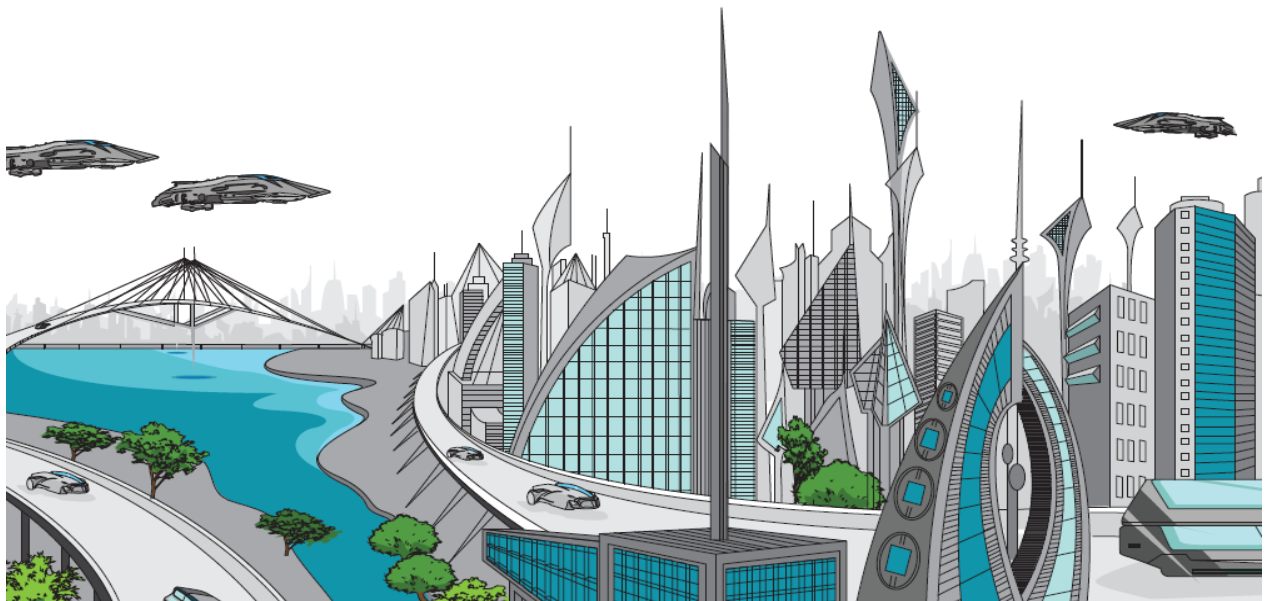


INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 JUNE 2020

ENVISIONING



CITIZENS DEVELOPMENT BUSINESS FINANCE PLC -Interim Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

	Company			Group		
	For the quarter ended			For the quarter ended		
	2020	2019	Change	2020	2019	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	3,884,245	4,000,851	-3%	3,921,422	4,183,130	-6%
Interest income	3,666,205	3,747,662	-2%	3,698,346	3,927,697	-6%
Less: Interest expense	2,017,910	2,329,223	-13%	2,033,160	2,400,822	-15%
Net interest income	1,648,295	1,418,439	16%	1,665,186	1,526,875	9%
Fee and commission income	112,398	119,248	-6%	117,498	135,051	-13%
Other operating income	105,642	133,941	-21%	105,578	120,382	-12%
Total operating income	1,866,335	1,671,628	12%	1,888,262	1,782,308	6%
Less : Impairment charges and other credit losses on financial assets	218,126	438,146	-50%	230,420	460,870	-50%
Net operating income	1,648,209	1,233,482	34%	1,657,842	1,321,438	25%
Less : Operating expenses						
Personnel expenses	298,418	361,524	-17%	298,485	377,526	-21%
Premises, equipment and establishment expenses	432,762	424,288	2%	439,723	440,958	0%
Other expenses	92,179	132,751	-31%	96,769	142,643	-32%
Total operating expenses	823,359	918,563	-10%	834,977	961,127	-13%
Operating profit before taxes on financial services	824,850	314,919	162%	822,865	360,311	128%
Less : Taxes on financial services	143,251	78,500	82%	143,567	87,259	65%
Profit before tax	681,599	236,419	188%	679,298	273,052	149%
Less : Income tax expense	190,602	(38,088)	-600%	191,416	(26,365)	-826%
Profit for the period	490,997	274,507	79%	487,882	299,417	63%
Profit attributable to :						
Equity holders of the Company	490,997	274,507	79%	488,182	297,021	64%
Non-controlling interest	-	-	0%	(300)	2,396	-113%
Profit for the period	490,997	274,507	79%	487,882	299,417	63%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Equity investments at FVOCI - net change in fair value	(8,055)	-	-100%	(8,055)	-	-100%
Net actuarial gain/(loss) on defined benefit plan	(6,000)	(6,000)	0%	(6,000)	(6,000)	0%
Total other comprehensive income	(14,055)	(6,000)	134%	(14,055)	(6,000)	134%
Total comprehensive income for the period	476,942	268,507	78%	473,827	293,417	61%
Earnings per share						
Basic earnings per share (Rs.)	7.04	4.04		6.99	4.41	

