



DEBENTURE ISSUE 2019

# PROSPECTUS

Managers to the Issue



Joint placement agents to the issue



## DEBENTURE ISSUE 2019



**For an initial issue of 5,000,000 (Five Million) Subordinated, Unsecured, Listed, Redeemable, Rated, Five Year (2019/2024) Debentures with an option to increase by a further 5,000,000 (Five Million) of the said Debentures in the event of an oversubscription at the discretion of the company with a further option to issue 2,500,000 (Two Million Five Hundred thousand) of the said Debentures in the event of an oversubscription of the second tranche at the discretion of the company at the par value of Rupees One Hundred (Rs100/-) each to raise up to the**

**Totalling of Sri Lankan Rupees One Thousand Two Hundred and Fifty Million (Rs. 1,250,000,000)**

**To be listed on the Colombo Stock Exchange**

**Rated '[SL]BBB(Negative)' by ICRA Lanka Limited**

**The issue rating stated above is the minimum rating requirement in compliance with the CSE Listing Rules**

**Issue opens on  
28 November 2019**

**This Prospectus is dated 19 November 2019**

**Managers to the issue**

**Corporate Finance Division  
Citizens Development Business Finance PLC**



**The CSE has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the Debentures issued herein.**

**The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If there is a material change, such material change will be disclosed to the market.**

**If you are in doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult the Manager to the issue, your Stockbroker, Lawyer or any other Professional Advisor.**

## **Responsibility for the Content of the Prospectus**

This Prospectus has been prepared by corporate finance division of Citizens Development Business Finance PLC on behalf of Citizens Development Business Finance PLC. Citizens Development Business Finance PLC (hereinafter referred to as "CDB" or the "Company") and its Directors confirm that to the best of their knowledge and belief this Prospectus contains all information regarding the Company and Debentures offered herein which is material; such information is true and accurate in all material aspects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Company are honestly held or made and are not misleading in any material respect; this Prospectus contains all material facts and presents them in a clear fashion in all material respects and all proper inquiries have been made to ascertain and to verify the foregoing. The Company accepts responsibility for the information contained in this Prospectus. No person has been sanctioned to make any representations not contained in this Prospectus in connection with this Offer for Subscription of the Company's Debentures. If such representations are made, they must not be relied upon as having been authorized. Neither the delivery of this Prospectus nor any sale made in the Offering shall, under any circumstances, create an implication that there has not been any change in the facts set forth in this Prospectus or in the affairs of the Company since the date of this Prospectus.

Investors should be informed that the value of investments can vary and that past performance is not necessarily indicative of future performance. In making such investment decisions, prospective investors must rely on their knowledge, examination and assessments on Citizens Development Business Finance PLC and the terms of the Debentures issued (knowledge, perception together with their own examination and assessment on Citizens Development Business Finance PLC and the terms and conditions of the Debentures issued) including risks associated.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion, that there has been no material change in the affairs of the Company since the date of this Prospectus.

## **Registration of the Prospectus**

A copy of this Prospectus has been delivered for registration to the Registrar General of Companies in Sri Lanka in accordance with the Companies Act No. 07 of 2007 (the "Companies Act"). The following documents were attached to the copy of the Prospectus delivered to the Registrar General of Companies in Sri Lanka:

1. The written consent by the manager to the Issue, Lawyers to the Issue, Bankers to the Issue, Auditors and Reporting Accountants to the Issue, Trustees to the Issue, Registrar to the Issue, Rating Agency to the Issue

and Joint Placement Agents to the Issue for the inclusion of their respective names in this Prospectus.

2. A declaration by each of the Directors of the Company in terms of the Companies Act and confirming that each of them have read the provisions of the Companies Act and CSE Listing Rules relating to the issue of a Prospectus and that those provisions have been complied with.
3. The said Managers to the Issue, Lawyers to the Issue, Bankers to the Issue, Auditors and Reporting Accountants to the Issue, Trustees to the Issue and Registrar to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

### **Registration of the Prospectus in Jurisdictions Outside of Sri Lanka**

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

### **Investment Considerations**

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see "Risks Related to the Debentures" in Section 5.17 of this Prospectus.

### **Forward Looking Statements**

Any statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in

domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

## ISSUE AT A GLANCE

<b>Instrument</b>	Subordinated, Unsecured, Listed, Redeemable, Rated, Debentures.
<b>Issue Rating</b>	'[SL]BBB(Negative)' by ICRA Lanka Limited
<b>Number of Debentures to be Issued</b>	5,000,000 (Five Million) Debentures with the option to increase by a further 5,000,000 (Five Million) in the event of an oversubscription of the initial issue, and with the option to increase up to a further 2,500,000 ( Two Million Five Hundred Thousand) in the event further issue is oversubscribed, totaling up to a maximum of 12,500,000 (Twelve Million Five Hundred Thousand)) debentures..
<b>Aggregate Face Value / Investment Value of the Issue</b>	LKR 1,250,000,000/- (Rupees One Billion and Two Hundred and Fifty Million)
<b>Face Value / Issue Price/Par Value of Debenture</b>	LKR 100/-
<b>Tenure of Debentures</b>	5 Years (2019/2024)
<b>Interest Rates</b>	Type A –13.43% payable semi-annually (AER – 13.88%) Type B – 13.88% payable annually (AER-13.88%)
<b>Minimum subscription</b>	Minimum subscription per application is Rupees Ten Thousand (LKR10,000). Any Applications in excess of the said minimum subscription should be in multiples of Rupees Ten Thousand (LKR10,000)
<b>Issue Opening Date</b>	28 November 2019, however, applications may be submitted forthwith.
<b>Issue Closing Date</b>	18 December 2019 or such earlier date on which the initial Five Million (5,000,000) Debentures are fully subscribed or unless otherwise decided by the Company to keep the Subscription List open until subscription of a further Five Million (5,000,000) Debentures or unless otherwise decided by the Company to keep the subscription list open until subscription of the further Two Million and Five Hundred Thousand (2,500,000) or part thereof as may be decided by the Company. (refer section 5.15)
<b>Basis of Allotment</b>	To be allotted at the discretion of the Board of Directors in a fair manner within seven (7) market days from the date of closure (Refer Section 6.7) provided, however that the Board of Directors reserves the right to allot up to 75% of the Debentures on a preferential basis to identified investor/s of strategic and operational importance with whom the Company may have mutually beneficial relationships in the future. Number of debentures to be allotted to identified investor/s of strategic and operational importance, on preferential basis or otherwise will not exceed 75% of the total number of debentures to be issues

	under this prospectus under any circumstances, unless there is an under subscription from the other investors (investors that do not fall under preferential category)
<b>Date of Payment of Interest</b>	Interest Payments will be made no later than three (3) market days from the due date of interest. (Excluding such due date of interest)
<b>Method of Payment of Principal and Interest</b>	Through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS (arranged only at the expense of the investor). RTGS transfers however could be effected only for amounts over and above the maximum value (Rupees Five Million) that can be accommodated via SLIPS transfers or By cheque marked "Account Payee Only" in the event accurate bank details have not been provided. If the applicant has not provided details of his bank account in the application, the entity shall make such payments to the applicant by way of a cheque.
<b>Maturity date</b>	On completion of five (5) years from the date of allotment, or on such earlier date on which the Debentures are redeemed or become payable in terms of the Trust Deed.



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## 1.0 CORPORATE INFORMATION

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<b>The Company</b>	Citizens Development Business Finance PLC
<b>Legal Form of the Company</b>	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. The company is an approved credit agency under the Mortgage Act No 6 of 1949.
<b>Date of Incorporation</b>	07th September 1995
<b>Company Registration No.</b>	PB 232 PQ
<b>Issuer Rating</b>	'[SL]BBB+(Negative)' by ICRA Lanka Limited
<b>Place of Incorporation</b>	Colombo, Sri Lanka
<b>Registered/ Business Office</b>	Citizens Development Business Finance PLC No. 123,Orabipasha Mawatha, Colombo 10, Sri Lanka.
<b>Company Secretary</b>	SSP Corporate Services (Pvt) Ltd. 101, Inner Flower Road, Colombo 03.
<b>Auditors to the Company</b>	KPMG (Chartered Accountants) 32 A, Sir Mohamed Macan Marker Mawatha, Colombo 03.
<b>Credit Rating Agency</b>	ICRA Lanka Limited #10-02 East Tower, World Trade Centre, Colombo 01.
<b>Bankers</b>	Bank of Ceylon Commercial Bank of Ceylon PLC Deutsche Bank Hatton National Bank PLC National Development Bank PLC Nations Trust Bank PLC People's Bank Sampath Bank PLC Seylan Bank PLC

<b>Board of Directors</b>		
	Mr. S.R.Abeynayake	- Chairman / Non-Executive Director
	Mr. W.P.C.M. Nanayakkara	- Managing Director / Chief Executive Officer/ Executive Director
	Prof. A. Dharmasri	- Independent Non-Executive Director (Senior Director)
	Mr. Razik Mohamed	- Independent Non-Executive Director
	Prof. S.P.P. Amaratunge	- Independent Non -Executive Director
	Mr. P.A.J. Jayawardena	- Non-Executive Director
	Mr.J.R.Corera	- Independent Non-Executive Director
	Mr. T.M.D.P. Tennakoon	- Executive Director / Deputy CEO/ Chief Financial Officer /
	Mr. R.H. Abeygoonewardena	- Executive Director /Director-Corporate Finance
	Mr. S.V. Munasinghe	- Executive Director/Director- Sales & Business Development
	Mr. D.A. De Silva	- Executive Director / Director-Business Operations

## 2.0 RELEVANT PARTIES TO THE ISSUE

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<b>Managers to the Issue</b>	Corporate Finance Division Citizens Development Business Finance PLC No.123, Orabipasha Mawatha, Colombo 10. T: +94 11 2429933 F: +94 11 2429888
<b>Lawyer to the Issue</b>	Nithya Partners 97 A, Galle Road, Colombo 03. T: +94 11 4712625 F: +94 11 2328817
<b>Registrar to the Issue</b>	P W Corporate Secretarial Services (Pvt) Ltd 3/17, Kynsey Road, Colombo 08. T: +94 11 4640360 F: +94 11 4740588
<b>Bankers to the Issue</b>	Hatton National Bank PLC HNB Towers, No. 479, T. B. Jayah Mawatha, Colombo 10. T:+94 11 2664664 F:+94 11 2662814
<b>Trustee to the Issue</b>	Hatton National Bank PLC HNB Towers, No. 479, T. B. Jayah Mawatha, Colombo 10. T:+94 11 2664664 F:+94 11 2662814
<b>Auditor and Reporting Accountant to the Issue</b>	KPMG (Chartered Accountants) 32 A, Sir Mohamed Macan Marker Mawatha, Colombo 03. T: +94 11 5426426 F: +94 11 2445872

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**Rating Agency to the Issue**

ICRA Lanka Limited  
# 10-02, East Tower,  
World Trade Center, Colombo 01  
T: +94 11 4339907  
F: +94 11 2333307

