	208,331,625	267,980,745
Deferred Tax		
Deferred Taxation Charge/(Reversal)	(4,194,614)	1,567,420
Income tax expense reported in the Income Statement	204,137,011	269,548,165
Statement of Other Comprehensive Income		
Deferred Taxation Charge/ (Reversal)	2,100,750	(1,489,662)
Total Tax Expense for the year	206,237,761	268,058,503

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 2021 and 2020 is as follows:

	2021 Rs.	2020 Rs.
Accounting profit before tax	865,057,088	1,104,139,933
Tax at the Statutory Tax Rate	207,613,701	264,993,584
Tax Effect of Net Disallowable Expenses	717,924	2,987,161
	208,331,625	267,980,745
Deferred Taxation Charge/Reversal	(4,194,614)	1,567,420
	204,137,011	269,548,165
Effective Tax Rate	24%	24%

5.1 Deferred Tax

Deferred Tax Liability	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Capital Allowances for tax purposes	(492,763)	(1,477,465)	(984,702)	(445,500)		
Deferred Tax Asset						
Capital Allowances for tax purposes	946,339		(946,339)			
Post Employment Benefit Liability	2,220,272	4,007,849	(313,173)	2,484,209	2,100,750	(1,489,662)
Right to Use Asset	5,380,919	3,430,519	(1,950,400)	(471,290)		
			(4,194,614)	1,567,420	2,100,750	(1,489,662)
Deferred income tax charge/(reversal)						
Statement of Profit or Loss			(4,194,614)	1,567,420		
Statement of Other Comprehensive Income			2,100,750	(1,489,662)		
Net deferred Tax Asset//Liability	8,054,767	5,960,904				

5.2 Income Tax Payable

	2021 Rs.	2020 Rs.
Opening Balance	145,861,010	140,883,402
Charge for the year	208,331,625	64,993,584
Tax Payments	(244,488,344)	(260,015,976)
Tax Liabilities	109,704,291	145,861,010

Notes to the Financial Statements

6 PROFIT BEFORE TAX STATED AFTER CHARGING

	2021 Rs.	2020 Rs.
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity (included in Employee Benefits)	4,169,592	4,097,203
- Defined Contribution Plan Costs - EPF&ETF (included in Employee 'Benefits)	9,245,662	8,600,686
Depreciation	68,940,191	69,204,592
Amortisation of Intangible Assets	865,469	1,765,319
Auditor's Fees	323,000	315,000
Legal and Consultancy Fees	59,475	2,419,936
Directors Fees	1,980,000	1,600,000
Donations	50,000,000	150,000

7. EQUIPMENT

7.1 At Cost

	Balance As at 01.01.2021 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2021 Rs.
Computer & Accessories	102,177,510	8,432,526	-	110,610,035
Computer & Accessories -STR	95,000	-	-	95,000
Furniture, Fittings & Office Equipment	35,201,488	1,849,009	6,993,726	30,056,771
Sundry Assets	239,341	-	-	239,341
Data Centre	2,923,077	-	-	2,923,077
	140,636,416	10,281,535	6,993,726	143,924,224

Depreciation

At Cost	Balance As at 01.01.2021 Rs.	Charge for the period/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2021 Rs.
Computer & Accessories	78,496,354	8,846,038	-	87,342,392
Computer & Accessories -STR	95,000	-	-	95,000
Furniture, Fittings & Office Equipment	29,432,420	4,321,681	6,993,726	26,760,375
Sundry Assets	195,771	26,133	-	221,904
Data Centre	2,344,444	413,624	-	2,758,068
	110,563,989	13,607,476	6,993,726	117,177,739

Net Book Values	2021 Rs.	2020 Rs.
At Cost		
Computer & Accessories	23,267,643	23,681,154
Computer & Accessories -STR	-	-
Furniture, Fittings & Office Equipment	3,296,396	5,769,068
Sundry Assets	17,437	43,571
Data Centre	165,010	578,636
	26,746,487	30,072,429
Total Carrying Amount of Equipment	26,746,487	30,072,429

8. INTANGIBLE ASSETS

Cost	System Development Costs Rs.	Computer Software Costs Rs.	Software STR Costs Rs.	Total Rs.
As at 1st January 2021	64,579,204	87,798,864	387,755	152,765,822
As at 31st December 2021	64,579,204	87,798,864	387,755	152,765,822
Additions	-	389,739	-	389,739
	-	389,739	-	389,739
As at 31st December 2021	64,579,204	88,188,603	387,755	153,155,562
Amortisation				
As at 1st January 2021	64,579,204	85,284,213	387,754	150,251,172
Amortisation for the year	-	865,469.27	-	865,469
As at 31st December 2021	64,579,204	86,149,683	387,754	151,116,641
Net book value				
As at 1st January 2021	-	2,514,650	1	2,514,651
As at 31st December 2021	-	2,038,920	1	2,038,922

9. 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 01 January 2019. These leases were classified as operating leases under the requirement of “LKAS 17 Leases” up to 31 December 2018.

