



Updated on April 20, 2020

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

Fonts in blue denote updates in the FAQs issued earlier on April 03 & 17, 2020.

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.
3a	Is Finance Against Merchandise (FIM) or Finance Against Trust Receipt (FATR) eligible for deferment of principal amount?	The answer to Question No. 3 above clarifies that 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 conditions mentioned therein. 2. Therefore, FIM or FATR are eligible for deferment of principal amount for twelve months.
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.



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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). 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 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.
7a	Does the bank has to charge mark-up, as per original terms & conditions, for the principal deferment period or can the bank change the terms with customers’ consent?	The obligor is required to service the mark-up, during the principal deferment period, as per agreed terms & conditions. The Banks/DFI/MFBs - considering the genuineness of borrower’s circumstances - may offer lower mark-up rate to the obligors for mark-up payments.
8	Does deferment of principal for twelve months and rescheduling / restructuring of financing facilities [deferment of principal exceeding twelve months and / or deferment of	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.



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	mark-up] have separate expiry dates?	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.
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?	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 2. Likewise, the deferment of principal for twelve months will also not be reported as “restructuring” in ECIB.
9a	Does the Bank/DFI/MFB - after successful deferment of principal or rescheduling / restructuring - have to report same status of loan to private credit bureaus that has been reported to ECIB of SBP?	Yes. The status reported to private credit bureaus will be same as that reported to ECIB of SBP. [Answer against Question Number 09 above may please also be seen].
10	Are the Public Sector Entities eligible to apply under deferment of principal for twelve months and / or rescheduling / restructuring of finance facilities?	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. 2. However, the financing facilities extended to the Government / Government Departments like finance for Commodity Operations do not fall under the Relief Package.
11	Will the borrower have to make heavier repayment for principal amount after the expiry of deferment period of one year [principal amount deferred for	No. the deferment of principal amount will not result into heavier repayments after expiry of deferment period. 2. The complete repayment schedule / tenor of the loan would be extended by twelve months [e.g. maturity dates



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	12 months + principal amount due in the year after deferment period of 12 months]?	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.
12a	Can a borrower apply more than once to avail deferment of principal or rescheduling / restructuring under different SBP Circulars on Relief Package? [issued by BPRD, IH&SMEFD and AC&MFD for Corporate / Commercial, SME, Consumer, Agriculture and Micro Finance borrowers].	<p>The deferment of principal or rescheduling / restructuring of loans under Relief Package is available for one time only. However, considering the unique nature and features of loans, borrowers may separately apply to their banks for their short term and long term loans. Accordingly, deferment of principal or rescheduling /restructuring of all long terms loans of the borrower should be done once. Likewise, similar approach will be available for short term loans of the borrower.</p> <p>2. For consumer finance loans, deferment / rescheduling / restructuring can be done at product level.</p> <p>3. This will be applicable prospectively i.e. from the date of release of FAQ No. 12a on April 17, 2020.</p>



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13	<p>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?</p> <p>[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?</p>	<p>The deferment of principal amount for twelve months is applicable on such long term refinance schemes of SBP that are specified in the IH&SMEFD Circular Letter. No. 05 of 2020.</p> <p>2. For further instructions on the matter including that on rescheduling / restructuring of refinanced loans, the aforesaid Circular Letter may please be referred.</p>
14	<p>Will the deferment of principal loan amount also be applied on financing disbursed under SBP short-term refinance schemes (i.e. EFS/IERS)?</p>	<p>No, financing disbursed under SBP short-term (180 days) refinance schemes (i.e. EFS/IERS) cannot be rescheduled. Therefore, the deferment of principal loan amount will not be applicable on these schemes.</p>
15	<p>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?</p>	<p>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 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>



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15a	Do the Term Finance Certificate and Sukuk qualify for the treatments specified in the Relief Package?	The relaxations for deferment of principal and restructuring / rescheduling are only available for loans. Resultantly, Term Finance Certificate and Sukuk are not eligible.
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>



