

FAQs on Loan/Financing Deferment Package for SMEs



Note: The following is updated based on the latest information as at 9 April 2020 as guided by the prevailing information by the regulators and shall be continuously updated.



FAQs on Loan/Financing Deferment Package for SMEs

No.	Question	Answer
1	What is the deferment of loan/ financing repayment/ payment?	It is a temporary deferment or suspension of loan / financing repayment / payment obligation (principal and interest / profit) for a limited period. Borrower / Customer with loan / financing that meets the conditions do not need to make any repayment / payment, and no late payment charges / compensation for late payment or penalties will be imposed.
2	What is the objective of the deferment package?	The deferment package is to provide relief to SMEs who face temporary financial constraints arising from the COVID-19 pandemic.
3	What is the deferment package period?	The deferment package is granted for 6 months. Existing loan / financing will automatically be eligible for the deferment package effective 1 April 2020 .
4	Can SME opt-out from the deferment package?	Borrower / Customer may opt-out by providing written notification. Kindly visit our Bank website below for more information: https://www.affinbank.com.my/NewsDetails.aspx?id=965 https://www.affinislamic.com.my/NewsDetails.aspx?id=978
5	Can SME request for a variation to the deferment package (e.g. 3 months instead of 6 months deferment, or continue to service the interest/profit portion?	For the automatic deferment on 1 April 2020, the deferment period is for 6 months. SME can choose to defer payments after 1 April 2020, to vary the 6 - month deferment package by notifying the Bank.
6	Can SME request for more than 6 months deferment?	The Bank can subsequently consider, offer or advise a suitable solution based on the assessment of the Borrower / Customer affordability.
7	Can SME opt-out at any time during the 6 months deferment period?	Yes. Borrower / Customer may opt-out at any point during the deferment period by notifying the Bank. Borrower / Customer must continue to make timely and full payment of the loan/financing.
8	What happens if the SME opt-out on 1 July 2020? Does SME have to immediately settle the instalment amount due from April 2020 to June 2020 out? Can SME request to stagger the amount due and will there be additional interest/ profit?	Borrower / Customer have to notify the Bank to discuss on the available payment options.



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9	What are the eligible criteria to qualify for the deferment package?	<p>Business entity(ies) that meet the following criteria:</p> <ul style="list-style-type: none"> • All SMEs (Refer to Question 9 for SME definition) • Not in arrears exceeding 90 days as at 1 April 2020 • Loan/Financing facility(ies) denominated in Malaysian Ringgit (MYR)
10	Do SMEs need to apply?	No. All SME loan / financing facility(ies) that meet the criteria will automatically be enrolled for the deferment package.
11	Which loan / financing facility(ies) qualifies for the deferment?	<p>The deferment package is applicable to loan / financing facility(ies) with scheduled or contractually due payments, including loan / financing facility(ies) that require scheduled interest / profit repayment/ payment.</p> <p>These include facilities where repayment/payment of principal (in part or in full) or interest/profit, or both, are either scheduled at fixed intervals or are to be settled in a one-off lump sum payment.</p>
12	What is the definition of SME?	<p>Borrower / Customer is defined in accordance with the <i>Guideline for New SME Definition</i> issued by SME Corporation Malaysia in October 2013.</p> <p>You may refer to the link below for detailed definition: http://www.smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/sme-definition</p> <p>Note: This excludes the following:</p> <ul style="list-style-type: none"> • Entities that are public-listed on the main board; and • Subsidiaries of: <ul style="list-style-type: none"> ○ Publicly-listed companies on the main board ○ Multinational corporations (MNCs) ○ Government-linked companies (GLCs) ○ Syarikat Menteri Kewangan Diperbadankan (MKDs) ○ State-owned enterprises
13	Is Non-SME eligible for the deferment package?	<p>Non-SME Borrower / Customer can apply for the deferment package subject to the Bank's approval. In addition, these loans / financing must meet the below criteria:</p> <ul style="list-style-type: none"> • Not in arrears exceeding 90 days as at 1 April 2020 • Loan/Financing facility(ies) denominated in Malaysian Ringgit (MYR)
14	Is loan / financing facility(ies) in default and under rescheduling and restructuring (R&R) program be eligible for the deferment package?	<p>Loan / financing facility(ies) that are already more than 90 days in arrears, will not qualify for the deferment package. However, loans / financing under R&R program are eligible for the deferment package subject to meeting the criteria, which are:</p> <ul style="list-style-type: none"> • Not in arrears exceeding 90 days as at 1 April 2020 • Loan / Financing facility(ies) denominated in Malaysian Ringgit (MYR)



