

SPECIAL FINANCIAL RELIEF PROGRAMME (SFRP) FOR SMEs

This programme will be available from 6 April 2020 to 31 December 2020.

Facility	Features
<p>SFRP (SME) Defer Payment of Principal on Secured SME Term Loans</p> <p>Relief applies to:</p> <ul style="list-style-type: none"> All fully secured term loans, regardless of type of collateral, taking into account bank's internal haircuts <p>[See Annex A for details]</p>	<ul style="list-style-type: none"> Borrowers can choose to defer payment of principal and pay only interest up to 31 Dec 2020. Borrowers can choose to extend the loan tenure by up to the corresponding principal deferment period. <p><u>Eligibility</u></p> <ul style="list-style-type: none"> Opt-in basis, for borrowers with loan repayments that are no more than 90 days past due as at 6 Apr 2020. No need for borrower to demonstrate any impact from COVID-19. Granted expeditiously in response to borrower's request for deferment, but requests may be denied in exceptional cases. <p><u>Customer Education</u></p> <ul style="list-style-type: none"> Borrowers will be given illustrations of: <ul style="list-style-type: none"> the monthly payment amount during the interest-only payment period, and the monthly repayment amount when they resume regular repayments; the additional interest (arising from the accrual of interest on the deferred principal amount) that they will pay during the interest-only payment period; and the total interest payable by the borrower over the entire loan tenure before and after opting for the principal deferment.
<p>Lower Interest on SME Loans</p>	<ul style="list-style-type: none"> MAS to make available low-cost funding to banks and finance companies participating in the enhanced Enterprise Singapore loan schemes to SMEs <ul style="list-style-type: none"> Applies to new Enhanced Working Capital Loan and Temporary Bridging Loan facilities. Banks to pass on lower funding cost to SMEs. Terms to be announced later.

Annex A – Additional Clarifications on Relief Measures for SMEs

1. What is the definition of “SME”?

Banks and finance companies define their SME customer segment based on different criteria. As a package, this relief should minimally apply to customers with: i) annual sales turnover of up to S\$100m; or ii) employment size up to 200 workers.

2. How should movable collateral and floating charges be treated?

“Fully secured” would refer to all collateral that the bank and finance company currently accepts for SME term loans. For movable collateral and floating charges, the bank and finance company may apply its internal haircuts to determine whether the loan is “fully secured” in relation to the package.

3. Does the relief apply if the loan is no longer “fully secured” during the deferment period due to a decline in collateral value?

The relief should apply throughout the deferment period so long as the loan was “fully secured” at the point of application for the relief.

4. How should other facilities granted to SMEs be treated?

The industry commitment only applies to fully secured term loans, but banks and finance companies may extend the relief to partially secured term loans at their own initiative. In relation to other types of facilities like guarantees and trade finance facilities, banks and finance companies should make efforts to support their customers during this period of economic disruption.

5. For loans that mature prior to 31 December 2020, how would the tenure extension apply?

As set out in the industry commitment, borrowers who opt in can choose to extend the loan tenure up to the corresponding principal deferment period.

For example, if a borrower opts into the relief on 1 July 2020, and its loan tenure ends on 1 September 2020, the borrower may choose to extend the loan tenure by 6 months, i.e. until end February 2021.