



CENTRAL BANK OF SRI LANKA

05 December 2025

CIRCULAR

No. 04 of 2025

RELIEF MEASURES TO ASSIST INDIVIDUALS AND BUSINESSES AFFECTED BY THE RECENT CYCLONIC AND FLOOD DISASTERS

In view of the adverse effects of the recent cyclonic and flood disasters on individuals and businesses, the Central Bank of Sri Lanka (CBSL), having considered the proposals of the Sri Lanka Banks' Association (Guarantee) Ltd. (SLBA) and the need to grant effective relief to those affected without unduly compromising financial system stability, requests all licensed commercial banks and licensed specialised banks (hereinafter referred to as "Licensed banks") to provide the following relief measures to the individuals and businesses whose income or business has been directly affected by the current adverse circumstances (hereinafter referred to as borrowers).

1. Scope of Implementation

Relief measures under this Circular shall be provided to borrowers whose income or business has been directly affected by the recent cyclonic and flood disasters, upon receiving a request from such borrowers in writing or through electronic means, by 15 January 2026.

1.1 **Temporary Debt Relief:** Licensed banks may suspend the repayment of capital and/or interest of existing credit facilities of the affected borrowers, for a period of 3 to 6 months, on a case-by-case basis, based on the underlying risks, future repayment capacity and the viability of the borrower in the medium term in the post disaster environment. In this regard:

- (a) Licensed banks shall not charge an interest rate above the applicable contract rate of interest during the period of suspension.
- (b) Licensed banks shall not charge any interest on the interest payments that are deferred.
- (c) Licensed banks may consider all changes made to payment terms and loan contracts as modifications for the purpose of classification of loans and advances and computation of impairment.



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- 1.2 **New Loan Facilities to the Affected Borrowers:** Licensed banks may grant new loan facilities to affected individuals and businesses on a case-by-case basis considering the debt service capacity of the borrower, subject to the following:
- (a) The repayment of the new loan shall commence after a minimum grace period of 3 months beyond the expiry of the suspension period referred to in paragraph 1.1.
 - (b) Any new loan granted up to a period of 2 years, shall be at a maximum fixed interest rate of 9% p.a. or the contract interest rate applicable to the respective borrower for overdrafts or loan facilities as at the date of this Circular, whichever is lower.
 - (c) For any new loan granted for a longer tenor beyond 2 years, the interest rate may be revised by the licensed bank to a rate linked to the Average Weighted Prime Lending Rate (AWPR) at the end of 2 years as specified in the loan facility agreement with the borrower.
 - (d) In the event of granting new credit facilities to existing borrowers in Stage 3, licensed banks shall classify such credit facilities, in terms of the Sri Lanka Accounting Standard, 'SLFRS 9: Financial Instruments' and based on an independent risk assessment on the borrower's repayment capacity and future cash flows.
- 1.3 Licensed banks shall suspend charging for cheque returns, stop payments, late payment fees, credit restructuring/modification fees and penal interest on all credit facilities of affected borrowers during the period up to 31 January 2026. Where charges are levied through automatic system generated entries, such charges shall be refunded to the relevant account within 3 business days of being charged.
2. **Transparency of the Reliefs**
- 2.1 Licensed banks shall clearly inform terms and conditions of any loan restructuring/reschedulement and the breakdown of capital, interest and other charges of credit facilities to the respective borrower prior to approval and the consent of the borrower shall be obtained in writing or through electronic means.



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- 2.2 In the case of a rejection of providing above reliefs including the rejection of requests for new facilities referred to in paragraph 1.2, licensed banks shall inform the borrower in writing the reasons for such rejection and include in the communication to the borrower that an appeal may be made to the Director, Financial Consumer Relations Department of CBSL.
- 2.3 Licensed banks shall circulate this Circular to all branches within 3 days and provide necessary internal guidelines/circulars within 7 days of this Circular. All branches of licensed banks shall display notices on the relief measures available to the affected borrowers under this Circular in all three languages.
- 3. Reporting to the Credit Information Bureau (CRIB)**
- 3.1 Licensed banks shall not decline new loan applications from borrowers solely based on adverse CRIB records.
- 3.2 Licensed banks shall develop a reporting modality in consultation with CRIB to report concessions granted to affected borrowers in a manner that will not adversely impact any credit scoring or rating applicable to the borrower.
- 4. Reporting Requirement**
- Licensed banks shall report the details of the relief measures availed by their borrowers and the rejections of relief measures under this Circular to the Director of Bank Supervision, at each month end, within 15 calendar days, commencing 31 December 2025. A reporting format will be issued in due course.

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