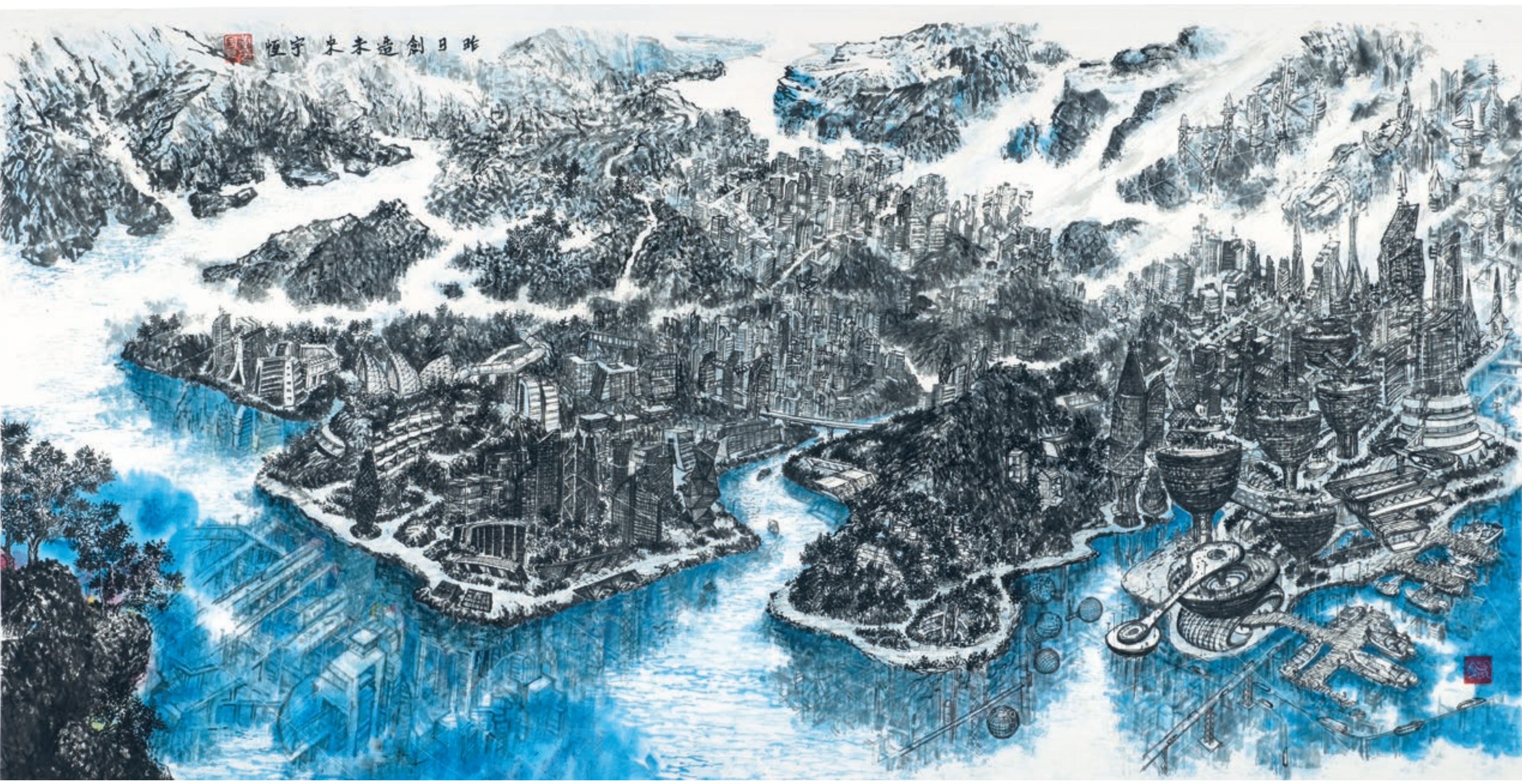
UOB

UOB Annual Report 2021

Innovating for a Sustainable Tomorrow



The Day After Tomorrow
Wong Yee Heng

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 2021, 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.

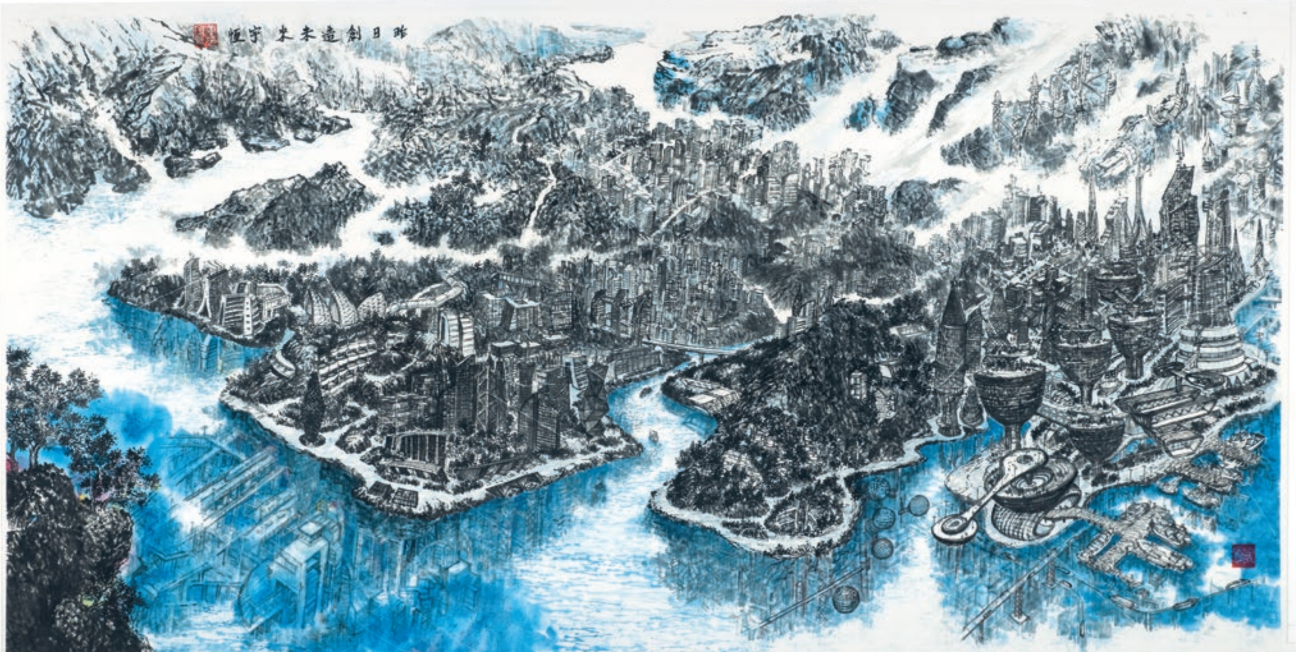
This report covers the period from 1 January to 31 December 2021 and is published on 23 March 2022. It is available online at www.UOBgroup.com/AR2021. Print copies, which are available only on request, are printed on sustainably-sourced Forest Stewardship Council-certified paper.

Please scan the QR codes to view:

UOB Annual Report 2021

UOB Sustainability Report 2021

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.



The Day After Tomorrow

Wong Yee Heng
Chinese ink on rice paper
70 x 140 cm

The Day After Tomorrow, the Silver Award winner in the Emerging Artist Category at the 2021 UOB Painting of the Year (Singapore), is the design inspiration for this year's Annual Report. The artwork is inspired by climate change and the natural disasters faced around the world. It depicts the natural landscape of mountains and rivers transforming into man-made high-rise buildings, tunnels, bridges, transportation and underground cities — a reminder that our desire to create futuristic cities comes at the expense of Mother Earth.

In these fast-changing times, we must consider how the continuous pursuit of progress and innovation is impacting the environment. At UOB, we believe that growth must be balanced with responsibility. It is our long-term approach as we draw on our time-tested values of Honour, Enterprise, Unity and Commitment to forge a sustainable future with our customers, colleagues and communities.

As the leading patron of the arts in Asia, UOB believes in the vital role of art in connecting communities. 2021 marks the significant 40th milestone for our flagship visual arts programme, the UOB Painting of the Year competition. The entries from across Indonesia, Malaysia, Singapore and Thailand ignited the imagination and demonstrated the ingenuity of artists in capturing the fortitude, compassion and resilience of people during these uncertain times.

Contents

Lumpini Park, Bangkok, Thailand

2021 UOB Financial Highlights

Net Profit
$4.1 billion
+40%

Operating Profit
$5.5 billion
+10%

Gross Customer Loans
$311 billion
+10%

Customer Deposits
$353 billion
+9%

Total Assets
$459 billion
+6%

Non-Performing Loan Ratio
1.6%
unchanged

Net Stable Funding Ratio
116%
-9% pt

Common Equity Tier 1 Ratio
13.5%
-1.2% pt

About UOB

Who We Are

UOB is a leading bank in Asia with a global network of around 500 branches and offices across 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 financial services globally through our three core business segments – Group Retail, Group Wholesale Banking and Group 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 among others.

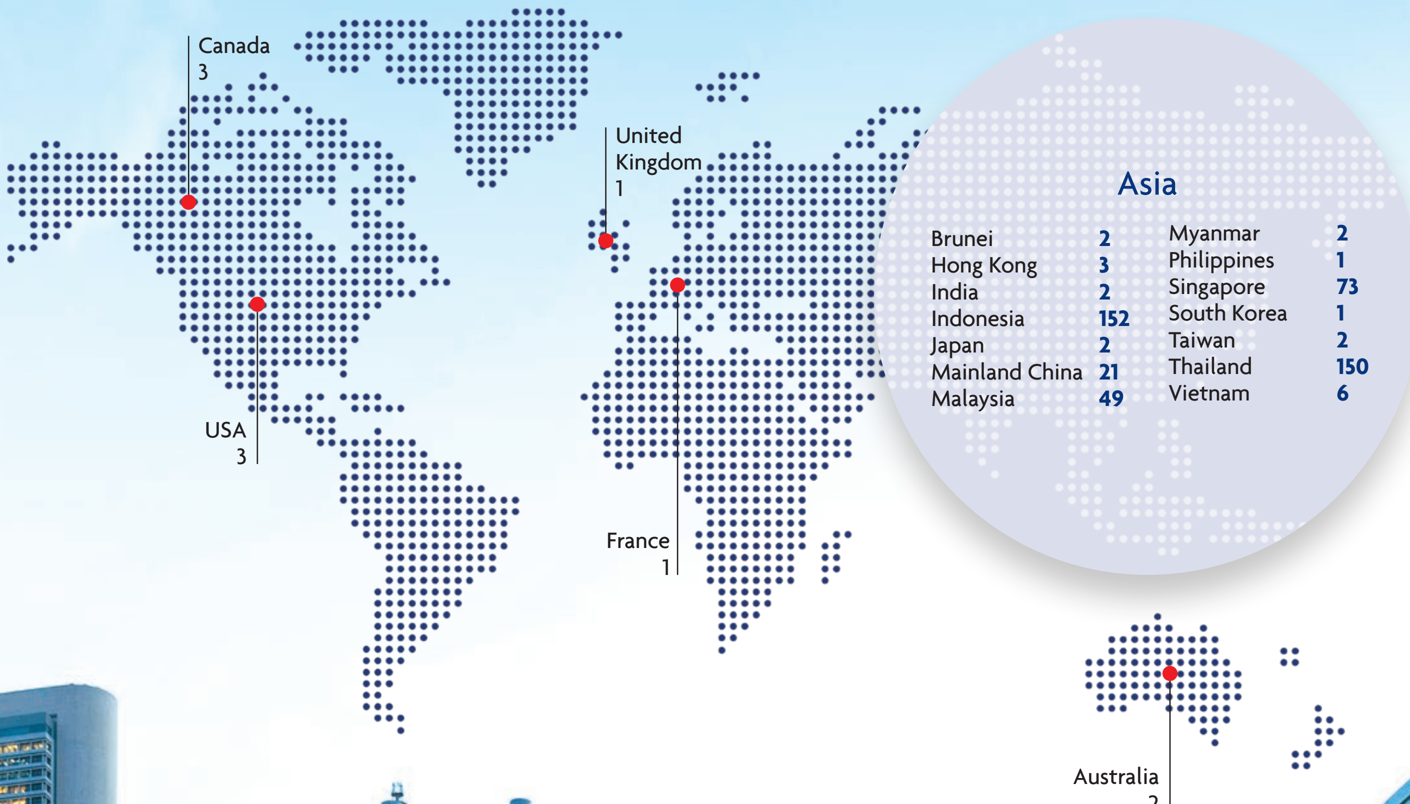
Rated Among the World's Top Banks

Aa1
by Moody's Investors Service

AA-
by S&P Global Ratings
and Fitch Ratings

Where We Operate

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



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 86-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, centre) 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

Begins operating from the 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
Introduces 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

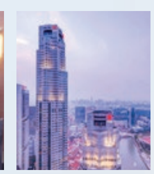
1992
1st Singapore bank to set up representative office in Vietnam

Opens Taipei representative office

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

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

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

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, first 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

2017
Launches UOB Art in Ink Awards in Hong Kong

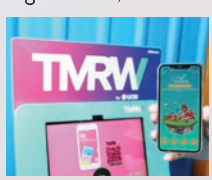
2018
1st Singapore bank to establish a subsidiary in Vietnam

Officially opens new China head office 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



Expands into Hanoi, northern Vietnam

Deepens client support in the Greater Bay Area with opening of Zhongshan branch (7th in GBA)

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

2020s

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 one million pieces of personal protective equipment to healthcare workers and vulnerable communities around the world

Extends TMRW 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

2021
Launches UOB TMRW, a unified digital banking platform, and UOB Rewards+, Singapore's largest cards rewards programme

Sets up a dedicated Corporate Sustainability Office and appoints the first Chief Sustainability Officer

Forging a Sustainable Future

Rolls out U-Energy, the first integrated financing platform for energy efficient projects in Asia, across four markets

Celebrates 40th milestone of UOB Painting of the Year competition

Our Strategic Priorities

Guided by our values and supported by our fundamental strengths, we focus on driving performance across our franchise through offering personalised financial solutions, connecting customers to regional opportunities and creating sustainable value for our stakeholders. Integral to achieving our business ambitions is our prudent, disciplined approach and long-term view to balancing growth with responsibility.

Our Focus

- Connect our customers seamlessly across ASEAN and its economic corridors with Greater China and the rest of the world through our sector specialisation and ecosystem partnerships
- Help our customers achieve their personal and business financial goals through our omni-channel approach which melds the online and offline worlds seamlessly
- 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 Values

Honourable

Enterprising

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

United

Committed

Board of Directors

As at 1 March 2022

Wong Kan Seng, 75
Chairman
Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 30 April 2021

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 directorships in other listed companies
- Nil

Other principal commitments
- CapitaLand Group (Chairman)
- 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 Community Development (Minister)
- Ministry of Foreign Affairs (Minister)
- Ministry of Home 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)

Wee Ee Cheong, 69
Deputy Chairman and Chief Executive Officer

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 (Chairman)
- The Institute of Banking and Finance (Vice Chairman)
- ASEAN Bankers Association (Director)
- Indonesia-Singapore Business Council (Member)
- Singapore-China Foundation (Member, Board of Governors)
- 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)

Michael Lien Jown Leam, 58
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)
- Leap Philanthropy (Founder and Chairman)

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

Past major appointments
- National University of Singapore (Trustee)
- Temasek Holdings (Director)

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

Alvin Yeo Khirn Hai, 59
Independent

Appointed as a director: 27 July 2017
Last re-elected as a director: 30 April 2021

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

Current directorships in other listed companies
- Nil

Other principal commitments
- WongPartnership (Chairman and Senior Partner)
- GlobalORE (Chairman)
- 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)

Past directorships in listed companies held over the preceding three years
- Keppel Corporation (Director)
- Singapore Land Group (Director)

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

Board of Directors

As at 1 March 2022

Wee Ee Lim, 60

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)
- Singapore Land Group (Director)

Other principal commitments
- Wee Foundation (Director)

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

Past major appointments
- Nil

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

Steven Phan Swee Kim, 63

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
- Advanced MedTech Holdings (Director)
- Singapore Accountancy Commission (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, 59
Independent

Appointed as a director: 1 October 2020
Last re-elected as a director: 30 April 2021

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

Current directorships in other listed companies
- Nil

Other principal commitments
- Eastspring Investments Group (Director)
- Ministry of Home Affairs Uniformed Services Invest Plan Board of Trustees (Member)
- Singapore Institute of Technology Board of Trustees (Member)
- Tote Board - Investment Committee (Member)

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)

Tracey Woon Kim Hong, 65
Independent

Appointed as a director: 1 September 2021

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

Current directorships in other listed companies
- Singapore Press Holdings (Director)

Other principal commitments
- GIC - Investment Board (Member)
- MOH Holdings - Investment Committee (Member)
- National University Health System (Director)
- Securities Industry Council (Member)
- Singapore Exchange - Listing Advisory Committee (Member)
- Singapore Red Cross (Council Member)

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

Past major appointments
- Citigroup Global Markets Singapore, ASEAN Corporate and Investment Banking (Vice Chairman)
- UBS AG, Asia Pacific Global Wealth Management (Vice Chairman)

Education/professional qualifications and achievements
- Bachelor of Law (Hons), National University of Singapore
- IBF Distinguished Fellow Award (2016)

Board of Directors

As at 1 March 2022

Dinh Ba Thanh, 64
Independent

Appointed as a director: 1 December 2021

Board Committee positions
- Nil

Current directorships in other listed companies
- Nil

Other principal commitments
- DatVietVAC Group Holdings (Chairman and CEO)
- DatVietVAC Media Entertainment Group (Chairman and CEO)
- Eastspring Investments Vietnam Navigator Fund - Representative Board (Chairman)
- Asia Business Council (Trustee)

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

Past major appointments
- Nil

Education/professional qualifications and achievements
- Bachelor of Architecture, Ho Chi Minh City University
- Eminent Leaders in Asia Award (2018)

Teo Lay Lim, 58
Independent

Appointed as a director: 1 January 2022

Board Committee positions
- Executive Committee (Member)

Current directorships in other listed companies
- Nil

Other principal commitments
- SPH Media Holdings (Deputy Chairman and Chief Executive Officer)
- SPH Media (Director and Chief Executive Officer)
- SPH Media Trust (Director)
- Singapore Accountancy Commission (Director)
- Polytechnics and ITE Quality Assurance Framework External Review Panel (Chairperson)
- Future Economy Council Modern Services Sub-committee (Co-chairperson)

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

Past major appointments
- Accenture Singapore (Chairman)

Education/professional qualifications and achievements
- Bachelor of Business Administration, National University of Singapore

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 Set up representative office in Vietnam
  Set up Taipei representative office
- 1994 Expanded into Yangon
- 1997 Subsidiary UOB Malaysia merged with subsidiary 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 March 2022

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 35 years' experience in banking and banking regulation.

Frederick Chin Voon Fat

Head, Group Wholesale Banking and Markets

Frederick joined UOB in 2013. He oversees the Group's Wholesale Banking and 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 from the University of Melbourne. Frederick has more than 35 years' experience in banking.

Leslie Foo Chek Shen

Head, Group 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 capital 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.

Management Committee

Vincent Cheong Kok Hong

Head, Group Audit

Vincent joined UOB in 2012 and was appointed Head of Group Audit in 2022. Prior to this, he was responsible for managing various internal audit areas, including overseas branches, centralised operations, and finance and corporate functions. He holds a Bachelor of Science from the National University of Singapore. Vincent has more than 25 years' experience in the banking industry.

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 35 years of banking and financial markets experience across several Asian 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). Prior to that, 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 30 years' experience in the financial industry.

Eric Lim Jin Huei

Group Chief Sustainability Officer and Head, Group Finance

Eric joined UOB in 2013 and was appointed UOB's first Group Chief Sustainability Officer in April 2021. He also heads the Group Finance function. Eric holds a Bachelor of Accountancy (Hons) from the Nanyang Technological University, Singapore and an Executive Master of Business Administration from the J.L. Kellogg School of Management, USA. He has more than 20 years of finance experience.

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.

Group Management Committee

As at 1 March 2022

Daniel Ng Ming Thiam

Head, Group Compliance

Daniel joined UOB in 2006 and serves as the Head of Group Compliance. He was Head of Group Audit from 2017 to 2022 and, prior to that, 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.

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 from the National University of Singapore. She has more than 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 of 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' experience in banking.

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,
Strategic Communications and Brand

Janet joined UOB in 2014 and heads Group Channels and Digitalisation, Strategic Communications and Brand. She is responsible for delivery channels serving customers across branches, self-service banking, websites, customer experience and advocacy, financial technology and ecosystem partnership initiatives, as well as communications and brand management. 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' experience in banking and treasury.

Balancing Growth with Stability for the Long Term

Chairman's Statement

"As the Board and Management planned for post-pandemic growth, we worked closely with Management to review and to refresh the Bank's strategy to ensure investments were directed to capabilities that will propel our future growth, taking into account the risk environment of our markets."

Staying resilient and capturing opportunities

COVID-19 has caused severe disruptions to the world for more than two years now. It has changed the way people live, work and connect. Organisations and businesses are also adapting to the "new normal".

After the sharp recession in 2020, economic activities are gradually recovering towards pre-pandemic levels. With the further opening of economies, the hope is that the recovery will broaden to include more businesses and sectors. However, new COVID-19 variants continue to affect sectors such as tourism, hospitality and aviation.

While COVID-19 has accelerated many global trends, particularly in the area of digital innovation, it has also brought supply chain disruptions, energy price volatility, labour shortages and wage pressures. These translate to higher inflation risks and interest rates, which central bankers, companies and individuals need to manage.

At the same time, geopolitical tensions have worsened. In particular, the US-China rivalry remains tense. Competition between these major powers, which manifested itself over trade, has spilled over into other domains. Escalating tensions between Russia and Ukraine, and the wider European community, is another concern.

At UOB, we continue to monitor all developments closely, ensuring our business remains resilient and responsive to the changing environment. We remain optimistic about Asia's and ASEAN's future. ASEAN will continue to generate sustainable long-term growth. In 2021, we achieved a full-year net profit of $4.1 billion, up 40 per cent as economic activity across the region picked up. With the Monetary Authority of Singapore easing the dividend cap, the Board recommends a final dividend of 60 cents per ordinary share. This brings the total dividend for 2021 to $1.20 cents per ordinary share, representing a dividend payout ratio of about 49 per cent.

Pushing ahead on our regional strategy

Our strong balance sheet and prudent business approach are the firm foundation from which we supported our customers, especially small- and medium-sized enterprises (SMEs) that have been among the hardest hit during the pandemic. Our comprehensive and customer-focused pandemic response earned recognition from *Euromoney* and *Global Finance*. They both named UOB as the World's Best Bank for SMEs.

As the Board and Management planned for post-pandemic growth, we worked closely with Management to review and to refresh the Bank's strategy to ensure investments were directed to capabilities that will propel our future growth, taking into account the risk environment of our markets.

The Board guided Management on various transformation initiatives, taking into consideration changes in customer behaviour, advances in technology, industry disruption, availability of resources and risk management measures. One key initiative was to unify our two industry-leading digital services — UOB Mighty and TMRW — and place them on one platform, UOB TMRW. UOB TMRW enables us to acquire and to serve the huge base of digital-first customers across Southeast Asia. It complements our omni-channel approach, which offers our customers the option of physical touchpoints to serve their more complex financial needs.

We also made significant progress on our sustainability journey, launching more sustainable financing frameworks and programmes to help our retail and business customers. We appointed the Bank's first Chief Sustainability Officer and established a Corporate Sustainability Office to drive the implementation of policies, programmes and practices that can create a positive environmental and social impact. More details can be found in the UOB Sustainability Report 2021.

In 2021, UOB explored the acquisition of Citigroup's Southeast Asian consumer banking business. In January 2022, the Bank announced its successful bid for Citigroup's retail business in Indonesia, Malaysia, Thailand and Vietnam, subject to regulatory approval. The acquisition will enable UOB to achieve our growth targets earlier, double our retail customer base in ASEAN, strengthen our competitiveness and reinforce our position as a leading bank in the region.

UOB has been mindful of the impact the prolonged pandemic has had on our people. We continue to focus on how best to support them and to foster greater engagement, productivity and resilience amid pandemic fatigue. A total wellness approach, comprising physical and mental health and safety, has been paramount. We continue to emphasise life-long learning, talent development and maintaining a pipeline of future leaders.

Board renewal and acknowledgements

We welcomed Mrs Tracey Woon, Mr Dinh Ba Thanh and Ms Teo Lay Lim as independent directors. They join us with a wealth of entrepreneurial experience in the financial services and digital media sector, as well as in areas of business leadership and sustainability.

On behalf of the Board, I thank Messrs James Koh Cher Siang, Ong Yew Huat and Alexander Hungate, who retired or stepped down during the year, for their significant contributions. As Chairman of the Remuneration and Human Capital Committee, Mr Koh was focused on developing a pipeline of future leaders and maintaining a remuneration structure that can attract, retain and motivate talent. Mr Ong's strong stewardship as Chairman of the Audit Committee ensured effective controls over the Bank's financial reports and its audit policies and practices. Mr Hungate's industry expertise helped the Board and Management navigate the competitive challenges and changes over the last few years.

The Board also appreciates the tireless effort of Management and our people to help customers weather the challenges of today and to prepare for the opportunities of tomorrow. The Bank's 2021 achievements are testament to your commitment, care and enterprising spirit.

We also thank our shareholders, customers, partners and the community for the trust they continue to place in UOB.

Wong Kan Seng
Chairman
February 2022

Deputy Chairman and CEO's Report

"We believe in the people and potential of ASEAN. It is our home and we know first-hand the resilience, strength and abilities our businesses and communities possess to build a better tomorrow for all."

The cover of this year's Annual Report *The Day After Tomorrow* reminds us that in the pursuit of progress and growth, one must always act responsibly and with a long-term view. At UOB, our decisions and actions have always been guided by our values and our commitment to do what is right for our stakeholders not only for the now, but also for the long term.

2021 was a year where the twists and turns of the COVID-19 pandemic challenged many. Just as the future seemed more certain, new virus variants emerged. Global trade supplies were strained, as were geopolitics, for much of the year. Resilience, compassion and fortitude were needed. At UOB, we stood by our customers, colleagues and the community, backed by our strong balance sheet, prudent business approach and learning from previous crises and market cycles.

In keeping with the saying to never let a crisis go to waste, we persevered in enhancing capabilities in the areas of regional connectivity, digital transformation and sustainability. These areas are critical to us in delivering our strategic priorities and will ensure UOB's competitive edge in the years to come. We also had the unique opportunity to make a significant and strategic acquisition of Citigroup's consumer business in four ASEAN markets, subject to regulatory approval, that will bolster our position as a leading bank in and of the region.

Financial performance in 2021

Driven by strong performance across our franchise and resilient asset quality, the Group recorded a healthy performance in 2021 with total income of $9.8 billion and net profit of $4.1 billion for the financial year ended 31 December 2021. This was 40 per cent higher than the previous year as a result of stronger income growth and lower credit allowance as Singapore and regional economies gradually recovered in 2021.

Against the backdrop of an improving operating environment and a healthy growth in business activities and consumer spending, the Group saw strong performance across customer segments and geographies for the year. The Group's fee income reached a new high of $2.4 billion on the back of stellar performance in wealth and loan-related activities. Net interest income rose six per cent from a year ago to $6.4 billion, led by healthy loan growth of 10 per cent. With proactive balance sheet management, net interest margin was kept stable at 1.56 per cent amid a low interest rate environment.

Net fee and commission income rose 21 per cent to a record $2.4 billion, driven by double-digit growth in most activities. Loan fees hit a new high of $698 million, as trade and investment transactions picked up momentum. As investor confidence returned, wealth management fees grew to a record $823 million. Stronger financial market activity also led to higher fund management fees while credit card fees recovered from a pick-up in consumer spending.

Other non-interest income declined by 13 per cent; the growth in customer-related treasury income of 10 per cent was more than offset by the lower non-customer trading income compared with a year ago.

Without compromising on the need for strategic investments in our people and technology, including scaling up digital offerings in Singapore and ASEAN, total expenses increased three per cent to $4.3 billion. The cost-to-income ratio for the year improved 1.5 percentage points to 44.1 per cent.

Total allowance declined 58 per cent to $657 million and total credit costs on loans decreased from 57 basis points to 20 basis points as pre-emptive general allowance taken last year remained adequate. Asset quality remained resilient with the non-performing loan ratio steady at 1.6 per cent in the fourth quarter of 2021. The non-performing assets coverage remained strong at 96 per cent. While the path to recovery is clearer compared with a year ago, the Group continued to maintain performing loans coverage prudently at one per cent.

The Group's liquidity and funding positions remained healthy with the fourth quarter's average all-currency liquidity coverage ratio at 133 per cent and net stable funding ratio at 116 per cent, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 87.0 per cent. As at 31 December 2021, the Group's Common Equity Tier 1 Capital Adequacy Ratio remained strong at 13.5 per cent. Leverage ratio of 7.2 per cent was more than two times the regulatory requirement.

We continue to be 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.

Standing right by our customers, colleagues and the community

UOB entered the pandemic from a position of strength. Through our long-term focus, disciplined growth and proactive risk management over the years, we have built a quality customer franchise across our Retail and Wholesale Banking businesses.

At the outset of the pandemic, we stepped up as the first bank in Singapore to offer its own relief assistance to businesses. We also actively supported the relief measures from governments around the region as they worked to cushion the impact of the pandemic. To date, we have helped more than one million customers, including 20,000 small- and medium-sized enterprises (SMEs), with various forms of relief. In helping to put together a roadmap that leads our business customers from recovery to growth, we continue to support them with

Deputy Chairman and CEO's Report

training and tools to transform their business models for the digital economy. At the heart of our COVID-19 response is our commitment to be there when it matters. This commitment was critical to UOB to being named the World's Best Bank for SMEs by both *Euromoney* and *Global Finance* based on our understanding and anticipation of customer needs, in good times and bad.

Appreciating that our people are our greatest asset and that we needed to step up our support for them in these uncertain times, we developed a total wellness approach to their personal and professional well-being. From holding regular Mental Wellness Days activities and providing extended care measures, through to our annual #Better Future of Work Festival and Appreciation Month, we deepened the culture of care, growth and trust within UOB.

In the course of helping our people prepare for the future, we added a new track on artificial intelligence to our flagship Better U training programme. More than 15,000 of our people have completed the first level of Better U, giving them the knowledge essential to staying relevant in our fast-paced and changing industry. Understanding that making a meaningful contribution is important at all ages, we were also the first bank in Singapore to launch a gig employment model for our retired employees. The programme is part of UOB's commitment to building an inclusive, flexible and diverse workforce of the future.

Just as we have been there for our customers and colleagues when it matters, we have also remained firm in our support of the more vulnerable in our community. In 2021, our people volunteered more than 32,700 hours to community building and through our UOB Heartbeat Programme, we contributed more than $6.1 million to communities in need, including more than $2.6 million specifically for COVID-related efforts. To help children who might not have access to laptops for online learning, we extended our UOB My Digital Space programme to enable more than 1,800 children around the region to stay connected. Art can strengthen community bonds and connect over time, distance and language. As such, in the 40th year of our UOB Painting of the Year programme, we created opportunities for those in the community to learn about art as therapy and to find avenues for people to express themselves. As our Annual Report cover attests, art's ability to inspire, to unite and to connect is critical in times such as now.

Sustaining long-term growth through our strategic priorities

As a leading bank in the region, we are here to help build a sustainable future in Southeast Asia. To achieve that purpose, we continue to invest in three key areas:

1. Deepening our connectivity capabilities that facilitate increased trade and economic activity within ASEAN and other regions, particularly Greater China;
2. Creating innovative and personalised omni-channel financial solutions that enable our customers to achieve their individual and business goals; and
3. Delivering meaningful climate action and social impact through our suite of sustainable financing and investing solutions.

Deepening our regional connectivity capabilities and commitment

In 2021, strong trade and investment activities along the ASEAN-Greater China corridors helped drive our cross-border income despite uncertainties brought on by the pandemic and geopolitical situations. Last year, our cross-border income grew 10 per cent, contributing to a third of our Wholesale Banking income.

As a long-term and committed player in the region, we continued to invest in our regional franchise. During the year, we injected VND2 trillion in fresh capital to our Vietnam subsidiary as we help clients tap opportunities in one of the region's fastest growing economies. Our efforts to draw investments to Vietnam earned us the recognition as the first Singapore bank to receive a certificate of merit award by Vietnam's Ministry of Planning and Investment. We also increased UOB China's capital base by RMB2 billion to step up support for our clients in seizing cross-border opportunities and to help them advance responsibly.

Our business is built on deep, long-term relationships and our ability to open doors for our clients in Southeast Asia and Greater China. As part of broadening our collaboration with like-minded partners across the region, we signed a strategic business partnership agreement with the Singapore Business Federation (SBF) as their only financial partner in the GlobalConnect@SBF programme. The agreement enables us to provide our connectivity solutions to more than 27,000 SBF members looking to expand overseas. We also launched new cross-border capabilities such as the first China-Thailand cross-border Renminbi cash sweeping solution between ASEAN and Greater China, as well as became the first Singapore bank to become an Appointed Cross-Currency Dealer in Renminbi and Indonesian Rupiah.

Creating innovative solutions

With COVID-19 accelerating digital adoption to the point where 'digital by default' is now the preference of the majority of ASEAN consumers, we brought together our two multi- award-winning digital banking solutions, TMRW and UOB Mighty, to create UOB TMRW. The new platform harnesses the innovation of our digital bank TMRW and merges it with the scale and product depth of our mobile app UOB Mighty. Besides spearheading the acquisition of new customers to build regional scale in the most cost-effective manner, UOB TMRW also positions us well in advance of the emergence of digital banks across the region.

As part of creating innovative offerings for our customers, we also expanded our strategic partnerships within our UOB TMRW proposition. Partnering Fave, an e-commerce and payments app, our new UOB Rewards+ programme is one of the largest in Singapore and offers personalised reward recommendations based on customers' spending and saving behaviour. In Indonesia, we launched TMRW Pay, an e-commerce check-out loan launched within Bhinneka's mobile app and website, the country's leading online-to-offline e-commerce platform. We believe such partnerships help to embed UOB's products within an expanding ecosystem of strategic partners.

For our corporate clients, we also broadened our digital payment and trade capabilities. We continued with our regional roll-out of UOB Infinity, providing clients with essential business intelligence such as real-time tracking of cross-border payments. In the use of blockchain, we partnered the Infocomm Media Development Authority on its TradeTrust Utility which digitalises cross-border trade flows between Singapore and China. We also went to market with a landmark digital bond issuance with Marketnode, a joint venture between Singapore Exchange and Temasek, and in partnership with digital securities exchange ADDX, issued the inaugural sustainability-linked bond for Sembcorp Industries.

As part of our omni-channel approach, which gives customers choice in how they bank with us, we continued to transform and to reshape our branch network, reconfiguring more than 100 branches across the region by end 2021 to meet changing customer preferences. With affluence rising in the region and our digital services providing a simple, safe and swift option to conduct everyday banking, retail customers are increasingly visiting our branches for wealth advisory services, and SME clients for advisory on business and overseas expansion. We also tested a number of new branch formats, including a concept that focused on total wellness by combining health and wealth services for customers.

Serving the region's increasingly affluent consumer base is a key pillar to our future growth. In 2021, we set up a Private Wealth group and reorganised our Private Bank business across three regional market groups, namely Singapore, Southeast Asia and North Asia, to better serve our high-net-worth clients with our holistic advisory capabilities and one-bank approach. In addition to deepening our bench strength in the area of Private Wealth, we have also continued to hire talent in key future growth areas including business transformation, technology, data analytics and sustainability.

Delivering meaningful climate action and social impact

Our time-tested values of Honour, Enterprise, Unity and Commitment have been critical in guiding how we build our business and to framing the legacy we want to create for the generations to come. In recognition of the increasing importance of driving a holistic approach to sustainable business practices across the Bank, during the year we appointed our first Chief Sustainability Officer and formed a dedicated Corporate Sustainability Office.

To help businesses advance responsibly, we have developed four financing frameworks focused on facilitating green trade and the circular economy, as well as creating smart cities and green buildings. These frameworks help businesses make meaningful progress on their green journey, with the Bank extending more than $15 billion in sustainable financing, which exceeds our target two years ahead of schedule. Other than our award-winning U-Solar programme, we rolled out two other holistic programmes – U-Drive and U-Energy – to help companies and individuals switch to electric vehicles and retrofit buildings with energy-efficient features. Through our innovation accelerator, The FinLab, we also launched the Sustainability Innovation Programme to help make sustainability for SMEs possible and practical.

The Bank's inaugural issuance of a sustainability bond in 2021 – also the first globally from a bank – has helped us finance projects in areas such as green buildings, renewable energy and eligible social assets. We continued to steer wealth towards sustainable investing, with total assets under management for ESG-focused investments reaching $9 billion. For example, the UOB APAC Green REIT ETF and the United Smart Sustainable Singapore Bond Fund, launched by UOB Asset Management, offer investors sustainable income through investing in assets that are in line with the region's and Singapore's green development plans. Our separate Sustainability Report goes into more detail on the progress we have been making in forging a sustainable future.

Seizing opportunities as we emerge stronger from the pandemic

In the Bank's 86-year history, we have acquired eight banks and other portfolios. With our entrepreneurial roots, we have always been on the lookout for the right opportunities, even as we focus on organic growth. But we have stayed disciplined, selective and patient.

The unique opportunity came in 2021 to acquire Citigroup's consumer banking business in Indonesia, Malaysia, Thailand and Vietnam. It is a transformational deal, which came at the right time, with the right fit for our strategic ambition.

We will double our retail customer base in these four markets five years ahead of schedule, with a complementary base of customers, people and capabilities. The acquisition is expected to be immediately accretive to our earnings per share and return on equity, excluding one-off transaction costs.

Subject to regulatory approval, we look forward to integrating Citigroup's quality portfolio and welcoming its team, and to creating value for our enlarged base of customers, employees and other stakeholders. The acquired business, together with our regional consumer franchise, will form a powerful combination that will scale up the UOB Group's business and advance our position as a leading regional bank.

Confident of the region and our role in it

If history has taught us anything, it is that uncertainty and volatility will remain. Just as the outlook for the pandemic is improving and economies are reopening, geopolitical tensions are rising. We are monitoring these developments closely.

However, we believe in the people and potential of ASEAN. It is our home and we know first-hand the resilience, strength and abilities our businesses and communities possess to build a better tomorrow for all.

For UOB, we are well-positioned to capture the long-term opportunities of a resurgent ASEAN. We have been building a sustainable business with resilient asset quality. The ongoing transformation of our business, as well as the accelerated growth potential from our proposed Citigroup acquisition, provide us the foundation from which we can share a better future with our stakeholders.

Acknowledgments

UOB's 2021 achievements would not have been possible without the unwavering commitment, collaboration, care and energy of our people and Management. I thank them for giving so much of themselves in support of our customers and each other. I would also like to thank the Board for their support and guidance as the Bank seized opportunities and pressed on with our purpose of building the future of ASEAN.

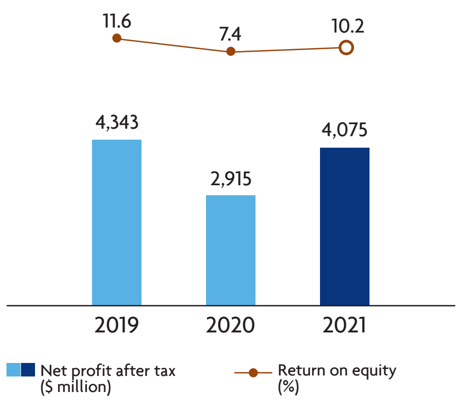
Finally, to our loyal customers and shareholders, thank you for your belief in UOB. I look forward to your continued support as UOB focuses on building a sustainable future for all.

