

Strengthening Scores Enhancing Lives



CONTENT

Overview

| | |
|----------------------------|----|
| Introduction to the Report | 2 |
| Materiality Assessment | 3 |
| Stakeholder Engagement | 4 |
| Chairperson's Message | 8 |
| General Manager's Message | 12 |
| Key Performance Indicators | 16 |
| Financial Highlights | 17 |
| Non-Financial Highlights | 18 |

Who We Are

| | |
|-----------------------|----|
| Historical Milestones | 20 |
| About Us | 22 |

CRIB Governance System

| | |
|----------------------------------|----|
| Board of Directors | 28 |
| Our Team | 34 |
| Ethics and Anti-Corruption | 38 |
| Governance and Internal Controls | 41 |
| Risk Management | 47 |
| Board Audit Committee Report | 50 |
| Remuneration Committee Report | 52 |

Management Discussion & Analysis

| | |
|-----------------------|----|
| Development Plan 2023 | 54 |
| Operational Review | 55 |
| Financial Capital | 62 |
| Human Capital | 68 |
| Social Capital | 73 |
| Intellectual Capital | 76 |
| Manufactured Capital | 81 |
| Natural Capital | 83 |

Financial Reports

| | |
|---|------------------|
| Statement of Directors' Responsibilities for | |
| Financial Statements | 86 |
| Annual Report of the Board of Directors on the | |
| Affairs of the Bureau | 87 |
| Independent Auditor's Report to the Shareholders of the | |
| Credit Information Bureau of Sri Lanka | 89 |
| Statement of Comprehensive Income | 91 |
| Statement of Financial Position | 92 |
| Statements of Changes in Equity | 93 |
| Cash Flow Statements | 94 |
| Notes to the Financial Statements | 95 |
| Notice of the Annual General Meeting | 115 |
| Notes | 116 |
| Corporate Information | Inner Back Cover |

Strengthening Scores Enhancing Lives

The betterment and improvement of living standards has always been a key focus of our service as we have striven, for years, to ensure that the information that we provide, goes a long way in giving all Sri Lankans the chance to become financially independent, responsible and stable. The discipline and fortitude we foster is now being widened by the new technology that allows us to analyse information through non-financial institutions which helps provide more credit for more people than before.

This year as we reach new heights, we aim to be stronger than ever in creating a solid foundation that would help Sri Lankans to be more prudent and responsible in their financial decisions. We are ensuring the smooth running and the efficiency of a productive economy by systematically supporting those who would otherwise be considered unbankable; giving them the opportunity, in turn, to support their families, their community and on a wider scale, the economy. By utilising new systems and procedures that open up a new world of possibility, we are strengthening scores and enhancing lives.



INTRODUCTION TO THE REPORT

THE REPORT PROFILE

We are pleased to present to you the 6th Integrated Annual Report of the Credit Information Bureau of Sri Lanka (CRIB) for the financial year 2023. This report provides a detailed description of the operational and financial performance of the organization in line with the Integrated Reporting Framework. Therefore, stakeholder value creation is demonstrated through six capital structures that include Finance Capital, Intellectual Capital, Human Capital, Manufactured Capital, Natural Capital, and Social Capital. Through these capital reports, we strive to provide a holistic view of organizational performance and how resources are effectively managed to drive sustainable growth and long-term success.

CRIB is a statutory entity established under the Credit Information Bureau of Sri Lanka Act No. 18 of 1990 and features a distinct public-private ownership structure. It serves as the Country's sole credit information agency and does not have any subsidiaries, affiliations, or associations.

Guided by our commitment to good governance principles and exemplary corporate citizenship, we have voluntarily adopted the Integrated Reporting framework in this Annual Report. The main aim was to ensure transparency of our public service operations while communicating our value creation for all stakeholders through six capital frameworks. We strongly believe that this effort will not only strengthen our reputation and image amongst the stakeholders but also improve the accuracy and clarity of our communications with them.

The financial statements included in this report have been meticulously prepared in compliance with the Sri Lanka Accounting Standards (LKASs/SLFRSs) in effect as of December 31, 2023, as issued by the Institute of Chartered Accountants of Sri Lanka.

MEETING INTEGRATED REPORTING FRAMEWORK PRINCIPLES

The table given below provides a brief overview of the sections discussed in this Report that offer vital information aligned with the principles of Integrated Reporting.

| 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 | Operational Review 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, considers, and addresses their needs and interests. |
| Materiality | Additional details are captured under the Social and Human Capital sections of the report. 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, medium and long term. Materiality is covered under the 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 carries consistent data that have been reported in line with standard reporting guidelines that allow the comparability of its contents. |

MATERIALITY ASSESSMENT

A matter is considered 'Material' if it could substantively affect the organisation's ability to create value in the short, medium and long term. Therefore, Material issues are identified based on their impact on the CRIB's operations and performance as well as their impact on the stakeholder decision-making. To this end, CRIB's operations have been assessed in terms of both financial and non-financial aspects compared with the previous year's assessment, thereby determining the material topics and boundaries for this report. Similarly, stakeholder expectations are also taken into consideration in determining the material issues.

Upon selection of material topics, in line with the Integrated Reporting Principles, CRIB strives to improve the transparency of its actions to the public and the government, aligned with regulatory compliance. CRIB operates within Sri Lanka and hence its services and operations are limited within the boundaries of the country.

| Material Topic | Significance | The section on Annual Report | Page No |
|--|---|---|----------------------------|
| Discharging the Legal Mandate | As a unique service provider established under a statute, CRIB places significant emphasis on the need to maintain the legal mandate for which it has been established. | <ul style="list-style-type: none"> Chairperson's Message Social Capital | 08 73 |
| Governance | Given the unique public-private set-up, CRIB places significant weight on maintaining robust governance for its effective performance. | <ul style="list-style-type: none"> CRIB's Governance System Board of Directors | 41 28 |
| Managing Information Security Risks and Data Confidentiality | CRIB is a data hub that gathers, stores, processes and distributes highly sensitive financial and credit data pertaining to individuals and institutions. Therefore, ensuring data security and confidentiality is vital to the sustainable operations and the management of stakeholder expectations | <ul style="list-style-type: none"> Managing Risks Intellectual Capital Ethics and Anti-Corruption | 47 76 38 |
| Financial and Operational Performance | Revenue generation and stakeholder value creation depend on the organization's successful performance. | <ul style="list-style-type: none"> General Manager's Message Operational Review Financial Statements Independent Auditor's Report | 12 55 91 89 |
| Managing our Assets | Managing the key capitals for effective output and outcomes plays an integral role in creating stakeholder value and thus, effective management of these assets needs to be monitored and reported. | <ul style="list-style-type: none"> Financial Capital Human Capital Intellectual Capital Manufactured Capital Natural Capital | 62 68 76 81 83 |
| Growth Strategy and Outlook | The consistent and sustainable growth of the organization is dependent on its strategy, accuracy of execution and plans for growth. These factors determine the level of confidence stakeholders have in the organisation. | <ul style="list-style-type: none"> Message from the Chairperson General Manager's Message Strategy and resource allocation | 08 12 54 |
| Business Model | The value creation model is important for setting the pace of the report and helping stakeholders understand the organization's background, status, and purpose. | <ul style="list-style-type: none"> Stakeholder Engagement | 04 |

STAKEHOLDER ENGAGEMENT

Understanding stakeholder needs and concerns ensures that an organization considers all relevant factors and potential impacts. Hence, CRIB engages with all its stakeholders in effectively carrying out its functions, which has been instrumental in obtaining valuable insights that can lead to informed decision-making. While appreciative of the continued support, trust and confidence extended by the Bureau's stakeholders, CRIB continue to provide uninterrupted services during the financial year thereby fostering strong relationships with its stakeholders.

In accordance with the CRIB Act, CRIB plays a significant role in Sri Lankan society and identifies its stakeholders, engaging with them appropriately.

THE BUREAU'S PRIMARY STAKEHOLDERS INCLUDE:

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.

CRIB'S STAKEHOLDERS ARE LISTED BELOW:

1. CRIB members: CRIB members (shareholders) are the Central Bank of Sri Lanka, the financial sector regulators, 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: The employees are the core of CRIB's operations.
5. Technical and Service Partnerships: The CRIB requires specialised technical support services to provide efficient and effective services to the public and member institutions. Therefore, CRIB's technical service providers are essential for the CRIB's operations.

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

LOCAL ENGAGEMENT

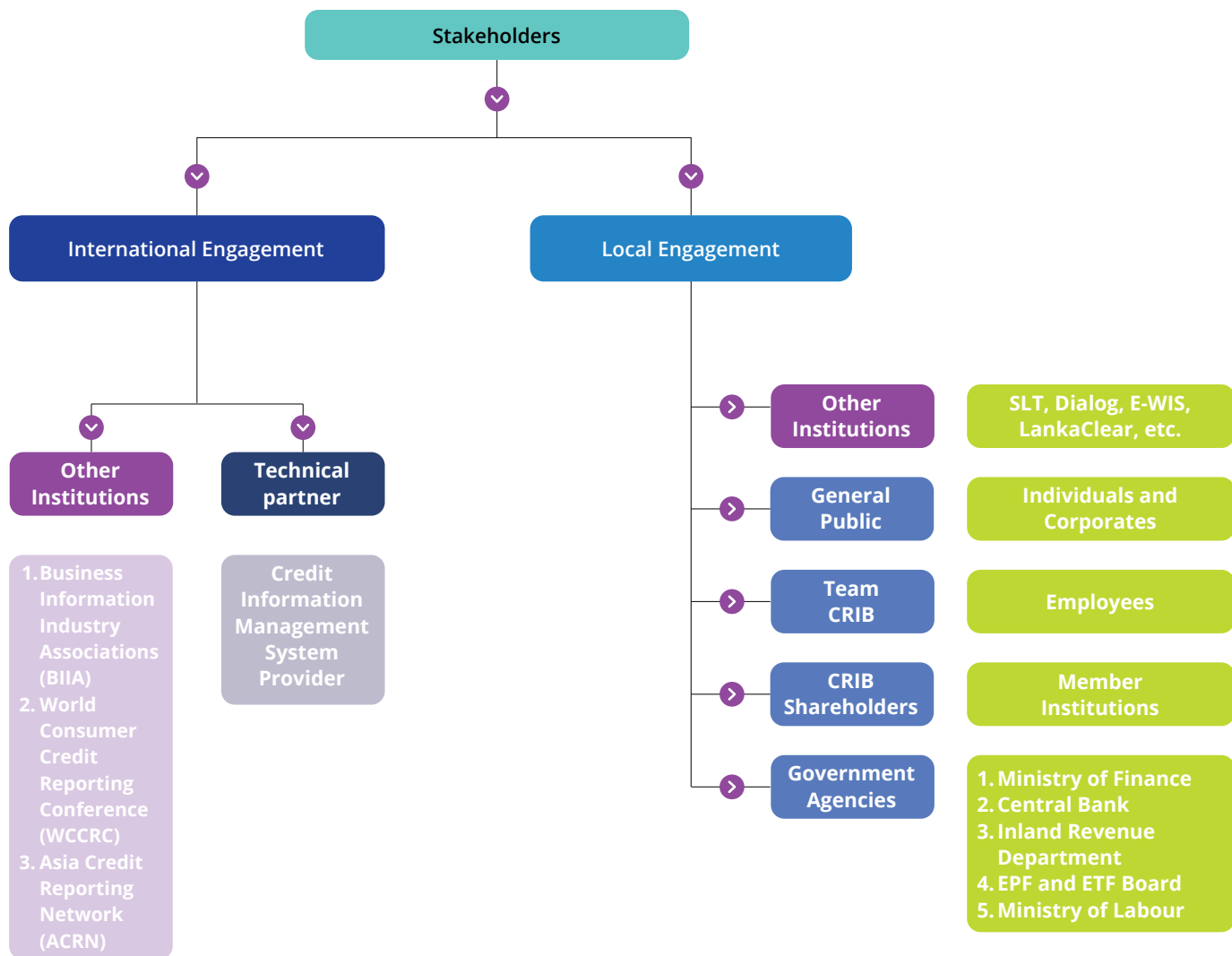
| Stakeholder | Stakeholder Description | Method of Engagement | Purpose and Intent |
|---|---|---|---|
| Ministry of Finance, Central Bank of Sri Lanka, Inland Revenue Department, EPF, ETF and Ministry of Labour. | Government agencies. | Statutory reporting and general correspondence | To comply with statutory obligations, maintain transparency and ensure formal official communications. |
| CRIB member institutions | Lending institutions registered with the Central Bank of Sri Lanka. | Annual Shareholder Meeting, Annual Report, Member awareness programmes, Communication with Compliance officers. | To provide accurate and up-to-date credit information and to provide accurate information on moveable assets pledged as collateral for loans. |

| Stakeholder | Stakeholder Description | Method of Engagement | Purpose and Intent |
|----------------------------|---|--|--|
| CRIB Team | Employees | Salaries, wages and cash benefits, Knowledge and skills development programmes, Staff gatherings and meetings. | To provide industry-standard compensation packages for performance, support career growth and skill development. |
| General public | All Sri Lankans and registered institutions in Sri Lanka. | Website service, Publications, Dedicated customer service and hotlines. Media coverage, public workshops | To fulfil the mandate of the CRIB Act, through the provision of services to the financial industry and the economy at large. |
| External business entities | Support and Outsourced Service Providers. | Telecommunication facilities for hosted services. Service Contracts, MOUs, NDAs, Subscriptions | To provide continuous Bureau services without 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. | Membership subscription (since 2015) | To maintain effective relationships and collaboration in enhancing CRIB's knowledge-based capabilities as well as contribute to the knowledge hub of BIIA. |
| Asia Credit Reporting Network (ACRN) | Represents the Asia Credit Reporting Industry by bringing together key players in Credit Reporting either with area or discipline. | Full membership status was obtained in 2019 with the signing of the MOU in Vietnam. | To contribute to the urgent need of Asian countries for knowledge sharing and cooperation in credit reporting. |
| Creditinfo International GMBH | Technical and Service Partners. | Constant collaboration through cross-communication, Service Level Agreements, Contracts | To adhere to system performance, accuracy and safety standards in providing consistent, efficient and effective credit information services to the general public and the shareholders. |

STAKEHOLDER ENGAGEMENT



- ✖ **Government Agencies:** CRIB engages with government agencies through statutory reporting processes and formal communications. We also comply with statutory obligations, transparency and effective governance.
- ✖ **CRIB Shareholders:** CRIB shareholders are the Central Bank of Sri Lanka, the regulator of the financial sector, licensed banks, finance and leasing companies. We engage these member institutions through the annual shareholder meeting, annual report and user awareness programmes. In this way, we aim to provide accurate and up-to-date credit information as well as information on moveable assets pledged as collateral for loans.
- ✖ **CRIB Team:** CRIB's workforce remains the foundation of the organization that drives value creation and hence we ensure their well-being through the provision of benefits, job security and opportunities for growth through training and development programs.
- ✖ **General Public:** All Sri Lankan citizens and institutions have the legal right to receive CRIB services and we provide accurate and up-to-date credit information using state-of-the-art technology and efficient customer service.
- ✖ **Business Information Industry Association (BIIA):** This is one of the largest Information Resources for Business Information and Credit Information such as credit bureaus, rating agencies, etc. Therefore, the CRIB obtained full membership in the BIIA in 2015.
- ✖ **World Consumer Credit Reporting Conference (WCCRC):** As the only international event that focuses on credit reporting, this conference deliberates on the latest news and industry trends. CRIB continues to participate in these conferences to assist its staff with the latest industry know-how and in establishing international networks with key stakeholders and professionals in the industry.
- ✖ **Asia Credit Reporting Network (ACRN):** The Asian Credit Reporting Network was established to represent the Asian Credit Reporting Industry by bringing together the key players in the Credit Reporting discipline. While this supports equitable and inclusive growth, it also provides a platform for Asian countries for knowledge sharing and collaboration on credit reporting amongst the members. While CRIB continues to attend the key events of ACRN, it also received full membership status 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



On behalf of the Board of Directors, it is with pleasure that I present to you the audited financial statements and the Annual Report of the Credit Information Bureau of Sri Lanka for the financial year 2023.

Amidst a tumultuous macroeconomic environment, we remained steadfast in our commitment to serving the general public and Bureau's member lending institutions, by providing up-to-date credit information to make informed and timely credit decisions. In doing so, we were determined to facilitate the gap between the lenders and the borrowers, thereby strengthening the foundation of a disciplined credit culture in Sri Lanka and ensuring stability of the overall banking and financial industry landscape. As such, we delivered uninterrupted service to our valued clientele during the year, demonstrating commendable performance while remaining agile to the evolving industry dynamics and the volatile macroeconomic landscape.

MACROECONOMIC DEVELOPMENTS

The year 2023 witnessed Sri Lanka on a recovery trajectory, following the deepest economic downturn in 2022. Although the economy recorded a negative growth during the first half of the year (an estimated negative GDP growth rate

of 7.3 percent, the economy bounced back towards the latter part of the year driven by low inflationary environment, improved external sector resilience, stronger fiscal balances, and preserved financial system stability, which was further strengthened by the implementation of appropriate policy measures by the Government and the Central Bank, and the structural reform agenda, as well as the International Monetary Fund's Extended Fund Facility (IMF-EFF) arrangement. After an extended period of subdued performance, Sri Lanka's tourism sector and workers' remittances picked up during the year, increasing the foreign inflows to the country. Gross official reserves improved during the year, while Sri Lanka rupee recorded an overall appreciation. While the agriculture and services sectors exhibited notable growth during the second half of the year, the industry sector continued to suffer due to subdued demand conditions. Manufacturing and construction industries, specifically, were adversely affected by high input costs. Driven by the improved macroeconomic stability amidst softening inflation and easing of external sector pressures, the economy recorded positive growth of 4.5 percent in the fourth quarter of 2023 compared to the negative growth rate

We continued to serve our member institutions providing required credit information and value-added services in a timely and accurate manner recognizing our pivotal role in contributing to the financial health of the Country

of 12.4 percent in the same quarter of the previous year. Accordingly, the economy recorded a moderate contraction of 2.3 percent in 2023, compared to the significant contraction of 7.3 percent observed in 2022.

CRIB PERFORMANCE

In line with the tight monetary policy prevailed in 2022 and early 2023 to curtail high inflation and stabilize external sector, market interest rates were adjusted upwards leading to a contraction of credit during the first half of 2023. Under this environment, the credit facilities witnessed a marginal reduction from 8.7Mn in the previous year to 8.6Mn in the year under review. Consequently, CRIB's credit portfolio in terms of credit facilities dropped by 1.8 percent in comparison to the previous year, hindering the Bureau's primary income-

generating avenue, issuance of credit reports.

Despite this drop in credit facilities, we continued to serve our member institutions providing required credit information and value-added services in a timely and accurate manner recognizing our pivotal role in contributing to the financial health of the country. With a steadfast commitment to delivering a seamless, uninterrupted service to financial sector, we delivered 6.3Mn credit reports during the year, though this is a notable 8.6% YoY decrease compared to the previous year which occurred mainly due to the contraction of credit disbursement.

A YEAR OF TRANSFORMATION

The financial year marked a period of transformation as we continued to implement

CHAIRPERSON'S MESSAGE

numerous changes to the Bureau operations. One of the significant changes was the launching of the advanced Credit Information Management System (CIMS) replacing the outdated system, taking a step further towards technological advancement. This state-of-the-art system, equipped with advanced tools, techniques such as business analytics, credit scores, monitoring and alerts, provisioning of self-inquiry reports and a robust information security platform, has significantly contributed to ensuring the quality of credit information contained in our reports, elevating our operations to align with international standards.

We believe that this system will streamline the management of credit information, reducing the time and effort required to process and analyze data, thus increasing operational efficiency for credit inclusivity. Most of all, this system would elevate the data quality in providing a more accurate risk assessment of borrowers, enabling the lenders to make fair and transparent decisions. Our dedicated team made a significant contribution to the implementation of this new system, demonstrating exceptional effort and commitment, and ensuring a smooth transition that maximized the system's benefits.

As part of this new implementation, we carried out a data gap resolution exercise to address the identified gaps, bringing down the gaps to marginal levels with the support of our experienced team members. Consequently, we were able to further improve the accuracy and validity of the information fed into the new system, ensuring reliable data processing and informed decision-making.

Likewise, we also aggressively advocated the use of credit score, an internationally recognized risk assessment tool, with the intention of further transforming the credit culture of the country in an impactful way. By fostering a culture of financial responsibility and discipline, we believe this credit score system will provide a reliable measurement of creditworthiness, thereby facilitating access to credit for individuals and businesses including the marginalized communities.

Resultantly, the demand for credit score reports witnessed a notable increase during the year to 1,961,105 score reports from 213,014 score reports in the previous year. We believe that this would empower the customers to obtain an accurate assessment of their credit standing and the risk factor, thereby dictating terms on their credit line. On the other hand, this would

prevent the customers from being victims of undue terms imposed by some lending institutions.

As a result of the ongoing effort to raise awareness amongst the public through both print and electronic media and the public awareness sessions conducted by CRIB on the value of maintaining good credit standing, there was a demand for self-inquiry reports through online self-inquiry issuance process. Internet and mobile banking applications also increased leading to the issuance of 16,357 self-inquiry reports in the year 2023, a 29% increase when compared to year 2022. Additionally, summary credit Reports were also introduced to provide credit information in a simplified manner for small size credit facilities at a lesser cost, where issuance of 258,981 micro credit reports during the period from January to December 2023 were witnessed.

Apart from that, we are also working on introducing value-added services such as on boarding of non-traditional data in order to assist marginalized population to approach formal financial institutions for their credit needs. It is universally accepted that on boarding non-traditional data will enhance the credit inclusivity of un-bankable population (almost 51% of the population)

who have been denied access to credit. By bringing them to the formal credit culture through evaluating their integrity leveraging on non-traditional information, these marginalised people will be better positioned to obtain credit. In other words, the lending institutions will be better positioned for risk assessment and accurately evaluating the borrower's ability to repay loans, while the borrowers will be encouraged to maintain a declined payment profile to sustain their financial well-being.

Raising awareness relating to credit information remained a vital part of our agenda during the period. Hence, the Bureau conducted 54 awareness sessions for the staff of member lending institutions (Compliance officers, Business teams, and Technical teams) to increase their knowledge of credit scores and interpretation of new credit reports. Public awareness campaigns were also carried out utilizing social media to educate them on the advantages of a healthy credit profile in increasing their access to credit. Going forward, we also intend to raise public awareness on credit scores as a step towards opening the digitalization arm to the general public. In further strengthening financial inclusivity, we also look forward to ensuring online access to credit

reports for the public at their convenience.

FUTURE AHEAD

The change we anticipate lies in unleashing the power of information. This was made possible by the launch of the advanced Credit Information Management System that elevated our risk evaluation process to a new level in line with international standards. Firmly grounded on our core objective of offering accurate and reliable credit information to our users to aid in their credit-related decision-making, we leveraged our new CIMS system in achieving this, thereby initiating a culture change within the lending institutions as to how they evaluate the credit history of the borrowers. We also believe that its advanced tools and techniques will enable us to obtain a holistic profile of an individual's creditworthiness, thereby ensuring financial inclusivity through greater access to credit for the masses. This will be further fortified by the promotion of credit scores that allow member lending institutions to make informed decisions relating to borrowers' likelihood of repayment, and the risk involved while reflecting on their future behavior towards managing debt. During the year, this was further strengthened through the incorporation of non-traditional data such as

insurance, utility, and telco information to provide a comprehensive credit profile.

As we move forward, Credit Scores would be further enhanced through onboarding non-traditional information such as e-commerce data, transactional data and psychometric data. By doing so, we wish to construct a robust mechanism to evaluate the borrower's credit health in ensuring credit inclusivity for masses, thereby contributing to the socioeconomic development of the country. We believe the upcoming implementation of Data Protection Act in 2025 will be a catalyst to reinforce this structured framework for credit evaluation.

Having dedicated the financial year to the implementation of the new CIMS system and aligning the bureau's services to provide value added services to the industry, as the subsequent step, we look forward to integrating the public to this system, launching our marketing initiatives for the same.

Taking another step towards financial inclusivity, we will facilitate the implementation of the Secured Transaction Act, thereby allowing financial institutions to access details of mortgaged movable assets in order to encourage credit granting's for economically viable assets

for the development of a strong economy. We believe this initiative will enhance credit to MSMEs which will be a significant step forward for the development of our economy.

Moreover, in enhancing our visibility and emerging as a recognized credit bureau within the region, we will ensure proactive engagement with various regional forums and platforms in order to remain up to date on the latest developments in Credit information and the related best practices.

By leveraging these innovative enhancements, we are confident in our ability to sustain financial inclusivity in driving economic growth and sustainable development, ultimately benefiting the entire nation in the future.

ACKNOWLEDGEMENT

Despite a volatile macroeconomic landscape, CRIB demonstrated resilience and commitment to support its stakeholders through continuous service provision. Thus, I take this opportunity to commend the untiring contribution of the General Manager and the CRIB team in providing up-to-date credit information to our clientele during a challenging period.

I also wish to extend my gratitude to all our valued stakeholders, including the regulatory and policy-

making bodies as well as the Central Bank of Sri Lanka for their continued support and guidance in driving our core objective of collecting collating and synthesizing financial information in view of facilitating and dissemination of such credit and financial information for all sectors of the economy to facilitate and distribute credit. Your support has been invaluable in strengthening our existing relationships, while creating opportunities for forging new partnerships.

