

# INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2018



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC -Interim Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

	Company					
	For the quarter ended 31 December			For the nine months ended 31		
	2018 Rs. '000	2017* Rs. '000	Change %	2018 Rs. '000	2017* Rs. '000	Change %
<b>Revenue</b>	<b>4,339,334</b>	<b>3,244,060</b>	<b>34%</b>	<b>12,150,801</b>	<b>8,328,971</b>	<b>46%</b>
Interest income	3,822,799	2,707,997	41%	10,562,751	7,219,504	46%
Interest expense	2,312,499	1,775,920	30%	6,607,586	4,777,377	38%
<b>Net interest income</b>	<b>1,510,300</b>	<b>932,077</b>	<b>62%</b>	<b>3,955,165</b>	<b>2,442,127</b>	<b>62%</b>
Fee and commission income	130,319	112,519	16%	389,345	292,919	33%
Other operating income	386,216	423,544	-9%	1,198,705	816,548	47%
<b>Total operating income</b>	<b>2,026,835</b>	<b>1,468,140</b>	<b>38%</b>	<b>5,543,215</b>	<b>3,551,594</b>	<b>56%</b>
Less : Impairment charges and other credit losses on financial assets	357,728	117,627	204%	1,104,620	261,652	322%
<b>Net operating income</b>	<b>1,669,107</b>	<b>1,350,513</b>	<b>24%</b>	<b>4,438,595</b>	<b>3,289,942</b>	<b>35%</b>
<b>Less : Operating expenses</b>						
Personnel expenses	396,613	288,019	38%	1,086,944	829,350	31%
Premises, equipment and establishment expenses	445,920	359,800	24%	1,264,060	997,721	27%
Other expenses	166,584	58,151	186%	404,711	301,746	34%
Total operating expenses	1,009,117	705,970	43%	2,755,715	2,128,817	29%
<b>Operating profit before value added tax (VAT), nation building tax (NBT) on financial services and crop insurance levy (CIL)</b>	<b>659,990</b>	<b>644,543</b>	<b>2%</b>	<b>1,682,880</b>	<b>1,161,125</b>	<b>45%</b>
Less : Value added tax and other taxes	153,476	96,183	60%	327,140	217,696	50%
<b>Profit before tax</b>	<b>506,514</b>	<b>548,360</b>	<b>-8%</b>	<b>1,355,740</b>	<b>943,429</b>	<b>44%</b>
Less : Income tax expense	129,088	100,981	28%	315,173	245,171	29%
<b>Profit for the period</b>	<b>377,426</b>	<b>447,379</b>	<b>-16%</b>	<b>1,040,567</b>	<b>698,258</b>	<b>49%</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	(45,179)	(4,485)	907%	(54,149)	(13,457)	302%
Total other comprehensive income (net of tax)	(45,179)	(4,485)	907%	(54,149)	(13,457)	302%
<b>Total comprehensive income for the period</b>	<b>332,247</b>	<b>442,894</b>	<b>-25%</b>	<b>986,418</b>	<b>684,801</b>	<b>44%</b>
<b>Earnings per share</b>						
Basic earnings per share (Rs.)	6.95	8.24		19.16	12.86	

Figures in brackets indicate deductions.

