



COVID-19 SME LOAN SCHEME FOR WORKING CAPITAL

Mercantile Bank and Capitec Bank had the privilege of working with other banks, the South African Reserve Bank, and the Government (through National Treasury), to develop a R200 billion loan guarantee scheme (COVID-19 SME Loan) for small and medium enterprises in response to the lockdown period's detrimental effect on the economy, businesses and their employees.

The purpose of the loan guarantee scheme is to provide businesses impacted by COVID-19 and in financial distress with assistance to cover operational expenses where businesses' cash flow is insufficient to do so as a result of the Declaration of a National Disaster. Funds borrowed through this scheme can be used for operational expenses such as salaries, rent and lease agreements, utilities, insurance premiums and supply chain costs, thereby assisting businesses to start trading again and recover from the lockdown period. Loans will cover up to three months of operational costs and will be drawn down monthly.

QUALIFYING CRITERIA

- Business must have an annual turnover of less than R300 million (inclusive of the group).
- Business is defined as any company, statutory body corporate, close corporation, a sole proprietorship, trust or partnership, association, joint venture or any similar entity, but excludes state owned entities, listed companies and companies with capital market funders or funding instruments.
- Registered with the South African Revenue Services (SARS).
- Business must have an existing relationship with either Mercantile Bank or Capitec Bank and must be in good standing as at 29 February 2020 (up to date on all credit agreements and have a good credit history).
- Need to be able to demonstrate that the Declaration of a National Disaster has directly, or indirectly, resulted in a significant and adverse impact on the business' ability to generate revenue.
- The business has no existing capacity to borrow, where such existing capacity could still be used to alleviate the financial distress of the business.
- Business may not apply for more than one COVID-19 SME Loan.

APPLICANT INFORMATION

APPLICANT REGISTERED BUSINESS ENTITY NAME:

REGISTRATION/IDENTITY NUMBER:

APPLICANT BUSINESS TRADING ADDRESS:

NATURE OF BUSINESS:

INDUSTRY:

INDIVIDUAL APPLYING ON BEHALF OF THE BUSINESS:

EMAIL ADDRESS:

DOES THE APPLICANT FORM PART OF A GROUP: Yes No

INCOME TAX NUMBER:

BUSINESS CURRENT ACCOUNT NO:

(Account details to disburse loan funds in 3 equal installments)

Have you applied for a COVID-19 Loan at another Bank? Yes No

(Should you have applied for a COVID-19 Loan through another financial institution, the Bank is under no obligation to assess the application, kindly refer to the Loan Terms and Conditions)

COVID-19 SME LOAN QUALIFYING QUESTIONS

To what extent has your business been impacted by the COVID-19 Pandemic: (Select applicable; may select multiple)

- Business was closed during the lockdown period
- Business was partially operational during the lockdown period
- Business debtors have also been impacted by the COVID-19 lockdown, therefore, no new business has been placed
- Business export trade has also been impacted by the COVID-19 lockdown, due to restrictions placed on export of goods to certain countries
- My creditor/s, supply chain has also been impacted due to the restrictions placed on importation of goods and raw materials
- My creditor/s, supply chain now requesting COD payments for supply of goods

To what extent has your Business Turnover decreased as a result of the COVID-19 lockdown period: (Select applicable)

- 0-10%
 10-20%
 20-50%
 50-80%
 > 80%

At what Level of the COVID-19 regulations will your business resume full trading? (Select applicable)

- Level 5
 Level 4
 Level 3
 Level 2
 Level 1

FINANCIAL INFORMATION REQUIRED TO SUPPORT THE APPLICATION

APPLICANT ANNUAL TURNOVER: (as at 29th February 2020)

GROUP ANNUAL TURNOVER: (as at 29th February 2020)

• **Is the Applicant Business Solvent?**

(Please provide the latest Financial Statements, alternatively Solvency Certificate by the Auditor/Accountant)

• **Business Turnover for the last 12 months:**

• **Business Expenses for the last 12 months:**

(Inclusive of Cost of Sales and Operating Expenditure)

• **What are the Current Debt Repayments for the business for the last 12 months?**

(Inclusive of all monthly debt obligations, i.e. Property Loans; Vehicle & Equipment Finance; Business Loans, etc.)

