

## IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

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

**Confirmation of Your Representation:** In order to be eligible to view the attached offering circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached offering circular is being sent at your request and by accepting the e-mail and accessing the attached offering circular, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached offering circular, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein.

The attached offering circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Oversea-Chinese Banking Corporation Limited, Citigroup Global Markets Singapore Pte. Ltd. or J.P. Morgan (S.E.A.) Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the offering circular distributed to you in electronic format and the hard copy version.

**Restrictions:** The attached offering circular is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Oversea-Chinese Banking Corporation Limited, Citigroup Global Markets Singapore Pte. Ltd. or

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The attached offering circular or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Amara Holdings Limited in such jurisdiction. The attached offering circular may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

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

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

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

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

Offering Circular dated August 18, 2015



## Oversea-Chinese Banking Corporation Limited

(incorporated with limited liability in the Republic of Singapore)  
(Company Registration Number 193200032W)

### **\$500,000,000 3.80 per cent. Non-Cumulative Non-Convertible Perpetual Capital Securities**

**Issue Price: 100.0 per cent.**

The \$500,000,000 3.80 per cent. non-cumulative non-convertible perpetual capital securities (the "**Capital Securities**") will be issued by Oversea-Chinese Banking Corporation Limited (the "**Issuer**" or "**OCBC Bank**").

The Capital Securities confer a right to receive distributions (each a "**Distribution**") at the applicable rate (the "**Distribution Rate**"), being (i) in respect of the period from (and including) August 25, 2015 (the "**Issue Date**" to (but excluding) August 25, 2020 (the "**First Reset Date**"), 3.80 per cent. per annum and (ii) in respect of the period from (and including) a Reset Date to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined herein).

The Capital Securities will be issued on or about the Issue Date (as defined herein) and will be constituted by a trust deed to be dated on or before the Issue Date between the Issuer and The Bank of New York Mellon, Singapore Branch as trustee (the "**Trustee**"). Subject to the provisions of the Capital Securities relating to cancellation of Distributions (see "*Terms and Conditions of the Capital Securities – Distribution Cancellation*"), Distributions shall be payable semi-annually in arrear on February 25 and August 25 in each year (each a "**Distribution Payment Date**").

The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents (as defined herein) at least 10 business days prior to the relevant Distribution Payment Date. In addition, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date if: (a) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the Monetary Authority of Singapore (the "**MAS**") from making payment in full of dividends or other distributions when due on Parity Obligations (as defined herein); (b) the Issuer is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS' consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637 – "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" issued by the MAS, as amended, replaced or supplemented from time to time; or (c) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or in part) during the Issuer's then-current fiscal year on the Capital Securities or Parity Obligations (as defined herein), would exceed the Distributable Reserves (as defined herein) as of the Distribution Determination Date (as defined herein).

The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. Subject to the insolvency laws of Singapore and other applicable laws, upon the occurrence of any winding-up proceeding (other than pursuant to a Permitted Reorganisation (as defined herein)), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of (i) Senior Creditors (as defined herein) and (ii) holders of Tier II Capital Securities (as defined herein), and will rank senior to all Junior Obligations (as defined herein). The Capital Securities will rank *pari passu* with Parity Obligations.

The Capital Securities are perpetual securities and have no fixed final redemption date. However, subject to the Issuer obtaining the prior approval of the MAS, the Issuer may (a) redeem the Capital Securities, in whole but not in part, at any time (i) on or after the First Reset Date; (ii) if a Qualifying Tax Event has occurred and is continuing; or (iii) if a Change of Qualification Event has occurred and is continuing or (b) vary the terms of the Capital Securities where such variation does not result in terms that are materially less favourable to the Securityholders and so that they remain Qualifying Securities.

If a Trigger Event (as defined herein) occurs, the Issuer shall, upon the issue of a Trigger Event Notice (as defined herein), irrevocably and without the need for the consent of the Trustee or the Securityholders, procure that the Registrar shall reduce the principal amount and cancel any accrued but unpaid Distribution of each Capital Security (in whole or in part) by an amount equal to the Trigger Event Write-off Amount (as defined herein) per Capital Security, save that the Trigger Event Write-off Amount per Capital Security shall not exceed the prevailing principal amount and accrued but unpaid Distribution of such Capital Security. Once any principal or Distribution under a Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue. No Securityholder may exercise, claim or plead any right to any Trigger Event Write-off Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Trigger Event Write-off Amount.

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

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

The Capital Securities are expected to be rated A3 by Moody's Investors Service, Inc. ("**Moody's**"), BBB- by Standard & Poor's Rating Services ("**S&P**") and BBB by Fitch Ratings Ltd ("**Fitch**"). A credit rating is not a recommendation to buy, sell or hold the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

This Offering Circular has not been registered as a prospectus with the MAS. The Capital Securities may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), 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.

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

**Sole Bookrunner**

**OCBC Bank**

**Joint Lead Managers**

**Citigroup**

**J.P. Morgan**

## IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts as at the date of this Offering Circular and does not omit any material information likely to affect the import of such information.

This Offering Circular has been prepared by the Issuer for use in connection with the issue and offering of the Capital Securities to non-U.S. persons outside the United States. The Issuer, the Sole Bookrunner (as defined below) and the Joint Lead Managers (as defined herein) reserve the right to reject any offer to purchase the Capital Securities, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any person outside the United States to any person within the United States is unauthorized, and without the prior written consent of the Issuer any disclosure of any of its contents to any person within the United States and to and for the account or benefit of U.S. persons is prohibited.

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

None of the Sole Bookrunner, the Joint Lead Managers, the Trustee, any of the Agents or any of their respective affiliates has separately verified the information contained in this Offering Circular. None of the Issuer, the Sole Bookrunner, the Joint Lead Managers or any of their respective officers or employees is making any representation, warranty or undertaking, express or implied, as to the merits of the Capital Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, the Sole Bookrunner, the Joint Lead Managers make no representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Capital Securities (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provision of the SFA). Each investor receiving this Offering Circular acknowledges that such investor has not relied on the Sole Bookrunner, the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Sole Bookrunner, the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Capital Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Sole Bookrunner, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular or such other document or information (or such part thereof) should subscribe for or purchase any of the Capital Securities. Each investor of the Capital Securities shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, its subsidiaries and associated companies. Accordingly, notwithstanding anything herein, none of the Issuer, the Sole

Bookrunner, the Joint Lead Managers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Offering Circular or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Offering Circular or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Capital Securities by a recipient of this Offering Circular or such other document or information (or such part thereof).

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

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

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

The distribution of this Offering Circular and the issue, offering or sale of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Sole Bookrunner, the Joint Lead Managers to inform themselves about and to observe any such restriction. The Capital Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Capital Securities may not be offered or sold within the United States or to or for the account or benefit of U.S. persons. For a description of certain restrictions on offers and sales of the Capital Securities and on distribution of this Offering Circular, see "*Subscription and Sale*".

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

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

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

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

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

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

## CERTAIN DEFINITIONS, CONVENTIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this document, references to “**we**”, “**our**” and “**us**” mean, as the context requires, Oversea-Chinese Banking Corporation Limited on an unconsolidated basis or Oversea-Chinese Banking Corporation Limited and its subsidiaries on a consolidated basis. References to “**OCBC Bank**” or “**the Issuer**” are to Oversea-Chinese Banking Corporation Limited on an unconsolidated basis and references to “**OCBC Group**”, “**the Group**” or “**our Group**” are to OCBC Bank and its subsidiaries on a consolidated basis.

Rounding adjustments have been made in calculating some of the financial and operating information included in this Offering Circular. As a result, numerical figures shown as total amounts in some tables may not be exact arithmetic aggregations of the figures that make up such total amounts.

Unless otherwise specified or required by the context: references to “**days**” are to calendar days; references to “**years**” are to calendar years; references to “**China**” are to the People’s Republic of China and to “**Greater China**” are to China, Hong Kong, Macau and Taiwan; references to “**Singapore dollars**” or “**S\$**” are to the lawful currency of Singapore; references to “**Malaysian Ringgit**” or “**MYR**” are to the lawful currency of Malaysia; references to “**U.S.\$**” or “**U.S. dollars**” are to the lawful currency of the United States; references to “**Indonesian Rupiah**” or “**IDR**” are to the lawful currency of the Republic of Indonesia; references to “**Renminbi**” or “**RMB**” are to the lawful currency of the People’s Republic of China and references to “**HK\$**” or “**Hong Kong dollars**” are to the lawful currency of Hong Kong.

In this Offering Circular all of our financial information is presented on a consolidated basis, unless we state otherwise. This Offering Circular incorporates by reference our audited consolidated financial statements as of and for the years ended December 31, 2013 and 2014, and our unaudited consolidated financial statements as of and for the half year ended June 30, 2015.

For the purpose of financial reporting of business segment results, our businesses are presented under five main segments representing the key customer and product groups: “Global Consumer/Private Banking”, “Global Corporate/Investment Banking”, “Global Treasury and Markets”, “Insurance” and “Others”. An additional segment for “OCBC Wing Hang” was included for the year ended December 31, 2014 and for the six month period ended June 30, 2015 to reflect the progressive consolidation of OCBC Wing Hang from July 2014. We first acquired a majority stake in OCBC Wing Hang in July 2014 and it became a wholly-owned subsidiary in October 2014. The “Global Consumer/Private Banking” segment covers consumer banking, private banking and retail brokerage services, and “Global Corporate/Investment Banking” encompasses corporate banking, corporate finance and capital market solutions. The “Global Treasury and Markets” segment reflects the management of the Group’s asset and liability positions as well as trading activities, with income from products and services offered to customers reflected in the respective business segments. The “Others” segment comprises property holding, investment holding and items not attributable to the other business segments. Where there are material changes in the organizational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following documents (or sections of documents) which have been previously published:

- (1) audited consolidated annual financial statements of OCBC Bank for the financial year ended December 31, 2013, together with the audit report thereon;
- (2) audited consolidated annual financial statements of OCBC Bank for the financial year ended December 31, 2014, together with the audit report thereon; and
- (3) unaudited consolidated financial statements of OCBC Bank for the half year ended June 30, 2015, together with the review report thereon.

Such documents shall be deemed to be incorporated in, and to form part of, this Offering Circular, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. Any documents themselves incorporated by reference in such documents incorporated by reference shall not form part of this Offering Circular.

Copies of the documents incorporated by reference in this Offering Circular may be obtained from the Issuer at its registered office and on its website [www.ocbc.com](http://www.ocbc.com). Website addresses in this Offering Circular are included for reference only and the contents of any such websites are not incorporated by reference into, and do not form part of, this Offering Circular.

## FORWARD-LOOKING STATEMENTS

This document contains in a number of places forward-looking statements regarding our intent, belief or current expectations of our management with respect to the future results of our operations and financial condition and the OCBC Group, including without limitation future loan loss provisions and financial support to borrowers. In many cases but not all, the words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “would”, “could”, “plan”, “probability”, “project”, “risk”, “seek”, “should”, “future”, “target” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described here as anticipated, believed, estimated, expected or intended.

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and the differences may be material. Potential risks and uncertainties include, without limitation, the following:

- the health of the economies of Singapore, Malaysia, Indonesia and Greater China;
- our ability to successfully implement our strategy;
- our growth and expansion in domestic and overseas markets;



- the actual growth in demand for banking and other financial products and services in the countries in which we operate, including Singapore, Malaysia, Indonesia and Greater China;
- insufficient liquidity;
- the state of the global financial system and systemic risk arising from problems of other financial institutions;
- the constraints on our operations due to capital adequacy requirements;
- the evolving capital adequacy requirements;
- our future levels of non-performing and restructured loans;
- the adequacy of our allowance for credit losses;
- the incurrence of significant credit-related costs;
- changes in credit spreads, interest rates and exchange rates;
- our ability to roll over our short term funding sources and our exposure to credit, market and liquidity risks;
- our exposure to new risks as we expand the scope of our business;
- the success of our business alliances;
- the declines in the value of our securities portfolio;
- revisions to actuarial assumptions;
- our ability to maintain an effective system of internal controls;
- our failure to hire and retain qualified employees;
- regulatory sanctions;
- the impact of changes in banking laws and regulations and other regulatory changes in jurisdictions affecting our business; and
- our ability to maintain competitiveness.

Given these and other risks and uncertainties, you should not place undue reliance on forward-looking statements, which speak only as of the date of this document. We, the Sole Bookrunner and the Joint Lead Managers disclaim any obligation to update or to announce publicly any revision to any of the forward-looking statements contained in this document to reflect any actual events or developments. The information contained in this Offering Circular, including without limitation the information under “*Risk Factors*”, identifies important factors in addition to those referred to above that could cause differences.

## TABLE OF CONTENTS

	<b>Page</b>
<b>SUMMARY OF THE OFFERING</b> .....	1
<b>SUMMARY FINANCIAL AND OTHER INFORMATION</b> .....	14
<b>RISK FACTORS</b> .....	16
<b>TERMS AND CONDITIONS OF THE CAPITAL SECURITIES</b> .....	40
<b>SUMMARY OF PROVISIONS RELATING TO CAPITAL SECURITIES WHILE IN GLOBAL FORM</b> .....	62
<b>USE OF PROCEEDS</b> .....	64
<b>BUSINESS</b> .....	65
<b>CAPITALIZATION AND INDEBTEDNESS</b> .....	101
<b>MANAGEMENT</b> .....	102
<b>SUBSIDIARIES, AFFILIATES AND ASSOCIATED COMPANIES</b> .....	115
<b>SUPERVISION AND REGULATION</b> .....	116
<b>SINGAPORE TAXATION</b> .....	136
<b>SUBSCRIPTION AND SALE</b> .....	141
<b>CLEARANCE AND SETTLEMENT</b> .....	144
<b>GENERAL INFORMATION</b> .....	145

## SUMMARY OF THE OFFERING

The following is a general summary of the offering of the Capital Securities. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Capital Securities (the “**Conditions**”), the Trust Deed (the “**Trust Deed**”) and the Agency Agreement (the “**Agency Agreement**”) relating to the Capital Securities. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.

<b>Issuer</b>	:	Oversea-Chinese Banking Corporation Limited.
<b>Sole Bookrunner</b>	:	Oversea-Chinese Banking Corporation Limited.
<b>Joint Lead Managers</b>	:	Citigroup Global Markets Singapore Pte. Ltd. and J.P. Morgan (S.E.A.) Limited.
<b>Description</b>	:	S\$500,000,000 3.80 per cent. Non-Cumulative Non-Convertible Perpetual Capital Securities.
<b>Issue Date</b>	:	August 25, 2015.
<b>Status of the Capital Securities</b>	:	The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described below.

Subject to the insolvency laws of Singapore and other applicable laws, upon the occurrence of any winding-up proceeding (other than pursuant to a Permitted Reorganisation), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of (i) Senior Creditors and (ii) holders of Tier II Capital Securities, and will rank senior to all Junior Obligations. The Capital Securities will rank *pari passu* with Parity Obligations. In the event that (i) the Securityholders do not receive payment in full of principal due and payable in respect of the Capital Securities plus Distributions thereon accrued to the date of repayment in any winding-up of the Issuer and (ii) the winding-up order or resolution passed for the winding-up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Securityholder did not receive payment in full of such principal of and Distributions on the Capital Securities, such unpaid amount shall remain payable in full.

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

**“Existing Additional Tier I Capital Securities”** means the following outstanding instruments issued or guaranteed by the Issuer:

- (i) Class G 4.2% Non-cumulative Non-convertible Preference Shares of the Issuer;
- (ii) Class M 4.0% Non-cumulative Non-convertible Preference Shares of the Issuer; and
- (iii) 5.1% Non-cumulative Non-convertible Guaranteed Preference Shares of OCBC Capital Corporation (2008).

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

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

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

**“Parity Obligation”** means any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier I Capital Securities, including, for the avoidance of doubt, the Existing Additional Tier I Capital Securities;

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

**“Senior Creditors”** means creditors of the Issuer (including the Issuer’s depositors) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the Securityholders.

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

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

- No Set-off** : No Securityholder may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities. Each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights of set-off, counterclaim or retention against the Issuer to the fullest extent permitted by law. If at any time any Securityholder receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, counterclaim or retention) other than in accordance with the Trust Deed, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder, by virtue of his holding of any Capital Securities, shall agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Capital Securities.
- Issue Price** : 100.0 per cent.
- Form and Denomination** : The Capital Securities will be issued in registered form in the specified denomination of S\$250,000.
- Distributions** : Subject to, *inter alia*, **“Distribution Cancellation”**, **“No Obligation to Pay”** and **“Distributable Reserves”** below, the Capital Securities confer a right to receive distributions (each a **“Distribution”**) calculated at the applicable Distribution Rate (as defined herein) from (and including) the Issue Date, and payable semi-annually in arrear on February 25 and August 25 in each year (each a **“Distribution Payment Date”**).
- Non-cumulative Distributions** : Distributions will not be cumulative and if a Distribution is not paid in accordance with Condition 5(a), the Issuer is not under any obligation to pay that or any other Distributions that have not been paid. Such unpaid Distributions are non-cumulative and do not accrue interest. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to Condition 5.

- Distribution Rate** : The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:
- (i) in respect of the period from (and including) the Issue Date to (but excluding) August 25, 2020 (the “**First Reset Date**”), 3.80 per cent. per annum; and
  - (ii) in respect of the period from (and including) a Reset Date to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate.

“**Initial Spread**” means 1.51 per cent.

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

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

“**Swap Offer Rate**” means, the rate per annum (expressed as a percentage) determined and notified by the Calculation Agent to the Issuer and the Principal Paying Agent equal to the rate appearing under the column headed “Ask” for a maturity of five years which appears on the Bloomberg Screen TPIS Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” (or such other substitute page thereof or if there is no substitute page, the screen page which is the generally accepted page used by market participants at that time) published at the close of business on the second business day (being a day other than a Saturday or a Sunday) on which commercial banks are open for business in Singapore preceding the relevant Reset Date, provided that, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.

- Distribution Cancellation** : The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (such notice, which shall be conclusive and binding on the Securityholders, a “**Distribution Cancellation Notice**”) of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date.

- No Obligation to Pay** : Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:
- (i) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations;

- (ii) the Issuer is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS' consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637, from time to time applicable to the Issuer; or
- (iii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Issuer's then-current fiscal year on the Capital Securities or Parity Obligations, would exceed the Distributable Reserves as of the Distribution Determination Date.

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

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

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

**Distributable Reserves** : Any Distribution may only be paid out of Distributable Reserves.

**Distribution Stopper** : If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of Condition 5, the Issuer shall not:

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

in each case, until (x) the next two scheduled Distributions have been paid in full (or an amount equivalent to the next two scheduled Distributions has been paid, or irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (y) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed).

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

**Loss Absorption upon Trigger Event** : If a Trigger Event occurs, the Issuer shall, upon the issue of a Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the Securityholders, procure that the Registrar shall reduce the principal amount and cancel any accrued but unpaid Distribution of each Capital Security (in whole or in part) by an amount equal to the Trigger Event Write-off Amount per Capital Security (a “**Write-off**”, and “**Written-off**” shall be construed accordingly), save that the Trigger Event Write-off Amount per Capital Security shall not exceed the prevailing principal amount and accrued but unpaid Distribution of such Capital Security.



**“Trigger Event”** means the earlier of:

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

**“Trigger Event Notice”** means the notice specifying that a Trigger Event has occurred, which shall be issued by the Issuer not more than two business days after the occurrence of a Trigger Event to the Securityholders in accordance with Condition 16(b), the Trustee and the Agents and which shall state with reasonable detail the nature of the relevant Trigger Event and specify the Trigger Event Write-off Amount per Capital Security to be Written-off. For the purpose of this definition, a Trigger Event Notice shall be deemed to be delivered on a business day if it is received by the Trustee at its principal place of business and by the Agents at their respective specified offices during normal business hours.

**“Trigger Event Write-off Amount”** means the amount of Distribution and/or principal to be Written-off as the Issuer shall, in consultation with the MAS, determine or as the MAS may direct, which is required to be Written-off for the Trigger Event to cease to continue. For the avoidance of doubt, the Write-off will be effected in full even in the event that the amount Written-off is not sufficient for the Trigger Event to cease to continue.

**Consequence of a Loss Absorption upon Trigger Event** : Once any principal or Distribution under a Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue. No Securityholder may exercise, claim or plead any right to any Trigger Event Write-off Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Trigger Event Write-off Amount.

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

**Redemption at the Option of the Issuer** : Subject to **“Redemption Conditions”** below, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on or after the First Reset Date, on giving not less than 30 but not more than 60 days’ irrevocable notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount.

**“Redemption Amount”** means the principal amount of the Capital Securities, together with, subject to Condition 5, Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

**Redemption for Taxation Reasons** : Subject to “**Redemption Conditions**” below, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 but not more than 60 days’ notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Qualifying Tax Event has occurred and is continuing, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts (as defined in Condition 9) were a payment in respect of the Capital Securities be due.

“**Qualifying Tax Event**” means that, 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 any taxing authority of any tax jurisdiction in which the Issuer is a tax resident), or any generally published application or interpretation of such laws or regulations by any such relevant tax authority or any generally published pronouncement by any such tax authority, including a decision of any court or tribunal in any such jurisdiction, which change or amendment becomes effective on or after the Issue Date,

- (i) the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts;
- (ii) payments of Distributions will or would be treated as “distributions” or dividends within the meaning of the Income Tax Act, Chapter 134 of Singapore or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes; or
- (iii) the Capital Securities do not qualify as “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

**Redemption for Change of Qualification Event** : Subject to “**Redemption Conditions**” below, the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 but not more than 60 days’ notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Change of Qualification Event has occurred and is continuing.

**“Change of Qualification Event”** means as a result of a change or amendment to the relevant requirements issued by MAS, or any change in, or amendment to, the application of official or generally accepted and published interpretation of such relevant requirements issued by MAS or any relevant supervisory authority having jurisdiction over the Issuer, including a ruling or notice issued by MAS or any such relevant supervisory authority, or any interpretation or pronouncement by MAS or any such relevant supervisory authority that provides for a position with respect to such requirements issued by MAS that differs from the previously published official or such generally accepted and published interpretation in relation to similar transactions or which differs from any specific written statements made by MAS or any relevant supervisory authority having jurisdiction over the Issuer in relation to:

- (i) the qualification of the Capital Securities as Additional Tier I Capital Securities; or
- (ii) the inclusion of the Capital Securities in the calculation of the capital adequacy ratio,

in each case, of the Issuer (either on a consolidated or an unconsolidated basis) (“**Eligible Capital**”), which change or amendment:

- (a) becomes, or would become, effective on or after the Issue Date; or
- (b) in the case of a change to the relevant requirements issued by the MAS or any relevant authority, if such change or amendment is expected to be issued by the MAS or any relevant supervisory authority on or after the Issue Date,

the Capital Securities (in whole or in part) would not qualify as Eligible Capital (excluding, for the avoidance of doubt, non-qualification solely by virtue of the Issuer already having, or coming to have, an issue of securities with an aggregate principal amount up to or in excess of the limit of Additional Tier I Capital Securities permitted pursuant to the relevant legislation and statutory guidelines in force as at the Issue Date).

## Variation

: Subject to “**Redemption Conditions**” below, the Issuer may at any time, without any requirement for the consent or approval of the Securityholders and having given not less than 30 nor more than 60 days’ notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of the Capital Securities, where such variation does not result in terms that are materially less favorable to the Securityholders and so that they remain or, as appropriate, become Qualifying Securities and provided further that:

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

“**Additional Amounts**” means such additional amounts the Issuer shall pay as will result (after withholding or deduction) in receipt by the Securityholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Capital Securities.

A “**Capital Event**” will be deemed to have occurred if any Capital Securities are not, or cease to be, eligible in their entirety to be treated as Additional Tier I Capital Securities of the Issuer.

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

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

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

- (ii) shall:
  - (a) include a ranking at least equal to that of the Capital Securities;

- (b) have at least the same distribution rate and the same Distribution Payment Dates as those applying to the Capital Securities;
  - (c) have the same redemption rights as the Capital Securities;
  - (d) preserve any existing rights under the Capital Securities to any accrued Distributions which have not been paid in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation; and
  - (e) are assigned (or maintain) the same or higher credit ratings as were assigned to the Capital Securities immediately prior to such variation; and
- (iii) are listed on the SGX-ST (or such other stock exchange approved by the Trustee) if the Capital Securities were listed immediately prior to such variation.

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

- Redemption Amount** : The principal amount of the Capital Securities, together with, subject to Condition 5, Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption.
- Redemption Conditions** : Any redemption or variation (to the extent that any variation would impact the eligibility of any Capital Securities as Additional Tier I Capital Securities) of Capital Securities by the Issuer is subject to the Issuer obtaining the prior approval of the MAS.
- Purchase** : The Issuer and its subsidiaries (with the prior approval of MAS, for so long as the Issuer is required to obtain such approval) may at any time purchase the Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Capital Securities are listed, the requirements of the relevant stock exchange.

- Clearing System** : The Capital Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described therein, certificates for Capital Securities will not be issued in exchange for beneficial interests in the Global Certificate.
- Taxation** : All payments of principal and Distributions by or on behalf of the Issuer in respect of the Capital Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall result in receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Capital Security in the circumstances specified in Condition 9.
- Selling Restrictions** : There are restrictions on the offer, sale and transfer of the Capital Securities in, among others, the United States, Hong Kong and Singapore. For a description of the selling restrictions on offer, sale and transfer of the Capital Securities, see “*Subscription and Sale*”.
- Listing and Trading of the Capital Securities** : Approval in-principle has been received for the listing and quotation of the Capital Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offering Circular. Approval in-principle received for the listing and quotation of the Capital Securities is not to be taken as an indication of the merits of the Capital Securities, the Issuer, its subsidiaries and/or its associated companies. The Capital Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000 for so long as the Capital Securities are listed on the SGX-ST.
- Rating of the Capital Securities** : The Capital Securities are expected to be rated A3 by Moody’s, BBB- by S&P and BBB by Fitch. A credit rating is not a recommendation to buy, sell or hold the Capital Securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
- Trustee** : The Bank of New York Mellon, Singapore Branch.
- Principal Paying Agent, Registrar and Transfer Agent** : The Bank of New York Mellon, Singapore Branch.
- Calculation Agent** : The Bank of New York Mellon, London Branch.

- Governing Law** : The Capital Securities will be governed by, and construed in accordance with, the laws of Singapore.
- Use of Proceeds** : The net proceeds from the issue of the Capital Securities are intended to be used for general corporate purposes. See “*Use of Proceeds*”.
- Capital Treatment of the Capital Securities** : It is intended that the Capital Securities will qualify as Additional Tier 1 capital of OCBC Bank.

## SUMMARY FINANCIAL AND OTHER INFORMATION

The following table sets out the summary financial and other information derived from our audited consolidated financial statements as of and for each of the years ended December 31, 2013 and 2014, and our unaudited consolidated financial statements as of and for the half year ended June 30, 2015. The financial information as of and for each of the two years ended December 31, 2013 and 2014 is based on, and should be read in conjunction with, our audited consolidated financial statements as of and for the years ended December 31, 2013 and 2014 and the notes related thereto which are incorporated by reference into this Offering Circular.

	Year ended December 31, 2013	Year ended December 31, 2014	Half year ended June 30, 2015
	(audited) S\$ (in millions)	(audited) S\$ (in millions)	(unaudited but reviewed) S\$ (in millions)
Summary Income Statement information:			
Interest income	6,174	7,607	4,213
Interest expense	(2,291)	(2,871)	(1,682)
Net interest income	3,883	4,736	2,531
Premium income	7,600	7,808	3,504
Investment income	2,395	2,411	1,568
Net claims, surrenders and annuities	(6,134)	(5,309)	(2,466)
Change in life assurance fund contract liabilities	(1,844)	(2,779)	(1,574)
Commission and others	(1,418)	(1,363)	(701)
Profit from life assurance	599	768	331
Premium income from general insurance	157	162	80
Fees and commissions (net)	1,355	1,495	833
Dividends	75	106	50
Rental income	67	76	51
Other income	485	606	453
Gain on remeasurement <sup>(1)</sup>	–	391	–
Non-interest income	2,738	3,604	1,798
Total income	6,621	8,340	4,329
Staff costs	(1,715)	(2,003)	(1,119)
Other operating expenses	(1,069)	(1,255)	(672)
Total operating expenses	(2,784)	(3,258)	(1,791)
Operating profit before allowances and amortization	3,837	5,082	2,538
Amortization of intangible assets	(58)	(74)	(48)
Allowances for loans and impairment for other assets	(266)	(357)	(144)
Operating profit after allowances and amortization	3,513	4,651	2,346
Share of results of associates and joint ventures	54	112	191
Profit before income tax	3,567	4,763	2,537
Income tax expense	(597)	(687)	(376)
Profit for the year	2,970	4,076	2,161
Attributable to:			
Equity holders of OCBC Bank	2,768	3,842	2,041
Non-controlling interests	202	234	120
	2,970	4,076	2,161
Attributable to equity holders of OCBC Bank:			
Core Profit	2,768	3,451	2,041
Gain on remeasurement <sup>(1)</sup>	–	391	–
	2,768	3,842	2,041

**Note:**

- (1) Gain from remeasurement of equity stake in initial investment in Bank of Ningbo upon the latter becoming an associate of the Group in September 2014.



	<b>As at December 31,</b>	<b>As at December 31,</b>	<b>As at June 30,</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited but reviewed)</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
	<i>(in millions, except for percentages)</i>	<i>(in millions, except for percentages)</i>	<i>(in millions, except for percentages)</i>
Summary Balance Sheet information:			
Net loans and bills receivable <sup>(1)</sup>	167,854	207,535	207,828
Placements with and loans to banks	39,573	41,220	45,366
Total assets	338,448	401,226	399,014
Deposits of non-bank customers	195,974	245,519	246,424
Deposits and balances of banks	21,549	20,503	16,924
Total liabilities	310,369	367,041	363,354
Total equity	28,079	34,185	35,660
Credit quality information:			
Total non-performing loans	1,239	1,279	1,460
Total non-performing loans as a percentage of gross loans	0.7%	0.6%	0.7%
Total non-performing assets	1,304	1,317	1,494
Substandard	844	788	898
Doubtful	312	283	319
Loss	148	246	277
Specific allowances for non-performing assets	234	317	327
Consolidated capital information:			
Common Equity Tier 1 capital <sup>(2)</sup>	21,884	25,979	27,181
Eligible Tier 1 capital	21,884	25,979	27,181
Eligible total capital	24,539	29,927	30,857
Total risk weighted assets	150,325	188,108	191,575
CET1 CAR <sup>(2)</sup>	14.5%	13.8%	14.1%
Tier 1 CAR <sup>(2)</sup>	14.5%	13.8%	14.1%
Total CAR <sup>(2)</sup>	16.3%	15.9%	16.1%

**Notes:**

(1) Net of specific and portfolio allowances.

(2) Capital adequacy ratios are computed based on MAS' transitional Basel III rules for 2013 and 2014.

## RISK FACTORS

*Prior to making an investment decision, investors should carefully consider, along with other matters set forth in this document, the following risk factors. These risk factors are not necessarily of equal importance, likelihood of occurrence or duration. Additionally, some risk factors may be related to others, and the occurrence of events described in one risk factor could increase the likelihood of occurrence of events described in others. The occurrence of any of the following events could have a material adverse effect on our business including our ability to grow our asset portfolio, the quality of our assets, our liquidity, our financial performance, our ability to implement our strategy and our ability to pay the Distributions or principal on the Capital Securities in a timely fashion or at all. Terms used but not defined in this or prior sections have the meanings given to them in the other sections of this Offering Circular.*

### **Risks Relating to the Current Financial Environment**

***Global and regional geo-political, economic and financial conditions could adversely affect our operations, asset quality and growth and cause our business to suffer***

Since late 2007, the global economy has experienced sporadic and significant downturns and liquidity disruptions.

Although there have been signs of economic recovery in the United States and other major economies, this recovery has been uneven and partially attributable to the effects of various government economic stimulus efforts. The sustainability of the recovery in the absence of such government intervention is uncertain. Furthermore, there has been no conclusive resolution of fiscal debt and sovereign credit issues affecting a number of developed economies, particularly in Europe, which has contributed to continuing global uncertainty. Risks and ongoing concerns about the debt crisis in Europe, as well as the possible exit of Greece from the Eurozone, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending, bankruptcy rates, levels of incurrence of and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere. Financial conditions could become volatile if high-income economies tighten monetary policy on diverging timelines as demonstrated by the differing policies of central banks in Europe, China and Japan compared to the U.S. Federal Reserve.

Several major forces are driving the global outlook for 2015: soft commodity prices; persistently low interest rates but increasingly divergent monetary policies across major economies; and weak world trade. In particular, recent decisions made by certain members of the Organization of Petroleum Exporting Countries to maintain higher crude oil production levels have led to increased global oil supplies and resulted in sharp declines in market oil prices. Lower oil prices may support global activity and help offset some of the headwinds to growth in oil-importing developing economies but it may dampen growth prospects for oil-exporting countries (such as Indonesia and Malaysia).

We offer banking and financial services to our customers globally and throughout the Asia Pacific region, particularly to those in Singapore, Greater China and Malaysia. On a geographical basis, as of June 30, 2015, 54.2% of our total assets were in Singapore, 19.9% of our total assets were in Greater China and 16.5% of our total assets were in Malaysia. As such, our financial performance, business growth and portfolio quality are substantially dependent on the health of the economies of Singapore, Greater China and Malaysia, which in turn are heavily dependent on

international trade, investment and other global economic factors discussed above. On a regional basis, Asian economies in which we operate have also experienced heightened market volatility since May 2013 resulting from expected changes in the U.S. Federal Reserve quantitative easing program, which was officially concluded in October 2014. Quantitative easing involved keeping long-term interest rates low in an effort to stimulate the U.S. economy and market interest rates, in particular, the U.S. federal funds rate, may be and are, as at the date of this Offering Circular, rising as a result of the end to the program and general macroeconomic conditions in the United States.

A slowdown in the rate of growth or a contraction in the Singaporean or the Malaysian economy or other markets in which we operate, such as Indonesia or Greater China, could result in lower demand for credit and other financial products and services and higher defaults among corporate and retail borrowers, which could materially and adversely impact our business, financial condition, results of operations and prospects. In Malaysia, the decline in oil prices has led to a corresponding decline in the value of the Malaysian Ringgit and a consequential decrease in Malaysia's foreign currency reserves. Indonesia continues to have a large current account deficit and fiscal deficit, a high level of sovereign debt, modest foreign currency reserves, and a volatile currency. Policy makers in China are steering the economy towards a path of sustainable growth for the long term, which has resulted in slower growth as the economy transforms from a reliance on real estate and infrastructure investment towards consumption and services. To support the transition process, the People's Bank of China has recently allowed the Renminbi to be devalued and widened the criteria for reference rate setting, requiring market-makers to consider the previous day's closing spot rate, foreign-exchange demand and supply, as well as changes in major currency rates.

Our operations are exposed to the political and social environment of the countries in which we operate. Volatility in social and political conditions in these countries, such as the 2014 pro-democracy protests in Hong Kong or any resurgence of political instability in Malaysia or Indonesia, may interrupt, limit or otherwise affect our operations and in turn adversely affect our business, financial condition, results of operations and prospects. Additionally, political instability in the Middle East has recently intensified as witnessed by the terrorist acts conducted by the Islamic State of Iraq and the Levant in Syria and Iraq and the ongoing internal conflicts in Syria. The recent political and social unrest in the Ukraine may also negatively affect any economic recovery in Europe and armed conflicts and terrorism and their effects on us or our markets may significantly affect our business and results of operations in the future.

***The regulatory environment for financial institutions is facing unprecedented change in the post-financial crisis environment, and regulators are increasingly viewing us, as well as other financial institutions globally, as generally presenting a higher risk profile than in the past***

We are subject to a wide variety of banking, insurance and financial services laws, regulations, regulatory policies and a large number of regulatory and enforcement authorities in a number of jurisdictions. The global financial crisis in particular has led to significant and unprecedented changes in the laws, regulations and regulatory policies of Singapore and the other jurisdictions in which we operate. Such changes may include new, revised or more burdensome standards with respect to regulatory capital requirements, leverage or liquidity standards, cross-border capital flows, local lending obligations, management compensation, consumer protection and risk management, among other areas. We may also incur increased compliance costs associated with laws and regulations enacted outside of our primary markets, such as the United States Foreign Account Tax Compliance Act.

The MAS and other regulators regularly review our operations and there can be no guarantee that any regulator will agree with our internal assessments of asset quality, provisions, risk management, capital adequacy, management functioning, other measures of the safety and

soundness of our operations or compliance with applicable laws, regulations or regulatory policies. Our ability to predict future legal or regulatory changes is limited and we may face greatly enhanced legal or regulatory burdens without advanced notice. We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives, which are increasingly common for international banks and financial institutions. For a discussion on the supervision and regulatory framework in the Singapore banking industry, see “*Supervision and Regulation*”.

Any such changes to laws, regulations or regulatory policies, including their interpretation or application, may result in increased expenses or operational restrictions, revisions to our business operations, limitations on the products and services we offer, diminished asset values, increased cost of funds or limits on the collateral available for our loans, which may reduce our profitability or force us to forgo potentially profitable business opportunities. In addition, we may face adverse legal or regulatory actions and higher compliance costs from the increased review and scrutiny. Regulators may find that we are not in compliance with applicable laws, regulations or regulatory policies or with the regulators’ revised interpretations of such laws, regulations or regulatory policies, and may take formal or informal actions against us. If taken, such formal or informal actions might force us to make additional provision for our non-performing assets, divest our assets, adopt new compliance programs or policies, remove personnel or undertake other changes to our business operations. Any of these changes, if required, could reduce our profitability by restricting our operations, reducing our capitalization, imposing new costs or harming our reputation.

