



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

17 February 2017

FINANCE BUSINESS ACT DIRECTIONS

No. 03 of 2017

**AMENDMENT TO DIRECTIONS ON THE LOAN TO VALUE RATIOS FOR
CREDIT FACILITIES IN RESPECT OF MOTOR VEHICLES**

The interpretations in Direction 5 of the Finance Business Act Directions No. 01 of 2017 are amended by replacing the following:

5. Interpretations
- 5.1 Credit facilities shall mean finance leases, hire purchase facilities and all other credit facilities granted for the purpose of purchase or utilisation of vehicles.
- 5.2 The value of the vehicle shall be the market value. LFCs may use the following for the purpose of valuing vehicles:
- i) Brand new vehicles - value given by authorized agents
 - ii) Reconditioned vehicles - valuation considered at customs or invoice value given by the dealer
 - iii) Registered vehicles - value given by a professional valuer
- 5.3 LFCs should ensure that the valuation is obtained at the time of granting credit facilities and provides a true and fair value.
- 5.4 The vehicle classes provided by the Department of Motor Traffic (DMT) may be categorised for the purpose of the Direction as in Table 1 below:

Table 1 – Categorisation of DMT Vehicle Classes

Vehicle Category	Vehicle Class of DMT	LTV
Commercial vehicles (Lorries and Heavy Vehicles)	C1, C, CE, DE, G1, G, J	90%
Motor Cars, SUVs and Vans	B, D1, D	50%
Three wheelers	B1	25%
Any other vehicle	A1, A	70%

- 5.5 Fleet of vehicles referred to in Direction 3.1 shall mean two or more vehicles.



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- 5.6 Company engaged in tourism referred to in Direction 3.1 shall mean a company registered with the Sri Lanka Tourism Development Authority or any other authority to provide services to tourism.
- 5.7 A company engaged in transportation referred to in Direction 3.1 shall mean any business entity registered at any state authority for the purpose of business of transportation of goods or passengers.
- 5.8 An LTV of 70% may be approved for credit in respect of all vehicles where applications for credit have been received or credit facilities have been approved by a LFC on or before 16 January 2017.

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