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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Press Release

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Central Bank of Sri Lanka implements Extraordinary Regulatory Measures to facilitate Banks to support COVID-19 affected Businesses and Individuals

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to introduce several extraordinary regulatory measures to provide flexibility to Licensed Commercial Banks and Licensed Specialised Banks to provide some relief to businesses and individuals affected by the COVID-19 crisis. In deciding these measures, the Monetary Board took note of the overall resilience of the banking sector especially due to the already built-up capital buffers, the current and future liquidity levels, potential upsurge in the rising trend in non-performing loans due to the inability of majority of borrowers to service their loans as usual and extraordinary disruptions to the functioning of the economy.

Accordingly, the Monetary Board has decided to introduce the following extraordinary measures to provide further space for banks to assist COVID-19 affected businesses and individuals on an urgent basis.

(a) Allow Domestic Systemically Important Banks (D-SIBs) and non D-SIBs to draw-down their Capital Conservation Buffers by 100 bps and 50 bps, respectively, to facilitate smooth credit flows to the economy and COVID-19 affected borrowers to sustain their businesses in the immediate future.

(b) Withdraw the requirement to classify all credit facilities extended to a borrower as non-performing when the aggregate amount of all outstanding non-performing loans granted to such borrower exceed 30% of total credit facilities.

(c) Allow banks to recover loans in Rupees, as the last resort, in circumstances where recovery of loans in foreign currency is remote, subject to banks ensuring certain conditions are met.

(d) Permit banks to give an extension of 60 days, to borrowers who are not entitled to any other concessions, to settle loans and advances which are becoming past due during March 2020 and not to consider such facilities as past due until the end of this 60 day period.

(e) Allow banks to consider all changes made to payment terms and loan contracts from 16.03.2020 to 30.06.2020, due to challenges faced by customers amidst the COVID-19 outbreak as 'modifications' instead of 'restructuring' for the purpose of classification of loans & advances and computing impairment.

(f) Defer the requirement to enhance capital by banks which are yet to meet the requirement by end 2020, till end 2022.

(g) Reset the timelines for addressing supervisory concerns, if necessary, by prioritizing on the severity/importance of the concerns raised. Banks which are required to meet timelines to address supervisory concerns/findings during the period up to 30 May 2020, are granted a further period of 3 months for addressing such supervisory concerns.

(h) Extend the deadline for submission of statutory returns to the Bank Supervision Department by two weeks and the publication of quarterly financial statements by one month, until further notice.

CBSL requests banks to avail of these relaxations in the best interest of supporting their customers and the economy at large, the benefits of which would, in return, accrue to the banking sector to remain resilient.