

# Citizens Development Business Finance PLC

## Interim Financial Statements for the Six Months Ended 30<sup>th</sup> September 2021

### Statement of Financial Position ('000)

As at	30.09.2021	30.09.2020	31.03.2021
	Rs. '000	Rs. '000 *Restated	Rs. '000 Audited
<b>Assets</b>			
Cash and cash equivalents	1,398,578	1,425,633	2,090,509
Financial assets measured at fair value through profit or loss (FVTPL)	156,422	57,938	160,639
Derivative financial assets	122,204	-	198,046
Loans and receivables to banks	2,019,444	2,679,739	2,966,711
Deposits with financial institutions	2,927,398	4,673,535	3,003,275
Loans and receivables to customers	74,080,553	74,778,363	75,058,331
Other investment securities	3,998,159	2,081,971	2,669,959
Investment property	20,198	20,198	20,198
Property, plant and equipment	3,026,138	2,986,731	3,090,338
Intangible assets	125,857	100,520	116,476
Goodwill on amalgamation	244,180	244,180	244,180
Right-of-use assets	738,200	795,891	797,001
Other assets	3,826,676	4,616,067	3,915,306
<b>Total assets</b>	<b>92,684,007</b>	<b>94,460,766</b>	<b>94,330,969</b>
<b>Liabilities</b>			
Derivative financial liabilities	-	92,426	13,142
Deposits from customers	48,812,304	46,202,516	48,999,341
Debentures and subordinated debt	5,403,461	5,249,652	5,089,839
Other interest-bearing borrowings	19,296,248	25,736,321	21,719,986
Lease liabilities	773,530	797,188	810,682
Current tax liabilities	845,475	635,684	1,220,992
Deferred tax liabilities	376,460	650,401	376,460
Retirement benefit obligation	71,098	62,932	9,098
Other liabilities	2,038,754	2,608,131	2,039,209
<b>Total liabilities</b>	<b>77,617,330</b>	<b>82,035,251</b>	<b>80,278,749</b>
<b>Equity</b>			
Stated capital	2,350,363	2,350,363	2,350,363
Reserves	2,646,838	2,279,650	2,495,581
Retained earnings	10,069,476	7,795,502	9,206,276
<b>Total equity</b>	<b>15,066,677</b>	<b>12,425,515</b>	<b>14,052,220</b>
<b>Total liabilities and equity</b>	<b>92,684,007</b>	<b>94,460,766</b>	<b>94,330,969</b>
Net assets value per share (Rs.)	215.88	174.54	201.34

### Selected Performance Indicators as per Regulatory Requirements

Indicator	Company	
	As at 30.09.2021	As at 31.03.2021
<b>Asset Quality (Rs. '000)</b>		
Gross Non-Performing Accommodations	5,734,713	5,412,289
Gross Non-Performing Accommodations Ratio	7.47%	7.00%
Net Non-Performing Accommodations Ratio	1.80%	2.21%
Net Non-Performing Loans to Core Capital Ratio	11.25%	15.35%
Provision Coverage Ratio	77.33%	69.12%
<b>Liquidity (Rs. '000)</b>		
Required Minimum Amount of Liquid Assets	5,966,728	3,201,119
Available Amount of Liquid Assets	7,820,182	7,361,866
Required Minimum Amount of Government Securities	4,049,192	2,831,945
Available Amount of Government Securities	4,609,675	3,232,224
Available Liquid Assets to Required Liquid Assets (Minimum 100%)	131.06%	229.98%
Liquid Assets to External Funds*	10.64%	9.71%
<b>Capital Adequacy</b>		
Core Capital (Tier-1 Capital)	11,556,788	10,888,267
Total Capital Base	14,267,929	13,800,144
Core Capital to Risk Weighted Assets Ratio (Minimum 7%)**	12.88%	12.10%
Total Capital to Risk Weighted Assets Ratio (Minimum 11%)**	15.90%	15.34%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)**	29.23%	28.16%
<b>Profitability</b>		
Net Interest Margin (Annualised)	8.28%	8.10%
Return on Average Assets-After Tax (Annualised)	2.97%	2.73%
Return on Average Equity-After Tax (Annualised)	19.08%	19.99%
Cost to Income Ratio	41.54%	41.00%
<b>Memorandum information</b>		
External Credit Rating	BBB+	BBB+
Number of Employees	1,813	1,842
Number of Branches	70	70
Number of Service Centres	1	1

