

## **UOB extends S\$4 billion in loans to help mid-sized enterprises affected by COVID-19 under the Temporary Bridging Loan Programme**

*First bank to tap MAS SGD Facility to help clients access funds at lower interest rates*

**Singapore, 5 May 2020** – United Overseas Bank (UOB) today announced that it has already approved S\$4 billion in loans under the Temporary Bridging Loan Programme (TBLP) since the government increased its risk-share of such loans to 90 per cent<sup>1</sup> a month ago.

The loans were extended to the Bank’s mid-sized enterprise clients in sectors which have been hard hit by the COVID-19 pandemic including construction, consumer staples<sup>2</sup>, retail and hospitality. Firms in many sectors have been required to stop activities and have been affected by the drop in overall consumption as people stay home during the “circuit breaker” period.

To help its clients access much-needed funding at lower interest rates, UOB has also tapped the Monetary Authority of Singapore (MAS) SGD Facility for Enterprise Singapore (ESG) Loans (the Facility)<sup>3</sup>. UOB is the first bank to access the Facility and is passing on the funding cost savings in full to its clients.

Mr Eric Tham, Head of Group Commercial Banking, UOB, said, “As the COVID-19 pandemic continues to affect businesses’ day-to-day operations, many mid-sized firms are finding themselves at a critical juncture. These firms tend to have hundreds of employees and high overhead fixed costs, making it imperative for them to access additional liquidity quickly.

“Since the start of the COVID-19 pandemic, we have been helping SMEs overcome the shock to their business. We have helped our clients overcome their immediate liquidity challenges by providing loan moratoria and allowing them to repay loan interest only. Through our close collaboration with the MAS

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<sup>1</sup> The TBLP, administered by ESG, provides businesses with access to working capital. The Government increased its risk share for ESG loans that were initiated from 8 April 2020 onwards from 80 to 90 per cent.

<https://www.smeportal.sg/content/smeportal/en/bizguides/finance/2020/solidarity-budget-2020-summary.html>

<sup>2</sup> The consumer staples sector comprises companies that produce and sell items considered essential for everyday use. These include household goods, food, beverages and hygiene products.

<sup>3</sup> The MAS SGD Facility for ESG Loans was launched on 20 April 2020 to lend Singapore Dollars to eligible financial institutions in support of their lending to SMEs under the ESG Loan Schemes. <https://www.mas.gov.sg/news/media-releases/2020/mas-sgd-facility-for-esg-loans>

and ESG, we have helped clients access funding under the government-assisted schemes quickly and at much lower interest rates than before the pandemic. We hope that through the tripartite effort between MAS, ESG and UOB, we will be able to help these companies tide over the pandemic and plan for the eventual return to more normal operating conditions.”

### **Digital application process to help clients access funding quickly and easily**

To ensure that funds can be disbursed as quickly as possible, UOB has also digitalised the entire loan application process for clients to receive their funds in about a week.

Eng Lee Engineering Pte Ltd is one of the clients that UOB has helped to access TBLP funding. Since the start of the COVID-19 pandemic, the construction company has had to manage several challenges, including having to stop operations and to step up its measures to ensure the safety and well-being of their foreign workers residing at dormitories. With expenses continuing to pile up while operations are kept on hold, the firm wanted to secure additional funding to ensure that it has the cash flow needed to manage expenses.

Mr Looi Bock Heay, Managing Director, Eng Lee Engineering Pte Ltd, said, “The COVID-19 pandemic has impacted our business greatly. Not only are all our projects at a standstill, we don’t know when we can resume normal operations. This puts a huge strain on our cash flow. However, with the government’s initiatives and UOB’s proactive and timely support, I secured a loan under the government-assisted scheme quickly and at a lower interest rate. With the additional financing, I can now focus on managing our immediate challenges and planning for the eventual recovery with more confidence.”

Another client that has worked with UOB to tap the TBLP is Consort Bunkers Pte Ltd, a bunkering supplier and logistics and barging services provider. In addition to the challenges faced by the industry from a slowdown in global trade volume, the company’s operations have also been disrupted by the “circuit breaker” measures.

Mr S.K. Yeo, Managing Director and Founder, Consort Bunkers Pte Ltd, said, “This period has been particularly trying for us as we face the twin challenges of COVID-19 and a weak sentiment perpetuated by the fall in oil prices. In order to ride out this storm, we need to ensure that we have sufficient working

capital to run our business smoothly. From the start of the COVID-19 pandemic, UOB has been steadfast in its support, constantly keeping in close contact with us. When the government announced additional measures to help businesses access lower-cost financing, the Bank was quick to help us apply for it. The digital application process was hassle-free and I was able to access the funds about a week after applying for it. We are glad to be able to count on the support of our long-time financial partner UOB, as we navigate the uncertainties ahead.”

In addition to helping its clients tap funding under the government-assisted schemes, the Bank also announced S\$3 billion in relief assistance for those affected by COVID-19<sup>4</sup>. The measures include allowing affected businesses to rework their principal repayments and to service only their loan interest for up to one year and offering financing liquidity against mortgage security.

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#### **About United Overseas Bank**

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world’s top banks: Aa1 by Moody’s Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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<sup>4</sup> UOB announced S\$3 billion in relief assistance for its clients in February 2020. <https://www.uobgroup.com/web-resources/uobgroup/pdf/newsroom/2020/UOB-relief-assistance.pdf>