

DBS launches Singapore's first SORA-pegged business property mortgage loan

Provides business property owners with more property financing options amid challenging economic outlook

Marks milestone in nation's interest rate transition roadmap towards adoption of SORA as main interest rate benchmark for SGD financial markets

Singapore, 03 Sep 2020 - DBS today announced the launch of SORA-pegged Business Property Loan, Singapore's first business property mortgage loan referencing the Singapore Overnight Rate Average (SORA)^[1]. The new package provides business property owners with additional property financing options and covers all property loan types^[2]. It also marks another milestone in Singapore's transition towards the adoption of SORA as the main interest rate benchmark for SGD cash and derivatives market.

Specially tailored for SMEs looking to finance their commercial and industrial properties, SORA-pegged Business Property Loan will be available from 3 September 2020. Interest rates on the SORA-pegged Business Property Loan will be based on the 3-Month Compounded SORA published by the Monetary Authority of Singapore (MAS), as well as an applicable margin.

Joyce Tee, Group Head of SME Banking at DBS, noted that while demand for new business property purchases has dropped, the bank has observed a sustained interest among the SME community for property refinancing solutions amid the challenging economic outlook. "DBS' new SORA-pegged Business Property Loan affords SME business property owners the opportunity to refinance their property loans on more competitive terms. With the bank's recent launch of various SORA-based products, we have also seen some interest among SME owners in SORA-pegged loans. With the industry moving towards a phased discontinuation of SIBOR^[3] and adoption of SORA, we are now giving business property owners the option of taking up a SORA-pegged package ahead of time to save them the hassle of repapering their loans down the road."

SME business property owners can borrow up to 80% of their property value and choose to stretch their repayment tenor to up to 25 years.

Given SORA's growing importance as a key interest rate benchmark in SGD financial markets, the new SORA-pegged Business Property Loan supports The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee (ABS-SFEMC)'s efforts to develop new SORA-based markets. It also complements the industry-led transition roadmap set out by the Steering Committee for SOR Transition to SORA (SC-STs)^[4].

Last month, DBS announced the agribusiness industry's first SORA-based loan, as well as the industry's first SORA loan coupled with an interest rate swap. In May 2020, DBS was also the first financial institution in Singapore to successfully price the issue of a SORA-referenced floating rate note.

More information on SORA-pegged Business Property Loan can be found at <https://www.dbs.com.sg/sme/financing/fixed-asset/industrial-commercial-property-loan>.

[1] SORA is defined as the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore between 8am and 6.15pm, as validated and computed by the Monetary Authority of Singapore (MAS). SORA is then published on the MAS website the next business day at 9am. SORA has been published by the MAS since July 2005.

[2] This loan can be used for a completed property, a property under construction, to finance a new property purchase or to refinance an existing property loan.

[3] On 29 July 2020, The Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC) and the Steering Committee for SOR Transition to SORA (SC-STs) issued a report recommending the discontinuation of SIBOR in three to four years.

[4] On 30 August 2019, ABS-SFEMC announced that the discontinuation of the London Interbank Offered Rate (LIBOR) would affect the sustainability of the SGD Swap Offer Rate (SOR) and held a public consultation on the use of SORA as the new interest rate benchmark to replace SOR. More recently, the SC-STs published the response to feedback on 19 March 2020, together with a roadmap for the transition.

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About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "[World's Best Bank](#)" by Euromoney, "[Global Bank of the Year](#)" by The Banker and "[Best Bank in the World](#)" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "[World's Best Digital Bank](#)" by Euromoney. In addition, DBS has been accorded the "[Safest Bank in Asia](#)" award by Global Finance for 11 consecutive years from 2009 to 2019.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands

the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 29,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.