Stock Briefing Note

LB FINANCE

Company Name & Ticker

LB FINANCE PLC | LFIN.N

Industry

CSE | DIVERSIFIED FINANCIALS

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AMBEON SECURITIES

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Executive Summary

Company Overview

LB Finance PLC (LFIN.N) offers a wide range of financial services, including fixed deposits, savings accounts, finance leases, and various loan facilities. The company operates through four segments, including leases, loans and receivables, others, and international operations in Myanmar. Loans and Receivables contribute approximately 70% of the company's gross income, while leases account for about 21%.

The company currently holds a market capitalization of LKR 44.60 billion. Its major shareholders include Vallibel One PLC, owning 51.75%, and Royal Ceramics Lanka PLC, holding 26.08%. The company also owns LB Microfinance Myanmar, a fully owned subsidiary representing its international operations, and holds a 64.76% stake in Multi Finance, a licensed finance company regulated by the Central Bank of Sri Lanka.

As of September 2024, the company operates 211 branches and employs 4,132 staff members (as of the end of FY2024). Fitch Ratings Lanka Limited has assigned the company a credit rating of BBB+(lka) with a Stable outlook. Within the Non-Bank Financial Institution (NBFI) sector, the company holds a market share of 10.94% in total assets, 12.53% in loans and advances, 12.34% in customer deposits, and 10.69% in branch count.

Valuation Summary

The weighted average fair value of LFIN.N is estimated at **LKR 90.08**, offering an **upside potential of 11.90%** based on current market prices. The implied PE ratio is 4.99. The intrinsic value of LFIN shares has been determined using multiple valuation methods, including a PE based valuation of LKR 112.29, a PBV based valuation of LKR 73.71, and a Net Asset Value (NAV) of LKR 84.24 as of September 30, 2024.

This stock presents an attractive opportunity as the government's plan to lift the vehicle import ban could significantly enhance its value. The Central Bank of Sri Lanka (CBSL) has expressed support, citing a stable balance of payments and a current account surplus for the second consecutive year. Additionally, the Vehicle Importers' Association confirmed that CBSL has agreed to allocate necessary funds, with the IMF permitting vehicle imports.

Key Financials

For the quarter ending September 2024, the company reported a gross income of LKR 11.84 billion, reflecting a 5.3% YoY decline due to reduced interest income. In Q2 FY2025, net interest income rose to LKR 6.52 billion, marking a 5.9% YoY increase driven by significantly lower interest expenses. Profit before tax reached LKR 4.04 billion, representing a 9.3% YoY growth. Taxes on financial services increased by 18.0% YoY to LKR 1.07 billion, while income taxes grew by 10.6% YoY to LKR 1.54 billion. Despite the rising tax burden, profits attributable to equity holders improved to LKR 2.50 billion, an 8.4% YoY increase. The net profit margin strengthened to 21.1%, up from 18.46% in the same period last year. As of the quarter's end, the company reported a Return on Assets of 4.54% and a Return on Equity of 20.8%.

LKR Mn	FY2022	FY2023	FY2024	FY25Q2
Income	30,157	43,133	49,636	11,845
Net interest income	18,643	19,310	24,779	6,524
Operating profit	13,858	14,521	18,965	5,105
Net profit (Equity holders)	8,530	8,555	9,714	2,503
Total assets	165,078	183,018	203,148	211,733
EPS (TTM) (LKR)	15.40	15.44	17.53	18.06
NAVPS (LKR)	59.98	69.17	79.25	84.24
Net margin	28.29%	19.83%	19.57%	21.13%
ROE	27.42%	23.84%	23.57%	20.83%
ROA	5.12%	4.91%	5.03%	4.54%

Source: Company reports

Dashboards

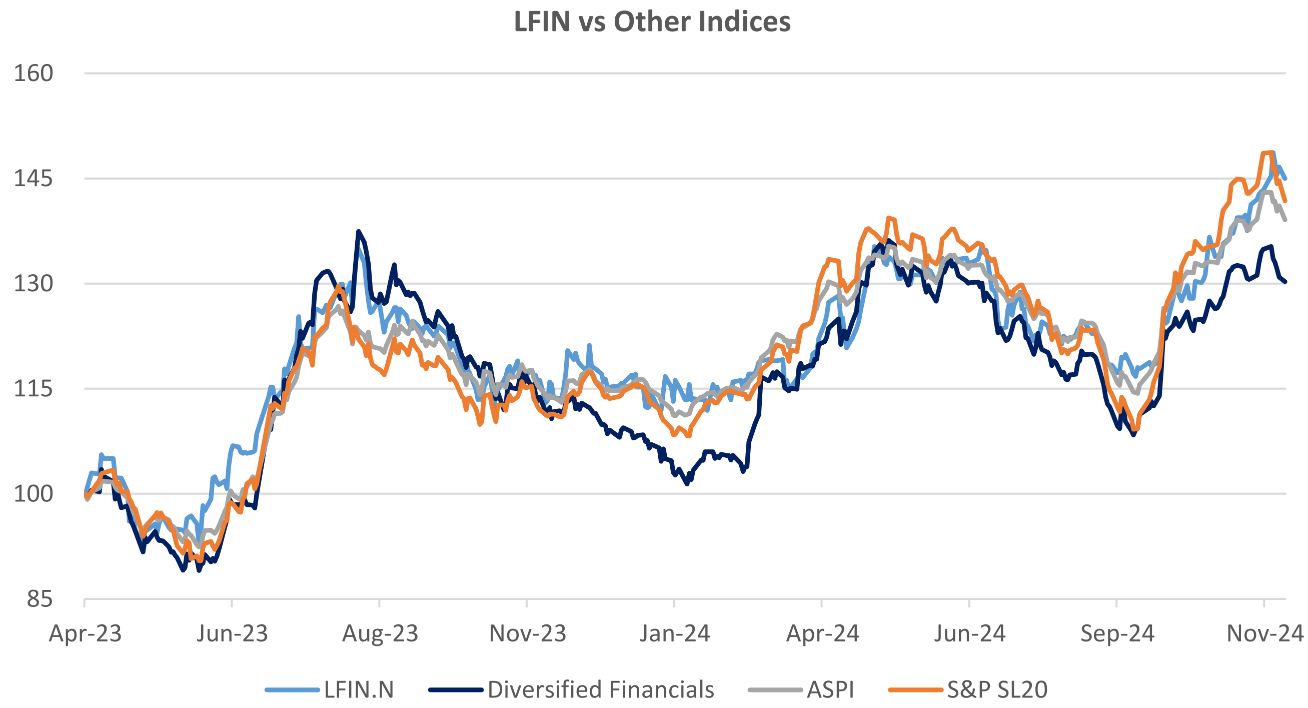
Company Name	LB Finance PLC
Ticker	LFIN.N
Market Price (LKR)	80.50
Exchange Listed	Colombo Stock Exchange
GICS Sector	Diversified Financials
Board Listed	Main Board
Listed Date	30th December 1997
No. of Shares (Mn)	554,06
MCAP (LKR Mn)	44,601.60
Public Holding	21.35%
Financial year ends	31st March

Name	Percentage
Vallibel One PLC	51.75%
Royal Ceramics Lanka PLC Commercial Bank of Ceylon PLC/Royal Ceramics Lanka PLC	26.08%
Esna Holdings (Pvt) Ltd	3.84%
Mr. W.G.D.C. Ranaweera	1.43%
Mr. K.R.E.M.D.M.B. Jayasundara	0.96%

The float adjusted market capitalization as of 30.09.2024 was LKR 8.15 Bn.

Key Data	
Historical Returns (Dec 2023 – Dec 2024)	
1-year capital gain	25.6%
1-year dividend yield	9.0%
1-year total return	34.6%
Beta	0.85
1-year high (LKR)	81.90
1-year low (LKR)	58.00
Valuation Multiples	
PE Ratio	4.46
PB Ratio	0.96
Per Share Data (LKR)	
EPS (TTM)	18.05
NAVPS (Sep 2024)	84.24
DPS (FY24)	5.75
Dividend Payout	32.8%

Sources: CSE, Company reports



Note: The chart is indexed

Valuation Summary

Valuation upside

We have estimated the average weighted fair value of LFIN.N at LKR 90.08. Based on current market prices, LFIN.N presents an upside potential of 11.90%. The fair value of LFIN implies a PE multiple of 4.49 given the current TTM EPS. Additionally, the historical 1-year dividend yield stands at 9.0%.

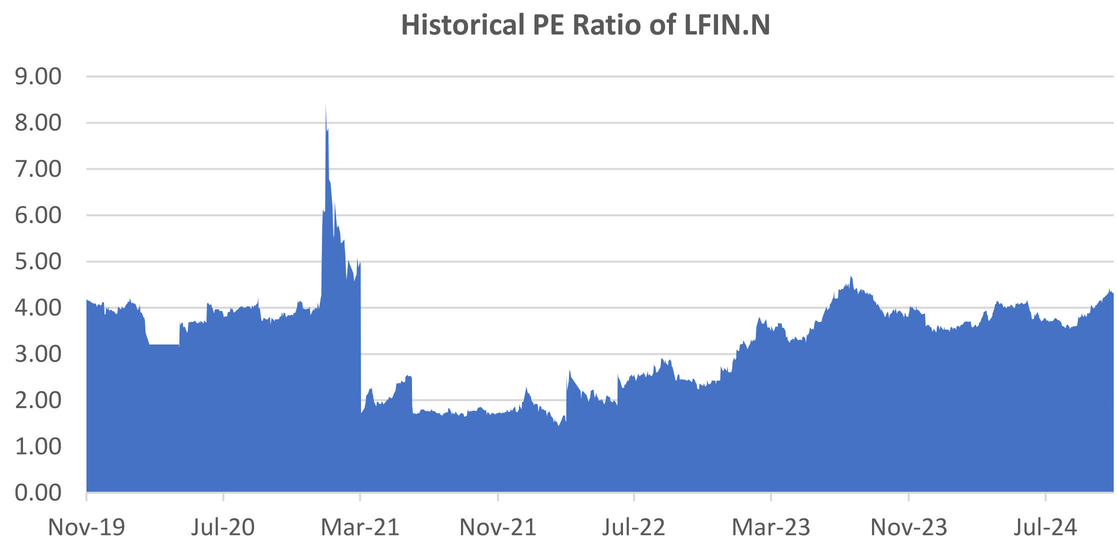
Weighted average intrinsic value	**LKR**
PE based valuation	112.29
PBV based valuation	73.71
NAV (30th September 2024)	84.24
Weighted average fair value per share (LKR)	**90.08**

