

INTERIM FINANCIAL STATEMENTS

LB FINANCE PLC

FOR THE PERIOD ENDED DECEMBER 31, 2020



LB FINANCE

LB FINANCE PLC**STATEMENT OF COMPREHENSIVE INCOME**

Period ended 31 December 2020

	COMPANY					
	FOR THE 3 MONTHS ENDED			FOR THE 9 MONTHS ENDED		
	31.12.2020 Rs.(‘000)	31.12.2019 Rs.(‘000)	Change %	31.12.2020 Rs.(‘000)	31.12.2019 Rs.(‘000)	Change %
Income	7,472,565	8,024,351	(7)	21,695,441	23,774,103	(9)
Interest Income	6,972,376	7,496,400	(7)	20,134,619	22,290,637	(10)
Less : Interest Expenses	2,690,142	3,325,575	(19)	9,166,539	10,210,541	(10)
Net Interest Income	4,282,234	4,170,825	3	10,968,080	12,080,096	(9)
Fee and Commission Income	446,631	496,259	(10)	1,450,446	1,381,820	5
Net Trading Income	1,967	978	>100	4,865	269	>100
Other Operating Income	51,591	30,714	68	105,511	101,377	4
Total Operating Income	4,782,423	4,698,776	2	12,528,902	13,563,562	(8)
Less : Impairment Charges and Other Losses	440,094	225,537	95	1,567,804	658,738	>100
Net Operating Income	4,342,329	4,473,239	(3)	10,961,098	12,904,824	(15)
Less : Operating Expenses						
Personnel Expenses	767,231	766,610	0	2,223,861	2,236,026	(1)
Depreciation of Property, Plant and Equipment	187,459	116,546	61	549,779	340,271	62
Amortisation of Intangible Assets	4,025	3,890	3	12,639	12,024	5
Other Operating Expenses	469,481	639,850	(27)	1,346,348	1,994,273	(32)
Total Operating Expenses	1,428,196	1,526,896	(6)	4,132,627	4,582,594	(10)
Operating Profit before Tax on Financial Services	2,914,133	2,946,343	(1)	6,828,471	8,322,230	(18)
Less : Tax on Financial Services	450,132	450,404	(0)	1,090,338	1,314,631	(17)
Less : Debt Repayment Levy	-	240,426	(100)	-	685,929	(100)
Profit before Taxation	2,464,001	2,255,513	9	5,738,133	6,321,670	(9)
Less : Income Tax Expense	766,091	842,415	(9)	1,760,106	2,401,391	(27)
Profit for the Period	1,697,910	1,413,098	20	3,978,027	3,920,279	1
Basic Earnings per Share (Rs.)	12.26	10.20	20	28.72	28.30	1
Other Comprehensive Income						
Other Comprehensive Income that will never be Reclassified to Income Statement						
Net Gains/(Losses) on Investment in Equity Instruments - Fair Value Through Other Comprehensive Income	12,433	9,060	37	24,793	(1,900)	>100
Net Other Comprehensive Income that will never be Reclassified to Income Statement	12,433	9,060	37	24,793	(1,900)	>100
Other Comprehensive Income for the Period, Net of Tax	12,433	9,060	37	24,793	(1,900)	>100
Total Comprehensive Income for the Period, Net of Tax	1,710,343	1,422,158	20	4,002,820	3,918,379	2

