

CENTRAL BANK OF SRI LANKA

AN INVITATION FOR EXPRESSION OF INTEREST FOR THE APPOINTMENT OF A PANEL OF INDEPENDENT PROFESSIONAL VALUERS

1. Introduction

- 1.1 The Central Bank of Sri Lanka (CBSL) invites Expressions of Interest (EOI) from qualified and experienced professional valuers to be appointed to a Panel of Independent Professional Valuers. The selected Panel will support CBSL's resolution function by providing professional valuation services as required under the Banking (Special Provisions) Act, No. 17 of 2023 (BSPA).

2. Background

- 2.1 Under the Central Bank of Sri Lanka Act, No. 16 of 2023 (CBA) and the BSPA, CBSL is designated as the resolution authority in Sri Lanka. CBSL is empowered to carry out resolution planning and implement resolution measures on Licensed Bank (LBs) and Licensed Finance Companies (LFCs) in accordance with the provisions of the BSPA. Additionally, BSPA stipulates the resolution measures that can be implemented by CBSL and the Government of Sri Lanka to resolve an LB and an LFC subject to capital, liquidity, insolvency, regulatory or any other conditions for resolution in a timely manner; to revive such LB or LFC as a going concern to ensure the interests of the depositors and creditors thereof ensuring the financial system stability.
- 2.2 In this context, to assess the value of the assets, liabilities and shares of an LB or LFC for the purpose of resolution, CBSL may, at any time before or after the implementation of any resolution measure, direct such LB or LFC to cause a prudent and realistic valuation of the assets, liabilities or shares of such LB or LFC to be carried out by an independent professional valuer who shall possess such qualifications and experience as may be determined by CBSL periodically, as appropriate.

3. Overview of the Banking Sector and LFC Sector

- 3.1 The Sri Lankan banking sector comprises 02 main categories of LBs: Licensed Commercial Banks (LCBs) and Licensed Specialized Banks (LSBs). Together, these categories make up the 30 LBs operating in the country. The LCB sector includes 13 domestic banks, comprising 02 state-owned banks and 11 privately-owned banks, and 11

foreign banks. Out of the 13 domestic banks, the 05 largest banks have been identified as Domestically Systemically Important Banks (D-SIBs). Each bank has its own unique financial characteristics and risk appetite, based on its assets, liabilities and equity.

- 3.2 The Sri Lankan LFC sector comprises 32 companies regulated under the Finance Business Act, No. 42 of 2011, which accounts for 5.4% of the total financial sector assets. There are 1,908 branches, of which 1,265 branches are located outside the Western Province and the LFCs vary in terms of size, business models and risk profiles catering to the financial needs of many segments.
- 3.3 The valuer selected from the appointed Panel should be capable of providing their services to any of the 30 LBs and 32 LFCs. Please refer to the CBSL official website (<https://www.cbsl.gov.lk/>) for a detailed overview of the banking sector and non-bank financial institutions sector in Sri Lanka.

4. Role and Responsibilities of the Independent Professional Valuers

- 4.1 The primary responsibility is to provide an objective assessment of the value of assets, liabilities, shares, businesses or other entities of the LB or LFC involved in the resolution process.
- 4.2 Ensure that the valuation process is conducted with fairness and transparency, adhering to professional and ethical standards.
- 4.3 Apply specialized knowledge and expertise in various valuation methodologies, such as income approach, market approach and cost approach, depending on the nature of the assets or entities being valued.
- 4.4 Evaluate the risks associated with the assets or entities being valued, considering factors such as market conditions, industry trends and financial performance.
- 4.5 Prepare comprehensive valuation reports that document the methodologies used, assumptions made, analysis conducted, and valuation conclusions reached.
- 4.6 The valuer is expected to collaborate closely with CBSL throughout the valuation process. This includes regular reporting, sharing findings and providing necessary information to facilitate well-informed decision-making by the Resolution Authority.

5. Indicative Phases and Activities

- 5.1 The valuation process during resolution planning typically involves the following phases and activities (Table 1).

Table 1: Phases and Activities of a Valuation Process in Resolution

Phases	Activity
Initial Assessment and Planning	Understand requirements, assess assets, liabilities, shares, or entities to be valued and outline the scope.
Data Collection and Analysis	Gather relevant financial data, market information and other pertinent documents. Analyze the data to determine the appropriate valuation methodologies.
Valuation Modeling and Methodology Selection	Develop valuation models based on chosen methodologies (e.g.: income approach, market approach, cost approach). Select the most appropriate methodology for each asset or entity.
Drafting the Valuation Report	Prepare a comprehensive valuation report that includes the methodology used, analysis of data, assumptions made and the final valuation conclusions.
Finalization and Review	Review the draft report for accuracy, completeness and compliance with professional standards. Incorporate feedback from stakeholders and finalize the valuation report.
Presentation	Present findings to CBSL and/or the Administrator appointed by CBSL, clarify any questions or concerns, and provide additional explanations as requested.

Note: All the above activities should be completed within a maximum of 21 days from the date of the contract. This indicative timeframe may be refined based on the specific requirements of each assignment.

6. Important Considerations for the Independent Professional Valuers

- 6.1 The rights of an independent professional valuer in the resolution process are typically structured to ensure they can perform their duties effectively and impartially. These rights are designed to safeguard their independence, integrity and ability to provide objective valuation assessments.
- 6.2 The valuer should have the right to access all relevant information necessary to conduct a thorough valuation. This includes financial records, market data, operational information and any other documentation pertinent to the valuation process.
- 6.3 The valuer should be treated fairly and respectfully by all parties involved in the resolution process. They should have the right to ask questions, seek clarification and

receive cooperation from stakeholders to ensure the accuracy and completeness of their valuation assessment.

