

More
Certainty
Less
Worry



SORA
BUSINESS PROPERTY LOAN

 **DBS**
SME BANKING

What is SORA?

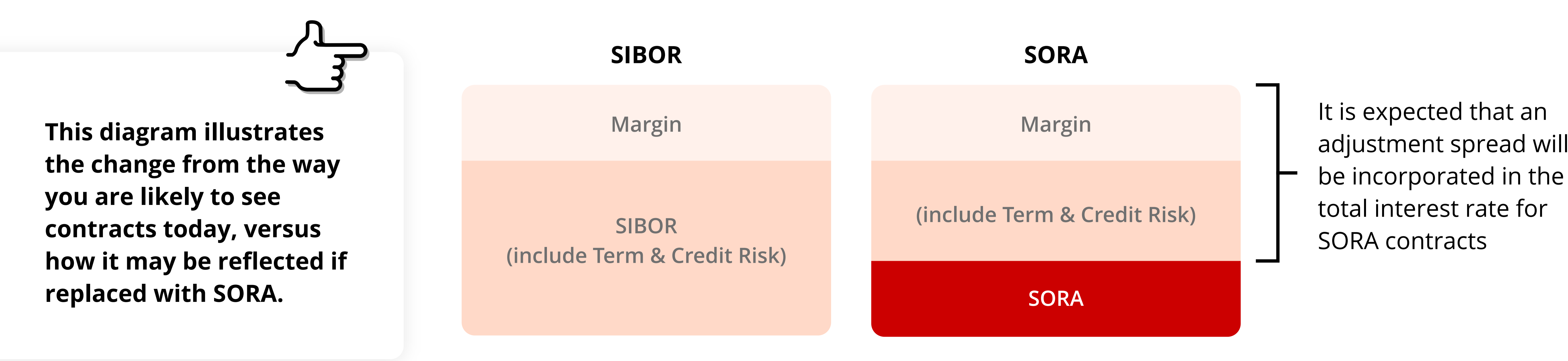
The Singapore Overnight Rate Average (SORA) has been selected as the main interest rate benchmark in Singapore and is set to replace existing interest rate benchmarks such as Singapore Interbank Offered Rate (SIBOR).

SORA is based on actual overnight market transactions and administered by the Monetary Authority of Singapore (MAS) to ensure integrity, reliability and transparency in the administration of SORA as a financial benchmark.

Key differences between SIBOR and SORA

SIBOR*	SORA
<p>SIBOR is forward looking</p> <p>SIBOR reflects market expectations of the interest rate over a future period</p> <p>This is normally quoted in 1-month, 3-month and 6-month tenors</p>	<p>SORA is an overnight rate and quoted only in an overnight tenor</p> <p>SORA lacks a term and a credit risk premium, which results in it typically being lower than SIBOR</p> <p>For SORA to be referenced for lending over a fixed term, an adjustment spread over SORA will need to be included</p>

* SIBOR will cease to be used in new contracts by end Sep 2021. For more information, visit dbs.com/about-us/ibor.page



* The size of these bars are illustrative only



Sign up for the Business Property Loan [here](#).

SORA Business Property Loan references the 3-Month Compounded SORA rate

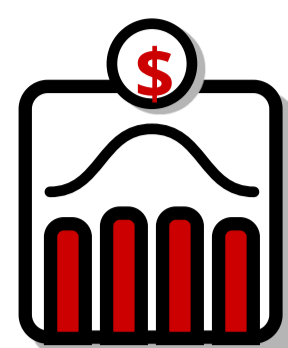
What is a 3-Month Compounded SORA?

Scan me!



Click [here](#) to view rates on the MAS website.

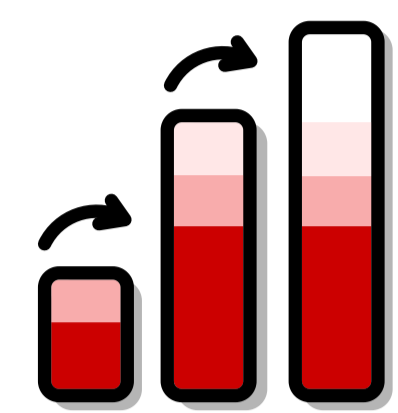
SORA is derived from taking the volume-weighted average of all the SGD rates of overnight cash transactions done in Singapore in the interbank market from 8.00 am to 6.15 pm for a given business day.