LB FINANCE PLC**STATEMENT OF COMPREHENSIVE INCOME**

Period ended 31 December 2020

	GROUP					
	FOR THE 3 MONTHS ENDED			FOR THE 9 MONTHS ENDED		
	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	Change %	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	Change %
Income	7,522,028	8,059,988	(7)	21,823,274	23,876,053	(9)
Interest Income	7,019,465	7,532,996	(7)	20,252,418	22,390,240	(10)
Less : Interest Expenses	2,700,461	3,330,340	(19)	9,185,790	10,221,554	(10)
Net Interest Income	4,319,004	4,202,656	3	11,066,628	12,168,686	(9)
Fee and Commission Income	448,895	498,655	(10)	1,459,811	1,387,106	5
Net Trading Income	1,967	978	>100	4,865	269	>100
Other Operating Income	51,702	27,359	89	106,180	98,438	8
Total Operating Income	4,821,568	4,729,648	2	12,637,484	13,654,499	(7)
Less : Impairment Charges and Other Losses	448,193	235,268	91	1,575,974	678,238	>100
Net Operating Income	4,373,375	4,494,380	(3)	11,061,510	12,976,261	(15)
Less : Operating Expenses						
Personnel Expenses	780,962	774,174	1	2,260,727	2,255,750	0
Depreciation of Property, Plant and Equipment	188,031	116,838	61	551,296	341,037	62
Amortisation of Intangible Assets	4,940	4,665	6	15,307	13,474	14
Other Operating Expenses	470,552	644,546	(27)	1,364,990	2,008,102	(32)
Total Operating Expenses	1,444,485	1,540,223	(6)	4,192,320	4,618,363	(9)
Operating Profit before Tax on Financial Services	2,928,890	2,954,157	(1)	6,869,190	8,357,898	(18)
Less : Tax on Financial Services	450,132	450,404	(0)	1,090,338	1,314,631	(17)
Less : Debt Repayment Levy	-	240,426	(100)	-	685,929	(100)
Profit before Taxation	2,478,758	2,263,327	10	5,778,852	6,357,338	(9)
Less : Income Tax Expense	769,408	849,101	(9)	1,772,887	2,416,183	(27)
Profit for the Period	1,709,350	1,414,226	21	4,005,965	3,941,155	2
Profit Attributable to:						
Equity Holders of the Company	1,709,350	1,414,226	21	4,005,965	3,941,155	2
Non-Controlling Interest	-	-	-	-	-	-
Profit for the Period	1,709,350	1,414,226	21	4,005,965	3,941,155	2
Basic Earnings per Share (Rs.)	12.34	10.21	21	28.92	28.45	2
Other Comprehensive Income						
Other Comprehensive Income that will be Reclassified to Income Statement						
Net Gains/(Losses) from Translating the Financial Statements of the Foreign Operations	(9,720)	22,261	(>100)	21,208	32,226	(34)
Net Other Comprehensive Income that will be Reclassified to Income Statement	(9,720)	22,261	(>100)	21,208	32,226	(34)
Other Comprehensive Income that will never be Reclassified to Income Statement						
Net Gains/(Losses) on Investment in Equity Instruments - Fair Value Through Other Comprehensive Income	12,433	9,060	37	24,793	(1,900)	>100
Net Other Comprehensive Income that will never be Reclassified to Income Statement	12,433	9,060	37	24,793	(1,900)	>100
Other Comprehensive Income for the Period, Net of Tax	2,713	31,321	(>100)	46,001	30,326	52
Total Comprehensive Income for the Period, Net of Tax	1,712,063	1,445,547	18	4,051,966	3,971,481	2
Attributable to:						
Equity Holders of the Company	1,712,063	1,445,547	18	4,051,966	3,971,481	2
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period, Net of Tax	1,712,063	1,445,547	18	4,051,966	3,971,481	2

LB FINANCE PLC**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

	Company		Group	
	31.12.2020 Rs.('000)	Audited 31.03.2020 Rs.('000)	31.12.2020 Rs.('000)	Audited 31.03.2020 Rs.('000)
Assets				
Cash and Cash Equivalents	9,999,949	6,162,637	10,184,988	6,472,312
Financial Assets Recognised Through Profit or Loss	9,514	4,648	9,514	4,648
Financial Assets at Amortised Cost - Loans and Receivables	63,300,464	58,239,254	64,053,227	58,793,344
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	49,100,964	60,626,670	49,100,964	60,626,670
Financial Assets Measured at Fair Value Through Other Comprehensive Income	83,935	59,141	83,935	59,141
Other Financial Assets	13,404,418	9,119,681	13,382,403	9,105,761
Other Non Financial Assets	899,913	967,469	908,867	976,489
Investment in Subsidiary	521,162	521,162	-	-
Property, Plant and Equipment and Right-of-Use Assets	8,100,199	8,221,248	8,108,830	8,228,222
Intangible Assets	30,434	41,809	41,447	55,064
Total Assets	145,450,952	143,963,719	145,874,175	144,321,651
Liabilities				
Due to Banks	20,171,762	22,771,085	20,286,546	22,882,941
Financial Liabilities at Amortised Cost - Due to Depositors	88,312,929	89,256,435	88,387,770	89,315,097
Debt Instruments Issued and Other Borrowed Funds	3,016,326	3,111,186	3,016,326	3,111,186
Other Financial Liabilities	3,039,371	2,766,410	3,017,358	2,766,775
Other Non Financial Liabilities	1,579,378	909,266	1,622,329	925,778
Current Tax Liabilities	924,995	766,752	928,277	777,057
Deferred Tax Liabilities	1,037,580	1,037,580	1,037,580	1,037,580
Post Employment Benefit Liability	366,242	345,456	366,242	345,456
Total Liabilities	118,448,583	120,964,170	118,662,428	121,161,870
Equity				
Stated Capital	838,282	838,282	838,282	838,282
Reserves	7,037,337	6,216,939	7,175,932	6,334,326
Retained Earnings	19,126,750	15,944,328	19,197,533	15,987,173
Total Equity Attributable to Equity Holders of the Company	27,002,369	22,999,549	27,211,747	23,159,781
Non Controlling Interest	-	-	-	-
Total Equity	27,002,369	22,999,549	27,211,747	23,159,781
Total Liabilities and Equity	145,450,952	143,963,719	145,874,175	144,321,651
Net Asset Value per Share (Rs.)	194.94	166.04	196.45	167.20
Commitments and Contingencies	1,434,208	1,928,805	1,319,986	1,816,949

The information contained in these statements have been extracted from the unaudited Financial Statements unless indicated as "Audited".

