

# Ranking of Listed Finance Companies in Sri Lanka

4<sup>th</sup> Quarter 2019/20 – 1<sup>st</sup> January to 31<sup>st</sup> March

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*Your Corporate House*

K SEEDS INVESTMENTS

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# Executive summary

Licensed finance companies in Sri Lanka has become a hot topic at an economical and political environment where they have significant exposure to higher risk customers as compared to licensed banks and the regulatory authorities who want to see the already high number of finance companies being consolidated. These circumstances make it an utmost important matter to monitor the financial health and status of the licensed finance companies that depositors often fall victim to, due to their failure.

At K Seeds Investments (Pvt) Ltd, we have consistently made an attempt on this throughout the series of reports on the finance sector of Sri Lanka, which evaluates the financial performance of a number of finance companies in order to provide useful and timely information to those who are concerned on the financial status of them.

In the randomly chosen sample are listed licensed finance companies which are evaluated based on the latest quarterly financial statements published. The finance companies are categorized into four categories based on the size of the asset base.

At the second stage, they are ranked based on a number of Key Performance Indicators (KPIs) which are given an equal weighting. We consider the selected KPIs to be most relevant for evaluating the financial performance of finance companies.

We expect the reader would gain valuable insights on the finance sector of Sri Lanka through this report and would facilitate prudent decision making for investment purposes, although we would not guarantee the survival of any finance company being considered.

# Basis of Categorization

Licensed Finance Companies are ranked based on the size of the asset base of each company, where those with an asset base over R.s 100 Bn are allocated to category 1, from R.s 20 to 100 Bn are allocated to category 2, from R.s 10 to 20 Bn are allocated to category 3 and the remaining companies with an asset base below R.s 10 Bn are allocated to category 4.

## Category 1

Asset Base > 100 Bn

## Category 2

Asset Base 20 to  
100 Bn

## Category 3

Asset Base 10 to  
20 Bn

## Category 4

Asset Base < 10 Bn

# Categorized List of Finance Companies

## Category 1

1. People's Leasing and Finance (PLC)
2. LB Finance (LFIN)
3. LOLC Finance (LOFC)
4. Central Finance Company (CFIN)

## Category 2

1. Merchant Bank of Sri Lanka and Finance (MBSL)
2. Vallibel Finance (VFIN)
3. Citizens Development Business Finance (CDB)
4. Commercial Leasing and Finance (CLC)
5. Mercantile Investments and Finance (MERC)
6. Commercial Credit and Finance (COCR)
7. Alliance Finance Company (ALLI)
8. Softlogic Finance (CRL)
9. Siyapatha Finance (SLFL)
10. Senkadagala Finance (SFCL)
11. Singer Finance (Lanka) (SFIN)
12. HNB Finance Limited (HNBF)

## Category 3

1. Asia Asset Finance (AAF)
2. LOLC Development Finance (NIFL)
3. Orient Finance (BFN)
4. Trade Finance and Investments (TFIL)
5. AMW Capital Leasing and Finance (AMCL)
6. Arpico Finance Company (ARPI)

## Category 4

1. Abans Finance (AFSL)
2. Associated Motor Finance Company (AMF)
3. Bimputh Finance (BLI)
4. Dialog Finance (CALF)
5. Multi Finance (MFL)
6. People's Merchant Finance (PMB)
7. Prime Finance (GSF)
8. Sinhaputhra Finance (SFL)
9. Nation Lanka Finance (CSF)

# Basis of Ranking

Ranking has been arrived at based on the following KPIs which are weighted equally.

▪ Cost to Income Ratio (Excluding Impairment)	$\frac{\text{Operating Cost}}{\text{Operating Income (Net of Interest and Commission)}}$
▪ Return on Equity	$\frac{\text{Profit to Equity Holders}}{\text{Average Equity}}$
▪ Return on Assets	$\frac{\text{Profit After Tax}}{\text{Average Assets}}$
▪ Net Profit Margin	$\frac{\text{Profit After Tax}}{\text{Revenue}}$
▪ Net Interest Margin	$\frac{\text{Net Interest income}}{\text{Average Interest Earning Assets}}$
▪ Impairment to Loan Book	$\frac{\text{Impairment}}{\text{Average Loans and Advances}}$
▪ Net Profit Growth	$\frac{\text{Profit After Tax 4Q2019}}{\text{Profit After Tax 4Q2018}} - 1$
▪ Deposit Growth	$\frac{\text{Deposits Due to Customers 4Q2019}}{\text{Deposits Due to Customers 3Q2019}} - 1$
▪ Loan Growth	$\frac{\text{Loans and Advances to Customers 4Q2019}}{\text{Loans and Advances to Customers 3Q2019}} - 1$



# Category I

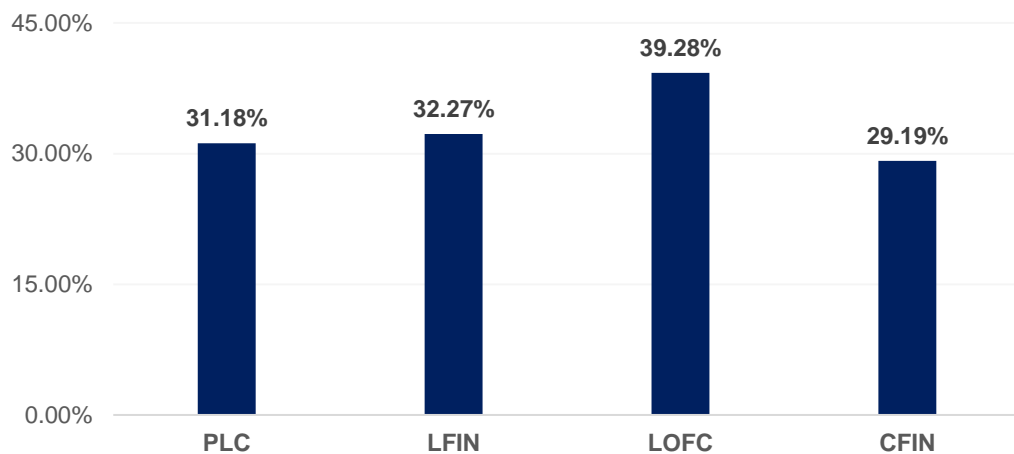
## Overall Ranking

Rank	Company	Code
1	LB Finance	LFIN
2	LOLC Finance	LOFC
3	Central Finance Company	CFIN
4	People's Leasing and Finance	PLC

## Other Information

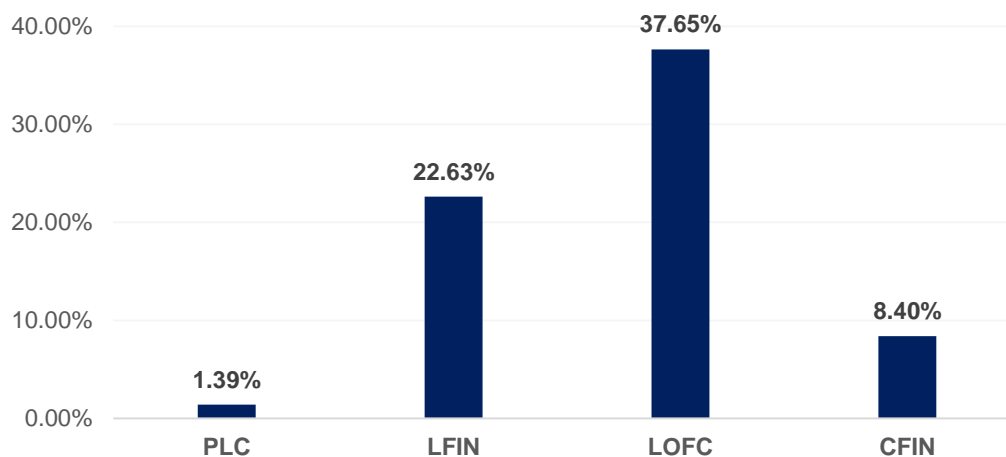
Company Code	Revenue ('000)	YOY Growth (%)	Profit ('000)	YOY Growth (%)	Assets ('000)	Market Capitalization ('000)	(1) No. of Employees
LFIN	7,448,756	-3.3%	1,266,773	-18.8%	143,963,719	16,827,997	3,606
LOFC	12,966,964	-1.3%	2,819,185	-28.5%	191,888,346	11,550,000	2,901
CFIN	5,865,369	8.1%	741,744	0.5%	107,185,053	17,874,624	1,892
PLC	8,266,000	-5.2%	105,000	-91.8%	171,660,000	19,857,981	2,401

## Cost to Income



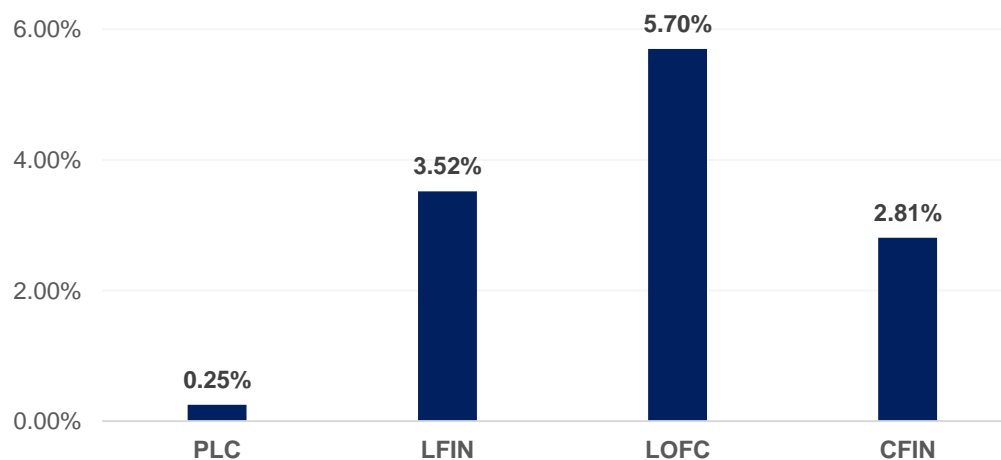
Company Code	4Q 2019
PLC	31.18%
LFIN	32.27%
LOFC	39.28%
CFIN	29.19%

