

PRESS RELEASE

✉ Communications Department, 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka
☎ +94 11 2477424 / +94 11 2477423 📠 +94 11 2346257
@ communications@cbsl.lk / dcommunications@cbsl.lk 🌐 www.cbsl.gov.lk



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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Discretionary Payments of Licensed Banks

Having observed the varied views published recently on discretionary payments including payment of cash dividends by licensed banks, the Central Bank of Sri Lanka wishes to clarify the following.

Previously, the Central Bank of Sri Lanka, on 13 May 2020 decided to restrict certain discretionary payments of licensed banks, such as declaring cash dividends and repatriation of profits, engaging in share buy backs, increasing management allowances and payments to the Board of Directors until 31 December 2020 with a view to strengthening the liquidity and capital positions of licensed banks under exceptional circumstances amidst COVID 19 pandemic.

The Central Bank of Sri Lanka reassessed the restrictions, and on 19 January 2021 permitted licensed banks to pay cash dividends and repatriate profits after completion of the audit of the financial statements for the year 2020.

When deciding payment of cash dividends and repatriation of profits for the year 2020, licenced banks are expected to consider assets growth, business expansion and the impact from COVID-19 pandemic.

Further, licensed banks were required to refrain from engaging in share buy backs and increasing non-essential expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 30 June 2021.