

# INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 JUNE 2018



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC -Interim Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

	Company			Group		
	For the quarter ended 30 June			For the quarter ended 30 June		
	2018 Rs. '000	2017* Rs. '000	Change %	2018 Rs. '000	2017* Rs. '000	Change %
<b>Revenue</b>	<b>3,586,980</b>	<b>2,400,100</b>	<b>49%</b>	<b>3,701,093</b>	<b>2,449,349</b>	<b>51%</b>
Interest income	3,222,424	2,113,334	52%	3,322,744	2,157,475	54%
Interest expense	2,086,018	1,397,726	49%	2,123,376	1,408,429	51%
<b>Net interest income</b>	<b>1,136,406</b>	<b>715,608</b>	<b>59%</b>	<b>1,199,368</b>	<b>749,046</b>	<b>60%</b>
Fee and commission income	123,870	66,041	88%	140,082	70,481	99%
Other operating income	240,686	220,725	9%	238,267	221,393	8%
<b>Total operating income</b>	<b>1,500,962</b>	<b>1,002,374</b>	<b>50%</b>	<b>1,577,717</b>	<b>1,040,920</b>	<b>52%</b>
Less : Impairment charges and other credit losses on financial assets	204,065	96,225	112%	213,530	107,211	99%
<b>Net operating income</b>	<b>1,296,897</b>	<b>906,149</b>	<b>43%</b>	<b>1,364,187</b>	<b>933,709</b>	<b>46%</b>
<b>Less : Operating expenses</b>						
Personnel expenses	337,152	263,647	28%	351,065	271,288	29%
Premises, equipment and establishment expenses	380,783	297,263	28%	394,183	305,755	29%
Other expenses	105,891	103,327	2%	112,710	107,931	4%
Total operating expenses	823,826	664,237	24%	857,958	684,974	25%
<b>Operating profit before value added tax (VAT), nation building tax (NBT) on financial services and crop insurance levy (CIL)</b>	<b>473,071</b>	<b>241,912</b>	<b>96%</b>	<b>506,229</b>	<b>248,735</b>	<b>104%</b>
Less : Value added tax and other taxes	72,101	53,013	36%	78,819	55,642	42%
<b>Profit before tax</b>	<b>400,970</b>	<b>188,899</b>	<b>112%</b>	<b>427,410</b>	<b>193,093</b>	<b>121%</b>
Less : Income tax expense	80,224	63,473	26%	88,278	66,681	32%
<b>Profit for the period</b>	<b>320,746</b>	<b>125,426</b>	<b>156%</b>	<b>339,132</b>	<b>126,412</b>	<b>168%</b>
<b>Profit attributable to :</b>						
Equity holders of the Company	320,746	125,426	156%	337,364	125,705	168%
Non-controlling interest	-	-	-	1,768	707	150%
<b>Profit for the period</b>	<b>320,746</b>	<b>125,426</b>	<b>156%</b>	<b>339,132</b>	<b>126,412</b>	<b>168%</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Net actuarial gain/(loss) on defined benefit plan	(4,485)	(4,486)	0%	(4,485)	(4,486)	0%
Total other comprehensive income (net of tax)	(4,485)	(4,486)	0%	(4,485)	(4,486)	0%
<b>Total comprehensive income for the period</b>	<b>316,261</b>	<b>120,940</b>	<b>162%</b>	<b>334,647</b>	<b>121,926</b>	<b>174%</b>
<b>Total comprehensive income attributable to :</b>						
Equity holders of the Company	316,261	120,940	162%	332,879	121,200	175%
Non-controlling interest	-	-	-	1,768	726	144%
<b>Total comprehensive income for the period</b>	<b>316,261</b>	<b>120,940</b>	<b>162%</b>	<b>334,647</b>	<b>121,926</b>	<b>174%</b>
<b>Earnings per share</b>						
Basic earnings per share (Rs.)	5.91	2.31		6.24	2.33	

Figures in brackets indicate deductions.