Notes to the Financial Statements

9. RIGHT OF USE ASSETS (CONTD.)

Movement in right-of-use assets	2021 Rs.	2020 Rs.
As at 1st January	201,648,423	201,648,423
Day 1 impact from the application of SLFRS 16	-	-
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	110,780,552	55,447,837
Amortisation for the year	55,332,715	55,332,715
Balance as at 31st March	166,113,267	110,780,552
Net Book Value at 31st December	35,535,155	90,867,870

Movement in operating lease liabilities	2021 Rs.	2020 Rs.
Balance as at 1st January	105,161,700	156,769,262
Day 1 impact from the application of SLFRS 16	-	-
Restated Balance as at 31st December	105,161,700	156,769,262
Additions/renewal of operating lease agreements during the year	-	-
Accretion of interest	11,194,061	19,226,839
Payments to lease creditors	(71,569,470)	(70,834,401)
As at 31st December	44,786,291	105,161,700

10. OTHER FINANCIAL INSTRUMENTS

10.1 Current

	2021 Rs.	2020 Rs.
Treasury Bonds	-	1,320,093,590
Fixed Deposit	4,091,285,665	2,428,559,698
Receivable under Resale Agreements (Repo)	100,034,339	850,674,793
	4,191,320,004	4,599,328,080

10.2 Non Current

	2021 Rs.	2020 Rs.
Treasury Bond	-	-
Debenture	842,357,883	518,030,317
Fixed Deposit	-	-
	842,357,883	518,030,317
Total Non Current	842,357,883	518,030,317
Total Current	4,191,320,004	4,599,328,080

11. INVENTORIES

	2021 Rs.	2020 Rs.
Stationery	629,536	741,811

12. TRADE AND OTHER RECEIVABLES

	2021 Rs.	2020 Rs.
Financial Assets		
Trade Debtors	129,082,265	137,937,630
Loan to Bureau Staff	17,974,557	25,010,997
Pre paid Staff Expenses	1,670,643	1,670,643
Deposits for Safe Lockers	45,000	45,000
	148,772,464	164,664,270
Non Financial Assets		
Advances & Prepayments	231,495,586	129,390,104
Taxes Receivable	-	-
	231,495,586	129,390,104
	380,268,050	294,054,373

12.1 As at 31 December 2021, the ageing analysis of trade receivables is as follows:

Total Rs	<30 days Rs	31-60 Rs	61-90 Rs	Above 90 Rs
129,082,308	105,243,255	23,783,255	48,244	7,554

Notes to the Financial Statements

13. CASH AND CASH EQUIVALENTS

13.1 Favorable Cash & Cash Equivalents Balance

Components of Cash and Cash Equivalents	2021 Rs.	2020 Rs.
Cash & Bank Balances	2,066,428	781,603
Saving Accounts balances	49,194,242	44,328,656
	51,260,670	45,110,259
Government Securities		-
	51,260,670	45,110,259

13.2 Unfavorable Cash & Cash Equivalents Balance

Components of Cash and Cash Equivalents	2021 Rs.	2020 Rs.
Bank Overdraft *	(2,493,506)	(10,387,091)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	48,767,164	34,723,168

* This is due to unrepresented cheques

14. STATED CAPITAL

	2021		2020	
	Number	Rs.	Number	Rs.
Ordinary Shares	250,000	25,000,000	250,000	25,000,000
	250,000	25,000,000	250,000	25,000,000

15. TRADE & OTHER PAYABLES

	2021 Rs.	2020 Rs.
Financial Liability		
Trade Payables	2,601,400	2,476,434
Other Payables	28,439,822	2,913,148
Accrued Expenses	11,768,519	26,519,359
	42,809,741	31,908,942
Non Financial Liability		
Other Payables	7,811,166	6,474,546
	50,620,907	38,383,488

16. 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.

