

# 2nd ADB Virtual Training Course on NPL Resolution for IPAF Members and DMC Officials

## Session 10: COVID-19 Related Measures Impacting NPL Resolution

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The South East Asian Central Banks  
Research and Training Centre

# Session Overview

1

Impact of lockdowns on NPL resolution

2

Impact of “low for long” interest rates on NPL resolution

3

Impact of government loan guarantees on NPL resolution

4

Impact of payment holidays and other means of loan forbearance on NPL resolution

5

Impact of bank forbearance on NPL resolution

# Initial observations

- The various measures undertaken to address the COVID-19 pandemic
  - Governments, central banks, and banking supervisory authorities
- Undoubtedly have an impact on the level and trend of NPLs
- The question before us is – do the measures have an impact on the resolution of NPLs?
- Assumption:
  - NPLs have been identified, but not necessarily accurately valued.

# Initial observations

The starting point for quick and effective NPL resolution:

- Timely and accurate identification and valuation of NPLs

Does COVID-19 measures provide incentives for banks:

- To identify and value NPLs timely and accurately?

Government debt has significantly increased in many jurisdictions.

- May lack capacity to support NPL resolution
- (such as providing start-up capital to AMCs)

**Table 2 : Policy measures related to borrower's relief in EAP**

Area	Policy Measure	Countries
<b>Funding</b>	Fresh funds	Cambodia, China, Indonesia, Korea, Lao PDR, Malaysia, Micronesia, Myanmar, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, Tonga, Timor-Leste, Vietnam
	Guarantees or credit enhancements	China, Fiji, Korea, Malaysia, Myanmar, Timor-Leste
	Capital injection in banks	Cambodia
	Bond issuances	China
<b>Regulatory relief</b>	Capital buffers	Cambodia, Korea, Malaysia, Singapore
	Capital: risk weights	Korea, Philippines
	Liquidity buffers	Cambodia, Korea, Malaysia, Singapore
	Liquidity: reserve requirements	China, Indonesia, Lao PDR, Malaysia, Mongolia, Myanmar, Papua New Guinea, Philippines
	Moratoria, classification and provisioning	Cambodia, China, Fiji, Indonesia, Korea, Lao PDR, Malaysia, Myanmar, Papua New Guinea, Singapore, Solomon Islands, Thailand, Tonga, Vietnam
	Credit reporting	Indonesia, Singapore
<b>Financial infrastructure</b>	AMC Creation	Myanmar
	Insolvency law	Singapore




Source: Author compilation based on World Bank COVID-19 Finance Sector Related Policy Responses, information updated February 2021; International Monetary Fund, Policy Tracker.

Note: AMC= asset management company; EAP = East Asia and the Pacific.

Source: [Non-Performing Loans in East Asia and the Pacific : Practices and Lessons in Times of COVID-19](#)

## Exhibit 7

## Policy support from various governments and central banks remain forthcoming

	India	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
 <b>MONETARY POLICIES</b>							
Policy rate cuts	●	●	●	●	*	●	●
Central bank liquidity support	●	●	●	●	●	●	●
 <b>POLICIES TO SUPPORT BORROWERS</b>							
Fiscal support including cash handouts, wage support, corporate tax reduction etc	8% of 2020 GDP	5% of 2020 GDP	8% of 2020 GDP	5% of 2020 GDP	21% of 2020 GDP	12% of 2020 GDP	2% of 2020 GDP
Soft loans or government guaranteed loans	●	●	●	●	●	●	●
Loan restructuring / moratorium	●	●	●	●	●	●	●
 <b>POLICIES TO SUPPORT BANKS</b>							
Adjusting liquidity requirements such as liquidity coverage, net stable funding and reserve ratios	●	●	●	●	●		
Adjusting capital requirements including usage of capital buffers, implementation of Basel III reforms	●	●	●	●	●		
Staggered timeline for loan loss provisioning				●			●
Set up of asset warehouses, bad banks	●			●		●	

Note: (\*) Singapore uses exchange rate-based monetary policy.

Sources: Moody's Investors Service, various governments and central banks

Moody's expect government support for the financial sector to remain focused on ensuring that banks have abundant liquidity to support new lending.

Source: Moody's Investors Service Sector In-depth 10 August 2021

# Impact of lockdowns and travel restrictions on NPL resolution

- Lockdowns and travel restrictions had a disproportionate effect on sectors:
  - Some sectors hit harder than others
    - real estate, retail, restaurants, oil and gas, equipment manufacturing, transport, travel, leisure, and hospitality sectors
  - Concentration of NPLs in these sectors may allow for:
    - Greater specialization and
    - Expertise in workouts and loan sales,
    - Leading to better recoveries

