Early Warning System

IFC-36792

United Asia Loan Funding

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Quick Facts

Countries	Singapore
Specific Location	Asia Pacific
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	A
Borrower	UOB ASSET MANAGEMENT LTD
Sectors	Finance
Investment Amount (USD)	$ 80.00 million
Project Cost (USD)	$ 400.00 million

Project Description

The project consists of an IFC investment of up to US$80 million in United Asia Loan Funding Pte. Ltd. (“United Asia Loan Funding”), a collateralized loan obligation (“CLO”) special purpose vehicle, which will securitize primarily Asia emerging markets loans to borrowers domiciled in, or doing business in, the Asia-Pacific region that were originated by both global and regional banks in Asia. The objective of the project is to restart the CLO market in Asia after the global financial crisis and to deepen the capital markets in the region, which is critical for the resilience and stability of the financial sector and as an alternative source of funding to corporates.

The Joint Arrangers on this transaction will be Resource Capital Markets Inc. (“RCM”), Standard Chartered Bank (“SCB”), and United Overseas Bank Limited (“UOB”). RCM is an investment firm specialized in arranging and structuring CLO transactions. RCM is a subsidiary of Resource Financial Fund Management Inc., which is owned by Resource America, Inc. (“RAI”), an asset management firm based in New York. With a team of professionals located in New York, London and Singapore, RCM was formed in May 2008 and, along with its affiliates, provides a range of structured finance services including structuring and placement of CLOs and other structured credit securities, secondary trading of structured credit securities, debt restructuring and cash flow analysis of complex structured securities. SCB is an international banking group operating principally in Asia, Africa, and the Middle East. UOB is a regional banking group with a strong foothold in Singapore, Malaysia, Indonesia, Thailand, and China.

The assets of United Asia Loan Funding will be co-managed by UOB Asset Management Limited (“UOBAM”), based in Singapore, and SC Lowy Asset Management (“SCL”), based in Hong Kong. UOBAM is a wholly-owned subsidiary of UOB. UOBAM is regulated by the Monetary Authority of Singapore under the Securities and Futures Act. UOBAM has been active in both Asian credit and structured credit since 1998. The firm has been collateral manager of multiple structured credit transactions. SC Lowy is licensed in Hong Kong as an asset manager, with assets under management of approximately US$500 million, comprised of Asian loans and bonds. SCL was founded in 2009 by Michel Lowy and Soo Cheon Lee and has operations in Hong Kong and London.

Expected Development Impact
Revival of the Asian Securitization Market: The success of this pioneering CLO transaction would be instrumental in the revival of the Asian securitization market, which has been dormant since the global financial crisis. The project will encourage similar transactions by other asset managers and increase the supply and liquidity of fixed income securities in the Asian market.

Development of a New Instrument: The CLO would be the first capital market product that offers complete transfer of risk and 100 percent capital relief to multiple commercial banks in emerging markets throughout Asia. The transfer of credit and liquidity risk to the capital markets would help free up bank balance sheets for term loans that they would not otherwise offer if they did not have a vehicle to offload this risk to the capital markets.

Improved Access to Finance: The project will also augment the secondary market for loans in Asia and incentivize further financial intermediation to corporate borrowers, which will help improve access to finance for corporates in the Asia-Pacific region.

Investment Description

- International Finance Corporation (IFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- UOB Asset Management Ltd (Financial Intermediary)

Private Actors Description

UOB Asset Management Ltd is a wholly-owned subsidiary of UOB. UOBAM is regulated by the Monetary Authority of Singapore under the Securities and Futures Act. UOBAM has been active in both Asian credit and structured credit since 1998. The firm has been collateral manager of multiple structured credit transactions.

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/