



**MONETARY BOARD  
CENTRAL BANK OF SRI LANKA**

**27 October, 2016**

**MICROFINANCE ACT DIRECTIONS**

**NO. 02 OF 2016**

**STATUTORY RESERVE**

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

1. Statutory Reserve    1.1. Every Licensed Microfinance Company (LMFC) shall maintain a statutory reserve and shall, out of the net profits after the payment of tax of each year, before any dividend is declared, transfer to such reserve fund—
- a) a sum equivalent to not less than Five percent (5%) of such profits until the amount of the said statutory reserve is equal to fifty percent (50%) of the stated capital of such LMFC; and
  - b) a further sum equivalent to not less than Two point Five percent (2.5%) of such profits until the amount of the said statutory reserve is equal to the stated capital of such LMFC.
2. Interpretation        2.1. Stated capital in relation to a company means the total of all amounts received by the company or due and payable to the company —
- a) in respect of the issue of shares; and
  - b) in respect of calls on shares,
- as contained in the definition in the Section 58 of the Companies Act, No. 07 of 2007.

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