***Systemic risk resulting from failures in the banking industry and financial difficulties of other financial institutions could adversely affect our business, financial condition, results of operations and prospects***

Within the banking industry, the default of any institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could 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 we interact on a daily basis. Any default by other institutions or any difficulties or instability of the financial system in general could create an adverse market perception and materially and adversely affect our business, financial condition, results of operations and prospects.

**Risks Relating to Our Business**

***We face increased competition which may result in decreased loan margins and reduce our market share***

We face intense competition from other commercial banks, investment banks, insurance companies and non-bank finance companies. Our primary competitors consist of other Singapore banks, major foreign banks licensed in Singapore and other financial institutions in Southeast Asia, Greater China and other markets in which we operate. Many of our competitors have resources much greater than ours and some of them have recently experienced higher growth, achieved better profitability and increased their market shares relative to us.

In recent years, the Singapore government has taken steps to liberalize the Singapore banking industry, which has resulted in increased competition among domestic and foreign banks operating in Singapore, leading to reduced margins for certain banking products. In particular, the MAS, which supervises banks in Singapore, has granted Qualifying Full Bank (“QFB”) licenses to various foreign financial institutions since 1999. QFBs are permitted to establish operations in up to 25 service locations in Singapore which can be used for branches or off-site Automated Teller

Machines (“**ATMs**”), and are also permitted to share ATMs among themselves. Foreign banks granted such licenses face fewer restrictions on their Singapore dollar deposit-taking and lending activities. In June 2012, the MAS indicated that it will continue to allow greater foreign bank participation in the Singapore banking industry and refine the QFB system. Certain significantly rooted QFBs may be allowed to have an additional 25 places of business in Singapore, of which 10 may be branches. In recent years, the Singapore government has also allowed more foreign banks to obtain “wholesale banking” licenses to enable them to expand their Singapore dollar wholesale banking business in Singapore and to broaden the scope of Singapore dollar banking activities in which foreign banks may participate. Further, since the implementation of the United States Singapore Free Trade Agreement, which was signed in May 2003, Singapore banks, including us, are subject to additional competition in areas that were traditionally the stronghold of local banks. This trade agreement has removed QFB and wholesale bank license quotas for U.S. banks and significantly relaxed certain other restrictions on international banking activities. Further liberalization of the Singapore financial sector 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 our competitive environment. In addition, the first half of 2015 saw weak growth in demand for housing loans, according to the MAS’ statistics on loans and advances of domestic banking units to non-bank customers, which also may increase competitive pressure and adversely impact our business, financial condition, results of operations and prospects.

There can be no assurance that we will be able to maintain our competitive position or compete successfully with other domestic and foreign financial institutions or that such increased competition will not have a material adverse effect on our business. If we are unable to provide competitive products and services or fail to attract new customers and/or retain existing customers, we may experience decreases on our interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may be exposed to new or increased risks as we expand the range of our products and services and the geographic scope of our business***

Building growth in overseas markets forms a key pillar of our strategy. In 2004, we increased our presence in Indonesia with the acquisition of a stake in the former PT Bank NISP Tbk (“**Bank NISP**”), and as of June 30, 2015 we owned an 85.1% stake in the renamed PT Bank OCBC NISP Tbk (“**OCBC NISP**”). In 2006, we acquired a 12.2% stake in Bank of Ningbo Company Limited (“**Bank of Ningbo**”) in China and in 2010, we increased our stake to 15.3%. On September 30, 2014, we completed the subscription of new ordinary shares in Bank of Ningbo and increased our equity stake to 20.0% of Bank of Ningbo’s enlarged issued capital. In August 2007, we completed the local incorporation of our existing operations in China, and our wholly-owned subsidiary, OCBC Bank (China) Ltd. (“**OCBC China**”), officially commenced operations. We further entrenched our position in Greater China, first acquiring a majority stake in Wing Hang Bank Limited (subsequently renamed to OCBC Wing Hang Bank Limited, “**OCBC Wing Hang**”) in July 2014 before assuming full ownership in October 2014. OCBC Wing Hang was delisted from the Hong Kong Stock Exchange shortly thereafter. On January 29, 2010, we completed the acquisition of ING Asia Private Bank (“**IAPB**”) and combined its business with that of OCBC Private Bank under a wholly-owned subsidiary which was renamed Bank of Singapore. Bank of Singapore provides private banking services to mainly Asian clients. In July 2015, we officially opened a new branch in Myanmar offering banking services to foreign companies and joint ventures, as well as domestic banks in Myanmar.

Such regional expansion into Indonesia, Greater China and other Asian markets outside of Singapore and Malaysia increases our risk profile and exposure to asset quality problems. This expansion of our overseas business and our strategy to further deepen our presence in the international markets may further increase our exposure to risks of adverse developments in foreign economies and markets, including interest rate and foreign exchange rate risk and

regulatory and political risk. Our overseas expansion also exposes us to the compliance risks and the credit and market risks specific to the countries and regions in which we operate. There can be no assurance that such regional expansion will not have a material adverse effect on our business, financial condition, results of operations and prospects, or that our credit and provisioning policies will be adequate in relation to such risks.

As part of our business strategy, we are also expanding our distribution channels and our range of products and services beyond our traditional commercial banking business to other services. Accordingly, we will need to develop, invest in and implement systems to manage new products and services and distribution channels. We may incur expenses necessary to address regulatory requirements that enhance consumer protections, including improvements to information technology systems and employee training. There may be risks associated with our new services and businesses for which we have limited or no experience. As a result, our risk management systems may prove to be insufficient and may not be effective in all cases or to the degree required.

***Any substantial increase in non-performing assets, non-performing loans and allowances could impair our financial condition***

Our financial condition and results of operations have been and will continue to be affected by the quality of our assets, including loans and allowances. Our non-performing assets amounted to S\$1,304 million, S\$1,317 million and S\$1,494 million as of December 31, 2013 and 2014 and June 30, 2015, respectively, of which non-performing loans (“NPLs”) amounted to S\$1,239 million, S\$1,279 million and S\$1,460 million as of December 31, 2013 and 2014 and June 30, 2015, respectively. As a percentage of gross customer loans, our NPLs were 0.7%, 0.6% and 0.7% as of December 31, 2013 and 2014 and June 30, 2015, respectively. As of June 30, 2015 our total cumulative allowances, comprising cumulative specific allowances and cumulative portfolio allowances, as a percentage of non-performing assets were 152.8%. If domestic or global economic conditions worsen or do not improve, our borrowers do not repay their loans, and past experience, evaluations, assumptions and estimates about our borrowers, valuation of collateral and guarantees, and general economic and business conditions upon which our allowances are based fail to provide an accurate representation of actual future incurred losses, among other things, our non-performing assets, NPLs and allowances may increase significantly above the current level. Changes in law or government policies that have an adverse impact on the rights of creditors could also cause us to incur increased credit costs.

If we are not able to control or reduce the level of non-performing assets and NPLs, the overall quality of our assets may deteriorate, and we may become subject to enhanced regulatory oversight and scrutiny and our reputation, business, financial condition, results of operations, prospects and capital adequacy ratios may be materially and adversely affected.

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

***A decline in the value of our collateral, including real estate, may increase our loan loss allowances and result in failure to recover the expected value of collateral security, exposing us to a potential loss***

Adverse changes in the credit quality of our borrowers and counterparties or adverse changes arising from a deterioration in global and regional economic conditions or asset values could reduce the value of our assets. In particular, a significant portion of our loan portfolio is secured by real estate. In the event of a downturn in the real estate markets in Singapore or the other markets in which we conduct business, changes in asset prices may cause the value of our collateral to decline and a portion of our loans may exceed the value of the underlying collateral.

Any decline in the value of the collateral securing our loans or failure to recover the expected value of collateral may require us to increase our loan loss allowances. In the event of default, this may increase our losses if we are unable to obtain additional collateral or realize the value of existing collateral, any of which could materially and adversely affect our business, financial condition, results of operations and prospects.

***Our funding is predominantly in the form of local currency deposits which are short-term or repayable on demand, and liquidity shortfalls may increase our cost of funds and materially and adversely affect our business, financial condition, results of operations and prospects***

We need liquidity to pay our operating expenses, pay interest on and principal of debt, maintain our lending activities and meet deposit withdrawals and regulatory requirements. Most of our funding requirements are met through a combination of funding sources, primarily in the form of deposit-taking activities, issuance of debt securities and interbank funding.

As of June 30, 2015, 98.1% of our non-bank customer deposits had current maturities of one year or less or were payable on demand. Such deposits are mainly from savings, term and current accounts and demand deposits. Because a large portion of our assets has medium or long-term maturities and may be in foreign currencies, in particular the U.S. dollar, this creates a potential for funding mismatches. Although our deposit base is currently diversified and does not rely on any significant depositor funding, no assurance can be given that this will continue or that factors affecting a large portion of our depositor base, such as factors affecting the Singaporean economy, will not limit our access to deposits. High volumes of deposit withdrawals, failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits or our inability to grow our deposit base or a disproportionate increase in the cost of deposits relative to our return on assets, could each have an adverse effect on our liquidity position. In such a situation, we could be required to seek alternative short-term and long-term funds, or alternative foreign currency funds, to meet our liquidity requirements, which may be more expensive than current funding sources and may also increase our exposure to interest rate changes, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, circumstances outside our control, such as adverse market and economic conditions in the domestic and global economies, disruptions in the financial markets or negative developments concerning other financial institutions perceived to be comparable to us, may limit or adversely affect our access to liquidity required to operate our business. If our counterparties or the markets are reluctant to finance our operations due to actual or perceived weaknesses in our business as a result of large losses, changes in our credit ratings, a general decline in the level of business activity in the financial services sector or other factors, we may be unable to meet our payment obligations when they become due or only be able to meet them with funding obtained at unfavorable terms. Without sufficient liquidity, we will be forced to curtail our operations, and our business, financial condition, results of operations and prospects would be materially and adversely affected.

***Our risk management policies and procedures may not adequately address unidentified or unanticipated risks***

We are constantly exposed to significant credit, market and operational risks and we have devoted significant resources to strengthening our risk management policies and procedures to mitigate and manage such risks. Nevertheless, in light of the continuing evolution of our operations and expansion into new areas, our policies and procedures designed to identify, monitor and manage risks may not be fully effective in time.

Our risk management systems are dependent on our ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. If the available information which we evaluate and on which our risk management procedures depend is not accurate, our anticipation of risks could be adversely affected. Moreover, severe declines in asset values, unanticipated credit events or unforeseen circumstances that may cause previously uncorrelated factors to become correlated may create losses resulting from risks not appropriately taken into account.

Our risk management strategies may not be effective in a difficult or less liquid market environment because other market participants may be attempting to use the same or similar strategies to deal with difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk.

To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses and enhanced regulatory scrutiny. Furthermore, investigations, administrative actions or litigation could commence in relation to violations, which may involve costs, including possible deterioration of our reputation, and affect the evaluation of our credit ratings by rating agencies. This, in turn, could have a material adverse impact on our business, financial condition, results of operations and prospects.

***We may face pressure on our capital and liquidity positions due to Basel III, which could constrain our operations***

On December 16, 2010, the Basel Committee on Banking Supervision (the “**Basel Committee**”) published Basel III: A global regulatory framework for more resilient banks and banking systems (“**Basel III**”), which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening the resilience of the banking sector. Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the “Liquidity Coverage Ratio”, intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the “Net Stable Funding Ratio”, which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon.

On January 13, 2011, the Basel Committee also published requirements for all non-common Tier 1 and Tier 2 capital instruments issued on or after January 1, 2013 to be loss absorbing at the point of non-viability.

As of January 1, 2013, the MAS has incorporated Basel III capital adequacy provisions into Singapore prudential regulation. Singapore-incorporated banks (“**SIBs**”) were required to comply with a minimum common equity Tier 1 capital adequacy ratio (“**CET1 CAR**”) of 5.5%, a Tier 1 capital adequacy ratio (“**Tier 1 CAR**”) of 7% and a total capital adequacy ratio (“**Total CAR**”) of 10% from January 1, 2014. This has increased progressively to 6.5%, 8% and 10%, respectively, from January 1, 2015. These minimum ratios are two percentage points higher than those



established by the Basel Committee. As part of the Basel III transition arrangements, regulatory capital recognition of outstanding non-CET1 and Tier 2 capital instruments that no longer meet the minimum criteria are being gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on January 1, 2013, their recognition is capped at 90% with effect from January 1, 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortized after January 1, 2013, the nominal amount serving as the base will not be reduced.

In line with Basel III requirements, Singapore prudential regulation will require a capital conservation buffer of 2.5% above the minimum capital adequacy requirements and countercyclical buffer of 2.5% above the minimum capital adequacy requirements (during periods of excessive credit growth) that are to be met fully with CET1 capital. These buffers will be phased in on January 1 each year from 2016 to 2019. In the case of the countercyclical buffer, the applicable magnitude will be a weighted average of the countercyclical buffer requirements that are required in jurisdictions to which SIBs have private sector credit exposures.

On November 28, 2014, the MAS issued the new MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio (“**MAS Notice 649**”). MAS Notice 649, which took effect on January 1, 2015 for a bank incorporated and headquartered in Singapore, introduced a new liquidity requirement framework to implement the Basel III liquidity coverage ratio (“**LCR**”) rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore shall maintain at all times, a Singapore Dollar LCR (“**Singapore Dollar LCR requirement**”) of at least 100% and an all currency LCR (“**all currency LCR requirement**”) of at least 60% by January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

There is no assurance that the Group will not face increased pressure in the future to comply with MAS’ capital adequacy or liquidity requirements, which may have a material adverse effect on the Group’s return on capital and profitability. If our capital adequacy and liquidity ratios fall below the required levels, the MAS could require us to take a variety of corrective actions, including additional capital or fund raising, withdrawal from international operations or suspension of all or part of our operations, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, some of our banking subsidiaries and affiliates in jurisdictions outside Singapore will be subject to local Basel III capital adequacy and liquidity requirements, as and when the Basel III framework is adopted and implemented by the relevant local regulatory authorities. There is no assurance that our banking subsidiaries and affiliates will not face pressure to meet local Basel III requirements, and any failure by our subsidiaries to meet such requirements may result in administrative actions or sanctions imposed by local regulatory authorities.

***Losses on our investments may have a material adverse effect on our business, financial condition, results of operations and prospects, and the concentration of sovereign debt obligations in our investment portfolio may increase our risk of suffering investment losses***

Our investment returns, and thus our profitability, may be materially and adversely affected by conditions affecting our investments, including the level or volatility of interest rates or prices, currency exchange rates, credit and liquidity conditions, the performance and volatility of capital markets, asset values, and macroeconomic and geopolitical conditions, all of which could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

We have substantial investments in debt securities, representing 88.6% of our total securities (comprising debt and equity securities and excluding government treasury bills and securities) as of June 30, 2015. Moreover, our investment portfolio comprises primarily fixed income securities. Increases in interest rates could substantially decrease the value of our fixed income portfolio, and

any unexpected change in yield curves could adversely affect the value of our bonds and interest rate derivative positions, resulting in lower-than-expected income or losses from trading and investment activities. Market volatility may also result in significant unrealized losses or impairment losses on our investments. Furthermore, ratings downgrades of investment securities by major rating agencies may also cause declines in the value of our securities portfolio.

We also hold significant amounts of Singapore government securities and securities of other governments. As a result, we have significant credit exposure to sovereign issuers. Investment in sovereign debt obligations involves direct or indirect risks resulting from political, governmental, social or economic changes in the countries of such sovereign issuers and the creditworthiness of such sovereign issuers. Investing in such instruments creates exposure to the direct or indirect consequences of political, governmental, social or economic changes in the countries in which the issuers are located and the creditworthiness of the sovereign. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and we may have limited recourse to compel payment in the event of a default. If a sovereign were to default on its obligations, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, our operations outside Singapore are subject to fluctuations in foreign exchange rates and a portion of our assets and liabilities in Singapore are denominated in foreign currencies, principally the U.S. dollar, which could be adversely affected by currency exchange rate fluctuations. To the extent that our foreign currency denominated assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currencies against the Singapore dollar will create foreign currency translation gains or losses and may materially and adversely affect our business, financial condition, results of operations and prospects. For further information, see “*Business – Risk Management – Asset Liability Management – Structural Foreign Exchange Risk*”.

***Our business relies on our information technology systems, and significant security breaches in our computer system and network infrastructure or system failures could harm our relationships with customers, adversely affect our provision of services to customers, subject us to sanctions by our regulators and materially and adversely impact our business and reputation***

In all aspects of our business, we use information technology systems to deliver services to and perform transactions on behalf of our customers, as well as for back office operations. We therefore depend on the capacity and reliability of the electronic and information technology systems supporting our operations. There can be no assurance that we will not encounter service disruptions owing to failures of these information technology systems. Our information technology systems are subject to damage or incapacitation as a result of quality problems, human error, natural disasters, power loss, sabotage, computer viruses, acts of terrorism and similar events. In addition, we may not be prepared to address all contingencies that could arise in the event of a major disruption of services.

Physical or electronic break-ins, security breaches, service disruptions and other disruptive problems caused by our increased use of the internet or power disruptions could also affect the security of information stored in and transmitted through our computer systems and network infrastructure. Although we have implemented security technology and operational procedures, including firewalls, tokens and password encryption technologies, designed to minimize the risk of security breaches, and we intend to continue to implement such security technologies, conduct regular vulnerability assessments and network penetration tests and establish operational procedures to prevent any such break-ins, damages and failures, there can be no assurance that these security measures will be successful. In addition, although our centralized data center and backup systems are separately located in different places, there can be no assurance that both

systems will not be simultaneously damaged or destroyed in the event of a major disaster. A significant breakdown in internal controls, fraudulent activities by employees, major service disruptions or failure of security measures or backup systems could significantly affect our operations, result in enhanced regulatory scrutiny and could result and have resulted in the past in regulatory or administrative sanctions and consequently could have a material adverse effect on our business, financial condition, results of operations and prospects.

We handle personal information obtained from our individual and corporate customers in relation to our banking, securities, credit card, insurance and other businesses. The controls we have implemented to protect the confidentiality of personal information, including those designed to meet the strict requirements of banking secrecy laws, may not be effective in preventing unauthorized disclosure of personal information. Leakage of personal information could expose us to lawsuits, administrative or regulatory actions or sanctions and reputational harm, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

***Fraud or other misconduct by employees or third parties could expose us to losses and regulatory sanctions***

Our business operations are based on a high volume of transactions. Although we take adequate measures to safeguard against fraud, there can be no assurance that we will be able to prevent fraud. We are exposed to potential losses resulting from fraud and other misconduct by our employees. Our employees may bind us to transactions that exceed authorized limits or present unacceptable risks, hide unauthorized activities from us and from our customers, conduct improper sales activities, improperly use confidential information or otherwise abuse customer confidences. Third parties may engage in fraudulent activities, including fraudulent use of bank accounts or the use of false identities to open accounts for money laundering, tax evasion or other illegal purposes. Third parties could also use stolen or forged ATM cards or engage in credit card fraud, and we may be required to indemnify victims of such fraud for related losses. In the broad range of businesses in which we engage, fraud and other misconduct are difficult to prevent or detect, and we may not be able to recover the losses caused by these activities. Our reputation could be adversely affected by fraud or other unauthorized actions committed by employees, representatives, agents, customers or outsiders, or by our perceived inability or failure to properly manage fraud-related risks and our inability or perceived inability to manage these risks could lead to ensuing inquiries or investigations and enhanced regulatory oversight and scrutiny. The occurrence of any of the above could materially and adversely affect our business, financial condition, results of operations and prospects.

***We are exposed to derivative financial instruments and market counterparties and any deterioration of creditworthiness of counterparties and/or adverse market impact on fair value of derivatives may have a material adverse effect on our business, financial condition, results of operations and prospects***

As part of our trading, hedging and other operations, we have exposure to derivative financial instruments which are carried at fair value. The fair value of these derivatives and our exposure to the risk of default by the underlying counterparties depends on the valuation and the perceived risk of the derivatives as well as on the creditworthiness of the relevant counterparty.

In addition, lawmakers and regulators in the United States, Europe and elsewhere have adopted and/or proposed legislation containing restrictions that could adversely impact the liquidity of and increase costs of participating in the commodities, futures and over-the-counter derivative markets. These legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. In addition, transaction costs incurred by market participants are likely to be higher than in the past, reflecting the costs of compliance with the new regulations. These consequences could adversely affect the fair value of derivatives, which could in turn adversely affect our business, financial condition, results of operations and prospects.

***We may seek opportunities for growth through acquisitions and could face integration and other acquisition risks***

We may seek opportunities for growth through acquisitions. There can be no assurance that we will not actively pursue other acquisitions or mergers in the Singapore market or that any of these efforts will be successful. Further, we continue to target expansion in our other core markets, namely Malaysia, Indonesia and Greater China and in October 2014, we announced that we completed the acquisition of the outstanding share capital of OCBC Wing Hang. The success of the acquisition depends heavily on a smooth integration of post-merger operations. Potential difficulties of the integration process may include delays or difficulty in harmonizing support functions and business work streams. Benefits of the acquisition may not be realized if the post-merger integration is not well executed or well received by each bank's employees or historical customers and may adversely affect our business and financial results. There can be no assurance that we will not be involved in further mergers and acquisition activities in these countries or elsewhere. Any future acquisitions or mergers, both domestic or international, may involve a number of risks, including the possibility of a deterioration of asset quality and regulatory capital ratios, financial impact of employee-related liabilities, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, merger, our shareholders, share capital or our legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business. There can be no assurance that we will be able to successfully integrate with or into any such acquired businesses, or that such mergers or acquisitions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

Local regulations may also limit our ability to successfully complete acquisitions outside of Singapore. For example, Bank Indonesia passed a regulation in July 2012 limiting new investments in Indonesian banks to 40.0% of the shares of an Indonesian bank, subject to certain exemptions. Although the new guidelines permit foreign investors which already own majority stakes in Indonesia banks, such as OCBC Bank's 85.1% shareholding (as of June 30, 2015) in OCBC NISP, to maintain their holdings, we cannot assure you that future regulations in Indonesia or elsewhere will not limit our ability to expand our banking operations outside of Singapore or require us to divest existing interests.

***Fee and commission income have become important elements of our profitability, and economic and market conditions could cause these income streams to decline and adversely impact our financial performance***

We earn fee and commission income from a variety of activities, including brokerage, fund management, distribution of investment and insurance products, credit cards, private banking, transaction banking, trade finance, loan and debt syndication and advisory services for corporate clients. Our fee and commission income is therefore impacted by market demand for these products and services, investment and risk appetite, the level of corporate activity and the overall level of economic and trade activity. Volatile market conditions may also have an adverse impact on various streams of our fee and commission income, including brokerage, fund management, distribution of investment and insurance products, the private banking business and the level of corporate activity. The above factors could cause these income streams to decline in the future and materially and adversely impact our business, financial condition, results of operations and prospects.

***We depend on the accuracy and completeness of information about customers and counterparties***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. If we rely on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Terrorism, epidemics and other events could adversely affect the economies of countries where we operate and our business***

Terrorist attacks, natural calamities and outbreaks of communicable diseases could lead to disruptions in the functioning of international financial markets and adversely affect Singapore and other economies in which we operate. Any material change in the financial markets, the Singapore economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, our insurance business exposes us to claims arising out of such events and catastrophes affecting a large segment of the population as portions of our insurance business cover losses from unpredictable events such as hurricanes, windstorms, monsoons, earthquakes, fires, industrial explosions, floods, riots and other man-made or natural disasters, including acts of terrorism. In particular, our life insurance business is exposed to the risk of catastrophic mortality, such as an epidemic or other events that cause a large number of deaths. The incidence and severity of these catastrophes in any given period are inherently unpredictable. Our insurance business generally seeks to reduce its exposure through the purchase of reinsurance, through selective underwriting practices and by monitoring risk accumulation. Claims relating to catastrophes may result in unusually high levels of losses and may require additional capital to maintain solvency margins and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***An actual or perceived reduction in our financial strength, or a downgrade in our credit ratings, could have a negative effect on us, and could increase deposit withdrawals and insurance policy surrenders and withdrawals, damage our business relationships and negatively impact sales of our products***

Depositors' and policyholders' confidence in the financial strength of a bank or insurance company, as well as in the financial services industry generally, is an important factor affecting its business. Any actual or perceived reduction in our financial strength, whether due to a credit rating downgrade, a reduction in our solvency margin, or some other factor, could materially and adversely affect our business as any such development may, among other things:

- (a) increase the number of deposit withdrawals and insurance policy surrenders and withdrawals;
- (b) damage our relationship with our creditors, our customers and the distributors of our products;
- (c) negatively impact sales of our products;

- (d) require us to reduce prices for many of our products and services to remain competitive; and
- (e) increase our borrowing costs as well as affect our ability to obtain financing on a timely basis.

We have received long-term issuer ratings of “Aa1” from Moody’s, “AA-” from S&P and “AA-” from Fitch. In addition, Moody’s, S&P and Fitch each has a “Stable” outlook on our rating.

We cannot assure investors that we will not experience reductions in our financial strength, actual or perceived, in the future and which could materially and adversely affect the profitability of our treasury operations, our capital adequacy position, business, financial condition, results of operations and prospects.

***Damage to our reputation or brand names may have an adverse effect on our business***

Maintaining our reputation is vital to our ability to attract and maintain customers, investors and employees. Our reputation could be damaged through a variety of circumstances, including, among others, employee fraud or other misconduct, systems failures, compliance failures, adverse litigation judgments or regulatory decisions, or unfavorable outcomes of governmental inspections. Negative media coverage of us or the banking or insurance industry, even if inaccurate or not applicable to us, may have a materially adverse effect on our brand image and may undermine depositor confidence, thereby affecting our businesses and results of operations. Moreover, “OCBC”, “Bank of Singapore”, “Great Eastern Holdings” and our other brand names are important assets to us and any infringements of our brand names could reduce the value of goodwill associated with our names, result in the loss of competitive advantage and materially harm our business, results of operations and prospects. Actions by the financial services industry or the insurance industry generally or by certain members in the industry can also adversely affect customers’ confidence in the industries in which we operate. These reputational harms could lead to a decreased customer base, reduced income and higher operating costs and materially and adversely affect our business, financial condition, results of operations and prospects.

***Any inability to attract and retain talented professionals may adversely impact our business***

Our business is growing more complex with geographic expansion internationally and product line expansion. Our continued success depends in part on the continued service of key members of our management team and our ability to continue to attract, train, motivate and retain highly qualified professionals, which are key elements of our strategy and which we believe to be a significant source of our competitive advantage. The successful implementation of our strategy depends on the availability of skilled management, both at our head office and at each of our business units and international locations and on our ability to attract and train young professionals. In addition, we rely substantially on the tied agency force of our insurance business for sales and distribution and any inability to effectively recruit newly qualified agents or retain and incentivize existing agents will hinder our insurance business’ productivity and growth as sales commission for life insurance products is, to a significant extent, attributable to the initial sale of each product and any failure to recruit, retain or motivate tied agents can have a material adverse effect on its ability to maintain and increase its premium volume and market share. If we or one of our business units, international operations or other functions fail to staff operations appropriately, or lose one or more key senior executives or qualified professionals and fail to replace them in a satisfactory and timely manner, our business, financial condition, results of operations and prospects, including our control and operational risks, may be materially and adversely affected. Likewise, if we fail to attract and appropriately train, motivate and retain young professionals or other talent, our business may likewise be affected.

***While our insurance business is an increasingly important part of our business, we do not directly manage its strategy and there can be no assurance of its future rates of growth or level of profitability***

Great Eastern Holdings Limited (“**Great Eastern Holdings**”) is a significant contributor to our profit, accounting for 21.2% of our profit before tax for the half year ended June 30, 2015. It is a listed company with minority shareholders and its own board of directors. While, as of June 30, 2015, we own 87.2% of Great Eastern Holdings’ share capital, are represented on the board of Great Eastern Holdings and work closely with Great Eastern Holdings on certain aspects of our businesses to deliver synergies, Great Eastern Holdings’ business strategy and operations are managed separately by its own management team. Therefore, we do not directly manage Great Eastern Holdings’ strategy.

Moreover, there can be no assurance of the future rates of growth or level of profitability of our insurance business. The insurance industry in the Asia Pacific region may not expand or we may not succeed in increasing penetration into certain of the geographic markets in which we operate, as they may be or become saturated and exhibit low or no growth in the future. The growth and development of the life insurance and general insurance business in the Asia Pacific region is subject to a number of industry trends and uncertainties that are beyond our control. Any slowdown in this business and, in particular, in the life insurance business could have a material adverse impact on our business, financial condition, results of operations and prospects.

***Loss reserves for our life insurance and general insurance businesses are based on estimates as to future claims liabilities and differences between actual claims and estimates or deviations from assumptions used to price our products could lead to further reserve additions and materially adversely affect our business, financial condition, results of operations and prospects***

Our subsidiaries in our insurance business establish and carry reserves as balance sheet liabilities to pay future policyholder benefits and claims. The estimation of the ultimate liabilities arising from claims made under life and general insurance contracts involves several sources of uncertainty in the estimation of the liabilities that our insurance subsidiaries will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, voluntary terminations, investment returns and administration expenses using “best estimate” actuarial policies and assumptions. Our insurance subsidiaries rely on standard industry reinsurance and national mortality tables which represent historical mortality experience, and make appropriate adjustments for their respective risk exposures in deriving the mortality and morbidity estimates. The assumptions they make include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed income and other asset classes, mortality and morbidity rates, policyholder lapses and future expense levels.

The process of determining these assumptions and estimates is a difficult and complex exercise involving many variable and subjective judgments. In addition, we may lack sufficient data to make accurate estimates of the future benefits or claims experience, and significant deviations in actual experience from our assumptions could materially and adversely reduce our profitability.

In accordance with general insurance industry practice and accounting and regulatory requirements, our insurance subsidiaries establish reserves for loss and loss adjustment expenses related to their general insurance business. Reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims, which requires estimates to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at

the balance sheet date. However, the assumptions made by our insurance subsidiaries in these reserves may differ from what they may experience in the future, and could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Compliance with solvency and risk-based capital requirements as well as other regulatory changes may force our insurance subsidiaries to raise additional capital, change their business strategy or reduce their growth***

Insurance companies are generally required by applicable law to maintain their solvency at a level in excess of statutory minimum standards. Our subsidiaries in our insurance business are affected primarily by the solvency margins they are required to maintain, which is in turn affected by the volume and type of new insurance policies they sell, the composition of their in-force insurance policies and by regulations on the determination of statutory reserves. Their solvency is also affected by a number of other factors, including the profit margin of their products, returns on their assets and investments, interest rates, underwriting and acquisition costs, and policyholder and shareholder dividends. The regulatory frameworks in Singapore, Malaysia and Indonesia currently utilize a risk-based capital regime.

Moreover, Great Eastern Holdings has been approved by the MAS as a Financial Holding Company pursuant to Section 28 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the “**MAS Act**”) and is subject to requirements imposed by the MAS. The Financial Holding Companies Act 2013 was gazetted on April 8, 2014 and will be applicable to Great Eastern Holdings when it comes into operation and will require Great Eastern Holdings, as a Financial Holding Company, to, amongst others, maintain minimum paid-up capital amounts, capital adequacy requirements, and minimum amount of leverage ratios as determined by the MAS.

MAS also issued the first consultation paper in June 2012 on the “Review of the Risk-Based Capital Framework for Insurers in Singapore” (the “**RBC 2 Review**”) and followed up with a second consultation paper in March 2014. In this second consultation paper, the MAS indicated that there will be a third consultation on RBC 2 Review, including the revised technical specifications for Quantitative Impact Study 2 and it will also be consulting on the relevant legislative changes. The MAS has proposed to implement the RBC 2 requirements from January 1, 2017 (with the exception of general insurance catastrophe risk requirement and the revised component 1 risk requirements for general business, which will be implemented later). Compliance with changing solvency and risk-based capital requirements entails costs to our insurance subsidiaries. In order to comply with applicable solvency and risk-based capital requirements, our insurance subsidiaries may need to transfer additional capital from a particular geographical market to another geographical market or raise or inject additional capital to meet their solvency and risk-based capital requirements. They may also need to change their business strategy, including the types of products they sell and how they manage their capital. Finally, compliance with solvency and risk-based capital requirements may require them to slow the growth of their business.

The MAS implemented the financial advisory industry review (“**FAIR**”) initiatives such as the web aggregator, which allows consumers to make comparison of life insurance products from the various companies using the web portal, and direct channel purchase in April 2015. In August 2015, the Life Insurance Association, Singapore announced that there were 193 cases of direct channel purchase across Singapore’s insurance industry from April 7, 2015 to June 30, 2015.



***Any termination or disruption of our existing bancassurance relationships with Great Eastern Holdings may have a material adverse effect on our competitiveness and result in a material impact on our business, financial condition, results of operations and prospects***

A key focus in developing our insurance product sales is through bancassurance. If our insurance subsidiaries fail to develop or maintain existing synergies with our banking segments and other segments of our Group, our competitiveness may be materially and adversely affected or we may not be able to maintain or grow our premiums, and our business, financial condition, results of operations and prospects may be materially and adversely impacted.

***Our insurance subsidiaries may be unable to utilize reinsurance successfully***

The ability of our insurance subsidiaries to obtain external reinsurance on a timely basis and at a reasonable cost is subject to a number of factors, many of which may be beyond their control. In particular, certain risks that our insurance subsidiaries are subject to, such as epidemics, are difficult to reinsure. If our insurance subsidiaries are unable to renew any expiring external reinsurance coverage or obtain acceptable new external reinsurance coverage, their net risk exposure could increase or, if they are unwilling to bear an increase in net risk exposure, their overall underwriting capacity and the amount of risk they are able to underwrite would decrease. To the extent that our insurance subsidiaries are unable to utilize external reinsurance successfully, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, although a reinsurer would be liable to our insurance subsidiaries for the risk ceded through a reinsurance arrangement, such an arrangement does not discharge their primary liability to their policyholders. As a result, we are exposed to credit risk with respect to reinsurers in all of our insurance business. In particular, a default by one or more of our reinsurers under the reinsurance arrangements would increase the financial losses arising out of a risk we have insured, which would reduce our profitability and may have a material adverse effect on our liquidity position. There can be no assurance that our reinsurers will always be able to meet their obligations under reinsurance arrangements of our insurance subsidiaries on a timely basis, if at all. In addition, under a small number of reinsurance agreements, we receive payments from our reinsurers through brokers. We are consequently subject to the risk of non-payment from these brokers. If our reinsurers or brokers fail to pay our insurance subsidiaries on a timely basis, or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***We may be involved in various litigation in the ordinary course of our business, and any final judgment awarding material damages against us could have a material adverse impact on our future financial performance***

We face risks of litigation, regulatory investigations and similar actions in the ordinary course of our business, including the risk of lawsuits and other legal actions relating to suitability, sales or underwriting practices, product design, disclosure, administration, and breaches of fiduciary or other duties. Any such action may include claims for substantial or unspecified compensatory and punitive damages, as well as civil, regulatory or criminal proceedings against our directors, officers or employees, and the probability and amount of liability, if any, may remain unknown for significant periods of time. We are also subject to various regulatory inquiries, such as information requests and books and records examinations, from regulators and other authorities in the geographical markets in which we operate.

A substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant harm to our reputation, which could materially affect our prospects and future growth.

### ***We may be subject to a statutory bail-in regime in the future***

The MAS has issued a Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore. The consultation paper sets out MAS' policy proposals in the areas of recovery and resolution planning, temporary stays and suspensions, statutory bail-in powers, cross-border recognition of resolution actions, creditor safeguards and resolution funding. The approach to the adoption of the resolution regime, including statutory bail-in, has not been finalized and there is uncertainty as to how or whether the MAS will implement this.

Any implementation of such a regime could impact our future capital and funding structure and, accordingly, could affect our business.

### **Risks Relating to the Capital Securities**

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

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

The Capital Securities are novel and complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Capital Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Capital Securities will perform under changing conditions, the resulting effects on the value of the Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio. Investors may also be subject to investment laws that constrain their ability to invest in the Capital Securities. Investors should consult their own legal advisors before making an investment in the Capital Securities.

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

The Capital Securities are perpetual and have no maturity date. Securityholders have no ability to require us to redeem the Capital Securities. We can redeem the Capital Securities in certain circumstances as described in the Conditions, but we are under no obligation to redeem the Capital Securities at any time. Our ability to redeem Capital Securities is subject to us obtaining the prior written consent of the MAS (if then required) to the redemption, and satisfying any conditions that the MAS may impose at that time.

This means that Securityholders have no ability to cash in their investment, except if we exercise our right to redeem the Capital Securities or by Securityholders selling their Capital Securities in the open market. There can be no guarantee that we will exercise our right to redeem the Capital Securities or will be able to meet the conditions for redemption of the Capital Securities.

Securityholders who wish to sell their Capital Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Capital Securities.

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

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

***Our obligations under the Capital Securities are subordinated***

Our obligations under the Capital Securities constitute direct, unsecured and subordinated obligations which rank *pari passu* with Parity Obligations. Subject to the insolvency laws of Singapore and other applicable laws, in the event of our winding-up (other than pursuant to a Permitted Reorganisation), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of (i) Senior Creditors and (ii) holders of Tier II Capital Securities and will rank senior to all Junior Obligations. In the event of a shortfall of funds on a Winding-Up, there is a risk that Securityholders will lose all or part of their investment and will not receive a full return of the principal amount or any unpaid amounts due under the Capital Securities. The Capital Securities also do not limit our ability to incur additional indebtedness, including indebtedness that ranks senior in priority of payment to the Capital Securities, see “– *The Trust Deed and the Capital Securities do not contain any restrictions on our ability to pledge, dispose or securitize our assets, pay dividends, incur additional debt, repurchase our securities or take other actions that could negatively impact Securityholders and provide Securityholders with limited protection in the event of a change in control*”.

