

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By

Bank Supervision Department

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Debt Moratorium for COVID-19 Affected Businesses and Individuals

With a view to meeting the challenges faced by businesses and individuals due to the second wave of COVID-19, the Central Bank of Sri Lanka (CBSL) has required licensed banks to extend a debt moratorium to COVID-19 affected businesses and individuals for a maximum period of six months commencing from 01 October 2020. Eligible borrowers may request for the moratorium on or before **30 November 2020**. The salient features of the scheme are as follows:

- Tenure** of the moratorium will be up to 6 months or a shorter period considering the financial difficulties faced by the eligible borrowers based on banks' internal guidance. The moratorium will be granted for both capital and interest.
- Eligible borrowers** include businesses, proprietors and individuals engaged in identified business sectors, Small and Medium Enterprises (SMEs), self-employment businesses and foreign currency earners who are facing financial difficulties due to the outbreak of COVID-19.
- Eligible credit facilities** include term loans, leasing facilities, pawning, overdrafts, trade finance or any other credit facilities excluding Saubagya COVID-19 Renaissance Facility, denominated in Rupees and foreign currency, which were in the performing category as at 01 October 2020.
- Structuring of the moratorium**
 - The capital and interest falling due during the applicable moratorium period will be converted to a term loan.
 - In the case of Rupee denominated converted loans, an interest rate may be charged not exceeding the latest auction rate for 364-days Treasury Bills, available immediately after the respective moratorium period, plus 1 per cent per annum.
 - In the case of foreign currency loans, an interest rate below the current market interest rate or the contracted interest, whichever is lower, may be charged for the converted loan.
 - In the case of overdrafts, the interest falling due during the applicable moratorium period will be converted into a term loan and an interest rate not exceeding 4 per cent per annum will be charged.
 - In the case of pawning facilities, the due dates falling during the moratorium period will be extended till 01 April 2021.
 - In the case of credit card facilities, licensed banks may take appropriate business decisions to accommodate any request for concessions made by eligible borrowers.
 - The penal interest accrued and unpaid as at 01 October 2020 should be waived off.

The general public is requested to contact the respective banks to obtain further details of the debt moratorium and submit applications on or before 30 November 2020, in case they are facing difficulties to repay their bank loans due to the current upsurge of COVID-19 outbreak. To minimise the physical presence of customers in banks' premises considering the current pandemic situation, the licensed banks are required to provide a simple format in hard/soft form with relevant information via printed and/or electronic means including email and SMS, to enable affected borrowers to make their requests to avail this concession.

The Circular issued to banks in this regard can be accessed by clicking the link below:

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/laws/cdg/bsd_circular_No_10_of_2020_e.pdf