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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 2404/33 - 2024 ඔක්තෝබර් මස 03 වැනි බ්‍රහස්පතින්දා - 2024.10.03

No. 2404/33 - THURSDAY, OCTOBER 03, 2024

(Published by Authority)

PART I : SECTION (I) — GENERAL

Central Bank of Sri Lanka Notices

BANKING ACT, No. 30 OF 1988, AS AMENDED

ORDER published under Sections 47(4), 47(11B) and 76K of the Banking Act, No. 30 of 1988, as amended.

Dr. P. Nandalal Weerasinghe,
Chairman of the Governing Board and
Governor of the Central Bank of Sri Lanka.

Central Bank of Sri Lanka,
Colombo,
01st October, 2024.

LIMITS FOR ACCOMMODATION GRANTED TO RELATED PARTIES OF LICENSED BANKS

In terms of Sections 47(4), 47(11B) and 76K of the Banking Act, No. 30 of 1988, as amended, the Central Bank of Sri Lanka has approved the following limits in respect of accommodation granted by a licensed commercial bank and licensed specialised bank (hereinafter referred to as licensed banks) to related parties as specified in this Order.

1A- G 42802 - 24 (10/2024)

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1. Related Parties of a Licensed Bank

1.1 The following categories of persons shall be considered as "related parties" of licensed banks for the purpose of this Order:

(a) a director of a licensed bank;

(b) close relations of such director;

(c) a concern in which a director of a licensed bank has a substantial interest, being an interest acquired either before or after the appointment as a director of such licensed bank;

(d) a concern in which a close relation of a director of a licensed bank has a substantial interest;

(e) a chief executive officer or an officer performing executive functions of a licensed bank in respect of any accommodation granted other than an accommodation granted to such officer under a scheme applicable to the employees of such bank;

(f) a shareholder of a licensed bank having material interest, whether individual or a concern;

(g) a subsidiary or an associate company of the licensed bank;

(h) a holding company of the licensed bank including its subsidiaries, excluding the parent bank and subsidiaries of a bank incorporated outside Sri Lanka;

(i) a director of a subsidiary or an associate company of the licensed bank;

(j) a director of a holding company of the licensed bank and its subsidiaries;

(k) a close relation of a person specified in Order 1.1 (e) and (f) above;

(l) a concern, whose director or partner is a director of such bank;

(m) a concern in which a material shareholder of a licensed bank has substantial interest; and

(n) a concern in which a close relation of an individual material shareholder has a substantial interest.

2. Approved limits in respect of accommodation granted to Related Parties

2.1 The Central Bank of Sri Lanka has approved the following limits in respect of accommodation granted by licensed banks to related parties of such banks, subject to obtaining approved securities specified in the Banking Act Determination No. 04 of 2024 dated 01.10.2024 on "Approved Securities for Accommodation Granted to Related Parties of Licensed Banks":

(a) In the case of accommodation granted to related parties that are individuals as specified in (a), (b), (e), (f), (i), (j) and (k) of Order 1.1 above; Up to Rupees Twenty Million (Rs. 20,000,000/-).

(b) In the case of accommodation granted to related parties that are concerns as specified in (c), (d), (f), (g), (h), (m) and (n) of Order 1.1 above; 10% of the Tier 1 capital of the licensed bank.

(c) In the case of accommodation granted to related parties that are concerns as specified in (l) of Order 1.1 above; 15% of the Tier 1 capital of the licensed bank.

Tier 1 capital as given in (b) and (c) of Order 2.1 above, shall mean the Tier 1 capital before adjustments, computed in terms of Banking Act Directions No. 0l of 2016 on "Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks", as at the end of the preceding financial year or immediately preceding quarter, subject to certification by the external auditor. In the event of losses subsequent to the audit certification, such losses shall be deducted from Tier I capital for the purpose of this Order.

(d) In the case of accommodation by way of issue of a credit card to an individual, up to Rupees Two Million (Rs.2,000,000/-), provided that such accommodation is on the same terms and conditions as for other customers of the respective bank.

2.2 In the case of accommodation granted over and above the proposed limits specified in Order 2.1 above, cash or near cash collateral specified in 2.1 (a), (b), (c) and (d) of the Banking Act Determination No. 04 of 2024 dated 01.10.2024 on "Approved Securities for Accommodation Granted to Related Parties of Licensed Banks" shall be obtained by licensed banks as approved securities.

3. Revocation 3.1 Banking Act Order published under Section 47(4) of the Banking Act, No. 30 of 1988, as amended, by Banking (Amendment) Act, No. 2 of 2005, dated 11 February 2005 is revoked.

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