



MORATORIUM AND DEBT RESTRUCTURING MEASURES

FREQUENTLY ASKED QUESTIONS

Although primarily a public health issue, the COVID-19 pandemic is having a major impact on the economy and financial system, globally, and Seychelles has not been spared. The Central Bank of Seychelles (CBS), through collaborative efforts with Seychelles Bankers Association (SBA) and Government Authorities, is putting in place various measures to mitigate the financial and economic impact of the virus and support impacted individuals and businesses. Two such measures include moratorium on loan repayments for a maximum period of 6 months and debt restructuring.

CBS and SBA have devised a list of questions to assist you with what you need to know or do if you are being financially-impacted by the COVID-19 pandemic.

1. What is debt restructuring and loan moratorium?

Debt restructuring is a process whereby an individual or business experiencing financial distress and liquidity constraints, can request for refinancing of existing debt obligations with their respective commercial bank, Development Bank of Seychelles (DBS) or Seychelles Credit Union (SCU). This is to assist individuals and businesses in having more flexibility in the short-term and a manageable debt burden by, for instance, extending their tenor period.

A moratorium, otherwise known as a grace period, is a form of debt restructuring that offers a temporary suspension of loan repayment obligations (principal and interest) for a limited period of time – in this case, a maximum of 3 months for individuals and a maximum of 6 months for businesses. During the moratorium period, borrowers with loan facilities that meet stated conditions do not need to make any payment, and they will not be subjected to late payment charges. Loan repayment resumes after the moratorium period. If borrowers fail to honour their commitments to repay their loan after the moratorium period, penalties (such as default charges, penalty fees and debt collection implications) will be imposed.

2. What is the objective of the moratorium and debt restructuring measures?

The CBS and SBA are cognisant of the implications for individuals and businesses during this period, particularly in regards to loan repayments. As such, the aim of the measures is to provide some relief to individuals and businesses facing temporary financial constraints arising

from the COVID-19 pandemic. The CBS and SBA hope that this will help individuals and businesses facing financial adversities to cope with challenges during this period and ensure that they are able to meet their financial obligations when the pandemic subsides. However, it is to be noted that these measures are a complement to other measures implemented by Government Authorities such as the salary scheme, reduction in tariff charges and so forth.

3. Where do I go in order to obtain more guidance on the moratorium and debt restructuring measures?

You should contact your respective commercial bank, DBS or SCU for guidance on the moratorium and debt restructuring measures. Should you not be able to receive any guidance, you may contact CBS on 4282000 (Press 1 for guidance on the COVID-19 Relief Policy Measures) or email info@cbs.sc

4. I run a business and have financial commitments with my commercial bank, DBS and/or SCU and my income sources are being impacted by the COVID-19 crisis. What should I be doing?

You are strongly advised to proceed according to the guided steps below:

- Perform an immediate assessment of the financial impact on your business from a cash inflow and cash outflow perspective. This is to ascertain the extent of deficits and how far they affect the existing unavoidable outflows for employees, suppliers, the tax authorities, insurance companies and the lenders. Ideally, the assessment of the financial impact should cover the month of March 2020 and the next 6 months at a minimum;
- Your cash flow forecast should be based on a mix of pre-crisis information as well as best estimate forecasts. Provide detailed assumptions of the cash flow forecast to enable a more structured discussion with your commercial bank, DBS or SCU;
- Re-assess the financial resources that can be accessed to meet the unavoidable commitments, for example, foreign currency reserves or liquid assets, or potential of shareholders/business partners to provide support; and
- Once the necessary assessments and all available resources/coping mechanisms have been clearly established, contact your commercial bank, DBS or SCU for a discussion and agreement on the steps to be taken.

5. Will my commercial bank, DBS or SCU help me in preparing a cash flow statement?

Should you need assistance to prepare a cash flow statement, the commercial banks, DBS and SCU can provide templates to support the cash flow preparation process. However, you are encouraged to acquire assistance from your financial controller, accounting firm and/or qualified consultant in preparing cash flow statements.

