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CENTRAL BANK OF SRI LANKA

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# Press Release

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## Financial Sector Consolidation Update – November 2014

During the month of November 2014, further progress was made by banks and finance companies and leasing companies (NBFIs) on the financial sector consolidation process.

- The proposed amalgamation of the Merchant Bank of Sri Lanka PLC, MCSL Financial Services Ltd and MBSL Savings Bank Ltd has reached the final stage of completion. The necessary shareholder approvals were obtained and the merged entity will operate as a licensed finance company from 2015.
- The Act to facilitate the proposed merger of the three banks, viz., DFCC Bank, National Development Bank PLC and the DFCC Vardhana Bank PLC, was enacted.
- The Ministry of Finance has made arrangements to issue the Gazette Notification in relation to exemption of Stamp duty for issue of share certificates for mergers and acquisitions under the financial sector consolidation process.
- One-to-one meetings chaired by the Governor of the Central Bank were held with the foreign banks to discuss the progress made on their

expected contribution under the financial sector consolidation process. Several regional representatives of foreign banks were also present at these meetings.

- Foreign banks in Sri Lanka are expected to demonstrate a greater participation in economic activities and to make significant contribution to the economy. In this regard foreign banks expressed their commitment to operate as intermediaries of their entire international branch network to channel funds and expertise to several sectors of the economy.
- Consolidation process of 7 NBFIs has been completed and another 22 NBFIs and 4 banks are in progress for completion in due course. The names of such entities and the consolidation strategy are as follows:

<b>Consolidation Update as at 28 November 2014</b>			
<b>No.</b>	<b>Company 1</b>	<b>Company 2</b>	<b>Strategy</b>
<b>Completed Transactions</b>			
1	Assetline Leasing Co. Ltd	Lisvin Investments Ltd	Acquisition
2	TKS Finance Ltd	Asian Finance Ltd	Merger
3	Koshiha Leasing Co. Ltd	-	Licence terminated
4	Hatton National Bank PLC	Prime Grameen Micro Finance Ltd	Acquisition
5	Commercial Bank of Ceylon PLC	Indra Finance Ltd	Acquisition

<b>In progress</b>			
6	DFCC Bank, DFCC Vardhana Bank PLC	National Development Bank PLC	Merger
7	Merchant Bank of Sri Lanka PLC	MCSL Financial Services Ltd + MBSL Savings Bank Ltd.	Merge
8	Deshodaya Development Finance Co. Ltd.	George Steuart Finance PLC	Acquire & merge
9	Cargills Bank Ltd	Capital Alliance Finance PLC	Acquire & merge
10	Commercial Credit & Finance PLC	Trade Finance & Investments PLC	Acquire & merge
11	Orient Finance PLC	Bartleet Finance PLC	Acquire & merge
12	Senkadagala Finance PLC	Newest Capital Ltd	Acquire & merge
13	Commercial Leasing & Finance PLC	BRAC Lanka Finance PLC	Acquire & merge
14	Citizens Development Business Finance PLC	Laugfs Capital Ltd	Acquire & merge
15	Richard Pieris Arpico Finance Ltd	Chilaw Finance PLC	Acquire & merge
16	Central Finance Co. PLC	Isuru Leasing Co. Ltd	Acquire & merge
17	Associate Motor Finance Co. Ltd	Arpico Finance Co. PLC	Acquire & merge