United Overseas Bank Limited
Annual Report 2010

Lotus Pond – Being and Continuing
Chua Ek Kay

To be a premier bank in the Asia-Pacific region, committed to providing quality products and excellent service.

Lotus Pond – Being and Continuing

A recipient of Singapore's Cultural Medallion Award, Chua is best known for bridging Eastern and Western elements in his paintings. He is the first Chinese ink painter to win the UOB Painting Of The Year ("POY") Competition. Using Chinese ink as a medium, Chua brings out the beauty and spirit of the lotus at various periods of its life, capturing the graceful movements of the lotus for posterity. The UOB POY Competition and Exhibition is a flagship event under the Bank's corporate social responsibility programme.

Contents

All figures in this Annual Report are in Singapore dollars unless otherwise specified.

Financial Performance

Highlights of the Year

Net Profit

+41.8%

from $1.9 billion to $2.7 billion

Regional Loans

+22.9%

from $25.7 billion to $31.6 billion

Tier 1 Capital Adequacy Ratio

+1.3%pt

from 14.0% to 15.3%

Fee Income

+19.1%

from $1.0 billion to $1.2 billion

Regional Operating Profit

+14.4%

from $0.8 billion to $0.9 billion

Return on Shareholders' Equity

+2.4%pt

from 11.9% to 14.3%

Group Financial Summary

	2010	2009	+/(-) %
Profit and loss account ($ million)			
Operating profit	**3,542**	3,331	6.3
Net profit after tax [1]	**2,696**	1,902	41.8
Balance sheet ($ million)			
Total assets	**213,778**	185,578	15.2
Customer loans (net)	**112,440**	99,201	13.3
Customer deposits	**142,299**	121,502	17.1
Shareholders' equity [1]	**21,473**	18,986	13.1
Financial indicators (%)			
Return on average ordinary shareholders' equity [2]	**14.3**	11.9	2.4% points
Return on average total assets	**1.38**	1.06	0.32% point
Expense/Income ratio	**38.9**	38.4	0.5% point
Capital adequacy ratios			
Tier 1	**15.3**	14.0	1.3% points
Total	**19.8**	19.0	0.8% point
Per ordinary share			
Basic earnings ($) [2]	**1.70**	1.19	42.9
Net asset value ($) [3]	**12.51**	11.17	12.0
Net dividend (¢)	**70.0**	60.0	16.7

1 Attributable to equity holders of the Bank.

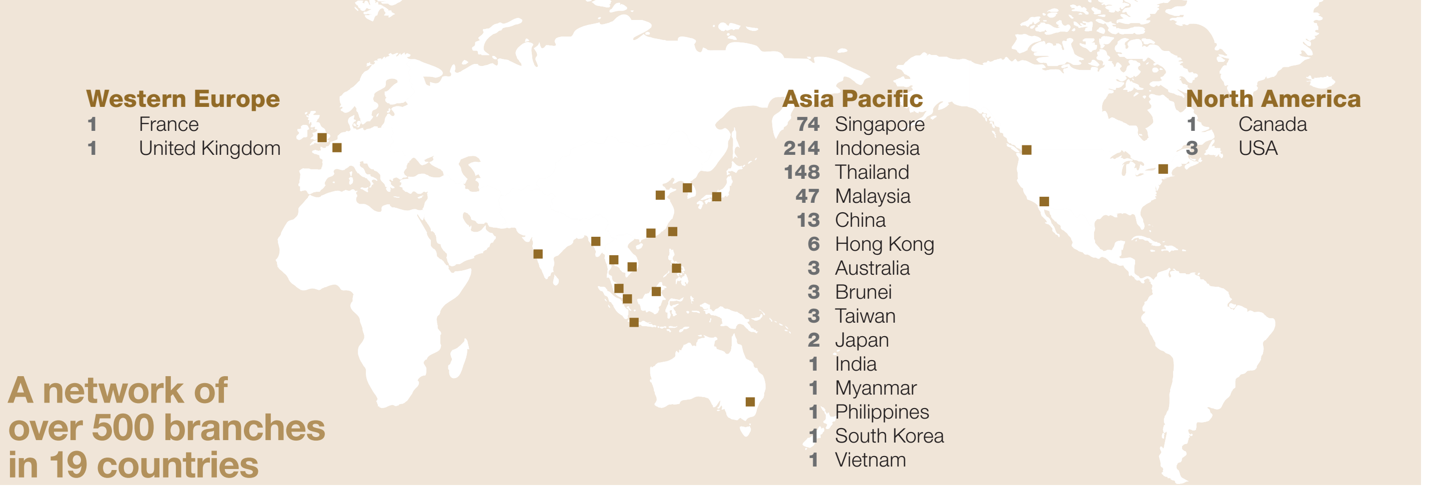
2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.

3 Preference shares are excluded from the computation.

Our Deep Roots

Building upon the deep and long-term customer relationships that have spanned generations.

76 years of heritage and resilience



United Overseas Bank ("UOB") was incorporated on 6 August 1935 as the United Chinese Bank. Founded by Datuk Wee Kheng Chiang, the Bank catered mainly to the Fujian community in its early years. The change of name to UOB was effected in 1965.

Over the past 76 years, UOB has grown from strength to strength. Through a series of acquisitions, it is now a leading bank in Asia. Besides Far Eastern Bank in Singapore, UOB's major banking subsidiaries in the region are United Overseas Bank (Malaysia), United Overseas Bank (Thai), PT Bank UOB Buana and United Overseas Bank (China). Today, the UOB Group has a network of over 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America.

UOB provides a wide range of financial services through its global network of branches, offices, subsidiaries and associates: personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, insurance and stockbroking services. UOB also has diversified interests in travel and property management.

In Singapore, UOB is a market leader in the credit card and private residential home loan businesses. It is also a key player in loans to small and medium enterprises. Its fund management arm, UOB Asset Management, is one of Singapore's most awarded fund managers with a growing regional presence.

UOB is rated among the world's top banks by Moody's Investors Service, receiving B for financial strength, and Aa1 and Prime-1 for long-term and short-term bank deposits respectively.

UOB plays an active role in the community, focusing on children, education and the arts. Its staff volunteerism programme was initiated in 2007. Through the UOB Heartbeat Run/Walk, UOB has raised funds for its named beneficiaries. UOB has also organised the prestigious Painting Of The Year Competition and Exhibition since 1982. In recognition of its contributions to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for six consecutive years since 2005.

Our Awards & Accolades

American Society for Training & Development
BEST Award

Asia Asset Management
Best of the Best Awards
- Best Retail House (Singapore)

AsianInvestor
Investment Performance Awards
- Best Onshore Fund House (Singapore)

Asiamoney
Best Local Cash Management Bank
(for small and medium-sized companies) in Singapore
Best Local Currency Cash Management Services in Singapore

Bank of New York Mellon
Outstanding Payment Formatting and Straight-Through Rate

Community Chest
Special Events Gold Award

Contact Centre Association of Singapore
International Contact Centre Awards
- Best Contact Centre of the Year (Over 100 seats) – Gold
- Best Contact Centre Outbound Campaign Programme (Cross Selling) – Gold

Deutsche Bank
US Dollar STP Excellence Award

IR Magazine
Best Corporate Governance

J.P. Morgan
Quality Recognition Awards
- Outstanding Achievement of 2009 – 2010 for Best-in-Class STP Rates

National Arts Council
Distinguished Patron of the Arts Award

SPRING Singapore
Singapore Quality Class Award

The Asian Banker
Excellence in Retail Financial Services International Awards
- Best Retail Bank in Singapore
- Best SME Banking

The Asset
Best Domestic Bank (Singapore)

We have a track record of delivering sterling performance even as we stay disciplined, balancing growth and stability. The region is our future engine of growth and our strategy is showing results.

We have the right ingredients to succeed and deliver as a truly regional bank. Our comprehensive regional network and entrenched local presence give us the customer franchise, distribution capabilities and funding access. We are working to realise the full potential of this network by achieving a fully-integrated regional platform.

Building a fully-integrated regional platform.
We are working to accomplish a fully-integrated regional platform. It allows us to achieve scale and synergies and better serve the intra-regional needs of our customers, whether individuals, SMEs or corporates.

Creating a long-term customer franchise.

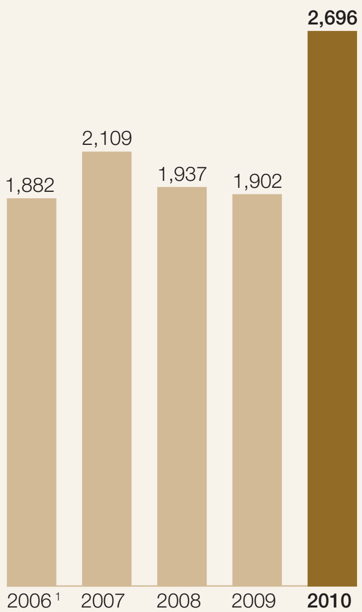
We want to partner our customers for the long haul. We will strive to deepen our relationships while continuing to deliver a seamless customer experience across the region.

Positioning for further growth.

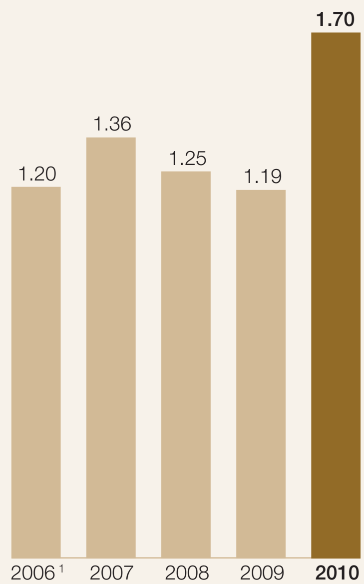
Our robust capital base and strong balance sheet provide a firm foundation to support our on-going expansion plans. We have the capacity and flexibility to seize opportunities in a dynamic Asia.

Financial Highlights

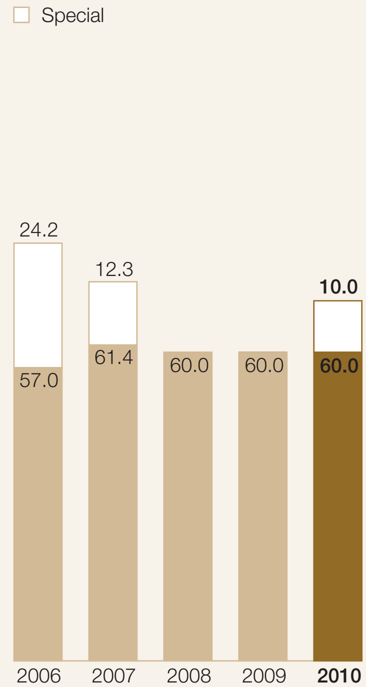
Net profit after tax
($ million)



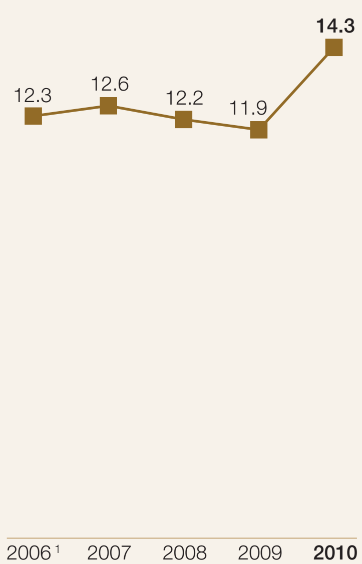
Earnings per ordinary share
($)



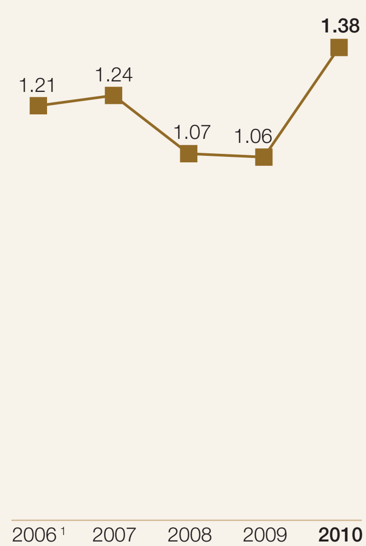
Net dividend per ordinary share
(cents)



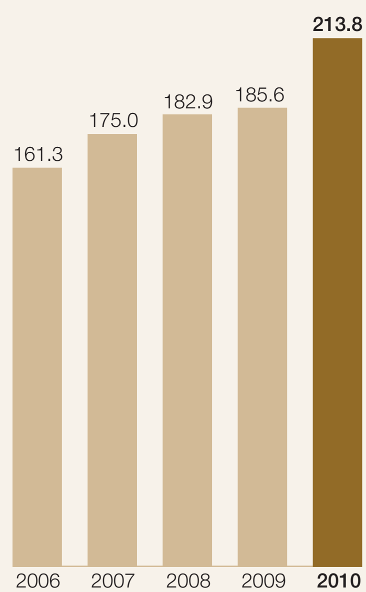
Return on average ordinary shareholders' equity
(%)



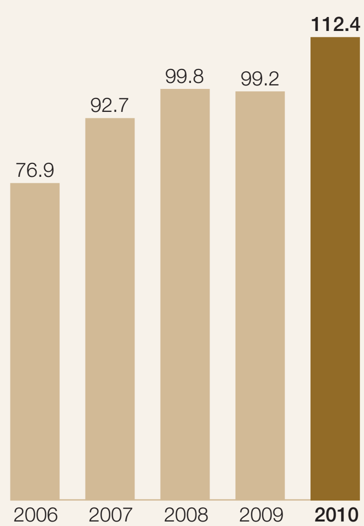
Return on average total assets
(%)



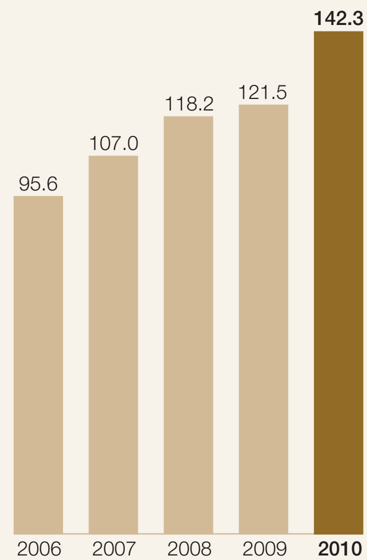
Total assets
($ billion)



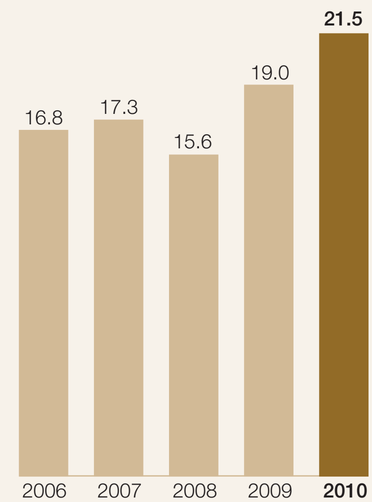
Net customer loans
($ billion)



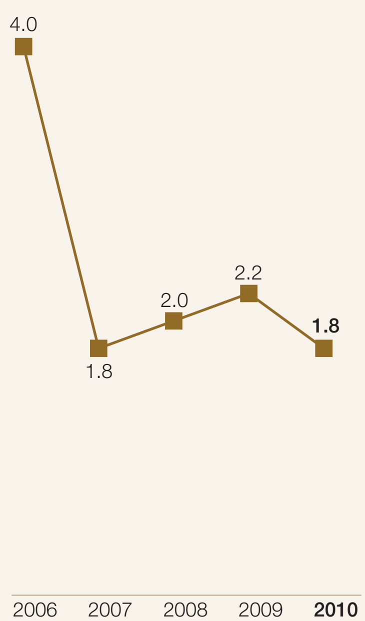
Customer deposits
($ billion)



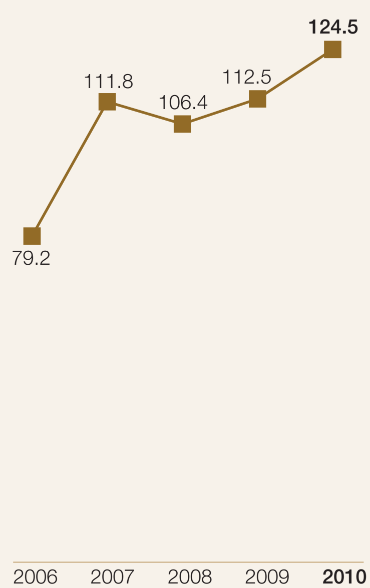
Shareholders' equity
($ billion)



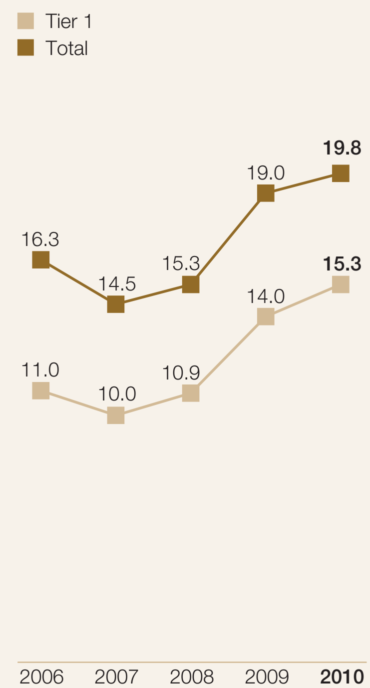
Non-performing loan ratio
(%)



Cumulative impairment on loans / Non-performing loans
(%)



Capital adequacy ratio [2]
(%)



1 Excluding one-time income/gain, comprising special dividend from Overseas Union Enterprise Limited ("OUE") and gain from divestment of OUE and Hotel Negara Limited.

2 The Group adopted Basel II framework for its capital adequacy ratio computation in accordance with the revised MAS Notice 637 with effect from January 2008.

Chairman's Statement

"… the Group achieved a record after-tax profit of $2.7 billion in 2010… an increase of 42% over the profit of $1.9 billion in 2009."

2010 was the Year of the Tiger, and Asia roared. While the American and European economies sputtered in fits and starts, Asian countries (with the notable exception of Japan) rebounded strongly, and a few faced the opposite challenge of having to cool their over-heated economies.

Singapore closed 2010 with an astounding GDP growth of 14.5%, propelled by its manufacturing and service sectors. The buoyant economy, large capital inflows and the low interest rate environment led to upswings in the property and equity markets.

UOB Group's Performance & Dividend

Riding on the groundswell of growth in Singapore and the region, the Group achieved a record after-tax profit of $2.7 billion in 2010. This represented an increase of 42% over the profit of $1.9 billion in 2009. Excluding the extraordinary gains made from our sale of UOB Life to the Prudential Group and our holdings in United Industrial Corporation to UOL Group, the Group's after-tax profit stood at $2.4 billion, an improvement of 28% over 2009. The improved profit was attributable to higher income from Singapore and our regional subsidiaries and lower provisions.

In line with our strategy to expand our fee-based treasury activities, the Bank acquired HSBC's Asia wholesale banknotes business during the year. This business accounts for a substantial share of banknote activities in Asia.

To rationalise our operations in Indonesia, we merged the operations of PT Bank UOB Indonesia and PT Bank UOB Buana in June 2010. The integration of our two subsidiaries will improve the efficiency and profitability of our Indonesian operations.

The Board has transferred $300 million to general reserve. It recommends a final one-tier tax-exempt dividend of 40 cents plus a special one-tier tax-exempt dividend of 10 cents per ordinary share. Together with the interim dividend of 20 cents, total dividends in 2010 would amount to 70 cents per ordinary share. The Board plans to continue with the Scrip Dividend Scheme initiated last year, to give shareholders the option of receiving their dividends in the form of ordinary shares.

Corporate Developments

In furtherance of its policy of ensuring that the Singapore financial sector maintains the highest regime of best practices, the Monetary Authority of Singapore issued new guidelines to boost corporate governance during the year. The UOB Board shares the view that corporate transparency and accountability is essential for public confidence in the financial sector.

Risk management, which had been under the purview of the Board's Executive Committee previously, is now monitored by a dedicated Board Committee. The new Risk Management Committee has the specific objective of assisting the Board in all risk-related matters.

I am also pleased to report that the Board has been further strengthened by three new directors during the year. Messrs Franklin Lavin, Willie Cheng and Tan Lip-Bu bring to the Board a wealth of business and management experience.

2011 Outlook
The Year of the Rabbit kicked in with political upheavals in the Middle East and North Africa, and spiraling oil prices. Prolonged instability in these oil producing countries could severely impact the fragile global recovery.

While the world appears to have recovered from the financial crisis of 2008, some fundamental issues remain. The unemployment rate in the US continues to be a drag on its economy, and corporate and sovereign debts still threaten the stability of the European countries. Asia is expected to take the lead in driving the world economy in 2011, but growth could be derailed by hyper-inflation, asset bubble or social instability.

Singapore is projecting lower growth of between 4% and 6%. With increasing competition and flush liquidity conditions, margins will be further pressured. Expanding our regional business and generating more fee-based income will, therefore, be the thrust of our growth strategy.

In the uncertain business environment, the Group will continue to move prudently. We believe that, in a volatile global market, maintaining steady and sustainable growth is in the best interest of our shareholders.

Acknowledgement
Professor Lim Pin, who has been a Board member since 2001, has decided not to stand for re-election at the forthcoming annual general meeting to facilitate board renewal. The Board and I would like to record our deep appreciation to Prof Lim for his many contributions during the past decade. At the same time, I want to thank all other Board members for their wise counsel and guidance in the past year, and to welcome our three new members.