I extend my sincere thanks and appreciation to the present and former members of the Board of Directors for their stewardship and support, which has been instrumental in guiding the Bureau towards achieving its strategic goals, and ensuring continued success. Without your collective effort, navigating the Bureau ahead would not have been possible.

In conclusion, I would like to express my sincere thank you to all member lending institutions, service providers, individuals, well-wishers, the dedicated staff of CRIB and the public at large for their contribution to our success in various capacities during the period.



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

GENERAL MANAGER'S MESSAGE



Dear Shareholders,

As we emerged out of a prolonged pandemic and its adverse consequences, the country was once again hard hit by an economic downturn that completely altered the macroeconomic trajectory. The economic crisis that propelled it to its full height in 2022 continues to dampen the growth drive, with numerous uncertainties and fluctuations dominating the operating landscape.

Against this development, the year 2023 commenced with a growth slowdown during the first half of the year, creating an unfavourable condition for the progress of economic entities. Surge in interest rates, inflationary pressure, supply chain conditions, price hikes, up surge in tax, as well as the depreciation of the rupee value added to the deceleration of the economy during the first half of the year. It was towards the second half of the year that the economy showed signs of resurgence, with contraction moderating driven by a pickup in tourism, agriculture and services, improved foreign remittances as well as resumption of domestic and external demands.

In this backdrop, like many other economic entities, CRIB too had to navigate the journey ahead, being agile to the uncertainties and the fluctuations in the macroeconomic front. Hence, during this period,

we continued to serve our valued customers, upholding the Bureau's core objective of steadfast commitment and determination in strengthening the overall financial ecosystem while contributing to enhanced credit inclusivity in the country. By swiftly adapting to the dynamic changes in the operating environment, we provided 24/7 uninterrupted secured service to our member institutions and the general public throughout the year, demonstrating commendable performance in the financial year.

COMMENDABLE PERFORMANCE

During the financial year, given the prevailing macroeconomic conditions, monetary policy adjustments were made to manage key economic indicators and ensure the overall health of the economy. Consequently, policy decisions were taken to increase the interest rate to limit the credit flow to the economy, leading to a contraction of credit at the beginning of the year. As a result, total credit facilities decreased by 1.8 percent compared to the previous year. Consequently, 6.3 million credit reports were issued, primarily for evaluating borrowers for new credit facilities or for monitoring and reviewing existing borrowers. This led to an 8.6% year-on-year decrease in credit reports,

We also dedicated our efforts to promoting Credit Score, one of the most advanced credit risk management tools utilized all over the world, by providing a fast and objective measurement for risk determination in the lending process.

directly impacting CRIB's revenue during the year. However, this situation was mitigated by prudent cost management, resulting in an attractive bottom line and enabling us to pay dividends to all our stakeholders and interested parties.

Undeterred by these external factors, we sustained our operational efficiency and drove change with the launch of the New Credit Information Management System (CIMS), modernizing our operations in alignment with international best practices. This new platform, equipped with advanced tools and techniques, elevated our service levels by increasing the reliability, accuracy, and validity of the information we provide to the financial sector, thereby reinforcing credit risk management within the industry.

With its enhanced credibility, the system offers industry analytics, monitoring and alerts, self-inquiry reports for the general public, and many other value-added features. This expansion solidifies the Bureau's role as the data provider for the financial sector, facilitating informed decision-making.

As part of this system implementation, we carried out a gap identification process where a comprehensive project was launched aimed at gap mitigation and resolution during the year. The project was implemented with the support of the experienced CRIB team and succeeded in bringing down the information gaps to marginal levels, ensuring a clean and accurate set of data to support informed decision making as per the expectations of the finance sector.

GENERAL MANAGER'S MESSAGE

These efforts allowed us to maintain our operational efficiency, achieving a data validation rate of 98% through a comprehensive automated validation process that encompasses more than 500 rules. This exceptional validation rate clearly demonstrates our unwavering commitment to supporting member institutions in enhancing their credit and evaluations. By providing credible information, we facilitate unbiased and informed decision-making regarding borrowers

Towards the end of 2023, we also launched a new pilot project to improve the service efficiency of providing the self-inquiry report (MyReport) through digitalization, improve data accuracy through frequent data audits and moving into native formats to gather additional data points, further reinforcing the existing credit information management platform. The project was initiated with the participation of fifteen member lending institutions where data was obtained through the new file management system. The Bureau intends to make this project fully operational by the third quarter of 2024.

During this phase, we also dedicated our efforts to promoting Credit Score, one of the most advanced

credit risk management tools utilized all over the world, by providing a fast and objective measurement for risk determination in the lending process. This vital tool allows both the customer and the lending institution to assess their credit standing thereby gauging the individual's creditworthiness without delay. We initiated aggressive promotion of the product during the year, with the intent of further revolutionizing the credit culture in the country. Our aim was to enhance the financial literacy among customers, empowering them to dictate terms on their credit line, thereby advancing the development of our society's credit system.

In supporting this initiative further, awareness sessions were conducted for the employees of lending financial institutions in key strategic locations across the country as per the request of these lending institutions. These awareness sessions conducted in the form of training and knowledge sharing, focused on providing support services to the lending institutions in integrating with the new system and the usage of value added products. The Bureau utilized its internal resources for conducting awareness-building sessions, given their extensive acumen in this area. As a result, the request for score

reports witnessed a marked improvement compared to the score reports issued in the previous year.

Likewise, we conducted public awareness sessions during the year to provide every citizen with the necessary knowledge to manage their own credit profile. We utilized print media to educate the general public on the benefit of maintaining a good credit standing. These efforts proved successful as there was a 29% increase in requests for self-inquiry reports through the online self-inquiry issuance process, compared to the previous year.

In addition to the credit score, we have begun incorporating non-traditional data into the CIMS and have completed the gap analysis with the insurance sector and identified utility providers. We believe this will enable marginalized citizens to obtain credit from the formal sector at fair prices by leveraging their integrity and reputational collateral. By doing so, we aim to enhance credit inclusivity and provide credit to individuals who lack the necessary credit information for underwriting.

THE WAY AHEAD

As we anticipate an improved macroeconomic environment in the next financial year,

we will remain committed to enhancing our Credit Bureau service offering to deliver a superior service to the member institutions and the general public leveraging the new CIMS system. In doing so, we intend to pave the way for credit inclusivity for the masses who have been denied access to credit, fostering economic growth and stability for all citizens.

In this journey, enlightening lending institutions on the usage of credit information and the general public on the benefit of credit management in order to maintain a strong credit profile, would be a crucial step in our growth agenda. Having established the advanced technology-driven credit information and management platform during the financial year, we will move into the next step of promoting value added products and enhancing the knowledge and literacy of the general public on the advantages of credit management.

Moreover, to support individuals and lending institutions in making informed decisions, we will promote aforementioned value-added products such as business analytics, monitoring and alerts, retrospective reports, self-inquiry reports, and the CRIB Score.

Additionally, we are exploring avenues to expand our scope by capturing other data sources, including transactional data, social media data, and financial data. This will provide the finance sector with informative tools for making well-informed, risk-free decisions with greater visibility. As we remain vigilant of the constantly evolving industry landscape and technological advancements, we will continue to enhance our systems and processes to meet the changing needs of our clientele

As the next step in our roadmap, we will incorporate non-traditional information such as utility, insurance, and telco data to evaluate individuals who lack traditional credit information. Additionally, we will facilitate the creation of an electronic registry to record movable assets for lending purposes. This registry, known as the Secured Transaction Register, will significantly boost the economy by opening new avenues for MSMEs to obtain loans against movable assets. Businessmen will have new opportunities to borrow funds by mortgaging their existing movable assets within a structured mechanism.

With the Data Protection Act taking effect in 2025, marking a significant milestone, we

will establish a structured framework for credit evaluation that benefits both the general public and the economy at large. Moving forward, we also intend to provide sector-wise credit scores, cross border data sharing and analytical reports, particularly to assist marginalized populations in obtaining credit.

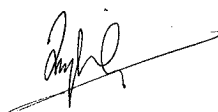
We believe these transformations will bring us a step closer to realizing our goal of becoming a model credit bureau in South Asia and one of the emerging credit bureaus within the Asia-Pacific region by 2025.

APPRECIATION

Overcoming a challenging and unpredictable operating environment throughout the year, we succeeded in maintaining our operational and financial performance by being resilient and determined to drive progress in the face of adversity. In this endeavour, I wish to express my gratitude to all the stakeholders who have played a pivotal role in our success. Therefore, I wish to express my sincere thank you to the Chairperson and the Board of Directors for their guidance and counsel in sustaining the CRIB operations during a challenging period. I am also deeply obliged to our valued team who persistently supported the implementation of new CIMS

system and worked diligently to enhance the credit information landscape of the country and ensure financial inclusivity.

In conclusion, I would like to thank our member institutions, customers and the general public who have placed their trust in us to support their financial well-being. Strengthened by this support, we look forward to delivering value to all our stakeholders in line with the industry's best practices and international standards in the year to come.



Mr. Pushpika Jayasundera
Director/ General Manager

KEY PERFORMANCE INDICATORS



Total
Assets

Rs. 6,563 Mn



Operational
Income

Rs. 1,051 Mn



Investment
Income

Rs. 998 Mn



Net Assets

Rs. 5,895 Mn



EPS

Rs. 3,924



Net Assets
per share

Rs. 23,580



No. of Credit
Reports issued

6.3 Mn



Persons in the
database as a % of
adult population

78%



No. of persons
with active
credit records

6.6 Mn



No. of Active
credit records
(Credit facilities)
in the database

8.6 Mn



Data Quality efficiency
(Data Validity as a %
of total credit
portfolio submitted)

98%

FINANCIAL HIGHLIGHTS

| YEAR ENDED 31 DECEMBER | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------|-----------|-----------|-----------|-----------|
| Operating Results - (Rs.' 000) | | | | | |
| Income | 1,093,070 | 965,883 | 934,840 | 694,278 | 1,051,013 |
| Expenses | (347,915) | (355,222) | (416,710) | (421,514) | (660,819) |
| Operating Profit / (Loss) | 745,155 | 610,661 | 518,130 | 272,764 | 390,194 |
| Other Income | 551,117 | 493,474 | 346,928 | 771,703 | 998,476 |
| Net Profit Before Extra Ordinary Items | 1,296,272 | 1,104,135 | 865,058 | 1,044,467 | 1,388,670 |
| Extra Ordinary Items | | | | | |
| Net Profit After Extra Ordinary Items | 1,296,272 | 1,104,135 | 865,058 | 1,044,467 | 1,388,670 |
| Taxation | (356,786) | (269,547) | (204,137) | (290,262) | (407,763) |
| Net Profit After Extra Ordinary Items & Taxation | 939,486 | 834,588 | 660,921 | 754,205 | 980,907 |
| Shareholders' Funds - (Rs.' 000) | | | | | |
| Share Capital | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Reserve | 3,689,730 | 3,667,776 | 3,748,737 | 4,024,965 | 4,312,886 |
| Accumulated Fund | 1,530,934 | 1,559,287 | 1,526,834 | 1,412,639 | 1,557,120 |
| | 5,245,664 | 5,252,063 | 5,300,571 | 5,462,604 | 5,895,005 |
| Liabilities - (Rs.' 000) | | | | | |
| Creditors & Other Payables | 220,196 | 192,060 | 170,433 | 712,324 | 621,744 |
| Deferred Liabilities | 174,635 | 132,166 | 67,206 | 36,917 | 46,627 |
| | 394,831 | 324,226 | 237,639 | 749,241 | 668,372 |
| Assets - (Rs.' 000) | | | | | |
| Non Current Assets | 177,628 | 129,416 | 72,373 | 75,289 | 1,070,274 |
| Investments | 5,159,883 | 5,117,353 | 5,033,677 | 5,146,259 | 5,159,835 |
| Inventories | 590 | 742 | 629 | 1,420 | 1,667 |
| Trade & Other Receivables | 265,532 | 294,054 | 380,268 | 929,536 | 310,286 |
| Cash & Bank Balances | 36,859 | 34,723 | 48,767 | 59,339 | 21,315 |
| | 5,640,492 | 5,576,288 | 5,535,714 | 6,211,843 | 6,563,377 |
| Ratios | | | | | |
| Return on Average Shareholders' Funds (%) | 18% | 16% | 12% | 14% | 17% |
| Income Growth (%) | 1% | (12%) | (3%) | (26%) | 51% |
| Return on Average Assets (%) | 17% | 15% | 12% | 12% | 15% |
| Rate of Dividends (%) | 3,200% | 2,400% | 2,400% | 2,112% | 2,689% |
| Gross Dividends (Rs. ' 000) | 800,000 | 600,000 | 600,000 | 528,000 | 672,280 |
| Share Information | | | | | |
| Earning Per Share (Rs.) | 3,758 | 3,338 | 2,644 | 3,017 | 3,924 |
| Net Assets Per Share (Rs.) | 20,983 | 21,008 | 21,202 | 21,850 | 23,580 |

NON-FINANCIAL HIGHLIGHTS

| Capital / Indicator | 2023 | Impacted Outcome |
|-----------------------------|--|--|
| Intellectual Capital | Launch of the New Credit Information Management System | <ul style="list-style-type: none"> Enhanced Data Security Efficient Data Management Expanded Services Innovation and Excellence Improved Operational Efficiency |
| | Secured Transaction Registry (STR) | <ul style="list-style-type: none"> Mitigating Risk Associated with Dual Collateralization and Fraudulent Activities |
| | CBS API (UAT) Integration | <ul style="list-style-type: none"> Seamless Integration |
| | Enhanced Customer Experience with the Customer Access Portal (CAP) | <ul style="list-style-type: none"> Enhance User Experience |
| | Transform Mobile Platform Integration API from CRIMS to CBS API | <ul style="list-style-type: none"> Seamless Transition Uninterrupted User Experience |
| | Disaster Recovery Drill | <ul style="list-style-type: none"> State-of-Art Disaster Recovery Operation |
| | Compliance Measures BoardPAC-Board Meeting Automation Solution Office Relocation | |
| Social Capital | Fostering Relationships with Member Institutions and General Public via | <ul style="list-style-type: none"> Sustainable Value Creation with Member Institutions and the General Public |
| | <ul style="list-style-type: none"> Credit Information and Value-Added Services Help Desk Services Training & Awareness Programs Customer Dispute Resolution Process Review Meetings to Improve Validity and Quality of the Data My Report Service Print Media Publicity Electronic Media Publicity | <ul style="list-style-type: none"> Two-way Communications |
| Human Capital | Creating Values through | <ul style="list-style-type: none"> Skilled & Knowledgeable Workforce |
| | <ul style="list-style-type: none"> Human Resource Administration Remuneration and Other Benefits Performance Evaluation Diversity and Equal Opportunity Compliance Mechanism Status of Compliance Employee Health & Safety | <ul style="list-style-type: none"> Empowered and Engaged Staff |
| Natural Capital | Mitigating Environment Effects by | <ul style="list-style-type: none"> Engagement for Environmental Sustainability |
| | <ul style="list-style-type: none"> Reducing the Consumption of Electricity, Water and Paper Preventing Wastage Recycling Garbage Saving Energy by Reducing Fuel Consumption | <ul style="list-style-type: none"> Reducing Carbon Footprint |

Strengthening Scores

Enhancing Lifestyles



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.

> 2009

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

> 2008

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

> 2006

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

> 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 new premises at Sir Baro.

Introduction of the new Report format.

> 2023

Go live of the new Credit Information Management System.

Relocated the Bureau office to No 201, Sir James Pieris Mawatha, Colombo 02.

> 2022

Parallel and Pilot runs as important milestone of UAT process of the new system implementation were successfully completed.

> 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.

> 2005

Commencement of CRIB modernisation project

> 2004

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

> 2000

10th anniversary of the Commencement of operations

**6**

oved to its new office
s, the Whiteaways building at
n Jayathilake Mawatha, Fort.

ction of Credit Information
or 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. Relaunched member rating programme.

> 2018

New CRIB era commences with the signing of partnership with a new technology vendor to drive the CRIB next generation development road map.

> 2021

Integration of iReport online service Internet Banking portals of identified Banks.

> 2020

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

> 2019

Initiation of Issuance of Credit Score Report

ABOUT US

We are proud to be the first Credit Bureau in the South Asian region, established under the Sri Lanka Credit Information Bureau Act No. 18 of 1990. Our inception marked a pioneering step towards enhancing the credit infrastructure in the region.

CRIB, although a relatively small organization compared to many other national institutions, has played a crucial role in the financial sector for over three decades. Our contributions have been instrumental in building a robust banking and financial industry, thereby improving the country's credit and financial culture. We have facilitated better credit management and risk assessment practices, which have in turn promoted financial stability and growth.

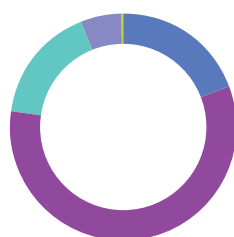
As a public-private partnership, CRIB's ownership structure ensures a balanced representation of both regulatory oversight and industry interests. The Central Bank of Sri Lanka holds a majority share, ensuring strong regulatory governance, while the remaining shares are owned by lending institutions regulated by the Central Bank. This unique structure allows us to effectively serve the needs of the financial industry while maintaining high standards of integrity and transparency.

Our commitment to innovation and excellence has positioned us as a key player in the financial sector, continuously striving to improve credit reporting and information sharing practices to support economic development and financial inclusion in Sri Lanka

CRIB's main shareholders as at 31st December 2023

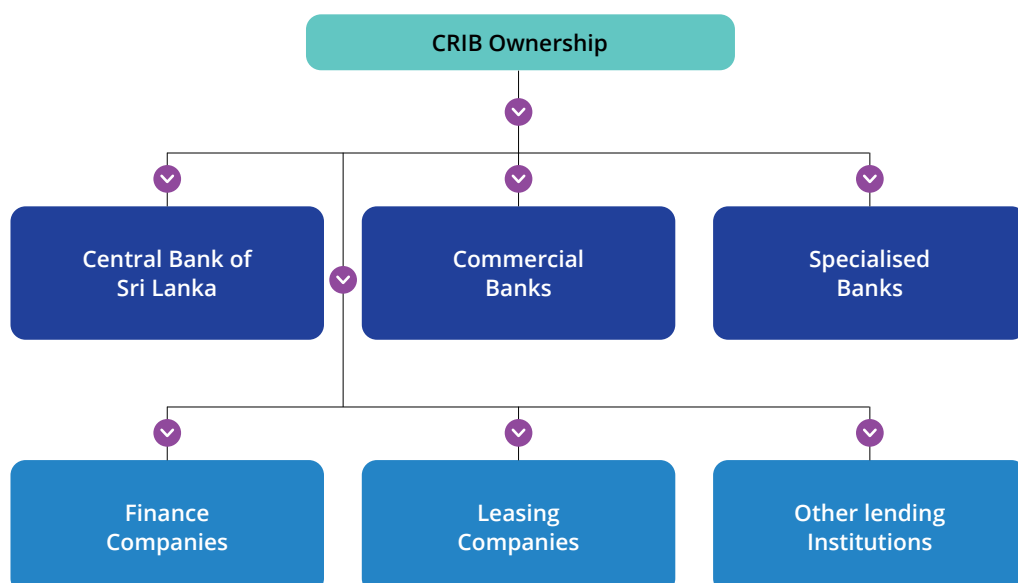
| | |
|---|--------|
| The Monetary Board of Central Bank of Sri Lanka | 19.30% |
| People's Bank | 18.96% |
| Bank of Ceylon | 18.88% |
| National Savings Bank | 12.18% |
| National Development Bank PLC | 6.20% |

Member Category/Share Holding (%)



| | |
|--------------------|--------|
| CBSL | 19.3% |
| Commercial Banks | 58.11% |
| Specialized Banks | 16.62% |
| Finance Companies | 5.85% |
| Leasing Companies | 0.04% |
| Other institutions | 0.08% |

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 relates 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 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 information.
- ✖ 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 2022, the CRIB came under the purview of the Ministry of Finance, Economic Stabilization and National Policies of Sri Lanka.

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 the Central Bank of Sri Lanka remains as a major shareholder of the bureau.

CRIB Shareholders are listed below as at 31st December 2023.

Monetary Board of Sri Lanka

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

ABOUT US

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. CBC Finance Limited
8. Central Finance Co PLC
9. Citizens Development Business Finance PLC
10. Commercial Credit and Finance PLC
11. Dialog Finance PLC
12. Fintrex Finance Limited
13. HNB Finance PLC
14. L B Finance PLC
15. Lanka Credit and Business Finance PLC

16. LOLC Finance PLC
17. Mahindra Ideal Finance Limited
18. Mercantile Investments and Finance PLC
19. Merchant Bank of Sri Lanka and Finance PLC
20. Multi Finance PLC
21. Nation Lanka Finance PLC
22. Orient Finance PLC
23. People's Leasing and Finance PLC
24. PMF Finance
25. Richard Pieris Finance Limited
26. Sarvodaya Development Finance PLC
27. Senkadagala Finance PLC
28. Singer Finance (Lanka) PLC
29. Siyapatha Finance PLC
30. S M B Finance PLC
31. Softlogic Finance PLC
32. U B Finance Company Limited
33. Vallibel Finance PLC

LICENSED LEASING ESTABLISHMENTS

1. Co-Operative Leasing Co Limited

OTHER INSTITUTIONS

1. Mercantile Merchant Bank Limited
2. National Development Turst Fund (Guranteed) Limited
3. Sri Lanka Export Credit Insurance Corporation

OUR PRODUCTS AND SERVICES

CRIB provides comprehensive credit information reports on request to member institutions and the general public through its Automated Credit Information Management System (CIMS) and CRIB Score System. These systems facilitate the efficient and secure distribution of credit data

Types of Credit Reports:

Consumer Credit Reports:

- ✖ For individuals, providing detailed information on personal credit history, including loans, credit cards, and other credit facilities.
- ✖ Includes information on payment history, outstanding balances, and any defaults or delinquencies.

Corporate Credit Reports:

- ✖ For businesses, offering insights into the creditworthiness of corporate entities.
- ✖ Includes data on business loans, credit lines, payment performance, and any financial delinquencies.

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

Access to Credit Information:

For Member Institutions:

- ✖ CRIB member institutions, such as banks and financial institutions, can access their customers' credit information reports through a secure portal on the Bureau's Credit Information Management system. This access helps institutions in assessing credit risks, making informed lending decisions, and managing their credit portfolios effectively.

For the General Public:

- ✖ Individuals and businesses can obtain their credit reports directly from CRIB premises or online through the CRIB website/ Mobile banking App. This service empowers the public to review their credit history, identify any inaccuracies, and take steps to improve their credit scores.

ABOUT US

In addition to issuing credit information reports, CRIB offers a range of value-added services:

| Our Products and Services | Description |
|--|--|
| Credit Report (Credit report for the CRIB members and MyReport 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 indication of the level of risk, creditworthiness and likelihood of default. |
| iReport API and Score report API for online systems integration (CPU-to-CPU integration) | Customers of CRIB members can get their own iReport and score report through Application Program Interface (APT), a web service 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 loan originating systems and integrate with existing in-house score card modules. |
| Online MyReport | The general public can apply and obtain their MyReport/CRIB Score report online through the Bureau website. Once the online request is made, the Bureau conducts an online interview with the relevant applicant through Google Meet for verification of identity and to register as a online user to avail credit information service (MyReport) Online, irrespective of their geographical location. |
| Credit Report for Micro Lenders | The Bureau also provides a specially designed Credit report at a very concessional price to support mass market digital Lending also for member institutions who are largely involved in the micro finance business. |
| Value Added Services | |
| Bulk Request | This service is primarily used by members to periodically review their lending portfolio. Members can request credit information offline on batch mode, to greatly reduce the operating cost in obtaining information. |
| 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) | CRIB maintains an online register for security interests over movable assets which are pledged as securities to obtain credit facilities by borrowers. |
| Training and awareness | Conducting training programmes for our members and awareness sessions/ workshops for the general public. |

Strengthening Scores **Enhancing Industry**



BOARD OF DIRECTORS



Standing Left to Right

1. MR. CLIVE FONSEKA
Director

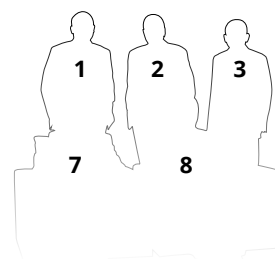
2. MR. D. P. N. RODRIGO
Director

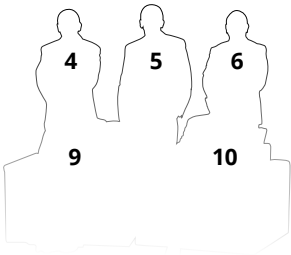
3. MR. NIHAL WEERAPANA
Director

4. MR. RUSSEL FONSEKA
Director

**5. MR. PUSHPIKE
JAYASUNDERA**
Director/General Manager

6. MR. LAKSHMAN GAMINI
Director





Seated Left to Right

- 7. MR. ANANDA SENEVIRATNE**
Director

9. MRS. R. R. S. DE SILVA JAYATILLAKE
Director
- 8. MRS. T. M. J. Y. P. FERNANDO**
Chairperson

10. MR. S. C. U. MANATUNGA
Director

BOARD OF DIRECTORS

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

Chairperson

Mrs. Yvette Fernando currently serves as the Senior Deputy Governor at the Central Bank of Sri Lanka, in charge of the financial system stability cluster. She possesses over 30 years of service at the Central Bank in the areas of supervision and regulation of banks and non-bank financial institutions, financial system stability, foreign exchange management, currency management, payments and settlements, etc. During this period, Mrs. Fernando has served as the Director of Bank Supervision and the Controller of Exchange. At present, she is in-charge of the departments of Bank Supervision, Non-bank Supervision, Payments & Settlements, Currency, Foreign Exchange, Finance, Regional Development and Employees' Provident Fund.

