



FREQUENTLY ASKED QUESTIONS ON LOANS RELIEF PROGRAMME UNDER THE CIRCULAR NO 08 OF 2021 ISSUED BY THE CENTRAL BANK OF SRI LANKA EXTENSION OF DEBT MORATORIUM FOR COVID-19 AFFECTED BUSINESSES AND INDIVIDUALS.

1	What is this relief program ?	A Debt Moratorium on HSBC loan customers affected by COVID-19. Bank will convert the capital and interest on a contracted rate falling due during the moratorium period 01 September 2021 ending by 31 December 2021, or a shorter period as applicable, to a separate Term Loan.
2	Who will be eligible to obtain a moratorium relief under the circular No 08 of 2021 issued by CBSL?	<p>Borrowers who are affected by Covid-19 will be considered eligible for the relief programme subject to verification, on a case by case basis during the period 01 September 2021 up to 31 December 2021, considering the financial difficulties faced by the eligible borrowers.</p> <p>Below are some of the incidents that will be considered based on validation</p> <p>Customers who are affected due to :</p> <ul style="list-style-type: none"> a) Loss of Job b) Loss or reduction of income / salaries / sales c) Reduction or impairment of business operations d) Closure of business
3	What is the eligibility criteria for a Loan Moratorium ?	All currently performing loans shall be eligible for a moratorium on a reactive basis (Customer declaration form & proof of income is mandatory)
4	Will I get charged penal interest in the event if I don't make the payment on the due date?	No. If you opt for the moratorium, you will not be charged penal interest during the moratorium period.
5	How will I be charged for this moratorium benefit?	<p>You will not be charged anything during the moratorium period. As per the circular, the capital and interest falling due during the moratorium period will be converted into a separate term loan at a rate of 364 -days Treasury Bills auction rate as at 31 August 2021 + 1%. per annum (i.e., 5.93% + 1% = 6.93%)</p> <p>The repayment period for such converted loans will be 6 months and the first installment will commence from 01 July 2022. You may commence the repayment of the new loan at an earlier date, if you wish to do so.</p>
6	In the event if I opt for a moratorium, does the number of loan installments increase?	Yes. If you opt for the moratorium, the capital and interest due during the moratorium period will be converted to a separate term loan and will be charged as specified in question 5. Once the moratorium period is over you will be expected to pay two installments monthly, one for the original loan and one for the separate term loan created for the moratorium period. The repayment of the separate term loan could be started from 01 July 2022 or at an earlier date. The repayment of the original loan should commence from 01 January 2022.

7	How can I apply for a moratorium?	<p>You can visit https://www.hsbc.lk/help/coronavirus/relief/ for details.</p> <p>The completed documents can be handed over to the nearest HSBC branch or sent via email to covid19relief@hsbc.com.lk on or before 21 September 2021. In order for the request to be eligible customers must place their signature on the letter of undertaking and submit with all relevant documents. When sending via email customer can send a scanned copy of the signed document.</p>
8	What happens when the moratorium period ends?	<ul style="list-style-type: none"> a) You will resume to pay installment as done before (Value of the installment remains the same) b) You will also enjoy the original contracted rate (before moratorium) for fixed and floating rate. c) In the event if there is a Board rate revision within the moratorium period due to the market condition, the rate on the floating may get changed. d) Bank will create a separate term loan (inclusive of Principal & interest for the moratorium period) for 6 months and details will be shared
9	How can I service the separate term loan created by the bank?	<ul style="list-style-type: none"> a) You can increase the current standing instruction or set up a new/separate standing instruction b) You have the option of using digital services such as CEFT c) You also have the option of remitting your salary to HSBC an account d) Cash deposits via cash deposit machines
10	If my loan is currently overdue, am I eligible to request for a moratorium?	Yes. Only if the loan repayment is delayed up to 59 days.
11	If my loan is not overdue and requesting for a moratorium, will it impact the credit bureau negatively?	No. However, bank will be reporting to the credit bureau that you have opted for a moratorium.
12	Do I need to submit any documents to opt for the moratorium?	<p>Yes.</p> <p>You must submit the below documents along with the completed letter of undertaking.</p> <ul style="list-style-type: none"> - Recent Salary Slips (before and after pay reduction) <p>OR</p> <ul style="list-style-type: none"> - Letter from employer confirming a pay reduction or termination <p>If you are self-employed and wish to apply for a loan moratorium, you need to provide last 4 months bank statements covering the period January & February 2020 along with two latest bank statements (from May 2021 to August 2021) and the letter of undertaking. The eligibility to offer the moratorium will be ascertained based on the documents you provide.</p>

13	Can I opt for a moratorium for my Housing Loan?	Yes. The same procedure to be followed to opt for the moratorium. However, in addition to the above conditions, the DTA (Decreasing Term Assurance) to be extended for the increased tenure and the cost has to be borne by you.
14	Can I make a payment during the moratorium period and How will the Bank recover the outstanding amount?	Yes. You can request the Bank in writing to recover the payment. Based on your written request the Bank will recover the accrued interest first and then recover the capital with the remaining balance. Further you can continue with your payment holiday after the recovery.
15	If my loan is currently Overdue what happens when the moratorium ends?	You will resume to pay the installment for your loan as done before (Value of the installment remains the same). Further if you make the payment for your overdue installment/s the overdue status will be regularized.
16	If my loan is currently overdue can I make the payment to settle my overdue instalment while I'm on moratorium?	Yes. You can.