On behalf of the Board, I would like to thank management and staff members for their dedication and good work, as well as our shareholders and customers for their unstinting support in 2010.

Wee Cho Yaw
February 2011

"…in a volatile global market, maintaining steady and sustainable growth is in the best interest of our shareholders."

Deputy Chairman & CEO's Report

"We entered 2010 mindful of the on-going challenges, yet confident that we have what it takes to move ahead. We delivered, and emerged stronger."

The global economy saw an uneven road to recovery in 2010. In contrast, Asia rebounded through the year, and further strengthened ahead of the Western economies.

We entered 2010 mindful of the on-going challenges, yet confident that we have what it takes to move ahead. We delivered, and emerged stronger.

Quality Growth with Stronger Balance Sheet

Banking is about building a long-term customer franchise, balancing growth and stability, and creating sustainable value for shareholders. It is intrinsic in how we manage business at UOB. Management and shareholders' long-term interests are aligned.

The recent crisis has reminded us of the importance of focusing on fundamentals. Balance sheet strength ultimately determines our ability and flexibility to support customers and ride out credit cycles.

At UOB, our priorities and performance in 2010 continue to reflect this conviction.

We delivered another year of record profit in 2010, even as we adopted a disciplined approach in pacing growth and focusing on target segments and risk-adjusted returns. Our regional strategy is showing results. We ended the year with a stronger balance sheet, more diversified revenue streams and deeper customer relationships.

Full-year profit powered ahead to $2.7 billion, an increase of 42% from 2009. Net interest margins were healthy at 2.09% but continued to be weighed down in an environment of massive liquidity and keen competition. The impact of industry-wide margin erosion was mitigated by our continued focus on total customer profitability. Non-interest income rose 31% to $2.3 billion, backed by broad-based fee income growth of 19%. This is a strong testimony to our customer-centric focus. Expense-to-income ratio remained well-controlled at 38.9%, despite continued investments for regional growth.

Loans grew by a robust 13% as we tactically paced growth, guided by our macro outlook and risk-adjusted returns considerations. Today, we have a diversified, quality portfolio of $112.4 billion spread across business segments and countries. Asset quality improved with non-performing loan ratio declining to 1.8%. Total impairment charges dropped 58% even as our provision coverage improved to 216% of unsecured non-performing assets.

The recent crisis has validated that funding is the lifeblood of banking. Our deliberate strategy to build strong liquidity led to a loan/deposit ratio of 79%. During the year, we stepped up deposit gathering and increased placement in liquid assets. To ensure stable long-term funding, we established a $5 billion Euro Medium Term Note programme. This

“We aim to deliver a consistent positive customer experience. Wherever our customers are, we want them to be at home with UOB.”

will also diversify our sources of funding and manage our foreign currency needs.

With our disciplined focus on risk-adjusted returns, we delivered a robust return on equity of 14.3% in 2010. We emerged from the crisis stronger without resorting to a cash call. Our capital position remained strong with Tier 1 and total capital adequacy ratios at 15.3% and 19.8% respectively, as at end-2010.

Today, UOB is well-positioned for further growth. Our robust capital position, prudent provisioning coverage and sound liquidity provide us a solid foundation to support our on-going expansion plans. We have the capacity and flexibility to seize opportunities in the region. We are ready to serve the expanding intra-regional needs of customers and tap the rising affluence in Asia.

Regionalisation Gaining Momentum

At UOB, we believe we have the right ingredients to succeed and deliver as a truly regional bank.

We have a comprehensive regional network and entrenched local presence in the countries we operate. This gives us the customer franchise, distribution capabilities and funding access.

We continue to work hard on achieving a fully-integrated regional platform to realise the potential of our regional network. It involves harmonising people, products and processes. This common platform empowers us to achieve scale and synergies and meet the intra-regional needs of our customers seamlessly. It translates into better performance in terms of customer acquisition and retention, speed-to-market, operational efficiency and better risk management.

We aim to deliver a consistent positive customer experience. Wherever our customers are, we want them to be at home with UOB.

Execution is key. And we are reaping results. We recorded loan growth of 23% in key regional centres in 2010. For 2011, we expect this momentum to continue, especially in Indonesia and Thailand.

We will continue to invest in our regional franchise. Our full ownership of regional subsidiaries allows us to integrate our operations more readily. During the year, we rationalised our Indonesian operations by merging PT Bank UOB Indonesia and PT Bank UOB Buana.

The region is our future engine of growth.

Connecting with Customers

Banking is about partnering our customers in the long haul. It is about meeting their ever-evolving needs through the ups and downs of life and market cycles.

Sharpened Customer Focus

To bring us closer to our customers, we have adopted a more granular and targeted segmentation approach across the spectrum of individuals and businesses.

For individuals, we are tailoring products and services for the mass market, mass affluent and high net-worth customers, to meet their financial and lifestyle needs. We see tremendous opportunities in the mid- to high-end consumer segment and are enhancing our capabilities to serve the needs of Asia’s growing affluent.

In institutional banking, we re-aligned our client coverage teams to sharpen our industry specialisation and offer more holistic solutions to clients’ needs across the key regional markets. We also set up a dedicated team to better serve the small businesses.

Our market leadership position has once again been reaffirmed, with the recent accolades of Best in SME Banking in the region and Best Retail Bank in Singapore from The Asian Banker.

Comprehensive Product Offering

During the year, we leveraged our product expertise and innovation to create a more comprehensive and competitive product suite for our customers across the region.

In the credit card space, we maintained our leadership position. As one of the top merchant acquirers in Singapore, we are able to provide our cardholders with an extensive range of benefits.

The iconic 23-year-old UOB Lady's Card underwent a major makeover to meet the growing sophistication of today's woman, and was introduced in Singapore, Malaysia, Thailand and Indonesia. In the commercial cards arena, UOB became the distribution partner for Bank of America Merrill Lynch in Singapore, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam, to meet the need for greater customisation of commercial payment solutions.

We are heartened by the progress of our bancassurance partnership with Prudential. We have successfully leveraged the distribution strength of UOB and manufacturing expertise of Prudential to benefit customers across our network in Singapore, Thailand and Indonesia.

We are committed to strengthening our expertise in fund management and launching products to enable customers to participate in Asian growth. Our recent joint venture with Ping An in China is expected to broaden our product development capabilities and boost assets under management going forward. In recognition of our achievements, the industry continued to honour us with various investment awards including Best Onshore Fund House (Singapore) at the AsianInvestor Investment Performance Awards and the Best Retail House (Singapore) at the Asia Asset Management Best of the Best Awards.

In transaction banking, we continue to hone our strengths in trade, payments and international connectivity to support customers' supply chain needs. We introduced new products, such as bulk payment services in Singapore, Cheque Writer Service in Malaysia, and cross-border yuan settlement services in China. Our commitment to excellence has garnered us the best local cash management award for three years consecutively.

Our successful acquisition of HSBC's banknotes business in Hong Kong, China, Taiwan, Philippines, Singapore and Japan has made us a major player in this space.

Service excellence and accessibility

To achieve greater customer convenience and satisfaction, we continue to enhance our distribution network and service excellence.

In 2010, we started the upgrading programme for our regional network of over 500 branches and opened four new branches in Malaysia, two in Thailand and a new flagship branch in Indonesia. UOB's prized network gives customers seamless access anywhere in the region. Today, our common platform allows customers across the region to access our network of ATMs, regardless of domicile country.

We expanded our existing network of 54 dedicated wealth management centres, by unveiling a new privilege banking suite at the Marina Bay Sands resort in Singapore. The banking suite – with a unique design and service concept – caters to high net-worth clients, especially offshore visitors to Singapore.

Our efforts in customer service excellence have been recognised. Our Channels achieved the coveted national Singapore Quality Class Award by SPRING Singapore in 2010. Our call centre was also awarded the Best Call Centre of the Year at the Contact Centre Association of Singapore Awards.

During the year, we continued to standardise and centralise systems and processes to build a common operating platform scalable across the region. We re-engineered processes and upgraded capabilities for enhanced customer experience and higher productivity. We will continue to improve our infrastructure. On technology alone, we expect to invest more than $500 million in the next three years.

"As we embark on the new decade, we are excited about the opportunities and upside potential… We are confident of propelling the Group to its next phase of growth."

Investing in regional talent

As we expand our footprint across Asia, developing the right talents and bench strength is our top priority.

To realise our vision, we need talents with a regional perspective: individuals with an open mindset who can work anywhere and adapt culturally, anytime. We need staff who can plug into Asia's dynamism and ride its ebbs and flows successfully for the Bank, wherever they are placed.

We have implemented flagship programmes to equip our people with the right skill-sets and mindset across the region. Among other initiatives, we have introduced the International Managers Programme to groom a pool of talented, internationally mobile individuals.

Our regional network and market franchise provide a conducive platform to attract and retain talent. People want to join a winning team. Our stable management team and long-term perspective further sustain our efforts in nurturing talent for the long haul.

Engaging the Community

UOB believes in giving back to the community in which we live and operate.

In 2010, our colleagues from Indonesia and Malaysia joined us in the Bank's annual fund-raising exercise – the UOB Heartbeat Run/Walk. This is the first time that the signature event was held in three countries at the same time; funds raised by the regional event went to charities that focused on helping children in the respective countries. Our colleagues also actively participated in volunteer activities.

We remain a strong supporter of Singapore's visual arts scene and have been named Distinguished Patron of the Arts by the National Arts Council for the sixth year running. In 2010, we also took the UOB Painting Of The Year Competition ("POY") regional, with the staging of Thailand's inaugural UOB POY.

Embarking on a New Decade of Sustainable Growth

In 2011, Asia looks set to remain a bright spot in an uncertain global economy, weighed down by the on-going Eurozone debt crisis, a sluggish US economy and recent political unrest in the oil-producing countries in Middle East and North Africa. Asia's growth is underpinned by domestic consumption and infrastructure spending. The impact of global capital flows into this region should be manageable through proactive prudential measures to mitigate inflationary pressures. This, coupled with good sovereign and corporate balance sheets and a low reliance on foreign funding, should see Asia's sustained growth, barring major shocks. The dynamic global landscape further validates our practice of staying vigilant and maintaining a strong balance sheet.

UOB has progressed to where we are today, through steady and disciplined growth over the last 76 years. The groundwork we have laid over the years has moved us closer to our vision. As we embark on the new decade, we are excited about the opportunities and upside potential.

We have a strong customer franchise, integrated network and balance sheet. We are confident of propelling the Group to its next phase of growth. The best is yet to come.

Our success would have not been possible without the invaluable advice of our Board of Directors and the hard work of the management and staff. I would like to thank all of you for contributing to the growth of the Group. I am also deeply appreciative of the support from our customers and our investors. We are committed to succeed with you in Asia and beyond.

Wee Ee Cheong
February 2011

Board of Directors

Wee Cho Yaw
Chairman
Age 82. Dr Wee has been the Chairman and Chief Executive Officer ("CEO") of UOB since 1974. He relinquished his position as CEO on 27 April 2007. He was appointed to the Board on 14 May 1958 and last re-appointed as Director on 30 April 2010. He is the Chairman of the UOB Executive, Remuneration and Risk Management Committees, and a member of the Nominating Committee.

Dr Wee is the Chairman of UOB subsidiaries, Far Eastern Bank, United Overseas Insurance, United Overseas Bank (Malaysia) and United Overseas Bank (Thai) Public Company, President Commissioner of PT Bank UOB Buana, and Supervisor of United Overseas Bank (China). He is the Chairman of United International Securities, Haw Par Corporation, UOL Group, Pan Pacific Hotels Group, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. He is also the Chairman of Wee Foundation.

Dr Wee was conferred the Businessman Of The Year award twice at the Singapore Business Awards in 2001 and 1990. In 2006, he received the inaugural Credit Suisse-Ernst & Young Lifetime Achievement Award for his outstanding achievements in the Singapore business community. In 2009, he was conferred the Lifetime Achievement Award by The Asian Banker. Dr Wee is the Pro-Chancellor of Nanyang Technological University and the Honorary President of Singapore Chinese Chamber of Commerce & Industry, Singapore Federation of Chinese Clan Associations and Singapore Hokkien Huay Kuan. He received Chinese high school education and was conferred Honorary Doctor of Letters by the National University of Singapore in 2008.

Wee Ee Cheong
Deputy Chairman & Chief Executive Officer
Age 58. Mr Wee joined UOB in 1979. He was appointed to the Board on 3 January 1990 and last re-elected as Director on 29 April 2009. He has been an executive director since 1990 and is a member of the UOB Executive and Risk Management Committees.

Mr Wee served as Deputy Chairman and President of the Bank from 2000 to April 2007 and was appointed as Chief Executive Officer ("CEO") on 27 April 2007. He currently holds the position of Deputy Chairman and CEO.

He is a director of several UOB subsidiaries and affiliates, including Far Eastern Bank, United Overseas Insurance, United Overseas Bank (Malaysia), United Overseas Bank (Thai) Public Company and United International Securities. He is the Chairman of United Overseas Bank (China) and a commissioner of PT Bank UOB Buana.

Mr Wee is the current Chairman of The Association of Banks in Singapore. He serves as a director of The Institute of Banking & Finance and chairs the Financial Industry Competency Standards ("FICS") Steering Committee. He is a member of the Board of Governors of the Singapore-China Foundation, Visa International Senior Client Council, India-Singapore CEO Forum and Advisory Board of the INSEAD East Asia Council and International Council. He is also a director of Wee Foundation. Mr Wee is an honorary council member of Singapore Chinese Chamber of Commerce & Industry. He had previously served as Deputy Chairman of Housing & Development Board, and a director of Port of Singapore Authority, UOL Group and Pan Pacific Hotels Group.

He holds a Bachelor of Science (Business Administration) and a Master of Arts (Applied Economics) from The American University, Washington, DC.

Ngiam Tong Dow
Age 73. Mr Ngiam was appointed to the Board on 1 October 2001 and last re-appointed as Director on 30 April 2010. An independent and non-executive director, he is a member of the Bank's Executive, Nominating and Risk Management Committees. He is a director of Far Eastern Bank, a UOB subsidiary.

Mr Ngiam is also a director of Singapore Press Holdings and Yeo Hiap Seng. He served as Chairman of Housing & Development Board from 1998 to 2003 and Surbana Corporation from 2003 to 2008. He has a distinguished public service career, having held the post of Permanent Secretary in the Prime Minister's Office and the Ministries of Finance, Trade and Industry, National Development, and Communications. He is the former Chairman of Central Provident Fund Board, Development Bank of Singapore, Economic Development Board and Telecommunication Authority of Singapore, and the former Deputy Chairman of the Board of Commissioners of Currency, Singapore.

He holds a Bachelor of Arts (Economics, Hons) from the University of Malaya, Singapore, and a Master of Public Administration from Harvard University, USA.

Cham Tao Soon
Age 71. Prof Cham was appointed to the Board on 4 January 2001 and last re-appointed as Director on 30 April 2010. An independent and non-executive director, he is the Chairman of the Bank's Audit Committee and a member of the Bank's Executive, Nominating, Remuneration and Risk Management Committees. Prof Cham is a director of the Bank's subsidiaries, namely, Far Eastern Bank and United Overseas Bank (China). He is the Chairman of NSL Ltd, MFS Technology and Singapore-China Foundation, and Deputy Chairman of Singapore Press Holdings. He is a director of WBL Corporation, Soup Restaurant Group and Singapore International Foundation. He is a former director of Adroit Innovations, Keppel Corporation, Land Transport Authority, TPA Strategic Holdings and Robinson & Company, and the former Chairman of Singapore Symphonia Company.

Prof Cham is the Chancellor of SIM University and Chairman of its Board of Trustees, and founding President of Nanyang Technological University from 1981 to 2002.

He holds a Bachelor of Engineering (Civil, Hons) from the University of Malaya, a Bachelor of Science (Mathematics, Hons) from the University of London and a Doctor of Philosophy (Fluid Mechanics) from the University of Cambridge, UK. He is also a Fellow of the Institution of Engineers, Singapore and Institution of Mechanical Engineers, UK.

Board of Directors

Wong Meng Meng
Age 62. Mr Wong was appointed to the Board on 14 March 2000 and last re-elected as Director on 30 April 2010. An independent and non-executive director, Mr Wong is the Chairman of the Bank's Nominating Committee. He is also a director of Far Eastern Bank, a UOB subsidiary.

Mr Wong is a lawyer by profession, and a Senior Counsel. He is the founder-consultant of WongPartnership LLP. He is the President of The Law Society of Singapore, a Vice President of Singapore Academy of Law, and a member of the Advisory Board of the Faculty of Law, National University of Singapore. Mr Wong is the Chairman of Mapletree Industrial Trust Management and FSL Trust Management. He also serves on the board of Mapletree Logistics Trust Management. He had previously served as a member of the Military Court of Appeal and Advisory Committee of the Singapore International Arbitration Centre.

Mr Wong has consistently been acknowledged as one of the world's leading lawyers in leading directories such as The International Who's Who of Commercial Litigators, The Guide to the World's Leading Experts in Commercial Arbitration, Asialaw Leading Lawyers, PLC Cross-border Dispute Resolution: Arbitration Handbook, The International Who's Who of Construction Lawyers and Best Lawyers International: Singapore, amongst others.

Yeo Liat Kok Philip
Age 64. Mr Yeo was appointed to the Board on 26 May 2000 and last re-elected as Director on 30 April 2010. An independent and non-executive director, he is a member of the Bank's Executive, Audit and Remuneration Committees. He is a director of Far Eastern Bank, a UOB subsidiary.

Mr Yeo is the Special Advisor for Economic Development in the Prime Minister's Office and Chairman of SPRING Singapore. Recognised for his contributions to Singapore's economic development and pioneering role in promoting and developing the country's information technology, semiconductor, chemical and pharmaceutical industries, Mr Yeo brings to the Bank wide government and private sector experience over a 35-year career.

Mr Yeo serves as a member of the United Nations Committee of Experts in Public Administration ("CEPA"), established by the Economic and Social Council ("ECOSOC") from 2010 to 2013 for the promotion and development of public administration and governance among Member States, in connection with the United Nations Development Agenda.

He is the former Chairman of the Agency for Science, Technology & Research ("A*STAR") and the Economic Development Board. He is the Chairman of Accuron Technologies, MTIC Holdings, Singapore Aerospace Manufacturing, Ascendas Property Fund Trustee and Hexagon Development Advisors. Mr Yeo is a non-executive director on the Board of Directors of City Developments Limited and Vallar Plc (Jersey).

Mr Yeo holds a Bachelor of Applied Science (Industrial Engineering) and an honorary Doctorate in Engineering from the University of Toronto, an honorary Doctorate in Medicine from the Karolinska Institutet, Sweden, a Master of Science (Systems Engineering) from the University of Singapore, a Master of Business Administration from Harvard University, USA, and a Doctor of Science from Imperial College, London.

Lim Pin

Age 75. Prof Lim was appointed to the Board on 1 October 2001 and last re-appointed as Director on 30 April 2010. An independent and non-executive director, he is a member of the Bank's Nominating and Remuneration Committees. He is a Professor of Medicine at the National University of Singapore ("NUS") and Senior Consultant at the National University Hospital. He has been accorded the highest academic title of 'NUS University Professor'.

Prof Lim is the Chairman of the National Wages Council, Bioethics Committee, Singapore, Singapore Millennium Foundation, Singapore-MIT Alliance for Research & Technology ("SMART") and Special Needs Trust Company. He is the Co-Chairman of ETH Singapore SEC. He is a director of Raffles Medical Group. He served as Vice-Chancellor of NUS, Deputy Chairman of Economic Development Board, Chairman of National Longevity Insurance Committee and a board member of Singapore Institute of Labour Studies. He is also the Deputy Chairman of Lee Kuan Yew Water Prize Council.

Prof Lim holds a Master of Arts and a Doctor of Medicine from the University of Cambridge, UK. He is a Fellow of the Academy of Medicine of Singapore ("FAMS"), FRCP (London) and FRACP.

Thein Reggie

Age 70. Mr Thein was appointed to the Board and Audit Committee on 28 January 2008 and last re-elected as Director on 30 April 2008. In 1999, he retired as Senior Partner, Coopers & Lybrand Singapore, the legacy firm of PricewaterhouseCoopers, after 37 years with the firm. Mr Thein is currently a director and the Chairman of the audit committees of several listed companies, namely, GuocoLand, GuocoLeisure, Haw Par Corporation, FJ Benjamin Holdings, MobileOne, Keppel Telecommunications & Transportation, and Otto Marine.

Mr Thein is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore. He is the Vice Chairman and a member of the governing council of the Singapore Institute of Directors. Mr Thein was awarded the Public Service Medal by the President of Singapore in 1999.

Board of Directors

Franklin Leo Lavin
Age 53. Mr Lavin was appointed to the Board on 15 July 2010. An independent and non-executive director, he will stand for re-election at UOB's annual general meeting on 29 April 2011.

Mr Lavin is the Chairman of the Public Affairs Practice for Edelman Asia Pacific. He is a non-executive director of Globe Specialty Metals, Inc and Consistel (Singapore). He served as Chairman of the Steering Committee of the Shanghai 2010 World Expo USA Pavilion.

He has wide experience in government having served as Under Secretary for International Trade at the Department of Commerce (2005-2007) and US Ambassador to Singapore (2001-2005) where he helped to negotiate the landmark US-Singapore Free Trade Agreement. Mr Lavin was the Managing Director and Chief Operating Officer of Cushman & Wakefield Investors Asia. He previously held senior finance and management positions in Citibank and Bank of America.