Mrs. Fernando currently functions as the Chairperson of the Financial System Stability Committee, Steering Committee on Implementation of the Road Map for Sustainable Finance in Sri Lanka, National Payments Council of the Central Bank of Sri Lanka, Institute of Bankers of Sri Lanka and the Credit Information Bureau of Sri Lanka. She is a member of the Monetary Policy Board of the Central Bank, Insurance

Regulatory Commission of Sri Lanka and Securities & Exchange Commission of Sri Lanka.

Mrs. Fernando holds a Master of Financial Economics degree from the University of Colombo and a Bachelor of Commerce (Special) degree from the University of Sri Jayawardenepura.

MRS. R. R. S. DE SILVA JAYATILLAKE

Director

Mrs. R. R. S. de Silva Jayatillake currently serves as the Director of Bank Supervision of the Central Bank of Sri Lanka. Mrs. Jayatillake has over 20 years' experience in bank supervision and regulation. Prior to her appointment to the Central Bank of Sri Lanka she served as a Financial Officer at a commercial bank. She has participated in several local and international training programs and seminars on various aspects of bank supervision and regulation conducted by foreign central banks, Bank for International Settlements, and the Financial Stability Board. Mrs. Jayatillake holds a Master of Arts degree in Financial Economics from the University of Colombo and is an Associate Member of the Chartered Institute of Management Accountants, UK.

MR. CLIVE FONSEKA

Director

Mr. Clive Fonseka is a veteran banker who commenced his tenure at People's Bank in 2002. He has been a member of the Bank's Senior Corporate Management team as Deputy General Manager since November 2011. In this role, he oversaw the Foreign Exchange operations, activities of the Primary Dealer Unit, Investment Banking Unit, and Foreign Currency and LKR Money Market operations, in addition to managing relationships with local and foreign commercial banks and financial institutions. Prior to joining People's Bank, he held senior positions at American Express Bank and Standard Chartered Bank. Currently, he serves as the Chief Executive Officer/ General Manager of People's Bank and the Chairman at People's Leasing Property Development Limited. He is also a non-independent/non-executive director at People's Leasing & Finance PLC and a director at Lanka Financial Services Bureau Ltd, Credit Information Bureau of Sri Lanka, Financial Ombudsman Sri Lanka (Guarantee) Ltd, Institute of Bankers of Sri Lanka, and at LankaPay (Pvt)Ltd. During the period spanning from 2018 to 2020, Mr. Fonseka assumed the role of President of the Association of Primary Dealers. In addition, he held memberships in several

committees including, the National Payment Council, Financial System Stability Consultative Committee, the CBSL appointed task force dedicated to studying and designing new alternative benchmark interest rates and the Market Working Group on Domestic Financial Market Infrastructure Development Project of the Central Bank of Sri Lanka (CBSL). Further, he acted as a Chief Examiner for the Institute of Bankers of Sri Lanka's IABF/DABF Examinations. He is a Senior Fellow of the Institute of Bankers of Sri Lanka and holds a MBA from the Postgraduate Institute of Management at the University of Sri Jayawardenepura. He is a distinction holder for the ACI Dealing Certificate and has accumulated over 29 years of experience in the field of Treasury Management. He is also a Certified Member (CMA) of the Institute of Certified Management Accountants of Australia.

MR. RUSSEL FONSEKA

Director

Mr. Russel Fonseka joined the Credit Information Bureau of Sri Lanka as a Director in February 2023. At present, he serves as the General Manager/ Chief Executive Officer of Bank of Ceylon.

Mr. Fonseka joined the Bank of Ceylon in January 1990. In his tenure of over 34 years in the Bank, he has gained a wealth of experience serving in various capacities within the Bank in local and international settings. Mr. Fonseka is specialized in financial management and strategic planning in the field of banking and finance. He acquired a wide array of expertise in all aspects of commercial banking which came in handy in his tenure in the Bank. His stint with BOC London Branch groomed him into a professional banker with comprehensive experience in treasury and international affairs.

Mr. Fonseka graduated with a BSc. Degree in Business Administration from the University of Sri Jayewardenepura, Sri Lanka, and also holds a Postgraduate Diploma in Management from the Postgraduate Institute of Management (PIM) Sri Lanka. He has also obtained a Master's Degree in Business Administration (MBA) from the University of Southern Queensland, Australia. As one of the senior-most eminent bankers in Sri Lanka, Mr. Fonseka is a Senior Fellow Member of the Institute of Bankers of Sri Lanka, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, and an Alumnus of the Harvard Business School of USA.

He serves as a Director of the Boards of Property Development Ltd, BoC Travels (Private) Ltd, Hotels Colombo (1963) Ltd, Bank of Ceylon (UK) Ltd, Lanka Financial Services (Bureau) Ltd, Institute of Bankers of Sri Lanka, Lankapay (Pvt) Ltd and National Insurance Trust Fund. Mr. Fonseka also holds responsibilities as the Chairman of Ceybank Holiday Homes (Pvt) Ltd, BoC Property Development & Management (Pvt) Ltd, BoC Management & Support Service (Pvt) Ltd and also the Audit Committees of Property Development Ltd and Lankapay (Pvt) Ltd.

MR. D. P. N. RODRIGO Director

Mr. Rodrigo is a banking professional with an impressive track record with over two decades of Banking experience. He last served as the Executive Director/Chief Operating Officer at Hatton National Bank (HNB) and has held many senior positions in multiple industries ranging from banking, insurance, investment banking and apparel.

He presently functions as a Director of the Credit Information Bureau of Sri Lanka and has served as Chairman of HNB Finance PLC and Lanka Financial Services Bureau. He has

held many Directorships at recognized corporates including HNB Assurance PLC and Guardian Acuity Management Ltd. Mr Rodrigo serves on the councils of the Sri Lanka Institute of Directors (SLID) and was the Chairman Policy Advocacy Committee of Asian Bankers Association (Taiwan) during 2011/12 and 2019/20. He has also served on the local councils of CIMA, ACCA and Risk Professional Forum, the latter two as President for two terms. He has taught on various undergraduate and postgraduate programmes (CIMA, ACCA, PIM MBA) for over a decade. Mr. Rodrigo holds an MBA from Cranfield University UK, FCMA UK and FCCA UK.

Mr. Rodrigo joins the Union Bank of Colombo PLC as the Deputy Chief Executive Officer and will also be functioning as the Head of Corporate Banking. He will be playing a pivotal role in driving the next phase of the Union Bank's growth.

MR. S. C. U. MANATUNGA Director

Mr. Manatunge is a highly accomplished professional with a diverse background in management accounting and banking. He holds several prestigious qualifications, including being a Fellow of Chartered Institute of Management

Accountants – UK (FCMA – UK) and a Chartered Global Management Accountant (CGMA). He has obtained a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura with a Merit Pass. He is also a Fellow Member of the Institute of Bankers – Sri Lanka (FIB), a Fellow of the Institute of Certified Management Accountants of Sri Lanka (FCMA), a Fellow of the Chartered Management Institute, UK (FCMI) and a Member of Certified Practicing Accountants – CPA (Aust.).

With over 35 years of experience, Mr. Manatunge has held various senior positions at the Commercial Bank of Ceylon PLC. Prior to his current role as Managing Director/Chief Executive Officer, he served as the Executive Director/Chief Operating Officer. Throughout his career, he has demonstrated exceptional leadership in areas such as Corporate Banking, Risk Management, and Credit Risk.

Mr. Manatunge has been instrumental in driving growth and innovation within the bank, particularly in the Corporate Banking Division where he facilitated significant expansion while maintaining the quality of services. As Chief Operating Officer, he oversaw strategic business units such as

BOARD OF DIRECTORS

Personal Banking, Corporate Banking, Information Technology, Cards, and Digital Banking, positioning them as industry leaders.

In addition, he also serves on the Boards of Commercial Development Company PLC, a listed company in the Colombo Stock Exchange as the Managing Director and Commercial Bank of Maldives Private Limited, a licensed commercial Bank in Maldives as the Deputy Chairman.

He also holds the position of Vice Chairperson of Sri Lanka Banks' Association (Guarantee) Limited and Director – LankaPay (Pvt) Limited. Furthermore, holds positions as Council Member of The Employers' Federation of Ceylon, Executive Member of The Council for Business with Britain and Member of Sri Lanka Institute of Directors.

His contributions to information security practices and IT risk management have been recognized globally, earning him the title of "Chief Information Security Officer of the Year" at the EC-Council Global CISO Forum in 2013.

Overall, Mr. Manatunge's extensive experience, leadership qualities, and commitment to excellence make him a respected figure in the banking industry and a valuable contributor to various professional and educational initiatives.

MR. ANANDA SENEVIRATNE Director

Possessing over 36 years of working experience in various local and international institutions, Mr. Seneviratne is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He graduated in the Business Administration field from the University of Sri Jayewardenepura and holds a Master's in Business Administration from the University of Colombo.

Mr. Seneviratne serves as the Managing Director of Siyapatha Finance PLC since 1st March 2019 and he was elected as the Chairman of Finance Houses Association of Sri Lanka for the second consecutive year in 2023. In addition, Mr. Seneviratne serves as ex-officio member of the Stakeholder Engagement Committee (SEC) of the Central Bank of Sri Lanka (CBSL).

Prior to joining Siyapatha Finance, Mr. Seneviratne served at Assetline Leasing Company from 2009 as Director Operations and he was promoted to Director/ Chief Executive Officer in 2015. Before joining the Finance Industry, Mr. Seneviratne served at Nestle Lanka Limited for a period of 17 years from May 1991 to June 2008, performing duties at various Senior Managerial levels. His tenure at Nestle commenced as the Head of Internal Audit

and thereafter, he moved to the Financial Accounting Department as the Head of Financial Accounting in 1995 and in 1999 he was transferred to Nestle Middle East as the Business Excellence Manager until 2002 and assumed duties as the Head of Procurement in Nestle Lanka Limited. In 2008, he joined Loadstar (Pvt) Ltd as Director/General Manager of Procurement and continued up until 2009.

Mr. Seneviratne held the chairmanship of the Leasing Association of Sri Lanka from 2016 to 2018 and also served as an alternative Director of the Credit Information Bureau of Sri Lanka (CRIB). He was a member of the Board of Directors of David Pieris Global Ventures (Pvt) Ltd which is a subsidiary of David Pieris Group of Companies, from 2017 to 2020.

MR. LAKSHMAN GAMINI Director

Mr. Lakshman Gamini was appointed to the Board of Directors of National Savings Bank (NSB) in 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 had 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.

He has been appointed as a Director of National Savings Bank in December 2020 and at present he serves the capacity as the Chairman of NSB Fund Management Company Ltd. (a fully owned subsidiary of National Savings Bank) from June 2023.

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

MR. NIHAL WEERAPANA Director

Nihal Weerapana counts more than Thirty-seven (37) years of experience in the Finance Industry and presently employed at LOLC Finance PLC as the Chief Recovery Officer. He has been holding various positions at Mercantile Credit Limited, Industrial Finance Limited and he was attached to Commercial Leasing & Finance PLC as the General Manager -Recoveries, prior to the merger of LOLC Finance PLC & Commercial Leasing & Finance PLC.

He is the current Chairman of Leasing Association of Sri Lanka and serves as a Director of Credit Information Bureau & Commercial

Insurance Brokers (Pvt) Ltd. He also a committee member of Ceylon Chamber of Commerce.

He holds MSc in Management from University of Sri Jayawardhanapura and LLB (Honours) degree from Buckinghamshire New University of UK. He has gained Post Graduate Diplomas in Corporate & Strategic Finance and Banking Management from The Institute of Chartered Accountants of Sri Lanka and The Institute of Bankers of Sri Lanka respectively. He also secured Diploma in Micro Finance from The University of Colombo and Diploma in Risk Management from The Institute of Bankers of Sri Lanka. Furthermore, he is an associate member of The Institute of Certified Management Accountants of Australia (CMA) and The Chartered Institute of Marketing- UK (CIM-UK).

MR. PUSHPIKE JAYASUNDERA
Director/General Manager

Pushpik Jayasundera counts more than 30 years' of experience in the banking and NBFI sector. He commenced his career at a reputed finance company and subsequently worked in two well established commercial banks for more than 15 years. Specialized in Business Process Re-engineering (BPR), process

transformation, digitalization and office automation. He has a proven track record in introducing radical recovery & collection processes and re-engineering business channels to augment revenue generation. He has vast experience in the areas of retail and consumer banking, corporate banking, risk analysis, project financing, factoring, leasing, margin trading, pawning, gold loans and recoveries.

He was instrumental in commencing the entire leasing operation at Union Bank. He internally developed its IT platform, encompassing on-line credit approval to fully automated GL module. During its first year of operation he successfully developed a portfolio which generated an attractive yield to the bank with minimum delinquencies. He was heading the commercial credit department involving in all corporate banking activities including trade finance, operations, risk assessment, credit management and recovery, developing a high yielding lending portfolio. He left the banking industry whilst he was heading Leasing and Commercial Credit departments and subsequently went on to spearhead two quoted non-bank financial institutions as Chief Executive Officer.

He counts more than 12 years of CEO experience

and revamped both these companies introducing best practices in the industry, improving corporate governance, compliance and business processes. Hence he is renowned for introducing some innovative new products that became industry benchmarks.

He holds a Masters in Business Administration specialized in Finance from Sikim Manipal University and a finalist of Chartered Institute of Management Accountants UK. He is also a member of Institute of Commercial Management UK and currently reading for his MPhil/PhD in Economics at University of Colombo.

**BOARD OF DIRECTORS
RETIRED/RESIGNED**

MRS. V. A. A. N. DE SILVA
February 2023

**MR. CHAMINDA
HETTIARACHCHI**
March 2023

MR. NIROSHAN UDAGE
March 2023

MR. KAPILA ARIYARATNE
April 2023

MR. LAKSHMAN GAMINI
December 2023

OUR TEAM



PUSHPIKE JAYASUNDERA
Director/General Manager



JANAKA LAKMAL
Deputy General Manager



SANJEEWANIE RATNAYAKE
Assistant General Manager - Operations



NIHAL PIYASIRI
Assistant General Manager - ICT



NILMINI HERATH
Chief Manager - Finance, Admin & HR



SHIROMA DASSANAYAKE
Head Of Information Security, Risk & Compliance



INDIKA DISSANAYAKE
Senior Manager - Operations



GAYANI RAVINDRAKUMAR
Executive Secretary to Director/ General Manager



SANDAMAL WANIGASOORIYA
Manager-Customer Service



DINALI GUNATHILAKE

Manager - Operations



HANCY WICKRAMARATHNE

Business Development Manager/Digital Marketing



MANISHA DISSANAYAKE

Manager-Data Analytics



SAUMYA WIJESINGHE

Legal Officer



SAJITH WEERASINGHE

Assistant Manager - Information Systems



UDANA WEERASINGHE

Assistant Manager - Business System Developments



P. T. PERERA

Legal Advisor to the Board of Directors

OUR TEAM



SAMPATH PREMAKUMARA
Senior Executive - Operations



SHIRON GUNARATHNE
Senior Executive - Operations



HIRUNI WELIWITA
Senior Executive - Operations



DHARSHANA VITHANAARACHCHI
Executive - Administration



SANDARUWAN JANSEN
Executive - Accounts



ASELA DASSANAYAKE
Executive - Business System
Development



SANJEEVA SAMAN KUMARA
Executive - System Administration



SAMAN JAYAWARDENA
Executive - System Administration



NISALI MAKALANDA
Executive - Finance, Admin & HR



KANISHKA GUNAWARDHANA

Executive - Customer Service



SHEHAN DE SILVA

Senior Officer - Accounts



KRISHNALINGAM VAGEESAN

Senior Relationship Officer - Customer Service



THIVYA VIJAYAN

Senior Relationship Officer - Customer Service



NISANSALA BOPAKADAGE

Receptionist



SURANI KAVINDIKA

Receptionist Cum Typist



MOHAMED IKRAM

Office Assistant



SUSITH SUPULSARA FERNANDO

Office Assistant

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 (MyReport) 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 MYREPORT

Several authentication measures are implemented when issuing Self Inquiry

Credit Reports (MyReports) for the following scenarios in order to maintain customer privacy under the Public Policy Concept.

(i) Issuing a MyReport under a Power of Attorney

- ✖ An applicant who is unable to personally visit the Bureau or a Bank to request to obtain his/ her MyReport (due to being overseas/health conditions etc.), can request for his/ her MyReport 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 a MyReport 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 MyReport of the deceased individual from the CRIB. The applicant needs to submit several documents in support of the application.

(iii) Issuing a MyReport of a foreign national

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

The duly filled MyReport 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 MyReports 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 MyReport 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 MyReport to the correct individual.

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

- ✖ The 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 and Email, available in their Financial Institution and agreed Terms & Conditions relating to "Online Service Agreement of the Bureau.

- ✖ The customers who have registered successfully are eligible to obtain their Self-Inquiry Credit Reports (MyReport 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

ETHICS AND ANTI-CORRUPTION

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 foundation of CRIB's governance system is established by 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. According to this statute, the administration and management of CRIB's affairs are entrusted to the Board of Directors. The Board is dedicated to ensuring effective oversight of the Bureau's operations, conducting all business affairs in accordance with the highest standards of good governance, and 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 | |

CORPORATE GOVERNANCE

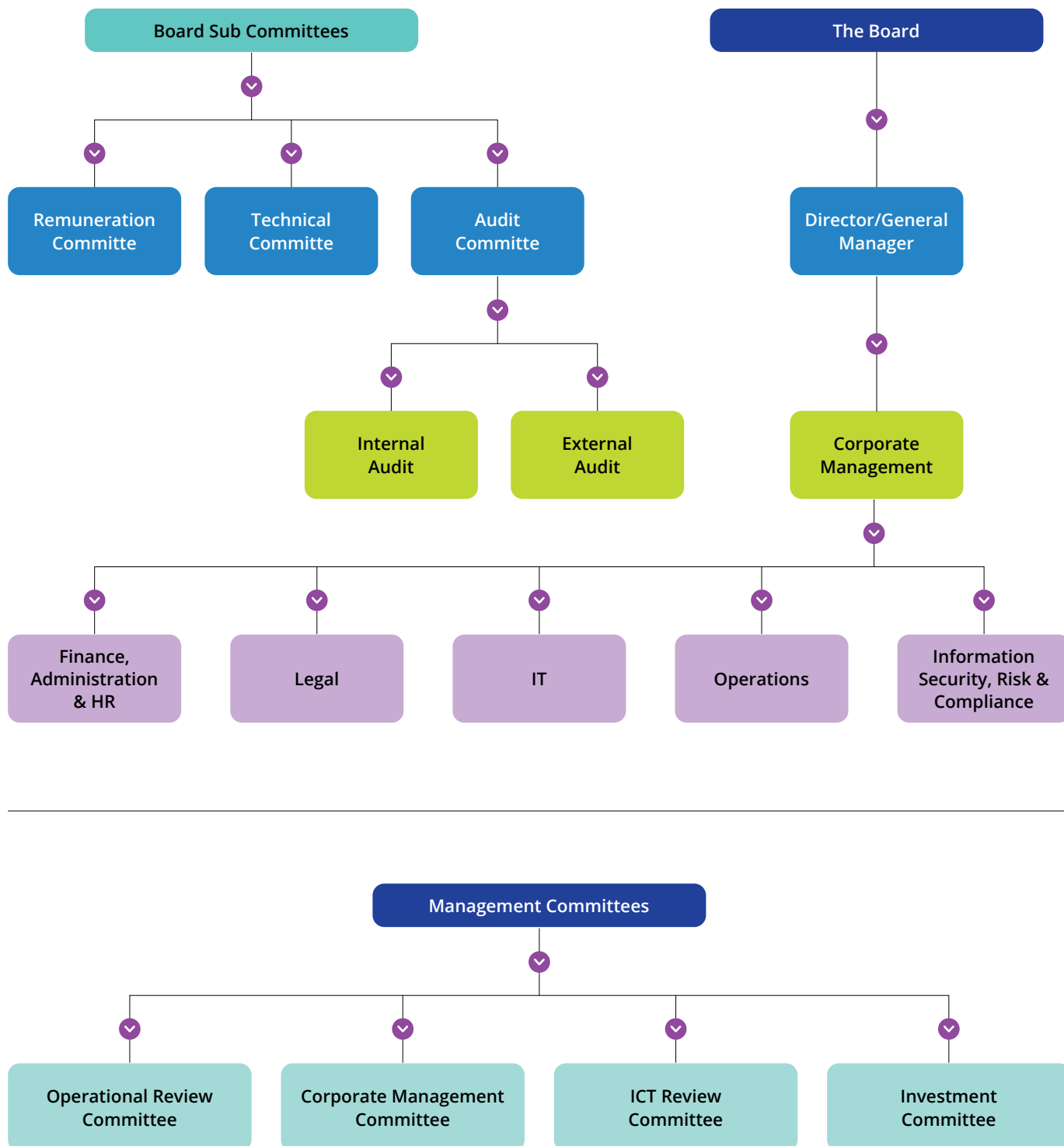
Corporate Governance encompasses a system of mechanisms, processes, and relationships by which organizations are directed and controlled properly. This structure delineates the distribution of rights and responsibilities among various participants within the organization, including shareholders, the Board of Directors, senior management, auditors, and others. It outlines the rules, norms, and procedures for decision-making, providing a framework for setting the organization's objectives and targets. The Governance Framework ensures transparency, accountability, and responsibility, not only to meet regulatory requirements but also to demonstrate CRIB's commitment to openness to all stakeholders and the general public.

GOVERNANCE STRUCTURE

The CRIB Act stipulates the overall governance structure of the Credit Information Bureau of Sri Lanka, detailing the composition of the Board as well as its powers, duties, and functions.

The administration and management of the CRIB's affairs are vested in the Board, which is authorized to establish 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 pages 30-34 of this Report.

ROLE OF THE BOARD

The Board strives to ensure that the management of CRIB maintains an effective system of internal controls. This system provides assurance of efficient operations and compliance with applicable laws and regulations, safeguarding the Bureau's integrity and accountability.

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, ensuring 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.

The Board held regular monthly meetings to ensure effective direction of the Bureau's objectives and to identify potential gaps. During the financial year under review, 13 Board meetings were held.

GOVERNANCE AND INTERNAL CONTROLS

MEETINGS OF THE BOARD (JANUARY 2023 TO DECEMBER 2023)

The Board of Directors meet regularly at monthly intervals. The Board had 13 meetings during the period under review and the attendance of each Director at Board meetings is given in the table below.

| Board Meeting | | | No of Meeting Held During The Year | No of Meetings Attended | % of Attendance |
|---------------|---------------------------------|---|------------------------------------|-------------------------|-----------------|
| 1 | Mrs. T M J Y P Fernando | Chairperson | 13 | 12 | 92% |
| 2 | Mr. D P N Rodrigo | Director | 13 | 10 | 77% |
| 3 | Mr. K C J Clive Fonseka | Director | 13 | 6 | 46% |
| 4 | Mr. Russel Fonseka | Director | 13 | 1 | 8% |
| 5 | Mrs. R R S De Silva Jayatillake | Director | 9 | 8 | 89% |
| 6 | Mr. H M Ananda Seneviratne | Director | 11 | 10 | 91% |
| 7 | Mr. S C U Manathunga | Director | 6 | 4 | 67% |
| 8 | Mr. Nihal Weerapana | Director | 9 | 8 | 89% |
| 9 | Mr. Pushpike Jayasundera | Director/General Manager | 13 | 13 | 100% |
| 10 | Mr. Nalin Samaranayake | Alternative Director to Mr. S.C.U. Manathunga | 2 | 2 | 100% |
| 11 | Mrs. Samantha Senanayake | Alternative Director to Mr. Clive Fonseka | 5 | 5 | 100% |
| 12 | Mr. M R N Rohana Kumara | Alternative Director to Mr. Russel Fonseka | 2 | 2 | 100% |
| 13 | Mr. H K D Lashman Gamini | Director, Retired from Dec 2023 | 11 | 11 | 100% |
| 14 | Mr. K. Ariyaratne | Director resigned on May 2023 | 4 | 4 | 100% |
| 15 | Mr. C. Hettiarachchi | Director resigned on April 2023 | 3 | 2 | 67% |
| 16 | Mr. N. Udage | Director resigned on Mar 2023 | 2 | 2 | 100% |
| 17 | Mr. V.A.A.N De Silva | Director resigned on Mar 2023 | 2 | 2 | 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. 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 50.

| Audit Committee Meeting | | | No of Meeting Held During The Year | No of Meetings Attended | % of Attendance |
|-------------------------|---------------------------------|----------|------------------------------------|-------------------------|-----------------|
| 1 | Mr. D P N Rodrigo | Director | 1 | 1 | 100% |
| 2 | Mrs. R R S De Silva Jayatillake | Director | 1 | 1 | 100% |
| 3 | Mr. H M Ananda Seneviratne | Director | 1 | 1 | 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 52.

| Remuneration Committee Meeting | | | No of Meeting Held During The Year | No of Meetings Attended | % of Attendance |
|--------------------------------|--------------------------|----------|------------------------------------|-------------------------|-----------------|
| 1 | Mr. K C J Clive Fonseka | Director | 2 | 2 | 100% |
| 2 | Mr. D P N Rodrigo | Director | 2 | 2 | 100% |
| 3 | Mr. H K D Lashman Gamini | Director | 2 | 2 | 100% |

TECHNICAL COMMITTEE

No technical committee meeting was held during the period under review.