## Return on Equity



Company Code	4Q 2019
PLC	1.39%
LFIN	22.63%
LOFC	37.65%
CFIN	8.40%

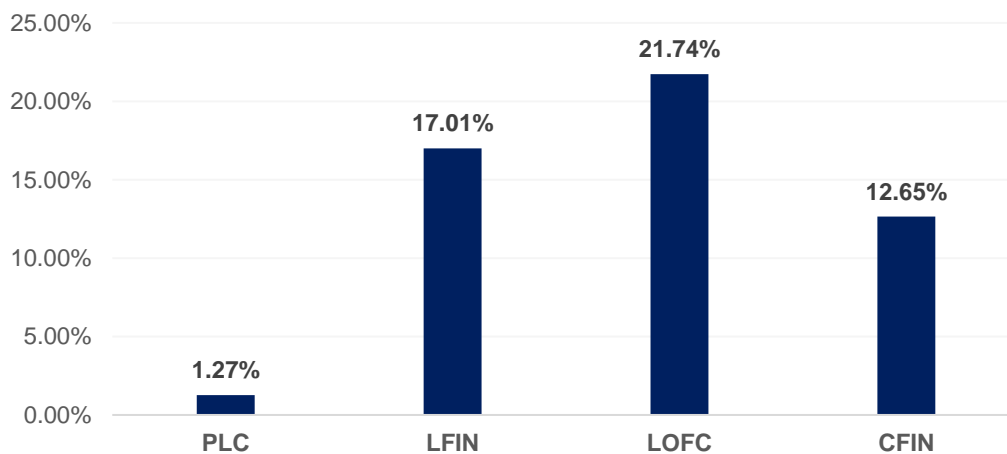
## Return on Assets



Company Code	4Q 2019
PLC	0.25%
LFIN	3.52%
LOFC	5.70%
CFIN	2.81%

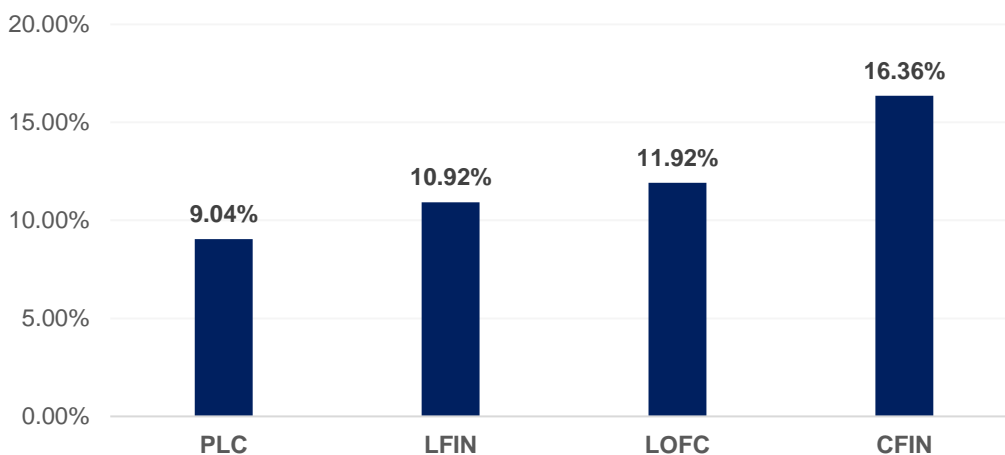


## Net Profit Margin



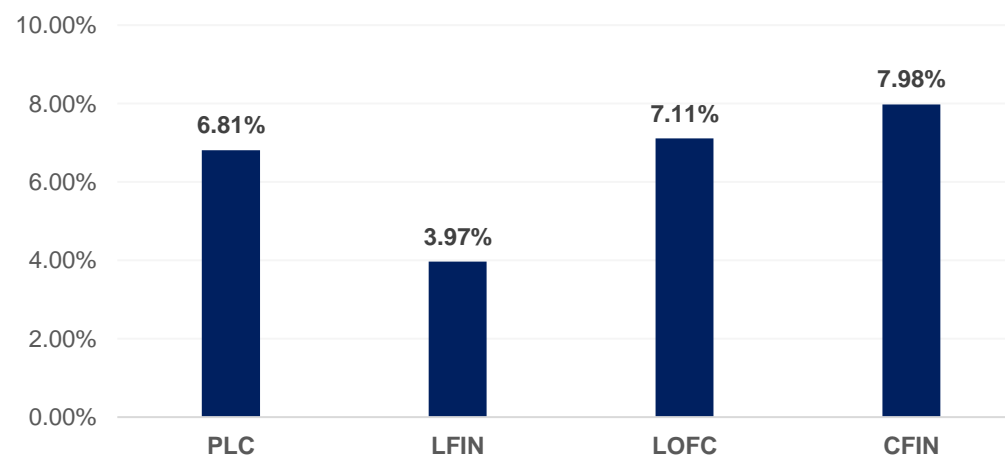
Company Code	4Q 2019
PLC	1.27%
LFIN	17.01%
LOFC	21.74%
CFIN	12.65%