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

## Statement of Profit or Loss and Other Comprehensive Income

	Group					
	For the quarter ended 31 December			For the nine months ended 31 December		
	2018 Rs. '000	2017* Rs. '000	Change %	2018 Rs. '000	2017* Rs. '000	Change %
<b>Revenue</b>	<b>4,549,054</b>	<b>3,328,090</b>	<b>37%</b>	<b>12,626,436</b>	<b>8,525,236</b>	<b>48%</b>
Interest income	4,021,914	2,778,913	45%	10,996,297	7,389,810	49%
Interest expense	2,415,152	1,801,977	34%	6,808,128	4,832,340	41%
<b>Net interest income</b>	<b>1,606,762</b>	<b>976,936</b>	<b>64%</b>	<b>4,188,169</b>	<b>2,557,470</b>	<b>64%</b>
Fee and commission income	153,023	124,084	23%	449,263	320,005	40%
Other operating income	374,117	425,093	-12%	1,180,876	815,421	45%
<b>Total operating income</b>	<b>2,133,902</b>	<b>1,526,113</b>	<b>40%</b>	<b>5,818,308</b>	<b>3,692,896</b>	<b>58%</b>
Less : Impairment charges and other credit losses on financial assets	363,808	112,121	224%	1,137,110	277,939	309%
<b>Net operating income</b>	<b>1,770,094</b>	<b>1,413,992</b>	<b>25%</b>	<b>4,681,198</b>	<b>3,414,957</b>	<b>37%</b>
<b>Less : Operating expenses</b>						
Personnel expenses	412,523	298,244	38%	1,131,237	856,332	32%
Premises, equipment and establishment expenses	464,829	370,588	25%	1,313,279	1,026,999	28%
Other expenses	182,028	62,704	190%	438,861	315,262	39%
Total operating expenses	1,059,380	731,536	45%	2,883,377	2,198,593	31%
<b>Operating profit before value added tax (VAT), nation building tax (NBT) on financial services and crop insurance levy (CIL)</b>	<b>710,714</b>	<b>682,456</b>	<b>4%</b>	<b>1,797,821</b>	<b>1,216,364</b>	<b>48%</b>
Less : Value added tax and other taxes	162,986	102,700	59%	350,637	230,654	52%
<b>Profit before tax</b>	<b>547,728</b>	<b>579,756</b>	<b>-6%</b>	<b>1,447,184</b>	<b>985,710</b>	<b>47%</b>
Less : Income tax expense	140,620	107,424	31%	343,962	260,569	32%
<b>Profit for the period</b>	<b>407,108</b>	<b>472,332</b>	<b>-14%</b>	<b>1,103,222</b>	<b>725,141</b>	<b>52%</b>
<b>Profit attributable to :</b>						
Equity holders of the Company	404,255	471,726	-14%	1,096,718	722,373	52%
Non-controlling interest	2,853	606		6,504	2,768	135%
<b>Profit for the period</b>	<b>407,108</b>	<b>472,332</b>	<b>-14%</b>	<b>1,103,222</b>	<b>725,141</b>	<b>52%</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	(45,179)	(4,485)	907%	(54,149)	(13,457)	302%
Total other comprehensive income (net of tax)	(45,179)	(4,485)	907%	(54,149)	(13,457)	302%
<b>Total comprehensive income for the period</b>	<b>361,929</b>	<b>467,847</b>	<b>-23%</b>	<b>1,049,073</b>	<b>711,684</b>	<b>47%</b>
<b>Total comprehensive income attributable to :</b>						
Equity holders of the Company	359,076	466,163	-23%	1,042,569	708,897	47%
Non-controlling interest	2,853	1,684		6,504	2,787	133%
<b>Total comprehensive income for the period</b>	<b>361,929</b>	<b>467,847</b>	<b>-23%</b>	<b>1,049,073</b>	<b>711,684</b>	<b>47%</b>
<b>Earnings per share</b>						
Basic earnings per share (Rs.)	7.50	8.70		20.20	13.30	

