

# MORATORIUM

## Frequently Asked Questions

### 1. What is a moratorium?

A moratorium is when your financing repayment is temporarily deferred for a specified period. During this time the customer is not required to make any payments, and this will have no impact on customers' credit records. Profit will continue to be charged on the outstanding financing amount and customers will need to honour the deferred repayments in the future. Repayments will resume after the deferment period. Many governments and banks are offering a moratorium to support the economy and address challenges faced as a result of the COVID-19 outbreak.

### 2. Will the moratorium benefit all customers?

The moratorium will be beneficial for customers who are facing difficulties in making monthly payments to the Bank during this challenging time.

### 3. How long is the moratorium period? Why is it only 6 months?

Bank of Maldives is offering a moratorium period of 6 months for personal and business customers as a result of the COVID-19 outbreak. We believe 6 months is a reasonable period of time for the current situation but we will continue to assess this and make changes if necessary.

### 4. What type of financing facilities are applicable under the moratorium?

All housing financing facilities are applicable for the moratorium; as well as any personal and business financing facilities except if offered under Murabaha. BML Islamic wakala based overdraft facilities are not applicable.

Please note that BML Islamic Personal Financing is a Murabaha facility.

### 5. How do I check the type of financing I have taken?

The type of financing you have taken will be indicated on either the Agreement or the Sanction Letter issued by BML Islamic. It will either be Murabaha, Diminishing Musharaka or Wakala.

### 6. How does this moratorium work?

- First 6-months: you will not have to pay anything for the financing facility, but you will continue to be charged monthly profit for the period, payable later after the

moratorium period. As the takaful component that is paid monthly is not part of the financing facility, this will continue to be deducted from your account.

- Next 6-months: you will have to pay 20% less than what you now pay for your financing facility.
- Remaining tenor: Your payments after the moratorium will be utilized to pay the outstanding accrued deferred profit. Payment of the principal amount will start only after all the accrued deferred profit has been paid.
- An additional 6 months will be added to your tenor

These are the set terms for the moratorium and cannot be changed.

**7. Will profit payment be charged during the moratorium period?**

Yes, profit will continue to be charged on the outstanding balance but you are not required to make any payments until the end of the moratorium period.

**8. Why is the Bank charging profit during the moratorium?**

With the unique situation we are in as a result of COVID-19, the Bank has looked at international best practices while abiding by international accounting standards. Most banks around the world have also deferred payments during the moratorium period.

**9. What will happen to Murabaha sale based contracts? Why are Murabaha based financing not included?**

Murabaha facilities are currently not applicable for the moratorium as the contracted sale price is fixed and introducing a moratorium may mean a change to this fixed price. We are working on this and will make an announcement separately.

**10. What would happen to my payments after the moratorium period?**

All your payments after the moratorium will be utilized for the payment of the outstanding accrued deferred profit first, and then the principal amount. Principal payment of the facility will start only after the accrued deferred profit has been repaid. Tenor will also be extended for a further 6 months.

**11. Am I eligible?**

Because the effects of COVID-19 are far reaching and has impacted all industries directly or indirectly, all Bank of Maldives customers with personal or business financing facilities are eligible for the moratorium. The only condition is that overdue amount should not be beyond 30 days. BML Islamic Overdraft facilities and Islamic facilities offered under the concept of Murabaha are not included.

The moratorium is available for all BML Islamic facilities (as stated above) as of 19<sup>th</sup> March 2020 (Note: Minister of Finance, MMA Governor and Minister of Economic Development announced at a press conference on 19<sup>th</sup> March that a moratorium would be offered to all Bank of Maldives customers).

**12. When can I apply for the moratorium?**

Customers can apply for the moratorium until the end of September 2020 and should not have more than 30 days overdue at the time of application.

Note: For all applications received up to 15<sup>th</sup> April 2020, the Bank will allow for the moratorium even if February and March payments are not paid.

**13. Can all BML Islamic customers apply for the moratorium?**

All BML Islamic customers except BML Islamic wakala based overdraft facilities and Islamic facilities offered under the concept of Murabaha can apply.

**14. What facilities are excluded from moratorium?**

The moratorium excludes BML Islamic wakala based overdraft facilities and Islamic facilities offered under the concept of Murabaha. This includes all BML Islamic Personal Financing products.

**15. How do I apply?**

Click the Moratorium button on the website which will take you to a separate page to log-in. On this page, enter any of your account numbers and follow the instructions.

If you face any issues during log-in, please call our Contact Centre at 3330200.

**16. When can the moratorium be availed?**

This is available for customers from the date of announcement until the end of September 2020. Customers can request for a moratorium at any time during this period. The moratorium will start from the month of application and your overdue should not be beyond 30 days.

**17. Will all customers get a 6-month moratorium?**

Yes. The moratorium will begin from when you apply, and will be in effect for 6 months.

**18. Will this be applicable for all my financing facilities?**

This can be applied to all your facilities, if you wish.

**19. Can I repay my facility early although I have opted for the moratorium?**

Yes. As profit is charged during the moratorium, it may be more worthwhile to continue with your monthly payments or pay any amount if you are able to, at any stage of the moratorium.

**20. Will there be a negative impact on my credit history or credit score?**

No, the moratorium will not impact customer credit history if the customer honours the deferred repayments in the future.

