

ICRA Lanka Withdraws Rating of LOLC Development Finance PLC

November 30, 2022

Instrument	Current Rated Amount (LKR Mn)	Rating Action
Issuer rating	N/A	[SL] A- (Stable); Withdrawn

Rating action

ICRA Lanka Limited (“ICRA Lanka”) has withdrawn the Issuer rating of [SL] A- (pronounced SL A minus) with Stable outlook assigned to LOLC Development Finance PLC (“LDFP”/ “the Company”). The withdrawal is as a result of termination of rating agreement(s) entered into by LDFP with ICRA Lanka, pursuant to the decision by ICRA Lanka to cease its business operations in Sri Lanka.

The termination of the rating agreement(s) is as per Rule 88(b) of the Credit Rating Agency Rules promulgated under the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 (the “SEC Act”).

About the Company:

BRAC International established its Sri Lankan operations as an NGO in 2004 to serve the tsunami affected community in southern and eastern provinces. Subsequently, along with LOLC as a joint venture, it acquired Nanda Finance PLC (incorporated in 1961) to extend microfinance. In 2014, the Company became a wholly owned subsidiary of Commercial Leasing & Finance PLC (CLC, 99% owned subsidiary of LOLC), when BRAC International divested its holding. In May 2017, LDFP raised additional capital amounting to LKR 1.3 Bn by way of a rights issue which was fully subscribed by LOLC. Post the rights issue, LOLC became the largest shareholder with a 55.6% holding, while CLC held 44.3% share. LDFP is a licensed finance company and it is in the business of providing group microfinance, micro lease and individual loans to its customers. Post the amalgamation of LOFC with CLC, LDFP’s major shareholder is LOLC Ceylon Holdings PLC (55.55%) while LOLC Finance PLC held 44.34% as on March 31, 2022.

On August 24, 2022, the Company announced that it has received approval on August 24, 2022 from the Monetary Board of the Central Bank of Sri Lanka for the amalgamation of the LOLC Finance PLC - LOFC with LOLC Development Finance PLC subject to complying with requisite regulatory and statutory requirements. The remaining amalgamated entity will be LOLC Finance PLC (LOFC).

Rating history for last three years:

Instrument	Current Rating (FY2022)		Chronology of Rating History for the past 3 years		
	Amount Rated (LKR Mn)	Date & Rating Nov 2022	Date & Rating June 2022	Date & Rating Dec 2020	Date & Rating May 2020
Issuer rating	N/A	[SL]A- (Stable); Withdrawn	[SL]A- (Stable)	[SL]A- (Stable)	[SL]A- (Stable)



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