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 CIMS, 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. |

GOVERNANCE AND INTERNAL CONTROLS

| 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. |
| The Investment Committee (IC) 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. External annual audits on the financials that are conducted annually by Ernst & Young.
2. 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 likelihood 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 2023. Other 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.

RISK MANAGEMENT

Significant risks and management of these risks

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

| Risk Classification | Risk level (L,M,H) | Risk Management Strategy |
|---|--------------------|---|
| Regulatory Risk | | Risk management strategy |
| Lapses in regulatory compliance: Non-compliance poses a risk of loss of credibility and reputation that could in turn impact operations of the CRIB | 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 |
| Unauthorized access to data: Unauthorized 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 organizations) are required to present themselves at the Bureau with valid proof of identity, to register for online access. ✖ All data interchange and web service channels are encrypted using industry standards encryption mechanisms. ✖ ICT infrastructure is secured with industry 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 remediations are communicated to ICT division 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 center and lobby area are video monitored and recorded. ✖ A Visitor Register is maintained at the reception and visitors are allowed inside the operational area only under supervision of a CRIB employee. ✖ All correspondence with each member institution is coordinated and communicated only through a Compliance Officer appointed by the Chief Executive of the said institution. |
| Breach of secrecy: | L | <ul style="list-style-type: none"> ✖ All officers in financial institutions who are authorized to access credit information are required to sign a 'Declaration of Secrecy'. ✖ Stipulated guidelines/procedures are followed strictly, when disclosing the credit information to those it relates to. ✖ Access credentials are only issued to a pre-defined number of users at each institution. |
| 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 minimize data risks: ✖ A system-based validation mechanism based on rules and conditions is deployed to mitigate data submission errors. ✖ All member institutions have been instructed and are supervised to adhere to set guidelines in order to maintain data accuracy. |

| Risk Classification | 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 | L | <ul style="list-style-type: none"> ✖ Delivery of the new state of the Art Credit Bureau system and supporting infrastructure and systems in 2023, have significantly improved previous capacity bottlenecks encountered with the legacy system. The system is geared to work with technological improvements, with the core applications seamlessly integrating with updates/upgrades of supporting infrastructure. Hence each of these risks have been significantly minimized with the delivery of this new system in 2023. |
| <ul style="list-style-type: none"> ✖ Data security ✖ System security | M | <ul style="list-style-type: none"> ✖ IT and application system providers are engaged for resolution of system level risks. ✖ In addition to vulnerability assessments, penetration testing of web accessible systems are carried out to further ascertain exploitable vulnerabilities and remediate them. ✖ Vulnerabilities identified through these assessments and penetration tests are communicated to ICT along with the recommended remediation for resolution. Subsequent follow-on assessments ascertain whether or not remediation has been completed. ✖ External auditors' reports are submitted to the Board Appointed Audit Committee and the Board is updated on a regular basis with an action plan and risk mitigation measures |
| Financial risks | | Risk management strategy |
| Interest rate risk: | M | <ul style="list-style-type: none"> ✖ The investment portfolio was rationalized 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. |
| Reputational risk | | 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 unauthorized access to data. ✖ Maintain quality of CRIB reports. |

BOARD AUDIT COMMITTEE REPORT



“Transparency and accountability are at the core of our responsibilities to stakeholders.”

Dilshan Rodrigo
Chairman

The Board Audit Committee operates under the Charter and Terms of Reference established by the Board of Directors of the Credit Information Bureau of Sri Lanka (Bureau). Empowered by the Board, the Audit Committee is tasked with evaluating the effectiveness of internal control systems, scrutinizing external and internal audit reports, and reviewing financial statements. Additionally, the Committee ensures compliance with regulatory requirements, standards, and legislation

COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board of Directors has established the Audit

Committee in accordance with best practices. The Audit Committee of the Bureau consists of three (03) Independent, Non-Executive Directors appointed by the Board. As of the financial year ending December 31, 2023, the members of the Audit Committee are

1. **Mr. Dilshan Rodrigo**
(Chairman)
2. **Mrs. R R S De Silva Jayathilake**
(Committee Member)
3. **Mr. Ananda Seneviratne**
(Committee Member)

Mr. Dilshan Rodrigo, served as the Executive Director of Hatton National bank during the financial year. He is a Member of the local council of CIMA and ACCA and holds a postgraduate programme from PIM and a MBA programme from University of Wales.

Mrs. R. R. S. De Silva Jayathilake, a Director of the Bank Supervision Division of the Central Bank of Sri Lanka and Mr. Ananda Seneviratne, Managing Director Siyapatha Finance PLC are other two committee members.

The wide range of experience mainly on banking and the financial industry brought to the Committee through these positions held by the present members are given on page 30 of this Annual Report.

TERMS OF REFERENCE

The Charter of the Audit Committee is periodically reviewed and updated by the Board of Directors to ensure its relevance and effectiveness. This Charter clearly defines the Terms of Reference for the Audit Committee. Reporting directly to the Board of Directors, the Committee presents its observations and recommendations for necessary action and implementation.

The Audit Committee serves as a critical forum for reviewing internal and external audit reports, where operational deficiencies and shortcomings are identified and addressed. This process ensures that the Bureau maintains high standards of internal control and regulatory compliance.

MEETINGS

The proceedings of the Audit Committee meetings are meticulously recorded, capturing all pertinent details. These records are subsequently reported to the Board of Directors, where key issues, concerns, actions taken, and outcomes-whether achieved or pending-are thoroughly discussed during Board meetings.

The General Manager may attend Audit Committee meetings by invitation, providing additional insights and information as needed.

Attendance of the members is given on page 45 of this Annual Report.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee primarily 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, as well as the audit of the Financial Statements.

FINANCIAL REPORTING

The Audit Committee assesses the effectiveness of financial reporting through the following actions:

- ✦ **Oversight of Financial Reporting Process:** The Committee, on behalf of the Board of Directors, reviews and discusses the Annual Financial Statements to ensure the reliability of information provided to stakeholders.
- ✦ **Monitoring Financial Integrity:** The Committee monitors the integrity of the Financial Statements, Management Statements, and any other formal announcements related to the Bureau's financial performance.
- ✦ **Evaluating Internal Controls:** The Committee assesses the adequacy and effectiveness of internal controls, systems, and procedures,

ensuring they provide reasonable assurance that all transactions are accurately and completely recorded.

- ✖ **Reviewing Financial Statements:** The Committee reviews the Financial Statements prior to their submission to the Board and subsequent publication.

INTERNAL CONTROLS, RISK MANAGEMENT AND GOING CONCERN

The Bureau also engages an independent professional accounting firm to conduct internal audits and review related reports. The Audit Committee evaluates the effectiveness of the internal control procedures designed to identify and manage significant risks. Additionally, the Committee 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 remains independent of the activities it audits and is performed with impartiality, proficiency, and due professional care. In this context, the Committee:

- ✖ **Mandates Regular Reviews:** Directs internal auditors to review and report on the effectiveness of the existing controls and procedures adopted by the Bureau at regular intervals.
- ✖ **Maintains Independence and Impartiality:** Ensures that the internal audit function is independent and conducted with impartiality, proficiency, and professional care.
- ✖ **Reviews Findings and Recommendations:** Evaluates the findings and recommendations of the internal auditors, enabling management to respond to issues raised and assess the effectiveness of such findings and responses.
- ✖ **Monitors Implementation:** Oversees management's implementation of the recommendations suggested by the internal auditors.
- ✖ **Approves Audit Plans:** Reviews, assesses, and approves the internal audit plan and the internal audit programme.

EXTERNAL AUDIT

External audit services for the Bureau are provided by Messrs. Ernst & Young, Chartered Accountants. The Audit Committee undertakes the following responsibilities:

- ✖ **Monitors Independence and Objectivity:** Ensures the independence, objectivity, and effectiveness of the external audit in accordance with best practice standards.
- ✖ **Assists in Auditor Engagement:** Assists the Board of Directors in processes related to engaging the external auditor for audit services and agrees on their remuneration schemes.
- ✖ **Ensures Compliance and Standards:** Reviews to ensure that the auditor complies with appropriate guidelines and applies relevant accounting standards.
- ✖ **Discusses Audit Plan and Scope:** Discusses the audit plan, scope, and methodology proposed for the annual audit commencement with the external auditor.
- ✖ **Follows Up on Management Responses:** Follows up on the corrective action plan presented by management in response to issues raised in the Management Letter. Additionally, oversees the Bureau's policies and procedures related to whistleblowing and fraud,

ensuring effective Board responses as necessary.

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

In accordance with the Bureau's policy, the Audit Committee has recommended to the Board that Messrs. Ernst & Young, Chartered Accountants be re-appointed as External auditors for the financial year ending 31st December 2024.



D P N Rodrigo
Chairman - Board Audit Committee

REMUNERATION COMMITTEE REPORT

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

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

Members of the Remuneration Committee as of the financial year ended 31st December 2023 are as follows:

Mr.Dilshan Rodrigo

(Chairman – Non executive)

Mr.Clive Fonseka

(Non Executive)

Mr.H.K.D.Lakshman Gamini

(Non Executive)

The Remuneration Committee has been reconstituted in January 2024 as follows:

Mr.Sanath Manatunga

(Chairman – Non Executive)

Mr.Clive Fonseka

(Non Executive)

Mr.Dilshan Rodrigo

(Non Executive)

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

Role of the Human Resources and Remuneration Committee

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

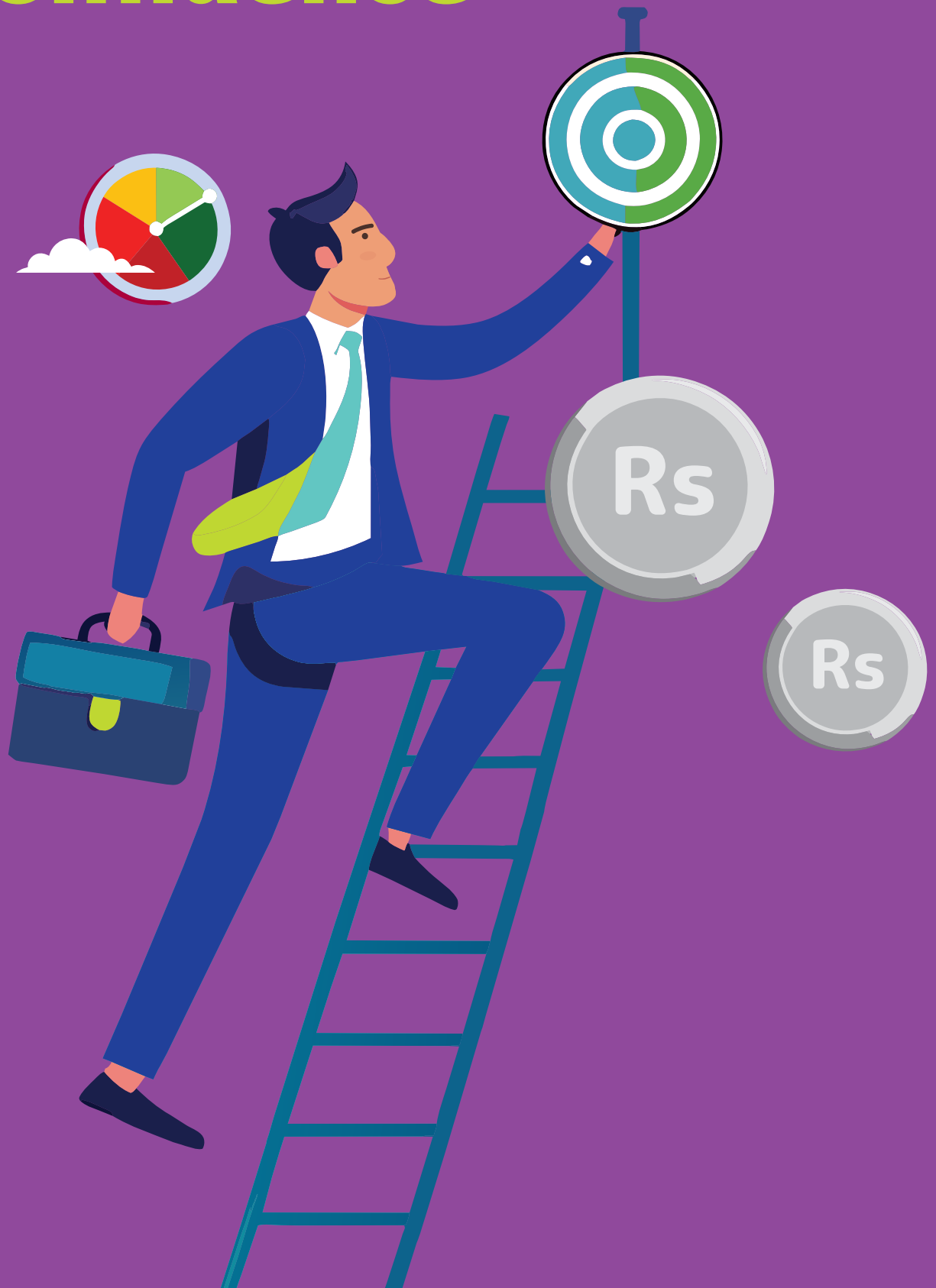


Dilshan Rodrigo

Chairman – Remuneration Committee

Strengthening Scores

Enhancing Confidence



DEVELOPMENT PLAN 2023

START OF TRANSFORMATIONAL PASSAGE

A long journey that began to revamp the existing credit information management system (CRIMS) was successfully concluded with the production launch of the new Credit Bureau System (CBS) in January 2023. Pre-production preparation work involving pilot and parallel phases, followed by the technical go-live were completed to ensure that the new business application and system infrastructure would be ready for live operations in 2023.

In the ensuing system consolidation process, the CRIB operations team together with our technology partner, Creditinfo International conducted a series of user training sessions and one-on-one interactions to ensure the benefits of the significant investment made by the bureau will be effectively reaped by our member institutions to improve efficiencies and their business performance. During the latter part of this period, CRIB introduced the newest data submission format (termed as 'native' format) in compliance with the new system. As the Bureau did not want to disrupt the existing data submission practice based on IFF (input file format), member institutions were

allowed to adhere to a phase-wise program with gradual switchover in to the new format during the first half of 2024. As a first step towards bringing value addition to our users, the Bureau has taken precautionary steps to popularize the CRIB credit score among members. Further, the seamless connectivity enabled through the web service Application Program Interface (API) between CBS and member banks allowed the internal customer onboarding process more efficiency with the elimination of manual time consuming access method through web interface.

With this significant mileage achieved by the Bureau, a next stage of the bureau's development roadmap mainly encompasses expansion of bureau product portfolio to newer heights with the introduction of valued added services. The CRIB under the proposed business development process, envisages in expanding its information database coverage by integrating non-traditional data from relevant finance sectors such as insurance, telcos, utilities. The Bureau in this endeavor, also focuses more emphasis on outreach strategies to create wider awareness in the financial industry contributing to regulatory and policy planning efforts at various institutional level working groups.

Active engagement with peer organizations, industry associations and other regulatory bodies in various collaborative efforts during the year demonstrated our continued commitment towards stimulating to create an inclusive and disciplined credit culture in the country. In this direction the Bureau's role on the involvement of the World Bank's 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 that helped to add strategic value to the Bureau during the year.

OPERATIONAL REVIEW

This section provides a detailed description of the operational performance of CRIB during the financial year 2023.

DATA SUBMISSION

Despite operating in a challenging macroeconomic landscape, the CRIB launched its new Credit Information Management System (CIMS) on 1st January 2023. As a result, the Bureau was able to upload data files provided by member institutions to the new system after verifying the validity of the data through a comprehensive set of validation rules in maintaining a high standard of data quality.

As of 31 December 2023, 9.5 Mn credit facilities were submitted by lending institutions in comparison to the 10.6 Mn facilities submitted in the previous year. The data validation rate was recorded as 98% although it was 99% for the past years. This marginal drop-in validation rate is mainly attributable to the improved New Credit Information Management System, which involved a comprehensive validation process. However, over the years the Bureau has maintained outstanding validation rates demonstrating its dedication and the untiring efforts of the CRIB team to uphold credibility.

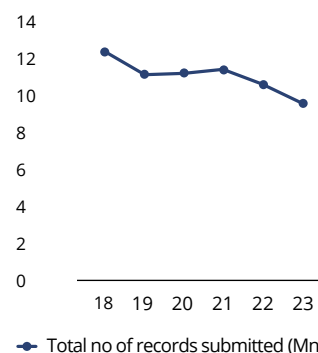
Additionally, towards the end of November 2023, a new pilot project was also launched to improve the service efficiency, data quality and validation levels, further strengthening the existing credit information management platform. This initiative involved the participation of fifteen member lending institutions, allowing to submit data through the new Credit Information Management System. The Bureau anticipates making this project fully operational by the second quarter of 2024.

DATA SUBMISSION PROGRESS 2018-2023

| | Total no of records submitted (Mn) | Change % | Validation |
|------|------------------------------------|----------|---------------|
| 2018 | 12.4 | | |
| 2019 | 11.1 | -10.3% | |
| 2020 | 11.2 | 1.1% | More than 99% |
| 2021 | 11.4 | 1.6% | |
| 2022 | 10.6 | -7.0% | |
| 2023 | 9.5 | -10.3% | 98% |

Data Submission Progress 2018 - 2023

No of Records in Mn.



TOTAL CREDIT PORTFOLIO

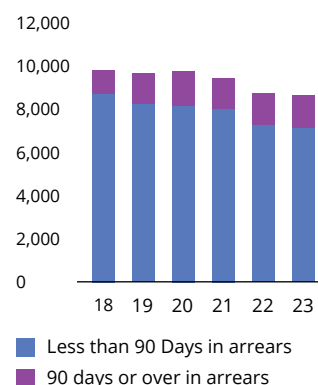
Considering the prevailing economic situation in the country during the financial year and the subsequent drop in credit growth, the total credit portfolio in terms of the number of credit facilities showed a decrease (1.8%) as of 31st December 2023 in comparison to 2022. The total number of active credit facilities as of 1st December 2023 was 8.6 Mn in comparison to the 8.7 Mn reported in 2022.

| Year | No. of Credit Facilities ('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 |
| 2018 | 8,682 | 1,119 | 9,801 | | | |
| 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% |
| 2022 | 7,316 | 1,451 | 8,767 | -8.46% | 0.42% | -7.10% |
| 2023 | 7,125 | 1,488 | 8,613 | -2.61% | 2.55% | -1.76% |

Credit Portfolio Analysis (2018-2023)

No. of Credit Facilities

No of Credit Facilities ('000)



OPERATIONAL REVIEW

The total balance outstanding as of 31st December 2023 was LKR 15,045 Bn compared to LKR 15,880 Bn reported at the end of 2022. This is a decrease of 5.3% when compared to the total balance outstanding for the year 2022.

| Year | Balance Outstanding (Bn) | | | % Change | | |
|-------------|------------------------------|----------------------------|-----------------|------------------------------|----------------------------|--------------|
| | Less than 90 Days in arrears | 90 days or over in arrears | Total | Less than 90 Days in arrears | 90 days or over in arrears | Total |
| 2018 | 8,930.9 | 701.4 | 9,632.3 | | | |
| 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% |
| 2022 | 14,348.9 | 1,531.6 | 15,880.5 | 7.9% | 23.1% | 9.2% |
| 2023 | 13,253.6 | 1,792.0 | 15,045.5 | -7.6% | 17.0% | -5.3% |

Out of the total balance outstanding, 82.8% was represented by Commercial Banks, while Finance Companies and specialized banks represented 11.8% and 5.3% respectively. A marginal YoY growth was recorded only in the Finance companies. Commercial Banks, Specialized banks and Leasing companies have shown a decrease when compared to the year 2022.

During the financial year, 11.9% of the total credit balance outstanding was recorded with arrears of 90 days or more, whereas this ratio for the previous year was recorded as 9.6%. The percentage representation from Commercial Banks, Finance Companies and specialized banks are recorded as 6.7%, 4.4 % and 0.8% respectively.

| Institution Category | Balance Outstanding of Credit facilities with 90 days or over in arrears | | Total Balance Outstanding (LKR Billion) | |
|---------------------------|--|----------------|---|-----------------|
| | 2022 | 2023 | 2022 | 2023 |
| Commercial Banks | 804.4 | 1,012.9 | 13,345.7 | 12,463.5 |
| Finance Companies | 610.6 | 656.0 | 1,655.9 | 1,779.7 |
| Specialized Banks | 107.0 | 122.1 | 867.1 | 800.9 |
| Leasing Companies | 9.7 | 0.9 | 11.8 | 1.4 |
| Total Balance Outstanding | 1,531.7 | 1,792.0 | 15,880.5 | 15,045.5 |

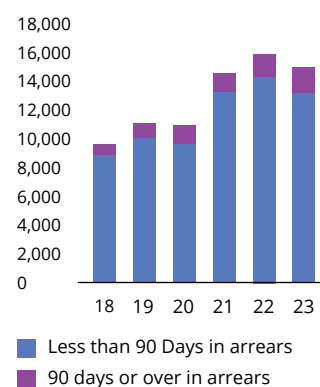
| Institution Category | Balance Outstanding of Credit facilities with 90 days or over in arrears | | Total Balance Outstanding | |
|---------------------------|--|---------------|---------------------------|----------------|
| | 2022 | 2023 | 2022 | 2023 |
| Commercial Banks % | 5.07% | 6.73% | 84.04% | 82.84% |
| Finance Companies % | 3.84% | 4.36% | 10.43% | 11.83% |
| Specialized Banks % | 0.67% | 0.81% | 5.46% | 5.32% |
| Leasing Companies % | 0.06% | 0.01% | 0.07% | 0.01% |
| Total Balance Outstanding | 9.65% | 11.91% | 100.00% | 100.00% |

Of the total number of credit facilities in the year 2023, 17.3% were recorded as credit with 90 days or more in arrears, whereas this ratio for the previous year was recorded as 16.6%. The percentage representation from Commercial Banks, Finance Companies and Specialized Banks are recorded as 5.1%, 8.8%, and 3.3% respectively.

Credit Portfolio Analysis (2018-2023)

Balance Outstanding

Balance Outstanding (Rs. Bn)



| Institution Category | No of Credit facilities with 90 days or over in arrears ('000) | | Total No of Credit Facilities ('000) | |
|----------------------|--|-----------------|--------------------------------------|-----------------|
| | 2022 | 2023 | 2022 | 2023 |
| Commercial Banks | 389.36 | 439.60 | 5,075.76 | 4,990.34 |
| Finance Companies | 793.18 | 760.97 | 2,455.52 | 2,499.87 |
| Specialized Banks | 264.30 | 286.93 | 1,229.10 | 1,121.44 |
| Leasing Companies | 4.40 | 0.58 | 7.10 | 1.07 |
| Total | 1,451.24 | 1,488.08 | 8,767.48 | 8,612.72 |

| Institution Category | No of Credit facilities with 90 days or over in arrears ('000) | | Total No of Credit Facilities ('000) | |
|-------------------------------|--|---------------|--------------------------------------|----------------|
| | 2022 | 2023 | 2022 | 2023 |
| Commercial Banks % | 4.44% | 5.10% | 57.89% | 57.94% |
| Finance Companies % | 9.05% | 8.84% | 28.01% | 29.03% |
| Specialized Banks % | 3.01% | 3.33% | 14.02% | 13.02% |
| Leasing Companies % | 0.05% | 0.01% | 0.08% | 0.01% |
| Total No of Credit Facilities | 16.55% | 17.28% | 100.00% | 100.00% |

GEOGRAPHICAL SEGMENT-WISE ANALYSIS OF ADVANCES

The highest number of credit facilities were reported within the Western Province of the Country although a drop in the number of credit facilities was reported from all provinces during the year.

