

Appendix 1

BNP Paribas Asset Management Malaysia Sdn Bhd Chief Executive Officer (CEO) and Country Head, Angelia Chin-Sharpe said compared with regional peers, moratorium support offered by Thailand's banks only covered 33 per cent of the country's total loan book, followed by the Philippines (22 per cent), Indonesia (16 per cent), India (11 per cent) and Singapore (10 per cent) while Malaysian banks are the most committed to helping businesses and individuals wade through the COVID-19 crisis with up to 55 per cent of the total loan book for banks in the country are under moratorium¹.

A brief overview on the banking assistance offered at other countries are as follows:-

- Australia will implement a new phase of support as borrowers approach the end of their 6 months loan repayment deferral period². According to the Australian Banking Association (ABA), in the next phase, borrowers who can restart paying their loans will be required to do so at the end of their 6 months deferral period. In Australia, borrowers with reduced incomes and ongoing financial difficulty due to COVID-19 will be contacted as they approach the end of their deferral period, to ensure that wherever possible they can return to repayments through a restructure or variation to their loan. If these arrangements are not in place at the end of a 6 months deferral, borrowers will be eligible for an extension of their deferral for up to 4 months. A deferral extension of up to 4 months at the end of the sixth month loan repayment deferral period will not be automatic and be provided to those who genuinely need that extra³. According to ABA, the initial phase of the Scheme remains available for new loans issued by eligible lenders until 30 September 2020 and the second phase of the Scheme will start on 1 October 2020 and will be available until 30 June 2021.

According to ABA CEO Anna Bligh during her interview with Australian Broadcasting Corporation (ABC) Journalist David Speers on 2 November 2020, banks in Australia are seeing more people coming off their loan deferrals and going back into full payments after the mortgage holidays. For the remaining borrowers who are finding it hard to make their payments, the banks are working individually with every borrower to find the right solution. Some people are able, if they're eligible and needed, to get a further extension of that deferral. Others are having their loans restructured. Similar to banks in Malaysia, banks in Australia have urged their borrowers to talk to their bank(s) if they are still struggling with finances, and not to wait further. Anna Bligh also added that banks are there to lend money into the economy but they are also there to make sure that they lend that money with the appropriate degree of risk and the ability to manage that risk. This is important because the banks are lending the customer's money, the money out of customer's deposit account⁴.

New data released by ABA on 17 November 2020 reveals the number of deferred loans has fallen below 300,000, a reduction of almost 70% since the peak in early 2020. ABA CEO said that Australian banks have played a major role in carrying the economic burden of the pandemic for their customers. The good news is that the majority are now bouncing back as they restart their loan repayments. The value of loans on deferral has now fallen to \$86 billion, down from a peak of more than \$250 billion back in June (i.e. 900,000 loans). This is a massive exposure for Australia's seven biggest banks at a time when the official jobless rate was hurtling towards more than 10%, meaning that banks rather than households and businesses have absorbed the economic shock⁵.

- According to the New Zealand Bankers Association in its media release dated 17 August 2020, banks are offering options to borrowers financially affected by COVID-19. Borrowers may be eligible for a new loan deferral of up to six months or an extension to their current loan deferral. There are several options available to borrowers, depending

on their circumstances. Options may include borrowers restarting their loan repayments, moving to interest-only repayments, or extending the term of the loan. Further options include applying for a loan repayment deferral or seeking an extension to an existing loan deferral. New and extended loan deferrals will expire on 31 March 2021. Any new or extended loan deferrals will not be automatic. They will be available to borrowers in genuine need for a period of up to 31 March. Affected borrowers may need less time than that to get back to normal repayments⁶.

New Zealand Bankers Association chief executive Roger Beaumont said that as of 30 November 2020, nearly 70% of deferred consumer and business loans are back to full repayments, while people who reduced their repayments to get through are also making good progress. This shows that people who took loan deferrals, or reduced their repayments, understand why it's a good thing to restart repayments if they can. It also shows how banks are working proactively with affected customers to support them through tough times⁷.