PE based valuation

Company	**MPS***	**TTM EPS****	**P/E**
CFIN.N	135.75	37.46	3.62
PLC.N	13.70	2.01	6.80
LOFC.N	5.90	0.73	8.09
COCR.N	45.30	15.95	2.84
VFIN.N	46.30	9.87	4.69
HNBF.N	5.70	0.37	15.52
CDB.N	235.00	50.50	4.65
LOLC.N	459.25	129.95	3.53

Average P/E ratio of peers	6.22
TTM EPS of LFIN.N	18.05
Value per share of LFIN.N	112.29

** Closing prices as of 3rd December 2024, are considered the Market Price per Share*
*** Earnings Per Share (Trailing Twelve Months) is up to the quarter ended 30th June 2024*

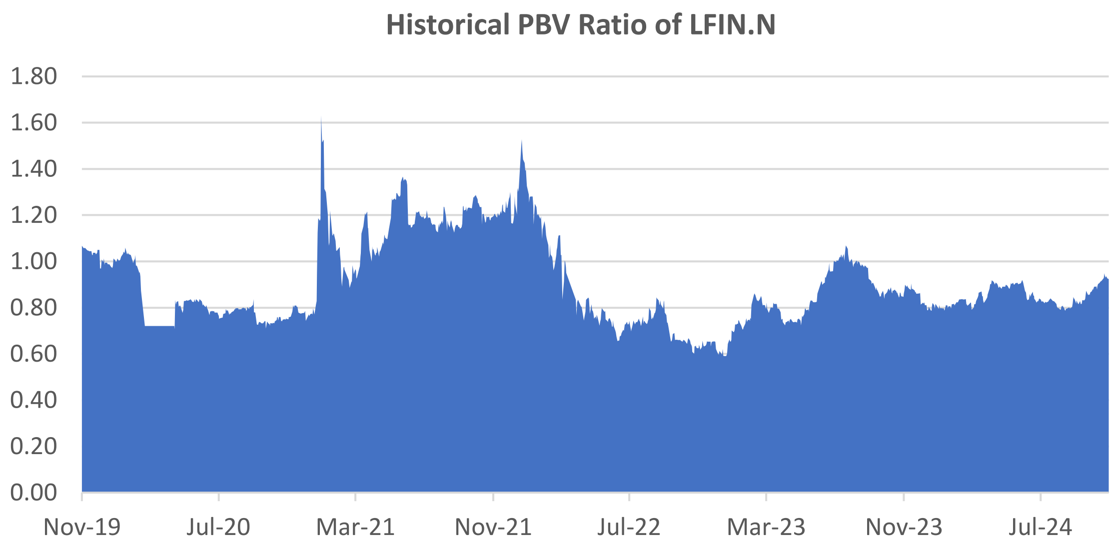


PBV based valuation

Company	MPS*	NAVPS**	PBV
CFIN.N	135.75	316.71	0.43
PLC.N	13.70	21.84	0.63
LOFC.N	5.90	3.94	1.50
COCR.N	45.30	78.44	0.58
VFIN.N	46.30	59.22	0.78
HNBF.N	5.70	3.44	1.66
CDB.N	235.00	302.07	0.78
LOLC.N	459.25	700.17	0.66

Average PBV of peers	0.87
NAVPS of LFIN.N	84.24
Value per share of LFIN.N	73.71

** Closing prices as of 3rd December 2024, are considered the Market Price per Share*
*** Net Asset Value per Share is up to the quarter ended 30th September 2024*



Return Analysis

Historical Dividends

	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend per share (LKR)	-	7.00	5.00	5.00	5.75
Dividend payout ratio	-	56.98%	32.48%	32.38%	32.80%
Dividend yield*	-	14.77%	8.62%	9.09%	9.16%

** Dividend yield is based on the closing price of the year*

Year	Type	Dividend per share (LKR)	Payment Date
FY2024	Final cash dividend	3.50	18-Jul-24
	First interim cash dividend	2.25	9-Apr-24
FY2023	Final cash dividend	3.00	24-Jul-23
	First interim cash dividend	2.00	17-May-23
FY2022	Final cash dividend	2.00	22-Jul-22
	First interim cash dividend	3.00	18-Feb-22
FY2021	Final cash dividend	4.00	22-Jul-21
	First interim cash dividend	3.00	23-Feb-21

Note: All the above dividend payments are adjusted to the share subdivision of 1:4 on 10th March 2021

In FY2021, the company demonstrated a notable dividend payout ratio of 56.98% and an impressive dividend yield of 14.77%. Over the past three financial years, the company consistently maintained a payout ratio exceeding 30%, underscoring its commitment to sharing a significant portion of profits with shareholders. Additionally, the company's steady dividend yield, averaging around 9% during this period, highlights its appeal to investors seeking reliable and predictable income. This performance reinforces the company's reputation as a shareholder-friendly investment option.

Historical Prices

Historical Price Movements (April - March)

Annual Price Movement	HNB.N
FY2025 (YTD)	28.4%
FY2024	14.0%
FY2023	-5.2%
FY2022	22.4%
FY2021	57.3%
FY2020	0.3%

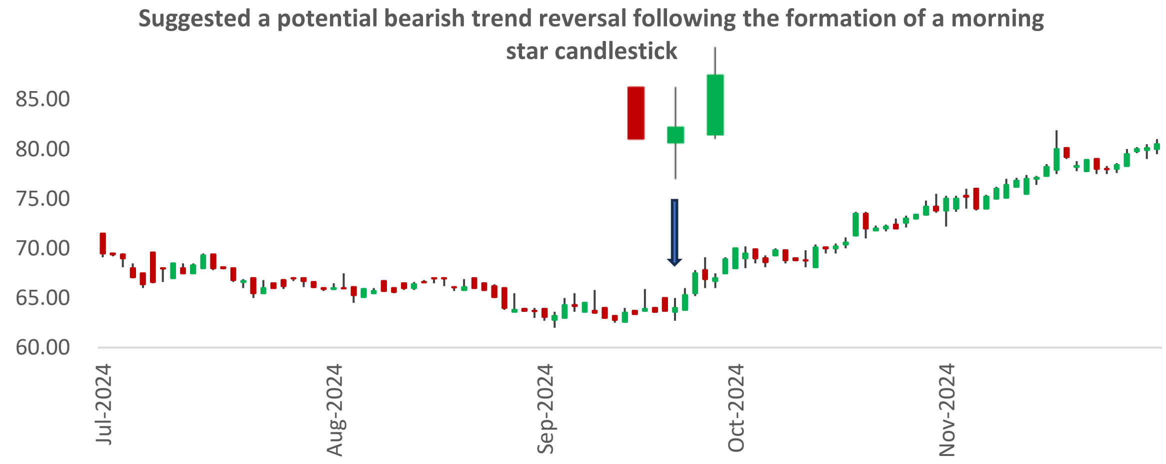
** Closing prices as of 03rd December 2024, are considered for calculating YTD*

Since the beginning of April 2024, the company has achieved a remarkable price gain of 28.4%, reflecting strong investor confidence and positive sentiment toward its performance. This upward trend is particularly noteworthy following the presidential election, which bolstered investor confidence previously dampened by political instability. Furthermore, in the financial year 2024, the company recorded an annual price gain of 14.0%. Over the longer term, from the start of FY2020 to date, the company's stock price has surged by an impressive 168.1%, showcasing its resilience and consistent value creation for shareholders.

Note: All the above prices are adjusted to the share subdivision of 1:4 on 10th March 2021

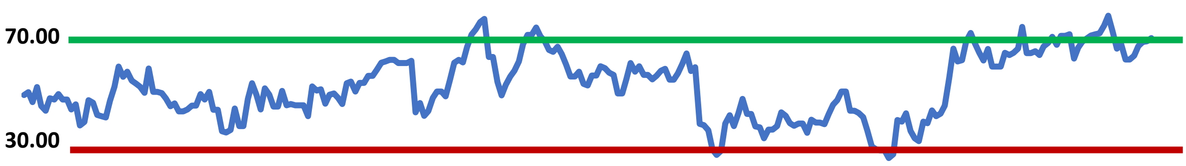
Technical Indicators

Strong bullish trend fades as momentum weakens, indicating a short-term pullback



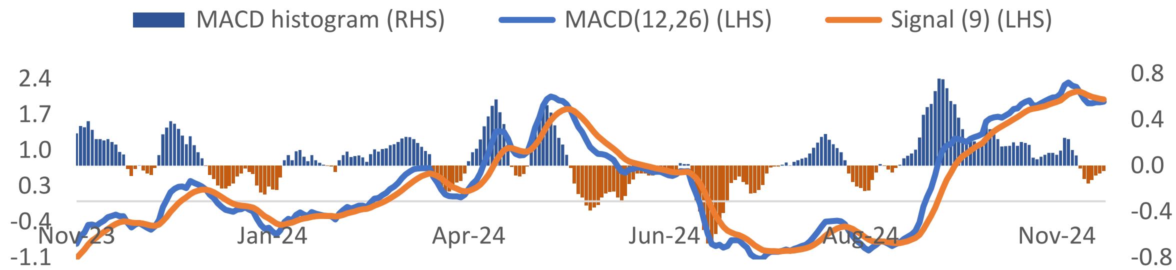
The moving averages indicate a robust bullish trend, underscoring the stock's upward momentum. However, the MACD reveals a slight bearish divergence, though the weakening bearish momentum suggests a potential shift back toward positive territory. Meanwhile, the RSI is declining but remains in the overbought zone, signaling that the stock may still be overextended. Volume analysis highlights a moderate uptick in trading activity, with average daily volumes rising. However, subtle signs of slowing buying momentum suggest a possible cooling-off period. Elevated volatility, though reduced from recent highs, points to more cautious market conditions as traders weigh the next move. **Overall, while the stock's long-term outlook remains favorable, short-term signals indicate a possible pause or pullback. Immediate support is established at LKR 79.00, which could serve as a key defense level, while immediate resistance is identified at LKR 82.00, marking a potential barrier to further gains.**

Relative Strength Index still in the overbought territory



The Relative Strength Index (RSI) is currently at 73.11, exceeding the overbought threshold and signaling a reversal from a recent market correction. Previously, the RSI reached a peak within the overbought zone before dipping below this level. The RSI's Simple Moving Average (SMA) is also in overbought territory at 71.88, closely tracking the current RSI value, which suggests mild upward momentum. This alignment indicates that the market remains overbought but shows signs of fluctuating momentum. If the RSI continues to decline or converges further with its SMA, it could signal a period of consolidation or a potential reversal. Such convergence often reflects market indecision, raising the likelihood of a pullback as buying pressure wanes.