\*Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"

**CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements**

**Statement of Financial Position**

As at	Company		Group	
	30-06-2018 Rs. '000	Audited 31-03-2018 Rs. '000	30-06-2018 Rs. '000	Audited 31-03-2018 Rs. '000
<b>Assets</b>				
Cash and cash equivalents	1,481,864	2,974,825	1,558,107	3,039,663
Financial assets measured at fair value through profit or loss (FVTPL)	1,494,771	1,485,315	1,526,546	1,519,227
Loans and receivables to banks	1,666,186	1,425,000	1,666,186	1,475,356
Deposits with licensed commercial banks	2,492,950	2,392,827	2,492,950	2,392,827
Loans and receivables to customers	63,986,309	59,438,349	65,355,283	60,585,395
Other investment securities	1,920,390	2,471,305	2,395,835	2,476,583
Investment in subsidiaries	509,918	509,918	-	-
Investment property	20,198	20,198	20,198	20,198
Property, plant & equipment	2,194,787	2,029,222	2,223,722	2,042,777
Intangible assets	86,351	86,149	86,351	101,692
Goodwill on consolidation	-	-	244,180	244,180
Other assets	3,124,614	2,669,002	3,345,337	2,699,662
<b>Total assets</b>	<b>78,978,338</b>	<b>75,502,110</b>	<b>80,914,695</b>	<b>76,597,560</b>
<b>Liabilities</b>				
Deposits from customers	46,970,270	44,709,832	46,936,866	44,705,409
Debt securities issued	4,125,050	4,081,033	4,125,050	4,081,033
Other interest-bearing borrowings	16,502,645	15,114,486	18,012,802	15,831,490
Current tax liabilities	568,256	443,080	583,780	445,407
Deferred tax liabilities	860,819	860,819	887,200	887,200
Retirement benefit obligation	57,712	60,727	57,712	61,017
Other liabilities	2,424,926	3,079,734	2,716,901	3,326,267
<b>Total liabilities</b>	<b>71,509,678</b>	<b>68,349,711</b>	<b>73,320,311</b>	<b>69,337,823</b>
<b>Equity</b>				
Stated capital	1,185,062	1,185,062	1,185,062	1,185,062
Reserves	1,753,868	1,753,868	1,758,999	1,758,999
Retained earnings	4,529,730	4,213,469	4,612,347	4,279,468
Total equity attributable to equity holders of the Company	7,468,660	7,152,399	7,556,408	7,223,529
Non-controlling interest	-	-	37,976	36,208
<b>Total equity</b>	<b>7,468,660</b>	<b>7,152,399</b>	<b>7,594,384</b>	<b>7,259,737</b>
<b>Total liabilities and equity</b>	<b>78,978,338</b>	<b>75,502,110</b>	<b>80,914,695</b>	<b>76,597,560</b>
<b>Net assets value per share (Rs.)</b>	<b>137.53</b>	<b>131.71</b>	<b>139.15</b>	<b>133.02</b>

The above figures are subject to audit unless specified.

The financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and Finance Business Act No. 42 of 2011.

Sgd.

**Damith Tennakoon**

Deputy CEO/Director/CFO

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.  
Approved and signed for and on behalf of the Board

Sgd.

**D.H.J. Gunawardena**

Chairman

08 August 2018

Colombo

Sgd.

**C.M. Nanayakkara**

Managing Director/CEO

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Changes in Equity

Company

	Reserves				Retained Earnings	Total Equity
	Stated Capital	Revaluation Reserve	Available-for-Sale Reserve	Statutory Reserve Fund		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Balance as at 31 March 2017	1,185,062	541,744	819,709	1,040,635	2,654,015	6,241,165
Impact of adopting SLFRS 9 – “Financial Instruments” as at 1 April 2017			(819,709)		633,541	(186,168)
Restated Balance as at 1 April 2017	1,185,062	541,744	-	1,040,635	3,287,556	6,054,997
<b>Total comprehensive income for the period*</b>						
Profit for the period					125,426	125,426
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(4,486)	(4,486)
<b>Balance as at 30 June 2017*</b>	<b>1,185,062</b>	<b>541,744</b>	<b>-</b>	<b>1,040,635</b>	<b>3,408,496</b>	<b>6,175,937</b>
Balance as at 1 April 2018	1,185,062	432,995	-	1,320,873	4,213,469	7,152,399
<b>Total comprehensive income for the period</b>						
Profit for the period					320,746	320,746
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(4,485)	(4,485)
<b>Balance as at 30 June 2018</b>	<b>1,185,062</b>	<b>432,995</b>	<b>-</b>	<b>1,320,873</b>	<b>4,529,730</b>	<b>7,468,660</b>

Figures in brackets indicate deductions.

