

News Release

UOB issues Asia's first euro-denominated covered bonds

Singapore, 3 March 2016 – United Overseas Bank Limited (UOB or the Bank) today became the first bank in Asia to distribute euro-denominated fixed-rate covered bonds. The debt instrument raised EUR 500 million through global investors. The covered bonds issuance is the first series under UOB's US\$8 billion Global Covered Bond Programme which was established on 23 November 2015.

UOB's euro-denominated covered bonds are secured by a guarantee from Glacier Eighty¹ backed by a portfolio of quality mortgage loans linked to residential properties in Singapore. They are expected to be rated 'AAA' by Standard & Poor's Ratings Services and 'Aaa' by Moody's Investors Service this week.

The covered bonds provide investors, particularly those from Europe, an opportunity to diversify their portfolio with covered bonds issued out of Singapore. They have also enabled UOB to broaden its funding sources and to expand its investor base to Europe.

Mr Lee Wai Fai, Chief Financial Officer at UOB, said the success of UOB's euro-denominated covered bonds paves the way for other financial institutions in Asia to tap the covered bonds investor base in Europe.

"Despite the current volatility and uncertainty in the financial markets, UOB's covered bonds garnered strong investor interest, showing the confidence that global investors have in the sovereign standing of Singapore as well as the fundamentals of the country's economy and housing market. It also reflects the financial strength of UOB and the quality of mortgage loans that the Bank originates," Mr Lee said.

The covered bonds attracted more than 75 institutional investors, predominantly from Europe – the Bank's target market for its inaugural covered bonds issue. Among the investors are banks (36 per cent), fund managers (31 per cent), central banks (18 per cent), insurance funds (10 per cent) and others (5 per cent).

¹ Glacier Eighty Pte. Ltd. is a limited liability company incorporated in Singapore (the "CBG"). The covered bonds will be guaranteed as to payments of interest and principal by CBG. The guarantee is secured by a portfolio of loans purchased by CBG from United Overseas Bank Limited and other assets of CBG.

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The covered bonds will bear a fixed coupon of 0.25 per cent per annum payable annually in arrears. Its competitive pricing was a result of strong investor demand which saw the transaction's order book building up to more than EUR1.3 billion or 2.6 times subscribed.

The net proceeds from the covered bonds are intended to be used for UOB's general business purposes.

Mr Lee said the issuance of covered bonds is an extension of the Bank's disciplined funding strategy which is the foundation of its stable growth through the decades.

"At UOB, we have always believed in planning well ahead for the future in order to build a sustainable franchise. The inclusion of covered bonds in the Bank's funding mix will ensure we maintain a solid funding base to support our customers through business cycles," Mr Lee said.

To demonstrate UOB's commitment to the development of the covered bonds market, the Bank is the first among global issuers to put in place the Harmonised Transparency Template - a new system introduced by the Covered Bond Label Foundation to allow investors to make better comparisons of cover assets across covered bond jurisdictions.

BNP Paribas and UOB are the Joint Arrangers for UOB's US\$8 billion Global Covered Bond Programme.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices.

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UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the eleventh consecutive year in 2015. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in China, Indonesia, Malaysia, Singapore and Thailand.

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