



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

21 July 2020

FREQUENTLY ASKED QUESTIONS (FAQs)

No. 04 of 2020

Amendments to Frequently Asked Questions No. 02 of 2020

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.
- Licensed banks may charge maximum of 4% per annum as additional interest for the moratorium period in relation to leasing facilities granted for buses providing public transport services and shall recover such amounts in equal installments over 2 years period or during the remaining tenure of the leasing facility, commencing from 01 October 2020.

New FAQ No. 45

I'm engaged in tourism related business and I have obtained a vehicle lease facility. Is there a possibility to extend the current moratorium period of 6 months granted to me?

- The Central Bank of Sri Lanka, considering the potential adverse impact of COVID-19 pandemic on tourism sector businesses and individuals, requests licensed commercial banks, licensed specialised banks, licensed finance companies and specialised leasing companies (hereinafter referred to as Financial Institutions) to provide the following relief measures to eligible borrowers:
 - To extend the existing 6 months moratorium period already granted to 12 months in respect of capital outstanding of leasing facilities granted to tourism related vehicles.
 - However, borrowers need to service interest during the moratorium period. Financial institutions are requested to recover such interest in a manner that is not inconvenient to the borrower.
 - To waive off the accrued penal interest in respect of leasing facilities granted to tourism related vehicles.

----- **These FAQs were last updated on 21.07.2020** -----