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Sri Lanka

The connected island

I The country's future lies in its role as a major hub for the whole of South Asia

After a long battle against terrorism, which ended in 2009, Sri Lanka has established itself as a peaceful democracy, committed to national reconciliation and nation-building. Since coming to power in 2005, President Mahinda Rajapaksa defeated the Tamil Tigers within four years, and has since worked to integrate former rebel strongholds in the north and east of the country. Meanwhile, this small country – home to 21 million people – has quickly increased its political and economic influence in the region. And crucially, Sri Lankans have enjoyed a general increase in per capita income, from \$1,062 in 2004 to \$2,053 in 2009, putting the country in the middle-income league.

However, the President has plans to make Sri Lanka a high-income country: “Our aim should be the eradication of poverty. We must become a high-income country by expanding the avenues for income generation. Our freedom will be sustainable only when the gap between the rural and the urban sectors is removed by further expanding services such as electricity, roads, telecommunications, education and healthcare.”

President Rajapaksa's vision and the main focus of the Presidential Election Manifesto 2010, entitled *Mahinda Chintana: Vision for the Future*, is to achieve medium-term prosperity. The primary target of the Manifesto is to double the country's per capita income by 2016, which would require an increase in the

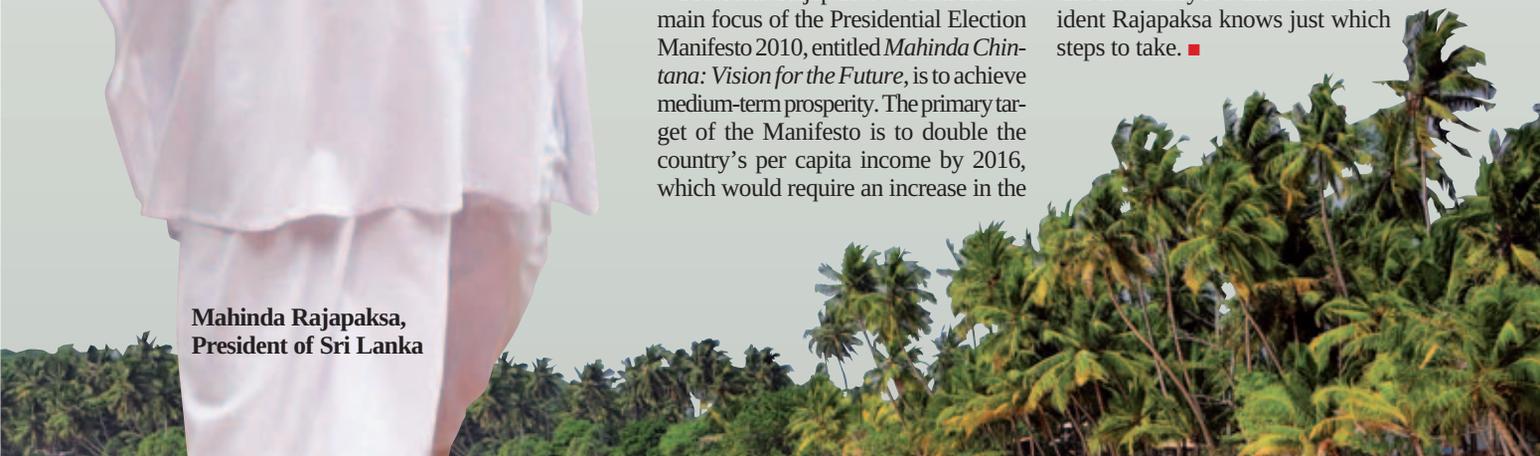
country's investment ratio to around 40% of GDP from its current level of 25%, while sustaining the rate of real GDP growth in the range of 8-10% per annum.

The President's plans are based on two pillars; the transformation of Sri Lanka into a dynamic “global hub” in terms of maritime, aviation, commerce, energy and knowledge, and the creation of local entrepreneurship. In both cases, the Manifesto acknowledges that Sri Lanka needs to open up to the world economy in order to truly participate and prosper. President Rajapaksa believes that being part of the global economy will in itself protect the country: “It's necessary for the worldwide financial community to focus upon the management of economies that have a global impact, and therefore have become ‘too big to fail.’”

This strengthened global connectivity and competitiveness, along with simple, clear procedures and sound macroeconomic fundamentals, will be the key to a better future. Progress is being made, and confidence is rising, as exemplified by Sri Lanka's bid to host the 2018 Commonwealth Games.