## Net Interest Margin



Company Code	4Q 2019
PLC	9.04%
LFIN	10.92%
LOFC	11.92%
CFIN	16.36%

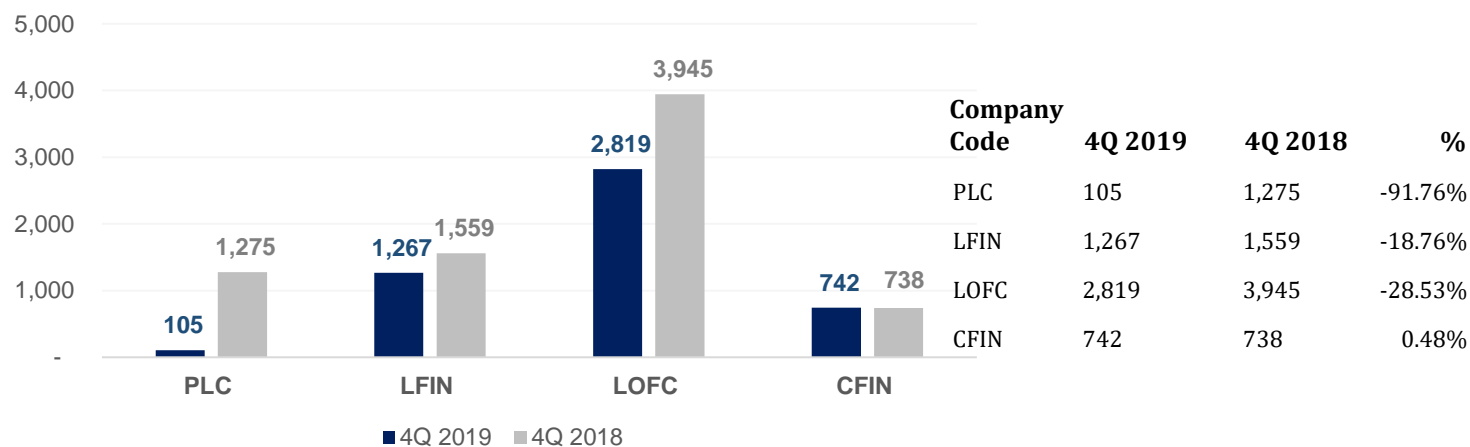
## Impairment to Loan Book



Company Code	4Q 2019
PLC	6.81%
LFIN	3.97%
LOFC	7.11%
CFIN	7.98%

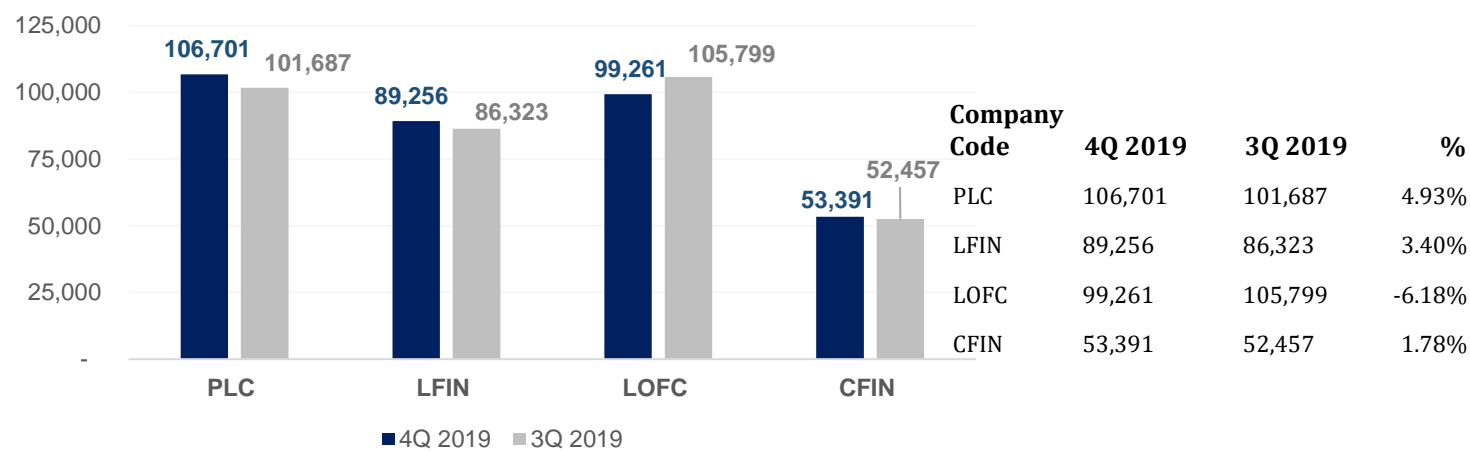
## Net Profit Growth

R.S In Millions



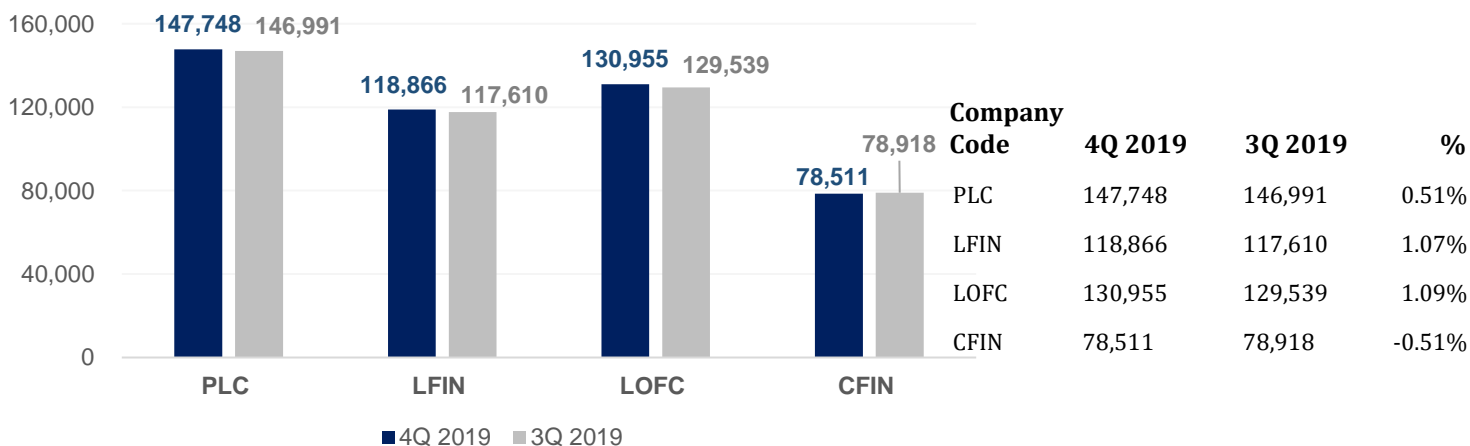
## Deposit Growth

R.S In Millions



## Loan Growth

R.S In Millions



# Category 2

## Overall Ranking

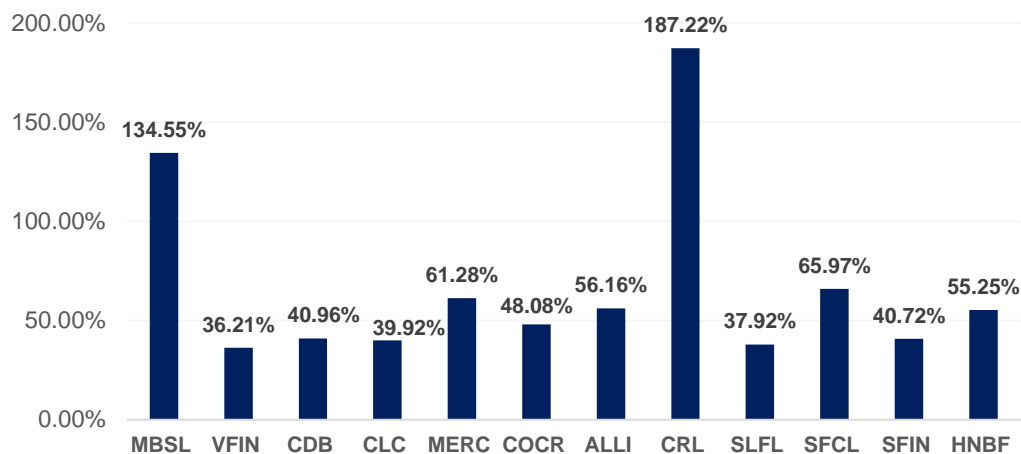
Rank	Company	Code
1	Singer Finance (Lanka)	SFIN
2	Citizens Development Business Finance	CDB
3	Vallibel Finance	VFIN
4	Siyapatha Finance	SLFL
5	Commercial Leasing and Finance	CLC
6	Mercantile Investments and Finance	MERC
7	Commercial Credit and Finance	COCR
8	Senkadagala Finance	SFCL
9	HNB Finance Limited	HNBF
10	Alliance Finance Company	ALLI
11	Merchant Bank of Sri Lanka and Finance	MBSL
12	Softlogic Finance	CRL

## Other Information

Company Code	Revenue ('000)	YOY Growth (%)	Profit ('000)	YOY Growth (%)	Assets ('000)	Market Capitalization ('000)	(1) No. of Employees
SFIN	1,194,118	7%	165,219	7.9%	22,547,442	1,737,837	624
CDB	4,226,238	3.3%	722,567	7.9%	91,974,729	4,749,675	1,800
VFIN	2,416,731	2.3%	329,857	-9.4%	51,436,891	3,155,076	979
SLFL	2,034,124	10.2%	126,851	82.0%	42,952,749	-	710
CLC	4,030,427	3.7%	358,390	209.9%	69,631,675	11,479,880	1,407
MERC	1,875,373	2.7%	75,373	-5.5%	42,867,193	7,815,600	1,094
COCR	5,077,346	-7.5%	307,473	-43.7%	80,263,433	5,820,761	2,863
SFCL	1,548,193	-18.5%	95,979	-70.9%	35,652,993	6,667,706	797
HNBF	2,226,545	-6.1%	17,337	-87.9%	38,038,892	9,354,310	1,965
ALLI	1,894,089	-0.6%	14,940	-80.77%	33,945,296	1,159,142	1,282
MBSL	1,399,557	-12.1%	(158,557)	-115.8%	35,921,442	928,016	1,023
CRL	794,480	-25.3%	(389,301)	-515.2%	21,746,592	1,188,747	475

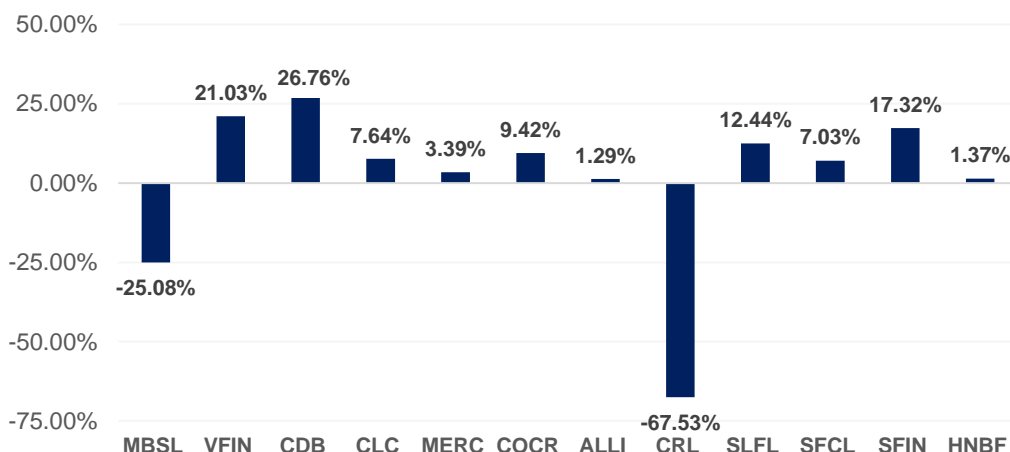
(1) Based on latest annual financial statements

## Cost to Income



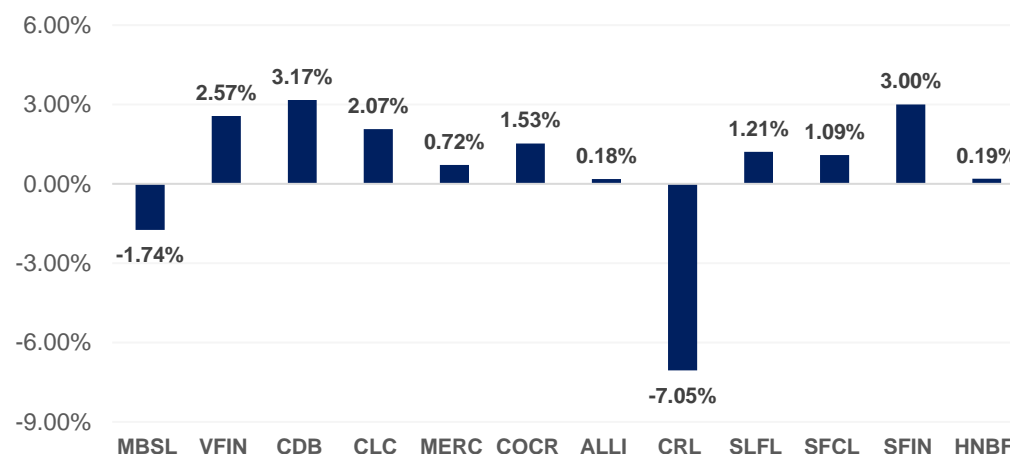
Company Code	4Q 2019
MBSL	134.55%
VFIN	36.21%
CDB	40.96%
CLC	39.92%
MERC	61.28%
COCR	48.08%
ALLI	56.16%
CRL	187.22%
SLFL	37.92%
SFCL	65.97%
SFIN	40.72%
HNBF	55.25%

## Return on Equity



Company Code	4Q 2019
MBSL	-25.08%
VFIN	21.03%
CDB	26.76%
CLC	7.64%
MERC	3.39%
COCR	9.42%
ALLI	1.29%
CRL	-67.53%
SLFL	12.44%
SFCL	7.03%
SFIN	17.32%
HNBF	1.37%

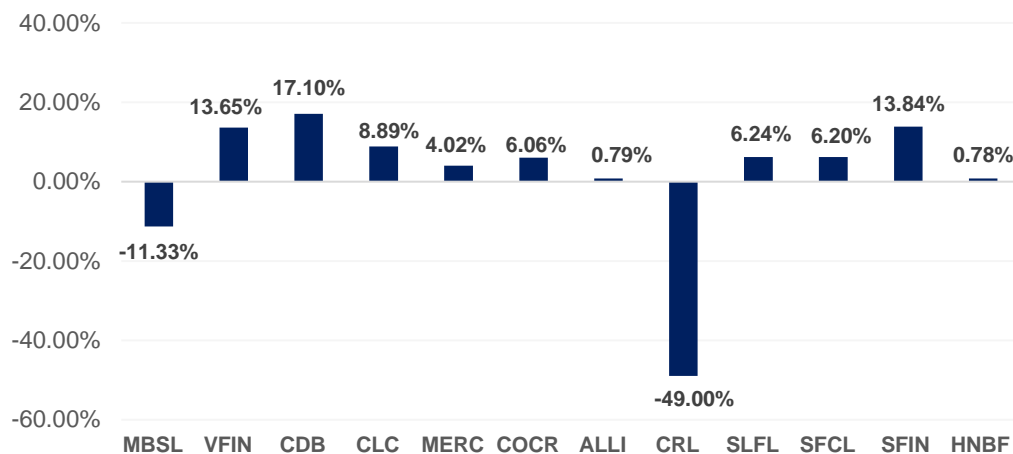
## Return on Assets



Company Code	4Q 2019
MBSL	-1.74%
VFIN	2.57%
CDB	3.17%
CLC	2.07%
MERC	0.72%
COCR	1.53%
ALLI	0.18%
CRL	-7.05%
SLFL	1.21%
SFCL	1.09%
SFIN	3.00%
HNBF	0.19%

