

Moratorium for clients with business lending products < EUR 2,5 mln total exposure

Introduction

In accordance with the requirements of EBA Guidelines 2020/02, as published on 2 April 2020¹, the Dutch banking sector hereby notifies De Nederlandsche Bank (DNB) that it has agreed a general moratorium for clients with business lending products who are affected by the COVID-19 pandemic. The moratorium consists of a postponement of payments (principal, or principal and interest) with a maximum of 6 months, offered to clients with business lending products with an exposure till EUR 2.5 million.

The corona virus is severely disrupting society and economy. In many sectors, companies are experiencing liquidity strain. Therefore, on 19 March 2020 the seven largest Dutch institutions² jointly announced to provide breathing space to their clients with business lending products: a six-months postponement for the payment of their loans. The joint initiative was published on the website of the Dutch banking association NVB³, and received a wide coverage in the media.

Scope and conditions of the moratorium

The scope and conditions of the moratorium are described below.

- *Large predefined group*

The moratorium is offered to clients with business lending products with a total exposure till EUR 2.5 million. Included is a wide range of client types: amongst others: SME, mid-corporates, associations and foundations.

- *Scope*

The application of the moratorium is limited to performing obligors who did not experience payment difficulties before the COVID-19 pandemic.

- *Conditions*

The general condition is postponement of payments (principal, or principal and interest), and this holds for all clients of the large predefined group.

¹ <https://eba.europa.eu/eba-publishes-guidelines-treatment-public-and-private-moratoria-light-covid-19-measures>

² The measure announced on 19 March 2020 was a initiative of ABN Amro, BNG Bank, Deutsche Bank, ING, Rabobank, Volksbank and Triodos Bank. In the coming period other banks may join.

³ <https://www.nvb.nl/nieuws/banken-geven-bedrijven-extra-lucht-half-jaar-uitstel-van-aflossingen/>

- *Limited period of time*

The moratorium postpones the payments (principal, or principal and interest) with a maximum of 6 months.

- *Payment schedule after the moratorium*

The deferred payments should be paid before the end of the tenor of the loan, before any pre-defined due date, but at the latest as part of the last instalment at the original end-date; and/or the deferred payments should be paid by inclusion of the deferred payments in the first instalment after the moratorium; and/or the deferred payments should be paid at the extended end-date that reflects the extension of the original end-date with the exact same duration as the postponement.

- *The moratorium does not apply to new loans*

The postponement arrangement only holds for existing payment obligations and not for new loans. For the purpose of clarification: liquidity facilities which are operationally established for the sole purpose of settling the deferred payments are not considered to be new loans.

- *Availability*

The moratorium covers payment postponement measures offered to clients before 30 June 2020. An extension of this timeline will be considered depending on the COVID-19 situation and the time limit mentioned in the EBA guidance for moratoria, which is currently set at 30 June but may be extended depending on developments.