MACD suggesting weakening upward momentum



The MACD currently stands at 1.95, trailing below the signal line at 2.00, with both indicators exhibiting a downward trajectory following a prior upward trend. A recent bearish crossover signals potential downside pressure, as reflected by the MACD histogram, which has turned negative at -0.04. However, the histogram's recent slight improvement suggests that bearish momentum may be easing, hinting at a possible shift or stabilization in the trend.

The moving averages confirm a strong, consistent, and sustained bullish trend

The 20-day EMA, currently at 78.1, sits above the 50-day EMA at 74.6, with both indicators trending robustly upward. This alignment highlights short-term strength that complements the broader trend, signaling continued upward momentum. Meanwhile, the 50-day SMA at 73.6 is positioned above the 200-day SMA at 68.4, confirming a bullish long-term outlook as these averages also exhibit a steady upward trajectory. This crossover underscores sustained market confidence. Additionally, the 50-day EMA surpassing the 50-day SMA, with both moving upward in parallel, reflects a strong and consistent medium-term trend. The close alignment of the EMAs with price action further suggests a stable uptrend. Collectively, these moving averages of prices reinforce the ongoing bullish phase with strong technical support across multiple timeframes.

Volume indicators suggest slowed buying, but the overall trend remains bullish

Volume analysis shows a moderate increase in trading activity, with average daily volumes rising. The On-Balance Volume (OBV) has been trending upward, though it recently dipped slightly, indicating a cooling of momentum. The Volume-Weighted Moving Average (VWMA) is also trending upward, supporting the bullish price movement. The Money Flow Index (MFI) is at 76.73, down slightly from the overbought level, suggesting reduced buying pressure but still strong market interest. The Accumulation/Distribution (A/D) line, which had been rising, has recently pulled back, signaling a potential slowdown in buying momentum. Overall, while some indicators show a slowdown in buying momentum, the overall trend remains bullish, supported by rising volume and positive price action.

Overall volatility is stabilizing after a recent peak but remains dynamic

The ATR (Average True Range) recently trended upward, reflecting heightened volatility during the stock's recent price rally. However, the ATR has now sharply declined from its recent peak, signaling a reduction in volatility. This suggests that the stock's price movements may be stabilizing, at least in the short term. Meanwhile, the Bollinger Bands have started to expand since the bearish reversal. The wide bands indicate increased volatility, but their parallel movement suggests that the market is experiencing directional consolidation rather than erratic swings. This combination implies that while volatility has subsided slightly from its peak, the stock remains in a dynamic phase, with traders likely monitoring the next directional breakout.

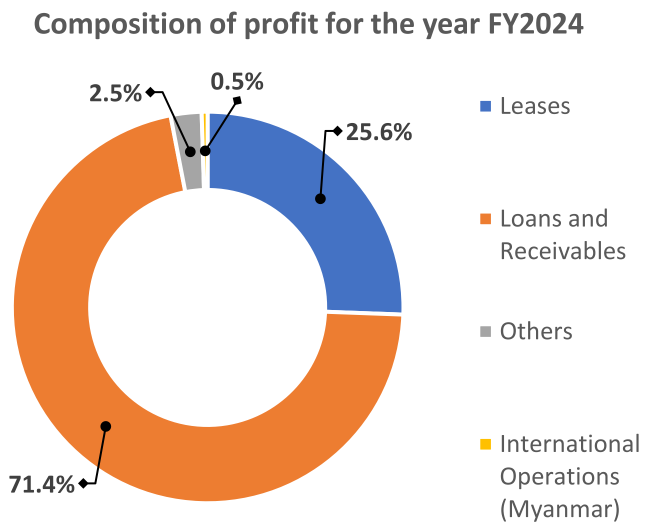
Note: TradingView is used for conducting technical analysis

Segmental Analysis

The LFIN group is structured into four operating segments based on the services provided and geographic operations as Leases, Loans and Receivables, Others, and International Operations (Myanmar).

The loans and receivables segment holds the largest share across all income categories

In the financial year 2024, the loans and receivables segment contributed 73.8% of the total net interest income. It also accounted for 79.4% of total fee and commission income and 59.0% of net trading and other operating income. This segment incurred the highest impairment charges of the year and represented 71.6% of taxes and 71.4% of net profit. Additionally, it holds the largest share of total assets and liabilities, with a composition of 68.1% and 68.6%, respectively.



In the most recent quarter, the loans and receivables segment generated 67.4% of net interest income and 82.0% of fee and commission income. It also contributed 63.7% of taxes and 63.6% of total profit for the quarter. Additionally, at the end of the quarter, loans and receivables represented the largest portion of total assets and liabilities, accounting for 72.5% and 73.1%, respectively.

The leases segment, second largest, also recorded impairment reversals

The leases segment ranked as the second-largest contributor to the company's operations in FY 2024. It accounted for 23.2% of the total net interest income, marking a 19.1% year-over-year (YoY) increase. Additionally, the segment contributed 25.6% to the year's net profit, reflecting a 17.9% YoY improvement. A notable highlight for the segment was the reversal of impairments amounting to LKR 390.55 million, a substantial 184.8% increase compared to the previous year’s reversal of LKR 137.13 million. However, both total segmental assets and liabilities saw declines during the year, with assets decreasing by 12.7% YoY and liabilities by 13.6% YoY.

In the second quarter of FY 2025, the segment's profit before taxes saw a remarkable improvement of 51.7% YoY and a 15.1% increase compared to the previous quarter. Net profit for the segment also demonstrated the highest YoY growth among all segments, rising by 48.6% YoY and achieving a QoQ increase of 13.2%. However, taxes for the segment also increased, growing by 54.8% YoY and 17.0% QoQ. On a positive note, impairment charges for the quarter shifted to a reversal of LKR 53.66 million, representing an extraordinary YoY improvement of 651.8%.

International operations are conducted through a wholly owned subsidiary in Myanmar

LB Microfinance Myanmar Company Limited, a wholly owned subsidiary of LB Finance PLC, specializes in microfinance lending and represents the company’s international operations segment. Although its contribution to the company's overall operations is relatively small, it accounts for 0.9% of total net interest income and 0.5% of net profit for FY 2024. However, during the year, the segment saw a substantial increase in interest expense, rising by 364.9% YoY. Additionally, net trading income turned negative, reflecting a 128.2% YoY decline. Segmental liabilities also increased significantly by 206.8% YoY. For the quarter ended September 2024, impairment charges surged by 638.5% YoY and 175.6% QoQ.

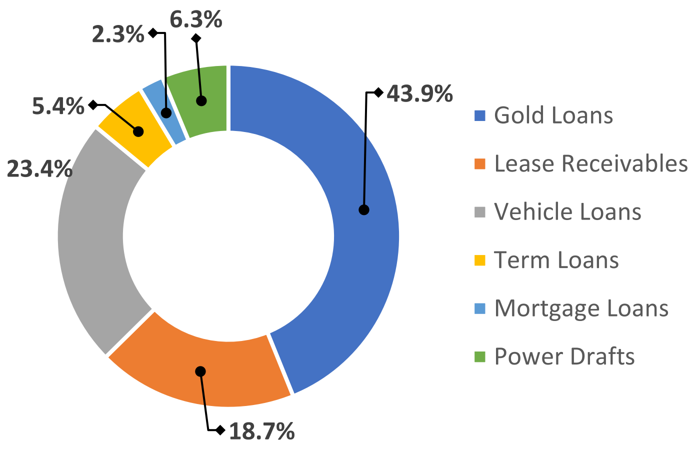
The Others segment, with a small profit contribution, showed significant improvements

The Others segment, which contributes just 2.5% of the total profit for the year, accounted for 38.0% of the total net trading and other operating income. The segment showed notable improvements during the year, including a 178.4% YoY increase in net interest income, a 133.3% YoY growth in net operating income, and a 119.7% rise in profit after tax. In the most recent quarter, the Others segment accounted for the largest share, representing 74.6% of net trading and other operating income. Additionally, fee and commission income from the segment saw a dramatic 703.3% YoY increase. On QoQ basis, net interest income grew by 223.2%, while profit after tax rose by 207.9%.

Gold loans contribute the most to the total gross loans

In FY 2024, gold loans represented the largest share of the gross loans and receivables portfolio, accounting for 43.9% of the total. Vehicle loans contributed 23.4%, while lease receivables accounted for 18.7%. Despite challenges such as declining global gold prices and the appreciation of the Sri Lankan rupee, the gold loan portfolio grew by 10.2% YoY to LKR 74.66 billion as of March 31, 2024. This growth was driven by the company's proactive strategies, including strengthening customer relationships, adjusting repayment patterns, promoting regular interest payments, offering competitive rates, and launching quarterly promotional campaigns targeted at specific customer segments and business communities.

