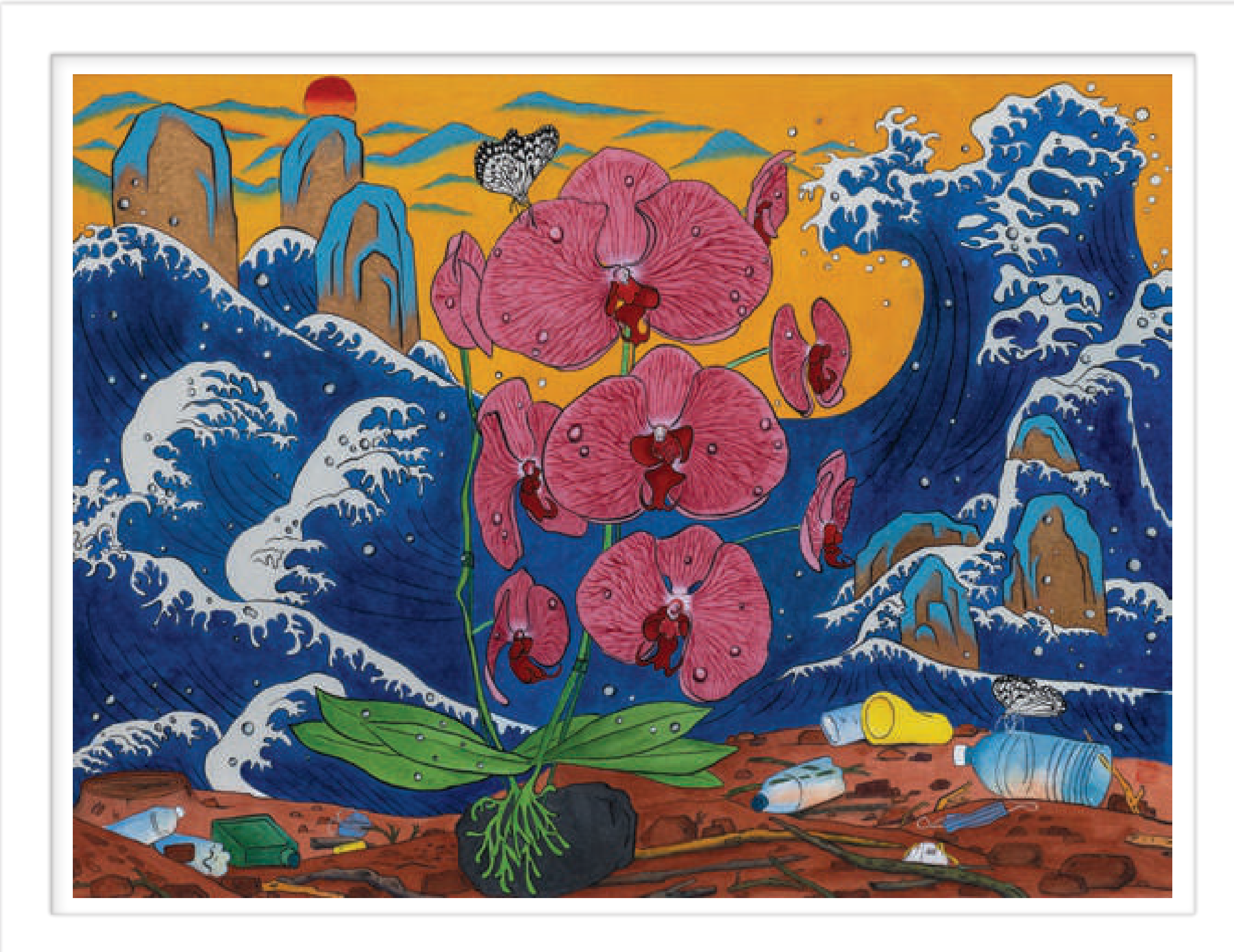
UOB Annual Report 2020

Forging a Sustainable Future



United We Stand
He Shu

About This Report

United Overseas Bank Limited (UOB) has been committed to creating long-term value for our customers, our colleagues and our communities since 1935. In building a sustainable business over time and across borders, we engage our stakeholders constructively and regularly. This enables us to align our strategies with what is important to them and for them to have a deeper appreciation of how we contribute to enterprise, innovation and economic growth across the region.

Through the reporting of our financial and non-financial performance in the UOB Annual Report 2020, we explain our business approach, objectives and achievements in the context of the year's operating environment. We also share how we create value for our stakeholders over the short, medium and long term to enable them to make informed decisions.

This report covers the period from 1 January to 31 December 2020 and is published on 31 March 2021. It is available online at www.UOBgroup.com/AR2020. Print copies, which are available only on request, are printed on sustainably-sourced Forest Stewardship Council-certified paper.

The UOB Sustainability Report 2020 is published separately and is available online.

Please scan the QR codes to view:

UOB Annual Report 2020

UOB Sustainability Report 2020

All figures in this Annual Report are in Singapore Dollars unless otherwise specified.
Certain figures in this report may not add up to the respective totals due to rounding.

United We Stand

He Shu
Chinese ink on rice paper
69 x 91 cm

United We Stand, a Highly Commended artwork of the 2020 UOB Painting of the Year (Singapore) competition, Established Artist Category, is the design inspiration for this year's Annual Report. Ms He Shu's artwork reflects the strength of the human spirit in overcoming difficulties, especially in the tumultuous year that was beset by the global COVID-19 pandemic.

Through the orchids blossoming in the harsh environment, Ms He plants in our minds the power and beauty of solidarity. The butterflies symbolise how the smallest effort can seed the biggest impact. In the words of the artist, "Where there are winds of change, we shall press on with great fortitude to find new waves of transformation. Adapt and learn fast in this changing world, turn anxiety into action, turn waste into energy, turn challenges into opportunities."

Likewise, in 2020, UOB continued to forge ahead sustainably, relying on our time-tested values, strong balance sheet, robust risk management approach and entrepreneurial roots to guide our customers, colleagues and the community through to better times.

As the leading patron of art in Asia, UOB sees the value of art in its power to unify, to heal and to open us to possibilities. In its 39^{th} year in 2020, the Bank's flagship art programme, the UOB Painting of the Year competition, is currently held across four Southeast Asian markets in which UOB has a deep presence.

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United Overseas Bank Limited
2020 Financial Highlights

Net Profit
$2.9 billion
-33%

Operating Profit
$5.0 billion
-10%

Gross Customer Loans
$281 billion
+5%

Customer Deposits
$325 billion
+4%

Total Assets
$432 billion
+7%

Non-Performing Loan Ratio
1.6%
+0.1% pt

Net Stable Funding Ratio
125%
+14% pt

Common Equity Tier 1 Ratio
14.7%
+0.4% pt

United Overseas Bank Limited

Who We Are

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 branches and offices in 19 countries and territories in Asia Pacific, Europe and North America. In Asia, we operate through our head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and offices across the region.

In 1935, amid the economic uncertainties following the Great Depression, UOB opened its doors to provide banking services for the merchant community in Singapore.

Since then, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: 'Aa1' by Moody's Investors Service and 'AA-' by both S&P Global Ratings and Fitch Ratings.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to doing what is right for our stakeholders.

At UOB, we believe in being a responsible financial services provider and we are committed to making a difference in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and grow their businesses, we are steadfast in our support of social development, particularly in the areas of art, children and education.

What We Do

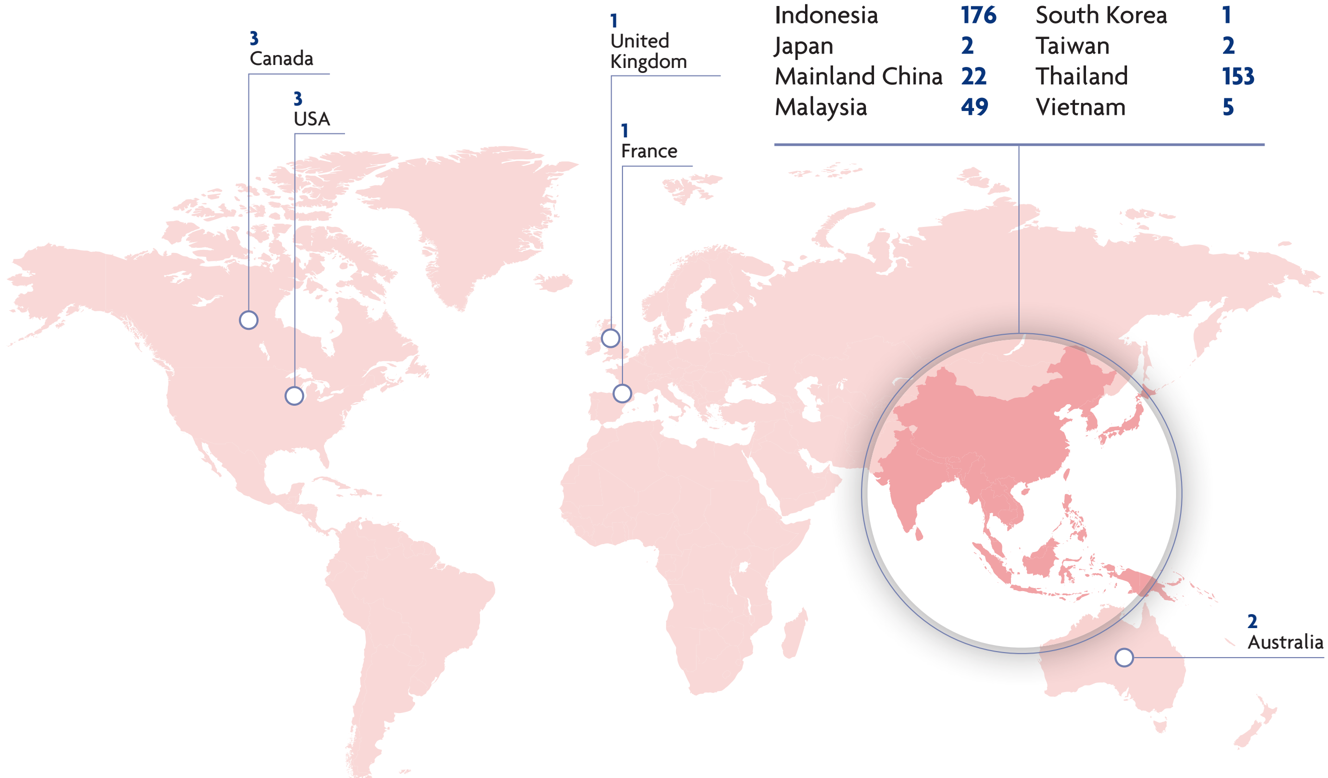
UOB provides a wide range of progressive financial solutions globally through our three core business segments – Group Retail, Group Wholesale Banking and Global Markets. Our offering includes consumer banking, private banking, commercial banking, transaction banking, investment banking and treasury services. Through our subsidiaries, we also provide asset management, private equity fund management and insurance services.

Where We Operate

›500 branches and offices in Asia Pacific, Europe and North America

Asia

Brunei	2	Myanmar	2
Hong Kong	3	Philippines	1
India	2	Singapore	73
Indonesia	176	South Korea	1
Japan	2	Taiwan	2
Mainland China	22	Thailand	153
Malaysia	49	Vietnam	5



Our Corporate Milestones

Since 1935, our entrepreneurial spirit, focus on long-term value creation and unwavering commitment to do what is right for our customers have made UOB a leading bank in Asia. Our timeline captures the corporate milestones of our 85-year history.

1930s – 1960s

Our Beginning

1935
Amid the uncertainties of the Great Depression, a group of seven businessmen led by Datuk Wee Kheng Chiang (first row, fifth from left) founded a bank to serve the merchant community in Singapore.

1935 (6 August)
United Chinese Bank (UCB) is incorporated

1935 (1 October)
UCB begins operations at Bonham Building

1956
Introduces coin banks for children

1958
Drives 1st mobile branch

1959
Opens 1st UCB branch at Beach Road

1962
1st bank to focus on women as customers

1965
UCB is renamed United Overseas Bank

Opens 1st overseas branch in Hong Kong

1970s – 1980s

1971
Acquires majority stake in Chung Khiaw Bank (CKB) in Singapore

Opens Tokyo branch

Reveals iconic five-bar logo

1973
Acquires Lee Wah Bank in Singapore

1974
Dr Wee Cho Yaw succeeds Datuk Wee as Chairman and CEO

UOB Group begins operating from its new 30-storey building which stood on the same site as Bonham Building (the current UOB Plaza 2)

1975
Opens London branch

1977
Opens New York agency

1980
Opens Singapore's 1st ATM offering 24-hour banking

Opens Los Angeles agency

1982
Holds inaugural UOB Painting of the Year competition

1983
Opens Seoul representative office

1984
Opens Beijing representative office

Acquires majority interest in Far Eastern Bank in Singapore

1985
Expands into Sydney and Xiamen

1986
Expands into Vancouver

1987
Acquires majority interest in Industrial & Commercial Bank in Singapore

1988
1st Singapore bank to launch Visa cards

1st bank to launch Singapore's only credit card for women

1990s – 2000s

1992
1st Singapore bank to set up office in Vietnam

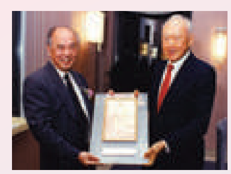
Sets up Taipei representative office

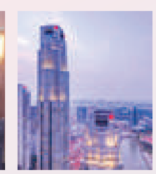
1993
1st bank in Singapore to launch automated cash deposit machine


UOB launches automated cash deposit system

1994
Expands into Yangon

1995
Celebrates 60th anniversary and official opening of UOB Plaza 1





1997
UOB Malaysia merges with CKB Malaysia

1998
Opens Shanghai branch

1999
Acquires Westmont Bank in the Philippines
Acquires Radanasin Bank in Thailand

2000
Mr Wee Ee Cheong is appointed Deputy Chairman

2001
Acquires Overseas Union Bank in Singapore

2004
Acquires 96.1% in Bank of Asia Public Company in Thailand

2005
Increases controlling stake of PT Bank Buana in Indonesia to 61.1%

2007
Mr Wee Ee Cheong succeeds Dr Wee Cho Yaw as CEO

Launches 1st UOB Heartbeat Run/Walk

› 2000s – 2010s

2009
Opens Mumbai branch

2010
Merges PT Bank UOB Indonesia with PT Bank UOB Buana

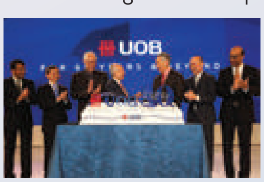
2011
1st bank in Singapore to establish a Foreign Direct Investment Advisory Unit to support our clients' regional expansion

2013
Dr Wee Cho Yaw becomes Chairman Emeritus and Adviser

1st bank in Singapore to offer retail customers online access to gold and silver savings accounts

2014
Named Most Admired ASEAN Enterprise for ASEAN Centricity by ASEAN Business Advisory Council

2015
Celebrates 80th anniversary, introduces refreshed logo and a corporate seal



Opens Yangon branch

Completes full acquisition of Far Eastern Bank

Opens UOB Southeast Asia Gallery at National Gallery Singapore, housing the world's largest collection of modern Southeast Asian Art

Introduces UOB Mighty, 1st mobile app outside of the US to enable contactless payments with tokenised security

2016
1st in the world to launch instant digital card issuance

1st in Southeast Asia to enable smartphones for contactless transactions at UOB ATMs

› 2010s

2017
1st in Singapore to use PayNow to raise funds for charity

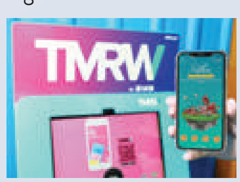
2018
1st Singapore bank to establish a subsidiary in Vietnam

Officially opens new China headquarters building in Shanghai's Lujiazui Financial District

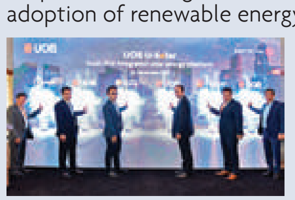
Sets up Singapore's largest car ecosystem and unites Singapore's largest property ecosystem under one roof

Dr Wee Cho Yaw retires from the Board

2019
Launches TMRW, ASEAN's first mobile-only digital bank in Thailand for the region's millennials



Launches U-Solar, Asia's first solar ecosystem to power the region's development and adoption of renewable energy

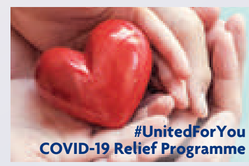


Expands into northern Vietnam with Hanoi branch

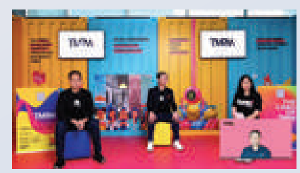
2020

2020
Supports more than 1.4 million individuals and businesses, and contributes more than $2.7 million for the community under the #UnitedForYou COVID-19 Relief Programme

Donates more than 1 million pieces of personal protective equipment to healthcare workers and vulnerable communities around the world



Extends TMRW, our award-winning digital bank for ASEAN's digital generation, to Indonesia



Rolls out the UOB Smart City Sustainable Finance Framework, the first by a bank in Asia to support companies contributing to the creation of smart cities

Launches UOB Infinity, a new digital banking experience for businesses

Launches UOBAM Invest, a mobile robo-adviser with personalised portfolios for retail investors

Receives multiple awards and accolades in banking excellence, innovation and sustainability

Euromoney Awards for Excellence 2020	Asiamoney Best Bank Awards 2020	The Asset Corporate Awards ESG
Asia's Best Bank for SMEs	Best Domestic Bank (Singapore) Best International Bank (Thailand)	Platinum Award

Our Strategic Purpose

Guided by our values and supported by our fundamental strengths, we focus on driving performance across our franchise through progressive solutions and creating sustainable value for our stakeholders. This is integral to our business strategies and prudent and disciplined approach to balancing growth with responsibility.

Our Strategic Purpose

Connect our customers seamlessly across ASEAN and Greater China through our sector specialisation and ecosystem partnerships

Help our customers achieve their personal and business financial goals through our omni-channel approach and Digital Bank

Attract and enable our colleagues to stay ahead through fostering care, development and well-being

Contribute to the progress of the economy, society and environment through responsible growth

Our Fundamental Strengths

Robust Governance and Risk Management; Strong Capital and Funding Base

Established and Integrated Network

Diverse Pool of Talent and Expertise

Asian Heritage and Southeast Asian Roots

Our Values

Honourable

Enterprising

United

Committed

Board of Directors

As at 24 February 2021

Wong Kan Seng, 74
Chairman
Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Appointed as Chairman: 15 February 2018

Board Committee positions
- Board Risk Management Committee (Member)
- Executive Committee (Chairman)
- Nominating Committee (Member)
- Remuneration and Human Capital Committee (Member)

Current directorship in other listed companies
- Nil

Other principal commitments
- CLA Real Estate Holdings (Chairman)
- Bo'ao Forum for Asia (Director)
- Kwong Wai Shiu Hospital (Patron)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Prime Minister's Office (Deputy Prime Minister and Co-ordinating Minister for National Security)
- Ministry of Home Affairs (Minister)
- Ministry of Community Development (Minister)
- Ministry of Foreign Affairs (Minister)
- Singbridge Holdings (Chairman)

Education/professional qualifications and achievements
- Master of Science (Business Studies), London Business School, University of London
- Bachelor of Arts (Hons), University of Singapore
- London Business School Alumni Achievement Award (2004)
- National Trades Union Congress Medal of Honour (1998)
- Public Administration Medal (Silver) (1976)

Appointed as a director: 3 January 1990

Last re-elected as a director: 5 June 2020

Appointed as Chief Executive Officer: 27 April 2007

Appointed as Deputy Chairman: 24 March 2000

Board Committee positions
- Board Risk Management Committee (Member)
- Executive Committee (Member)
- Nominating Committee (Member)

Current directorships in other listed companies
- United Overseas Insurance (Director)

Other principal commitments
- United Overseas Bank (China) (Chairman)
- PT Bank UOB Indonesia (President Commissioner)
- United Overseas Bank (Malaysia) (Deputy Chairman)
- United Overseas Bank (Thai) Public Company (Deputy Chairman)
- The Association of Banks in Singapore (Vice Chairman)
- The Institute of Banking & Finance (Council Member)
- Singapore-China Foundation (Member, Board of Governors)
- Indonesia-Singapore Business Council (Member)
- Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member)
- Nanyang Academy of Fine Arts (Patron)
- Wee Foundation (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Far Eastern Bank (Director)
- Pan Pacific Hotels Group (Director)
- United International Securities (Director)
- UOL Group (Director)
- Housing & Development Board (Deputy Chairman)
- Port of Singapore Authority (Director)
- Visa AP Senior Client Council (Member)

Education/professional qualifications and achievements
- Master of Arts (Applied Economics), American University, Washington, DC
- Bachelor of Science (Business Administration), American University, Washington, DC
- Public Service Star (2013)

Wee Ee Cheong, 68
Deputy Chairman and Chief Executive Officer
Executive

James Koh Cher Siang, 75
Independent

Appointed as a director: 1 September 2012
Last re-elected as a director: 26 April 2019

Board Committee positions
- Audit Committee (Member)
- Nominating Committee (Member)
- Remuneration and Human Capital Committee (Chairman)

Current directorships in other listed companies
- Nil

Other principal commitments
- Ministry of Home Affairs – Independent Review Committee (Member)
- CapitaLand Hope Foundation (Director)
- Thye Hua Kwan Moral Charities (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Pan Pacific Hotels Group (Director)
- UOL Group (Director)
- Housing & Development Board (Chairman)
- Inland Revenue Authority of Singapore (Comptroller of Income Tax)
- Singapore Airlines (Director)
- CapitaLand (Director)

Education/professional qualifications and achievements
- Master in Public Administration, Harvard University
- Master of Arts, Oxford University
- Bachelor of Arts (Hons) in Philosophy, Political Science and Economics, Oxford University
- Meritorious Service Medal (2002)
- Public Administration Medal (Gold) (1983)

Ong Yew Huat, 65
Independent

Appointed as a director: 2 January 2013
Last re-elected as a director: 26 April 2019

Board Committee positions
- Audit Committee (Chairman)
- Board Risk Management Committee (Member)
- Executive Committee (Member)

Current directorships in other listed companies
- Carson Cumberbatch (Director)

Other principal commitments
- Singapore Power (Director)
- CLA Real Estate Holdings (Director)
- Singapore Mediation Centre (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- United Overseas Bank (Malaysia) (Chairman)
- Ernst & Young Singapore (Executive Chairman)
- National Heritage Board (Chairman)
- Tax Academy of Singapore (Chairman)
- Singapore Tyler Print Institute (Chairman)

Education/professional qualifications and achievements
- Bachelor of Accounting (Hons), University of Kent at Canterbury
- Institute of Chartered Accountants in England and Wales (Member)
- Institute of Singapore Chartered Accountants (Member)
- Public Service Star (2017)

Board of Directors

As at 24 February 2021

Lim Hwee Hua, 61
Independent

Appointed as a director: 1 July 2014
Last re-elected as a director: 20 April 2018

Board Committee positions
- Executive Committee (Member)
- Nominating Committee (Member)
- Remuneration and Human Capital Committee (Member)

Current directorships in other listed companies
- Jardine Cycle & Carriage (Director)

Other principal commitments
- Tembusu Partners (Co-Chairman)
- Asia Pacific Exchange (Chairman)
- BW Group (Director)
- International Valuation Standards Council (Trustee)
- Kohlberg Kravis & Roberts (Senior Advisor)
- Ramky Enviro Engineers (Director)
- Summit Power International (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Prime Minister's Office (Minister)
- Ministry of Finance (Second Minister)
- Ministry of Transport (Second Minister)
- Ernst & Young Global Advisory Council (Independent Member)

Education/professional qualifications and achievements
- Master of Arts (Hons) in Mathematics/Engineering, University of Cambridge
- Master of Business Administration in Finance, Anderson School of Management, University of California, Los Angeles

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Alexander Charles Hungate, 54
Independent

Appointed as a director: 27 July 2017
Last re-elected as a director: 5 June 2020

Board Committee positions
- Remuneration and Human Capital Committee (Member)

Current directorships in other listed companies
- SATS (Director)

Other principal commitments
- SATS (President and Chief Executive Officer)
- Singapore Economic Development Board (Board Member)
- Future Economy Council (Member)
- Future Economy Council – Trade & Connectivity Sub-Committee (Co-Chairperson)
- National Youth Achievement Award Council Advisory Board (Council Member)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- The Hong Kong and Shanghai Banking Corporation (HSBC), Singapore (Chief Executive Officer)
- HSBC Group, Personal Financial Services (Group Managing Director)
- Reuters, Asia Pacific (Managing Director)

Education/professional qualifications and achievements
- Master of Arts in Engineering, Economics and Management, Oxford University
- Master of Business Administration (Baker Scholar), Harvard Business School

Michael Lien Jown Leam, 57

Non-Executive and Non-Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 5 June 2020

Board Committee positions
- Executive Committee (Member)
- Nominating Committee (Member)

Current directorships in other listed companies
- Nil

Other principal commitments
- Wah Hin and Company (Executive Chairman)
- Sandstone Capital (Director and Chief Investment Officer)
- National University of Singapore (Trustee)
- Leap Philanthropy (Founder and Chairman)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Temasek Holdings (Director)

Education/professional qualifications and achievements
- Bachelor of Economics (First Class Hons) in Finance and Econometrics, Monash University

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Alvin Yeo Khirn Hai, 58

Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Board Committee positions
- Audit Committee (Member)
- Board Risk Management Committee (Chairman)

Current directorships in other listed companies
- Keppel Corporation (Director)

Other principal commitments
- WongPartnership (Chairman and Senior Partner)
- Appeals Advisory Panel, Monetary Authority of Singapore (Member)
- Court of Arbitration, Singapore International Arbitration Centre (Member)
- Panel of Disciplinary Tribunal Chairmen, Singapore Medical Council (Member)
- Panel of Disciplinary Tribunal Chairmen, Supreme Court of Singapore (Member)
- GlobalORE (Chairman)

Past directorships in listed companies held over the preceding three years
- United Industrial Corporation (Director)

Past major appointments
- Parliament of Singapore (Member)
- Singapore Land (Director)
- Neptune Orient Lines (Director)
- Jubilant Pharma (Director)

Education/professional qualifications and achievements
- Bachelor of Laws (Hons), King's College, University of London
- Barrister-at-Law, England & Wales
- Senior Counsel, Supreme Court of Singapore

Board of Directors

As at 24 February 2021

Wee Ee Lim, 59
Non-Executive and Non-Independent

Appointed as a director: 1 July 2018
Last re-elected as a director: 26 April 2019

Board Committee positions
- Board Risk Management Committee (Member)
- Remuneration and Human Capital Committee (Member)

Current directorships in other listed companies
- Haw Par Corporation (President & Chief Executive Officer and Director)
- UOL Group (Deputy Chairman)
- United Industrial Corporation (Director)

Other principal commitments
- Wee Foundation (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Singapore Land (Director)
- Hua Han Health Industry Holdings (Director)

Education/professional qualifications and achievements
- Bachelor of Arts (Economics), Clark University

Steven Phan Swee Kim, 62
Independent

Appointed as a director: 1 July 2019
Last re-elected as a director: 5 June 2020

Board Committee positions
- Audit Committee (Member)
- Executive Committee (Member)
- Nominating Committee (Chairman)
- Remuneration and Human Capital Committee (Member)

Current directorships in other listed companies
- Jardine Cycle & Carriage (Director)

Other principal commitments
- Singapore Accountancy Commission (Director)
- Advanced MedTech Holdings (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- Ernst & Young (Area Managing Partner for Asia Pacific and Member of Global Executive Board)

Education/professional qualifications and achievements
- Bachelor of Science (Managerial and Administrative Studies), University of Aston, United Kingdom
- Institute of Singapore Chartered Accountants (Fellow)

Chia Tai Tee, 58
Independent

Appointed as a director: 1 October 2020

Board Committee positions
- Audit Committee (Member)
- Board Risk Management Committee (Member)

Current directorships in other listed companies
- Nil

Other principal commitments
- Ministry of Home Affairs Uniformed Services Invest Plan - Board of Trustee (Member)
- Ministry of Home Affairs Uniformed Services Invest Fund – Risk and Audit Committee (Member)
- Singapore Institute of Technology (Trustee, Member of Investment Committee and Academic Advisory Committee)
- Tote Board - Investment Committee (Member)
- Eastspring Investments Group (Director)
- Samash (Director)

Past directorships in listed companies held over the preceding three years
- Nil

Past major appointments
- GIC (Chief Risk Officer)

Education/professional qualifications and achievements
- Advanced Management Programme, Harvard Business School
- PhD in Economics, Australian National University
- Bachelor of Economics (Hons), University of Adelaide
- Public Service Medal (2017)

Dr Wee Cho Yaw
Chairman Emeritus and Honorary Adviser

"Honour and integrity must never be compromised in a banker. These values have guided us since our founding in 1935."

Dr Wee Cho Yaw, visionary, banker extraordinaire, community pillar and celebrated pioneer, is highly regarded in Singapore and internationally.

He retired from the UOB Board in 2018 following more than 60 years at the helm of the UOB Group. Under his leadership and guidance, UOB became one of the leading banks in Asia. The Bank's regional network grew from 75 to more than 500 branches and offices and through disciplined and sustainable growth, assets increased from $2.8 billion to more than $253 billion.

While Dr Wee was at the helm, UOB:

- 1965 Opened 1st overseas branch in Hong Kong
- 1971 Acquired majority stake in Chung Khiaw Bank (CKB)
  Opened Tokyo branch
- 1973 Acquired Lee Wah Bank
- 1975 Opened London branch
- 1977 Opened New York agency
- 1980 Opened Los Angeles agency
- 1983 Opened Seoul representative office
- 1984 Opened Beijing representative office
- 1985 Expanded into Sydney and Xiamen
- 1986 Expanded into Vancouver
- 1987 Acquired majority interest in Industrial & Commercial Bank in Singapore
- 1992 1st Singapore bank that set up office in Vietnam
  Set up Taipei representative office
- 1994 Expanded into Yangon
- 1997 UOB Malaysia merged with CKB Malaysia
- 1998 Opened Shanghai branch
- 1999 Acquired Westmont Bank in the Philippines
  Acquired Radanasin Bank in Thailand
- 2001 Acquired Overseas Union Bank in Singapore
- 2004 Acquired 96.1% in Bank of Asia Public Company in Thailand
- 2005 Increased controlling stake of PT Bank Buana in Indonesia to 61.1%
- 2009 Opened Mumbai branch
- 2010 Merged PT Bank UOB Indonesia with PT Bank UOB Buana
- 2015 Completed full acquisition of Far Eastern Bank in Singapore
  Officially opened Yangon branch, adding to UOB's unparalled Southeast Asian network

Dr Wee has received many accolades for his business achievements and support of education, community welfare and the business community. Among the awards conferred on him are the Distinguished Service Order, Singapore's highest National Day Award, ASEAN Business Advisory Council Legacy Award for Singapore and Honorary Degrees of Doctor of Letters from the National University of Singapore and Nanyang Technological University.

In recognition of his contributions and given his wealth of experience and insight, he remains as Chairman Emeritus and an Honorary Adviser to the Board.

Group Management Committee

As at 1 January 2021

Management Executive Committee

Wee Ee Cheong

Deputy Chairman and Chief Executive Officer

Federico Burgoni

Head, Group Strategy and Transformation

Federico joined UOB in 2019 as Head of Group Strategy and Transformation. He holds a Master of Business Administration from INSEAD and graduated in engineering from Bologna University. Federico has more than 15 years' experience in consulting, during which he supported global, regional and local financial institutions in Southeast Asia on projects ranging from strategy to transformation. His core expertise is in digital, retail and wholesale banking.

Chan Kok Seong

Group Chief Risk Officer

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

Frederick Chin Voon Fat

Head, Group Wholesale and Global Markets

Frederick joined UOB in 2013. He oversees the Group's Wholesale and Global Markets businesses comprising commercial banking, corporate banking, transaction banking, structured trade and commodity finance, sector solutions group, product development, special asset-based finance, financial institutions, investment banking, treasury and global markets. He holds a Bachelor of Commerce (Accounting and Econometrics) from the University of Melbourne. Frederick has more than 35 years' experience in banking.

Leslie Foo Chek Shen

Head, Global Markets

Leslie joined UOB in 2019 as Head of Group Global Markets. He holds a Master of Business Administration from the University of Western Ontario, Canada and a Bachelor of Science (Hons) in Land Management (Valuation specialisation) from the University of Reading, England. Leslie has more than 25 years' experience in treasury and global markets.

Susan Hwee Wai Cheng

Head, Group Technology and Operations

Susan joined UOB in 2001. She is the Head of Group Technology and Operations, overseeing the global technology infrastructure and operations for the Group. She holds a Bachelor of Science from the National University of Singapore. Susan has more than 35 years' experience in banking technology and operations.

Eddie Khoo Boo Jin

Head, Group Retail

Eddie joined UOB in 2005. He heads the Group Retail business. He holds a Bachelor of Business Administration in Finance and Management from the University of Oregon. Eddie has more than 35 years' experience in consumer banking.

Lee Wai Fai

Group Chief Financial Officer

Wai Fai joined UOB in 1989. He leads the Group Finance, Investor Relations, Central Treasury, Data Management, Corporate Investments, Group Research, Corporate Real Estate Services and Asset Management functions. He holds a Bachelor of Accountancy (Hons) from the National University of Singapore and a Master of Business Administration in Banking and Finance from the Nanyang Technological University, Singapore. Wai Fai has more than 30 years' experience in banking.

Group Management Committee

As at 1 January 2021

Management Committee

Peter Foo Moo Tan

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

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

Hendra Gunawan

President Director, PT Bank UOB Indonesia

Hendra joined UOB in 2011. He was appointed President Director of UOB Indonesia in October 2020 and was previously the Deputy President Director of UOB Indonesia and Deputy CEO of UOB Malaysia. Previously, he was Managing Director, Head of Centre of Excellence for the Agri Business and Food and Beverage sector solutions within UOB Group Wholesale Banking in Singapore. Hendra holds a Bachelor of Science in Finance from the Wharton School of Finance and Commerce and a Bachelor of Science in Electrical Engineering from the Moore School of Electrical Engineering, University of Pennsylvania. He has more than 25 years' of experience in banking and finance.

Kevin Lam Sai Yoke

Head, TMRW Digital Group

Kevin joined UOB in 2005 and was appointed Head of TMRW Digital Group in July 2020. Prior to this, he was President Director of UOB Indonesia. Previously, Kevin headed Personal Financial Services at UOB (Malaysia) and later served as its Deputy CEO where he oversaw its Wholesale Banking business and Technology and Operations. He had also headed consumer banking loans, sales and distribution in Singapore. Kevin holds a Bachelor of Business Administration from the National University of Singapore and has more than 25 years' experience in the financial industry.

Harry Loh Nee Thiam

Chief Executive Officer,
United Overseas Bank (Vietnam) Limited

Harry joined UOB in 1995 and was appointed the CEO of UOB (Vietnam) in 2018. Prior to his current appointment, he was the Myanmar Country Manager for UOB Yangon Branch from 2014 to 2016 and had held various leadership roles at UOB (China) from 2000 to 2014. He holds a Bachelor of Business (Banking) from the Nanyang Technological University, Singapore and has more than 25 years' experience in banking.

Daniel Ng Ming Thiam

Head, Group Audit

Daniel joined UOB in 2006 and serves as the Head of Group Audit. Prior to this he held various roles in Group Retail managing risk and analytics. Daniel is a Certified Financial Risk Manager, a Chartered Financial Analyst and a London Business School Sloan Fellow. He holds a Bachelor of Arts in Economics and Statistics from the National University of Singapore and a Sloan Master of Science in Leadership and Strategy from the London Business School. Daniel has more than 25 years' experience in banking and consulting.

Victor Ngo Vinh Tri

Head, Group Compliance

Victor joined UOB in 2004 and was appointed Head of Group Compliance in 2017. Prior to this, he served as Head of Group Audit from 2006. He is a Fellow of the Australian Society of Certified Practising Accountants and the Institute of Singapore Chartered Accountants. Victor holds a Bachelor of Applied Science in Computer Science and Operations Management from the University of Technology Sydney and a Master of Business Administration from Deakin University, Australia. He also has a Master of Science in Finance from the City University of New York, where he was elected to the Beta Gamma Sigma Honor Society, and a Professional Certificate in Machine Learning and Artificial Intelligence from Massachusetts Institute of Technology. Victor has more than 30 years' experience in the banking industry.

Joyce Sia Ming Kuang

Head, Group Legal and Secretariat

Joyce joined UOB in 2003. She is the Company Secretary, Head of Group Legal and Secretariat, and Data Protection Officer. Joyce holds a Bachelor of Law degree from the National University of Singapore. She has 30 years' experience in legal practice, legal advisory services and corporate governance, in property, banking and listed companies.

Tan Choon Hin

President and Chief Executive Officer,
United Overseas Bank (Thai) Public Company Limited

Choon Hin joined UOB in 2012 as Head, Group Retail Credit and was appointed President and CEO of UOB (Thai) in 2016. Prior to his present appointment, he was Head of Group Business Banking. He holds a Bachelor of Business (Hons) from the Nanyang Technological University, Singapore. Choon Hin has more than 25 years' experience in retail banking, credit and risk management across several Asian markets.

Dean Tong Chee Kion

Head, Group Human Resources

Dean joined UOB in 2018 as Head of Group Human Resources. Dean holds a Master of Business Administration from the Wharton School, University of Pennsylvania. He has more than 20 years of leadership, talent and transformation project experience across Asia, Europe and the Americas in the financial services, consumer goods and telecommunications industries.

Wong Kim Choong

Chief Executive Officer,
United Overseas Bank (Malaysia) Berhad

Kim Choong joined UOB in 1983 and was appointed as the CEO of UOB (Malaysia) in 2012. Prior to his current appointment, he served as President and CEO of UOB (Thai) from 2004. He was elected Fellow Chartered Banker by the Asian Institute of Chartered Bankers in 2015. Kim Choong holds a Bachelor of Commerce from the University of Toronto. He has more than 35 years' banking experience.

Ian Wong Wah Yan

Head, Group International Management

Ian joined UOB in 2012. He heads Group International Management where he oversees the performance and governance of the Group's overseas banking subsidiaries, branches and agencies. Ian is also responsible for the development of the Group's foreign direct investment advisory business and venture management/global capital business. He holds a Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the J.L. Kellogg School of Management, USA and Hong Kong University of Science and Technology. He has more than 25 years' experience in corporate, institutional and investment banking.

Christine Yeung See Ming (Mrs Christine Ip)

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

Christine joined UOB in 2011 and was appointed CEO of UOB Hong Kong Branch in 2012 and CEO of UOB Greater China in 2016. She holds a Master of Business Administration from the Hong Kong University of Science and Technology and a Bachelor of Arts from the University of Hong Kong. Christine has more than 30 years' experience in consumer and corporate banking.

Janet Young Yoke Mun

Head, Group Channels and Digitalisation

Janet joined UOB in 2014 and heads Group Channels and Digitalisation. She is responsible for the distribution network of branches, self-service banking and the public website, financial technology and ecosystem partnership initiatives, as well as customer experience and advocacy. She holds a Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the Nanyang Technological University, Singapore. Janet has more than 30 years' banking and treasury experience.

Balancing Growth with Stability for the Long Term

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Being Recognised for Our Efforts

Chairman's Statement

"Exceptional times call for exceptional handling. Given the extent and effects of the pandemic, the Board and Management worked swiftly to address the immediate impact on our stakeholders."

Setting the year in context

2020 saw two major issues continue to cast their long shadows on the world economy. The first was defining for our time. COVID-19 has wrought inconceivable change to economies and upended livelihoods around the world. More critically, by the close of February 2021, 113 million people had been infected by the virus and more than two million lives had been tragically lost. Vaccination programmes are underway in many countries. There is hope that more economic activities will resume and people will adapt to the demands of the new environment. However, overall recovery will not come quickly. The economic implications and governments' policy responses will likewise take a while to play out.

Geopolitical instability arising from the US-China strategic competition was the other major concern. The turbulent relationship hit its lowest point in decades, extending to many sectors including finance. It will take time for the new US administration and China to work out a modus vivendi and come to terms with each other. The hope is for both sides to lean towards cooperation instead of confrontation, paving the way to a more constructive relationship.

Fraught as the year was with its unprecedented difficulties, UOB achieved net profit of $2.91 billion for 2020, 33 per cent lower than the year before. Following the Monetary Authority of Singapore's guidance on a dividend cap for 2020, the Board recommends a final dividend of 39 cents per ordinary share. Together with the interim dividend of 39 cents per ordinary share, this takes the total dividend for 2020 to 78 cents.

Supporting through trying times

Exceptional times call for exceptional handling. Given the extent and effects of the pandemic, the Board and Management worked swiftly to address the immediate impact on our stakeholders.

The Board supported Management's considered and prompt measures to help see our customers through these tough times. UOB was the first bank in Singapore to announce a liquidity relief programme for affected businesses. For our communities, we provided essential supplies to help those affected by COVID-19 and stepped up our programmes to help the underprivileged. We were conscious of its stress on our colleagues and we emphasised the need for their continued safety, engagement and mental well-being. We paid close attention to the impact of COVID-19 on our business strategy and stress-tested scenarios to ensure our readiness to cope with the challenges.

In light of the very fluid situation in the past year, the Board and its committees decided to meet more regularly than the scheduled quarterly meetings. I chaired 11 Exco sessions which were mostly attended by the other directors too. From the beginning of the Circuit Breaker in Singapore, we moved all our meetings and related activities online. In June, we held our first virtual Annual General Meeting with a live webcast. It was another sign of the times.

COVID-19 accelerated the acceptance and adoption of technology. Work behaviours and spaces were switched from the physical to the virtual. At UOB, within a month we enabled 80 per cent of our people across the Group to work from home and to equip themselves with skills for the future.

Steering for long-term growth

At our annual strategy meeting last November, the Board and Management reviewed the Group's progress on our transformation journey and our digital strategy in a post-pandemic world. The region, across which we have built our franchise, continues to prove its potential with trade flows and supply chains shifting in its favour. In connecting businesses to opportunities across ASEAN and with Greater China, we sharpened our sector solutions capabilities.

Our significant investments in our digital capabilities enable us to roll out innovative products and services and to enhance our channels and platforms such as UOB Mighty, UOB Infinity and our mobile-only digital bank, TMRW. In August, we launched TMRW in Indonesia – our second ASEAN market after Thailand. Our investments are reaping the desired results in market and enable us to scale our business across the Group. We are well-positioned to serve our customers best in the changing competitive landscape which will include the new digital bank licensees.

Technology and digitalisation also help boost our productivity, compliance and resilience. They gird us in cybersecurity and in our combat against increased sophistication in financial crime. We pioneered an artificial intelligence-backed anti-money laundering solution that identifies suspicious transactions and connections. Across the organisation, we deepened our risk culture.

The Board was also active in determining the Group's sustainability approach and in ensuring that environmental, social and governance considerations, such as climate change, financial inclusion and information security and data privacy, are embedded into our decision-making. In integrating sustainability into our business strategy, risk management, product development and customer engagement, we are forging a sustainable future with our stakeholders.

As part of our Board succession plans, we welcomed Dr Chia Tai Tee to the Board on 1 October 2020. He was also appointed to the Audit and Board Risk Management Committees.

Acknowledging contributions

On behalf of the Board, I thank Mrs Lim Hwee Hua for her insight and contributions as director for almost seven years and wish her the best as she retires. We also appreciate the efforts of Management and our people who demonstrated the strength of UOB's values of Honour, Enterprise, Unity and Commitment throughout the very challenging year.

We also thank our shareholders, customers, partners and the community for their continued trust in us.

Wong Kan Seng
Chairman
February 2021

Deputy Chairman and CEO's Report

"Throughout this tumultuous period, we at UOB have continued in our role to help our customers build their businesses and attain their financial goals and lifestyle needs. We believe in standing right by them to weather the crisis."

2020 was a transformational year. The COVID-19 pandemic, which escalated to a humanitarian crisis and sadly resulted in the loss of many lives, also disrupted industries and businesses. The future never looked as uncertain.

Throughout this tumultuous period, we at UOB have continued in our role to help our customers build their businesses and attain their financial goals and lifestyle needs. We believe in standing right by them to weather the crisis.

COVID-19 response

Working alongside governments, we deployed our strong balance sheet judiciously to support our business and retail customers, providing relief assistance to tide them through unprecedented financial challenges. We were the first bank in Singapore to announce relief measures and extended the highest amount of loans under Enterprise Singapore's schemes for local businesses. We set up restructuring teams to help our customers manage their financial obligations after government reliefs end.

We are appreciative of the efforts of regulators and government bodies across the region in ensuring liquidity in the banking system and implementing much-needed relief programmes for businesses and individuals. These measures have been instrumental in cushioning the economic shock. They also gave us time to work through restructuring solutions with our customers.

Taking care of our customers required that we take care of our people first. Within four weeks, we enabled 80 per cent of our workforce to work from home without compromising the quality of our customer service or our robust risk management and security standards. We implemented safe management measures, staggered work hours, split teams and provided additional care benefits, which included seeing to the mental well-being of our people. Internal surveys showed that 86 per cent of our people felt cared for during the year given the support measures we put in place for them.

We also stepped up our community efforts, including raising more than $2.7 million during the year. The funds raised were used to purchase personal protective gear for frontline workers and needy families as well as to provide disadvantaged children with laptops and online learning resources. Observing safe distancing, we held our annual UOB Heartbeat Run/Walk event and UOB Painting of the Year competition virtually.

Financial performance in 2020

We were not immune to the business impact of COVID-19. Nevertheless, our strong foundation, operational resilience and financial strength saw the Group report total income of $9.18 billion and net profit of $2.91 billion for the financial year ended 31 December 2020. This was 33 per cent lower than the previous year as economies contracted and business activity was curtailed for much of 2020.

Amid improving economic and business activity across the region, our net profit stabilised towards the end of 2020.

Net interest income decreased eight per cent against last year to $6.04 billion, as policy makers reduced interest rates to support economies and market liquidity. Alongside supporting our customers, we proactively reshaped our balance sheet and asset-liability structure, which enabled us to reprice our liabilities nimbly and to deploy excess liquidity more optimally. These activities enabled us to stabilise our net interest margin in the second half of the year amid the low interest rate environment.

Net fee and commission income was two per cent lower at $2 billion, as consumers tightened credit card spending and business activities reduced with movement restrictions and safe distancing measures in place. Wealth management fees and fund management fees both improved. Other non-interest income dropped 20 per cent to $1.14 billion due to lower net trading income on the back of a volatile market in 2020, partially offset by higher gains from investment securities.

Total expenses decreased six per cent to $4.18 billion on the back of the Group's efforts to balance continued strategic investments in technology and people capabilities while reducing discretionary spend. The cost-to-income ratio for the year was 45.6 per cent.

Total allowance increased to $1.55 billion from $435 million a year ago, as the Group pre-emptively set aside additional allowance for non-impaired assets of $916 million to ensure adequate coverage even as the impact of the pandemic on credit was evolving. Allowance for impaired loans increased 45 per cent to $679 million on a few secured corporate accounts. As a percentage of loans, total credit costs increased 39 basis points to 57 basis points, leading to a stronger non-performing asset coverage ratio of 107 per cent. Our books are resilient. Based on our bottom-up analysis of our portfolio, the asset quality impact is manageable as we expect new non-performing loans of around $2 billion in the next 12 to 18 months and have pre-emptively made provisions.

Even within a year when significant support was extended to customers, the Group's liquidity and funding positions remained robust with the fourth quarter's average all-currency liquidity coverage ratio at 139 per cent and net stable funding ratio at 125 per cent, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 85.4 per cent. Leverage ratio of 7.4 per cent was more than two times above the regulatory requirement. As at 31 December 2020, the Group's Common Equity Tier 1 Capital Adequacy Ratio stayed strong at 14.7 per cent and we remain well-placed to support our customers and to seize opportunities for growth.

Deputy Chairman and CEO's Report

In 2020, we also maintained our engagement with investors, which included our frequent bond issuances. Of note, our €1 billion seven-year covered bond was Singapore's first negative-yielding covered bond. It also achieved the tightest seven-year covered bond issuance spread in Asia Pacific since 2018.

We maintained our position as one of the world's strongest banks, with ratings of 'Aa1' from Moody's Investors Service and 'AA-' from S&P Global Ratings and Fitch Ratings. This strength is something we do not take for granted and we are committed to generating sustainable and responsible growth for our stakeholders.

Driving long-term strategic growth

Amid the unprecedented challenges of 2020, we persevered with our customer-focused regional strategy.

Through our well-timed and paced investments, we are positioned to capture the opportunities inherent in the three megatrends that will drive ASEAN's growth for decades:

1. Supporting surging economic flows and increased connectivity between ASEAN and Greater China;
2. Creating wealth and investment solutions for ASEAN's burgeoning middle class; and
3. Riding the digitalisation wave by attracting, serving and enabling customers through our digital platform, omni-channel reach and ecosystem partnerships.

Supporting surging economic flows and increased connectivity

Geopolitical tensions continue to reshape Asia. Global fault lines and the bifurcation of the global economy worsened in 2020, reinforcing the link between ASEAN's future and Greater China's increasing economic influence. China is ASEAN's largest trading partner, accounting for 18 per cent share in 2019, with the US second at 10.5 per cent.

Within ASEAN, UOB has the most extensive regional network among our peers. Our connectivity with Greater China enables us to help clients seize regional opportunities. Last year, we generated more than $1 billion in income from our cross-border business.

Our investments in capabilities such as a dedicated foreign direct investment advisory team enable us to combine deep market knowledge with access to key local connections. Across the region, we have sharpened our Wholesale Banking strategy and sector specialisation capabilities to focus on seven sectors that drive economic flows in our region and on players we think will contribute to sustainable growth.

For example, Vietnam emerged as a favoured manufacturing hub in global supply chains as industries learned the lessons of COVID-19 and sought alternatives amid global trade tensions. We are in a sweet spot as the only Singapore bank in Vietnam to have a subsidiary and we helped the country attract more than $3 billion in foreign direct investment. In 2020, we deepened our in-market capabilities, including expanding our collaboration with the country's Foreign Investment Agency. This collaboration is expected to facilitate another $1.5 billion in investment into key sectors such as sustainable energy, manufacturing, infrastructure, healthcare and technology.

Another growth opportunity is the Greater Bay Area, one of the fastest-growing regions in China and one which counts ASEAN as its biggest trading partner. Given our strong ASEAN network, we are in a good position to help facilitate trade flows between the two regions.

In helping businesses advance responsibly, we intensified our sustainable financing efforts. We were the first bank in Asia to launch a dedicated financing framework focused on the creation of smart cities. The UOB Smart City Sustainable Finance Framework is aligned with the United Nations' (UN) Sustainable Development Goals and is supported through the Monetary Authority of Singapore's Green and Sustainability-Linked Loan Grant Scheme. Our U-Solar programme, now in its second year across ASEAN, continues to help companies and consumers adopt solar power with the aim of driving lower-carbon economies across the region.

Creating wealth and investment solutions

ASEAN has one of the world's fastest-growing consumer bases with 150 million people in its burgeoning middle class. Building on our strong franchise, UOB is well-placed to serve the rising affluent across the region. We give our customers more choice in how and when they bank with us and ensure their experience between online and in-person service is seamless.

We created new ways to serve our customers, such as through digital wealth advisory. Using our Risk-First investment approach and artificial intelligence (AI)-powered investment analytics, our wealth advisers help customers to understand underlying market trends and to focus on risk ahead of potential rewards.

Understanding how investment decisions can influence the future, we integrated environmental, social and governance (ESG) considerations into our full suite of investment solutions, including unit trusts, bonds and structured products across our retail customer segments. This underpins our belief that by steering wealth to sustainable investments, we are creating a better future for generations to come. In 2020, the Bank facilitated close to $300 million in ESG investment product transactions for our wealth customers.

Our investment management subsidiaries, as signatories of the UN-supported Principles for Responsible Investment, also played their part by developing and providing sustainable mutual and private equity funds to investors in Asia and globally.

In our separate Sustainability Report, we give a detailed account of how in the past year we have been forging a sustainable future for the better, for all.

Riding the digitalisation wave

Over the years, we have been enhancing significantly our technology and digital capabilities across various channels, products and services. We have also been strengthening the product, data, integration and security layers of our systems. Riding on our regional infrastructure, our investment in digitalisation is showing results. In progressing our digital transformation, we draw on the insights and expertise of our Technology and Advisory Panel which comprises global leaders in the fields of technology, payment and digital platforms.

Anticipating our customers' digital banking needs

In 2020, we acquired about 200,000 new retail customers via digital channels. They represented 43 per cent of total new customers.

Currently, two-thirds of our customers are using our digital banking services, up eight percentage points from 2019. About half of them are "digital only", with a cost-to-serve that is 30 per cent lower than that of customers using physical channels. The other half are omni-channel customers who use a mix of both digital and physical channels, accessing services conveniently in the manner they prefer. These customers generate on average 50 per cent more revenue than those using only physical channels.

To make payments simpler and for customers to enjoy more benefits when they bank and pay with us, we broadened our digital payments and e-commerce ecosystems with key players such as Grab, Fave and Shopee.

For Indonesia's digital generation, we launched TMRW – ASEAN's first mobile-only digital bank, a year after introducing it in Thailand. Our digital banking capabilities also enable us to scale our retail business across ASEAN, especially for young families and young professionals.

We improved the engagement capabilities of our all-in-one mobile app, UOB Mighty, by tapping the same digital capabilities used by TMRW. Mighty Insights, launched in Singapore and expanded to Malaysia last year, uses advanced data analytics, machine learning and pattern recognition algorithms to determine the best guidance for customers based on their different life stages and lifestyle priorities.

Enhancing our digital capabilities for business customers

For our corporate clients, we launched UOB Infinity, a customisable digital banking solution that makes it easier for them to manage their company's finances at a glance and in real time. To help small- and medium-sized enterprises (SMEs) accelerate the digital transformation of their business, we tapped our partners such as The FinLab, Google, Dropee and Getz and provided assistance to help SMEs through these tough times. We rolled out a new trading platform and also made significant progress on our new trade financing platform that will be implemented in 2021.

All these digital transformation efforts help us drive productivity. Even in a lower interest rate environment, they enable profitable growth.

Growing our own timber

People are our greatest asset. We take our duty of care to them very seriously and focus on their professional and personal fulfillment.

We believe firmly in growing our own timber. We open up opportunities for our people to progress on their chosen career paths, including through leadership development initiatives. We also deepen our talent pool by welcoming specialist skills to help us build our business further and faster.

In 2020, we invested about $20 million in training programmes for our colleagues. Our flagship Better U training and development programme was expanded to include data analytics and project management – two areas essential for future relevance. Our inaugural UOB Regional AI-deathon, a Bank-wide and cross-functional hackathon, combines education and training to promote innovative mindset and to develop AI skills.

We have five centres of excellence (Digital, Technology, Sector Solutions, Product Innovation and Transformation) in Singapore, which we continue to resource through hiring, training and investments.

We have taken a leading position to establish new remote work guidelines for a post-COVID-19 world. Broadly, our people will have the option to work remotely two days a week, dependent on their job scope. They will have more control of their work-life balance while staying connected with their colleagues and the Bank. We are also accelerating our office transformation plans to support our agile work model.

Emerging stronger

Following a year of turmoil, early green shoots of recovery can be seen in 2021, just like the orchid amid the difficult terrain in the cover painting, *United We Stand*.

Resolving the crisis will remain the focus of all governments. Vaccines bring hope to many that the worst is behind us. However, for many economies, recovery will be neither smooth nor swift.

For UOB, we entered the crisis from a position of strength and have proven resilient. Guided by our values of Honour, Enterprise, Unity and Commitment, we will continue to help businesses to advance responsibly, to steer wealth to sustainable investments and to foster social inclusion and environmental well-being.

We will emerge stronger.

As we do, we remain committed to deepening our ASEAN franchise – which gives us the competitive advantage, enabling us to connect our customers to opportunities across the region. We will continue to enhance our digital capabilities so our customers can transform their businesses and participate in the increasingly digital economy. To ensure our colleagues continue to thrive in a future dominated and determined by data and digital services, we will keep investing in their capabilities.

We believe the future of Asia and its people is bright and we stand ready to help our customers and colleagues prosper in the better times ahead.

Acknowledgements

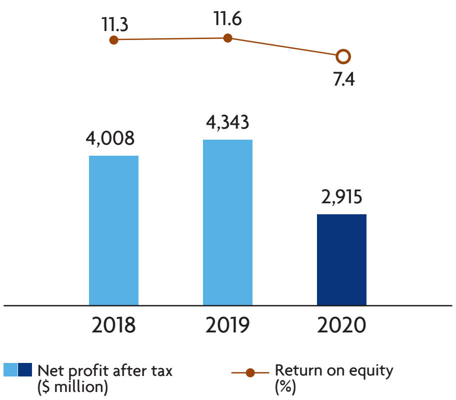
I thank everyone at UOB for all their efforts in 2020. Your commitment and unity in helping our customers and each other in the most trying of times exemplify what is core to UOB. I would also like to thank the Board for its steadfast support and confidence in the management team throughout this year of unprecedented challenges.

Finally, to our loyal customers and shareholders, thank you for your faith in UOB over the last year and for the many years to come.