**Joint Placement Agents to the Issue**

Acuity Partners Limited  
7<sup>th</sup> floor, #53,  
Dharmapala Mawatha,  
Colombo 03  
T: +94 11 2206206  
F: +94 11 2437149

Capital Alliance Partners Limited  
Level 5, Millennium House,  
46/58, Nawam Mawatha,  
Colomb 02  
T: +94 11 2317777  
F: +94 11 2317788

NDB Investment Bank  
Level 1, NDB Capital Building,  
No 135, Bauddhaloka Mawatha,  
Colombo 04  
T: +94 11 2300385  
F: +94 11 2300393

### 3.0 ABBREVIATIONS USED IN THE PROSPECTUS

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<b>AER</b>	Annual Effective Rate
<b>ATS</b>	Automated Trading System
<b>AWPLR</b>	Average Weighted Prime Lending Rate
<b>CBSL</b>	Central Bank of Sri Lanka
<b>CDB</b>	Citizens Development Business Finance PLC
<b>CDS</b>	Central Depository Systems (Private) Limited
<b>CSE</b>	Colombo Stock Exchange
<b>FY</b>	Financial Year
<b>HNB</b>	Hatton National Bank PLC
<b>ICRA</b>	ICRA Lanka Limited
<b>IIA</b>	Inward Investment Account
<b>LCB</b>	Licensed Commercial Bank
<b>NIC</b>	National Identity Card
<b>POA</b>	Power of Attorney
<b>RGFCA</b>	Resident Guest Foreign Currency Account
<b>RTGS</b>	Real Time Gross Settlement
<b>Rs./LKR</b>	Sri Lankan Rupees
<b>SEC</b>	Securities and Exchange Commission of Sri Lanka
<b>SLIPS</b>	Sri Lanka Interbank Payment System
<b>USD</b>	US Dollar
<b>VAT</b>	Value Added Tax
<b>WHT</b>	Withholding Tax
<b>YoY</b>	Year on Year

#### 4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

<b>Applicant/s</b>	Any investor who submits an Application Form under this Prospectus.
<b>Application Form/Application</b>	The Application Form that constitutes part of this Prospectus through which the investors may apply for the Debentures in issue.
<b>Board/Board of Directors/Directors</b>	The Board of Directors of Citizens Development Business Finance PLC.
<b>Closure Date</b>	The date of closure of the subscription list as set out in Section 5.15 of this Prospectus.
<b>Date of Allotment</b>	The date on which the Debentures will be allotted by the Company to Applicants subscribing hereto.
<b>Date of Redemption</b>	The date on which Redemption of the Debentures will take place as referred to in Section 5.8.
<b>Debentures</b>	Subordinated, Unsecured, Listed, Redeemable, Rated, Debentures (2019/2024) to be issued pursuant to this Prospectus.
<b>Entitlement Date</b>	The Market day immediately preceding the Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Company in order to qualify for the payment of any interest or any redemption proceeds.
<b>Interest Payment Date</b>	<p>Type A : The dates on which payments of interest in respect of Type A Debentures shall fall due, which shall be the date six (06) months from the Date of Allotment and every date six (06) months there from of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>Or</p> <p>Type B: The dates on which the payments of interest in respect of the Type B Debentures shall fall due which shall be the twelve (12) months from the Date of Allotment and every twelve (12) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p>



<b>Interest Period</b>	<p>Type A: The six (6) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).</p> <p>Or</p> <p>Type B: The twelve (12) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).</p>
<b>Local Time</b>	Sri Lanka Time (UTC+05:30)
<b>Market Day</b>	Any day on which CSE is open for trading.
<b>Prospectus</b>	This Prospectus dated 19 November 2019
<b>Redemption</b>	The repayment of Principal at maturity together with any interest accruing up to that time.
<b>Subordinated</b>	In relation to the Debentures, Subordinated means the claims of the Debenture Holders shall, in the event of winding up of the Company, rank after all the claims of secured and other unsecured creditors of the Company and any preferential claims under any Statutes governing the Company but <i>pari passu</i> to the claims of the subordinated creditors of the Company and shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Company.

<b>Trust Deed</b>	Trust Deed dated 18 November 2019 between Citizens Development Business Finance PLC and the Trustee.
<b>The Company/Issuer/CDB</b>	Citizens Development Business Finance PLC
<b>Unsecured</b>	The Debentures will not be secured by any specific assets of the Company.

## 5.0 ISSUE DETAILS

### 5.1 Issue Summary

The Board of Directors of Citizens Development Business Finance PLC on 23<sup>rd</sup> September 2019 resolved to borrow from the public, LKR 500,000,000 (Rupees Five Hundred Million) with an option to raise a further LKR 500,000,000 (Rupees Five Hundred Million), in the event of the oversubscription of the initial issue and with an option to raise further LKR 250,000,000 (Rupees Two Hundred and Fifty Million), in the event of over subscription of further issue by way of issuing Subordinated, Unsecured, Listed, Redeemable, Rated, Five (5) year (2019/2024) Debentures as outlined in this Prospectus.

Two (2) types of Debentures will be offered to the public:

Type	Tenure	Interest rate	Issue Price	Par Value
<b>A</b>	5 Years (2019/2024)	Type A –13.43% payable semi-annually (AER – 13.88%)	LKR100.00	LKR100.0 0
<b>B</b>	5 Years (2019/2024)	Type B – 13.88% payable annually (AER- 13.88%)	LKR100.00	LKR100.0 0

These Debentures will be listed on the CSE.

Full subscription of the issue will result in a cumulative face value of a maximum of Rupees One Billion and Two Hundred and Fifty Million (LKR 1,250,000,000).

The public could subscribe for any number (subject to the minimum subscription and the maximum issue value) of Debentures mentioned above. The minimum subscription would be Rupees Ten Thousand (LKR 10,000) and thereafter in multiples of Rupees Ten Thousand (LKR 10,000).

### 5.2 Objectives of the Issue and Specific Risks Relating to the Objectives

The funds raised through the Debenture Issue will be utilised to finance expansion by increasing the lending portfolio of the Company within 12 months from the Date of Allotment. Until the funds are fully utilized in lending portfolio, Citizens Development Business Finance PLC would invest the Debenture proceeds in Government securities with an expected return of 7.68%-7.84% .The proposed Debenture issued up to a maximum of LKR 1.25 billion through this Prospectus would be utilised for the purpose mentioned below and would not be used to retire existing borrowings of the Company or its related parties and all disbursements will be subject to appropriate review by the Related Party Transaction Review Committee:

- Supporting the lending business growth opportunities of the Company
- Reducing the mismatch of maturity periods between assets and liabilities

- Further improving the Capital Adequacy of the Company's Balance Sheet, by strengthening its Tier II Capital. Such an increase in the Tier II capital will enable the company to significantly expand its lending portfolio in conformity with the Central Bank of Sri Lanka's Capital Requirements.

Present Capital Adequacy Ratio (CAR) of the Company and effect of proposed Debenture Issue as at 30 September 2019 is as follows:

	<b>Without proposed Debentures as at 31 March 2019</b>	<b>Without proposed Debentures as at 30 September 2019</b>	<b>In the event of successful allotment of Debentures of LKR 500 Million</b>	<b>In the event of successful allotment of Debentures of further LKR 500 Million</b>	<b>In the event of successful allotment of Debentures of further LKR 250 Million</b>
<b>Tier II Capital (LKR'000)</b>	9,067,689	10,244,452	11,055,298	11,555,298	11,805,298
<b>Tier II – Minimum 10% Requirement</b>	11.07%	*12.17%	12.41%	12.97%	13.25%

\*Including current year unaudited profit

#### **Average Monthly Lending Requirement For The Financial Year Ended 31<sup>st</sup> March**

<b>LKR Millions</b>	<b>Monthly Average 2016</b>	<b>Monthly Average 2017</b>	<b>Monthly Average 2018</b>	<b>Monthly Average 2019</b>
<b>Total Monthly Average</b>	1,624	2,647	2,833	2,769

The Company expects to utilize these funds in operations in the following proportions

Leases	70%
Loans and advances	30%

It is the understanding of the Company that the above mentioned objectives of the debenture issue will be achieved during the specified timelines, i.e. within 12 months as there is a strong growth in credit demanded by the private sector. Further, Average Monthly Lending Requirement schedule included above indicates that the amount raised through the Debenture is only 0.50x the average monthly funding requirement to facilitate loans (based on the 4 year's monthly Lending average). Further, the Company is borrowing money to be utilised in the core business of the Company and will

be put in use from day one itself. Thus, 12 months indicated in the Prospectus is a reasonable period and not the actual time taken to utilise the funds raised through the Debenture Issue.

Further, in terms of the Articles of Association of the Company shareholder approval is not required for this Debenture issue.

The Company undertakes to disclose the progress of the utilization of proceeds in the format outlined below, in all of their future interim and annual financial statements, until funds are fully utilized for the respective objectives stated in the Prospectus.

Debenture Issue proceeds utilization as at dd-mm-yyyy

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	Amount utilized in LKR (B)	% of Utilized against allocation (B/A)	Clarification if not fully utilized including where are the funds invested (e.g. whether lent to related party/s etc.).
1								
2								
3								

\*Total amount of proceeds raised from the Debenture issue in January 2019 has been fully utilized during the first six months from the date of allotment for the objectives specified in the prospectus dated 07 January 2019.

In the event the proceeds raised are fully utilized in terms of the objectives disclosed in the prospectus prior to submission of the Company's next immediate financial statement (i.e. either interim financial statements or annual report), the Company to disclose, by way of a market announcement the fact that proceeds have been utilized in its entirety as per the above template.

However, if Citizens Development Business Finance PLC fails to lend these funds due to a systematic risk (which is an improbable occurrence), Citizens Development Business Finance PLC would opt to invest the Debenture proceeds in Government securities at zero default risk until funds are fully utilised.

Investment in Government Securities are expected to generate a return of 7.68%-7.84% p.a. at current rates. In the event the Company fails to lend the Debenture funds within the specific timeline for the above mentioned purpose the process of utilisation of funds will be carried out with the necessary review and approval of the Asset Liability Committee of Citizens Development Business Finance PLC.

#### Committee members of Asset and Liability Committee

<b>Committee Members</b>	<b>Designation</b>
Mr.Mahesha Nanayakkara	Managing Director / Chief Executive Officer
Mr.Damith Tennakoon	Executive Director / Chief Financial Officer/Deputy CEO
Mr.Roshan Abeygoonawardena	Director Corporate Finance
Mr.Sasindra Munasinghe	Director Sales & Business Development
Mr.Dave Desilva	Director Operation
Mr. Sudath Fernando	Senior Deputy general Manager - Credit
Mr.Isanka Kotigala	Senior Deputy general Manager - Sales
Mr.Ranjith Gunasinghe	Senior Deputy general Manager –Risk & Compliance
Mr.Ruwan Chandrajith	Deputy General Manager - Finance
Mr.Heshan Bandara	Senior Manager - Risk
Mr. Tharinda Amerasinghe	Senior Manager - Risk & Compliance
Mr.Gayan Rajapakshe	Senior Deputy Manager - Treasury
Mr.Chaminda Jayawardena	General Manager - Recoveries

Further if the company decides to lend funds to Related Parties, the same will be made in compliance with Section 9 of the CSE Listing Rules.

