



LANKA RATING UPGRADES ENTITY RATING OF

COMMERCIAL CREDIT AND FINANCE PLC

22-May-
26

01 *Applicable Criteria*

Methodology | Non-Banking Financial Institution Rating | Jul-24

02 *Related Research*

Sector Study | Leasing & Finance Companies | Apr-26

03 *Analyst*

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PRESS RELEASE

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Rating Type	Entity	
	Current (22-May-26)	Previous (23-Apr-25)
Action	Upgrade	Maintain
Rating	BBB+	BBB
Outlook	Stable	Stable
Rating Watch	-	Yes

Commercial Credit and Finance PLC (“CCFP” or “the Company”) is a licensed finance company (LFC) operating in Sri Lanka, with core business lines including leasing, hire purchase, deposits, pawning, and other lending activities. The Company primarily focuses on lower-middle to lower income segments of the society and specializes in catering the needs of these segments. CCFP is considered a mid-sized player within the LFC sector, accounting for approximately ~4.4% of sector assets and ~4.2% of deposits as at 9MFY26.

The rating upgrade reflects the Company's strong profitability, improving asset quality, sustainable growth indicators and strengthening capitalization. The Company's net interest income (NII) recorded at LKR ~15.9Bn in 9MFY26 (FY25: ~17.8Bn and FY24: ~14.9Bn), supported by growth in interest-earning assets and a relatively lower interest expense base. Profitability remained stable, with PAT recorded at approximately ~LKR 6.0Bn in 9MFY26 (FY25: ~LKR 6.2Bn). The Company is expected to record reversals of certain provisioning charges, supported by strong recoveries, which should positively impact profitability in FY26. However, this benefit is considered non-recurring in nature and is expected to normalize over the subsequent periods.

CCFP's asset quality indicators continue to improve following elevated NPL level during FY21–FY24 related to moratorium related loans and their recognition. As at 9MFY26, the Company's Gross and Net NPL ratios improved to approximately ~14.1% and ~5.1%, respectively, from ~26.1% and ~14.4% in FY25. These are expected to further improve in FY26 due to strong recoveries and growth in advances. Nevertheless, asset quality metrics remain relatively weaker than industry averages and continue to be a key rating sensitivity. CCFP maintains a strong capital position, with the Capital Adequacy Ratio (CAR) at ~24.3% and Tier I ratio at ~22.9% as at 9MFY26 (FY25: ~25.7% and ~25.6%), well above the regulatory minimum requirement. Funding stability is supported by a relatively granular deposit base, although total deposits have moderated over the period to LKR ~53.1Bn in 9MFY26 as more borrowing is utilized. The Company maintains sufficient borrowing lines from financial institutions.

The rating is dependent on continued improvement in profitability, maintenance of adequate capitalization, and further moderation in NPLs. Any material deterioration in asset quality, earnings profile, or capital adequacy would exert downward pressure on the rating. The liquidation of the Company's second-largest shareholder, Group Lease Holdings PTE Limited, as ordered by the Singapore court in March 2024, is not expected to affect CCFP materially. However, any negative repercussions from this would have negative impact on the rating.



About the Entity

Commercial Credit and Finance PLC was established as a limited liability company in 1982 under the provisions of the Companies Ordinance No. 17 of 1982 and later re-registered under the Companies Act No. 07 of 2007. In 2011, CCFP was listed on the Colombo Stock Exchange (CSE). The main shareholder is B. G. Investments (Pvt) Ltd (50.25%) and is governed by a Board of Directors comprising nine members. The CEO, Mr. R. S. Egodage, is supported by a capable management team.



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