

ICRA Lanka withdraws ratings on the unissued Subordinated Debentures of Citizens Development Business Finance PLC

March 04, 2019

Instrument*	Rated Amount (LKR Mn)	Rating Action
Subordinated, unsecured, listed redeemable debentures programme	322	[SL]BBB (Negative); Withdrawn
Issuer Rating	NA	[SL]BBB+ (Negative); Outstanding
Subordinated, unsecured, listed redeemable debentures programme	928	[SL]BBB (Negative); Outstanding
Trust Certificates Programme of Citizens Development Business Finance PLC Trust-03	628	[SL]A-(SO) (Negative); Outstanding
Subordinated, unsecured, listed redeemable debentures programme	2,000	[SL]BBB (Negative); Outstanding
Subordinated guaranteed listed redeemable debentures	1,000	[SL]A-(SO) (Stable); Outstanding

Rating action

ICRA Lanka Limited, subsidiary of ICRA Limited, a group company of Moody's Investors Service, has withdrawn the issue rating of [SL]BBB (pronounced SL Triple B) with negative outlook on the subordinated, unsecured, listed redeemable debentures amounting to LKR 322 Mn of Citizens Development Business Finance PLC (CDB or the Company) at the request of the Bank, as the same were not issued.

ICRA Lanka has a [SL]BBB+ (Negative) issuer rating outstanding on the company. ICRA Lanka also has outstanding issue ratings of [SL]BBB (Negative) for CDB's two subordinated, unsecured, listed redeemable debentures amounting to LKR 928 Mn and LKR 2,000 Mn each. The Trust Certificates Programme of Citizens Development Business Finance PLC Trust-03 has an outstanding rating of [SL]A-(SO) (Negative) and the subordinated guaranteed listed redeemable debentures programme has an outstanding rating of [SL]A-(SO) (Stable).

Please refer to the detailed rationale dated October 26, 2018.

Company Profile

Citizens Development Business Finance PLC, a registered finance company, offers leasing, hire purchase, mortgage loans, gold loans and other personal loans apart from accepting deposits (fixed and savings). The company was established in 1995 as Ceylinco Development Bank Limited. In 2009 CDB was registered under the Finance Companies Act and re-branded as Citizens Development Business Finance PLC. It was listed on the Colombo Stock Exchange in September 2010. As of Dec-18, CDB's largest shareholders were Ceylinco Insurance PLC (with an effective holding of 40%), CDB's corporate management (about 16%) and Janashakthi group (about 12%). The company operates 71 outlets (including service centres) and has access to over 600 ATMs (in alliance with Commercial Bank) across the island as of December 2018. The company acquired controlling stake in Unison Capital Leasing (previously known as Laughs Capital Limited) in October 2014 and currently holds about 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 nine months ended December 31, 2018, CDB reported a net profit of LKR 1,041 Mn on a total asset base of LKR 88.0 Bn.

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