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## Concessions Further Extended for Businesses and Individuals Affected by COVID-19

The Central Bank of Sri Lanka (CBSL) wishes to inform the public that licensed commercial banks and licensed specialised banks (licensed banks) have been requested to consider extending the concessions granted previously (until 31.08.2021) to borrowers affected by COVID-19 up to 31.12.2021, considering the new surge in the pandemic and the resultant difficulties to the borrowers. Licensed banks have also been requested to offer additional concessions to affected borrowers, at their request, in a way that the overall benefits to the borrowers are not less than those specified by CBSL.

These new concessions are expected to provide an opportunity for affected borrowers to make arrangements to repay their dues regularly commencing January 2022. It is also important to note that licensed banks too have been affected by continuous disruption of normal business, while they continue to honour their obligations, especially timely repayment of interest and/or capital to depositors and incurring a range of essential operating expenses. Therefore, CBSL urges the eligible borrowers who can repay loans to commence/continue the repayments instead of requesting deferment or restructuring of credit facilities. Licensed banks are also expected to take note of the repayment capacity of affected borrowers and amicably agree on new repayment plans to facilitate customers to repay their dues without undue burden to their day-to-day activities.

The Circular No. 08 of 2021 issued to licensed banks on 01.09.2021 in this regard is published on the CBSL website ([www.cbsl.gov.lk](http://www.cbsl.gov.lk)) and the eligible borrowers may contact the respective licensed bank/s or Financial Consumer Relations Department (FCRD) of CBSL, on hotline 1935 or Tel 0112 477966 or 0112 477129 to obtain more information.

Currently, there are two other schemes in operation to provide concessions to affected borrowers in targeted economic sectors of tourism and passenger transportation, until 30.09.2021.

Salient features of the concessions granted for COVID-19 affected businesses and individuals by Circular No. 08 of 2021 are as follows:

### Concessions Granted for Performing Customers

- **Deferment of loan repayment until end December 2021:** For performing credit facilities as of 01.09.2021, to defer recovery of capital, interest, or both, on a case-by-case basis, during the period up to 31.12.2021, considering the financial difficulties of the eligible borrowers, including loss of job, loss or reduction of income/salaries or sales, reduction or impairment of business operations or closure of business, etc. Accordingly, borrowers obtaining this concession shall start repaying their existing facilities from 01.01.2022.

- **Priority for Micro, Small and Medium Enterprises (MSME):** Licensed banks to give priority to the requests for concessions made by borrowers in the MSME sector.
- **Combining loans under moratoria/deferment into one loan:** Licensed banks to combine the amounts fallen due during the previous moratorium/deferment schemes (capital, interest, and applicable interest for the respective moratorium period on the respective deferred amount) and the amounts fallen due during the current scheme (capital and interest) to a new loan.
- **Repayment of the deferred instalments (new loan) to commence from 01.07.2022:**
  - In the case of instalment loans including lease facilities, licensed banks and the borrowers need to agree on a repayment period of up to 6 months, starting from 01.07.2022, to settle the new loan.
  - The borrower may commence the repayment of the new loan at an earlier date, if the borrower wishes to do so, or can request a period beyond 6 months to settle the new loan. In such a situation the bank and the borrower to agree on a concessionary rate of interest.
- **Charge a concessionary rate of interest on the new loan:**
  - Rupee facilities - banks may charge an interest rate not exceeding 6.93% per annum (i.e., 364-days Treasury Bills auction rate as of 31.08.2021 plus 1% per annum), commencing 01.09.2021, on the new loan referred to above, for a repayment period up to 6 months.
  - Foreign currency loans or rupee loans with a repayment period beyond 6 months: banks may charge a concessionary interest rate.
- **Extending the due dates of revolving credit facilities up to 31.12.2021** on a case-by-case basis including, but not limited to facilities such as working capital, pawning, temporary overdrafts, short term trade finance facilities, provided such due dates fall during 01.09.2021 to 31.12.2021. Licensed banks may charge interest for the deferred period and only on the deferred amounts as mentioned above.
- **Penal interest should not be accrued or charged during the concessionary period** (01.09.2021 to 31.12.2021) for amounts falling due during the period.
- **Know what suits you best:** Licensed banks shall explain the benefits of commencing early repayment of deferred instalments and the implications of extending the repayment period to the borrower so that the borrower can make an informed decision.
- **Opportunity to request debt restructure to match your new repayment capabilities:** Licensed banks may restructure the existing credit facilities over a longer period, considering the repayment capacity of the borrower and an acceptable revival plan submitted by such borrowers.
- **Benefits for customers who are eligible for concessions but willing to settle their facilities in advance:** Banks are encouraged to provide interest rebates and required to waive off early settlement fees and other charges, including recovery of future interest of lease facilities from borrowers who are eligible for concessions, but have expressed their willingness to settle their facilities or amounts fallen due during the moratorium period without opting for concessions.

### **Concessions Granted for Non-Performing Customers**

- **Reschedule the non-performing credit facilities** as of 01.09.2021, on a case-by-case basis, over a longer period, considering the repayment capacity of the borrower and an acceptable revival plan.
- **All recovery actions to be suspended until 31.12.2021**, against credit facilities that are classified as non-performing on or after 01.04.2020. Licensed banks shall take all precautions to avoid excessive contact/force the borrower or visit the borrower as a part of the routine collection procedure for such borrowers. In case of ongoing legal actions relating to recovery, borrowers should enter into an agreement in the Courts to obtain this concession.

### **Additional Concessions**

- Extension of the validity period of cheques valued less than Rs. 500,000 up to 31.10.2021.
- Discontinuation of charging for cheque returns and stop payments of all cheque payments until 30.09.2021, discontinue late payment fee on all credit cards and other credit facilities during the period up to 31.10.2021 for customers who are demonstrably affected.
- Not to decline loan applications from eligible borrowers under this Scheme solely based on an adverse CRIB record.
- Participation in this concession (including previous moratorium/concessions) will not hurt the credit score or be negatively reflected in future CRIB reports.
- Consider any request from affected borrowers to delay the loan repayments up to a maximum of 15 working days due to the ongoing travel restrictions, without charging any additional interest or other charges for such delay.

**Application Deadline:** The eligible borrowers who wish to apply for the concessionary scheme, are required to request the respective licensed bank on or before 21.09.2021, in writing or through electronic means. Licensed banks are requested to accept any request submitted after the deadline if the reasons for the delay in making such a request is acceptable.

**Review Procedure:** In the case of a rejection of the application, licensed banks are expected to inform such rejection with reasons, preferably within 14 days in writing to the customer. If the customer is not satisfied with such response, the customer may submit a complaint to the Financial Consumer Relations Department (FCRD) using the Complaint Submission Form available on the CBSL website ([www.cbsl.gov.lk/fcrd](http://www.cbsl.gov.lk/fcrd)), for further review.