



MEDIA RELEASE

OCBC AND CGC CROSS RM2 BILLION MARK IN UNSECURED WHOLESALE GUARANTEES WITH LATEST RM610 MILLION

The programme builds on pioneering effort dating back to 2014 that has now seen RM2.05 billion disbursed to 8,211 SME accounts

Kuala Lumpur, 11 October 2021 – Credit Guarantee Corporation Malaysia Berhad (CGC) and OCBC Malaysia have crossed the RM2 billion mark in Wholesale Guarantees (WG) for unsecured Small and Medium Enterprise (SME) financing. This comes on the heels of several new tranches totalling RM610 million this year alone.

OCBC Malaysia comprises OCBC Bank (Malaysia) Berhad (OCBC Bank) and its wholly-owned subsidiary OCBC Al-Amin Bank Berhad (OCBC Al-Amin).

The WG effort, begun in 2014, has now seen a total of RM2.05 billion distributed among 8,211 SME accounts.

Prior to the latest RM610 million WG tranche, OCBC Malaysia had already disbursed RM1.44 billion in unsecured financing through the scheme in partnership with CGC to 4,509 SMEs in industries ranging from retail and wholesale to manufacturing. Of this year's RM610 million tranche, RM495 million involves OCBC Bank and RM115 million from OCBC Al-Amin.

A Wholesale Guarantee (WG) aims to encourage the participation of a financial institution by providing capital relief in accordance with Basel II while, at the same time, allowing them to obtain additional security for their unsecured or partially-secured SME financing/loans.

WG provides a new edge for the banking industry by reducing risk on their books and free up their capital which allows increased capacity for more SME financing/loans.

The strength of CGC's WG lies in its simple implementation method of providing a blanket guarantee on financing/loans already underwritten by OCBC Malaysia via a thorough understanding of the underwriting standards and performance of such loans. As the portfolio would have been seasoned for a period of time, loan quality is made more predictive, hence minimal credit assessment is required upon submission. OCBC Malaysia submits the qualifying accounts per the agreed terms. CGC's WG also allows more certainty in outreach and fee income as this is derived from a pool of existing OCBC Malaysia customers.

CGC President and Chief Executive Officer Datuk Mohd Zamree Mohd Ishak said, "OCBC and CGC's achievement in unsecured wholesale guarantees reaffirms our joint commitment in promoting greater access to financing for SMEs. Over the span of 7 years, CGC and OCBC have provided an average of RM300 million in unsecured financing yearly through our award-winning wholesale guarantee schemes. This milestone resonates well with the Government's call to financial institutions to provide more assistance to SMEs, enabling them to recover and continue their operations with the reopening of the economic and social sectors; in line with the Government's 6R approach (Resolve, Resilient, Restart, Recovery, Revitalise and Reform) implemented to mitigate the impact of the Covid-19 pandemic. CGC remains steadfast in its counter-cyclical role, with various initiatives to boost the recovery momentum of the Malaysian economy from the pandemic, particularly in the SME sector. CGC is also fully committed to supporting the implementation of the Twelfth Malaysia Plan, especially in Theme 1 Resetting the Economy which includes a special focus on Transforming MSMEs as the New Driver of Growth (Game Changer III)".

OCBC Malaysia, through OCBC Al-Amin initially, became a prime mover of the initiative to make unsecured financing available when it introduced OCBC Al-Amin Business Cash-i (BC-i) in 2012 and became the country's first SME WG in response to the alarming results of a

Department of Statistics study where the majority of respondent SMEs had cited lack of collateral as the biggest constraint to obtaining financing.

According to OCBC Bank Chief Executive Officer, Dato' Ong Eng Bin, the latest WG tranche bodes wells for the future of SMEs with the ongoing impact of the pandemic.

“The timing is right and the amount substantial enough to make a tangible difference to the long-term development of SMEs in Malaysia. Although the SME customer gains the benefit of our agreement with CGC without even knowing it, what is most pertinent to them is that such an arrangement enables the Bank to make available more to SMEs in the long run as the Bank’s risks are lessened through the arrangement.

In addition to the WG, OCBC Malaysia is also collaborating with CGC on a Portfolio Guarantee (PG) which sees CGC providing a 70% guarantee cover. The PG is designed to enable worthy businesses to have better access to short to medium-term financing.

“As a Bank that is steeped in the SME business landscape, we recognise unsecured financing as necessary. With the impact Covid-19 has had on businesses, particularly SMEs, we are confident this will pave the way for the steady progress of SME financing in the country,” he said.

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. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World’s Top 50

Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management 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 more than 480 branches and representative offices in 19 countries and regions. These include over 230 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast 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.

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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 record to obtain credit facilities from financial institutions by providing guarantee cover on such facilities. CGC has availed over 491,000 guarantees and financing to MSMEs valued over RM82 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 April 2021, the imSME portal had received more than 2.08 million visits with more than 39,000 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.

For more information, please visit www.cgc.com.my and www.imsme.com.my.

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