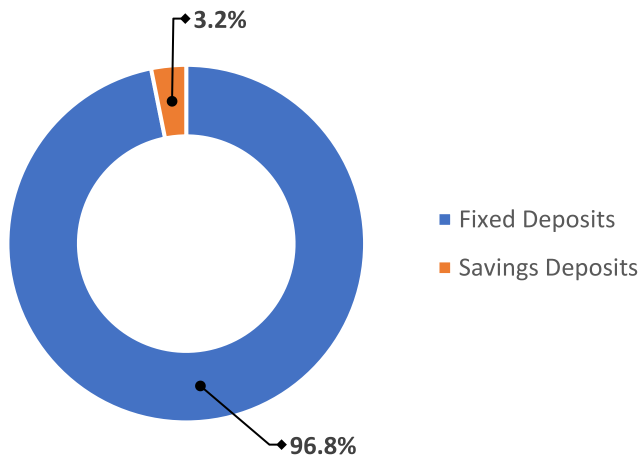
Loan portfolio for the year FY2024



Vehicle loans experienced robust growth, surging by 53.1% YoY. This significant increase was attributed to declining interest rates, improved business confidence, and favorable economic conditions, which collectively boosted demand and volumes in the vehicle loan segment, enhancing its overall contribution. In contrast, mortgage loans declined by 11.2% YoY. High interest rates and inflation early in the financial year, combined with soaring condominium prices and rising building material costs, negatively impacted the mortgage loan segment. Additionally, government regulations, including increased income taxes, reduced disposable income for families, diminishing their repayment capacity and further dampening demand for mortgage loans during FY 2024.

FY 2024, fixed deposits accounted for the majority of LFIN's deposit base

At the end of the financial year 2024, LFIN reported a deposit base of LKR 123 billion, with fixed deposits comprising the majority at 96.8%, while savings accounts accounted for 3.2%. Despite declining interest rates and the introduction of a new government tax policy that encouraged customers to explore alternative investments, the fixed deposit base grew by 6.7% YoY. To counter these challenges, the company introduced innovative deposit products and short-term options during periods of rising interest rates, achieving an impressive renewal ratio of 81%. Seasonal campaigns and the strategic promotion of the CIM app further enhanced deposit mobilization and customer convenience, contributing to this growth.

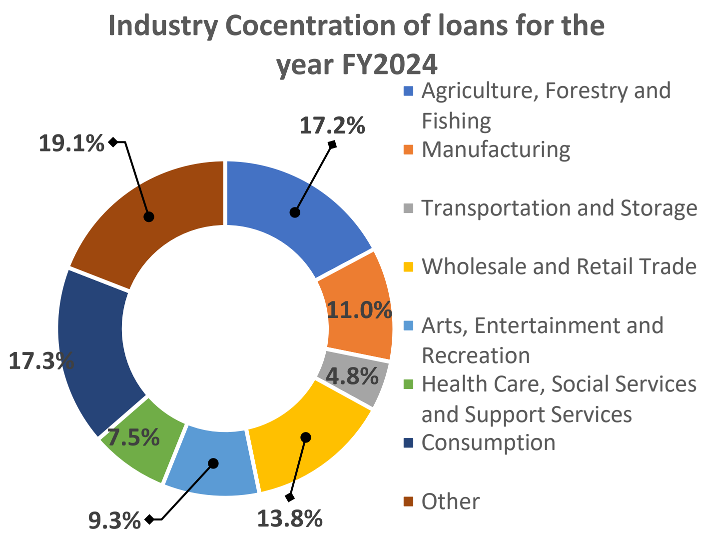


Deposit mix for the year FY2024

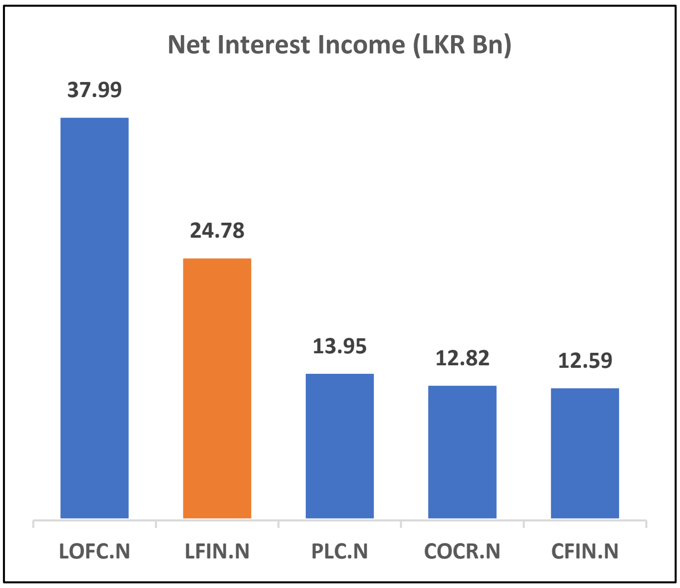
Savings deposits also recorded exceptional growth, increasing by 47.8% YoY. Additionally, CIM wallet transactions grew by 19%, and over 50,000 new customers were onboarded during the year. Promotions conducted through the branch network, offering attractive incentives to save and invest, played a key role in driving these achievements.

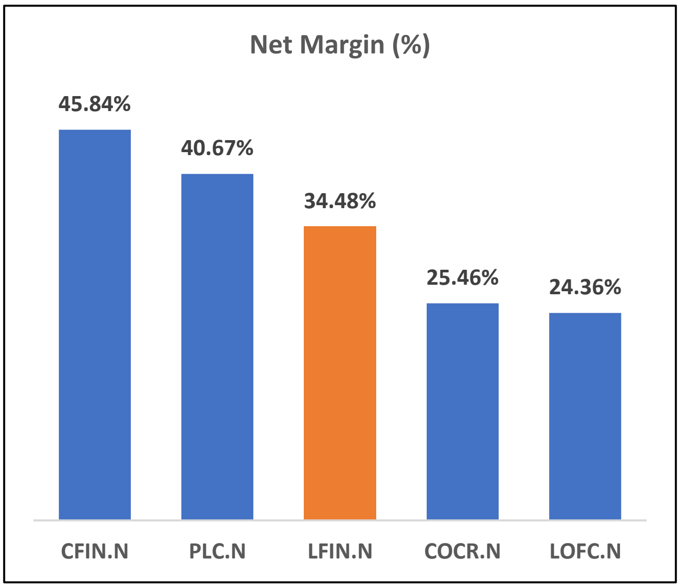
Loans to the consumption sector record the highest among various industry categories

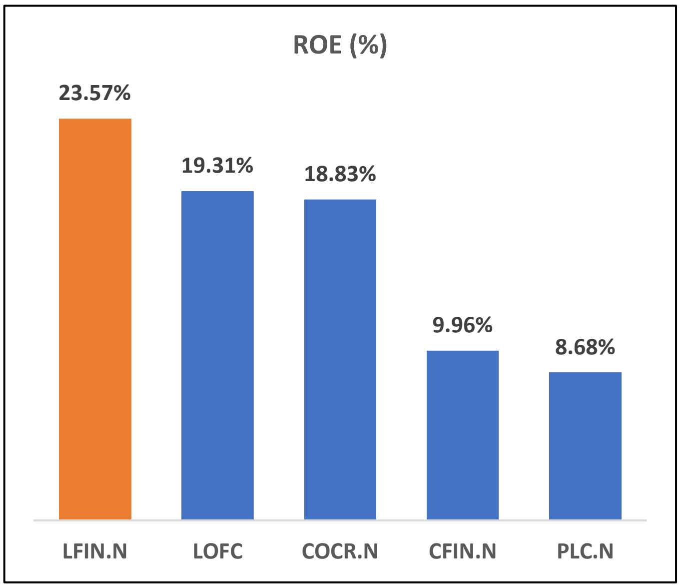
Among the various industries, loans to the consumption sector account for the highest share, representing 17.3% of total loans. Following closely, loans to the Agriculture, Forestry, and Fishing sectors hold the second position with 17.2%. The agriculture sector saw a modest YoY increase of 1.1%, while consumption loans experienced a significant decline of 17.9%. In contrast, loans to wholesale and retail sales, comprising 13.8% of total loans, grew by 25.8% YoY. Transportation loans, representing 4.8% of total loans, surged by 48.7%, and loans to the health sector, which make up 7.5% of total loans, saw an impressive YoY growth of 72.8%. Meanwhile, loans to the education and tourism sectors, though minor in total loan share, exhibited remarkable growths of 68.1% and 59.5%, respectively.