Mr Lavin has a Bachelor of Science from the School of Foreign Service at Georgetown University, a Master of Science in Chinese Language and History from Georgetown University, a Master of Arts in International Relations and International Economics from the School of Advanced International Studies at the Johns Hopkins University and a Master of Business Administration in Finance at the Wharton School at the University of Pennsylvania.

Cheng Jue Hiang Willie
Age 57. Mr Cheng was appointed to the Board on 15 July 2010. An independent and non-executive director, he will stand for re-election at UOB's annual general meeting on 29 April 2011.

He is a director of Singapore Press Holdings, Singapore Health Services, Integrated Health Information Systems and NTUC Fairprice Co-operative. He has a strong background in accounting, finance and infocomm technology. He retired as managing partner of Accenture after 26 years with the global management and technology consulting firm. He also brings his experience to non-profit organisations, serving as a director of SymAsia Foundation, Singapore Cooperation Enterprise, Council for Third Age, Asia Philanthropic Ventures, Lien Centre for Social Innovation and Caritas Humanitarian Aid & Relief Initiatives, Singapore.

Mr Cheng has a Bachelor of Accountancy (First Class Hons) from the University of Singapore. He is a Fellow of the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors, and an Honorary Fellow of the Singapore Computer Society.

Tan Lip-Bu
Age 51. Mr Tan was appointed to the Board on 15 November 2010. He is a member of the Bank's Risk Management Committee. An independent and non-executive director, he will stand for re-election at UOB's annual general meeting on 29 April 2011.

He is the Founder and Chairman of Walden International, a leading venture capital firm. He concurrently serves as President and Chief Executive Officer of Cadence Design Systems, Inc and has been a member of its board since 2004. He also serves on the boards of Flextronics International, SINA Corporation and Semiconductor Manufacturing International Corporation.

He is a member of the Committee of 100, the School of Engineering Dean's Council at the Carnegie Mellon University, the Board of Directors of the Global Semiconductor Alliance, and the School of Engineering Dean's Advisory Council at the Massachusetts Institute of Technology. He also serves on the College of Engineering Advisory Board at the University of California, Berkeley and as a trustee and board member of the Nanyang Technological University.

Mr Tan holds a Bachelor of Science from the Nanyang University, Singapore, a Master of Science in Nuclear Engineering from the Massachusetts Institute of Technology, and a Master of Business Administration from the University of San Francisco.

Principal Officers

Wee Ee Cheong
Deputy Chairman & Chief Executive Officer

Chong Kie Cheong
Group Institutional Financial Services & Private Banking
Mr Chong joined UOB in 2005. He leads the Group's institutional financial business, focusing on medium enterprises and large corporates. He oversees the Transaction Banking, Structured Trade, Ship Finance and Private Banking businesses. Mr Chong holds a Bachelor of Social Sciences (Hons) in Economics from the University of Singapore. He has more than 30 years of experience in the financial industry.

Lee Chin Yong Francis
Group Retail
Mr Lee joined UOB in 1980. He currently leads the Group's retail businesses for consumers and small business customers. Prior to his appointment in Singapore in 2003, he was the Chief Executive Officer ("CEO") of UOB (Malaysia). Between 2003 and 2008, Mr Lee was the head of International and spearheaded the Group's expansion in the region. He was also responsible for the Bank's consumer banking business in Singapore and the region. He holds a Malaysia Certificate of Education and has 31 years of experience in the financial industry.

Ong Sea Eng Terence
Global Markets & Investment Management
Mr Ong joined UOB in 1982. He leads the Group's global markets and investment management, asset management and financial institutions group businesses. He holds a Bachelor of Accountancy from the University of Singapore. Mr Ong has more than 20 years of experience in treasury services and operations.

Chan Vivien
Group Legal & Secretariat
Mrs Chan joined UOB in 1981. She holds a Bachelor of Law (Hons) from the University of Singapore. She was appointed as Group Secretary and Head of Legal in 1988.

Cheo Chai Hong
Corporate Planning & International Strategy
Mr Cheo joined UOB in 2005. He heads the Group Corporate Planning department and also leads the team that drives the strategy and performance of the overseas banking subsidiaries and branches. Mr Cheo holds a Bachelor of Business Administration (Hons) from the University of Singapore. He has 32 years of experience in corporate and investment banking, project and ship finance and credit management and approvals.

Chew Mei Lee
Group Compliance
Ms Chew joined UOB in 2006 as Group Head of Compliance. She holds a Bachelor of Laws (Hons) degree from the University of Malaya, Malaysia, and was admitted to the Malaysian Bar to practise as an Advocate and Solicitor of the High Court of Malaya in 1979. She has served as global and regional head in compliance, legal and corporate secretariat capacities in her 30 years in the financial services industry.

Goh Dennis
Business Banking
Mr Goh joined UOB in 2003. He holds a Bachelor of Science, Estate Management (Hons) from the National University of Singapore. He has 24 years of banking experience covering real estate finance, capital markets and private equity. He has also served overseas in UOB (Thai).

Hwee Wai Cheng Susan
Group Technology & Operations
Ms Hwee joined UOB in 2001. She is responsible for the provision of both information technology and banking operations services and infrastructure to ensure quality service delivery and operational efficiency. She holds a Bachelor of Science from the National University of Singapore and has 29 years of experience in banking and operations.

Khoo Boo Jin Eddie
Group Personal Financial Services
Mr Khoo joined UOB in 2005. He holds a Bachelor of Business Administration in Finance and Management from the University of Oregon, USA. He has 23 years of experience in consumer banking.

Lee Wai Fai
Chief Financial Officer
Group Finance & Corporate Services
Mr Lee joined UOB in 1989. 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. He has more than 20 years of experience in finance and administration.

Liew Khiam Soong Peter
Group Credit (Corporate & Financial Institutions Group)
Mr Liew joined UOB in 2000. He oversees the credit approval for corporations and financial institutions. He holds a Bachelor of Commerce (Hons) in Banking and Finance from the University of Birmingham, England. He has over 30 years of corporate experience, with stints in foreign banks in a number of countries.

Ngeo Swee Guan Steven
Group Credit (Retail)
Mr Ngeo joined UOB in 1982. He leads the credit approval team for the consumer, high net-worth and small-business segments. Mr Ngeo holds a Bachelor of Arts from the National University of Singapore. He has 28 years of experience and had served in UOB (Malaysia) and UOB (Thai).

Mok Chek Pfam
Management Porfolio
Mr Mok joined UOB in 2000. He holds a Bachelor of Business Administration from the National University of Singapore. Mr Mok has more than 25 years of treasury and investment experience.

Ng Kwan Meng
Group Global Markets
Mr Ng joined UOB in 2001. He holds a Bachelor of Social Sciences (Hons) from the National University of Singapore. Mr Ng has 27 years of experience in global markets.

Ngo Victor
Group Audit
Mr Ngo joined UOB in 2004. He holds a Bachelor of Applied Science in Computer Science and Operations Management from the University of Technology, Sydney, a Master of Business Administration from Deakin University, Australia, and an Executive Master of Science in Finance from Baruch College, City University of New York, where he was elected to the Beta Gamma Sigma Honor Society. He is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Institute of Certified Public Accountants of Singapore and a Certified Information Systems Auditor. He has 23 years of experience in banking.

Tay Tong Poh
Group Investment Banking
Mr Tay joined UOB in 2006. He holds a Bachelor of Electrical Engineering from the University of Southern California, USA, and a Master of Business Administration (Finance) from The University of Chicago Booth School of Business, USA. He has 21 years of experience in corporate and investment banking.

Tham Kah Jin Eric
Group Commercial Banking
Mr Tham joined UOB in 2003. He oversees the Group's business for medium-sized corporates and spearheads the expansion for this segment in Singapore and the region, through the Bank's subsidiaries in Malaysia, Thailand, Indonesia and China. Mr Tham holds a Bachelor of Business Administration from the University of Singapore, and a Master of Business Administration in Accountancy from the Nanyang Technological University, Singapore. He has 30 years of experience in the financial industry.

Tham Ming Soong
Group Risk Management
Mr Tham joined UOB in 2005. He holds a Master of Applied Finance from Macquarie University, Australia, and is a Fellow of the Financial Services Institute of Australasia. He has more than 25 years of experience in the financial services industry.

Tjuradi Karunia Wirawan
Corporate Banking (Regional)
Mr Tjuradi joined UOB in 2005. He holds a Bachelor of Business Administration (Summa Cum Laude) from the University of Notre Dame, USA. He has more than 21 years of banking experience in corporate and investment banking. He had served as the country CEO for Indonesia in another bank prior to joining UOB.

Teo Gim Choo Wendy
Channels
Ms Teo was appointed Head of Group Channels in 2009. Prior to her current appointment, she held senior positions in Personal Financial Services, heading Sales and Distribution as well as Privilege Banking. She is an Associate with the Institute of Bankers, UK and has more than 30 years of banking experience covering credit, consumer and private banking.

Wee Joo Yeow
Corporate Banking (Singapore)
Mr Wee joined UOB in 2002. He holds a Bachelor of Business Administration (Hons) from the University of Singapore and a Master of Business Administration from New York University, USA. Mr Wee has more than 30 years of corporate banking experience.

Wong Mei Leng Jenny
Group Human Resources
Ms Wong joined UOB in 2005. She holds a Bachelor of Arts (Hons) from the University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Management. She is a seasoned human resource practice leader with many years of experience in managing human resources.

Yeo Eng Cheong
Group Credit
(Middle Market & Structured Trade & Commodity Finance)
Mr Yeo joined UOB in 1986. He holds a Bachelor of Business Administration (Hons) from the University of Singapore. He has more than 30 years of experience in commercial banking.

Major Overseas Banking Subsidiaries

Armand B. Arief
President Director, PT Bank UOB Buana
Mr Arief was appointed as President Director of UOB Buana in 2007. He holds a Bachelor of Business Administration from Curry College, Milton, Massachusetts, USA, and a Master of Business Administration from Suffolk University, Boston, Massachusetts, USA. He has more than 20 years of experience in the banking industry and 10 years in the consumer goods and hospitality industries.

Chan Kok Seong
Chief Executive Officer, United Overseas Bank (Malaysia) Bhd
Mr Chan was appointed as CEO of UOB (Malaysia) in 2003. He holds a Bachelor of Accounting from the University of Malaya, Malaysia, and is a member of The Malaysian Institute of Certified Public Accountants. He has 25 years of experience in banking.

Tan Kian Huat
President & Chief Executive Officer,
United Overseas Bank (China) Limited
Mr Tan was appointed as President and CEO of UOB (China) in 2008. He holds a Bachelor of Science (Hons) from the University of Leeds, UK, and a Master of Business Administration from the University of Bradford, UK. He has 26 years of experience in banking.

Wong Kim Choong
President & Chief Executive Officer,
United Overseas Bank (Thai) Public Company Limited
Mr Wong was appointed as President and CEO of UOB (Thai) in 2004. Prior to his current appointment, he served in UOB and UOB (Malaysia). Mr Wong holds a Bachelor of Commerce from the University of Toronto, Canada. He has 26 years of experience in banking.

The Bank forged ahead with expanding its regional network in 2010, while further refining its segment-led business strategy. This has enabled the Bank to provide consistent and efficient service to our customers in all locations. Support functions also embarked on regional initiatives and projects to facilitate the growth of businesses in the region.

Key Business Units

The Bank's key business sectors are Group Retail, Group Institutional Financial Services, and Global Markets and Investment Management.

Group Retail

Personal Financial Services

Secured Loans

UOB continued to maintain its strong presence in the home loan business amidst intense competition.

We were active in both the primary and secondary property markets. We provided our customers with value-added products, reaching out to them through our various touch points. In addition, we improved our turnaround time to enhance the overall customer experience.

In the region, we maintained our focus on the mortgage business, accessing new markets to expand the business. In Malaysia and Thailand, we partnered developers to bring financing solutions to end-buyers. In addition, we worked with our Commercial Banking and Corporate Banking colleagues to tap cross-selling opportunities.

In China, Shanghai and Beijing are the main focus for our mortgage business due to their sheer volume potential. We will leverage our mortgage business and experience in Shanghai for expansion to other Chinese cities such as Chengdu, Shenyang and Xiamen.

Cards & Payments

The Bank remained at the cutting edge of new product and payment innovation to enhance our strength in issuing and acquiring credit cards in Singapore. Our strategic initiatives centred on increasing share-of-wallet and market share.

As part of our regional growth plans, we leveraged best-practice products and programmes, and implemented them across the region. One such product is the UOB Lady's Card, which has a 23-year success in Singapore.

In May 2010, we gave the iconic UOB Lady's Card a complete makeover to meet the growing sophistication of today's women. The Lady's Card was enhanced to provide a comprehensive financial and lifestyle solution for women. The madeover card was introduced in Singapore, Malaysia, Thailand and Indonesia.

UOB has focused on commercial cards since 2003 and is regionalising and intensifying its effort in this area. In June 2010, we signed an alliance with Bank of America Merrill Lynch as their distribution partner for Singapore, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.

UOB has one of the largest merchant bases for consumer and commercial credit card acceptance in Singapore. A recent partnership with Marina Bay Sands to process their transactions has further strengthened UOB's position as a leading merchant acquirer in Singapore.

Left
The iconic UOB Lady's Card was given a complete makeover in 2010 to meet the growing sophistication of today's women.

Right
UOB's privilege banking centre at the Marina Bay Sands integrated resort offers a full suite of financial services for high net-worth clients living offshore and visiting Singapore.

Deposits
Given Singapore's low interest rate environment, we launched a series of savings campaigns that offered a combination of additional interest rates and limited-edition gifts to depositors.

We also took steps to actively grow our retail deposit base in the region. In Malaysia, we launched a series of campaigns to inculcate the culture of saving through a suite of deposit product bundles, combining fixed deposits and current or savings accounts. In addition, we launched the UOB V-Care Series, a bundled deposit and insurance product that provides accident insurance coverage for all ages, in Thailand.

Investment & Treasury Products
We continued to provide our customers with an array of investment solutions to suit their different needs.

In Singapore, customers favoured diversified equity funds such as the UOB China India fund. In line with our focus on enhancing unit trust portfolio funds in Malaysia, we started the OSK-UOB Asia Financials Fund.

We launched several capital-protected funds using government bonds as an underlying instrument in Indonesia. In Thailand, we launched a series of protected funds using sovereign bonds as the underlying instrument. United Overseas Bank (Thai) ("UOB (Thai)") was also amongst the selected banks to distribute a series of bonds issued by the Korean government in the first half of 2010.

In China, structured products continued to be popular among investors as they offer capital guarantee and potential upside in market segments that are not easily accessible, such as gold, banking stocks and the China Exchange Traded Fund Index.

Bancassurance
2010 marked a significant milestone for our wealth management business with the announcement of a regional bancassurance alliance with Prudential Assurance Company ("Prudential"). This strategic alliance will enable the Bank to strengthen our local insurance distribution capability and accelerate our growth in the bancassurance business. In conjunction with the partnership, UOB Life Assurance Limited was sold to Prudential.

To date, the Prudential products have been distributed through our network in Singapore, Indonesia and Thailand. A significant highlight was the launch in Singapore of the universal life-single premium product from Prudential and premium financing in the third quarter of 2010.

In Malaysia, the bancassurance business saw steady growth in 2010. United Overseas Bank (Malaysia) ("UOB (Malaysia)") was awarded the first runner-up position at Bijak Malaysia National Insurance Association of Malaysia ("NIAM")'s second convention, which is an industry challenge organised by NIAM for all financial institutions that distribute affordable comprehensive insurance coverage.

In China, we partnered Metlife to launch the Wealth Selected Unit-Linked Product, designed for clients who are seeking a balance between investment returns and protection.

Privilege Banking
The high net-worth segment attracted much attention in the recent 12 months. Our privilege banking customer base grew significantly and it is being served by seven Privilege Banking Centres including our latest flagship centre in Marina Bay Sands. In light of the vast potential in this segment, we intensified our efforts to acquire new privilege banking clients through our Customer Acquisition Teams, Relationship Managers' referrals, and proactive upgrading of targeted qualified mass market customers to our privilege banking platform. We will continue to further enhance our product specialist platform to cater to the different customer segments and better serve their needs.

Business Banking
Business Banking saw increased activity in 2010 across all its markets, with Singapore and Malaysia hitting record volume.

Numerous new loan, investment and insurance products were launched in 2010 such as BizPro, BizPrivilege, BizProperty, Business Protector and Maxi-yield.

We started several re-engineering projects during the year to fine-tune processes and deepen customer engagement, and better serve small business needs. We also piloted a new Business Banking customer service centre in Malaysia. Business Banking service centres and other initiatives are on track for roll-out in our Asian markets in the first half of 2011.

Group Institutional Financial Services

Commercial Banking

In Singapore, UOB maintained its strong position in the small and medium enterprise ("SME") segment. The enhanced Government Assistance Schemes continued to extend much needed liquidity to companies operating in the uncertain global economic environment. Commercial Banking in Singapore, in partnership with the government agencies, continued to support customers with the extension of government loans. In this respect, UOB was one of the leading financial institutions that offered government assistance schemes, both in terms of market share and loan volume. With diligent account management, our non-performing loan ratio remained low and overall income was commendable.

A specialised team, the Treasury Sales Unit, was formed within Commercial Banking in Singapore to help our customers manage their risks and exposures through the use of treasury products.

In the region, Commercial Banking developed industry specialisation in each country to focus on key growth areas and to leverage opportunities. We also maintained our presence in key geographical areas with high levels of commercial activities to ensure that we remain close to our customers. We will continue to leverage our regional footprint to be our customers' preferred partner in their regionalisation efforts.

To preserve the high competency standards among our staff, UOB adopted the Financial Industry Competency Standards ("FICS") framework, partnering Singapore Management University in the introduction of a certified Corporate Lending Training Programme. Benchmarked against international standards, FICS certification ensures that UOB's financial professionals handle the demands of the industry with competence and confidence. Commercial Banking staff from Singapore and the region are certified under this programme.

Corporate Banking

In 2010, Corporate Banking operated in a very competitive and challenging environment. While operating conditions have improved, competition and margin compression have intensified ahead of a full and sustained recovery.

During the year, we concentrated on achieving capital efficient business growth along with risk-based pricing as crafted under the Basel rules.

Leveraging off our vast regional and international business capabilities, we were successful in co-ordinating cross-border collaborations with customers to meet their financing needs when investing overseas.

In our key regional markets, we initiated the holistic client coverage model, to provide comprehensive financial solutions to key corporate clients across geographies. This dovetailed with the re-organisation of corporate banking in all our regional subsidiaries into industry-centric teams to sharpen focus on the growth industries and foster a deeper understanding and knowledge of our target clients. Working intimately with the various product specialists within the UOB Group, such as Investment Banking, Global Markets and Transaction Banking, our regional Corporate Banking continues to develop the platform into a one-stop provider of financial solutions to our regional corporate clients.

Our operations in the overseas branches continue to provide global diversification in risk and earnings. We have enhanced our returns from North America and Europe, and re-positioned ourselves for growth opportunities there. Our Asian branches

Left
To preserve the high competency standards among our staff, UOB adopted the Financial Industry Competency Standards framework, partnering Singapore Management University in the introduction of a certified Corporate Lending Training Programme.

Right
UOB (China) offers CNY settlement bank services to corporate customers, as well as CNY agent bank services to financial institutions.

have strengthened the Group's regional footprint, riding on the growth trends within Asia Pacific. The overseas branches have further identified new business areas, and have started to actively develop capabilities to entrench these business areas.

Private Banking

Our primary objective for the year was to leverage our systems, processes and infrastructure that we had strengthened during the economic crisis to capitalise on post-crisis investment opportunities brought on by Asia's recovery. As Asia's high net-worth population grew, we positioned ourselves higher up the value chain by segmenting our base, focusing our efforts on our areas of expertise and deepening our regional footprint by penetrating untapped markets.

In addition, we improved our product suite to cater to our clients' evolving demands and implemented a robust portfolio management structure as well as set up opportunistic and strategic alliances that were mutually beneficial for our partners.

We continued to invest in our staff, certifying our Relationship Managers and Officers according to the FICS framework and setting ourselves apart from the other Private Banks. Our fourth cohort has begun the Singapore Management University – United Overseas Bank Advanced Diploma in Private Banking ("SMU-UOB Advanced Diploma in Private Banking") programme.

Structured Trade & Commodity Finance

Structured Trade & Commodity Finance ("STCF") rode on the recovery in Asia as commodity prices and trading volume increased sharply in 2010. This was achieved through our strong commitment to customers throughout the dismal market conditions brought on by the recent turmoil in the financial market.

In line with the Group's regionalisation drive, STCF continued to lend its expertise to other business units and the various overseas subsidiaries to expand the scale of commodity finance business.

In addition to the Hong Kong office, STCF established a presence in Shanghai to capture the related financing opportunities from the increasing flow of commodities into China.

During the year, STCF also successfully anchored a number of key relationships with major players in the various commodity sectors.

Transaction Banking

We continued to expand our product and service offering to deliver convenience, operating efficiency, effective cash flow and risk management to customers. For trade, we formed alliances with credit agencies like Asian Development Bank and the World Bank to offer payment guarantees for Letters of Credit to mitigate against bank and country risks. For Cash Management, we introduced our eAlerts! services as well as our bulk payment services in Singapore. The bulk payments services enable customers who employ foreign workers to effect salary payments directly to the home country of their workers in a cost-effective and efficient manner.