Figures in brackets indicate deductions.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Financial Position

As at	Company		Group	
	30-06-2020 Rs. '000	Audited 31-03-2020 Rs. '000	30-06-2020 Rs. '000	Audited 31-03-2020 Rs. '000
Assets				
Cash and cash equivalents	3,926,839	1,347,303	3,930,174	1,391,919
Financial assets measured at fair value through profit or loss (FVTPL)	59,402	56,442	59,402	56,442
Loans and receivables to banks	2,489,225	3,671,353	2,489,225	3,691,374
Deposits with financial institutions	5,024,005	4,387,464	5,024,005	4,387,464
Loans and receivables to customers	73,694,970	71,218,455	73,694,970	72,422,827
Other investment securities	2,776,758	2,319,634	2,776,758	2,362,194
Investment in subsidiaries	2,745	509,918	-	-
Investment property	20,198	20,198	20,198	20,198
Property, plant & equipment	2,985,543	2,938,155	2,985,543	2,950,554
Intangible assets	90,604	80,146	90,604	92,837
Rights-of-use assets	801,045	840,868	801,045	840,868
Goodwill on consolidation	-	-	-	244,180
Other assets	4,797,091	4,458,554	4,797,091	4,734,292
Total assets	96,668,425	91,848,490	96,669,015	93,195,149
Liabilities				
Derivative financial liabilities	40,693	60,440	40,693	60,440
Deposits from customers	43,940,685	43,327,576	43,940,685	43,305,775
Debt securities issued	5,165,167	5,092,096	5,165,167	5,092,096
Other interest-bearing borrowings	29,834,615	26,675,062	29,834,615	27,505,136
Lease liabilities	794,801	804,390	794,801	804,390
Current tax liabilities	1,825,267	1,519,031	1,825,267	1,603,146
Deferred tax liabilities	650,401	650,401	650,401	609,271
Retirement benefit obligation	59,932	28,931	59,932	28,931
Other liabilities	2,654,232	2,463,793	2,655,371	2,629,604
Total liabilities	84,965,793	80,621,720	84,966,932	81,638,789
Equity				
Stated capital	2,350,363	2,350,363	2,350,363	2,350,363
Reserves	2,287,822	2,295,877	2,287,822	2,301,336
Retained earnings	7,064,447	6,580,530	7,063,898	6,847,068
Total equity attributable to equity holders of the Company	11,702,632	11,226,770	11,702,083	11,498,767
Non-controlling interest	-	-	-	57,593
Total equity	11,702,632	11,226,770	11,702,083	11,556,360
Total liabilities and equity	96,668,425	91,848,490	96,669,015	93,195,149
Net assets value per share (Rs.)	167.68	160.86	167.67	164.76

The above figures are subject to audit unless specified.

The financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007 and Finance Business Act No. 42 of 2011.

Sgd.

Damith Tennakoon

Deputy CEO/Director/CFO

The Board of Directors is responsible for the preparation and the presentation of these Financial Statements.

Approved and signed for and on behalf of the Board

Sgd.

Ranga Abeynayake

Chairman

30 July 2020

Colombo

Sgd.

C M Nanayakkara

Managing Director/CEO

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Changes in Equity

Company

	Stated Capital	Reserves			Retained Earnings	Total Equity
		Revaluation Reserve	Fair Value Reserve	Statutory Reserve Fund		
		Rs. '000	Rs. '000	Rs. '000		
Balance as at 1 April 2019	1,185,062	577,574	-	1,662,912	5,239,855	8,665,403
Rights Issue	1,019,356					1,019,356
Total comprehensive income for the period						
Profit for the period					274,507	274,507
Other comprehensive income for the period						
Remeasurement of defined benefit liability/(asset)					(6,000)	(6,000)
Balance as at 30 June 2019	2,204,418	577,574	-	1,662,912	5,508,362	9,953,266
Balance as at 1 April 2020	2,350,363	577,574	(30,216)	1,748,519	6,580,530	11,226,770
Impact of Amalgamation *					(1,080)	(1,080)
Total comprehensive income for the period						
Profit for the period					490,997	490,997
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value			(8,055)			(8,055)
Remeasurement of defined benefit liability/(asset)					(6,000)	(6,000)
Balance as at 30 June 2020	2,350,363	577,574	(38,271)	1,748,519	7,064,447	11,702,632

Figures in brackets indicate deductions.

