

11 May 2016

Dear Sirs

**Proposed issue of Additional Tier 1 Perpetual Capital Securities (the “Capital Securities”) by United Overseas Bank Limited (the “Bank”)**

The Bank is proposing to undertake an offering (the “Offer”) of the Capital Securities on the terms set out in a offering circular dated 11 May 2016 (the “Offering Circular”) which is being sent to you with this letter.

The Capital Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as, or with features similar to those of, the Capital Securities to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the “FCA”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “PI Instrument”).

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “PI Rules”):

- i. certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Capital Securities, must not be sold to retail clients in the EEA; and
- ii. there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

By purchasing, or making or accepting an offer to purchase, any Capital Securities from the Bank and/or United Overseas Bank Limited, Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (the “Joint Lead Managers and Bookrunners”), you represent, warrant, agree with and undertake to the Bank and each of the Joint Lead Managers and Bookrunners that:

- (a) you are not a retail client in the EEA (as defined in the United Kingdom Financial Conduct Authority’s handbook);
- (b) you will not sell or offer the Capital Securities to retail clients in the EEA or do anything (including the distribution of the Offering Circular) that would or might result in the buying of the Capital Securities or the holding of a beneficial interest in the Capital Securities by a retail client in the EEA, other than in relation to any sale or offer to sell Capital Securities to a retail client in any EEA Member State, where: (i) you have conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities and is able to bear the potential losses involved in an investment in the Capital Securities; and (ii) you have at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (“MiFID”) to the extent it applies to you or, to the extent MiFID does not apply to you, in a manner which would be in compliance with MiFID if it were to apply to you; and
- (c) you have complied and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities by investors in any relevant jurisdiction.

Where you are acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities from the Bank and/or the Joint Lead Managers and Bookrunners the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both you as agent and your underlying client.

You acknowledge that the Joint Lead Managers and Bookrunners will rely upon the truth and accuracy of the representations, warranties, agreements and undertakings set forth herein and is entitled to rely upon this letter and is irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby. This letter is additional to, and shall not replace, the obligations set out in any pre-existing general engagement terms entered into between you and the Joint Lead Managers and Bookrunners relating to the matters set out herein.

Capitalised but undefined terms used in this letter shall have the meaning given to them in the Offering Circular.

This document is not an offer to sell or an invitation to buy any Capital Securities.

Your offer or agreement to buy any Capital Securities will be evidence of your acceptance of the terms of this letter.

This letter and any non-contractual obligations arising out of or in connection with it are governed by Singapore law.

The courts of Singapore have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to the existence or validity of this letter or any non-contractual obligations arising out of or in connection with this letter) or the consequences of its nullity.

Should you require any further information, please do contact us.

Yours faithfully

**The Joint Lead Managers and Bookrunners**

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION IN THE UNITED STATES.

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** The attached offering circular is being sent at your request and by accepting the e-mail and accessing the attached offering circular, you shall be deemed to have represented to us that (1) to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and (2) that you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission. The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited (the “**Joint Lead Managers and Bookrunners**”) nor any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **United Overseas Bank Limited will provide a hard copy version to you upon request.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS AND RESTRICTIONS AND HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either United Overseas Bank Limited of the securities or the Joint Lead Managers and Bookrunners to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached offering circular or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers and Bookrunners or their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager and Bookrunner or such affiliate on behalf of United Overseas Bank Limited in such jurisdiction.

You are reminded that you have accessed the attached offering circular on the basis that you are a person into whose possession the attached offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

The Capital Securities (as defined in the attached offering circular) are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as, or with features similar to those of, the Capital Securities to retail investors.

By purchasing, or making or accepting an offer to purchase, any Capital Securities from United Overseas Bank Limited and/or the Joint Lead Managers and Bookrunners, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers and Bookrunners that:

- (a) it is not a retail client in the EEA (as defined in the United Kingdom Financial Conduct Authority’s handbook);
- (b) it will not sell or offer the Capital Securities to retail clients in the EEA or do anything (including the distribution of the attached offering circular) that would or might result in the buying of the Capital Securities or the holding of a beneficial interest in the Capital Securities by a retail client in the EEA, other than in relation to any sale or offer to sell Capital Securities to a retail client in any EEA Member State, where: (i) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities and is able to bear the potential losses involved in an investment in the Capital Securities; and (ii) it has at all times acted in relation to such sale or offer in compliance with Markets in Financial Instruments Directive (2004/39/EC) (“**MiFID**”) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
- (c) it has complied and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities from United Overseas Bank Limited and/or the Joint Lead Managers and Bookrunners, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



## United Overseas Bank Limited

(incorporated with limited liability in the Republic of Singapore)  
(Company Registration Number 193500026Z)

### **SS\$750,000,000 4 per cent. Non-Cumulative Non-Convertible Perpetual Capital Securities**

Issue price: 100 per cent.

The SS\$750,000,000 4 per cent. Non-Cumulative Non-Convertible Perpetual Capital Securities (the “**Capital Securities**”) will be issued by United Overseas Bank Limited (“**UOB**” or the “**Issuer**”) and will be constituted by a trust deed to be entered into between the Issuer and DB International Trust (Singapore) Limited, as trustee (the “**Trustee**”). Capitalised terms used herein shall have the same meaning as defined in the Terms and Conditions of the Capital Securities (the “**Conditions**”) (see “Terms and Conditions of the Capital Securities”).

Distributions will be calculated (1) at the rate of 4 per cent. per annum of the Prevailing Principal Amount in respect of the period from (and including) 18 May 2016 (the “**Issue Date**”) to (but excluding) 18 May 2021 (the “**First Call Date**”); and (2) at the Relevant Reset Distribution Rate of the Prevailing Principal Amount in respect of the period from (and including) the First Call Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, and will be payable semi-annually in arrear on 18 May and 18 November of each year (each, a “**Distribution Payment Date**”) subject to the cancellation of Distributions (see “Terms and Conditions of the Capital Securities – Distribution Cancellation”).

The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the Securityholders, the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date. In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date if: (a) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the Monetary Authority of Singapore (the “**MAS**”) from making payment in full of dividends or other distributions when due on Parity Obligations; (b) such payment on Parity Obligations would cause a breach of the MAS’ published consolidated or unconsolidated capital adequacy requirements from time to time applicable to the Issuer; or (c) the Issuer has insufficient Distributable Reserves.

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves. Subject to the insolvency laws of Singapore and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (which includes holders of Tier 2 Capital Securities) and will rank senior to all Junior Obligations. The Capital Securities will rank *pari passu* with Parity Obligations.

The Capital Securities are perpetual securities and have no fixed final redemption date. However, subject to applicable laws and the satisfaction of the applicable Redemption or Variation Conditions (which includes the approval of the MAS), the Issuer may (a) redeem the Capital Securities, in whole but not in part, on (i) the First Call Date or any Distribution Payment Date thereafter; (ii) any day while a Tax Event has occurred and is continuing; or (iii) any day while a Change of Qualification Event has occurred and is continuing; or (b) vary the terms of the Capital Securities so that they remain or become Qualifying Securities.

Upon the occurrence of a Loss Absorption Event, the Issuer shall, in accordance with the Conditions, cancel any Distribution which is accrued (and unpaid) up to the relevant Loss Absorption Measure Effective Date; and if the cancellation of Distributions together with the cancellation of interest, dividend and/or distribution on any other Loss Absorbing Instruments on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without requiring the consent of the Securityholders) procure that the Registrar reduce the Prevailing Principal Amount by the relevant Write Down Amount. Once the Prevailing Principal Amount has been Written Down in accordance with the Conditions, the relevant Write Down Amount(s) will be extinguished and shall not be restored in any circumstances. Each Capital Security may be Written Down on more than one occasion up to the full amount of the Prevailing Principal Amount.

The Capital Securities will be issued in registered form in the denomination of SS\$250,000. The Capital Securities will be represented by a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of The Central Depository (Pte) Limited (the “**Depository**”) or “**CDP**”) on or about the Issue Date. Individual certificates (the “**Certificates**”) evidencing holdings of Capital Securities will be available only in certain limited circumstances described under “Summary of Provisions Relating to the Capital Securities while in Global Form”.

Approval in-principle for the listing and quotation of the Capital Securities on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has been received. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offering Circular. Approval in-principle for the listing and quotation of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities, the Issuer, its subsidiaries and/or its associated companies.

Investing in the Capital Securities involves risks. Please see “Risk Factors”.

The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). The Capital Securities are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) and, subject to certain exceptions, may not be offered or sold within the United States.

This Offering Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities may not be circulated or distributed, nor may the Capital Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

The Capital Securities are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed “Restrictions on marketing and sales to retail investors” on page iv of this Offering Circular for further information.

The Capital Securities are expected to be rated “BBB” by Fitch Ratings and “A3” by Moody’s Investors Service, Inc. A credit rating is not a recommendation to buy, sell or hold the Capital Securities, does not address the likelihood or timing of repayment of the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Such ratings should be evaluated independently of any other rating of the Capital Securities, the Issuer’s other securities or the Issuer.

Prospective investors are referred to the section “Important” for information regarding certain restrictions on marketing and sales to retail investors.

Joint Lead Managers and  
Bookrunners

United Overseas Bank Limited      Credit Suisse (Singapore) Limited  
HSBC      Standard Chartered Bank

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## IMPORTANT

**This document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below).**

The Issuer accepts responsibility for the information contained in this Offering Circular. The Issuer, having made all reasonable enquiries, confirms that the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Offering Circular relating to the Issuer and other UOB affiliates was obtained from UOB and other sources, but no assurance can be given by Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and United Overseas Bank Limited, in their capacity as joint lead managers and bookrunners (each, a “**Joint Lead Manager and Bookrunner**” and collectively, the “**Joint Lead Managers and Bookrunners**”) for the Offering, as to the accuracy, reliability or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Capital Securities (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provision of the SFA). None of the Issuer, the Joint Lead Managers and Bookrunners, the Trustee, the Agents or any of their respective officers or employees is making any representation, warranty or undertaking, express or implied, as to the merits of the Capital Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers and Bookrunners, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers and Bookrunners, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Capital Securities outside the United States. The Issuer and the Joint Lead Managers and Bookrunners reserve the right to reject any offer to purchase the Capital Securities, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any person outside the United States to any person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, is prohibited.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue and offering of the Capital Securities may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Joint Lead Managers and Bookrunners, the Trustee or the Agents to subscribe for or purchase the Capital Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Capital Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Joint Lead Managers and Bookrunners, the Trustee or the Agents that any recipient of this Offering Circular or such other document or information (or such part thereof) should subscribe for or purchase any of the Capital Securities. Each potential purchaser of the Capital Securities shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Joint Lead Managers and Bookrunners, the Trustee, the Agents, their affiliates or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Offering Circular or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Offering Circular or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Capital Securities by a recipient of this Offering Circular or such other document or information (or such part thereof).

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Joint Lead Managers and Bookrunners, the Trustee or any of the Agents. Save as expressly stated in this Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any).

This Offering Circular and any other documents or materials in relation to the issue, offering or sale of the Capital Securities have been prepared solely for the purpose of the initial sale by the Joint Lead Managers and Bookrunners of the Capital Securities. This Offering Circular and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Capital Securities are sold or with whom they are placed by the Joint Lead Managers and Bookrunners as aforesaid or for any other purpose. Recipients of this Offering Circular shall not reissue, circulate or distribute this Offering Circular or any part thereof in any manner whatsoever.

## NOTICE TO INVESTORS

### *Agreements and acknowledgments of investors, including holders and beneficial owners*

#### *Distribution Cancellation*

As described in this Offering Circular, the terms of the Capital Securities provide that Distributions on the Capital Securities will be due and payable only at the Issuer's full discretion, and the Issuer will have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any distribution payment that would otherwise be payable on any Distribution Payment Date. As described herein, the terms of the Capital Securities also provide for circumstances under which the Issuer will be restricted from making a distribution payment (in whole or in part) on the Capital Securities on a Distribution Payment Date, and the Distributions payable in respect of any such Distribution Payment Date shall be deemed cancelled (in whole or in part) and therefore not due and payable. Distributions will only be due and payable on a Distribution Payment Date to the extent it is not cancelled or deemed cancelled in accordance with the terms of the Capital Securities and as further described herein.

As the Capital Securities are perpetual and have no fixed maturity or fixed redemption date, a holder may not receive any payments with respect to the Capital Securities as the Issuer is not required to pay the principal amount of the Capital Securities at any time prior to a Winding-up or dissolution of the Issuer and the Issuer will have the sole and absolute discretion at all times and for any reason to cancel in whole any distribution payment.

By its acquisition of the Capital Securities, each holder and beneficial owner acknowledges and agrees that (1) Distributions are payable solely at the Issuer's discretion, and no amount of Distributions shall become due and payable in respect of the relevant distribution period to the extent that it has been cancelled by the Issuer at the Issuer's sole discretion and/or deemed cancelled as result of our having insufficient Distributable Items; and (2) a cancellation or deemed cancellation of Distributions (in whole or in part) in accordance with the terms of the Trust Deed and the Capital Securities shall not constitute a default in payment or otherwise under the terms of the Capital Securities or the Trust Deed. Distributions will only be due and payable on a Distribution Payment Date to the extent it is not cancelled or deemed cancelled in accordance with the provisions described above. Any Distributions cancelled or deemed cancelled (in each case, in whole or in part) in the circumstances described herein shall not be due and shall not accumulate or be payable at any time thereafter, and holders and beneficial owners shall have no rights thereto or to receive any additional distribution or compensation as a result of such cancellation or deemed cancellation.

Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of the Capital Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Offering Circular has been most recently amended or supplemented.

The distribution of this Offering Circular and the offering or sale of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, and the Joint Lead Managers and Bookrunners to inform themselves about and to observe any such



restriction. The Capital Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Capital Securities may not be offered or sold within the United States. For a description of certain restrictions on offers and sales of Capital Securities and on distribution of this Offering Circular, see “Subscription and Sale”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf, of the Issuer or the Joint Lead Managers and Bookrunners to subscribe for, or purchase, any Capital Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers and Bookrunners, the Trustee or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Joint Lead Managers and Bookrunners, the Trustee or the Agents or on its behalf in connection with the Issuer or the issue and offering of the Capital Securities. The Joint Lead Managers and Bookrunners, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Any purchase or acquisition of the Capital Securities is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Capital Securities or pursuant to this Offering Circular shall (without any liability or responsibility on the part of the Issuer or the Joint Lead Managers and Bookrunners) lapse and cease to have any effect if (for any other reason whatsoever) the Capital Securities are not issued by the Issuer pursuant to the Subscription Agreement.

The attention of recipients of this Offering Circular is also drawn to the restrictions on resale of the Capital Securities set out under “Subscription and Sale”.

**Any person(s) who is invited to purchase or subscribe for the Capital Securities or to whom this Offering Circular is sent shall not make any offer or sale, directly or indirectly, of any Capital Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Capital Securities consult their own legal and other advisers before purchasing or acquiring the Capital Securities.**

#### **RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS**

The Capital Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as, or with features similar to those of, the Capital Securities to retail investors.

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Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “PI Rules”):

- i. certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Capital Securities, must not be sold to retail clients in the EEA; and
- ii. there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

By purchasing, or making or accepting an offer to purchase, any Capital Securities from the Issuer and/or the Joint Lead Managers and Bookrunners, each prospective investor represents, warrants, agrees with and

undertakes to the Issuer and each of the Joint Lead Managers and Bookrunners that:

- (a) it is not a retail client in the EEA (as defined in the United Kingdom Financial Conduct Authority's handbook);
- (b) it will not sell or offer the Capital Securities to retail clients in the EEA or do anything (including the distribution of this Offering Circular) that would or might result in the buying of the Capital Securities or the holding of a beneficial interest in the Capital Securities by a retail client in the EEA, other than in relation to any sale or offer to sell Capital Securities to a retail client in any EEA Member State, where: (i) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities and is able to bear the potential losses involved in an investment in the Capital Securities; and (ii) it has at all times acted in relation to such sale or offer in compliance with Markets in Financial Instruments Directive (2004/39/EC) ("MiFID") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
- (c) it has complied and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities from the Issuer and/or the Joint Lead Managers and Bookrunners, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

## **CERTAIN DEFINED TERMS AND CONDITIONS**

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Singapore dollars**" and "**S\$**" are to the lawful currency of Singapore, all references to "**U.S.\$**" are to the lawful currency of the United States of America, and all references to "**PHP**" are to the lawful currency of the Philippines.

Unless specified otherwise or the context otherwise requires, all references to "**loans**" refer to loans net of cumulative allowances.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should also be read and construed in conjunction with the audited consolidated financial statements of the Issuer and its subsidiaries (the “**Group**”) for the years ended 31 December 2014 and 31 December 2015 previously published by the Issuer as well as the latest published interim consolidated accounts of the Group for the three months ended 31 March 2016, which shall be deemed to be incorporated in, and to form part of, this Offering Circular, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The latest published unaudited, unreviewed interim consolidated financial statements of the Group for the three months ended 31 March 2016 which are deemed to be incorporated by reference in this Offering Circular have not been audited or subject to a review by the auditors of the Issuer. Accordingly, there can be no assurance that, had an audit or a review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance on them.

Copies of documents deemed to be incorporated by reference in this Offering Circular may be obtained without charge from the website of the SGX-ST (<http://www.sgx.com>).

## INFORMATION ON WEBSITES

As the ordinary shares of the Issuer (the “**Shares**”) are quoted on the SGX-ST, the Issuer is required to make continuing disclosures under the relevant listing rules of the SGX-ST. These may be viewed at <http://www.sgx.com>. Further information on the Issuer may be found at <http://www.uobgroup.com>. Access to such websites is subject to the terms and conditions governing the same.

The above websites and any other websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular and none of the Issuer, its directors, the Joint Lead Managers and Bookrunners, the Trustee or the Agents accept any responsibility whatsoever or represent that any information, if available, is accurate and/or up-to-date. Such information, if available, should not form the basis of any investment decision by an investor to purchase or deal in the Capital Securities.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Offering Circular that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by terms such as, without limitation, “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue” or similar expressions or variations of such expressions. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, operating results, business strategies, plans and prospects of the Issuer or the Group, if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Offering Circular, undue reliance must not be placed on such forward-looking statements. None of the Group, the Joint Lead Managers and Bookrunners, the Trustee or the Agents represents nor warrants that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements. Neither the delivery of this Offering Circular (or any

part thereof) nor the issue, offering, purchase or sale of any Capital Securities shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or that there will not be a change in the affairs of the Issuer or the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented.

Further, the Group disclaims any responsibility, and undertake no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Offering Circular or to reflect any change in events, conditions or circumstances on which such statements are based.

## SUMMARY OF THE OFFERING

The following summary does not purport to be complete and is qualified in its entirety by, and subject to, the more detailed information contained in or referred to elsewhere in this Offering Circular. This summary may not contain all of the information that may be important to investors. Investors should read this entire document before making an investment decision in the Capital Securities. Words and expressions defined in “Terms and Conditions of the Capital Securities” below or elsewhere in this Offering Circular have the same meanings in this summary.

**Issuer:** United Overseas Bank Limited, a company incorporated with limited liability in the Republic of Singapore.

**Joint Lead Managers and Bookrunners:** Credit Suisse (Singapore) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Standard Chartered Bank  
United Overseas Bank Limited

**Description:** S\$750,000,000 4 per cent. Non-Cumulative Non-Convertible Perpetual Capital Securities.

**Issue Date:** 18 May 2016.

**Status of the Capital Securities:** The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described below and more fully described in the Conditions.

Subject to the insolvency laws of Singapore and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (as defined below, and which includes holders of Tier 2 Capital Securities) and will rank senior to all Junior Obligations (as defined below). The Capital Securities will rank *pari passu* with Parity Obligations (as defined below). On such a Winding-Up, each Securityholder will be entitled to receive an amount equal to the Liquidation Amount (as defined below). If, upon any such dissolution or Winding-Up of the Issuer, the amounts available for payment are insufficient to cover the Liquidation Amount and any amounts payable on any Parity Obligation, but there are funds available for payment so as to allow payment of part of the Liquidation Amount, then each Securityholder shall be entitled to receive a *pro rata* portion of the Liquidation Amount.

**“Additional Tier 1 Capital Securities”** means (i) any security issued by the Issuer or (ii) any other similar obligation issued by any subsidiary of the Issuer, that, in each case, constitutes Additional Tier 1 capital of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis, pursuant to the relevant requirements set out in MAS Notice 637.

**“Junior Obligation”** means (i) any Share and (ii) any class of the Issuer’s share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to a Capital Security.

**“Liquidation Amount”** means, upon a dissolution or winding-up of the Issuer, the Prevailing Principal Amount together with, subject to, inter alia, **“Distribution Cancellation”** below, an amount equal to any accrued but unpaid Distribution from (and including) the commencement date of the relevant Distribution Period in which the date of the dissolution or winding-up falls, to (but excluding) the date of actual payment.

**“Parity Obligation”** means (i) any security, preference share or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 Capital Securities (including without limitation the S\$500 million 4.75% non-cumulative non-convertible perpetual capital securities of the Issuer issued on 19 November 2013 and the S\$850 million 4.90% non-cumulative non-convertible perpetual capital securities of the Issuer issued on 23 July 2013) or (ii) any security, preference share or other similar obligation of any subsidiary of the Issuer that constitutes or could qualify as Additional Tier 1 Capital Securities.

**“Permitted Reorganisation”** means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Capital Securities.

**“Prevailing Principal Amount”** means, in relation to each Capital Security at any time, the outstanding principal amount of such Capital Security at that time, being its initial principal amount, or any such lesser amount following any Write Down in accordance with the Conditions.

**“Senior Creditors”** means creditors of the Issuer (including the Issuer’s depositors and holders of any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes Tier 2 Capital Securities) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the Securityholders.

**“Tier 2 Capital Securities”** means any (i) security issued by the Issuer or (ii) any other similar obligation issued by any subsidiary of the Issuer that, in each case, constitutes Tier 2 capital of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis, pursuant to the relevant requirements set out in MAS Notice 637.

“**Winding-Up**” means a final and effective order or resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceedings in respect of the Issuer.

**No Set-off:**

No Securityholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer to the fullest extent permitted by law. If at any time any Securityholder receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the Trust Deed, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by virtue of his holding of any Capital Securities, shall agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Capital Securities.

**Issue Price:**

100 per cent.

**Form and Denomination:**

The Capital Securities will be issued in registered form in the specified denomination of S\$250,000.

**Distribution:**

Subject to, inter alia, “**Distribution Cancellation**”, “**Non-Cumulative Distribution**”, “**No Obligation to Pay**”, “**Distributable Reserves**” and “**Distribution Limitation**” below, the Capital Securities confer a right to receive distributions (each a “**Distribution**”) calculated at the applicable Distribution Rate from (and including) the Issue Date, and payable semi-annually in arrear on 18 May and 18 November in each year (each a “**Distribution Payment Date**”).

**Distribution Rate:**

The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:

- (i) in respect of the period from (and including) the Issue Date to (but excluding) 18 May 2021 (the “**First Call Date**”), 4 per cent. per annum of the Prevailing Principal Amount; and
- (ii) in respect of the period from (and including) the First Call Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate of the Prevailing Principal Amount.



“**Initial Spread**” means 2.035 per cent.

“**Relevant Reset Distribution Rate**” means a fixed rate per annum equal to the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread.

“**Reset Date**” means the First Call Date and each date falling every five years after the First Call Date.

“**Swap Offer Rate**” means the rate per annum (expressed as a percentage) determined and notified by the Calculation Agent to the Issuer equal to the rate appearing under the column headed “Ask” for a maturity of five years which appears on the Bloomberg Screen TPIS Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” (or such other substitute page thereof upon notification to and subsequent instruction from the Issuer, or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the second business day preceding the relevant Reset Date (the “**Reset Determination Date**”).

**Distribution Cancellation:**

The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving a notice signed by a director of the Issuer (such notice, a “**Distribution Cancellation Notice**”) of such election to the Securityholders, the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date. Such Distribution Cancellation Notice shall be conclusive and binding on the Securityholders.

