



Since 1956

**Alliance Finance Co. PCC**

Built on Trust. Powered by Innovation.

*Creating Value  
at **afc***

**PEOPLE • PLANET • PROFIT**

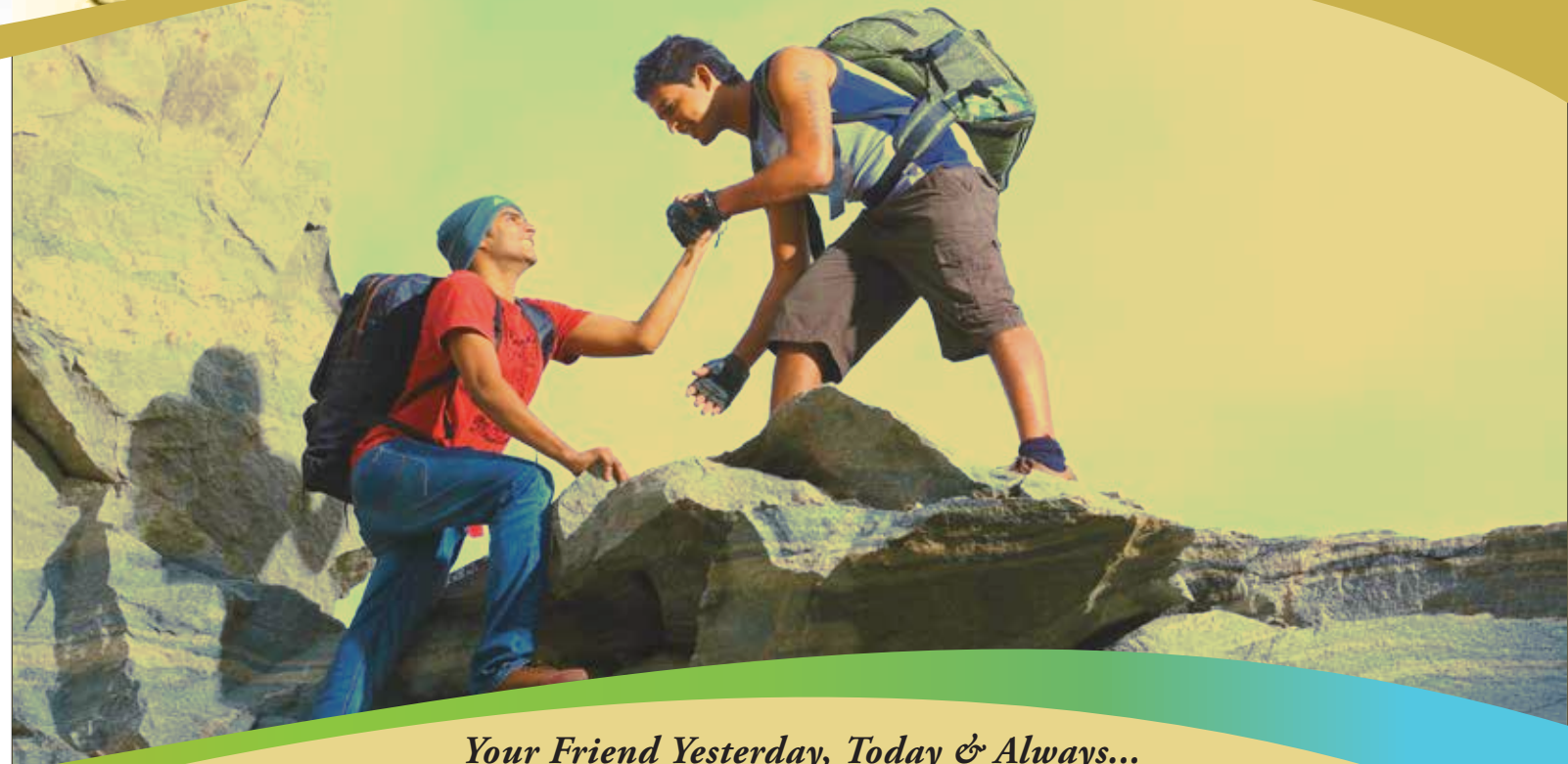
# Alliance Finance News

*A history of services  
spanning 58 years....*

*Values that have earned us the trust  
of four generations of loyal customers.*

*Partner with us for assured  
and safe returns on your investments.*

**PEOPLE • PLANET • PROFIT**



*Your Friend Yesterday, Today & Always...*

Issue 02 | June 2014

"Alliance House" 84, Ward Place, Colombo 7. | Tel : 0112 673 673 Fax : 0112 697 205 | 0112 699 912  
E-Mail - [info@alliancefinance.lk](mailto:info@alliancefinance.lk) | Web - [www.alliancefinance.lk](http://www.alliancefinance.lk)