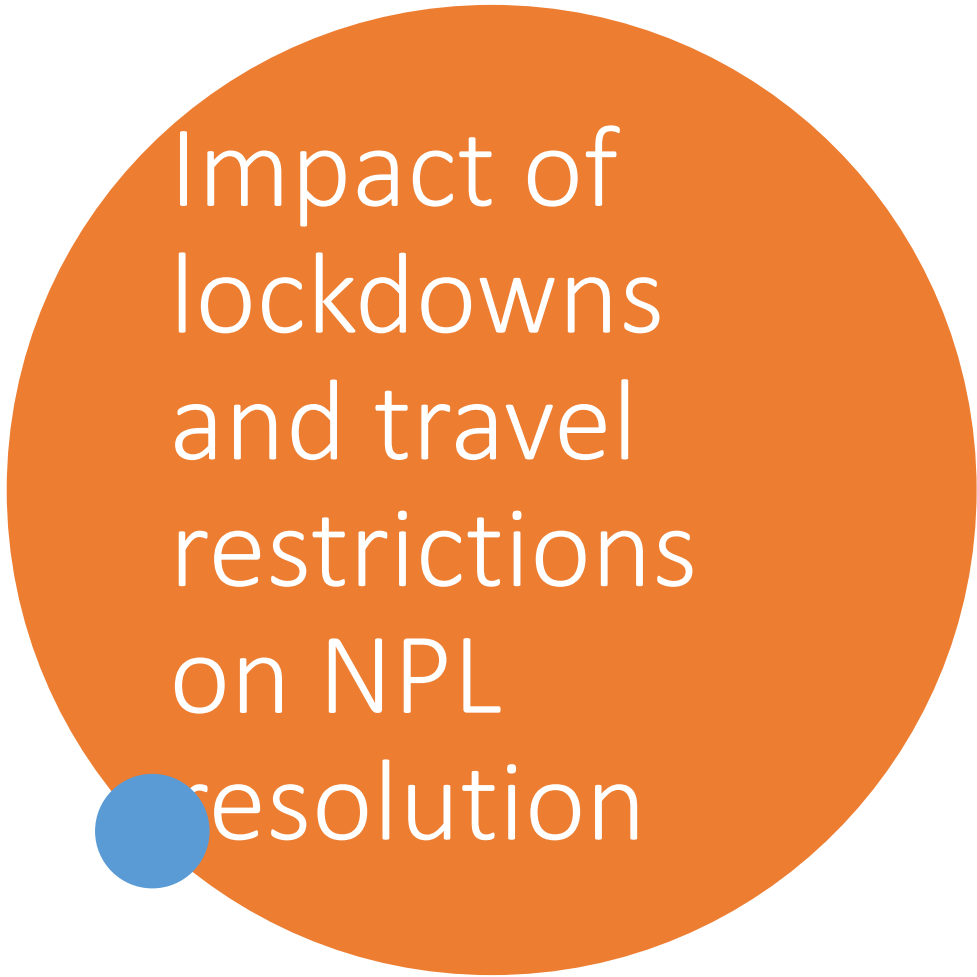
# Impact of lockdowns and travel restrictions on NPL resolution

**However, in commercial real estate:**

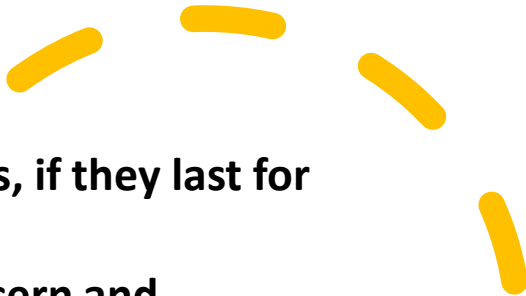
- **There may be a lingering impact from “work from home”**
- **Leading to a glut of foreclosed properties**

**Also,**

- **Assets related to aviation and shipping may also take a long time to sell**



# Impact of lockdowns and travel restrictions on NPL resolution

- 
- **But lockdowns and travel restrictions, if they last for many more months, may make**
    - **Market price trends hard to discern and appraisals, and**
    - **Inspections of foreclosed properties hard to carry out,**
  - **Thus, delaying NPL resolution.**
  
  - **On the positive side, lockdowns may have produced a “savings glut” because consumers are unable to spend.**

# Impact of “low for long” interest rates on NPL resolution

Interest rates are low by historical standards in most jurisdictions, owing to the “savings glut” and accommodating monetary policy.

- **Low interest rates help distressed borrowers service their debts, aiding NPL resolution**
- **Low interest rates may, however, disincentivize banks to collect on NPLs, because returns on other assets are low, decreasing opportunity costs, but –**
- **Low interest rates, if they create extreme pressures on bank profitability, may incentivize banks to speed up NPL collection.**

The “savings glut” itself could make capital available to stimulate investments in NPLs

# Impact of government guarantees on NPL resolution

Government guarantees have been extensively used throughout the COVID-19 crisis.

- Estimates in the Euro area are that €853b in new loans were distributed to SMEs in 2020 and a significant portion were government guaranteed.
- In the U.K., £92b in government-guaranteed loans were distributed to 1.6m borrowers and it's estimated that 35-60 percent might default.

Some programs provide for the replacement of loans with grants, in which case there is no issue of NPL resolution, but there may be a heightened fiscal burden.

# Impact of government guarantees on NPL resolution

*What could be the impact of these government guarantees on the resolution of these NPLs?*

**Loans carrying a government guarantee may be difficult to resolve:**

- **if the bank has been relying on the guarantee**
- **rather than originating the loan and**
- **monitoring the borrower's performance**
- **According to best practices of credit risk management.**

# Impact of government guarantees on NPL resolution

*If the guarantee is then lifted:*

- *the bank could be stuck with a loan to a borrower*
- *about which little information has been collected and*
- *little monitoring has been performed.*

Some jurisdictions have recently been reporting that banks have made conditions stricter for obtaining loans, even government-guaranteed loans.

- *These loans should be easier to resolve.*

# Impact of payment moratoria on NPL resolution

## Possible Definition of Default:

- European Banking Authority's (EBA's) [Guidelines on the Application of Definition of Default](#) ('DoD') (EBA/GL/2016/07)

## Conditions for a loan to be considered in default:

- **Days past due (DPD):**
  - More than 90 DPD on any principal, interest, or fees
- **Unlikelihood to pay (UTP) indicators:**
  - Used to indicate a heightened concern that some or all of the amounts owed to the bank will not be paid.

A loan to be considered in default if either or both of these conditions are fulfilled.

Note: UTP indicators are sometimes oddly stated

- Refer to actions that the bank takes, rather than actions/inactions of borrower or financial condition of borrower

# Impact of payment moratoria -- Unlikely to Pay criteria

The specific list of “UTP Indicators” includes mainly **the establishment of a specific credit risk adjustment (specific LLA)\*, sale of the loan at a loss\*, distressed restructuring\*, and bankruptcy of the borrower.** Other indicators are as follows, with (\*) denoting actions taken by the bank:

- (a) a borrower’s sources of recurring income are no longer available to meet the payments of installments;
- (b) there are justified concerns about a borrower’s future ability to generate stable and sufficient cash flows;
- (c) the borrower’s overall leverage level has significantly increased or there are justified expectations of such changes to leverage;
- (d) the borrower has breached the covenants of a credit contract;
- (e) the bank has called any collateral including a guarantee\*;