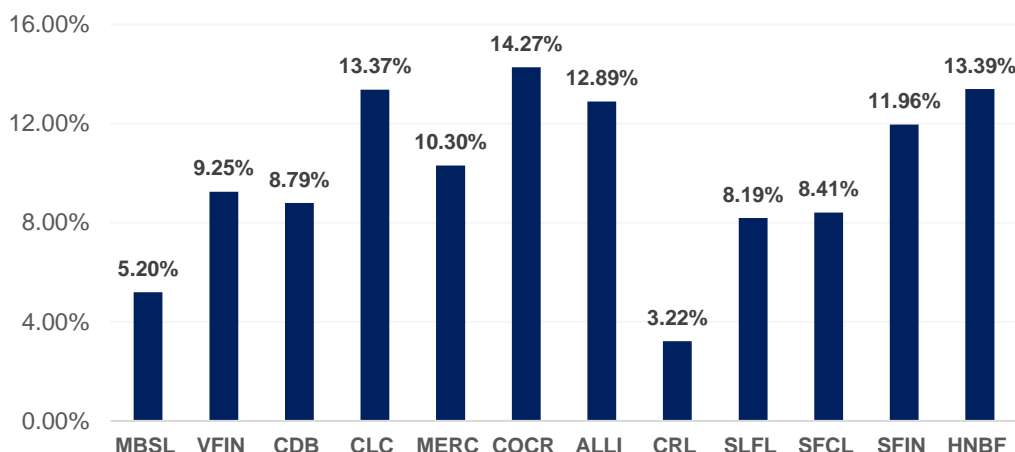


## Net Profit Margin



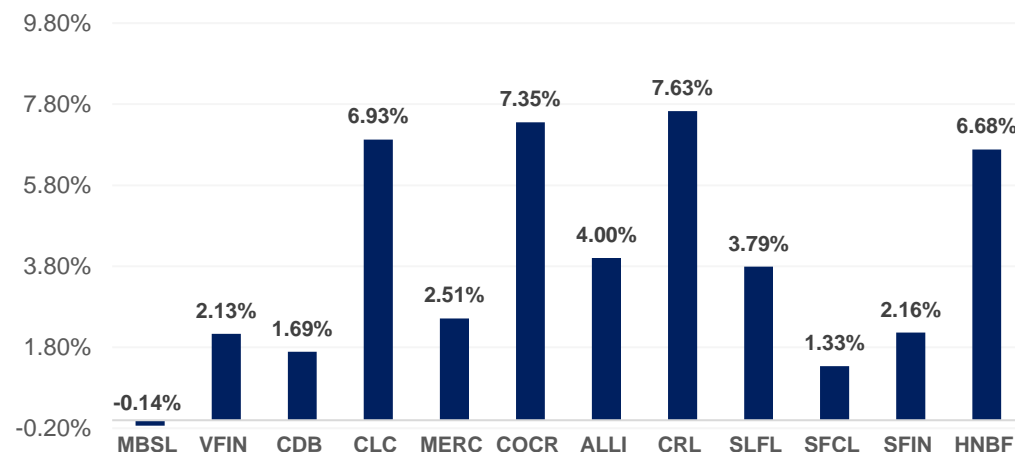
Company Code	4Q 2019
MBSL	-11.33%
VFIN	13.65%
CDB	17.10%
CLC	8.89%
MERC	4.02%
COCR	6.06%
ALLI	0.79%
CRL	-49.00%
SLFL	6.24%
SFCL	6.20%
SFIN	13.84%
HNBF	0.78%

## Net Interest Margin



Company Code	4Q 2019
MBSL	5.20%
VFIN	9.25%
CDB	8.79%
CLC	13.37%
MERC	10.30%
COCR	14.27%
ALLI	12.89%
CRL	3.22%
SLFL	8.19%
SFCL	8.41%
SFIN	11.96%
HNBF	13.39%

## Impairment to Loan Book

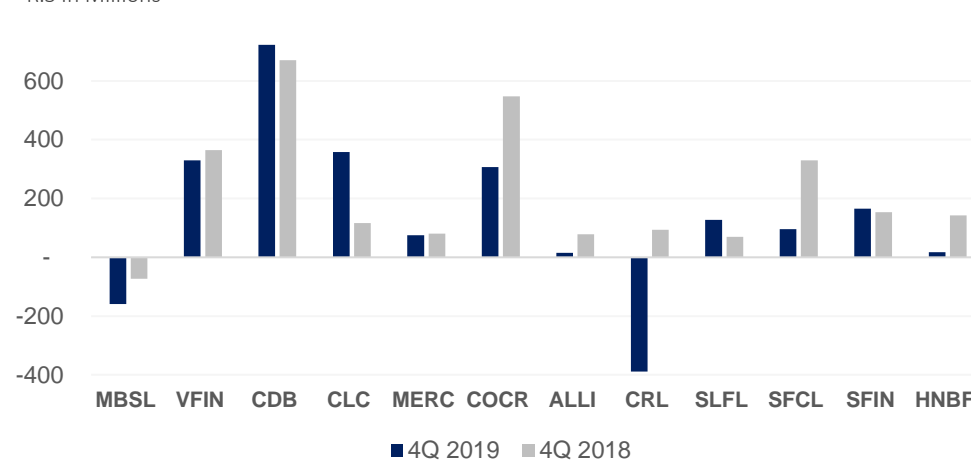


Company Code	4Q 2019
MBSL	-0.14%
VFIN	2.13%
CDB	1.69%
CLC	6.93%
MERC	2.51%
COCR	7.35%
ALLI	4.00%
CRL	7.63%
SLFL	3.79%
SFCL	1.33%
SFIN	2.16%
HNBF	6.68%



## Net Profit Growth

R.S In Millions

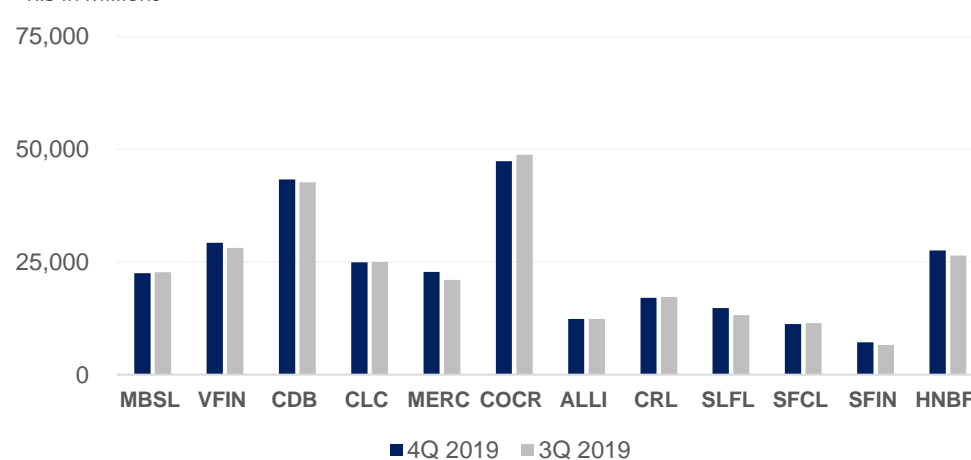


### Company

Code	4Q 2019	4Q 2018	%
MBSL	-159	-73	-115.8%
VFIN	330	364	-9.36%
CDB	723	670	7.91%
CLC	358	116	209.94%
MERC	75	80	-5.49%
COCR	307	547	-43.74%
ALLI	15	78	-80.77%
CRL	-389	94	-515.2%
SLFL	127	70	82.04%
SFCL	96	330	-70.95%
SFIN	165	153	7.92%
HNBF	17	143	-87.90%

## Deposit Growth

R.S In Millions

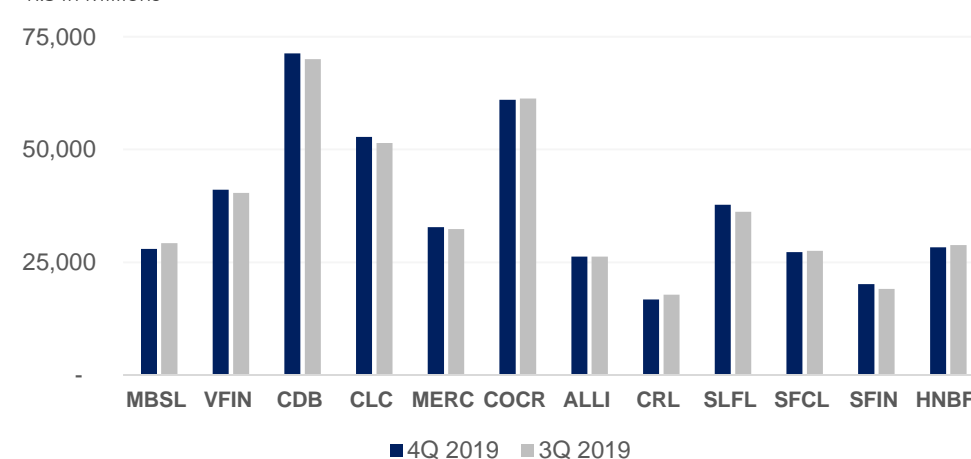


### Company

Code	4Q 2019	3Q 2019	%
MBSL	22,533	22,756	-0.98%
VFIN	29,244	28,094	4.09%
CDB	43,328	42,667	1.55%
CLC	24,944	24,978	-0.14%
MERC	22,815	21,030	8.49%
COCR	47,395	48,765	-2.81%
ALLI	12,347	12,386	-0.31%
CRL	17,063	17,268	-1.19%
SLFL	14,793	13,221	11.89%
SFCL	11,196	11,472	-2.40%
SFIN	7,176	6,644	8.00%
HNBF	27,529	26,455	4.06%

## Loan Growth

R.S In Millions



### Company

Code	4Q 2019	3Q 2019	%
MBSL	27,947	29,228	-4.38%
VFIN	41,114	40,407	1.75%
CDB	71,297	70,024	1.82%
CLC	52,779	51,476	2.53%
MERC	32,759	32,357	1.24%
COCR	61,025	61,351	-0.53%
ALLI	26,244	26,284	-0.15%
CRL	16,712	17,803	-6.13%
SLFL	37,766	36,227	4.25%
SFCL	27,247	27,510	-0.96%
SFIN	20,158	19,053	5.80%
HNBF	27,718	28,239	-1.84%

# Category 3

## Overall Ranking

Rank	Company	Code
1	AMW Capital Leasing and Finance	AMCL
2	LOLC Development Finance	NIFL
3	Asia Asset Finance & Trade Finance and Investments	AAF & TFIL <sup>(2)</sup>
4	Arpico Finance Company	ARPI
5	Orient Finance	BFN