**afc** Leasing **afc** Fixed Deposits **afc** Savings **afc** Hire Purchase **afc** Gold Loan **afc** Micro Finance

## Year of consolidation for Alliance Finance PLC

In the wake of two years of rapid growth and as envisaged and communicated earlier, this year has proved to be a year of consolidation for our company as well as for many other leading players in the industry. The current year saw an increase in the industry NPL ratio to 6% as at 31/08/2013 from 5% as at 31/12/2012 and reduction in industry profits of almost 50% to date. Our company has considered the present conditions unfavorable to maintain the aggressive growth strategy adopted in the previous two years. Notwithstanding the prevailing record low rates of interest, credit growth has been extremely weak. This is a further factor which endorses and supports our current strategy of business consolidation.

If we were to force credit growth under these conditions, it is our belief that we would accumulate a high risk credit portfolio which in turn could result in a significant rise in bad debts in the medium to longer term, although in the short to medium term such business would reflect significantly higher profits. Naturally, such a strategy does not align well with our longer term strategy of sustainability.

As such, in keeping with our time tested philosophy of maintaining steady and sustainable growth, we have taken this weakness in the market as an opportunity to consolidate all the business divisions of the company by bringing in new processes, systems and controls to facilitate the next stage of expansion and growth. This planned future expansion is also now deemed necessary in keeping with the regulators and policy makers broad consolidation strategy for the Finance Company Sector. Post consolidation, the government envisages approximately 20 large players in the sector belonging to category A, and as defined by them we too have been classified as a category A company. As such, we are also expected to acquire a category B company shortly. We are evaluating several companies with the view of acquiring one that has potentially similar values, synergies and where a good cultural fit could be achieved. It is interesting to note that from a global perspective, many a well planned merger has ended in failure due to the lack of a good cultural fit. It is evident that it is often the finer & softer strands of the DNA of a company that determines its culture thus reflecting the critical criteria such as values, attitudes and attributes such as integrity, propensity to risk and other important features that define the success or failure of the given business and its style of operation.

Currently the company is enjoying its highest level of liquidity ever. Until credit growth picks up and the industry NPL ratio improves, we may be compelled to reduce our intake of deposits further by reducing rates. This strategy is being adopted in the best interests of yourselves who are our highest priority stakeholder in the context of the current business environment. To avoid being impacted negatively, we encourage all our depositors to invest for a longer term as opposed to a short term.

We expect to commence aggressive lending only after we see a nationwide improvement in the demand for credit and a reduced NPL ratio which is the key to a successful business outcome in the credit business.

The global gold prices dropped dramatically in the year under review. Naturally our portfolio also witnessed a significant drop in value and consequently a drop in income which is reflected in our profit and loss account. Nevertheless our prudent approach to managing risk has ensured that we have kept our product exposure to 20%. This exposure has now reduced to 16% of our lending portfolio enabling us to withstand this impairment comfortably whilst preserving our capital adequacy ratios which protect our depositors and other stakeholders. In this regard we will continue to make further provisions against our gold loan portfolio in this year and the next. We are pleased to state that we are fully compliant with provisioning as at 31/3/2014 with regard to the gold loan portfolio.

In keeping with our core value of innovation, our management team has extensively researched and embarked on Micro Finance, a lucrative new product which will also lend a helping hand to the unbanked community of Sri Lanka. We now proudly serve in excess of 20,000 entrepreneurs through 30 island wide locations. The growth in this business will be achieved in our customary measured manner in tandem with best of breed systems, processes and controls. A specialized global consultancy from overseas – MicroSave (Pvt) Ltd has been engaged for this purpose.

It is envisaged that the above strategies will help the company to achieve a reasonably good level of sustainability in the medium term.

We hope you will enjoy reading this little communication as much as we did preparing it and look forward to keeping in touch with you regularly and serving you even better in the future.



Happy reading!  
Yours sincerely

A handwritten signature in black ink, appearing to read 'Romani de Silva'.

**Romani de Silva**  
Deputy Chairman / Managing Director

## RATING STEADILY MAINTAINED

AFC's RAM Rating which was upgraded from BBB/P2 (Stable Outlook) to BBB/P2 (Positive Outlook) in March 2013 continues to be maintained. The rating is based on Performance, Asset Quality and Capitalisation levels of the Company.