***The terms of the Capital Securities contain non-viability loss absorption provisions, and the occurrence of a Trigger Event may be inherently unpredictable and beyond our control***

MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (“**MAS Notice 637**”) provides that the terms of all Additional Tier 1 and Tier 2 capital instruments must be loss absorbing at the point of non-viability. In this regard, the terms of all Additional Tier 1 and Tier 2 capital instruments, issued from January 1, 2013 onwards, shall have a provision that requires such instruments, at the option of the MAS, to be either written off or converted into ordinary shares upon the occurrence of a Trigger Event.

The Conditions of the Capital Securities specify that a Write-off will apply upon the occurrence of the Trigger Event. The Trigger Event would occur on the earlier of:

- (a) the MAS notifying us in writing that the MAS is of the opinion that a Write-off is necessary, without which we would become non-viable; and
- (b) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which we would have become non-viable, as determined by the MAS.

Upon the occurrence of a Trigger Event, we may be required irrevocably (without the need for the consent of the Trustee or the Securityholders) to effect either a full or partial Write-off of the outstanding principal and accrued but unpaid Distributions in respect of the Capital Securities.

In the event that the Capital Securities are Written-off pursuant to Condition 6, any Written-off amount shall be irrevocably lost and Securityholders will cease to have any claims for any principal amount and accrued but unpaid Distributions which have been subject to Write-off. No Securityholder may exercise, claim or plead any right to any amount Written-off, and each Securityholder shall be deemed to have waived all such rights to such amounts Written-off. Furthermore, the requirement for conversion or Write-off upon the occurrence of a Trigger Event does not apply to subordinated debt issued by us prior to January 1, 2013, and accordingly the holders of Capital Securities are likely to be in a worse position, in the event we become non-viable, than holders of Additional Tier I instruments issued by us in the past and which does not include mandatory conversion or write-off features. This includes all of our Additional Tier I instruments outstanding on the date hereof.

A Write-off of Capital Securities will not constitute an enforcement event under Condition 10.

As the Trigger Event would be determined by the MAS, the Write-off may occur in circumstances beyond our control and with which we do not agree. While the MAS has set out a list of factors that it may take into account in assessing viability, it is not an exhaustive list and, ultimately, the circumstances in which the MAS may exercise its discretion are not limited. Due to the inherent uncertainty regarding the determination of whether a Trigger Event exists, it will be difficult to predict when, if at all, a Write-off will occur. Accordingly, the trading behavior in respect of the Capital Securities is not necessarily expected to follow trading behavior associated with other types of securities. Any indication that we are trending towards a Trigger Event could have a material adverse effect on the market price of the Capital Securities.

Potential investors should consider the risk that a Securityholder may lose all of their investment in the Capital Securities, including the principal amount plus any accrued but unpaid Distributions, in the event that a Trigger Event occurs.

### ***The Capital Securities may be subject to a full or partial Write-off***

Investors may lose the entire amount of their investment in the Capital Securities upon the occurrence of a Trigger Event, which will lead to a full or partial Write-off. Upon the occurrence of a Write-off, the principal amount and any accrued but unpaid Distributions of the Capital Securities will automatically be written down and if there is a full Write-off, the principal amount and any accrued but unpaid Distributions will be written down completely and the Capital Securities will be cancelled.

In addition, the subordination provisions set out in Condition 3(b) are effective only upon the occurrence of any winding-up proceedings of the Issuer. In the event that a Trigger Event occurs, the rights of Securityholders shall be subject to Condition 6. This may result in a less favorable outcome for Securityholders subject to a Write-off (a) than that which would otherwise occur under Condition 3(b) upon the occurrence of any winding-up proceedings of the Issuer or (b) compared to holders of securities that otherwise rank *pari passu* or junior to the Securityholders but which are not subject to a full or partial Write-off or conversion. See “– *The terms of the Capital Securities contain non-viability loss absorption provisions, and the occurrence of a Trigger Event may be inherently unpredictable and beyond our control*”.

Furthermore, upon the occurrence of a Write-off of the Capital Securities, the right to receive Distributions will cease and all Distribution amounts that were not due and payable prior to the Write-off shall become null and void. Consequently, Securityholders will not be entitled to receive any Distributions that has accrued on the Capital Securities from (and including) the last Distribution Payment Date falling on or prior to the Trigger Event Notice.

Any such Write-off will be irrevocable and the Securityholders will, upon the occurrence of a Write-off, not receive any of our shares or other participation rights, or be entitled to any other participation in the upside potential of any equity or debt securities issued by us or be entitled to any subsequent write-up or any other compensation in the event of a potential recovery.

In addition, it is possible that we may, in the future, be subject to a statutory bail-in regime. The MAS has issued a Consultation Paper on Proposed Enhancements to Resolution Regime for Financial Institutions in Singapore, which includes proposals that the statutory bail-in regime be applied to unsecured subordinated debt issued after the effective date of the relevant legislative amendments implementing the statutory bail-in regime.

The approach to the adoption of the statutory bail-in regime has not been finalized and there is uncertainty as to how or whether the MAS will implement this and whether the bail-in regime (which could include statutory write down and conversion powers) will apply to the Capital Securities.

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

Payment of Distributions on any Distribution Payment Date is at our sole discretion. Subject to the Conditions, we may elect to cancel any Distribution on any Distribution Payment Date. We may make such election for any reason. In addition, we will not be obliged to pay, and will not pay, any Distribution if (a) we are prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations, (b) we are unable to make payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS’ consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637 – “Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore” issued by the MAS, as amended, replaced or supplemented from time to time or (c) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during our then-current fiscal year on the Capital

Securities or Parity Obligations, would exceed the Distributable Reserves as of the Distribution Determination Date. In addition, if we do not propose or intend to pay, and will not pay, its next dividend on its Shares, we may elect not to pay Distributions in respect of the relevant Distribution Payment Date under the Conditions.

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

Therefore, any Distributions not paid will be lost and we will have no obligation to make payment of such Distributions or to pay interest thereon. If Distributions are not paid for whatever reason, the Capital Securities may trade at a lower price. If a Securityholder sells his Capital Securities during such a period, he may not receive the same return on investment as a Securityholder who continues to hold his Capital Securities until Distributions are resumed.

***We may vary the terms of the Capital Securities***

We may, without the consent or approval of the Securityholders, but subject to the prior approval of the MAS, vary the terms of the Capital Securities so that they remain or, as appropriate, become Qualifying Securities, subject to certain conditions. The terms of such varied Capital Securities may contain one or more provisions that are substantially different from the terms of the original Capital Securities, provided that the Capital Securities become or remain Qualifying Securities in accordance with the Conditions. While we cannot make changes to the terms of the Capital Securities that give rise to any right of us redeeming the varied securities that is inconsistent with the redemption provisions of the Capital Securities, result in a Tax Event or Capital Event, or which do not comply with the rules of any stock exchange on which the Capital Securities may be listed or admitted to trading, and following such variation the resulting securities must have at least, inter alia, the same ranking, interest rate, interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and be assigned the same ratings as the Capital Securities, no assurance can be given as to whether any of these changes will negatively affect any particular Securityholder. Furthermore, the Trustee has no obligation or ability to verify whether the requirements for such variations have been satisfied, and will have no discretion in determining whether any such variation results in terms that are materially less favorable to Securityholders. In addition, the tax and stamp duty consequences of holding such varied Capital Securities could be different for some categories of Securityholders from the tax and stamp duty consequences for them of holding the Capital Securities prior to such variation.

***Upon the occurrence of a Trigger Event, clearance and settlement of the Capital Securities will be suspended and there may be a delay in updating the records of the CDP to reflect the amount written-off***

Following the receipt of a Trigger Event Notice, all clearance and settlement of the Capital Securities will be suspended. As a result, Securityholders will not be able to settle the transfer of any Capital Securities from the commencement of the Suspension Period (as defined herein), and any sale or other transfer of the Capital Securities that a Securityholder may have initiated prior to the commencement of the Suspension Period that is scheduled to settle during the Suspension Period will be rejected by the relevant clearing system and will not be settled within the relevant clearing systems.

While the Capital Securities are represented by a Global Certificate and a Trigger Event occurs, the records of CDP in respect of the respective participants' position held in the Capital Securities may not be immediately updated to reflect the amount to be Written-off and may continue to reflect the nominal amount of Capital Securities prior to the Write-off as being outstanding, for a period of time. The update process of the relevant clearing system may only be completed after the date

on which the Write-off is scheduled. Notwithstanding such delay, holders of the Capital Securities may lose the entire value of their investment in the Capital Securities on the date on which the Write-off occurs. No assurance can be given as to the period of time required by CDP to complete the update of their records. Further, the conveyance of notices and other communications by CDP to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Certificate will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

***Any credit ratings on the Capital Securities may not reflect all risks associated with investing in the Capital Securities, and a downgrade or withdrawal in the ratings of the Capital Securities may affect the market price of the Capital Securities***

The Capital Securities are expected to be rated “A3” by Moody’s, “BBB-” by S&P and “BBB” by Fitch. Downgrades or potential downgrades in these ratings, i.e., the assignment of new ratings that are lower than existing ratings, could reduce the scope of potential investors in the Capital Securities and adversely affect prices for and the liquidity of the Capital Securities. There can be no assurance that the ratings assigned to the Capital Securities will remain in effect for any given period or that the ratings will not be revised by the rating organisation in the future if, in its judgment, circumstances so warrant. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold the Capital Securities and may be suspended, reduced or withdrawn by the rating organisation at any time.

A credit rating from one credit rating agency is not an indication that other rating agencies will assign the same or equivalent ratings to the Capital Securities in the future. Any additional ratings that are assigned to the Capital Securities in the future may be materially different from existing ratings for the Capital Securities which may in turn have a material adverse effect on the trading price of the Capital Securities in the secondary market.

***Limited rights of enforcement and subordination of the Capital Securities could impair an investor’s ability to enforce its rights or realize any claims on the Capital Securities***

In most circumstances, the sole remedy against us available to the Trustee (on behalf of the Securityholders) to recover any amounts owing in respect of the principal or Distribution on the Capital Securities will be to institute proceedings for our winding-up in Singapore. If we default on the payment of principal or Distribution on the Capital Securities, the Trustee will only institute a proceeding in Singapore for our winding-up if it is so contractually obligated. The Trustee will have no right to accelerate payment of the Capital Securities in the case of default in payment or failure to perform a covenant except so provided in the Conditions and in the Trust Deed.

The Capital Securities will be unsecured and subordinated obligations of ours and will rank junior in priority to the claims of Senior Creditors (as defined in the Conditions) and holders of Tier II Capital Securities. Upon the occurrence of any winding-up proceeding, the rights of the holders of the Capital Securities to payments on the Capital Securities will be subordinated in right of payment to the prior payment in full of all of our deposits and other liabilities, as applicable, except those liabilities which rank equally with or junior to the Capital Securities. In a winding-up proceeding, the holders of the Capital Securities may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of ours, as applicable. As there is no precedent for a winding-up of a major financial institution in Singapore, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. An investor in the Capital Securities may lose all or some of his investment should we become insolvent.

***The Trust Deed and the Capital Securities do not contain any restrictions on our ability to pledge, dispose or securitize our assets, pay dividends, incur additional debt, repurchase our securities or take other actions that could negatively impact Securityholders and provide Securityholders with limited protection in the event of a change in control***

The Trust Deed and the Capital Securities do not contain any restrictions on our ability to incur indebtedness, including issue new secured and unsecured debt, repurchase our outstanding securities, pledge assets to secure other indebtedness, securitize our loan assets, or sell or otherwise dispose of substantially all of our assets, or pay dividends on our shares of common stock. These or other actions by us could adversely affect our ability to pay amounts due on the Capital Securities. In addition, Securityholders are provided limited protection in the event of a change in control of OCBC Bank. In addition, the Trust Deed and the Capital Securities do not contain any covenants requiring us to achieve or maintain any minimum financial results relating to our financial position or results of operations.

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

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 Capital Securities.

***There are risks associated with modifying or amending the Conditions of the Capital Securities by way of a meeting of the Securityholders***

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

***Absence of secondary market for the Capital Securities***

The Capital Securities are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Capital Securities will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Capital Securities or the price at which holders of the Capital Securities will be able to sell their Capital Securities. If an active market for the Capital Securities fails to develop or be sustained, the value of the Capital Securities could fall. If an active trading market were to develop, the Capital Securities could trade at prices that may be lower than the initial offering price of the Capital Securities.

Although the issue of additional Capital Securities may increase the liquidity of the Capital Securities there can be no assurance that the price of the Capital Securities will not be adversely affected by the issue in the market of such additional Capital Securities.

***We may not continue to enjoy tax concessions under Singapore tax laws***

The Capital Securities are, pursuant to the Income Tax Act, Chapter 134 of Singapore (“**ITA**”), the MAS Circular FDD Cir 05/2014 entitled “Income Tax Treatment of Basel III Additional Tier 1 Instruments” dated May 30, 2014 and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” dated June 28, 2013, intended to be “qualifying debt securities” for the purposes of the ITA subject to the fulfillment of certain conditions more particularly described in the section “*Singapore Taxation*”.



However, there is no assurance that the Capital Securities will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

***We may raise other capital which affects the price of the Capital Securities***

We may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which we may issue or incur and which ranks senior to, or *pari passu*, with, the Capital Securities, and there is no restriction on us issuing securities with similar, different or no Trigger Event provisions. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on a dissolution or winding-up or may increase the likelihood of a cancellation of Distributions under the Capital Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Capital Securities and/or the ability of Securityholders to sell their Capital Securities.

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

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

## TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

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

The issue of the S\$500,000,000 3.80 per cent. non-cumulative non-convertible perpetual capital securities (the “**Capital Securities**”, which expression includes any further capital securities issued pursuant to Condition 17 and forming a single series therewith) was authorised by a resolution of the Board of Directors of Oversea-Chinese Banking Corporation Limited (the “**Issuer**”) passed on August 18, 2015. The Capital Securities are constituted by a Trust Deed (the “**Trust Deed**”) dated August 25, 2015 (the “**Issue Date**”) between the Issuer and The Bank of New York Mellon, Singapore Branch (the “**Trustee**” which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Capital Securities. The Capital Securities are issued with the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated August 25, 2015 executed by the Issuer by way of a deed poll. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Capital Securities. Copies of the Trust Deed, the Agency Agreement (the “**Agency Agreement**”) dated August 25, 2015 relating to the Capital Securities between the Issuer, the Trustee, the registrar (the “**Registrar**”), the transfer agent (the “**Transfer Agent**”), the initial principal paying agent, the calculation agent named in it (the “**Calculation Agent**”) and any other agents named in it and the Deed of Covenant are available for inspection during usual business hours at the specified office of the Trustee (presently at One Temasek Avenue, #03-01 Millenia Tower, Singapore 039192) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”), the Registrar and the Transfer Agent. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent, the Calculation Agent and any other agent or agents appointed from time to time with respect to the Capital Securities. The Securityholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those applicable to them in the Agency Agreement.

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

### 1 Form, Specified Denomination and Title

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

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

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

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

## 2 Transfers of Capital Securities

- (a) **Transfer:** A holding of Capital Securities may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or the Transfer Agent) of the Certificate(s) representing such Capital Securities to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of Capital Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Capital Securities to a person who is already a holder of Capital Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Capital Securities and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.
- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Securityholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Securityholder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

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

As used in these Conditions, “Global Certificate” means a Certificate representing the Capital Securities that are registered in the name of CDP and/or any other clearing system.

- (c) **Transfer Free of Charge:** Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).
- (d) **Closed Periods:** No Securityholder may require the transfer of a Capital Security to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Capital Security, (ii) during the period of 15 days prior to (and including) any date on which Capital Securities may be called for redemption by the Issuer at its option pursuant to Condition 7(c), (iii) after any such Capital Security has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date, or (v) during a Suspension Period.

In these Conditions, “**Suspension Period**” means the period commencing on the business day in Singapore immediately following the date of a Trigger Event Notice (as defined in Condition 6) and ending on the earlier of the close of business in Singapore on:

- (i) the date on which the Registrar or any other Agent has (A) reflected the relevant Write-off in the Register or (B) issued a new Certificate to such Securityholder in respect of the related Write-off; and
- (ii) the tenth business day in Singapore immediately following the date of any such Trigger Event Notice.

In relation to any Suspension Period, “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

### 3 Status

- (a) **Status:** The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated in the manner described in Condition 3(b).
- (b) **Subordination:** Subject to the insolvency laws of Singapore and other applicable laws, upon the occurrence of any winding-up proceeding (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Securityholders to payment of principal and Distributions on the Capital Securities and any other obligations in respect of the Capital Securities are expressly subordinated and subject in right of payment to the prior payment in full of all claims of (i) Senior Creditors and (ii) holders of Tier II Capital Securities, and will rank senior to all Junior Obligations. The Capital Securities will rank *pari passu* with Parity Obligations. In the event that (i) the Securityholders do not receive payment in full of principal due and payable in respect of the Capital Securities plus Distributions thereon accrued to the date of repayment in any winding-up of the Issuer and (ii) the winding-up order or resolution passed for the winding-up of the Issuer or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Securityholder did not receive payment in full of such principal of and

Distributions on the Capital Securities, such unpaid amount shall remain payable in full; provided that payment of such unpaid amount shall be subject to the provisions under this Condition 3 and Condition 14, and Clause 2 and Clause 6 of the Trust Deed.

*On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Securityholders after the claims of the parties ranking senior to the Securityholders (as provided in this Condition 3 and Clause 2 of the Trust Deed) have been satisfied.*

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

For the purposes of these Conditions:

**“Additional Tier I Capital Securities”** means (i) any security issued by the Issuer or (ii) any other similar obligation issued by any subsidiary of the Issuer that is guaranteed by the Issuer, that, in each case, constitutes Additional Tier I capital of the Issuer on an unconsolidated basis, pursuant to the relevant requirements set out in MAS Notice 637;

**“Existing Additional Tier I Capital Securities”** means the following outstanding instruments issued or guaranteed by the Issuer:

- (i) Class G 4.2% Non-cumulative Non-convertible Preference Shares of the Issuer;
- (ii) Class M 4.0% Non-cumulative Non-convertible Preference Shares of the Issuer; and
- (iii) 5.1% Non-cumulative Non-convertible Guaranteed Preference Shares of OCBC Capital Corporation (2008).

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

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

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

**“Parity Obligation”** means any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier I Capital Securities, including, for the avoidance of doubt, the Existing Additional Tier I Capital Securities;

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

“**Senior Creditors**” means creditors of the Issuer (including the Issuer’s depositors) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the Securityholders;

“**Shares**” means the ordinary shares of the Issuer; and

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

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

#### 4 Distribution

- (a) **Distribution Calculation:** Subject to Condition 5, the Capital Securities confer a right to receive distributions (each a “**Distribution**”) from (and including) the Issue Date at the applicable Distribution Rate, payable semi-annually in arrear on February 25 and August 25 in each year (each a “**Distribution Payment Date**”). Unless otherwise provided in these Conditions, each Capital Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Capital Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Capital Security up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Securityholders of receipt of all sums due in respect of all the Capital Securities up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

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

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

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

- (b) **Rate of Distribution:** The rate of distribution (the “**Distribution Rate**”) applicable to the Capital Securities shall be:
- (i) in respect of the period from (and including) the Issue Date to (but excluding) August 25, 2020 (the “**First Reset Date**”), 3.80 per cent. per annum; and
  - (ii) in respect of the period from (and including) a Reset Date to (but excluding) the immediately following Reset Date, the Relevant Reset Distribution Rate.

For the purposes of these Conditions:

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

“**Initial Spread**” means 1.51 per cent.;

“**Reference Banks**” means the principal Singapore office of three major banks in the Singapore interbank market, selected by the Calculation Agent;

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

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

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

- (c) **Calculation of Relevant Reset Distribution Rate:** The Calculation Agent will, on the Reset Determination Date, calculate the applicable Relevant Reset Distribution Rate payable in respect of each Capital Security. The Calculation Agent will cause the applicable Relevant Reset Distribution Rate determined by it to be promptly notified to the Principal Paying Agent. Notice thereof shall also promptly be given by the Calculation Agent to the Issuer, the Trustee and the Registrar. All notifications, opinions,

determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Securityholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

- (d) **Publication of Relevant Reset Distribution Rate:** The Issuer shall cause notice of the then applicable Relevant Reset Distribution Rate to be promptly notified to the Securityholders in accordance with Condition 16 after determination thereof.
- (e) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason so determine the applicable Relevant Reset Distribution Rate, the Trustee shall do so (but without any liability attaching to the Trustee as a result in the absence of any negligence, wilful misconduct or fraud of which it may be guilty) (or shall appoint an agent on its behalf to do so at the expense of the Issuer) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as, in its absolute discretion, it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Trustee pursuant to this Condition shall (in the absence of manifest error) be final and binding upon all parties.

## 5 Distribution Restrictions

- (a) **Distribution Cancellation:** The Issuer may, at its sole discretion, elect to cancel any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (such notice, which shall be conclusive and binding on the Securityholders, a “**Distribution Cancellation Notice**”) of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents at least 10 business days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(a) and any failure to pay such Distribution shall not constitute an Enforcement Event.
- (b) **Non-Cumulative Distribution:** If a Distribution is not paid in accordance with Condition 5(a), the Issuer is not under any obligation to pay that or any other Distributions that have not been paid. Such unpaid Distributions are non-cumulative and do not accrue interest. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay Distributions pursuant to this Condition 5.
- (c) **No Obligation to Pay:** Notwithstanding that a Distribution Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Distribution on the relevant Distribution Payment Date (and such Distribution will not be considered to be due or payable) if:
  - (i) the Issuer is prevented by applicable Singapore banking regulations or other requirements of the MAS from making payment in full of dividends or other distributions when due on Parity Obligations;



- (ii) the Issuer is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS' consolidated or unconsolidated capital adequacy requirements set out in MAS Notice 637, from time to time applicable to the Issuer; or
- (iii) the aggregate of the amount of the Distribution (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Issuer's then-current fiscal year on the Capital Securities or Parity Obligations, would exceed the Distributable Reserves as of the Distribution Determination Date.

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

For the purpose of these Conditions:

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

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

- (d) **Distributable Reserves:** Any Distribution may only be paid out of Distributable Reserves.
- (e) **Distribution Stopper:** If, on any Distribution Payment Date, payment of Distributions scheduled to be made on such date is not made by reason of this Condition 5, the Issuer shall not:
  - (i) declare or pay any dividends or other distributions in respect of the Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);
  - (ii) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Parity Obligations the terms of which provide that making payments of dividends or other distributions in respect thereof are fully at the discretion of the Issuer (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations); and

- (iii) redeem, reduce, cancel, buy-back or acquire any Parity Obligations or Junior Obligations or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire any Parity Obligations or Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Parity Obligations or Junior Obligations),

in each case, until (x) the next two scheduled Distributions have been paid in full (or an amount equivalent to the next two scheduled Distributions has been paid, or irrevocably set aside in a separately designated trust account for payment to the Securityholders); or (y) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed).

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

## **6 Loss Absorption upon a Trigger Event**

### **(a) Write-off on a Trigger Event**

- (i) If a Trigger Event occurs, the Issuer shall, upon the issue of a Trigger Event Notice, irrevocably and without the need for the consent of the Trustee or the Securityholders, procure that the Registrar shall reduce the principal amount and cancel any accrued but unpaid Distribution of each Capital Security (in whole or in part) by an amount equal to the Trigger Event Write-off Amount per Capital Security (a “**Write-off**”, and “**Written-off**” shall be construed accordingly), save that the Trigger Event Write-off Amount per Capital Security shall not exceed the prevailing principal amount and accrued but unpaid Distribution of such Capital Security. Once any principal or Distribution under a Capital Security has been Written-off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue. No Securityholder may exercise, claim or plead any right to any Trigger Event Write-off Amount, and each Securityholder shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights to such Trigger Event Write-off Amount.
- (ii) If a Trigger Event Notice has been given in accordance with this Condition 6(a), transfers of Capital Securities shall not be permitted during the Suspension Period. From the date on which a Trigger Event Notice in respect of the Capital Securities in accordance with this Condition 6(a) is issued by the Issuer to the end of the Suspension Period, the Trustee and the Registrar shall not register any attempted transfer of any Capital Securities. As a result, such an attempted transfer will not be effective.
- (iii) Any reference in these Conditions to principal in respect of the Capital Securities shall refer to the principal amount of the Capital Securities reduced by any applicable Write-off(s).

### **(b) Multiple Trigger Events and Write-offs in part:**

- (i) Where only part of the principal or Distribution of the Capital Securities is to be Written-off, the Issuer shall use reasonable endeavours to conduct any Write-off such that:
  - (A) Securityholders are treated ratably and equally; and

- (B) the Write-off is conducted on a *pro rata* and proportionate basis with all other Additional Tier I Capital Securities of the Issuer, to the extent that such Additional Tier I Capital Securities are capable of being converted or written-off under any applicable laws and/or their terms of issue under circumstances analogous in these Conditions.

*Any loss absorption action to be taken in respect of (i) any security issued by the Issuer; or (ii) any other similar obligation issued by any subsidiary of the Issuer; that, in each case, constitutes Common Equity Tier I Capital of the Issuer, on an unconsolidated basis, pursuant to the relevant requirements set out in MAS Notice 637, shall not be required before a Write-off of any Capital Securities can be effected in accordance with these Conditions.*

- (ii) The Capital Securities may be subject to one or more Write-offs in part (as the case may be), except where the Capital Securities have been Written-off in its entirety.

For the purposes of these Conditions:

**“Trigger Event”** means the earlier of:

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

**“Trigger Event Notice”** means the notice specifying that a Trigger Event has occurred, which shall be issued by the Issuer not more than two Business Days after the occurrence of a Trigger Event to the Securityholders in accordance with Condition 16(b), the Trustee and the Agents and which shall state with reasonable detail the nature of the relevant Trigger Event and specify the Trigger Event Write-off Amount per Capital Security to be Written-off. For the purpose of this definition, a Trigger Event Notice shall be deemed to be delivered on a business day if it is received by the Trustee at its principal place of business and by the Agents at their respective specified offices during normal business hours; and

**“Trigger Event Write-off Amount”** means the amount of Distribution and/or principal to be Written-off as the Issuer shall, in accordance with the MAS, determine or as the MAS may direct, which is required to be Written-off for the Trigger Event to cease to continue. For the avoidance of doubt, the Write-off will be effected in full even in the event that the amount Written-off is not sufficient for the Trigger Event to cease to continue.

**(c) Role of the Issuer, the Trustee and the Agents:**

Notwithstanding anything to the contrary that may be set out in these Conditions, the Trust Deed, the Agency Agreement or any other document relating to the Capital Securities:

- (i) neither the Trustee nor any Agent shall be under any duty to determine, monitor or report whether a Trigger Event has occurred or circumstances exist which may lead to the occurrence of a Trigger Event and will not be responsible or liable to the Securityholders or any other person for any loss arising from any failure by it to do so, except where such failure is due to the fraud, negligence or wilful

misconduct of the Trustee or such Agent. Unless and until the Trustee and the Principal Paying Agent receive a Trigger Event Notice in accordance with this Condition 6 and the other Agents are expressly notified in writing, each of them shall be entitled to assume that no such event or circumstance has occurred or exists;

- (ii) each of the Trustee and each Agent shall be entitled without further enquiry and without liability to any Securityholder or any other person to rely on any Trigger Event Notice and such Trigger Event Notice shall be conclusive evidence of the occurrence of the Trigger Event and conclusive and binding on Securityholders;
- (iii) neither the Trustee nor any Agent shall be under any duty to determine or calculate, or verify any determination or calculation of or relating to, any Trigger Event Write-off Amount and will not be responsible or liable to the Securityholders or any other person for any loss arising from any failure by it to do so, except where such failure is due to the fraud, negligence or willful misconduct of the Trustee or such Agent;
- (iv) each of the Trustee, the Agents and CDP shall be entitled without further enquiry and without liability to any Securityholder or any other person to rely on any Trigger Event Notice and the Trigger Event Write-off Amount specified therein shall, as to the amount of Distribution and/or principal to be Written-off, be conclusive and binding on Securityholders;
- (v) as long as the Capital Securities are held in global form, neither the Trustee nor any Agent shall, in any circumstances, be responsible or liable to the Issuer, the Securityholders or any other person for any act, omission or default by CDP, or its participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any Write-off by any of them in respect of the Capital Securities;
- (vi) once the Issuer has delivered a Trigger Event Notice to the Trustee pursuant to this Condition 6:
  - (A) the Trustee shall not be obliged to take any action pursuant to any direction, instruction or request provided to it pursuant to an Extraordinary Resolution or a resolution passed at a meeting of Securityholders; and
  - (B) any direction, instruction or request given to the Trustee pursuant to an Extraordinary Resolution or a resolution passed at a meeting of Securityholders prior to the date of the Trigger Event Notice shall cease automatically and shall be null and void and of no further effect,

provided that any action taken by the Trustee in respect of the Capital Securities shall only be taken after the relevant Suspension Period;

- (vii) the Issuer, the Trustee and each Agent shall, without the need for the consent or approval of the Securityholders (or any further action or direction on the part of Securityholders), take any and all such steps in accordance with the Agency Agreement as may be necessary or desirable to give effect to any Trigger Event and any Write-off following the occurrence of the Trigger Event and to reflect the same in the records of CDP; and

(viii) the Trust Deed and Agency Agreement contain certain other protections and disclaimers as applicable to the Trustee and Agents in relation to Condition 6 and each Securityholder shall be deemed to have authorized, directed and requested the Trustee, the Registrar and the other Agents, as the case may be, to take any and all such steps as may be necessary or desirable to give effect to any Trigger Event and any Write-off following the occurrence of the Trigger Event.

## 7 Redemption and Purchase

- (a) **No Fixed Redemption Date:** The Capital Securities are perpetual securities in respect of which there is no fixed redemption date. The Capital Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for Taxation Reasons:** Subject to Condition 7(f), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 but not more than 60 days' notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Qualifying Tax Event has occurred and is continuing, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts (as defined in Condition 9) were a payment in respect of the Capital Securities be due.

Prior to the issue of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that the payment of Additional Amounts, or that the non-deductibility of the payments of Distributions for Singapore income tax purposes, or that the Capital Securities no longer qualify as "qualifying debt securities", as the case may be, cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept such certificate without any further inquiry as sufficient evidence of the satisfaction of this Condition 7(b) without liability to any person, in which event it shall be conclusive and binding on the Securityholders.

For the purposes of these Conditions:

**"Redemption Amount"** means the principal amount of the Capital Securities, together with, subject to Condition 5, Distributions accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

**"Qualifying Tax Event"** means that, 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 any taxing authority of any tax jurisdiction in which the Issuer is a tax resident), or any generally published application or interpretation of such laws or regulations by any such relevant tax authority or any generally published pronouncement by any such tax authority, including a decision of any court or tribunal in any such jurisdiction, which change or amendment becomes effective on or after the Issue Date,

- (i) the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 9);
- (ii) payments of Distributions will or would be treated as "distributions" or dividends within the meaning of the Income Tax Act or any other act in respect of or relating to Singapore taxation or would otherwise be considered as payments of a type that are non-deductible for Singapore income tax purposes; or

- (iii) the Capital Securities do not qualify as “qualifying debt securities” for the purposes of the Income Tax Act,

and such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

- (c) **Redemption at the Option of the Issuer:** Subject to Condition 7(f), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on or after the First Reset Date, on giving not less than 30 but not more than 60 days’ irrevocable notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount.
- (d) **Redemption for Change of Qualification Event:** Subject to Condition 7(f), the Capital Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 but not more than 60 days’ notice to the Securityholders and the Trustee (which notice shall be irrevocable), at the Redemption Amount, if a Change of Qualification Event has occurred and is continuing.

Prior to the issue of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer stating that a Change of Qualification Event has occurred, and the Trustee shall be entitled to accept such certificate without further inquiry as sufficient evidence of the satisfaction of the conditions precedent in this Condition 7(d) without liability to any person in which event it shall be conclusive and binding on the Securityholders.

For the purposes of these Conditions:

“**Change of Qualification Event**” means as a result of a change or amendment to the relevant requirements issued by MAS, or any change in, or amendment to, the application of official or generally accepted and published interpretation of such relevant requirements issued by MAS or any relevant supervisory authority having jurisdiction over the Issuer, including a ruling or notice issued by MAS or any such relevant supervisory authority, or any interpretation or pronouncement by MAS or any such relevant supervisory authority that provides for a position with respect to such requirements issued by MAS that differs from the previously published official or such generally accepted and published interpretation in relation to similar transactions or which differs from any specific written statements made by MAS or any relevant supervisory authority having jurisdiction over the Issuer in relation to:

- (i) the qualification of the Capital Securities as Additional Tier I Capital Securities; or
- (ii) the inclusion of the Capital Securities in the calculation of the capital adequacy ratio,

in each case, of the Issuer (either on a consolidated or an unconsolidated basis) (“**Eligible Capital**”), which change or amendment:

- (A) becomes, or would become, effective on or after the Issue Date; or
- (B) in the case of a change to the relevant requirements issued by the MAS or any relevant authority, if such change or amendment is expected to be issued by the MAS or any relevant supervisory authority on or after the Issue Date,

the Capital Securities (in whole or in part) would not qualify as Eligible Capital (excluding, for the avoidance of doubt, non-qualification solely by virtue of the Issuer already having, or coming to have, an issue of securities with an aggregate principal amount up to or in excess of the limit of Additional Tier I Capital Securities permitted pursuant to the relevant legislation and statutory guidelines in force as at the Issue Date).

- (e) **Variation:** Subject to Condition 7(f), the Issuer may at any time, without any requirement for the consent or approval of the Securityholders and having given not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 16 (which notice shall be irrevocable), vary the terms of the Capital Securities, where such variation does not result in terms that are materially less favorable to the Securityholders and so that they remain or, as appropriate, become Qualifying Securities and provided further that:
- (i) such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Capital Securities;
  - (ii) neither a Tax Event nor a Capital Event arises as a result of such variation; and
  - (iii) the Issuer is in compliance with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

In order to give effect to a variation pursuant to this Condition 7(e), the Issuer and the Trustee shall take all such steps, including executing any supplemental deed, as may be necessary or desirable to give effect to such variation. For the avoidance of doubt, the Trustee shall not be responsible or liable for verifying or certifying whether any of the provisions of this Condition 7(e) have been complied with nor incur any liability whatsoever for any failure to do so.

*Any variation (to the extent that any such variation would impact the eligibility of any Capital Securities as Additional Tier I Capital Securities) of the Capital Securities by the Issuer pursuant to this Condition 7(e) is subject to the Issuer obtaining the prior approval of MAS.*

In this Condition 7(e):

**"Additional Amounts"** means such additional amounts the Issuer shall pay as will result (after withholding or deduction) in receipt by the Securityholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Capital Securities;

a **"Capital Event"** will be deemed to have occurred if any Capital Securities are not, or cease to be, eligible in their entirety to be treated as Additional Tier I Capital Securities of the Issuer;

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

- (i)
  - (A) qualify (in whole or in part) as Additional Tier I Capital Securities; or

(B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

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

(ii) shall:

(A) include a ranking at least equal to that of the Capital Securities;

(B) have at least the same distribution rate and the same Distribution Payment Dates as those applying to the Capital Securities;

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

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

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

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

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

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

(f) **Redemption or Variation Conditions:** Without prejudice to any provisions in this Condition 7, any redemption or variation (to the extent any variation would impact the eligibility of any Capital Securities as Additional Tier I Capital Securities) of Capital Securities by the Issuer is subject to the Issuer obtaining the prior approval of the MAS.

(g) **Purchase:** The Issuer and its subsidiaries (with the prior approval of MAS, for so long as the Issuer is required to obtain such approval) may at any time purchase the Capital Securities in the open market or otherwise at any price in accordance with all relevant laws and regulations and, for so long as the Capital Securities are listed, the requirements of the relevant stock exchange. The Capital Securities so purchased, while held by or on behalf of the Issuer or any such subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 13(a).



- (h) **No Obligation to Monitor:** the Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 7 and will not be responsible to the Securityholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 7, it shall be entitled to assume that no such event or circumstance exists.
- (i) **Cancellation:** All Capital Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering the Certificate representing such Capital Securities to the Registrar and, if so surrendered, be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligation of the Issuer in respect of any such Capital Security shall be discharged. Any Capital Security that is Written-off in full in accordance with Condition 6 shall be automatically cancelled.

## 8 Payments

### (a) Method of Payment:

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Capital Securities represented by such Certificates) in the manner provided in paragraph (ii) below.
  - (ii) Distributions on each Capital Security shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the “**Record Date**”). Payments of Distributions on each Capital Security shall be made in the relevant currency by cheque drawn on a bank and mailed to the Securityholder (or to the first named of joint Securityholders) of such Capital Security at its address appearing in the Register. Upon application by the Securityholder to the specified office of the Registrar or the Transfer Agent before the Record Date, such payment of Distributions may be made by transfer to an account in the relevant currency maintained by the payee with a bank.
  - (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate on the Register with the amount of principal so paid and will (if so requested by the Issuer or a Securityholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Distributions being paid is less than the amount then due, the Registrar will annotate on the Register with the amount of Distributions so paid.
- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Securityholders in respect of such payments.
  - (c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of the Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, the Transfer Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the Transfer Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Transfer Agent or the Calculation Agent and to appoint additional or other Transfer Agents in accordance with the terms of the Agency Agreement, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Calculation Agent and (v) such other agents as may be required by any other stock exchange on which the Capital Securities may be listed, in each case, as approved by the Trustee.