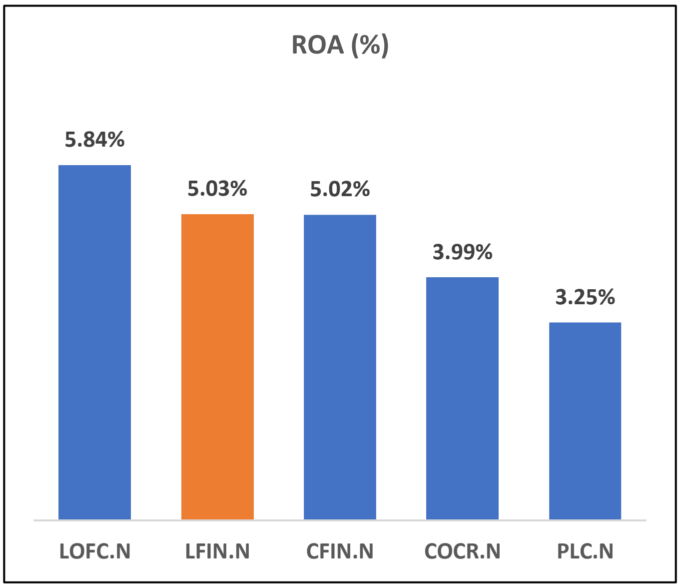


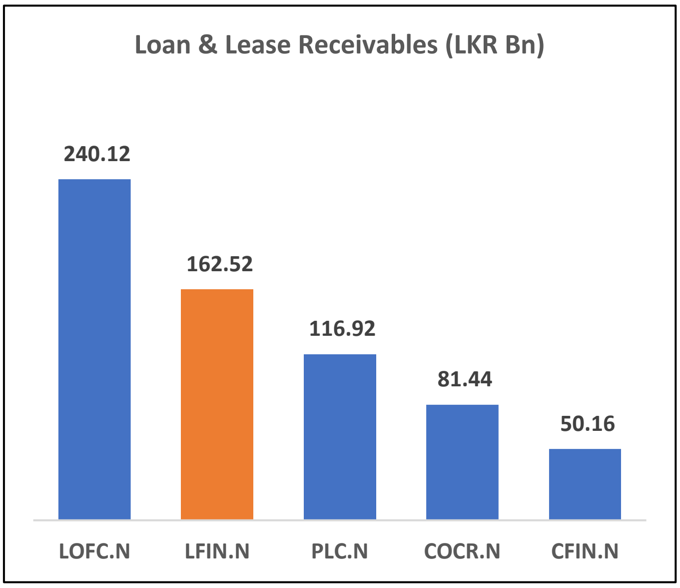
Peer Comparison

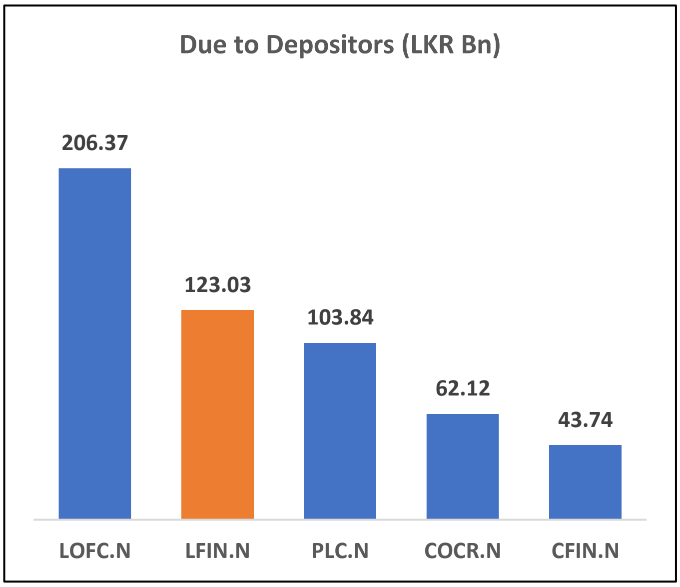












Note: Based on the financial year 2024 Annual Reports

Financial Review

Major changes compared with the previous year (FY24 vs FY23):

Favourable Changes

- Net interest income grew by 28%, rising from LKR 19.31 Bn to LKR 24.78 Bn.
- Net trading income surged by 336%, recovering from a loss of LKR 2.10 Mn to a gain of LKR 4.94 Mn.
- Operating profits increased by 31%, climbing from LKR 14.52 Bn to LKR 18.96 Bn.
- Profits attributable to equity holders rose by 14%, from LKR 8.55 Bn to LKR 9.71 Bn.
- Impairment charges dropped significantly by 48%, declining from LKR 519.13 Mn to LKR 270.09 Mn.

Unfavourable Changes

- Net margin decreased slightly from 19.8% to 19.6%.
- Taxes on financial services rose by 36%, increasing from LKR 2.68 Bn to LKR 3.63 Bn.
- Income tax expenses surged by 71%, from LKR 3.29 Bn to LKR 5.63 Bn.
- Total operating expenses grew by 20%, rising from LKR 7.43 Bn to LKR 8.94 Bn.
- The deposits-to-total-assets ratio declined from 62.4% to 60.6%.
- ROE saw a marginal decline, dropping from 23.8% to 23.6%.

Major changes compared with the previous quarter (Q1 FY24 vs Q2 FY24):

Favourable Changes

- Net interest income rose by 8%, from LKR 6.03 Bn to LKR 6.52 Bn.
- Fee and commission income saw a significant growth of 37%, increasing from LKR 839.13 Mn to LKR 1,152.80 Mn.
- Impairment charges dropped sharply by 62%, from LKR 106.73 Mn to LKR 40.87 Mn.
- Net profit attributable to shareholders grew by 14%, rising from LKR 2.20 Bn to LKR 2.50 Bn.
- The cost-to-income ratio improved, decreasing from 34.5% to 33.0%.

Unfavourable Changes

- Net trading income fell by 130%, shifting from a gain of LKR 1.27 Mn to a loss of LKR 0.39 Mn.
- Total operating expenses rose by 6.5%, increasing from LKR 2.38 Bn to LKR 2.54 Bn.
- Taxes on financial services grew by 21.5%, from LKR 877.50 Mn to LKR 1,065.85 Mn.
- Income tax expenses increased by 15.5%, rising from LKR 1.33 Bn to LKR 1.54 Bn.
- The cash-to-total-assets ratio decreased from 6.3% to 3.4%.

In FY2024, total income rose primarily due to higher interest income

For the financial year ending March 2024, LFIN achieved a total income of LKR 49.64 billion, marking a 15.1% increase compared to the previous year. This growth was primarily driven by higher interest income and a rise in fee and commission income. Interest income accounted for 93.2% of the year's total income, while fee and commission income contributed 6.5%. The gross income per employee for the year is LKR 12.01 million, while the gross income per branch stands at LKR 248.18 million.

For the quarter ending September 2024, the company reported a gross income of LKR 11.84 billion, reflecting a 5.3% YoY decline due to reduced interest income compared to the same period last year. However, with an increase in interest and fee and commission income over the previous quarter, gross income saw a 5.6% QoQ growth. The gross income per branch for the quarter is LKR 248.18 million.

Net interest income grew in FY2024 from higher lending and investments

In FY2024, net interest income rose by 28.3% YoY to LKR 24.78 billion, driven by a 15.7% increase in interest income and a moderate 3.9% rise in interest expenses. This growth was supported by proactive repricing of interest-sensitive assets and liabilities, along with an expanding lending base that boosted interest income. Additionally, the company secured high-yield investments early in the financial year, resulting in a significant increase in investment income compared to the prior year. Additionally, the net interest margin rose from 11.9% to 13.8% over the year.

For Q2 FY2025, the company achieved a net interest income of LKR 6.52 billion, marking a 5.9% YoY increase, mainly due to a notable reduction in interest expenses. Net interest income also improved by 8.1% QoQ, benefiting from both higher interest income and reduced interest expenses compared to the previous quarter.

Fee and commission income saw significant improvement in Q2 FY2025

In Q2 FY2025, fee and commission income surged by 51.4% YoY to LKR 1.15 billion and increased by 37.4% compared to the previous quarter. For FY2024, fee and commission income reached LKR 3.22 billion, reflecting a 7.7% YoY increase. This positive trend was driven by improved overall economic conditions. However, service charges decreased due to a decline in gold loan lending volumes compared to the previous year.

Net trading income saw a substantial rise of 335.8% in FY2024, reaching LKR 4.94 billion, a sharp recovery from a loss of LKR 2.10 billion in the previous year, primarily due to the appreciation of financial assets recognized through profit or loss. However, in the most recent quarter, net trading income reported a loss of LKR 0.39 million, marking a 108.0% year-over-year decline and a 130.3% QoQ decrease.

FY2024 impairment charges decreased due to strategic lending shifts and recoveries.

In FY2024, impairment charges decreased significantly, falling by 48.0% YoY from LKR 519.13 million to LKR 270.09 million. This improvement was especially notable in the impairment charges related to loans and receivables, which saw a substantial reduction. The positive trend reflects a strategic shift in the lending product mix, strengthened credit underwriting practices, and enhanced recovery efforts. In Q2 FY2024, impairment charges dropped to LKR 40.87 million, representing a 74.2% YoY decrease and a 61.7% QoQ reduction.

Operating expenses up 20.3% YoY, driven by inflation and personnel costs in FY 2024

During FY2024, operating expenses rose to LKR 8.94 billion, marking a 20.3% YoY increase, largely due to the year's high-inflation economic environment. Key drivers included higher personnel expenses from increased training costs, inflation-adjusted salaries, and staff incentives. Additionally, administrative costs, encompassing advertising and business promotion, also rose compared to the previous year. The cost-to-income ratio for the year was 31.7%. In Q2 FY2025, operating expenses increased further to LKR 2.54 billion, reflecting a 15.9% YoY and 6.5% QoQ rise. The cost-to-income ratio for the quarter was 33.0%.

Profits improved despite the high tax burden

For the financial year ending March 2024, the company recorded a profit before tax of LKR 15.33 billion, representing a 29.5% increase compared to the previous year. This growth was supported by the timely repricing of interest-sensitive assets and liabilities. Taxes on financial services rose by 35.6% YoY to LKR 3.63 billion, while income taxes surged by 71% YoY to LKR 5.63 billion, mainly due to the full impact of tax reforms introduced in the latter half of the previous financial year. Despite the tax increases, profit after tax grew by 13.6% YoY to LKR 9.71 billion. For the year, the net profit margin was 19.6%, slightly down from the previous year's 19.8%. Return on Assets increased to 5.0%, up from 4.9%, while Return on Equity declined to 23.6%, compared to 23.8% in the prior year. Additionally, net profit per employee was LKR 2.35 million, and net profit per branch reached LKR 48.57 million.

In the latest quarter, the company achieved a profit before tax of LKR 4.04 billion, reflecting a 9.3% YoY growth and a 14.4% QoQ increase. During the same period, taxes on financial services rose by 18.0% YoY and 21.5% QoQ to LKR 1.07 billion. Additionally, income taxes increased to LKR 1.54 billion, marking a 10.6% YoY growth and a 15.5% QoQ rise. Despite the higher tax burden, profits attributable to equity holders improved to LKR 2.50 billion, showing an 8.4% YoY increase and a 13.6% QoQ gain. For the quarter, the net profit margin was 21.1%, up from 19.7% in the previous quarter and 18.46% in the same quarter of the previous year. At the end of the quarter, Return on Assets stood at 4.54%, while Return on Equity was 20.8%. Additionally, net profit per branch reached LKR 11.86 million.