Hence, there are no significant risk factors that may lead to the non-achievement of Debenture IPO objectives within the specified timeline.

Further, Citizens Development Business Finance PLC has obtained CBSL approval for the purpose of raising funds via the Debentures and use of the same to the proposed objectives of the Debenture issue.

Related Party Transaction Review Committee of Citizens Development Business Finance PLC was established on the 26 March 2015 under Section 9.2 of the Listings Rules of the Colombo Stock Exchange effective from 1 January 2016.

<b>Related Party Transaction Review Committee Members</b>	<b>Designation</b>
Mr. Razik Mohamed	Chairman/Independent Non-Executive Director
Prof. Ajantha Dharmasiri	Independent Non-Executive Director
Mr. Damith Tennakoon	Executive Director /Deputy CEO/ Chief Financial Officer
Mr. Roshan Abeygoonewardena	Executive Director/Director -Corporate Finance

### 5.3 Nature of the New Debentures

**Type A:** Subordinated, Unsecured, Listed, Redeemable, Rated, Debentures with a maturity period of five (5) years repayment of capital at maturity and interest payable Semi-annually until expiry to be issued at par LKR100.00 per each Debenture and redeemed at par at LKR100.00 each with a Fixed rate of 13.43% p.a. payable Semi-annually (AER: 13.88%)

**Type B:** Subordinated, Unsecured, Listed, Redeemable, Rated, Debentures with a maturity period of five (5) years repayment of capital at maturity and interest payable Annually until expiry to be issued at par LKR100.00 per each Debenture and redeemed at par at LKR100.00 each with a Fixed rate of 13.88%p.a. payable Annually (AER: 13.88%)

The (Type A) Subordinated, Unsecured, Listed, Redeemable, Rated Debentures and (Type B) Subordinated, Unsecured, Listed, Redeemable, Rated Debentures are ranked in pari passu except for the frequency of the interest payment and the interest rate offered for two (2) different options.

#### 5.4 Size of the Issue

If the Twelve Million Five Hundred Thousand (12,500,000) Debentures are fully subscribed the issue would raise Rupees One Thousand Two Hundred and Fifty Million (LKR 1,250,000,000) in total.

#### 5.5 Interest Rate

**Type A:** Five Year (2019/2024) Debentures with a Fixed Coupon Rate of 13.43% p.a. payable Semi-annually (AER- 13.88%).

**Type B:** Five Year (2019/2024) Debentures with a Fixed Coupon Rate of 13.88% p.a. payable Annually (AER- 13.88%).

The interest payments in respect of the Debenture will be as follows:

The Semi-annual interest payment would fall on the expiry of every six (06) months from the Date of Allotment of the Debentures and every six months there from until the Date of Redemption and will be payable no later than three (3) market days from the Interest Payment Date (Excluding such Interest Payment Date).

The first interest payment in respect of the Debentures shall fall due on the date of expiry of six (06) months from the Date of Allotment. The final interest payment will be paid with the Principal Sum on the Date of Maturity/Redemption of the Debentures.

The annual interest payment would fall on the expiry of every twelve (12) months from the Date of Allotment of the Debentures and every twelve months therefrom until the Date of Redemption and will be payable no later than three (3) market days from the Interest Payment Date (Excluding such Interest Payment Date).

The first interest payment in respect of the Debentures shall fall due on the date of expiry of twelve (12) months from the Date of Allotment. The final interest payment will be paid with the Principal Sum on the Date of Maturity/Redemption of the Debentures.

The interest calculation will be based upon the actual number of days in each interest payment period (Actual/Actual).

However, any statutory taxes and dues that may be brought in subsequently will be deducted accordingly. Presently, withholding tax will be deducted at the rate of 5% from the gross interest at the time of payment.



## 5.6 Listing

An application for Subordinated, Unsecured, Listed, Redeemable, Rated, Debentures has been made to the CSE for permission to deal in and obtain a listing, at a par value of LKR100/- each, all of which are offered to the public by way of this Debenture issue and it has been approved in principle.

**The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. A Listing on the CSE is not to be taken as an indication of the merits of Citizens Development Business Finance PLC or of the Debentures issued.**

## 5.7 Payment of Principal and Interest

Payment of Principal and interest will be made in Sri Lankan Rupees after deducting any taxes at source and charges thereon (if any) to the Debenture holders registered as at the Entitlement Date. (In case of joint Debenture holders, the payment will be made to the one whose name stands first in the Register of Debenture Holders).

In the event accurate bank account details are provided to the CDS by the Debenture Holders, the payment of principal sum and interest shall be made to Debenture holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as RTGS (arranged only at the expense of the investor) or SLIPS. RTGS transfers however shall be accommodated only for amounts over and above the maximum value of Rupees Five Million that can be accommodated via SLIPS transfers.

If the Debenture holder has not provided to the CDS accurate and correct details of his/her/its/their bank account for the payment of principal sum and interest, such payment to the Debenture holder will be posted to the address registered with the CDS through registered post to the Debenture holder, by crossed cheques marked "Account Payee Only". Interest payable will be made only by cheques within three (3) market days from the end of each period.

In order to accommodate the Debenture interest cycles in the CDS, interest payments shall not include the Debenture holders holding Debentures in the CDS as at the last day of the Payment Cycle but one day prior to the Interest Payment Date.

## **5.8 Redemption**

The Debentures are redeemable at the maturity on the expiry of Five (5) years from the Date of Allotment in accordance with the provisions contained in the Trust Deed.

Notwithstanding the foregoing, these Debentures may be redeemed by the Company prior to maturity in accordance with Clause 4.3 of the Trust Deed which provides for the Company to redeem the Debentures before maturity subject to the approval of the Central Bank of Sri Lanka and approval of the holders of 2/3 of the par value of the Debentures outstanding.

The Debenture Holders shall not have any right or option to call for redemption of the Debentures before the date of maturity of such Debentures, except in the circumstances where the Debentures have become immediately payable in terms of Clause 10 of the Trust Deed.

On the date of maturity/redemption of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date of maturity/redemption of the Debenture.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and for the avoidance of doubt interest shall be paid for the intervening days which are not Market Days. For the avoidance of doubt it should be noted that no interest on interest would be payable for the aforesaid interim period.

## **5.9 Trustees to the offering**

Hatton National Bank PLC - HNB Towers No. 479, T. B. Jayah Mawatha, Colombo 10, has agreed in writing to act as the Trustee to the Debenture issue and has issued a consent letter to this effect. The Company has entered into an agreement with the Trustee (hereinafter called the "Trust Deed"). Debenture Holders in their application for subscription will be required irrevocably to authorise the Trustee, subject to overriding clauses in the Trust Deed, to act as their agent in entering into such deeds, writings, instruments with the Company and to act as agents and Trustees for the Debenture holders in order to facilitate the protection of the Debenture holders investment and return.

The rights and obligations of the Trustee are set out in the Trust Deed, a copy of which is available for inspection as mentioned in Section 5.16 of this Prospectus. The Debentures shall be subject to the terms and conditions and confer such rights as are incorporated in the said Trust Deed. There is no conflict of interest arising between the Trustee or its Directors and the Entity. We further note that Hatton National Bank PLC is a banker to the Company as mentioned on Page 1 – Section 1.0 –

“Bankers” and Bankers to the Issue as mentioned on Page 3- Section 2.0 – “Relevant Parties to the Issue”.

### **5.10 Cost of the Issue**

The Directors estimate that the total cost of the issue including the Listing fee, Trustee fee, Brokerage, placement agent fee, Printing, Marketing and Registrars fees and other costs connected with the issue will be approximately LKR 12.5 million and will be funded by Citizens Development Business Finance PLC.

### **5.11 Brokerage**

Brokerage at the rate of 0.15 per centum of the investment value of the Debentures will be paid in respect of the number of Debentures allotted on applications bearing the original seal of any Bank operating in Sri Lanka or a member/trading member of the CSE.

### **5.12 Rights of Debenture holders**

#### **Debenture holders are entitled to the following rights**

- Receive principal on the date of maturity/redemption and interest on the Debentures as per Sections 5.5, 5.7 and 5.8 of this Prospectus and the provisions contained in the Trust deed.
- In the event of liquidation, Subordinated, Unsecured, Listed, Redeemable, Rated, Debenture holders will rank after all the claims of secured and other unsecured creditors of the Company and any preferential claims under any Statutes governing the Company but *pari passu* to the claims of the subordinated creditors of the Company and shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Company.
- To call, receive notice, attend and vote at the meetings of the Debenture holders in accordance with the provisions contained in the Trust Deed pertaining to this Debenture issue.
- The other rights of the holders of these Debentures are set out in the Trust Deed.
- To receive a copy of the Annual Report within 5 months of the financial year end.

#### **Debenture holders are NOT entitled to the following rights**

- Attending and voting at meetings of holders of shares and other types of debentures.
- Sharing in the profits of the Company
- Participating in any surplus in the event of liquidation

#### **Obligations on the Debentures**

- The Company shall repay the principal sum on the date of maturity/redemption and interest on the Debentures as per Sections 5.5, 5.7 and 5.8 of this Prospectus and the provisions contained

in the Trust Deed and comply with all other terms and conditions stipulated in the Trust Deed in respect of these Debentures.

- When making payment of the principal sum and interest on the Debentures, the Company shall always act on the information furnished by the CDS and it shall be the responsibility/ obligation of each Debenture Holder to keep all the information in respect of such Debenture holder updated in the CDS. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or absence of necessary changes in the information recorded with the CDS. In addition the Debenture Holder shall absolve CDS and CSE from any responsibility or liability in respect of any error or absence of any necessary changes initiated by the Debenture Holder in the information recorded with the CDS.

### **Benefits of investing in debentures offered by the company**

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides the investor with a regular cash inflow of interest payments.
- Provides the investor with an opportunity to invest in Debentures issued by a leading Company in Sri Lanka.
- Being listed on the CSE, the Debentures will have a secondary market, thus providing the investor with an opportunity to exit at the market price prevailing at the time of divestiture.
- The Debentures may be used as collateral to obtain credit facilities from banks and financial institutions.

### **5.13 Credit Rating**

ICRA Lanka Limited has assigned [SL] BBB (Negative) rating for Subordinated, Unsecured, Listed, Redeemable, Rated Debentures from the report dated 03 October 2019. Instruments with this rating are considered to have moderate credit quality and the rated instrument carries higher than average credit risk. The rating report issued by ICRA Lanka Limited is set out in Annexure II of this Prospectus.

Board of Directors will undertake to keep the trustee and CSE informed of any changes to the credit rating of the debentures if any of the directors are aware/being notified of any changes to the rating.

### **5.14 Transfer of Debentures**

- These Debentures shall be freely transferable as long as the Debentures are listed in the CSE and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- Subject to provisions contained in the Trust Deed, the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory

requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.