CERTIFICATION:

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

*(Sgd.)***Malith Hewage****Assistant General Manager-Finance**

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board of Directors by,

*(Sgd.)***J A S Sumith Adhietty**
Managing Director*(Sgd.)***Mrs. Yogadinusha Bhaskaran**
Director**27 January 2021****Colombo**

LB FINANCE PLC

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Fair Value Reserve Rs.('000)	Total Equity Rs.('000)
Balance as at 01 April 2019 (Audited)	838,282	12,378,772	5,285,759	(75,662)	18,427,151
Net Profit for the Period	-	3,920,279	-	-	3,920,279
Other Comprehensive Income, Net of Tax	-	-	-	(1,900)	(1,900)
Transfers During the Period	-	(784,056)	784,056	-	-
Final Dividend for 2018/19	-	(554,057)	-	-	(554,057)
Balance as at 31 December 2019	838,282	14,960,938	6,069,815	(77,562)	21,791,473
Balance as at 01 April 2020 (Audited)	838,282	15,944,328	6,323,170	(106,231)	22,999,549
Net Profit for the Period	-	3,978,027	-	-	3,978,027
Other Comprehensive Income, Net of Tax	-	-	-	24,793	24,793
Transfers During the Period	-	(795,605)	795,605	-	-
Balance as at 31 December 2020	838,282	19,126,750	7,118,775	(81,438)	27,002,369

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital Rs.('000)	Retained Earnings Rs.('000)	Statutory Reserve Rs.('000)	Foreign Currency Translation Reserve Rs.('000)	Fair Value Reserve Rs.('000)	Total Equity Attributable to Equity Holders of the Company Rs.('000)	Non-Controlling Interest Rs.('000)	Total Equity Rs.('000)
Balance as at 01 April 2019 (Audited)	838,282	12,397,809	5,285,759	20,779	(75,662)	18,466,967	-	18,466,967
Net Profit for the Period	-	3,941,155	-	-	-	3,941,155	-	3,941,155
Other Comprehensive Income, Net of Tax	-	-	-	32,226	(1,900)	30,326	-	30,326
Transfers During the Period	-	(784,056)	784,056	-	-	-	-	-
Final Dividend for 2018/19	-	(554,057)	-	-	-	(554,057)	-	(554,057)
Balance as at 31 December 2019	838,282	15,000,851	6,069,815	53,005	(77,562)	21,884,391	-	21,884,391
Balance as at 01 April 2020 (Audited)	838,282	15,987,173	6,323,170	117,387	(106,231)	23,159,781	-	23,159,781
Net Profit for the Period	-	4,005,965	-	-	-	4,005,965	-	4,005,965
Other Comprehensive Income, Net of Tax	-	-	-	21,208	24,793	46,001	-	46,001
Transfers During the Period	-	(795,605)	795,605	-	-	-	-	-
Balance as at 31 December 2020	838,282	19,197,533	7,118,775	138,595	(81,438)	27,211,747	-	27,211,747

