

GOVERNMENT FURTHER ENHANCES FINANCING SCHEMES TO SUPPORT UP TO \$11 BILLION OF LOANS

1. The Government will support up to \$11 billion of loans through a suite of new schemes under the Special Risk-Sharing Initiative (SRI) and enhancements to existing financing schemes. These schemes aim to stimulate lending to a broader range of enterprises, and will be in effect for one year beginning 1 February 2009. Some 142,000 companies, representing 99.7% of all enterprises based in Singapore will be eligible for these schemes. These companies employ more than 8 out of every 10 workers in Singapore.

2. These latest enhancements are unprecedented in the scope of their coverage, the share of lending risk borne by the government, and quantum of loans made available. The Government will increase its share of lending risk to 80% across the board and up to 90% for the Micro Loan Programme. Loan quantum limits will be raised substantially to meet the working capital needs of larger businesses. Companies looking to finance their businesses overseas can also look forward to greater level of government support.

Special Risk-Sharing Initiative (SRI)

3. The Special Risk-Sharing Initiative (SRI) has two components: The new Bridging Loan Programme and Trade Financing schemes.

New Bridging Loan Programme (BLP)

4. Companies seeking loans for working capital can tap on the new Bridging Loan Programme. The loan quantum limit will be raised from \$500,000 to \$5 million, and is expected to meet the needs of larger enterprises. The Government will also take a higher share of the default risk of loans, from 50% to 80%. Foreign SMEs based locally which contribute significantly to Singapore in terms of employment and value-add may also apply for the BLP.

Trade Financing

5. For trade financing under the new Loan Insurance Scheme Plus (LIS+) the Government will take on 75% of the default risk, and support loans up to \$15 million.

6. The Government is also looking at ways to increase trade credit insurance coverage capacity and to subsidise part of the insurance premium for smaller companies. More details will be announced in February.

Further Enhancements To Existing Schemes

Increase Government Risk Sharing

7. The Government will take a higher share of the default risk, from 50% to 80%, on loans made to larger enterprises under the Local Enterprise Finance Scheme (LEFS). LEFS will also be widened to include financing for more types of construction equipment and heavy vehicles, in addition to purchase of equipment, machinery and other assets.

8. To ensure credit flow to small businesses seeking unsecured working capital loans under the Micro Loan Programme, the Government will further increase its share of the risk, from 80% to 90%.

Loans for Overseas Expansion

9. To help companies venturing overseas, the loan cap per borrower group under the Internationalisation Finance Scheme (IF Scheme) will be raised from \$15 million to \$50 million. The IF Scheme will also be enhanced to allow for refinancing of loans for overseas asset acquisition and working capital for secured overseas projects.

10. Minister for Trade and Industry, Mr Lim Hng Kiang, said, "The enhanced schemes will help to meet the financing needs of companies in this current economic slowdown. The aim is not to replace bank lending, but to catalyse it so that sound and viable companies can continue to carry out their business, meet their orders, and pay their workers."

11. "These are significant enhancements. We have increased loan quantum up to \$5 million in unsecured working capital, up to \$15 million for trade financing and \$50 million for overseas expansion. The government is also taking a higher share of the default risk of loans - 80% for all schemes and 90% for the Micro Loan Programme", added Minister Lim.

12. Please refer to the annexes for fact sheets on the various loan schemes:
- Local Enterprise Finance Scheme, Micro Loan Programme and Bridging Loan Programme: administered by SPRING
 - Loan Insurance Scheme: jointly administered by SPRING and IE Singapore
 - Internationalisation Finance Scheme: administered by IE Singapore.

13. Information on the schemes can be obtained from the EnterpriseOne website at www.business.gov.sg, SPRING Singapore at www.spring.gov.sg, and IE Singapore at www.iesingapore.gov.sg. For queries, companies can call EnterpriseOne at 68981800 or email: enterpriseone@spring.gov.sg. For the Internationalisation Finance Scheme, companies can contact IE Singapore at 6337 6628 or enquiry@iesingapore.gov.sg.

MINISTRY OF TRADE AND INDUSTRY
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