

## 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Trust Certificates Programme	372	372	Provisional [SL]A-(SO) with Stable outlook; withdrawn
<b>Total</b>	<b>1,000</b>	<b>1,000</b>	

### 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 ICRA Lanka has withdrawn the provisional issue rating of [SL]A-(SO) assigned for the remaining LKR 372 Mn Trust Certificates of Citizens Development Business Finance PLC Trust-03, at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 For the LKR 372 Mn trust certificates, the rating has been withdrawn, as the same were not issued.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.

### Rating history for last three years: Citizens Development Business Finance PLC – Securitization 03:

Instrument	Current Rating (FY2019)		Chronology of Rating History for the past 3 years				
	Type	Amount Rated (LKR Mn)	August 2018	Jun 2018	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
Trust certificates	N/A	628	Final [SL]A-(SO) (Stable)	Provisional [SL]A-(SO) (Stable)	N/A	N/A	N/A
Trust certificates	N/A	372	[SL]A-(SO) (Stable); withdrawn	Provisional [SL]A-(SO) (Stable)	N/A	N/A	N/A

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

Instrument	Current Rating (FY2019)			Chronology of Rating History for the past 3 years						
	Type	Amount Rated (LKR Mn)	Date & Rating Jun 2018	Rating in FY2018	Rating in FY2017	Rating in FY2016	Jan 2018	Nov 2017	Jan 2017	Sep 2015
1 Issuer rating	N/A	N/A	N/A	[SL]BBB+ (Stable)	[SL]BBB+ (Stable)	[SL]BBB (Stable)	[SL]BBB+ (Stable)	[SL]BBB+ (Stable)	[SL]BBB (Stable)	[SL]BBB (Stable)
2 Subordinated unsecured redeemable debentures	Long Term	2,000	N/A	[SL]BBB (Stable)	N/A	N/A	[SL]BBB (Stable)	N/A	N/A	N/A
3 Subordinated unsecured redeemable debentures	Long Term	1,000	N/A	[SL]BBB (Stable)	[SL]BBB (Stable)	[SL]BBB- (Stable)	[SL]BBB (Stable)	[SL]BBB (Stable)	[SL]BBB- (Stable)	N/A
4 Subordinated guaranteed redeemable debentures	Long Term	1,000	N/A	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	[SL]A-(SO) (Stable)	N/A

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