

**BNM's Fund for SMEs
Low Carbon Transition Facility
Frequently Asked Questions (FAQ)**

Low Carbon Transition Facility (LCTF)		
No.	Question	Answer
1.	What is Low Carbon Transition Facility (LCTF)?	LCTF is a financing facility to encourage and support SMEs to adopt sustainable practices for business resilience.
2.	Who is eligible to apply for LCTF and what are the eligibility criteria?	<p>SMEs in all sectors committed to transform towards low carbon and sustainable business operations.</p> <p>SMEs should contact any of the participating financial institutions on their eligibility under the facility. All applications for financing will be subject to assessments by the participating financial institution.</p>
3.	What projects/activities are eligible for financing under the LCTF?	<p>The LCTF can be used to finance capital expenditure or working capital to initiate or facilitate the transition to low carbon and sustainable operations.</p> <p>These include, but are not limited to, the following activities:</p> <ul style="list-style-type: none"> (a) obtaining sustainability certification; (b) increasing the use of sustainable materials for production; (c) improving energy efficiency of buildings and appliances; and (d) installing on-site generation equipment of renewable energy. <p>SMEs should contact any of the participating financial institutions to obtain the full list of projects/activities eligible to be financed.</p>
4.	What is the maximum financing amount and tenure under the LCTF?	Eligible SMEs will be able to obtain financing up to RM10 million per SME and financing tenure of up to 10 years.
5.	What is the financing rate?	The maximum financing rate is 5.0% per annum, inclusive of guarantee fee.
6.	When will the LCTF be made available?	The facility will be available from 3 February 2022 until full utilisation.
7.	Which banks offer financing under LCTF?	SMEs can apply for LCTF financing from participating commercial banks, Islamic banks and development financial institutions regulated by Bank Negara Malaysia.

		The list of participating financial institutions is provided in the Appendix.
8.	Is LCTF a standardised facility?	No. SMEs should contact any of the participating financial institutions to discuss on the suitable facility that supports their transition needs.
9.	Can SMEs obtain the LCTF to re-finance existing credit/financing facilities?	No. The LCTF cannot be used for refinancing of existing credit/financing facilities.
10.	Do SMEs need to provide collateral to obtain financing under the LCTF?	No. Collateral is not required under the LCTF.
11.	What can an SME do if its application for financing under any of the facilities is rejected by the participating financial institutions?	<p>If an application is rejected, the SME is advised to:</p> <ul style="list-style-type: none"> (a) obtain clarification from the participating financial institution on the reason(s) of rejection; or (b) consider submitting the application via the imSME platform, if the SME has not done so earlier; or (c) 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; or (d) channel enquiries or complaints to Bank Negara Malaysia via https://bnmlink.bnm.gov.my