



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA
BANKING ACT DIRECTIONS**

25 April 2023

No. 03 of 2023

**AMENDMENTS TO THE BANKING ACT DIRECTIONS NO 01 OF 2023 ON
RESTRICTIONS ON DISCRETIONARY PAYMENTS OF LICENSED BANKS**

In the exercise of the powers conferred by Sections 46(1) and 76(J)(1) of the Banking Act, No. 30 of 1988, as amended, the Monetary Board of the Central Bank of Sri Lanka hereby issues the following amendments to the Banking Act Directions No 01 of 2023 on Restrictions on Discretionary Payments of Licensed Banks.

Direction 3.4 (b) shall be replaced with the following:

- 3.4(b)(i) Refrain from increasing management allowances to the Chief Executive Officer and Key Management Personnel and payments to Board of Directors, unless in the case of management allowances, the increase is recommended by the Board Human Resources and Remuneration Committee and approved by the Board of Directors, giving due consideration to:
- (a) the expected assets growth;
 - (b) compliance with requirements of the Banking Act Direction No. 01 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks;
 - (c) compliance with minimum prudential liquidity ratios, viz., Statutory Liquid Assets Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio at all times; and
 - (d) whether the cost of the proposed management allowances is within the budgetary allocation of the bank for 2023.
- 3.4(b)(ii) Licensed banks shall inform the Director of Bank Supervision, the detailed assessment carried out by the Board of Directors in deciding on increasing allowances to the Chief Executive Officer and Key Management Personnel, 14 days prior to effecting such decision along with the certified copies of extracts of minutes of the respective meeting/s.



Dr. P Nandalal Weerasinghe
*Chairman of the Monetary Board and the
Governor of the Central Bank of Sri Lanka*