• **What was the Net Profit Before Tax for the 12 month period?**

PLEASE PROVIDE THE ABOVE INFORMATION FOR A 12-MONTH PERIOD: 1ST MARCH 2019 TO THE 29TH FEBRUARY 2020, ALTERNATIVELY RELATIVE TO YOUR BUSINESS FINANCIAL YEAR-END.

• **Does the applicant have an existing overdraft facility?** Yes No

If yes, why can't this overdraft facility be utilised for these expenses?

• **Should the business have current debt obligations in favour of another financial institution, kindly confirm whether a COVID-19 Moratorium was requested and approved:** Yes No

Please specify details - Period of Moratorium Approved: Value:

• **Has the applicant received any other form of COVID-19 funding through another financial institution?** Yes No

Please specify details:

• **Further to the above, kindly complete a monthly Income and Expenditure template for the business.**

(Refer attached template to be completed and submitted with the application)

• **Bank statements to be provided for a 3 month period: 1st December 2019 to the 29th February 2020.**

UNDERTAKING/DECLARATION FROM BORROWER

- Business Annual Turnover must be < R300m to qualify.
- Borrower must be in a good standing with the Bank as at 29 February 2020.
- Borrower must be registered with SARS, with the necessary confirmation provided.
- Borrower declares that they have no existing capacity to borrow, where such existing capacity could still be used to alleviate their financial distress i.e. existing overdraft facility/ies.
- Borrower declares that they are currently in financial distress, as a result of the lockdown and the declaration of a national state of disaster relating to the COVID-19 pandemic.
- A guarantee or suretyship will be required from the principals and shareholders on account of the borrower/s in favour of the Bank. The Bank may also request a guarantee or suretyship from any group companies on account of the borrower/s in favour of the Bank.
- Borrower undertakes that they will not repay shareholder loans or declare and pay dividends with proceeds of COVID-19 SME Loan.
- Borrower undertakes to only fund specific monthly operational expenses like salaries and wages, insurance, rent, utilities and creditors, etc.
- Borrower undertakes that they will not fund retrenchment packages with proceeds of COVID-19 SME Loan.
- Borrower can only apply for one COVID-19 SME Loan, whether with Mercantile Bank Limited or other financial institutions.
- Borrower cannot use a COVID-19 SME Loan to repay existing bank loans and other monthly debt commitments, whether with Mercantile Bank Limited or other financial institutions i.e. ISA's, residential or commercial mortgage bonds, etc.

I acknowledge and accept the above detailed declaration: Yes No

COVID-19 SME LOAN FUNDING OPERATIONAL EXPENDITURE

BREAKDOWN OF SPECIFIC OPERATING EXPENDITURE THAT CAN BE FUNDED UNDER COVID-19 SME LOAN

TYPE OF EXPENDITURE	AMOUNT REQUIRED FOR 3 MONTHS	SOURCE DOCUMENT REQUIRED		
		PRIMARY SOURCE DOCUMENT	SECONDARY SOURCE DOCUMENT 1	SECONDARY SOURCE DOCUMENT 2
Creditors - the direct and indirect costs and expenses associated with the domestic and/or foreign supply of goods, materials and services to a business.	R	Creditors Age Analysis at 29 Feb 2020 <input type="checkbox"/>	Annual Financial Statements or Management Accounts <input type="checkbox"/>	Other - As presented by the applicant, i.e. purchase orders, supplier invoices/ statements or 3-month bank statement. <input type="checkbox"/>
Salaries and Wages	R	3-month bank statement <input type="checkbox"/>	Monthly Payroll Schedule <input type="checkbox"/>	
Rental	R	3-month bank statement <input type="checkbox"/>	Monthly Rental Invoice <input type="checkbox"/>	Copy Lease Agreement <input type="checkbox"/>
Utilities - Electricity, water and gas only. Rates and taxes are excluded.	R	3-month bank statement <input type="checkbox"/>	Applicable Monthly Invoice <input type="checkbox"/>	
Operating Leases - in relation to office automation, forklifts, machinery and equipment etc directly used in the production of goods and services. Agreements should've been entered into before 29 Feb 2020 (excl. any assets financed under Instalment Sale agreements).	R	3-month bank statement <input type="checkbox"/>	Applicable Monthly Invoice <input type="checkbox"/>	Applicable Supplier Statements <input type="checkbox"/>
Insurance - Includes all types of insurance in name of the Borrower i.e. Short-Term, Keyman, etc.	R	3-month bank statement <input type="checkbox"/>	Copy Insurance Schedule or Policy/ies <input type="checkbox"/>	
Other Operating Expenses	R	3-month bank statement <input type="checkbox"/>		
Security services to protect the business premises	R	3-month bank statement <input type="checkbox"/>	Applicable Monthly Invoice/s <input type="checkbox"/>	Applicable Supplier Statements <input type="checkbox"/>
Cash in transit services	R	3-month bank statement <input type="checkbox"/>	Applicable Monthly Invoice/s <input type="checkbox"/>	Applicable Supplier Statements <input type="checkbox"/>
Cleaning and maintenance services	R	3-month bank statement <input type="checkbox"/>	Applicable Monthly Invoice/s <input type="checkbox"/>	Applicable Supplier Statements <input type="checkbox"/>
TOTAL LOAN AMOUNT SOUGHT	R			