**Non-Cumulative Distribution:**

If a Distribution is not paid in accordance with “**Distribution Cancellation**” above, the Issuer is not under any obligation to pay that or any other Distributions that have not been paid. Such unpaid Distributions are non-cumulative and do not accrue interest.

**No Obligation to Pay:**

Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:

- (i) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations;
- (ii) the Issuer is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS’ consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637 from time to time applicable to the Issuer; or



(iii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Issuer's then-current fiscal year on the Capital Securities or Parity Obligations, would exceed the Distributable Reserves as of the Distribution Determination Date.

**"Distributable Reserves"** means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 403 of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (the **"Companies Act"**) (**"Available Amounts"**) as of the date of the Issuer's latest audited balance sheet; provided that if the Issuer reasonably believes that the Available Amounts as of any Distribution Determination Date are lower than the Available Amounts as of the date of the Issuer's latest audited balance sheet and are insufficient to pay the Distributions and for payments on Parity Obligations on the relevant Distribution Payment Date, then a director of the Issuer will be required to provide a certificate, on or prior to such Distribution Determination Date, to the Securityholders accompanied by a certificate of the Issuer's auditors for the time being of the Available Amounts as of such Distribution Determination Date (which certificate of the director will be binding absent manifest error) and **"Distributable Reserves"** as of such Distribution Determination Date for the purposes of such Distribution will mean the Available Amounts as set forth in such certificate.

**"Distribution Determination Date"** means, with respect to any Distribution Payment Date, the day falling two business days prior to that Distribution Payment Date.

**No Claim by Securityholders for Distributions:**

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable as described under **"Distribution Cancellation"**, **"No Obligation to Pay"** or **"Distribution Limitation"**. Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

**Distributable Reserves:**

Any Distribution may only be paid out of Distributable Reserves.

**Distribution Limitation:**

Without prejudice to the matters described under **"Distribution Cancellation"** and **"No Obligation to Pay"**, if the Issuer does not propose or intend to pay, and will not pay, its next dividend on the Shares, the Issuer may give, on or before the relevant Distribution Determination Date, a notice signed by a director of the Issuer (**"Distribution Limitation Notice"**) to the Securityholders and the Trustee that it will pay no Distribution on such Distribution Payment Date, in which case no Distribution will become due and payable on such Distribution Payment Date.

**Distribution Stopper:**

If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of, inter alia, “**Distribution Cancellation**”, “**No Obligation to Pay**” or “**Distribution Limitation**” above, the Issuer shall not:

- (i) declare or pay any dividends or other distributions in respect of the Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);
- (ii) declare or pay, or permit any subsidiary of the Issuer (other than a subsidiary of the Issuer that carries on banking business) to declare or pay, any dividends or other distributions in respect of Parity Obligations the terms of which provide that making payments of dividends or other distributions in respect thereof are fully at the discretion of the Issuer (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations); and
- (iii) redeem, reduce, cancel or buy-back any Parity Obligations or Junior Obligations or permit any subsidiary of the Issuer (other than a subsidiary of the Issuer that carries on banking business) to redeem, reduce, cancel or buy-back any Parity Obligations or Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction or buy-back of any such Parity Obligations or Junior Obligations),

in each case, until (x) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to and in respect of a Distribution Payment Date preceding such subsequent Distribution Payment Date) has been paid in full to the Securityholders (or an amount equivalent such Distribution scheduled to be paid on such subsequent Distribution Payment Date has been irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (y) the Issuer is permitted to do so by an Extraordinary Resolution.

**No Default:**

Notwithstanding any other provision in the Conditions, the cancellation or non-payment of any Distribution in accordance with, inter alia, “**Distribution Cancellation**”, “**No Obligation to Pay**” or “**Distribution Limitation**” above, shall not constitute a default for any purpose on the part of the Issuer.

**Loss Absorption:**

Upon the occurrence of a Loss Absorption Event, the Issuer shall give a Loss Absorption Event Notice.

After the Issuer has determined the appropriate Loss Absorption Measure(s), the Issuer shall give a Write Down Notice (as defined below). The Issuer shall, after first giving the Write Down Notice:

- (i) cancel any Distribution which is accrued (and unpaid) up to the relevant Loss Absorption Measure Effective Date; and
- (ii) if the cancellation of Distributions in accordance with paragraph (i) above, together with the cancellation of interest, dividend and/or distribution on any other Loss Absorbing Instruments (as defined below) on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without requiring the consent of the Securityholders) procure that the Registrar shall reduce the Prevailing Principal Amount by the relevant Write Down Amount (such reduction, a “**Write Down**”, and “**Written Down**”, shall be construed accordingly).

Each of paragraphs (i) and (ii) above is referred to in this section as a “**Loss Absorption Measure**”.

Concurrent with the giving of the Loss Absorption Event Notice, the Issuer shall procure, unless otherwise directed by the MAS, that a similar notice be given in respect of other Loss Absorbing Instruments (in accordance with their terms).

In addition, concurrent with the giving of the Write Down Notice, the Issuer shall also procure, unless otherwise directed by the MAS, that (i) a similar notice be given in respect of other Loss Absorbing Instruments (in accordance with their terms) and (ii) any accrued (and unpaid) distributions in respect of such Loss Absorbing Instruments are cancelled and (if required) the prevailing principal amount of each class of Loss Absorbing Instruments outstanding (if any) is written down or converted into Shares or any other securities which qualify as CET1 Capital (as defined below) (as the case may be) by a corresponding proportion as soon as reasonably practicable following the giving of such Write Down Notice.

“**CET1 Capital**” means Common Equity Tier 1 Capital of the Issuer under MAS Notice 637.

**“Loss Absorbing Instrument”** means any instrument (other than the Capital Securities) issued directly or indirectly by the Issuer which (a) in the case of dissolution or Winding-Up of the Issuer ranks *pari passu* with, or junior to, the Capital Securities; and (b)(i) contains provisions relating to a write down of the prevailing principal amount of such instrument or which otherwise permit the write down of such instrument under circumstances analogous to those in the Conditions, or (ii) contains provisions relating to or otherwise permitting a conversion of the prevailing principal amount of such instrument into Shares (or any other securities which qualify as CET1 Capital) under circumstances analogous to those in the Conditions, and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

**“Loss Absorption Event”** means the earlier of:

- (i) the MAS notifying the Issuer in writing that it is of the opinion that a write-off is necessary, without which the Issuer would become non-viable; and
- (ii) the MAS notifying the Issuer in writing of its decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the MAS.

**“Loss Absorption Event Notice”** means an irrevocable notice specifying that a Loss Absorption Event has occurred, which shall be signed by a director of the Issuer and given not later than one business day after the occurrence of the Loss Absorption Event, to Securityholders and the Trustee.

**“Loss Absorption Measure Effective Date”** means the date on or by which the Loss Absorption Measure(s) shall take effect and specified as such in the Write Down Notice, which shall be a date that falls 10 days or more after the issue of the Write Down Notice, but shall not be later than 30 days from the date of the Loss Absorption Event, or such other date as may be directed or approved by the MAS.

**“Write Down Amount”** means the principal amount of each Capital Security as the Issuer shall, in consultation with the MAS, determine or as the MAS may direct, which is required to be Written Down for the Issuer to cease to be non-viable.

**“Write Down Notice”** means an irrevocable notice, which shall be signed by a director of the Issuer, to Securityholders and the Trustee, and which shall state the relevant Loss Absorption Measure being implemented (including, for the avoidance of doubt, the cancellation of accrued (and unpaid) Distributions), the Write Down Amount (if required) and the Loss Absorption Measure Effective Date (such statement of which shall, in the absence of manifest error, be binding on all parties).

**Consequence of a Loss  
Absorption Measure:**

A Loss Absorption Event may occur on more than one occasion (and each Capital Security may be written down on more than one occasion) provided that the Write Down Amount shall not exceed the Prevailing Principal Amount.

Once the Prevailing Principal Amount has been Written Down, the relevant Write Down Amount(s) will be extinguished and will not be restored in any circumstances including where the relevant Loss Absorption Event(s) cease(s) to continue. No Securityholder may exercise, claim or plead any right to any Write Down Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Write Down Amount.

**Maturity Date:**

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date.

**Redemption at the Option of the  
Issuer:**

Subject to “**Redemption or Variation Conditions**” below, the Issuer may, on the First Call Date or any Distribution Payment Date thereafter, on giving at least 30 days’ irrevocable notice to the Securityholders and the Trustee, redeem all, but not some only, of the Capital Securities at the Redemption Amount (as defined below).

**Redemption for Taxation  
Reasons:**

Subject to “**Redemption or Variation Conditions**” below, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving at least 30 days’ notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Tax Event (as defined below) has occurred or is continuing. Prior to the issue of any notice of redemption as described in the Conditions, the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

“**Tax Event**” means that, as a result of any change after the date of issuance of the Capital Securities in, or amendment to, any law or regulation of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore, or the receipt of a ruling by the Comptroller of Income Tax in Singapore (the “**Comptroller**”) (or other relevant authority) that:

- (i) payments to the Securityholders would give rise to any obligation of the Issuer to account for any tax in Singapore at a rate in excess of the rate in effect immediately prior to such issuance;
- (ii) payments to the Securityholders would give rise to any obligation of the Issuer to pay the Additional Amounts;

- (iii) payments of Distributions will or would be treated as dividends (within the meaning of the Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time (the “ITA”)) or any other type of payment which are non-deductible for Singapore income tax purposes; or
- (iv) the Capital Securities do not qualify as “qualifying debt securities” for the purposes of the ITA, as amended or modified from time to time,

and such obligation, treatment, non-deductibility or, as the case may be, non-qualification cannot in each case be avoided by the Issuer taking reasonable measures available to it.

**Redemption for Change of Qualification Event:**

Subject to “**Redemption or Variation Conditions**” below, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving at least 30 days’ notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Change of Qualification Event (as defined below) has occurred or is continuing. Prior to the issue of any notice of redemption as described in the Conditions, the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

“**Change of Qualification Event**” means:

- (i) as a result of a change to the relevant requirements issued by the MAS in relation to the qualification of the Capital Securities as Additional Tier 1 Capital Securities or to the inclusion of the Capital Securities in the calculation of the capital adequacy ratio of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis (“**Eligible Capital**”); or
- (ii) as a result of any change in the application, or official or generally published interpretation, of such relevant requirements issued by the MAS or any relevant authority, including a ruling or notice issued by the MAS or any relevant authority, or any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the Capital Securities as Additional Tier 1 Capital Securities of the Issuer or to the inclusion of the Capital Securities as Eligible Capital, (a) which change or amendment (subject to (b)) becomes, or would become, effective on or after the Issue Date, or (b) in the case of a change to the relevant requirements issued by the MAS, on or after the Issue Date, the relevant Capital Securities, in whole or in part, would not qualify as Additional

Tier 1 Capital Securities or as Eligible Capital of the Issuer; or

- (iii) for any other reason, the Capital Securities do not qualify as Additional Tier 1 Capital Securities or as Eligible Capital of the Issuer.

**Variation:**

Subject to “**Redemption or Variation Conditions**” below, the Issuer may at any time, without any requirement for the consent or approval of the Securityholders or the Trustee and having given at least 30 days’ notice to the Securityholders (which notice shall be irrevocable), vary the terms of the Capital Securities so that they remain or, as appropriate become Qualifying Securities (as defined below) and provided that:

- (i) such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Capital Securities;
- (ii) neither a Relevant Tax Event (as defined below) nor a Change of Qualification Event arises as a result of such variation; and
- (iii) the Issuer is in compliance with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

“**Qualifying Securities**” means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i)
  - (A) qualify (in whole or in part) as Additional Tier 1 Capital Securities; or
  - (B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,in each case of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis;
- (ii) shall:
  - (A) include a ranking at least equal to that of the Capital Securities;
  - (B) have at least the same distribution rate and the same Distribution Payment Dates as those from time to time applying to the Capital Securities;



(C) have the same redemption rights as the Capital Securities;

(D) preserve any existing rights under the Capital Securities to any accrued Distributions which have not been paid in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation; and

(E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the Capital Securities immediately prior to such variation; and

(iii) are listed on the SGX-ST (or such other stock exchange approved by the Trustee) if the Capital Securities were listed immediately prior to such variation; and

a “**Relevant Tax Event**” is deemed to have occurred if, in making any payments on any Capital Securities, the Issuer has paid or will or would on the next payment date be required to pay any Additional Amounts or has paid, or will or would be required to pay, any additional tax in respect of the Capital Securities, in each case under the laws or regulations of Singapore or any political subdivision or authority therein or thereof having the power to tax or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

**Redemption Amount:**

“**Redemption Amount**” means the Prevailing Principal Amount, together with, subject to, inter alia, “**Distribution Cancellation**”, “**No Obligation to Pay**” and “**Distributable Reserves**” above, and unless a Distribution Limitation Notice is in effect, an amount equal to any accrued but unpaid Distributions from (and including) the commencement date of the relevant Distribution Period in which the date of redemption falls, to (but excluding) the date of actual payment.

**Redemption or Variation Conditions:**

Any redemption or variation of Capital Securities by the Issuer is subject to:

(i) obtaining the prior written approval of the MAS (if then required) to the redemption or variation, and satisfying any conditions that the MAS may impose at the time of any approval (if then required); and

(ii) in the case of a redemption, the Distributable Reserves and/or Replacement Capital (as defined below) as at the date for redemption being equal to at least the Prevailing Principal Amount and the full amount of any accrued but unpaid Distributions (whether or not declared) in respect of the relevant Distribution Period in which the relevant redemption falls.



**“Replacement Capital”** means Shares and/or Parity Obligations issued for the purpose of funding the redemption of the Capital Securities.

**Purchase:**

The Issuer and its subsidiaries may at any time and from time to time purchase the Capital Securities to the extent permitted by the MAS and/or MAS Notice 637. No purchase of any Capital Securities by the Issuer shall be made without the prior approval of the MAS (for so long as the Issuer is required to obtain such approval).

**Clearing System:**

The Capital Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described herein, certificates for Capital Securities will not be issued in exchange for beneficial interests in the Global Certificate.

**Taxation:**

All payments of principal and Distributions by or on behalf of the Issuer in respect of the Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the **“Additional Amounts”**) as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in the circumstances specified in **“Terms and Conditions of the Capital Securities – Taxation”**.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Capital Securities in, among others, the United States of America, the United Kingdom, the European Economic Area, Hong Kong and Singapore. For a description of the selling restrictions on offer, sale and delivery of the Capital Securities, see **“Subscription and Sale”**.

**Listing and Trading of the Capital Securities:**

Approval in-principle for the listing and quotation of the Capital Securities on the SGX-ST has been received. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offering Circular. Approval in-principle for the listing and quotation of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities, the Issuer, its subsidiaries and/or its associated companies. The Capital Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Capital Securities are listed on the SGX-ST.

**Rating of the Capital Securities:**

The Capital Securities are expected to be rated “BBB” by Fitch Ratings and “A3” by Moody’s Investors Service, Inc.

A credit rating is not a recommendation to buy, sell or hold the Capital Securities, does not address the likelihood or timing of repayment of the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Such ratings should be evaluated independently of any other rating of the Capital Securities, the Issuer’s other securities or the Issuer.

**Trustee:**

DB International Trust (Singapore) Limited.

**Principal Paying Agent, Registrar,  
Transfer Agent and Calculation  
Agent:**

Deutsche Bank AG, Singapore Branch.

**Governing Law:**

The Capital Securities will be governed by, and construed in accordance with, Singapore law.

**Use of Proceeds:**

The net proceeds from the issue of the Capital Securities are intended for general corporate purposes.

**Capital Treatment of the  
Capital Securities:**

It is intended that the Capital Securities will qualify as Additional Tier 1 capital of UOB.

## RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Capital Securities are also described below.

Prospective investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making an investment decision. Any of the following risks could materially adversely affect the Group's business, financial condition or results of operations and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Group faces. Additional risks and uncertainties not currently known to the Group, or which are currently deemed to be immaterial, may also materially and adversely affect the Group's business, financial condition or results of operations.

### Risks Relating to the Group

#### **Economic downturns may materially and adversely affect the Group's operations and asset quality.**

As at 31 March 2016, 64 per cent. of the Group's asset (excluding intangible assets) were in Singapore. For the three months ended 31 March 2016, the Group derived 71 per cent. of its pre-tax profit from its operations in Singapore. The Group's performance and the quality and growth of its assets are therefore substantially dependent on Singapore's economy. The Group also offers banking and financial services to customers outside Singapore in the Asia-Pacific region, including Malaysia, Thailand, Indonesia, Greater China and Australia. Accordingly, its business is also affected by the economic environment in these countries.

An economic slowdown in China could have an adverse effect on economic growth regionally or globally. There also remains uncertainty in the Eurozone economy in light of the unstable sovereign finances of certain European nations. In addition, the continued decline in global oil and commodity prices could result in further uncertainty in the global economic environment. There can be no assurance that the economic slowdown in China, market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions or general uncertainty in global markets or commodity prices, will not affect the Group. These factors may, individually or cumulatively, result in another global or regional financial crisis.

If there is another global or regional financial crisis or a deterioration in the economic or political environment of Singapore or any of the other countries in which the Group operates, this may have a material adverse effect on the Group's business, financial condition, and results of operations. Further, in light of the interconnectivity between Singapore's economy and other economies, Singapore's economy is increasingly exposed to economic and market conditions in other countries. As a result, an economic downturn or recession in the United States, Europe and other countries in the developed world or a slowdown in economic growth in major emerging markets like China or India could have an adverse effect on economic growth in Singapore. A slowdown in the rate of growth in Singapore's economy could result in lower demand for credit and other financial products and services and higher defaults among corporate and retail customers, which could adversely affect the Group's business, financial condition and results of operations.

#### **Political instability, civil unrest, cross-border tensions, terrorist attacks, natural calamities and outbreak of communicable diseases around the world could lead to disruptions and/or higher volatility in the international financial markets, which may materially and adversely affect the Group's business, financial condition and results of operations.**

Political instability, civil unrest, cross-border tensions, terrorist attacks, natural calamities and outbreak of communicable diseases could lead to disruptions and/or higher volatility in the functioning of international financial markets and adversely affect Singapore and other economies in which the Group operates. Any material change in the financial markets or the Singapore economy or other economies in which the Group operates as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

## **Competition in Singapore and other markets in which the Group operates is intense and is growing.**

The Group's primary competitors consist of other major Singapore banks, foreign banks licensed in Singapore and other financial institutions in Southeast Asia, Greater China and other markets in which the Group operates. The liberalisation of the Singapore banking industry has resulted in increased competition among domestic and foreign banks operating in Singapore, leading to reduced margins for certain banking products. The MAS, which regulates banks in Singapore, has granted Qualifying Full Bank ("QFB") licences to various foreign financial institutions since 1999. QFBs are permitted to establish up to 25 service locations in Singapore, either for branches or off-site automated teller machines ("ATMs"). QFBs are also permitted to share ATMs among themselves. Foreign banks granted such licences face fewer restrictions on their Singapore dollar deposit-taking and lending activities. The MAS has indicated that it will continue to allow greater foreign bank participation in the Singapore banking industry and refine the QFB system. Certain significantly rooted QFBs may be allowed to have an additional 25 places of business in Singapore, of which 10 may be branches. In recent years, the Singapore Government has also allowed more foreign banks to obtain wholesale banking licenses to enable them to expand their Singapore dollar wholesale banking business in Singapore and to broaden the scope of Singapore dollar banking activities in which foreign banks may participate.

Since the implementation of the United States-Singapore Free Trade Agreement (the "USSFTA") signed in May 2003, Singapore banks, including the Group, have been subject to additional competition. The USSFTA has removed QFB and wholesale bank license quotas for U.S. banks and significantly relaxed certain other restrictions on international banking activities. Further liberalisation of the financial sector in Singapore could lead to a greater presence or new entries of domestic and foreign banks offering a wider range of products and services, which could adversely impact the Group's competitive environment. The Group also faces increasing competition in Malaysia and Thailand, which have liberalised their financial sectors.

There can be no assurance that the Group will be able to compete successfully with other domestic and foreign financial institutions or that increased competition will not materially and adversely affect the Group's business, financial condition and results of operations.

## **Expansion into Southeast Asia and Greater China may materially and adversely affect the Group's results of operations.**

The Group continues to target expansion into the markets of Southeast Asia and Greater China. As at 31 March 2016, the Group had 36 per cent. of its total assets (excluding intangible assets) outside Singapore, of which 29 per cent. were in Malaysia, Thailand, Indonesia and Greater China. While this regional expansion may be positive for the Group's long-term growth and may enhance revenue diversification, such expansion also increases the Group's operational risk and vulnerability to the political, legal and economic environment of each market in which it operates, and its exposure to asset quality issues. Although the Group actively manages risks in accordance with the Group's risk management policies and guidelines, there can be no assurance that the Group's business, financial condition and results of operations will not be materially and adversely affected by any political, legal, economic or other development in or affecting the markets in which it operates, or that its credit and provisioning policies will be adequate in relation to such risks.

## **Liquidity shortfalls may increase the cost of funds.**

Most of the Group's funding requirements are met through a combination of funding sources, primarily in the form of deposit-taking activities and inter-bank funding. As at 31 March 2016, approximately 77 per cent. of the Group's total equity and liabilities were attributable to non-bank customer deposits while approximately three per cent. came from inter-bank liabilities. A portion of the Group's assets has long-term maturities, creating a potential for funding mismatches. As at 31 March 2016, a majority of the Group's non-bank customer deposits had a maturity of one year or less or was payable on demand. However, in the past, a substantial portion of such non-bank customer deposits had rolled over upon maturity and became, over time, a stable source of funding. No assurance can be given, however, that this trend will continue. If a substantial number of depositors, in or outside Singapore, choose not to roll over deposited funds upon maturity or withdraw such funds from the Group, its liquidity position could be materially and adversely affected. In such a situation, the Group could be required to seek other funding sources, which may be more expensive than current funding sources. This may materially and adversely affect the Group's business, financial condition and results of operations.

**A substantial increase in non-performing loans (“NPLs”) may impair the Group’s financial condition.**

The Group’s NPLs as a percentage of gross customer loans were 1.4 per cent. as at 31 March 2016. A worsening of the economic conditions in Singapore or the region where the Group operates, changes in the credit quality of the Group’s borrowers as well as various other factors such as a rise in unemployment, a sustained rise in interest rates, developments in the economies in which the Group operates, movements in the global commodities markets and exchange rates and global competition may lead to an increase in NPLs. A substantial increase in NPLs may materially and adversely affect the Group’s business, financial condition, results of operations and capital adequacy ratios.

If the Group is not able to control or reduce the level of NPLs, the overall quality of the Group’s assets may deteriorate, and the Group may become subject to enhanced regulatory oversight and scrutiny which may materially and adversely affect the Group’s reputation, business, financial condition, results of operations and capital adequacy ratios.

In addition, loan volumes are affected by market interest rates on loans, and rising interest rates are generally associated with a lower volume of loans. An increase in the general level of interest rates may also adversely affect the ability of certain borrowers to pay the interest on and principal of their obligations. Accordingly, changes in levels of market interest rates could materially adversely affect the Group’s asset quality and NPLs.

**A decline in collateral values or inability to realise collateral value may necessitate an increase in the Group’s provisions.**

Adverse changes in the credit quality of the Group’s borrowers and counterparties or adverse changes arising from a deterioration in global and regional economic conditions or asset values could reduce the value of the Group’s assets. A substantial portion of the Group’s loans is secured by real estate. In the event of a downturn in the real estate markets in Singapore or the other markets in which the Group conducts business, changes in asset prices may cause the value of the collateral to decline and a portion of the Group’s loans may exceed the value of the underlying collateral.

Any decline in the collateral value, inability to obtain additional collateral or inability to realise the expected value of the collateral may require the Group to increase its impairment, which may materially and adversely affect the Group’s business, financial condition, results of operations and capital adequacy ratios.

