



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

31 December 2021

MONETARY LAW ACT ORDER

No. 04 of 2021

**AMENDMENT TO THE MONETARY LAW ACT ORDER NO. 03 OF 2020 ON
MAXIMUM INTEREST RATES ON MORTGAGE-BACKED HOUSING LOANS**

Issued under Section 104(1)(b) of the Monetary Law Act, No. 58 of 1949, as amended.

Considering the current and expected macroeconomic developments and the prevailing market interest rates of rupee denominated loans and advances granted by licensed banks, the Monetary Board hereby issues an amendment to the Monetary Law Act Order No. 03 of 2020 on Maximum Interest Rates on Mortgage-backed Housing Loans.

Accordingly, Order 3.1 of the cited Monetary Law Act Order shall be replaced as follows.

3. Interest Rates and tenure of mortgage-backed housing loans of salaried employees
- 3.1 The applicable maximum interest rates for mortgage-backed housing loans specified under Order 2.1 above shall be:
- (i) A fixed interest rate which shall be the monthly Average Weighted Prime Lending Rate (AWPR) prevailing at the date of disbursement of the loan for the first five years of the loan tenure.
 - (ii) After the first five years, the applicable interest rate will be a floating interest rate linked to the monthly AWPR plus 200 basis points for the remaining tenure of the loan and will be re-priced every six months.
 - (iii) The monthly loan instalment for the first five years shall be computed considering AWPR prevailing at the date of disbursement as the interest rate for the entire tenure of the loan.

This Order shall be effective from 01 January 2022.

Nivard Ajith Leslie Cabraal
*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*