UOB has, over the years, established a sterling reputation in the market, winning awards from leading publications. Among the accolades we received in 2010 were the coveted Asiamoney Best Local Cash Management Bank Award and the Best Local Currency Cash Management Services Award, both for the third year running. We actively built strong partnerships with customers, by conducting regular workshops, seminars, round tables and clinics across the region covering topics like cash flow management, trade solutions, risk mitigation and Chinese Yuan ("CNY") services.

In Malaysia, we developed a Cheque Writer Service that allows the customer to manage fraud risk.

Our enhanced Business Internet Banking platform in Thailand continues to offer one of the most comprehensive and competitive cash management services in the market.

In China, the pace of growth remained unabated with an increase in customer acquisition and transaction volume. During the year, we saw a four-fold rise in the number of clients transacting with us via internet banking and the overall cash transaction volume increased by three and a half times. United Overseas Bank (China)

("UOB (China)") also set up the required infrastructure to support the growing demand for cross-border transactions denominated in CNY. UOB (China) offers CNY settlement bank services to corporate customers, as well as CNY agent bank services to financial institutions.

Both the cash and trade revenues showed strong growth resulting in healthy operating revenue contribution.

Ship Finance

With the exception of the tanker segment, the rest of the shipping industry, namely dry bulk carriers, containerships and offshore support segments, successfully emerged from the doldrums since end-2008 and the financial performance of many shipping companies has since reverted to the black.

We will continue to support the maritime industry under the local government financing schemes. We will also carry on providing project and asset-based financing, such as for rigs and terminals, where the project economics are strongly supported by underlying cash flows from long-term contracts with established market players. In 2010, we financed petroleum and petrochemical storage terminal projects in Singapore and Malaysia as well as oil and gas exploration and production projects in the region.

Investment Banking

Investment Banking had a notable 2010, with the Bank playing a key role in several significant domestic and regional transactions.

In 2010, UOB jointly led several significant loan transactions, in particular, the US$360 million term loan facility for STATS ChipPAC Ltd, the $1.85 billion term loan for Integrated Healthcare Holdings Limited, the US$1.075 billion debt facilities for Trafigura Beheer B.V., the US$1.665 billion loan for Vitol Asia Pte Ltd, the RM5 billion loan for Tanjong Capital Sdn Bhd (privatisation of Tanjong plc) and the US$350 million debt facilities for Tower Bersama (issued out of the US$2 billion loan programme).

In the leveraged finance segment, UOB jointly led the US$190 million financing for the acquisition of Infastech in Singapore and A$1.5 billion financing for the acquisition of Healthscope in Australia.

The debt capital markets segment continued to strengthen its footprint in the Asia-Pacific region. In the local currency debt market, the key transactions that UOB jointly led were the $300 million five-year retail bond issue for Singapore Airlines Limited, the $500 million 10-year bond issue for Singapore Airlines Limited, the $400 million seven-year bond issue for Housing & Development Board and the $200 million five-year bond issue for ANZ National (Int'l) Limited, London Branch.

In 2010, the corporate finance segment achieved a milestone with its role as one of the joint global co-ordinators, issue managers, bookrunners and underwriters for the $664.4 million initial public offering ("IPO") of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("REIT"), Singapore's first certified Shari'ah compliant REIT and the world's largest listed Shari'ah compliant REIT by total assets as at 4 November 2010. We were also one of the joint lead managers and underwriters of the $276.8 million IPO of Mewah International Inc.

The Debt Capital Markets and Corporate Finance units also worked together on several transactions. This included the privatisation of General Corporation Berhad ("GCB") in Malaysia which triggered the takeover of Low Keng Huat (Singapore) Limited ("LKH") in Singapore. Debt Capital Markets had provided the debt financing to GCB while Corporate Finance had provided advisory services in relation to LKH's takeover. In addition, both units collaborated on the delisting of Soilbuild Group Holdings Ltd in Singapore.

Global Markets and Investment Management

Global Markets

We are one of the biggest providers of banknotes services in the region, with a strong presence in the emerging markets of Vietnam, Indonesia, Thailand and China. 2010 marked the advent of UOB as a regional player in the banknotes business following the successful acquisition of the HSBC's banknotes business in Hong Kong, China, Taiwan, Philippines, Singapore and Japan.

Left
UOB achieved a milestone with its role as one of the joint global co-ordinators, issue managers, bookrunners and underwriters for the $664.4 million IPO of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("REIT"), Singapore's first certified Shari'ah compliant REIT and the world's largest listed Shari'ah compliant REIT.

Right
In 2010, UOB Asset Management continued to garner awards for its overall investment capability and performance including the Best Onshore Fund House (Singapore) at the AsianInvestor 2010 Investment Performance Awards.

UOB is the only bank in Singapore to offer a comprehensive range of gold investment products. The year saw UOB Bullion and Futures joining the Singapore Mercantile Exchange as a General Clearing Member. It also joined Eurex and the London International Financial Futures and Options Exchange as a trading member.

In the structured products space, investor appetite returned with the recovering stock markets. Retail investors continued to prefer principal guaranteed structured deposits and non-principal protected dual currency investments.

We also attained good trading turnover in the retail Foreign Exchange ("FX") business, particularly in the second and fourth quarters of 2010 where the highest volumes were recorded in both our electronic FX trading platform and voice trading. Our corporate clients continued to increase their FX hedging activities in 2010 amidst the challenging low interest rate environment, with most resorting to plain vanilla FX-linked products to enhance yield on excess funds. With an improvement in credit and business conditions, trading activities increased in 2010 with transaction volume in asset classes such as Government Securities and Precious Metals surpassing those recorded in 2009.

We also expanded our treasury capabilities and presence of our regional subsidiaries. In Malaysia, the set-up of a new FX Options Desk further strengthened our capability to support requirements from corporate and commercial customers. In tandem with the successful merger of PT Bank UOB Buana ("UOB Buana") and PT Bank UOB Indonesia ("UOB Indonesia"), five regional treasury centres were established in various vantage locations in Indonesia to service corporate treasury requirements. This boosted sales volume and set the tone for further expansion in the near future. Performance of our trading business in Malaysia, Indonesia and China continued to improve despite their demanding operating environments. Judicious risk management through a variety of hedging instruments ensured that trading exposures to market volatilities were controlled.

During the year, the Group's liquidity requirement remained prudently managed in Singapore despite facing an onerous liquidity management regime. Gapping activities were reduced with limited trading opportunities and a flat yield curve. 2010 also saw the set-up of a regional treasury centre in New York to act as an independent funding centre for Europe and North America.

Financial Institutions Group

During the year, Financial Institutions Group continued to work with Transaction Banking to further strengthen UOB's position as one of the leading Singapore-dollar clearing banks. We leveraged UOB's regional network and intimate knowledge of the region to grow our bank risk trade finance, loans and global account businesses in major trading economies in Asia.

Third Party Fund Management

Third Party Fund Management comprises third-party asset management, private equity and venture capital businesses. Global investment management services are provided through subsidiaries in Singapore, Malaysia, Thailand, Taiwan, United States, China, France, Brunei and Japan, offering institutions, corporations and individuals a broad array of investment products.

In 2010, UOB Asset Management ("UOBAM") continued to garner awards for its overall investment capability and performance by being named Best Onshore Fund House (Singapore) at the AsianInvestor 2010 Investment Performance Awards and the Best Retail House (Singapore) at the Asia Asset Management Best of the Best Awards 2009.

UOBAM's regional expansion continued apace in 2010 with UOBAM Japan successfully winning several mandates from leading Japanese institutions, barely one year into the office's set-up.

The well-received launch of the United China-India Dynamic Growth Fund across Singapore, Malaysia, Thailand and Japan also attests to the growing distribution strength and recognition of UOBAM as a leading fund house in the region.

During the year, UOBAM and OSK-UOB Unit Trust Management Berhad formed OSK-UOB Islamic Fund Management Berhad which was granted the capital markets services

2010 in Review

Left
UOB Lite caters to the needs of busy executives and operates seven days a week.

Centre
We revamped our Personal Internet Banking to enhance our customer experience, expanded transaction capabilities and improved security features.

Right
UOB Buana opened a flagship branch at its new UOB Plaza building in Jakarta.

licence to carry out Islamic fund management business activities in Malaysia.

Towards the end of the year, UOBAM obtained approval from the China Securities Regulatory Commission to set up a joint venture fund management company in China with China Ping An Trust Co., Ltd. and Sanya Yingwan Tourism Co., Ltd. The joint venture is called Ping An UOB Fund Management Company Limited ("Ping An UOB FMC"). The set-up of Ping An UOB FMC represents UOBAM's first direct foray into the China mainland market and enables UOBAM to tap the growing demand for wealth management in China.

In 2010, our private equity business continued to grow further under the stewardship of UOB Global Capital ("UOBGC") and UOB Venture Management ("UOBVM"). The ASEAN China Investment Fund II, a follow-on fund, had its final close on 21 December and achieved a fund size that doubled its predecessor fund.

UOBGC together with Portfolio Advisors launched a fund in the Pan Asia Select Fund series. The UOB Portfolio Advisors Pan Asian Select Fund III, like its successor funds, will concentrate on growth and expansion capital, buyouts and special situations in the Asia-Pacific region.

UOBVM remained focused on direct investments in growth companies in ASEAN and China and successfully took several of its portfolio companies public on stock exchanges in Singapore, China and Hong Kong.

Channels

In Singapore, UOB unveiled a new privilege banking centre at the Marina Bay Sands ("MBS") integrated resort. The centre – the first such banking branch in MBS – serves mainly high net-worth clients living offshore and visiting Singapore.

For the mass market segment, following the successful launch of the UOB Toa Payoh Lite Branch in October 2009, we opened the Suntec City Lite Branch in September 2010. UOB Lite caters to the needs of busy executives and operates seven days a week. Banking is made easy with fast credit card issuance, in-principle home loan approval services, and self-directed kiosks for deposits, insurance and investment enquiries.

As a testament to the Bank's continued focus on business excellence, Channels Singapore was awarded the coveted national Singapore Quality Class ("SQC") Award by SPRING Singapore in 2010. The SQC accreditation is determined by overall performance in the business excellence framework consisting of seven pillars – Leadership, Planning, Information, People, Process, Customer and Results. Channels Singapore attained a high aggregate score that put us in the top performers' league. In addition, 887 staff from UOB were recognised at the ABS-SPRING

2010 Singapore Excellent Service Awards, constituting yet another record-breaking number of winners in the banking industry in Singapore. The Service Excellence Champion Award for the banking and financial services sector, which seeks to recognise the best Star Award recipient, hailed from UOB as well.

In Malaysia, we expanded our touch points by opening four new branches in the state of Selangor at Ijok, USJ Taipan, Ampang and Cheras. The latter three branches offer a full range of retail and wholesale banking business including Privilege Banking services. This brings the network of branches in Malaysia to 45.

To provide our customers with greater banking convenience, three branches in Thailand were relocated to Paradise Park, Central Rama 2 and Central Rattanatibet. At the same time, we added two new branches in Manorom and BigC Omyai, expanding our branch network to 142.

In Indonesia, we opened a new flagship branch at our new UOB Plaza building. This new branch is located strategically in the centre of Jakarta's central business district, and designed to be a one-stop provider of banking services, including Safe Deposit Box and Privilege Banking services. Our branch network in Indonesia now comprises 213.

In China, we currently have a network of 10 branches, comprising eight main branches located in Shanghai, Beijing, Guangzhou, Shenzhen, Xiamen, Chengdu, Shenyang and Tianjin and two sub-branches in Shanghai and Beijing.

Globally, we have a prized network of close to 500 branches, providing customers seamless access to our regional network across all cities in which we operate.

Similarly, we have more than 1,000 ATMs across the region to serve our customers. In addition, all our auto lobbies in Singapore were rebranded and our ATM network expanded to cover new locations such as new MRT stations, MBS, Resorts World Singapore.

Our Personal Internet Banking was also given a new look with improved navigation and flow, centered on the customer's needs. In addition, online functionalities were also enhanced and made accessible via new technologies like iPhone and iPad. This offers our customers even greater convenience in banking.

Group Technology and Operations

Group Technology and Operations ("Group T&O") is a key strategic enabler of the Bank's regional aspirations. It provides the back office processes, systems and infrastructure, which enable the Bank to thrive in today's dynamic and competitive environment. Group T&O came together as one integrated sector in 2009 to be more aligned with our business and customer segments, and to drive greater synergies between the information technology and operations functions. In 2010, Group T&O continued its disciplined execution of building a common operating platform that is scalable across the region to serve the evolving needs of customers and businesses.

We collaborated closely with various business units to focus on enhancing our customer experience. In Singapore, we re-engineered the application and account-opening processes, simplified application forms and documents for customers and reduced the overall application time. We revamped our Personal Internet Banking to enhance the customer experience, expanded transaction capabilities and improved security features. We also launched and completed a strategic initiative to work with business units to redefine and enhance Bank-wide customer-centric service standards.

Our pursuit of operational excellence has led to significant achievements in service quality and overall productivity. Our consolidation efforts have resulted in substantial efficiency.

In the region, our common platform allows us to provide a unified experience to our customers. For example, regardless of domicile country, our customers across the region are able to access all our ATMs, which provide consistent user interface and experience.

2010 in Review

Left
UOB achieved the BEST Award from the American Society for Training & Development for the second year running for its efforts in training and development.

Right
Staff from UOB (Thai) painted the mural at the UOB School Library in Wat Bang Nam Won School as part of the bank's volunteerism programme.

In Singapore, we centralised cheque clearing functions at branches to our back-office processing centre, resulting in greater clearing efficiency and higher productivity, while freeing up expensive branch real estate for more customer-facing activities. We moved all branch call functions to our call centre, ensuring consistent and better service levels while increasing productivity.

In Malaysia, we centralised the North and South regional loans and trade processing centres into a new regional processing centre with standardised processes, improved service delivery standards and better risk controls. Globally, we have started to unify and consolidate our wholesale back-office processes, which include wholesale loans, trade and treasury settlement.

The team completed the operations merger of UOB Indonesia and UOB Buana within a month of the legal merger in June 2010, and integrated both entities' IT and back-office processing into a single platform and positioned it for future standardisation.

We also achieved an important milestone on our technology front, standardising and centralising the core systems for all our overseas branches. This is in addition to the Credit Cards, Treasury, Lending and Basel, Risks and profitability measures systems already consolidated across selected regional subsidiaries. The scale efficiency achieved is demonstrated in the minimal headcount growth of our Singapore IT Shared Service Centre over the past five years even as they increasingly supported additional subsidiaries and branches. In addition, we successfully set up our first satellite data centre in China, scheduled to commence operations in 2011.

Our efforts have received external recognition. We received The Asian Banker Technology Award for our technology innovation in banking operations when we successfully implemented and deployed the Bank-wide Call Recording system across 60 offices and branches. Our Trade and Remittance Operations continued to excel and once again won the Straight Through Processing award from various banks such as JP Morgan, Deutsche Bank and Bank of New York Mellon. Our Singapore call centre won the prestigious Best Call Centre of the Year (Corporate category) award by the International Contact Centre Award of Singapore, while our Thailand call centre clinched the Most Aspiring Call Center award by Thailand Call Center Industry Association.

Our progress and successes lay a strong foundation for Group T&O to press on in our endeavour to build a common operating platform that enables the Bank's regional growth. We will continue in our relentless drive for service and process excellence even as we create synergies through scale efficiency, greater effectiveness and quick time to market for products and services across the region.

Group Human Resources

UOB is committed to its People Strategy. We continued to place strong emphasis on building employee engagement throughout the year and this effort will be further expanded in 2011 as we seek to launch similar employee engagement programmes in the region.

The Group's Human Resource strategies and policies aim to attract and retain executive talent and to promote employees from within the Group. To support business growth and regional expansion, developing our talent remains our key focus.

We implemented flagship programmes such as Impactful Managers and Inspirational Leaders Programmes, the SMU-UOB Advanced Diploma in Private Banking and the National University of Singapore-UOB Certificate in Wealth Management. In addition, Group Human Resources also worked with the various lines of business such as Corporate Banking, Commercial Banking and Global Markets and Investment Management to develop cross-country attachment programmes for our talents in the region so as to raise the level of competencies within the Group.

In 2010, the Bank introduced the International Managers Programme in the region. The programme aims to develop a pool of highly-talented, internationally-mobile managers to address our talent needs for now and the future.

For the Bank's efforts in training and development, UOB achieved the BEST Award from the American Society for Training & Development for the second year running. The BEST Awards recognise organisations that leverage the learning function as a strategic business tool to achieve enterprise-wide success; creating, supporting, and championing learning opportunities for results and a learning culture. UOB was the only winner from South East Asia.

As the Group moved towards a segment-led organisation in 2009, Group Human Resources embarked on several initiatives to support the operation of this new structure. Group Human Resources has completed a global job levelling exercise which will be launched in 2011. It has also adopted a compensation approach that is based on the new segment-led structure so that rewards and performance are aligned for each line of business. The Bank has also started working on an initiative to adopt a global approach for its performance management framework from 2011.

In progressively aligning its human resources practices across the Group, the Bank aims to further establish a consistent approach in the area of talent management.

Corporate Social Responsibility

UOB is committed to contributing to the communities in which it operates. We organise activities under our Corporate Social Responsibility ("CSR") programme, with a focus on children, education and the arts.

Children and Education

Our employees are encouraged to volunteer in activities organised by the Bank or programmes of our named beneficiaries. Since the launch of our staff volunteerism programme in 2007, close to 7,000 volunteer hours have been contributed by employees in Singapore. Our employees participated actively in UOB-initiated volunteer activities including a stop-animation workshop for children and youth from Very Special Arts ("VSA") Singapore, a cupcake-making workshop for Little Arts Academy students and an excursion to Universal Studios for AWWA School students. They also volunteered at the beneficiaries' programmes such as VSA's weekly classes, annual exhibition and year-end party.

UOB subsidiaries around the region also actively supported the Group's causes. UOB Buana visited several orphanages and social welfare institutions in and around the Jakarta area, giving donations to help the daily needs of these organisations.

UOB (Malaysia) continued to support Protect and Save The Children Association of Selangor and Kuala Lumpur ("P.S. The Children") through various education programmes such as the "Keeping Me Safe" programme carried out at selected primary schools in Kuala Lumpur.

In 2010, the UOB Heartbeat Run/Walk, was held in Singapore, Indonesia and Malaysia. This was the first time that the Bank's annual fundraising exercise was held in three different countries at the same time.

In Thailand, the UOB School Library "Hong Samut UOB Puer Nong" was delivered to Wat Bang Nam Won School. This annual project is into its third year and UOB (Thai) funded the construction as well as the purchase of books and necessities for running the new library. A group of representatives comprising the bank's management and staff also volunteered in activities such as tree-planting, encoding and arranging of library books, and organised a fun-filled programme for the students.

In 2010, the UOB Heartbeat Run/Walk, was held in Singapore, Indonesia and Malaysia. This was the first time that the Bank's annual fundraising exercise was held in three different countries at the same time. The funds raised from this joint effort went to charities that focused on helping children in the respective countries. Singapore raised over $560,000 for our named beneficiaries, AWWA School and VSA Singapore; and for our efforts in Singapore, UOB was awarded the Community Chest Special Events Gold Award.

The Arts

UOB recognises that the arts can add vibrancy to society and enrich lives, and has organised the annual flagship UOB Painting Of The Year ("POY") Competition since 1982. To give outstanding local artists a regional palette to hone their skills and showcase their works, UOB partnered Japan's prestigious Fukuoka Asian Art Museum ("FAAM") for the second year. The partnership involves UOB's sponsorship of a one-month art residence programme at FAAM for the UOB POY winner. The Competition is into its 29th year and UOB (Thai) also committed to this cause by holding their first POY in June 2010.

UOB also works with organisations that share its CSR philosophy. In 2010, UOB partnered The Little Arts Academy, an arts school for the beneficiaries of The Business Times Budding Artists Fund, to run the "Mini Monet" art programme, where UOB sponsored 10 underprivileged children to attend visual arts classes for a year. UOB also continued to support Northlight School through funding the school's visual arts programmes in 2010 and providing bursaries for needy students who excelled in visual arts. For its contribution to the arts in Singapore, UOB was named Distinguished Patron of the Arts by the National Arts Council for six consecutive years from 2005 to 2010.

2010 also witnessed UOB (Malaysia)'s first collaboration with the Malaysian Institute of Art on its 25th nation-wide painting competition for upper-secondary school students, named "Pertandingan Seni Lukis & Seni Reka Ke-25" ("25th Art & Design Competition").

Disaster Relief Efforts

Funding is also allocated to local priorities, including disaster relief. In South East Asia, various UOB offices across the Group provided financial support as well as supplies of food, medicine and other necessities following natural disasters in the region.

Investor Relations

UOB firmly believes in maintaining regular, transparent and consistent communication with the investment community, keeping them updated on various corporate developments. A dedicated Investor Relations ("IR") team supports the Chief Executive Officer and senior management in maintaining close dialogue with global institutional investors and analysts through platforms such as meetings, conference calls, non-deal investor roadshows and conferences.

As a testimony to our continuing efforts to enhance transparency in communication, UOB received the Best Corporate Governance award at the IR Magazine South East Asia Awards 2010.