**Income from trading operations is subject to market volatilities.**

Income from trading activities is vulnerable to changes in foreign exchange rates, interest rates, equity prices, credit spreads, commodity prices and other factors. Hence, trading activities are a relatively less stable source of income than other banking activities. Any decrease in income from trading activities due to market volatilities may materially and adversely affect the Group’s business, financial condition and results of operations.

**New product lines and new service arrangements may not be successful.**

The Group continues to explore new products and services for its various businesses in and outside Singapore. It does not typically expect new products or services to be profitable in the first few years after launch, and there can be no assurance that the Group will be able to accurately estimate the time needed for these products or services to become profitable. The Group’s new products and services may not be successful, which may materially and adversely affect the Group’s business, financial condition and results of operations.

**Significant fraud, system failures or calamities could materially and adversely impact the Group’s business.**

Operational risk is managed through a framework of policies and procedures by which the business and support units identify, assess, monitor, mitigate and report their risks. A key component of the operational risk

management framework is risk identification and control self-assessments. This is achieved through the Group-wide implementation of a set of operational risk tools. The Group actively manages fraud risk and bribery risk. Tools and policies, including a whistle-blowing programme, a material risk notification protocol and a fraud risk awareness training programme, have been developed to manage such risks. However, there is no assurance that the Group will be able to prevent all instances of internal and external frauds.

The Group also seeks to protect its computer systems and network infrastructure from break-ins, fraud and system failures. The Group employs physical access control mechanisms (which operate 24 hours a day, seven days a week) and information and cyber security surveillance systems, including firewalls, threats detection and prevention systems, tokens and password encryption technologies, which are designed to minimise, detect and mitigate the risk of security breaches. Although the Group will continue to implement security technologies, conduct regular vulnerability assessments and network penetration tests and establish operational procedures to prevent break-ins, damages and failures, there can be no assurance that these security measures will be successful. In addition, although the Group's data centre and real-time back-up systems are separately located in different locations, there can be no assurance that both systems will not be simultaneously damaged or destroyed in the event of a major disaster. A significant failure of security measures or back-up systems may have a material and adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group uses information technology ("IT") systems to deliver services to and perform transactions on behalf of its customers, as well as for back office operations. The Group therefore depends on the capacity and reliability of the electronic and IT systems supporting the Group's operations. There can be no assurance that the Group will not encounter service disruptions owing to failures of these IT systems. The Group's IT systems are subject to damage or incapacitation as a result of quality problems, human error, natural disasters, power loss, sabotage, computer viruses, acts of terrorism, cyber attacks and similar events. In addition, the Group may not be prepared to address all contingencies that could arise in the event of a major disruption service.

The Group also handles personal information obtained from its individual and corporate customers in relation to its banking, securities, credit card, insurance and other businesses. The controls the Group has implemented to protect the confidentiality of personal information, including those designed to meet the strict requirements of banking secrecy and personal data privacy laws, may not be effective in preventing unauthorised disclosure of personal information. Leakage of personal information could expose the Group to lawsuits, administrative or regulatory actions or sanctions and reputational harm, thereby materially and adversely affecting the Group's business, financial condition and results of operations.

**Income and expenses relating to the international operations and foreign assets and liabilities are exposed to foreign currency fluctuations.**

The Group's operations outside Singapore are subject to fluctuations in foreign exchange rates. In addition, a portion of the Group's assets and liabilities in Singapore is denominated in foreign currencies. To the extent that the Group's foreign currency denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currencies against the Singapore dollar may materially and adversely affect the Group's business, financial condition and results of operations. In addition, fluctuations in foreign exchange rates will create foreign currency translation gains or losses.

**Accounting and corporate disclosure requirements in Singapore may result in different or a more limited disclosure than that in other jurisdictions.**

The Group is subject to Singapore's accounting and corporate disclosure standards and requirements, which differ in certain aspects from those applicable to banks in certain other countries. There may be less publicly available information about companies listed in Singapore, and there may also be differences in such information, from that made available by public companies in other countries. In addition, the Group's financial statements are prepared in accordance with the provisions of the Companies Act and the Singapore Financial Reporting Standards ("FRS"), including the modification of the requirements of FRS 39 relating to Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by MAS Notice 612 Credit Files, Grading and Provisioning, which may differ in certain aspects from International Financial Reporting Standards and other accounting/auditing standards with which prospective investors in other countries may be familiar. Accordingly, there may be differences in the results of operations and financial position in respect of the Group should the financial statements be prepared in accordance with the International Financial Reporting Standards or such other



accounting/auditing standards. No attempt has been made to reconcile any information given in this Offering Circular with any other principle or to prepare it based on any other standard.

In addition, future amendments to accounting standards and the consequences of their implementation by the Group may have a material and adverse effect on the Group's business, financial condition and results of operations.

**Systemic risks from failures in the banking industry may adversely affect the Group.**

Concerns about, or a default by, one institution may lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with whom the Group interacts on a daily basis, which could have an adverse effect on the Group's ability to raise new funding and on the Group's business, financial condition and results of operations.

**Legal and regulatory environment is subject to change, and violations could result in penalties and other regulatory actions.**

The Group is subject to regulatory supervision arising from a wide variety of banking and financial services laws and regulations, and faces the risk of interventions by a number of regulatory and enforcement authorities in each jurisdiction in which it operates. Failure by the Group to comply with any of these laws and regulations could lead to disciplinary action, the imposition of fines and/or the revocation of the licence, permission or authorisation to conduct the Group's business in the jurisdictions in which it operates, or civil liability. The legal and regulatory systems under which the Group operates, and potential changes thereto, could affect the way the Group conducts its business and, in turn, its financial position and results of operations.

Severe supervisory actions taken against the Group by the MAS or other regulatory and enforcement authorities in each jurisdiction in which the Group operates may have an adverse impact on the Group's reputation and business.

On 23 June 2015, the MAS issued the Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore setting out proposals in the areas of recovery and resolution planning, temporary stays and suspensions, statutory bail-in powers, cross-border recognition of resolution actions, creditor safeguards and resolution funding. The MAS has since released its response to feedback received and has also issued a Consultation Paper on Proposed Legislative Amendments to Enhance the Resolution Regime for Financial Institutions in Singapore on 29 April 2016, which is intended to effect the policy proposals set out in the earlier consultation paper. This includes proposed amendments to the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the "MAS Act") and the Monetary Authority of Singapore (Control and Resolution of Financial Institutions) Regulations 2013, as well as the proposed issuance of a new MAS Notice and Guidelines on recovery and resolution planning that will apply to banks notified by the MAS. The approach to the adoption of the resolution regime, including statutory bail-in, has not been finalised and the implementation of such a regime could impact the Group's future capital and funding structure and accordingly, could affect the Group's operations.

**The Issuer may face pressure on its capital and liquidity requirements.**

The Issuer is subject to capital adequacy and liquidity guidelines adopted by the MAS for a Singapore bank, which provide for a minimum ratio of total capital to risk-adjusted assets and a minimum liquidity coverage ratio, expressed as a percentage, as further described below. Failure by the Issuer to maintain its ratios may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Capital Securities.

Banks incorporated in Singapore ("SIBs" and each a "SIB") are required to meet capital adequacy requirements under the Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore ("MAS Notice 637"), that are higher than the standards set by the Basel Committee on Banking Supervision (the "Basel Committee"). SIBs shall maintain at both standalone and consolidated levels (referred to as "Solo" and "Group" levels in MAS Notice 637), the following minimum capital adequacy ratio ("CAR")

requirements:

- (a) a common equity Tier 1 (“**CET1**”) CAR of at least 6.5 per cent. from 1 January 2015 onwards;
- (b) a Tier 1 CAR of at least 8.0 per cent. from 1 January 2015 onwards; and
- (c) a total CAR of at least 10 per cent. from 1 January 2013 onwards.

In addition to complying with the minimum CAR requirements, SIBs shall, at all times in the periods specified under MAS Notice 637, maintain at both the Solo and Group levels, a capital conservation buffer above the minimum CAR requirements. The capital conservation buffer will be met with CET1 capital and begin at 0.625 per cent. from 1 January 2016, increasing by an additional 0.625 per cent. in each subsequent year, to reach 2.5 per cent. from 1 January 2019.

In addition to complying with the minimum CAR and the capital conservation buffer, SIBs shall, at all times in the periods specified under MAS Notice 637, maintain, at both the Solo and Group levels, a countercyclical buffer comprising CET1 capital ranging from zero per cent. up to 2.5 per cent. above the minimum CET1 CAR, minimum Tier 1 CAR and minimum total CAR.

The actual magnitude of the countercyclical buffer to be applied shall be the weighted average of the country-specific countercyclical buffer requirements that are being applied by national authorities in jurisdictions to which SIBs have private sector credit exposures. For the purpose of calculation of the countercyclical buffer by the bank, the country-specific countercyclical buffer requirement in respect of a jurisdiction outside Singapore (a) shall not apply where it takes effect prior to 1 January 2016, and (b) shall be capped at 0.625 per cent. in 2016, 1.25 per cent. in 2017, 1.875 per cent. in 2018 and 2.5 per cent. from 2019 onwards, unless the MAS otherwise specifies.

The MAS may bring forward the effective dates for the application of the capital conservation buffer and the countercyclical buffer if it deems it necessary to do so based on the MAS’ assessment of the extent of excess credit growth and build-up of system-wide risk in Singapore.

In addition, MAS Notice 637 provides for the gradual phasing out of the regulatory capital recognition of outstanding Additional Tier 1 and Tier 2 capital instruments that no longer meet, in full, the requirements set out in MAS Notice 637. With effect from 1 January 2013, the recognition of the nominal amount of such instruments (being such amount outstanding and recognised as eligible capital under the cancelled MAS Notice 637 dated 14 December 2007) was capped at 90 per cent., with this cap being reduced by 10 percentage points in each subsequent year.

Following from the consultation paper on the local implementation of the Basel III liquidity rules relating to the liquidity coverage ratio (“**LCR**”), the MAS issued MAS Notice 649 Minimum Liquid Assets and Liquidity Coverage Ratio (“**MAS Notice 649**”) on 28 November 2014 which sets out the minimum liquid assets framework and the LCR framework. MAS Notice 649 took effect on 1 January 2015 for banks incorporated and headquartered in Singapore, subject to certain exceptions. Under MAS Notice 649, the Issuer shall be required to maintain at all times, a Singapore dollar LCR of at least 100 per cent. and an all currency LCR of at least 60 per cent. by 1 January 2015, with the all currency LCR requirement increasing by 10 per cent. each year to 100 per cent. by 2019.

The Basel III framework also includes a leverage ratio as a non-risk based backstop limit intended to supplement the risk-based capital requirements. The introduction of the leverage ratio commenced with supervisory monitoring in 2011, followed by a parallel run period from January 2013 to January 2017. The leverage ratio requirement is expected to be included from 2018. While the MAS has not set the minimum leverage ratio for SIBs, the Issuer is required to disclose the leverage ratio along with its first set of financial statements relating to its balance sheet on or after January 2015. In December 2015, the MAS issued MAS Notice 651 on Liquidity Coverage Ratio Disclosure (“**MAS Notice 651**”), which applies to domestic systemically important banks (“**D-SIBs**”) and took effect on 1 January 2016. Under MAS Notice 651, a D-SIB that is incorporated in Singapore and headquartered in Singapore is also required to disclose quantitative and qualitative information about its LCR at the banking group level. MAS Notice 651 further sets out guidance on disclosure of



non-mandatory quantitative and qualitative information that a D-SIB is encouraged to make.

As at 31 December 2015, the Group was in compliance with the regulatory capital requirements of each of the jurisdictions in which it operates subsidiaries. If the regulatory capital requirements, liquidity requirements or ratios applied to the Group continue to increase in the future, the Group's return on capital and profitability could be materially and adversely affected. Any failure by the Issuer to satisfy such increased regulatory capital ratios or liquidity requirements within the applicable timeline could result in administrative actions or sanctions or significant reputational harm, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Issuer was designated as a D-SIB in Singapore on 30 April 2015. However, this designation should not affect its higher loss absorbency ("HLA") and LCR requirements, as the proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum capital requirements that are two percentage points higher than those established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to Singapore incorporated banks under MAS Notice 637 and MAS Notice 649. Accordingly, the Issuer is already subject to these requirements.

**The Group's business is inherently subject to the risk of market fluctuations, which could materially and adversely affect its operating results, financial condition and prospects.**

The Group's business is inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, exchange rates, interest rates, inflation rates, credit spreads, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with business, pricing and hedging assumptions.

Market movements may have an impact on the Group in a number of key areas. Issuing and trading activities undertaken by the Group are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. For example, changes in interest rate levels, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

Although the Group actively manages risks in accordance with the Group's risk management policies and guidelines, there can be no assurance that the Group's business, financial condition and results of operations will not be materially and adversely affected by any market fluctuations or unidentified and/or unanticipated risks, or that its credit and provisioning policies will be adequate in relation to such risks.

**An actual or perceived reduction in the Group's financial strength, or a downgrade in the Group's credit ratings, could have a negative effect on the Group, and could increase deposit withdrawals, damage the Group's business relationships and negatively impact sales of the Group's products and services.**

Depositors' confidence in the financial strength of a bank, as well as in the financial services industry generally, is an important factor affecting its business. The Issuer has received long-term issuer ratings of "AA-" from Fitch Ratings, "Aa1" from Moody's Investors Service, Inc and "AA-" from Standard & Poor's Rating Services. The Rating Outlook is Stable by both Fitch Ratings and Standard & Poor's Rating Services, and Negative by Moody's Investors Service, Inc. Any actual or perceived reduction in the Group's financial strength, whether due to a credit rating downgrade or some other factor, could materially and adversely affect the Group's business as any such development may, among other things:

- (a) increase the number of deposit withdrawals;
- (b) negatively impact the Group's relationship with its creditors, its customers and the distributors of its products;
- (c) negatively impact the sales of the Group's products and services; and
- (d) increase the Group's borrowing costs as well as affect its ability to obtain financing on a timely basis.

**An investor may experience difficulties in enforcing judgements of courts of jurisdictions outside Singapore against the Issuer, the directors and executive officers of the Issuer and certain parties named in this Offering Circular.**

The Issuer is incorporated with limited liability under the laws of Singapore and most of its directors and executive officers and certain parties named in this Offering Circular reside or are incorporated in Singapore. All or the majority of the assets of such persons and the Issuer are located in Singapore. As a result, it may be difficult for investors to enforce judgements against the Issuer or such persons in courts outside Singapore. Investors should also be aware that judgements of courts of jurisdictions outside Singapore may, in some circumstances, not be enforceable in Singapore courts. In addition, the rights of Securityholders under the Capital Securities will be subject to the bankruptcy, insolvency, administrative and other laws of Singapore, which may be materially different from those with which Securityholders are familiar.

**Risks Related to the Capital Securities**

**The Capital Securities may not be a suitable investment for all investors.**

Each prospective investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understand thoroughly the terms of the Capital Securities and be familiar with the behaviour of any relevant financial market; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Capital Securities are complex financial instruments. A prospective investor should not invest in the Capital Securities unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, including the effects of inflation, the resulting effects on the value of the Capital Securities and the impact this investment will have on the prospective investor's overall investment portfolio.

**The Capital Securities are perpetual securities and investors have no right to require redemption.**

The Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require the Issuer to redeem their Capital Securities whereas the Issuer can redeem the Capital Securities in certain circumstances as described in the Conditions. However, the Issuer is under no obligation to redeem the Capital Securities at any time. The ability of the Issuer to redeem Capital Securities is subject to the Issuer (a) obtaining the prior written approval of the MAS (if then required) to the redemption, and satisfying any conditions that the MAS may impose at that time; and (b) the Distributable Reserves and/or Replacement Capital as at the date for redemption being equal to at least the Prevailing Principal Amount and the full amount of any accrued but unpaid Distributions in respect of the relevant Distribution Period in which the relevant redemption falls.

This means that Securityholders have no ability to cash in their investment, except if the Issuer exercises its

right to redeem the Capital Securities or by selling their Capital Securities in the open market. However, there can be no guarantee that the Issuer will exercise its rights to redeem the Capital Securities or be able to meet the conditions for redemption of Capital Securities. Securityholders who wish to sell their Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Capital Securities.

In addition, upon the occurrence of a Tax Event or a Change of Qualification Event, the Capital Securities may be redeemed at the Redemption Amount, as more particularly described in the Conditions. If any Loss Absorption Event has occurred since the Issue Date, as more fully described in “– The Capital Securities may be subject to Loss Absorption Measures”, Securityholders may lose up to the full principal amount of the Capital Securities.

There can be no assurance that Securityholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Capital Securities.

**The Issuer’s obligations under the Capital Securities are subordinated.**

The Issuer’s obligations under the Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer which rank *pari passu* with Parity Obligations. Subject, inter alia, as discussed under “– The Capital Securities may be subject to Loss Absorption Measures”, to the insolvency laws of Singapore and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (which includes holders of Tier 2 Capital Securities) and will rank senior to all Junior Obligations. In the event of a shortfall of funds on a Winding-Up, there is a risk that an investor in the Capital Securities will lose all or part of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Capital Securities. The Capital Securities also do not limit the Issuer’s ability or the ability of any entity in the Group to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Capital Securities.

**The Capital Securities may be subject to Loss Absorption Measures and holders of the Capital Securities could lose all or a part of their investment**

Under the Conditions, a Loss Absorption Event occurs when the MAS notifies the Issuer in writing (i) that it is of the opinion that a write-off is necessary, without which the Issuer would become non-viable; or (ii) of its decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the MAS. If a Loss Absorption Event occurs, the Issuer shall (i) cancel any accrued (and unpaid) Distribution up to the relevant Loss Absorption Measure Effective Date and all interest, dividend and/or distribution on any other Loss Absorbing Instruments on or before the relevant Loss Absorption Measure Effective Date; and (ii) if that is insufficient to result in the relevant Loss Absorption Event to be no longer continuing, to irrevocably procure that the Registrar shall reduce the Prevailing Principal Amount by the relevant Write Down Amount. In such an event, investors could lose all or a part of their investment. The Capital Securities will not be deposit liabilities of UOB for any purpose and will not be insured by any governmental agency or compensation scheme of Singapore or any other jurisdiction.

The notification of a Loss Absorption Event is at the discretion of the MAS and beyond the control of the Issuer. The circumstances in which such discretion is exercised are not limited and may include concerns about the Issuer’s capital, funding and/or liquidity levels.

Securityholders should note that a Write Down does not constitute an Enforcement Event under the Conditions and that any amount that is written down upon the occurrence of a Loss Absorption Event in accordance with the Conditions is permanent and will not be restored under any circumstances, even if the relevant Loss Absorption Event has ceased. In addition, a Loss Absorption Event may occur on more than one occasion and each Capital Security may be written down on more than one occasion, provided that the Write Down Amount shall not exceed the Prevailing Principal Amount. As the Distribution Rate is calculated on the basis of the Prevailing Principal Amount, in the event that the Prevailing Principal Amount is permanently reduced by the relevant Write Down Amount, Securityholders will receive less Distributions on their Capital Securities. In addition, upon the occurrence of a Loss Absorption Event, Securityholders could risk losing up to the full principal amount of the Capital Securities, as well as the cancellation of any accrued (and unpaid)

Distributions, without receiving any compensation for such loss or cancellation.

The application of a loss absorption feature similar to Condition 6 has not been tested in Singapore and some degree of uncertainty may exist in its application.

In addition, MAS Notice 637 provides that the terms of all Additional Tier 1 and Tier 2 capital instruments issued from 1 January 2013 onwards must be loss absorbing at the point of non-viability. This requirement does not apply to subordinated debt issued by the Issuer prior to 1 January 2013. Accordingly, the holders of Capital Securities are likely to be in a worse position, in the event the Issuer becomes non-viable, than holders of Additional Tier 1 instruments issued by the Issuer prior to 1 January 2013 which do not include mandatory conversion or write-off features, notwithstanding that the obligation of the Issuer under such instruments rank *pari passu* with the Issuers obligations under the Capital Securities in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation).

**Payments of Distribution are discretionary and Distributions are non-cumulative.**

Payment of Distributions on any Distribution Payment Date is at the sole discretion of the Issuer. Subject to the Conditions, the Issuer may elect to cancel any Distribution on any Distribution Payment Date. The Issuer may make such election for any reason. In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution if (a) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations, (b) such payment on Parity Obligations would cause a breach of the MAS' published consolidated or unconsolidated capital adequacy requirements applicable to it, or (c) the Issuer has insufficient Distributable Reserves. In addition, if the Issuer does not propose or intend to pay, and will not pay, its next dividend on its Shares, the Issuer may elect not to pay Distributions in respect of the relevant Distribution Payment Date under the Conditions.

Any Distributions which are not paid on the applicable Distribution Payment Date shall not accumulate or be payable at any time thereafter, whether or not funds are or subsequently become available. Securityholders will have no right thereto whether in a bankruptcy or dissolution as a result of the insolvency of the Issuer or otherwise.

Therefore, any Distributions not paid will be lost and the Issuer will have no obligation to make payment of such Distributions or to pay interest thereon.

If Distributions are not paid for whatever reason, the Capital Securities may trade at a lower price. If a Securityholder sells his Capital Securities during such a period, he may not receive the same return on investment as a Securityholder who continues to hold his Capital Securities until Distributions are resumed.

**The Issuer may, in certain circumstances, vary the terms of Capital Securities.**

In certain circumstances, such as on a Change of Qualification Event, the Issuer may, without the consent or approval of the Securityholders or the Trustee, but subject to the prior written approval of the MAS, vary the terms of any Capital Securities so that they remain or, as appropriate, become Qualifying Securities, subject to certain conditions. The terms of such varied Capital Securities may contain one or more provisions that are substantially different from the terms of the original Capital Securities, provided that the Capital Securities remain Qualifying Securities in accordance with the Conditions. While the Issuer cannot make changes to the terms of the Capital Securities that (a) give rise to any right of the Issuer to redeem the varied Capital Securities that is inconsistent with the redemption provisions of such Capital Securities, (b) result in a Relevant Tax Event or Change of Qualification Event, and (c) do not comply with the rules of any stock exchange on which such Capital Securities may be listed or admitted to trading, no assurance can be given as to whether any variation will negatively affect any particular Securityholder. In addition, the tax and stamp duty consequences of holding such varied Capital Securities could be different for some categories of Securityholders from the tax and stamp duty consequences for them of holding the Capital Securities prior to such variation.

**There are limited remedies for non-payment under the Capital Securities.**

Any scheduled Distribution will not be due if the Issuer elects not to pay that Distribution pursuant to the

Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment of principal or any Distributions on any of the Capital Securities has become due and such failure continues for a period of 14 business days in the case of Distributions or seven business days in the case of principal; or where an order is made or an effective resolution passed for the Winding-Up or dissolution of the Issuer. The only remedy against the Issuer available to any Securityholders for recovery of amounts in respect of the Capital Securities following the occurrence of a payment default after any sum becomes due in respect of the Capital Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Issuer's payment obligations arising from the Capital Securities. In such a winding-up, the claims of the Securityholder will be subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (which includes holders of Tier 2 Capital Securities).

**An active trading market for the Capital Securities may not develop.**

The Capital Securities are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received for the listing and quotation of the Capital Securities on the SGX-ST, no assurance can be given that an active trading market for the Capital Securities will develop or as to the liquidity or sustainability of any such market, the ability of Securityholders to sell their Capital Securities or the price at which Securityholders will be able to sell their Capital Securities. The Joint Lead Managers and Bookrunners are not obliged to make a market in the Capital Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers and Bookrunners. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Capital Securities. Even if an active trading market were to develop, the Capital Securities could trade at prices that may be lower than the initial offering price. Future trading prices of the Capital Securities will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the Issuer's operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Issuer's industry and competition; and
- general market, financial and economic conditions.

