

Citizens Development Business Finance PLC

Interim Financial Statements for the Six Months Ended 30th September 2018

Consolidated Statement of Financial Position ('000)

| As at | Company | | Group | |
|--|-------------------|------------------------------|-------------------|------------------------------|
| | 30.09.2018 Rs. | Audited 31.03.2018 Rs. | 30.09.2018 Rs. | Audited 31.03.2018 Rs. |
| Assets | | | | |
| Cash and cash equivalents | 898,422 | 2,974,825 | 981,768 | 3,039,663 |
| Financial assets measured at fair value through profit or loss (FVTPL) | 1,643,060 | 1,485,315 | 1,680,740 | 1,519,227 |
| Loans and receivables to banks | 1,676,186 | 1,425,000 | 1,676,186 | 1,475,356 |
| Deposits with licensed commercial banks | 2,948,660 | 2,392,827 | 2,948,660 | 2,392,827 |
| Loans and receivables to customers | 67,229,926 | 59,438,349 | 68,923,195 | 60,585,395 |
| Investment securities | 1,762,855 | 2,471,305 | 1,837,979 | 2,476,583 |
| Investment in subsidiaries | 509,918 | 509,918 | - | - |
| Investment property | 20,198 | 20,198 | 20,198 | 20,198 |
| Property, plant & equipment | 2,176,360 | 2,029,222 | 2,205,217 | 2,042,777 |
| Intangible assets | 85,254 | 86,149 | 85,254 | 101,692 |
| Goodwill on consolidation | - | - | 244,179 | 244,180 |
| Other assets | 3,308,961 | 2,669,002 | 3,602,761 | 2,699,662 |
| Total assets | 82,259,800 | 75,502,110 | 84,206,137 | 76,597,560 |
| Liabilities | | | | |
| Deposits from customers | 47,330,259 | 44,709,832 | 47,311,321 | 44,705,409 |
| Debt securities issued | 4,193,802 | 4,081,033 | 4,193,802 | 4,081,033 |
| Other interest-bearing borrowings | 18,682,945 | 15,114,486 | 20,122,978 | 15,831,490 |
| Current tax liabilities | 711,793 | 443,080 | 733,368 | 445,407 |
| Deferred tax liabilities | 860,819 | 860,819 | 887,200 | 887,200 |
| Retirement benefit obligation | 74,697 | 60,727 | 74,697 | 61,017 |
| Other liabilities | 2,870,467 | 3,079,734 | 3,207,943 | 3,326,267 |
| Total liabilities | 74,724,782 | 68,349,711 | 76,531,309 | 69,337,823 |
| Equity | | | | |
| Stated capital | 1,185,062 | 1,185,062 | 1,185,062 | 1,185,062 |
| Reserves | 1,753,868 | 1,753,868 | 1,758,999 | 1,758,999 |
| Retained earnings | 4,596,088 | 4,213,469 | 4,691,435 | 4,279,468 |
| Total equity attributable to equity holders of the Company | 7,535,018 | 7,152,399 | 7,635,496 | 7,223,529 |
| Non-controlling interest | - | - | 39,332 | 36,208 |
| Total equity | 7,535,018 | 7,152,399 | 7,674,828 | 7,259,737 |
| Total liabilities and equity | 82,259,800 | 75,502,110 | 84,206,137 | 76,597,560 |
| Net Assets Value per Share (Rs.) | 138.75 | 131.71 | 140.60 | 133.02 |

Selected Performance Indicators

| Indicator | Company | |
|---|---------------------|---------------------|
| | As at 30-09-2018 | As at 31-03-2018 |
| Asset Quality (Rs. 000) | | |
| Gross Non-Performing Accommodations ** | 4,309,932 | 1,866,028 |
| Gross Non-Performing Accommodations Ratio, % | 6.29% | 3.07% |
| Net Non-Performing Accommodations Ratio, % | 3.46% | 0.89% |
| Liquidity (Rs. 000) | | |
| Required Minimum amount of Liquid Assets | 5,390,668 | 4,994,271 |
| Available amount of Liquid Assets | 6,215,229 | 7,032,569 |
| Required Minimum amount of Government Securities | 3,166,118 | 2,468,228 |
| Available amount of Government Securities | 3,267,629 | 3,660,306 |
| Capital Adequacy | | |
| Core Capital (Tier 1 Capital) | 6,411,831 | 6,719,404 |
| Total Capital | 8,542,575 | 8,792,223 |
| Core Capital to Risk Weighted Assets ratio (Minimum 5%)* | 8.30% | 10.64% |
| Total Capital to Risk Weighted Assets ratio (Minimum 10%)* | 11.06% | 13.93% |
| Capital Funds to total Deposit Liabilities ratio (Minimum 10%)* | 18.05% | 20.84% |
| Profitability | | |
| Net Interest Margin (Annualised %) | 6.20% | 5.34% |
| Return on Average Assets-After Tax (Annualised %) | 1.68% | 2.17% |
| Return on Average Equity-After Tax (Annualised %) | 18.06% | 20.92% |
| Memorandum information | | |
| Number of Employees | 1,629 | 1,588 |
| Number of branches | 59 | 59 |
| Number of service centres | 11 | 11 |
| Number of pawning centres | 1 | 1 |

* Including current year unaudited profit
** Net of Interest in Suspense

Certification

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

- The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
- The information contained in these statements have been extracted from the unaudited Financial Statements of Citizens Development Business Finance PLC unless indicated as audited.

