



Mr. Nirosan Udage  
Deputy Managing Director



# FINANCIAL CAPITAL

## Six question roundup with our Leaders



Mr. Sumith Adhietty  
Managing Director

### Q1 What financial capital means to LBF?

Our Financial Capital refers to the pool of funds that are available for the use of Company's business operations which obtained through financing, such as equity, debt and customer deposits or generated through operations or investments.

### Q3 What are the key material drivers identified, which were raised by the stakeholders?

Based on our materiality determination process, we have identified the following matters as material to our financial capital. Each matter is grouped under a relevant materiality theme that speaks to our broader operating context.

Financial Excellence	Steady Business Growth	Sustainable Returns
Operational Efficiency	Market Adherence	Business model Innovation

### Q6 What is LBF's approach to differentiate its financial capital from peers?

Setting up the fundamentals at its best conditions and continuous monitoring with frequent fluctuations in the market have allowed LBF to stand its grounds steadily with resilience. Planning and budgeting is done and revised continuously to make sure that the Company is properly funded throughout the year with a well balance leverage. Moreover, the advance analytics are done using artificial intelligence to monitor the success rate of the plans executed and improvements are made accordingly.

### Q2 How financial capital supports our value-creation goals?

The root stem of our financial capital is how we create value for our stakeholders by generating attractive and sustainable returns with year-on-year perfections in all key financial indicators and assuring the growth of our business operations while enhancing other capitals.

### Q4 What are the challenges and opportunities associated with developing financial capital?

Being one of the largest financial institutions and with the well-spread branch network, LBF has the potential to access diversified financing opportunities including foreign funding sources reflecting its reputation, stability and expertise in strategic investments.

On the other hand, we are always conscious about adverse macroeconomic conditions and make strategic plans in order to have neck to neck balance between funding and investments while maintaining sustainable returns when market interest rates are volatile and uncertain.

### Q5 What are the key strategic drivers for developing financial capital and how does the Company manage trade-offs against other capitals?

As we fund our core systems through equity, debt and customer deposits or generated through operations and investments, that we make towards achieving sustainable returns and the use of advanced technology to help us maintain our low cost to income ratio and quicker service in the form of turnaround times and enables us to operate competitively in the market.

While providing monetary investments to our manufactured, intellectual, human, social and relationship and natural capitals for development in themselves, these investments are transformed back to financial capital in the form of sustainable returns to various stakeholders.

## STAKEHOLDER'S EXPECTATIONS

### STAKEHOLDERS

<b>MATERIALITY</b>						
Attractive and sustainable returns	✓		✓	✓		
Transparent reporting and good governance	✓	✓	✓	✓	✓	✓
Management of asset quality	✓	✓	✓	✓	✓	✓

### SPACE FOR DEVELOPMENT

- ▶ Growth opportunities through diversifications
- ▶ Capitalise in overseas expansions
- ▶ Financing through cost effective funding sources
- ▶ Strengthen the branch wide spread
- ▶ Enhance the technology utilisation for business model development

## CHALLENGES

- Lacklustre macroeconomic conditions
- Elevated credit risk exerted pressure on earnings
- Maintaining the NIM when market interest rates are volatile and uncertain

## WAY FORWARD

- Introduce business intelligent platforms and use of artificial intelligence for credit decisions
- Industry association engagements towards sustainable growth
- Initiation of new fintech solutions

### Related strategic themes



### SDG Impact



**Rs. 182 Bn**  
TOTAL ASSET BASE

**23.48%**  
ROE

**Rs. 8.4 Bn**  
PROFIT AFTER TAX

**114.40%**  
PROVISION  
COVERAGE

**4.45%**  
GROSS NPL

**32.42%**  
COST TO INCOME

HIGHEST  
TAXPAYER IN  
NBFI SECTOR  
**Rs. 9.72 Bn**

**Rs. 114.01 Bn**  
CUSTOMER  
DEPOSITS



FINANCIAL CAPITAL

LB Finance PLC embraced itself to stand its ground under challenging macroeconomic conditions and prevailing systemic shocks in the industry. Under the given conditions, the Company achieved a profit after tax of Rs. 8.46 Billion with resilience.

**C**apital Adequacy is part of the regulatory framework which ensures financial institutions are supervised. Capital Adequacy Ratios (CAR) express the capital as a percentage of its Risk Weighted Assets (RWA).



CAR TIER I  
**30.50%**

2021/22 25.95%

CAR TIER II  
**31.13%**

2021/22 26.90%

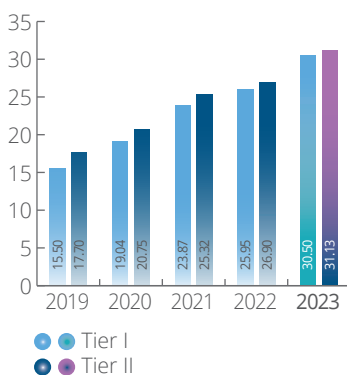
Non Performing Advances to Equity  
**19.18%**

2021/22 20.69%

Capital Funds to Deposit Ratio  
**33.43%**

2021/22 37.07%

Capital Adequacy Ratio %



Way Forward

To maintain Capital Adequacy Ratios with a fair buffer not less than additional 2% against the statutory requirement of CBSL

**A**ssets Quality evaluates the risk associated with its loans and advances. Gross Non-Performing Loans (NPL) indicate defaulted loans beyond a defined period. Net NPL represents the open exposure of NPLs after impairment provision.



Gross NPL  
**4.45%**

2021/22 4.44%

Net NPL  
**-0.65%**

2021/22 -0.80%

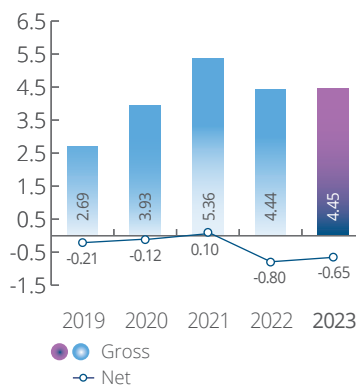
Provision Coverage Ratio  
**114.40%**

2021/22 117.94%

Open Credit Exposure Ratio  
**-2.59%**

2021/22 -3.44%

Gross and Net NPL Ratio %



Way Forward

To maintain Net NPL ratio at zero level

**M**anagement Efficiency evaluates the Company's ability to manage its operations effectively and efficiently in any financial stress. Cost to Income ratio indicates how much a firm is spending to generate income.



Cost to Income  
**32.42%**

2021/22 29.28%

Profit per Employee  
**Rs. 2.38 Mn**

2021/22 Rs. 2.27 Mn

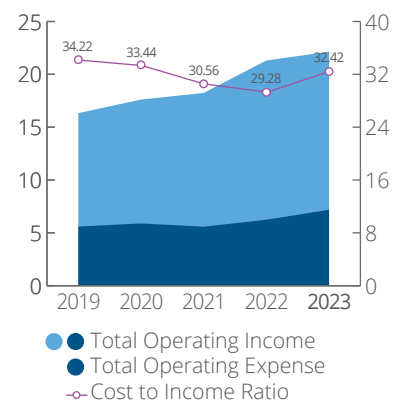
Impairment Charge to Total Operating Income  
**2.46%**

2021/22 4.81%

Operating Expense to Income  
**16.79%**

2021/22 20.69%

Cost to Income Ratio Rs.Bn | %



Way Forward

To maintain Cost to Income Ratio below 35%

To bring a change in evaluating the Key Performance Indicators (KPIs) of the Company, Sensitivity is exclusively introduced to the already functioning CAMEL rating system. 'CAMELS' which is not part of Audited Financial Statement, incorporated Sensitivity to analyse the market wavering while Capital Adequacy, Assets Quality, Management Efficiency, Earnings and Liquidity provide insights on the financial strength and the sustainable returns.

**E**arnings evaluate the Company's revenue and profitability, including its ability to generate sustainable profits over time. Return on Equity (ROE) shows how well the Company utilises its shareholders' investments to generate profits.



Return on Equity

**23.78%**

2021/22 28.29%

Return on Assets

**4.88%**

2021/22 5.68%

Net Interest Margin

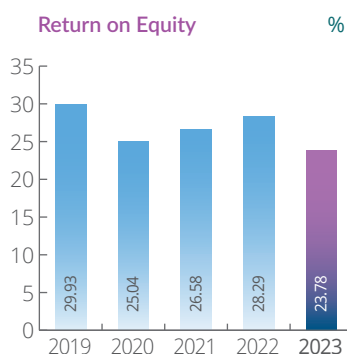
**11.86%**

2021/22 13.28%

Interest Spread

**9.15%**

2021/22 11.98%



#### Way Forward

To maintain minimum 20% ROE while optimising profitability and providing shareholders with sustainable returns

**L**iquidity examines the Company's ability to meet its short-term obligations, including the availability of cash and other liquid assets.



Liquid Assets Ratio

**19.31%**

2021/22 17.60%

Loans to Deposits

**127.35%**

2021/22 150.76%

Liquid Assets to External Funds

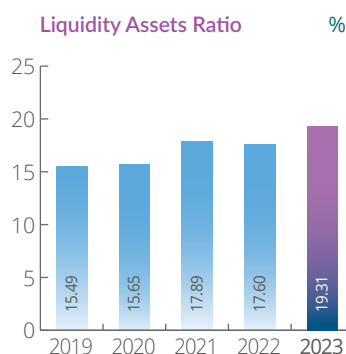
**16.04%**

2021/22 11.87%

Total Liquidity Reserves

**Rs. 25.59 Bn**

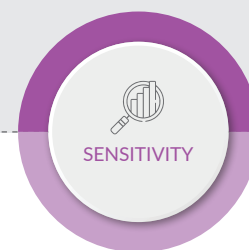
2021/22 Rs. 19.59 Bn



#### Way Forward

To focus on maintaining 150% in liquidity against the statutory liquidity requirement

**S**ensitivity analysis is used to identify potential weaknesses and vulnerabilities in the Company's financial condition, and to help management develop appropriate strategies to mitigate these risks.



