



CENTRAL BANK
of **BELIZE**

Guidance Notice to all Banks and Credit Unions

Forbearance Measures for Customers Affected by the COVID-19 Pandemic

The Central Bank of Belize (Central Bank) continues to closely monitor the deterioration of credit conditions caused by the COVID-19 pandemic. On 17 March 2020, the Central Bank issued amendments to banks' existing Practice Directions and Circulars, and the Credit Union Requirements, as a part of its monetary and macro-prudential policy responses in consideration of the hardships being experienced by businesses and households in specific sectors adversely affected by COVID-19. These amendments have allowed financial institutions to grant their customers in the targeted sectors extended repayment periods for credit facilities.

The Central Bank further advises that the extended repayment period for credit facilities, aimed at easing the debt service obligations of borrowers, may now be applied on a portfolio-wide basis. Although the administrative approach to implementing these forbearance measures may vary, they are to be applied on a case-by-case basis, under the following conditions:

1. Forbearance shall apply only to those performing loans and loans that are past due up to 89 days as at 31 March 2020. Loans classified as non-performing as at 31 March 2020 do not qualify for this treatment;
2. Payments, inclusive of accrued interest, shall resume when the financial circumstances of the borrowers improve;
3. Facilities that were performing prior to becoming affected by COVID-19, which are granted forbearance under this notice, should not be reported to the Central Bank as non-performing or restructured; and
4. Restraint from increasing interest rates on restructured facilities should be practiced.

Financial institutions are advised that social assistance and relief payments deposited into customers' accounts are not to be utilized to defray debt service obligations. Also note that the existing reporting forms for loans affected by COVID-19 will be amended to capture those credit facilities that fall into the expanded categories.

The above measures will remain in place for a six-month period expiring 31 December 2020. The Central Bank anticipates your usual cooperation and continued engagement in this matter.

16 June 2020
