

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018



Statement of Profit or Loss and Other Comprehensive Income

	Company					
	For the quarter ended 30 September			For the six months ended 30 September		
	2018 Rs. '000	2017* Rs. '000	Change %	2018 Rs. '000	2017* Rs. '000	Change %
Revenue	4,224,459	2,684,810	57%	7,811,440	5,084,910	54%
Interest income	3,517,527	2,398,173	47%	6,739,952	4,511,507	49%
Interest expense	2,209,069	1,603,731	38%	4,295,087	3,001,457	43%
Net interest income	1,308,458	794,442	65%	2,444,865	1,510,050	62%
Fee and commission income	135,156	114,359	18%	259,026	180,400	44%
Other operating income	571,776	172,278	232%	812,462	393,003	107%
Total operating income	2,015,390	1,081,079	86%	3,516,353	2,083,453	69%
Less : Impairment charges and other credit losses on financial assets	542,827	47,799	1036%	746,892	144,024	419%
Net operating income	1,472,563	1,033,280	43%	2,769,461	1,939,429	43%
Less : Operating expenses						
Personnel expenses	353,179	277,684	27%	690,331	541,331	28%
Premises, equipment and establishment expenses	437,358	340,658	28%	818,140	637,921	28%
Other expenses	132,235	140,268	-6%	238,126	243,595	-2%
Total operating expenses	922,772	758,610	22%	1,746,597	1,422,847	23%
Operating profit before value added tax (VAT), nation building tax (NBT) on financial services and crop insurance levy (CIL)	549,791	274,670	100%	1,022,864	516,582	98%
Less : Value added tax and other taxes	101,563	68,500	48%	173,664	121,513	43%
Profit before tax	448,228	206,170	117%	849,200	395,069	115%
Less : Income tax expense	105,861	80,717	31%	186,085	144,190	29%
Profit for the period	342,367	125,453	173%	663,115	250,879	164%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Net actuarial gain/(loss) on defined benefit plan	(4,485)	(4,485)	0%	(8,970)	(8,971)	0%
Total other comprehensive income (net of tax)	(4,485)	(4,485)	0%	(8,970)	(8,971)	0%
Total comprehensive income for the period	337,882	120,968	179%	654,145	241,908	170%
Earnings per share						
Basic earnings per share (Rs.)	6.30	2.31		12.21	4.62	

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 Profit or Loss and Other Comprehensive Income

	Group					
	For the quarter ended 30			For the six months ended 30		
	September			September		
	2018 Rs. '000	2017* Rs. '000	Change %	2018 Rs. '000	2017* Rs. '000	Change %
Revenue	4,376,290	2,747,797	59%	8,077,382	5,197,146	55%
Interest income	3,651,639	2,453,423	49%	6,974,383	4,610,898	51%
Interest expense	2,269,600	1,621,934	40%	4,392,976	3,030,363	45%
Net interest income	1,382,039	831,489	66%	2,581,407	1,580,535	63%
Fee and commission income	156,158	125,440	24%	296,240	195,921	51%
Other operating income	568,493	168,934	237%	806,759	390,327	107%
Total operating income	2,106,690	1,125,863	87%	3,684,406	2,166,783	70%
Less : Impairment charges and other credit losses on financial assets	559,772	58,607	855%	773,302	165,818	366%
Net operating income	1,546,918	1,067,256	45%	2,911,104	2,000,965	45%
Less : Operating expenses						
Personnel expenses	367,649	286,801	28%	718,714	558,089	29%
Premises, equipment and establishment expenses	454,267	350,656	30%	848,450	656,411	29%
Other expenses	144,123	144,627	0%	256,833	252,558	2%
Total operating expenses	966,039	782,084	24%	1,823,997	1,467,058	24%
Operating profit before value added tax (VAT), nation building tax (NBT) on financial services and crop insurance levy (CIL)	580,879	285,172	104%	1,087,107	533,907	104%
Less : Value added tax and other taxes	108,832	72,313	51%	187,651	127,955	47%
Profit before tax	472,047	212,859	122%	899,456	405,952	122%
Less : Income tax expense	115,064	86,464	33%	203,342	153,145	33%
Profit for the period	356,983	126,395	182%	696,114	252,807	175%
Profit attributable to :						
Equity holders of the Company	355,127	126,304	181%	692,463	252,621	174%
Non-controlling interest	1,883	91		3,651	186	1863%
Profit for the period	356,983	126,395	182%	696,114	252,807	175%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Net actuarial gain/(loss) on defined benefit plan	(4,485)	(4,485)	0%	(8,970)	(8,971)	0%
Total other comprehensive income (net of tax)	(4,485)	(4,485)	0%	(8,970)	(8,971)	0%
Total comprehensive income for the period	352,498	121,910	189%	687,144	243,836	182%
Total comprehensive income attributable to :						
Equity holders of the Company	350,615	121,819	188%	683,493	243,650	181%
Non-controlling interest	1,883	91		3,651	186	1863%
Total comprehensive income for the period	352,498	121,910	189%	687,144	243,836	182%
Earnings per share						
Basic earnings per share (Rs.)	6.57	2.33		12.75	4.65	