**The ratings assigned to the Capital Securities may be lowered or withdrawn in the future.**

The Capital Securities are expected to be assigned a rating of "BBB" by Fitch Ratings and "A3" by Moody's Investors Services, Inc. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment, circumstances in the future so warrant. The Issuer has no obligation to inform holders of the Capital Securities of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Capital Securities may adversely affect the market price of the Capital Securities. A rating is not a recommendation to buy, sell or hold the Capital Securities and may be subject to revision, suspension or withdrawal at any time.

**The Issuer may raise other capital which affects the price of the Capital Securities.**

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Capital Securities, and there is no restriction on the Issuer issuing securities with similar, different or no Loss Absorption Event provisions. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on a



dissolution or winding-up or may increase the likelihood of a cancellation of Distributions under the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Capital Securities and/or the ability of Securityholders to sell their Capital Securities.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (a) the Capital Securities are legal investments for it, (b) the Capital Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Capital Securities under any applicable risk-based capital or similar rules.

**Securityholders are bound by decisions of defined majorities in respect of any modification, waivers and substitution.**

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

**Securityholders may be subject to Singapore taxation.**

The Capital Securities are intended by the Issuer to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in “Taxation”. However, there is no assurance that such Capital Securities will enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

**The Issuer and other non-U.S. financial institutions through which payments on the Capital Securities are made may be required to make withholdings pursuant to U.S. foreign account tax compliance provisions.**

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”), the Issuer and other non-U.S. financial institutions through which payments on the Capital Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2018 in respect of (a) any Capital Securities issued or materially modified on or after the later of (i) 1 July 2014, and (ii) the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register and (b) any Capital Securities which are treated as equity for U.S. federal tax purposes, whenever issued. Under existing guidance, this withholding tax may be triggered on payments on the Capital Securities if (A) the Issuer is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Services (“**IRS**”) to provide certain information on its account holders (making the Issuer a “**Participating FFI**”), (B) the Issuer is required to withhold on “foreign passthru payments”, and (C)(i) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (ii) any FFI to or through which payment on such Capital Securities is made is not a Participating FFI or otherwise exempt from FATCA withholding.

Singapore and the United States have signed a FATCA Model 1 Intergovernmental Agreement on 9 December 2014 to help implement FATCA for certain Singaporean entities. The full impact of such an agreement on the Issuer and the Issuer’s reporting and withholding responsibilities under FATCA is unclear. The Issuer is required to report certain information on its U.S. account holders to the government of Singapore in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable Singaporean law. It is not yet certain how the United States and Singapore will address withholding on “foreign passthru payments” (which may include payments on the Capital Securities) or if such withholding will be required at all.

If an amount in respect of U.S. and Singapore withholding tax were to be deducted or withheld from interest, principal or other payments on the Capital Securities as a result of FATCA, none of the Issuer, any

paying agent or any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Holders of the Capital Securities should consult their own tax advisers on how these rules apply to payments they receive under the Capital Securities.

The application of FATCA to the Capital Securities issued or materially modified on or after the later of (a) the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register and (b) 1 July 2014 (or whenever issued, in the case of Capital Securities treated as equity for U.S. federal tax purposes) may be addressed in a supplement to this Offering Circular, as applicable.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE CAPITAL SECURITIES AND THE SECURITYHOLDERS IS UNCERTAIN AT THIS TIME. EACH SECURITYHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH SECURITYHOLDERS IN ITS PARTICULAR CIRCUMSTANCE.**

## TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

*The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Capital Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Capital Securities:*

The issue of the S\$750,000,000 4 per cent. non-cumulative non-convertible perpetual capital securities (the “**Capital Securities**”, which expression shall include any further capital securities issued pursuant to Condition 17 and forming a single series therewith) was authorised by a resolution of the Board of Directors of United Overseas Bank Limited (the “**Issuer**”) passed on 10 May 2016. The Capital Securities are constituted by a Trust Deed (the “**Trust Deed**”) dated 18 May 2016 (the “**Issue Date**”) between the Issuer and DB International Trust (Singapore) Limited (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Capital Securities. The Capital Securities are issued with the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 18 May 2016 executed by the Issuer by way of a deed poll. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Capital Securities. The Issuer has also signed an application form which has been accepted by The Central Depository (Pte) Limited (“**CDP**”) together with the terms and conditions for the provision of depository services by CDP referred to therein (the “**Depository Agreement**”). Copies of the Trust Deed, the Agency Agreement (the “**Agency Agreement**”) dated 18 May 2016 relating to the Capital Securities between the Issuer, the Trustee, the registrar (the “**Registrar**”), any transfer agents (each a “**Transfer Agent**”), the initial principal paying agent, the calculation agent named in it (the “**Calculation Agent**”) and any other agents named in it, the Depository Agreement and the Deed of Covenant are available for inspection during usual business hours and with reasonable prior notice at the specified office of the Trustee (presently at One Raffles Quay, #16-00 South Tower, Singapore 048583) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”), the Registrar and any Transfer Agents. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agents, the Calculation Agent and any other agent or agents appointed from time to time with respect to the Capital Securities. The Securityholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them in the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

### 1 Form, Specified Denomination and Title

The Capital Securities are issued in the specified denomination of S\$250,000.

The Capital Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Capital Securities by the same holder.

Title to the Capital Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Capital Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Securityholder**” and “**holder**” mean the person in whose name a Capital Security is registered.

### 2 Transfers of Capital Securities

- (a) **Transfer:** A holding of Capital Securities may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and



containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Capital Securities to a person who is already a holder of Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Capital Securities and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.

- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Securityholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Securityholder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “business day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

*For so long as any of the Capital Securities is represented by the Global Certificate and the Global Certificate is registered in the name of CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Capital Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Capital Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Calculation Agent, the Issuer, the Principal Paying Agent, the Registrar, the Transfer Agents and the Trustee as the holder of such principal amount of Capital Securities other than with respect to the payment of principal and Distributions (as defined below) and any other amounts in respect of the Capital Securities, for which purpose the registered holder of the Global Certificate shall be treated by the Calculation Agent, the Issuer, the Principal Paying Agent, the Registrar, the Transfer Agents and the Trustee as the holder of such Capital Securities in accordance with and subject to the terms of the Global Certificate (and the expressions “Securityholder” and “holder” and related expressions shall be construed accordingly). Capital Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP. As used in these Conditions, “Global Certificate” means a Certificate representing the Capital Securities that are registered in the name of CDP and/or any other clearing system.*

- (c) **Transfer or Exercise Free of Charge:** Certificates, on transfer or exercise of an option, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (d) **Closed Periods:** No Securityholder may require the transfer of a Capital Security to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Capital Security, (ii) during the period of 15 days ending on (and including) any date on which any payment of principal or Distributions (including, for the avoidance of doubt, any Redemption Amount (as defined in Condition 7(b) below)) in respect of the Capital Securities is due or (iii) during the period commencing from the date of the Loss Absorption Event Notice (as defined in Condition 6(b) below) and ending on (and including) the Loss Absorption Measure Effective Date (as defined in Condition 6(b) below).

- (a) **Status:** The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described in Condition 3(b).
- (b) **Subordination:** Subject to the insolvency laws of Singapore and other applicable laws, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of Senior Creditors (as defined below, and which includes holders of Tier 2 Capital Securities (as defined below)) and will rank senior to all Junior Obligations (as defined below). The Capital Securities will rank *pari passu* with Parity Obligations (as defined below). On such a Winding-Up, each Securityholder will be entitled to receive an amount equal to the Liquidation Amount (as defined below). In the event that (i) the Securityholders do not receive payment in full of the Liquidation Amount in any Winding-Up of the Issuer and (ii) the winding-up order or resolution passed for the Winding-Up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Securityholder did not receive payment in full of such Liquidation Amount on such Capital Securities, such unpaid amount shall remain payable in full; provided that payment of such unpaid amount shall be subject to the provisions under this Condition 3 and Condition 14, and Clause 2 and Clause 6 of the Trust Deed.

*The subordination provisions set out in this Condition 3(b) are effective only upon the occurrence of a Winding-Up of the Issuer. In the event that a Loss Absorption Event (as defined below) occurs, the rights of Securityholders shall be subject to Condition 6. This may not result in the same outcome for Securityholders as would otherwise occur under this Condition 3(b) upon the occurrence of a Winding-Up of the Issuer.*

- (c) **Pro Rata Liquidation Amount:** If, upon any such dissolution or Winding-Up of the Issuer, the amounts available for payment are insufficient to cover the Liquidation Amount and any amounts payable on any Parity Obligation, but there are funds available for payment so as to allow payment of part of the Liquidation Amount, then each Securityholder shall be entitled to receive a *pro rata* portion of the Liquidation Amount.

For the purposes of these Conditions:

“**Additional Tier 1 Capital Securities**” means (i) any security issued by the Issuer or (ii) any other similar obligation issued by any subsidiary of the Issuer, that, in each case, constitutes Additional Tier 1 capital of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis, pursuant to the relevant requirements set out in MAS Notice 637.

“**Distribution Period**” means the period from (and including) the Issue Date to (but excluding) the first Distribution Payment Date (as defined in Condition 4(a) below) and each successive period from (and including) a Distribution Payment Date to (but excluding) the immediately following Distribution Payment Date.

“**Junior Obligation**” means (i) any Share and (ii) any class of the Issuer’s share capital and any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to a Capital Security.

“**Liquidation Amount**” means, upon a dissolution or winding-up of the Issuer, the Prevailing Principal Amount (as defined in Condition 6(b) below) together with, subject to Condition 5, an amount equal to any accrued but unpaid Distribution from (and including) the commencement date of the relevant Distribution Period in which the date of the dissolution or winding-up falls, to (but excluding) the date of actual payment.

“**MAS**” means Monetary Authority of Singapore or such other governmental authority having primary bank supervisory authority with respect to the Issuer.

“**MAS Notice 637**” means MAS Notice 637 – “Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore” issued by the MAS, as amended, replaced or supplemented from time to time.

“**Parity Obligation**” means (i) any security, preference share or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 Capital Securities (including without limitation the S\$500 million 4.75% non-cumulative non-convertible perpetual capital securities of the Issuer issued on 19 November 2013 and the S\$850 million 4.90% non-cumulative non-convertible perpetual capital securities of the Issuer issued on 23 July 2013) or (ii) any security, preference share or other similar obligation of any subsidiary of the Issuer that constitutes or could qualify as Additional Tier 1 Capital Securities.

“**Permitted Reorganisation**” means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Capital Securities.

“**Senior Creditors**” means creditors of the Issuer (including the Issuer’s depositors and holders of any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes Tier 2 Capital Securities) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the Securityholders.

“**Shares**” means the ordinary shares of the Issuer.

“**Tier 2 Capital Securities**” means (i) any security issued by the Issuer or (ii) any other similar obligation issued by any subsidiary of the Issuer that, in each case, constitutes Tier 2 capital of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis, pursuant to the relevant requirements set out in MAS Notice 637.

“**Winding-Up**” means a final and effective order or resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceedings in respect of the Issuer.

(d) **No set-off:** No Securityholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer to the fullest extent permitted by law. If at any time any Securityholder receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the Trust Deed, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by virtue of his holding of any Capital Securities, shall agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Capital Securities.

#### 4 **Distribution**

(a) **Distribution:** Subject to Condition 5, the Capital Securities confer a right to receive distributions (each a “**Distribution**”) from (and including) the Issue Date at the applicable Distribution Rate (as defined in Condition 4(b) below), payable semi-annually in arrear on 18 May and 18 November in each year (each a “**Distribution Payment Date**”). Unless otherwise provided in these Conditions,

each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Capital Security up to that day are received by or on behalf of the relevant holder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Securityholders of receipt of all sums due in respect of all the Capital Securities up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If Distribution is required to be calculated for a period of less than one year, the relevant day-count fraction used will be the number of days in the relevant period, from (and including) the date from which Distributions begin to accrue to (but excluding) the date on which it falls due, divided by 365.

No Securityholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to Condition 5(a), Condition 5(c) or Condition 5(e) below. Accordingly, such Distribution shall not accumulate for the benefit of the Securityholders or entitle the Securityholders to any claim in respect thereof against the Issuer.

For so long as any of the Capital Securities is represented by the Global Certificate and the Global Certificate is held by CDP, the Distributions payable on such Capital Securities will be determined based on the aggregate holdings of Capital Securities of each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Capital Securities.

- (b) **Rate of Distribution:** The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:
- (i) in respect of the period from (and including) the Issue Date to (but excluding) 18 May 2021 (the “**First Call Date**”), 4 per cent. per annum of the Prevailing Principal Amount; and
  - (ii) in respect of the period from (and including) the First Call Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate of the Prevailing Principal Amount.

For the purposes of these Conditions:

“**business day**” means (except for the purpose of Condition 2(b)) a day (other than a Saturday or a Sunday) on which commercial banks are open for business in Singapore.

“**Initial Spread**” means 2.035 per cent.

“**Relevant Reset Distribution Rate**” means a fixed rate per annum equal to the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread.

“**Reset Date**” means the First Call Date and each date falling every five years after the First Call Date.

“**Swap Offer Rate**” means the rate per annum (expressed as a percentage) determined and notified by the Calculation Agent to the Issuer equal to the rate appearing under the column headed “Ask” for a maturity of five years which appears on the Bloomberg Screen TPIS Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” (or such other substitute page thereof upon notification to and subsequent instruction from the Issuer, or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the second business day preceding the relevant Reset Date (the “**Reset Determination Date**”).

- (c) **Calculation of Relevant Reset Distribution Rate:** The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Relevant Reset Distribution Rate

payable in respect of each Capital Security. The Calculation Agent will cause the applicable Relevant Reset Distribution Rate determined by it to be promptly notified to the Principal Paying Agent. Notice thereof shall also promptly be given by the Calculation Agent to the Issuer, the Trustee and the Registrar. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Securityholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

- (d) **Publication of Relevant Reset Distribution Rate:** The Issuer shall cause notice of the then applicable Relevant Reset Distribution Rate to be promptly notified to the Securityholders in accordance with Condition 16 after determination thereof.
- (e) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason so determine the applicable Relevant Reset Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Trustee pursuant to this Condition shall (in the absence of manifest error) be final and binding on all parties.

## 5 Distribution Restrictions

- (a) **Distribution Cancellation:** The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving a notice signed by a director of the Issuer (such notice, a “**Distribution Cancellation Notice**”) of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date. Such Distribution Cancellation Notice shall be conclusive and binding on the Securityholders. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(a) and any failure to pay such Distribution shall not constitute an Enforcement Event.
- (b) **Non-Cumulative Distribution:** If a Distribution is not paid in accordance with Condition 5(a), the Issuer is not under any obligation to pay that or any other Distributions that have not been paid. Such unpaid Distributions are non-cumulative and do not accrue interest. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to this Condition 5.
- (c) **No Obligation to Pay:** Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:
  - (i) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations;
  - (ii) the Issuer is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS’ consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637 from time to time applicable to the Issuer; or
  - (iii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Issuer’s then-current fiscal year on the Capital Securities or Parity Obligations, would exceed the Distributable Reserves as of the Distribution Determination Date.



The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(c) and any failure to pay such Distribution shall not constitute an Enforcement Event.

For the purpose of these Conditions:

“**Distributable Reserves**” means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 403 of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (“**Available Amounts**”) as of the date of the Issuer’s latest audited balance sheet; provided that if the Issuer reasonably believes that the Available Amounts as of any Distribution Determination Date are lower than the Available Amounts as of the date of the Issuer’s latest audited balance sheet and are insufficient to pay the Distributions and for payments on Parity Obligations on the relevant Distribution Payment Date, then a director of the Issuer will be required to provide a certificate, on or prior to such Distribution Determination Date, to the Securityholders accompanied by a certificate of the Issuer’s auditors for the time being of the Available Amounts as of such Distribution Determination Date (which certificate of the director will be binding absent manifest error) and “**Distributable Reserves**” as of such Distribution Determination Date for the purposes of such Distribution will mean the Available Amounts as set forth in such certificate.

“**Distribution Determination Date**” means, with respect to any Distribution Payment Date, the day falling two business days prior to that Distribution Payment Date.

- (d) **Distributable Reserves:** Any Distribution may only be paid out of Distributable Reserves.
- (e) **Distribution Limitation:** Without prejudice to Condition 5(a) and Condition 5(c) above, if the Issuer does not propose or intend to pay, and will not pay, its next dividend on the Shares, the Issuer may give, on or before the relevant Distribution Determination Date, a notice signed by a director of the Issuer (“**Distribution Limitation Notice**”) to the Securityholders in accordance with Condition 16 and the Trustee that it will pay no Distribution on such Distribution Payment Date, in which case no Distribution will become due and payable on such Distribution Payment Date. The Distribution Limitation Notice shall include a statement to the effect that the Issuer does not propose or intend to pay and will not pay its next dividend on the Shares.
- (f) **Distribution Stopper:** If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this Condition 5, the Issuer shall not:
  - (i) declare or pay any dividends or other distributions in respect of the Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);
  - (ii) declare or pay, or permit any subsidiary of the Issuer (other than a subsidiary of the Issuer that carries on banking business) to declare or pay, any dividends or other distributions in respect of Parity Obligations the terms of which provide that making payments of dividends or other distributions in respect thereof are fully at the discretion of the Issuer (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations); and
  - (iii) redeem, reduce, cancel or buy-back any Parity Obligations or Junior Obligations or permit any subsidiary of the Issuer (other than a subsidiary of the Issuer that carries on banking business) to redeem, reduce, cancel or buy-back any Parity Obligations or Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction or buy-back of any such Parity Obligations or Junior Obligations),

in each case, until (x) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to and in respect of a Distribution Payment Date preceding such subsequent Distribution Payment Date) has been paid in full to the Securityholders (or an



amount equivalent to such Distribution scheduled to be paid on such subsequent Distribution Payment Date has been irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (y) the Issuer is permitted to do so by an Extraordinary Resolution.

- (g) **No Default:** Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 10) on the part of the Issuer.

## 6 Loss Absorption

- (a) **Loss Absorption Measures:** Upon the occurrence of a Loss Absorption Event, the Issuer shall give a Loss Absorption Event Notice.

After the Issuer has determined the appropriate Loss Absorption Measure(s) (as defined below), the Issuer shall give a Write Down Notice (as defined below).

The Issuer shall, after first giving the Write Down Notice, subject as provided in this Condition 6:

- (i) cancel any Distribution which is accrued (and unpaid) up to the relevant Loss Absorption Measure Effective Date; and
- (ii) if the cancellation of Distributions in accordance with Condition 6(a)(i) above, together with the cancellation of interest, dividend and/or distribution on any other Loss Absorbing Instruments (as defined below) on or before the relevant Loss Absorption Measure Effective Date, is in aggregate insufficient to result in the relevant Loss Absorption Event no longer continuing, irrevocably (without requiring the consent of the Securityholders) procure that the Registrar shall reduce the Prevailing Principal Amount by the relevant Write Down Amount (such reduction, a “**Write Down**”, and “**Written Down**”, shall be construed accordingly).

Each of Conditions 6(a)(i) and 6(a)(ii) are referred to herein as a “**Loss Absorption Measure**”.

Concurrent with the giving of the Loss Absorption Event Notice, the Issuer shall procure, unless otherwise directed by the MAS, that a similar notice be given in respect of other Loss Absorbing Instruments (in accordance with their terms).

In addition, concurrent with the giving of the Write Down Notice, the Issuer shall also procure, unless otherwise directed by the MAS, that (i) a similar notice be given in respect of other Loss Absorbing Instruments (in accordance with their terms) and (ii) any accrued (and unpaid) distributions in respect of such Loss Absorbing Instruments are cancelled and (if required) the prevailing principal amount of each class of Loss Absorbing Instruments outstanding (if any) is written down or converted into Shares or any other securities which qualify as CET1 Capital (as defined below) (as the case may be) by a corresponding proportion as soon as reasonably practicable following the giving of such Write Down Notice.

- (b) **Multiple Loss Absorption Events:**

Where only part of the Prevailing Principal Amount or Distribution of the Capital Securities is to be Written Down, the Issuer shall use reasonable endeavours to conduct any Write Down such that:

- (i) Securityholders are treated rateably and equally; and
- (ii) the Write Down is conducted on a *pro rata* and proportionate basis with all other Additional Tier 1 Capital Securities of the Issuer, to the extent that such Additional Tier 1 Capital Securities are capable of being converted or written-down under any applicable laws and/or their terms of issue under circumstances analogous in these Conditions.

For the purposes of these Conditions:

“**CET1 Capital**” means Common Equity Tier 1 Capital of the Issuer under MAS Notice 637.

“**Loss Absorbing Instrument**” means any instrument (other than the Capital Securities) issued directly or indirectly by the Issuer which (a) in the case of dissolution or Winding-Up of the Issuer ranks *pari passu* with, or junior to, the Capital Securities; and (b)(i) contains provisions relating to a write down of the prevailing principal amount of such instrument or which otherwise permit the write down of such instrument under circumstances analogous to those in these Conditions, or (ii) contains provisions relating to or otherwise permitting a conversion of the prevailing principal amount of such instrument into Shares (or any other securities which qualify as CET1 Capital) under circumstances analogous to those in these Conditions, and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

“**Loss Absorption Event**” means the earlier of:

- (i) the MAS notifying the Issuer in writing that it is of the opinion that a write-off is necessary, without which the Issuer would become non-viable; and
- (ii) the MAS notifying the Issuer in writing of its decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the MAS.

“**Loss Absorption Event Notice**” means an irrevocable notice specifying that a Loss Absorption Event has occurred, which shall be signed by a director of the Issuer and given not later than one business day after the occurrence of the Loss Absorption Event, to Securityholders and the Trustee.

“**Loss Absorption Measure Effective Date**” means the date on or by which the Loss Absorption Measure(s) shall take effect and specified as such in the Write Down Notice, which shall be a date that falls 10 days or more after the issue of the Write Down Notice, but shall not be later than 30 days from the date of the Loss Absorption Event, or such other date as may be directed or approved by the MAS.

“**Prevailing Principal Amount**” means, in relation to each Capital Security at any time, the outstanding principal amount of such Capital Security at that time, being its initial principal amount, or any such lesser amount following any Write Down in accordance with these Conditions.

“**Write Down Amount**” means the principal amount of each Capital Security as the Issuer shall, in consultation with the MAS, determine or as the MAS may direct, which is required to be Written Down for the Issuer to cease to be non-viable.

“**Write Down Notice**” means an irrevocable notice, which shall be signed by a director of the Issuer, to Securityholders and the Trustee, and which shall state the relevant Loss Absorption Measure being implemented (including, for the avoidance of doubt, the cancellation of accrued (and unpaid) Distributions), the Write Down Amount (if required) and the Loss Absorption Measure Effective Date (such statement of which shall, in the absence of manifest error, be binding on all parties).

- (c) **Consequence of a Loss Absorption Measure:** A Loss Absorption Event may occur on more than one occasion (and each Capital Security may be written down on more than one occasion) provided that the Write Down Amount shall not exceed the Prevailing Principal Amount.

Following any Write Down of the Capital Security, references herein to “**Prevailing Principal Amount**” shall refer to the principal amount of the Capital Securities reduced by any applicable Write Down Amount(s).

Once the Prevailing Principal Amount has been Written Down, the relevant Write Down Amount(s) will be extinguished and will not be restored in any circumstances including where the relevant Loss Absorption Event(s) cease(s) to continue. No Securityholder may exercise, claim or plead any right to

any Write Down Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Write Down Amount.

## 7 Redemption and Purchase

- (a) **No Fixed Redemption Date:** The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for Taxation Reasons:** Subject to Condition 7(f), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving at least 30 days' notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Tax Event (as defined below) has occurred or is continuing. Prior to the issue of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

For the purposes of these Conditions:

“**Redemption Amount**” means the Prevailing Principal Amount, together with, subject to Condition 5 and unless a Distribution Limitation Notice is in effect, an amount equal to any accrued but unpaid Distributions from (and including) the commencement date of the relevant Distribution Period in which the date of redemption falls, to (but excluding) the date of actual payment.

