

AECM Seminar in Istanbul

"Breaking down barriers: Guarantees, an international perspective"

Venue: Hotel Conrad, Istanbul, Turkey

Date: 17th October 2014

Time: 08:30 to 18:00

Corporate Information

Powering Malaysian SMEs

- Authorised Capital:RM3.0bil (USD 0.73bil)
- Paid Up Capital (Ordinary & Preference Shares: RM1,785. 6mil (USD 0.543mil)
- Shareholders
- >Bank Negara Malaysia 80%
- >Financial Institutions 20%



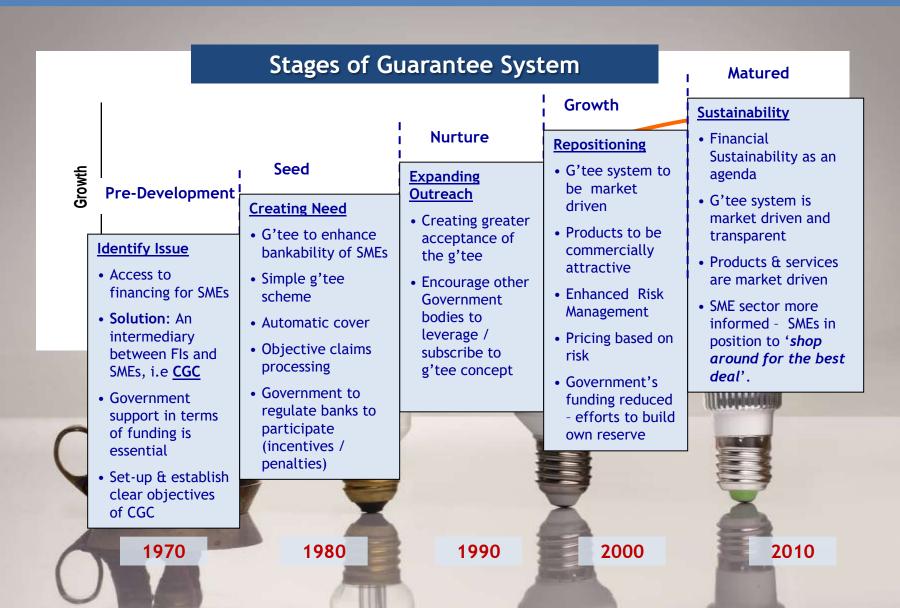
Vision

To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic SMEs.

Mission

To enhance to viability of SMEs through the provision of products and services at competitive terms and, with the highest degree of professionalism, efficiency and effectiveness

The Evolution of the Credit Guarantee System



Mandate Role

Pre Transformation

Transformation Journey

1972 - 2005

- **SME Outreach** was the only Mandate:
 - ✓ To assist SMEs obtain financing at reasonable cost especially those without collateral and track record
 - ✓ To assist government to ensure financing channeled to desired target group

2006 - 2010

- CGC Transformation
- Developed jointly with Central Bank.
- From a traditional guarantee. provider to a financially sustainable inst.
 - ✓ Org. Reorientation & capacity building
 - Expanded products range for SMEs
 - Expanded scope of g'tee. beneficiaries

2011 - 2013

- PrimaryObjective:Financialsustainability.
- SecondaryObjective:SME Outreach.