Wee Ee Cheong

Deputy Chairman and Chief Executive Officer
February 2022

Financial Highlights

Strong performance across the franchise and resilient asset quality



Net Profit After Tax and Return on Equity

UOB Group reported net profit of $4.1 billion, 40% higher than a year ago driven by stronger income growth and lower credit allowance as Singapore and regional economies gradually recovered. Correspondingly, return on equity increased to 10.2% for the year.

Net Profit After Tax

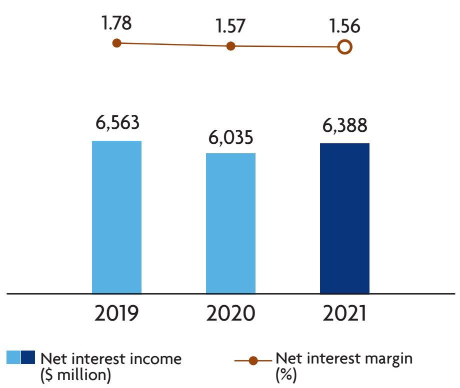
$4.1 billion

+ 40%

Return on Equity

10.2%

+ 2.8% pt



Net Interest Income and Margin

Net interest income increased 6% against last year to $6.4 billion, led by strong loan growth of 10% with net interest margin stable at 1.56% as a result of proactive balance sheet management.

Net Interest Income

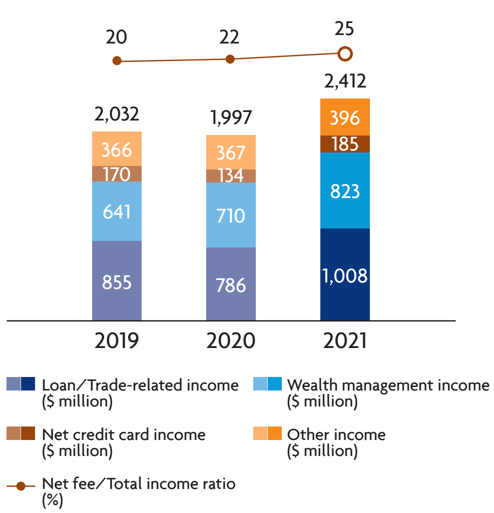
$6.4 billion

+ 6%

Net Interest Margin

1.56%

- 0.01% pt



Net Fee and Commission Income

Net fee and commission income rose 21% to a record of $2.4 billion, driven by double-digit growth in most activities. Loan fees hit a new high as trade and investment transactions picked up momentum.

Wealth management fees similarly grew to a record level $0.8 billion on the back of returning investor confidence. This resulted in a 4% year-on-year growth in assets under management to $139 billion.

Fee Income

$2.4 billion

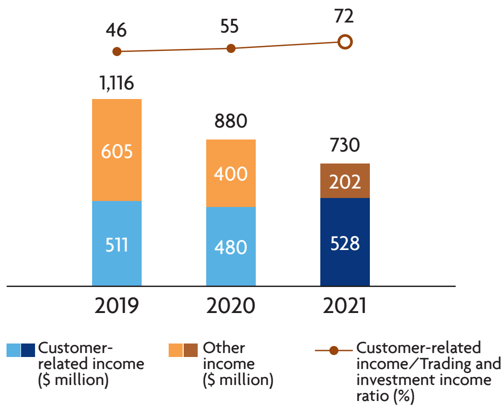
+ 21%

Net Fee/Total Income ratio

25%

+ 3% pt

Trading and Investment Income



Trading and investment income decreased 17% to \$0.7 billion due to lower non-customer trading income as there were larger gains from bond sales and unrealised gains on hedges in 2020 amid the lower interest rate environment.

Customer-related income reached record high with year-on-year growth of 10%, as more customers hedging exposures alongside returning business volume growth.

Trading and Investment Income

\$0.7 billion

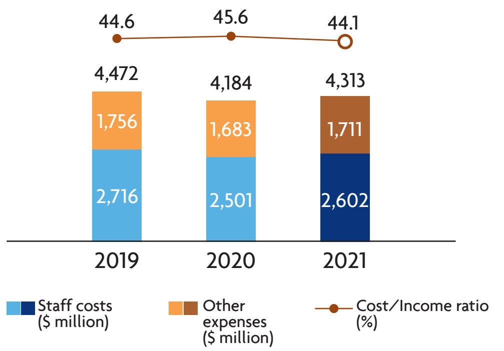
- 17%

Customer-related Income/Trading and Investment Income ratio

72%

+ 17% pt

Operating Expenses



Total expenses increased modestly by 3% as a result of the Group's disciplined spend, as it prioritised strategic investments in people and technology, including scaling up of digital offerings in Singapore and ASEAN. Correspondingly, the cost-to-income ratio improved 1.5% points to 44.1%.

Operating Expenses

\$4.3 billion

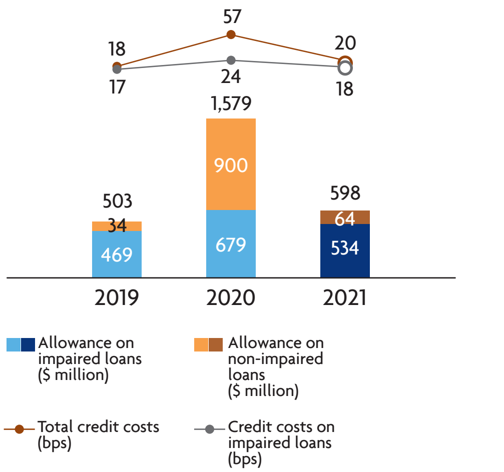
+ 3%

Cost/Income ratio

44.1%

- 1.5% pt

Impairment Charge on Loans



Total allowance on loans declined to \$0.6 billion, as the Group's pre-emptive general allowance taken in 2020 remained adequate. Total credit costs on loans decreased 37 basis points to 20 basis points as the credit outlook stabilised.

Impairment Charge on Loans

\$0.6 billion

- 62%

Total Credit Costs

20 bps

- 37 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** ▲0.2%	$4.4 billion **Total income** ▲8%	$644 million **Total income** ▼16%
	$139 billion **Assets under management for wealth management** ▲4%	30% **Cross-border income** contribution to total income ▲10%	▲8% **Foreign exchange (FX) customer revenue** with new e-FX capabilities
	▲3% **Deposits,** on the back of strong customer acquisition and deeper customer engagement	▲16% **Loans,** to support customers' operating and growth needs	▲18% **Cross-border customer treasury flow*,** driven by increased connectivity and system capabilities
	6.0% **Return on risk-weighted assets**	1.4% **Return on risk-weighted assets**	2.8% **Return on risk-weighted assets**
	$2.0 billion **Operating profit** ▼2%	$3.4 billion **Operating profit** ▲8%	$385 million **Operating profit** ▼23%

* 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

Compared with a year ago, operating profit decreased 2% to $2.0 billion. Total income was sustained at $4.1 billion as the strong recovery in wealth management and credit card activities helped to offset the impact of thinner margins. In particular, assets under management from high affluent customers reached a new record of $139 billion, with 57% coming from overseas customers served by the Group's network of wealth management centres in Southeast Asia. Expenses increased 2% to $2.1 billion, primarily from technology-related investments while discretionary spend remained closely managed.

Group Wholesale Banking

Operating profit grew 8% to $3.4 billion on the back of improved business sentiment as the Group's strong client franchise drove robust loan and fee growth from large corporate and institutional clients. Cross-border income grew 10%, with business activities picking up towards the end of the year as clients increasingly tapped the Group's regional connectivity capabilities. Expenses grew 9% from continued strategic investments in people and technology.

Global Markets

Operating profit declined 23% to $0.4 billion in 2021, arising from lower sales of investment securities and narrower spreads than at the beginning of the global pandemic.

Operating Profit by Geographical Segment

Overseas franchise provided diversification and cross-border connectivity

$ million	FY2021	FY2020	YoY (%)
Singapore	2,839	2,592	10
Rest of Southeast Asia	1,327	1,302	2
Malaysia	689	675	2
Thailand	407	392	4
Indonesia	221	211	5
Others	10	24	(57)
North Asia	605	548	10
Rest of the World	706	550	28
Total	5,476	4,992	10

Customer Loans[1]

$311 billion

+ 10%

Singapore	51%
Rest of Southeast Asia	20%
North Asia	17%
Rest of the World	12%

Customer Deposits

$353 billion

+ 9%

Singapore	68%
Rest of Southeast Asia	19%
North Asia	7%
Rest of the World	6%

Singapore

Operating profit rose 10% to $2.8 billion in 2021 on the back of broad-based income growth as Singapore led the region's economic recovery.

Rest of Southeast Asia

The Rest of Southeast Asia franchise showed a more modest growth of 2% against last year as the pace of recovery was uneven.

North Asia

The strong rebound in North Asia, which grew 10%, was driven by fee as trade and investment activities in Greater China resumed momentum in 2021.

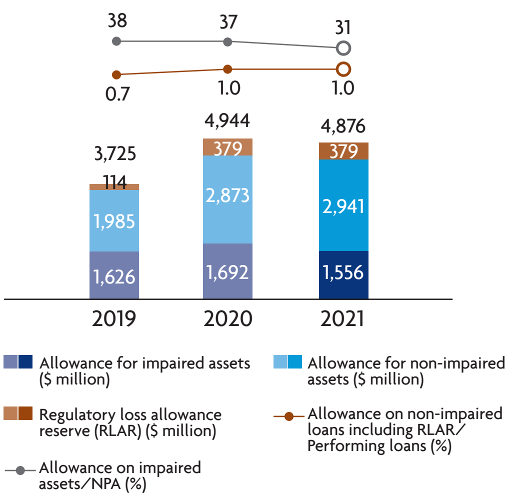
Rest of the World

Operating profit increased 28% to $0.7 billion, led by growth in the US, Australia 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

Resilient balance sheet with stable credit outlook



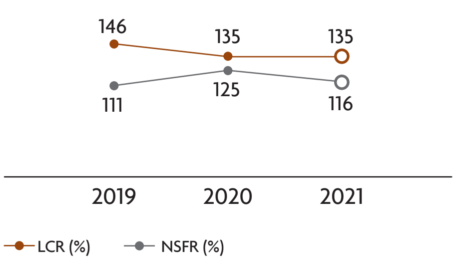
Asset Quality

The Group's overall loan portfolio remained resilient with non-performing loan (NPL) ratio steady at 1.6%.

Total allowance for non-impaired assets remained adequate at $2.9 billion with the coverage for performing loans maintained at 1.0%.

Total Allowance on Assets
$4.5 billion
- 1%

NPL ratio
1.6%
unchanged

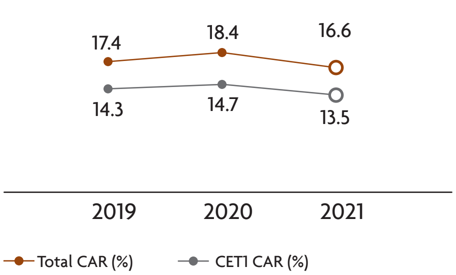


Funding and Liquidity Ratios

The Group's liquidity and funding positions remained healthy with the average all-currency liquidity coverage ratio (LCR) at 135% and net stable funding ratio (NSFR) at 116%, well above the minimum regulatory requirements.

LCR
135%
unchanged

NSFR
116%
- 9% pt



Capital Adequacy Ratio (CAR)

As at 31 December 2021, the Group's capital position remained strong with Common Equity Tier 1 (CET1) ratio and Total CAR at 13.5% and 16.6% respectively, well above the Monetary Authority of Singapore's minimum requirement.

CET1 CAR
13.5%
- 1.2% pt

Total CAR
16.6%
- 1.8% pt

Investor Highlights
Deepening Investor Engagement

Deepening investor engagement efforts with thematic showcases on digital banking, digital finance and sustainability opportunities across the region

Clockwise from top: UOB Deputy Chairman and Chief Executive Officer, Mr Wee Ee Cheong, speaking at UOB's 2021 Annual General Meeting; and Head, TMRW Digital Group, Mr Kevin Lam; Chief Sustainability Officer (CSO) and Head, Group Finance, Mr Eric Lim; and Chief Risk Officer (CRO), Mr Chan Kok Seong, speaking at virtual investor conferences.

We are committed to maintaining open, regular and transparent communications with our investment community as it is key to maintaining their trust and confidence in the Bank. Our investment community includes shareholders, institutional and retail investors, shareholder proxy advisory agencies and equity, fixed income and ESG-focused analysts, as well as credit rating agencies.

In 2021, we held various thematic showcases across digital banking, digital finance, sustainability and the future of work. These included:

- Dedicated fireside chats with our senior management to showcase our strengthened digital capabilities and initiatives, including how our unified UOB TMRW platform positions us for future growth;
- Dialogue with our CRO who shared his views on the potential of blockchain technology and aspects in which UOB is focused on deepening capabilities; and
- Panel discussions with our CSO who shared the progress of our sustainability journey and UOB's role in supporting ecosystem players across the region in their own transition to a low-carbon future.

These sessions were very well-received by the investment community as they provided additional avenues for in-depth engagement to showcase our thought leadership across various topics of interest.

Investor Highlights
Deepening Investor Engagement

"We hosted a fireside chat last week with Mr Kevin Lam, Head of UOB's digital bank, TMRW, where we exchanged views on the rise of digital banking, threats these new entrants pose, and opportunities that emerge. We also discussed UOB's TMRW – something investors don't seem to have paid much attention to... Numbers aside, investors should note the significant progress made and the newfound confidence to share quantifiable impact. More generally, the insights shared are relevant to investors looking at digital banks and FinTechs across ASEAN."

"UOB: Mighty in digital banking, TMRW... Today?", Bernstein, 9 November 2021

"With increasing focus on blockchain and cryptocurrencies, UOB's CRO was keen to share his views on developments and where UOB may play a role. UOB is a systemically important bank in Singapore and the jurisdiction is embracing the space to foster innovation. We came away from the discussion impressed by the thoughtful stewardship UOB is under."

"A conversation with UOB's Chief Risk Officer on Blockchain opportunities", Macquarie, 27 August 2021

"We recently hosted an investor call with UOB's Chief Sustainability Officer – Mr Eric Lim. UOB is positioning its strategy to leverage its balance sheet together with advisory, wealth and solutioning capabilities to support customers in the transition to sustainable opportunities. UOB is also transforming culturally within the organisation as it looks to build a sustainable growth strategy that serves all stakeholders. This should drive long-term competitive advantages for UOB."

"Building a green franchise", Maybank, 4 June 2021

We regularly review our disclosures to provide investors with the necessary information to make sound investment decisions. In 2021, we continued to provide detailed disclosures on the asset quality of our portfolios, the progress of our digital initiatives and our continued efforts in driving the sustainability agenda for our customers and communities.

To overcome the travel restrictions and social distancing measures during the pandemic, we continued to use digital meeting tools to engage the investment community virtually. In 2021, we held around 600 virtual meetings with debt and equity investors to provide updates on UOB's financial performance, asset quality and business outlook. Senior management also proactively engaged the investment community at briefings and conferences to emphasise UOB's responsible yet progressive stance as a long-term player in the region. These meetings included:

- quarterly results briefings and post-results 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;
- engagement with credit rating agencies; and
- the UOB annual general meeting.

Strong investor reception as UOB achieves new milestones in global capital markets

In view of global investors' demand for sustainability and green bonds, we issued Singapore's first sustainability bond offering under the newly-established UOB Sustainable Bond Framework in 2021. In addition to green projects, the proceeds of our US$1.5 billion sustainability bond offering were used to finance social assets which included pandemic-related support extended to small businesses. This embodied the Bank's holistic approach to sustainability that goes beyond environmental considerations.

Together with its Rule 144A format, the transaction helped us to achieve a comprehensive investor reach and participation across Asia Pacific, Europe and the US.

The transaction also achieved the following milestones:

- first dual tranche senior and subordinated Tier 2 instrument in sustainability format globally from a bank issuer;
- resounding response from sustainability-focused investors, who contributed to 60 per cent of the final orderbook of US$2.75 billion from 149 investors; and
- subscription rate of 1.8 times.

In addition, the offering was recognised as the Best Sustainability Bond in Singapore at *The Asset* Country Awards 2021. UOB was also named the Best Issuer for Sustainable Finance in Singapore.

"UOB sold Singapore's first sustainability bond and the first ESG bank capital offering from Southeast Asia in a dual-tranche US$1.5 billion offering that broadened its appeal to international investors. The first concurrent offering of senior and Tier 2 sustainability notes from any global bank also adds to the development of sustainable finance in Singapore..."

"UOB broadens appeal with dual-tranche US$1.5bn sustainability bond", *IFR Asia*, 8 April 2021

As the industry progresses on the transition to new benchmark rates, we also led the way among issuers in Singapore with the following offerings:

- Singapore's first capital securities with a reset coupon rate that references the Singapore Overnight Rate Average Overnight Indexed Swap (SORA-OIS) rate; and
- Singapore's first Sterling Overnight Interest Rate Average (SONIA) benchmark covered bond.

Our £850 million SONIA covered bond issuance was the largest-ever Sterling covered bond from an Asian issuer at the time of issuance and was well received by a diversified investor base, underscoring UOB's strong credit standing.

In supporting open digital solutions and infrastructure, we were also the first financial institution in Singapore to pilot a digital bond issuance on Marketnode, an exchange-led digital asset venture leveraging distributed ledger technology. The digital bond was run in parallel with the conventional issuance process.

"UOB drew a fantastic response for its first Sonia covered bond, both in terms of size and spread..."

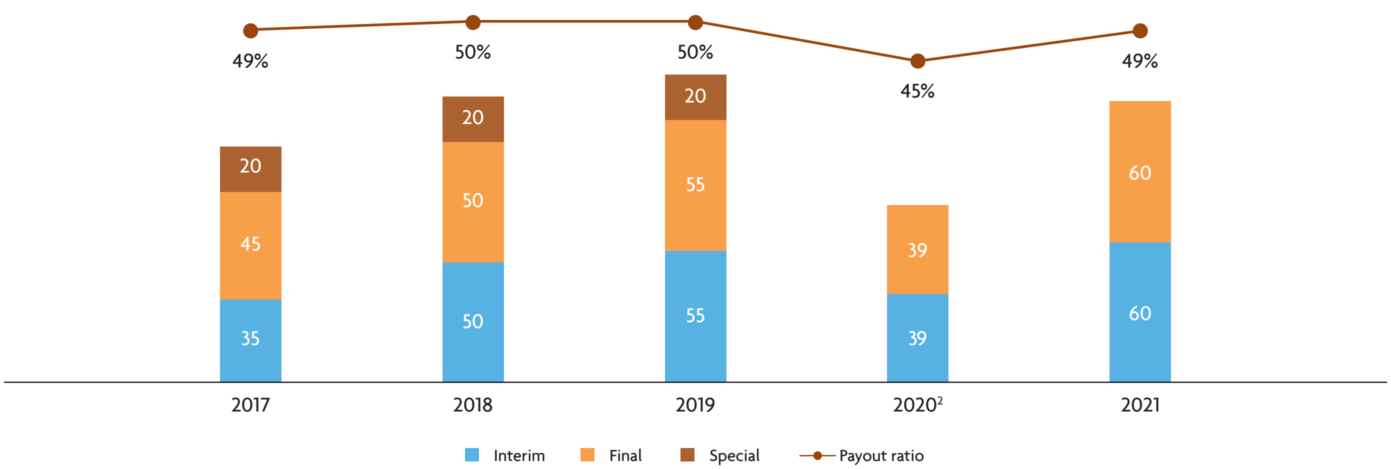
"UOB scales up in SONIA", *GlobalCapital Asia*, 14 September 2021

Investor Highlights
Deepening Investor Engagement

Delivering long-term and sustainable returns

- Achieved 40 per cent year-on-year growth in net profit to $4.1 billion, on the back of loan growth, record fees and lower allowances amid improving business sentiment;
- Balance sheet remained robust, with Common Equity Tier 1 ratio of 13.5 per cent;
- Continued to reward shareholders with full-year dividend of $1.20 per share, with payout ratio rising to 49 per cent for 2021 after the Monetary Authority of Singapore (MAS) lifted its guidance on dividend restriction; and
- Total annualised shareholder return of 9.5 per cent from 2017 to 2021, outperforming Singapore's stock market average of 5.1 per cent[1].

Dividend per share (cents) and payout ratio (%) for 2017 to 2021



1 Sources: UOB, Bloomberg
2 Dividend for 2020 was in line with MAS' call for banks to cap the total dividend per share (DPS) at 60% of 2019's DPS

Selected investment metrics

	2017	2018	2019	2020	2021
Share price ($)					
Highest	26.85	30.37	27.97	27.00	28.17
Lowest	20.05	23.80	23.39	17.28	22.41
Daily average	23.24	26.91	25.79	21.43	25.81
Closing	26.45	24.57	26.41	22.59	26.90
Market capitalisation ($ billion)[a]	43.98	40.93	44.06	37.79	44.98
Price-to-earnings ratio (x)[b]	11.68	11.50	10.11	12.68	10.80
Price-to-book ratio (x)[b]	1.14	1.26	1.16	0.93	1.07
Net dividend yield (%)[b]	4.30	4.46	5.04	3.64	4.65
Total annualised shareholder return from 2017 to 2021 (%)					9.5

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

Five-year financial summary

	2017	2018	2019	2020	2021
Selected income statement items ($ million)					
Total income[a]	8,563	9,116	10,030	9,176	**9,789**
Total expenses[a]	3,739	4,003	4,472	4,184	**4,313**
Operating profit	4,824	5,113	5,558	4,992	**5,476**
Net profit after tax[b]	3,390	4,008	4,343	2,915	**4,075**
Selected balance sheet items ($ billion)					
Gross customer loans	236	262	269	281	**311**
Customer deposits	273	293	311	325	**353**
Total assets	359	388	404	432	**459**
Shareholders' equity[b]	37	38	40	41	**43**
Financial indicators (%)					
Cost/Income ratio	43.7	43.9	44.6	45.6	**44.1**
Non-performing loan ratio	1.8	1.5	1.5	1.6	**1.6**
Return on average ordinary shareholders' equity	10.2	11.3	11.6	7.4	**10.2**
Return on average total assets	0.98	1.07	1.08	0.69	**0.92**
Return on average risk-weighted assets	1.63	1.93	1.90	1.27	**1.68**
Capital adequacy ratios (%)					
Common Equity Tier 1	15.1	13.9	14.3	14.7	**13.5**
Tier 1	16.2	14.9	15.4	15.8	**14.4**
Total	18.7	17.0	17.4	18.4	**16.6**
Per ordinary share					
Basic earnings ($)	1.99	2.34	2.55	1.69	**2.39**
Net asset value ($)	20.37	21.31	22.33	23.03	**24.08**
Net dividend (cents)	100[c]	120[c]	130[c]	78	**120**

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 Inclusive of a special dividend of 20 cents.

Investor Highlights
Deepening Investor Engagement

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 BCA 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 and some other regional markets."

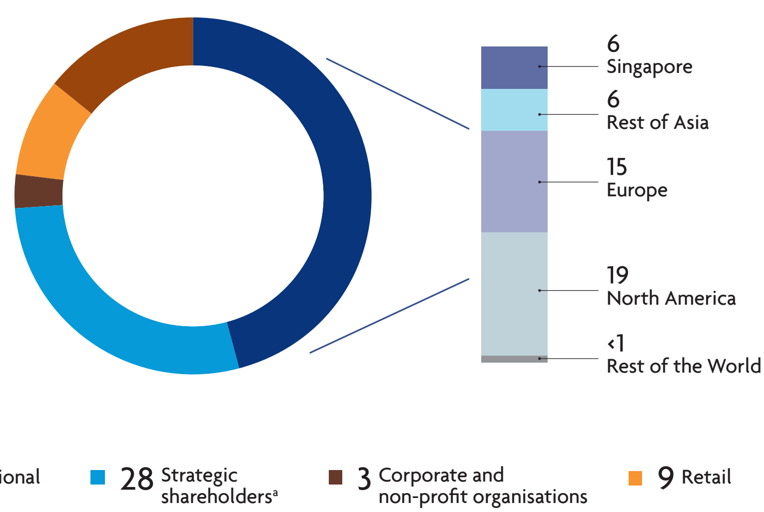
Moody's Investors Service's report, 21 January 2022

"The rating on UOB is underpinned by the bank's strong franchise in Singapore and key Southeast Asian markets, solid capital buffers, adequate risk management, as well as strong funding and liquidity profile."

S&P Global Ratings' report, 22 November 2021

Retaining a diversified shareholder base

Shareholders as at 31 December 2021 (%)



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 and dividend payouts 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 Singapore Exchange website.

Or please contact:

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Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
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#14-07 Keppel Bay Tower
Singapore 098632
Tel: (65) 6536 5355
Fax: (65) 6536 1360
Website: www.boardroomlimited.com

Award Highlights

Recognition from the Industry

In 2021, we received multiple top accolades across the Bank. Each award recognises our commitment to provide excellence for our customers, stakeholders and communities. Here are some of the awards we have received.

Scan to view full list of Award wins, or visit www.uob.com/awards.

Leading in banking excellence

Euromoney
World's Best Bank for SMEs

Euromoney
Asia's Best Bank for SMEs

Global Finance
Best SME Bank in the World, Asia-Pacific and Singapore

The Asian Banker
Best Transaction Bank in Singapore

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

The Asian Banker
Best Retail Bank in Singapore

Retail Banker International
Best Retail Bank Singapore
(Highly Commended)

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

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

The Asset
Best Wealth Manager for Impact Investing in Asia

ASEAN Business Advisory Council
Priority Integration Sector, Finance

Singapore Corporate Awards 2021
Corporate Excellence and Resilience Award
(>$1 billion market cap)

Innovating for tomorrow

Alpha Southeast Asia
Best Digital Bank in Indonesia
TMRW

Global Finance
Best Consumer Digital Bank in Indonesia
TMRW

International Finance
Best Digital Bank in Thailand
TMRW

International Finance
Best Digital Bank in Indonesia
TMRW

Building sustainable cities across Asia

The Asset
Best Issuer for Sustainable Finance
(Singapore)

The Asset
Best Sustainability Bond
(Singapore)

The Asset
Platinum Award

Singapore Apex Corporate Sustainability Awards 2021
Sustainable Solutions
(U-Solar)

SIAS Investor's Choice Awards 2021
Most Transparent Company Award for Financials

Singapore Governance and Transparency Index (SGTI) 2021
Ranked 6th of 518 Singapore-listed companies
(General Category)

Asiamoney
Best Bank for Corporate Social Responsibility in Singapore

Cambridge IFA
Global Good Governance Award for Community Development & Philanthropy

SG Enable
Enabling Mark Platinum
(Inclusive Employment)

National Arts Council
Distinguished Patron of the Arts Award
(17th time)

Leading in digital

The Digital Banker
Best Digital Bank for CX Overall
TMRW

The Asset
Best Mobile Banking Application in Thailand
TMRW

The Digital Banker
Best Digital Bank in Southeast Asia
TMRW

The Digital Banker
Best Digital Bank for Millennials
TMRW

Building and Deepening Long-term Relationships

Connecting Businesses to Opportunities in ASEAN and Beyond

UOB has confidence in the strengths and long-term prospects of Southeast Asia. As a globally-connected bank with an ASEAN heritage spanning more than eight decades, we have built a strong regional franchise to help our clients advance their businesses responsibly as they capitalise on the region's economic potential and favourable demographics.

The growth of the emerging middle class in the region, coupled with global supply chain diversification and multilateral trade pacts such as the Regional Comprehensive Economic Partnership, will continue to drive growth as markets in the region recover from the impact of the COVID-19 pandemic.

Throughout our established network across ASEAN and Greater China, we help our clients to seize new and growing opportunities. Our unique combination of in-market presence, local knowledge and strong partner ecosystems go a long way to support our clients in their expansion domestically and across the region.

Supporting businesses to build resilient business models

At UOB, we take a long-term view to building client relationships and are committed to supporting our clients through the ups and downs of economic and market cycles. We are focused on helping clients build resilient business models for the long run.

The prolonged COVID-19 pandemic has deeply impacted lives and livelihoods. Starting in 2020 and continuing into 2021, our dedicated restructuring task force actively engaged clients, particularly SMEs in Singapore and across the region, to provide relief assistance so that they can tide through this difficult period.

Some of our support measures included:

- loans for SMEs in Singapore through government-supported schemes such as Enterprise Singapore's Temporary Bridging Loan;
- a six-month repayment moratorium of instalments or a 50 per cent reduction on monthly repayments for six months for micro enterprises and SMEs in Malaysia;
- a Relief and Recovery Facility term loan for SMEs in the services sector in Malaysia;
- a loan rehabilitation programme in Thailand that offers SMEs interest waivers for the first six months, and a two per cent interest rate valid for the first two years; and
- a COVID-19 Soft Loan and Social Security Office Soft Loan in Thailand, disbursed in cooperation with the Bank of Thailand and other government agencies.

Since 2020, we provided relief support to
20,000+
SMEs across the region as markets navigated an uneven recovery path out of the pandemic.

We also conducted more than
150 webinars
in Indonesia, Malaysia, Singapore and Thailand to help SMEs understand the various support schemes available and how to transform their businesses post-pandemic.

Driving adoption of digital banking and digital solutions

The pace of digitalisation among businesses has picked up considerably in the past two years, catalysed by pandemic-related restrictions. As people continue to work remotely and companies conduct more of their business online, digital banking has become more important than ever before.

In 2021, we continued to step up efforts in helping our clients adopt digital banking by adding:

- a digital point-of-sale collection feature to UOB mCollect, a mobile QR-based solution in Singapore that taps application programming interface and PayNow for real-time collections and reconciliation; and
- an online foreign exchange (FX) function to UOB Infinity for corporate clients to book FX rates directly at preferential rates.

"Our drivers use UOB mCollect to collect payments electronically upon the delivery of dry cleaning. With the instant PayNow payment confirmation, our drivers and staff now know when payment has been made. Our customers' experience has also improved with the introduction of this alternative payment method."

Ms Sharon Lai
Manager, Pressto Asia Pacific Pte Ltd

We continued to go beyond banking, expanding our offering under UOB BizSmart, an integrated suite of cloud-based business solutions. In Indonesia, we added a digital payment solution to UOB BizSmart so that SMEs can accept a wide range of cashless payment options at a fraction of the cost.

16,000+
SMEs in Indonesia, Malaysia, Singapore and Thailand have benefitted from UOB BizSmart since its launch in 2016.

UOB BizSmart

We also help our clients scale their business and operate more efficiently through collaborations with our ecosystem partners. Some of our initiatives and programmes in 2021 included:

- encouraging SMEs to go digital via our UOB BizSmart Electronic Payment initiative. Through this initiative, UOB worked with NETS to facilitate all forms of cashless acceptance by offering an integrated platform that encompasses Singapore's universal QR code, SGQR, NETS and credit card payments;
- creating carbon tracking solutions and green financial services for SMEs in the logistics and transportation sector in Singapore through the joint development of a digital platform with CO2X, a sustainability-focused tech company;
- offering digital trade financing to our clients across our key markets through our tie-up with Infor Nexus, a global leader in business cloud software products for companies. Our first supplier financing programme on this platform was with one of the world's largest apparel companies to provide faster and more cost-efficient digital trade financing to companies in mainland China, Hong Kong and Indonesia;
- launching the digital solution from EasyStore, an e-commerce solution provider in Malaysia, for SMEs to manage their inventory, orders and revenue across multiple online channels on a single dashboard; and
- collaborating with StoreHub, a cloud-based operating ecosystem, to run delivery and pick-up services for food and beverage and retail businesses in Malaysia.

Nurturing new startups and powering the growth of micro businesses

For many small businesses, the lack of proper or audited financial records makes it difficult for banks to assess their creditworthiness accurately. This often results in a lengthy credit evaluation process and a significantly higher cost of financing for the business.

Our data analytics-powered credit underwriting engine enables us to process small business loan requests with greater speed and accuracy, resulting in faster turnaround time for our SME clients.

We have been providing small-ticket financing to businesses operating on online marketplaces under our UOB BizMerchant programme in Vietnam since 2019. With more data, we have been able to refine the credit underwriting rules over time. As a result, more online sellers qualified for working capital financing without any collateral. By 2021, the programme supported 25 per cent of the e-commerce lending market in Ho Chi Minh City, Vietnam.

During the year, we expanded the programme in Thailand to include online merchants on Shopee. In Thailand, we can process loan applications remotely and reduce the turnaround time of about two weeks for a typical conventional loan to less than five working days. This programme was also introduced in Indonesia in 2021.

"UOB uses my sales records to help process my UOB BizMerchant application, which makes it very simple and fuss-free. On top of that, UOB always provides excellent services, including keeping me informed of special campaigns and information relevant to me. With UOB BizMerchant, I can buy more inventory and lower my unit cost."

Mr Weerachart Suriyawong
Owner, Nawanakornturbo Shop

"It is fast and convenient to apply for UOB BizMerchant as few documents are required. I look forward to obtaining a higher credit limit in the future so that I can have more liquidity to grow my business. This is my first loan for my company and I would like to thank UOB for providing me with a lot of information and serving me well as always."

Ms Benja Srinak
Founder, Pak Tob Co Ltd

Financing support to micro businesses through UOB Business Loan

In 2021, we launched a short tenor cash advance loan or a longer tenor working capital loan under the UOB Business Loan to micro businesses with less than three years in operation or with low sales turnover in Singapore. Through this solution, previously underserved businesses that have the potential to grow can access funding that may not have been available to them before.

Connecting Businesses to Opportunities in ASEAN and Beyond

Levelling up in the new norm

In 2021, we continued to connect local SME communities to technology start-ups under our innovation accelerator, The FinLab, in Singapore, Malaysia and Thailand.

The FinLab's initiatives during the year included:

Singapore

- holding two ASEAN tech summits where more than 25 tech start-ups from the region showcased their solutions to more than 300 SMEs;
- co-organising digitalisation webinars with the Restaurant Association of Singapore and the Singapore Chinese Chamber of Commerce and Industry to help SMEs learn digital strategies and harness digital tools;
- launching a four-week Digital Mumpreneurs Programme, comprising workshops, networking opportunities and sharing sessions by women business leaders to help women start and grow their business;
- rolling out a Digital Reboot programme, organised in collaboration with NTUC Learning Hub, NTUC U SME and Ngee Ann Polytechnic. The programme helps businesses learn to adopt technology. About 130 participants from more than 30 SMEs participated; and
- launching its inaugural Sustainability Innovation Programme to promote greater awareness and adoption of green business practices, as well as to introduce technology solutions to help SMEs on their sustainability journey. The programme was strongly supported by partners, including SP Digital, National University of Singapore, Enterprise Singapore, IMDA, Paia Consulting and Global Initiatives.

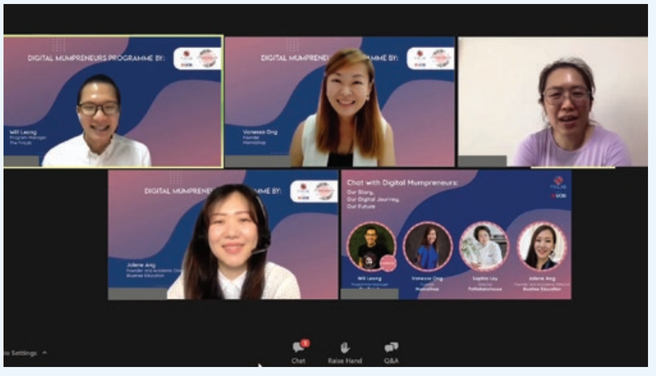
Malaysia

- conducting two cohorts of the Jom Transform programme, which attracted more than 300 SMEs; and
- launching JomX, which offers SMEs free monthly subscription packages to digital solutions, ranging from cloud accounting systems, robotic process automation to marketing technology. This will help SMEs allay the costs of digital transformation.

Thailand

- organising nine webinars on topics such as tapping data analytics to analyse consumer needs, to customise products and to develop advertising campaigns as part of the Smart Business Transformation programme; and
- providing free trials of digital solutions to help SMEs streamline processes, cut costs and increase revenue.

In 2021, The FinLab's programmes attracted close to 2,400 SMEs in the region.



"I have joined many other (such) programmes before, but I find the Jom Transform programme unique because the team genuinely wants to help. The classes and content are wide-ranging so it is relevant to companies that are in the early or advanced stages of growth."

Mr Gavin Liew
Managing Partner and Founder, The Makeoverguys Sdn Bhd

Opening doors to regional opportunities

Trade and investment activities in Asia, especially along the ASEAN-Greater China corridors, remained robust despite the uncertainties of the COVID-19 pandemic. In 2021, foreign direct investment (FDI) into ASEAN grew strongly to surpass pre-COVID levels. The regional economic bloc remained China's top trade partner in 2021, with bilateral trade rising nearly 20 per cent year on year. Opportunities emerged as borders started to reopen and international travel began to take off.

We are well-placed to support businesses across geographies to seize these opportunities with our entrenched network presence in ASEAN and Greater China. Some of the key industries that saw active investment interest from our corporate clients include:

- consumer goods;
- technology, media and telecommunications;
- cities and infrastructure; and
- industrial solutions.

In 2021, we continued to invest in our regional franchise as we are committed to the long-term growth of the region.

In September, we injected VND2 trillion in fresh capital to our Vietnam subsidiary as we help clients seize the opportunities offered in one of fastest-growing economies in the region.

We also added RMB2 billion to UOB China's capital base to offer more financial solutions to support our clients in their regional expansion and green projects. This investment will enhance our capabilities to support closer connectivity between ASEAN and China.

Since 2011, we have supported

3,500+

companies in their cross-border expansion into Asia.

Companies we have supported since 2014 are projected to invest

$34.3 billion

and generate

158,000

jobs, largely across Southeast Asia and Greater China.

Expanding our strategic ecosystem through alliances

As the first Singapore bank to establish an FDI Advisory Unit in 2011, we now have 10 FDI offices across Asia offering businesses a one-stop shop to access inter- and intra-regional opportunities. Our FDI team works actively with local government agencies, trade bodies and professional service providers to help businesses understand local markets and to connect them to potential partners.

We have been building and deepening our strategic collaborations with investment, trade and industry bodies across Asia to help businesses expand in the region. We have ties with Vietnam's Foreign Investment Agency, Indonesia's Badan Koordinasi Penanaman Modal, the Malaysian Investment Development Authority (MIDA), the China Council for the Promotion of International Trade and the China Chamber of International Commerce.

In 2021, we signed a Strategic Partnership Agreement with the Singapore Business Federation (SBF) and we are the only financial partner of the GlobalConnect@SBF Strategic Partnerships initiative. The alliance:

- combines the strengths of UOB and SBF in connecting Singapore businesses, including more than 27,000 SBF members, to opportunities across ASEAN, especially in Indonesia, Thailand and Vietnam; and
- helps companies, such as Singapore-based food science company Alchemy, to venture overseas and to connect with business partners in destination markets.

"UOB's extensive network and strong presence in ASEAN will complement our GlobalConnect@SBF initiative to facilitate Singapore businesses making in-roads into the region. With the support of a renowned and trusted Singapore bank, businesses will be able to better navigate the business landscape in the respective markets, develop local networks and access greater trade and investment opportunities."

Mr Lee Yung Sheng
Executive Director, SBF

Connecting Businesses to Opportunities in ASEAN and Beyond

In 2021, we:

- organised virtual business meetings with MIDA for businesses from China and Germany to share with them the latest economic developments, policies and potential investment opportunities post-pandemic;
- connected a Chinese chemical manufacturer, Long Success Chemical Industry (LSChem) with MIDA to help bring foreign workers into Malaysia at the height of the COVID-19 pandemic travel restrictions. LSChem was then able to complete the construction of its manufacturing plant in Johor, Malaysia and to start its operations in late 2021.

