එල්.බී. ෆිනෑන්ස් පී.එල්.සී.

ශී ලංකා මහ බැංකුව නිකුත් කල 2006 අංක 02 දරන උපදෙස් වලට අනුකූලව මුලූ පුකාශන පුසිද්ධ කිරීම



| | සම | සමාගම | | සමූහය | |
|---|---|--|---|---|--|
| මාර්තු 31 කාලසීමාව අවසානයේ පු<mark>ධාන මූලぉ දත්න (විගණනය කළ)</mark> රුපියල් මිලියන | වර්තමාන කාල පරිච්ඡේදය 01.04.2020 සං 31.03.2021 දක්නා | පසුගිය කාල පරිච්ජේදය 01.04.2019 සට 31.03.2020 දක්තා | <mark>වර්තමාන</mark> කාල පරිච්ඡේදය 01.04.2020 සට 31.03.2021 _{දක්} න | පසුගිය කාල පරිච්ජේදය 01.04.2019 සට 31.03.2020 දක්වා | |
| පොලී ආදායම | 27,458 | 29,160 | 27,611 | 29,297 | |
| පොලී වියදම | (11,523) | (13,615) | (11,543) | (13,631) | |
| ශුද්ධ පොලී ආදායම | 15,935 | 15,545 | 16,068 | 15,666 | |
| | | | | | |
| වෙනත් ආදායම් | 2,302 | 2,065 | 2,313 | 2,064 | |
| වෙළඳ කටයුතු වලින් ලද ලාභය/(අලාභය) | 6 | (2) | 6 | (2) | |
| මෙහෙයුම් වියදම් (හානිකරණ රහිත) | (5,576) | (5,888) | (5,662) | (5,940) | |
| හානිකරණය | (1,692) | (1,831) | (1,728) | (1,856) | |
| බදු පෙර ලාභය/(අලාභය) | 10,975 | 9,889 | 10,997 | 9,932 | |
| බදු | (4,173) | (4,702) | (4,190) | (4,721) | |
| බදු පසු ලාභය/(අලාභය) | 6,802 | 5,187 | 6,807 | 5,211 | |

| | සමාගම | | සමූහය | |
|--|---|----------------------------|----------------------------|----------------------------|
| මාර්තු 31 දිනට පුධාන මූලූ දත්තයන් (විගණනය කළ) | <mark>31.03.2021</mark> රු. (මිලියන) | 31.03.2020 රු. (මිලියන) | 31.03.2021 රු. (මිලියන) | 31.03.2020 රු. (මිලියන) |
| වත්කම් | | | | |
| මුදල් හා බැංකුවල ඇති තැන්පතු | 6,187 | 6,163 | 6,381 | 6,472 |
| සම්බන්ධිත පාර්ශවයන්ගෙන් ලැබිය යුතු | 79 | 87 | 57 | 70 |
| ණය (සම්බන්ධිත පාර්ශවයන්ගෙන් ලැබිය යුතු ණය හැර) | 114,081 | 118,796 | 114,769 | 119,350 |
| හිමිකම් පුාග්ධන ආයෝජන | 610 | 585 | 89 | 64 |
| බැංකු සහ අනෙකුත් ආයතන සතුව ඇති කාලීන තැන්පතු | 10,041 | 8,890 | 10,041 | 8,890 |
| දේපල, පිරියත හා උපකරණ | 8,267 | 8,263 | 8,287 | 8,283 |
| වෙනත් වත්කම් | 1,311 | 1,180 | 1,319 | 1,193 |
| මුළු වත්කම් | 140,576 | 143,964 | 140,943 | 144,322 |
| | | | | |
| වගකීම් | | | | |
| බැංකුවලට ගෙවිය යුතු | 16,467 | 22,771 | 16,527 | 22,883 |
| ගනුදෙනුකරුවන්ගේ තැන්පතු | 85,860 | 89,256 | 85,940 | 89,315 |
| වෙනත් ණය ගැනීම් | 3,114 | 3,111 | 3,114 | 3,111 |
| වෙනත් බැරකම් | 6,946 | 5,826 | 6,975 | 5,853 |
| මුළු වගකීම් | 112,387 | 120,964 | 112,556 | 121,162 |
| | | | | |
| හිමිකම් | | | | |
| පුකාශිත පුාග්ධනය | 838 | 838 | 838 | 838 |
| වෘවස්ථාපිත සංචිත අරමුදල | 7,684 | 6,323 | 7,684 | 6,323 |
| රඳවාගත් ඉපැයුම් | 19,755 | 15,945 | 19,802 | 15,988 |
| වෙනත් සංචිත | (88) | (106) | 63 | 11 |
| මුළු හිමිකම් | 28,189 | 23,000 | 28,387 | 23,160 |
| | | | | |
| මුළු වගකීම් හා හිමිකම් | 140,576 | 143,964 | 140,943 | 144,322 |
| | | | | |
| කොවසකව ශුද්ධ වත්කම් (රු.) | 50.88 | 41.51 | 51.24 | 41.80 |
| | සමාගම | | | |

