



COVID-19: Banks commit to support Luxembourg companies

The coronavirus crisis has serious consequences for the economy of our country. In this context, six Luxembourg banks have taken the initiative to provide financial support to their professional customers exposed to cash flow difficulties resulting from the current crisis. A moratorium on loans granted to Luxembourg companies before March 18, 2020 can therefore be requested, for a maximum of six months.

The memorandum of understanding signed today between the participating banks under the coordination of the ABBL confirms this commitment, which comes in addition to the state guarantee scheme for new bank loans already agreed.

The memorandum covers the following points:

- What exactly does the moratorium cover?
- Who can request a moratorium?
- What types of loan can be subject to the moratorium?
- When can a moratorium be requested and how long does it last?

Moratorium on business loans: 4 principles

Companies affected financially by the coronavirus crisis can ask their bank for a moratorium on loans existing on March 18, 2020, according to the terms set out below.

1) What is covered?

The participating banks agree to grant any eligible customer, upon their request, the postponement of the repayment of the principal and interest of a loan or of the payments of a lease contract in force at March 18, 2020, for a period not exceeding 6 months.

2) Who can benefit?

The moratorium can be requested by non-financial companies, the self-employed, agricultural

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companies and non-profit associations which fulfil each of the following 3 conditions:

- a) The company is based in Luxembourg.
- b) The company has a business relationship with a participating bank on the day of the request.
- c) The coronavirus crisis has negative repercussions on the company's short-term liquidity situation, which are manifested in particular by:
 - a fall in turnover or activity;
 - recourse to temporary or full unemployment;
 - total or partial closure due to measures taken by the authorities to stem the spread of the COVID-19 virus.

The existence of negative repercussions will be assessed by the bank on the basis of the evidence produced by the client. It should be noted that the moratorium does not aim to alleviate an economic or financial difficulty existing prior to March 18, 2020 and / or that occurred in a context unrelated to the coronavirus crisis.

3) What type of loans are concerned?

A deferral of payment may be requested for any loan or leasing transaction within the meaning of Luxembourg legislation applicable to the financial sector. The following are however excluded:

- loans in connection with which, on March 18, 2020, repayment difficulties were already noted;
- loans granted to property developers for the purchase / sale / development phases.

4) What are the deadlines?

The moratorium is granted for a maximum of six months and must take effect before June 30, 2020. Requests submitted before the publication of this statement will be evaluated on the basis of the criteria set out above. If necessary, the bank will contact the borrower.

In practice, anyone who thinks they meet the conditions to be able to request a moratorium is invited to contact their bank. This can be done by appointment or via the bank's available digital channels (e-mail, chat, mobile application etc.) or by phone. Documentary evidence will be requested in order to complete the request.

For new loans granted after March 18, 2020 and for a maximum duration of 6 years, a state guarantee system has been developed in collaboration with the government.