\*Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Changes in Equity

Group

	Stated Capital	Reserves			Retained Earnings	Shareholders' Equity	Non- Controlling Interest	Total Equity
		Revaluation Reserve	Available-for- sale reserve	Statutory Reserve Fund				
Balance as at 31 March 2017	1,185,062	541,744	821,740	1,042,908	2,690,686	6,282,140	32,782	6,314,922
Impact of adopting SLFRS 9 – "Financial Instruments" as at 1 April 2017			(821,740)		618,090	(203,650)	(1,644)	(205,294)
Restated Balance as at 1 April 2017	1,185,062	541,744	-	1,042,908	3,308,776	6,078,490	31,138	6,109,628
<b>Total comprehensive income for the period*</b>								
Profit for the period					125,705	125,705	707	126,412
Other comprehensive income for the period (net of tax)								
Remeasurement of defined benefit liability/(asset)					(4,486)	(4,486)		(4,486)
<b>Balance as at 30 June 2017*</b>	<b>1,185,062</b>	<b>541,744</b>	<b>-</b>	<b>1,042,908</b>	<b>3,429,995</b>	<b>6,199,709</b>	<b>31,845</b>	<b>6,231,554</b>
Balance as at 1 April 2018	1,185,062	432,995	-	1,326,004	4,279,468	7,223,529	36,208	7,259,737
<b>Total comprehensive income for the period</b>								
Profit for the period					337,364	337,364	1,768	339,132
Other comprehensive income for the period (net of tax)								
Remeasurement of defined benefit liability/(asset)					(4,485)	(4,485)	-	(4,485)
<b>Balance as at 30 June 2018</b>	<b>1,185,062</b>	<b>432,995</b>	<b>-</b>	<b>1,326,004</b>	<b>4,612,347</b>	<b>7,556,408</b>	<b>37,976</b>	<b>7,594,384</b>

Figures in brackets indicate deductions.

\*Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Cash Flow

For the period ended	Company		Group	
	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000
<b>Cash flow from operating activities</b>				
Interest receipts	3,211,786	2,095,136	3,328,566	2,139,152
Commission receipts	40,939	47,613	57,150	51,777
Other income receipts	316,506	196,528	317,099	197,046
Interest payments	(1,964,548)	(1,391,783)	(2,016,522)	(1,402,042)
Fee and business promotion expenses	(95,822)	(27,336)	(95,822)	(27,336)
Employee related payments	(324,652)	(250,897)	(336,752)	(258,455)
Supplier payments	(307,826)	(331,227)	(317,111)	(341,666)
Financial expenses	(10,069)	(5,689)	(10,547)	(5,716)
<b>Operating profit before changes in operating assets</b>	<b>866,314</b>	<b>332,345</b>	<b>926,061</b>	<b>352,760</b>
(Increase)/Decrease in operating assets				
Investments in licensed commercial banks and other financial institutions	(341,309)	321,269	(341,309)	321,269
Investment in Government Securities/Quoted Shares- Trading	(111,461)	(31,408)	(121,396)	(91,821)
Net funds advanced to customers	(4,741,387)	(2,115,138)	(5,070,061)	(1,791,009)
Changes in other short-term assets	(538,663)	(302,698)	(1,002,896)	(300,164)
Inventories	120	2,482	120	2,482
	(5,732,700)	(1,793,148)	(6,535,542)	(1,506,483)
Increase/(Decrease) in operating liabilities				
Borrowings	1,432,176	(343,859)	2,195,406	(656,807)
Deposits from customers	2,138,968	2,435,347	2,138,968	2,435,347
	3,571,144	2,091,488	4,334,374	1,778,540
<b>Net Cash Generated / (used in) from operating activities</b>	<b>(1,295,242)</b>	<b>298,340</b>	<b>(1,275,107)</b>	<b>272,057</b>
Taxation	(16,999)	(16,243)	(26,624)	(17,876)
	(1,312,241)	282,097	(1,301,731)	254,181
<b>Cash flow from investing activities</b>				
Dividend receipts	20,904	18,192	21,498	18,710
Investment in other investment securities	550,915	(47,407)	550,915	(47,407)
Purchase of property, plant & equipment	(224,911)	(42,571)	(225,932)	(42,571)
Proceed from sale of property, plant & equipment	5,559	-	5,559	-
Net cash (used in)/ from investing activities	352,467	(71,786)	352,040	(71,268)
<b>Cash flow from financing activities</b>				
Net change debentures	44,017	(16,725)	44,017	(16,725)
Net cash inflows/ (out flows) from financing activities	44,017	(16,725)	44,017	(16,725)
Net increase/(decrease) in cash and cash equivalents	(915,757)	193,586	(905,674)	166,188
Cash and cash equivalents at the beginning of the period	2,205,081	245,627	2,233,378	296,180
Cash and cash equivalents at the end of the period	<b>1,289,324</b>	<b>439,213</b>	<b>1,327,704</b>	<b>462,368</b>
<b>Cash and cash equivalents at the beginning of the period</b>				
Cash at bank and in hand	2,974,825	454,061	3,039,663	507,020
Bank overdraft	(769,744)	(208,434)	(806,285)	(210,841)
	2,205,081	245,627	2,233,378	296,179
<b>Cash and cash equivalents at the end of the period</b>				
Cash at bank and in hand	1,481,864	724,719	1,558,107	749,198
Bank overdraft	(192,540)	(285,506)	(230,403)	(286,830)
	<b>1,289,324</b>	<b>439,213</b>	<b>1,327,704</b>	<b>462,368</b>