	2021	2020
Net Profit attributable to Ordinary Shareholders (Rs.)	660,920,076	834,591,768
Weighted Average number of Ordinary Shares	250,000	250,000
Earnings per Share (Rs.)	2,644	3,338

17. RETIREMENT BENEFIT LIABILITY

	2021 Rs.	2020 Rs.
Retirement Benefits Obligation-Gratuity		
As at 1st January	27,004,027	17,865,702
Charge for the year	4,169,592	4,097,203
Actuarial (Gain)/Loss	(8,753,124)	6,206,923
Payments made during the year	-	(1,165,801)
As at 31 December	22,420,495	27,004,027

Notes to the Financial Statements

17. RETIREMENT BENEFIT LIABILITY (CONTD.)

Defined Benefit Liability is valued as of 31 December 2021 and the principal assumptions used in the valuation are as follows:

	2021	2020
Discount Rate	12%	8%
Annual Salary Increment Rate	9%	10%
Staff Turnover	8%	8%
Average Remaining Life (Years)	9	9

Sensitivity effect on net liability as at 31 December 2021

An actuarial valuation of the gratuity of the Bureau was carried out as at 31 December 2021 by Smile 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%	(1,331,534)
	-1%	1,485,914
Salary Increment Rate	1%	1,585,967
	-1%	(1,441,342)

18. DIVIDEND PAID

	2021 Rs.	2020 Rs.
Dividend Paid During the Year	600,000	800,000,000
Dividends On Ordinary Shares	600,000	800,000,000
Dividend Per Share	2,400	3200

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)

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.

(b) Credit Risk

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

22. RELATED PARTY DISCLOSURES

Details of significant related party disclosure are as follow,

Key Management Personal Compensation	2021 Rs.	2020 Rs.
Short term employment benefits	35,243,892	21,295,240
Long term transaction	8,201,691	10,420,735
	43,445,583	31,715,975

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.

Notice of the Annual General Meeting

Notice of Annual General Meeting is hereby given that the 32nd Annual Shareholders' meeting of the Credit Information Bureau of Sri Lanka will be held on 28th September 2022 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 dully 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 2021 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 2021.
- ◆ 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 2022

Notes

Notes

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. K.E.D. Sumanasiri
[Director]
General Manager – Bank of Ceylon

Mr. K. Ariyaratne
[Director]
Managing Director - Seylan Bank PLC

Mr. N. Udage
[Director]
Executive Director of LB Finance PLC

Mr. R. Kodituwakku
[Director]
Chief Executive Officer/General Manager - People's Bank

Mr. H.K.D.L. Gamini
[Director]
Chief Executive Officer/General Manager – National Savings 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

BOARD OF DIRECTORS (RETIRED)

Mr. D. Seneviratne
[Director]
Group Chief Executive Officer - National Development Bank PLC
(Retired w.e.f January 2022)

Mr. K.S. Bandaranayake
[Director]
Senior Deputy General Manager - Operations – People's Leasing and Finance PLC
(Retired w.e.f February 2021)

Mr. D.P.K. Gunasekara
[Director]
General Manager – Bank of Ceylon
(Retired w.e.f August 2021)

Mr. U.G.R. Ariyaratne
[Director]
Chief Executive Officer - National Savings Bank
(Retired w.e.f April 2021)

ALTERNATE DIRECTORS

Mr. D.S. Muthukudaarachchi
Deputy General Manager-Bank of Ceylon

Mr. C. Fonseka
Head of Treasury and Investment Banking –People's Bank

Mr. D. Pallewatte
Deputy General Manager - Hatton National Bank

Mr. C. Dias
Managing Director-LOLC Finance PLC

Mr. S. Munasinghe
Director, Sales and Business Development –CDB Finance PLC

BOARD AUDIT COMMITTEE

Mr. K. Ariyaratne
(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)

Corporate Information

MANAGEMENT

Mr. C.N.S.N. Anthony

Director / General Manager

Mr. K.A. Janaka Lakmal

Deputy General Manager

Mrs. R.M.S. Rathnayake

*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. Fernando

*Head of Information Security
and Compliance*

Mr. M.A.G.S. Perera

Senior Manager - Projects

Mr. D.M.S.I. Dissanayake

Manager - Operations

Mr. K.D.S. Wanigasooriya

*Assistant Manager - Customer
Service*

Mrs. Y.L.D.K. Gunathilake

*Assistant Manager -
Operations*

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

LAWYERS

Nithya Partners
97A, Galle Road, Colombo 03,
Sri Lanka.

PRINCIPAL BANKER

Bank of Ceylon

BUSINESS HOURS

8.00 am to 4.15 p.m.

REGISTERED OFFICE

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

CONTACT DETAILS

Hotline: +94 112 13 13 13

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E-mail: info@crib.lk

Website: www.crib.lk



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இலங்கை கொடுகடன் தகவல் பணியகம்
CREDIT INFORMATION BUREAU OF SRI LANKA