

13 May 2020

To all Members

COVID-19 LOAN GUARANTEE SCHEME OPENS

The Covid-19 loan guarantee scheme announced by President Ramaphosa in April will operate from today, 12 May 2020. The initial set of participating banks (Absa, First National Bank, Investec, Mercantile Bank, Nedbank and Standard Bank) are ready to accept loan applications from distressed businesses which bank with them.

The activation of the loan guarantee scheme follows the finalisation of legal details by National Treasury, the South African Reserve Bank and the Banking Association South Africa.

The loan guarantee scheme is an initiative to provide loans, guaranteed by government, to businesses with an annual turnover of less than R300 million to meet some of their operational expenses. Funds borrowed through this scheme can be used for operational expenses such as salaries, rent and lease agreements, contracts with suppliers, etc.

Government and commercial banks are sharing the risks of these loans. Initially, the National Treasury has provided a guarantee of R100 billion to this scheme, with the option to increase the guarantee to R200 billion if necessary and if the scheme is deemed successful.

More details on the scheme can be found in a Frequently Asked Questions guide posted at [Loan Guarantee Scheme Q&A](#) or <https://www.banking.org.za/>

Further queries can also be directed to the individual banks, which are administering the scheme.

Jointly issued by National Treasury, The South African Reserve Bank and The Banking Association South Africa.