FY 2024 total assets grew due to higher interest-earning assets

At the end of FY 2024, total assets stood at LKR 203.15 billion, representing an 11.0% increase compared to the previous year. This growth was largely driven by an expansion in interest-earning assets, including cash and cash equivalents, as well as loans and receivables. Loans and receivables grew by 11.03% YoY, primarily fueled by a strong increase in vehicle financing and sustained growth in gold loans. Additionally, cash and cash equivalents experienced a significant YoY rise of 104.2%, largely driven by increased short-term investments in banks and other financial institutions.

As of September 2024, total assets reached LKR 211.73 billion, reflecting a 17.4% YoY increase and 0.7% QoQ growth. Loans and receivables saw a substantial YoY increase of 53.3% and a QoQ rise of 5.0%. Although cash and cash equivalents grew by 34.7% YoY, they declined significantly by 45.8% QoQ.

FY 2024 liabilities grew 10.1% YoY, driven by increased borrowings

At the end of FY 2024, total liabilities rose to LKR 159.14 billion, reflecting a 10.1% YoY increase. This growth was primarily driven by increases in amounts due to banks, depositors, debt instruments issued, other borrowed funds, and other financial liabilities. Amounts due to banks grew by 13.1%, as the company proactively increased bank borrowings to support rising credit demand and strengthen its maturity profile. Deposits from customers rose by 7.7%, largely driven by a notable increase in fixed deposits. Additionally, debt instruments issued, and other borrowed funds saw a significant 41.5% YoY growth, primarily attributable to securitized borrowings.

As of September 2024, total liabilities increased by 17.7% YoY, driven by growth in amounts due to banks, depositors, debt instruments, and other borrowed funds. However, on a QoQ basis, total liabilities declined slightly by 0.5%, primarily due to a decrease in amounts due to banks.

Environment, Social and Governance

Company focuses on sustainability through green initiatives and energy efficiency.

LB Finance is deeply committed to environmental sustainability, spearheading various initiatives such as planting over 8,000 trees and investing LKR 5.05 billion in green lending. The company operates 26 solar-powered branches and utilizes low CO_2 emitting equipment to minimize its environmental footprint.

LFIN's total CO_2 emissions amount to 3,983 tCO_2, with an emission intensity of 0.96 tCO_2 per employee, 16.53 tCO_2 per working day, and 19.91 tCO_2 per outlet. The company's emissions breakdown includes 278 tCO_2e from Scope 1, 2,199 tCO_2e from Scope 2, and 1,506 tCO_2e from Scope 3. In its efforts to reduce greenhouse gas emissions, LFIN focuses on optimizing office arrangements, construction, and maintenance, as well as promoting digital platforms to reduce the need for in-person meetings. Additionally, the company encourages shared transportation over private vehicles and offers integrated transport solutions for business travel.

Company's total water consumption stands at 44,908 m^3, averaging 10.87 m^3 per employee, 186.34 m^3 per working day, and 224.54 m^3 per outlet. To conserve water, LFIN employs several initiatives, including using drain water for air conditioning cooling, high-pressure pumps for vehicle washing, pressure-reducing valves to maintain consistent water flow, and spray taps to regulate water usage.

In terms of energy consumption, LFIN uses 16,852.95 G, with an average of 4.08 G per employee, 69.93 G per working day, and 84.26 G per outlet. The company has implemented several energy-saving measures, including using energy-efficient equipment, installing energy-saving lighting for outlet signage, and maximizing the use of natural light.

LFIN shows strong social responsibility through employee wellbeing and CSR activities

In the financial year 2024, LFIN demonstrated its commitment to employee development and well-being by delivering 43,677 training hours through 103 programs, averaging 10.44 hours per employee, with an investment of LKR 23.22 Mn. Additionally, 31 engagement events were held to enhance team cohesion. The organization disbursed LKR 3,618 Mn in salaries and related expenses, including employer contributions to EPF (LKR 297 Mn), ETF (LKR 63 Mn), and gratuity payments (LKR 118 Mn). LFIN fosters a positive and ethical work environment, supporting employees' professional and personal growth through wellness initiatives, flexible work arrangements, and policies that prioritize diversity and inclusion. Women comprise 45.86% of the workforce and received 49.60% of promotions, reflecting LFIN's commitment to gender parity and equal opportunity. These efforts underscore its dedication to innovation, employee satisfaction, and ethical practices.

LFIN actively contributed to social responsibility in FY 2024 through 21 CSR projects, including 18 community development initiatives, with a total investment of LKR 18.68 Mn. Employees dedicated 7,132 volunteer hours, reflecting the organization's deep commitment to community engagement. LFIN's initiatives focused on enhancing access to education through talent competitions, educational resources, and consumer education while fostering financial literacy, business development, and women's empowerment. Additionally, the company supported community well-being through donations and financial assistance to the health sector. These efforts, coupled with LKR 11.4 Bn in taxes paid, underscore LFIN's role as a responsible corporate citizen prioritizing societal and economic growth.

The company upholds corporate governance by complying with regulations

Board of Directors

Name	Directorship Status	Skills and Expertise
Mr. G.A.R.D. Prasanna	Chairman/Non-Independent Non-Executive Director	Experienced business leader with expertise in manufacturing, banking, finance, leisure, plantations, and hydropower, and has extensive governance experience leading various company boards.
Mr. M.A.J.W. Jayasekara	Independent Non-Executive Director/Senior Director	Highly qualified professional with over 20 years of experience in internal audit, cyber security, fraud investigations, corporate governance, and risk management, holding multiple certifications and degrees, and has contributed to academia and consulted for government and state-owned enterprises.
Mr. J.A.S.S. Adhihetty	Managing Director	Renowned marketing professional with over 45 years of experience in the finance sector
Mr. N. Udage	Deputy Managing Director	With 33 years of experience in leasing and finance, holds a bachelor's degree in science from the University of Colombo and specialized training from Harvard Business School.
Mr. B.D.A. Perera	Executive Director	With 26 years of experience in the leasing industry, holds an Associate Member of the Chartered Institute of Management Accountants and a BSc in Business Administration.
Mr. R.S. Yatawara	Executive Director	Holds a BSc in Business Administration from Oklahoma State University and has over 28 years of experience in the finance industry, with managerial roles
Mrs. Y. Bhaskaran	Non-Executive Director	Fellow Member of the Chartered Institute of Management Accountants UK (FCMA), CPA Australia (FCPA), and the Institute of Bankers Sri Lanka (IBSL)
Mrs. Ashwini Natesan	Independent Non-Executive Director	Legal practitioner with expertise in TMT law, FinTech, data protection, privacy, and dispute resolution and holds an LL.M. in International Business Law and diplomas in International Business Management and AI Policy.
Mr. D. Rangalle	Non-Executive Director	Retired Senior Commissioner with 34 years of public sector experience, including 31 years in tax administration, holds a Master of Commerce, Bachelor of Commerce, and doctoral coursework from the University of Kelaniya.
Ms. Yanika Amarasekara	Independent Non-Executive Director	Holds UC Berkeley degrees in Political Economy and Media Studies, Digital Marketing, and an MSc in Entrepreneurship, Innovation, and Management, and founded Silver Aisle, the first online wedding gift registry.

Board Sub Committees

Sub-committees	Members
Mandatory Committees	
Board Audit Committee	• Ms. Yogadinusha Bhaskaran - Chairperson • Mr. Ashane Jayasekara • Ms. Ashwini Natesan
Board Human Resources & Remuneration Committee	• Mr. Ashane Jayasekara - Chairperson • Mr. G A R D Prasanna • Ms. Yanika Amarasekera
Board Nominations & Governance Committee	• Mr. Ashane Jayasekara - Chairperson • Mr. G A R D Prasanna • Ms. Ashwini Natesan

Board Integrated Risk Management Committee	• Mr. Ashane Jayasekara - Chairperson • Ms. Yogadinusha Bhaskaran • Ms. Ashwini Natesan
Board Related Party Transactions Review Committee	• Ms. Ashwini Natesan - Chairperson • Mr. Ashane Jayasekara • Mr. Dharmadasa Rangalle
Voluntary Committees	
Board Information Security Committee	• Ms. Ashwini Natesan - Chairperson • Mr. Ashane Jayasekara • Mr. B D A Perera
Board Sustainability Committee	• Ms. Yanika Amarasekera - Chairperson • Mr. G A R D Prasanna • Ms. Ashwini Natesan • Mr. Niroshan Udage

Corporate Governance Practices of the Company

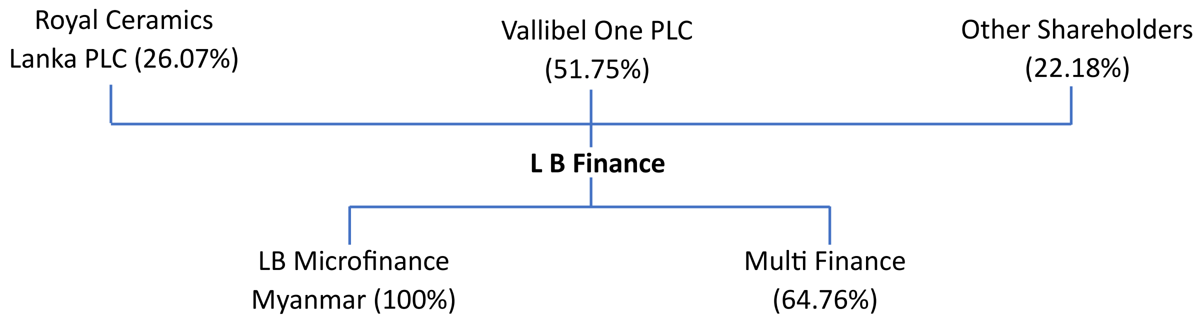
The company affirms that it has adhered to the principles and fully complied with the corporate governance directives outlined in the Finance Business Act. Additionally, it has followed the guidelines recommended in the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, as well as the Continuous Listing Rules on Corporate Governance established by the Colombo Stock Exchange.