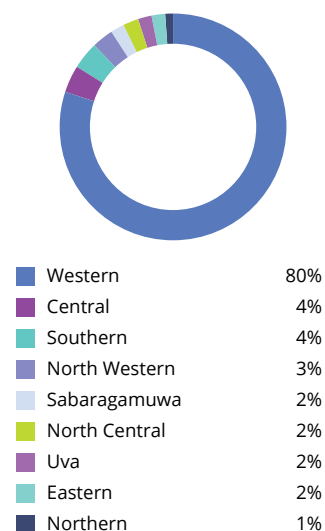
| Province | 2022 | | 2023 | |
|---------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | Balance Outstanding (Bn) | No of Credit Facilities | Balance Outstanding (Bn) | No of Credit Facilities |
| Western | 12,697 | 4,708,129 | 11,971 | 4,735,567 |
| Central | 642 | 733,348 | 620 | 704,663 |
| Southern | 599 | 692,138 | 576 | 663,285 |
| North Western | 519 | 621,589 | 505 | 584,773 |
| Sabaragamuwa | 372 | 474,870 | 362 | 455,314 |
| North Central | 351 | 440,049 | 345 | 420,492 |
| Uva | 273 | 395,608 | 252 | 373,591 |
| Eastern | 244 | 415,562 | 239 | 407,811 |
| Northern | 183 | 286,158 | 176 | 267,199 |
| | 15,881 | 8,767,451 | 15,045 | 8,612,695 |

CREDIT FACILITY TYPE-WISE ANALYSIS OF ADVANCES

The total credit portfolio recorded a decrease in the number of credit facilities as of 31st December 2023 in comparison to the previous year. This was due to the decrease in the number of loans and leases as of 31st December 2023, despite the minor increase in all other types of

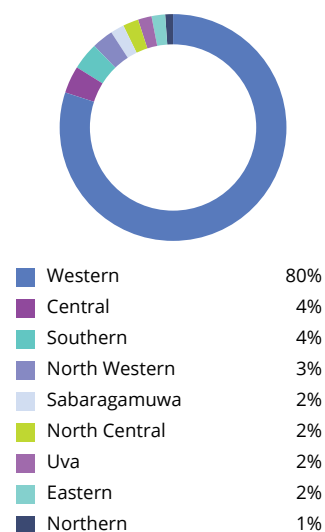
Province Wise Distribution of Credit Portfolio 2022

Balance Outstanding



Province Wise Distribution of Credit Portfolio 2023

Balance Outstanding



OPERATIONAL REVIEW

lending in terms of number of credit facilities as of 31st December 2023. Loans continue to dominate the portfolio with the largest share of lending as of 31st December 2023 in terms of the number of credit facilities and the value. The Balance Outstanding of Leasing, Credit Cards, and Advances against import/export and Hire purchases demonstrated growth in 2023 when compared to the year 2022.

| Credit Facility Type | (No of advances (In '000) 2022) | | (No of advances (In '000) 2023) | |
|--------------------------------|---------------------------------|-------|---------------------------------|--------------|
| Loan | 4,565 | 52.1% | 4,339 | 50.3% |
| Leasing | 1,240 | 14.1% | 1,231 | 14.3% |
| Bank Guarantee | 65 | 0.7% | 76 | 0.9% |
| Overdraft | 700 | 8.0% | 729 | 8.4% |
| Letter of Credit | 14 | 0.2% | 24 | 0.3% |
| Credit Card | 2,066 | 23.6% | 2,089 | 24.2% |
| Advances Against Import/Export | 11 | 0.1% | 30 | 0.4% |
| Hire Purchase | 47 | 0.5% | 50 | 0.6% |
| Other | 56 | 0.6% | 60 | 0.7% |
| | 8,764 | | 8,627 | |

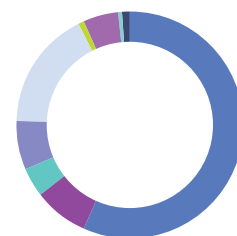
| Credit Facility Type | Balance Outstanding (LKR Bn) 2022 | | Balance Outstanding (LKR Bn) 2023 | |
|--------------------------------|-----------------------------------|-------|-----------------------------------|--------------|
| Loan | 8,901 | 56.1% | 8,765 | 57.0% |
| Leasing | 1,136 | 7.2% | 1,163 | 7.6% |
| Bank Guarantee | 554 | 3.5% | 554 | 3.6% |
| Overdraft | 1,040 | 6.5% | 1,040 | 6.8% |
| Letter of Credit | 3,448 | 21.7% | 2,637 | 17.1% |
| Credit Card | 169 | 1.1% | 189 | 1.2% |
| Advances Against Import/Export | 356 | 2.2% | 736 | 4.8% |
| Hire Purchase | 68 | 0.4% | 84 | 0.5% |
| Other | 209 | 1.3% | 222 | 1.4% |
| | 15,880 | | 15,390 | |

ISSUANCE OF CREDIT REPORTS

CRIB received 6.3 Mn requests for credit reports within the year 2023 through the web, H-to-H service and the Bulk request service mode which is designed for portfolio monitoring purposes. However, an 8.6% YoY decrease is recorded due to a slowdown in credit growth in the Country.

Credit Facility Type Wise Distribution of Credit Portfolio 2022

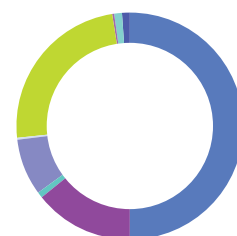
Balance Outstanding



| | |
|--------------------------------|-----|
| Loan | 57% |
| Leasing | 8% |
| Bank Guarantee | 4% |
| Overdraft | 7% |
| Letter of Credit | 17% |
| Credit Card | 1% |
| Advances Against Import/Export | 5% |
| Hire Purchase | 0% |
| Other | 1% |

Credit Facility Type Wise Distribution of Credit Portfolio 2023

No. of Credit Facilities



| | |
|--------------------------------|-----|
| Loan | 50% |
| Leasing | 14% |
| Bank Guarantee | 1% |
| Overdraft | 8% |
| Letter of Credit | 0% |
| Credit Card | 24% |
| Advances Against Import/Export | 0% |
| Hire Purchase | 1% |
| Other | 1% |

| Year | Consumer | Corporate | Total | Year on Year growth % |
|-------------|------------------|----------------|------------------|-----------------------|
| 2018 | 9,851,377 | 349,775 | 10,201,152 | |
| 2019 | 11,065,759 | 318,370 | 11,384,129 | 11.60% |
| 2020 | 9,267,991 | 289,598 | 9,557,589 | -16.04% |
| 2021 | 8,817,494 | 300,831 | 9,118,325 | -4.60% |
| 2022 | 6,670,261 | 243,779 | 6,914,040 | -24.17% |
| 2023 | 6,065,371 | 250,784 | 6,316,155 | -8.65% |

The majority of report requests were for the purpose of evaluating borrowers for a new credit facility while the second highest demand was for monitoring and reviewing of the existing borrower.

REASON-WISE ANALYSIS CIR REPORT INQUIRY 2018 – 2023

| Reason | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------|-------|-------|-------|-------|--------------|
| Evaluating a borrower for a new credit facility | 36.3% | 30.2% | 30.6% | 30.1% | 28.6% | 38.2% |
| Review as a Guarantor for a new credit facility | 18.2% | 16.1% | 20.2% | 18.0% | 15.5% | 19.4% |
| Review as a partner/proprietor for a new credit facility | 4.4% | 3.4% | 3.6% | 3.4% | 3.8% | 0.9% |
| Review as a director for a new credit facility | 0.7% | 0.7% | 0.5% | 0.4% | 0.3% | 0.4% |
| Opening of a Current Account | 1.0% | 0.9% | 1.0% | 1.8% | 1.8% | 2.0% |
| Monitoring and reviewing of an existing borrower | 39.3% | 48.7% | 44.1% | 46.3% | 49.9% | 39.0% |

CREDIT REPORTS FOR MICRO LENDING

The micro report was introduced to provide credit information in a simplified manner for small-size credit facilities at a lesser cost. As such, 258,981 micro credit reports were issued during the period from January to December 2023.

Micro Credit Information Report

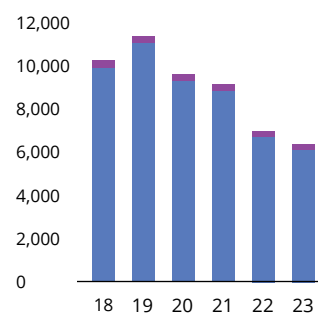
| Year | No. of Records | Y on Y growth % |
|-------------|----------------|-----------------|
| 2018 | 613,310 | - |
| 2019 | 468,478 | -23.61% |
| 2020 | 292,241 | -37.62% |
| 2021 | 295,776 | 1.21% |
| 2022 | 289,186 | -2.23% |
| 2023 | 258,981 | -10.44% |

SELF-INQUIRY REPORTS (IREPORT)

As a result of the ongoing effort to raise awareness amongst the general public through both print and electronic media and the public awareness sessions conducted by CRIB on the value of maintaining a good credit record, there was an increased demand for self-inquiry reports

Credit Reports 2018 - 2023

No of Credit Reports (Thousand)



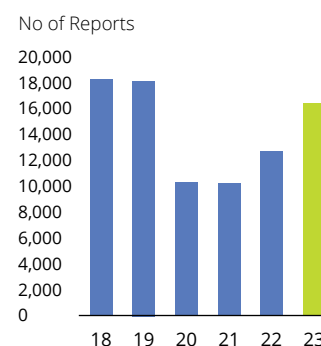
■ Consumer
■ Corporate

OPERATIONAL REVIEW

through the online self-inquiry issuance process and Internet/mobile banking applications leading to the issuance of 16,357 self-inquiry reports in the year 2023, a 29% increase when compared to the year 2022.

| Year | Total No. of self-inquiry reports | Y on Y growth (%) |
|-------------|-----------------------------------|-------------------|
| 2018 | 18,183 | |
| 2019 | 18,059 | -0.7% |
| 2020 | 10,345 | -42.7% |
| 2021 | 10,258 | -0.8% |
| 2022 | 12,681 | 23.6% |
| 2023 | 16,357 | 29.0% |

Self Inquiry Credit Reports
2018 - 2023



VALUE-ADDED PRODUCTS AND SERVICES

CRIB Score

CRIB Score, which was introduced in 2020, is formulated to support lenders by providing fast and objective measurement in determining the risk in a lending process. This is a three-digit number calculated using information available in the credit report that can be used to predict the future risk (probability of default) based on how the borrower has managed his/her debts in the past.

The Bureau issued 1,961,105 score reports during the period from January to December 2023 in comparison to the 213,014 score reports in the previous year.

Onboarding of Insurance Data

CRIB held initial discussions with the Insurance Association of Sri Lanka in August 2023 and completed the data gap analysis. The technical development for the pilot group is to commence in 2024.

Onboarding of Utility Data

The technical developments were initiated with the Lanka Electricity Company (LECO) to obtain electricity data. Currently, CRIB is in the process of making arrangements to gazette all utility providers as "Credit Granting Institutions" in line with the CRIB Act through the Hon. Minister of Finance.

TRAINING/AWARENESS SESSIONS CONDUCTED DURING 2023

CRIB has conducted 54 awareness sessions for the staff of member lending institutions during the year 2023. The main objective of these training sessions was to increase the knowledge of the officers on credit scores and the interpretation of new credit reports. Most of the sessions were arranged as onsite training sessions and some sessions were conducted online on invitations of the member lending institutions. The awareness sessions were conducted in Matara, Kandy, Ratnapura, Badulla, Anuradhapura, Kurunegala, Batticaloa, and Jaffna areas as per the request of some member lending institutions.

SECURED TRANSACTION REGISTRY SYSTEM OPERATIONS

The total number of registrations in the STR System in the year 2023 was 556, compared to 431 registrations in 2022. The number of information searches carried out at STR System has increased from 157 in 2022 to 254 in the year under review.

| Year | No of Registrations | No of STR Reports searched | Change in Registration % | Change in Searches % |
|-------------|---------------------|----------------------------|--------------------------|----------------------|
| 2018 | 1,687 | 711 | | |
| 2019 | 1,390 | 499 | -17.61% | -29.82% |
| 2020 | 825 | 268 | -40.65% | -46.29% |
| 2021 | 1,117 | 332 | 35.39% | 23.88% |
| 2022 | 431 | 157 | -61.41% | -52.71% |
| 2023 | 556 | 254 | 29.00% | 61.78% |

Even though the register was open to the members of CRIB, the absence of effective legal validity and the enforcement methods in registration of security interests in the register further kept them away from active use of the service, except for the few members who persisted in registering with genuine intention.

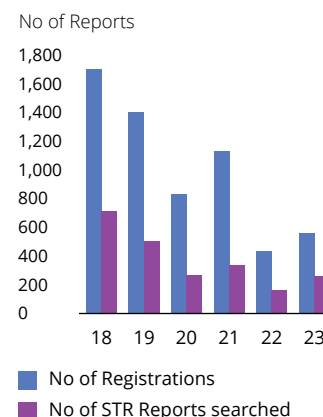
However, the CRIB's effort to reform the existing legal framework pertaining to secured transactions earned positive results during the year as the long-awaited new bill along with 06 other consequent amendments to other statutes were approved by the Cabinet and published in the gazette by the Ministry of Finance in December 2023.

Once enacted, the proposed new Secured Transactions Act will significantly improve the present legal framework by creating an integrated registration mechanism for security interests over movables by allowing lenders to make lending decisions more confidently and objectively. The change in the system will enable SMEs to secure affordable credit from the formal sector for the expansion of their businesses by using existing movable assets as collaterals. It further enhances the other lenders in the informal sector to participate in the proposed system by further alleviating small and medium-sized businesses to seek finances from other (non-mainstream) sectors of the credit market.

The register continues to be operated by the CRIB as part of the proposed new governance structure established under the proposed Secured Transactions Authority. The establishment of the Registrar function and the inclusion of important priority provisions are the salient and critical features that come into operation in the proposed institutional setup. The following 06 amendments have been proposed for other Acts in order to make the new ST system more integrated and unified.

- I. Companies (Amendment) Bill (To require the registration of floating charges of Companies with the Register and remove such responsibilities from Registrar of Companies)
- II. Finance Leasing (Amendment) Bill (To register the Finance Leases under the Finance Leasing Act with the Register)
- III. Inland Trust Receipts (Amendment) Bill (To register the Inland Trust Receipts with the new Register instead of the Registrar of Lands)
- IV. Mortgage (Amendment) Bill (To register the Mortgage of movables)
- V. Registration of Documents (Amendment) Bill (Consequential Amendments)
- VI. Trust Receipts (Amendment) Bill (To register the Trust Receipts with the new Register instead of the Registrar of Lands).

STR Operations progress
2018 - 2023



FINANCIAL CAPITAL

Our financial capital encompasses the pool of funds that is available in creating value for the stakeholders.



The Financial Capital chapter of the CRIB provides a detailed overview of the significant changes to our finances during the review period from January 1 to December 31, 2023. For a comprehensive understanding of our current financial position, please refer to this section of the annual report in conjunction with our financial statements and accompanying notes. Additionally, the Managing Risks section outlines our financial risk management process. It is important to note that our financial reporting policies remain unchanged from the previous fiscal year, and no information from the prior annual report required restatement.

In response to the growing shift towards a digital lifestyle, the Bureau remains a pivotal player in this transformative era. Therefore, we are proactively embracing change to fulfill our commitments and foster financial prosperity.

CAPITAL STRUCTURE AND SHAREHOLDERS' FUNDS

The Bureau continues to operate as an independent entity, relying solely on its investments funded by domestically generated revenues, thereby

maintaining a robust financial position. Over the past decade, CRIB has consistently achieved record earnings, significantly contributing to the national economy. Additionally, over the past 30 years, the Bureau's growing reserves have provided substantial benefits to its members, staff, and other stakeholders.

CHANGES TO EQUITY

Although the stated capital of CRIB remained steady at Rs. 25 million in 2023, the total equity of the organization saw an 8% upsurge compared to 2022. This growth was primarily driven by increased operational revenue and investment income.

REVENUE

Despite the challenges faced by the country's financial industry, including significant interest rate hikes, escalating costs, and various socioeconomic and political issues, the Bureau managed to sustain its operations successfully navigating these obstacles. We are pleased to report that the number of credit reports issued to member institutions during the year under review exceeded 6 million, generating an income of Rs. 1,051 million from our core business.

INVESTMENT INCOME

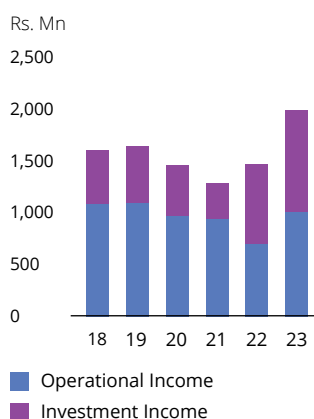
Interest income remains a significant source of revenue for the Bureau, contributing 49% of the total income during the year under review. The Bureau experienced substantial year-on-year revenue growth in interest income due to the prevailing high interest rates in the market.

Retained profits were strategically invested in board-approved financial instruments until they could be allocated to capital projects at the opportune moment, maximizing benefits for our stakeholders, who serve us as both customers and shareholders.

The distribution of significant funding for capital-intensive projects, the state of the economy, and potential revisions to government policies due to economic challenges will significantly impact the Bureau's future interest revenue generation.

The Bureau maintains a robust investment portfolio worth Rs. 5 billion, which supplements its primary income and helps sustain a strong financial position. In 2023, the Bureau generated an interest income of Rs. 998.5 million, marking a 28% increase compared to the previous year, driven by the high interest rates in the market.

Income Composition

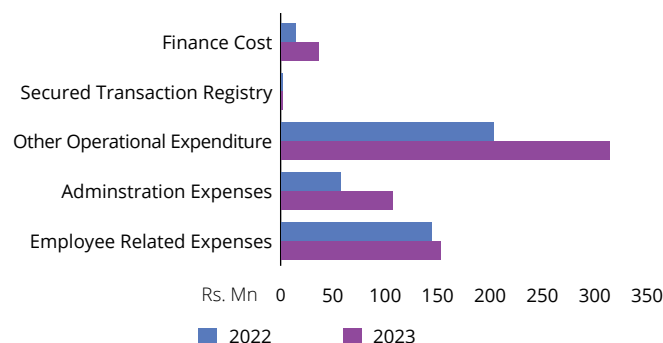


FINANCIAL CAPITAL

EXPENSES

Operating costs increased by 57% to Rs. 660 million in 2023 compared to the previous year. This rise is primarily attributed to the amortization costs associated with the capitalization of the new CI system, the 2.5% SSCL levy on turnover, Royalty payment for the score reports generated from the system and the non-capitalization of expenses related to system implementation costs, which were charged to the Profit and Loss account during the year.

Expenses



COST TO INCOME RATIO

The cost to income ratio slightly increased to 63% compared to the previous year. Despite the increase in operating costs, the rise in revenue enabled us to maintain expenses at the same level, ensuring financial stability.

PROFITABILITY

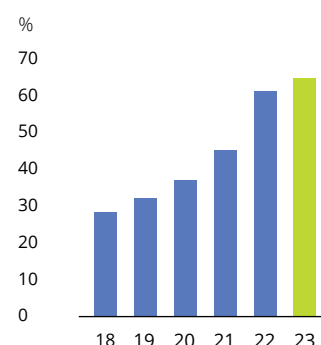
With increased revenue and higher investment income due to rising market interest rates, the Bureau achieved its highest profit before tax in recent years. This strong financial performance underscores the effectiveness of our strategic investments and revenue generation efforts.

TAXATION

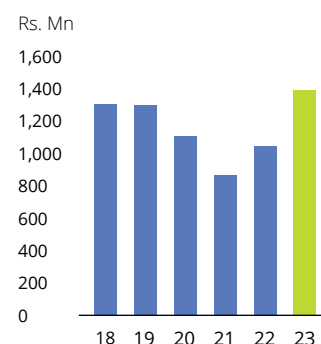
During the financial year under review, tax costs amounted to Rs. 407.8 million. The CRIB is subject to a 30% income in tax rate, resulting in a total income tax payment of Rs. 407.76 million for the year.

| Year-Wise Income Tax at a Glance | |
|----------------------------------|--------------------|
| Year | Amount |
| 2023 | 407,762,791 |
| 2022 | 290,262,765 |
| 2021 | 204,137,011 |
| 2020 | 269,548,165 |
| 2019 | 356,785,884 |
| 2018 | 359,678,822 |

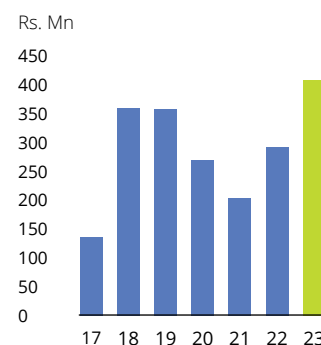
Cost to Income



Profit Before Tax



Income Tax



NET PROFIT

During the year under review, the Bureau recorded a net profit after tax of Rs. 981 million, reflecting a year-on-year increase of 30%. The Bureau remains committed to implementing strategic measures to enhance profitability and ensure long-term financial sustainability.

EARNINGS PER SHARE (EPS)

With the on-going improvement in profitability, the Bureau reported earnings per share value of Rs 3924.

| Earnings Per Share | |
|--------------------|--------|
| Year | Amount |
| 2023 | 3,924 |
| 2022 | 3,017 |
| 2021 | 2,644 |
| 2020 | 3,338 |
| 2019 | 3,758 |
| 2018 | 3,769 |

NET ASSETS PER SHARE

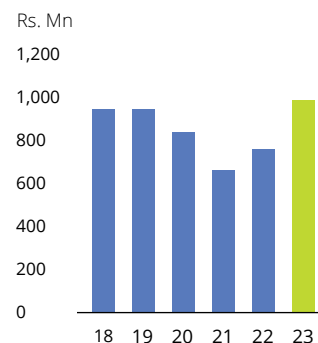
The net asset per share has also shown a steady increase over the years, rising from Rs. 19,803 in 2018 to Rs. 23,580 in 2023. This increase underscores the Bureau's successful investment strategies and prudent retention of earnings to support ongoing and future projects, thereby enhancing long-term shareholder value.

| Net Asset Per Share | |
|---------------------|--------|
| Year | Amount |
| 2023 | 23,580 |
| 2022 | 21,850 |
| 2021 | 21,202 |
| 2020 | 21,008 |
| 2019 | 20,983 |
| 2018 | 19,803 |

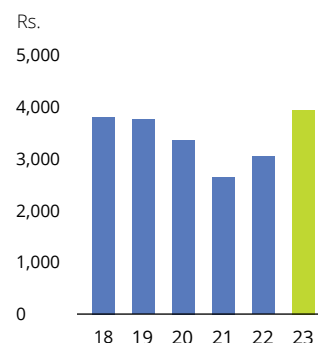
DIVIDEND PER SHARE

The proposal to distribute 70% of the annual profit after tax as a dividend, which amounts to Rs. 2,689 per share for 2023, demonstrates the Bureau's consistent effort to provide balanced and substantial dividends. This policy is in line with the trend observed in previous years and is designed to maintain a healthy payout while retaining enough earnings to support ongoing and future investment activities. This dual focus on immediate shareholder returns and long-term growth reflects the Bureau's strategy to maximize shareholder value.

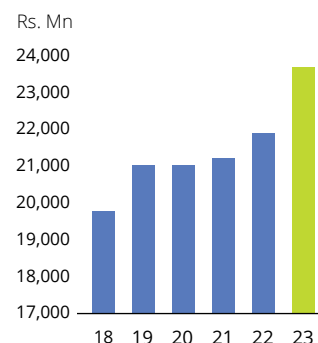
Profit After Tax



Earnings Per Share



Net Asset Per Share



FINANCIAL CAPITAL

| Dividend per share | |
|--------------------|--------------|
| 2023 | 2,689 |
| 2022 | 2,112 |
| 2021 | 2,400 |
| 2020 | 3,200 |
| 2019 | 3,200 |
| 2018 | 2,800 |

TOTAL ASSETS

In 2023, total assets increased to Rs. 6,563,376,972 from Rs. 6,211,847,839 in 2022, reflecting a growth of approximately 5.67%.

Non-current assets saw a significant surge from Rs. 892,088,733 in 2022 to Rs. 1,390,913,723 in 2023, indicating a substantial increase of about 56%. This growth signifies a capitalization of CMS system with the start-up of go live operations of the new system.

Current assets decreased slightly from Rs. 5,319,759,106 in 2022 to Rs. 5,172,463,248 in 2023, representing a decrease of approximately 2.7% due to the capitalization of advance payment which was categorised as current assets before 2023.

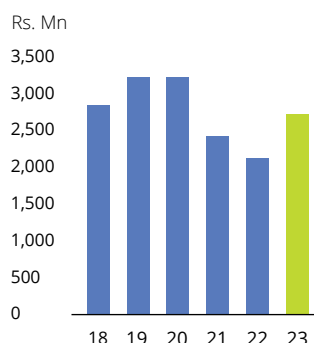
TOTAL LIABILITIES

Total liabilities decreased from Rs. 749,242,527 in 2022 to Rs. 668,371,558 in 2023, marking a decrease of about 10.79%. This reduction in liabilities suggests improved financial health and decreased obligations compared to the previous year.

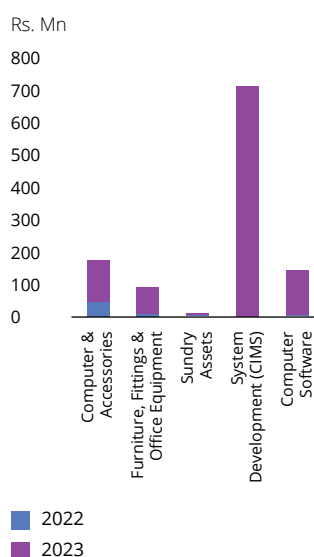
Non-current liabilities increased slightly from Rs. 36,917,983 in 2022 to Rs. 46,627,270 in 2023, indicating a growth of approximately 26.34%. This increase attributed mainly to long-term obligations of retirement benefit liability to employees.

