



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

27 October, 2016

MICROFINANCE ACT DIRECTIONS

NO. 01 OF 2016

MINIMUM CORE CAPITAL

Issued under Section 11 of the Microfinance Act, No. 6 of 2016.

1. Minimum Core Capital
 - 1.1. **Companies applying for the licence on or before January 15, 2018**

Every Licensed Microfinance Company (LMFC) shall at all times maintain a core capital at a level not less than Rupees One Hundred Million (Rs. 100,000,000/-) and maintain a core capital at a level not less than Rupees One Hundred and Fifty Million (Rs. 150,000,000/-) from January 15, 2019.
 - 1.2. **Companies applying for the licence after January 15, 2018**

Maintain a core capital at a level not less than Rupees One Hundred and Fifty Million (Rs. 150,000,000/-).
2. Regulatory measures in the case of non-compliance
 - 2.1. Where a LMFC has failed to comply with these Directions:
 - a) The total amount of deposit liabilities and debt shall be capped at the level as at the end of the month in which the non-compliance was confirmed, and
 - b) The LMFC shall not pay dividends, until the minimum capital requirement is complied with and is confirmed to the satisfaction of the Director/ Department of Supervision of Microfinance Institutions.
3. Core capital of the company
 - 3.1. Core capital of the company shall include the following;
 - a) Issued and fully paid Ordinary Shares. Provided, however, in calculating core capital in regard to a company applying for a licence under this Act issued ordinary shares shall be considered as paid up only if they are issued for cash.
 - b) Issued and fully paid non-cumulative non-redeemable Preference Shares. Provided, however, in deciding core capital in regard to a company applying for a licence under this Act, issued non cumulative, non redeemable preference shares shall be considered as paid up only if they are issued for cash.
 - c) Statutory Reserves

- d) General Reserves
- e) Retained profit or loss as shown in the last audited statement of account
- f) Unpublished current year's profit/(loss)

Indrajit Coomaraswamy
Chairman of the Monetary Board
Governor of the Central Bank of Sri Lanka