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Press Release

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Licensed Banks to Enhance Minimum Capital by end 2020

The Central Bank of Sri Lanka with a view to ensuring a stronger and dynamic banking sector has increased the minimum capital requirements for licensed commercial banks (LCBs) and licensed specialised banks (LSBs). The capital considered for this purpose is largely represented by high quality capital, which has higher loss absorbing capacity.

Enhancing minimum capital requirement will support the implementation of Basel III framework in Sri Lanka to strengthen the resilience of banks, and may lead to consolidation in the banking sector. Accordingly, with immediate effect, new banks to be established or incorporated in Sri Lanka are required to meet following capital requirements:

Minimum Capital Requirements for New Banks

Bank Type	Minimum Capital Requirement (Rs. Bn)
Domestic LCBs	20
Domestic LSBs	7.5
Banks Incorporated Outside Sri Lanka (Foreign Banks)	10

A time period of over 03 years has been granted for existing banks to enhance capital and to meet the minimum capital requirement. During this period, banks are expected to formulate and implement new capital infusion plans and to take necessary measures to re-structure or

consolidate, if necessary. Accordingly, commencing 31.12.2020 the minimum capital requirement for existing banks will be as follows:

Minimum Capital Requirements for Existing Banks

Bank Type	Minimum Capital Requirement (Rs. Bn)
Domestic LCBs	20
Domestic LSBs	7.5
Foreign Banks	
• with assets up to Rs.100 Bn	05
• with assets over Rs.100 Bn	10

The Central Bank of Sri Lanka expects that this enhancement of minimum capital requirement will lead to stronger banks thus preserving the viability and stability of the banking system and the interest of the national economy.