*Unisons Capital Leasing Limited has amalgamated with Citizens Development Business Finance PLC with effect from 18 May 2020.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Changes in Equity

Group

	Stated Capital	Reserves			Retained Earnings	Shareholders' Equity	Non- Controlling Interest	Total Equity
		Revaluation Reserve	Fair Value Reserve	Statutory Reserve Fund				
		Rs. '000	Rs. '000	Rs. '000				
Balance as at 1 April 2019	1,185,062	577,574	-	1,662,897	5,399,141	8,824,674	45,595	8,870,269
Rights Issue	1,019,356					1,019,356		1,019,356
Total comprehensive income for the period								
Profit for the period					297,021	297,021	2,396	299,417
Other comprehensive income for the period								
Remeasurement of defined benefit liability/(asset)					(6,000)	(6,000)		(6,000)
Balance as at 30 June 2019	2,204,418	577,574	-	1,662,897	5,690,162	10,135,051	47,991	10,183,042
Balance as at 1 April 2020	2,350,363	577,574	(30,386)	1,754,148	6,847,068	11,498,767	57,593	11,556,360
Impact of Amalgamation *			170	(5,629)	(265,352)	(270,811)	(57,293)	(328,104)
Total comprehensive income for the period								
Profit for the period					488,182	488,182	(300)	487,882
Other comprehensive income for the period								
Equity investments at FVOCI - net change in fair value			(8,055)			(8,055)		(8,055)
Remeasurement of defined benefit liability/(asset)					(6,000)	(6,000)		(6,000)
Balance as at 30 June 2020	2,350,363	577,574	(38,271)	1,748,519	7,063,898	11,702,083	-	11,702,083

Figures in brackets indicate deductions.

*Unisons Capital Leasing Limited has amalgamated with Citizens Development Business Finance PLC with effect from 18 May 2020.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Statement of Cash Flow

For the period ended	Company		Group	
	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000
Cash flow from operating activities				
Interest receipts	1,787,937	3,763,709	1,820,078	3,923,817
Commission receipts	50,793	43,067	55,893	49,169
Other income receipts	168,836	16,742	168,900	45,488
Interest payments	(2,119,964)	(2,224,507)	(2,135,214)	(2,300,106)
Fee and business promotion expenses	(51,371)	(99,903)	(55,743)	(103,165)
Employee related payments	(273,234)	(361,524)	(273,301)	(364,107)
Supplier payments	(174,410)	(433,755)	(188,445)	(517,928)
Financial expenses	(9,360)	(4,327)	(9,577)	(5,338)
Operating profit before changes in operating assets	(620,773)	699,502	(617,409)	727,830
<i>(Increase)/Decrease in operating assets</i>				
Investments in financial institutions	565,608	1,333,981	565,608	1,333,981
Investment in Government Securities/Quoted Shares- Trading	(1,374)	303,907	(1,374)	303,907
Net funds advanced to customers	428,255	(972,744)	375,705	(771,596)
Changes in other short-term assets	(10,760)	(148,433)	(2,942)	(94,642)
Inventories	1,748	(17,164)	1,748	(17,164)
	983,477	499,547	938,745	754,486
<i>Increase/(Decrease) in operating liabilities</i>				
Borrowings	2,285,580	(402,227)	2,205,729	(698,210)
Deposits from customers	736,964	(1,130,893)	736,964	(1,130,893)
	3,022,544	(1,533,120)	2,942,693	(1,829,103)
Net Cash Generated / (used in) from operating activities	3,385,248	(334,071)	3,264,029	(346,787)
Contribution to plan assets	(28,000)	(85,000)	(28,000)	(85,000)
Taxation	(15,967)	(21,130)	(15,967)	(24,607)
	3,341,281	(440,201)	3,220,062	(456,394)
Cash flow from investing activities				
Dividend receipts	26,232	25,790	26,232	26,449
Rights issue	-	1,019,356	-	1,019,356
Investment in other investment securities	(494,628)	400,984	(414,564)	400,984
Purchase of property, plant & equipment	(88,403)	(846,561)	(88,403)	(847,046)
Proceed from sale of property, plant & equipment	-	-	-	-
Net cash (used in)/ from investing activities	(556,799)	599,569	(476,735)	599,743
Cash flow from financing activities				
Dividend paid	-	-	-	-
Net change debentures	73,071	72,303	73,071	72,303
Net cash inflows/ (out flows) from financing activities	73,071	72,303	73,071	72,303
Net increase/(decrease) in cash and cash equivalents	2,857,553	231,671	2,816,398	215,652
Cash and cash equivalents at the beginning of the period	873,631	585,413	918,121	643,219
Cash and cash equivalents at the end of the period	3,731,184	817,084	3,734,519	858,871
Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand	1,347,303	1,093,874	1,391,919	1,189,251
Bank overdraft	(473,672)	(508,461)	(473,798)	(546,032)
	873,631	585,413	918,121	643,219
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	3,926,839	1,045,857	3,930,174	1,092,614
Bank overdraft	(195,655)	(228,773)	(195,655)	(233,743)
	3,731,184	817,084	3,734,519	858,871

Figures in brackets indicate deductions.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Company