## FIXED DEPOSITS

Our Deposit base has increased to Rs.11.2 billion as at March 2014 from Rs.9 billion a year earlier. The Total deposit base saw an increase of Rs.2.2 billion a 24% increase, reflecting our brand strength.

Though fixed deposits continued to be the Company's main funding source this year, the bank and securitized borrowings too added diversity to the Company's funding mix. The inflow of deposits is always controlled to be in line with our requirements.

With interest rates falling in the market it is expected that the customers will tend to prefer medium to long term deposits in the future.

To accommodate the short term needs of our depositors, our Company has a product named "Speed Cash". This unique scheme enables depositors to borrow in a matter of hours the money required by pledging the fixed deposits they have with us as collateral. This instrument has become very popular with our depositors who are able to meet their temporary cash requirements.

## ALLIANCE MICRO FINANCE

### Serving the Sri Lankan Rural Community

In a strategically accelerated business plan the Micro Finance Business has been established with 30 branches in the Island's strategic locations in order to channel the company's effort towards serving the largely untouched customer based at the grass roots level. Six months after the commencement of operations, Alliance Finance is currently serving over 20,000 customers with approximately Rs800 million investments. These pools of entrepreneurs are now developing themselves whilst also contributing to the larger objectives of economic development at grass roots levels. These customers will also create a future marketing pipeline for our other financial products of leasing, hire purchase, fixed deposits and savings

The entrepreneurial spirit and desire for growth, a key characteristic of the Alliance Micro Finance customer base has enabled the organization to mobilize Capacity building of the target group as an initial step of the Entrepreneur Development Services Program. The EDS programme, as a tool for economic empowerment of the low income segment of the community, would include

filling the knowledge, skill and information gap of the customer, providing assistance in pooling existing resources and enhancing the level of access to external resources.

By providing Quality financial and Non-Financial Services to the low income segment of the population it is envisaged that our business will deliver a significant source of stable revenue in the years to come. Specific and growing needs of the industry have been identified through which a unique Micro Finance model is being developed with the views and suggestions of globally recognized Micro Finance process specialists.

Furthermore, we are of the view that technology plays a pivotal role towards achieving operational excellence. With this view, a significant budget has been allocated towards technology based solutions in order to improve the efficiency of the business processes rendering a competitive edge, which would enable Alliance to pass the benefits of same to the customer.

Whilst all of the operational targets have been achieved up to now, the board is now concentrating on building a strong governance structure which will support the higher growth levels envisaged for this business in the future.



## ALLIANCE FINANCE WINS GREEN LEADERSHIP AWARD FOR ITS INNOVATIVE GAS CONVERSION PROJECT



In a fitting testimonial to its legendary corporate stewardship, Alliance Finance Company PLC was bestowed with the 'Asia Responsible Entrepreneurship Award' under the category of 'Green Leadership', amidst a distinguished gathering of regional corporates held in New Delhi, India, on 4th March 2014.

The former Election Commissioner of India graced the event as the Chief Guest. Alliance Finance received the award for its path-breaking 'Ezy Drive Gas Taxi Meter Project', which is a three-wheeler gas conversion project that seeks to reduce the carbon footprint in Sri Lanka's transportation sector.

Commenting on the award, Mr. Romani de Silva, Deputy Chairman and Managing Director, Alliance Finance, said: "We are honoured to accept the Asia Responsible Entrepreneurship Award in the 'Green Leadership award' category. This prestigious award recognizes and honours Asian businesses for championing sustainable and responsible entrepreneurship and we are privileged to be included in its hall of fame. Alliance Finance introduced the Green Taxi concept with the aim of reducing the carbon footprint in the country's transportation sphere. The benefits of gas powered three-wheelers are a valuable environmentally-friendly initiative in a country such as Sri Lanka in which three-wheelers are a vital source of transportation as well as a livelihood for many. As an ethical, social and environmentally responsible company, we are committed to the Triple Bottomline - 'People, Planet and Profit' - and seek to add value by infusing sustainability to all aspects of our operations. This award has further strengthened our resolve to raise the bar in establishing such far-reaching sustainability projects."

The award-winning Green Taxi project was initiated by the company as a means to mitigate air pollution in the country, thereby having a beneficial impact on the environment. Alliance Finance through its initiative is striving to encourage widespread adoption of this gas conversion initiative using Dutch award-winning technology from a company in Europe and one in India, which use the LPG – LDI (Liquid Direct Injection) system.