Corporate Governance

This statement describes the Bank's corporate governance framework, policies and practices. The Bank upholds good corporate governance and is committed to fair dealing in all its activities. The Bank's approach to corporate governance is guided by best practice recommendations, principles and provisions in the:

- Singapore Code of Corporate Governance 2005 ("Code");
- Banking (Corporate Governance) Regulations 2005 as amended in 2007 and 2010 ("Banking Regulations"); and
- Guidelines On Corporate Governance For Banks, Financial Holding Companies And Direct Insurers issued by the Monetary Authority of Singapore in 2005 and amended in 2010 ("MAS Guidelines").

Board of Directors

The Board's duties and responsibilities include:

- providing strategic direction;
- providing entrepreneurial leadership and guidance;
- evaluating the performance of the Chief Executive Officer ("CEO") and senior management;
- approving business plans and annual budgets;
- ensuring true and fair financial statements;
- monitoring the Group's financial performance;
- determining the Bank's capital/debt structure;
- setting dividend policy and declaring dividends;
- approving major acquisitions and divestments;
- reviewing the Bank's risk management framework;
- setting company values and standards;
- performing succession planning; and
- approving the Bank's organisational structure.

Board Composition

There are eleven Board directors whose names are set out below. The majority of them are independent directors. The Board considers its present size adequate.

Wee Cho Yaw *(Chairman)*	Non-executive and non-independent
Wee Ee Cheong *(Deputy Chairman and CEO)*	Executive and non-independent
Ngiam Tong Dow	Independent
Cham Tao Soon	Independent
Wong Meng Meng	Independent
Yeo Liat Kok Philip	Independent
Lim Pin	Independent
Thein Reggie	Independent
Franklin Leo Lavin	Independent
Cheng Jue Hiang Willie	Independent
Tan Lip-Bu	Independent

Directors are elected by shareholders. Every year, one-third of the directors retire and may offer themselves for re-election. Directors who are above 70 years of age hold office from year to year as their appointment is on an annual basis.

The Deputy Chairman and CEO, Mr Wee Ee Cheong, is the son of Dr Wee Cho Yaw, the Chairman of the Board. Dr Wee Cho Yaw is eligible for re-appointment subject to the prior approval of the regulatory authority.

The directors' particulars are set out on pages 14 to 19.

The Nominating Committee ("NC") assesses the performance of each director and the Board annually. The NC's assessment of directors is based on several factors including the directors' attendance record, skills, overall preparedness, participation, candour and clarity in communication, expertise, strategic insight, financial literacy, business judgement and sense of accountability.

The NC assesses the Board's performance based on factors such as strategic directions given, quality of risk management, adequacy of internal controls and the Bank's performance.

Directors receive detailed financial, risk management and operational reports and have unfettered access to Management. Directors may seek independent professional advice on any bank-related matter. Directors have access to the company secretary for advice on regulatory matters concerning directors and the Board.

The Bank has established a continuous development programme to equip directors with the appropriate skills and knowledge to perform their roles on the Board and board committees.

Directors' Independence

The NC assesses annually whether directors are independent. The NC has considered all directors to be independent except for Dr Wee Cho Yaw, the Chairman of the Board as he is a substantial shareholder, and Mr Wee Ee Cheong, who is the CEO and a substantial shareholder.

The Board is of the view that it is not necessary to appoint a lead independent director as the public may approach any one of the independent directors for assistance. The Bank has an established procedure for handling complaints and receiving feedback.

Corporate Governance

Name of director	Board of Directors	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee
	Number of meetings attended in 2010				
Wee Cho Yaw	5	8	NA	1	3
Wee Ee Cheong	5	11	NA	NA	NA
Ngiam Tong Dow	5	11	NA	1	NA
Wong Meng Meng	5	NA	NA	1	NA
Yeo Liat Kok Philip	4	7	2	NA	2
Cham Tao Soon	4	11	4	1	3
Lim Pin	4	NA	NA	1	3
Thein Reggie	5	NA	3	NA	NA
Franklin Leo Lavin *(Appointed on 15 July 2010)*	2	NA	NA	NA	NA
Cheng Jue Hiang Willie *(Appointed on 15 July 2010)*	2	NA	NA	NA	NA
Tan Lip-Bu *(Appointed on 15 November 2010)*	NA	NA	NA	NA	NA
Number of meetings held in 2010	**5**	**11**	**4**	**1**	**3**

NA: Not applicable.

Board Meetings

The Board meets at least four times a year. Additional meetings are held as required. The Board met five times in 2010. Directors who are unable to attend a meeting in person may attend via telephonic and/or video conference. The attendance record of directors in 2010 is set out in the table above.

Board Committees

The Board is assisted in the discharge of its responsibilities by five board committees. They are the Executive Committee, Risk Management Committee, Nominating Committee, Remuneration Committee and Audit Committee. The terms of reference of each board committee are approved by the Board.

Executive Committee

The Board has delegated to the Executive Committee ("EXCO") certain discretionary limits for approving credit facilities, treasury and investment activities, and capital expenditure. The EXCO also oversaw the Bank's risk management operations until February 2011, when the Board established the Risk Management Committee ("RMC") which is dedicated wholly to overseeing risk management in the Group.

Risk Management Committee

The RMC assists the Board in the area of risk management. It is responsible for overseeing the operation of an independent risk management system in the Group for managing risks on an enterprise-wide basis. It also oversees the adequacy of the risk management function, including ensuring that it is sufficiently resourced and has appropriate independent reporting lines.

Nominating Committee

The NC reviews nominations for appointment to the Board and board committees. In assessing their suitability, the NC would consider the candidates' ability to contribute to the Board's collective skills, knowledge and experience. The NC reviews the composition of the Board and board committees, and appointments to key management positions. The NC also assesses the performance of the directors and the Board.

Remuneration Committee

The Remuneration Committee ("RC") assists the Board to establish a remuneration policy and framework for directors and senior executives that is in line with the strategic objectives and corporate values of the Bank. The RC determines a level of remuneration that is linked to performance and is reasonable and appropriate to attract, retain and motivate senior executives and staff. Additionally, the RC ensures that the Bank's compensation systems are aligned with the Principles for Sound Compensation Practices and Implementation Standards issued by the Financial Stability Board where appropriate. The RC also administers the UOB Restricted Share Plan and the UOB Share Appreciation Rights Plan. Details of these long-term incentive plans are contained in the Directors' Report. Each RC member abstains from deliberation on his own remuneration.

Except for an incumbent, the Banking Regulations require the chairman of a remuneration committee to be an independent director. The Board regards Dr Wee Cho Yaw, a non-independent director who is the incumbent RC Chairman, as the best person to continue to chair the RC because of his vast experience in remuneration matters.

- **Remuneration Policy:** The Bank remunerates employees competitively and appropriately, commensurate with their performance and contributions. The Bank's remuneration framework aims to balance short-term compensation with longer-term performance and maintain competitiveness. The remuneration package comprises fixed salaries, variable performance bonuses, benefits and long-term incentives.

  The Bank's annual variable bonus plan is underpinned by a holistic set of key performance indicators, including indicators on profitability, risk and capital, derived from its overall business strategy. The overall variable bonus pool of the Bank is determined by the achievement against these performance indicators, which are also cascaded across all business segments. The variable bonus for each business segment is then allocated based on the achievement of bank-wide, business-specific, governance and risk measures. The variable bonus recommended for each employee is based on a combination of the performances of the Bank, the business unit and the individual. The RC reviews and approves the overall variable bonus payable to Bank staff.

  The variable bonus of senior executives and employees whose actions have a material impact on the risk exposure of the Bank is subject to the Bank's deferral policy where the proportion of deferral increases with the amount of bonus received. Deferred bonuses will vest equally over three years subject to pre-determined performance conditions. In the event that such performance conditions are not met, unvested deferred bonuses may be fully or partially forfeited. In conjunction with the long-term incentive plan, the aggregate pay mix for senior executives is 27%, 37%, 10% and 26% in fixed pay, variable bonus, deferred bonus and long-term equity-linked incentives respectively. In 2010, 40% of the 2007 and 20% of the 2008 grants of long-term incentives scheduled for vesting during the year were forfeited due to performance adjustments.

  No senior executive or employee whose actions have a material impact on the risk exposure of the Bank received significant sign-on or severance payment exceeding one year of fixed pay during the financial year.

- **Disclosure on Remuneration:** Directors' fees and remuneration are disclosed in bands of $250,000 in the Directors' Report. During the year, no director was granted any equity incentive. Directors' fees are subject to shareholders' approval and are shared among directors on the basis that directors who have more responsibilities, such as serving on board committees, would receive more fees.

  The remuneration of the top five key non-director executives of the Bank is not disclosed because of the highly competitive market for talent. Except for the CEO, who is the son of the Chairman, no immediate family member of a director is in the employ of the Bank.

Audit Committee

The Audit Committee ("AC") oversees all matters which concern the:

- integrity of financial statements, internal and external audit plans and audit reports;
- adequacy of system of internal accounting controls;
- scope and results of internal and external audit procedures;
- adequacy of internal audit resources;
- cost effectiveness, independence and objectivity of external auditors;
- findings of Group Audit investigations which are significant;
- transactions by interested persons; and
- appointment and resignation of the Head of Group Audit.

The AC has reviewed the Bank's audited financial statements for 2010, the quality of accounting principles and any item that might have affected the financial statements. The AC is of the view that the financial statements are fairly presented in accordance with Singapore Financial Reporting Standards in all material aspects.

The AC has reviewed the Bank's internal controls with the internal and external auditors and presented its report to the Board. The Board has reviewed the reports of the AC and the EXCO, and is of the view that the Bank's internal control systems, including financial, operational and compliance controls and risk management processes, are generally adequate.

Having reviewed the external auditors' work and conduct for objectivity and independence, and taking into consideration any non-audit services rendered by the external auditors, the AC is satisfied that Ernst & Young LLP was independent. The AC has nominated Ernst & Young LLP for re-appointment as auditors at the forthcoming annual general meeting.

The AC had received the full co-operation of Management during the year. The AC was able to meet the internal and external auditors separately in the absence of Management whenever it deemed necessary.

Senior Management

Key senior management functions include the:

- preparation of the Bank's annual budget and business plan;
- execution of business strategies;
- design and implementation of internal accounting and other control systems;
- management of risks;
- implementation of competitive human resource practices and remuneration policies to achieve the Bank's objectives;
- management of expenses; and
- monitoring of compliance with regulatory requirements.

The CEO and the following senior management committees handle the day-to-day business:

- **Asset and Liability Committee** oversees the effectiveness of the Group's market and liquidity risk management structure, including approving policies, strategies and limits for the management of market and liquidity risk exposures.
- **Credit Committee** oversees the Bank's credit and country risk management structure including the credit risk framework, policies, people, processes, information, infrastructure, methodologies and systems. The Credit Committee approves credit applications, formulates credit policies, reviews credit portfolios and assesses credit risk profiles.
- **Human Resource ("HR") Committee** reviews and approves the Group's HR strategy including developing the framework of the Group's talent acquisition policies; talent development and management initiatives; compensation and benefits plans; employee engagement programmes; and other HR-related principles. It also provides oversight for all people communication platforms and ensures effective exchange of information and feedback between Management and staff.
- **Investment Committee** formulates and reviews policies and strategies with regard to its fund management activities and management of the Group's funds.
- **Management Executive Committee** oversees the management of the Group, reviews and recommends the Group's strategic direction and ensures that business activities are in line with strategic direction. It reviews and approves principles and policies, objectives and key performance targets, and ensures optimal allocation of resources and deployment of capital.
- **Performance Management Committee** reviews and monitors performance and key performance indicators against the set budget/target at the Group, country and business levels. It also approves and endorses any change or amendment to the performance management policies and framework on income, cost, internal capital allocation and strategic incentives.
- **Risk and Capital Committee** oversees the overall risk profile and capital requirement of the Group.
- **Technology and Corporate Infrastructure Committee** reviews information technology ("IT") and related infrastructure strategies, approves the investments and monitors progress of major IT initiatives of the Group.

Group Audit

Group Audit, which is an independent function, reports to the AC functionally and to the CEO administratively. The primary role of Group Audit is to provide independent assessment of the adequacy and effectiveness of the Bank's system of risk management, control and governance processes.

Besides reviewing and auditing all businesses and operations in Singapore and in the overseas branches, Group Audit oversees the audit function of overseas banking subsidiaries, which have their own local internal auditors. Group Audit has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Group Audit adopts a risk-based approach in developing its strategic audit plan, which is reviewed annually. Audit projects are prioritised and scoped according to Group Audit's assessment of the risks and the controls over various risk types. Significant issues are highlighted to the AC through audit reports.

Overseas banking subsidiaries' internal audit functions report functionally to their respective audit committees and administratively to their respective local CEOs. Monthly reports are given by the subsidiaries' internal audit functions to the Head of Group Audit who is invited to attend their audit committee meetings.

Risk Management

The Bank regards risk management as an integral part of its business strategy. The Risk and Capital Committee reviews and approves the overall risk management strategy and risk management processes. The CEO and the Risk Management team are responsible for developing the risk management strategy and risk policies and controls. As part of an inter-dependent approach, business and support functions develop the relevant processes and procedures in the implementation of the policies. Risk Management is an independent function. The risk management framework and processes are described in fuller detail under the 'Pillar 3 Disclosure' section on pages 38 to 54.

Group Compliance

The UOB Group sees a robust and independent compliance risk management capability as vital to the success of a well-managed bank. On a day-to-day basis, business units assume primary responsibility for compliance observance under a structured framework of compliance policies, procedures and guidelines. Group Compliance provides advisories for compliance with laws and regulations and timely assessment of key compliance and regulatory risk exposures. Group Compliance helps to promote a strong culture of ethical and professional standards in the way the Bank conducts its business.

Interested Person Transaction

During the year, the Bank entered into the following interested person transactions within the meaning of Chapter 9 of the SGX Listing Manual:

Name of interested person	Aggregate value of all interested person transactions during the financial year 2010 (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	The Bank granted a new four-year lease of units on 37th, 38th and 60th floors at UOB Plaza 1 to Dou Hua Restaurant Pte Ltd, a subsidiary of UOL Group Limited, with effect from 1 January 2010.	Nil
UOL Group Limited	The Bank granted a special financing package to buyers of UOL Group Limited's condominium project entitled "Waterbank at Dakota".	Nil
UOL Group Limited	The Bank sold its entire holding of 133,553,900 ordinary shares in United Industrial Corporation Limited to UOL Group Limited at $2.40 per ordinary share for cash.	Nil

Communication with Shareholders

Annual reports are sent to shareholders at least 14 days before each annual general meeting. The Bank will send the annual report for 2010 in a compact disc but shareholders may request the report in print. Shareholders are informed of the quarterly financial results through announcements made on the Singapore Exchange and the Bank's website at uobgroup.com. Shareholders are given the opportunity to give feedback and views at the annual general meetings. Shareholders may also give feedback through the Bank's Investor Relations unit.

Ethical Standards

The Bank's core values are integrity, performance excellence, teamwork, trust and respect. The Bank has a general Code of Conduct for staff and a specific code on dealing in securities within the Staff Trading Policy. A whistle-blowing policy for employees has been established as part of corporate governance.

Pillar 3 Disclosure

In compliance with the requirements under Basel II Pillar 3 and the Monetary Authority of Singapore ("MAS") Notice 637 Public Disclosure, various additional quantitative and qualitative disclosures have been included in the annual report under the sections 'Pillar 3 Disclosure', 'Group Financial Review' and 'Notes to the Financial Statements'. This is to facilitate the understanding of the UOB Group's risk profile and assessment of the Group's capital adequacy.

Scope Of Application

In accordance with the accounting standards for financial reporting, all subsidiaries of the Group are fully consolidated from the date the Group obtains control until the date such control ceases. The Group's investment in associates is accounted for using the equity method from the date the Group obtains significant influence over the associates until the date such significant influence ceases.

However, for the purpose of computing capital adequacy requirements at the Group level, investments in a subsidiary that carries out insurance business as an insurer are excluded from the consolidated financial statements of the Group. In compliance with MAS Notice 637 on capital adequacy, such investments are deducted from eligible Tier 1 and Upper Tier 2 capital.

The transfer of funds or regulatory capital within the Group is subject to minority shareholders' and regulatory approval.

Capital Management

Capital management is overseen by the senior management and Board of Directors ("the Board"), and seeks to ensure that UOB and its principal subsidiaries maintain adequate capital to:

- support the underlying risks of their businesses;
- comply with all applicable regulatory requirements; and
- meet other factors such as rating agency considerations.

Capital management involves a continuous capital assessment process which encompasses the following key elements:

- assessment of capital and business risks across business segments, products and geographies, and the integration of such assessment with the budgeting process;
- setting and tracking of internal capital targets to ensure that UOB and its principal subsidiaries are able to maintain adequate capital to support their business growth;
- assessment of short-term and long-term capital needs, including stress testing and scenario reviews, for the purposes of capital management and planning; and
- assessment of the quality of capital and financing structures.

Capital management is supported by the Risk and Capital Committee ("RCC").

Risk Management

The assumption of financial and non-financial risks is an integral part of the Group's business. Our risk management strategy is targeted at ensuring on-going effective risk discovery and achieving effective capital management. Risks are managed within levels established by the management committees, and approved by the Board and its committees.

The Group applies the following risk management principles:

- promotion of sustainable long-term growth through embracing sound risk management principles and business practices;
- continual improvement of risk discovery capabilities and establishment of appropriate value-creating risk controls; and
- focus on facilitating business development within a prudent, consistent and efficient risk management framework that balances risks and returns.

The Group has a comprehensive framework of policies and procedures for the identification, measurement, monitoring and control of risks. This framework is governed by the appropriate Board and senior management committees.

Note: Certain figures in this section may not add up to the relevant totals due to rounding.

Credit Risk

Credit risk policies and processes

Credit policies and processes are in place to manage credit risk in the following key areas:

Credit approval process

To maintain independence and integrity of the credit approval process, the credit approval function is segregated from credit origination. Credit approval authority is delegated through a risk-based credit discretionary limit ("CDL") structure that is tiered according to the borrower's rating. Delegation of CDL follows a stringent process that takes into consideration the experience, seniority and track record of the officer. All credit approving officers are guided by credit policies and credit acceptance guidelines. Approval of consumer and small business loans is guided by product programmes. These credit policies, guidelines and product programmes are periodically reviewed to ensure their continued relevance.

Credit risk concentration

A risk-sensitive process is in place to regularly review, manage and report credit concentrations and portfolio quality. This includes monitoring concentration limits and exposures by obligors, portfolios, borrowers, industries and countries. Limits are generally set as a percentage of the Group's capital fund.

Obligor limits ensure that there is no undue concentration to a group of related borrowers that may potentially pose a single risk to the Group.

Portfolio and borrower limits ensure that lending to borrowers with weaker credit ratings is confined to acceptable levels. These limits are generally tiered according to the borrowers' internal ratings.

Industry limits ensure that any adverse effect arising from an industry-specific risk event is confined to acceptable levels.

Country risk

Country risk is managed within an established framework that includes setting of limits for each country based on the country's risk rating, economic potential measured by its GDP, as well as the Group's business strategy. Country exposures are analysed and significant trends are reported to the Credit Committee ("CC") and the Board's Executive Committee ("EXCO") periodically.

Credit stress test

The Group incorporates periodic credit stress testing as an integral part of its credit portfolio management process. This allows the Group to assess the potential credit losses arising from the impact of exceptional but plausible adverse events. Remedial actions such as exposure reduction, portfolio rebalancing, hedging and reviewing of credit acceptance guidelines are taken if necessary.

Settlement risk

The Group's foreign exchange-related settlement risk has been significantly reduced through our membership in the Continuous Linked Settlement scheme. This scheme allows transactions to be settled irrevocably on a delivery-versus-payment basis.

Credit exposures from foreign exchange and derivatives

Pre-settlement limits for foreign exchange ("FX") and derivative transactions are established using the Potential Future Exposure factor based on the transaction currency and tenor to address the credit risk exposures arising from adverse market movements.

For internal risk management, master agreements such as International Swaps and Derivatives Association ("ISDA") agreements and Credit Support Annex are established with active counterparties to manage credit risk arising from foreign exchange and derivative activities. Such agreements allow the Group to cash-settle transactions in the event of counterparty default, resulting in a single net claim against or in favour of the counterparty.

As at 31 Dec 2010, in the event of a 2-notch downgrading of UOB's credit rating, UOB would not be required to post additional collateral with its counterparties.

For Internal Ratings-Based ("IRB") purpose, the Group does not recognise ISDA netting. The Current Exposure Method is used to estimate its FX and derivative exposures on a gross basis.

Wrong-way risk

Wrong-way risk is typically defined as a trading exposure to a counterparty that is adversely correlated with the credit quality of that counterparty. Wrong way risk may be general or specific.

General wrong way risk arises when the probability of default of a counterparty is positively correlated with general market risk factors. The Bank has processes in place to identify and report transactions that exhibit such characteristics to the traders and senior management on a regular basis.

Specific wrong way risk arises when an exposure to a particular counterparty is positively correlated with its probability of default. In general, transactions with specific wrong way risk will be rejected at the underwriting stage.