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	
	30-09-2018 Rs. '000	Audited 31-03-2018 Rs. '000	30-09-2018 Rs. '000	Audited 31-03-2018 Rs. '000
Assets				
Cash and cash equivalents	898,422	2,974,825	981,768	3,039,663
Financial assets measured at fair value through profit or loss (FVTPL)	1,643,060	1,485,315	1,680,740	1,519,227
Loans and receivables to banks	1,676,186	1,425,000	1,676,186	1,475,356
Deposits with licensed commercial banks	2,948,660	2,392,827	2,948,660	2,392,827
Loans and receivables to customers	67,229,926	59,438,349	68,923,195	60,585,395
Other investment securities	1,762,855	2,471,305	1,837,979	2,476,583
Investment in subsidiaries	509,918	509,918	-	-
Investment property	20,198	20,198	20,198	20,198
Property, plant & equipment	2,176,360	2,029,222	2,205,217	2,042,777
Intangible assets	85,254	86,149	85,254	101,692
Goodwill on consolidation	-	-	244,179	244,180
Other assets	3,308,961	2,669,002	3,602,761	2,699,662
Total assets	82,259,800	75,502,110	84,206,137	76,597,560
Liabilities				
Deposits from customers	47,330,259	44,709,832	47,311,321	44,705,409
Debt securities issued	4,193,802	4,081,033	4,193,802	4,081,033
Other interest-bearing borrowings	18,682,945	15,114,486	20,122,978	15,831,490
Current tax liabilities	711,793	443,080	733,368	445,407
Deferred tax liabilities	860,819	860,819	887,200	887,200
Retirement benefit obligation	74,697	60,727	74,697	61,017
Other liabilities	2,870,467	3,079,734	3,207,943	3,326,267
Total liabilities	74,724,782	68,349,711	76,531,309	69,337,823
Equity				
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	4,596,088	4,213,469	4,691,435	4,279,468
Total equity attributable to equity holders of the Company	7,535,018	7,152,399	7,635,496	7,223,529
Non-controlling interest	-	-	39,332	36,208
Total equity	7,535,018	7,152,399	7,674,828	7,259,737
Total liabilities and equity	82,259,800	75,502,110	84,206,137	76,597,560
Net assets value per share (Rs.)	138.75	131.71	140.60	133.02

