



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

20 December 2019

BANKING ACT DIRECTIONS

No. 11 of 2019

**AMENDMENTS TO DIRECTIONS ON CAPITAL REQUIREMENTS UNDER BASEL
III FOR LICENSED COMMERCIAL BANKS AND LICENSED SPECIALISED BANKS**

Banking Act Directions No. 1 of 2016 on Capital Requirements under Basel III for licensed commercial banks and licensed specialised banks hereinafter referred to as licensed banks are amended by replacing the following Directions.

3. Minimum Capital Requirements
- 3.1 Every licensed bank shall maintain, at all times, the minimum capital ratios prescribed below in Table 01 and shall ensure compliance with Schedule I annexed to Banking Act Directions No. 1 of 2016 on Capital Requirements under Basel III for licensed banks.

Table 01 – Capital Requirements for Licensed Banks

Components of Capital	Capital Adequacy Ratio to be Maintained
Common Equity Tier 1 including Capital Conservation Buffer	7.0 %
Total Tier I including Capital Conservation Buffer	8.5 %
Total Capital Ratio including Capital Conservation Buffer	12.5 %

- 3.2 Licensed banks which are determined as Domestic Systemically Important Banks (D-SIBs), from time to time shall maintain additional Higher Loss Absorbency (HLA) requirements as specified by the Monetary Board in the form of Common Equity Tier 1.

Table 02 – Capital Requirements for D-SIBs

Components of Capital	Capital Adequacy Ratio to be Maintained
Common Equity Tier 1 including Capital Conservation Buffer	7.0 % + HLA
Total Tier I including Capital Conservation Buffer	8.5 % + HLA
Total Capital Ratio including Capital Conservation Buffer	12.5 % + HLA



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- 3.3 Sections relating to D-SIBs referred to in Schedule I of Banking Act Directions No. 1 of 2016 on Capital Requirements under Basel III for licensed banks is amended in line with Direction 3.2 above.

Dr. Indrajit Coomaraswamy
*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*