	Lease and Stock out on Hire		Loans and Advances		Others		Total	
	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000
Interest	2,573,007	2,477,381	916,088	1,006,878	177,110	263,403	3,666,205	3,747,662
Non interest income							218,040	253,189
Segment revenue	2,573,007	2,477,381	916,088	1,006,878	177,110	263,403	3,884,245	4,000,851
Total revenue	2,573,007	2,477,381	916,088	1,006,878	177,110	263,403	3,884,245	4,000,851
Unallocated expenses							3,202,646	3,764,432
Profit from operations							681,599	236,419
Income tax expense							190,602	(38,088)
Profit for the period							490,997	274,507
Segment assets	52,072,632	48,516,112	21,622,338	21,135,488	14,276,229	11,994,677	87,971,199	81,646,277
Unallocated assets							8,697,226	8,059,884
Total assets	52,072,632	48,516,112	21,622,338	21,135,488	14,276,229	11,994,677	96,668,425	89,706,161

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Segmental Analysis

Group

	Lease and Stock out on Hire		Loans and Advances		Others		Total	
	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000	30-06-2020 Rs. '000	30-06-2019 Rs. '000
Interest	2,567,083	2,673,352	954,153	988,541	177,110	265,804	3,698,346	3,927,697
Non interest income							223,076	255,433
Segment revenue	2,567,083	2,673,352	954,153	988,541	177,110	265,804	3,921,422	4,183,130
Total revenue	2,567,083	2,673,352	954,153	988,541	177,110	265,804	3,921,422	4,183,130
Unallocated expenses							3,242,124	3,910,078
Profit from operations							679,298	273,052
Income tax expense							191,416	(26,365)
Profit for the period							487,882	299,417
Segment assets	52,072,632	50,814,992	21,622,338	20,752,383	14,279,564	12,193,202	87,974,534	83,760,577
Unallocated assets							8,694,481	8,239,807
Total assets	52,072,632	50,814,992	21,622,338	20,752,383	14,279,564	12,193,202	96,669,015	92,000,384

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Shareholders' Information

Twenty Largest Shareholders as at 30 June 2020

Ordinary Voting Shares

No	NAME	SHAREHOLDING	(%)
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 INSURANCE PLC A/C NO 2 (GENERAL FUND)	2,379,654	4.00
7	COMMERCIAL BANK OF CEYLON PLC/JANASHAKTHI PLC	2,268,974	3.82
8	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	2,194,152	3.69
9	SEYLAN BANK PLC./JANASHAKTHI PLC	2,173,952	3.66
10	ASIA MANAGEMENT CONSULTANCY (PRIVATE) LIMITED	2,086,143	3.51
11	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,316,247	2.21
12	PEOPLE'S LEASING & FINANCE PLC/ MR. R.H. & MRS. V.F. ABEYGOONWARDENA	1,301,785	2.19
13	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	1,200,888	2.02
14	CEYLINCO LIFE INSURANCE LIMITED ACCOUNT NO.3	892,146	1.50
15	MR. KARTHIK ELANGOVAN	551,486	0.93
16	PEOPLE'S LEASING & FINANCE PLC/MRS.N.D.KODAGODA	503,972	0.85
17	PEOPLE'S LEASING & FINANCE PLC/MR. H.K. DASSANAYAKE	349,115	0.59
18	PEOPLE'S LEASING & FINANCE PLC/MR.I.M.KOTIGALA	327,798	0.55
19	NATION DEVELOPMENT BANK PLC/ ASIA MANAGEMENT CONSULTANCY	325,000	0.55
20	JANASHAKTHI PLC ACCOUNT NO. 1	301,588	0.51
	Sub total of Top 20 Share Holders	49,640,284	83.51
		9,808,796	16.49
	Total	59,449,080	100.00

The percentage of shares held by the public as at 30 June 2020 is 45.15% (with 1,838 public share holders)

Ordinary Non Voting Shares

No	NAME	SHAREHOLDING	(%)
1	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,381,493	13.36
2	J.B. COCOSHILL (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. AMARAKOON MUDIYANSELAGE WEERASINGHE	635,095	6.14
5	MR. YUSUF HUSSEINALLY ABDULHUSSEIN	315,554	3.05
6	PEOPLE'S LEASING & FINANCE PLC/MR.H.M. ABDULHUSSEIN	274,402	2.65
7	MISS RUKAIYA HUSSEINALLY ABDULHUSSEIN	260,653	2.52
8	ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	260,520	2.52
9	MR. MURTAZA ALI JAFFERJEE	256,380	2.48
10	ASKOLD (PRIVATE) LIMITED	248,062	2.40
11	MR. ABBASALLY NURUDDIN ESUFALLY	217,551	2.10
12	MR. MALIK JOSEPH FERNANDO	216,020	2.09
13	MRS.AVANTI MANOJA MOONESINGHE	165,375	1.60
14	MR.UELEEP FAIRLIE GEORGE DALPETHADO	146,258	1.41
15	SEYLAN BANK PLC/TENNAKON MUDIYANSELAGE DAMITH PRASANNA TENNAKON	141,165	1.36
16	MR.SABAPATHI MUDIYANSELAGE PRADEEP LAL JAYARATNE	133,966	1.30
17	MR. ISANKA MADHAWA KOTIGALA	119,060	1.15
18	MR. SENARATHNA SAMARATHUNGA RUWAN NISHANTHA CHANDRAJITH	117,309	1.13
19	GOLD INVESTMENT LIMITED.	108,009	1.04
19	MR.MUKESH ABHAYKUMAR VALABHJI	108,009	1.04
19	JAFFERJEE INVESTMENTS (PVT) LTD.	108,009	1.04
	Sub total of Top 20 Share Holders	7,320,253	70.75
		3,023,415	29.25
	Total	10,343,668	100.00