Current liabilities decreased from Rs. 712,324,544 in 2022 to Rs. 621,744,288 in 2023, showing a decline of around 12.73%. This reduction in current liabilities shows a lower short-term debt burden and a more efficient management of current obligations.

Dividend Per Share



NBV of Assets



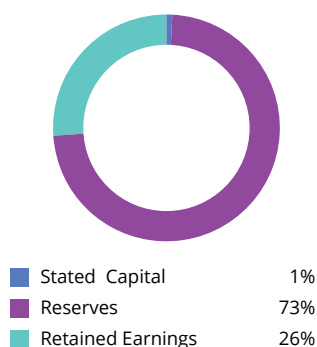
EQUITY

Equity experienced a significant increase from Rs. 5,462,605,312 in 2022 to Rs. 5,895,005,413 in 2023, indicating a growth of about 7.91%. This growth in equity signifies improved shareholder value and indicates that the company's assets exceed its liabilities, reflecting a healthy financial position.

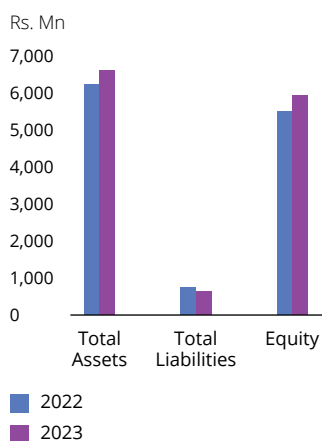
CONCLUSION

Overall, the financial analysis reveals a positive trend in the organization's financial performance between 2022 and 2023. Despite fluctuations in certain categories, such as current assets and liabilities, the company has managed to increase its total assets, decrease its total liabilities, and strengthen its equity position. This indicates effective financial management and strategic decision-making, positioning the company for continued growth and success in the future.

EQUITY



Financial Position



HUMAN CAPITAL

Our human capital encompasses economic value of employees' competencies, capabilities and experience that contributes to value creation ensuring sustainable growth of the Company.



Our human resources remain a vital asset that contributes to long-term value creation and encompass a team of knowledgeable and experienced individuals who are dedicated to advancing our strategic objectives for a better Sri Lanka. Over the year, this team of individuals, leveraging their capacities and motivation, have served a wide clientele driving the success of the Bureau and supporting the overall financial ecosystem in the country. As a significant data centre in the country, CRIB employees serve its valued clientele in line with the Bureau's Code of Ethics while persistently ensuring the privacy of customer information.

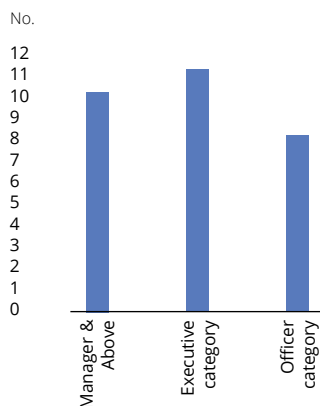
OUR APPROACH TO HUMAN RESOURCE MANAGEMENT

In line with our niche operations, the Bureau has identified key human resource objectives to be achieved during the financial year. These include recruiting the right skills for the right job role, continuing the professional development of employees through exposure to learning and development opportunities, fostering a healthy and safe work environment for employees that respects work-life balance and supporting employees to thrive in their professional and personal spheres.

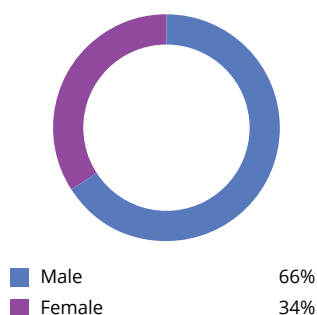
EMPLOYEE PROFILE

As of the end of 2023, the Bureau comprised a total of 29 employees, of which 19 are male and 10 are female. Of the entire workforce, ten (10) are management-level employees, 11 are executive-level employees and 8 are officers (non-executive). All our permanent cadre are over 24 years of age, and four (4) employees are in the above 50-year age category. The year recorded a very low turnover rate and only two (2) employees resigned after 16 years and 6 years of service respectively.

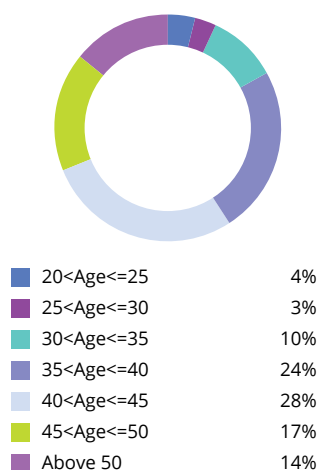
Category wise Analysis



Gender Analysis Report



Age Analysis



Diversity and Equal Opportunity

As an equal-opportunity employer, CRIB promotes a culture of inclusivity where all individuals, regardless of their background, identity, or experience, feel valued, respected, and supported. For this purpose, we have maintained within the organisation a non-discriminatory work environment that recognises workforce diversity and fosters inclusivity. We capitalize on this diversity to encourage fresh thinking and perspectives to the decision making process, thereby enhancing innovation and driving better outcomes for the organization.

CREATING VALUE FOR HUMAN CAPITAL

As the backbone of our operations, our human resources remain the face of the organization that directly liaises with the clientele and

maintains the organizational image focused on sustainable value creation. In this regard, we fully utilize their capacities to realize our strategic goals while ensuring their physical and mental well-being at the workplace. Further, we also nurture their competencies and enhance their knowledge through consistent exposure to learning and development opportunities.

The Bureau has also established a performance-based culture within the organization where employees are assessed through a transparent performance appraisal process in supporting their career progression. An Administration Manual is also maintained to ensure standard staff behaviour.

Supported by these endeavours, CRIB has been able to foster an independent work environment that allows employees to fulfil their job tasks efficiently and promptly while advancing their skills and knowledge towards their professional growth.

HUMAN CAPITAL

Focus of CRIB's Human Resource Management

- ✦ Talent Acquisition
- ✦ Guided by Human Resource
- ✦ Administration Manual
- ✦ Industry par Remuneration
- ✦ Benefits
- ✦ Performance Evaluation
- ✦ Complaint Mechanism
- ✦ Health & Safety



TALENT ACQUISITION

The recruitment of new employees for the Bureau commences when a department identifies the need for a new employee due to expansion, turnover, or the creation of a new job position. Following this, HR works with the relevant department head to understand the requirements of the position and develop a job description outlining responsibilities, qualifications, skills, and other relevant details.

The job vacancy is advertised through various channels such as newspapers, job boards, social media, and professional networks and the interested candidates submit their applications, which typically include a resume/CV and a cover letter. Afterwards, the HR/ relevant head of the department reviews the received resumes to shortlist candidates who meet the required qualifications and experience. Once the selected candidates are interviewed, usually involving multiple rounds of discussion with the interview panel that includes HR, department head, Deputy General Manager and General Manager, the Bureau assess the candidate's skills, experience, cultural fit, and alignment with the company's values. Depending on the role, candidates may undergo additional assessments such as technical tests, personality assessments, presentations or case studies to evaluate their suitability for the position.

Moreover, HR may conduct reference checks with the candidate's previous employers to verify their work history, performance, and character. Once the top candidate is identified, HR extends a job offer and the candidate may negotiate aspects of the offer, such as salary, benefits, or start date, before formally accepting the offer. After the offer is accepted, the onboarding process begins, during which the new employee completes paperwork, receives training, and integrates into the organization.

REMUNERATION AND OTHER BENEFITS

All employees are provided with an industry-par remuneration package that includes key benefits such as medical insurance, staff concession rates for loans, housing loan interest subsidies and reimbursement of professional subscription fees for professional bodies. All employees are also included in the Statutory Employees Provident Fund and Employees Trust Fund. CRIB also has in place a gratuity policy that calculates half a month's basic salary for employees with over five years of service.

Core Benefits for Employees

- ✦ 42 days leave (14 sick leave, 21 vacation leave & 7 casual leave)
- ✦ Industry par remuneration
- ✦ Fixed bonus
- ✦ Performance-based bonus
- ✦ Leave encashment
- ✦ Insurance

Learning and Development

We understand the need for continued employee development and thus continue to invest in enhancing their existing capacities and acquiring the latest industry know-how. For this purpose, we provide employees the opportunity for learning and development in the form of trainings, seminars and workshops, conducted by internal and external resources, ensuring their continued growth and contribution to the future progress of the organization.

However, during the financial year, given the volatile macroeconomic environment, our employees were unable to participate in any training and development programs.

HUMAN RESOURCE ADMINISTRATION

The Administration Manual formulated by CRIB serves as a guide for four key areas of human resource administration. This includes;

1. Staff Benefits
2. Hours of work and Leave
3. Inquiry Procedure for Disciplinary Action
4. 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 lays 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 provides employees with the guidance on how to direct their communication to the

higher level of the Bureau structure. This include a variety of challenges such as team briefings, employee forums and staff meetings to express their views and concerns.

PERFORMANCE EVALUATION

CRIB has put in place an annual performance appraisal system to assess the performance of its employees in relation to their assigned job role, thereby identifying the knowledge gaps and required training and development needs for further performance enhancement. This automated performance appraisal system ensures a quality appraisal process by assessing the employees fairly and consistently enabling accurate recognition and rewarding of their contribution. This system also ensures that the goals and achievements of employees are measured and recorded against the set objectives for the year.

COMPLAINT MECHANISM

CRIB has described the process of complaint handling in the "Disciplinary Rules" section under Chapter 6, "Procedure for conduct of inquiries" section under Chapter 6 and "Appeals" under Chapter 8 of the Administration & Finance Manual.

EMPLOYEE HEALTH & SAFETY

CRIB ensures regular inspections are also conducted on equipment, machinery, and other facilities to ensure that they meet safety standards and are in proper working condition. If issues are identified, immediate corrective action is taken with prompt maintenance and repairs to address the concerns. Further, in order to promote the health and wellness of employees, initiatives are also carried out as required. The provision of medical insurance facilities for the staff members is a significant component of our commitment to employee health and wellbeing.

STATUS OF COMPLIANCE

CRIB ensures stringent compliance with all the labour laws and regulations under the Shops and Offices Employees Act No 19 of 1954. As such, payments for all statutory employees have been made in a timely manner. Thus far, there were no fines or penalties imposed for late or non-payment of the same.

EVENTS CARRIED OUT DURING THE FINANCIAL YEAR 2023



Blood Donation Campaign - 22nd November 2023



Providing Remote Assistance to Remote Schools - 18th December 2023



HUMAN CAPITAL



Staff Annual Trip to Hotel RIU, Ahungalla - 14th and 15th October 2023



Annual Year-end Bash (Year-end Party) - 22nd December 2023

✦ **Annual General Meeting**

The 33rd Annual General Meeting of the Bureau was held on 26th September 2023 at Kingsbury, Colombo at 10.00 am.

✦ **Annual Staff Get-Together**

The Annual year-end get-together for the staff was held on 22nd December 2023 at Jetwing-Colombo 07.

✦ **Staff Annual Trip**

Staff Annual Trip together with the family members of the staff was held on 14th & 15th of October 2023 at Hotel RIU, Ahungalla

From the CSR Committee:

1. **Blood Donation Campaign:** Our CSR committee successfully organized and executed an impactful Blood Donation Campaign, rallying employees to contribute to the community's health and well-being.

Through generous donations, we made a meaningful impact on lives, embodying our commitment to social responsibility.

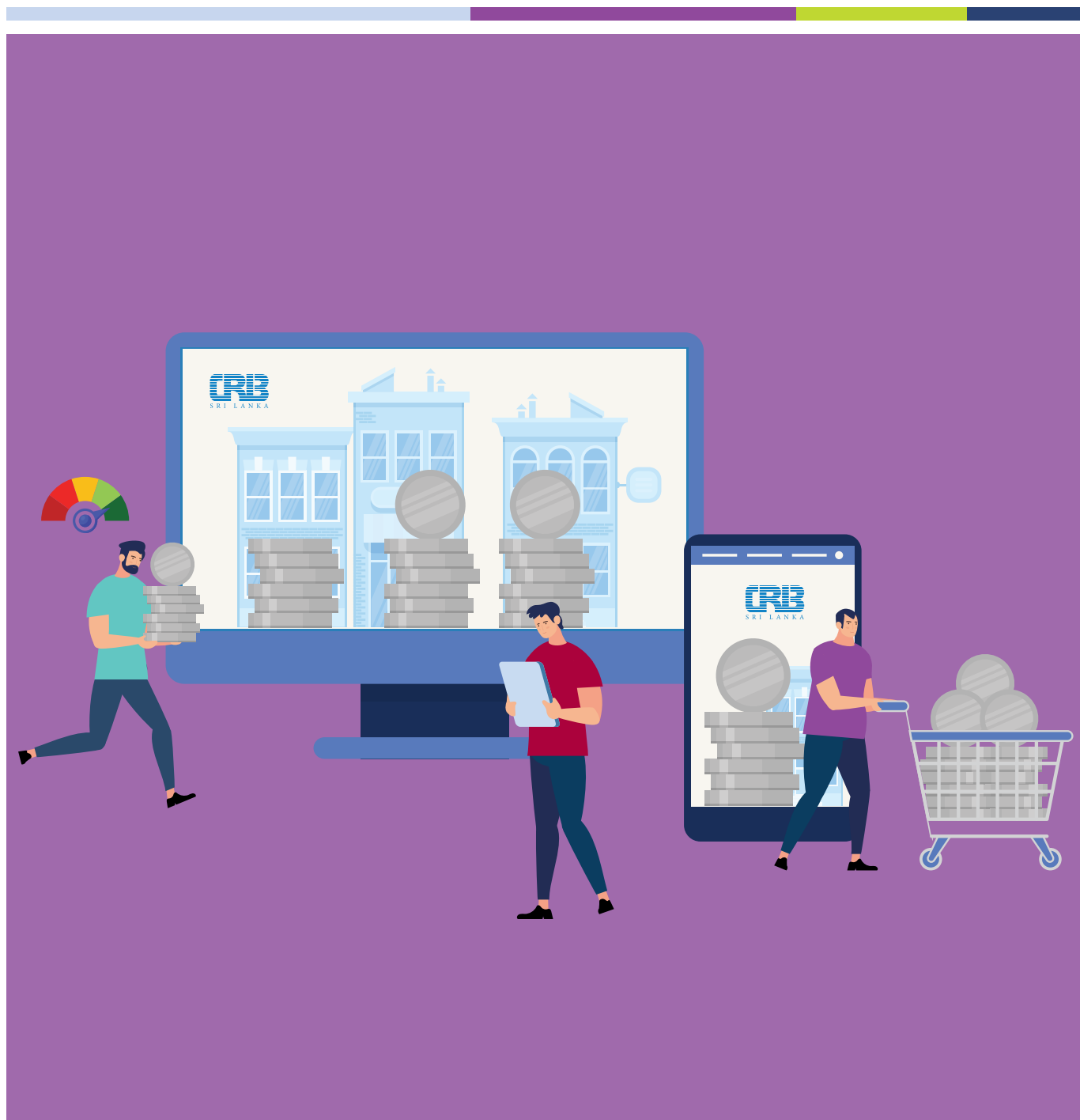
2. **Providing Remote Assistance to Remote Schools:** As part of our dedication to education accessibility, "Education Assistance for Two Remote Schools," marked a significant step in our commitment to community impact. With meticulous planning, we provided essential educational support to remote schools, fostering a conducive learning environment. Staff participation, dedication and teamwork made this project a success, embodying our commitment to corporate social responsibility.

From the WRC Committee:

1. **Staff Annual Trip to Hotel RIU, Ahungalla:** The WRC Committee orchestrated a memorable annual trip for our dedicated staff, fostering team bonding and rejuvenation at the picturesque Hotel RIU in Ahungalla, Sri Lanka. Amidst serene surroundings, employees enjoyed relaxation, forging stronger connections beyond the workplace.
2. **Annual Year-end Bash (Year-end Party):** Celebrating achievements and camaraderie, our WRC Committee hosted an unforgettable Annual Year-end Bash, marking the culmination of another successful year. Through festivities and shared moments, we honored our accomplishments and set the stage for continued success in the coming year.

SOCIAL CAPITAL

Our Social and Relationship Capital encompasses the institutions and relationships we have nurtured with our stakeholders (lending institutions, general public, regulatory bodies and other networks) in driving individual and collective wellbeing.



SOCIAL CAPITAL

The social capital of CRIB encompasses the positive relationships nurtured with its stakeholders and the Bureau's credibility in the eyes of the public that contribute to sustainable value creation over time. Hence, CRIB remains committed to maintaining healthy relations with its two key stakeholders; the member institutions and the public, with consistent communication and engagement.

This Chapter provides a detailed overview of the activities carried out during the financial year in order to maintain its relationship with the public and member institutions through awareness campaigns.

FOSTERING RELATIONSHIPS WITH MEMBER INSTITUTIONS

A. Provide Credit Information and Value-Added Services

CRIB's primary service involved the provision of credit information reports including credit score to member lending institutions and to the general public. Through its fast and efficient service, CRIB provides these reports upon the request of the stakeholders, at their convenience.

B. Operating Help Desk Services

In its commitment to respond to the queries of the member institutions, CRIB operates a Help Desk Service for inbound and outbound inquiry support to member institutions and assists them with inquiries related to our products and services. These include Credit report related inquiries, institutions and user management inquiries, invoice queries and log-in details, whilst maintaining a high level of customer service when providing training support and advice. These queries are received over the telephone, via email, post and fax and CRIB ensures all inquiries are investigated and resolved within a reasonable timeframe.

C. Conduct Training and Awareness Sessions

CRIB conducts training sessions for technical and non-technical employees of member institutions with the aim of increasing their knowledge of credit scores and interpretation of credit reports generated through the New Credit Information Management System. These sessions also focus on providing advice to the officers on how to enhance the quality and validity of data, dispute resolution, and data corrections as well as addressing misconceptions regarding CRIB and its services.

The training and awareness sessions include a combination of physical and online trainings and are conducted at the invitation of the member institutions. During the year, CRIB conducted 54 awareness sessions for the officers of the member lending institutions. Several sessions were conducted in Matara, Kandy, Ratnapura, Badulla, Anuradhapura, Kurunegala, Batticaloa, and Jaffna areas as per the request of some member lending institutions.



User Training

D. Assist in Customer Dispute Resolution Process

Any discrepancy or erroneous information that appears on MyReport can be disputed by the customer. A dispute can be raised by using a Dispute Handling Form (DHF) attached to every MyReport. CRIB will raise the dispute with the data reporting institution upon receiving the DHF. The Compliance Officer responsible for resolving will be informed either via email or letter as preferred by the party. Upon receiving the dispute resolution from the Compliance Officer of the reporting institution, CRIB will close the dispute and issue an amended MyReport to the relevant party/ parties free of charge.

E. Conduct review meetings to improve the validity and quality of the data

CRIB has conducted 61 review meetings with the member lending institutions to discuss the user administration process, data submission process during the post system implementation period. These meetings were conducted physically or online as per the requests of the member lending institutions.

FOSTERING RELATIONSHIPS WITH THE GENERAL PUBLIC

A. Provide MyReport service

CRIB has also extended the MyReport service to the public and this is a web-based application, an Online Internet Portal, which can be accessed via <https://myreport.crib.lk>, by Authorized Users (Individuals or Corporates), to obtain their Self-Inquiry Credit Reports (iReport or iReport Plus) Online.

B. Assist in Customer Dispute Resolution Process

During year 2023, CRIB assisted the general public to resolve their disputes as below.

CRIB has assisted the general public to resolve their disputes through the

“Customer Dispute Resolution Process”. CRIB Has received 183 customer disputes during the year under review and 129 disputes have been resolved successfully.

C. Operate Customer Help Desk

CRIB operates a Help Desk Service for inquiry support to the general public and assists them with inquiries related to our products and services.

D. Conduct Public Awareness Sessions

CRIB conducts public awareness programs to raise their awareness of our products and services including the benefit of maintaining a good credit profile. One of the core trainings conducted on this behalf is the awareness session on “Importance of Credit Report” and “How to be a Creditworthy Borrower Maintaining your Credit Responsibly”. During these sessions, self-inquiry reports (iReports) are issued to the participants free of charge, guiding them through the contents of a credit report, and allowing them to discuss their issues and concerns with Bureau officials. CRIB conducted two public awareness sessions during 2023.



Public Awareness Programs Conducted During FY 2023

E. Electronic Media Publicity

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

INTELLECTUAL CAPITAL

Our Intellectual Capital encompasses the knowledge-based intangibles that includes digital infrastructure, and tacit knowledge that builds the reputation of the Company.



As an organization driven by knowledge, CRIB's key functions involve the collection, storage, analysis and distribution of confidential information. These functions are carried out on an automated and prudently designed platform that ensures high security of information and delivers to the evolving requirements of CRIB users. Therefore, CRIB's intellectual capital mainly comprises its software systems and processes that form a vital part of its asset base and are utilized in delivering value to its various stakeholders.

This chapter of the report discusses key areas that form the organisation's intellectual capital and how it contributes to improving the operations and performance of the Bureau. Although the Bureau operated in a challenging macroeconomic environment during the financial year, we continue to make the necessary investments towards updating our systems and software to be prepared to serve the evolving customer needs within a highly digitalized industry landscape.

MANAGING OUR INTELLECTUAL ASSETS TO DELIVER STAKEHOLDER VALUE

A. Core Credit Bureau System

Our Core Credit Bureau System forms the organisation's main

intellectual asset that is supported by state-of-the-art technologies and the latest software systems. This system accommodates valuable credit information of over 13 million, maintaining a high level of data quality and accuracy. During the year, with the implementation of the new Credit Information Management System, the databases expanded by 9TB.

Launch of the New Credit Management System in FY 2023

During the financial year, we launched the new credit information management system marking a significant milestone in the organisation's journey, modernising our operations aligned with international standards. This platform with its advanced tools and techniques elevated our credit information management, further improving the reliability and validity of information that we provide to our valuable clientele. This system in turn has strengthened our credit risk management thereby fostering greater trust and loyalty amongst the stakeholders.

In 2022, with the successful technical go-live of the Credit Bureau Core System, we took the initial step towards optimizing and enhancing the Credit Bureau Core System. This was marked by a smooth transition from the legacy systems to the new platform,

with minimal disruptions to ongoing operations. As such, we were able to launch our latest Credit Information Management System during the financial year 2023, introducing a more advanced platform to provide a seamless user experience, thereby ensuring the Bureau's sustainable growth.

The successful implementation of the Core System resulted in the following key benefits;

1. Enhanced Data Security:

The new system ensures a high level of security of credit information including high availability of data to our clients.

2. Efficient Data Management:

Advanced automated features and organized workflows have considerably improved the efficiency of credit data processing, reducing turnaround times.

3. Expanded Services:

Leveraging our strong IT infrastructure, we have expanded our service offering, delivering to a larger number of financial institutions as well as non-financial data.

Key Milestones:

The journey towards this remarkable achievement encompassed several key milestones:

1. System Architecture and Development:

With meticulous planning and development efforts, we were able to construct a state-of-the-art system architecture that accommodates the complexities of credit data processing, while ensuring scalability and future adaptability.

2. Rigorous Testing Phases on Infrastructure:

The System Infrastructure underwent rigorous testing phases, including integration, user acceptance, and more testing. This comprehensive approach ensured that the system not only met our internal requirements but also surpassed industry standards.

3. Collaborative Stakeholder Engagement:

Close collaboration with our Service Integrator, ISP and regulatory bodies ensured that the Core System aligns seamlessly with their needs and adheres to regulatory compliance.

4. Robust Data Security Measures:

The system incorporates cutting-edge data security measures to protect sensitive information, maintaining the highest levels of data integrity and confidentiality.

INTELLECTUAL CAPITAL

B. 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, prior to 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.

C. CBS API - Integration of New Members

An initiative commenced in 2022, we continue to integrate new member systems into our system with the User Acceptance Test

(UAT) infrastructure. This signifies their proactive approach and collaborative effort to ensure the seamless integration of their systems into our platform. Leveraging our Host-to-Host Application Programming Interface (API), this integration empowers lending institutions with real-time, efficient, secure, and scalable access to credit bureau data. This integration positively influences both the operational efficiency of lending institutions and the overall experience of their customers.

| Member Institution | Integration Status |
|--|--------------------|
| DFCC Bank Plc | Production |
| LB Finance Plc | Production |
| LOLC Finance Plc | Production |
| Senkadagala Finance Plc | Production |
| Commercial Bank of Ceylon Plc | Production |
| Central Finance Co Plc | Production |
| Nations Trust Bank Plc | Production |
| HNB Finance Plc | Production |
| Hong Kong and Shanghai Banking Corporation Limited | Production |
| Citizens Development Business Finance Plc | Production |
| Cargills Bank Limited | Production |
| Sampath Bank Plc | UAT |
| National Savings Bank | UAT |
| Singer Finance (Lanka) Plc | UAT |
| Seylan Bank Plc | UAT |
| Sanasa Development Bank Plc | UAT |
| Assetline Finance Limited | UAT |
| Bank of Ceylon | UAT |
| Hatton National Bank Plc | UAT |
| Pan Asia Banking Corporation Plc | UAT |
| Asia Asset Finance Plc | UAT |

D. Enhanced Customer Experience with the Customer Access Portal (CAP)

This year, we further enhanced our customer engagement capabilities through significant upgrades to the existing Customer Access Portal (CAP). A key advancement was the facilitation of MyCI online portal registration directly within the CAP. This enhancement allows users to seamlessly register and submit their MyCI applications without undergoing any

additional registration processes. The upgrade to the CAP has streamlined the way consumers interact with our services, making it more efficient and user-friendly. The portal's intuitive design and straightforward navigation simplify the submission process, greatly improving user experience and engagement.