LB FINANCE PLC**CASH FLOW STATEMENT**

Period ended 31 December 2020

	FOR THE 9 MONTHS ENDED			
	Company		Group	
	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)
Cash Flows from/(Used in) Operating Activities				
Profit and Other Comprehensive Income before Taxation	5,762,925	6,319,770	5,824,853	6,387,664
Adjustments for				
Depreciation of Property, Plant and Equipment and Right-of-Use Assets	549,779	340,271	551,296	341,037
Amortisation of Intangible Assets	12,639	12,024	15,307	13,474
Impairment Charges and Other Losses	1,567,804	658,738	1,575,974	678,239
Diminution/(Appreciation) in Value of Investments	(29,659)	1,631	(29,659)	1,631
Loss/(Profit) on Disposal of Property, Plant and Equipment	(22,571)	(4,537)	(22,571)	(4,537)
Provision/(Reversal) for Defined Benefit Plans	48,873	49,591	48,873	49,591
Foreign Currency Exchange (Gain)/Loss	-	-	310	2,939
Dividend Received	(3,490)	(6,765)	(3,490)	(6,765)
Interest Income on Investing Activities	(1,080,012)	(1,007,478)	(1,080,012)	(1,007,478)
Withholding Tax Attributed to Fixed Deposits	-	(22,416)	-	(22,416)
Net Unrealised (Gains)/Losses Arising from Translating the Financial Statements of Foreign Operations	-	-	(21,208)	(32,226)
Operating Profit before Changes in Operating Assets and Liabilities	6,806,288	6,340,829	6,859,673	6,401,153
(Increase)/Decrease in Operating Assets				
(Increase)/Decrease in Financial Assets at Amortised Cost-Loans and Receivables	(5,748,861)	(8,571,883)	(5,955,704)	(8,699,122)
(Increase)/Decrease in Financial Assets at Amortised Cost-Lease Rentals Receivable and Stock out on Hire	10,645,554	3,748,708	10,645,554	3,748,708
(Increase)/Decrease in Other Financial Assets	(3,896,442)	2,663,668	(3,888,655)	2,662,726
(Increase)/Decrease in Other Non Financial Assets	67,555	(13,987)	88,830	14,244
	1,067,806	(2,173,494)	890,025	(2,273,444)
Increase/(Decrease) in Operating Liabilities				
Increase/(Decrease) in Financial Liabilities at Amortised Cost - Due to Depositors	(943,506)	3,107,700	(927,327)	3,129,180
Increase/(Decrease) in Other Financial Liabilities	272,961	(180,791)	250,577	(180,791)
Increase/(Decrease) in Other Non Financial Liabilities	664,859	(51,103)	694,990	(36,236)
	(5,686)	2,875,805	18,240	2,912,153
Cash Generated from Operations	7,868,408	7,043,140	7,767,938	7,039,862
Retirement Benefit Liabilities Paid	(28,086)	(23,880)	(28,086)	(23,880)
Income Tax Paid	(1,596,609)	(2,388,600)	(1,620,104)	(2,403,068)
Net Cash from/(Used in) Operating Activities	6,243,713	4,630,660	6,119,748	4,612,914
Cash Flows from/(Used in) Investing Activities				
Acquisition of Property, Plant and Equipment and Right-of-Use Assets	(472,753)	(699,845)	(475,927)	(702,497)
Acquisition of Intangible Assets	(1,264)	(17,333)	(1,690)	(27,379)
Proceeds from Sale of Property, Plant and Equipment	66,594	32,471	66,594	32,471
Investment in Subsidiary	-	(202,162)	-	-
Interest Received	691,715	812,129	691,715	812,129
Dividend Received	3,490	6,765	3,490	6,765
Net Cash Flows from/(Used in) Investing Activities	287,782	(67,975)	284,182	121,489
Cash Flows from/(Used in) Financing Activities				
Net Cash Flow from Syndicated Loans and Other Bank Facilities	(2,684,897)	2,597,636	(2,681,969)	2,699,360
Net Cash Flow from Debt Issued and Other Borrowed fund	(94,860)	(94,473)	(94,860)	(94,473)
Dividends Paid	-	(1,662,171)	-	(1,662,171)
Net Cash Flows from/(Used in) Financing Activities	(2,779,757)	840,992	(2,776,829)	942,716
	3,751,738	5,403,677	3,627,101	5,677,119
Cash and Cash Equivalents at the Beginning of the Period	5,442,226	2,972,222	5,751,901	2,990,248
Cash and Cash Equivalents at the End of the Period	9,193,964	8,375,899	9,379,002	8,667,367
CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT				
Notes and Coins Held	1,165,074	912,584	1,165,719	912,887
Balances with Banks	4,623,860	4,536,531	4,808,253	4,827,696
Treasury Bills Repurchase Agreements	4,211,015	3,691,453	4,211,015	3,691,453
Bank Overdrafts	(805,985)	(764,669)	(805,985)	(764,669)
Net Cash and Cash Equivalents	9,193,964	8,375,899	9,379,002	8,667,367

