

GOVERNMENT REVIEWS TERMS OF FINANCING SCHEMES IN TANDEM WITH ECONOMIC RECOVERY

1. In view of the economic recovery, the Government will adjust the financing schemes under the Special Risk-Sharing Initiative (SRI) and the enhancements for existing financing schemes that were introduced at the onset of the global economic crisis.
2. The SRI and enhanced business financing schemes have catalysed nearly 26,000 loans worth about \$9.2 billion since December 2008. More than 14,000 companies have benefitted from these schemes.
3. With the global economy on firmer footing and global financial markets more stable, the credit situation has eased. The SRI will hence lapse on 31 Jan 2011, as announced previously. The Government's financing support for the Bridging Loan Programme will therefore cease while the other schemes will be revised accordingly. The revisions take into account the need to still ensure sufficient financing support for small businesses and to help ease businesses' transition back into pre-crisis conditions. The revisions will take effect from 1st Feb 2011.

Special Risk-Sharing Initiatives (SRI)

Bridging Loan Programme

4. With the improved commercial lending climate, viable companies are now better able to secure credit through commercial markets. The Bridging Loan Programme (BLP), which was intended as a temporary recession measure, will therefore cease with effect from 1st Feb 2011.

Trade Financing & Trade Credit Insurance

5. The Loan Insurance Scheme Plus (LIS+) and the Export Coverage Scheme (ECS), which were introduced as part of the SRI, remain relevant for Singapore companies venturing abroad. While conditions relating to cross-border financing have improved over the last two years, they have not returned to pre-crisis levels. LIS+ and ECS will thus continue as part of IE Singapore's mainstay schemes, but with scaled down parameters.
6. The maximum loan quantum for Loan Insurance Scheme Plus (LIS+) will be reduced from S\$15 million to S\$5 million. Under ECS, where IE Singapore works with other commercial underwriters to give companies more

access to additional trade credit insurance coverage, the government top-up arrangement will however be retracted. The ECS will be renamed as the Trade Credit Insurance Scheme, to reflect its scope more accurately.

Existing Business and Trade Financing Schemes

8. For the Local Enterprise Finance Scheme (LEFS) and the Micro Loan Programme (MLP), the Government's share of lending risk will revert from 70% to the pre-crisis level of 50%. Similarly, for the Internationalisation Finance Scheme (IFS), the Government's share of default risk will be reduced from 80% to the pre-crisis level of 70%.

9. The insurance premium subsidy under the Loan Insurance Scheme (LIS) will revert from 70% to the pre-crisis level of 50%.

10. The interest rates for the LEFS and MLP will remain for the time being, pending a review.

Continued Support for Small and Medium Enterprises

11. To ensure that small enterprises have sufficient working capital to expand their businesses, the maximum loan quantum for the MLP will be retained at S\$100,000. The pre-crisis quantum was S\$50,000.

12. Similarly, the eligibility criteria for LIS, LIS+ and IFS will be expanded to include all trading companies with turnover of less than S\$500 million and non trading companies with turnover of less than S\$300 million. This will ensure continued access of the loans for mid-sized companies as well.

13. Please refer to the annexes for fact sheets on the details of the various loan schemes:

- LEFS, MLP and BLP: administered by SPRING
- LIS: jointly administered by SPRING and IE Singapore
- LIS+, IFS and TCIS (formerly ECS): administered by IE Singapore.

14. 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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