# Impact of payment moratoria -- Unlikely to Pay criteria (contd.)

- (f) for the exposures to an individual: default of a company fully owned by a single individual where this individual provided the institution with a personal guarantee for all obligations of a company;
- (g) for retail exposures where the default definition is applied at the level of an individual credit facility, the fact that a significant part of the total obligation of the obligor is in default;
- (h) the reporting of an exposure as non-performing in accordance with [reference to a specific European Commission regulation\*];
- (i) significant delays in payments to other creditors have been recorded in the relevant credit register;
- (j) a crisis of the sector in which the counterparty operates combined with a weak position of the counterparty in this sector;
- (k) disappearance of an active market for a financial asset because of the financial difficulties of the debtor;
- (l) the bank has information that a third party, in particular another institution, has filed for bankruptcy or similar protection of the obligor

# Impact of payment moratoria -- Unlikely to Pay criteria (contd.)

- (m) credit fraud;
- (n) default of a connected client with “contagion” to this particular borrower;
- (o) borrower’s source of income is no longer available;
- (p) borrower’s leverage has increased significantly;
- (q) borrower has given a guarantee to another borrower who has already defaulted;
- (r) there are significant delays in payment by this borrower to other creditors;
- (s) granting of concessions by the bank that do not meet the criteria of a “material distressed restructuring” (large lump-sum payment at the end, significantly lower payments at the beginning, significant grace period at the beginning, borrower has already experienced distressed restructuring)\*

# What is a “distressed restructuring”?

*First, we need to talk about “forbearance”*

*Definition: A bank displays “forbearance” toward the borrower and the loan is considered to be “forborne” when:*

**The borrower is experiencing financial difficulties AND**

**The bank agrees to a “concession” that it wouldn’t otherwise consider**

*What is a “concession”? What forms can it take?*

What is a  
“concession”?  
What forms  
can it take?

*Common forms of  
concessions extended  
to borrowers:*

Extending the loan  
term (say, from 3 years  
to 5 years before  
principal is due)

Rescheduling the dates  
of owed principal and  
interest

Granting periods of  
non-payment  
(payment moratoria,  
grace periods)

Decreasing the interest  
rate

Adding missed  
payments to the loan  
balance (capitalization  
of interest)

# What is a “concession”? What forms can it take? (contd.)

*Common forms of concessions extended to borrowers:*

Forgiving or waiving (partial) interest or principal payments (decreases the outstanding principal balance of the loan, not permitted in some jurisdictions)

Changing an amortizing loan (where principal is paid off in stages together with interest payments) to an interest-only loan with balloon payment at end

Releasing collateral or accepting lower levels of collateral or lower quality of collateral

# Difference between restructuring and rescheduling

Restructuring and rescheduling are also not often precisely defined:

Rescheduling is viewed as a type of restructuring

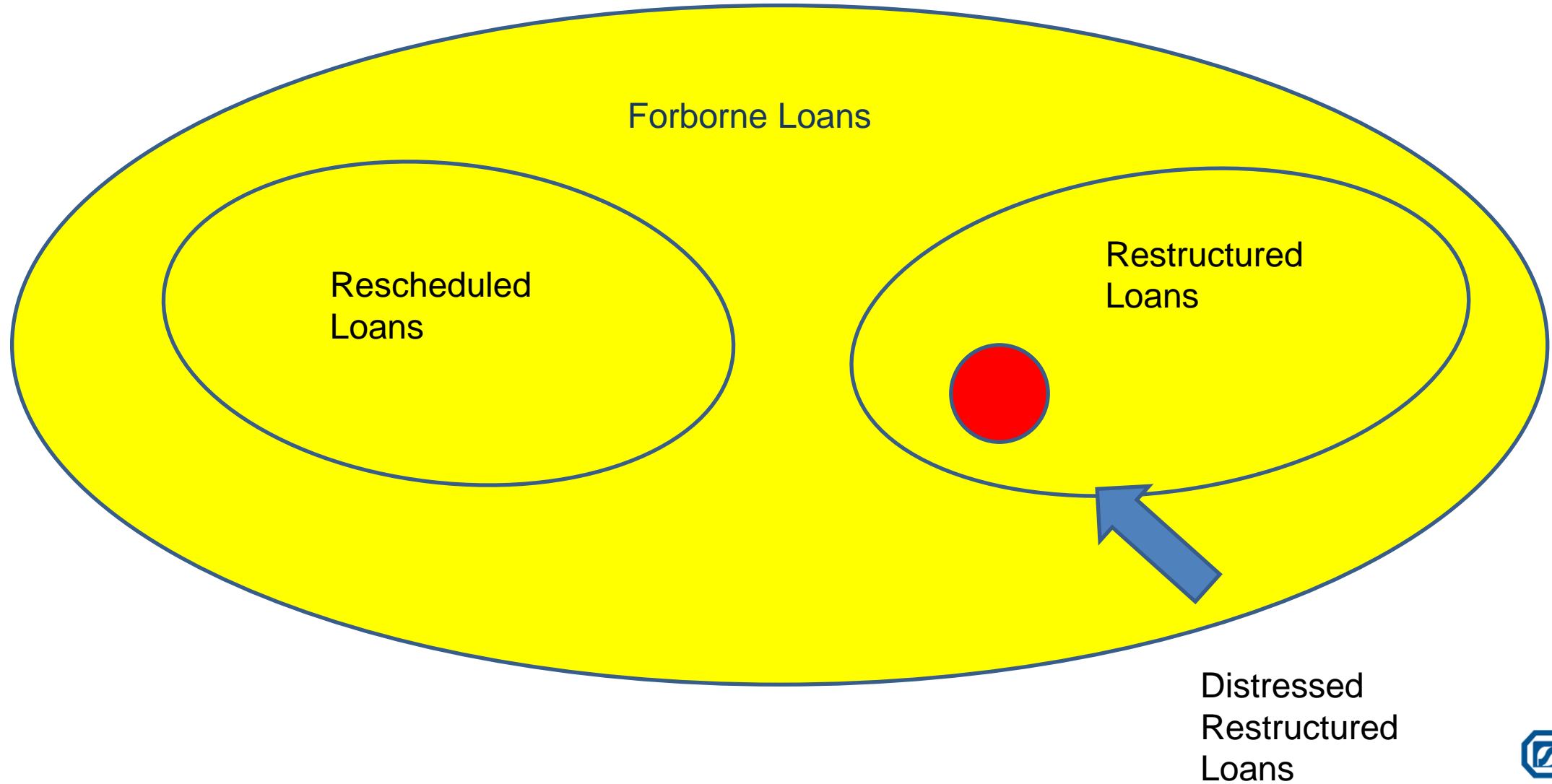
- BUT this language is not precise.