“**Tax Event**” means that, as a result of any change after the date of issuance of the Capital Securities in, or amendment to, any law or regulation of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of any law or regulation by any relevant body in Singapore, or the receipt of a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) that:

- (i) payments to the Securityholders would give rise to any obligation of the Issuer to account for any tax in Singapore at a rate in excess of the rate in effect immediately prior to such issuance;
- (ii) payments to the Securityholders would give rise to any obligation of the Issuer to pay the Additional Amounts (as defined in Condition 9 below);
- (iii) payments of Distributions will or would be treated as dividends (within the meaning of the Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time) or any other type of payment which are non-deductible for Singapore income tax purposes; or
- (iv) the Capital Securities do not qualify as “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time,

and such obligation, treatment, non-deductibility or, as the case may be, non-qualification cannot in each case be avoided by the Issuer taking reasonable measures available to it.

- (c) **Redemption at the Option of the Issuer:** Subject to Condition 7(f), the Issuer may, on the First Call Date or any Distribution Payment Date thereafter, on giving at least 30 days' irrevocable notice to the Securityholders and the Trustee, redeem all, but not some only, of the Capital Securities at the Redemption Amount.
- (d) **Redemption for Change of Qualification Event:** Subject to Condition 7(f), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving at least 30 days' notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Change of Qualification Event (as defined below) has occurred or is continuing. Prior to the issue of any notice of redemption pursuant to this Condition 7(d), the Issuer

shall deliver to the Trustee a certificate signed by a director of the Issuer stating that the Issuer is entitled to effect such redemption, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

For the purposes of these Conditions: “**Change of Qualification Event**” means:

- (i) as a result of a change to the relevant requirements issued by the MAS in relation to the qualification of the Capital Securities as Additional Tier 1 Capital Securities or to the inclusion of the Capital Securities in the calculation of the capital adequacy ratio of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis (“**Eligible Capital**”); or
  - (ii) as a result of any change in the application, or official or generally published interpretation, of such relevant requirements issued by the MAS or any relevant authority, including a ruling or notice issued by the MAS or any relevant authority, or any interpretation or pronouncement by the MAS or any relevant authority that provides for a position with respect to such relevant requirements issued by the MAS that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the Capital Securities as Additional Tier 1 Capital Securities of the Issuer or to the inclusion of the Capital Securities as Eligible Capital,
    - (a) which change or amendment (subject to (b)) becomes, or would become, effective on or after the Issue Date, or
    - (b) in the case of a change to the relevant requirements issued by the MAS, on or after the Issue Date, the relevant Capital Securities, in whole or in part, would not qualify as Additional Tier 1 Capital Securities or as Eligible Capital of the Issuer; or
  - (iii) for any other reason, the Capital Securities do not qualify as Additional Tier 1 Capital Securities or as Eligible Capital of the Issuer.
- (e) **Variation:** Subject to Condition 7(f), the Issuer may at any time, without any requirement for the consent or approval of the Securityholders or the Trustee and having given at least 30 days’ notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of the Capital Securities so that they remain or, as appropriate, become Qualifying Securities (as defined below) and provided that:
- (i) such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Capital Securities;
  - (ii) neither a Relevant Tax Event (as defined below) nor a Change of Qualification Event arises as a result of such variation; and
  - (iii) the Issuer is in compliance with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

In this Condition 7(e):

“**Qualifying Securities**” means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i)
  - (A) qualify (in whole or in part) as Additional Tier 1 Capital Securities; or
  - (B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case of (x) the Issuer, on an unconsolidated basis, or (y) the Issuer and its subsidiaries, on a consolidated basis;

- (ii) shall:
  - (A) include a ranking at least equal to that of the Capital Securities;
  - (B) have at least the same distribution rate and the same Distribution Payment Dates as those from time to time applying to the Capital Securities;
  - (C) have the same redemption rights as the Capital Securities;
  - (D) preserve any existing rights under the Capital Securities to any accrued Distributions which have not been paid in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation; and
  - (E) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the Capital Securities immediately prior to such variation; and
- (iii) are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (or such other stock exchange approved by the Trustee) if the Capital Securities were listed immediately prior to such variation; and

a “**Relevant Tax Event**” is deemed to have occurred if, in making any payments on any Capital Securities, the Issuer has paid or will or would on the next payment date be required to pay any Additional Amounts or has paid, or will or would be required to pay, any additional tax in respect of the Capital Securities, in each case under the laws or regulations of Singapore or any political subdivision or authority therein or thereof having the power to tax or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 7(e), such event will not constitute an Enforcement Event under these Conditions.

- (f) **Redemption or Variation Conditions:** Without prejudice to any provisions in this Condition 7, any redemption or variation of Capital Securities by the Issuer is subject to:
  - (i) obtaining the prior written approval of the MAS (if then required) to the redemption or variation, and satisfying any conditions that the MAS may impose at the time of any approval (if then required); and
  - (ii) in the case of a redemption, the Distributable Reserves and/or Replacement Capital (as defined below) as at the date for redemption being equal to at least the Prevailing Principal Amount and the full amount of any accrued but unpaid Distributions (whether or not declared) in respect of the relevant Distribution Period in which the relevant redemption falls.

For the purposes of these Conditions:

“**Replacement Capital**” means Shares and/or Parity Obligations issued for the purpose of funding the redemption of the Capital Securities.

- (g) **Purchase:** The Issuer and its subsidiaries may at any time and from time to time purchase the Capital Securities to the extent permitted by the MAS and/or MAS Notice 637. No purchase of any Capital Securities by the Issuer shall be made without the prior approval of the MAS (for so long as the Issuer is required to obtain such approval). The Capital Securities so purchased, while held by or on behalf of the Issuer or any such subsidiary, shall not entitle the holder to vote at any meetings of

the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 13(a).

- (h) **Cancellation:** All Capital Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Capital Securities to the Registrar and, if so surrendered, be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligation of the Issuer in respect of any such Capital Security shall be discharged. Any Capital Security that is Written Down in full in accordance with Condition 6 shall be automatically cancelled.

## 8 Payments

### (a) Method of Payment:

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Capital Securities represented by such Certificates) in the manner provided in paragraph (ii) below.
  - (ii) Distributions on each Capital Security shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the “**Record Date**”). Payments of Distributions on each Capital Security shall be made in the relevant currency by cheque drawn on a bank and mailed to the Securityholder (or to the first named of joint Securityholders) of such Capital Security at its address appearing in the Register. Upon application by the Securityholder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of Distributions may be made by transfer to an account in the relevant currency maintained by the payee with a bank.
  - (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Securityholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Distributions being paid is less than the amount then due, the Registrar will annotate the Register with the amount of Distributions so paid.
- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Securityholders in respect of such payments.
  - (c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
  - (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Transfer Agents in accordance with the terms of the Agency Agreement, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Calculation Agent and (v) such other agents as may be required by any other stock exchange on which the Capital Securities may be listed, in each case, as



approved by the Trustee.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

- (e) **Delay in Payment:** Securityholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Capital Security if the due date is not a business day, if the Securityholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 8(a)(ii) arrives after the due date for payment.
- (f) **Non-Business Days:** If any date for payment in respect of any Capital Security is not a business day, the Securityholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

## 9 Taxation

All payments of principal and Distributions by or on behalf of the Issuer in respect of the Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Capital Security:

- (a) **Other connection:** to, or to a third party on behalf of, a Securityholder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with Singapore other than the mere holding of the Capital Security; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a Securityholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of residence or non-residence or claim for exemption whether to any tax authority in the place where the relevant Certificate representing the Capital Security is presented for payment or to any other party; or
- (c) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate representing the Capital Security is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Securityholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any Additional Amounts or otherwise indemnify a Securityholder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 (the “**Code**”) as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

As used in these Conditions, “**Relevant Date**” in respect of any Capital Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Securityholders that, upon further presentation of the Capital Security (or relative Certificate) being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

## 10 Enforcement Events

- (a) **Non-payment when due:** Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment under the Capital Securities has become due. In the case of any Distribution, such payment will not be due if the Issuer has elected to cancel, or is not required to make, that payment pursuant to Condition 5 or has given a Loss Absorption Event Notice to the Securityholders pursuant to the circumstances set out in Condition 6(a), provided that nothing in this Condition 10, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Capital Securities.
- (b) **Enforcement Events:** If any of the following events (“**Enforcement Events**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. of the Prevailing Principal Amount then outstanding or if so directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Capital Securities at their Prevailing Principal Amount together with any Distributions accrued to such date:
- (i) **Non-Payment:** the Issuer fails to pay the principal of or any Distributions on any of the Capital Securities when due and such failure continues for a period of 14 business days in the case of Distributions or seven business days in the case of principal; or
- (ii) **Winding-up:** an order is made or an effective resolution passed for the Winding-Up or dissolution of the Issuer.

## 11 Prescription

Claims against the Issuer for payment in respect of the Capital Securities shall be prescribed and become void unless made within six years from the appropriate Relevant Date in respect of them.

## 12 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 13 Meetings of Securityholders, Modification and Waiver

- (a) **Meetings of Securityholders:** The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Securityholders holding not less than 10 per cent. of the Prevailing Principal Amount for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing at least two-thirds of the Prevailing Principal Amount for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the Prevailing Principal Amount held or represented. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Prevailing Principal Amount for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of

Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

- (b) **Modification of the Trust Deed and Waiver:** The Trustee may, at any time or times without the consent or sanction of the Securityholders, concur with the Issuer as to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, that is of a formal, minor or technical nature, or which is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by CDP, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Notwithstanding any other provision of these Conditions or the Trust Deed, other than modifications as the Trustee may agree in accordance with Condition 13(b)(i) to the extent that such modifications do not change or otherwise impact the qualification of any Capital Securities as Additional Tier 1 Capital Securities, no modification to any Condition or any provision of the Trust Deed may be made without the prior approval of the MAS. Any such modification, authorisation or waiver shall be binding on the Securityholders and, if the Trustee so requires, such modification shall be notified to the Securityholders as soon as practicable.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

#### 14 Enforcement

Without prejudice to Condition 10(b), the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Capital Securities (other than any payment obligations of the Issuer under or arising from the Capital Securities including, without limitation, payment of any principal or satisfaction of any Distributions in respect of the Capital Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it. The Trustee will not be bound to take any such proceedings or any action in relation to the Trust Deed or the Capital Securities unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Securityholders holding at least 25 per cent. of the Prevailing Principal Amount for the time being outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Securityholder may proceed directly against the Issuer or institute proceedings for the Winding-Up or claim in the liquidation of the Issuer or prove in such Winding-Up unless the Trustee, having become bound so to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails to do so within a reasonable time and such failure is continuing, in which case the Securityholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

No remedy against the Issuer, other than as referred to in this Condition 14 and Clause 6 of the Trust Deed, shall be available to the Trustee or any Securityholder whether for the recovery of amounts owing in relation to or arising from the Capital Securities and/or the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the Capital Securities and/or the Trust Deed, save that nothing in this Condition 14 shall in any way restrict or limit any rights of the Trustee to take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by it pursuant to the Trust Deed or the Capital Securities.

Subject to the subordination provisions as set out in Condition 3 and in Clause 2 and Clause 6 of the Trust Deed, if a court order is made or an effective resolution is passed for the Winding-Up of the Issuer, there shall be payable on the Capital Securities, after the payment in full of all claims of all Senior Creditors, but in priority to holders of Junior Obligations, such amount remaining after the payment in full of all claims of all Senior Creditors up to, but not exceeding, the Liquidation Amount.

## 15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Securityholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Securityholders.

## 16 Notices

- (a) Notices to Securityholders will be valid if (i) published in a daily newspaper of general circulation in Singapore (which is expected, but is not required, to be the *Business Times*) or for so long as the Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require, published on the website of the SGX-ST at <http://www.sgx.com>, (ii) published in the English language or a certified translation into the English language or (iii) despatched by prepaid ordinary post (by airmail if to another country) to Securityholders at their addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the date of publication or despatch to the Securityholders, as the case may be.

*Until such time as any definitive Certificates are issued, so long as the Global Certificate is issued in the name of CDP, notices to Securityholders will only be valid if despatched by ordinary post (by airmail if to another country) to persons who are for the time being shown in the records of CDP as the holders of the Capital Securities or if the rules of CDP so permit, delivered to CDP for communication by it to the Securityholders, except that if the Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published in accordance with the preceding paragraph. Any such notice shall be deemed to have been given to the Securityholders on the date of despatch to the holders of Capital Securities or, as the case may be, on the date of delivery of the notice to CDP.*

- (b) A Loss Absorption Event Notice or a Write Down Notice to the Securityholders shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Singapore (which is expected, but is not required, to be the *Business Times*) or, so long as the Capital Securities are listed on the SGX-ST, published on the website of the SGX-ST at <http://www.sgx.com>. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

## 17 Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further securities having the same terms and conditions as the Capital Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the outstanding Capital Securities. References in these Conditions to the Capital Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Capital Securities. Any further securities forming a single series with the Capital Securities constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

**18 Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Capital Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

**19 Governing Law**

The Trust Deed and the Capital Securities are governed by, and shall be construed in accordance with, Singapore law.

**Principal Paying Agent, Registrar, Transfer Agent and Calculation Agent**

Deutsche Bank AG, Singapore Branch  
One Raffles Quay  
#16-00 South Tower  
Singapore 048583

## **SUMMARY OF PROVISIONS RELATING TO THE CAPITAL SECURITIES WHILE IN GLOBAL FORM**

The Global Certificate contains provisions which apply to the Capital Securities while they are in global form, some of which modify the effect of the Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

### **Exchange**

Subject to the provisions of the Global Certificate, owners of interests in the Capital Securities in respect of which the Global Certificate is issued will be entitled to have title to the Capital Securities registered in their names and to receive individual definitive Certificates if: (i) an Enforcement Event (as defined in the Trust Deed) has occurred and is continuing, (ii) the Depository has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the Depository has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the Depository has notified the Issuer that it is unable or unwilling to act as depository for the Capital Securities and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Securityholders. A person with an interest in the Capital Securities in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

### **Meetings**

The holder of the Global Certificate or any proxy or representative appointed by it will be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any meeting of Securityholders, the holder of the Global Certificate shall be treated as being entitled to one vote in respect of each S\$1.00 in principal amount of Capital Securities for which the Global Certificate is issued.

The Trustee may allow a person with an interest in Capital Securities in respect of which the Global Certificate has been issued to attend and speak at a meeting of Securityholders on appropriate proof of his identity and interest.

### **Cancellation**

Cancellation of any Capital Security by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Capital Securities in the register of Securityholders and on the Global Certificate.

### **Trustee's Powers**

In considering the interests of Securityholders while the Global Certificate is registered in the name the Depository, the Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to Capital Securities and may consider such interests as if such accountholders or participants were the holders of the Capital Securities in respect of which the Global Certificate is issued.

### **Payment**

Payments of principal and Distributions in respect of Capital Securities represented by the Global Certificate will be made without presentation for endorsement or, if no further payment is to be made in respect of the Capital Securities, against surrender of the Global Certificate to or to the order of the Registrar.

All payments made in respect of Capital Securities represented by a Global Certificate will be made to, or



to the order of, the person whose name is entered on the Register of the Securityholders at the close of business on the fifth business day before the due date for payment.

### **Notices**

So long as the Capital Securities are represented by the Global Certificate and the Global Certificate is registered in the name of the Depository, notices to Securityholders may be given by delivery of the relevant notice to persons who are for the time being shown in the records of the Depository as the holders of the Capital Securities or in such other manner as the Depository may direct in substitution for despatch by post as required by the Conditions.

### **Transfers**

Transfers of interests in the Capital Securities will be effected through the records of the Depository and its participants in accordance with the rules and procedures of the Depository and their respective direct and indirect participants.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Capital Securities are intended for general corporate purposes.

## CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The table below sets forth the Group's capitalisation, including subordinated debts issued and total equity, based on the unaudited consolidated financial statements of the Group as at 31 March 2016, and the audited consolidated financial statements of the Group as at 31 December 2015 and 2014.

The following table should be read in conjunction with the consolidated financial information included elsewhere in this Offering Circular:

<i>(in S\$ million)</i>	As at 31 March (unaudited)	As at 31 December (audited)	
	2016	2015	2014
<b>Liabilities</b>			
Customer deposits <sup>(1)</sup> .....	254,779	240,524	233,750
Inter-bank liabilities <sup>(2)</sup> .....	10,990	11,986	11,226
Bills and drafts payable.....	492	435	951
Subordinated debts issued.....	5,804	4,878	4,640
Other debts issued.....	14,858	15,410	16,314
Other liabilities <sup>(3)</sup> .....	11,955	11,854	10,084
<b>Total liabilities</b> .....	<b>298,877</b>	<b>285,087</b>	<b>276,964</b>
<b>Equity</b>			
Ordinary share capital.....	3,803	3,704	3,715
Subsidiary preference shares <sup>(4)</sup> .....	-	832	832
Capital securities <sup>(5)</sup> .....	1,346	1,346	1,346
Retained earnings <sup>(6)</sup> .....	16,188	15,463	14,064
Other reserves <sup>(7)</sup> .....	9,292	9,424	9,613
Shareholders' equity.....	30,629	30,768	29,569
Non-controlling interests.....	159	155	203
<b>Total equity</b> .....	<b>30,788</b>	<b>30,924</b>	<b>29,772</b>
<b>Total capitalisation</b> <sup>(8)</sup> .....	<b>36,592</b>	<b>35,802</b>	<b>34,412</b>

**Notes:**

- (1) Fixed deposits, current accounts, savings accounts and other deposits of non-bank customers.
- (2) Deposits and balances of banks.
- (3) Derivative financial liabilities, tax payable, deferred tax liabilities and other liabilities.
- (4) Represents the non-cumulative non-convertible guaranteed SPV-A preference shares of U.S.\$0.01 each with liquidation preference of U.S.\$100,000 per share, issued by UOB Cayman I Limited, a wholly-owned subsidiary of UOB. These SPV-A preference shares were fully redeemed on 15 March 2016.
- (5) Represents the non-cumulative non-convertible perpetual capital securities issued by UOB.
- (6) The retained earnings are distributable reserves except for the Group's share of revenue reserves of associates and joint ventures which is distributable only upon realisation by way of dividend from or disposal of investment in the associates and joint ventures.
- (7) Represents mainly merger reserve comprising premium on shares issued in connection with the acquisition of Overseas Union Bank Limited, statutory reserve maintained in accordance with the provisions of applicable laws and regulations, fair value reserve on available-for-sale assets, foreign currency translation reserve and general reserve.
- (8) Subordinated debts issued plus total equity.

## CAPITAL ADEQUACY AND LEVERAGE RATIOS

Banks incorporated in Singapore are required to meet the capital adequacy requirements as set out in MAS Notice 637.

For further details on the capital adequacy requirements under MAS Notice 637, please see “Regulation and Supervision – The Regulatory Environment – Capital Adequacy Ratios”.

The following table sets forth the details of capital resources, capital adequacy and leverage ratios of the Group as at the dates indicated:

<i>(in S\$ million, except for percentages)</i>	As at 31 March (unaudited)	As at 31 December (audited)	
	2016	2015	2014
Share capital .....	3,803	3,704	3,715
Disclosed reserves/others .....	25,351	24,762	23,590
Regulatory adjustments .....	(3,217)	(2,448)	(2,408)
<b>Common Equity Tier 1 Capital (“CET1”).....</b>	<b>25,937</b>	<b>26,018</b>	<b>24,897</b>
Preference shares/others .....	1,348	2,179	2,180
Regulatory adjustments-capped .....	(1,348)	(2,179)	(2,180)
<b>Additional Tier 1 Capital .....</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Tier 1 Capital .....</b>	<b>25,937</b>	<b>26,018</b>	<b>24,897</b>
Subordinated notes .....	5,414	4,505	4,405
Provisions/others .....	1,027	1,028	918
Regulatory adjustments .....	(93)	(201)	(12)
<b>Tier 2 Capital .....</b>	<b>6,348</b>	<b>5,332</b>	<b>5,311</b>
<b>Eligible Total Capital.....</b>	<b>32,285</b>	<b>31,350</b>	<b>30,208</b>
<b>Risk-Weighted Assets .....</b>	<b>201,934</b>	<b>200,654</b>	<b>178,792</b>
<b>Capital Adequacy Ratios</b>			
CET1 .....	12.8%	13.0%	13.9%
Tier 1 .....	12.8%	13.0%	13.9%
Total .....	16.0%	15.6%	16.9%
Fully-loaded CET1 (based on final rules effective 1 January 2018)	12.1%	11.7%	12.6%
<b>Leverage Exposure.....</b>	<b>368,179</b>	<b>355,932</b>	<b>NA</b>
<b>Leverage Ratio.....</b>	<b>7.0%</b>	<b>7.3%</b>	<b>NA</b>

## SELECTED FINANCIAL INFORMATION OF THE GROUP

Set out below is selected audited consolidated financial information for the Group as at and for each of the financial years ended 31 December 2015 and 31 December 2014, and the unaudited consolidated financial statements of the Group as at and for each of the three months ended 31 March 2016 and 31 March 2015. The financial information is based on, and should be read in conjunction with, the Group's published consolidated financial statements and the related notes thereto. Such information is available on [www.uobgroup.com/investor/](http://www.uobgroup.com/investor/).

### Selected Income Statement Data

<i>(in S\$ million, except for per share data)</i>	Three months ended 31 March (unaudited)		Years ended 31 December (audited)	
	2016	2015	2015	2014
Interest income .....	2,097	1,903	7,826	7,189
Interest expense .....	(822)	(702)	(2,900)	(2,632)
Net interest income .....	1,275	1,201	4,926	4,558
Non-interest income <sup>(1)</sup> .....	695	755	3,122	2,900
Total operating income .....	1,969	1,956	8,048	7,457
Total operating expenses .....	(894)	(852)	(3,597)	(3,146)
Operating profit before allowances .....	1,075	1,103	4,451	4,311
Allowances for credit and other losses .....	(117)	(169)	(672)	(635)
Operating profit after allowances .....	958	934	3,779	3,676
Share of profit of associates and joint ventures .....	(30)	4	90	149
Profit before tax .....	927	938	3,869	3,825
Tax .....	(158)	(133)	(649)	(561)
Profit after tax .....	769	805	3,220	3,264
Non-controlling interests .....	(3)	(4)	(11)	(15)
<b>Net profit attributable to equity holders of UOB</b>	<b>766</b>	<b>801</b>	<b>3,209</b>	<b>3,249</b>
Earnings per ordinary share <sup>(2)</sup>				
Basic .....	S\$ 1.84	S\$ 1.93	S\$ 1.94	S\$ 1.98
Diluted .....	S\$ 1.84	S\$ 1.93	S\$ 1.93	S\$ 1.97
Dividend per ordinary share .....	S\$ -	S\$ -	S\$ 0.90	S\$ 0.75

## Selected Balance Sheet Data

<i>(in S\$ million, except for per share data)</i>	Period ended 31 March (unaudited)	Years ended 31 December (audited)	
	2016	2015	2014
<b>Assets</b>			
Total assets .....	329,666	316,011	306,736
Total loans <sup>(3)</sup> .....	238,820	232,257	224,595
Customer loans <sup>(4)</sup> .....	205,576	203,611	195,903
Inter-bank assets <sup>(5)</sup> .....	33,244	28,646	28,692
Securities <sup>(6)</sup> .....	33,029	31,348	30,075
<b>Liabilities</b>			
Total liabilities .....	298,877	285,087	276,964
Total deposits <sup>(7)</sup> .....	265,769	252,511	244,976
Customer deposits <sup>(8)</sup> .....	254,779	240,524	233,750
Inter-bank liabilities <sup>(9)</sup> .....	10,990	11,986	11,226
Debts issued .....	20,662	20,288	20,953
<b>Capital and Reserves</b>			
Shareholders' equity .....	30,629	30,768	29,569
<b>Financial Ratios</b>			
Return on average total assets <sup>(10)</sup> .....	0.95%	1.03%	1.10%
Return on average ordinary shareholders' equity <sup>(2)</sup> .....	10.2%	11.0%	12.3%
Loan/Deposit ratio <sup>(11)</sup> .....	80.7%	84.7%	83.8%
Dividend payout ratio <sup>(12)</sup> .....	-	45%	37%
NPL ratio <sup>(13)</sup> .....	1.4%	1.4%	1.2%
Total allowances as a % of non-performing assets <sup>(14)</sup> .....	131.4%	130.7%	144.1%
Net interest margin <sup>(15)</sup> .....	1.78%	1.77%	1.71%

### Notes:

- (1) Fee and commission income, trading and investment income, dividend income, rental income and other income.
- (2) Calculated based on annualised net profit attributable to equity holders of UOB net of preference share dividends and capital securities distributions.
- (3) Customer loans plus inter-bank assets, net of total allowances.
- (4) Loans to non-bank customers, net of total allowances.
- (5) Placements and balances with banks.
- (6) Singapore and other government treasury bills and securities, and trading and investment securities (excluding investments in associates and joint ventures) net of total allowances.
- (7) Customer deposits plus inter-bank liabilities.
- (8) Fixed deposits, current accounts, savings accounts and other deposits of non-bank customers.
- (9) Deposits and balances of banks.
- (10) Calculated based on annualised profit for the financial year or period.
- (11) Refer to net customer loans and customer deposits.
- (12) Dividends for the financial year divided by net profit attributable to equity holders of UOB.
- (13) Refer to non-performing loans as a percentage of gross customer loans.
- (14) Non-performing assets include, classified loans, debt securities and contingent assets.
- (15) Represents annualised net interest income as a percentage of total interest bearing assets.



