

ICRA Lanka confirms the [SL]A-(SO) rating assigned to the Trust Certificates programme of CDB as final

August 17, 2018

| Instrument | Previous Rated Amount (LKR Mn) | Current Rated Amount (LKR Mn) | Rating Action |
|------------------------------|--------------------------------|-------------------------------|---|
| Trust Certificates Programme | 628 | 628 | Confirmed the Provisional [SL]A-(SO) with Stable outlook as final |
| Trust Certificates Programme | 372 | 372 | Provisional [SL]A-(SO) with Stable outlook; withdrawn |
| Total | 1,000 | 1,000 | |

Rating action

ICRA Lanka Limited, subsidiary of ICRA Limited, group company of Moody's Investors Service, has confirmed the provisional rating of [SL]A-(SO) (pronounced SL A minus Structured Obligation) with stable outlook for the issued amount of LKR 628 Mn Trust Certificates of Citizens Development Business Finance PLC Trust-03 as final. ICRA Lanka has withdrawn the provisional issue rating of [SL]A-(SO) assigned for the remaining LKR 372 Mn Trust Certificates of Citizens Development Business Finance PLC Trust-03, at the request of the company, as the same were not issued. The letters SO in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. The SO rating does not represent ICRA Lanka's opinion on the general credit quality of the issuer concerned.

Since the executed transaction documents are in line with the rating conditions, the said rating has now been confirmed as final for the LKR 628 Mn Trust Certificates. For the LKR 372 Mn trust certificates, the rating has been withdrawn, as the same were not issued.

ICRA Lanka has an issuer rating of [SL]BBB+ (pronounced SL triple B plus) with stable outlook for Citizens Development Business Finance PLC (CDB). Please refer to ICRA Lanka's Rating Rationale dated November 29, 2017 on the issuer for more details on the issuer.

About the company:

Citizens Development Business Finance PLC (CDB), set up in 1995 was initially named as Ceylinco Development Bank Limited. In 2009 CDB obtained RFC license and re branded itself as Citizens Development Business Finance PLC. CDB's largest shareholder is Ceylinco life insurance limited with an effective 33.5% stake as of September 30, 2017, while the company ESOP used to own about 25-28% of the shareholding, before the ESOP was distributed among the employees in March 2016. Currently, as one of the relatively larger NBFIs in the Sri Lankan non-banking financial institutions sector, CDB offers leasing, hire purchase, deposits (fixed and savings) and other personal credit facilities. CDB was initially listed in the secondary board of the Colombo Stock Exchange and was transferred to the main board in December 2010. CDB operates 69 outlets and over 600 ATMs across the island as of March 2018. The company acquired controlling stake in Unison Capital Leasing (previously known as Laughs Capital Limited) and currently holds over 90% shares of the company.

During the year ended March 31, 2018 CDB (stand-alone) reported a net profit of LKR 1,401 Mn on a total asset base of LKR 75.5 Bn as compared to net profit of LKR 1,007 Mn on a total asset base of LKR 53.9 Bn in the previous fiscal year.

For the three months ended June 30, 2018 CDB reported a net profit of LKR 321 Mn on a total asset base of LKR 79.0 Bn.

ANALYST CONTACTS

Mr. Vidura Welathanthri

+94 11 4339907
vidura@icralanka.com

Mr. Dasith Fernando

+94 11 4339907
dasith@icralanka.com

Mr. A.M Karthik

+91 44 45964308
a.karthik@icraindia.com

RELATIONSHIP CONTACT

Mr. W. Don Barnabas

+94 11 4339907
wdbarnabas@icralanka.com



Subsidiary of

ICRA Limited

A Group Company of Moody's Investors Service

CORPORATE OFFICE

Level 10, East Tower, World Trade Center, Colombo 01, Sri Lanka

Tel: +94 11 4339907; Fax: +94 11 2333307

Email: info@icralanka.com; Website: www.icralanka.com

© Copyright, 2018 ICRA Lanka Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA Lanka.

ICRA Lanka ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA Lanka ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA Lanka rating is a symbolic indicator of ICRA Lanka's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icralanka.com or contact ICRA Lanka's office for the latest information on ICRA Lanka ratings outstanding. All information contained herein has been obtained by ICRA Lanka from sources believed by it to be accurate and reliable, including the rated issuer. ICRA Lanka however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Lanka in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA Lanka or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA Lanka shall not be liable for any losses incurred by users from any use of this publication or its contents.