



Statement by
the Honourable Minister for Finance and Economic Development on
the Government Guaranteed Loan Scheme for Medium and Large-Sized
Businesses
1st Meeting of the 2020/2021 Session of the Cayman Islands Parliament
– Commenced 4th December 2020

Mister Speaker, on 14th October 2020 the then Legislative Assembly approved Government Motion No. 4/2020-2021 – which allowed for a Government Guarantee to be issued with respect to a Loan Scheme to assist Medium and Large-Sized Businesses in dealing with the financial hardships of the Covid-19 Pandemic.

Since 14th October 2020, the documentation to bring into effect such a Loan Scheme has been reviewed extensively by the five (5) local Class-A licensed Participating Banks, Ministry of Finance officials, Government's Legal Department and a private sector law firm.

As a reminder to Honourable Members of Parliament, the key features of the Loan Scheme are:

1) *The Purposes of the Loan Scheme are:*

to assist qualifying Medium and Large-Sized businesses to meet their operating and capital expenditure needs, as well as any needed re-financing of existing debt;

2) *Definitions of Medium and Large-Sized businesses are:*

- a Medium-Sized business is defined as a business employing between 13 and 50 staff or, it has an annual gross revenue of CI\$750,001 to CI\$5,000,000;
- a Large-Sized business is defined as a business employing over 50 staff or, has a gross revenue of over CI\$5,000,000;

3) *Eligibility Criteria:*

To be eligible for a loan under the Scheme, businesses must:

- be at least 60% Caymanian owned;
- be a Cayman-registered company, a Caymanian Sole Proprietorship, or Partnership on 22nd March 2020;
- have 13 or more employees as at 22nd March 2020;
- be in good credit standing with their bank; and
- satisfy all credit approval and other requirements of the Participating Banks;

4) *The Participating Banks in the Loan Scheme are:*

- Butterfield Bank (Cayman) Limited;
- Cayman National Bank Ltd;
- FirstCaribbean International Bank (Cayman) Limited;
- RBC Royal Bank (Cayman) Limited;
- ScotiaBank & Trust (Cayman) Ltd; and

5) *Further Detailed Aspects of the Loan Scheme are:*

- the maximum that each Medium and Large-sized business can borrow is up to CI\$750,000 and CI\$3,000,000, respectively;
- the maximum interest rate on the Loans will be the prevailing CI Dollar or US Dollar Prime Rate plus, a margin of up to 1.50%. The Current CI Dollar and US Dollar Prime Rate is 3.25%.
- the Participating Banks will charge their usual application, commitment and legal fees and may require other security from borrowers, in addition to the Government Guarantee;
- the Government will provide a Guarantee equal to 50% of any loan approved by a Participating Bank under the Loan Scheme, for a Medium or Large-sized business;

- inclusive of a 1-year moratorium period on interest payments for the first year of any loan, the maximum repayment period is 7 years and businesses will have up to one (1) year to apply for the loan from the announced start date for the Loan Scheme;
- the Government will waive the 1% - 1.5% Stamp Duty that may be applicable to any charges placed over assets to provide security for the loans; and
- the Participating Banks will make available a total of CI\$200.0 million under the Loan Scheme and, Government's 50% 7-year Guarantee thereof, is a maximum of CI\$100.0 million.

On behalf of the Government, I wish to thank the Participating Banks for their willingness to partner with the Government in assisting Medium and Large-sized entities in any financial difficulties they may be experiencing.

Mister Speaker, I am pleased to announce that the commencement date for the acceptance of applications under the Loan Scheme – by the Participating Banks of Butterfield Bank (Cayman) Limited; Cayman National Bank Ltd; FirstCaribbean International Bank (Cayman) Limited; and ScotiaBank & Trust (Cayman) Ltd – is 9th December 2020. RBC Royal Bank (Cayman) Limited will accept applications from Monday, 14th December 2020.

Medium and Large-sized entities that meet the Eligibility Criteria and the size definitions may approach any of the Participating Banks to make an application for a loan under the Scheme.

In making this announcement today, I thank my colleagues and all Members of this Honourable House for their support of the program. A huge thank you to the Financial Secretary and those in the Ministry of Finance and Attorney General's Chambers who worked steadfastly and with purpose to put the program together.

Mister Speaker, thank you for allowing me to make this important Statement.