The percentage of shares held by the public as at 30 June 2020 is 76.51% (with 1,731 public share holders)

Directors' and Chief Executive Officer's Shareholding as at 30 June 2020

Ordinary Voting Shares

Name	Share Holding
MR W.P.C.M. NANAYAKKARA	1,283
PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C.M.NANAYAKKARA	2,399,957
MR. T.M.D.P. TENNAKOON	-
ASSETLINE LEASING COMPANY LTD/MR.T.M.D.P.TENNAKOON	170,151
SEYLAN BANK PLC/TENNAKOON MUDIYANSELAGE DAMITH PRASANNA TENNAKOON	1,200,888
MR. S.V. MUNASINGHE	-
PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	1,316,247
MR. R.H. ABEYGOONEWARDENA / MRS. V.F. ABEYGOONEWARDENA	5,652
PEOPLES'S LEASING & FINANCE PLC/ MR. R.H.ABEYGOONEWARDENA & MRS. V.F. ABEYGOONEWARDENA	1,301,785
MR P.A.J. JAYAWARDENA	513
MR. S.R. ABEYNAYAKE	-
MR. D.A. DE SILVA	-
DIALOG FINANCE PLC/D.A. DE SILVA	117,550
DR. A. DHARMASIRI	-
MR. R. MOHAMED	-
MR. S.P.P. AMARATUNGE	-
MR. J.R.A. CORERA	1,027
PEOPLE'S LEASING & FINANCE PLC/MR.J.R.A. CORERA	21,622
MR. J.P. ABHAYARATNE	-
MR. E.KARTHIK *	551,486
	7,088,161

*With effect from 1 July 2020

Ordinary Non Voting Shares

Name	Share Holding
MR W.P.C.M. NANAYAKKARA	56
MR. T.M.D.P. TENNAKOON	-
SEYLAN BANK PLC/TENNAKOON MUDIYANSELAGE DAMITH PRASANNA TENNAKOON	141,165
MR. S.V. MUNASINGHE	-
MR. R.H. ABEYGOONEWARDENA / MRS. V.F. ABEYGOONEWARDENA	99,653
PEOPLES'S LEASING & FINANCE PLC/ MR. R.H.ABEYGOONEWARDENA & MRS. V.F. ABEYGOONEWARDENA	62,850
MR P.A.J. JAYAWARDENA	22
MR. S.R. ABEYNAYAKE	-
MR. D.A. DE SILVA	-
DR. A. DHARMASIRI	-
MR. R. MOHAMED	-
MR. S.P.P. AMARATUNGE	-
MR. J.R.A. CORERA	10,335
MR. J.P. ABHAYARATNE	-
MR. E.KARTHIK *	-
	314,081

*With effect from 1 July 2020

Market prices for the quarter ended 30 June 2020

	Ordinary Voting Shares		Ordinary Non Voting Shares	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Highest Price	85.00	83.00	60.00	68.00
Lowest Price	60.10	65.80	38.50	57.10
Last Traded	80.00	81.40	56.40	63.10

Floating Adjusted Market Capitalization as at 30 June 2020

	Number of shares	Market price per share	Market Capitalization (Rs.)	Percentage of public holders	Floating Adjusted Market Capitalization (Rs.)
Voting Share	59,449,080	80.00	4,755,926,400	45.15%	2,147,300,770
Non Voting Share	10,343,668	56.40	583,382,875	76.51%	446,346,238
			5,339,309,275		2,593,647,007

Note -

The Float adjusted market capitalization of the Company falls under Option 3 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Explanatory Notes

1 The Company has used the same accounting policies and method of computing described in the audited financial statements of the company for 2019/20 in the preparation of these interim financial statements.

2 Amalgamation of Unisons Capital Leasing Limited with Citizens Development Business Finance PLC

24 October 2014 CDB acquired Laugfs Capital Limited (Unison Capital Leasing Limited) at a purchase consideration of Rs. 425 Mn and became a subsidiary with 86.26% share ownership under the CBSL financial sector consolidation programme.

As at the date of amalgamation share ownership has increased to 90.38% with an investment value of Rs. 507 Mn.

Unisons Capital Leasing Limited has amalgamated with Citizens Development Business Finance PLC in accordance with the provisions of Part VIII of the Companies Act No 7 of 2007 with effect from 18 May 2020 and continue as Citizens Development Business Finance PLC.