| | සමාගම | | | | |
|--|--------|------------|--------|------------|--|
| පුධාන කාර්ය සාධන දර්ශක | 31.0 | 31.03.2021 | | 31.03.2020 | |
| අයිතමය | අවශා | තථෘ | අවශන | තථන | |
| නියාමන පුාග්ධන පුමාණාත්මකතාවය (%) | | | | | |
| 1 වන ස්ථරයේ පුාග්ධන පුමාණාත්මකතා අනුපාතය | 7.00% | 23.87% | 7.00% | 19.04% | |
| මුළු පුාග්ධන පුමාණාත්මකතා අනුපාතය | 11.00% | 25.32% | 11.00% | 20.75% | |
| අරමුදල් පුාග්ධනයට තැන්පතු වගකීම් අනුපාතය | 10.00% | 32.83% | 10.00% | 25.77% | |
| | | | | | |
| ණය කලඹේ ගුණාත්මකතාවය (%) | | | | | |
| දළ අඛීය ණය අනුපාතය | | 5.36% | | 3.93% | |
| ශුද්ධ අකීය ණය අනුපාතය | | 0.10% | | -0.12% | |
| ශුද්ධ අකීය ණයට මුලික පාග්ධන අනුපාතය | | 0.45% | | -0.64% | |
| වෙන් කිරීම් ආවරණ අනුපාතය | | 98.13% | | 102.82% | |
| | | | | | |

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF L B FINANCE PLC

Report on the audit of the consolidated financial statements

Opinio

We have audited the financial statements of L B Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2021, income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

EY

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and 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 Group in accordance with the Code of Ethics is and the the Code of Ethics is and the audit evidence we have obtained by CA Siri 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Impairment allowance for loans & receivables and lease rentals receivable & stock out on hire. As described in note(s) 4.19, impairment allowance on such financial assets carried at amortised cost is determined in accordance with Sri Lanka Accounting Standard – SLFRS 9 Financial Instruments. This was a key audit matter due to: materiality of the reported impairment allowance which involved complex calculations; and the degree of assumptions, judgements and estimation uncertainty associated with the calculations Key areas of significant judgements, estimates and assumptions used by management in the assessment of the impairment allowance included the following; the probable impacts of COVID-19 and related industry responses (e.g. government stimulus packages and debt moratorium relief measures granted by the Company); and forward-looking macroeconomic factors, including developing and incorporating macroeconomic scenarios, given the wide range of potential economic outcomes and probable impacts from COVID-19 that may impact future expected credit losses. | We assessed the alignment of the Company's expected credit loss computations and underlying methodology with the requirements of SLFRS 9 with consideration of COVID-19 impacts and related industry responses based on the best available information up to the date of our report. Our audit procedures included amongst others the following: We evaluated the design, implementation and operating effective ness of controls over estimation of impairment, which included assessing the level of oversight, review and approval of provision for credit impairment policies and procedures by the Board and manage ment. We assessed the completeness and relevance of the underlying information used in the impairment calculations; Our procedures included evaluating whether the underlying historical information was up to the reporting date testing the accuracy of underlying calculations checking the completeness of the Company As relevant, we assessed the reasonableness of the basis for and data used by management to determine overlays in consideration of the probable effects of the COVID-19 pandemic including the provisions that were made by the Company with a particular focus on the impact of COVID-19 on high risk industries We also considered the reasonableness of macro-economic factors used by comparing them with publicly available data and information sand estimates made by management, forward-looking information used, and weightages assigned to possible economic scenarios. We assessed the adequacy of the related financial statement disclosures as set out in note(s), 4.17 and 4.18 of the financial statements |
| Impact of moratoriums and other relief measures on recognition of interest income Moratoriums and other relief measures were granted by the Company to customers affected by the COVID–19 Pandemic. Impact of moratoriums and other relief measures on the recognition of interest revenue on loans & receivables and lease rentals receivable & stock out on hire was a key audit matter due to: Significant judgments that were applied in determining whether such moratoriums and other relief measures have resulted in substantial modifications or not, to contracts with customers as set out in note (s) 4.1 to the financial statements Use of various calculations by management to quantify the impacts of such moratoriums and other relief measures on the amount of revenue recognized for the period | Our audit procedures (among others) included the following; We gained an understanding of the process adopted by the Company to grant, record and account for moratoriums and other relief measures provided to customers We assessed the reasonableness of judgements applied by manage ment in determining whether moratoriums and other relief measures have resulted in substantial modifications or not, to customer contracts, on a sample basis. This included evaluating whether interest income on modified contracts have been recognized in line with its accounting policy for interest income recognizion We tested the accuracy of underlying calculations. Our procedures included testing the completeness and accuracy of the data used in such calculations, by agreeing to source documents and moratorium customer returns, on a sample basis |
| IT systems and controls relevant to financial reporting The Company uses multiple IT systems in its operations. The COVID-19 pandemic necessitated the Company to adapt various operating processes and procedures including modification of relevant controls to mitigate the resulting risks. IT systems and controls relevant to financial reporting was a key audit matter due to: • The Company's financial reporting process being heavily dependent on information derived from its IT systems and • Key financial statement disclosures involving the use of multiple system – generated reports and calculations there on • A changed working environment of increased remote access | Our audit procedures (among others) included the following; Understanding the security monitoring procedures over IT systems relevant to financial reporting, given the increase in remote access Understanding and evaluating the design and operating effectiveness of key automated, IT dependent and manual controls implemented by management over generation of multiple system reports and gathering of required information in calculating the significant information for financial statements disclosures Checking the source data of the reports used to generate significant disclosures for accuracy and completeness Assessing the reasonability of management's general ledger reconciliation procedures which includes cross checking to system reports and source data where relevant |