6. What are the main conditions for me to be eligible for the moratorium and debt restructuring measures?

In order to be eligible for the moratorium and debt restructuring measures, you should be in one of the following categories:

- Micro, Small & Medium Enterprises (MSMEs) in impacted sectors with an annual turnover not exceeding SCR25 million; and
- Self-employed individuals in impacted sectors.

Applications from the following categories will also be considered on a case by case basis, and will mainly benefit from the moratorium measure:

- Large businesses in the tourism and hospitality sector with an annual turnover above SCR25 million;
- Businesses and self-employed individuals in other sectors of the economy adversely impacted by the crisis; and
- Individuals with reduced income due to the pandemic.

In all circumstances, your existing business and/or personal credit facilities must have been in good order before February 2020 as the commercial banks, DBS and SCU will conduct a review of your credit history as part of the application process.

7. How do I know if I am eligible for the moratorium on principal and interest payments on loans?

You should contact your respective commercial bank, DBS or SCU for guidance on eligibility criteria for the moratorium.

8. Do I need to apply for the moratorium and debt restructuring measures?

Yes. All individuals and businesses that meet the eligibility criteria will need to apply for the moratorium and debt restructuring measures. However, you do not have to apply for the measures if you wish to continue with your loan repayment.

9. How do I apply for the moratorium and debt restructuring measures?

Eligible individuals and businesses interested in obtaining assistance will need to submit a written application with supporting reasons to their commercial bank, DBS or SCU for consideration. However, some commercial banks, DBS or SCU may request for additional documents along with the written application, on a case by case basis.

10. On what basis will my application be assessed?

Aside from conditions stated under Question 6, all moratorium and debt restructuring applications shall take into account the economic measures already put in place by Government Authorities such as guaranteed salary payments, tax holidays and the reductions in utility tariffs.

11. How long will it take for my application to be processed?

The commercial banks, DBS and SCU will endeavour to provide you with a feedback within 5 to 10 working days, subject to the submission of all documents required to process your application. However, given the expected volume of requests, the commercial banks, DBS and SCU will be prioritising applications on an urgency basis.

12. Can I ask for more than 3-month or 6-month deferment?

No. The moratorium is for a maximum period of 3 months for individuals and 6 months for businesses. This may be subject to change in consideration of ongoing developments and will be communicated accordingly.

13. If I opt for the moratorium and debt restructuring measures, will my credit report on the Credit Information System (CIS) be adversely affected?

No. If you have an agreement with your commercial bank, DBS or SCU for a restructuring or granting of a moratorium on your loan repayment, this will not have an adverse impact on your credit report as long as you honour your commitment after the moratorium period.

14. I currently have loan facilities in default, will I qualify for the moratorium and debt restructuring measures?

If you are a client of a commercial bank or SCU, your business and personal credit facilities must have been in good order before February 2020. Otherwise, you will not qualify for the moratorium and debt restructuring measures.

For DBS clients:

1. You qualify for 6-month moratorium if your loan has been in good order before February 2020;
2. If your loan is in arrears, your application will be considered on a case by case basis;
3. If your loan is already in legal recovery, you will have to contact DBS' lawyer to negotiate the matter.

15. Will I be charged additional interest on the repayment amount accrued during the moratorium period?

Interest will continue to be charged on the outstanding balance comprising of both principal and interest (that is, compounded) during the moratorium period. For illustration purposes, see below example of how this will work, if a you are given a 6-month moratorium in April 2020, on SCR 100,000 loan facility:

Moratorium: Illustrated example

Loan amount	100,000.00
Annual interest rate	12.00 %
Loan period in years	3
Number of payments per year	12
Start date of loan	28/03/2018