Sgd.
C.M. Nanayakkara
Managing Director/CEO

Sgd.
Damith Tennakoon
Deputy CEO/Director/CFO

14th November 2018, Colombo.

Consolidated Statement of Profit or Loss and other Comprehensive Income ('000)

| | Company | | | Group | | |
|---|---|------------------|-------------|---|------------------|-------------|
| | For the Six Months Ended 30 th September 2018 | | Change | For the Six Months Ended 30 th September 2017 | | Change |
| | Rs. | Rs. | % | Rs. | Rs. | % |
| Revenue | 7,811,440 | 5,084,910 | 54% | 8,077,382 | 5,197,146 | 55% |
| Interest income | 6,739,952 | 4,511,507 | 49% | 6,974,383 | 4,610,898 | 51% |
| Less: Interest expenses | 4,295,087 | 3,001,457 | 43% | 4,392,976 | 3,030,363 | 45% |
| Net interest income | 2,444,865 | 1,510,050 | 62% | 2,581,407 | 1,580,535 | 63% |
| Fees and commission income | 259,026 | 180,400 | 44% | 296,240 | 195,921 | 51% |
| Net interest, fee and commission income | 2,703,891 | 1,690,450 | 60% | 2,877,647 | 1,776,456 | 62% |
| Other operating income | 812,462 | 393,003 | 107% | 806,759 | 390,327 | 107% |
| Total operating income | 3,516,353 | 2,083,453 | 69% | 3,684,406 | 2,166,783 | 70% |
| Less: Impairment charges and other credit losses on financial assets | 746,892 | 144,024 | 419% | 773,302 | 165,818 | 366% |
| Net operating income | 2,769,461 | 1,939,429 | 43% | 2,911,104 | 2,000,965 | 45% |
| Less: | | | | | | |
| Personnel expenses | 690,331 | 541,331 | 28% | 718,714 | 558,089 | 29% |
| Premises, equipment and establishment expenses | 818,140 | 637,921 | 28% | 848,450 | 656,411 | 29% |
| Other expenses | 238,126 | 243,595 | -2% | 256,833 | 252,558 | 2% |
| Total operating expenses | 1,746,597 | 1,422,847 | 23% | 1,823,997 | 1,467,058 | 24% |
| Operating profit before value added tax (VAT), Nation Building Tax (NBT) on financial services and Crop Insurance Levy (CIL) | 1,022,864 | 516,582 | 98% | 1,087,107 | 533,907 | 104% |
| Less: Value added tax and other taxes | 173,664 | 121,513 | 43% | 187,651 | 127,955 | 47% |
| Profit before tax | 849,200 | 395,069 | 115% | 899,456 | 405,952 | 122% |
| Less: Income tax expense | 186,085 | 144,190 | 29% | 203,342 | 153,145 | 33% |
| Profit for the period | 663,115 | 250,879 | 164% | 696,114 | 252,807 | 175% |
| Profit attributable to: | | | | | | |
| Equity holders of the Company | 663,115 | 250,879 | 164% | 692,463 | 252,621 | 174% |
| Non-controlling interest | - | - | - | 3,651 | 186 | 1863% |
| Profit for the period | 663,115 | 250,879 | 164% | 696,114 | 252,807 | 175% |
| Other comprehensive income | | | | | | |
| Items that will not be reclassified to profit or loss | | | | | | |
| Net actuarial gain/(loss) on defined benefit plan | (8,970) | (8,971) | 0% | (8,970) | (8,971) | 0% |
| Total other comprehensive income (net of tax) | (8,970) | (8,971) | 0% | (8,970) | (8,971) | 0% |
| Total comprehensive income for the period | 654,145 | 241,908 | 170% | 687,144 | 243,836 | 182% |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the Company | 654,145 | 241,908 | 170% | 683,493 | 243,650 | 181% |
| Non-controlling interest | - | - | - | 3,651 | 186 | 1863% |
| Total comprehensive income for the period | 654,145 | 241,908 | 170% | 687,144 | 243,836 | 182% |
| Earnings per share: | | | | | | |
| Basic earnings per share | 12.21 | 4.62 | | 12.75 | 4.65 | |

CDB

Your Friend

No. 123, Orabipasha Mawatha, Colombo 10.

Registration No. PB232PQ

Date of incorporation: 07 September 1995

Licensed by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

Hotline: 011 7 388 388 ICRA[SL] BBB+ (Negative)
Interim Financial Statements can be accessed on our website www.cdb.lk