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

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

## 9 Taxation

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

- (a) **Other connection:** to, or to a third party on behalf of, a Securityholder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Capital Security by reason of his having some connection with Singapore other than the mere holding of the Capital Security; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a Securityholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of residence or non-residence or claim for exemption whether to any tax authority in the place where the relevant Certificate representing the Capital Security is presented for payment or to any other party; or

- (c) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate representing the Capital Security is presented for payment more than 30 days after the Relevant Date except to the extent that the Securityholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day; or
- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

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

## 10 Enforcement Events

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

- (c) **Rights of Securityholders:** No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in Singapore or to prove in any winding-up of the Issuer unless the Trustee, having become so bound to proceed (in accordance with the terms of the Trust Deed) or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

No remedy against the Issuer, other than as referred to in this Condition 10 and Clause 6 of the Trust Deed, shall be available to the Trustee or any Securityholder whether for the recovery of amounts owing in relation to or arising from the Capital Securities and/or the Trust Deed or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the Capital Securities and/or the Trust Deed.

## 11 Prescription

Claims against the Issuer for payment in respect of the Capital Securities shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distributions) from the appropriate Relevant Date in respect of them.

## 12 Replacement of Certificates

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

## 13 Meetings of Securityholders, Modification and Waiver

- (a) **Meetings of Securityholders:** The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Securityholders holding not less than 10 per cent. of the principal amount of the Capital Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Capital Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the principal amount of the Capital Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the dates on which principal or Distributions are payable in respect of the Capital Securities, (ii) (unless in accordance with Conditions 5 and/or 6) to reduce or cancel the principal amount of, or Distributions on, the Capital Securities, (iii) to change the currency of payment of the Capital Securities, (iv) to amend the subordination provisions of the Capital Securities or (v) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Capital Securities for the time being

outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the principal amount of the Capital Securities for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

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

## 14 Enforcement

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

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

## 15 Indemnification of the Trustee

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

Each Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial position, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Securityholder shall not rely on the Trustee in respect thereof.

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

## 16 Notices

- (a) Notices to Securityholders will be valid if (i) published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* but may be another leading daily English language newspaper with general circulation in Singapore) or for so long as the Capital Securities are listed on the SGX-ST and the rules of the SGX-ST so require, on the website of the SGX-ST ([www.sgx.com](http://www.sgx.com)) or (ii) despatched by prepaid ordinary post (by airmail if to another country) to Securityholders at their addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the date of publication or despatch to the Securityholders, as the case may be.

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

- (b) A Trigger Event Notice to the Securityholders shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times* but may be another leading daily English language newspaper with general circulation in Singapore) or, so long as the Capital Securities are listed on the SGX-ST, published on the website of the SGX-ST ([www.sgx.com](http://www.sgx.com)). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

## **17 Further Issues**

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

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

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

## **19 Governing Law**

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

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

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

### **Exchange**

Subject to the provisions of the Global Certificate, owners of interests in the Capital Securities in respect of which the Global Certificate is issued will be entitled to have title to the Capital Securities registered in their names and to receive individual definitive Certificates if: (i) an enforcement event or analogous event entitling an accountholder or the Trustee to institute proceedings for the winding-up of the Issuer as provided in the Conditions, has occurred and is continuing, (ii) the Depository has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the Depository has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the Depository has notified us that it is unable or unwilling to act as depository for the Capital Securities and to continue performing its duties and no alternative clearing system is available.

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

### **Meetings**

The holder of the Global Certificate or any proxy or representative appointed by it will be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any meeting of Securityholders, the holder of the Global Certificate shall be treated as being entitled to one vote in respect of each S\$1.00 in principal amount of Capital Securities for which the Global Certificate is issued. The Trustee may allow a person with an interest in the Capital Securities in respect of which the Global Certificate has been issued to attend and speak at a meeting of Securityholders on appropriate proof of his identity and interest.

### **Cancellation**

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

### **Trustee's Powers**

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



## **Payment**

Payments of principal and Distributions in respect of the Capital Securities represented by the Global Certificate will be made without presentation or, if no further payment is to be made in respect of the Capital Securities, against presentation and surrender of the Global Certificate to or to the order of the Principal Paying Agent or such other Paying Agent (as defined in the Agency Agreement) as shall have been notified to the Securityholders for such purpose.

All payments made in respect of the Capital Securities represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register of the Securityholders at the close of business on the fifth business day before the due date for payment.

## **Notices**

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

## **Transfers**

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

## **USE OF PROCEEDS**

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

## BUSINESS

### Overview

We are Singapore's longest established local bank, founded in 1932 through the amalgamation of three banks – Chinese Commercial Bank Limited (incorporated in 1912), Ho Hong Bank (incorporated in 1917) and Oversea-Chinese Bank Limited (incorporated in 1919). We are the second largest financial services group in Southeast Asia by total assets as of March 31, 2015. In Singapore, we are the second largest banking group by total assets as of June 30, 2015. We have been consistently ranked among the world's strongest and safest banks by leading market research firms and publications, including Bloomberg Markets and Global Finance Magazine. We are listed on the SGX-ST, and are one of the largest listed companies in Singapore by market capitalization. Our market capitalization was approximately S\$41 billion as of June 30, 2015, based on the closing price of our ordinary shares.

We are a universal banking group offering a comprehensive range of financial services, including deposit-taking, corporate, enterprise and personal lending, international trade financing, investment banking, private banking, treasury, stockbroking, insurance, credit cards, cash management, asset management and other financial and related services. We employ more than 29,000 staff globally.

We have operations in 18 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Macau, Taiwan, Thailand, Vietnam, Brunei, Myanmar, South Korea, Japan, Australia, the United Kingdom and the United States. Our key markets are Singapore, Malaysia, Indonesia and Greater China. As of June 30, 2015, we had a global network of over 630 branches and representative offices, including 56 branches in Singapore, 42 branches in Malaysia, 337 branches and offices in Indonesia, and 120 branches and offices across Greater China. In Malaysia, where we have been operating for more than 80 years, our wholly-owned banking subsidiary, OCBC Bank (Malaysia) Berhad ("**OCBC Malaysia**"), is among the largest foreign banks by assets, loans, deposits and branches in the country as of June 30, 2015. In 2004, we increased our presence in Indonesia with the acquisition of a stake in the former Bank NISP, and as of June 30, 2015 we owned an 85.1% stake in the renamed OCBC NISP. In China, where we have maintained a continuous presence since 1925, we established our wholly-owned locally incorporated subsidiary, OCBC China, in 2007. Our Greater China presence was further entrenched when we first acquired a majority stake in OCBC Wing Hang in July 2014 before assuming full ownership in October 2014. It was subsequently delisted from the Hong Kong Stock Exchange in October 2014. OCBC Wing Hang adds a network of 94 branches and offices spanning Hong Kong, Macau and China to our Greater China franchise. In addition, we deepened our strategic partnership with Bank of Ningbo, by increasing our equity stake from 15.3% to 20.0%, which made it an associated company of OCBC Bank in 2014.

Our other financial services businesses, such as insurance, private banking, asset management and stockbroking, are conducted mainly through our subsidiaries. Our 87.2%-owned insurance subsidiary, Great Eastern Holdings, which is listed on the SGX-ST, is the oldest and most established life insurance group in Singapore and Malaysia. In January 2010, we completed the acquisition of IAPB, which we combined with our private banking operations, and rebranded the merged business as Bank of Singapore. Bank of Singapore had U.S.\$54 billion in assets under management as of June 30, 2015. Our asset management subsidiary, Lion Global Investors Limited ("**Lion Global**"), which is 70%-owned by Great Eastern Holdings and 30%-owned by Orient Holdings Private Limited, a wholly owned subsidiary of OCBC Bank, is one of the largest asset management companies in Southeast Asia as of March 31, 2015.

As of June 30, 2015, we had S\$399,014 million in assets, including S\$207,828 million in net customer loans. As of June 30, 2015, we also had S\$246,424 million in non-bank customer deposits and S\$32,948 million in shareholders' equity, excluding non-controlling interests.

For the half year ended June 30, 2015, we reported profit attributable to equity holders of S\$2,041 million. Our Singapore operations accounted for 57.0% of profit before taxes and 54.2% of total assets for the six month period ended June 30, 2015, our Greater China operations accounted for 19.3% of profit before tax and 19.9% of total assets for the six month period ended June 30, 2015 and our Malaysia operations accounted for 15.8% of profit before taxes and 16.5% of total assets in the half year ended June 30, 2015.

As of June 30, 2015, our CET1 CAR, Tier 1 CAR and Total CAR were 14.1%, 14.1% and 16.1%, respectively. We have one of the highest credit ratings among banks in Asia, with long-term issuer credit ratings of “Aa1” by Moody’s, “AA-” by S&P and “AA-” by Fitch. In addition, Moody’s, S&P and Fitch each has a “Stable” outlook on our rating. We have also received numerous awards, including: ranked third globally for “World’s Strongest Bank” (Bloomberg Markets, 2015), “ASEAN SME Bank of the Year”, “Best SME Bank in Singapore”, “Best SME Bank in Malaysia” and “Best SME Bank in Indonesia” (Global Banking & Finance Review, 2015), Best Bank in Singapore (Euromoney Country Awards for Excellence, 2015), “Best Data Analytics Initiative for Group Customer Analytics & Decisioning” (Asian Banker’s International Excellence in Retail Financial Services Awards, 2015), ranked second in Asia for “World’s 50 Safest Banks Awards” in 2014 (Global Finance Magazine), “Best Cash Management Bank in Singapore” (Alpha Southeast Asia Annual Best Financial Institution Awards in SEA, 2012-2015), “ASEAN SME Bank of the Year” (Asian Banking & Finance Retail Banking Awards 2011-2015), “Asia’s Best Bank” and “Asia’s Most Dynamic Bank” (Financial Insights Innovation Awards 2014), “Most Professional Borrower in Asia (Investment Grade Financial Institutions)” (FinanceAsia Fixed Income Poll 2014), first retail bank to be awarded the “Singapore Quality Award for Business Excellence” in 2014, “Best Bank in Singapore” (Global Finance Best Developed Market Banks, 2013) and “Best Retail Bank in Singapore” (The Asian Banker Excellence in Retail Financial Services International Awards, 2013).

## **Strengths**

Established regional franchise, with a strong focus on further building our wealth management business.

We are the second largest financial services group in South-east Asia by total assets as of March 31, 2015, with established franchises in our key markets of Singapore, Malaysia, Indonesia and Greater China through our key subsidiaries. We have bank branches and representative offices in 18 countries and territories internationally. In Singapore, we are the second largest banking group by assets as of June 30, 2015. In Malaysia, our subsidiary, OCBC Malaysia is among the largest foreign banks by assets, loans, deposits and branches as of June 30, 2015. Our subsidiary in Indonesia, OCBC NISP, was among the top eight private sector national banks by assets as of June 30, 2015. In Greater China, our larger combined presence with OCBC Wing Hang, gives us a sizeable platform to tap into the increasing trade links between North and Southeast Asia, secure onshore and offshore business opportunities associated with the growing internationalization of the Renminbi and partner more Chinese companies that are investing offshore. We have also secured a stronger deposit franchise in the region and our enhanced access to the U.S. dollar and Renminbi enables us to better support our customers’ cross-border requirements. There will also be substantial opportunities to cross-sell wealth and bancassurance products and services to OCBC Wing Hang’s affluent customers. In addition, we further deepened our strategic partnership with Bank of Ningbo, by increasing our equity stake from 15.3% to 20.0%, which made it an associated company of OCBC Bank. In July 2015, we officially opened a new branch in Myanmar offering banking services to foreign companies and joint ventures, as well as domestic banks in Myanmar.

Our key subsidiaries are among the leading players in their respective markets. Great Eastern Holdings is the oldest and most established life insurance group in Singapore and Malaysia. Lion Global is one of the largest private sector asset management companies in Southeast Asia in

terms of assets under management as of March 31, 2015. In 2015, our private banking subsidiary, Bank of Singapore, was voted the Best Private Wealth Management Bank in Southeast Asia” by Alpha Southeast Asia for the fifth consecutive year and “Best Domestic Clients Team” by WealthBriefingAsia.

Wealth management has been a key component of our strategy, contributing 29.5% of our income for the six month period ended June 30, 2015, and we continue to focus on building this business. We are a major distributor of unit trusts and bancassurance products to the mass market segment, and have strong insurance, asset management, private banking, stock brokerage and treasury capabilities that collectively contribute to our wealth management business.

#### ***Strong and sustainable earnings capacity, with disciplined cost management***

We have achieved strong growth in income and net profit attributable to equity holders in the past two and a half years. From the year ended December 31, 2013 to the half year period ended June 30, 2015, our compound annual growth rates for total core income and core profit attributable to equity holders were 11.3% and 16.8%, respectively. Our earnings sources are also well-diversified. For the year ended December 31, 2014, our core non-interest income (excluding the one-time gain arising from the Group’s increased stake in Bank of Ningbo) comprised 40.4% of our total income, which was the highest percentage among Singapore banks. For the half year period ended June 30, 2015, our core non-interest income comprised 41.5% of our total income.

We maintain disciplined cost management practices; the following set out the lowest and highest cost-to-income ratios for each of the three month periods beginning January 1, 2011:

- (a) For the three month period ended March 31, 2012 our cost-to-income ratio was 35.9%;
- (b) For the three month period ended September 30, 2011 our cost-to-income ratio was 46.6%.

#### ***Diversified loan book with strong growth drivers***

We have a diversified loan book, by both geography and industry, and our policy is to maintain a diversified customer loan portfolio without significant concentrations in any single customer or group of customers. As of June 30, 2015, Singapore accounted for 40.7% of our loans, while international markets, including Malaysia, accounted for 59.3% of our loans. By industry classification, housing loans form the largest segment of our loan portfolio, yet only represented 26.3% of our loans and advances as of June 30, 2015.

We have seen steady loan growth in our key markets over the last two and a half years. From December 31, 2013 to June 30, 2015, our Singapore and Malaysia loans grew at compound annual growth rates of 1.3% and 7.4%, respectively. Our international loans (excluding Malaysia) grew at a compound annual growth rate of 36.6% over the same period. Our total loans grew at a compound annual growth rate of 15.4% over the same period.

#### ***Comprehensive risk management framework and healthy asset quality***

We have a comprehensive enterprise-wide risk management framework that supports well-considered risk taking and proactive risk management. Our credit risk management framework includes a disciplined process for identifying target markets and setting risk acceptance criteria, regular portfolio reviews and stress testing, a strong emphasis on early problem loan recognition and effective remedial actions, an independent credit risk review function, and adequate staffing and training.

Consistent application of these risk management policies and processes has contributed to a steady improvement in our asset quality over the past 10 years. As of June 30, 2015, our NPL ratio was 0.7%. Our asset quality also held up well during the recent global financial crisis, with an NPL ratio of 1.7% as of December 31, 2009, the lowest ratio among Singapore banks at that point in time.

### ***Sound liquidity and funding structure***

We actively manage our liquidity and funding positions to diversify our funding sources and achieve greater cost efficiency. Our funding mix is diversified – as of June 30, 2015, non-bank deposits formed 72.0% of our total funding requirements (total equity and total liabilities excluding life assurance fund liabilities), with low cost current and savings account deposits comprising 46.0% of total non-bank deposits. The increase in the proportion of low cost current and savings account deposits to our total non-bank deposits to the current levels, was largely a result of our key initiatives which include: targeting children’s savings accounts with tailored value propositions for families, introducing the “FRANK by OCBC” banking program for youths and young working adults, acquiring corporate and small and medium-sized enterprises (“SME”) operating accounts with our award-winning cash management platform, and providing customers with a superior and differentiated banking experience that is tuned into evolving customer behavior trends and enhancements to our digital offerings.

Our sources of liquidity are stable – 11.8% of our total assets (excluding the life assurance fund investment assets) are in cash and balances with central banks, Treasury bills and government securities as of June 30, 2015. We also have a U.S.\$5.0 billion Euro Commercial Paper Program that we first established in 2004 and upsized to U.S.\$10.0 billion in 2012, and a U.S.\$5.0 billion U.S. Commercial Paper Program that we established in 2011 and upsized to U.S.\$10.0 billion in 2012, each of which can be tapped to diversify our non-Singaporean dollar funding sources. In addition, we have a customer loans-to-customer deposits ratio of 84.3% as of June 30, 2015.

### ***Strong capital ratios***

We are regulated by the MAS, which has consistently imposed a stronger regulatory capital regime for SIBs relative to international standards. The MAS has imposed more stringent capital requirements for SIBs than the Basel III framework, as each of the SIBs is systemically important and has a substantial retail presence in Singapore. SIBs have been required to meet minimum CET1 CAR, Tier 1 CAR, and Total CAR of 5.5%, 7.0% and 10.0%, respectively, from January 1, 2014, and CET1 CAR, Tier 1 CAR and Total CAR of 6.5%, 8.0% and 10.0%, respectively, from January 1, 2015. In addition, a capital conservation buffer, to be met with CET1 capital, will begin at 0.625% on January 1, 2016, and reach 2.5% on January 1, 2019.

We maintain a strong capital position to support business growth and strategic investments and to sustain investor, customer and market confidence. We also ensure that our capital adequacy ratios are comfortably above the minimum regulatory requirements. The Group is subject to MAS’ Basel III capital adequacy requirements which came into effect on January 1, 2013 and are being progressively phased in between January 1, 2013 and January 1, 2019. As of June 30, 2015, our CET1 CAR, Tier 1 CAR and Total CAR were 14.1%, 14.1% and 16.1%, respectively. These ratios, based on MAS’ transitional Basel III rule for 2015, were well above the regulatory minima of 6.5%, 8.0% and 10.0%, respectively.

In January 2014, the Basel Committee on Banking Supervision (“BCBS”) issued the leverage ratio framework and its public disclosure requirements. In line with this, a revised MAS Notice 637 was issued in October 2014 requiring Singapore-incorporated banks to make leverage ratio disclosures with effect from January 1, 2015 to enhance the transparency and comparability of

these disclosures across banks. As at June 30, 2015, our leverage ratio was 7.4%, above the minimum requirement of 3% which is being tested by BCBS during the parallel run period from 2013 to 2017.

Under MAS Notice 649, a bank incorporated and headquartered in Singapore shall maintain at all times, a Singapore Dollar LCR requirement of at least 100% and an all currency LCR requirement of at least 60% by January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019. As at June 30, 2015, the Singapore dollar and all currency liquidity coverage ratios for the Group (excluding OCBC Wing Hang) were 241% and 109% respectively. OCBC Wing Hang's LCR will be incorporated into the overall Group position in due course.

## **Strategy**

Our clearly-defined strategy of deepening our presence in Singapore and key overseas markets of Malaysia, Indonesia and Greater China provides us with excellent growth opportunities. Anchored by a stable operating platform, we are well-placed to capitalize on the fast growing wealth, trade, insurance and capital flows within Asia, and between Asia and the world. The growing internationalization of the Renminbi will create opportunities for new intermediation channels and products and services. At the same time, changing demographics in our key overseas markets, including social progression and the expansion of the middle class, is driving rapid wealth creation.

### ***Customers at the forefront***

We value the trust and confidence that our customers place in us, and are fully committed to helping them achieve their aspirations, by providing comprehensive and innovative financial services that meet their needs. Our distinct competitive strength comes from our comprehensive banking, wealth management and insurance franchise that offers an integrated service platform in meeting our customers' financial needs.

In Retail and Commercial Banking, the connectivity of our regional network will be enhanced to support our customers' growing cross-border activities. We will intensify our efforts to innovate and digitize, and extract further value from our past investments.

Our leading regional Wealth Management franchise is further poised to tap on the rising affluence in our key markets. We will focus on extending Bank of Singapore's position as "Asia's Global Private Bank" through best-in-class product architecture platform and proprietary research. We will expand our regional Premier Banking proposition, and further extend our presence in the growing emerging affluent segment. In Insurance, we see growth potential in the Takaful business in Malaysia and increasing insurance penetration in Indonesia through our extensive OCBC NISP network, while maintaining a market leading position in bancassurance in Singapore.

At the same time, we remain focused on delivering a superior and differentiated customer experience in order to gain a sustainable competitive advantage. The key elements in improving service delivery include leveraging customer insights to develop and implement superior customer value propositions, focusing on quality and investing in customer experience delivery capabilities across our Group.

### ***Deepening presence in Singapore, Malaysia, Indonesia and Greater China***

In addition to maintaining our strong market position in our home market, we continue to deepen our presence in Malaysia, Indonesia and Greater China through improving the customer experience, expanding our distribution network and broadening our capabilities.

In Malaysia, we are among the largest foreign banks by assets, loans, deposits and branches. Through OCBC Al-Amin Bank Berhad (“**OCBC Al-Amin**”), we are the only Singapore bank that operates a stand-alone Islamic Bank, while Great Eastern Life Insurance (Malaysia) Berhad is one of the largest insurance companies by asset size and agency force in Malaysia. There remains potential for us to expand the scope and scale of Islamic Banking and Takaful products and services, thereby increasing our overall market penetration in Malaysia. In Indonesia, we are among the top eight private sector national banks and intend to further develop the enlarged franchise (following the merger of OCBC NISP and PT Bank OCBC Indonesia) and drive greater collaboration between OCBC NISP and the Group. In 2012, we acquired an 80% stake in a securities brokerage business, PT Transasia Securities, which has been renamed to PT OCBC Sekuritas Indonesia (“**OCBC Sekuritas**”), to create an added platform for our expanding wealth management franchise in Indonesia. In Greater China, our larger combined presence with OCBC Wing Hang, gives us a sizeable platform to tap into the increasing trade links between North and Southeast Asia, secure onshore and offshore business opportunities associated with the growing internationalization of the Renminbi and partner more Chinese companies that are investing offshore. We have also secured a stronger deposit franchise in the region and our enhanced access to the U.S. dollar and Renminbi enables us to better support our customers’ cross-border requirements. There will also be substantial opportunities to cross-sell wealth and bancassurance products and services to OCBC Wing Hang’s affluent customers. In addition, we further deepened our strategic partnership with Bank of Ningbo, by increasing our equity stake from 15.3% to 20.0%, which made it our associated company.

Outside of our core overseas markets, we remain alert to emerging opportunities within Southeast Asia and focused overseas markets, while supporting our network customers in Australia, United States, Europe, Japan and Korea through our branches. In July 2015, we officially opened a new branch in Myanmar offering banking services to foreign companies and joint ventures, as well as domestic banks in Myanmar.

### ***Leveraging group synergies***

Our core businesses of banking, wealth management and insurance are closely interlinked, and we continue to direct our efforts to maximize the synergies within the Group. We plan to differentiate ourselves by further leveraging potential synergies among the entities within our Group, which include OCBC Malaysia, OCBC Al-Amin, OCBC NISP, OCBC Wing Hang, OCBC China, Great Eastern Holdings, Lion Global, Bank of Singapore and OCBC Securities. We seek to broaden relationships with our various sets of customers, increase cross-selling and customer referrals across our Group, enhance operational effectiveness by coordinating the development and more effective deployment of common corporate resources, and balance organic growth with selective acquisitions that fit our overall franchise.

### **Our Operations**

Our main services include deposit-taking, corporate, enterprise and personal lending, international trade financing, investment banking, private banking, treasury, stockbroking, insurance, credit cards, cash management, asset management and other financial and related services. Banking operations are conducted through our domestic and overseas branches, representative offices and subsidiaries. Other financial services, such as insurance, private banking, asset management and stockbroking, are conducted mainly through our subsidiaries.

For the purpose of financial reporting of business segment results, our businesses are presented under five main segments representing the key customer and product groups: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, Insurance and Others. An additional segment for OCBC Wing Hang was included for the year ended December 31, 2014 and for the six month period ended June 30, 2015 to reflect the progressive consolidation of OCBC Wing Hang from July 2014. We first acquired a majority stake



in OCBC Wing Hang in July 2014 and it became our wholly-owned subsidiary in October 2014. The Global Consumer/Private Banking segment covers consumer banking, private banking and retail brokerage services, and Global Corporate/Investment Banking encompasses corporate banking, corporate finance and capital market solutions. The Global Treasury and Markets segment reflects the management of the Group's asset and liability positions as well as trading activities, with income from products and services offered to customers reflected in the respective business segments. For the years ended December 31, 2013 and 2014, and for the half year ended June 30, 2015, the "Others" segment comprised property holding, investment holding and items not attributable to other business segments. Where there are material changes in the organizational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability. The following table sets forth the contributions of the key business segments to our operating profit after allowances and amortization for the periods indicated.

	Year ended December 31, 2013	Year ended December 31, 2014	Half year ended June 30, 2015
	S\$ (in millions)	S\$ (in millions)	S\$ (in millions)
Global Consumer/Private Banking . . . .	738	749	472
Global Corporate/Investment Banking <sup>(1)</sup> . . . . .	1,799	1,978	984
Global Treasury and Markets . . . . .	428	774	267
Insurance. . . . .	760	946	537
OCBC Wing Hang. . . . .	–	94	185
Others <sup>(1)</sup> . . . . .	(212)	110	(99)
<b>Total</b> . . . . .	<b>3,513</b>	<b>4,651</b>	<b>2,346</b>

**Note:**

(1) Comparatives for the financial year ended December 31, 2013 have been restated to conform to the basis of presentation for the financial year ended December 31, 2014.

**Global Consumer/Private Banking**

Global Consumer/Private Banking provides a full range of products and services to individuals, including deposit products such as checking accounts, savings and term deposits, consumer loans such as housing loans, car loans and other personal loans, credit cards, and wealth management products such as unit trusts, bancassurance products and structured deposits. Global Consumer/Private Banking also includes income from brokerage services and private banking. For the six month period ended June 30, 2015, this business segment accounted for 20.1% of our operating profit after allowances and amortization.

In Singapore, we are among the top three banks in consumer banking. As of June 30, 2015, we had a network of 56 branches, which included 14 Premier Banking centers and 17 Sunday Banking centers. In Malaysia, we are one of the longest established banks and serve our customers through a network of 42 branches, comprising 32 conventional branches and 10 Islamic Banking branches. In Greater China, we have a network of 120 branches and offices including OCBC Wing Hang's 94 branches and offices in Hong Kong, Macau and China. We intend to further leverage our regional network to serve the fast-growing affluent and mass affluent customer segments.

We invest in our service and delivery channels to provide our customers with a superior and differentiated banking experience. Examples of service and delivery improvements include the revamping of our branches in Singapore and Malaysia to integrate design principles and innovations based on extensive research of branch layouts and customer needs, refining the deployment of our ATM fleet across Singapore with new units at high traffic locations to enhance customer accessibility for our customers. We also conduct extensive customer research and testing to ensure that our product and service innovations are tuned into evolving customer behavior trends and preferences.

Examples include the introduction of a first-in-market deposit account opening mobile application – ‘OCBC Open Account’ – which enables customers to open a new deposit account, namely the OCBC 360 Account on-the-go with their smart phones, as well as the launch of OCBC Pay Anyone, the first micro-payment service that allows customers to perform fund transfers from OCBC Bank to any bank using just the recipient’s Facebook account, e-mail address or mobile number. We also introduced the OCBC Wow Deals mobile phone application to offer our cards customers exclusive deals and customized promotions harnessing data analytics for insight into customer preferences.

### *Savings and Deposits*

We offer a comprehensive range of deposit products including savings accounts, checking accounts, term deposits and regular savings plans. We have also developed tailored products to better serve customer needs and preferences at each life-stage. Examples of these tailored products include our Mighty Savers program, targeted at parents of young children, to help inculcate in children a habit of saving, our “FRANK by OCBC” banking program comprising savings and cards accounts designed for youths and young working adults. In Singapore, we are one of only a few selected banks appointed by the Singapore government to manage Child Development Accounts, savings accounts for children in which deposits by parents are eligible for matching contributions by the Singapore government.

### *Consumer Loans*

Our primary consumer lending products are housing loans and mortgages. We offer our customers a range of fixed rate mortgages, variable rate mortgages as well as mortgages pegged to market benchmark rates. Fixed rate mortgages have fixed rates only for the first two or three years of the loan, after which interest accrues at a higher variable rate. Variable rate mortgages are priced at a margin above or below a reference rate (which is a rate that OCBC Bank may change but typically does so only very infrequently). Mortgages pegged to market benchmark rates are similar to variable rate mortgages except that the benchmark is determined by the market. The typical tenor of a mortgage in Singapore is 30 years, and the interest rate during the first two to three years of the loan is typically lower, as a form of ‘teaser’ rate.

As of June 30, 2015, our outstanding housing loans amounted to S\$55,321 million.

On June 29, 2013, the MAS implemented a Total Debt Servicing Ratio (“**TDSR**”) framework for property loans that aims to promote financial prudence and prevent over-leveraging by property purchasers. We also offer other lending products to our customers, including car loans, unsecured credit lines and term loans. Car loans are monthly amortizing loans which are typically five year loans priced at a fixed rate. Term loans are secured by other forms of collateral such as equities, cash or insurance policies. Unsecured credit facilities are offered under the EasiCredit and ExtraCash brands and are extended to individuals subject to income conditions, credit scoring and credit bureau checks.

See “*Customer Loan Portfolio*” and “*Customer Loan Concentration*” below for further discussion on our consumer loans.

### *Credit and Debit Cards*

We offer a range of credit and debit cards, including Visa, Visa Electron, MasterCard and various affinity cards. We were among the first financial institutions to introduce credit cards in Singapore. We grant credit cards on a prudent basis to only a limited segment of our customers. Credit card issuance in Singapore is subject to stringent criteria, including a regulated minimum income requirement of S\$30,000 per year and a limit on total credit lines granted to each cardholder. In addition, all new credit card applications are credit scored and subject to credit bureau checks before approval and card issuance. These measures help to ensure that the industry loss rate on credit cards in Singapore remains relatively low.

### *Bancassurance*

We conduct our bancassurance business through a strategic collaboration with our subsidiary Great Eastern Holdings. We distribute a full range of bancassurance products, including life insurance, term insurance, travel accident and mortgage insurance, single premium capital protected investment plans, annuity plans and investment-linked retirement planning products. Our priority is to provide customers with a one-stop solution for their insurance, financial and retirement planning needs. We are one of the market leaders in bancassurance in Singapore. See “– *Insurance*” below for more information.

### *Unit Trusts*

We offer an extensive range of over 200 unit trust funds offered by 19 fund management companies, including equities, fixed income, and asset allocation as well as specialized alternative investments. Our funds selection process includes vetting such funds based on performance, risk profile and suitability for our customers.

### *Bank of Singapore*

Our wealth management business is carried out mainly by our wholly-owned subsidiary, Bank of Singapore. On January 29, 2010, we completed the acquisition of IAPB and combined the businesses of IAPB and OCBC Private Bank under a wholly-owned subsidiary which was renamed Bank of Singapore. Bank of Singapore is positioned as an Asia-based global private bank and, we believe, is the only dedicated private bank headquartered in Singapore. It has a branch in Hong Kong and offices in Manila and Dubai. Bank of Singapore serves high net worth individuals and wealthy families in Asia, the Middle East/Africa and Europe. As of June 30, 2015, Bank of Singapore had assets under management of U.S.\$54 billion.

Bank of Singapore adopts a global private banking approach, offering customers a comprehensive range of products and services on a fully open architecture platform, supported by strong proprietary research and independent advice. It also leverages our extensive regional network and expertise in mortgage financing, retail, commercial and investment banking, stockbrokerage, insurance and investment management.

Following the launch of Bank of Singapore, we conducted a year-long global advertising campaign to build brand recognition, help retain existing customers and attract new customers. The campaign has also enhanced Bank of Singapore’s ability to bring in new relationship managers and product specialists from leading global private banks. We have also put in place incentives to encourage cross-selling and referrals between us and Bank of Singapore, with good results achieved in the areas of property and business financing, insurance sales, brokerage and treasury transactions, and customer acquisition. With the acquisition of OCBC Wing Hang in 2014, various collaborative programs have been launched to market private banking services by the Bank of Singapore’s Greater China team to the business owners of OCBC Wing Hang’s SME customer base.

### *Product Distribution*

We deliver our products and services through an array of channels, principally branches, ATMs, internet banking and telephone banking. Our branches offer traditional teller services and are also staffed by personal financial consultants who are trained and certified to sell bancassurance, unit trusts and investment products. We also offer the widest network of full-service Sunday banking branches in Singapore. Mortgage customers are serviced through mobile mortgage specialists.

Recent upgrades to our online and mobile banking platforms are keeping our Group at the forefront of digital banking convenience and functionality. We introduced the first online personal financial management tool, OCBC Money Insights, which enables our customers to track expenses, set budgets, create savings goals and manage their cashflow.

As of June 30, 2015, our network of 583 ATMs in Singapore, which include ATMs at all of our branches and self-service hubs, formed part of the shared network of 1,218 ATMs with another Singapore bank, providing our customers with Singapore island-wide coverage, particularly at prime locations, transport hubs and high traffic areas.

### *Stockbrokerage*

We conduct our stockbrokerage activities in Singapore through our wholly-owned subsidiary, OCBC Securities, which is a member of the Singapore Exchange for both Securities Trading and Derivatives Trading. We offer a full range of brokerage services for globally listed securities, futures and leveraged foreign exchange trading. In addition, we offer initial public offering placement, share margin financing and share borrowing. We provide equities research through OCBC Investment Research.

We service institutional investors including American, British, European and Japanese brokers/dealers, private banks, fund managers, insurance companies, banks and other corporations.

We service retail and high net worth individuals through our retail business, with a team of about 350 trading representatives as of June 30, 2015. Retail clients receive personalized brokerage services, as well as access to 14 global securities exchanges via our iOCBC online trading platform which is available through the personal computers and applications for mobile devices.

Other than our presence in Singapore, OCBC Sekuritas also services Indonesian clients in relation to their trading on the Indonesian Stock Exchange. We offer clients internet trading through regular trading accounts. We also provide leveraged trading via margin accounts and Repo accounts.

### ***Global Corporate/Investment Banking***

Global Corporate/Investment Banking provides comprehensive financial services to business customers, ranging from the public sector, large corporate and institutional customers, to SMEs. In addition to our key markets of Singapore and Malaysia, we support our customers in their regional and international trade and investment needs through our offices in Indonesia, Thailand, Vietnam, Myanmar, China, Hong Kong SAR, Macau, Taiwan, South Korea, Japan, Australia, the United Kingdom and the United States. Products and services offered include long-term loans such as project financing and syndicated loans, short-term credits such as overdrafts and trade finance, deposit accounts and fee-based services such as cash management. We also extend a comprehensive suite of treasury advisory and investment banking solutions, including corporate finance services for initial public offerings, secondary fund raising, takeovers and mergers, as well

as customized and structured equity linked financing, to meet our customers' needs. For the six month period ended June 30, 2015, this business segment accounted for 41.9% of our operating profit after allowances and amortization.

### *Loans*

We provide a comprehensive range of loans to finance our customers' daily operational needs and support their global investment and expansion plans. These include working capital financing, project financing, commercial property financing, asset-based financing, and short to medium term credit facilities like overdrafts, bridging loans and trade financing.

Our loans are typically made in Singapore dollars, although we also extend loans in foreign currencies, primarily the U.S. dollar. Singapore dollar-denominated loans are generally extended at a spread over our published prime rate or the interbank rate. The spread charged depends on the credit quality of the borrowers, as well as the type and maturity of the loan.

The larger corporates and institutional clients we serve include publicly listed companies, multinational corporations, government-linked agencies, statutory boards, financial institutions and non-bank financial institutions. In respect of large corporates, our focus is on global account management and we provide customized solutions including working capital financing, specialized financing, and structured and project financing, to support their operations and ventures across geographies through our international network.

SME is a key segment and continues to be a focus area. We aim to be the main bank of choice to our customers, providing them with financial products and services to support their growth as they mature through the business life cycle. We demonstrate our commitment to early stage growth and smaller emerging companies by supporting them since their inception.

### *Cash Management*

We provide a suite of cash management solutions, from simple Singapore dollar accounts to more complex accounts receivable, payables and liquidity management solutions. The solutions are tailored to meet our customers' needs, providing them with control over their business finances and allowing them to optimize their working capital, streamline their processes and improve operational efficiency.

### *Trade Finance*

We provide a comprehensive range of global trade finance solutions to international banks and corporates. From standard trade solutions such as letters of credit and simple trade credit lines to complex structured trade solutions, we customize the solutions to help our customers manage risk, improve liquidity and efficiency, and lower their costs.

### *Global Investment Banking*

Global Investment Banking provides capital markets, corporate finance and mezzanine capital financing to our customers, encompassing both conventional and Islamic structures. Global Investment Banking works closely with Global Corporate Banking to develop and tailor products and services for our corporate customers.

Our Capital Markets Group offers loan, bond financing solutions and structured product origination. We structure, arrange, underwrite and manage both syndicated loan financings and debt securities issuances for government-linked companies, statutory boards, financial institutions, large corporations and SMEs in our key markets in the region such as Indonesia, Hong Kong and China. In Singapore, we are one of the leading domestic loan and bond houses.

Our Corporate Finance Group provides equity capital markets and advisory services to our corporate customers. Equity capital market services include initial public offerings and secondary equity issuances such as rights and placement issues. We also offer a range of advisory services, including mergers, acquisitions, divestitures, management buy-outs, privatizations and recapitalizations.

Our Mezzanine Capital Group provides private equity investment and special opportunities financing to private and listed companies. Examples of financing structures include convertible debts, loans with equity kickers, preference shares and ordinary shares with put options.

### ***Global Treasury and Markets***

Global Treasury and Markets is responsible for the management of the Group's asset and liability positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and also offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Beginning January 1, 2012, income from treasury products and services offered to customers from other business segments such as Global Consumer/Private Banking, Global Corporate/Investment Banking is reflected in the respective business segments. For the six month period ended June 30, 2015, this business segment accounted for 11.4% of our operating profit after allowances and amortization.