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer
February 2021

Financial Highlights

Resilient performance with strong balance sheet fundamentals

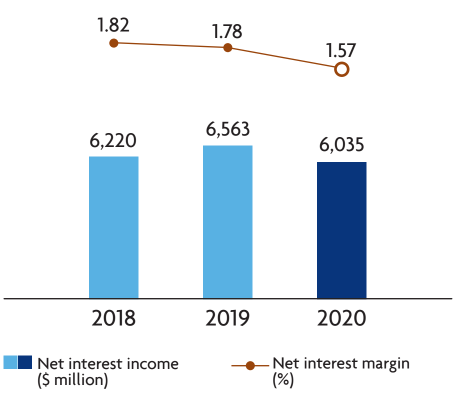


Net Profit After Tax and Return on Equity

UOB Group reported net profit of $2.9 billion, 33% lower than a year ago as economies contracted amid the global pandemic with lower margins from benchmark rate cuts and reduced customer activities. Additional pre-emptive credit allowance of $0.9 billion was set aside during the year to strengthen the balance sheet. Correspondingly, return on equity declined to 7.4% for the year.

Net Profit After Tax
$2.9 billion
- 33%

Return on Equity
7.4%
- 4.2% pt



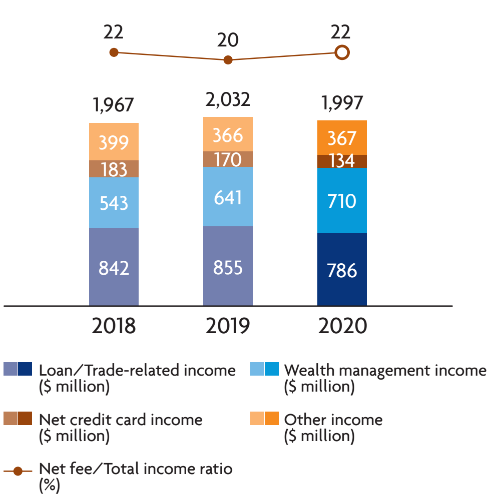
Net Interest Income and Margin

Net interest income decreased 8% against last year to $6.0 billion, as policy makers across regional markets reduced interest rates to support the economy and market liquidity.

Against the backdrop of a lower interest rate environment, net interest margin in 2020 fell 21 basis points to 1.57%, more than offsetting the impact of loan growth.

Net Interest Income
$6.0 billion
- 8%

Net Interest Margin
1.57%
- 0.21% pt



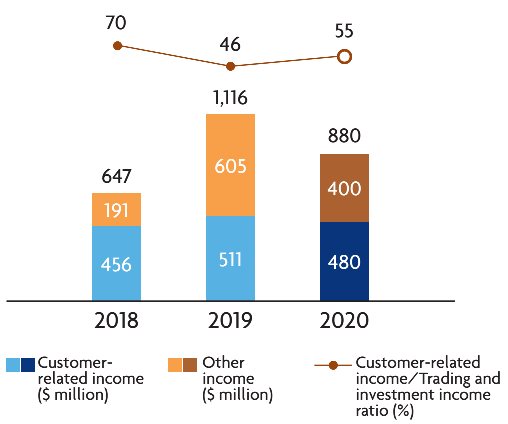
Net Fee and Commission Income

Net fee and commission income was 2% lower at $2.0 billion, as consumers spent less on their credit cards amid the global pandemic with movement restrictions in place. Loan and trade fees similarly contracted as business was affected by lower trade flows and capital commitments.

Wealth management fees increased 11% against last year despite a challenging macro environment as customers continued to place their trust with the Group. This resulted in a 6% year-on-year growth in assets under management.

Fee Income
$2.0 billion
- 2%

Net Fee/Total Income ratio
22%
+ 2% pt



Trading and Investment Income

Trading and investment income decreased 21% to $0.9 billion due to lower net trading income on the back of a volatile market in 2020, while customer-related income remained stable.

Trading and Investment Income

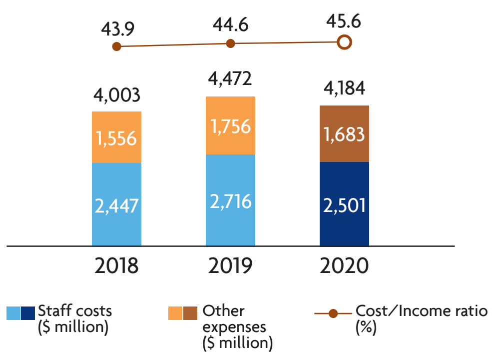
$0.9 billion

- 21%

Customer-related Income/Trading and Investment Income ratio

55%

+ 9% pt



Operating Expenses

Total expenses decreased 6% to $4.2 billion on the back of the Group's efforts to balance continued strategic investments in people and technology while reducing discretionary spend.

The cost-to-income ratio was higher at 45.6% due to the decline in revenue caused by pandemic uncertainties.

Operating Expenses

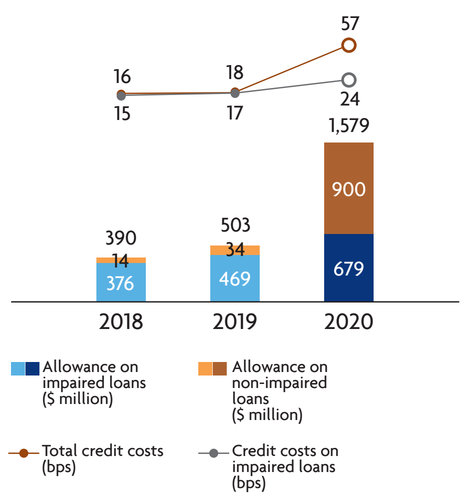
$4.2 billion

- 6%

Cost/Income ratio

45.6%

+ 1.0% pt



Impairment Charge on Loans

Total allowance on loans increased to $1.6 billion from $0.5 billion a year ago, as the Group pre-emptively set aside additional allowance of $0.9 billion for non-impaired loans to ensure adequate coverage as the impact of the pandemic remains uncertain. Total credit costs on loans increased 39 basis points to 57 basis points for the year.

Impairment Charge on Loans

$1.6 billion

› 100%

Total Credit Costs

57bps

+ 39 bps

Financial Highlights

Staying focused on our regional strategy and customer centricity

	Group Retail		Group Wholesale Banking		Global Markets	
Key Growth Drivers	Omni-channel approach	Wealth management franchise	Deep cross-border connectivity	Sector specialisation	Treasury management	Regional trading infrastructure
Focus Areas	Meeting consumer needs in their preferred manner	Capitalising on the wealth potential of the rising middle class	Tapping ASEAN and Greater China business flows	Offering businesses industry insights and sector expertise	Strengthening funding and liquidity management solutions	Enhancing people and system capabilities

Performance

Group Retail	Group Wholesale Banking	Global Markets
$4.1 billion **Total income** ▼5%	$4.1 billion **Total income** ▼1%	$769 million **Total income** ▲29%
$134 billion **Assets under management for wealth management** ▲6%	29% **Cross-border income's** contribution to total income ▲1%	▲68% **ASEAN ex-Singapore income**
▲10% **Deposits,** on the back of strong customer acquisition and deeper customer engagement	▲9% **Loans,** to support customers' operating and growth needs	▲8% **Cross-border customer treasury flow*,** driven by increased connectivity and system capabilities
5.0% **Return on risk-weighted assets**	1.3% **Return on risk-weighted assets**	3.0% **Return on risk-weighted assets**
$2.1 billion **Operating profit** ▼6%	$3.1 billion **Operating profit** ▲1%	$499 million **Operating profit** ▲57%

* Income derived from the treasury flow from Group Retail and Group Wholesale Banking customers is reflected in the income of the respective business segments.

Operating Profit by Business Segment

Group Retail (GR)

Compared with a year ago, operating profit decreased 6% to $2.1 billion. Net interest income declined 7% to $2.8 billion as the strong growth in deposits was negated by margin compression following cuts in benchmark rates. Wealth fees grew 11% amid this challenging environment driven by wealth solutioning provided to customers in the areas of bancassurance and treasury needs. The Group will continue to reinforce our omni-channel approach, complementing digital services with physical engagement to meet customers' needs and to drive growth.

Group Wholesale Banking (GWB)

Operating profit grew 1% to $3.1 billion driven by innovative solutions in cash management, trade services and financing provided to customers. Net interest income increased 2% to $3.0 billion against 2019, supported by loan growth which moderated the impact from margin compression. Non-interest income fell 8% to $1.0 billion, mainly from investment banking, trade and loan-related fees amid disruption to client activities from the pandemic.

Global Markets (GM)

Operating profit rose 57% to $0.5 billion as compared with the previous year driven by a strong trading performance. Total income grew 29% to $0.8 billion, benefitting from wider spreads following the sharp fall in interest rates.

Operating Profit by Geographical Segment

Regional franchise enabling cross-border flows

$ million	FY2020	FY2019	YoY (%)
Singapore	2,592	3,276	(21)
Rest of Southeast Asia	1,302	1,220	7
Malaysia	675	649	4
Thailand	392	405	(3)
Indonesia	211	137	54
Others	24	29	(17)
North Asia	548	556	(1)
Rest of the World	550	506	9
Total	4,992	5,558	(10)

Customer Loans[1]

$281 billion

+ 5%

Singapore	51%
Rest of Southeast Asia	22%
North Asia	17%
Rest of the World	10%

Customer Deposits

$325 billion

+ 4%

Singapore	68%
Rest of Southeast Asia	21%
North Asia	5%
Rest of the World	6%

Singapore

Operating profit fell 21% to $2.6 billion in 2020, with margins declining by 35 basis points to 1.13%, more than offsetting the 3% loan growth.

Rest of Southeast Asia

The Rest of Southeast Asia franchise grew 7% against last year, largely supported by strong growth in Indonesia and Malaysia. Indonesia improved 54% to $0.2 billion in 2020, as the launch of TMRW in Indonesia was well-received and opened an alternative funding source that is cost-efficient. Malaysia increased 4% to $0.7 billion due to higher net interest income on government securities and treasury income. Thailand declined 3% to $0.4 billion due to margin compression and lower fee income being impacted by pandemic uncertainties. In Thailand, TMRW also showed promising results as it onboarded more active customers.

North Asia

North Asia was relatively flat against last year due to a slowdown in Greater China but offset by better performance in South Korea.

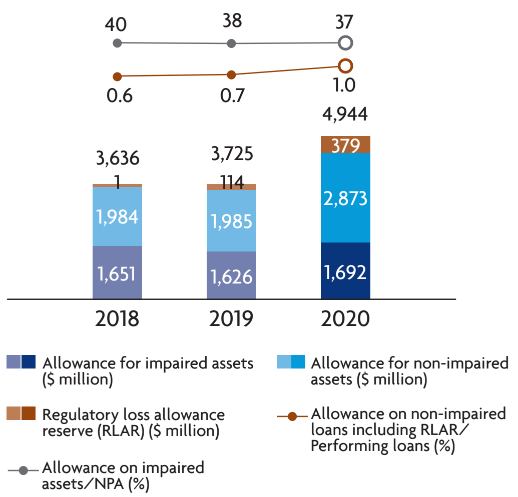
Rest of the World

Operating profit grew 9% to $0.6 billion, driven mainly by growth in the US and Europe markets.

1 Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

Financial Highlights

Maintaining a strong balance sheet to support customers in times of need



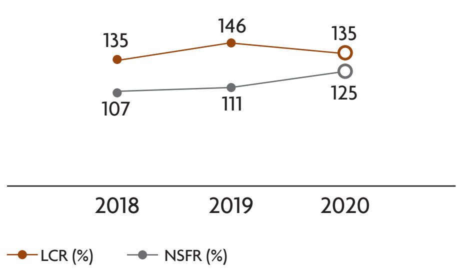
Asset Quality

The Group's overall loan portfolio remained sound. Non-performing loan (NPL) ratio rose to 1.6% as NPL formation was higher in the fourth quarter of 2020 due to several major secured corporate exposures.

Total allowance for non-impaired assets strengthened to $2.9 billion with the coverage for performing loans at 1.0%.

Total Allowance on Assets
$4.6 billion
+ 26%

NPL ratio
1.6%
+ 0.1% pt

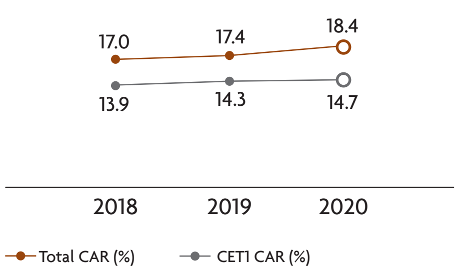


Funding and Liquidity Ratios

The Group's liquidity and funding positions remained robust with the average all-currency liquidity coverage ratio (LCR) at 135% and net stable funding ratio (NSFR) at 125%, well above the minimum regulatory requirements.

LCR
135%
- 11% pt

NSFR
125%
+ 14% pt



Capital Adequacy Ratio (CAR)

As at 31 December 2020, the Group's capital position remained strong with Common Equity Tier 1 (CET1) ratio and Total CAR at 14.7% and 18.4% respectively, well above the Monetary Authority of Singapore's minimum requirement. This will enable the Group to steer through macro uncertainties ahead and to drive growth when market sentiment improves.

CET1 CAR
14.7%
+ 0.4% pt

Total CAR
18.4%
+ 1.0% pt

Investor Highlights
Deepening Investor Engagement

Tapping digital channels for proactive investor engagement amid the COVID-19 pandemic

UOB Deputy Chairman and Chief Executive Officer, Mr Wee Ee Cheong, speaking at UOB's 2020 Annual General Meeting.

UOB Group Chief Financial Officer, Mr Lee Wai Fai, speaking at a virtual meeting with investors hosted by Macquarie.

At UOB, we believe that open, regular and transparent communications are essential to maintaining trust and confidence among our stakeholders in the investment community. Our investment community includes shareholders, institutional and retail investors, shareholder proxy advisory agencies, equity and fixed income analysts and credit rating agencies.

Maintaining open and frequent communications was even more critical in 2020 as the investment community sought assurance on UOB's ability to navigate successfully the economic repercussions arising from the COVID-19 pandemic. We also provided enhanced disclosures to address their areas of interest, such as:

- asset quality of our portfolio as we supported our customers through the crisis;
- progress of how we are reaping the benefits from our digital investments; and
- continued efforts in driving sustainable financing.

To overcome travel restrictions and social distancing measures, in 2020 most of our meetings and overseas roadshows were held virtually. The convenience and accessibility provided by digital meeting tools enabled us to step up investor engagement amid these times of unprecedented uncertainty.

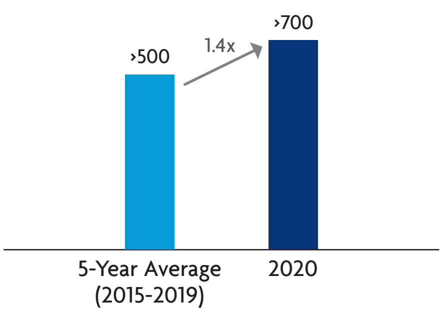
We held more than 700 meetings with analysts and investors to share UOB's corporate strategy, operational performance, asset quality and business outlook. Senior management also proactively engaged the investment community to reassure them of UOB's responsible and prudent approach as a long-term player in the region. In addition, we collaborated with brokers to hold thematic online events, providing asset quality updates and showcasing our various digital and sustainability initiatives.

In 2020, these meetings included:

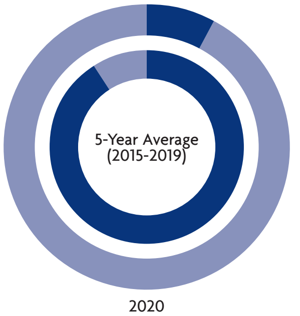
- quarterly results briefings and investor calls;
- investor conferences and meetings with North American, European and Asian institutional investors;
- Securities Investors Association (Singapore) Corporate Connect Webinar with retail investors on Facebook Live;
- calls with credit rating agencies; and
- our annual general meeting.

Investor Highlights
Deepening Investor Engagement

Number of investor meetings



Distribution of investor engagement between face-to-face and virtual meetings



	2020	5-Year Average (2015-2019)
Face-to-face	8%	91%
Virtual	92%	9%

Issuing Singapore's first negative-yielding covered bond with strong investor demand

As the first Singapore bank to bring euro-denominated covered bonds from Singapore to investors in 2016, UOB returned to the market issuing a €1 billion seven-year covered bond in 2020. The offering was the first by a Singapore bank since September 2018 and testament to our continued commitment to our investors.

The transaction achieved the following milestones:

- final order book of more than €2 billion from 85 investors, with a subscription rate of 2.1 times;
- first negative-yielding covered bond from Singapore; and
- tightest seven-year covered bond issuance spread in Asia Pacific since 2018.

"It's the largest order book we've ever seen for a Singaporean covered bond, and it shows that the scarcity and strength of the name really appeals."

"UOB sets Singaporean records with hit covered bond", *IFR Asia*, 25 November 2020

"UOB printed the largest Singaporean euro benchmark covered bond and first from the jurisdiction in over two years..., and bankers said the result reflected strong demand for the rare, non-Eurozone paper and its credit strength."

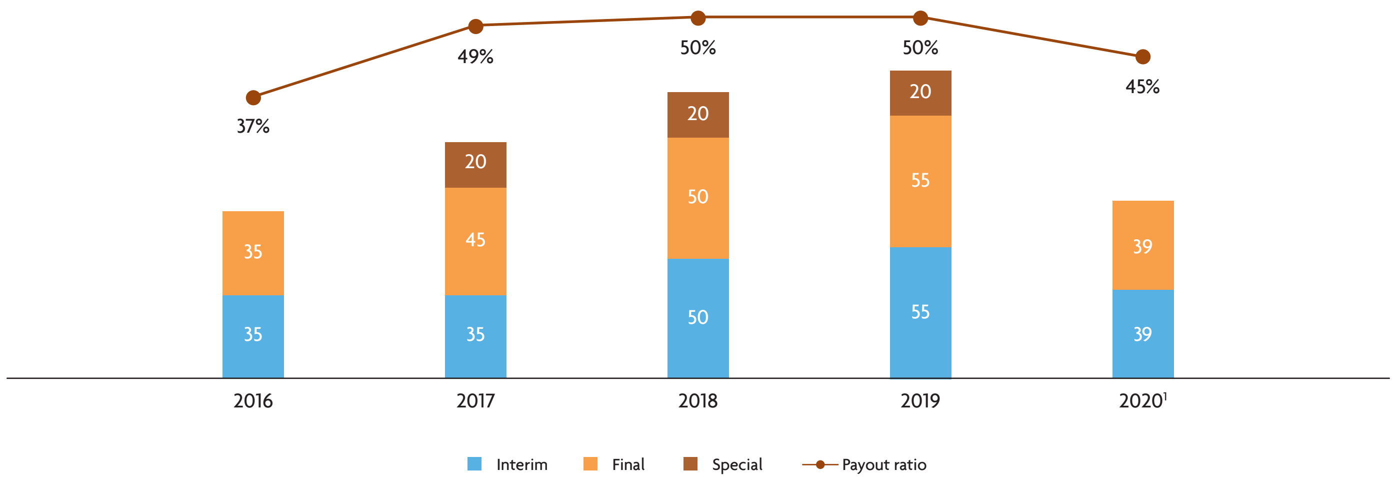
"UOB sets Singapore euro, book highs inside fair value", *The Covered Bond Report*, 25 November 2020

Delivering long-term and sustainable returns

- While operating profit fell year on year, it began to recover in the second half of 2020, mainly due to rising net interest margin as well as fee income rebounding with the gradual resumption of business activities in the region;
- Registered net profit of S$2.9 billion, even after setting aside pre-emptive allowances to fortify our reserves buffer against asset quality risk;
- Balance sheet remained robust, with higher Common Equity Tier 1 ratio of 14.7 per cent and reserve coverage;
- Continued to reward shareholders with dividends, while keeping to the Monetary Authority of Singapore's (MAS) guidance on 2020 dividend cap;
- Total annualised shareholder return of 7.0 per cent from 2016 to 2020, outperforming Singapore's stock market average of 3.5 per cent[1].

1 Sources: UOB, Bloomberg

Dividend per share (cents) and payout ratio (%) for 2016 to 2020



Selected investment metrics

	2016	2017	2018	2019	2020
Share price ($)					
Highest	21.35	26.85	30.37	27.97	**27.00**
Lowest	16.80	20.05	23.80	23.39	**17.28**
Daily average	18.61	23.24	26.91	25.79	**21.43**
Closing	20.40	26.45	24.57	26.41	**22.59**
Market capitalisation ($ billion)[a]	33.37	43.98	40.93	44.06	**37.79**
Price-to-earnings ratio (x)[b]	10.01	11.68	11.50	10.11	**12.68**
Price-to-book ratio (x)[b]	0.99	1.14	1.26	1.16	**0.93**
Net dividend yield (%)[b]	3.76	4.30	4.46	5.04	**3.64**
Total annualised shareholder return from 2016 to 2020 (%)					**7.0**

a The year-end closing share prices are used in computing the market capitalisation.
b The daily-average share prices are used in computing these three ratios.

1 Our dividend was in line with the MAS' call for banks to cap their 2020 dividends at 60 per cent of 2019's dividends.

Investor Highlights
Deepening Investor Engagement

Five-year financial summary

	2016	2017	2018	2019	2020
Selected income statement items ($ million)					
Total income[a]	7,790	8.563	9,116	10,030	9,176
Total expenses[a]	3,425	3,739	4,003	4,472	4,184
Operating profit	4,365	4,824	5,113	5,558	4,992
Net profit after tax[b]	3,096	3,390	4,008	4,343	2,915
Selected balance sheet items ($ billion)					
Gross customer loans	226	236	262	269	281
Customer deposits	255	273	293	311	325
Total assets	340	359	388	404	432
Shareholders' equity[b]	33	37	38	40	41
Financial indicators (%)					
Cost/Income ratio	44.0	43.7	43.9	44.6	45.6
Non-performing loan ratio	1.5	1.8	1.5	1.5	1.6
Return on average ordinary shareholders' equity	10.2	10.2	11.3	11.6	7.4
Return on average total assets	0.95	0.98	1.07	1.08	0.69
Return on average risk-weighted assets	1.51	1.63	1.93	1.90	1.27
Capital adequacy ratios:					
Common Equity Tier 1	13.0	15.1	13.9	14.3	14.7
Tier 1	13.1	16.2	14.9	15.4	15.8
Total	16.2	18.7	17.0	17.4	18.4
Per ordinary share					
Basic earnings ($)	1.86	1.99	2.34	2.55	1.69
Net asset value ($)	18.82	20.37	21.31	22.33	23.03
Net dividend (cents)[c]	70	100	120	130	78

a With effect from 1 January 2018, total income is presented net of fee and commission expense. The earlier comparative figures have been restated to conform with this presentation.
b Relates to the amount attributable to equity holders of the Bank.
c Included a special dividend of 20 cents each in 2017, 2018 and 2019.

Maintaining strong credit ratings

- One of the few highly-rated banks globally with strong investment-grade credit ratings of 'Aa1' by Moody's Investors Service and 'AA-' by both S&P Global Ratings and Fitch Ratings

"UOB's a1 baseline credit assessment is among the highest assigned to banks globally and reflects its very robust credit metrics and conservative risk profile, underpinned by its well-established banking presence in Singapore, Malaysia, Thailand and other markets."

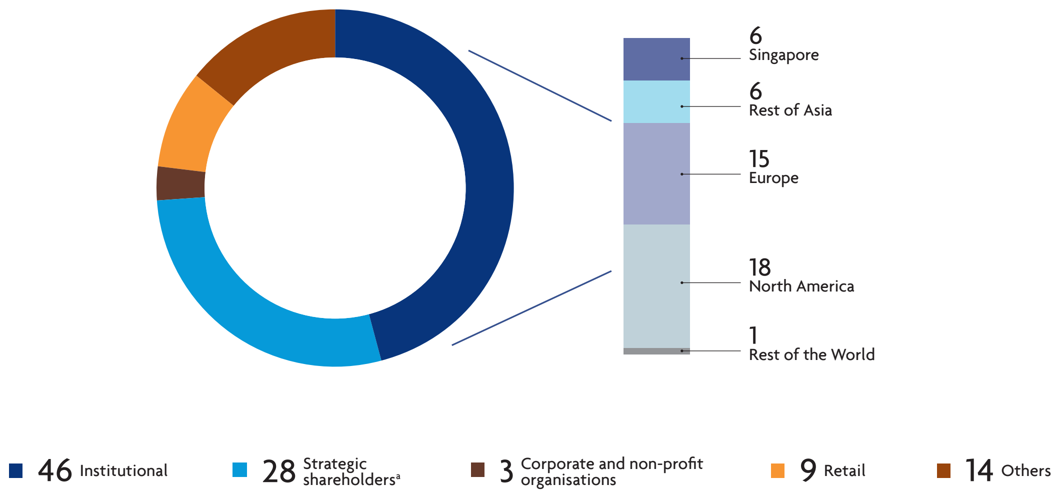
Moody's Investors Service's report dated 14 December 2020

"United Overseas Bank Ltd. is well placed for a rebound in business after weathering difficult operating conditions in 2020. We expect the Singapore-based bank to maintain healthy capital and liquidity positions over the next 18 to 24 months. Its beefing up of provisions will also provide buffer against potentially higher non-performing loans as relief and moratorium measures progressively expire."

S&P Global Ratings' report dated 25 February 2021

Retaining a diversified shareholder base

Shareholders as at 31 December 2020 (%)



a Strategic shareholders include members of the Wee family, including UOB's Chairman Emeritus, Dr Wee Cho Yaw, and Deputy Chairman and CEO, Mr Wee Ee Cheong.

Sources: UOB, NASDAQ OMX

For more information

General information on UOB, such as annual reports, quarterly results and trading updates, recorded webcasts of results briefings, news releases and presentation slides, investor relations calendar of events, dividend payouts, as well as our approach to sustainability are available on our corporate website www.UOBgroup.com.

The corporate website also contains interactive share price charts, historical price data and an investment calculator for our investors to determine their returns and capital gains. All financial results, material news releases, dividends recommended or declared for payment and other ad-hoc announcements are also available on the SGX website.

Or please contact:

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#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360
Website: www.boardroomlimited.com

Award Highlights

Being Recognised for Our Efforts

In 2020, we received more than 200 accolades across the region. Each award recognises our commitment to excellence for our stakeholders' benefit. Here are a few of them.

Leading in banking excellence

The Digital Banker
Best Retail Bank in ASEAN

Euromoney
Asia's Best Bank for SMEs

Asiamoney
Best Domestic Bank (Singapore)

Asiamoney
Best International Bank (Thailand)

Asian Banking & Finance
Domestic Retail Bank of the Year (Singapore)

Asian Banking & Finance
International Retail Bank of the Year (Thailand)

The Asian Banker
Best Retail Bank in Singapore

The Asian Banker
Best SME Bank in Singapore and Asia-Pacific

The Asian Banker
Best Cash Management Bank in Singapore

The Asian Banker
Best Transaction Bank in Singapore

The Asset Triple A Treasury, Trade, SSC and Risk Management Awards 2020

The Asset
Best Transaction Bank (Malaysia)

WealthBriefingAsia
Best Domestic Private Bank (Malaysia)

Powering innovation across Asia

The Digital Banker
Best Bank for Millennials
TMRW

The Digital Banker
Best Digital Bank in Thailand and ASEAN
TMRW

Alpha Southeast Asia
Best Digital Bank in Indonesia
TMRW

World's Best Digital Bank Awards

Global Finance
Best Consumer Digital Bank in Thailand
TMRW

AAM Best of the Best Awards

Asia Asset Management
Fintech Innovation in Asset Management (Singapore)
UOB Asset Management

IDC Digital Transformation Awards 2020

IDC
Talent Accelerator, Singapore and Asia-Pacific

Championing sustainability for the long term

ASEAN Corporate Governance Scorecard

ASEAN Capital Markets Forum

Ranked 2nd among Top Publicly-Listed Companies (Singapore)

Sustainable Banking Assessment

WWF SUSBA

Performs ahead of other ASEAN banks

Women in Finance Ranking

Asiamoney

Ranked 1st in Percentage of Women in the Organisation's Workforce, Women Vice Presidents, Women Graduate Hires

Bloomberg Gender-Equality Index

Awarded for the 2nd year

SGTI

Singapore Governance and Transparency Index (SGTI) 2020

Ranked 10th of 577 Singapore-listed companies (General Category)

FTSE4Good

FTSE4Good Index Series*

Ranked among Top 5 on the FTSE4Good ASEAN 5 Index

The Asset

Platinum Award

The Asset

Best Initiative in Innovation TMRW

Asian Banking & Finance

Financial Inclusion Initiative of the Year (Singapore)

UOB's Risk-First approach and portfolio allocation

The Asian Banker

Best Financial Inclusion Project in Vietnam

Ministry of Energy and Natural Resources Malaysia

Sustainable Energy Financing (Conventional Financing Category) (Malaysia)

The Asset Triple A Country Awards 2020

The Asset

Best Green Loan (Thailand)

THB1,260 million senior secured green term loan facility to Berkeley Energy Symbior Solar Limited

ASEAN Energy Awards 2020

ASEAN Centre for Energy

ASEAN Energy Efficiency and Conservation Best Practices Awards 2020: Large Green Building, Second Runner-Up

UOB Phetkasem Building

Community Chest

Charity Platinum Award and Community Spirit Platinum Award

Distinguished Patron of the Arts

National Arts Council

Distinguished Patron of the Arts Award

* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that UOB has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

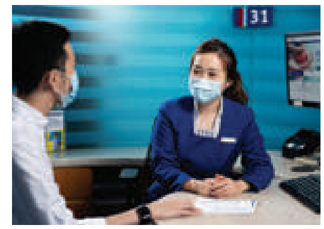
Building and Deepening Long-term Relationships

40 Emerging Stronger Together from COVID-19
42 Providing Customers with Seamless Connectivity Across Our Network
52 Innovating Solutions for Customers' Life Stages and Lifestyles
61 Helping Colleagues Make a Meaningful Difference

Emerging Stronger Together from COVID-19

Supporting Our Customers

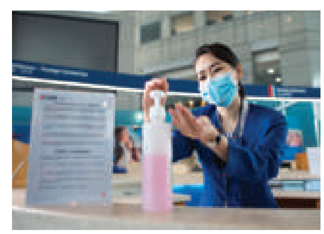
Provided financial support for more than
1.4 million
customer accounts across the region



First bank in Singapore to pledge relief assistance to businesses

Caring for Our Colleagues

Activated remote access for
80%
of our colleagues to work from home within **4 weeks**



Distributed hand sanitisers and more than **1.52 million** masks to colleagues across the Group

Giving Back to Our Community

Contributed more than
$2.7 million
under the **#UnitedForYou COVID-19 Relief Programme**

UOB Heartbeat COVID-19 Relief Fund

Donated **more than 1 million** pieces of personal protective equipment to healthcare workers and vulnerable communities around the world

Established a dedicated **restructuring taskforce** to help customers manage their financial obligations as relief measures taper off

Rolled out precautionary measures at our branches to help ensure a **safe banking environment**

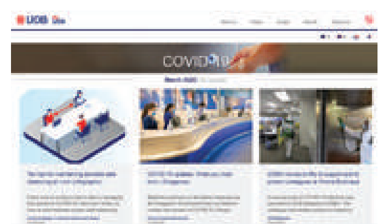
Applied **anti-microbial coating** to high-touch surfaces at all branches and ATMs

Staggered working hours for colleagues to avoid peak-hour commuting

Enhanced employee welfare, including providing

$23 million

in Healthy Employee, Active Lifestyle (HEAL) benefits across mainland China, Malaysia and Singapore



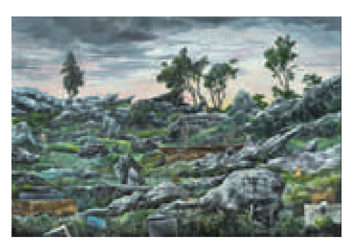
Developed a dedicated site on our intranet, MyUOB, with more than **500** reports on COVID-19 developments and advisories

Distributed food essentials, masks and educational materials to **8,400** disadvantaged families across Asia

Contributed

$250,000

to support migrant workers in Singapore during the COVID-19 pandemic and beyond



Provided more than

$1.65 million

in support of the development of art across Asia

Providing Customers with Seamless Connectivity Across Our Network

UOB has long believed in the fundamental strengths and prospects of ASEAN. As such, we have built a regional franchise to help our customers advance their businesses responsibly as they capitalise on the region's economic potential and favourable demographics. Beyond overcoming the immediate economic impact from the COVID-19 pandemic, ASEAN's long-term development will continue to be driven by the diversification of global supply chains into the region, as well as multilateral collaborations such as the Regional Comprehensive Economic Partnership.

Throughout our established network across ASEAN and Greater China, we help our customers to overcome the challenges of today and to emerge stronger tomorrow. With our unique combination of in-market presence, local insights and expertise, coupled with the partner ecosystems we forge, we help businesses sharpen their capabilities and connect them to opportunities in the region's diversified markets.

Supporting businesses throughout economic cycles

At UOB, we value the relationships that we build and deepen with our customers through economic cycles. Our commitment to being there for our customers when it matters is enabled by our financial strength, stability and long-term risk-focused approach.

Under our global #UnitedForYou COVID-19 Relief Programme, we help alleviate the financial distress many are facing during this difficult period. In 2020, we provided relief support to around 20,000 business customer accounts, particularly those of small- and medium-sized enterprises (SMEs) across ASEAN, to help our clients navigate the challenges arising from COVID-19. We also established a dedicated restructuring taskforce to help our clients better manage their financial obligations as relief measures taper off.

Our support measures also included:

- being the first bank in Singapore to announce a liquidity relief programme for affected businesses;
- working with local governments across the region to offer relief assistance through loan moratoria, loan repayment deferments and extensions of loan tenor; and
- providing additional financial assistance to SMEs through pre-approved, collateral-free loans and government-supported schemes, such as:
  - the Monetary Authority of Singapore's (MAS) Special Financial Relief Programme and Extended Support Scheme;
  - Enterprise Singapore's Temporary Bridging Loan and Working Capital Loan programmes;
  - Bank Negara Malaysia's Special Relief Facility and automatic moratorium programme; and
  - Bank of Thailand's COVID-19 Soft Loan and automatic moratorium programmes.

We actively engaged our clients on the assistance schemes available through outreach events, webinars and one-on-one advisory sessions organised in collaboration with our partners across the region, including:

- the Singapore Chinese Chamber of Commerce and Industry (SCCCI) and SCCCI's SME Centre, Singapore Business Federation, Singapore Manufacturing Federation, Restaurant Association of Singapore and the Institute of Singapore Chartered Accountants;
- the Singapore-Thai Chamber of Commerce, Malaysia-Thai Chamber of Commerce and Taiwan-Thai Chamber of Commerce; and
- the Singapore Business Group in Ho Chi Minh City, Vietnam.

Helping businesses advance responsibly

As a leading bank in Asia, UOB recognises our role in helping to drive the sustainable development of economies, industries and societies. We work with governments and businesses to help channel funding to projects and programmes across the region with the aim of building more sustainable cities and enhancing lives and livelihoods.

As at the end of 2020,
we provided a total of

$11 billion

in sustainable financing, including green loans and sustainability-linked loans, to support our corporate clients in their sustainability efforts.

Launched in 2020, the UOB Smart City Sustainable Finance Framework is the first dedicated financing framework by a bank in Asia to make sustainable financing more accessible to companies contributing to the creation of smart cities.

Companies committed to building sustainable and smart cities can apply for financing without having to develop their own sustainable financing framework which can take time and resources.

The key highlights of the UOB Smart City Sustainable Finance Framework include:

- alignment with the United Nations' (UN) Sustainable Development Goals;
- supported by the MAS;
- Second Party Opinion provided by Carbon Trust, a leading consultancy specialising in climate and environment-related advisory and assurance services; and
- expansion of the UOB Green Infrastructure Financing Framework, which was aimed at providing sustainable financing to companies in the infrastructure sector.

Progressing ASEAN's adoption of solar power through U-Solar

In 2020, we continued to help accelerate the development and use of renewable energy through our U-Solar programme, Asia's first integrated solar industry ecosystem that connects businesses and consumers across the solar power value chain.

Under the programme, we provided a landmark 1.26 billion baht green project finance loan to BECIS-Symbior, one of the leading solar power developers in Asia. It was to fund its portfolio of on-site solar photovoltaic (PV) projects with a total installed capacity of up to 75 megawatt-peak. The deal was the largest portfolio financing in Thailand's commercial and industrial solar sector and also received the Best Green Loan (Thailand) award at *The Asset* Triple A Country Awards 2020.

"BECIS-Symbior's mission is to support our customers on their journey to reduce their environmental footprint and to achieve their sustainability goals while reducing their operating costs. The efficient and unique portfolio financing structure provided by UOB Thailand, combined with BECIS-Symbior's singular expertise in delivering and operating solar PV power plants, enables us to provide the most competitive rates for renewable power to commercial and industrial customers in Thailand. This further cements BECIS-Symbior's leadership in Thailand as a provider of clean energy-as-a-service solutions."

Mr Florian Bennhold
Chief Executive Officer (CEO), BECIS-Symbior

Since its launch in October 2019, the regional U-Solar programme has facilitated the generation of close to

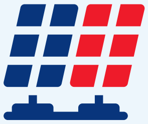
160 gigawatt hours

of solar power across ASEAN, reducing more than

77,200 tonnes

carbon dioxide-equivalent in greenhouse gas (GHG) emissions.

The reduction in GHG emissions is equivalent to having **1.3 million** new tree seedlings growing for 10 years or taking close to **17,000** cars off the road for one year.



Providing Customers with Seamless Connectivity Across Our Network

Our sustainable financing frameworks also include:

- UOB Real Estate Sustainable Finance Framework; and
- UOB Green Circular Economy Framework.

In 2020, our notable sustainable financing deals included:

- a US$200 million sustainability-linked loan to Wilmar International Limited (through its wholly owned subsidiary Wii Pte Ltd) in support of its efforts to promote agricultural sustainability in Asia;
- two sustainability-linked loans of $500 million and $200 million to CapitaLand and CapitaLand Integrated Commercial Trust respectively, as the group continued to strengthen its environmental, social and governance (ESG) standards and to step up its responsible growth;
- a $120 million green loan to The Farrer Park Company, the first such loan to a healthcare facility in Singapore, for the refinancing of Connexion, the country's first integrated healthcare and hospitality complex;
- a $237 million green loan to Park Hotel Group for the refinancing of Grand Park City Hall hotel in Singapore;
- a $1.95 billion green club loan to M+S for the partial refinancing of the office and retail components of Marina One in Singapore;
- a $385.8 million green club loan facility to ARA and Chelsfield for their joint acquisition of 5One Central in Singapore;
- a HK$5.29 billion green club loan to a Gaw Capital Partners-led consortium to support its acquisition of 1111 King's Road in Hong Kong;
- a A$200 million green loan facility to Keppel REIT for its acquisition of Pinnacle Office Park in Sydney, Australia; and
- a NZ$141.4 million green loan to PAG Real Estate for its acquisition of a green commercial building in Auckland, New Zealand.

"Environmental sustainability has been in our DNA since our inception. Our goal to make a positive difference to the environment and society remains unchanged today. Becoming the first healthcare building to receive a green loan underscores our commitment to reduce our carbon footprint and to prove how sustainability can go hand in hand with design, quality and service."

Dr Peng Chung Mien
CEO, The Farrer Park Company

Providing funding and making an impact through private equity investments

In addition to bank financing, we also offer companies access to alternative financing such as private equity investments. Our private equity arm, UOB Venture Management (UOBVM), invests in high-growth, privately-held companies in ASEAN and Greater China through the ASEAN China Investment Funds (ACIF) and the Asia Impact Investment Funds (AIIF).

A signatory of the UN-supported Principles for Responsible Investment, UOBVM incorporates ESG considerations into its investment process to help drive sustainable growth in investee companies.

In 2020, UOBVM:

- launched its second social impact investment fund, AIIF II, raising more than US$60 million at the first close. The impact fund is committed to improving the well-being and livelihoods of low-income communities by investing in companies in sectors such as agriculture, education, healthcare and logistics, or sectors that focus on improving the accessibility of affordable housing, sanitation, clean water and energy;
- invested into TaniHub Group, Indonesia's largest agritech company that connects local farmers to customers on its proprietary digital platform, thereby helping them overcome difficulties such as financing challenges and the lack of market access and sustainable farming techniques; and
- saw two portfolio companies under the ACIF achieve public listings, namely WiMi Hologram Cloud on Nasdaq — the first company to launch a successful initial public offering (IPO) in the United States (US) during the pandemic, and Nanofilm Technologies International, which debuted on the Singapore Exchange as the country's largest IPO (excluding real estate investment trusts (REITs)) in recent years.

"TaniHub is honoured to partner UOBVM in our goal to enable smallholder farmers to gain access to market, capital and knowledge. We understand it is a long, tough journey with many issues to solve, but together with like-minded investors and partners that care for sustainability and social impact, we are confident to make this dream happen."

Mr Pamitra Wineka
President and Co-Founder, TaniHub

Connecting businesses to regional opportunities

ASEAN's position as a key node in industry value chains was enhanced in 2020 as businesses grappled with geopolitical tensions and COVID-19 disrupted supply chains. The region benefitted as companies began diversifying their supply chains into countries such as Indonesia, Malaysia, Thailand and Vietnam – often using Singapore as a springboard, while maintaining presence in key markets within Greater China.

Through our entrenched network presence in these markets, UOB is placed strategically to support businesses as they capitalise on opportunities along the regional trade corridors between Greater China and ASEAN and within ASEAN.

Since 2011, our Foreign Direct Investment Advisory team has supported more than

3,500

companies in their cross-border expansion across Asia, facilitating

$244 billion

in business flows across the region.

Forging strategic alliances to facilitate regional expansion

To help businesses expand regionally, we have been building and deepening strategic collaborations with trade and industry bodies across Asia. Such alliances enable us to combine our banking expertise and local market understanding with on-the-ground support as we continue to assist more companies in seeking and seizing cross-border business opportunities.

In 2020, we strengthened our collaborations through Memoranda of Understanding (MOU) with the Malaysian Investment Development Authority (MIDA) and Vietnam's Foreign Investment Agency to promote more foreign direct investment (FDI) inflows to high-growth sectors, such as:

- **renewable energy**
- **consumer technology**
- **healthcare**
- **manufacturing**
- **medical devices**
- **infrastructure**

"The collaboration between MIDA and UOB Malaysia complements our goal to invigorate an effective investment environment in the country. We are excited to have UOB Malaysia on board with us in promoting Malaysia's business competitiveness and accelerating economic growth... We trust that this partnership will result in attracting more quality investments for the country."

Mr Arham Abdul Rahman
Deputy CEO I, MIDA

"Vietnam's economic strength and stability continue to make it a top FDI destination... Many enterprises are also looking to invest and to expand deeper into Vietnam, encouraged by our advanced manufacturing capabilities and technological innovations... Through the expanded MOU with UOB, we believe more enterprises will be able to ride on Vietnam's growth and tap opportunities across the entire country. The MOU also signifies our strong and longstanding collaboration with UOB to drive more FDI into Vietnam."

Mr Tran Duy Dong
Deputy Minister of Planning and Investment, Vietnam

Providing Customers with Seamless Connectivity Across Our Network

Helping SMEs tap market opportunities in China

We are the exclusive financial services partner to OneSME, a digital one-stop hub that connects an ecosystem of buyers, sellers, financiers and digital solution providers, enabling them to transact securely and seamlessly. Through the portal, SMEs in Singapore can tap market opportunities arising from the burgeoning digital economy in China.

Through OneSME, SMEs can access our holistic suite of banking solutions including collections and payments, trade financing, foreign exchange and working capital solutions, as well as digital solutions such as UOB BizSmart. UOB BizSmart is an integrated suite of cloud-based digital solutions to help SMEs manage everyday operational and financial processes.

OneSME was led jointly by Singapore's Infocomm Media Development Authority under the Singapore-China (Shenzhen) Smart City Initiative.

Deepening digital capabilities for greater connectivity

In 2020, we also enhanced our digital banking services, including:

- launching UOB Infinity, which offers a comprehensive suite of features to help our corporate clients manage their cash and trade transactions online more effectively;
- implementing the API Portal and Sandbox and offering more application programming interface (API) capabilities to enable near real-time banking services for our clients;
- expanding the use of SWIFT gpi in our regional markets, including Indonesia and Malaysia, to enable our clients to track incoming telegraphic transfers and outgoing payments more efficiently; and
- rolling out UOB VANPlus, a mobile app in Indonesia that enables clients to use the virtual account service for payment collections, reducing the time taken from three days to just one day.

Meeting companies' financial needs through progressive solutions

To ensure that we meet the domestic and international financial needs of our corporate clients, in 2020 we continued to deepen our people and service capabilities across our network. For example, through our Group Wholesale Banking Academy, more than 1,000 colleagues across our client coverage and product teams have expanded their industry and product knowledge and technical skillsets.

"The UOB team has proven to be a trusted partner along our PhillipCapital digitalisation journey within the region. Leveraging PayNow Corporate in Singapore, as well as the adoption of API credit notification in Singapore and Thailand, we have enhanced our clients' trading experience, providing them with an additional payment option and facilitating quicker confirmation and execution of their trades. In addition, this solution is a key enabler in strengthening our productivity, through reduced costs and improved processes for our collections and reconciliation... We look forward to continuing this partnership in the years to come."

Mr Luke Lim,
Managing Director, PhillipCapital Group

With a strong regional, diversified franchise and deep sectoral expertise, we achieved

$1.2 billion

in cross-border income in 2020.

Transforming the digital banking experience through UOB Infinity

UOB Infinity, which was rolled out in Singapore in 2020, enables our corporate clients to manage their banking needs in a simpler, smarter and more personalised manner.

UOB Infinity offers:

- biometric login with a soft token on the mobile app, which enables faster access as well as simple and secure transaction authorisation;
- a customisable dashboard for our clients to prioritise the information and key functions they prefer;
- graphical, real-time displays of the company's financial information;
- access to different UOB accounts across various markets via a single login;
- near real-time tracking of payments which helps to improve transparency and certainty especially for payments across borders;
- generation of Quick Response (QR) codes so that our clients can request for payment via PayNow Corporate from their buyers easily; and
- setting of specific approvers for transaction approvals directly on the mobile app.

UOB Infinity will be rolled out across our regional markets progressively.

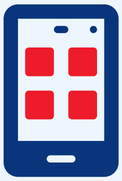
In Singapore,

80%

of our corporate clients signed up for UOB Infinity within

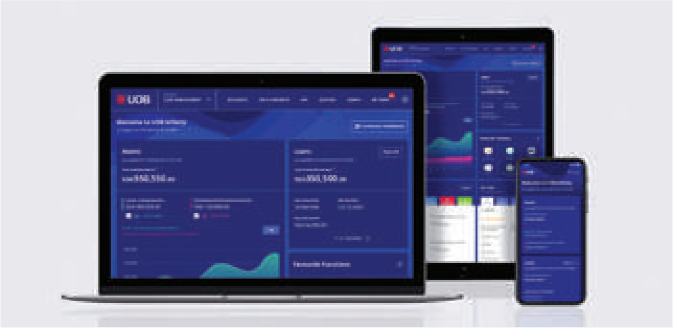
4

months of launch.



"I found the dashboard very useful as it provides me with an overview of my balances and transaction status across different accounts. The ability to customise the dashboard also makes it more convenient for me as I can opt to have an overview of my outstanding tasks and thereby act on them promptly."

Ms Vivien Tan
CEO, TeleRadio Engineering Private Limited



Addressing companies' liquidity needs

Given the operational challenges arising from COVID-19, in 2020 many businesses faced financial difficulties including cash flow pressures. Financial solutions such as value chain financing and trade financing were some of the ways that companies accessed much-needed funding. To support their domestic and regional operating and liquidity requirements, we also offer cash management solutions and financial supply chain management (FSCM) programmes that comprise end-to-end working capital management solutions and comprehensive trade facilities.

In 2020, we saw more than

30%

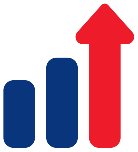
increase in the number of clients taking up our FSCM programmes and

40%

more suppliers and distributors benefitting from working capital and trade financing, which led to a

16%

year-on-year increase in our FSCM revenue.



Providing Customers with Seamless Connectivity Across Our Network

Connecting the dots with value chain financing

UOB's value chain financing solution supports construction firms in obtaining loans by assessing the building project and the various parties that are involved in the project, including the main contractor and project owner. By connecting the value chain, we draw insights from the collaboration and the track records of all the parties to assess holistically each firm's financing needs and eligibility. We can then provide the sub-contractors and suppliers, including those that previously may have been ineligible for bank loans, with essential financing support.

In 2020, the number of construction firms that secured value chain financing was

200%

more than 2019.

"... we were very grateful when UOB went the extra mile to understand the project, our track record and relationship with the project owner, instead of just focusing on our balance sheet. UOB's unique approach in offering loans under the value chain financing solution has enabled me to benefit from the Bank's close relationship with and strong understanding of the project owner, which not only helped in securing the loan but also made the application a hassle-free process."

Mr Sunny Sng
Managing Director, Exclusive Design Construction

Driving efficiency in trade and trade financing

As Singapore continues to strengthen its position as a global trade, supply chain and trade financing hub, its Networked Trade Platform (NTP) is providing businesses a one-stop interface that will enable them to interact with partners, stakeholders and regulators on trade-related transactions. As one of the participating banks, we are helping our clients to tap the NTP for increased productivity and greater competitiveness, and to uncover new business opportunities.

In 2020, under the NTP, we:

- adopted the multi-bank Trade Financing Online Application Portal (TFAP), through which our clients can submit their trade finance applications at any time of the day. Our clients can also view and receive real-time status updates on their applications and request for financing digitally;
- participated in Singapore Customs' electronic banker's guarantee (eBG) programme, in conjunction with the adoption of TFAP, so that with our clients' consent, we can issue and send digitally an eBG directly to the Singapore Customs. As there is no more need for a paper-based banker's guarantee, the submission and transit time is reduced to almost zero, greatly improving the efficiency of the process.

"We successfully submitted our first eBG via UOB's business internet banking service. It was a swift and seamless process, thanks to UOB who guided us in understanding the eBG issuance process and using the e-service every step of the way. From the one week typically needed to lodge a banker's guarantee with the Singapore Customs, it now takes just two days. The eBG Programme is efficient and its launch is also very timely as we no longer need to handle paper documents amid remote working arrangements."

Mr Tony Ng,
Managing Director, Con-Lash Supplies Pte Ltd

"UOB's Asia footprint and comprehensive cash management and trade solutions make them an ideal partner for us as we continue to pursue our growth initiatives in the region. By selecting UOB as our banking partner, we benefit from a harmonised banking infrastructure that enables us to achieve a consolidated view and management of our banking services across our key markets. This makes it easier for us to navigate the diverse and sometimes complex operating environments."

Sany Group Treasury

Serving companies' cross-border RMB needs

Despite the disruptions to business caused by the pandemic, ASEAN and China remained close trade partners. In 2020, ASEAN became China's largest trading partner, while for 12 consecutive years China has been the economic bloc's top trading partner. Many Chinese enterprises, including our corporate clients, continued to build their regional procurement, logistics and distribution centres in ASEAN to enable more flexibility and diversification to their supply chains. In managing their cross-border business, our clients are increasingly using Renminbi (RMB) for their trade settlements, financing and loans.

Our cross-border RMB solutions and capabilities include:

- customised cross-border RMB cash sweeping and centralised management solutions;
- comprehensive suite of cross-border RMB exchange and trade financing solutions;
- connecting companies to China's Cross-Border Interbank Payment System to make cross-border RMB payments to recipients in major ASEAN markets; and
- optimising cross-border RMB capital movements within our network so as to address our clients' needs quickly and effectively.

Riding on China's ongoing financial sector liberalisation, we were among the first foreign banks to be a member of the Cross-border RMB Trade Finance Trading Platform. This is an online system created by the Shanghai Commercial Paper Exchange to facilitate cross-border RMB trade finance assets transactions among financial institutions more efficiently and transparently. This enables our clients:

- to access an efficient source of financing;
- to benefit from improved liquidity; and
- to increase their cross-border trade transactions.

In 2020, our cross-border RMB settlements increased

12%

year on year.

Supporting funding and investment needs

To meet their financial requirements, in 2020 our corporate clients continued to seek diverse sources of funding. To this end, we provided them with a wide range of loan facilities, comprehensive corporate finance advisory and strong capital markets support.

In 2020, we:

- extended Singapore's first dual tranche loan facility referencing the Singapore Overnight Rate Average (SORA) and the Secured Overnight Financing Rate (SOFR) to CapitaLand;
- led Singapore's largest REIT IPO, United Hampshire US REIT;
- led nine of the 15 largest Singapore dollar bond issuances, representing our extensive coverage of landmark corporate issuers across industries;
- led a $165 million senior debt refinancing club deal for 800 Super Holdings Limited and became its core principal banker, providing a wide range of financial solutions; and
- advised and financed seven merger and acquisition transactions in Singapore's public market, including the successful privatisation of Breadtalk Group Limited and Perennial Real Estate Holdings Limited.

Beyond Singapore, we:

- led jointly a RM250 million medium term notes issuance for Mercedes-Benz Services Malaysia Sdn Bhd;
- acted as exclusive merger and acquisition adviser and financier to Thailand's Stark Corporation PCL's acquisition of two Vietnamese companies, namely Thinh Phat Cabes JSC and DongViet Non-Ferrous Metal and Plastic JSC. The deal was the largest inbound private sector industrial transaction in Vietnam since 2018;
- acted as sole coordinator and led PT Bank Rakyat Indonesia's US$1 billion syndicated term loan facility, its largest-ever borrowing in the syndicated loans market;
- acted as sole coordinator and led Vietnam's Techcombank's inaugural US$500 million three-year syndicated loan facility;
- acted as joint underwriter and led the A$1.5 billion syndicated financing for Scape's acquisition of a purpose-built student accommodation portfolio of 18 properties across Australia; and
- extended a US$150 million loan facility to Mirae Asset Global Investments to refinance their Fairmont San Francisco Hotel in the US.

Providing Customers with Seamless Connectivity Across Our Network

In maintaining our focus on supporting our clients' fundraising needs, in 2020, we were ranked among the top three on Bloomberg's Singapore Borrower Loans – Bookrunner and Mandated Lead Arranger as well as Singapore Dollar Bonds Manager league tables.

In 2020, we also completed our global implementation roadmap of an end-to-end trading and risk management system for treasury and investment products across multiple asset classes. Currently available in our key ASEAN markets, Greater China, Australia, United Kingdom and US, the system enhances our operational and trading capabilities, as well as boosts our efficiencies in market and credit risk management for the benefit of our clients.

We also announced that we will establish in Singapore an electronic foreign exchange pricing and trading engine, which will act as a hub to serve our clients across ASEAN and our global network. The new engine will:

- take advantage of reduced latency via co-location connectivity to improve price discovery;
- enhance our pricing capability; and
- enable our clients to tap available market liquidity with greater efficiency.

Facilitating SMEs' next stage of growth

Our experience and local presence give us first-hand understanding of what it takes to build a sustainable business in Asia. We are committed to supporting our clients throughout economic cycles and across generations and to helping them fulfil their growth aspirations.

Recognising that working capital is key to SMEs' operations and growth, in 2020 we continued to broaden our range of financial solutions to meet their needs. For example, we launched commercial property loan packages referencing the three-month compounded SORA to offer SMEs transparency, certainty and flexibility in their loan repayments.

During the year, we also made financing more accessible to SMEs via our data analytics-powered credit underwriting engine, which determines creditworthiness by applying analytics to new pools of data such as e-commerce sales records. This enables us to process loan applications with greater speed and accuracy, resulting in a faster turnaround for our SME customers.

Our initiatives during the year included:

- expanding our UOB BizMerchant programme from Vietnam to Singapore and Thailand. Through our tie-ups with ecosystem partners, Lazada, Qoo10, Shopee and Sendo, we offered more than $10 million in collateral-free loans to close to 900 SMEs; and
- launching an API-enabled loan application programme for SME retailers on Qoo10 in Singapore that enables them to apply for financing directly from the e-commerce platform and in turn to seize opportunities as they arise.

"After receiving the capital from UOB BizMerchant, our online sales revenue increased dramatically. The loan has been used to boost inventory storage and to improve order fulfillment with a wide variety of products to our customers. The advantages of this unsecured loan are reasonable interest rates, quick loan application process and professional support from UOB employees. Online sellers should consider applying for the UOB BizMerchant loan for business development and sales growth in the Industry 4.0 era."

Mr Huynh Nhat Nam,
CEO, NK Oil Export Investment Trading Company Limited

"UOB BizMerchant's application process is so convenient. It did not take that long to get a loan after applying on Lazada Seller Centre. I also did not need to provide hardcopy documents that are typically required for other credit products. The approved loan limit was what I expected and the funding definitely helped me add more inventory for my mega sales campaign."

Mr Kittiphan Khunupakarn
Owner, K.P. Cartridge Co. Ltd.

Accelerating SMEs' digital transformation

COVID-19 accelerated the need for businesses to embrace and to speed up their digitalisation in order to stay viable as people stayed home and cities locked down. Companies had to find a way to continue operating by enabling their employees to work remotely from home and to sell their products and services online.

