

APRA consults on treatment of loans impacted by COVID-19

Source: Australian Prudential Regulatory Authority (APRA)

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Abstract:

APRA has issued a consultation letter to ADIs regarding capital measures and reporting requirements for loans impacted by COVID-19.

Background

In March 2020 APRA announced a temporary capital treatment for a period of up to six months for loans where an ADI had granted a repayment deferral (see our previous update [here](#)).

On 9 July 2020, APRA published a letter to ADIs which extended the temporary capital treatment and also adjusted the treatment of restructured loans affected by COVID-19 (see our previous update [here](#)).

APRA now intends to formalise the changed capital measures and reporting requirements through temporary legislative instruments.

Proposed Attachment E to APS 220

APRA will give effect to the temporary capital treatment by adding a new Attachment E to [Prudential Standard APS 220 Credit Quality](#) (APS 220). The new Attachment E modifies the application of APS 220 requirements for loans affected by COVID-19 and will be time limited.

APRA invites industry feedback by 21 August 2020.

A copy of APRA's statement is available [here](#).

For more information about COVID-19, see the LexisNexis Information Hub COVID-19.