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is sible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

| ලානදායීත්වය (%) | | |
|---------------------------|--------|--------|
| ශුද්ධ පොලි ආන්තිකය | 12.15% | 11.96% |
| වත්කම් මත පුතිලාභ | 4.78% | 3.70% |
| හිමිකම් මත පුතිලාභ | 26.58% | 25.04% |
| ආදායම් මත පිරිවැය අනුපාතය | 30.56% | 33.44% |

දුවශීලතාවය (%)

| පවතින දුවශීල වත්කම්වලට දුවශීල වත්කම් අවශෘතා අනුපාතය (අවම 100%) | 290.75% | 153.56% |
|--|---------|---------|
| දවශීල වත්කම්වලට බාහිර මුදල් අනුපාතය | 14.95% | 12.43% |
| | | |

නාමික තොරතුරු

| ශාබා ගණන (රන් ණය සේවා මධෳස්ථානද ඇතුලත්ව) | 169 | 165 |
|--|-----|----------|
| බාහිර ණය ලෝණිය (Fitch Ratings) | | A- (lka) |

2021 සහ 2020 මාර්තු 31 දිනෙන් අවසන් වන කාලච්ජේදය සඳහා නියාමන අධිකාරියක් විසින් නියාමන දඩ, නියාමන තැන්පතු සීමා, නියාමන ණය ගැනීම් සීමා හා නියාමන ණයදීම් සීමා කිසිවක් සමාගමට අදාලව පනවා නොමැත

සහතික කිරීම:

චල්.බී. ෆිනෑන්ස් පී.චල්.සී. හි කළමනාකාර අධෘක්ෂක, සහකාර සාමානහාධිකාරී-මූලූෂ සහ අනුකූලතා නිලධාරී වන අප විසින් සාමුහිකව පහතින් සහතික කර ඇති පරිදි,

(අ) ඉහත පුකාශයන් ශී ලංකා මහ බැංකුව විසින් නියම කර ඇති ආකෘතියට හා අර්ථ දැක්වීම් වලට අනුකූලව සකස් කර ඇත;

(ආ) බලපතුලාභී මුදල් සමාගම විසින් ඉදිරිපත් කරනු ලබන පුකාශනවල අන්තර්ගත තොරතුරු විගණනය කළ තොරතුරු ලෙස සඳහන් නොවන්නේ නම් විගණනය නොකල තොරතුරු ලෙස සැලකිය යුතුය.

(අත්සන් කළේ) පේ. චී. චස්. චස්. ආදිහෙට්ටි කළමනාකාර අධනක්ෂක 19 මැයි 2021

(අත්සන් කළේ) මලිත් හේවගේ සහකාර සාමානතාධිකාරි-මූලත 19 මැයි 2021

(අත්සන් කළේ) සෙබස්තියන් පුල්ලේ අනුකූලතා නිලධාරී 19 මැයි 2021

sibilities of management and those charged with governance

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 ог еггог.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- 1. 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.
- 2. 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 internal controls of the Company and the Group Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. 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 Group'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 areinadequate, 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 are inadequate. conditions may cause the Group to cease to continue as a going concern
- 5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the
- b. Evidate the orear presentation, structure and content of the minimum structure the manufact statements represent the underlying transactions and events in a manufact statement that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.

City

19 May 2021



එල්.බ්. ෆිනෑන්ස් පී.එල්.සී., 275/75, මහාචාර්ය ස්ටැන්ලි ව්ජේසුන්දර මාවත, කොළඹ 07. | ක්ෂණික ඇමතුම්: 0112 200 000 | www.lbfinance.com | LB Finance PLC 🛛 🗗 🖸 🞯 🛅

• මූලූහ ස්ථාවරත්වය සමඟ Fitch rating A- (Ika) ශේණිගත කර ඇත

• ශී ලංකා වරලත් ගණකාධිකාරී ආයතනය වෙතින් පිදෙන මූලෘ හා ලීසිං සමාගම් අතර හොඳම වාර්ෂික වාර්තාවට හිමි රන් සම්මානය අඛණ්ඩව තෙවරක් දිනා ඇත

• SLIM ජනතා සම්මාන උළෙලේ වසරේ හොඳම මූලූ සේවා සැපයුම්කරු