- So far as we can ascertain, India have extended their moratorium where the country originally granted 3 months and then extended for another 3 months until 31 August 2020, making a total of 6 months⁸.
- Singapore imposes the condition that borrowers need to apply on an opt-in basis to their banks for the deferment (i.e. not on a blanket approval basis), as each individual's financial situation is different⁹. On 5 October 2020, the Monetary Authority of Singapore (MAS), together with the Association of Banks in Singapore (ABS) and the Finance Houses Association of Singapore (FHAS) announced an extension of support measures to help individuals and Small and Medium-sized Enterprises (SMEs) facing cashflow difficulties transition gradually to full loan repayments. These extended measures will progressively expire over 2021. According to Mr Samuel Tsien, Chairman of the ABS, ABS and the banks in Singapore have worked closely with MAS on a set of targeted measures to support the borrowers. With the economic impact of COVID-19 expected to carry over to 2021, the Extended Support Scheme is designed to assist individuals and SMEs who continue to face difficulties and are not able to immediately transition back to full loan repayments. Banks will work closely with those who need further support by offering other restructuring solutions¹⁰. ABS, with the support of the Finance Houses Association of Singapore, had on 1 November 2020 announced the launch of the Extended Support Scheme – Customised (ESS-C), the first industry programme to help SMEs restructure their credit facilities across multiple banks and finance companies¹¹. ABS assures borrowers that banks will work closely with their affected borrowers to explore funding and refinancing solutions to help ease their near-term financial strain. Banks would continue to consider credit accommodations, including loan covenant revisions and waivers where relevant, and will take into account the current circumstances of borrowers in their deliberation. Borrowers that require additional help can also approach their bank or finance company for more customised restructuring arrangements¹².
- As for Thailand, Mrs Roong Mallikamas, Assistant Governor, Financial Stability and Corporate Strategy Group, BOT in the press release dated 16 October 2020, updated that BOT has opted for an approach away from a traditional and generic measure to a proactive and more targeted approach as loan payment holiday under the Emergency Decree on Financial Assistance to Small and Medium-sized Enterprises Affected by Coronavirus Pandemic B.E. 2563 (2020) will end on 22 October 2020. It was stated the measure on loan payment holiday also has long-term negative consequences due to the following¹³:

- i. The loan payment holiday measure merely applies to a deferral of debt payment whereas interest charges continue to accrue during the holiday period. This interest payment obligation is a burden for borrowers in the long run.
 - ii. The measure creates moral hazard for borrowers that are in a position to continue servicing the loans. These borrowers may opportunistically decide not to service the loans.
 - iii. Continuation of the payment holiday poses risks to the stability of the financial institution system as financial institutions will not be able to book the regular cash inflows.
- UK Finance, the collective voice for the banking and finance industry, representing more than 250 firms across the industry, had on 21 October 2020 announced that as the furlough scheme comes to an end on 31 October 2020, the banking and finance industry is committed to providing tailored support to borrowers facing financial difficulty. According to UK Finance, it is always in a borrower's best interest to resume payments if they are able to do so. Evolving industry analysis suggests that over three quarters of mortgage, personal loan and credit card customers whose payment deferral has come to an end have now returned to making repayments. The banking and finance industry has reiterated its commitment to support mortgage, personal loan and credit card customers facing financial difficulty and provide unprecedented levels of support to help borrowers through the COVID-19 crisis. In supporting the households, all lenders will offer tailored options to support borrowers through payment difficulties resulting from COVID-19, taking into account their personal circumstances including any local restrictions that may be imposed. Support will be available both for those who have previously taken a payment deferral and those who are newly in financial difficulty. Figures from the British Business Bank have shown that support for businesses from the banking and finance industry has been spread across all areas of the country, with the UK's worst-affected sectors continuing to receive the strongest support from lenders¹⁴. Banks in UK and building societies have agreed with regulators and HM Treasury to extend the provision of mortgage payment deferrals of up to a maximum of six months in the light of the tightened COVID-19 restrictions announced by the Prime Minister on 31 October 2020¹⁵.

UK Finance and Building Societies Association (BSA) respond to announcement of Financial Conduct Authority (FCA) consultation on mortgage payment deferrals that they will continue to work with the regulator on measures to support mortgage borrowers impacted by COVID-19 as follows¹⁶:

- i. UK Finance - Lenders are continuing to provide unprecedented levels of support to help borrowers through the COVID-19 crisis and have been working closely with the FCA to ensure that borrowers impacted by the new lockdown measures will be able to access the assistance they need, including being able to defer payments on their mortgages where this can help.
- ii. BSA - For those with a mortgage, the best advice will always be to continue to pay if can, and to discuss any concerns early with the lender. For those who are having difficulties, a payment deferral for a total of 6 months followed by ongoing tailored support are available. Lenders are working hard to support their borrowers through this time.