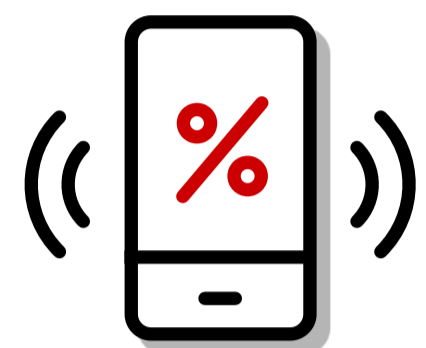
The 3-Month Compounded SORA is published by MAS at 9:00am on all business days in Singapore.



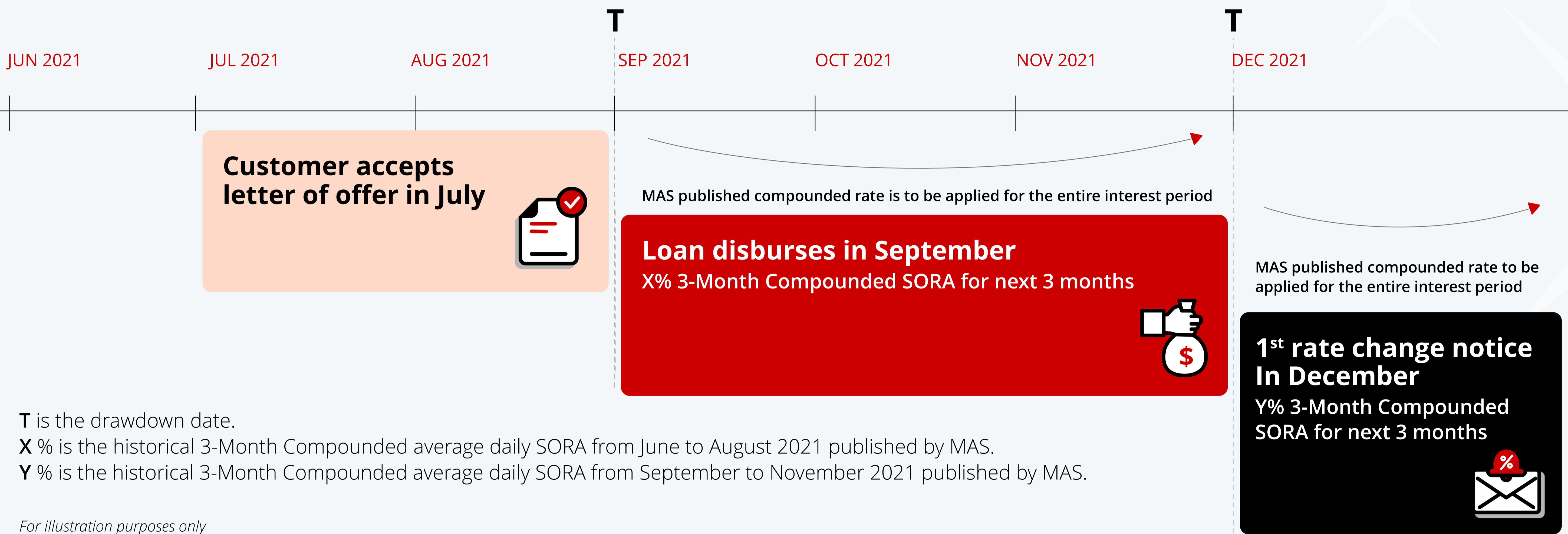
The 3-Month Compounded SORA is computed by compounding the daily published SORA rate over the historical 3-month period.



By using the historical 3-Month Compounded average daily SORA rate, you will know the interest amount due in advance. This is the same amount of advance notice that borrowers are familiar with in the SIBOR market today.



How does this apply to the SORA Business Property Loan?



Why should I take up the SORA Business Property Loan?

Compounded SORA is more stable compared to other interest rates.

Greater certainty and transparency in the calculation of the interest rate based on the 3-Month Compounded SORA rate published by MAS at the start of the interest period.

Save the hassle of repapering your loans in the future when SORA becomes the main interest benchmark.

For more information, contact your Relationship Manager or drop us an email at BusinessCareSG@db.com.

Further reading material on transition to SORA:
The Association of Banks Singapore, SORA – A guide for Corporates and SMEs
<https://abs.org.sg/docs/library/sora-a-guide-for-corporates-and-smes.pdf>

Scan me!



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