To help our corporate clients, especially SMEs, tap technology for their digital transformation, we worked with our ecosystem partners to roll out a series of initiatives and programmes in 2020. These included:

- launching The FinLab Online, a digital learning platform by our innovation accelerator, to help SMEs and start-ups across ASEAN develop digitalisation strategies and adopt solutions to address immediate business challenges in areas such as e-commerce, marketing, human resources, administration and customer relationship management;
- equipping SME employees in Singapore with digital skills through workshops and on-the-job training, as well as providing technology implementation support, through the SME Digital Reboot pilot programme. The programme was developed and organised by The FinLab, together with NTUC Learning Hub, NTUC U SME and Ngee Ann Polytechnic;
- expanding the SME Leadership Academy's capacity, in collaboration with Google, to help more SMEs in Singapore's retail, travel and food and beverage (F&B) industries use digital solutions to manage their business effectively and to prepare for recovery. SMEs also learnt about the financial assistance available for them to tide over the difficult period. More than 1,300 SME business leaders attended the programme during the year;
- helping retail SMEs tap digital solutions offered by our partner, Synagie, to sell their products across multiple online e-commerce platforms in ASEAN;
- collaborating with F&B digital solutions providers, Getz and StoreHub, to help F&B SMEs in Singapore and Malaysia expand customer reach through online storefronts, increase operational efficiency through digital food ordering systems, complete with digital, contactless payment capabilities, and lower costs of food delivery services;
- rolling out UOBxDropee to help retailers and wholesalers in Malaysia, who are using Dropee's business-to-business e-commerce solution, access our suite of financial solutions such as cash management, trade finance and fee waivers for real-time gross settlement systems on our business internet banking platform, UOB BIBPlus; and
- partnering SourceCode, a technology solutions provider in Thailand, to help SMEs in the hospitality and property rental sectors digitalise their facility and billing management. The SMEs can also use QR code payments for their guests and tenants, which will in turn facilitate their collections process.

Driving SMEs' long-term success

For many SMEs, long-term strategies and succession planning are integral to building and maintaining businesses that last for generations.

To support business leaders and their successors in this regard, in 2020 we:

- launched the Enterprise Leadership Transformation Programme with Enterprise Singapore and Singapore Management University (SMU) to help business leaders develop growth plans, such as driving organisational change, boosting talent management, opening new market opportunities and going digital. Eligible companies can qualify for up to 90 per cent of funding of programme fees from Enterprise Singapore and SkillsFuture Singapore. We are the only local bank offering the access to the executive learning programme, which was attended by sixty business leaders during the year; and

"It is heartening to note that UOB is working with partners – Enterprise Singapore and SMU – to offer value-adding courses, such as the Enterprise Leadership Transformation Programme that deep-dives into how companies can manage human resources better and improve productivity. Such courses are helpful and informative for enterprises such as Grandeur and provide a good platform for networking as well. I look forward to more of such courses from UOB."

Mr Choong Zhen Mao
Executive Director, Grandeur

- led a delegation of next generation business leader clients from Singapore and Thailand to the OurCrowd Global Investor Summit, for the second year running. They learned more about the latest technology developments in areas such as virtual reality, medical diagnostic devices and consumer products. The activity was part of The Business Circle, our initiative to prepare the next generation of business leaders to take over their families' firms. At the summit, our clients explored investment and collaboration opportunities to take their business to the next stage of growth.

Innovating Solutions for Customers' Life Stages and Lifestyles

At UOB, we focus on establishing and deepening relationships with our customers throughout their lives. We stay attuned to their needs, adapting to the ever-changing environment and providing them with the right progressive solutions to help them achieve their financial goals.

Technology's influence on lifestyles and habits is growing, especially among ASEAN's young and digitally-savvy population. Further, the COVID-19 pandemic and the need for safe management measures accelerated the pace of digitalisation and widened its impact on everyday lives. As we meld the online and offline worlds seamlessly, creating and offering distinctive banking solutions through our omni-channel touchpoints, we ensure that we do so in a manner that best suits each customer. We also help increasingly affluent consumers to safeguard and to grow their wealth, so that the successes they achieve are carried into the future. Through it all, we are guided by our values which ensure we manage our customers' assets as if they were our own.

Being there for our customers when it matters

UOB's heritage and values define and drive our customer-centric approach, guiding us to act in the best interests of our customers. We stand by our customers in good times and bad, caring for their financial well-being and offering assistance in times of need.

The COVID-19 pandemic has had a far-reaching impact on lives and livelihoods. In 2020, under our global #UnitedForYou COVID-19 Relief Programme, we helped alleviate the financial pressures of 1.4 million individual customer accounts through various ways.

Our assistance measures included:

- deferment of principal and/or interest repayments for mortgages, personal loans, car loans and credit card bills;
- lower minimum payments, interest rates and late payment fees for credit cards bills;
- conversion of outstanding unsecured loan balances to new loans with long tenors or with reduced effective interest rates under the Monetary Authority of Singapore's (MAS) Special Financial Relief Programme;
- reduced instalment plans for property loans under the MAS' Extended Support Scheme;
- extension of loan tenors under the debt consolidation programmes in Singapore and Thailand, whereby the loans will not be reflected as restructured in the consumers' credit reports;
- waiver of minimum balance fees and returned GIRO fees for deposit accounts in Singapore;
- helping Singaporeans encash their Solidarity Payment cheques at designated UOB branches and community centres;
- not compounding interest on loans and mortgages, as part of Bank Negara Malaysia's automatic moratorium programme;
- waiver of fees when withdrawing cash using other banks' automated teller machines (ATMs) in Malaysia so as to encourage our customers to stay at home or to move only within areas close to their homes during the Movement Control Order period; and
- complimentary income and life insurance coverage for customers in Thailand who contracted COVID-19.

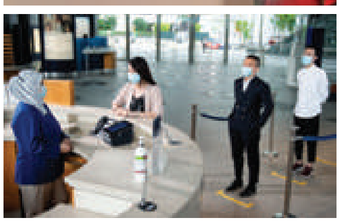
In caring for the safety and well-being of our customers, we encouraged them to visit our branches only for essential banking services that could not be conducted either through our digital services, phone banking or self-service banking machines.

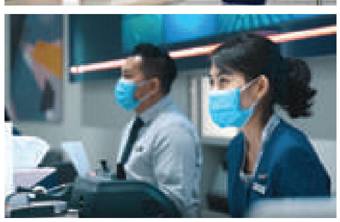
For customers visiting our branches, we put in place precautionary and preventive measures to ensure a safe environment. These measures included:

- temperature screening for all colleagues and visitors;
- ensuring all colleagues and visitors wear masks and adhere to safe distancing;
- increasing the frequency of cleaning;
- applying a commercial grade self-disinfecting, anti-microbial coating that kills germs and bacteria at high-touch areas including counters and ATMs;
- enabling contact tracing, such as through the use of SafeEntry in Singapore; and
- dedicating the first hour of banking operations to serving the elderly and customers who have disabilities or who are pregnant.

In Singapore, we also rolled out an online branch appointment portal to make it more convenient for our customers to visit our branches. The portal enables our customers:

- to find out about expected crowd levels at the branch they wish to visit through our Branch Crowd Status feature, which uses machine learning to monitor and to predict branch traffic trends;
- to make appointments before visiting the branch so that they can plan their trips in advance and minimise waiting time; and
- to obtain a queue number for the branch they wish to visit, from the comfort of their homes or wherever they may be.





Going the extra mile

A customer in Thailand visited the UOB Surawong branch in Bangkok to ask for a deferment on her home mortgage. However, the primary borrower of this home loan was in Singapore and unable to travel to Thailand to submit his loan application due to COVID-19 travel restrictions. Branch officer, Ms Ranida Kwankijsophon, liaised with various teams within the Bank to help the customer and obtained the required signed documents from the customer to process the application successfully.

"I appreciate how K.Ranida helped me through the mortgage deferment application every step of the way. She kept the number of international calls to Singapore to a minimum so we did not waste money on that and she also managed to send the document to me quickly for my signature. The entire process was completed easily."

UOB customer

Engaging our customers through our omni-channel approach

During the pandemic, we remained steadfast in serving our customers in the manner they prefer, whether in person or online. Our omni-channel approach gives our customers access to a global network that includes:

- close to 500 branches, including wealth and privilege banking centres, private bank suites, business and commercial banking centres, and offices across 19 markets;
- more than 1.4 million ATMs, including contactless and shared ATMs, and cash machines that support self-service banking transactions such as withdrawals, note and coin deposits and funds transfers;
- mobile banking apps, such as UOB Mighty, and internet banking channels that enable our customers to bank anytime and anywhere; and
- TMRW, our mobile-only digital bank for ASEAN's digital generation.

In addition to using ATMs, our customers in Singapore can also withdraw cash at any outlet of four major retailers – 7-Eleven, Sheng Siong Supermarket, Hao Mart and U Stars – through our UOB Cash Out initiative.

Transforming our branches for better experience

With more everyday transactions being conducted digitally, our customers increasingly visit our branches for advisory services and wealth conversations. Since 2018, we have been transforming our branches to meet their changing needs, applying design thinking and reconfiguring layouts to enhance the customer experience.

In 2020, we:

- brought our high street wealth banking branches to Singapore's residential areas such as Ang Mo Kio, Choa Chu Kang and Paya Lebar, so that our emerging affluent customers can enjoy the convenience of obtaining wealth advisory services closer to where they live;
- transformed three branches in Malaysia to wealth banking branches with private spaces dedicated to serving our customers' wealth management needs;
- optimised our branch network in Indonesia to meet increasing customer demand for services such as financial planning and advisory; and
- redesigned branches in Thailand for the specific needs of young professionals and young families. More than two-thirds of the branch space is dedicated to providing financial advisory.

Innovating Solutions for Customers' Life Stages and Lifestyles

Creating spaces for hanging out with UOB

Co-designing and co-creating spaces with students is one way we encourage learning, innovation and entrepreneurship.

Hangout@UOB at Singapore Polytechnic (SP)

- Collaboration with lecturers and students in the design, launch and day-to-day management of the branch;
- Innovative branch where students can learn more about banking solutions available to them from their peers interning at the branch, before applying online for the solutions they need; and
- Dedicated space that meets the preferences of the digitally-savvy students for offline and online engagement.

"Hangout@UOB was unlike any class assignment which the students had done. The project provided a very authentic learning experience for students to apply what they have learnt in the classroom to a real project. Students were able to build a branch from the ground up and were given the opportunity to co-manage Hangout@UOB with UOB staff."

Ms Tan Yen Yen
Director of School of Business, SP

Hangout@UOB at Ngee Ann Polytechnic (NP)

- Housed within AGILE (Accelerating Growth in Innovation, Learning and Entrepreneurship), a campus incubator to nurture entrepreneurs;
- Community space that encourages students to learn and to discover new business ideas, and helps start-ups to grow their businesses;
- Features a campus café run by students for them to gain hands-on experience; and
- Co-managed by student interns under the supervision and mentorship of UOB employees.

"By leveraging UOB's financial technology (FinTech) expertise and financial services, our incubatees will have more direct access to financing resources and consultations, which will enable them to scale more quickly. At the same time, we hope that the space will encourage FinTech innovation and complement our efforts in seeding entrepreneurial ideas among our youths."

Mr Clarence Ti
Principal, NP

Photo was taken before COVID-19

Safeguarding our customers' interests

Our branches continue to play a critical role in serving our customers' banking needs and in safeguarding their interests, especially against the criminal minded. In 2020, our initiatives to help prevent scams included:

- training our branch colleagues to heighten their awareness on potential fraud cases; and
- a Scam Education Toolkit in Malaysia to share with our customers the latest information on real-life scam cases, common modus operandi and tips on how to react when approached by potential scammers.

In Singapore, our branch colleagues were recognised by the Singapore Police Force for our efforts to stop financial crime. Our Fraud and Authorisation team was also commended by the Commercial Affairs Department in recognition of our round-the-clock assistance in contact tracing when the COVID-19 contagion was spreading in the community.

Providing progressive digital solutions that are simpler, swifter and safer

Given movement restrictions as part of safe distancing measures in 2020, more customers turned to our digital banking channels for their everyday needs.

16%
increase in total banking transactions.

97%
of all transactions* are digital.
*include ATM transactions

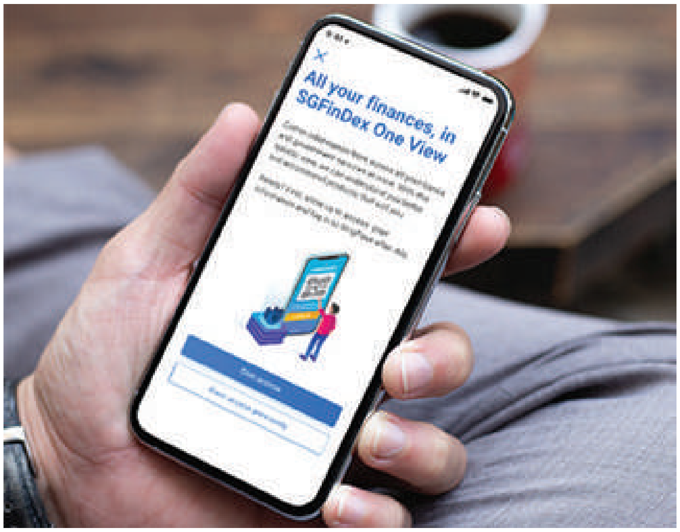
More than
2 in 5
new customers opened banking accounts digitally.

2 in 3
customers use digital or multiple banking touchpoints.

In 2020, the MAS and the Smart Nation and Digital Government Group rolled out the SGFinDex (Singapore Financial Data Exchange), which consolidates data from banks and government agencies so that individuals can view on a single app all of their personal financial information such as:

- deposits;
- credit cards;
- loans; and
- investments.

As one of the participating banks, UOB enables our customers to obtain their financial snapshot through our UOB Mighty mobile banking app quickly and conveniently for better financial planning.



Innovating Solutions for Customers' Life Stages and Lifestyles

Making UOB Mighty mightier for our customers

In 2020, we continued to enhance our award-winning mobile banking app, UOB Mighty, which combines banking services, contactless payments and rewards in a single app.

In 2020, we:

- teamed up with Visa to become the first bank in the world to tap a new Visa application programming interface (API). It enables our customers in Singapore to add their Visa credit and debit cards securely to popular apps, such as Fitbit Pay, with more apps including Fave, Grab and Shopee in the pipeline, using UOB Mighty. No physical card is needed. This means purchases on their card can be made without keying in their 16-digit card number, expiry date and card security code manually.
- launched SimpleInsure for our customers in Singapore to apply for cancer coverage insurance plans within UOB Mighty easily – just a few clicks and a simple health declaration rather than a full medical check; and
- expanded Mighty Insights, an industry-first artificial intelligence (AI)-based digital banking service, from Singapore to Malaysia. Through the use of advanced data analytics, machine learning and pattern recognition algorithms, we provide our customers hyperpersonalised insights into their savings and expenses to help them improve their financial decisions.

In 2020, there were more than
1 million
active users of UOB Mighty,
13% higher than the year before.

Growth in our customers' active usage of UOB Mighty in 2020

12% 15% 42%

Processed an average of more than
2.7 million
financial transactions a month on UOB Mighty in Singapore, **67%** more than 2019.

Served more than
40 million
personalised AI-driven Mighty Insights in Singapore.

"Helps me to decide where to put my money"

"Useful to know more about money-saving promotions"

"Good tips on saving money"

"Fits my motivations"

"Relevant to my interests"

Tapping technology to provide wealth advisory effectively

At UOB, we build our comprehensive suite of wealth management and investment solutions taking our Risk-First approach. This means we help our customers safeguard their assets and build sustainable income streams before they take on more risk through tactical investments.

Amid the market volatility arising from the impact of the pandemic in 2020, our wealth advisers proactively engaged our customers to review their investment portfolios. Given the restrictions on face-to-face meetings, our wealth advisers tapped technology such as our proprietary Portal Advisory Tools. They are a purpose-built digital investment advisory platform that draws on historical market data to simulate the expected performance of an investment portfolio, including funds, insurance and bonds, against various economic scenarios.

More than
85%
of our wealth customers have benefitted from more insightful conversations with their advisers through the use of our digital Portal Advisory Tools.

In addition, in 2020 we held webinars to share market and investment insights with our affluent and high-net-worth clients, demonstrating our strong expertise and commitment to helping them grow and preserve their wealth.

Nurturing our customers' next generation

We build relationships to last. To this end, we work with reputable, quality education service providers in the region to extend our support of our customers to their next generation by opening doors to future opportunities.

In 2020, our efforts included:

- working with John Robert Powers Vietnam to hold a webinar focused on helping our customers' children build self-esteem and confidence;
- teaming up with the Singapore Institute of Management (SIM) to organise an Open Day in Ho Chi Minh City, Vietnam to share comprehensive information on overseas study, from available scholarships and bursaries, visa procedures to career prospects;

- providing a 'Multiple Intelligence' online profiling tool, in collaboration with SIM, to help our customers in Vietnam identify and appreciate their children's different capabilities;
- running a series of educational and development programmes in China, including 'Junior Bankers', 'Future Leaders' and the 'Elite Youths', for our customers' children aged six and above; and
- hosting a Headmasters' Talk Series, during which principals from well-known educational institutions in Shanghai and Beijing, China shared their respective admission policies and application procedures with our customers and their children. Education experts were also present to give insights into the benefits of overseas study.

For our Private Bank clients, we organised a special session with Professor Kishore Mahbubani, a veteran diplomat and the former President of the United Nations (UN) Security Council. He shared his views on geopolitical developments and their implications on ASEAN markets. In 2020, our dedication to serving our Private Bank clients' needs enabled us to achieve strong growth in our assets under management, particularly for our discretionary portfolio management services.

Steering customers' wealth to sustainable investments

At UOB, we drive growth sustainably by working with like-minded partners in designing and offering solutions that enable customers to support environmental and social responsibility through their investments.

Aligned to our Risk-First approach is our integration of environmental, social and governance (ESG) considerations into our full suite of investment solutions, including unit trusts, bonds and structured products, for our consumer customers in Singapore. In 2020, we:

- developed a structured due diligence framework for the selection of solution providers to ensure the partners demonstrate commitment to addressing ESG risks and opportunities; and
- set requirements for solution providers to have operationalised ESG policies and processes in place and/or to adopt or to align to globally-recognised standards, such as the UN-supported Principles for Responsible Investment (PRI), Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) or CDP; and
- expanded for our wealth customers our range of ESG-products to include unit trusts such as the United Sustainable Credit Income Fund and the Allianz Global Sustainability Fund, green bonds from the Bloomberg MSCI Green Bond Index and structured products based on three key themes, namely healthcare, technology and the European Green Deal.

In 2020, we facilitated close to

$300 million

in ESG-focused product transactions.

Innovating Solutions for Customers' Life Stages and Lifestyles

Offering fund investment solutions that make a difference

Through UOB Asset Management (UOBAM), we offer a full suite of fund investment solutions across asset classes.

Sustainable investments

As a signatory of the UN-supported PRI, in 2020 UOBAM continued to deepen our sustainability efforts to help investors make a positive difference through their investments.

UOBAM's initiatives during the year included:

- launching the Sustainability Academy to train our UOBAM colleagues across the region in sustainable investing;
- integrating ESG considerations into our investment process for all asset classes in Singapore and progressively in our other markets;
- tapping AI and machine learning technologies to enhance our ESG research and evaluation of the securities in which we invest;
- rolling out an Active Ownership Policy to facilitate the engagement with investee companies, as well as to guide escalation strategies and the proxy voting process. Coupled with UOBAM's proprietary sustainable investing framework, we can be more effective in identifying and capturing the right opportunities to invest for profit and purpose; and
- developing and offering sustainable funds, such as the United Sustainable Credit Income Fund and United Sustainable Asia Top 50 Fund in Singapore, as well as the United Equity Sustainable Global Fund and United Sustainable Equity Solution Fund in Thailand.

Accessible investments

In promoting financial inclusion, in 2020 we launched UOBAM Invest, a robo-advisory mobile app that makes investing simpler, smarter and safer for individual investors in Singapore.

Through the UOBAM Invest mobile app, individual investors can:

- start investing with just $1;
- access personalised, dynamic investment portfolios, built from exchange-traded funds across asset classes including money markets instruments, government bonds, investment-grade corporate bonds, high-yield bonds and equities, based on their risk profile, aggregate financial goals and investment horizon; and
- build up their investments over time or enjoy the flexibility of withdrawing their funds at any point in time.

UOBAM also signed a Memorandum of Understanding with Singtel to offer a customised version of UOBAM Invest to consumers through Singtel's Dash mobile wallet.

During the year, UOBAM also collaborated with FinTech companies to distribute our fund solutions to more consumers across the region.

GrabInvest Endowus

With 17 new funds across Asia, UOBAM had

$35.6 billion

in assets under management as at the end of 2020.

Helping consumers save and spend wisely

Amid the uncertainties arising from the pandemic, it was even more critical for consumers to be making prudent financial decisions. In 2020, we continued to strengthen our product offering in deposits, card and payment solutions and loans to help our customers save and spend wisely.

During the year, we:

- launched the UOB Lady's Savings Account in Singapore and Malaysia, through a tie-up with Prudential, to offer the only financial solution in the market that combines a savings account with complimentary medical insurance/takaful coverage for six female-related cancers;
- enhanced the benefits for our flagship UOB One Card, including offering our customers up to 10 per cent cash rebates for purchases made on Shopee's online marketplace and at Dairy Farm Singapore's stores such as Cold Storage, Giant, Guardian and 7-Eleven;

- expanded our reward points programme, UNI$, in Singapore by tapping APIs, so that our customers can offset their utility bills from SP Group using their UNI$, or redeem their reward points instantly on Singapore Airlines' KrisPay mobile app;
- upgraded UOB Line Connect on Thailand's most popular messaging app, LINE, so that our customers can easily apply for new cards or personal loans in addition to making balance and transaction enquiries;
- extended our online travel marketplace, The Travel Insider, from Singapore to Indonesia, Malaysia and Thailand and sharpened our focus on local travel tips, lifestyle experiences and deals given the travel restrictions. Our efforts also helped to encourage domestic tourism in support of local businesses affected by the pandemic;
- continued to work with our ecosystem partners in property, car dealerships, utilities and transportation to integrate banking into our customers' lifestyles; and
- launched home loan packages referencing the three-month compounded Singapore Overnight Rate Average (SORA) to offer consumers transparency, certainty and flexibility in their loan repayments.

Innovating Solutions for Customers' Life Stages and Lifestyles

Engaging ASEAN's digital generation

Our award-winning, mobile-only digital bank, TMRW, is designed and built for ASEAN's digital generation. TMRW aims to make banking simpler, more transparent and more engaging for the region's digitally-savvy consumers who prefer to bank on their mobile phones, anywhere and anytime.

Following our successful roll-out of TMRW in Thailand, in 2020, we launched our digital bank in Indonesia, home to a large base of young and mobile-first consumers.

In Indonesia, TMRW offers:

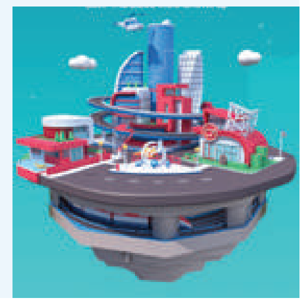
- Tia (TMRW Intelligent Assistant), an AI-enabled, 24-hour chatbot, that converses in Bahasa Indonesia and English, helping customers complete their account opening and addressing their queries promptly;
- fully-digital opening of a deposit account in under seven minutes;
- fully-digital application and approval for a deposit and credit card bundle within nine minutes;
- credit applications that only take 15 minutes, powered by an AI-driven credit assessment engine; and
- full payment functionalities through debit and credit cards, frictionless fund transfers and Quick Response (QR) code payments that tap the QR Code Indonesia Standard.

Offering a unique TMRW experience

Simple
- Digital, fast and secure account opening process; and
- Intuitive user interface.

Transparent
- Easy to understand and no banking jargon.

Engaging
- Gamification to encourage savings through City of TMRW;
- Personalised insights cards on alerts, reminders and financial tips; and
- Real-time expense tracking for wiser saving and spending.



In 2020, more than
200,000
accounts were opened.

Close to
5 million
personalised insights cards were generated.

25%
of customers are highly-active TMRW users.

Market-leading net promoter scores of
+40 and **+51**
in Thailand and Indonesia respectively.

Helping Colleagues Make a Meaningful Difference

Our values of Honour, Enterprise, Unity and Commitment are expressed in our care for the professional growth and personal fulfilment of our colleagues across the organisation. We focus on growing our own timber and providing colleagues with technical skills training and career development opportunities to keep them current in our fast-changing industry. Having the right mindset and customer-centric approach are just as important to ensuring our colleagues always do what is right for our stakeholders. To foster a high-performing organisation, we are committed to looking after the well-being of our colleagues because we believe people give their best when they are supported, happy and healthy.

Caring for our colleagues during the COVID-19 pandemic

With the COVID-19 outbreak turning more threatening in January 2020, we activated our Business Continuity Management (BCM) teams across our markets. They provided guidance to ensure our people could protect themselves, their loved ones, our customers and others in the community. The BCM team also made sure the government requirements on safe distancing were implemented swiftly while keeping essential banking services available to customers. The team remains in action at the time of publication of this report.

Setting up remote system access for the safety of our colleagues

To ensure the well-being of our colleagues, our Group Technology and Operations (GTO) and Group Governance, Risk and Compliance teams moved quickly to enable colleagues to work safely remotely. They upgraded our remote access technology infrastructure within a few days and strengthened our remote work security and risk management protocols.

Through their efforts, 80 per cent of colleagues across our network were accessing the Bank's systems remotely within four weeks. This was a 157 per cent increase in the number of colleagues with remote access compared with January 2020.

To bridge the physical distance among colleagues and to enable them to continue connecting with one another, we encouraged the use of online collaboration tools such as Microsoft Teams, Skype for Business, Yammer and the Bank's intranet, MyUOB.

"Taking care of our customers meant we had to take care of our people first. The tremendous efforts of our GTO team, as well as the BCM teams across the region, enabled 80 per cent of us within four weeks to work from home for 100 per cent of the time. They have ensured our people, systems and offices remained safe and secure. There were also our colleagues in critical roles who had to be in the office – serving our customers, keeping our systems operational and online, making sure our branch services were available and ensuring our physical safety. Thank you all for your dedication and commitment."

Mr Wee Ee Cheong
Deputy Chairman and Chief Executive Officer (CEO), UOB

"In the midst of an unprecedented crisis, our teams across the entire Bank – and at all levels from CEO and the Management Executive Committee to the working levels – came together with a shared mission to support colleagues and customers. I am immensely proud of the abilities our teams demonstrated to provide solutions rapidly for colleagues to work from home and to increase our service channels to support customers in challenging work environments. I am honoured to have been a part of these efforts with all our teams across the UOB family."

Mr Richard Maloney
Head of Business Management and Shared Services, Group Wholesale Banking
Group Recovery Director and Chairman of the BCM Task Force

Reinforcing solidarity through personal stories on MyUOB

Our senior leaders led the way in helping others cope through this tough period. They regularly shared their perspectives and guidance through stories we ran on MyUOB. The Home Remedies story series showed how senior leaders across our network struck a balance between their personal and professional lives while working from home; how they stay connected with their teams across remote locations through the use of digital tools; and how they stayed physically and mentally fit during the lockdowns.

Helping Colleagues Make a Meaningful Difference

Keeping colleagues in the office safe

While most of our colleagues were able to work remotely during the COVID-19 pandemic, there were also colleagues in critical roles who had to be in the office – serving our customers, keeping our systems secure and operational and making sure our branch services were available.

Keeping our colleagues safe became the priority for our Corporate Real Estate Services (CRES) teams, who put in place proactive and precautionary measures in line with local authority guidelines:

- Providing more than 1.52 million masks to colleagues across the Group;
- Conducting temperature screening at all UOB premises;
- Providing more than 6,000 bottles of hand sanitisers at our premises and antiseptic soap in restrooms;
- Increasing the frequency of cleaning of our premises, branches and automated teller machines (ATMs);
- Applying anti-microbial coating on high-touch surfaces in our branches, on our ATMS and in our lifts at our premises; and
- Ensuring the placement of social distancing markers across offices for colleagues to maintain a safe distance of one metre apart from one another.

Supporting colleagues with wellness benefits

To extend more personal help to our colleagues during the COVID-19 pandemic, we provided:

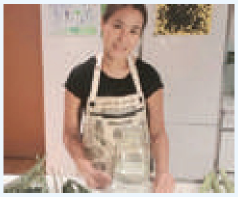
- **mental resilience training courses** on LinkedIn Learning to help colleagues cope with any distress arising from COVID-19;
- **mental health hotlines** manned by counsellors and psychologists for colleagues in mainland China, Malaysia and Singapore; and
- **expanded claims categories under our Healthy Employees, Active Lifestyles (HEAL) programme** for colleagues in Malaysia and Singapore. Colleagues in Malaysia could use their HEAL dollars for COVID-19 expenses such as the purchase of hand sanitisers and face masks. In Singapore, they were allowed to use their HEAL dollars to buy any item or service meant for their well-being, such as groceries and utility bills. In 2020, our colleagues in both countries received $22 million worth of HEAL benefits.
- **shortened work hours and staggered work hours** in Singapore so colleagues who were working in their offices could avoid peak-hour travel;
- **an extra day of leave** in Singapore for colleagues to attend to personal matters during the COVID-19 pandemic. We also increased the number of annual and tenure leave days that they could carry over into 2021 as COVID-19 had impacted colleagues' work responsibilities and leave plans; and
- **financial support during the Circuit Breaker period** in Singapore. Transport fares were reimbursed for colleagues who had to work in the office while those working from home were given a one-time payment. In total, our colleagues received more than $725,000 in financial support.

Besides these additional COVID-19 support measures, our range of ongoing staff benefits includes family care leave, staff loans and life and accident insurance. We also partnered our merchants to offer our colleagues exclusive lifestyle and wellness promotions through our Staff Deals section on MyUOB.

Staying active at home

With more colleagues working from home due to COVID-19 restrictions, in 2020 we developed a Stay United, Stay Active video series on MyUOB to share wellness and lifestyle activities for all to try in the comfort of their homes.

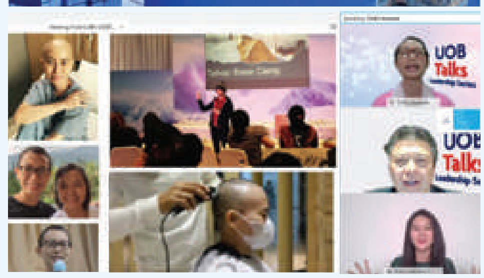
Colleagues from Malaysia, Singapore and Thailand contributed instructional video clips on activities including yoga, cardiovascular exercises, baking and floral arrangements.



Leading from the front on mental resilience in Indonesia

In Indonesia, since 2019 we have been conducting a series of personal development seminars called UOBTalks which is hosted by business leaders including the Country CEO. In this series, internal and external speakers share their knowledge on topics such as leadership, communication and productivity.

In 2020, we held four virtual sessions of UOBTalks, one of which was themed 'Are we born to be mindful and resilient?'. It was aimed at encouraging our colleagues in Indonesia to stay strong as they grappled with the impact of the virus on their lives and loved ones. At this session, we invited a psychologist to provide mental wellness tips such as practising meditation and managing physical discomfort arising from emotional distress. Mrs Evilin Kumala Warangian, Head of UOB Indonesia's Talent and Development team and a breast cancer survivor, also shared how she had overcome the toughest time in her life by adopting a positive mindset. More than 800 colleagues in Indonesia attended this session and all surveyed found the content very useful, clear and relevant.



"Life is like the passing of day and night; it is beyond our control. What we can control is how we see, think and react to what life brings us. When night comes, do we see it as darkness or as an opportunity to enjoy the beauty of starlight? This pandemic is like the night phase. We can see it as darkness or as an opportunity to develop our adaptability and to learn new things to upgrade ourselves."

Mrs Evilin Kumala Warangian,
Talent and Development Head, Human Resources, UOB Indonesia

"The erratic situation caused by the pandemic makes our hearts and minds uneasy and I found the UOBTalks session on mindfulness and resilience very helpful in helping me deal with changes. By practising mindfulness and gratefulness, we can soldier through challenging situations calmly with less stress and impact on our health."

Mr Batara Dwiwanto
Training and People Development Manager, Business Banking, UOB Indonesia

Securing face masks in Singapore for our colleagues and their loved ones

The start of the COVID-19 pandemic saw a surge in worldwide demand for face masks. Stock was so low that anyone who could find masks for sale had to pay sky-high prices for the basic healthcare item.

However, in Singapore, Group Human Resources was able to secure a box of 50 masks for each colleague after tapping its wide network of contacts for supplies. These masks were in addition to the face masks distributed by CRES to our colleagues for their operational needs throughout the year.

Helping Colleagues Make a Meaningful Difference

Preparing colleagues for the future of work

In 2020, we conducted a six-month Group-wide review of work patterns, workspaces and workforce technology as part of our ongoing workplace transformation efforts. We also conducted a survey to understand how our colleagues were coping with the impact of the COVID-19 pandemic. With our findings, we developed our Group-wide Remote Work Guidelines to define new ways of working at UOB. Under these guidelines we will:

- focus on the long-term mental well-being of our people while taking into consideration their job requirements and local regulatory requirements and infrastructure readiness; and
- give the majority of our 26,000-strong workforce the choice to work remotely two days a week once COVID-19 restrictions are lifted. We believe this will enable colleagues to maintain a sense of connection with one another and the company and to achieve optimal performance.

The guidelines will be implemented in each market over time, as local COVID-19 restrictions are eased.

"We believe that the future of the workplace is a hybrid one where employees choose how to manage their work commitments based on the space and place they can be most effective. Working from home during COVID-19 has been instructive due to the speed and intensity of the change but we must look beyond the present and define a future of work that is more sustainable...

"This hybrid approach will require some adjustments and we are committed to providing our people with the required resources and support during the transitionary period. Through our Remote Work options, we aim to strike the right balance between providing eligible colleagues with flexibility to manage their work-life priorities and preserving the enterprise, collaboration and camaraderie of our UOB culture."

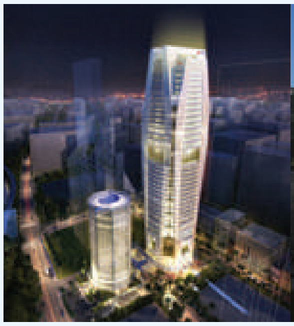
Mr Dean Tong
Head of Group Human Resources, UOB

Transforming our workspaces for high performance

To transform our offices into high-performance workspaces that promote collaboration and more agile team-based work, our CRES team has adopted three approaches for our workspaces across all our markets:

1. Safety and control
    - Putting in place COVID-19 safe management measures including increased cleaning frequency of common areas and high-touch areas;
2. Mobile and connected work environment
    - Using technology to help colleagues communicate and collaborate with one another;
    - Creating office spaces that can be used for different activities by individuals or groups of colleagues;
3. Smart building technology
    - Sustainability features such as the use of energy-efficient fixtures and equipment, as well as heat-reducing elements;
    - Adopting operational technologies to control critical building parameters to ensure they remain at desirable levels; and
    - Assessing data from the buildings' operating systems to understand colleagues' office usage patterns and to improve user experience.

These approaches are applied to our head office transformation and relocation projects in Malaysia and Thailand; the new buildings in Kuala Lumpur and Bangkok, as reflected in the artists' impressions below, are expected to be completed in 2022.



Building a high-performing and risk-focused team

Fundamental to our risk culture is balancing opportunity with responsibility for the present and the future. We help our colleagues broaden their perspectives so they are able to make considered decisions for the long-term good of our customers, our communities and the environment.

Our approach to managing risks

We encourage awareness, understanding and responsible behaviour at UOB to reinforce our values-based, risk-aware and risk-focused culture. UOB's distinctive and prudent approach to growing our business over many decades puts us in good stead to manage the impact from a prolonged COVID-19 pandemic.

"If we stay true to our philosophy of putting our customers at the centre of all that we do and let our decisions be guided by our time-tested values and strong risk culture, we can and will overcome the current crisis, just as we have done over the past eight decades."

Mr Wee Ee Cheong
Deputy Chairman and CEO, UOB

"There is no rule book that covers every new situation... We need to be guided by the Bank's strategic purpose as our true north... We will also continue to be guided by our time-tested values and strong risk culture as our moral compass."

Mr Chan Kok Seong
Group Chief Risk Officer and
Head of Group Governance, Risk and Compliance, UOB

In 2020, the steps we took to continue strengthening our risk-first approach included:

- working with senior executives from the business lines and the risk, compliance and audit functions to enhance the efficiency of the Bank's Three Lines Model;
- launching a Speak Up initiative to encourage the creation of a psychologically safe environment at work where colleagues feel secure in highlighting issues to their line managers or through available channels for action and resolution;
- increasing awareness of risk culture and speaking up across the Group through dedicated sites on MyUOB to share our senior management's views on these topics as well as internal best practices and external case studies; and
- promoting risk culture in town halls and training sessions conducted by business and support units.

Driving values-based performance

UOB's performance management framework sets the structure that encourages a high-performance culture. Our meritocratic and values-based approach rewards performance and supports career development.

Each individual's progress is measured and assessed through our performance management process called PEAK which stands for Plan, Engage, Appraise and Keep Track. In 2020, we enhanced our PEAK process with Performance and Development Councils (PDCs) and a 360° feedback initiative to include across the Group colleagues who are Vice Presidents and above. The PDCs, which already covered the Managing and Executive Director levels, ensure greater transparency in assessing our people's performance and accountability on each colleague's development plans.

In 2020, our enhanced performance management resulted in:

- an increase in the total number of colleagues under the PDC framework from 4,400 colleagues in 2019 to 8,000 colleagues; and
- an increase in the total number of colleagues who received their UOB360 feedback report from 1,500 colleagues in 2019 to more than 3,000 colleagues.

Helping Colleagues Make a Meaningful Difference

Our commitment to maintaining an inclusive workplace

At UOB, we are committed to ensuring equal opportunity for all on the basis of merit and to foster a values-based and inclusive workplace that reflects fairness, care and respect of our people.

In January 2021, UOB was recognised by Bloomberg in its Gender-Equality Index (GEI) as one of Singapore's best inclusive workplaces. This is the third consecutive year that UOB has received the accolade and we are one of only six Singapore firms in this year's Bloomberg GEI.

The Bloomberg GEI recognises public companies worldwide that demonstrate commitment to advancing an inclusive workplace through their policies, workforce representation and transparency in gender-related practices.

Across the Group as at the end of 2020:

- women comprised 61.3 per cent of UOB's workforce, up from 60.9 per cent in 2019;
- women represented 35 per cent of senior management and 52 per cent of middle management; and
- women accounted for 60 per cent of the promotions earned.

"Embracing diversity enables us to question the status quo, to challenge ourselves to do better and to push the boundaries to create simpler, safer and smarter banking services and solutions for our customers. An inclusive workplace starts with a people-first mentality – it is about finding ways to keep every colleague feeling happy, healthy and assured to deliver their best at work daily."

Mr Dean Tong,
Head of Group Human Resources, UOB

Upholding our customer commitments

Across the organisation, we commit ourselves to fulfilling our customers' expectations in a manner that is distinctive to UOB. Our Group-wide campaign called the UOB Customer Commitments Awards (CCA) acknowledges our role models in this regard and reminds us of our responsibility to our customers, even if we are not in customer-facing roles. It also inspires us all to keep raising the standard of our values-based service.

Our values of Honour, Enterprise, Unity and Commitment correspond with each of our four customer commitments:

- Treat you fairly;
- Provide you with the right solution;
- Know you personally; and
- Be there when it matters.

In 2020, we received 9,411 entries for the biennial CCA awards from colleagues across the Group. Many of these entries reflect our colleagues' service and risk management mindset when serving our customers during these trying times.

Caring for the professional growth of our colleagues

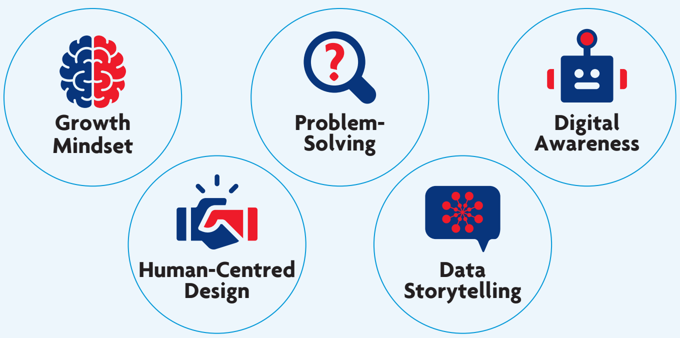
"We are committed to growing our own timber by promoting life-long learning through reskilling and upskilling programmes. With our industry undergoing transformation even before the COVID-19 pandemic, equipping our people with a growth and customer-centric mindset and data and digital innovation skills remains a long-term priority."

Mr Wee Ee Cheong
Deputy Chairman and CEO, UOB

Building a future-ready workforce

We make learning and development a top priority so colleagues are best prepared for what lies ahead. In 2020, we celebrated the one-year anniversary of Better U, our Group-wide learning and development programme.

Better U was the first initiative in Singapore covering soft skills as well as digital and data skills to receive accreditation by The Institute of Banking and Finance Singapore (IBF). Our flagship programme starts with a 12-week foundation course designed to help colleagues develop five core competencies essential for the digital era:



As the COVID-19 pandemic put a halt to most face-to-face training programmes, we quickly adapted our Better U foundation programme from being a partially classroom-based course into a fully virtual one so colleagues could continue with their learning journey while meeting COVID-19 safe management measures.

We explored how the use of technology could replicate the interactive experience of holding in-person workshops. The resulting virtual curriculum features a one-day kick-off workshop conducted by course facilitators followed by a series of guided online learning activities including discussion forums, polls and video assignments, to keep learners engaged and to enable peer-to-peer knowledge sharing.

In 2020, we:

- converted Better U into a fully digital course;
- launched Phase Two of Better U and introduced learning tracks on data analytics and project management. These are two areas essential to future employability and for colleagues to stay ahead of industry developments;
- extended Better U beyond Singapore to mainland China, Indonesia, Malaysia, Thailand and Vietnam;
- received the Human Resources Director Asia Innovative HR Teams 2020 Award for our innovative use of technology in developing the Better U foundation course programme; and
- received the IBF Inspire Award 2020 in Singapore for providing learning programmes including Better U to help build an adaptive workforce in the digital age.

As at the end of 2020, more than 10,400 colleagues across the Group had attended the Better U foundation programme, with close to 80 per cent of them participating in the virtual course during the COVID-19 pandemic. In December 2020, we hosted a visit for two Singapore ministers to learn more about Better U and other training and development programmes by the Bank.

"We are very happy to see banks like UOB spending a lot of effort to grow their own timber, as they say, to grow their own people, upgrade their skills, so they can be ready for the new roles in the new financial services sector."

Singapore Minister for Manpower Mrs Josephine Teo and
Singapore Minister for Trade and Industry Mr Chan Chun Sing

"I would like to thank UOB for launching Better U as it is a timely programme to prepare us for the digital future. The changes brought about by the COVID-19 pandemic make this programme even more relevant to us and made me appreciate the programme more."

Ms Winnie Chua
Vice President, Group Retail

Helping Colleagues Make a Meaningful Difference

Promoting lifelong learning

In addition to Better U, our learning and development programmes include:

Digital transformation

- **Professional Conversion Programme (PCP)** for branch colleagues in Singapore to prepare them for future roles in the financial sector. The programme was developed in collaboration with Workforce Singapore and IBF. In 2020, 94 per cent of eligible branch colleagues participated in the PCP. We also started extending the PCP to human resources (HR) colleagues in 2020 so they could learn to adopt digital tools for better efficiency and to free their time to focus on more strategic responsibilities such as providing HR advisory to the business functions;

- **Technology in Finance Immersion Programme** provided by IBF and Workforce Singapore where mid-career individuals attached to our Bank undergo skills conversion to develop their talent in emerging areas such as cloud computing, cybersecurity and data analytics in the financial industry; and

- **Customer Relationship Management course** for UOB Asset Management (UOBAM) colleagues in Brunei, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand to enhance their digital capabilities in engaging and deepening relationships with customers.

Specialist training and personal development

- **UOB Finance Academy** to equip colleagues in the finance function with technical and soft skills to become leaders in their field. Participants learn more about risk management, regulation and liquidity management. They can also choose to develop specialised skills in areas such as asset and liability management and project management;

- **Sustainability Academy** for UOBAM colleagues across the region to learn the fundamentals of sustainable investing. We partnered investment company, Robeco, to provide training. UOBAM was the first financial institution in the world to offer Robeco's Sustainable Development Goals Investing module as a training course;

- **Training in environmental, social and governance (ESG) topics** for our business leaders in Thailand to deepen their understanding of sustainability principles and to embed ESG considerations in all aspects of their work;

- **Cross-Function Mentoring Programme** in mainland China where senior managers and technical experts across front, middle and back offices help selected colleagues in acquiring cross-departmental knowledge and skills to further their careers in the Bank; and

- **UOBTalks leadership series** in Indonesia where the management team would share their experiences and advice on being a successful leader and bringing out the best in others.

Service excellence

- **UOB Indonesia Banking Management and Certification programme** to equip branch managers with holistic knowledge across managerial, technical, operational as well as risk and governance aspects of banking. The programme was developed in collaboration with Indonesia's Banking Development Institute;

- **Multi-Skills Programme** to upskill all frontline business colleagues in Thailand, starting with colleagues working in our branches. As at the end of 2020, more than 1,000 branch colleagues had been trained to take on both teller and customer service job roles;

- **Lead Reviewer Training programme** for all internal auditors across the Group to learn new audit assessment approaches, to strengthen their competencies and to sharpen their focus on auditing strategic and business risks; and

- **Art of Service Recovery programme** in mainland China, Malaysia, Singapore and Thailand for our colleagues to be skilled in resolving customer issues and turning difficult situations into positive outcomes.

In 2020, we invested about

$20 million

in training programmes for our colleagues.

Taking charge of our own learning

At UOB, we encourage colleagues to take ownership of their learning journey. For example, we give them access to LinkedIn Learning where they can choose from more than 16,000 online courses covering diverse subjects including strategic thinking, problem-solving techniques and time management for their development needs.

Indonesia

We launched the U-Learn virtual learning festival in Indonesia in 2020 to promote self-directed learning among our Indonesian colleagues. The festival took place over six days where external speakers covered various topics including customer service, digitalisation and leadership. In total, 2,150 colleagues participated in the festival.

Vietnam

In 2020, we held a digital learning campaign called Learner of the Month to encourage colleagues to continue upgrading themselves during the COVID-19 pandemic. Our colleagues in Vietnam completed 659 courses online during this one-month campaign.

The enthusiastic reception by our Vietnamese colleagues led to a follow-up campaign called The Best Learning Team. Colleagues in various business and support units across Vietnam banded together to participate in this campaign.

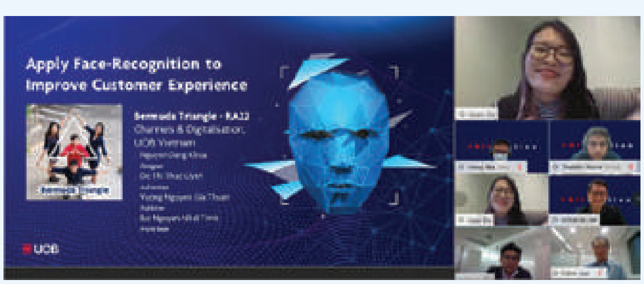
Winners for both campaigns received tokens of appreciation from the Bank in recognition of their proactive efforts to improve their skills and capabilities.

Challenging colleagues to think creatively with AI

To nurture a culture of digital innovation, the Innovation Workgroup spearheaded by Group Channels and Digitalisation and Data Management Office (DMO) organised the Bank's first regional artificial intelligence (AI) hackathon called Regional AI-deathon 2020. The year-long AI-deathon was an experiential learning programme which had elements of competition so colleagues could also have some fun while developing their skills on AI and data analytics.

Some 800 colleagues from across the Group formed cross-functional teams and submitted 135 proposals involving real-life work challenges for the AI-deathon. A total of 24 teams were shortlisted for mentoring by business leaders from across the Group, technical experts from DMO, as well as external industry professionals for design thinking and prototyping. They also had access to AI courses online to deepen their knowledge in this area.

The teams presented their final proposals virtually to a panel of judges comprising business leaders across the Bank. The top five teams showcased their winning ideas at the Singapore FinTech Festival and Singapore Week of Innovation and TeCHnology in December 2020.



Building a strong pipeline of future leaders

Leadership development is a key focus for UOB. We continually seek to improve our internal processes to ensure we are securing and nurturing the best talent to lead and to sustain our growth. Besides identifying colleagues with leadership potential across the Group to accelerate their professional development, we also search for high-calibre and early-career talent from across the world.

Leadership Masterclasses

We started a series of virtual Leadership Masterclasses in 2020 to support the continual development of our senior leaders.

- Topics discussed at the masterclasses included the building of business ecosystems, evaluating the impact of COVID-19 on businesses and sharing views on how COVID-19 vaccination drives by countries around the world will speed up the recovery of the global economy;
- Each session was led by a business leader, academic, author or scientist; and
- The average number of participants per session was 980.

Leadership Acceleration Programme

As part of succession planning and leadership renewal, we established the Leadership Acceleration Programme (LAP) in 2019 to identify and to nurture future talents. We also formed a Development Council to provide career coaching to these high-performing colleagues.

- 400 colleagues were assessed through a series of online aptitude tests and scenario simulations for LAP in 2020. This was a 60 per cent increase from 250 in 2019; and

Helping Colleagues Make a Meaningful Difference

- 100 colleagues from all levels were selected for LAP as at the end of 2020, with the aim of reaching a maximum of 200 participants over time.

Management Associate Programme

Our Management Associate (MA) programme enables us to attract high-calibre and early-career talents from across the region. Selected candidates are exposed to various business operations locally and regionally for an in-depth understanding of UOB's operations and culture, as well as to develop skillsets for a fast-track career at the Bank.

Due to COVID-19 restrictions, in 2020 we switched from physical assessment centres across the region to conducting our assessments virtually.

- The move to virtual assessments made it more convenient for candidates to interact with our MA assessors as both parties no longer had to travel to our physical assessment centres;
- We selected 58 fresh graduates from 28,000 applications received for our MA programme. The programme is run in mainland China, Hong Kong, Indonesia, Malaysia, Singapore, Taiwan and Thailand; and
- As at the end of 2020, we had 100 MAs across the Group.

Leading self, people and teams

Our flagship leadership and managerial skills training initiative is called Leadership Right By You (LRBY) and comprises three programmes – Leading Self, Leading People and Leading Teams. These programmes are conducted by external consultants to equip colleagues with competencies to perform effectively in their roles, regardless of their positions as individual contributors or managers.

We started LBRY in 2017 and in 2020, converted the in-person courses into online courses for colleagues to continue to develop themselves during the COVID-19 movement restriction periods. In 2020, we also added into the curricula tips on remote working and how to lead teams virtually to make the course content more useful for colleagues during the pandemic.

As the courses were online, we were able to extend our reach to colleagues more widely and increased the intake of each course cohort. Since launch, more than 3,800 colleagues have completed the various LRBY courses, of whom 42 per cent participated in 2020. More than 90 per cent of LRBY participants rated their courses four and above on a five-point scale for course and trainer effectiveness.

In 2020, LRBY initiatives received the following industry recognition:

- Gold award for Excellence in Blended Learning from *Chief Learning Officer*;
- Silver award for Best Use of Blended Learning from the 2020 Brandon Hall Group Excellence in Learning Awards;
- Bronze award for Best Unique or Innovative Leadership Development Programme from the 2020 Brandon Hall Group Excellence in Learning Awards; and
- Bronze award for Excellence in Leadership Development from *Human Resources Online*'s HR Excellence Award 2020.

Besides LRBY, we also set up leadership academies across the Group for our people managers.

For example, we set up a Greater China Leadership Academy to support our talents in mainland China, Hong Kong and Taiwan. The programme helps junior-level people managers shift from being individual contributors to competent people managers and assists middle-level people managers to deepen their leadership skills.

Different activities such as football games, role-plays, group discussions and sharing sessions by senior leaders were used to help participants learn more about teamwork, problem-solving and effective leadership.

"LRBY is a key building block in the professional development journeys of our colleagues. It provides targeted learning for individual contributors, first-line managers and managers of managers to hone their skills and to inspire them to trek their own paths to success at UOB."

Mr Dean Tong
Head of Group Human Resources, UOB

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2020

Governance

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Corporate Governance

Good corporate governance has anchored our Bank's development and growth since its founding 85 years ago. Our Board continues to foster a culture of accountability and responsibility, leading us as we continue to create value for, and build and safeguard the long-term interests of, our shareholders and other stakeholders.

Guided by our values of Honour, Enterprise, Unity and Commitment, our corporate governance also takes into account the expectations of our regulators and other stakeholders in:

- the Banking (Corporate Governance) Regulations (Banking Regulations);
- the listing rules of the Singapore Exchange Securities Trading Limited (SGX-ST Listing Rules);
- the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued in 2013 (MAS Guidelines), which comprise the Code of Corporate Governance issued in 2012 and supplementary principles and guidelines added by the Monetary Authority of Singapore (MAS); and
- the Code of Corporate Governance issued in 2018 (2018 Code).

We have complied with the principles of the 2018 Code and the MAS Guidelines, and substantially with the provisions and guidelines of the 2018 Code and MAS Guidelines respectively, as seen on pages 90 and 91. Where there is any deviation from the provisions or guidelines, we have explained our practices and philosophy.

In 2020, we received the following awards:

Singapore Governance and Transparency Index (SGTI) 2020
- 10th of 577 Singapore listed companies (General Category)

2019 ASEAN Corporate Governance Scorecard Awards
- Top Publicly-Listed Companies (Singapore) (2nd place)
- ASEAN Top 20 Publicly-Listed Companies

Board's conduct of affairs

Board duties

Our Board is responsible for:

- providing entrepreneurial leadership and strategic direction;
- setting the desired organisational culture, standards of ethical behaviour and values of the Bank;

Board of Directors

Board
- Eight out of 11 Directors are independent
- 10 out of 11 Directors are non-executive
- Separation of Chairman and Chief Executive Officer (CEO)
- Independent Chairman

Audit Committee
- Ensures the integrity of the financial statements.
- Reviews the adequacy and effectiveness of the internal control functions.
- Reviews whistle-blowing policy and procedures.

Board Risk Management Committee
- Ensures adequacy and effectiveness of the risk management system.
- Reviews credit policies and interested person and/or related party transactions.
- Inculcates appropriate risk culture.

Executive Committee
- Oversees business strategies.
- Reviews business and financial performance.
- Considers sustainability issues.
- Reviews material transactions

Nominating Committee
- Performs succession planning for Board and Management.
- Reviews and assesses the independence of Directors.
- Reviews performance and effectiveness of Board and Board Committees.

Remuneration and Human Capital Committee
- Reviews remuneration framework and structure for Board and key management personnel.
- Reviews framework for recruitment, retention and development of human capital.

- approving business plans, annual budgets, capital and debt structures, material investments, acquisitions and disposals;
- approving financial statements;
- overseeing Management's performance;
- promoting a strong culture of ethical behaviour and a strong system of risk management and internal controls;
- determining the Group risk appetite;
- considering sustainability issues, and overseeing the monitoring and management of the material environmental, social and governance (ESG) factors;
- performing succession planning for the Board and Management; and
- promoting regular, effective and fair communications with shareholders and managing relationships with material stakeholders.

Highlights from 2020

Board and Board Committee renewal and refreshment	Conducted director search resulting in the appointment of Dr Chia Tai Tee and the identification of several potential director candidates; refreshed the composition of Board Committees.
COVID-19	Held more frequent meetings to guide and support Management in its response to the COVID-19 pandemic; reviewed impact on strategy and performance, employees and other stakeholders.
Strategy	Guided Management on the transformation and regional strategy, taking into account the competitive landscape, economic environment and geopolitical environment.
Technology	Guided Management on the digital transformation; reviewed cybersecurity measures and initiatives.
Succession planning	Performed ongoing succession planning for senior management.
Human capital management	Reviewed the size and shape of the workforce having regard to the volatile economic environment, changing industry landscape and strategic objectives of the Bank with emphasis on talent development and reskilling of our colleagues.
Remuneration	Reviewed the employee remuneration structure to ensure continued relevance and sustainability.
Shareholder and stakeholder engagement	Received regular shareholder and stakeholder feedback and guided Management on ways to deepen engagement with them.
Environmental, Social and Governance	Reviewed the Bank's ESG strategy, key business initiatives and communications plan; approved the targets for the material ESG issues.
Risk culture and conduct	Guided Management on enhancing specific areas of risk culture and conduct.

Despite the COVID-19 pandemic, the Board continued with its annual strategic review and annual country retreat albeit in a hybrid format, with colleagues from the regional operations participating virtually. These annual reviews allow the Board to take stock of the Group's progress against the Group's strategy, better understand the challenges faced by the Group's overseas subsidiaries and brainstorm with relevant stakeholders any refinement of the Group's strategy taking into account developments and headwinds.

Corporate Governance

Articles of Directorship

The Articles of Directorship lay down the principles of conduct and ethics expected of our Directors and are similar to the Code of Conduct applicable to our employees. They are reviewed for relevance every year.

Key processes

Board and Board Committee meetings and the Annual General Meeting (AGM) are scheduled well before the start of each year. If necessary, additional meetings can be convened.

A Director who is unable to attend a meeting in person due to exigencies, may participate via telephone and/or video conference as provided for in the UOB Constitution. Alternatively, he may convey his[1] views through another Director or the company secretaries. To comply with safe distancing measures, most of the Board and Board Committee meetings in 2020 were held virtually.

Our Board and Board Committees seek to make decisions by consensus. Where there is divergence of views, decisions are made by majority vote and dissenting views are recorded. While decisions may also be made by way of resolutions in writing, these are used mainly for administrative or routine matters, or as a follow-up to matters previously deliberated.

All meeting materials are delivered to our Directors well in advance of each meeting via a secure portal accessible from the tablet devices provided by the Bank. Where appropriate, Directors' input may be solicited ahead of the meeting for more focused debate. Management attends meetings together with subject-matter specialists and professional advisers, where relevant.

Managing potential conflicts of interests

A Director who has an interest in a matter which may conflict with his duties to UOB must disclose his interests, recuse himself from the discussion and abstain from voting on the matter. Our Directors refresh their disclosures at least quarterly.

