



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

25 May 2021

BANKING ACT DIRECTIONS

No. 08 of 2021

**AMENDMENTS TO BANKING ACT DIRECTIONS NO. 11 OF 2018 ON
FOREIGN CURRENCY BORROWINGS BY LICENSED BANKS**

The Monetary Board of the Central Bank of Sri Lanka having considered the need to stimulate capital formation within the real economy and supplement the foreign currency needs of the country, hereby issues the following amendments to Banking Act Directions No. 11 of 2018 on foreign currency borrowings by licensed banks.

Accordingly licensed commercial banks and licensed specialised banks, hereinafter referred to as licensed banks, are hereby informed that:

1. With immediate effect, for a period of one year, the existing short-term foreign currency borrowing limits are revoked, while maintaining the existing total foreign currency borrowing limit up to 10 per cent subject to the licensed banks ensuring, through appropriate risk mitigation practices, that such foreign currency borrowings do not give rise to any excessive foreign exchange risk and informing details specified in Direction 9.1 of the Banking Act Directions No. 11 of 2018 on foreign currency borrowings by licensed banks to the Director of Bank Supervision, prior to such borrowings.
2. Licensed banks shall ensure compliance with all other Directions of the cited Directions.
3. Licensed banks shall report the position of total foreign currency borrowings as at end of each month to the Bank Supervision Department, within 15 working days, commencing 30 June 2021, as per the attached format.

Prof. W D Lakshman

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