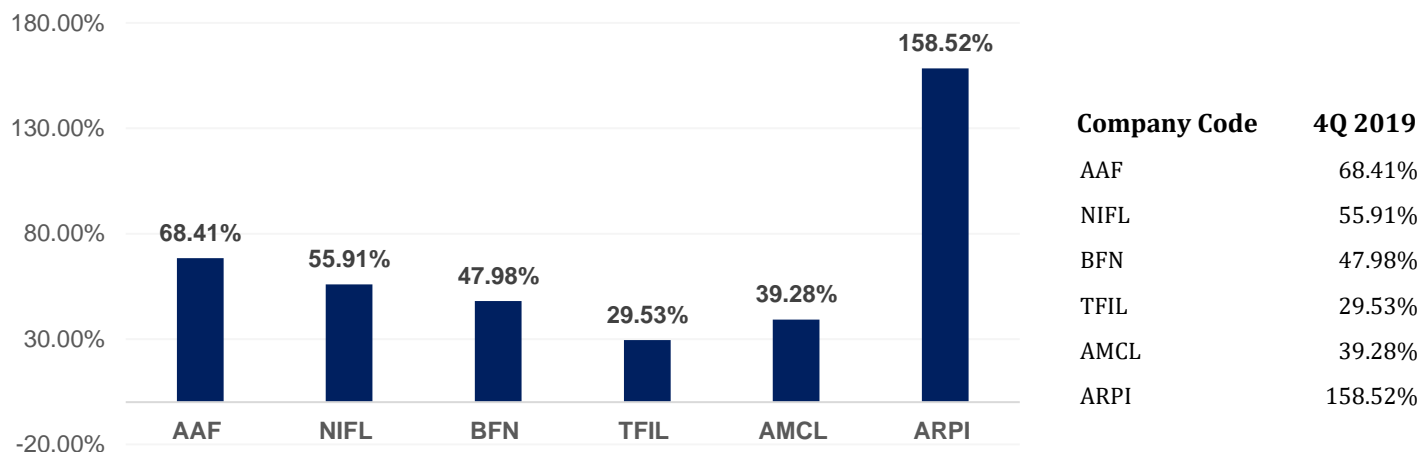
## Other Information

Company Code	Revenue ('000)	YOY Growth (%)	Profit ('000)	YOY Growth (%)	Assets ('000)	Market Capitalization ('000)	<sup>(1)</sup> No. of Employees
AMCL	525,713	-14.6%	82,445	-3.6%	10,162,053	-	223
NIFL	1,283,649	28.7%	(23,143)	50.6%	18,418,707	8,161,454	918
AAF	817,418	5.1%	(20,393)	-141.4%	15,154,586	683,075	495
TFIL	742,595	16.0%	16,462	-92.1%	10,497,571	2,220,896	409
ARPI	493,405	-50.3%	(327,353)	-81.5%	13,434,897	930,431	333
BFN	800,624	-5.6%	(87,696)	-482.1%	15,637,737	1,287,717	508

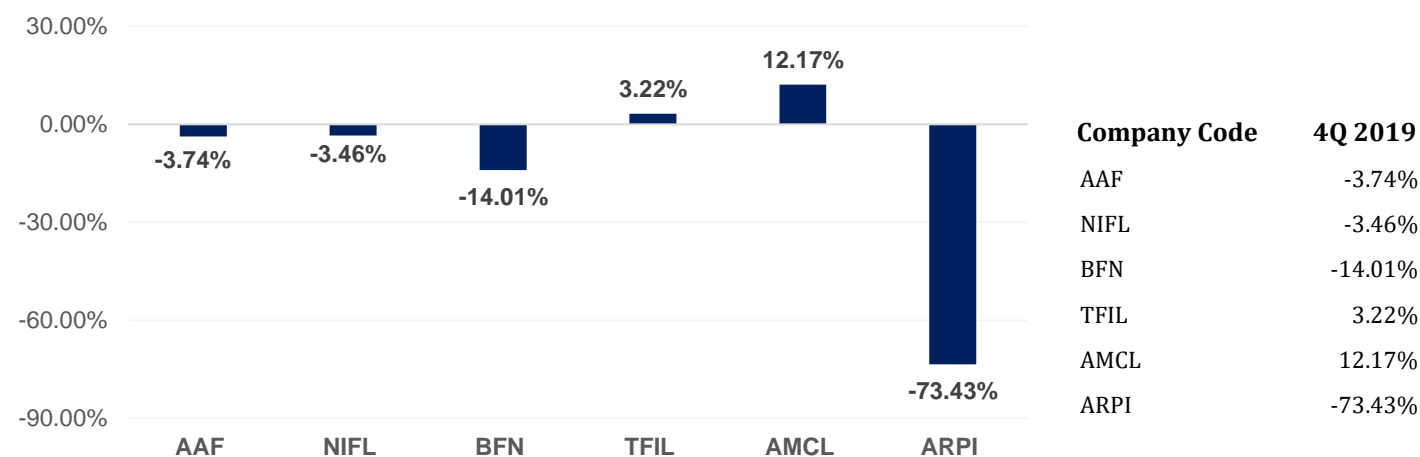
(2) Both AAF and TFIL Scored Equally for the cumulative ranking

(1) Based on latest annual financial statements

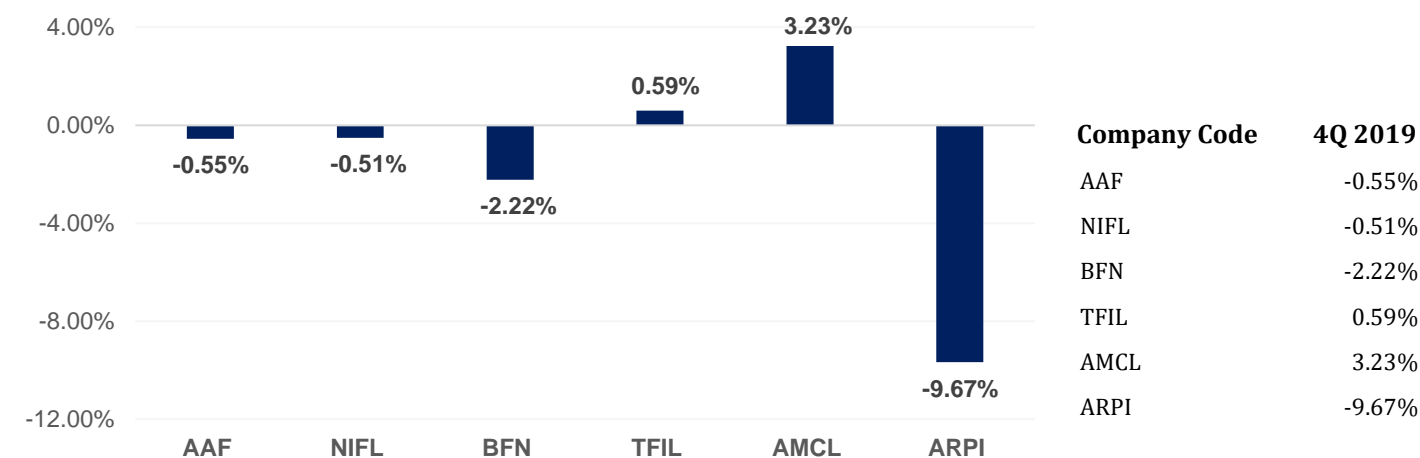
## Cost to Income



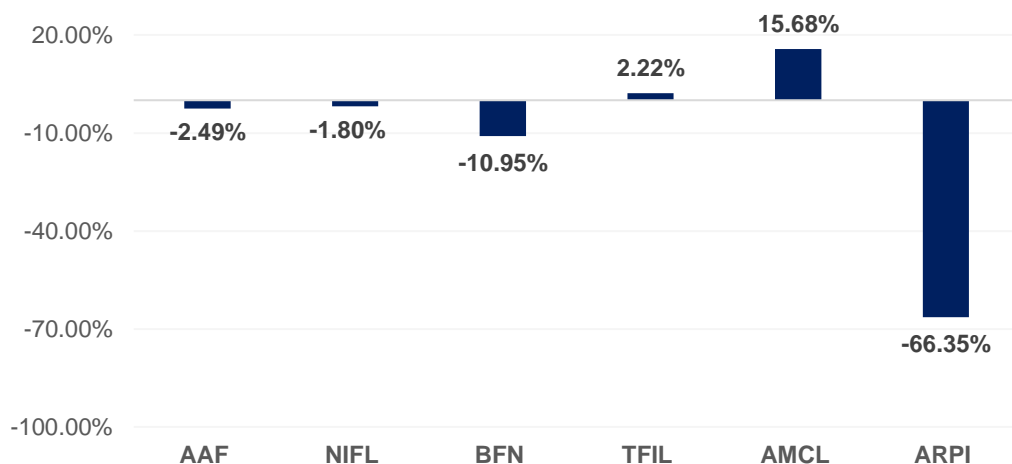
## Return on Equity



## Return on Assets

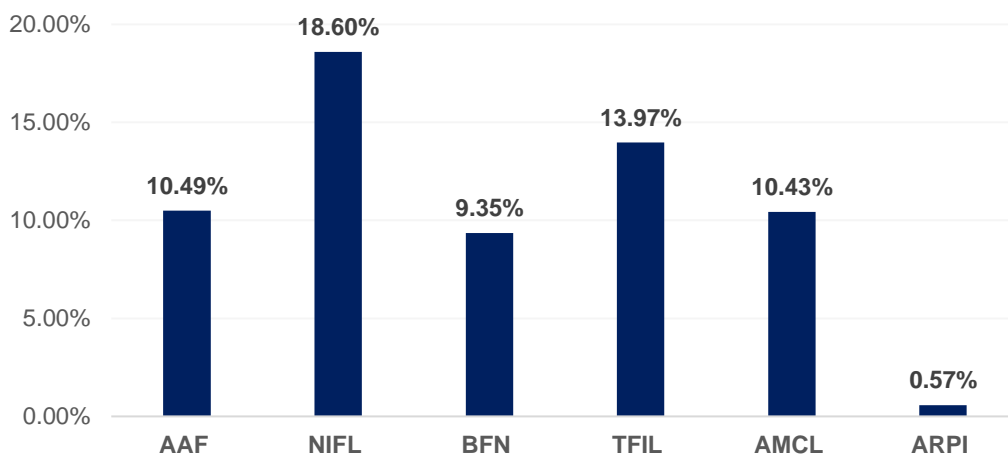


## Net Profit Margin



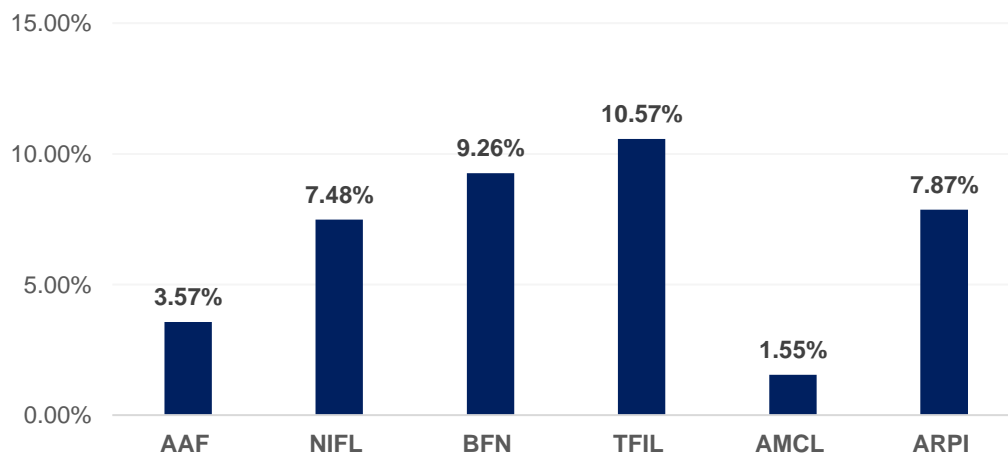
Company Code	4Q 2019
AAF	-2.49%
NIFL	-1.80%
BFN	-10.95%
TFIL	2.22%
AMCL	15.68%
ARPI	-66.35%