We are among the leading providers of wealth management solutions and hedging solutions for our retail, premier and corporate customers. For retail and premier customers, we offer investment and wealth management solutions (short and long tenors) including structured deposits, foreign exchange-linked, equity-linked, commodity-linked and credit-linked structured deposits, investment products or notes. For our corporate customers, we provide hedging expertise and market knowledge to help customers manage their risks in foreign exchange, interest rates, equities, credit and commodities and other structured solutions. For institutional customers, our team of experienced specialists extend a full range of investment and hedging capabilities in foreign exchange and interest rate derivatives, money market, fixed income and customized structured solutions.

### ***Insurance***

Our insurance business is carried out by our 87.2%-owned subsidiary, Great Eastern Holdings, which is the oldest and most established life insurance group in Singapore and Malaysia. Great Eastern Holdings distributes insurance products primarily through its tied agency force, a financial advisory firm, Great Eastern Financial Advisers, and bancassurance channels. Besides Singapore and Malaysia, Great Eastern Holdings also carries out insurance operations in Indonesia, Vietnam and Brunei, and has an associate conducting insurance business in China, as well as a representative office in Myanmar. For the six month period ended June 30, 2015, insurance accounted for 22.9% of our operating profit after allowances and amortization.

#### ***Life Insurance***

Great Eastern Holdings' life insurance business provides a range of products, including term assurance, protection and savings products, critical illness cover, medical indemnity and cash cover, personal accident cover, disability cover and annuities across various products classes including participating, non-participating, investment-linked and universal life products.

In Singapore and Malaysia, Great Eastern Holdings operates its life insurance business through its subsidiaries, The Great Eastern Life Assurance Company Limited ("**Great Eastern Life**") and Great Eastern Life Assurance (Malaysia) Berhad ("**GELM**"), respectively. Great Eastern Life and GELM are leading insurers in Singapore and Malaysia in terms of new business sales, total value

of in-force business and total assets under management. Great Eastern Life is also a key insurer participating in various government insurance schemes covering a major proportion of the population in Singapore.

Great Eastern Life has also introduced new life insurance products into the Singapore market, including a regular premium endowment plan that offers both non-guaranteed as well as guaranteed benefits and further enhanced its suite of critical illness products, offering one of the highest payouts for early and intermediate stage critical illnesses. Great Eastern Life also offered the first plan in Asia that provides a simplified definition on occupational disability, paying a monthly income benefit up until retirement age, if one succumbs to injury and is unable to work.

Great Eastern Life has been assigned the “AA-” financial strength and counterparty credit rating from S&P since 2010, making Great Eastern Life one of the most highly rated life insurance companies in Asia.

On September 1, 2010, Bank Negara Malaysia awarded Great Eastern Holdings a Family Takaful license to operate Islamic life insurance through a joint venture set up with Koperasi Angkatan Tentera Malaysia Berhad (Malaysian Armed Forces Co-operative Limited). The joint venture company, Great Eastern Takaful Berhad, was officially launched on December 10, 2010.

#### *General Insurance*

Great Eastern Holdings’ general insurance business is underwritten and managed by The Overseas Assurance Corporation Limited (“OAC”) in Singapore and Overseas Assurance Corporation (Malaysia) Berhad in Malaysia. Great Eastern Holdings’ general insurance business offers a wide range of commercial and personal general insurance products through brokers, agents, bancassurance and direct channels across five lines of businesses, namely, fire, motor, workmen compensation, marine cargo and miscellaneous accident.

OAC’s financial strength and counterparty credit rating was upgraded to “AA-”, following S&P’s insurance criteria change in May 2013.

#### *Distribution channels*

Great Eastern Holdings distributes insurance products primarily through its tied agency force, a financial advisory firm, Great Eastern Financial Advisors and bancassurance channels.

Tied agency is a key distribution channel for Great Eastern Holdings with its combined agency force of approximately 20,000 agents. In Singapore, Great Eastern Life had an agency force of approximately 3,100 agents as of June 30, 2015. In Malaysia, GELM is present in every major state with a total agency force of approximately 16,300 agents, the largest in the Malaysian life insurance industry.

In 2011, Great Eastern Holdings launched Great Eastern Financial Advisers offering a wide suite of professional financial advisory services on life insurance, general insurance and collective investment schemes. It is the first financial advisory firm in Singapore to adopt a unique business model which combines the strengths of a major insurance company and a financial advisory firm.

Great Eastern Holdings’ relationship as a subsidiary of OCBC Bank makes the bancassurance partnership unique from other partnerships in the industry because it allows for closer collaboration and more coordinated initiatives in sales management and product development.

## *Asset Management*

Our asset management business is managed by Lion Global, which is 70%-owned by Great Eastern Holdings and 30%-owned by Orient Holdings Private Limited, a wholly-owned subsidiary of OCBC Bank. Lion Global is one of the largest private sector asset management companies in Southeast Asia as of March 31, 2015. It had S\$36 billion in assets under management as of March 31, 2015. Lion Global offers a comprehensive suite of investment products covering all asset classes to statutory boards, educational institutions, public and private companies, charities, non-profit organizations and retail investors.

## ***OCBC Wing Hang***

We first acquired a majority stake in OCBC Wing Hang in July 2014 and it became a wholly-owned subsidiary in October 2014. OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance. OCBC Wing Hang, which was progressively consolidated from July 2014, accounted for 7.9% of our operating profit after allowances and amortization for the six month period ended June 30, 2015.

## ***Others***

The “Others” segment comprises property holding, investment holding and items not attributable to the other four business segments. For the six month period ended June 30, 2015, our “Others” segment accounted for a negative 4.2% contribution to our operating profit after allowances and amortization.

## **Our Overseas Bank Subsidiaries and Partner Banks**

### ***OCBC Malaysia***

We have been operating in Malaysia for more than 80 years and we rank among the largest foreign banks in Malaysia by assets, loans, deposits and branches. We have a network of 32 conventional and 10 Islamic Banking branches, offering a range of specialist financial services that includes consumer, corporate, investment, premier and transaction banking, as well as global treasury services to meet the needs of our customers across communities. OCBC Malaysia offers a broad spectrum of specialist financial services to its customers, a diverse range of individuals and corporate/SME clients, including sole proprietorships and partnerships. OCBC Malaysia has a long-term financial institution rating of “AAA” from RAM Rating Services Berhad.

OCBC Malaysia’s wholly-owned Islamic Banking subsidiary, OCBC Al-Amin, was launched on December 1, 2008 and had 10 branches as of June 30, 2015. OCBC Al-Amin offers products and services which are developed based on the applicable Shariah contract and with the endorsement of the Shariah Advisory Committee to meet the requirements of Muslims and non-Muslims alike. In 2014, OCBC Al-Amin collaborated with Credit Guarantee Corporation Malaysia Berhad (“CGC”) to roll out the country’s first SME wholesale guarantee scheme. Under this scheme, the risk involved in providing unsecured financing to SMEs is shared equally between CGC and OCBC Al-Amin for a guarantee period of five years.

Our new products and services introduced over the last three years include collaborating with the SME Credit Bureau of Malaysia to enable faster and more accurate credit assessment of SMEs in the loan approval process, offering a one-stop payment service to statutory bodies as part of our cash management platform, launch of innovative facilities to position ourselves as a premier mortgage provider for overseas properties, introducing the commercial bank-backed study loan for students in need, as well as extending our ATM withdrawal facilities via the MEPS network



shared services. In addition, over that same period, OCBC Malaysia recorded a number of 'firsts', including being the first foreign bank in Malaysia to issue structured warrants and introducing the first Malaysian Ringgit-based mortgage loan facility for residential properties in Australia.

### ***OCBC NISP***

OCBC NISP is the fourth oldest bank in Indonesia, established in 1941. As of June 30, 2015, OCBC NISP remained among the top eight private sector national banks in Indonesia by assets. We have a distribution network of 337 branches and functional offices and 759 ATMs in 60 cities across Indonesia, and staff strength of 6,809 as of June 30, 2015.

Synergies gained from collaborating with the OCBC group of companies have garnered positive results. OCBC NISP worked closely with Great Eastern Holdings to grow its fee income from bancassurance, and cooperated with OCBC Bank's Capital Markets team to complete three syndicated loan transactions, taking the role of lead-arranger or co-lead arranger.

Several initiatives have also been implemented to increase productivity and customer experience in OCBC NISP. These included the relocation of 19 branches to be closer to customers and the upgrading of its call center system to handle higher call volumes by doubling of the current capacity.

### ***OCBC Wing Hang***

We first acquired a majority stake in OCBC Wing Hang in July 2014 and it became a wholly-owned subsidiary in October 2014. Shortly thereafter, it was delisted from the Hong Kong Stock Exchange. OCBC Wing Hang has 94 branches and offices across Hong Kong, Macau and China, offering a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance. In addition to banking with a broad commercial and retail customer base, OCBC Wing Hang has a well-diversified SME customer franchise and has established a niche in auto and equipment financing in Hong Kong and Macau.

The Group will benefit from the larger combined presence in Greater China, granting us a sizeable platform to tap into the increasing trade links between North and Southeast Asia, secure onshore and offshore business opportunities associated with the growing internationalization of the Renminbi and partner more Chinese companies that are investing offshore. We have also secured a stronger deposit franchise in the region and our enhanced access to the U.S. dollar and Renminbi enables us to better support our customers' cross-border requirements. There will also be substantial opportunities to cross-sell wealth and bancassurance products and services to OCBC Wing Hang's affluent customers. As a result of the "single-presence" policy for foreign banks in China, the Group is working to merge OCBC Wing Hang's China operations and OCBC China.

### ***OCBC China***

OCBC Bank first established its presence in China in 1925 with the opening of its Xiamen branch. Since then, OCBC Bank has been operating without interruption in China for about 90 years. It incorporated its local entity, OCBC China, on August 1, 2007.

OCBC China has a registered capital of RMB3.5 billion and employs more than 800 staff as of June 30, 2015. Headquartered in Shanghai, OCBC China has branches in Beijing, Xiamen, Tianjin, Chengdu, Guangzhou, Chongqing, Qingdao, Shaoxing and Suzhou.

OCBC China obtained its Renminbi retail banking license in April 2008. It provides a full suite of products and services to cater to individual financial needs: Renminbi and foreign currency savings accounts and fixed deposits, investment products such as structured products, dual

currency returns and Qualified Domestic Institutional Investor, insurance plans for family protection, retirement, education, medical and accident protection, Internet banking service, OCBC Debit Card, ATM service and housing loan products.

OCBC China Business Banking offers a comprehensive suite of business banking products and services to foreign and locally incorporated companies operating in China, and local Chinese enterprises. These include loans, deposits, syndicated loans, cash management, trade, treasury and internet banking services.

**Collaboration with Bank of Ningbo**

We further developed our fruitful partnership with Bank of Ningbo. Our collaboration with Bank of Ningbo in product and business development, offshore financing, trade finance and private banking continues to deepen, and we expect the value from such synergistic collaboration to increase as OCBC becomes an effective offshore financial service provider to those customers of Bank of Ningbo who are increasingly investing and conducting business abroad. Following a subscription of approximately 208 million new shares in Bank of Ningbo’s private placement exercise, our aggregate equity stake increased from 15.3% to 20.0% in September 2014, making Bank of Ningbo an associated company of OCBC Bank. Bank of Ningbo is listed on the Shenzhen Stock Exchange and as of March 31, 2015, it has a nationwide network of over 250 branches and sub-branches, covering the cities of Ningbo, Suzhou, Shanghai, Hangzhou, Nanjing, Shenzhen, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing and Taizhou.

**Awards**

The table below shows selected key awards and accolades that we have received.

Division	Key Awards and Accolades
OCBC Group	<ul style="list-style-type: none"> <li>• Ranked third globally among World’s Strongest Banks: Bloomberg Markets 2015</li> <li>• Best Bank in Singapore: Euromoney Country Awards for Excellence 2015</li> <li>• Most Attractive Employer (Banking &amp; Finance sector): Randstad Award 2014-2015</li> <li>• Ranked second in Asia among the World’s 50 Safest Banks: Global Finance 2014</li> <li>• Asia’s Best Bank and Asia’s Most Dynamic Bank: Financial Insights Innovation Awards 2014</li> <li>• Among the winners for the Singapore Corporate Governance Award and Most Transparent Company Award: Securities Investors Association (Singapore) Investors’ Choice Awards 2014</li> <li>• Singapore Quality Award for Business Excellence: SPRING Singapore 2014</li> <li>• Most Professional Borrower in Asia award in the Investment Grade Financial Institution category: FinanceAsia Fixed Income Research Poll 2014</li> <li>• Best Bank in Singapore: Global Finance Best Developed Market Banks 2013</li> </ul>

Division	Key Awards and Accolades
Global Consumer Financial Services	<ul style="list-style-type: none"> <li>• Best Data Analytics Initiative for Group Customer Analytics &amp; Decisioning: Asian Banker’s International Excellence in Retail Financial Services Awards 2015</li> <li>• Asia’s Leader in Digital Banking (for OCBC Open Account Mobile App and Online Application): Financial Insights Innovation Awards 2015</li> <li>• Mobile Phone Banking Initiative of the Year – Singapore: Asian Banking &amp; Finance Retail Banking Awards 2015</li> <li>• Silver in Most Creative App: Marketing MOB-EX Awards 2015</li> <li>• Bronze in Best Mobile Launch: Marketing MOB-EX Awards 2015</li> <li>• Bronze in Best Utility App: Marketing MOB-EX Awards 2015</li> <li>• Bronze in Best User Experience: Marketing MOB-EX Awards 2015</li> <li>• Top 5 Overall SGX-ST Members (Retail Brokers) – 2014: Singapore Exchange</li> <li>• Top 3 SGX-ST Members for Structured Warrants Performance – 2014: Singapore Exchange</li> <li>• Online Securities Platform of the Year – Singapore: Asian Banking &amp; Finance Retail Banking Awards 2012-2015</li> <li>• Most Preferred Stock Broking House voted by Invest Fair 2014 participants: ShareInvestor</li> <li>• Best Mobile Phone Banking Initiative Award 2014 (for OCBC Money Insights): Asian Banker Awards 2014</li> <li>• Best Credit Card Product of the Year – Singapore (for FRANK by OCBC): Cards &amp; Electronic Payments International Asia Trailblazers Summit 2014</li> <li>• Singapore Good Design Mark (SG Mark) (for FRANK by OCBC): Design Business Chamber Singapore</li> <li>• Best Consumer Credit Product; Best Customer Relationship Management; Best Retail Bank in Singapore: The Asian Banker Excellence in Retail Financial Services International Awards 2013</li> <li>• Product Excellence in Credit Cards (for OCBC Cashflow Card): Banking &amp; Payments Asia TrailBlazer Awards 2013</li> <li>• Excellence in Product Delivery Award (for Easi-Credit “Cash-in-3-min”): Financial Insights Innovation Awards 2013</li> </ul>

Division	Key Awards and Accolades
Global Corporate Banking	<ul style="list-style-type: none"> <li>• ASEAN SME Bank of the Year: Global Banking &amp; Finance Review 2015</li> <li>• Best SME Bank, Singapore: Global Banking &amp; Finance Review 2015</li> <li>• Best SME Bank, Malaysia: Global Banking &amp; Finance Review 2015</li> <li>• Best SME Bank, Indonesia: Global Banking &amp; Finance Review 2015</li> <li>• ASEAN SME Bank of the Year: Asian Banking &amp; Finance Awards 2011-2015</li> <li>• SME Bank of the Year – Indonesia: Asian Banking &amp; Finance Awards 2014-2015</li> <li>• Best SME Bank: Alpha Southeast Asia 2010, 2011, 2013-2015</li> <li>• Best Trade Finance Bank in Singapore: The Asian Banker Transaction Banking Awards 2012-2015</li> <li>• Best Trade Finance Solution, Singapore: The Asset Triple A Treasury, Trade &amp; Risk Management Awards 2012-2015</li> <li>• Best SME Trade Finance Solution, Singapore: The Asset Triple A Treasury, Trade &amp; Risk Management Awards 2015</li> <li>• Best SME Cash Management Solution, Singapore: The Asset Triple A Treasury, Trade &amp; Risk Management Awards 2015</li> <li>• Best Treasury &amp; Working Capital (SMEs), Singapore: The Asset Triple A Treasury, Trade &amp; Risk Management Awards, 2012-2015</li> <li>• Best Cash Management Bank in Singapore: Alpha Southeast Asia Annual Best Financial Institution Awards in SEA 2012-2015</li> <li>• Best SME Bank (Working Capital Management) Singapore: The Asset Triple A Asian Awards – Transaction Banking 2012-2015</li> <li>• Best Transaction Bank in Singapore: The Corporate Treasurer Awards 2014</li> <li>• Domestic Trade Finance Bank of the Year: Asian Banking &amp; Finance Wholesale Banking Awards 2012-2015</li> </ul>

Division	Key Awards and Accolades
Global Treasury	<ul style="list-style-type: none"> <li>• Best in Interest Rate Products (SGD): Asia Risk Corporate Rankings 2011-2015</li> <li>• Best in Currency Products (SGD): Asia Risk Corporate Rankings 2011-2015</li> <li>• Top five placing in Interest Rate Products (SGD, MYR, IDR, PHP, INR): Asia Risk Corporate Rankings 2011-2015</li> <li>• Top five placing in Currency Products (SGD, MYR, IDR, TWD, HKD, INR, THB): Asia Risk Corporate Rankings 2011-2015</li> <li>• Best in Interest Rate Products (SGD): Asia Risk Institutional Rankings 2015</li> <li>• Best in Currency Products (SGD): Asia Risk Institutional Rankings 2015</li> <li>• Top five placing in Interest Rate Products (SGD, MYR, IDR, PHP, THB): Asia Risk Institutional Rankings 2011-2015</li> <li>• Top five placing in Currency Products (SGD, MYR, IDR): Asia Risk Institutional Rankings 2011-2015</li> <li>• Best FX Bank for Corporate &amp; FIs: Alpha Southeast Asia 2014-2015</li> <li>• Best FIG ECP Issuer: cmdportal Money Market Awards 2014</li> <li>• Best Domestic Interest Rates Service Provider in Singapore: Asiamoney Poll of Polls 2014</li> <li>• Best Domestic Credit Service Provider in Singapore: Asiamoney Poll of Polls 2014</li> <li>• Best for Credit Derivatives in Singapore: Asiamoney Fixed Income Poll 2014</li> <li>• Best for Interest Rates in Indonesia: Asiamoney Fixed Income Poll 2014</li> <li>• Best Pricing for Commodities Derivatives for Local Currency Commodities – SGD, Best Sales Service in Commodities Derivatives for Local Currency Commodities – SGD &amp; Best Interest Rates Research &amp; Market Coverage for Local Currency Interest Rates – SGD, IDR, PHP, THB: Asiamoney Fixed Income Poll 2014</li> <li>• Best Domestic Provider of FX Services as voted by Corporates: Asiamoney FX Poll 2013 and 2014</li> <li>• Best Domestic Provider of FX Services as voted by Financial Institutions: Asiamoney FX Poll 2013 and 2014</li> </ul>

Division	Key Awards and Accolades
	<ul style="list-style-type: none"> <li>• Best for FX Products &amp; Services, FX Options, and FX Research &amp; Market Coverage (Singapore): Asiamoney FX Poll 2013 and 2014</li> <li>• Overall Best for Interest Rates Derivatives (Singapore), Overall Best for Interest Rates Derivatives (Indonesia) &amp; Best for Credit Derivatives (Malaysia): Asiamoney Fixed Income Poll 2013</li> <li>• Best Pricing for Commodities Derivatives for Local Currency Commodities – SGD, Best Sales Service in Commodities Derivatives for Local Currency Commodities – SGD &amp; Best Interest Rates Research &amp; Market Coverage for Local Currency Interest Rates – SGD: Asiamoney Fixed Income Poll 2013</li> <li>• Regional Overall: Sales Services in Interest Rate Derivatives (ranked 3rd) and Regional Team for Asian Macroeconomic Research (ranked 2nd): Asiamoney Fixed Income Poll 2013</li> <li>• Regional Derivatives House of the Year: Asia Risk Awards 2013</li> <li>• Best in Treasury &amp; Working Capital, SMEs (Singapore): The Asset Triple A Treasury, Trade &amp; Risk Management Awards 2013</li> </ul>
Global Investment Banking	<ul style="list-style-type: none"> <li>• 2014 Top 30 Best Foreign PE Firms in China: China Venture Awards</li> <li>• 2014 China Top 30 Private Equity Firms Award: Chinese Venture</li> <li>• 2014 China Best Investment Case Award: Chinese Venture</li> <li>• 2014 China Top 50 Foreign Private Equity Firms Award: Zero2IPO</li> <li>• Best Local Currency Bond Deal of the Year in Southeast Asia – Protelindo Finance B V Tbk's S\$180 million CGIF Bond Issue (2014): Alpha Southeast Asia</li> <li>• 2013 Top 50 Private Equity Firms in China (ranked 33rd): China Venture Awards</li> <li>• 2013 Top 30 Foreign Private Equity Firms in China (ranked 13th): China Venture Awards</li> <li>• 2013 China Top 5 Best Institutional Investor (Modern Agriculture Category): China Venture Awards</li> <li>• Best Islamic Project Finance – Malakoff Tanjung Bin Energy (2013): The Asset</li> </ul>

Division	Key Awards and Accolades
Insurance	<ul style="list-style-type: none"> <li>• Ranked eighth in Top 100 Singapore Brands 2014: Brand Finance</li> <li>• Top Insurer for Life in Customer Satisfaction Index of Singapore 2014: Institute of Service Excellence, Singapore Management University</li> <li>• Life Insurance Company of the Year: Asia Insurance Review 17th Asia Insurance Industry Awards 2013</li> <li>• 2nd Rank The Best Islamic Life Insurance for category asset &lt;IDR150b; 1st Rank The Most Profitable Investment for category asset &lt;IDR150b: 10th Islamic Finance Award Nights 2014 (Indonesia)</li> <li>• Best Life Insurance Brand 2014 (Indonesia): Global Brand Magazine</li> <li>• BestBrands Brand of the Year Award 2013-2014 (Insurance Category): Brand Laureate (Malaysia)</li> <li>• Trusted Brand Gold Award: Reader's Digest, 2013 and 2014 (Malaysia)</li> <li>• Brand of the Year; Best Use of Social/Mobile (Gold); Best Use of Experiential/Live Marketing (Gold); Loyalty Programme of the Year (Silver); Best Engagement Strategy for a Female Audience (Silver): Marketing Magazine, 2013</li> <li>• Trusted Brand Gold Award: Reader's Digest 2013 and 2014 (Singapore)</li> <li>• Top Life Insurer: Reputation Management Associates, 2013</li> <li>• Private Health Insurance Provider of the Year 2013: Frost &amp; Sullivan, 2013</li> <li>• Outstanding Business Awards: 100 Years of Excellence (Insurance Category): The Malaysia Book of Records</li> <li>• Most Established Brand Award: Brand Laureate Corporate Branding Awards 2012-2013 (Malaysia)</li> <li>• Best Life Insurance Company for category asset Rp200b-Rp1t; Best Overall – Insurance Company; Most Competitive Life Insurance CEO: Economic Review Indonesia Insurance Awards 2013 (Indonesia)</li> </ul>
OCBC Malaysia	<ul style="list-style-type: none"> <li>• Top SME Supporter (OCBC Al-Amin): Credit Guarantee Corporation (CGC) 2014</li> <li>• Most Outstanding Islamic Corporate Banking Product – SME Wholesale Guarantee-I: Kuala Lumpur Islamic Finance Forum (KLIFF) 2014</li> <li>• SME Bank of the Year in Malaysia by Asian Banking &amp; Finance 2014</li> <li>• Islamic Bank of the Year (Malaysia) 2014: The Banker</li> </ul>

Division	Key Awards and Accolades
	<ul style="list-style-type: none"> <li>• Best Islamic Project Finance; Best in Treasury and Working Capital, SMEs (Malaysia); Best Trade Finance Solution; Best SME Solution: The Asset Magazine, 2013</li> <li>• Most Innovative Deal of the Year: RAM Rating Services Bhd 2013</li> </ul>
OCBC China	<ul style="list-style-type: none"> <li>• The Most Innovative Bank and Best in Wealth Management: Oriental Morning Post in 2014</li> <li>• “The Best Bank in Corporate Social Responsibility” and “Best Wealth Management Product”: Golden Tripod Awards by National Business Daily, 2014</li> <li>• “The Best Foreign Bank” and “The Best Wealth Management Bank”: Jointly awarded by the National Business Daily and Chengdu Business Daily, 2010-2014</li> <li>• “Golden Elephant Award” for “Top Ten Brands in corporate social responsibility projects in financial services in China”: Money Weekly in 2013</li> <li>• “Warm-hearted Finance” award: China Financial Herald in 2013</li> </ul>
OCBC NISP	<ul style="list-style-type: none"> <li>• The Best SME Bank of the Year in Indonesia; Domestic Foreign Exchange Bank of The Year in Indonesia: Wholesale Banking Award 2015 by Asian Banking &amp; Finance – Singapore</li> <li>• Domestic Operation &amp; IT Bank of The Year in Indonesia; and Domestic Mobile Banking Initiative of The Year in Indonesia for Retail Banking Award 2015 by Asian Banking &amp; Finance – Singapore</li> <li>• SME Bank of the Year – Indonesia; Online Banking Initiative of The Year – Indonesia; and Indonesia Domestic Foreign Exchange Bank of the Year: Asian Banking &amp; Finance Magazine, 2014</li> <li>• Indonesia Domestic Retail Bank of the Year: Asian Banking &amp; Finance Magazine, 2011 – 2013</li> <li>• Most Trusted Company in Indonesia: Indonesian Institute for Corporate Governance, 2012 – 2014</li> <li>• Best Responsibility of the Boards: Indonesia Institute for Corporate Directorship, 2013 – 2014</li> </ul>
Bank of Singapore	<ul style="list-style-type: none"> <li>• Best Private Wealth Management Bank, Singapore and Best Private Wealth Management Bank, Southeast Asia: Alpha Southeast Asia 2010 to 2015</li> <li>• Best Domestic Clients Team: WealthBriefing Asia, 2015</li> <li>• Outstanding Private Bank in South East Asia: Private Banker International, 2014</li> <li>• Outstanding Private Bank – Asia Pacific (Highly Commended): Private Banker International, 2014</li> </ul>



Division	Key Awards and Accolades
	<ul style="list-style-type: none"> <li>• Best Private Bank in Singapore: Asian Private Banker 2011 to 2014</li> <li>• Best Private Bank in Philippines: Asian Private Banker 2014</li> <li>• Outstanding Private Bank in Asia Pacific: Private Banker International, 2011 &amp; 2013</li> <li>• Consistently ranked among the top three private banks in Singapore by Asiamoney and Finance Asia</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Asian Banker “Achievement in Operational Risk Management” Award 2015</li> <li>• Asian Banker “Achievement in Credit Risk Management” Award 2014</li> <li>• Asian Banker “Achievement in Liquidity Risk Management” Award 2014</li> <li>• Singapore Quality Class STAR &amp; Singapore Service Class (S-Class) Certifications (for Consumer Credit Risk Management): SPRING Singapore 2013</li> <li>• Asian Banker “Risk Manager of the Year” Award 2013</li> </ul>

## Risk Management

We believe that sound risk management is paramount to the success of our risk-taking activities. Our philosophy is to ensure that risks and returns remain consistent with our risk appetite. To achieve this, we proactively identify any emerging portfolio threats and credit concentrations at an early stage in order to develop timely risk-response strategies.

The key elements of our enterprise-wide risk management strategy are:

- Risk appetite – The Board of Directors of OCBC Bank (the “Board of Directors” or “Board”) approves our risk appetite, and that all risks are managed in alignment with the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- Risk frameworks – Our risk management frameworks for all risk types are documented, comprehensive and consistent.
- Holistic risk management – Risks are managed holistically, with a view to understanding the potential interactions among risk types.
- Qualitative and quantitative evaluations – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

The Board of Directors and senior management provide the direction to our risk management that emphasizes well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, on-going investments in risk infrastructure, regular review and enhancement of risk management policies and procedures, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is jointly owned among customer-facing and product business units, dedicated functional risk management units, as well

as other support units such as Operations and Technology. Group Audit also provides independent assurance that our risk management system, control and governance processes are adequate and effective. Rigorous portfolio management tools such as stress testing and scenario analyses identify possible events or market conditions that could adversely affect us. These results are taken into account in our capital adequacy assessment and setting of risk limits. This risk management section discusses the risk management practices, policies, and frameworks of OCBC Group, excluding Great Eastern Holdings and OCBC NISP. Great Eastern Holdings and OCBC NISP are listed companies that publish their own annual reports that contain information on their risk management frameworks and practices. Our management collaborates with Great Eastern Holdings and OCBC NISP on aligning their risk management practices to our risk standards through knowledge sharing and training.

All other banking subsidiaries are required to implement risk management policies that conform to our standards including the adoption of stricter local regulations where necessary. Approving authority and limit structures are consistent with the Group to ensure proper ownership and accountability.

### ***Risk Governance and Organization***

The Board of Directors establishes our risk appetite and risk principles. The Board Risk Management Committee (“**BRMC**”) is the principal Board committee that oversees our risk management. It reviews and approves our overall risk management philosophy, risk management frameworks, major risk policies, and risk models. The BRMC also oversees the establishment and operation of the risk management systems, and receives regular reviews as to their effectiveness. Our various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for review and action.

The BRMC is supported by the Group Risk Management Division (“**GRM**”), headed by the Group Chief Risk Officer. GRM has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Dedicated GRM risk officers establish Group-wide policies, risk measurement and methodology. They also monitor our risk profiles and portfolio concentrations. Our risk management and reporting systems are designed to ensure that risks are comprehensively identified and evaluated to support risk decisions. Compensation of risk officers is determined independently of other business areas and is reviewed regularly to ensure compensation remains market competitive.

Senior management actively manage risks through various risk management committees, such as the Credit Risk Management Committee, the Market Risk Management Committee, the Asset and Liability Management Committee, the Operational Risk and Information Security Committee, as well as the Risk Capital Committee. Both risk-taking and risk control units are represented in these committees, emphasizing shared risk management responsibilities.

Credit officers’ personal approval authority limits are based off internal risk ratings and set according to their relevant experience and qualifications. GRM officers also provide expertise during the design and approval of new products to ensure existing systems and processes are able to adequately support any new product risks.

### ***Basel Requirements***

We have implemented MAS Notice 637. MAS Notice 637 has been revised to further raise the quality of regulatory capital base and to enhance risk coverage under Basel III. As part of enhanced public disclosures on risk profile and capital adequacy, we commenced publishing mid-year disclosures on our investor relations website in 2013.

For credit risk, we have adopted the Foundation Internal Ratings-Based (“**F-IRB**”) approach and supervisory slotting criteria to calculate credit risk-weighted assets for major non-retail portfolios, and the Advanced Internal Ratings-Based (“**A-IRB**”) approach for major retail and small business lending portfolios. Other credit portfolios are on the standardized approach (“**SA**”) and they will be progressively migrated to the internal ratings-based approaches. The regulatory capital to be set aside for credit risk-weighted assets depends on various factors, including internal risk grades, product type, counterparty type, and maturity.

For market and operational risk, we have adopted the standardized approach. Market risk-weighted assets are marked to market and are risk-weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move toward Internal Model Approach for market risk.

We have also established an internal capital adequacy assessment process (“**ICAAP**”) framework to ensure that we maintain sound capital levels after assessment of all material risks, including under stressed conditions, and remain within the Board approved risk appetite.

Implementing the Basel framework is an integral part of our efforts to refine and strengthen, as well as to ensure our management of risks is appropriate for the risks we undertake. Our management remains vigilant to on-going industry and regulatory developments, including risk-adjusted compensation and higher liquidity and capital requirements.

### ***Credit Risk Management***

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations. As our primary business is commercial banking, we are exposed to credit risks from loans to retail, corporate, and institutional customers. Trading and investment banking activities, such as trading of derivatives, debt securities, foreign exchange, commodities, securities underwriting, and settlement of transactions, also expose us to counterparty and issuer credit risks.

#### *Credit Risk Management Oversight and Organization*

The Credit Risk Management Committee (“**CRMC**”) is the senior management group that supports the Chief Executive Officer and the BRMC in proactively managing credit risk, including reshaping the credit portfolios. The CRMC reviews our credit risk philosophy, framework, and policies, and aligns credit risk taking with business strategy and planning. In addition, the CRMC recommends credit approval authority limits, reviews the risk profile of material portfolios, and highlights any concentration concerns to higher management.

Credit Risk Management (“**CRM**”) departments manage credit risk within pre-determined risk appetite, customer targets, limits and monitor compliance with standards set in risk policies. Dedicated risk functions are responsible for risk portfolio monitoring, risk measurement methodology, risk reporting and remedial loan management.

Regular risk reporting is made to the Board of Directors, the BRMC and the CRMC in a timely, objective, and transparent manner. These reports include detailed profiles on portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio and geography. Such reporting allows senior management to identify adverse credit trends early, formulate and implement timely corrective action, and ensure optimal use of capital resources.

### *Credit Risk Management Approach*

Our credit risk management framework covers the entire credit risk cycle, underpinned by comprehensive credit risk processes, as well as using models to efficiently quantify and manage risks in a consistent manner.

We seek to take only credit risks that meet our underwriting standards, and risks are commensurate with adequate returns to enhance shareholder value. As Fair Dealing remains an integral part of our core corporate values, credit extensions are only offered after a comprehensive assessment of the borrower's creditworthiness, as well as the suitability and appropriateness of the product offering. In addition, the key to our risk management success lies in the sound judgment of our experienced credit officers.

**Lending to Consumers and Small Businesses.** Credit risks for the consumer and small business sectors are managed on a portfolio basis with credit programs for mortgages, credit cards, auto loans, commercial property loans, and business term loans. Loans are underwritten that conform to clearly defined target markets, terms of lending and maximum loan sizes. Credit origination source analysis and independent verification of documentation are in place to prevent fraud. The portfolios are closely monitored monthly using MIS analytics. Scoring models are also used in the credit decision process for some products to enable objective, consistent decisions and efficient processing. Behavioral scores are used to identify potential problem credits early to proactively manage the start of collection efforts.

**Lending to Corporate and Institutional Customers.** Loans to corporate and institutional customers are individually assessed and approved by experienced risk officers. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration management quality, financial and business competitive profiles against industry and economic threats. Collateral or other credit support are also assessed to mitigate and reduce risks. Credit extensions are guided by pre-defined target market and risk acceptance criteria. To ensure objectivity in credit extensions, co-grantor approvals and shared risk ownership are required from both the business unit as well as credit risk functions.

**Lending to Private Banking Customers.** Credit extensions to our wealth management clients in the Bank of Singapore are subject to comprehensive credit and compliance to loan ratios and margin requirements. Joint approvals from the business and risk units also ensure objectivity. Loan advance rates are dependent on the liquidity, volatility and diversification of the collateral portfolio. Credit exposures that are secured by marketable securities are subject to daily valuation and independent price verification controls.

**Credit Risk from Investment or Trading Activities.** Counterparty credit risks from our trading, derivative, and debt securities activities are closely monitored and actively managed to protect against potential losses in replacing a contract if a counterparty defaults. Counterparty credit limits are established for each counterparty following an assessment of the counterparty's creditworthiness in accordance with internal policies, as well as the suitability and appropriateness of the product offering. Credit exposures are also controlled through independent monitoring and prompt reporting of excesses and breaches against approved limits and risk mitigation thresholds.

**Securitization Activities.** The Group has limited exposure to asset-backed securities and collateralized debt obligations and is not active in securitization activities.

## *Internal Credit Rating Models*

Internal credit rating models are an integral part of our credit risk management, decision-making process, and capital assessment. These internal rating models and the parameters – probability of default (“**PD**”), loss given default (“**LGD**”), and exposure at default (“**EAD**”) – are factors used in limit setting, credit approval, monitoring, reporting, remedial management, stress testing, and internal assessment of the adequacy of capital and provisions.

Model risk is managed under an internal Model Risk Management framework, including an internal ratings framework, to govern the development and validation of rating models and the application of these models. Approval for material models and annual validation results rests with the BRMC. All models are subject to independent validation before implementation to ensure that all aspects of the model development process have met internal standards. The models are developed with active participation by credit experts from risk taking and risk control units. In addition, the models are also subject to annual review (or more frequently, where necessary) and independent validation to ensure that the models are performing as expected, and that the assumptions used in model development remain appropriate. All rating models are assessed against regulatory requirements to ensure compliance.

Our internal risk grades are not explicitly mapped to external credit agency ratings. Nevertheless, our internal risk grades may correlate to external ratings in terms of the probability of default ranges as factors used to rate obligors would be similar; an obligor rated poorly by an external rating agency is likely to have a weaker internal risk rating.

**A-IRB for Major Retail Portfolios.** We have adopted the A-IRB approach for major retail portfolios, including residential mortgages, credit cards, auto loans, as well as small business lending. Internal rating models, developed from internal data, are used to estimate PD, LGD, and EAD parameters for each of these portfolios. Application and behavior scorecards are used as key inputs for several retail PD models. Product, collateral, and geographical characteristics are major factors used in the LGD and EAD models.

**F-IRB for Major Non-Retail Portfolios.** Our major non-retail portfolios are on the F-IRB approach. Under this approach, internal models are used to estimate the PD for each obligor, while LGD and EAD parameters are prescribed by the MAS. These PD models are statistically-based or expert judgment models that use both quantitative and qualitative factors to assess an obligor’s repayment capacity and are calibrated to expected long-term average one-year default rate over an economic cycle. Expert judgment models are typically used for portfolios modeled with low defaults following inputs from relevant internal credit experts. The models also comply with the regulatory criteria for parameterization. For major specialized lending portfolios, risk grades derived from internal models are mapped to the five supervisory slotting categories as prescribed in MAS Notice 637. The risk weights prescribed for these slotting categories are used to determine the regulatory capital requirements for such exposures.