Lenders have today committed to renewed support for mortgage customers facing financial difficulty as a result of the COVID-19 pandemic, as FCA confirms an extension to the mortgage payment deferral scheme until 31 July 2021, with final applications due by 31 March 2021. The extension gives access to customers who have not yet sought support, or who have had a payment deferral of less than six months. Consumers who have had a full six-month payment deferral on their mortgage but continue to experience financial difficulty are encouraged to contact their lender to discuss tailored support¹⁷.

On 4 December 2020, UK Finance updated that the number of payment deferrals across mortgages and consumer credit reduced in recent weeks as more customers returned to making repayments or sought alternative forms of tailored support from their lender. With continued economic uncertainty ahead, the banking and finance industry remains supportive and committed to providing help to those whose finances have been affected as a result of the pandemic, through payment deferrals and tailored support, as appropriate to the customers' needs¹⁸.

UK Finance's data published on 7 January 2021 reveals that gross lending to SMEs in the first three quarters of 2020 amounted to more than double the annual total for 2019, reaching £54 billion. The data, released as part of the quarterly Business Finance Review, shows that the UK banking and finance industry has delivered an unprecedented level of support to SMEs throughout 2020. Banking and finance industry support through government-backed coronavirus lending schemes, coupled with initiatives such as the Job Retention Scheme and the deferral of VAT payments, has significantly reduced SME outgoings in 2020, leading to a 20 per cent rise in business deposit holdings over the first three quarters of the year. SME finances have been further supported by the broader package provided by the industry, with businesses benefitting from a range of facilities provided by lenders, including extended overdrafts, invoice finance and capital repayment holidays. The industry is committed to continuing to work with the government in supporting business throughout the crisis and beyond as the UK recovers from the economic impact of the pandemic¹⁹.

¹ <https://www.ukfinance.org.uk/press/press-releases/uk-finance-and-building-societies-association-respond-financial-conduct-authority-announcement>

² <https://www.ausbanking.org.au/banks-enter-phase-two-on-covid-19-deferred-loans/>

³ <https://www.ausbanking.org.au/covid-support-phase-two/>

⁴ <https://www.ausbanking.org.au/covid-19-refinancing-breaks-records-anna-bligh-on-abc-news-breakfast/>

⁵ <https://www.ausbanking.org.au/news-resources/>

⁶ <https://www.nzba.org.nz/2020/08/17/next-steps-for-loan-repayment-deferrals/>

⁷ <https://www.nzba.org.nz/2020/11/30/most-deferred-loans-back-to-normal/>

⁸ <https://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=11902>

⁹ <https://www.mas.gov.sg/regulation/covid-19/supporting-individuals-and-businesses/easing-cashflow>

¹⁰ <https://www.mas.gov.sg/news/media-releases/2020/mas-and-financial-industry-extend-support-for-individuals-and-smes>

¹¹ <https://www.abs.org.sg/docs/library/financial-institutions-in-singapore-launch-industry-39-s-first-customised-debt-restructuring-programme-to-help-smes-overcome-impact-of-covid-19.pdf>

¹² <https://abs.org.sg/docs/library/banks-to-work-closely-with-customers-on-funding-and-refinancing.pdf>

¹³ <https://www.bot.or.th/English/PressandSpeeches/Press/2020/Pages/n7363.aspx>

¹⁴ <https://www.ukfinance.org.uk/covid-19-press-releases>

¹⁵ <https://www.ukfinance.org.uk/press/press-releases/uk-finance-and-building-societies-association-respond-financial-conduct-authority-announcement>

¹⁶ <https://www.ukfinance.org.uk/press/press-releases/uk-finance-and-building-societies-association-respond-announcement-fca-consultation-mortgage-payment>

¹⁷ <https://www.ukfinance.org.uk/press/press-releases/lenders-commit-ongoing-support-mortgage-customers-fca-publishes-final-guidance#summary>

¹⁸ <https://www.ukfinance.org.uk/press/press-releases/lenders-continue-provide-financial-support-customers-impacted-covid-19>

¹⁹ <https://www.ukfinance.org.uk/press/press-releases/sme-lending-first-three-quarters-2020-more-double-2019-total>