This project commenced in August 2010 and the company is already running its own 45 gas converted three-wheelers. It also provides loan facilities for three-wheeler owners to purchase gas units from the company. Like-minded citizens who patronize this Ezy Drive Green three wheeler service will be helping the disadvantaged whilst contributing to saving the environment by reducing harmful emissions. The company plans to extend this product to the Northern and Eastern provinces to underscore its commitment to enhance living standards up to 100 rehabilitated ex-combatants, who have undergone the rehabilitation programme conducted by Ministry of Rehabilitation, Sri Lanka.

## ALLIANCE FINANCE SUPPORTS SRI LANKA'S 'LITTLE CHAMPION'



Alliance Finance PLC sponsored Sri Lankan-born athlete, Randika Cooray, at the recently concluded World Dwarf Games in Michigan, USA. Bringing great honour to Sri Lanka, Randika secured three Gold medals in events she competed in, beating strong opposition. Significantly, this athlete is the first Sri Lankan to secure Gold for the country at a world sporting event of this nature.

Randika secured her wins for badminton (singles) open, women class L1, Boccia (singles) open class U2 and in Soccer in the open women's category where she played on the British team.

Speaking of her experience Randika, who is resident in the UK, thanked Alliance Finance for the company's unstinted support of her journey, which has secured Sri Lanka a place on the global stage: "I am deeply thankful to Alliance Finance of Sri Lanka, for having sponsored my travel to the games. Without them I wouldn't have been able to attend these games and win 2 Gold medals for Sri Lanka. I was also able to overcome adversity and prove to myself and my country that being of restricted growth, doesn't mean you can't achieve your dream.

Thank you Alliance Finance for supporting me to make, once called an impossible dream, come true".

Significantly, Randika secured her Gold in badminton, beating the previous world champion in the final, as well as in boccia, where she beat the key player of the Australian Gold winning boccia team. In winning three Gold medals, Randika has become the first Sri Lankan athlete to win Gold in any World Dwarf Games, Paralympics or Olympics, to date.

"Randika is indeed a true inspiration, not only to those with physical limitations, but also to athletes across the country. We are very proud of her achievement and are fortunate that we were in a position to assist her realize her ambitions. Her commitment and determination has brought great honour to the country," said Mr. Romani De Silva, Deputy Chairman and MD of Alliance Finance.

The 2013 World Dwarf Games, held in the US this year, is the largest sporting event in history exclusively for athletes with dwarfism, at which a total of 395 athletes, from 17 countries, competed for honours.

In keeping with the company's Triple Bottom Line ethos of People, Planet and Profit, Alliance Finance continues to provide empowerment to marginalized sections of Sri Lankan society, nurturing new talent and actively promoting economic growth and nation building, as part of its integrated business philosophy.

Among its many community service projects, Alliance Finance finances and supervises many landmark programs. Out of these, the supply of three-wheelers converted to run on LP Gas, is noteworthy, as it provides underprivileged members of society with a means of livelihood, while protecting the environment for future generations. Alliance Finance was a pioneer in three wheeler financing three decades ago, by providing credit to a segment of society that had no access to formal credit.

# SPECIAL OFFER FOR afc FIXED DEPOSIT HOLDERS

Deposit Rs.500,000 or more  
and enjoy Attractive Discounts  
from Exclusive Merchants Islandwide



If you need further informations please contact us on +94-112-673673 Ext 280 / 0770 106 477 or email us on [privilege@alliancefinance.lk](mailto:privilege@alliancefinance.lk)

## AFC - AN EQUAL OPPORTUNITY EMPLOYER

At Alliance Finance, all employees, are recruited, developed and evaluated solely on the basis of their capabilities, competencies and value creation abilities. No demographic variables, in whatever form, will affect such decisions. Value systems that revolved around being an equal opportunity employer have not only gone through the test of time of over a half a century, but also enabled the company to emerge triumphant in periods of adversity, with indomitable strength, fairness and equity pervading all decisions. There is no doubt these principles have contributed to a strong corporate culture that is now deeply embedded as a distinctive strength.

## ALLIANCE FINANCE INTRODUCES GROUNDBREAKING CONCEPT – A TREE FOR A LEASE



An innovative finance company Alliance Finance, has introduced its latest groundbreaking project, a first of its kind in the region, 'A Tree for a Lease' initiative. Under these projects, Alliance Finance pledges to educate its customers and collaborate to plant and maintain a tree, for every auto lease.

