

[DRAFT]

RIDER*

THIS LETTER HAS BEEN ISSUED IN RESPONSE TO THE CALL BY THE SMALL AND MEDIUM ENTERPRISES FOR THE BANKING INDUSTRY TO BE MORE TRANSPARENT WHEN TURNING DOWN LOAN APPLICATIONS. WE HAVE THUS ENDEAVOURED TO FURNISH REASON(S) OR FACTOR(S) WHICH HAS/HAVE PROMPTED THE BANK TO SAY THAT THE APPLICATION CANNOT BE CONSIDERED AT A PARTICULAR POINT IN TIME.

CUSTOMERS ARE STRONGLY ADVISED TO EXERCISE DUE CARE AS THE LETTER MAY CONTAIN SPECIFIC INFORMATION. NOTHING STATED IN THIS LETTER SHALL BE USED AGAINST THE BANK OR ITS DIRECTORS OR OFFICERS UNDER ANY CIRCUMSTANCES IN ANY ACTION OR PROCEEDING.

ACKNOWLEDGEMENT :-

Signature

Name :
Designation :
Date :

Ref No:

[Insert Date]

STRICTLY WITHOUT PREJUDICE

[Applicant's Name/Company Name and Address]

Dear [Insert Salutation/Name],

STATUS OF LOAN APPLICATION

We refer to your loan application dated [insert date].

After a thorough review of your application and its supporting documents, we regret to inform you that we are unable to consider your application at this juncture due to the following reasons:-

(Please tick whichever is applicable)

Business Plan

- The business plan or proposal does not meet with our financing requirements / criteria.
- The business plan or proposal has failed to demonstrate a positive source of income to support your/your Company's repayment capacity.
- The business plan or proposal has failed to demonstrate soundness or viability due to a high level of risk exposures.
- The economic conditions/operating environment of your business or proposed business are/is not positive.

Security / Collateral

- The application is not supported by appropriate security or collateral.
- The security or collateral for the application is insufficient.

Credit Guarantee Corporation (CGC)

- Your/Your Company's application has been turned down by CGC.
- You/Your Company do/does not fall under the definition of SMEs.
- You/Your Company are/is a non-resident controlled company.

Financial Records

- You/Your Company have/has not produced the relevant audited and/or management accounts for review and assessment of your/your Company's financial standing/repayment capacity.
- The financial records indicate inadequate repayment capacity.
- Your/Your Company's financial performance is unsatisfactory with losses.
- Your/Your Company's Working Capital requirements are not supported.
- Your/Your Company's financial statements contain qualifications by the/your accountant or, as the case may be, auditor.

Credit History

- Your Company/The director(s)/The partner(s)/The proprietor/The guarantor(s) has/have adverse credit records.

Others

- You/Your Company do/does not fall under the definition of SMEs.
- You/Your Company are/is a non-resident controlled company.
- Any other reasons:-

We would be happy to consider a fresh loan application from you once the financial or business circumstances to support your application have changed. Please contact our [insert name and contact details of SME officer(s)] for any assistance or as the case may be, to discuss your application further.

Thank you.

Yours faithfully,
[insert name of the bank and authorised signatory]

*The rider may appear at the start or end of the letter at the bank's discretion.

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