Access to management, advisers and information

Our Directors have unfettered access to senior management, and the internal and external auditors. The Chairman and Board Committee chairmen meet separately with the relevant function heads in preparation for Board and Board Committee meetings. The Chairman also meets with senior management monthly and with relevant function heads regularly to keep abreast of developments.

Directors may also seek independent professional advice or engage subject-matter experts at the Bank's expense in the course of discharging their duties.

Delegation to Board Committees and Management

The responsibilities delegated to the Audit Committee (AC), Board Risk Management Committee (BRMC), Executive Committee (Exco), Nominating Committee (NC) and Remuneration and Human Capital Committee (RHCC) are set out in the committees' written terms of reference, which are reviewed at least once a year. Where the responsibilities of certain Board Committees are closely related, common memberships facilitate information-sharing and coordination of the work among the committees. The Board Committee chairs update other Board members on the matters reviewed and considered, and decisions made. Minutes and reports of all meetings are circulated to all Directors, except where there is a conflict of interest.

Management is responsible for the day-to-day operations of the Bank and implementing the decisions of the Board. Where a subject has been reserved for the Board or a Board Committee's approval in its terms of reference, approval must be obtained before it is implemented.

Company secretaries

Two company secretaries support our Directors in discharging their responsibilities. They assist the Board and Board Committees to monitor the execution of their decisions, advise them on governance matters, update them on applicable laws and regulations, and facilitate communications between the Board and Management, and between the Bank and its shareholders. When a new Director is appointed or an existing Director is appointed to a Board Committee, the secretaries assist in his induction. The secretaries also support the Board's evaluation and professional development.

The appointment and removal of the company secretaries are subject to the Board's approval. Both company secretaries are qualified lawyers.

Board independence

The criteria for independence of a director under the Banking Regulations, SGX-ST Listing Rules, MAS Guidelines and 2018 Code are summarised as follows:

- he has no relationship with the bank, its related corporations, substantial shareholders or officers that could interfere or reasonably be perceived to interfere with the exercise of the Director's independent business judgement in the best interests of the Bank;
- he is not or has not been employed by the bank or any of its related corporations in the current or any of the past three financial years;

1 A reference to one gender includes all genders

- he does not have an immediate family member who is or has been employed by the bank or any of its related corporations in the current or past three financial years and whose remuneration is or was determined by the remuneration committee; and

- he has not served on the board for nine continuous years or longer.

Each year, our NC assists the Board to assess the independence of each Director based on the above criteria, the disclosure of his other appointments and commitments, interests, personal circumstances, and his conduct in the discharge of his duties.

The NC's assessment of Directors' independence and the bases of its assessment are as follows:

Independent Directors	
Wong Kan Seng James Koh Cher Siang Ong Yew Huat Lim Hwee Hua Alexander Charles Hungate Alvin Yeo Khirn Hai Steven Phan Swee Kim Chia Tai Tee	• Meet all the independence criteria
Non-independent, non-executive Directors	
Michael Lien Jown Leam	• Closely connected to a substantial shareholder
Wee Ee Lim	• A substantial shareholder • Father, Dr Wee Cho Yaw, and brothers Messrs Wee Ee Cheong and Wee Ee Chao, are substantial shareholders. • Brother, Mr Wee Ee Cheong, is a Director and the CEO.
Executive Director	
Wee Ee Cheong	• CEO • A substantial shareholder • Father, Dr Wee Cho Yaw, and brothers Messrs Wee Ee Chao and Wee Ee Lim, are substantial shareholders. • Brother, Mr Wee Ee Lim, is a Director.

Fitness for office

Our NC assesses if Directors remain fit and proper for office based on the MAS Guidelines on Fit and Proper Criteria and any additional information that has come to its attention. Each Director is required to make an annual declaration based on these guidelines. The NC has determined that all the Directors are fit for office.

Size, composition and diversity

Our NC reviews the Board's size, composition and skillsets regularly to ensure it has the appropriate mix and balance of skills, experience, independence and knowledge to lead us.

As set out in our Board Diversity Policy, our Board seeks diversity to achieve a range of insights from a broader perspective in decision-making, to avoid groupthink, to share country/industry peculiarities and to ensure continuity in Board succession. The dimensions of diversity considered by our Board include functional and domain skills, regional experience, industry experience, age, gender, ethnicity and culture, and tenure.

Our Board is satisfied that a board of 11 directors is appropriate. Collectively, our Directors' skills, expertise and experience span different industries, markets, professions, and the public and private sectors. Their core competencies include banking and finance, strategic planning and development, accounting, audit, human resources, technology, law, risk management, consumer services and corporate governance. It is satisfied that the Board is sufficiently diverse to meet the needs of the Group, to ensure the effective oversight of our Bank's affairs and for the continuity in board succession.

Board Chairman and Chief Executive Officer

Mr Wong Kan Seng, an independent director, is our Board Chairman. He leads the Board, sets the Board meeting agenda, promotes an environment for open, constructive debate and contributions and facilitates information flow between the Board and Management. He also oversees corporate governance matters, guides the engagement with stakeholders and chairs the AGM. Mr Wong is a member of all the Board Committees except the AC. Nevertheless, he attends all AC meetings. This gives him a good overview of all the Board Committees' activities.

Our CEO, Mr Wee Ee Cheong, leads the management team and implements the strategy as approved by the Board. He also seeks regional business opportunities, drives strategic initiatives, and promotes a risk-focused and inclusive culture and practices that are consistent with our values and an environment that is conducive for our colleagues to achieve the corporate and their personal goals. He is supported by senior management committees which help to ensure that the system of risk management and internal controls is adequate and effective, and that we have a safe and healthy work environment.

Corporate Governance

Lead independent director

Our Chairman is independent and has no familial or other close ties with our CEO. A majority of our Directors are independent. Hence, our Board agrees that there is no need for a lead independent director. If necessary, on a case-by-case basis, our NC Chairman can fulfil the role.

Board performance and time commitment

Each year, every Director does an appraisal of himself, the Board and each Board Committee of which he is a member. The format and structure of the assessment are approved by our Board. The secretaries receive and collate the responses and the masked results are submitted for our NC's evaluation. No external facilitator is engaged for the evaluation process as the Directors have a collegial relationship with one another and discussions are open, frank and robust. No Director is involved in his own assessment.

In evaluating our Board's performance, our NC considers qualitative and quantitative factors including:

- the Bank's performance; and
- the Board's organisation and responsibility for the Bank's strategy, succession planning, risk management and internal controls.

Our Board Committees are appraised on the discharge of their responsibilities and accountability to the Board. Each Board Committee also conducts a self-appraisal on its performance.

The evaluation of each Director is based on:

- contributions in and out of the boardroom;
- availability to commit time and attention to the affairs of the Bank, taking into consideration his other directorships and principal commitments;
- preparedness, attendance and participation at the AGM, Board and Board Committee meetings and other Board activities; and
- interaction with other directors.

Having considered each Director's performance, contributions and known commitments, our NC is satisfied that all Directors have performed their duties diligently, availed themselves to attend to the Bank's affairs and have contributed to the effectiveness of our Board and Board Committees. Accordingly, the NC does not recommend setting a limit on the number of directorships that a Director may hold.

Board attendance

The Directors' attendance at formal meetings in 2020 is set out in the table below.

		Number of meetings attended in 2020						
	Membership	AGM	Board	Exco	NC	RHCC	BRMC	AC
Wong Kan Seng	Independent	•1	•6	•11	5	6	4	–
Wee Ee Cheong	Executive	1	6	11	5	–	4	–
James Koh Cher Siang	Independent	1	6	–	5	•6	–	5
Ong Yew Huat	Independent	1	6	11	–	–	4	•5
Lim Hwee Hua[1]	Independent	1	6	11	5	6	–	–
Alexander Charles Hungate	Independent	1	5	–	–	6	–	–
Michael Lien Jown Leam	Non-independent and Non-Executive	1	6	11	5	–	–	–
Alvin Yeo Khirn Hai	Independent	1	6	–	–	–	•4	5
Wee Ee Lim[2]	Non-independent and Non-Executive	1	6	–	–	2	4	–
Steven Phan Swee Kim[3]	Independent	1	6	–	•2	6	–	1
Chia Tai Tee[4]	Independent	–	1	–	–	–	1	1
Number of meetings held in 2020		1	6	11	5	6	4	5

1. Mrs Lim Hwee Hua stepped down as NC Chairman on 17 January 2021.
2. Mr Wee Ee Lim was appointed to the RHCC on 5 August 2020.
3. Mr Steven Phan Swee Kim was appointed to the AC on 5 August 2020, NC on 2 September 2020 and the Exco on 24 February 2021. He assumed the role of NC Chairman on 18 January 2021.
4. Dr Chia Tai Tee was appointed to the Board, AC and BRMC on 1 October 2020.

• Denotes chairman.

Appointment and re-election of Directors

The selection of directors is based primarily on merit, with due and conscious consideration for the benefits of diversity. The Board considers various aspects of diversity to address gaps and to maintain an appropriate range and balance of skills, experience, independence and knowledge of directors, diversity representation on the board and other relevant factors against the current and future needs of the Board.

The NC maintains a board skill matrix which maps the skills of the current directors against the needs of the Bank. The matrix also tracks the diversity of the Board in terms of tenure, age, nationality, skills, experience, regional or international exposure. The director search will take into account any gap which is identified or anticipated.

When appointing or re-electing a Director, our NC:

- reviews our strategic objectives and identifies the skillsets that will help us achieve those objectives;
- identifies the additional skillsets required or desirable;
- reviews candidates' independence, qualification for office, personal attributes such as integrity and financial soundness and ability to commit time to the Bank's affairs;
- conducts due diligence on candidates to ascertain if they have relationships with the Bank, its subsidiaries, substantial shareholders, our Directors or Management that may interfere with the exercise of their independent business judgement; and
- considers the operating environment, emerging trends and potential developments in the market and the pipeline for ongoing succession planning.

All Directors are invited to nominate candidates. To avail our Board of a wider range of skillsets, experience, expertise and aspects of diversity, our Board has engaged an external consultant to help broaden the search for directors.

Our NC reviews the candidates before making its recommendation to our Board. With our Board's concurrence, the NC chairman initiates discussions with the candidates as appropriate and updates the Board regularly on the progress. Where appropriate, Directors meet candidates to assess their suitability. All Board appointments are subject to the approval of the MAS.

As part of its ongoing succession planning, the Board has identified several suitable, well-qualified candidates, including female candidates, for appointment to the Board when a vacancy arises. It is the Board's intention to appoint at least one female director to the Board during the year. An announcement of the appointment will be made upon completion of the internal processes and approval of the MAS.

New Directors submit themselves for re-election at the first AGM following their appointments, and all Directors retire by rotation at least once in every three years. When evaluating a Director for re-election, the NC also reviews that Director's performance and whether his skills, expertise and experience remain relevant as the needs of the Bank evolve.

Directors are put up for re-election at the AGM individually.

Mrs Lim Hwee Hua, who is due to retire by rotation at the forthcoming AGM, has decided not to seek re-election.

Induction of new Directors

Upon appointment, a new Director receives an induction package, which includes the Articles of Directorship, terms of reference of the Board and Board Committees, guidance on directors' duties and relevant company policies. He also receives briefings from senior executives on key areas of our business, risk management and support functions.

When a Director is appointed to serve on a Board Committee, he is also briefed on specialised or technical topics relevant to the responsibilities of that Board Committee, as needed.

New Directors who have no prior experience as directors of public-listed companies also attend the training programmes stipulated by SGX-ST.

Directors' Development Programme

Under this programme, our Directors receive briefings which cover topics specific to our business, the banking industry and general topics such as socio-economic, political or regulatory matters. At least half a day is set aside each quarter for the programme, during which training may be conducted by either internal or external subject-matter experts. The programme also includes updates from our regional operations.

In 2020, our Directors received training in banking and non-banking related topics including crisis management, financial crime trends and developments, cybersecurity, anti-money laundering developments, ESG developments and interest rate transitions. Specialist director development programmes were also conducted for Board Committees, such as at AC meetings. To support our regional strategy, our regional colleagues also updated our Board quarterly in turn on material developments, trends and initiatives in their countries of operation.

Corporate Governance

Leadership succession

We believe in growing our own timber and developing a pipeline of leaders from among our colleagues to support our long-term strategy and growth. Employees with the right values and who have the requisite competency and leadership potential are identified and nurtured through structured development programmes including functional and leadership skills training, mentorship and participation in significant projects. Cross-functional training, regional exposure and networking opportunities are provided, where appropriate. The training and exposure are planned and implemented at a pace agreed between the employee and the Bank. In the event that there is no suitable internal candidate for a position, we will look to external recruitment.

More information about the leadership development and succession planning can be found in our Helping Our Colleagues Make a Meaningful Difference section.

Board Committee composition

At least annually, our NC reviews the composition of each Board Committee to optimise the collective expertise of our Board members and for an equitable distribution of the workload amongst Directors. The composition of the Board Committees is refreshed from time to time for fresh perspectives, but always ensuring that the skillsets meet the responsibilities of the Board Committees.

Nominating Committee

Our NC's main responsibilities are:

- assessing the independence of directors;
- recommending the appointment and re-election of directors;
- reviewing the size and composition of our Board and Board Committees;
- assessing the performance of the Board, Board Committees and each director;
- establishing a board diversity policy and monitoring compliance with the policy;
- implementing a programme for the continual development of our directors;
- reviewing the nominations and reasons for resignations of our key management appointment holders; and
- performing succession planning for our Directors, our CEO and key management personnel.

The NC's main activities are outlined on pages 74 to 78.

The appointment of NC members is subject to the approval of the MAS.

Executive Committee

Our Exco oversees our strategies and related activities. Its main responsibilities are:

- providing strategic direction and overseeing its implementation;
- reviewing our business plans, budget and capital and debt structures;
- reviewing our financial, business and operational performance against the approved strategy and budget;
- considering sustainability issues and determining the material ESG factors; and
- reviewing strategic initiatives (including human resources and technology initiatives) and transactions.

Highlights of the Exco's activities in 2020:

- monitored the impact of the COVID-19 pandemic on our strategy and business, advised Management on response measures and initiatives, and caring for our customers, employees and other stakeholders;
- reviewed the progress made in ESG matters and sustainability reporting;
- reviewed the focus and progress of specific business lines;
- guided us on and reviewed the progress of our digital transformation;
- reviewed our investments and collaborations;
- reviewed our funding strategy and funding initiatives; and
- reviewed our dividend strategy.

During the year, our Exco met 11 times and worked side by side with Management as it rolled out a range of measures, initiatives and activities to support our customers, colleagues and the community as all sought to navigate the unprecedented impact of the COVID-19 pandemic. Other Directors were invited to join the meetings.

Remuneration matters

Remuneration and Human Capital Committee

The main responsibilities of our RHCC are:

- determining a remuneration structure and framework for our Directors;
- determining a remuneration framework for employees that is appropriate and proportionate for sustained performance and value creation, for long-term success and linked to performance and risk management;
- overseeing the performance assessment of Senior Management[2]; and
- reviewing the frameworks and policies for human capital development and management and succession planning for Senior Management.

Messrs Wong Kan Seng, James Koh and Steven Phan, and Mrs Lim Hwee Hua are members of our NC and our RHCC. They ensure that matters that have an impact on remuneration, succession and talent management of senior leaders are holistically addressed by the NC and RHCC.

Highlights of our RHCC's activities in 2020:

- reviewed the employee remuneration structure in relation to the strategy of the Bank and to ensure continued relevance and sustainability, with particular attention to the impact brought about by the COVID-19 pandemic;
- reviewed the director remuneration structure;
- oversaw the development of the misconduct and consequence management framework to address conduct risk;
- reviewed the size, shape and skills of the workforce having regard to the long-term strategic objectives of the Bank;
- monitored our progress on the execution of the human resource management strategy roadmap;
- reviewed the progress made to reskill our workforce;
- oversaw the design of progressive human resource management initiatives, including flexible work arrangements, and building a conducive work environment and caring for the mental wellbeing of employees;
- advised Management on staff engagement and communications, including the communication strategy to showcase initiatives to existing and potential employees; and
- guided Management on supporting and caring for employees following the outbreak of the COVID-19 pandemic.

Directors' remuneration

In 2019, the Bank appointed Aon Hewitt, an independent consultant, to conduct a review of the compensation structure for our Directors and benchmarking against comparable public-listed companies in the market. The assessment showed that the remuneration for our Directors was below market – having been last adjusted in 2015 – and not commensurate with their enlarged responsibilities. Aon Hewitt's recommendation to increase our Directors' fees was approved by our Board.

However, as the impact of the COVID-19 pandemic became apparent in early 2020, our Board agreed that in view of the challenging environment exacerbated by the COVID-19 pandemic, and in anticipation of difficult times ahead, the adoption of the revised directors' fee structure should be deferred.

The RHCC is cognisant of the ever growing demands on directors, particularly in technology, ESG and sustainability, risk management and engagement with stakeholders. It also appreciates the importance of ensuring that our board remuneration structure remains competitive and appropriate to attract, to retain and to motivate directors to provide good stewardship. However, in the current economic environment, it is more important to show solidarity with our stakeholders who have been adversely affected by the ongoing pandemic. While some economies have managed the impact from the pandemic better than others, the pace of recovery among various economies will differ and the overall economic outlook remains uncertain. With these in mind, the RHCC has recommended, and the Board has agreed, to defer implementing the remuneration structure recommended by Aon Hewitt for another year.

Accordingly, the annual fee structure for our Board remains as set out below:

Office	Chairman	Member
Basic Fee	$700,000	$90,000
Audit Committee	$85,000	$55,000
Board Risk Management Committee	$85,000	$55,000
Executive Committee	$85,000	$55,000
Nominating Committee	$45,000	$30,000
Remuneration and Human Capital Committee	$45,000	$30,000

2 Defined as the CEO and members of the Group Management Committee who have the authority and responsibility for their respective Group functions.

Corporate Governance

Details of the proposed total fees and other remuneration paid/payable to our Directors for the financial year ended 31 December 2020 are as follows:

	Directors' fees $'000	Fees from subsidiaries $'000	Salary $'000	Bonus $'000	Benefits-in-kind and others[1] $'000	Total $'000
Wong Kan Seng	900	–	–	–	7	907
Wee Ee Cheong[2]	–	–	1200	8568	37	9805
James Koh Cher Siang	220	–	–	–	–	220
Ong Yew Huat	285	–	–	–	–	285
Lim Hwee Hua	220	–	–	–	–	220
Alexander Charles Hungate	120	–	–	–	–	120
Michael Lien Jown Leam	175	–	–	–	–	175
Alvin Yeo Khirn Hai	230	–	–	–	–	230
Wee Ee Lim	157	–	–	–	–	157
Steven Phan Swee Kim	152	–	–	–	–	152
Chia Tai Tee[3]	50	–	–	–	–	50

Notes:
1. Transport-related benefits, including the provision of a driver for Mr Wee Ee Cheong.
2. 60 per cent of the variable pay payable to Mr Wee Ee Cheong will be deferred and vest over three years. Of the deferred portion, 40 per cent will be in cash and the remaining 60 per cent will be on the form of share-linked units.
3. Dr Chia Tai Tee was appointed to the Board, AC and BRMC on 1 October 2020.

The directors' fees payable to Directors who have served less than a year are prorated.

Mr Wee Ee Cheong, an executive Director, is remunerated as an employee and does not receive a fee for serving on the Board and Board Committees.

No Director is involved in the determination of his own remuneration.

Employees' remuneration

Our employee remuneration framework is designed to encourage behaviours that contribute to our long-term success while keeping remuneration competitive to attract, to retain and to motivate employees and highly-skilled individuals. Remuneration is commensurate with the performance of the Bank, an employee's business unit or function, individual performance and contributions, competencies and alignment of behaviour to our values. The remuneration package consists of fixed pay, variable pay (cash bonuses and deferrals in the form of cash or shares, where applicable) and benefits. Please refer to the Remuneration section for more information on our remuneration framework, policy and processes, including the remuneration mix and deferred remuneration for senior management and material risk-takers.

Our RHCC considers key aspects of employee remuneration, including the termination provisions in service contracts. It reviews and approves the overall performance bonus, share-based incentive plans and senior management's remuneration based on a Board-approved remuneration framework.

Our BRMC and AC review the performance of and approve the adjustments in the remuneration for our Chief Risk Officer (CRO) and Head of Group Audit respectively, subject to our remuneration policy.

Our Board has decided not to disclose the remuneration of our top five non-director executives. Employee remuneration matters should remain confidential to support our Group's efforts to attract and to retain highly-skilled individuals. The competition for talent is stiff and there are many banks operating in Singapore which are not obliged to disclose remuneration details of their employees, giving them an unfair advantage in the competition for talent. Disclosure would impair our ability to compete fairly. Nevertheless, our RHCC is satisfied that our remuneration structure complies substantially with the Principles for Sound Compensation Practices issued by the Financial Stability Board, and that the level and structure of remuneration are aligned with our long-term interests and risk management policies.

Mr Wee Ee Cheong is the CEO and a substantial shareholder of UOB. His father, Dr Wee Cho Yaw and his brothers, Messrs Wee Ee Chao and Wee Ee Lim are also substantial shareholders of UOB. His brother Mr Wee Ee Lim is a Director of the Bank. Particulars of Mr Wee Ee Cheong's remuneration can be found on page 80. As he is also a substantial shareholder, he does not participate in the executive share plan.

Save as disclosed above, no employee in the UOB Group was a substantial shareholder of UOB or an immediate family member of a Director, our CEO or a substantial shareholder of UOB and whose remuneration in 2020 exceeded $100,000.

Human capital management

The world economy transforming at an accelerated pace. We must ensure our workforce is well-prepared to meet the challenges that lie ahead, not just by way of technical competency but also the mindset. The ability to embrace change is key to adapting to the evolving operating environment. Hence our RHCC places great importance on training and engaging our workforce.

Our RHCC ensures that the talent acquisition, development and management strategy and approach are aligned to the strategy of the Bank. Together with Management, it looks into the skills and expertise that are required to achieve the targets and goals, and the time horizon over which the needs will arise. Training and reskilling and upskilling programmes are then arranged, often with specialists in various fields. The talent pool is supplemented by externally acquired candidates, who help to accelerate knowledge and skill acquisition and transfer.

Our RHCC also reviews the schemes and benefits put in place to assure the wellbeing of our colleagues. To this end, it ensures there is a framework to cater to the diverse circumstances of our colleagues. It also ensures there are policies in place to provide a safe and healthy work environment so that we can deliver the results expected by our stakeholders.

Accountability and audit

Board Risk Management Committee

The key responsibilities of our BRMC are:

- overseeing the establishment and operation of a sound and independent risk management system to identify, to measure, to monitor, to control and to report risks on an enterprise-wide basis;
- overseeing our risk culture and conduct, and risk appetite;
- overseeing the establishment of risk measurement models and approaches;
- reviewing the adequacy of our risk management function's resources;
- guiding Management in ensuring that the remuneration and incentive structure do not encourage inappropriate risk-taking;
- reviewing related party transactions and interested person transactions;
- reviewing material credit policies, credit limits and exposure to large credits; and
- approving the appointment and remuneration of our CRO and reviewing his performance.

Our CRO reports functionally to our BRMC and administratively to our CEO. He is responsible for the day-to-day operations of the risk management and compliance functions in the Group.

Highlights of our BRMC's activities in 2020:

- reviewed the credit portfolio and the impact of the COVID-19 pandemic on the portfolio;
- monitored the Bank's capital and liquidity positions closely to ensure they remained healthy even as the Bank rolled out various client care and support initiatives;
- monitored risk conduct and culture risk, including ensuring a psychological safety net for employees to speak up, voice their thoughts and to share, to discuss and to debate areas of concern;
- monitored the progress made in the development of environmental risk management landscape and measures, including climate risk management, and green financing;
- reviewed and approved related party transactions;
- reviewed measures to enhance the Bank's AML/CFT capabilities, including through the use of technology;
- monitored the applicability of various stress test scenarios as the COVID-19 pandemic evolved;
- monitored cyber security and other risks attendant to work from home arrangements;
- reviewed the progress made on the transition of interbank offered rate; and
- reviewed the performance of our CRO and approved his remuneration.

Corporate Governance

Related party transactions and interested person transactions

We have established policies, processes and guidelines for the approval of and entry into related party and interested person transactions. These policies, processes and guidelines are based on regulatory requirements such as the Banking Act, MAS directives and the SGX-ST Listing Rules.

The BRMC assesses whether the transactions are undertaken in the ordinary course of business, on normal commercial terms and arm's length basis. If our AC is required to provide a comment under the SGX-ST Listing Rules, it will also review an interested person transaction.

The particulars of all interested person transactions entered into in 2020 are set out on page 88.

Key initiatives of Group Risk Management in 2020:

- stepped up efforts to implement the recommendations of the Taskforce on Climate-related Financial Disclosures;
- intensified our interbank offered rate transition efforts with taskforces overseeing various aspects of the transition and business units managing end-to-end coordination; and
- continued our efforts to foster a robust risk culture within UOB with the launch of the Speak Up initiative to encourage all employees to speak up, to listen more and to support one another.

Please refer to the Risk Management section for more information of the risk management initiatives introduced and implemented during the year.

Audit Committee

Our AC's main responsibilities are:

- reviewing our financial statements and any significant change in accounting policies and practices;
- reviewing the adequacy and effectiveness of our internal accounting control systems and material internal controls;
- approving the appointment, reappointment and removal (if necessary) of our external auditor, its audit fees and terms of appointment, reviewing our audit plans and reports and evaluating the external auditor's performance;
- approving the appointment and remuneration of our Head of Group Audit and evaluating his performance;
- reviewing the independence, adequacy and effectiveness of our internal audit function, the audit plans, reports and results, and the budget and resources of our internal audit function;
- reviewing policies and procedures for handling fraud and whistle-blowing cases and overseeing related investigations; and
- reviewing interested person transactions.

The half-year and full-year financial statements and the financial updates of the first and third quarters are reviewed by our AC. Each quarter, these are supported by the assurance from our CEO and Chief Financial Officer (CFO) that the financial records have been properly maintained and the materials disclosed give a true and fair view of our operations and finances. Changes in accounting standards and policies are reviewed by the AC with our Finance team and our external auditors. Technical sessions, for example, to discuss new accounting standards, may be arranged, if necessary.

Before each AC meeting, the AC chairman is briefed by the internal and external auditors, who report directly to the AC, and the Finance team. Every quarter, the AC also meets the auditors in the absence of Management, and among themselves. The AC is authorised to investigate any matter within its terms of reference and has the full cooperation of and access to Management for this purpose.

Group Audit (GA) updates the AC on whistle-blowing cases received. Please refer to page 89 for more information on the whistle-blowing policy, which is administered by GA.

Highlights of the AC's activities in 2020:

- reviewed our financial reports to ensure that the impact of COVID-19 is fairly accounted for;
- reviewed the progress made by GA in its strategic workforce plan and initiatives implemented, including the enhanced adoption of data analytics;
- reviewed the interim external quality assurance review report of the internal audit function across the Group;
- advised GA on the development of regional internal audit resources;

- guided GA on its oversight of the regional internal audit function in light of the prevailing COVID-19 pandemic; and

- reviewed the adequacy and effectiveness of audit resources across the Group.

External auditor

Our AC recommends the appointment or reappointment of our external auditor and approves the terms of engagement of the external auditor and its audit fees.

Our external auditor, Ernst & Young LLP, is registered with the Accounting and Corporate Regulatory Authority (ACRA). The audit partner is rotated at least once every five years.

In evaluating our external auditor for reappointment, our AC was guided by the Guidance to Audit Committees and the Audit Quality Indicators Disclosure Framework issued by ACRA, the External Audits of Banks issued by the Basel Committee on Banking Supervision and the Audit Committee Guide by the Singapore Institute of Directors.

Our AC has evaluated our external auditor's work and considered the feedback from our internal auditor and Management. It is of the view that the external auditor has the requisite expertise and resources to perform its duties, and a good understanding of our business, risk management and operational issues.

Our external auditor affirms its independence to the AC quarterly. As part of its monitoring of the continued independence of the external audit, our AC reviews the non-audit services provided by our external auditor and the fees paid for such services every quarter. The AC is satisfied that the independence of the external auditor was not compromised by the non-audit fees received. Please see Note 11 (Other operating expenses) to the Financial Statements for more information on the non-audit fees.

Our AC is further satisfied that our external auditor was independent, objective and effective in its audit of the Bank in 2020. It has nominated Ernst & Young LLP for reappointment at the 2021 AGM. Ernst & Young LLP is also the appointed external auditor of the material subsidiaries of our Group. A handful of small overseas subsidiaries engage the services of other auditors due to local regulations and exceptional circumstances. Therefore, Rules 712 and 715 of the SGX-ST Listing Rules have been complied with.

Key Audit Matters

The table below sets out the key audit matters (KAMs) identified by our external auditor for the year under review, and our AC's comments on the KAMs. More information on the KAMs can be found in the Independent Auditor's report on pages 120 to 122.

Areas of focus	AC's comments
Expected credit losses (ECL) on non-impaired credit exposures	Governments in the region have provided various relief programmes to support individuals and businesses through the pandemic. Management updates the AC quarterly on significant changes in ECL, the related drivers and overlays necessary to compensate for model imperfections, in particular, modifications arising from the relief programmes. The AC was apprised by both the internal and external auditors of Management's credit monitoring processes, controls and governance over model methodologies and assumptions and judgement applied in estimating the ECL. The external auditor's audit testing results on the ECL, including modelling specialist's comments on ECL models, were presented at AC. The AC has assessed and reviewed these results and findings.
ECL on impaired credit exposures	In addition to processes, controls and governance over credit exposures, we have assessed and discussed the external auditor findings and results from its audit on impaired credit exposures. The AC has reviewed significant non-performing loans to assess the timeliness and appropriateness of classification and the corresponding allowances made, with a focus around additional regulatory guidance on credit assessment for loans under relief programmes. The AC also considered the reasonableness of the valuation approach for collaterals and cash flow assumptions.

Corporate Governance

Areas of focus	AC's comments
Valuation of complex financial instruments	The valuation processes, controls and governance were tested by the internal and external auditors and the findings were reported to the AC. The external auditor specialist's independent validation of fair values of these financial instruments was presented to the AC. The AC discussed the reasonableness of the valuation techniques and, in particular, the unobservable inputs used to determine the fair value of complex financial instruments.
Impairment of goodwill	Management presented the goodwill impairment testing methodology and results to the AC. The external auditor had reviewed the goodwill impairment methodology and presented the test results, including comments from its valuation specialists and sensitivity analyses performed. The AC assessed the appropriateness of the cash flow forecasts, discount rates and growth rates used in the goodwill impairment testing and enquired on the results of the sensitivity analyses performed.

Our AC was satisfied that these KAMs were appropriately addressed in the Group's financial statements.

Internal auditor

Our AC reviews and approves the Internal Audit Charter which sets out the authority and responsibilities of GA. It reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits and the adequacy and effectiveness of GA.

Independent from the units and activities it audits, GA is in the Third Line. It has unfettered access to all the records, documents, property and personnel to perform its audit. GA complies with the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors and *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision. These guidelines provide the mission and objectives of an internal audit function and the performance standards expected of internal audit activities.

To ensure it maintains its high performance standards, GA conducts a self-assessment against these standards and guidelines annually. In addition, an external quality assurance review of the internal audit function is conducted at least once every five years. The last review was conducted in 2019.

The internal audit report rating in GA's methodology consists of an audit rating and a Management Governance and Oversight Rating (MGOR). The audit rating reflects the current state of the audited entity's control environment, while the MGOR provides an indicative measure of its management team in terms of:

- the effectiveness of its governance structure;
- the overall risk awareness and control consciousness; and
- the competence and willingness of its leaders when discharging their supervisory duties.

Entities with strong management oversight and a good control environment may be subject to less frequent and/or intense audits. Conversely, poor management oversight or weak control environment may lead to more frequent and/or intense audits.

To be an effective Third Line, GA ensures that the audit methodology remains relevant in addressing the ever-changing risk profile of the business. In 2019, it implemented the Enhanced Risk Assessment approach. Under this approach, the risk taxonomy to address new emerging risks is aligned with Group Risk Management, auditors' business insights and risk management competencies are sharpened, and a differentiated quality assessment approach is adopted to assess the adequacy and effectiveness of risk oversight functions in the Second Line. In 2020, GA introduced Continuous Auditing, which uses technology-enabled audit techniques such as data visualisation, data analytics and automation. These give business and support units greater assurance and more insightful audit results, which will help them to improve their processes and activities.

GA launched its Competency Framework in 2020, which is targeted at upskilling all internal auditors to meet expected knowledge and skills standards. New subject matter training rolled out during the year included Digital Risk training and Models training, both developed and implemented jointly with external consultants.

Our AC has reviewed the scope of internal audit for the financial year, the progress and results of the audits and the audited entities' responses to audit findings, and is satisfied that GA is independent, adequately resourced and effective in discharging its responsibilities.

Risk management and internal controls

Our system of risk management and internal controls consists of the following components:

- Management oversight and control: Management is responsible for the day-to-day management of risks and for ensuring that our frameworks, policies, processes and procedures for internal controls and risk management remain relevant and are adequate and effective. Our CEO is supported by the Asset and Liability Committee, Credit Committee, ESG Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Management Executive Committee, Operational Risk Management Committee, and Risk and Capital Committee;

- Three Lines Model: Please refer to the details in the Risk Management section; and

- An integrated governance, risk and compliance system which facilitates information sharing, coordination and collaboration among GA, Group Risk Management and Group Compliance for more effective governance oversight and response to issues identified.

Please refer to the Risk Management section for a detailed discussion of the risk governance, material risk types, and risk management structure and approach.

Our business and support units conduct regular self-assessments on their compliance with internal controls, risk management processes and applicable regulations. The results are reviewed by senior management committees and where deficiencies are identified, these committees monitor the progress made in rectification works. Our AC and our Head of GA reviewed the internal controls while our BRMC and our CRO reviewed the risk management processes.

Our Board and BRMC have received assurance from our CEO, CFO and CRO, who have in turn received corresponding assurances from the respective function heads, that the system of risk management and internal controls, including financial, operational, compliance and information technology controls, is adequate and effective.

Messrs Ong Yew Huat and Alvin Yeo Khirn Hai and Dr Chia Tai Tee are members of both the AC and BRMC, ensuring an holistic view of the Bank's system of risk management and internal controls.

Based on its review and with the concurrence of our AC and BRMC, our Board is of the view that our system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2020. As no system of risk management and internal controls can provide absolute assurance against error, loss or fraud, our system of risk management and internal controls provides reasonable but not absolute assurance that we will not be affected by any adverse event which may be reasonably foreseen.

Managing stakeholder relationships

Shareholder rights and conduct of general meetings

We encourage and support shareholders' attendance at our general meetings and participation in decisions concerning key corporate changes, such as the repurchase of shares, amendment to our Constitution and the authority to issue ordinary shares.

The notice of a general meeting, related information and a proxy form are usually sent to our shareholders at least 14 days before the meeting. The notice of meeting, information relating to the resolutions and the proxy form are made available on our website and the SGX website. As we move towards reducing its carbon footprint and adopting more sustainable practices, we will in time serve notices of general meetings to shareholders electronically in accordance with the provisions of our Constitution and applicable regulations.

Corporate Governance

All shareholders are entitled to attend and to vote at general meetings in person or by proxy. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Under normal circumstances, shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend and to vote on their behalf, and nominee companies and custodian banks which are relevant intermediaries may appoint more than two proxies. Investors who hold shares through nominee companies or custodian banks may attend and vote as proxies of the nominee companies or custodian banks. Duly completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting.

At general meetings, our Board Chairman ensures that adequate time is allocated for shareholders to ask questions or to provide their feedback on Bank-related matters and the resolutions to be passed. Our Directors also take the opportunity to mingle with shareholders at these meetings.

Our AGM is usually held within four months from our financial year end of 31 December each year. Before the resolutions are put to the vote, our CEO makes a presentation on our performance in the preceding financial year. The Directors and our senior management are in attendance to address shareholders' queries. Our external auditor is also present to address questions on the audit. The minutes of the AGM, together with the responses to the queries raised by shareholders during the meeting and voting outcomes of the resolutions, are published on our website after the AGM.

Each proposal is tabled as a separate and distinct resolution and not bundled or made conditional to other resolutions. Relevant information relating to each resolution is provided in the Notice of AGM.

Each ordinary share carries one vote and poll voting via electronic devices is adopted at all general meetings. Electronic poll-voting services are provided by an independent service provider. Before voting commences, shareholders and proxies are briefed on the polling procedures in English and Mandarin. Each agenda item is put to the vote separately. After voting on each resolution is closed, the votes cast are tallied and presented immediately to shareholders. An independent scrutineer, who is in attendance at every general meeting, validates the voting results, which are announced on the SGX website on the same day after the general meeting.

The outbreak of the COVID-19 pandemic in early 2020 forced many companies to abandon their usual plans for the AGM due to public health and safety concerns. The relevant authorities in Singapore quickly passed legislation, including the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts and Debenture Holders) Order 2020 (COVID-19 Meetings Order) to allow companies to make alternative arrangements to hold their general meetings. Consequently, all companies were granted an extension of time to hold their AGMs and held their general meetings electronically. We promptly informed shareholders that the AGM would be deferred and subsequently held our AGM in June 2020. The deferred AGM was held electronically with a live webcast. All shareholders were entitled to participate in the virtual AGM at no cost to them. Shareholders were requested to pre-register to participate in the electronic AGM. Each verified shareholder was assigned a unique passcode to log in to the virtual webcast of the AGM. Shareholders could also choose to tune in to the live audio feed of the AGM via telephone.

To give shareholders more time to become familiar with the new arrangements, the notice of AGM was published at least 28 days ahead of the virtual AGM. We invited shareholders to submit their questions ahead of the AGM, and published our responses to the questions before the deadline for the submission of proxy votes. Shareholders were able to submit their questions and proxy forms by email or post, or on our corporate website.

Under the exceptional circumstances and in compliance with regulatory guidance, shareholders were requested to appoint the chairman of the meeting as their proxy to cast their votes as directed by them at the AGM. The votes by poll were verified by our independent scrutineer before the results were announced at the virtual AGM, and broadcast on the SGX website on the same day.

The pandemic has not abated. Hence the 2021 AGM will be held electronically again in the interest of public health and safety. Shareholders will be able to pre-register to attend the AGM at no cost to them. Once more, shareholders will be invited to send in their questions ahead of the AGM and responses from our Directors will be published before the deadline for the submission of proxy votes. Shareholders will be requested to appoint the chairman of the meeting as their proxy to cast their votes at the AGM.

Verified shareholders will also be able to pose questions to the Board in real time during the AGM by typing their questions on the AGM platform. The services will be provided by an independent service provider.

Engagement with shareholders and other stakeholders

Our investor relations policy governs our engagement with our stakeholders, including our shareholders, institutional and retail investors, shareholder proxy advisory agencies, equity and fixed income analysts and credit rating agencies. All pertinent information is published on our website (www.UOBgroup.com) and the SGX website. The investor relations webpage on our website (www.UOBgroup.com/investor-relations/index.html) hosts relevant investor-related information, including the financial results, annual report, upcoming events and share and dividend information. Interested parties may subscribe for email alerts of substantive news and information released by us.

We publish our financial updates (first and third quarters) and half-year financial reports within 45 days from the end of each financial quarter, and our full-year financial statements within 60 days from the financial year-end.

Our annual report is available on and our website and the SGX website. We inform shareholders of the publication of our annual report on and our website and the SGX website at least 14 days before our AGM.

Apart from the AGM, our stakeholders may also contact our Investor Relations unit. The contact details can be found in the Corporate Information and Investors Highlights of this report and on our website.

We engage the investment community through various avenues including briefings to the media, analysts and investors following the release of the half-year and full-year financial results. Corporate Day events are organised periodically to provide the investment community with insights into our businesses and key markets. Due to the ongoing pandemic, these events were held electronically during 2020. Through investor meetings, conferences and roadshows, our senior management shares our corporate strategy, operational performance and business outlook. We also collaborate with other agencies such as the SGX-ST to reach out to retail investors on a regular basis. All materials presented at such events are published on our website and and the SGX website on the same day.

Information on how we manage our stakeholder relationships and engage with our stakeholders can be found in the Sustainability Report, which is available on our website.

Dividends

We aim to provide sustainable returns to our shareholders for their investment as we balance the long-term strategic growth opportunities and proactive management of capital. We adopt a dividend payout ratio approach that is based on our net profit after tax to reward our shareholders in a consistent and sustainable manner, while taking into consideration a forward view of the evolving macroeconomic outlook and business environment across the region. Subject to the Common Equity Tier 1 ratio being above 13.5 per cent and a stable outlook, we aim to deliver a dividend payout ratio (DPR) of 50 per cent of our net profit after tax.

Dividends recommended or declared are announced on the SGX website. Interim dividends are paid within 30 days after they are declared and final dividends are paid within 30 days after they are approved by shareholders at our AGM. If the UOB Scrip Dividend Scheme is applied to any dividend, the payment date will not be later than 35 market days after the record date, in compliance with the SGX-ST Listing Rules.

With the uncertainty brought on the pandemic, the MAS has called on locally-incorporated banks headquartered in Singapore (Local Banks) to cap their total dividends per share (DPS) for FY2020 at 60 per cent of FY2019's DPS, and to offer shareholders the option of receiving their dividends in scrip in lieu of cash. While the Local Banks' capital positions are strong, the dividend restrictions are a pre-emptive measure to bolster their resilience and capacity to support lending to businesses and individuals, and to absorb economic shocks should a more adverse scenario materialise.

In support of the national effort, our Board declared an interim dividend for FY2020 based on the regulatory guidance and offered shareholder the option to receive their dividends in scrips in lieu of cash. The final dividend for FY2020 will continue to support our national effort. We intend to revert to our target DPR once the regulatory guidance on dividends is revoked.

Corporate Governance

Related party transactions and interested person transactions

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Haw Par Corporation Limited and its subsidiaries (Haw Par Group)	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to the Haw Par Group. The total value of these transactions was $81,953.	Nil
UOB-Kay Hian Holdings Limited and its subsidiaries	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to UOB Kay Hian Private Limited. The total value of these transactions was $63,175. The Bank received $25,812 referral fees paid by UOB Kay Hian Private Limited.	Nil
UOL Group Limited and its subsidiaries (UOL Group)	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to and acted as hotel services agent for the UOL Group. The total value of these transactions was $149,186. United Overseas Bank (Vietnam) Limited rented a service apartment at Pan Pacific Hanoi from Westlake International Company Limited for 12 months from 1 June 2020 at $40,517 (VND705,000,000).	Nil
UIC Asian Computer Services Pte Ltd	Associate of Controlling Shareholder, Wee Cho Yaw	UOB and its subsidiaries purchased hardware and software from UIC Asian Computer Services Pte Ltd valued at approximately $47.99 million.	Nil
Flair Venture Pte Ltd	Associate of Controlling Shareholder, Wee Cho Yaw	UOB charged Fair Venture Pte Ltd a lower FX transaction fee of 1 per cent at $54,840 for its corporate credit card usage on an exceptional basis.	Nil
For the Love of Laundry Pte Ltd	Associate of Director and Controlling Shareholder, Wee Ee Cheong	UOB granted For the Love of Laundry Pte Ltd a short-term rental reduction amounting to $21,400 to help the COVID-19 impacted tenant for five months from 1 August to 31 December 2020.	

Material contracts

Save as may be disclosed on the SGX website or in this Report, neither we nor our subsidiaries has entered into any material contract involving the interest of our CEO, any of our Directors or controlling shareholder since the end of the previous financial year and no such contract subsisted as at 31 December 2020.

Ethical standards

Code of Conduct (Code)

Our Code of Conduct is based on our values of Honour, Enterprise, Unity and Commitment. It lays down the principles of personal and professional conduct expected of our employees, including in the following areas:

- Fair Dealing in the conduct of business;
- protection of personal data and customer information in accordance with applicable privacy and data security laws and regulations;
- equal opportunity for employees based on of merit;
- zero tolerance of discrimination, bullying or harassment on the basis of gender, race, age, religion, disability or any other classification that does not create a professional and safe workplace;
- maintenance of a conducive and healthy environment that contributes to the safety and well-being of employees and other stakeholders;
- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistle-blowing.

New colleagues are introduced to the Code as part of their induction and all employees refresh our knowledge annually as part of our self-learning programme. Employees are assessed on how well their behaviour is aligned to our values in our annual performance appraisal. Any employee who does not comply with the code may be subject to disciplinary action. Investigations are conducted in accordance with neutral fact-finding processes, carried out with the utmost objectivity and based on the principles of fairness and natural justice.

Whistle-blowing

Our whistle-blowing policy provides for any person to report, anonymously or otherwise, any suspected or actual wrongdoing (such as fraud and breaches of the law, regulations or our policies) in confidence. Reprisal in any form against whistle-blowers who have acted in good faith is forbidden.

Whistle-blowing reports may be sent to the Head of GA at One Raffles Place, Tower 1 #15-02, Singapore 048616. They may also be sent to our AC Chairman, CEO or Board Chairman at 80 Raffles Place, UOB Plaza 1, Singapore 048624. All reports received are accorded confidentiality. GA investigates all reports independently and submits its reports directly to the AC.

The whistle-blowing policy, which is reviewed regularly, is published on our intranet.

Fair Dealing

Fair Dealing is deeply entrenched in our organisational culture. We have policies, guidelines and best practices to guide our colleagues in our daily activities. We also refresh our understanding of Fair Dealing through online training annually. Our customers and the general public may give their feedback on us or our products and services via the customer service hotline or feedback form, both of which are available on our website. Our independent customer complaint review process ensures that complaints are reviewed and investigated independently, effectively and promptly. An independent compensation review panel reviews claims and its decisions are communicated to customers promptly. More information on our commitment to Fair Dealing can be found in the Sustainability Report.

Securities dealing

Our Directors and employees are guided by a code on dealing in securities which requires them to comply with applicable laws on insider dealings at all times. Under the code, Directors and employees may not deal in our securities:

- on short-term considerations;
- whenever they are in possession of price-sensitive information; and
- during the period commencing two weeks before the announcement of our financial updates for each of the first and third quarters of the financial year and one month before the announcement of the half-year financial results and full-year financial statements. We do not deal in our securities during the prohibited dealing periods and we inform our Directors and employees of such periods.

Employees with access to price-sensitive information in the course of their duties must seek clearance before they trade in securities listed on a stock exchange. Failure to do so may result in disciplinary action.

Our Directors and CEO must notify us of their interests in the securities of UOB and its related corporations within two business days after they acquire or dispose of such interests or become aware of any change in their interests. We will announce the changes on the SGX website in compliance with the applicable regulations.

Corporate Governance

Summary of disclosures
- Express disclosure requirements in the 2018 Code and Supplementary MAS Guidelines

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 1.2 The induction, training and development provided to new and existing directors.	77
Provision 1.3 Matters that require board approval.	73 and 74, 79
Provision 1.4 Names of the members of the board committees, terms of reference, any delegation of the board's authority to make decisions, and a summary of each board committee's activities.	72 to 85
Provision 1.5 The number of meeting of the Board and board committees held in the year, as well as the attendance of every Board member at these meetings.	76
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	75, 77 and 78
Provision 4.3 Process for the selection, appointment and re-appointment of directors to the board, including criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	77
Provision 4.4 Where the board considers a director to be independent notwithstanding the existence of a relationship between the director with the company, its related corporation, its substantial shareholders or its officers, which may affect his or her independence, such relationship and the reasons for considering him/her as independent should be disclosed.	Not applicable
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC and board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	10 to 15, 76
Provision 5.2 How the assessment of the board, its board committees and each director has been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	74 to 77
Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence.	79, 92
Provision 8.1 The company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.	79 to 81, 92 to 95
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000. The disclosure should states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	81
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, including the details of employee share schemes.	79 and 80, 92 to 95, 197

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 9.2 The board should discloses whether it has received assurance from: (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	82, 85
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	76
Provision 12.1 The steps to solicit and understand the views of shareholders.	73, 85 to 87
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	31 to 35, 73 and 74, 78 to 89

Supplementary MAS Guidelines – Express disclosure requirements	Page reference
Guideline 1.16 An assessment of how induction, orientation and training provided to new and existing directors meet the requirements as set out by the NC to equip the board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively.	77
Guideline 2.13 Names of the members of the board executive committee (Exco) and the key terms of reference of the Exco, explaining its role and the authority delegated to it by the board.	72, 76, 78
Guideline 4.13 Resignation or dismissal of key appointment holders.	78
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment.	76
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $50,000* during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be incremental bands of $50,000*.	81
Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the board.	72, 76, 81 and 82, 85
Guideline 17.4 Material related party transactions.	88

* Disclosures relating to employees who are immediate family members of a director or the CEO are aligned to the 2018 Code, where disclosures are required from $100,000

Remuneration

Our meritocratic compensation practices support the Group's long-term business strategy and provide a fair total compensation that reflects each employee's contribution and performance for the year and their upholding of the UOB values in their decision-making and actions. While seeking to build a highly-skilled workforce for our organisation worldwide, we also encourage values-based behaviours that underpin our financial strength and reputation.

Remuneration policy for employees

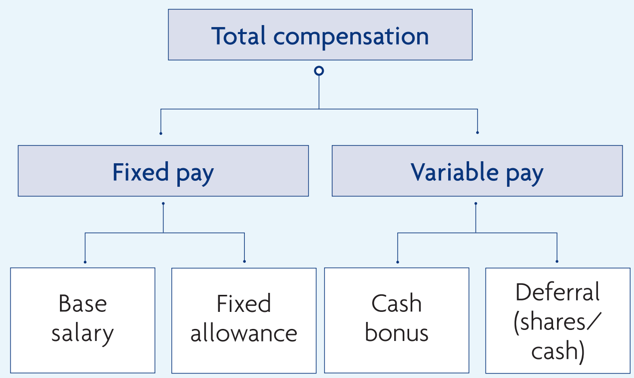
Our remuneration policy for employees sets out the principles and philosophies that guide the design, operation and management of our remuneration programmes. The policy covers the remuneration of all employees and is reviewed by the Remuneration and Human Capital Committee (RHCC) regularly to ensure our compensation practices and programmes are appropriate to attract, to retain and to motivate a highly-skilled workforce, while meeting applicable regulatory requirements. The programmes are designed to support the Group's business and people strategies and objectives.

Our remuneration policy for employees takes into account the principles and standards set by the Financial Stability Board and the Monetary Authority of Singapore's (MAS) 2013 Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) and Code of Corporate Governance issued in 2018 (2018 Code).

Our approach to remuneration

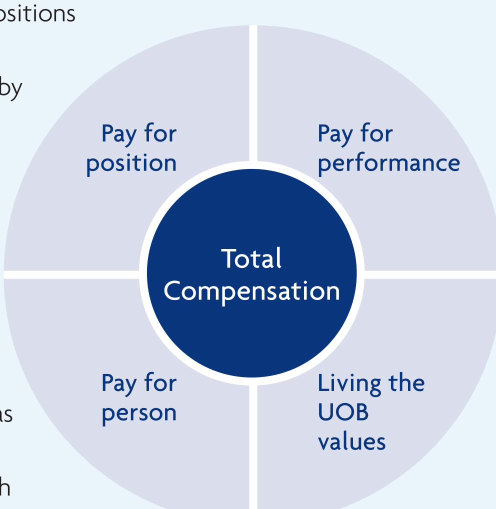
Our compensation structure comprises two main components, namely fixed pay and variable pay. Fixed pay consists of a base salary and fixed allowances that are pegged to the market value of the job. Variable pay (cash bonus and deferrals in the form of cash or shares, where applicable) rewards employees based on the performance of the Group and their business unit (BU), as well as the employee's individual performance, including behaviour aligned to our values.

Structure of total compensation



Ensuring fair compensation for every employee

- Benchmarked against comparable positions in the market.
- Benchmarked against salary surveys by established external independent compensation consultants, such as McLagan, Willis Towers Watson and Mercer.



- Variable pay based on the performance of the Group and the employee's BU and the employee's individual achievement of performance targets.
- Total compensation that is competitive and is differentiated by performance.

- Employee's personal attributes such as skills and experience.
- Base salary that is commensurate with personal attributes.

- Employee's demonstration of our UOB values of Honour, Enterprise, Unity and Commitment.

Remuneration governance

The RHCC seeks to ensure that compensation for the Group is able to create long-term value and to strengthen the franchise, and is aligned with shareholders and other stakeholders' long-term interests. It determines the total compensation for the Group by considering various factors including the underlying business risks, business outlook, performance and investments in building infrastructure and capabilities. The Board Risk Management Committee (BRMC) provides input to the RHCC to ensure that remuneration and incentive practices adopted by the Group do not incentivise inappropriate risk-taking behaviours.

Details of the composition of the RHCC and a summary of its key roles and responsibilities can be found in the Corporate Governance section of this report.

Variable pay

Under the Group's total compensation framework, the total compensation paid to employees is a function of net profit before tax. The Group goes through the following process to determine an employee's variable pay:

Determine the variable pay pool

- Determine variable pay pool based on the performance against the Group's Balanced Scorecard (BSC)
- Where applicable, adjust based on outcomes of the Group Risk Appetite Statement (GRAS)

Allocate the variable pay pool to BUs

- Allocate to BUs based on the achievements of cascaded targets in the BSC, taking into account productivity
- Country heads are consulted on the variable pay pools allocated to BUs

Distribute variable pay to individuals

- BUs determine their rewards based on *inter alia*, the achievement of performance objectives, competencies and behaviours with respect to the UOB values
- Balance between the achievement of key performance indicators and behaviour
- Employees who have exceeded performance expectations receive higher variable pay.

The Group BSC includes metrics for financial outcomes, as well as strategic and business drivers.

Group Balanced Scorecard

Financial outcomes	Strategic and business drivers
Growth	Customers
Profitability	Connectivity
Asset quality	Funding
Productivity	Employee engagement
	Transformation programmes

Risk, people and reputation	GRAS outcomes

Senior Management

Senior Management (SM) is defined as the Chief Executive Officer and members of the Group Management Committee who have the authority and responsibility for their respective Group functions.

The variable pay pool for the SM is determined based on net profit before tax with reference to the Group BSC and risk-weighted metrics. The usage of risk-weighted metrics emphasises our prudent capital usage and risk management approach across the Group.

Control functions

Employees in control functions, namely Risk Management, Audit, Credit and Compliance, are compensated independently of the performance of any business line or BU that they oversee. This is to avoid any potential conflict of interest. The compensation of the control function employees is determined based on the overall performance of the Group, the achievement of operational key performance indicators of the control function and the performance of the individual employee. The BRMC and the Audit Committee approve the remuneration for the Chief Risk Officer and the Head of Group Audit respectively based on the Group's remuneration approach, with the concurrence of the RHCC.

Remuneration

Variable pay deferrals

Our Group variable pay deferral policy applies to employees in senior grades and material risk takers (MRTs). MRTs are employees with significant organisational responsibilities that have a material impact on the Group's performance and risk profile, and employees with high risk mandates in the form of risk-weighted assets, trading limits and trading sales budgets.

The objectives and details of the deferral policy are as follows:

Objectives	Details
• Align compensation payment schedules with the time horizon of risks. • Retain employees whose contributions are essential to the long-term growth and profitability of the Group. • Encourage employees to focus on delivering sustainable long-term performance to align with shareholders and other stakeholders' interests.	• 20 per cent to 60 per cent of variable pay is subject to deferral, with the proportion of deferral increasing with the amount of variable pay received. • Deferred variable pay may be in the form of deferred cash or shares under the Executive Equity Plan. • Deferred cash vests equally over three years while 30 per cent and 70 per cent of the deferred shares vest in the second and third years respectively. • Vesting schedules may differ in countries where local regulations are stricter. • Vesting of deferred compensation is subject to *malus* and clawback.

Malus of unvested deferred compensation and clawback of paid deferred compensation will be triggered by, *inter alia*:

- material violation of risk limits;
- Bank-wide losses or material risks due to negligent risk-taking or inappropriate individual behaviour;
- material restatement of financial results; or
- misconduct, malfeasance or fraud.

The RHCC reserves the discretionary powers to enforce *malus* and the clawback of any deferred compensation.

The deferral guidelines and vesting conditions apply consistently to all employees in senior grades and MRTs, as well as retiring, retired and retrenched employees. There is no accelerated payment of deferred compensation for employees leaving the Group other than in exceptional cases, such as death in service. There is also no special retirement plan, golden parachute or special severance package for all employees. Employees who resign or whose services are terminated forfeit any unvested deferred variable pay.

Remuneration outcomes in 2020

The Group's financial results for 2020 reflect the impact of the global pandemic with earnings at $2.91 billion, 33 per cent lower than 2019. The cost-to-income ratio increased on the back of slower revenue, while the Group continued to be prudent and disciplined as we invested in technology capabilities and supported our people through these unprecedented times.

In line with the Group's overall performance, the Group's variable pay pool declined. The RHCC also took into account the GRAS outcomes when determining the Group's compensation. The RHCC is of the view that the level and structure of remuneration are aligned with our long-term interests and our risk management policies.

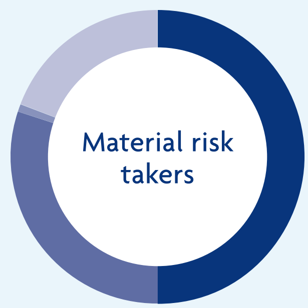
Non-disclosure of Remuneration

While the 2018 Code and MAS Guidelines recommend the disclosure of the remuneration of the top five non-director executives, the Bank believes that it would be disadvantageous for us to do so given the highly competitive market for talent. As there are many banks operating in Singapore that are not required to disclose such information, such disclosure will impair the Bank's ability to compete fairly for talent.

