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OCBC BANK EXTENDS FIRST SORA-BASED LOAN IN ENERGY SECTOR TO SEMBCORP INDUSTRIES

SORA-based loans have been gaining traction, with OCBC Bank extending close to S\$1 billion of such loans to date.

Singapore, 20 October 2020 – OCBC Bank has extended another SORA (Singapore Overnight Rate Average)-based corporate loan – a S\$100 million loan to Sembcorp Financial Services Pte Ltd, a wholly-owned subsidiary of Sembcorp Industries (“Sembcorp”). This is the first SORA-based loan in the energy sector and is another step by OCBC Bank to contribute to Singapore’s development of the SORA markets.

OCBC Bank had previously collaborated with CapitaLand on Singapore’s first SORA-based corporate loan in June and the bank also introduced the first SORA-based retail home loan in July.

The adoption of SORA as an interest rate benchmark for corporate and retail loans has been gaining traction over the past five months. To date, OCBC Bank has extended close to S\$1 billion in corporate and retail loans referencing SORA which includes more than S\$700m in SORA-based home loans.

This 3-year S\$100 million SORA-based loan is part of a S\$300 million loan extended to Sembcorp by OCBC Bank. The loan facility’s interest rate, which references SORA, comprises two components: (1) a compounded average of daily SORA rates calculated in arrears and (2) an applicable margin.

The compounded average SORA will be calculated in arrears, using the ‘five-business day backward-shifted observation period’ methodology.

Mr Graham Cockroft, Group Chief Financial Officer, Sembcorp Industries, said, " We are delighted to have partnered OCBC to adopt the SORA-based loan, and be a pioneer adopter in the energy industry. Beginning the process early is especially important for corporates like us, where we have multiple loan facilities referencing the various interbank offered rates and SOR, which will eventually transition to their respective new interest rate benchmarks. We look forward to playing an active role to transition smoothly to these new interest rate benchmarks."

Said Ms Elaine Lam, Head of Global Corporate Banking, OCBC Bank, "We are pleased to support Sembcorp in this transaction which is the first SORA-based loan for the energy sector and a milestone in our decades-long relationship. Sembcorp has taken a leadership role by stepping forward at an early stage as the industry finalises the market conventions. This transaction not only allows Sembcorp and OCBC to have more clarity on operational processes, but it also helps the wider market gain confidence in the benchmark and signals that such loans are commercially viable. This augers well for a smooth transition from SOR to SORA."

SOCIAL MEDIA ASSETS

Official hashtags: #SORA #ocbcbank #sembcorp

Keywords:

OCBC, Sembcorp, SORA, IBOR



Suggested tweet: OCBC Bank extends first SORA-based loan in energy sector to Sembcorp Industries



Suggested Facebook post: OCBC Bank has extended the first SORA-based loan in the energy sector to Sembcorp Industries. To date, OCBC Bank has extended close to S\$1 billion in corporate and retail loans referencing SORA which includes more than S\$700m in SORA-based home loans.

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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 500 branches and representative offices in 19 countries and regions. These include over 250 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 80 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.

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