CENTRAL BANK *of* BELIZE

Guidance Notice to 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 in the financial system caused by the COVID-19 pandemic (COVID-19). As part of its monetary and macro-prudential policy responses in consideration of the hardships being experienced by businesses and households adversely affected by COVID-19, the Central Bank has allowed banks and credit unions to provide forbearance measures on credit facilities to their customers.

With reference to the previously issued Guidance Notice of 17 December 2020, the Central Bank advises that it is further extending the period through which banks and credit unions may grant existing forbearance from 31 March 2021 to 31 December 2021. Similarly, while 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. 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;

3. Customers' repayment capacity should be reassessed when their financial circumstances improve;

4. Restraint from increasing interest rates on restructured facilities should be practiced; and

5. Communication and full engagement with customers must be ongoing.

The Central Bank's expectation is that banks and credit unions should adopt a forward-looking approach to identifying, managing, and appropriately mitigating increasing credit risks arising from COVID-19. Therefore, banks and credit unions are strongly encouraged to ensure that adequate and timely loan loss provisions are made to cover expected credit losses.

29 March 2021