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Funding Societies and CGC launch RM10 million SME Portfolio Guarantee



CGC President & Chief Executive Officer, Datuk Mohd Zamree Mohd Ishak and Co-founder & Group Chief Executive Officer, Funding Societies | Modalku, Kelvin Teo witnessed the SME PG agreement signing by CGC Chief Business Officer, Sean Tan and Group Chief Operating Officer, Funding Societies | Modalku and Co-Founder of Funding Societies Malaysia, Wong Kah Meng.

KUALA LUMPUR, 14 April 2023 – Funding Societies, the largest unified SME digital finance platform in Malaysia & Southeast Asia, and Credit Guarantee Corporation Malaysia Berhad (CGC) have signed an SME Portfolio Guarantee (SME PG) agreement with the mutual objective of propelling the growth of Malaysian SMEs by providing easier access to financing.

Through the partnership, Funding Societies and CGC are extending the first tranche of financing up to RM10 million under the SME Portfolio Guarantee Scheme via Funding Societies' leading digital financing solutions to benefit the underserved and unserved yet creditworthy micro, small and medium enterprises (MSMEs). The partnership also marks the first strategic collaboration between CGC and an SME digital financing platform.

Under this scheme, eligible SMEs can apply for financing between RM50,000 and RM500,000. SMEs that qualify for the SME PG will have access to longer-term financing and enjoy preferential interest rates, lowest among Funding Societies' existing portfolio of financing from similar segments, easing their monthly cash flows as they grow their businesses, particularly in this post-pandemic period.



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Kelvin Teo, Co-founder & Group Chief Executive Officer, Funding Societies | Modalku, remarked on the partnership, “We are pleased to strengthen our partnership with CGC via the SME Portfolio Guarantee agreement. With the PG in place, we would widen access to financing facilities for underserved and unserved SMEs in our key market, Malaysia. These SMEs may have a viable business model but lack the collateral to obtain financing via traditional financing channels. Our financing would support SMEs to either expand or sustain their operations, particularly as SMEs bounce back post-Covid in resilience. As for our investors, the SME PG also lowers the risks of non-repayment by SMEs.”

President & Chief Executive Officer, Datuk Mohd Zamree Mohd Ishak said, “CGC is pleased to launch this inaugural Portfolio Guarantee (PG) with Funding Societies, our first collaboration with a SME digital financing platform. This RM10 million PG will enable Funding Societies to offer the lowest financing rate and the longest tenure up to 60 months compared to current tenure of up to 18 months to unserved and underserved MSMEs. We are certain that this PG will create better access to financing for MSMEs via a digital platform. In addition, CGC’s partnership with a non-traditional player will fortify the financial ecosystem which is crucial to gear up the growth and development of MSMEs.”

According to the Department of Statistics Malaysia (DOSM), the 1.2 million MSMEs represent 97% of the overall business establishments in 2021 and accounted for almost half of total employment in the same year. As the backbone of the Malaysian economy, SMEs' ability to participate in the nation’s post-pandemic recovery is crucial for the country’s growth. To stay afloat, many SMEs have disposed of personal assets to sustain cash flow whilst having leaner operations. The introduction of government policies through support packages in the 2023 Malaysia Madani Budget, coupled with collaborations within the private sector, such as Funding Societies and CGC, will help sustainably advance the Malaysian economy.

The SME PG agreement was signed by Wong Kah Meng, Group Chief Operating Officer, Funding Societies | Modalku and Co-Founder of Funding Societies Malaysia together with Sean Tan, CGC’s Chief Business Officer. It was witnessed by Teo and Datuk Mohd Zamree.

For more information on the SME Portfolio Guarantee or Funding Societies' Business Term Financing facility, please visit <https://fundingsocieties.com.my/term-financing>.

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About Funding Societies

Funding Societies | Modalku is the largest unified SME digital finance platform in Southeast Asia. It is registered with the Securities Commission Malaysia (SC), as well as licensed in Singapore, Indonesia, and Thailand, and operates in Vietnam. It is backed by SoftBank Vision Fund 2, SoftBank Ventures Asia, Sequoia Capital India, Alpha JWC Ventures, SMBC Bank, Samsung Ventures, BRI Ventures, Endeavor, SGInnovate, Qualgro, and Golden Gate Ventures amongst others. The FinTech company provides business financing to small and medium-sized enterprises (SMEs), which are funded by



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individual and institutional investors. In 8 years, it has helped finance over 5 million business deals close to RM13.43 billion in funding. It was given the Digitalizing Services for Retail Participations award by the Securities Commission Malaysia during the INVESTSMART® FEST 2019, the Monetary Authority of Singapore (MAS) FinTech Award in 2016, the Global SME Excellence Award at the United Nations' ITU Telecom World in 2017, KPMG Fintech100 in 2018, Brands for Good in 2019, and ASEAN Startup of the Year by Global Startup Awards in 2020. In 2021, it was honourably mentioned as Responsible Digital Innovator of the Year by the World Bank IFC SME Finance Forum and won the MAS ASEAN Fintech award for the second time.

For more information on Funding Societies Malaysia, please visit <https://fundingsocieties.com.my>.

About CGC

Credit Guarantee Corporation Malaysia Berhad (CGC) was established on 5 July 1972. It is 78.65% owned by Bank Negara Malaysia and 21.35% by the commercial banks in Malaysia. CGC aims to assist Micro, Small, and Medium-Sized Enterprises (MSMEs) with inadequate or without collateral and track records to obtain credit facilities from financial institutions by providing guarantee cover on such facilities. As of December 2022, CGC has availed over 522,075 guarantees and financing to MSMEs valued at over RM90 billion since its establishment.

On 9 February 2018, CGC introduced imSME, Malaysia's first SME online financing/loan referral platform. The imSME serves as an alternative channel for MSMEs to source for financing products, saving them both the time and the hassle of going through time-consuming processes. From the time of its inception to the end of December 2022, the imSME portal had received more than 2.41 million visits with more than 66,608 registered MSMEs under the portal. In August 2020, imSME won "The Asset Triple A Islamic Finance Awards for Best Digital Banking Solution", a recognition of its innovative solution to provide MSMEs with convenient online access to apply for financing products, anywhere, anytime. In April 2021, imSME was awarded the Most Innovative SME Financing Platform in Malaysia by the Global Economics Awards 2021.

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