## Net Interest Margin



Company Code	4Q 2019
AAF	10.49%
NIFL	18.60%
BFN	9.35%
TFIL	13.97%
AMCL	10.43%
ARPI	0.57%

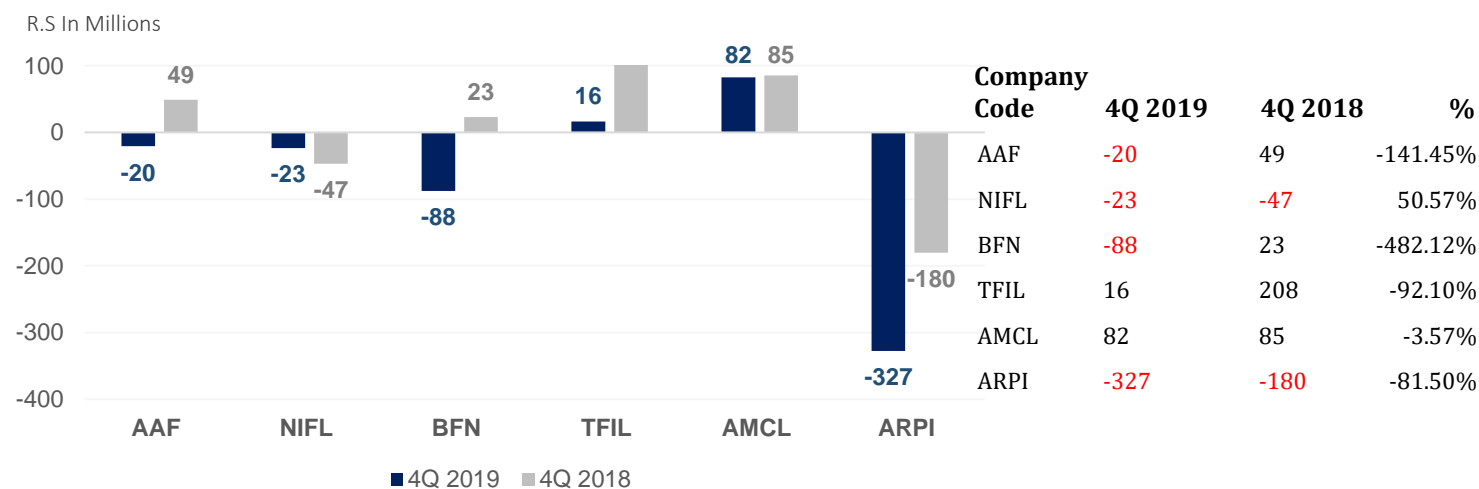
## Impairment to Loan Book



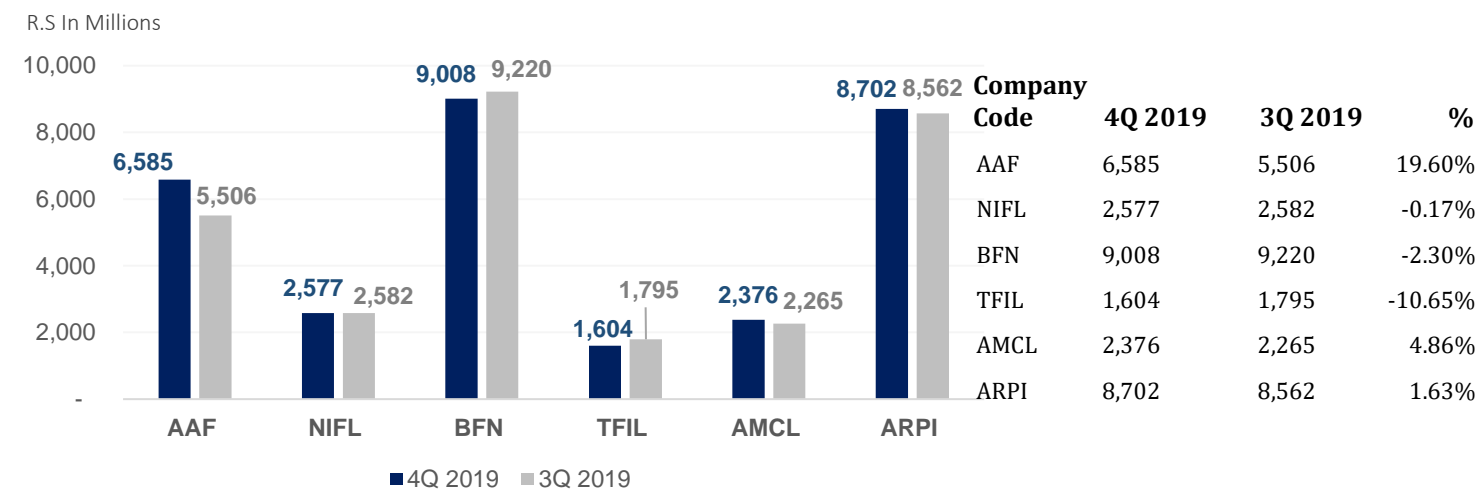
Company Code	4Q 2019
AAF	3.57%
NIFL	7.48%
BFN	9.26%
TFIL	10.57%
AMCL	1.55%
ARPI	7.87%



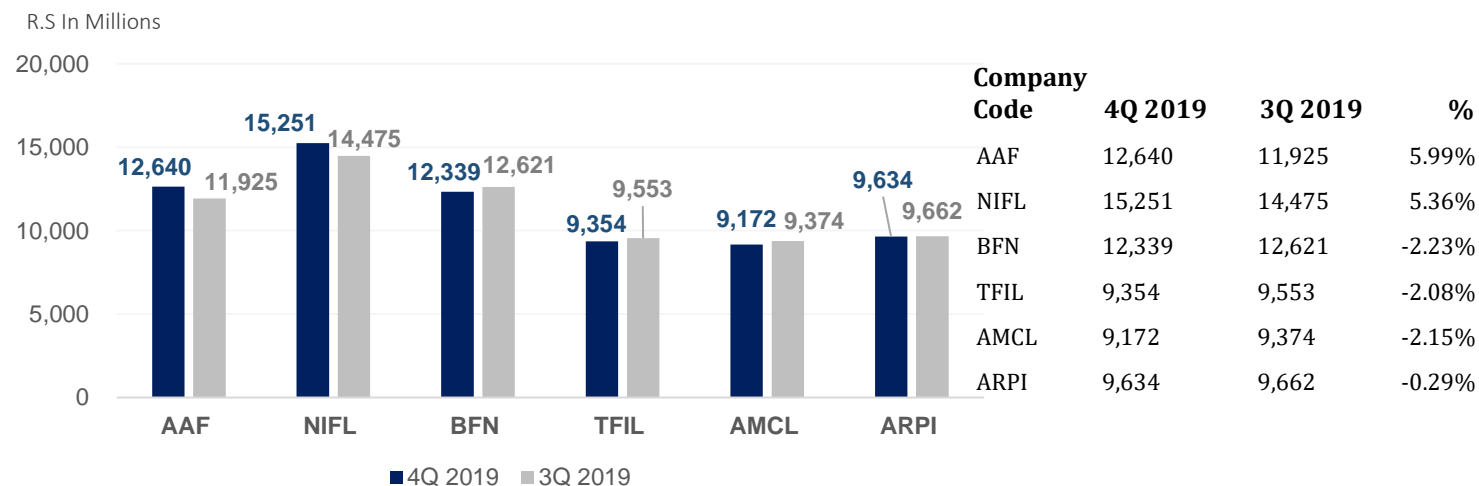
## Net Profit Growth



## Deposit Growth



## Loan Growth





# Category 4

## Overall Ranking

Rank	Company	Code
1	Abans Finance	AFSL
2	Associated Motor Finance Company	AMF
3	Bimputh Finance & Nation Lanka Finance	BLI & CSF <sup>(2)</sup>
4	Prime Finance	GSF
5	People's Merchant Finance	PMB
6	Sinhaputhra Finance	SFL
7	Dialog Finance	CALF
8	Multi Finance	MFL