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance
1	28/04/2018	100,000.00	3,321.43	2,321.43	1,000.00	97,678.57
2	28/05/2018	97,678.57	3,321.43	2,344.05	976.79	95,335.92
3	28/06/2018	95,335.92	3,321.43	2,368.09	953.54	92,965.83
4	28/07/2018	92,965.83	3,321.43	2,391.77	929.96	90,574.06
5	28/08/2018	90,574.06	3,321.43	2,415.69	905.74	88,158.37
6	28/09/2018	88,158.37	3,321.43	2,439.85	881.58	85,718.52
7	28/10/2018	85,718.52	3,321.43	2,464.25	857.19	83,254.28
8	28/11/2018	83,254.28	3,321.43	2,488.89	832.54	80,765.39
9	28/12/2018	80,765.39	3,321.43	2,513.78	807.65	78,251.61
10	28/01/2019	78,251.61	3,321.43	2,538.91	782.52	75,712.70
11	28/02/2019	75,712.70	3,321.43	2,564.30	757.13	73,148.39
12	28/03/2019	73,148.39	3,321.43	2,589.95	731.48	70,558.44
13	28/04/2019	70,558.44	3,321.43	2,615.85	705.56	67,942.60
14	28/05/2019	67,942.60	3,321.43	2,642.01	679.43	65,300.59
15	28/06/2019	65,300.59	3,321.43	2,668.43	653.01	62,632.17
16	28/07/2019	62,632.17	3,321.43	2,695.11	626.32	59,937.06
17	28/08/2019	59,937.06	3,321.43	2,722.06	599.37	57,215.00
18	28/09/2019	57,215.00	3,321.43	2,749.28	572.15	54,465.72
19	28/10/2019	54,465.72	3,321.43	2,776.77	544.66	51,688.94
20	28/11/2019	51,688.94	3,321.43	2,804.54	516.89	48,884.40
21	28/12/2019	48,884.40	3,321.43	2,832.59	488.84	46,051.81
22	28/01/2020	46,051.81	3,321.43	2,860.91	460.52	43,190.90
23	28/02/2020	43,190.90	3,321.43	2,889.52	431.91	40,301.38
24	28/03/2020	40,301.38	3,321.43	2,918.42	403.06	37,382.96
25	28/04/2020	37,382.96	3,321.43	2,947.61	373.83	34,435.36
26	28/05/2020	34,435.36	3,321.43	2,977.08	344.35	31,458.28
27	28/06/2020	31,458.28	3,321.43	3,006.85	314.58	28,451.44
28	28/07/2020	28,451.44	3,321.43	3,036.92	284.51	25,414.52
29	28/08/2020	25,414.52	3,321.43	3,067.29	254.15	22,347.23
30	28/09/2020	22,347.23	3,321.43	3,097.96	223.47	19,249.28
31	28/10/2020	19,249.28	3,321.43	3,128.94	192.49	16,120.34
32	28/11/2020	16,120.34	3,321.43	3,160.23	161.20	12,960.11
33	28/12/2020	12,960.11	3,321.43	3,191.83	129.60	9,768.28
34	28/01/2021	9,768.28	3,321.43	3,223.75	97.68	6,544.53
35	28/02/2021	6,544.53	3,321.43	3,255.99	65.43	3,288.55
36	28/03/2021	3,288.55	3,321.43	3,288.00	32.89	0.00

Moratorium requested from end April 2020

6-months moratorium

Capital due on 28/03/2020	SCR 37,382.96
Interest from 28/03/2020 to 28/09/2020 @ 11% p.a. (after reduction of 1% p.a.)	SCR 2,072.96
Loan balance on 28/09/2020	SCR 39,455.93
New loan maturity date	28/10/2021 <i>(instead of 28/03/2021)</i>

Payment Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance
28/10/2020	39,455.93	3,321.43	2,899.75	561.68	36,496.15
28/11/2020	36,496.15	3,321.43	2,866.55	534.55	33,589.50
28/12/2020	33,589.50	3,321.43	2,814.26	507.17	30,635.04
28/01/2021	30,635.04	3,321.43	2,744.99	479.34	27,635.14
28/02/2021	27,635.14	3,321.43	2,669.76	451.37	24,585.37
28/03/2021	24,585.37	3,321.43	2,589.92	423.51	21,485.45
28/04/2021	21,485.45	3,321.43	2,505.31	395.12	18,330.14
28/05/2021	18,330.14	3,321.43	2,416.97	366.46	15,093.17
28/06/2021	15,093.17	3,321.43	2,324.89	337.54	11,838.28
28/07/2021	11,838.28	3,321.43	2,229.08	308.35	8,609.20
28/08/2021	8,609.20	3,321.43	2,130.53	278.90	5,468.67
28/09/2021	5,468.67	3,321.43	2,029.23	249.15	2,399.41
28/10/2021	2,399.41	3,321.43	2,025.23	19.15	0.00

Commercial banks, DBS and SCU will not impose late payment charges during the moratorium period.