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	
	31-12-2018 Rs. '000	Audited 31-03-2018 Rs. '000	31-12-2018 Rs. '000	Audited 31-03-2018 Rs. '000
<b>Assets</b>				
Cash and cash equivalents	4,649,664	2,974,825	4,690,813	3,039,663
Financial assets measured at fair value through profit or loss (FVTPL)	1,625,644	1,485,315	1,663,259	1,519,227
Loans and receivables to banks	1,987,148	1,425,000	1,987,148	1,475,356
Deposits with licensed commercial banks	3,278,884	2,392,827	3,278,884	2,392,827
Loans and receivables to customers	68,661,421	59,438,349	70,820,628	60,585,395
Other investment securities	1,495,851	2,471,305	1,581,112	2,476,583
Investment in subsidiaries	509,918	509,918	-	-
Investment property	20,198	20,198	20,198	20,198
Property, plant & equipment	2,169,735	2,029,222	2,199,869	2,042,777
Intangible assets	79,927	86,149	79,927	101,692
Goodwill on consolidation	-	-	244,180	244,180
Other assets	3,490,077	2,669,002	3,867,721	2,699,662
<b>Total assets</b>	<b>87,968,467</b>	<b>75,502,110</b>	<b>90,433,739</b>	<b>76,597,560</b>
<b>Liabilities</b>				
Deposits from customers	48,146,087	44,709,832	48,134,107	44,705,409
Debt securities issued	3,136,141	4,081,033	3,136,141	4,081,033
Other interest-bearing borrowings	24,883,723	15,114,486	26,715,901	15,831,490
Current tax liabilities	883,440	443,080	918,664	445,407
Deferred tax liabilities	860,819	860,819	887,200	887,200
Retirement benefit obligation	56,273	60,727	56,273	61,017
Other liabilities	2,134,693	3,079,734	2,548,696	3,326,267
<b>Total liabilities</b>	<b>80,101,176</b>	<b>68,349,711</b>	<b>82,396,982</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	4,928,361	4,213,469	5,050,511	4,279,468
Total equity attributable to equity holders of the Company	7,867,291	7,152,399	7,994,572	7,223,529
Non-controlling interest	-	-	42,185	36,208
<b>Total equity</b>	<b>7,867,291</b>	<b>7,152,399</b>	<b>8,036,757</b>	<b>7,259,737</b>
<b>Total liabilities and equity</b>	<b>87,968,467</b>	<b>75,502,110</b>	<b>90,433,739</b>	<b>76,597,560</b>
<b>Net assets value per share (Rs.)</b>	<b>144.87</b>	<b>131.71</b>	<b>147.22</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

Sgd.

**C.M. Nanayakkara**

Managing Director/CEO

14 February 2019

Colombo

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Changes in Equity

Company

	Reserves					Total Equity
	Stated Capital	Revaluation Reserve	Available-for-Sale Reserve	Statutory Reserve Fund	Retained Earnings	
	Rs. '000	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)
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					698,258	698,258
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(13,457)	(13,457)
<b>Transactions with equity holders of the Copmany</b>						
Dividends to equity holders					(190,068)	(190,068)
<b>Balance as at 31 December 2017*</b>	<b>1,185,062</b>	<b>541,744</b>	<b>-</b>	<b>1,040,635</b>	<b>3,782,289</b>	<b>6,549,730</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					1,040,567	1,040,567
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(54,149)	(54,149)
<b>Transactions with equity holders of the Copmany</b>						
Dividends to equity holders					(271,526)	(271,526)
<b>Balance as at 31 December 2018</b>	<b>1,185,062</b>	<b>432,995</b>	<b>-</b>	<b>1,320,873</b>	<b>4,928,361</b>	<b>7,867,291</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

