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CENTRAL BANK OF SRI LANKA

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Press Release

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Department of Supervision of Non Bank Financial Institutions

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Clarification issued by the Department of Supervision of Non-Bank Financial Institutions regarding certain politician's statements about The Finance Co. PLC

The Department of Supervision of Non-Bank Financial Institutions (DSNBI) of the Central Bank of Sri Lanka continuously supervises and monitors all licensed finance companies and specialized leasing companies licensed by the Monetary Board.

The Finance Co. PLC is currently implementing a restructuring plan approved by the Monetary Board, and according to such plan, from April 2011 to April 2012, it has been able to increase its total deposits by 5.36% and its total lending portfolio by 11%. Further, the company is now embarking on a path towards profitability, after a period of rather steep losses reported before the restructuring.

As an integral part of the restructuring plan, The Finance Co. PLC issued new shares at Rs. 40 per share in 2011 to augment its share capital. Subsequently, the share price increased to about Rs. 48. However, the share price has now declined, in the declining trend of prices of most shares in the share market. Nevertheless, The Finance Co. PLC is today among the top five finance companies in the country in terms of its asset base, and is fulfilling its obligations satisfactorily in accordance with the restructuring plan and the conditions imposed by the Central Bank of Sri Lanka. In these circumstances the public is hereby informed that The Finance Co. PLC is a stable finance company and therefore, not to be misled by statements about the company's progress and functions, as made by certain politically motivated persons.