**IRB Approach for Securitization Exposures.** The credit risk weighted assets for securitization exposures are computed using the ratings-based method for such exposures as prescribed by MAS Notice 637.

**Standardized Approach for Other Portfolios.** Other credit portfolios, such as private banking and exposures to sovereigns are under the standardized approach, and will be progressively migrated to the ratings-based approaches. Regulatory prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine regulatory capital. Approved external rating agencies include Moody’s, S&P and Fitch.

### *Credit Risk Control*

Credit Risk Mitigation. Transactions are entered into primarily on the strength of a borrower's creditworthiness and ability to repay. To mitigate credit risk, we accept collateral as security, subject to our policies on collateral eligibility. Collateral include both physical and financial assets. The value of collateral is prudently assessed on a regular basis, and valuations are performed by independent qualified appraisers. Appropriate discounts are applied to the market value of collateral, reflecting the quality, liquidity, volatility, and collateral type. The loan-to-value ratio is a main factor in the secured lending decision. We also accept guarantees from individuals, corporates, and institutions as a form of support.

For derivative contracts, the total credit exposure of the contract is the mark-to-market value plus the estimate of the potential credit exposure over the remaining term of the contract. We calculate such exposures and use statistical modelling tools to estimate the potential worst-case scenario risk. To manage counterparty credit risk, financial collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. A discount is normally applied on the collateral to cover potential adverse market volatility and currency risk. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed an agreed threshold. Master agreements, such as those from the International Swaps and Derivatives Agreement, are also used and these allow for close out netting if either counterparty defaults. Some of our netting and collateral agreements may contain rating triggers, mostly in the event of a one-notch rating downgrade. Given our investment grade rating, there is minimal increase in collateral required to be provided to our counterparties under a one-notch downgrade occurrence.

### *Managing Credit Risk Concentrations*

Credit risk concentrations may arise from lending to single customer groups, borrowers who are in similar activities, or diverse groups of borrowers being affected by similar economic or market conditions. To manage such concentrations, limits are established for single borrowing groups, products, industry segments, and cross-border transfer risks. These limits are aligned with our business strategy, capacity and expertise. Impact on earnings and capital is also considered during the setting of limits.

We continue to diversify our country exposure as we expand our presence and activities in Greater China and Indonesia. As a key player at home, we have significant exposure to the real estate market in Singapore. Dedicated specialist real estate teams manage this risk with focus on client selection, collateral quality, project viability, and real estate cycle trends. Regular stress tests are also made to identify potential vulnerabilities on the real estate portfolio.

### *Remedial Management*

We constantly strive to anticipate early problem credits and proactively manage such credits as they start to deteriorate and/or restore to good health. As we value long-term customer relationships, we prefer to work closely with them at the onset of their difficulties. We recognize the opportunity to promote customer loyalty and retention, where appropriate, even as we enforce strict discipline on remedial management. Loans are categorized as "Pass" or "Special Mention", while NPLs are categorized as "Substandard", "Doubtful", or "Loss" in accordance with MAS Notice 612.

We have dedicated specialist workout teams to manage problem exposures. Time, risk-based, and discounted cash flow approaches are used to develop collection and asset recovery strategies. We use information and analytical data such as delinquency buckets and adverse status tags for delinquent consumer loans, to constantly fine-tune recovery efforts to gain optimal effectiveness, and to identify customer retention opportunities.

Impairment Allowances for Loans. We maintain loan allowances that are sufficient to absorb credit losses inherent in our loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans to cover any losses that are not yet evident. Our policy for loan allowances is guided by FRS 39 and MAS Notice 612.

Specific allowance is established when the present value of future recoverable cash flows of the impaired loan is lower than the carrying value of the loan. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) that fall below a certain materiality threshold. Such loans may be pooled together according to their risk characteristics and collectively assessed according to the degree of impairment severity, taking into account historical loss experience.

Portfolio allowances are set aside based on management's credit experiences and judgment for estimated inherent losses that may exist but have not been identified to any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 1% portfolio allowance for loans and receivables net of collateral and after deducting any individual impairment provisions is set aside under the transitional arrangement in MAS Notice 612.

Write-offs. Loans are written off against impairment allowances when the loss can be reasonably determined; i.e. after recovery action has been exhausted or when recovery prospects are deemed remote.

Ceasing of Interest Accrual on Loans. When a loan is classified "Substandard", "Doubtful", or "Loss", interest income ceases to be recognized in the income statement on an accrual basis. However, this non-accrual of interest does not preclude our entitlement to the interest income as it merely reflects the uncertainty in the collectability of such interest income.

Collateral Held Against NPLs. Real estate in Singapore forms the main type of collateral for our NPLs. The realizable value of the real estate collateral is used to determine the adequacy of the collateral coverage. Cross collateralization will only apply when exposures are supported by proper legal documentation.

### ***Market Risk Management***

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices or changes in volatility or correlations of such factors. We are exposed to market risks from our trading and client servicing activities.

Our market risk management strategy and market risk limits are established within our risk appetite and business strategies, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

### ***Market Risk Management Oversight and Organization***

The Market Risk Management Committee ("**MRMC**") is the senior management committee that supports the BRMC and the Chief Executive Officer in market risk oversight. The MRMC establishes the market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls.

The MRMC is supported at the working level by the Market Risk Management (“**MRM**”) unit within GRM. MRM is the independent risk control unit responsible for operationalizing the market risk management framework to support business growth while ensuring adequate risk control and oversight.

#### *Market Risk Management Approach*

Market risk management is a shared responsibility. Business units are responsible for undertaking proactive risk management within their approved trading strategies and investment mandate, while MRM acts as the independent monitoring unit to ensure sound governance. Key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure effective risk management.

#### *Market Risk Identification*

Risk identification is addressed via our new product approval process at product inception. Market risks are also identified by our risk managers from their other on-going interactions with the business units.

#### *Market Risk Measurements*

Value-At-Risk. Value-at-risk (“**VaR**”) is a key market risk measure for our trading activities. The BRMC agrees on an aggregate market risk appetite based on VaR. VaR is measured and monitored by its individual market risk components, namely interest rate risk, foreign exchange risk, equity risk and credit spread risk, as well as at the aggregate level. VaR is based on a historical simulation approach and is applied against a one-day holding period at a 99% confidence level. As VaR is a statistical measure based on historical market fluctuations, it might not accurately predict forward-looking market conditions all the time. As such, losses on a single trading day may exceed VaR, on average, once every 100 days.

Other Risk Measures. As our main market risk measure is interest rate fluctuations, Present Value of a Basis Point (“**PV01**”), which measures the change in value of interest rate sensitive exposures resulting from a one basis point increase across the entire yield curve, is an additional measure monitored on a daily basis. Other than VaR and PV01, we also utilize notional amounts, CS01 (1 Basis Point move in Credit Spreads) and derivative greeks for specific exposure types, where appropriate, to supplement our risk measurements.

Stress Testing and Scenario Analyses. We also perform stress testing and scenario analyses to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to our trading activities, risk profile, and prevailing and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within our risk tolerance.

#### *Risk Monitoring and Control*

Limits. Only authorized trading activities for approved products may be undertaken by the various trading units. All trading risk positions are monitored on a daily basis against approved and allocated limits by independent support units. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including any temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VaR and risk sensitivities), profit/loss, and other measures allow for more holistic analysis and management of market risk exposures.



Model Validation. Model validation is also an integral part of our risk control process. Risk models are used to price financial instruments and calculate VaR. We ensure that the models used are fit for their intended purpose through internal verification and assessment. Market rates used for risk measurements and valuation are sourced independently, thereby adding further to the integrity of the trading profits and losses (“P&L”), risk and limit control measurements.

To ensure the continued integrity of the VaR model, we conduct back-testing to confirm the consistency of actual daily trading P&L, as well as theoretical P&L against the model’s statistical assumptions.

### ***Asset Liability Management***

Asset liability management is the strategic management of the balance sheet structure and liquidity needs covering liquidity sourcing and diversification, structural interest rate and structural foreign exchange management.

#### *Asset Liability Management Oversight and Organization*

The Asset Liability Management Committee (“ALCO”) is responsible for the oversight of our liquidity and balance sheet risks. The ALCO is chaired by the Chief Executive Officer and includes senior management from the business, risk and support units. The ALCO is supported by the Corporate Treasury within the Group Finance Division. Asset & Liability Management within GRM provides liquidity and balance sheet risk/limit monitoring.

#### *Asset Liability Management Approach*

The Asset Liability Management framework comprises liquidity risk management, structural interest rate risk management and structural foreign exchange risk management.

Liquidity Risk. The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing appropriate contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioral basis. Simulations of liquidity exposures under stressed market scenarios are also performed and the results are taken into account in the risk management processes. Structural liquidity indicators such as liquidity and deposit concentration ratios are employed to maintain an optimal funding mix and asset composition. Funding strategies are in place to provide effective diversification and stability in funding sources across tenors, products and geographies. In addition, liquid assets in excess of regulatory requirements are maintained for contingent use in the event of a liquidity crisis. These liquid assets comprise statutory reserve eligible securities as well as marketable shares and debt securities.

Structural Interest Rate Risk. The primary goal of interest rate risk management is to ensure that interest rate risk exposures are maintained within defined risk tolerances.

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are re-pricing risk, yield curve risk, basis risk and optionality risk. A range of techniques are employed to measure these risks from an earnings and economic value perspective. One method involves the simulation of the impact of a

variety of interest rate scenarios on the net interest income and the economic value of our equity. Other measures include interest rate sensitivity measures such as PV01 as well as re-pricing gap profile analysis.

Limits and policies to manage interest rate exposures are established in line with our strategy and risk appetite. Thresholds and policies are appropriately approved, and reviewed regularly to ensure they remain relevant against the external environment. Control systems are in place to monitor the risk profile against the approved risk thresholds.

Structural Foreign Exchange Risk. Structural foreign exchange exposure arises primarily from net investment in overseas branches, subsidiaries, strategic investments as well as property assets. The objective is to protect capital through identifying, measuring, and managing the potential adverse impact of structural foreign exchange risk on capital deployed. We actively manage this risk through hedges and match funding for foreign currency investments, in order to minimize impact.

### ***Operational Risk Management***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk management also covers fiduciary, legal and reputational risks.

Our operational risk management aims to both manage expected and unexpected losses, including those caused by catastrophic events. The twin goals enable new business opportunities to be pursued in a risk-conscious and controlled manner.

#### *Operational Risk Management Oversight and Organization*

The Operational Risk and Information Security Committee (“**ORISC**”) is the senior management committee that oversees the execution of our operational risk management, information security and technology risk practices. ORISC ensures that various risk management programs that are in place are appropriate, effective, and support our business strategy.

The Operational Risk Management (“**ORM**”) department within GRM establishes the ORM framework, including supporting policies and methodologies. The ORM department also provides independent oversight of operational risk monitoring and control that reside within business, products and process owners. The ORM programs are actively implemented through the respective Operational Risk Partners or managers in the business units and subsidiaries. Self-assessment declarations are subject to risk-based independent reviews.

#### *Operational Risk Management Approach*

We adopt a framework that ensures operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces our control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation or reprisal.

Each business unit undertakes regular self-assessment on the robustness of its own risk and control environment including meeting all regulatory and legal requirements. Performance metrics are also used to detect early warning signals and to drive appropriate management actions before risks become material losses.

Senior management attest annually to the Chief Executive Officer, Audit Committee and BRMC, on the adequacy and effectiveness of the internal control system, as well as report key control deficiencies and accompanying remedial plans. Operational risk losses and incidents data trends are also analyzed and regularly reported.

The Group Corporate Security function, set up since 2012, brought together Physical and People Security, Business Continuity Management, and Fraud Risk Management under one umbrella. New capabilities and initiatives have been implemented to further strengthen our resiliency and protection of our assets against unexpected events.

**Physical and People Security.** We recognize that as we expand our regional footprint, our personnel and assets may be exposed to more external threats. The Group Physical Security Policy and Standards provide the baseline safeguard requirements on security for us.

**Business Continuity Management.** The program aims to reduce the interruption of essential business activities and services during times of crisis. Review and testing of our business recovery strategies and plans are carried out on an annual basis. Every year, senior management also provides an attestation to the BRMC. The attestation includes a measurement of the program's maturity, extent of alignment to MAS guidelines, and a declaration of acceptable residual risk.

**Fraud Risk Management.** The Group's Fraud Risk Management and Whistle-Blowing programs help prevent and detect fraud or misconduct. Fraud incident reports, including root cause analysis, extent of damage, supporting remedial actions and recovery steps of major incidents, are regularly reported to ORISC and BRMC. Group Audit independently reviews all fraud and whistle-blowing cases, with regular reporting to the Audit Committee.

**Reputational Risk Management.** Reputational risk is the current or prospective risk to earnings and capital arising from adverse perception of our image by customers, counterparties, shareholders, investors and regulators. We have a reputational risk management program which focuses on understanding and managing our responsibilities towards our different stakeholders, and protecting our reputation. A key emphasis of the program is effective information sharing and engagement with stakeholders.

**Fiduciary Risk Management.** We have a fiduciary risk management program to manage risks associated with fiduciary relationships from managing funds or providing other agency services. The program provides guidelines on regular identification, assessment, mitigation, and monitoring of fiduciary risk exposures, to ensure our compliance with applicable corporate standards.

**Regulatory and Legal Risks.** Each business unit is responsible for the adequacy and effectiveness of controls in managing both regulatory and legal risks. An annual Regulatory Compliance Certification is provided by senior management to the Chief Executive Officer and BRMC on the state of regulatory compliance.

### **Information Security and Technology Risk Management Approach**

We protect and ensure the confidentiality, integrity, and availability of our information assets through implementing appropriate security controls to protect against the misuse or compromise of information assets.

**Enhanced Technology Risk Management Program.** New and appropriate security technologies are regularly identified and implemented as part of our holistic approach to managing technology risk. In 2013, we enhanced our Technology Risk Management programs by implementing clearly defined risk appetite statements and on-going monitoring of risks related to compliance, availability and information security.

Cyber Security. With the rise in cyber threats, we have remained an active participant in cyber security initiatives within the banking sector. As chairman of the Association of Banks in Singapore Standing Committee's cyber security awareness programs, we take a leading role in collaborating with industry participants and key government agencies to formulate cyber security awareness programs. Amongst the Standing Committee's key objectives are to influence technology risk management strategies, practices and to recommend solutions to counter cyber threats.

## **Competition**

We compete principally with the local commercial banks and foreign banks in each of our key markets. In Singapore, our competition is principally from DBS Bank Ltd. and United Overseas Bank Limited. We also face competition from a number of additional institutions, including foreign qualifying full banks, wholesale banks and offshore banks, as well as various other types of financial service institutions. As a result of the Singapore government's liberalization of the Singapore banking industry, the number of foreign institutions with foreign full banking licenses and wholesale banking licenses in Singapore has increased over the past ten years. In Malaysia, we compete principally with a number of Malaysian and foreign banks, including Malayan Banking Berhad, CIMB Group Holdings Berhad, Public Bank Berhad and HSBC Bank Malaysia Berhad.

## **Employees**

As of June 30, 2015, our Group had more than 29,000 employees.

We believe that people are our main assets and that their talents and abilities – individually and collectively – can be leveraged to give us a competitive advantage. Our employees share ownership schemes continue to receive high participation levels. We aim to provide every person with equal opportunities to develop careers within the Group through continuous learning and training in both core competencies and technical skills.

We are party to the two collective agreements for our unionized colleagues, the OCBC Bank Group Officers' Agreement and the OCBC Bank Group Employees' Agreement. These agreements are generally reviewed once every three years and established through industry-wide negotiations with the unions. We believe we have good relations with our employees.

## **Employees' Remuneration**

The objective of our remuneration policy is to attract, motivate, reward and retain quality staff. Our Board of Directors ensures that the remuneration policies are in line with our strategic objectives and corporate values and do not give rise to conflicts between our objectives and the interests of individual Directors and key executives.

The total compensation package for employees comprises basic salary, fixed bonus, variable performance bonus, allowances, deferred share awards and share options for eligible executives, as well as benefits. Compensation is tied to the achievement of business and performance objectives. Where relevant, financial measurements, adjusted for the various types of risk, include, if appropriate:

- (a) Operating efficiency measures which include income, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit cost.
- (b) Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets and return on capital.

- (c) Liquidity risk which is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioral maturity of each type of asset and liability booked.

Each business unit (including risk and compliance functions) has its own performance measures that match their functions and objectives. In the determination of remuneration of senior executives, we take into account risk and control indicators.

In determining the composition of the compensation package, we take into account the time horizon of risk and include in the total compensation for executives, a significant portion of deferred payment in the form of deferred shares and share options.

To ensure that our remuneration package is competitive, we regularly review our base salary ranges and benefits package based on market data provided by recognized surveys of comparative groups in the financial sector. For executives, we adopt a performance-driven approach to compensation. The compensation package is linked to personal performance, the performance of the job function as a whole and our overall performance. Executives' compensation is reviewed each year based on information from market surveys and advice from reputable management consultants. The compensation for senior executives is reviewed by the Remuneration Committee. As a consequence of the financial crisis, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking.

In 2009, the Financial Stability Forum (“**FSF**”) developed principles and implementation standards for Sound Compensation Practices for significant financial institutions. Our compensation practices largely meet the FSF principles and implementation standards, and are reviewed regularly to ensure that they continue to meet the FSF principles and implementation standards, if and when there are changes.

The remuneration practices for staff in bargainable positions are established through negotiation with our unions.

## **Properties**

We conduct our property management activities through our wholly-owned subsidiary, OCBC Property Services Private Limited (“**OPS**”). OPS' core business includes managing our property portfolio to optimize rental income, yields and capital values, supporting our operations through cost-effective spatial planning and professional property management of own-occupied premises, and managing our divestment program for identified properties.

The following table sets forth details of our major properties as of June 30, 2015.

Properties	Purpose	Effective Stake	Gross floor area
		%	Sq. ft.
Singapore:			
65 Chulia Street, OCBC Centre . . . . .	Office	100	993,089
63 Chulia Street, OCBC Centre East . . . . .	Office	100	242,385
18 Church Street, OCBC Centre South . . . . .	Office	100	118,909
63 Market Street, Bank of Singapore Centre . . . . .	Office	100	248,996
11 Tampines Central 1 . . . . .	Office	100	115,824
31 Tampines Avenue 4 . . . . .	Office	100	97,572
105 Cecil Street, #01-00, #02-01 to 04, #04-01 to 04, #14-01 to 04, #15-01 to 04, #17-01 to 04			
The Octagon Building . . . . .	Office	100	34,563
260 Tanjong Pagar Road . . . . .	Office	100	44,940
101 Cecil Street #01-01/02, Tong Eng Building . . . . .	Office	100	16,146
110 Robinson Road . . . . .	Office	100	22,120
460 North Bridge Road . . . . .	Office	100	26,576
Block 9 & 13 Tanjong Rhu Road, The Waterside . . . . .	Residential	100	251,889
2 Mt Elizabeth Link . . . . .	Residential	100	104,377
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery . . . . .	Residential	100	54,739
257 River Valley Road, #02-00 to #10-00, Valley Lodge . . . . .	Residential	100	23,920
277 Orchard Road, Orchardgateway . . . . .	Retail and hotel	100	535,698
Malaysia:			
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC . . . . .	Office	100	243,262
Indonesia:			
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower . . . . .	Office	85	362,313
Greater China:			
1155 Yuanshen Road, Pudong, Shanghai . . . . .	Office	100	249,161
161-169 Queen's Road Central, Hong Kong . . . . .	Office	100	95,169

### Legal and Regulatory Proceedings

From time to time, we may be involved in legal and regulatory proceedings concerning matters that arise in our day-to-day business operations. However, we are not involved in, and are not aware of, any legal or regulatory proceedings the outcome of which would have a material adverse effect on our business, financial condition, results of operations or prospects.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets out our capitalization and indebtedness as of December 31, 2013, December 31, 2014 and June 30, 2015. The information has been extracted from the audited consolidated financial statements for the years ended December 31, 2013 and December 31, 2014 and the unaudited consolidated financial statements for the half year ended June 30, 2015. The financial effects of transactions subsequent to June 30, 2015 are not taken into account.

	Year ended December 31, 2013	Year ended December 31, 2014	As of June 30, 2015
	S\$ <i>(in millions)</i>	S\$ <i>(in millions)</i>	S\$ <i>(in millions)</i>
<b>Short-term liabilities<sup>(1)(2)</sup></b>			
Deposits of non-bank customers . . . . .	195,974	245,519	246,424
Deposits and balances of banks . . . . .	21,549	20,503	16,924
Trading portfolio liabilities . . . . .	898	707	528
Debt issued . . . . .	19,404	18,580	18,613
Other liabilities . . . . .	12,064	14,229	13,309
<b>Total short-term liabilities . . . . .</b>	<b>249,889</b>	<b>299,538</b>	<b>295,798</b>
<b>Long-term liabilities<sup>(2)</sup></b>			
Subordinated term notes . . . . .	3,052	6,170	6,220
Other notes <sup>(3)</sup> unsecured . . . . .	4,245	4,109	4,454
<b>Total long-term liabilities . . . . .</b>	<b>7,297</b>	<b>10,279</b>	<b>10,674</b>
<b>Equity</b>			
Share capital . . . . .	9,448	13,752	14,339
Total reserves . . . . .	15,667	17,345	18,609
Attributable to OCBC's equity holders . .	25,115	31,097	32,948
Non-controlling interests . . . . .	2,964	3,088	2,712
<b>Total equity . . . . .</b>	<b>28,079</b>	<b>34,185</b>	<b>35,660</b>
<b>Total capitalization<sup>(4)</sup> . . . . .</b>	<b>285,265</b>	<b>344,002</b>	<b>342,132</b>

**Notes:**

- (1) Short-term indebtedness includes all deposits of bank and non-bank customers and other liabilities including those with remaining term to contractual maturity exceeding one year.
- (2) Short-term and long-term indebtedness exclude life assurance fund liabilities. Long-term indebtedness includes debt issued with remaining term to contractual maturity exceeding one year.
- (3) Includes structured notes, fixed and floating rate notes.
- (4) Total capitalization comprises short-term liabilities, long-term liabilities and total equity.

## MANAGEMENT

OCBC Bank is governed and supervised by its Board of Directors which, as of August 11, 2015, consists of 10 members. The full Board meets at least four times a year, but may meet more often depending on the circumstances. In addition, there are five Board Committees – the Executive, Nominating, Audit, Remuneration and Risk Management Committees. Our articles of association (the “**Articles**”) provide for the retirement of Directors by rotation and all appointments and re-appointments of Directors are required to be approved by the MAS.

### Board of Directors

The following table sets forth the members of the Board of Directors of OCBC Bank as of August 11, 2015:

Name	Age	Position
Mr. Ooi Sang Kuang . . . . .	67	Chairman
Dr. Cheong Choong Kong . . . . .	74	Director
Mr. Lai Teck Poh . . . . .	71	Director
Dr. Lee Tih Shih . . . . .	51	Director
Mr. Quah Wee Ghee . . . . .	54	Director
Mr. Pramukti Surjaudaja . . . . .	53	Director
Mr. Tan Ngiap Joo . . . . .	69	Director
Dr. Teh Kok Peng . . . . .	67	Director
Mr. Samuel N. Tsien . . . . .	61	Director
Mr. Wee Joo Yeow . . . . .	67	Director

**Mr. Ooi Sang Kuang** was appointed to the Board on February 21, 2012 and re-elected as a Director on April 28, 2015. On September 1, 2014, he was appointed Chairman. He was Special Advisor in Bank Negara Malaysia until he retired on December 31, 2011. Prior to this, he was Deputy Governor and Member of the Board of Directors of Bank Negara Malaysia, from 2002 to 2010. Mr. Ooi is presently the Chairman of OCBC Malaysia and OCBC Al-Amin, as well as Cagamas Holdings Berhad (the national mortgage corporation in Malaysia) and its subsidiaries. He also serves on the board of OCBC Wing Hang. He holds a Bachelor of Economics with Honors from the University of Malaya and a Master of Arts (Development Finance) from Boston University, USA, and is a Fellow Member of the Asian Institute of Chartered Bankers.

**Dr. Cheong Choong Kong** was first appointed to the Board on July 1, 1999 and last re-appointed as a Director on April 28, 2015. He was Chairman from July 1, 2003 to August 31, 2014 and Vice Chairman from March 26, 2002 to June 30, 2003. Dr. Cheong has a wealth of experience with 11 years at the helm in OCBC as well as 29 years in Singapore Airlines Ltd, where he was Deputy Chairman and Chief Executive Officer before retiring. He is presently a Director of several companies, including Great Eastern Holdings and OCBC Wing Hang. Dr. Cheong holds a Bachelor of Science with First Class Honors in Mathematics and (Honorary) Doctor of the University from the University of Adelaide, and a Master of Science and Ph.D. in Mathematics and (Honorary) Doctor of Science from the Australian National University.

**Mr. Lai Teck Poh** was appointed to the Board on June 1, 2010 and re-appointed as a Director on April 28, 2015. He served more than 20 years in OCBC Bank in several senior capacities, including Head of Corporate Banking, Head of Information Technology & Central Operations and Head of Risk Management. He was Head, Group Audit prior to retiring in April 2010. Before joining



OCBC Bank, he was Managing Director of Citicorp Investment Bank Singapore Ltd and had served stints with Citibank N.A. in Jakarta, New York and London. He is presently a Director of AV Jennings Ltd, OCBC Malaysia and OCBC Al-Amin, and a Commissioner of OCBC NISP. Mr. Lai holds a Bachelor of Arts with Honors from the University of Singapore.

**Dr. Lee Tih Shih** was first appointed to the Board on April 4, 2003 and last re-elected as a Director on April 28, 2015. He is presently an Associate Professor at the Duke University Medical School in Durham, USA and Duke-NUS Graduate Medical School in Singapore. He has previously served in senior positions at both OCBC Bank and the MAS. He is a Director of Lee Foundation and several Lee Rubber Group Companies. Dr. Lee graduated with M.D. and Ph.D. degrees from Yale University. He also holds a Master of Business Administration with Distinction from Imperial College, London.

**Mr. Quah Wee Ghee** was appointed to the Board on January 9, 2012 and re-elected as a Director on April 28, 2015. He is presently a Director of several companies, including Singapore Exchange Ltd, Bank of Singapore Ltd, The Great Eastern Life Assurance Co Ltd and The Overseas Assurance Corporation Ltd. He is an Executive Director of Avanda Investment Management Ltd and also serves as the Chairman of the Ministry of Health Holdings Pte Ltd's Investment Committee. He holds a Bachelor of Engineering (Civil) from the National University of Singapore, is a Chartered Financial Analyst, and Alumni Member of the Stanford Graduate Business School.

**Mr. Pramukti Surjaudaja** was first appointed to the Board on June 1, 2005 and last re-elected as a Director on April 25, 2013. He has been with OCBC NISP for 23 years, holding key positions, including President Director, and is presently President Commissioner of the bank. Mr. Pramukti holds a Bachelor of Science (Finance & Banking) from San Francisco State University, a Master of Business Administration (Banking) from Golden Gate University and has participated in Special Programs in International Relations at the International University of Japan.

**Mr. Tan Ngiap Joo** was appointed to the Board on September 2, 2013 and elected as a Director on April 24, 2014. He had a long career of 37 years as a banker. He spent 20 years in Citibank N.A. serving in various capacities, including Senior Risk Manager of Citibank Australia and postings overseas prior to joining the OCBC Group in August 1990, where he held senior positions over the years, including Chief Executive of OCBC's Australian operations, and Head, Group Business Banking and was appointed Deputy President in December 2001. He retired in December 2007. He is presently Chairman of United Engineers Ltd and a Director of several companies, including China Fishery Group Ltd and Mapletree Logistics Trust Management Ltd. He is also the Chairman of the Investment Committee of Mapletree India China Fund Ltd. Mr. Tan holds a Bachelor of Arts degree from the University of Western Australia.

**Dr. Teh Kok Peng** was first appointed to the Board on August 1, 2011 and last re-elected as a Director on April 24, 2014. He was the President of GIC Special Investments Pte Ltd, the private equity arm of Government of Singapore Investment Corporation Pte Ltd ("GIC"). Prior to this, he was concurrently Deputy Managing Director of the MAS and Deputy Managing Director of GIC. He began his career at the World Bank under the Young Professionals Program in Washington D.C. Dr. Teh is presently the Senior Adviser of China International Capital Corporation Ltd and serves on the board of several companies, including Sembcorp Industries Ltd and S Rajaratnam Endowment CLG Ltd. He is also a Member of the Board of Trustees of the National University of Singapore and The Trilateral Commission. He holds a First Class Honors degree in Economics at La Trobe University, Melbourne, and Doctorate in Economics at Nuffield College, Oxford University, England, and attended the Advanced Management Program at the Harvard Business School.

**Mr. Samuel N. Tsien** was appointed to the Board on February 13, 2014 and elected as a Director on April 24, 2014. He was appointed Chief Executive Officer on April 15, 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 37 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Mr. Tsien is presently Chairman of OCBC China and a Commissioner of OCBC NISP. He also serves on the boards of major OCBC Group companies, including Great Eastern Holdings, Bank of Singapore Ltd, OCBC Wing Hang, OCBC Malaysia and OCBC Al-Amin. He is also a council member of the Association of Banks in Singapore and Singapore Business Federation and a Director of Mapletree Investments Pte Ltd. Mr. Tsien holds a Bachelor of Arts with Honors in Economics from the University of California, Los Angeles.

**Mr. Wee Joo Yeow** was appointed to the Board on January 2, 2014 and elected as a Director on April 24, 2014. He has more than 39 years of corporate banking experience. He was Managing Director & Head of Corporate Banking Singapore with United Overseas Bank Ltd until his retirement in June 2013. Prior to that, he was Executive Vice President & Head of Corporate Banking with Overseas Union Bank Ltd, and Head Credit & Marketing with First National Bank of Chicago (Singapore). He is presently a Director of several companies, including Frasers Centrepoint Ltd, Mapletree Industrial Trust Management Ltd and PACC Offshore Services Holdings Ltd. Mr. Wee holds a Master of Business Administration from New York University, USA and a Bachelor of Business Administration (Honors) from the University of Singapore.

### **Board Committees**

The composition of our Board Committees satisfies the independence requirements of the Banking (Corporate Governance) Regulations 2005, Banking (Corporate Governance) (Amendment) Regulations 2010, corporate governance guidelines issued by the MAS and the Code of Corporate Governance 2012 (the "**2012 Code**") adopted by the SGX-ST.

### **Executive Committee**

The Executive Committee comprises Mr. Ooi Sang Kuang (Chairman), Dr. Lee Tih Shih, Mr. Quah Wee Ghee, Mr. Tan Ngiap Joo, Mr. Samuel N. Tsien and Mr. Wee Joo Yeow. The Committee has written terms of reference that describe the responsibilities of its members.

The Executive Committee oversees the management of our business and affairs, within the parameters delegated by the Board. It reviews our policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates any special reviews and actions as appropriate for the prudent management of OCBC Bank.

### **Nominating Committee**

The Nominating Committee comprises Mr. Tan Ngiap Joo (Chairman), Mr Ooi Sang Kuang, Mr. Lai Teck Poh and Dr. Lee Tih Shih. The Committee has written terms of reference that describe the responsibilities of its members.

The Nominating Committee plays a vital role in reinforcing the principles of transparency and meritocracy at OCBC Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organization are appointed. This includes review of all nominations for the appointment, re-appointment, election or re-election as well as resignations of our Directors and members of our Executive Committee, Remuneration Committee, Audit Committee and Risk Management Committee. The Nominating Committee is also charged with determining annually whether or not a Director is independent, capable of carrying out the relevant duties and qualified to remain in office. It also reviews nominations, dismissals or resignations for senior management positions in OCBC Bank, including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Risk Officer. It makes recommendations to the Board on all such appointments, including the compensation package for offer of employment, promotion and cessation of employment. The Nominating Committee reviews obligations arising in the event of termination of the contracts of service of executive directors and senior management, to ensure such contracts contain fair and reasonable termination clauses.

The Nominating Committee establishes annually the profile required of Board members, having regard to the competencies and skills required at the Board, and makes recommendations to the Board on appointment of new Directors, when necessary. When the need for a new Director is identified, the Nominating Committee will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Nominating Committee may engage external search consultants to search for the Director. The Board reviews the recommendation of the Nominating Committee and appoints the new Director, subject to the approval of the MAS. In accordance with our Articles, the new Director will hold office until the next AGM, and if eligible, the Director can stand for re-election.

### **Audit Committee**

The Audit Committee comprises Mr. Tan Ngiap Joo (Chairman), Mr. Lai Teck Poh and Dr. Teh Kok Peng.

The Audit Committee performs the functions specified in the Companies Act, Chapter 50 of Singapore, (the “**Companies Act**”), the 2012 Code, the listing manual of the SGX-ST and the MAS’ corporate governance regulations and guidelines.

The Committee has written terms of reference that describe the responsibilities of its members. The Board approved the terms of reference of the Audit Committee. The Committee may meet at any time but no less than four times a year. It has full access to, and cooperation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Group Financial Statements, the Audit Committee reviews and evaluates with the external auditors and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems. It reviews the scope and results of the audits, the cost effectiveness of the audits, and the independence and objectivity of the external auditors and internal auditors. When the external auditors provide non-audit services to us, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. The Audit Committee also reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements, and announcements relating to financial performance.

The Audit Committee reviews our whistle blowing policy as well as any concerns, including anonymous complaints, which staff may, in confidence, raise about possible improprieties in matters of financial reporting or other matters, and have the concerns independently investigated and followed up. If fraud is determined, appropriate remedial action will be taken and the Audit Committee updated regularly on its status. The whistle blower's interest will be safeguarded at all times, including the right to appeal to the Audit Committee if reprisals are taken against him.

The Audit Committee meets at least once a year with the external auditors and internal auditors in separate sessions and without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the head of internal audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from our operations. Formal reports are sent to the Audit Committee on a regular basis. The Board is updated on these reports. The Audit Committee has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the OCBC Group and the external auditors are compatible with maintaining the independence of the external auditors. The aggregate amount of fees paid to the external auditors and breakdown of total fees paid for audit and non-audit services, respectively, are shown in the financial statements.

Where appropriate, the Audit Committee has adopted relevant best practices set out in the Guidebook for Audit Committees in Singapore.

Group Audit adopts a risk-based approach where audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, technology, compliance and strategic risks as well. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring prompt and accurate recording of transactions and the adequate safeguarding of assets. In addition, Group Audit provides an independent assessment of the Group's credit portfolio quality and credit risk management process. Reviews conducted by Group Audit also focus on the Group's compliance with relevant laws and regulations, adherence to established policies and whether management has taken appropriate measures to address control deficiencies. Group Audit provides advice on the development of new products as well as system developments and enhancements where the objective is to add value and improve governance, risk management and controls, without assuming management responsibility.

The Audit Committee approves the terms of reference of internal audit (Group Audit) and reviews the effectiveness of the internal audit function. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Banking Group's governance, risk management and internal control processes, as designed and implemented by senior management, are adequate and effective. Group Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors. The internal audit of the recently acquired OCBC Wing Hang is in transition to meet these requirements.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Group Audit is staffed with individuals with the relevant qualifications and experience and reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right

to seek information and explanations. The division is organized into departments that are aligned with the structure of the Bank. The Audit Committee approves the appointment, removal and remuneration of the Head of Group Audit.

### **Risk Management Committee**

The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr. Lai Teck Poh (Chairman), Mr. Ooi Sang Kuang, Mr. Quah Wee Ghee, Mr. Pramukti Surjaudaja, Mr. Samuel N. Tsien and Mr. Wee Joo Yeow. Members of the Committee have relevant technical financial sophistication in risk disciplines or business experience. The Committee has written terms of reference that describe the responsibilities of its members.

The Committee reviews the overall risk management philosophy, guidelines and major policies for effective risk management, including the risk profile, risk tolerance level and risk strategy. The Committee reviews the scope, effectiveness and objectivity of Group Risk Management and the risk reports that monitor and control risk exposures. It also oversees the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis, including ensuring the adequacy of risk management practices for material risks.

### **Remuneration Committee**

The Remuneration Committee comprises Mr. Wee Joo Yeow (Chairman), Mr. Ooi Sang Kuang, Mr. Quah Wee Ghee, Mr Tan Ngiap Joo and Dr. Teh Kok Peng. All the Committee members are well versed with executive compensation matters, given their extensive experience in senior corporate positions and major appointments. The Committee has written terms of reference that describe the responsibilities of its members.

The Remuneration Committee recommends to the Board a framework for determining the remuneration of executive officers, and reviews the remuneration practices to ensure that they are aligned with the approved framework. It is empowered to review the human resources management policies and the policies governing the compensation of executive officers of OCBC Bank and our subsidiaries, as well as the remuneration of senior executives. In addition, the Remuneration Committee administers the various employee share ownership schemes. In its deliberations, the Remuneration Committee takes into account remuneration principles, practices and standards that may be specified by the MAS from time to time.

### **Remuneration Policy**

#### ***Directors' Remuneration***

The Remuneration Committee recommends the remuneration for our executive Directors and non-executive Directors. The remuneration for non-executive Directors is subject to shareholders' approval at the AGM.

#### ***Compensation of Non-Executive Directors***

Our remuneration for non-executive Directors is intended to attract capable individuals to our Board, as well as retain and motivate them in their roles as non-executive Directors. It aligns their interest to those of shareholders, is competitive in the region and recognizes individual contributions.

The Remuneration Committee has considered market practices for non-executive director compensation and on its recommendation, the Board has decided to adopt the following fee structure to compute the fee for each non-executive Director of OCBC Bank:

- (a) annual board chairman fee of S\$1,800,000;
- (b) annual retainer fee of S\$45,000;
- (c) annual committee chairperson fee of S\$70,000 for Audit, Risk Management and Executive Committees, and S\$40,000 for Nominating and Remuneration Committees;
- (d) annual committee member fee of S\$40,000 for Audit, Risk Management and Executive Committees, and S\$20,000 for Nominating and Remuneration Committees (committee chairpersons are not awarded these fees); and
- (e) attendance fee of S\$3,000 per Board and Board Committee meeting. These attendance fees are paid to non-executive Directors to recognize their commitment and time spent in attending each meeting.

At the annual general meeting held on April 28, 2015, shareholders approved the grant of 6,000 remuneration shares to each non-executive Director. The remuneration shares align the interest of non-executive Directors with the interest of shareholders. Any non-executive Director who has served less than a full annual term with the Board will be awarded shares, pro-rated on the basis of the term he has served as non-executive Director in the financial year.

Under the OCBC Share Option Scheme 2001, the Remuneration Committee also has the discretion to grant share options to non-executive Directors in recognition of their contributions.

#### ***Compensation of Executive Directors***

The compensation for executive Directors is formulated and reviewed by the Remuneration Committee annually to ensure that it is market competitive and that the rewards commensurate with their contributions. The compensation package comprises basic salary, benefits-in-kind, performance bonus, incentive bonus, share options, share awards and compensation in the event of early termination where service contracts are applicable. Performance and incentive bonuses relate directly to the financial performance of the Group and the contributions of the individual executive Director. Under the OCBC Share Option Scheme 2001, the guidelines on granting of share options to executive Directors are similar to those for the executives of the Bank.

#### ***Remuneration of Directors' Immediate Family***

None of the Directors had immediate family members who were employees of our Group and whose personal annual remuneration exceeded S\$50,000.

## Remuneration of Directors in 2014

The below table shows our Directors' remuneration for the year ended December 31, 2014:

Name of Director	Total Remuneration	Salary and Fees <sup>(4)</sup>	Performance-Based Remuneration			Other Benefits <sup>(2)</sup>	Value of Remuneration Shares Awarded <sup>(3)(4)</sup>	Options Granted	Acquisition Price	Exercise Period
			Bonuses	Value of Share Options Granted <sup>(1)</sup>	Value of Deferred Share/Share Awards Granted					
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(No.)	(\$)	
Ooi Sang Kuang (Chairman with effect from 1 September 2014)	1,010	940	–	–	–	8	62	–	–	–
Cheong Choong Kong (Former Chairman)	1,549	1,402	–	–	–	85	62	–	–	–
Bobby Chin	69	50	–	–	–	–	19	–	–	–
David Conner	167	126	–	–	–	–	41	–	–	–
Fang Ai Lian	95	76	–	–	–	–	19	–	–	–
Lai Teck Poh	299	237	–	–	–	–	62	–	–	–
Lee Seng Wee	233	171	–	–	–	–	62	–	–	–
Lee Tih Shih	173	111	–	–	–	–	62	–	–	–
Quah Wee Ghee	265	203	–	–	–	–	62	–	–	–
Pramukti Surjaudaja	186	124	–	–	–	–	62	–	–	–
Tan Ngiap Joo	297	235	–	–	–	–	62	–	–	–
Teh Kok Peng	224	162	–	–	–	–	62	–	–	–
Wee Joo Yeow	244	182	–	–	–	–	62	–	–	–
<b>Director &amp; CEO</b>										
Samuel N. Tsien	9,885	1,242	5,138	856	2,569	80	–	744,867	10.378	16 March 2016 to 15 March 2025

### Notes:

- (1) Share option was valued using the binomial valuation model.
- (2) Represent non-cash component such as club and car benefits.
- (3) Value of remuneration shares was estimated based on the closing price of ordinary shares on March 13, 2015, i.e., S\$10.31.
- (4) Fees and remuneration shares for non-executive Directors refer to those for financial year 2014 approved by shareholders at the AGM in April 2015.

The table above includes Directors who held office or who were appointed or who resigned or retired during the year ended December 31, 2014.

## Senior Management

The following table sets forth the senior management of OCBC Bank as of August 11, 2015:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Samuel N. Tsien . . . . .	61	Group Chief Executive Officer
Mr. Ching Wei Hong . . . . .	56	Chief Operating Officer
Mr. Darren Tan Siew Peng . . . . .	44	Chief Financial Officer
Mr. Vincent Choo Nyen Fui . . . . .	52	Chief Risk Officer and Head, Group Risk Management
Mr. Gan Kok Kim . . . . .	50	Head, Global Investment Banking – Global Treasury and Investment Banking
Ms. Goh Chin Yee . . . . .	50	Head, Group Audit
Mr. Linus Goh Ti Liang . . . . .	52	Head, Global Commercial Banking
Mr. Jason Ho Poh Wah . . . . .	52	Head, Group Human Resources
Ms. Kng Hwee Tin . . . . .	48	Executive Director & Chief Executive Officer, OCBC Bank China
Ms. Koh Ching Ching . . . . .	47	Head, Group Corporate Communications
Mr. Lam Kun Kin . . . . .	52	Head, Global Treasury and Investment Banking
Mr. George Lee Lap Wah . . . . .	62	Head, Global Corporate Banking
Mr. Lim Khiang Tong . . . . .	54	Head, Group Operations and Technology & Group Customer Experience
Mr. Na Wu Beng . . . . .	58	Chief Executive Officer, OCBC Wing Hang
Mr. Neo Bock Cheng . . . . .	50	Head, Global Transaction Banking – Global Commercial Banking
Mr. Ong Eng Bin . . . . .	53	Chief Executive Officer, OCBC Malaysia
Mr. Bahren Shaari . . . . .	53	Chief Executive Officer, Bank of Singapore
Mr. Vincent Soh . . . . .	59	Head, Group Property Management
Mr. Dennis Tan . . . . .	46	Head, Consumer Financial Services Singapore – Global Consumer Financial Services
Mrs. Teng Soon Lang . . . . .	64	Head, Group Quality & Service Excellence
Mr. Peter Yeoh . . . . .	61	Company Secretary and Head, Group Secretariat
Ms. Loretta Yuen . . . . .	40	General Counsel and Head, Group Legal and Regulatory Compliance

**Mr. Samuel N. Tsien** Please see Mr. Tsien’s biography under “Board of Directors” above.

**Mr. Ching Wei Hong** was appointed Chief Operating Officer on April 15, 2012. In addition to Global Consumer Financial Services which he has had oversight of since May 2010, he is responsible for the Group Operations & Technology, Group Corporate Communications, Group Quality & Service Excellence and OCBC Property Services functions of the Bank. Mr. Ching is also Chairman of Bank of Singapore, OCBC Securities and Lion Global Investors. As Head of Global Consumer Financial Services, he is responsible for building our consumer banking business in our key markets and expanding our wealth management franchise. In his tenure with OCBC Bank, he has held senior management responsibilities across various roles including Chief Financial Officer, Head of Group Operations and Technology and Head of Transaction Banking. Mr. Ching



has more than 29 years of experience in regional finance, corporate banking and cash management. Before joining OCBC, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr. Ching holds a Bachelor of Business Administration from the National University of Singapore.

**Mr. Darren Tan Siew Peng** was appointed Executive Vice President and OCBC Bank's Chief Financial Officer ("CFO") in December 2011. As CFO, he oversees financial, regulatory and management accounting, treasury financial control, corporate treasury, funding and capital management, corporate development and investor relations. He joined OCBC Bank in March 2007 as Head of Asset Liability Management in Global Treasury and assumed the role of Deputy CFO in May 2011. Prior to joining OCBC, Mr. Tan worked for 13 years in the GIC with his last position in GIC as Head of Money Markets. He graduated with First Class Honors in Accountancy from Nanyang Technological University and is a Chartered Financial Analyst.

**Mr. Vincent Choo Nyen Fui** was appointed Head of Group Risk Management on August 1, 2014. As Chief Risk Officer, he covers the full spectrum of risk, including Credit, Technology and Information Security, Liquidity, Market and Operational risk management. He reports jointly to both Group CEO and the Board Risk Management Committee of OCBC Bank. Mr. Choo joined OCBC Bank from Deutsche Bank AG where his last appointment was Managing Director and Chief Risk Officer for Asia Pacific. In his 20 years at Deutsche Bank AG, he served in a number of senior roles including Head of Market Risk Management for Asia Pacific, with additional responsibilities for Traded Credit Products, and Head of New Product Approval for Asia. He holds a Master of Arts in Economics from the University of Akron.

**Mr. Gan Kok Kim** was appointed Executive Vice President and Head of Global Investment Banking in February 2012. As the Head of Global Investment Banking, he oversees our debt capital markets, corporate finance, merger and acquisition and mezzanine investment businesses. Mr. Gan joined OCBC Bank in 2004 as the Head of Treasury at OCBC Bank (Malaysia). In February 2011, he was also appointed Head of International Treasury. In August 2011, he was given the additional role of Head, Asset and Liability Management in Singapore and gave up his Malaysian role. Mr. Gan has more than 21 years of trading and management experience, and has held various positions in Citibank N.A. He holds a Bachelor of Science in Economics from the Massachusetts Institute of Technology.

**Ms. Goh Chin Yee** was appointed Head of Group Audit in March 2013 and Executive Vice President in April 2014. She oversees the full spectrum of internal audit activities for OCBC Bank and our subsidiaries. She reports directly to the Audit Committee and administratively to the Chief Executive Officer. Prior to this appointment, Ms. Goh was the Head of Business Management Unit in OCBC Bank's Global Treasury division. She has more than 26 years of experience in banking and has held responsibilities across various areas including strategic management, investment research, fund management, finance, risk management and treasury business management. Ms. Goh holds a Bachelor of Engineering (Civil) with First Class Honors from the National University of Singapore and is a Chartered Financial Analyst.

**Mr. Linus Goh Ti Liang** joined OCBC Bank in April 2004 as Executive Vice President and Head of International. He is presently the Head of Global Commercial Banking where he has global responsibility for the bank's commercial and institutional banking businesses. In addition to enterprise banking and financial institutions, which he has managed since August 2008, Mr. Goh also has oversight of the bank's transaction banking business. Mr. Goh has over 28 years of banking experience, including 17 years at Citibank, N.A. Singapore, where he held several senior management positions overseeing corporate banking, financial institutions, e-business and transaction banking. Mr. Goh holds a Bachelor of Arts (Philosophy) with Honors from the National University of Singapore.

**Mr. Jason Ho Poh Wah** joined OCBC Bank in January 2013 as Senior Vice President and Head of Asset & Liability Management. He was appointed Head of Group Human Resources and Executive Vice President in July 2015, following his appointment as Deputy Head in January 2015. He has 28 years of banking experience and has held senior level positions at KBC Bank, Standard Chartered Bank and Volvo Group Treasury Asia Limited. Mr. Ho holds a Bachelor of Business Administration from the National University of Singapore and a Masters in Applied Finance from Australia's Macquarie University. He is currently serving as the Deputy President of ACI – The Financial Markets Association.

**Ms. Kng Hwee Tin** was appointed Executive Director and CEO of OCBC China in March 2013. She has overall responsibility for directing and executing our growth strategy in China in her current role. Prior to this appointment, she was OCBC Bank's Head of Group Audit from April 2010 to February 2013, overseeing the full spectrum of audit activities for the Bank and its subsidiaries. Ms. Kng has more than 25 years of experience in banking. During her tenure with OCBC Bank, she also held responsibilities in risk management and managed the implementation of several key initiatives to further strengthen board governance. She was also instrumental in driving and establishing the Bank's thrust into serving the wealth needs of the affluent with the OCBC Premier Banking proposition. Ms. Kng holds a Masters of Business Administration from the National University of Singapore, where she was awarded the Saw Gold Medal in Finance.

**Ms. Koh Ching Ching** was appointed Head of Group Corporate Communications in November 2004 and Executive Vice President in March 2012. She leads our group communications initiatives with the media, employees, customers, shareholders and the general public. Prior to her role in corporate communications, she led OCBC Bank's franchise expansion efforts in trade finance in Malaysia. Before this, Ms. Koh had 16 years of corporate and retail banking experience, having held various senior customer and product positions in local and foreign financial institutions. She graduated with First Class Honors in Business Administration from the National University of Singapore.

**Mr. Lam Kun Kin** was appointed Head of Global Treasury in January 2007 and Senior Executive Vice President in April 2011. He has global responsibility for OCBC Bank's financial market businesses and asset liability management in Singapore, Malaysia, Indonesia and nine other overseas centers. Since February 2012, he has had the additional responsibility of overseeing the Bank's Global Investment Banking division. Mr. Lam has more than 28 years of banking and investment management experience covering global fund management, global markets sales & trading, global investment banking and Asian financial market businesses. Currently, he serves on the boards of Bank of Singapore, OCBC Securities, AVIC Trust and on Great Eastern Group's Asset and Liability Committee. Prior to joining OCBC Bank, Mr. Lam held various senior management positions in GIC, Citibank and Temasek Holdings. Since September 2014, he has been appointed by the Monetary Authority of Singapore as Co-Chairman of the Singapore Foreign Exchange Market Committee. He holds a Bachelor of Accountancy with Honors from the National University of Singapore and is a Chartered Financial Analyst.

**Mr. George Lee Lap Wah** was appointed Executive Vice President in August 2005 and is currently Head of Global Corporate Banking. Before assuming this role, he was Head of Global Investment Banking from 2002. Mr. Lee has more than 36 years of banking experience and has held senior level positions in Credit Suisse First Boston, Credit Suisse Singapore and Security Pacific National Bank. Mr. Lee holds a Bachelor of Business Administration with Honors from the University of Singapore and is a Chartered Financial Analyst.

**Mr. Lim Kiang Tong** joined OCBC Bank in September 2000 as Chief Technology Officer of finatiQ.com and was transferred to OCBC Bank, assuming the role of Head of IT Management in January 2002. He was appointed Executive Vice President in December 2007 and Head of Group Operations and Technology in May 2010. Mr. Lim oversees OCBC Bank's regional processing centers and technology operations, driving for productivity gains and lower unit costs. Since June

2013, he has also assumed oversight of the Bank's Group Customer Experience division, leading quality initiatives designed to strengthen service culture and simplify banking to engage customers better. Mr. Lim has more than 25 years of information technology and banking operations management experience. He holds a Bachelor of Science (Computer Science & Economics) from the National University of Singapore.

**Mr. Na Wu Beng** is currently assigned to OCBC Wing Hang as Chief Executive Officer. Prior to this appointment, he was Deputy President Director of Bank OCBC NISP for 10 years. There, he was instrumental in driving the corporate banking business and spearheading the collaborative efforts between OCBC Bank and Bank OCBC NISP across different business functions. Mr. Na joined OCBC Bank in 1990 as the General Manager of OCBC Bank's Hong Kong branches. He returned to Singapore in 1999 to take on the role of Head of North Asia overseeing the bank's operations in Hong Kong, China, Taiwan, Korea and Japan. From 2000 to 2004 before his posting to Bank OCBC NISP, he headed OCBC Bank's international banking division and was responsible for branches across eight countries. Mr. Na was appointed Executive Vice President in 2001. Before joining OCBC Bank, he was at International Bank of Singapore for 11 years, where he was based in Taiwan for seven years. He holds a Bachelor of Arts (Economics) with Honors from Coventry University, United Kingdom.

**Mr. Neo Bock Cheng** joined OCBC Bank in October 2003 as Head of Cash Management. He was appointed Senior Vice President in April 2005 to oversee the Global Transaction Banking Division which provides cash management, trade finance, and nominee services to corporate and commercial banking customers. In April 2012, he was appointed Executive Vice President. Mr. Neo brings with him more than 25 years of corporate banking experience, including over 13 years with regional assignments at several major international banks such as Citibank and JP Morgan Chase. Mr. Neo graduated with a Bachelor of Engineering (Civil) degree from the National University of Singapore.

**Mr. Ong Eng Bin** currently oversees OCBC Group's Malaysian franchise. Prior to his appointment as Chief Executive Officer of OCBC Malaysia in 2014, he was its Head of Business Banking, a role he assumed in 2012 with responsibilities covering corporate and commercial, emerging business and transaction banking. He joined the bank as a management trainee in 1988 and was appointed Head of Corporate Banking & Large Corporates in 2000. Mr. Ong holds a Bachelor of Accounting & Finance from the University of Manchester.

**Mr. Bahren Shaari** is Chief Executive Officer of Bank of Singapore. A well-respected banker with more than 25 years of private banking experience in various global financial institutions, he played a significant role in growing Bank of Singapore's South East Asia business as Global Market Head since 2010. Prior to joining Bank of Singapore, he was Managing Director of UBS AG Wealth Management, responsible for the South East Asian and Australian markets. He is currently a Board Member of Singapore Press Holdings Limited where he also serves as Chairman of its Audit Committee. Mr. Shaari had previously served as a Board Member of the Maritime Port Authority of Singapore from 2009 to 2012. He was conferred the Public Service Medal in 2008 by the President of Singapore. Mr. Shaari holds an Accountancy degree from the National University of Singapore.

**Mr. Vincent Soh** is the Managing Director of OCBC Property Services Pte Ltd, a wholly owned subsidiary of OCBC Bank. He is responsible for managing OCBC Group's real estate portfolio. He has held senior level positions in the public and private sectors. Mr. Soh holds a Master of Science (Property & Maintenance Management) and Master of Public Policy, both from the National University of Singapore. He is also an Associate Member of the Royal Institution of Chartered Surveyors, United Kingdom.

**Mr. Dennis Tan** was appointed Head of Consumer Financial Services Singapore in November 2012 and Executive Vice President in April 2013. He oversees OCBC Bank's consumer banking business in Singapore. Mr. Tan joined OCBC Bank in September 2009 as the Head of Branch and Group Premier Banking. Prior to OCBC Bank, he spent 16 years at Citibank Singapore where he last held the position of Managing Director, Sales and Distribution Head of its Global Consumer Banking division. Mr. Tan holds a Bachelor of Science in Business (Honors with Distinction) from Indiana University, United States of America.

**Mrs. Teng Soon Lang** was appointed Executive Vice President in January 2003. She heads the Group Quality & Service Excellence Division which is responsible for building a quality culture, facilitating cross-functional process transformations and enhancing collaborations across the group. She joined OCBC Bank in 1996 as Group Chief Information Officer. Mrs. Teng holds a Bachelor of Accounting with Honors and a Master of Science (Computer and Information Sciences) from the National University of Singapore as well as a Post Graduate Qualification from the Institute of Cost and Management Accountants, United Kingdom.

**Mr. Peter Yeoh** joined OCBC Bank in January 1984. Since joining the Bank, he has held responsibilities in finance, accounting, management information services and strategic projects. He was appointed Company Secretary in August 2002, a role including responsibilities for corporate governance and board affairs. He holds a Bachelor of Commerce from the University of Western Australia, and is a Member of the Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants.

**Ms. Loretta Yuen** was appointed General Counsel and Head of Group Legal and Regulatory Compliance in September 2010 and Executive Vice President in June 2015. She oversees the full spectrum of legal and regulatory risks, including anti-money laundering, across OCBC Bank and its subsidiaries, and provides advice on regulatory risks and legal issues involved in decisions to management, so that management can make informed strategic choices within an acceptable legal and regulatory risk profile. Ms. Yuen has over 14 years of legal and regulatory experience in banking and finance. She graduated with Second Class Honors in Law from the National University of Singapore.

## SUBSIDIARIES, AFFILIATES AND ASSOCIATED COMPANIES

The following table sets forth information with respect to our principal companies, all of which are consolidated as of June 30, 2015.

	<b>Effective % interest held<sup>(1)</sup></b>	<b>Main business</b>
Banco OCBC Weng Hang, S.A. . . . .	100	Banking
Bank of Singapore Limited . . . . .	100	Banking
OCBC Al-Amin Bank Berhad . . . . .	100	Banking
OCBC Bank (Malaysia) Berhad . . . . .	100	Banking
OCBC Bank (China) Limited . . . . .	100	Banking
OCBC Wing Hang Bank Limited . . . . .	100	Banking
PT Bank OCBC NISP Tbk . . . . .	85	Banking
Wing Hang Bank (China) Limited . . . . .	100	Banking
Great Eastern Life Assurance (Malaysia) Berhad . . . . .	87	Insurance
Overseas Assurance Corporation (Malaysia) Berhad . . . . .	87	Insurance
The Great Eastern Life Assurance Company Limited . . . . .	87	Insurance
The Overseas Assurance Corporation Limited . . . . .	87	Insurance
Lion Global Investors Limited . . . . .	91	Asset management
Great Eastern Holdings Limited . . . . .	87	Investment holding
OCBC Securities Private Limited . . . . .	100	Stockbroking

**Note:**

(1) Rounded to the nearest percentage.

## **SUPERVISION AND REGULATION**

### **Singapore Banking Industry**

#### ***Introduction***

Singapore licensed banks come within the ambit of the Banking Act and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time.

A licensed bank's operations may include the provision of capital markets services and financial advisory services. A bank licensed under the Banking Act is exempt from holding a capital markets services license under the SFA and from holding a financial adviser's license under the Financial Advisers Act, Chapter 110 of Singapore (the "**FAA**"). However, a licensed bank will nonetheless have to comply with the SFA and the FAA and the subsidiary legislation issued thereunder, as well as notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, as may be applicable to it in respect of these regulated activities.

#### ***The Monetary Authority of Singapore***

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

#### ***The Regulatory Environment***

##### ***Capital Adequacy Ratios***

In December 2010, the Basel Committee published Basel III which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening global capital standards and promoting a more resilient banking sector.

Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the "Liquidity Coverage Ratio", intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the "Net Stable Funding Ratio", which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In January 2011, the Basel Committee has also published requirements for all classes of capital instruments issued on or after January 1, 2013 to be loss absorbing at the point of non-viability. In July 2012, the Basel Committee further published the interim framework for capitalization of bank exposures to central counterparties.

MAS Notice 637 implements Basel III capital standards for SIBs and sets out the current requirements relating to the minimum capital adequacy ratios for SIBs and the methodology such banks shall use for calculating these ratios. MAS Notice 637 also sets out the expectations of the MAS in respect of the internal capital adequacy assessment process of SIBs under the supervisory review process and specifies the minimum disclosure requirements for SIBs in relation to its capital adequacy.

MAS Notice 637 was amended on December 31, 2013 to, among other things, incorporate disclosure and submission requirements for assessing global systemically important banks and requirements to ensure loss absorbency at the point of non-viability. MAS Notice 637 was further amended on October 14, 2014 to implement the leverage ratio disclosure requirements for SIBs, to enhance the clarity of the capital rules and to implement leverage ratio supervisory reporting requirements. The leverage ratio disclosure requirements for SIBs took effect from January 1, 2015, in line with the Basel Committee's timeline for implementation of the leverage ratio disclosure requirements. The minimum leverage ratio will be decided and announced at a later date, as the Basel Committee is monitoring and assessing the appropriate calibration of the ratio for internationally active banks. The revisions to enhance the clarity of the capital rules similarly took effect from January 1, 2015, whereas the leverage ratio supervisory reporting requirements will be implemented only from December 31, 2015. Further amendments were made to MAS Notice 637 on December 29, 2014. While some amendments have become effective on July 1, 2015, other amendments are scheduled to become effective on December 31, 2015 and January 1, 2017.

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

- (a) the bank standalone ("**Solo**") level capital adequacy ratio requirements, which measure the capital adequacy of a SIB based on its standalone capital strength and risk profile; and
- (b) the consolidated ("**Group**") level capital adequacy ratio requirements, which measure the capital adequacy of a SIB based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entities which are treated as part of the bank's group of entities according to SFRS (collectively called "**banking group entities**") taking into account any exclusions of certain bank group entities or any adjustments pursuant to securitization required under MAS Notice 637.

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

In addition to complying with the above capital adequacy ratio requirements in MAS Notice 637, a SIB should consider as part of its internal capital adequacy assessment process whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks.

Under MAS Notice 637, SIBs will be required to meet capital adequacy requirements that are higher than the Basel Committee's requirements. MAS Notice 637 sets out a minimum CET1 CAR of 5.5% and a minimum Tier 1 CAR of 7.0% with effect from January 1, 2014. These increased progressively to 6.5% and 8.0% respectively, from January 1, 2015. The requirement for minimum total capital adequacy ratio is 10.0%.

The minimum capital requirements under MAS Notice 637, when fully implemented, will be two percentage points higher than the Basel III minima specified by the Basel Committee.

Under the requirements of the Basel Committee, banks are required to maintain minimum CET1 CAR, Tier 1 CAR and Total CAR of 3.5%, 4.5%, and 8.0%, respectively, from January 1, 2013, and minimum CET1 CAR, Tier 1 CAR and Total CAR of 4.5%, 6.0% and 8.0%, respectively, from January 1, 2015. In addition, banks are required to hold a capital conservation buffer (“**CCB**”) of 2.5% above the minimum capital adequacy requirements to weather periods of high stress. This CCB is to be met with CET1 capital and will begin at 0.625% on January 1, 2016, increasing by an additional 0.625 percentage points in each subsequent year, to reach 2.5% on January 1, 2019.

Furthermore, banks may be subject to a countercyclical buffer ranging from 0% to 2.5% which will be implemented by each country when there has been a build-up of system-wide risk associated with excessive aggregate credit growth in their systems, with discretion on the implementation according to their national circumstances. The countercyclical buffer will be phased in from January 1, 2016 to January 1, 2019. It is not an ongoing requirement but only applied as and when specified by the relevant national banking supervisors. The countercyclical buffer is to be maintained in the form of CET1 capital.

In line with the Basel Committee’s requirements, the MAS has introduced in MAS Notice 637 a CCB of 2.5% above the minimum capital adequacy requirements. The CCB will be met with CET1 capital and begins at 0.625% on January 1, 2016, increasing by an additional 0.625% in each subsequent year, to reach its final level of 2.5% on January 1, 2019. Including the CCB, SIBs will be required to meet CET1 CAR, Tier 1 CAR, and Total CAR of 9.0% 10.5% and 12.5%, respectively from January 1, 2019.

The table below summarizes the capital requirements under MAS Notice 637.

<b>From January 1,</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Minimum CARs %</b>							
CET1 (a)	4.5	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)	–	–	–	0.625	1.25	1.875	2.5
CET1 including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier 1	6.0	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.0	10.625	11.25	11.875	12.5
Countercyclical Buffer	–	–	–	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments have been phased in from January 1, 2013 and are for items such as goodwill, and investments exceeding certain thresholds.

Lastly, Basel III has revised the criteria for the eligibility of capital instruments.

*Other Key Prudential Provisions*

On November 28, 2014, the MAS issued the new MAS Notice 649. MAS Notice 649, which took effect on January 1, 2015 for a bank incorporated and headquartered in Singapore, introduces a new liquidity requirement framework to implement the Basel III LCR rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore shall maintain at all times, a Singapore



Dollar LCR requirement of at least 100% and an all currency LCR requirement of at least 60% by January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

Under Section 39 of the Banking Act and MAS Notice 758 on Minimum Cash Balance (“**MAS Notice 758**”), a bank is also required to maintain, during a maintenance period, in its current account and custody cash account an aggregate minimum cash balance with MAS of at least an average of 3% of its average Qualifying Liabilities (as defined in MAS Notice 613 on Minimum Liquid Assets (“**MAS Notice 613**”)) computed during the relevant two-week period beginning on a Thursday and ending on a Wednesday. MAS has stated that MAS Notice 758 will be amended to include the definition of Qualifying Liabilities under MAS Notice 649 instead of referencing MAS Notice 613, which will be cancelled with effect from January 1, 2016.

Under Section 29 of the Banking Act, the MAS may, by notice to any bank in Singapore, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank to:

- (a) a substantial shareholder group of the bank;
- (b) the financial group of the bank (where the bank is incorporated in Singapore);
- (c) a director group of the bank; and
- (d) any other person or class of persons as may be prescribed.

For the purposes of this paragraph:

- (a) “**substantial shareholder group**” means a group of persons comprising any substantial shareholder (i.e., holding or having an interest in not less than 5% of the total voting rights) of the bank, every affiliate of such substantial shareholder, and where the bank is a subsidiary of a financial holding company or a parent bank (“**Holding Company**”), any substantial shareholder of the Holding Company and every affiliate of such substantial shareholder. Where a “**substantial shareholder**” is an individual, this term shall include a reference to a family member of the substantial shareholder;
- (b) “**financial group**” means a group of companies comprising (in the case of a SIB) every company in which the bank acquires or holds, directly or indirectly, a major stake (as defined below); and
- (c) “**director group**” means a group of persons comprising any director of the bank, every firm or limited liability partnership in which that director is a partner, manager, agent, guarantor or surety, every individual of whom and every company of which that director is a guarantor or surety and every company in which the director (i) is an executive officer; (ii) owns more than half of the total number of issued shares (whether legally or beneficially); (iii) controls more than half of the voting power; or (iv) controls the composition of the board of directors. In this paragraph, reference to “**director**” would include the director’s spouse, parent and child.

Regulation 24 of the Banking Regulations has prescribed that the MAS may also impose requirements for the purpose of limiting the exposure of the bank to: (a) any officer (other than a director) or employee of the bank or other person who receives remuneration from the bank other than for services rendered to the bank or any company that is treated as part of the bank’s group of companies according to SFRS; and (b) a group of persons, who are financially dependent on one another or where one person (the controlling person) controls every other person in that group, and where at least one of the persons is a counterparty to the bank. For these purposes,

a person is controlled by the controlling person if the person is (i) a person in which the controlling person holds more than half of the total number of issued shares (whether legally or beneficially); (ii) a person in which the controlling person controls more than half of the voting power; (iii) a person in which the controlling person controls the composition of the board of directors; (iv) a subsidiary of a person described in (i) to (iii) above; or (v) a person the policies of which the controlling person is in a position to determine. The MAS issued MAS Notice 639 on Exposures to Single Counterparty Groups (“**MAS Notice 639**”) pursuant to Section 29 of the Banking Act. MAS Notice 639 sets out the limits on a bank in Singapore’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 requirements on “large exposures limit” and “substantial exposures limit” to a “single counterparty group” (as respectively defined in MAS Notice 639), on a Solo level and a Group level. Pursuant to MAS Notice 639, the MAS has set out that:

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

The term “eligible total capital”, in relation to SIBs, has the same meaning as “Eligible Total Capital” in MAS Notice 637, on a Solo level and in relation to a bank group, has the same meaning as “Eligible Total Capital” in MAS Notice 637, on a Group level.

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

The MAS has further prescribed for purposes of Section 35 of the Banking Act that the property sector exposure of a bank in Singapore must not exceed 35% of the total eligible assets of that bank.

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

MAS Notice 643 on Transactions with Related Parties (dated April 2, 2013, and last revised on June 30, 2014) (“**MAS Notice 643**”) was issued by the MAS pursuant to Section 55(1) of the Banking Act. MAS Notice 643 sets out requirements relating to transactions of banks in Singapore with related parties, which seek to minimize the risk of abuses arising from conflicts of interest. MAS Notice 643 was initially scheduled to take effect from July 1, 2014, but on June 30, 2014, the MAS amended MAS Notice 643 such that its effective date will be separately specified by the MAS by notice in writing. To-date, the MAS has not yet specified the effective date of MAS Notice 643.

On December 5, 2013, the MAS issued a Consultation Paper on Related Party Transaction Requirements for Banks. This consultation paper sets out proposed changes to the MAS' requirements on banks' transactions with their related parties, which are set out in MAS Notice 643 and in the Banking Act. The proposed changes are intended to address the industry feedback that the MAS has received, as well as to ensure oversight and controls over related party transactions, to minimize the risk of abuses arising from conflicts of interest. The proposed changes, as discussed in the consultation paper, are also intended to rationalize the related party transactions requirements in the Banking Act with those set out in MAS Notice 639, MAS Notice 639A on Exposures and Credit Facilities to Related Concerns and MAS Notice 643, while ensuring appropriate oversight and controls over banks' related party transactions.

A bank in Singapore is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except:

- (a) banking business;
- (b) business which is regulated or authorized by the MAS or, if carried on in Singapore, would be regulated or authorized by the MAS under any written law;
- (c) business which is incidental to (a) or (b);
- (d) business or a class of business prescribed by the MAS; or
- (e) any other business approved by the MAS.

A bank in Singapore, either directly or through any subsidiary of the bank or any other company in the bank group, can hold any beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**"), whether involved in financial business or not, so long as such equity investment does not exceed in the aggregate 2% of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. In addition, any major stake approved by the MAS under Section 32 of the Banking Act and any equity investment in a single company acquired or held by a bank when acting as a stabilizing manager in relation to an offer of securities issued by the company will not be subject to the restrictions on equity investment described above.

A bank in Singapore cannot hold or acquire, directly or indirectly, a major stake in any company without first obtaining the prior approval of the MAS. A "**major stake**" means: (i) any beneficial interest exceeding 10% of the total number of issued shares in a company; (ii) control over more than 10% of the voting power in a company; or (iii) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. In a consultation paper on Proposed Amendments to the Banking Act issued on January 15, 2015, the MAS proposed to amend the Banking Act to clarify that the requirement for banks to seek approval for their major stakes includes holdings in non-companies such as Singapore partnerships, co-operative societies and trusts.

No bank in Singapore shall hold or acquire, directly or through a subsidiary of the bank or any other company in the bank group, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the MAS may prescribe. A bank is not allowed to engage in property development or management except when it is carrying on property management services in

relation to investment properties that are owned by the bank or any company in which the bank has acquired or holds a major stake (in this paragraph, “**financial group**”), properties that have been foreclosed by the financial group in satisfaction of debts owed to it and properties occupied and used in the business of the financial group.

With effect from December 31, 2013, SIBs are permitted to issue covered bonds subject to conditions under MAS Notice 648. MAS Notice 648 has been amended with effect from June 4, 2015 to reflect the proposed changes in the MAS consultation paper on Proposed Amendments to MAS Notice 648 on Issuance of Covered Bonds by Banks Incorporated in Singapore issued on January 29, 2015. These changes to MAS Notice 648 are intended to further facilitate the issuance of covered bonds in Singapore. One of the conditions is that the aggregate value of: (a) certain prescribed assets included in the cover pools for all covered bonds issued by the bank or a special purpose vehicle on behalf of the bank (as the case may be); and (b) certain prescribed assets not falling within sub-paragraph (a) transferred by the bank to the special purpose vehicle must not exceed 4% of the value of the total assets of the bank at all times. The total assets of the bank include the assets of the overseas branches of the bank incorporated in Singapore but not its subsidiaries, whether in Singapore or overseas.

#### *Corporate Governance Regulations and Guidelines*

The Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated April 3, 2013) (the “**Guidelines**”) comprises the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS. The Guidelines and the Banking (Corporate Governance) Regulations 2005, define what is meant by an independent director and set out the requirements for the composition of the board of directors and board committees, such as the Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee. The Guidelines also set out, inter alia, the principle that there should be a clear division of responsibilities between the leadership of the board of directors of a bank and the executive responsibilities of a bank, as well as the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgment on corporate affairs independently, in particular, from the management of the bank and 10% shareholders of the bank (as defined in the Guidelines). The Guidelines also encourage the separation of the roles of Chairman and Chief Executive Officer and outline how this is to be applied. The Guidelines further set out the principle that the board of directors of a bank should ensure that the bank’s related party transactions are undertaken on an arm’s length basis.

#### *Other Requirements*

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

In the event of the winding up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority: (i) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners’ Protection Schemes Act, Chapter 77B of Singapore (the “**Deposit Insurance and Policy Owners’ Protection Schemes Act**”); (ii) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Singapore Deposit Insurance Corporation Limited under the Deposit Insurance and Policy

Owners' Protection Schemes Act in respect of such insured deposits; (iii) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in paragraph (ii) above and paragraph (iv) below; and (iv) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under the Banking Act. As between liabilities of the same class referred to in each of paragraphs (i) to (iv) above, such liabilities shall rank equally between themselves. The liabilities specified above shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in Section 328(1) of the Companies Act.

Unless otherwise provided expressly in the Banking Act, a bank in Singapore and its officers may not disclose customer information to any other person without the written consent of the customer.

In a consultation paper on the Review of the Banking Act issued by the MAS on November 28, 2013, the MAS proposed changes to the Banking Act which aim to strengthen its supervisory oversight and codify the MAS' expectations about the information that banks should provide to the MAS and the risk management practices which the banks should implement. The MAS has set out the legislative amendments that will give effect to these proposed changes and other proposed amendments in the consultation paper on the Proposed Amendments to the Banking Act issued on January 15, 2015.

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

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the annual balance sheet and profit and loss account must report to the MAS immediately if in the course of the performance of his duties as an auditor of the bank, he is satisfied that: (a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed; (b) losses have been incurred which reduce the capital funds of the bank by 50%; (c) serious irregularities have occurred, including irregularities that jeopardize the security of the creditors; or (d) he is unable to confirm that the claims of creditors are still covered by the assets.

All banks in Singapore are required to submit periodic statistical returns, financial reports and auditors' reports to the MAS, including returns covering minimum cash balances and liquidity returns, statements of assets and liabilities and total foreign exchange business transacted.

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

#### *Directors and Executive Officers of Banks*

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

In a consultation paper on the Proposed Amendments to the Banking Act issued by the MAS on January 15, 2015, the MAS proposed to amend the three existing grounds in Section 54(2) for removal of directors and executive officers with ceasing to be fit and proper as a single criterion.

## **Financial Benchmarks**

The MAS announced proposals for a new regulatory framework for financial benchmarks on June 14, 2013. The proposals include (a) introducing specific criminal and civil sanctions under the SFA for manipulation of any financial benchmark (including Singapore Interbank Offer Rates, Swap Offer Rates and Foreign Exchange spot benchmarks), and (b) subjecting the setting of key financial benchmarks to regulatory oversight. The MAS will license administrators and submitters of key financial benchmarks and such persons will be subject to regulatory requirements. On July 29, 2014, the MAS issued a consultation paper on Proposed Amendments to the Securities and Futures Act on Regulation of Financial Benchmarks. This consultation paper sets out the draft legislative amendments to the SFA to effect the above proposals.

