

FAQS ON SBP & PBA’s RELIEF PACKAGE FOR HOUSEHOLD AND BUSINESSES TO COPE WITH IMPACT OF COVID-19 PANDEMIC

SR.	QUESTION	ANSWER
1	Will each Bank offer this Relief Package to their borrowers?	All the Banks, Development Financial Institutions (DFI) and Microfinance Banks, which are regulated by the State Bank of Pakistan (SBP), will offer the Relief Package to their borrowers.
2	How will customers of Islamic banking institutions benefit from the relief package?	The provisions of the relief package are applicable and available for the customers of Islamic banking institutions, subject to their compliance with Shariah requirements.
3	Is the deferment of principal loan amount for twelve months applicable on all types of loans e.g. (long term debt, short term debt and lease finance)?	The deferment of principal loan amount for twelve months is applicable on all types of loans including short term debt, long term debt and lease finance, subject to following three main conditions: <ul style="list-style-type: none"> i. The borrower makes written request before 30-Jun-2020; ii. The loan is not “non-performing” as of 31-Dec-2019 [For Microfinance Banks the cut-off date is 15-Feb-2020]; and, iii. The borrower continues to service mark-up payment as per agreed terms & conditions.
4	What if a bank/DFI does not accept the request of the borrower to defer the principal amount for twelve months?	In such a case, the bank/DFI will have to explain reasons of refusal to that borrower under intimation to the Director, Offsite Supervision & Enforcement Department (OSSED), SBP.
5	What if borrower needs deferment of principal amount for more than twelve months or is unable even to pay the mark-up amount?	The borrowers who need deferment of principal for more than twelve months or they cannot service the mark-up payment may individually request banks/DFIs for rescheduling / restructuring of their loans. The bank/DFI will evaluate all such requests of rescheduling / restructuring of loans and decide accordingly.
6	Why simultaneous two options (i) deferment of principal for twelve months, and (ii) rescheduling / restructuring of loans are given in the Relief Package?	Under the option (i) principal amount will be deferred for twelve months if the borrower fulfills the three main conditions specified in the answer to Question No. 03. The Banks/DFIs are expected to first consider giving relief to the borrower under option (i). <p>2. The option (ii) is for such borrowers whose financial position / cash flows are not sufficient to service the mark-up and / or necessitate deferment of principal amount for more than twelve months. In such cases, the respective</p>

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		Bank/DFIs may assess each request of the borrower and decide accordingly.
7	Are the banks/DFIs allowed to defer the principal for less than twelve months?	Yes. The banks/DFIs may defer the principal loan amount for less than twelve months, provided the borrower has requested for shorter period of deferment. In cases, where, the banks/DFIs or the borrower find it inappropriate – to defer the principal payments for one year due to cogent reasons – shorter period of deferment is also allowed.
8	Does deferment of principal for twelve months and rescheduling / restructuring of financing facilities [deferment of principal exceeding twelve months and / or deferment of mark-up] have separate expiry dates?	<p>Yes. The written requests of the borrowers for deferment of principal for twelve months should be received latest by 30-Jun-2020. The Banks/DFIs, therefore, will have to make decisions thereagainst within 15 working days of 30-Jun-2020.</p> <p>2. The cases where borrower has requested for deferment of principal for more than twelve months or it cannot service the mark-up, the banks/DFIs have to execute the rescheduling / restructuring of finance facilities latest by 31-Mar-2021, provided the financing facility is not 180 days past due.</p>
9	Will the rescheduling / restructuring [where the borrower requires deferment of principal for more than twelve months or deferment of mark-up amount] approved by each bank/DFI affect the credit history of the borrower and reported as “restructuring” in ECIB?	<p>The banks/DFIs that approve the rescheduling / restructuring [deferment of principal amount for more than twelve months or deferment of mark-up amount] will not report it as “restructuring” in the ECIB, provided the rescheduling / restructuring is completed before the financing facility is 180 days past due</p> <p>2. Likewise, the deferment of principal for twelve months will also not be reported as “restructuring” in ECIB.</p>
10	Are the Public Sector Entities eligible to apply under deferment of principal for twelve months and / or rescheduling / restructuring of finance facilities?	<p>Yes. The Public Sector Entities are eligible for deferment of principal for twelve months and / or rescheduling / restructuring of finance facilities, provided, the conditions prescribed are fulfilled.</p> <p>2. However, the financing facilities extended to the Government / Government Departments like finance for Commodity Operations do not fall under the Relief Package.</p>
11	Will the borrower have to make heavier repayment for principal amount after the expiry of deferment period of one year	No. the deferment of principal amount will not result into heavier repayments after expiry of deferment period.

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	[principal amount deferred for 12 months + principal amount due in the year after deferment period of 12 months]?	2. The complete repayment schedule / tenor of the loan would be extended by twelve months [e.g. maturity dates of all succeeding installments due during and after the expiry of twelve months deferment period will shift forward by an equal period uniformly]. Therefore, the borrower will not have to make the heavier repayments after expiry of deferment period.
12	Does the deferment of principal for twelve months or rescheduling / restructuring [deferment of principal for more than twelve months or deferment of mark-up amount] apply to finance facilities approved after the issuance of Relief Package?	No. The Relief Package does not apply on such finance facilities which are disbursed after the announcement of the Package.
13	Will the deferment of principal amount for 12 months or rescheduling / restructuring involving deferment of principal for more than 12 months be applicable on Long-Term Refinance facilities of SBP? [E.g. Bank defers principal loan amount for two years and agrees to new repayment schedule, will SBP recover the amount from the bank as per new repayment schedule?	The matter is under consideration.
14	Will the deferment of principal loan amount also be applied on financing disbursed under SBP short-term refinance schemes (i.e. EFS/IRS)?	No, financing disbursed under SBP short-term (180 days) refinance schemes (i.e. EFS/IRS) cannot be rescheduled. Therefore, the deferment of principal loan amount will not be applicable on these schemes.
15	How will rescheduling / restructuring or deferment of principal amount will happen in a syndicated loan if some banks/DFIs do not agree to the request of the borrower?	In case of a syndicated loan, a borrower will submit its request for deferment of Principal for twelve months or rescheduling / restructuring of loans to the syndicate lead Bank. The lead bank will then coordinate with other lenders for making an appropriate decision within the prescribed timeline. The banks/DFIs that do not accede to the request of the borrower for deferment of principal for twelve months will provide reasons to the lead bank. The lead bank, on behalf of the syndicate, will respond to the