- In the case of the death of a Debenture Holder
  - The survivor where the deceased was a joint holder; and
  - The executors or administrators of the deceased (or where the administration of the estate of the deceased is in law not compulsory, the heirs of the deceased) where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognised by the issuer as having any title to his/her Debentures.
- Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture holder, upon producing proper evidence that such Debenture holder sustains the character in respect of which such Debenture holder proposes to act or such Debenture holder's title as the Board of Directors of the Company thinks sufficient, may at the discretion of the Board be substituted and accordingly, registered as a Debenture holder in respect of such Debentures subject to applicable laws, rules and regulations of the Company, CDS, CSE and SEC.
- No change of ownership in contravention of the above conditions will be recognised by the Company.

### **5.15 Subscription List and Closure Date**

The subscription list for the Subordinated, Unsecured, Listed, Redeemable, Rated Debentures pursuant to this Prospectus will open at 9.00 a.m. on 28 November 2019 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 18 December 2019.

However, in the event of an over subscription of the Twelve Million Five Hundred Thousand (12,500,000) Debentures, the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed, with notification to the CSE.

The Subscription List will be closed on an earlier date at 4.30 p.m. with notification to the CSE in an instance the Board of Directors of the Company decides to close the Issue upon the initial Issue of Five Million 5,000,000 Debentures becoming fully subscribed.

In the event of an oversubscription of the initial issue, if the Company exercises the option to increase the issue by a further Five Million (5,000,000) Debentures and decides to close the issue prior to the said Five Million (5,000,000) Debentures being fully subscribed, the subscription list will close at 4.30 p.m. on the market day succeeding the date of notification made to the CSE.

In the event the company decides to fully subscribe the further issue of Five Million (5,000,000) Debentures and if the Company exercise the option to increase the issue up to a further Two Million Five Hundred Thousand (2,500,000) Debentures and decides to close the issue prior to the said Two

Million Five Hundred Thousand (2,500,000) Debentures being fully subscribed, the subscription list will close at 4.30 p.m. on the market day succeeding the date of notification made to the CSE.

Applications may however be made forthwith in the manner set out in Section 6.0 and accordingly, duly completed application forms will be accepted (Applications available dates) by Managers to the issue, Registrars to the Issue or by any member/trading member firm of the CSE as set out in the Collection Points of Annex III of this Prospectus.

## **5.16 Inspection of Documents**

Certified copies of the Articles of Association of the Company, the Audited financial statements of the Company for the last five years ending 31 March 2015, 2016, 2017, 2018 and 2019, Rating Report, Trust Deed and all other documents pertaining to the Company to which references are made in this Prospectus could be inspected by the public during normal business hours at the Registered Office of Citizens Development Business Finance PLC from the date hereof, until the date of maturity of the Debentures issued.

In terms of Rule 3.3.11 (b) of the CSE Listing Rules; the Prospectus, Articles of Association of the Company and the Trust Deed are also hosted in the Company's website, [www.cdb.lk](http://www.cdb.lk), and the CSE website, [www.cse.lk](http://www.cse.lk), from the date of opening of the subscription list until the Date of maturity of the Debentures.

## **5.17 Risks Related to the Debentures**

### **1. Reinvestment Risk**

Interest on the Debentures are payable semi-annually and annually. An investor may decide to reinvest this interest payment and earn interest from that point onwards until maturity. Depending on the prevailing interest rates at the point of reinvestment, the interest rates at which Debenture Holders will reinvest such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

### **2. Interest Rate Risk**

The price of a typical Debenture will have a negative correlation with the market interest rates. Interest rate risk captures this relationship between market interest rates and the value of Debentures. If market interest rates rise, the value of the Debentures may fall: as market interest rates fall the value of Debentures may rise (all other factors being equal). If the investor wishes to sell the Debenture prior to its maturity, he might be facing a capital loss (gain) if the market interest rates have increased (decreased) subsequently. Interest rate risk is irrelevant for the investor who wishes to hold the Debenture till maturity.

### **3. Credit Risk**

Risk of the issuer not being able to pay interest and principal payments as promised on a timely basis is default risk/credit risk. It is advisable for prospective investors of the Debenture to take into account the credit rating awarded to the Company and to its Debentures by ICRA Lanka Limited, present financial strength as reflected in the Balance Sheet of the Company, asset and earnings growth and experience and skills of the Directors and senior management when forming an opinion on default risk. ICRA Lanka Limited has assigned a credit rating of [SL]BBB(Negative) for the Subordinated Citizens Development Business Finance PLC Debenture issue (Refer Annex II for Rating Report) and this credit rating will be reviewed periodically.

### **4. Liquidity Risk**

Liquidity risk refers to the ease with which the debenture can be sold in the secondary market, after the initial placement. Since the Citizens Development Business Finance PLC Debentures are listed, should an investor require an exit option, they will be able to sell the Debentures through the CSE in order to convert them to cash and exit from the investment. Therefore the liquidity risk is mitigated to a greater degree in the Citizens Development Business Finance PLC Debenture. Investors have to be mindful of the fact that even though the Debentures are listed, trading of listed debt is not at an advanced stage as the equity markets in Sri Lanka.

### **5. Inflation Risk**

An increase in inflation rates will cause a decrease in the real value of coupon cash flows of the Debenture. The Debenture which offers the fixed coupon is subject to inflation risk since the interest rates are not adjusted upwards depending on the inflation rate.

### **6. Call Risk**

Call risk refers to the risk that the issuer will retire all of the principal value of the Debentures before maturity. The risk to investor is in that, the timing of the call is not known and the investor will be faced with a re-investment risk in the event the call is made at a time when the market interest rates have declined.

These Debentures may be redeemed by the Company prior to maturity in accordance with Clause 4.3 of the Trust Deed which provides for the Company to redeem the Debentures before maturity subject to the approval of the Central Bank of Sri Lanka and approval of the holders of 2/3 of the par value of the Debentures outstanding.

## 6.0 APPLICATION PROCEDURE

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### 6.1 Eligible Applicants

Applications are invited from the following categories of investors:

- Citizens of Sri Lanka who are resident in Sri Lanka and above 18 years of age; or
- Corporate bodies incorporated or established within Sri Lanka; or
- Approved Unit Trusts licensed by the SEC; or
- Approved Provident Funds and contributory pension schemes registered / incorporated / established in Sri Lanka (in this case, Applications should be in the name of the Trustee / Board of Management in order to facilitate the opening of the CDS account)
- Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- Global, regional and country funds approved by the SEC; or
- Non-residents: foreign institutional investors, corporate bodies incorporated or established outside Sri Lanka, individuals and Sri Lankans resident outside Sri Lanka.

Please note that Applications made by **individuals less than 18 years of age** or those in the names of **sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies** will be rejected.

“Persons resident outside Sri Lanka” will have the same meaning as in the notice published under the Foreign Exchange Act No 12 of 2017 in Gazette No. 2045/56 dated 17th November 2017.

When permitting Non-Residents to invest in the Debentures, the Company will comply with the relevant Foreign Exchange Regulations including the conditions stipulated in the notice under the Foreign Exchange Act with regard to the issue and transfer of Debentures of companies incorporated in Sri Lanka to persons resident outside Sri Lanka as published in the Government Gazette (Extraordinary) No. 2045/56 dated 17th November 2017.

### 6.2 Application Methodology

Applicants applying for the New Debentures should submit their Applications in the manner as set out in this Prospectus.

The Prospectus will be made available free of charge from the collection points listed in Annex III. The Prospectus can also be downloaded from [www.cse.lk](http://www.cse.lk) and the Company website [www.cdb.lk](http://www.cdb.lk)



### **6.2.1 How to Apply**

Applications should be made on the Application Forms, issued with the Prospectus. Application Forms and Prospectus are issued free of charge from the places/institutions covered in Section 1.0 and Annexure III of the Prospectus. Application Forms could also be downloaded from the Company's web site, [www.cdb.lk](http://www.cdb.lk) and CSE web site [www.cse.lk](http://www.cse.lk) (Exact size photocopies of Application Forms too would be accepted).

Care must be taken to follow the instructions given on the reverse side of the Application Form. Applications that do not strictly conform to such instructions and/or the terms and conditions set out in this Prospectus or which are incomplete or illegible may be rejected.

Applications should be made for a minimum of One Hundred (100) Debentures each. Applications exceeding the minimum subscription should be in multiples of One hundred (100) Debentures (LKR10,000). Applications which are not in line with these guidelines will be rejected.

Applicants should apply only for one Type of Debentures (i.e. either Type A or Type B) under one Application Form. In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures. More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.

In the case of Corporate Applicants, the common seal of the company should be affixed and attested if required by the Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the Trustees/Board of Management.

### **6.2.2 Minimum Subscription and Underwriting**

The offering is not conditional upon any minimum subscription amount being raised through this Issue. The Company has not entered into any underwriting arrangement with regards to this Issue.

In the event the issue is under subscribed, the subscribers shall be allotted in full and funds raised shall be utilized to meet the objectives of the issue as stipulated in Section 5.2 of the Prospectus.

In the event that this debenture issue is undersubscribed, the amount required to meet the objectives will be achieved through internally generated funds and other credit facilities that could be obtained by the Company, at its discretion depending on the situation.

### 6.2.3 Identification Information

All Applicants should disclose their identification/registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

**The NIC, passport or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.**

Resident Applicants may use the passport for purposes of identification only if they do not have a NIC number.

Tabulated below is the relevant identification information that a prospective investor should provide depending on the legal status:

Citizenship / Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lankan Citizens	✓			
Sri Lankan Citizens with no NIC Number – <b>Note I</b>		✓		
Foreign Citizens – <b>Note II</b>		✓		
Corporate Entities – <b>Note III</b>			✓	✓

**Note I:** In the case of Sri Lankan citizens, the passport number will be accepted only when the NIC number is not available. The CDS account must be for the same passport number.

**Note II:** Foreign citizens must state the passport number in the space provided.

**Note III:** *The company registration number must be provided. The common seal or rubber stamp should be affixed and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.*

Non-resident investors may be affected by the laws of the jurisdiction of their residence. If the non-resident investors wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

#### **6.2.4 Margin Trading**

Applicants who wish to apply through their margin trading account, should submit the Application in the name of the “margin provider/Applicant’s name” signed by the margin provider. The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form.

**The NIC, passport or company registration number of the Applicant, as the case may be, must be stated in the Application Form.**

Resident Applicants may use the passport for purposes of identification, only if they do not have a NIC number.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Multiple applications will not be entertained. The Issuer reserves the right to reject all multiple applications or suspected multiple applications.

#### **6.2.5 Applications Made Under Power of Attorney**

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, certified by a Notary Public to be a true copy of the original, should be lodged with the Registrar to the Issue along with the Application Form. The original POA should not be attached.

#### **6.2.6 Joint Applications**

Joint Applications may be made. However, an applicant of a joint application will not be eligible to send a separate application individually or jointly. The interest and capital payments/repayments (if any) will be drawn in favour of the principal applicant as given in the Application Form.