Figures in brackets indicate deductions.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Company

	Lease & Stock out on Hire		Loans and Advances		Others		Total	
	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000
Interest	2,214,955	1,501,668	862,134	484,477	145,335	127,189	3,222,424	2,113,334
Non interest income							364,556	287,480
Segment revenue	2,214,955	1,501,668	862,134	(484,477)	145,335	(127,189)	3,586,980	2,400,814
<b>Total revenue</b>	<b>2,214,955</b>	<b>1,501,668</b>	<b>862,134</b>	<b>(484,477)</b>	<b>145,335</b>	<b>(127,189)</b>	<b>3,586,980</b>	<b>2,400,814</b>
Unallocated expenses							3,186,010	2,128,187
Profit from operations							400,970	272,626
Income tax expense							80,224	63,473
<b>Profit for the period</b>							<b>320,746</b>	<b>209,153</b>
Segment assets	44,647,762	32,751,023	19,338,546	12,288,930	9,056,161	4,788,645	73,042,469	49,828,598
Unallocated assets							5,935,869	6,295,189
<b>Total assets</b>							<b>78,978,338</b>	<b>56,123,787</b>

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Group

	Lease & Stock out on Hire		Loans and Advances		Others		Total	
	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000	30-06-2018 Rs. '000	30-06-2017 Rs. '000
Interest	2,327,528	1,539,827	846,731	486,095	148,485	131,553	3,322,744	2,157,475
Non interest income							378,349	291,874
Segment revenue	2,327,528	1,539,827	846,731	486,095	148,485	131,553	3,701,093	2,449,349
<b>Total revenue</b>	<b>2,327,528</b>	<b>1,539,827</b>	<b>846,731</b>	<b>486,095</b>	<b>148,485</b>	<b>131,553</b>	<b>3,701,093</b>	<b>2,449,349</b>
Unallocated expenses							3,273,683	2,256,256
Profit from operations							427,410	193,093
Income tax expense							88,278	66,681
<b>Profit for the period</b>							<b>339,132</b>	<b>126,412</b>
Segment assets	46,352,367	33,335,192	19,002,916	12,299,735	9,639,624	4,891,395	74,994,907	50,526,322
Unallocated assets							5,919,788	6,046,188
<b>Total assets</b>							<b>80,914,695</b>	<b>56,572,510</b>



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Shareholders' Information

Two Market Price For the Quarter ended 30 June 2018

Ordinary Voting Shares

No	NAME	SHAREHOLDING	(%)
1	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	15,529,116	33.54%
2	JANASHAKTHI INSURANCE PLC-EQUITY FUND	2,371,348	5.12%
3	JANASHAKTHI INSURANCE PLC (POLICY HOLDERS)	2,314,961	5.00%
4	CEYLINCO GENERAL INSURANCE LIMITED	1,853,287	4.00%
5	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	1,812,883	3.92%
6	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	1,708,816	3.69%
7	PEOPLE'S LEASING & FINANCE PLC/ASIA MANAGEMENT CONSULTANCY (PRIVATE) LIMITED	1,605,059	3.47%
8	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3	1,126,000	2.43%
9	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,000,100	2.16%
10	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	935,258	2.02%
11	PEOPLES'S LEASING & FINANCE PLC/ MR. R.H. ABEYGOONEWARDENA & MRS. V.F. ABEYGOONEWARDENA	917,837	1.98%
12	FIRST CAPITAL LIMITED	570,247	1.23%
13	MR.WARNAKULA WEERASOORIYA KINGSLY MALCOM WEERASOORIYA	487,803	1.05%
14	MR.HEENKENDA MUDIYANSELAGE LUCKSRI MADURANGA BANDARA HEENKENDA	472,260	1.02%
15	MR.ELANGO VAN KARTHIK	429,500	0.93%
16	SEYLAN BANK PLC./JANASHAKTHI PLC	404,980	0.87%
17	PEOPLE'S LEASING & FINANCE PLC/MRS.N.D.KODAGODA	392,496	0.85%
18	MR.HASITHA KAUSHALYA DASSANAYAKE	285,653	0.62%
19	MR.ISANKA MADHAWA KOTIGALA	256,224	0.55%
20	PEOPLE'S LEASING & FINANCE PLC/MR.M.N.M.IMDAAD	247,782	0.54%
	<b>Sub total of Top 20 Share Holders</b>	<b>34,721,610</b>	<b>74.99%</b>
	Others	11,577,613	25.01%
	<b>Total</b>	<b>46,299,223</b>	<b>100.00%</b>