The carrying amount of the identifiable assets and liabilities of Unisons Capital Leasing Limited as at the acquisition date and the amalgamation date is as follows :

"000	2020 May	2014 October
Assets		
Cash and cash equivalents	32,718	12,933
Loans and receivables to customers	1,403,787	335,065
Financial investments	142,646	71,066
Property, plant and equipment	24,196	11,000
Trade and other receivables	321,175	10,163
Total Assets	1,924,522	440,227
Liabilities		
Interest-bearing borrowings	1,164,401	220,573
Current tax liabilities	77,652	597
Trade and other liabilities	133,731	9,434
Total liabilities	1,375,784	230,604
Net Assets	548,738	209,623
Result of the amalgamation		
Fair value of the consideration paid	507,172	
Payment for Non-controlling interest	42,645	
Result of the amalgamation	<u>(1,080)</u>	

Business combination is within entities under the common control and result of amalgamation was recognized in the statement of changes in equity of the Company as at the amalgamation date.

3 Company has provided debt moratorium and other concessions for affected customers in line with the directions, guidelines and subsequent amendments issued by the Central Bank of Sri Lanka. Company has adjusted possible impact of debt moratorium calculated as per the guidelines issued by CA Sri Lanka when arriving at the profit for the period.

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Explanatory Notes

- 4 Amalgamation of Fortune Properties Limited with Citizens Development Business Finance PLC is still in process and has not been finalized as yet.
- 5 The Company has completed the deduction of fair value of the investment in Ceylinco Insurance PLC from the computation of Capital Ratios as at 30 June 2020.
- 6 Group financial statements as at 30 June 2020 comprises the consolidation of the Company and its subsidiary Fortune Properties Limited.
- 7 As at 31 March 2020 stated capital represents 59,449,080 ordinary voting shares and 10,343,668 ordinary non voting shares.
- 8 All known expenses have been provided in these financial statements and management fees are not applicable to the Company.
- 9 During the year there were no material changes in the composition of assets, liabilities and contingent liabilities and there is no seasonality and cyclicity affecting the interim operation.
- 10 Mr. Elangovan Karthik has been appointed as an Executive Director of the Company with effect from 1 July 2020.
- 11 Since 30 June 2020, there were no material events other than the above, that require adjustment to or disclosure in these financial statements.
- 12 These financial statements are prepared in accordance with the Sri Lanka Accounting Standard - LKAS 34 " Interim Financial Reporting".

Information on Listed Debentures

Market Price For the Quarter ended 30 June 2020

Rated Subordinated Guaranteed Redeemable Debentures June 2016-June 2021

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A	100.61	100.61	100.61
Type B		NOT TRADED	

Debenture Type	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
Type A	Semi- annually	12.75	13.16
Type B	Semi- annually	06 months net Treasury Bill rate plus 1.50%	

* Type B will have a ceiling of 15% (AER 15.56%) and a floor of 10% (AER 10.25%)

Subordinated Listed Rated Unsecured Redeemable Debentures March 2018-March 2023

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

Debenture Type	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
Type A	Semi- annually	13.75	14.22
Type B	Annually	14.20	14.20

Subordinated Listed Rated Unsecured Redeemable Debentures January 2019-January 2024

Debenture Type	Highest Price Rs.	Lowest Price Rs.	Last Traded Rs.
Type A		NOT TRADED	
Type B	100.00	100.00	100.00

Debenture Type	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
Type A	Semi- annually	15.00	15.56
Type B	Annually	15.50	15.50

Subordinated Listed Rated Unsecured Redeemable Debentures December 2019-December 2024

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

Debenture Type	Interest Payment Frequency	Coupon Rate %	Annual Effective Rate %
Type A	Semi- annually	13.43	13.88
Type B	Annually	13.88	13.88

Interest Rates of Comparable Government Securities

5 Year Treasury Bond (Excluding 10% withholding Tax)	6.71%
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Current Yield & Yield to Maturity

Guaranteed Listed Rated Unsecured Redeemable Debentures June 2016-June 2021

Debenture Type	Current Yield %	Yield to Maturity %
Type A	12.79%	13.50%
Type B		NOT TRADED

Subordinated Listed Rated Unsecured Redeemable Debentures March 2018-March 2023

Debenture Type	Current Yield %	Yield to Maturity %
Type A		NOT TRADED
Type B		NOT TRADED

Subordinated Listed Rated Unsecured Redeemable Debentures January 2019-January 2024

Debenture Type	Current Yield %	Yield to Maturity %
Type A		NOT TRADED
Type B	16.22%	17.09%

Subordinated Listed Rated Unsecured Redeemable Debentures December 2019-December 2024

Debenture Type	Current Yield %	Yield to Maturity %
Type A		NOT TRADED
Type B		NOT TRADED

Debt Equity Ratio (Times)	6.78
Quick Asset Ratio (Times)	0.94
Interest Cover (Times)	1.33

Utilization of Funds Raised Via Capital Market

Debenture Issue March 2016

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	To expand the leasing portfolio	LKR 1 BN	Within the 06 months from date of cash receipt	LKR 1 BN	100%	LKR 1 BN	100%	N/A
2	Improve the Tier II Capital base thus, increasing the Capital Adequacy Ratio (CAR)		With effect from the closure of issue					
3	Reduce the Assets and Liability mismatch		Within 12 months from date of cash receipt					