The Board consists of 10 Directors, including 6 Non-Executive Directors, 3 of whom are independent as per regulatory and voluntary independence criteria. The Board is diverse in gender, age, and tenure, reflecting the efforts of the Board Nomination and Governance Committee to foster a range of perspectives. The Board meets monthly, with its committees convening at varying intervals based on their responsibilities.

The Board Human Resources & Remuneration Committee (BHRRC) advises the Board on remuneration policies and compensation for both Executive and Non-Executive Directors. The Board evaluates these recommendations to make final decisions. To ensure competitive and effective policies for attracting and retaining talent, the BHRRC may engage external consultants. Non-Executive Directors receive fixed fees aligned with their responsibilities, while Executive Directors are eligible for variable pay based on exceptional performance. The Board also approves remuneration schemes for executive staff, covering salary increments and performance-based pay, with no stock options included.

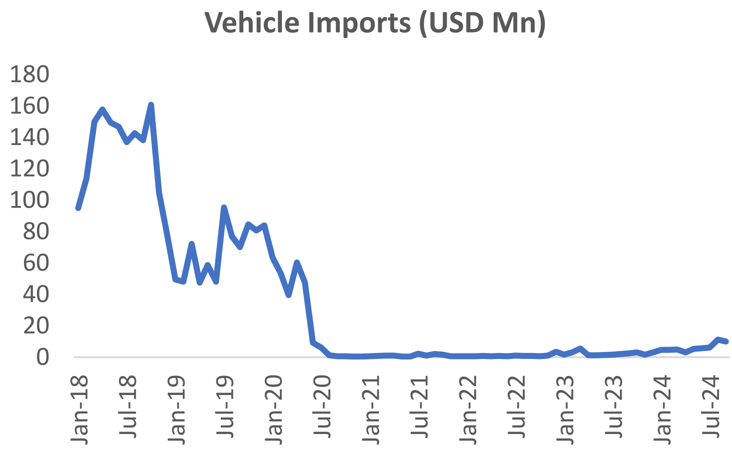
The Board's performance is evaluated annually under the oversight of the Board Nominations & Governance Committee. This process includes a review of the Chairman by Non-Executive Directors, self-assessments by Directors on the Board's collective performance, and an appraisal of the Managing Director’s achievements against established goals. Feedback from these evaluations is analyzed, discussed, and used to develop action plans aimed at enhancing accountability, strategic direction, risk management, and overall governance effectiveness.

Group Structure



Industry & Macroeconomic Analysis

The government is evaluating the possibility of lifting the vehicle import ban



Sri Lanka imposed a vehicle import ban amid a foreign exchange crisis, which led to a shortage of reserves and the depreciation of the LKR. However, with support from the IMF, World Bank, and Asian Development Bank, significant economic improvements have been achieved. Foreign reserves have risen, largely driven by increased tourism earnings and remittances, while the LKR has strengthened. As a result, the government is considering lifting the vehicle import ban. Recognizing the strong demand for vehicles, the government plans to regulate the import process carefully to avoid further strain on foreign reserves. The Central Bank has expressed its readiness to support this decision, noting the country's stable balance of payments and current account surplus for the second consecutive year. The Further Vehicle Importers' Association of Lanka announced that the Central Bank of Sri Lanka (CBSL) has agreed to allocate the required funds, and the IMF has also granted approval for vehicle imports. As a result, LFIN is likely to see a positive impact in the future. With the availability of new vehicles, more people will be able to afford them and access financing through loans and leases. This will help the company expand its loan portfolio and increase its income.

NBFI sector assets, liabilities and equity grew significantly in Q2 2024

The total assets of the Non-Bank Financial Institutions (NBFI) sector grew by 13.2% YoY to reach LKR 1,811.7 billion by the end of Q2 2024. This growth was primarily driven by increases in loans & advances, and investments. Net loans and advances rose by 12.6% YoY, while investments recorded a significant increase of 22.6% YoY. Total liabilities in the sector also expanded, growing by 12.6% YoY to LKR 1,371 billion at the end of Q2 2024, largely due to a rise in deposits, which improved by 12.6% YoY. Borrowings showed a modest increase of 4.7% YoY during the same period. Equity funds demonstrated robust growth, rising by 14.8% YoY to LKR 440.6 billion by the end of the quarter, reflecting strengthened financial performance in the sector.

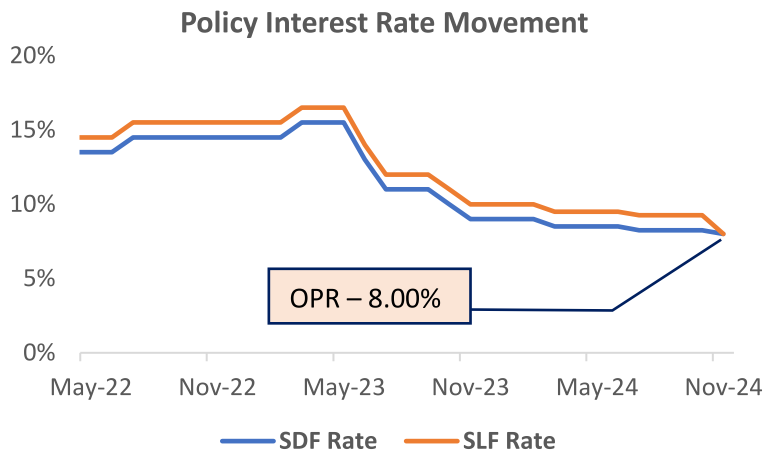
Q2 2024 NBFI sector capital adequacy and asset quality improved

The regulatory capital of the NBFI sector increased by 9.0% YoY, reaching LKR 367.0 billion by the end of Q2 2024. Tier 1 (eligible) capital saw a stronger growth of 11.5% YoY, rising to LKR 352.8 billion. Risk-weighted assets (RWA) also grew by 7.1% YoY, totaling LKR 1,542.8 billion during the quarter. The sector's total regulatory capital to RWA ratio improved marginally, increasing to 23.8% in Q2 2024 from 23.4% in Q2 2023. Meanwhile, the total borrowings-to-equity ratio declined to 0.6 times in Q2 2024 from 0.7 times in the same period the previous year, indicating improved leverage metrics.

In terms of asset quality, gross non-performing loans (NPLs) declined significantly by 25.8% YoY to LKR 185.4 billion, while net NPLs dropped by an even larger 34.7% YoY to LKR 115.3 billion. Consequently, the gross NPL ratio improved markedly, falling to 13.6% at the end of Q2 2024 from 20.5% at the end of Q2 2023. Provisions for NPLs decreased by 4.1% YoY to LKR 70.2 billion. Despite this decline, provision coverage for NPLs strengthened, rising to 37.8% at the end of Q2 2024, compared to 29.3% at the end of Q2 2023, reflecting enhanced financial resilience.

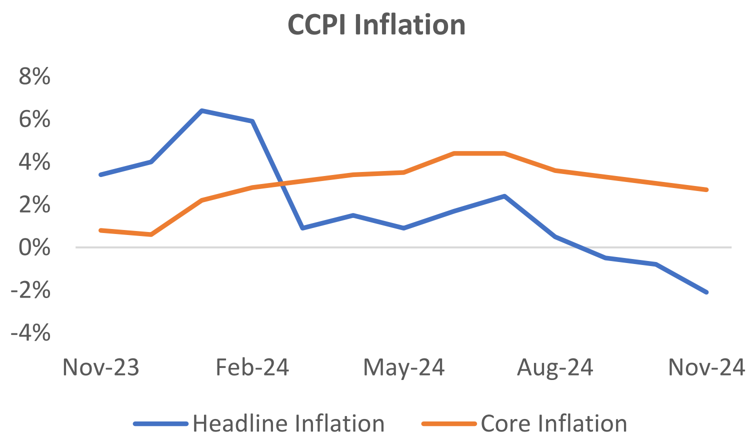
Lower interest rates drive higher loan demand while reducing interest expenses

In recent months, the Central Bank of Sri Lanka (CBSL) has implemented an expansionary monetary policy to address high inflation by lowering interest rates. In its November 2024 monetary policy review, the CBSL decided to further ease the policy stance, setting the newly introduced Overnight Policy Rate (OPR) at 8.00%. This adjustment results in an effective reduction of approximately 50 basis points from previous rates, with inflation expected to remain negative in the near term. Market lending rates continue to decline in response to the accommodative policy stance. These lower interest rates make borrowing more affordable for both consumers and businesses, which is likely to increase demand for loans. As borrowing becomes cheaper, more individuals and businesses are expected to seek financial products, helping LFIN to grow its loan portfolio. Additionally, fixed deposits, which are LFIN's primary source of raising capital, become less costly when interest rates decrease, reducing the company's interest expenses.



Deflation is expected to increase loan repayments and attract more deposits

In October 2024, headline inflation in the Colombo Consumer Price Index (CCPI) remained negative for the third consecutive month, with a deflation rate of 2.1%, compared to 0.8% in September. The Central Bank of Sri Lanka (CBSL) has indicated that this deflationary trend is expected to continue for several months. As a result of this deflation, consumer disposable income has improved, which may positively impact LFIN. With increased disposable income, individuals are more likely to resume loan repayments that were previously deferred. Additionally, higher disposable income encourages greater savings, which can help LFIN attract more deposits.