The following tables show the estimated FX and derivative exposures:

Credit counterparty risk exposures

		$ million
Gross fair value of contracts		5,864
Netting effects		–
Net fair value		5,864
Collateral held		
Financial Collateral	–	
Other	–	
Net credit exposure		**5,864**
Analysed as:		
Interest rate contracts	3,756	
Foreign exchange contracts and gold	1,733	
Equity contracts	301	
Credit derivative contracts	41	
Precious metals and other commodity contracts	33	
Credit derivative hedges (notional amount)		–

Credit derivative exposures

	Own credit portfolio		Intermediation	
	Notional amounts bought $ million	Notional amounts sold $ million	Notional amounts bought $ million	Notional amounts sold $ million
Credit default swaps	5	–	16	20
Total	**5**	**–**	**16**	**20**

Delinquency monitoring

All delinquent accounts, including credit limit excesses, are closely monitored and managed through a robust process by officers from business units and risk management. Where appropriate, these accounts are also subject to more frequent credit reviews. Delinquency trends are monitored, analysed and reported to the CC and the EXCO periodically.

Classification and loan loss impairment

The Group classifies its loan portfolios according to the borrower's ability to repay the loan from its normal source of income. All loans and advances to customers are classified into 'Pass', 'Special Mention' or 'Non-Performing' categories. Non-performing loans ("NPLs") are further classified as 'Substandard', 'Doubtful' or 'Loss' in accordance with MAS 612 Notice to Banks (March 2005).

Upgrading and de-classification of a NPL account to 'Pass' or 'Special Mention' status must be supported by a credit assessment of the repayment capability, cash flows and financial position of the borrower. The Group must also be satisfied that once the account is de-classified, the account is unlikely to be classified again in the near future.

A restructured account is categorised as non-performing and placed on the appropriate classified grade depending on the Group's assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. A restructured account must comply fully with the restructured terms in accordance with MAS 612 Notice to Banks (March 2005) before it can be declassified.

The Group provides for impairment of its overseas operations based on local regulatory requirements for local reporting purposes. Where necessary, additional impairment is provided for to comply with the Group's impairment policy and MAS's requirements.

Group Special Asset Management

Group Special Asset Management ("GSAM") manages the non-performing portfolios of the Group. GSAM Restructuring Group proactively manages a portfolio of NPL accounts, with the primary intention of nursing these accounts back to health and transferring them back to the respective business units. GSAM Recovery Group manages accounts that the Group intends to exit in order to maximise debt recovery.

Write-off policy

A classified account that is not secured by any realisable collateral will be written off either when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

Credit exposures under Basel II

Under Basel II, credit risk for the various asset classes may be computed using a combination of (i) Standardised Approach; (ii) Foundation Internal Ratings-Based ("FIRB") Approach; and (iii) Advanced Internal Ratings-Based ("AIRB") Approach. The Group has adopted the FIRB Approach for its non-retail exposures and the AIRB Approach for its retail exposures.

The table below summarises the approaches adopted by the Group for credit risk computation for the various asset classes.

	Standardised [a] $ million	FIRB $ million	AIRB $ million
Corporate	10,247	67,466	–
Sovereign and Bank	1,661	83,092	–
Retail	6,014	NA	51,770
Other (including Equity, Asset Securitisation, Fixed Assets)	6,689	5,418	–
Total	**24,611**	**155,976**	**51,770**

[a] Amount under Standardised Approach refers to credit exposure where IRB approach is not applicable, or portfolios that will eventually adopt IRB Approach.
NA: Not Applicable

Credit risk mitigation

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. The main types of collateral taken by the Group are cash, marketable securities, real estate, equipment, inventory and receivables. Policies and processes are in place to monitor collateral concentration.

In extending credit facilities to small and medium enterprises ("SMEs"), personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors. For IRB purpose, the Group does not recognise personal guarantees as an eligible credit risk protection.

Corporate guarantees are often obtained when the borrower's credit worthiness is not sufficient to justify an extension of credit.

To recognise the effects of guarantees under the FIRB Approach, the Group adopts the Probability of Default ("PD") substitution approach whereby an exposure guaranteed by an eligible guarantor will utilise the PD of the guarantor in the computation of its capital requirement.

In general, the following eligibility criteria must be met before collateral can be accepted for IRB purpose:

- **Legal certainty:** The documentation must be legally binding and enforceable (on an on-going basis) in all relevant jurisdictions.
- **Material positive correlation:** The value of the collateral must not be significantly affected by the deterioration of the borrower's credit worthiness.
- **Third-party custodian:** The collateral that is held by a third-party custodian must be segregated from the custodian's own assets.

The Group currently uses supervisory prescribed haircuts for eligible financial collateral. The following table summarises credit exposures by asset class secured by eligible collateral, guarantees and credit derivatives:

	Standardised $ million		FIRB $ million	
	Amount by which total exposures are covered by:		Amount by which total exposures are covered by:	
	eligible collateral	credit protection	eligible collateral	credit protection
Corporate	1,547	109	8,060	1,172
Sovereign	–	–	1,917	–
Bank	–	–	3,937	–
Retail	678	78	NA	NA
Total	**2,225**	**187**	**13,914**	**1,172**

NA: Not Applicable

Credit exposures subject to Standardised Approach

For exposures subject to the Standardised Approach, approved External Credit Assessment Institutions ("ECAI") ratings and prescribed risk weights based on asset class are used in the computation of regulatory capital.

The ECAI used by the Group are Fitch Ratings, Moody's Investors Service and Standard & Poor's. ECAI ratings are mapped to a common credit quality grade prescribed by the MAS.

The following table shows the breakdown of net exposures after credit mitigation and provisions by risk weights under the Standardised Approach:

Risk Weights	Net exposures $ million
0% to 50%	5,986
51% to 100%	16,277
101% and above	123
Total	**22,386**

Credit exposures subject to supervisory risk weight under IRB Approach

The following credit exposures are subject to supervisory risk weight under the IRB Approach:

- Equity investments (under Simple Risk Weight ("SRW") Method);
- Specialised Lending (Commodities Finance ("CF"), Project Finance ("PF") and UOB Thailand's Income Producing Real Estate ("IPRE")) exposures; and
- Securitisation exposures.

The following table shows the breakdown of Equity investments and Specialised Lending (CF, PF and UOB Thailand's IPRE) exposures subject to supervisory risk weight under the IRB Approach:

Risk Weights	Specialised Lending $ million	Equity $ million
0% to 50%	1,002	–
51% to 100%	1,269	–
101% and above	590	3,408
Total	**2,861**	**3,408**

Securitisation exposures

The Group has investments in collateralised debt obligations ("CDOs") and asset-backed securities ("ABSs") classified under 'available-for-sale' in its investment portfolio. Full provision has been made for the investments in CDOs. For ABSs, the short-fall between market value and carrying costs is deducted from reserves, and no provisions have been made for them. The subsidiary, UOB Asset Management, manages structured finance assets, such as CDOs and ABSs as part of their asset management activities.

The following table shows the securitisation exposures purchased subject to supervisory risk weight under the IRB Approach:

Risk Weights	Securitisation $ million
0% to 50%	296
51% to 100%	28
101% and above	–
Deducted	93
Total	**417**

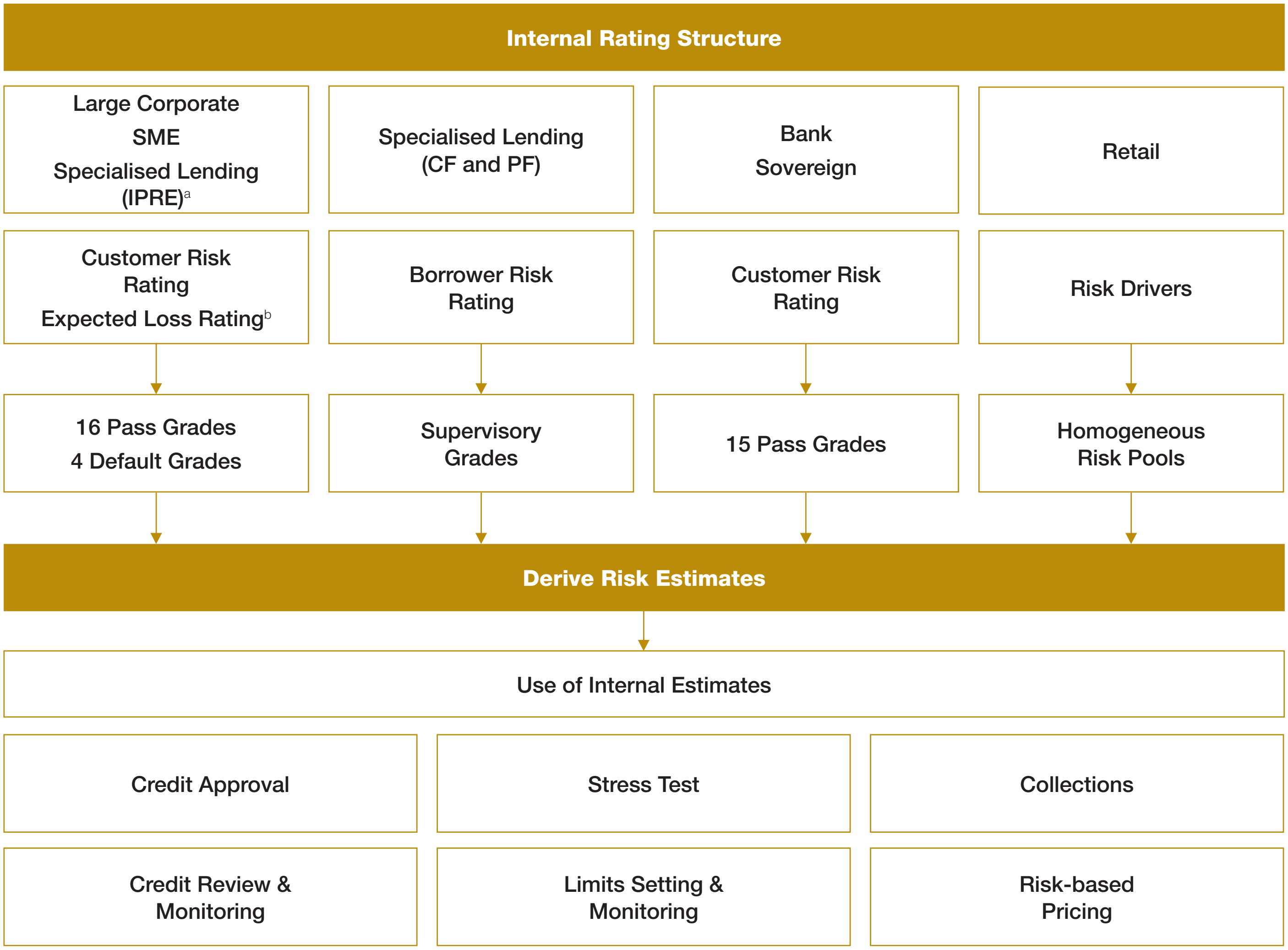
IRB rating system

IRB rating system refers to the methods, processes, controls, data collection and information technology systems that support the assessment of credit risk, the assignment of exposures to rating grades or pools, as well as the parameterisation process for the various classes of exposure.

Rating system governance

The Group has established a credit rating governance framework to ensure the reliable and consistent performance of the Group's rating systems. The framework defines the roles and responsibilities of the various parties in the credit rating process, including independent model performance monitoring, annual model validation and independent reviews by Group Internal Audit.

Rating structure
The Group's internal rating structure is illustrated below.



[a] The 20 rating grades structure applies to the Group's IPRE exposures, with the exception of UOB Thailand where the internal risk grades are mapped to five prescribed supervisory grades.

[b] Does not apply to Specialised Lending (IPRE).

Internal rating system
The Group's internal rating system consists of statistical and expert judgement models.

A statistical model is one whereby the risk factors and their risk weights are determined using a statistical method (for example, logistic regression). Such models are developed for portfolios with sufficient internal historical loss data such as the SME portfolio.

An expert judgement model is one whereby the risk factors and their risk weights are determined judgementally by credit experts. Such models are developed for portfolios with limited or no internal historical loss data, such as the Bank and Sovereign asset classes.

All rating models are independently validated before they are implemented for use. They are also subject to annual reviews to ensure that the chosen risk factors appropriately measure the risks in the respective portfolios.

The PD is an estimate of the likelihood that an obligor will default within the next 12 months. An obligor is considered to have defaulted if:
- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising the security; or
- the obligor is past due more than 90 days on any credit obligation to the Group.

The Group's internal Corporate risk rating process provides a PD-based credit assessment of a borrower over a one-year time horizon.

The rating represents the Group's assessment of the borrower's ability and willingness to contractually perform despite adverse economic conditions or the occurrence of unexpected events. Therefore, the Group uses a longer time horizon in the rating assignment process, although the time horizon used in PD estimation is one year.

While the Group's internal Corporate risk rating grades may show some correlation with the rating grades of ECAIs, they are not directly comparable or equivalent to the ECAI ratings.

Corporate asset class

The Group has developed models to rate exposures in the Large Corporate and SME asset classes. The rating structure consists of two dimensions:

- Risk of borrower default: Customer Risk Rating ("CRR") is the standalone rating of a borrower's credit risk based on financial (quantitative) and non-financial (qualitative) factors. This is derived from a comprehensive assessment of the borrower's financial strength, quality of management, business risks, and the industry it operates in.
- Transaction-specific factors: Expected Loss Rating is the rating of a facility's risk based on the borrower's CRR, facility and collateral-specific factors such as the type and structure of the facility, availability and type of collateral, and seniority of the exposure.

The Group's internal rating grade structure for the Corporate asset class consists of 16 pass grades and 4 default grades. The Large Corporate and SME models are mapped to the rating scale by calibration that takes into account the Group's long-term average portfolio default rate.

Specialised Lending asset sub-class

Within the Corporate asset class, the Bank has three sub-classes for Specialised Lending: IPRE, CF and PF. Specialised Lending exposures are treated separately from normal Corporate exposures. Such exposures generally possess the following attributes either in legal form or economic substance:

- the exposure is typically to an entity (often a special purpose entity) which is created specifically to finance and/or operate physical assets;
- the borrowing entity has little or no other material assets or activities, and therefore little or no independent capacity to repay the obligation besides the income that it receives from the asset(s) being financed;
- the terms of the obligation give the Group a substantial degree of control over the asset(s) and the income that it generates; and
- the primary source of repayment of the obligation is the income generated by the asset(s), rather than the independent capacity of a broader commercial enterprise.

IPRE

The Group has developed the IPRE model to rate exposures in this asset sub-class. The internal risk grades are derived based on a comprehensive assessment of the project's financial and non-financial risk factors. The rating grade structure follows that of the corporate asset class and consists of 16 pass grades and four default grades.

CF and PF

The Group has developed the CF and PF scorecards to rate exposures in this asset sub-class. The internal risk grades are derived based on financial and non-financial risk factors. The internal risk grades are then mapped to five prescribed supervisory categories, each of which is associated with a specific risk weight. The five categories are 'Strong', 'Good', 'Satisfactory', 'Weak' and 'Default'.

Sovereign asset class

The Group has developed an internal Sovereign scorecard to rate exposures in this asset class. As there were insufficient internal default data, the scorecard took into account external default data from ECAIs. The scorecard has an internal rating grade structure consisting of 15 pass grades.

Bank asset class

The Group has developed an internal Bank scorecard to rate exposures in this asset class. As there were insufficient internal default data, the scorecard took into account external default data from ECAIs. The scorecard has an internal rating grade structure consisting of 15 pass grades.

Equity asset class
The Group adopts the following approaches for its Equity investments:

- SRW Method for its Equity investment portfolio; and
- Probability of Default/Loss Given Default ("PD/LGD") Method for its investments in Tier 1 and Tier 2 perpetual securities issued by banks.

Investment exposures adopting the SRW Method are subjected to the supervisory risk weights, while investment exposures adopting the PD/LGD Method are rated using the Group's internal Bank scorecard.

Retail asset class
For Retail exposures, PD, Loss Given Default ("LGD") and Exposure At Default ("EAD") parameters are estimated using internal loss data covering a mix of economic conditions, including downturns. A key principle of the PD, LGD and EAD models is that the model outputs are calibrated to reflect a long-run, cycle-neutral average. Where internal loss data do not cover an appropriate mix of economic conditions and/or are insufficient to provide robust risk estimates, the PD, LGD and EAD models may incorporate internal and/or external proxies, and where necessary, may be augmented with appropriate margins of conservatism.

Probability of Default
PD is estimated using the long-run average of one-year default rates for obligors in a pool. Where internal default data used for estimation do not cover a mix of economic conditions (including downturns), internal and/or external proxies are used to adjust default rates to reflect a long-run, cycle-neutral average.

Loss Given Default
LGD measures the long-run default-weighted average rate of economic loss associated with a facility/pool should default occur. The definition of default in the LGD model is identical to that of the PD model. Loss rates are estimated from historical workout experiences, taking into account the timing and uncertainty of recovery cash flows, direct and indirect costs associated with workouts, as well as the various post-default outcomes, such as cures, full recoveries and liquidations.

Where there are significant adverse dependencies between default and recovery rates, LGD estimates are calibrated to reflect economic downturns. In the event that internal workout data are insufficient to fully reflect loss rates during economic downturns, internal and/or external proxies are used to adjust the loss rates accordingly.

Exposure At Default
EAD measures the expected gross exposure of a facility upon default. The definition of default in the EAD model is identical to that of the PD model. EAD comprises (i) the amount currently drawn; and (ii) an estimate of future drawings of available but unutilised credit up to and after the time of default, known as the Credit Conversion Factor ("CCF").

Since the amount currently drawn is known, the estimation of EAD involves the estimation of the CCF using realised CCF of all defaulted facilities for a given risk pool, covering a sufficiently long period of time and different economic conditions. Where there are significant adverse dependencies between default rates and CCFs, CCF estimates are calibrated to reflect economic downturns.

Residential Mortgage asset sub-class
Residential Mortgage asset sub-class includes any credit facilities (for example, housing loan, term loan and overdraft) secured against a mortgage of a residential property or properties which meet the following criteria stipulated by the MAS:

- the facility is extended to an individual, a group of individuals or a non-individual entity that replicates the risk profile of an individual;
- the facility is managed as part of a pool of similar exposures; and
- the facility is not granted to a corporation, partnership, sole proprietorship or trust engaged in residential building, development or management.

Residential Mortgage exposures are assessed and managed using the Group's framework of credit policies, procedures and the Retail segmentation model that integrates the PD, LGD and CCF models to discriminate exposures according to their borrower and transaction risks.

Qualifying Revolving Retail Exposures asset sub-class

Qualifying Revolving Retail Exposures ("QRRE") asset sub-class includes credit card exposures and unsecured credit lines that meet the following criteria stipulated by the MAS:

- the exposure is revolving, unsecured, and uncommitted both contractually and in practice;
- the facility is managed as part of a pool of similar exposures;
- the exposure is to an individual and the aggregate QRRE exposure to the same individual is not more than $200,000; and
- the volatility of loss rate is lower than that of the Other Retail asset sub-class.

QRRE are assessed and managed using a combination of application and behavioural scorecards, PD, LGD and CCF models, as well as internal credit policies and procedures.

Other Retail asset sub-class

Other Retail asset sub-class includes commercial properties, auto loans, share financing and any other retail exposures not classified as Residential Mortgage or QRRE. These exposures fulfil the following criteria stipulated by the MAS:

- the exposure is to an individual and managed as part of a pool of similar exposures; or
- the exposure is to a small business and the aggregate exposure to the small business is not more than $2 million. In addition, the exposure is not managed individually but rather as part of a pool of similar exposures.

Other Retail exposures are assessed and managed using the Group's framework of credit policies, procedures and the Retail segmentation model which integrates the PD, LGD and CCF models to discriminate exposures according to their borrower and transaction risks.

Credit risk profile

The following tables show the breakdown of exposures by risk-weighted asset ("RWA") and EAD using the respective internal rating scale for the model applicable to the asset classes:

Large Corporate, SME and Specialised Lending (IPRE) Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %
1 – 9	35,337	53,524	66
10 – 16	14,471	9,776	148
Default	–	1,164	–
Total	**49,808**	**64,464**	**77**

Specialised Lending (CF, PF and UOB Thailand's IPRE) Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %
Strong	870	1,415	62
Good	574	701	82
Satisfactory	571	468	122
Weak	322	122	265
Default	–	156	–
Total	**2,338**	**2,861**	**82**

Sovereign Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %
1 – 9	–	49,584	–
10 – 15	2	2,540	0
Default	–	–	–
Total	**2**	**52,124**	**0**

Bank Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %
1 – 9	4,925	28,927	17
10 – 15	1,163	2,005	58
Default	–	–	–
Total	**6,088**	**30,932**	**20**

Equity (PD/LGD Method) Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %
1 – 9	2,343	1,637	143
10 – 16	174	47	368
Default	–	–	–
Total	**2,517**	**1,685**	**149**

Retail (Residential Mortgage) Exposures

PD Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %	Exposure-weighted average LGD %	Undrawn $ million
0.00% to 1.00%	2,138	26,888	8	11	2,162
1.01% to 2.00%	780	4,543	17	10	47
2.01% to 99.99%	2,689	8,226	33	11	117
Default	175	281	63	14	–
Total	**5,782**	**39,938**	**14**	**11**	**2,326**

Retail (QRRE) Exposures

PD Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %	Exposure-weighted average LGD %	Undrawn $ million
0.00% to 1.00%	245	1,954	13	44	584
1.01% to 2.00%	95	372	26	43	139
2.01% to 99.99%	1,203	1,229	98	64	132
Default	41	36	114	75	–
Total	**1,585**	**3,591**	**44**	**51**	**855**

Retail (Other Retail) Exposures

PD Band	Credit RWA $ million	EAD $ million	Exposure-weighted average risk weights %	Exposure-weighted average LGD %	Undrawn $ million
0.00% to 1.00%	423	4,794	9	14	830
1.01% to 2.00%	109	775	14	12	108
2.01% to 99.99%	624	2,541	25	15	387
Default	106	130	81	36	–
Total	**1,262**	**8,240**	**15**	**14**	**1,325**

Actual loss by asset class

Actual loss consists of impairment loss allowance and write-off to the Group's income statement for the financial year ended 31 December 2010.