Interest Rate  $\Delta$  1%

**2.06%**  $\Delta$  PAT

$\Delta$  PAT (Rs.Mn) 174.33

Cost to Income Ratio  $\Delta$  1%

**1.54%**  $\Delta$  PAT

$\Delta$  PAT (Rs.Mn) 129.93

Impairment Charge  $\Delta$  1%

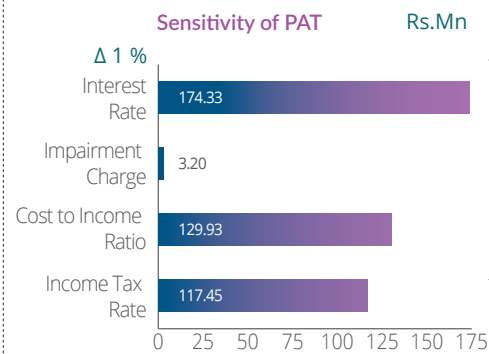
**0.04%**  $\Delta$  PAT

$\Delta$  PAT (Rs.Mn) 3.20

Income Tax Rate  $\Delta$  1%

**1.39%**  $\Delta$  PAT

$\Delta$  PAT (Rs.Mn) 117.45



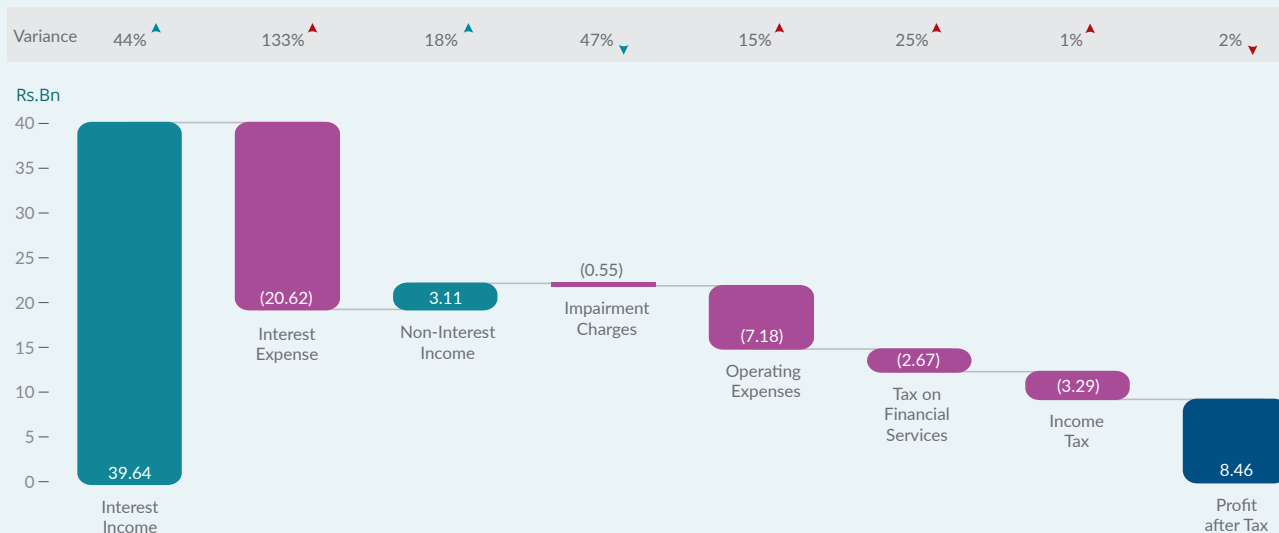
#### Way Forward

To make strategic decisions based on sensitivity analysis in the best interest of stakeholders while maximising shareholder wealth

INCOME STATEMENT

KPIs	DEFINITION	DRIVERS
<p><b>Net Interest Income</b></p> <p>Net Interest Income = Interest Income - Interest Expenses</p>	<p>The interest recognised from our lending products that we offer to our customers, less the interest expenses on the deposits that our customers place with us and debt funding from our lenders.</p>	<p>Lending base, NPL ratio, Product pricing, Market volatility, Market interest rate</p>
<p><b>Non-Interest Income</b></p> <p>Non-Interest Income = Net Fee and Commission Income + Net Trading Income + Other Operating Income</p>	<p>Also known as other income, consisting of fee and commission income, net trading income and other operating income.</p>	<p>Capital market activities, Market volatility, Other income recognised on credit granting</p>
<p><b>Impairment Charges</b></p> <p>Expected Credit Losses = Exposure at Default x Probability of Default x Loss Given Default</p>	<p>Expected credit losses arising due to the inability of customers to repay their debt to the entity.</p>	<p>Customer repayment behaviour, Loss given default rate, Probability of default rate, Macroeconomic factors, Exposure at default</p>
<p><b>Operating Expenses</b></p> <p>Operating Expenses = Personnel Expenses + Depreciation and Amortisation Expenses + Other Operating Expenses</p>	<p>Costs incurred to generate current and future income. Consisting of personnel expenditure, depreciation and amortisation and other operating expenses.</p>	<p>Inflation, Headcount, Investments in branches and IT infrastructure, General costs to operate, Marketing and promotional activities</p>
<p><b>Taxes</b></p> <p>Taxes = Tax on Financial Services + Income Tax</p>	<p>Include direct taxes which are income tax and VAT on financial services. Tax is a compulsory financial charge or some other type of levy imposed on taxpayers.</p>	<p>Level of operational profitability, Government policies, Applicable tax rates, Allowable credits, debits and exempt income</p>

Analysis of Income Statement



## HORIZONTAL ANALYSIS OF INCOME STATEMENT

Income Statement	CAGR*	2022/23		2021/22		2020/21		2019/20		2018/19	
	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Income	10	42,757	42	30,160	1	29,766	(5)	31,223	7	29,279	17
Interest Income	10	39,644	44	27,511	0	27,458	(6)	29,160	7	27,364	17
Interest Expenses	12	20,616	133	8,847	(23)	11,523	(15)	13,615	5	12,952	13
Net Interest Income	7	19,028	2	18,664	17	15,935	3	15,545	8	14,412	21
Other Operating Income	13	3,113	18	2,649	15	2,308	12	2,063	8	1,915	16
Total Operating Income	8	22,141	4	21,313	17	18,243	4	17,608	8	16,327	21
Impairment Charges	(14)	546	(47)	1,026	(39)	1,692	(8)	1,831	86	983	47
Total Operating Expenses	6	7,178	15	6,240	12	5,576	(5)	5,888	5	5,587	10
Tax on Financial Services	7	2,670	25	2,137	28	1,669	(27)	2,279	13	2,016	51
Profit before Tax	11	11,747	(1)	11,910	28	9,306	22	7,610	(2)	7,741	19
Income Tax Expense	5	3,287	1	3,248	30	2,503	3	2,423	(10)	2,686	21
Profit for the Year	14	8,460	(2)	8,662	27	6,803	31	5,187	3	5,055	19

\*CAGR - Compound Annual Growth Rate

The horizontal analysis of the income statement shows the growth in each income and expenses over the past five years. Income reached Rs. 42,757 million in 2022/23 with an increase of 10% CAGR for last 5 years. Net interest income increased to Rs. 19,028 million, exhibiting an 7% CAGR. The Company also experienced steady growth in other operating income at a 13% CAGR. Total operating expenses have shown a slightly upward trend, but remained relatively stable at a 6% CAGR, increasing from Rs. 5,587 million to Rs. 7,178 million over the last 5 years. Profit for the year has shown a steady growth, increasing from Rs. 5,055 million in 2018/19 to Rs. 8,460 million in 2022/23, with a CAGR of 14% which is the highest CAGR out of all income and expenses.

## VERTICAL ANALYSIS OF INCOME STATEMENT

Income Statement	2022/23		2021/22		2020/21		2019/20		2018/19	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Income	42,757	100	30,160	100	29,766	100	31,223	100	29,279	100
Interest Income	39,644	93	27,511	91	27,458	92	29,160	93	27,364	93
Interest Expenses	20,616	48	8,847	29	11,523	39	13,615	44	12,952	44
Net Interest Income	19,028	45	18,664	62	15,935	54	15,545	50	14,412	49
Other Operating Income	3,113	7	2,649	9	2,308	8	2,063	7	1,915	7
Total Operating Income	22,141	52	21,313	71	18,243	61	17,608	56	16,327	56
Impairment Charges	546	1	1,026	3	1,692	6	1,831	6	983	3
Total Operating Expenses	7,178	17	6,240	21	5,576	19	5,888	19	5,587	19
Tax on Financial Services	2,670	6	2,137	7	1,669	6	2,279	7	2,016	7
Profit before Tax	11,747	27	11,910	39	9,306	31	7,610	24	7,741	26
Income Tax Expense	3,287	8	3,248	11	2,503	8	2,423	8	2,686	9
Profit for the Year	8,460	20	8,662	29	6,803	23	5,187	17	5,055	17

The vertical analysis of the income statement reveals the composition of income and expense items as a percentage of total income. The interest income consistently comprised a significant portion of total income, ranging from 91% to 93% for the last 5 year period while interest expenses ranged from 29% to 48%. Tax on Financial Services together with Income tax expense has comprised 14% to 18% of income, reflecting a higher tax contribution to the government. LBF has maintained an upward trend of profitability while generating over 20% profits in average, reflecting its ability to optimise shareholder returns.