	Reserves				Retained Earnings	Shareholders' Equity	Non-Controlling Interest	Total Equity
	Stated Capital	Revaluation Reserve	Available-for-sale reserve	Statutory Reserve				
	Rs. '000	Rs. '000	Rs. '000	Fund Rs. '000				
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)
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					722,373	722,373	2,768	725,141
Other comprehensive income for the period (net of tax) Remeasurement of defined benefit liability/(asset)					(13,457)	(13,457)		(13,457)
<b>Transactions with equity holders of the Group</b>								
Dividends to equity holders					(190,068)	(190,068)	(201)	(190,269)
<b>Balance as at 31 December 2017*</b>	<b>1,185,062</b>	<b>541,744</b>	<b>-</b>	<b>1,042,908</b>	<b>3,827,624</b>	<b>6,597,338</b>	<b>33,705</b>	<b>6,631,043</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					1,096,718	1,096,718	6,504	1,103,222
Other comprehensive income for the period (net of tax) Remeasurement of defined benefit liability/(asset)					(54,149)	(54,149)		(54,149)
<b>Transactions with equity holders of the Group</b>								
Dividends to equity holders					(271,526)	(271,526)	(527)	(272,053)
<b>Balance as at 31 December 2018</b>	<b>1,185,062</b>	<b>432,995</b>	<b>-</b>	<b>1,326,004</b>	<b>5,050,511</b>	<b>7,994,572</b>	<b>42,185</b>	<b>8,036,757</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	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash flow from operating activities</b>				
Interest receipts	10,561,208	7,176,110	10,999,343	7,346,416
Commission receipts	130,654	255,949	190,572	283,036
Other income receipts	1,063,146	800,359	1,049,959	800,913
Interest payments	(6,572,776)	(4,431,036)	(6,779,075)	(4,485,999)
Fee and business promotion expenses	(343,001)	(118,956)	(343,001)	(128,686)
Employee related payments	(1,049,444)	(791,100)	(1,093,738)	(818,082)
Supplier payments	(1,482,108)	(825,260)	(1,563,215)	(890,151)
Financial expenses	(66,930)	(14,011)	(69,193)	(14,011)
<b>Operating profit before changes in operating assets</b>	<b>2,240,749</b>	<b>2,052,055</b>	<b>2,391,652</b>	<b>2,093,436</b>
<i>(Increase)/Decrease in operating assets</i>				
Investments in licensed commercial banks and other financial institutions	(1,448,205)	(170,601)	(1,448,205)	(170,601)
Investment in Government Securities/Quoted Shares- Trading	(43,762)	(266,247)	(73,668)	(273,966)
Net funds advanced to customers	(10,326,151)	(10,791,719)	(11,463,771)	(11,364,107)
Changes in other short-term assets	(552,502)	(712,433)	(561,985)	(832,489)
Inventories	(9,883)	7,634	(9,883)	15,267
	(12,380,503)	(9,881,311)	(13,557,512)	(10,532,460)
<i>Increase/(Decrease) in operating liabilities</i>				
Borrowings	9,769,237	152,459	10,790,596	792,605
Deposits from customers	3,401,445	10,963,340	3,401,445	10,963,340
	13,170,682	11,115,799	14,192,041	11,755,945
<b>Net Cash Generated / (used in) from operating activities</b>	<b>3,030,928</b>	<b>1,234,488</b>	<b>3,026,181</b>	<b>1,223,485</b>
Contribution to Plan Assets	(100,000)	-	(100,000)	-
Taxation	(56,999)	(56,372)	(78,745)	(56,372)
	2,873,929	1,178,116	2,847,436	1,167,113
<b>Cash flow from investing activities</b>				
Dividend receipts	33,434	19,854	34,267	19,854
Investment in other investment securities	975,454	(125,481)	975,454	(125,481)
Purchase of property, plant & equipment	(337,492)	(239,810)	(341,850)	(248,012)
Proceed from sale of property, plant & equipment	5,559	2,700	5,559	2,700
<b>Net cash (used in)/ from investing activities</b>	<b>676,955</b>	<b>(342,737)</b>	<b>673,430</b>	<b>(350,939)</b>
<b>Cash flow from financing activities</b>				
Dividend paid	(271,526)	(190,068)	(277,531)	(190,269)
Net change in debentures	(944,892)	(67,526)	(944,892)	(67,526)
<b>Net cash inflows/ (out flows) from financing activities</b>	<b>(1,216,418)</b>	<b>(257,594)</b>	<b>(1,222,423)</b>	<b>(257,795)</b>
Net increase/(decrease) in cash and cash equivalents	2,334,466	577,785	2,298,443	558,379
Cash and cash equivalents at the beginning of the period	2,205,081	245,627	2,233,378	296,180
<b>Cash and cash equivalents at the end of the period</b>	<b>4,539,547</b>	<b>823,412</b>	<b>4,531,821</b>	<b>854,559</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)	(210,840)
	<b>2,205,081</b>	<b>245,627</b>	<b>2,233,378</b>	<b>296,180</b>
<b>Cash and cash equivalents at the end of the period</b>				
Cash at bank and in hand	4,649,664	1,169,539	4,690,813	1,210,335
Bank overdraft	(110,117)	(346,127)	(158,992)	(355,776)
	<b>4,539,547</b>	<b>823,412</b>	<b>4,531,821</b>	<b>854,559</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	
	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000
Interest	7,207,070	5,014,209	2,858,891	1,781,062	496,790	424,233	10,562,751	7,219,504
Non interest income							1,588,050	1,109,467
Segment revenue	7,207,070	5,014,209	2,858,891	1,781,062	496,790	424,233	12,150,801	8,328,971
<b>Total revenue</b>							12,150,801	8,328,971
Unallocated expenses							10,795,061	7,385,542
Profit from operations							1,355,740	943,429
Income tax expense							315,173	245,171
<b>Profit for the period</b>							1,040,567	698,258
Segment assets	47,489,468	37,566,996	21,171,953	16,794,421	13,037,191	8,001,554	81,698,612	62,362,971
Unallocated assets							6,269,855	4,809,589
<b>Total assets</b>							87,968,467	67,172,560