Asset Class	Actual loss $ million	Expected Loss [a] (as at 31 December 2009) $ million
Corporate	147	517
Sovereign	–	1
Bank	–	7
Retail	25	128
Total	**172**	**653**

[a] Excludes (i) defaulted exposures; and (ii) UOB Thailand's portfolio which migrated to IRB approach in 2010 as expected loss estimates are not available.

The strong economic recovery in 2010 resulted in lower defaults, higher recoveries and write-backs in the credit portfolio. This resulted in lower actual loss in 2010 compared to 2009.

Comparison of actual loss and expected loss by asset class

Expected Loss ("EL") is the estimated credit loss from defaults over a one-year horizon. EL is the product of PD, LGD and EAD. A comparison of actual loss and expected loss provides an indication of the predictive power of the IRB models used by the Group. However, they are not directly comparable due to the following reasons:

- EL as at 31 December 2009 is a measure of expected credit loss based on the credit exposure as at that date. On the other hand, impairment loss allowance and write-offs are accounting entries relating to a fluctuating portfolio over the course of the financial year. Moreover, write-offs may relate to defaults from prior years.
- EL is estimated based on non-default exposures only, while impairment loss allowance is an accounting estimate of likely loss from defaulted exposures. Write-offs are recorded on defaulted exposures when no further recovery is possible.

Use of internal estimates

Internal ratings are used pervasively by the Group in the areas of credit approval, credit review and monitoring, credit stress test, limits setting, pricing and collections.

Market Risk

Market risk is governed by the Asset and Liability Committee ("ALCO"), which meets twice monthly to review and provide directions on market risk matters. The Market Risk Management ("MRM") and Balance Sheet Risk Management ("BSRM") Divisions support the EXCO, Management Executive Committee ("MEC"), RCC and the ALCO with independent assessment of the market risk profile of the Group.

The Group's market risk framework comprises market risk policies and practices, the validation of valuation and risk models, the control structure with appropriate delegation of authority and market risk limits. In addition, a new Product/Service Programme process ensures that market risk issues identified are adequately addressed prior to the launch of products and services. Management of derivatives risks is continually reviewed and enhanced to ensure that the complexities of the business are appropriately controlled.

Overall market risk appetite is balanced at the Group, Bank and business unit levels with the targeted revenue, and takes into account the capital position of the Group and Bank. This ensures that the Group and Bank remain well-capitalised even under stress conditions. The risk appetite is translated into risk limits that are delegated to business units. These risk limits have proportional returns that are commensurate with the risks taken.

Standardised Approach

The Group currently adopts the Standardised Approach for the calculation of regulatory market risk capital but uses internal models to measure and control trading market risks. The financial products warehoused, measured and controlled with internal models include vanilla FX and FX options, vanilla Interest Rate ("IR") and IR options, government and corporate bonds, equities and equity options, and commodities. The table below shows the market risk RWA based on the Standardised Approach.

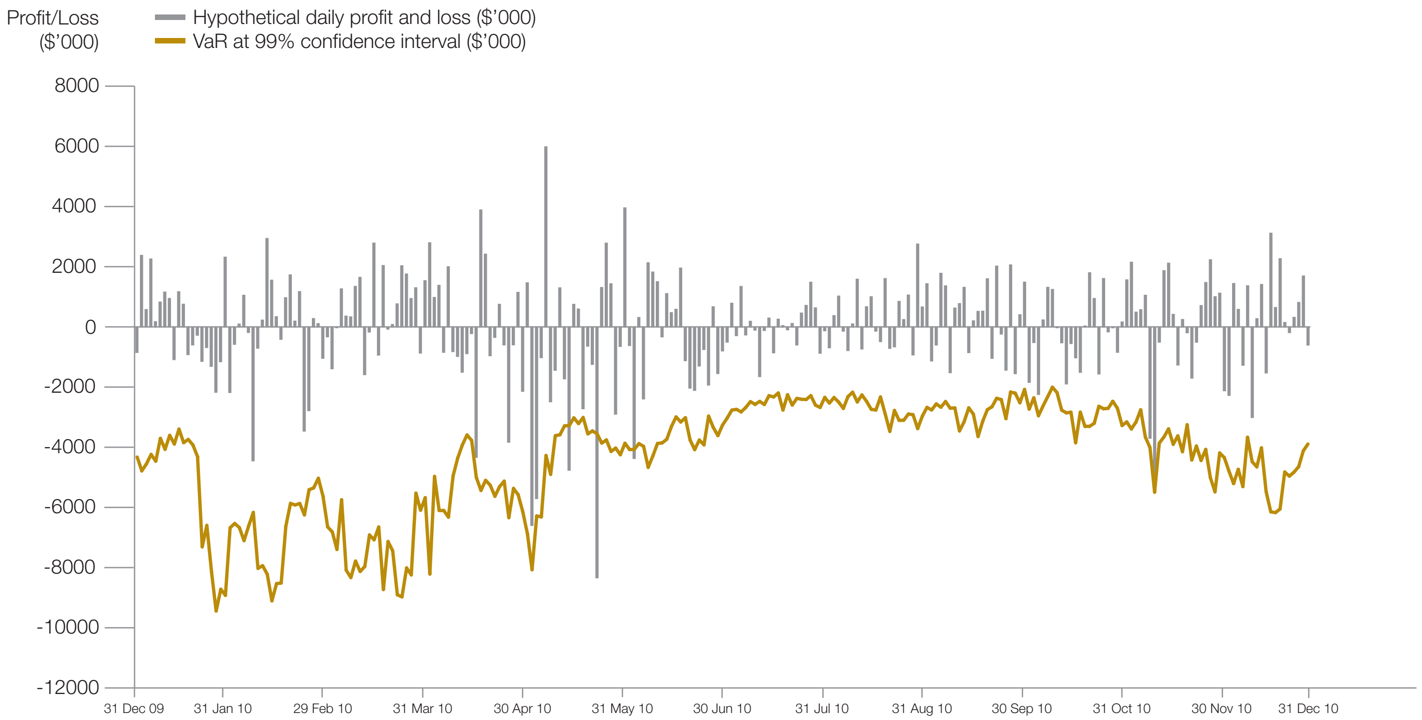
Risk Class	$ million
Interest rate	3,684
Equity	164
Foreign Exchange	1,274
Commodity	489
Total	**5,611**

Internal Model Approach

The Group adopts a daily Value-at-Risk ("VaR") to estimate market risk within a 99% confidence interval using the historical simulation method. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. The method assumes that possible future changes in market rates may be implied by observed historical market movements.

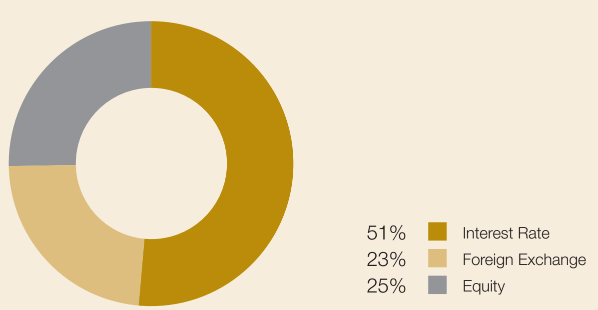
VaR estimates are backtested against profit and loss of the trading book to validate the robustness of the methodology. The backtesting process analyses whether the exceptions are due to model deficiencies or market volatility. All model deficiencies are addressed with appropriate model enhancements.

Group trading backtesting chart
(Hypothetical daily profit and loss versus VaR at 99% confidence interval)



To complement the VaR measure, stress and scenario tests are performed to identify the Group's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses to facilitate proactive management of market risks. The Group's daily VaR on 31 December 2010 was $3.5 million.

Group trading VaR for general market risk by risk class [a]



[a] Contribution from commodity risk is insignificant.

Interest Rate Risk In The Banking Book

The ALCO, under delegated authority from the Board, maintains oversight of the effectiveness of the interest rate risk management structure. The BSRM Division supports the ALCO in monitoring the interest rate risk profile of the banking book. At a tactical level, the Management Portfolio unit of the Global Markets and Investment Management ("GMIM") Sector is responsible for the effective management of balance sheet risk in accordance with approved balance sheet risk management policies.

The primary objective of interest rate risk management is to protect and enhance capital or economic net worth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

Exposure is quantified on a monthly basis using a combination of static analysis tools and dynamic simulation techniques. Static analysis tools include repricing schedules and sensitivity analysis. They provide indications of the potential impact of interest rate changes on interest income and price value through the analysis of the sensitivity of assets and liabilities to changes in interest rates. Interest rate sensitivity varies with different repricing periods, currency and embedded optionality. Mismatches in the longer tenor will experience greater change in the price-value of interest rate positions than similar positions in the shorter tenor.

The table in Note 41(c)(i) to the financial statements on page 133 represents the Group's interest rate risk sensitivity based on contractual repricing mismatches as at 31 December 2010. The Group had an overall positive interest rate sensitivity gap of $27,455 million, which represented the net difference between interest rate sensitive assets and liabilities. Note 41(c)(ii) shows the change in Economic Value of Equity ("EVE") at risk sensitivities for 100 basis points ("bp") and 200bp parallel rate shock to the banking book for major currencies (Singapore dollar, US dollar and Malaysian ringgit) from major subsidiaries and branches. The reported figures are based on the worst case of an upward and downward parallel movement of the yield curve for Net Interest Income ("NII") and EVE. The repricing profile of loans and deposits that do not have maturity dates are generally based on the earliest possible repricing dates taking into account the notice period to be served to customers. Loan prepayment is generally estimated based on past statistics and trends where possible and material. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

In the dynamic simulation process, both the earnings and EVE approaches are applied to assess interest rate risk. The potential effects of interest rate change on NII are estimated by simulating the possible future course of interest rates, expected changes in business activities over time, as well as the effects of embedded options. Embedded options may be in the form of loan prepayment and deposit pre-upliftment. Changes in interest rates are simulated using different interest rate scenarios such as changes in the shape of the yield curve, including high and low rates, as well as positive and negative tilt scenarios.

In EVE sensitivity simulations, the present values for repricing cash flows are computed, 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.

Stress testing is also performed 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, foreign exchange rates and equity prices, are managed and controlled under the market risk framework that is discussed under the 'Market Risk' section.

Liquidity Risk

The Group maintains sufficient liquidity to fund its day-to-day operations, meet deposit withdrawals and loan disbursements, participate in new investments, and repay borrowings. Hence, liquidity is managed in a manner to address 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 the Group to monitor and manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. These include minimising excessive funding concentrations by diversifying the sources and terms of funding as well as maintaining a portfolio of high quality and marketable debt securities.

The Group takes a conservative stance in its 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 cash shortfall.

The distribution of deposits is managed actively 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. Core deposits are generally stable non-bank deposits, such as current accounts, savings accounts and fixed deposits. The Group monitors the stability of its core deposits by analysing their volatility over time.

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', 'bank specific crisis' and 'general market crisis' scenarios. Behavioural modelling is carried out regularly to ensure that the cash flow requirements for 'business as usual' and crisis scenarios are realistic. Cash flow mismatch limits are established to limit the Group's liquidity exposure. The Group also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Contingency funding plans are in place to identify liquidity crises using a series of warning indicators. Crisis escalation processes and various strategies including funding and communication have been developed to minimise the impact of any liquidity crunch.

Overseas banking branches and subsidiaries are required to comply with their local regulatory requirements. In the event that they are unable to source sufficient funds to meet the financial obligation of their operations, the Group's Head Office in Singapore would meet such requirements.

For major foreign currencies, the Group practises pool funding where regional branches and subsidiaries clear their placement and funding requirements with Head Office, improving the efficiency of the Group's deployment of funds.

The table in Note 41(d) to the financial statements on page 135 presents the maturity mismatch analysis of the Group's near and long-term time bands relating to the cash inflow and outflows based on contractual maturity arising from the Group's activities. Behavioural adjustments were made on significant balance sheet items that had actual maturity dates that differed substantially from their contractual profile for the operations in Singapore, Malaysia and Thailand.

Behavioural modelling is carried out based on industry-approved methodologies and reviewed regularly. Loans and deposits which do not have maturity dates, and fixed deposits which are rolled over frequently, are generally estimated based on their past statistics or trends. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

Operational Risk

Operational risk is managed through a framework of policies, processes and procedures by which business units identify, assess, monitor and mitigate their operational risks.

Operational Risk Self Assessments involve identifying and assessing inherent risks, as well as assessing the effectiveness of controls to mitigate the identified risks. Action plans to address issues are documented and monitored via Operational Risk Action Plans.

Key Operational Risk Indicators are statistical data collected and monitored by business and support units on an on-going basis to facilitate early detection of potential operational control weaknesses. Trend analysis is carried out to identify systemic issues that need to be addressed.

A database of operational risk events and losses has been established to facilitate the use of advanced approaches for quantification of operational risks. The analysis of loss trends and root causes of loss events helps in strengthening the internal control environment.

A Group Insurance Programme is in place to mitigate the risk of high impact operational losses.

A Product/Service Programme ensures that risks associated with the introduction of new products and services are identified, analysed and addressed prior to launch, and is subject to periodic reviews. The Fair Dealing Guidelines Committee also reviews product suitability, product risk disclosures and reputation issues associated with the distribution of retail investment products. For online products and services, extra care and precautionary measures are implemented to protect customers' confidentiality and interests.

With the increasing need to outsource for cost and operational efficiency, the Group's Outsourcing Policy and Framework ensures that outsourcing risks are adequately identified and managed prior to entering into any new arrangements and on an on-going basis.

Effective business continuity and crisis management strategies and plans have been developed and tested to ensure prompt recovery of critical business functions in the event of major business and/or system disruptions.

Legal risk is part of operational risk. Legal risk arises from unenforceable, unfavourable, defective or unintended contracts; lawsuits or claims; developments in laws and regulations; or non-compliance with applicable laws and regulations. Business units work with the Group's legal counsel and external legal counsel to ensure that legal risks are effectively managed.

Reputation risk is the adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion on the Group's business practices, activities and financial condition. The Group has a framework for managing reputation risk.

An operational risk management training and awareness programme is in place to facilitate on-going promotion of an effective risk management culture.

The Group adopts the Standardised Approach for the calculation of regulatory operational risk capital. The Operational Risk RWA as at 31 December 2010 was $8,952 million.

Equity Exposures In The Banking Book

The following table shows the value of the Equity exposures in the banking book:

	IRB Approach (SRW)		IRB Approach (PD/LGD)	
	EAD $ million	Average risk weights %	EAD $ million	Average risk weights %
Listed securities	1,686	150	1,326	138
Other equity holdings	1,722	200	359	152
Total	**3,408**		**1,685**	

Total Equity exposures that were deducted from capital amounted to $777 million.

Gains and losses

	Revaluation gains on equity eligible as Tier 2 capital $ million	Realised gains/(losses) during the period $ million
Total	**198**	**231**

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2010

Group Financial Review

Contents

Notes:
Certain comparative figures have been restated to conform with the current year's presentation.
Certain figures in this section may not add up to the relevant totals due to rounding.
Amounts less than $500,000 in absolute term are shown as "0".
"NM" denotes not meaningful.

Group Financial Review

Financial highlights

	2010	2009	+/(-) %
Profit and loss summary ($ million)			
Net interest income	**3,532**	3,674	(3.9)
Fee and commission income	**1,163**	976	19.1
Other non-interest income	**1,105**	755	46.3
Total income	**5,800**	5,405	7.3
Less: Total expenses	**2,258**	2,074	8.8
Operating profit	**3,542**	3,331	6.3
Less: Amortisation/impairment charges	**485**	1,132	(57.2)
Add: Share of profit of associates	**139**	107	30.5
Less: Tax and minority interests	**501**	404	23.9
Net profit after tax [1]	**2,696**	1,902	41.8
Financial indicators			
Non-interest income/Total income (%)	**39.1**	32.0	7.1% points
Overseas profit distribution (%)	**28.6**	31.2	(2.6)% points
Earnings per ordinary share ($) [2]			
Basic	**1.70**	1.19	42.9
Diluted	**1.69**	1.19	42.0
Return on average ordinary shareholders' equity (%) [2]	**14.3**	11.9	2.4% points
Return on average total assets (%)	**1.38**	1.06	0.32% point
Net interest margin (%)	**2.09**	2.36	(0.27)% point
Expense/Income ratio (%)	**38.9**	38.4	0.5% point
Loan charge off rate (bp)			
Exclude collective impairment	**18**	59	(41) bp
Include collective impairment	**35**	76	(41) bp
Net dividend per ordinary share (¢)			
Interim	**20.0**	20.0	–
Final	**40.0**	40.0	–
Special	**10.0**	–	NM
Total	**70.0**	60.0	16.7

1 Refer to profit attributable to equity holders of the Bank.

2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.

Financial highlights (continued)

	2010	2009	+/(-) %
Financial indicators (continued)			
Customer loans (net) ($ million)	**112,440**	99,201	13.3
Customer deposits ($ million)	**142,299**	121,502	17.1
Loans/Deposits ratio (%) [1]	**79.0**	81.6	(2.6)% points
Non-performing loan ratio (%) [2]	**1.8**	2.2	(0.4)% point
Total assets ($ million)	**213,778**	185,578	15.2
Shareholders' equity ($ million) [3]	**21,473**	18,986	13.1
Net asset value ("NAV") per ordinary share ($) [4]	**12.51**	11.17	12.0
Revalued NAV per ordinary share ($) [4]	**14.34**	12.76	12.4
Capital adequacy ratios (%)			
Tier 1	**15.3**	14.0	1.3% points
Total	**19.8**	19.0	0.8% point

1 Refer to net customer loans and customer deposits.

2 Refer to non-performing loans (excluding debt securities and contingent assets) as a percentage of gross customer loans.

3 Refer to equity attributable to equity holders of the Bank.

4 Preference shares are excluded from the computation.

Group Financial Review

Performance review

The Group's net profit after tax for 2010 grew 41.8% over 2009 to $2,696 million. The improved performance was driven by higher non-interest income, coupled with lower impairment charges.

Total income increased 7.3% to $5,800 million, contributed by non-interest income which grew 31.0% to $2,268 million. Net interest income decreased 3.9% to $3,532 million as the decline in interest spreads outpaced the expanded asset volume.

Fee and commission income grew 19.1% to $1,163 million across Singapore and the region. Investment-related income was strong with an increase of 39.7%, while contributions from credit card business, loan-related and trade-related activities were robust. Trading and investment income improved significantly to $666 million in 2010, mainly contributed by higher gain on sale of investment securities as a result of stronger market sentiments. Other income was also higher mainly due to the gain on sale of UOB Life Assurance Limited.

Total operating expenses increased 8.8% to $2,258 million due mainly to higher staff costs. Expense-to-income ratio remained well controlled at 38.9%.

Impairment charges were reduced by more than half to $474 million as asset quality improved over the year on the back of the strong economic recovery.

Net customer loans increased 13.3% to $112.4 billion as at 31 December 2010, with increases registered across Singapore and the regional countries. Housing loans was the major sector that contributed to the growth, followed by increase in loans to non-bank financial institutions, general commerce sectors and professional and private individuals. Non-performing loans ratio improved to 1.8% from the 2.2% recorded a year ago.

Customer deposits rose 17.1% to $142.3 billion as at 31 December 2010 as the volume of fixed deposits collected across Singapore and the regional countries increased. Loans-to-deposits ratio stood at 79.0%.

Shareholders' equity grew 13.1% to $21.5 billion, largely attributed to higher retained earnings and the issuance of new ordinary shares pursuant to the scrip dividend scheme, as well as higher valuation gain on the investment portfolio. Group return on shareholders' equity was higher at 14.3%.

Group Tier 1 and total capital adequacy ratio ("CAR") were higher at 15.3% and 19.8% respectively as at 31 December 2010. The higher CAR was mainly due to higher retained earnings and issuance of new ordinary shares pursuant to the scrip dividend scheme, partially offset by higher risk-weighted assets.

Net interest income

Net interest margin

	2010			2009		
	Average balance $ million	Interest $ million	Average rate %	Average balance $ million	Interest $ million	Average rate %
Interest bearing assets						
Customer loans	**102,303**	**3,806**	**3.72**	99,118	3,921	3.96
Interbank balances	**33,353**	**417**	**1.25**	24,534	411	1.67
Securities	**33,615**	**770**	**2.29**	32,052	827	2.58
Total	**169,270**	**4,994**	**2.95**	155,704	5,159	3.31
Interest bearing liabilities						
Customer deposits	**130,683**	**1,101**	**0.84**	119,929	1,130	0.94
Interbank balances/other	**33,993**	**361**	**1.06**	31,175	355	1.14
Total	**164,677**	**1,462**	**0.89**	151,104	1,485	0.98
Net interest margin [1]			**2.09**			2.36

[1] Net interest margin represents net interest income as a percentage of total interest bearing assets.