## 6.2.7 Submission of Applications

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee only) for the full amount payable on Application should be enclosed in a sealed envelope marked "**Citizens Development Business Finance PLC- Debenture Issue**" on the top left-hand corner and be addressed and **dispatched** by post or courier or delivered by hand to the Registrar to the Issue at the following address **prior to 4.30p.m. Local Time on the Closure Date.**

**P W Corporate Secretarial Services (Pvt) Ltd- 3/17, Kynsey Road, Colombo 08.**

Applications may also be handed over to the Financial Advisors and Managers to the Issue, members and trading members of the CSE as set out in Annex III prior to 4.30 p.m. Local Time on the Closure Date.

In the case of Applications dispatched by courier or post, such Applications should reach the Registrar to the Issue no later than 4.30 p.m. Local Time on the Market Day immediately following the Closure Date. Any Applications received after the above deadline shall be rejected even though the courier or postmark is dated prior to the Closure Date.

## 6.3. Payment of Application Monies

### 6.3.1. Mode of Remittance

Payment should be made separately in respect of each Application by cheque or bank draft or bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to the below (a) through (c).

- a) Remittances on Applications will be deposited in a separate bank account in the name of "**Citizens Development Business Finance PLC- Debenture Issue**"
- b) **Payment for Applications for Debentures of a value of below LKR100,000,000/-** could be supported by a cheque or bank draft or bank guarantee. In such instances, Application Form should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the full amount indicated in the Application Form. An Application for Debentures of a value of below LKR100,000,000/- accompanied by two or more cheques/bank drafts/bank guarantees or RTGS transfers will be rejected at the outset.
- c) **Applicants making Applications for Debentures of a value of above LKR100,000,000/-** will be permitted to submit;
  - o Bank draft drawn upon any licensed commercial bank operating in Sri Lanka

- Bank guarantee issued by a licensed commercial bank
- RTGS transfer with value on the date of the issue Opening Date
- Multiple cheques drawn upon any LCB, each of which should be for a value less than LKR100,000,000/-.

**CASH WILL NOT BE ACCEPTED. ANYONE WISHING TO PAY CASH SHOULD OBTAIN A BANK DRAFT FROM A LICENSED COMMERCIAL BANK IN SRI LANKA.**

### **6.3.2. RTGS Transfers**

In case of RTGS transfers (only for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR100,000,000/-) such transfer should be made to the credit of " **Citizens Development Business Finance PLC- Debenture Issue** " bearing account number 003010527806 at Hatton National Bank head Office Branch with value on the Issue Opening Date (i.e. the funds to be made to the above account on the issue opening date).

The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for the credit of "**Citizens Development Business Finance PLC- Debenture Issue**" bearing account number 003010527806 at Hatton National Bank head Office Branch with value on the Issue Opening Date (i.e. the funds to be made to the above account on the issue opening date) and should be attached with the Application Form.

For such RTGS transfers, an interest rate of 2% per annum (**on actual/actual basis**) will be paid from the date of such transfer up to the Date of Allotment, and the entire interest earned will be paid back to the investor.

No interest will be paid for funds prior to the Issue Opening Date, if those fund transfers are affected prior to the Issue Opening Date.

No interest will be paid if the RTGS transfers are not realised before 4.30 p.m. of the Closure Date.

### **6.3.3. Cheques or Bank Drafts – Resident Sri Lankan Investors**

Cheques or bank drafts should be drawn on any LCB in Sri Lanka and crossed "**Account Payee Only**" and made payable to "**Citizens Development Business Finance PLC- Debenture Issue** "

Cheques or bank drafts accompanying Application Forms should be made for a minimum of One Hundred (100) Debentures for each Type of Debenture. Applications exceeding the minimum subscription should be in multiples of One Hundred (100) Debentures. Applications which are not in

line with these guidelines will be rejected (as mentioned in Section 6.2.1) and will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of joint Applicants, to the first named Applicant.

In the event that cheques are not realised within two (02) Market Days from the day of presenting the same to the bank for clearing, the cheques will be returned and no allocation of Debentures will be made to the Applicants.

Cheques must be honoured on first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on the first presentation will be rejected.

#### **6.3.4. Foreign Currency Remittance**

Funds for the investments in Debentures and the payment for Debentures by non-residents should be made only out of the funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) (formerly known as Securities Investment Account) of the non-residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Directors of the Department of Foreign Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the applicant maintains IIA, should be attached to the Application form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

Application not made in line with the instructions will be rejected.

Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the debentures and may be affected by the laws of the jurisdiction of their residence. If the non-resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka

#### **6.3.5. Restrictions Applicable to Foreign Citizens Resident in Sri Lanka**

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee accounts only if they possess dual citizenship where one such citizenship is Sri Lankan. Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees or RTGS transfers drawn on Sri Lanka Rupee accounts maintained with any LCB in Sri Lanka but may do so via IIA/FCBU/RGFCA/RGRCA accounts. Applications made by foreign citizens not in accordance to the foregoing shall be rejected.

#### **6.3.6. Bank Guarantees**

Applications made by Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 6.3.1, will be accepted. Bank guarantees will be presented to the respective banks only after the new Debentures have been allotted. Bank guarantees should be issued by any LCB in Sri Lanka and in favour of "**Citizens Development Business Finance PLC- Debenture issue** " in a manner acceptable to the Company and be payable on demand.

**Bank guarantees should be valid for a minimum of one (01) month from the date of the Issue.**

Investors are encouraged to discuss with their relevant bankers with regard to the issuance of bank guarantees and all related charges that would be incurred by the investors.

#### **6.4. Rejection of Applications**

- Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in Section 6.0 of this Prospectus will be rejected at the absolute discretion of the Company.
- Any Application Form which does not provide the NIC, passport (where NIC is not available) or company registration number as the case may be, will be rejected.
- Applications delivered by hand after 4.30 p.m. Local Time on the Closure Date of the Issue will be rejected. Applications received by courier/post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Closure Date of the Issue, will also be rejected even if they carry a courier acceptance date/postmark date earlier than the Closure Date.
- Applications made for less than one hundred (100) Debentures or for a number which is not in multiples of one hundred (100) Debentures will be rejected.
- Applications which do not carry a valid CDS account number, or which indicate an inaccurate or incorrect CDS account number, shall be rejected and no allotment will be made.
- The Company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, or to accept only one Application Form at their discretion, in such instance.
- Payment for Applications of Debentures accompanied by cheques or bank drafts or bank guarantees which are not in accordance with Section 6.3.1 (b) and (c) will be rejected at the outset.

- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

**Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part.**

#### **6.5. Banking of Payments**

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the subscription list, in terms of the CSE Listing Rules.

#### **6.6. Returning of Monies of Rejected Applications**

Where an Application Form is rejected, the cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, the cheque or bank draft or bank guarantee received in respect of the Application will be returned to the first named Applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured at the first presentation, the Application will also be rejected and the dishonoured cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, the dishonoured cheque or bank draft or bank guarantee will be returned to the first named Applicant. Funds received via IIA will be returned to the respective IIA as applicable therefore applicants who remit money via the IIA accounts shall mention the accurate IIA account numbers in the application form to enable refunds being made to such accounts.

#### **6.7. Allotment of Debentures in Issue/Basis of Allotment**

The Debentures will be allotted at the discretion of the Board of Directors in a fair manner within seven (7) market days from the date of closure, provided however that the Board of Directors reserves the right to allot up to 75% of the Debentures on a preferential basis to identified investor/s of strategic and operational importance with whom the Company may have mutually beneficial relationships in the future. These benefits could be such as being able to tap into a non-conventional investor base, being able to build confidence among other investors due to the investment decision of strategic investors and being able to get the issue subscribed with the larger quanta pledged. Number of debentures to be allotted to identified investor/s of strategic and operational importance, on preferential basis or otherwise will not exceed 75% of the total number of debentures to be issues under this prospectus under any circumstances, unless there is an under subscription from the other investors (investors that do not fall under preferential category)



A written confirmation informing successful Applicants on their allotment of New Debentures will be dispatched as required by the CSE within ten (10) market days of the closure of the subscription list.

The Board of Directors of Citizens Development Business Finance PLC reserves the right to refuse any application or to accept any Application in part only, without assigning any reason therefore.

## **6.8. Refunds on Applications**

Where an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on New Debentures that have not been allotted will be refunded on or before the expiry of ten (10) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL plus 5%, on any refunds not made by the expiry of the above mentioned period.

### **6.8.1. Refunds via SLIPS**

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.4
- the Application is accepted only in part

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS or RTGS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), the Bankers to the Issue will make refund payments via RTGS transfers to the bank account specified by the Applicant.

In the case of joint Application, the cheques will be drawn in favour of the Applicant's name appearing first in the Application Form.

Refunds on Applications rejected or partly allotted Debentures would be made within 10 Market Days excluding the Closure Date.

## 6.9. Successful Applicants and CDS Lodgement

The new Debentures allotted will be directly uploaded to the respective CDS account given in the Application Form before the expiry of eighteen (18) Market Days from the Closure Date of the Issue as required by the CSE Listing Rules.

All Applicants should indicate in the Application for Debentures, their NIC number or the company registration number as the case may be. The passport number may be indicated only if the Applicant does not have a NIC number.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Debentures allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a Valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS account.

Applicants, who wish to open a CDS Account, may do so through any member/trading member of the CSE as set out in the Annex III or through any Custodian Bank as set out in Annex IV of this Prospectus.

Please note that upon the allotment of Debentures under this Issue, for Applicants who have indicated their CDS account details in the Application Form, **the allotted Debentures would be credited to the applicant's CDS account so indicated.**

**Please note that debenture certificates shall not be issued.**

Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an inaccurate/incorrect CDS account number, shall be rejected and no allotment will be made.

Written confirmation, upon the completion of crediting the respective CDS account will be sent to the Debenture holder within two (02) Market Days of crediting the CDS accounts by ordinary post to the address provided by each Debenture holder in their respective Applications.

## 6.10. Declaration to the CSE and Secondary Market Trading

The Company will submit to the CSE a declaration on the Market Day immediately following the day on which Applicants' CDS accounts are credited with the New Debentures. Trading of the New

Debentures on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the declaration by the CSE as per the CSE Listing Rules.

## 7.0 COMPANY INFORMATION

Citizens Development Business Finance PLC (CDB) is licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011, and also registered under the Finance Leasing Act No. 56 of 2000. It was incorporated as a Public Limited Liability Company on 07th September 1995 under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007.

