

## Olam secures Singapore's first SORA-pegged club loan of SGD200 million with DBS and ICBC

### Landmark loan sets the pace for the industry's future syndicated SORA loans

Singapore, 28 Sep 2020 - Global food and agri-business Olam International Limited (Olam) has secured Singapore's first club loan pegged to the Singapore Overnight Rate Average (SORA) with DBS Bank (DBS) and Industrial and Commercial Bank of China, Singapore Branch (ICBC Singapore).

The SGD200 million one-year committed revolving credit facility is also the industry's first SORA-pegged club loan coupled with a cross-currency swap. This gives Olam the option to enter into a SORA cross-currency swap with DBS at the start of each interest period, giving added certainty on interest rates and swap SGD proceeds into USD.

The SGD200 million SORA-based loan and the cross-currency swap marks yet another milestone in the nation's transition roadmap set out by the Steering Committee for SOR Transition to SORA (SC-STs) towards adopting SORA as the new interest rate benchmark for the Singapore Dollar cash and derivatives markets. Given SORA's growing importance as a key interest rate benchmark in SGD financial markets, it supports the Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee (ABS-SFEMC)'s efforts to develop new SORA-based markets<sup>[1]</sup>.

Undertaken by Olam with its wholly owned subsidiary, Olam Treasury Pte. Ltd. (OTPL), the loan facility's interest rate comprises two components: (1) a compounded daily SORA rate<sup>[2]</sup> calculated in arrears and (2) an applicable margin.

Olam's Managing Director and Group CFO, N Muthukumar, said: "We are delighted to partner DBS and ICBC to pioneer the first SORA-based club-loan facility. This provides Olam with the flexibility to remain adaptable and future-ready itself as we embrace the industry's shift toward mainstream adoption of the new benchmark for the cash and derivatives market in Singapore."

Ms Tan Su Shan, Group Head, Institutional Banking Group at DBS, noted that the loan adds to industry momentum in the shift towards SORA as the new interest rate benchmark in the cash and derivatives markets.

"We are pleased to be able to work with Olam and ICBC to ink the industry's first multi-bank SORA-based financing solution. We are also delighted that DBS has been able to lead in readying the SGD loan markets for future SORA-based club and syndicated loan facilities. By adopting SORA-based financing ahead of the market, forward-looking companies such as Olam are positioning themselves well by gaining an early understanding of how SORA works, and how to better tap SORA-based cash and derivatives markets as industry adoption grows and liquidity deepens. We look forward to supporting our clients in the transition. One of the ways we do that is by working with our industry peers to offer SORA-pegged financing solutions as they partner their clients to tap on SORA financing early. We believe that this will help facilitate a smoother transition to the new interest rate benchmark."

Mr Andrew Ng, Group Head, Treasury & Markets at DBS said that the SORA-USD cross-currency swap shows DBS' continued commitment to develop innovative SORA-based derivatives. "Developing cross-currency swap solutions help to deepen funding in various currencies including USD and will be critical in the smooth transition to the new benchmark. Working with sophisticated clients like Olam will allow confidence to grow in these products and encourage more participation from other corporates."

Ms Geng Hao, Deputy General Manager, ICBC Singapore, said "ICBC Singapore is pleased to partner with DBS in providing this SORA-based financing to Olam. Being the first Chinese bank to support this meaningful initiative, ICBC Singapore is committed to supporting MAS' vision and providing quality banking services to the community."

Proceeds from the loan will be applied towards general corporate purposes of Olam and its subsidiaries. DBS and ICBC have been appointed Mandated Lead Arrangers and DBS is the Sole Bookrunner and Facility Agent for the loan.

<sup>[1]</sup> 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 Steering Committee for SOR Transition to SORA (SC-STs) published the response to feedback on 19 March 2020, together with a roadmap for the transition. SORA is a transaction-based interest rate benchmark underpinned by the SGD overnight interbank funding market and has been published by the Monetary Authority of Singapore since July 2005.

<sup>[2]</sup> SORA is a backward-looking overnight rate as compared to forward-looking reference rates commonly used for loan facilities in Singapore, such as the SGD Swap Offer Rate (SOR) where the interest rate is determined at the start of the interest period. To determine the interest rate of a SORA-based loan facility, the daily SORA rates are compounded in arrears and the interest rate is determined by the end of the relevant interest period.

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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](http://www.dbs.com).