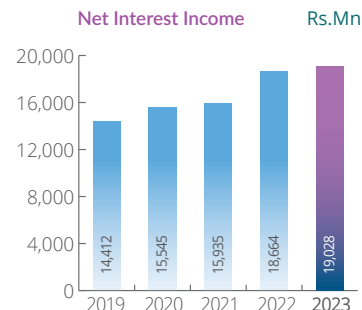
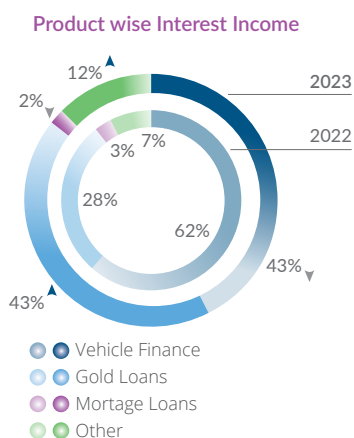
## FINANCIAL CAPITAL

### NET INTEREST INCOME

Our interest income was Rs. 39.64 Billion for the year 2022/23 compared to Rs. 27.51 Billion in 2021/22. Company's interest earning assets were repriced in line with the climb in market interest rates. The impact of immediate repricing of customer deposits were offset by the enhanced short term lending volumes including increase in gold loans.

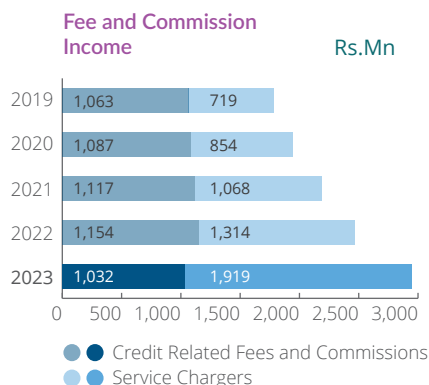
Substantial short term lending products and the variable rate component of the Company's lending book were the core contributing factors of portfolio repricing. The growth of interest income was mainly affected by the significant increase in income from gold loans alongside good marketing strategies and given market demand. Therefore, the Company was able to significantly improve the interest income from previous financial year.

On the other hand, interest expenses increased by Rs. 11.77 billion from Rs. 8.85 billion to Rs. 20.62 billion compared to the previous financial year. This was driven by a sharp increase in market interest rates from the first half of the financial year inline with the tightening monetary policies imposed by the Central Bank of Sri Lanka. Customer deposits were increased by Rs. 24.87 billion which was a 27.90% increase from the previous year, allowing customer deposits to be the main funding source of the Company during the financial year.



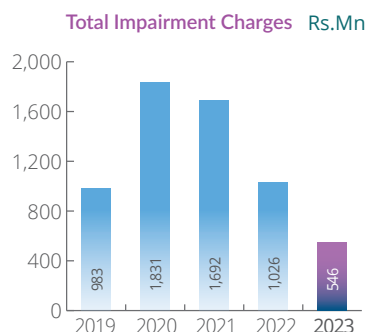
### NON INTEREST INCOME

The Company generated non-interest income of Rs. 3.11 billion for the financial year of 2022/23 which improved by 17.50% from the previous financial year. The Company was able to increase non-interest income through the increase in fee and commission income up to Rs. 2.95 billion from Rs. 2.47 billion which is a 19.59% jump from the previous financial year, due to the increase in gold loan business volumes.



and robust recoveries, despite challenging macroeconomic conditions.

The management of LBF has been vigilant in overseeing credit monitoring while simultaneously managing credit risk and striving to enhance the quality of assets by efficiently managing and recovering finance receivables. The result of these efforts is reflected in the lower level of non-performing advances (NPA) and better management of the loan portfolio. Nonetheless, the management remains committed to maintain credit monitoring and improve asset quality, as evidenced by the decrease in impairment charges compared to the previous year.



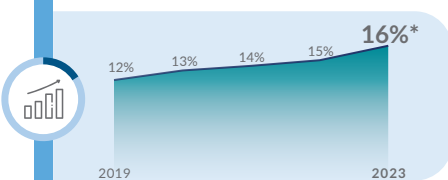
### IMPAIRMENT CHARGES

The Company has made significant efforts to enhance the quality of its assets during the financial year. This is evident from the allocation of an impairment charge amounting to Rs. 545.74 million, which marks a 46.81% reduction from the prior-year impairment charge of Rs. 1,025.98 million. In particular, the impairment charge related to loans and receivables reflected a decline of 24.81%, or Rs. 242.15 million, to reach Rs. 733.73 million. This decline can be attributed to, change in the lending product mix, improved credit underwriting

In conclusion, the Company's approach on improving asset quality has yielded positive results, as evidenced by the decline in impairment charges related to loans and receivables. The management's continued efforts in credit monitoring and efficient recovery of finance receivables are expected to further improve asset quality in the future.

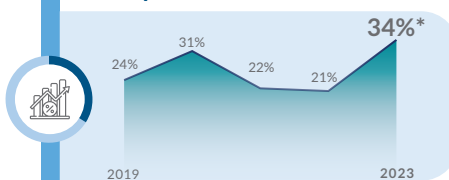
## Unveiling LBF's Industry Presence

### Net Interest Income



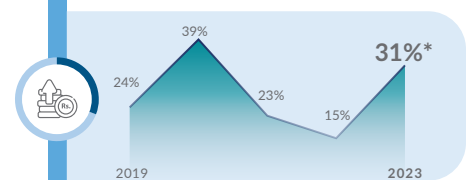
Within the NBFIs sector, LBF contributed 16.33% of the net interest income, highlighting its significance in the financial performance of the overall sector.

### Tax Expenses



LBF made a significant contribution to the NBFIs sector's total tax expense, representing approximately 33.69% of the sector's performance in this regard. This underscores LBF's substantial role and responsible tax payment within the sector.

### Profit after Tax



LBF continued to maintain a significant portion of the sector's overall profit, accounting for approximately 31.19% of the sector's performance. This indicates LBF's strong position and notable contribution to the sector's profitability.

\*Based on CBSL data as at Dec 2022

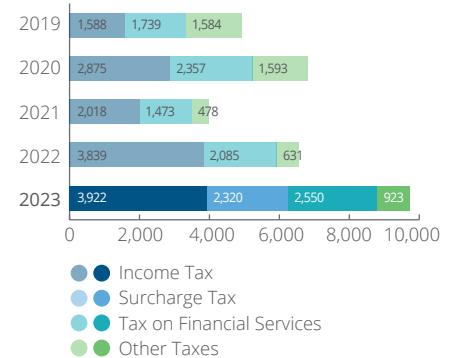
## OPERATING EXPENSES

Operating expenses increased by 15.03% to Rs. 7.18 billion for the year 2022/23 compared to the previous year's Rs. 6.24 billion under the given high inflationary economic conditions. This was mainly due to the increase in personnel expenses, including staff training, inflationary salary adjustments, and staff incentives. Administrative expenses, advertising and business promotional expenses significantly increased compared to the previous financial year, parallely cost to income ratio increased to 32.42% during the financial year.

## TAXES

The total taxes paid by the Company during the financial year was Rs. 9.72 billion, and it remains as one of the largest taxpayers in the country. The revision of the corporate income tax rate from 24% to 30% together with the imposition of surcharge tax and social security contribution levy (SSCL), resulted the sharp increase in taxes paid to the government during the financial year. The effective income tax rate of LBF was increased from 27.45% to 28.00% in financial year 2022/23. Despite this increase in tax liabilities, LBF remains as an important player in the NBFIs sector, supporting economic growth and development.

### Total Taxes Paid Rs.Mn

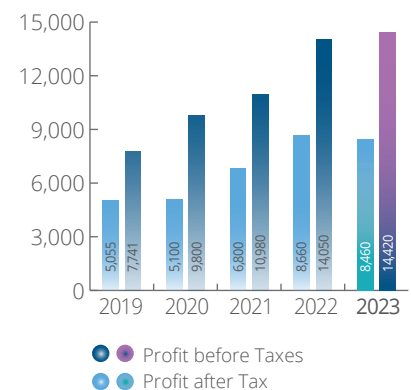


## PROFIT FOR THE YEAR

The Company reported an impressive profit after tax of Rs. 8.46 Billion in the year 2022/23 despite the challenging macroeconomic conditions. Regardless the significant market interest rate changes, LBF maintained its stance over Rs. 8 Billion returns for the second consecutive year.

On account of this, the Company took the right call to mitigate the uprising risk of margin contractions and was able to generate noteworthy returns. Management of operating expenses at optimal level, backed up by various cost optimisation programmes, minimum credit loss provisioning impact due to quality credit granting and strong recovery procedures have led to achieve the pre-tax profit of Rs. 14.42 billion which is an increase of 2.63% from the last financial year.

