

Islamic Product Term Sheet Covid-19 National Response Guarantee program

1. Description and components	<ul style="list-style-type: none"> Public emergencies (e.g., outbreak of covid-19) are having a severe impact on continuity of SMEs and their business model. In such circumstances, private businesses need a fast access to financing to meet their immediate payroll and rental fee payment requirements Given the situation, the Government of Qatar decided to structure a specialized guarantee program to facilitate financing of emergency salary and rental fee requirements of affected businesses through the commercial banks in Qatar.
2. Target Market	<ul style="list-style-type: none"> Qatar-based 100% privately owned companies affected by the outbreak of Covid-19, except those operating in real estate, construction and contracting industries. Companies with valid CR issued by the Ministry of Commerce and Industry can apply through the banks where they maintain their WPS payment accounts. To be eligible for the program, Qatari Partner should hold a minimum of 10% share in the beneficiary company's capital.
3. Maximum Finance Allowed	<ul style="list-style-type: none"> Guarantee amount will be limited to 3 months' worth of salaries and rental payment with a maximum monthly ceiling of QAR 2.5 million per Qatar ID. Total guarantee amount will not exceed QAR 7.5 million per Qatar ID.
4. Guarantee program structure	<ul style="list-style-type: none"> Financing will be guaranteed by the Government of the State of Qatar through the Ministry of Finance. Guarantee will cover 100% of financing amount. Guarantee will be issued at no cost to the banks and beneficiary companies. At the time of application, guarantee can only be extended to a Qatari Partner in favor of a beneficiary company where he/she maintains a minimum of 10% share.
5. Debt/ Equity Contribution	<ul style="list-style-type: none"> Up to 100% debt financing.
6. Guarantee period	<ul style="list-style-type: none"> Guarantee will be issued for a period of up to 3years. Actual finance tenor and grace period will be verified by each individual bank and agreed with the beneficiary company.
7. Profit Rate	<ul style="list-style-type: none"> The guarantee will cover a period of up to 3 years. Profit / interest rate charge by the commercial banks to the customers will follow the following structure:

	Months 0 - 6	Months 7 - 12	Year 2	Year 3
Total profit / interest rate	1.50%	QMR + 1%	QMR + 2%	QMR + 2%
QDB (acting on behalf of the Ministry of Finance) contribution	1.50%	1.50%	0	0
Customer pays	0	QMR + 1% - 1.5%	QMR + 2%	QMR + 2%
Guarantee	QDB (acting on behalf of the Ministry of Finance)			
	<ul style="list-style-type: none"> As shown in the above table, for example, if a financing is agreed for a period of 3 years, commercial banks will charge 0% profit / interest to customer for the first 6 months; for the next 6 months banks will charge customer a profit / interest rate of QMR + 1% - 1.5%; for the remaining 2 years, commercial banks will charge customer a profit / interest rate of QMR + 2%. QDB (acting on behalf of the Ministry of Finance) contribution of 1.5% will be paid on a quarterly basis to the commercial banks during the first 12 months, only. All profit / interest rates will be calculated on a simple basis. No other methods are allowed. <p>Note: Islamic banks that charge profit based on the initial principal throughout the duration of the facility are free to do so provided that the profit rate results in the same Internal Rate of Return (IRR) as an identically structured facility on reducing balance basis.</p>			
8. Beneficiary Collaterals	<ul style="list-style-type: none"> Only personal guarantee issued by the beneficiary company partner/s covering 100% of the amount of financing. No other collaterals required. 			
9. Computation methodology	<ul style="list-style-type: none"> Financing applications will be processed by each individual bank to confirm eligibility for financing as per the Minimum Assessment Criteria provided by QDB. 			
10. Fees	<ul style="list-style-type: none"> No fees and charges. 			
11. Mode of disbursement	<ul style="list-style-type: none"> Disbursement to be made directly to the beneficiary company employees through the WPS mechanism on a monthly basis. Maximum financing allowed per Qatar ID is up to QAR 2.5 million per month for a period of 3 months (not exceeding QAR 7.5 million in total) based on the actual amounts of employee salaries and rental fees; Actual amounts of monthly rental fees that will be covered under the program will be for a period of a maximum of three (3) months; Actual amounts of monthly salary that will be covered under the program will be for a period of a maximum of three (3) months and will be based on the latest WPS credits paid to the employees. Salary credits are not to exceed QAR 10,000 			

	<p>per employee / per month. No additional salaries will be entertained under the program. In any case, the proof of employee payments for each month is to be obtained and kept on record by the Banks.</p> <ul style="list-style-type: none"> For the companies whose rental fees were not waived, rental payments must be made directly to the landlord's account based on the rental agreement to be provided in support of the rental payment computation. If exceptionally approved by QDB, in case when payment for rental fees is required to be made directly to the beneficiary enterprise's corporate current account, each such disbursement will require a subsequent confirmation of receipt of payment issued by the landlord. No exceptions will be allowed without pre-authorization from QDB.
12. Financing covenants	<ul style="list-style-type: none"> As per the relevant bank's processes and procedures.