## DESCRIPTION OF THE BUSINESSES OF THE GROUP

### Overview

UOB was incorporated in Singapore on 6 August 1935 as United Chinese Bank. It was renamed the United Overseas Bank in 1965. UOB has been listed on the SGX-ST since 1970 and had a market capitalisation of S\$30 billion as at 31 March 2016. As of the date of this Offering Circular, the Group derives most of its income from its Singapore operations.

UOB provides its customers with a wide range of financial products and services through its extensive network of more than 500 branches and offices in 19 countries and territories worldwide. The main business functions of UOB include Personal Financial Services, Private Banking, Privilege Banking, Wealth Banking, Business Banking, Commercial Banking, Corporate Banking, Multinational Corporates, Financial Institutions, Transaction Banking, Structured Trade and Commodity Finance, Ship Finance, Investment Banking, and Global Markets and Investment Management.

For the three months ended 31 March 2016, the Group derived 58 per cent. of its operating income from its Singapore operations. As at 31 March 2016, the Group had S\$330 billion in total assets, consisting primarily of S\$206 billion in net customer loans, S\$33 billion in placements and balances with banks, S\$33 billion in investment, government and trading securities and S\$37 billion in cash, balances and placements with central banks. As at 31 March 2016, the Group had S\$255 billion in non-bank customer deposits and balances, S\$11 billion in deposits and balances of banks and S\$31 billion in shareholders' equity.

The major subsidiaries of the Group as at 31 March 2016 were as follows:

Name of subsidiary	Country of incorporation	Effective equity interest of the Group (%)
<b>Commercial Banking</b>		
Far Eastern Bank Limited .....	Singapore	100
United Overseas Bank (Malaysia) Bhd (“ <b>UOB Malaysia</b> ”)).....	Malaysia	100
United Overseas Bank (Thai) Public Company Limited (“ <b>UOB Thailand</b> ”) .....	Thailand	99.7
PT Bank UOB Indonesia (“ <b>UOB Indonesia</b> ”) .....	Indonesia	99
United Overseas Bank (China) Limited (“ <b>UOB China</b> ”).....	China	100
<b>Money Market</b>		
UOB Australia Limited (“ <b>UOB Australia</b> ”) .....	Australia	100
<b>Insurance</b>		
United Overseas Insurance Limited .....	Singapore	58
<b>Investment</b>		
UOB Capital Investments Pte Ltd .....	Singapore	100
UOB Capital Management Pte Ltd .....	Singapore	100

Name of subsidiary	Country of incorporation	Effective equity interest of the Group (%)
UOB International Investment Private Limited.....	Singapore	100
UOB Property Investments Pte. Ltd .....	Singapore	100
UOB Property Investments China Pte. Ltd. ....	Singapore	100
UOB Venture Management (Shanghai) Co., Ltd.....	China	100
UOB Holdings (USA) Inc .....	United States	100
<b>Investment Management</b>		
UOB Asset Management Ltd (“UOBAM”).....	Singapore	100
UOB Asset Management (Malaysia) Berhad .....	Malaysia	70
UOB Asset Management (Thailand) Co., Ltd .....	Thailand	100
UOB Venture Management Private Limited (“UOBVM”).....	Singapore	100
UOB Investment Advisor (Taiwan) Ltd.....	Taiwan	100
UOB Global Capital LLC (“UOBGC”).....	United States	70
UOB Asia Investment Partners Pte Ltd .....	Singapore	100
<b>Bullion, Brokerage and Clearing</b>		
UOB Bullion and Futures Limited.....	Singapore	100
<b>Property</b>		
Industrial & Commercial Property (S) Pte Ltd.....	Singapore	100
PT UOB Property .....	Indonesia	100
UOB Realty (USA) Ltd Partnership .....	United States	100
<b>Travel</b>		
UOB Travel Planners Pte Ltd.....	Singapore	100

## **Mission and Strategies**

UOB aims to be a premier bank in the Asia-Pacific region, committed to providing quality products and excellent customer service. To achieve this goal, the Group aims to be recognised as a leader in consumer and commercial banking services in the region, supported by a comprehensive range of treasury and investment banking products to provide total solutions to the Group's customers. To create shareholder value, the Group focuses on leveraging our strong capital base and prudent financial management to pursue stable and sustainable growth.

In line with its mission to be a premier regional bank, UOB has been expanding its footprint. The Group has a network of more than 500 branches and offices in 19 countries and territories throughout Asia Pacific, Western Europe and North America, including banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and Greater China.

For the three months ended 31 March 2016, the Group's Singapore operations accounted for 71 per cent. of the Group's pre-tax profit, while the contributions from the operations in Malaysia, Thailand, Indonesia and Greater China were 15 per cent., 4 per cent., 2 per cent. and 7 per cent., respectively.

The Group's business strategies are to:

### **Strengthen its market position in Singapore**

UOB is one of the main players in Singapore's banking industry, and continues to strengthen its market position, especially in the consumer and the small and medium enterprise ("SME") segments. With a customer-centric business philosophy, the Group aims to deepen relationships with customers and provide value-added services and innovative products across its regional platform.

### **Expand its wealth management capabilities and network**

As wealth creation in the Asia Pacific region continues to grow, the Group continues to expand its wealth management capabilities and network to grow along with its customers. With focused customer segmentation across Wealth Banking, Privilege Banking Reserve and Private Banking, UOB provides its customers with a full range of financial products and services as well as product specialists and dedicated relationship managers to manage their wealth and lifestyle. Through dedicated wealth management centres, including Wealth Banking Branches, Privilege Banking Centres and Privilege Reserve Suites, UOB aims to provide its customers with dedicated services, banking convenience and lifestyle benefits.

### **Continue to build its SME business**

The Group is strongly entrenched in the SME market and remains committed to its SME customers. With a long history of association with the business community, the Group has a comprehensive understanding of SMEs and is able to provide innovative products and quality services to meet their financing needs in and outside Singapore. The long-standing relationships with customers and understanding of their needs give the Group a competitive advantage.

### **Serve the expanding regional needs of customers**

With increasing cross border flows, the Group aims to leverage its strong regional franchise and intimate customer relationships to offer comprehensive cross-border solutions. The Group's common operating platform offers customers a seamless intra-regional banking experience and access to a wide range of products and services. The Group also consistently builds on its extensive network to provide customers with convenient access to services, enhanced functionalities and an overall high quality level of service.

### **Reinforce its non-interest income**

The Group continues to increase its activities in wealth management, credit card, cash management, treasury, investment and trade related areas for additional fee-based and other non-interest income.

### **Leverage leading-edge technology and expand regional processing capabilities**

The Group has completed the standardisation and centralisation of the core banking systems across its regional subsidiaries. This lays the foundation for a scalable and sustainable platform across markets. The Group continues to streamline internal processes for greater efficiencies to position the Group for the next stage of regional business growth and focus on enhancing its corporate governance and risk management.

### **Focus on enhancing its corporate governance and risk management**

The Group is committed to maintaining high standards of corporate governance and sound risk management practices. With globalisation and the rapid advancement of technology, financial institutions face an ever-changing environment. The Group's risk management framework and discipline ensures its continued financial soundness and the safeguarding of stakeholders' interest, while remaining nimble enough to seize growth opportunities.

### **Develop its human resources to meet strategic objectives**

The Group pays special attention to developing human capital to meet the evolving needs of a diverse customer base. The Group is building a strong talent pool, a team which is capable of developing business both locally and regionally. Through proactive human resource management and policies, the Group seeks to continuously attract, motivate, grow and retain talent.

### **Key Business Segments**

The Group's businesses are organised into segments that are based on the types of products and services: "Group Retail", "Group Wholesale Banking" and "Global Markets and Investment Management".

#### **Group Retail**

Group Retail comprises Personal Financial Services and Business Banking. Personal Financial Services serves the consumer and high net worth segments, while Business Banking serves small enterprises.

#### **Personal Financial Services**

Personal Financial Services offers a wide range of personal financial products and services such as home loans, credit/debit cards, vehicle loans, overdraft facilities, deposit accounts, and investment, insurance and treasury products. The product range includes proprietary and third-party products.

An extensive distribution network and a large retail customer base lend strong support to its deposit-taking activities which provide a stable source of funding for the Group. In Singapore, UOB is a strong player in the home loan and credit card markets. The Group has a regional bancassurance alliance with the Prudential Group, which covers Singapore, Malaysia, Thailand and Indonesia. The alliance has since branched out beyond retail products and extended into the commercial and business banking areas.

#### **Private Banking**

Private Banking caters to high net worth individuals and accredited investors, offering services such as investment management, asset management and estate planning. Coordinating with Commercial Banking, Corporate Banking and Investment Banking, Private Banking adopts a holistic approach to servicing clients and tailoring solutions to meet their private and business wealth requirements. Private Banking provides an open architecture platform where in-house product solutions are supplemented by offerings from third parties and global financial providers.

## **Privilege Banking**

Privilege Banking offers a comprehensive range of wealth management solutions, financial advisory services as well as privileges to meet the needs of the affluent segment. As seamless and quality service is key to serving this segment, in recent years the Group has invested heavily in developing the Privilege Banking platform by upgrading infrastructure, introducing specialist platforms, improving product offering and training relationship managers.

## **Wealth Banking**

Wealth Banking services a growing segment of people known as the “rising rich”. These individuals are aged between 30 and 55, have investable assets of at least S\$100,000 and represent an under-served but sizeable and growing segment of banking customers in Singapore.

UOB’s Wealth Banking service provides its customers with a suite of financial services and dedicated relationship managers to help them manage their finances and investments more effectively. The service focuses on providing customers with a greater understanding of market conditions, the different financial products specific to their needs and help them seize opportunities based on market trends.

## **Business Banking**

The SME segment is one of the Group’s traditional strongholds. Business Banking serves small enterprises through a wide range of products and services, and supports them through active participation in various local government-initiated loan assistance schemes. The Group leverages its extensive regional footprint to support the growth of small enterprises, fulfilling their deposit and lending needs.

## **Group Wholesale Banking**

Group Wholesale Banking provides a comprehensive portfolio of commercial, corporate and investment banking financial solutions to the Group’s Asia based clients operating throughout our franchise, as well as to US and European companies with operations in Asia. Group Wholesale Banking is structured along seven primary business units: Commercial Banking, Corporate Banking, Multinational Corporates, Financial Institutions, Transaction Banking, Structured Trade and Commodity Finance, and Investment Banking.

Group Wholesale Banking leverages on UOB’s Singapore base and strong franchise throughout ASEAN and Greater China to offer integrated domestic and regional solutions to our clients. The Group provides a wide range of financial products including credit and financing solutions, cash management and liquidity solutions, trade finance and supply chain management, as well as global markets solutions in fixed income, currencies and commodities. In addition, the Group provides investment banking products such as debt and equity underwriting and distribution, merger related and other advisory services.

## **Commercial Banking**

Commercial Banking provides medium-sized enterprises with a broad array of financial solutions to support the full spectrum of their financing, liquidity and operating requirements. Commercial Banking customers are diversified across industries, including manufacturing, wholesale, retail, general commerce, distribution, import and export trade, business and professional services, building, construction and infrastructure development, transport, storage, communications, and investment and holding companies.

Although it faces strong competition from other banks, UOB remains a key player in the Singapore SME market due to its long-standing relationships with customers in the business community. The Group seeks to enhance its SME market position by continuing to develop relevant products and services, deepening its relationships with existing customers and attracting new customers. UOB is currently one of the leading financial institutions offering government assistance schemes (such as the Local Enterprise Finance Scheme, Loan Insurance Scheme and Internationalisation Finance Scheme in Singapore) to meet the upgrading and expansion needs of SME customers. An increasing portion of the SME business portfolio has moved from country centric operations in Singapore, Malaysia, Thailand, Indonesia and Greater China to develop regional business capabilities. As SME clients expand their operations beyond their home country throughout ASEAN and Greater

China, the UOB franchise network is a competitive advantage that has positioned UOB to accelerate growth with the Group's clients.

### **Corporate Banking**

Corporate Banking serves publicly-listed companies, large private companies, government-linked companies, statutory boards and other government agencies. Working closely with product specialists in Investment Banking, Global Markets and Transaction Banking, Corporate Banking delivers comprehensive and customised financial solutions to the Group's corporate clients across the region. Corporate Banking provides integrated client coverage across geographies by defining specific client teams to cover the headquarter and subsidiary levels of clients as one united team. In addition, the Corporate Banking coverage model provides industry specialisation to provide expertise and specialized coverage to clients. UOB Group's regional subsidiaries and overseas branches offer a unique combination of local and regional expertise and a market leading integrated platform to service the Group's clients seamlessly across geographies.

### **Multinational Corporates**

The Multinational Corporates ("MNC") team serves multinational companies headquartered outside of Asia, primarily in the US and Europe. Clients are primarily comprised of Fortune 1,000 companies with business operations across multiple countries and regional offices in Asia. The MNC coverage team works closely with product specialists in Transaction Banking and Global Markets, as well as with coverage teams in the US and Europe, to deliver seamless and global support to clients across the Group's franchise.

### **Financial Institutions**

The Financial Institutions Group provides financial solutions and transaction capabilities for Banks and Non-Bank Financial Institutions ("NBFI") which includes Insurance Companies, Fund Managers, Public Sector (including Sovereign Funds) and Diversified Financials. The Financial Institutions Group has developed clear sector specialisations across Banks and NBFIs to strengthen client relationships through customised solutions. In line with the UOB coverage model, the Financial Institutions Group works closely with product specialists such as Investment Banking, Global Markets and Transaction Banking, to deliver comprehensive and sophisticated financial solutions to clients operating across the region.

### **Transaction Banking**

Transaction Banking offers a comprehensive range of operating product solutions including Cash and Liquidity Management, Trade Finance and End-to-End Financial Supply Chain Management solutions across the Group's network of corporate and financial institution customers. Transaction Banking provides customers with solution orientated support through access to dedicated and experienced product specialists and advisors to help them manage risk exposures inherent in international trade deals, to maximise efficiencies and returns through the Group's regional presence in relation to cross-border cash management and liquidity solutions, and to improve efficiencies through comprehensive supply chain management.

### **Structured Trade and Commodity Finance**

Structured Trade and Commodity Finance teams in Singapore, Hong Kong and Shanghai provide commodity finance expertise on financing for energy, metals and agricultural commodities involving shipment sales financing, stock and receivables financing, structured trade for pre-shipment and prepayment financing, as well as tolling arrangement financing.

### **Investment Banking**

Investment Banking comprises Corporate Finance and Debt Capital Markets.

Corporate Finance manages and underwrites initial public offerings, secondary equity placements, rights issues and equity-linked issues and also provides corporate advisory services in mergers and acquisitions, corporate restructurings and other corporate actions. Debt Capital Markets arranges and/or underwrites financing

for clients, including acquisition financing, leveraged buy-out financing and general corporate financing. It also lead manages bonds and other debt securities issues.

The Corporate Finance and Debt Capital Markets functions work closely with other business units to provide integrated financial solutions for clients on matters such as those relating to privatisation transactions.

## **Global Markets and Investment Management**

Global Markets and Investment Management provides a comprehensive suite of financial products and solutions to help clients manage market risks, and to create investment opportunities across asset classes including foreign exchange, interest rate, credit, commodities and equities.

### **Global Markets**

The Global Markets business is well-established in the Singapore market and primarily serves the treasury needs of individual customers, corporates, SMEs and financial institutions in Singapore and the regional markets. Global Markets offers a range of structured products linked to foreign exchange, interest rate, credit, commodity and equity instruments.

### **Investment Management**

Investment Management offers clients investment management services through the Group's subsidiaries and provides clients with investment opportunities in retail unit trusts, exchange-traded funds, fund of funds, private equity funds and customised portfolio management services.

### **UOB Asset Management (“UOBAM”)**

As at 31 March 2016, UOBAM had S\$228.9 billion in clients' assets under management, of which S\$26.6 billion was managed by UOBAM and its subsidiaries, while S\$202.3 billion was managed by its associate company, Ping An UOB Fund Management Company Limited. The Group offers global investment management expertise through customised portfolio management services and unit trusts. In Singapore, UOBAM manages 58 unit trusts with total assets under management of S\$4.2 billion as at 31 March 2016. UOBAM manages equity investments in the Asian, Australian, European and United States markets and covers the bond markets in the emerging markets and OECD countries.

### **UOB Bullion and Futures (“UOBBF”)**

UOBBF, established in 1978, is a wholly-owned subsidiary of the Group. UOBBF is a fully-licensed futures broker, which provides a spectrum of products to a diverse client base including retail investors, high net worth individuals, corporate and institutional clients and hedge funds. Working closely with key exchanges like the CME Group, DGCX, Eurex, ICE and SGX, UOBBF enables trading access into these major exchanges.

## **International Operations**

The Group's regional network spans across territories in Asia Pacific, North America and Western Europe. Outside Singapore, UOB has four regional banking subsidiaries with over 400 branches (UOB Malaysia, UOB Thailand, UOB Indonesia and UOB China) and more than 20 overseas UOB branches, agencies, marketing offices and representative offices. The Group's network outside Singapore offers a wide range of products including credit cards, project financing, commodity and trade financing as well as capital and debt market activities. This is in addition to offering banking services such as deposit-taking, remittance and trade-related financing services.

Malaysia is the Group's second most profitable market after Singapore. Through 45 branches in the country, UOB Malaysia offers an extensive range of commercial and personal financial services, including commercial loans, investment banking, treasury services, trade services, cash management, home loans, credit cards, wealth management and insurance products.

UOB Thailand has 155 branches, and is focused on consumer financial services, SME financing, and



project financing for both the public and private sectors.

In Indonesia, UOB rationalised its operations by merging PT Bank UOB Indonesia and PT Bank UOB Buana in 2010 to form the current PT Bank UOB Indonesia. This merger is to comply with Bank Indonesia's "The Single Presence Policy in Indonesian Banks". UOB Indonesia has 186 branches and sub-branches in Indonesia focusing on the SME and corporate banking business.

Since the incorporation of UOB China in 2007, UOB has been taking a focused approach in establishing itself in key coastal and inland cities. UOB China has 17 branches and sub-branches in key Chinese cities to serve the needs of the domestic and intra-regional customers in Asia by leveraging on UOB's extensive regional network. Complementing the presence in China are UOB's branches in Hong Kong and Taiwan, UOB also has a stake in Evergrowing Bank Co Ltd, China.

UOB received regulatory approval to operate as United Overseas Bank Limited, Manila Branch ("**UOB Manila Branch**") in the Philippines on 29 December 2015. UOB Manila Branch commenced operations on 4 January 2016 and is focused on wholesale banking and fee-based income. With effect from the same date, UOB's existing subsidiary presence, United Overseas Bank Philippines ceased its banking business in the Philippines but it remains as a non-bank subsidiary of UOB and has been renamed UOBP Collections, Inc.

In Vietnam, UOB has a branch in Ho Chi Minh City and a stake in Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank). UOB has extended its footprint to India, when it opened its maiden branch in Mumbai in December 2009. The Group also maintains focused operations in North America, Western Europe and elsewhere in the Asia-Pacific region, including Australia, Brunei, Japan and South Korea. The Group's presence in Australia consists of a branch in Sydney, a marketing office each in Melbourne and Brisbane and a local subsidiary, UOB Australia. The core business of the Australian operations is loan syndications, direct loans to selected corporates, project financing and treasury activities.

UOB was one of the nine foreign banks awarded a foreign bank licence in Myanmar. UOB Yangon branch commenced operations in May 2015.

## **Technology and Operations**

The objective of Group Technology and Operations ("**Group T&O**") is to provide robust IT systems and efficient operations support to enable the Group's businesses and customers across key markets in which the Group operates.

To support the Group's regional and growth aspirations, Group T&O has adopted the strategy of building a common operating platform that is scalable across the region. The common operating platform creates operational and cost efficiency for the Group, provides consistent products and service while at the same time strengthens risk controls. Group T&O continues to leverage and enhance its information technology infrastructure and capability to better serve customers. This includes re-engineering back-office processes for greater efficiency and offshoring of certain back-office operations. With completion of the common operating platform, the next stage for Group T&O is to enhance our technology infrastructure to support business capabilities in digital, mobility, regional connectivity, big data and real-time analytics.

## **Human Resources**

The Group has approximately 25,000 employees and takes a long-term view to developing its people, just as it does with its business. The Group is committed to nurture its employees through continuous training and job exposure and to prepare its employees to meet the changing needs of its customers. The Group's human resource strategies and policies aim to facilitate the attraction, motivation and retention of a highly skilled global workforce, while encouraging behaviours that focus on and strengthen long-term value creation for the Group. The Group's performance-based remuneration programmes are designed to support the Group's business strategies and objectives and to comply with the principles and standards set out by the Financial Stability Board (FSB).

## **Risk Management**

UOB's risk management framework is an integral part of its business strategy. Under the framework, risk appetites are set and risks are identified, monitored and managed in all areas of its business. The Board of Directors (the "**Board**") is responsible for reviewing and approving the overall risk management strategy, including determining its risk appetite, and is assisted by the Board Risk Management Committee in this regard. The Chief Executive Officer ("**CEO**") and the Risk Management team are responsible for implementing the risk management strategy and developing the risk policies, controls, processes and procedures. The Risk Management function is independent of the business functions that it monitors.

### **Credit and Country Risk Management**

Credit risk is inherent in the Group's business. Such risks arise from lending, trading and investment activities undertaken by the Group.

The Group has put in place a risk-sensitive process to regularly review, manage and report credit concentrations and portfolio quality. This includes establishing concentration limits by obligors, portfolios, borrowers, industries and countries. Limits are generally set as a percentage of the Group's eligible capital base.

Country risk is managed within an established framework that includes setting the country limits for each country based on its risk rating, economic potential measured by its gross domestic product, as well as the Group's business strategy.

### **Interest Rate Risk Management**

The Group has set policies, strategies and limits for the management of interest rate risk in the banking book which could impact the earnings and economic value of the Group. The main objective is to manage interest rate risk to achieve stable and sustainable net interest income over the long term. Interest rate exposure arises from differences in the repricing dates of assets, liabilities and off-balance sheet items, and these mismatches are monitored and managed actively.

### **Liquidity Risk Management**

The Group manages liquidity risk according to a framework of liquidity policies, controls and limits designed to ensure that sufficient sources of funds are available to the Group over a range of market conditions. The policies and controls include the setting of cashflow mismatch limits and liquidity ratio, monitoring of liquidity early warning indicators, stress test analysis of cashflows in liquidity crisis scenarios and establishment of a contingency funding plan. From 1 January 2015, the Group has to comply with the regulatory requirements on the LCR. The Group is also required by the respective local regulators to comply with reserves requirements in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements.