### Profitability Rs.Mn





STATEMENT OF FINANCIAL POSITION

 <b>KPIs</b>	 <b>DEFINITION</b>	 <b>DRIVERS</b>
<p><b>Cash and Cash Equivalents</b></p> <p>Cash and Cash Equivalents = Notes and Coins + Balances with Banks + Securities under Reverse Repurchase Agreements + Investment in Trust Certificates</p>	<p>Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.</p>	<p>Liquidity requirements (Company and CBSL), Credit granting, Recoveries and Funding from deposits and other sources</p>
<p><b>Lending Portfolio</b></p> <p>Lending Portfolio = Loans and Receivables + Lease Rentals Receivable and Stock out on Hire</p>	<p>Main interest-earning assets of the Company which consist of a portfolio of loans and advances extended to borrowers by the Company.</p>	<p>Market interest rates, Company's risk appetite, Market competition, Lending volumes, Pre-terminations and repayments</p>
<p><b>Other Financial Assets</b></p> <p>Other Financial Assets = Securities under Reverse Repurchase Agreements + Placements with banks + Investments in Government securities + Other Financial Instruments</p>	<p>Consists of a variety of different financial assets that the Company holds for investment purposes, excluding cash and cash equivalents, loans, and equity securities.</p>	<p>Liquidity requirements, Market interest rates, Excess funds</p>
<p><b>Due to Banks</b></p> <p>Due to Banks = Bank Overdrafts + Debt Funding from Banks</p>	<p>Consists of the external borrowings from banks including overdrafts, securitisations, term loans and syndications.</p>	<p>Market growth, Funding requirements, Market interest rates, Repayments, Gearing ratio</p>
<p><b>Due to Depositors</b></p> <p>Due to Depositors = Savings Deposits + Fixed Deposits</p>	<p>Comprise of interest bearing savings deposits and term deposits.</p>	<p>Funding requirements, Market growth, Market interest rates, Deposit renewal ratio</p>
<p><b>Debt Instruments Issued and Other Borrowed Funds</b></p> <p>Debt Instruments Issued and Other Borrowed Funds = Unsecured Debentures + Borrowings from International Financial Institutions</p>	<p>Represents the company's liabilities to International Financial Institutions and funds raised through other debt instruments which requires repayment according to the terms and conditions specified in the respective debt agreements.</p>	<p>Funding requirements, Market interest rates, Company stability, Tier II capital adequacy requirements</p>
<p><b>Equity</b></p> <p>Total Equity = Stated Capital + Reserves + Retained Earnings</p>	<p>Consists of the amount of money investors have invested in the Company and the earnings the Company has accumulated from its operations after distribution of dividends.</p>	<p>Profits, Statutory requirement on reserves, Dividend payout, Capital adequacy requirements and Shareholder expectations</p>

## HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	CAGR*	2022/23		2021/22		2020/21		2019/20		2018/19	
	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Assets</b>											
Cash and Cash Equivalents	3	4,524	(69)	14,459	134	6,187	0	6,163	53	4,041	(31)
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value	12	11	(19)	13	22	11	134	5	(32)	7	(29)
Financial Assets at Amortised Cost - Loans and Receivables	24	111,094	20	92,838	39	66,778	15	58,239	23	47,395	19
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	(15)	34,096	(18)	41,558	(12)	47,360	(22)	60,627	(8)	66,050	6
Financial Assets Measured at Fair Value Through Other Comprehensive Income	7	117	36	86	11	78	32	59	(34)	90	(26)
Other Financial Assets	19	21,686	287	5,599	(46)	10,454	15	9,120	(16)	10,805	60
Other Non Financial Assets	(18)	474	4	454	(51)	920	0	967	(9)	1,067	31
Investment in Subsidiaries	30	922	0	921	77	521	0	521	63	319	109
Property, Plant and Equipment and Right-of-Use Assets	7	8,633	3	8,422	2	8,241	-	8,221	25	6,577	41
Intangible Assets	(13)	23	52	15	(43)	26	(38)	42	5	40	(17)
Deferred Tax Assets	-	767	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>8</b>	<b>182,347</b>	<b>11</b>	<b>164,365</b>	<b>17</b>	<b>140,576</b>	<b>(2)</b>	<b>143,964</b>	<b>6</b>	<b>136,391</b>	<b>13</b>
<b>Liabilities</b>											
Due to Banks	(6)	19,370	(28)	26,859	63	16,467	(28)	22,771	(8)	24,634	8
Financial Liabilities at Amortised Cost - Due to Depositors	8	114,012	28	89,144	4	85,860	(4)	89,256	7	83,215	14
Debt Instruments Issued and Other Borrowed Funds	6	3,882	(55)	8,565	175	3,114	-	3,111	-	3,108	(40)
Other Financial Liabilities	13	3,256	(1)	3,305	9	3,044	10	2,766	40	1,974	12
Other Non Financial Liabilities	(15)	1,089	(4)	1,135	10	1,028	13	909	(56)	2,070	143
Current Tax Liabilities	13	2,256	20	1,882	1	1,872	144	767	(45)	1,396	121
Deferred Tax Liabilities	-	-	-	111	(83)	637	(39)	1,038	(21)	1,310	24
Post Employment Benefit Liability	9	366	15	317	(13)	365	6	346	35	257	11
<b>Total Liabilities</b>	<b>5</b>	<b>144,231</b>	<b>10</b>	<b>131,318</b>	<b>17</b>	<b>112,387</b>	<b>(7)</b>	<b>120,964</b>	<b>3</b>	<b>117,964</b>	<b>12</b>
<b>Equity</b>											
Stated Capital	-	838	-	838	-	838	-	838	-	838	-
Reserves	13	8,493	6	8,039	6	7,596	22	6,217	19	5,210	22
Retained Earnings	23	28,785	19	24,170	22	19,755	24	15,945	29	12,379	21
<b>Total Equity</b>	<b>20</b>	<b>38,116</b>	<b>15</b>	<b>33,047</b>	<b>17</b>	<b>28,189</b>	<b>23</b>	<b>23,000</b>	<b>25</b>	<b>18,427</b>	<b>20</b>
<b>Total Liabilities and Equity</b>	<b>8</b>	<b>182,347</b>	<b>11</b>	<b>164,365</b>	<b>17</b>	<b>140,576</b>	<b>(2)</b>	<b>143,964</b>	<b>6</b>	<b>136,391</b>	<b>13</b>

\*CAGR - Compound Annual Growth Rate

The provided horizontal analysis of the Statement of Financial Position reveals that the Company has experienced overall growth in its assets, with notable increases in lending portfolio where Loans and Receivables have shown a 24% growth in CAGR. Total liabilities have slightly increased over the past years as due to depositors has risen from Rs. 83,215 millions to Rs. 114,012 millions, reflecting a 8% CAGR for the period. On the other hand, the Company maintained a consistent capital expansion through higher internal capital generation, which has increased from Rs. 18,427 million to Rs. 38,116 million, reflecting 20% growth over the 5-year period while continuously maintaining a Dividend Payout Policy of 1/3 of profit after tax business earnings.

## FINANCIAL CAPITAL

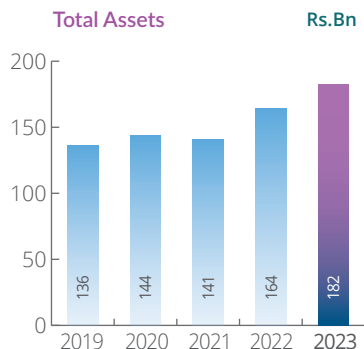
## VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	2022/23		2021/22		2020/21		2019/20		2018/19	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Assets</b>										
Cash and Cash Equivalents	4,524	2	14,459	9	6,187	4	6,163	4	4,041	3
Financial Assets Recognised Through Profit or Loss - Measured at Fair Value	11	0	13	0	11	0	5	0	7	0
Financial Assets at Amortised Cost - Loans and Receivables	111,094	61	92,838	57	66,778	48	58,239	41	47,395	35
Financial Assets at Amortised Cost - Lease Rentals Receivable and Stock out on Hire	34,096	19	41,558	25	47,360	34	60,627	42	66,050	48
Financial Assets Measured at Fair Value Through Other Comprehensive Income	117	0	86	0	78	0	59	0	90	0
Other Financial Assets	21,686	12	5,599	3	10,454	7	9,120	6	10,805	8
Other Non Financial Assets	474	0	454	0	920	1	967	1	1,067	1
Investment in Subsidiaries	922	1	921	1	521	0	521	0	319	0
Property, Plant and Equipment and Right-of-Use Assets	8,633	5	8,422	5	8,241	6	8,221	6	6,577	5
Intangible Assets	23	0	15	0	26	0	42	0	40	0
Deferred Tax Assets	767	0	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>182,347</b>	<b>100</b>	<b>164,365</b>	<b>100</b>	<b>140,576</b>	<b>100</b>	<b>143,964</b>	<b>100</b>	<b>136,391</b>	<b>100</b>
<b>Liabilities</b>										
Due to Banks	19,370	11	26,859	16	16,467	12	22,771	16	24,634	18
Financial Liabilities at Amortised Cost - Due to Depositors	114,012	62	89,144	54	85,860	61	89,256	62	83,215	61
Debt Instruments Issued and Other Borrowed Funds	3,882	2	8,565	5	3,114	2	3,111	2	3,108	2
Other Financial Liabilities	3,256	2	3,305	2	3,044	2	2,766	2	1,974	1
Other Non Financial Liabilities	1,089	1	1,135	1	1,028	1	909	1	2,070	2
Current Tax Liabilities	2,256	1	1,882	1	1,872	1	767	0	1,396	1
Deferred Tax Liabilities	-	-	111	0	637	1	1,038	1	1,310	1
Post Employment Benefit Liability	366	0	317	0	365	0	346	0	257	0
<b>Total Liabilities</b>	<b>144,231</b>	<b>79</b>	<b>131,318</b>	<b>79</b>	<b>112,387</b>	<b>80</b>	<b>120,964</b>	<b>84</b>	<b>117,964</b>	<b>86</b>
<b>Equity</b>										
Stated Capital	838	0	838	1	838	1	838	1	838	1
Reserves	8,493	5	8,039	5	7,596	5	6,217	4	5,210	4
Retained Earnings	28,785	16	24,170	15	19,755	14	15,945	11	12,379	9
<b>Total Equity</b>	<b>38,116</b>	<b>21</b>	<b>33,047</b>	<b>21</b>	<b>28,189</b>	<b>20</b>	<b>23,000</b>	<b>16</b>	<b>18,427</b>	<b>14</b>
<b>Total Liabilities and Equity</b>	<b>182,347</b>	<b>100</b>	<b>164,365</b>	<b>100</b>	<b>140,576</b>	<b>100</b>	<b>143,964</b>	<b>100</b>	<b>136,391</b>	<b>100</b>

This vertical analysis in the Statement of Financial Position provides a snapshot of the LBF financial position at different points over the 5 years period. The majority of its total assets are comprised of the interest earning assets such as loans and receivables, lease rentals receivables and other financial assets altogether ranging from 85% to 92% of total assets over the period. On the liabilities side, due to depositors represents the largest portion of assets fundings at 62% which shows that LBF has prioritised the customer deposits. Total equity has contributed significantly to the Company's funding mix, leading to a 21% in the financial year 2022/23 from 14% in the financial year 2018/19.

