



**CENTRAL BANK OF SRI LANKA  
BANK SUPERVISION DEPARTMENT**

19 June 2020

FREQUENTLY ASKED QUESTIONS (FAQs)

No. 03 of 2020

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**Amendments to Frequently Asked Questions No. 02 of 2020**

**Circular Nos. 04, 05 and 06 of 2020 on Concessions granted to  
COVID -19 Hit Businesses including Self-Employment and Individuals  
the Letter Dated 27.03.2020 on Extraordinary Regulatory Measures, and  
the Monetary Law Act Order No. 1 of 2020 on Maximum Interest Rates on Pawning  
Advances of Licensed Banks**

Please note that these 'Frequently Asked Questions (FAQs)' have been compiled based on regulations issued by the Central Bank of Sri Lanka and the responses herein are subject to change based on future regulations and/or amendments, if any, relating to the concessions granted to individuals and businesses affected by COVID-19.

**Amended response to FAQ No. 20**

**What will happen to the interest component during the concession/moratorium period?**

- Payment of installments (interest + capital) is not required until the end of the moratorium period. Once the moratorium period ends, customers will have to start making payments as agreed before the concessions were offered.
- However, licensed banks have raised concerns on interest cost relating to deposit/borrowing liabilities during the corresponding debt moratorium period and have made representations to higher authorities in this regard. Based on the outcome of such representations and subsequent discussions with CBSL, banks are permitted to charge additional interest on the deferred installments of term loans as follows:
  - Up to 7% interest per annum as additional interest on the differed installments in relation to Equated Monthly Installment (EMI) loans granted in Rupee.
  - The above interest shall be recovered at the end of the extended remaining tenure of the loan. Banks should not recover this interest immediately after the end of the moratorium period.
  - For other types of facilities granted in Rupee or foreign currency, banks and the borrower need to agree on a concessionary interest rate for the deferred instalments.

**Amended response to FAQ No. 28**

**What are the concessions available for Overdrafts?**

- Permanent Overdraft facilities falling due for settlement or maturing or are reviewed during the period up to 30.09.2020 have been extended up to 30.09.2020.
- However, in the case of Temporary Overdraft facilities as at 25.03.2020, the expiry shall be extended by two months for eligible borrowers. Interest rate on such TOD facilities will be capped at 13 percent per annum during the extended period.
- Borrowers are not required to service interest during the moratorium period. However, any borrower who wishes to pay interest on overdrafts, can do so.

----- **These FAQs were last updated on 19.06.2020** -----