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18a	What should be the treatment of a loan wherein deferment of principal or rescheduled / restructured under the Relief Package was extended but the borrower defaults again on the revised repayment due dates?	If a loan wherein deferment of principal or rescheduling / restructuring has been extended under SBP Relief Package and the borrower subsequently defaults on the revised repayment due dates; such loans will be classified as per the prevailing [standard] Prudential Regulations.
19	Do the borrowers have to sign revised documents to implement deferment of principal for twelve months and / or rescheduling / restructuring of finance facilities?	Yes, wherever required by their banks. The Banks/DFIs may need to complete the necessary formalities for legal 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>
21a	Is it mandatory for the Microfinance Bank to obtain written request from borrower	Yes. The MFBs are encouraged to guide their customers to send their written requests, through registered emails, fax or other electronic means subject to a telephonic



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	before 30-Jun-2020 to process a case for deferment of principal amount? How should MFBS obtain written requests from borrowers during lockdown?	confirmation.
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
22a	I have obtained consumer finance loans from the bank and now availed the deferment of principal or my loans were rescheduled / restructured under SBP Relief Package. Subsequently, my cash flows have improved and I want to prepay my loans. Would the bank charge prepayment penalties / fee from me?	The banks will not charge any prepayment penalties for loans deferred, restructured or rescheduled under this scheme.
22b	I requested bank for deferment of principal amount on installment based consumer finance loan. The bank has given me a new amortization schedule. Is that right?	Yes. Upon the request of the customer for deferment of principal, the bank will share revised amortization schedule. 2. The revised amortization schedule will have installments consisting of mark-up (it may also include insurance premium and fee/charges, wherever applicable) for the deferment period agreed between customer and bank. Installments, after the deferment period, will include both principal and mark-up component and original tenure of loan will also get extended equivalent to the deferment period.



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22c	What will happen if consequent to deferment of principal for twelve months and / or rescheduling / restructuring, the extended tenure goes beyond the maximum permissible tenure for consumer finance products?	In the cases where the bank allows the deferment of principal amount for twelve months and / or rescheduling / restructuring under the BPRD Circular No. 14 of 2020, the maximum permissible tenure of the consumer finance loans, specified in PRs for Consumer Financing, will extend by twelve months.
22d	What is the treatment of deferment of principal on the Credit Cards / Or I applied for deferment of principal in credit card and I was offered conversion into installment package. Is that right?	The credit card customers can approach their banks with requests to defer their outstanding principal amount up to one year. The customers may also request their banks to defer the principal amount for shorter periods. 2. The banks, while accepting the requests of their customers, will prepare a repayment schedule whereby principal component is deferred for a period not exceeding twelve months [Para No. 2(iii) of BPRD Circular Letter No. 14 of 2020]. Subsequent to the deferment period, the repayment schedule will include an appropriate installment based plan for full repayment of the loan 3. The banks and customers may also agree on an installment based repayment schedule from the start of the deferment period. 4. The deferment/repayment/rescheduling under the BPRD Circular Letter No. 14 of 2020 will be offered only once to the customer at product level. However, the customers may avail deferment/rescheduling/restructuring for different consumer financing products at different times. 5. The banks are encouraged to explain to the customer to judiciously avail the options mentioned above and decide appropriately on the amount to be converted from Credit Card into an installment based loan.



