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PRESS RELEASE

Establishment of a RM2 billion SME Assistance Guarantee Scheme (SAGS)

Bank Negara Malaysia wishes to announce the establishment of a RM2 billion SME Assistance Guarantee Scheme (SAGS) to ensure that viable SMEs adversely impacted by the current economic slowdown continue to have access to adequate financing. With the guarantee cover, it is envisaged that access to financing to viable SMEs will be enhanced and at a lower cost.

Eligible SMEs can obtain financing of up to RM500,000 per SME under this Scheme for tenures of up to 5 years. The Credit Guarantee Corporation (CGC) will provide an 80% guarantee for financing approved under this Scheme. The guarantee cover will be provided free of charge and the cost of the guarantee will be fully borne by Bank Negara Malaysia. Financing obtained under this Scheme is for new financing only and must be used for business purposes, such as working capital, project financing and capital expenditure.

This Scheme can be accessed at any commercial and Islamic bank, SME Bank, Agrobank, Bank Rakyat, EXIM Bank and Bank Simpanan Nasional. Participating financial institutions will determine the lending or financing rate to be charged and applications are subject to the normal credit approval process of the participating financial institutions. Applications for this Scheme will be open from

3rd February 2009 till 31st December 2009 or when the financing limit of RM2 billion has been fully utilised.

For further details, SMEs can approach the participating financial institutions or contact BNMTELELINK at 1-300-88-5465 or visit the BNM website at www.bnm.gov.my .

Bank Negara Malaysia
23 January 2009

Key Features of the SME Assistance Guarantee Scheme (SAGS)

Guarantee cover provided by CGC	<ul style="list-style-type: none"> • 80% guarantee cover on principal and normal interest. • Risk on the remaining 20% will be borne by the participating financial institutions
Guarantee fee	No charges
Interest/financing rate charged	Determined by the participating financial institutions
Source of funds	Participating financial institutions
Purpose of financing	<ul style="list-style-type: none"> • Working capital • Project financing • Capital expenditure • Shall NOT be used to refinance existing credit facilities
Eligibility criteria	<ul style="list-style-type: none"> • SMEs with shareholders funds below RM3 million; and • SMEs that are not affiliates and subsidiaries of GLCs and PLCs; and • SMEs owned by Malaysians (at least 51% shareholding) residing in Malaysia; and • SMEs adversely impacted by the current economic slowdown.
Maximum financing tenure	5 years.
Maximum financing amount	Aggregate financing of RM500,000 per SME.
Application deadline	Open from 3 rd February till 31 December 2009 or upon approval of financing up to RM2 billion, whichever is earlier. The continuation of the Scheme thereafter will be subject to review.
Participating financial institutions	<ul style="list-style-type: none"> • All commercial banks; • All Islamic Banks; • Agrobank; • Bank Rakyat; • SME Bank; • EXIM Bank; and • Bank Simpanan Nasional.

Additional Notes for Media

The National SME Development Council (NSDC) defines Small and Medium Enterprises (SMEs) as follows:

Manufacturing and Manufacturing Related Services Sectors	Primary Agriculture and Services Sectors
Businesses with: <ul style="list-style-type: none">• RM25 million annual sales turnover or less; or• 150 full-time employees or less.	Businesses with: <ul style="list-style-type: none">• RM5 million annual sales turnover or less; or• 50 full-time employees or less.

The definitions can also be found at the following link located in the SMEinfo Portal: <http://www.smeinfo.com.my>