Reforms aimed at increasing transparency, further investments in infrastructure and continued efforts to integrate the nation are a continuous process beginning with one step forward, and the country is confident that President Rajapaksa knows just which steps to take. ■

Mahinda Rajapaksa,
President of Sri Lanka



Emerging Sri Lanka

■ \$4,000 per capita income target for 2016

By 2016, the Sri Lankan government hopes to realize the goal of a \$4,000 per capita income, and increased foreign investment will be key. Minister of Economic Development, Basil Rajapaksa, is keen for overseas investors to see the potential in his country: "Globally, any investor who is coming here would look at it from a global perspective. For agriculture, fisheries or livestock, the domestic consumer will constitute the main market, but industrial products and plantation products have to compete in the global market. So industrial development cannot be planned with

a purely district or provincial perspective, though we can distribute industries to different locations."

Countries across the globe have suffered through recent economic challenges, but Sri Lanka has remained resilient throughout due to sound economic policies being implemented at a national level. The Governor of Sri Lanka's Central Bank, Nivard Cabraal, is confident that the country simply has to maintain its course if it is to become a major transport and shipping hub for Asia. He says: "In order to ensure this growth and reach that hub status, we have to

ensure that the macroeconomic fundamentals are maintained in a solid and sustainable manner."

As the Senior Minister for International Monetary Cooperation Sarath Amunugama explains, the economic future looks bright for a post-conflict Sri Lanka, with inflation settled on single digits since 2009: "The war is a thing of the past, and Sri Lanka now ranks as one of the most stable and safest places to do business."

The country managed to sustain a GDP growth rate of 5% over the past decade and reached a high of 8.2%, last year. Vasantha Kumar, CEO of People's Bank, attributes this to "growth



in the export sector, increased earnings from tourism, and the huge increase in foreign direct investments, along with worker remittances."

Asked whether a sustained 8% growth rate is feasible, Mr. Kumar replies confidently: "Yes, it is absolutely achievable." ■



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With a vision and a commitment of creating, nurturing and empowering a nation, People's Bank proudly stands as a colossal entity on the threshold of expanding its boundaries of banking. The bank boasts of a history spanning over 50 years of banking with the people during times of turmoil and peace. People's Bank is geared to foster a banking relationship of strength, prosperity and innovation with the people of Sri Lanka with a wide range of novel banking services. As a nation embarks on a new avenue of hope and prosperity, the bank will continue to be in the forefront of sustained development with a banking culture that foresees widespread growth in the country.

AAA Brand Finance Rating, A1 (ba) Fish Rating

PEOPLE'S BANK

NSB evolves as a vibrant catalyst in the country's development

NSB is a key agent in raising domestic savings to 25% of GDP

National Savings Bank has become a trusted Sri Lankan brand during, and thanks to, the stability of recent years. This reputation has arisen out of, among other things, its special standing as the only local bank to have received an enviable long-term credit rating.

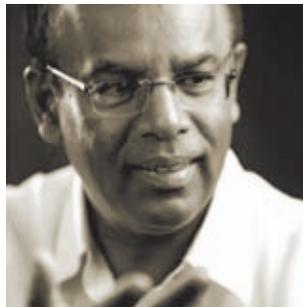
This rating indicates a remarkably positive outlook for investors. As Hennayake Bandara, NSB's General Manager/CEO emphasizes: "Fitch Ratings has accorded NSB a coveted AAA rating for the ninth consecutive year, making it the first local bank to achieve this milestone. This suggests that we continue to be Sri Lanka's benchmark for financial soundness."

Comprising a network of 187 branches – strengthened by over 4,000 post office agents who provide comprehensive deposit and withdrawal facilities – it is hard not to be impressed by NSB's nationwide reach. And being the third largest bank in Sri Lanka overall in terms of assets and deposits, NSB has been in a position to provide housing loans amounting to Rs 8 billion (\$70.2 million) to its customers. It has also excelled in its responsibility to offer products and run schemes that empower and enrich the rural economy, a situation which, in turn, has played no small part in the development of the nation's burgeoning prosperity program.