Debenture Issue March 2018

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	Supporting the general business growth opportunities of the Company	LKR 2 BN	Within the 06 months from date of cash receipt	LKR 2 BN	100%	LKR 2 BN	100%	N/A
2	Improving the Capital Adequacy of the Company's Balance Sheet, by strengthening its Tier II Capital		With effect from the closure of issue					
3	Reducing the mismatch of maturity periods between assets and liabilities		Within 12 months from date of cash receipt					

Debenture Issue January 2019

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	Supporting the general business growth opportunities of the Company	LKR 927,770,000	Within the 06 months from date of cash receipt	LKR 927,770,000	100%	LKR 927,770,000	100%	N/A
2	Improving the Capital Adequacy of the Company's Balance Sheet, by strengthening its Tier II Capital		With effect from the closure of issue					
3	Reducing the mismatch of maturity periods between assets and liabilities		Within 12 months from date of cash receipt					

Debenture Issue December 2019

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilized in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related party/s etc)
1	Supporting the general business growth opportunities of the Company	LKR1,075,200,000	Within the 06 months from date of cash receipt	LKR1,075,200,000	100%	LKR1,075,200,000	100%	N/A
2	Improving the Capital Adequacy of the Company's Balance Sheet, by strengthening its Tier II Capital		With effect from the closure of issue					
3	Reducing the mismatch of maturity periods between assets and liabilities		Within 12 months from date of cash receipt					

Selected Performance Indicators as per regulatory requirements

Indicator	Company	
	As at 30-06-2020	As at 31-03-2020
Asset Quality (Rs. 000)		
Gross Non- Performing Accommodations	5,916,398	5,405,326
Gross Non- Performing Accommodations Ratio %	7.93%	7.54%
Net Non- Performing Accommodations Ratio %	4.27%	4.24%
Liquidity (Rs. 000)		
Required Minimum Amount of Liquid Assets	3,438,296	3,362,939
Available Amount of Liquid Assets	10,758,779	8,674,662
Required Minimum Amount of Government Securities	2,831,945	2,700,775
Available Amount of Government Securities	2,968,879	4,140,960
Capital Adequacy		
Core Capital (Tier 1 Capital)	9,083,640	8,774,785
Total Capital Base	11,523,993	11,368,181
Core Capital to Risk Weighted Assets Ratio (Minimum 6.5%)*	10.14%	10.25%
Total Capital to Risk Weighted Assets Ratio (Minimum 10.5%)*	12.87%	13.29%
Capital Funds to Total Deposit Liabilities Ratio (Minimum 10%)*	26.23%	26.24%
Profitability		
Net Interest Margin (Annualized %)	6.99%	6.91%
Return on Average Assets- After Tax (Annualized %)	2.08%	1.89%
Return on Average Equity- After Tax (Annualized %)	17.08%	17.21%
Memorandum information		
Number of Employees	1,781	1,789
Number of Branches	69	69
Number of Service Centers	1	1
Number of Pawning Centers	1	1

* Including current year unaudited profit

CITIZENS DEVELOPMENT BUSINESS FINANCE PLC - Interim Financial Statements

Corporate Information

Name of the Company

Citizens Development Business Finance PLC

Legal Form

A public quoted company incorporated in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 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 and CDB is an approved credit agency under mortgage Act No. 06 of 1949 and Trust Receipt Ordinance No. 12 of 1947.

Date of Incorporation

07th September 1995

Registration Number

PB 232 PQ

Accounting Year

March 31

Board of Directors

Mr. S.R.Abeynayake *MBA(Sri J), FCA, FCMA*
Chairman / Non Executive Director

Mr. W.P.C.M.Nanayakkara *B.Sc(Mgt), FCMA(UK), MBA(Sri J), CGMA*
Managing Director / Chief Executive Officer/ Executive Director

Mr. R.H.Abeygoonewardena *FCMA(UK), ACMA(Sri), MCPM, CGMA*
Executive Director - Corporate Finance

Mr. Jagath Priyantha Abhayaratne
Non Executive Director

Prof. S.P.P.Amaratunge *B.A. (Econ) (Sp) (SJP); M.A. Econ (Colombo);*
M.Sc.Econ. of Rural Dev. (Saga, Japan); Ph.D. (Kogoshima, Japan)

Mr. Joseph Rene Alastair Corera *CFA (USA), FCMA (UK)*
Independent Non-Executive Director

Prof. A. Dharmasri *B.Sc.Eng., MBA(Sri J), Ph.D(Sri J), MCMi(UK)*
Independent Non Executive Director (Senior Director)

Mr. D.A.De Silva *B. Sc.(Hons), ACMA, CGMA*
Executive Director - Business Operations

Elangovan Karthik *FCIM, FSLIM, B.Sc(Mgt), MBA(PIM), CGMA*
Executive Director - Chief Officer Corporate Affairs
with effect from 1 July 2020

Mr. P.A.J.Jayawardena *LUTCF(USA), CIAM, CMFA*
Non Executive Director

Mr. Razik Mohamed *ACA*
Independent Non Executive Director

Mr. S.V.Munasinghe
Executive Director - Sales and Business Development

Mr. T.M.D.P. Tennakoon *FCMA(UK), CGMA*
Executive Director / Chief Financial Officer / Deputy CEO