In addition to combating motor vehicle emissions, the project will contribute towards protecting our vulnerable environment through ecosystem restoration.

To this end the Company has initiated a pilot partnership with Rainforest Rescue International (RRI) Sri Lanka, to create a rainforest corridor between the Sinharaja and Kanneliya rainforests, by planting 1,600 trees. The objective of the rainforest corridor is to help regenerate rainforests in Sri Lanka, to conserve biodiversity and prevent extinction of threatened species of flora and fauna. The programme will initially focus on an area close to the Kanneliya rainforest, generally considered a global biodiversity hotspot. The RRI project uses analog forestry techniques, which is designed to mimic the function and ecology of pre-existing vegetation.

Commenting on the project, Chairman of RRI Dr. Ranil Senanayake, who is also a Systems Ecologist and Senior Scientist at World View, Myanmar, said, "in the field of tree planting what is important is the survival of the tree. The act of merely planting a tree and walking away has seen millions of dead young plants Thus; all ESP projects undertaken by RRI ensure a five year monitoring and reporting component".

Recognizing the value of Photosynthetic Biomass and investing in the ESP component of an Analog Forestry project, Alliance Finance is the first regulated company in the financial services sector, to integrate into its sustainability program, the activity of planting and maintaining trees until their maturity.

"We live in a day and age where profit making, at the expense of the environment, is no longer acceptable. As an innovator and market leader, AFC is proud to stand out in the industry as a leader in small but sustainable CSR initiatives." said a company spokesman. Pioneers in the field of gas-powered three-wheelers and three-wheeler leasing, AFC's commitment to the environment has seen the company initiate a number of groundbreaking Triple Bottom Line programs involving self-employment for under privileged sectors etc., while creating economic value.

The head office of Alliance Finance has always maintained a beautiful green garden from its inception which was designed and is still maintained by its former Chairman and present head of the Advisory Council Mr. Pratap Kumar de Silva who is also a green enthusiast.

## ALLIANCE FINANCE SPONSORS EMERGING OLYMPIC HOPEFUL SACHIN DIAS



Alliance Finance is sponsoring Sachin Dias, an upcoming, talented, young badminton player, from St. Sebastian College, Moratuwa. Sachin is 17 years of age and became the champion of open badminton singles, at the National Sports Festival 2013. He is in the national pool of Badminton players, under the Sri Lanka Badminton Association (SLBA). In view of his excellent performance, Sachin is considered a future star of the sport.

On the 17th of December 2013, the Company's Deputy Chairman / Managing Director, Mr. Romani de Silva, officially handed over the sponsorship package to Sachin Dias in the presence of the Former Chairman and present Head of the Advisory Council, Mr. Pratap Kumar de Silva, Non-Executive Director of Alliance

Finance Mrs. Ramani Ponnambalam and the president of SLBA, Mr. Suraj Dandeniya.

“The biggest problem badminton players are facing today is the lack of funds. If a player is to achieve a high world ranking, he needs to play as many international tournaments as possible. Today, with this sponsorship, Alliance Finance is not only helping Sachin, but also the game of Badminton in Sri Lanka. This long term effort and commitment of Alliance Finance to enhance the sport is, the President of SLBA Mr. Dandeniya said.

The sponsorship offered covers Sachin's education, training, nutrition, medical requirements and participation in National and international tournaments. The company is also considering offering education and training in Lending and Credit, and providing future employment for Sachin, at Alliance Finance.

“Sachin is a future Olympic hopeful and we are glad to be supporting his journey till he wins and brings glory to our country. We hope other organizations will also follow this trend and come forward to support young upcoming athletes in our country”, Romani de Silva stated.

Receiving the sponsorship, Sachin added, “I'm deeply thankful to Mr. Pratapkumar de Silva of Alliance Finance for identifying me and offering me with this sponsorship. I would also like to thank the President of SLBA and Mr. Ajith Wijesinghe for the support.”

Alliance Finance is a dominant player in the non-banking financial services sector, with a history of 57 years and a Triple Bottom Line focus, committed to bringing value to 'People, Planet and Profit.'

## ALLIANCE FINANCE LAUNCHES “RESPONSIBILITIES” BOOKLET FOR EARTH HOUR 2014



Alliance Finance Company (AFC), an active contributor to Earth Hour 2014, launched a unique corporate social responsibility (CSR) initiative this month.

