

An initiative by:



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



FAQs on Agrofood Facility (AF)

Note: The following is updated based on the latest information as at 29 March 2020 as guided by the prevailing information by the regulators and shall be continuously updated.



No	Question	Answer
1	What is AgroFood Facility?	AgroFood Facility is a financing facility to increase agrofood production for Malaysia and for export purposes through the provision financing at affordable terms.
2	What does 'agrofood' mean?	<p>Agrofood refers to food commodity or products made from:</p> <ul style="list-style-type: none"> ○ Crops (paddy, vegetables and fruits) ○ Livestock (poultry, cattle and dairy) ○ Fisheries <p>For more information, please refer to the Ministry of Agriculture's '2019-2020 Way Forward and Strategy'</p>
3	What is the eligibility criteria for this AF Financing?	<p>SMEs with at least 51% shares held by Malaysians subject to the following criteria:</p> <ol style="list-style-type: none"> i. Meets the SME definition issued by SME Corporation Malaysia in October 2013 Refer link below for SME definition: http://www.smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/sme-definition ii. registered with the Companies Commission of Malaysia (SSM) authorities / district offices in Sabah and Sarawak or statutory bodies for professional service providers iii. shareholding by Public Listed Companies and Government Linked Companies (if any) in the SMEs shall not exceed 20% iv. Malaysians residing in Malaysia that hold a minimum of 51% shareholding in SMEs
4	Would all SMEs involved in 'food production' be eligible for the AF?	<p>Agrofood activities eligible for financing under the AF shall fulfil all of the following criteria:</p> <ol style="list-style-type: none"> (i) Viable projects involving primary agrofood production (upstream), agrofood processing/manufacturing, or other agrofood downstream activities; and (ii) Domestic oriented, where at least half of the total production is sold in the domestic market; and (iii) Supportive of domestic primary agrofood production. <ol style="list-style-type: none"> a) For agrofood manufacturing, at least half of the key input is sourced domestically; or b) For other agrofood related services, at least half of the activities are supportive of domestic agrofood production.


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5	How can SMEs know that they are eligible to apply for AF?	<p>SMEs can contact our Business Centre / Alternate Channels or e-mail us at smecare@affinbank.com.my to find out more.</p> <p>SMEs can also visit the bank website at:</p> <ul style="list-style-type: none"> • https://www.affinbank.com.my/SME-Banking/Loan-Financing/Agrofood-Facility-(AF).aspx • https://www.affinislamic.com.my/SME-Banking/Financing/Agrofood-Facility-(AF).aspx
6	What is the interest / profit rate for AF?	The maximum interest / profit rate that may be charged shall be up to 3.75% per annum.
7	How long is the maximum financing tenure for AF?	The financing tenure is up to 8 years
8	What is the maximum amount of financing of AF?	The maximum aggregate amount of financing under the Facility shall be limited to RM5 million per SME, inclusive of financing to related companies that have common shareholder(s)
9	What is the purpose of financing for AF?	<p>The financing is obtained for:</p> <ul style="list-style-type: none"> (i) Capital expenditures (ii) Working capital; and (iii) Development of agrofood projects.
10	When is AF available for application?	The application for AF fund is available from 6 March onwards subject to availability of RM1 billion allocation, whichever earlier
11	What type of financing facility(ies) is applicable for AF?	Financing facility(ies) applicable are term loan / term financing, overdraft / cashline-i, revolving credit, trade line subject to Bank's assessment
12	Can SMEs obtain financing under the AF to re-finance existing loan / financing?	No. Financing under the AF must NOT be used for re-financing of existing credit / financing facilities.
13	Do SMEs need to provide collateral to obtain financing under the AF?	The collateral requirement for financing under AF is subject to assessment by the Bank, including guarantees under SJPP
14	How much is the guarantee coverage / fee?	The guarantee coverage is by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) up to 80% of the loan / financing amount at a fee of 0.5% per annum. However, this guarantee fee is included in the interest / profit rate charged to customers



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15	Can SMEs apply for the AF if they have fully utilised the RM5 million aggregate allocation under BNM's Fund for SMEs?	No. The maximum aggregate financing amount of RM5 million per SME under BNM's Fund for SMEs is inclusive of financing under the AF.
16	Can SMEs with more than RM5 million of shareholder funds eligible to apply?	Yes. SMEs may apply subject to Bank's approval.
17	Can a farmer obtain financing under the AF to buy equipment or invest in technology to increase productivity?	Yes, as long as the farmer meets the eligibility criteria of the AF. In addition, the farmer can also tap on the Automation and Digitalisation Facility which offers a longer tenure of 10 years.
18	Are there any prohibited financing activities for AF?	<p>The financing shall not be used for the following activities:</p> <ul style="list-style-type: none"> • Purchase of shares; • Refinancing of existing credit / financing facilities; • Purchase of land for non agrofood purposes; • Property development; • Investment by investment holding companies; • Activities where the stock in trade is money (including credit, leasing, factoring and insurance businesses); • Gambling, alcohol, tobacco or other similar activities/products; and <p>Note: Non-Shariah compliant activities (applies to Islamic financing only).</p>

For further enquiries, contact our Business Centre / Alternate Channels or e-mail us at smecare@affinbank.com.my

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