



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

19 July 2024

No. 04 of 2024

**AMENDMENTS TO DIRECTIONS ON CAPITAL REQUIREMENTS UNDER BASEL III FOR LICENSED COMMERCIAL BANKS AND LICENSED SPECIALISED BANKS**

Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks are hereby amended as follows:

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|---|---|
| 1. Appendix I and Appendix IV, Part III (A) Computation of Risk Weighted Amount for Credit Risk | 1.1 New web-based return code 20.3.1.8.4.0 - The portion of exposures guaranteed by the National Credit Guarantee Institution Limited, is inserted immediately after web-based return code 20.3.1.8.3.3 as given in Annex I hereto.   |
| 2. Appendix III, Part II(A) Computation of Total Regulatory Capital                             | 2.1 The Indicative List of Financial Institutions is replaced with the following.<br><b>Indicative List of Financial Institutions</b> <ul style="list-style-type: none"><li>i) Licensed commercial banks and licensed specialised banks licensed under the Banking Act No. 30 of 1988 (as amended)</li><li>ii) Licensed finance companies licensed under the Finance Business Act No. 42 of 2011</li><li>iii) Specialised leasing companies registered under the Finance Leasing Act No. 56 of 2000</li><li>iv) Microfinance institutions registered under the Microfinance Act No. 6 of 2016</li><li>v) Insurance companies, their agents and insurance brokers registered under the Insurance Industry Act No. 43 of 2000 (as amended)</li><li>vi) Primary dealers licensed under the Local Treasury Bills Ordinance No. 8 of 1923 (as amended) and Registered Stocks and Securities Ordinance No. 7 of 1937 (as amended)</li></ul> |

- vii) Merchant/investment banks and venture capital companies incorporated under the Companies Act No. 7 of 2007
- viii) Registered market intermediaries, including margin providers, investment managers, underwriters, securities clearing houses, credit rating agencies, stockbrokers/dealer companies and managing companies of unit trust registered under the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)
- ix) National Credit Guarantee Institution Limited
- x) Any other financial subsidiaries/institutions established in or outside Sri Lanka

3. Appendix IV, Part III  
(C) Guideline on  
Recognising Exposures  
under Credit Risk  
Mitigation

3.1 Web-based return code 20.3.3.2.2.0 – Guarantees, Item (4) - Risk Weights, is replaced with the following.

**Risk Weights:**

- a) The protected portion is assigned the risk weight of the protection provider.
- b) A zero risk weight will be applied to that portion of loans guaranteed by GOSL and CBSL.
- c) The portion of exposures guaranteed by the Sri Lanka Export Credit Insurance Corporation (SLECIC) and other guarantees acceptable to CBSL will receive a 50% risk weight.
- d) The portion of exposures guaranteed by the National Credit Guarantee Institution Limited (NCGIL) will receive a 20% risk weight.
- e) The uncovered portion of the exposure is assigned the risk weight of the underlying counterpart.

  
**Dr. P Nandalal Weerasinghe**

*Chairman of the Governing Board and  
Governor of the Central Bank of Sri Lanka*

**Annex I**

<b>Appendix I and Appendix IV</b>		
<b>Part III (A) – Computation of Risk Weighted Amount for Credit Risk</b>		
<b>Web-based Return Code</b>	<b>Assets</b>	<b>Risk weight %</b>
20.3.1.8.4.0	The portion of exposures guaranteed by National Credit Guarantee Institution Limited	20