### **Market Risk Management**

The Group's market risk framework comprises market risk policies and practices, the validation of valuation and risk models, controls with appropriate delegation of authority and market risk limits. The framework manages and controls market risks arising from foreign exchange, equities, commodities and trading interest rates exposures. Overall market risk appetite is balanced at the Group, UOB and business unit levels with the targeted income, and takes into account the capital position of the Group and UOB to ensure that it remains well-capitalised under stress circumstances. The appetite is translated into risk limits that are delegated to business units.

The monitoring of market risk trading limits and the escalation process are carried out independently by Market Risk Management.

### **Foreign Exchange Risk Management**

The Group's foreign exchange exposures that are taken by the foreign exchange trading desk are monitored through risk limits and policies.

Other foreign exchange exposures of the Group are primarily structural foreign currency translation

exposures arising from its investment in overseas operations and from foreign currency denominated profits during the course of each year. While the Group's general policy is to fund these foreign currency exposures in corresponding foreign currencies, the exposures may also be hedged with off-balance sheet instruments, such as foreign exchange forwards and options.

### **Operational Risk Management**

Operational risk is managed through a framework of policies, techniques and procedures by which business and support units identify, assess, monitor and control/mitigate their operational risks. A database of operational risk events and losses has been established to facilitate the analysis of loss trends and root causes. In addition, operational risk self-assessments and key risk indicator programmes are in place to strengthen the Group's internal control environment. Business continuity and crisis management strategies and plans have been developed and tested to ensure prompt recovery of critical business functions in the event of major business and/or system disruptions. Risks associated with the launch of new products or services and the outsourcing of the Group's services or activities are identified, monitored and managed in accordance with the Group's policies and procedures. Frameworks have also been established to manage fraud risk, bribery risk as well as reputation risk. These frameworks include the establishment of policies, a whistle-blowing programme, a material risk notification protocol, training programmes and the Group's Code of Conduct.

### **Group Compliance**

Group Compliance is an independent function which establishes a regulatory compliance risk management framework to identify, assess, mitigate, monitor and manage regulatory compliance risks. Policies and procedures are put in place to help the Group's business and support units comply with applicable laws and regulations, adopt industry best practices as well as high ethical standards in the conduct of their businesses.

Group Compliance also oversees compliance teams in countries where UOB has a presence.

### **Group Audit**

The primary role of Group Audit is to provide an independent assessment of the adequacy and effectiveness of the Group's system of risk management, control and governance processes. Guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, Group Audit reviews and audits the Group's businesses and operations in Singapore and overseas. It also oversees the internal audit functions of the Group's overseas banking subsidiaries.

Group Audit develops its strategic audit plan using a risk-based approach. Audit projects are prioritised and scoped according to Group Audit's assessment of risks and controls over the risk types. Group Audit reports significant issues to the Audit Committee through audit reports and during the Audit Committee's meetings.

### **Legal and Regulatory Matters**

UOB is not aware of any litigation or arbitration proceedings against the Group, including those pending or threatened, which may have a material adverse effect on its financial position. In addition to ordinary-course litigation, the Group is currently involved in the matters below.

#### **Wincorp Claims**

Several claims were brought against UOB Philippines by private complainants who had lent money to certain borrowers through the agency of Westmont Investment Corporation ("**Wincorp**"), a Philippine investment company alleged to be associated with the former management and owners of UOB Philippines. Some of the loans were allegedly made by the complainants through Wincorp using certain branches of UOB Philippines prior to UOB's acquisition of UOB Philippines. The complainants alleged fraud on the part of Wincorp, UOB Philippines and certain of their officers. A number of these cases had been settled by Wincorp and/or dismissed by the Philippine courts.

#### **Indonesian Claims**

In September 1999, an Indonesian borrower obtained judgment against Overseas Union Bank (“OUB”) for alleged defamation in relation to OUB’s letter(s) of demand for the repayment of a loan. The judgment carried a penalty of US\$10,000 for every day that OUB failed to issue an apology. In 2002, the merger of UOB and OUB was undertaken subject to and upon the conditions of the then prevailing provisions of the Banking Act. The Indonesian company is presently seeking to enforce the judgment against UOB in Indonesia. UOB has received legal advice that the judgments obtained in Indonesia are unlikely to be enforceable or recognised in Singapore.

### **Board of Directors**

The Board currently comprises nine members and has six committees, namely, the Strategy Committee, Board Credit Committee, Nominating Committee, Remuneration Committee, Audit Committee and Board Risk Management Committee. These committees are delegated specific functions as set out in their respective terms of reference.

The following table sets forth the members of the Board as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
Wee Cho Yaw	Chairman Emeritus and Adviser
Hsieh Fu Hua	Chairman
Wee Ee Cheong	Deputy Chairman and Chief Executive Officer
Wong Meng Meng	Director
Franklin Leo Lavin	Director
Willie Cheng Jue Hiang	Director
James Koh Cher Siang	Director
Ong Yew Huat	Director
Lim Hwee Hua	Director

### **Senior Management**

The following table sets forth the senior management of UOB as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
Wee Ee Cheong	Deputy Chairman and Chief Executive Officer
Chan Kok Seong	Managing Director and Group Chief Risk Officer
Chin Voon Fat Frederick	Managing Director, Group Wholesale Banking
Hwee Wai Cheng Susan	Managing Director, Group Technology and Operations
Lee Chin Yong Francis	Managing Director, Group Retail
Lee Wai Fai	Managing Director and Group Chief Financial Officer
Ong Sea Eng Terence	Managing Director, Global Markets and Investment Management
Chew Mei Lee	Managing Director, Group Compliance
Wong Mei Leng Jenny	Managing Director, Group Human Resources
Wong Wah Yan Ian	Managing Director, Group Strategy and International Management
Young Yoke Mun Janet	Managing Director, Group Channels and Digitalisation
Lam Sai Yoke Kevin	President Director, PT Bank UOB Indonesia
Foo Moo Tan Peter	President and Chief Executive Officer, United Overseas Bank (Thai) Public Company Limited
Christine Ip (Yeung See Ming)	Chief Executive Officer, UOB Hong Kong Branch

<b>Name</b>	<b>Position</b>
Eric Lian Voon Fui	President and Chief Executive Officer, United Overseas Bank (China) Limited
Wong Kim Choong	Chief Executive Officer, United Overseas Bank (Malaysia) Bhd

### Senior Management Committees

Senior management committees assist the CEO in managing the bank. These include:

- The Asset and Liability Committee oversees the effectiveness of the Group’s market and liquidity risk management, including the approval of policies, strategies and limits for the management of market, liquidity and interest rate risk exposures.
- The Brand Implementation Committee oversees brand implementation plans and initiatives, ensuring alignment to business strategies. It operationalises, manages and tracks brand implementation plans, scope, schedules, milestones and budget.
- The Credit Committee oversees the Group’s credit and country risk management, including the approval of credit risk framework, policies and credit risk concentration limits. The Credit Committee also approves credit applications within its credit discretionary limits delegated by the Board Credit Committee or the Board.
- The Human Resource Committee oversees the Group’s human resource strategy in support of business objective and growth, including approving the framework of the Group’s talent acquisition policies, talent development and management initiatives, compensation and benefits plans, employee engagement programmes and other key people decisions.
- The Investment Committee oversees the Group’s investment activities. It approves investment mandates and strategies, reviews and manages performance of the Group’s funds.
- The Management Executive Committee oversees the overall management of the Group, including the Group’s strategic direction, business activities, as well as capital and resource allocation. It also reviews and approves Group-wide principles, frameworks and policies, and key performance indicators to encourage and reward right behaviour and values.
- The Management Committee oversees the overall performance of the Group, country and business segments, including reviewing and monitoring against set budget/targets and key performance indicators. It manages and tracks the implementation of key strategies and discusses significant changes to the performance management policies and framework.
- The Risk and Capital Committee oversees the overall risk profile and capital requirements of the Group, as well as the implementation of the Group’s Internal Capital Adequacy Assessment Process (“ICAAP”). It reviews and endorses framework, policies, models and methodologies relating to ICAAP, capital and risks of the Group.
- The Information and Technology Committee oversees IT, data management and related infrastructure strategies, ensuring technology and data support the Group’s strategic drive. It approves IT and data related projects and investments and monitors the progress of major IT and data-related initiatives of the Group.
- The Operational Risk Management Committee oversees the Group’s operational risk management, including approval of policies, risk models and methodologies relating to operational, reputation and strategic risks. It also reviews the risk profiles of business/support units and ensures issues and exceptions are adequately managed.

## Principal Shareholders

As at 31 March 2016, the substantial shareholders interested directly or indirectly in 5.0 per cent. or more of the voting Shares of UOB, and the number of Shares held by them as recorded in the Register of Substantial Shareholders maintained by UOB pursuant to Section 88 of the Companies Act were as follows:

	<b>Shareholdings registered in the name of substantial shareholders</b>	<b>Other shareholdings in which substantial shareholders are deemed to have an interest</b>	<b>Total Interest</b>	
	(No. of Shares)	(No. of Shares)	(No. of Shares)	(%)*
<b>Substantial Shareholder</b>				
Estate of Lien Ying Chow, deceased . . . . .	316,516	82,155,530 <sup>(1)</sup>	82,472,046	5.13
Lien Ying Chow Private Limited . . . . .	–	82,054,783 <sup>(1)</sup>	82,054,783	5.11
Wah Hin and Company Private Limited . . . . .	82,044,670	10,113 <sup>(2)</sup>	82,054,783	5.11
Sandstone Capital Pte Ltd . . . . .	10,113	82,044,670 <sup>(3)</sup>	82,054,783	5.11
Wee Cho Yaw . . . . .	20,122,341	270,033,692 <sup>(4)</sup>	290,156,033	18.05
Wee Ee Cheong . . . . .	3,225,918	163,048,078 <sup>(4)</sup>	166,273,996	10.34
Wee Ee Chao . . . . .	153,999	129,714,977 <sup>(4)</sup>	129,868,976	8.08
Wee Ee Lim . . . . .	1,760,658	162,978,100 <sup>(4)</sup>	164,738,758	10.25
Wee Investments (Pte) Limited . . . . .	125,347,848	186,570	125,534,418	7.81

\* Percentage is calculated based on the total number of issued Shares, excluding treasury shares, of UOB.

### Notes:

- (1) Estate of Lien Ying Chow, deceased and Lien Ying Chow Private Limited are each deemed to have an interest in the 82,054,783 Shares in which Wah Hin and Company Private Limited has an interest.
- (2) Wah Hin and Company Private Limited is deemed to have an interest in the 10,113 Shares held by Sandstone Capital Pte Ltd.
- (3) Sandstone Capital Pte Ltd is deemed to have an interest in the 82,044,670 Shares held by Wah Hin and Company Private Limited.
- (4) Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are each deemed to have an interest in Wee Investments (Pte) Limited's total direct and deemed interests of 125,534,418 Shares.



# REGULATION AND SUPERVISION

## Regulation and Supervision in Singapore

### Introduction

Singapore banks come within the ambit of the Banking Act, Chapter 19 of Singapore (the “**Banking Act**”) and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, directives, circulars and guidelines issued by the MAS from time to time.

A bank’s operations may include the provision of capital markets services, financial advisory services and trust services. A bank licensed under the Banking Act is exempt from holding a capital markets services licence under the SFA, a financial adviser’s licence under the Financial Advisers Act, Chapter 110 of Singapore (the “**FAA**”) and a trust business licence under the Trust Companies Act, Chapter 336 of Singapore (the “**TCA**”). However, the bank will nonetheless have to comply with the SFA, the FAA and the TCA and the subsidiary legislations issued thereunder, as well as notices, directives, circulars and guidelines issued by the MAS from time to time, in respect of these regulated activities.

### The Monetary Authority of Singapore

The MAS is banker and financial agent to the Singapore Government and performs the functions of a central bank. Following its merger with the Board of Commissioners of Currency on 1 October 2002, the MAS has also assumed the functions of currency issuance. The MAS’ functions are: (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Singapore Government; (b) to conduct integrated supervision of financial services and financial stability surveillance; (c) to manage the official foreign reserves of Singapore; and (d) to develop Singapore as an international financial centre.

### The Regulatory Environment

#### Capital Adequacy Ratios

MAS Notice 637 sets out the current requirements relating to the minimum capital adequacy ratios for a SIB and the methodology a SIB shall use for calculating these ratios.

Pursuant to MAS Notice 637, the MAS has imposed CAR requirements on a SIB at two levels:

- (a) Solo level CAR requirement, which measures the capital adequacy of a SIB based on its standalone capital strength and risk profile; and
- (b) Group level CAR requirement, which measures the capital adequacy of a SIB based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entity which is treated as part of the bank’s group of entities according to Accounting Standards (as defined in Section 4(1) of the Companies Act) (collectively called “**banking group entities**”), taking into account any exclusions of certain banking group entities and adjustments required under MAS Notice 637.

Where a SIB issues covered bonds (as defined in MAS Notice 648 on “Issuance of Covered Bonds by Banks Incorporated in Singapore” (“**MAS Notice 648**”)), the SIB must continue to hold capital against its exposures in respect of the assets included in a cover pool (as defined in MAS Notice 648) in accordance with MAS Notice 637. In the case where the SIB uses a special purpose entity to issue covered bonds or where the cover pool is held by a special purpose entity, the SIB is required to apply a “look through” approach for the purpose of computing its capital requirements under MAS Notice 637. Under the “look through” approach, the SIB and the special purpose entity will be treated as a single entity for the purposes of MAS Notice 637.

SIBs shall, at all times in the periods specified under MAS Notice 637, maintain at both the Solo and

Group levels, the following minimum CAR requirements:

- (a) CET1 CAR of at least 6.5 per cent. from 1 January 2015 onwards;
- (b) a Tier 1 CAR of at least 8.0 per cent. from 1 January 2015 onwards; and
- (c) a total CAR of at least 10 per cent., from 1 January 2013 onwards.

In addition to complying with the minimum CAR requirements, SIBs shall, at all times in the periods specified under MAS Notice 637, maintain at both the Solo and Group levels, a capital conservation buffer above the minimum CAR requirements. The capital conservation buffer will be met with CET1 capital and begin at 0.625 per cent. from 1 January 2016, increasing by an additional 0.625 per cent. in each subsequent year, to reach 2.5 per cent. from 1 January 2019.

In addition to complying with the minimum CAR and the capital conservation buffer, SIBs shall, at all times in the periods specified under MAS Notice 637, maintain, at both the Solo and Group levels, a countercyclical buffer comprising CET1 capital ranging from zero per cent. up to 2.5 per cent. above the minimum CET1 CAR, minimum Tier 1 CAR and minimum total CAR.

The actual magnitude of the countercyclical buffer to be applied shall be the weighted average of the country-specific countercyclical buffer requirements that are being applied by national authorities in jurisdictions to which SIBs have private sector credit exposures. For the purpose of calculation of the countercyclical buffer by the bank, the country-specific countercyclical buffer requirement in respect of a jurisdiction outside Singapore (a) shall not apply where it takes effect prior to 1 January 2016, and (b) shall be capped at 0.625 per cent. in 2016, 1.25 per cent. in 2017, 1.875 per cent. in 2018 and 2.5 per cent. from 2019 onwards, unless the MAS otherwise specifies.

The MAS may bring forward the effective dates for the application of the capital conservation buffer and the countercyclical buffer if it deems it necessary to do so based on the MAS' assessment of the extent of excess credit growth and build-up of system-wide risk in Singapore.

In addition to the above requirements, SIBs shall consider as part of its ICAAP whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks, and the MAS may vary the capital adequacy ratios, capital conservation buffer or countercyclical buffer applicable to a SIB. The MAS may take into account, inter alia, any relevant risk factors, the ICAAP of the SIB and whether any of the capital adequacy ratios is commensurate with the overall risk profile of the SIB. SIBs are also required to comply with certain disclosure requirements in relation to, among other things, its capital adequacy.

On 9 October 2015, the MAS issued a consultation paper on Proposed Amendments to MAS Notice 637 to Implement Revisions to the Basel III Capital Framework. This consultation paper sets out proposed amendments to MAS Notice 637 to implement requirements for SIBs that are consistent with the final standards issued by the Basel Committee. The proposed amendments relate to enhancement of the risk capture of banks' equity exposures and counterparty credit risk exposures, revised Pillar 3 disclosure requirements and technical revisions to clarify the regulatory capital treatment for investments in unconsolidated entities.

On 30 April 2015, the MAS published its framework for identifying and supervising D-SIBs in Singapore, and the inaugural list of D-SIBs. UOB has been designated as a D-SIB. The framework for D-SIBs is set out in the monograph on the MAS' Framework for Impact and Risk Assessment of Financial Institutions (revised in September 2015).

Broadly, D-SIBs will be subject to more intensive supervision by the MAS than banks which are not so designated, and in particular certain HLA requirements and LCR requirements. However, designation as a D-SIB should not affect UOB's HLA and LCR requirements. The proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum capital requirements that are two percentage points higher than those already established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to SIBs under MAS Notice 637 and MAS Notice 649. Accordingly, UOB is already subject to these requirements.

## **Leverage Ratio Disclosure**

In line with Basel Committee requirements, MAS Notice 637 further sets out the disclosure requirements relating to leverage ratio for a SIB and the templates required for reporting its first set of financial statements relating to a balance sheet on or after 1 January 2015. Under MAS Notice 637, a SIB is required to disclose the information specified therein, or provide a URL in its published financial statements to such disclosure of information on its website or on publicly available regulatory reports. A SIB shall also make available on its website, or through publicly available regulatory reports, an archive of a minimum of five years, such information in the specified format relating to prior financial reporting periods.

A SIB is also required to disclose a reconciliation of its balance sheet assets in its published financial statements with the leverage ratio exposure measure and a breakdown of the main leverage ratio regulatory elements in the formats as set out in MAS Notice 637, using values at the end of the financial reporting period. A SIB is also required to disclose and explain the source(s) of material differences between its total balance sheet assets (net of on-balance sheet derivative and securities and financing transaction assets) as reported in its published financial statements and its on-balance sheet exposures.

SIBs are also required to explain the key drivers of material changes in its leverage ratio observed from the end of the previous financial reporting period to the end of the current financial reporting period.

## **Other Key Prudential Provisions**

Following from the consultation paper on the local implementation of the Basel III liquidity rules relating to the LCR, the MAS issued MAS Notice 649 which sets out the minimum liquid assets framework and the LCR framework on 28 November 2014. MAS Notice 649 took effect on 1 January 2015 for a bank incorporated and headquartered in Singapore, subject to certain exceptions. A bank incorporated and headquartered in Singapore or a bank which has been notified by the MAS that it is a D-SIB need only comply with the requirements under the LCR framework under MAS Notice 649.

Under the LCR framework, a bank incorporated and headquartered in Singapore shall maintain at all times, a Singapore dollar LCR of at least 100 per cent. and an all currency LCR of at least 60 per cent. by 1 January 2015, with the all currency LCR requirement increasing by 10 per cent. each year to 100 per cent. by 2019. Such bank is required to comply with the LCR requirements on a consolidated level, which consolidates the assets and liabilities of its banking group entities, excluding investments in an insurance subsidiary and any investment in any non-banking group entity if such non-consolidation is permitted under the Accounting Standards as defined in Section 4(1) of the Companies Act.

In December 2015, the MAS issued MAS Notice 651, which applies to D-SIBs and took effect on 1 January 2016. Under MAS Notice 651, a D-SIB that is incorporated in Singapore and headquartered in Singapore is required to disclose quantitative and qualitative information about its LCR at the banking group level. MAS Notice 651 also sets out guidance on disclosure of non-mandatory quantitative and qualitative information that a D-SIB is encouraged to make.

Under MAS Notice 758 on Minimum Cash Balance (last revised on 6 March 2014), a bank is also required to maintain in its Current Account and Custody Cash Account (each as defined in MAS Notice 758), during a maintenance period, an aggregate minimum cash balance with the MAS of at least an average of 3 per cent. of its average Qualifying Liabilities (as defined in MAS Notice 613) computed during a computation period. The “computation period” means the relevant 2-week period beginning on a Thursday and ending on a Wednesday and “maintenance period” means the relevant 2-week period beginning on the third Thursday immediately following the end of a computation period and ending on a Wednesday.

Under Section 29 of the Banking Act, the MAS may, by notice in writing to any bank in Singapore, or any class of banks in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the banks or a bank within the class of banks to any one or more of the following:

- (a) where the bank is incorporated in Singapore, a substantial shareholder group of the bank;

- (b) the financial group of the bank;
- (c) a director group of the bank; and
- (d) any other person or class of persons as may be prescribed.

For the purposes of this paragraph:

- (a) “**substantial shareholder group**” means (in relation to a SIB) a group of persons comprising any substantial shareholder (i.e. holding not less than five per cent. of the total voting rights) of the bank, every affiliate of such substantial shareholder, and where the bank is a subsidiary of a financial holding company or a parent bank (“**Holding Company**”), any substantial shareholder of the Holding Company and every affiliate of such substantial shareholder;
- (b) “**financial group**” means (in relation to a SIB) a group of companies comprising every company in which the bank acquires or holds, directly or indirectly, a major stake (as defined below); and
- (c) “**director group**” means (in relation to a bank in Singapore) a group of persons comprising any director of the bank, every firm or limited liability partnership in which that director is a partner, manager, agent, guarantor or surety, every individual of whom and every company of which that director is a guarantor or surety and every company in which the director:
  - (i) is an executive officer;
  - (ii) owns more than half of the total number of issued shares (whether legally or beneficially);
  - (iii) controls more than half of the voting power; or
  - (iv) controls the composition of the board of directors.

Regulation 24 of the Banking Regulations (the “**Banking Regulations**”) has prescribed that the MAS may also impose requirements for the purpose of limiting the exposure of the bank to:

- (a) any officer (other than a director) or employee of the bank or other person who receives remuneration from the bank other than for services rendered to the bank or any company that is connected with the bank (in the case of a SIB, a company is connected with the bank if it is treated as part of the bank’s group of companies for accounting purposes according to Accounting Standards); and
- (b) a group of persons, who are financially dependent on one another or where one person (the “**controlling person**”) controls every other person in that group, and where at least one of the persons is a counterparty to the bank.

For these purposes, a person is controlled by the controlling person if the person is (i) a person in which the controlling person holds more than half of the total number of issued shares (whether legally or beneficially); (ii) a person in which the controlling person controls more than half of the voting power; (iii) a person in which the controlling person controls the composition of the board of directors; (iv) a subsidiary of a person described in (i) to (iii) above; or (v) a person the policies of which the controlling person is in a position to determine. Furthermore, a person A is financially dependent on another person B if by virtue of a contractual or other relationship between them, A will or is likely to be unable to meet A’s financial obligations if B is unable to meet B’s financial obligations.

The MAS issued MAS Notice 639 on Exposures to Single Counterparty Groups dated 6 June 2007 (last revised on 17 February 2014) (“**MAS Notice 639**”) which sets out the limits on a bank’s exposures to a single counterparty group, the types of exposures to be included in or excluded from those limits, the basis for computation of exposures, the approach for aggregating exposures to counterparties that pose a single risk to the bank, the recognition of credit risk mitigation and aggregating of exposures at the bank group level. Pursuant to MAS Notice 639, the MAS has set out that:

- (a) at Solo level, subject to certain exceptions, an SIB shall not permit (i) the aggregate of its exposures to a single counterparty group to exceed 25 per cent. or such other percentage of its eligible total capital as may be approved by the MAS; and (ii) the aggregate of exposures exceeding 10 per cent. of a bank's eligible total capital or capital funds, as the case may be, to any single counterparty group to exceed 50 per cent. or such other percentage of its total exposures as may be approved by the MAS; and
- (b) at Group level, subject to certain exceptions, an SIB shall aggregate its exposures to a single counterparty group (other than the exposures to the financial group of the bank) with the exposures of its subsidiaries and the exposures of all other companies treated as part of the bank group to the same counterparty group and shall not permit (i) the aggregate of the exposures of the bank group to a single counterparty group to exceed 25 per cent. or such other percentage of the eligible total capital of the bank group as may be approved by the MAS; and (ii) the aggregate of the exposures of the bank group exceeding 10 per cent. of a bank's eligible total capital or capital funds, as the case may be, to any single counterparty group, to exceed 50 per cent. or such other percentage of the bank group's total exposures as may be approved by the MAS.

Exposures would have to be calculated based on the maximum loss that a bank may incur as a result of the failure of a specified counterparty to meet any of its obligations.

Every bank in Singapore shall make provisions for bad and doubtful debts and, before any profit or loss is declared, ensure that that provision is adequate.

A bank is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on, whether in Singapore or elsewhere, any business except: (a) banking business; (b) business which is regulated or authorised by the MAS; (c) business which is incidental to (a) or (b); (d) business or a class of business prescribed by the MAS; or (e) any other business approved by the MAS. Under the Banking Regulations and for the purposes of (d) above, the MAS has prescribed that a bank may, amongst other things carry on the business of purchasing and selling assets, subject to the conditions set out therein. In addition, a bank is permitted to carry on property management services in relation to, inter alia, investment properties that are acquired or held by the bank or any company in which the bank has acquired or holds a major stake (in this paragraph, "**banking group**") or properties that have been foreclosed by the banking group.

A bank can hold a beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**") so long as the value of such equity investment does not exceed in the aggregate two per cent. of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security for the purposes of a transaction entered into in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity or any major stake approved by the MAS under Section 32 of the Banking Act. In addition, under the Banking Regulations, the restriction will not apply, during the specified period, in respect of any equity investment in a single company acquired or held by a bank when acting as a stabilising bank (within the meaning of Regulation 6B of the Banking Regulations) in relation to an offer of securities issued by the company, subject to certain conditions.

A bank cannot hold or acquire, directly or indirectly, a major stake in any company without first obtaining the approval of the MAS. A "**major stake**" means: (a) any beneficial interest exceeding 10 per cent. of the total number of issued shares in a company; (b) control over more than 10 per cent. of the voting power in a company; or (c) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. The Banking (Amendment) Bill (the "**Banking Amendment Bill 2016**") was passed in Parliament on 29 February 2016, although it is not yet in force. The Banking Amendment Bill 2016 will amend the major stake provisions to clarify that the requirement applies to major stakes in any entity, including unincorporated bodies.

No bank in Singapore shall hold or acquire interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20 per cent. of the capital funds of the bank or such other percentage as the MAS may prescribe. The MAS has further prescribed that the property sector exposure of a bank in Singapore shall not exceed 35 per cent. of the total eligible assets of that bank.



Under MAS Notice 648, SIBs are permitted to issue covered bonds subject to the conditions thereunder. The aggregate value of residential mortgage loans and assets in the cover pools for all covered bonds issued by the bank and special purpose vehicles on behalf of a SIB and residential mortgage loans and assets eligible for inclusion in cover pools (but which have not been included) and which are transferred to the special purpose vehicles must not exceed four per cent. of the value of the total assets of the SIB at all times. The total assets of a SIB include the assets of the branches of the SIB but not its subsidiaries.

### **Corporate Governance Regulations and Guidelines**

The Banking (Corporate Governance) Regulations 2005, as amended by the Banking (Corporate Governance) (Amendment) Regulations 2007 and as further amended by the Banking (Corporate Governance) (Amendment) Regulations 2010, define what is meant by an independent director and set out the requirements for the composition of the board of directors and board committees, such as the Nominating Committee, Remuneration Committee and Audit Committee.

The MAS issued the “Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore” on 3 April 2013 (the “**Guidelines**”). Amongst other things, the Guidelines set out the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgement on corporate affairs independently, in particular, from the management of a bank and 10 per cent. shareholders (as defined in the Guidelines). The Guidelines also encourage the separation of the roles of Chairman and Chief Executive Officer and outline how this is to be applied.

The MAS has also issued the revised Code of Corporate Governance on 2 May 2012 for companies listed on the SGX-ST.

A bank incorporated in Singapore must not permit a person who is subject to certain circumstances set out in Section 54(1) of the Banking Act (for example where the person is an undischarged bankrupt, whether in Singapore or elsewhere) to act as its executive officer or director without the prior written consent of the MAS. The MAS may also direct the removal of a director or executive officer of a bank incorporated in Singapore on the basis of three grounds set out in Section 54(2) of the Banking Act (one of which is where the executive officer or director wilfully contravened or wilfully caused the bank to contravene any provision of the Banking Act) where MAS thinks that such removal is necessary in the public interest or for the protection of the depositors of the bank.

The Banking Amendment Bill 2016 will amend the three existing grounds in Section 54(2) for removal of directors and executive officers with ceasing to be fit and proper as a single criterion. The grounds for removal of directors and executive officers will be aligned with the key criterion for approving their appointment. Banks will also be required to immediately notify the MAS after becoming aware of any material information that may negatively affect the fitness and propriety of their key appointment holders

### **Other Significant Regulations**

The MAS issues licenses under the Banking Act to banks to transact banking business in Singapore. Such licenses may be revoked if the MAS is satisfied, among other things, that the bank: (a) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (b) is contravening the provisions of the Banking Act; or (c) has been convicted of any offence under the Banking Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under the Banking Act.

In the event of the winding-up of a bank, the liabilities of the bank shall, amongst themselves, rank in the following order of priority: (a) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners’ Protection Schemes Act, Chapter 77B of Singapore (the “**Deposit Insurance Act**”); (b) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Agency (as defined in the Deposit Insurance Act) under the Deposit Insurance Act in respect of such insured deposits; (c) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in (b) above and (d) below; and (d) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency



Unit approved under the Banking Act. As between liabilities of the same class referred to in each of (a) to (d) above, such liabilities shall rank equally between themselves. The liabilities described above shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in Section 328(1) of the Companies Act.

Unless otherwise provided in the Banking Act, customer information shall not, in any way, be disclosed by a bank in Singapore or any of the officers to any other person.

The Banking Amendment Bill 2016 will require banks to inform the MAS of any development that materially affects the bank adversely, and in the case of SIBs, any development that materially affects the bank or its related entities adversely. The Banking Amendment Bill 2016 will formalise the MAS' expectation for banks to institute risk management systems and controls that are commensurate with their business profiles and operations.

Currently, banks in Singapore have to maintain separate accounting units for their Domestic Banking Unit (“DBU”) and their Asian Currency Unit (“ACU”). The Banking Amendment Bill 2016 amends Section 77 of the Banking Act which currently governs the operation of the ACU, to provide that an ACU will similarly be subject to the minimum liquid assets requirements under Section 38 of the Banking Act. However, the MAS announced in June 2015 that it will remove the DBU-ACU divide. On 31 August 2015, the MAS issued a consultation paper entitled “Removing the DBU-ACU Divide – Implementation Issues”, setting out the proposed consequential amendments to regulatory requirements following the removal of the DBU-ACU divide. In particular, the MAS proposed to make consequential amendments to Section 62 of the Banking Act to remove references to the ACU and to provide instead that Singapore dollar deposit liabilities incurred by the bank with non-bank customers would rank above foreign currency denominated deposit liabilities incurred by the bank with non-bank customers (but behind premium contributions under the Deposit Insurance Act and liabilities in respect of insured deposits).

MAS Notice 643 on Transactions with Related Parties (dated 2 April 2013, and last revised on 30 June 2014) (“**MAS Notice 643**”) was issued by the MAS pursuant to Section 55(1) of the Banking Act. MAS Notice 643 sets out requirements relating to transactions of banks in Singapore with related parties, which seek to minimize the risk of abuses arising from conflicts of interest. MAS Notice 643 was initially scheduled to take effect from 1 July 2014, but on 30 June 2014, the MAS amended MAS Notice 643 such that its effective date will be separately specified by the MAS by notice in writing. As of the date of this Offering Circular, the MAS has not yet specified the effective date of MAS Notice 643. The MAS issued two consultation papers on 5 December 2013 and 25 January 2016, with proposals to amend and clarify the scope of MAS Notice 643. The MAS has proposed that banks start complying with the requirements in the amended MAS Notice 643 one year from the date on which the amended MAS Notice 643 is issued. In addition, the Banking Amendment Bill 2016 will introduce powers enabling the MAS to prohibit, restrict or direct a bank to terminate any transaction that the bank enters into with its related parties if it is deemed to be detrimental to depositors' interests.

### **Examinations and Reporting Arrangements for Banks**

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from auditing the accounts of the bank and (in the case of a SIB) making a report in respect of its latest financial statements or consolidated financial statements (as the case may be), must report to the MAS immediately if, in the course of the performance of his duties as an auditor of the bank, he is satisfied that:

- (a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed;
- (b) losses have been incurred which reduce the capital funds of the bank by 50 per cent.;
- (c) serious irregularities have occurred, including irregularities that jeopardise the security of the creditors; or
- (d) he is unable to confirm that the claims of creditors are still covered by the assets.

Banks incorporated in Singapore shall not, except with the prior written approval of the MAS, appoint the same audit firm for more than five consecutive financial years. Where a bank has appointed the same audit firm

for more than five consecutive financial years, the bank shall, as soon as practicable, but in any event not later than the end of the financial year of the bank in 2006, appoint another audit firm to carry out the duties required of an auditor under Section 58 of the Banking Act. On 21 October 2008, MAS announced the temporary suspension of this requirement. In accordance with prevailing MAS directives, the audit partner is changed at least once every five years. The Banking Amendment Bill 2016 will empower MAS to direct banks to remove their external auditors if they have not discharged their statutory duties satisfactorily.

All banks in Singapore are required to submit periodic statistical returns and financial reports to the MAS, including returns covering classified exposures and collateral value of housing loans, monthly statements of assets and liabilities and monthly total foreign exchange business transacted.

The MAS may also require ad hoc reports to be submitted.

## **Resolution Powers**

The MAS also has resolution powers in respect of Singapore licensed banks under the MAS Act. Broadly speaking, in relation to Singapore incorporated banks, the MAS has the power to (a) impose moratoriums, (b) apply for court orders against winding-up or judicial management of the bank, against commencement or continuance of proceedings by or against the bank in respect of any business of the bank, against commencement or continuance of execution, distress or other legal processes against any property of the bank, or against enforcement of security, (c) apply to court for the winding-up of the bank, (d) order compulsory transfers of business or transfers of shares, (e) order compulsory restructurings of share capital and (f) give directions to significant associated entities of a bank. In addition, the MAS has powers under the Banking Act to assume control of a bank.

On 23 June 2015, the MAS issued the Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore setting out proposals in the areas of recovery and resolution planning, temporary stays and suspensions, statutory bail-in powers, cross-border recognition of resolution actions, creditor safeguards and resolution funding.

The MAS has since released its response to feedback received and has also issued a Consultation Paper on Proposed Legislative Amendments to Enhance the Resolution Regime for Financial Institutions in Singapore on 29 April 2016, which is intended to effect the policy proposals set out in the earlier consultation paper (collectively, the “**Resolution Regime CPs**”). This includes proposed amendments to the MAS Act and the Monetary Authority of Singapore (Control and Resolution of Financial Institutions) Regulations 2013, as well as the proposed issuance of a new MAS Notice and Guidelines on recovery and resolution planning that will apply to banks notified by the MAS.

## **Statutory Bail-in**

Under the Resolution Regime CPs, the MAS proposes, inter alia, (a) to apply the statutory bail-in powers to Singapore-incorporated banks and bank holding companies, (b) that the statutory bail-in regime be applied to unsecured subordinated debt and unsecured subordinated loans, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory bail-in regime, and (c) that statutory powers be introduced for the MAS to either convert into equity or write down contingent convertible instruments and contractual bail-in instruments, whose terms had not been triggered prior to entry into resolution, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory bail-in regime. The proposed statutory bail-in regime will be introduced under a new division of the MAS Act, and the use of bail-in powers will generally be linked to the MAS’ assessment of a bank’s viability, taking into consideration the factors set out in MAS Notice 637 (such as whether the bank’s assets are sufficient to provide protection to depositors and creditors, and whether the bank is able to maintain the confidence of depositors).

## **Supervision by Other Agencies**

The Group’s overseas operations are also supervised by the regulatory agencies in their respective jurisdictions.

## TAXATION

The statements below are general in nature and are based on current tax laws in Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts may later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Capital Securities or of any person acquiring, selling or otherwise dealing with the Capital Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Capital Securities. The statements made herein do not purport to be a comprehensive nor exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Capital Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Capital Securities are advised to consult their own professional tax advisers as to the Singapore tax consequences of the acquisition, ownership or disposal of the Capital Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers and Bookrunners, the Trustee, the Agents and any other persons involved in the issue and offer of the Capital Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Capital Securities.

### Classification of Capital Securities

The ITA provides that distributions liable to be made in respect of any “AT1 instrument” as defined in Section 100 of the ITA (an “**AT1 Instrument**”), for the year of assessment 2015 or a subsequent year of assessment shall be deemed, for the purposes of the ITA, to be interest derived from a debt security, and that such AT1 Instruments may be “qualifying debt securities” (as further described below) provided the relevant conditions are fulfilled.

Section 100 of the ITA provides that an AT1 Instrument means a security (not being shares) commonly known as Additional Tier 1 capital instrument which:

- (a) is issued in Singapore but not through a branch situated outside Singapore; and
- (b) either:
  - (i) according to MAS Notice 637, may be used to satisfy the capital adequacy requirement of a bank incorporated in Singapore with a full banking licence, under Section 10(2) of the Banking Act; or
  - (ii) according to a direction issued under Section 28(3) of the MAS Act and MAS Notice 637, may be used to satisfy the capital adequacy requirement of any other financial institution within the meaning of Section 27A(6) of that Act.

Where the Capital Securities are AT1 Instruments for the purposes of the ITA, Securityholders may enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the conditions for the Qualifying Debt Securities Scheme (as described further below) are satisfied.

The rest of the information set out below is based on the assumption that the Capital Securities are AT1 Instruments for the purposes of the ITA.

No assurance, warranty or guarantee is given on the tax treatment to Securityholders in respect of the Distributions payable to them. Securityholders should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their purchase, holding and disposal of the Capital Securities.

## **Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 22 per cent. from the year of assessment 2017 onwards. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

## **Withholding Tax Exemption on Qualifying Payments by Specified Entities**

Pursuant to Section 45I of the ITA, payments of income which are deemed under Section 12(6) of the ITA to be derived from Singapore and which are made by a specified entity shall be exempt from withholding tax if such payments are liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued during the period from 17 February 2012 to 31 March 2021 (both dates inclusive). Notwithstanding the above, permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax). A specified entity includes a bank licensed under the Banking Act or a merchant bank approved under the MAS Act.

## **Qualifying Debt Securities Scheme**

On the basis that the Capital Securities are AT1 Instruments and that the issue of the Capital Securities is lead-managed by Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Standard Chartered Bank, Singapore Branch and United Overseas Bank Limited (where each of Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank, Singapore Branch is a financial sector incentive (standard tier) company (as defined in the ITA) whilst United Overseas Bank Limited is a financial sector incentive (capital market) company (as defined in the

ITA)), the Capital Securities would be qualifying debt securities (subject to further comments below) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Capital Securities in the prescribed format to the MAS within such period as the Comptroller may specify and such other particulars in connection with the Capital Securities as the Comptroller may require, and the inclusion by the Issuer in all offering documents relating to the Capital Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Capital Securities is derived by a person who is not resident in Singapore and who carries on an operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Capital Securities using funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Capital Securities derived by a holder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Capital Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Capital Securities in the prescribed format to the MAS within such period as the Comptroller may specify and such other particulars in connection with the Capital Securities as the Comptroller may require), Qualifying Income derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (aa) the Issuer including in all offering documents relating to the Capital Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Capital Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the furnishing of a return on debt securities in respect of the Capital Securities in the prescribed format to the MAS within such period as the Comptroller may specify and such other particulars in connection with the Capital Securities as the Comptroller may require,

payments of Qualifying Income derived from the Capital Securities are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (i) if during the primary launch of the Capital Securities, the Capital Securities are issued to fewer than four persons and 50 per cent. or more of the issue of the Capital Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Capital Securities would not qualify as "qualifying debt securities"; and
- (ii) even though the Capital Securities are "qualifying debt securities", if, 50 per cent. or more of the Capital Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived by:-
  - (aa) any related party of the Issuer; or
  - (bb) any other person where the funds used by such person to acquire the Capital Securities are obtained, directly or indirectly, from any related party of the Issuer,



shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “**prepayment fee**”, “**redemption premium**” and “**break cost**” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Capital Securities by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the ITA (as mentioned above) shall not apply if such person acquires the Capital Securities using funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Capital Securities is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the ITA.

## **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Capital Securities will not be taxable in Singapore. However, any gains from the sale of the Capital Securities as part of a trade or business carried on by a person in Singapore may be taxable as such gains are considered revenue in nature.

Securityholders who are adopting FRS 39 for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Capital Securities is made. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

## **Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Securityholders who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their purchase, holding or disposal of the Capital Securities.



## **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers and Bookrunners dated 11 May 2016 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to issue, and Credit Suisse (Singapore) Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank have agreed, severally and not jointly, to subscribe and pay for, the aggregate principal amount of the Capital Securities indicated opposite its name in the following table at 100 per cent. of their principal amount.

	<b>Principal Amount of Capital Securities to be Subscribed</b>
Credit Suisse (Singapore) Limited .....	\$250,000,000
The Hongkong and Shanghai Banking Corporation Limited .....	\$250,000,000
Standard Chartered Bank .....	\$250,000,000

The Issuer has agreed to pay a private banking commission based on the principal amount of the Capital Securities allocated to certain private banks.

The Joint Lead Managers and Bookrunners and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers and Bookrunners may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Joint Lead Managers and Bookrunners and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including the Capital Securities, may be entered into at the same time or proximate to offers and sales of Capital Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Capital Securities. Capital Securities may be purchased by or be allocated to any Joint Lead Manager and Bookrunner or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering of the Capital Securities be made by a licensed broker or dealer and any of the Joint Lead Managers and Bookrunners or their affiliates is a licensed broker or dealer in that jurisdiction, the offering of the Capital Securities shall be deemed to be made by that Joint Lead Manager and Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

## **Selling Restrictions**

### **General**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Capital Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

### **Singapore**

Each of the Joint Lead Managers and Bookrunners has acknowledged that this Offering Circular will not be registered as a prospectus with the MAS. Accordingly, each of the Joint Lead Managers and Bookrunners has represented, warranted and agreed that it has not offered or sold any Capital Securities or caused such Capital Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Capital Securities or cause such Capital Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Capital Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Capital Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### **United States of America**

The Capital Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Joint Lead Managers and Bookrunners represents that it has not offered or sold, and agrees that it will not offer or sell, any Capital Securities constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it,

its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Capital Securities. Terms used in this paragraph have the meanings given to them by Regulation S.

### **United Kingdom**

Each of the Joint Lead Managers and Bookrunners represents, warrants and agrees that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Capital Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Capital Securities in, from or otherwise involving the United Kingdom.

### **European Economic Area**

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager and Bookrunner represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Capital Securities which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Joint Lead Manager and Bookrunner or Joint Lead Managers and Bookrunners nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Capital Securities shall require the Issuer or any Joint Lead Manager and Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Capital Securities to the public**” in relation to any Capital Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Capital Securities to be offered so as to enable an investor to decide to purchase or subscribe the Capital Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

### **Hong Kong**

Each of the Joint Lead Managers and Bookrunners represents and agrees that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Capital Securities other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its

possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## CLEARING AND SETTLEMENT

### Introduction

Clearance of the Capital Securities will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by the Depository. Capital Securities that are to be listed on the SGX-ST will be cleared through the Depository. The Depository, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. The Depository holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the Depository.

### Clearance and Settlement under the Depository System

The entire issue of the Capital Securities is to be held by the Depository in the form of the Global Certificate for persons holding the Capital Securities in securities accounts with the Depository (“**Depositors**”). Delivery and transfer of Capital Securities between Depositors is by electronic book-entries in records of the Depository only, as reflected in the securities accounts of Depositors. Although the Depository encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Capital Securities through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by the Depository under the SFA to maintain securities sub-accounts and to hold the Capital Securities in such securities sub-accounts for themselves and their clients. Accordingly, Capital Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Capital Securities in direct securities accounts with the Depository, and who wish to trade Capital Securities through the Depository System, must transfer the Capital Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

### General

The Depository is not involved in money settlement between the Depository Agents (or any other persons) as the Depository is not a counterparty in the settlement of trades of debt securities. However, the Depository will make payment of interest and repayment of principal on behalf of issuers of debt securities. Although the Depository has established procedures to facilitate transfer of interests in the Capital Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent, the Registrar, the Trustee or any other agent will have the responsibility for the performance by the Depository of its obligations under the rules and procedures governing its operations.



## GENERAL INFORMATION

1. Approval in-principle for the listing and quotation of the Capital Securities on the SGX-ST has been received.
2. The issue of the Capital Securities was authorised by resolutions of the Board of Directors of the Issuer passed on 10 May 2016.
3. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 31 December 2015. As far as the Issuer is aware, there has been no material adverse change in the prospects of the Issuer and its subsidiaries since 31 December 2015.
4. For so long as the Capital Securities are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:
  - (a) the Trust Deed (which includes the form of the Global Certificate and the Certificates);
  - (b) the Agency Agreement;
  - (c) the Constitution of the Issuer;
  - (d) the latest published annual report and consolidated accounts of the Issuer and the latest published interim consolidated accounts of the Issuer; and
  - (e) a copy of this Offering Circular together with any supplement to this Offering Circular.
5. Copies of the latest published annual report and consolidated accounts of the Issuer and the latest published interim consolidated accounts of the Issuer may be obtained, and copies of the Trust Deed and Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Capital Securities is outstanding.
6. Ernst & Young LLP has audited and rendered an unqualified audit report on the consolidated financial statements of the Group for the years ended 31 December 2014 and 31 December 2015. These financial statements together with the auditors' report dated 12 February 2015 and 16 February 2016 for the financial statements ended 31 December 2014 and 31 December 2015 respectively, have not been specifically prepared for the purpose of this Offering Circular.

**REGISTERED OFFICE**

**United Overseas Bank  
Limited**  
80 Raffles Place UOB Plaza  
Singapore 048624

**JOINT LEAD MANAGERS AND BOOKRUNNERS**

**United Overseas Bank  
Limited**  
80 Raffles Place #03-01  
UOB Plaza 1  
Singapore 048624

**Credit Suisse (Singapore)  
Limited**  
  
One Raffles Link  
#03-01/#04-01 South Lobby  
Singapore 039393

**The Hongkong and  
Shanghai Banking Corporation  
Limited**  
  
21 Collyer Quay #10-01  
HSBC Building  
Singapore 049320

**Standard Chartered Bank**  
  
Marina Bay Financial Centre  
(Tower 1)  
8 Marina Boulevard, Level 20  
Singapore 018981

**LEGAL ADVISERS**

**To the Issuer**  
**Allen & Gledhill LLP**  
One Marina Boulevard #28-00  
One Marina Boulevard  
Singapore 018989

**To the Joint Lead Managers and Bookrunners**  
**Allen & Gledhill LLP**  
One Marina Boulevard #28-00  
One Marina Boulevard  
Singapore 018989

**LEGAL ADVISERS TO THE TRUSTEE**

**WongPartnership LLP**  
12 Marina Boulevard, Level  
28  
Marina Bay Financial Centre,  
Tower 3  
Singapore 018989

**AUDITORS**

**Ernst & Young LLP**  
One Raffles Quay  
North Tower Level 18  
Singapore 048583

**TRUSTEE**

**DB International Trust (Singapore) Limited**  
One Raffles Quay  
#16-00 South Tower  
Singapore 048583

**PRINCIPAL PAYING AGENT, CALCULATION AGENT, REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank AG, Singapore Branch**  
One Raffles Quay  
#16-00 South Tower  
Singapore 048583