Our strategic ties such as with MIDA show that we can support our clients in ways more than just financing, which helps set us apart from our competitors.

"The collaboration between UOB and MIDA has helped foreign investors like us to exchange market expansion experience with one another and to highlight the issues that we encountered when expanding into Malaysia. Through the exchange, UOB and MIDA were able to help us find effective solutions to continue the construction of our manufacturing plant in Johor, Malaysia. We really appreciate the support offered by UOB and MIDA and we hope to support Malaysia's Industry4WRD national policy to transform the manufacturing sector."

Mr Yao Jiangnan
Director, LSChem

First Singapore bank designated as Renminbi and Indonesian Rupiah cross-currency dealer

In 2021, our subsidiaries, UOB China and UOB Indonesia, were made the appointed cross-currency dealers (ACCDs) for the Renminbi (RMB) and Indonesian Rupiah (IDR), making us the first Singapore bank to hold the licences in both markets.

ACCDs aim to promote the settlement of international goods and services trade as well as direct investments in local currencies. They form part of the local currency settlement framework between the People's Bank of China and Bank Indonesia to facilitate greater bilateral trade and investment flows.

With the ACCD licences, we can:

- offer cross-currency exchange, financing, swaps and forwards in this currency pair for our corporate and institutional clients in both markets;
- help our clients to open onshore RMB and IDR accounts;
- help them hedge their trade transactions and investments using onshore RMB/IDR exchange rates so as to seize more regional opportunities; and
- contribute to increased liquidity of the RMB and ASEAN currencies in Asia's FX market.

Facilitating digital payments and trade across borders

In the area of digital trade, we led industry efforts to go paperless in cross-border activities.

In 2021, we concluded a technical pilot between our clients in Singapore and Shenzhen using the TradeTrust digital utility. Using distributed ledger technology, TradeTrust is designed to handle electronic transferable records such as electronic bills of lading within an hour. This digital process will be key to enhancing our clients' cross-border trade efficiency once it is legally recognised across our key trade corridors.

Contributing to the growth of the region

We were awarded the Priority Integration Sector (Finance) Award at the ASEAN Business Awards in 2021 for our efforts in drawing FDI into the region.

Vietnam's Ministry of Planning and Investment also awarded UOB with a certificate of merit for facilitating FDI flows into Vietnam and supporting companies operating in the country. We are the first Singapore bank to receive the award.

We helped 66 companies from countries including Singapore, Malaysia and China invest in Vietnam. These companies are set to invest more than $1.6 billion and create more than 7,500 jobs over the next three years.

In October 2021, UOB China and UOB Kay Hian signed a Memorandum of Understanding with the Suzhou Industrial Park Administrative Committee, furthering our collaboration to facilitate cross-border investments and to provide financing and trade solutions, including green financing to businesses in areas such as telecommunications technology, biomedicine, as well as high-end manufacturing.

Digitising corporate bond issuances

In 2021, we became the first Southeast Asian bank to partner Marketnode, a distributed ledger platform by the Singapore Exchange and Temasek, on developing the infrastructure for digital capital markets.

We also collaborated with digital securities exchange ADDX to custodise and to manage a $50 million portion of a sustainability-linked bond from Sembcorp Industries. This was amid a rise in the use of digital securities to enhance the efficiency of bonds and other fixed income instruments.

"In the past year, digital securities have achieved a high level of acceptance among blue-chip issuers of bonds and other securities globally. The collaborative work by UOB and ADDX was pioneering in nature because it involved a sustainability-linked bond. Digital securities are in fact well-suited for this use case, because smart contract technology is designed to enable automated actions throughout the life cycle of a bond, including adjustments to the coupon rate, if needed."

Ms Choo Oi-Yee
Chief Executive Officer (designate), ADDX

Digital bonds:

- make use of technologies such as blockchain and smart contracts;
- eliminate manual processes in the bond's custody and post-trade administration; and
- are less costly for issuers, investors and underwriting banks, compared with traditional bonds.

Spearheading the industry launch of eGIRO

We led a nation-wide initiative in Singapore to digitalise the current paper-based GIRO (Direct Debit Authorisation) process, dubbed eGIRO. Launched by The Association of Banks in Singapore, the initiative's highlights include:

- a completely digitalised payment process, from application on the billing organisation's website or app to the authorisation of the payment request on the bank's online banking service;
- streamlined workflows for billing organisations to enjoy greater operational efficiency; and
- eco-friendly design that helps to cut down the use of an estimated two million pages resulting from paper-based GIRO processing each year.

We have since worked with Grab on an eGIRO pilot for the 'super app' operator. GrabPay users can top up their mobile wallets directly from the Grab app, which helps make every transaction simple and convenient to execute.

"As a leading digital wallet in Singapore, we continue to find ways to make our service more accessible and rewarding for consumers and merchants alike. With the deployment of eGIRO service through the support of UOB, consumers can now enjoy the convenience of transferring funds seamlessly without additional charges. This offers greater flexibility for consumers on how they wish to transact – whether in store or online."

Mr Wong Wenbin
Head, Grab Financial Group (FinTech), Singapore

Connecting Businesses to Opportunities in ASEAN and Beyond

Supporting transaction, funding and investment needs

In 2021, we continued to provide our corporate clients with a wide range of loan facilities, comprehensive corporate finance advisory and strong capital markets support.

On meeting our clients' financing and investment needs, some of the notable transactions in 2021 included:

- acting as adviser for the privatisation of the Soilbuild Business Space REIT and leading a $1.2 billion loan facility related to the transaction;
- providing two value chain and trade financing facilities totalling US$350 million to a multinational technology company in Singapore;
- arranging and participating in a US$50 million club term loan and acting as joint bookrunner and underwriter for a US$35 million private placement to United Hampshire US REIT for its acquisition of two retail properties in the US;
- acting as joint underwriter of a RM2 billion Islamic facility for Malayan Cement Berhad's acquisition of 10 companies in the cement and ready-mixed concrete sector in Malaysia;
- jointly refinancing Thai conglomerate Charoen Pokphand Group's US$7.2 billion acquisition loans for its main operating entities; and
- leading the A$3.8 billion financing for the acquisition of 45 industrial and logistics real estate assets in Australia by Bidco, an entity jointly owned by ESR and GIC. The deal was the largest real estate transaction in Australia in five years.

Actively supporting our clients' fundraising needs, in 2021 we:

- topped Bloomberg's Singapore Loans Bookrunner and ASEAN Syndicated Loans (Bookrunner) league tables; and
- ranked second and third respectively in Bloomberg's Singapore Dollar Bonds and ASEAN Local Currency Bonds league tables.

Our efforts to serve our clients' FX needs also saw the launch of an electronic FX pricing and trading engine in 2021. Through this engine, we are able to serve institutional fund flows in Asia, to enhance price discovery and to improve execution for our regional clients. Supported by the Monetary Authority of Singapore, our FX pricing and trading engine contributes to Singapore's aim of growing its FX market into the electronic trading centre for the region.

UOBAM Invest for corporate investors crossing the $1 billion mark

Our asset management arm, UOB Asset Management (UOBAM), hit a key milestone in 2021 as more corporate clients, especially SMEs, turn to investing online.

Its digital investment portal for corporate investors, UOBAM Invest, saw a surge in the number of users in Malaysia, Singapore and Thailand. Their total assets under management on the online portal surpassed $1 billion during the year.

Investors could choose between:

- Digital Adviser, which features an algorithm-based portfolio planner that enables users to invest in customised portfolios of UOBAM's funds and global exchange-traded funds. This is the first robo-advisory service dedicated to corporate investors in Singapore and Malaysia; and
- Fund Direct, which is designed for investors to build and to manage their own portfolio of funds.

"The UOBAM Invest digital investment portal is well-designed, user-friendly and secure. I do not have to worry about which region or asset class to invest in as UOBAM Invest generates customised portfolios and optimises the returns-to-risk ratio based on my requirements. There is an opportunity cost for choosing the wrong asset classes, especially when we need to focus on running our business in these challenging times. UOBAM Invest takes out the guesswork."

Mr Carecci Salvatore
Owner, Pasta Fresca Da Salvatore chain of Italian restaurants

Helping businesses advance responsibly

As a leading bank in Asia, UOB strives to play a part in driving the sustainable development of economies, industries and communities. We work with local governments, businesses and individuals to provide funding to green and social projects across the region. Together, we hope to build more sustainable cities and to help improve quality of life for everyone, which will create long-term value for our clients.

In 2021, we provided
$17 billion
in sustainable financing including green loans and sustainability-linked loans, as well as loans for green-certified buildings.

In 2021, we launched the UOB Green Trade Finance and Working Capital Framework, the fourth of such frameworks that we developed to help companies transform their businesses.

The other three sustainable financing frameworks are:

- UOB Smart City Sustainable Finance Framework;
- UOB Sustainable Finance Framework for Green Building Developers and Owners; and
- UOB Green Financing Framework for Circular Economy.

Through these frameworks, companies can apply for financing without having to develop their own sustainable financing framework, which can take time and resources.

The Green Trade Finance and Working Capital Framework provides a clear and guided process for us to assess our clients' eligible green activities and the recognised industry certifications within targeted sectors. The criteria include:

- a clear sustainability strategy;
- documents that show how the funds will be used; and
- records that demonstrate the positive sustainability outcomes from the companies' business activities or trades related to the green trade financing.

Sectors supported by this framework are:

- Building materials suppliers
- Climate change adaptation
- Circular inputs design
- Energy efficiency
- Green transport
- Material resource recovery
- Renewable energy
- Sustainable aquaculture
- Sustainable palm oil
- Sustainable water management and treatment
- Sustainable wood products
- Waste management

We extended our first green trade finance facilities to Musim Mas Group, a global leader in the merchandising and distribution of palm oil and its derivative products, and Barramundi Group Pte Ltd, an aquaculture company.

"At Musim Mas, sustainability is at the core of everything we do and we firmly believe that doing good for the environment and society translates into positive returns for the business. UOB has been actively supporting our financial needs and reached out to us on the opportunity to use green trade financing to accelerate our sustainability agenda, such as in our procurement of certified sustainable palm oil. We will continue to work with responsible suppliers and business partners in different areas of our business and in doing so, we also hope to raise awareness of the benefits of going green and encourage others to adopt more sustainable business practices."

Mr Alvin Lim
Group Chief Financial Officer, Musim Mas Group

"Since 2017, we have been working closely with UOB on the financial solutions that best suit the needs of our company. Transitioning the relatively traditional aquaculture industry to a path of sustainability comes with its challenges. However, with the support of the green trade finance facility granted by UOB, we are able to inject more funds into accelerating the deployment of technologies that will help make fish rearing more sustainable. We look forward to the continued collaboration with UOB and together, we can contribute towards strengthening Singapore's food security."

Mr Andreas von Scholten
Chief Executive Officer, Barramundi Group

Connecting Businesses to Opportunities in ASEAN and Beyond

Other notable sustainable financing deals in 2021 included:

- a $2 billion sustainability-linked revolving credit facility for Changi Airport Group. We were also the joint sustainability adviser for the club loan;
- a $750 million sustainability-linked club loan for Singapore Telecommunications Limited. We were also the joint sustainability adviser for the club loan;
- a $418 million green loan for an executive condominium project located at Tengah Garden Walk, the first government land sales private residential project that will be awarded the Building and Construction Authority Green Mark Gold^{PLUS} (super low energy) certification;
- a $330 million green loan – one of Singapore's largest – to South Beach Consortium;
- a $150 million sustainability-linked loan to CapitaLand China Trust, the first Singapore-listed real estate investment trust to secure a loan linked to the sustainability performance of a China portfolio;
- a $130 million green loan to Boustead Projects to refinance ALICE@Mediapolis, a smart eco-sustainable business park development;
- a joint $85.8 million green loan to Sunseap Group to install solar photovoltaic systems across more than 1,200 public housing blocks and 49 government sites. This is Singapore's largest clean energy project to date;
- a 675 million baht green loan to Asia Capital Real Estate to develop HOMA Phuket Town, an environmentally-friendly affordable residential rental apartment complex in Phuket, Thailand;
- a US$700 million sustainability-linked loan to logistics company ESR Cayman Limited, provided by a consortium of banks and coordinated globally by UOB. This is one of the largest sustainability-linked loans in the Asia Pacific; and
- a £450 million syndicated green loan issued by a consortium of five lenders, including UOB, to Qatari Diar to finance the construction of The Chancery Rosewood in London's Grosvenor Square.

Creating impact through private equity investments

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

In 2021, UOBVM:

- launched the fifth series of its flagship ACIF, building on its previous track record of supporting businesses to create sustainable change. There were strong deal flows across key themes such as Industry 4.0, happiness, well-being, technology, as well as green technology and supply chain;
- started deploying the Asia Impact Investment Fund II, which was also invested by the International Finance Corporation, the largest global development institution and a member of the World Bank Group. The fund focuses on investing in companies in Southeast Asia and China that prioritises positive social outcomes with financial returns;
- divested its stake in Bitexco Power Corporation, a leading renewable energy firm in Vietnam's private sector, to a buyer that aims to contribute to improving Vietnam's carbon-neutrality goal; and
- saw the public listing of Appier Group Inc., one of its investee companies, on the Tokyo Stock Exchange. Appier offers artificial intelligence-based marketing technology solutions that are used by customers including Toyota Motor Corp. and Estee Lauder.

Driving green and sustainable businesses with financing programmes

UOB launched two integrated financing programmes – U-Energy and U-Drive – in 2021 to help businesses access funding and know-how in retrofitting their buildings with energy-efficient features and switching to electric vehicles (EVs).

The U-Energy programme was rolled out in Singapore and Malaysia, and it covers buildings such as:

Data Centres | Hotels | Industrial | Mixed Developments | Offices | Public Buildings | Retail

U-Drive, which is available in Singapore, includes the following financing options:

- trade financing;
- dealer stock financing;
- UOB Green Hire Purchase Loan; and
- UOB Go Green Car Loan.

"Sustainability is at the heart of our core values at M&V, where we believe that we can help to make a difference to the environment. With the common goal to reduce carbon emissions, we can help to ensure that you enjoy maximum returns on your investments. Together with UOB, under the U-Energy programme, we aim to support more businesses as they embark on their sustainability journey."

Mr Steven Kang
Managing Director, Measurement & Verification Pte Ltd

"We have been banking with UOB since 1970. The Bank has been supportive of our foray into EVs, in particular our venture into commercial EVs, which we expect will continue to grow in demand. We are expanding as a one-stop electric vehicle hub spanning sales, leasing and even charging infrastructure and we look forward to continued support from UOB under the U-Drive solution."

Mr Edward Tan
Director, HSEV

Other than loans, we were also active in facilitating our clients' bond issuances to support green and sustainability projects. They included:

- Nanyang Technological University's $650 million sustainability-linked bond with a 15-year tenor, the world's first such bond by a university. We were a joint lead manager and bookrunner; and
- National University of Singapore's $300 million second green bond to fund green projects and energy-related initiatives. We were the sole lead manager and bookrunner.

In 2021, we also led industry efforts to enable data-driven decision-making for green trade financing standards across industries.

UOB led a consortium of four banks to work with Singapore Trade Data Exchange (SGTraDex), a digital infrastructure to develop digital solutions for banks to support their clients' green trade financing needs better.

A pilot with key industries such as agriculture, real estate and construction was started in 2021. The initiative seeks to facilitate a more seamless and trusted environmental, social and governance data exchange between financial institutions and the projects they are financing in the real economic sectors.

Personalising Solutions for Consumers' Financial Goals and Lifestyle Needs

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

As technology's influence on lifestyles and habits continues to grow, we meld the online and offline worlds seamlessly to engage and to serve our customers through our omni-channel touchpoints, in a manner that best suits them. 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.

Engaging digitally-savvy consumers

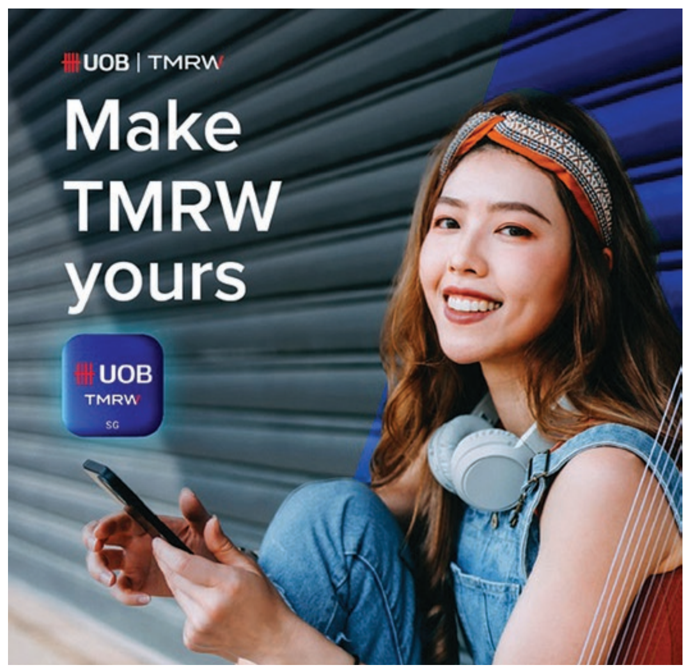
The prolonged COVID-19 pandemic has accelerated the pace of digital adoption with mobile banking becoming the preferred choice for many of our customers, especially the digitally-savvy generation.

In 2021, we brought together the innovation of our digital bank, TMRW, with the scale and product depth of our mobile app, UOB Mighty, on one unified platform – UOB TMRW. First launched in Singapore, UOB TMRW will be rolled out progressively across our key ASEAN markets.

In 2021, we served
3.5 million
digitally-enabled customers in Southeast Asia, 14% more than the previous year.

Among them,
20%
completed one or more monthly transactions.

We also served
128 million⁺
personalised insights cards during the year, 133% more than 2020.



Creating personalised banking experiences through UOB TMRW in Singapore

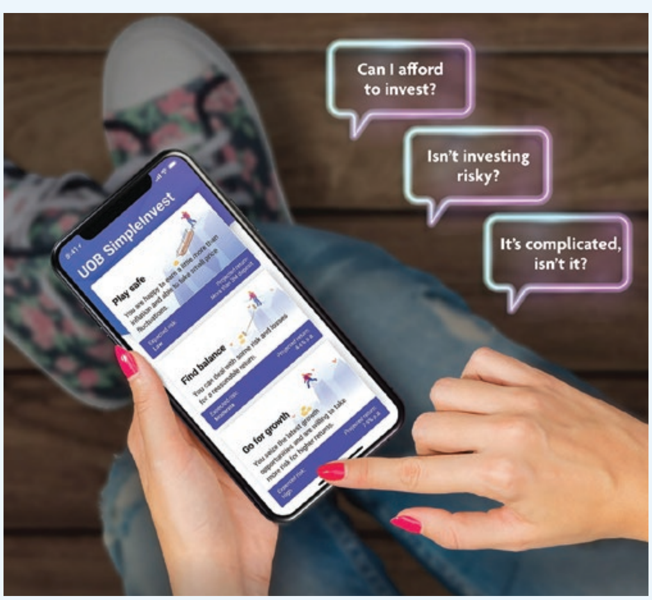
1 among key banking apps in Singapore by app ratings as at the end of 2021

Apple Store – 4.8
Google Play Store – 4.8

New services in 2021 include:

SimpleInvest

- Suite of three solutions that fulfils the investment objectives of Liquidity, Income and/or Growth;
- Democratises access to wealth management services by enabling investments from as little as $100;
- More than 90 per cent of sign-ups were by first-time investors;
- Adds to our Simple range of products that includes SimpleInsure, through which customers can apply for cancer coverage insurance plans with just a simple health declaration; and
- Supplemented by Transact, which features a selection of more than 100 unit trusts for customers to ride on investment opportunities arising from megatrends such as artificial intelligence (AI), healthcare and sustainability.



UOB Rewards+

- Singapore's largest deals, cashback and rewards programme in collaboration with Fave, an e-commerce and payments app;
- First in the region for customers to track the reward points they earn with every purchase;
- Offers more than 1,000 deals, cashback and rewards at more than 20,000 merchant locations;
- Personalised insights, powered by AI, that recommend deals based on each customer's transaction and reward redemption patterns; and
- Makes rewarding simpler, transparent and more engaging for customers as they can view, manage and redeem their rewards all on one app.

PayNow-PromptPay

- Fund transfer service that connects Singapore's and Thailand's national fast payment systems;
- Enables customers to make instant, secure fund transfers using just their mobile phone and the recipient's mobile number; and
- Number of unique users jumped 81 per cent with monthly transaction value up 44 per cent in December 2021, seven months since launch.

During the year, we also received the Monetary Authority of Singapore's (MAS) Financial Sector Technology and Innovation Proof of Concept grant to pilot Carbon Insights, a feature that will calculate, track and benchmark a customer's carbon footprint automatically. This will also help customers build awareness of their carbon impact and understand how they can play their part in combating climate change.

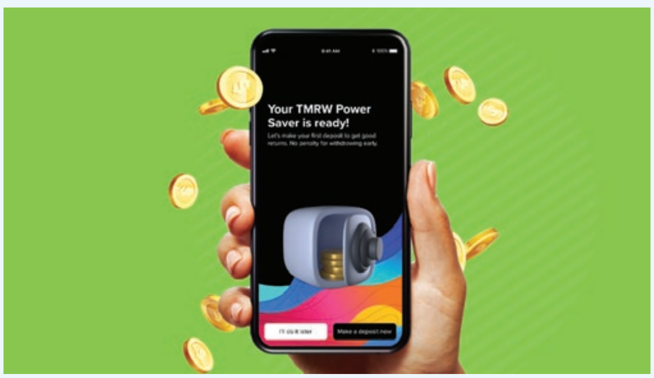
Personalising Solutions for Consumers' Financial Goals and Lifestyle Needs

Serving the digital generation in the region

We continue to build our mobile banking capabilities in the region. In 2021, we rolled out:

Indonesia

- TMRW Pay, an e-commerce check-out loan launched in collaboration with our first partner Bhinneka. It offers the option of deferred payment with zero interest for up to 90 days and instant credit approval;



- TMRW Power Saver, a fixed deposit product that offers a simple account opening process and 24/7 access; and
- BI-Fast, Indonesia's real-time payment initiative, of which we were among the first banks to launch. It enables swifter and safer cross-bank fund transfers using just the recipient's phone number or email address.

Thailand

- TMRW Cashplus, our first digital lending product in Thailand available for application 24/7.

Malaysia

- a digital account opening service for customers to open a personal bank account anytime, anywhere in just 10 minutes with their mobile device.

Our commitment to providing innovative and engaging banking experiences resulted in:

- high customer satisfaction with market-leading net promoter scores of +50 and +40 in Indonesia and Thailand respectively; and
- multiple industry accolades, including Best Digital Bank in Southeast Asia, Best Consumer Digital Bank and Best Bank for Millennials.

BEST DIGITAL BANK FOR MILLENNIALS

BEST DIGITAL BANK - SEA

Providing consumers choice through omni-channel touchpoints

In addition to mobile and online banking, we provide our customers with access to a global network of omni-channel touchpoints:

- Around 500 branches and offices, including wealth and privilege banking centres, private bank suites, business and commercial banking centres, across 19 markets; and
- More than 1.25 million automated teller machines (ATMs), including contactless and shared ATMs, as well as cash machines that support self-service banking transactions such as withdrawals, deposits of bulk cash, notes and coins, and funds transfers.

As our customers progress through their life stages and move up the wealth continuum, many of them prefer to visit our branches for advisory services. Since 2018, we have been transforming our branches by applying design thinking and reconfiguring layouts to enhance the customer experience. To serve different customer segments, we focus on the following branch concepts:

- Lifestyle Branches for young professionals and young families;
- Wealth Centres for emerging affluent and the affluent; and
- Business Centres for entrepreneurs and small businesses.

In 2021, we:

- reconfigured 14 branches, including in Indonesia, Malaysia, Singapore and Thailand, to focus on serving the needs of growing affluent consumers and small- and medium-sized businesses; and
- enhanced our smart queue management system for our customers in Singapore to obtain a queue number via UOB TMRW, our website, SMS or directly at the branch for greater convenience. Customers will also receive real-time queue status and alerts when their turn nears.

To safeguard our customers' well-being and to provide a safe and conducive banking environment during the prolonged pandemic, we:

- continued to clean our branch premises thoroughly and frequently and to apply anti-microbial coating at high-touch areas regularly and frequently;
- deployed thermal temperature scanners for visitors entering the branches;
- deployed identification scanners for visitors' SafeEntry check-in in Singapore;
- placed safe distancing stickers and markers within our branches; and
- provided table shields at advisory cubicles, teller and reception areas to facilitate safe engagement with customers.

Protecting 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 2021, we launched:

- SPOT (Sense, Probe Tactfully, Observe and Take Action / Inform), a checklist to guide our colleagues in identifying potential scam victims by asking the right questions. This was developed in collaboration with the Singapore Police Force's Anti-Scam Centre; and
- a series of security communications on our website and social media to help educate our customers on scam tactics.

Through such efforts, we helped prevent 19 scam cases in Singapore during the year. In one such incident, our branch colleagues foiled a gold investment scam after noticing a customer's unusual remittance request. For their vigilance, they received the Community Partnership Award from the Singapore Police Force.

Personalising Solutions for Consumers' Financial Goals and Lifestyle Needs

Promoting sustainable lifestyles and investments

At UOB, we drive growth sustainably by designing and offering solutions that help our customers make a positive impact on the environment and society. From large purchases to everyday spend, our customers can make greener choices for more sustainable living.

UOB Sustainable Future Home Loan

UOB Sustainable Future Car Loan

In 2021, we launched the UOB Go Green Home Loan and UOB Go Green Car Loan for our customers in Singapore.

To qualify for the UOB Go Green Home Loan, the property to be financed must be awarded the Green Mark certification by the Building and Construction Authority Singapore. Under our U-Solar programme, we also offer customers interest-free instalment plans when they use a UOB credit card to pay for their purchase and installation of solar power systems for their homes.

The UOB Go Green Car Loan is available for the purchase of fully-electric vehicles (EVs). In 2021, we expanded our partner ecosystem to seven car dealers, which cover more than 90 per cent of new EV models in the country.

We purchase Renewable Energy Certificates (RECs) for every UOB Go Green Home Loan or UOB Go Green Car Loan. One REC is created for every megawatt of energy generated from renewable sources such as solar, wind, hydro and geothermal energy. The purchase of RECs is a simple way for our customers to offset their carbon footprint.

In 2021, we awarded close to
1,400
RECs, greening
1,334,000
kilowatt hours of electricity.

This is equivalent to nearly
545,000
kilograms of carbon dioxide (CO_2) emissions being absorbed by
27,000+
raintrees.

UOB Sustainable Future Payments

In 2021, we also launched in Singapore the UOB EVOL Card, which is Southeast Asia's first bio-sourced credit card.

Each UOB EVOL Card:

- is made of 82 per cent plant-based polylactic acid material from non-edible corn;
- saves 4.48 grams of polyvinyl chloride; and
- produces 10 grams less of CO_2 emissions.

To help our customers reduce their carbon emissions on electricity consumption, we also offer green energy plans in collaboration with open energy market retailers in Singapore.

Geneco Powered by YTL PowerSeraya | PacificLight | sembcorp Energy that makes a difference

In protecting and building our customers' wealth, we have in place our Risk-First wealth advisory approach that is focused on helping our customers safeguard their assets before taking on more risk through tactical investments. Aligned to this approach, we offer a full suite of investment solutions that integrate environmental, social and governance (ESG) considerations.

Such investment solutions include:

- unit trusts that focus on companies creating a positive impact on the environment and society;
- green bonds issued by companies to fund environmental or climate-related projects; and
- structured notes that are linked to assets that embed ESG considerations as part of their business models and processes.

In 2021, our total assets under management (AUM) in ESG-focused investments for our retail customers jumped

4x

compared with the previous year.

UOB Sustainable Future Investment

The unit trusts we offer across the region include:

- United Smart Sustainable Singapore Bond Fund;
- United Sustainable Credit Income Fund;
- United Sustainable Equity Solution Fund;
- Allianz Global Sustainability Fund;
- BNP Paribas Energy Transition; and
- Schroder ISF Global Climate Change Equity.

In recognition of our efforts in steering consumers' wealth to sustainable investments, we were awarded Best Wealth Manager for Impact Investing, Asia at *The Asset* Triple A Private Capital Awards 2021.

To sharpen our focus on serving the wealth needs of our high-net-worth clients and to be their bank of choice, in 2021 we established a Private Wealth arm dedicated to developing and offering holistic advisory products and services for our Private Bank and Privilege Reserve client segments.

We continued to strengthen our people, product and platform capabilities, focusing on providing advisory excellence and solutions centred on trust and client care. Within the Private Bank, we are focusing our client coverage by three regional market groups, namely Singapore, Southeast Asia and North Asia. Our efforts to provide best-in-class solutions were recognised with the Best Private Bank for Innovative Client Solution (Data Analytics) in Southeast Asia at the *WealthbriefingAsia* Awards 2021.

Making a positive impact through fund management

Our fund management arm, UOB Asset Management (UOBAM), develops and offers a comprehensive suite of products, ranging from unit trusts and exchange-traded funds (ETFs) to customised portfolio management services.

As a signatory of the United Nations (UN)-supported Principles for Responsible Investment, UOBAM is committed to helping investors make a positive impact. In 2021, UOBAM's new ESG-focused retail funds included:

- UOB APAC Green REIT ETF, the world's first ETF focusing on green real estate investment trusts in the Asia Pacific. The ETF is listed on the Singapore Exchange (SGX) and aims to replicate, as closely as possible, the performance of the iEdge-UOB APAC Yield Focus Green REIT Index that was created in partnership with SGX and GRESB;
- United Smart Sustainable Singapore Bond Fund, the first Singapore-focused ESG fixed income fund;
- United Battery and EV Technology Fund, which offers investment opportunities arising from the growing adoption of electric vehicles globally;
- United Asia ESG Bond Fund, the first onshore fund in Taiwan that focuses on ESG and investment-grade bonds in Asia; and
- United-i Asia ESG Income Fund, a Shariah-compliant, Asia-focused ESG fund.

Personalising Solutions for Consumers' Financial Goals and Lifestyle Needs

Making investing more accessible

UOBAM also rolled out the United Sustainable Credit Income Fund for individual investors in Brunei and Thailand in 2021. First launched in Singapore in 2020, this fund is UOBAM's first sustainable bond fund that invests in companies making progress against the UN Sustainable Development Goals.

To make investing, including in sustainable fund products, more accessible to individuals, in 2021 UOBAM:

- partnered Singtel to launch in Singapore a customised robo-adviser, the UOBAM Robo-Invest, to users of the Singtel Dash mobile app. The first robo-advisory service in Singapore to be available through a mobile wallet, UOBAM Robo-Invest also features an ESG-focused Global Impact portfolio exclusive to Singtel Dash customers; and
- tied up with several digital distributors in Indonesia, such as Ajaib, Bareksa and Pluang-grow, to offer ESG-focused and other mutual funds to underserved investors in the country.

As at the end of 2021, UOBAM had
$38.7 billion
in AUM across Asia.

At the launch of UOB APAC Green REIT ETF

"The launch of the UOB APAC Green REIT ETF is a great example of how private sector participants can come together to develop quality green investment products that cater to the needs of investors. MAS welcomes more of such collaborations to add to the product suite and vibrancy of our capital markets, and contribute to the region's efforts to transition to a low carbon future."

Mr Leong Sing Chiong,
Deputy Managing Director, Markets and Development, MAS

"Investors want effective price benchmarks, but more importantly, highly liquid and investable instruments that are increasingly tied to standardised and validated ESG data. Together with UOBAM, we have jointly created an index and investment tool offering stable yield that is aligned with positive environmental outcomes. SGX will continue to work with our partners to expand our product franchise to meet investors' growing appetite for ETFs."

Mr Michael Syn
Head of Equities, SGX

On the partnership with UOBAM

"This new investment service (UOBAM Robo-Invest) delivers on our commitment to make it simple, affordable and convenient for Dash customers to manage their finances and build their wealth. Customers can also tap on the investment expertise of an asset manager with a strong track record of optimising returns. We look forward to working with UOBAM as well as other established ecosystem partners to introduce more relevant and related financial and lifestyle products on Dash..."

Mr Gilbert Chuah
Head of Financial and Lifestyle Services at Consumer Singapore, Singtel

"The mutual fund industry in Indonesia has great potential considering the size of the country's population. Pluang-grow strives to provide digital mutual fund solutions that are easily accessible to domestic investors. The collaboration with UOBAM Indonesia is testament to our efforts. Pluang-grow will continue to work with partners such as UOBAM Indonesia who share a similar vision and mission to offer more innovative and meaningful products in the future."

Mr Christopher Andre Benas
Head of Financial Education, Pluang-grow

Helping consumers save and spend wisely

Across the region, many of our customers' lives and livelihoods remain impacted by the pandemic. During the year, we proactively engaged them to help them resume their financial obligations gradually. Our assistance measures included:

- financial repayment moratoriums;
- waivers of compounded interest and penalty charges incurred during the moratorium period;
- lower loan interest rates and minimum payment rates for credit cards;
- conversion of outstanding credit card balances into term loans with instalment payment plans; and
- personalised restructuring and targeted repayment plans.

Since 2020, we have helped alleviate the financial pressures for more than
1 million
individual customer accounts through our
#UnitedForYou COVID-19 Relief Programme.

We continued to support our customers in making wise financial decisions, from stretching their dollar and building their nest egg to choosing the right mortgage package for their new homes. During the year, we:

- launched the UOB Absolute Cashback Card in Singapore, the first by a local bank that offers simple and transparent cashback on all credit card spend, including on insurance, school fees, hospital fees, rent and e-wallet top-ups. Such categories are typically not eligible for rewards and cashback. The new credit card also has the highest flat cashback earn rate of 1.7 per cent in the country;
- enhanced the UOB One Account in Indonesia, Malaysia, Singapore and Thailand with the addition of more eligible transaction types to make it easier for customers to earn bonus interest. We also added a bonus interest tracker feature so that customers can monitor eligible transactions at a glance;
- expanded the privileges of the UOB Lady's Savings Account, including medical, dental, female wellness and lifestyle benefits, in Singapore. These are in addition to free health screenings, lower medical consultation rates and cancer insurance coverage. Available in Malaysia since 2020, the UOB Lady's Savings Account was rolled out in Indonesia and Thailand in 2021;
- incorporated Prudential's Virtual Face-to-Face feature on Pulse, its health and wellness app, into our customer engagement and advisory offering in Malaysia, so that our customers can receive financial guidance as well as apply for and confirm their insurance coverage digitally and conveniently;
- launched home loans pegged to the Singapore Overnight Rate Average (SORA), which is slated to be the single benchmark interest rate in the country and offers greater stability, certainty and transparency for customers to plan their finances better. These loans include fixed rate packages that will reference SORA after the fixed rate tenor is over. More than 95 per cent of new home loans extended in the second half of 2021 referenced SORA; and
- rolled out digital loan application processes in Malaysia, Thailand and Vietnam to enhance our customers' mortgage journey with UOB.

Our continuous efforts throughout the year to make banking simpler, safer and smarter for our customers were recognised by the industry with awards such as:

Best Retail Bank in Singapore

Domestic Retail Bank of the Year
(Singapore)

International Retail Bank of the Year
(Malaysia) (Thailand)

Helping Colleagues Make a Meaningful Difference

Our values of Honour, Enterprise, Unity and Commitment are expressed in how we care for the professional growth and personal fulfilment of colleagues across the organisation. We focus on growing our own timber and providing colleagues with training and career development opportunities, so they can stay nimble in our fast-changing industry and relevant to the needs of our customers. We are also committed to looking after the well-being of our colleagues, especially during the ongoing COVID-19 pandemic, so they can stay healthy and continue to focus on giving their best while building a long-term career with us.

Caring for colleagues' total wellness

Supporting colleagues throughout the COVID-19 pandemic

We understand the challenges of managing the many changes brought about by COVID-19. In 2021, we were the first bank in Singapore to commit to a permanent flexible remote work policy once COVID-19 restrictions are removed. We also supported colleagues with a range of care measures to help them adjust to living in an endemic COVID-19 environment and to ensure a healthy mind and body, including:

- **vaccination exercises** at our office premises for the convenience of our colleagues in mainland China and Malaysia. We also facilitated access to vaccinations for colleagues and their families in Indonesia, Thailand and Vietnam. Close to 14,500 colleagues and their loved ones participated in our vaccination programmes in these markets. In Singapore, we also encouraged colleagues to participate in the national vaccination programme, giving them time off from work to go for their vaccination appointments without having to apply for leave. As at the end of 2021, close to 99 per cent of colleagues in Singapore are vaccinated;
- **teleconsultations with medical professionals** for colleagues in Indonesia, Malaysia, Singapore, Thailand and Vietnam to seek prompt medical advice from home. UOB Thailand also provided an additional 24-hour tele-consult service called Doctor A-Z to help colleagues with COVID-19 and who are isolating at home with their recovery;
- **medical insurance** in Hong Kong, Indonesia, Malaysia, Singapore, Thailand and Vietnam to cover COVID-19 related treatments including vaccination side effects;
- **access to counselling hotlines** in Malaysia and Singapore for colleagues feeling stressed by COVID-19 or other personal issues to support their emotional well-being;
- **Mental Wellness Days programme** for colleagues to virtually join activities conducted by external experts to improve their well-being, such as stress management workshops and yoga classes. Colleagues in Malaysia and Vietnam could also join additional virtual workout sessions and health talks organised by their sports and staff recreational clubs;
- **wellness gifts** such as COVID-19 packages comprising COVID-19 test kits, hand sanitisers and supplements distributed to all colleagues in Vietnam. In Singapore, each colleague received a $50 voucher for use at a popular sporting goods chain to encourage them to adopt a more active lifestyle;
- **expanded claims categories** under our staff welfare programmes in Malaysia and Singapore. Colleagues in Malaysia could use their flexCARE benefit for pandemic-related expenses such as masks, COVID-19 screenings and home internet plans to facilitate remote working from home. In Singapore, colleagues could also use HEAL (Healthy Employees, Active Lifestyles) dollars for any expenses including groceries and utility bills; and

- **an increase in annual and tenure leave days** that can be carried over into 2022 for colleagues in Singapore, to recognise the impact that COVID-19 had on their work responsibilities and leave plans.

Besides these additional COVID-19 support measures, our ongoing staff benefits include family care leave, staff loans as well as life and accident insurance. As part of extending the care leave we provide our people, we added miscarriage leave, giving colleagues more time to grieve their loss.

We also partnered our merchants to offer exclusive lifestyle and wellness promotions to colleagues through our Staff Deals section on our Group intranet, MyUOB.

MyUOB | Connect Collaborate Create

Helping colleagues lead happier, healthier lives

To help colleagues improve their well-being and to lead more fulfilling lives, in June 2021 we launched the UOB Mental Wellness Days programme in Singapore to offer them a variety of virtual activities under four wellness pillars:

1. **Financial Wellness**: Financial literacy talks to learn investing fundamentals;
2. **Intellectual Wellness**: Explore potential hobbies to stimulate the mind such as baking, terrarium-building workshops and calligraphy;
3. **Mental Wellness**: Talks on stress and time management as well as better sleeping habits; and
4. **Physical Wellness**: Various yoga classes, home circuit training, zumba and pilates sessions.

