**BNM's Fund for SMEs**

**Business Recapitalisation Facility**

**General Frequently Asked Questions (FAQ)**

| Business Recapitalisation Facility (BRF) | | |
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| **No.** | **Question** | **Answer** |
| 1. | What is BRF? | BRF is a financing facility established by Bank Negara Malaysia (BNM) to support SMEs to recover and grow, while managing their level of their indebtedness[1] through innovative financing solutions. Under BRF, SMEs may obtain:<br>• Equity financing through issuance of preference shares, common shares, or any suitable equity-like instruments; or<br>• A mix of debt financing from participating financial institutions (PFIs) and equity financing through third party equity financiers (blended finance).<br>*Note: Financing should not be used for refinancing of existing credit/financing facilities* |
| 2. | Who is eligible to apply for BRF? | Viable Malaysian-owned SMEs[2] including micro enterprises from all economic sectors including existing beneficiaries of BNM funds. |
| 3. | What projects/activities are eligible for financing under BRF? | The purpose of BRF financing is for:<br>• Working capital; and/or<br>• Capital expenditure.<br>*Note: Financing should not be used for refinancing of existing credit/financing facilities* |
| 4. | What is the maximum financing amount and tenure for SMEs under the BRF? | • Eligible SMEs will be able to obtain financing up to RM5 million per SME[3].<br>• Financing tenure of up to 10 years. |
| 5. | What is the financing rate? | • Debt financing: The maximum effective rate is 5.0% per annum inclusive of guarantee fee or 3.5% per annum without guarantee fee.<br>• Equity financing: No cap imposed on return for equity investment. |

[1] This refers to improvements in the capital structure of an SME, particularly those who wish to undertake capital expenditure, facilitating a more manageable debt-to-equity (D/E) for the SME after tapping on the BRF.

[2] At least 51% shares held by Malaysians and as defined by SME Corp. Malaysia's Guideline for SME Definition, accessible at: www.smecorp.gov.my/images/pdf/2021/Guideline_on_SMEDefinition_Updated_Sept2020_Final.pdf

[3] Under the blended financing option, SMEs may be able to receive a combined financing of more than RM5 million from the PFI and third party equity financier.

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| 6. | Which banks offer financing under BRF? | Eligible SMEs can apply directly to PFIs, which comprise commercial banks, Islamic banks and development financial institutions regulated by BNM. |
| 7. | How can SMEs know that they are eligible to apply for financing under the BRF? | Eligible SMEs are advised to contact the PFIs to ascertain their eligibility under the facility. All applications for financing will be subject to assessments by the PFIs and relevant third party equity financiers. |
| 8. | Is BRF open to existing customers of the PFIs only? | No, BRF is open to new and existing SME customers of the PFIs as long as they are Malaysian SMEs that fulfil the eligibility criteria set out by BNM as well as meet the credit assessments by the PFIs and relevant third party equity financiers. |
| 9. | Do SMEs need to provide collateral to obtain financing under the BRF? | No. Collateral is NOT required under the BRF. |
| 10. | If my business is not eligible for the BRF, what other support is available for me? | • SMEs who are facing difficulties with loan/financing repayments are advised to engage their respective financial institutions for rescheduling and restructuring (R&R) of their existing facilities, to help alleviate their cash flow problems.<br>• SMEs that are not eligible for the BRF may apply for financing from other facilities under BNM's Fund for SMEs (e.g. All Economic Sector Facility, Agrofood Facility, Micro Enterprise Facility, PENJANA Tourism Financing, SME Automation and Digitalisation Facility, High Tech Facility – National Investment Aspirations or Low Carbon Transition Facility), or other financing products for SMEs offered by financial institutions. SMEs can also apply via the imSME platform (imsme.com.my). Approval for financing under the above schemes are subject to the specific scheme's eligibility criteria and assessment by the PFIs.<br>• Additionally, they could obtain financing advisory services through MyKNP (Khidmat Nasihat Pembiayaan) that provides advisory assistance and tips to improve eligibility for future financing and alternative sources of finance at myknp.com.my. |
| 11. | What can an SME do if its application for financing under any of the facilities is rejected by the PFI? | If an application is rejected, the SME is advised to:<br>a) Obtain clarification from the PFI on the reason(s) of rejection;<br>b) Consider re-submitting the application via the imSME platform (imsme.com.my) if the SME has not done so earlier; |

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| | | c) Obtain financing advisory services through MyKNP (that provides advisory assistance and tips to improve eligibility for future financing and alternative sources of finance at myknp.com.my; or<br>d) Channel enquiries or complaints to BNM via eLINK. |
| 12. | When will the BRF be made available? | The Facility will be available starting from 3 February 2022 until full utilisation. |