



**CENTRAL BANK OF SRI LANKA  
BANK SUPERVISION DEPARTMENT**

25 January 2021

**CIRCULAR**

**No. 02 of 2021**

**Amendments to Circular No. 04 of 2018 on Guidelines to Licensed Banks on the  
Adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments**

The Central Bank of Sri Lanka, having considered the current exceptional circumstances, latest Budget proposal on International Sovereign Bonds and with a view to establishing consistent practices on the adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments by licensed banks, hereby issues the amendment to the Annex I of the Circular No. 04 of 2018 on Guidelines to Licensed Banks on the Adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments.

Guideline 2.5 (c) shall be inserted immediately after Guideline 2.5 (b) as follows:

- 2.5 (c) However, it is permitted to apply a minimum LGD of 10 per cent when computing expected losses for the year 2021.

A handwritten signature in blue ink, appearing to be 'V. M. D.'.

**Director of Bank Supervision**