\*External funds include deposits and borrowings  
\*\*Including current year unaudited profit

### Statement of Profit or Loss and Other Comprehensive Income ('000)

	For the six months ended 30 <sup>th</sup> September		
	2021 Rs. '000	2020 Rs. '000 *Restated	Change %
<b>Revenue</b>	<b>8,144,257</b>	<b>8,300,680</b>	<b>-2%</b>
Interest income	6,897,520	7,406,355	-7%
Less: Interest expenses	3,025,174	4,002,400	-24%
<b>Net interest income</b>	<b>3,872,346</b>	<b>3,403,955</b>	<b>14%</b>
Fees and commission income	138,746	261,091	-47%
Other operating income	1,107,991	633,234	75%
<b>Total operating income</b>	<b>5,119,083</b>	<b>4,298,280</b>	<b>19%</b>
Less: Impairment charges and other credit losses on financial assets	712,711	762,788	-7%
<b>Net operating income</b>	<b>4,406,372</b>	<b>3,535,492</b>	<b>25%</b>
Less: Operating expenses			
Personnel expenses	888,921	695,058	28%
Premises, equipment and establishment expenses	1,012,701	914,894	11%
Other expenses	224,821	244,040	-8%
<b>Total operating expenses</b>	<b>2,126,443</b>	<b>1,853,992</b>	<b>15%</b>
Operating profit before taxes on financial services	2,279,929	1,681,500	36%
Less: Taxes on financial services	355,929	269,317	32%
<b>Profit before tax</b>	<b>1,924,000</b>	<b>1,412,183</b>	<b>36%</b>
Less: Income tax expense	535,000	413,169	29%
<b>Profit for the period</b>	<b>1,389,000</b>	<b>999,014</b>	<b>39%</b>
<b>Other comprehensive income items that will not be reclassified to profit or loss</b>			
Fair value changes in hedge reserve	161,596	-	100%
Equity investments at FVOCI - Net change in fair value	(33,904)	(33,935)	-100%
Net actuarial gain/(loss) on defined benefit plan	(12,000)	(12,000)	0%
<b>Total other comprehensive income</b>	<b>115,692</b>	<b>(45,935)</b>	<b>-352%</b>
<b>Total comprehensive income for the period</b>	<b>1,504,692</b>	<b>953,079</b>	<b>58%</b>
<b>Earnings per share</b>			
Basic earnings per share (Rs.)	19.90	14.31	
Diluted earnings per share (Rs.)**	19.65	14.13	

Figures in brackets indicate deductions.

\*Comparative information for the period ended 30<sup>th</sup> June 2020 have been restated to reflect the effect of amalgamation  
\*\*Diluted EPS has computed considering the effect of employee share option scheme

#### Certification

We, the undersigned, being the Chief Executive Officer, the Financial Controller and the Compliance Officer of Citizens Development Business Finance PLC certify jointly that:

- the above statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007 and Finance Business Act No. 42 of 2011
- the information contained in these statements have been extracted from the unaudited financial statements of the Licensed Finance Company unless indicated as audited

  
C. M. Nanayakkara  
Managing Director/CEO  
20<sup>th</sup> October 2021 Colombo

  
Damith Tennakoon  
Director/Chief Financial Officer

  
Darshana Amerasinghe  
Compliance Officer

**CDB**   
**Your Friend**

Registration No. PB232PQ.  
Date of incorporation: 07<sup>th</sup> September 1995.  
Licensed by the Monetary Board of  
the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.  
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