



លេខ / N° 044/ 23 CGCC

Portfolio Guarantee Scheme General Guidelines

The **Portfolio Guarantee Scheme (PGS)** is the credit guarantee scheme offered by the CGCC. PGS is a credit guarantee scheme under which Guaranteed Loan criteria are pre-agreed by CGCC and PFI to enable the PFI to enroll multiple loans in PGS without having to get guarantee approval on each loan from CGCC prior to loan disbursement. PGS is suitable for multiple loans with similar characteristics and for PFIs that are familiar with CGCC and vice versa.

I. Scheme Features

PGS features below shall be determined upon identifying the targeted borrowers for the PGS.

No.	Features	Criteria	Notes
1	Scheme Size	Start from USD 3 million ¹	Refers to the total accumulated loans to be enrolled under PGS.
2	Scheme Period	Up to 7 years	The period which the guarantee shall cover.
3	Loan Amount	Maximum Minimum	Minimum and maximum size of each loan that shall be enrolled under PGS.
4	Guarantee Coverage	As % of Loan Principal Amount	
5	Guarantee Fee per annum	As % of Guaranteed Amount	



II. Loan Criteria

The loan criteria under the PGS are specified in the following example. The loan criteria below are subject to change depending on the actual case of the PGS.

¹ For the Scheme Size below USD 3 million is subject to CGCC approval.



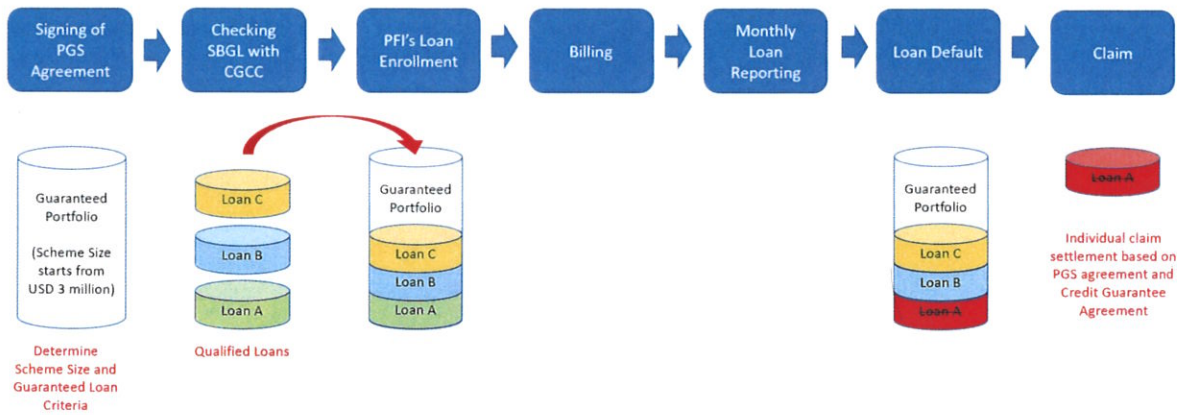
1	Lender's approved loan	Loan is approved by the lender based on Loan Approval Policy
2	Type of loan	<ul style="list-style-type: none"> • Term loan, or • Overdraft, or • Trade facility, etc. Note: ONE PGS is applicable for only ONE type of loan.
3	Loan tenure	Up to 7 years Note: To be determined depending on the loan facility and purpose
4	Loan purpose	To be determined as on PFI's demand for guarantees. E.g., One PGS is applicable for a similar type of borrowers/businesses
5	Type of borrower	Micro, Small, and Medium Enterprises (MSMEs)
6	Debt Service Coverage Ratio	At least 1.2
7	Net profit in the last 1 year	Positive
8	Length of business operation	At least 1 year
9	Annual turnover in the last 1 year	Positive
10	K-score based on CBC's report	At least 500 and no adverse credit history
11	CBC Report	<ul style="list-style-type: none"> • No late payment under status 1 more than 5 times in the last 12 months • No late payment under status 2 and above in the last 12 months • The Borrowers without CBC report are also eligible for this Portfolio Guarantee Scheme
12	Business Registration	Mandatory or Optional