Furthermore, NSB's singular position within Sri Lanka's financial landscape as the only banking institution whose deposits are fully guaranteed by the government, combined with its relative immunity to



**Pradeep Kariyawasam,
Chairman of National
Savings Bank**



**Hennayake Bandara,
CEO and General Manager
of National Savings Bank**

international financial problems, mean that, in the words of its Chairman, Pradeep Kariyawasam, "The National Savings Bank has become an active player in foreign investment policy by acting as a facilitator for foreign investors."

Mr. Kariyawasam has further high hopes for the institution in 2012: "The National Savings Bank was established in 1972. On March 16 we celebrate our 40th year. The main objective is to enable and assist all Sri Lankans in saving and developing themselves, as well as being a contributor to the country's economic progress." ■

Molding a progressive future

Secretary of the Treasury Dr. P.B. Jayasundera is proud of his country's 2012 budget, which indicates strong growth. "We must give due respect to the fact that the economy has performed at 8% growth, which is not easy in today's global economic scenario," he says.

While national confidence abounds, the government is monitoring events around the world. However, there are no expectations of a serious impact on the economy due to further global recession thanks to a diversified exports base.

Dr. Jayasundera elaborates: "Our core investments address an increasing demand for expansion. Public investments during the past five years have begun to pay dividends and the economy has lurched forward very rapidly." However, as Sri Lan-



**Dr. P.B. Jayasundera,
Secretary to the Treasury**

ka aims to maintain its impressive growth, there is still room for accelerated investment flows.

Greater participation by institutional and foreign investors will further add maturity and depth to the domestic stock exchange. Key points addressed by the budget include: creating a conducive climate for private investments; boosting rural infrastructure development; fulfilling demand for skilled labor; and re-oriented education to move hand-in-hand with demand-driven sectors.

Savings that build the Nation

National Savings Bank

Call Center: 11 2379379 **NSB**

Fitch Rating: AAA (lka) www.nsb.lk

Innovation and careful risk management lead to success

People's Bank and Seylan Bank lead in the financial sector

Progressive, in terms of a globalized and inclusive vision, People's Bank was the first Sri Lankan bank to print its checkbooks in three languages: English, Tamil and Sinhala.

With the largest branch network in the country, People's Bank provides banking services and products to well over half the nation's population. As its CEO and General Manager Vasantha Kumar says: "We concentrate on education, culture, environment, and re-building the north and east... We are setting up citizens in their homes, empowering them and uplifting their livelihoods through micro-financing."



Eastman Narangoda,
Chairman of Seylan Bank

As Sri Lanka rapidly emerges as a regional hub of ports, aviation, commerce, knowledge and energy, one of the financial sector's most crucial endeavors has been to create a banking infrastructure that is globally competitive and technologically advanced. People's Bank has been at the forefront of those developments with its integration of SMS and internet-based banking facilities. As well as being

technological pioneers, People's Bank have also led the way in creating corporate banking and trade finance solutions, offering diverse financial services to cater for the large business volumes of multinational companies, welcoming foreign investors to its corporate credit services as well as its offshore banking facilities. Meanwhile, Eastman Narangoda originally took over Seylan Bank when it was on the verge of collapse. The bank is an unprecedented case of recovery in the domestic banking sector, restoring public confidence without the need for a bailout.

As Mr. Narangoda emphasizes: "We have implemented a world-class risk management policy. In this sense, we can proudly say that we are 100 % compliant with all Central Bank directives and regulations."



Vasantha Kumar,
CEO and General Manager
of People's Bank

2010 saw the bank make a net profit of Rs 1.2 billion (\$10.5 million), which represented 126% growth and is the highest ever recorded by the bank. ■

SRI LANKA'S NEWEST INTERNATIONAL GATEWAY - OPENING 2012

HAMBANTOTA INTERNATIONAL AIRPORT, SRI LANKA



• LOCATION: Hambantota (Mattala)
 • RUNWAY LENGTH: 3500m • WIDTH: 75m • PASSENGERS: 5 million
 • CARGO CAPACITY: 150000 metric tonnes • PARKING BAYS: 20

www.airport.lk




Branding Sri Lanka

Expo 2012 will showcase Sri Lankan products to global investors

Exports will play a key role in achieving the objectives laid out in Sri Lanka's Mahinda Chinthana development program, which aims to increase the nation's GDP and increase per-capita income to provide socio-economic benefits to every segment of society. "In 2010, GDP was already over 8%," says Janaka Ratnayake, Chairman and CEO of Sri Lanka's Export Development Board (EDB). "We are on the right track."