E. Transformed Mobile Platform Integration API from CRIMS to new CBS API

Following the introduction of the new CBS, our core credit bureau system, the mobile banking API application (BBS API) for our member institutions, we underwent new internal development and a seamless transition from the legacy CRIMS system to the advanced CBS-CIMS API.

Notably, this transition occurred without necessitating any modifications to the member-side programming code, ensuring a smooth and uninterrupted user experience.

F. Office Relocation

Office relocation was a significant undertaking that required careful planning, coordination, and effort from various stakeholders within the organization. The relocation of IT infrastructure is often

one of the most critical aspects of an office move. This includes transferring servers, ensuring network and power connectivity, and setting up workstations, setting up Cloud based PABX system and the new CCTV system in the new location. We were able to perform the relocations within a shorter time period with minimal downtime to maintain productivity and business operations.

G. Disaster Recovery Drill

Disasters, whether natural or man-made, can disrupt bureau operations, impact customer trust, and have significant financial implications. Therefore, it is imperative to have in place a robust disaster recovery strategy to mitigate these risks. As such, CRIB has established a disaster recovery strategy for the bureau as a critical aspect of ensuring the stability and continuity of bureau operations. As part of the final acceptance of the new Credit Bureau System, we were able to implement a state of the art disaster recovery operation for the bureau where we performed a disaster recovery drill operation from 31st July to 03rd August 2023. We were able to commence full business operations after two consecutive business days from the disaster recovery drill.

H. BoardPAC – Board Meeting Automation Solution

The solution provides an effective way for Directors to access the board papers and supplementary information directly from their iPad/Android and Windows devices. Therefore, eliminating the need for printing multiple copies of each document and couriering such documents to the Directors.

During the year 2023, we enhanced the solution to offer an easy way for Directors to view all documents related to a Board meeting, via a convenient user-friendly dashboard. Therefore, when addendums are added or changes are carried out, a clear set of documents and meeting information will be available for review.

COMPLIANCE MEASURES

In managing our intellectual capital, we are guided by the following rules and regulations.

CRIB Act:

Disclosure of Information and Declaration of Secrecy

1. By an officer or employee of the Bureau
 - a. Sections 22(1) – Duty not to disclose information
 - b. Section 23 (1) – Declaration of Secrecy

2. By a director, officer or servant employed at a member lending institution which is a shareholder of the CRIB
 - a. Sections 22(2) – Duty not to disclose information
 - b. Section 23 (2) – Declaration of Secrecy
3. Accessing of Credit information by authorized users of member lending institutions on their borrowers and prospective borrowers is permissible ONLY for the 6 stated reasons. (Section 7(B) 1(a))
4. Submission of credit information by Lending institutions (section 21 (1))
5. Suspension of furnishing credit information to an institution (section 26A (1 & 2))

“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.”

“The Bureau shall before making an order under subsection (1), give any institution, mentioned in subsection (1), an opportunity of being heard.”

Secured Transactions Act

A Secured Transaction Registry system has been developed and maintained by CRIB, with access provided to member institutions through an online portal. This permits access to secured creditors, and financial institutions who are members of CRIB, to a platform to register their security interests in movable assets held by enterprises or individuals. Serving as a central electronic registration system, it plays a pivotal role in mitigating the risks associated with dual collateralization and fraudulent activities within the sector.

Secured Transactions Legal Framework Reforms

A Secured Transaction Registry system has been developed and maintained by CRIB, with access provided to member institutions through an online portal. This permits access to secured creditors, and financial institutions who are members of CRIB, to a platform to register their security interests in movable assets held by enterprises or individuals. Serving as a central electronic registration system, it plays a pivotal role in mitigating

INTELLECTUAL CAPITAL

the risks associated with dual collateralization and fraudulent activities within the sector.

During 2023, we further observed the decline of registry activities and drop in registrations and searches. Even though the register was open to members of CRIB, the absence of effective legal validity and the enforcement methods in registration of security interests in the register further kept them away from active use of the service, except the few members who still continue the registrations with good intention.

However, the CRIB's effort to reform the existing legal framework pertaining to secured transactions, earned positive results during the year as the long awaited new bill along with the 06 other consequent amendments to other statutes were approved by the Cabinet and published in the gazette by the Ministry of Finance in December 2023.

As of this report being compiled the bill was passed in the parliament in April 2024 and the proposed new Secured Transactions Act will significantly improve the present legal framework by creating integrated

registration mechanism for security interests over movables by allowing lenders to take lending decisions more confidently and objectively. The change of the system will enable SMEs to secure affordable credit from the formal sector for expansion of their businesses by using existing movable assets as collaterals. It further enhances the other lenders in the informal sector to participate in the proposed system by further alleviating small and medium size businesses to seek finances from other (non-mainstream) sectors of the credit market.

The register is continued to operate by the CRIB as part of the proposed new governance structure established under the proposed Secured Transactions Authority. The establishment of the Registrar function and the inclusion of important priority provisions are the salient and critical features that come into operations in the proposed institutional setup. The following six 06 amendment have been proposed for other Acts in order to make the new ST system more integrated and unified in nature.

1 Companies (Amendment)

Bill (To require the registration of floating charges of Companies with the Register and remove such responsibilities from Registrar of Companies)

2. Finance Leasing (Amendment) Bill (To register the Finance Leases under the Finance Leasing Act with the Register)
3. Inland Trust Receipts (Amendment) Bill (To register the Inland Trust Receipts with the new Register instead of the Registrar of Lands)
4. Mortgage (Amendment) Bill (To register the Mortgage of movables)
5. Registration of Documents (Amendment) Bill (Consequential Amendments)
6. Trust Receipts (Amendment) Bill (To register the Trust Receipts with the new Register instead of the Registrar of Lands).

MANUFACTURED CAPITAL

Our Manufactured Capital encompasses the physical and digital infrastructure that is available to us to utilize for value creation.



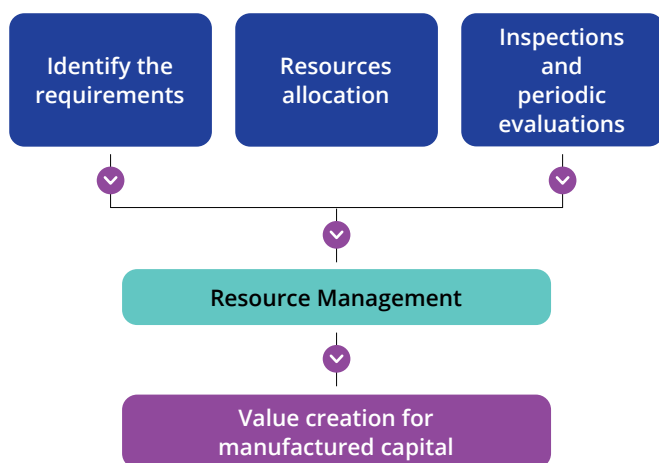
MANUFACTURED CAPITAL

CRIB considers manufactured capital as a vital component in its value creation as it drives efficiency and accuracy of systems and processes, thereby ensuring quality service delivery to the clientele. Our key manufactured capital refers primarily to the hardware that hosts the Bureau's intellectual capital, namely, CRIB's business information systems, including the databases. Apart from that, CRIB's data centre equipment, other ICT infrastructure, office equipment and furniture are also considered as manufactured capital.

HOW WE MANAGE MANUFACTURED CAPITAL

1. We continue to improve our manufactured capital through ongoing investment, in line with the required legal and regulatory procedures.
2. We ensure timely maintenance of resources to sustain the quality and efficiency of our resources.

VALUE CREATION FOR MANUFACTURED CAPITAL



During the financial year 2023, we invested in enhancing our manufactured capital by implementing a new credit bureau management system and purchasing computer software and hardware to support the new system. We also purchased new furniture and office equipment to furnish the new building as we relocated to a new location (201, Sir James Pieris, Mawatha, Colombo 02) on a lease basis. Furthermore, we invested in high availability and security to our ICT infrastructure at the new office premises including Uninterrupted Power Supply System (UPS) to the newly wired network, power connectivity, setting up Cloud based PABX system and a new CCTV system. We also made investments in the BoardPAC solution which provides an effective way for Directors to access the board papers and supplementary information directly from their

iPad/Android and Windows devices. This has eliminated the need for printing multiple copies of each document and couriering such documents to the Directors.

| Manufactured Capital | Investment (LKR) |
|--|------------------|
| Capitalization of the new CIM system | 806,337,495.31 |
| Addition of new computer software to support the new CIM system | 165,435,372.75 |
| Computers & hardware/ network system to support the new CIM system | 120,122,542.22 |
| New furniture/office equipment to furnish the new building | 85,275,627.99 |

In addition to the above investment, we also carried out further improvements to manufactured capital through timely maintenance, site inspections, periodic evaluations and audits to ensure proper management of the Bureau's ICT infrastructure. We also continue to pursue technological advancements to enhance our service delivery and create value for our stakeholders. In this endeavour, we are supported by our valued Board Members, management team, employees, various service providers and auditors in the proper maintenance and enhancement of manufactured capital.

IMPROVEMENTS TO IT SECURITY DURING THE YEAR

- ✦ Hardening of systems as per global security benchmarks and manufacturer-recommended security best practices prior to being placed into operation.
- ✦ Streamlining access control to systems and improving access based on roles and responsibilities.
- ✦ Inclusion of additional protection layers to the key web accessible business system through inclusion of dedicated load balancing and protection specific to web borne threats through dedicated web application firewalls.
- ✦ Sending Logs from key operational and business support systems to a SIEM
- ✦ Resource and utilization monitoring of systems on a daily basis, with alarming at preset thresholds to prevent a service outage.
- ✦ Patching vulnerabilities in software and operating systems as patches are released by the manufacturer
- ✦ Testing of disaster recovery and system contingency planning through execution of a Disaster recovery drill, with full system switchover to the disaster recovery data centre (DRC) and core business systems taking on full production traffic during both peak and off-peak hours for a period of 3 days, following which there was a switch back to the primary data center.

NATURAL CAPITAL

Our Natural Capital encompasses all renewable and non-renewable environmental resources and processes that are available to us to utilize for value creation and our commitment to preserving the environment.



NATURAL CAPITAL

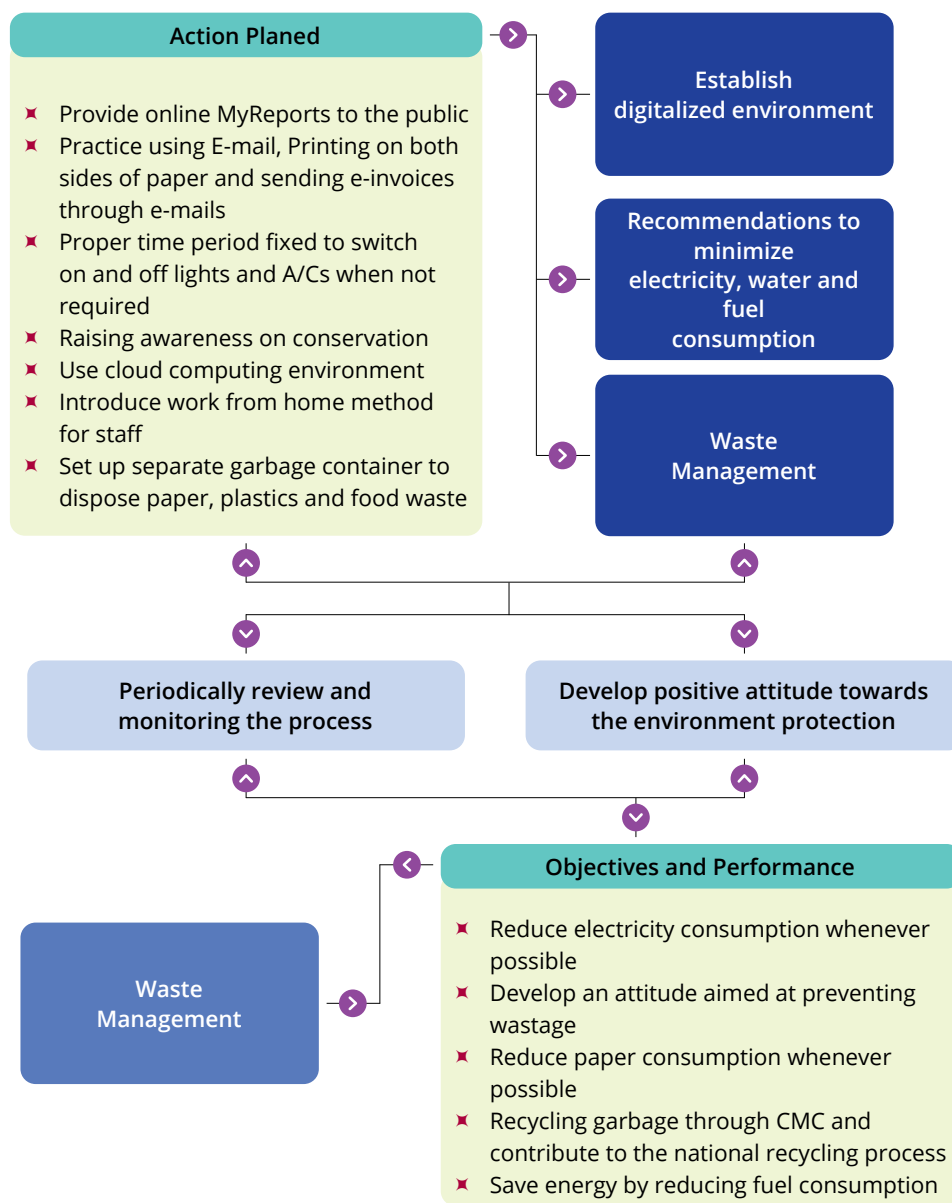
As a responsible corporate institution, we comprehend our vital role in ensuring a safe and healthy ecosystem. To this end, we remain dedicated to supporting a greener future through implementing appropriate environmental management initiatives that measure, monitor, and mitigate our environmental impact. This has enabled us to preserve our natural resources for future generations and the country at large.

As a service-oriented organization, our environmental impact remains minimal and is limited to the consumption of natural resources in the form of electricity, water and paper. Apart from that our per capita fuel consumption also remains significantly low given the use of public transportation for travel by most of our employees. However, despite the low environmental impact of our operations, we remain committed to reducing our environmental footprint, pursuing efforts for the same. In this regard, we make ongoing efforts to minimize the use of natural resources, encouraging mindful usage of electricity, water and paper at the workplace.

Consequently, over the years, we have succeeded in decreasing our paper consumption by encouraging online services and

increasing customer awareness of the same. In addition, we have also increased the employee awareness of environmental conservation thereby encouraging them for mindful use of electricity, water and paper. The implementation of new digitalized systems and processes has witnessed a marked reduction in paper usage within the Bureau.

CRIB followed the below steps in safeguarding the environment and minimizing resource depletion. The chart below indicates the Bureau's response to the foregoing.



Strengthening Scores

Enhancing Confidence



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 prepares 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 for the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

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

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

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

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

Messrs. Ernst & Young, Chartered Accountants, the Auditors of the Bureau have examined the financial statements made available by the Board of Directors together with all relevant financial records, related data, minutes of Directors meeting and express their opinion in their report on page 89 of the Annual Report.

By Order of the Board
Credit Information Bureau of
Sri Lanka



Mr. Pushpike Jayasundara
Secretary

Colombo
25 June, 2024

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 2023, to be presented at the 33rd Annual General Meeting of the Bureau.

REVIEW OF THE YEAR

The Chairperson's review on page 08 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 91 in this annual report.

INDEPENDENT AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on page 89 in this report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the financial statements is given on pages 95 to 114 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 91.

PROPERTY, PLANT AND EQUIPMENT

During the year under review the Bureau invested a sum of Rs. 120.1 Mn (2022-Rs 32.3Mn) in Computer Accessories and Rs 85.3 Mn is in Furniture and fixtures. The new CIM system at a cost of Rs. 806Mn was capitalized during the year and new computer software purchased for the value of Rs. 165 Mn.

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

INVESTMENTS

Details of long-term Investments held by the Bureau are given in Note 09 to the financial statements on page 109.

DIRECTORS' RESPONSIBILITIES

The Statement of the Directors' Responsibilities is given on page 86 of this report.

DIVIDEND

The Directors recommend the payment of a dividend for the financial year ended 31st December 2023.

RESERVES

The Reserves and Accumulated Profits as at 31st December 2023 amount to Rs 5.8 Mn as against Rs 5.4 Mn as at 31st December 2022. 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 2023. The details are given in Note 14 to the financial statement on page 112.

POST BALANCE SHEET EVENTS

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

STATUTORY PAYMENTS

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibilities on page 107.

BOARD COMMITTEES

Audit Committee

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

1. **Mr. Dilshan Rodrigo**
(Chairman)
2. **Mrs. R R S De Silva Jayathilake**
(Committee Member)
3. **Mr. Ananda Seneviratne**
(Committee Member)

The Report of the Audit Committee is given on page 50.

Remuneration Committee

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

1. **K C J Clive Fonseka**
2. **D P N Rodrigo**
3. **H K D Lashman Gamini**

The Report of the Remuneration Committee is given on page 52.

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

DIRECTORS

The Directors of the Bureau as at 31st December 2023 and their brief profiles are given on page 28 in this report.

During the year under review the Board met on 13 occasions.

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

AUDITORS

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

A sum of Rs 451,666/- was paid as audit fee during the year: -

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

NOTICE OF MEETING

The Annual Shareholders Meeting of the Credit Information Bureau of Sri Lanka will be held on 04th July 2024 at 5 pm Cinnamon Grand, Oak room, Colombo 03.

For and on behalf of the Board.



Chairperson



Director

29th May 2024
Colombo

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



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

CAY/KDK/DRM

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Credit Information Bureau of Sri Lanka ("Bureau"), which comprise the Statement of Financial Position as at 31 December 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2023 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that give a true and fair view in

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional

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

Principals: T P M Ruberu FCA FCMA MBA (USJ-SL), G B Goudian ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

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



judgment and maintain professional skepticism throughout the audit. We also:

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

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

29 May 2024
Colombo

STATEMENT OF COMPREHENSIVE INCOME

| Year ended 31st December,2023 | Note | 2023 Rs. | 2022 Rs. |
|---|------|----------------------|----------------------|
| Revenue | 3 | 1,051,013,480 | 694,277,938 |
| Other Income | 4.1 | 998,475,631 | 771,703,729 |
| Employee Related Expenses | | (153,101,628) | (144,862,489) |
| Administration & Establishment Expenses | | (107,772,774) | (57,291,616) |
| Other Operating Expenses | 4.2 | (360,409,951) | (203,444,228) |
| Finance Cost | | (37,315,168) | (13,963,627) |
| Secured Transaction Registry | | (2,219,120) | (1,952,097) |
| Profit Before tax | | 1,388,670,471 | 1,044,467,611 |
| Income Tax Expense | 5 | (407,762,791) | (290,262,765) |
| Profit / (Loss) for the year from continuing operations | | 980,907,680 | 754,204,846 |
| Profit for the year | | 980,907,680 | 754,204,846 |
| Net change in Fair Value of Financial assets at fair value through other comprehensive income | | | |
| Deferred Tax on Defined Benefit Plan | | 8,788,963 | (3,355,259) |
| Defined Benefit Plan Actuarial (Losses)/Gain | | (29,296,543) | 11,184,198 |
| Total Comprehensive Income for the year | | 960,400,100 | 762,033,785 |
| Earnings Per Share | 16 | 3,924 | 3,017 |

The accounting policies and notes on pages 95 through 114 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

| As at 31st December 2023 | Note | 2023 Rs. | 2022 Rs. |
|-------------------------------------|------|----------------------|---------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Equipment | 7 | 209,996,624 | 47,729,844 |
| Intangible Assets | 8 | 840,996,605 | 3,367,752 |
| Right of Use Assets | 13 | 19,280,494 | 20,351,138 |
| Other Financial Assets | 9 | 320,640,000 | 820,640,000 |
| | | 1,390,913,723 | 892,088,733 |
| Current Assets | | | |
| Inventories | 10 | 1,666,602 | 1,420,719 |
| Trade and Other Receivables | 11 | 275,086,922 | 929,536,803 |
| Other Current Financial Assets | 9 | 4,839,194,976 | 4,325,619,991 |
| Deferred Tax Asset | 5.1 | 35,199,471 | 3,842,596 |
| Cash and Cash Equivalents | 12.1 | 21,315,278 | 59,338,995 |
| | | 5,172,463,248 | 5,319,759,104 |
| Total Assets | | 6,563,376,973 | 6,211,847,839 |
| EQUITY AND LIABILITIES | | | |
| Capital & Reserves | | | |
| Stated Capital | 14 | 25,000,000 | 25,000,000 |
| Reserves | | 4,312,885,846 | 4,024,765,815 |
| Retained Earnings | | 1,557,119,567 | 1,412,839,497 |
| Total Equity | | 5,895,005,413 | 5,462,605,312 |
| Non-Current Liabilities | | | |
| Retirement Benefit Liability | 17 | 44,139,505 | 15,029,229 |
| Lease Liability | 9 | 2,487,765 | 21,888,754 |
| | | 46,627,270 | 36,917,983 |
| Current Liabilities | | | |
| Trade and Other Payables | 15 | 272,563,868 | 80,477,224 |
| Lease Liability | | 24,882,688 | |
| Short Term Loan | | | 356,250,000 |
| Dividends Payable | | 25,497,408 | 17,480,861 |
| Income Tax Liabilities | 5.2 | 294,562,481 | 250,361,221 |
| Cash and Cash Equivalents | 12.2 | 4,237,843 | 7,755,238 |
| | | 621,744,289 | 712,324,545 |
| Total Equity and Liabilities | | 6,563,376,973 | 6,211,847,839 |

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Chief Manager- Finance, Admin & HR

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 95 through 114 form an integral part of the Financial Statements.

29th May 2024
Colombo

STATEMENTS OF CHANGES IN EQUITY

| Year Ended 31st December, 2023 | Stated Capital Rs. | General Reserve Rs. | Contingent Reserves Rs. | Technical Reserves Rs. | Building Reserve Rs. | FX Exposure Management dreserve Rs. | Retained Earnings Rs. | Total Rs. |
|---|--------------------------|---------------------------|-------------------------------|------------------------------|----------------------------|--|-----------------------------|---------------|
| As at 1st January 2022 | 25,000,000 | 7,105,124 | - | 2,641,631,943 | 1,000,000,000 | 150,000,000 | 1,476,834,461 | 5,300,571,528 |
| Net Profit for the year | | | | | | | 762,033,785 | 762,033,785 |
| Transferred to General Reserves | | 75,428,749 | | | | | (75,428,749) | - |
| Transferred to Technical Reserve | | | | 113,100,000 | | | (113,100,000) | - |
| Transferred to Contingent Reserve | | | 37,500,000 | | | | (37,500,000) | - |
| Dividends | | | | | | | (600,000,000) | (600,000,000) |
| Balance as at 31st December 2022 | 25,000,000 | 82,533,873 | 37,500,000 | 2,754,731,943 | 1,000,000,000 | 150,000,000 | 1,412,839,497 | 5,462,605,313 |
| Net Profit for the year | - | - | - | - | | | 960,400,100 | 960,400,100 |
| Dividends | | | | | | | (528,000,000) | (528,000,000) |
| Transferred to Staff Welfare Reserves | - | 96,040,010 | - | | | | (96,040,010) | - |
| Transferred to Contingent Reserve | - | - | 48,020,005 | - | - | | (48,020,005) | - |
| Transferred to Technical Reserves | - | - | - | 144,060,015 | | | (144,060,015) | - |
| Balance as at 31st December 2023 | 25,000,000 | 178,573,883 | 85,520,005 | 2,898,791,958 | 1,000,000,000 | 150,000,000 | 1,557,119,567 | 5,895,005,413 |

The accounting policies and notes on pages 95 through 114 form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

| Year ended 31st December, 2023 | 2023 Rs. | 2022 Rs. |
|---|---------------------|-------------------|
| Cash Flows From / (Used in) Operating Activities | | |
| Profit/(loss) before tax from continuing operations | 1,388,670,471 | 1,044,467,611 |
| Adjustments for | | |
| Depreciation | 41,960,110 | 26,539,935 |
| Amotisation | 134,144,013 | 846,167 |
| Income from Investments | (984,792,947) | (771,703,729) |
| Profit /Loss on sale of Property, Plant,& Equipment | 779,826 | - |
| Provision for defined benefit plan | 6,255,609 | 3,792,931 |
| Lease Interest | 8,431,621 | 7,904,674 |
| Operating Profit/(Loss) before Working Capital Changes | 595,448,704 | 311,847,589 |
| (Increase)/ Decrease in Inventories | (245,883) | (791,181) |
| (Increase)/ Decrease in Trade and Other Receivables | 654,449,881 | (549,268,752) |
| Increase/ (Decrease) in Trade and Other Payables | 192,086,644 | 29,856,317 |
| Cash Generated from Operations | 1,441,739,347 | (208,356,027) |
| Gratuity paid | (6,441,875) | - |
| Income Tax Paid | (386,129,442) | (148,748,921) |
| Net Cash From/(Used in) Operating Activities | 1,049,168,030 | (357,104,948) |
| Cash Flows from / (Used in) Investing Activities | | |
| Acquisition of Property, Plant & Equipment | (1,177,175,913) | (34,514,271) |
| Acquisition of Leased Assets | 53,602,660 | - |
| Proceeds from Sale of Property, Plant & Equipment | 396,328 | - |
| Acquisition of Investments | 32,119,991 | (6,710,834) |
| Interest Received | 939,097,971 | 656,832,459 |
| Net Cash Flows from/(Used in) Investing Activities | (151,958,963) | 615,607,354 |
| Cash Flows from (Used in) Financing Activities | | |
| Dividends Paid | (519,983,453) | (590,133,600) |
| Payment for Lease liabilities | (55,481,937) | (30,802,212) |
| Loan Received / settlements | (356,250,000) | 365,250,000 |
| Net Cash Flows from/(Used in) Financing Activities | (931,715,390) | (255,685,812) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (34,506,323) | 2,816,593 |
| Cash and Cash Equivalents at the beginning of the year | 51,583,757 | 48,767,164 |
| Cash and Cash Equivalents at the end of the year | 17,077,434 | 51,583,757 |

The accounting policies and notes on pages 95 through 114 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Credit Information Bureau of Sri Lanka is a Corporate Body incorporated and domiciled in Sri Lanka under the Credit Information Bureau of Sri Lanka Act No.18 of 1990 as amended by Act No.8 of 1995 and Act No.42 of 2008. The office of the Bureau is located at No.201, Sir James Peiris Mawatha, Colombo 02.