Registered Address of Head Office

No 123, Orabipasha Mawatha,
Colombo 10
Sri Lanka
Tel 0094117388388
Fax 0094112429888
E mail cdb@cdb.lk
Web www.cdb.lk

Company Secretary

S.S.P Corporate Services (Private) Ltd
101, Inner Flower Road,
Colombo 03
Sri Lanka
Tel 0094112573894, 0094112576871
Fax 0094112573609
E mail sspsec@sltnet.lk

Company Auditors

KPMG
(Chartered Accountants)
32 A, Sir Mohamed Macan Marker Mawatha,
Colombo 03
Sri Lanka
Tel 0094115426426

Lawyers of the Company

Nithya Partners
No 97A, Galle Road,
Colombo 03.
Sri Lanka

Credit Rating Agency

ICRA Lanka Limited

Bankers

Bank of Ceylon
Commercial Bank of Ceylon PLC
Deutsche Bank
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Union Bank PLC



Citizens Development Business Finance PLC
No. 123, Orabipasha Mawatha, Colombo 10, Sri Lanka
www.cdb.lk

CDB ends 2019/20 on triumphant note despite unforeseen challenges

- **Closes year with Group PAT of Rs 1.8 Bn**
- **2020/21 Q1 Total assets notch Rs 96.7Bn**

Conquering extensive economic destabilization dynamics stemming from the Easter Sunday attacks and Covid-19, Citizens Development Business Finance PLC (CDB) concluded the financial year 2019/20 on a triumphant note with a healthy profit after tax of Rs 1.8 Bn, showing a growth trajectory of 1.6% year-on-year.

The Company's trademark resilience was demonstrated when it weathered the impact of COVID-19 lockdowns in Q1 of FY 2020/21 showcasing a balance sheet of Rs 96.7 Bn as at June 30th 2020 and recorded a profit after tax of Rs 487.9 Mn, a significant growth of 63% compared to the corresponding quarter in the previous year. These results are as per the group audited financial statements for Financial Year ended 31st March 2020 and the interim results for the 1st quarter ended 30th June 2020 released to the Colombo Stock Exchange (CSE) recently.

CDB's Managing Director/CEO Mahesh Nanayakkara is well pleased with the Company's progress during this challenging period, stating, "With our digital and e-commerce focused business strategy, coupled with the integration of sustainability into our business, CDB confidently looks forward to a sustained strong performance in the post-COVID era."

Despite widespread disruptions in consumer behavior and economic activities, CDB achieved a revenue of Rs 17.4 Bn in the financial year 2019/20, which is a growth of 3% year-on-year. Net interest income increased by 21% to Rs 6.6 Bn, while the Group maintained its profit before tax at Rs 2.3 Bn. CDB's consolidated balance sheet as at year-end stood at Rs 93.2 Bn with Rs 11.6 Bn in net assets. The cost to income ratio continued to improve to 48.79%, whilst the return on assets stood at 1.98% and return on equity came to 17.99%. The earnings per share stood at Rs. 26.15 and net asset value per share was Rs.164.76.

In spite of the economic uncertainties which prevailed for much of the year, it is noteworthy that CDB concluded a rights issue with great success. The fully subscribed issue raised fresh capital of Rs 1,019 Mn, strengthening CDB's balance sheet and demonstrating the high level of investor confidence in the company. CDB's strong balance sheet comprises 90% in regular cash flow and income generating assets, including the Company's asset backed loan book, whilst the interest bearing funding composition encompasses a healthy mix of deposits to debt at 57% to 43%, with balanced assets and liabilities maturity status

CDB's robust performance was sustained into the first quarter of the new financial year 2020/21. At the end of Q1, CDB's balance sheet reached Rs 96.7 Bn. Profit after tax increased significantly by 63% reaching Rs 487.9 Mn. CDB's Tier I and Tier II capital ratios stood strong at 10.14% and 12.87% respectively, well above the regulatory threshold. The liquidity ratio at

18.49% is also well above the regulatory minimum of 6%. Meanwhile, the gross Non Performing Loan (NPL) ratio, including revolving yard stocks increased marginally to 7.93%. On a net basis, excluding the revolving yard stock, the NPL came to 2.68%. This is in comparison with 31st March 2020 figures of 7.57% and 2.55% respectively.

In another significant development, the current quarter saw CDB completing the amalgamation of its specialized leasing subsidiary Unisons Capital Leasing Ltd (UCL), under the financial sector consolidation programme of the Central Bank.

CDB's winning streak continued during the year with numerous accolades. CDB was ranked among the Business Today Top 30 for the first time in its 24 year history, was recognized among the 10 Best Corporate Citizens in Sri Lanka at the Best Corporates Citizens Sustainability Awards and won gold in the NBF sector at the National Business Excellence Awards. Strong, stable and visionary, CDB moves ahead in the post COVID-19 era with a team fuelled by motivation, determination and passion to conquer.

END-