

CREDIT RATING REPORT
On
LANKAN ALLIANCE FINANCE LIMITED

REPORT: RR/35589/20

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL long-term rating is valid for only one year and short term rating for six months from the date of rating. After the above periods, these ratings will not carry any validity unless the financial institution goes for rating surveillance. CRISL followed Bank/FI Rating Methodology published in CRISL website www.crislbd.com

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Entity Rating

Long Term: A
Short Term: ST-3

Outlook: Stable

**LANKAN ALLIANCE
FINANCE LIMITED**

**DATE OF
INCORPORATION**
September 27, 2003

CHAIRMAN
Jowher Rizvi

**CHIEF EXECUTIVE
OFFICER**
Prashad Samantha

PAID UP CAPITAL
TK.1,000.00 million

EQUITY
TK.1,165.41 million

TOTAL ASSETS
TK.2,244.45 million

Public limited company

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Date of Rating: June 10, 2020	Valid up to: June 09, 2021	
	Long Term	Short Term
Entity Rating	A	ST-3
Outlook	Stable	

1.0 RATING RATIONALE

CRISL has reaffirmed the Long Term rating to 'A' (pronounced as Single A) and the Short Term rating to 'ST-3' of Lankan Alliance Finance Limited (LAFL) based on both relevant qualitative and quantitative information up-to the date of rating. The above ratings have been assigned based on some fundamentals such as good capital base, good asset quality, renowned local sponsors, proven track record of the joint venture partner etc. However, the above factors are constrained to some extent by limited core business and credit portfolio, large loan exposure, concentrated loan and deposit portfolio and IT infrastructure at developing stage, etc.

The Long Term rating implies that entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The Short Term rating indicates good certainty of timely repayment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to financial and capital markets is good with small risk factors.

CRISL also views the company with "Stable Outlook" for its steady business growth and consistent fundamentals.

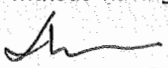
2.0 CORPORATE PROFILE

2.1 Genesis

Lankan Alliance Finance Limited (LAFL), a Joint Venture Non-Banking Financial Institution (NBFI), has been operating in Bangladesh since 2017. The company was initially incorporated with the name of Alliance Leasing & Finance Company Limited on September 27, 2003 as a Public Limited Company under the Company Act, 1994. The company has been operating its business activities from the year 2017. Subsequently, the company has formed a Joint Venture in June 2017 with a renowned and largest Sri Lankan non-banking financial institution namely People's Leasing & Finance PLC and changed its name as Lankan Alliance Finance Limited in December, 2017.

People's Leasing & Finance PLC (PLF), a subsidiary of Government owned People's Bank, is a publicly quoted listed company with Colombo Stock Exchange. PLF is providing value added financial services to Sri Lankans over the last twenty five years. Total assets of PLF stood at Rs.172.54 billion and total credit portfolio stood at Rs.151.71 billion as on March 31, 2019. Consolidated net interest income and net profit after tax of PLF stood at Rs. 16.34 billion and Rs. 5.01 billion respectively for the year ended 31 March, 2019. Total gross non-performing loan of PLF stood at 3.90% in the year 2019. PLF rated as 'AA-' credit rating by Fitch Ratings Lankan and 'B-' rating by Fitch Ratings International.

LAFL was initially formed with a paid-up capital of Tk.10.00 million against an authorized capital of TK.1,000.00 million. However, the paid up capital of the company has been increased to Tk.1,000 million on December 31, 2017. Total asset size of LAFL stood at Tk.2,244.45 million as on December 31, 2019 compared to Tk.1,626.73 million of previous year. LAFL is currently operating its business activities from its head-office located at Laila Tower (Level-10), 8 South Gulshan Avenue, Gulshan-1, Dhaka 1212 without having any branch network.


For President & CEO
Md. Asiful Haq
Chief Rating Officer
Credit Rating Information and Services Ltd.