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

14 November 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)
Balance as at 1 April 2017	1,185,062	541,744	-	1,040,635	3,287,556	6,054,997
Total comprehensive income for the period*						
Profit for the period					250,879	250,879
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(8,971)	(8,971)
Transactions with equity holders of the Copmany						
Dividends to equity holders					(190,068)	(190,068)
Balance as at 30 September 2017*	1,185,062	541,744	-	1,040,635	3,339,396	6,106,837
Balance as at 1 April 2018	1,185,062	432,995	-	1,320,873	4,213,469	7,152,399
Total comprehensive income for the period						
Profit for the period					663,115	663,115
Other comprehensive income for the period (net of tax)						
Remeasurement of defined benefit liability/(asset)					(8,970)	(8,970)
Transactions with equity holders of the Copmany						
Dividends to equity holders					(271,526)	(271,526)
Balance as at 30 September 2018	1,185,062	432,995	-	1,320,873	4,596,088	7,535,018

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)
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
Total comprehensive income for the period*								
Profit for the period					252,621	252,621	186	252,807
Other comprehensive income for the period (net of tax) Remeasurement of defined benefit liability/(asset)					(8,971)	(8,971)		(8,971)
Transactions with equity holders of the Group								
Dividends to equity holders					(190,068)	(190,068)	-	(190,068)
Balance as at 30 September 2017*	1,185,062	541,744	-	1,042,908	3,362,358	6,132,072	31,324	6,163,396
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
Total comprehensive income for the period								
Profit for the period					692,463	692,463	3,651	696,114
Other comprehensive income for the period (net of tax) Remeasurement of defined benefit liability/(asset)					(8,970)	(8,970)	-	(8,970)
Transactions with equity holders of the Group								
Dividends to equity holders					(271,526)	(271,526)	(527)	(272,053)
Balance as at 30 September 2018	1,185,062	432,995	-	1,326,004	4,691,435	7,635,496	39,332	7,674,828

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	
	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000
Cash flow from operating activities				
Interest receipts	6,731,310	4,455,434	6,995,896	4,554,825
Commission receipts	85,703	145,488	122,917	148,736
Other income receipts	688,206	502,584	689,564	503,415
Interest payments	(4,393,582)	(2,833,621)	(4,519,781)	(2,861,678)
Fee and business promotion expenses	(207,759)	(80,904)	(207,759)	(80,904)
Employee related payments	(665,331)	(515,831)	(691,902)	(531,740)
Supplier payments	(828,799)	(513,994)	(866,229)	(541,277)
Financial expenses	(30,367)	(9,984)	(30,192)	(10,120)
Operating profit before changes in operating assets	1,379,381	1,149,172	1,492,514	1,181,257
<i>(Increase)/Decrease in operating assets</i>				
Investments in licensed commercial banks and other financial institutions	(807,020)	(590,916)	(397,020)	(590,916)
Investment in Government Securities/Quoted Shares- Trading	(68,836)	(247,986)	(88,326)	(283,941)
Net funds advanced to customers	(8,529,827)	(7,080,716)	(9,131,784)	(7,277,359)
Changes in other short-term assets	(456,140)	(434,993)	(977,960)	(499,560)
Inventories	(9,883)	7,392	(9,883)	7,392
	(9,871,706)	(7,198,047)	(10,604,973)	(7,463,127)
<i>Increase/(Decrease) in operating liabilities</i>				
Borrowings	3,568,459	(122,219)	4,230,331	142,782
Deposits from customers	2,718,923	7,967,398	2,718,923	7,967,398
	6,287,382	7,845,179	6,949,254	8,110,180
Net Cash Generated / (used in) from operating activities	(2,204,943)	647,132	(2,163,205)	647,053
Taxation	(16,999)	(34,933)	(33,343)	(47,089)
	(2,221,942)	612,199	(2,196,548)	599,964
Cash flow from investing activities				
Dividend receipts	29,175	18,235	30,009	18,953
Investment in other investment securities	708,450	(79,718)	708,450	(79,718)
Purchase of property, plant & equipment	(276,620)	(186,007)	(278,654)	(195,324)
Proceed from sale of property, plant & equipment	5,559	2,700	5,559	2,700
Net cash (used in)/ from investing activities	466,564	(244,790)	465,364	(253,389)
Cash flow from financing activities				
Dividend paid	(271,526)	(190,068)	(272,053)	(190,068)
Net change in debentures	112,769	54,976	112,769	54,976
Net cash inflows/ (out flows) from financing activities	(158,757)	(135,092)	(159,284)	(135,092)
Net increase/(decrease) in cash and cash equivalents	(1,914,135)	232,317	(1,890,468)	211,483
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	290,946	477,944	342,910	507,663
Cash and cash equivalents at the beginning of the period				
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)
	2,205,081	245,627	2,233,378	296,180
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	898,422	1,019,577	981,768	1,051,530
Bank overdraft	(607,476)	(541,633)	(638,858)	(543,867)
	290,946	477,944	342,910	507,663

