

Key Financial Data for the period Ended 31 March (Audited)

In Rupees Million	Current Period	Previous Period
	01/04/2020 To 31/03/2021	01/04/2019 To 31/03/2020
Interest Income	456.26	423.69
Interest Expenses	(108.20)	(131.47)
Net Interest Income	348.06	292.22
Other Income	5.12	32.36
Operating Expenses (excluding impairment)	(208.06)	(183.68)
Impairment	(22.89)	(100.90)
Profit/(Loss) before tax	122.23	40.00
Taxes	(97.23)	(28.57)
Profit/(Loss) After Tax	25.00	11.43
Other comprehensive income/ (expenses)	(0.57)	0.05
Total comprehensive income	24.43	11.48

Key Financial Data as at 31 March (Audited)

In Rupees Million	As At 31.03.2021	As At 31.03.2020
Assets		
Cash and Bank Balance	155.39	50.63
Government Securities	63.11	87.41
Due from Related Parties	-	7.59
Loans (excluding due from related parties)	2,305.85	1,811.61
Investment in Equity	0.32	0.32
Investment Properties and Real Estate	0.00	356.30
Property, Plant and Equipment	81.21	50.10
Other Assets	1,067.00	741.56
Total Assets	3,672.88	3,105.52
Liabilities		
Due to Banks	518.41	471.90
Deposits from Customers	831.58	1,012.24
Other Liabilities	215.94	138.01
Total Liabilities	1,565.94	1,622.14
Equity		
Stated Capital	2,039.13	3,231.60
Reserves	41.07	39.82
Retained Earnings	26.73	(1,788.05)
Total Equity	2,106.94	1,483.37
Total Liabilities and Equity	3,672.88	3,105.52
Net Assets Value Per Share (Rs.)	3.17	0.30

CERTIFICATION:

We, the undersigned, being the Chief Executive Officer, the Head of Finance and the Compliance Officer of Lanka Credit and Business Finance Limited certify jointly that:

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka (CBSL);
- the information contained in these statements have been extracted from the unaudited financial statements of LCB Finance Ltd unless indicated as audited.

(Sgd.)
K.G. Leelananda
Chief Executive Officer
25/05/2021


(Sgd.)
Kokila Perera
Head of Finance
25/05/2021


(Sgd.)
Ranga Chandranath
Compliance Officer
25/05/2021

Selected Key Performance Indicators As at 31st March

Item	As at 31.03.2021		As at 31.03.2020	
	Actual	Required	Actual	Required
Regulatory Capital Adequacy (%)				
Tier 1 Capital Adequacy Ratio	56.45%	7.00%	28.68%	6.50%
Total Capital Adequacy Ratio	56.45%	11.00%	28.68%	10.50%
Capital Funds to Deposit Liabilities Ratio	248.07%	10.00%	116.32%	10.00%
Quality of Loan Portfolio (%)				
Gross Non - Performing Loans Ratio	13.93%		16.83%	
Net-Non-Performing Loans Ratio	0.35%		3.12%	
Net-Non-Performing Loans to Core Capital Ratio	0.46%		6.56%	
Provision Coverage Ratio	76.37%		63.52%	
Profitability (%)				
Net Interest Margin	10.27%		10.09%	
Return on Assets (before Tax)	2.96%		0.72%	
Return on Equity (after Tax)	1.19%		0.77%	
Cost to Income Ratio	58.91%		56.58%	
Liquidity (%)				
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	258.30%		247.13%	
Liquid Assets to External Funds	33.05%		15.21%	
Memorandum Information				
Number of Branches	8		8	
External Credit Rating	SL[B] Stable (ICRA)		SL[B] Stable (ICRA)	

The company does not have any regulatory penalties or regulatory restrictions on deposits, borrowings and lendings during the period ended 31st March 2021 and 2020.

 <p>Ernst & Young Chartered Accountants 203 De Soeren Place P.O. Box 101 Colombo 10 Sri Lanka</p> <p>Tel : +94 11 2463500 Fax Gen : +94 11 2697369 Fax : +94 11 5579180 ey@ey.com ey.com</p>
<p>PNS/PATR/AD</p> <p>INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANKA CREDIT AND BUSINESS FINANCE LIMITED</p> <p>Report on the Audit of the Financial Statements</p> <p>Opinion</p> <p>We have audited the accompanying Financial Statements of Lanka Credit and Business Finance Limited (the "Company"), which comprise the statement of financial position as at 31 March 2021, income statement, 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.</p> <p>In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.</p> <p>Basis for opinion</p> <p>We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAUS). 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 Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>Other information included in the 2021 Annual Report</p> <p>Management is responsible for the other information. The other information comprises the Company's 2021 annual report, but does not include the financial statements and our auditor's report thereon. The Company's 2021 annual report is expected to be made available after the date of this auditor's report.</p> <p>Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.</p> <p>Responsibilities of management and those charged with governance in the financial statement</p> <p>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.</p> <p>In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.</p> <p>Those charged with governance are responsible for overseeing the Company's financial reporting process.</p> <p>(Contd...2)</p>

 <p>Building a better working world</p>
<p>Auditor's responsibilities for the audit of the Financial Statements</p> <p>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 SLAUS 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.</p> <p>As part of an audit in accordance with SLAUS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none"> 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 Company'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 Company'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 Company 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. <p>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.</p> <p>Report on Other Legal and Regulatory Requirements</p> <p>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.</p> <p>Ernst & Young 25 May 2021 Colombo</p>