Easier to think of rescheduling as pushing out required payments further into the future

- (without cutting payments fully or partially)

While restructuring means actually cutting payments by lowering interest rate or waiving principal

# Bringing it back full circle: definition of “distressed restructuring”



# Illustration of diminished financial obligation: a review of NPV

This is a 10-year loan for SSP 10,000, with interest payments of SSP 1,000 at the end of each year, including the last year when the principal is repaid. NPV = SSP 10,000. No diminished financial obligation.

## Net Present Value

Discount Rate **10.0%**

Year	1	2	3	4	5	6	7	8	9	10
Discount Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39
Undiscounted Cash Flow	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000
Present Value	909	826	751	683	621	564	513	467	424	4,241
<b>Net Present Value</b>	<b>10,000</b>									
Discounted Value	91	174	249	317	379	436	487	533	576	6,759

# Illustration of diminished financial obligation: payment deferral

Same loan for SSP 10,000, but interest payments of SSP 1,000 have been deferred for the first five years, and made up in the last five years. NPV = SSP 8,563, more than a 1% decline. Diminished financial obligation and distressed restructuring/default declared.

<b>Net Present Value</b>										
<b>Discount Rate</b>	<b>10.0%</b>									
<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
Discount Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39
Undiscounted Cash Flow	-	-	-	-	-	2,000	2,000	2,000	2,000	12,000
Present Value	-	-	-	-	-	1,129	1,026	933	848	4,627
<b>Net Present Value</b>	<b>8,563</b>									
Discounted Value	-	-	-	-	-	871	974	1,067	1,152	7,373

# Illustration of diminished financial obligation: payment deferral but additional payments made

Same loan for SSP 10,000, but interest payments of SSP 1,000 have been deferred for the first five years, and made up with some additional payments in the last five years. NPV = SSP 9,999. No diminished financial obligation, therefore no distressed restructuring and no default.

## Net Present Value

Discount Rate

10.0%

Year	1	2	3	4	5	6	7	8	9	10
Discount Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39
Undiscounted Cash Flow	-	-	-	-	-	2,610	2,610	2,610	2,610	12,610
Present Value	-	-	-	-	-	1,473	1,339	1,218	1,107	4,862
<b>Net Present Value</b>										<b>9,999</b>
Discounted Value	-	-	-	-	-	1,137	1,271	1,392	1,503	7,748

# What's the relevance of these concepts for accounting and reporting?

- A forbore loan will not necessarily be a defaulted loan or a non-performing loan.
- New payment schedule should consider borrower's ability to pay
- Loan is not defaulted if there has been no diminished financial obligation
- Loan could still be non-performing, though
  - Must go through "cure period" of at least 3 months
  - To demonstrate that borrower can pay according to the new terms.
- Bank should not modify loan in such a way that borrower is not required to make any payment for a long time.

# What's the relevance of these concepts for accounting and reporting?

- “Performing forbore” loans will usually be in Stage 2 of IFRS 9 categorization, while “non-performing forbore” will usually be in Stage 3
- If a loan is considered in default and there is a diminished financial obligation:
  - IFRS 9 will require a specific loan loss allowance equal to the expected credit loss (on a present value basis)
  - The loan will be considered a non-performing loan for regulatory reporting purposes (and for disclosure in audited financial statements, if required)

# How do the COVID-19 loan modifications fit into this framework?

## Payment holidays or payment moratoria

- Many jurisdictions have offered voluntary loan modifications to borrowers as a result of COVID-19.
- Mandated by legislation or offered by central banks (or stand-alone regulatory agencies), bankers' associations, or even individual banks.

The borrower can continue to make the payments under the pre-COVID terms, if willing and able.

## Banks usually required to distinguish between

- borrowers that were viable before COVID-19 (with good credit standing) and
- those that were not viable (or bad credit standing) – the latter should not get a payment holiday.

Durations of payment holidays usually 6-12 months – some are already expiring

As payment holidays expire, banks are asked to grant forbearance more on a case-by-case approach.

How do the  
COVID-19 loan  
modifications  
fit into this  
framework?  
(contd.)

- **There are several implications of the COVID-19 modifications:**
- **Holiday periods are not counted toward days-past-due for those borrowers who accept the payment holidays.**
- **Loans will not be considered as defaulted, forborne, or non-performing.**
- **For IFRS 9 calculations of loan-loss allowances, auditors, regulators, and banks are encouraged to be “flexible”**
  - **BUT depends on structure of payment holidays (some will result in lower NPV of payments)**

How do the  
COVID-19 loan  
modifications  
fit into this  
framework?  
(contd.)

- **Banks must continue to assess borrowers' ability to pay throughout the period, whatever payment schedule is agreed upon.**
- **Important: Many governments have provided loan guarantees (especially for SME loans).**
  - **These may be taken into account in determining LLA,**
  - **BUT NOT for categorization of loans as NPLs, forborne, defaulted, etc.**

## Other difficulties posed by COVID-19 on NPL resolution

There may be limited access to borrower financial data and accurate collateral valuations. Some collateral resale markets (e.g., hotels) might have completely shut down.

Banks may have to rely on alternative data such as monthly bank statements to show cash in/cash out and assess borrower liquidity.

Government assistance programs to borrowers may be complex to analyze and may change often, resulting in frequent changes to loan-loss allowances and default probabilities.

