



CENTRAL BANK OF SRI LANKA

09 January 2026

CIRCULAR

No. 01 of 2026

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 need to grant effective relief to those affected without unduly compromising financial system stability, requests Finance Companies (FCs) 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 February 2026.

1.1. Temporary Debt Relief: FCs 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) FCs shall not charge an interest rate above the applicable contract rate of interest during the period of suspension.
- (b) FCs shall not charge any interest on the interest payments that are deferred.
- (c) FCs 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.

1.2. New Loan Facilities to the Affected Borrowers: FCs 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



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months beyond the expiry of the suspension period referred to in paragraph 1.1.

- (b) Interest rate for any new loans granted up to a period of 2 years, shall be at least 3% p.a. less than the interest rate already offered to the respective borrower for a similar lending facility as at the date of this circular.
- (c) For any new loans granted for a longer tenor, FC shall offer concessionary rate for the first 2 years as referred to in paragraph 1.2 (b) above and may revise the interest rate at the end of the 2 years.
- (d) In the event of granting new credit facilities to existing borrowers in Stage 3, FCs 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. FCs shall suspend charging for late payment fees, credit restructuring/modification fees and penal interest on all credit facilities of affected borrowers during the period up to 28 February 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. FCs shall clearly inform terms and conditions of any loan restructuring/rescheduling 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.

2.2. In the case of a rejection of providing above reliefs, FCs 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. FCs 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 FCs shall display notices on the relief measures available to the affected borrowers under this Circular in all three languages.



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3. Reporting to the Credit Information Bureau (CRIB)

- 3.1. FCs shall not decline new loan applications received from the affected borrowers solely based on adverse CRIB records.
- 3.2. FCs 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

FCs shall report the details of the relief measures availed by their borrowers and the rejections of relief measures under this Circular to the Director, Department of Supervision of Non-Bank Financial Institutions, at each month end, within 15 calendar days, commencing 28 February 2026. A reporting format will be issued in due course.

A handwritten signature in blue ink, appearing to read "Nandalal Weerasinghe".

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