



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA
BANKING ACT DIRECTIONS**

21 November 2018

No. 09 of 2018

**AMENDMENTS TO DIRECTIONS ON LIQUIDITY COVERAGE RATIO
UNDER BASEL III LIQUIDITY STANDARDS
FOR LICENSED COMMERCIAL BANKS AND LICENSED SPECIALISED BANKS**

The Appendix I and Appendix II to Annex I referred to in Direction 4 of the Banking Act Directions No. 01 of 2015 on Liquidity Coverage Ratio under Basel III Liquidity Standards are amended as follows:

1. Amendments
 - 1.1 The web-based return codes of 19.3.1.1.2.0, 19.3.4.1.1.0 and 19.4.3.1.0.0 of Appendix I are amended as in Appendix I hereto.
 - 1.2 The web-based return codes of 19.2.1.1.3.1, 19.2.1.1.3.2, 19.2.2.1.1.1, 19.3.1.1.2.0, 19.3.4.1.1.0, 19.4.3.1.0.0 and 19.3.2.0.0.0 of Appendix II are amended as in Appendix II hereto.

Dr. Indrajit Coomaraswamy

*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*

Reporting Formats for Rupee Liquidity Requirement (BSD-MF-19-RR)
Reporting Formats for All-Currency Liquidity Requirement (BSD-MF-19-AR)
Monthly Financial Return (LKR'000)

Part III - Calculation of Total Cash Outflows

Web-based Return Code	Item	Amount	Factor	Weighted Amount
19.3.1.1.2.0	Small and medium enterprises		10%	
19.3.4.1.1.0	Undrawn committed credit & liquidity facilities to retail and small and medium enterprises		5%	

Part IV - Calculation of Total Cash Inflows

Web-based Return Code	Item	Amount	Factor	Weighted Amount
19.4.3.1.0.0	Retail and small and medium enterprises		50%	

Guidelines for Calculation of Liquidity Coverage Ratio

Web-based Return Code	Item
19.2.1.1.3.1	<p>Issued by sovereigns Government of Sri Lanka – rupee claims. Foreign Sovereigns - where the sovereign attracts an External Credit Rating between AAA to AA-.</p>
19.2.1.1.3.2	<p>Guaranteed by sovereigns Government of Sri Lanka - rupee claims. Foreign Sovereigns - where the sovereign attracts an External Credit Rating between AAA to AA-.</p>
19.2.2.1.1.1	<p>Issued or guaranteed by sovereigns Government of Sri Lanka - foreign claims. Foreign Sovereigns - where the sovereign attracts an External Credit Rating between A+ to A-.</p>
19.3.1.1.2.0	<p>Small and medium enterprises Deposits placed with a bank by small and medium enterprises (SME). The total amount of deposits placed with the bank by an SME shall not exceed Rs. 250 million.</p> <p>Qualifying criteria to be classified as an SME are as follows:</p> <ul style="list-style-type: none"> (i) The annual turnover of the SME shall not exceed Rs.750 million at the time of obtaining the deposit/granting the facility; (ii) The annual turnover should be based on latest available audited financial statements or certified by a Chartered Accountant or an Approved Accountant acceptable to the Department of Inland Revenue. In the case of draft financial statements, the turnover certified by a Chartered Accountant or an Approved Accountant should be obtained within the year; (iii) The criterion (ii) above shall be applicable if the total amount of deposits placed with the bank by the SME or the total exposure (including off-balance sheet exposure) to the SME is greater than or equal to Rs. 50 million. Otherwise banks may adopt their own internal mechanism to verify the annual turnover of the SME.
19.3.4.1.1.0	<p>Undrawn committed credit & liquidity facilities to retail and small and medium enterprises In the case of an SME, the maximum exposure (including off-balance sheet exposure) of the lending bank to the SME shall not exceed Rs. 250 million.</p>
19.4.3.1.0.0	<p>Retail and small and medium enterprises All payments (including interest payments and instalments) from retail customers and small and medium enterprises on performing facilities that is contractually due within the 30-day horizon. In the case of an SME, the maximum exposure (including off-balance sheet exposure) of the lending bank to the SME shall not exceed Rs. 250 million.</p>

19.3.2.0.0.0	<p>Unsecured wholesale funding</p> <p>Wholesale deposits and other general obligations that are raised from legal entities (incorporated companies excluding SME). Wholesale deposits also include dormant deposits, collateralised customer deposits against lending, margin deposits and insured deposits under the Sri Lanka Deposit Insurance and Liquidity Support Scheme. In case of other general obligations, they shall not be collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. Obligations related to derivative contracts are explicitly excluded from this definition.</p>
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