Guaranteed bonuses, sign-on awards and severance payments

Category of remuneration	SM	MRTs
Number of guaranteed bonuses	0	1
Number of sign-on awards	0	2
Number of severance payments	0	2
Total payments made for the above for the financial year ($'000)	**0**	**1,628**
Number of employees	14	224
Number of employees that received variable pay	14	213

Breakdown of 2020 remuneration awarded to SM and MRTs



Breakdown of deferred remuneration

Deferred and retained remuneration	Total outstanding deferred remuneration	of which: total outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amendments during the year due to ex post explicit adjustments [1]	Total amendments during the year due to ex post implicit adjustments [2]	Total deferred remuneration paid out in the financial year
Senior Management	100%	100%	0%	0%	35%
Cash	14%	14%	0%	0%	8%
Shares and share-linked instruments	86%	86%	0%	0%	27%
Other forms of remuneration	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	32%
Cash	2%	2%	0%	0%	0%
Shares and share-linked instruments	98%	98%	0%	0%	31%
Other forms of remuneration	0%	0%	0%	0%	0%

(1) Examples of ex post explicit adjustments include *malus*, clawbacks or similar reversals or downward revaluations of awards.
(2) Examples of ex post implicit adjustments include fluctuations in the value of shares or performance units.

Risk Management

Managing risk is an integral part of our business strategy. Our risk management approach focuses on ensuring continued financial soundness and safeguarding the interests of our stakeholders, while remaining nimble to seize value-creating business opportunities in a fast-changing environment. We are committed to upholding high standards of corporate governance, sound risk management principles and business practices to achieve sustainable, long-term growth. We are continually strengthening our risk management practices in support of our strategic objectives.

2020 highlights

In 2020, we

- stepped up our efforts to implement the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In line with our TCFD roadmap, we completed our pilot assessment to quantify the impact of climate transition risk on our portfolio and enhanced our assessment of the capabilities and resilience of our borrowers to manage climate risks. Together with other industry players, we helped to co-create the Monetary Authority of Singapore's (MAS) Guidelines on Environmental Risk Management. We were also an active member of the MAS Green Finance Industry Taskforce (GFIT)[1] Risk Management Workstream;

- intensified our interbank offered rate transition efforts with taskforces overseeing various aspects of the transition and business units managing end-to-end coordination. We monitored our exposure actively, enhanced our systems and processes and assessed implications on accounting, valuation, tax and risk management. We also engaged affected clients, provided notifications and reviewed contractual terms to ensure Fair Dealing outcomes are effected. Our efforts enabled us to start trading in and issuing new products referencing alternative reference rates. We are keeping abreast of the latest developments to ensure that the transition results in fair outcomes for both our customers and the Bank;

- worked with the Three Lines Working Group, which comprised senior management representatives from the business lines and the risk, compliance and audit functions to improve the Bank's Three Lines Model. The accomplishments of the working group included:

  - mapping the role and accountability across the Three Lines to address duplication, to enhance efficiency and to achieve optimisation;

  - standardising the enterprise-wide risk identification taxonomy, assessment criteria matrix and control rating system across the Three Lines for more coherent and robust risk identification, assessment, monitoring, reporting and action planning; and

  - enhancing the governance, risk and compliance system design for better user experience across the Group.

- continued our efforts to foster a robust risk culture within UOB. In May, we kicked off the Speak Up initiative to encourage all employees to speak up, to listen more and to support one another. In particular, we focused on promoting psychological safety and creating an atmosphere where everyone feels comfortable and secure about speaking their minds on issues encountered at work. The initiative reminded all employees that they have a part to play in expressing their views, sharing their ideas and ensuring a supportive and psychologically-safe environment at work; and

- implemented the revised Fundamental Review of Trading Book Standardised Approach (FRTB-SA) based on the requirements of the Basel January 2019 Minimum Capital Requirements for Market Risk framework, which will be adopted by the MAS. The Fundamental Review of Trading Book (FRTB) is the new framework for the evaluation of market risk capital under Basel III. This allows the Bank to report results internally ahead of the FRTB regulatory compliance timeline of January 2023, with ongoing fine-tuning until the Bank seeks regulatory approval. We have also formulated plans to roll out the FRTB-SA to our overseas subsidiaries in a phased approach.

1 Formerly known as "MAS Financial Centre Advisory Panel (FCAP) Green Finance Working Group".

Maintaining a sound risk culture

A strong risk culture is vital to the long-term sustainability of the Bank's business franchise. Specifically, risk culture refers to the norms, attitudes and behaviours related to risk awareness, risk-taking and risk management, and controls that shape decisions on risks[2]. At UOB, our risk culture is based on our values. A strong risk culture ensures that our decisions and actions are considered and focused on our stakeholders, and that we are not distracted by short-term gains.

Risk Culture Statement

Managing risk is integral to how we create long-term value for our customers and other stakeholders. Our risk culture is built on four principles: enforcing robust risk governance; balancing growth with stability; ensuring accountability for all our risk-based decisions and actions; and encouraging awareness, engagement and consistent behaviour in every employee. Each of these principles is based on our distinctive set of values that guides every action we take. In entrenching our risk culture further across our franchise, we uphold our commitment to financial safety and soundness, fair outcomes and appropriate support for our stakeholders, sustainable and prudent business approach, and performance based on integrity, ethics and discipline.

Safeguarding our reputation in creating long-term value for our stakeholders

Our risk culture impact	Financial safety and soundness	Fair outcomes and appropriate support for all stakeholders	Sustainable and prudent approach to business	Performance based on integrity, ethics and discipline

Maintaining a sound risk culture across our franchise

Our risk culture principles	GOVERNANCE Enforce robust governance of risk	BALANCE Balance growth with stability in taking risk	ACCOUNTABILITY Ensure accountability for risk	CONSISTENCY Encourage consistent risk-focused behaviour
Our risk culture components	• Comprehensive risk management frameworks, policies and processes • Well-defined risk appetite • Pre-emptive supervision • Independent control functions	• Open communication and collaboration • Regular risk reviews and continual improvements	• Clear ownership and escalation through the Three Lines Model • Balanced risk-reward remuneration • Established consequences • Individual accountability	• Tone from Above • Leadership oversight and responsibility • Clear articulation of principles and desired outcomes • Frequent and regular sharing • Ongoing training

Demonstrating our unique set of values through consistent behavior

Our values	Honourable	Enterprising	United	Committed

2 Basel Committee on Banking Supervision: Guidelines on Corporate Governance Principles for Banks (July 2015).

Risk Management

Our risk management strategy embeds our risk culture across the Group, so as to facilitate ongoing effective discovery, management and mitigation of risks arising from external factors and our business activities, and to use capital efficiently to address these risks. Risks are managed within levels established by senior management committees and approved by the Board and its committees. We have put in place frameworks, policies, methodologies, tools and processes that help us to identify, to measure, to monitor and to manage the material risks faced by the Group. These enable us to focus on the fundamentals of banking and create long-term value for all our stakeholders.

Risk governance

Our risk frameworks, policies and appetite provide the principles and guidance for the Group's risk management activities. They guide our key decisions for capital management, strategic planning and budgeting, and performance management to ensure that risk dimension is appropriately and sufficiently considered. Risk reports are submitted regularly to senior management committees and the Board to keep them apprised of the Group's risk profile.

We adopt the Basel Framework and observe MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore. Please refer to the 'Pillar 3 Disclosure' section for further information. We continue to take a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns. We also adopt the Internal Capital Adequacy Assessment Process (ICAAP) to assess, on an ongoing basis, the amount of capital necessary to support our activities. We review the ICAAP periodically to ensure that the Bank remains well-capitalised, taking into account all material risks. Stress-testing is conducted to determine capital adequacy under stressed conditions.

Responsibility for risk management starts with Board oversight of UOB's governance structure, which ensures that the Group's business activities are:

- conducted in a safe and sound manner and in line with the highest standards of professionalism;
- consistent with the Group's overall business strategy and risk appetite; and
- subject to adequate risk management and internal controls.

Our Board is assisted primarily by the Board Risk Management Committee (BRMC), which reviews the overall risk appetite and level of risk capital to be maintained for the Group.

Our Chief Executive Officer (CEO) has established senior management committees to assist him in making business decisions with due consideration to risks and returns. The main senior management committees involved in this are the Management Executive Committee (MEC), Risk and Capital Committee (RCC), Asset and Liability Committee (ALCO), Credit Committee (CC) and Operational Risk Management Committee (ORMC). These committees also assist the Board Committees in specific risk areas.

Management and the senior management committees are authorised to delegate risk appetite limits by location, business units and/or broad product lines.

Risk management is the responsibility of every employee in the Group. We strive to instill awareness of the risks created by their actions and the accountability for the consequences of those actions in our employees. We have an established framework to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business. Our organisational control structure provides the Three Lines Model as follows:

First Line – The risk owner: The business and support units have primary responsibility for implementing and executing effective controls to manage the risks arising from their business activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, appetite, limits and controls and to highlight control breakdowns, inadequacy of processes and unexpected risk events.

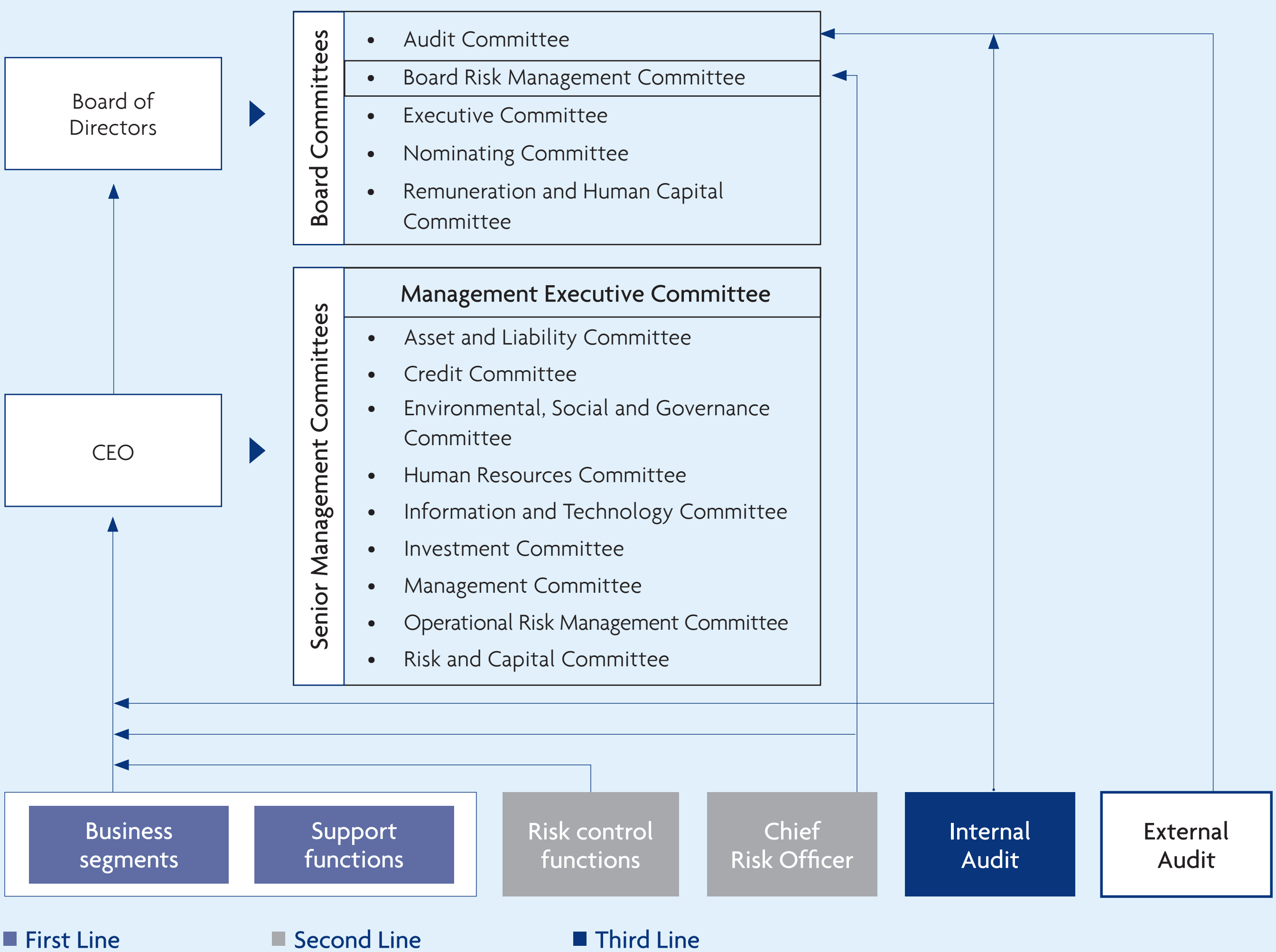
Second Line – Risk oversight: The risk and control oversight functions (Group Risk Management and Group Compliance) and the Chief Risk Officer, as the Second Line, support the Group's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite and limits within which the business functions must operate. They are also responsible for the independent review and monitoring of the Group's risk profile and for highlighting any significant vulnerabilities and risk issues to the respective senior management committees.

The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line – Independent audit: The Group's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines to provide independent assurance to the CEO, Audit Committee and the Board on the adequacy and effectiveness of our system of risk management and internal controls.

The Group's governance framework also provides oversight of our overseas banking subsidiaries through a matrix reporting structure. These subsidiaries, in consultation with Group Risk Management, adapt the risk management governance structure, frameworks and policies to comply with local regulatory requirements. This ensures that the approach across the Group is consistent and sufficiently flexible to suit local operating environments.

Risk governance structure



Risk Management

Risk appetite

Our risk appetite framework defines the amount of risk we are able and willing to take in the pursuit of our business objectives. It ensures that the Group's risk profile remains within well-defined and tolerable boundaries. The framework was formulated based on the following key criteria:

- alignment to the Group's key business strategy;
- relevance to the respective stakeholders, with appropriate levels of granularity;
- practical, consistent and easy-to-understand metrics for communication and implementation; and
- analytically-substantiated and measurable metrics.

The risk appetite defines suitable thresholds and limits across key areas of credit risk, country risk, market risk, liquidity risk, operational risk and reputational risk. Our risk-taking approach is focused on businesses which we understand and whose risks we are well-equipped to manage. This approach helps us to minimise earnings volatility and concentration risk, and ensures that our high credit ratings, strong capital and stable funding base remain intact. This way, we will remain a steadfast partner of our customers through changing economic conditions and cycles.

Our risk appetite framework and risk appetite are reviewed and approved annually by the Board. Management monitors and reports the risk profiles and compliance with the risk appetite to the Board on a regular basis.

Material risks

Our business strategies, products, customer profiles and operating environment expose us to a number of financial and non-financial risks. Identifying and monitoring key risks are integral to the Group's approach to risk management. It enables us to make proper assessments of and to mitigate these risks proactively across the Group. The table below summarises the key risks that could impact the achievement of the Group's strategic objectives. Details of these key risks can be found in the following pages.

Material risk	Definition	How risk is managed
Credit risk	The risk of loss arising from failure by a borrower or counterparty to meet its financial obligations when they are due.	Through our credit risk management framework, policies, probability of default/loss given default/exposure at default/portfolio models and limits.
Market risk	The risk of loss from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads) of the underlying asset. It includes interest rate risk in the banking book which is the potential loss of capital or reduction in earnings due to changes in interest rates environment.	Through our market risk management framework, policies, Value-at-Risk (VaR) models and limits. Interest rate risk in the banking book is managed through the Group's balance sheet risk management framework and interest rate risk in the banking book management policies and limits.
Liquidity risk	The risk that arises from our inability to meet our obligations or fund increases in assets as they fall due.	Through our balance sheet risk management framework, liquidity risk management policies, ratios and limits.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such loss may be in the form of financial loss or other damage, for example, loss of reputation and public confidence that will impact our creditability and/or ability to transact, to maintain liquidity and/or to obtain new business. Operational Risk includes banking operations risk, technology risk, regulatory compliance risk, legal risk, reputational risk, outsourcing risk and fraud risk but excludes strategic and business risk.	Through the respective risk management frameworks, policies and operational risk management programmes, including Key Risk and Control Self-assessments, Key Operational Risk Indicators, Incident Reporting, Management Risk Awareness and Scenario Analysis.

Material risk	Definition	How risk is managed
Conduct risk	The risk of improper employee behaviour or action that results in unfair stakeholder outcomes, negative impact on market integrity and other issues that damage the reputation of the Group.	Through a multi-faceted approach leveraging the frameworks, policies and procedures in operational risk management, internal fraud management, whistle-blowing, employee discipline, individual accountability, code of conduct, remuneration, fair dealing and anti-money laundering.
Strategic and business risks	Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. Business risk refers to adverse impact on earnings or capital arising from changes in business parameters such as volume, margin and cost.	Through our Group Strategic and Business Risk Management Policy.
Model risk	The risk arising from: • the use of an inappropriate model which cannot accurately evaluate market prices or which is not a mainstream model in the market (such as pricing models); or • inaccurately estimating the probability or magnitude of future losses (such as risk measurement models) and the use of those estimates.	Through the model risk governance framework and managed under the respective material risk types for which there is a quantitative model.
Environmental, social and governance (ESG) risk	The risk of credit loss or non-financial risks, such as reputational damage, arising from ESG issues, including climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations.	The different aspects of ESG risk are managed through the relevant frameworks, policies and guidelines in place, including our Responsible Financing Policy.

Risk Management

Credit risk

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

We adopt an holistic approach towards assessing credit risk and ensures that managing credit risk is part of an integrated approach to enterprise risk management. Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the identification, measurement and management of credit risk. We continually monitor the operating environment to identify emerging risks and to formulate appropriate mitigating actions.

Credit risk governance and organisation

The Credit Committee (CC) supports the CEO and BRMC in managing the Group's overall credit risk exposures and serves as an executive forum for discussions on all credit-related matters. The CC also reviews and assesses the Group's credit portfolios and credit risk profiles.

The Country and Credit Risk Management Division develops Group-wide credit policies and guidelines and facilitates business development within a framework that results in prudent, consistent and efficient credit risk management. It is responsible for the reporting, analysis and management of credit risk to the CC and the BRMC. The comprehensive credit risk reports cover business segments at the overall portfolio level by various dimensions including industry, product, country and banking subsidiaries.

Credit risk policies and processes

We have established credit policies and processes to manage credit risk in the following key areas:

Credit approval process

Credit origination and approval functions are segregated to maintain the independence and integrity of the credit approval process. Credit approval authority is delegated to officers based on their experience, seniority and track record. All credit approval officers are guided by credit policies and credit acceptance guidelines which are reviewed periodically to ensure their continued relevance to our business strategy and the business environment.

Counterparty credit risk

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

We have also established policies and processes to manage wrong-way risk, i.e., where the counterparty credit exposure is positively correlated with its default risk. Transactions that exhibit such characteristics are identified and reported to the CC regularly. Separately, transactions with specific wrong-way risk are rejected at the underwriting stage.

Exposures arising from FX, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing us to offset what we owe to a counterparty against what is due from that counterparty in the event of a default.

In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting and the daily margining process.

Our FX-related settlement risk is significantly reduced through our participation in the Continuous Linked Settlement system. This system allows transactions to be settled irrevocably on a payment-versus-payment basis.

As at 31 December 2020, UOB would have been required to post additional collateral of US$5 million if our credit rating had been downgraded by two notches.

Credit concentration risk

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. We manage such risks by setting exposure limits on borrowers, obligor groups, portfolios, industries and countries, generally expressed as a percentage of the Group's eligible capital base.

We manage our credit risk exposures through a robust credit underwriting, structuring and monitoring process. While we proactively minimise undue concentration of exposure in our portfolio, our credit portfolio remains concentrated in Singapore and Malaysia. The Group's cross-border exposure to China has increased over the years, in line with rising trade flows between China and Southeast Asia. We manage our country risk exposures within an established framework that involves setting country limits. Such limits are based on the country's risk rating, economic potential measured by its gross domestic product and the Group's business strategy.

Our credit exposures are well-diversified across industries, except for the Singapore real estate sector due mainly to the high home ownership rate. We remain vigilant about risks in the sector and actively take steps to manage our exposure while staying prudent in approving real estate-related loans.

We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Group's portfolio. We also conduct frequent stress-testing to assess the resilience of our portfolio in the event of a marked deterioration in operating conditions.

Credit stress tests

Credit stress-testing is a core component of our credit portfolio management process. The three objectives are:

- to assess the profit and loss and balance sheet impact of business strategies;
- to quantify the sensitivity of performance drivers under various macroeconomic and business planning scenarios; and
- to evaluate the impact of Management's decisions on capital, funding and leverage.

We conduct stress tests to assess if our capital can withstand credit portfolio losses resulting from stress scenarios, and their impact on our profitability and balance sheet quality. Stress tests also help us to identify the vulnerability of various business units and enable us to formulate appropriate mitigating measures.

Our stress test scenarios consider potential and plausible macroeconomic and geopolitical events in varying degrees of likelihood and severity. We also consider varying strategic planning scenarios and assess the impact of different business scenarios and proposed managerial actions. These are developed in consultation with relevant business units and approved by senior management committees.

Credit risk mitigation

Our potential credit losses are mitigated through a variety of instruments such as collateral, derivatives, guarantees and netting arrangements. We would generally not grant credit facilities solely on the basis of the collateral provided. All requests for credit facilities are assessed based on the credit standing, source of repayment and debt servicing ability of the borrower.

We take collateral whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically and the frequency of such valuation depends on the type, liquidity and volatility of the collateral value. The collaterals are mostly in the form of properties. Cash, marketable securities, equipment, inventories and receivables may also be accepted. The collateral has to fulfill certain criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for the Internal Ratings-based Approach (IRBA) purposes. We have policies and processes to monitor collateral concentration. Appropriate haircuts that reflect the underlying nature of the collaterals, quality, volatility and liquidity would be applied to the market value of collaterals as appropriate.

When extending credit facilities to small- and medium-sized enterprises (SMEs), we often take personal guarantees to secure the moral commitment from the principal shareholders and directors. For IRBA purposes, we do not recognise personal guarantees as eligible credit risk protection. Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-based (FIRB) Approach, we adopt the Probability of Default (PD) substitution approach whereby the PD of an eligible guarantor of an exposure is used for calculating the capital requirement.

Credit monitoring and remedial management

We regularly monitor credit exposures, portfolio performance and emerging risks that may impact our credit risk profile. Our Board and senior management committees are updated on credit trends through internal risk reports. The reports also provide alerts on key economic, political and environmental developments across major portfolios and countries, so that the necessary mitigating measures can be implemented promptly.

Delinquency monitoring

We monitor closely the delinquency of borrowing accounts, a key indicator of credit quality. An account is considered delinquent when payment has not been received by the payment due date. All delinquent accounts, including revolving credit facilities (such as an overdraft) with limit excesses, are closely monitored and managed through a disciplined

Risk Management

process by officers from business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

Classification and loan loss impairment
We classify our credit portfolios according to the borrowers' ability to repay the credit facilities from their normal source of income. There is an independent credit review process to ensure that the loan grading and classification are appropriate and in accordance with MAS Notice 612 on Credit Files, Grading and Provisioning.

All borrowing accounts are categorised as 'Pass', 'Special Mention' or 'Non-performing'. 'Non-performing' or impaired accounts are further sub-divided into 'Substandard', 'Doubtful' or 'Loss' in accordance with MAS Notice 612. Any account which is delinquent or past due (or in excess of the approval limit for a revolving credit facility such as an overdraft) for more than 90 days will automatically be categorised as 'Non-performing'. In addition, any account that exhibits weaknesses which are likely to affect repayment on existing terms adversely may be categorised as 'Non-performing'. The accounting definition of impaired and the regulatory definition of default are generally aligned.

Upgrading and de-classification of a 'Non-performing' account to 'Pass' or 'Special Mention' must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. We must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

A credit facility is restructured when a bank grants concessions (usually non-commercial) to a borrower because of a deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule.

A restructured account is categorised as 'Non-Performing' and placed on the appropriate classified grade based on our assessment of the financial condition of the borrower and the ability of the borrower to repay under the restructured terms. A restructured account must comply fully with the requirements of MAS Notice 612 before it can be de-classified.

We provide for impairment of our overseas operations based on local reporting requirements. Where necessary, additional impairment is provided to comply with our impairment policy and the MAS' requirements.

Group Special Asset Management
Group Special Asset Management is an independent division that manages the restructuring, workout and recovery of our wholesale/institutional Non-performing Asset (NPA) portfolios. Its primary objectives are:

- to restructure/nurse the NPA back to financial health whenever possible for transfer back to the business unit for management; and
- to maximise recovery of the NPA that we intend to exit.

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

Internal credit rating system
We employ internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by the Group in the areas of credit approval, credit review and monitoring, credit stress-testing, limits setting, pricing and collections.

We have established a credit rating governance framework to ensure the reliable and consistent performance of our rating systems. The framework defines the roles and responsibilities of the various parties in the credit rating process, including model changes, model performance monitoring, annual model validation and independent reviews by Group Audit.

Credit risk models are independently validated before they are implemented to ensure that they are fit for purpose. We monitor the robustness of these rating models on an ongoing basis and all models are subject to annual reviews by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the CC or the BRMC, depending on the materiality of the portfolio.

The Group's internal rating structure is illustrated as follows:

Internal credit rating structure

Internal Rating Structure			
Large Corporate, SME, NBFI[1], Specialised lending (IPRE)[2]	Specialised lending (CF, PF and SF)[3]	Bank sovereign	Retail
Customer risk rating expected loss rating	Borrower risk rating	Customer risk rating	Risk drivers
16 Pass grades	Supervisory grades	15 pass grades	Homogenous risk pools

Derive Risk Estimates

Use of internal estimates

Credit approval	Stress test	Collections
Credit review and monitoring	Limit setting and monitoring	Risk-based pricing

1 NBFI: Non-bank Financial Institution
2 We apply a 16-rating grade structure to the Group's IPRE exposures, with the exception of our banking subsidiary in Thailand, which maps the internal risk grades to four prescribed supervisory grades.
3 CF: Commodities Finance; PF: Project Finance; SF: Ship Finance.

Non-retail exposures

We have adopted the FIRB Approach for our non-retail exposures. Under this approach, the internal models estimate a PD or supervisory slot for each borrower. These models cover 72.2 per cent of the Total Credit Risk risk-weighted assets (RWA) and employ qualitative and quantitative factors to provide an assessment of the borrower's ability to meet their financial obligations. The models are calibrated to provide an estimate of the likelihood of default over a one-year time horizon. A default is considered to have occurred if:

- the obligor is unlikely to pay its credit obligations in full to the Group, without recourse by the Group to actions such as realising the security; or

- the obligor is past due for more than 90 days on any credit obligation to the Group.

Supervisory loss given default (LGD) and exposure at default (EAD) parameters prescribed by the MAS are used together with the internal credit ratings to calculate risk weights and regulatory capital requirements.

While our internal risk rating grades may show some correlation with the rating grades of External Credit Assessment Institutions (ECAIs), they are not directly comparable with or equivalent to the ECAI ratings.

Corporate portfolio

We have developed corporate models to rate Non-bank Financial Institution (NBFI), Large Corporate (LC) and SME portfolios. Credit risk factors used to derive a borrower's risk rating include the borrower's financial strength, quality of management, business risks and the industry in which it operates. The borrower risk-rating process is augmented by facility risk ratings, which take into account the type and structure of the facility, availability and type of collateral and seniority of the exposure.

Our internal rating grade structure for the NBFI, LC and SME models consists of 16 pass grades. The models are mapped to the rating scale by calibration that takes into account the respective portfolio's long-term average default rate.

Risk Management

Specialised lending portfolio
We have also developed models for four Specialised Lending portfolios, namely:

- Income Producing Real Estate (IPRE);
- Commodities Finance (CF);
- Project Finance (PF); and
- Ship Finance (SF).

These models produce internal risk grades which are derived based on a comprehensive assessment of financial and non-financial risk factors.

Risk grades derived for the CF, PF and SF portfolios are mapped to four supervisory categories prescribed by MAS Notice 637, which determines the risk weights to be applied to such exposures.

The rating grade structure for the IPRE portfolio, like our corporate models, has 16 pass grades, with the exception of our banking subsidiary in Thailand, which maps the internal risk grades to the four prescribed supervisory categories.

Sovereign portfolio
Exposures in our Sovereign portfolio are rated by our internal Sovereign model, which considers public debt levels, balance of payments, fiscal budgets and other macroeconomic, stability and political risk factors to assess sovereign credit risk in a structured and holistic manner. The model has an internal rating grade structure consisting of 15 pass grades.

Bank portfolio
Exposures in our Bank portfolio are rated by our internal Bank model, which takes into account asset quality, capital adequacy, liquidity, management, regulatory environment and robustness of the overall banking system. The model has an internal rating grade structure consisting of 15 pass grades.

Retail exposures
We have adopted the AIRB Approach for our retail exposures, which consist of residential mortgages, qualifying revolving retail exposures and other retail exposures. Exposures within each of these asset classes are not managed individually, but as part of a pool of similar exposures that are segmented based on borrower and transaction characteristics. As loss characteristics of retail exposures are geography and product specific, bespoke PD, LGD and EAD segmentation models are developed using empirical loss data for the respective exposures across the Group. Where internal loss data is insufficient to provide robust risk estimates, the segmentation models may incorporate internal and/or external proxies. Where necessary, the model is augmented with appropriate margins of conservatism. These models cover 9.1 per cent of the Total Credit RWA and are regularly validated.

Retail Probability of Default Models
Retail PD models are based on pools of homogeneous exposures segmented by a combination of application scores, behavioural scores and other risk drivers reflecting borrower, facility and delinquency characteristics. PD pools are calibrated through-the-cycle using at least five years of historical data that covers a full economic cycle. For low default portfolios, internal and/or external proxies that are highly correlated with internal defaults are used to estimate the long-run average PD. A regulatory floor of 0.03 per cent is applied to all PD pools.

In general, the long-run observed default rates are largely lower than the PD estimates due to the model's calibration philosophy and the application of conservative overlays to account for model risk.

Retail Loss Given Default Models
Retail LGDs are estimated using historical default data and the recovery experience from such defaulted cases. LGD models are segmented using material pre-default risk drivers such as facility and collateral characteristics.

LGD models are calibrated to reflect a portfolio's economic downturn experience. In addition, for residential mortgages, an LGD floor of 10 per cent is applied at the segment level.

Retail Exposure at Default Models
For revolving products, EAD is computed based on the current outstanding balance and the estimated potential drawdown of undrawn commitments, which is determined based on historical data. For closed-end products, the EAD is the current outstanding balance. EAD models are generally segmented by material pre-default risk drivers such as facility type, limit and utilisation. EAD models are calibrated to reflect the portfolio long-run averages, except for portfolios that exhibit positive correlation between LGD and PD values, in which case, these portfolios' EAD models are calibrated to reflect their economic downturn conditions. EADs must be at least equal to the current outstanding balances.

Securitisation exposures
From time to time, we arrange and invest in securitisation transactions. Any decision to invest in such a transaction is subject to independent risk assessment and approval. Processes are in place to monitor the credit risk of the securitisation exposures and are subject to regular review. The special purpose entities involved in these transactions are established and managed by third parties and are not controlled by the Group. In these transactions, we may also act as a liquidity facility provider, working capital facility provider or swap counterparty. Our securitisation positions are recognised as financial assets or undrawn credit facilities pursuant to our accounting policies and measured accordingly.

Risk weights for securitisation exposures in the banking book are computed using a hierarchy of approaches prescribed by MAS Notice 637. A majority of the exposures are subjected to External Ratings-Based Approach, where ECAI ratings from Fitch Ratings, Moody's Investors Service and/or S&P Global Ratings, or Standardised Approach (SA), are used where available.

Credit exposures subject to standardised approach

We have obtained the MAS' approval to adopt the IRBA for the majority of our portfolios, with 24 per cent of our exposures treated under AIRB and 67 per cent under FIRB. We apply the SA for the remaining portfolios which are immaterial in terms of size and risk profile and for transitioning portfolios. We will progressively migrate our transitioning portfolios, such as UOB Indonesia's exposures to IRBA, subject to the approval of the MAS.

For exposures subject to the SA, we use approved ECAI ratings and prescribed risk weights based on asset class to compute regulatory capital.

The ECAIs used are Fitch Ratings, Moody's Investors Service and S&P Global Ratings. They are mainly in the Bank asset class. ECAI ratings are mapped to a common credit quality grade prescribed by the MAS.

Market risk

Market risk refers to the risk of loss from movements in the market rates or prices (such as changes in interest rates, FX rates, equity prices, commodity prices and credit spreads) of the underlying asset.

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

The Group's market risk framework comprises market risk policies, practices and the control structure with appropriate delegation of authority and market risk limits. We employ valuation methodologies that are in line with sound market practices and validate valuation and risk models independently. In addition, the Group Product/Service Programme process ensures that different risks, including market risk issues, are identified and adequately addressed prior to launch.

One of our main objectives in undertaking trading activities is to provide customer-centric products and services to support our customers' business and hedging needs. We continually review and enhance our management of derivative risks to ensure that the complexities of the Group's business are appropriately controlled.

Our overall market risk appetite is balanced with targeted revenue at the Group, Bank and business unit levels and takes into account the capital position of the Group and the Bank. This ensures that the Group and the Bank remain well-capitalised, even under stress conditions. The risk appetite is translated into risk limits that are delegated to business units. These risk limits have proportional returns that are commensurate with the risks taken.

Market risk appetite is provided for all trading exposures within the Group and the Group's non-trading FX exposures. The majority of the non-trading FX exposures arises from our investments in overseas subsidiaries in Asia.

The Group currently adopts the SA for the calculation of regulatory market risk capital.

The Internal Models Approach is used to measure and to control trading market risks. The financial products which are warehoused, measured and controlled with internal models include:

- FX and FX options;
- plain vanilla interest rate contracts and interest rate options;
- government and corporate bonds;
- equities and equity options; and
- commodities contracts and commodity options.

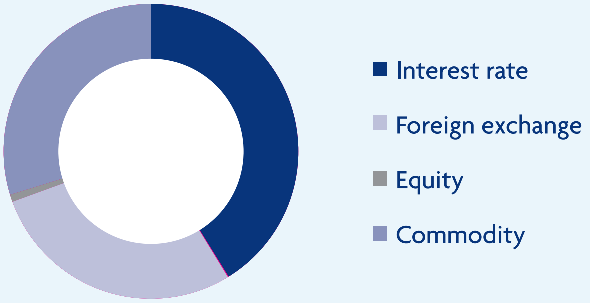
The Group estimates a daily Expected Shortfall (ES) within a 97.5 per cent confidence interval over a one-day holding period, using the historical VaR simulation method, as a control for market risk. This method assumes observed historical market movements can be used to imply possible future changes in market rates. ES is the average of the worst losses in the distribution, assuming that the losses exceed the specified percentile.

Risk Management

To complement the ES measure, we perform stress and scenario tests to identify the Group's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses.

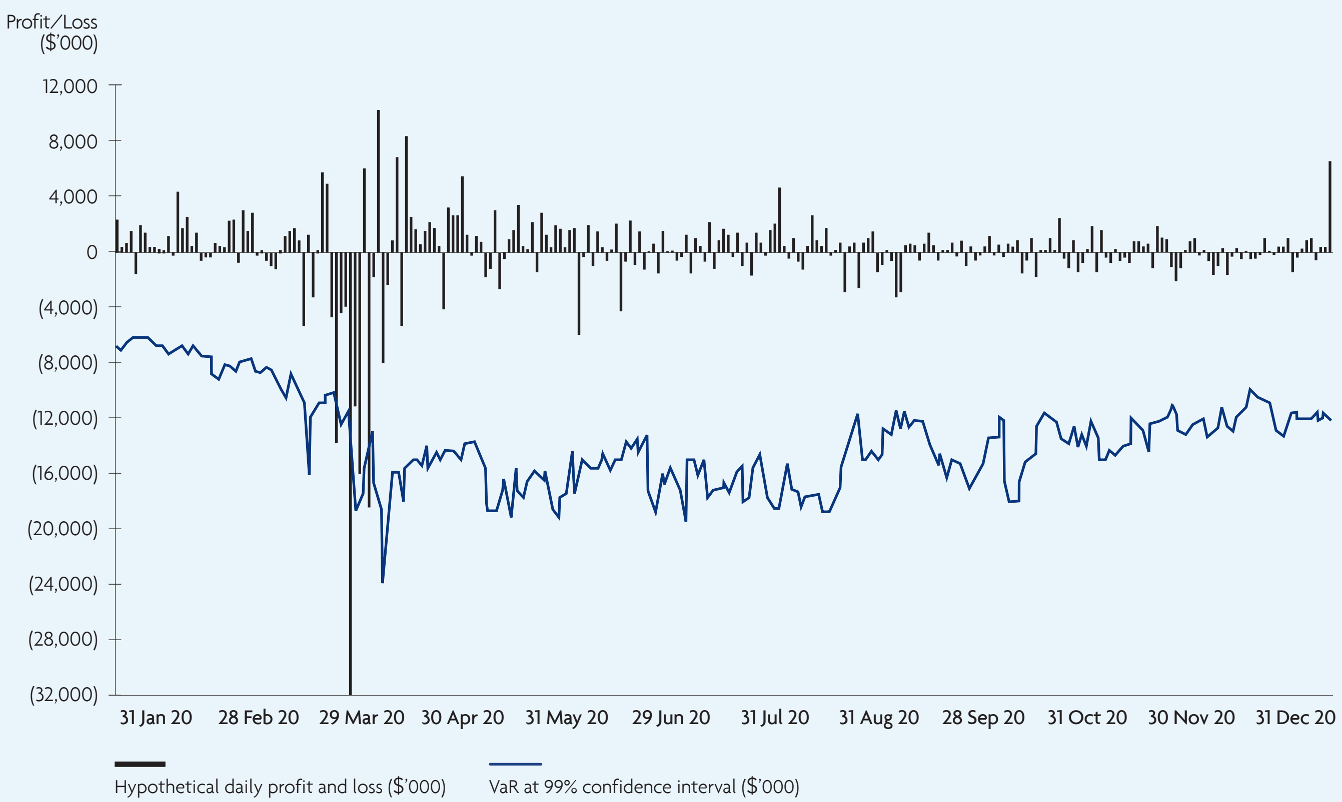
The Group's daily ES on 31 December 2020 was $13.13 million.

Group trading ES for market risk by risk class



Group trading backtesting chart

(Hypothetical daily profit and loss versus VaR at 99% confidence interval)



For backtesting purposes, the Group uses daily VaR within a 99 per cent confidence interval over a one-day holding period. VaR uses the same loss distribution as ES. The backtesting process analyses whether the exceptions are due to model deficiencies or market volatility. All backtesting exceptions are tabled to ALCO with recommended actions and resolutions. Four backtesting exceptions were noted for Group Trading in the year under review.

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is defined as the risk of potential loss of capital or reduction in earnings due to changes in the interest rate environment.

We strive to meet customers' demands and preferences for products with various interest rate structures and maturities. Mismatches in repricing and other characteristics of assets and liabilities would give rise to sensitivity to interest rate movements. As interest rates and yield curves change over time, these mismatches may result in a change in the Group's economic net worth and/or a decline in earnings. Our primary objective of managing IRRBB is to protect and to enhance capital or economic net worth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

The ALCO oversees the effectiveness of the interest rate risk management structure including approval of policies, controls and limits. The BSRM Division supports the ALCO in monitoring the interest rate risk profile of the banking book. Behavioural models used are independently validated and governed by approved policies. The management and mitigation of IRRBB through hedging instruments and activities are governed by the Group's IRRBB policies which are subject to regular review. Monitoring of positions against mandates, limits and triggers approved by relevant committees and delegated to relevant business units provides alerts to help control potential risks.

Our banking book interest rate risk exposure is quantified on a monthly basis using dynamic simulation techniques. We employ an holistic approach towards balance sheet risk management, using an in-house enterprise risk management system to integrate liquidity risk and IRRBB into a single platform to facilitate the Group's reporting across entities in a timely manner.

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

We also perform stress tests regularly to determine the adequacy of capital in meeting the impact of extreme interest rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating the proactive management of interest rate risks in an environment of rapid financial market changes.

The risks arising from the trading book, such as interest rates, FX rates and equity prices are managed and controlled by the market risk framework.

Liquidity risk

Liquidity risk is the risk that arises from the Group's inability to meet its obligations or fund increases in assets as they fall due. We maintain sufficient liquidity to fund our day-to-day operations, to meet deposit withdrawals and loan disbursements, to participate in new investments and to repay borrowings. Hence, liquidity is managed in a manner that addresses known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the ALCO. These policies, controls and limits enable us to monitor and to manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. This is done by:

- minimising excessive funding concentration by diversifying the sources and terms of funding; and
- maintaining a portfolio of high quality and marketable debt securities.

We take a conservative stance on the Group's liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet potential cash shortfall.

The distribution of deposits is actively managed to ensure a balance between cost-effectiveness, continued accessibility to funds and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Group's core deposits and the maintenance of customer confidence.

Risk Management

Our liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Group is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Group's liquidity exposure. We also employ liquidity early warning indicators and trigger points to signal possible contingency situations. Our liquidity ratios, Liquidity Coverage Ratio (LCR)[3] and Net Stable Funding Ratio (NSFR)[3], are above the regulatory requirement.

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

Operational risk

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

Our primary objective is to foster a sound reputation and operating environment. Operational risk is managed through a framework of policies and procedures to help business and support units properly identify, assess, monitor, mitigate and report their risks. The ORMC meets monthly to provide oversight of operational risk matters across the Group.

The Operational Risk Governance structure adopts the Three Lines Model. The Operational Risk Management Division, as part of the Second Line, provides overarching governance of operational risk through relevant frameworks, policies, programmes and systems. It also monitors key risk self-assessment results, outsourcing matters, key operational risk indicator breaches, self-identified operational risks and incidents, and reports these to the relevant senior management committees and the Board.

Two key components of the operational risk management framework are risk identification and control self-assessments. These are achieved through the Group-wide implementation of a set of operational risk programmes. Several risk mitigation policies and programmes are in place to maintain a sound operating environment.

Our business continuity and crisis management programmes ensure prompt recovery of critical business and support units should there be unforeseen events. An annual attestation is provided to the Board on the state of business continuity readiness of the Group.

Our insurance programme covers crime and civil liability, cyber liability, property damage, terrorism, public liability, as well as directors' and officers' liability. The programme reduces operational losses through adequate insurance coverage.

We adopt the SA for the calculation of operational risk capital.

The subject-specific key risks that we focus on include but are not limited to the risks identified below.

Technology risk

Technology risk is defined as any potential adverse outcome, damage, loss, violation, failure or disruption arising from the use of or reliance on information and communication technologies. The governance of technology risk rests with the ORMC, which facilitates an holistic oversight of operational risk matters across the Group. Our technology risk management framework ensures that technology and cyber risks are managed in a systematic and consistent manner. The scope of technology risk management covers many aspects, including technology asset management, technology resiliency and the service continuity aspects of business continuity management, cybersecurity management and information security management.

Our Technology Risk Management Division, as part of the Second Line, has governance and oversight of technology risk management across the Group. The team works with business and support units, including the technology and information security teams, to oversee, to review and to strengthen their current practices in technology risk management. We adopt a risk-based approach in assessing and managing technology and cyber risks. Our Board, senior management and ORMC are briefed regularly on technology risk appetite and technology risk matters.

Regulatory compliance risk

Regulatory compliance risk refers to the risk of non-compliance with laws, regulations, rules, standards and our Code of Conduct. We identify, monitor and manage this risk through the Regulatory Compliance Risk Governance framework, supported with policies, procedures and guidelines. The framework also manages the risk of regulatory breaches relating to sanctions, anti-money laundering and countering the financing of terrorism.

3 Key monitoring tools defined under Basel III liquidity risk framework on quarterly updates for LCR and semi-annual updates for NSFR are available on our website at www.UOBgroup.com/investor-relations/financial/index.html

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

Reputational risk
Reputational risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion of the Group's business practices, activities and financial condition. We recognise the impact of reputational risk and manage the risk through the Group Reputational Risk Management Policy.

Outsourcing risk
Outsourcing risk is the risk of adverse financial, operational, reputational, legal and compliance impact arising from the failure of a service provider to provide the outsourced service or to comply with legal and regulatory requirements, or a service provider's breaches of security. We manage this risk through the Group Outsourcing Risk Management Framework, policy, procedures and guidelines, supported by the outsourcing module in the Governance, Risk and Compliance system.

Fraud risk
Fraud is defined as an act with an element to deceive or to conceal facts, and is not restricted to the gain of monetary or material benefits.

We manage fraud risks actively. The corporate governance oversight of fraud risk is provided by the BRMC at the Board level and primarily by the ORMC at the senior management level. Our Integrated Fraud Management (IFM) Division, as part of the Second Line, drives strategy and governance, and oversees the framework and policy of fraud risk management across the Group. All employees are required to comply with the UOB Code of Conduct, which has anti-bribery and anti-corruption provisions. The fraud hotline managed by IFM provides a safe channel to report suspected fraud. IFM conducts independent fraud investigations. The division also works closely with business and support units to strengthen its practices across the five pillars of prevention, detection, response, remediation and reporting.

Environmental social and governance risk

ESG risk is the risk of credit loss or non-financial risks arising from ESG issues such as climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations. The ESG Committee identifies and reviews ESG factors material to us, and ensures that sustainability factors are considered in all aspects of our operations (including day-to-day decision-making processes). The specific risk associated with each factor is monitored and managed in accordance with the respective framework, policy or guidelines.

Specific to our wholesale financing activities, we ensure that ESG considerations are integrated into our credit evaluation and approval processes. To this end, we have made our Responsible Financing Policy (approved by the CC) a part of our Group Corporate Credit Policy.

Under our Responsible Financing Policy, account officers are required to conduct due diligence on all new and existing borrowers during the client onboarding process and annual credit review. Borrowers in the ESG-sensitive industries, defined by The Association of Banks in Singapore's Responsible Financing Guidelines, are subject to enhanced due diligence with sector-specific guidelines. All borrowers are classified based on the level of ESG risk in their business and are monitored on an ongoing basis for any adverse ESG-related news. Those with any known material ESG-related incidents would trigger an immediate review to address the ESG risks appropriately.

More information on our ESG-related efforts can be found in the Sustainability Report.

Strategic and business risks

Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. It is the risk of not achieving our strategic goals.

Business risk refers to the adverse impact on earnings or capital arising from changes in business parameters such as volumes, margins and costs. The sources of business risk include uncompetitive products or pricing, internal inefficiencies and changes in general business conditions such as market contraction or changes in customers' expectations and demand. It is the risk of not achieving our short-term business objectives.

Our Board of Directors and senior management committees are responsible for managing risks associated with the Group's business. The BRMC and Executive Committee assist the Board in relation to the management of strategic and business risks. The CEO, supported by senior management committees, oversees the day-to-day management of the Group and makes business decisions within the Group's risk appetite. The Group's strategy is then translated into annual financial targets, taking into account the macroeconomic environment, and cascaded to specific business units for development and implementation.

Capital Management

Our capital management objective

Our capital management objectives are:

- to maintain an optimal level of capital to support our business growth strategies and investment opportunities, and to meet regulatory requirements;
- to maintain the strong credit ratings for which our stakeholders, including our depositors and investors, recognise us for; and
- to maintain an efficient capital structure, keeping our overall cost of capital low and to deliver sustainable dividend returns to our shareholders.

Our approach

We adopt a proactive approach in the management of our capital position over the medium term through the Group's Internal Capital Adequacy Assessment Process (ICAAP). This comprehensive assessment includes:

- setting capital targets for the Group, taking into account foreseeable regulatory changes and stakeholder expectations;
- forecasting capital consumption for material risks based on the Group's risk appetite. This forecast is evaluated across all business segments and banking entities against projected capital levels, taking into consideration the impact of mitigating actions under adverse economic conditions; and
- determining capital issuance requirements and reviewing the maturity profile of existing capital securities.

Our capital planning and assessment process is governed by two committees. Our Board Risk Management Committee (BRMC) assists our Board in the oversight of the management of risks arising from the businesses of our Group, while our Risk and Capital Committee (RCC), comprising senior management, manages our Group's ICAAP, overall risk profile and capital adequacy. Our BRMC and RCC are kept apprised of our Group's capital positions quarterly, while our capital management and contingency capital plans are reviewed annually. Material capital management decisions are also approved by our Board.

The Bank is the primary provider of capital to the Group's entities. Investments in the entities under our Group are substantially funded by our internally generated capital, comprising retained earnings, and externally-raised capital issuances. Our banking subsidiaries outside Singapore are expected to manage their own capital positions to support planned business growth and are also required to comply with their local regulatory requirements. Capital generated by our subsidiaries in excess of planned requirements is returned to us by way of dividends, subject to local regulations. There was no significant impediment to the payment of dividends by our subsidiaries during the year.

Regulatory requirements

We are one of the Domestic Systemically Important Banks (D-SIBs) in Singapore and are subject to stricter regulatory measures imposed by the Monetary Authority of Singapore (MAS).

As a D-SIB, we are required to maintain, at a minimum, Common Equity Tier 1 (CET1), Tier 1 and Total Capital Adequacy Ratio (CAR) of 6.5 per cent, 8 per cent and 10 per cent respectively at the Bank and Group levels.

The CAR requirements include the following capital-related buffers:

- Capital conservation buffer (CCB) of 2.5 per cent, to be maintained in the form of CET1 capital. This is to ensure adequate capital buffer is accumulated outside periods of stress. Taking into account the full CCB requirement, the regulatory CET1, Tier 1 and Total CAR will increase to 9 per cent, 10.5 per cent and 12.5 per cent respectively.
- Countercyclical buffer (CCyB) of up to 2.5 per cent, to be maintained in the form of CET1 capital. The CCyB is applied on a discretionary basis by banking regulators in the respective jurisdictions to limit excessive credit growth in their economies. Where we have credit exposures to the private sectors of these countries, we will be subjected to the CCyB requirements.

In 2020, the MAS announced that the implementation of the final reformed Basel III frameworks would be deferred by one year to 1 January 2023 for banks in Singapore, in line with the deferment announced by the Basel Committee. We will continue to monitor the development of the reformed Basel III requirements and its impact therefrom.

Capital transactions

- We redeemed the $500 million 3.50% Subordinated Notes in May 2020 and issued US$600 million 1.75% Subordinated Notes in September 2020.

The table below shows the consolidated capital positions of our Group as at 31 December 2020 and 31 December 2019.

	2020 $ million	2019 $ million
Common Equity Tier 1 Capital		
Share capital	5,043	4,949
Disclosed reserves/others	32,914	32,012
Regulatory adjustments	(4,726)	(4,595)
Common Equity Tier 1 Capital	33,231	32,366
Additional Tier 1 Capital		
Perpetual capital securities/others	2,379	2,379
Tier 1 Capital	35,610	34,745
Tier 2 Capital		
Subordinated notes	4,287	3,969
Provisions/others	1,493	638
Eligible Total Capital	41,390	39,352
Risk-weighted Assets (RWA)		
Credit risk	199,679	200,419
Market risk	9,426	9,959
Operational risk	16,336	15,940
Total RWA	225,441	226,318
Capital Adequacy Ratios (%)		
CET1	14.7	14.3
Tier 1	15.8	15.4
Total	18.4	17.4
Leverage exposure	478,233	452,859
Leverage Ratio (%)	7.4	7.7

Pillar 3 Disclosure

In compliance with the requirements under Basel Pillar 3 and the Monetary Authority of Singapore (MAS) Notice 637 on Public Disclosure, various additional quantitative and qualitative disclosures have been included in the Annual Report under the sections on Capital Management, Risk Management, Remuneration, Pillar 3 Disclosure, and Notes to the Financial Statements. The disclosures are to facilitate the understanding of the UOB Group's risk profile and assessment of its capital adequacy.

Scope of application

In accordance with the accounting standards for financial reporting, all subsidiaries in the Group are fully consolidated from the date the Group obtains control until the date such control ceases. The Group's investments in associates and joint ventures are accounted for using the equity method from the date the Group obtains significant or joint influence over these investments until the date such influence ceases. For the purpose of regulatory capital computation at the Group level, the investments in an insurance subsidiary are excluded from the consolidated financial statements of the Group in accordance with MAS Notice 637.

The transfer of funds or regulatory capital within the Group is generally subject to regulatory approval.

Please refer to UOB's website at www.UOBgroup.com/investor-relations/financial/index.html for the Pillar 3 Disclosure Report as at 31 December 2020.

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2020

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Certain comparative figures have been restated to conform with the current year's presentation.
Certain figures in this section may not add up to the relevant totals due to rounding.
Amounts less than $500,000 in absolute term are shown as "0".

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Notes:
Certain comparative figures have been restated to conform with the current year's presentation.
Certain figures in this section may not add up to the relevant totals due to rounding.
Amounts less than $500,000 in absolute term are shown as "0".

Directors' Statement

for the financial year ended 31 December 2020

The directors are pleased to present their statement to the members together with the audited financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group) for the financial year ended 31 December 2020.

In the opinion of the directors,

(a) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2020, the results of the business and changes in equity of the Bank and the Group and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

Directors

The directors of the Bank in office are:

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
James Koh Cher Siang
Ong Yew Huat
Lim Hwee Hua
Alexander Charles Hungate
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim
Chia Tai Tee *(appointed on 1 October 2020)*

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Bank to acquire benefits by means of the acquisition of shares or debentures of the Bank or any other body corporate.

Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had interests in shares and debentures of the Bank or its related corporations as stated below:

	Direct interest		Deemed interest	
	At 31.12.2020	At 1.1.2020 or date of appointment	**At 31.12.2020**	At 1.1.2020 or date of appointment
The Bank				
Ordinary shares				
Wee Ee Cheong	**3,081,455**	3,081,455	**173,701,487**	173,701,487
James Koh Cher Siang	**3,900**	3,900	**–**	–
Alvin Yeo Khirn Hai	**–**	–	**6,241**	6,119
Alexander Charles Hungate	**9,000**	9,000	**–**	–
Wee Ee Lim	**1,831,903**	1,831,903	**173,280,943**	173,280,943
3.58% perpetual capital securities				
Wong Kan Seng	**$1,000,000**	$1,000,000	**–**	–

There was no change in any of the above interests between the end of the financial year and 21 January 2021.

Directors' Statement
for the financial year ended 31 December 2020

Audit Committee
The Audit Committee comprises five members, all of whom are independent directors. The members of the Audit Committee are:

Ong Yew Huat *(Chairman)*
James Koh Cher Siang
Alvin Yeo Khirn Hai
Steven Phan Swee Kim *(appointed on 5 August 2020)*
Chia Tai Tee *(appointed on 1 October 2020)*

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of the internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of the external auditor and the significant findings of internal audit investigations. The reviews were made with the internal and external auditors, the Chief Financial Officer and/or other senior management staff, as appropriate.

Auditor
The Audit Committee has nominated Ernst & Young LLP for reappointment as auditor of the Bank and Ernst & Young LLP has expressed its willingness to be reappointed.

On behalf of the Board of Directors,

Wong Kan Seng
Chairman

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Singapore
24 February 2021

Independent Auditor's Report

for the financial year ended 31 December 2020

Independent Auditor's Report to the Members of United Overseas Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 125 to 218, which comprise the balance sheets of the Bank and the Group as at 31 December 2020, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

for the financial year ended 31 December 2020

Areas of focus	How our audit addressed the risk factors
Expected credit losses *Refer to Notes 2(d)(vi), 3(a)(i), 3(b), 12, 21(b), 25, 27(b), 28(d), 30(b) and 31 to the consolidated financial statements.* The Group follows SFRS(I) 9 Financial Instruments requirements to calculate the expected credit loss (ECL) for its credit exposures. The credit exposures are categorised into non-impaired credit exposures and impaired credit exposures. *a) <u>Non-impaired credit exposures</u>* The ECL calculation on non-impaired credit exposures involves significant judgements and estimates. Areas where we have identified with greater levels of management judgement are: • the economic scenarios used and the probability weightage applied to them to measure ECLs on a forward-looking basis, reflecting management's view of potential future economic environment, specifically the COVID-19 pandemic economic impact; • the significant increase in credit risk (SICR) criteria; • the model assumptions; and • the adjustments to the model-driven ECL results to address model limitations or emerging trends.	*a) <u>Non-impaired credit exposures</u>* We assessed the design and evaluated the operating effectiveness of the key controls over the Group's ECL on non-impaired credit exposures computation processes with a focus on: • the completeness and accuracy of data inputs into the ECL calculation system; • the validation of models; • the selection and implementation of economic scenarios and probabilities, with the consideration of the COVID-19 impact; • the staging of credit exposures based on the Group's SICR criteria; and • the governance over post model adjustments. We involved our internal modelling specialists to assist us in performing the following procedures on a sampling basis: • independently reviewed the model validation results; • assessed the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing sensitivity analyses, benchmarking or back-testing; • checked the reasonableness of the PD, LGD and EAD used in the computations to derive the ECL amount; and • reviewed the Group's assessment of its SICR criteria. We also reviewed the Group's approach for the selection of economic scenario to assess the reasonableness of the economic scenarios and corresponding weightages applied by the Group, as well as inspected the Group's SFRS(I) 9 Working Group decisions to assess the appropriateness of management's rationale over the post model adjustments and performed a recalculation, where applicable.

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>

b) <u>*Impaired credit exposures*</u>

As at 31 December 2020, the Stage 3 ECL for impaired credit exposures of the Group was $1,692 million, out of which 79% pertained to the Group Wholesale Banking (GWB) portfolio.

We focused on the Stage 3 ECL for the GWB portfolio as the identification and estimation of impairment within this portfolio can be inherently subjective and requires significant judgements.

</td><td>

b) <u>*Impaired credit exposures*</u>

We assessed the design and evaluated the operating effectiveness of the key controls over the Stage 3 ECL estimation process for the GWB portfolio. These controls included:

- collateral valuation and monitoring;
- identification of impairment indicators;
- MAS Notice 612 credit grading; and
- oversight of Group Credit Committee.

We considered the magnitude of the credit exposures, macroeconomic factors, industry trends and latest developments in relation to COVID-19 pandemic in our audit sampling to focus on customers that are assessed to be of higher risk. With the increase in credit risk resulting from the COVID-19 pandemic, we performed additional procedures as outlined below:

- reviewed the COVID-19 rating guidance for the approval of government backed loans, special relief loans and debt moratoriums by the front office; and
- assessed, as part of our credit reviews of selected borrowers, the appropriateness of the Group's consideration of government measures, reliefs and other qualitative assumptions to determine the credit gradings.

For our selected sample of impaired loans, we performed the following procedures:

- assessed management's forecast of recoverable cash flows, including the basis for the amounts and timing of recoveries. Where possible, we compared key assumptions to external evidence, e.g. independent valuation reports of the collaterals;
- considered and corroborated the borrowers' latest developments through adverse news search and/or publicly available information;
- checked that underlying data was accurate by agreeing to source documents such as loan agreements; and
- tested the calculations.

Overall, the results of our evaluation of the Group's ECL were within a reasonable range of expectations.

</td></tr>
</table>

Independent Auditor's Report

for the financial year ended 31 December 2020

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>Valuation of illiquid or complex financial instruments

Refer to Notes 2(d)(ii), 3(a)(ii) and 19(b) to the consolidated financial statements.

At 31 December 2020, 6% ($5 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives, callable interest rate swaps and unquoted debt securities.

The valuation of Level 3 financial instruments was a key area of focus of our audit as the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data. The valuation techniques used could involve the exercise of judgement and the use of assumptions and estimates.</td><td>We assessed the design and evaluated the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. These controls included:

• model validation and approval;

• observability, completeness and accuracy of pricing inputs; and

• independent price verification.

In addition, with the assistance of our internal valuation specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments with significant unobservable inputs.

The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.</td></tr>
<tr><td>Impairment of goodwill

Refer to Notes 2(i), 3(a)(iii) and 37 to the consolidated financial statements.

As at 31 December 2020, the Group's balance sheet included goodwill of $4 billion. The goodwill is allocated to the respective cash-generating units (CGUs) defined by the Group's operating segments.

This was a key area of focus for our audit because the goodwill impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.</td><td>We focused on CGUs with a low headroom or significantly reduced headroom. Our work included the following:

• reviewed the appropriateness of the CGU segmentation;

• evaluated the forecasting process by reviewing historical achievement of projections;

• assessed the reasonableness of key assumptions used in the forecasts, including management's consideration of the impact of the COVID-19 pandemic and continued uncertainty of the macroeconomic environment;

• compared the long-term growth rates and discount rates used by management to our ranges, which were determined using external market data and calculations performed by our internal valuation specialists; and

• performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGU with a risk of impairment.

Based on the results of our audit procedures, the assumptions used by management in its goodwill impairment tests were within a reasonable range of expectations.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (Other Sections), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

for the financial year ended 31 December 2020

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wilson Woo Siew Wah.

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

24 February 2021

Income Statements

for the financial year ended 31 December 2020

In $ millions	Note	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Interest income	4	9,623	12,557	6,218	8,829
Less: Interest expense	5	3,588	5,994	2,286	4,293
Net interest income		6,035	6,563	3,932	4,536
Net fee and commission income	6	1,997	2,032	1,412	1,392
Dividend income		50	51	316	289
Rental income		106	110	80	95
Net trading income	7	594	874	358	622
Net gain from investment securities	8	286	242	129	143
Other income	9	108	158	235	193
Non-interest income		3,141	3,467	2,530	2,734
Total operating income		9,176	10,030	6,462	7,270
Less: Staff costs	10	2,501	2,716	1,528	1,644
Other operating expenses	11	1,683	1,756	1,088	1,135
Total operating expenses		4,184	4,472	2,616	2,779
Operating profit before allowance		4,992	5,558	3,846	4,491
Less: Allowance for credit and other losses	12	1,554	435	899	174
Operating profit after allowance		3,438	5,123	2,947	4,317
Share of profit of associates and joint ventures		98	51	–	–
Profit before tax		3,536	5,174	2,947	4,317
Less: Tax	13	606	812	424	587
Profit for the financial year		2,930	4,362	2,523	3,730
Attributable to:					
Equity holders of the Bank		2,915	4,343	2,523	3,730
Non-controlling interests		15	19	–	–
		2,930	4,362	2,523	3,730
Earnings per share ($)	14				
Basic		1.69	2.55		
Diluted		1.68	2.54		

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 31 December 2020

	The Group		The Bank	
In $ millions	**2020**	2019	**2020**	2019
Profit for the financial year	**2,930**	4,362	**2,523**	3,730
Other comprehensive income that will not be reclassified to income statement				
Net gain/(loss) on equity instruments at fair value through other comprehensive income	**1**	(845)	**(16)**	(870)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(4)**	(62)	**(4)**	(62)
Remeasurement of defined benefit obligation	**(1)**	#	**#**	#
Related tax on items at fair value through other comprehensive income	**#**	(14)	**2**	(11)
	(4)	(921)	**(18)**	(943)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	**(22)**	146	**15**	(11)
Debt instruments at fair value through other comprehensive income				
Change in fair value	**384**	446	**295**	338
Transfer to income statement on disposal	**(109)**	(117)	**(98)**	(104)
Changes in allowance for expected credit losses	**7**	(52)	**10**	(55)
Related tax	**(22)**	38	**(5)**	61
	238	461	**217**	229
Change in share of other comprehensive income of associates and joint ventures	**(6)**	9	**–**	–
Other comprehensive income for the financial year, net of tax	**228**	(451)	**199**	(714)
Total comprehensive income for the financial year, net of tax	**3,158**	3,911	**2,722**	3,016
Attributable to:				
Equity holders of the Bank	**3,143**	3,885	**2,722**	3,016
Non-controlling interests	**15**	26	**–**	–
	3,158	3,911	**2,722**	3,016

\# *Amount less than $500,000*

The accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2020

In $ millions	Note	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Equity					
Share capital and other capital	15	**7,420**	7,325	**7,420**	7,325
Retained earnings	16	**24,109**	23,404	**17,510**	17,197
Other reserves	17	**9,372**	8,907	**9,786**	9,351
Equity attributable to equity holders of the Bank		**40,901**	39,636	**34,716**	33,873
Non-controlling interests	33c	**230**	228	**–**	–
Total equity		**41,131**	39,864	**34,716**	33,873
Liabilities					
Deposits and balances of:					
Banks		**15,977**	15,302	**14,257**	13,404
Customers	20	**324,598**	310,726	**251,111**	241,462
Subsidiaries		**–**	–	**14,216**	13,419
Bills and drafts payable		**792**	646	**613**	465
Derivative financial liabilities	39	**11,519**	6,695	**8,741**	5,695
Other liabilities	21	**7,379**	5,179	**5,954**	3,667
Tax payable		**374**	489	**278**	410
Deferred tax liabilities	22	**436**	299	**263**	202
Debts issued	23	**29,608**	25,209	**28,086**	23,557
Total liabilities		**390,683**	364,545	**323,519**	302,281
Total equity and liabilities		**431,814**	404,409	**358,235**	336,154
Assets					
Cash, balances and placements with central banks	24	**36,798**	25,864	**31,452**	22,319
Singapore government treasury bills and securities		**8,103**	6,199	**8,103**	6,199
Other government treasury bills and securities	25	**13,890**	15,166	**3,796**	5,120
Trading securities	26	**4,215**	2,789	**3,523**	2,506
Placements and balances with banks	27	**40,284**	52,840	**30,409**	42,456
Loans to customers	28	**277,201**	265,458	**216,629**	205,229
Placements with and advances to subsidiaries		**–**	–	**21,023**	17,971
Derivative financial assets	39	**11,368**	6,408	**8,719**	5,394
Investment securities	30	**25,217**	15,454	**18,158**	12,723
Other assets	31	**5,033**	4,906	**3,428**	3,528
Deferred tax assets	22	**429**	300	**109**	96
Investment in associates and joint ventures	32	**1,210**	1,182	**325**	350
Investment in subsidiaries	33	**–**	–	**6,199**	6,005
Investment properties	35	**964**	936	**979**	970
Fixed assets	36	**2,959**	2,759	**2,201**	2,106
Intangible assets	37	**4,143**	4,148	**3,182**	3,182
Total assets		**431,814**	404,409	**358,235**	336,154

The accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2020

	The Group					
	Attributable to equity holders of the Bank					
In $ millions	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
2020						
Balance at 1 January	7,325	23,404	8,907	39,636	228	39,864
Profit for the financial year	–	2,915	–	2,915	15	2,930
Other comprehensive income for the financial year	–	(5)	233	228	#	228
Total comprehensive income for the financial year	–	2,910	233	3,143	15	3,158
Transfers	–	(223)	223	–	–	–
Change in non-controlling interests	–	1	–	1	(6)	(5)
Dividends	–	(1,983)	–	(1,983)	(7)	(1,990)
Shares re-purchased – held in treasury	(20)	–	–	(20)	–	(20)
Shares issued under scrip dividend scheme	66	–	–	66	–	66
Share-based compensation	–	–	58	58	–	58
Shares issued under share-based compensation plan	49	–	(49)	–	–	–
Balance at 31 December	7,420	24,109	9,372	40,901	230	41,131
2019						
Balance at 1 January	7,014	21,716	8,893	37,623	190	37,813
Profit for the financial year	–	4,343	–	4,343	19	4,362
Other comprehensive income for the financial year	–	(382)	(76)	(458)	7	(451)
Total comprehensive income for the financial year	–	3,961	(76)	3,885	26	3,911
Transfers	–	(100)	100	–	–	–
Change in non-controlling interests	–	–	–	–	19	19
Dividends	–	(2,173)	–	(2,173)	(7)	(2,180)
Share-based compensation	–	–	52	52	–	52
Reclassification of share-based compensation reserves on expiry	–	#	#	–	–	–
Shares issued under share-based compensation plan	61	–	(61)	–	–	–
Perpetual capital securities issued	749	–	–	749	–	749
Redemption of perpetual capital securities	(499)	–	(1)	(500)	–	(500)
Balance at 31 December	7,325	23,404	8,907	39,636	228	39,864
Note	15	16	17			

Amount less than $500,000

The accounting policies and explanatory notes form an integral part of the financial statements.

In $ millions	The Bank Share capital and other capital	Retained earnings	Other reserves	Total equity
2020				
Balance at 1 January	7,325	17,197	9,351	33,873
Profit for the financial year	–	2,523	–	2,523
Other comprehensive income for the financial year	–	(1)	200	199
Total comprehensive income for the financial year	–	2,522	200	2,722
Transfers	–	(226)	226	–
Dividends	–	(1,983)	–	(1,983)
Shares re-purchased – held in treasury	(20)	–	–	(20)
Shares issued under scrip dividend scheme	66	–	–	66
Share-based compensation	–	–	58	58
Shares issued under share-based compensation plan	49	–	(49)	–
Balance at 31 December	7,420	17,510	9,786	34,716
2019				
Balance at 1 January	7,014	16,118	9,597	32,729
Profit for the financial year	–	3,730	–	3,730
Other comprehensive income for the financial year	–	(383)	(331)	(714)
Total comprehensive income for the financial year	–	3,347	(331)	3,016
Transfers	–	(95)	95	–
Dividends	–	(2,173)	–	(2,173)
Share-based compensation	–	–	52	52
Reclassification of share-based compensation reserves on expiry	–	#	#	–
Shares issued under share-based compensation plan	61	–	(61)	–
Perpetual capital securities issued	749	–	–	749
Redemption of perpetual capital securities	(499)	–	(1)	(500)
Balance at 31 December	7,325	17,197	9,351	33,873
Note	15	16	17	

Amount less than $500,000

The accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2020

In $ millions	2020	2019
Cash flows from operating activities		
Profit for the financial year	2,930	4,362
Adjustments for:		
Allowance for credit and other losses	1,554	435
Share of profit of associates and joint ventures	(98)	(51)
Tax	606	812
Depreciation of assets	454	399
Net gain on disposal of assets	(718)	(304)
Share-based compensation	58	52
Operating profit before working capital changes	4,786	5,705
Change in working capital		
Deposits and balances of banks	495	1,560
Deposits and balances of customers	13,955	16,324
Bills and drafts payable	149	1
Other liabilities	6,634	673
Restricted balances with central banks	278	(53)
Government treasury bills and securities	(398)	(2,201)
Trading securities	(988)	(828)
Placements and balances with banks	12,539	(2,085)
Loans to customers	(13,154)	(6,412)
Investment securities	(9,148)	(2,459)
Other assets	(4,818)	(1,089)
Cash generated from operations	10,330	9,136
Income tax paid	(707)	(803)
Net cash provided by operating activities	9,623	8,333
Cash flows from investing activities		
Capital injection into associates and joint ventures	(4)	(30)
Distribution from associates and joint ventures	47	66
Purchase of properties and other fixed assets	(563)	(573)
Disposal of properties and other fixed assets	9	36
Net cash used in investing activities	(511)	(501)
Cash flows from financing activities		
Perpetual capital securities issued	–	749
Redemption of perpetual capital securities	–	(500)
Issuance of debts issued (Note 23)	31,433	35,933
Redemption of debts issued (Note 23)	(27,318)	(41,538)
Shares re-purchased – held in treasury	(20)	–
Change in non-controlling interests	(6)	19
Dividends paid on ordinary shares	(1,837)	(2,085)
Distribution for perpetual capital securities	(92)	(88)
Dividends paid to non-controlling interests	(7)	(7)
Lease payments	(92)	(81)
Net cash provided by/(used in) financing activities	2,061	(7,598)
Currency translation adjustments	3	337
Net increase in cash and cash equivalents	11,176	571
Cash and cash equivalents at beginning of the financial year	20,188	19,617
Cash and cash equivalents at end of the financial year (Note 24)	31,364	20,188

The accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate Information

United Overseas Bank Limited (the Bank) is a limited liability company incorporated and domiciled in Singapore and listed on the Singapore Exchange. The registered office of the Bank is at 80 Raffles Place, UOB Plaza, Singapore 048624.

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its major subsidiaries are set out in Note 33 to the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Bank and its subsidiaries (collectively, the Group) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) as required by the Singapore Companies Act, and International Financial Reporting Standards (IFRS).

Except as otherwise stated, the financial statements have been prepared under the historical cost convention and are presented to the nearest million in Singapore Dollars.

(b) Changes in Accounting Policies

(i) Changes During the Financial Year

The Group adopted the following financial reporting standards and interpretations during the financial year:

- Conceptual Framework for Financial Reporting
- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform
- Amendments to SFRS(I) 16: COVID-19-Related Rent Concessions
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments to SFRS(I) 9 provide temporary exceptions to specific hedge accounting requirements, to allow hedge accounting not to be discontinued as a result of uncertainties created by interest rate benchmark reform. The Group applied the amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by the interest rate benchmark reform. The Group will continue to apply the applicable exceptions until the uncertainties arising from the interest rate benchmark reform are no longer present, or when the impacted hedging relationships are discontinued. The adoption of these SFRS(I) 9 amendments did not have any significant impact on the Group for the year ended 31 December 2020.

The Group early adopted the amendments to SFRS(I) 16 which provide a practical expedient for lessees to not assess qualifying COVID-19-related rent concessions for lease modification. The adoption of these amendments did not have any impact on the Group's opening balance sheet as at 1 January 2020.

The adoption of the other changes above did not have a significant impact on the Group's financial statements on transition date.

Other than the above, the accounting policies applied by the Group in the financial year were consistent with those adopted in the previous financial year.

Notes to the Financial Statements
for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

(ii) Changes Subsequent to the Financial Year

The following SFRS(I)s that are in issue will apply to the Group for the financial years as indicated:

Effective for the financial year beginning on or after 1 January 2021:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2

Effective for the financial year beginning on or after 1 January 2022:

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract

Effective for the financial year beginning on or after 1 January 2023:

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current

Effective for a financial year beginning on or after a date to be determined:

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The second phase of amendments to SFRS(I) 9 related to interest rate benchmark reform provides the following practical expedients where the respective qualifying criteria are met:

a. *Contract modification*
Implementing interest rate benchmark reform will require changes in the basis for determining the contractual cash flows of a financial asset or a financial liability. The Phase 2 amendments permit that if certain qualifying criteria are met the effective interest rate of the financial instrument is updated to be based on the new alternative benchmark rate without adjusting the carrying amount of the financial instrument. Hence no immediate gain or loss will be recognised in the income statement. The qualifying criteria are that i) the change is necessary as a direct consequence of interest rate benchmark reform, and ii) the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change.

b. *Hedge accounting*
The Phase 2 amendments also permit hedge accounting of affected hedge accounting relationships not to be discontinued when the qualifying criteria in respect of the interest rate benchmark reform in (a) above are met, and the original hedging instrument is not derecognised.

c. *Designation of non-contractually specified risk components*
An alternative benchmark rate will be permitted to be designated as a non-contractually specified hedged risk component if the entity reasonably expects the alternative benchmark rate to be separately identifiable within 24 months of the date that the particular alternative benchmark rate is first designated. This assessment and relief is applicable on a rate-by-rate basis.

2. Summary of Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

(ii) Changes Subsequent to the Financial Year (continued)

d. Accounting for modifications to lease contracts

Interest rate benchmark reform may result in a change in the basis for determining future lease payments where such lease payments are determined by reference to an interest rate benchmark. The carrying amount of lease liabilities are remeasured by discounting the revised lease payments (based on the alternative benchmark rate) using the discount rate that is updated to the alternative benchmark rate. The change in lease liabilities is recorded through a corresponding adjustment to the carrying amount of right-of-use assets, and with no immediate gain or loss recognised in the income statement.

The Group is in the process of assessing and quantifying the impact of the Phase 2 amendments.

Application of the other SFRS(I)s listed above is not expected to have a significant impact on the Group's financial statements.

(c) Interests in Other Entities

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Acquisition of subsidiaries is accounted for using the acquisition method. Consideration for the acquisition includes fair value of the assets transferred, liabilities incurred, equity interests issued and contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, measured at their fair values at the acquisition date. Non-controlling interests are measured at fair value or the proportionate share of the acquiree's net identifiable assets at the acquisition date, determined on a case by case basis. Acquisition-related costs are expensed off when incurred. Goodwill is determined and accounted for in accordance with Note 2(i).

Subsidiaries are consolidated from the date the Group obtains control until the date such control ceases. Intra-group balances and income and expenses are eliminated on consolidation. Adjustments are made to align the accounting policies of the subsidiaries to those of the Group. The portion of profit or loss and net assets of subsidiaries that belong to the non-controlling interests is disclosed separately in the consolidated financial statements. Gain or loss arising from changes of the Bank's interest in subsidiaries is recognised in the income statement if they result in loss of control in the subsidiaries, otherwise, in equity.

In the Bank's separate financial statements, investment in subsidiaries is stated at cost less allowance for impairment, if any, determined on an individual basis.

(ii) Associates and Joint Ventures

Associates are entities in which the Group has significant influence but not control or joint control. This generally coincides with the Group having 20% or more of the voting power of the investees. Joint ventures are entities in which the Group and its joint venturers have joint control and rights to the net assets of the investees.

Notes to the Financial Statements
for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(c) Interests in Other Entities (continued)

(ii) Associates and Joint Ventures (continued)

The Group's investment in associates and joint ventures is accounted for using the equity method from the date the Group obtains significant influence or joint control over the entities until the date such significant influence or joint control ceases. Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless they relate to impairment of the assets transferred. Adjustments are made to align the accounting policies of the associates and joint ventures to those of the Group.

Under the equity method, the Group's investment in associates and joint ventures is carried in the balance sheet at cost (including goodwill on acquisition), plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures, less allowance for impairment, if any, determined on an individual basis. The Group recognises its share of the results of operations and changes in other comprehensive income of the associates and joint ventures in the consolidated income statement and in equity respectively. Where the share of losses of an associate or joint venture exceeds the Group's interest in the associate or joint venture, such excess is not recognised in the consolidated income statement.

Upon loss of significant influence over the associates or joint control over the joint ventures, any resulting gain or loss is recognised in the income statement and the related share of reserves is accounted for in the same manner as if the associates or joint ventures have directly disposed of the related assets and liabilities. Any retained investment is measured at its fair value.

In the Bank's separate financial statements, investment in associates and joint ventures is stated at cost less allowance for impairment, if any, determined on an individual basis.

(iii) Joint Operations

Joint operations are arrangements over which the Group and its joint operators have joint control and rights to the assets, and obligations for the liabilities, relating to the arrangements.

The Bank and the Group account for joint operations by taking their share of the relevant assets, liabilities, income and expenses of the joint operations accordingly.

(d) Financial Instruments

(i) Classification

Financial assets and financial liabilities are classified as follows:

Held for Trading

Financial instruments within a held for trading (HFT) business model are classified and measured at fair value through profit or loss (FVPL). Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Non-Trading Debt Assets

Non-trading debt assets with contractual cash flows that represent solely payments of principal and interest are classified and measured as follows:

- at amortised cost (AC) if they are held within a business model whose objective is to collect contractual cash flows from the assets;
- at fair value through other comprehensive income (FVOCI) if the objective of the business model is both for collection of contractual cash flows and for sale; or
- at fair value through profit or loss (FVPL – designated) if so designated to eliminate or reduce accounting inconsistency.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(i) Classification (continued)

Non-Trading Debt Assets (continued)
All other non-trading debt assets are mandatorily classified and measured at fair value through profit or loss (FVPL – mandatory).

Non-Trading Equity Instruments
Non-trading equity instruments are classified and measured at FVPL unless elected at inception to be classified and measured at FVOCI.

Non-Trading Financial Liabilities
Non-trading financial liabilities are classified and measured at AC. They may be classified as FVPL – designated at initial recognition if they meet the following criteria:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities on a different basis;
- the assets and liabilities are managed on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that would otherwise require bifurcation.

For financial liabilities with embedded derivatives, if the economic characteristics and risks of the embedded derivative is not closely related to the host, the embedded derivative is bifurcated and accounted for separately unless the entire instrument is measured at fair value through profit or loss. If the embedded derivative is closely related to the host, the financial liability is accounted for in its entirety based on the host's classification.

(ii) Measurement

Initial Measurement
Financial instruments are recognised initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at amortised cost. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at fair value through profit or loss.

Subsequent Measurement
Held for trading financial instruments and those FVPL – designated and FVPL – mandatory are remeasured at fair value with fair value changes recognised in the income statement; as an exception fair value changes attributable to own credit risk of financial liabilities that are FVPL – designated are taken into other comprehensive income unless this would create an accounting mismatch, in which case such fair value changes are taken to income statement. Any such gains or losses on own credit risk recognised in other comprehensive income are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

Financial instruments classified as FVOCI are remeasured at fair value with fair value changes taken to the fair value reserve. For debt assets, the fair value change in the fair value reserve is taken to the income statement upon disposal or impairment of the assets. For equity instruments elected to be classified as FVOCI, only dividend income is recognised in income statement. Gains or losses recognised in the fair value reserve are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

Notes to the Financial Statements
for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Measurement (continued)

Subsequent Measurement (continued)
All other financial instruments are measured at AC using the effective interest method, and for financial assets, less allowance for impairment. Any gain or loss on derecognition is recognised in the income statement.

Interest and dividend income on all non-derivative financial instruments at FVPL are recognised separately from fair value changes. The effective interest rate applied to performing financial assets is on their gross carrying amount. For non-performing financial assets the effective interest rate is applied to the net carrying amount.

Fair Value Determination
Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the balance sheet date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

(iii) Recognition and Derecognition
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired.

(iv) Offsetting
Financial assets and financial liabilities are offset and presented net in the balance sheet if there is a current, unconditional and legally enforceable right and intention to settle them simultaneously or on a net basis.

(v) Modification
A financial instrument may be exchanged for another, or the terms of its contractual cash flows may be modified. Where the terms are substantially different, the existing instrument is derecognised and the new one recognised. In all other cases, the existing instrument continues to be recognised and its carrying amount is adjusted to reflect the present value of the cash flows of the modified instrument, discounted at the original effective interest rate.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(vi) Impairment

Loans, debt assets, undrawn loan commitments and financial guarantees that are not measured at FVPL are subject to credit loss provisioning which is made on an expected loss basis, point-in-time, forward-looking and probability-weighted. Where there is no significant increase in credit risk since initial recognition, expected credit loss (ECL) representing possible default for the next 12 months is required (Stage 1). Lifetime ECL is required for non-credit-impaired financial assets with significant increase in credit risk since initial recognition (Stage 2) and credit-impaired financial assets (Stage 3).

The Group considers a range of qualitative and quantitative parameters to assess whether a significant increase in credit risk since initial recognition has occurred. Parameters such as changes in credit risk ratings, delinquency, special mention, behavioural scores and non-investment grade status are considered where available and relevant. Exposures are considered credit-impaired if they are past due for 90 days or more or exhibit weaknesses which are likely to jeopardise repayments on existing terms. The definition of default is consistent with that used for risk management purposes.

Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures are transferred back to Stage 1 when they no longer meet the criteria for a significant increase in credit risk. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 1 or Stage 2 if supported by repayment capability, cash flows and financial position of the borrower and when it is unlikely that the exposure will be classified again as credit-impaired in the future.

Although the Group leverages its Basel credit risk models and systems, modifications are required to ensure that outcomes are in line with SFRS(I) 9 ECL requirements. Such modifications include transforming regulatory probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), considering forward-looking information, discount rate and discounting period. Macro-economic variables considered include interest rates, property price indices, unemployment rates, consumer price indices, gross domestic products and equity price indices.

ECL is computed by discounting the product of PD, LGD and EAD to the reporting date at the original effective interest rate or an approximation thereof. The ECL is adjusted with a management overlay where considered appropriate.

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively while exposures in Stage 3 are individually assessed. Those collectively assessed are grouped based on similar credit risks and assessed on a portfolio basis. ECL is recognised in the income statement.

Financial assets are written off when the prospect of recovery is considered poor or when all avenues of recovery have been exhausted.

Minimum Regulatory Loss Allowance

Monetary Authority of Singapore (MAS) Notice 612 Credit Files, Grading and Provisioning requires Singapore-incorporated Domestic Systemically Important Banks to maintain a Minimum Regulatory Loss Allowance (MRLA) equivalent to 1% of the gross carrying amount of the selected credit exposures net of collaterals. Where the loss allowance provided for under SFRS(I) 9 for the selected credit exposures falls below the MRLA, an additional loss allowance is required to be maintained in a non-distributable Regulatory Loss Allowance Reserve (RLAR) through an appropriation of retained earnings.

Notes to the Financial Statements

for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(e) Financial Derivatives

Financial derivatives are recognised and measured at fair value initially and subsequently. Derivatives with positive and negative fair values are presented under assets and liabilities in the balance sheet respectively. Fair value changes of derivatives are recognised in the income statement unless they are designated as hedging instruments and accounted for in accordance with Note 2(f).

Financial derivatives embedded in non-financial host contracts are bifurcated and accounted for separately if their economic characteristics and risks are not closely related to those of the host contracts and the combined contracts are not carried at FVPL.

(f) Hedge Accounting

The Group applies the requirements of SFRS(I) 9 for hedge accounting.

(i) Fair Value Hedge

A fair value hedge is a hedge of changes in the fair value of an asset, liability or a firm commitment.

For a fair value hedge of an equity instrument designated at fair value through other comprehensive income, fair value changes of the hedging instrument are recognised in other comprehensive income and transferred to retained earnings when the hedge is terminated.

For other fair value hedges, fair value changes of the hedging instrument are recognised in the income statement. Fair value changes of the hedged item attributable to the hedged risk are taken to the income statement with a corresponding adjustment made to the carrying amount of the hedged item. The adjustment is amortised over the expected life of the hedged item when the hedge is terminated and taken to income statement upon disposal of the hedged item.

(ii) Cash Flow Hedge

A cash flow hedge is a hedge of the variability in the cash flows of an asset, liability or highly probable forecast transaction.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the hedge reserve under equity while those relating to the ineffective portion are recognised in the income statement. If the hedge transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedge reserve is transferred and included in the initial carrying amount of the hedged item.

For other cash flow hedges, the amount in the hedge reserve is transferred to the income statement at the same time the cash flow of the hedged item is recognised in the income statement or immediately when the forecasted hedged item is no longer expected to occur.

(iii) Hedge of Net Investment in a Foreign Operation

A hedge of a net investment in a foreign operation is a hedge of foreign exchange rate fluctuation on the net assets of a foreign operation.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the foreign currency translation reserve under equity while those relating to the ineffective portion are recognised in the income statement. The amount taken to the reserve is transferred to the income statement upon disposal of the foreign operation.

2. Summary of Significant Accounting Policies (continued)

(f) Hedge Accounting (continued)

(iv) *Economic Relationship and Hedge Ineffectiveness*

For the purpose of the prospective effectiveness assessment, the economic relationship between the hedging instrument and hedged item may be assessed qualitatively, by comparing that critical terms match or closely match, or by quantitative methods. The hedge ratio is determined by aligning the principal amount of the hedging instrument with that of the hedged item.

The hedge ineffectiveness of a hedging relationship is derived by comparing the fair value change of the hedging instrument with the fair value change of the hedged item. The sources of hedge ineffectiveness include differences in the timing of cash flows of the hedging instrument and the hedged item, and the change in fair value due to the credit risk of the hedging instrument.

(g) Investment Properties and Fixed Assets

Investment properties and fixed assets are stated at cost less accumulated depreciation and impairment allowance.

Investment properties are properties held for rental income and/or capital appreciation while owner-occupied properties are for office use.

Freehold land and leasehold land with remaining leases of 100 years or more are not depreciated. Other leasehold land is depreciated on a straight-line basis over the lease period. Buildings are depreciated on a straight-line basis over 50 years or the lease period, whichever is shorter. Other fixed assets are depreciated on a straight-line basis over their expected useful lives of three to ten years. The expected useful life, depreciation method and residual value of investment properties and fixed assets are reviewed annually.

Investment properties and fixed assets are reviewed for impairment when events or changes in circumstances indicate that their recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts.

Investment properties and fixed assets are derecognised upon disposal and the resulting gain or loss is recognised in the income statement.

(h) Leases as a Lessee

As a lessee, at the commencement date of a lease contract a right-of-use asset (representing the right to use the underlying leased asset) and a lease liability (representing the obligation to make lease payment) is recognised for all leases unless they are short-term or of low value. Leases payments of short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term.

Right-of-use assets are stated at cost less accumulated depreciation and impairment allowance, and adjusted for any remeasurement of lease liabilities.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amount of lease liabilities is remeasured for modifications to the lease contract or changes in expected lease obligations.

Notes to the Financial Statements
for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(i) Intangible Assets

Goodwill
Goodwill in a business combination represents the excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. Where (b) exceeds (a) and the measurement of all amounts has been reviewed, the gain is recognised in the income statement. Goodwill is measured at cost less accumulated impairment allowance, if any.

Goodwill is reviewed for impairment annually or more frequently if the circumstances indicate that its carrying amount may be impaired. At the date of acquisition, goodwill is allocated to the cash-generating units (CGU) expected to benefit from the synergies of the business combination. The Group's CGU correspond with the operating segments reported in Note 44(a). Where the recoverable amount, being the higher of fair value less cost to sell and value in use, of a CGU is below its carrying amount, the impairment allowance is recognised in the income statement and subsequent reversal is not allowed.

(j) Foreign Currencies

(i) Foreign Currency Transactions
On initial recognition, transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rate at the transaction date. Subsequent to initial recognition, monetary assets and monetary liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at balance sheet date are recognised in the income statement. Exchange differences arising from monetary items that form part of the net investment in foreign operations, or on foreign currency borrowings that provide a hedge against a net investment in a foreign operation, are recognised initially in the foreign currency translation reserve in the consolidated balance sheet, and subsequently in the consolidated income statement on disposal of the foreign operation.

(ii) Foreign Operations
Income and expenses of foreign operations are translated into Singapore Dollars at the exchange rate prevailing at each respective month-end which approximates the exchange rate at the transaction date. Foreign operations' assets and liabilities are translated at the exchange rate as at the balance sheet date. All resultant exchange differences are recognised in the foreign currency translation reserve, and subsequently to the consolidated income statement upon disposal of the foreign operations. In the case of a partial disposal without loss of control of a subsidiary, the proportionate share of the accumulated exchange differences is not recognised in the income statement but re-attributed to the non-controlling interests. For partial disposal of an associate or joint venture, the proportionate share of the accumulated exchange differences is reclassified to income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are recorded in the functional currency of the foreign operations and translated at the exchange rate at the balance sheet date. For acquisitions prior to 1 January 2005, goodwill and fair value adjustments were recorded in Singapore Dollars at the exchange rate prevailing at the date of acquisition.

2. Summary of Significant Accounting Policies (continued)

(k) Tax

(i) Current Tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax law applied are those that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred Tax

Deferred tax is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax is measured at the tax rate that is expected to apply when the assets are realised or the liabilities are settled, based on the tax rate and tax law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided for temporary differences arising from (a) initial recognition of goodwill, (b) initial recognition of an asset or liability that is not a business combination and that does not affect accounting or taxable profit at the time of the transaction and (c) taxable temporary differences related to investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Where gains and losses are recognised directly in equity, the related deferred tax is also taken to equity.

(iii) Offsetting

Current and deferred tax assets are offset with current and deferred tax liabilities respectively if (a) there is a legally enforceable right and intention to settle them simultaneously or on a net basis, (b) they are of the same tax reporting entity or group and (c) they relate to the same tax authority.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and an outflow of resources to settle the obligation is probable and can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

(m) Financial Guarantees

Financial guarantees are recognised initially at their fair value which is generally the fees received. The fees are recognised on a straight-line basis over the contractual terms. Subsequent to initial recognition, the financial guarantees are measured at the higher of: (a) their carrying amount, being the amount initially recognised less the cumulative amount amortised to profit or loss, and (b) the loss allowance determined in accordance with Note 2(d)(vi) under SFRS(I) 9.

(n) Undrawn Credit Facilities

Undrawn credit facilities (both revocable and irrevocable) are recorded under commitments and the amount is adjusted for subsequent drawdowns.

(o) Contingent Liabilities

Contingent liabilities are (a) possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or (b) present obligations arising from past events where no provision is recognised either because an outflow of economic benefits is not probable or the amount required to fulfil the obligation cannot be reliably measured.

Notes to the Financial Statements
for the financial year ended 31 December 2020

2. Summary of Significant Accounting Policies (continued)

(p) Revenue Recognition
Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive it is established.

Fee and commission income is recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer. For services that are provided over a period of time, fee and commission income is recognised over the service period.

Rental income is recognised on a time proportion basis.

(q) Employee Compensation/Benefits
Base salaries, cash bonuses, allowances, commissions and defined contributions under regulations are recognised in the income statement when incurred. Leave entitlements are recognised when they accrue to employees based on contractual terms of employment.

Cost of share-based compensation, being the fair value of the equity instrument at grant date, is expensed to the income statement over the vesting period with a corresponding adjustment to the share-based compensation reserve. The cost is reviewed and adjusted accordingly at each balance sheet date to reflect the number of equity instruments expected to vest ultimately.

(r) Government Grants
Government grants are recognised when the Group has complied with the specified conditions and there is reasonable assurance that the grants will be received.

Government grants relating to assets are deducted against the carrying amount of the assets and those relating to expenses are deducted against the related expenses.

(s) Dividend Payment
Dividends are accounted for as an appropriation of retained earnings. Interim dividends on ordinary shares and dividends on preference shares are recorded when declared payable while final dividends on ordinary shares are recognised upon approval of equity holders.

(t) Treasury Shares
Ordinary shares of the Bank reacquired are accounted for as treasury shares. Consideration paid, including directly attributable costs, is presented as a deduction from equity. Subsequent cancellation, sale or reissuance of treasury shares is recognised as changes in equity.

3. Critical Accounting Estimates and Judgements

Preparation of the financial statements involves making certain assumptions and estimates. This often requires management's judgement for the appropriate policies, assumptions, inputs and methodologies to be used. As judgements are made based on information available at the time the financial statements are prepared, the ultimate results could differ from those disclosed in the statements due to subsequent changes in the information. The following are the Group's critical accounting estimates that involve judgement:

(a) Accounting Estimates and Judgements

(i) Allowance for Impairment of Financial Assets

Allowance for impairment of financial assets is determined in accordance with Note 2(d)(vi). This requires management's experience and significant judgement. The process involves assessing various factors such as economic indicators, business prospects, timing and amount of future cash flows and liquidation proceeds from collateral.

(ii) Fair Valuation of Financial Instruments

Fair value of financial instruments is determined in accordance with Notes 2(d)(ii) and 19(a). Valuation of financial instruments that are not quoted in the market or with complex structures requires considerable judgement of management in selecting the appropriate valuation models and data inputs.

(iii) Goodwill

Goodwill is reviewed for impairment in accordance with Notes 2(i) and 37(b). The process requires management's assessment of key factors such as future economic growth, business forecasts and discount rates.

(iv) Income Taxes

Income taxes are provided in accordance with Note 2(k). The Group is subject to income taxes in various jurisdictions. Provision for these taxes involves interpretation of the tax regulations on certain transactions and computations. In cases of uncertainty, provision is estimated based on the technical merits of the situation.

(b) Coronavirus (COVID-19) Pandemic

(i) Effects on Estimates and Judgements

The COVID-19 pandemic has had a pervasive effect across the world, impacting lives to livelihoods. In such an unprecedented crisis, governments responded swiftly to provide support and relief to keep people safe and maintain socioeconomic stability. A broad range of relief programs were introduced by governments across the region. These included direct funding support for people and businesses, benchmark rate cuts to help reduce debt burden and temporary relief from loan servicing. In response to the challenges faced, the Group also offered customers relief packages over and above the government-related programs.

Loans under relief by country of booking at 31 December 2020:

In $ billions	The Group
Singapore	16
Malaysia	4
Thailand	2
Indonesia	1
Rest of ASEAN/Asia Pacific	2
Total	25

Notes to the Financial Statements

for the financial year ended 31 December 2020

3. Critical Accounting Estimates and Judgements (continued)

(b) Coronavirus (COVID-19) Pandemic (continued)

(i) Effects on Estimates and Judgements (continued)

The COVID-19 pandemic also introduced more uncertainty to the preparation of financial statements, in particular on accounting estimates where more judgement and assumptions need to be made. While various items in the financial statements were affected, the Group assessed that the most significant impact related to expected credit losses (ECL), where the Group recognised $1.6 billion in the income statement, increasing the carrying amount of total credit allowance to $4.6 billion.

The various relief programs offered to customers coupled with the enduring effects of COVID-19 on people and businesses, resulted in modifications to the typical indicators of significant increase in credit risk (Note 2(d)(vi)). Recognising these complexities, regulators and accounting bodies issued guidance to ensure that banks continued to supply financing to the real economy while maintaining prudential risk management that is aligned to the accounting requirements.

The Group remained committed to supporting customers through this pandemic. However, the Group is also cognisant of the fact that, not all customers will emerge out of this crisis the same. Hence, a holistic set of processes and controls was put in place, with senior management oversight, to ensure that the judgements and assumptions applied during this uncertain period were fair and reasonable. These comprised:

- business units having more regular updates with customers to understand their needs and developments;
- a Restructuring Taskforce, led by industry specialists, to perform independent reviews of customers that are more vulnerable and to assist customers with financing options where required;
- Credit Risk Management providing detailed application guidelines and training on the credit assessment process, taking into consideration modifications arising from various government relief programs and consider long-term customers' business viability;
- internal stress tests being conducted on financials, capital and liquidity to ensure that the Group has the ability to absorb additional credit losses with an executable response plan, in the event that the COVID-19 situation turns worse;
- financial prudence being exercised in determining ECL, for both modelled outcomes and overlay; and
- continuous reporting and monitoring of credit quality to senior management on all the above such that the Group is able to take decisive actions to respond nimbly to changes.

(ii) ECL on Non-Impaired Assets

ECL for non-impaired assets (Note 2(d)(vi)), is influenced by forward-looking information. Due to the COVID-19-related uncertainties, forecasting macroeconomic variables for scenarios used similarly became more challenging. Forward-looking information was discussed and agreed at the ECL Working Group (ECLWG), comprising representatives from Finance, Credit Risk and Portfolio Analytics, with inputs from Economic Research on macroeconomic variables, and major country representatives to factor in country-specific feedback. The effects of COVID-19 on ECL was discussed throughout the year and presented at the ECLWG, where there was robust challenge on judgements and assumptions used. The scenarios and the corresponding forecasts used were considered reasonable and supportable by the ECLWG based on the information available at the relevant point in time.

3. Critical Accounting Estimates and Judgements (continued)

(b) Coronavirus (COVID-19) Pandemic (continued)

(ii) ECL on Non-Impaired Assets (continued)

The Group recognises that models developed based on historical experience have limitations, especially due to the unprecedented nature of this pandemic. Hence, the ECLWG guided for appropriate levels of overlays to be made to compensate for model limitations. In this regard, the results from the governance processes on COVID-19 (Note 3(b)(i)) were discussed at the ECLWG and overlays held at the reporting date were aligned to guidance from regulatory and accounting bodies. The more significant overlays relate to the following:

- vulnerable exposures identified through the Restructuring Taskforce review;
- portfolio assessment of relief impacts on retail default rates; and
- model limitations.

Judgments and assumptions applied in determining overlays were approved by the ECLWG.

(iii) ECL on Impaired Assets

ECL on impaired assets was determined in the same manner as in previous years (Note 2(d)(vi)). COVID-19 introduced uncertainties to the credit review process which, despite additional guidance provided by regulators, required greater level of judgment to determine customers' long-term business viability, with relief being made available and forecast of debt recovery from operating cash flows and/or collateral.

Hence, overlays recognised (Note 3(b)(ii)) were to ensure that adequate allowance is recognised for potential difference between assumptions during the credit assessment process at a point in time and the eventual outcome in the future.

While there have been positive developments to curb the pandemic spread, at this point it remains difficult to predict with high levels of certainty when the pandemic will ebb, and consequently the actual financial impacts. Due to the considerable degree of judgment involved in estimating ECL, actual outcomes may differ significantly from the modelled ECL because COVID-19-related uncertainties are mostly beyond the control of the Group. However, the Group believes that with robust governance, process and controls, sensible forward-looking information used, coupled with overlays to compensate for judgement and assumption inaccuracies, ECL recorded is adequate.

4. Interest Income

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Loans to customers	**7,963**	10,108	**5,088**	6,925
Placements and balances with banks	**829**	1,562	**699**	1,357
Government treasury bills and securities	**430**	498	**129**	217
Trading and investment securities	**401**	389	**302**	330
	9,623	12,557	**6,218**	8,829
Of which, interest income on:				
Financial assets measured at amortised cost	**8,706**	11,772	**5,701**	8,370
Financial assets measured at fair value through profit or loss	**173**	64	**123**	6
Financial assets measured at fair value through other comprehensive income	**744**	721	**394**	453

Notes to the Financial Statements

for the financial year ended 31 December 2020

5. Interest Expense

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Deposits of customers	3,174	4,992	1,938	3,413
Deposits and balances of banks and debts issued	410	998	346	877
Lease payables	4	4	2	3
	3,588	5,994	2,286	4,293
Of which, interest expense on:				
Financial liabilities measured at amortised cost	3,560	5,942	2,261	4,255
Financial liabilities measured at fair value through profit or loss	28	52	25	38

6. Net Fee and Commission Income

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Credit card [(1)]	386	488	277	350
Fund management	275	236	12	11
Wealth management	710	641	580	495
Loan-related [(2)]	506	558	418	444
Service charges	142	155	122	131
Trade-related [(3)]	281	297	186	192
Others	13	37	16	26
	2,313	2,412	1,611	1,649
Fee and commission expenses	(316)	(380)	(199)	(257)
Net fee and commission income	1,997	2,032	1,412	1,392
Of which, fee and commission from:				
Financial assets not measured at fair value through profit or loss	385	449	321	367
Provision of trust and other fiduciary services	13	10	11	9

(1) Credit card fees are net of interchange fees paid.
(2) Loan-related fees include fees earned from corporate finance activities.
(3) Trade-related fees include trade, remittance and guarantees related fees.

7. Net Trading Income

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Net gain/(loss) from:				
Foreign exchange	238	594	195	456
Interest rate and others	442	460	249	346
Financial liabilities designated at fair value through profit or loss	(86)	(180)	(86)	(180)
	594	874	358	622

8. Net Gain from Investment Securities

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Fair value through other comprehensive income	190	152	111	106
Amortised cost	2	–	10	3
Fair value through profit or loss – mandatory	94	90	8	34
	286	242	129	143

9. Other Income

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Net gain/(loss) from:				
Disposal of investment properties	9	23	43	23
Disposal of fixed assets	#	3	#	1
Disposal/Liquidation of subsidiaries, associates or joint ventures	(3)	(3)	1	1
Others	102	135	191	168
	108	158	235	193

\# *Amount less than $500,000*

10. Staff Costs

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Salaries, bonuses and allowances (1)	1,940	2,131	1,160	1,283
Employer's contribution to defined contribution plans	169	185	109	109
Share-based compensation	58	52	45	41
Others	334	348	214	211
	2,501	2,716	1,528	1,644
Of which:				
The Bank's directors' remuneration	10	11	10	11
Depreciation of right-of-use assets	1	1	1	1

(1) Includes government staff-related grant relief for COVID-19 received of $134 million (2019: nil) for the Group and $124 million (2019: nil) for the Bank.

Notes to the Financial Statements
for the financial year ended 31 December 2020

11. Other Operating Expenses

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Revenue-related	577	688	297	339
Occupancy-related [(1)]	321	334	197	212
IT-related	582	504	468	443
Others	203	230	126	141
	1,683	1,756	1,088	1,135
Of which:				
Directors' fees	4	4	3	2
Depreciation of fixed assets and investment properties	363	311	263	216
Depreciation of right-of-use assets	90	87	60	63
Auditors' remuneration paid/payable to:				
Auditors of the Bank	3	3	2	2
Affiliates of auditors of the Bank	3	3	1	1
Other auditors	#	#	#	#
Non-audit fees paid/payable to:				
Auditors of the Bank	1	1	1	1
Affiliates of auditors of the Bank	1	1	#	1
Other auditors	#	#	#	#
Expenses on investment properties	55	59	40	39
Fee expenses arising from financial liabilities not at fair value through profit or loss	66	64	26	21

Amount less than $500,000

(1) Includes COVID-19-related rent concessions and property tax rebate received of $12 million (2019: nil) for the Group and $11 million (2019: nil) for the Bank.

12. Allowance for Credit and Other Losses

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Stage 1 and 2 ECL allowance/(write-back)	916	(19)	608	(86)
Stage 3 ECL allowance/(write-back) for:				
Loans (Note 28(d))	679	469	320	237
Others	(5)	3	(6)	(1)
(Write-back)/Allowance for other losses	(36)	(18)	(23)	24
	1,554	435	899	174

13. Tax

The tax charge to the income statements comprises the following:

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
On profit for the financial year				
Current tax	647	832	425	596
Deferred tax	(43)	18	11	24
	604	850	436	620
(Over)/Under-provision of prior years				
Current tax	(7)	(44)	(11)	(33)
Deferred tax	(11)	3	(1)	#
Effect of change in tax rate	5	–	–	–
Share of tax of associates and joint ventures	15	3	–	–
	606	812	424	587

\# *Amount less than $500,000*

The tax charge on profit for the financial year differs from the theoretical amount computed using Singapore corporate tax rate due to the following factors:

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Operating profit after allowance	3,438	5,123	2,947	4,317
Prima facie tax calculated at tax rate of 17% (2019: 17%)	584	871	501	734
Effects of:				
Income taxed at concessionary rates	(66)	(123)	(66)	(123)
Different tax rates in other countries	99	120	64	64
Income not subject to tax	(66)	(40)	(102)	(68)
Expenses not deductible for tax	44	25	38	13
Others	9	(3)	1	#
Tax expense on profit for the financial year	604	850	436	620

\# *Amount less than $500,000*

Notes to the Financial Statements
for the financial year ended 31 December 2020

14. Earnings Per Share

Basic and diluted earnings per share (EPS) are determined as follows:

In $ millions	The Group 2020	2019
Profit attributable to equity holders of the Bank	**2,915**	4,343
Distribution on perpetual capital securities	**(91)**	(97)
Adjusted profit	**2,824**	4,246
Weighted average number of ordinary shares ('000)		
In issue	**1,669,799**	1,667,405
Adjustment for potential ordinary shares under share-based compensation plan	**7,187**	5,976
Diluted	**1,676,986**	1,673,381
EPS ($)		
Basic	**1.69**	2.55
Diluted	**1.68**	2.54

15. Share Capital and Other Capital

(a)

	2020 Number of shares '000	2020 Amount $ million	2019 Number of shares '000	2019 Amount $ million
Ordinary shares				
Balance at 1 January	**1,680,541**	**5,233**	1,680,541	5,233
Shares issued under scrip dividend scheme	**3,375**	**66**	–	–
Balance at 31 December	**1,683,916**	**5,299**	1,680,541	5,233
Treasury shares				
Balance at 1 January	**(12,207)**	**(284)**	(14,834)	(345)
Shares re-purchased – held in treasury	**(993)**	**(20)**	–	–
Shares issued under share-based compensation plan	**2,099**	**49**	2,627	61
Balance at 31 December	**(11,101)**	**(255)**	(12,207)	(284)
Ordinary share capital	**1,672,815**	**5,044**	1,668,334	4,949
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016		**748**		748
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017		**879**		879
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019		**749**		749
Share capital and other capital of the Bank and the Group		**7,420**		7,325

15. Share Capital and Other Capital (continued)

(b) The ordinary shares have no par value and are fully paid. The holders of ordinary shares (excluding treasury shares) have unrestricted rights to dividends, return of capital and voting.

(c) During the financial year, the Bank issued 2,099,000 (2019: 2,627,000) treasury shares to participants of the share-based compensation plan.

(d) The 4.00% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 18 May 2016. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 18 May 2021 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 4.00% per annum, subject to a reset on 18 May 2021 (and every five years thereafter) to a rate equal to the prevailing five-year Singapore Dollar Swap Offer Rate (SOR) plus the initial margin of 2.035%. Distributions are payable semi-annually on 18 May and 18 November of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(e) The 3.875% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 19 October 2017. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 19 October 2023 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.875% per annum, subject to a reset on 19 October 2023 (and every five years thereafter) to a rate equal to the prevailing five-year United States Dollar Swap Rate plus the initial spread of 1.794%. Distributions are payable semi-annually on 19 April and 19 October of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

(f) The 3.58% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 17 July 2019**.** The capital securities are perpetual securities but may be redeemed at the option of the Bank on 17 July 2026 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.58% per annum, subject to a reset on 17 July 2026 (and every seven years thereafter) to a rate equal to the prevailing seven-year Singapore Dollar SOR plus the initial margin of 1.795%. Distributions are payable semi-annually on 17 January and 17 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank pari passu without preference among themselves.

Notes to the Financial Statements

for the financial year ended 31 December 2020

16. Retained Earnings

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Balance at 1 January	**23,404**	21,716	**17,197**	16,118
Profit for the financial year attributable to equity holders of the Bank	**2,915**	4,343	**2,523**	3,730
Net losses on equity instruments at fair value through other comprehensive income	**(4)**	(382)	**(1)**	(383)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**#**	#	**#**	#
Remeasurement of defined benefit obligation	**(1)**	#	**#**	#
Transfer to other reserves	**(223)**	(100)	**(226)**	(95)
Reclassification of share-based compensation reserves on expiry	**–**	#	**–**	#
Change in non-controlling interests	**1**	–	**–**	–
Dividends				
Ordinary shares				
Final dividend of 55 cents (2019: 50 cents) and special dividend of 20 cents (2019: 20 cents) tax-exempt per share paid in respect of prior financial year	**(1,252)**	(1,167)	**(1,252)**	(1,167)
Interim dividend of 39 cents (2019: 55 cents) tax-exempt per share paid in respect of the financial year	**(651)**	(918)	**(651)**	(918)
4.75% non-cumulative non-convertible perpetual capital securities issued on 19 November 2013	**–**	(24)	**–**	(24)
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016	**(26)**	(30)	**(26)**	(30)
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017	**(30)**	(34)	**(30)**	(34)
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019	**(24)**	–	**(24)**	–
	(1,983)	(2,173)	**(1,983)**	(2,173)
Balance at 31 December	**24,109**	23,404	**17,510**	17,197

Amount less than $500,000

(b) The retained earnings are distributable reserves except for an amount of $619 million (2019: $549 million), being the Group's share of revenue reserves of associates and joint ventures which is distributable only upon realisation by way of dividend from or disposal of investment in the associates and joint ventures.

(c) In respect of the financial year ended 31 December 2020, the directors have proposed a final tax-exempt dividend of 39 cents per ordinary share amounting to a total dividend of $652 million. The proposed dividend will be accounted for in Year 2021 financial statements upon approval of the equity holders of the Bank.

17. Other Reserves

(a)

	The Group								
In $ millions	Fair value reserve	Foreign currency translation reserve	Share-based compensation reserve	Merger reserve	Statutory reserves	General reserve	Share of reserves of associates and joint ventures	Others	Total
2020									
Balance at 1 January	719	(1,316)	79	3,060	486	6,216	83	(420)	8,907
Other comprehensive income for the financial year	263	(22)	–	–	–	–	(8)	–	233
Transfers	–	–	–	(2)	224	(3)	–	4	223
Share-based compensation	–	–	58	–	–	–	–	–	58
Shares issued under share-based compensation plan	–	–	(49)	–	–	–	–	#	(49)
Balance at 31 December	982	(1,338)	88	3,058	710	6,213	75	(416)	9,372
2019									
Balance at 1 January	947	(1,463)	74	3,065	378	6,216	78	(402)	8,893
Other comprehensive income for the financial year	(228)	147	–	–	–	–	5	–	(76)
Transfers	–	–	–	(5)	108	–	–	(3)	100
Share-based compensation	–	–	52	–	–	–	–	–	52
Reclassification of share-based compensation reserves on expiry	–	–	#	–	–	–	–	–	#
Shares issued under share-based compensation plan	–	–	(47)	–	–	–	–	(14)	(61)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(1)	(1)
Balance at 31 December	719	(1,316)	79	3,060	486	6,216	83	(420)	8,907

Amount less than $500,000

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for the financial year ended 31 December 2020

17. Other Reserves (continued)

(a) (continued)

	The Bank							
In $ millions	Fair value reserve	Foreign currency translation reserve	Share-based compensation reserve	Merger reserve	Statutory reserves	General reserve	Others	Total
2020								
Balance at 1 January	577	(103)	79	3,060	100	5,720	(82)	9,351
Other comprehensive income for the financial year	186	14	–	–	–	–	–	200
Transfers	–	–	–	(2)	228	–	–	226
Share-based compensation	–	–	58	–	–	–	–	58
Shares issued under share-based compensation plan	–	–	(49)	–	–	–	#	(49)
Balance at 31 December	763	(89)	88	3,058	328	5,720	(82)	9,786
2019								
Balance at 1 January	898	(93)	74	3,065	–	5,720	(67)	9,597
Other comprehensive income for the financial year	(321)	(10)	–	–	–	–	–	(331)
Transfers	–	–	–	(5)	100	–	–	95
Share-based compensation	–	–	52	–	–	–	–	52
Reclassification of share-based compensation reserves on expiry	–	–	#	–	–	–	–	#
Shares issued under share-based compensation plan	–	–	(47)	–	–	–	(14)	(61)
Redemption of perpetual capital securities	–	–	–	–	–	–	(1)	(1)
Balance at 31 December	577	(103)	79	3,060	100	5,720	(82)	9,351

Amount less than $500,000

(b) Fair value reserve contains cumulative fair value changes of fair value through other comprehensive income financial assets and changes attributable to own credit risk. The cumulative amount attributable to own credit risk is an unrealised loss of $1 million (2019: unrealised gain of $3 million). Realised gains or losses attributable to changes in own credit risk is insignificant.

(c) Foreign currency translation reserve represents differences arising from the use of year end exchange rates versus historical rates in translating the net assets of foreign operations, net of the effective portion of the fair value changes of related hedging instruments.

(d) Share-based compensation reserve reflects the Bank's and the Group's commitments under the share-based compensation plan.

(e) Merger reserve represents the premium on shares issued in connection with the acquisition of Overseas Union Bank Limited.

(f) Statutory reserves include regulatory loss allowance reserve and reserve maintained in accordance with the provisions of applicable laws and regulations.

17. Other Reserves (continued)

(g) General reserve has not been earmarked for any specific purpose.

(h) Share of reserves of associates and joint ventures comprises the Group's share of associates' and joint ventures' reserves, other than retained earnings. These reserves are non-distributable until they are realised by way of dividend from or disposal of investment in the associates and joint ventures.

(i) Other reserves are maintained for capital related transactions such as transactions associated with non-controlling interests, business combination and bonus share issuance by subsidiaries.

