



The Finance Company PLC

Estd 1940

25th November 2019

Mr. Renuka Wijewardhana
Chief Executive Officer
Colombo Stock Exchange
#04-01, West Block
World Trade Centre
Echelon Square
Colombo 01.

Dear Sir,

Regulatory Actions taken by Central Bank of Sri Lanka (CBSL) on The Finance Company PLC (TFC)

We write with reference to the latest regulatory action imposed by Central Bank of Sri Lanka (CBSL) on The Finance Co. PLC (TFC) with regard to the Notice of Cancellation issued on 23rd October 2019 in accordance with the powers vested to the Monetary Board (MB) of Central Bank of Sri Lanka (CBSL) by the Finance Business Act (FBA) No. 42 of 2011.

We wish to inform you that the Board of Directors of TFC submitted its objection on 14th November 2019 for the "Notice of Cancellation" issued on TFC under the provision made in section 37 of FBA, which we deem to consider as unessential, on following grounds.

- Since publication of the "Notice of Cancellation", TFC was approached by 03 interested parties to consider an investment on the basis Banking License could be obtained with the sufficient investment
- TFC is continuing to facilitate potential investors locally and overseas. Some discussions with potential investors are continuing.

The Board of Directors of TFC has requested CBSL to re-consider the notice of 30 days and avoid any License Cancellation and request 60 days of extension from the date of issuance of "Notice of Cancellation", while assisting us to finalize the investors soon after the existed political situation settles.

We wish to further inform you that the CBSL has responded on 21st November 2019 to our objections dated 14th November 2019 and informed following facts.

- TFC was severely affected 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 by the Central Bank of Sri Lanka (CBSL) since 2009, such efforts have not materialized to a satisfactory level yet.

- it was informed that the document in relation to the proof of funds for the capital infusion submitted by the said potential investor had some concerns and TFC was requested to submit confirmations to the CBSL from the Banks in which the said funds are deposited and available for investing in TFC, via their corresponding local banks, on or before 23.10.2019. 12 noon and TFC has not submitted the bank confirmations on the proof of funds from the said potential investor for their investment in TFC, to date.
- The Notice of Cancellation is not the cancellation of the License issued to TFC and the Company has the right to submit its objection for the Notice of Cancellation.
- Accordingly, in terms of Section 37 of the FBA, TFC may tender its objections in writing to the Monetary Board against the Notice of Cancellation within thirty days of the date of such notice, giving reasons as to why the license issued to TFC should not be cancelled. After the expiry of sixty days from the date of the Notice of cancellation and after considering the objections, the Monetary Board may withdraw such notice or cancel the license issued to TFC.
- Accordingly, TFC shall submit its objections along with acceptable investment proposal with the credentials of a potential investor within the stipulated timelines as per the FBA for the consideration of the Monetary Board.

We will inform of further communications on the above matters at the appropriate time.

The Finance Company PLC is hereby informing the Colombo Stock Exchange (CSE) to keep the market duly informed with regard to the said matter.

Yours Faithfully,
THE FINANCE COMPANY PLC



.....
Kosala Wimalasiri
Acting Chief Executive Officer



.....
Shashika Naguruge
Company Secretary