16. What will happen to my repayments after the moratorium period? How does the moratorium affect my interest payments after the end of the moratorium period?

Interest will be accrued on your loan repayments during the moratorium period. This means accumulated repayment amount during the moratorium period will be added to the outstanding loan amount. Therefore, after the moratorium period, a borrower will have two options:

1. Pay off the lump sum being the accrued principal and/or interest payments over the moratorium period; or
2. Request for a loan restructuring (accrued principal and/or interest plus the remaining balance of the loan) with your respective commercial bank, DBS or SCU.

17. Does the moratorium apply to newly approved/disbursed loans?

This will be at the discretion of the commercial banks, DBS and SCU. However, loans granted under the Private Sector Relief Scheme will be eligible for a 6-month moratorium and this will be automatic (borrowers will not be required to apply for the moratorium).

18. I have loan facilities with more than one of these credit providers – commercial banks, DBS and SCU; Can I apply for moratorium and restructuring for all of my loan facilities with these credit providers?

If you have more than one loan facility with more than one credit provider, notably commercial banks, DBS and SCU, all your loan facilities will qualify for the measures, provided that you meet the eligibility criteria defined under Question 6. However, approval is at the discretion of your commercial bank, DBS or SCU.

19. I run a small business which has been severely affected by COVID-19, if business does not improve, I will soon be unable to pay my loan facilities and monthly expenses. Do I qualify for the moratorium and debt restructuring measures?

If you meet the eligibility criteria as per Question 6 and your credit facilities have been in good order before February 2020, you are eligible to apply for the measures with your commercial bank, DBS or SCU.

20. My business is engaged in the hospitality and tourism sector and has been affected by the COVID-19 pandemic. I am struggling to cover my monthly expenses including repayment of my current loan facilities. Do I qualify for the moratorium and debt restructuring measures?

Your business' credit facilities must have been in good order before February 2020. Otherwise, you will not qualify for the moratorium and debt restructuring measures.

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2. If your loan is in arrears, your application will be considered on a case by case basis;
3. If your loan is already in legal recovery, you will have to contact DBS' lawyer to negotiate the matter.

21. I had already started a project in the tourism sector, which is not yet completed. Will my commercial bank, DBS or SCU still support me with my loan facility for my project?

If you have started your project, you are encouraged to contact your commercial bank, DBS or SCU to discuss your revised cash flow forecast.

If you have not yet started your project, it is advisable that you meet with your commercial bank, DBS or SCU to discuss whether the timing can be maintained or has to be reviewed to factor in the uncertainties in our major tourism markets.

22. Will my commercial bank, DBS or SCU support me with a loan facility for my project in a sector that is not tourism-related?

If your business venture is yet to start, you have to assess its dependence on sectors which are impacted by the crisis whether directly or indirectly. This will allow you to revise your business plan and cash flow forecast after clearly re-assessing your business risks, before venturing any further. Once this is done, contact your commercial bank, DBS or SCU to confirm whether the project can be considered.

23. Where do I go if I feel I am being unfairly treated by my commercial bank, DBS or SCU in regards to the moratorium and debt restructuring measures?

If you are not satisfied with the outcome of your application, you are entitled to make a complaint with your commercial bank, DBS or SCU. Your complaint should be handled in a timely and efficient manner in accordance with established regulations and practices.

If you are not happy with the response you receive from your respective commercial bank, DBS or SCU, you may then lodge a complaint at the CBS. The CBS will investigate your complaint from a perspective of ensuring that the relevant commercial bank, DBS or SCU has acted fairly when considering your case.