

**Explanatory Note No. 04 of 2020 on Amendments to  
Interest Accrual during the Moratorium Period**

**Department of Supervision of  
Non-Bank Financial Institutions  
Central Bank of Sri Lanka**

**9<sup>th</sup> June 2020**

**Amendments to Explanatory Note No. 03 of 2020 for Circular No. 04 of 2020 on Relief  
Measures to Assist Covid-19 affected Businesses and Individuals  
and  
Circular No.5 of 2020 on Rupees 50 billion, Six-month Re-financing Facility to Support  
Covid-19 hit Businesses including Self-employment and Individuals**

The Department of Supervision of Non-Bank Financial Institutions issues the following amendments to Explanatory Note No. 03 of 2020 on Interest Accrual during the moratorium period for Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) for Circular No. 04 of 2020 on Relief Measures to Assist Covid-19 affected Businesses and Individuals and Circular No.5 of 2020 on Rupees 50 billion, Six-month Re-financing Facility to Support Covid-19 hit Businesses including Self-employment and Individuals

Paragraph 2 of Explanatory Note No.03 on Interest Accrual during the Moratorium Period is amended as follows;

**Option 1:** LFCs/SLCs shall recover the interest free term loan in **equated monthly installments** after the end of the moratorium period and the repayment period shall be two years or remaining maturity period of the credit facility whichever is **lower**.

**Option 2:** LFCs/SLCs shall recover the interest free term loan after the end of the contractual period (extended contractual period after considering the moratorium) in installments not exceeding the monthly installment of the original contract.

The concessionary rate that can be charged to option 1 and option 2 shall be up to **11.5% per annum**. Further, the **consent of the borrower** shall be obtained for the option selected, after duly explaining the different implications of the options considered including total interest cost to be paid and time value of money.