The percentage of shares held by the public as at 29 June 2018 is 45.96% (with 2,030 public share holders)

Ordinary Non Voting Shares

No	NAME	SHAREHOLDING	(%)
1	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,336,592	16.69%
2	J.B. COCOSHELL (PVT) LTD	1,163,318	14.53%
3	MR.AMARAKON MUDIYANSELAGE WEERASINGHE	614,454	7.67%
4	PEOPLE'S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	310,944	3.88%
5	ASKOLD (PRIVATE) LIMITED	240,000	3.00%
6	MR. YUSUF HUSSEINALLY ABDULHUSSEIN	215,032	2.69%
7	MR.MALIK JOSEPH FERNANDO	208,999	2.61%
8	MR.HUSEIN NURUDDIN ESUFALLY	208,999	2.61%
9	MISS RUKAIYA HUSSEINALLY ABDULHUSSEIN	187,182	2.34%
9	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	180,183	2.25%
11	MR. MURTAZA ALI ABIDHUSSEN HASSANALY ESUFALLY	160,000	2.00%
12	MR.ABBASALLY NURUDDIN ESUFALLY	160,000	2.00%
13	MR.GULZAR HUSSEIN IBRAHIM JAFFERJEE(DECEASED)	156,749	1.96%
14	MR.MURTAZA ALI JAFFERJEE	106,190	1.33%
15	JAFFERJEE INVESTMENTS (PVT) LTD.	104,499	1.31%
16	GOLD INVESTMENT LIMITED.	104,499	1.31%
16	MR.MUKESH ABHAYKUMAR VALABHJI	104,499	1.31%
16	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	101,965	1.27%
19	LAKDHANAVI LIMITED	100,000	1.25%
20	SEYLAN BANK PLC/MR.DULEEP NISSANKA DALUWATTE	83,493	1.04%
	<b>Sub total of Top 20 Share Holders</b>	<b>5,847,597</b>	<b>73.05%</b>
	Others	2,158,387	26.95%
	<b>Total</b>	<b>8,005,984</b>	<b>100.00%</b>

The percentage of shares held by the public as at 29 June 2018 is 85.26% (with 1,768 public share holders)

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Directors' and Chief Executive Officer's Shareholding as at 30 June 2018

Market Price For the Quarter ended 30 June 2018

Name	Share Holding
Mr. D.H.J. Gunawardana	-
Mr. W.P.C.M. Nanayakkara	1,000
PEOPLE'S LEASING & FINANCE PLC/MR.W.P.C.M.NANAYAKKARA	1,812,883
Mr. T.M.D.P. Tennakoon	-
ASSETLINE LEASING COMPANY LTD/MR.T.M.D.P.TENNAKOON	132,515
SEYLAN BANK PLC/Tennakoon Mudiyanseleage Damith Prasanna Tennakoon	935,258
Mr. S.V. Munasinghe	-
PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,000,100
Mr. R.H. Abeygoonewardena / Mrs. V.F. Abeygoonewardena	4,403
PEOPLES LEASING & FINANCE PLC/MR.R.H.ABEYGOONEWARDENA & MRS.V.F.ABEYGOONEWARDENA	917,837
Mr. P.A.J. Jayawardena	500
Mr. S.R. Abeynayake	-
Mr. D.A. De Silva	-
Dr. A. Dharmasiri	-
Mr. R. Mohamed	-
Mr. S.P.P. Amaratunge	-
	<b>4,804,496</b>