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	
	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000
Interest	4,670,683	3,167,047	1,790,307	1,079,450	278,962	265,010	6,739,952	4,511,507
Non interest income				-			1,071,488	573,403
Segment revenue	4,670,683	3,167,047	1,790,307	1,079,450	278,962	265,011	7,811,440	5,084,910
Total revenue							7,811,440	5,084,910
Unallocated expenses							6,962,240	4,574,229
Profit from operations							849,200	510,680
Income tax expense							186,085	144,190
Profit for the period							663,115	366,490
Segment assets	46,635,417	35,120,164	20,594,509	15,075,998	8,929,183	6,033,555	76,159,109	56,229,717
Unallocated assets							6,100,691	6,709,826
Total assets							82,259,800	62,939,543

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Group

	Lease & Stock out on Hire		Loans and Advances		Others		Total	
	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000	30-09-2018 Rs. '000	30-09-2017 Rs. '000
Interest	4,922,039	3,253,045	1,762,432	1,082,142	289,912	275,711	6,974,383	4,610,898
Non interest income							1,102,999	586,248
Segment revenue	4,922,039	3,253,045	1,762,432	1,082,142	289,912	275,711	8,077,382	5,197,146
Total revenue							8,077,382	5,197,146
Unallocated expenses							7,177,926	4,791,194
Profit from operations							899,456	405,952
Income tax expense							203,342	153,145
Profit for the period							696,114	252,807
Segment assets	48,630,689	35,715,412	20,292,506	15,089,766	9,125,333	6,134,833	78,048,528	56,940,011
Unallocated assets							6,157,609	6,498,668
Total assets							84,206,137	63,438,679

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Shareholders' Information

Twenty Largest Shareholders as at 30 September 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	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3	1,126,000	2.43%
9	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,025,100	2.21%
10	PEOPLES'S LEASING & FINANCE PLC/ MR. R.H. & MRS. V.F. ABEYGOONEWARDENA	941,837	2.03%
11	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	935,258	2.02%
12	SEYLAN BANK PLC./JANASHAKTHI PLC	850,794	1.84%
13	FIRST CAPITAL LIMITED	570,247	1.23%
14	MR.WARNAKULA WEERASOORIYA KINGSLY MALCOM WEERASOORIYA	487,803	1.05%
15	MR.HEENKENDA MUDIYANSELAGE LUCKSRI MADURANGA BANDARA HEENKENDA	472,260	1.02%
16	MR. ELANGO VAN KARTHIK	429,500	0.93%
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%
	Sub total of Top 20 Share Holders	35,272,640	76.18%
	Others	11,026,583	23.82%
	Total	46,299,223	100.00%

The percentage of shares held by the public as at 30 September 2018 is 45.73% (with 1,990 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	310,944	3.88%
5	ASKOLD (PRIVATE) LIMITED	240,000	3.00%
6	MR.YUSUF HUSSEINALLY ABDULHUSSEIN	230,032	2.87%
7	MR.MALIK JOSEPH FERNANDO	208,999	2.61%
7	MR.HUSEIN NURUDDIN ESUFALLY	208,999	2.61%
9	MISS RUKAIYA HUSSEINALLY ABDULHUSSEIN	202,182	2.53%
10	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	201,908	2.52%
11	MR.ABBASALLY NURUDDIN ESUFALLY	160,000	2.00%
11	MR.MURTAZA ALI ABIDHUSSEN HASSANALLY 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%
15	GOLD INVESTMENT LIMITED.	104,499	1.31%
15	MR.MUKESH ABHAYKUMAR VALABHJI	104,499	1.31%
18	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%
	Sub total of Top 20 Share Holders	5,899,322	73.69%
	Others	2,106,662	26.31%
	Total	8,005,984	100.00%