# Other difficulties posed by COVID-19 on NPL resolution

- **It's even more difficult than usual to predict cash flows and distinguish between solvent and insolvent borrowers.**
- **Foreclosure moratoria – otherwise justified on grounds of preserving neighborhoods, social stability, or maintaining households intact – may delay the final resolution of an NPL.**
- **Although vaccines have helped, the outlook for key industries is still very uncertain (especially hotel, restaurant, retail), as is the progression of the virus and the possibility of additional severe shutdowns.**

# The impact of bank forbearance on NPL resolution

- **For this discussion, “bank forbearance” means that the supervisory authorities allow a bank to operate with less than the usual minimum amount of capital and/or liquidity (drawing down the buffers and even becoming undercapitalized).**
- **Undercapitalized banks may be reluctant to provision properly or to offload their NPLs and incur additional reported losses.**
- **Allowing banks to draw down their capital or liquidity buffers may also lessen pressure on banks to collect or work out their NPLs (banks are not as dependent on cash flows from collections or sales of foreclosed properties).**
- **To avoid these potential problems, supervisors should continue to pressure banks to address their NPL issues – through examinations asset quality reviews (if possible, given the constraints of no onsite work), stress tests, and transparent accounting rules.**
- **Instead of bank forbearance, supervisors and resolution authorities may elect to prioritize the takeover of weak banks by strong banks.**

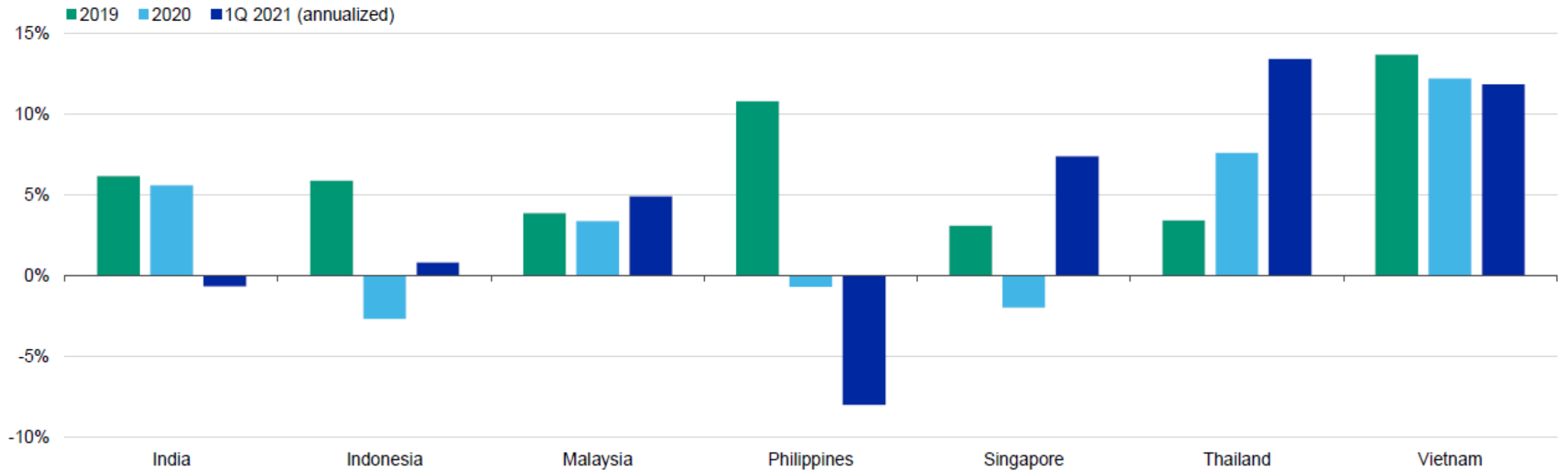
# ASEAN and India

- Moody's - Asset risks will rise amid resurgences of coronavirus infections but credit strength will remain intact – Sector In-Depth 10 August 2021
  - Impede economic recovery and
  - Erode borrowers' debt repayment capacity.
- BUT limit the deterioration of banks' overall asset quality
  - Continued policy support for borrowers from governments and central banks will prevent sharp increases in defaults on
  - The financial impact of the prolonging of the pandemic for now are concentrated on a few segments of economies
  - Post 2008/2009 regulatory measures strengthen banks' balance sheets/build resilience
  - Since the start of the pandemic, most banks in the region have built sufficient loan loss buffers to cover anticipated increases in nonperforming loans (NPLs).

## Exhibit 8

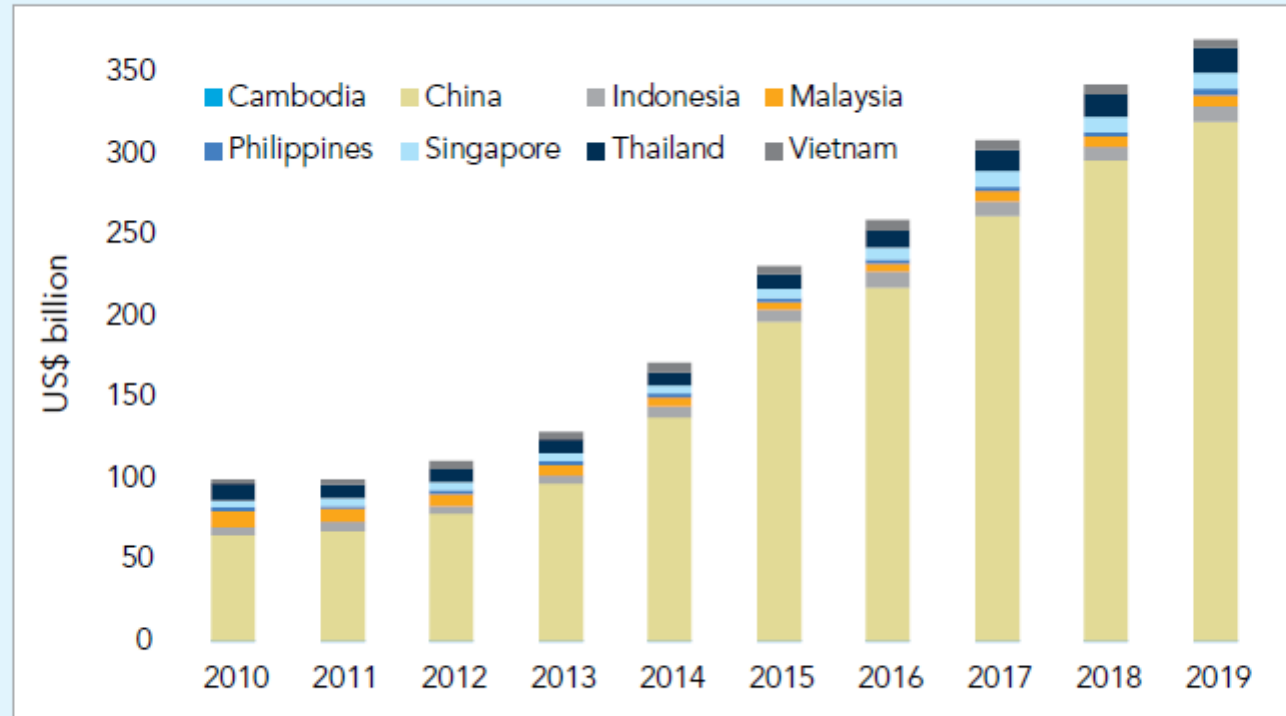
## Government support will remain focused on ensuring liquidity