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		<p>borrower - under intimation to Director, OSED, SBP - citing bank wise reasons for not acceding to the borrower’s request.</p> <p>2. The cases, where borrower has requested for deferment of principal amount for more than twelve months or deferment of mark-up amount, the decision will be made as per prevailing statutory laws and applicable provisions in legal documentation on restructuring of syndicated loan facilities.</p>
16	Will I qualify for the deferment of principal loan amount for twelve month if my loan has become overdue by more than 90 days [Non-performing] after 31-Dec-2019?	Yes. All loans which are regular / performing (i.e. not classified) as of 31-Dec-2019 qualify for deferment of principal for twelve months and for rescheduling / restructuring. These loans will continue to be treated as regular loans, subject to condition the deferment of principal amount or rescheduling / restructuring of the loan is executed successfully before the loan becomes 180 days past due.
17	If a loan will become overdue by 90 days or more (but less than 180 days) on 31-Mar-20 and the bank has not yet received any request from the borrower for deferment of principal or rescheduling / restructuring of the loan, will such loan be classified on 31 st March 2020?	If a loan has not been classified before 31-Mar-20 and the bank/DFI expects to receive a request from the borrower for deferment of principal for twelve months or rescheduling / restructuring of loan, the bank/DFI, at its own discretion, may decide not to classify the loan.
18	A loan was regular on 31-Dec-2019 which subsequently became non-performing in 2020. The bank recognized it as NPL, created loan loss provision and reported the overdue in ECIB. After issuance of SBP relief package, can the bank allow deferment of principal amount, reverse the provision and update the data reported in ECIB, if the borrower meets all the specified conditions for deferment?	<p>Yes. If the borrower fulfills all the conditions then the bank can allow deferment of principal amount for twelve months and treat it as regular loan.</p> <p>2. Moreover, if the borrower requires deferment of principal for more twelve months or it cannot service the mark-up amount, the bank/DFI may also reschedule / restructure such a loan and treat it as regular loan, provided it has not become 180 days past due.</p>
19	Do the borrowers have to sign revised documents to implement deferment of	Yes, wherever required by their banks. The Banks/DFIs may need to complete the necessary formalities for legal

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	principal for twelve months and / or rescheduling / restructuring of finance facilities?	documentation and the borrowers should cooperate with them.
20	How would I know that I am eligible for deferment of principal for twelve month or rescheduling / restructuring of the loan?	All loans that are performing / regular, as of 31-Dec-2019, are eligible under the SBP Relief Package. In case of any ambiguity, the borrowers, especially small enterprises and individuals, are advised to call at the Banks’ Call Centre or email the queries to their respective bank for determining their eligibility under the Relief Package.
21	Will my request for deferment of principal for twelve months submitted through “Call Centre” be acceptable to the Bank?	<p>Yes. The individual borrower availing consumer finance facilities (e.g. Credit Card, Auto Finance, Personal Loans and House Finance) can make requests for deferment of principal for twelve months or for rescheduling / restructuring of their loans at Banks’ Call Centre through recorded lines from registered number or from their authorized email address. Such requests will be acceptable as valid request of the borrower for deferment of principal for twelve months or rescheduling / restructuring of loans.</p> <p>2. The other types of borrowers, however, will need to submit a written request to their banks/DFIs. These written requests can be submitted through email addresses.</p>
22	I requested my bank to defer the principal amount for twelve months; however, I was told either to re-approach after two weeks or wait for 2 to 3 weeks. What is the status of my request?	The Banks are expected to process, on priority basis, the requests received from the borrowers for deferment of principal for twelve months. The banks will convey their decision [approval or otherwise with reasons under intimation to Director, OSED, SBP] to the borrower within 15 working days. Therefore, any internal process changes within the regulated entities should not result into delayed processing of the borrowers’ requests
23	What would be the treatment of impairment against listed equities held in the “Available for Sale (AFS) Category?	<p>The Para (viii) of BPRD Circular Letter No. 13 of 2020 [Para 4(c) of Regulation R-8: Impairment in Value of Securities] pertains to treatment of impairment of listed equities held in AFS Category; whereas, other instructions available in Para 4(c) of the Regulation R-8 of PRs remain unchanged.</p> <p>2. The Banks/DFIs, as required under prevailing Regulations, will continue to revalue the listed equities in AFS category based on their listed price and recognize the difference between the carrying value and the market value as Surplus / Deficit on revaluation in the Other Comprehensive Income (OCI). The Regulation, inter alia, prescribes that impairment loss included in surplus / deficit</p>

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		<p>on revaluation is required to be transferred from OCI and recognized in Profit and Loss Account.</p> <p>3. The aforesaid BPRD Circular Letter No. 13 of 2020 provides the regulated entities an option to recognize the impairment loss in phased manner equally on quarterly basis during calendar year 2020. The remaining amount of impairment not recognized will remain part of surplus / deficit on revaluation of securities in OCI and will not be available for dividend payment.</p>