The weekly programme was extended Group-wide in October 2021 so more colleagues could join the sessions. In total, more than 4,800 colleagues participated in 35 activities under this programme, with many providing positive feedback through the anonymous surveys held at the end of each session:

"Thank you for having staff welfare at heart. It is wonderful to have our management promote healthy lifestyle initiatives to show care for everyone. Indeed a great, healthy organisation culture and I am privileged to be a staff here."

Feedback from a talk on mindfulness and meditation

"First time doing chair yoga and it is well-recommended for individuals like me who are seated most of the time for work. I realised how inflexible I am but now I learnt that I can do stretches while sitting."

Feedback from a session on chair yoga

Helping Colleagues Make a Meaningful Difference

"To our heroes in UOB offices and branches, my management team and I extend our deepest gratitude to you."

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

Ensuring the safety of our colleagues in the office

Although most colleagues worked from home in 2021 due to COVID-19 safe management measures, there was a core group of people in customer-facing and critical roles who continued to work in the office to provide the essential banking services that our customers need and to keep our systems secure.

For their safety and as more colleagues returned to the office as part of the new hybrid workplace, we put in place proactive and precautionary measures in line with guidelines from the local authorities. These efforts included:

- distributing more than 5.7 million masks across the Group;
- providing more than 6,000 bottles of hand sanitisers across all of our premises;
- providing more than 120,000 Antigen Rapid Test self-test kits for colleagues who are required to return to the office for work;
- cleaning all UOB premises thoroughly and frequently;
- applying anti-microbial coating to high-touch surfaces at our premises including branches in Indonesia, Malaysia, Singapore, Thailand and Vietnam;
- installing high-efficiency ventilation filters to our air-conditioning systems across the region; and
- installing enhanced facial recognition readers with thermal scanners on turnstiles at UOB-owned buildings in Singapore while preparing to do so for our key buildings across the region in 2022. This way, colleagues can be identified and their temperature checked for entry and exit without removing their mask.

Deepening our culture of appreciation

In 2020, we started an appreciation month initiative in Singapore to express our gratitude and to unite colleagues during these difficult times. The initiative was well-received and in July 2021, we extended it as UOB Global Appreciation Month to all colleagues across the Group.

The year's theme of 'Appreciation starts with you' encouraged colleagues to play their part in building a caring workplace culture as well as to take proactive steps in looking after their own health and well-being. It also demonstrated our continued commitment to promoting a culture of appreciation and self-care.

Throughout the month, our colleagues across the Group shared stories through our intranet, MyUOB, on how they thanked one another for their support professionally and personally. This included recognising colleagues for their help during virtual team meetings and through personalised messages sent from the management; the sending of specially-designed cakes and cards to teammates; setting up appreciation corners in branches and offices in mainland China to post appreciation notes or gifts; and a barbecue for colleagues in Brunei that was held in line with local safe management measures.

We also provided online resources to support colleagues in sharing their appreciation with others and to care for themselves:

- Recommending a list of LinkedIn Learning courses on mindful living and personal development. The topics included managing stress and building resilience, the power of positivity and the importance of self-care;
- Hosting a fireside chat with three business leaders to share their personal experiences in managing work-life priorities, cultivating self-care habits and appreciation practices that have worked for their teams. Close to 500 colleagues across the Group participated in this session; and
- Designing a set of 12 appreciation-themed eCards for colleagues to send to others. More than 7,000 e-cards with personal thank-you notes were sent during our UOB Global Appreciation Month.

"I encourage you to set aside some time for personal reflections and, in your own ways, to make a daily commitment to appreciate yourself and those around you. These simple acts will go a long way to preserving our people-centered culture and to strengthening the bond across the UOB family."

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

"Dedicating July as our UOB Global Appreciation Month does not mean that we should only appreciate one another once a year. Instead, we should take this opportunity to build daily appreciation habits that last throughout the year. After all, appreciation starts with all of us, every day. #IAppreciateU."

Mr Dean Tong
Head of Group Human Resources, UOB

Staying connected through MyUOB

MyUOB serves as an important internal communication tool to provide colleagues up-to-date information. One of the most visited parts of MyUOB in 2021 was our dedicated COVID-19 site which shares clear direction on UOB's safe management measures and resources to support their well-being. The content includes:

- advisories on the Bank's precautionary measures as well as guidelines from local authorities;
- frequently-asked questions on the Bank's COVID-19 response;
- guides on using our various online collaboration tools;
- staying connected securely to the Group's network from remote locations; and
- multi-media content from across the Group on how we are supporting colleagues, customers and the community during this challenging period.

Our employee communications efforts during the pandemic were recognised by the Institute of Public Relations Singapore when we received the Outstanding Internal Communications Campaign Merit award at its PRISM Awards held in 2021.

Helping Colleagues Make a Meaningful Difference

Nurturing the professional growth of our people

"The rapid transformation of the financial services industry in an increasingly digital economy, coupled with Singapore's maturing population, requires companies to think differently about the workforce of the future. At UOB, we are committed to building a highly-engaged, flexible and multi-generational workforce which embraces change and is customer-centric and future-focused."

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

Driving values-based performance

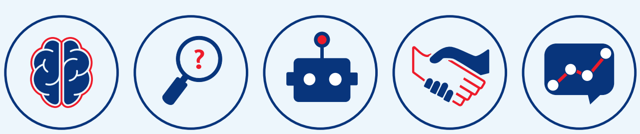
UOB's performance management framework sets the structure that encourages a high-performance culture. Our meritocratic and values-based approach rewards performance and supports career development.

Each individual's progress is measured and assessed through our performance management process called PEAK which stands for Plan, Engage, Appraise and Keep Track. We also supplement our PEAK process with Performance and Development Councils to assess the performance of colleagues who are Vice Presidents and above, as well as a 360° feedback initiative for First Vice Presidents and above.

Developing a future-focused workforce

To compete in an ever-changing world and to be ready for the future, we continue to invest in growing our own timber through training initiatives including our flagship Better U programme launched Group-wide in 2019.

Better U is a holistic development programme that starts with a 12-week foundation course covering five core competencies which are essential for the digital era:



Growth Mindset | Problem Solving | Digital Awareness | Human-centred Design | Data Storytelling

The foundation course comprises a one-day virtual workshop followed by guided online learning activities. For an engaging learning experience, most of the Better U modules are designed as games or interactive team-based formats. To date, more than 15,000 colleagues have participated in the foundation course, with 98 per cent of them rating it positively for course effectiveness and trainer effectiveness.

We are also rolling out specialised Better U learning tracks to enable colleagues to delve deeper into selected topics which could be applied across all functions in the Group. We started with data analytics and project management in late 2020 and as at the end of 2021, 1,800 colleagues completed up to Level 2 of these two learning tracks. In addition, 87 per cent of them expressed interest in pursuing a career in these two areas within the Group if the opportunity arises.

In 2021, we launched the third specialised track on artificial intelligence (AI) to ensure our people are equipped for the future that is dominated by digital innovation. The AI track is designed to create greater awareness on the role of AI technologies, the way financial institutions can implement AI and the application of AI to various business segments.

Our commitment to upskilling our people through Better U and in building an adaptive workforce in the digital age was recognised by industry observers. In 2021, we received the IBF Inspire Award from The Institute of Banking and Finance Singapore (IBF) for our efforts in raising industry competency and contributing towards human capital development in Singapore. We were also named by LinkedIn as one of 15 best workplaces to grow a career in Singapore.

Growing our own timber

Besides Better U, our learning and development programmes include:

Digital transformation

- **Career Conversion Programme** (formerly known as Professional Conversion Programme) in Singapore which we are extending beyond branch colleagues to include colleagues from other business units including Group Finance, Group Technology and Operations, and Group Human Resources. As at the end of 2021, close to 1,430 colleagues have participated in this programme;

- **SGUnited programmes** in Singapore to enable fresh graduates and mid-career professionals to join the finance sector and to gain new in-demand skills such as data analytics and user interface design. In 2021, the Bank welcomed more than 230 trainers under the SGUnited Traineeships Programme and SGUnited Mid-Career Pathways Programme; and

- **Technology in Finance Immersion Programme** in Singapore to help mid-career professionals gain experience in key technology areas within the financial industry, such as AI, business analytics, cloud computing, cybersecurity and software engineering. Since 2019, 65 trainees across three batches have joined us and this is among the highest number of trainees among participating financial institutions.

Specialist training

- **Finance Academy programme** comprising six modules to equip all 230 colleagues in our finance function in Singapore with soft and technical skills to help them advance in their careers. The programme started in June 2020 and to date, they have completed four of six modules;

- **Group Wholesale Banking Academy** to provide wholesale banking colleagues across the Group with a structured credit learning journey. Developed in partnership with Moody's Analytics and in consultation with Group Credit, colleagues could choose from a variety of courses across three levels of competency. Topics include credit structuring and documentation, trade finance and environmental social governance risk assessment;

- **Advanced data analytics training** for selected internal auditors across the region to sharpen their skills in applying AI such as machine learning in the banking environment. The training was developed by the National University of Singapore – Institute of Systems Science; and

- **Leadership Excellence and Development training programme** in Thailand to upskill high-potential branch colleagues with advanced financial, risk management and regulatory knowledge. This one-year programme was developed in collaboration with the Mahidol University International College and Southeast Asia Center.

Service excellence

- **Sales Ethics Programme** in Malaysia for 1,400 colleagues from Personal Financial Services, Business Banking, Private Bank and branches. The programme is developed in partnership with Melbourne Business School and the aim is to deepen the fair dealing mindset among sales colleagues and to build trust with our customers;

- **Internal Trainer Programme** in mainland China to train selected colleagues to develop and to conduct training courses for others. More than 50 colleagues who are subject matter experts in their respective fields signed up for the programme and 17 were chosen after a rigorous selection process to undergo train-the-trainer workshops by professional external trainers;

- **Risk management training series** in mainland China to equip 270 colleagues across business and support functions with knowledge and competency in key risk management topics including operational risk, integrated fraud management and technology risk; and

- **Art of Service Recovery programme** in mainland China, Indonesia, Malaysia, Singapore and Thailand to hone our colleagues' skills in resolving customer issues and turning difficult situations into positive outcomes. More than 3,900 colleagues completed the programme in 2021.

Deepening our bench strength

Leadership development is vital to UOB in order to lead and to sustain our growth strategy. Besides identifying colleagues with leadership potential across the Group to accelerate their professional progress, we also search for high-calibre and early-career talent from across the world.

Helping Colleagues Make a Meaningful Difference

Identifying leaders from within

To grow our own timber for future leadership positions, we provide a variety of leadership courses to colleagues across all levels:

- Leadership Right By You
  We launched our flagship leadership and managerial skills training initiative in 2017 to help individual contributors and managers excel in their roles. As at the end of 2021, more than 5,000 colleagues across the Group have enrolled for the programme of which 24 per cent participated in 2021;

- Leadership Acceleration Programme
  As part of our continual efforts in building a leadership pipeline, we established the Leadership Acceleration Programme in 2019 to identify high-performing colleagues across the Group with the potential to grow into larger leadership roles. A Development Council provides personal career coaching to these talents during their learning journey of two years or more, during which they would undergo secondments to other business and support units and even across markets to stretch their capabilities. In 2021, close to 300 candidates were assessed through a series of online psychometric tests and business simulation exercises and 33 were accepted into this programme;

- Leadership Academy
  Our ongoing Leadership Academy programme since 2013 features collaborations with leading global business schools including Tuck, Columbia and Massachusetts Institute of Technology to deliver a blend of experiential and application-based learning for selected colleagues. The learning modules enable colleagues to learn at their own pace, to join facilitated webinars for discussions and to network with one another. More than 1,730 colleagues have gone through the programme to date, with 310 completing it in 2021;

- Leadership Masterclasses
  We continued this virtual series launched in 2020 to support the learning and development of our senior leaders. In 2021, the theme of the masterclasses was 'Sustainability as a business' and discussions revolved around sustainable financing and projects on which the Group is embarking. Each of the three sessions in 2021 were led by a business leader and hosted by our Group Chief Sustainability Officer, with an average of 800 participants across our markets; and

- ACE Leadership Series
  Started in 2021, this is UOB Malaysia's flagship training programme to develop the leadership capabilities of high-performing colleagues. This series comprises three tracks designed in collaboration with global education providers INSEAD and Melbourne Business School, to enable colleagues with leadership potential to hone their strategic capabilities, executive presence and communication skills. In 2021, 64 colleagues completed the programme.

Attracting and nurturing young talents

To sustain our growth and to contribute towards developing talents for the finance industry, we also have the following:

- Management Associate Programme
  Our Management Associate (MA) programme enables us to attract high-calibre and early-career talents from across the region to take on roles in UOB. 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.

  In 2021, we ran the programme in mainland China, Hong Kong, Indonesia, Malaysia, Singapore, Thailand and Vietnam. We engaged potential candidates through virtual career forums including a Campus Speaker Series in Singapore, where more than 750 local undergraduates logged in to hear from our MAs and their supervisors discuss their experiences on being in our MA programme. In total, we received more than 19,000 applications from which 49 fresh graduates were chosen for our programme. As at the end of 2021, we had 100 MAs across the Group; and

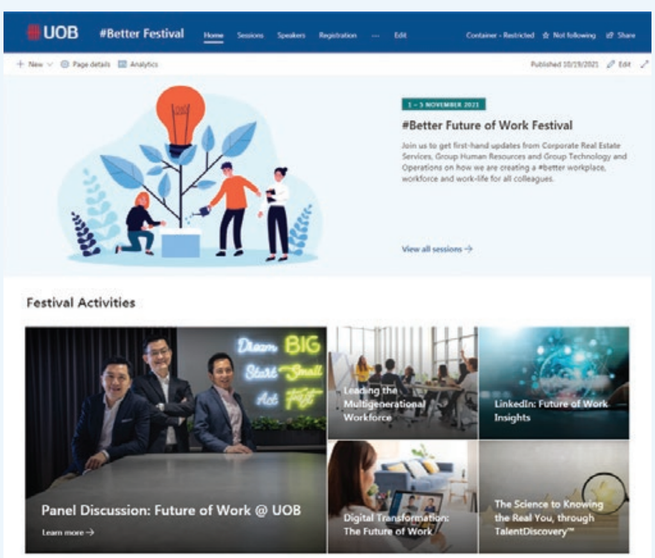
- Greater Bay Area Trainee Programme
  In 2021, we launched a Greater Bay Area (GBA) Trainee Programme to offer selected fresh graduates and early-career talents in Hong Kong the opportunity to work at UOB China. This programme also supports the Greater Bay Area Youth Employment Scheme launched by the Hong Kong Special Administrative Region Government to recruit Hong Kong tertiary institution graduates to work in cities located in the GBA.

Seven trainees were selected for the programme from a pool of 180 candidates. Selected candidates will undergo an 18-month programme to learn about cross-border banking processes through job rotations across our offices in Shenzhen and Guangzhou. They will also be mentored by our commercial banking leaders.

Understanding the future of work

To give colleagues insights on the Group's continuous efforts to provide them a better experience in the areas of workplace, workforce and work-life, we held a week-long series of virtual events, talks and activities titled the #Better Future of Work Festival in November 2021.

In its third year, the Festival featured a series of industry experts from organisations including LinkedIn, Microsoft and the International Institute for Learning who shared insights on tapping technology and growth opportunities to succeed at work. It also provided colleagues with practical tools and tips on creating better work-life balance by focusing on their physical, emotional and mental well-being.



A dedicated online site was developed for Festival participants, who could access the lineup of planned virtual activities and read the profiles of the speakers; register for the sessions they would like to attend; add event reminders to their calendar; and join the live sessions through links on this page. The other Festival programmes included:

#Better workplace

- previewing the enhanced human resources system that the organisation is rolling out;
- showcasing Microsoft 365's current and future capabilities for collaboration and productivity; and
- sharing more details of our high-performance workspaces which are designed with a hybrid workplace culture in mind.

#Better workforce

- talks on personal strengths, the future of work and the skills required to succeed;
- introduction to the new Better U track on AI; and
- launching our gig employment model for retired employees to return to work on a flexible basis.

#Better work-life

- guided yoga session;
- talks on how to improve physical, mental and financial wellness; and
- launching our employee clubhouse in Singapore.

Another highlight of the Festival was a digital learning platform where colleagues earned virtual coins when they:

- attended Festival sessions;
- took quizzes based on Festival topics;
- explored recommended learning journeys; and
- completed recommended LinkedIn Learning courses.

More than 235 colleagues vied for the top spot on the Learning Leaderboard during the Festival, completing 821 LinkedIn courses over 447 training hours. They subsequently used their coins in exchange for grocery and food delivery vouchers.

Helping Colleagues Make a Meaningful Difference

Promoting a culture of belonging and empowerment

At UOB, we believe in creating and maintaining an inclusive and fair workplace that embraces all facets of diversity. We are committed to providing equal opportunities for all, based on merit and our values which reflect fairness, care and respect for our people.

As a responsible financial steward, we also balance growth with stability. We encourage the awareness, understanding and upholding of our values-based and risk-aware culture among colleagues in their daily work. We also support colleagues through technology and high-performance workspaces to empower them to give their best.

Enabling the employment of people with disabilities

UOB has been a champion of disability inclusion since 2013, when UOB Scan Hub was set up in Singapore as a centre for digitising and archiving documents from various functions. At UOB Scan Hub, 35 per cent of our colleagues are persons with disabilities and we create meaningful employment and career opportunities based on their abilities.

"At UOB, we have seen that inclusive employment leads to clear business outcomes. Over the last eight years, our team at Scan Hub have consistently displayed a high level of productivity and their low turnover rate creates a stable workforce. By giving them equal opportunity to achieve financial and social independence through career progression, we firmly believe that inclusive hiring is a win-win for businesses and the community."

Ms Susan Hwee
Head, Group Technology and Operations, UOB

In addition, UOB initiated the first private-public people programme called 'The Unlimited', through which we raise awareness of inclusive employment of persons with disabilities among other companies. Our commitment to disability-inclusive employment was recognised in Singapore when we received the Enabling Mark (Platinum) accreditation from SG Enable, the focal agency in Singapore which seeks to enable persons with disabilities. UOB was the only financial institution out of six organisations which won the Platinum accolade – the highest tier of accreditation. We were recognised at a ceremony held at the Istana and received the accreditation from the President of Singapore, Madam Halimah Yacob.

Celebrating gender diversity

Our efforts in building a diverse workforce include promoting diversity. We champion a supportive work environment in which our female colleagues can succeed in their career. In January 2021, we were recognised by Bloomberg in its Gender-Equality Index (GEI) for the third consecutive year as one of Singapore's best inclusive workplaces. The Bloomberg GEI recognises companies worldwide that demonstrate commitment to advancing an inclusive workplace through their policies, workforce representation and transparency in gender-related practices. UOB was one of only six companies in Singapore to be represented in the Bloomberg GEI.

Across the Group at the end of 2021:

- Women comprised 61.5 per cent of our workforce, up from 61.3 per cent in 2020;
- Women represented 36.3 per cent of senior management, up from 35 per cent in 2020; and
- Women comprised 55.6 per cent of our new hires, up from 55 per cent in 2020.

Women leaders series on MyUOB

In 2021, we featured a 'If you can see it, you can be it' series on MyUOB to profile our strong contingent of women leaders across different roles in the Group and region. The title of the series reflects the power and inspiration that this phrase gives to younger generations of women looking to explore career possibilities.

Throughout the 10-part series, selected women senior leaders shared their thoughts on a variety of topics such as leadership, growth mindset and the importance of building a support network in the workplace and at home.

"Diversity has been shown to foster creativity and innovation. Men and women have different experiences and backgrounds which shape their approach to business. Challenging each other and collaborating with people who think differently can foster creativity and promote innovative ideas that push organisations forward."

Mrs Christine Ip
Chief Executive Officer, Greater China, UOB

Pioneering the gig employment model

We are cognisant that Singapore is experiencing a rapidly-aging population where one in four people will be aged 65 years and above by 2030. As part of our inclusive people strategy and for the Group to continue tapping on the valuable skills and experience of mature colleagues, in November 2021 we announced a new gig employment model which enables retired employees to return to the workforce on a flexible basis.

This approach helps us in building and developing a multi-generation workforce for the future. It also supports Singapore's Action Plan for Successful Ageing to build a nation for all ages and is in line with a staff survey we conducted in 2021 with close to 800 colleagues across the Group. The survey results showed eight in 10 colleagues would consider some form of work after retirement. They also indicated a preference for a flexible work scheme such as shortened work hours, set periods of work and pay-for-service options as the ability to maintain work-life balance is their top priority post-retirement.

In 2021, we conducted a four-month pilot with seven retirees working in our branches to test and to assess the type of roles that are suitable for gig work. The learnings from the pilot were used to refine our approach in areas such as project-based opportunities, healthcare benefits, insurance coverage and performance management process. As at the end of 2021, more than 50 per cent of our colleagues who were retiring had signed up for our gig employment programme.

"After I retired, I felt like there was more I could do with my time. Hence, it was great to have this opportunity to come back to work on a flexible basis and at the same time contribute in a meaningful way. Not only does it help me to stay active, it also gives me the opportunity to connect with the younger generation and to stay up to date on the latest trends."

Mr Raymond Teo Choon Chuan
UOB retiree

"To train and to equip new joiners with the necessary skills and knowledge to operate in a bank branch can be a lengthy process. This typically involves extensive training in compliance, customer due diligence and understanding of our internal cash handling and transactional processes which is often difficult for temporary staff. This is why our retirees are so valuable as they can step into this role at short notice to fill our manpower gaps when needed. On a personal level, it is always great to have former colleagues joining us again once in a while, just like a family reunion."

Mr Benny Chan
Head of Channels and Digitalisation in Singapore, UOB

Helping Colleagues Make a Meaningful Difference

Maintaining high standards in service of our customers

We are committed to fulfilling our customers' expectations in a manner that is distinctive to UOB. To inspire us all to keep raising the standard of our values-based service – including colleagues who are not in customer-facing roles – we hold the biennial Group-wide Global Customer Commitments Awards to acknowledge our role models in this regard.

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 2021, we received 11,677 entries from colleagues across the Group for the individual and team award categories – an increase of 24 per cent compared with the previous year. This is a strong demonstration of our colleagues' service and risk management mindset when serving our customers during these trying times. More than 800 colleagues attended the virtual awards ceremony to honour the eventual 27 individual and 12 team winners.

Embracing individual accountability and ownership

Our Risk Culture Framework includes safeguarding our reputation as we create long-term value for our stakeholders, maintaining a sound risk culture across our franchise and demonstrating our unique set of values through consistent behaviour.

In 2021, we enhanced the framework by implementing the Policy on Individual Accountability and Conduct. This is a key component of our conduct risk management and it is also in line with the Monetary Authority of Singapore's objectives of requiring financial institutions (FIs) to forge a strong culture of responsibility and ethical behaviour to safeguard customers' interests and to support FIs' safety and soundness.

Our policy covers our efforts in:

- promoting individual accountability of senior management and ensuring enhanced governance requirements are in place to support accountability;
- strengthening oversight of material risk personnel; and
- reinforcing standards of proper conduct among all colleagues.

"All of us have a responsibility to perform our duty because we are custodians of the public's savings, which we in turn lend to borrowers for productive purposes. And behind all these borrowers are people who depend on these business activities for their livelihood. If we are irresponsible, it can lead to dire consequences for our customers, the workers and their families, as well as the economy and society. From this macro perspective, our individual accountability to do what is right for our customers ultimately determines the well-being of our society at large."

Mr Chan Kok Seong
Group Chief Risk Officer, UOB

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

- continuing our Speak Up initiative to encourage a psychologically-safe environment at work where colleagues feel secure in highlighting concerns 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 as well as through multi-media content posted on MyUOB to share our senior management's views on managing risks; and
- promoting risk culture in town halls and training sessions conducted by business and support units.

Driving productivity through technology

We continue to expand the range and quality of digital mobility tools available to colleagues. This is an important aspect in enabling deeper collaboration and efficiency among colleagues, especially in today's hybrid working environment.

Microsoft 365 applications

As the need for remote working began reshaping the way we work, since 2020 we have seen:

- a seven-fold increase in the time spent on virtual digital collaboration, from five million minutes to 33 million minutes a month; and
- five-fold increase in messages sent through Microsoft Teams, from two million to nine million messages a month.

In anticipation of colleagues' growing need for smart workplace solutions, we strengthened our technology infrastructure in 2021 to leverage cloud computing services across our markets. We also rolled out new workplace capabilities to our regional workforce, such as:

Microsoft 365 office apps	What it is about	New in 2021
Microsoft Outlook Exchange	Cloud-based email server	• Increased mailbox size from 1 gigabyte (GB) to 100GB so colleagues need not archive emails that frequently to their computer's hard disk or to a cloud storage; and • Mail archival to our cloud storage is made available for up to 1.5 terabytes (TB) worth of data space.
Microsoft OneDrive	Cloud file storage to save and to back up work files	• Each colleague can now access Microsoft OneDrive with 1TB of storage space; • Files saved in Microsoft OneDrive are automatically backed up in the cloud. This ensures that the files can be safely retrieved even if a colleague's computer becomes faulty; and • Multiple colleagues can work simultaneously on the same file saved in Microsoft OneDrive.
Microsoft Teams	Collaboration channel for colleagues to communicate with one another individually or in groups	• Colleagues can set up and join meetings hosted on Microsoft Teams directly without having to go through the calendar function in their email account; • Files can be uploaded and shared directly with other colleagues in the same chat window while in a discussion without having to send them via email; and • Colleagues in the same group discussion can simultaneously edit the same work file uploaded onto Microsoft Teams.

To help colleagues learn how these new applications could help them in their daily work, we conducted various virtual training and sharing sessions. Live demonstrations and quick tips were provided during these sessions, followed by a question-and-answer segment.

OneIdentity management application
We are progressively upgrading our business application approval system to improve the speed of submitting and reviewing colleagues' requests for technology applications and to reduce paper-based submissions for a more environmentally-friendly approach. Called OneIdentity, its capability includes:

- simplified user interface and navigation for application requestors, approvers and administrators;
- electronic forms and workflow-based process;
- integrated dashboard for all requests to be approved by administrators; and
- more robust reports for continuous monitoring and service improvements.

In 2021, OneIdentity was launched in China, Singapore and our overseas branches. Training sessions were conducted for colleagues to familiarise themselves with the new system.

Transforming our workspaces for higher efficiency

To support colleagues better as we move towards hybrid work arrangements, we have been transforming our workplaces into high-performance spaces that will encourage more collaboration and innovation among colleagues as well as agile team-based work while ensuring their safety and wellness.

By the end of 2022, across the Group we will have transformed more than 0.75 million square feet of office space in Hong Kong, Malaysia, Singapore and Thailand, based on three approaches:

1. **Safety and control**: Putting in place COVID-19 safe management measures;
2. **Mobile and connected work environment**: Using technology to help colleagues collaborate with one another and creating office spaces that can be used for different activities by individuals or groups of colleagues; and

Helping Colleagues Make a Meaningful Difference

3. **Smart building technology**: Installing sustainability features such as energy-efficient fixtures and equipment as well as adopting operational technologies to ensure critical building parameters are maintained at desirable levels.

Our Head office transformation and relocations projects in Malaysia and Thailand are expected to be completed in the coming year:

UOB Plaza 1 Kuala Lumpur in Malaysia
Designed by award-winning Japanese architect Tange Associates which was also the agency behind UOB Plazas 1 and 2 in Singapore, this 29-floor building in Kuala Lumpur (KL) represents our confidence in and commitment to Malaysia. The building has three distinct concepts:

1. **Transforming Octagon**: Paying homage to the octagonal shapes of the existing Menara UOB building in KL and UOB Plaza in Singapore, the new headquarters integrates octagonal floorplates at the bottom and top of the building while having a curved building façade;

2. **Vertical Gardens**: Casual exterior space with two sky gardens for socialising and to enable natural vertical ventilation to help cool the building; and

3. **Lantern in the City**: When lit, the building will look like a lantern, especially at night, to symbolise UOB Malaysia as a 'light' providing guidance and a pathway to a better future for customers, colleagues, partners and the wider community.

"The banking industry is changing and it is changing at a faster pace than most of us think. Most of us would think that being agile means to be versatile and having the ability to adapt, as and when required in a timely manner. But it is a lot more dynamic and can also mean empowering our people to choose where, how and when they want to work to optimise their performance. Our new head office is also a place that will be equipped with technologies that can make life and work a lot easier, an environment that is a lot more intuitive and secure."

Mr Wong Kim Choong
Chief Executive Officer, UOB Malaysia

UOB Plaza Bangkok in Thailand
Located in Sukhumvit Road and the heart of Bangkok's lifestyle district, the 30-floor building will serve as our new head office in Thailand. Designed to reflect colours and finishes inspired by Thailand's diverse geography, it will feature a four-zone workplace:

1. **Team Zone**: Primary work area for colleagues' daily work;

2. **Flex Zone**: Open breakout area for colleagues to come together quickly for discussions;

3. **Central Zone**: Work cluster settings to support smaller teams and meetings; and

4. **Convenient Zone**: Social spots and a bistro café for colleagues to network and to interact in a more relaxed setting.

"The high-performance workplace transitions UOB Thailand into a purpose-led organisation and a happy place to work. It will enable a more agile way of working, closer collaboration and for colleagues to be able to respond quickly to the needs of our business and customers. It will also inspire and empower colleagues across all generations to be supportive of one another's well-being."

Mr Tan Choon Hin
President and Chief Executive Officer, UOB Thailand

Refreshing our office spaces in Hong Kong

UOB Hong Kong completed the refurbishment of its office premises at Central and Causeway Bay in 2021. Designed to foster team collaboration, engagement and creativity, the new features and facilities include:

- **Shared workstations**: To encourage team cohesiveness and to maximise use of office space;
- **Collaboration area**: Seating settings of various sizes where colleagues can work and interact with one another;
- **Workplace amenities**: New amenities such as work bistro with a vending machine for drinks and snacks, as well as a table-tennis corner to help colleagues recharge; and
- **Artwork installations**: Spark colleagues' creativity through numerous displays of winning artworks from the annual UOB Art in Ink Awards organised by UOB Hong Kong. There is also an art installation comprising 600 hand-crafted paper doves in celebration of the 100th anniversary of Save the Children, a global charity organisation, at the Causeway Bay office.

"A purpose-built workplace plays an important role in creating a high-performance work culture. With the new features and amenities, we have prepared our colleagues for the new work patterns under the hybrid work model to enhance work efficiency, productivity, collaboration and agility."

Mrs Christine Ip
Chief Executive Officer, Greater China, UOB

Helping Colleagues Make a Meaningful Difference

Our new employee clubhouse in Singapore

As we continue our efforts to refresh many of our current office premises in Singapore, we have also transformed a space close to our UOB Plaza headquarters into an exclusive space where colleagues can gather to collaborate, to recharge and to connect with one another.

Called 28BQ, the two-storey clubhouse was launched in 2021 in the presence of Dr Tan See Leng, Minister for Manpower and Second Minister for Trade and Industry. It was designed to reflect UOB's vision for the workplace of the future and has a variety of areas to provide colleagues with different experiences:

- A range of sitting areas where colleagues can catch up with one another or work remotely;
- Games area for colleagues to unwind over a round or two of table tennis or foosball;
- Events space to hold employee activities such as townhalls and trainings; and
- Dedicated zone to hold wellness activities such as yoga, complete with lockers and shower facilities.

28BQ will be open to colleagues at an appropriate time when COVID-19 restrictions are lifted and when the Singapore government advises that financial institutions can resume full operations.

"Today's launch of 28BQ is further testament to UOB's commitment to employee well-being. By providing employees with a recreational space to take part in activities, such as table tennis and yoga, it gives employees a chance to get moving, and clear their minds of stress. On top of that, such activities help to foster better teamwork and create a more cohesive work environment. We hope more employers to do likewise."

Dr Tan See Leng
Minister for Manpower and Second Minister for Trade and Industry

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

31 December 2021

Governance

Corporate Governance

Good corporate governance has anchored our Bank's development and growth since its founding more than 80 years ago. Our corporate governance is based on strong leadership, our robust system of risk management and internal controls, our continual engagement with our shareholders and other stakeholders, and our culture of accountability and responsibility.

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 2005 (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 95 and 96. Where there was any deviation from the provisions or guidelines, we have explained our practices and philosophy.

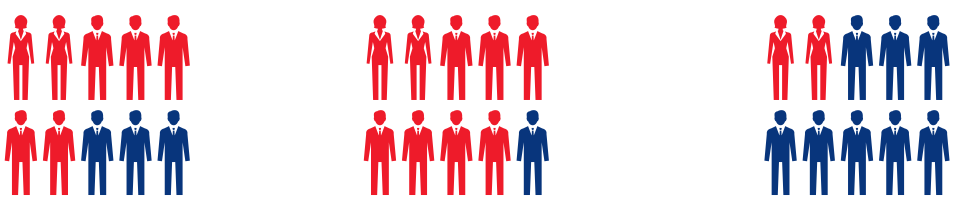
In 2021, we were recognised for our strong corporate governance as follows:

Singapore Governance and Transparency Index (SGTI) 2021
6th of 519 Singapore listed companies (General Category)

Singapore Corporate Awards 2021 (Special Edition)
Corporate Excellence and Resilience Award
(market capitalisation of at least $1 billion)
– one of 10 recipients

Board Matters

Board of Directors

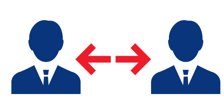


Seven
out of 10 Directors are independent

Nine
out of 10 Directors are non-executive

Two
out of 10 Directors are female

Independent Chairman



Separation of Chairman and Chief Executive Officer (CEO) roles

Board duties

Our Board is responsible for:

- providing entrepreneurial leadership and strategic direction;
- approving business plans, annual budgets, capital and debt structures, material investments, acquisitions and disposals;
- setting the desired organisational culture, standards of ethical behaviour and values of the Bank;
- promoting a strong system of risk management and internal controls;
- determining the Group risk appetite;
- approving financial statements;
- overseeing Management's performance;
- 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 and effective communications with shareholders and overseeing relationships with material stakeholders.

Highlights from 2021

Board renewal

Over the past few years, the Board has built a pipeline of potential director candidates with the help of external consultants. Even as four directors stepped down during the course of the year, new independent directors were appointed to the Board. The new directors widened the range of expertise and experiences on our Board – Mrs Tracey Woon is a banking industry veteran, Mr Dinh Ba Thanh is an entrepreneur in the media and digital industry in Vietnam and Ms Teo Lay Lim brings her technology and digitalisation, transformation and sustainability experience to the Board.

Response to COVID-19

As the pandemic entered its second year, the Board focused on its impact on our colleagues, customers and business.

The well-being of our colleagues across the region was constantly on the minds of our Board, and Management provided regular updates on the initiatives to care for our colleagues and help them remain healthy, effective and engaged.

As a substantial number of our colleagues continued to work from home for extended periods at various times during the year, it was important to ensure that our robust risk culture, anchored by our values, continued to drive our work ethic and conduct.

Our Board continued to be updated at least monthly on the impact of the pandemic on the business and our customers in the different markets, especially those who needed support as they restructured or pivoted their businesses to cope with the pandemic. The Board also reviewed managerial stress tests results to monitor the resilience of the Group's portfolios even as the impact of the pandemic continued to be felt across the world.

Strategy

Our Board guided Management on the prioritisation and focus of various ongoing transformation projects and those in the pipeline, taking into consideration the changes in market behaviour, market disruption, availability of resources, risk management measures and regulatory developments.

One key project was the unification of our regional digital bank TMRW, and our mobile banking app, UOB Mighty, to become UOB TMRW in Singapore. Our Board paid particular attention to customer experience during the transition. The new banking platform was timely in view of the surge in demand for digital banking products and services during the pandemic. UOB TMRW will be rolled out progressively across more markets in our network.

Structural shifts and changes in customer behaviour brought on by the pandemic presented new opportunities for us to serve our customers around the region, as they look to develop new markets or supply chains, and to venture into new businesses. Our Board guided Management in exploring these opportunities as we leveraged our regional presence.

Our Directors also kept pace with the developments around digital assets and tokenisation, digital payments and technology, and regulatory responses to such developments, aided by our Technology Advisory Panel. We take a measured and opportunistic approach to developments in these areas.

During the year, the Board worked closely with Management in the Group's bids for Citgroup's consumer business in four key markets, namely Indonesia, Malaysia, Thailand and Vietnam. In January 2022, our subsidiaries in the four countries won the bids. The acquisitions, which are subject to regulatory approval, are expected to double the Group's customers in the four markets, accelerating our customer base target five years ahead of time.

Human capital and succession planning

The competition for talent continued to intensify amid the border restrictions and with the setup of digital banks. Our Board champions the approach of lifelong learning, and the reskilling and upskilling of our colleagues to remain relevant in the

Corporate Governance

fast-changing economy. At the same time, we welcome colleagues from other industries who can augment our skills and expertise. Through the year, our Board tracked the development of our talents and guided Management on maintaining a pipeline of future leaders.

Remuneration

Through the work of the Remuneration and Human Capital Committee (RHCC), the Board reviewed and provided guidance on our remuneration philosophy and design of our remuneration structure to ensure that the Group remains competitive and is able to attract and to retain talent. Please refer to the section on Remuneration to know more about our remuneration approach and structure.

The RHCC commissioned an independent benchmarking study in 2019. Noting that the study showed that our Directors' remuneration was below market and acknowledging the increasing responsibilities of the Directors, our Board agreed to increase the Directors' fees in 2020. However, as economic conditions in 2020 and 2021 were uncertain due to the pandemic, our Board decided to defer the increase. This year, in view of improved market sentiments, our Board approved the revisions to the Directors' fees. The Board also approved the payment of part of the fees in UOB shares to promote better alignment of the interests of Directors and shareholders. Particulars of the proposal can be found in the Directors' Remuneration section.

Risk management and internal controls

With the surge in contactless services and digital banking, and the prevalence of work-from-home arrangements, our Board emphasised the need for strong cybersecurity and vigilance to ensure the security of our IT systems and customer information. In addition to progress reports on our IT infrastructure development, our Board received regular updates on risk trends and emerging risks, as well as fraud trends and prevention measures.

An area of focus during the year was anti-money laundering (AML) and countering the financing of terrorism (CFT), where our Board supported the increased use of data analytics and other digital tools and encouraged Management to collaborate with industry players, regulators and relevant agencies, in the area of AML/CFT.

Sustainability

In 2021, our Board oversaw the establishment of a dedicated Group Sustainability Committee and Corporate Sustainability Office, as well as the appointment of our first Chief Sustainability Officer.

Recognising the criticality of sustainability to the Bank's strategy, during the year our Board considered stakeholder feedback and actively engaged in discussions on issues such as climate action, social impact and initiatives to support our customers in the transition to a low carbon economy. Our Board guided Management on the formulation and implementation of the Bank's sustainability strategy, which is aligned with the United Nations Sustainable Development Goals. It approved an environmental risk management framework, which further strengthened our commitment to climate action. The Board also reviewed various sustainable financing frameworks aimed at helping customers, especially the small and medium-sized enterprises, adopt more sustainable practices.

Our Board, together with Management, guided enhanced reporting and disclosures, including in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures, amongst others. In demonstrating industry leadership, the Bank also achieved operational carbon neutrality during the year. Our Board will continue to work with Management in mapping future decarbonisation pathways for the Bank and our customers.

Find out more about our sustainability strategy and initiatives, and how we support our customers in their sustainability journey in our Sustainability Report at www.UOBgroup.com/investor-relations/financial/group-annual-reports.html.

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 RHCC are set out in the committees' written terms of reference, which are reviewed at least once a year. 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.

The common membership of several Directors on the Board Committees is to ensure coordination of the work among the committees.

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

Our CEO leads the Management team. He is supported by several senior management-level committees, namely, the Asset and Liability Committee, Credit Committee, Group Sustainability Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Management Executive Committee, Operational Risk Management Committee, and Risk and Capital Committee.

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 due to exigencies may convey his[1] views through another Director or the company secretaries.

Our Board and Board Committees seek to make decisions by consensus. Where there is a divergence in views, decisions are made by a 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 tablet devices provided by the Bank. Where appropriate, Directors' input may be solicited ahead of the meeting for more focused discussion. Management attends meetings together with subject-matter specialists and professional advisers, where appropriate. Time is also set aside at Board meetings for Directors to meet in the absence of Management.

During the year, Board meetings and the annual strategy refresh were held in-person, virtually or in hybrid form, having regard to prevailing governmental health advisories and internal guidance. In prior years, a board retreat was held every year in a market where we operate. In 2021, continued travel restrictions in many countries prevented an in-country retreat. As an alternative, the Board received regular briefings from the markets. These ensured that our regional operations remain aligned with the Group's strategy and are well-placed to support each other and our customers.

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 Board and Board Committee chairs 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.

Company secretaries

Two company secretaries support our Directors in discharging their responsibilities. They assist the Board and Board Committees to monitor the implementation of their decisions. They also advise the Board 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 professional development and facilitate the engagement of subject matter experts, where necessary.

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;
- 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.

1 A reference to one gender includes other genders.

Corporate Governance

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

Independent Directors	Non-independent, non-executive Directors	Executive Director
Wong Kan Seng Alvin Yeo Khirn Hai Steven Phan Swee Kim Chia Tai Tee Tracey Woon Kim Hong Dinh Ba Thanh Teo Lay Lim • Meet all the independence criteria	Michael Lien Jown Leam • Closely connected to a substantial shareholder Wee Ee Lim • A substantial shareholder • Father Wee Cho Yaw, and brothers Wee Ee Cheong and Wee Ee Chao, are substantial shareholders. • Brother, Wee Ee Cheong, is a Director and the CEO.	Wee Ee Cheong • CEO • A substantial shareholder • Father Wee Cho Yaw, and brothers Wee Ee Chao and Wee Ee Lim, are substantial shareholders. • Brother, 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 other relevant information that comes to its attention. Each Director is required to make an annual declaration based on these guidelines. In addition, our NC reviews the performance of each director every year. Our NC has determined that all the Directors remain fit for office.

Board diversity, size and composition

Our Board Diversity Policy sets out our Bank's approach to ensuring diversity of our Board. Its objectives are 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, tenure and independence.

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.

Our Board is satisfied that the current board size of 10 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 other financial services, strategic planning, development, digital and technology, transformation, accounting and finance, audit, human resources, law, risk management, consumer services, marketing, media, sustainability and corporate governance, which are essential to the business of the Bank. Our Board is satisfied that it is sufficiently diverse to meet the needs of the Group, and to ensure the effective oversight of our Group's affairs.

To ensure that the composition of the Board remains diverse, our Board aims to maintain a majority independent board, and to ensure at least one female director on the Board, at all times. Based on our current Board composition, we have met our independence target and exceeded our gender target.

Chairman and Chief Executive Officer

Mr Wong Kan Seng, an independent Director, is our 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 our organisational 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.

Lead independent director

Our Board has not appointed a lead independent director as our Chairman is independent and has no familial or other close ties with our CEO. A majority of our Directors are independent. If the Chairman is conflicted, our NC chair can fulfil the role on a case-by-case basis.

Board performance and time commitment

Each year, every Director performs a self-assessment and an assessment on the Board and each Board Committee of which he is a member. The format and structure of the assessments are approved by our Board. The responses are collated by the secretaries and the masked results are submitted for our NC's review. Each Board Committee also receives the results of the committee members' assessments. In addition, the NC also assesses the performance of each Director during the year. No Director is involved in his own assessment. No external facilitator is engaged for the evaluation process as the Directors have been open and frank in their feedback on the performance of the Board and Board Committees, and the Directors are afforded the opportunity to share their feedback before each Board meeting or privately with the Chairman and/or NC chair.

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, sustainability, risk management and internal controls, corporate governance and regulatory compliance.

Board attendance

The Directors' attendance at formal meetings in 2021 is set out in the table below.

		Number of meetings attended in 2021						
Name of director	Membership	AGM	Board	EXCO	NC	RHCC	BRMC	AC
Wong Kan Seng[1]	Independent	–	•9	•6	3	5	5	–
Wee Ee Cheong[2]	Executive	1	9	6	3	–	5	–
James Koh Cher Siang[3]	Independent	1	5	–	3	3	–	3
Ong Yew Huat[4]	Independent	1	9	6	–	–	5	•5
Lim Hwee Hua[5]	Independent	1	2	2	2	1	–	–
Alexander Charles Hungate[6]	Independent	1	7	–	–	•5	–	–
Michael Lien Jown Leam	Non-independent, Non-Executive	1	9	6	4	–	–	–
Alvin Yeo Khirn Hai[7]	Independent	–	5	–	1	–	•5	5
Wee Ee Lim	Non-independent, Non-Executive	1	9	–	–	5	5	–
Steven Phan Swee Kim[8]	Independent	1	9	5	•4	5	–	5
Chia Tai Tee[9]	Independent	1	9	–	–	–	5	5
Tracey Woon Kim Hong[10]	Independent	–	4	–	–	1	1	2
Dinh Ba Thanh[11]	Independent	–	1	–	–	–	–	–
Number of meetings held in 2021		1	9	6	4	5	5	5

- Denotes chair.

1. Mr Wong Kan Seng was absent from the AGM and one NC meeting as he was on medical leave.
2. Mr Wee Ee Cheong was not able to attend one NC meeting as it was convened on short notice and conflicted with a prior engagement.
3. Mr James Koh stepped down as RHCC chair on 30 April 2021 but remained an RHCC member till his retirement on 31 August 2021. He attended all Board, AC, NC and RHCC meetings held before his retirement.
4. Mr Ong Yew Huat retired on 1 January 2022. He was chair of the AC until his retirement.
5. Mrs Lim Hwee Hua stepped down as NC chair on 17 January 2021 but remained a member till she stepped down from the Board on 30 April 2021. She attended all Board, Exco, NC and RHCC meetings held before she stepped down.
6. Mr Alexander Hungate assumed the role RHCC chair on 1 May 2021. He resigned from the Board with effect from 31 December 2021. He was recused from two Board meetings to avoid a conflict of interest.
7. Mr Alvin Yeo was appointed to the NC on 29 October 2021. He did not attend the AGM and four board meetings as he was on bereavement and medical leave. He stepped down as BRMC chair on 31 December 2021 but remains a member. He assumed the role of AC chair on 1 January 2022.
8. Mr Steven Phan assumed the role of NC chair on 18 January 2021 and was appointed to the Exco on 24 February 2021. He has attended all Exco meetings since his appointment to the Exco.
9. Dr Chia Tai Tee was appointed BRMC chair on 1 January 2022.
10. Mrs Tracey Woon was appointed to the Board, AC and BRMC on 1 September 2021. On 2 November 2021, she was appointed as RHCC member and she assumed the role of RHCC chair on 1 January 2022. She has attended all Board meetings and meetings of those Board Committees she is a member of since her appointment to the Board and Board Committees respectively.
11. Mr Dinh Ba Thanh was appointed to the Board on 1 December 2021. He has attended all Board meetings held since his appointment.

Corporate Governance

Appointment and re-election of Directors

The selection of directors is based primarily on merit, with due and conscious consideration for the needs of the Board in terms of skills and diversity.

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. A director search will take into account any gap which is identified or anticipated and the time horizon of those gaps.

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' skillsets and experience, 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 ensure their suitability for office and to ascertain their independence;
- considers the operating environment, emerging trends and potential developments in the market; and
- considers the pipeline for ongoing succession planning.

The NC invites all Directors to nominate candidates from time to time. To avail our Board of a wider range of skillsets, experience, expertise and aspects of diversity, our Board may, where appropriate, engage an external consultant to help broaden the search for directors. Suitable candidates are monitored for their availability and time commitments, among other considerations.

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

New Directors submit themselves for re-election at the first AGM following their appointment, 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 to the evolving needs of the Bank. Directors are put up for re-election at the AGM individually.

Induction of new Directors

A newly-appointed 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, system of risk management and internal controls, support functions and sustainability initiatives.

When a Director is appointed to serve on a Board Committee, he is also briefed on matters 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 technological development and 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 2021, our Directors received training in digital assets and tokenisation, cybersecurity and resiliency, emerging technology trends, accounting standards, expected credit losses, market segment-specific developments, updates and initiatives, anti-money laundering trends, customer engagement, and developments in the sustainability sphere. Senior leaders from our regional network also briefed our Directors on significant matters from their respective markets. Such briefings help to ensure alignment across the Group and timely and appropriate response to local developments.

Leadership succession

We believe in growing our own timber by 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. Our Board monitors the progress of our talents closely and meets with them regularly.

At the same time, we appreciate the fresh perspectives and insights of external candidates and welcome those who can augment our collective skillsets and experience.

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

Board Committee composition

At least annually, our NC reviews the composition of each Board Committee to ensure that the collective expertise of our Board members is appropriate with regard to the strategy and aspirations of our Group, and developments in the markets in which we operate. The NC also ensures an equitable distribution of the workload among Directors, taking into consideration their respective expertise and time availability. New Directors bring fresh perspectives while Directors with longer tenure ensure stability and continuity. This balanced approach of having Directors of different tenures at all times has kept our Board renewal process smooth.

Nominating Committee

Our NC's key 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 79 to 83.

Executive Committee

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

- providing strategic direction and overseeing the implementation of the strategy approved by the Board;
- 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 2021

- Monitored the impact of the COVID-19 pandemic on our strategy and business, and advised Management on response measures and initiatives to care for our customers, employees and other stakeholders;
- Guided Management on refinements and implementation of the strategy approved by the Board, as well as the approach to challenges encountered;
- Guided our Management on and reviewed the progress of our digital transformation, including the unification of TMRW and UOB Mighty;
- Reviewed the progress made in ESG matters and sustainability;
- Reviewed the investment strategy of our non-bank assets;
- Reviewed the focus and progress of specific business lines;
- Reviewed our funding strategy and funding initiatives;
- Guided our Management on communications with our stakeholders; and
- Reviewed our dividend strategy.

Corporate Governance

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];
- reviewing the frameworks and policies for human capital development and management; and
- succession planning for Senior Management.

Highlights of our RHCC's activities in 2021:

- Reviewed the employee remuneration structure in relation to the long- and short-term strategy of the Bank, to build and to strengthen our human capital for continued relevance and sustainability, having regard to the keen competition for talent in the market;
- Reviewed the Director remuneration structure;
- Reviewed the size, shape and skills of the workforce having regard to the long-term strategic objectives of the Bank;
- Monitored our progress in nurturing our talent at different levels, providing opportunities for all suitable candidates and the building of a pipeline of regional leaders of the future;
- Advised Management on employee engagement and communications; and
- Guided Management on supporting and caring for employees during the COVID-19 pandemic.

Directors' remuneration

In 2019, the Bank engaged Aon Hewitt, an independent human resources consultant, to conduct a benchmarking of our Directors' remuneration against that of comparable companies in the market. The study found that our Directors' fees were below market. After deliberation, our Board approved the revised fees in 2020. With the outbreak of COVID-19, our Board decided to defer the revision to their fees. In early 2021, our Board decided that, given the uncertain economic outlook, it would show solidarity with our colleagues and defer the fee revision further.

The RHCC acknowledges that the demands on directors have grown tremendously in the recent few years, especially in the areas of digitalisation, cybersecurity, regulatory compliance and sustainability. It is cognisant of the importance of ensuring that our board remuneration structure remains competitive and appropriate to promote good stewardship and drive long-term growth of the Bank.

In view of the improved economic outlook and business situation in 2021, and to avoid a further widening of the gap between our Directors' remuneration and the market, our RHCC has recommended and our Board has agreed to recommend to shareholders that the Directors' remuneration be increased based on the structure approved in 2020 and set out below.

Office	Chair	Member
Basic Fee	$1,100,000	$110,000
Audit Committee	$110,000	$70,000
Board Risk Management Committee	$110,000	$70,000
Executive Committee	$110,000	$70,000
Nominating Committee	$65,000	$45,000
Remuneration and Human Capital Committee	$65,000	$45,000

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

Details of the proposed total fees and other remuneration paid/payable to our Directors for the financial year ended 31 December 2021 are set out in the table below. Save for the remuneration disclosed in the table below, our Directors do not receive any other remuneration. The directors' fees payable to Directors who have served less than a year are pro-rated.

	Directors' fees $	Fees from subsidiaries $	Salary $	Bonus $	Benefits-in-kind and others[1] $	Total $
Wong Kan Seng	1,370,000	–	–	–	–	1,370,000
Wee Ee Cheong[2]	–	–	1,200,000	9,700,000	36,668	10,936,668
James Koh Cher Siang[3]	186,329	–	–	–	–	186,329
Ong Yew Huat	360,000	–	–	–	–	360,000
Lim Hwee Hua[4]	89,699	–	–	–	–	89,699
Alexander Charles Hungate[5]	168,425	–	–	–	–	168,425
Michael Lien Jown Leam	225,000	–	–	–	–	225,000
Alvin Yeo Khirn Hai[6]	297,890					297,890
Wee Ee Lim	225,000	–	–	–	–	225,000
Steven Phan Swee Kim[7]	348,713	–	–	–	–	348,713
Chia Tai Tee	250,000	–	–	–	–	250,000
Tracey Woon Kim Hong[8]	90,958	–	–	–	–	90,958
Dinh Ba Thanh[9]	9,342	–	–	–	–	9,342

1. Transport-related benefits, including the provision of a driver for Mr Wee Ee Cheong.
2. 60% of the variable pay to Mr Wee Ee Cheong is deferred and will vest over the next three years. Of the deferred variable pay, 40% will be issued in deferred cash, while the remaining 60% will be in the form of share-linked units.
3. Mr James Koh stepped down as RHCC chair on 30 April 2021 but remained an RHCC member till his retirement on 31 August 2021.
4. Mrs Lim Hwee Hua stepped down as NC chair on 17 January 2021 and from the Board on 30 April 2021.
5. Mr Alexander Hungate assumed the role of RHCC chair on 1 May 2021. He resigned from the Board with effect from 31 December 2021.
6. Mr Alvin Yeo was appointed to the NC on 29 October 2021.
7. Mr Steven Phan assumed the role of NC chair on 18 January 2021 and was appointed to the Exco on 24 February 2021.
8. Mrs Tracey Woon was appointed to the Board, AC and BRMC on 1 September 2021. She was appointed as RHCC member and chair on 2 November 2021 and 1 January 2022 respectively.
9. Mr Dinh Ba Thanh was appointed to the Board on 1 December 2021.

At the forthcoming AGM, we will also seek shareholders' approval to rename the UOB Restricted Share Plan as the UOB Share Plan, and to allow for eligible non-executive Directors to be granted share awards under the UOB Share Plan. Our Board proposes to pay approximately 30 per cent of the non-executive Directors' fees in the form of fully-paid ordinary UOB shares (share awards) in lieu of cash. As the share awards will be drawn from the pool of treasury shares, there will be no dilutive impact on shareholders. The partial payment of the Directors' fees in shares is to align the interests of such non-executive Directors with the long-term interests of the shareholders and the Bank.

The actual number of shares to be awarded to eligible non-executive Directors will be determined by reference to the volume-weighted average price of the ordinary shares over the 10 trading days immediately following from the date of the Bank's AGM. The number of ordinary shares to be awarded will be rounded up to the nearest 100 shares and the cash amount representing the additional number of ordinary shares delivered as a result of the rounding up exercise will be correspondingly deducted from the cash component of the Directors' fees.

The share awards granted to eligible non-executive Directors are not subject to any vesting period or condition. Nevertheless, in line with the objective of aligning Directors' interests with the long-term interests of the shareholders and the Bank, the eligible non-executive Directors intend to voluntarily hold the ordinary shares which are the subject of each share award for at least three years from the grant of the share awards for so long as they are Directors of the Bank. When a director ceases to be a Director of the Bank, his directors' fees will be paid wholly in cash. Accordingly, the directors' fees payable to Mrs Lim Hwee Hua and Messrs James Koh, Ong Yew Huat and Alexander Hungate will be paid wholly in cash.

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If the shareholders do not approve the amendment to the UOB Share Plan to allow the non-executive Directors to participate in the plan, the directors' fees payable to them will be paid wholly in cash.

Mr Wee Ee Lim, a substantial shareholder, and Mr Michael Lien, who is closely associated with a substantial shareholder, will not be granted share awards and their Directors' fees will be paid wholly in cash. 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. Mr Wee Ee Cheong is also not eligible to participate in the UOB Share Plan as he is a substantial shareholder.

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. In 2021, our RHCC approved adjustments to our remuneration structure for better alignment with our strategic journey and in recognition of the tight labour market.

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, deferred remuneration, and *malus* and clawback applicable to senior management, material risk personnel 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 framework approved by our Board.

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. Singapore is an open market. The competition for talent is stiff and there are many banks operating in Singapore (including digital banks) 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. Our BRMC is further satisfied that the remuneration structure does not incentivise excessive risk-taking.

Particulars of the remuneration of our CEO, Mr Wee Ee Cheong, can be found on page 85.

Save as disclosed in this statement, no employee in the UOB Group was a substantial shareholder of UOB or an immediate family member of a Director or our CEO, and whose remuneration in 2021 exceeded $100,000.

Human capital management

Our people are our greatest asset. We place great emphasis on ensuring that our workforce is well-prepared to meet the challenges that lie ahead, both skill-wise and mentally.

Our RHCC ensures that the talent acquisition, development and management strategy and approach are aligned to the strategy of the Bank. We understand the skills and expertise that are required to achieve the targets and goals, and the time horizon over which the needs will arise. Our RHCC also places great importance on training and equipping our workforce to remain relevant. Training, reskilling and upskilling programmes are arranged, often with specialists in various fields, and available through the year. From among our colleagues, those with the requisite competency and leadership potential are nurtured as potential future leaders. Please refer to Leadership succession on page 82. The talent pool is supplemented by externally acquired candidates, who help to accelerate knowledge and skill acquisition and transfer.

The outbreak of COVID-19 has heightened the need to ensure our colleagues remain engaged, even as many of us have been working from home for large parts of the last two years. Our RHCC also reviews the schemes and benefits put in place to ensure the well-being of our colleagues. It ensures there is a framework to cater to the diverse circumstances and needs of our colleagues, and policies to provide a safe and healthy work environment, so that we can deliver the results expected by our stakeholders.

Accountability and audit

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. We have management-level committees to address specific risk types;
- Three Lines Model: the roles of risk owners, risk oversight and independent audit are clearly demarcated. 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 Group Audit (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 review the internal controls while our BRMC and our Chief Risk Officer (CRO) review the risk management processes.

Our Board and BRMC have received assurance from our CEO, Chief Financial Officer (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.

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 2021. 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.

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 (subject to Group remuneration structure) and reviewing his performance.

Our CRO is responsible for the day-to-day operations of the governance, risk management and compliance functions in the Group. As preparation for each BRMC meeting, he provides a detailed briefing to the BRMC chair prior to each meeting.

Highlights of our BRMC's activities in 2021:

- 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 as we support our customers in their restructuring and recovery efforts;
- Reviewed various stress test scenarios, the impact on our Bank and our response to those scenarios;
- Monitored risk conduct and culture risk, including ensuring a psychological safety net for employees to speak up, to voice their thoughts and to share, to discuss and to debate areas of concern;
- Supported the Bank's environmental risk initiatives, which are geared towards helping customers in their transition journey towards more sustainable practices;
- Reviewed and approved related party transactions;

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- Endorsed our risk appetite;
- Reviewed measures to enhance the Bank's AML/CFT capabilities, including through the use of data analytics, machine learning and technology;
- Monitored cybersecurity and other risks attendant to work-from-home arrangements;
- Reviewed customer satisfaction levels in terms of complaints and compliments;
- Reviewed our approach to specific risks and ensured that individual accountability is embedded in our risk management system; and
- Reviewed the performance of our CRO and approved his remuneration.

Related party transactions and interested person transactions
We have established policies, processes and guidelines for the approval of and entry into of related party and interested person transactions. These policies, processes and guidelines are based on regulatory requirements such as the Banking Act 1970, MAS guidelines 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 2021 are set out on page 93.

Key initiatives of Group Risk Management in 2021:

- Deepened our knowledge and capability in environmental and climate risk management and developed a roadmap to address gaps identified;
- Migrated successfully our non-US Dollar London Inter-bank Offered Rate contracts;
- Implemented the Fundamental Review of Trading Book Standardised Approach at our overseas subsidiaries and branches;
- Implemented Standardised Initial Margin Model reporting;
- Implemented new credit risk capital requirements pursuant to Basel IV;
- Rolled out risk management framework to address new classes of risks identified;
- Accelerated our machine learning/artificial intelligence modelling regimes to better manage risks;
- Deployed data analytics and machine learning to manage our AML/CFT risks; and
- Implemented the Bank's policy on individual accountability and conduct.

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 the audit plans and reports, and evaluating the external auditor's performance and independence;
- approving the appointment and remuneration of our Head of GA (subject to Group remuneration structure) and evaluating his performance;
- reviewing the independence, adequacy and effectiveness of our internal audit function, its 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 voluntary 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 CFO that the financial records have been properly drawn up in accordance with the Banking Act 1970, Companies Act 1967, relevant laws, regulations and regulatory requirements, and the Singapore Financial Reporting Standards (International). 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. During the year, our external auditor conducted a session on expected credit losses as part of our Directors' Development Programme.

Before each AC meeting, the AC chair is briefed by the internal and external auditors, who report directly to the AC. 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.

GA updates the AC on whistle-blowing cases received. Please refer to page 94 for more information on our whistle-blowing policy, which is administered by GA.

Highlights of the AC's activities in 2021:

- Reviewed our financial statements to ensure that the impact of COVID-19 is fairly accounted for;
- Reviewed our provisions to ensure they are adequate having regard to our loan portfolio;
- Reviewed audit reports submitted by the internal and external auditors, and monitored the progress made on rectification works;
- Reviewed the progress made by GA in its strategic workforce plan and initiatives implemented, including the increased adoption of data analytics and enhancements to its audit methodology;
- Reviewed the regional internal audit resources and advised GA on the acquisition and development of audit resources;
- Reviewed the disruption to the internal audit plan due to the travel restrictions across the region and guided GA on the mitigating measures;
- Guided GA on its oversight of the regional internal audit function in light of the disruption caused by the 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 published by ACRA, the External Audits of Banks issued by the Basel Committee on Banking Supervision and the Audit Committee Guide published 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 profile and operational issues.

To ensure 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. In 2021, the non-audit fees paid or payable to the external auditor was 36 per cent of the audit fees paid to the external auditor and its affiliates. Please see Note 11 (Other Operating Expenses) to the Financial Statements for more information on the non-audit fees. Our external auditor also affirms its independence to the AC quarterly.

Having satisfied itself that our external auditor was independent, objective and effective in its audit of the Bank in 2021, our AC has nominated Ernst & Young LLP for reappointment at the 2022 AGM. Ernst & Young LLP is also the appointed external auditor of the subsidiaries of our Group except for a several small overseas subsidiaries who 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.

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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 126 to 128.

Area of focus	AC's comments
Expected credit losses (ECL) on non-impaired credit exposures	Management updates us quarterly on significant changes in ECL. This includes macroeconomic developments and overlays necessary to compensate for model imperfections, in particular, modifications arising from the relief programmes introduced during the pandemic period. We have been 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 ECL. The external auditor's audit testing results on ECL, including modelling specialist's comments on ECL models, were presented at AC meetings. We have assessed and reviewed these results and findings.
ECL on impaired credit exposures	In addition to the processes, controls and governance over credit exposures, we have assessed and discussed the external auditor's findings and results from its audit of impaired credit exposures. We have reviewed significant non-performing loans to assess the timeliness and appropriateness of classification and the corresponding allowance made, with focus around regulatory guidance on credit assessment for loans under relief. We have also considered the reasonableness of the valuation approach for collaterals and cash flow assumptions.
Valuations of illiquid or complex financial instruments	The valuation processes, controls and governance were tested by the internal and external auditors, who have reported their findings to us. The external auditor's specialist independent validation of fair values of these financial instruments was presented to us. We have discussed the reasonableness of valuation techniques and, in particular, the unobservable inputs used to determine the fair value of complex financial instruments.
Impairment of goodwill	Management has presented the goodwill impairment testing methodology and results to us. The external auditor has reviewed the goodwill impairment methodology and presented the test results, including comments from its valuation specialists and sensitivity analyses performed, to us. We have assessed the appropriateness of the cash flow forecasts, discount rates and growth rates used in the goodwill impairment testing and enquired about 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

The Internal Audit Charter, which sets out the authority and responsibilities of GA, is reviewed by our AC every year. Our AC also reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits and remedial steps taken to address the findings, and the adequacy and effectiveness of GA. The Head of GA reports functionally to our AC.

Independent from the units and activities it audits, GA is 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 MGOR and a good control environment may be subject to less frequent and/or intense audits. Conversely, poor MGOR or a weak control environment may lead to more frequent and/or intense audits.

GA ensures that the audit methodology remains relevant and current. To this end, GA undertook the following key initiatives and activities in 2021:

- implemented more data analytics based on technology-enabled audit techniques such as data visualisation, advance data analytics and automation to improve audit effectiveness and efficiency;
- broadened and deepened the adoption of Continuous Auditing to key business units and overseas entities, and enhanced its collaboration with business and support units; and
- developed a Digital Risk Audit Framework to audit risks associated with the digital initiatives undertaken by the Bank and enhanced its audit competency in the processes, people and technology required to audit emerging technologies, models and digital initiatives.

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.

Shareholder rights and engagement

Shareholder rights and conduct of general meetings

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

As we move towards reducing our carbon footprint and adopting more sustainable practices, we will serve notices of general meetings to shareholders electronically in accordance with the provisions of our Constitution and applicable laws and regulations. The notice of a general meeting, related information and a proxy form will be published on our website and the SGX website. Shareholders will be informed of the publication of these documents by way of a postcard. All shareholders are entitled to attend and to vote at general meetings in person or by proxy.

In view of the ongoing pandemic, the 2022 AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (Ministerial Order). Please refer to the notes to attending the AGM published together with the notice of AGM on the registration process for attending the 2022 AGM.

The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act 1967 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. Shareholders may submit their proxy forms online to avoid any delay or risk of loss by post.

At general meetings, our Chairman ensures that adequate time is allocated for shareholders to ask questions or to provide their feedback on substantial Bank-related matters and the resolutions to be passed. Since the onset of the COVID-19 pandemic, we have been inviting shareholders to submit their questions for the Board ahead of the AGM. The responses to these questions are published ahead of the deadline for the submission of proxy forms. This is so that shareholders (including investors investing with monies from their Central Provident Fund and and/or under the Supplementary Retirement Scheme) have the benefit of the responses from our Board and Management before they cast their votes. We will continue to invite shareholders to submit their questions by email, post or online and we will respond to the relevant and substantial questions prior to the deadline for the submission of proxy forms. Any relevant and substantial question not answered before the proxy submission deadline will be answered during the AGM. At the 2021 AGM, verified shareholders attending virtually were able to pose questions to the Board in real time during the AGM by typing their questions on the AGM platform. This will continue to be made available to shareholders attending the 2022 AGM.

Corporate Governance

Under normal circumstances, our Directors also take the opportunity to mingle with shareholders at general meetings. However, such interaction will not be possible in the immediate future, due to safe distancing measures.

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 audited financial statements. Thereafter, 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 or web-based services are adopted at all general meetings. These services are provided by independent service providers. Before voting commences, shareholders and proxies are briefed on the polling procedures.

After voting on the resolution is closed, the votes cast are counted 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.

Managing stakeholder relationships

Engagement with 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 and sustainability reports, 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 voluntary 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 our website and the SGX website. We inform shareholders and other stakeholders of the publication of our annual report on 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 Investor 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. 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 Securities Investors' Association of Singapore to reach out to retail investors on a regular basis. Thematic showcases on sustainability and digitalisation were also held to demonstrate our thought leadership in these fields. Due to the ongoing COVID-19 pandemic, these events were held electronically. All materials presented at such events are published on our website 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.

Other relevant information

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 policy that is based on our net profit after tax to reward our shareholders in a consistent and sustainable manner. We aim to deliver a dividend payout ratio of 50 per cent of our net profit after tax, taking into consideration a forward view of the evolving macroeconomic outlook and business environment across the region.

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.

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)
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 a hotel services agent for the UOL Group. The total value of these transactions was $891,808.	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 $55.34 million.	Nil

Material contracts

Save as may be disclosed on the SGX website or in this Report, neither UOB 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 2021.

Our culture

Code of Conduct

Our Code of Conduct (Code) 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 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 utmost objectivity and based on the principles of fairness and natural justice.

Corporate Governance

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 and will be subject to disciplinary actions. The policy is designed to foster a culture of openness, accountability and transparency, and is guided by best practices and regulatory guidelines.

Whistle-blowing reports may be sent to the Head of GA at One Raffles Place, Tower 1 #15-02, Singapore 048616 or by email to whistleblowing@UOBgroup.com. They may also be sent to our AC chair, CEO or 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 blackout 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.

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.	82
Provision 1.3 Matters that require board approval.	77 and 78, 84
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.	77 to 91
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.	81
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	80, 82 and 83
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.	82
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 14, 81
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.	79 to 82
Povision 6.4 The company discloses the engagement of any remuneration consultants and their independence.	84, 97 and 98
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.	84 to 86, 97 to 101
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 state clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	86
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.	84 and 85, 97 to 101, 202

Corporate Governance

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.	87 and 88
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	81
Provision 12.1 The steps to solicit and understand the views of shareholders.	91 and 92
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	31 to 37, 77, 79, 83 to 94

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.	82
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.	81, 83, back cover
Guideline 4.13 Resignation or dismissal of key appointment holders.	83
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment.	81
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*.	86
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.	81, 87 and 88, back cover
Guideline 17.4 Material related party transactions.	93

* 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

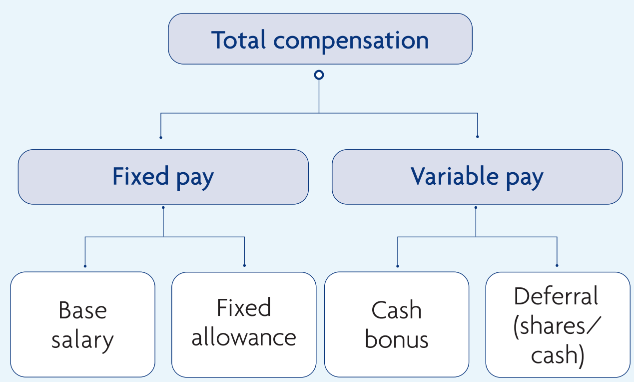
The remuneration policy for employees sets out the principles and philosophies that guide the design, operation and management of our remuneration programmes. The policy covers the remuneration of all employees and is reviewed by the Remuneration and Human Capital Committee (RHCC) regularly to ensure 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.

The remuneration policy for employees takes into account the principles and standards set by the Financial Stability Board and 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) 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.

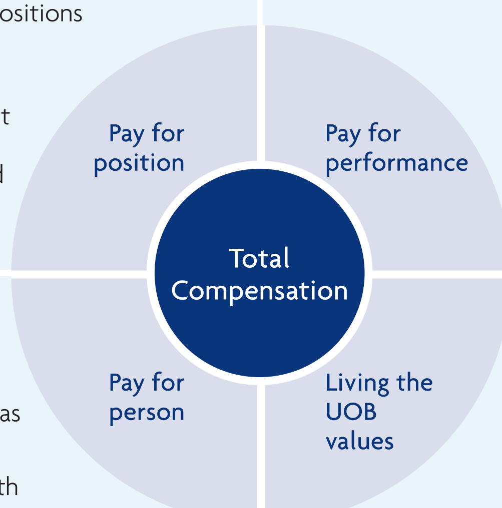
Structure of total compensation



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 values of Honour, Enterprise, Unity and Commitment.

Remuneration

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 the long-term interests of shareholders and other stakeholders. It determines the total compensation for the Group taking into consideration various factors including 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.

In 2021, the RHCC endorsed the engagement of an external management consulting firm, Oliver Wyman, to provide an independent review of the Group's total compensation model. Oliver Wyman and all other consultants we engaged in 2021 were independent and unrelated to UOB or any of our Directors. Following the review, the RHCC approved changes to the structure, funding and allocation mechanism of the total compensation model, as well as updates to the variable pay deferral policy.

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	GRAS outcomes
Growth	Customers	Risk
Profitability	Connectivity	People
Asset quality	Funding	Reputation
Productivity	Employee engagement	
	Transformation programmes	

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 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, Credit and Compliance, are compensated independently of the performance of any business line or BU that they oversee or audit. 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, and with the concurrence of the RHCC.

Variable pay deferrals

Our Group variable pay deferral policy applies to employees in senior grades, material risk takers (MRTs) and material risk personnel (MRP). 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. MRP refers to employees who have the authority to make decisions or conduct activities that can significantly impact the Bank's safety and soundness, or cause harm to a significant segment of the Bank's customers or other stakeholders, as defined in our Policy on Individual Accountability and Conduct.

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

Objectives	Details
• To align compensation payment schedules with the time horizon of risks. • To align the interests of employees with the long-term interests of shareholders and the Group. • To retain employees whose contributions are essential to the long-term growth and profitability of the Group. • To deliver compensation in a manner that drives the long-term performance of the Group.	• 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 UOB Share 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 for MRP who are on sales incentive plans, and in countries where local regulations are stricter. • Deferred compensation is subject to *malus* and clawback within a period of up to seven years from the grant date. • Unvested portions of the deferred cash and shares may be eligible for interest and dividends respectively.

Malus of unvested deferred compensation and/or clawback of paid deferred compensation will be triggered by conduct constituting, causing or contributing to, *inter alia:*

- material violation of risk limits;
- financial losses or adverse change in risk profile;
- 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.

Remuneration

The deferral guidelines and vesting conditions apply consistently to all employees in senior grades, MRTs and MRP, 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 any employee. Employees who have resigned or whose services are terminated will forfeit any unvested deferred variable pay, save in exceptional circumstances.

Details of awards under the UOB Share Plan can be found at Note 42 of the Financial Statement.

Remuneration outcomes in 2021

The Group posted a 40 per cent rebound in net profit to $4.1 billion for 2021 as economic growth, business activities and consumer sentiment recovered across the region. On the back of a diversified customer franchise and strong capabilities, total income grew seven per cent to $9.8 billion, driven mainly by stellar credit demand from large corporate and institutional clients as well as record fees from wealth and loan-related activities. Cost-to-income ratio improved to 44.1%, as ongoing strategic investments in people and technology were balanced with continued control over discretionary spend. Asset quality remained stable in 2021, while reserve coverage was maintained at a prudent level. Together with capital and funding metrics staying robust, the Group is well-positioned to capture opportunities from the region's long-term growth potential.

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

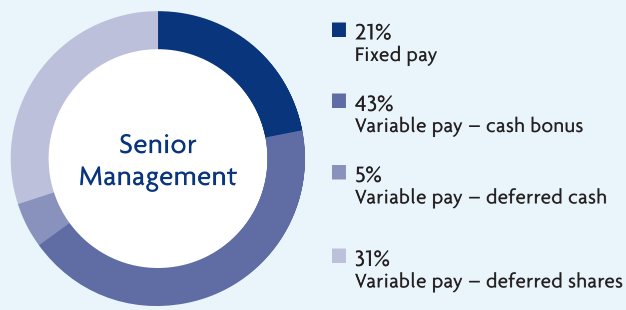
Non-disclosure of Remuneration

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	3
Number of sign-on awards	0	1
Number of severance payments	0	0
Total amount of above payments made for the financial year ($'000)	**0**	**1,954**
Number of employees	16	219
Number of employees that received variable pay	16	206

Breakdown of 2021 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%	33%
Cash	11%	11%	0%	0%	7%
Shares and share-linked instruments	89%	89%	0%	0%	27%
Other forms of remuneration	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	31%
Cash	1%	1%	0%	0%	0%
Shares and share-linked instruments	99%	99%	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 robust business practices to achieve sustainable, long-term growth. We continually strengthen our risk management practices in support of our strategic objectives.

2021 Highlights

- Further strengthened our environmental, social and governance (ESG) risk and climate risk management practices.
  - Rolled out the UOB's Group Environmental Risk Management Framework and environmental risk appetite;
  - Adopted the Equator Principles to determine, to assess and to manage environmental and social risk in projects;
  - Tightened our policy stance on the financing of thermal coal mining, coal-fired power generation and palm oil sectors;
  - Continued to advance our Taskforce on Climate-related Financial Disclosures implementation roadmap, including supplementing our transition risk scenario analysis with a pilot physical risk heatmapping exercise. This deepened our understanding of the climate risk profile of our portfolio which guided our approach towards future enhancements; and
  - Remained actively involved in various initiatives of the Monetary Authority of Singapore's (MAS) Green Finance Industry Taskforce with a view to helping uplift climate risk management capabilities in Singapore's banking industry.
- Successfully migrated our non-US Dollar (USD) London Inter-bank Offered Rate (LIBOR) contracts ahead of the cessation of LIBOR as a reference rate on 1 January 2022 in all the locations where we operate.
  - Completed most system and process enhancements, with incremental changes expected as the market continues to evolve;
  - Evaluated both external and internal financial impact of the transition based on different scenarios and continued to monitor our exposure regularly; and
  - In Singapore, we made progress in the transition from Swap Offer Rate (SOR) contracts (which were dependent on the USD LIBOR for their calculations), to Singapore Overnight Rate Average (SORA) contracts with our customers, in line with regulatory guidance. We also leveraged our physical and online channels to help drive public awareness of the transition from SOR and the Singapore Interbank Offered Rate to SORA.
- Implemented the Fundamental Review of Trading Book Standardised Approach (FRTB-SA) in overseas subsidiaries and branches, with the ability to incorporate local jurisdictions' regulatory requirements, where applicable.
  - Met the requirements of the Basel January 2019 Minimum Capital Requirements for Market Risk; and
  - Added capability to report the FRTB-SA results in local currencies to facilitate local reporting in the future. This allows the Group to report results internally ahead of the FRTB regulatory compliance timeline of January 2023, with ongoing fine-tuning until the Bank seeks regulatory approval.
- Implemented the Standardised Initial Margin Model reporting in September 2021 and satisfied the applicable regulatory requirements in the relevant jurisdictions. We rolled out further system enhancements to address industry-wide regulatory changes.
- Developed and implemented UOB's Policy on Individual Accountability and Conduct which is consistent with the MAS' guidelines. This Policy is a key component of conduct risk management set out in the Group Risk Culture and Conduct Risk Framework.

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*. 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.

UOB's 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 / **Our Risk Culture Components**

GOVERNANCE Enforce robust governance of risk
- Comprehensive risk management frameworks, policies and processes
- Well-defined risk appetite
- Pre-emptive supervision
- Independent control functions

BALANCE Balance growth with stability in taking risk
- Open communication and collaboration
- Regular risk reviews and continual improvements

ACCOUNTABILITY Ensure accountability for risk
- Clear ownership and escalation through the Three Lines Model
- Balanced risk-reward remuneration
- Established consequences
- Individual accountability

CONSISTENCY Encourage consistent risk-focused behaviour
- 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 behaviour

Our Values

Honourable | Enterprising | United | Committed

* 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 the 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 to 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 the risk dimension is appropriately and adequately 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 more information. We 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 for 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 established frameworks to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business. 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.

Our organisational control structure is based on the Three Lines Model as follows:

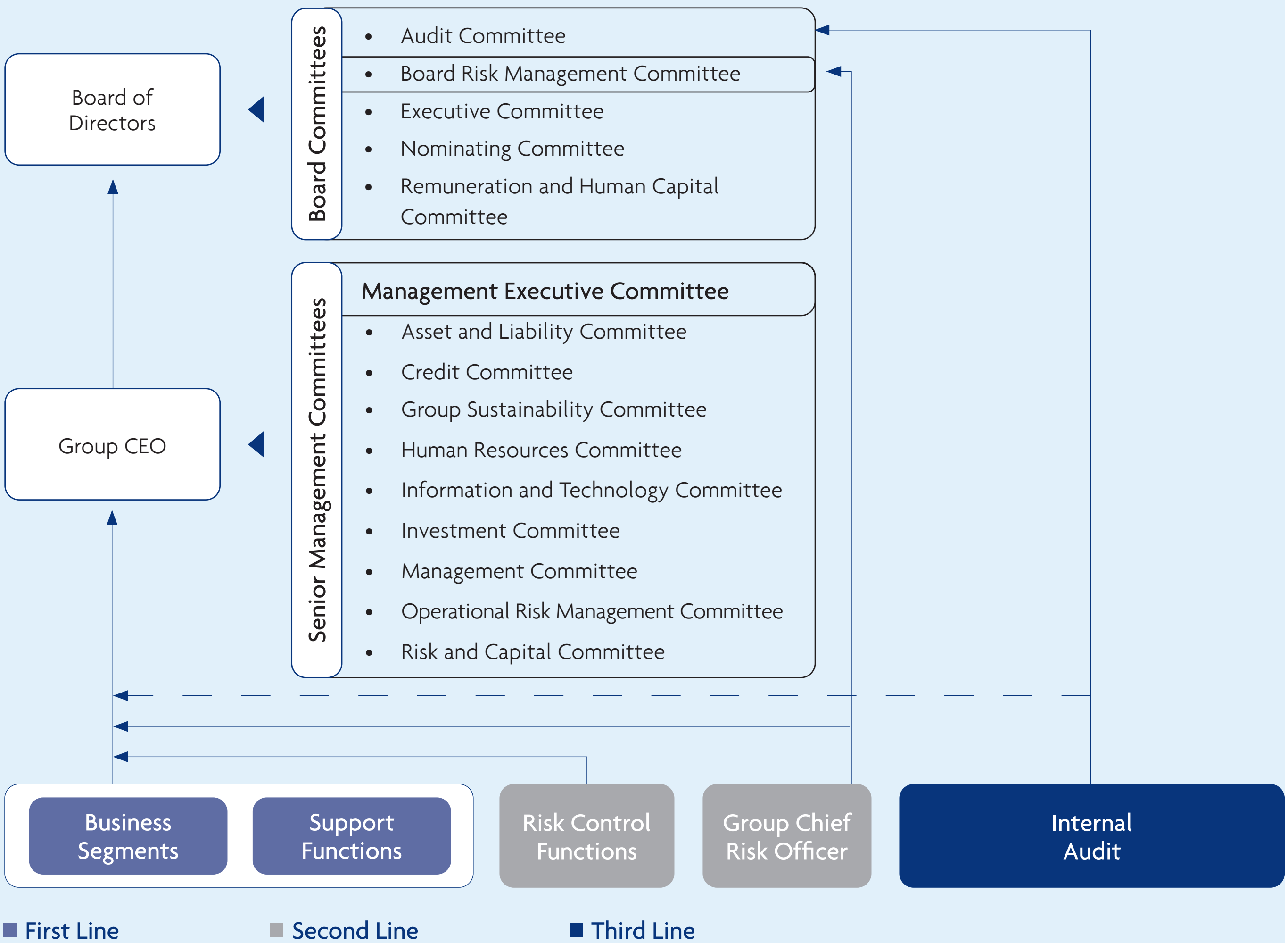
First Line – The Risk Owner: The business and support units own and have primary responsibility for implementing and executing effective controls to manage the risks arising from their activities. This includes establishing adequate managerial and supervisory controls to ensure compliance with risk policies, 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 (i.e., 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 adhere to and comply with in their operations. 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, the Audit Committee (AC) and the Board on the adequacy and effectiveness of our system of risk management and internal controls. The internal auditor's overall opinion of the internal controls and risk management system is provided to the AC and the Board annually.

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 has been 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 and conduct 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 to our customers through changing economic conditions and cycles.

Our risk appetite framework is reviewed and approved annually by the Board. Management monitors and reports the risk profiles and compliance with the Group's 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 on 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, 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 technology risk, regulatory compliance risk, legal risk, reputational risk, outsourcing risk, third-party non-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, Outsourcing Risk Assessment, Third-party Non-outsourcing Risk Assessment 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 on 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 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 Environment Risk Management Framework and 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 ensure 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 2021, 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. Haircuts that reflect the underlying nature, quality, volatility and liquidity of the collaterals 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 process by officers from business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

Risk Management

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 defined the roles and responsibilities of the various stakeholders in the credit rating process, including model development and review, model performance monitoring, annual model validation and independent reviews by Group Audit in order to ensure the reliable and consistent performance of our rating systems.

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

1 NBFI: Non-bank Financial Institution
2 We apply a 16-rating grade structure to the Group's Income Producing Real Estate (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.

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 73.5 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 portfolios' long-term average default rate.

Risk Management

Specialised Lending Portfolio
We have also developed models for three Specialised Lending portfolios*, namely:

- Income Producing Real Estate (IPRE);
- Commodities Finance (CF); and
- Project Finance (PF).

These models produce internal risk grades which are derived based on a comprehensive assessment of financial and non-financial risk factors.

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.

Risk grades derived for the CF and PF portfolios are mapped to four supervisory categories prescribed by MAS Notice 637, which determines the risk weights to be applied to such exposures.

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 Advanced Internal Ratings-Based (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 7.3 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 LGD 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, a LGD floor of 10.0 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 transactions is subject to independent risk assessment and approval. Processes, which are used to monitor the credit risk of the securitisation exposures, 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.

* The model for Ship Finance was decommissioned in 2021 due to its small portfolio size.

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 the MAS Notice 637. A majority of the exposures are subject to the Securitisation-External Ratings-Based Approach, where ECAI ratings from Fitch Ratings, Moody's Investors Service and/or S&P Global Ratings are available; or subject to Securitisation-Standardised Approach (SA), where applicable.

Credit Exposures Subject to Standardised Approach

We have obtained the MAS' approval to adopt the IRBA for the majority of our portfolios, with 23 per cent of our exposures treated under AIRB and 68 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. 9 per cent and 0.4 per cent are under SA to Credit Risk and SA for Equity Exposures respectively. We will progressively migrate our transitioning portfolios, such as UOB Indonesia's exposures to IRBA, subject to the approval from 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. We adhere to the process prescribed in MAS Notice 637 to map ECAI ratings to the relevant risk weights.

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 direction 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 positions 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 are set based on expected returns that 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
- commodity contracts and commodity options.

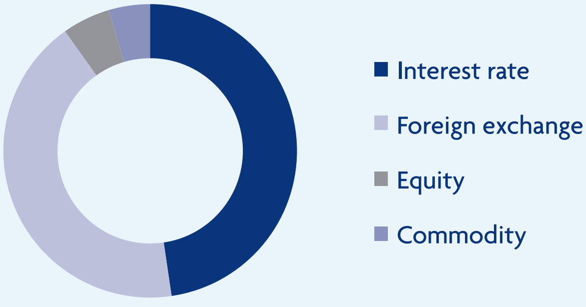
The Group estimates a daily Expected Shortfall (ES) within a 97.5 per cent confidence interval over a one-day holding period, using the historical VaR simulation method, as a control for market risk. This method assumes observed historical market movements can be used to imply possible future changes 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.

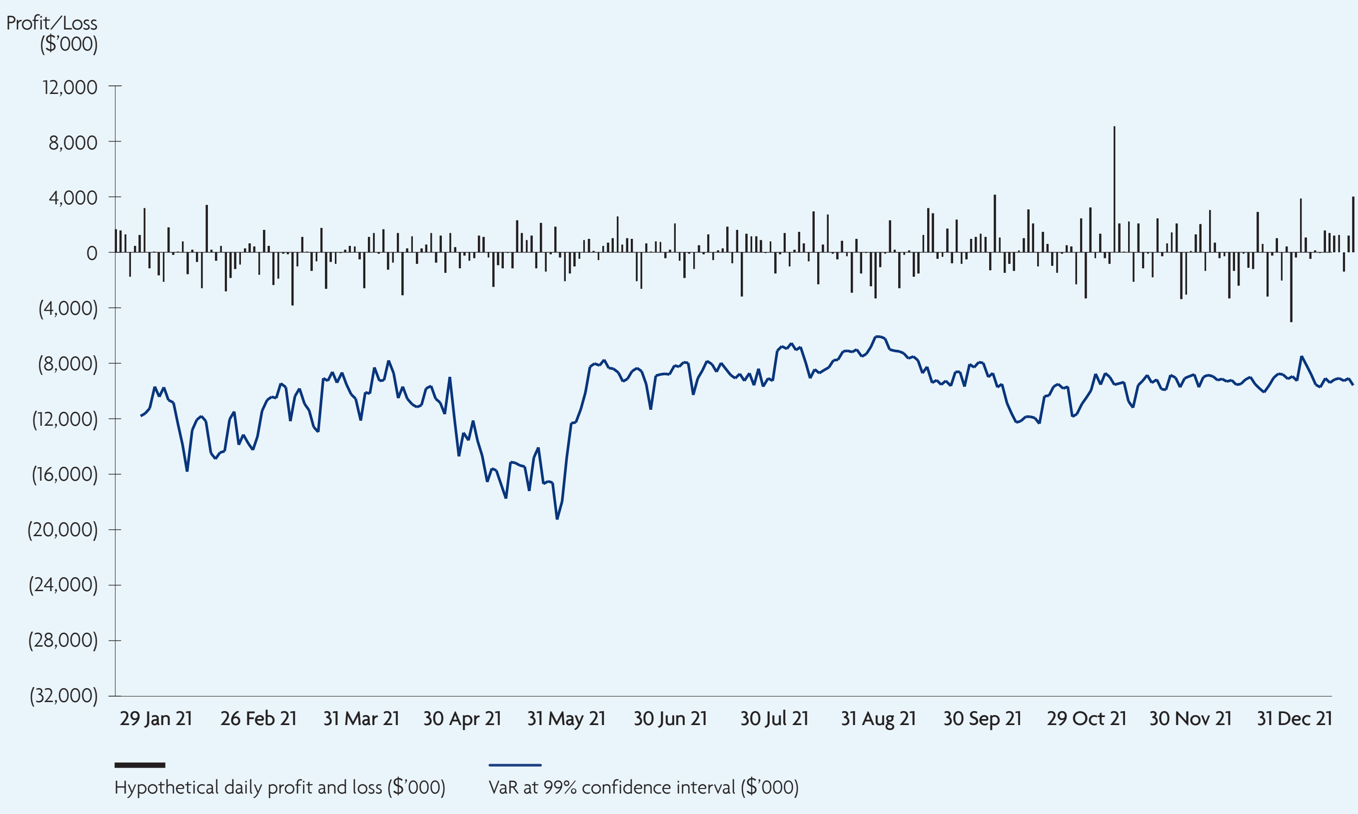
The Group's daily ES on 31 December 2021 was $10.17 million.

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. No backtesting exception was 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.

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.

Risk Management

We also employ liquidity early warning indicators and trigger points to signal possible contingency situations. Our liquidity ratios, Liquidity Coverage Ratio (LCR)* and Net Stable Funding Ratio (NSFR)*, 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 technology risk, regulatory compliance risk, legal risk, reputational risk, outsourcing risk, third-party non-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 and control self-assessment results, outsourcing and third-party non-outsourcing matters, key operational risk indicator breaches, self-identified operational risks and incidents, product and services programme matters 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 also 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 current 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 discussed 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 regulatory sanctions, financial loss, or damage to the Group's reputation and franchise value that may arise when the Group fails to comply with laws, regulations, rules, standards or codes of conduct (established by industry associations) applicable to the Group's business activities and operations, or the risk that a change in laws and regulations can increase the cost of operation and the cost of capital for the Group, thereby impacting the Group's earnings or returns. We identify, monitor and manage this risk through the Regulatory Compliance Risk Governance framework, supported with policies, procedures and guidelines. The framework also covers anti-money laundering and countering the financing of terrorism.

* 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 or transactions, 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 effectively 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 (GRC) system.

Third-party Non-outsourcing Risk
Third-party non-outsourcing risk arises from arrangements where a third party provides a product or service to us or our customers. This risk could result in adverse financial, operational, reputational, legal and compliance impact arising from the failure of a third party to provide the product or service, or the third party's breaches of security, including data leakages. We manage this risk through the Group Third-party Non-outsourcing Risk Management Policy and Guidelines, supported by the GRC 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. A new Tier 3 Fraud Risk Management Committee was established in 2021 to discuss and oversee all matters relating to fraud risk management in UOB Group.

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 and develops fraud awareness training and fraud advisories. 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 Group Sustainability Committee identifies and reviews ESG factors material to the Group, 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 frameworks, policies or guidelines.

Specific to our wholesale financing and capital market underwriting activities, we ensure that ESG considerations are integrated into our credit evaluation and approval processes. To this end, we have incorporated our Responsible Financing Policy (approved by the CC) as part of our Group Corporate Credit Policy.

Account officers are required to conduct due diligence on all new and existing customers during the onboarding process and annual credit review. Under our Responsible Financing Policy, customers are assessed for material ESG risk, including alignment with the Bank's responsible financing exclusion list, as well as their capacity for, commitment to and track record in ESG risk management. Customers 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 customers 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 our Sustainability Report.

Risk Management

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 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 entities in the Group. Investments in these entities 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; and
- 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. The Group will be subjected to CCyB requirements when we have credit exposures to the private sectors in these jurisdictions.

The MAS has taken into account industry feedback on the draft standards for the implementation of final Basel III reforms in Singapore and would be implementing revised standards for credit risk capital, operational risk capital, output floor and leverage ratio from 1 January 2023. The revised standard for market risk capital will take effect from 1 January 2023 for supervisory reporting purpose, and at a later date for purpose of compliance with capital adequacy and disclosure requirements.

Capital transactions

- We redeemed the $750 million 4.0% Perpetual Capital Securities in May 2021 and US$700 million 3.5% Subordinated Notes in September 2021.
- We issued the US$750 million 2.0% Subordinated Notes in April 2021 and $600 million 2.55% Perpetual Capital Securities in June 2021.

Capital Management

The table below shows the consolidated capital positions of our Group as at 31 December 2021 and 31 December 2020.

	2021 $ million	2020 $ million
Common Equity Tier 1 Capital		
Share capital	5,014	5,043
Disclosed reserves/others	34,663	32,914
Regulatory adjustments	(4,742)	(4,726)
Common Equity Tier 1 Capital	34,935	33,231
Additional Tier 1 Capital		
Perpetual capital securities/others	2,379	2,379
Tier 1 Capital	37,314	35,610
Tier 2 Capital		
Subordinated notes	4,320	4,287
Provisions/others	1,441	1,493
Eligible Total Capital	43,075	41,390
Risk-weighted Assets (RWA)		
Credit risk	232,521	199,679
Market risk	10,133	9,426
Operational risk	16,413	16,336
Total RWA	259,067	225,441
Capital Adequacy Ratios (%)		
CET1	13.5	14.7
Tier 1	14.4	15.8
Total	16.6	18.4
Leverage exposure	517,243	478,233
Leverage Ratio (%)	7.2	7.4

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 investment in an insurance subsidiary is 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 2021.

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2021

Financial Report

Directors' Statement

for the financial year ended 31 December 2021

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 2021.

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 2021, 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)*
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim
Chia Tai Tee
Tracey Woon Kim Hong *(appointed on 1 September 2021)*
Dinh Ba Thanh *(appointed on 1 December 2021)*
Teo Lay Lim *(appointed on 1 January 2022)*

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 31.12.2021	At 1.1.2021 or date of appointment	At 31.12.2021	At 1.1.2021 or date of appointment
The Bank				
Ordinary shares				
Wee Ee Cheong	**3,081,455**	3,081,455	**173,701,487**	173,701,487
Alvin Yeo Khirn Hai	**–**	–	**6,334**	6,241
Alexander Charles Hungate [(1)]	**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	**–**	–

(1) Resigned from the Board with effect from 31 December 2021

There was no change in any of the above interests between the end of the financial year and 21 January 2022.

Directors' Statement

for the financial year ended 31 December 2021

Audit Committee

The Audit Committee comprises four members, all of whom are independent directors. The members of the Audit Committee are:

Alvin Yeo Khirn Hai *(Chairman, effective 1 January 2022)*
Steven Phan Swee Kim
Chia Tai Tee
Tracey Woon Kim Hong *(appointed on 1 September 2021)*

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
15 February 2022

Independent Auditor's Report

for the financial year ended 31 December 2021

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 131 to 225, which comprise the balance sheets of the Bank and the Group as at 31 December 2021, 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 1967 (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 2021 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 2021

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 applies 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) *Non-impaired credit exposures* The ECL calculation for non-impaired credit exposures involves significant judgements and estimates. Areas we have identified which have greater levels of management judgement are: • the economic scenarios used and the probability weightages applied to them to measure ECLs on a forward-looking basis, reflecting management's view of potential future economic scenarios, including the continuing impact of the COVID-19 pandemic; • 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) *Non-impaired credit exposures* 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 the data inputs into the ECL calculation system; • the validation of models; • the selection and implementation of economic scenarios and probabilities, with consideration of the COVID-19 pandemic 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; 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.

Areas of focus	How our audit addressed the risk factors
b) *Impaired credit exposures* As at 31 December 2021, the Stage 3 ECL for impaired credit exposures of the Group was $1,556 million, out of which 76% 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.	b) *Impaired credit exposures* 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 and 612A credit grading; and • oversight of the Group Credit Committee. We considered the magnitude of the credit exposures, macroeconomic factors, industry trends and latest developments in relation to the COVID-19 pandemic in our audit sampling to focus on customers that are assessed to be of higher risk. With the increased credit risk resulting from the COVID-19 pandemic, we performed additional procedures as outlined below: • reviewed the Group's loan classification process arising from the implementation of MAS Notice 612A; and • assessed, as part of our credit reviews of selected borrowers, the appropriateness of the Group's consideration over financial projections and other qualitative assumptions applied in determining the credit gradings based on the revised COVID-19 rating guidance. 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.

Independent Auditor's Report

for the financial year ended 31 December 2021

Areas of focus	How our audit addressed the risk factors
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 2021, 4% ($4 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 due to their financial significance to the Group as well as its susceptibility to a higher degree of estimation uncertainty. The determination of certain Level 3 prices is considerably more subjective as it may require the exercise of judgement by management or the use of complex models and assumptions given the lack of availability of market-based data.	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; • independent price verification; and • monitoring of collateral disputes. 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. The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.
Impairment of goodwill *Refer to Notes 2(i), 3(a)(iii) and 37 to the consolidated financial statements.* As at 31 December 2021, 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 business 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.	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 the continued uncertainty of the future 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.

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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

for the financial year ended 31 December 2021

- 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

15 February 2022

Income Statements

for the financial year ended 31 December 2021

In $ millions	Note	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Interest income	4	**8,204**	9,623	**5,106**	6,218
Less: Interest expense	5	**1,816**	3,588	**938**	2,286
Net interest income		**6,388**	6,035	**4,168**	3,932
Net fee and commission income	6	**2,412**	1,997	**1,773**	1,412
Dividend income		**40**	50	**262**	316
Rental income		**105**	106	**81**	80
Net trading income	7	**514**	594	**321**	358
Net gain from investment securities	8	**216**	286	**77**	129
Other income	9	**114**	108	**267**	235
Non-interest income		**3,401**	3,141	**2,781**	2,530
Total operating income		**9,789**	9,176	**6,949**	6,462
Less: Staff costs	10	**2,602**	2,501	**1,641**	1,528
Other operating expenses	11	**1,711**	1,683	**1,118**	1,088
Total operating expenses		**4,313**	4,184	**2,759**	2,616
Operating profit before allowance		**5,476**	4,992	**4,190**	3,846
Less: Allowance for credit and other losses	12	**657**	1,554	**121**	899
Operating profit after allowance		**4,819**	3,438	**4,069**	2,947
Share of profit of associates and joint ventures		**118**	98	**–**	–
Profit before tax		**4,937**	3,536	**4,069**	2,947
Less: Tax	13	**850**	606	**615**	424
Profit for the financial year		**4,087**	2,930	**3,454**	2,523
Attributable to:					
Equity holders of the Bank		**4,075**	2,915	**3,454**	2,523
Non-controlling interests		**12**	15	**–**	–
		4,087	2,930	**3,454**	2,523
Earnings per share ($)	14				
Basic		**2.39**	1.69		
Diluted		**2.38**	1.68		

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 2021

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Profit for the financial year	4,087	2,930	3,454	2,523
Other comprehensive income that will not be reclassified to income statement				
Net gain/(loss) on equity instruments at fair value through other comprehensive income	101	1	54	(16)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	3	(4)	3	(4)
Remeasurement of defined benefit obligation	5	(1)	#	#
Related tax on items at fair value through other comprehensive income	(9)	#	(7)	2
	100	(4)	50	(18)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	(170)	(22)	(8)	15
Debt instruments at fair value through other comprehensive income				
Change in fair value	(535)	384	(346)	295
Transfer to income statement on disposal	(53)	(109)	(47)	(98)
Change in allowance for expected credit losses	8	7	8	10
Related tax	53	(22)	9	(5)
	(697)	238	(384)	217
Change in share of other comprehensive income of associates and joint ventures	10	(6)	–	–
Other comprehensive income for the financial year, net of tax	(587)	228	(334)	199
Total comprehensive income for the financial year, net of tax	3,500	3,158	3,120	2,722
Attributable to:				
Equity holders of the Bank	3,485	3,143	3,120	2,722
Non-controlling interests	15	15	–	–
	3,500	3,158	3,120	2,722

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 2021

In $ millions	Note	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Equity					
Share capital and other capital	15	**7,391**	7,420	**7,391**	7,420
Retained earnings	16	**26,439**	24,109	**19,232**	17,510
Other reserves	17	**8,803**	9,372	**9,460**	9,786
Equity attributable to equity holders of the Bank		**42,633**	40,901	**36,083**	34,716
Non-controlling interests	33c	**228**	230	**–**	–
Total equity		**42,861**	41,131	**36,083**	34,716
Liabilities					
Deposits and balances of:					
Banks		**15,561**	15,977	**13,169**	14,257
Customers	20	**352,633**	324,598	**277,193**	251,111
Subsidiaries		**–**	–	**16,070**	14,216
Bills and drafts payable		**977**	792	**799**	613
Derivative financial liabilities	40	**5,172**	11,519	**4,161**	8,741
Other liabilities	21	**7,069**	7,379	**5,547**	5,954
Tax payable		**563**	374	**444**	278
Deferred tax liabilities	22	**431**	436	**269**	263
Debts issued	23	**34,056**	29,608	**32,781**	28,086
Total liabilities		**416,462**	390,683	**350,433**	323,519
Total equity and liabilities		**459,323**	431,814	**386,516**	358,235
Assets					
Cash, balances and placements with central banks	24	**36,558**	36,798	**28,356**	31,452
Singapore government treasury bills and securities		**7,426**	8,103	**7,424**	8,103
Other government treasury bills and securities	25	**14,898**	13,890	**5,147**	3,796
Trading securities	26	**5,788**	4,215	**4,990**	3,523
Placements and balances with banks	27	**38,916**	40,284	**28,176**	30,409
Loans to customers	28	**306,713**	277,201	**243,608**	216,629
Placements with and advances to subsidiaries		**–**	–	**23,948**	21,023
Derivative financial assets	40	**5,362**	11,368	**4,251**	8,719
Investment securities	30	**29,068**	25,217	**24,556**	18,158
Other assets	31	**4,683**	5,033	**2,963**	3,428
Deferred tax assets	22	**510**	429	**126**	109
Investment in associates and joint ventures	32	**1,245**	1,210	**309**	325
Investment in subsidiaries	33	**–**	–	**6,291**	6,199
Investment properties	35	**829**	964	**902**	979
Fixed assets	36	**3,182**	2,959	**2,287**	2,201
Intangible assets	37	**4,145**	4,143	**3,182**	3,182
Total assets		**459,323**	431,814	**386,516**	358,235

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 2021

	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
2021						
Balance at 1 January	7,420	24,109	9,372	40,901	230	41,131
Profit for the financial year	–	4,075	–	4,075	12	4,087
Other comprehensive income for the financial year	–	12	(602)	(590)	3	(587)
Total comprehensive income for the financial year	–	4,087	(602)	3,485	15	3,500
Transfers	–	(24)	24	–	–	–
Change in non-controlling interests	–	–	–	–	(9)	(9)
Dividends	–	(1,733)	–	(1,733)	(8)	(1,741)
Shares re-purchased – held in treasury	(130)	–	–	(130)	–	(130)
Shares issued under scrip dividend scheme	52	–	–	52	–	52
Share-based compensation	–	–	59	59	–	59
Shares issued under share-based compensation plan	48	–	(48)	–	–	–
Perpetual capital securities issued	749	–	–	749	–	749
Redemption of perpetual capital securities	(748)	–	(2)	(750)	–	(750)
Balance at 31 December	7,391	26,439	8,803	42,633	228	42,861
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
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
2021					
Balance at 1 January		7,420	17,510	9,786	34,716
Profit for the financial year		–	3,454	–	3,454
Other comprehensive income for the financial year		–	#	(334)	(334)
Total comprehensive income for the financial year		–	3,454	(334)	3,120
Transfers		–	1	(1)	–
Dividends		–	(1,733)	–	(1,733)
Shares re-purchased – held in treasury		(130)	–	–	(130)
Shares issued under scrip dividend scheme		52	–	–	52
Share-based compensation		–	–	59	59
Shares issued under share-based compensation plan		48	–	(48)	–
Perpetual capital securities issued		749	–	–	749
Redemption of perpetual capital securities		(748)	–	(2)	(750)
Balance at 31 December		7,391	19,232	9,460	36,083
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
	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 2021

In $ millions	2021	2020
Cash flows from operating activities		
Profit for the financial year	4,087	2,930
Adjustments for:		
Allowance for credit and other losses	657	1,554
Share of profit of associates and joint ventures	(118)	(98)
Tax	850	606
Depreciation of assets	489	454
Net gain on disposal of assets	(193)	(718)
Share-based compensation	59	58
Operating profit before working capital changes	5,831	4,786
Change in working capital		
Deposits and balances of banks	(236)	495
Deposits and balances of customers	29,752	13,955
Bills and drafts payable	196	149
Other liabilities	(7,130)	6,634
Restricted balances with central banks	(155)	278
Government treasury bills and securities	(410)	(398)
Trading securities	(1,493)	(988)
Placements and balances with banks	1,257	12,539
Loans to customers	(31,573)	(13,154)
Investment securities	(4,615)	(9,148)
Other assets	6,442	(4,818)
Cash (used in)/generated from operations	(2,134)	10,330
Income tax paid	(675)	(707)
Net cash (used in)/provided by operating activities	(2,809)	9,623
Cash flows from investing activities		
Capital injection into associates and joint ventures	(3)	(4)
Distribution from associates and joint ventures	76	47
Purchase of properties and other fixed assets	(550)	(563)
Disposal of properties and other fixed assets	37	9
Net cash used in investing activities	(440)	(511)
Cash flows from financing activities		
Perpetual capital securities issued	749	–
Redemption of perpetual capital securities	(750)	–
Issuance of debts issued (Note 23)	29,648	31,433
Redemption of debts issued (Note 23)	(24,699)	(27,318)
Shares re-purchased – held in treasury	(130)	(20)
Change in non-controlling interests	(9)	(6)
Dividends paid on ordinary shares	(1,607)	(1,837)
Distribution for perpetual capital securities	(85)	(92)
Dividends paid to non-controlling interests	(8)	(7)
Lease payments	(87)	(92)
Net cash provided by financing activities	3,022	2,061
Currency translation adjustments	(165)	3
Net (decrease)/increase in cash and cash equivalents	(392)	11,176
Cash and cash equivalents at beginning of the financial year	31,364	20,188
Cash and cash equivalents at end of the financial year (Note 24)	30,972	31,364

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 2021

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 during the financial year:

- 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
- Amendments to SFRS(I) 16: COVID-19-Related Rent Concessions beyond 30 June 2021

The Phase 2 amendments to SFRS(I) 9 include practical expedients relating to interest rate benchmark reform where the respective qualifying criteria are met:

a. Contract modification

Implementing interest rate benchmark reform requires changes in the basis for determining the contractual cash flows of some financial assets and financial liabilities. The amendments permit that when qualifying criteria are met the effective interest rate of the financial instrument is updated based on the new alternative benchmark rate without adjusting its carrying amount. Hence no immediate gain or loss is 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

Hedge accounting relationships are permitted not to be discontinued when the qualifying criteria in (a) above are met, and the original hedging instrument is not derecognised. In addition, an alternative benchmark rate can be designated as a non-contractually specified hedged risk component if the entity reasonably expects that the alternative benchmark rate will be separately identifiable within 24 months from the date that alternative benchmark rate is first designated. This applies rate-by-rate.

c. 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. For such leases, the carrying amount of the lease liability is remeasured by discounting the revised lease payments (based on the alternative benchmark rate) using a discount rate that is updated to the alternative benchmark rate. The change is recorded through a corresponding adjustment to the carrying amount of the related right-of-use asset, with no immediate gain or loss recognised in the income statement.

Notes to the Financial Statements
for the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

(i) Changes During the Financial Year (continued)

The adoption of the Phase 2 amendments did not have any significant impact on the Group's financial statements on 1 January 2021. Further information and disclosures of the Group's financial instruments and hedge accounting relationships impacted by the interest rate benchmark reform are provided in Note 45(d) to the financial statements.

Amendments to SFRS(I) 16 adopted during the financial year 2020 provided a practical expedient for lessees to not assess qualifying COVID-19-related rent concessions for lease modification. The amendment was intended to apply until 30 June 2021, however due to the extended duration of the COVID-19 pandemic, the period of application of the practical expedient was extended to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021, however the Group early adopted this amendment with effect from 1 January 2021. The adoption of the SFRS(I) 16 amendments did not have any significant impact on the Group's financial statements on 1 January 2021.

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.

(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 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
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Application of the SFRS(I)s listed above is not expected to have a significant impact on the Group's financial statements.

2. Summary of Significant Accounting Policies (continued)

(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.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

(c) Interests in Other Entities (continued)

(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.

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 FVPL. 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.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(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 FVPL.

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 the 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 the 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.

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, except for interest expense on structured liabilities at FVPL which is included with other fair value changes in trading income. 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(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.

(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.

The Group determines ECL using macro-economic probability-weighted scenarios which are derived from internal economic risk models. Scenarios to be used and probability-weighting assigned is determined by the Group's SFRS(I) 9 Working Group and, where judged to be appropriate, use of a management overlay.

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.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(vi) *Impairment (continued)*

Monetary Authority of Singapore (MAS) Notice 612A, effective from 16 March 2021, sets out credit grading treatment for credit facilities which were granted support measures by Singapore banks in response to the COVID-19 pandemic. MAS Notice 612A clarifies that credit facilities are not required to be classified as non-performing just because a borrower is granted extended credit support measures. Instead the ability of the borrower to repay should be assessed considering the impact of the support provided by the bank.

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.

(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 FVOCI, 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

(f) Hedge Accounting (continued)

(ii) Cash Flow Hedge (continued)

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.

(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.

2. Summary of Significant Accounting Policies (continued)

(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 in the income statement 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.

(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 business 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.

2. Summary of Significant Accounting Policies (continued)

(j) Foreign Currencies (continued)

(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.

(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.

2. Summary of Significant Accounting Policies (continued)

(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.

(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.

Notes to the Financial Statements
for the financial year ended 31 December 2021

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 and its ongoing effects on the regional economies have continued to impact the Group's operations and customers. While most economies showed signs of recovery in 2021, the speed of recovery of each has been hampered by sporadic movement restrictions intended to curb the spread of the virus. In response to the continued challenges faced, relief packages were extended to certain targeted customer groups.

Loans under relief by country of booking at 31 December:

	The Group	
In $ billions	**2021**	2020
Singapore	1	16
Malaysia	8	4
Thailand	2	2
Indonesia	1	1
Rest of ASEAN/Asia Pacific	1	2
Total	13	25

3. Critical Accounting Estimates and Judgements (continued)

(b) Coronavirus (COVID-19) Pandemic (continued)

(i) Effects on estimates and judgements (continued)

The uncertainties introduced by the COVID-19 pandemic to the preparation of financial statements remained in 2021, 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 $0.7 billion (2020: $1.6 billion) in the income statement, bringing the carrying amount of the total credit allowance to $4.5 billion (2020: $4.6 billion).

The Group remains committed to supporting customers through this pandemic. However, the extent and duration of the disruption to the Group's customers continues to be uncertain, especially with new virus variants emerging towards the end of 2021. Hence, the holistic set of processes, controls and governance put in place in 2020 continued into 2021. These included:

- 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 were more vulnerable and to assist customers with financing options where required;
- Credit Risk Management providing application guidance, taking into consideration effects of modifications from relief programs;
- internal stress tests being conducted on financials, capital and liquidity position;
- financial prudence being exercised in determining ECL, for both model assumptions and overlay; and
- continuous reporting and monitoring of credit quality to senior management.

(ii) ECL on non-impaired assets

ECL for non-impaired assets (Note 2(d)(vi)), is influenced by forward-looking information such as macroeconomic variables outlook. 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, and major country representatives to factor in country-specific feedback.

The determination of ECL for non-impaired exposures in 2021 included a scenario of prolonged effects on the pandemic to our customers. Scenario weightage was also prudently applied, considering the different speeds of recovery in the regional countries.

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 prudence to be applied in model assumptions and 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021

3. Critical Accounting Estimates and Judgements (continued)

(b) Coronavirus (COVID-19) Pandemic (continued)

(ii) ECL on non-impaired assets (continued)

Due to these significant uncertainties, overlays were held at the reporting date to address risks not fully reflected in the modelled ECL, including effects of relief given, because models are based off historical data. The more significant overlays relate to the following:

- vulnerable exposures identified mainly through the Restructuring Taskforce review;
- portfolio assessment of all other customers that are under relief programs for both individuals and corporates;
- other inherent model limitations.

Judgments and assumptions applied in determining overlays were reviewed and 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 greater uncertainties to the credit review process which required greater levels of judgement to forecast 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 in 2021 and more individuals were vaccinated, it remains difficult to predict with high levels of certainty when the pandemic will ebb and consequently, the actual financial impacts of this pandemic known. Due to the considerable degree of judgment involved in estimating ECL, actual outcomes may differ significantly from ECL recognised. However, the Group believes that with robust governance, process and controls, sensible forward-looking assumptions applied, coupled with prudent overlays, ECL recorded is considered reasonable.

4. Interest Income

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Loans to customers	**6,917**	7,963	**4,352**	5,088
Placements and balances with banks	**467**	829	**341**	699
Government treasury bills and securities	**414**	430	**131**	129
Trading and investment securities	**406**	401	**282**	302
	8,204	9,623	**5,106**	6,218
Of which, interest income on:				
Financial assets measured at amortised cost	**7,369**	8,706	**4,722**	5,701
Financial assets measured at FVPL	**185**	173	**116**	123
Financial assets measured at FVOCI	**650**	744	**268**	394

5. Interest Expense

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Deposits of customers	**1,566**	3,174	**763**	1,938
Deposits and balances of banks and debts issued	**247**	410	**173**	346
Lease payables	**3**	4	**2**	2
	1,816	3,588	**938**	2,286
Of which, interest expense on:				
Financial liabilities measured at amortised cost	**1,812**	3,560	**938**	2,261
Financial liabilities measured at FVPL [(1)]	**4**	28	**#**	25

Amount less than $500,000

(1) Effective from 1 January 2021, the Group has elected to present interest expense on structured liabilities at FVPL together with other fair value changes in trading income.

6. Net Fee and Commission Income

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Credit card [(1)]	**447**	386	**335**	277
Fund management	**325**	275	**19**	12
Wealth management	**823**	710	**684**	580
Loan-related [(2)]	**698**	506	**598**	418
Service charges	**139**	142	**123**	122
Trade-related [(3)]	**310**	281	**203**	186
Others	**19**	13	**21**	16
	2,761	2,313	**1,983**	1,611
Fee and commission expenses	**(349)**	(316)	**(210)**	(199)
Net fee and commission income	**2,412**	1,997	**1,773**	1,412
Of which, fee and commission from:				
Financial assets not measured at FVPL	**550**	385	**490**	321
Provision of trust and other fiduciary services	**13**	13	**12**	11

(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 2021	The Group 2020	The Bank 2021	The Bank 2020
Net gain/(loss) from:				
Foreign exchange	**409**	238	**275**	195
Interest rate and others	**98**	442	**39**	249
Financial liabilities designated at FVPL	**7**	(86)	**7**	(86)
	514	594	**321**	358

Notes to the Financial Statements

for the financial year ended 31 December 2021

8. Net Gain from Investment Securities

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
FVOCI	**88**	190	**48**	111
Amortised cost	**3**	2	**10**	10
FVPL – mandatory	**125**	94	**19**	8
	216	286	**77**	129

9. Other Income

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Net gain/(loss) from:				
Disposal of investment properties	**17**	9	**17**	43
Disposal of fixed assets	**2**	#	**#**	#
Disposal/Liquidation of subsidiaries, associates or joint ventures	**(3)**	(3)	**13**	1
Intra-group service recovery income	**–**	–	**183**	145
Others	**98**	102	**54**	46
	114	108	**267**	235

Amount less than $500,000

10. Staff Costs

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Salaries, bonuses and allowances [1]	**2,062**	1,940	**1,286**	1,160
Employer's contribution to defined contribution plans	**176**	169	**110**	109
Share-based compensation	**61**	58	**48**	45
Others	**303**	334	**197**	214
	2,602	2,501	**1,641**	1,528
Of which:				
The Bank's directors' remuneration	**11**	10	**11**	10
Depreciation of right-of-use assets	**1**	1	**#**	1

Amount less than $500,000

(1) Includes government staff-related grant relief for COVID-19 received of $16 million (2020: $134 million) for the Group and $14 million (2020: $124 million) for the Bank.

11. Other Operating Expenses

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Revenue-related	561	577	294	297
Occupancy-related [(1)]	314	321	195	197
IT-related	638	582	520	468
Others	198	203	109	126
	1,711	1,683	1,118	1,088
Of which:				
Directors' fees	5	4	4	3
Depreciation of fixed assets and investment properties	405	363	301	263
Depreciation of right-of-use assets	83	90	54	60
Auditors' remuneration paid/payable to:				
Auditors of the Bank	3	3	3	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	60	55	40	40
Fee expenses arising from financial liabilities not at FVPL	70	66	18	26

Amount less than $500,000

(1) Includes COVID-19-related rent concessions and property tax rebate received of $1 million (2020: $12 million) for the Group and $1 million (2020: $11 million) for the Bank.

12. Allowance for Credit and Other Losses

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Stage 1 and 2 ECL allowance/(write-back)	95	916	(28)	608
Stage 3 ECL allowance/(write-back) for:				
Loans (Note 28(d))	534	679	129	320
Others	26	(5)	(1)	(6)
Allowance/(Write-back) for other losses	2	(36)	21	(23)
	657	1,554	121	899

Notes to the Financial Statements
for the financial year ended 31 December 2021

13. Tax

The tax charge to the income statements comprises the following:

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
On profit for the financial year				
Current tax	889	647	626	425
Deferred tax	(52)	(43)	(9)	11
	837	604	617	436
(Over)/Under-provision of prior years				
Current tax	(8)	(7)	(3)	(11)
Deferred tax	5	(11)	1	(1)
Effect of change in tax rate	–	5	–	–
Share of tax of associates and joint ventures	16	15	–	–
	850	606	615	424

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 2021	The Group 2020	The Bank 2021	The Bank 2020
Operating profit after allowance	4,819	3,438	4,069	2,947
Prima facie tax calculated at tax rate of 17% (2020: 17%)	819	584	692	501
Effects of:				
Income taxed at concessionary rates	(106)	(66)	(106)	(66)
Different tax rates in other countries	118	99	74	64
Income not subject to tax	(40)	(66)	(66)	(102)
Expenses not deductible for tax	52	44	30	38
Others	(6)	9	(7)	1
Tax expense on profit for the financial year	837	604	617	436

14. Earnings Per Share

Basic and diluted earnings per share (EPS) are determined as follows:

In $ millions	The Group 2021	The Group 2020
Profit attributable to equity holders of the Bank	4,075	2,915
Distribution on perpetual capital securities	(72)	(91)
Adjusted profit	4,003	2,824
Weighted average number of ordinary shares ('000)		
In issue	1,674,312	1,669,799
Adjustment for potential ordinary shares under share-based compensation plan	7,074	7,187
Diluted	1,681,386	1,676,986
EPS ($)		
Basic	2.39	1.69
Diluted	2.38	1.68

15. Share Capital and Other Capital

(a)

	2021 Number of shares '000	2021 Amount $ million	2020 Number of shares '000	2020 Amount $ million
Ordinary shares				
Balance at 1 January	1,683,916	5,299	1,680,541	5,233
Shares issued under scrip dividend scheme	2,007	52	3,375	66
Balance at 31 December	1,685,923	5,351	1,683,916	5,299
Treasury shares				
Balance at 1 January	(11,101)	(255)	(12,207)	(284)
Shares re-purchased – held in treasury	(4,900)	(130)	(993)	(20)
Shares issued under share-based compensation plan	2,068	48	2,099	49
Balance at 31 December	(13,933)	(337)	(11,101)	(255)
Ordinary share capital	1,671,990	5,014	1,672,815	5,044
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016		–		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
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021		150		–
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021		599		–
Share capital and other capital of the Bank and the Group		7,391		7,420

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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 2,068,000 (2020: 2,099,000) 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.

15. Share Capital and Other Capital (continued)

(g) The 2.25% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 15 January 2021. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 15 January 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 2.25% per annum, subject to a reset on 15 January 2026 (and every five years thereafter) to a rate equal to the prevailing five-year Singapore Overnight Rate Average Overnight Indexed Swap (SORA OIS) plus the initial margin of 1.81%. Distributions are payable semi-annually on 15 January and 15 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.

(h) The 2.55% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 22 June 2021. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 22 June 2028 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 2.55% per annum, subject to a reset on 22 June 2028 (and every seven years thereafter) to a rate equal to the prevailing seven-year SORA OIS plus the initial margin of 1.551%. Distributions are payable semi-annually on 22 June and 22 December 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.

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16. Retained Earnings

(a)

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Balance at 1 January	**24,109**	23,404	**17,510**	17,197
Profit for the financial year attributable to equity holders of the Bank	**4,075**	2,915	**3,454**	2,523
Net gain/(loss) on equity instruments at FVOCI	**7**	(4)	**–**	(1)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**#**	#	**#**	#
Remeasurement of defined benefit obligation	**5**	(1)	**#**	#
Transfer (to)/from other reserves	**(24)**	(223)	**1**	(226)
Change in non-controlling interests	**–**	1	**–**	–
Dividends				
Ordinary shares				
Final dividend of 39 cents (2020: 55 cents) and special dividend of nil (2020: 20 cents) tax-exempt per share paid in respect of prior financial year	**(653)**	(1,252)	**(653)**	(1,252)
Interim dividend of 60 cents (2020: 39 cents) tax-exempt per share paid in respect of the financial year	**(1,006)**	(651)	**(1,006)**	(651)
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016	**(13)**	(26)	**(13)**	(26)
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017	**(29)**	(30)	**(29)**	(30)
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019	**(23)**	(24)	**(23)**	(24)
2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021	**(2)**	–	**(2)**	–
2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021	**(7)**	–	**(7)**	–
	(1,733)	(1,983)	**(1,733)**	(1,983)
Balance at 31 December	**26,439**	24,109	**19,232**	17,510

\# *Amount less than $500,000*

(b) The retained earnings are distributable reserves except for an amount of $659 million (2020: $619 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 2021, the directors have proposed a final tax-exempt dividend of 60 cents per ordinary share amounting to a total dividend of $1,003 million. The proposed dividend will be accounted for in Year 2022 financial statements upon approval of the equity holders of the Bank.

17. Other Reserves

(a)

In $ millions	The Group 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
2021									
Balance at 1 January	982	(1,338)	88	3,058	710	6,213	75	(416)	9,372
Other comprehensive income for the financial year	(449)	(162)	–	–	–	–	9	–	(602)
Transfers	–	–	–	(1)	25	–	–	–	24
Share-based compensation	–	–	59	–	–	–	–	#	59
Shares issued under share-based compensation plan	–	–	(54)	–	–	–	–	6	(48)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(2)	(2)
Balance at 31 December	533	(1,500)	93	3,057	735	6,213	84	(412)	8,803
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

Amount less than $500,000

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for the financial year ended 31 December 2021

17. Other Reserves (continued)

(a) (continued)

In $ millions	Fair value reserve	Foreign currency translation reserve	Share-based compensation reserve	Merger reserve	Statutory reserves	General reserve	Others	Total
	The Bank							
2021								
Balance at 1 January	763	(89)	88	3,058	328	5,720	(82)	9,786
Other comprehensive income for the financial year	(328)	(6)	–	–	–	–	–	(334)
Transfers	–	–	–	(1)	–	–	–	(1)
Share-based compensation	–	–	59	–	–	–	#	59
Shares issued under share-based compensation plan	–	–	(54)	–	–	–	6	(48)
Redemption of perpetual capital securities	–	–	–	–	–	–	(2)	(2)
Balance at 31 December	435	(95)	93	3,057	328	5,720	(78)	9,460
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

Amount less than $500,000

(b) Fair value reserve contains cumulative fair value changes of FVOCI financial assets and changes attributable to own credit risk. The cumulative amount attributable to own credit risk is an unrealised gain of $1 million (2020: unrealised loss of $1 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.

(g) General reserve has not been earmarked for any specific purpose.

17. Other Reserves (continued)

(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)

In $ millions	The Group HFT	FVPL – mandatory	FVPL – designated	FVOCI	AC	Total
2021						
Cash, balances and placements with central banks	3,078	–	–	5,316	28,164	36,558
Singapore government treasury bills and securities	334	–	–	6,738	354	7,426
Other government treasury bills and securities	1,424	–	–	13,317	157	14,898
Trading securities	5,788	–	–	–	–	5,788
Placements and balances with banks	12,215	–	–	5,655	21,046	38,916
Loans to customers	3,772	–	–	80	302,861	306,713
Derivative financial assets	5,362	–	–	–	–	5,362
Investment securities						
Debt	–	45	–	18,627	6,946	25,618
Equity	–	1,174	–	2,276	–	3,450
Other assets	1,912	–	–	2	2,644	4,558
Total financial assets	33,885	1,219	–	52,011	362,172	449,287
Non-financial assets						10,036
Total assets						**459,323**
Deposits and balances of banks and customers	1,206	–	877	–	366,111	368,194
Bills and drafts payable	–	–	–	–	977	977
Derivative financial liabilities	5,172	–	–	–	–	5,172
Other liabilities	2,443	–	268	1	3,099	5,811
Debts issued	–	–	1,229	–	32,827	34,056
Total financial liabilities	8,821	–	2,374	1	403,014	414,210
Non-financial liabilities						2,252
Total liabilities						**416,462**

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for the financial year ended 31 December 2021

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

	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

18. Classification of Financial Assets and Financial Liabilities (continued)

(a) (continued)

In $ millions	HFT	FVPL – mandatory	FVPL – designated	FVOCI	AC	Total
	The Bank					
2021						
Cash, balances and placements with central banks	3,078	–	–	3,896	21,382	28,356
Singapore government treasury bills and securities	334	–	–	6,736	354	7,424
Other government treasury bills and securities	765	–	–	4,371	11	5,147
Trading securities	4,990	–	–	–	–	4,990
Placements and balances with banks	11,010	–	–	3,530	13,636	28,176
Loans to customers	3,640	–	–	–	239,968	243,608
Placements with and advances to subsidiaries	1,423	–	–	–	22,525	23,948
Derivative financial assets	4,251	–	–	–	–	4,251
Investment securities						
Debt	–	35	–	15,481	6,721	22,237
Equity	–	436	–	1,883	–	2,319
Other assets	1,205	–	–	–	1,693	2,898
Total financial assets	30,696	471	–	35,897	306,290	373,354
Non-financial assets						13,162
Total assets						386,516
Deposits and balances of banks, customers and subsidiaries	1,168	–	877	–	304,387	306,432
Bills and drafts payable	–	–	–	–	799	799
Derivative financial liabilities	4,161	–	–	–	–	4,161
Other liabilities	2,335	–	195	1	1,816	4,347
Debts issued	–	–	1,229	–	31,552	32,781
Total financial liabilities	7,664	–	2,301	1	338,554	348,520
Non-financial liabilities						1,913
Total liabilities						350,433

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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

(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 FVPL, the amounts payable at maturity are as follows:

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Financial liabilities				
Deposits and balances of banks and customers	878	972	878	972
Debts issued	1,345	947	1,345	947
Other liabilities	273	–	195	–
	2,496	1,919	2,418	1,919

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 FVPL and FVOCI. 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, fair values are estimated using the discounted cash flow method;
- For loans and deposits of customers, fair values are estimated using the discounted cash flow method;
- For non-subordinated debts issued and investment debt securities, fair values are estimated based on independent broker quotes; and
- For subordinated notes issued, fair values are determined based on quoted market prices.

Notes to the Financial Statements

for the financial year ended 31 December 2021

19. Fair Values of Financial Instruments (continued)

(b) The Group classifies 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					
	2021			2020		
In $ millions	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash, balances and placements with central banks	3,576	4,818	–	2,081	3,532	–
Singapore government treasury bills and securities	7,072	–	–	8,103	–	–
Other government treasury bills and securities	12,845	1,896	–	11,650	2,227	–
Trading securities	1,581	4,006	201	1,921	1,318	976
Placements and balances with banks	–	17,870	–	–	15,892	–
Loans to customers	–	3,852	–	–	4,212	–
Derivative financial assets	250	5,017	95	207	11,041	120
Investment securities						
Debt	1,247	16,243	1,182	3,751	12,015	2,221
Equity	1,370	–	2,080	871	–	1,911
Other assets	1,556	358	–	1,623	230	–
	29,497	54,060	3,558	30,207	50,467	5,228
Total financial assets carried at fair value			87,115			85,902
Deposits and balances of banks and customers	–	2,083	–	–	2,128	–
Derivative financial liabilities	205	4,916	51	196	11,133	190
Other liabilities	458	2,254	–	50	3,421	–
Debts issued	–	1,229	–	–	917	–
	663	10,482	51	246	17,599	190
Total financial liabilities carried at fair value			11,196			18,035

19. Fair Values of Financial Instruments (continued)

(b) (continued)

In $ millions	The Bank 2021 Level 1	Level 2	Level 3	2020 Level 1	Level 2	Level 3
Cash, balances and placements with central banks	2,156	4,818	–	1,703	3,532	–
Singapore government treasury bills and securities	7,070	–	–	8,103	–	–
Other government treasury bills and securities	4,673	463	–	3,165	618	–
Trading securities	1,576	3,261	153	1,921	1,084	518
Placements and balances with banks	–	14,540	–	–	13,919	–
Loans to customers	–	3,640	–	–	4,121	–
Placements with and advances to subsidiaries	–	1,423	–	–	668	–
Derivative financial assets	133	4,020	98	73	8,526	120
Investment securities						
Debt	113	14,746	657	279	10,458	1,289
Equity	1,137	–	1,182	703	–	1,145
Other assets	1,183	22	–	1,201	24	–
	18,041	46,933	2,090	17,148	42,950	3,072
Total financial assets carried at fair value			67,064			63,170
Deposits and balances of banks, customers and subsidiaries	–	2,045	–	–	2,053	–
Derivative financial liabilities	150	3,960	51	112	8,439	190
Other liabilities	458	2,073	–	50	3,322	–
Debts issued	–	1,229	–	–	917	–
	608	9,307	51	162	14,731	190
Total financial liabilities carried at fair value			9,966			15,083

Notes to the Financial Statements
for the financial year ended 31 December 2021

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
2021								
Assets								
Trading securities	976	#	–	201	(976)	#	201	#
Derivative financial assets	120	(25)	–	–	–	–	95	(25)
Investment securities – debt	2,221	(7)	#	660	(1,534)	(158)[(1)]	1,182	(7)
Investment securities – equity	1,911	105	11	151	(70)	(28)	2,080	105
Liabilities								
Derivative financial liabilities	190	(139)	–	–	–	–	51	(139)
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

\# *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.

19. Fair Values of Financial Instruments (continued)

(c) (continued)

	The Bank							
		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
2021								
Assets								
Trading securities	518	#	–	153	(518)	#	153	#
Derivative financial assets	120	(22)	–	–	–	–	98	(22)
Investment securities – debt	1,289	(7)	1	385	(732)	(279)[1]	657	(7)
Investment securities – equity	1,145	31	(18)	52	(28)	–	1,182	31
Liabilities								
Derivative financial liabilities	190	(139)	–	–	–	–	51	(139)
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

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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19. Fair Values of Financial Instruments (continued)

(d) *Effect of changes in significant unobservable inputs*

At 31 December 2021, 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:

	The Group				
In $ millions	2021	2020	Classification	Valuation technique	Unobservable inputs
Assets					
Trading securities – debt	201	976	FVPL	Discounted Cash Flow	Credit Spreads
Derivative financial assets	95	120	FVPL	Option Pricing Model	Volatilities and Correlations
Investment securities – debt	1,182	2,221	FVOCI/FVPL	Discounted Cash Flow and Option Pricing Model	Credit Spreads and Volatilities
Investment securities – equity	2,080	1,911	FVOCI/FVPL	Multiples, Net Asset Value and Recent Transaction Price	Net Asset Value, Earnings and Financial Ratio Multiples
Liabilities					
Derivative financial liabilities	51	190	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

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Fixed deposits	137,079	134,034	102,676	96,007
Savings deposits	99,703	91,620	75,429	69,826
Current accounts	98,624	81,963	82,448	68,772
Others	17,227	16,981	16,640	16,506
	352,633	324,598	277,193	251,111

21. Other Liabilities

(a)

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Accrued interest payable	**320**	494	**193**	328
Accrued operating expenses	**1,106**	1,014	**689**	678
ECL allowance (Note 21(b))	**293**	265	**162**	158
Lease liabilities (Note 21(c))	**178**	190	**122**	129
Sundry creditors	**4,005**	4,901	**3,292**	4,372
Others	**1,167**	515	**1,089**	289
	7,069	7,379	**5,547**	5,954

(b) *Movements in ECL allowance for other liabilities*

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	**200**	**57**	**8**	**265**
Transfers between Stages	**12**	**(12)**	**#**	**–**
Remeasurement [(1)]	**(6)**	**19**	**3**	**16**
Changes in models [(2)]	**(41)**	**20**	**–**	**(21)**
Net charge/(write-back) to income statement	**40**	**(6)**	**1**	**35**
Currency translation adjustments	**(2)**	**#**	**#**	**(2)**
Balance at 31 December	**203**	**78**	**12**	**293**
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

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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21. Other Liabilities (continued)

(b) *Movements in ECL allowance for other liabilities (continued)*

In $ millions	The Bank Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	118	36	4	158
Transfers between Stages	7	(7)	#	–
Remeasurement [1]	(3)	11	#	8
Changes in models [2]	(16)	(5)	–	(21)
Net charge/(write-back) to income statement	27	(7)	(3)	17
Balance at 31 December	133	28	1	162
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)
Reclassification	37	22	–	59
Balance at 31 December	118	36	4	158

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*

In $ millions	The Group 2021	2020	The Bank 2021	2020
Maturity for lease liabilities				
Within 1 year	61	60	48	44
Over 1 to 5 years	102	111	68	76
Over 5 years	15	19	6	9
	178	190	122	129

22. Deferred Tax

(a) Deferred tax comprises the following:

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Deferred tax liabilities on:				
Unrealised gain on FVOCI financial assets	**26**	62	**9**	11
Accelerated tax depreciation	**227**	217	**219**	209
Unrealised gain on financial instruments at FVPL	**130**	108	**–**	–
Fair value of depreciable assets acquired in business combination	**21**	22	**21**	22
Others	**57**	54	**54**	55
	461	463	**303**	297
Amount offset against deferred tax assets	**(30)**	(27)	**(34)**	(34)
	431	436	**269**	263
Deferred tax assets on:				
Allowance for impairment	**261**	218	**103**	84
Unrealised loss on financial instruments at FVPL	**115**	102	**–**	–
Others	**164**	136	**57**	59
	540	456	**160**	143
Amount offset against deferred tax liabilities	**(30)**	(27)	**(34)**	(34)
	510	429	**126**	109
Net deferred tax assets/(liabilities)	**79**	(7)	**(143)**	(154)

(b) Movements in deferred tax during the financial year are as follows:

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Balance at 1 January	**(7)**	1	**(154)**	(106)
Effect of change in tax rate	**–**	(5)	**–**	–
Currency translation adjustments	**(2)**	#	**1**	1
Credit/(Charge) to income statement	**47**	54	**8**	(11)
Credit/(Charge) to equity	**41**	(57)	**2**	(38)
Balance at 31 December	**79**	(7)	**(143)**	(154)

Amount less than $500,000

The Group has not recognised deferred tax assets in respect of tax losses of $27 million (2020: $26 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 $11 million (2020: $10 million) which will expire between the years 2022 and 2030 (2020: 2021 and 2030).

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23. Debts Issued

(a)

In $ millions	Note (b)	Issuance/ Maturity date	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Subordinated notes						
USD700 million 3.50% subordinated notes callable in 2021	(i)	16 Mar 2016/ 16 Sep 2026	–	933	–	933
HKD700 million 3.19% subordinated notes callable in 2023	(ii)	26 Aug 2016/ 26 Aug 2028	122	122	122	122
USD600 million 2.88% subordinated notes callable in 2022	(iii)	8 Sep 2016/ 8 Mar 2027	813	808	813	808
SGD750 million 3.50% subordinated notes callable in 2024	(iv)	27 Feb 2017/ 27 Feb 2029	770	797	770	797
USD600 million 3.75% subordinated notes callable in 2024	(v)	15 Apr 2019/ 15 Apr 2029	833	837	833	837
USD600 million 1.75% subordinated notes callable in 2026	(vi)	16 Sep 2020/ 16 Mar 2031	795	789	795	789
USD750 million 2.00% subordinated notes callable in 2026	(vii)	14 Apr 2021/ 14 Oct 2031	987	–	987	–
RM600 million 4.80% subordinated notes callable in 2023	(viii)	25 Jul 2018/ 25 Jul 2028	199	206	–	–
RM750 million 3.00% subordinated notes callable in 2025	(ix)	3 Aug 2020/ 2 Aug 2030	243	247	–	–
THB6 billion 3.56% subordinated notes callable in 2022	(x)	20 Sep 2017/ 20 Sep 2027	244	265	–	–
IDR433 billion 11.35% subordinated notes	(xi)	28 May 2014/ 28 May 2021	–	41	–	–
IDR100 billion 9.40% subordinated notes	(xii)	25 Nov 2016/ 25 Nov 2023	9	9	–	–
IDR500 billion 9.25% subordinated notes	(xiii)	17 Oct 2017/ 17 Oct 2024	47	47	–	–
IDR100 billion 9.85% subordinated notes	(xiv)	5 Jul 2019/ 5 Jul 2026	9	9	–	–
IDR650 billion 9.25% subordinated notes	(xv)	13 Nov 2019/ 13 Nov 2026	61	61	–	–
CNY1 billion 4.80% subordinated notes	(xvi)	15 Nov 2019/ 19 Nov 2029	201	192	–	–
Total subordinated notes			5,333	5,363	4,320	4,286

23. Debts Issued (continued)

(a) (continued)

In $ millions	Note (c)	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Other debts					
Interest rate-linked notes	(i)	**1,008**	762	**1,008**	762
Equity-linked notes	(ii)	**219**	156	**219**	156
Floating rate notes	(iii)	**3,766**	3,359	**3,725**	3,359
Fixed rate notes	(iv)	**2,250**	1,781	**2,033**	1,336
Commercial papers	(v)	**13,618**	11,938	**13,618**	11,938
Covered bonds	(vi)	**7,855**	6,244	**7,855**	6,244
Others	(vii)	**7**	5	**3**	5
Total other debts		**28,723**	24,245	**28,461**	23,800
Total debts issued		**34,056**	29,608	**32,781**	28,086
Of which, fair value hedge loss/(gain):					
Subordinated notes		**17**	139	**17**	130
Other debts		**(46)**	69	**(46)**	69

(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 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%.

(ii) 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%.

(iii) 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%.

(iv) 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)*

(v) 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%.

(vi) 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%.

(vii) Issued by the Bank with interest payable semi-annually at a fixed rate of 2.00% per annum up to but excluding 14 October 2026. From and including 14 October 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 1.23%.

(viii) 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.

(ix) 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.

(x) 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.

(xi) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 11.35% per annum.

(xii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.40% per annum.

(xiii) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xiv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.85% per annum.

(xv) Issued by PT Bank UOB Indonesia with interest payable quarterly at a fixed rate of 9.25% per annum.

(xvi) 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 27 September 2036 to 5 February 2051. 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 6 January 2022 to 5 January 2023. 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 24 January 2022 to 27 August 2026. Interest is payable quarterly at a floating rate.

23. Debts Issued (continued)

(c) *Other debts (continued)*

(iv) The fixed rate notes comprise mainly notes issued by the Bank with maturities ranging from 14 March 2022 to 2 June 2026. 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	1.21% to 3.20% per annum
IDR	5.65% to 8.25% per annum
HKD	0.64% to 0.71% per annum
THB	0.97% to 2.16% per annum

(v) The commercial papers were issued by the Bank between 5 May 2021 and 3 December 2021 and mature between 12 January 2022 and 21 June 2022. Interest rates of the papers ranged from 0.11% to 0.28% per annum (2020: 0.18% to 0.31% per annum).

(vi) As at 31 December 2021, there were eight covered bonds outstanding comprising:

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 compounded daily Sterling Overnight Index Average (SONIA) plus 0.3242% 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.

EUR750 million fixed rate covered bonds issued by the Bank on 25 May 2021 at 99.809 with maturity on 25 May 2029. Interest is payable annually at a fixed rate of 0.1% per annum.

GBP850 million floating rate covered bonds issued by the Bank on 21 September 2021 at 103.52 with maturity on 21 September 2026. Interest is payable quarterly at a compounded daily SONIA plus 1.0% per annum.

(vii) Others comprise currency-linked notes and total return swap-linked notes issued by the Group.

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23. Debts Issued (continued)

(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
2021					
Debts issued	**29,608**	**29,648**	**(24,699)**	**(501)**	**34,056**
2020					
Debts issued	25,209	31,433	(27,318)	284	29,608

24. Cash, Balances and Placements with Central Banks

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Cash on hand	**794**	814	**553**	563
Non-restricted balances with central banks	**30,178**	30,550	**23,416**	26,678
Cash and cash equivalents	**30,972**	31,364	**23,969**	27,241
Restricted balances with central banks	**5,590**	5,437	**4,388**	4,213
ECL allowance	**(4)**	(3)	**(1)**	(2)
	36,558	36,798	**28,356**	31,452

25. Other Government Treasury Bills and Securities

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Other government treasury bills and securities [1]	**14,898**	13,890	**5,147**	3,796

(1) Includes ECL allowance on other government treasury bills and securities at FVOCI of $6 million (2020: $5 million) for the Group and $1 million (2020: $1 million) for the Bank.

26. Trading Securities

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Quoted securities				
Debt	**2,078**	981	**1,805**	974
Equity	**1,338**	1,922	**1,338**	1,922
Unquoted securities				
Debt	**2,372**	1,312	**1,847**	627
	5,788	4,215	**4,990**	3,523

27. Placements and Balances with Banks

(a)

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Placements and balances with banks	**38,944**	40,320	**28,188**	30,420
ECL allowance (Note 27(b))	**(28)**	(36)	**(12)**	(11)
	38,916	40,284	**28,176**	30,409

(b) *Movements in ECL allowance for placements and balances with banks*

In $ millions	The Group Stage 1	The Group Stage 2	The Group Total
2021			
Balance at 1 January	**26**	**10**	**36**
Changes in models [2]	**(2)**	**#**	**(2)**
Write-back to income statement	**#**	**(6)**	**(6)**
Currency translation adjustments	**1**	**(1)**	**#**
Balance at 31 December	**25**	**3**	**28**
2020			
Balance at 1 January	22	6	28
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

In $ millions	The Bank Stage 1	The Bank Stage 2	The Bank Total
2021			
Balance at 1 January	**9**	**2**	**11**
Net charge/(write-back) to income statement	**3**	**(2)**	**1**
Balance at 31 December	**12**	**#**	**12**
2020			
Balance at 1 January	12	2	14
Remeasurement [1]	–	1	1
Write-back to income statement	(3)	(1)	(4)
Balance at 31 December	9	2	11

\# *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)

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Gross loans to customers	**310,800**	281,387	**245,859**	219,037
ECL allowance (Note 28(d))	**(4,087)**	(4,186)	**(2,251)**	(2,408)
Loans to customers	**306,713**	277,201	**243,608**	216,629
Comprising:				
Trade bills	**4,599**	4,031	**2,259**	1,941
Advances to customers	**302,114**	273,170	**241,349**	214,688
	306,713	277,201	**243,608**	216,629

(b) *Gross loans to customers analysed by industry*

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Transport, storage and communication	**13,270**	11,411	**11,286**	9,464
Building and construction	**83,443**	71,702	**75,498**	63,895
Manufacturing	**22,570**	20,194	**13,600**	12,483
Financial institutions, investment and holding companies	**40,731**	31,259	**38,190**	28,475
General commerce	**36,779**	34,488	**26,131**	25,055
Professionals and private individuals	**26,651**	27,637	**18,543**	17,842
Housing loans	**71,211**	68,562	**50,707**	48,869
Others	**16,145**	16,134	**11,904**	12,954
	310,800	281,387	**245,859**	219,037

(c) *Gross loans to customers analysed by currency*

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Singapore Dollar	**137,685**	129,503	**137,592**	129,395
US Dollar	**62,800**	49,336	**57,201**	45,214
Malaysian Ringgit	**27,022**	26,849	**–**	–
Thai Baht	**18,956**	18,666	**#**	#
Indonesian Rupiah	**5,419**	5,581	**–**	–
Others	**58,918**	51,452	**51,066**	44,428
	310,800	281,387	**245,859**	219,037

 # Amount less than $500,000

28. Loans to Customers (continued)

(d) *Movements in ECL allowance for loans to customers*

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	1,410	1,111	1,665	4,186
New loans originated or purchased	231	–	–	231
Loans derecognised or repaid	(85)	(115)	(346)	(546)
Transfers to Stage 1	106	(100)	(6)	–
Transfers to Stage 2	(33)	44	(11)	–
Transfers to Stage 3	(7)	(49)	56	–
Remeasurement [(1)]	(70)	139	244	313
Changes in models [(2)]	(125)	23	–	(102)
Charge for existing loans	4	101	745	850
Bad debts recovery	–	–	(148)	(148)
Net charge to income statement	21	43	534	598
Unwind of discounts	–	–	(62)	(62)
Net write-off	–	–	(604)	(604)
Currency translation adjustments	(15)	(8)	(8)	(31)
Balance at 31 December	1,416	1,146	1,525	4,087
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	–
Remeasurement [(1)]	(36)	179	271	414
Changes in models [(2)]	142	64	–	206
Charge for existing loans	5	454	946	1,405
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

(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) *Movements in ECL allowance for loans to customers (continued)*

In $ millions	The Bank Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	775	515	1,118	2,408
New loans originated or purchased	170	–	–	170
Loans derecognised or repaid	(54)	(66)	(146)	(266)
Transfers to Stage 1	49	(48)	(1)	–
Transfers to Stage 2	(10)	11	(1)	–
Transfers to Stage 3	(2)	(11)	13	–
Remeasurements [(1)]	(33)	65	78	110
Changes in models [(2)]	(45)	(51)	–	(96)
(Write-back)/Charge for existing loans	(2)	41	243	282
Bad debts recovery	–	–	(57)	(57)
Net charge/(write-back) to income statement	73	(59)	129	143
Unwind of discounts	–	–	(40)	(40)
Net write-off	–	–	(275)	(275)
Currency translation adjustments	1	1	13	15
Balance at 31 December	849	457	945	2,251
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	–
Remeasurements [(1)]	(12)	76	144	208
Changes in models [(2)]	85	35	–	120
Charge for existing loans	130	250	513	893
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

(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	**2021**	2020	**2021**	2020
Singapore government and central bank treasury bills and securities	**811**	2,087	**811**	2,087
Other government treasury bills and securities	**638**	476	**175**	41
Placements and balances with banks – negotiable certificates of deposit	**18**	87	**18**	87
Investment securities	**3,103**	2,243	**3,103**	2,243
	4,570	4,893	**4,107**	4,458

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	**2021**	2020	**2021**	2020
Assets received for reverse repo transactions, at fair value	**15,843**	15,907	**11,456**	12,386
Of which, sold or re-pledged	**424**	336	**424**	336

(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.

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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:

	2021		2020	
In $ millions	Reverse repo	Repo	Reverse repo	Repo
The Group				
Carrying amount on the balance sheet subject to netting agreements [(1)]	**16,636**	**4,112**	16,298	4,473
Amount nettable [(2)]	**(1,066)**	**(1,066)**	(629)	(629)
Financial collateral	**(15,559)**	**(3,045)**	(15,668)	(3,842)
Net amounts	**11**	**1**	1	2
The Bank				
Carrying amount on the balance sheet subject to netting agreements [(1)]	**10,837**	**3,677**	12,034	4,047
Amount nettable [(2)]	**(1,066)**	**(1,066)**	(629)	(629)
Financial collateral	**(9,763)**	**(2,609)**	(11,404)	(3,416)
Net amounts	**8**	**2**	1	2

(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 2021, there were eight (2020: seven) covered bonds outstanding comprising five EUR fixed rate covered bonds, one USD fixed rate covered bond and two GBP floating rate covered bonds, with assigned residential mortgages of approximately $12,989 million (2020: $10,856 million).

30. Investment Securities

(a)

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Quoted securities				
Debt [(1)]	**11,814**	11,289	**9,920**	7,038
Equity	**1,386**	883	**1,138**	702
Unquoted securities				
Debt [(2)]	**13,825**	11,164	**12,337**	9,289
Equity	**2,064**	1,899	**1,181**	1,145
ECL allowance (Note 30(b))	**(21)**	(18)	**(20)**	(16)
	29,068	25,217	**24,556**	18,158

(1) Includes ECL allowance on quoted debt securities at FVOCI of $16 million (2020: $9 million) for the Group and $15 million (2020: $7 million) for the Bank.
(2) Includes ECL allowance on unquoted debt securities at FVOCI of $29 million (2020: $31 million) for the Group and $14 million (2020: $14 million) for the Bank.

30. Investment Securities (continued)

(b) *Movements in ECL allowance for investment securities*

In $ millions	The Group Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	12	6	–	18
Transfers between Stages	2	(2)	–	–
Remeasurement [(1)]	(1)	–	–	(1)
Changes in models [(2)]	(3)	#	–	(3)
Net charge to income statement	7	#	–	7
Balance at 31 December	17	4	–	21
2020				
Balance at 1 January	5	1	27	33
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

In $ millions	The Bank Stage 1	Stage 2	Stage 3	Total
2021				
Balance at 1 January	10	6	–	16
Transfers between Stages	2	(2)	–	–
Remeasurement [(1)]	(1)	–	–	(1)
Changes in models [(2)]	(2)	#	–	(2)
Net charge to income statement	7	#	–	7
Balance at 31 December	16	4	–	20
2020				
Balance at 1 January	3	1	27	31
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

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*

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Transport, storage and communication	**2,099**	1,563	**1,637**	1,169
Building and construction	**1,424**	1,282	**1,359**	1,235
Manufacturing	**1,642**	1,169	**1,631**	1,151
Financial institutions, investment and holding companies	**14,173**	12,851	**11,039**	7,327
General commerce	**1,396**	1,048	**1,226**	905
Others	**8,334**	7,304	**7,664**	6,371
	29,068	25,217	**24,556**	18,158

(d) *Equity investments designated at FVOCI*

Equity investments designated at FVOCI comprise ordinary shares, mainly held for yield enhancement or strategic purposes.

In 2021, the related dividend income was $25 million (2020: $41 million) at the Group and $21 million (2020: $24 million) at the Bank.

During the year, equity investments of $132 million (2020: $93 million) at the Group and $nil (2020: $42 million) at the Bank were realised. Related net loss recognised within equity was $8 million (2020: $1 million) at the Group and $nil (2020: $1 million) at the Bank.

31. Other Assets

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Sundry debtors	**1,703**	2,076	**862**	1,438
Interest receivable	**1,061**	1,020	**608**	603
Foreclosed properties	**101**	108	**–**	–
Allowance for impairment	**(86)**	(94)	**#**	(16)
ECL allowance	**(12)**	(11)	**(2)**	(3)
Others	**1,916**	1,934	**1,495**	1,406
	4,683	5,033	**2,963**	3,428

Amount less than $500,000

32. Investment in Associates and Joint Ventures

(a)

In $ millions	The Group 2021	The Group 2020	The Bank 2021	The Bank 2020
Material associate:				
UOB-Kay Hian Holdings Limited	**639**	617	**67**	67
Other associates/joint ventures	**624**	611	**382**	396
	1,263	1,228	**449**	463
Allowance for impairment (Note 34)	**(18)**	(18)	**(140)**	(138)
	1,245	1,210	**309**	325
Fair value of quoted investments at 31 December	**498**	442	**498**	442

Name of associate	Principal activities	Country of incorporation	Effective equity interest of the Group 2021 %	Effective equity interest of the Group 2020 %
Quoted				
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**36**	37

(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 2021	The Group 2020
Profit for the financial year	**45**	28
Other comprehensive income	**9**	(7)
Total comprehensive income	**54**	21

(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	2021	2020
Statement of comprehensive income		
Operating income	**509**	577
Profit for the financial year	**154**	148
Other comprehensive income	**(2)**	2
Total comprehensive income	**152**	150

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32. Investment in Associates and Joint Ventures (continued)

(c) (continued)

In $ millions	2021	2020
Balance sheet		
Current assets	9,213	6,487
Non-current assets	572	111
Total assets	9,785	6,598
Current liabilities	7,733	4,941
Non-current liabilities	293	11
Total liabilities	8,026	4,952
Net assets	1,759	1,646
Group's ownership interest	36%	37%
Group's share of net assets	639	617
Other adjustments	–	–
Carrying amount of the investment	639	617

Dividends of $30 million (2020: $13 million) were received from UOB-Kay Hian Holdings Limited.

33. Investment in Subsidiaries

(a)

	The Bank	
In $ millions	2021	2020
Quoted investments	45	45
Unquoted investments	6,486	6,380
	6,531	6,425
Allowance for impairment (Note 34)	(240)	(226)
	6,291	6,199
Fair value of quoted investments at 31 December	241	240

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 2021 %	Effective equity interest of the Group 2020 %
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
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
United Private Equity Investments (Cayman) Limited (2)	Cayman Islands	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	Dividends paid to NCI $ million
2021				
Singapore	42	10	185	5
2020				
Singapore	42	10	177	6

(d) *Summarised financial information [1] about United Overseas Insurance Limited*

In $ millions	2021	2020
Statement of comprehensive income		
Operating income	48	50
Profit before tax	30	30
Less: Tax	5	6
Profit for the financial year	25	24
Other comprehensive income	(2)	(3)
Total comprehensive income	23	21
Balance sheet		
Total assets	646	632
Total liabilities	200	208
Net assets	446	424
Other information		
Net cash flows from operations	10	6
Acquisition of property, plant and equipment	6	54

(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 has interests in certain investment funds where the Group is the fund manager and the investors have no or limited removal rights over the fund manager. These funds are primarily financed by the investors. The table below summarises the Group's involvement in the funds.

	The Group	
In $ millions	2021	2020
Total assets of structured entities [(1)]	23,236	21,843
Maximum exposure to loss – Investment in funds	406	268
Fee income	210	175
Net gain from investment securities	73	41

(1) Based on the latest available financial reports of the structured entities.

34. Movements in Allowance for Impairment on Investment in Associates, Joint Ventures and Subsidiaries

	The Group	
	Investment in associates and joint ventures	
In $ millions	2021	2020
Balance at 1 January and 31 December	18	18

	The Bank			
	Investment in associates and joint ventures		Investment in subsidiaries	
In $ millions	2021	2020	2021	2020
Balance at 1 January	138	138	226	220
Net charge to income statement	2	–	14	6
Balance at 31 December	140	138	240	226

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35. Investment Properties

	The Group		The Bank	
In $ millions	2021	2020	2021	2020
Balance at 1 January	964	936	979	970
Currency translation adjustments	6	8	#	1
Additions	52	49	#	2
Disposals	(9)	(1)	(9)	(18)
Depreciation charge	(20)	(20)	(14)	(15)
Write-back of/(Allowance for) impairment	1	(1)	–	–
Transfers	(165)	(7)	(54)	39
Balance at 31 December	829	964	902	979
Represented by:				
Cost	1,173	1,303	1,161	1,239
Accumulated depreciation	(344)	(338)	(259)	(260)
Allowance for impairment	–	(1)	–	–
Net carrying amount	829	964	902	979
Freehold property	451	583	565	641
Leasehold property	378	381	337	338
	829	964	902	979
Fair value hierarchy				
Level 2	240	247	240	247
Level 3	2,772	2,972	2,193	2,303
	3,012	3,219	2,433	2,550

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	2021 Owner-occupied properties	2021 Others	2021 Right-of-use assets	2021 Total	2020 Owner-occupied properties	2020 Others	2020 Right-of-use assets	2020 Total
The Group								
Balance at 1 January	1,079	1,687	193	2,959	1,048	1,541	170	2,759
Currency translation adjustments	(11)	(10)	#	(21)	5	(3)	#	2
Additions	42	456	67	565	47	467	136	650
Disposals	(8)	(9)	#	(17)	(2)	(1)	(22)	(25)
Depreciation charge	(25)	(360)	(84)	(469)	(26)	(317)	(91)	(434)
Transfers	165	–	–	165	7	–	–	7
Balance at 31 December	1,242	1,764	176	3,182	1,079	1,687	193	2,959
Represented by:								
Cost	1,688	3,998	343	6,029	1,490	3,620	360	5,470
Accumulated depreciation	(443)	(2,234)	(167)	(2,844)	(409)	(1,933)	(167)	(2,509)
Allowance for impairment	(3)	–	–	(3)	(2)	–	–	(2)
Net carrying amount	1,242	1,764	176	3,182	1,079	1,687	193	2,959
Freehold property	999				818			
Leasehold property	243				261			
	1,242				1,079			
Fair value hierarchy								
Level 2	544				546			
Level 3	3,668				3,367			
	4,212				3,913			

Amount less than $500,000

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36. Fixed Assets (continued)

In $ millions	2021 Owner-occupied properties	2021 Others	2021 Right-of-use assets	2021 Total	2020 Owner-occupied properties	2020 Others	2020 Right-of-use assets	2020 Total
The Bank								
Balance at 1 January	790	1,283	128	2,201	836	1,158	112	2,106
Currency translation adjustments	(1)	#	1	–	#	#	#	#
Additions	4	334	43	381	6	360	77	443
Disposals	–	(8)	#	(8)	–	#	#	#
Depreciation charge	(14)	(273)	(54)	(341)	(13)	(235)	(61)	(309)
Transfers	54	–	–	54	(39)	–	–	(39)
Balance at 31 December	833	1,336	118	2,287	790	1,283	128	2,201
Represented by:								
Cost	1,089	2,919	228	4,236	1,022	2,617	251	3,890
Accumulated depreciation	(256)	(1,583)	(110)	(1,949)	(232)	(1,334)	(123)	(1,689)
Net carrying amount	833	1,336	118	2,287	790	1,283	128	2,201
Freehold property	692				635			
Leasehold property	141				155			
	833				790			
Fair value hierarchy								
Level 2	265				257			
Level 3	2,251				2,121			
	2,516				2,378			

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 2021	The Group 2020	The Bank 2021	The Bank 2020
Balance at 1 January	4,143	4,148	3,182	3,182
Currency translation adjustments	(4)	(5)	–	–
Addition	6	–	–	–
Balance at 31 December	4,145	4,143	3,182	3,182
Represented by:				
Cost	4,145	4,143	3,182	3,182
Net carrying amount	4,145	4,143	3,182	3,182

(b) Goodwill was allocated on the date of acquisition to the reportable business segments expected to benefit from the synergies of business combination. The recoverable amount of the business 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 2021	Discount rate 2020	Growth rate 2021	Growth rate 2020
Singapore	6.99	6.54	3.01	2.73
Thailand	8.14	8.97	2.27	2.12
Indonesia	9.29	9.76	4.32	4.68

Impairment is recognised in the income statement when the carrying amount of a business segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the business segments to exceed their recoverable amount.