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22e	I have converted my credit card outstanding amount into installment based loan. After some months, I am unable to make my payments. Can I re-apply for another restructuring?	No. Under BPRD Circular Letter No. 14 of 2020, the bank can only once convert the outstanding principal amount of credit card into installment based plan. 2. The requests for deferment of principal may be made before 30-Jun-2020; whereas, rescheduling / restructuring of the consumer loans can be completed by 31-Mar-2021.
22f	Can I request my bank to offer principal deferment within monthly “Minimum Payment Due” and not transfer me into installment based conversion package?	No. The request for deferment of principal will necessitate conversion of outstanding principal balance (or part of the outstanding principal balance on the request of the borrower) into an installment based loan.
22g	Can I continue to use my credit card after converting the outstanding balance into conversion package?	Yes. The customer can use the credit card up to the remaining available limit after taking into account outstanding balance converted into installment based plan. 2. The usage of credit card may, however, be subject to customary terms & conditions agreed with the bank.
22h	Is the Excess Over Limit of up to 15 percent available to all customers or is subject to customer’s request?	The Excess Over Limit of 15 percent of sanctioned limit is based upon customers’ request.
22i	Does the bank, after expiry of Relief Package on 31-Mar-2021, has to readjust the Debt Burden Ratio [i.e. from 60 percent to 50 percent] of such loans which have been disbursed at enhanced Debt Burden Ratio of 60 percent [Para 2 (i) of BPRD Circular Letter No. 14 of 2020]?	The self-amortizing consumer finance loans, extended at enhanced DBR of 60 percent, will continue to be repaid as per the repayment schedule agreed with the customers. 2. However, the revolving loans that are disbursed at enhanced DBR of 60 percent will be adjusted as per following mechanism: <ul style="list-style-type: none"> ▪ The sanctioned limit, at the annual renewal date subsequent to 31-Mar-2021, will be lowered to



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		<p>align it with the DBR of 50 percent, provided outstanding amount is equal to or less than the revised limit; or</p> <ul style="list-style-type: none"> In cases where outstanding amount, at the annual renewal date subsequent to 31-Mar-2021, is in excess of the DBR of 50 percent; such incremental amount will be converted into self-liquidating installment based plan of a tenure not exceeding twelve months.
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 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>
24	Are the FAQs applicable on the MFBs?	<p>Yes. Wherever relevant the FAQs are applicable on the MFBs.</p> <p>2. The differences, inter alia, w.r.t. eligibility of loans for deferment of principal, rescheduling / restructuring and relaxation in classification criteria [as explained in Para 2(iii) and 3 of AC&MFD Circular Letter No. 01 of 2020]</p>



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		may, however, be noted.
25	<p>The AC&MFD Circular Letter No. 03 of 2020 allows NADRA Verisys, instead of Biometric Verification (BMV), subject to condition that customer's undertaking is obtained stating to comply with the BMV within 60 days from the noted timelines, failing which the relationship may be terminated.</p> <p>What should the MFBs do, where majority of accounts opened are the borrowing relationships and termination of relationship may not be possible?</p>	<p>The requirements stipulated in AC&MFD Circular Letter No. 03 for termination of relationships in case of non-compliance with biometric verification requirement are not applicable on accounts that have been opened solely for disbursement of loans and may be categorized as non-transnational accounts.</p>
26	<p>If a borrower of Micro Finance Bank, whose loan repayment is due on 15-May-2020, defaults. Will that loan remain regular for next 90 days or up to 30-Jun-2020?</p>	<p>Yes. The loan can remain regular for 90 days from the repayment due date, provided, MFB – upon the request of the customer – successfully defers the principal amount [Para 2(i) of ACMFD Circular Letter No. 1 of 2020] or reschedules / restructures the loan [2(ii) of ACMFD Circular Letter No. 1 of 2020].</p> <p>2. If the MFB could not defer the principal amount or reschedule / restructure the loan within the 90 days past due of repayment date [i.e. 15-Aug-2020]; such loan will be directly classified as 'Doubtful' as per Prudential Regulations for Micro Financing.</p>



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27	Can MFBs initiate relief measures that are permissible vide Para (v) of Regulation R-9 of PRs for Micro Financing? [i.e. reschedule loans and report the borrower in ECIB as required under AC&MFD Circular Letter No. 1 of 2020].	Only those loans will be reported to ECIB as ‘regular’ that are restructured/rescheduled in line with AC&MFD Circular Letter No. 01 of 2020.