Top twenty (20) Ordinary voting shareholders of the company as at 30 September 2019 are as follows:

	Shareholders	No. of shares	(%)
1	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.1	20,605,950	34.66
2	JANASHAKTHI INSURANCE PLC-SHAREHOLDERS	3,044,855	5.12
3	JANASHAKTHI INSURANCE PLC - NON PAR	2,972,453	5.00
4	PEOPLE'S LEASING & FINANCE PLC/ASIA MANAGEMENT CONSULTANCY (PRIVATE) LIMITED	2,444,169	4.11
5	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	2,399,957	4.04
6	CEYLINCO GENERAL INSURANCE LIMITED	2,379,654	4.00
7	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	2,194,152	3.69
8	SEYLAN BANK PLC./JANASHAKTHI PLC	2,173,952	3.66
9	COMMERCIAL BANK OF CEYLON PLC/JANASHAKTHI LIMITED	1,662,584	2.80
10	ASIA MANAGEMENT CONSULTANCY (PRIVATE) LIMITED	1,592,632	2.68
11	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,316,247	2.21
12	PEOPLES'S LEASING & FINANCE PLC/ MR. R.H. & MRS. V.F. ABEYGOONEWARDENA	1,301,785	2.19
13	SEYLAN BANK PLC/TENNAKOON MUDIYANSELAGE DAMITH PRASANNA TENNAKOON	1,200,888	2.02
14	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3	892,146	1.50
15	PEOPLE'S LEASING & FINANCE PLC/MR.H.M.L.M.B.HEENKENDA	606,390	1.02
16	MR. KARTHIK ELANGO VAN	551,486	0.93
17	PEOPLE'S LEASING & FINANCE PLC/MRS.N.D.KODAGODA	503,972	0.85
18	PEOPLE'S LEASING & FINANCE PLC/MR. H.K. DASSANAYAKE	349,115	0.59
19	PEOPLE'S LEASING & FINANCE PLC/MR.I.M.KOTIGALA	327,798	0.55
20	PEOPLE'S LEASING & FINANCE PLC/MR.M.N.M.IMDAAD	318,156	0.54
	Others	10,610,739	17.84
	<b>Total</b>	<b>59,449,080</b>	<b>100.00</b>

Top twenty (20) Non-voting shareholders of the company as at 30 September 2019 are as follows:

	<b>Shareholders</b>	<b>No. of shares</b>	<b>(%)</b>
1	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,381,493	13.36
2	J.B. COCOSHELL (PVT) LTD	1,302,738	12.59
3	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	804,625	7.78
4	MR. A.M. WEERASINGHE	635,095	6.14
5	MR. Y.H. ABDULHUSSEIN	315,554	3.05
6	PEOPLE'S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	274,402	2.65
7	MISS R.H. ABDULHUSSEIN	260,653	2.52
8	MR. M.A. JAFFERJEE	256,380	2.48
9	ASKOLD (PRIVATE) LIMITED	248,062	2.40
10	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	246,520	2.38
11	MR. A.N. ESUFALLY	217,551	2.10
12	MR. M.J. FERNANDO	216,020	2.09
13	MR. M.A.A.H. ESUFALLY	165,375	1.60
14	SEYLAN BANK PLC/TENNAKOON MUDIYANSELAGE DAMITH PRASANNA TENNAKOON	141,165	1.36
15	PEOPLE'S LEASING & FINANCE PLC/MR.S.M.P.L.JAYARATNE	128,966	1.25
16	MR. I.M. KOTIGALA	119,056	1.15
17	MR. S.S.R.N. CHANDRAJITH	117,309	1.13
18	MR. H.K. DASSANAYAKE	114,688	1.11
19	GOLD INVESTMENT LIMITED	108,009	1.04
19	MR.M.A. VALABHJI	108,009	1.04
19	JAFFERJEES INVESTMENTS (PVT) LTD	108,009	1.04
20	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	105,390	1.02
	Others	2,968,599	28.72
	<b>Total</b>	<b>10,343,668</b>	<b>100.00</b>

## 8.0 FINANCIAL INFORMATION

The following financial information is hosted on the CSE web site [www.cse.lk](http://www.cse.lk) and [www.cdb.lk](http://www.cdb.lk);

- Audited financial statements of the Entity for the year ended 31 March 2019
- Interim financial statements of the Entity for the Six months ended 30 September 2019
- Summarized financial statement for the five years commencing from 31 March 2015 to 31 March 2019 stating the accounting policies adopted by the Entity certified by the auditors. Qualifications carried in any of the Auditors Reports covering the period in question and any material changes in accounting policies during the relevant period.

### 8.1. Details of borrowings of Citizens Development Business Finance PLC as at 30 September 2019

#### Company

Type of Borrowing	Amount (Unaudited)
Bank Loans	23,667,070,964
Debenture	3,927,770,000
Debenture accrued interest	158,523,178
other borrowings	2,658,415,539
	<b>30,411,779,681</b>

#### Debt Securities in issue – As at the date of prospectus

Type of Borrowing	Year of Issue	CSE Listing	Ranking	Value of the Debenture offered (LKR '000')	Tenure (Months)	Value of Debentures Listed (LKR)
Debenture	2016	yes	Guaranteed, Subordinated, Listed, Redeemable, Rated	1,000,000,000	60	1,000,000,000
Debenture	2018	yes	Subordinated, Unsecured, Listed, Redeemable, Rated	2,000,000,000	60	2,000,000,000
Debenture	2019	yes	Subordinated, Unsecured, Listed, Redeemable, Rated	1,250,000,000	60	927,770,000

In the event of liquidation above Debenture holders will rank after all the claims of secured and other unsecured creditors of the Company and any preferential claims under any Statutes governing the Company but pari passu to the claims of the subordinated creditors of the Company and shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Company

Furthermore, the Debenture holders under Debenture issue 2016 will be entitled to claim on the guarantee of Seylan Bank PLC through the Trustee in the event the Company fails or neglects to redeem the said Debenture or pay the interest on the said Debentures in terms of Clause 4.1 (a) i,ii,iii,iv and v of the said Trust Deed or in the event there is an Event of Default as specified in Clause 10.1 of the said Trust Deed dated 17 May 2016.

The above mentioned Debenture Holders do not have following Rights,

- Sharing in the profits of the Company
- Participating in any surplus in the event of liquidation
- Participating in any surplus in the event of liquidation

## Group

<b>Type of Borrowing</b>	<b>Amount (Unaudited)</b>
Bank Loans	24,208,584,445
Debenture	3,927,770,000
Debenture accrued interest	158,523,178
other borrowings	3,551,720,555
	<b>31,846,598,178</b>

\* Citizens Development Business Finance PLC does not hold any convertible debt in issue.

Total Value of borrowings as at 30 September 2019 for Citizens Development Business Finance PLC stands at LKR 31,846,598,178

## 8.2. Litigation, disputes and contingent liabilities

Apart from legal proceedings in the normal course of its business, the Company and its subsidiaries are not a party to any material contingent liabilities, litigation, mediation or arbitration proceedings and is not aware of any pending or threatened litigation or arbitration that, if decided adversely to the Company, would have a significant effect upon the Company's financial position as at 30<sup>th</sup> September 2019 nor has it been a party to any such proceedings in the recent past.

## 8.3. Financial ratios of Citizens Development Business Finance PLC

### Group

	2014/2015	2015/2016	2016/2017	2017/2018	2018/19
Debt/Equity Ratio(Times)	1.12	2.41	2.08	2.74	3.45
Interest Cover Ratio (Times)	1.29	1.36	1.27	1.26	1.24
Net Interest Margin NIM (%)	8.06	7.01	5.68	5.53	6.52

### Company

	2014/2015	2015/2016	2016/2017	2017/2018	2018/19
Core Capital Ratio (%)	12.79	11.72	12.30	10.64	8.09
Risk Weighted Capital Ratio (%)	15.57	11.74	14.1	13.93	11.07
Debt/Equity Ratio(Times)	1.12	2.44	2.08	2.68	2.64
Interest Cover Ratio (Times)	1.28	1.35	1.34	1.82	1.58
Net Interest Margin NIM (%)	8.00	6.90	5.52	5.34	6.34

### Core Capital ratio

$$\frac{\text{Core capital}}{\text{Risk-weighted assets}}$$



**Debt/Equity**

(Liabilities on Other Financial liabilities due to Customer + Interest bearing loans & Borrowings +  
Due to related companies + Bank Overdraft)  
 Total Equity

**Interest Cover ratio**

Profit before Interest & Taxes  
 Interest Expense

**Net Interest margin**

Net Interest Income  
 Average Assets

**8.4. Debt servicing details of the Issuer**

	2014/2015	2015/2016	2016/2017	2017/2018	2018/19
Gross interest due on debentures	166,072,509	158,859,213	266,249,437	291,653,571	139,839,418
Debenture interest paid on due date	166,072,509	158,859,213	266,249,437	291,653,571	139,839,418
Debenture interest paid after the due date	0	0	0	0	0
Debenture interest not paid as of to date	0	0	0	0	0

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**ANNEX I – STATUTORY DECLARATIONS**

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**Statutory Declaration by the Directors**

We, the undersigned who are named in the Prospectus issued by Citizens Development Business Finance PLC 'The Company' in connection with its issue of up to 12,500,000 Subordinated, Unsecured, Listed, Redeemable, Rated debentures ('The Prospectus'), as Directors of the Company, hereby declare and confirm that we have seen and read the provisions Companies Act No.07 of 2007 and the Listing Rules of CSE relating to the issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen, read and approved by the Directors of the Entity and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Entity have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Entity and making assumptions that are considered to be reasonable at the present point in time in the best judgement of the Directors.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of all securities in a particular class issued by the Entity and those Securities of the same class which are the subject of this issue. Such permission will be granted when the Securities are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Entity or of the Securities issued.

Name	Designation	Signature
Mr.,R,Abeynayake	- Chairman / Non-Executive Director	Sgd.
Mr. W.P.C.M. Nanayakkara	- Managing Director / Chief Executive Officer/ Executive Director	Sgd.
Prof. A. Dharmasri	- Independent Non-Executive Director (Senior Director)	Sgd.
Mr. Razik Mohamed	- Independent Non-Executive Director	Sgd.
Prof. S.P.P. Amaratunge	- Independent Non-Executive Director	Sgd.
Mr. P.A.J. Jayawardena	- Non Executive Director	Sgd.
Mr.J.R.A.Corera	-Independent Non-Executive Director	Sgd.
Mr. T.M.D.P. Tennakoon	- Executive Director / Deputy CEO /Chief Financial Officer	Sgd.

Mr. R.H. Abeygoonewardena	-Executive Director / Director - Corporate Finance	Sgd.
Mr. S.V. Munasinghe	- Executive Director / Director- Sales & Business Development	Sgd.
Mr. D.A. De Silva	- Executive Director/Director - Business Operations	Sgd.

## **Statutory Declaration by the Manager to the Issue**

18 November 2019

We, Corporate Finance Division Citizens Development Business Finance PLC, of No. 123, Orabipasha Mawatha, Colombo 10, being Managers to the Issue of Citizens Development Business Finance PLC, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and about Citizens Development Business Finance PLC, whose Debentures are being listed.