18. Classification of Financial Assets and Financial Liabilities

(a)

	The Group					
In $ millions	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	Total
2020						
Cash, balances and placements with central banks	3,004	–	–	2,609	31,185	36,798
Singapore government treasury bills and securities	71	–	–	8,032	–	8,103
Other government treasury bills and securities	1,562	–	4	12,311	13	13,890
Trading securities	4,215	–	–	–	–	4,215
Placements and balances with banks	11,435	–	–	4,457	24,392	40,284
Loans to customers	4,212	–	–	–	272,989	277,201
Derivative financial assets	11,368	–	–	–	–	11,368
Investment securities						
Debt	–	41	–	17,946	4,448	22,435
Equity	–	901	–	1,881	–	2,782
Other assets	1,850	–	–	3	3,034	4,887
Total financial assets	37,717	942	4	47,239	336,061	421,963
Non-financial assets						9,851
Total assets						431,814
Deposits and balances of banks and customers	1,135	–	993	–	338,447	340,575
Bills and drafts payable	–	–	–	–	792	792
Derivative financial liabilities	11,519	–	–	–	–	11,519
Other liabilities	3,471	–	–	#	2,767	6,238
Debts issued	–	–	917	–	28,691	29,608
Total financial liabilities	16,125	–	1,910	#	370,697	388,732
Non-financial liabilities						1,951
Total liabilities						390,683

Amount less than $500,000

Notes to the Financial Statements
for the financial year ended 31 December 2020

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	The Group					
In $ millions	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	Total
2019						
Cash, balances and placements with central banks	3,131	–	–	2,230	20,503	25,864
Singapore government treasury bills and securities	476	–	–	5,723	–	6,199
Other government treasury bills and securities	888	–	4	14,261	13	15,166
Trading securities	2,789	–	–	–	–	2,789
Placements and balances with banks	14,119	–	–	8,395	30,326	52,840
Loans to customers	3,452	–	–	–	262,006	265,458
Derivative financial assets	6,408	–	–	–	–	6,408
Investment securities						
Debt	–	–	–	9,988	2,671	12,659
Equity	–	896	–	1,899	–	2,795
Other assets	2,017	–	–	2	2,726	4,745
Total financial assets	33,280	896	4	42,498	318,245	394,923
Non-financial assets						9,486
Total assets						404,409
Deposits and balances of banks and customers	1,382	–	1,305	–	323,341	326,028
Bills and drafts payable	–	–	–	–	646	646
Derivative financial liabilities	6,695	–	–	–	–	6,695
Other liabilities	1,010	–	–	#	3,502	4,512
Debts issued	–	–	1,474	–	23,735	25,209
Total financial liabilities	9,087	–	2,779	#	351,224	363,090
Non-financial liabilities						1,455
Total liabilities						364,545

 # Amount less than $500,000

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	The Bank					
In $ millions	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	Total
2020						
Cash, balances and placements with central banks	3,004	–	–	2,231	26,217	31,452
Singapore government treasury bills and securities	71	–	–	8,032	–	8,103
Other government treasury bills and securities	836	–	–	2,947	13	3,796
Trading securities	3,523	–	–	–	–	3,523
Placements and balances with banks	10,845	–	–	3,074	16,490	30,409
Loans to customers	4,121	–	–	–	212,508	216,629
Placements with and advances to subsidiaries	668	–	–	–	20,355	21,023
Derivative financial assets	8,719	–	–	–	–	8,719
Investment securities						
Debt	–	41	–	11,985	4,284	16,310
Equity	–	313	–	1,535	–	1,848
Other assets	1,224	–	–	1	2,130	3,355
Total financial assets	33,011	354	–	29,805	281,997	345,167
Non-financial assets						13,068
Total assets						**358,235**
Deposits and balances of banks, customers and subsidiaries	1,060	–	993	–	277,531	279,584
Bills and drafts payable	–	–	–	–	613	613
Derivative financial liabilities	8,741	–	–	–	–	8,741
Other liabilities	3,372	–	–	–	1,514	4,886
Debts issued	–	–	917	–	27,169	28,086
Total financial liabilities	13,173	–	1,910	–	306,827	321,910
Non-financial liabilities						1,609
Total liabilities						**323,519**

Notes to the Financial Statements

for the financial year ended 31 December 2020

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	The Bank					
In $ millions	HFT	FVPL - mandatory	FVPL - designated	FVOCI	AC	Total
2019						
Cash, balances and placements with central banks	2,771	–	–	2,040	17,508	22,319
Singapore government treasury bills and securities	476	–	–	5,723	–	6,199
Other government treasury bills and securities	301	–	–	4,807	12	5,120
Trading securities	2,506	–	–	–	–	2,506
Placements and balances with banks	13,134	–	–	5,957	23,365	42,456
Loans to customers	3,317	–	–	–	201,912	205,229
Placements with and advances to subsidiaries	655	–	–	–	17,316	17,971
Derivative financial assets	5,394	–	–	–	–	5,394
Investment securities						
Debt	–	–	–	8,309	2,420	10,729
Equity	–	403	–	1,591	–	1,994
Other assets	1,523	–	–	#	1,928	3,451
Total financial assets	30,077	403	–	28,427	264,461	323,368
Non-financial assets						12,786
Total assets						336,154
Deposits and balances of banks, customers and subsidiaries	1,140	–	1,305	–	265,840	268,285
Bills and drafts payable	–	–	–	–	465	465
Derivative financial liabilities	5,695	–	–	–	–	5,695
Other liabilities	905	–	–	#	2,186	3,091
Debts issued	–	–	1,474	–	22,083	23,557
Total financial liabilities	7,740	–	2,779	#	290,574	301,093
Non-financial liabilities						1,188
Total liabilities						302,281

Amount less than $500,000

(b) Certain financial derivatives were designated as hedging instruments for fair value hedges as set out in Note 41.

18. Classification of Financial Assets and Financial Liabilities (continued)

(c) For the financial instruments designated as fair value through profit or loss, the amounts payable at maturity are as follows:

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Financial liabilities				
Deposits and balances of banks, customers and subsidiaries	972	1,312	972	1,312
Debts issued	947	1,497	947	1,497
	1,919	2,809	1,919	2,809

19. Fair Values of Financial Instruments

(a) The valuation process adopted by the Group is governed by the valuation, market data, and valuation adjustment policies. These policies set the methodologies and controls for the valuation of financial assets and liabilities where mark-to-market or mark-to-model is required. These policies apply to all assets and liabilities classified as fair value through profit and loss and fair value through other comprehensive income. The valuation processes incorporating the market rates, the methodologies and models, including the analysis of the valuation are regularly reviewed by Group Risk Management. Processes and controls are also subject to periodic reviews by internal auditors.

The valuation inputs are independently verified by checking against information from market sources. These are applicable to products or instruments with liquid markets or those traded on an exchange. Where market prices are not liquid, additional techniques will be used such as historical estimation or available proxies as additional reasonableness checks. Where products or instruments are complex, the Group utilises approved valuation models. All valuation models are independently validated by Group Risk Management.

Fair value for instruments classified as Level 2 use inputs such as yield curves, volatilities and market prices which are observable and of high reliability.

When unobservable inputs are used in the valuation models for Level 3 financial assets or liabilities, apart from utilising market proxies, other valuation techniques such as cash flow, profit and loss or net asset value in financial statements are used as a reasonableness check.

The valuation process is supplemented by valuation adjustments for valuation uncertainties. Valuation adjustment methodologies and adjustments are approved by the Group Asset and Liability Committee (ALCO).

The valuation adjustments or reserves set aside include bid/offer rate adjustments, illiquidity adjustments and other adjustments such as Day 1 profit reserves, where applicable. Adjustments are also considered for use of proxies, models or estimated parameters.

For financial instruments carried at amortised cost, their fair values are expected to approximate the carrying amounts and determined as follows:

- For cash, balances, placements and deposits of central banks, banks and subsidiaries, deposits of customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables;
- For loans and deposits of customers, non-subordinated debts issued and investment debt securities, fair values are estimated based on independent broker quotes or using the discounted cash flow method; and
- For subordinated notes issued, fair values are determined based on quoted market prices.

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19. Fair Values of Financial Instruments (continued)

(b) The Group classified financial instruments carried at fair value by level following the fair value measurement hierarchy:

- Level 1 - Unadjusted quoted prices in active markets for identical financial instruments
- Level 2 - Inputs other than quoted prices that are observable either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

	The Group					
	2020			2019		
In $ millions	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	2,081	3,532	–	2,252	3,109	–
Singapore government treasury bills and securities	8,103	–	–	6,199	–	–
Other government treasury bills and securities	11,650	2,227	–	13,828	1,325	–
Trading securities	2,938	301	976	1,764	49	976
Placements and balances with banks	–	15,892	–	–	22,514	–
Loans to customers	–	4,212	–	–	3,452	–
Derivative financial assets	207	11,041	120	91	6,211	106
Investment securities						
Debt	12,053	3,713	2,221	5,783	1,408	2,797
Equity	871	–	1,911	879	–	1,916
Other assets	1,623	230	–	1,774	245	–
	39,526	41,148	5,228	32,570	38,313	5,795
Total financial assets carried at fair value			85,902			76,678
Deposits and balances of banks and customers	–	2,128	–	–	2,687	–
Derivative financial liabilities	196	11,133	190	97	6,413	185
Other liabilities	50	3,421	–	133	877	–
Debts issued	–	917	–	–	1,474	–
	246	17,599	190	230	11,451	185
Total financial liabilities carried at fair value			18,035			11,866

19. Fair Values of Financial Instruments (continued)

(b) (continued)

	The Bank					
	2020			2019		
In $ millions	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	1,703	3,532	–	1,700	3,111	–
Singapore government treasury bills and securities	8,103	–	–	6,199	–	–
Other government treasury bills and securities	3,165	618	–	4,865	243	–
Trading securities	2,936	69	518	1,765	22	719
Placements and balances with banks	–	13,919	–	–	19,091	–
Loans to customers	–	4,121	–	–	3,317	–
Placements with and advances to subsidiaries	–	668	–	–	655	–
Derivative financial assets	73	8,526	120	39	5,249	106
Investment securities						
Debt	7,896	2,841	1,289	5,237	838	2,234
Equity	703	–	1,145	751	–	1,243
Other assets	1,201	24	–	1,497	26	–
	25,780	34,318	3,072	22,053	32,552	4,302
Total financial assets carried at fair value			63,170			58,907
Deposits and balances of banks, customers and subsidiaries	–	2,053	–	–	2,445	–
Derivative financial liabilities	112	8,439	190	122	5,389	184
Other liabilities	50	3,322	–	133	772	–
Debts issued	–	917	–	–	1,474	–
	162	14,731	190	255	10,080	184
Total financial liabilities carried at fair value			15,083			10,519

Notes to the Financial Statements

for the financial year ended 31 December 2020

19. Fair Values of Financial Instruments (continued)

(c) The following table presents the changes in Level 3 instruments for the financial year ended:

	The Group							
		Fair value gains or losses						
In $ millions	Balance at 1 January	Income statement	Other comprehensive income	Purchases	Settlements	Transfer in/(out)	Balance at 31 December	Unrealised gains or losses included in income statement
2020								
Assets								
Trading securities	976	3	–	673	(676)	#	976	3
Derivative financial assets	106	14	–	–	–	–	120	14
Investment securities – debt	2,797	(22)	(2)	1,772	(2,231)	(93)[1]	2,221	–
Investment securities – equity	1,916	33	60	192	(300)	10	1,911	30
Liabilities								
Derivative financial liabilities	185	5	–	–	–	–	190	5
2019								
Assets								
Trading securities	870	33	–	689	(615)	(1)	976	33
Derivative financial assets	232	(126)	–	–	–	–	106	(126)
Investment securities – debt	1,237	#	47	2,087	(971)	397[2]	2,797	–
Investment securities – equity	2,672	2	(965)	580	(374)	1	1,916	2
Liabilities								
Derivative financial liabilities	307	(122)	–	–	–	–	185	(122)

\# *Amount less than $500,000*

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.
(2) Investment securities – debt were transferred in to Level 3 during the year due to a decreased contribution of observable input to their valuation.

19. Fair Values of Financial Instruments (continued)

(c) (continued)

In $ millions	The Bank							
		Fair value gains or losses						Unrealised gains or losses included in income statement
	Balance at 1 January	Income statement	Other comprehensive income	Purchases	Settlements	Transfer in/(out)	Balance at 31 December	
2020								
Assets								
Trading securities	719	3	–	216	(420)	#	518	3
Derivative financial assets	106	14	–	–	–	–	120	14
Investment securities – debt	2,234	–	(2)	1,175	(2,101)	(17)[(1)]	1,289	–
Investment securities – equity	1,243	3	33	58	(192)	–	1,145	1
Liabilities								
Derivative financial liabilities	184	6	–	–	–	–	190	6
2019								
Assets								
Trading securities	817	33	–	432	(562)	(1)	719	33
Derivative financial assets	223	(117)	–	–	–	–	106	(117)
Investment securities – debt	1,235	#	55	2,002	(971)	(87)[(1)]	2,234	–
Investment securities – equity	2,035	(17)	(996)	390	(170)	1	1,243	(17)
Liabilities								
Derivative financial liabilities	297	(113)	–	–	–	–	184	(113)

Amount less than $500,000

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.

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for the financial year ended 31 December 2020

19. Fair Values of Financial Instruments (continued)

(d) *Effect of changes in significant unobservable inputs*

At 31 December 2020, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted equity investments and funds, unquoted debt securities, long dated equity derivatives and callable interest rate swaps, summarised as follows:

In $ millions	The Group 2020	The Group 2019	Classification	Valuation technique	Unobservable inputs
Assets					
Trading securities – debt	**976**	976	FVPL	Discounted Cash Flow	Credit Spreads
Derivative financial assets	**120**	106	FVPL	Option Pricing Model	Volatilities and Correlations
Investment securities – debt	**2,221**	2,797	FVOCI/FVPL	Discounted Cash Flow and Option Pricing Model	Credit Spreads and Volatilities
Investment securities – equity	**1,911**	1,916	FVOCI/FVPL	Multiples, Net Asset Value and Recent Transaction Price	Net Asset Value, Earnings and Financial Ratio Multiples
Liabilities					
Derivative financial liabilities	**190**	185	FVPL	Option Pricing Model	Volatilities and Correlations

In estimating significance, the Group performed sensitivity analyses based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable inputs). The methodologies used can be statistical or based on other relevant approved techniques.

The effect on fair value arising from reasonably possible changes to the significant unobservable inputs is assessed to be insignificant.

20. Deposits and Balances of Customers

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Fixed deposits	**134,034**	155,768	**96,007**	115,317
Savings deposits	**91,620**	78,410	**69,826**	61,501
Current accounts	**81,963**	62,779	**68,772**	52,197
Others	**16,981**	13,769	**16,506**	12,447
	324,598	310,726	**251,111**	241,462

21. Other Liabilities

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Accrued interest payable	**494**	974	**328**	742
Accrued operating expenses	**1,014**	1,123	**678**	687
ECL allowance (Note 21(b))	**265**	214	**158**	130
Lease liabilities	**190**	166	**129**	109
Sundry creditors	**4,901**	1,954	**4,372**	1,373
Others	**515**	748	**289**	626
	7,379	5,179	**5,954**	3,667

(b) *Movement of ECL allowance for other liabilities*

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	**167**	**26**	**21**	**214**
Transfers between Stages	**6**	**(6)**	**–**	**–**
Remeasurement [(1)]	**(6)**	**18**	**–**	**12**
Changes in models [(2)]	**38**	**8**	**–**	**46**
Write-back to income statement	**(45)**	**(16)**	**(13)**	**(74)**
Currency translation adjustments	**(1)**	**#**	**(#)**	**(1)**
Reclassification	**41**	**27**	**–**	**68**
Balance at 31 December	**200**	**57**	**8**	**265**
2019				
Balance at 1 January	197	48	36	281
Transfers between Stages	3	(3)	2	2
Write-back to income statement	(17)	(13)	(17)	(47)
Currency translation adjustments	2	#	#	2
Reclassification	(18)	(6)	–	(24)
Balance at 31 December	167	26	21	214

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21. Other Liabilities (continued)

(b) *Movement of ECL allowance for other liabilities (continued)*

	The Bank			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	**103**	**16**	**11**	**130**
Transfers between Stages	**4**	**(4)**	**–**	**–**
Remeasurement [1]	**(4)**	**7**	**–**	**3**
Changes in models [2]	**24**	**5**	**–**	**29**
Write-back to income statement	**(46)**	**(10)**	**(7)**	**(63)**
Currency translation adjustments	**#**	**#**	**#**	**#**
Reclassification	**37**	**22**	**–**	**59**
Balance at 31 December	**118**	**36**	**4**	**158**
2019				
Balance at 1 January	115	36	25	176
Transfers between Stages	4	#	#	4
Write-back to income statement	(16)	(20)	(14)	(50)
Currency translation adjustments	#	#	#	#
Balance at 31 December	103	16	11	130

\# *Amount less than $500,000*

(1) Remeasurement relates to the changes in ECL following a transfer between stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

(c) *Contractual maturity for lease liabilities*

	The Group		The Bank	
In $ millions	**2020**	2019	**2020**	2019
Maturity for lease liabilities				
Within 1 year	**60**	68	**44**	48
Over 1 to 5 years	**111**	94	**76**	58
Over 5 years	**19**	4	**9**	3
	190	166	**129**	109

22. Deferred Tax

(a) Deferred tax comprises the following:

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Deferred tax liabilities on:				
Unrealised gain on FVOCI financial assets	62	45	11	7
Accelerated tax depreciation	217	198	209	189
Unrealised gain on financial instruments at FVPL	108	63	–	–
Fair value of depreciable assets acquired in business combination	22	24	22	24
Others	54	20	55	20
	463	350	297	240
Amount offset against deferred tax assets	(27)	(51)	(34)	(38)
	436	299	263	202
Deferred tax assets on:				
Allowance for impairment	218	155	84	71
Unrealised loss on financial instruments at FVPL	102	59	–	–
Others	136	137	59	63
	456	351	143	134
Amount offset against deferred tax liabilities	(27)	(51)	(34)	(38)
	429	300	109	96
Net deferred tax (liabilities)/assets	(7)	1	(154)	(106)

(b) Movements in deferred tax during the financial year are as follows:

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Balance at 1 January	1	5	(106)	(119)
Effect of change in tax rate	(5)	–	–	–
Currency translation adjustments	#	3	1	(1)
Credit/(Charge) to income statement	54	(21)	(11)	(24)
(Charge)/Credit to equity	(57)	14	(38)	38
Balance at 31 December	(7)	1	(154)	(106)

 # Amount less than $500,000

The Group has not recognised deferred tax assets in respect of tax losses of $26 million (2019: $28 million) which can be carried forward to offset against future taxable income, subject to meeting certain statutory requirements of the relevant tax authorities. These tax losses have no expiry date except for an amount of $10 million (2019: $8 million) which will expire between the years 2021 and 2030 (2019: 2020 and 2029).

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23. Debts Issued

(a)

In $ millions	Note (b)	Issuance/ Maturity date	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Subordinated notes						
SGD500 million 3.50% subordinated notes callable in 2020	(i)	22 May 2014/ 22 May 2026	–	500	–	500
USD700 million 3.50% subordinated notes callable in 2021	(ii)	16 Mar 2016/ 16 Sep 2026	933	939	933	939
HKD700 million 3.19% subordinated notes callable in 2023	(iii)	26 Aug 2016/ 26 Aug 2028	122	118	122	118
USD600 million 2.88% subordinated notes callable in 2022	(iv)	8 Sep 2016/ 8 Mar 2027	808	811	808	811
SGD750 million 3.50% subordinated notes callable in 2024	(v)	27 Feb 2017/ 27 Feb 2029	797	774	797	774
USD600 million 3.75% subordinated notes callable in 2024	(vi)	15 Apr 2019/ 15 Apr 2029	837	826	837	826
USD600 million 1.75% subordinated notes callable in 2026	(vii)	16 Sep 2020/ 16 Mar 2031	789	–	789	–
RM1 billion 4.65% subordinated notes callable in 2020	(viii)	8 May 2015/ 8 May 2025	–	329	–	–
RM600 million 4.80% subordinated notes callable in 2023	(ix)	25 Jul 2018/ 25 Jul 2028	206	201	–	–
RM750 million 3.00% subordinated notes callable in 2025	(x)	3 Aug 2020/ 2 Aug 2030	247	–	–	–
THB6 billion 3.56% subordinated notes callable in 2022	(xi)	20 Sep 2017/ 20 Sep 2027	265	271	–	–
IDR433 billion 11.35% subordinated notes	(xii)	28 May 2014/ 28 May 2021	41	42	–	–
IDR100 billion 9.40% subordinated notes	(xiii)	25 Nov 2016/ 25 Nov 2023	9	10	–	–
IDR500 billion 9.25% subordinated notes	(xiv)	17 Oct 2017/ 17 Oct 2024	47	48	–	–
IDR100 billion 9.85% subordinated notes	(xv)	5 Jul 2019/ 5 Jul 2026	9	9	–	–
IDR650 billion 9.25% subordinated notes	(xvi)	13 Nov 2019/ 13 Nov 2026	61	63	–	–

23. Debts Issued (continued)

(a) (continued)

In $ millions	Note	Issuance/ Maturity date	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Subordinated notes (continued)	**Note (b)**					
CNY1 billion 4.80% subordinated notes	(xvii)	15 Nov 2019/ 19 Nov 2029	**192**	180	**–**	–
Total subordinated notes			**5,363**	5,121	**4,286**	3,968
Other debts	**Note (c)**					
Interest rate-linked notes	(i)		**762**	1,074	**762**	1,074
Equity-linked notes	(ii)		**156**	397	**156**	397
Floating rate notes	(iii)		**3,359**	2,341	**3,359**	2,341
Fixed rate notes	(iv)		**1,781**	2,512	**1,336**	2,013
Commercial papers	(v)		**11,938**	8,729	**11,938**	8,729
Covered bonds	(vi)		**6,244**	5,009	**6,244**	5,009
Others	(vii)		**5**	26	**5**	26
Total other debts			**24,245**	20,088	**23,800**	19,589
Total debts issued			**29,608**	25,209	**28,086**	23,557
Of which, fair value hedge loss						
Subordinated notes			**139**	51	**130**	47
Other debts			**69**	55	**69**	55

(b) *Subordinated notes*

Subordinated notes are redeemable at par at the option of the issuers, in whole but not in part, or at the occurrence of a tax event or change of qualification event, subject to the prior approval of the relevant regulators and other redemption conditions. As a Basel III capital instrument, the subordinated notes can be written off in whole or in part if the issuer was determined by the regulators to be non-viable.

(i) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 22 May 2020. From and including 22 May 2020, the interest rate shall be reset to a fixed rate equal to the prevailing six-year Singapore Dollar SOR on 22 May 2020 plus 1.607%.

(ii) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 16 September 2021. From and including 16 September 2021, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Dollar Mid Swap Rate on 16 September 2021 plus 2.236%.

(iii) Issued by the Bank with interest payable quarterly at a fixed rate of 3.19% per annum up to but excluding 26 August 2023. From and including 26 August 2023, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Hong Kong Dollar Swap Rate plus 1.95%.

(iv) Issued by the Bank with interest payable semi-annually at a fixed rate of 2.88% per annum up to but excluding 8 March 2022. From and including 8 March 2022, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Dollar Mid Swap Rate plus 1.654%.

(v) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 27 February 2024. From and including 27 February 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Singapore Dollar SOR plus 1.08%.

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23. Debts Issued (continued)

(b) *Subordinated notes (continued)*

(vi) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.75% per annum up to but excluding 15 April 2024. From and including 15 April 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.50%.

(vii) Issued by the Bank with interest payable semi-annually at a fixed rate of 1.75% per annum up to but excluding 16 March 2026. From and including 16 March 2026, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.52%.

(viii) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.65% per annum. The notes are redeemable on 8 May 2020 or at any interest payment date thereafter.

(ix) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.80% per annum. The notes are redeemable on 25 July 2023 or at any interest payment date thereafter.

(x) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 3.00% per annum. The notes are redeemable on 1 August 2025 or at any interest payment date thereafter.

(xi) Issued by United Overseas Bank (Thai) Public Company Limited with interest payable semi-annually at a fixed rate of 3.56% per annum. The notes are redeemable after 20 September 2022.

(xii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 11.35% per annum.

(xiii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.40% per annum.

(xiv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.85% per annum.

(xvi) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xvii) Issued by United Overseas Bank (China) Limited with interest payable annually at a fixed rate of 4.80% per annum.

(c) *Other debts*

(i) The interest rate-linked notes, with embedded interest rate derivatives, were issued at par with maturities ranging from 19 July 2031 to 27 October 2050. The periodic payouts and redemptions of the notes are linked to the interest rate indices.

(ii) The equity-linked notes, with embedded equity derivatives, were issued at par with maturities ranging from 8 January 2021 to 2 December 2021. The periodic payments and payouts of the notes at maturity are linked to the closing value of certain underlying equities or equity indices.

(iii) The floating rate notes comprise mainly notes issued at par with maturities ranging from 6 April 2021 to 27 October 2025. Interest is payable quarterly at a floating rate.

(iv) The fixed rate notes comprise mainly notes issued by the Bank with maturities ranging from 15 March 2021 to 23 May 2023. Interest is payable semi-annually and annually at a fixed rate as follows:

Currency notes	Interest rate
CNY	3.49% to 4.93% per annum
USD	2.50% to 3.20% per annum
IDR	7.40% to 9.60% per annum
THB	2.16% per annum

23. Debts Issued (continued)

(c) *Other debts (continued)*

(v) The commercial papers were issued by the Bank between 5 August 2020 and 11 December 2020 and mature between 3 February 2021 and 23 November 2021. Interest rates of the papers ranged from 0.18% to 0.31% per annum (2019: 1.85% to 2.16% per annum).

(vi) As at 31 December 2020, there were seven covered bonds outstanding comprising:

EUR500 million fixed rate covered bonds issued by the Bank on 9 March 2016 at 99.653 with maturity on 9 March 2021. Interest is payable annually at a fixed rate of 0.25% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 2 March 2017 at 99.498 with maturity on 2 March 2022. Interest is payable annually at a fixed rate of 0.125% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 16 January 2018 at 99.412 with maturity on 16 January 2025. Interest is payable annually at a fixed rate of 0.5% per annum.

GBP350 million floating rate covered bonds issued by the Bank on 28 February 2018 at par value with maturity on 28 February 2023. Interest is payable quarterly at a 3-month Sterling London Inter-Bank Offered Rate (LIBOR) plus 0.24% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 11 September 2018 at 99.52 with maturity on 11 September 2023. Interest is payable annually at a fixed rate of 0.25% per annum.

USD500 million fixed rate covered bonds issued by the Bank on 5 September 2019 at 99.694 with maturity date on 5 September 2022. Interest is payable semi-annually at a fixed rate of 1.625% per annum.

EUR1 billion fixed rate covered bonds issued by the Bank on 1 December 2020 at 101.553 with maturity on 1 December 2027. Interest is payable annually at a fixed rate of 0.01% per annum.

(vii) Others comprise credit-linked notes, currency-linked notes and total return swap-linked notes issued by the Bank.

(d) *Changes in liabilities arising from financing activities*

	The Group				
		Cash flows		Non-cash changes	
In $ millions	Balance at 1 January	Issuance	Redemption	Foreign exchange movement/Others	Balance at 31 December
2020					
Debt issued	**25,209**	**31,433**	**(27,318)**	**284**	**29,608**
2019					
Debt issued	30,605	35,933	(41,538)	209	25,209

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24. Cash, Balances and Placements with Central Banks

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Cash on hand	814	953	563	574
Non-restricted balances with central banks	30,550	19,235	26,678	17,667
Cash and cash equivalents	31,364	20,188	27,241	18,241
Restricted balances with central banks	5,437	5,684	4,213	4,079
ECL allowance	(3)	(8)	(2)	(1)
	36,798	25,864	31,452	22,319

25. Other Government Treasury Bills and Securities

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Other government treasury bills and securities [1]	13,890	15,166	3,796	5,120
ECL allowance	#	#	#	#
	13,890	15,166	3,796	5,120

\# *Amount less than $500,000*

(1) Includes ECL allowance on other government treasury bills and securities at FVOCI of $5 million (2019: $16 million) for the Group and $1 million (2019: $6 million) for the Bank.

26. Trading Securities

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Quoted securities				
Debt	981	1,369	974	1,369
Equity	1,922	384	1,922	384
Unquoted securities				
Debt	1,312	1,036	627	753
	4,215	2,789	3,523	2,506

27. Placements and Balances with Banks

(a)

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Placements and balances with banks [1]	40,320	52,868	30,420	42,470
ECL allowance (Note 27(b))	(36)	(28)	(11)	(14)
	40,284	52,840	30,409	42,456

(1) Includes ECL allowance on placements and balances with banks at FVOCI of $1 million (2019: $2 million) for the Group and $1 million (2019: $1 million) for the Bank.

27. Placements and Balances with Banks (continued)

(b) *Movement of ECL allowance for placements and balances with banks*

In $ millions	The Group Stage 1	Stage 2	Total
2020			
Balance at 1 January	22	6	28
Transfers between Stages	#	#	–
Remeasurement (1)	–	1	1
Changes in models (2)	1	1	2
Net charge to income statement	3	1	4
Currency translation adjustments	(1)	#	(1)
Reclassification	1	1	2
Balance at 31 December	26	10	36
2019			
Balance at 1 January	54	13	67
Transfers between Stages	#	2	2
Write-back to income statement	(5)	(#)	(5)
Currency translation adjustments	#	#	#
Reclassification	(27)	(9)	(36)
Balance at 31 December	22	6	28

In $ millions	The Bank Stage 1	Stage 2	Total
2020			
Balance at 1 January	12	2	14
Transfers between Stages	#	#	–
Remeasurement (1)	–	1	1
Changes in models (2)	#	#	#
Write-back to income statement	(3)	(1)	(4)
Currency translation adjustments	#	#	#
Balance at 31 December	9	2	11
2019			
Balance at 1 January	37	9	46
Transfers between Stages	#	2	2
Net charge/(write-back) to income statement	#	(1)	(1)
Currency translation adjustments	#	#	#
Reclassification	(25)	(8)	(33)
Balance at 31 December	12	2	14

Amount less than $500,000

(1) Remeasurement relates to the changes in ECL following a transfer between stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

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28. Loans to Customers

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Gross loans to customers	**281,387**	268,676	**219,037**	207,075
ECL allowance (Note 28(d))	**(4,186)**	(3,218)	**(2,408)**	(1,846)
Loans to customers	**277,201**	265,458	**216,629**	205,229
Comprising:				
Trade bills	**4,031**	3,917	**1,941**	1,660
Advances to customers	**273,170**	261,541	**214,688**	203,569
	277,201	265,458	**216,629**	205,229

(b) *Gross loans to customers analysed by industry*

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Transport, storage and communication	**11,411**	11,036	**9,464**	9,362
Building and construction	**71,702**	66,992	**63,895**	59,826
Manufacturing	**20,194**	19,380	**12,483**	11,544
Financial institutions, investment and holding companies	**31,259**	26,098	**28,475**	23,176
General commerce	**34,488**	32,713	**25,055**	23,440
Professionals and private individuals	**27,637**	29,458	**17,842**	19,368
Housing loans	**68,562**	68,586	**48,869**	48,924
Others	**16,134**	14,413	**12,954**	11,435
	281,387	268,676	**219,037**	207,075

(c) *Gross loans to customers analysed by currency*

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Singapore Dollar	**129,503**	125,447	**129,395**	125,283
US Dollar	**49,336**	47,562	**45,214**	42,845
Malaysian Ringgit	**26,849**	26,167	**–**	#
Thai Baht	**18,666**	18,299	**#**	–
Indonesian Rupiah	**5,581**	5,681	**–**	–
Others	**51,452**	45,520	**44,428**	38,947
	281,387	268,676	**219,037**	207,075

Amount less than $500,000

28. Loans to Customers (continued)

(d) *Movement of ECL allowance for loans to customers*

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	1,231	490	1,497	3,218
New loans originated or purchased	140	–	–	140
Loans derecognised or repaid	(59)	(35)	(427)	(521)
Transfers to Stage 1	41	(35)	(6)	–
Transfers to Stage 2	(28)	37	(9)	–
Transfers to Stage 3	(7)	(28)	35	–
Charge for existing loans	5	454	946	1,405
Remeasurement [1]	(36)	179	271	414
Changes in models [2]	142	64	–	206
Bad debts recovery	–	–	(131)	(131)
Net charge to income statement	198	636	679	1,513
Unwind of discounts	–	–	(49)	(49)
Net write-off	–	–	(494)	(494)
Currency translation adjustments	14	2	(18)	(2)
Reclassification	(33)	(17)	50	–
Balance at 31 December	1,410	1,111	1,665	4,186
2019				
Balance at 1 January	1,085	486	1,508	3,079
New loans originated or purchased	126	–	–	126
Loans derecognised or repaid	(74)	(57)	(172)	(303)
Transfers to Stage 1	15	(53)	(10)	(48)
Transfers to Stage 2	(20)	104	(3)	81
Transfers to Stage 3	(4)	(26)	249	219
Charge for existing loans	15	8	534	557
Bad debts recovery	–	–	(129)	(129)
Net charge/(write-back) to income statement	58	(24)	469	503
Unwind of discounts	–	–	35	35
Net write-off	–	–	(504)	(504)
Currency translation adjustments	14	3	(11)	6
Reclassification	74	25	–	99
Balance at 31 December	1,231	490	1,497	3,218

(1) Remeasurement relates to the changes in ECL following a transfer between stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

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28. Loans to Customers (continued)

(d) *Movement of ECL allowance for loans to customers (continued)*

	The Bank			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	550	207	1,089	1,846
New loans originated or purchased	93	–	–	93
Loans derecognised or repaid	(38)	(19)	(304)	(361)
Transfers to Stage 1	15	(14)	(1)	–
Transfers to Stage 2	(11)	12	(1)	–
Transfers to Stage 3	(2)	(8)	10	–
Charge for existing loans	130	250	513	893
Remeasurements (1)	(12)	76	144	208
Changes in models (2)	85	35	–	120
Bad debts recovery	–	–	(41)	(41)
Net charge to income statement	260	332	320	912
Unwind of discounts	–	–	(29)	(29)
Net write-off	–	–	(295)	(295)
Currency translation adjustments	2	(2)	(17)	(17)
Reclassification	(37)	(22)	50	(9)
Balance at 31 December	775	515	1,118	2,408
2019				
Balance at 1 January	457	251	1,124	1,832
New loans originated or purchased	73	–	–	73
Loans derecognised or repaid	(50)	(41)	(62)	(153)
Transfers to Stage 1	5	(24)	(2)	(21)
Transfers to Stage 2	(8)	48	#	40
Transfers to Stage 3	(1)	(12)	134	121
Charge/(Write-back) for existing loans	1	(38)	195	158
Bad debts recovery	–	–	(28)	(28)
Net charge/(write-back) to income statement	20	(67)	237	190
Unwind of discounts	–	–	18	18
Net write-off	–	–	(268)	(268)
Currency translation adjustments	#	(1)	(22)	(23)
Reclassification	73	24	–	97
Balance at 31 December	550	207	1,089	1,846

\# *Amount less than $500,000*

(1) Remeasurement relates to the changes in ECL following a transfer between stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

29. Financial Assets Transferred

The Group transfers financial assets to third parties in the ordinary course of business. Transferred assets where the Group retains substantially all the risks and rewards of the transferred assets continue to be recognised on the Group's balance sheet.

(a) *Assets pledged or transferred*

Assets transferred under repurchase agreements (repo) are conducted under terms and conditions that are usual market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them. Assets pledged or transferred are summarised below:

	The Group		The Bank	
In $ millions	**2020**	2019	**2020**	2019
Singapore government and central bank treasury bills and securities	**2,087**	650	**2,087**	650
Other government treasury bills and securities	**476**	450	**41**	136
Placements and balances with banks – negotiable certificates of deposit	**87**	49	**87**	49
Investment securities	**2,243**	1,003	**2,243**	1,002
	4,893	2,152	**4,458**	1,837

The amount of the associated liabilities approximates the carrying amount of the assets pledged.

(b) *Collateral received*

Assets the Group received as collateral for reverse repurchase agreements (reverse repo) are summarised below:

	The Group		The Bank	
In $ millions	**2020**	2019	**2020**	2019
Assets received for reverse repo transactions, at fair value	**15,907**	18,411	**12,386**	14,596
Of which, sold or re-pledged	**336**	602	**336**	602

(c) *Repo and reverse repo transactions subject to netting agreements*

The Bank and the Group enter into global master repurchase agreements with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

Notes to the Financial Statements

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29. Financial Assets Transferred (continued)

(c) *Repo and reverse repo transactions subject to netting agreements (continued)*

The table below shows the Bank's and the Group's repo and reverse repo transactions that are not offset in the balance sheet but are subject to enforceable netting agreements:

In $ millions	2020		2019	
	Reverse repo	Repo	Reverse repo	Repo
The Group				
Carrying amount on the balance sheet subject to netting agreements (1)	16,298	4,473	17,614	2,378
Amount nettable (2)	(629)	(629)	(391)	(391)
Financial collateral	(15,668)	(3,842)	(17,218)	(1,986)
Net amounts	1	2	5	1
The Bank				
Carrying amount on the balance sheet subject to netting agreements (1)	12,034	4,047	13,883	2,082
Amount nettable (2)	(629)	(629)	(391)	(391)
Financial collateral	(11,404)	(3,416)	(13,487)	(1,690)
Net amounts	1	2	5	1

(1) The carrying amount of reverse repo is presented under "Cash, balances and placements with central banks", "Placements and balances with banks", and "Loans to customers" while repo is under "Deposits and balances of banks and customers" on the balance sheet.
(2) Amount that could be netted under the netting agreements.

(d) *Covered bonds*

Pursuant to the Bank's USD8 billion Global Covered Bond Programme, selected pools of residential mortgages that were originated by the Bank have been assigned to a bankruptcy-remote structured entity, Glacier Eighty Pte Ltd. These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2020, there were seven (2019: seven) covered bonds outstanding comprising five EUR fixed rate covered bonds, one USD fixed rate covered bond and one GBP floating rate covered bond, with assigned residential mortgages of approximately $10,856 million (2019: $9,923 million).

30. Investment Securities

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Quoted securities				
Debt (1)	11,289	6,353	7,038	5,616
Equity	883	879	702	751
Unquoted securities				
Debt (2)	11,164	6,339	9,289	5,144
Equity	1,899	1,916	1,145	1,243
ECL allowance (Note 30(b))	(18)	(33)	(16)	(31)
	25,217	15,454	18,158	12,723

(1) Includes ECL allowance on quoted debt securities at FVOCI of $9 million (2019: $54 million) for the Group and $7 million (2019: $54 million) for the Bank.
(2) Includes ECL allowance on unquoted debt securities at FVOCI of $31 million (2019: $16 million) for the Group and $14 million (2019: $1 million) for the Bank.

30. Investment Securities (continued)

(b) *Movement of ECL allowance for investment securities*

	The Group			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	5	1	27	33
Transfers between Stages	#	#	–	#
Remeasurement [1]	#	–	–	#
Changes in models [2]	8	#	–	8
Net (write-back)/charge to income statement	(1)	5	–	4
Net write-off	#	#	(26)	(26)
Currency translation adjustments	#	#	(1)	(1)
Balance at 31 December	12	6	–	18
2019				
Balance at 1 January	1	2	27	30
Transfers between Stages	#	(1)	–	(1)
Net charge/(write-back) to income statement	4	#	#	4
Currency translation adjustments	#	#	–	#
Balance at 31 December	5	1	27	33

	The Bank			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2020				
Balance at 1 January	3	1	27	31
Transfers between Stages	#	#	–	#
Remeasurement [1]	#	–	–	#
Changes in models [2]	#	#	–	#
Net charge to income statement	7	5	–	12
Net write-off	#	#	(26)	(26)
Currency translation adjustments	#	#	(1)	(1)
Balance at 31 December	10	6	–	16
2019				
Balance at 1 January	1	2	27	30
Transfers between Stages	#	(1)	–	(1)
Net charge/(write-back) to income statement	2	#	#	2
Currency translation adjustments	#	#	–	#
Balance at 31 December	3	1	27	31

\# *Amount less than $500,000*

(1) Remeasurement relates to the changes in ECL following a transfer between stages.
(2) Changes in models include the changes in model inputs or assumptions such as changes in the forward-looking macroeconomic variables.

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30. Investment Securities (continued)

(c) *Investment securities analysed by industry*

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Transport, storage and communication	**1,563**	1,180	**1,169**	774
Building and construction	**1,282**	1,018	**1,235**	970
Manufacturing	**1,169**	1,123	**1,151**	1,096
Financial institutions, investment and holding companies	**12,851**	7,470	**7,327**	5,658
General commerce	**1,048**	817	**905**	710
Others	**7,304**	3,846	**6,371**	3,515
	25,217	15,454	**18,158**	12,723

(d) *Equity investments designated at FVOCI*

Equity investments designated at FVOCI comprise ordinary shares, mainly held for yield enhancement or strategic purposes.

In 2020, the related dividend income was $41 million (2019: $43 million) at the Group and $24 million (2019: $35 million) at the Bank.

During the year, equity investments of $93 million (2019: $402 million) at the Group and $42 million (2019: $383 million) at the Bank were realised. Related net loss recognised within equity was $1 million (2019: $383 million) at the Group and $1 million (2019: $383 million) at the Bank.

31. Other Assets

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Sundry debtors	**2,076**	1,583	**1,438**	949
Interest receivable	**1,020**	1,107	**603**	775
Foreclosed properties	**108**	110	**–**	–
Allowance for impairment	**(94)**	(87)	**(16)**	#
ECL allowance	**(11)**	(22)	**(3)**	(2)
Others	**1,934**	2,215	**1,406**	1,806
	5,033	4,906	**3,428**	3,528

\# *Amount less than $500,000*

32. Investment in Associates and Joint Ventures

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Material associate:				
UOB-Kay Hian Holdings Limited	**617**	578	**67**	67
Other associates/joint ventures	**611**	622	**396**	421
	1,228	1,200	**463**	488
Allowance for impairment (Note 34)	**(18)**	(18)	**(138)**	(138)
	1,210	1,182	**325**	350
Fair value of quoted investments at 31 December	**442**	379	**442**	379

Name of associate	Principal activities	Country of incorporation	Effective equity interest of the Group 2020 %	Effective equity interest of the Group 2019 %
Quoted				
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**37**	38

(b) Aggregate information about the Group's share of investments in associates and joint ventures that were not individually material is as follows:

In $ millions	The Group 2020	The Group 2019
Profit for the financial year	**28**	31
Other comprehensive income	**(7)**	(9)
Total comprehensive income	**21**	22

(c) The summarised financial information in respect of UOB-Kay Hian Holdings Limited, based on its financial statements, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

In $ millions	2020	2019
Statement of comprehensive income		
Operating income	**577**	383
Profit for the financial year	**148**	44
Other comprehensive income	**2**	37
Total comprehensive income	**150**	81

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32. Investment in Associates and Joint Ventures (continued)

(c) (continued)

In $ millions	2020	2019
Balance sheet		
Current assets	6,487	4,929
Non-current assets	111	121
Total assets	6,598	5,050
Current liabilities	4,941	3,525
Non-current liabilities	11	10
Total liabilities	4,952	3,535
Net assets	1,646	1,515
Group's ownership interest	37%	38%
Group's share of net assets	617	578
Other adjustments	–	–
Carrying amount of the investment	617	578

Dividends of $13 million (2019: $15 million) were received from UOB-Kay Hian Holdings Limited.

33. Investment in Subsidiaries

(a)

	The Bank	
In $ millions	2020	2019
Quoted investments	45	45
Unquoted investments	6,380	6,180
	6,425	6,225
Allowance for impairment (Note 34)	(226)	(220)
	6,199	6,005
Fair value of quoted investments at 31 December	240	247

33. Investment in Subsidiaries (continued)

(b) Major subsidiaries of the Group as at the balance sheet date are as follows:

Name of subsidiary	Country of incorporation	Effective equity interest of the Group 2020 %	2019 %
Commercial Banking			
United Overseas Bank (Malaysia) Bhd	Malaysia	**100**	100
United Overseas Bank (Thai) Public Company Limited	Thailand	**99.7**	99.7
PT Bank UOB Indonesia	Indonesia	**99**	99
United Overseas Bank (China) Limited	China	**100**	100
United Overseas Bank (Vietnam) Limited (1)	Vietnam	**100**	100
Financial Services			
United Overseas Insurance Limited	Singapore	**58**	58
Funding Vehicle			
UOB Australia Limited	Australia	**100**	100
Asset Management/Investment Management			
UOB Asset Management Ltd	Singapore	**100**	100
UOB Asset Management (Malaysia) Berhad	Malaysia	**70**	70
UOB Asset Management (Thailand) Co., Ltd.	Thailand	**100**	100
UOB Capital Management Pte Ltd	Singapore	**100**	100
UOB Global Capital LLC (1)	United States	**70**	70
UOB Holdings (USA) Inc. (2)	United States	**100**	100
UOB Venture Management (Shanghai) Co., Ltd	China	**100**	100
UOB Venture Management Private Limited	Singapore	**100**	100
Property Investment Holding			
Industrial & Commercial Property (S) Pte Ltd	Singapore	**100**	100
PT UOB Property	Indonesia	**100**	100
UOB Property Investments China Pte Ltd	Singapore	**100**	100
UOB Property Investments Pte. Ltd.	Singapore	**100**	100
UOB Realty (USA) Ltd Partnership (2)	United States	**100**	100
Others			
UOB International Investment Private Limited	Singapore	**100**	100
UOB Travel Planners Pte Ltd	Singapore	**100**	100

Notes:
Except as indicated, all subsidiaries incorporated in Singapore are audited by Ernst & Young LLP, Singapore and those incorporated overseas are audited by member firms of Ernst & Young Global Limited.
(1) Audited by other auditors.
(2) Not required to be audited.

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33. Investment in Subsidiaries (continued)

(c) *Interest in subsidiaries with material non-controlling interest (NCI)*

Only United Overseas Insurance Limited has NCI that is material to the Group:

Principal place of business	Proportion of ownership interest held by NCI %	Profit allocated to NCI during the reporting period $ million	Accumulated NCI at the end of reporting period $ million	Dividend paid to NCI $ million
2020				
Singapore	**42**	**10**	**177**	**6**
2019				
Singapore	42	17	174	6

(d) *Summarised financial information [(1)] about United Overseas Insurance Limited*

In $ millions	2020	2019
Statement of comprehensive income		
Operating income	**50**	64
Profit before tax	**30**	46
Tax	**6**	6
Profit for the financial year	**24**	40
Other comprehensive income	**(3)**	13
Total comprehensive income	**21**	53
Balance sheet		
Total assets	**632**	637
Total liabilities	**208**	219
Net assets	**424**	418
Other information		
Net cash flows from operations	**6**	1
Acquisition of property, plant and equipment	**54**	1

(1) Including consolidation adjustments but before inter-company eliminations.

(e) *Consolidated structured entities*

The Group has established a USD8 billion Global Covered Bond Programme to augment its funding programmes. Under the Programme, the Bank may from time to time issue covered bonds (the Covered Bonds). The payments of interest and principal under the Covered Bonds are guaranteed by the Covered Bond Guarantor (the CBG), Glacier Eighty Pte Ltd. The Covered Bonds issued under the Programme will be backed by a portfolio of Singapore residential mortgages transferred by the Bank to the CBG when certain conditions are met.

33. Investment in Subsidiaries (continued)

(f) *Interests in unconsolidated structured entities*

The Group had interests in certain investment funds where the Group was the fund manager and the investors had no or limited removal rights over the fund manager. These funds were primarily financed by the investors. The table below summarises the Group's involvement in the funds.

In $ millions	The Group 2020	2019
Total assets of structured entities [1]	21,843	20,021
Maximum exposure to loss – Investment in funds	268	254
Fee income	175	182
Net gain from investment securities	41	55

(1) Based on the latest available financial reports of the structured entities.

34. Movement of Allowance for Impairment on Investment in Associates, Joint Ventures and Subsidiaries

	The Group	
	Investment in associates and joint ventures	
In $ millions	2020	2019
Balance at 1 January and 31 December	18	18

	The Bank			
	Investment in associates and joint ventures		Investment in subsidiaries	
In $ millions	2020	2019	2020	2019
Balance at 1 January	138	138	220	220
Net charge to income statement	–	–	6	–
Balance at 31 December	138	138	226	220

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35. Investment Properties

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Balance at 1 January	936	1,013	970	1,079
Currency translation adjustments	8	(5)	1	#
Additions	49	17	2	1
Disposals	(1)	(7)	(18)	(7)
Depreciation charge	(20)	(20)	(15)	(15)
Allowance for impairment	(1)	–	–	–
Transfers	(7)	(62)	39	(88)
Balance at 31 December	964	936	979	970
Represented by:				
Cost	1,303	1,251	1,239	1,218
Accumulated depreciation	(338)	(315)	(260)	(248)
Allowance for impairment	(1)	–	–	–
Net carrying amount	964	936	979	970
Freehold property	583	371	641	609
Leasehold property	381	565	338	361
	964	936	979	970
Fair value hierarchy				
Level 2	247	274	247	278
Level 3	2,972	2,922	2,303	2,362
	3,219	3,196	2,550	2,640

Amount less than $500,000

The valuations of investment properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on a market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

36. Fixed Assets

In $ millions	2020 Owner-occupied properties	2020 Others	2020 Right-of-use assets	2020 Total	2019 Owner-occupied properties	2019 Others	2019 Right-of-use assets	2019 Total
The Group								
Balance at 1 January	1,048	1,541	170	2,759	974	1,292	188	2,454
Currency translation adjustments	5	(3)	#	2	9	9	#	18
Additions	47	467	136	650	28	528	71	627
Disposals	(2)	(1)	(22)	(25)	(1)	(21)	(1)	(23)
Depreciation charge	(26)	(317)	(91)	(434)	(24)	(267)	(88)	(379)
(Allowance for)/ Write-back of impairment	#	–	–	#	#	–	–	#
Transfers	7	–	–	7	62	–	–	62
Balance at 31 December	1,079	1,687	193	2,959	1,048	1,541	170	2,759
Represented by:								
Cost	1,490	3,620	360	5,470	1,438	3,251	257	4,946
Accumulated depreciation	(409)	(1,933)	(167)	(2,509)	(388)	(1,710)	(87)	(2,185)
Allowance for impairment	(2)	–	–	(2)	(2)	–	–	(2)
Net carrying amount	1,079	1,687	193	2,959	1,048	1,541	170	2,759
Freehold property	818				575			
Leasehold property	261				473			
	1,079				1,048			
Fair value hierarchy								
Level 2	546				548			
Level 3	3,367				3,352			
	3,913				3,900			

 # Amount less than $500,000

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36. Fixed Assets (continued)

	2020				2019			
In $ millions	Owner-occupied properties	Others	Right-of-use assets	Total	Owner-occupied properties	Others	Right-of-use assets	Total
The Bank								
Balance at 1 January	836	1,158	112	2,106	760	932	136	1,828
Additions	6	360	77	443	1	430	40	471
Disposals	–	#	#	#	#	(16)	–	(16)
Depreciation charge	(13)	(235)	(61)	(309)	(13)	(188)	(64)	(265)
Transfers	(39)	–	–	(39)	88	–	–	88
Balance at 31 December	790	1,283	128	2,201	836	1,158	112	2,106
Represented by:								
Cost	1,022	2,617	251	3,890	1,058	2,280	175	3,513
Accumulated depreciation	(232)	(1,334)	(123)	(1,689)	(222)	(1,122)	(63)	(1,407)
Net carrying amount	790	1,283	128	2,201	836	1,158	112	2,106
Freehold property	635				677			
Leasehold property	155				159			
	790				836			
Fair value hierarchy								
Level 2	257				251			
Level 3	2,121				2,266			
	2,378				2,517			

Amount less than $500,000

The valuations of owner-occupied properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on a market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

Fixed assets-others comprise mainly computer equipment, software and furniture and fittings.

Right-of-use assets comprise mainly properties, computer equipment and motor vehicles.

37. Intangible Assets

(a) *Goodwill*

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Balance at 1 January	**4,148**	4,139	**3,182**	3,182
Currency translation adjustments	**(5)**	7	**–**	–
Addition	**–**	2	**–**	–
Balance at 31 December	**4,143**	4,148	**3,182**	3,182
Represented by:				
Cost	**4,143**	4,148	**3,182**	3,182
Net carrying amount	**4,143**	4,148	**3,182**	3,182

(b) Goodwill was allocated on the date of acquisition to the reportable operating segments expected to benefit from the synergies of business combination. The recoverable amount of the operating segments is based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the Group as a whole and to individual countries such as Thailand and Indonesia. The growth rates used do not exceed the historical long-term average growth rate of the major countries. Cash flow projections are based on the most recent five-year financial forecasts provided by key business segments and approved by management. These cash flows are derived based on the outlook of macroeconomic conditions from external sources, in particular, interest rates and foreign exchange rates, taking into account management's past experience on the impact of such changes to the cash flows of the Group. Long-term growth rate is imputed on fifth-year cash flow and then discounted to determine the terminal value. Key assumptions are as follows:

	Discount rate 2020	Discount rate 2019	Growth rate 2020	Growth rate 2019
Singapore	**6.54**	7.43	**2.73**	1.90
Thailand	**8.97**	9.76	**2.12**	3.44
Indonesia	**9.76**	9.38	**4.68**	5.42

Impairment is recognised in the income statement when the carrying amount of an operating segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating segments to exceed their recoverable amount.

38. Contingent Liabilities

In the normal course of business, the Bank and the Group conduct businesses involving guarantees, performance bonds and indemnities. The bulk of these liabilities are backed by the corresponding obligations of the customers. No assets of the Bank and the Group were pledged as security for these contingent liabilities at the balance sheet date.

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Direct credit substitutes	**3,023**	3,878	**2,087**	3,132
Transaction-related contingencies	**14,238**	17,931	**10,034**	8,598
Trade-related contingencies	**9,623**	10,127	**7,766**	8,177
Others	**236**	428	**3**	1
	27,120	32,364	**19,890**	19,908

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39. Financial Derivatives

Financial derivatives, such as forwards, swaps, futures and options, are instruments whose values change in response to the change in prices of the underlying instruments.

In the normal course of business, the Bank and the Group transact in customised derivatives to meet specific needs of their customers. The Bank and the Group also transact in these derivatives for proprietary trading purposes, as well as to manage their assets, liabilities and structural positions. Risks associated with the use of derivatives and policies for managing these risks are set out in Note 45.

(a) The table below shows the Bank's and the Group's financial derivatives and their fair values at the balance sheet date. These amounts do not necessarily represent future cash flows and amounts at risk of the derivatives.

	2020			2019		
In $ millions	**Notional amount**	**Positive fair value**	**Negative fair value**	Notional amount	Positive fair value	Negative fair value
The Group						
Foreign exchange contracts						
Forwards	56,787	961	1,089	64,979	480	568
Swaps	240,002	3,332	4,036	262,824	1,631	1,692
Futures	1	–	#	4	#	–
Options purchased	7,422	183	–	10,585	97	–
Options written	7,482	–	138	10,187	–	98
Interest rate contracts						
Swaps	472,615	6,491	5,728	569,231	3,988	3,953
Futures	307	#	#	1,210	#	#
Options purchased	1,449	6	–	1,276	4	–
Options written	2,655	–	3	2,200	–	2
Equity-related contracts						
Swaps	1,164	11	43	846	6	35
Futures	2	#	–	5	–	#
Options purchased	2,474	65	–	2,092	52	–
Options written	1,967	–	81	4,177	–	83
Credit-related contracts						
Swaps	796	#	44	1,019	#	27
Others						
Forwards	911	18	27	837	4	6
Swaps	4,997	90	134	4,826	52	130
Futures	5,442	207	195	4,480	90	97
Options purchased	103	4	–	296	4	–
Options written	139	–	1	319	–	4
	806,715	11,368	11,519	941,393	6,408	6,695

Amount less than $500,000

39. Financial Derivatives (continued)

(a) (continued)

In $ millions	2020 Notional amount	2020 Positive fair value	2020 Negative fair value	2019 Notional amount	2019 Positive fair value	2019 Negative fair value
The Bank						
Foreign exchange contracts						
Forwards	54,031	900	1,058	62,766	432	592
Swaps	154,522	1,482	1,926	196,226	1,101	1,063
Futures	1	–	#	4	#	–
Options purchased	3,960	86	–	5,590	53	–
Options written	4,397	–	84	5,435	–	47
Interest rate contracts						
Swaps	423,653	6,027	5,312	514,828	3,692	3,685
Futures	303	#	#	1,210	#	#
Options purchased	1,406	5	–	1,205	2	–
Options written	2,611	–	2	2,129	–	2
Equity-related contracts						
Swaps	1,164	11	43	840	5	34
Futures	2	#	–	5	–	#
Options purchased	2,459	65	–	2,080	52	–
Options written	1,952	–	81	4,165	–	82
Credit-related contracts						
Swaps	796	#	44	1,019	#	27
Others						
Forwards	319	8	7	419	2	2
Swaps	3,864	76	123	4,123	27	101
Futures	1,563	58	60	1,184	25	57
Options purchased	86	1	–	288	3	–
Options written	134	–	1	313	–	3
	657,223	8,719	8,741	803,829	5,394	5,695

\# *Amount less than $500,000*

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39. Financial Derivatives (continued)

(b) *Financial derivatives subject to netting agreements*

The Bank and the Group enter into derivative master netting agreements (such as the International Swaps and Derivatives Association Master Agreement) with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding derivative contracts' amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

The table below shows the Bank's and the Group's financial derivatives that are not offset in the balance sheet but are subject to enforceable netting agreements.