Financial Snapshot

Income statement - Annual

LKR' Millions	FY2020	FY2021	FY2022	FY2023	FY2024
Income	31,359	29,930	30,157	43,133	49,636
Net interest income	15,666	16,068	18,643	19,310	24,779
Fee and commission income	1,950	2,196	2,475	2,986	3,217
Net operating income	15,872	16,659	20,183	21,950	27,905
Operating profit	9,932	10,997	13,858	14,521	18,965
Profit before taxation	7,653	9,328	11,721	11,843	15,334
Income tax	2,442	2,521	3,245	3,290	5,627
Profit for the year (equity holders)	5,211	6,807	8,530	8,555	9,714

Income statement - Quarterly

LKR' Millions	FY24Q2	FY24Q3	FY24Q4	FY25Q1	FY25Q2
Income	12,510	12,618	11,973	11,215	11,845
Net interest income	6,159	6,650	6,193	6,035	6,524
Fee and commission income	762	860	981	839	1,153
Net operating income	6,788	7,254	7,565	6,790	7,642
Operating profit	4,599	4,893	5,253	4,409	5,105
Profit before taxation	3,696	3,947	4,315	3,531	4,039
Income tax	1,389	1,483	1,483	1,329	1,536
Profit for the year (equity holders)	2,309	2,467	2,833	2,204	2,503

Statement of financial position - Annual

LKR' Millions	FY2020	FY2021	FY2022	FY2023	FY2024
Assets					
Cash and Cash Equivalents	6,472	6,381	14,634	4,681	9,560
Loans and Receivables	58,793	67,467	93,897	146,372	162,522
Rentals Receivable and Stock out on Hire	60,627	47,360	41,640	-	-
Other Financial Assets	9,106	10,433	5,656	21,711	20,443
Total Assets	144,322	140,943	165,078	183,018	203,148
Liabilities and Equity					
Due to Banks	22,883	16,527	26,862	19,393	21,956
Due to Depositors	89,315	85,940	89,479	114,248	123,035
Total Liabilities	121,162	112,556	131,741	144,590	159,140
Total Equity Attributable to Equity Holders of the Company	23,160	28,387	33,231	38,324	43,911

Statement of financial position – Quarterly

LKR' Millions	FY24Q2	FY24Q3	FY24Q4	FY25Q1	FY25Q2
Assets					
Cash and Cash Equivalents	5,362	9,259	9,560	13,329	7,224
Loans and Receivables	117,174	123,958	162,522	171,090	179,667
Rentals Receivable and Stock out on Hire	30,715	29,528	-	-	-
Other Financial Assets	16,542	12,815	20,443	15,026	13,819
Total Assets	180,315	186,113	203,148	210,187	211,733
Liabilities and Equity					
Due to Banks	15,099	18,515	21,956	24,132	23,239
Due to Depositors	115,046	115,611	123,035	125,520	127,825
Total Liabilities	140,261	143,607	159,140	165,896	165,057
Total Equity Attributable to Equity Holders of the Company	39,953	42,408	43,911	44,196	46,676

Key Ratios - Annual

	FY2020	FY2021	FY2022	FY2023	FY2024
Net interest margin	11.96%	12.15%	13.17%	11.94%	13.76%
Cost to income ratio	33.51%	30.79%	29.70%	33.07%	31.73%
Net margin	16.62%	22.74%	28.29%	19.83%	19.57%
ROA	4.78%	3.70%	5.12%	4.91%	5.03%
ROE	25.04%	26.58%	27.42%	23.84%	23.57%
EPS (LKR)*	9.40	12.29	15.40	15.44	17.53
Equity to total assets	16.05%	20.14%	20.13%	20.94%	21.62%
Deposits to total assets	61.89%	60.97%	54.20%	62.42%	60.56%
Cash to total assets	4.48%	4.53%	8.86%	2.56%	4.71%
Net loans to total assets	40.74%	47.87%	56.88%	79.98%	80.00%
Loans to customer deposits	65.83%	78.50%	104.94%	128.12%	132.09%
Equity to deposits	25.93%	33.03%	37.14%	33.54%	35.69%
NAVPS (LKR)*	41.80	51.24	59.98	69.17	79.25
Core capital risk weighted assets ratio	19.04%	23.87%	26.10%	30.67%	31.59%
Total risk weighted capital ratio	25.32%	20.75%	27.04%	31.29%	32.33%
Gross NPL ratio	3.93%	5.36%	4.64%	4.61%	3.60%
Net NPL ratio	-0.12%	0.10%	-0.72%	-0.64%	-0.74%
Provision coverage ratio	NA	NA	111.57%	109.35%	119.79%
Impairment to gross loans	NA	NA	5.22%	5.08%	4.50%
Liquidity ratio	15.65%	17.89%	17.68%	19.41%	21.21%
Gross income growth (YoY)	6.87%	-4.56%	0.76%	43.03%	15.07%
Net interest income growth (YoY)	8.28%	2.57%	16.03%	3.57%	28.32%
PAT growth (YoY)	2.59%	30.63%	25.32%	0.28%	13.55%
Assets growth (YoY)	5.75%	-2.34%	17.12%	10.87%	11.00%
Portfolio growth (YoY)	4.92%	-3.85%	18.04%	7.99%	11.03%
Loan growth (YoY)	23.07%	14.75%	39.18%	55.88%	11.03%
Deposit growth (YoY)	7.29%	-3.78%	4.12%	27.68%	7.69%
Gross income per employee (LKR Mn)	8.70	8.46	7.89	12.11	12.01
Net income per employee (LKR Mn)	1.45	1.93	2.23	2.40	2.35
Gross income per branch (LKR Mn)	190.06	177.10	166.62	224.65	248.18
Net income per branch (LKR Mn)	31.58	40.28	47.13	44.55	48.57

**Based on the latest no. of shares*

Key Ratios - Quarterly

	FY24Q2	FY24Q3	FY24Q4	FY25Q1	FY25Q2
Net interest margin	16.43%	17.44%	13.54%	13.45%	13.13%
Cost to income ratio	31.51%	31.33%	31.72%	34.53%	33.02%
Net margin	18.46%	19.55%	23.66%	19.65%	21.13%
ROA	4.87%	4.98%	4.97%	4.26%	4.54%
ROE	22.61%	22.79%	23.40%	20.01%	20.83%
EPS (TTM) (LKR)*	16.04	17.32	17.53	17.71	18.06
Equity to total assets	22.16%	22.79%	21.62%	21.03%	22.04%
Deposits to total assets	63.80%	62.12%	60.56%	59.72%	60.37%
Cash to total assets	2.97%	4.97%	4.71%	6.34%	3.41%
Net loans to total assets	64.98%	66.60%	80.00%	81.40%	84.86%
Loans to customer deposits	101.85%	107.22%	132.09%	136.31%	140.56%
Equity to deposits	34.73%	36.68%	35.69%	35.21%	36.52%
NAVPS*	72.11	76.54	79.25	79.77	84.24
Core capital risk weighted assets ratio	26.67%	26.89%	24.48%	28.90%	27.83%
Total risk weighted capital ratio	27.31%	27.52%	25.23%	29.65%	28.64%
Gross NPL ratio	6.39%	4.53%	3.54%	3.29%	2.86%
Net NPL ratio	1.56%	-0.38%	-0.79%	-0.93%	-1.19%
Gross income growth (QoQ)	-0.19%	0.86%	-5.12%	-6.33%	5.61%
Net interest income growth (QoQ)	6.62%	7.98%	-6.88%	-2.55%	8.11%
PAT growth (QoQ)	9.68%	6.85%	14.81%	-22.21%	13.60%
Assets growth (QoQ)	0.85%	3.22%	9.15%	3.47%	0.74%
Portfolio growth (QoQ)	2.21%	3.79%	5.89%	5.27%	5.01%
Loan growth (QoQ)	4.28%	5.79%	31.11%	5.27%	5.01%
Deposit growth (QoQ)	2.53%	0.49%	6.42%	2.02%	1.84%
Gross income per branch (LKR Mn)	64.49	64.38	59.86	55.80	56.14
Net income per branch (LKR Mn)	11.90	12.59	14.16	10.96	11.86

**Based on the latest no. of shares*

News and Corporate Actions

18th November 2024

LFIN appoints two new independent non-executive directors

LFIN has appointed two new independent non-executive directors, Mr. Piyal Dushantha Hennayake and Mr. Priyantha Bandara Talwatte. Mr. Hennayake brings over 40 years of experience across engineering, finance, and consultancy, with significant contributions to the banking sector, including leadership roles in the Association of Professional Bankers and the Organization of Professional Associations in Sri Lanka. Mr. Talwatte, a senior business leader with over 22 years of experience, has expertise in strategic planning, organizational transformation, and technology-driven growth. Notably, he led the launch of Sri Lanka's first digital bank, implemented a 3-year growth strategy during the 2023 economic crisis, and holds qualifications from Harvard Business School and other prestigious institutions.

4th October 2024

Fitch affirmed the National Long-Term Rating of LFIN at 'BBB+(lka)' with a stable outlook

Fitch Ratings has affirmed the National Long-Term Rating of LB Finance PLC at 'BBB+(lka)' with a Stable Outlook. The rating reflects the company's robust financial fundamentals, including superior profitability and asset quality compared to peers. However, it is moderated by elevated market risk stemming from its substantial gold-backed lending portfolio. The affirmation also underscores LB Finance's strong domestic presence as Sri Lanka's second-largest finance and leasing company.

6th August 2024

LB Finance collaborates with Huawei to transform core banking infrastructure

LB Finance PLC has announced a strategic partnership with Huawei to modernize its core banking infrastructure. This collaboration aims to enhance LB Finance's comprehensive range of services, including digital wallets, digital banking, loans, leasing, savings, deposits, microfinance, and payment cards, by leveraging Huawei's advanced technology solutions. As part of this initiative, LB Finance has adopted Huawei's OceanStor Dorado 5000 All-Flash storage systems. These high-performance, cloud-ready systems are designed to support high-speed transactions, large-scale data processing, and real-time monitoring, ensuring reliability and efficiency in critical data operations.

28th June 2024

LB Finance merged Kandy-based licensed finance company Multi Finance PLC

LB Finance announced the successful merger with Kandy-based Multi Finance PLC. The merger follows the approval of a special resolution at an Extraordinary General Meeting on June 28, and the necessary steps have been taken to register the amalgamation with the Department of Registrar General of Companies. Prior to the merger, Fairway Holdings was the largest shareholder of Multi Finance following its acquisition in 2017. In 2022, LB Finance acquired a 64% stake in Multi Finance for 400 million rupees.

28th June 2024

LB Finance has changed its auditors to KPMG

At the Annual General Meeting of LB Finance PLC held on June 28, the company appointed Messrs. KPMG, Chartered Accountants, as its new auditors. This change was made in accordance with the company's policy on auditor rotation, in line with the principles of good corporate governance and to ensure compliance with the Finance Business Act.

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