- * **Bank Statements provided should be for the period 1st December 2019 to 29th February 2020**
- * **Please highlight relevant amounts on bank statement with accompanying commentary**
- * **Please tick the applicable Source Documents attached to the application**
- * **Loan amount approved will be paid in three equal payments**

COVID-19 SME LOAN DEBIT ORDER DETAILS

ACCOUNT NAME:	<input type="text"/>	BRANCH NAME:	<input type="text"/>
BANK NAME:	<input type="text"/>	ACCOUNT TYPE:	<input type="text"/>
BRANCH CODE:	<input type="text"/>	ACCOUNT NUMBER:	<input type="text"/>
DEBIT ORDER DATE:	<input type="text"/>		

TERMS AND CONDITIONS

The terms and conditions recorded herein are not exhaustive and should be read with the terms and conditions recorded in other documents regulating the COVID-19 SME Loan.

- The COVID-19 SME Loan application will **ONLY** be considered upon full completion and provision of the required source documents.
- The COVID-19 SME Loan Product is only available for loans to eligible clients which are businesses as defined in the South African Reserve Bank Guarantee Scheme.
- Eligible clients will be businesses in groups which have an annual turnover of less than R300 million and meet all the additional eligibility criteria as defined in the South African Reserve Bank Guarantee Scheme.
- Each COVID-19 SME Loan will be subject to Mercantile's standard risk evaluation and credit application and granting process.
- An eligible client may only conclude a COVID-19 SME Loan Agreement with one bank. In the event of a breach of this its undertaking the COVID-19 SME Loan made available under that COVID-19 SME Loan Agreement (together with all other amounts payable or to become payable thereunder) will immediately become repayable.
- An eligible client may only have one COVID-19 SME Loan.
- The COVID-19 SME Loans under each COVID-19 SME Loan Agreement will be made available for a period of three months.
- The applicant, if successful, ("the Borrower") authorises the Bank to disburse the loan in 3 equal amounts over the three-month period.
- COVID-19 SME Loans will accrue interest at the Prime Rate.
- The Prime Rate will apply to the COVID-19 SME Loans from date of first draw down and will be calculated as a nominal annual compounded monthly rate.
- The obligation to pay interest and capital on the COVID-19 SME Loan will be deferred for a period of six-months from date of first draw down.
- From month seven after date of first draw down against the COVID-19 SME Loan, the outstanding capital and interest roll-up for the first six months will be amortised over a period of five years (sixty months).
- The first payment will become due at the end of the seventh month from date of first draw down against the COVID-19 SME Loan.
- The Borrower may settle the outstanding balance on their COVID-19 SME Loan, in part or in full, at any time prior to maturity of the COVID-19 SME Loan term without penalty.
- In the event of liquidation or sequestration or similar proceedings of the Borrower, the COVID-19 SME Loan will be subordinated to other creditors, credit providers and senior claimants of the Borrower.
- The Bank will be treated as a concurrent creditor in business rescue proceedings.
- The COVID-19 SME Loans are intended for specific operational expenditure of the Borrowers business, and are subject to the "usage requirement" and the "restrictions".

I acknowledge and accept the above terms and conditions: Yes No

I (Full Name and Surname), , ID Number, ,
in my capacity as (Director/Member/Trustee/Sole Proprietor) , confirm that I am authorised and
mandated on behalf of (Applicants Registered Business Name) to apply for
and enter into a Loan Agreement with Mercantile Bank Limited for a COVID-19 SME Loan.

Signed at
on this day of in the year

Signature

Cellphone number: Email address: