

IMPORTANT: The Issuer accepts responsibility for the information contained in this Offering Circular. The Issuer, having made all enquiries as were reasonable in the circumstances, confirms that as at the date of this Offering Circular, the statements contained in this Offering Circular relating to the Issuer, and to the Group do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements herein, and in light of the circumstances under which they were made, not misleading. The opinions and intentions expressed in this Offering Circular with regard to the Issuer and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions. There are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, make any statement in this Offering Circular misleading in any material respect, in the context of the issuance and offering of the Bonds.



2019 Renminbi Bonds of United Overseas Bank Limited (Series 1)

Offering Circular

Issuer: United Overseas Bank Limited

Registered Office: 80 Raffles Place, UOB Plaza, Singapore 048624

Lead Underwriter and Lead Bookrunner

Bank of China Limited

Joint Lead Underwriters and Joint Bookrunners

China Securities Co., Ltd.

Standard Chartered Bank (China) Limited

7 March 2019

STATEMENTS OF THE ISSUER

As approved by the Reply of the People's Bank of China on the Issue of Financial Bonds Onshore by United Overseas Bank Limited (Yin Han [2019] No. 4) ("**PBOC Approval**") and the Issuer's board of directors, United Overseas Bank Limited intends to issue RMB2 billion of 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) (the "**Bonds**") in the PRC interbank bond market.

The Bonds will be publicly offered in the PRC interbank bond market. Before purchasing the Bonds, investors are advised to carefully read this Offering Circular and relevant information disclosure documents and make an independent investment judgment. The approval by PBOC for the Bond Issue does not constitute an evaluation of the investment of the Bonds nor a judgment on the risks of investment in the Bonds.

All the contents of this Offering Circular are in compliance with the applicable laws, regulations and regulatory documents promulgated by the PBOC, the *Interim Measures for the Administration of Bonds Issued by Overseas Issuers on the National Interbank Bond Market* (《全国银行间债券市场境外机构债券发行管理暂行办法》) (the "**Interim Measures**") and the PBOC Approval and take into account the Issuer's actual circumstances. This Offering Circular aims to provide investors with basic information of the Issuer and the information relating to the Bond Issue and subscription. The Issuer, having made all enquiries as were reasonable in the circumstances, confirms that as at the date of this Offering Circular, the statements contained in this Offering Circular relating to the Issuer, and to the Group do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements herein, and in light of the circumstances under which they were made, not misleading.

No individual or entity has been or is appointed or authorised by the Issuer to give any information not contained in this Offering Circular or make any statement about this Offering Circular. If in doubt, investors should consult their own security brokers, legal advisors, certified public accountants or other professional advisors. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Bond Issue is correct as of any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

Any acquisition and holding of the Bonds through subscription or transfer is deemed as the holder's consent to the rights and obligations prescribed in this Offering Circular.

The distribution of this Offering Circular and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons who receive this Offering Circular are required by the Issuer and the Underwriters to familiarise themselves with and observe any such restriction.

None of the Principal Underwriters or the Issuer makes any representation to any investor in the Bonds regarding the legality of its investment under any applicable laws. Any investor in the Bonds should be able to bear the economic risk of an investment in the Bonds for an indefinite period of time.

To the fullest extent permitted by law, none of the Principal Underwriters accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by a Principal Underwriter or on its behalf in connection with the Issuer or the issue and offering of the Bonds. Each Principal Underwriter 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. Neither this Offering Circular nor any financial statements are 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 Principal Underwriters that any recipient of this Offering Circular or any financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Principal Underwriters undertakes to

review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Principal Underwriters. None of the Principal Underwriters (or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them) accept any liability whatsoever for any loss howsoever arising from any use of this Offering Circular or its respective contents or otherwise arising in connection therewith.

Statement Regarding Selling Restrictions

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (hereinafter, the “**U.S. Securities Act**”), and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered only outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act (“**Regulation S**”). The Bonds may not be offered, sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from the registration requirements under the U.S. Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States by any Underwriter (whether or not it is participating in the offering) may violate the registration requirements of the U.S. Securities Act.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Underwriters to subscribe for, or purchase, any Bonds in any jurisdiction in which such offer or invitation would not be lawful. Neither this Offering Circular nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer or the Underwriters that any potential investor should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent assessment on the financial and other conditions of the Issuer, the investment value of the Bonds and the creditworthiness of the Issuer.

Statements on the Accounting Standards Applicable to the Issuer

The audited consolidated financial statements of the Bank and its subsidiaries (“**UOB Group**” or the “**Group**”) and of the Bank for the financial years ended 31 December 2015, 2016 and 2017 and the unaudited consolidated financial results of the Group and of the Bank for the six months ended 30 June 2017 were prepared in accordance with the Singapore Financial Reporting Standards (“**FRS**”) as required by the Singapore Companies Act, with modification to FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in the Monetary Authority of Singapore (“**MAS**”) Notice 612 Credit Files, Grading and Provisioning (“**MAS Notice 612**”), the audited consolidated financial results of the Group and of the Bank for the financial year ended 31 December 2018 and the unaudited consolidated financial results of the Group and of the Bank for the six months ended 30 June 2018 were prepared in accordance with the provisions of the Singapore Companies Act, the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and the revised MAS Notice 612.

Statements regarding Legal Terms under Singapore Law in this Offering Circular

This Offering Circular contains certain words, phrases and statements that are defined under the relevant legislation of Singapore (including but not limited to the contents relating to Singapore law in Chapter 3 “Status of the Bonds”, Chapter 10 “Regulation and Governance of the Issuer” and Chapter 17 “Legal Opinions of the Issuer’s Legal Advisors”), which may differ from their interpretations under PRC law. When reading this Offering Circular, investors shall refer to the relevant legislation of Singapore for their interpretations, and if in doubt, shall consult their own Singapore legal counsel.

Statements regarding the Issuer’s Option to Redeem the Bonds

When any of the circumstances set out in the terms and conditions of the Bonds occurs, the Issuer can at its option redeem the Bonds according to the relevant terms in the paragraph entitled “Early Redemption” in Chapter 5

“Information of the Bonds”. Please refer to the paragraph entitled “Bonds subject to early redemption by the Issuer” under “Risks relating to the Bonds” in Chapter 4 “Risk Factors” for a description of the risks relating to the early redemption of the Bonds.

Caution Regarding Forward-looking Statements

The Issuer has included statements in this Offering Circular which contain words or phrases such as “will”, “would”, “aim”, “is likely”, “believe”, “expect”, “expected to”, “will continue”, “anticipated”, “intend”, “plan”, “future”, “objective”, “should”, “can”, “could”, “may”, and similar expressions or variations of such expressions, that are forward-looking statements.

All statements regarding the Issuer’s or the Group’s expected financial position, business, strategies, plans, prospects and objectives are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Issuer’s expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for internet banking services.

All forward-looking statements are made only as at the date of this Offering Circular. Given the risks and uncertainties that may cause the Issuer’s or the Group’s actual future results, performance or achievement to be materially different than expected, expressed or implied by the forward-looking statements in this Offering Circular, potential investors are advised not to place undue reliance on those statements. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Offering Circular to reflect any change in the Issuer’s expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

Available Information

Investors may view the entire text of this Offering Circular via www.shclearing.com, www.chinamoney.com.cn and other designated places, internet websites or media during the offering period. If in doubt, investors should consult their own security brokers, legal advisors, certified public accountants or other professional advisors.

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, officers or employees or the Principal Underwriters accept any responsibility whatsoever 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 Bonds.

Statement relating to “Bond Connect”

Offshore investors participating in the subscription of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) and remittance and conversion of funds, comply with applicable laws and regulations, including the Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market published by the PBOC, as well as rules by other relevant parties.

Chinese and English Versions

This Offering Circular and certain documents relating to the Bonds published by the Issuer are in both the English and Chinese language. To the extent there are any inconsistencies between the English and Chinese versions of this

Offering Circular or any such document, the Chinese version shall prevail. For the avoidance of doubt, the official consolidated financial statements and other corporate documents of the Issuer will be in English and any Chinese translation of such documents should be read along with the relevant English version.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”)

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Statement regarding Public Holidays

The “**Public Holidays**” referred to in this Offering Circular are the public holidays of the PRC. In reading this Offering Circular and determining the payment date, investors should take note that Public Holidays are the public holidays of the PRC only.

S\$/RMB exchange rates

Unless otherwise stated, amounts specified in Chapter 6 “Basic Information of the Issuer,” Chapter 7 “Operation and Management of the Issuer” and Chapter 8 “Analysis of Financial Condition and Results of the Issuer” are expressed in Singapore dollars (“**S\$**”). For illustration purposes only, the S\$/RMB central parity rate, expressed as the amount of RMB per one Singapore dollar, as published on <http://www.chinamoney.com.cn/index.html> by the China Foreign Exchange Trade System (“**CFETS**”), a sub-institutional organization of PBOC, was 4.9609 on 28 February 2019.

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CHAPTER 1 INTERPRETATION

In this Offering Circular, unless the context otherwise requires, the following terms have the following meanings:

“Bank”/ “Issuer”/ “Company” / “UOB”	means	United Overseas Bank Limited.
“Group”	means	the Bank and its subsidiaries.
“Bonds”	means	the 2019 Renminbi bonds of United Overseas Bank Limited (Series 1).
“Bond Issue”	means	the issue of the 2019 Renminbi bonds of United Overseas Bank Limited (Series 1).
“Bookbuilding”	means	a process whereby the Issuer and the Bookrunners negotiate and agree on the range of interest rates to be applied to the Bonds, the Bookrunners record the subscription orders and the Issuer and the Bookrunners determine the ultimate offering size and interest rate applicable for the Bonds according to subscription.
“Bookrunners”	means	Bank of China Limited, China Securities Co., Ltd. and Standard Chartered Bank (China) Limited.
“Lead Bookrunner”	means	Bank of China Limited.
“Joint Bookrunners”	means	China Securities Co., Ltd. and Standard Chartered Bank (China) Limited.
“Bondholders”	means	the registered holders of the Bonds.
“Lead Underwriter”	means	Bank of China Limited.
“Joint Lead Underwriters”	means	China Securities Co., Ltd. and Standard Chartered Bank (China) Limited.
“Principal Underwriters”	means	Bank of China Limited, China Securities Co., Ltd. and Standard Chartered Bank (China) Limited.
“Underwriter(s)”	means	one or a number of or all of the institutions responsible for underwriting the Bonds (as the context requires).
“Underwriting Syndicate”	means	the syndicate organised by the Principal Underwriters for underwriting the Bonds and comprises the Principal Underwriters and other members of the Underwriting Syndicate.
“Underwriting Agreement”	means	the underwriting agreement relating to the 2018 Renminbi Bonds of United Overseas Bank Limited (Series 1) entered into between the Issuer and the Principal Underwriters and any supplemental agreement as may be entered into from time to time.
“Underwriting Syndicate Agreement”	means	the underwriting syndicate agreement on the 2018 Renminbi

		Bonds of United Overseas Bank Limited (Series 1) entered into between the Underwriter(s) and the Principal Underwriters for the underwriting of the Bonds.
“Offering Circular”	means	the offering circular relating to the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) prepared by the Bank for the issue of the Bonds and for the disclosure of the information relating to the Bond Issue to the investors.
“PBOC”	means	the People’s Bank of China.
“Competent Authority(ies)”	means	the regulators whose approvals are required for the Bond Issue.
“Shanghai Clearing House”	means	Inter-bank Market Clearing House Co., Ltd.
“Mainland China” or “PRC” or “Onshore”	means	the People’s Republic of China (for the purpose of this Offering Circular only excluding Hong Kong, Macau and Taiwan).
“Offshore”	means	the countries and regions other than Mainland China (for the purpose of this Offering Circular only including Hong Kong, Macau and Taiwan).
“Hong Kong”	means	Hong Kong Special Administrative Region of the PRC.
“Macau”	means	Macau Special Administrative Region of the PRC.
“IFRS”	means	International Financial Reporting Standards.
“Basel III”	means	the proposals finalised by the Basel Committee on Banking Supervision in December 2010 to strengthen existing capital standards and to establish minimum liquidity standards.
“MAS”	means	the Monetary Authority of Singapore.
“MAS Notice 637”	means	MAS Notice 637 on Risk-Based Capital Adequacy Requirements for Banks incorporated in Singapore issued by the MAS.
“MAS Notice 652”	means	MAS Notice 652 on Net Stable Funding Ratio issued by the MAS.
“SIBs”	means	banks incorporated in Singapore.
“D-SIB”	means	locally incorporated domestic systemically important bank.
“CET1”	means	Common Equity Tier 1.
“CIETAC”	means	China International Economic and Trade Arbitration Commission.
“Yuan” or “RMB”	means	Renminbi Yuan, if not specifically indicated.
“S\$”	means	Singapore dollars, the official currency of Singapore.
“U.S.\$” or “USD”	means	U.S. dollars, the official currency of the United States of America.

“Business Day”

means a day (other than a Saturday or a Sunday or a statutory holiday in the PRC) on which commercial banks are open for general business in the PRC.

CHAPTER 2 SUMMARY OF THIS OFFERING CIRCULAR

1 Basic Information of the Issuer

Incorporation and Head Office

The Bank was incorporated as a limited liability company (registration number 193500026Z) in the Republic of Singapore on 6 August 1935 as United Chinese Bank. It was renamed the United Overseas Bank in 1965. The Bank has been listed on the SGX-ST since 1970. As at the date of this Offering Circular, the Group derived most of its income from its Singapore operations. The registered office of UOB is at 80 Raffles Place, UOB Plaza, Singapore 048624.

The head office of the Bank is located at 80 Raffles Place, UOB Plaza, Singapore 048624.

Business of the Issuer

The Bank is a leading bank in Asia which 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. With its head office located in Singapore, the Bank's three core business segments are Group Retail, Group Wholesale Banking and Group Global Markets. The main business functions of the Bank include Personal Financial Services, Private Banking, Privilege Banking, Wealth Banking, Business Banking, Commercial Banking, Sector Solutions, Corporate Banking, Multinational Corporates, Financial Institutions, Transaction Banking, Structured Trade and Commodity Finance, Investment Banking and Group Global Markets. The Bank is one of the highest rated banks globally, with ratings of "AA-" by Fitch, "Aa1" by Moody's and "AA-" by Standard & Poor's. UOB's credit ratings have a stable outlook from Fitch, Moody's and Standard & Poor's.

2 Major Historical Financial Data of the Group

The consolidated financial statements of the Issuer and the notes thereto were prepared in accordance with FRS, which differs in certain material respects from IFRS. Investors shall read the financial data and indicators referred to in this Offering Circular in conjunction with the consolidated financial statements of the Issuer and the notes thereto.

Ernst & Young LLP has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer and the Group as at and for the years ended 31 December 2015, 31 December 2016 and, 31 December 2017. These consolidated financial statements together with the auditors' reports dated 16 February 2016, 16 February 2017 and, 13 February 2018 for the consolidated financial statements ended 31 December 2015, 31 December 2016 and, 31 December 2017 respectively, have not been specifically prepared for the purpose of this Offering Circular. The consolidated financial results of the Issuer as at and for the year ended 31 December 2018 have been audited by Ernst & Young LLP and have not been specifically prepared for the purpose of this Offering Circular. The consolidated financial results of the Issuer and the Group as at and for the six months ended 30 June 2017 and 2018 have not been audited by Ernst & Young LLP and have not been specifically prepared for the purpose of this Offering Circular. The financial information in this Offering Circular is derived from the Group's published audited consolidated financial statements for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 (the "**Comparative Audited Financial Statements**"), the 2018 Financial Results and the published unaudited consolidated financial results of the Group as at and for the six months ended 30 June 2017 and 2018. The consolidated income statement for the year ended 31 December 2017 disclosed in this Offering Circular is derived from the 2018 Financial Results.

With effect from 1 January 2018, fee and commission income is presented net of directly attributable fee and commission expenses. The change in presentation resulted in lower fee and commission income, classified within non-interest income, and other expenses. Presentation for the periods ended 30 June 2017

and 31 December 2017 were restated accordingly to conform to the presentation for the periods ended 30 June 2018 and 31 December 2018. Related ratios calculated using these items were similarly restated. The comparative audited financial results for periods ended 31 December 2016 and 31 December 2015 are hence not directly comparable.

(a) Results of Operation

	Year ended 31 December				Six months ended 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(\$ in millions, except for per share data)</i>					
Total operating income.....	8,048	8,061	8,563	9,116	4,167	4,573
Operating profit before allowance.....	4,451	4,365	4,824	5,113	2,355	2,564
Operating profit after allowance.....	3,779	3,771	4,097	4,720	1,988	2,394
Profit before tax.....	3,869	3,777	4,207	4,826	2,047	2,476
Profit for the financial year/period.....	3,220	3,108	3,407	4,021	1,660	2,061
Net profit attributable to equity holders of UOB.....	3,209	3,096	3,390	4,008	1,652	2,055

(b) Scale Indicators

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(\$ in millions)</i>					
Equity						
Share capital and other capital.....	5,881	6,351	7,766	7,014	6,805	7,967
Retained earnings.....	15,463	17,334	19,707	21,716	18,367	20,681
Other reserves.....	9,424	9,189	9,377	8,893	9,480	9,011
Equity attributable to equity holders of UOB.....	30,768	32,873	36,850	37,623	34,652	37,660
Non-controlling interests.....	155	169	187	190	178	190
Total equity.....	30,924	33,042	37,037	37,813	34,830	37,850
Liabilities						
Deposits and balances of:						
Banks.....	11,986	11,855	11,440	13,801	11,660	17,161
Customers.....	240,524	255,314	272,765	293,186	259,920	287,515
Bills and drafts payable.....	435	522	702	638	796	873
Other liabilities.....	11,854	13,152	11,469	12,050	10,583	13,108
Debt issued.....	20,288	26,143	25,178	30,606	26,625	27,756
Total liabilities.....	285,087	306,986	321,556	350,280	309,584	346,413
Total equity and liabilities.....	316,011	340,028	358,592	388,092	344,414	384,263
Assets						
Cash, balances and placements with central banks.....	32,306	24,322	26,625	25,252	27,387	29,450
Singapore Government treasury bills and securities.....	6,865	6,877	4,267	5,615	3,527	5,864
Other government treasury bills and securities...	12,644	10,638	11,709	13,201	10,290	11,066
Trading securities.....	1,277	3,127	1,766	1,929	1,741	2,174
Placements and balances with banks.....	28,646	40,033	52,181	50,800	48,032	57,929
Loans to customers.....	203,611	221,734	232,212	258,627	223,792	246,392
Investment securities.....	10,562	11,640	11,273	13,553	11,448	11,784

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	(S\$ in millions)					
Other assets	12,004	13,407	10,164	10,530	9,884	11,053
Investment in associates and joint ventures	1,106	1,109	1,194	1,170	1,154	1,252
Investment properties	1,108	1,105	1,088	1,012	1,051	1,046
Fixed assets	1,739	1,885	1,971	2,266	1,962	2,114
Intangible assets	4,144	4,151	4,142	4,138	4,147	4,138
Total assets	316,011	340,028	358,592	388,092	344,414	384,263
Off-balance sheet items						
Contingent liabilities	19,026	24,617	26,415	31,003	23,130	30,998
Financial derivatives.....	677,475	814,650	961,880	922,170	910,246	1,001,268
Commitments	143,312	136,455 ⁽¹⁾	136,664	151,494	137,264	140,924
Net asset value per ordinary share (S\$)	17.84	18.82	20.37	21.31	19.63	20.77

Note:

(1) Restated to conform with the presentation for the year ended 31 December 2017.

(c) Key Financial Ratios

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	(%)					
Net interest margin	1.77	1.71	1.77	1.82	1.74 ⁽⁴⁾	1.83 ⁽⁴⁾
Non-interest income/Total income	38.8	38.1	35.4	31.8	36.2	34.1
Cost/Income ratio	44.7	45.9	43.7	43.9	43.5	43.9
Overseas profit before tax distribution	38.9	37.4	40.8	39.6	43.9	41.5
Credit costs on loans (bp)						
Impaired	19	45	61	15	39	11
Total	32	32	28	16	32	12
Non-performing loans ratio ⁽¹⁾	1.4	1.5	1.8	1.5	1.5	1.7
Return on average ordinary shareholders' equity ⁽²⁾	11.0	10.2	10.2	11.3	10.2 ⁽⁴⁾	11.6 ⁽⁴⁾
Return on average total assets.....	1.03	0.95	0.98	1.07	0.97 ⁽⁴⁾	1.12 ⁽⁴⁾
Return on average risk-weighted assets.....	N/A	1.51	1.63	1.93	1.56 ⁽⁴⁾	2.04 ⁽⁴⁾
Loan/Deposit ratio ⁽³⁾	84.7	86.8	85.1	88.2	86.1	85.7

Notes:

(1) Refers to non-performing loans as a percentage of gross customer loans.

(2) Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and perpetual capital securities distributions.

(3) Refers to net customer loans and customer deposits.

(4) Computed on an annualised basis.

(d) Key Metrics related to Regulatory Capital, Leverage Ratio and Liquidity Standards

	Minimum requirement	As at 31 December				Six months ended 30 June	
		2015	2016	2017	2018	2017	2018
		(%)					
Liquidity coverage ratios⁽¹⁾							
All-currency.....	100 ⁽¹⁾	143	154	147	135	156	135

Singapore dollar	100	179	221	200	209	218	191
Net Stable Funding Ratio (“NSFR”)⁽²⁾	100	N/A	N/A	N/A	107	N/A	110
Capital adequacy ratios⁽³⁾							
Common Equity Tier 1	6.5	13.0	13.0	15.1	13.9	13.8	14.5
Tier 1	8.0	13.0	13.1	16.2	14.9	14.3	16.0
Total	10.0	15.6	16.2	18.7	17.0	17.8	18.4
Leverage ratio⁽⁴⁾	3.0	7.3	7.4	8.0	7.6	7.8	7.7

Notes:

- (1) Figures reported are based on average LCR for the respective period. A minimum requirement of Singapore dollar LCR of 100% and all-currency LCR of 60% shall be maintained at all times with effect from 1 January 2015, with all-currency LCR increasing by 10% each year to 100% by 2019.
- (2) NSFR requirement is effective from January 2018, and is calculated based on MAS Notice 652. Under MAS Notice 652, a minimum requirement of 100% shall be maintained by D-SIBs.
- (3) In the periods specified under MAS Notice 637, D-SIBs such as the Issuer must at all times 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 CAR of at least 6.5%;
 - (b) a Tier 1 CAR of at least 8.0%; and
 - (c) a total CAR of at least 10%.
- (4) Leverage ratio is calculated based on the MAS Notice 637. MAS Notice 637 imposes a minimum leverage ratio requirement of 3% for SIBs at both the Solo and Group levels.

3 Summary of the Bond Issue

This section only sets out the key terms. Please refer to Chapter 5 “Information of the Bonds - Key Terms of the Offering” of this Offering Circular for all the terms.

(1) **Name of the Bonds:**

2019 Renminbi Bonds of United Overseas Bank Limited (Series 1).

(2) **Issuer:**

United Overseas Bank Limited.

(3) **Status of the Bonds:**

The Bonds constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(4) **Security for the Bonds:**

The Bonds are unsecured.

(5) **Form of the Bonds:**

The Bonds will be issued in real name book-entry form, and will be placed under custody of Shanghai Clearing House.

(6) **Term of the Bonds:**

Three years.

(7) **Size of the Issue:**

The Bonds to be issued will be RMB2 billion.

(8) **Use of Proceeds:**

Proceeds from the offering of the Bonds will be used in the PRC pursuant to applicable law and approval from the regulator, to support the Group's banking business and development in the PRC.

(9) **Calculation of Interest:**

The Bonds will bear interest at a fixed rate per annum on a simple and not compound basis. The annual interest payment of the Bonds will cease to bear interest from the relevant interest payment date, and the principal of the Bonds will cease to bear interest from the final redemption date, provided that the interest due has been paid on the relevant interest payment date, and the principal due has been repaid on the final redemption date.

(10) **Interest Rate of the Bonds:**

The interest rate of the Bonds is fixed. The final interest rate will remain unchanged during the term of the Bonds and will be determined by the Issuer according to the result of Bookbuilding and disclosed in the announcement about the key terms of the Bonds to be made following the Bookbuilding.

(11) **Early Redemption**

(a) **Early Redemption for Taxation Reasons**

The Bonds outstanding may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable), at their principal amount, together with interest accrued but unpaid (if any) to (but excluding) the redemption date notified by the Issuer, if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in the paragraph entitled "Taxation" in Chapter 5 "Information of the Bonds") as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or generally accepted practice of any authority thereof or therein (or any taxing authority of any taxing jurisdiction to which the Issuer is or has become subject) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the First Date of the Offering, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Before the publication of any notice of redemption for taxation reasons, the Issuer shall give notice to the Bondholders signed by one authorised person of the Issuer stating that the payment of Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it and such certificate shall be conclusive and binding on the relevant Bondholders. Upon expiry of such notice, the Issuer shall redeem such Bonds.

(b) **Early Redemption for Force Majeure**

If it is or becomes unlawful or impracticable for the Issuer to perform all or any of its obligations under the Bonds (or for the Issuer or any of its affiliates to perform all or any

of its obligations under the hedging or financing arrangements in relation to the Bonds), including but not limited as a result of the compliance with any present or future applicable laws, regulations, rules, judgments, orders or decrees or any requirements or requests of the governments, administrative authorities, legislative or judicial authorities or entities, the Issuer shall be entitled not to perform such obligations. In that event, the Bonds shall be redeemed by the Issuer at their principal amount, together with interest accrued (if any) to (but excluding) the redemption date notified by the Issuer.

(12) **Put Option:**

No Bondholder has any right to require the Issuer to redeem the Bonds prior to maturity.

(13) **Rating:**

According to the rating report dated 18 September 2018 issued by China Chengxin International Credit Rating Co., Ltd., the onshore credit rating assigned to the Issuer is AAA and the onshore credit rating assigned to the Bonds is AAA.

4 Risk Factors

Please see Chapter 4 “Risk Factors” of this Offering Circular for risks relating to the Group, risks relating to Singapore, risks relating to the Bonds and risks relating to cross-border offering.

CHAPTER 3
STATUS OF THE BONDS

The Bonds constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

CHAPTER 4 RISK FACTORS

Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition or results of operations of the Group and of the Issuer and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Group and the Issuer face. Additional risks and uncertainties not currently known to the Group (and the Issuer), or that it currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations of the Group and of the Issuer. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds issued, but the Issuer's inability to pay any amounts on or in connection with any Bond may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Bonds.

RISKS RELATING TO THE GROUP

In the course of its business activities, the Group is exposed to a variety of risks, mainly consisting of credit risk, market risk, liquidity risk, operational risk and reputation risk. The Group ensures that the risk management framework, practices and processes remain robust by continuously adapting and strengthening its risk management approach and capabilities to effectively manage and mitigate risks that it is exposed to. While the Group believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately manage these risks could be greater than anticipated and could result in adverse effects on the Group's business, financial condition, results of operations, prospects and reputation.

Credit risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations are due. Credit risk is the single largest risk that the Group faces in its core business as a commercial bank, arising primarily from loans and other lending-related commitments to retail, corporate and institutional borrowers. Treasury and capital market operations and investments also expose the Group to counterparty and issuer credit risks.

The Group's non-performing loans ("NPLs") as a percentage of gross customer loans were 1.5% as at 31 December 2018. 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. In particular, the Group remains exposed to the shipping and oil and gas sectors from which an increase in NPLs could arise. While the Group believes that it has adopted effective credit strategies and sound risk management policies and processes, there is no assurance that this will remain effective or adequate in the future. Any failure to manage the credit risks of the Group may adversely affect the business, financial condition, results of operations, prospects and reputation of the Group.

Market risk

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, the Group's business, financial condition and results of operations may still 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.

Foreign exchange risk

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. From time to time, the MAS may announce changes to the Singapore dollar nominal effective exchange rate policy band. There can be no assurance that such policy changes will not adversely affect the Group's business, financial condition and results of operations.

Liquidity risk

Liquidity risk is defined as the risk of an adverse impact to the Group's financial condition or overall safety and soundness arising from the inability (or perceived inability) or unexpected higher cost to meet its obligations. It is also known as consequential risk, triggered by underlying problems which can be endogenous (e.g. credit risk deterioration, rating downgrade, operational risk events) or exogenous (e.g. market disruption, default in the banking payment system and deterioration of sovereign risk). Liquidity risk can be further classified into funding and market liquidity risk of which the former reflects the risk of a firm not being able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the firm. The latter refers to the risk of which a firm cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

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 December 2018, approximately 76% of the Group's total equity and liabilities were attributable to non-bank customer deposits while approximately 4% 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 December 2018, 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, the Group's 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.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes banking operations risk, fraud risk, legal risk, regulatory compliance risk, technology risk and reputational risk but excludes strategic risk.

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 has set up physical access control mechanisms and a security operations centre (which operate 24 hours a day, seven days a week) as well as information and cyber security surveillance systems, including firewalls, threat 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 or in a separate 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 may be 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.

Reputational risk

Reputational risk is the potential for damage to the Group's franchise as a result of stakeholders taking a negative view of the Group or its actions. Reputational risk could arise from the failure by the Group to effectively mitigate the risks in its businesses, including one or more of country, credit, liquidity, market, regulatory, operational, environmental, litigation and social risk. Damage to the Group's reputation could cause existing clients to reduce or cease to do business with the Group and prospective clients to be reluctant to do business with the Group. Any such event could result in a loss of earnings and have a material adverse effect on the business of the Group. A failure to manage reputational risk effectively could also materially affect the Group's business, financial condition and results of operations.

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.

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 December 2018, the Group had 40% of its total assets (excluding intangible assets) outside Singapore, of which 33% 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.

The Group may face significant challenges in achieving the goals of its business strategy

Although the Group believes it has targeted the appropriate geographical and business segments in developing its business strategy, its initiatives to offer new products and services and to increase sales of its existing products and services may not succeed if market conditions are not stable, market opportunities develop more slowly than expected, the identified strategic initiatives have less potential than were envisioned originally or the profitability of the Group's products and services is undermined by competitive pressures. Consequently, the Group may be unable to achieve or maintain profitability in its targeted business areas. Any failure to execute its strategy in the manner envisioned could have a material and adverse impact on the Group's business, financial condition and results of operations.

Taking into consideration the fluctuations and changes in customer behaviour, rising smart device and social media usage as well as the increasing use of non-bank players for effecting payments, traditional banking is fast changing. While digitalisation has provided new business opportunities, it has also introduced new and increased cyber risk exposures for the Group. Despite increased investments in digital technologies and new digital initiatives, digitalisation remains a fast moving and evolving landscape and there can be no assurance that the Group will be able to fully and successfully execute its strategy in the digitalisation space.

Accounting requirements relating to financial instruments may have an impact on the Group's financials and regulatory capital ratios.

On 1 January 2018, the Group adopted Singapore Financial Reporting Standards (International) ("SFRS(I)s"), Singapore's equivalent of the International Financial Reporting Standards ("IFRSs"). Singapore Financial Reporting Standard (International) 9 Financial Instruments ("SFRS(I) 9") is equivalent to the International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). As part of the requirements of being a Singapore-incorporated bank listed on the SGX-ST, the Issuer has applied SFRS(I) 9 in its financial statements from 1 January 2018 in accordance with sections 201 or 373 of the Companies Act.

SFRS(I) 9 requires credit loss allowance to be on an expected loss basis, point-in-time, forward-looking and probability-weighted. Where there is no significant increase in credit risk since initial recognition, expected credit loss ("ECL") that could result from possible default events within the 12 months from the reporting date is required. Otherwise, lifetime ECL is required. Lifetime ECL is also required for purchased or originated credit-impaired assets. Profit or loss is expected to be more volatile with the point-in-time ECL requirement.

The MAS has revised MAS Notice 637 on Risk-Based Capital Adequacy Requirements for Banks incorporated in Singapore (“**MAS Notice 637**”) and MAS Notice 612 on Credit Files, Grading and Provisioning (“**MAS Notice 612**”) in light of the changes in the recognition and measurement of allowance for credit losses introduced in SFRS(I) 9. The revised MAS Notice 612 requires banks to adhere to the principles and guidance set out in the “Guidance on credit risk and accounting for expected credit losses” issued by the Basel Committee for Banking Supervision (“**BCBS**”) in December 2015. In addition, locally incorporated domestic systemically important bank (“**D-SIBs**”) are subject to a minimum level of loss allowance equivalent to 1% of the gross carrying amount of selected credit exposures net of collaterals (the “**Minimum Regulatory Loss Allowance**”). Where the accounting loss allowance (which is the ECL on the selected credit exposures determined and recognised by the D-SIB in accordance with the impairment requirements under SFRS(I) 9) (the “**Accounting Loss Allowance**”) falls below the Minimum Regulatory Loss Allowance, the D-SIB shall maintain the additional loss allowance in a non-distributable regulatory loss allowance reserve (“**RLAR**”) account through an appropriation of its retained earnings. When the sum of the Accounting Loss Allowance and the additional loss allowance exceeds the Minimum Regulatory Loss Allowance, the D-SIB may transfer the excess amount in the RLAR to its retained earnings. There are transitional provisions to allow a D-SIB to comply with the Minimum Regulatory Loss Allowance requirements and establish the additional loss allowance within two years commencing from the first annual financial reporting period beginning on or after 1 January 2018.

While the adoption of the above changes did not lead to an additional loss allowance on the transition date and at 31 December 2018 respectively, the impact of ECL on the Group’s financial statements as well as its effect on capital requirements, will be subject to regular assessments going forward. If the Minimum Regulatory Loss Allowance requirements applied to the Group increases 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 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 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 and minimum net stable funding 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 Bonds.

Banks incorporated in Singapore (“**SIBs**”) and each a “**SIB**”) are required to meet capital adequacy requirements under MAS Notice 637, that are higher than the standards set by the Basel Committee on Banking Supervision (the “**Basel Committee**”). D-SIBs shall, at all times in the periods specified under MAS Notice 637, 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%;
- (b) a Tier 1 CAR of at least 8.0%; and
- (c) a total CAR of at least 10%.

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 is met with CET1 capital and is currently 2.5%.

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 of up to 2.5% 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 Issuer, the country-specific countercyclical buffer requirement in respect of a jurisdiction outside Singapore shall be capped at 2.5% from 2019 onwards, unless the MAS otherwise specifies.

In the Financial Stability Review released by the MAS in November 2015, the MAS set the Singapore countercyclical buffer at 0% effective 1 January 2017. In the Financial Stability Review released by the MAS in November 2017, the MAS confirmed that it would maintain the Singapore countercyclical buffer at 0%.

The MAS issued MAS Notice 649 Minimum Liquid Assets and Liquidity Coverage Ratio (“**MAS Notice 649**”) which sets out the minimum liquid assets (“**MLA**”) framework and the liquidity coverage ratio (“**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% and an all currency LCR of at least 100%.

The MAS issued MAS Notice 652 Net Stable Funding Ratio which sets out the minimum net stable funding ratio (“**NSFR**”) which took effect on 1 January 2018. Under MAS Notice 652, the Issuer shall be required to maintain at all times, all currency NSFR of at least 100%.

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. Consistent with the Basel III framework, MAS Notice 637 imposes a minimum leverage ratio requirement of 3% for SIBs at both the Solo and Group levels.

As at 31 December 2018, 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 increases 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**”), LCR and NSFR requirements, as the proposed HLA, LCR and NSFR requirements in respect of D-SIBs (which include the requirement to maintain minimum CET1 CAR 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, MAS Notice 649, and MAS Notice 652. Accordingly, the Issuer is already subject to these requirements.

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.

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.

Under the resolution regime for financial institutions in Singapore, the MAS has resolution powers in respect of Singapore licensed banks. 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, (f) bail-in eligible instruments, (g) temporarily stay termination rights of counterparties, (h) impose requirements relating to recovery and resolution planning and (i) 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. Under the resolution regime, there are also provisions for cross-border recognition of resolution actions, creditor safeguards in the form of a creditor compensation framework and resolution funding. For the avoidance of doubt, the Bonds are not "eligible instruments" for the purposes of, and are hence not subject to, the MAS' powers to bail-in under the resolution regime.

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.

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 and Standard & Poor's Rating Services and "Aa1" from Moody's Investor Service, Inc, with each having a "Stable" outlook on the Issuer's rating. 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.

The Group's risk management policies and procedures may leave the Group exposed to unidentified or unanticipated risks, which could negatively affect its business or result in losses

The Group's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or

unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although the Group has established these policies and procedures, there can be no assurance that these policies and procedures will adequately control, or protect the Group against, all credit, liquidity, market and other risks.

RISKS RELATING TO SINGAPORE

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

As at 31 December 2018, 60% of the Group's assets (excluding intangible assets) were in Singapore. For the year ended 31 December 2018, the Group derived 60% of its pre-tax profit before amortisation of intangible assets 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.

Trade tensions between the US and major trading partners continue to escalate following the introduction of a series of tariff measures by the US and/or its trading partners. Any further change in the US global trade policy against its trading partners, including tightening regulatory restrictions, industry specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on the global economy.

In Europe, (i) the on-going exit of the United Kingdom from the European Union; (ii) the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; (iii) the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; (iv) the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency; or (v) prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include greater volatility of foreign exchange and financial markets in general due to the increased uncertainty.

In addition, there remains also significant global uncertainty as to the impact of President Donald Trump's administration following the 2016 United States presidential election results. The global oil and gas industry is still evolving, which could lead to 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 and 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 licences 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 licence 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.

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. While the published audited consolidated financial results for the year ended 31 December 2018 (the “2018 Financial Results”) have been prepared in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and the SFRS(I), which is equivalent to International Financial Reporting Standards (“IFRS”), the Comparative Audited Financial Statements were prepared in accordance with the FRS, which may differ in certain aspects from IFRS and other accounting standards with which prospective investors in other countries may be familiar.

The adoption of SFRS(I) did not have any significant impact on the Group’s audited consolidated financial results as at the transition date of 1 January 2018, since FRS was already substantially converged with SFRS(I). However, as the Group applied the transitional provisions in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting*

Standards (International) which does not require restatement of comparatives for items within the scope of SFRS(I) 9 *Financial Instruments* (including the related disclosures in SFRS(I) 7 *Financial Instruments: Disclosures*), the Comparative Audited Financial Statements and the comparative consolidated financial results of the Group as at and for the year ended 31 December 2017 included in the 2018 Financial Results may not be directly comparable against the consolidated financial results of the Group as at and for the year ended 31 December 2018 included in the 2018 Financial Results and investors should therefore still exercise caution when making comparisons of any financial figures after 1 January 2018 against the Group's historical figures prior to 1 January 2018 and when evaluating the Group's financial condition and results of operations.

Accordingly, there may be differences in the results of operations and financial position in respect of the Group should such historical financial statements be prepared in accordance with International Financial Reporting Standards or such other accounting 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.

New/revised financial reporting standards including SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, SFRS(I) 9 *Financial Instruments*, SFRS(I) 15 *Revenue from Contracts with Customers*, SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration* and amendments to FRS incorporated within SFRS(I) relating to FRS 40 *Transfers of Investment Property*, FRS 102 *Classification and Measurement of Share-based Payment Transactions* and FRS 104 *Applying FRS 109 (Financial Instruments with FRS 104 Insurance Contracts)* were adopted and applied in the preparation of the 2018 Financial Results.

RISKS RELATING TO THE BONDS

Each of the risks highlighted below could adversely affect the trading price of, or the ability to resell, any Bonds or the rights of investors under any Bonds and, as a result, investors could lose all or some of their investment. The Bank believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Bank may be unable to pay or deliver amounts on or in connection with the Bonds for other reasons. The Bank does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

The Bonds may not be a suitable investment for all investors

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds 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 Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of financial markets; and
- (e) be able to evaluate (either alone or with the help of financial and legal advisors) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of the Bonds

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of the Bonds.

Change of law

The terms and conditions of the Bonds are based on PRC law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to PRC law or administrative practice or official interpretation after the date of this Offering Circular.

The secondary market generally

Although the interbank bond market provides an established trading platform for secondary trading in debt securities, the Bonds, upon issuance, may not yet have an established trading market, and one may never develop. If a market does not develop, the Bonds will not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Bonds.

In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a potential lack of liquidity in the secondary market for instruments similar to the Bonds. Such a lack of liquidity may result in Bondholders suffering losses in secondary market resales even if there is no decline in the performance of the assets of the Bank. The Bank cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time.

Interest rate risks

Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Inflation risk

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

Credit ratings may not reflect all risks

China Chengxin International Credit Rating Co., Ltd. has assigned credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, downgraded or withdrawn by the rating agency at any time.

Bonds subject to early redemption by the Issuer

The Issuer may, at its option, redeem the Bonds, if there is any occurrence of a tax event or force majeure event (both events as detailed in Item (24) “Early Redemption” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds”). Such early redemption may result in Bondholders not being able to realise the expected return from their investments.

Bondholders' meeting resolutions are binding on all Bondholders

The terms and conditions of the Bonds contain provisions that relate to the calling of meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The terms and conditions of the Bonds may be modified without the consent of the Bondholders in certain circumstances

The terms and conditions of the Bond provide that the Issuer may, without the consent of the Bondholders, modify any of the terms of the Bonds or waive or authorise related matters where such modification, waiver or authorisation of the terms of the Bonds is not prejudicial to the interests of the Bondholders, or where such modification of the terms of the Bonds is of a formal, minor or technical nature or is made to correct a manifest error, or such modification, waiver or authorisation is required by mandatory provisions of applicable law. Hence, Bondholders may face the risks relating to modifications of the terms and conditions of the Bonds being made without consent of such Bondholders.

RISKS RELATING TO CROSS-BORDER OFFERING

Exchange rate risks may lead to investors receiving principal and/or interest that is less than the anticipated amount

The Issuer will pay principal and interest on the Bonds in RMB. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than RMB. These include the risk that foreign exchange rates may significantly change (including changes in the Investor's Currency equivalent market value of the Bonds due to volatility in exchange rates).

The Issuer may not be able to source sufficient RMB to finance its obligations under the Bonds when due

The PRC government has, over the years, taken a series of measures to reform its foreign exchange management regime and to promote the cross-border usage and the internationalization of RMB. However, the amount of RMB available outside the PRC may be limited under certain circumstances. In the case where, for reasons outside of the Issuer's control, the Issuer is not able to source a sufficient amount of RMB outside the PRC to make payment of all of the principal and/or interest under the Bonds, it may need to source the relevant shortfall of RMB in the PRC. There is no assurance that a sufficient amount of RMB can be raised in time or at all for the Issuer to fulfil its payment obligations under the Bonds.

The arbitration venue and the enforcement of arbitral award are different, and it may be difficult to enforce arbitral award in Singapore

In the event of a breach under the Bonds, the Bondholders may only claim for the breach of contract or demand for relief in arbitration. The terms of the Bonds provide that any disputes arising out of or in connection with the Bonds shall be submitted to the CIETAC for arbitration in accordance with then effective arbitration rules in Beijing. The terms of the Bonds further provide that the arbitral award shall be final and binding on the parties.

A majority of the assets of the Issuer are located in Singapore. In Singapore, a "foreign award" may, by leave of the court, be enforced in the same manner as a judgment or order to the same effect, and, where leave is given, judgment may be entered in terms of the award pursuant to section 29 of the International Arbitration Act 2012, Chapter 143A of Singapore ("IAA"). A "foreign award" refers to an arbitral award made in pursuance of an arbitration agreement in the territory of a foreign country which is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards adopted by the United Nations Conference on International Commercial Arbitration in 1958 ("Convention"). As both the PRC and Singapore are signatories to the Convention, the CIETAC arbitration award (with the seat in Beijing) shall, prima facie, be recognised and enforced in Singapore.

Enforcement of a foreign award may be refused only at the request of the party against whom it is invoked, if that party proves to a Singapore court that:

- (a) a party to the arbitration agreement was under any incapacity;
- (b) the arbitration agreement is not valid under the law to which the parties have subjected it, or, failing any indication thereon, under the laws of the country where the award was made;
- (c) the party making the application was not given proper notice of the appointment of an arbitrator or of the arbitral proceedings or was otherwise unable to present that party's case;
- (d) the award, or part of the award, deals with a dispute not contemplated by or not falling within the terms of the submission to arbitration, or contains decisions on matters beyond the scope of the submission to arbitration;
- (e) the composition of the arbitral tribunal or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
- (f) the award has not yet become binding on the parties or has been set aside or suspended by a court of the country in which, or under the law of which, that award was made.

The Singapore courts may also refuse enforcement of a foreign award if it finds that the subject-matter of the dispute is not capable of settlement by arbitration under the laws of Singapore, or the award is in conflict with the public policy of Singapore.

CHAPTER 5
INFORMATION OF THE BONDS

1 Key Terms of the Offering

(1) **Name of the Bonds:**

2019 Renminbi Bonds of United Overseas Bank Limited (Series 1).

(2) **Issuer:**

United Overseas Bank Limited.

(3) **Status of the Bonds:**

The Bonds constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(4) **Security for the Bonds:**

The Bonds are unsecured.

(5) **Form of the Bonds:**

The Bonds will be issued in real name book-entry form, and will be placed under custody of Shanghai Clearing House.

(6) **Term of the Bonds:**

Three years.

(7) **Size of the Issue:**

The Bonds to be issued will be RMB2 billion.

(8) **Use of Proceeds:**

Proceeds from the offering of the Bonds will be used in the PRC pursuant to applicable law and approval from the regulator, to support the Group's banking business and development in the PRC.

(9) **Denomination of the Bonds:**

RMB100, i.e. the principal of each account unit of the Bonds shall be RMB100.

(10) **Issue Price:**

The Bonds will be issued at par.

(11) **Minimum Subscription Amount:**

The subscription amount of the Bonds by each subscriber shall no less than RMB5 million and integral multiples of RMB1 million thereafter.

(12) **Calculation of Interest:**

The Bonds will bear interest at a fixed rate per annum on a simple and not compound basis. The annual interest payment of the Bonds will cease to bear interest from the relevant interest payment date, and the principal of the Bonds will cease to bear interest from the final redemption date, provided that the interest due has been paid on the relevant interest payment date, and the principal due has been repaid on the final redemption date.

(13) **Interest Rate of the Bonds:**

The interest rate of the Bonds is fixed. The final interest rate will remain unchanged during the term of the Bonds and will be determined by the Issuer according to the result of Bookbuilding and disclosed in the announcement about the key terms of the Bonds to be made following the Bookbuilding.

(14) **First Date of the Offering / Bookbuilding Date:**

12 March 2019.

(15) **Payment Date:**

14 March 2019.

(16) **Interest Commencement Date:**

14 March 2019.

(17) **Interest Accrual Period:**

From 14 March 2019 to 13 March 2022.

(18) **Interest Payment Date:**

The interest payment date of the Bonds shall be 14 March of each year during the term of the Bonds (if any interest payment date would otherwise fall on a day which is a statutory holiday or non-working day in the PRC it shall be postponed to the next following day which is a Business Day, and any such postponed payment will not bear interest).

(19) **Final Redemption Date:**

The final redemption date of the Bonds shall be 14 March 2022 (if the final redemption date would otherwise fall on a day which is a statutory holiday or non-working day in the PRC, it shall be postponed to the next following day which is a Business Day, and any such postponed payment will not bear interest).

(20) **Interest Payment and Redemption:**

The interest on the Bonds shall be payable annually, and the principal of the Bonds shall be paid in whole at maturity together with interest accrued for the interest period ending on the final redemption date. The annual interest payment of the Bonds will cease to bear interest from the relevant interest payment date, and the principal of the Bonds will cease to bear interest from the final redemption date, provided that the interest due has been paid on the relevant interest payment date, and the principal due has been repaid on the final redemption date.

(21) **Method of Payment of Principal and Interest of the Bonds:**

The interest on the Bonds will be paid on the interest payment dates, and the principal of the Bonds will be paid in whole on the final redemption date. As long as any Bond is outstanding, the Issuer

shall publish the Interest Payment Notice or Final Redemption Notice on media designated by the Competent Authorities in accordance with applicable regulations, on the fifth Business Day prior to each interest payment date or the fifth Business Day prior to the last interest payment and final redemption date. Payment of interest on and redemption for the Bonds shall be made by Shanghai Clearing House as agent in accordance with the relevant rules of Shanghai Clearing House. Any payment made by or on behalf of the Issuer to the Shanghai Clearing House or its agent pursuant to the relevant agreement between the Issuer and the Shanghai Clearing House for the account of a person in whose name any of the Bonds is, at the time such payment is made, registered as a Bondholder in the register held by the Shanghai Clearing House, constitutes for all purposes an absolute and unconditional release and discharge of the Issuer, to the extent of such payment, of all obligations and indebtedness in respect of the Bonds in relation to which such payment was made.

(22) **Method of the Offering:**

The Bonds will be publicly offered through a Bookbuilding and centralised allocation process. Bank of China Limited, China Securities Co., Ltd. and Standard Chartered Bank (China) Limited as Principal Underwriters will jointly organise the Underwriting Syndicate to participate in the Bookbuilding process.

(23) **Investors of the Offering:**

Institutional investors in the PRC interbank bond market (unless prohibited under national laws and regulations). Offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable laws and regulations, including the Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market published by the PBOC, as well as rules by other relevant parties.

(24) **Early Redemption:**

(a) **Early Redemption for Taxation Reasons**

The Bonds outstanding may be redeemed at the option of the Issuer in whole, but not in part at any time on giving not less than 30 but not more than 60 days’ notice to the Bondholders (which notice shall be irrevocable), at their principal amount, together with interest accrued but unpaid (if any) to (but excluding) the redemption date notified by the Issuer, if (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in the paragraph entitled “Taxation” in Chapter 5 “Information of the Bonds”) as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or generally accepted practice of any authority thereof or therein (or any taxing authority of any taxing jurisdiction to which the Issuer is or has become subject) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the First Date of the Offering, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that, where the Issuer has or will become obliged to pay Additional Amounts, no such notice of redemption shall be given 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Before the publication of any notice of redemption for taxation reasons, the Issuer shall give notice to the Bondholders signed by one authorised person of the Issuer stating that the payment of Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it and such certificate shall be conclusive and binding on the relevant Bondholders. Upon expiry of such notice, the Issuer shall redeem such Bonds.

(b) **Early Redemption for Force Majeure**

If it is or becomes unlawful or impracticable for the Issuer to perform all or any of its obligations under the Bonds (or for the Issuer or any of its affiliates to perform all or any of its obligations under the hedging or financing arrangements in relation to the Bonds), including but not limited as a result of the compliance with any present or future applicable laws, regulations, rules, judgments, orders or decrees or any requirements or requests of the governments, administrative authorities, legislative or judicial authorities or entities, the Issuer shall be entitled not to perform such obligations. In that event, the Bonds shall be redeemed by the Issuer at their principal amount, together with interest accrued (if any) to (but excluding) the redemption date notified by the Issuer.

(25) **Put Option:**

No Bondholder has any right to require the Issuer to redeem the Bonds prior to maturity.

(26) **Events of Default:**

If any of the following events (“**Events of Default**”) occurs and is continuing, the Bondholders may give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (1) if a default is made by the Issuer in the payment of any interest or principal due in respect of the Bonds and the default continues for a period of more than 14 days provided that any failure or refusal to pay any amount by the Issuer shall not constitute an Event of Default: (1) if the Issuer is required to do so by financial or other laws and regulations applicable to such payment, or as a result of the enforcement of an order of any court of competent jurisdiction applicable to such payment; or (2) in the event there is any doubt in relation to the validity or applicability of any such laws, regulations or orders, if the Issuer has consulted an independent legal advisor at any time during the 14-day period mentioned above and does not, or refuses to, pay such amount by relying on any advice so obtained; or
- (2) an order is made by any competent court or an effective resolution is passed for the winding-up or dissolution of the Issuer.

Unless an Event of Default expressly provided in the terms of the Bonds occurs, none of the Bondholders have any right to require any remedies or take any remedial measures (whether such remedial measure is requiring the Issuer to pay principal of and interest on the Bonds or not), no matter if the Issuer breaches any obligations, conditions or terms under the Bonds. In the circumstance where an Event of Default expressly provided in the terms of the Bonds has occurred, the Bondholders are not entitled to take any remedial measures other than giving written notice to the Issuer that the Bonds then outstanding are, and they shall immediately become, due and payable at their principal amount together with accrued interest (for the avoidance of doubt, this clause does not restrict the right of the Bondholders to submit any dispute arising out of or relating to the Bonds to CIETAC for arbitration in accordance with Item (34) “Dispute Resolution” below).

(27) **Rating:**

According to the rating report dated 18 September 2018 issued by China Chengxin International Credit Rating Co., Ltd., the onshore credit rating assigned to the Issuer is AAA and the onshore credit rating assigned to the Bonds is AAA.

(28) **Trading Arrangements:**

Following the completion of the offering of the Bonds, the Bonds may be traded in accordance with the relevant provisions applicable to the bond trading in the PRC interbank bond market when the debtor-creditor relationship has been established and registered with Shanghai Clearing House.

(29) **Registration and Custody Institution of the Bonds:**

Shanghai Clearing House.

(30) **Underwriting of the Bonds:**

The Bonds will be underwritten by the Principal Underwriters on a standby basis (i.e. the Principal Underwriters will purchase any portion of the bond issue that remain unsold to investors) according to the Underwriting Agreement.

(31) **Source of Funds to Repay the Bonds:**

The funds to be used to pay the principal of and interest on the Bonds will be provided by the Issuer.

(32) **Taxation:**

PRC Taxation

In accordance with the provisions of applicable taxation laws and regulations, all taxes payable by or within the PRC or any authority therein or thereof having power to tax in connection with the investment in the Bonds by the Bondholders shall be borne by themselves.

Singapore Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of with the Bonds 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 Bondholders 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 bond to, or to a third party on behalf of, a holder 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 Bond by reason of his having some connection with Singapore other than the mere holding of the Bond.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any Additional Amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) 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 fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement).

(33) **Governing Law:**

PRC law.

(34) **Dispute Resolution:**

Any dispute, claim, difference or controversy arising out of, relating to or in connection with the Bonds, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Clause, a “**Dispute**”) shall be referred to and finally resolved by arbitration administered by CIETAC in accordance with the CIETAC arbitration rules then in force in Beijing. Any party may nominate persons who are not included in the Panel of Arbitrators provided by CIETAC as arbitrators, and such persons may act as arbitrators subject to the confirmation by the Chairman of CIETAC. The arbitration award shall be final and binding on the parties. The arbitration shall be conducted in English and Chinese.

(35) **Modification or Waiver:**

The Issuer may, without the consent of the Bondholders, modify any of the terms of the Bonds or waive or authorise of related matters in the following circumstances:

- (a) such modification, waiver or authorisation of the terms of the Bonds is not prejudicial to the interests of the Bondholders; or
- (b) such modification of the terms of the Bonds is of a formal, minor or technical nature or is made to correct a manifest error, or such modification, waiver or authorisation is required by mandatory provisions of applicable law.

(36) **Meetings of Bondholders:**

The provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by a resolution passed at a meeting duly convened and held in accordance with this paragraph and the provisions in Section 3 “Meetings of Bondholders” in Chapter 16 “Investor Protection Mechanisms” or a modification of any of such provisions or other arrangement, are available for inspection by Bondholders at the place designated by the Issuer. Such a meeting shall be convened by the Issuer or the Post-Issuance Manager upon written request of Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding. Any resolution duly passed at such a meeting shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed). The quorum for any meeting convened to consider an Extraordinary Resolution (as defined in Section 3 “Meetings of Bondholders” in Chapter 16 “Investor Protection Mechanisms”) shall be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them, unless the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the maturity dates or redemption of the Bonds or the due date for any payment of interest, (ii) to reduce or cancel the amount payable, or premium payable on redemption, of the Bonds, (iii) reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds, (iv) to vary any method of, or basis for, calculating any redemption amount, (v) to vary the currency or currencies of payments or denomination of the Bonds, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (vii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (viii) to alter any of paragraphs (i) to (vii) above or any quorum requirements set out in Item (2) “Meeting quorum and rules” in Section 3 “Meetings of Bondholders” in Chapter 16 “Investor Protection Mechanisms”, in which case the necessary quorum will be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in

the aggregate not less than 75%, or at any adjourned meeting not less than 25%, in principal amount of the Bonds for the time being outstanding.

A resolution in writing signed by or on behalf of the Bondholders of not less than 90% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions set out in Section 3 “Meetings of Bondholders” in Chapter 16 “Investor Protection Mechanisms” shall be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders 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 Bondholders.

Please see Section 3 “Meetings of Bondholders” in Chapter 16 “Investor Protection Mechanisms” for detailed provisions.

2 Subscription and Custody

- (1) The Bonds will be offered through Bookbuilding and centralised allocation. Detailed instructions and requirements regarding investors’ participation in the allocation of the Bonds by Bookbuilding are set out in the document titled “Subscription Range and Explanation in relation to the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1)” published by the Principal Underwriters.
- (2) Any member of the PRC interbank bond market, when subscribing for the Bonds, shall present a copy of their business licence affixed with its company chop, other written proof of incorporation, an identity card of the person in charge and the document titled “Offer to Investors to Subscribe for the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1)” which has been published by the Principal Underwriters (unless otherwise required under laws and regulations).
- (3) The subscription amount of the Bonds by each subscriber shall be no less than RMB5 million and integral multiples of RMB1 million thereafter.
- (4) The Bonds will be issued in real name book-entry form, and will be under custody of, and recorded in the respective custody accounts that the investors hold with, Shanghai Clearing House.
- (5) Following the completion of the offering of the Bonds, the Principal Underwriters shall assist the Issuer in arranging for the registration and custody of all the Bonds with Shanghai Clearing House.
- (6) When completing the subscription, registration and custody procedures, investors shall not be required to pay any extra fees, but shall comply with the relevant rules of the custodian of the Bonds.
- (7) PRC investors shall open Class A or B holders’ accounts with the Shanghai Clearing House, or open Class C holders’ accounts through settlement agents on the interbank bond market. Other institutional investors may open Class C holders’ accounts with the custody institution designated by PBOC through the Underwriters or settlement agents on the interbank market.
- (8) Offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable laws and regulations, including the Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market published by the PBOC, as well as rules by other relevant parties.
- (9) If any of the provisions in connection with the subscription and custody of the Bonds above contravenes or conflicts with any laws or regulations or any relevant rules of Shanghai Clearing House, currently in force or as amended or promulgated from time to time, such laws, regulations or rules shall prevail.

3 Payment and Settlement Arrangements

Payment time: Prior to 11:00 am on 14 March 2019.

The Lead Bookrunner shall send the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) Placement Confirmation and Notice of Payment (the “**Notice of Payment**”) on 13 March 2019, giving notice to each Underwriting Syndicate member their respective allocation amount and the amount of subscription money payable, payment date and accounts.

Members of the Underwriting Syndicate shall, prior to 11:00 am on 14 March 2019, transfer the subscription monies for the Bonds to the following account in accordance with their respective allocation amount as set forth in the Notice of Payment given by the Lead Bookrunner:

Account name: Head Office of Bank of China Limited

Account bank: Head Office of Bank of China Limited

Account number: 110400393

CNAPS code: 104100000004

Any failure by a qualified Underwriter to pay its respective allocation amount in full shall be dealt with in accordance with relevant rules of PBOC and the relevant provisions of the Underwriting Agreement.

4 Representations and Warranties of the Issuer

The Bank, as issuer of the Bonds, represents and warrants to the investors that the representations and warranties below are true and accurate in all material respects as at the date of this Offering Circular, based on the facts and circumstances existing on such date:

- (1) the Bank is a licensed bank duly incorporated and is validly existing under the laws of Singapore;
- (2) the Bank has full power and capacity to issue the Bonds in this Offering Circular, and has taken all necessary action to approve and authorise the same;
- (3) the issue of the Bonds by the Bank or the performance of its obligations or the exercise of its rights thereunder will not infringe any existing applicable law, regulation, rule, judgment, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over the Issuer, except for such conflicts, breaches, defaults or infringement which would not be material in the context of the issue of the Bonds, and on the Bank’s ability to pay debts, except that the Bank has obtained waiver(s) for any such conflict from the relevant regulators and/or Competent Authorities and such waiver(s) is legal, valid and enforceable under the applicable laws;
- (4) the Bank has made submissions, registrations or filings of all reports, resolutions, declarations or other documents required in relation to the Bonds in a timely manner and proper form, in accordance with the requirements of the regulators and the Competent Authorities;
- (5) the audited consolidated financial statements of the Group and of the Bank for the financial years ended 31 December 2015, 2016 and 2017 and the unaudited consolidated financial results of the Group and of the Bank for the six months ended 30 June 2017 were prepared in accordance with the Singapore FRS as required by the Singapore Companies Act, with modification to FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in the MAS Notice 612, the audited consolidated financial results of the Group and of the Bank for the financial year ended 31 December 2018 and the unaudited consolidated financial results of the Group and of the Bank for the six months ended 30 June 2018 were prepared in accordance with the provisions of the Singapore Companies Act, the SFRS(I) and the revised MAS Notice 612; and

- (6) the Offering Circular, the board resolutions approving the Bonds and any amendment or supplement to the Offering Circular (each such amendment or supplement, an “**Offering Circular Updating Report**”) (if any) provided to investors by the Bank are true and accurate in all material respects.

5 Undertakings of Investors Purchasing the Bonds

Any investor purchasing the Bonds shall be deemed to have undertaken that:

- (1) the investor is a qualified member of the PRC interbank bond market;
- (2) the investor has full power, capacity, authority and legal right to purchase the Bonds and has taken such corporate and other actions deemed necessary for the purchasing of the Bonds;
- (3) the purchase of the Bonds by the investor, the performance of its obligations in relation to the Bonds or the exercise of its rights thereunder will not conflict with any applicable law, regulation, rule, judgment, order, authorisation, agreement or obligation;
- (4) the investor understands thoroughly and has carefully considered the various risks in relation to the Bonds before purchasing the Bonds, including but not limited to the risk factors described in the offering documents (including but not limited to this Offering Circular);
- (5) the investor understands thoroughly and has agreed to, and are bound by, all the provisions in relation to its rights and obligations under the Bonds in this Offering Circular and the Offering Circular Updating Report (if any), and has consulted its legal or other professional advisors;
- (6) after the completion of the Bond Issue, the Issuer may, in accordance with future business needs and subject to the prior approval of the competent approval authorities, issue additional and new bonds which will rank *pari passu* with, or rank senior to, the Bonds, without the prior consent of the investors in the Bonds;
- (7) subject to the terms of the Bonds, if a change to the Issuer is required under applicable laws and regulations and has been approved by the Competent Authorities (if applicable), the investors shall be deemed to agree and accept by when the Issuer discloses such change pursuant to applicable law; and
- (8) Offshore investors participating in the subscription of the Bonds through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the Bonds and remittance and conversion of funds, comply with applicable laws and regulations, including the Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market published by the PBOC, as well as rules by other relevant parties.

CHAPTER 6
BASIC INFORMATION OF THE ISSUER

1 Overview of the Bank

English Name: United Overseas Bank Limited

Registered Office: 80 Raffles Place, UOB Plaza, Singapore 048624.

Date of establishment: 6 August 1935

Group Chief Financial Officer: Lee Wai Fai

Attention: Group Central Treasury, Koh Chin Chin (Managing Director)

Telephone No.: +65 6539 1177

Website: <https://www.uobgroup.com/>

2 History of the Bank

UOB was incorporated as a limited liability company (registration number 193500026Z) in the Republic of 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. As at the date of this Offering Circular, the Group derived most of its income from its Singapore operations.

For the year ended 31 December 2018, the Group derived 56% of its operating income from its Singapore operations. As at 31 December 2018, the Group had S\$388,092 million in total assets, consisting primarily of S\$258,627 million in net customer loans, S\$50,800 million in placements and balances with banks, S\$34,297 million in investment, government and trading securities and S\$25,252 million in cash, balances and placements with central banks. As at 31 December 2018, the Group had S\$293,186 million in non-bank customer deposits and balances, S\$13,801 million in deposits and balances of banks and S\$37,623 million in shareholders' equity.

3 Substantial Shareholders and Principal Subsidiaries of the Bank

(a) Substantial Shareholders of the Issuer

As at 31 December 2018, the substantial shareholders interested directly or indirectly in 5.0% 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, Chapter 50 of Singapore (the "Companies Act") were as follows:

Substantial Shareholder	Shareholdings registered in the name of substantial shareholders	Other shareholdings in which substantial shareholders are deemed to have an interest	Total Interest	
		<i>(No. of shares)</i>		<i>(%)*</i>
Estate of Lien Ying Chow, deceased	316,516	86,099,912 ⁽¹⁾	86,416,428	5.19
Lien Ying Chow Private Limited	-	85,999,165 ⁽¹⁾	85,999,165	5.16
Wah Hin and Company Private Limited	85,988,870	10,295 ⁽²⁾	85,999,165	5.16
Sandstone Capital Pte. Ltd.....	10,295	85,988,870 ⁽³⁾	85,999,165	5.16
Wee Cho Yaw	21,599,798	287,113,587 ⁽⁴⁾	308,713,385	18.53
Wee Ee Cheong	3,056,455	173,663,415 ⁽⁴⁾	176,719,870	10.61

Substantial Shareholder	Shareholdings registered in the name of substantial shareholders	Other shareholdings in which substantial shareholders are deemed to have an interest	Total Interest	
Wee Ee Chao	160,231	137,847,174 ⁽⁴⁾	138,007,405	8.29
Wee Ee Lim	1,831,903	173,266,519 ⁽⁴⁾	175,098,422	10.51
Wee Investments (Pte) Limited.	133,278,205	194,119	133,472,324	8.01

Notes:

- * Percentage is calculated based on the total number of issued shares, excluding treasury shares, of UOB.
- (1) Estate of Lien Ying Chow, deceased and Lien Ying Chow Private Limited are each deemed to have an interest in the 85,999,165 UOB 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 10,295 UOB shares held by Sandstone Capital Pte. Ltd.
 - (3) Sandstone Capital Pte. Ltd. is deemed to have an interest in the 85,988,870 UOB 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 133,472,324 UOB shares.

(b) Principal Subsidiaries of the Issuer

As at 31 December 2018, principal subsidiaries of the Issuer are as follows:

Name of subsidiary	Country of Incorporation	Effective equity interest of the Issuer as at 31 December 2018
		(%)
Commercial Banking		
United Overseas Bank (Malaysia) Bhd	Malaysia	100.0
United Overseas Bank (Thai) Public Company Limited	Thailand	99.7
PT Bank UOB Indonesia	Indonesia	99.0
United Overseas Bank (China) Limited	China	100.0
United Overseas Bank (Vietnam) Limited	Vietnam	100.0
Funding Vehicle		
UOB Australia Limited	Australia	100.0
Financial Services		
United Overseas Insurance Limited	Singapore	58.0
UOB Bullion and Futures Limited	Singapore	100.0
Asset Management / Investment Management		
UOB Asset Management Ltd	Singapore	100.0
UOB Asset Management (Malaysia) Berhad	Malaysia	70.0
UOB Asset Management (Thailand) Co., Ltd.	Thailand	100.0
UOB Alternative Investment Management Pte Ltd	Singapore	100.0
UOB Capital Management Pte Ltd	Singapore	100.0
UOB Global Capital LLC	United States	70.0
UOB Holdings (USA) Inc.	United States	100.0
UOB Venture Management (Shanghai) Co., Ltd.	China	100.0
UOB Venture Management Private Limited	Singapore	100.0
Property Investment Holding		
Industrial & Commercial Property (S) Pte Ltd	Singapore	100.0
PT UOB Property	Indonesia	100.0
UOB Property Investment China Pte Ltd	Singapore	100.0
UOB Property Investment Pte. Ltd.	Singapore	100.0

Name of subsidiary	Country of Incorporation	Effective equity interest of the Issuer as at 31 December 2018
		(%)
UOB Realty (USA) Ltd Partnership	United States	100.0
Others		
UOB International Investment Private Limited	Singapore	100.0
UOB Travel Planners Pte Ltd.....	Singapore	100.0

4 The Bank's Position in the Industry

UOB is a leading bank in Asia which 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. UOB's regional network spans across territories in Asia Pacific, North America and Western Europe. Headquartered in Singapore, UOB has five regional banking subsidiaries in Malaysia, Indonesia, Thailand, Vietnam and China as well as over 20 overseas UOB branches, agencies, marketing offices and representative offices.

5 Material Litigation, Arbitration and Administrative Proceedings in which the Bank is involved

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.

(a) 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. As at 31 December 2018, the exposure from the remaining cases was approximately PHP26.5 million based on case pleadings.

(b) Indonesian Claim

In Indonesia, a judgment dated 20 August 1997 for an apology and damages was obtained by an Indonesian company against Overseas Union Bank ("**OUB**") (the "**Judgment**"). An execution order was taken out to enforce the Judgment against UOB on the premise that OUB was merged with UOB. UOB has received legal advice that the Judgment is unlikely to be enforceable in Singapore and UOB is resisting enforcement action in Indonesia.

6 Offshore Credit Ratings of the Bank

UOB is one of the highest rated banks globally, with ratings of "AA-" by Fitch, "Aa1" by Moody's and "AA-" by Standard & Poor's. UOB's credit ratings have a stable outlook from Fitch, Moody's and Standard & Poor's.

CHAPTER 7 OPERATION AND MANAGEMENT OF THE ISSUER

1 Operational Condition and Business Development of the Bank and the Group

(a) Overview of the Bank's and the Group's Business

UOB is a leading bank in Asia which 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. With its head office located in Singapore, UOB's three core business segments are Group Retail, Group Wholesale Banking and Group Global Markets. The main business functions of UOB include Personal Financial Services, Private Banking, Privilege Banking, Wealth Banking, Business Banking, Commercial Banking, Sector Solutions, Corporate Banking, Multinational Corporates, Financial Institutions, Transaction Banking, Structured Trade and Commodity Finance, Investment Banking and Group Global Markets. UOB is one of the highest rated banks globally, with ratings of "AA-" by Fitch, "Aa1" by Moody's and "AA-" by Standard & Poor's. UOB's credit ratings have a stable outlook from Fitch, Moody's and Standard & Poor's.

UOB was incorporated as a limited liability company (registration number 193500026Z) in the Republic of 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. As at the date of this Offering Circular, the Group derived most of its income from its Singapore operations. The registered office of UOB is 80 Raffles Place, UOB Plaza, Singapore 048624.

For the year ended 31 December 2018, the Group derived 56% of its operating income from its Singapore operations. As at 31 December 2018, the Group had S\$388,092 million in total assets, consisting primarily of S\$258,627 million in net customer loans, S\$50,800 million in placements and balances with banks, S\$34,297 million in investment, government and trading securities and S\$25,252 million in cash, balances and placements with central banks. As at 31 December 2018, the Group had S\$293,186 million in non-bank customer deposits and balances, S\$13,801 million in deposits and balances of banks and S\$37,623 million in shareholders' equity.

(b) Description of the Group's Business

The Group's businesses are organised into three core business segments that are based on the types of products and services: "Group Retail", "Group Wholesale Banking" and "Group Global Markets", as well as other services grouped under "Other Financial Services".

(1) Group Retail

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

Personal Financial Services

Personal Financial Services offer a wide range of personal financial products and services such as home loans, credit/debit cards, vehicle loans, overdraft facilities, deposit accounts, and wealth management advisory (products including funds, structured solutions, bonds, equities, foreign currencies and options, and insurance solutions). The product range includes proprietary and third-party products. Customers are able to access these services across the Group's global network of branches, ATMs, and digital banking platforms.

The target customers are individuals from the mass market, wealth banking, privilege, privilege reserve and private banking segments.

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 recently renewed its regional bancassurance arrangement with the Prudential Group for 15 years. Under the arrangement, UOB will distribute Prudential life insurance products to the Group's customers in Singapore, Malaysia, Thailand, Indonesia and Vietnam.

Private Banking

UOB Private Bank caters to high net worth individuals and accredited investors with more than S\$5 million in investible assets. UOB's vision is to become the trusted and leading wealth advisor for wealthy families across Asia and across generations. UOB Private Bank provides a comprehensive range of wealth management services through its open-architecture products platform. Further, UOB focuses on succession and legacy planning to protect the wealth of its clients. In a very competitive market, UOB Private Bank differentiates itself by working closely with Commercial, Corporate and Investment Banking to offer integrated solutions to its clients.

Privilege Reserve

Privilege Reserve caters to high-net worth individuals with between S\$2 million and S\$5 million in investible assets. Privilege Reserve aims to provide customised advisory services that include having dedicated senior client advisors who are supported by a team of specialists, providing insights and guidance to help clients manage their financial and investment portfolios as well as legacy planning needs. In addition to a comprehensive range of wealth management services and products, the clients have access to a host of top-tier lifestyle benefits befitting their stature.

Privilege Banking

Privilege Banking is availed to the affluent segment of customers with investible assets between S\$350,000 and S\$2,000,000 looking at preserving and growing their wealth portfolio. The platform offers a wide range of wealth management solutions, and financial advisory services, including having dedicated client advisors who are supported by a team of specialists to help Privilege Banking clients manage their wealth towards achieving their financial goals. Clients will also have access to concierge services. In recent years, the Group has invested heavily in further enhancing the platform by upgrading infrastructure as well as leveraging data analytics and digital capabilities in engaging the clients.

UOB adopts a risk-first approach when advising its customers on investments. This method guides clients to meet their basic investment needs before making tactical investments. This approach is coupled with UOB's investment solution methodology which is designed to match solutions with clients' financial goals, investment objectives and risk appetites, with a view to empowering the customers.

Wealth Banking

UOB Wealth Banking targets the emerging affluent individuals, who are professionals, managers, executives, businessmen or entrepreneurs, focused on providing for their families and young children. These clients have investable assets between S\$100,000 and

S\$350,000 and represent an under-served but sizeable and growing segment of banking clients in Singapore.

UOB Wealth Banking service aims to provide these clients with solutions that cater to their financial goals and lifestyle aspiration. Dedicated relationship managers, together with a team of product specialists, help to provide market insights and tailored financial solutions to grow their wealth and achieve their goals. The services also provide clients with a comprehensive suite of products ranging from wealth management solutions, credit facilities to day-to-day banking services for all their financial needs, which they have access to at the dedicated Wealth Banking centres. Clients are also treated to exclusive lifestyle privileges and benefits to suit their lifestyle needs.

Business Banking

The SME segment is one of the Group's traditional strongholds. Business Banking serves small businesses through a wide range of products and services such as working capital loans like BizMoney (an unsecured, collateral-free business loan), cash management solutions and trade financing to support their growth ambitions. The Group also collaborates closely with government agencies to promote SME growth through active participation in various local government-initiated loan assistance schemes. At the same time, SMEs also obtain access to asset financing instruments such as business property and commercial vehicle loans to fund their purchases of assets to grow their business. Start-ups are provided easy-to-maintain operating accounts like eBusiness that facilitate convenient access to cash management solutions for start-up owners through a comprehensive bundle of transactional services.

Business Banking also leverages on key ecosystem partnerships with curated solutions like UOB BizSmart integrating the SME's operating accounts with nimble cloud-based software automating operational processes such as, amongst others, accounting, human resource, inventory and customer management to enhance productivity. UOB has also partnered with the global provider of cloud-based e-commerce and business-to-business solutions to create a virtual marketplace such as BizExchange for SMEs. BizExchange's virtual marketplace enables SMEs to view and conduct online purchases of a wide range of business essentials, such as travel, stationery, general insurance as well as courier and logistics services. A key benefit of this marketplace is the cost savings which the SMEs will be able to enjoy from bulk-purchase deals negotiated by UOB with the suppliers.

The Group leverages its extensive regional footprint to tap the huge base of small enterprises, providing them with holistic solutions to support their growth ambitions across key ASEAN markets.

(2) Group Wholesale Banking

Group Wholesale Banking provides a comprehensive portfolio of financial solutions to Asia-based commercial, corporate and financial institution clients operating throughout UOB's franchise, as well as to U.S. and European companies with operations in Asia. Group Wholesale Banking's organisation structure aligns a matrix of client segment business units with support from Sector Solution (Industry) teams and product teams to develop differentiated solutions and services for clients across the UOB franchise.

Group Wholesale Banking leverages UOB's strong ASEAN and Greater China franchise to offer a unique combination of local knowledge and regional sophistication. This geographic platform advantage is combined with in-depth client knowledge from UOB's client segment business units, industry knowledge and insights developed by the Sector Solutions (Industry) teams, and a strong portfolio of local and regional product

capabilities, to develop fully integrated, tailored solutions for clients operating throughout Asia.

Group Wholesale Banking product capabilities include 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.

Within Group Wholesale Banking, there are programmes that leverage on strategic alliances with alternative financing providers to provide clients with the most up-to-date information on alternative funding options.

(a) The FinLab

Through The FinLab, a joint venture between UOB and SG Innovate, UOB helps to accelerate the growth of financial technology (“**FinTech**”) start-ups in Asia over a 12-week acceleration program. The FinLab successfully accelerated a total of 16 startups in 2016 and 2017 of which seven were nominees or winners of MAS Fintech Awards, Global Hackcelerator and eight have raised funding to grow their business. UOB itself has also adopted a number of solutions from these FinTechs into the bank, such as Paykey, a first of its kind mobile banking keyboard that is integrated with social media chat tools, and Tookitaki, an artificial intelligence (AI) driven predictive tool for anti-money laundering (AML) transaction monitoring.

In 2018, The FinLab identified the challenges faced by SMEs in struggling with how to transform their business through technology and digital solutions and seized on this opportunity to launch Singapore’s first acceleration program to help SMEs in Singapore that have aspiration to grow and to digitalise. Launched in April 2018, the four-month program succeeded in guiding 11 participating SMEs to identify problem statements in their business and equip them with the tools and know-how to self-innovate with the goal to increase revenues, to raise productivity and to reach new markets by tapping the right technology solutions that was carefully curated by The FinLab. Following its success, The FinLab is expanding the SME acceleration program regionally, starting with Thailand in 2019.

(b) OurCrowd

UOB has partnered with an Israeli startup, OurCrowd, to give its clients access to equity crowdfunding opportunities around the world. OurCrowd, an equity crowdfunding platform, invests in start-ups with differentiated and highly scalable technology products and services. It also assists innovative companies in Asia to seek investments from accredited investors in return for equity or shares in such companies. In addition, accredited investors among UOB’s clients are able to broaden their range of investments by investing into OurCrowd’s portfolio companies. Through its investment in OurCrowd, UOB is able to expand its support network for start-ups and SMEs and provide alternative financing to such entities to help grow their business.

(c) InnoVen Capital

Through InnoVen Capital, UOB’s joint venture with Temasek Holdings, UOB is able to provide entrepreneurs and start-ups in the region with venture debt

financing to help them accelerate their commercial viability and increase the value of their businesses. InnoVen Capital focuses on sectors such as technology, consumer, healthcare and clean technology, with the aim of providing high-growth and innovative Asian start-ups with venture debt loans.

Sector Solutions (Industry)

Sector Solutions teams are comprised of industry bankers based in key ASEAN / PRC markets who deliver industry expertise as part of the broader client team's solution development. Group Wholesale Banking provides Sector Solutions capabilities across seven key industries: industrials, consumer goods, oil and gas, construction and infrastructure, real estate and hospitality, technology, media and telecommunications and financial institutions. Sector Solutions teams review industry specific issues and combine this knowledge with specific client requirements to develop fully integrated solutions tailored to specific client needs.

Commercial Banking

Commercial Banking manages the wholesale banking portfolio of small and medium-sized enterprises ("SMEs") across the region. With a coverage model and capabilities tailored for each sub-segment of SMEs, Commercial Banking develops financial solutions geared towards the financing and operating working capital flows of the Group's clients. Despite increased regional competition, UOB is one of the leading banks in the Singapore SME market, and a leading foreign bank in the Southeast Asia region, due to its long-standing relationships with customers in the business community.

Commercial Banking operates in the key ASEAN / Greater China markets (Singapore, Malaysia, Indonesia, Thailand, Vietnam, Myanmar, Mainland China and the Hong Kong and Taiwan regions) with an increasing share of clients expanding from single market to regional operations. To assist global and Asian businesses in the expansion of their operations beyond their home country, Commercial Banking established its FDI advisory unit in 2011. Since its inception, the FDI Advisory unit (comprising of 9 FDI centres) has provided financial solutions to more than 2,100 companies in support of their regional expansion, facilitating total deposit flows of close to S\$125 billion.

In Singapore, UOB is also one of the 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 SMEs.

Corporate Banking

Corporate Banking manages the wholesale banking portfolio of large corporate clients that includes publicly-listed companies, large private companies, government-linked companies, statutory boards and other government agencies. Corporate Banking clients are large companies that generally operate in multiple markets across the UOB franchise and have highly sophisticated requirements for banking services and financial solutions.

To meet the requirements of these regional clients, Corporate Banking teams work closely with Sector Solutions (Industry) teams as well as the various product specialists within Group Wholesale and Group Global Markets, to deliver comprehensive and customised financial solutions to their clients.

Although Corporate Banking teams operate in all UOB subsidiaries and international branch entities throughout the world, the primary focus remains on core ASEAN / Greater China markets and connecting the investments of global clients to and from those markets.

Multinational Corporates

The Multinational Corporates team serves multinational companies (“MNCs”) headquartered outside of Asia, primarily in the U.S. 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 U.S. 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 (“NBFIs”), global property funds and financial sponsors. The Financial Institutions Group is a multi-solution, client driven coverage group with the business objective of delivering comprehensive and sophisticated financial solutions to clients operating across each of the UOB platforms. The Financial Institutions Group delivers on these objectives by developing strong client relationships through collaboration with specialist teams in Global Markets, Transaction Banking, Investment Banking and Sector Solutions.

Financial Institutions teams operate in all UOB subsidiaries and branches throughout the world, with the primary focus on core ASEAN / Greater China markets as well as key financial centres such as New York, London and Sydney.

Bank coverage is focused on leading domestic banks across Asia as well as global U.S./European Union banks with operations in Asia. NBFIs coverage includes the public sector, sovereign wealth funds and central banks as well as investors (insurance companies, asset managers and real money funds) and diversified financials. Global Property Funds targets global funds with established track records in real estate management in Asia and key financial centres. Financial Sponsors covers established clients with strong experience in private equity and leveraged buyouts.

Transaction Banking

Transaction Banking offers a comprehensive range of operating product solutions including cash management and liquidity, trade finance and end-to-end financial supply chain management solutions across the Group’s network of corporate customers and financial institutions. 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 for 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 finance structures ranging from pre-export, shipment sales, inventory/borrowing base to receivables financing. Structured Trade and

Commodity Finance teams provide these solutions to clients who produce, trade and purchase commodities such as energy, metals and soft commodities.

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 acts as lead manager on issues of bonds and other debt securities. The corporate finance and debt capital markets business units work closely with other business units to provide integrated financial solutions for clients on matters, such as those relating to privatisation transactions.

(3) Group Global Markets

Group Global Markets comprises of trading, sales, structuring and asset and liability management. It offers comprehensive financial products and solutions across multi-asset classes including foreign exchanges, credits, rates, equities and commodities. Group Global Markets operates as a close partner with the Group Wholesale Banking and Group Retail to provide clients with an array of financial products and solutions. Group Global Markets clients include financial institutions, corporates, MNCs and SMEs.

Group Global Markets has specialist product coverage teams across 13 countries including Singapore. Group Global Markets provides Group Global Markets clients with timely advice on managing exposures through the use of comprehensive hedging solutions. In addition, Group Global Markets offers investment alternatives such as principal-protected investment products to help Group Global Markets clients utilise their surplus funds effectively.

To cater to the growing demand for secured funding, Group Global Markets has expanded its reverse repo business in the region. Group Global Markets also tapped on the group's experience in energy and base metals to introduce hedging solutions for bulk commodities such as iron ore and coal.

(4) Other Financial Services

(a) UOB Asset Management (“UOBAM”)

UOBAM is a wholly-owned subsidiary of UOB. Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for over 30 years. Through its network of offices, UOBAM offers global investment management expertise to institutions, corporations and individuals through customised portfolio management services and unit trusts. As at 31 December 2018, UOBAM managed 54 unit trusts in Singapore. UOBAM is one of the largest unit trust managers in Singapore in terms of assets under management. As at 31 December 2018, UOBAM and its subsidiaries in the region had a combined workforce of over 400 staff including 42 investment professionals in Singapore.

(b) UOB Venture Management (“UOBVM”)

UOBVM is a wholly-owned subsidiary of UOB. Operational since 1992, UOBVM has provided financing to many privately held companies through

direct equity investments, mainly in Southeast Asia and Greater China. These investments include responsible investing, where communities are enriched through UOBVM's environmental, social and governance policies and impact investing. As at 31 December 2018, UOBVM managed and advised eight funds totalling S\$1.3 billion in committed capital.

(5) International Operations

UOB's regional network spans across territories in Asia Pacific, North America and Western Europe. Headquartered in Singapore, UOB has five main regional banking subsidiaries in Malaysia, Indonesia, Thailand, China and Vietnam as well as over 20 overseas UOB branches, agencies, marketing offices and representative offices. Through its global network outside Singapore, UOB offers a wide range of financial services including personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities and treasury services.

(a) UOB (China)

United Overseas Bank (China) Limited (“**UOB (China)**”) is a wholly-owned subsidiary of UOB. Headquartered in Shanghai, UOB (China) was incorporated in the People's Republic of China on 18 December 2007. In 2006, UOB was the first bank from Southeast Asia authorised to settle capital accounts in Shanghai. UOB (China) received a retail RMB licence and Shanghai Gold Exchange (SGE) trading membership in 2008 and 2011 respectively. In 2012, UOB (China) was awarded a Qualified Domestic Institutional Investors licence, and was one of four foreign banks to participate in bullion trading on the SGE interbank platform. UOB (China) is also one of the first foreign banks to obtain a local mutual fund licence in China in 2013. In 2014, UOB (China) established a sub-branch in the Shanghai Free Trade Zone, and obtained a trial market maker licence for interbank gold bilateral transactions and a market maker licence for direct trading between RMB and the Singapore dollar in the interbank foreign exchange market. In 2015, UOB (China) also obtained the gold import and export licence, and its registered capital was increased by RMB2.5 billion to RMB5.5 billion. UOB (China) is rated “A+” with stable outlook by Fitch Ratings and AAA by China Chengxin International Credit Rating with a stable outlook.

As at 31 December 2017, UOB (China) had RMB63,499 million in total assets, RMB27,137 million in loans and advances to customers, RMB30,273 million in customer deposits, and RMB6,794 million in total equity. As at 31 December 2017, UOB (China)'s NPL ratio was 0.8%, NPL coverage was 258.8% and total CAR was 17.3%. For the year ended 31 December 2017, UOB (China) had a total operating income of RMB1,172 million and net profit of RMB136 million.

As at 31 December 2018, UOB (China) operated 16 branches and sub-branches across 12 major Chinese cities, including Shanghai, Beijing, Guangzhou, Chengdu, Shenyang, Shenzhen, Xiamen, Tianjin, Hangzhou, Chongqing, Suzhou and Kunming, offering a wide range of wholesale, retail and treasury services to customers.

(b) UOB Malaysia

UOB Malaysia operates 45 branches throughout Malaysia, making it the foreign bank with the largest branch network 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.

(c) **UOB Thailand**

With its extensive nationwide network of more than 154 branches, UOB Thailand is focused on offering consumer financial services, commercial and corporate banking and treasury services.

(d) **UOB Indonesia**

UOB Indonesia has 178 branches and sub-branches in Indonesia, focusing on small and medium enterprises and a strong retail customer base.

(e) **UOB Vietnam**

In September 2017, UOB was the first Singapore bank to receive an in-principle foreign-owned subsidiary bank licence from the State Bank of Vietnam to set up a subsidiary bank in Vietnam. With the licence, UOB Vietnam is able to offer products and financial services for businesses and consumers in Vietnam as well as its regional clients investing in the country. UOB Vietnam was fully operationalised by 2 July 2018. Currently, UOB Vietnam operates with a single branch and is expected to expand its branch network beyond Ho Chi Minh City.

(c) **Description of Business Segments** ⁽¹⁾

The following table sets out the Group's results, total assets and total liabilities by operating segments as at the dates and for the periods indicated.

	Group Retail	Group Wholesale Banking	Global Markets	Others	Total
	<i>(in S\$ millions)</i>				
As at and for the year ended 31 December 2018					
Net interest income	2,721	2,829	125	545	6,220
Non-interest income	1,230	1,108	340	218	2,896
Operating income	3,951	3,937	465	763	9,116
Operating expenses	(1,928)	(954)	(245)	(876)	(4,003)
Allowance for credit and other losses	(192)	(178)	(2)	(21)	(393)
Share of profit of associates and joint ventures	-	14	-	92	106
Profit before tax	1,831	2,819	218	(42)	4,826
Total assets before goodwill	108,115	184,530	55,657	34,482	382,784
Goodwill	1,315	2,084	659	80	4,138
Investment in associates and joint ventures	-	167	-	1,003	1,170
Total assets	109,430	186,781	56,316	35,565	388,092
Total liabilities	142,067	157,401	37,360	13,452	350,280
As at and for the six months ended 30 June 2018					
Net interest income	1,314	1,348	69	281	3,012

	Group Retail	Group Wholesale Banking	Global Markets	Others	Total
	<i>(in S\$ millions)</i>				
Non-interest income.....	629	579	202	150	1,561
Operating income.....	1,943	1,927	271	431	4,573
Operating expenses.....	(927)	(445)	(127)	(510)	(2,009)
Allowance for credit and other losses.....	(93)	(43)	(12)	(21)	(170)
Share of profit of associates and joint ventures.....	–	20	–	61	81
Profit before tax	923	1,459	133	(39)	2,476
Total assets before goodwill	105,832	176,198	66,116	30,726	378,873
Goodwill	1,315	2,084	659	81	4,138
Investment in associates and joint ventures	–	163	–	1,089	1,252
Total assets.....	107,147	178,445	66,775	31,895	384,263
Total liabilities	138,456	154,421	42,951	10,586	346,413
As at and for the year ended 31 December 2017					
Net interest income	2,550	2,472	237	269	5,528
Non-interest income.....	1,231	1,060	203	541	3,035
Operating income.....	3,781	3,532	440	810	8,563
Operating expenses.....	(1,800)	(819)	(253)	(867)	(3,739)
Allowance for credit and other losses.....	(218)	(1,280)	1	770	(727)
Share of profit of associates and joint ventures.....	–	4	–	106	110
Profit before tax	1,763	1,437	188	819	4,207
Total assets before goodwill	103,806	161,230	59,035	29,185	353,256
Goodwill	1,316	2,086	659	81	4,142
Investment in associates and joint ventures	–	122	–	1,072	1,194
Total assets.....	105,122	163,438	59,694	30,338	358,592
Total liabilities	134,532	142,511	33,201	11,312	321,556
As at and for the year ended 31 December 2016					
Net interest income	2,436	2,443	162	(50)	4,991
Non-interest income.....	1,211	1,097	393	370	3,071
Operating income.....	3,647	3,540	555	319	8,061
Operating expenses.....	(1,827)	(793)	(291)	(785)	(3,696)
Allowance for credit and other losses.....	(189)	(826)	3	418	(594)
Share of profit of associates and joint ventures.....	–	2	–	4	6
Profit before tax	1,631	1,923	267	(44)	3,777
Total assets before goodwill	97,788	153,258	48,455	35,267	334,768
Goodwill	1,319	2,090	661	81	4,151
Investment in associates and joint ventures	–	79	–	1,030	1,109
Total assets.....	99,107	155,427	49,116	36,378	340,028
Total liabilities	127,114	127,485	33,571	18,816	306,986
As at and for the year ended 31 December 2015					
Net interest income	2,157	2,332	230	207	4,926
Non-interest income.....	1,201	1,101	299	521	3,122

	Group Retail	Group Wholesale Banking	Global Markets	Others	Total
	<i>(in S\$ millions)</i>				
Operating income.....	3,358	3,433	529	728	8,048
Operating expenses	(1,785)	(773)	(249)	(790)	(3,597)
Allowance for credit and other losses.....	(176)	(270)	–	(226)	(672)
Share of profit of associates and joint ventures.....	–	(2)	–	92	90
Profit before tax	1,397	2,389	280	(197)	3,869
Total assets before goodwill	90,971	135,115	45,723	38,952	310,761
Goodwill	1,317	2,087	660	80	4,144
Investment in associates and joint ventures.....	–	7	–	1,099	1,106
Total assets.....	92,288	137,209	46,383	40,131	316,011
Total liabilities	116,121	125,232	25,487	18,247	285,087

Note:

- (1) Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

Segmental reporting is prepared based on the Group's internal organisational structure. The banking activities of the Group are organised into three major business segments: Group Retail, Group Wholesale Banking and Global Markets, as well as an Others segment which includes non-banking activities and corporate functions. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate.

Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

(d) Description of Geographic Segments

The following tables set out the Group's total operating income, profit before tax and total assets by geographic segment for the periods indicated. Such information is based on the location where the transactions and assets are booked, which approximates the location of the customers and assets. The information is stated after elimination of inter-segment transactions.

Total Operating Income

	Year ended 31 December				Six months ended 30 June⁽²⁾	
	2015	2016	2017⁽²⁾	2018⁽²⁾	2017	2018
	<i>(in S\$ million)</i>					
Singapore	4,658	4,590	4,913	5,123	2,390	2,596
Malaysia.....	1,006	986	985	1,068	480	528
Thailand	790	830	871	964	413	468
Indonesia.....	410	476	461	444	235	217
Greater China ⁽¹⁾	706	648	751	864	366	442
Others.....	478	531	582	653	282	322
Total	8,048	8,061	8,563	9,116	4,167	4,573

Profit before Tax

Year ended 31 December	Six months ended 30 June
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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
	<i>(in S\$ million)</i>					
Singapore	2,363	2,364	2,491	2,917	1,148	1,449
Malaysia	537	548	581	600	308	304
Thailand	175	193	218	282	97	137
Indonesia	61	71	29	77	44	51
Greater China ⁽¹⁾	366	300	419	443	214	242
Others	367	301	469	507	235	292
Total	3,869	3,777	4,207	4,826	2,047	2,476

Total Assets

	<u>As at 31 December</u>				<u>As at 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
	<i>(in S\$ million)</i>					
Singapore	197,929	210,937	217,979	228,478	211,025	225,965
Malaysia	32,669	33,845	35,373	40,620	35,335	40,110
Thailand	16,643	18,031	20,988	21,946	18,595	21,365
Indonesia	8,550	9,840	9,105	9,256	9,546	8,666
Greater China ⁽¹⁾	32,982	40,233	46,298	55,021	39,816	55,229
Others	23,094	22,991	24,707	28,633	25,950	28,790
	311,867	335,877	354,450	383,954	340,268	380,125
Intangible Assets	4,144	4,151	4,142	4,138	4,147	4,138
Total	316,011	340,028	358,592	388,092	344,414	384,263

Note:

- (1) Comprises Mainland China and Hong Kong and Taiwan regions.
- (2) With effect from 1 January 2018, fee and commission income is presented net of directly attributable fee and commission expenses. Presentation for the period ended 30 June 2017 and 31 December 2017 were aligned accordingly to conform to current presentation.

(e) Properties

The Group owns the building at 80 Raffles Place, UOB Plaza, Singapore 048624, in which its head office is located.

As at 31 December 2017, the Group's owner-occupied properties were valued at S\$696 million.

As at 31 December 2017, the Group has a comprehensive global network of more than 500 branches and offices, nearly one million ATMs, including shared ATMs, and cash deposit, coin and cheque machines.

(f) Employees

The Group had 25,137 employees as at 31 December 2017.

The following table sets forth, for the periods indicated, the numbers and percentages of the different levels of seniority, broken down by gender, of the Group's employees:

	<u>As at 31 December 2016</u>			<u>As at 31 December 2017¹</u>		
	<u>Female</u>	<u>Male</u>	<u>Total</u>	<u>Female</u>	<u>Male</u>	<u>Total</u>
Senior Management	168	300	468	178	311	489
	(35.9%)	(64.1%)		(36.4%)	(63.6%)	
Middle Management	2,748	2,527	5,275	2,984	2,795	5,779
	(52.1%)	(47.9%)		(51.6%)	(48.4%)	
Executive	7,501	4,478	11,979	7,876	4,685	12,561

	As at 31 December 2016			As at 31 December 2017 ¹		
	Female	Male	Total	Female	Male	Total
Administrative	(62.4%) 4,887	(37.6%) 2,244	7,131	(62.7%) 4,463	(37.3%) 1,845	6,308
Total	(68.8%)	(31.2%)	24,853	(70.8%)	(29.2%)	25,137

The Group respects its employees' right to freedom of association and collective bargaining. Its approach is to maintain mutually trusted and respectful relations with employee unions. It holds regular meetings with union representatives to understand and address their concerns and expectations.

In Singapore, the Group engages three unions, namely The Singapore Bank Officers' Association, Singapore Bank Employees' Union and the Singapore Manual and Mercantile Workers Union. It engages four unions in Malaysia and one in Indonesia.

As at December 31, 2017, the proportion of unionised to non-unionised employees in Singapore, Malaysia and Indonesia was 33.4%, 87.4% and 29.2%, respectively.

2 Corporate Governance of the Issuer

The Issuer is committed to observing high standards of corporate governance. Please see Chapter 10 "Regulation and Governance of the Issuer - Corporate Governance of the Group".

3 Capital Adequacy and Risk Management of the Issuer

(a) Capital Management

The Group's capital management objective is to maintain an optimal capital level and mix that supports its businesses as well as strategic growth and investment opportunities, while meeting regulatory requirements and maintaining a strong credit rating.

The Group is subject to the Basel III capital adequacy standards, as prescribed in the MAS Notice 637. The Group's Common Equity Tier 1 ("CET1") capital comprises mainly paid up ordinary share capital and disclosed reserves. Additional Tier 1 capital includes eligible non-cumulative non-convertible perpetual securities, while Tier 2 capital comprises subordinated notes and excess of accounting provisions over MAS Notice 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks. The Group's capital adequacy ratios are maintained at prudent levels, with focus on a high CET1 capital mix.

The table below sets out the Group's capital resources and capital adequacy ratios as well as leverage ratio as at the dates indicated.

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(in S\$ million, except percentages)</i>					
Share capital	3,704	4,257	4,792	4,888	4,711	4,993
Disclosed reserves/others	24,762	26,384	28,922	30,445	27,696	29,530
Regulatory adjustments	(2,448)	(2,685)	(3,580)	(4,583)	(3,586)	(4,602)
Common Equity Tier 1 capital.....	26,018	27,956	30,134	30,750	28,821	29,921
Perpetual capital securities/others	2,179	2,096	2,976	2,129	2,096	2,976
Regulatory adjustments	(2,179)	(1,772)	(890)	-	(891)	-
Tier 1 capital	26,018	28,280	32,220	32,879	30,026	32,897
Subordinated notes	4,505	5,546	4,150	4,186	6,158	4,150
Provisions/others	1,028	1,122	983	477	1,113	755
Regulatory adjustments	(201)	(22)	(5)	-	(5)	-

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(in S\$ million, except percentages)</i>					
Tier 2 capital	5,332	6,646	5,128	4,663	7,266	4,905
Eligible total capital	31,350	34,926	37,348	37,542	37,292	37,803
Risk-weighted assets	200,654	215,559	199,481	220,568	209,276	205,704
Capital adequacy ratios (%)						
Common Equity Tier 1	13.0	13.0	15.1	13.9	13.8	14.5
Tier 1.....	13.0	13.1	16.2	14.9	14.3	16.0
Total.....	15.6	16.2	18.7	17.0	17.8	18.4
Fully-loaded CET1 (fully phased-in per Basel III rules).....	11.7	12.1	14.7	13.9	13.3	14.5
Leverage Exposure	355,932	380,238	400,803	434,732	385,816	428,845
Leverage Ratio (%)	7.3	7.4	8.0	7.6	7.8	7.7

(b) Risk Management

Managing risk is an integral part of UOB’s business strategy. The Group’s risk management strategy is targeted at cultivating the desired risk culture, so as to facilitate ongoing effective risk discovery and to efficiently set aside adequate capital to cater for the risks. Risks are managed within levels established by the senior management committees and approved by UOB’s board of directors (the “**Board**”) and its committees. The Board is responsible for reviewing and approving the overall risk management strategy, including determining UOB’s risk appetite, and is assisted by the Board Risk Management Committee in this regard. The chief executive officer (“**CEO**”) and Group Risk Management are responsible for implementing the risk management strategy and developing the Group’s risk policies, controls, processes and procedures. These processes help to shape the Group’s key decisions for capital management, strategic planning and budgeting, and performance management to ensure that the risk dimension is appropriately and sufficiently considered. In particular, the Group’s internal capital adequacy assessment process (“**ICAAP**”), which incorporates stress-testing, takes into consideration the Group’s risk appetite to ensure that the Group’s capital, risk and return are within acceptable levels under stress scenarios. The Group also takes into consideration its risk appetite in the development of risk-related key performance indicators for performance measurement. This serves to embed a risk management mindset and culture throughout UOB as an organisation.

The Group’s system of risk management and internal controls comprises the following:

- Management oversight and control: Senior management committees assist the CEO to maintain the relevance and effectiveness of the Group’s frameworks and policies for internal control and risk management. The committees are the Management Executive Committee, Asset and Liability Committee, Communications and Brand Committee, Credit Committee, Environmental, Social and Governance Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Operational Risk Management Committee and Risk and Capital Committee.
- Risk identification, monitoring and assessment: Group Risk Management identifies, monitors and assesses risks of the Group, and provides independent risk assessment of the overall risk profile to the Board and senior management. It works with business and support units and the relevant senior management committees to develop and implement appropriate risk management strategies, frameworks, policies and processes. Group Risk Management reports regularly to the Board and Board Risk Management Committee on the overall risk outlook, including any emerging risk and key developments in the Group.
- Regulatory compliance: Group Compliance provides oversight, functional leadership and guidance to build a strong compliance culture and framework for the Group. It works with

business and support units to identify, assess, monitor and manage regulatory compliance risks, and accords high priority to preventive measures against money-laundering and terrorist- financing activities. Business and support units are guided by compliance policies, procedures and guidelines, ethical standards and industry best practices in the conduct of business. Through regular reports, Group Compliance highlights significant compliance issues and regulatory developments to the Board and senior management. Group Compliance also provides assessments of key regulatory compliance risks, recommends corrective measures and issues advisories where appropriate.

- Audits: The Group’s internal and external auditors conduct risk-based audits covering all aspects of the first and second lines of defence to provide independent assurance to the CEO, Audit Committee and the Board, on the effectiveness of the Group’s existing risk management and control structure, policies, frameworks, systems and processes.

UOB has adopted the Basel Framework and observes MAS Notice 637. The Group continues to adopt a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns. Under MAS Notice 637, UOB has adopted the “foundation internal ratings-based approach” for its non-retail exposures and the “advanced internal ratings- based approach” for its retail exposures. For market risk and operational risk, the Group has adopted the respective standardised approaches.

(i) **Credit 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 obligor groups, portfolios, borrowers, industries and countries. Limits are generally set as a percentage of the Group’s eligible capital base.

Credit Risk Governance and Organisation

The Group’s Credit Committee (“CC”) is the key oversight committee for credit risk and supports the CEO and Board Risk Management Committee in managing the Group’s overall credit risk exposures. It serves as an executive forum for discussions on all credit-related issues including the credit risk management framework, policies, processes, infrastructure, methodologies and systems. The CC also reviews and assesses the Group’s credit portfolios and credit risk profiles. The Country and Credit Risk Management Division under Group Risk Management develops Group-wide credit policies and guidelines, and focuses on facilitating business development within a framework that results in prudent, consistent and efficient credit risk management. It is responsible for the reporting, analysis and management of all elements of credit risk to the CC and the Board Risk Management Committee. The comprehensive credit risk reports cover business segments at the overall portfolio level by various dimensions, including industry, product, country and banking subsidiaries.

Credit Risk Policies and Processes

The Group has established credit policies and processes to manage credit risk in the following key areas:

Credit Approval Process

To maintain the independence and integrity of the credit approval process, the Group’s credit origination and approval functions are clearly segregated. Credit approval authority is delegated to

officers based on their experience, seniority and track record. All credit approval officers are guided by credit policies and credit acceptance guidelines, which are periodically reviewed to ensure their continued relevance to the Group's business strategy and the business environment. Credit approval is based on a risk-adjusted scale according to a borrower's credit rating.

Counterparty Credit Risk

Unlike normal lending risk where the notional amount at risk can be determined with a high degree of certainty during the contractual period, counterparty credit risk exposure fluctuates with market variables. Counterparty credit risk is measured as the sum of current mark-to-market value and an appropriate add-on factor for potential future exposure ("PFE"). The PFE factor is an estimate of the maximum credit exposure over the remaining life of the foreign exchange ("FX")/derivative transaction and is used for limit setting and internal risk management.

The Group has also established policies and processes to manage wrong-way risk, i.e. where the counterparty credit exposure is positively correlated with its default risk. Transactions that exhibit such characteristics are identified and reported to the Senior Management Committee on a regular basis. In addition, transactions with specific wrong-way risk are generally rejected at the underwriting stage.

Exposures arising from FX, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing the Group to offset what it owes to a counterparty against what is due from that counterparty in the event of a default. In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting & daily margining process.

The Group's foreign exchange-related settlement risk is significantly reduced through its participation in the Continuous Linked Settlement system. This system allows transactions to be settled irrevocably on a payment-versus-payment basis.

Credit Concentration Risk

Credit facilities and exposure limits

Section 29 of the Banking Act, Chapter 19 of Singapore (the "Banking Act") and MAS Notice 639 on Exposures to Single Counterparty Groups ("MAS Notice 639"), issued pursuant to Section 29(1) of the Banking Act, set out the limits on the Group's exposure to a single counterparty group, the types of exposures to be included in or excluded from these 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.

MAS Notice 639 sets out the "large exposures limit" and "substantial exposures limit" to a "single counterparty group" (as respectively defined in MAS Notice 639). In this regard, a bank shall not permit the aggregate of its exposures to any single counterparty group to exceed 25% of the applicable eligible total capital. In addition, the aggregate of its exposures exceeding 10% of the applicable eligible total capital must not exceed 50% or such other percentage of applicable total exposures as may be approved by the MAS.

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. This is managed by setting exposure limits on obligor groups, portfolios, borrowers, industries and countries, generally expressed as a percentage of the Group's eligible capital base. The Group manages its credit risk exposures through a robust credit underwriting,

structuring and monitoring process. While the Group proactively minimises undue concentration of exposure in its portfolio, its credit portfolio remains concentrated in Singapore and Malaysia. The Group's cross-border exposure to China has increased over the years, consistent with rising trade flows between China and Southeast Asia. The Group's credit exposures are well-diversified across industries, with the exception of the Singapore real estate sector (due mainly to the high home ownership rate). The Group remains vigilant about risks in the sector and has taken active steps to manage its exposure while continuing to maintain a prudent stance in approving real estate-related loans. The Group performs regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Group's portfolio. The Group also conducts frequent stress-testing to assess the resilience of the portfolio in the event of a marked deterioration in operating conditions.

Credit Stress-Test

Credit stress-testing is a core component of the Group's credit portfolio management process. The three objectives of stress-testing are (i) to assess the profit and loss and balance sheet impact of business strategies; (ii) to quantify the sensitivity of performance drivers under various macroeconomic and business planning scenarios; and (iii) to evaluate the impact of management decisions on capital, funding and leverage. Under stress scenarios such as a severe recession, significant losses from the credit portfolio may occur. Stress-tests are used to assess if the Group's capital can withstand such losses and their impact on profitability and balance sheet quality. Stress-tests also help the Group to identify the vulnerability of various business units and would enable it to formulate appropriate mitigating actions thereafter. The Group's stress-test scenarios consider potential and plausible macroeconomic and geopolitical events in varying degrees of likelihood and severity. The Group also considers varying strategic planning scenarios where the impact of different business scenarios and proposed managerial actions are assessed. These are developed in consultation with relevant business units and are approved by the Group's management.

Credit Risk Mitigation

The Group's potential credit losses are mitigated through a variety of instruments such as collateral, derivatives, guarantees and netting arrangements. As a fundamental credit principle, the Group generally does not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability. Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. The Group's collaterals are mostly properties while other types of collateral taken by the Group include cash, marketable securities, equipment, inventories and receivables. The Group has in place policies and processes to monitor collateral concentration. Appropriate haircuts are applied to the market value of collaterals, reflecting the underlying nature of the collaterals, quality, volatility and liquidity. In addition, collateral taken by the Group has to fulfil certain criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for the 'Internal Ratings-Based Approach' ("IRBA") purposes.

In extending credit facilities to SMEs, UOB also often takes personal guarantees as a form of moral support to ensure moral commitment from the principal shareholders and directors. For IRBA purposes, the Group does not recognise personal guarantees as an eligible credit risk protection. Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-Based Approach, the Group adopts the Probability of Default ("PD") substitution approach whereby the PD of an eligible guarantor of an exposure will be used for calculating the capital requirement.

Credit Monitoring and Remedial Management

The Group regularly monitors credit exposures, portfolio performance and emerging risks that may impact the Group's credit risk profile. The Board and senior management committees are updated on credit trends through internal risk reports. The reports also provide alerts on key economic, political and environmental developments across major portfolios and countries, so that mitigating actions can be taken where necessary.

Delinquency Monitoring

The Group closely monitors the delinquency of borrowing accounts as it is a key indicator of credit quality. An account is considered delinquent when payment has not been received by the payment due date. Any delinquent account, including a revolving credit facility (such as an overdraft) with limit excesses, is closely monitored and managed through a disciplined process by officers from business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

Classification and Loan Loss Impairment

The Group classifies its credit portfolios according to the borrowers' ability to repay the credit facility from their normal source of income. There is an independent credit review process to ensure the appropriateness of loan grading and classification in accordance with MAS Notice 612.

All borrowing accounts are categorised into 'Pass', 'Special Mention' or 'Non-Performing' categories. Non-Performing or Impaired accounts are further categorised as 'Substandard', 'Doubtful' or 'Loss' in accordance with MAS Notice 612. Any account which is delinquent past due (or in excess of the approval limit for a revolving credit facility such as an overdraft) for more than 90 days will be automatically categorised as 'Non-Performing'. In addition, any account that exhibits weaknesses which are likely to jeopardise repayment on existing terms may be categorised as 'Non-Performing'. The accounting definition of impaired and the regulatory definition of default are generally aligned. Upgrading and de-classification of a 'Non-Performing' account to 'Pass' or 'Special Mention' status must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. The Group must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

A credit facility is restructured when a bank grants concessions (usually non-commercial) to a borrower because of a deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule. A restructured account is categorised as 'Non-Performing' and placed on the appropriate classified grade based on the Group's assessment of the financial condition of the borrower and the ability of the borrower to repay under the restructured terms. A restructured account must comply fully with the requirements under MAS Notice 612 before it can be de-classified. The Group provides for impairment of its overseas operations based on local regulatory requirements for local reporting purposes. Where necessary, additional impairment is provided to comply with the Group's impairment policy and the MAS' requirements.

Group Special Asset Management

Group Special Asset Management is an independent division that manages the restructuring, workout and recovery of the Group's NPA portfolios. The primary objectives are (i) to nurse the NPA back to financial health whenever possible for transfer back to business unit for management; and (ii) to maximize recovery of the NPA that the Group intends to exit.

Write-off Policy

A non-performing account will be written off when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

(ii) **Country Risk Management**

The Group manages its country risk exposures within an established framework that involves setting limits for each country. Such limits are based on the country's risk rating, economic potential measured by its gross domestic product, and the Group's business strategy.

(iii) **Interest Rate Risk in the Banking Book**

Interest rate risk in the banking book (“**IRRBB**”) is defined as the risk of potential loss of capital or reduction in earnings due to changes in interest rates environment. In the course of its core banking activities, the Group strives to meet customers' demands and preferences for products with various interest rate structures and maturities. Mismatches in repricing and other characteristics of assets and liabilities give rise to sensitivity to interest rate movements. As interest rates and yield curves change over time, these mismatches may result in a change in the Group's economic net worth and/or a decline in earnings. The Group's primary objective of managing IRRBB is to protect and to enhance capital or economic net worth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

The ALCO maintains oversight of the effectiveness of the interest rate risk management structure including approval of policies, controls and limits. The Balance Sheet Risk Management (“**BSRM**”) Division supports the ALCO in monitoring the interest rate risk profile of the banking book. Behavioural models used are independently validated and governed by approved policy. Management and mitigation of IRRBB through hedging instruments and activities are governed by the Group's IRRBB policies which are subject to regular review. Monitoring of positions against mandates, limits and triggers approved by relevant committees and delegated to relevant business units provide alerts for timely discussions to control potential risks.

Group banking book interest rate risk exposure is quantified on a monthly basis using dynamic simulation techniques. The Group employs a holistic approach towards Balance Sheet Risk Management, leveraging an in-house Enterprise Risk Management (“**ERM**”) system to integrate liquidity risk and IRRBB into a single platform for Group reporting across entities in a timely manner.

Interest rate risk varies with different repricing periods, currencies, embedded options and interest rate basis. Embedded options may be in the form of loan prepayment and time deposit early withdrawal. In Economic Value of Equity (“**EVE**”) sensitivity simulations, the Group computes the present values for repricing cash flows, with the focus on changes in EVE under different interest rate scenarios. This economic perspective measures interest rate risks across the full maturity profile of the balance sheet, including off-balance sheet items. The Group estimates the potential effects of interest rate changes on Net Interest Income (“**NII**”) by simulating the possible future course of interest rates and expected changes in business activities over time. Mismatches in the longer tenor will experience greater change in EVE than similar positions in the shorter tenor while mismatches in the shorter tenor will have a greater impact on NII. Interest rate scenarios used in simulations include the six standard scenarios prescribed by Basel as well as internal scenarios covering changes in the shape of the yield curve, including positive and negative tilts.

The Group also performs stress-tests regularly to determine the adequacy of capital in meeting the impact of extreme interest rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating the proactive management of interest rate risks in an environment of rapid financial market changes. The risks arising from the trading book, such as interest rates, foreign exchange rates and equity prices are managed and controlled under the market risk framework.

(iv) **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. These include minimising excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable debt securities. The policies and controls also 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.

The Group takes a conservative stance on liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet cash shortfall. The distribution of deposits is managed actively to ensure a balance between cost effectiveness, continued accessibility to funds and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Group's core deposits and the maintenance of customer confidence.

The Group's liquidity risk management is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Group is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Group's liquidity exposure. The Group also employs liquidity early warning indicators and trigger points to signal possible contingency situations. With regards to the regulatory requirements on LCR which are effective from 1 January 2015, the Group's quarter-to-date average Singapore dollar and all-currency liquidity coverage ratios for the year ended 31 December 2018 were 220% and 127% respectively, well above the final regulatory requirements of 100% and 90% for 2018. The Group's average Singapore dollar and all-currency liquidity coverage ratios for the six months ended 30 June 2018 were 191% and 135% respectively.

The Group has contingency funding plans in place to identify potential liquidity crises using a series of warning indicators. Crisis management processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

(v) **Market Risk Management**

Market risk is governed by the ALCO, which meets monthly to review and to provide directions on market risk matters. The Market Risk Management and BSRM Divisions support the Board Risk Management Committee, RCC and ALCO with independent assessment of the market risk profile of the Group.

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. The Group employs valuation methodologies that are in line with sound market practices and validate valuation and risk models independently. In addition, a Product/Service Programme process ensures that market risk issues identified are addressed adequately prior to the launch of products and services. The Group reviews and enhances continually its management of derivatives risks to ensure that the complexities of the business are controlled appropriately. 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. These risk limits have proportional returns that are commensurate with the risks taken.

Market risk appetite is provided for all trading exposures within the Group as well as the Group's non-trading foreign exchange exposures. The majority of the non-trading foreign exchange exposures arise from the Group's investment in overseas subsidiaries in Asia.

Standardised Approach

The Group currently adopts the ‘Standardised Approach’ for the calculation of regulatory market risk capital but uses the ‘Internal Model Approach’ to measure and to control trading market risks. The financial products which are warehoused, measured and controlled with internal models include foreign exchange and foreign exchange options, plain vanilla interest rate contracts and interest rate options, government and corporate bonds, equities and equity options, commodities contracts and commodity options.

Internal Model Approach

From 2 January 2019, the Group estimates a daily Expected Shortfall (“ES”) measured at a 97.5% confidence interval, using the historical simulation method, as a control for market risk. The method assumes that possible future changes in market rates may be implied by observed historical market movements.

(vi) **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.

(vii) **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 incidents and losses has been established to facilitate the analysis of loss trends and root causes. In addition, key control risk self-assessments and key operational risk indicator programmes are in place to strengthen the Group’s internal control environment. 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, outsourcing risk as well as reputational 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.

The Group has a business continuity and crisis management programme in place to ensure prompt recovery of critical business functions should there be unforeseen events. These plans are tested to ensure prompt recovery of critical business functions in the event of major business and/or system disruptions. UOB’s senior management provides an annual attestation to the Board on the state of business continuity readiness of the Group.

The Group has also established a technology risk management framework to enable the Group to manage technology and cyber risks in a systematic and consistent manner. The Group’s ‘Technology Risk Management Framework’ is supported by security policies, standards and guidelines to protect its customers’ and UOB’s data and assets. The Group collaborates with The Association of Banks in Singapore and participates in the Financial Services – Information Sharing and Analysis Centre to share with industry players the potential threats, as well as best practices to prevent cyber-attacks. The Group also employs a team of security operations specialists who

monitor, detect and respond to potential cyber security threats and provides all employees with ongoing training about cyber security risks.

Reputational risk is the risk arising from negative perception on the part of customers, employees, counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding (e.g. through the interbank or securitisation markets). The Group recognises the impact of reputational risk and has developed a policy to identify and to manage the risk across the Group.

The Group's insurance programme, which covers crime, fraud, civil liability, property damage, public liability, as well as directors' and officers' liability, enables the Group to mitigate operational losses resulting from significant risk events. The Group's liability insurance in respect of its directors and officers provides insurance coverage for third party claims against its directors and officers for any wrongful act committed in their capacity as directors and officers. The Group's crime and civil liability insurance provides insurance coverage against direct financial loss resulting from employee dishonesty, physical loss, forged instruments, computer and telephone misuse as well as legal liability to third parties arising from claims for compensatory damage as a result of financial loss caused by a negligent error or negligent omission on the part of its employee(s) in the provision of financial or professional services. The Group's cyber liability insurance provides insurance coverage for claims and expenses arising out of any cyber malicious act.

(viii) **Other Risks**

Regulatory risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. The Group identifies, monitors and manages this risk through a structured governance framework of compliance policies, procedures and guidelines maintained by the Group. The framework also manages the risk of regulatory breaches and sanctions relating to anti-money laundering and countering the financing of terrorism. The Group actively manages fraud and bribery risks. Programmes 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. All employees are guided by a Code of Conduct, which includes anti-bribery and anti-corruption provisions.

Legal risk arises from unenforceable, unfavourable, defective or unintended contracts, lawsuits or claims, developments in laws and regulations, or non-compliance with applicable laws and regulations. Business units work with UOB's legal counsel and external legal counsel to ensure that legal risks are effectively managed.

CHAPTER 8
ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF THE ISSUER

1 Issuer's Financial Statements

The consolidated financial statements of the Issuer and the notes thereto were prepared in accordance with FRS, which differs in certain material respects from IFRS. Investors shall read the financial data and indicators referred to in this Offering Circular in conjunction with the consolidated financial statements of the Issuer and the notes thereto.

Ernst & Young LLP has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer and the Group as at and for the years ended 31 December 2015, 31 December 2016 and, 31 December 2017. These consolidated financial statements together with the auditors' reports dated 16 February 2016, 16 February 2017 and, 13 February 2018 for the consolidated financial statements ended 31 December 2015, 31 December 2016 and, 31 December 2017 respectively, have not been specifically prepared for the purpose of this Offering Circular. The consolidated financial results of the Issuer as at and for the year ended 31 December 2018 have been audited by Ernst & Young LLP and have not been specifically prepared for the purpose of this Offering Circular. The consolidated financial results of the Issuer and the Group as at and for the six months ended 30 June 2017 and 2018 have not been audited by Ernst & Young LLP and have not been specifically prepared for the purpose of this Offering Circular. The financial information in this Offering Circular is derived from the Comparative Audited Financial Statements, the 2018 Financial Results and the published unaudited consolidated financial results of the Group as at and for the six months ended 30 June 2017 and 2018. The consolidated income statement for the year ended 31 December 2017 disclosed in this Offering Circular is derived from the 2018 Financial Results.

With effect from 1 January 2018, fee and commission income is presented net of directly attributable fee and commission expenses. The change in presentation resulted in lower fee and commission income, classified within non-interest income, and other expenses. Presentation for the periods ended 30 June 2017 and 31 December 2017 were restated accordingly to conform to the presentation for the periods ended 30 June 2018 and 31 December 2018. Related ratios calculated using these items were similarly restated. The comparative audited financial results for periods ended 31 December 2016 and 31 December 2015 are hence not directly comparable.

2 Consolidated Financial Statements of the Issuer

(a) Consolidated Income Statement

	Year ended 31 December				Six months ended 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(\$ in millions, except for per share data)</i>					
Interest income	7,826	8,291	9,077	11,141	4,370	5,183
Interest expense	(2,900)	(3,300)	(3,548)	(4,921)	(1,711)	(2,171)
Net interest income	4,926	4,991	5,528	6,220	2,659	3,012
Net fee and commission income	1,883	1,931	1,873	1,967	887	1,015
Dividend income	34	31	23	27	18	21
Rental income	117	118	119	119	60	60
Net trading income	641	776	775	683	426	390
Net gain from investment securities	313	101	127	(35)	57	13
Other income	132	114	117	136	60	61
Non-interest income	3,122	3,071	3,035	2,896	1,508	1,561
Total operating income ..	8,048	8,061	8,563	9,116	4,167	4,573

Staff costs	(2,064)	(2,050)	(2,224)	(2,447)	(1,073)	(1,224)
Other operating expenses..	(1,533)	(1,646)	(1,515)	(1,556)	(739)	(785)
Total operating expenses	(3,597)	(3,696)	(3,739)	(4,003)	(1,812)	(2,009)
Operating profit before allowance	4,451	4,365	4,824	5,113	2,355	2,564
Allowance for credit and other losses	(672)	(594)	(727)	(393)	(366)	(170)
Operating profit after allowance	3,779	3,771	4,097	4,720	1,988	2,394
Share of profit of associates and joint ventures	90	6	110	106	59	81
Profit before tax.....	3,869	3,777	4,207	4,826	2,047	2,476
Tax	(649)	(669)	(800)	(805)	(387)	(414)
Profit for the financial year/period	3,220	3,108	3,407	4,021	1,660	2,061
Non-controlling interest....	(11)	(12)	(16)	(13)	(8)	(7)
Net profit attributable to equity holders of UOB	3,209	3,096	3,390	4,008	1,652	2,055
Earnings per ordinary share (S\$)						
Basic.....	1.94	1.86	1.99	2.34	1.96	2.39
Diluted.....	1.93	1.85	1.98	2.33	1.95	2.38
Dividend per ordinary share	0.90	0.70	1.00	1.20	0.35	0.50

(b) Consolidated Balance Sheet

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(S\$ in millions)</i>					
Equity						
Share capital and other capital	5,881	6,351	7,766	7,014	6,805	7,967
Retained earnings	15,463	17,334	19,707	21,716	18,367	20,681
Other reserves.....	9,424	9,189	9,377	8,893	9,480	9,011
Equity attributable to equity holders of UOB....	30,768	32,873	36,850	37,623	34,652	37,660
Non-controlling interests ..	155	169	187	190	178	190
Total equity	30,924	33,042	37,037	37,813	34,830	37,850
Liabilities						
Deposits and balances of:						
Banks.....	11,986	11,855	11,440	13,801	11,660	17,161
Customers.....	240,524	255,314	272,765	293,186	259,920	287,515
Bills and drafts payable ...	435	522	702	638	796	873
Other liabilities	11,854	13,152	11,469	12,050	10,583	13,108
Debt issued	20,288	26,143	25,178	30,606	26,625	27,756
Total liabilities	285,087	306,986	321,556	350,280	309,584	346,413
Total equity and liabilities	316,011	340,028	358,592	388,092	344,414	384,263

Assets						
Cash, balances and placements with central banks	32,306	24,322	26,625	25,252	27,387	29,450
Singapore Government treasury bills and securities.....	6,865	6,877	4,267	5,615	3,527	5,864
Other government treasury bills and securities.....	12,644	10,638	11,709	13,201	10,290	11,066
Trading securities	1,277	3,127	1,766	1,929	1,741	2,174
Placements and balances with banks	28,646	40,033	52,181	50,800	48,032	57,929
Loans to customers	203,611	221,734	232,212	258,627	223,792	246,392
Investment securities	10,562	11,640	11,273	13,553	11,448	11,784
Other assets	12,004	13,407	10,164	10,530	9,884	11,053
Investment in associates and joint ventures	1,106	1,109	1,194	1,170	1,154	1,252
Investment properties	1,108	1,105	1,088	1,012	1,051	1,046
Fixed assets	1,739	1,885	1,971	2,266	1,962	2,114
Intangible assets	4,144	4,151	4,142	4,138	4,147	4,138
Total assets	316,011	340,028	358,592	388,092	344,414	384,263
Off-balance sheet items						
Contingent liabilities	19,026	24,617	26,415	31,003	23,130	30,998
Financial derivatives.....	677,475	814,650	961,880	922,170	910,246	1,001,268
Commitments	143,312	136,348	136,664	151,494	137,264	140,924
Net asset value per ordinary share (S\$).....	17.84	18.82	20.37	21.31	19.63	20.77

(c) Consolidated Cash Flow Statement

	Year ended 31 December				Six months ended 30 June	
	2015	2016	2017	2018	2017	2018
	(\$ in millions)					
Cash flows from operating activities						
Profit for the financial year/period	3,220	3,108	3,407	4,021	1,660	2,061
Adjustments for:						
Allowance for credit and other losses	672	594	727	393	366	170
Share of profit of associates and joint ventures	(90)	(6)	(110)	(106)	(59)	(81)
Tax	649	669	800	805	387	414
Depreciation of assets	182	222	258	273	125	131
Net (gain)/loss on disposal of assets	(342)	(192)	(200)	14	(108)	7
Share-based compensation	41	41	41	40	23	19
Operating profit before working capital changes	4,332	4,436	4,923	5,439	2,394	2,722
Change in working capital:						
Deposits and balances of banks	760	(131)	(351)	2,457	(195)	5,705
Deposits and balances of customers	6,775	14,789	18,539	21,168	4,606	14,177
Bills and drafts payable	(516)	87	177	(68)	274	166
Other liabilities	1,355	1,582	(212)	337	(2,542)	1,174
Restricted balances with central banks	301	(844)	272	(19)	20	129
Government treasury bills and securities	(1,583)	1,997	1,479	(2,930)	3,682	(931)
Trading securities	(532)	(1,759)	1,429	(168)	1,434	(396)
Placements and balances with banks	46	(11,387)	(12,662)	1,280	(7,999)	(5,602)
Loans to customers	(8,364)	(18,815)	(12,907)	(27,032)	(2,426)	(13,512)
Investment securities	1,391	(1,307)	986	(2,852)	694	(844)
Other assets	(2,759)	(1,339)	2,897	(512)	3,423	(947)
Cash generated from/(used in) operations	1,206	(12,691)	4,571	(2,898)	3,365	1,841
Income tax paid	(545)	(623)	(662)	(809)	(324)	(318)
Net cash provided by/(used in) operating activities ..	661	(13,313)	3,909	(3,707)	3,041	1,523
Cash flows from investing activities						
Capital injection into associates and joint ventures ..	(4)	(34)	(48)	(47)	(15)	(19)
Acquisition of associates and joint ventures	(9)	(47)	(0)	-	(0)	-
Proceeds from disposal of associates and joint ventures	-	-	-	110	-	-
Distribution from associates and joint ventures	167	59	43	51	19	31
Acquisition of properties and other fixed assets	(692)	(383)	(349)	(516)	(167)	(234)
Proceeds from disposal of properties and other fixed assets	51	22	13	35	11	12
Change in non-controlling interests	2	-	0	4	-	4
Net cash used in investing activities	(484)	(382)	(341)	(362)	(153)	(205)
Cash flows from financing activities						
Perpetual capital securities issued	-	748	879	-	-	-
Redemption of preference shares	-	(689)	-	-	-	-
Redemption of perpetual capital securities	-	-	-	(850)	-	-
Issuance of debts issued	18,187	34,374	44,601	40,411	22,931	23,866
Redemption of debts issued	(19,258)	(28,694)	(45,067)	(34,904)	(22,212)	(21,247)
Shares re-purchased - held in treasury	(37)	-	-	(212)	-	(105)
Change in non-controlling interests	(85)	2	0	(2)	-	-
Dividends paid on ordinary shares	(1,442)	(912)	(665)	(1,647)	(135)	(812)
Dividends paid on preference shares	(41)	(20)	-	-	-	-
Distribution for perpetual capital securities	(65)	(81)	(95)	(129)	(48)	(64)
Dividends paid to non-controlling interests	(6)	(6)	(6)	(9)	(4)	(6)
Net cash provided by/(used in) financing activities ..	(2,748)	4,722	(352)	2,658	532	1,632
Currency translation adjustments	94	146	(641)	31	(335)	(28)

- (1) Figures reported are based on average LCR for the respective period. A minimum requirement of Singapore dollar LCR of 100% and all-currency LCR of 60% shall be maintained at all times with effect from 1 January 2015, with all-currency LCR increasing by 10% each year to 100% by 2019.
- (2) NSFR requirement is effective from January 2018, and is calculated based on MAS Notice 652. Under MAS Notice 652, a minimum requirement of 100% shall be maintained by D-SIBs.
- (3) In the periods specified under MAS Notice 637, D-SIBs such as the Issuer must at all times 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 CAR of at least 6.5%;
 - (b) a Tier 1 CAR of at least 8.0%; and
 - (c) a total CAR of at least 10%.
- (4) Leverage ratio is calculated based on the MAS Notice 637. MAS Notice 637 imposes a minimum leverage ratio requirement of 3% for SIBs at both the Solo and Group levels.

3 Analysis of Consolidated Financial Statements

(a) Overview

The Group’s total assets as at 31 December 2018 were S\$388,092 million compared to S\$358,592 million as at 31 December 2017 and S\$340,028 million as at 31 December 2016 and S\$316,011 million as at 31 December 2015. The increase in total assets between 31 December 2018 and 31 December 2017 was primarily due to higher loans to customers. The increase in total assets between 31 December 2017 and 31 December 2016 was primarily due to higher loans to customers and placements and balances with banks. The increase in total assets between 31 December 2016 and 31 December 2015 was primarily due to higher loans to customers and placements and balances with banks. The Group’s total assets as at 30 June 2018 were S\$384,263 million compared to S\$344,414 million as at 30 June 2017.

The Group’s profit for the financial year increased by 18% to S\$4,021 million in 2018 from S\$3,407 million in 2017, and increased by 10% in 2017 from S\$3,108 million in 2016, and decreased by 4% in 2016 from S\$3,220 million in 2015. For the first half of 2018, the Group’s profit was S\$2,061 million, increasing by 24% from S\$1,660 million for the same period last year.

(b) Analysis of Consolidated Income Statements

(i) Net Interest Income and Net Interest Margin

The Group’s net interest income increased by 13% to S\$6,220 million in 2018 from S\$5,528 million in 2017, driven by broad based loan growth and higher net interest margin. The Group’s net interest margin increased by five basis points to 1.82% in 2018 from 1.77% in 2017. Net interest income represented 68% of total operating income in 2018 and 65% of total operating income in 2017.

The Group’s net interest income increased by 13% to S\$3,012 million for the six months ended 30 June 2018 (“**1H2018**”) from S\$2,659 million in the six months ended 30 June 2017 (“**1H2017**”), due to an uplift in net interest margin and broad-based loan growth. The Group’s net interest margin increased by nine basis points to 1.83% in 1H2018 from 1.74% in 1H2017. Net interest income represented 66% of total operating income in 1H2018 and 64% of total operating income in 1H2017.

The Group’s net interest income increased by 11% to S\$5,528 million in 2017 from S\$4,991 million in 2016, due to a healthy loan growth and higher margin from active balance sheet management. The Group’s net interest margin increased by six basis points to 1.77% in 2017 from 1.71% in 2016. Net interest income represented 65% of total operating income in 2017 and 62% of total operating income in 2016.

The Group’s net interest income increased by 1% to S\$4,991 million in 2016 from S\$4,926 million in 2015, due to loan growth in the consumer and non-bank financial institution customer segments.

Net interest income represented 62% of total operating income in 2016 and 61% of total operating income in 2015. The Group's net interest margin decreased six basis points to 1.71% in 2016 from 1.77% in 2015.

(ii) *Non-Interest Income*

Total non-interest income decreased by 5% to S\$2,896 million in 2018 from S\$3,035 million in 2017. Total non-interest income increased by 4% to S\$1,561 million in 1H2018 from S\$1,508 million in 1H2017. Excluding the fee netting impact, total non-interest income increased by 8% to S\$3,323 million in 2017 from S\$3,071 million in 2016. Total non-interest income decreased by 2% to S\$3,071 million in 2016 from S\$3,122 million in 2015. In 2018, 2017, 2016 and 2015, total non-interest income accounted for 32%, 35%, 38% and 39%, respectively, of the Group's total operating income. In 1H2018 and 1H2017, total non-interest income accounted for 34% and 36% of the Group's total operating income respectively. The decrease in total non-interest income in 2018 was mainly due to lower trading and investment income. The year-on-year increase in 1H2018 and excluding the fee netting impact, the increase in 2017 were mainly due to higher fee and commission income. The decrease in 2016 was mainly due to a fall of 8% in trading and investment income due to lower gains from the sale of investment securities, partially offset by higher trading income.

(iii) *Net Fee and Commission Income*

In 2018, net fee and commission income increased by 5% to S\$1,967 million from S\$1,873 million in 2017 mainly driven by the strong performance in loan-related, credit card, trade-related and fund management fees.

In 1H2018, fee and commission income increased by 15% to S\$1,015 million from S\$887 million in 1H2017 due to strong performance in loan-related, wealth management, fund management and credit card fees. In 2017, excluding the fee netting impact, fee and commission income increased by 12% to S\$2,161 million from S\$1,931 million in 2016 mainly due to growth in wealth management, fund management and credit card businesses. In 2016, fee and commission income increased by 3% to S\$1,931 million from S\$1,883 million in 2015. Fee and commission income growth was driven by higher credit card and fund management fees during 2016. Fee and commission income accounted for 22% and 21% of the Group's total operating income in 1H2018 and 1H2017, respectively. Fee and commission income accounted for 22%, 22%, 24% and 23% of the Group's total operating income in 2018, 2017, 2016 and 2015, respectively.

(iv) *Other Non-interest Income*

Other non-interest income decreased by 12% to \$546 million in 1H2018 from S\$621 million in 1H2017, mainly due to lower net trading income from fair value changes on hedges of structural positions in the first quarter of 2018 and lower net gain from investment securities. Other non-interest income decreased by 20% to S\$930 million in 2018 from S\$1,162 million in 2017, after a 2% increase in 2017 from S\$1,140 million in 2016 and an 8% decrease in 2016 from S\$1,238 million in 2015. In 2018, the decrease from 2017 in other non-interest income was due to unrealised mark-to-market on investment securities and lower gains from sale of investment securities. In 2017, the increase from 2016 in other non-interest income was due to higher net gains from the disposal of investment securities. In 2016, the decrease from 2015 was primarily driven by trading and investment income due to lower gains from the sale of investment securities, partially offset by higher trading income.

(v) *Operating Expenses*

In 2018, total operating expenses increased by 7% to S\$4,003 million from S\$3,739 million in 2017 due to higher performance-related staff costs and IT-related expenses.

In 1H2018, total operating expenses increased by 11% to S\$2,009 million from S\$1,812 million in 1H2017, driven by higher performance-related staff costs and planned IT-related investments as the Group continued to invest in talent and infrastructure to support its digitalisation initiatives and to enhance productivity, product capabilities and customer experience seamlessly across all touchpoints. In 2017, excluding the fee netting impact, total operating expenses increased by 9% to S\$4,027 million from S\$3,696 million in 2016 due to higher staff costs, IT-related and revenue-related expenses. In 2016, total operating expenses increased by 3% to S\$3,696 million from S\$3,597 million in 2015, mainly due to higher revenue-related and IT-related expenses as the Group continued to invest in technology and infrastructure.

(vi) *Allowances for Credit and Other Losses*

In 1H2018, total allowances decreased 54% to S\$170 million from a year ago, mainly due to the favourable operating environment resulting in a resilient loan portfolio, and lower residual risks from the oil and gas and shipping sectors as compared with prior periods. Credit costs on non-performing loans (“NPL”) for 1H2018 were 11 basis points.

In 2018, total allowances decreased by 46% to S\$393 million from S\$727 million in 2017, on the back of the fairly benign credit environment for most of 2018 as well as lower residual risks from the oil and gas and shipping sectors from the preceding years. In 2017, total allowances increased by 23% to S\$727 million from S\$594 million in 2016, mainly due to the increase in specific allowance on loans and other assets due to the one-off accelerated recognition of non-performing assets (“NPAs”) on the Group’s loans to the oil and gas and shipping industries.

In 2016, specific allowance on loans increased S\$577 million to S\$969 million primarily from NPLs in the oil and gas and shipping industries. Total allowances decreased 12% to S\$594 million, due to lower specific allowance on other assets and a release in general allowance. The Group’s general allowance stood at S\$2.7 billion at the end of 2016. The ratio of general allowance to gross loans stood at 1.2%.

(vii) *Customer Loans*

Customer loans are the largest component of the Group’s total assets, accounting for 67%, 65%, 65% and 64% of total assets as at 31 December 2018, 2017, 2016 and 2015, respectively. As at 30 June 2018 and 30 June 2017, customer loans accounted for 64% and 65% of total assets, respectively. As at 30 June 2018, gross customer loans grew 10% year on year to S\$249,739 million, driven by broad-based increase across most territories and industries. Gross customer loans increased by 11% to S\$261,707 million as at 31 December 2018 from S\$236,028 million as at 31 December 2017, following an increase in gross customer loans from S\$225,662 million as at 31 December 2016 and following an increase in customer loans from S\$207,371 million as at 31 December 2015. The increase in gross customer loans of S\$25,679 million from 31 December 2017 to 31 December 2018 was primarily led by broad-based increase across all territories and industries. The increase in customer loans of S\$10,366 million from 31 December 2016 to 31 December 2017 was primarily due to the broad-based increase in customer loans across most territories and industries. The increase in customer loans of S\$18,291 million from 31 December 2015 to 31 December 2016 was primarily due to Singapore, which registered an 8% year-on-year growth.

The following table sets forth an analysis of the Group’s gross customer loans by industry, currency, geography and remaining time to contractual maturity.

