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NOTICE ON CHANGES TO INTEREST RATE BENCHMARKS (CORPORATE)

This Notice is for your information only and does not in any way change the terms and conditions governing your relationship with the Bank.

As a customer of United Overseas Bank Limited, its branches and/or subsidiaries (the "**Bank**"), or as you are about to enter into a product relationship with us (for example a loan, deposit, derivative, foreign exchange transaction, bond, credit facility or other financial product), or as you may trade or enter into a transaction involving one or more of such products with us, we wish to inform you of upcoming changes to the London Interbank Offered Rate ("**LIBOR**")[1] and certain other interest rate benchmarks that are or may be impacted.

Interest rate benchmarks, such as LIBOR, are widely used to determine a variety of payments (including interest) under many forms of financial products. These interest rate benchmarks have been subject to continuing global regulatory reforms for many years. The Financial Conduct Authority of the United Kingdom ("**FCA**") and other regulators are encouraging market participants to cease using LIBOR and to transition to using alternative interest rate benchmarks, particularly nearly risk-free rates ("**RFRs**"), in replacement of LIBOR.

Certain other interbank offered rates ("**IBORs**") are currently being reformed as well and, in some instances, may also be discontinued and replaced by, or used alongside, relevant RFRs.

On 5 March 2021, the FCA announced[2] the dates by which all LIBOR tenors will cease or become non-representative as follows:

- All GBP[3], EUR, CHF, JPY[3], 1-week and 2-month USD LIBOR tenors after 31 December 2021; and
- All remaining USD LIBOR tenors after 30 June 2023.

The International Swaps and Derivatives Association ("**ISDA**") has also confirmed that under the IBOR Fallbacks Supplement and the ISDA 2020 IBOR Fallbacks Protocol, the FCA announcement constitutes an index cessation event and fallback spread adjustments have been fixed as at 5 March 2021.

In Singapore, the Singapore Dollar Swap Offer Rate ("**SOR**") is an interest rate benchmark that will be affected by the discontinuation of USD LIBOR as it uses USD LIBOR as a constitutive component in its computation.

What are RFRs?

RFRs are overnight interest rates which are regarded by the FCA and other regulators to be more robust than LIBOR and other IBORs. RFRs differ from IBORs in various ways: unlike IBORs for instance, they do not incorporate a bank credit risk premium and term premium. As a result, if an RFR is used in place of an IBOR in a product (for example, by specifying such RFR within the contractual terms of the product as a "fallback" (i.e. the RFR replaces the affected IBOR upon specified events, such as the cessation of the affected IBOR), or by amending the contractual terms of the product to substitute references to the affected IBOR with references to such RFR etc.), this may impact payments under, and/or the value of, the product concerned.

Hedging arrangements (particularly those associated with IBOR referencing liabilities and/or assets) may also be affected. For instance, basis risk could arise if the interest rate benchmarks for such hedging arrangements and their related cash products are not aligned (for example, if they are based on different interest rate benchmarks or transition to RFRs at different times).

[1] LIBOR is an interest rate benchmark administered by ICE Benchmark Administration Limited.
[2] "Announcements on the end of LIBOR", https://www.fca.org.uk/news/press-releases/announcements-end-libor, 5 March 2021.
[3] The FCA will consult on extending 1-, 3- and 6-month tenors on a synthetic basis.
[4] SIBOR is the Singapore Interbank Offered Rate published by ABS Co.
[5] SORA is the Singapore Overnight Rate Average published by the Monetary Authority of Singapore ("**MAS**").

What is the Bank doing?

In Singapore, the Bank is working closely with the industry-led Steering Committee for SOR and SIBOR[4] Transition to SORA[5] ("**SC-STS**"), established by the MAS and other industry groups collectively, with an aim to achieve an orderly transition from SOR and SIBOR to SORA.

In view of the SC-STS' timelines for ceasing the issuance of SOR-linked cash market products by 30 April 2021 and SOR derivatives and SIBOR-linked financial products by 30 September 2021, the Bank is also working closely with the industry to achieve a focused and coordinated shift to a SORA-centred interest rate market.

