



EDBS/KH/C/30/2020
23rd March 2020

Chief Executive Officers
All Retail Banks
All Financing Companies
All Microfinance Companies
Manama – Kingdom of Bahrain

Dear Sirs

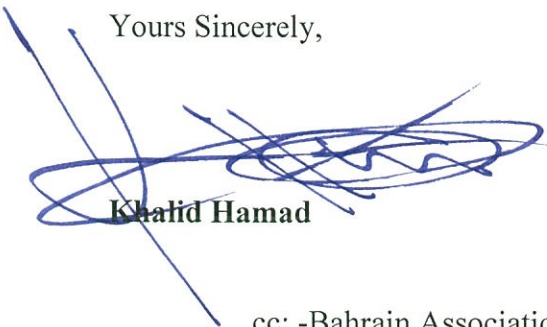
Re: Implementation Guidelines Regarding the 6 Months Deferral

This refers to CBB circular no. OG/106/2020 dated 17th March 2020 on regulatory measures to contain the financial repercussions of the Covid-19, and based on CBB's instruction dated 19th March 2020 requiring all licensees addressed in this circular to offer all Bahraini citizens and resident financial and non-financial companies in the Kingdom of Bahrain, excluding banks, six months deferral of instalments without any fees, no interest on interest and no increase in rate, unless the borrower agrees for a shorter period or does not wish to avail any deferral. Please find below the implementation guidelines as agreed with all licensees yesterday:

- 1- All licensees must push the 6 months deferred instalments forward and may accrue interest/profit on the principal of the 6 months deferral of instalments provided that the monthly instalment amount would remain the same as before.
- 2- The deferral option will cover all on and off-balance sheet credit exposures as of 19th March 2020 except the following:
 - a. Exposures classified in Stage 3 which are not serving the reduced cooling off period;
 - b. Financing instalments received through the court;
 - c. Credit syndication facilities to resident corporates involving non-resident participating lenders;
 - d. Pre-export financing under letters of credit without recourse to the resident corporate (exporter);
 - e. Overdraft facilities; and
 - f. Leveraged investments/ margin call facilities.

- 3- The cooling off period referred to in item no. 3 of circular no. OG/106/2020 is applicable to any eligible Stage 3 credit exposure, whether restructured or not.
- 4- Discounted cheque facilities are included subject to receiving new cheques, if required.
- 5- Progress payment discounting facilities are included if payment is not received.
- 6- The cost of life insurance policy extension covering the extended tenor and age requirement, if any, shall be borne by the borrower.
- 7- No new legal action in case of default must be taken, with effect from the date of this circular until 30th September 2020, on the following:
 - a. Personal and corporate guarantees supporting credit facilities;
 - b. Collateral foreclosure; and
 - c. Post-dated cheques.
- 8- For credit cards, the required minimum monthly payment must be set to zero from March until August 2020.
- 9- Applying the instalment deferral to the following cases is subject to the discretion of the licensee:
 - a. Financing to expatriates; and
 - b. A borrower who first declines the deferral option in March but comes back in April or thereafter and requires it.
- 10- Any licensee requiring the CBB's concessionary repo arrangement stated in the previous circular is required to submit their cash flow projection until 2020-year end for CBB's assessment and consideration.

Yours Sincerely,



Khalid Hamad

cc: -Bahrain Association of Banks
-External Auditors