LB FINANCE PLC
FAIR VALUE MEASUREMENT HIERARCHY - COMPANY

		As at 31.12.2020					As at 31.03.2020 (Audited)				
Financial Instruments Measurement Basis		Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value Rs. '000
		Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000			Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000		
		Financial Assets									
Cash and Cash Equivalents	Amortised Cost										
Notes and Coins Held		1,165,074	-	-	1,165,074	1,165,074	936,075	-	-	936,075	936,075
Balances with Banks		4,623,860	-	-	4,623,860	4,623,860	3,683,718	-	-	3,683,718	3,683,718
Treasury Bills Repurchase Agreements		-	4,211,015	-	4,211,015	4,211,015	-	1,542,844	-	1,542,844	1,542,844
Financial Assets Recognised Through Profit or Loss	FVTPL	9,514	-	-	9,514	9,514	4,648	-	-	4,648	4,648
Financial Assets at Amortised Cost - Loans and Receivables	Amortised Cost	-	-	64,711,848	64,711,848	63,300,464	-	-	59,282,434	59,282,434	58,239,254
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	Amortised Cost	-	-	52,699,079	52,699,079	49,100,964	-	-	62,563,940	62,563,940	60,626,670
Financial Assets Measured at Fair Value Through Other Comprehensive Income	FVOCI	-	-	-	-	-	-	-	-	-	-
Quoted Equities		83,935	-	-	83,935	83,935	58,836	-	-	58,836	58,836
Unquoted Equities		-	-	-	-	-	-	-	305	305	305
Other Financial Assets	Amortised Cost	-	13,404,418	-	13,404,418	13,404,418	-	9,119,681	-	9,119,681	9,119,681
		5,882,383	17,615,434	117,410,927	140,908,744	135,899,245	4,683,277	10,662,525	121,846,679	137,192,481	134,212,031
Financial Liabilities											
Due to Banks	Amortised Cost	-	21,169,921	-	21,169,921	20,171,762	-	24,816,902	-	24,816,902	22,771,085
Financial Liabilities at Amortised Cost - Due to Depositors	Amortised Cost	-	-	90,024,975	90,024,975	88,312,929	-	-	89,847,604	89,847,604	89,256,435
Debt Instruments Issued and Other Borrowed Funds	Amortised Cost	-	3,236,098	-	3,236,098	3,016,326	-	3,215,338	-	3,215,338	3,111,186
Other Financial Liabilities	Amortised Cost	-	3,039,371	-	3,039,371	3,039,371	-	2,766,410	-	2,766,410	2,766,410
		-	27,445,390	90,024,975	117,470,365	114,540,388	-	30,798,650	89,847,604	120,646,254	117,905,116

There were no transfers into and transfers out of the hierarchy levels during periods reported herein.

FAIR VALUE MEASUREMENT HIERARCHY - GROUP

		As at 31.12.2020					As at 31.03.2020 (Audited)				
Financial Instruments Measurement Basis		Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Measurement Using			Total Fair Value Rs. '000	Carrying Value Rs. '000
		Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000			Quoted Prices in Active Markets Level 1 Rs. '000	Significant Observable Inputs Level 2 Rs. '000	Significant Unobservable Inputs Level 3 Rs. '000		
		Financial Assets									
Cash and Cash Equivalents	Amortised Cost										
Notes and Coins Held		1,165,719	-	-	1,165,719	1,165,719	936,604	-	-	936,604	936,604
Balances with Banks		4,808,253	-	-	4,808,253	4,808,253	3,992,864	-	-	3,992,864	3,992,864
Treasury Bills Repurchase Agreements		-	4,211,015	-	4,211,015	4,211,015	-	1,542,844	-	1,542,844	1,542,844
Financial Assets Recognised Through Profit or Loss	FVTPL	9,514	-	-	9,514	9,514	4,648	-	-	4,648	4,648
Financial Assets at Amortised Cost - Loans and Receivables	Amortised Cost	-	-	65,464,611	65,464,611	64,053,227	-	-	59,836,524	59,836,524	58,793,344
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	Amortised Cost	-	-	52,699,079	52,699,079	49,100,964	-	-	62,563,940	62,563,940	60,626,670
Financial Assets Measured at Fair Value Through Other Comprehensive Income	FVOCI	-	-	-	-	-	-	-	-	-	-
Quoted Equities		83,935	-	-	83,935	83,935	58,836	-	-	58,836	58,836
Unquoted Equities		-	-	-	-	-	-	-	305	305	305
Other Financial Assets	Amortised Cost	-	13,382,403	-	13,382,403	13,382,403	-	9,105,761	-	9,105,761	9,105,761
		6,067,421	17,593,419	118,163,690	141,824,530	136,815,031	4,992,952	10,648,605	122,400,769	138,042,326	135,061,876
Financial Liabilities											
Due to Banks	Amortised Cost	-	21,284,705	-	21,284,705	20,286,546	-	24,928,759	-	24,928,759	22,882,941
Financial Liabilities at Amortised Cost - Due to Depositors	Amortised Cost	-	-	90,099,816	90,099,816	88,387,770	-	-	89,906,266	89,906,266	89,315,097
Debt Instruments Issued and Other Borrowed Funds	Amortised Cost	-	3,236,098	-	3,236,098	3,016,326	-	3,215,338	-	3,215,338	3,111,186
Other Financial Liabilities	Amortised Cost	-	3,017,357	-	3,017,357	3,017,357	-	2,766,775	-	2,766,775	2,766,775
		-	27,538,160	90,099,816	117,637,976	114,707,999	-	30,910,872	89,906,266	120,817,138	118,075,999

There were no transfers into and transfers out of the hierarchy levels during periods reported herein.

LB FINANCE PLC

SEGMENTAL INFORMATION

For management purposes, the Group is organised into four operating segments based on services offered and geographical operations as follows. The following table presents income, profit, asset and liability information of the Group's operating segments.