	2020		2019	
In $ millions	Positive fair value	Negative fair value	Positive fair value	Negative fair value
The Group				
Carrying amount on the balance sheet	11,368	11,519	6,408	6,695
Amount not subject to netting agreements	(2,241)	(1,109)	(1,152)	(972)
Amount subject to netting agreements	9,127	10,410	5,256	5,723
Amount nettable [1]	(7,976)	(7,976)	(4,545)	(4,545)
Financial collateral	(524)	(1,272)	(234)	(412)
Net amounts	627	1,162	477	766
The Bank				
Carrying amount on the balance sheet	8,719	8,741	5,394	5,695
Amount not subject to netting agreements	(2,384)	(1,092)	(1,212)	(968)
Amount subject to netting agreements	6,335	7,649	4,182	4,727
Amount nettable [1]	(5,697)	(5,697)	(3,758)	(3,758)
Financial collateral	(415)	(1,070)	(184)	(290)
Net amounts	223	882	240	679

(1) Amount that could be netted under the netting agreements.

40. Commitments

(a)

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Undrawn credit facilities	153,460	154,581	118,161	122,938
Spot/Forward contracts	3,887	2,584	3,720	2,592
Trade commitments	2,014	3,333	1,282	2,668
Capital commitments	384	446	155	153
Operating lease commitments	21	19	5	3
Others	641	282	586	208
	160,407	161,245	123,909	128,562

(b) *Operating lease commitments*

The Group leases out investment properties typically on three-year leases based on market rental rates. These leases may contain options to renew at prevailing market rates.

In $ millions	The Group 2020	The Group 2019	The Bank 2020	The Bank 2019
Minimum lease receivable				
Within 1 year	88	83	66	63
Over 1 to 5 years	134	128	76	70
Over 5 years	47	59	#	–
	269	270	142	133

 # Amount less than $500,000

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41. Hedge Accounting

The impact of the hedging instruments and hedged items on the balance sheet as at 31 December is as follows:

	The Group				
In $ millions	Carrying amount of assets/ (liabilities)	Changes in fair value	Type of risk hedged	Notional amount	Maturity profile of fair value hedge
2020					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	174	116	Interest rate risk	12,434	Less than 10 years
Customer deposits	(24)	(1)	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(3,483)	8	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	423	#			
Debt securities	2,057	(5)			
Equity securities at FVOCI	24	1			
Liabilities					
Customer deposits	(173)	#			
Subordinated debts	(3,704)	(93)			
Other debts issued	(6,545)	(18)			
2019					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	(59)	113	Interest rate risk	13,407	Less than 9 years
Customer deposits	(66)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(3,000)	19	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	424	6			
Debt securities	1,713	25			
Equity securities at FVOCI	66	(1)			
Liabilities					
Customer deposits	(294)	#			
Subordinated debts	(4,431)	(94)			
Other debts issued	(6,018)	(50)			

 # Amount less than $500,000

41. Hedge Accounting (continued)

In $ millions	Carrying amount of assets/ (liabilities)	Changes in fair value	Type of risk hedged	Notional amount	Maturity profile of fair value hedge
	The Bank				
2020					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	165	111	Interest rate risk	12,237	Less than 10 years
Customer deposits	(24)	(1)	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(3,464)	8	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	423	#			
Debt securities	2,057	(5)			
Equity securities at FVOCI	24	1			
Liabilities					
Customer deposits	(173)	#			
Subordinated debts	(3,498)	(88)			
Other debts issued	(6,545)	(18)			
2019					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	(55)	110	Interest rate risk	12,881	Less than 9 years
Customer deposits	(66)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(2,982)	19	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	424	6			
Debt securities	1,713	25			
Equity securities at FVOCI	66	(1)			
Liabilities					
Customer deposits	(294)	#			
Subordinated debts	(3,901)	(91)			
Other debts issued	(6,018)	(50)			

Amount less than $500,000

The ineffectiveness arising from these hedges was insignificant.

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41. Hedge Accounting (continued)

Impact of interest rate benchmark reform on hedge accounting relationships

The global reform of existing benchmark inter-bank offered rates (IBORs) with alternative risk-free benchmark rates has caused uncertainties around the timing and nature of these changes, in particular with respect to the timing and amount of future interest rate benchmark-based cash flows of financial instruments.

A number of the Group's hedge accounting relationships are affected by interest rate benchmark reform. The hedge accounting relationships that are affected are primarily those in which financial instruments that are designated as hedging instruments reference SOR and LIBOR. As permitted by the amendments to SFRS(I) 9, the Group has applied the following reliefs to continue the hedge accounting on affected hedge accounting relationships:

- the Group assumes that the interest rate benchmark on which the hedged cash flows and/or hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform

- for a hedge of a non-contractually specified benchmark component of interest rate risk, the Group has assumed that the risk component is separately identifiable at initial designation at the inception of the hedging relationship

The Group has established a steering committee to oversee the Group's IBOR transition plan. The steering committee comprises members from the risk management, global markets, business units, finance, technology and operations, data management and international management. The transition from IBOR benchmarks to alternative reference rates will require amendments to be made to legal contracts and agreements, update of hedge designations, changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications.

42. Share-Based Compensation Plan

The share-based compensation of the Group consists of the UOB Restricted Share (RS) Plan.

In 2018, following a review of the total compensation model, the Remuneration and Human Capital Committee (RHCC) approved, inter alia, a revised variable pay deferral framework for senior employees and Material Risk Takers. Under this, a portion of variable pay will be deferred as shares under the RS Plan. Such deferred RS will vest over a minimum three-year period, subject to local regulatory requirements.

Participating employees who leave the Group before the RS is vested will forfeit their rights unless otherwise decided by the RHCC.

As approved by shareholders at the Annual General Meeting on 21 April 2016, the RS Plan shall be in force for a further duration of ten years up to (and including) 6 August 2027. The Plan only allows the delivery of UOB ordinary shares held in treasury by the Bank.

Movements and outstanding balances of the plan are as follows:

	The Group	
	Number of Restricted shares	
	2020	2019
	'000	'000
Balance at 1 January	**5,976**	6,055
Granted	**3,456**	2,470
Forfeited/Cancelled	**(146)**	(100)
Vested	**(2,099)**	(2,449)
Balance at 31 December	**7,187**	5,976

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants 2020 '000	2019 '000
2017	11 May 2019 and 11 May 2020	21.50 and 23.00	–	1,517
2018	24 Apr 2020 and 24 Apr 2021	27.03 and 22.95	**1,373**	2,009
2019	23 Apr 2021 and 23 Apr 2022	24.68	**2,401**	2,450
2020	15 Apr 2022, 15 Apr 2023 and 15 Apr 2024	18.88 and 18.05	**3,413**	–
			7,187	5,976

Fair values of the RS were estimated at the grant date using the Trinomial valuation methodology. The key assumptions of the RS are as follows:

Year granted	**2020**	2019
Expected volatility (%) [1]	**16.85 and 17.18**	16.99
Risk-free interest rate (%)	**0.62 – 0.66 and 0.7**	1.88 – 1.91
Contractual life (years)	**2, 3 and 4**	2 and 3
Expected dividend yield (%)	Management's forecast in line with dividend policy	

(1) Based on the past three years' historical volatility.

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43. Related Party Transactions

Related parties cover the Group's subsidiaries, associates, joint ventures and their subsidiaries, and key management personnel and their related parties.

Key management personnel refers to the Bank's directors and members of its Management Executive Committee.

All related party transactions of the Group were done in the ordinary course of business and at arm's length. In addition to the information disclosed elsewhere in the financial statements, other related party transactions include the following:

(a)

	The Group		The Bank	
In $ millions	2020	2019	2020	2019
Interest income				
Subsidiaries	–	–	262	363
Associates and joint ventures	10	8	10	8
Interest expense				
Subsidiaries	–	–	225	258
Associates and joint ventures	12	18	9	16
Dividend income				
Subsidiaries	–	–	269	227
Associates and joint ventures	–	–	16	22
Rental income				
Subsidiaries	–	–	3	4
Associates and joint ventures	#	–	#	–
Rental and other expenses				
Subsidiaries	–	–	63	112
Associates and joint ventures	19	26	18	26
Fee and commission and other income				
Subsidiaries	–	–	221	136
Associates and joint ventures	3	11	1	1
Placements, securities, loans and advances				
Subsidiaries	–	–	21,023	17,972
Associates and joint ventures	946	838	946	838
Deposits				
Subsidiaries	–	–	14,216	13,419
Associates and joint ventures	2,740	1,267	2,443	1,123
Off-balance sheet credit facilities (1)				
Subsidiaries	–	–	94	316
Associates and joint ventures	308	34	308	34

Amount less than $500,000

(1) Includes guarantees issued by the Group of $3 million (2019: $4 million) and the Bank of $13 million (2019: $212 million).

43. Related Party Transactions (continued)

(b)

In $ millions	The Bank 2020	2019
Compensation of key management personnel		
Short-term employee benefits	20	20
Long-term employee benefits	2	2
Share-based payment	14	15
	36	37

44. Segment Information

(a) *Operating segments*

Segmental reporting is prepared based on the Group's internal organisational structure. The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others segment includes non-banking activities and corporate functions.

Group Retail (GR)

GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Group Wholesale Banking (GWB)

GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including financing, trade services, cash management, capital markets solutions and advisory and treasury products.

Global Markets (GM)

GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Others

Others segment includes corporate support functions and divisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

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for the financial year ended 31 December 2020

44. Segment Information (continued)

(a) *Operating segments (continued)*

Selected income statement items

In $ millions	The Group GR	GWB	GM	Others	Total
2020					
Net interest income	2,772	3,026	422	(185)	6,035
Non-interest income	1,331	1,030	347	433	3,141
Operating income	4,103	4,056	769	248	9,176
Operating expenses	(2,039)	(955)	(270)	(920)	(4,184)
Allowance for credit and other losses	(510)	(771)	(10)	(263)	(1,554)
Share of profit of associates and joint ventures	–	8	–	90	98
Profit before tax	1,554	2,338	489	(845)	3,536
Tax					(606)
Profit for the financial year					2,930
Other information					
Capital expenditure	47	42	9	465	563
Depreciation of assets	65	29	12	348	454
2019					
Net interest income	2,973	2,977	95	518	6,563
Non-interest income	1,325	1,121	500	521	3,467
Operating income	4,298	4,098	595	1,039	10,030
Operating expenses	(2,097)	(1,032)	(277)	(1,066)	(4,472)
Allowance for credit and other losses	(192)	(285)	(4)	46	(435)
Share of profit of associates and joint ventures	–	5	–	46	51
Profit before tax	2,009	2,786	314	65	5,174
Tax					(812)
Profit for the financial year					4,362
Other information					
Capital expenditure	55	49	22	447	573
Depreciation of assets	58	24	10	307	399

Notes:
1. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.
2. Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

44. Segment Information (continued)

(a) *Operating segments (continued)*

Selected balance sheet items

In $ millions	The Group GR	GWB	GM	Others	Total
2020					
Segment assets	107,654	195,056	85,093	38,658	426,461
Intangible assets – goodwill	1,316	2,086	659	82	4,143
Investment in associates and joint ventures	2	171	–	1,037	1,210
Total assets	108,972	197,313	85,752	39,777	431,814
Segment liabilities	169,042	163,278	46,755	11,608	390,683
Other information					
Gross customer loans	108,020	172,281	1,052	34	281,387
Non-performing assets	1,297	3,254	11	46	4,608
2019					
Segment assets	109,044	189,444	64,672	35,919	399,079
Intangible assets – goodwill	1,317	2,088	660	83	4,148
Investment in associates and joint ventures	#	182	–	1,000	1,182
Total assets	110,361	191,714	65,332	37,002	404,409
Segment liabilities	154,253	164,669	31,614	14,009	364,545
Other information					
Gross customer loans	109,017	158,626	1,021	12	268,676
Non-performing assets	1,292	2,980	9	16	4,297

\# *Amount less than $500,000*

Notes:
1. Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

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44. Segment Information (continued)

(b) *Geographical segments*

The following geographical segment information is based on the location where the transactions and assets are booked, which approximates that based on the location of the customers and assets. The information is stated after elimination of inter-segment transactions.

	The Group						
In $ millions	Singapore	Malaysia	Thailand	Indonesia	Other Asia Pacific	Rest of the world	Total
2020							
Net interest income	2,998	777	734	365	897	264	6,035
Non-interest income	1,862	338	258	190	335	158	3,141
Operating income	4,860	1,115	992	555	1,232	422	9,176
Operating expenses	(2,267)	(439)	(600)	(344)	(484)	(50)	(4,184)
Allowance for credit and other losses	(692)	(244)	(282)	(150)	(153)	(33)	(1,554)
Share of profit of associates and joint ventures	94	#	–	–	(2)	6	98
Profit before tax	1,995	432	110	61	593	345	3,536
Total assets before intangible assets	248,541	44,121	27,638	10,707	81,348	15,316	427,671
Intangible assets	3,182	–	728	233	–	–	4,143
Total assets	251,723	44,121	28,366	10,940	81,348	15,316	431,814
2019							
Net interest income	3,752	738	762	327	683	301	6,563
Non-interest income	2,004	346	295	158	563	101	3,467
Operating income	5,756	1,084	1,057	485	1,246	402	10,030
Operating expenses	(2,480)	(435)	(651)	(348)	(506)	(52)	(4,472)
Allowance for credit and other losses	(167)	(80)	(135)	(53)	3	(3)	(435)
Share of profit of associates and joint ventures	52	#	–	–	(#)	(1)	51
Profit before tax	3,161	569	271	84	743	346	5,174
Total assets before intangible assets	235,477	41,352	25,462	9,840	72,671	15,459	400,261
Intangible assets	3,182	–	729	237	–	–	4,148
Total assets	238,659	41,352	26,191	10,077	72,671	15,459	404,409

\# *Amount less than $500,000*

45. Financial Risk Management

The Group's business activities involve the use of financial instruments, including derivatives. These activities expose the Group to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk, equity risk, commodity risk and liquidity risk.

The Group's financial risks are centrally managed by the various specialist committees within the authority delegated by the Board of Directors. These various specialist committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Group Board Risk Management Committee (BRMC).

The Group Risk Management Sector assumes the independent oversight of risks undertaken by the Group, and takes the lead in the formulation and approval of risk policies, controls and processes. The Group Market Risk and Product Control within the Group Risk Management Sector monitor Global Markets and Investment Management's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by Group Audit.

The main financial risks that the Group is exposed to and how they are managed are set out below:

(a) Credit risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations fall due.

The Group Credit Committee supports the CEO and BRMC in managing the Group's overall credit risk exposures. It serves as an executive forum for discussions on all credit-related issues including the credit risk management framework, policies, processes, infrastructure, methodologies and system.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process. The process includes monthly review of all non-performing and special mention loans, ensuring credit quality and the timely recognition of asset impairment. In addition, past due amounts and credit limit excesses are tracked and analysed by business and product lines.

Country risk is the risk of loss due to specific events in a country that the Group has exposure to. These events include political and economic events, social unrest, nationalisation and expropriation of assets, government repudiation of external indebtedness, and currency depreciation or devaluation.

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45. Financial Risk Management (continued)

(a) Credit risk (continued)

(i) *Credit exposure*

The Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements, is shown in the table below:

	The Group	
In $ millions	2020	2019
Balances and placements with central banks	**35,984**	24,912
Singapore government treasury bills and securities	**8,103**	6,199
Other government treasury bills and securities	**13,890**	15,165
Trading debt securities	**2,293**	2,405
Placements and balances with banks	**40,284**	52,840
Loans to customers	**277,201**	265,458
Derivative financial assets	**11,368**	6,408
Investment debt securities	**22,436**	12,658
Others	**3,096**	2,690
	414,655	388,735
Contingent liabilities	**27,117**	32,362
Commitments (excluding operating lease and capital commitments)	**160,002**	160,780
	601,774	581,877

As a fundamental credit principle, the Group generally does not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. Our collaterals are mostly properties while other types of collateral taken by the Group include cash, marketable securities, equipment, inventories and receivables. We have in place policies and processes to monitor collateral concentration.

In extending credit facilities to small- and medium-enterprises, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit.

Exposures arising from foreign exchange, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing the Bank to offset what is owed to a counterparty against what is due from that counterparty in the event of a default.

In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting and the daily margining processes.

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) *Major on-balance sheet credit exposures*

The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group				
In $ millions	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by geography					
2020					
Singapore	143,333	8,103	1,072	3,241	155,749
Malaysia	29,691	5,922	3,453	3,034	42,100
Thailand	20,625	1,368	2,983	3,546	28,522
Indonesia	10,470	1,978	2,365	28	14,841
Greater China	44,195	3,412	17,579	3,105	68,291
Others	33,073	1,210	12,832	11,775	58,890
Total	281,387	21,993	40,284	24,729	368,393
2019					
Singapore	138,666	6,199	2,222	2,134	149,221
Malaysia	29,554	3,846	7,117	2,619	43,136
Thailand	19,585	4,087	1,897	53	25,622
Indonesia	11,466	1,145	2,025	14	14,650
Greater China	41,423	3,480	25,792	2,882	73,577
Others	27,982	2,608	13,787	7,361	51,738
Total	268,676	21,365	52,840	15,063	357,944

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45. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) *Major on-balance sheet credit exposures (continued)*

	The Group				
In $ millions	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
Analysed by industry					
2020					
Transport, storage and communication	11,411	–	–	1,221	12,632
Building and construction	71,702	–	–	820	72,522
Manufacturing	20,194	–	–	1,000	21,194
Financial institutions, investment and holding companies	31,259	–	40,284	9,747	81,290
General commerce	34,488	–	–	922	35,410
Professionals and private individuals	27,637	–	–	–	27,637
Housing loans	68,562	–	–	–	68,562
Government	–	21,993	–	–	21,993
Others	16,134	–	–	11,019	27,153
Total	281,387	21,993	40,284	24,729	368,393
2019					
Transport, storage and communication	11,036	–	–	789	11,825
Building and construction	66,992	–	–	526	67,518
Manufacturing	19,380	–	–	921	20,301
Financial institutions, investment and holding companies	26,098	–	52,840	6,747	85,685
General commerce	32,713	–	–	717	33,430
Professionals and private individuals	29,458	–	–	–	29,458
Housing loans	68,586	–	–	–	68,586
Government	–	21,365	–	–	21,365
Others	14,413	–	–	5,363	19,776
Total	268,676	21,365	52,840	15,063	357,944

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iii) *Major off-balance sheet credit exposures*

The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group			
	2020		2019	
In $ millions	Contingent liabilities	Commitments [1]	Contingent liabilities	Commitments [1]
Analysed by geography				
Singapore	11,719	77,385	16,565	81,671
Malaysia	2,584	13,926	2,759	13,293
Thailand	1,869	14,385	1,892	13,449
Indonesia	1,197	5,790	1,238	5,628
Greater China	5,296	25,892	4,489	28,349
Others	4,452	22,624	5,419	18,390
Total	27,117	160,002	32,362	160,780
Analysed by industry				
Transport, storage and communication	1,591	6,556	1,559	6,364
Building and construction	8,643	27,193	8,270	26,587
Manufacturing	3,535	24,322	3,376	23,714
Financial institutions, investment and holding companies	2,782	18,007	9,006	17,970
General commerce	7,956	38,739	7,703	44,016
Professionals and private individuals	247	25,049	172	23,907
Housing loans	–	4,117	–	3,430
Others	2,363	16,019	2,276	14,792
Total	27,117	160,002	32,362	160,780

(1) Excluding operating lease and capital commitments.

Notes to the Financial Statements

for the financial year ended 31 December 2020

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality*

a. Non-trading gross loans are graded in accordance with MAS Notice 612 as follows:

	The Group			
In $ millions	Stage 1	Stage 2	Stage 3	Total
2020				
Pass	257,058	12,769	–	269,827
Special mention	–	2,828	–	2,828
Substandard	–	–	2,901	2,901
Doubtful	–	–	260	260
Loss	–	–	1,359	1,359
	257,058	15,597	4,520	277,175
2019				
Pass	252,650	6,088	–	258,738
Special mention	–	2,351	–	2,351
Substandard	–	–	2,648	2,648
Doubtful	–	–	185	185
Loss	–	–	1,303	1,303
	252,650	8,439	4,136	265,225

b. Non-trading government treasury bills and securities and debt securities

The table below presents an analysis of non-trading government treasury bills and securities and debt securities that are neither past due nor impaired for the Group by rating agency designation as at 31 December:

	The Group				
	Singapore government treasury bills and securities	Other government treasury bills and securities		Debt securities	
In $ millions	Stage 1	Stage 1	Stage 2	Stage 1	Stage 2
2020					
External rating:					
Investment grade (AAA to BBB-)	8,032	11,614	215	15,352	38
Non-investment grade (BB+ to C)	–	126	–	26	–
Unrated	–	374	–	6,941	78
Total	8,032	12,114	215	22,319	116
2019					
External rating:					
Investment grade (AAA to BBB-)	5,723	13,935	91	8,998	110
Non-investment grade (BB+ to C)	–	81	5	–	–
Unrated	–	170	7	3,499	61
Total	5,723	14,186	103	12,497	171

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality (continued)*

c. Non-trading other assets

In $ millions	The Group		
	Stage 1	Stage 2	Total
2020			
Cash, balances and placements with central banks	33,556	240	33,796
Placements and balances with banks	28,713	172	28,885
Other assets	2,854	180	3,034
Total	65,123	592	65,715
2019			
Cash, balances and placements with central banks	22,531	210	22,741
Placements and balances with banks	38,577	174	38,751
Other assets	2,636	88	2,724
Total	63,744	472	64,216

d. Loan commitments and contingents, excluding non-financial guarantees

In $ millions	The Group			
	Stage 1	Stage 2	Stage 3	Total
2020				
Pass	164,110	4,073	–	168,183
Special mention	–	494	–	494
Substandard	–	–	52	52
Doubtful	–	–	1	1
Loss	–	–	7	7
Total	164,110	4,567	60	168,737
2019				
Pass	169,391	2,901	–	172,292
Special mention	–	441	–	441
Substandard	–	–	22	22
Doubtful	–	–	4	4
Loss	–	–	17	17
Total	169,391	3,342	43	172,776

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for the financial year ended 31 December 2020

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) *Ageing analysis of past due but not impaired loans*

In $ millions	The Group			
	‹ 30 days	30 - 59 days	60 - 90 days	Total
Analysed by geography [1]				
2020				
Singapore	1,394	227	98	1,719
Malaysia	540	218	76	834
Thailand	666	258	146	1,070
Indonesia	44	47	14	105
Greater China	145	24	2	171
Others	583	24	4	611
Total	3,372	798	340	4,510
2019				
Singapore	1,960	134	347	2,441
Malaysia	593	238	126	957
Thailand	701	95	90	886
Indonesia	82	46	35	163
Greater China	329	14	8	351
Others	185	8	12	205
Total	3,850	535	618	5,003

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

(2) Includes $25 billion of loan under relief (Note 3(b)(i)) whereby customers granted with temporary relief from debt servicing are not considered overdue during the relief period.

In $ millions	The Group			
	‹ 30 days	30 - 59 days	60 - 90 days	Total
Analysed by industry				
2020				
Transport, storage and communication	105	5	1	111
Building and construction	544	44	10	598
Manufacturing	236	66	36	338
Financial institutions, investment and holding companies	489	1	–	490
General commerce	656	84	51	791
Professionals and private individuals	585	189	80	854
Housing loans	628	376	144	1,148
Others	129	33	18	180
Total	3,372	798	340	4,510

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) *Ageing analysis of past due but not impaired loans (continued)*

In $ millions	The Group < 30 days	30 - 59 days	60 - 90 days	Total
2019				
Transport, storage and communication	72	10	132	214
Building and construction	478	53	37	568
Manufacturing	457	14	19	490
Financial institutions, investment and holding companies	212	3	–	215
General commerce	771	89	42	902
Professionals and private individuals	724	128	112	964
Housing loans	981	224	272	1,477
Others	155	14	4	173
Total	3,850	535	618	5,003

(vi) *Ageing analysis of non-performing assets*

In $ millions	The Group Current	< 90 days	90 - 180 days	> 180 days	Total	Stage 3 ECL
Analysed by geography (1)						
2020						
Singapore	553	167	116	1,346	2,182	841
Malaysia	143	35	48	355	581	171
Thailand	93	131	129	320	673	269
Indonesia	161	20	29	312	522	222
Greater China	19	40	60	209	328	89
Others	45	81	7	101	234	73
Non-performing loans	1,014	474	389	2,643	4,520	1,665
Debt securities, contingent items and others	77	1	–	10	88	27
Total	1,091	475	389	2,653	4,608	1,692
2019						
Singapore	578	342	172	1,091	2,183	823
Malaysia	81	59	53	419	612	174
Thailand	107	47	99	297	550	200
Indonesia	58	11	31	363	463	178
Greater China	12	4	28	57	101	24
Others	117	10	1	99	227	99
Non-performing loans	953	473	384	2,326	4,136	1,498
Debt securities, contingent items and others	102	7	2	50	161	128
Total	1,055	480	386	2,376	4,297	1,626

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

Notes to the Financial Statements

for the financial year ended 31 December 2020

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(vi) *Ageing analysis of non-performing assets (continued)*

	The Group					
In $ millions	Current	‹ 90 days	90 - 180 days	› 180 days	Total	Stage 3 ECL
Analysed by industry						
2020						
Transport, storage and communication	173	25	31	352	581	230
Building and construction	110	28	44	455	637	162
Manufacturing	272	118	27	368	785	277
Financial institutions, investment and holding companies	3	–	–	33	36	22
General commerce	96	198	96	645	1,035	443
Professionals and private individuals	51	36	71	132	290	94
Housing loans	50	55	103	600	808	202
Others	259	14	17	58	348	235
Non-performing loans	1,014	474	389	2,643	4,520	1,665
Debt securities, contingent items and others	77	1	–	10	88	27
Total	1,091	475	389	2,653	4,608	1,692
2019						
Transport, storage and communication	226	7	1	416	650	354
Building and construction	9	84	56	469	618	149
Manufacturing	231	78	30	373	712	276
Financial institutions, investment and holding companies	4	–	1	34	39	23
General commerce	54	214	71	319	658	262
Professionals and private individuals	80	34	67	128	309	82
Housing loans	59	42	137	538	776	144
Others	290	14	21	49	374	208
Non-performing loans	953	473	384	2,326	4,136	1,498
Debt securities, contingent items and others	102	7	2	50	161	128
Total	1,055	480	386	2,376	4,297	1,626

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(vii) *Security coverage of non-performing assets*

In $ millions	Collateral/Credit enhancement Properties	Fixed deposits	Others	Unsecured credit exposure	Total
The Group					
2020					
Loans to customers	2,325	9	246	1,940	4,520
Debts securities	–	–	–	16	16
Others (including commitments and contingents)	9	3	–	60	72
Of which:					
Credit impaired assets with nil ECL due to collateral/credit enhancement	724	–	34	–	758
2019					
Loans to customers	1,990	61	385	1,700	4,136
Debts securities	–	–	–	93	93
Others (including commitments and contingents)	13	5	1	49	68
Of which:					
Credit impaired assets with nil ECL due to collateral/credit enhancement	765	5	57	–	827

Collaterals repossessed to settle outstanding loans were immaterial.

(b) Foreign exchange risk and equity risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

The Group's foreign exchange exposures comprise trading and banking (non-trading and structural) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses. Structural foreign currency exposures are represented by the net asset values of overseas branches and subsidiaries, share of the net asset values of overseas associates and joint ventures, intangible assets attributable to overseas subsidiaries, and long-term investment in overseas properties used for banking purposes, which are strategic in nature. The Group utilises foreign currency contracts and foreign exchange derivatives to hedge its foreign exchange exposures.

Foreign exchange risk is managed through policies and market risk limits approved by the Group Asset and Liability Committee (ALCO). The limits are independently monitored by Group Market Risk and Product Control.

At 31 December 2020, banking book foreign currency Expected Shortfall (ES) inclusive of structural foreign currency ES was $27.5 million (2019: $10.6 million).

Notes to the Financial Statements

for the financial year ended 31 December 2020

45. Financial Risk Management (continued)

(b) Foreign exchange risk and equity risk (continued)

Equity risk in the banking book arises from equity investments held for long-term strategic reasons. At the end of the reporting period, if the equity prices of these investments had been 1% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $38.3 million (2019: $38 million) higher/lower as a result of an increase/decrease in the fair value of equity investments classified as fair value through other comprehensive income.

(c) Interest rate risk in the banking book

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group's policies as approved by the ALCO.

The Group's interest rate risk sensitivity is measured as changes in economic value of equity (EVE) or net interest income based on Basel Interest Rate Risk in the Banking Book requirements. At 100 and 200 basis points parallel interest rate shocks, worst case results were negative $903 million and $1,779 million (2019: negative $803 million and $1,676 million) respectively, driven mainly by the Group's SGD and USD positions.

EVE is the present value of assets less present value of liabilities of the Group. Net interest income is the simulated change in the Group's net interest income. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Interest rate flooring effects are taken into consideration. Loan prepayment and time deposit early withdrawal rates are estimated based on past statistics and trends where possible and material. Behavioural assumptions based on historical trends are applied where appropriate. The average repricing maturity of core non-maturity deposits is determined through empirical models taking into account asset duration. Risk-free zero coupon curves are used for EVE discounting. Currencies are aggregated by scenarios. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Group manages liquidity risk in accordance with the liquidity framework approved by the ALCO. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress-test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Group is also required by the respective local regulators to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an ongoing basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

45. Financial Risk Management (continued)

(d) Liquidity risk (continued)

(i) The following table shows the cash flow analysis of the Group's assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as prepayment of loans. In particular, the Group has a significant amount of "core deposits" of customers which are contractually at call (included in the "Up to 7 days" time band) but historically have been a stable source of long-term funding for the Group.

	The Group							
In $ millions	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity	Total
2020								
Cash, balances and placements with central banks	9,606	8,959	10,781	2,141	–	902	4,457	36,846
Securities	289	592	3,440	10,007	18,248	16,881	5,729	55,186
Placements and balances with banks	10,086	7,287	11,871	7,745	1,032	2,394	(8)	40,407
Loans to customers	13,026	31,682	22,951	37,767	72,116	133,458	2,366	313,366
Investment in associates and joint ventures	–	–	–	–	–	–	1,210	1,210
Intangible assets	–	–	–	–	–	–	4,143	4,143
Derivative financial assets	–	–	–	–	–	–	11,368	11,368
Others	680	13	33	173	16	3,070	3,955	7,940
Total assets	33,687	48,533	49,076	57,833	91,412	156,705	33,220	470,466
Deposits and balances of customers	183,286	32,002	42,949	59,641	6,591	1,079	19	325,567
Deposits and balances of banks, and bills and drafts payable	10,048	3,464	2,708	354	203	–	–	16,777
Debts issued	178	21	7,382	9,431	6,803	6,312	191	30,318
Derivative financial liabilities	–	–	–	–	–	–	11,519	11,519
Others	5,311	31	15	213	13	188	1,923	7,694
Total liabilities	198,823	35,518	53,054	69,639	13,610	7,579	13,652	391,875
Equity attributable to:								
Equity holders of the Bank	–	14	–	810	977	7,266	32,109	41,176
Non-controlling interests	–	–	–	–	–	–	230	230
Total equity	–	14	–	810	977	7,266	32,339	41,406
Net on-balance sheet position	(165,136)	13,001	(3,978)	(12,616)	76,825	141,860	(12,771)	
Net off-balance sheet position	(65,488)	(627)	(374)	(456)	579	(1,904)	–	
Net maturity mismatch	(230,624)	12,374	(4,352)	(13,072)	77,404	139,956	(12,771)	

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for the financial year ended 31 December 2020

45. Financial Risk Management (continued)

(d) Liquidity risk (continued)

(i) (continued)

	The Group							
In $ millions	Up to 7 days	Over 7 days to 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 3 years	Over 3 years	No specific maturity	Total
2019								
Cash, balances and placements with central banks	9,442	4,016	3,339	71	–	1,510	7,528	25,906
Securities	523	606	2,838	9,108	13,385	12,972	3,571	43,003
Placements and balances with banks	10,930	11,643	12,983	13,603	1,500	2,522	–	53,181
Loans to customers	16,557	27,780	20,306	35,633	64,479	145,499	2,954	313,208
Investment in associates and joint ventures	–	–	–	–	–	–	1,182	1,182
Intangible assets	–	–	–	–	–	–	4,148	4,148
Derivative financial assets	–	–	–	–	–	–	6,408	6,408
Others	525	13	33	178	6	2,891	3,729	7,375
Total assets	37,977	44,058	39,499	58,593	79,370	165,394	29,520	454,411
Deposits and balances of customers	154,129	38,886	51,877	64,102	2,933	942	(4)	312,865
Deposits and balances of banks, and bills and drafts payable	10,199	2,438	2,294	1,050	–	–	(1)	15,980
Debts issued	672	3,358	6,616	1,593	8,800	5,145	50	26,234
Derivative financial liabilities	–	–	–	–	–	–	6,695	6,695
Others	2,173	14	79	244	19	376	2,088	4,993
Total liabilities	167,173	44,696	60,866	66,989	11,752	6,463	8,828	366,767
Equity attributable to:								
Equity holders of the Bank	–	14	–	77	885	7,944	31,085	40,005
Non-controlling interests	–	–	–	–	–	–	227	227
Total equity	–	14	–	77	885	7,944	31,312	40,232
Net on-balance sheet position	(129,196)	(652)	(21,367)	(8,473)	66,733	150,987	(10,620)	
Net off-balance sheet position	(58,689)	(689)	(1,078)	(718)	(65)	(2,165)	(77)	
Net maturity mismatch	(187,885)	(1,341)	(22,445)	(9,191)	66,668	148,822	(10,697)	

The Group is subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 38 and 40(a) respectively. These have been incorporated in the net off-balance sheet position for financial years ended 31 December 2020 and 2019. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group expects many of these contingent liabilities and commitments (such as direct credit substitutes and undrawn credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

45. Financial Risk Management (continued)

(e) Expected Shortfall

The Group adopts a daily Expected Shortfall (ES) to estimate market risk within a 97.5% confidence interval over a one-day holding period, using the historical simulation method for its trading book. This entails the estimation of tail loss based on the most recent historical data. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. It assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution.

The table below shows the trading book ES profile by risk classes.

	The Group			
In $ millions	Year end	High	Low	Average
2020				
Interest rate	6.05	9.81	1.86	6.18
Foreign exchange	4.24	5.45	0.93	2.39
Equity	0.13	14.79	0.12	1.36
Commodity	4.34	5.08	0.07	0.91
Total ES [(1)]	13.13	25.62	6.17	14.26
2019				
Interest rate	2.39	7.06	1.98	2.93
Foreign exchange	3.28	7.74	0.92	2.04
Equity	0.38	2.41	0.06	0.35
Commodity	0.37	6.59	0.07	0.67
Total ES [(1)]	7.95	14.46	6.70	8.03

(1) Total ES includes jump-to-default risk component (refers to the risk that a financial instrument where the mark-to-market value directly depends on the credit quality of one or more reference underlying, may experience sudden price changes due to an unexpected default of one of these reference underlying).

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for the financial year ended 31 December 2020

46. Capital Management

The Group seeks to maintain an optimal level of capital to support its business growth strategies and investment opportunities, while meeting regulatory requirements and maintaining a strong credit rating. The Group's capital position is proactively managed over the medium term through the Internal Capital Adequacy Assessment Process which includes setting capital targets, forecasting capital consumption for material risks and determining capital issuance requirements. The Group, including the Bank and its overseas banking entities, have complied with all externally-imposed regulatory capital requirements throughout the financial year.

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

	The Group	
In $ millions	**2020**	2019
Common Equity Tier 1 capital (CET1)	**33,231**	32,366
Additional Tier 1 capital	**2,379**	2,379
Tier 1 capital	**35,610**	34,745
Tier 2 capital	**5,780**	4,607
Eligible total capital	**41,390**	39,352
Risk-weighted assets (RWA)	**225,441**	226,318
Capital adequacy ratios (CAR) (%)		
CET1	**14.7**	14.3
Tier 1	**15.8**	15.4
Total	**18.4**	17.4

47. Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 24 February 2021.

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries

31 December 2020

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International Network
as at 1 March 2021

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SWIFT: UOVBMY2L
Email: my2icom@UOBgroup.com
Branch Manager: Wu Ching Choon

United Overseas Bank (Malaysia) Bhd

(a subsidiary)
Jalan Raja Laut, Menara UOB
P.O. Box 11212
50738 Kuala Lumpur, Malaysia
Phone: (60)(3) 2692 7722
Fax: (60)(3) 2691 0281
SWIFT: UOVBMYKL
Email: UOBcustomerservice@UOB.com.my
Website: www.UOB.com.my
Chief Executive Officer:
Wong Kim Choong

United Overseas Bank (Malaysia) Bhd has 45 branches.

Mainland China

United Overseas Bank (China) Limited

(a subsidiary)
116–128 Yincheng Road
Pudong New Area
Shanghai 200120, China
Phone: (86)(21) 6061 8888
Fax: (86)(21) 6886 0908
SWIFT: UOVBCNSH
Email: CustomerExperience.UOBC@UOBgroup.com
Website: www.UOBChina.com.cn
President and Chief Executive Officer:
Peter Foo Moo Tan

United Overseas Bank (China) Limited has 16 branches/sub-branches.

Myanmar

UOB Yangon Branch

Units #12-01/02/03
Junction City Tower
Bogyoke Aung San Road
Pabedan Township 11143
Yangon, Myanmar
Phone: (95)(1) 9253 774
Fax: (95)(1) 9253 770
SWIFT: UOVBMMMY
Email: UOB.Yangon@UOBgroup.com
Country Manager: Loi Kai Cheow

Philippines

UOB Manila Branch

17th Floor, Pacific Star Building
Sen. Gil Puyat Avenue Corner
Makati Avenue
1200 Makati City, Philippines
Phone: (63)(2) 8548 6400
Fax: (63)(2) 8811 5603
SWIFT: UOVBPHMM
Email: UOB.Manila@UOBgroup.com
Country Manager:
Arthur Vincent D. Chung

South Korea

UOB Seoul Branch

136 Sejong-daero
3(A)F, Seoul Finance Center
Jung-gu, Seoul 04520
South Korea
Phone: (82)(2) 739 3916/739 3919
Fax: (82)(2) 730 9570
SWIFT: UOVBKRSE
Email: UOB.Seoul@UOBgroup.com
Country Manager:
George Tung Hing Yin

Taiwan

UOB Taipei Branch

No. 68, Sec. 5, Zhongxiao East Road
30F, Cathay Landmark
Xinyi District
Taipei City 110, Taiwan
Phone: (886)(2) 2722 3838
Fax: (886)(2) 2722 2322
Email: UOB.Taipei@UOBgroup.com
Country Manager: Grace Wang Chih-Hua

Thailand

United Overseas Bank (Thai) Public Company Limited

(a subsidiary)
191 South Sathon Road
Sathon, Bangkok 10120, Thailand
Phone: (66)(2) 343 3000
Fax: (66)(2) 287 2973/287 2974
SWIFT: UOVBTHBK
Website: www.UOB.co.th
President and Chief Executive Officer:
Tan Choon Hin

United Overseas Bank (Thai) Public Company Limited has 152 branches.

United Kingdom

UOB London Branch

50 Cannon Street
London EC4N 6JJ, United Kingdom
Phone: (44)(20) 7448 5800
Fax: (44)(20) 7628 3433
SWIFT: UOVBGB2L
Email: UOB.London@UOBgroup.com
Country Manager: Michael Liu

United States of America

UOB Los Angeles Agency

777 South Figueroa Street, Suite 518
Los Angeles, California 90017
United States of America
Phone: (1)(213) 623 8042
Fax: (1)(213) 623 3412
Email: UOB.LosAngeles@UOBgroup.com
Country Manager and Agent/
General Manager: Bert De Guzman

UOB New York Agency

48th Street, 592 Fifth Avenue
10th Floor, UOB Building
New York, NY 10036
United States of America
Phone: (1)(212) 382 0088
Fax: (1)(212) 382 1881
SWIFT: UOVBUS33
Email: UOB.NewYork@UOBgroup.com
Country Manager and Agent/
General Manager: Bert De Guzman

International Network

as at 1 March 2021

Vietnam

United Overseas Bank (Vietnam) Limited
(a subsidiary)
1st Floor, Central Plaza Office Building
17 Le Duan Boulevard
District 1, Ho Chi Minh City
Vietnam
Phone: (84)(28) 3825 1424
Fax: (84)(28) 3825 1423
SWIFT: UOVBVNVX
Email: UOBV.CustomerService@UOBgroup.com
Website: www.UOB.com.vn
Chief Executive Officer: Harry Loh

United Overseas Bank (Vietnam) Limited has 2 branches.

Correspondents

In all principal cities of the world

Related financial services

E-commerce

Vietnam

VUI Vietnam Trading LLC
(an associated company)
3/F, 101-103-105-107
Nguyen Thi Minh Khai Street
Vietnam
Phone: (84)(28) 3820 8664
Fax: (84)(28) 3820 8665
Email: info@taptap.com.vn
Website: www.taptap.com.vn
Chief Executive Officer:
Doan Hoang Lan

Insurance

Singapore

United Overseas Insurance Limited
(a subsidiary)
3 Anson Road
#28-01 Springleaf Tower
Singapore 079909
Phone: (65) 6222 7733
Fax: (65) 6327 3869/6327 3870
Email: ContactUs@UOI.com.sg
Website: www.UOI.com.sg
Managing Director and Chief Executive:
David Chan Mun Wai

Myanmar

United Overseas Insurance Limited Myanmar Representative Office
Room No. 1401, 14th Floor
Olympic Tower
Corner of Maharbandoola Street and
Bo Aung Kyaw Street
Kyauktada Township
Yangon, Myanmar
Phone: (95)(1) 8392 917
Fax: (95)(1) 8392 916
Representative:
Myat Myat Lwin @ Jessie

Investment management

Singapore

United Hampshire US REIT Management Pte. Ltd.
(an associated company)
80 Raffles Place
#28-21 UOB Plaza 2
Singapore 048624
Phone: (65) 6797 9010
Fax: (65) 6223 0377
Website: www.uhreit.com
Chief Executive Officer: Rob Schmitt

United Orient Capital Pte. Ltd.
(an associated company)
80 Raffles Place
#26-04 UOB Plaza 1
Singapore 048624
Phone: (65) 6598 3356
Fax: (65) 6532 0245
Website: www.UnitedOrientCapital.com
Executive Director: Han Kuan Yuan

UOB Asset Management Ltd
(a subsidiary)
80 Raffles Place
3rd Floor, UOB Plaza 2
Singapore 048624
Phone: (65) 6532 7988
Fax: (65) 6535 5882
Email: UOBAM@UOBgroup.com
Website: www.UOBAM.com.sg
Managing Director and Group Chief Executive Officer: Thio Boon Kiat

UOB Venture Management Private Limited
(a subsidiary)
80 Raffles Place
#30-20 UOB Plaza 2
Singapore 048624
Phone: (65) 6539 3044
Fax: (65) 6538 2569
Email: info@UOBVM.com.sg
Managing Director and Chief Executive Officer: Seah Kian Wee

VUI Private Limited
(an associated company)
161 Lavender Street
#02-13
Singapore 338750
Phone: (65) 6534 0608

Brunei

UOB Asset Management (B) Sdn Bhd
(a subsidiary)
Unit FF03-FF05, 1st Floor
The Centrepoint Hotel
Jalan Gadong
Bandar Seri Begawan BE3519, Brunei
Phone: (673) 242 4806
Fax: (673) 242 4805
General Manager:
Kamal Haji Muhammad

France

UOB Global Capital SARL
(a subsidiary)
40 rue la Pérouse
75116 Paris, France
Phone: (33)(1) 5364 8400
Fax: (33)(1) 5364 8409
Email: mlandau@UOBGlobal.com
Managing Director: Michael Landau

Indonesia

PT UOB Asset Management Indonesia
(a subsidiary)
UOB Plaza, 42nd Floor, Unit 2
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230, Indonesia
Phone: (62)(21) 2929 0889
Fax: (62)(21) 2929 0809
President Director: Ari Adil

UOB Venture Management Private Limited Representative Office
Menara BCA, 50th Floor
Jalan M.H. Thamrin No. 1
Jakarta Pusat 10310, Indonesia
Phone: (62)(21) 2358 5754/2358 5753
Email: info@UOBVM.com.sg
Chief Representative: Patria Adhi Pradana

Japan

UOB Asset Management (Japan) Ltd
(a subsidiary)
2-11-1 Nagatacho, Chiyoda-ku
13F, Sanno Park Tower
Tokyo 100-6113, Japan
Phone: (81)(3) 3500 5981
Fax: (81)(3) 3500 5985
Chief Executive Officer:
Hideaki Mochizuki

Malaysia

UOB Asset Management (Malaysia) Berhad
(a subsidiary)
348 Jalan Tun Razak
Level 22, Vista Tower, The Intermark
50400 Kuala Lumpur, Malaysia
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2164 8188
Email: UOBAMCustomerCareMY@UOBgroup.com
Website: www.UOBAM.com.my
Chief Executive Officer: Lim Suet Ling

UOB Islamic Asset Management Sdn Bhd
(a subsidiary)
348 Jalan Tun Razak
Level 22, Vista Tower, The Intermark
50400 Kuala Lumpur, Malaysia
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2164 8188
Email: UOBAMCustomerCareMY@UOBgroup.com
Chief Executive Officer:
Suhazi Reza bin Selamat

Mainland China

SZVC-UOB Venture Management Co., Ltd
(an associated company)
No. 4009 Shennan Road
FL. 11, Investment Building
Futian Centre District
Shenzhen 518048, China
Phone: (86)(755) 8291 2888
Fax: (86)(755) 8291 2880
Email: info@UOBVM.com.sg
Director: Jean Thoh

UOB Investment (China) Limited
(an associated company)
No. 211, Bei Si Huan Middle Road
Room 817 Taiji Building
Haidian District
Beijing 100083, China
Phone: (86)(10) 8905 6679
Email: info@UOBVM.com.sg
Contact: Seah Kian Wee

UOB Venture Management (Shanghai) Limited
(a subsidiary)
1468 Nanjing Road West
Room 3307, United Plaza
Shanghai 200040, China
Phone: (86)(21) 8028 0999
Email: postmaster@UOBVM.com.cn
Managing Director: Seah Kian Wee

Taiwan

UOB Asset Management (Taiwan) Co., Ltd
(a subsidiary)
109 Minsheng East Road Section 3
16th Floor, Union Enterprise Plaza
Taipei 10544, Taiwan
Phone: (886)(2) 2719 7005
Fax: (886)(2) 2545 6591
Email: UOBAMTW@UOBgroup.com
Website: www.UOBAM.com.tw
Greater China Chief Executive Officer:
William Wang

Thailand

UOB Asset Management (Thailand) Co., Ltd.
(a subsidiary)
173/27-30, 32-33 South Sathon Road
23A, 25th Floor, Asia Centre Building
Thungmahamek
Sathon, Bangkok 10120, Thailand
Phone: (66)(2) 786 2000
Fax: (66)(2) 786 2377
Website: www.UOBAM.co.th
Chief Executive Officer: Vana Bulbon

United States of America

UOB Global Capital LLC
(a subsidiary)
592 Fifth Avenue
Suite 602, UOB Building
New York, NY 10036
United States of America
Phone: (1)(212) 398 6633
Fax: (1)(212) 398 4030
Email: dgoss@UOBGlobal.com
Managing Director: David Goss

Vietnam

VAM Vietnam Fund Management Joint Stock Company
(a subsidiary)
Unit 01B, 15th Floor, The Landmark
5B Ton Duc Thang Street
Ward Ben Nghe
District 1, Ho Chi Minh City, Vietnam
Phone: (84)(28) 3910 3757
Fax: (84) 3910 3794
Email: uobamv@vietnamam.com
Website: www.vamvietnam.com
Chief Executive Officer:
Thieu Thi Nhat Le

Stockbroking

Singapore

UOB-Kay Hian Holdings Limited
(an associated company)
8 Anthony Road, #01-01
Singapore 229957
Phone: (65) 6535 6868
Fax: (65) 6532 6919
Website: www.uobkayhian.com
Managing Director: Wee Ee Chao

International Network

as at 1 March 2021

Venture debt

Singapore

InnoVen Capital Singapore Pte. Ltd.
(an associated company)
138 Market Street
#27-01 CapitaGreen
Singapore 048946
Phone: (65) 6532 2416
Email: contact_sg@innovencapital.com
Chief Executive Officer:
Glenn Chao Chin Yuen

India

InnoVen Capital India Private Limited
(an associated company)
805-A, 8th Floor, The Capital
G-Block, Bandra Kurla Complex
Mumbai 400 051, India
Phone: (91)(22) 6744 6500
Email: contact@innovencapital.com
Chief Executive Officer:
Ashish Sharma

Mainland China

InnoVen Enterprise Management Consulting (Beijing) Co., Ltd.
(an associated company)
Beijing Kerry Centre
29/F North Tower
No. 1 Guanghua Road
Chaoyang District
Beijing, China
Phone: (86)(10) 6506 1883
Email: contact-cn@innovencapital.com
Chief Executive Officer: Cao Yingxue

InnoVen Financial Leasing Co., Ltd
(an associated company)
Beijing Kerry Centre
29/F North Tower
No. 1 Guanghua Road
Chaoyang District
Beijing, China
Phone: (86)(10) 6506 1883
Email: contact-cn@innovencapital.com
Chief Executive Officer: Cao Yingxue

FinTech

Singapore

The FinLab Pte Ltd
(an associated company)
79 Robinson Road
Bridge+, #06-615
Singapore 068897
Email: info@thefinlab.com

Avatec.ai (S) Pte. Ltd.
(a subsidiary)
5 Shenton Way
#10-01 Suite 1180
UIC Building
Singapore 068808
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

Indonesia

PT Avatec Services Indonesia
(a subsidiary)
Mayapada Tower, 11th Floor
Jl. Jend Sudirman Kav 28
Jakarta 12920, Indonesia
Phone: (62)(21) 5289 7338
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

PT Saat Keuangan Indonesia
(a subsidiary)
Mayapada Tower, 11th Floor
Jl. Jend Sudirman Kav 28
Jakarta 12920, Indonesia
Phone: (62)(21) 5289 7338
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

Malaysia

Avatec AI Malaysia Sdn. Bhd.
(a subsidiary)
43-2 Plaza Damansara
Jalan Medan Setia 1
Bukit Damansara
50490 Kuala Lumpur
WP Kuala Lumpur, Malaysia
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

Mainland China

Avatec (Beijing) Co Ltd
(a subsidiary)
3/F Gongxiao International
328 Guandongdian
Room 103, Wework
Chaoyang District
Beijing, China
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

Vietnam

Avatec.AI Vietnam Limited Liability Company
(a subsidiary)
Level 4 Centec Business Centre
CENTEC Tower
72-74 Nguyen Thi Minh Khai Street
Ward 6, District 3
Ho Chi Minh City
Vietnam
Email: info@avatec.ai
Chief Executive Officer: Daniel Yan

Statistics of Shareholdings

as at 2 March 2021

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares and subsidiary holdings)	%
1 – 99	4,994	9.00	163,862	0.01
100 – 1,000	24,676	44.49	13,527,698	0.81
1,001 – 10,000	22,277	40.16	68,267,530	4.08
10,001 – 1,000,000	3,474	6.26	139,861,666	8.36
1,000,001 and above	50	0.09	1,450,994,025	86.74
Total	**55,471**	**100**	**1,672,814,781**	**100**

Treasury shares, subsidiary holdings and public float

As at 2 March 2021, the Company had 11,101,078 treasury shares, constituting 0.66% of the total number of issued shares in the capital of the Company, and no subsidiary holdings. Based on information available to the Company as at 2 March 2021, approximately 76% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual had been complied with.

Twenty largest shareholders *(as shown in the Register of Members and Depository Register)*

Name of shareholders	No. of shares	%*
Citibank Nominees Singapore Pte Ltd	299,251,775	17.89
DBS Nominees (Private) Limited	296,347,795	17.72
DBSN Services Pte. Ltd.	142,732,624	8.53
Wee Investments (Pte) Limited	133,278,368	7.97
HSBC (Singapore) Nominees Pte Ltd	93,313,322	5.58
Wah Hin and Company Private Limited	86,676,076	5.18
Tai Tak Estates Sendirian Berhad	68,800,000	4.11
Raffles Nominees (Pte.) Limited	50,346,588	3.01
UOB Kay Hian Private Limited	42,706,097	2.55
C Y Wee & Co Pte Ltd	37,781,750	2.26
Haw Par Investment Holdings Pte Ltd	22,832,059	1.36
Wee Cho Yaw	21,599,798	1.29
Pickwick Securities Private Limited	20,469,962	1.22
Straits Maritime Leasing Private Limited	16,696,298	1.00
BPSS Nominees Singapore (Pte.) Ltd.	10,980,530	0.66
UOB Nominees (2006) Private Limited	9,317,999	0.56
Tee Teh Sdn Berhad	8,000,487	0.48
Haw Par Equities Pte Ltd	7,541,628	0.45
United Overseas Bank Nominees (Private) Limited	7,392,388	0.44
CGS-CIMB Securities (Singapore) Pte. Ltd.	7,233,482	0.43
Total	**1,383,299,026**	**82.69**

* Percentage was calculated based on the total number of issued ordinary shares, excluding treasury shares and subsidiary holdings, of the Company.

Statistics of Shareholdings

as at 2 March 2021

Ordinary shares

Substantial shareholders *(as shown in the Register of Substantial Shareholders)*

Substantial shareholder	Shareholdings registered in the name of substantial shareholders	Other shareholdings in which substantial shareholders were deemed to have an interest	Total interest	
	No. of shares	No. of shares	No. of shares	%*
Lien Ying Chow Private Limited	–	86,686,453[1]	86,686,453	5.18
Wah Hin and Company Private Limited	86,676,076	10,377	86,686,453	5.18
Wee Cho Yaw	21,599,798	287,113,587[2]	308,713,385	18.45
Wee Ee Cheong	3,081,455	173,663,415[2]	176,744,870	10.57
Wee Ee Chao	160,231	137,847,174[2]	138,007,405	8.25
Wee Ee Lim	1,831,903	173,266,519[2]	175,098,422	10.47
Wee Investments (Pte) Limited	133,278,205	194,119	133,472,324	7.98

* Percentage was calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company.

Notes:

(1) Lien Ying Chow Private Limited was deemed to have an interest in the 86,686,453 UOB shares in which Wah Hin and Company Private Limited has an interest.

(2) Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim were each deemed to have an interest in Wee Investments (Pte) Limited's total direct and deemed interests of 133,472,324 UOB shares.

Five-Year Ordinary Share Capital Summary

Year	Particulars	Number of ordinary shares		
		Issued	Held in treasury	In circulation
2016	Balance at beginning of year	1,614,543,954	(12,281,099)	1,602,262,855
	Shares issued under scrip dividend scheme	32,422,053		
	Shares issued under share-based compensation plans		1,007,169	
	Balance at end of year	1,646,966,007	(11,273,930)	1,635,692,077
2017	Shares issued under scrip dividend scheme	24,568,266		
	Shares issued under share-based compensation plans		2,394,739	
	Balance at end of year	1,671,534,273	(8,879,191)	1,662,655,082
2018	Shares issued under scrip dividend scheme	9,007,195		
	Shares issued under share-based compensation plans		1,947,117	
	Shares re-purchased and held in treasury		(7,901,990)	
	Balance at end of year	1,680,541,468	(14,834,064)	1,665,707,404
2019	Shares issued under share-based compensation plans		2,626,791	
	Balance at end of year	1,680,541,468	(12,207,273)	1,668,334,195
2020	Shares issued under scrip dividend scheme	3,374,391		
	Shares issued under share-based compensation plans		2,099,495	
	Shares re-purchased and held in treasury		(993,300)	
	Balance at end of year	1,683,915,859	(11,101,078)	1,672,814,781

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Corporate Information

Board of Directors

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
James Koh Cher Siang
Ong Yew Huat
Lim Hwee Hua
Alexander Charles Hungate
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim
Chia Tai Tee

Audit Committee

Ong Yew Huat *(Chairman)*
James Koh Cher Siang
Alvin Yeo Khirn Hai
Steven Phan Swee Kim
Chia Tai Tee

Board Risk Management Committee

Alvin Yeo Khirn Hai *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
Ong Yew Huat
Wee Ee Lim
Chia Tai Tee

Executive Committee

Wong Kan Seng *(Chairman)*
Wee Ee Cheong
Ong Yew Huat
Lim Hwee Hua
Michael Lien Jown Leam
Steven Phan Swee Kim

Nominating Committee

Steven Phan Swee Kim *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
Lim Hwee Hua
James Koh Cher Siang
Michael Lien Jown Leam

Remuneration and Human Capital Committee

James Koh Cher Siang *(Chairman)*
Wong Kan Seng
Lim Hwee Hua
Alexander Charles Hungate
Wee Ee Lim
Steven Phan Swee Kim

Chairman Emeritus and Honorary Adviser

Wee Cho Yaw

Secretaries

Joyce Sia Ming Kuang
Theresa Sim Kwee Soik

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Internal Auditor

Daniel Ng
Head, Group Audit
United Overseas Bank Limited
One Raffles Place
Tower 1 #15-02
Singapore 048616

External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Wilson Woo
(appointed on 5 June 2020)

Registered Office

80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration Number: 193500026Z
Phone: (65) 6222 2121 *(calling from overseas)*
1800 222 2121 *(within Singapore)*
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: www.UOBgroup.com

Investor Relations

80 Raffles Place #05-00
UOB Plaza 2
Singapore 048624
Email: Stephen.LinST@UOBgroup.com
InvestorRelations@UOBgroup.com

RIGHT BY YOU

United Overseas Bank Limited
Company Registration No.: 193500026Z

Head Office
80 Raffles Place
UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334

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linkedin.com/company/uob
instagram.com/uobgroup
youtube.com/uob

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