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Group

	Lease & Stock out on Hire		Loans and Advances		Others		Total	
	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000	31-12-2018 Rs. '000	31-12-2017 Rs. '000
Interest	7,628,257	6,031,957	2,857,742	1,082,142	510,298	275,711	10,996,297	7,389,810
Non interest income							1,630,139	1,135,426
Segment revenue	7,628,257	6,031,957	2,857,742	1,082,142	510,298	275,711	12,626,436	8,525,236
<b>Total revenue</b>							<b>12,626,436</b>	8,525,236
Unallocated expenses							11,179,252	7,539,526
Profit from operations							1,447,184	985,710
Income tax expense							343,962	260,569
<b>Profit for the period</b>							<b>1,103,222</b>	725,141
Segment assets	49,918,119	38,639,568	20,902,509	16,397,542	13,201,216	8,122,617	84,021,844	63,159,727
Unallocated assets							6,411,895	4,706,777
<b>Total assets</b>							<b>90,433,739</b>	67,866,504

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Shareholders' Information

Twenty Largest Shareholders as at 31 December 2018

Ordinary Voting Shares

No	NAME	SHAREHOLDING	(%)
1	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	15,529,116	33.54%
2	JANASHAKTHI INSURANCE PLC-SHAREHOLDERS	2,371,348	5.12%
3	JANASHAKTHI INSURANCE PLC - NON PAR	2,314,961	5.00%
4	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	1,869,099	4.04%
5	CEYLINCO GENERAL INSURANCE LIMITED	1,853,287	4.00%
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	SEYLAN BANK PLC./JANASHAKTHI PLC	1,194,001	2.58%
9	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3	1,126,000	2.43%
10	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,025,100	2.21%
11	PEOPLES'S LEASING & FINANCE PLC/ MR. R.H. ABEGOONEWARDENA & MRS. V.F. ABEGOONEWARDENA	941,837	2.03%
12	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	935,258	2.02%
13	FIRST CAPITAL LIMITED	570,247	1.23%
14	MR. W.W.K.M.WEERASOORIYA/MRS. R.C.T. HENNADIGE	487,803	1.05%
15	MR.H.M.L.M.B. HEENKENDA	472,260	1.02%
16	MR. E.KARTHIK	429,500	0.93%
17	PEOPLE'S LEASING & FINANCE PLC/MRS.N.D.KODAGODA	392,496	0.85%
18	MR.H.S. DASSANAYAKE	285,653	0.62%
19	MR.I.M. 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>35,615,847</b>	<b>76.92%</b>
	Others	10,683,376	23.08%
	<b>Total</b>	<b>46,299,223</b>	<b>100.00%</b>