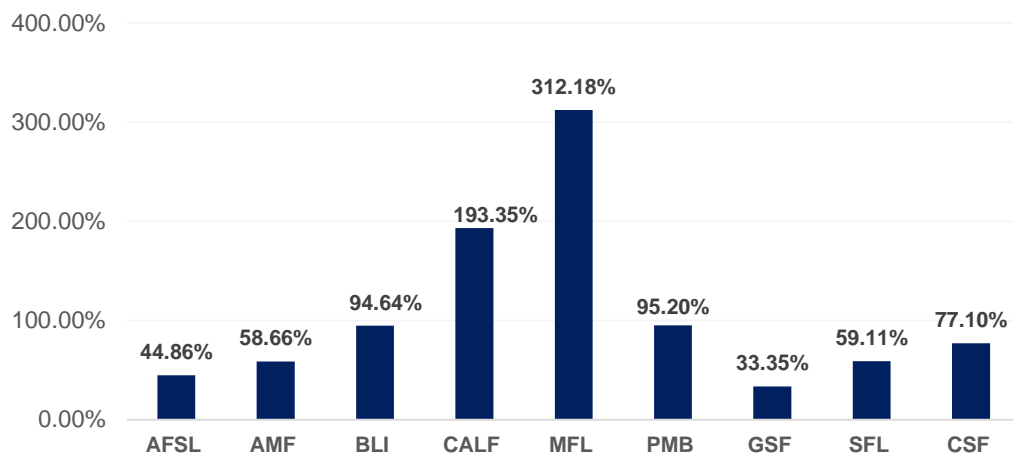
## Other Information

Company Code	Revenue ('000)	YOY Growth (%)	Profit ('000)	YOY Growth (%)	Assets ('000)	Market Capitalization ('000)	(1) No. of Employees
AFSL	509,357	2.1%	83,258	453.1%	9,024,333	1,058,329	375
AMF	412,110	12.7%	120,093	8.6%	7,759,277	2,255,120	189
BLI	387,328	-21.5%	39,476	227.0%	8,069,167	1,540,587	677
CSF	532,433	-10.9%	47,257	-50.0%	8,738,439	947,655	659
GSF	321,753	0.3%	24,122	-64.1%	6,241,590	1,092,960	143
PMB	138,050	-14.1%	(21,351)	69.2%	3,814,942	1,834,613	117
SFL	257,322	-10.6%	15,302	-67.3%	6,295,402	346,274	251
CALF	60,241	-21.1%	(72,374)	-16.2%	3,054,178	3,807,418	164
MFL	41,390	-33.1%	(53,448)	-56.8%	1,194,722	547,048	84

(2) Both BLI and CSF Scored Equally for the cumulative ranking

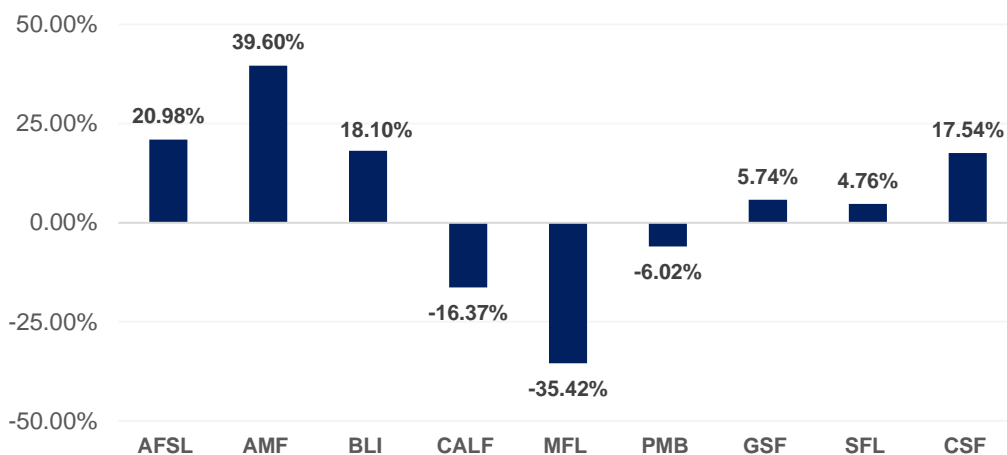
(1) Based on latest annual financial statements

## Cost to Income



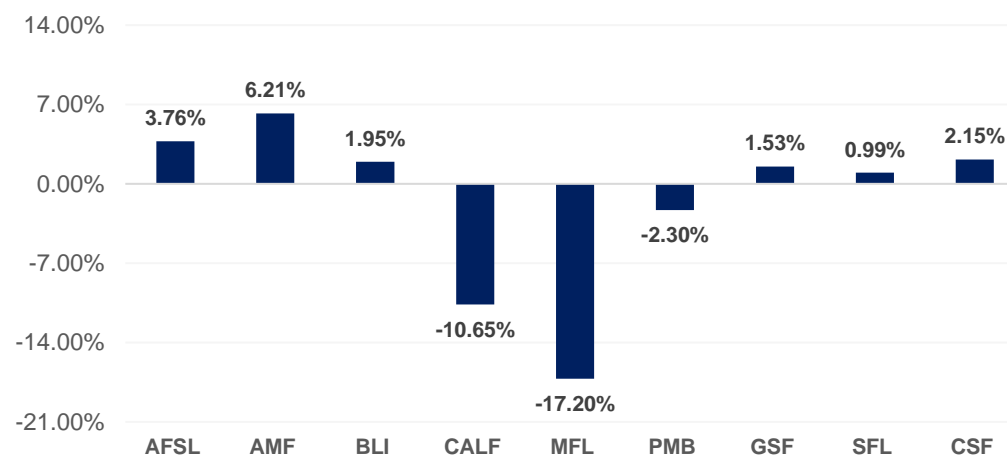
Company Code	4Q 2019
AFSL	44.86%
AMF	58.66%
BLI	94.64%
CALF	193.35%
MFL	312.18%
PMB	95.20%
GSF	33.35%
SFL	59.11%
CSF	77.10%

## Return on Equity



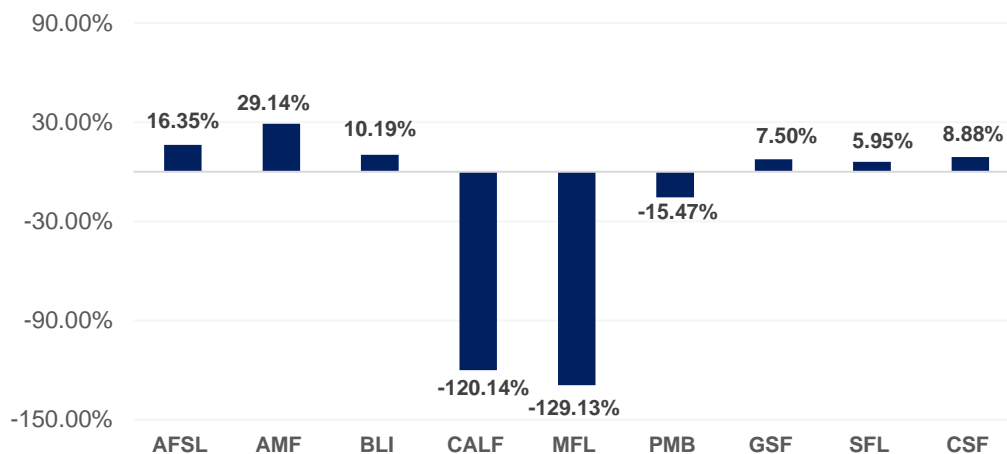
Company Code	4Q 2019
AFSL	20.98%
AMF	39.60%
BLI	18.10%
CALF	-16.37%
MFL	-35.42%
PMB	-6.02%
GSF	5.74%
SFL	4.76%
CSF	17.54%

## Return on Assets



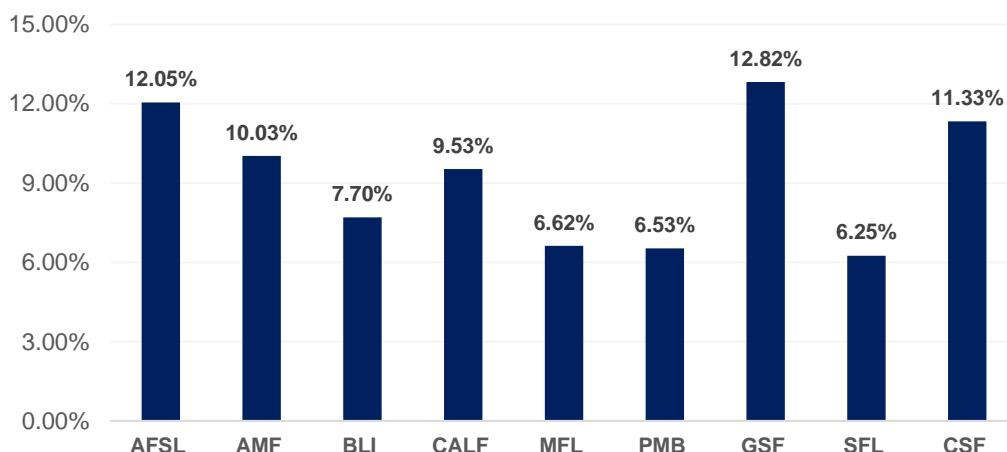
Company Code	4Q 2019
AFSL	3.76%
AMF	6.21%
BLI	1.95%
CALF	-10.65%
MFL	-17.20%
PMB	-2.30%
GSF	1.53%
SFL	0.99%
CSF	2.15%

## Net Profit Margin



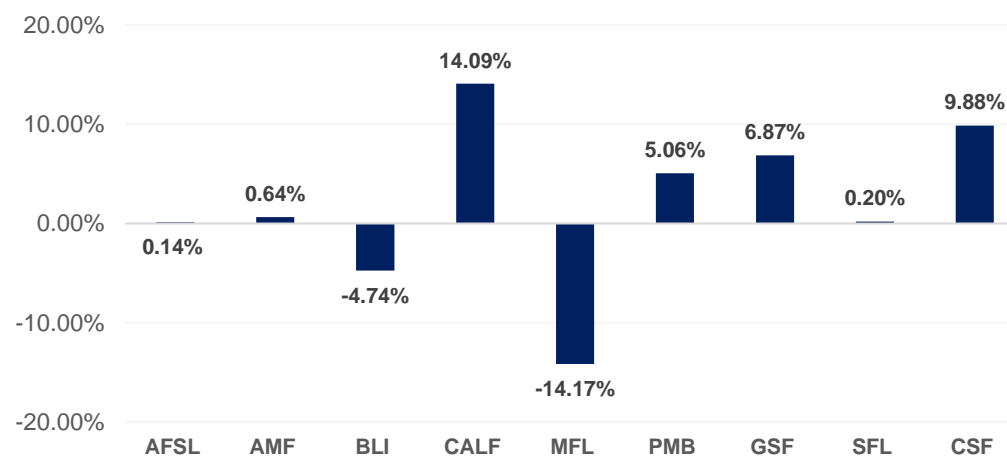
Company Code	4Q 2019
AFSL	16.35%
AMF	29.14%
BLI	10.19%
CALF	-120.14%
MFL	-129.13%
PMB	-15.47%
GSF	7.50%
SFL	5.95%
CSF	8.88%