Between January and June 2011, exports to the country's top two destinations – the EU and the U.S. – increased by



Janaka Ratnayake, Chairman and Chief Executive of the Export Development Board

48.7% and 36% respectively, compared with the first six months of 2010. The greatest growth was seen in exports to Singapore, which shot up by 74%, or \$114.65 million. In all, according to the EDB, Sri Lanka's exports in the first half of 2011 totaled \$5.1 billion, repre-

senting 40.9% growth compared to the same period last year.

The EDB has organized Expo 2012 – a showcase for the country's products and services, which will run from 28 to 30 March this year in Colombo, at the Sirimavo Bandaranaike Exhibition Center. The event will be a platform

for more than 300 exhibitors and will be a catalyst to attract over 1,000 serious international trading and investment partners to Sri Lanka.

"A lot of foreign investments are coming into the country and the best thing about it is that it is a Sri Lankan development model. We need to have our own model mixed with an international flavor," says Mr. Ratnayake. "In 10 years you will see a different Sri Lanka." ■

Contact: Sri Lanka Export Development Board
No. 42, Navam Mawatha,
Colombo 2, Sri Lanka
00 94 11 2300712
www.srilankabusiness.com



Exciting times at Browns Group

With a 135-year history, Browns Group is a domestic leader in several key industries. Among the most diversified conglomerates, it is presently associated with over 70 global brands, including Olympus, Sharp, Exide and Continental Airlines.

The Browns Group vision is to become the leading global Sri Lankan conglomerate by the year 2013, seeing diversification as the best means to gain value from the emerging national business climate and improved infrastructure. Murali Prakash, Group Managing Director and CEO, believes: "Today, Sri Lanka is a vibrant society that has embraced peace, and that is a positive development for our future, and now we would like to develop further relationships with other international brands in diverse fields."

In line with national economic progress, Browns Group recently recorded a 35% increase in revenue, complementing an impressive 230% increase in its share prices. The company, which is involved in a multitude of operations – from manufacturing, to service innovations, financial services, engineering, and power generation – employs about 880 people directly, with some 22,000 further employees making up a larger group which includes plantation workers. ■



Murali Prakash



Colombo Dockyard takes Sri Lanka to next level in Shipbuilding

Colombo Dockyard PLC outbid stiff competition from China, Thailand and Germany to win Indian Government contracts to build two 400 Passenger-250T Cargo Vessels recently.

Previous contracts for 250 Passengers were delivered 'on time' by the Shipyard to absolute praise by Indian Government officials, due to synergies drawn between its Japanese collaboration partner Onomichi Dockyard and the strong Japanese supply network comprising of Yanmar, Kamome and NSS, who continue to support all efforts of the Shipyard right throughout.

With the backing of Japanese technological partners, Shipyard exuberate confidence in successfully serving the Indian market, once again.

For more details of an interview with Colombo Dockyard, please visit www.universalnews-us.com



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Driving infrastructure

Sri Lanka Ports Authority is leading the charge to develop the island's ports and related facilities

The Sri Lanka Ports Authority (SLPA) aims to capitalize on the country's geostrategic advantages and turn it into Asia's premier maritime and transportation focal point. "We have almost all the shipping lines in the world calling at Sri Lanka, which means the Sri Lankan economy will get a big boost," says Dr. Priyath Bandu Wickrama, Chairman of the SLPA. "The ports sector contributes about 10% to GDP; to reach the targeted 40% we need more local and foreign investors to participate in this sector."

The huge new Hambantota Mahinda Rajapaksa Port will serve as a logistics hub and is attracting private investors looking at manufacturing and assembling activities. "It will also be a free port. We have already received many calls from



Chairman of Sri Lanka Ports Authority (SLPA) Dr. Priyath B. Wickrama receives the prestigious Seatrade Young Person of the Year award at the Seatrade Middle East & Indian Subcontinent Awards 2011 held in Dubai

investors," says Dr. Wickrama. "We are going to link the port to the airport with a wide road network."

Expansion plans at the Port of Colombo will increase capacity in three stages at the country's main container transshipment center to 13.0 million TEUs, up from its current 4.5 million TEUs. Around \$150 million has already been poured into new equipment and IT systems, and the SLPA has secured investment of \$700 million to build a multifaceted port city on reclaimed land on the capital's

seafront by 2015, along with a new harbor.