**21. I have unpaid overdue amounts on my facility, will I still be eligible?**

If you have unpaid overdue amounts beyond 30 days, you will be eligible to apply (within one working day) once you settle your overdue payments. When considering overdue amounts, the Bank will not take into account any other overdue from any other facilities you have taken.

**22. If I have a non-performing facility (i.e. overdues more than 90 days) or my facility is in the court recovery process, will I still be eligible?**

Yes. If you pay all overdue amounts, you will be eligible to apply once you settle your overdue payments.

**23. How long after I pay the outstanding will the facility be available/eligible for the moratorium?**

Once a payment is made, any facility that becomes eligible for the moratorium will be shown on the page within 1 working day.

**24. Will the profit rate of the facility change?**

There is no change to the profit rate.

**25. Will the financing tenor or the facility payment period change?**

An additional 6 months will be added to the tenor as part of the moratorium.

**26. Can I refinance during the moratorium period?**

It is possible to refinance during the moratorium but you will not get the benefit of the moratorium. The new facility will have regular monthly installments.

**27. Can I cancel the moratorium?**

No. The moratorium is in fact, a new facility with new terms and conditions. As with all facilities, customers can apply to refinance this.

**28. Can I apply for a new facility during moratorium period?**

Yes.

**29. The 6-month moratorium may not be enough for my business – what other options do I have?**

In addition to the 6-month moratorium, there is a 20% reduction in the current repayments for an additional 6-months. If you need additional financing or relief measures, please reach out to us as we understand this is a difficult time especially for customers with bigger financing facilities

**30. Are there any fees or charges associated with the moratorium?**

No fees and charges are applicable for customers wishing to take the moratorium.

**31. What will happen to the March payment, will it be automatically deducted?**

March payment will be auto-deducted but if a customer applies for the moratorium before 15<sup>th</sup> April, this will be refunded.

**32. What does the Bank consider as the payment due in March?**

End of March.

**33. If there was an advance payment by the customer for March (or at the time of application), will that be refunded?**

Yes, if there was an installment paid for the previous month, this will be refunded.

**34. If I have paid a significant amount in advance, what will happen to the moratorium?**

Your revised repayment schedule is based on your current outstanding amount and takes into consideration any payments made in advance. Payments made in advance will not be refunded.

**35. I have already paid my due payments for March. If I apply for the moratorium, will this be refunded?**

Yes, if you apply before 15<sup>th</sup> April.

**36. How do customers calculate and apply profit during the 6 month moratorium?**

When you log-in, you will be able to view your individual financing facility details including your current and revised repayment schedule.

**37. What happens to the grace period on my facility if I apply for a moratorium?**

If you apply for the moratorium with less than 6 months remaining in your grace period, the grace period will be included in your moratorium period.

If you apply for the moratorium with more than 6 months remaining in your grace period, any period over 6 months will remain as grace.

**38. If there are changes in the disbursement schedule, do I have to inform to the Bank?**

Yes. If there are any changes to the work schedule or disbursement schedule agreed with the Bank, you have to submit a revised work schedule or disbursement schedule to the Bank.

**Application Process:**

**39. How do I log-in?**

Click on the “Moratorium” button on the BML website and log-in using any of your account numbers.

Your account number is available on internet and mobile banking, at ATMs or printed on your cheque book.

**40. Why are my OTP channels not available?**

Your OTP channels will be available if we have an associated mobile number and/or email address. If this is not available, please call our Contact Centre at 3330200.

**41. Once I apply for the moratorium for my unsecured facilities, do I need to do anything else?**

Once you agree to the terms of the moratorium, you need not do anything else. The moratorium will come into effect and your repayments will be deferred. You will receive a confirmation email within 7 working days.

**42. What happens to secured facilities with multiple clients?**

Once you agree to the terms of the moratorium, we will send you a revised Sanction Letter within 7 working days. This needs to be signed by all parties (customers, mortgagors and guarantors) and returned back to us within 10 working days.

This can be signed, scanned and emailed to us at [moratorium@bml.com.mv](mailto:moratorium@bml.com.mv). You will not be required to visit our branch.

If we do not receive the signed Sanction Letter within 10 working days, the application will be automatically cancelled. If you wish to reapply, you may call the Contact Centre at 3330200.

**43. Why has my monthly payment amount after the moratorium increased?**

We have introduced the moratorium for our customers as a way of easing the immediate financial burden of paying the facilities. Payments are deferred during the moratorium and

spread over the remaining period of your financing facility, and is therefore reflected as an increase in your monthly payment.

How this works:

- By arranging this moratorium, we are deferring the principal amount and profit amount in the first six months.
- During this period, monthly profit will be charged, which is to be payable later after the moratorium period.
- For the next six months you will have to pay 20% less than what you now pay for your financing facility.
- Payments after the moratorium will be utilized for the payment of the outstanding accrued deferred profit. Principle payment of the facility will start only after all the accrued deferred profit has been paid. This results in an increase in your monthly repayment amount. To ease the burden, an additional 6 months will be added to the tenor.

#### **44. Is there any other way I can get help?**

We want to reassure you that we are here to help and we are doing our best to support you during this challenging period of time. As you do not have to worry about making payments during the 6-month moratorium period, we hope this will provide some relief for the next few months ahead. If you need, or if you think you may need assistance beyond the moratorium, please reach out to us in order for us to provide additional options to alleviate the repayment burden.