Ordinary Non Voting Shares

Name	Share Holding
Mr. D.H.J. Gunawardana	-
Mr. W.P.C.M. Nanayakkara	44
Mr. T.M.D.P. Tennakoon	-
Seylan Bank PLC/Tennakoon Mudiyanseleage Damith Prasanna Tennakoon	7,262
Mr. S.V. Munasinghe	-
Mr. R.H. Abeygoonewardena / Mrs. V.F. Abeygoonewardena	22
Peoples Leasing & Finance PLC /Mr.R.H.ABEYGOONEWARDENA & Mrs.V.F.Abeygoonewardena	2,132
Mr. P.A.J. Jayawardena	5,447
Mr. S.R. Abeynayake	-
Mr. D.A. De Silva	-
Dr. A. Dharmasiri	-
Mr. R. Mohamed	-
Mr. S.P.P. Amaratunge	-
	<b>14,907</b>

	Ordinary Voting Shares		Ordinary Non Voting Shares	
	30-06-2018	30-06-2017	30-06-2018	30-06-2017
Highest Price	94.00	76.00	82.50	66.50
Lowest Price	80.00	61.00	73.00	49.90
Last Traded	85.10	71.50	77.10	63.90

## CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

### Explanatory Notes

- 1 The Company has used the same accounting policies and method of computing described in the annual report of the company for 2016/17 in the preparation of these interim financial statements.
- 2 All known expenses have been provided in these financial statements and management fees are not applicable to the Company.
- 3 Group financial statements comprises the consolidation of the Company and its subsidiaries CDB Micro Finance Limited and Unisons Capital Leasing Limited.
- 4 No of Shares as at 30 June 2018 is as follows.

Ordinary Voting Shares	46,299,223
Ordinary Non Voting Shares	8,005,984

- 5 During the period there were no material changes in the composition of assets, liabilities and contingent liabilities and there is no seasonality and cyclicity affecting the interim operation.
- 6 On 10 July 2017, the company paid its First and Final Dividend of Rs 5.00/- per share on its Voting and Non Voting Ordinary shares totalling to Rs. 271,526,035/- for financial year 2017/18.
- 7 Since 30 June 2018, there were no material events other than the above, that require adjustment to or disclosure in these financial statements.
- 8 These financial statements are prepared in accordance with the Sri Lanka Accounting Standard - LKAS 34 " Interim Financial Reporting".
- 9 Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"

**CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements**

**Impact Assessment on SLFRS 9 - "Financial Instruments"**

The Group has early adopted SLFRS 9 - "Financial Instruments" with effect from 1 April 2017. SLFRS 9 - "Financial Instruments" changes the way that the group classifies and measures financial assets and liabilities and most notably the manner the group estimates its impairment on financial assets based on expected credit losses (ECL). In here we have provided a summary of how the early adoption of SLFRS 9 "Financial Instruments" will affect the Group as at 1 April 2017

Impact Area	SLFRS 9 Requirements	Impact	Impact on Group's net assets as at 1 April 2017
Classification of Financial Assets	SLFRS 9 contains a new classification and measurement approach for financial assets which reflect the business model in which assets are managed and their cash flow characteristics. SLFRS 9 contains three initial recognition categories for financial assets namely financial assets measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) which replaces the existing categories in LKAS 39.	Investments in equity instruments are always measured at fair value. For all equity instruments, management has the ability to make an irrevocable election on initial recognition on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss. If this election is not made, the equity instrument should be classified as FVTPL. The group has only applied irrevocable option for unquoted equity instruments. The Group has not applied the irrevocable option given in the standard for the quoted equity instruments that recorded in the financial statement as at the transition date. accordingly, all the quoted equity instruments that were classified under held for trading and available for sale has been categorises under FVTPL.	<b>Rs. 205 Mn decrease in Group's net asset</b>
Classification of Financial Liabilities	SLFRS 9 largely retains the existing requirement in LKAS 39 for the classification of financial liabilities.	No significant effect on Group's accounting policies for classification of financial liabilities	
Impairment of Loans and Receivables	SLFRS 9 replaces the "Incurred Loss" model in LKAS 39 with a forward-looking "Expected Credit Loss" (ECL) model. This will require considerable judgment over how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.	The Group uses Dual measurement approach which the loss allowance is measured as either 12-month expected credit losses or lifetime expected credit losses. The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition. Group consider that a significant increase in credit risk occurs no later than when as an asset is equal or more than 90 days past due. Where there is a significant increase in credit risk Group uses lifetime ECL model to assess loss allowances instead of 12 month ECL model. Group consider the indications of credit default does not occur later than 180 days which is in line with the regulatory definition of default. For credit impaired loans and receivables (stage three), interest is recognised based on net of loss allowance.	
Impairment of Other Financial Assets	The new model applies to other financial assets measured at amortised cost and debt investments at FVOCI. ECL does not apply to equity investments and need to be measured at fair value.	The Group recognizes loss allowances for ECLs on other financial assets measured at amortised cost and debt investments at FVOCI. Group measures loss allowance at an amount equal to life time ECL, except debt investments that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'	
Hedge Accounting	The new hedge accounting requirements in SLFRS 9 are widely considered to represent a significant improvement compared to the complex and rules-based requirements in LKAS 39. SLFRS 9 is more principles-based, provides a better link to risk management and treasury operations and should result in more hedging strategies qualifying for hedge accounting.	No Impact since the Group has not applied any hedge accounting for the reporting periods covered in this annual report.	