Signed by two directors of Citizens Development Business Finance PLC, being duly authorised thereto, at Colombo on this Day, 18 November 2019

Sgd.  
**Director**

Sgd.  
**Directors**



## ICRA Lanka assigns [SL]BBB rating with Negative outlook to the proposed debenture programme of Citizens Development Business Finance PLC

October 03, 2019

Instrument <sup>a</sup>	Previous Rated Amount (LKR Mn)	Current Rated Amount (LKR Mn)	Rating Action
Subordinated, Unsecured, Listed Redeemable Debentures Programme	N/A	1,250	[SL]BBB (Negative); assigned
Issuer Rating	N/A	N/A	[SL]BBB+ (Negative); outstanding
Subordinated, Unsecured, Listed Redeemable Debentures Programme	928	928	[SL]BBB (Negative); outstanding
Trust Certificates Programme of Citizens Development Business Finance PLC Trust-03	628	628	[SL]A-(S0) (Negative); outstanding
Subordinated, Unsecured, Listed Redeemable Debentures Programme	2,000	2,000	[SL]BBB (Negative); outstanding
Subordinated Guaranteed Listed Redeemable Debentures Programme	1,000	1,000	[SL]A-(S0) (Stable); outstanding
<b>Total</b>	<b>4,576</b>	<b>5,806</b>	

### Rating action

ICRA Lanka Limited, subsidiary of ICRA Limited, a group company of Moody's Investors Services, has assigned the issuer rating of [SL]BBB (pronounced S L Triple B) with Negative outlook for the proposed LKR 1,250 Mn (an initial issue of LKR 500 Mn with the option to raise a maximum of LKR 1,250 Mn) Subordinated Unsecured Redeemable Debentures Programme to be listed on the Colombo Stock Exchange.

ICRA Lanka has an issuer rating outstanding of [SL]BBB+ with Negative outlook for Citizens Development Business Finance PLC (CDB or the Company). ICRA Lanka also has outstanding ratings of [SL]BBB (pronounced S L triple B) with Negative outlook for the LKR 928 Mn and LKR 2,000 Mn Subordinated, Unsecured, Listed Redeemable Debentures Programmes.

ICRA Lanka also has an outstanding issue rating of [SL]A-(S0) (pronounced S L A minus structured obligation) with Negative outlook for the Trust Certificates Programme of Citizens Development Business Finance PLC Trust-03. The letters S0 in parenthesis suffixed to a rating symbol stand for structured obligation. A S0 rating is specific to the rated issue, its terms, and its structure. The S0 rating does not represent ICRA Lanka's opinion on the general credit quality of the issuer concerned.

ICRA Lanka has also a rating of [SL]A-(S0) (pronounced S L A minus structured obligation) with Stable outlook outstanding for the LKR 1,000 Mn Subordinated Guaranteed Listed Redeemable Debentures of the Company, guaranteed by Seylan Bank PLC (Seylan). The rating for the subordinated guaranteed redeemable debentures programme is based on the strength of the unconditional and irrevocable guarantee from Seylan Bank PLC (Seylan) covering the principal and two interest instalments (semi-annual) of the rated issue. The guarantor undertakes the obligation to pay, on demand from the trustee, the total principal sum of LKR 1,000 Mn and two half yearly interest instalments of the proposed redeemable debentures. The



rating also assumes that the guarantee will be duly invoked by the trustee, as per the terms of the underlying trust deed and guarantee agreement, in case there is a default in payment by CDB.

#### **Rationale**

The issue rating factors in CDB's established track record, experienced senior management team, and exposure to relatively less risky asset classes. The rating however factors in the continued weakness in CDB's capitalisation and asset quality profiles. CDB's gearing (adjusted for revaluation reserve) ratio moderated from 9.3 times as of Mar-19 to 7.9 times as of Jun-19 largely because of the capital infusion of about LKR 1 bn in Jun-19 via a rights issue programme. The Company's Tier I and Total capital adequacy ratios (CAR) stood at 8.94% and 11.62% as of Jul-19 vis a vis the regulatory threshold of 6.50% and 10.50% respectively. The Tier I and Total CAR requirements are estimated to further moderate to about 8.77% and 11.41% post the cash dividend announced of about LKR 170 Mn. CDB's gross NPA ratio (GNPAs) increased to 8.0% as of Jun-19 vis a vis 6.6% as of Mar-19 (3.1% as of Mar-18), and delinquencies in 90+ day past due (dpd) increased to 19.7% vis a vis 15.3% (11.2% as of Mar-18), largely because of macro-economic challenges. CDB's NPAs excluding repossessed assets stood at 5.4% as of Jun-19.

ICRA Lanka further takes cognizance of the Company's sizable asset liability mismatches in the short-term because of high dependence on short-term public deposits, and decline in CDB's profitability indicators. Going forward, the Company's ability to further improve its capitalization, asset quality and earnings profile would be crucial from a rating perspective.

#### **Outlook: Negative**

The outlook may be revised to "Stable" based on CDB's ability to improve its capitalization and asset quality profiles while achieving healthy profitability indicators. The ratings may be downgraded in case of further weakening in the capital structure or deterioration in the asset quality indicators leading to weakening in the earnings profile from current levels.

#### **Key rating drivers**

##### **Credit strengths**

**Established track record and experienced senior management team:** CDB was established in 1995, it has a robust franchise and an experienced management team. The Company has about 71 outlets (including service centres) and has access to about 600+ ATM machines (in alliance with Commercial Bank) across the island as of Jun-19. CDB is one of the relatively large non-banking financial institutions with an asset base of LKR 90 bn as of Jun-19. The senior management team holds about 16% stake in the Company and are experienced professionals in the retail financing business. The management team has been associated with the Company for over a decade and there has not been any significant attrition in the senior management over the last 5-6 years.

**Exposure to relatively less risky asset classes:** About 96% of CDB's portfolio is backed by assets (vehicles/property), with 86% being as lending for vehicles. Cars and vans accounted for about 60-62% of the total portfolio since Mar-17. CDB's exposure to 3-wheelers stood at 17% as of Jun-19 vis a vis 20% as of Mar-17 (36% as of Mar-18). Cars and vans are the core asset classes of CDB, while relatively risky 3-wheelers is expected to be about 15-20% of the portfolio going forward. The Company's loan segment, which accounted for 14% of the total portfolio as of Jun-19 (11% as of Mar-19), largely comprised of property backed lending to SME and retail segments (about 4% of total portfolio), gold backed loans (4%), personal loans (3%) and loans against fixed deposits (2%). CDB envisages to achieve a portfolio mix with 75% being motor loans and 25% as non-motor loans, going forward.

### Credit challenges

**Subdued capital profile:** CDB's gearing (adjusted for revaluation reserve) at 7.9 times was relatively high when compared to peers. However, it improved from about 9.5 times each as of Mar-19 and Mar-18 because of CDB's equity capital raising of about LKR 1 Bn and moderation in borrowings during Q1FY2020 as growth was muted. CDB's Tier I and Total CAR stood at 8.94% and 11.62% as of Jul-19 vis a vis the regulatory requirement of 6.50% and 10.50% respectively. The Tier I and Total CAR requirements are estimated to further moderate to about 6.77% and 11.41% post the cash dividend announced (about LKR 170 Mn). In July 2019, Central Bank of Sri Lanka instructed CDB to adjust its investment of about LKR 1.4 Bn in Ceylince Insurance PLC from the capital adequacy computation and granted time to deduct the same over 3-years starting from Mar-19. ICRA Lanka notes that this would continue to keep CDB's capital adequacy ratios under pressure, hence affecting the Company's ability to achieve the envisaged portfolio growth (about 20%), until commensurate capital is raised to supplement the capital base. ICRA Lanka notes the initiatives taken by the Company to raise Tier II capital in the near term. CDB's ability to secure external capital and maintain a comfortable risk-adjusted capital profile would be key monitorable going forward.

**Deteriorated asset quality:** CDB's delinquencies in 90-dpd increased to 19.7% as of Jun-19 from 15.3% as of Mar-19 and 11.2% as of Mar-18. The Company's gross NPA ratio (GNPA%) stood at 8.0% as of Jun-19 lower than the Non-Bank Financial Sector average of 9.2%. However, the same has increased from 6.7% as of Mar-19 and 3.1% as of Mar-18. The GNPA% when adjusted for repossessed stock stood at 5.4%, 4.2% and 2.4% respectively. The increased slippages were witnessed largely because of macro-economic challenges, that affected the disposal income of its borrowers. CDB's collateralized nature of lending (about 96% of portfolio asset backed as of Jun-19) provides comfort with regard to the recoverability of NPA facilities. Going forward, the Company's ability to curtail future slippages, while recovering from current NPA portfolio would be critical.

**Moderation in profitability indicators:** ICRA Lanka takes note of the moderation of CDB's RoA to 2.1% in FY2019 vis a vis 2.2% in FY2018. The same decreased to 1.2% in Q1FY2020. The moderation in profitability was largely on account of sharp increase in credit cost (2.0% in Q1FY2020 vis a vis 1.3% in FY2019 and 0.6% in FY2018), because of deterioration in the asset quality of the portfolio. In addition, the net interest margin (net interest income/average total assets) moderated to about 6.5% in Q1FY2020 vis a vis 7.1% in FY2019 (6.2% in FY2018) largely on account of moderate portfolio growth. The Company's operating expenses (operating expenses/ATA) increased to about 5.0% in FY2019 vis a vis 4.7% in FY2018, however it decreased to 4.5% in Q1FY2020, largely on account of reduced marketing and promotional expenditure. CDB's fee and non-interest income moderated during Q1FY2020 to about 1.0% (1.5% in FY2019 and FY2018 each) because of decrease in business volumes. Going forward, CDB's ability to manage credit cost, as competitive pressures are expected to limit margin expansion going forward, would be crucial for incremental profitability.

**Mismatches in the short-term maturity buckets remain, notwithstanding the reduction in deposit concentration;** CDB's ALM profile is characterized by mismatches in the < 1-year bucket of 11.6% as of Jun-19 (8.9% as of Mar-19 and 14.9% as of Mar-18) because of the near-term maturity profile of its deposits. However, the same has improved when compared to Mar-18 because of long term bank borrowings (about LKR 10.5 Bn) during FY2019 and moderate growth in the portfolio. CDB's funding profile stood at about LKR 74 Bn with 59% exposure to fixed deposits. The exposure to FDs has moderated to 59% each as of Jun-19 and Mar-19 from about 66% as of Mar-18, largely because of increase in long term bank funding (29% each as of Jun-19 and Mar-19 vis a vis 20% as of Mar-18). Further, the Company has witnessed some deposit

outflow because of the non-competitive rates offered when compared to banks. The other exposures included debentures of 5%, securitised borrowings and savings deposits of 3% each.

**Analytical approach:** For arriving at the ratings, ICRA Lanka has applied its rating methodologies as indicated below.

**Links to applicable criteria:** [ICRA Lanka Credit Rating Methodology for Non-Banking Finance Companies](#)

### **About the Company:**

Citizens Development Business Finance PLC, a registered finance company, offers leasing, hire purchase, mortgage loans, gold loans and other personal loans apart from accepting deposits (fixed and savings). The Company was established in 1999 as Ceylinc Development Bank Limited. In 2009 CDB was registered under the Finance Companies Act and re-branded as Citizens Development Business Finance PLC. It was listed on the Colombo Stock Exchange in September 2010. As of Jun-18, CDB's largest shareholder were Ceylinc Insurance PLC (with an effective holding of 40%), CDB's corporate management (about 16%) and Janashakti group (about 12%). The Company operates 71 outlets (including service centres) and has access to over 600 ATMs (in alliance with Commercial Bank) across the island as of June 2018. The Company acquired controlling stake in Unison Capital Leasing (previously known as Laugh Capital Limited) in October 2014 and currently holds about 90% shares of the Company.