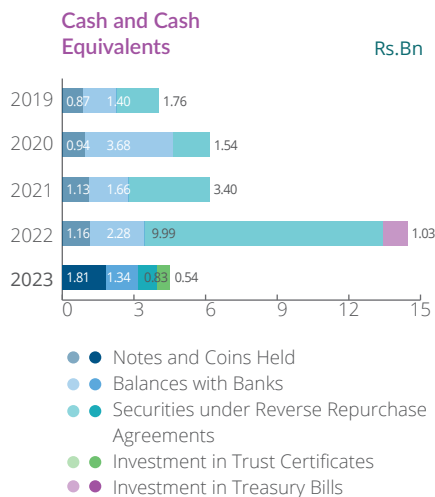
## TOTAL ASSETS OVERVIEW

Total assets as of 31 March 2023, were Rs. 182.35 billion, with a growth of 10.94% from Rs. 164.37 billion the year before. Majority of the total assets are interest-earning assets which consist of cash and cash equivalents, loans and receivables, lease rentals receivables and stock out on hire, and other financial assets, accounted for 92.67% of the total assets (92.98% as at 31 March 2022).



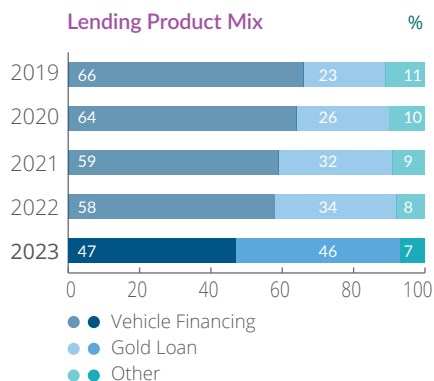
## CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 March 2023 amount to Rs. 4.52 billion compared to Rs. 14.46 billion as at 31 March 2022 which includes notes and coins, bank balances and investments. Securities under reverse repurchase agreements were matured during the financial year reflecting a decline in cash and cash equivalents and new investments were placed parallelly for longer tenours resulting in an increase in other financial assets towards the end of the financial year.



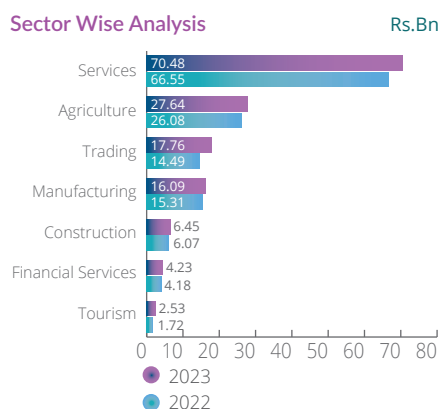
## LENDING PORTFOLIO

The lending portfolio refers to a collection of loans and receivables, lease rentals receivables and stock out on hire held by the Company. The Company's lending base stood at Rs. 145.19 billion as of 31 March 2023, with an increase of 8.03% over the previous year.



The loans and receivables component of the lending portfolio experienced significant growth of 19.66%. This substantial increase can be attributed primarily to the exceptional performance of the gold loan product, which expanded by Rs. 21.84 billion when compared to the previous year. The remarkable growth of the gold loan product played a significant role in driving the overall expansion of the lending portfolio.

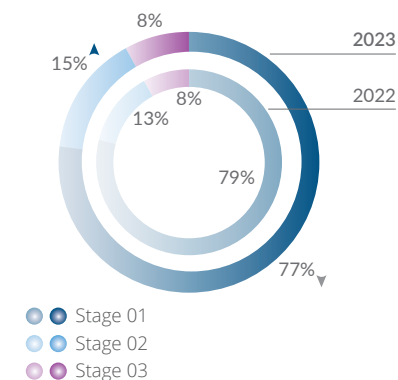
Maintaining a well-diversified lending portfolio is essential to mitigate the adverse impacts that may arise in a specific sector. This is accomplished by allocating resources across multiple sectors, which enables the coverage of potential losses by unaffected sectors. Consequently, any adverse impacts on the resilience of the Company would be minimised.



## CREDIT QUALITY

The Company has successfully maintained a significantly lower non-performing loan (NPL) ratio compared to the non-bank financial institution (NBFI) sector. Additionally, in the financial year 2022/23, the Company reported a gross NPL ratio of 4.45% and a net non-performing loan ratio of -0.65%. These two ratios serve as significant indicators of the Company's credit quality. The relatively low gross NPL ratio showcases the Company's ability to manage and mitigate credit risk, while the negative net non-performing loan ratio implies that the Company has fully provided for the non-performing loans it has accumulated. These results reflect the Company's robust credit management practices and highlight its strong position in maintaining far better credit quality against industry players.

### Lending Portfolio (Stage Wise Analysis)

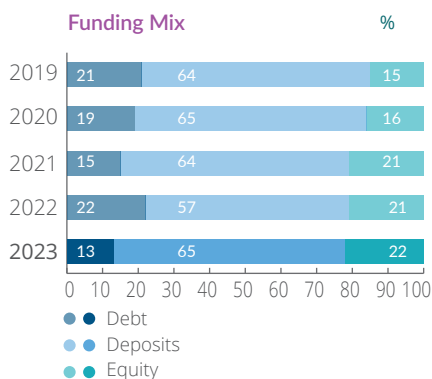


The overall credit quality of assets was improved despite the challenging macroeconomic conditions as we enhance the accuracy of our forecasting and ensure that the Company sufficiently provides for delinquent facilities. We employ an Expected Credit Loss (ECL) model that considers the forward economic outlook to identify counterparties that exhibit a likelihood of default, and make provisions accordingly. This model utilises machine learning techniques and was developed in collaboration with the Science and Technology CELL of the University of Colombo.

## FINANCIAL CAPITAL

### LIABILITY OVERVIEW

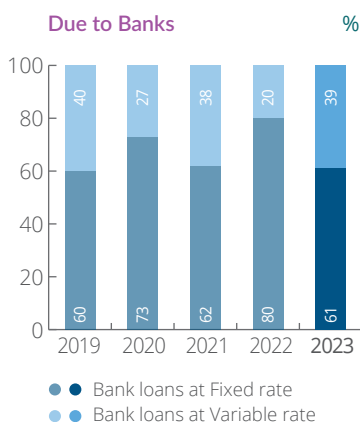
As at 31 March 2023, the Company's liabilities amounted to Rs. 144.23 billion, representing a 9.83% increase from Rs. 131.32 billion as at 31 March 2022. The liabilities of the Company consist of due to banks, due to depositors, debt instruments and other borrowed funds and other financial liabilities. Together, these items accounted for 97.43% of the total liabilities as at 31 March 2023. The 9.83% increase in liability was primarily driven by a 27.90% increase or Rs. 24.87 billion rise in amounts due to depositors, which amounted to Rs. 114.01 billion compared to Rs. 89.14 billion in the previous year, in line with the growth of the lending portfolio.



### DUE TO BANKS

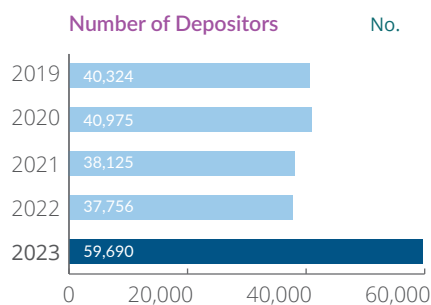
Due to banks decreased by 27.88% to Rs. 19.37 billion as at 31 March 2023 compared to Rs. 26.86 billion as at 31 March 2022. Bank loan settlements resulted in a decline and funding through bank loans was minimised as market interest rates were drastically increased during the financial year.

Loans obtained at fixed rates were repaid in line with the contractual maturities and new bank borrowings were obtained at variable rates since the interest rates started to decline towards the pre-crisis level.



### DUE TO DEPOSITORS

The total amount of customer deposits held by the Company was Rs. 114.01 billion, representing an increase of Rs. 24.86 billion compared to the previous financial year. The growth in customer deposits were largely driven by a substantial increase of 30.65% in fixed deposits, which indicates a strong level of customer confidence and loyalty towards the Company. Additionally, the Company successfully attracted new depositors while maintaining adequate levels of liquidity to support its business operations. The fixed deposit renewal ratio remained closer to 80%, which is a testament to the Company's ability to retain its existing customers and sustain their trust and satisfaction over the years.



