

**GOVERNMENT EXTENDS FINANCING SCHEMES FOR ONE MORE YEAR
AT REVISED TERMS
IN TANDEM WITH ECONOMIC RECOVERY**

1. The Government will extend for another year, the financing schemes under the Special Risk-Sharing Initiative (SRI) and the enhancements to existing financing schemes that were introduced at the onset of the global economic downturn. The extension will be on revised terms, taking into account improvements in the global economic situation and the Singapore economy. With this extension, the Government expects to support up to \$8.4 billion of new loans till end-Jan 2011.

2 The SRI and the enhanced business financing schemes have catalysed more than 14,000 loans¹ worth about \$8 billion since December 2008. More than 13,000 companies, of which more than 90% were SMEs, have benefitted from these schemes. The total amount of loans given was about 5.5 times more than the loan amount given out under government-assisted schemes over the one year period prior to the changes.

3 With the recovering economy, the credit situation has eased. The Government's financing support for some of the schemes will therefore be revised. Nonetheless, the Government will ensure that there continues to be sufficient financing support for small businesses.

4 The SRI this year was funded from Singapore's past reserves, with the President's consent. The global economic outlook no longer poses grave risk to our economy and society. The Government has therefore decided to fund the extension period of the SRI in 2010 from its regular budget, instead of past reserves.

Special Risk-Sharing Initiative (SRI)

Bridging Loan Programme (BLP)

5 Companies especially smaller ones, will continue to receive financing support under the revised BLP. The loan quantum limit for companies seeking loans for working capital will be reduced from \$5 million to \$2 million, which will meet the needs of 98% of SMEs. The government's share of the risk will also be adjusted from 80% to 50%. The maximum loan tenure will be revised from four to two years.

¹ This includes trade turnover covered under the Export Coverage Scheme.

Trade Financing & Export Credit

6 As recovery in the trade credit insurance markets continues to be weak, the terms for schemes that help companies venturing overseas will remain largely unchanged.

7 For trade financing, under the Loan Insurance Scheme (LIS) and Loan Insurance Scheme Plus (LIS+), the Government will continue to take on 75% of the default risk, and support loans up to \$15 million. The only change will be an increase in insurance premiums payable by companies of 30 basis points and 50 basis points for LIS and LIS+ respectively.

8 For the Export Coverage Scheme, the government will continue to subsidise 50% of insurance premiums for eligible companies up to \$100,000 per company and make available additional trade credit insurance capacity through a top-up arrangement.

Existing Business Financing Schemes

Government Risk Sharing

9 With the improvement in the financial situation, the risk shares of the government and participating financial institutions under existing schemes will also be adjusted. For the Local Enterprise Finance Scheme (LEFS), the government's share of lending risk will be reduced from 80% to 70%. This is still above the pre-crisis ratio of 50%. It will ensure SMEs continue to have access to loans for purchase of equipment, machinery and other assets.

10 For the Micro Loan Programme (MLP), the Government's share of default risk will be reduced from 90% to 70%. Again, this is still above the pre-crisis ratio of 50% and will help ensure credit flow for small businesses seeking unsecured working capital loans.

Loans for Overseas Expansion

11 The terms of the Internationalisation Finance Scheme (IF Scheme) will remain unchanged. This will help companies in terms of overseas asset acquisition and working capital for secured overseas projects.

No Refinancing of Loans

12 Refinancing of existing loans will no longer be covered under all schemes² with effect from 1 Feb 2010.

² Not applicable to Loan Insurance Scheme, Loan Insurance Scheme Plus and Export Coverage Scheme as refinancing does not apply to these schemes.

13 The revised terms will be valid for a year. The SRI schemes will be discontinued at end-Jan 2011. MTI will review the other financing schemes as the global economic situation improves and Singapore's economic recovery gains firmer footing.

14 Please refer to the annexes for fact sheets on the details of 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 and Export Coverage Scheme: administered by IE Singapore.

15 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, IE Singapore at 6337 6628, or email: enterpriseone@spring.gov.sg, or enquiry@iesingapore.gov.sg.

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