The percentage of shares held by the public as at 31 Decemehr 2018 is 45.73% (with 1,955 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.AMARAKOON MUDIYANSELAGE WEERASINGHE	614,454	7.67%
4	PEOPLE'S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	311,169	3.89%
5	MR.YUSUF HUSSEINALLY ABDULHUSSEIN	265,298	3.31%
6	ASKOLD (PRIVATE) LIMITED	240,000	3.00%
7	MR.HUSEIN NURUDDIN ESUFALLY	208,999	2.61%
7	MR.MALIK JOSEPH FERNANDO	208,999	2.61%
9	MISS RUKAIYA HUSSEINALLY ABDULHUSSEIN	207,182	2.59%
10	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	205,908	2.57%
11	MR.MURTAZA ALI JAFFERJEE	167,189	2.09%
11	MR.ABBASALLY NURUDDIN ESUFALLY	160,000	2.00%
13	MR.MURTAZA ALI ABIDHUSSEN HASSANALY ESUFALLY	160,000	2.00%
14	JAFFERJEE INVESTMENTS (PVT) LTD.	104,499	1.31%
15	GOLD INVESTMENT LIMITED.	104,499	1.31%
15	MR.MUKESH ABHAYKUMAR VALABHJI	104,499	1.31%
15	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	101,965	1.27%
18	LAKDHANAVI LIMITED	100,000	1.25%
19	SEYLAN BANK PLC/MR.DULEEP NISSANKA DALUWATTE	83,493	1.04%
20	MAXWELL INSURANCEBROKERS (PVT) LIMITED A/C NO 2	73,149	0.91%
	<b>Sub total of Top 20 Share Holders</b>	<b>5,921,212</b>	<b>73.96%</b>
	Others	2,084,772	26.10%
	<b>Total</b>	<b>8,005,984</b>	<b>100.06%</b>

The percentage of shares held by the public as at 31 December 2018 is 85.26% (with1,744 public share holders)

Directors' and Chief Executive Officer's Shareholding as at 31 December 2018

Ordinary Voting Shares

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	1,869,099
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	1,025,100
Mr. R.H. Abeygoonewardena / Mrs. V.F. Abeygoonewardena	4,403
PEOPLES LEASING & FINANCE PLC/MR.R.H.ABEYGOONEWARDENA & MRS.V.F.ABEYGOONEWARDENA	941,837
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>4,909,712</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	2,132
Peoples Leasing & Finance PLC /Mr.R.H.Abeygoonewardena & Mrs.V.F.Abeygoonewardena	5,447
Mr. P.A.J. Jayawardena	22
Mr. S.R. Abeynayake	-
Mr. D.A. De Silva	-
Dr. A. Dharmasiri	-
Mr. R. Mohamed	-
Mr. S.P.P. Amaratunge	-
	<b>14,907</b>

Market prices for the quarter ended 31 December 2018

	Ordinary Voting Shares		Ordinary Non Voting Shares	
	31-12-2018	31-12-2017	31-12-2018	31-12-2017
Highest Price	85.00	71.00	74.90	67.00
Lowest Price	79.10	61.00	66.00	55.00
Last Traded	79.10	63.40	70.00	56.00

Floating Adjusted Market Capitalization

	Number of shares	Market price per share	Market Capitalization (Rs.)	Percentage of public holders	Floating Adjusted Market Capitalization (Rs.)
Voting Share	46,299,223	79.10	3,662,268,539	45.73%	1,674,755,403
Non Voting Share	8,005,984	70.00	560,418,880	85.26%	477,813,137
			<b>4,222,687,419</b>		<b>2,152,568,540</b>

## 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 2017/18 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 Fortune Properties Limited and Unisons Capital Leasing Limited.
- 4 No of Shares as at 31 December 2018 is as follows.