### DEBT INSTRUMENTS ISSUED AND OTHER BORROWED FUNDS

In December 2017, the Company raised Rs. 3 billion of listed unsecured debentures to boost business growth opportunities, reducing the mismatch of the maturity period, improving the capital adequacy of the Company and strengthening its Tier II capital position. This was fully settled at maturity in December 2022.

The Company obtained foreign borrowings from FMO Netherlands and ResponsAbility Investments AG amounting to Rs. 2.56 billion and Rs. 1.32 billion respectively during the previous financial year. All the repayments and related other requirements were duly met during the year even with the worst timespan of the country's foreign currency crisis.

### SHAREHOLDERS' EQUITY

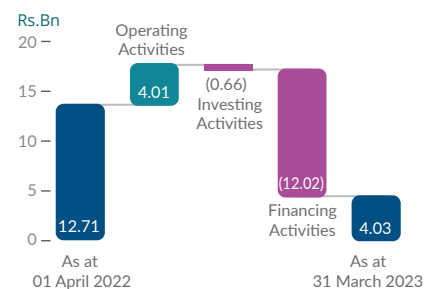
Shareholders' equity of the Company stood at Rs. 38.12 billion as of 31 March 2023 reflecting a significant increase from the previous year which was Rs. 33.05 billion. The rise of Rs. 5.07 billion in shareholders' equity can be primarily attributed to the year's profit, amounting to Rs. 8.46 billion. However, this increase was partially offset by the payment

of final dividends totalling Rs. 1.11 billion for the year ended 31 March 2022. The growth in shareholders' equity signifies the Company's improved financial position and the accumulation of retained earnings over the period while maintaining a dividend payout of 1/3 of the profit.

### Cash Flow Analysis

The Company's liquidity and funding were managed strategically while meeting the regulatory requirement under challenging market conditions. Cash and cash equivalents for the purpose of cash flow statement as at 31 March 2023 stood at Rs. 4.03 billion compared to Rs. 12.71 billion as at 31 March 2022. During the financial year, the Company generated Rs. 4.01 billion from its operating activities. The Company mainly funded the monetary requirements utilising cash inflows generated from customer deposits given the thriving market conditions and high interest rates. On the other hand, the Company continues to invest in assets which amount to Rs. 661.30 million including long-term strategic investments with the expectation of generating future cash inflows. Furthermore, the net cash outflows of the financing activities amounted to Rs. 12.02 billion which includes the dividend payment of Rs. 1.11 billion for the shareholders during the financial year assuring that profits generated are duly distributed. Moreover, the Company settled its contractual liabilities such as debentures and long-term borrowings throughout the year and towards the latter part of the financial year Company started to borrow at variable rates with future expectations of a gradual decrease in market interest rates that would align with the recovery of prevailing economic conditions.

#### Statement of Cash Flows



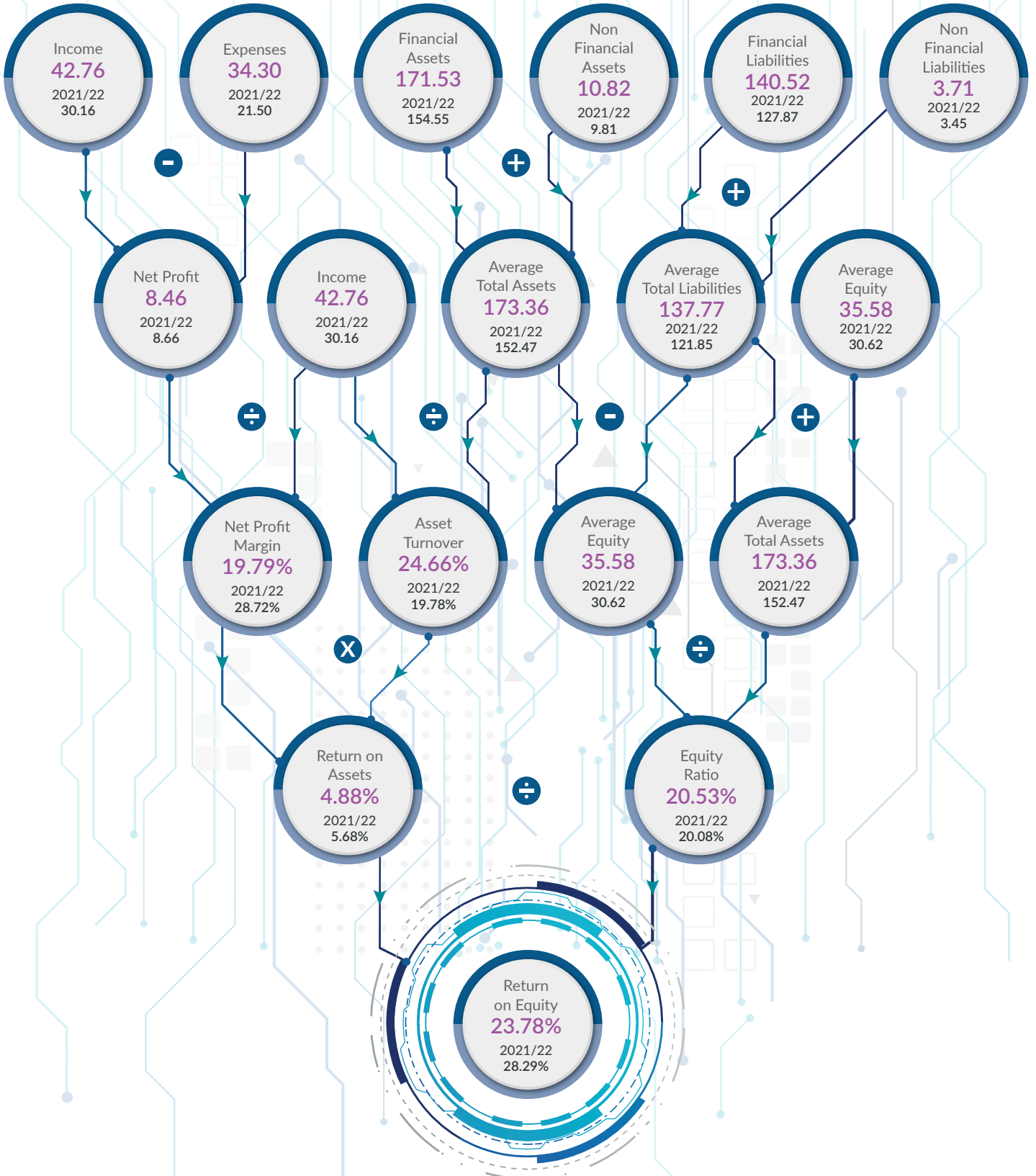
#### Further reading

- ▶ Economic value generated and distributed - Page 29

## DUPONT ANALYSIS

Dupont analysis uses a formula that expresses ROE as the product of three factors: profit margin, asset turnover and financial leverage. By analysing each of these factors, any stakeholder can gain insights into the Company's profitability, efficiency and financial risk.

(in Rs. Billions)



## CAPITAL REPORTS

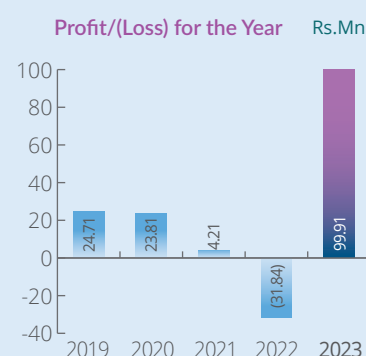
# FINANCIAL CAPITAL

### LBF SUBSIDIARIES: PERFORMANCE OVERVIEW

#### LB Microfinance Myanmar Company Limited (LBMM)

LB Microfinance Myanmar Company Limited was incorporated in Myanmar on 22 May 2017 as a 99% (31 March 2023 - 100%) owned subsidiary of LB Finance PLC. The principal business activities include engaging in microfinance lending. A license was issued to the Myanmar Company Limited to commence its commercial operations in December 2017. LBMM operation achieved their highest ever profit of Rs. 99.91 million

during the financial year ended 31 March 2023. In addition to that the asset base was improved upto Rs. 995.31 million indicating the parallel growth of the profitability and the financial position. LB Microfinance Myanmar passed a remarkable milestone in Myanmar's journey as LBMM received the license for voluntary savings from the Microfinance Business Supervisory Committee (MBSC) on 16 February 2023.

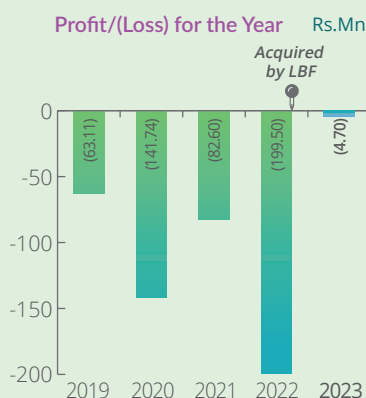


	2022/23	2021/22	2020/21	2019/20	2018/19
Income (Rs. Mn)	217.08	58.87	153.24	136.81	57.07
Profit after Tax (Rs. Mn)	99.91	(31.84)	4.21	23.81	24.71
Lending Portfolio (Rs. Mn)	890.42	804.94	688.39	554.09	378.68
Total Assets (Rs. Mn)	995.31	909.55	909.94	895.37	409.43
Total Equity (Rs. Mn)	831.68	805.01	719.12	681.39	358.82
ROA	10.04%	-3.50%	0.46%	2.66%	6.04%
ROE	12.01%	-3.96%	0.59%	3.49%	6.89%

#### Multi Finance PLC (MFP)

Multi Finance PLC offers a diverse range of financial products including leasing, gold loan and other advances. Multi Finance PLC has expanded its network to eight branches, indicating a physical presence in multiple locations. With the acquisition of Multi Finance PLC in March 2022, LB Finance PLC became the major shareholder and the parent undertaking which has the potential

to contribute to the recovery and to the growth of Multi Finance PLC. Parellely with the acquisition and the management's guidance of LB Finance PLC, Multi Finance PLC reaches its profitability way closer to the breakeven in the financial year compared to Rs. 199.50 million loss in the previous financial year.