	Leasing & Stock out on Hire		Loans and Receivables		Others		International Operation		Total	
	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)	31.12.2020 Rs.('000)	31.12.2019 Rs.('000)
Interest Income	9,783,482	12,359,561	9,271,125	8,901,182	1,080,012	1,029,894	117,799	99,603	20,252,418	22,390,240
Less: Interest Expenses	3,908,695	5,130,607	4,182,677	4,121,275	1,075,168	958,659	19,250	11,012	9,185,790	10,221,553
Net Interest Income	5,874,787	7,228,954	5,088,448	4,779,907	4,844	71,235	98,549	88,591	11,066,628	12,168,687
Fee and Commission Income	490,545	577,055	954,436	797,009	5,465	7,756	9,365	5,286	1,459,811	1,387,106
Net Trading Income and Other Operating Income	1,521	24,853	75,204	211	33,651	76,582	669	(2,939)	111,045	98,707
Total Operating Income	6,366,853	7,830,862	6,118,088	5,577,127	43,960	155,573	108,583	90,938	12,637,484	13,654,500
Less: Impairment Charges and Other Losses	887,284	368,881	680,520	286,721	-	3,135	8,170	19,501	1,575,974	678,238
Net Operating Income	5,479,569	7,461,981	5,437,568	5,290,406	43,960	152,438	100,413	71,437	11,061,510	12,976,262
Less: Other Costs	1,668,061	2,280,922	1,883,514	1,913,572	18,635	35,806	55,508	33,553	3,625,718	4,263,853
Less: Depreciation & Amortisation	225,152	178,909	336,572	169,136	694	4,249	4,184	2,216	566,602	354,510
Operating Profits before Taxes	3,586,356	5,002,150	3,217,482	3,207,698	24,631	112,383	40,721	35,668	6,869,190	8,357,899
Less: Taxes	1,538,235	2,643,393	1,303,955	1,699,170	8,254	59,388	12,781	14,792	2,863,225	4,416,743
Profits for the Period	2,048,121	2,358,757	1,913,527	1,508,528	16,377	52,995	27,940	20,876	4,005,965	3,941,156
Less: Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-
Profit Attributable to Equity Holders of the Company	2,048,121	2,358,757	1,913,527	1,508,528	16,377	52,995	27,940	20,876	4,005,965	3,941,156
Profits for the Period	2,048,121	2,358,757	1,913,527	1,508,528	16,377	52,995	27,940	20,876	4,005,965	3,941,156
Segmental Assets	52,363,738	65,615,336	67,506,799	58,699,832	25,580,416	19,445,550	966,399	803,091	146,417,352	144,563,809
Elimination					(543,177)	(536,690)	-	-	(543,177)	(536,690)
Total Segmental Assets	52,363,738	65,615,336	67,506,799	58,699,832	25,037,239	18,908,860	966,399	803,091	145,874,175	144,027,119
Segmental Liabilities	42,795,968	55,645,326	55,172,127	50,272,660	20,480,490	16,051,256	235,859	189,011	118,684,444	122,158,253
Elimination							(22,016)	(15,528)	(22,016)	(15,528)
Total Segmental Liabilities	42,795,968	55,645,326	55,172,127	50,272,660	20,480,490	16,051,256	213,843	173,483	118,662,428	122,142,725

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses which, in certain respects, are measured differently from operating profits or losses in the financial statements.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue during the period ended 31st December 2020 or 2019.

LB FINANCE PLC

Interim Financial Statements for the period ended 31 December 2020

EXPLANATORY NOTES

01. The accounting policies followed in preparing the above Interim Financial Statements are the same as those disclosed in our Annual Report for the year ended 31 March 2020.
02. These Interim Financial Statements have been prepared in compliance with the requirements of Sri Lanka Accounting Standards - LKAS 34 Interim Financial Reporting.
03. There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.
04. The Commitments and Contingencies as at 31 December 2020 was Rs. 1,434 Mn and as at 31 March 2020 was Rs. 1,929 Mn.

INFORMATION ON SHARES AND LISTED DEBENTURES

INFORMATION ON SHARES

			For the Quarter ended	
			31.12.2020	31.12.2019
Share Price	Highest	Rs.	151.90	159.80
	Lowest	Rs.	129.00	128.20
	Closing	Rs.	146.00	153.30
Number of Ordinary Shares Issued			138,514,284	138,514,284

INFORMATION ON LISTED DEBENTURES

			For the Quarter ended	
			31.12.2020	31.12.2019
Debtenture Prices				
	Debtentures Issued - December 2017			
	5 Year Fixed Rate (12.75 % p.a. Payable Semi-Annually)	Highest	Rs.	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
5 Year Fixed Rate (13.25 % p.a. Payable Semi-Annually)	Highest	Rs.	Not Traded	Not Traded
	Lowest	Rs.	Not Traded	Not Traded
	Closing	Rs.	Not Traded	Not Traded
Interest Yield				
	5 Year Fixed Rate (12.75 % p.a. Payable Semi-Annually)		Not Traded	Not Traded
	5 Year Fixed Rate (13.25 % p.a. Payable Semi-Annually)		Not Traded	Not Traded
Yield of Comparable Government Securities (%)				
	05 Year Treasury Bond		6.63%	9.67%

