

Questions & Answers for the RM2 billion SME Assistance Guarantee Scheme

	SME Assistance Guarantee Scheme
Key Product Features	
1. What is the objective of this Scheme?	To ensure that viable SMEs adversely impacted by the current economic slowdown continue to have access to adequate financing. With the guarantee cover, it is envisaged that access to financing to viable SMEs will be enhanced and at a lower cost
2. What is provided by the guarantee cover?	The scheme provides a guarantee cover on RM2 billion of financing: <ul style="list-style-type: none"> • 80% guarantee cover on principal and normal interest. • Risk on the remaining 20% will be borne by the participating financial institutions
3. Who is eligible for this Scheme?	<ul style="list-style-type: none"> • SMEs* with shareholders funds below RM3 million; and • SMEs that are not affiliates and subsidiaries of GLCs and PLCs; and • SMEs owned by Malaysians (at least 51% shareholding) residing in Malaysia; and • SMEs adversely impacted by the current economic slowdown. <p>* SME definition is as defined by the National SME Development Council</p> <p>The definition can also be found at the following link located in the SMEinfo Portal: http://www.smeinfo.com.my </p>
4. What is the cost of the guarantee cover?	The guarantee cover will be provided free of charge to the SME. The cost of the guarantee cover will be fully borne by Bank Negara Malaysia
5. What is the interest/financing rate under this Scheme?	Determined by the participating financial institutions

6. Where can you apply for the Scheme?	<ul style="list-style-type: none"> • All commercial banks; • All Islamic Banks; • SME Bank; • Agrobank; • Bank Rakyat; • EXIM Bank; and • Bank Simpanan Nasional
7. When can the public obtain financing from this Scheme?	Open from 3 February till 31 December 2009 or upon approval of financing up to RM2 billion, whichever is earlier
8. What can loans under this Scheme be used for?	<ul style="list-style-type: none"> • Working capital. • Project financing. • Capital expenditure • Shall NOT be used to refinance existing credit facilities
9. What type of facilities can be offered by the PFIs to the customer? Can the PFIs offer overdraft (OD) and trade lines? Or is it solely on Term Loan?	Under the Scheme, PFIs may offer OD, revolving credit and trade lines as well as term loans to the customer
10. Maximum loan amount	<ul style="list-style-type: none"> • Maximum aggregate financing of RM500,000 per SME. • There is no minimum amount
11. What is the maximum tenure of the loans?	Maximum of 5 years
12. What is evidence of adverse impact by current economic slowdown?	They are many financial and operating indicators that can be used as evidence that an SME is adversely impacted by the current economic slowdown. Examples of such evidence are a decline in sales or a decline in the cash position of the SME

<u>Other Related Financial Issues</u>	
13. Is there a lending quota that needs to be achieved by the scheme?	No. All viable SMEs are eligible for the scheme, and approval of loan applications will rely solely on the creditworthiness of the SME
14. What do I do if my loan application is rejected?	You can try to apply at another participating financial institution. Different participating financial institutions have different eligibility criteria
15. What do I do if the bank rejects me without a proper reason?	<p>All banks are required by Bank Negara Malaysia to provide you with a reason for being rejected. If you are rejected without a reason, you can contact the following at Bank Negara Malaysia to submit your complaint:</p> <p>BNMLINK (Customer Service Walk-In Centre) Ground Floor, Block D, Bank Negara Malaysia Jalan Dato' Onn, 50480 Kuala Lumpur (Operating Hours: Monday to Friday, 9.00 a.m. – 5.00 p.m.)</p> <p>BNMTELELINK (Customer Service Call-In Centre) Tel: 1-300-88-5465 or 1-300-88-LINK Fax: 03-2174 1515 Email: bnmtelelink@bnm.gov.my</p>
16. Are there any moratorium periods?	Determined by the participating financial institutions

17. With regard to stamping of legal documents, is it necessary to stamp it at ad valorem or can it be at a nominal value, and do SMEs have to bear the fees?	<ul style="list-style-type: none"> • Stamping of legal documents is determined by the stamping office and not by Bank Negara Malaysia • SMEs would have to bear the stamping fees
18. What is the definition of shareholders funds? Is it only on the paid up capital or taking into consideration share capital plus retained profit?	<p>Shareholders funds is the total of paid up capital and retained profit</p>
19. Are participating financial institutions (PFIs) allowed to charge legal fees and stamp duty?	<p>Yes. SMEs have to bear the legal fees and stamp duty on loan documentation</p>
20. Can a SME with an existing government assisted loan apply for this scheme?	<p>Yes. There is no restriction for SMEs with existing government assisted loans to apply for this scheme to get additional financing, as long as the PFIs deems that the applicant has the capacity to take the higher level of debt</p>

21. Can the SME apply for the Guarantee Cover under this scheme to add protection to an existing government sponsored loan?	No, the scheme can only provide a guarantee cover protection to a loan where the source of funds is from the PFIs
22. Does the maximum aggregate limit specified in the Facilities include previous SME funds granted to customers? E.g. FSMI2 (TIKS2), NEF2 (TUB2)?	No, the maximum aggregate limit is on a standalone basis
23. Are new customers who are facing cash flow problems eligible for the Scheme? Or are they only applicable for existing bank's customers?	The Scheme is open to all customers, whether existing or new
24. There is a maximum limit per SME of RM500,000 for Scheme. Does this mean that the SME can apply to multiple banks so long as it is within its maximum limit of RM500,000?	<ul style="list-style-type: none"> • There may be cases where the customer has applied for financing under the Scheme in a number of banks concurrently. In the event the total application(s) exceeds the maximum financing allowed per customer, CGC will approve on a first come first serve basis. The subsequent application will be rejected • In the event the total application is still within the maximum financing allowed, CGC will consult the subsequent financier on whether they still want to grant the financing, notwithstanding the customer has already obtained financing from another financial institution

25. What are the repayment structures and terms under the Scheme?	<ul style="list-style-type: none"> • PFIs have the discretion to set the repayment terms. However, PFIs have been advised to inform the customer upfront
26. Where can the public obtain more details on this Scheme?	<ul style="list-style-type: none"> • Members of the public are advised to contact the customer service centres of their financial institutions directly for enquiries or assistance needed • The public can also contact the following at Bank Negara Malaysia for further assistance: <p style="margin-left: 40px;"> BNMLINK (Customer Service Walk-In Centre) Ground Floor, Block D, Bank Negara Malaysia Jalan Dato' Onn, 50480 Kuala Lumpur (Operating Hours: Monday to Friday, 9.00 a.m. – 5.00 p.m.) </p> <p style="margin-left: 40px;"> BNMTELELINK (Customer Service Call-In Centre) Tel: 1-300-88-5465 or 1-300-88-LINK Fax: 03-2174 1515 Email: bnmtelelink@bnm.gov.my </p>