

PRESS RELEASE

OCBC LINKS UP WITH CGC IN COUNTRY'S LARGEST PORTFOLIO GUARANTEE SCHEME FOR SMEs

*RM500 million portfolio guarantee agreement to allow for easier, speedier,
approval for SME loans*

Kuala Lumpur, 1 March 2011 – OCBC Bank (Malaysia) Berhad (OCBC Bank) today sealed an agreement with Credit Guarantee Corporation Malaysia Berhad (CGC) to offer up to RM500 million in loans to SMEs on a portfolio guarantee basis, the largest the country has ever seen.

CGC, whose main shareholders are Bank Negara Malaysia and all commercial banks, is tasked with assisting SMEs, with no or insufficient collaterals and track record, to obtain credit facilities by providing guarantee cover.

Under portfolio guarantee, based on a pre-determined set of criteria, financial institutions enjoy a fixed guarantee cover percentage for the amount that is agreed upon. With this, they can enjoy greater confidence when granting loans to SMEs. Accordingly, a portfolio guarantee enables SMEs to enjoy quicker access to financing.



(L-R): Datuk Wan Azhar Wan Ahmad, Managing Director of CGC and Mr Jeffrey Chew, Director & CEO of OCBC Bank (Malaysia) Berhad, congratulating each other following the signing of the Portfolio Guarantee Agreement at CGC's headquarters.

Under the portfolio guarantee scheme, CGC guarantees 70% of the approved total principal amount undertaken by SMEs and assists to verify the credibility of the SME applicants in consultation with OCBC Bank. The applicants are assessed on a special programme scorecard jointly agreed upon with CGC using simplified fulfilment criteria for loan eligibility.

The minimum loan quantum under the guarantee scheme is RM100,000 and the maximum RM1 million for each tranche per SME customer at a fixed loan tenor of five years. The loans are fully unsecured and the guarantee fee and lending rate pre-determined by OCBC Bank in consultation with CGC.

According to OCBC Bank Director & CEO Mr Jeffrey Chew, with the portfolio guarantee arrangement, turnaround time for CGC guarantee issuances will be reduced to a mere three business days and, with the large fund pool from OCBC, more SMEs would be able to benefit in their quest to build their businesses through fresh working capital.

“We are naturally excited about the further ease with which businesses that qualify would now be able to gain access to funds, not to mention the smoother administration process for the Bank.

“As in the past, we remain committed to making things work for the betterment of SMEs in Malaysia as seen in the strong set of Relationship Managers and Business Development Managers we have positioned nationwide to provide the necessary expertise on our loan schemes, including this one. These financing experts have been actively engaging SMEs by promoting and creating awareness about guarantee schemes to ensure SMEs have all the necessary information regarding financing options in the market,” he said.

According to Mr Chew, applicants are required to submit loan guarantee applications directly to OCBC Bank for approval. Upon approval, the Bank will submit the application electronically to CGC for guarantee. CGC would then advise on the status of the loan application within three business days.

As an introductory offer, OCBC Bank is offering customers a substantial discount on the guarantee fees payable to CGC. The offer is valid for the first month.

According to CGC’s Managing Director Datuk Wan Azhar Wan Ahmad CGC has been constantly on the lookout for new ways and channels through which they might even more meaningfully address the key concerns of SMEs, that is, the speed at which loans are processed and disbursed.

“With pre-determined eligibility criteria, the approval rate under the portfolio guarantee is not only going to be faster but expected to be higher as well.

“Portfolio guarantee has worked very well for CGC as it has helped to improve the Corporation’s SME outreach and turnaround time tremendously. With OCBC Bank on board, we are looking forward to leveraging on their SME experience and wider network to further enhance and speed up SME’s access to financing.

“Going forward, CGC will not only develop products that provide guarantee and access to financing but also ones that are able to help SMEs gain faster access to financing in order to keep up with the increasingly competitive environment.

“We have since 2009 committed to providing a total of RM1.5 billion financing on a portfolio guarantee basis,” added Datuk Wan Azhar.

SMEs wishing to gain more information on the portfolio guarantee scheme may call 1300 88 7000.

About CGC

CGC was established on 5 July 1972. Current shareholders are Bank Negara Malaysia (major shareholder) and all commercial banks. The core business focus of CGC is assisting SMEs especially those, without or with inadequate collateral and track record, to obtain credit facilities from financial institutions by providing guarantee cover on such facilities. The Corporation has 16 branches nationwide. To date, it has cumulatively guaranteed more than 400,000 loans valued at RM47.0 billion.

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s.

OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank’s key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 500 branches and representative offices in 15 countries and territories, including more than 400 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank’s insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which has been ranked among the top five global private banks in Asia.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

For more information, please visit www.ocbc.com