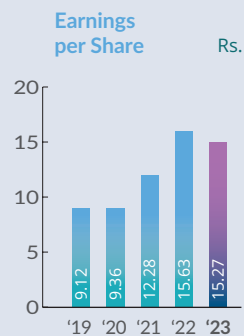


	2022/23	2021/22	2020/21	2019/20	2018/19
Income (Rs. Mn)	147.87	120.36	134.10	218.66	297.38
Profit after Tax (Rs. Mn)	(4.70)	(199.50)	(82.60)	(141.74)	(63.11)
Lending Portfolio (Rs. Mn)	292.00	336.86	569.53	861.74	1,180.54
Total Assets (Rs. Mn)	516.21	617.53	870.14	1,194.72	1,484.57
Total Equity (Rs. Mn)	294.74	298.81	493.85	577.15	718.48
ROA	-0.91%	-32.31%	-9.49%	-11.86%	-4.25%
ROE	-1.60%	-66.77%	-16.73%	-24.56%	-8.78%

## KEY SHAREHOLDER DATA

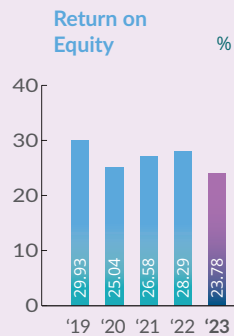
### Earnings per Share

We aim to deliver the expectation of our shareholders through execution of our strategies while serving our customers to meet their needs



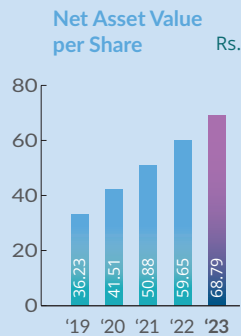
### Return on Equity

LB Finance prudently manage its earnings with a policy to provide sustainable return to shareholders while giving the management the flexibility to reinvest capital to grow the Company



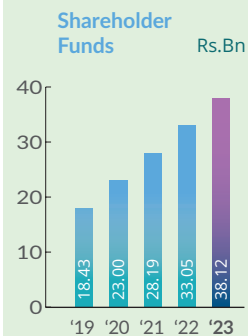
### Net Asset Value per Share

We are invested to provide long term value to our shareholders



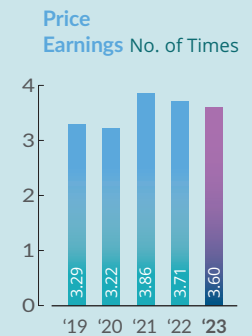
### Shareholder Funds

LB Finance strive to create value for our shareholder funding in assessing the performance of a fund against the market or industry benchmarks



### Price Earnings

We ensure that the Company is operated on a foundation of strength and is well positioned to deliver sustainable returns to our shareholders



## Dear Investor,

At LB Finance PLC, we understand that our investors are the lifeblood of our business, and we are unwaveringly committed to maximise your wealth through effective risk management and business strategies crafted in your best interests.

By actively engaging with our investors, we gain a deep understanding of your expectations and goals, resulting in better outcomes with a lasting and trusting relationship. Through this process of engagement, we are able to make strategic decisions that not only benefit our shareholders but also ensure the long-term success and sustainability of our Company.

We are proud to have a loyal group of investors who share our vision and we are committed to provide timely and comprehensive information which empowers our investors to make wise decisions. Despite challenging macroeconomic conditions, we have consistently met the expectations of our valued investors by providing a steady return on your investment and remain committed to fulfill our obligations in the future. Our Integrated Financial Reporting serves as a valuable resource, offering insights into our strengths and capabilities, credibility and reliability and encouraging loyalty among our investor community.

### Quarterly Financial Statements

We publish financial information to our investors on the CSE and the Company website on a quarterly basis. In order to serve our investors' best interests, we deliver an analysis of interim financial statements in our annual reports.

Refer page 432

### Financial Statements in USD

Financial statements have been presented in USD for the convenience of our investors in order to facilitate comparisons of LBF's financial information.

Refer page 434



## FINANCIAL CAPITAL

### Insights from Shareholders to LB

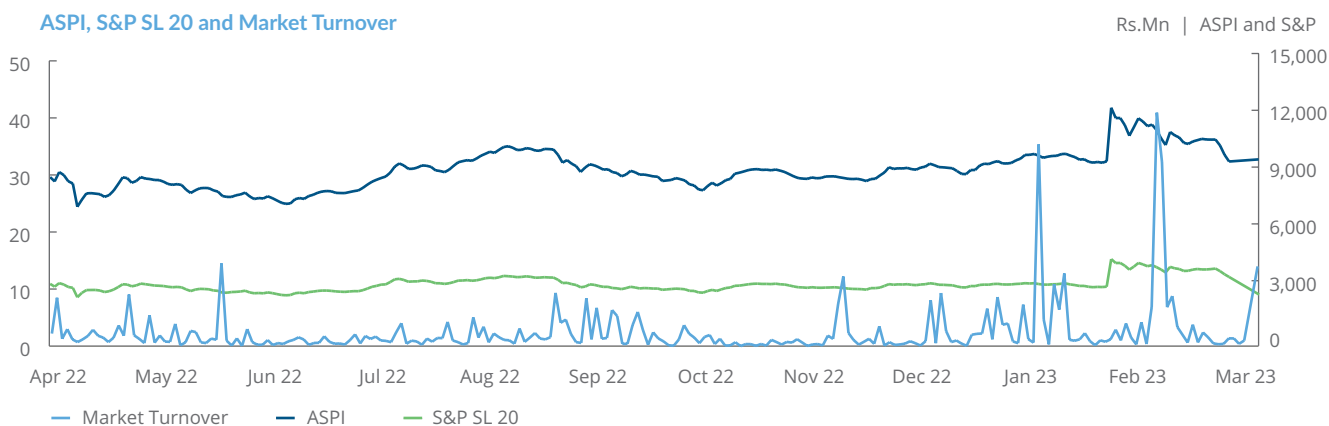
LBF values shareholder engagement and engages in various methods to ensure effective communication. We hold an annual general meeting (AGM) where shareholders can interact with the Board and ask questions. Our annual and quarterly financial reports provide consistent, high-quality information in accordance with market best practices. We utilise press conferences, media releases and evaluations to keep shareholders informed and seek their valuable feedback. Despite challenging circumstances, our active engagement with shareholders has made our shares an attractive investment especially reflected by the last quarter of LBF market turnover. We comply with regulatory requirements by regularly publishing disclosures on the CSE and Company websites. LBF recognises the importance of shareholders in achieving our vision and strives to establish a strong connection through meaningful engagement.

### Dividends

The dividend policy of LBF is crucial for maintaining a balance between the expectations of shareholders and the business needs of the Company. LB has been one of the best-performing companies in the industry, as it is emphasised that the optimum utilisation of capital is essential for creating value over time, pursuing sustainability and providing healthy returns to investors. It is Company's policy to pay 1/3 of its earnings as dividends with the best interest of shareholders. LBF has continuously maintained dividend payouts. The Board of Directors of LBF has given due consideration to the requirements stipulated by CBSL and declared an interim dividend of Rs. 2.00 per ordinary share of LBF for the financial year 2022/23. Further, the proposed final dividend of Rs. 3.00 per share for the financial year 2022/23 will be submitted for the approval of shareholders at the upcoming AGM to be held on 30 June 2023 to ensure a sustainable return to the shareholders of the Company. LBF remains committed to providing sustainable and healthy financial returns to its shareholders over the years.

### Colombo Stock Exchange (CSE)

The Colombo Stock Exchange (CSE) experienced a mixed performance during the financial year 2022/23. All Share Price Index (ASPI) demonstrated a positive trajectory, climbing from 8,903.87 points on 31 March 2022 to 9,301.09 points on 31 March 2023, reflecting a notable 4.46% increase. Additionally, the market capitalisation of the CSE grew from Rs. 3,826.50 billion to Rs. 3,903.54 billion, signifying a 2.01% rise. However, contrasting this upward trend, the S&P SL 20 index, which monitors the performance of prominent blue-chip companies, faced a decline, decreasing from 3,031.16 points on 31 March 2022, to 2,682.83 points on 31 March 2023, resulting in a substantial 11.49% drop. Moreover, the number of listed companies experienced a setback, diminishing from 296 at the end of 2021/22 to 289 by the end of 2022/23. The reduction in the number of listed companies can be attributed to multiple factors, including the adverse macroeconomic conditions, political instability and the shortage of foreign exchange throughout the financial year. Nevertheless, the upward movement of the ASPI index suggest an encouraging trajectory for the economy and demonstrates businesses' optimism regarding the future.