**Information on Listed Debentures**

**Market Price for the Quarter ended 30 June 2018**

**Subordinated Listed Rated Unsecured Redeemable Debentures December 2013- December 2018**

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A	99.00	99.00	99.00
Type B	100.00	100.00	100.00
Type C		NOT TRADED	

Interest Rates	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
<b>Debenture Type</b>			
Type A	Annually	16.00	16.00
Type B	Semi- annually	15.50	16.10
Type C	Quarterly	15.00	15.87

**Rated Subordinated Guaranteed Redeemable Debentures June 2016-June 2021**

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A		NOT TRADED	
Type B		NOT TRADED	

Interest Rates	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
<b>Debenture Type</b>			
Type A	Semi- annually	12.75	13.16

Type B 06 months net Treasury Bill rate plus 1.50%

\* **Type B** will have a ceiling of 15% (AER 15.56%) and a floor of 10% (AER 10.25%)

**Subordinated Listed Rated Unsecured Redeemable Debentures March 2018-March 2023**

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A	99.96	99.96	99.96
Type B		NOT TRADED	

Interest Rates	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
<b>Debenture Type</b>			
Type A	Semi- annually	13.75	14.22%
Type B	Annually	14.2	14.20%

**Interest Rates of Comparable Government Securities**

5 Year Treasury Bond 10.42%  
(Excluding 10% withholding Tax)

**Current Yield & Yield to Maturity**

**Subordinated Listed Rated Unsecured Redeemable Debentures December 2013- December 2018**

Debenture Type	Current Yield %	Yield to Maturity %
Type A	17.2	28.73
Type B	15.57	16.95
Type C		NOT TRADED

**Guaranteed Listed Rated Unsecured Redeemable Debentures June 2016-June 2021**

Debenture Type	Current Yield %	Yield to Maturity %
Type A		NOT TRADED
Type B		NOT TRADED

**Subordinated Listed Rated Unsecured Redeemable Debentures March 2018-March 2023**

Debenture Type	Current Yield %	Yield to Maturity %
Type A	14.08	14.8
Type B		NOT TRADED

Debt Equity Ratio 183%  
Quick Asset Ratio (Times) 0.75  
Interest Cover (Times) 1.13

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Utilization of Funds Raised Via Capital Market

Debenture Issue March 2016

Market Price For the Quarter ended 30 June 2018

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	To expand the leasing portfolio	LKR 1 BN	Within the 06 months from date of cash receipt	LKR 1 BN	100%	LKR 1 BN	100%	N/A
2	Improve the Tier II Capital base thus, increasing the Capital Adequacy Ratio (CAR)		With effect from the closure of issue					
3	Reduce the Assets and Liability mismatch		Within 12 months from date of cash receipt					

Debenture Issue March 2018

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	Supporting the general business growth opportunities of the Company	LKR 2 BN	Within the 06 months from date of cash receipt	LKR 2 BN	100%	LKR 2 BN	100%	N/A
2	improving the Capital Adequacy of the Company's Balance Sheet, by strengthening its Tier II Capital		With effect from the closure of issue					
3	Reducing the mismatch of maturity periods between assets and liabilities		Within 12 months from date of cash receipt					

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Selected Performance Indicators