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15	Is financing facility(ies) denominated in foreign currency allowed under the deferment package?	Only financing facility(ies) denominated in Ringgit Malaysia (MYR) is allowed. However, the Bank may offer to restructure and reschedule foreign currency denominated facility(ies) subject to credit assessment, on case-to-case basis.																																																																																																																
16	Is Overdraft / Cashline-i allowed under the deferment package?	<p>For Overdraft/Cashline-i facility, the interest/profit will continue to be accrued during the 6 months moratorium period, but payments due will be deferred to 1 October 2020. Borrower / Customer are reminded to be vigilant in the usage of the Overdraft/Cashline-i facility as the monthly interest/profit due will not be accounted for in the available limit of the Overdraft/Cashline-i facility during the 6 months moratorium period.</p> <p>Illustration 1</p> <table border="1"> <thead> <tr> <th colspan="7">As at 1 April 2020</th> </tr> <tr> <th colspan="2">Approved Limit</th> <th colspan="3">Utilised Limit</th> <th colspan="2">Available Limit</th> </tr> </thead> <tbody> <tr> <td colspan="2">RM100,000</td> <td colspan="3">RM95,000</td> <td colspan="2">RM 5,000</td> </tr> <tr> <th colspan="7">Accrued Interest / Profit (6 months moratorium)</th> </tr> <tr> <th>Month</th> <th>30 Apr 2020</th> <th>31 May 2020</th> <th>30 Jun 2020</th> <th>31 Jul 2020</th> <th>31 Aug 2020</th> <th>30 Sept 2020</th> </tr> <tr> <td>Interest / Profit</td> <td>RM 500</td> <td>RM 510</td> <td>RM 500</td> <td>RM 510</td> <td>RM 510</td> <td>RM 500</td> </tr> <tr> <td colspan="7" style="text-align: center;">Total Accrued Interest / Profit</td> </tr> <tr> <td colspan="7" style="text-align: center;">RM 3,030</td> </tr> </tbody> </table> <p>Based on the above illustration, the interest/profit accrued over the 6 months' moratorium period will be added to the utilized limit amount on 1 October 2020. Therefore, as of 1 October 2020, the utilized limit will be amounted to RM98,030.</p> <p>Illustration 2</p> <table border="1"> <thead> <tr> <th colspan="7">As at 1 April 2020</th> </tr> <tr> <th colspan="2">Approved Limit</th> <th colspan="3">Utilised Limit</th> <th colspan="2">Available Limit</th> </tr> </thead> <tbody> <tr> <td colspan="2">RM100,000</td> <td colspan="3">RM99,000</td> <td colspan="2">RM 1,000</td> </tr> <tr> <th colspan="7">Accrued Interest / Profit (6 months moratorium)</th> </tr> <tr> <th>Month</th> <th>30 Apr 2020</th> <th>31 May 2020</th> <th>30 Jun 2020</th> <th>31 Jul 2020</th> <th>31 Aug 2020</th> <th>30 Sept 2020</th> </tr> <tr> <td>Interest / Profit</td> <td>RM 500</td> <td>RM 510</td> <td>RM 500</td> <td>RM 510</td> <td>RM 510</td> <td>RM 500</td> </tr> <tr> <td colspan="7" style="text-align: center;">Total Accrued Interest / Profit</td> </tr> <tr> <td colspan="7" style="text-align: center;">RM 3,030</td> </tr> </tbody> </table> <p>Based on the above illustration, the interest/profit accrued over the 6 months' moratorium period will be added to the utilized limit amount on 1 October 2020. Therefore, as of 1 October 2020, the utilized limit will be RM102,030 and it is in excess of the available limit. In this scenario, customer is required to immediately settle the excess amount of RM2,030.00.</p>	As at 1 April 2020							Approved Limit		Utilised Limit			Available Limit		RM100,000		RM95,000			RM 5,000		Accrued Interest / Profit (6 months moratorium)							Month	30 Apr 2020	31 May 2020	30 Jun 2020	31 Jul 2020	31 Aug 2020	30 Sept 2020	Interest / Profit	RM 500	RM 510	RM 500	RM 510	RM 510	RM 500	Total Accrued Interest / Profit							RM 3,030							As at 1 April 2020							Approved Limit		Utilised Limit			Available Limit		RM100,000		RM99,000			RM 1,000		Accrued Interest / Profit (6 months moratorium)							Month	30 Apr 2020	31 May 2020	30 Jun 2020	31 Jul 2020	31 Aug 2020	30 Sept 2020	Interest / Profit	RM 500	RM 510	RM 500	RM 510	RM 510	RM 500	Total Accrued Interest / Profit							RM 3,030						