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	(\$ in millions)					
By Industry						
Transport, storage and communication.....	10,019	9,780	9,388	10,185	9,487	9,575
Building and construction.....	45,211	52,281	53,646	63,139	53,063	57,861
Manufacturing	15,803	15,747	18,615	21,112	16,794	21,809
Financial institutions, investment and holding companies.....	14,282	15,519	19,090	23,199	16,328	21,558
General commerce.....	28,302	30,269	30,664	32,928	30,145	31,470
Professionals and private individuals	25,950	26,950	28,182	29,288	27,314	28,851
Housing loans.....	56,385	61,451	65,569	68,387	62,922	66,983
Others	11,419	13,665	10,874	13,469	11,687	11,633
Total (gross)	207,371	225,662	236,028	261,707	227,740	249,739
Gross customer loans by currency						
Singapore dollar	108,323	112,160	115,750	123,347	113,610	118,168
U.S. dollar	35,953	45,079	44,507	50,674	42,330	49,367
Malaysian ringgit.....	22,375	22,993	24,000	25,328	23,270	25,100
Thai baht.....	10,935	12,423	14,006	15,600	12,946	14,487
Indonesian rupiah	5,157	5,401	4,853	5,288	5,363	5,044
Others	24,628	27,606	32,912	41,471	30,220	37,572
Gross customer loans	207,371	225,662	236,028	261,707	227,740	249,739
Gross customer loans by geography⁽¹⁾						
Singapore.....	116,087	125,529	127,602	137,176	125,441	130,503
Malaysia	24,605	25,767	26,948	29,315	26,143	29,009
Thailand.....	11,481	13,226	14,977	16,813	13,895	15,685
Indonesia	11,543	11,857	10,718	11,289	11,533	10,892
Greater China ⁽²⁾	25,217	27,232	32,301	40,081	27,903	38,190
Others	18,438	22,051	23,482	27,033	22,825	25,460
Gross customer loans	207,371	225,662	236,028	261,707	227,740	249,739
Gross customer loans by remaining time to contractual maturity						
Within 1 year.....	70,864	80,940 ⁽³⁾	92,969	104,686	86,002	104,084
Over 1 year but within 3 years.....	40,335	43,665	42,828	48,826	40,648	43,553
Over 3 years but within 5 years	26,194	27,655	24,851	30,452	28,317	26,626
Over 5 years.....	69,979	73,402 ⁽³⁾	75,379	77,744	72,773	75,476
Total (gross)	207,371	225,662	236,028	261,707	227,740	249,739

Notes:

- (1) Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).
- (2) Comprises Mainland China and Hong Kong and Taiwan regions.
- (3) Restated to conform with the presentation for the year ended 31 December 2017.

(viii) *Non-Performing Assets*

The Group writes off a particular NPL after the management has determined that the prospect of recovery is considered poor or when all feasible avenues of recovery have been exhausted. The

following table sets forth information with respect to the Group's non-performing assets by grading, security coverage and ageing.

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(\$ in millions)</i>					
Non-Performing Assets						
Loans (NPL).....	2,882	3,328	4,211	3,994	3,466	4,208
Debt securities and others.....	184	152	178	172	121	196
Total.....	3,066	3,480	4,389	4,166	3,587	4,404
By Grading						
Substandard.....	2,255	2,185	2,411	2,512	2,154	2,467
Doubtful.....	160	270	128	230	254	260
Loss.....	651	1,025	1,850	1,424	1,179	1,677
Total.....	3,066	3,480	4,389	4,166	3,587	4,404
By Security Coverage						
Secured by collateral type:						
Properties.....	1,145	1,177	1,771	1,897	1,357	1,896
Shares and debentures.....	26	39	8	6	38	7
Fixed deposits.....	6	11	12	13	6	15
Others ⁽¹⁾	520	613	467	453	434	416
	1,697	1,840	2,258	2,369	1,835	2,334
Unsecured.....	1,369	1,640	2,131	1,797	1,752	2,070
Total.....	3,066	3,480	4,389	4,166	3,587	4,404
By Ageing						
Current.....	462	343	936	885	518	713
Within 90 days.....	370	285	600	581	239	400
Over 90 to 180 days.....	417	646	735	379	351	422
Over 180 days.....	1,817	2,206	2,118	2,321	2,479	2,869
Total.....	3,066	3,480	4,389	4,166	3,587	4,404

Note:

(1) Comprise mainly of shipping/marine vessels.

The Group's NPLs are spread across various industrial sectors such as transport, storage and communication, building and construction, manufacturing, financial institutions, investment and holding companies, general commerce, professionals and private individuals, housing loans and others. Overall, the Group's asset quality remains stable as at 31 December 2018. The following table shows the industry classification of the Group's NPLs as at the dates indicated.

	As at 31 December				As at 30 June			
	2015	2016	2017	2018	2017	2018	2017	2018
	NPL	NPL	NPL	NPL	NPL	NPL	NPL	NPL
	ratio	ratio	ratio	ratio	ratio	ratio	ratio	ratio

	As at 31 December								As at 30 June			
	2015		2016		2017		2018		2017		2018	
	(S\$m)	(%)	(S\$m)	(%)	(S\$m)	(%)	(S\$m)	(%)	(S\$m)	(%)	(S\$m)	(%)
NPL by Industry												
Transport, storage and communication	977	9.8	965	9.9	1,209	12.9	813	8.0	1,000	10.5	1,131	11.8
Building and construction	250	0.6	210	0.4	428	0.8	497	0.8	242	0.5	474	0.8
Manufacturing	287	1.8	316	2.0	638	3.4	709	3.4	358	2.1	589	2.7
Financial institutions, investment and holding companies	102	0.7	76	0.5	92	0.5	41	0.2	74	0.5	66	0.3
General commerce	388	1.4	451	1.5	485	1.6	511	1.6	594	2.0	586	1.9
Professionals and private individuals	287	1.1	284	1.1	295	1.0	320	1.1	283	1.0	296	1.0
Housing loans	550	1.0	618	1.0	677	1.0	739	1.1	666	1.1	736	1.1
Others	41	0.4	408	3.0	387	3.6	364	2.7	249	2.1	330	2.8
Total.....	2,882	1.4	3,328	1.5	4,211	1.8	3,994	1.5	3,466	1.5	4,208	1.7

(ix) *Deposits and balances of customers*

UOB offers a wide variety of deposit accounts, including non-interest bearing demand deposits and interest bearing savings and term deposits. Deposit rates are generally set according to market conditions. Rates offered vary according to the maturity, size and currency of the deposit. Interest is paid on term deposits at a fixed rate. When a term deposit is rolled over, the rate for deposits of the relevant maturity at the time of the roll-over is applied.

Customer deposits were the largest component of the Group's total liabilities, accounting for 84%, 85%, 83% and 84% of total liabilities as at 31 December 2018, 2017, 2016 and 2015, respectively. As at 30 June 2018 and 2017, customer deposits accounted for 83% and 84% of the Group's total liabilities, respectively. The Group's customer deposits were S\$287,515 million as at 30 June 2018, representing a year-on-year increase of 11%, primarily due to an increase in U.S. dollar deposits. The Group's customer deposits were S\$293,186 million as at 31 December 2018, representing an increase of 7% from S\$272,765 million as at 31 December 2017. This increase was in tandem with loan growth. By deposit type, the increase was primarily due to higher fixed deposits and saving deposits. As at 31 December 2017, the Group's customer deposits increased by 7% from S\$255,314 million as at 31 December 2016. This increase was primarily due to higher U.S. dollar deposits. By deposit type, the increase was primarily due to higher fixed deposits and saving deposits. As at 31 December 2016, the Group's customer deposits increased by 6% from S\$240,524 million as at 31 December 2015. This increase was primarily due to higher Singapore dollar and U.S. dollar deposits. By deposit type, the increase was primarily due to higher fixed deposits and savings deposits.

The following table sets forth customer deposits by product, currency and remaining period to contractual maturity as at the dates indicated.

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	(S\$ in millions)					
Customer deposits	240,524	255,314	272,765	293,186	259,920	287,515

Customer deposit by product

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(\$ in millions)</i>					
Fixed deposits.....	125,486	133,966	139,257	150,071	136,817	148,755
Savings deposits	55,966	61,951	66,404	71,601	63,059	69,513
Current accounts.....	51,221	51,690	57,570	58,858	51,945	56,817
Others	7,852	7,707	9,534	12,656	8,099	12,430
Total.....	240,524	255,314	272,765	293,186	259,920	287,515
Customer deposits by currency						
Singapore dollar	115,650	122,736	123,806	130,981	124,141	123,671
U.S. dollar	54,236	59,425	67,739	71,704	62,530	75,874
Malaysian ringgit.....	24,122	25,295	26,475	28,312	25,526	28,649
Thai baht	11,782	13,049	15,317	17,148	13,881	16,383
Indonesian rupiah	5,252	5,741	5,119	5,148	5,432	5,151
Others	29,483	29,068	34,308	39,894	28,411	37,787
Total	240,524	255,314	272,765	293,186	259,920	287,515
Customer deposits by maturity						
Within 1 year	234,414	249,750	268,233	289,448	254,452	282,021
Over 1 year but within 3 years.....	4,130	3,589	2,545	2,085	3,180	3,692
Over 3 years but within 5 years.....	723	978	1,174	833	1,145	1,094
Over 5 years.....	1,258	997	813	819	1,142	708
Total.....	240,524	255,314	272,765	293,186	259,920	287,515
Group Loan / Deposit ratio (%).....	84.7	86.8	85.1	88.2	86.1	85.7
Singapore dollar Loan / Deposit ratio (%).....	91.7	89.7	92.3	93.5	89.9	94.8
U.S. dollar Loan / Deposit ratio (%).....	65.6	74.6	63.9	69.5	66.5	63.5

Although the Group's deposit funding consists primarily of short-term deposits, these deposits include savings and current account deposits which historically have been stable and term deposits, which in UOB's experience are generally rolled over by its non-bank customers at maturity. These deposits have historically provided the Group with a stable source of long-term funds.

4 Changes in Accounting Policies and Comparability of Consolidated Financial Statements

The Comparative Audited Financial Statements were audited by Ernst & Young LLP, the independent auditors of the Issuer, and have been prepared and presented in accordance with FRS. The 2018 Financial Results have been prepared and presented in accordance with the adoption of SFRS(I) which took effect from 1 January 2018.

In conjunction with the adoption of SFRS(I), new financial reporting standards including SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, SFRS(I) 15 *Revenue from Contracts with Customers*, SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration* and amendments to FRS incorporated within SFRS(I) relating to FRS 40 *Transfers of Investment Property*, FRS 102 *Classification and Measurement of Share-based Payment Transactions* and FRS 104 (*Applying FRS 109 (Financial Instruments with FRS 104 Insurance Contracts)*) were adopted and applied in the preparation of the audited consolidated financial results of the Group as at and for the year ended 31 December 2018. SFRS(I) 9 *Financial Instruments* was adopted and applied in the preparation of the

consolidated financial results of the Group as at and for the year ended 31 December 2018 included in the 2018 Financial Results.

The adoption of SFRS(I) did not have any significant impact on the Group's audited consolidated financial results as at the transition date of 1 January 2018, since FRS was already substantially converged with SFRS(I). However, as the Group applied the transitional provisions in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* which does not require restatement of comparatives for items within the scope of SFRS(I) 9 *Financial Instruments* (including the related disclosures in SFRS(I) 7 *Financial Instruments: Disclosures*), the Group's Comparative Audited Financial Statements and the comparative consolidated financial results of the Group as at and for the year ended 31 December 2017 included in the 2018 Financial Results may not be directly comparable against the consolidated financial results of the Group as at and for the year ended 31 December 2018 included in the 2018 Financial Results and investors should therefore still exercise caution when making comparisons of any financial figures after 1 January 2018 against the Group's historical figures prior to 1 January 2018 and when evaluating the Group's financial condition and results of operations.

CHAPTER 9 REPAYMENT PLAN AND ASSURANCE MEASURES

The Issuer intends to fulfil its payment obligations under the Bonds in accordance with their terms and this chapter sets out an analysis of its ability to fulfil its payment obligations.

1 Analysis of the Bank's Repayment Abilities

(1) Profitability

The Group's profit for the financial year increased by 18% to S\$4,021 million in 2018 from S\$3,407 million in 2017.

The Group's profit for the financial year increased by 10% to S\$3,407 million in 2017 from S\$3,108 million in 2016, and decreased by 4% in 2016 from S\$3,220 million in 2015.

(2) Financial Strength

Asset Quality Ratios

Coupled with UOB's strong funding position with a healthy loan-to-deposit ratio of 88.2% as at 31 December 2018, UOB maintained a loan portfolio that is well diversified. Asset quality remained resilient with adequate allowances coverage and liquidity and coverage ratios were well above minimum regulatory requirements. UOB's robust capital position and strong balance sheet enables it to respond to its customers' needs through changing economic cycles and to support business growth and investments through strategic opportunities.

Liquidity

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, and extensions of credit and working capital needs. The Group seeks to project, monitor and manage its liquidity needs under normal as well as adverse circumstances. Adverse market and economic conditions may limit or adversely affect the Group's access to funding.

Adverse economic conditions may also limit or negatively affect the Group's ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access the capital markets.

Approximately 84%, 85%, 83% and 84% of the Group's total liabilities were attributable to customer deposits and 4%, 4%, 4% and 4% were attributable to interbank liabilities as at 31 December 2018, 2017, 2016 and 2015, respectively. As at 31 December 2018, 2017, 2016 and 2015, the Group had total customer deposits and interbank liabilities of S\$306,986 million, S\$284,205 million, S\$267,169 million and S\$252,511 million respectively, and a loan-to-deposit ratio of 88.2%, 85.1%, 86.8% and 84.7%, respectively. A substantial majority of the Group's deposits are denominated in Singapore dollars, U.S. dollars and Malaysian Ringgit. The Group's funding is also supplemented by debt issuances, including medium term notes, commercial papers, covered bonds and subordinated debts. As at 31 December 2018, 2017, 2016 and 2015, the Group had total debt issuances of S\$30,606 million, S\$25,178 million, S\$26,143 million and S\$20,288 million, respectively representing 9%, 8%, 9% and 7% of total liabilities, respectively. The Group's quarter-to-date average Singapore dollar and all-currency liquidity coverage ratios for the year ended 31 December 2018 were 220% and 127%, respectively, well above the final regulatory requirements of 100% and 90% for 2018. As at 31 December 2018, the Group also met the requirement for net stable funding ratio effective 2018.

Capital Management

UOB has consistently maintained strong credit ratings, capital and funding base. UOB's capital adequacy ratios are comfortably above the minimum regulatory requirements, including the MAS Basel III capital requirements and the more stringent requirements for D-SIBs. D-SIBs have been required by the MAS to maintain at all times a minimum CET1 CAR, Tier 1 CAR and Total CAR of 6.5%, 8% and 10%, respectively. As at 31 December 2018, UOB had a CET1 CAR of 13.9%, a Tier 1 CAR of 14.9% and a Total CAR of 17.0%.

The Group's Common Equity Tier 1 ("CET1") capital comprises mainly paid up ordinary share capital and disclosed reserves. Additional Tier 1 capital includes eligible non-cumulative non-convertible perpetual securities, while Tier 2 capital comprises subordinated notes and excess of accounting provisions over MAS Notice 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks. The Group's capital adequacy ratios are maintained at prudent levels, with focus on a high CET1 capital mix.

The Group's CET1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio were 13.9%, 14.9% and 17.0%, respectively, for the year 2018, well above the minimum regulatory capital adequacy requirements in 2018.

(3) **Active Risk Management**

The Group continues to be dynamic in strengthening its risk capabilities and committed in assimilating strong risk management practices in the heart of the Group's business. The management of risk remains as an important driver for strategic decisions in support of the Group's aspirations to maintain sound performance and capital position to ultimately enhance shareholders value. The Group's integrated risk management framework gives the Group an enterprise-wide risk approach and helps establish a strong risk culture as the foundation and driver for the Group's governance and risk management practices.

See Chapter 7 "Operation and Management of the Issuer" for more information.

(4) **Strong Credit Rating**

UOB is currently one of the top rated commercial banks in the world, with credit rating of "AA-" by Standard & Poor's with a stable outlook and a long-term issuer rating of "AA-" by Fitch with a stable outlook and a rating of "Aa1" by Moody's with a stable outlook from all of the aforementioned rating agencies. According to the rating report dated 18 September 2018 issued by China Chengxin International Credit Rating Co., Ltd., the onshore credit rating assigned to the Issuer is AAA and the onshore credit rating assigned to the Bonds is AAA.

2 Repayment Arrangements

(1) **Management and Use of Proceeds**

The Bank will manage the use of proceeds from the issue of the Bonds in accordance with its internal policies and procedures. This includes preparation of a plan for the use of proceeds and the implementation thereof.

(2) **Repayment Assurance**

The Bank believes that it has the ability to fulfil its payment obligations under the Bonds. The primary source of repayment for the Bonds will be the internally-generated funds of the Bank. The secondary source of repayment for the Bonds may be the refinancing activities of the Bank.

The liquidity positions of the Group are monitored regularly against established policies, procedures and limits. The process of managing liquidity risk includes, amongst others, maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flows, diversifying funding sources to ensure proper funding mix, regularly conducting liquidity stress testing and maintaining a robust contingency funding plan.

CHAPTER 10 REGULATION AND GOVERNANCE OF THE ISSUER

1 Corporate Governance of the Group

The Bank's corporate governance practices comply with the Banking (Corporate Governance) Regulations 2005 of Singapore, as amended by the Banking (Corporate Governance) (Amendment) Regulations 2007 and as further amended by the Banking (Corporate Governance) (Amendment) Regulations 2010 ("**Banking Regulations**") and all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (the "**MAS Guidelines**") issued by the Monetary Authority of Singapore ("**MAS**"). The MAS Guidelines comprise the Code of Corporate Governance (the "**Code**") for companies listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and supplementary principles and guidelines added by the MAS.

(a) Board Committees

The Board has five board committees (each a "**Board Committee**"), namely the Audit Committee, the Board Risk Management Committee, the Executive Committee, the Nominating Committee and the Remuneration and Human Capital Committee. To ensure good coordination and to benefit from the counsel of all directors, each Board Committee provides a report of its activities and the minutes of its meeting to the Board after every meeting.

The roles and responsibilities of each Board Committee are well-defined in their respective terms of reference. These are reviewed annually for continued relevance. Among other things, the terms of reference also set out the operating processes of the Board Committees, including decision-making by the Board Committees.

(b) Key Processes

Board and Board Committee meetings and the annual general meeting are scheduled in advance and all directors are notified well before the start of the calendar year. When circumstances warrant it, ad-hoc meetings are held. To help directors access meeting materials as soon as they are available, papers are uploaded onto a secure portal, and directors can read from their tablet devices wherever they are. A director who is unable to attend a meeting in person may participate via telephone and/or video conference (as provided for in UOB's Constitution) or convey his/her views through another director or the company secretaries.

The Board and Board Committees seek to make decisions by consensus. Where there is a divergence in views, decisions are made by majority vote. Decisions may also be made by way of circular resolutions. All deliberations and decisions of the Board and Board Committees are minuted and filed.

(c) Board Committee Composition

The Audit Committee, Board Risk Management Committee, Nominating Committee and Remuneration and Human Capital Committee have been constituted in accordance with the Banking (Corporate Governance) Regulations 2005 of Singapore (the "Banking (Corporate Governance) Regulations"). The Executive Committee, which was reconstituted from the Strategy Committee on 1 January 2019, is not a mandatory Board Committee.

(d) Audit Committee

The Audit Committee is made up of four members, namely Willie Cheng Jue Hiang (chairman), James Koh Cher Siang, Ong Yew Huat and Alvin Yeo Khirn Hai. The Audit Committee oversees matters relating to the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and material internal controls;
- appointment, re-appointment, evaluation and remuneration of the external auditor, and plans, reports and results of external audit;
- appointment, evaluation, remuneration and resignation of the Head of Group Audit;
- adequacy, effectiveness, independence, scope and results of the internal audit function, including plans, reports and results of internal audit;
- policies and procedures for handling fraud and whistleblowing cases; and
- integrated fraud management.

Two of the Audit Committee members (including the chairman) are accountants by training and all Audit Committee members have experience serving in audit committees of large companies and other organisations.

Audit reports, findings and recommendations of the internal and external auditors are sent directly to the Audit Committee, independent of the senior management of UOB. The internal and external auditors separately meet with the Audit Committee in the absence of senior management, at least once every quarter.

Each quarter, the Audit Committee meets to review the financial statements before recommending them to the Board for approval. The review includes assessing the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements. For more effective conduct of business at Audit Committee meetings, the Audit Committee chairman receives prior briefings on matters to be reported by the finance team and the internal and external auditors. The Audit Committee members also have separate discussions outside Audit Committee meetings as they deem necessary or appropriate. Audit Committee meetings may involve discussions of accounting standards and accounting practices and developments, especially those that have an impact on the business of UOB and its reporting obligations.

(e) Board Risk Management Committee

The Board Risk Management Committee is made up of five members, namely, Ong Yew Huat (chairman), Wong Kan Seng, Wee Ee Cheong, Alvin Yeo Khim Hai and Wee Ee Lim. The Board Risk Management Committee oversees risk management matters, including the following:

- establishment and operation of an independent and sound risk management system to identify, measure, monitor, control and report key and emerging risks on an enterprise-wide basis;
- adequacy of the risk management function's resources;
- adequacy and effectiveness of the risk management system;

- review of the overall risk profile and the compliance with risk appetite, risk limits and risk- return strategy;
- establishment of risk measurement models and approaches;
- appropriateness of the remuneration and incentive structure;
- appointment, remuneration and resignation of the Chief Risk Officer;
- credit policies, credit discretionary limit structures and exposure to large credits; and
- related party and interested persons transactions.

The Board Risk Management Committee assists the Board in exercising risk oversight and reports to the Board quarterly. The Chief Risk Officer, who reports functionally to the Board Risk Management Committee and administratively to the CEO, is responsible for the day-to-day operations of the risk management functions in the Group.

(f) Executive Committee

The Executive Committee is made up of six members, namely, Wong Kan Seng (chairman), Wee Ee Cheong, Franklin Leo Lavin, Lim Hwee Hua, Michael Lien Jown Leam and Ong Yew Huat.

The Executive Committee assists the Board in providing strategic direction and oversight of UOB's strategic plan implementation. Its responsibilities are to:

- review medium and long-term strategic objectives and oversee Management's performance in relation to the strategies;
- review, endorse and recommend UOB's annual business plans, budget as well as the capital and debt structure in relation to the strategies;
- review UOB's financial and operational performance in relation to approved budgets;
- review human resource matters, except for remuneration and human capital development matters;
- consider sustainability issues in formulating strategies and oversee the monitoring and management of environmental, social and governance factors that are material to the business; and
- deliberate on strategic matters requiring Board review between Board meetings.

(g) Nominating Committee

The Nominating Committee is made up of six members, namely Lim Hwee Hua (chairman), Wong Kan Seng, Wee Ee Cheong, Willie Cheng Jue Hiang, James Koh Cher Siang and Michael Lien Jown Leam. The main responsibilities of the Nominating Committee are to:

- assess the independence of directors;
- review the size and composition of the Board and Board Committees;
- assess the performance of the Board and Board Committees and each director;
- recommend the appointment and re-election of directors;
- implement a programme for the continuous professional development of directors;

- establish a board diversity policy;
- review the nominations and reasons for resignations of key management appointment holders including the CEO, Chief Financial Officer and Chief Risk Officer; and
- perform succession planning for the Board and Senior Management.

The appointment of the Nominating Committee members is subject to the approval of MAS.

Annually, the Nominating Committee assists the Board to review each director's independence according to the criteria in the Banking (Corporate Governance) Regulations. Based on the criteria, a director is independent if the director:

- is independent from substantial shareholders of UOB;
- does not have management and business relationships with UOB; and
- has not served on the Board for nine continuous years or more.

In its review, the Nominating Committee considers each director's disclosures of his/her other appointments, interests or personal circumstances, the business and financial relationships between UOB and each director (if any), and each director's responses in a questionnaire.

(h) Remuneration and Human Capital Committee

The Remuneration and Human Capital Committee is made up of four members, namely James Koh Cher Siang (chairman), Wong Kan Seng, Lim Hwee Hua and Alexander Charles Hungate. The Remuneration and Human Capital Committee's main responsibilities are to:

- oversee the design and operation of UOB's remuneration policy and framework which are relevant and performance-related, promote long-term success to ensure alignment with shareholder interest;
- determine a level and structure of remuneration that are appropriate and proportionate to UOB's sustained performance and value creation, taking into account UOB's strategic objectives, corporate values and prudent risk taking;
- review and recommend the remuneration for directors and management; and
- put in place appropriate frameworks and policies for the following:
 - review of the composition and strength of human capital in support of the overall business strategy;
 - employee performance assessment; and
 - employee recruitment and retention, talent management and succession planning.

The Remuneration and Human Capital Committee reviews UOB's obligations arising in the event of the termination of senior management's service contracts to ensure that such contracts contain fair and reasonable terms of termination which are not overly generous, onerous or adverse to UOB. The Remuneration and Human Capital Committee also approves the overall performance bonus, the share-based incentive plans and the remuneration of senior management based on the remuneration policy approved by the Board, taking into account the performance of UOB. In approving the remuneration packages of the CEO and other members of senior management, the Remuneration and Human Capital Committee reviews their individual performance and contributions. The performance of and remuneration for the Chief Risk Officer and Head of Group

Audit are reviewed and approved by the Board Risk Management Committee and Audit Committee respectively.

2 Capital and Liquidity Position of the Bank

Banks incorporated in Singapore (“SIBs” and each a “SIB”) are required to meet capital adequacy requirements under MAS Notice 637 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”). Locally incorporated domestic systemically important banks (“D-SIBs”) shall, at all times in the periods specified under MAS Notice 637, 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 common equity Tier 1 (“CET1”) CAR of at least 6.5%;
- a Tier 1 CAR of at least 8.0%; and
- a total CAR of at least 10%.

The Bank was designated as a D-SIB in Singapore on 30 April 2015.

The Group is subject to the Basel III capital adequacy standards, as prescribed in the MAS Notice 637. The Group’s CET1 capital comprises mainly paid up ordinary share capital and disclosed reserves. Additional Tier 1 capital includes eligible non-cumulative non-convertible perpetual securities, while Tier 2 capital comprises subordinated notes and excess of accounting provisions over MAS Notice 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks. The Group’s capital adequacy ratios are maintained at prudent levels, with focus on a high CET1 capital mix.

(a) Capital Adequacy

The table below sets out the Group’s capital resources and capital adequacy ratios as well as leverage ratio as at the dates indicated.

	As at 31 December				As at 30 June	
	2015	2016	2017	2018	2017	2018
	<i>(in S\$ million, except percentages)</i>					
Share capital.....	3,704	4,257	4,792	4,888	4,711	4,993
Disclosed reserves/others	24,762	26,384	28,922	30,445	27,696	29,530
Regulatory adjustments	(2,448)	(2,685)	(3,580)	(4,583)	(3,586)	(4,602)
Common Equity Tier 1 capital.....	26,018	27,956	30,134	30,750	28,821	29,921
Perpetual capital securities/others	2,179	2,096	2,976	2,129	2,096	2,976
Regulatory adjustments	(2,179)	(1,772)	(890)	-	(891)	-
Tier 1 capital	26,018	28,280	32,220	32,879	30,026	32,897
Subordinated notes.....	4,505	5,546	4,150	4,186	6,158	4,150
Provisions/others.....	1,028	1,122	983	477	1,113	755
Regulatory adjustments	(201)	(22)	(5)	-	(5)	-
Tier 2 capital	5,332	6,646	5,128	4,663	7,266	4,905
Eligible total capital.....	31,350	34,926	37,348	37,542	37,292	37,803
Risk-weighted assets	200,654	215,559	199,481	220,568	209,276	205,704
Capital adequacy ratios (%)						
Common Equity Tier 1	13.0	13.0	15.1	13.9	13.8	14.5
Tier 1	13.0	13.1	16.2	14.9	14.3	16.0
Total	15.6	16.2	18.7	17.0	17.8	18.4
Fully-loaded CET1 (fully phased-in per Basel III rules)	11.7	12.1	14.7	13.9	13.3	14.5
Leverage Exposure	355,932	380,238	400,803	434,732	385,816	428,845
Leverage Ratio (%)	7.3	7.4	8.0	7.6	7.8	7.7

(b) Liquidity Ratio

The MAS issued MAS Notice 649 Minimum Liquid Assets and Liquidity Coverage Ratio (“**MAS Notice 649**”) which sets out the minimum liquid assets (“**MLA**”) framework and the liquidity coverage ratio (“**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% and an all currency LCR of at least 100%. With regards to the regulatory requirements on LCR which are effective from 1 January 2015, the Group’s quarter-to-date average Singapore dollar and all-currency liquidity coverage ratios for the year ended 31 December 2018 were 220% and 127% respectively, well above the final regulatory requirements of 100% and 90% for 2018. The Group’s average Singapore dollar and all-currency liquidity coverage ratios for the six months ended 30 June 2018 were 191% and 135% respectively.