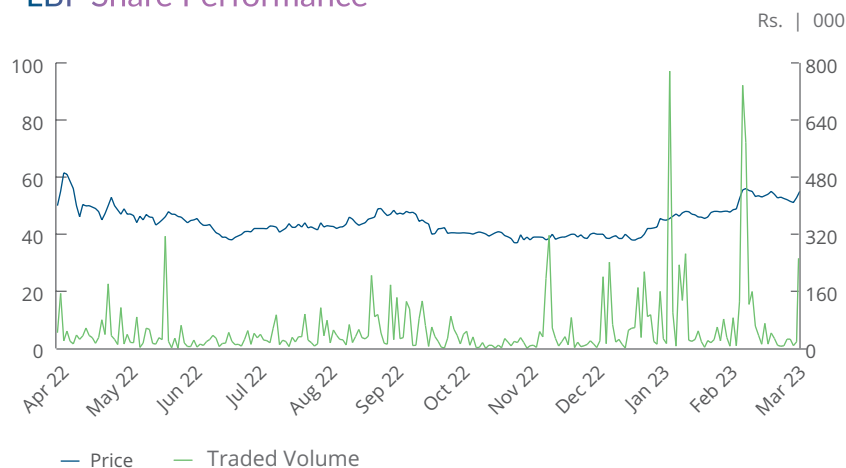


### Performance of Diversified Financial Sector and LBF

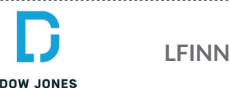
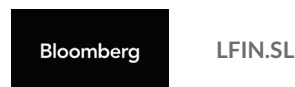
Along with ASPI and S&P SL 20 indices, LBF market turnover also followed the same trend during the first three quarters of the financial year. Moreover, in the last quarter, LBF market turnover was more aligned with the improvement reflected in ASPI and S&P SL 20 indices reflecting the growth of the business.

As at 31 March	2023	2022
Diversified Financial Sector - P/E Ratio	3.44	12.13
Banking Sector - P/E Ratio	4.41	3.49
Diversified Financial Sector - P/B Ratio	0.90	1.69
Banking Sector - P/B Ratio	0.41	0.39
Beta Value against ASPI of LB Finance PLC	1.09	0.92

## LBF Share Performance



### Where to find LBF in Newswire Platforms



## SHARE TRADING INFORMATION

	Quarterly Performance				Annual Performance		
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022/23	2021/22	2020/21
<b>Share Price</b>							
Highest (Rs.)	61.70	52.00	47.50	56.50	61.70	92.10	*348.75
Lowest (Rs.)	42.70	37.70	36.30	37.90	36.30	47.50	42.60
Last Traded (Rs.)	43.10	47.70	40.00	55.00	55.00	58.00	47.40
<b>Share Trading Details</b>							
Number of Transactions	2,706	3,690	2,739	4,042	13,177	56,908	21,681
Number of Shares Traded	1,980,572	2,693,244	2,102,722	7,245,861	14,022,399	80,712,600	12,559,335
Value of Shares Traded (Rs. Mn)	96	119	85	347	647	5,221	2,320
Number of Days Traded	49	64	60	62	235	240	216
Average Daily Turnover (Rs. Mn)	1.95	1.86	1.41	5.60	2.75	21.75	10.73

\*Price per share represents the share price before the share sub-division.

## MARKET CAPITALISATION

As at 31 March	2023	2022	2021
Number of Shares in Issue	554,057,136	554,057,136	554,057,136
Shareholders' Funds (Rs. Bn)	38.12	33.05	28.19
LFIN Market Capitalisation (Rs. Bn)	30.47	32.14	26.26
CSE Market Capitalisation (Rs. Bn)	3,903.54	3,826.50	3,111.26
LFIN Market Capitalisation as a Percentage of CSE Market Capitalisation (%)	0.78	0.84	0.84

## PUBLIC SHAREHOLDING

As at 31 March	2023	2022	2021
Public Shareholding Percentage (%)	21.70	21.73	21.76
Number of Shareholders Representing above Percentage	4,930	5,119	3,592

## FLOAT ADJUSTED MARKET CAPITALISATION

The Float adjusted market capitalisation as at 31 March 2023 – Rs. 6,612,971,420/-

The Float adjusted market capitalisation of the Company falls under Option 3 of Rule 7.14.1 (i) (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.

## CAPITAL REPORTS

### FINANCIAL CAPITAL

#### LARGEST SHAREHOLDERS OF THE COMPANY

Name	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	%	No. of Shares	%
1 Vallibel One PLC	286,729,600	51.751	286,729,600	51.751
2 Royal Ceramics Lanka PLC Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	144,492,928	26.079	144,492,928	26.079
3 Esna Holdings (Pvt) Ltd	56,249,600	10.152	56,249,600	10.152
4 Pershing LLC S/A Auerbach Grayson & Co.	9,535,325	1.721	7,859,965	1.419
5 People's Leasing & Finance PLC/K.R.E.M.D.M.B. Jayasundara	5,000,222	0.902	-	-
6 Mr. N. Udage	2,161,235	0.390	1,816,540	0.328
7 Mr. K.A.D.A. Perera	2,072,687	0.374	1,708,116	0.308
8 Janashakthi Insurance PLC - Shareholders	1,952,700	0.352	1,952,700	0.352
9 Mr. W.G.D.C. Ranaweera	1,787,405	0.323	34,897	0.006
10 Mr. F.N. Herft	1,481,808	0.267	865,889	0.156
11 Mr. A.A. Page	1,259,200	0.227	1,259,200	0.227
12 Phantom Investments (Pvt) Ltd	1,253,809	0.226	1,253,809	0.226
13 Mrs. V. Saraswathi & Mr S. Vasudevan	1,220,716	0.220	1,052,700	0.190
14 Mr. M.A.T. Raaymakers	1,001,787	0.181	1,787	0.000
15 People's Leasing & Finance PLC/Dr. H.S.D. Soysa & Mrs. G.Soyso	936,264	0.169	923,264	0.167
16 Seylan Bank PLC/Sarath Bandara Rangamuwa	835,000	0.151	791,141	0.143
17 Mrs. P.C. Cooray	834,528	0.151	834,528	0.151
18 Mr. J.A.N.R. Adhihetty	813,845	0.147	813,845	0.147
19 Dr. W.P. Somasiri & Mrs. D.V.A. Wijewardana & Mr. K. Withanapathirana	742,000	0.134	747,000	0.135
20 Mrs. P.D.A.S. Beruwalage	733,327	0.132	733,327	0.132
	521,093,986	94.051	510,084,152	92.063
Others	32,963,150	5.949	43,972,984	7.937
Total	554,057,136	100.000	554,057,136	100.000

#### DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH

From	To	2023			2022		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	2,832	804,102	0.15	2,883	862,397	0.16
1,001	10,000	1,521	5,501,977	0.99	1,614	5,905,123	1.07
10,001	100,000	507	14,578,641	2.63	545	15,738,462	2.84
100,001	1,000,000	63	16,973,394	3.06	72	21,020,996	3.79
Over 1,000,000		15	516,199,022	93.17	13	510,530,158	92.14
Total		4,938	554,057,136	100.00	5,127	554,057,136	100.00

#### SHARE PRICES FOR THE YEAR

	2022/23	Date	2021/22	Date
Market Price per Share				
Highest During the Period	Rs.61.70	05 April 2022	Rs. 92.10	19 January 2022
Lowest During the Period	Rs.36.30	21 November 2022	Rs. 47.50	01 April 2021
Last Traded During the Period	Rs.55.00	31 March 2023	Rs. 58.00	31 March 2022

## COMPOSITION OF SHAREHOLDERS

Category	2022/23			2021/22		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Local	4,910	541,627,882	97.76	5,098	544,910,948	98.35
Foreign	28	12,429,254	2.24	29	9,146,188	1.65
Total	4,938	554,057,136	100.00	5,127	554,057,136	100.00
Individuals	4,743	41,714,446	7.53	4,880	41,794,133	7.54
Institutions	195	512,342,690	92.47	247	512,263,003	92.46
Total	4,938	554,057,136	100.00	5,127	554,057,136	100.00

## DIRECTORS' SHAREHOLDINGS

Names of Directors	2023		2022	
	No. of Shares	As a % of Total Shares	No. of Shares	As a % of Total Shares
Mr. G A R D Prasanna	-	-	-	-
Mr. J A S S Adhihetty	424,480	0.077	424,480	0.077
Mr. N Udage	2,161,235	0.390	1,816,540	0.328
Mr. B D A Perera	-	-	-	-
Mr. R S Yatawara	8,593	0.002	8,593	0.002
Mrs. Y Bhaskaran	-	-	-	-
Mr. M A J W Jayasekara	-	-	-	-
Mrs. Ashwini Natesan	-	-	-	-
Mr. D Rangalle	-	-	-	-
Ms. Yanika Amarasekera	-	-	-	-
Mr. K D D Perera (Resigned w.e.f 10 June 2022)	-	-	-	-
Mrs. A K Gunawardhana (Resigned w.e.f 28 February 2022)	-	-	-	-

## DEBENTURES

In December 2017, LB Finance raised Rs. 3 billion of listed unsecured debentures to boost business growth opportunity, reducing the mismatch of maturity period, to improve the capital adequacy of the Company and to strengthen Tier II capital position. This was fully settled at maturity in December 2022.

Debenture Type	Highest	Lowest	Closing
LFIN - BD/11/12/22-C2 387-A-12.75	Did not trade during FY 2022/23 and FY 2021/22		
LFIN - BD/11/12/22-C2 388-B-13.25	Did not trade during FY 2022/23 and FY 2021/22		

Yield of Comparable Government Securities (%)	2023	2022
05 Year Treasury Bond	26.65	14.83

## Credit Ratings

The Company's credit rating, A- (Ika), was reaffirmed by Fitch Ratings Lanka Limited (RWN).

## Credit Rating - Debentures

The credit rating of the Company's Senior and Subordinated Debentures was reaffirmed at A- (Ika) and BBB (Ika) by Fitch Ratings Lanka Limited (RWN).