2014

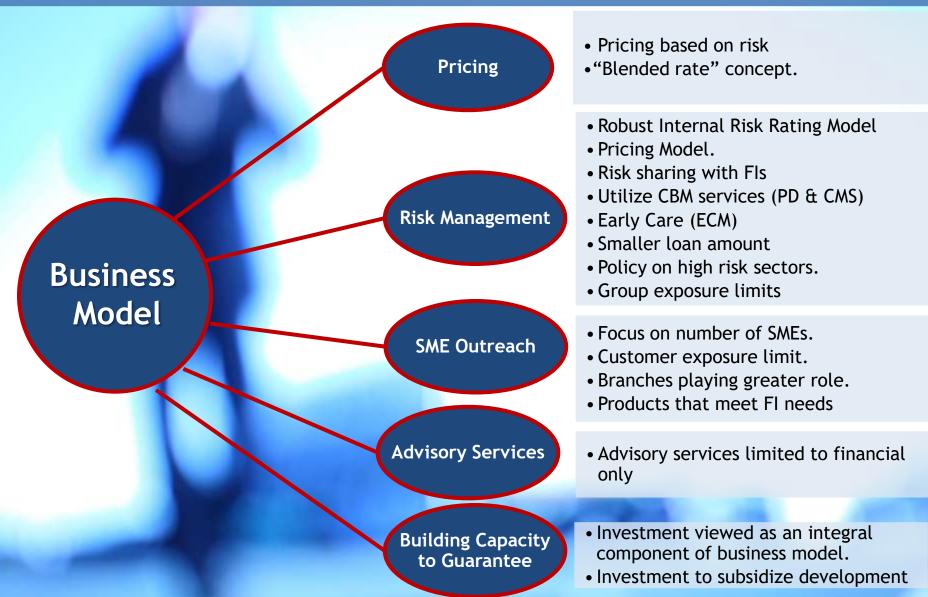
- Redefined mandate:
 Perform
 Developmental Role for SMEs in a
 Financially
 Sustainable Manner
- 1.Balance between

 Developmental

 Role & Financial

 Sustainability
- 2.Services
 "Professionalism
 Efficiency &
 Effectiveness"
- 3.New Positioning
 'Powering
 Malaysian SMEs'

Business Model



Product Segmentation

GUARANTEE PRODUCTS / DIRECT LENDING

Commercial

- Attractive & flexible features
- Generate returns

- Credit Enhancer Scheme
- Enhancer Express Scheme
- Enhancer Excel
- Enhancer Bumi Scheme
- SmallBiz Express
- Flexi Guarantee Scheme
- Portfolio Guarantee (PG)
- BizMula-i

Government-backed Schemes

- High developmental content (Programme Lending)
- Backed by Government via Funding
- · Risk sharing
- Green Technology Financing Scheme
- IP Financing Scheme
- Franchise Financing Scheme
- Bumiputera Entrepreneur
 Project Fund i / Tabung Project
 Usahawan Bumiputera-i

General Product Features

- Loan amount:
 - Between RM10,000 to RM10 mil
- Guarantee cover:
 - Between 30% to 100%
- Guarantee fee :
 - Between 0.5% 5.75%(based on risk adjusted pricing)
- Interest / profit rate:
 - Depending on the scheme or FIs may determine <= 50% guarantee

Profit and Loss (P&L)

P&L

Operating Income

Operating Expenses

Provision

Profit After Provision

Investment Income

Net Profit



SME Outreach in a Financially
Sustainable Manner
Operating Income sufficient
to cover operating expenses
(including provision)



Investment income:

- support development agenda
- Build guarantee reserve

Profit Oriented vs Profit Motivated

Moving Forward

Perform Developmental Role for SMEs in a Financially Sustainable Manner

New Positioning 'Powering Malaysian SMEs'

Balance between
Developmental Role &
Financial Sustainability

Services
"Professionalism Efficiency
& Effectiveness"

Improve
Bankability &
Credit Standing of SMEs

Key Focus

Starts-Up

Focusing on security for loans obtained viable SMEs with insufficient collateral and no track record

Support Government Schemes

Manage and implement scheme funded by the Government aimed at specific sectors such as the Green Technology Financing Scheme (GTFS) and Intellectual Property

New Growth Areas

Channeling funds to areas of new growth and new business opportunities such as Youth Entrepreneur, Online Business, Intellectual Property Financing

Enhancing the SME Rating System

Integrated approach in the way we do our business

The Journey Continues.....

Improve access through our Portfolio Guarantee

Improve access through our Islamic Banking Products

Additional schemes for Start Ups

Streamline Credit Assessment activities Propelling Growth Towards Greater Relevance

Enhancing Branch Productivity

Expanding branches advisory services (reach & contents)

Enhancement of Loan Monitoring system

Strategic
Partnership with
other institutions