Indicator	Company	
	As at 30-06-2018	As at 31-03-2018
<b>Asset Quality (Rs. 000)</b>		
Gross Non- Performing Accommodations **	3,011,189	1,866,028
Gross Non- Performing Accommodations Ratio %	4.60%	3.07%
Net Non- Performing Accommodations Ratio %	2.32%	0.89%
<b>Liquidity (Rs. 000)</b>		
Required Minimum Amount of Liquid Assets	5,230,882	4,994,271
Available Amount of Liquid Assets	7,379,216	7,032,569
Required Minimum Amount of Government Securities	3,166,118	2,468,228
Available Amount of Government Securities	3,365,898	3,660,306
<b>Capital Adequacy</b>		
Core Capital ( Tier 1 Capital)	6,764,140	6,719,404
Total Capital Base	8,626,125	8,792,223
Core Capital to Risk Weighted Assets Ratio (Minimum 5%)*	9.93%	10.64%
Total Capital to Risk Weighted Assets Ratio (Minimum 10%)*	12.66%	13.93%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)*	19.51%	20.84%
<b>Profitability</b>		
Net Interest Margin (Annualized %)	5.89%	5.34%
Return on Average Assets- After Tax (Annualized %)	1.66%	2.17%
Return on Average Equity- After Tax (Annualized %)	17.55%	20.92%
<b>Memorandum information</b>		
Number of Employees	1,581	1,588
Number of Branches	59	59
Number of Service Centers	11	11
Number of Pawning Centers	1	1

\* Including current year unaudited profit

\*\* Net of Interest In Suspense

## Corporate Information

### Name of the Company

Citizens Development Business Finance PLC

### Legal Form

A Public Quoted Company incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007

The Company is licensed under the Finance Business Act No. 42 of 2011.

The Company is registered under the Finance Leasing Act No. 56 of 2000

### Approved Credit Agency Under the

Mortgage Act No 06 of 1949  
Trust Receipt Ordinance No 12 of 1947

### Date of Incorporation

07th September 1995

### Registration Number

PB 232 PQ

### Accounting Year

March 31

### Board of Directors

**Mr. D.H.J.Gunawardena** *FCMA (UK), CGMA*  
*Chairman / Non Executive Director*

**Mr. W.P.C.M.Nanayakkara** *B.Sc(Mgt), FCMA(UK), MBA(Sri J), CGMA*  
*Managing Director / Chief Executive Officer/ Executive Director*

Mr. Razik Mohamed *ACA*  
*Independent Non Executive Director*

Mr. S.R.Abeynayake *MBA(Sri J), FCA, FCMA*  
*Non Executive Director*

Prof. A. Dharmasri *B.Sc.Eng., MBA(Sri J), PhD(Sri J), MCMi(UK)*  
*Independent Non Executive Director (Senior Director)*

Prof. S.P.P.Amaratunge *B.A. (Econ) (Sp) (SJP); M.A. Econ (Colombo); M.Sc.Econ. of Rural Dev. (Saga, Japan); Ph.D. (Kogoshima, Japan)*  
*Independent Non Executive Director*

Mr. P.A.J.Jayawardena *LUTCF(USA), CIAM, CMFA*  
*Non Executive Director*

Mr. T.M.D.P. Tennakoon *FCMA(UK), CGMA*  
*Executive Director / Chief Financial Officer / Deputy CEO*

Mr. R.H.Abeygoonewardena *FCMA(UK), ACMA(Sri), MCPM, CGMA*  
*Executive Director - Corporate Finance*

Mr. S.V.Munasinghe  
*Executive Director - Sales and Business Development*

Mr. D.A.De Silva *B. Sc.(Hons), ACMA, CGMA*  
*Executive Director - Business Operations*

### Registered Address of Head Office

No 123, Orabipasha Mawatha,  
Colombo 10  
Sri Lanka  
Tel 0094117388388  
Fax 0094112429888  
E mail cdb@cdb.lk  
Web www.cdb.lk

### Company Secretary

S.S.P Corporate Services (Private) Ltd  
101, Inner Flower Road,  
Colombo 03  
Sri Lanka  
Tel 0094112573894, 0094112576871  
Fax 0094112573609  
E mail sspsec@slt.net.lk

### Company Auditors

KPMG  
(Chartered Accountants)  
32 A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03  
Sri Lanka  
Tel 0094115426426

### Lawyers of the Company

Nithya Partners  
No 97A, Galle Road,  
Colombo 03.  
Sri Lanka

**Credit Rating**  
**[SL]BBB+ with stable outlook**  
ICRA Lanka

### Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
Deutsche Bank  
DFCC Bank PLC  
Hatton National Bank PLC  
National Development Bank PLC  
Nations Trust Bank PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Union Bank PLC





Citizens Development Business Finance PLC  
No. 123, Orabipasha Mawatha, Colombo 10, Sri Lanka  
[www.cdb.lk](http://www.cdb.lk)