Ordinary Voting Shares	46,299,223
Ordinary Non Voting Shares	8,005,984
- 5 Company has obtained an unsecured term loan facility of USD 25,000,000 from Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) on 31 December 2018
- 6 Company has issued 9,277,700 subordinated, unsecured, listed, redeemable, rated five year (2019/2024) debentures at a price of Rs. 100 each on 31 January 2019 which are qualifying under Tier II capital.
- 7 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.
- 8 Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"
- 9 Impact of changes in accounting policies disclosed in the notes to these interim financial statements.
- 10 Since 31 December 2018, there were no material events other than the above, that require adjustment to or disclosure in these financial statements.
- 11 These financial statements are prepared in accordance with the Sri Lanka Accounting Standard - LKAS 34 " Interim Financial Reporting".

**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.	

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

**Impact of Adopting SLFRS 9 - "Financial Instruments"**

The following table summarises the impact (net of tax) of transition to SLFRS 9 - "Financial Instruments" on reserves and retained earnings as at 31 December 2017

Company			Group			
Retained Earnings	Available-for-sale Reserve	Total Equity	Retained Earnings	Available-for-sale Reserve	Non-Controlling Interest	Total Equity
Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
3,280,931	819,194	6,867,565	3,347,458	821,410	35,979	6,974,561
819,709	(819,709)		821,544	(821,740)	196	
(186,168)		(186,168)	(203,454)		(1,840)	(205,294)
(515)	515		(331)	331		
(131,668)		(131,668)	(137,594)		(630)	(138,224)
<b>3,782,289</b>	<b>-</b>	<b>6,549,730</b>	<b>3,827,624</b>	<b>-</b>	<b>33,705</b>	<b>6,631,043</b>

Balances as per LKAS 39 (31 December 2017)

**Impact of adopting SLFRS 9 – "Financial Instruments" as at 1 April 2017**

- Classification of quoted securities as financial assets measured at FVTPL
- Expected credit losses under SLFRS 9

**SLFRS 9 Adjustments for 2016/17 Comparatives**

- Classification of quoted securities as financial assets measured at FVTPL
- Expected credit losses under SLFRS 9

Balances as per SLFRS 9 (31 December 2017)

**Information on Listed Debentures**

**Market Price For the Quarter ended 31 December 2018**

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

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A		NOT TRADED	
Type B		NOT TRADED	
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		NOT TRADED	
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 10.58%  
(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		NOT TRADED
Type B		NOT TRADED
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		NOT TRADED
Type B		NOT TRADED

Debt Equity Ratio 237%  
Quick Asset Ratio (Times) 0.79  
Interest Cover (Times) 1.22

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Utilization of Funds Raised Via Capital Market

Debenture Issue March 2016

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 31-12-2018	As at 31-03-2018
<b>Asset Quality (Rs. 000)</b>		
Gross Non- Performing Accommodations **	4,960,388	1,866,028
Gross Non- Performing Accommodations Ratio %	7.10%	3.07%
Net Non- Performing Accommodations Ratio %	3.93%	0.89%
<b>Liquidity (Rs. 000)</b>		
Required Minimum Amount of Liquid Assets	5,895,782	4,994,271
Available Amount of Liquid Assets	9,864,506	7,032,569
Required Minimum Amount of Government Securities	3,166,118	2,468,228
Available Amount of Government Securities	3,369,577	3,660,306
<b>Capital Adequacy</b>		
Core Capital ( Tier 1 Capital)	6,676,969	6,719,404
Total Capital Base	8,627,148	8,792,223
Core Capital to Risk Weighted Assets Ratio (Minimum 5%)*	8.32%	10.64%
Total Capital to Risk Weighted Assets Ratio (Minimum 10%)*	10.75%	13.93%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)*	17.92%	20.84%
<b>Profitability</b>		
Net Interest Margin (Annualized %)	6.45%	5.34%
Return on Average Assets- After Tax (Annualized %)	1.70%	2.17%
Return on Average Equity- After Tax (Annualized %)	18.47%	20.92%
<b>Memorandum information</b>		
Number of Employees	1,670	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 negative 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)