The percentage of shares held by the public as at 30 September 2018 is 85.26% (with 1,755 public share holders)

Directors' and Chief Executive Officer's Shareholding as at 30 September 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	-
	4,909,712

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	-
	14,907

Market prices for the quarter ended 30 September 2018

	Ordinary Voting Shares		Ordinary Non Voting Shares	
	30-09-2018	30-09-2017	30-09-2018	30-09-2017
Highest Price	86.00	78.80	80.00	62.00
Lowest Price	77.50	60.10	65.50	54.00
Last Traded	80.00	61.00	68.50	55.80

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	80.00	3,703,937,840	45.73%	1,693,810,774
Non Voting Share	8,005,984	68.50	548,409,904	85.26%	467,574,284
			4,252,347,744		2,161,385,058

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 CDB Micro Finance Limited and Unisons Capital Leasing Limited.
- 4 No of Shares as at 30 September 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 2018, 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 Comparatives for 2017/18 has been prepared based on SLFRS 9 - "Financial Instruments"
- 8 Impact of changes in accounting policies disclosed in the notes to these interim financial statements.
- 9 Since 30 September 2018, there were no material events other than the above, that require adjustment to or disclosure in these financial statements.
- 10 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.	Rs. 205 Mn decrease in Group's net asset
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 30 September 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
2,971,192	688,460	6,427,092	3,024,629	687,321	34,229	6,515,893
819,709	(819,709)		821,544	(821,740)	196	
(186,168)		(186,168)	(203,454)		(1,840)	(205,294)
(131,249)	131,249		(134,419)	134,419		
(134,088)		(134,088)	(145,942)		(1,261)	(147,203)
3,339,396	-	6,106,837	3,362,358	-	31,324	6,163,396

Balances as per LKAS 39 (30 September 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 (30 September 2017)

Information on Listed Debentures

Market Price For the Quarter ended 30 September 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 %
Debenture Type			
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	99.95	95.00	99.95
Type B		NOT TRADED	

Interest Rates	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
Debenture Type			
Type A	Semi- annually	12.75	13.16
Type B	Semi- annually	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 %
Debenture Type			
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 (Excluding 10% withholding Tax)	10.58%
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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	13.15	14.07
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	185%
Quick Asset Ratio (Times)	0.72
Interest Cover (Times)	1.20

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 30-09-2018	As at 31-03-2018
Asset Quality (Rs. 000)		
Gross Non- Performing Accommodations **	4,309,932	1,866,028
Gross Non- Performing Accommodations Ratio %	6.29%	3.07%
Net Non- Performing Accommodations Ratio %	3.46%	0.89%
Liquidity (Rs. 000)		
Required Minimum Amount of Liquid Assets	5,390,668	4,994,271
Available Amount of Liquid Assets	6,215,229	7,032,569
Required Minimum Amount of Government Securities	3,166,118	2,468,228
Available Amount of Government Securities	3,267,629	3,660,306
Capital Adequacy		
Core Capital (Tier 1 Capital)	6,411,831	6,719,404
Total Capital Base	8,542,575	8,792,223
Core Capital to Risk Weighted Assets Ratio (Minimum 5%)*	8.30%	10.64%
Total Capital to Risk Weighted Assets Ratio (Minimum 10%)*	11.06%	13.93%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)*	18.05%	20.84%
Profitability		
Net Interest Margin (Annualized %)	6.20%	5.34%
Return on Average Assets- After Tax (Annualized %)	1.68%	2.17%
Return on Average Equity- After Tax (Annualized %)	18.06%	20.92%
Memorandum information		
Number of Employees	1,629	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