	As at	
	31.12.2020	31.12.2019
Ratios		
Debt Equity Ratio	102.62%	162.28%
Quick Asset Ratio	26.57%	20.94%
Interest Cover	1.63	1.62

SELECTED PERFORMANCE INDICATORS

	As at	
	31.12.2020	31.12.2019
Capital Adequacy		
Core Capital to Risk Weighted Asset Ratio (Minimum 7%)	21.32%	16.97%
Total Capital to Risk Weighted Asset Ratio (Minimum 11%)	22.77%	18.57%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)	30.58%	25.24%
Profitability		
Return on Average Shareholders' Funds (After Tax) - Annualized	19.64%	25.98%
Return on Average Assets (After Tax) - Annualized	5.29%	6.02%
Asset Quality		
Gross Non-Performing Accommodations Ratio	7.95%	3.34%
Net Non-Performing Accommodations Ratio	2.47%	-0.07%
Liquidity (Rs. Mn)		
Required Minimum Amount of Liquid Assets	5,613	9,028
Available Amount of Liquid Assets	19,735	16,348
Required Minimum Amount of Government Securities	4,438	6,120
Available Amount of Government Securities	7,340	7,140

LB FINANCE PLC

Additional Notes

Twenty largest shareholders as at 31 December 2020

Name		<u>No. of Shares</u>	<u>(%)</u>
1 Vallibel One PLC		71,682,400	51.751
2 Royal Ceramics Lanka PLC	31,427,232	36,123,232	26.079
Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	4,696,000		
3 Esna Holdings (Pvt) Ltd		14,062,400	10.152
4 BNYM Re-Frontaura Global Frontier Fund LLC		2,229,708	1.610
5 Pershing LLC S/A Averbach Grauson & Co.		2,006,078	1.448
6 SBI Ven Holdings Pte Ltd		1,600,000	1.155
7 Hatton National Bank PLC/Mr. K R E M D M B Jayasundara		651,416	0.470
8 Janashakthi Insurance PLC - Non Par		500,000	0.361
9 Mr. K D A Perera		438,996	0.317
10 Mr. N Udage		404,135	0.292
11 Mr. A A Page		314,800	0.227
12 J B Cocoshell (Pvt) Ltd		306,792	0.221
13 Mr. N P D E Samaranyake		240,000	0.173
14 People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa		230,816	0.167
15 Mrs. P C Cooray		208,632	0.151
16 Mr. T Jeremiah		155,164	0.112
17 Mr. D F G Dalpethado & Mrs. H F A K D Fonseka		150,811	0.109
18 Mr. M A Weerasinghe		150,000	0.108
19 Mr. K Karunanayake & Mis. P N Karunanayake		148,324	0.107
20 Mr.P A D R U Pushpakumara		143,800	0.104
		<u>131,747,504</u>	<u>95.114</u>
Others		<u>6,766,780</u>	<u>4.886</u>
Total		<u>138,514,284</u>	<u>100.000</u>

Directors' and Chief Executive Officer's holding in shares as at 31 December 2020

Name	<u>No. of Shares</u>	<u>(%)</u>
Mrs. A K Gunawardhana	-	-
Mr. K D D Perera	-	-
Mr. J A S S Adhihetty	106,120	0.077
Mr. N Udage	404,135	0.292
Mr. B D A Perera	-	-
Mr. R S Yatawara	905	0.001
Mrs. Y Bhaskaran	-	-
Mr. M A J W Jayasekara	-	-
Mrs. Ashwini Natesan	-	-
Mr. D Rangalle	-	-

Public Holding percentage as at 31 December 2020 being 21.78% comprising of 2,380 shareholders.

The Float adjusted market capitalization as at 31 December 2020 - Rs. 4,404,161,831.94

The Float adjusted market capitalization of the Company falls under Option 4 of Rule 7.13.1 (a), of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Corporate Information

NAME OF COMPANY

L B Finance PLC

LEGAL FORM

Public Limited Liability Company
Incorporated in Sri Lanka under the provisions of the Companies Ordinance No. 51 of 1938 (Cap 145) and reregistered as per the Companies Act No. 07 of 2007 on 6th June 2008.

A Licensed Finance Company under the Finance Business Act No. 42 of 2011.

A registered Financed Leasing Establishment in terms of Finance Leasing Act No. 56 of 2000.

STOCK EXCHANGE LISTING

The Company was admitted to the official List of the Colombo Stock Exchange on 30th December 1997.