6.4 The valuer has the right to conduct the valuation in accordance with relevant professional and ethical standards and regulatory requirements. They should be allowed to adhere to established practices that ensure the integrity and reliability of their valuation work.

6.5 The valuer should have the right to legal protection for their work.

7. Qualification and Experience

7.1 Professional Valuer: An independent professional valuer is expected to possess the following qualifications, experience and skills (Table 2).

Table 2: Expected Qualification and Experience of a Professional Valuer

<p>Academic/Professional Qualification</p>	<p>I. A member of the Institute of Valuers of Sri Lanka (IVSL) who should be a:</p> <ol style="list-style-type: none"> 1. Fellow member, or 2. Associate member with 05 years of experience in such grade of membership (For the purpose of determining the number of years of experience in the grade of professional Associate membership, the transitional provisions stated in Section 24 of the Institute of Valuers of Sri Lanka Law, No.33 of 1975 (as amended), are applicable); <p style="text-align: center;"><i>or</i></p> <p>II. A Chartered Valuation Surveyor of the Royal Institution of Chartered Surveyors (RICS) of the United Kingdom who should be:</p> <ol style="list-style-type: none"> 1. A Fellow member; or 2. Other members with at least 05 years of experience in such a grade of membership. <p style="text-align: center;"><i>and</i></p> <ul style="list-style-type: none"> • The following qualifications would enhance the candidacy:
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	<p>a) A bachelor's degree or advanced degrees (e.g., master's in finance, MBA) in finance, economics, business administration or real estate.</p> <p>b) Certification from recognized professional bodies.</p>
Experience	<p>I. Extensive experience of at least 10 years in conducting valuations across various industries and for different purposes (e.g., financial reporting, mergers and acquisitions, litigation support, tax purposes);</p> <p><i>or</i></p> <p>II. Experience in conducting complex valuation assignments involving complex financial structures, intellectual property, other intangible assets and distressed situations;</p> <p><i>and</i></p> <ul style="list-style-type: none"> • In addition to the above experience, the following would enhance the candidacy: <p>a) Knowledge of regulatory requirements and compliance issues relevant to valuation practices.</p> <p>b) Familiarity with international valuation standards such as the International Valuation Standards (IVS).</p>
Skills	<ul style="list-style-type: none"> • Strong quantitative and analytical skills to interpret financial statements, analyze market data and apply valuation methodologies accurately.

7.2 Team of the Professional Valuer: The team of the independent professional valuer is expected to possess the following qualifications and experience (Table 3).

Table 3: Particulars of the Team of Valuers

Academic/Professional Qualification	<ul style="list-style-type: none"> • A bachelor's degree in finance, economics, business administration or real estate; <p><i>or</i></p> <ul style="list-style-type: none"> • Certification from a recognized professional body.
Team size	<ul style="list-style-type: none"> • This will depend on the operation and size of the LB or LFC in concern. The Resolution Authority to evaluate the

	capacity of the valuation firm based on the data provided in the Service Rate Schedule.
Experience	<ul style="list-style-type: none"> • Experience in conducting valuations across various industries, especially in banking and finance.

8. Disqualification of an Independent Professional Valuer

- 8.1 Conflict of Interest: if the valuer has a personal or financial interest in the outcome of their valuation, which could compromise their independence and objectivity.
- 8.2 Lack of Independence: If the valuer lacks the necessary independence, whether due to personal relationships, financial interests or other affiliations.
- 8.3 Regulatory Non-compliance: CBSL may set specific criteria for who can act as an independent valuer in resolution planning. If the valuer fails to meet these regulatory requirements or standards, they may be disqualified.
- 8.4 Non-performance: If the valuer fails to complete the valuation process as per the agreed terms and deviates from the objective, they may be disqualified.

9. Submission Requirements

- 9.1 The following information should be provided in the EOI as per the specified form (Annex I):
 - i. A comprehensive corporate profile of the party responding to this EOI, including details of experience in similar assignments, with full contact details of references;
 - ii. Registration details with relevant regulatory or professional bodies;
 - iii. Details of the team members, their qualifications, roles and relevant experience;
 - iv. Any conflicts of interest at present (This will also be carefully reviewed and assessed at the time the service is obtained);
 - v. Details relating to availability of Professional insurance indemnity; and
 - vi. Service rate for a day on average for valuation
- 9.2 The party expressing interest in this assignment should have the legal capacity to enter into a contractual agreement with CBSL on all terms and conditions that are required to be agreed upon.
- 9.3 Only the parties expressing interest who have been short-listed based on the EOI submitted will be invited for a meeting where CBSL would brief on the specific responsibilities of the valuers included in the Panel.

- 9.4 The EOI and all other relevant documents shall be submitted as one original hard copy along with a soft copy in PDF format. The sealed envelope carrying the EOI and other relevant documents should be labeled “Expression of Interest for Appointment of a Panel of Independent Professional Valuers” on the top left-hand corner of the envelope.
- 9.5 Further information on the proposed assignment can be obtained by forwarding a request to the email address: resolution@cbsl.lk.

10. Submission Details

- 10.1 All EOIs should be delivered to the following address by 1500 hrs. Sri Lanka time on or before 06, June 2025:

Director
Deposit Insurance and Resolution Department
Central Bank of Sri Lanka,
No 30, Janadhipathi Mawatha,
Colombo 1, 00100,
Sri Lanka.

- 10.2 Soft copy of the EOIs in PDF format should be submitted to the following e-mail address by 1500hrs. Sri Lanka time on or before 06, June 2025:

resolution@cbsl.lk

- 10.3 CBSL reserves the right to accept or reject any or all EOIs received in response to this Request for Expression of Interest.
- 10.4 No late submissions will be considered and proposals which do not comply with this EOI, and response form will not be acknowledged.