



## Penal Interest Charged on Overdue Credit Facilities

A maximum **penal interest rate of 2.00%** per annum will be applied on all loans and advances for:

- Amounts in excess of approved limits; and/or
- Amounts in arrears (capital component)

This penal interest will be **calculated on daily basis** for the period during which the facility remains in excess or in arrears, and will be **charged to the account on monthly basis**.

Examples illustrating the application of the above are provided below;

- Over Draft facilities

Approved Over Draft Limit	LKR 300,000.00
Over Draft Exposure	LKR 325,000.00
Excess Amount	LKR 25,000.00
Penal Interest Rate	2% p.a. (over & above the stipulated interest rate will apply on excess amount over the approved limit)
Interest + Penalty Calculation (on particular day)	$25,000.00 \times (\text{Existing Interest Rate} + 2\%) \div 365$
Application Methodology	Calculated and accrued on daily basis

- Loans & other advances

Capital component of arrears amount	LKR 25,000.00
No. of Days that Capital component is due	10
Penal Interest Rate	2% p.a. (over & above the stipulated interest rate will apply on capital component arrears)
Interest + Penalty accrued for the delay period	$[10 \times 25,000.00 \times (\text{Existing Interest Rate} + 2\%)] \div 365$
Application Methodology	Calculated and accrued on daily basis

### For Islamic Banking Division

In the event of any of the facilities falling overdue, a **penal profit rate of 2.00% p.a.** over and above the stipulated rate of profit will be levied on the overdue portion till such time the overdue is regularized. Calculation and application methodology is similar to illustration above.

For further clarification, please contact your Relationship Manager or Branch Manager.