22. LB Finance




Left: **Anandhiy Gunawardhana**, Chairperson/Independent. Right: **Sumith Adhihetty**, Managing Director

As a leading financial services institution, LB Finance makes an impactful contribution to Sri Lankan economy even during the COVID-19 pandemic.

Soaring towards growth on steady wings

A key powerhouse in Dhammika Perera’s Corporate empire, LB Finance, stayed boldly on course to deliver a PAT of Rs.6.80 billion for FY 2020/21.

LB Finance is a shining example of a resilient and well-managed organization that can succeed even in the most challenging circumstances.

LB Finance’s credit rating too was reaffirmed at A-(lka) by Fitch Ratings, pointing to the stability of the Company.

Shareholder interest was another focal point during the Company’s Board

deliberations.

An interim dividend of Rs.12 per share was paid in full immediately following the government-restricted cash dividends removal in 2021.

LB Finance’s share split too achieved its desired objectives both for the Company and its shareholders. The one into four shares split in January 2021 increased its market capitalization and saw share price soaring to a record high.

Taking decisive action

Recovery efforts began in earnest at the lockdown started, with all frontline teams driven to action. The momentum was maintained throughout the year with the support of the recoveries unit and the call center teams. These collective efforts helped stabilize NPLs significantly. At 5.36%, LBF’s NPL ratio was well below the sector average and among the lowest recorded in the NBFI sector as of the same date.

As a dynamic organization, LBF continued exploring potential opportunities. Observing a robust demand for gold loans on the back of higher world gold prices, the Company quickly expanded the bandwidth in this space. As part of this overall initiative, there were investments to strengthen LBF’s island-wide gold loan footprint.As always, deposit mobilization activities reflected the Company’s liquidity requirements. With the Company’s liquidity at healthy levels throughout the current financial year, aggressive deposit mobilization activities were not pursued, and instead, the consolidation of the deposit base was the focus. LBF was proactive in its efforts to leverage the low-interest rate to streamline its deposit mix and benefit from lower funding costs.

LB Micro Finance Myanmar Company (LBMF) made excellent progress. Having first started up in the small town, LBFM has since been deepening its penetration into the other region. LBFM further cemented its presence in the area with four new branches being added to the network, bringing the total branch count to 12.

Building resilience for the future

A new Credit Policy Framework was developed and rolled out to create a foundation to promote more high-quality lending. The Company completed its data warehousing project and increased the degree of automation across the business to

encourage greater cost discipline at a business unit level. A new Data Protection procedure was implemented in readiness to comply with the CBSL’s proposed new Data Protection Act due to be gazetted in 2021. New protocols were set in place to strengthen information security architecture to build the Company’s defenses against cyber-attacks. The LB Center for Technology and Innovation (CTI) commissioning was another huge milestone for the current financial year. The CTI is resourced with a team of specialist data scientists focusing on developing customized solutions to boost operational capability and network capacity.



Board of Directors

Anandhiy Gunawardhana

Chairperson/Independent

Sumith Adhihetty

Managing Director

1. Dhammika Perera

Executive Deputy Chairman

2. Niroshan Udage

Deputy Managing Director

3. B D A Perera

Executive Director

4. Ravindra Yatawara

Executive Director

5. Ashane Jayasekara

Independent Non-Executive Director

6. Yogadinusha Bhaskaran

Non-Executive Director

7. Ashwini Natesan

Independent Non-Executive Director

8. Dharmadasa Rangalle

Non-Executive Director