### Year-on-year growth in system bank loans



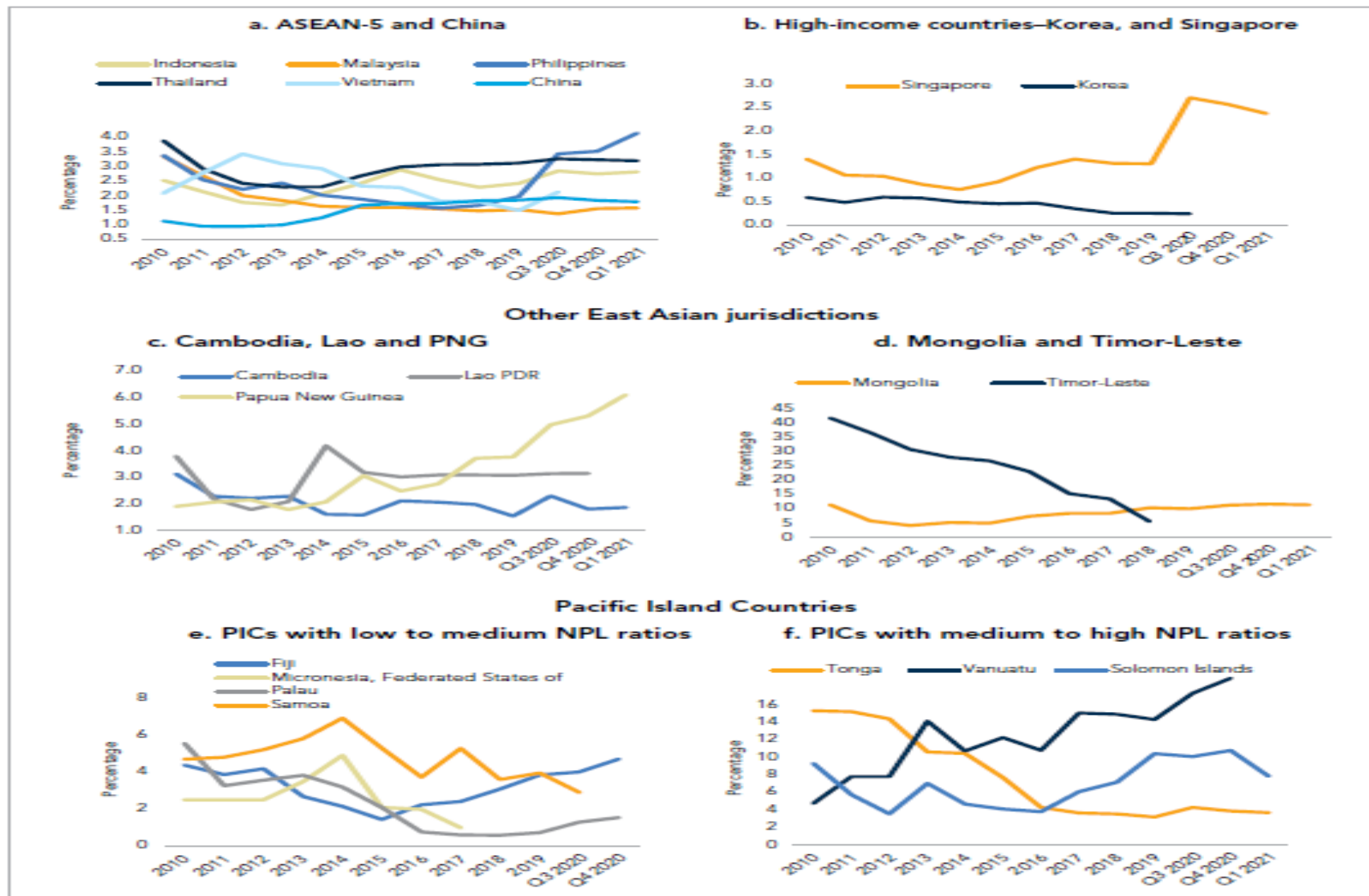
Sources: Central banks, Moody's Investors Service

**FIGURE 4 : Non-performing loans in selected EAP jurisdictions pre-COVID-19**



Source : Bank for International Settlements and World Bank staff calculations.

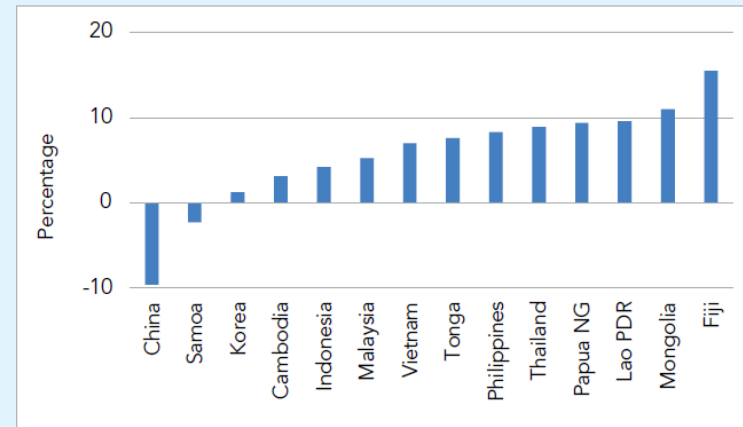
**FIGURE 5 : Non-performing loans to total loans (percentage)**



Source: International Monetary Fund, Financial Soundness Indicators; International Monetary Fund Article IV Reports; and public information from national authorities.  
 Note: Data are Q1 2021 or latest available.

