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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

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# **Press Release**

Issued By

**Department of Supervision of Non-Bank Financial Institutions**

Date

**17.09.2019**

## **Regulatory actions taken by the Central Bank of Sri Lanka on The Finance Company PLC**

The Finance Company PLC (TFC), a Finance Company licensed under the Finance Business Act No. 42 of 2011 (FBA) was severely impacted by the failure of a number of financial institutions within the Ceylinco Group in 2008. Since then the financial status of the company deteriorated gradually and it currently operates with severe liquidity issues, which need to be addressed immediately. Although, several efforts were made to identify prospective investors and to restructure the company, such efforts have not materialized to a satisfactory level yet.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) having considered the weak financial performances of TFC, took number of regulatory actions under the provisions of FBA, with effect from 15<sup>th</sup> February 2019, with a view to safeguard the interests of the depositors and other stakeholders of the company. The regulatory measures included suspension of accepting new deposits, withdrawal of deposits and disbursement of loans and advances to facilitate the restructuring process of TFC. The primary objective of the regulatory actions was to identify a potential investor for TFC within a reasonable time period. However, TFC has not been able to find an acceptable investor to date to revive the company.

**It is important to understand that the revival of TFC entirely depends on availability of an acceptable investor who is willing to invest in equity capital of the company.** Accordingly, it is now vital to find an acceptable investor to bring equity capital to TFC within an agreed time frame to avoid further deterioration of the financial condition of the company. Therefore, the Monetary Board instructed TFC to call Expressions of Interest (EOIs) from potential investors with immediate effect and to request such investors to submit their Business Restructuring Proposals to revive TFC. CBSL will facilitate TFC to proceed with suitable investors as per the applicable laws and regulations. Further, the **Monetary Board in terms of the powers vested under the FBA, decided to extend the regulatory actions imposed on 15<sup>th</sup> February 2019 for a one month period from 15<sup>th</sup> September 2019**, along with further actions on cost minimizing measures to safeguard the interests of the depositors and other creditors and to facilitate a potential investor for TFC.

Interest due for deposits will be paid continually to the depositors as per the CBSL directions. At the same time, all borrowers of the company are strictly advised to pay their dues. Such borrowers are encouraged to pay their dues via bank accounts designated by TFC or to the nearest TFC branch. They should also ensure to obtain receipts for the repayments they make.

Attention is also drawn to the fact that the deposit insurance and liquidity support scheme will also safeguard the interest of all depositors to a maximum of Rs.600,000/- per depositor, which will cover 94 percent of the depositors in full. Therefore, the depositors are kindly requested to cooperate with the CBSL, to manage the process of looking for a viable investor which is being initiated through the Calling of EOIs.

The depositors may contact the Department of Supervision on Non-Bank Financial Institutions of the Central Bank of Sri Lanka through 0112 477 573, 0112 477 229 or 0112 477 504, for further clarifications.