## Net Interest Margin



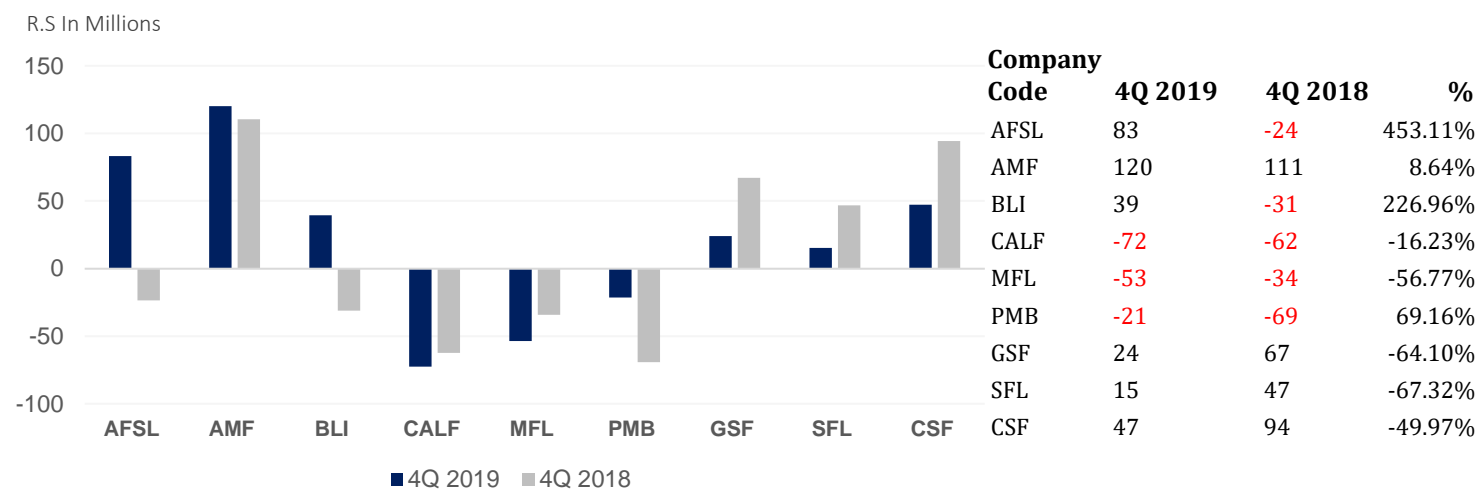
Company Code	4Q 2019
AFSL	12.05%
AMF	10.03%
BLI	7.70%
CALF	9.53%
MFL	6.62%
PMB	6.53%
GSF	12.82%
SFL	6.25%
CSF	11.33%

## Impairment to Loan Book

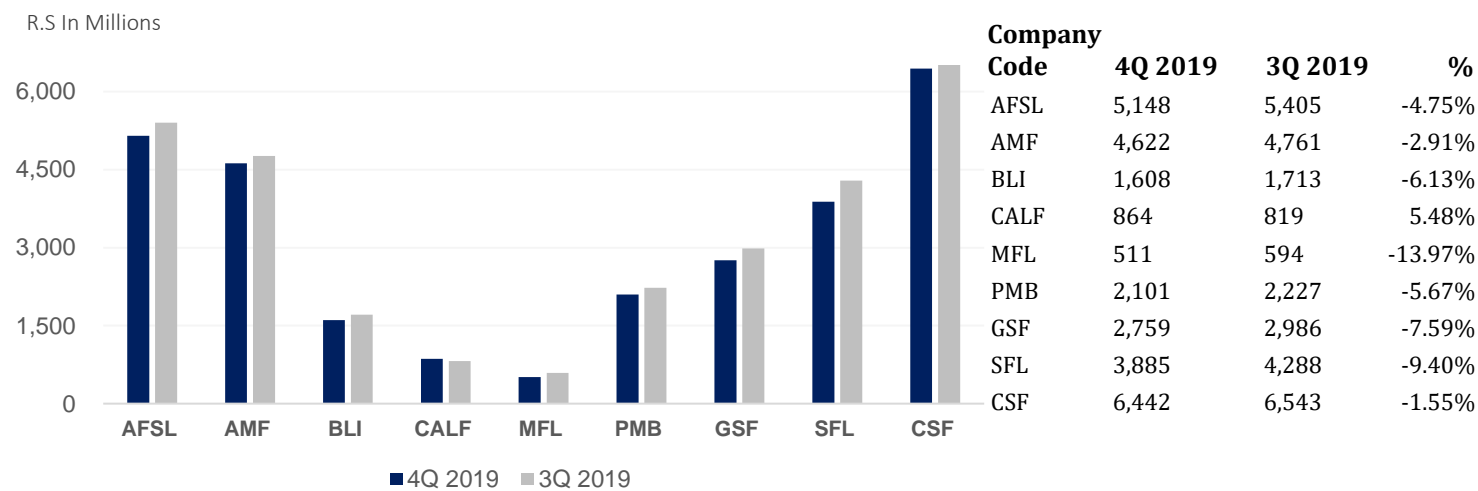


Company Code	4Q 2019
AFSL	0.14%
AMF	0.64%
BLI	-4.74%
CALF	14.09%
MFL	-14.17%
PMB	5.06%
GSF	6.87%
SFL	0.20%
CSF	9.88%

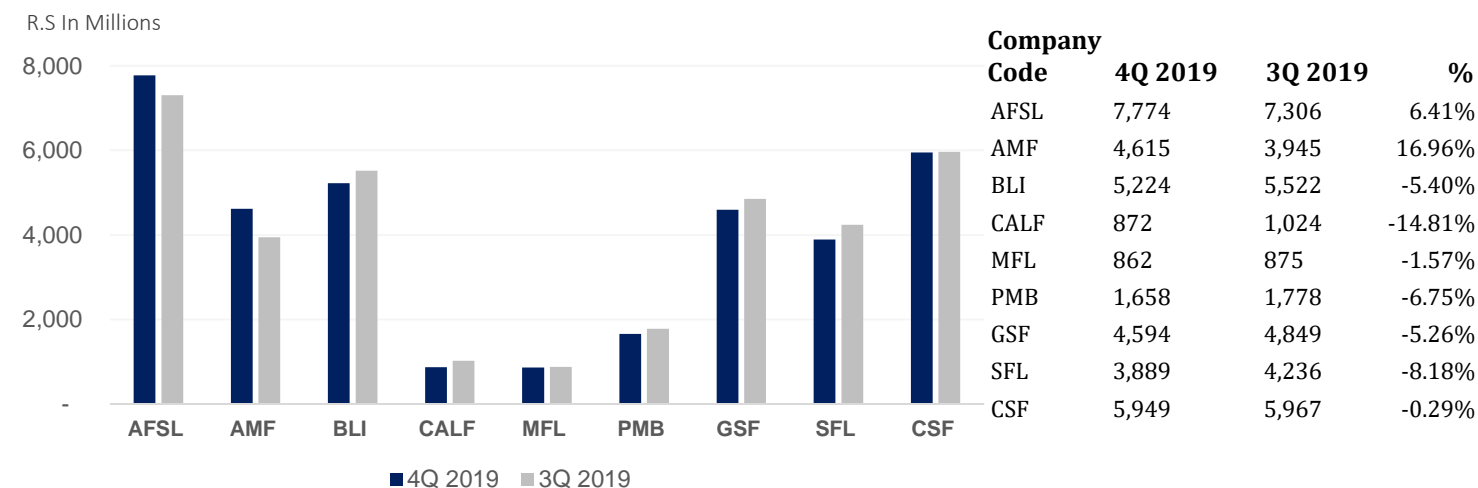
## Net Profit Growth



## Deposit Growth



## Loan Growth





# Directions, Circulars and Guidelines issued by the Central Bank of Sri Lanka

- ☐ Finance Business Act Direction No. 1 of 2020- [Classification and Measurement of Credit Facilities](#)
- ☐ Circular No. 1 of 2020- [Credit Support to Accelerate Economic Growth](#)
- ☐ Circular No. 4 of 2020 - [Relief Measures to Assist COVID-19 Affected Businesses and Individuals](#)
- ☐ Finance Business Act Directions No. 2 of 2020 - [Amendments to Directions on Liquid Assets](#)



# Share Price Details

	Highest Market Price For the quarter ended,		Lowest Market Price For the year ended,		Market Price as at,	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>Category 1</b>						
People's Leasing & Finance	12.70	21.00	8.50	11.30	8.6	17.3
LB Finance	167.50	129.90	119.00	118.00	120.50	120.10
LOLC Finance	4.40	4.10	2.20	3.00	2.20	3.10
Central Finance	107.10	110.00	81.00	91.00	81.00	104.00
<b>Category 2</b>						
Merchant Bank of SL	9.60	10.90	5.50	8.90	5.60	10.40
Vallibel Finance	74.90	72.50	50.00	64.70	53.60	65.70
Citizens Development Business Finance - Voting	87.00	88.00	72.00	76.10	72.10	77.10
Commercial Leasing and Finance	3.90	3.00	1.70	2.30	1.80	2.60
Mercantile Investments and Finance			N/T			
Commercial Credit and Finance	31.00	28.60	18.00	22.70	18.30	27.30
Alliance Finance Company	51.90	60.00	30.00	50.00	34.40	53.60
Softlogic Finance	17.90	27.00	11.50	18.00	11.50	21.60
Siyapatha Finance			N/T			
Senkadagala Finance			N/T			
Singer Finance (Lanka)	13.30	14.40	8.00	12.50	8.60	12.60
HNB Finance Limited			N/T			
<b>Category 3</b>						
Asia Asset Finance	8.80	9.00	5.50	7.80	5.50	8.40
LOLC Development Finance	46.90	47.00	27.00	37.30	34.30	39.00
Orient Finance	12.70	17.40	6.00	12.80	6.10	13.00
Trade Finance & Investments	70.50	56.00	38.00	41.00	39.10	50.00
AMW Capital Leasing and Finance			N/T			
Arpico Finance Company	150.00	200.00	120.00	150.30	125.10	154.00
<b>Category 4</b>						
Abans Finance	22.80	17.50	15.10	14.50	15.90	15.60
Associated Motor Finance Company	533.00	750.00	351.20	441.00	402.10	402.20
Bimpuh Finance	26.50	44.00	12.00	26.50	14.30	28.00
Dialog Finance	42.70	49.90	30.10	33.10	35.00	35.50
Multi Finance	12.70	21.00	8.50	11.30	8.60	17.30
People's Merchant Finance	11.40	12.00	7.40	9.00	8.70	9.20
Prime Finance	18.00	22.00	12.20	17.00	13.80	17.00
Sinhaputhra Finance- Ordinary	9.70	11.30	5.50	8.10	5.50	9.50
Nation Lanka Finance	1.20	0.70	0.60	0.50	0.70	0.60

## **Disclaimer**

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