- Measures the capacity of bank capital to withstand losses from NPLs, once specific provisioning has absorbed part of those losses.
- This ratio gives an indication regarding the capital buffers available for NPL absorption.
- Adequate provisions and capital levels allow for a prompt response when problem loans start to emerge and prevent problems from becoming systemic.

**FIGURE 10 : NPLs Net of Provisions to Capital, Q1 2021 (percentage)**



Source: Financial Soundness Indicators, International Monetary Fund, 2021 Q1 (if not, latest available)

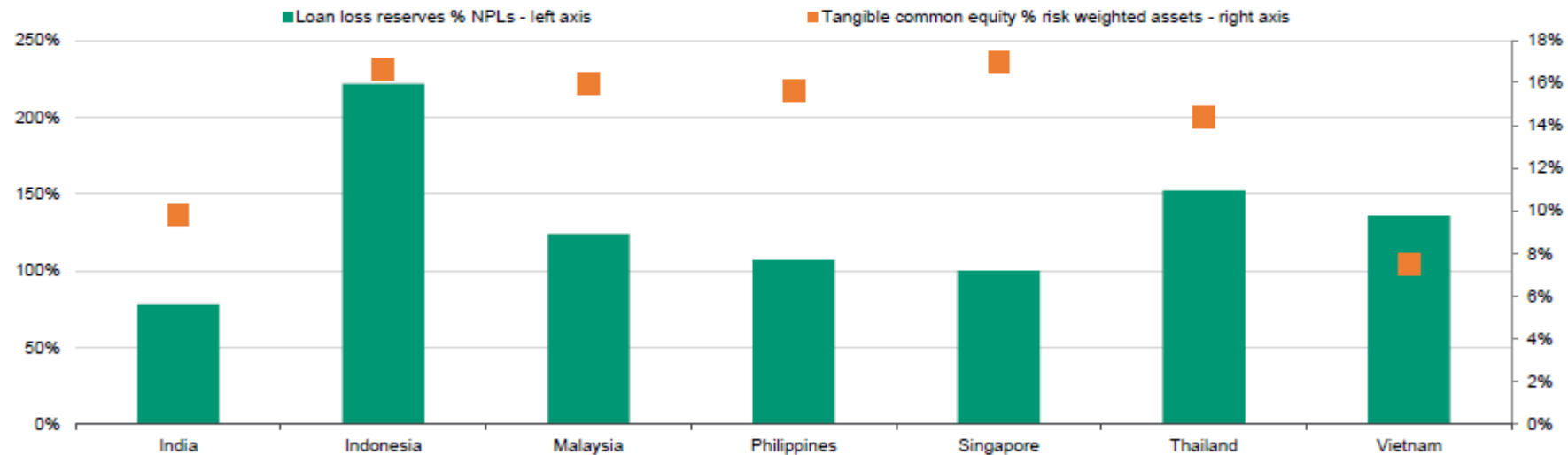
Note: NG = New Guinea; NPL = non-performing loans; Q1 = first quarter

### Loan loss buffers will be sufficient to absorb anticipated increases in NPLs

Most banks in the region have built strong loss absorbing buffers, in the form of both loan loss reserves and capital, and this will be a key factor mitigating rising asset risks (Exhibit 13).

Exhibit 13

#### Strong loss-absorbing buffers will be a key mitigant against rising asset risks



Note: Data shows asset-weighted average ratios for rated banks at the end of 2020. Capital data for India is for the end of 2019. For India, fiscal years that run from April 1 to March 30 are used.

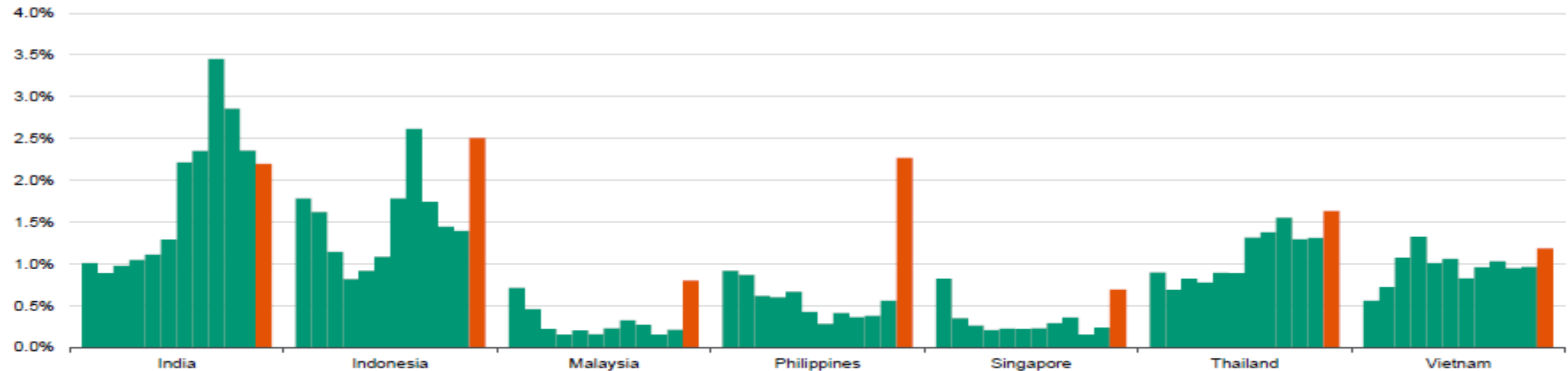
Source: Moody's Investors Service, rated banks

In 2020, as banks braced for the impact of the pandemic, loan-loss provisions jumped across ASEAN (Exhibit 14), particularly in Indonesia, Malaysia, the Philippines, Thailand and Singapore, which have adopted forward-looking provisioning requirements under IFRS9. Loan-loss provisions decreased in India because banks had actively cleaned up large stocks of legacy problem assets in prior years, but they still remained high compared to levels in regional peers. We expect loan-loss provisions will decline from 2020 levels across ASEAN and India but remain elevated compared to historical levels as banks continue to proactively make provisions against future increases in NPLs.