During the year ended March 31, 2019, CDB (stand-alone) reported a net profit of LKR 1,710 Mn on a total asset base of LKR 89.4 Bn as compared to net profit of LKR 1,401 Mn on a total asset base of LKR 75.5 Bn in the previous fiscal year.

For the three months ended June 30, 2019, CDB reported a net profit of LKR 275 Mn on a total asset base of LKR 89.7 Bn.

### **Guarantor Profile:**

Seylan Bank PLC (Seylan) is a commercial bank in Sri Lanka with total assets of LKR 475 Bn as of Mar-19. Seylan accounted for 40% of the banking industry assets, 43% of the sector loans and advances and 43% of sector deposits as of March 31, 2019. Seylan commenced operations as a licensed commercial bank in 1987. Major institutional shareholders include Lanka Orix Leasing Company PLC (effective holding of 23%), Sri Lanka Insurance Corporation (15%) and Employee Provident Fund (about 10%).

Seylan recorded a total income of LKR 15,015 Mn for the 3MCY2019 and LKR 54,872 Mn for CY2018 (LKR 49,174 Mn for CY2017). The net profits of Seylan amounted to LKR 903 Mn during 3MCY2019 and LKR 3,189 Mn for CY2018 (LKR 4,430 Mn for CY2017), which resulted in RoA (PAT as a proportion of average assets) of 0.77% and 0.73% (1.16% in CY2017) for the respective periods. Seylan had gross NPA ratios of 3.96% as of Mar-19 and 3.98% as of Dec-18 (4.42% as of Dec-17) and net NPA ratios of 4.57% and 4.60% (3.10% as of Dec-17) respectively for the said periods. Seylan had a net worth of LKR 37,329 Mn as of March 31, 2019 with tier 1 capital adequacy ratio of 9.71% and total capital adequacy ratio of 12.57%.



**Key financial indicators (Audited)**

LKR Mn	FY2018	FY2019	3MFY2020*
Net Interest Income	1,454	5,226	1,418
Profit after Tax	1,401	1,790	275
Net worth	7,152	8,665	9,953
Loans and Advances	59,438	69,133	69,682
Total Assets	75,502	89,432	89,706
Return on Equity	20.9%	21.6%	11.8%
Return on Assets	2.2%	2.1%	1.2%
Gross NPA	3.1%	6.6%	8.0%
Net NPA	0.9%	3.8%	4.9%
Capital Adequacy Ratio	13.9%	11.1%	12.1%
Gearing (times)	8.9	8.7	7.5
Adjusted Gearing (times)	9.3	9.4	7.9

\* Provision

**Rating history for last three years: Citizens Development Business Finance PLC**

Instrument	Amount Rated (LKR Mn)	Current Amount rated (LKR Mn)	Current Rating		Chronology of Rating History for the past 3 years		
			FY2020		FY2019	FY2018	FY2017
			Sep-19	May-19	Oct-18	Nov-17	Jan-17
Issuer rating	N/A	N/A	[SL]BBB+ (Negative)	[SL]BBB+ (Negative)	[SL]BBB+ (Negative)	[SL]BBB+ (Stable)	[SL]BBB (Stable)
Subordinated unsecured redeemable debentures	1,250	1,250	[SL]BBB (Negative)	N/A	N/A	N/A	N/A
Subordinated unsecured redeemable debentures	428	428	[SL]BBB (Negative)	[SL]BBB (Negative)	[SL]BBB (Negative)	N/A	N/A
Subordinated unsecured redeemable debentures	2,000	2,000	[SL]BBB (Negative)	[SL]BBB (Negative)	[SL]BBB (Negative)	N/A	N/A
Subordinated unsecured redeemable debentures	1,000	1,000	N/A	N/A	[SL]BBB (Negative)	[SL]BBB (Stable)	[SL]BBB (Stable)
Subordinated guaranteed redeemable debentures	1,000	1,000	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)

**Rating history for last three years: Citizens Development Business Finance PLC - Trust 03:**

Instrument	Amount Rated (LKR Mn)	Current Amount Rated (LKR Mn)	Current Rating		Chronology of Rating History for the past 3 years		
			FY2020		FY2019	FY2018	FY2017
			Sep-19	May-19	Oct-18		
Trust certificate	428	428	[SL]A-(SO) (Negative) outstanding	[SL]A-(SO) (Negative) outstanding	[SL]A-(SO) (Negative)	N/A	N/A

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### ANNEX III – COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

<b>Managers to the Issue</b> Citizens Development Business Finance PLC Corporate Finance Division No.123, Orabipasha Mawatha, Colombo 10. T: +94 11 2429933 F: +94 11 2429888	<b>Registrar to the Issue</b> P W Corporate Secretarial Services (Pvt) Ltd 3/17, Kynsey Road, Colombo 08. T: +94 11 4640360 F: +94 11 4740588
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### Members of the CSE

Acuity Stockbrokers (Private) Limited Level 6, Acuity House, No. 53, Dharmapala Mawatha, Colombo 03. T: +94 11 2206206 F: +94 11 2206298-9 E: <a href="mailto:sales@acuitystockbrokers.com">sales@acuitystockbrokers.com</a>	Asha Phillip Securities Limited 2nd Floor, Lakshmans Building, No. 321, Galle Road, Colombo 03. T: +94 11 2429100 F: +94 11 2429199 E: <a href="mailto:apsl@ashaphillip.net">apsl@ashaphillip.net</a>
Asia Securities (Private) Limited 2 <sup>nd</sup> Floor, No. 176/1-2/1, Thimbirigasyaya Road, Colombo 05. T: +94 11 7722000 F: +94 11 2584864 E: <a href="mailto:marketinfo@asiasecurities.lk">marketinfo@asiasecurities.lk</a>	Assetline Securities (Private) Limited No.120, 120A, Pannipitiya Road, Battaramulla. T: +94 11 4700100 F: +94 11 4700112, +94 11 4700101 E: <a href="mailto:info@assetline.lk">info@assetline.lk</a>
Nation Lanka Equities (Private) Limited 44, Guildford Crescent, Colombo 07. T: +94 11 4658658 F: +94 11 2688899 E: <a href="mailto:info@nlequities.com">info@nlequities.com</a>	CT CLSA Securities (Pvt) Limited 4-14, Majestic City, 10, Station Road, Colombo 04. T: +94 11 2552290-4 F: +94 11 2552289 E: <a href="mailto:info@ctclsa.lk">info@ctclsa.lk</a>

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<p>Lanka Securities (Private) Limited 228/1, Galle Road, Colombo 04. T: +94 11 4706757, 2554942 F: +94 11 4706767 E: <a href="mailto:lankasec@sltnet.lk">lankasec@sltnet.lk</a></p>	<p>Somerville Stockbrokers (Private) Limited 1A, Park Way, Park road, Colombo 05. T: +94 11 2502852, 2502854, 2502848, 2502862. F: +94 11 2502596 E: <a href="mailto:ssb-web@sltnet.lk">ssb-web@sltnet.lk</a></p>
<p>NDB Securities (Private) Limited Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 04. T: +94 11 2314170-8, 2131000 F: +94 11 2314181 E: <a href="mailto:mail@ndbs.lk">mail@ndbs.lk</a></p>	<p>Bartleet Religare Securities (Pvt) Limited Level "G", "Bartleet House" 65, Braybrooke Place, Colombo 02. T: +94 11 5 220 200 F: +94 11 2 434 985 E-mail: <a href="mailto:info@bartleetstock.com">info@bartleetstock.com</a></p>
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### Trading Members (Equity)

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<p>LOLC Securities (Private) Limited No.481, T.B.Jayah Mawatha, Colombo 10. T: +94 11 5889889 F: +94 11 2662883 E: <a href="mailto:info@lolcsecurities.com">info@lolcsecurities.com</a></p>	<p>Navara Securities (Pvt) Ltd No. 12B, Gregory's Road, Colombo 7. T: +94 11 2358700-20 F: +94 11 5005551 E: <a href="mailto:info@navarasecurities.lk">info@navarasecurities.lk</a></p>
<p>Taprobane Securities (Private) Limited 2nd Floor, No. 10, Gothami Road, Colombo 08. T: +94 11 5328200, 5328100 F: +94 11 5328177 E: <a href="mailto:contact@taprobane.lk">contact@taprobane.lk</a></p>	<p>TKS Securities (Private) Limited 4<sup>th</sup> Floor, No. 245, Dharmapala Mawatha, Colombo 7. T: +94 11 7857799 F: +94 11 7857857 E: <a href="mailto:info@tkslk">info@tkslk</a></p>

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<p>NSB Fund Management Company Limited          No 255, 1<sup>st</sup> Floor, NSB Head Office,          Galle Road,          Colombo 03.          T: +94 11 2 564 601          F: +94 11 2 574 387</p>	<p>Acuity Securities Limited          4<sup>th</sup> Floor, No. 53, Dharmapala Mawatha,          Colombo 03.          T: +94 11 2 206 280          F: +94 11 2 206 290</p>

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**ANNEX IV – CUSTODIAN BANKS**

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Commercial Bank of Ceylon PLC Commercial House, 21, Bristol Street, P.O. Box 853, Colombo 01 Tel: 011 2445010-15, 011 238193-5	Deutsche Bank AG P.O. Box 314, 86, Galle Road, Colombo 03 Tel: 011 2447062, 011 2438057
Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10 Tel: 011 2664664	The Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 2325435, 011 2446591
People's Bank Head Office, 5th Floor, Sir Chittampalam A Gardiner Mawatha, Colombo 02 Tel: 011 2781481, 011 237841-9,	Standard Chartered Bank 37, York Street, P. O. Box 112, Colombo 01 Tel: 011 4794400, 011 2480000
Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02 Tel: 011 5331441	State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 2326133-5, 011 2439405-6

<p>Seylan Bank PLC  Level 8, Ceylinco Seylan Towers,  90, Galle Road,  Colombo 03  Tel: 011 2456789, 011 4701812</p>	<p>Union Bank of Colombo Limited  15A, Alfred Place,  Colombo 03  Tel: 011 2370870</p>
<p>Nations Trust Bank PLC  256, Sri Ramanathan Mawatha,  Colombo 15  Tel: 011 4313131</p>	<p>National Savings Bank  255, Galle Road,  Colombo 03  Tel: 011 2573008-15</p>
<p>Pan Asia Banking Corporation PLC  Head Office  450, Galle Road,  Colombo 03  Tel: 011 2565565</p>	<p>Public Bank Berhard  340, R.A De Mel Mawatha,  Colombo 03  Tel: 011 2576 289</p>