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 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 29th May 2024.

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 its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Bureau's ability to continue as a going concern. Therefore, the Financial Statements of the Bureau

continue to be prepared on a going concern basis.

2.1.4 Comparative Information

Comparative information is reclassified wherever 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 and 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 prevailing the internal and external environment and historical trends are used in determining the level of debts that we believe will not be collected. These estimates include such factors as the current state of the economy, particular industry issues, and debt collection trends.

Useful life for Property, Plant and Equipment

The property, plant and equipment in the Bureau are estimated to carry economic useful lives lasting over a 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Bureau is the lessor.

The Bureau 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 Bureau elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 January 2019. Instead, the Bureau 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 Bureau 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 Bureau recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Board of directors and management anticipate to stay in same office premises further 8 years after the expiration of initial two years lease contract period.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

| | |
|------------------------------------|-------|
| Computer Software | 25% |
| CIM Software & System Developments | 12.5% |

2.3.8 Financial instruments

Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bureau's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Bureau has applied the practical expedient, the Bureau initially measures a financial asset at its fair value plus, in the case

of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Bureau has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

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

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

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

Subsequent measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

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

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

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

Financial assets at fair value through OCI (Debt instruments)

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

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

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

in OCI is recycled to profit or loss.

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and

NOTES TO THE FINANCIAL STATEMENTS

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

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

Derecognition

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

consolidated statement of financial position) when:

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

When the Bureau has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bureau continues to recognise the transferred asset to the extent of its continuing involvement. In

that case, the Bureau also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bureau has retained.

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

Impairment of Financial Assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit

risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

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

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

a) Financial Liabilities Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss

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

Loans and Borrowings

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

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial Instruments

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

2.3.9 Inventories

Inventories are valued at the lower of cost and net 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

NOTES TO THE FINANCIAL STATEMENTS

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.

2.3.14 Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and

controlling the activities of the bureau, directly or indirectly.

2.4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES & STANDARDS ISSUED BUT NOT YET EFFECTIVE

2.4.1 The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following;

Amendments to existing accounting standards

The Bureau applied all the existing accounting standards up to 31 December 2023 in preparing these financial statements, which are effective for annual periods beginning on or after 1 January 2023. The Bureau has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

Amendment to LKAS 1: Presentation of Financial Statements

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect

the entity's right to defer settlement of a liability for at least twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to LKAS 7: Statement of Cash Flows and SLFRS 7 : Financial Instruments: Disclosures -Supplier Finance Arrangements

The amendment requires Company to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. This amendment will be effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to LKAS 16: Leases—Lease Liability in a Sale and Leaseback

The amendment specify the subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller lessee does not recognise a gain or loss that relates to the

right of use retained by the seller-lessee, after the commencement date. The amendments to LKAS 1 will be effective for annual reporting periods beginning on or after 1 January 2024.

The adoption of amendments to published standards is not expected to have a material impact on the financial statements of the Company. There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions

NOTES TO THE FINANCIAL STATEMENTS

3 REVENUE

| | 2023 Rs. | 2022 Rs. |
|--------------------|---------------|--------------|
| Credit Information | 1,075,721,396 | 747,301,506 |
| Less | (24,707,916) | (53,023,568) |
| Discount Allowed | | - |
| | 1,051,013,480 | 694,277,938 |

4 OTHER OPERATING INCOME & EXPENSES

4.1 Other Operating Income

| | 2023 Rs. | 2022 Rs. |
|------------------------------|-------------|-------------|
| Interest Income | 982,602,021 | 770,013,417 |
| Loss on sale of Fixed Assets | (779,826) | - |
| Staff Loan Interest | 2,190,926 | 1,641,685 |
| Sundry Income | 135,467 | 48,627 |
| Exchange Gain/Loss | 14,327,044 | |
| | 998,475,631 | 771,703,729 |

4.2 Other Operating Expenses

| | 2023 Rs. | 2022 Rs. |
|-----------------------------|-------------|-------------|
| System Related Expenses | 147,086,588 | 156,271,234 |
| Other Operational Expenses | 34,014,416 | 11,530,977 |
| Professional Charges | | 6,048,640 |
| Training & Developments | | 88,696 |
| Customer & Public Awareness | 3,204,823 | 2,118,580 |
| Depreciation | 176,104,124 | 27,386,102 |
| | 360,409,950 | 203,444,228 |

5 TAXATION

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

| | 2023 Rs. | 2022 Rs. |
|--|--------------------|-------------|
| Current Income Tax | | |
| Income Tax for the year | 430,330,702 | 289,405,852 |
| Deferred Tax | | |
| Deferred Taxation Charge/(Reversal) | (22,567,912) | 856,912 |
| Income tax expense reported in the Income Statement | 407,762,790 | 290,262,764 |
| Statement of Other Comprehensive Income | | |
| Deferred Taxation Charge/ (Reversal) | (8,788,963) | 3,355,259 |
| Total Tax Expense for the year | 398,973,827 | 293,618,023 |

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 2023 and 2022 is as follows:

| Year ended 31st December, 2023 | | | 2023 Rs. | 2022 Rs. |
|--|---------------|-----|-----------------|---------------|
| Accounting profit before tax | | | 1,388,670,471 | 1,044,467,611 |
| Accounting Profit from Other Sources | | | 998,475,631 | 771,703,729 |
| Aggregate Disallowed Items | | | 250,252,722 | 52,127,392 |
| Aggregate Allowable Income | | | (1,202,963,152) | (820,382,487) |
| Taxable Profit for the year | | | 1,434,435,673 | 1,047,916,245 |
| Tax on balance taxable income at normal rate | | | - | 99,876,088 |
| Tax on balance taxable income at normal rate | 1,434,435,673 | 30% | 430,330,702 | 189,529,764 |
| Total Tax Payable | 1,434,435,673 | | 430,330,702 | 289,405,852 |
| Tax Credits | | | - | - |
| Deferred Taxation Charge/Reversal | | | (22,567,912) | 856,912 |
| Income Tax Expense Reported in the Statement of Comprehensive Income | | | 407,762,790 | 290,262,764 |

NOTES TO THE FINANCIAL STATEMENTS

5 TAXATION CONTD.

5.1 Deferred Tax Liability

| | Statement of Financial Position | | Statement of Profit or Loss | | Statement of Other Comprehensive Income | |
|--|------------------------------------|-------------|--------------------------------|-------------|--|-------------|
| | 2023 Rs. | 2022 Rs. | 2023 Rs. | 2022 Rs. | 2023 Rs. | 2022 Rs. |
| Capital Allowances for tax purposes | | (1,127,458) | (1,127,458) | 1,581,034 | | |
| Deferred Tax Asset | | | | | | |
| Capital Allowances for tax purposes | 19,530,631 | | (19,530,631) | | | |
| Post Employment Benefit Liability | 13,241,852 | 4,508,769 | 55,879 | (5,643,756) | (8,788,963) | 3,355,259 |
| Right to Use Asset | 2,426,988 | 461,285 | (1,965,703) | 4,919,634 | | |
| | | | (22,567,912) | 856,912 | (8,788,963) | 3,355,259 |
| Deferred income tax charge/(reversal) | | | | | | |
| Statement of Profit or Loss | | | (22,567,912) | 856,912 | | |
| Statement of Other Comprehensive Income | | | (8,788,963) | 3,355,259 | | |
| Net deferred Tax Asset | 35,199,471 | 3,842,596 | 31,356,875 | | | |

5.2 Income Tax Payable

| Year ended 31st December | 2023 Rs. | 2022 Rs. |
|--------------------------|---------------|---------------|
| Opening Balance | 250,361,222 | 109,704,291 |
| Charge for the year | 430,330,702 | 289,405,852 |
| Tax Payments | (386,129,443) | (148,748,921) |
| Tax Liabilities | 294,562,481 | 250,361,222 |

6 PROFIT BEFORE TAX STATED AFTER CHARGING

Employees Benefits including the following

| | 2023 Rs. | 2022 Rs. |
|--|-------------|-------------|
| - Defined Benefit Plan Costs - Gratuity (included in Employee Benefits) | 6,255,609 | 3,792,932 |
| - Defined Contribution Plan Costs - EPF & ETF (included in Employee 'Benefits) | 11,843,497 | 10,681,900 |
| Depreciation | 41,960,110 | 26,539,935 |
| Amortisation of Intangible Assets | 134,144,013 | 846,167 |
| Auditor's Fees | 451,666 | 323,000 |
| Legal Fees | 380,000 | 603,988 |
| Directors Fees | 1,780,000 | 2,060,000 |

7 EQUIPMENT

7.1 At Cost

| | Balance As at 01.01.2023 Rs. | Additions/ Transfers/ Acquisitions Rs. | Disposals/ Transfers Rs. | Balance As at 31.12.2023 Rs. |
|--|---------------------------------------|---|--------------------------------|---------------------------------------|
| Computer & Accessories | 142,915,245 | 120,122,542 | 3,658,724 | 259,379,063 |
| Computer & Accessories -STR | 95,000 | - | | 95,000 |
| Furniture, Fittings & Office Equipment | 30,090,835 | 85,275,628 | 23,663,765.20 | 91,702,698 |
| Sundry Assets | 239,341 | 4,875 | 31,603.00 | 212,613 |
| Data Centre | 2,923,077 | - | 675,300 | 2,247,777 |
| | 176,263,497 | 205,403,045 | 28,029,392 | 353,637,151 |

Depreciation

| | Balance As at 01.01.2023 Rs. | Additions/ Transfers/ Acquisitions Rs. | Disposals/ Transfers Rs. | Balance As at 31.12.2023 Rs. |
|--|---------------------------------------|---|--------------------------------|---------------------------------------|
| Computer & Accessories | 97,381,803 | 39,333,289 | 3,654,678 | 133,060,414 |
| Computer & Accessories -STR | 95,000 | | | 95,000 |
| Furniture, Fittings & Office Equipment | 27,904,536 | 2,621,442 | 22,491,656 | 8,034,321 |
| Sundry Assets | 229,237 | 5,380 | 31,603 | 203,014 |
| Data Centre | 2,923,077 | - | 675,300 | 2,247,777 |
| | 128,533,654 | 41,960,110 | 26,853,237 | 143,640,527 |

NOTES TO THE FINANCIAL STATEMENTS

7 EQUIPMENT CONTD.

7.1 At Cost Contd.

Net Book Values

| | 2023 Rs. | 2022 Rs. |
|---|--------------------|-------------------|
| At Cost | | |
| Computer & Accessories | 126,318,649 | 45,533,440 |
| Furniture, Fittings & Office Equipment | 83,668,377 | 2,186,300 |
| Sundry Assets | 9,599 | 10,105 |
| | 209,996,624 | 47,729,844 |
| Total Carrying Amount of Equipment | 209,996,624 | 47,729,844 |

8 INTANGIBLE ASSETS

| | System Development (CIMS) Costs Rs. | System Development (CRIMS) Costs Rs. | Computer Software Costs Rs. | Software STR Costs Rs. | Total Rs. |
|---------------------------|---|--|--------------------------------------|------------------------------|---------------|
| Cost | | | | | |
| As at 1st January 2023 | - | 64,579,204 | 90,363,600 | 387,755 | 155,330,559 |
| As at 31st December 2023 | - | 64,579,204 | 90,363,600 | 387,755 | 155,330,559 |
| Additions | 806,337,495 | - | 165,435,373 | - | 971,772,868 |
| As at 31st December 2023 | 806,337,495 | 64,579,204 | 255,798,973 | 387,755 | 1,127,103,427 |
| Amortisation | | | | | |
| As at 1st January 2023 | - | 64,579,204 | 86,995,850 | 387,754 | 151,962,808 |
| Amortisation for the year | 100,792,186 | - | 33,351,826 | - | 134,144,013 |
| As at 31st December 2023 | 100,792,186 | 64,579,204 | 120,347,676 | 387,754 | 286,106,821 |
| Net book value | | | | | |
| As at 1st January 2023 | - | - | 2,038,920 | - | 3,367,751 |
| As at 31st December 2023 | 705,545,309 | - | 135,451,297 | - | 840,996,605 |

9 OTHER FINANCIAL INSTRUMENTS

9.1 Current

| | 2023 Rs. | 2022 Rs. |
|---|----------------------|---------------|
| Debenture | 500,000,000 | 20,986,121 |
| Fixed Deposit | - | 4,204,392,112 |
| Receivable under Resale Agreements (Repo) | 4,,293,500,000 | 100,241,758 |
| Interest Income Receivable | 45,694,976 | (0) |
| | 4,839,194,976 | 4,325,619,991 |

9.2 Non Current

| | 2023 Rs. | 2022 Rs. |
|--------------------------|----------------------|---------------|
| Debenture | 320,640,000 | 820,640,000 |
| | 320,640,000 | 820,640,000 |
| Total Non Current | 320,640,000 | 820,640,000 |
| Total Current | 4,839,194,976 | 4,325,619,991 |

10 INVENTORIES

| | 2023 Rs. | 2022 Rs. |
|------------|-------------|-------------|
| Stationery | 1,666,602 | 1,420,719 |

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES

| | 2023 Rs. | 2022 Rs. |
|-----------------------------|-------------|-------------|
| Financial Assets | | |
| Trade Debtors | 205,892,573 | 60,780,358 |
| Loan to Bureau Staff | 39,645,215 | 38,755,173 |
| Pre paid Staff Expenses | 1,670,643 | 1,670,643 |
| Deposits for Safe Lockers | 45,000 | 45,000 |
| | 247,253,431 | 101,251,174 |
| Non Financial Assets | | |
| Advances & Prepayments | 27,833,491 | 828,290,629 |
| | 27,833,491 | 828,290,629 |
| | 275,086,922 | 929,541,803 |

12 CASH AND CASH EQUIVALENTS

12.1 Favorable Cash & Cash Equivalents Balance

| Components of Cash and Cash Equivalents | 2023 Rs. | 2022 Rs. |
|---|-------------|-------------|
| Cash & Bank Balances | 19,274,822 | 1,152,207 |
| Saving Accounts balances | 2,040,456 | 58,186,788 |
| | 21,315,278 | 59,338,995 |
| | 21,315,278 | 59,338,995 |

12.2 Unfavorable Cash & Cash Equivalents Balance

| Components of Cash and Cash Equivalents | 2023 Rs. | 2022 Rs. |
|---|-------------------|-------------------|
| Bank Overdraft * | (4,237,843) | (7,755,238) |
| Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement | 17,077,435 | 51,583,757 |

* This is due to unrepresented cheques

13 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.

| | 2023 Rs. | 2022 Rs. |
|---|--------------|--------------|
| Movement in right-of-use assets | | |
| 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 | 52,532,016 | |
| Expiration of operating lease agreements during the year | (99,360,000) | |
| As at 31 December | | |
| | 154,820,439 | 201,648,423 |
| Accumulated amortisation : | | |
| As at 1st January | 181,297,285 | 166,113,267 |
| Expiration | (80,297,395) | |
| Amortisation for the year | 34,540,055 | 15,184,018 |
| Balance as at 31st March | 135,539,945 | 181,297,285 |
| Net Book Value at 31st December | 19,280,494 | 20,351,138 |
| Movement in operating lease liabilities | | |
| Balance as at 1st January | 21,888,753 | 44,786,290 |
| Day 1 impact from the application of SLFRS 16 | | |
| Restated Balance as at 31st December | 21,888,753 | 44,786,290 |
| Additions/renewal of operating lease agreements during the year | 52,532,016 | |
| Accretion of interest | 8,431,621 | 7,904,674 |
| Payments to lease creditors | (55,481,937) | (30,802,211) |
| As at 31st December | 27,370,453 | 21,888,753 |

NOTES TO THE FINANCIAL STATEMENTS

14 STATED CAPITAL

| | 2023 | | 2022 | |
|-----------------|---------|------------|---------|------------|
| | 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

| | 2023 Rs. | 2022 Rs. |
|--------------------------------|--------------------|-------------|
| Financial Liability | | |
| Trade Payables | | 8,000 |
| Other Payables | 258,589,576 | 41,759,618 |
| Accrued Expenses | 13,974,292 | 30,666,246 |
| | 272,563,868 | 72,433,864 |
| Non Financial Liability | | |
| Other Payables | | 8,043,360 |
| | 272,563,868 | 80,477,224 |

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.

| | 2023 Rs. | 2022 Rs. |
|--|-------------|-------------|
| Net Profit attributable to Ordinary Shareholders (Rs.) | 980,907,680 | 754,204,847 |
| Weighted Average number of Ordinary Shares - | 250,000 | 250,000 |
| Earnings per Share (Rs.) | 3,924 | 3,017 |

17 RETIREMENT BENEFIT LIABILITY

| | 2023 Rs. | 2022 Rs. |
|--|-------------|--------------|
| Retirement Benefits Obligation-Gratuity | | |
| As at 1st January | 15,029,228 | 22,420,495 |
| Charge for the year | 3,550,348 | 3,792,931 |
| Actuarial (Gain)/Loss | 29,296,543 | (11,184,198) |
| Interest Cost | 2,705,261 | |
| Payments made during the year | (6,441,875) | |
| As at 31 December | 44,139,505 | 15,029,228 |

Defined Benefit Liability is valued as of 31 December 2023 and the principal assumptions used in the valuation are as follows:

| | 2023 Rs. | 2022 Rs. |
|--------------------------------|-------------|-------------|
| Discount Rate | 13.00% | 18.10% |
| Annual Salary Increment Rate | 15% | 9% |
| Staff Turnover | 5% | 4% |
| Average Remaining Life (Years) | 10.66 | 12.37 |

Sensitivity effect on net liability as at 31 December 2023.

An actuarial valuation of the gratuity of the Bureau was carried out as at 31 December 2023 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% | 14,143,685 |
| | -1% | 16,013,836 |
| Salary Increment Rate | 1% | 16,141,078 |
| | -1% | 14,021,425 |

18 DIVIDEND PAID

| | 2023 Rs. | 2022 Rs. |
|------------------------------|-------------|-------------|
| Dividend proposed | 672,280,070 | 528,000,000 |
| Dividends On Ordinary Shares | 672,280,070 | 528,000,000 |
| Dividend Per Share | 2,689 | 2,112 |

NOTES TO THE FINANCIAL STATEMENTS

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 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Interest rate risk

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

(b) Credit Risk

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

21 RELATED PARTY DISCLOSURES

Details of significant related party disclosure are as follow:

| | 2023 Rs. | 2022 Rs. |
|---|-------------------|-------------------|
| Key Management Personal Compensation | | |
| Short term employment benefits | 42,275,517 | 48,749,849 |
| Long term transaction | 8,077,202 | 13,664,380 |
| | 50,352,719 | 62,414,229 |

22 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 is hereby given that the 34th Annual Shareholders' meeting of the Credit Information Bureau of Sri Lanka will be held on 04th July 2024 at 5 pm Cinnamon Grand, Oak room, Colombo 03.

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 2023 together with the Report of the Auditors thereon.
- ✦ To ratify the re-appointment of M/S Ernst and Young, Chartered Accountants as the Auditors of the Bureau for the ensuing year and to authorise the Directors to determine their remuneration.
- ✦ To declare a first and final dividend of Rs. 2,689/= per share as recommended by the Directors for the year ended 31st December 2023.
- ✦ To Consider any other Business of which due notice has been given.

By Order of the Board



Mr. Pushpike Jayasundera
Secretary to the Board

25th June, 2024

NOTES

This image shows a full page of a handwriting practice worksheet. It consists of multiple rows of horizontal dashed lines spaced evenly down the page, providing a guide for letter height and placement. The background is plain white, and there are no margins or additional markings.

CORPORATE INFORMATION

BOARD OF DIRECTORS - AS OF 29TH MAY 2024

Mrs. T M J Y P Fernando -
Chairperson
Deputy Governor, Central
Bank of Sri Lanka

Mrs. R R S De Silva
Jayatilake
Director
Director of Bank Supervision,
Central Bank of Sri Lanka

Mr. Russel Fonseka
Director
General Manager, Bank of Ceylon

Mr. Clive Fonseka
Director
General Manager, People's Bank

Mr. D P N Rodrigo
Director
Executive Director - Hatton
National Bank PLC

Mr. Sanath Manatunga
Director
Managing Director -
Commercial Bank of Ceylon PLC

Mr. Ananda Seneviratne
Director
Managing Director -
Siyapatha Finance PLC

Mr. Nihal Weerapana
Director
Chief Recovery Officer - LOLC
Finance PLC

Mr. Pushpike Jayasundera
Director
General Manager - Credit
Information Bureau of
Sri Lanka

BOARD OF DIRECTORS - RETIRED/RESIGNED

MRS. V A A N DE SILVA
February 2023

MR.CHAMINDA
HETTIARACHCHI
March 2023

MR.NIROSHAN UDAGE
March 2023

MR.KAPILA ARIYARATNE
April 2023

MR.LAKSHMAN GAMINI
December 2023

ALTERNATE DIRECTORS

Mr. M R N Rohana Kumara
Deputy General Manager -
Bank of Ceylon

Mr.Nalin Samaranayake
Asst. General Manager
Commercial Bank

Mrs. Samantha Senanayake
Deputy General Manager -
People's Bank

Mr. Damith Pallewatte
Deputy General Manager -
Hatton National Bank PLC

BOARD REMUNERATION COMMITTEE

Mr. Sanath Manatunga
Chairman

Mr. D.P.N.Rodrigo
Committee Member

Mr. Clive Fonseka
Committee Member

MANAGEMENT

Mr. Pushpike Jayasundera
Director/General Manager

Mr. K.A.Janaka Lakmal,
Deputy General Manager

Mrs. R.M.S.Rathnayake
Assistant General Manager
Operations

Mrs. Nilmini Herath
Chief Manager – Finance
Administration
& HR

Mr. A.N.Piyasiri
AGM – ICT

Mrs. K.A.S.N.Dassanayake
Head of Information Security
Risk and Compliance.

Mr. D.M.S.I.Dissanayake
Senior Manager – Operations

Mrs. D.G.D.M.Ravindrakumar
Executive Secretary.

Mrs. Y.L.D.K.Gunathilake
Manager – Operations

Mr. K.D.S.Wanigasuriya
Manager – Customer Service

Mrs. W.A.H.D.Wickramaratne
Manager – Business
Development/Digital
Marketing.

Mr. D.M.M.S.B.Dissanayake
Manager –Data Analytic

Mrs. Saumya Wijesinghe
Legal Officer

Mr. J.S.Weerasinghe
Assistant Manager – ICT.

Mr. U.L.Weerasinghe
Asst.Manager ICT

EXTERNAL AUDITORS

Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No.109, Galle Road,
P.O.Box 101
Colombo 03.

INTERNAL AUDITORS

KPMG
Chartered Accountants
32A, Sir Mohamed Macan
Markar Mawatha
Colombo 03

PRINCIPAL BANKER

Bank of Ceylon

BUSINESS HOURS

8.00 am to 4.15 p.m.

REGISTERED OFFICE

201, Sir James Peiris
Mawatha,
Colombo 02.

CONTACT DETAILS

Hotline : + 94 112 131313
Fax : + 94 112 338259
E –mail : info@crib.lk
Website: www.crib.lk



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

No. 201, Sir James Peiris Mawatha, Colombo 02.
Hotline: +94 112 13 13 13 | Fax: +94 112 338 259 | E-mail: info@crib.lk | Website: www.crib.lk