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17	Is Overdraft / Cashline-i limit reduction and sinking fund allowed for deferment?	Reduction in Overdraft / Cashline-i limit and sinking fund is subject to Borrower / Customer application to be approved at the Bank's discretion on case-to-case basis.
18	Is Credit Guarantee Corporation (CGC) Portfolio Guarantee / Portfolio Guarantee-i (PG / PG-i) eligible for the deferment package?	CGC Portfolio Guarantee / Portfolio Guarantee-i is eligible for the deferment package. Instalment / revision of loan/financing tenure is to be assessed and advised accordingly.
19	Is Syarikat Jaminan Pembiayaan Perniagaan (SJPP) guaranteed schemes eligible for the deferment package?	Syarikat Jaminan Pembiayaan Perniagaan (SJPP) guaranteed schemes is eligible for the deferment package. Instalment / revision of loan/financing tenure is to be assessed and advised accordingly.
20	Is new loan / financing disbursed after 1 April eligible for the deferment package?	For new loan / financing disbursed after 1 April 2020, the deferment will not be automatic and is subject to the Bank's assessment.
21	How is the treatment for Banker's Acceptance/ Acceptance Bills-i (BA/AB-i) due?	<p>A Temporary Overdraft / Tawarruq Cashline-i limit will be granted subject to Bank's approval. The rate for the facility will be charged at minimum BLR/ BFR + 0%, or such interest / profit rate which may be varied from time to time subject to the Bank's discretion. For conversion of AB-i to Tawarruq Cashline-i , such profit rate will be charged only on the principal amount of the AB-i.</p> <p>This may also result in reduction of overall trade limit for further utilization. All Temporary Overdraft / Tawarruq Cashline-i will expire on 1 October 2020.</p> <p>For Non-SMEs, application is to be considered on a case-to-case basis.</p>
22	Is Trust Receipt / Trust Receipt-i / Flexi-Trade Loan / Flexi-Trade Financing-i (TR / TR-i / FTL / FTF-i) eligible for the deferment package?	Yes. Trust Receipt / Trust Receipt-i / Flexi-Trade Loan / Flexi-Trade Financing-i (TR / TR-i / FTL / FTF-i) due within 1 April 2020 to 30 September 2020 will be automatically extended to 1 October 2020.
23	Is Domestic Recourse Factoring (DRF) eligible for the deferment package?	Domestic Recourse Factoring full settlement is to be continued as per normal course of business as per payment due from contract awarder.



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24	When is the commencement of the repayment/payment after the deferment package taken effect?	Commencement of repayment / payment will begin in the month of October 2020 as per your repayment / payment due date for moratorium effective 1 April 2020.
25	Is interest / profit charged during the deferment period? <i>(Information subject to changes)</i>	<p>For conventional loan, interest for term loan will continue to accrue on the outstanding balance but no compounding interest will be charged.</p> <p>For Islamic financing, profit will continue to accrue on the outstanding principal amount, such profit however will not be compounded in line with Shariah principles.</p> <p>The Bank will not impose late penalty charges on the deferred amount.</p>
26	How is the repayment / payment for both principal and interest / profit conducted after the deferment package?	The loan / financing tenure will be extended by 6 months. Should the Borrower / Customer prefer otherwise, please contact the Bank.

For further enquiries, contact our Business Centre or e-mail us at smecare@affinbank.com.my to find out more.

Disclaimer: Information is subject to change as per regulatory updates.