In addition to the above criteria, PFIs shall apply the following criteria based on their credit policy to ensure the creditworthiness of the borrower before disbursing the Guaranteed Loan:

- Loan Approval Policy
- Loan Monitoring Policy
- Know Your Customer (KYC) Policy

III. Process Flow of PGS

- To apply for this PGS, CGCC and PFIs must sign the Portfolio Guarantee Agreement to agree on, among others, the loan eligibility criteria.
- After signing the Portfolio Guarantee Agreement, PFIs shall check the Single Borrower Guarantee Limit (SBGL) with CGCC before enrolling any loans under the PGS.
- PFIs shall submit the monthly report to CGCC on each Guaranteed Loan in accordance with the Credit Guarantee Agreement.
- Loan recovery and the claim procedure shall be made on a loan-by-loan basis in accordance with the terms and conditions stated in the Credit Guarantee Agreement.



IV. Definition of MSMEs

Micro, Small and Medium Enterprises and Large Firms are defined as below:

Sector	Number of Employees		And	Annual Turnover (USD)		Or	Total Assets (USD)	
	Small	Medium		Small	Medium		Small	Medium
Agriculture	5 to 49	50 to 199		62,250 to 250,000	250,001 to 1,000,000		50,000 to 250,000	250,001 to 500,000
Industry	5 to 49	50 to 199		62,500 to 400,000	400,001 to 2,000,000		50,000 to 500,000	500,001 to 1,000,000
Service and Trade	5 to 49	50 to 99		62,500 to 250,000	250,001 to 1,500,000		50,000 to 250,000	250,001 to 500,000

Micro enterprises are those below the thresholds of small enterprise.
Large Firms are those above the thresholds of medium enterprise.

V. Further Information

For more information, please contact CGCC:

- Email: info@cgcc.com.kh
- Telephone: 023 722 123

ANNEX 1: Negative List

Businesses and/or loan purposes listed below are ineligible for guarantee:

1. Any business with the purpose of using the loan for Passive Real Estate Ownership, or any combination thereof, within Cambodia; provided that a business purpose specifically acquiring or holding passive investments including purchase of non-business related real estate and the purchase of securities.
2. Any loan used to refinance any of the Borrower's existing obligation(s) to the Lender.
3. Any loan used for the following purposes:
 - repay delinquent income taxes unless the Borrower has a payment plan in place with the General Department of Taxation,
 - reimburse funds owed to any owner, including any equity injection or injection of capital for the continuance of the Borrower's business, or
 - purchase any portion of the ownership interest of any owner of the Borrower's business, or
 - pay any dividend to any owner.
4. Any business activity which is deemed illegal under Cambodia's laws or regulations or international conventions, treaties or agreements, or which involves products or services that are subject to international bans.
5. Any business engaged in production or trade in:
 - weapons or munitions;
 - radioactive materials (excluding medical equipment or quality control equipment);
 - wood or other forestry products (other than from sustainably managed forests);
 - un-bonded asbestos fibers.
6. Any business engaged in:
 - commercial logging operations in the primary tropical moist forest;
 - marine drift net fishing using nets in excess of 2.5 km in length; or
 - activities involving harmful or exploitative forms of forced labor or child labor.
7. Any business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade such as dealing in foreign currency or commodities futures, unless such activities are incidental to the regular activities of the business and can be demonstrated to serve as part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business.
8. Any business that earns more than half of its annual net revenue from lending activities.
9. Any business engaged in the pyramid or multilevel marketing sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants.
10. Any business engaged in activities that are prohibited by Cambodian law where the business is located or conducted including, but not limited to, a business engaged in the production, servicing, or distribution of otherwise legal products that are used in connection with illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits prostitution or illegal manufacturing of drugs.
11. Any business engaged in gambling enterprises, except a business that earns less than thirty-three percent (33.0%) of its annual net revenue from lottery sales, which shall not be deemed to be a gambling enterprise.