3 The enforcement of arbitral awards made by PRC arbitral institutions in Singapore

In Singapore, an arbitration award rendered in a foreign country which is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards adopted by the United Nations Conference on International Commercial Arbitration in 1958 (“**Convention**”) is enforceable in the same manner as a judgment or an order to the same effect, subject to limited grounds in the International Arbitration Act 2012, Chapter 143A of Singapore (“**IAA**”) on which an award may be refused enforcement. Where none of those grounds are present, the Singapore courts should recognise the arbitral award. In this regard, an arbitral award made by a PRC arbitration institution in Beijing and recognised under the IAA is generally enforceable in Singapore. Section 29 of the IAA states that where leave is given, an arbitral award shall be recognised as enforceable by entry of judgment in terms of the award or by action. The arbitral award will then be immediately enforceable.

CHAPTER 11
USE OF PROCEEDS FROM THE OFFERING OF THE BONDS AND DETAILS OF HISTORIC BOND OFFERING

1 Use of Proceeds from the offering of the Bonds

Proceeds from the offering of the Bonds will be used in the PRC pursuant to applicable law and approval from the regulator, to support the Group's banking business and development in the PRC.

2 Details of Historic Bond Offering

For details of the Issuer's bond issuances outstanding as at 31 December 2017, please refer to Note 22 "Debts Issued" in the Issuer's 2017 audited consolidated financial statements.

CHAPTER 12
BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER

1 Board of Directors and Senior Management

The following tables set out the members of the Board and the Senior Management of the Bank as at 31 December 2018.

Board of Directors

Names	Position
Wong Kan Seng	Chairman
Wee Ee Cheong	Deputy Chairman and Chief Executive Officer
Franklin Leo Lavin	Director
Willie Cheng Jue Hiang	Director
James Koh Cher Siang	Director
Ong Yew Huat	Director
Lim Hwee Hua	Director
Alexander Charles Hungate	Director
Michael Lien Jown Leam	Director
Alvin Yeo Khirn Hai	Director
Wee Ee Lim	Director

Senior Management

Names	Position
Wee Ee Cheong	Deputy Chairman and Group Chief Executive Officer
Chan Kok Seong	Group Chief Risk Officer
Chin Voon Fat Frederick	Head, Group Wholesale Banking
Christine Yeung See Ming (Mrs Christine Ip)	Chief Executive Officer, UOB Greater China and UOB Hong Kong Branch
Foo Moo Tan Peter	President & Chief Executive Officer, United Overseas Bank (China) Limited
Hwee Wai Cheng Susan	Head, Group Technology and Operations
Kevin Lam Sai Yoke	President Director, PT Bank UOB Indonesia
Khoo Boo Jin Eddie	Head, Group Retail
Lee Chee Pin	Head, Group Global Markets
Lee Chin Yong Francis	Advisor, Group Retail
Lee Wai Fai	Group Chief Financial Officer
Ng Ming Thiam Daniel	Head, Group Audit
Sia Ming Kuang Joyce	Head, Group Legal and Secretariat

Tan Choon Hin	President & Chief Executive Officer, United Overseas Bank (Thai) Public Company Limited
Tong Chee Kion Dean	Head, Group Human Resources
Victor Ngo	Head, Group Compliance
Wong Kim Choong	Chief Executive Officer, United Overseas Bank (Malaysia) Bhd
Wong Mei Leng Jenny	Advisor, Group Human Resources
Wong Wah Yan Ian	Head, Group Strategy and International Management
Young Yoke Mun Janet	Head, Group Channels & Digitalisation

2 Profile of Directors and Senior Management

(a) Board of Directors

The Board currently comprises eleven members and has five committees, namely, the Audit Committee, Board Risk Management Committee, Executive Committee, Nominating Committee and Remuneration and Human Capital Committee. These committees are delegated specific responsibilities as set out in their respective terms of reference.

Summary biographies, including age and key professional qualifications, for each current member of the Board are set out below.

Wong Kan Seng, 72

Chairman

Non-Executive and Independent

First appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Appointed as Chairman: 15 February 2018

Mr Wong served 26 years in the Singapore government where he held ministerial appointments in the Communications and Information, Community Development, Foreign Affairs and Home Affairs Ministries and at the National Population and Talent Division (Prime Minister's Office). He retired from the Cabinet as Deputy Prime Minister and Coordinating Minister for National Security in 2011 but remained as a Member of Parliament till 2015. Since joining the private sector in 2011, Mr Wong has served as chairman and director of several companies in the real estate, township development/urbanisation, fund management and real estate investment trust/trust sectors. His other principal appointments include Chairman of Ascendas-Singbridge, Chairman of Temasek Foundation Connects Advisory Council and director of Bo'ao Forum for Asia.

Wee Ee Cheong, 66

Deputy Chairman and Chief Executive Officer

Executive and Non-Independent

First appointed as a director: 3 January 1990

Last re-elected as a director: 20 April 2017

Appointed as Chief Executive Officer: 27 April 2007

A career banker with more than 40 years' experience, Mr Wee is also active in the banking and financial services industry and the community. He is a council member of the Association of Banks in Singapore and the Institute of Banking and Finance and a member of Visa APCEMEA Senior Client Council. He was previously Deputy Chairman of the Housing & Development Board and a director of the Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

Franklin Leo Lavin, 61

Non-Executive and Independent

First appointed as a director: 15 July 2010

Last re-elected as a director: 21 April 2016

A former diplomat with extensive experience in public administration, Mr Lavin served as a United States Ambassador to Singapore where he helped to negotiate the landmark US-Singapore Free Trade Agreement. He held senior finance and management positions at Citibank and Bank of America in his early career.

Willie Cheng Jue Hiang, 65

Non-Executive and Independent

First appointed as a director: 15 July 2010

Last re-elected as a director: 20 April 2017

An accountant by training, Mr Cheng is a well-respected figure in the business community and non-profit sector. Retired after 26 years' service with Accenture, he contributes actively to the furtherance of board development and corporate governance in Singapore. Recently retired as Chairman of the Singapore Institute of Directors, he is currently a director of FEO Hospitality Asset Management and FEO Hospitality Trust Management. He is also a fellow of the Institute of Singapore Chartered Accountants and an honorary fellow of the Singapore Computer Society.

James Koh Cher Siang, 73

Non-Executive and Independent

First appointed as a director: 1 September 2012

Last re-elected as a director: 21 April 2016

A former civil servant with an illustrious career spanning 35 years, Mr Koh held various appointments including Permanent Secretary in the Ministries of National Development, Community Development and Education during his service. He retired as the Comptroller of Income Tax, where he was both Commissioner of Inland Revenue and Commissioner of Charities. He was the Chairman of the Housing & Development Board from 2007 to 2016 and was also a director of Pan Pacific Hotels Group, UOL Group, Singapore Airlines and CapitaLand. He is currently a director of CapitaLand Hope Foundation and Thye Hua Kwan Moral Charities.

Ong Yew Huat, 63

Non-Executive and Independent

First appointed as a director: 2 January 2013

Last re-elected as a director: 21 April 2016

Mr Ong is a chartered accountant and retired as Executive Chairman of Ernst & Young LLP after 33 years with the firm. A known supporter of the arts, he is the Chairman of the Singapore Tyler Print Institute. He previously served as Chairman of the National Heritage Board and on the boards of Singapore Art Museum and The National Art Gallery. He is currently the Chairman of Tax Academy of Singapore and director of Ascendas-Singbridge and Singapore Power Limited.

Lim Hwee Hua, 60

Non-Executive and Independent

First appointed as a director: 1 July 2014

Last re-elected as a director: 20 April 2018

Mrs Lim enjoyed a varied career in financial services prior to her service in Parliament between 1996 to 2011. Her last appointments while in public service were Minister in the Prime Minister's Office and, concurrently, Second Minister for Finance and Transport. She re-joined the financial sector after leaving Parliament and is currently the Chairman of Asia Pacific Exchange and director of Jardine Cycle & Carriage.

Alexander Charles Hungate, 52

Non-Executive and Independent

First appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Mr Hungate has more than 25 years of global leadership experience in financial services, marketing, customer service and strategic planning and development, having held senior management positions in various positions in HSBC and Reuters. He serves as a member of various business and community bodies, where he shares his knowledge to develop trade and strengthen communities. He is the President and Chief Executive Officer of SATS. He also sits on the board of Singapore Economic Development Board and is a member of the Future Economy Council.

Michael Lien Jown Leam, 55

Non-Executive and Non-Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Currently the Executive Chairman of Wah Hin & Company, Mr Lien has extensive experience in the financial industry. He was a Managing Director of Morgan Stanley and headed its corporate finance business up to 2002. Prior to that, he served at Standard Chartered Merchant Bank Asia and Singapore's Ministry of Trade and Industry.

Mr Lien is a member of the National University of Singapore's Board of Trustees and its Investment Committee. In 2012, he founded Leap Philanthropy Limited, a charity that supports early philanthropy projects in Indochina. He previously served on the board of UOB from 2005 to 2009. He was also formerly a director of Temasek Holdings.

Alvin Yeo Khirn Hai, 56

Non-Executive and Independent

First appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

The youngest lawyer to be appointed Senior Counsel at the age of 37, Mr Yeo is currently the Chairman and Senior Partner of WongPartnership LLP. He was an elected Member of Parliament from 2006 to 2015, and a former Chairman of the Government Parliamentary Committee for Home Affairs and Law. Currently, he also serves as director on the boards of Keppel Corporation and United Industrial Corporation. He is a fellow of the Singapore Institute of Arbitrators.

Wee Ee Lim, 57

Non-Executive and Non-Independent

First appointed as a director: 1 July 2018

Currently the Chief Executive Officer and President of Haw Par Corporation, Mr Wee has been closely involved in the management and growth of the Haw Par Group over the last 30 years. He has varied experience in a number of industries ranging from investments, healthcare, leisure to property. He is also a director of UOL Group and United Industrial Corporation.

(b) Senior Management

Summary biographies, including key professional qualifications, for each member of UOB's senior management are set out below.

Wee Ee Cheong

Deputy Chairman and Group Chief Executive Officer

See “–Directors”.

Chan Kok Seong

Group Chief Risk Officer

Mr Chan joined UOB in 1998. He is the Head of Group Credit and Risk Management. Prior to his appointment in Singapore in September 2012, Mr Chan was the CEO of UOB (Malaysia). He holds a Bachelor of Accounting from the University of Malaya, Malaysia and is a member of The Malaysian Institute of Certified Public Accountants. He has more than 30 years of experience in banking.

Chin Voon Fat Frederick

Group Wholesale Banking

Mr Chin joined UOB in 2013. He heads the Group's Wholesale Banking business comprising commercial banking, corporate banking, transaction banking, structured trade and commodity finance, special asset-based finance, financial institutions business and investment banking. He holds a Bachelor of Commerce (Accounting and Econometrics) from the University of Melbourne, Australia. Mr Chin has more than 30 years of experience in banking operations and risk management.

Christine Yeung See Ming (Mrs Christine Ip)

Chief Executive Officer, UOB Greater China and UOB Hong Kong Branch

Mrs Ip was appointed CEO of UOB Hong Kong Branch in 2011. In addition, she was appointed CEO of UOB Greater China in July 2016. She holds a Master of Business Administration from the Hong Kong University of Science and Technology and a Bachelor of Arts from the University of Hong Kong. She has more than 20 years of experience in consumer and corporate banking.

Foo Moo Tan Peter

President and Chief Executive Officer, United Overseas Bank (China) Limited

Mr Foo joined UOB in 2011. He was appointed President and CEO of UOB (China) in December 2016. Prior to this, he served as President and CEO of UOB (Thai) from 2012. He was also previously in charge of the Group's Treasury and Global Markets business for its overseas subsidiaries and branches. Mr Foo holds a Bachelor of Science (Estate Management) (Hons) from the National University of Singapore and is a Chartered Financial Analyst. He has more than 30 years of experience in managing banking and financial markets businesses.

Hwee Wai Cheng Susan

Group Technology and Operations

Ms Hwee joined UOB in 2001. As the Head of Group Technology and Operations, she oversees the global technology infrastructure and operations for the Group. She holds a Bachelor of Science from the National University of Singapore and has more than 30 years of experience in banking technology and operations.

Kevin Lam Sai Yoke

President Director, PT Bank UOB Indonesia

Mr Lam joined UOB in 2005 and was appointed the CEO of UOB Indonesia in May 2016. Prior to this, he served as deputy CEO of UOB (Malaysia) and oversaw its wholesale banking business. His previous appointments within the Group included the head of consumer banking loans, sales and distribution in Singapore and the region. He was also head of Personal Financial Services in Malaysia. He holds a Bachelor of Business Administration from the National University of Singapore and has more than 20 years of experience in the financial industry.

Khoo Boo Jin Eddie

Group Retail

Mr Khoo joined UOB in 2005. He was appointed Head, Group Retail in September 2018. Prior to this, he was the Deputy Head of Group Retail and Group Head of Personal Financial Services and Private Banking. He holds a Bachelor of Business Administration in Finance and Management from the University of Oregon, United States, and has more than 30 years of experience in consumer banking.

Lee Chee Pin***Group Global Markets***

Mr Lee joined UOB in May 2016. He is the Head of Group Global Markets which includes market making, sales and structuring, portfolio and liquidity management as well as bullion, brokerage and clearing. He holds a Bachelor of Science (Building) from the National University of Singapore and is a Chartered Financial Analyst. He has more than 25 years of experience in the financial industry.

Lee Chin Yong Francis***Group Retail***

Mr Lee joined UOB in 1980. He currently serves as Advisor to Group Retail. He was the Head of Group Retail before assuming this current role in September 2018. Prior to his appointment in Singapore in 2003, he was the CEO of UOB (Malaysia). He holds a Malaysian Certificate of Education and has more than 35 years of experience in the financial industry.

Lee Wai Fai***Group Chief Financial Officer***

Mr Lee joined UOB in 1989. He leads the Group's financial and management accounting, investor relations and corporate services divisions. He holds a Bachelor of Accountancy (Hons) from the National University of Singapore and a Master of Business Administration in Banking and Finance from the Nanyang Technological University, Singapore. He has more than 30 years of experience in banking.

Ng Ming Thiam Daniel***Group Audit***

Mr Ng joined UOB in 2006. Prior to his appointment as Head of Group Audit in April 2017, he was Head of Group Portfolio & Regulatory Management, Group Retail. He holds a Bachelor of Arts from the National University of Singapore and a Master of Science in Leadership and Strategy from the London Business School, United Kingdom. He has more than 20 years of experience in financial risk management, business compliance and performance management.

Sia Ming Kuang Joyce***Group Legal & Secretariat***

Ms Sia joined UOB in 2003. She was appointed Head of Group Legal and Secretariat in January 2016 and is responsible for all the legal and company secretarial matters arising from the activities of UOB. She holds a Bachelor of Law from the National University of Singapore and has more than 20 years of legal experience.

Tan Choon Hin***President and Chief Executive Officer, United Overseas Bank (Thai) Public Company Limited***

Mr Tan joined UOB in 2012 as Head of Group Retail Credit and was appointed the President and CEO of UOB (Thai) in November 2016. Prior to this, he headed Group Business Banking. He

holds a Bachelor of Business (Hons) from the Nanyang Technological University, Singapore. He has more than 20 years of experience in consumer banking, risk management and credit management.

Tong Chee Kion Dean

Group Human Resources

Mr Tong joined UOB in August 2018. He was appointed Head, Group Human Resources in November 2018. Prior to this, his primary responsibility was to help drive the Group's workforce transformation. Mr Tong holds a Master of Business Administration (Honours) from The Wharton School (University of Pennsylvania), USA and Bachelor of Arts Business Management (Marketing) (First Class Honours) from the University of Science Malaysia. Prior to joining UOB, Mr Tong was a Partner and Managing Director at Boston Consulting Group for 22 years. He has led leadership, talent and transformation projects across Asia, Europe and the Americas, serving clients from a range of sectors, including financial services, industrial and consumer goods and telecommunications.

Victor Ngo

Group Compliance

Mr Ngo joined UOB in 2004. Prior to his appointment as Head of Group Compliance in April 2017, he was Head of Group Internal Audit from 2006. He holds a Bachelor of Applied Science (Operations Management) from the University of Technology Sydney, Australia, a Business Management Graduation Certificate (Graduate Diploma in Accounting) from the University of Southern Queensland, Australia, a Master of Science (Finance) from the City University of New York, USA, and a Master of Business Administration in Business Management from the Deakin University, Australia. Mr Ngo has more than 30 years of experience in the banking industry.

Wong Kim Choong

Chief Executive Officer, United Overseas Bank (Malaysia) Berhad

Mr Wong was appointed CEO of UOB (Malaysia) in 2012. Prior to this, Mr Wong served as President and CEO of UOB (Thai) from 2004. Mr Wong holds a Bachelor of Commerce from the University of Toronto, Canada. He has more than 30 years of banking experience.

Wong Mei Leng Jenny

Group Human Resources

Ms Wong joined UOB in 2005. She currently serves as Advisor to Group Human Resources. She was the Head of Group Human Resources before assuming her current role in November 2018. She holds a Bachelor of Arts (Hons) from the University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Management. Ms Wong has more than 30 years of experience in human resource management.

Wong Wah Yan Ian

Group Strategy and International Management

Mr Wong joined UOB in 2012. He heads Group Strategy and International Management and is responsible for the Group's overseas banking subsidiaries and branches. Mr Wong holds a

Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the J.L. Kellogg School of Management, USA and the Hong Kong University of Science and Technology. He has more than 25 years of experience in corporate, institutional and investment banking.

Young Yoke Mun Janet

Group Channels and Digitalisation

Ms Young joined UOB in 2014 and heads Group Channels and Digitalisation. She holds a Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the Nanyang Technological University, Singapore. Ms Young has more than 25 years of banking and corporate experience.

CHAPTER 13 TAXATION CONSIDERATIONS FOR THE BONDS

The information below regarding taxation is based on relevant law and practice at the date of this Offering Circular and is subject to any subsequent changes in law or practice (which may have a retrospective effect). However, it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to an investor's decision to purchase, own or dispose of the Bonds and may not apply equally to all the investors. Prospective purchasers of the Bonds are advised to consult their own tax advisors concerning the tax consequences in connection with their holding of the Bonds.

1 Mainland China

(1) Value-Added Tax ("VAT") and local surcharge and levies

(a) Domestic PRC investors

The Public Notice on Comprehensive Roll-out of the Pilot Program for Transforming Business Tax to VAT issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.36) ("**Circular 36**"), which became effective on 1 May 2016, provides that, *inter alia*, provision of services within the PRC (such term contemplating that, for services other than leasing of real properties, either the provider or the recipient of such services is located within the PRC) is subject to VAT, and income derived from the usage and borrowing of funds, including interest income derived during the period of holding (including at the time of maturity) of financial products, is subject to VAT. VAT applies to lending services where the taxable turnover is the gross amount of the interest income and any income in the nature of interest. The transfer of financial products, including transfer of the ownership of marketable securities, is subject to VAT on the taxable turnover which is the balance of the sales price less the purchase price. With respect to a general VAT taxpayer, VAT payable shall be calculated at 6% of the taxable turnover on the difference between output VAT and input VAT on the taxable items mentioned above. In the case of a small-scale VAT taxpayer, VAT shall be calculated at 3% of the taxable turnover on the taxable items mentioned above, without any credit for input VAT. A VAT taxpayer is also subject to urban maintenance and construction tax (at 7% of the VAT), education surcharge (at 3% of the VAT), local education surcharge (at 2% of the VAT) and potential applicable other local surcharges. Therefore, domestic PRC investors' interest income and gains from transferring or selling the Bonds are subject to VAT and the relevant surcharges.

(b) Foreign investors

Pursuant to Circular 36, it is possible that the revenues of foreign entities and individuals generated from their provision of services to other foreign entities or individuals are not deemed as the provision of services within the PRC and therefore not subject to VAT. As a result, if the interest income on the Bonds received by foreign investors is regarded as providing lending services to foreign issuer of bonds, such services are not categorized as provision of services in the PRC, thus interest income on the Bonds received by foreign investors is not subject to VAT.

Pursuant to the Circular on Enterprise Income Tax and Value-added Tax in relation to Investments in PRC Bond Markets by Overseas Institutional Investors issued by the Ministry of Finance and the State Administration of Taxation of the PRC (Caishui [2018] No.108), during period from 7 November 2018 to 6 November 2021, interest income received by overseas institutional investors from investing in the PRC bond markets is exempt from VAT.

In addition, Circular 36 categorizes transfers of financial products as the provision of financial services. Pursuant to the Supplemental Circular on VAT Policies Relating to Transactions between Financial Institutions issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.70), the income of foreign investors that are approved by PBOC from investing on the interbank RMB bond market is exempt from VAT. Therefore, if the gains of foreign investors on the transfer or sale of the Bonds are recognized as such income, such gains are exempt from VAT and the relevant surcharges.

(2) **Enterprise Income Tax (“EIT”)**

(a) **EIT for PRC Tax Residents**

The Bonds and any interest thereon are not exempt from taxation under PRC law. According to the Enterprise Income Tax Law of the PRC and its Implementation Rules, investors of the Bonds who are PRC resident enterprises shall be subject to income tax for the interest income received from the Bonds held by them and for gains received from the transfer or sale of the Bonds. Such income shall be included in such investors’ revenues recognized in the respective period, income tax on which is generally assessed at the rate of 25%.

(b) **EIT for Non-PRC Tax Residents**

The Enterprise Income Tax Law of the PRC and its Implementation Rules provide that a non-resident enterprise that has no business establishment or place in the PRC, or has business establishment or place in the PRC but the income derived is not effectively connected with such business establishment or place, is subject to EIT on the income sourced from the PRC. The source of income for interest is determined on the basis of the location of the enterprise or entity that bears or pays such interest; for income derived from transfer of movable property, the source of income is determined on the basis of the location of the enterprise or entity that transfers such property.

If an investor of the Bonds is a non-resident enterprise that has no business establishment or place in the PRC or that has a business establishment or place in the PRC but the income derived is not effectively connected with such business establishment or place, and the interest arising from the Bonds is borne and paid by a foreign bond issuer, such interest income shall be regarded as income sourced from outside of the PRC and such investor shall not be subject to EIT on such interest income. Additionally, if an investor is a non-resident enterprise located outside the PRC, the gain derived by such investor from transferring or selling the Bonds shall be regarded as the income sourced from outside the PRC and thus shall not be subject to EIT.

Pursuant to Caishui [2018] No.108, during the period from 7 November 2018 to 6 November 2021, interest income received by overseas institutional investors from investing in the PRC bond markets that are not derived from, nor associated with, any entities or establishments of such overseas institution in the PRC is exempt from EIT.

(3) **Stamp Duty**

Pursuant to the Provisional Rules on Stamp Duty of the PRC and its implementation rules (the “**Stamp Duty Rules**”), persons who conclude documents of transfer of property title within the PRC shall pay stamp duty. Currently the transfer of the Bonds is not subject to stamp duty under the Stamp Duty Rules. However, it is uncertain whether or when the PRC government will impose stamp duty on such transactions in the future and if imposed, what the stamp duty tax rate of such transactions will be.

2 Singapore

The statements below are also general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”) and Monetary Authority of Singapore (the “MAS”) in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and no assurance can be given that the relevant tax authorities or the courts will agree 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 Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Bonds are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Bonds, 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 Underwriters and any other persons involved in the issue of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

(1) Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (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% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 22%. 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%. The rate of 15% may be reduced by applicable tax treaties.

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

- (i) interest from debt securities derived on or after 1 January 2004;
- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

- (iii) prepayment fee, redemption premium or 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.

(2) **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). A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore (such as the Issuer) or a merchant bank approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore. 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).

(3) **Capital Gains**

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

Holders of the Bonds who apply or are required to apply Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), Financial Reporting Standard 109 - Financial Instruments (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) 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 FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Bond is made. Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes”.

(4) **Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued a circular entitled “Income Tax Implications Arising from the adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

(5) **Estate Duty**

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

3 FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a “**foreign financial institution**” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply to “**foreign passthru payments**” prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “**foreign passthru payments**” are filed in the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Investors should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

CHAPTER 14

SUBSCRIPTION AND SALE

1. GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. 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.

The Bonds will be issued and traded in the PRC interbank bond market only. Except for the PBOC approval in respect of the offering of the Bonds, any actions required for the public offering of this Bonds in the Shanghai Stock Exchange, Shenzhen Stock Exchange in the PRC and other country of jurisdiction outside the PRC, possession or distribution of this Offering Circular or any supplements or amendment documents to this Offering Circular or any other related issue documents or announcement has not been taken and will not be taken in such relevant jurisdiction.

2. THE PRC

The Bonds will only be offered or sold to institutional investors in the PRC interbank bond market (excluding those prohibited by applicable laws, regulations or offering restrictions set out herein), and will only be traded by and among institutional investors in the PRC interbank bond market (excluding those prohibited by applicable laws, regulations or offering restrictions set out herein). Offshore investors participating in the subscription of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) through the “Bond Connect” regime should, in connection with the registration, custody, clearing, settlement of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) and remittance and conversion of funds, comply with applicable laws and regulations, including the Interim Measures for the Connection and Cooperation between the Mainland and the Hong Kong Bond Market published by the PBOC, as well as rules by other relevant parties.

3. UNITED STATES

The Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act. Each Principal Underwriter represents that it has not offered or sold, and agrees that it will not offer or sell, any of the Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the U.S. Securities Act. Accordingly, neither it or 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 Bonds. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

The Bonds are being offered and sold only outside the United States in offshore transactions to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act. The Bonds may not be offered, sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Each Underwriter has agreed that:

- (a) except as permitted by the Underwriting Agreement, it will not offer, sell or deliver the Bonds (x) as part of their distribution at any time or (y) otherwise until 40 days after the completion of the distribution of the

Bonds (the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons, and

- (b) it will have sent to each dealer to which it sells the Bonds during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Bonds within the United States by any Underwriter (whether or not it is participating in the offering) may violate the registration requirements of the U.S. Securities Act.

4. SINGAPORE

This Offering Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, each Principal Underwriter has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds 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 the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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 Bonds 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 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 or securities-based derivatives contracts (each term as defined in 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 Bonds 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CHAPTER 15

CREDIT RATINGS OF THE BONDS

Basic Views

China Chengxin International Credit Rating Co., Ltd. has assigned UOB an issuer credit rating of AAA and a rating outlook of Stable, and the Bonds a rating of AAA. These ratings are based on a comprehensive assessment of the macroeconomic and industry environment where UOB operates in, UOB's standalone financial strengths and the terms of the Bonds. These ratings have affirmed the credit advantages of UOB, including the abundant client resources, the extensive regional network, the relatively diversified revenue sources, safe and liquid securities portfolio, and comparatively adequate capital. The ratings also reflected the potentially adverse impact of the global economic uncertainty on UOB's business growth, asset quality, and profitability, as well as other credit challenges such as higher industry and borrower concentration but UOB still meets the regulatory requirement on single borrower limit.

As one of the three largest banks in Singapore, UOB plays a very important role and bears significant influences in the Singapore financial system. Together with the strong oversight of Singapore regulator over the banking industry, China Chengxin International Credit Rating Co., Ltd. believes that the government will extend support if necessary, and this has been taken into account when rating the Bonds.

Credit Advantages

1. Extensive network in Asia, abundant client resources and leading IT capabilities, which underpin UOB's business development;
2. Highly integrated solutions to customers, and relatively diversified sources of revenue;
3. Safe and liquid securities portfolio;
4. Sound capital management and a sufficient capital position.

Credit Challenges

1. Global economic uncertainty might expose the Bank's asset quality, business and profitability growth to potential pressure;
2. The Bank is exposed to fluctuations in single industry or client, due to relatively high borrower concentration and large exposure in loans to real estate and related industries.

Conclusion

Based on comprehensive analysis of UOB's market orientation, management and strategy, business performance, risk management and internal control, financial fundamentals and repayment capability of the Bonds, China Chengxin International Credit Rating Co., Ltd. has assigned an issuer credit rating of AAA with Stable outlook to UOB, and a rating of AAA to the Bonds.