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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.

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Direct credit substitutes	**3,688**	3,023	**2,641**	2,087
Transaction-related contingencies	**14,671**	14,238	**10,238**	10,034
Trade-related contingencies	**12,721**	9,623	**10,147**	7,766
Others	**223**	236	**3**	3
	31,303	27,120	**23,029**	19,890

39. Commitments

(a)

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Undrawn credit facilities	**169,994**	153,460	**131,999**	118,161
Spot/Forward contracts	**1,506**	3,887	**1,529**	3,720
Trade commitments	**3,022**	2,014	**1,864**	1,282
Capital commitments	**310**	384	**211**	155
Lease commitments	**19**	21	**1**	5
Others	**418**	641	**313**	586
	175,269	160,407	**135,917**	123,909

(b) *Minimum lease receivable*

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.

	The Group		The Bank	
In $ millions	**2021**	2020	**2021**	2020
Within 1 year	**83**	88	**61**	66
Over 1 to 5 years	**109**	134	**53**	76
Over 5 years	**37**	47	**#**	#
	229	269	**114**	142

 # Amount less than $500,000

40. 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.

	2021			2020		
In $ millions	**Notional amount**	**Positive fair value**	**Negative fair value**	Notional amount	Positive fair value	Negative fair value
The Group						
Foreign exchange contracts						
Forwards	59,980	410	450	56,787	961	1,089
Swaps	256,326	1,461	1,125	240,002	3,332	4,036
Futures	–	–	–	1	–	#
Options purchased	5,537	68	–	7,422	183	–
Options written	8,191	–	63	7,482	–	138
Interest rate contracts						
Swaps	380,183	2,832	2,839	472,615	6,491	5,728
Futures	1,205	1	2	307	#	#
Options purchased	2,229	7	–	1,449	6	–
Options written	4,219	–	9	2,655	–	3
Equity-related contracts						
Swaps	854	4	11	1,164	11	43
Futures	–	–	–	2	#	–
Options purchased	1,797	82	–	2,474	65	–
Options written	1,549	–	105	1,967	–	81
Credit-related contracts						
Swaps	772	4	5	796	#	44
Others						
Forwards	1,892	19	14	911	18	27
Swaps	11,238	224	362	4,997	90	134
Futures	7,345	248	187	5,442	207	195
Options purchased	68	2	–	103	4	–
Options written	115	–	#	139	–	1
	743,500	5,362	5,172	806,715	11,368	11,519

Amount less than $500,000

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40. Financial Derivatives (continued)

(a) (continued)

In $ millions	2021 Notional amount	2021 Positive fair value	2021 Negative fair value	2020 Notional amount	2020 Positive fair value	2020 Negative fair value
The Bank						
Foreign exchange contracts						
Forwards	54,121	357	419	54,031	900	1,058
Swaps	187,108	995	653	154,522	1,482	1,926
Futures	–	–	–	1	–	#
Options purchased	3,963	49	–	3,960	86	–
Options written	6,000	–	42	4,397	–	84
Interest rate contracts						
Swaps	327,168	2,411	2,447	423,653	6,027	5,312
Futures	1,056	1	1	303	#	#
Options purchased	2,184	6	–	1,406	5	–
Options written	4,173	–	9	2,611	–	2
Equity-related contracts						
Swaps	854	4	11	1,164	11	43
Futures	–	–	–	2	#	–
Options purchased	1,805	85	–	2,459	65	–
Options written	1,544	–	105	1,952	–	81
Credit-related contracts						
Swaps	759	4	5	796	#	44
Others						
Forwards	1,783	19	14	319	8	7
Swaps	9,637	208	361	3,864	76	123
Futures	3,224	112	94	1,563	58	60
Options purchased	98	#	–	86	1	–
Options written	113	–	#	134	–	1
	605,590	4,251	4,161	657,223	8,719	8,741

Amount less than $500,000

40. 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.

	2021		2020	
In $ millions	Positive fair value	Negative fair value	Positive fair value	Negative fair value
The Group				
Carrying amount on the balance sheet	5,362	5,172	11,368	11,519
Amount not subject to netting agreements	(683)	(544)	(2,241)	(1,109)
Amount subject to netting agreements	4,679	4,628	9,127	10,410
Amount nettable [(1)]	(3,457)	(3,457)	(7,976)	(7,976)
Financial collateral	(395)	(403)	(524)	(1,272)
Net amounts	827	768	627	1,162
The Bank				
Carrying amount on the balance sheet	4,251	4,161	8,719	8,741
Amount not subject to netting agreements	(822)	(601)	(2,384)	(1,092)
Amount subject to netting agreements	3,429	3,560	6,335	7,649
Amount nettable [(1)]	(2,671)	(2,671)	(5,697)	(5,697)
Financial collateral	(336)	(254)	(415)	(1,070)
Net amounts	422	635	223	882

(1) Amount that could be netted under the netting agreements.

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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					
	Carrying amount		Changes in fair			Maturity profile of fair value
In $ millions	Assets	Liabilities	value	Type of risk hedged	Notional amount	hedge
2021						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	125	121	(200)	Interest rate risk	13,056	Less than 10 years
Customer deposits	–	221	(1)	Foreign exchange risk	–	Within 1 year
Net investment hedge						
Customer deposits	–	4,159	(33)	Foreign exchange risk	–	
Hedged items relating to fair value hedges						
Assets						
Loans to customers	–	–	(8)			
Debt securities	1,352	–	(40)			
Equity securities at FVOCI	221	–	1			
Liabilities						
Customer deposits	–	35	1			
Subordinated debts	–	4,519	118			
Other debts issued	–	7,129	126			
2020						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	220	46	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 to customers	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)			

Amount less than $500,000

41. Hedge Accounting (continued)

	The Bank					
	Carrying amount		Changes in fair		Notional	Maturity profile of fair value
In $ millions	Assets	Liabilities	value	Type of risk hedged	amount	hedge
2021						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	121	121	(195)	Interest rate risk	12,862	Less than 10 years
Customer deposits	–	221	(1)	Foreign exchange risk	–	Within 1 year
Net investment hedge						
Customer deposits	–	4,150	(33)	Foreign exchange risk	–	
Hedged items relating to fair value hedges						
Assets						
Loans to customers	–	–	(8)			
Debt securities	1,352	–	(40)			
Equity securities at FVOCI	221	–	1			
Liabilities						
Customer deposits	–	35	1			
Subordinated debts	–	4,320	114			
Other debts issued	–	7,129	126			
2020						
Hedging instruments						
Fair value hedge						
Derivatives – Interest rate swaps	211	46	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 to customers	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)			

 # Amount less than $500,000

The ineffectiveness arising from these hedges was insignificant.

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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 framework, a portion of variable pay is deferred as shares under the RS Plan. Such deferred RS will vest over a minimum three-year period, subject to local regulatory requirements, and the fair value of the RS were estimated at grant date using the Trinomial valuation methodology. Following the approval from the RHCC in 2020, the fair value of RS awarded from 2021 are computed using market value instead and with it, dividends on unvested awards are accrued to participating employees based on the declared final dividend for financial year ended 31 December 2020 and interim dividend for financial year ended 31 December 2021.

Participating employees who leave the Group before the RS vest 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	
	2021 '000	2020 '000
Balance at 1 January	7,187	5,976
Granted	2,141	3,456
Dividend on unvested awards	80	–
Forfeited/Cancelled	(266)	(146)
Vested	(2,068)	(2,099)
Balance at 31 December	7,074	7,187

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants 2021 '000	2020 '000
2018	24 Apr 2020 and 24 Apr 2021	27.03 and 22.95	–	1,373
2019	23 Apr 2021 and 23 Apr 2022	24.68	1,628	2,401
2020	15 Apr 2022, 15 Apr 2023 and 15 Apr 2024	18.88 and 18.05	3,289	3,413
2021	15 Mar 2023, 15 Mar 2024 and 15 Mar 2025	25.41	2,157	–
			7,074	7,187

In 2021, fair values of the RS are estimated using market value. Prior to 2021, fair values of the RS were estimated at the grant date using the Trinomial valuation methodology. Below are the key assumptions of the RS awarded in 2020.

Expected volatility (%) [1]	16.85 and 17.18
Risk-free interest rate (%)	0.62 – 0.66 and 0.7
Contractual life (years)	2, 3 and 4
Expected dividend yield (%)	Management's forecast in line with dividend policy

(1) Based on the past three years' historical volatility.

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	2021	2020	2021	2020
Interest income				
Subsidiaries	–	–	230	262
Associates and joint ventures	8	10	8	10
Interest expense				
Subsidiaries	–	–	200	225
Associates and joint ventures	8	12	5	9
Dividend income				
Subsidiaries	–	–	181	269
Associates and joint ventures	–	–	51	16
Rental income				
Subsidiaries	–	–	3	3
Associates and joint ventures	#	#	#	#
Rental and other expenses				
Subsidiaries	–	–	43	63
Associates and joint ventures	20	19	18	18
Fee and commission and other income				
Subsidiaries	–	–	235	221
Associates and joint ventures	2	3	#	1
Placements, securities, loans and advances				
Subsidiaries	–	–	23,948	21,023
Associates and joint ventures	579	946	579	946
Deposits				
Subsidiaries	–	–	16,070	14,216
Associates and joint ventures	2,668	2,740	2,365	2,443
Off-balance sheet credit facilities (1)				
Subsidiaries	–	–	154	94
Associates and joint ventures	258	308	258	308

Amount less than $500,000

(1) Includes guarantees issued by the Group of $3 million (2020: $3 million) and the Bank of $20 million (2020: $13 million).

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43. Related Party Transactions (continued)

(a) (continued)

During the financial year, the Group had banking transactions with key management personnel-related entities and personnel of the Group. These transactions were not material.

(b)

In $ millions	The Bank 2021	The Bank 2020
Compensation of key management personnel		
Short-term employee benefits	22	20
Long-term employee benefits	2	2
Share-based payment	17	14
	41	36

44. Segment Information

(a) *Business segments*

Business segment reporting is prepared based on the Group's internal organisational structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others include 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 loans, 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 results of decisions not attributable to the business segments mentioned above as well as other activities, which comprise property, insurance and investment management.

44. Segment Information (continued)

(a) *Business segments (continued)*

Selected income statement items

	The Group				
In $ millions	**GR**	**GWB**	**GM**	**Others**	**Total**
2021					
Net interest income	2,590	3,086	397	315	6,388
Non-interest income	1,524	1,299	247	331	3,401
Operating income	4,114	4,385	644	646	9,789
Operating expenses	(2,087)	(1,036)	(259)	(931)	(4,313)
(Allowance for)/Write-back of credit and other losses	(174)	(367)	11	(127)	(657)
Share of profit of associates and joint ventures	–	25	–	93	118
Profit/(Loss) before tax	1,853	3,007	396	(319)	4,937
Tax					(850)
Profit for the financial year					4,087
Other information					
Capital expenditure	33	33	2	482	550
Depreciation of assets	65	34	13	377	489
2020					
Net interest income	2,772	3,026	425	(188)	6,035
Non-interest income	1,331	1,026	343	441	3,141
Operating income	4,103	4,052	768	253	9,176
Operating expenses	(2,039)	(953)	(265)	(927)	(4,184)
Allowance for credit and other losses	(510)	(771)	(10)	(263)	(1,554)
Share of profit of associates and joint ventures	–	9	–	89	98
Profit/(Loss) before tax	1,554	2,337	493	(848)	3,536
Tax					(606)
Profit for the financial year					2,930
Other information					
Capital expenditure	47	40	9	467	563
Depreciation of assets	65	28	12	349	454

Note:
1. Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

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44. Segment Information (continued)

(a) *Business segments (continued)*

Selected balance sheet items

	The Group				
In $ millions	GR	GWB	GM	Others	Total
2021					
Segment assets	110,970	222,812	83,618	36,533	453,933
Intangible assets	1,314	2,083	659	89	4,145
Investment in associates and joint ventures	5	193	–	1,047	1,245
Total assets	112,289	225,088	84,277	37,669	459,323
Segment liabilities	174,019	187,609	36,538	18,296	416,462
Other information					
Gross customer loans	111,083	198,733	962	22	310,800
Non-performing assets	1,470	3,221	26	360	5,077
2020					
Segment assets	107,654	195,035	97,495	26,277	426,461
Intangible assets	1,316	2,086	659	82	4,143
Investment in associates and joint ventures	2	171	–	1,037	1,210
Total assets	108,972	197,292	98,154	27,396	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

Note:
1. Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

44. Segment Information (continued)

(b) *Geographical segments*

The following geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. 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
2021							
Net interest income	3,161	837	736	393	932	329	6,388
Non-interest income	2,034	309	256	181	412	209	3,401
Operating income	5,195	1,146	992	574	1,344	538	9,789
Operating expenses	(2,356)	(457)	(585)	(353)	(510)	(52)	(4,313)
Allowance for credit and other losses	(108)	(137)	(136)	(145)	(118)	(13)	(657)
Share of profit of associates and joint ventures	125	#	–	–	2	(9)	118
Profit before tax	2,856	552	271	76	718	464	4,937
Total assets before intangible assets	258,453	43,596	29,220	11,255	91,963	20,691	455,178
Intangible assets	3,182	–	723	234	6	–	4,145
Total assets	261,635	43,596	29,943	11,489	91,969	20,691	459,323
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

\# *Amount less than $500,000*

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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 they are due.

The Group 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.

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.

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:

In $ millions	The Group 2021	The Group 2020
Balances and placements with central banks	**35,764**	35,984
Singapore government treasury bills and securities	**7,426**	8,103
Other government treasury bills and securities	**14,898**	13,890
Trading debt securities	**4,450**	2,293
Placements and balances with banks	**38,916**	40,284
Loans to customers	**306,713**	277,201
Derivative financial assets	**5,362**	11,368
Investment debt securities	**25,618**	22,436
Others	**2,764**	3,096
	441,911	414,655
Contingent liabilities	**31,300**	27,117
Commitments (excluding lease and capital commitments)	**174,940**	160,002
	648,151	601,774

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.

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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					
2021					
Singapore	157,543	7,441	976	5,736	171,696
Malaysia	29,836	5,479	2,762	3,072	41,149
Thailand	20,857	1,629	4,251	1,215	27,952
Indonesia	10,162	1,714	2,038	165	14,079
Greater China	48,779	3,942	16,504	6,874	76,099
Others	43,623	2,119	12,385	13,006	71,133
Total	310,800	22,324	38,916	30,068	402,108
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

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					
2021					
Transport, storage and communication	13,270	–	–	2,055	15,325
Building and construction	83,443	–	–	1,056	84,499
Manufacturing	22,570	–	–	1,731	24,301
Financial institutions, investment and holding companies	40,731	–	38,916	13,143	92,790
General commerce	36,779	–	–	1,232	38,011
Professionals and private individuals	26,651	–	–	–	26,651
Housing loans	71,211	–	–	–	71,211
Government	–	22,324	–	–	22,324
Others	16,145	–	–	10,851	26,996
Total	310,800	22,324	38,916	30,068	402,108
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

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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			
	2021		2020	
In $ millions	Contingent liabilities	Commitments [1]	Contingent liabilities	Commitments [1]
Analysed by geography				
Singapore	14,912	84,079	11,719	77,385
Malaysia	2,857	13,761	2,584	13,926
Thailand	1,771	14,033	1,869	14,385
Indonesia	1,648	6,137	1,197	5,790
Greater China	5,579	34,490	5,296	25,892
Others	4,533	22,440	4,452	22,624
Total	31,300	174,940	27,117	160,002
Analysed by industry				
Transport, storage and communication	1,722	7,816	1,591	6,556
Building and construction	9,334	31,071	8,643	27,193
Manufacturing	4,608	24,742	3,535	24,322
Financial institutions, investment and holding companies	2,993	30,238	2,782	18,007
General commerce	9,467	40,040	7,956	38,739
Professionals and private individuals	233	24,429	247	25,049
Housing loans	–	6,136	–	4,117
Others	2,943	10,468	2,363	16,019
Total	31,300	174,940	27,117	160,002

(1) Excluding lease and capital commitments.

45. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality*

i. 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
2021				
Pass	287,269	11,414	–	298,683
Special mention	–	3,314	–	3,314
Substandard	–	–	3,516	3,516
Doubtful	–	–	404	404
Loss	–	–	1,110	1,110
Total	287,269	14,728	5,030	307,027
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
Total	257,058	15,597	4,520	277,175

ii. 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
2021					
External rating:					
Investment grade (AAA to BBB-)	7,092	12,811	–	18,404	26
Non-investment grade (BB+ to C)	–	22	–	26	–
Unrated	–	647	–	6,995	171
Total	7,092	13,480	–	25,425	197
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

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for the financial year ended 31 December 2021

45. Financial Risk Management (continued)
(a) Credit risk (continued)
(iv) *Credit quality (continued)*
iii. Non-trading other assets

	The Group		
In $ millions	**Stage 1**	**Stage 2**	**Total**
2021			
Cash, balances and placements with central banks	**33,445**	**39**	**33,484**
Placements and balances with banks	**26,542**	**189**	**26,731**
Other assets	**2,491**	**155**	**2,646**
Total	**62,478**	**383**	**62,861**
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

iv. Loan commitments and contingents, excluding non-financial guarantees

	The Group			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2021				
Pass	**186,374**	**3,346**	**–**	**189,720**
Special mention	**–**	**487**	**–**	**487**
Substandard	**–**	**–**	**8**	**8**
Doubtful	**–**	**–**	**1**	**1**
Loss	**–**	**–**	**11**	**11**
Total	**186,374**	**3,833**	**20**	**190,227**
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

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]				
2021				
Singapore	1,211	324	66	1,601
Malaysia	79	20	4	103
Thailand	555	108	67	730
Indonesia	42	28	19	89
Greater China	253	23	49	325
Others	476	15	7	498
Total [2]	2,616	518	212	3,346
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 [2]	3,372	798	340	4,510

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

(2) Includes $13 billion (2020: $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				
2021				
Transport, storage and communication	45	28	1	74
Building and construction	865	20	5	890
Manufacturing	221	38	5	264
Financial institutions, investment and holding companies	319	5	–	324
General commerce	261	82	29	372
Professionals and private individuals	381	96	70	547
Housing loans	460	225	99	784
Others	64	24	3	91
Total	2,616	518	212	3,346

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45. Financial Risk Management (continued)
(a) Credit risk (continued)
(v) *Ageing analysis of past due but not impaired loans (continued)*

	The Group			
In $ millions	< 30 days	30 - 59 days	60 - 90 days	Total
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

(vi) *Ageing analysis of non-performing assets*

	The Group					
In $ millions	Current	< 90 days	90 - 180 days	> 180 days	Total	Stage 3 ECL
Analysed by geography [(1)]						
2021						
Singapore	533	235	98	1,304	2,170	642
Malaysia	305	51	20	453	829	226
Thailand	257	122	75	297	751	237
Indonesia	344	93	40	284	761	214
Greater China	26	1	6	240	273	117
Others	2	49	5	190	246	89
Non-performing loans	1,467	551	244	2,768	5,030	1,525
Debt securities, contingent items and others	38	4	–	5	47	31
Total	1,505	555	244	2,773	5,077	1,556
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

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

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						
2021						
Transport, storage and communication	172	9	15	292	488	160
Building and construction	282	25	5	617	929	233
Manufacturing	432	43	41	364	880	300
Financial institutions, investment and holding companies	20	185	–	27	232	20
General commerce	155	86	42	719	1,002	445
Professionals and private individuals	159	21	40	116	336	82
Housing loans	198	102	93	573	966	213
Others	49	80	8	60	197	72
Non-performing loans	1,467	551	244	2,768	5,030	1,525
Debt securities, contingent items and others	38	4	–	5	47	31
Total	1,505	555	244	2,773	5,077	1,556
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

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45. Financial Risk Management (continued)

(a) Credit risk (continued)

(vii) *Security coverage of non-performing assets*

In $ millions	Collateral/Credit enhancement			Unsecured credit exposure	Total
	Properties	Fixed deposits	Others		
The Group					
2021					
Loans to customers	2,816	9	200	2,005	5,030
Debts securities	–	–	–	16	16
Others (including commitments and contingents)	8	3	–	20	31
Of which:					
Credit impaired assets with nil ECL due to collateral/credit enhancement	1,111	3	11	–	1,125
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

Collaterals possessed to settle outstanding loans were immaterial.

45. Financial Risk Management (continued)

(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 2021, banking book foreign currency Expected Shortfall (ES) inclusive of structural foreign currency ES was $17.2 million (2020: $27.5 million).

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 $45.6 million (2020: $38.3 million) higher/lower as a result of an increase/decrease in the fair value of equity investments classified as FVOCI.

(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 $1,051 million and $2,008 million (2020: negative $903 million and $1,779 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.

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45. Financial Risk Management (continued)

(d) Interest rate benchmark reform

The Group has established a Project Steering Committee (PSC) with taskforces and business unit program managers in order to manage, monitor and address the impact of the replacement of various interest rate benchmarks globally. The key risks being managed arise from pricing risk on amending existing contracts; operational risk from updating systems and processes; and conduct risk – ensuring we treat our clients fairly when we update existing contracts.

The PSC is co-chaired by Group Chief Risk Officer (CRO) and Head of Group Global Markets and comprises senior representatives from functions across the Bank including the client facing teams, Finance, Operations and Technology, Data Management Office and Group International Management. The PSC provides regular updates to the Board Risk Management Committee.

Transition of the Group's exposures to non-USD London Interbank Offered Rate (LIBOR) benchmarks, which ceased to be published after 31 December 2021, was completed in 2021. The Group has in place detailed plans, processes and procedures to support the transition of SOR, Singapore Interbank Offered Rate (SIBOR), USD LIBOR and Thai Baht Interest Rate Fixing (THBFIX) in accordance to regulatory timelines. Other benchmarks may also be discontinued in future, and these will be addressed in accordance with the applicable timelines.

The table below shows the Group and Bank's exposure as at 31 December 2021 to significant interest rate benchmarks subject to reform. This includes only those contracts with maturity dates beyond the currently announced regulatory cessation date of the applicable benchmark.

In $ millions	Non-derivative financial assets - carrying value	Derivatives - nominal value
The Group		
USD LIBOR	11,633	78,726
SIBOR	14,561	–
SOR	13,778	25,901
THBFIX	–	1,815
Total	39,972	106,442
The Bank		
USD LIBOR	10,940	77,034
SIBOR	14,561	–
SOR	13,778	25,901
THBFIX	–	171
Total	39,279	103,106

45. Financial Risk Management (continued)

(d) Interest rate benchmark reform (continued)

Impact of interest rate benchmark reform on hedge accounting relationships

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 USD LIBOR. A significant number of these hedge accounting relationships will mature prior to cessation of benchmark rates under the reform. As permitted by the amendments to SFRS(I) 9, 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. Application of this relief permits hedge accounting to continue for the remaining affected hedge accounting relationships.

The table below shows the Group and Bank's exposure in hedging relationship as at 31 December 2021. This includes only those contracts with maturity dates beyond the currently announced regulatory cessation date of the applicable benchmark.

In $ millions	The Group and Bank
Derivatives – nominal value	
Fair value hedge	
USD LIBOR	4,351
SOR	80
Total	4,431

(e) 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.

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.

Notes to the Financial Statements

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45. Financial Risk Management (continued)

(e) Liquidity risk (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
2021								
Cash, balances and placements with central banks	13,362	5,584	7,719	3,930	–	797	5,195	36,587
Securities	561	1,426	3,483	10,971	16,136	23,491	5,599	61,667
Placements and balances with banks	9,510	5,870	9,886	9,811	807	3,121	7	39,012
Loans to customers	14,342	35,354	24,940	48,593	79,791	135,885	2,923	341,828
Investment in associates and joint ventures	–	–	–	–	–	–	1,245	1,245
Intangible assets	–	–	–	–	–	–	4,145	4,145
Derivative financial assets	–	–	–	–	–	–	5,362	5,362
Others	34	12	32	176	6	3,170	4,242	7,672
Total assets	37,809	48,246	46,060	73,481	96,740	166,464	28,718	497,518
Deposits and balances of customers	205,763	32,138	51,808	60,628	2,292	684	(1)	353,312
Deposits and balances of banks, and bills and drafts payable	8,235	2,703	2,521	979	2,085	61	(30)	16,554
Debts issued	245	2,672	7,596	8,106	6,089	10,195	(85)	34,818
Derivative financial liabilities	–	–	–	–	–	–	5,172	5,172
Others	4,450	27	33	246	32	230	2,847	7,865
Total liabilities	218,693	37,540	61,958	69,959	10,498	11,170	7,903	417,721
Equity attributable to:								
Equity holders of the Bank	–	15	–	64	1,003	7,135	34,733	42,950
Non-controlling interests	–	–	–	–	–	–	228	228
Total equity	–	15	–	64	1,003	7,135	34,961	43,178
Net on-balance sheet position	(180,884)	10,691	(15,898)	3,458	85,239	148,159	(14,146)	
Net off-balance sheet position	(76,268)	(511)	(1,160)	(971)	201	(1,841)	–	
Net maturity mismatch	(257,152)	10,180	(17,058)	2,487	85,440	146,318	(14,146)	

45. Financial Risk Management (continued)

(e) Liquidity risk (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
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)	

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 39(a) respectively. These have been incorporated in the net off-balance sheet position for financial years ended 31 December 2021 and 2020. 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.

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45. Financial Risk Management (continued)

(f) 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
2021				
Interest rate	3.80	10.09	3.13	4.79
Foreign exchange	3.39	5.33	1.37	2.55
Equity	0.42	1.56	0.05	0.28
Commodity	0.36	5.14	0.13	1.04
Total ES [1]	10.17	17.99	8.37	11.09
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

(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).

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. 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 Notice 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks.

	The Group	
In $ millions	2021	2020
Common Equity Tier 1 capital (CET1)	34,935	33,231
Additional Tier 1 capital	2,379	2,379
Tier 1 capital	37,314	35,610
Tier 2 capital	5,761	5,780
Eligible total capital	43,075	41,390
Risk-weighted assets (RWA)	259,067	225,441
Capital adequacy ratios (CAR) (%)		
CET1	13.5	14.7
Tier 1	14.4	15.8
Total	16.6	18.4

47. Event After Reporting Date

On 14 January 2022, the Group proposed acquisition of Citigroup Inc.'s consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the "Consumer Business") in Indonesia, Malaysia, Thailand and Vietnam. The total cash consideration for this proposed acquisition is calculated based on an aggregate premium equivalent to $915 million plus the net asset value of the Consumer Business as at completion.

Completion of the acquisition in each country will be conditional on obtaining regulatory approvals relevant to each country and in Singapore. It is estimated that completion will take place between mid-2022 and early 2024, depending on the progress and outcome of the regulatory approval process.

48. Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 15 February 2022.

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

31 December 2021

Additional Information

International Network

as at 1 March 2022

Banking

Singapore

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624
Phone: (65) 6222 2121
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: www.UOBgroup.com

United Overseas Bank Limited has 63 branches in Singapore.

Australia

UOB Melbourne Office
350 Collins Street, Level 7
Melbourne VIC 3000, Australia
Phone: (61)(3) 9642 4808
Fax: (61)(3) 9642 4877
Chief Executive Officer, Australia and New Zealand: John Liles

UOB Sydney Branch
32 Martin Place
Level 9, United Overseas Bank Building
Sydney NSW 2000, Australia
Phone: (61)(2) 9221 1924
Fax: (61)(2) 9221 1541
SWIFT: UOVBAU2S
Email: UOB.Sydney@UOBgroup.com
Chief Executive Officer, Australia and New Zealand: John Liles

Brunei

UOB Brunei Branch
Impiana Jaya Complex
Unit 1, Ground Floor,
1st Floor and 2nd Floor
Simpang 116-34, Jalan Jame' Asr
Kampung Kiulap, Gadong B
Bandar Seri Begawan BE1518, Brunei
Phone: (673) 222 5477/222 2210/222 0380
Fax: (673) 224 0792
SWIFT: UOVBBNBB
Email: UOB.Brunei@UOBgroup.com
Country Manager:
Howard Low Boon Keng

Canada

UOB Calgary Office
888, 3rd Street South West, Suite 1000,
10th Floor Banker Hall West
Calgary, Alberta
Canada T2P 3N4
Phone: (1)(587) 702 5800
Fax: (1)(403) 716 3637
Country Manager: Robert Dyck

UOB Toronto Office
120 Adelaide Street West, Suite 2500
Toronto, Ontario
Canada M5H 1T1
Phone: (1)(416) 644 1208
Fax: (1)(416) 367 1954
Country Manager: Robert Dyck

UOB Vancouver Branch
650 West Georgia Street, Suite 2400
Vancouver, British Columbia
Canada V6B 4N9
Phone: (1)(604) 662 7055
Fax: (1)(604) 662 3356
SWIFT: UOVBCA8V
Email: UOB.Vancouver@UOBgroup.com
Country Manager: Robert Dyck

Hong Kong

UOB Main Branch
23rd Floor, 3 Garden Road
Central, Hong Kong
Phone: (852) 2521 1521/2910 8888
Fax: (852) 2910 5506
SWIFT: UOVBHKHH
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer:
Christine Yeung See Ming

UOB Causeway Bay Branch
6th Floor, Room 602
Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong
Phone: (852) 2292 3901
Fax: (852) 2292 3905
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer:
Christine Yeung See Ming

UOB Tsim Sha Tsui Branch
21st Floor, Suites 2110-13
Tower 6, The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong
Phone: (852) 3970 7700/3970 7702
Fax: (852) 3970 7798/3970 7799
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer:
Christine Yeung See Ming

India

UOB Mumbai Branch
3 North Avenue,
Maker Maxity Bandra (East)
3rd Floor, Units 31, 32 and 37
'C' Wing Bandra – Kurla Complex
Mumbai 400 051, India
Phone: (91)(22) 4247 2828/4247 2829
Fax: (91)(22) 2659 1022
SWIFT: UOVBINBB
Email: UOB.Mumbai@UOBgroup.com
Country Manager: PV Ananthakrishnan

Indonesia

PT Bank UOB Indonesia
(a subsidiary)
UOB Plaza
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230, Indonesia
Phone: (62)(21) 2350 6000
Fax: (62)(21) 2993 6632
SWIFT: BBIJIDJA
Website: www.UOB.co.id
President Director: Hendra Gunawan

PT Bank UOB Indonesia has 148 branches.

Japan

UOB Tokyo Branch
2-11-1 Nagatacho, Chiyoda-ku
13F, Sanno Park Tower
Tokyo 100-6113, Japan
Phone: (81)(3) 3596 7200
Fax: (81)(3) 3596 7201
SWIFT: UOVBJPJT
Email: UOB.Tokyo@UOBgroup.com
Country Manager: Ho Chai Seng

International Network

as at 1 March 2022

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.

Malaysia

United Overseas Bank Limited Labuan Branch
Level 6A, Main Office Tower
Financial Park Labuan Complex
Jalan Merdeka
87000 Labuan F.T., Malaysia
Phone: (60)(87) 424 388
Fax: (60)(87) 424 389
SWIFT: UOVBMY2L
Email: my2icom@UOBgroup.com
Branch Manager: Conrad Ng Swee Seng

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.

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
68 Zhongxiao East Road Section 5
30th Floor, 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 149 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

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 3 branches.

Correspondents

In all principal cities of the world

Related financial services

E-commerce

Vietnam

VUI Vietnam Trading LLC
(an associated company)
3rd Floor, 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

FinTech

Singapore

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)
28 Guandongdian
3/F Gongxiao International
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

Innovation Lab

Singapore

The FinLab Pte Ltd
(an associated company)
79 Robinson Road
#07-01 Bridge+
Singapore 068897
Email: info@thefinlab.com
Head: Shannon Lung

Insurance

Singapore

United Overseas Insurance Limited
(a subsidiary)
146 Robinson Road
#02-01 UOI Building
Singapore 068909
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 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

International Network

as at 1 March 2022

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)
9 Raffles Place
#27-00 Republic Plaza
Singapore 048619
Phone: (65) 6598 3356
Website: www.UnitedOrientCapital.com
Executive Director: Han Kuan Yuan

UOB Asset Management Ltd
(a subsidiary)
80 Raffles Place
#03-00 UOB Plaza 2
Singapore 048624
Phone: (65) 6532 7988
1800 22 22 228 (Local toll-free)
(65) 6222 2228 (International)
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) 6598 4013
Fax: (65) 6538 2569
Email: InvestorRelations.UOBVM@UOBgroup.com
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: InvestorRelations.UOBVM@UOBgroup.com
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
11/F Investment Building
Futian Centre District
Shenzhen 518048, China
Phone: (86)(755) 8291 2888
Fax: (86)(755) 8291 2880
Email: InvestorRelations.UOBVM@UOBgroup.com
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: InvestorRelations.UOBVM@UOBgroup.com
Contact: Vivian Fu

UOB Venture Management (Shanghai) Limited
(a subsidiary)
1468 Nanjing Road West
Room 3307, United Plaza
Shanghai 200040, China
Phone: (86)(21) 8028 0999
Email: InvestorRelations.UOBVM@UOBgroup.com
Managing Director and Chief Executive Officer: 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

UOB Asset Management (Vietnam) Fund Management Joint Stock Company
(a subsidiary)
Unit 01B, 15th Floor, The Landmark
5B Ton Duc Thang Street
Ben Nghe Ward
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

Venture debt

Singapore

Innoven Capital SEA Pte. Ltd.
(an associated company)
138 Market Street
#27-01 CapitaGreen
Singapore 048946
Phone: (65) 6532 2416
Email: contact_sg@innovencapital.com
Partners: Ben Cheah
Paul Ong

India

Innoven Triple Blue Capital Advisors LLP
(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
Managing Partner: Ashish Sharma

Mainland China

Shanghai Innoven Equity Investment Management Private Limited
(an associated company)
1 Guanghua Road
Beijing Kerry Centre
29/F North Tower
Chaoyang District, Beijing, China
Phone: (86)(10) 6506 1883
Email: contact-cn@innovencapital.com
Managing Partner: Cao Yingxue

Statistics of Shareholdings

as at 24 February 2022

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares and subsidiary holdings)	%
1 – 99	5,593	10.84	176,662	0.01
100 – 1,000	22,257	43.14	11,694,324	0.70
1,001 – 10,000	20,399	39.54	61,827,681	3.70
10,001 – 1,000,000	3,298	6.39	135,943,813	8.13
1,000,001 and above	48	0.09	1,462,347,973	87.46
Total	**51,595**	**100.00**	**1,671,990,453**	**100.00**

Treasury shares, subsidiary holdings and public float

As at 24 February 2022, the Company had 13,932,838 treasury shares, constituting 0.83% 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 24 February 2022, 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	319,617,447	19.12
Raffles Nominees (Pte.) Limited	188,885,489	11.30
HSBC (Singapore) Nominees Pte Ltd	156,497,484	9.36
DBSN Services Pte. Ltd.	156,494,606	9.36
Wee Investments (Pte) Limited	133,278,368	7.97
Wah Hin and Company Private Limited	86,676,076	5.18
Tai Tak Estates Sendirian Berhad	68,800,000	4.11
DBS Nominees (Private) Limited	66,783,791	3.99
UOB Kay Hian Private Limited	42,906,662	2.57
C Y Wee & Co Pte Ltd	37,781,750	2.26
Haw Par Investment Holdings Pte Ltd	22,832,059	1.37
Wee Cho Yaw	21,599,798	1.29
Pickwick Securities Private Limited	20,469,962	1.22
BPSS Nominees Singapore (Pte.) Ltd.	19,559,497	1.17
Straits Maritime Leasing Private Limited	16,696,298	1.00
UOB Nominees (2006) Private Limited	9,441,339	0.56
Tee Teh Sdn Berhad	8,000,487	0.48
Haw Par Equities Pte Ltd	7,541,628	0.45
CGS-CIMB Securities (Singapore) Pte. Ltd.	6,980,901	0.42
United Overseas Bank Nominees (Private) Limited	6,729,102	0.40
Total	**1,397,572,744**	**83.58**

* Percentage was calculated based on the total number of issued ordinary shares, excluding treasury shares and subsidiary holdings, of the Company.

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	18.46
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
2017	Balance at beginning of year	1,646,966,007	(11,273,930)	1,635,692,077
	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
2021	Shares issued under scrip dividend scheme	2,007,432		
	Shares issued under share-based compensation plans		2,068,240	
	Shares re-purchased and held in treasury		(4,900,000)	
	Balance at end of year	1,685,923,291	(13,932,838)	1,671,990,453

Corporate Information

Board of Directors

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim
Chia Tai Tee
Tracey Woon Kim Hong
Dinh Ba Thanh
Teo Lay Lim

Audit Committee

Alvin Yeo Khirn Hai *(Chairman)*
Steven Phan Swee Kim
Chia Tai Tee
Tracey Woon Kim Hong

Board Risk Management Committee

Chia Tai Tee *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
Alvin Yeo Khirn Hai
Wee Ee Lim
Tracey Woon Kim Hong

Executive Committee

Wong Kan Seng *(Chairman)*
Wee Ee Cheong
Michael Lien Jown Leam
Steven Phan Swee Kim
Teo Lay Lim

Nominating Committee

Steven Phan Swee Kim *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
Michael Lien Jown Leam
Alvin Yeo Khirn Hai

Remuneration and Human Capital Committee

Tracey Woon Kim Hong *(Chairman)*
Wong Kan Seng
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.
1 Harbourfront Ave
Keppel Bay Tower #14-07
Singapore 098632
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Internal Auditor

Vincent Cheong
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

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大華銀行

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Company Registration No.: 193500026Z

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