## **Framework for Systemically Important Banks in Singapore**

On April 30, 2015, the MAS published its framework for identifying and supervising domestic systemically important banks (“**D-SIBs**”) in Singapore, and the inaugural list of D-SIBs. OCBC has been designated as a D-SIB. The framework for D-SIBs is set out in the monograph on the MAS’ Framework for Impact and Risk Assessment of Financial Institutions (revised in April 2015), which builds on the proposals set out in the MAS Consultation Paper on the Proposed Framework for Systemically Important Banks in Singapore dated June 25, 2014. The MAS has not published any further detailed requirements applicable to D-SIBs.

Broadly, D-SIBs will be subject to more intensive supervision by MAS than banks which are not so designated, and in particular certain higher loss absorbency (“**HLA**”) requirements and LCR requirements. However, designation as a D-SIB should not affect OCBC’s HLA and LCR requirements. The proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum CET1 CAR requirements that are two percentage points higher than those already established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to SIBs under MAS Notice 637 and MAS Notice 649. Accordingly, OCBC is already subject to these requirements.

## **Statutory Bail-in**

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

With regards to the statutory bail-in regime, MAS proposes, *inter alia*, (i) to apply the statutory bail-in powers to Singapore-incorporated banks and bank holding companies, (ii) that the statutory bail-in regime be applied to unsecured subordinated debt and unsecured subordinated loans, issued or contracted after the effective date of the relevant legislative amendments implementing the statutory bail-in regime, and (iii) that statutory powers be introduced for MAS to either convert into equity or write down contingent convertible instruments and contractual bail-in instruments, whose terms had not been triggered prior to entry into resolution.

## **Supervision by Other Agencies**

Our overseas operations are also supervised by the regulatory agencies in their respective jurisdictions.

Apart from being supervised by the MAS, our stockbroking and futures trading arms are also supervised by the Singapore Exchange Limited.

## Singapore Insurance Industry

The MAS also regulates and supervises licensed insurers in Singapore. The insurance regulatory framework in Singapore consists mainly of the Insurance Act, Chapter 142 of Singapore (the “**Insurance Act of Singapore**”) and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS. With effect from April 18, 2013, the Insurance Act of Singapore was amended by the Insurance (Amendment) Act 2013 (No. 11 of 2013) to, inter alia, enhance the powers of the MAS under the Insurance Act of Singapore to meet its supervisory objectives, to improve the clarity or consistency of existing policy, to align the Insurance Act of Singapore with other MAS-administered statutes and to repeal certain provisions which have become obsolete. The MAS has issued several consultation papers with proposals to make amendments to certain aspects of the insurance regulatory framework (including to improve the comprehensiveness of the risk coverage and risk sensitivity of the risk-based capital framework for insurers, embark on complete review of the insurance returns to enhance information requirements for its supervisory needs and provide further clarification for completion of returns, enhance the disclosure requirements for the sale of investment-linked policies and review of the regulatory framework for accident and health policies), which, if implemented, may affect the contents of this section. This section does not address the proposals outlined in the consultation papers issued by the MAS, as they have not yet been finalized. This section sets out certain key regulations applicable to licensed insurers in the conduct of their insurance business, and does not address the regulatory framework applicable to insurance intermediaries (whether or not agents or employees of licensed insurers) whether in respect of life or non-life policies.

The holding company of a Singapore licensed insurer could also be subject to regulation if required to be approved as a financial holding company under Section 28 of the MAS Act. The requirements pertaining to financial holding companies will be enhanced when the Financial Holding Companies Act 2013 (“**FHC Act**”) becomes effective. The FHC Act was gazetted in Parliament on April 8, 2014, however the FHC Act has not come into force yet. The FHC Act was introduced to establish the regulatory framework for designated Singapore-incorporated financial holding companies with one or more Singapore-incorporated bank or insurance subsidiaries. The salient provisions in the FHC Act relate to:

- (a) a requirement to provide the MAS with information requested by the MAS for supervision purposes;
- (b) restrictions on the use of the name, logo and trademark of a designated financial holding company;
- (c) restrictions on the activities of a designated financial holding company;
- (d) restrictions on the shareholding and control of a designated financial holding company;
- (e) limits on exposures and investments;
- (f) minimum asset requirements;
- (g) minimum capital and capital adequacy requirements;
- (h) leverage ratio requirements;
- (i) supervision and reporting requirements; and
- (j) approval requirements for the appointment of directors and chief executives.

Some of these requirements remain to be specified in subsidiary legislation or notices to be issued by the MAS, for instance, minimum liquid assets, capital adequacy and leverage ratio.

The FHC Act provides for transition periods for designated financial holding companies to comply with various provisions in the specific provisions and a general power for the Minister for Finance to prescribe by regulations, for a period of two years from the commencement of operation of any provision, transitional provisions consequent on the enactment of that provision.

Great Eastern Holdings is approved as a Financial Holding Company under Section 28 of the MAS Act and is subject to requirements imposed by the MAS. The FHC Act will be applicable to Great Eastern Holdings when it comes into operation. Great Eastern Holdings' subsidiary, Great Eastern Life is incorporated with limited liability in Singapore and is a direct insurer licensed to carry on life insurance business under the Insurance Act of Singapore. Great Eastern Holdings' subsidiary OAC is incorporated with limited liability in Singapore and is a licensed direct insurer under the Insurance Act of Singapore and holds a composite license to carry on both life insurance business and general insurance business.

Great Eastern Life and OAC are both included by the Central Provident Fund ("CPF") Board as an insurer under the CPF Investment Scheme, where CPF monies may, subject to certain conditions, be used by CPF members to purchase investment-linked insurance policies issued by Great Eastern Life or OAC if such policies are also included under the CPF Investment Scheme.

#### ***Exempt Financial Adviser Status of Great Eastern Life***

As a company licensed under the Insurance Act of Singapore, Great Eastern Life is an exempt financial adviser under the FAA in relation to (a) advising others (other than advising on corporate finance within the meaning of the SFA) either directly or through publications or writings, and whether in electronic, print or other form, concerning life policies, (b) advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning life policies and (c) arranging of any contract of insurance in respect of life policies. As an exempt financial adviser, Great Eastern Life is subject to certain conduct of business and other requirements applicable under the FAA and its related regulations, notices, guidelines, practice notes, circulars and information papers.

#### ***Supervisory Powers of the Monetary Authority of Singapore***

Under the Insurance Act of Singapore, the MAS has, among other things, the power to impose conditions on a licensed insurer and may add to, vary or revoke any existing conditions of the license. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Insurance Act of Singapore and may at any time vary, rescind or revoke any such directions. The MAS may also issue such directions to an insurer as it may consider necessary or assume control of and manage such of the business of the insurer as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, it is satisfied that the affairs of the insurer are being conducted in a manner likely to be detrimental to the public interest or the interests of the policy owners or prejudicial to the interests of the insurer. The MAS is also empowered to cancel the license of an insurer on certain grounds.



## **Capital Requirements**

A licensed insurer is required at all times to maintain a minimum level of paid-up ordinary share capital. A licensed insurer incorporated in Singapore must obtain the prior written approval of the MAS to reduce its paid-up ordinary share capital or redeem any preference share. Further, a licensed insurer which is incorporated in Singapore is required to notify the MAS of its intention to issue any preference share or certain instruments prior to the date of issue of the preference share or instrument. A licensed insurer is also required at all times to satisfy its capital adequacy requirement, which is that its financial resources must not be less than the greater of:

- (a) the sum of:
  - (i) the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer under the Insurance Act of Singapore; and
  - (ii) where the insurer is incorporated in Singapore, the total risk requirement arising from the assets and liabilities of the insurer that do not belong to any insurance fund established and maintained under the Insurance Act of Singapore (including assets and liabilities of any of the insurer's branches located outside Singapore); or
- (b) a minimum amount of S\$5 million.

A licensed insurer is required to immediately notify the MAS when it becomes aware that it has failed, or is likely to fail, to comply with the capital adequacy requirement described above, or that a financial resources warning event has occurred or is likely to occur. A “**financial resources warning event**” means an event which results in the financial resources of the insurer being less than the higher of (i) 120% of the amount calculated in accordance with paragraph (a) above or (ii) the minimum amount in paragraph (b) above. Each of the “**financial resources**” of an insurer and the “**total risk requirement**” is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Guidelines on Valuation of Policy Liabilities of General Business and MAS Notice 319 on Valuation of Policy Liabilities of Life Business and the MAS Guidelines on Use of Internal Models for Liability and Capital Requirements for Life Insurance Products Containing Investment Guarantees with Non-linear Payouts, where applicable. The MAS has the authority to direct that the insurer satisfy capital adequacy requirements other than those that the insurer is required to maintain under the relevant section of the Insurance Act of Singapore if the MAS considers it appropriate. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and on such conditions as imposed by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the capital adequacy requirement described above.

The MAS issued the first consultation paper on the RBC 2 Review on June 22, 2012 and followed by a second consultation paper on March 26, 2014. First introduced in 2004, the risk-based capital framework:

- (a) adopts a risk-focused approach to assessing capital adequacy and seeks to reflect the relevant risks that insurers face;
- (b) prescribes minimum capital which serves as a buffer to absorb losses; and
- (c) provides clearer information on the financial strength of insurers and facilitates early and effective intervention by MAS, where necessary.

The MAS has stated that the RBC 2 Review is not intended to result in a significant overhaul to the existing framework. Instead, it seeks to improve the comprehensiveness of the risk coverage and the risk sensitivity of the framework as well as define more specifically MAS' supervisory approach with respect to the solvency intervention levels. The MAS has indicated that there will be a third consultation on RBC 2 Review and it will also be consulting on the relevant legislative changes. MAS has proposed to implement the RBC 2 requirements from January 1, 2017 (with the exception of general insurance catastrophe risk requirement and the revised component 1 risk requirements for general business, which will be implemented later).

The MAS also has the general power to impose asset maintenance requirements.

### ***Policy Owners' Protection Scheme***

The Singapore Deposit Insurance Corporation Limited ("**SDIC**") administers the Policy Owners' Protection Scheme (the "**PPF Scheme**") in accordance with the Deposit Insurance and Policy Owners' Protection Schemes Act for the purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable. PPF Scheme members essentially comprise direct insurers licensed to carry on life business under the Insurance Act of Singapore (other than captive insurers) and direct insurers licensed to carry on general business under the Insurance Act of Singapore (other than captive insurers or specialist insurers), in each case, which are not exempted from the requirement to be a PPF Scheme member.

There are two funds established under the PPF Scheme, namely the Policy Owners' Protection Life Fund (the "**PPF Life Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act of Singapore by direct insurers licensed to carry on life business and the Policy Owners' Protection General Fund (the "**PPF General Fund**") to cover insured policies comprised in insurance funds established and maintained under Section 17 of the Insurance Act of Singapore by direct insurers licensed to carry on general business.

As PPF Scheme members, each of Great Eastern Life and OAC is required to pay a levy for any premium year or part thereof in respect of the insured policies issued by it. The levy rates for the purposes of computing the levies payable by PPF Scheme members are assessed and determined by the MAS. Where the MAS is of the opinion that there are insufficient moneys in the PPF Life Fund or the PPF General Fund, as the case may be, to pay any compensation due to insured policy owners or beneficiaries, or to fund any transfer or run-off of the insurance business of any failed PPF Scheme member under the Deposit Insurance and Policy Owners' Protection Schemes Act, the MAS may, with the concurrence of SDIC, require PPF Scheme members to pay additional levies for any premium year or part thereof and determine the levy rate(s) for the purposes of computing the additional levies.

### ***Asset Management***

MAS Notice 125 on Investments of Insurers sets out the basic principles that govern the oversight of investment activities of an insurer and the investments of its insurance funds, and in the case of an insurer that is incorporated or established in Singapore, the investments of both its insurance funds and its shareholders' funds. It contains requirements relating to, among other things, the oversight by the board of directors and senior management, the various reports to be made by the investment committee to the board of directors at the prescribed frequency, duties of the investment committee, asset-liability management and permitted derivatives activities.

MAS Notice 105 on Appointment of Custodian and Fund Manager, requires a licensed insurer to file with the MAS, a list of all the assets of all insurance funds established and maintained under the Insurance Act of Singapore by the insurer where documents evidencing titles are kept by custodians for the insurer as at the end of that accounting period or a nil return where the licensed insurer as at the end of the accounting period does not have such insurance fund assets or has not as yet established and maintained insurance funds for its policies, to, among other things, exercise due care and diligence when appointing overseas custodians, and to notify the MAS prior to the appointment of a fund manager or revocation of such appointment.

MAS Notice 320 on Management of Participating Life Insurance Business (“**MAS Notice 320**”) requires an insurer which has established or will be establishing a participating fund to put in place an internal governance policy on the management of its participating life insurance business. The insurer must, among other things, ensure that the participating fund is managed in accordance with the rules and guiding principles set out in the internal governance policy.

No licensed insurer that is established or incorporated in Singapore shall acquire or hold, directly or indirectly, a major stake in any corporation without the prior approval of the MAS and any approval granted by the MAS may be subject to such conditions as determined by the MAS, including any condition relating to the operations or activities of the corporation.

### ***Separate Accounts Requirement***

Every licensed insurer is required to establish and maintain a separate insurance fund (a) for each class of insurance business carried on by the insurer that (i) relates to Singapore policies and (ii) relates to offshore policies; (b) in the case of a direct insurer licensed to carry on life insurance business, for its investment-linked policies and for its non-investment-linked policies; and (c) if, in the case of a direct insurer licensed to carry on life insurance business, no part of the surplus of assets over liabilities from the insurer’s non-participating policies is allocated by the insurer by way of bonus to its participating policies, in respect of its non-investment-linked policies (i) for its participating policies and (ii) for its non-participating policies.

MAS Notice 101 on Maintenance of Insurance Funds and MAS Guidelines on Implementation of Insurance Fund Concept provide further guidance and requirements on, among other things, the establishment and maintenance of insurance funds and the segregation of the assets of licensed insurers in Singapore as required under the Insurance Act of Singapore. The Insurance Act of Singapore also prescribes requirements relating to, among other things, withdrawals from the insurance funds, and insurance funds consisting wholly or partly of participating policies.

The solvency requirement in respect of an insurance fund must at all times be such that the “financial resources” of the fund are not less than the “total risk requirement” of the fund. A licensed insurer is required to immediately notify the MAS when it becomes aware that it has failed, or is likely to fail, to comply with the fund solvency requirement. Each of the “financial resources” of an insurance fund and its “total risk requirement” is determined, and assets and liabilities are valued, in accordance with the requirements of the Insurance (Valuation and Capital) Regulations 2004, the MAS Guidelines on Valuation of Policy Liabilities of General Business, the MAS Notice 319 on Valuation of Policy Liabilities of Life Business and the MAS Guidelines on Use of Internal Models for Liability and Capital Requirements for Life Insurance Products Containing Investment Guarantees with Non-linear Payouts, where applicable. The MAS has the authority to direct that the insurer satisfy fund solvency requirements other than those that the insurer is required to maintain under the relevant Section of the Insurance Act of Singapore if the MAS considers it appropriate. The MAS also has the power to impose directions on the insurer, and direct the insurer to carry on its business in such manner and on such conditions as specified by the MAS in the event that it is notified of any failure or likely failure, or is aware of any inability, of the insurer to comply with the fund solvency requirement described above.

All receipts of the insurer properly attributable to the business to which an insurance fund relates (including the income of the fund) must be paid into that fund, and the assets in the insurance fund shall apply only to meet such part of the insurer's liabilities and expenses as is properly so attributable.

### ***Reinsurance***

MAS Notice 114 on Reinsurance Management sets forth the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top 10 reinsurance counterparties as well as the guiding principles relating to the oversight of the reinsurance management process of insurers (which includes the principle that the board of directors and senior management of an insurer should develop, implement and maintain a reinsurance management strategy appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due), the classification of a contract as a reinsurance contract, and the assessment of significant insurance risk transfer. In addition, the MAS has issued MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, reinsurance management.

### ***Regulation of Products***

A direct insurer licensed to carry on life business may only issue a life policy or a long-term accident and health policy if the premium chargeable under the policy is in accordance with rates fixed with the approval of an appointed actuary or, where no rates have been so fixed, is a premium approved by the actuary.

An insurer is required under MAS Notice 302 on Product Development and Pricing ("**MAS Notice 302**") to exercise prudent management oversight on the pricing and development of insurance products and investment-linked policy sub-funds, and to, before offering certain new products, either obtain the approval of, or notify, the MAS, as the case may be. Such request for approval or notification shall include information and documents specified in MAS Notice 302 as may be applicable. MAS Notice 302 also sets forth prohibited payout features and requirements relating to disclosure to policyholders and persons entitled to payment of the policy moneys under a policy who have exercised a certain settlement option. MAS Notice 302 has been amended to take into account the approval requirements which apply to the Direct Purchase Insurance Products ("**DPIs**"). In relation to DPIs, the MAS has issued MAS Notice 321 on Direct Purchase Insurance Products ("**MAS Notice 321**") on March 30, 2015 which imposes specific obligations on an insurer in respect of the pricing of DPIs and also requires insurers to obtain written approval from the MAS before offering any new or re-priced DPI for sale to the public. In addition, the MAS has issued the MAS Guidelines on Risk Management Practices for Insurance Business – Core Activities, which provide further guidance on risk management practices in general, relating to, among other things, product development and pricing.

There are also mandatory requirements and non-mandatory standards which would apply under MAS Notice 307 on Investment-Linked Policies to investment-linked policies relating to, among other things, disclosure, investment guidelines, borrowing limits and operational practices. Licensed insurers are required to provide for a free-look period for life policies, and accident and health policies with a duration of one year or more.

## ***Market Conduct Standards***

MAS Notice 306 on Market Conduct Standards for Life Insurers Providing Financial Advisory Services as Defined under the Financial Advisers Act (“**MAS Notice 306**”) imposes certain requirements on direct life insurers which provide financial advisory services under the FAA relating to, among other things, training and competency requirements, prohibition against subsidized loans to representatives out of life insurance funds, establishing a compliance unit, taking disciplinary action against representatives for misconduct, and allocation/non-allocation of income and expenses to the life insurance funds. The MAS Notice 318 on Market Conduct Standards for Direct Life Insurer as a Product Provider (“**MAS Notice 318**”) also imposes certain requirements on direct life insurers as product providers of life policies relating to, among other things, standards of disclosure and restrictions on the sales process and the replacement of life policies.

MAS Notice 211 on Minimum and Best Practice Training and Competency Standards for Direct General Insurers requires direct general insurers to only enter into insurance contracts arranged by agents or staff with requisite registration and minimum qualification requirements (unless exemptions apply), and requires direct general insurers to ensure that staff of certain agents who sell or provide sales advice on the insurers’ products are adequately trained and that front-end operatives meet the qualification requirements (unless exemptions apply) before they are allowed to provide sales advice on or sell general insurance products or handle claims. MAS Notice 211 has also been revised as of July 6, 2015 to (among others) clarify that the requirements similarly apply to outsourced claims handlers, with the amendments taking effect on July 20, 2015. Non-mandatory best practice standards apply to direct general insurers to implement training and competency plans for front-end operatives. The MAS Guidelines on Market Conduct Standards and Service Standards for Direct General Insurers set out the standards of conduct expected of direct general insurers as product providers of insurance policies.

In respect of health insurance products, direct insurers must ensure, among other things, that any individual employed by them or who acts as their insurance agent or appointed representative pass the examination requirements specified in MAS Notice 117 on Training and Competency Requirement: Health Insurance Module (unless exemptions apply) and are prohibited from accepting business in respect of any health insurance product from any individual whom they employ or who acts as their insurance agent and who has not met such requirements. The MAS Notice 120 on Disclosure and Advisory Process Requirements for Accident and Health Insurance Products sets out both mandatory requirements and best practice standards on the disclosure of information and provision of advice to insureds for accident and health policies and life policies that provide accident and health benefits. In May 2015, the MAS issued a consultation paper on the Review of Accident and Health Regulatory Framework. The proposed changes largely pertain to Medisave-approved Integrated Shield Plans (“**IPs**”) but extend in part to all accident and health policies. The proposed changes include enhanced disclosure requirements, stronger protection measures for policyholders, and improved quality of conduct of intermediaries selling accident and health insurance. The MAS is targeting to effect the relevant amendments to the regulations and notices by the fourth quarter of 2015.

MAS Notice 320 on Management of Participating Life Insurance Business requires a direct life insurer to comply with certain disclosure requirements for product summaries, and annual bonus updates, in relation to its participating policies.

Various industry codes of practice also apply to insurers, including codes/guidelines issued by the Life Insurance Association of Singapore and the General Insurance Association of Singapore.

In addition, there are rules in the Insurance Act of Singapore and the relevant regulations, notices, guidelines and circulars relating to the granting of loans, advances and credit facilities by insurers, which insurers have to comply with if they conduct such activities.

## **Corporate Governance**

Direct insurers that are incorporated in Singapore are subject to the MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore. These guidelines provide guidance on best practices that certain financial institutions, including direct insurers that are incorporated in Singapore, should strive to achieve in relation to their corporate governance. The guidelines in Annex 1 thereto comprise the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines added by the MAS to take into account the unique characteristics of the business of, among other things, insurance. These financial institutions are expected to observe the guidelines in Annex 1 to the fullest extent possible. Financial institutions which are not listed on the SGX-ST should disclose their corporate governance practices and explain deviations from the guidelines on their websites.

In addition, all direct insurers which are incorporated in Singapore (other than marine mutual insurers) are subject to the Insurance (Corporate Governance) Regulations 2013. Among other things, these regulations require an insurer which is established or incorporated in Singapore; and

- (a) in the case of:
  - (i) a direct life insurer, which has total assets of at least S\$5 billion or its equivalent in any foreign currency;
  - (ii) a direct composite insurer, which has (A) total assets of at least S\$5 billion or its equivalent in any foreign currency or (B) for its general business, gross premiums of at least S\$500 million or its equivalent in any foreign currency in its insurance funds and income and outgoings of the operations of all its branches located outside Singapore,

(each a “**Tier 1 insurer**”) to, subject to certain exceptions, have a board of directors comprising at least a majority of directors who are “independent directors”, establish various committees with prescribed responsibilities, and obtain the MAS’ prior approval for the appointment of the members of the nominating committee, chief financial officer and chief risk officer. “Independent directors” are directors who are independent from any management and business relationship with the insurer and from any substantial shareholder of the insurer and who have not served on the board of directors of the insurer for a continuous period of nine years or longer. Great Eastern Life is a Tier 1 insurer; and

- (b) which is not a Tier 1 insurer (each a “**Tier 2 Insurer**”) to, subject to certain exceptions, have a board of directors comprising at least one-third of directors who are “independent directors”. OAC is a Tier 1 Insurer since April 1, 2015.

## **Asset and Liability Exposures**

MAS Notice 122 on Asset & Liability Exposures for Insurers sets forth various asset and liability exposures reporting requirements and prescribes the form in which the relevant reports are to be made.

A licensed insurer is required to file, among other things, the following with the MAS (i) for each quarter, the breakdown of equity securities, breakdown of debt securities, breakdown of loans, breakdown of cash and deposits, breakdown of derivatives, turnover volume of derivatives, breakdown of foreign currency exposure for assets and liabilities and top 10 broker groups with the highest outstanding premiums due, and (ii) annually, the breakdown of assets managed by head office/parent/outsourced entity, breakdown of insurance exposure of Singapore Insurance General Fund and breakdown of insurance exposure of Offshore Insurance (Life and General) Fund.

### ***Risk Management and Fit and Proper Person***

Broadly, the MAS has issued risk management guidelines applicable to insurers specifically and to financial institutions generally which would apply to licensed insurers.

MAS Notice 126 on Enterprise Risk Management (“**ERM**”) for Insurers sets out ERM requirements and guidelines on how insurers are to identify and manage interdependencies between key risks, and how they are translated into management actions related to strategic and capital planning matters.

MAS Notice 127 on Technology Risk Management sets out requirements relating to technology risk management for licensed insurers. These include requirements for the insurer to have in place a framework and process to identify critical systems, to make all reasonable effort to maintain high availability for critical systems, to establish a recovery time objective of not more than four hours for each critical system, to notify the MAS of a system malfunction or IT security incident, which has a severe and widespread impact on the insurer’s operations or materially impacts the insurer’s service to its customers, to submit a root cause and impact analysis report to the MAS and to implement IT controls to protect customer information from unauthorized access or disclosure.

MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including licensed insurers) in respect of (a) establishing a sound and robust technology risk management framework, (b) strengthening system security, reliability, resiliency, and recoverability, and (c) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution’s information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be “fit and proper” persons: a substantial shareholder of a licensed insurer, a principal officer or director of a licensed insurer, a person having effective control of a licensed insurer, a person having control of a licensed insurer, an appointed actuary, a certifying actuary, and an exempt financial institution and its representatives in relation to activities regulated by the MAS under the FAA. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness. While the Guidelines have not been updated to take into account the amendments brought about by the Insurance (Amendment) Act 2013, it is expected that the requirements in the Guidelines should be interpreted in a manner consistent with the Insurance (Amendment) Act 2013.

### ***Appointment of Chairman, Directors and Key Executive Persons***

A licensed insurer established or incorporated in Singapore must, prior to appointing a person as its chairman, director or key executive person (such persons include the chief executive, deputy chief executive, appointed actuary, certifying actuary, chief financial officer of a Tier 1 insurer, chief risk officer of a Tier 1 insurer and such other person holding an appointment in the licensed insurer as may be prescribed), satisfy the MAS that the person is a fit and proper person to be so appointed and obtain the MAS’ approval for the appointment. Without the prior written consent of the MAS, a licensed insurer which is established or incorporated in Singapore must not permit a person to act as its executive officer or director if the person, among other things, has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty, or is an undischarged bankrupt, whether in Singapore or elsewhere.

MAS Notice 106 on Appointment of Director, Chairman and Key Executive Person sets out mandatory requirements and guidelines relating to the appointment of a director, chairman and key executive person of a licensed insurer. In addition, MAS Notice 106 prescribes the application form for the appointment of directors, chairman and key executive persons, and the form for licensed insurers to notify the MAS of changes in the roles and responsibilities or reporting structure of directors and key executive persons.

If at any time it appears to the MAS that (a) a key executive person, the chairman or a director of a licensed insurer which is established or incorporated in Singapore has failed to perform his functions or is no longer a fit and proper person to be so appointed and (b) it is necessary in the public interest or for the protection of policy owners of a licensed insurer, the MAS may direct the licensed insurer to remove the key executive person, chairman or director, as the case may be, from his office, appointment or employment.

### ***Financial Reporting Requirements***

The Insurance (Accounts and Statements) Regulations 2004 sets forth various reporting requirements and prescribes the form in which the relevant statements of account and other statements of a licensed insurer are to be made.

A licensed insurer incorporated in Singapore carrying on life or both life and general business is required to file, among other things, the following with the MAS (i) for each quarter and each accounting period, statements for each insurance fund established and maintained under the Insurance Act of Singapore, in respect of its life business and general business, (ii) for each quarter in respect of its global business operations, a balance sheet as at the end of that quarter, (iii) for each accounting period in respect of its global business operations, a balance sheet as at the end of that accounting period and a profit and loss account, (iv) for each accounting period, the reports by an actuary on his investigation of policy liabilities respect of its life insurance business and general insurance business, (v) for each quarter and each accounting period, statements on the fund solvency requirement and capital adequacy requirement, (vi) an auditor's report and supplementary report (if any), (vii) an annual report for each financial year and (viii) any other information the MAS may require for the discharge of its functions under the Insurance Act of Singapore.

In addition, MAS Notice 306 and MAS Notice 318 require direct life insurers to submit information on their businesses to the MAS annually or (in the case of MAS Notice 306) a nil return. Further, MAS Notice 318 requires direct life insurers to submit information on distribution costs, source of business, fact-find options and complaints to the MAS annually.

### ***Appointment of auditors***

A licensed insurer (other than a captive insurer and a marine mutual insurer) is required to appoint an auditor annually for the purposes of preparing and lodging with the MAS the requisite statements of accounts and other statements relating to its business. No person shall act as auditor for a licensed insurer unless, among other things, the insurer has obtained the approval of the MAS to appoint that person as an auditor.

### ***Actuaries***

A licensed insurer carrying on life and general business is also required, for each accounting period, to have an investigation made by an actuary approved by the MAS into the financial condition of each class of business that it carries on. Actuaries must be approved by the MAS. A direct insurer licensed to carry on life and general business shall have appointed an actuary and a certifying actuary, in each case, who is responsible for, among other things, reporting to the chief executive of the insurer on various matters including matters which in the actuary's opinion have



a material adverse effect on the financial condition of the insurer in respect of its life or general business, or both, as the case may be. If the appointed actuary or certifying actuary, as the case may be, is of the opinion that the insurer has failed to take appropriate steps to rectify any matter reported by the actuary within a reasonable time, the actuary is required to immediately send a copy of his report to the MAS and notify the board of directors of the insurer that he has done so.

The MAS Circular on Stress Testing on Financial Condition of Direct Insurers sets out the stress testing requirements for both direct life and general insurers for the year ended December 31, 2014. Among other things, a direct insurer should ensure that its appointed actuary or certifying actuary, as the case may be, conducts each stress test for each relevant insurance fund, for the accounting period ending December 31, 2014, by projecting the financial and capital adequacy positions of the insurer under the base scenario and various short-term scenarios as specified in the MAS Circular. Senior management of the insurer should review the stress test report and respond to the management actions proposed by the actuary, and the senior management's stress test review, together with the stress test report, should be submitted to the board of directors, and documentary evidence of senior management's stress test review should be signed off by the chief executive and submitted to the MAS. An insurer incorporated in Singapore should submit to the MAS an extract of the minutes of the board of directors' meeting detailing the deliberations made by the board of directors on the stress test report and any recommendations made on or arising out of the stress test report.

### ***Public Disclosure***

Licensed insurers are subject to MAS Notice 124 on Public Disclosure Requirements ("**MAS Notice 124**") which sets out requirements for an insurer to disclose relevant, comprehensive and adequate information on a timely basis in order to give a clear view of its business activities, performance and financial position. MAS Notice 124 require an insurer to disclose quantitative and qualitative information on its profile, governance and controls, financial position, technical performance and the risks to which it is subject.

## SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by 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. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Capital Securities or of any person acquiring, selling or otherwise dealing with the Capital Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Capital Securities. The statements made herein do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Capital Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Securityholders 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 Capital Securities, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that neither OCBC Bank nor any other persons involved in the issuance of the Capital Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Capital Securities.

### ***Interest and Other Payments***

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (“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 20%, and is to be increased to 22% with effect from the year of assessment 2017. 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.

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

- (a) interest from debt securities derived on or after January 1, 2004;

- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 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 in Singapore.

Section 10O of the ITA states that any distribution that is liable to be made in respect of an AT1 Instrument in the basis period for the year of assessment 2015 or a subsequent year of assessment shall be deemed for the purposes of the ITA, and for that year of assessment, as interest derived from a debt security.

The term “**AT1 Instrument**” is defined in Section 10O of the ITA to mean a security (not being shares) commonly known as Additional Tier 1 capital instrument which–

- (a) is issued in Singapore but not through a branch situated outside Singapore; and
- (b) either–
  - (i) according to the MAS Notice 637 issued by the MAS pursuant to Sections 10(2), 36(2) and 55 of the Banking Act, Chapter 19 of Singapore (“**Banking Act**”) (including any notice that replaces it), may be used to satisfy the capital adequacy requirement of a bank incorporated in Singapore with a full banking licence, under Section 10(2) of the Banking Act; or
  - (ii) according to a direction issued under Section 28(3) of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the “**MAS Act**”) and MAS Notice 637, may be used to satisfy the capital adequacy requirement of any other financial institution within the meaning of Section 27A(6) of the MAS Act.

On the basis that the Capital Securities are regarded as debt securities pursuant to Section 10O of the ITA and the issue of the Capital Securities is jointly lead-managed by Citigroup Global Markets Singapore Pte. Ltd., J.P. Morgan (S.E.A.) Limited and Oversea-Chinese Banking Corporation Limited, each of which is a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time and the Capital Securities are issued before December 31, 2018, the Capital Securities would be, pursuant to the ITA, the MAS Circular FDD Cir 05/2014 entitled “Income Tax Treatment of Basel III Additional Tier 1 Instruments” dated May 30, 2014 and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on June 28, 2013, “qualifying debt securities” (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS and such other relevant authorities as may be prescribed, of a return on debt securities in respect of the Capital Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Capital Securities as the relevant authorities may require and the inclusion by the Issuer in all offering documents relating to the Capital Securities of a statement to the effect that where Distributions and interest from the Capital Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Capital Securities using funds from that person’s operations through the Singapore permanent establishment), Distributions from the Capital

Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Capital Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax. "**Funds from Singapore operations**" means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;

- (b) subject to certain conditions having been fulfilled (including the submission to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Capital Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Capital Securities as the relevant authorities may require), Distributions from the Capital Securities derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
  - (i) the Issuer including in all offering documents relating to the Capital Securities a statement to the effect that any person whose Distributions and interest derived from the Capital Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (ii) the submission to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Capital Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Capital Securities as the relevant authorities may require,

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

Notwithstanding the foregoing:

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

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

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

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

- (a) “**break cost**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- (b) “**prepayment fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- (c) “**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

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

Where Distributions, or any interest, discount income, prepayment fee, redemption premium and break cost is derived from any of the Capital Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, any tax exemption available for QDS under the ITA (if applicable) shall not apply if such person acquires such Capital Securities using funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose Distributions, or any interest, discount income, prepayment fee, redemption premium or break cost derived from the Capital Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Distributions on the Capital Securities may be taxable, unless specifically exempt from tax under the ITA, in the hands of Securityholders in the year the Distributions are due to them, irrespective of whether the Issuer has paid the Distributions to them or not.

In view of the above, in the event that Distributions are not payable, or not payable in full, on any Distribution Payment Date pursuant to the Conditions, Securityholders should consult their tax advisers with respect to the tax consequences to them (including as to whether they may have any tax liability on any amount of Distributions which is not payable or is not payable in full).

### ***Capital Gains***

Any gains considered to be in the nature of capital made from the sale of the Capital Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Capital Securities 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.

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

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

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (“**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Securityholders who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Capital Securities.

### ***Estate Duty***

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

## **SUBSCRIPTION AND SALE**

We have entered into a placement agreement with the Sole Bookrunner and Joint Lead Managers dated August 18, 2015 (the “**Placement Agreement**”), pursuant to which and subject to certain conditions, each of the Sole Bookrunner and Joint Lead Managers agrees to use its best endeavours to procure subscribers for the Capital Securities.

### ***General***

No action has been or will be taken in any jurisdiction by the Sole Bookrunner, the Joint Lead Managers or the Issuer that would permit a public offering of the Capital Securities, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Capital Securities, in any country or jurisdiction where action for that purpose is required. Each of the Sole Bookrunner and the Joint Lead Managers will comply with all applicable laws, regulations and directives in each jurisdiction in which it acquires, offers, sells or delivers Capital Securities or has in its possession or distributes this Offering Circular or any such other material, in all cases at its own expense. Each of the Sole Bookrunner and the Joint Lead Managers will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Issuer will have no responsibility for, and each of the Sole Bookrunner and the Joint Lead Managers will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery.

### ***United States***

The Capital Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Capital Securities have not been and will not be offered, sold or delivered within the United States, in any circumstances which would require the registration of any Capital Securities under the Securities Act. Each of the Sole Bookrunner and the Joint Lead Managers has agreed that, except as permitted by the Placement Agreement, it will not offer, sell or deliver the Capital Securities, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Capital Securities, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Capital Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them by Regulation S under the Securities Act.

### ***Singapore***

Each of the Sole Bookrunner and the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each of the Sole Bookrunner and the Joint Lead Managers has represented and agreed that this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Capital Securities, may not be circulated or distributed, nor may

the Capital Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

### ***Hong Kong***

Each of the Sole Bookrunner and the Joint Lead Managers has represented and agreed that:

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



- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## CLEARANCE AND SETTLEMENT

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

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

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

### General

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

## GENERAL INFORMATION

1. We have obtained all necessary consents, approvals and authorisations in connection with the issue and offering of the Capital Securities.
2. We have not been involved in, and are not aware of, any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue and offering of the Capital Securities.
3. Approval in-principle has been received for the listing of the Capital Securities on the SGX-ST. So long as the Capital Securities are listed on the SGX-ST and the SGX-ST so requires, the Capital Securities will be traded on the SGX-ST in a minimum board lot size of S\$250,000.
4. Copies of the following documents, all of which are published in English, may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at our registered office:
  - (i) our Memorandum and Articles of Association;
  - (ii) the Trust Deed;
  - (iii) the Agency Agreement; and
  - (iv) a copy of this Offering Circular together with any amendment or supplement to this Offering Circular.
6. The Capital Securities have been accepted for clearance through CDP.
7. KPMG LLP (Chartered Accountants) has audited, and rendered an unqualified audit report on, the accounts of OCBC for the financial years ended December 31, 2013 and 2014.

**Registered Office of the Issuer**

63 Chulia Street  
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Singapore 049514

**Sole Bookrunner**

**Oversea-Chinese Banking Corporation Limited**

63 Chulia Street  
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Singapore 049514

**Joint Lead Managers**

**Citigroup Global Markets Singapore Pte. Ltd.**

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#21-01 Asia Square Tower 1  
Singapore 018960

**J.P. Morgan (S.E.A.) Limited**

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17th Floor Capital Tower  
Singapore 068912

**Trustee**

**The Bank of New York Mellon, Singapore Branch**

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#03-01 Millennia Tower  
Singapore 039192

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

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Singapore 039192

**Calculation Agent**

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**to the Trustee**

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