CHAPTER 16 INVESTOR PROTECTION MECHANISMS

1 Post-Issuance Manager and relevant responsibilities

As the Issuer of the Bonds, the Bank is subject to continuing obligations in various aspects under the Bonds. Bank of China Limited has agreed to be appointed as post-issuance manager of the Issuer (the “**Post- Issuance Manager**”) in relation to the Issuer’s continuing obligations under the Bonds. The responsibilities of the Post-Issuance Manager include:

- (1) prompting, guiding and assisting the Issuer in a timely manner to disclose the information that is required to be disclosed accurately, truly and completely, including but not limited to the periodic reports (see Chapter 18 “Information Disclosure Arrangements”);
- (2) prompting, guiding and assisting the Issuer in a timely manner to specify the interest rate of the Bonds in the issuance result announcement of the Bonds (see Item (13) “Interest Rate of the Bonds” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds”);
- (3) (i) reminding the Issuer at least one month prior to each relevant date of payment of its obligations to make payment of the interest and principal on the Bonds and (ii) prompting, guiding and assisting the Issuer in a timely manner to publish the notices on principal and interest payment via media designated or recognised by the Competent Authorities (see Item 4 “Payment of Principal and Interest” in Chapter 18 “Information Disclosure Arrangements”);
- (4) prompting, guiding and assisting the Issuer in a timely manner to announce any early redemption arrangements (see Item (24) “Early Redemption” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds”) and assisting the Issuer to make such announcement to fulfil the Issuer’s disclosure obligations in the PRC;
- (5) convening meetings of the Bondholders (see Item (36) “Meetings of Bondholders” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds” and Section 3 “Meetings of Bondholders” of Chapter 16 “Investor Protection Mechanisms” below); and
- (6) prompting, guiding and assisting the Issuer in a timely manner to disclose any material change or events relating to the Issuer or the Bonds (see Item 3 “Disclosure of Material Events” in Chapter 18 “Information Disclosure Arrangements”). Such material events include the events of default (see Item (26) “Events of Default” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds” and Section 2 “Events of default and liabilities” below).

2 Events of default and liabilities

If any of the following events (“**Events of Default**”) occurs and is continuing, the Bondholders may give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued interest:

- (1) if a default is made by the Issuer in the payment of any interest or principal due in respect of the Bonds and the default continues for a period of more than 14 days provided that any failure or refusal to pay any amount by the Issuer shall not constitute an Event of Default: (1) if the Issuer is required to do so by financial or other laws and regulations applicable to such payment, or as a result of the enforcement of an order of any court of competent jurisdiction applicable to such payment; or (2) in the event there is any doubt in relation to the validity or applicability of any such laws, regulations or orders, if the Issuer has consulted an independent legal advisor at any time during the 14-day period mentioned above and does not, or refuses to, pay such amount by relying on any advice so obtained; or

- (2) an order is made by any competent court or an effective resolution is passed for the winding-up or dissolution of the Issuer.

Unless an Event of Default expressly provided in the terms of the Bonds occurs, none of the Bondholders have any right to require any remedies or take any remedial measures (whether such remedial measure is requiring the Issuer to pay principal of and interest on the Bonds or not), no matter if the Issuer breaches any obligations, conditions or terms under the Bonds. In the circumstance where an Event of Default expressly provided in the terms of the Bonds has occurred, the Bondholders are not entitled to take any remedial measures other than giving written notice to the Issuer that the Bonds then outstanding are, and they shall immediately become, due and payable at their principal amount together with accrued interest (for the avoidance of doubt, this clause does not restrict the right of the Bondholders to submit any dispute arising out of or relating to the Bonds to CIETAC for arbitration in accordance with Item (34) “Dispute Resolution” in Section 1 “Key Terms of the Offering” of Chapter 5 “Information of the Bonds”).

3 Meetings of Bondholders

(1) Convening and holding a meeting

- (i) Any Bondholder who is entitled to attend the meeting of Bondholders may, by an instrument in writing (a “**form of proxy**”), appoint any person (a “**proxy**”) to attend any meeting of the Bondholders on his or its behalf. The form of proxy shall be provided at the office of the Post- Issuance Manager as designated by the Issuer and must be signed by the Bondholder, or, in the case of a company, stamped with its company chop or signed on its behalf by an authorised person of that company, and delivered to the designated office of the Post-Issuance Manager not less than 48 hours before the time fixed for the relevant meeting. For the avoidance of doubt, a person who has not been appointed as a proxy in accordance with this paragraph or whose appointment has not been notified to the Post-Issuance Manager in time, cannot act as a proxy of the relevant Bondholder in the meeting of Bondholders.
- (ii) Any proxy appointed by the Bondholder who is entitled to attend a meeting of Bondholders pursuant to paragraph (i) above, shall be deemed as such Bondholder for the purpose of such meeting as long as such appointment remains in full force, and such Bondholder himself or itself shall not be deemed as holder in respect of matters to which the appointment relates.
- (iii) The Issuer can decide the record date (the “**Record Date**”) in order to determine the Bondholders who are entitled to attend a meeting of Bondholders, provided that such date shall be a day falling not less than 10 days before the date fixed for that meeting. The date of the meeting of Bondholders shall be specified in the notice of the meeting. Subject to paragraph (ii), the Bondholders whose names are registered in the custody register of Shanghai Clearing House on the Record Date are deemed to be “**Bondholders who are entitled to attend the meeting of Bondholders**” for the relevant meeting.
- (iv) The Issuer may at any time convene a meeting of Bondholders. The Post-Issuance Manager shall convene a meeting of Bondholders if it receives a written request by Bondholders holding not less than 10% in principal amount of the Bonds for the time being outstanding. If the Post-Issuance Manager fails to convene the meeting of Bondholders for a period of seven days from receipt of written request from the Bondholders, the Bondholders can convene a meeting of Bondholders themselves, but the time and venue of such meeting must be approved by the Post- Issuance Manager.
- (v) At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the place, day and hour of the meeting shall be

given to all the Bondholders. The party convening the meeting (except for the Issuer) shall give the Post-Issuance Manager at least 35 days' notice of the meeting (exclusive of the day on which the notice is given and of the day on which the meeting is held). After its receipt of the notice of the meeting, the Post-Issuance Manager shall publish and disclose the information in relation to the meeting to the Bondholders in accordance with this paragraph. The notices shall be published on www.chinamoney.com.cn, www.shclearing.com and any other website recognised by the Competent Authorities or the regulators or disclosed to the Bondholders in any other manner designated by the Competent Authorities or the regulators. In addition, the notice shall specify generally the nature of the business to be transacted at the meeting but (except for an Extraordinary Resolution) it shall not be necessary to specify in the notice the terms of any resolution to be proposed and shall state that any Bondholder may appoint a proxy to attend the meeting of Bondholders provided that it delivers the form of proxy in Chinese signed by it to the designated office of the Post-Issuance Manager not less than 48 hours before the time fixed for the relevant meeting of Bondholders. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).

- (vi) The chairman of the meeting of Bondholders shall be such person (regardless of Bondholder or not) as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time appointed for holding the meeting of Bondholders, the Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present shall choose one of their members to be chairman, failing which the Issuer may appoint a chairman. If the meeting of Bondholders is adjourned, the chairman of the adjourned meeting does not need to be the chairman of the original meeting.

(2) **Meeting quorum and rules**

- (i) One or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 10% in principal amount of the Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business. No business (except for choosing a chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. The quorum for any meeting to pass an Extraordinary Resolution shall (subject as provided in paragraph (xi) below) be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing in the aggregate more than 50% in principal amount of the Bonds for the time being outstanding. The special quorum for a meeting to pass a resolution in respect of any matter in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting (or their duly appointed proxies) present holding or representing not less than 75% in principal amount of the Bonds for the time being outstanding.
- (ii) “**Extraordinary Resolution**” means a resolution passed at a meeting of Bondholders duly convened and held in accordance with the terms of the Bonds by a majority consisting of not less than three-quarters of the votes cast. The following powers are exercisable by Extraordinary Resolution only:
 - (a) sanctioning any compromise or arrangement proposed to be made between the Issuer and the Bondholders or any of them;
 - (b) sanctioning any abrogation, modification, compromise, waiver or arrangement in respect of the rights of the Bondholders against the Issuer under the Bonds, whether such rights arise under the Bonds or otherwise;

- (c) assenting to any modification of the provisions contained in the Bonds which shall be proposed by the Issuer or any Bondholder;
- (d) giving any authority or sanction which under the terms of the Bonds is required to be given by Extraordinary Resolution;
- (e) appointing any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon any committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution; and
- (f) sanctioning any scheme or proposal for the sale of the Bonds or the cancellation of the Bonds for or in consideration of cash

Unless otherwise specified, any resolutions other than Extraordinary Resolutions must be passed at a meeting duly convened and held in accordance with the terms of the Bonds by a majority of more than 50% of the votes cast.

- (iii) A resolution in writing signed by or on behalf of the holders of not less than 90% in principal amount of the Bonds for the time being outstanding and who for the time being are entitled to receive notice of a meeting in accordance with the provisions of this Section shall take effect as an Extraordinary Resolution passed at a meeting of Bondholders 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 Bondholders.
- (iv) If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, (i) if convened on the requisition of the Bondholder, be dissolved; and (ii) in any other case, be adjourned to the same day in the next week (or if such day is a statutory holiday in the PRC or Singapore, the next succeeding Business Day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed, in which case it shall be adjourned for a period being not less than 14 days nor more than 42 days and at a place appointed by the chairman of the meeting and approved by the Post-Issuance Manager).
- (v) At the adjourned meeting, one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them shall form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present, provided that any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below shall be two or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing in the aggregate not less than 25% in principal amount of the Bonds for the time being outstanding.
- (vi) The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- (vii) At least 10 days' notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as for an original meeting and that

notice shall (except in cases of any adjourned meeting the business of which includes any of the matters specified in paragraph (xi) below when it shall state the relevant quorum) state that one or more Bondholders who are entitled to attend the meeting of Bondholders (or their duly appointed proxies) present holding or representing whatever the principal amount of the Bonds held or represented by them will form a quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

- (viii) Each question submitted to a meeting shall be decided by a poll. Every Bondholder who is entitled to attend the meeting or its duly appointed proxy present has one vote for each Bond (the denomination of which is RMB100).
- (ix) After the chairman calls out the votes, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against the resolution. In the case of an equality of votes, the chairman has a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Bondholder or as a proxy or representative.
- (x) Any director or officer of the Issuer and its respective lawyers and financial advisors may attend and speak at a meeting of Bondholders. Otherwise, no person may attend or speak at the meeting of Bondholders, nor shall any person be entitled to vote at any such meeting or join with others in requisiting the convening of a meeting, other than the Bondholders who are entitled to attend the meeting of Bondholders or their duly appointed proxies. The Post-Issuance Manager may attend and speak at a meeting of Bondholders convened by it in accordance with the terms of the Bonds, but its right to speak shall be limited to those administrative matters relating to it as a person who convenes the meeting.
- (xi) Subject to the terms of the Bonds, in addition to the rights provided in this chapter, the following matters may also be decided by Extraordinary Resolution at a meeting of Bondholders:
 - (a) amending the maturity dates or redemption of the Bonds or the due date for any payment of interest;
 - (b) reducing or cancelling the amount payable, or premium payable on redemption, of the Bonds;
 - (c) reducing the rate or rates of interest in respect of the Bonds or varying the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Bonds;
 - (d) varying any method of, or basis for, calculating any redemption;
 - (e) varying the currency or currencies of payments or denomination of the Bonds;
 - (f) taking any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply;
 - (g) modifying the provisions concerning the quorum required at a meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or
 - (h) altering any of paragraphs (a) to (g) above or any quorum requirements set out in Item (2) "Meeting quorum and rules" in this Section.

The special quorum provisions in paragraphs (i) and (v) above of Item (2) “Meeting quorum and rules” in this Section shall apply to any matters specified in paragraph (xi). Each such matter will become effective after being approved by Extraordinary Resolution in accordance with this paragraph.

- (xii) A resolution (including ordinary resolution and Extraordinary Resolution) passed at a meeting of Bondholders duly convened and held in accordance with the requirements in this chapter shall be binding on all the Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. Within 14 days of the result being known (provided that non-publication shall not invalidate the resolution), the Issuer shall publish the notice of the result of voting on any resolutions via **www.chinamoney.com.cn**, **www.shclearing.com** or any other website recognised by the Competent Authorities or the regulators or disclosed to the Bondholders in any other manner designated by the Competent Authorities or regulators.
- (xiii) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books from time to time provided for that purposes by the Issuer and any minutes signed by the chairman of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting in respect of the proceedings of which minutes have been so made shall be deemed to have been duly convened and held and all resolutions passed or proceedings had at the meeting to have been duly passed or had.

CHAPTER 17 LEGAL OPINIONS OF THE ISSUER'S LEGAL ADVISORS

Fangda Partners and Allen & Overy LLP have been appointed by the Issuer and issued legal opinions in connection with the proposed issuance by the Issuer of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) in the PRC interbank bond market, respectively.

1 Legal Opinion of Fangda Partners

The conclusive opinions in the legal opinion issued by Fangda Partners (subject to the assumptions, limitations and qualifications contained therein) are as follows:

The Issuer has obtained the approval in connection with the issuance of the Bonds and is permitted to issue the Bonds in accordance with the PBOC Approval, the Interim Measures, the relevant regulations and the relevant PBOC requirements; the Issuer satisfies the requirements imposed by the Interim Measures for foreign financial institutions to issue the bonds on the PRC interbank market; the key terms of the Bonds do not contravene any mandatory provisions of PRC law; the Bonds, upon their due issuance and the payment in full of the subscription monies therefor, will constitute legal, valid and binding obligations of the Issuer under PRC law; the use of proceeds from the offering of the Bonds does not contravene mandatory provisions of PRC law; the choice of law and the dispute resolution mechanism of the Bonds do not contravene mandatory provisions of PRC law.

2 Legal Opinion of Allen & Overy LLP

Allen & Overy LLP has provided a Singapore law legal opinion (the "Allen & Overy Opinion") on certain matters (including the authority and capacity of the Issuer) in connection with the issuance of the Bonds. The legal opinion was rendered on the basis of certain assumptions and qualifications, including but not limited to, the enforcement of obligations is subject, inter alia, to the nature of the remedies available in the Singapore courts, principles of law, procedure of general application and other matters. In this section, "**Bonds**" refers to the "2019 Renminbi Bonds of United Overseas Bank Limited (Series 1)"; "**Transaction Documents**" refers to the underwriting agreement entered into between the Issuer and the Joint Lead Underwriters (the "**Underwriting Agreement**") and the service agreement entered into between the Issuer and Interbank Market Clearing House Co., Ltd. (the "**Service Agreement**"). The conclusions in the legal opinion issued by Allen & Overy LLP include the following (subject to the assumptions, limitations and qualifications contained therein):

- (a) **Status:** The Issuer is a company incorporated and validly existing under the laws of Singapore and is capable of being sued in its own name. Based on the Banking Licence (as defined in the Allen & Overy Opinion") and the MAS Searches (as defined in the Allen & Overy Opinion"), the Issuer is licensed by the MAS as a local bank in Singapore under the Banking Act.
- (b) **Power and authority:** The Issuer has the corporate power to: (i) execute and deliver the Transaction Documents to which it is a party, (ii) issue the Bonds and (iii) perform its obligations under the Transaction Documents to which it is a party and the Bonds, and has taken all necessary corporate action (A) to appoint persons to execute and deliver the Transaction Documents to which it is a party and (B) so that, upon the execution of the Transaction Documents to which it is a party by the persons referred to in (A) above and delivery of such documents, it will be legally bound (subject to the qualifications concerning enforceability set out in this opinion) by its obligations under the Transaction Documents to which it is a party and the Bonds.
- (c) **Non-conflict:** The execution and delivery by the Issuer of the Transaction Documents to which it is a party, the issuance of the Bonds and the performance by the Issuer of its obligations under the Transaction Documents to which it is a party and the Bonds does not violate any provision of (i)

any existing Singapore law applicable to companies and banks generally, or (ii) the Constitution (as defined in the Allen & Overy Opinion”).

- (d) **Authorisations:** Based on the published laws of Singapore applicable to companies and banks generally, no consent, authorisation, licence or approval of, nor registration or filing with, any governmental or public bodies or authorities or courts in Singapore is required to be obtained by the Issuer under the laws of Singapore in connection with the execution, delivery, legality, validity, enforceability or admissibility in evidence of the Transaction Documents, the issuance of the Bonds, and/or the performance by Issuer of its obligations under the Transaction Documents and the Bonds.
- (e) **Enforceability:** The Transaction Documents and the Bonds are expressed to be governed by PRC law. There is no reason, so far as Singapore law is concerned, why Transaction Documents (including the Dispute Resolution Clause (as defined in the Allen & Overy Opinion)) and the Bonds (when issued in the manner described in the Transaction Documents) should not constitute legal, valid and binding obligations of the Issuer.
- (f) **Stamp duties:** No registration, stamp duty or similar tax is payable in Singapore in respect of the execution of the Transaction Documents or the issue and delivery of the Bonds.
- (g) **Fair summary:** The statements in the Offering Circular under the caption "Taxation Considerations for the Bonds – 2. Singapore" (the Singapore Taxation Section) insofar as such statements constitute summaries of the Singapore legal matters referred to therein and subject to the assumptions referred to therein, fairly present the information called for with respect to such legal matters and fairly summarise the matters referred to therein as of the date of the Offering Circular.
- (h) **Enforceability of arbitral award:** An award duly rendered by an arbitral tribunal seated in the PRC in accordance with the applicable law and the relevant arbitration agreement would generally be recognised and enforced without any re-examination of its merits by the Singapore courts, subject to the grounds for refusing to recognise such awards as provided in the International Arbitration Act (Cap 143A).

Investors can view the full text of the legal opinion provided by Fangda Partners and Allen & Overy LLP via the website specified in Chapter 20 “Documents Available for Inspection” during the Offering Period of the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1).

CHAPTER 18 INFORMATION DISCLOSURE ARRANGEMENTS

The Bank will honestly, correctly, sufficiently and timely disclose the information related to the Bonds, on www.chinamoney.com.cn, www.shclearing.com or other methods designated by PBOC, as required by PBOC.

1 Documents relating to the issue of the Bonds

The Issuer will, by no later than three Business Days before the Bookbuilding Date for the Bonds, disclose the following documents:

- (a) A copy of the Reply of the People's Bank of China on the Issue of Financial Bonds Onshore by United Overseas Bank Limited (Yin Han [2019] No. 4);
- (b) The Offering Circular and any Supplement thereto (where applicable) in relation to the Bonds;
- (c) A copy of the legal opinion issued by Allen & Overy LLP in relation to the Bonds (English version with a Chinese translation);
- (d) A copy of the legal opinion of Fangda Partners in relation to the Bonds;
- (e) A copy of the credit rating letter issued by the China Chengxin International Credit Rating Co., Ltd.;
- (f) The audited consolidated financial statements of the Group as at and for the three financial years ended 31 December 2015, 2016 and 2017 (English version with a Chinese translation);
- (g) The unaudited consolidated financial results of the Group as at and for the six months ended 30 June 2018 (English version with a Chinese summary);
- (h) The audited consolidated financial results of the Group as at and for the financial year ended 31 December 2018 (English version with a Chinese translation);
- (i) The consent letter of Ernst & Young LLP in relation to the Bonds (English version with a Chinese translation); and
- (j) The assurance report on the major differences between the Issuer's significant accounting policies and China Accounting Standards.

2 Periodic Reporting:

During the period in which any Bonds remain outstanding, the Bank will disclose:

- (a) the English version of its audited annual consolidated financial results within three months after the end of each financial year, and the Chinese translation of such financial results within 10 Business Days after the English version has been disclosed;
- (b) the English version of its audited annual consolidated financial statements (including the relevant notes to the financial statements) within four months after the end of each financial year, and the Chinese translation of such financial statements within 1 month after the English version has been disclosed; and
- (c) the English version of its unaudited interim or quarterly consolidated financial results within 45 days after the end of each financial quarter, and the Chinese summary of such financial results within 10 Business Days after the English version has been disclosed.

- 3 Disclosure of Material Events:** The Bank will timely report any material events affecting the repayment of debts by the Issuer to the regulators and the Competent Authorities and disclose the same to the investors at the same time or as soon as reasonably practicable after it reports or discloses the same to other international regulatory authorities or overseas stock exchanges. Such disclosures shall be made in the Chinese language.
- 4 Payment of Principal and Interest:** The Bank will publish the information in relation to the payment of principal of and interest on the Bonds five Business Days before the due date for payment. Such information shall be made in the Chinese language.
- 5 Credit Tracking Assessment Rating Report and Change in Credit Rating:** Following the registration and trading of the Bonds, China Chengxin International Credit Rating Co., Ltd. will issue a credit tracking assessment rating report relating to the Issuer and the Bonds on an annual basis as long as any Bond is outstanding. The Bank will publish the first such annual credit tracking assessment rating report no later than 31 July 2019, and will publish annual credit tracking assessment rating reports no later than 31 July for each subsequent year, as long as any Bond is outstanding.

In the event any additional credit tracking assessment report is issued by China Chengxin International Credit Rating Co., Ltd. about any downgrade of the credit rating of the Bonds or change in outlook of such credit rating to negative, the Bank shall disclose such additional credit tracking assessment results within 10 Business Days of such issue.

CHAPTER 19
ENTITIES INVOLVED IN THE BOND ISSUE

1 Contact Details of the Issuer and Intermediaries

Issuer:	United Overseas Bank Limited Address: 80 Raffles Place, UOB Plaza, Singapore 048624 Attention: Group Central Treasury, Koh Chin Chin (Managing Director) Telephone No.: +65 6539 1177
Lead Underwriter:	Bank of China Limited Address: No. 1 Fuxingmen Nei Dajie, Beijing, P.R.China Postal Code: 100818 Legal Representative: 陈四清 Attention: 苏博, 王彤 Telephone No.: +86 10 66592142/66593176 Fax No.: +86 10 66592730
Joint Lead Underwriter:	China Securities Co., Ltd. Address: 2nd Floor, Building B & E, Metro World Center, No.2 Chaoyangmennei Rd., Beijing, P.R.China Postal Code: 100010 Legal Representative: 王常青 Attention: Hu Hanjingqian 胡涵镜仟 Telephone No.: +86 10 6560 8367 Fax No.: +86 10 6560 8445
Joint Lead Underwriter:	Standard Chartered Bank (China) Limited 渣打银行（中国）有限公司 Address: Standard Chartered Tower, No. 201, Century Avenue, Pudong New Area, Shanghai, P.R.China 中国上海市浦东新区世纪大道 201 号渣 打银行大厦 Postal Code: 200120 Legal Representative: Zhang Xiaolei 张晓蕾 Attention: Wang Yanping 王燕萍 Telephone No.: +86 21 3851 8153 Fax No.: +86 21 3896 3041
Co-Manager:	HSBC Bank (China) Company Limited Address: L35, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong District, Shanghai, P.R.China 上海市浦东新区世纪大道 8 号上海国金中 心汇丰银行大楼 35 层 Postal Code: 200120 Legal Representative: Liao Yijian 廖宜建 Attention: Yang Chao 杨朝 Telephone No.: +86 21 3888 2847 Fax No.: +86 21 2320 8533
Legal Advisor to the Issuer as to PRC Law:	Fangda Partners Address: 24/F, HKRI Centre Two, HKRI Taikoo Hui 288 Shi Men Yi Road, Shanghai, PRC Postal Code: 200041 Attention: Christine Chen Telephone No.: +86 21 2208 1166 Fax No.: +86 21 5298 5599
Legal Advisor to the Principal Underwriters as	Global Law Office Address: 15/F Tower 1, China Central Place, No. 81 Jianguo Road

to PRC Law: Chaoyang District, Beijing
Postal Code: 100025
Legal Representative: Jinrong Liu
Attention: Xin Zhang, Li Zhu
Telephone No.: +86 10 6584 6688
Fax No.: +86 10 6584 6666

Legal Advisor to the Issuer as to Singaporean Law: Allen & Overy LLP
Address: 50 Collyer Quay, #09-01 OUE Bayfront, Singapore 049321
Postal Code: 049321
Legal Representative: Yin Mei Lock
Telephone No.: +65 6671 6000
Fax No.: +65 6671 6499

Auditors: Ernst & Young LLP, Singapore
Address: One Raffles Quay, North Tower, Level 18, Singapore
Postal Code: 048583
Attention: Winston Ngan
Telephone No.: +65 6309 6918
Fax No.: +65 6532 7662

Bond Registrar and Custodian: Interbank Market Clearing House Co., Ltd.
Address: No.2, Beijing East Road, HuangPu District, Shanghai, China
Postal Code: 200002
Attention: Issue Department
Telephone No.: +86 21 2319 8888
Fax No.: +86 21 2319 8866

CHAPTER 20
DOCUMENTS AVAILABLE FOR INSPECTION

1. Reply of the People's Bank of China on the Issue of Financial Bonds Onshore by United Overseas Bank Limited (Yin Han [2019] No. 4);
2. Extract of the Board resolutions approving issuance of the Bonds;
3. Offering Circular relating to the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1);
4. Legal opinion of Fangda Partners in connection with the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1);
5. Legal opinion of Allen & Overy LLP in connection with the 2019 Renminbi Bonds of United Overseas Bank Limited (Series 1);
6. Credit rating letter issued by the China Chengxin International Credit Rating Co., Ltd.;
7. Audited consolidated financial statements for 2015, 2016 and 2017 of the Group (English version with a Chinese translation); and
8. The unaudited consolidated financial results of the Group as at and for the six months ended 30 June 2018 (English version with a Chinese summary);
9. Audited consolidated financial results of the Group as at and for the financial year ended 31 December 2018 (English version with a Chinese translation); and
10. The assurance report on the major differences between the Issuer's significant accounting policies and China Accounting Standards.

The full text of this Offering Circular and copies of the documents mentioned above will be available for inspection by the investors at the following places during the offering period:

Issuer:

United Overseas Bank Limited
Address: 80 Raffles Place, UOB Plaza, Singapore 048624
Attention: Group Central Treasury, Koh Chin Chin (Managing Director)
Telephone No.: +65 6539 1177

Lead Underwriter:

Bank of China Limited
Address: No. 1 Fuxingmen Nei Dajie, Beijing, P.R.China
Postal Code: 100818
Legal Representative: 陈四清
Attention: 苏博, 王彤
Telephone No.: +86 10 66592142/66593176
Fax No.: +86 10 66592730

Joint Lead Underwriter:

China Securities Co., Ltd.

Address:
2nd Floor, Building B & E, Metro World Center, No.2 Chaoyangmennei Rd., Beijing, P.R.China
Postal Code: 100010
Legal Representative: 王常青
Attention: Hu Hanjingqian 胡涵镜仟

Telephone No.: +86 10 6560 8367

Fax No.: +86 10 6560 8445

Joint Lead Underwriter:

Standard Chartered Bank (China) Limited 渣打银行（中国）有限公司

Address: Standard Chartered Tower, No. 201, Century Avenue, Pudong New Area, Shanghai, P.R.China 中国上海市浦东新区世纪大道 201 号渣打银行大厦

Postal Code: 200120

Legal Representative: Zhang Xiaolei 张晓蕾

Attention: Wang Yanping 王燕萍

Telephone No.: +86 21 3851 8153

Fax No.: +86 21 3896 3041

Investors can also access to the full text of this Offering Circular and the documents mentioned above on the following Internet sites during the offering period:

<http://www.shclearing.com>

<http://www.chinamoney.com.cn>

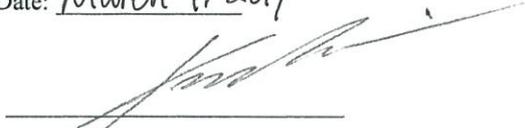
The above websites and any other websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular and none of the Issuer, its directors, officers or employees or the Principal Underwriters accept any responsibility whatsoever 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 Bonds.

Signature Page for "2019 Renminbi Bonds of United Overseas Bank Limited (Series 1) Offering Circular"

(No content in this page)

By Legal representative (or Authorised Representative):

Date: March 7, 2019

A handwritten signature in black ink, appearing to read 'Koh Chin Chin', written over a horizontal line.

Name: Koh Chin Chin

Position: Managing Director