The ordinary shares and senior and subordinated unsecured, redeemable rated, debentures redeemable in 2022 of the Company are listed on the Colombo Stock Exchange.

DATE OF INCORPORATION

30th May 1971

COMPANY REGISTRATION NUMBER

PQ 156

TAX PAYER IDENTIFICATION NUMBER

104033431

VAT REGISTRATION NUMBER

104033431 7000

CENTRAL BANK REGISTRATION NUMBER

RFC 1003

PRINCIPAL ACTIVITIES

The Company provides a comprehensive range of financial services encompassing Acceptance of Fixed Deposits, Maintenance of Savings Accounts, Providing Finance Lease and operating leases, Hire Purchase, Mortgage Loans, Gold Loans, Personal Loans, Factoring , Other Credit Facilities, Digital Financial Services and Value Added Services.

Company subsidiary, LB Microfinance Myanmar Company Limited carried on microfinance lending in Myanmar.

REGISTERED OFFICE

No. 275/75, Prof. Stanley Wijesundara Mawatha, Colombo 07.
Tel: 011- 2 200 000 Fax: 011-5 345 327

CORPORATE OFFICE

No. 20, Dharmapala Mawatha, Colombo 03.
Tel: 011-2 155 000 Fax: 011-2 575 098

OUTLETS

Branches - 148
Gold loan centres - 18

WEBSITE

www.lbfinance.com

FINANCIAL YEAR END

31 March

CREDIT RATING

The Company has been assigned A- (lka) stable outlook by Fitch Ratings Lanka Limited

BOARD OF DIRECTORS AND BOARD APPOINTED COMMITTEES

Board of Directors

Mrs. Anandhiy Gunawardhana
(Chairperson)

Mr. Dhammika Perera
(Executive Deputy Chairman)

Mr. Sumith Adhihetty
(Managing Director)

Mr. Niroschan Udage
(Executive Director)

Mr. B D A Perera
(Executive Director)

Mr. Ravindra Yatawara
(Executive Director)

Mrs. Yogadinusha Bhaskaran
(Non-Executive Director)

Mr. Ashane Jayasekara
(Independent Non-Executive Director)

Mrs. Ashwini Natesan
(Independent Non-Executive Director)

Mr. Dharmadasa Rangalle
(Non-Executive Director)

Audit Committee

Mrs. Yogadinusha Bhaskaran
(Chairperson)

Mrs. Anandhiy Gunawardhana

Mr. Ashane Jayasekara

Remuneration Committee

Mr. Ashane Jayasekara (Chairman)
Mrs. Anandhiy Gunawardhana
Mrs. Yogadinusha Bhaskaran

Nomination Committee

Mr. Ashane Jayasekara (Chairman)
Mrs. Anandhiy Gunawardhana
Mr. Sumith Adhihetty

Related Party Transaction Review Committee

Mrs. Ashwini Natesan (Chairperson)
Mr. Ashane Jayasekara
Mr. Dharmadasa Rangalle

Integrated Risk Management Committee

Mr. Ashane Jayasekara (Chairman)
Mrs. Anandhiy Gunawardhana
Mrs. Ashwini Natesan
Mr. Sumith Adhihetty
Mr. Niroschan Udage
Mr. B D A Perera
Mr. Ravindra Yatawara
Mr. Bimal Perera
Mr. Malith Hewage
Mr. D Warnakulasuriya (Resigned
w.e.f 28.10.2020)
Mr. B S Pulle (Joined w.e.f
29.10.2020)
Mrs. Waruni Perera

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road, Colombo 08
Tel: 011- 4640360-3
Fax: 011- 4740588
Email: pwcs@pwcs.lk

EXTERNAL AUDITORS

Ernst & Young

INTERNAL AUDITORS

KPMG

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
NDB Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Union Bank of Colombo PLC
Habib Bank Limited
Public Bank Berhad
Deutsche Bank

CORPORATE MEMBERSHIPS AND ASSOCIATIONS

The Finance Houses Association of Sri Lanka
Leasing Association of Sri Lanka
The Ombudsman Sri Lanka (Guarantee) Limited
Mercantile Cricket Association
Mercantile Football Association

SUBSIDIARY COMPANY

LB Microfinance Myanmar Company Limited (Company incorporated in the Union of the Republic of Myanmar)

COMPANY REGISTRATION NUMBER

844 FC of 2016-2017 (YGN)

REGISTERED OFFICE

Myawaddy Bank
Luxury Complex, 4th Floor, Apt
401 Bo Gyoke Road cnr, W a Dan
Street, Lanmadaw Township, Yangon,
Myanmar

BOARD OF DIRECTORS

Mr. Dhammika Perera
Mr. Sumith Adhihetty
Mr. Niroschan Udage
Mr. B D A Perera
Mr. Ravindra Yatawara
Mr. Dulan de Silva

INTERIM FINANCIAL STATEMENTS

