

Loan Insurance Scheme

The Loan Insurance Scheme (LIS) is a joint programme between IE Singapore and SPRING Singapore, to help Singapore-based companies secure short term trade financing lines by getting them insured against insolvency risks by commercial insurers. A portion of the insurance premium is sponsored by the Government. LIS supports both domestic and export-oriented loans, in the areas of inventory / stock financing, structured pre-delivery working capital and factoring/invoice or accounts receivable discounting.

Features of the Scheme

Loan Types		Maximum Quantum of Financing	Maximum Repayment Period	Interest Rates, Repayment Periods, Collateral Requirements
A.	Inventory / stock financing facility	Up to 100% of the purchase price	1 Year	Interest rates, repayment structures and collateral requirements would be determined by the Participating Financial Institutions (PFIs)
B.	Structured pre-delivery Working Capital	Up to 100% of Letters of Credit <u>or</u> Confirmed Sales Order		
C.	Factoring / bill <u>or</u> invoice <u>or</u> accounts receivable discounting with recourse	Up to 100% of invoice value		

With effect from 1 February 2010, the LIS insurance premium payable by Company has been adjusted to 0.45%.

Eligibility criteria

Companies seeking export-oriented facilities must be incorporated in Singapore and have at least 3 strategic business functions¹ in Singapore.

Companies seeking domestic facilities must have at least 30% local shareholding.

How to apply

LIS is administered directly by the Participating Financial Institutions (PFIs).

Applications must be made via any of the PFIs listed in the table below.

Participating Financial Institutions (PFIs)	Contact Info
The Bank of East Asia, Limited	6602 7848/ 6602 7849
DBS Bank Ltd	1800 222 2200
GE Commercial Finance (Singapore) Limited	6226 3822
Hong Leong Finance Limited	1800 338 8338 / 6416 2777
The Hongkong and Shanghai Banking Corporation Limited	6216 9000
Maybank	1800 629 2265
Overseas-Chinese Banking Corporation Limited (OCBC Bank)	6538 1111
Standard Chartered Bank	1800 743 3000
United Overseas Bank Limited	1800 226 6121

¹ The strategic business functions may include (i) banking & financial, (ii) marketing & business planning, (iii) procurement, logistics (iv) training & personnel management, (v) investment planning/co-ordination, (vi) R&D and design, (vii) technical support and (viii) manufacturing

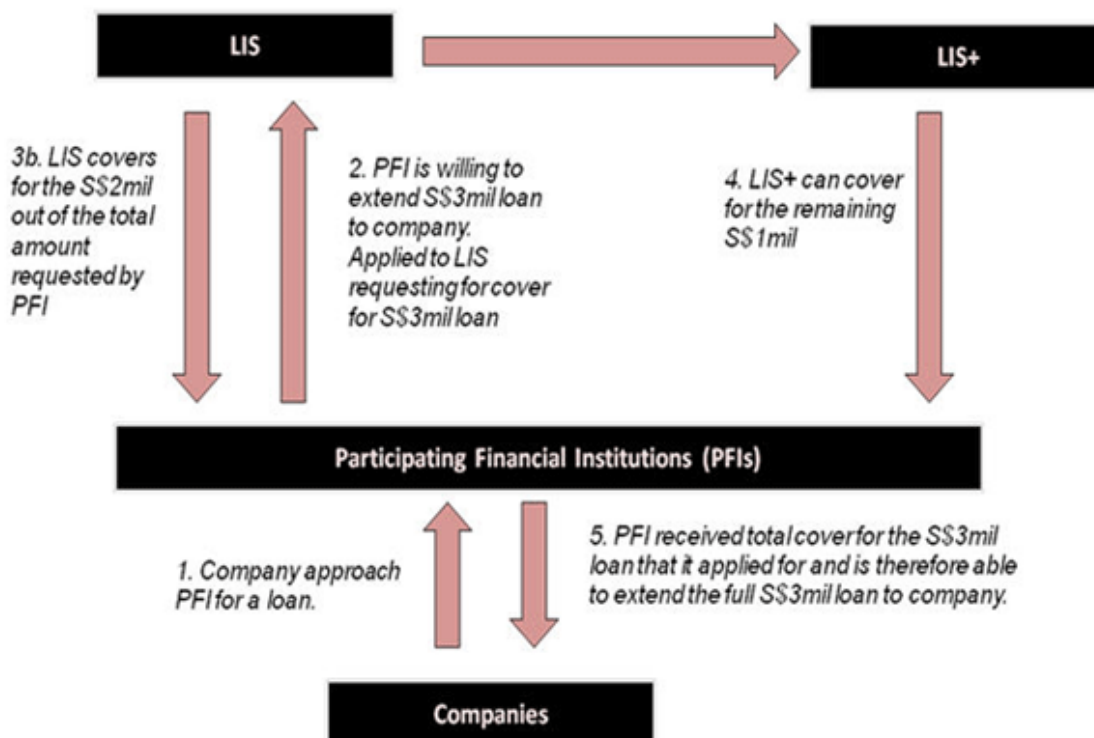
Summary of adjustments to LIS

	Features prior to 1 Feb 2010	Adjustments with effect from 1 Feb 2010
Use of Funds	<ul style="list-style-type: none"> • Inventory / stock financing • Structured pre-delivery working capital • Factoring / accounts receivable discounting 	No Change
Maximum Loan Quantum	No limit but insurer has veto rights over S\$1 million	No change
Risk Share	Insurer: 75% Participating Financial Institution: 25%	No Change
Insurance Premium	Company bears 0.15%	Company bears 0.45%
Qualifying Criteria	<ul style="list-style-type: none"> • <u>For export-oriented facilities</u> Company must be Singapore-based, registered with ACRA and have at least 3 strategic business functions in Singapore • <u>For domestic facilities</u> At least 30% local shareholding 	No Change
Application Mode	Via Participating Financial Institutions	No Change

LOAN INSURANCE SCHEME PLUS

The Loan Insurance Scheme Plus (LIS+) is a complementary programme to LIS to help companies gain access to larger tranches of trade financing lines. Under LIS+, the Government co-shares insolvency risks with PFIs on loans that are beyond the capacity of current LIS insurers.

The following diagram illustrates how LIS+ can work alongside LIS to assist companies to access larger tranches of trade financing lines:



Summary of adjustments to LIS+

	Features prior to 1 Feb 2010	Adjustments with effect from 1 Feb 2010
Source of Funds	Financial Institution	No change
Use of Funds	Trade finance lines comprising of: <ul style="list-style-type: none"> • Inventory /stock financing • Structured pre-delivery working capital • Factoring / accounts receivable discounting 	No change
Maximum Loan Quantum	S\$15 million per borrower group	No change
Qualifying Criteria	<ul style="list-style-type: none"> • <u>For export-oriented facilities</u> Company must be Singapore-based, registered with ACRA and have at least 3 strategic business functions in Singapore • <u>For domestic facilities</u> At least 30% local shareholding 	No change
Risk Share	Government: 75% Participating Financial Institution: 25%	No change
Insurance Premium Payable by Company	0.5%	1%