South of Colombo, the small port of Galle will focus on maritime tourism and a new marina is currently being built. "We also want to promote tourism in Trincomalee, one of the largest ports in the world," says Dr. Wickrama, who adds that regional shipping needs will be met by developing the ports of Oluvil and Kankesanthurai.

In 2012, Sri Lanka hosts the 12th Asia/Oceania Regional Meeting and Port Forum, organized by the International Association of Ports and Harbors (IAPH) on March 8-9. It will take place at the Bandaranaike Memorial International Conference Hall (BMICH), in tandem with the first ever Sri Lanka International Air Freight, Shipping and Logistics Expo Exhibition on March 8-10. ■

SRI LANKA PORTS AUTHORITY

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Blue sky thinking

Plans to expand Sri Lanka's airports will boost business, infrastructure and tourism

Sri Lanka's convenient location has contributed to the nation's high potential for becoming a prominent aviation hub. Hitherto this potential has not been exploited, but recent plans signal the development of Sri Lanka's airports sector by setting into motion the construction of a second international airport at Mattala, Hambantota.

Also, Bandaranaike International Airport will be revamped in order to cater further to Sri Lanka's global connectivity. These actions will contribute to a variety of investment opportunities, ranging from relationships forged with various courier companies, such as DHL, Fedex and

UPS; and aviation-related industries, such as flying academies and aviation repair centers, a tax-free shopping mall connected to the airport, and a 300-room transit hotel nearby, to name but a few potential investments.

Regarding additional plans for Sri Lanka's development as a prime aviation center, Prasanna J. Wickramasuriya, Chairman of the Airports and Aviation Services Limited, says: "Another thing we are doing is developing an expressway, a toll road, which will go from the airport to Colombo city. It will be completed by the end of the first quarter of 2012 and it will reduce the trip to the city to about 22 minutes."



Mr. Wickramasuriya continues: "The port is 20 miles away from the airport so it is going to be a commercial sea and air transshipment park. There will be industrial parks and international warehousing complexes as well as leisure and aviation-related industries in that area. Furthermore, the road

is going to be connected to the eastern province as well. The southern highway will be extended to the eastern province, which will contribute very much to its social development. Besides this, the best beaches are located there, so I believe that the tourism industry will also really develop." ■

Insuring the nation

Strong corporate governance and unique technical expertise have made Sri Lanka Insurance Corporation a trusted partner in Sri Lankan's lives

Sri Lanka Insurance Corporation (SLI) is the largest government-owned insurer in Sri Lanka. It has not only stood the test of time, but the test of functionality, as it has been in service for over 50 years and has over 120 branches across the country. Nationally, it has an asset base of over Rs 88bn (\$772.5 million). It also has the largest life fund in the insurance industry of Rs 50bn and a strong capitalization of Rs 6bn. In short, it has the most experienced technical base in the country.

Sri Lanka Insurance Corporation is committed to many things, among them providing the highest returns while protecting its policyholders through wise invest-

ment management. Its dedication and attention to detail has resulted in a number of financial milestones recently, with SLI's largest claim ever paid – Rs 39.5 bn – and the largest bonus ever declared to its life policy holders – Rs 3 bn.

Additionally, SLI was the first and only insurance company in Sri Lanka to be awarded the ISO 9001:2008 certification; the rating of AAA by RAM; and AA (Ika) from Fitch Ratings London. It's progress has been recognized with awards including 'Best Insurance Company of 2010' at the World Finance Awards in London, and the 'World Quality Commitment Award 2011' from Business Initiative Directions.



Representatives of the Sri Lanka Insurance (SLI) board receive the Award for World Quality Commitment. The event was organized by Business Initiative Directions in Spain, and held on 24 Oct 2011 in Paris. L-R: Piyadasa Kudabalage, Executive Director of SLI; Mohan De Alwis, MD and CEO of SLI; Jose E. Prieto, President and CEO of Business Initiative Directions; Gamini S. Senarath, Chairman of SLI

Said MD and CEO Mohan De Alwis about the company's future aims: "We would like to be remembered as 'The Insurer to the Nation', and for that reason we need to cover as many

people as possible in the most simplified ways."

Without a doubt, thanks to SLI's experience and determination, it is definitely on the right path. ■

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Sri Lanka Insurance

Like a father - Like a mother

