



ශ්‍රී ලංකා මහ බැංකුව
இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477418

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

Press Release

Issued By

Department of Supervision of Non-Bank Financial Institutions

Date

23.10.2019

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, leading to a severe liquidity crisis. 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 a number of regulatory actions under the provisions of FBA, with effect from 15th 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 the availability of an acceptable investor who is willing to invest in the equity capital of the

company. Accordingly, the Monetary Board instructed TFC to call Expressions of Interest (EOIs) from potential investors and to request such investors to submit their Business Restructuring Proposals to revive TFC. However, TFC was not able to receive an acceptable EOI from any credible investor along with evidence for the availability of funds. It is also noteworthy to mention that the company is incurring a monthly loss of around Rs 200 mn. Hence, it is obvious that operation of the company in this manner will be further detrimental to the interest of the depositors and other stakeholders.

Accordingly, the **Monetary Board in terms of the powers vested under the FBA, decided to issue a Notice of Cancellation of the License issued to TFC, with effect from 23rd October 2019** to safeguard the interests of the depositors and other creditors. Any credible investor can still submit an acceptable EOI along with proof of funds for capital infusion and a Business Restructuring Plan for the consideration of TFC and CBSL.

Interest due for deposits will be paid continuously 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 TFC depositors in full. Therefore, the depositors are kindly requested to cooperate with the CBSL.

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, 0112 398646, 0112 398733 or 0112 477 504 and snbfi_query@cbsl.lk for further clarifications.