Exhibit 14

### Loan-loss provisions increase sharply in 2020 across ASEAN

Asset-weighted average loan-loss provisions as a percentage of gross loans for 2009-20



Note: For India, 2020 is the fiscal year ended March 2021

Sources: Moody's Investors Service, rated banks

**Table 3 : The materiality of COVID-19 restructured loans in selected EAP jurisdictions**

Country	COVID-19 Restructured Loans	Source
China	Relief loans amounted to CNY7.3 trillion in 2020, accounting for 4 percent of total loans, but represented around 17 percent of total micro and small enterprise loans	Fitch Ratings, Chinese Banks' Earnings to Stay Resilient in 2021. Wed 31 Mar, 2021.
Fiji	31.3 percent of the commercial banks' gross loans, as of October 2020	Reserve Bank of Fiji. Financial Stability Review 2020
Indonesia	As of June 2020, based on asset size, larger corporations experienced more loan restructuring: 31.3 percent of loans to large corporations, 15.1 percent of medium enterprises and 7.1 percent of small size enterprises	Bank of Indonesia, Financial Stability Review, September 2020.
Malaysia	11.1 percent of the amount of household loans are under repayment assistance. The amount of business loans under repayment assistance accounted for 17 percent of total business loans (52.8 percent of loans in the hotel and restaurants sector). December 2020.	Bank Negara Malaysia, 2021. Financial Stability Report, Second Half 2020.
Philippines	The SME and property loan amounts subject to moratorium constitute about 13.7 percent and 14.1 percent of total outstanding SME and property loans respectively (end of December 2020).	S&P Global Rating. March 2021 Credit Conditions Emerging Markets Q2 2021: Brighter Prospects Prone to Setbacks.
Singapore	The SME and property loan amounts subject to moratorium constitute about 13.7 percent and 14.1 percent of total outstanding SME and property loans respectively (end of December 2020).	Monetary Authority of Singapore, Financial Stability review, December 2020.
Solomon Islands	17.4 percent of gross loans of banks and credit unions loans have been suspended by banks and credit institutions from February 2020 to the end of June 2020 (Principal and interest payments relating to a total of \$448.1 million).	Central Bank of Solomon Islands, Financial Stability Report June 2020.
Thailand	Financial institutions' loans under assistance are 20.5 percent of total loans (4835 billion baht, December 2020).	Bank of Thailand, Performance of the Thai Banking System in 2020, No. 10/2021 and "EC_MB_041, Private credit" (Total loans)

Source: Authors based on the following public sources, Fitch Ratings 2021b, Reserve Bank of Fiji 2020, Bank of Indonesia 2020, Bank Negara Malaysia 2020, S&P Global Ratings 2021, Monetary Authority of Singapore 2020, Central Bank of Solomon Islands 2020, and Bank of Thailand 2021.

Exhibit 15

## Details on loan restructuring programs across ASEAN and India

KEY: ● Targeted sector moratorium ● Moratorium ● Restructuring

Country	SME	Retail	Corporate	Application deadline	Details
India	●	●		30-Sep-21	<ul style="list-style-type: none"> <li>Micro, small and medium enterprises (MSME), non-MSME small businesses as well as individuals with loans for business purposes having aggregate exposure of up to INR500 million who have not availed restructuring under any of the earlier restructuring frameworks and were classified as 'Standard' as on March 31, 2021.</li> </ul>
Indonesia	●	●	●	31-Mar-22	<ul style="list-style-type: none"> <li>Loan restructuring program available to selective impacted borrowers based on banks' assessments and are exempted from classification into NPLs until March 2022.</li> </ul>
Malaysia	● ●	● ●		N.A.	<ul style="list-style-type: none"> <li>6 months moratorium for all retail borrowers, microenterprises and SMEs on an opt-in basis. Approval is automatic. Option to restructure loans also available.</li> </ul>
Philippines	●	●	●	N.A.	<ul style="list-style-type: none"> <li>Banks offer their own restructuring programmes. Restructured loans are exempted from being classified as NPL until the end of 2021</li> </ul>
Singapore	●	●		Retail: 30-Sep-2021 SME: 31-Dec-2021	<ul style="list-style-type: none"> <li>Retail borrowers who can provide proof of income impact and with loan repayments that are not more than 90 days past due may restructure their personal loans through an opt-in basis</li> <li>SMEs with multiple creditors that do not qualify for other restructuring programmes, such as the Simplified Insolvency Programme and sole Proprietors &amp; Partnership Scheme, may approach any of their lender to benefit from a multi-lender restructuring programme.</li> </ul>
	●			30-Sep-21	<ul style="list-style-type: none"> <li>SMEs in Tier 1 and Tier 2 sectors who do not have loan repayments that are more than 30 days past due may apply to defer 80% of principal repayment till 30 September 2021 on an opt-in basis</li> </ul>
Thailand	●	●		1 July - 31 August 2021	<ul style="list-style-type: none"> <li>2-month payment holiday for SMEs and Retail borrowers affected by the government's pandemic containment measures</li> </ul>
	●			31-Dec-21	<ul style="list-style-type: none"> <li>Loan payment holiday of 6 months for all SMEs with a line of credit not exceeding THB100 million</li> </ul>
		●		31-Dec-21	<ul style="list-style-type: none"> <li>Loan restructuring program for different retail loan products depending on borrowers' debt repayment capacity.</li> </ul>
Vietnam	●	●	●	31-Dec-21	<ul style="list-style-type: none"> <li>For borrowers impacted by the pandemic, banks may provide restructuring to loans that were originated before 10 June 2020 without having to classify them as NPL</li> </ul>

Source: Various central banks, Moody's Investors Service

## Contact



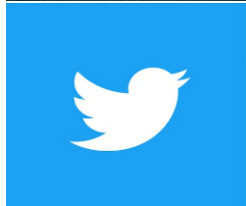
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