Having conceptualised a booklet titled AFC 'Yuthukam' (AFC Responsibilities) AFC aims at educating individuals on their obligations towards the environment and society, so they can go beyond the Earth Hour, which is set for March 29, 2014 at 8:30 p.m. local time.

The initiative reaffirms AFC's commitment to the 'triple bottom line', as a highly community-conscious entity in the industry.

While the Earth Hour encourages the spreading of the message to people being conscious of their actions to ensure a better tomorrow, AFC is distributing its innovative booklet in the Sinhala, Tamil and English languages to its customers and members of the wider community.

AFC Yuthukam emphasises on how regular daily activities of individuals can be carried out in a manner benefiting the environment, the society and the individual. For instance, the booklet refers to elimination of wastage in water and electricity consumption and reduction in air pollution by motor vehicles, to name a few. In addition to this, it also addresses timely concerns such as how proper garbage disposal can assist in combating the dengue menace.

To etch the importance of social obligations and preservation of the environment in a manner which can be understood by the young and old alike, the booklet presents its message in simple poetry and attractive pictorial depictions.

Sharing the significance of the initiative, AFC Group Head of Business Development Ali Ahlam Nawaz noted that while the project affirms the commitment of Alliance Finance to the wider environment and society, the booklet serves as a timely reminder that the concept of savings is not restricted to money but has wider implications and embodies scarce natural resources as well.

“As a company that interacts daily with many individuals, Alliance Finance is confident the project will help with a meaningful contribution towards a more sustainable society. Executing this project in parallel to Earth Hour 2014, which has an active worldwide participation, will help us to relate this simple approach in a bigger context,” he said.

Nawaz added that the booklet underpins Alliance Finance's strong confidence and belief in its product by employing the 'servant selling' approach – according to which salespersons serve customers first as social ambassadors rather than intensely focusing on sales, as they have full confidence in the quality and stability of their product and thus feel no need for 'hard-selling'.

The launch of the booklet is one of the several CSR programmes undertaken by Alliance Finance, one of the leading proponents of sustainable practices in the local finance industry.

Alliance Finance Company counts nearly 60 years of presence in the finance industry of Sri Lanka. The company's strong stature and reputation in the industry is underscored by recognition received by AFC as one of the most valuable brands in the country.

The company offers investment solutions (Fixed Deposits and Savings), finance solutions (Leasing, Hire Purchase and Microfinance), transport solutions (Rent, Trade and Lease) and Gold Loans. AFC's well-established branch network consists of 33 branches, 27 gold loan centres and seven collection centres islandwide.

### AFC BRANCHES -

Ambalanthota	047-5703703	Gampaha	033-5673801	Kandy	081-5740800	Kalpitiya	032-5704705	Vavuniya	024-5675613
Anuradhapura	025-5673342	Ganemulla	033-5108108	Kelaniya	011-5234913	Rathnapura	045-5440097	Malabe	011-5927827
Avissawella	036-5704704	Horana	034 5672613	Killinochchi	021-5671514	Trincomalee	026-5676512	Hingurakgoda	027-5678512
Batticaloa	065-5677513	JaEla	011-5234372	Kuliyapitiya	037-5708708	Galle	091-5625262		
Chilaw	032-5745600	Jaffna	021-5671813	Kurunegala	037-5625550	Nuwara Eliya	052-5720000		
Dambulla	066-5704707	Kadawatha	011-5742742	Maharagama	011-5219212	Puttalam	032-5676610		
Galewela	066-5704705	Kaduruwela	027-5703333	Matara	041-5419677	Negombo	031-5677513		

### AFC BRANCHES -

Ambalanthota	047-5703703
Anuradhapura	025-5673342
Avissawella	036-5704704
Batticaloa	065-5677513
Chilaw	032-5745600
Dambulla	066-5704707
Galewela	066-5704705
Galle	091-5625262
Nuwara Eliya	052-5720000
Puttalam	032-5676610
Gampaha	033-5673801
Ganemulla	033-5108108
Horana	034 5672613
JaEla	011-5234372
Jaffna	021-5671813
Kadawatha	011-5742742
Kaduruwela	027-5703333
Kalpitiya	032-5704705
Rathnapura	045-5440097
Trincomalee	026-5676512
Kandy	081-5740800
Kelaniya	011-5234913
Killinochchi	021-5671514
Kuliyapitiya	037-5708708
Kurunegala	037-5625550
Maharagama	011-5219212
Matara	041-5419677
Negombo	031-5677513
Vavuniya	024-5675613
Malabe	011-5927827
Hingurakgoda	027-5678512