In addition, the Bank continues to prepare for the discontinuation of LIBOR by identifying its products where LIBOR is being used, engaging with customers and market participants on the consequences of LIBOR's discontinuation, considering the implementation of "fallback" provisions, contract repapering and other migration options etc., in taking steps for the transition to RFRs and/or other alternative rates.

Next Steps

We strongly recommend that you raise awareness of the contents of this Notice internally with your relevant stakeholders and/or with the finance, treasury and legal functions within your group, to keep up-to-date with developments and to seek independent professional advice on the potential impact of the discontinuation of LIBOR/IBORs on your products, trades and/or other transactions with the Bank, and on your business in general. Given that there are various operational differences between LIBOR/IBORs and RFRs, the transition from LIBOR/IBORs to RFRs will likely require adjustments to the operational systems of market participants (which may include you) in order to cater for such differences. The different anticipated timelines for the transition of various product markets may also potentially impact how you manage your products and business in the interim adjustment period.

We encourage you to engage us to find out more about our suite of SORA-based and other alternative reference rate products and to discuss contingency and transitional arrangements for your SOR, SIBOR, LIBOR and IBOR-based products as market conventions and industry solutions, among other things, develop. If you hold a syndicated product, you may also be contacted by other lenders and/or the facility agent of such product in respect of the implementation of "fallback" or other transitional provisions for LIBOR/IBORs.

Should you wish to obtain further information, you can refer to the following:

GBP: The Sterling Working Group's communications working group on LIBOR transition publishes updates on the Bank of England's website at: https://www.bankofengland.co.uk/markets/transition-to-sterling-risk-free-rates-from-libor;

USD: The Alternative Reference Rates Committee convened by the US Federal Reserve Board of Governors and the New York Fed publishes updates on transition on the New York Fed website at: https://www.newyorkfed.org/arrc/;

JPY: The Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks, established to facilitate the selection and use of JPY interest rate benchmarks, publishes updates at: https://www.boj.or.jp/en/paym/market/jpy_cmte/index.htm/;

EUR: The working group on euro risk-free rates was established to identify and recommend risk-free rates that could serve as a basis for an alternative to current benchmarks such as EONIA, EUR LIBOR and EURIBOR. Further information can be found at: https://www.ecb.europa.eu/paym/initiatives/interest_rate_benchmarks/WG_euro_risk-free_rates/html/index.en.html;

CHF: The National Working Group on Swiss Franc Reference Rates (NWG) is the key forum for considering proposals to reform reference interest rate benchmarks in Switzerland. Further information can be found at: https://www.snb.ch/en/ifor/finmkt/fnmkt_benchm/id/finmkt_reformrates; and

SGD: The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee have identified SORA as the recommended replacement benchmark in place of SOR. Consistent with the shift towards a SORA-centred SGD interest rate landscape, the 6-month SIBOR is to be discontinued by March 2022, and the 1-month and 3-month SIBOR benchmarks are to be discontinued by end 2024.

SORA has been published by MAS since 2005 and is a robust benchmark that is underpinned by a deep and liquid overnight interbank funding market. More information on SORA is available at: https://www.mas.gov.sg/monetary-policy/sora. Further information can be found at: https://abs.org.sg/benchmark-rates/sor-to-sora.

You may also refer to the Bank's website https://www.uobgroup.com/uobgroup/ibor-transition/index.page for an overview of the IBOR transition as well as frequently asked questions.

We encourage you to consider the above and also the implications for your business, for example, those relating to operations, systems, cash management processes, accounting treatment, regulatory issues, legacy financial products that do not transition to RFRs, and the potential impact on your future liquidity and hedging transactions and requirements.

Please note that this Notice is for information only, and is not intended to be complete or exhaustive with respect to the subject matter hereof. The Bank is not providing any form of advice or recommendation in this Notice, nor is it assuming any responsibility in rendering any advice or providing any recommendation. If you wish to receive advice on any aspect of LIBOR and/or IBORs and/or RFRs as well as the potential implications to you thereto as the same may affect your products, transactions and trades with the Bank and/or otherwise, you should seek such advice independently from your own professional advisers/experts.