Volume and rate analysis

	2010 vs 2009			2009 vs 2008		
	Volume change $ million	Rate change $ million	Net change $ million	Volume change $ million	Rate change $ million	Net change $ million
Interest income						
Customer loans	**126**	**(241)**	**(115)**	77	(859)	(782)
Interbank balances	**148**	**(141)**	**7**	(218)	(422)	(639)
Securities	**40**	**(98)**	**(57)**	118	(393)	(275)
Total	**314**	**(480)**	**(166)**	(22)	(1,674)	(1,696)
Interest expense						
Customer deposits	**101**	**(131)**	**(30)**	121	(940)	(819)
Interbank balances/other	**21**	**(16)**	**6**	(292)	(684)	(975)
Total	**123**	**(147)**	**(24)**	(171)	(1,623)	(1,794)
Net interest income	**191**	**(333)**	**(142)**	149	(50)	98

Net interest income for 2010 was $3,532 million, a decrease of 3.9% from 2009 mainly due to a subdued interest rate environment, coupled with high liquidity and keen competition in the market. The decrease was partly negated by expanded average interest bearing assets, which grew 8.7%. Net interest margin declined to 2.09% for 2010.

Non-interest income

	2010 $ million	2009 $ million	+/(-) %
Fee and commission income			
Credit card	**194**	157	23.6
Fund management	**125**	118	6.6
Investment-related	**191**	137	39.7
Loan-related	**285**	242	17.6
Service charges	**91**	85	7.0
Trade-related	**210**	185	13.3
Other	**66**	52	27.9
	1,163	976	19.1
Other non-interest income			
Dividend income	**79**	42	88.7
Rental income	**119**	143	(16.7)
Trading income	**71**	60	19.9
Non-trading income:			
Financial instruments measured at fair value to profit and loss	**173**	271	(36.2)
Available-for-sale assets and other	**422**	123	>100.0
	666	453	47.0
Other income	**241**	118	>100.0
Other operating income	**907**	571	59.0
	1,105	755	46.3
Total	**2,268**	1,732	31.0

Non-interest income rose 31.0% to $2,268 million, mainly led by growth in fee and commission income and trading and investment income. Fee and commission income grew 19.1% to $1,163 million and growth was broad-based across all business activities. Trading and investment income was higher, contributed mainly by higher gain on sale of investment securities as a result of stronger market sentiments. Higher other income was mainly due to the gain on sale of UOB Life Assurance Limited.

Operating expenses

	2010 $ million	2009 $ million	+/(-) %
Staff costs	**1,242**	1,116	11.3
Other operating expenses			
Revenue-related	**479**	485	(1.3)
Occupancy-related	**220**	206	6.5
IT-related	**173**	160	8.4
Other	**144**	108	33.6
	1,016	959	5.9
Total	**2,258**	2,074	8.8

Total operating expenses increased 8.8% to $2,258 million in 2010 mainly from higher staff costs which increased 11.3% to $1,242 million. Expense-to-income ratio remained well-controlled at 38.9%.

Impairment charges

	2010 $ million	2009 $ million	+/(-) %
Individual impairment on loans [1]			
Singapore	**36**	307	(88.4)
Malaysia	**16**	85	(81.8)
Thailand	**38**	51	(25.1)
Indonesia	**13**	20	(36.5)
Greater China [2]	**2**	17	(87.2)
Other	**85**	123	(30.8)
	190	604	(68.6)
Individual impairment on securities and other assets	**48**	11	>100.0
Collective impairment	**236**	506	(53.4)
Total	**474**	1,121	(57.7)

1 Based on the location where the non-performing loans are booked.

2 Comprise China, Hong Kong S.A.R. and Taiwan.

Impairment charges decreased 57.7% to $474 million in 2010, contributed by lower individual impairment on loans across territories and lower collective impairment being set aside.

Customer loans

	2010 $ million	2009 $ million
Gross customer loans	**115,122**	101,744
Less: Individual impairment	**930**	973
Collective impairment	**1,752**	1,570
Net customer loans	**112,440**	99,201
By industry		
Transport, storage and communication	**6,710**	6,301
Building and construction	**11,506**	11,718
Manufacturing	**8,617**	8,794
Financial institutions	**18,673**	14,741
General commerce	**15,094**	12,770
Professionals and private individuals	**14,907**	13,346
Housing loans	**33,528**	27,444
Other	**6,086**	6,630
Total (gross)	**115,122**	101,744
By currency		
Singapore dollar	**66,915**	59,978
US dollar	**13,855**	12,813
Malaysian ringgit	**14,282**	11,414
Thai baht	**6,841**	5,944
Indonesian rupiah	**3,213**	2,890
Other	**10,017**	8,705
Total (gross)	**115,122**	101,744
By maturity		
Within 1 year	**44,983**	37,772
Over 1 year but within 3 years	**19,766**	21,087
Over 3 years but within 5 years	**12,575**	10,615
Over 5 years	**37,798**	32,270
Total (gross)	**115,122**	101,744
By geography [1]		
Singapore	**75,534**	67,350
Malaysia	**15,278**	12,120
Thailand	**7,050**	6,077
Indonesia	**3,975**	3,499
Greater China	**5,295**	4,011
Other	**7,990**	8,688
Total (gross)	**115,122**	101,744

[1] Based on the location where the loans are booked.

Net customer loans grew 13.3% to $112.4 billion as at 31 December 2010, with increases registered across Singapore and the regional countries. Housing loans was the major sector that contributed to the growth, followed by increase in loans to non-bank financial institutions, general commerce sectors and professional and private individuals.

Customer deposits

	2010 $ million	2009 $ million
By product group		
Fixed deposits	**77,310**	64,343
Savings deposits	**34,841**	30,121
Current accounts	**27,261**	25,200
Other	**2,888**	1,838
Total	**142,299**	121,502
By maturity		
Within 1 year	**139,129**	117,602
Over 1 year but within 3 years	**1,784**	2,795
Over 3 years but within 5 years	**1,157**	738
Over 5 years	**230**	367
Total	**142,299**	121,502
Loans/Deposits ratio (%)	**79.0**	81.6

Customer deposits rose 17.1% to reach $142.3 billion as at 31 December 2010 as more fixed deposits were collected across Singapore and the regional countries.

Shareholders' equity

	2010 $ million	2009 $ million
Shareholders' equity	**21,473**	18,986
Add: Revaluation surplus	**2,818**	2,394
Shareholders' equity including revaluation surplus	**24,292**	21,380

Shareholders' equity grew 13.1% mainly attributed to higher retained earnings and the issuance of new ordinary shares pursuant to the scrip dividend scheme, as well as higher valuation gain on investment portfolio.

As at 31 December 2010, revaluation surplus of $2.8 billion on the Group's properties was not recognised in the financial statements.

Non-performing assets

	2010 $ million	2009 $ million
Non-performing assets ("NPA")		
Loans ("NPL")	**2,155**	2,260
Debt securities	**405**	462
Total	**2,560**	2,722
By grading		
Substandard	**1,478**	1,623
Doubtful	**432**	519
Loss	**650**	580
Total	**2,560**	2,722
By security coverage		
Secured	**1,153**	1,180
Unsecured	**1,407**	1,542
Total	**2,560**	2,722
By ageing		
Current	**596**	351
Within 90 days	**194**	489
Over 90 to 180 days	**251**	333
Over 180 days	**1,519**	1,549
Total	**2,560**	2,722
Cumulative impairment		
Individual	**1,157**	1,200
Collective	**1,888**	1,657
Total	**3,045**	2,857
As a % of NPA	**118.9%**	105.0%
As a % of unsecured NPA	**216.4%**	185.3%

	2010		2009	
	NPL $ million	NPL ratio [1] %	NPL $ million	NPL ratio [1] %
NPL by industry				
Transport, storage and communication	**361**	**5.3**	78	1.2
Building and construction	**149**	**1.1**	208	1.6
Manufacturing	**524**	**6.1**	678	7.6
Financial institutions	**194**	**1.0**	206	1.4
General commerce	**353**	**2.3**	385	2.9
Professionals and private individuals	**197**	**1.3**	228	1.7
Housing loans	**259**	**0.8**	310	1.1
Other	**118**	**1.7**	167	2.3
Total	**2,155**	**1.8**	2,260	2.2

1 Debt securities and contingent assets are excluded from the computation.

Non-performing assets (continued)

	NPL $ million	NPL ratio[1] %	Total cumulative impairment as a % of NPL %	as a % of unsecured NPL %
NPL by geography[2]				
Singapore				
2010	**845**	**1.1**	**213.7**	**393.5**
2009	923	1.4	185.5	299.8
Malaysia				
2010	**373**	**2.4**	**93.6**	**258.5**
2009	435	3.5	68.3	225.0
Thailand				
2010	**409**	**5.2**	**69.4**	**120.9**
2009	409	6.1	69.9	120.7
Indonesia				
2010	**80**	**2.0**	**71.3**	**814.3**
2009	106	3.0	63.2	304.5
Greater China				
2010	**61**	**1.2**	**104.9**	**376.5**
2009	105	2.6	83.8	220.0
Other				
2010	**387**	**4.8**	**31.5**	**56.2**
2009	282	3.2	33.0	78.2
Group				
2010	**2,155**	**1.8**	**124.5**	**250.7**
2009	2,260	2.2	112.5	226.9

1 Debt securities and contingent assets are excluded from the computation.

2 Based on the location where the non-performing loans are booked.

NPL ratios of Singapore and the respective regional countries improved, with Group NPL ratio lower at 1.8% as at end 2010. Group NPL reduced to $2,155 million as at 31 December 2010.

Performance by operating segment [1]

	GR $ million	GIFS $ million	GMIM $ million	Other $ million	Elimination $ million	Total $ million
2010						
Operating income	**2,195**	**1,886**	**1,151**	**693**	**(125)**	**5,800**
Operating expenses	**(1,148)**	**(472)**	**(396)**	**(367)**	**125**	**(2,258)**
Impairment charges	**(68)**	**(175)**	**38**	**(269)**	**–**	**(474)**
Amortisation of intangible assets	**(3)**	**(8)**	**–**	**–**	**–**	**(11)**
Share of profit of associates	**–**	**–**	**3**	**136**	**–**	**139**
Profit before tax	**976**	**1,231**	**796**	**194**	**–**	**3,197**
2009						
Operating income	2,037	1,765	1,425	302	(124)	5,405
Operating expenses	(969)	(409)	(332)	(488)	124	(2,074)
Impairment charges	(124)	(493)	(64)	(440)	–	(1,121)
Amortisation of intangible assets	(3)	(7)	–	–	–	(10)
Share of profit of associates	–	–	8	99	–	107
Profit before tax	941	856	1,037	(528)	–	2,306

1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

2 Certain prior period comparatives have been restated to reflect the re-alignment of the organisation to be more segment focused.

The Group is organised to be segment-led across key markets. Global segment heads are responsible for driving business with decision-making balanced with a geographical perspective. For internal management purposes, the following segments represent the key customer segments and product groups:

Group Retail ("GR")
Segment profit increased 3.7% to $976 million in 2010. The increase was mainly due to higher fee and commission income from investment products, credit cards and loan-related fees, coupled with lower impairment charges. Operating expenses grew in line with business volumes.

Group Institutional Financial Services ("GIFS")
Segment profit increased 43.8% to $1,231 million in 2010. The increase was largely due to lower impairment charges.

Global Markets and Investment Management ("GMIM")
Segment profit decreased 23.2% to $796 million in 2010. The decline was mainly attributed to lower income from trading and fixed income investments, partially offset by higher income from treasury sales and fund management activities.

Other
The segment recorded a profit of $194 million in 2010 compared to a loss of $528 million in 2009. This was mainly contributed by the gain on sale of UOB Life Assurance Limited, higher realised gain on investment securities and lower collective impairment.

Performance by geographical segment [1]

	Total operating income		Profit before tax		Total assets	
	2010 $ million	2009 $ million	2010 $ million	2009 $ million	2010 $ million	2009 $ million
Singapore	**3,730**	3,522	**2,290**	1,594	**141,970**	121,190
Malaysia	**706**	571	**395**	271	**21,620**	17,776
Thailand	**408**	415	**87**	78	**10,533**	9,509
Indonesia	**388**	361	**175**	153	**5,455**	4,920
Greater China	**227**	201	**105**	81	**11,879**	7,132
Other	**341**	335	**156**	139	**18,111**	20,822
	5,800	5,405	**3,208**	2,316	**209,568**	181,349
Intangible assets	**–**	–	**(11)**	(10)	**4,210**	4,229
Total	**5,800**	5,405	**3,197**	2,306	**213,778**	185,578

1 Based on the location where the transactions and assets are booked which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.

Group's pre-tax profit recorded a robust growth of 38.6%, with increases registered across all territories. Singapore's higher pre-tax profit came from strong fee and commission income and improved trading and investment income, coupled with lower impairment charges. Overseas contribution grew 27.1% on the strong performance from Malaysia territory.

Capital adequacy ratios

	2010 $ million	2009 $ million
Tier 1 capital		
Share capital	**2,537**	1,902
Preference shares	**2,149**	2,149
Disclosed reserves/other	**16,439**	15,189
Deductions from Tier 1 capital	**(4,763)**	(5,113)
Eligible Tier 1 capital	**16,362**	14,127
Tier 2 capital		
Cumulative collective impairment/other	**936**	912
Subordinated notes	**4,343**	4,767
Deductions from Tier 2 capital	**(435)**	(623)
Eligible total capital	**21,206**	19,183
Risk-weighted assets		
Credit risk	**92,326**	87,279
Market risk	**5,611**	4,847
Operational risk	**8,952**	8,782
	106,889	100,908
Capital adequacy ratios ("CAR")		
Tier 1	**15.3%**	14.0%
Total	**19.8%**	19.0%

As at 31 December 2010, Group Tier 1 and total CAR of 15.3% and 19.8% were well above the minimum 6% and 10% required by the Monetary Authority of Singapore respectively.

Capital adequacy ratios (continued)

	2010	
	RWA $ million	Capital requirement $ million
Credit RWA and capital requirement		
Internal ratings-based approach		
Corporate	52,146	5,215
Sovereign and bank	6,090	609
Retail	8,629	863
Equity	8,848	885
Asset securitisation	85	8
	75,798	7,580
Standardised approach		
Corporate	7,431	743
Sovereign and bank	165	17
Retail	3,991	399
Fixed assets	2,293	229
Other exposures	2,648	265
	16,528	1,653
Total	92,326	9,233

Capital adequacy ratios of major banking subsidiaries [1]

	2010	
	Tier 1 CAR %	Total CAR %
United Overseas Bank (Malaysia) Bhd	14.9	17.6
United Overseas Bank (Thai) Public Company Limited	17.8	19.0
United Overseas Bank (China) Limited	37.4	39.6
PT Bank UOB Buana	21.7	22.7

[1] Computed on a solo basis based on the capital adequacy framework of the respective countries.

United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2010

Financial Statements

Contents

The directors are pleased to present their report 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 2010.

Directors
The directors of the Bank in office at the date of this report are:

Wee Cho Yaw (Chairman)
Wee Ee Cheong (Deputy Chairman and Chief Executive Officer)
Ngiam Tong Dow
Cham Tao Soon
Wong Meng Meng
Yeo Liat Kok Philip
Lim Pin
Thein Reggie
Franklin Leo Lavin (appointed on 15 July 2010)
Cheng Jue Hiang Willie (appointed on 15 July 2010)
Tan Lip-Bu (appointed on 15 November 2010)

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 object was to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than those issued in connection with the UOB Restricted Share Plan and UOB Share Appreciation Rights Plan as set out in this report.

Directors' interests in shares or debentures
(a) The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, an interest in shares of the Bank or related corporations as stated below:

	Direct interest		Deemed interest	
	At 31.12.2010	At 1.1.2010	At 31.12.2010	At 1.1.2010
The Bank				
Ordinary shares				
Wee Cho Yaw	**16,913,367**	16,390,248	**256,801,601**	248,208,142
Wee Ee Cheong	**2,965,549**	2,865,357	**152,207,242**	147,064,793
Cheng Jue Hiang Willie	**50,467**	–	**–**	–
Ngiam Tong Dow	**–**	–	**14,074**	13,600
Cham Tao Soon	**–**	–	**10,003**	9,775
Class E non-cumulative non-convertible preference shares				
Wee Cho Yaw	**–**	–	**167,700**	167,700
Wee Ee Cheong	**20,000**	20,000	**167,700**	167,700
Cheng Jue Hiang Willie	**3,000**	–	**–**	–
Ngiam Tong Dow	**2,000**	2,000	**2,000**	2,000
Cham Tao Soon	**–**	–	**1,000**	1,000
Lim Pin	**2,500**	2,500	**–**	–
Yeo Liat Kok Philip	**–**	–	**1,000**	1,000
Thein Reggie	**1,000**	1,000	**–**	–
United Overseas Insurance Limited				
Ordinary shares				
Wee Cho Yaw	**38,100**	38,100	**–**	–

(b) There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2011 (being the 21st day after the end of the financial year).

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Bank has received or become entitled to receive any benefit by reason of a contract made by the Bank or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except that certain directors received remuneration from related corporations in their capacity as directors and/or executives of those corporations.

Directors' remuneration

Details of the total fees and other remuneration paid/payable by the Group to the directors of the Bank for the financial year ended 31 December 2010 are as follows:

	Chairman's fee %	Directors' fees %	Salary %	Bonus %	Benefits-in-kind and other %	Total %
$8,000,000 to $8,249,999						
Wee Ee Cheong [1]	–	2.4	11.0	85.2	1.4	100.0
$2,750,000 to $2,999,999						
Wee Cho Yaw [2]	84.1	15.6	–	–	0.3	100.0
$250,000 to $499,999						
Cham Tao Soon	–	100.0	–	–	–	100.0
Below $250,000						
Ngiam Tong Dow	–	100.0	–	–	–	100.0
Wong Meng Meng	–	100.0	–	–	–	100.0
Yeo Liat Kok Philip	–	100.0	–	–	–	100.0
Lim Pin	–	100.0	–	–	–	100.0
Thein Reggie	–	100.0	–	–	–	100.0
Franklin Leo Lavin	–	100.0	–	–	–	100.0
Cheng Jue Hiang Willie	–	100.0	–	–	–	100.0
Tan Lip-Bu	–	100.0	–	–	–	100.0

[1] 60% of the variable bonus to be received by Mr Wee Ee Cheong will be deferred and vest equally over 3 years subject to the Bank fulfilling pre-determined performance conditions. Of the 60% deferred bonus, half will be issued in the form of performance units which are derived by dividing the amount of deferred bonus by the fair value of a UOB share on the date of issue. After vesting, the performance units may be redeemed, and the amount payable to Mr Wee will be determined by multiplying the number of performance units with the closing price of a UOB share on the date of redemption. The dates of issue and vesting of the performance units shall be determined by the Remuneration Committee.

[2] The Remuneration Committee has proposed that Chairman Wee be paid an additional fee of $2.5 million for the financial year ended 31 December 2010 for providing valuable advice and guidance to Management. The proposed fee is subject to shareholders' approval at the Annual General Meeting to be held on 29 April 2011.

Share-based compensation plans
The share-based compensation plans, which are administered by the Remuneration Committee, comprise the UOB Restricted Share Plan and UOB Share Appreciation Rights Plan. Details of these plans are found below and in Note 38 to the financial statements.

UOB Restricted Share Plan and UOB Share Appreciation Rights Plan (the "Plans")
Following a review of the remuneration strategy across the Group, the Bank implemented the Plans on 28 September 2007, with a view to aligning the interests of participants with that of shareholders and the Group by fostering a culture of ownership and enhancing the competitiveness of the Group's remuneration for selected employees.

Employees with a minimum of one-year service may be selected to participate in the Plans based on factors such as market-competitive practices, job level, individual performance, leadership skills and potential. Generally granted on an annual basis, the Remuneration Committee will determine the number of Restricted Shares ("RS") and Share Appreciation Rights ("SAR") to be granted, the vesting period and the conditions for vesting.

RS represent UOB shares that are restricted by time and performance conditions as to when they vest. Upon vesting, participants will receive UOB shares represented by the RS.

SAR are rights, which upon exercise, confer the right to receive such number of UOB shares (or by exception, cash) equivalent to the difference between the prevailing market value and the grant value of the underlying UOB shares comprised in the SAR, divided by the prevailing market value of a UOB share. The grant value is determined with reference to the average of the closing prices of UOB shares over the three days preceding the grant date. Upon vesting of SAR, participants have up to six years from the date of grant to exercise their rights.

Subject to the achievement of pre-determined return on equity ("ROE") targets as shown below, 25% of the RS and SAR of the 2007 and 2008 grants and 50% of the 2009 and 2010 grants, will vest after two years and the remainder after three years from the dates of grant.

2007 and 2008 grants		2009 grant		2010 grant	
Percentage of ROE target achieved	Percentage of award to be vested	Percentage of ROE target achieved	Percentage of award to be vested	Percentage of ROE target achieved	Percentage of award to be vested
≥ 95%	100%	≥ 95%	100%	≥ 115%	130%
≥ 90%	80%	≥ 90%	90%	≥ 110%	120%
≥ 85%	60%	≥ 85%	80%	≥ 105%	110%
≥ 80%	50%	< 85%	At the discretion of the Remuneration Committee	≥ 95%	100%
< 80%	At the discretion of the Remuneration Committee			≥ 90%	90%
				≥ 85%	80%
				< 85%	At the discretion of the Remuneration Committee

Participants who leave the Group before vesting of the RS and SAR will forfeit their rights unless otherwise decided by the Remuneration Committee.

The Plans shall be in force for a period of ten years or such other period as the Remuneration Committee may determine. The Plans only allow the delivery of UOB ordinary shares held in treasury by the Bank.

Audit Committee
The Audit Committee comprises three members, all of whom are non-executive independent directors. The members of the Audit Committee at the date of this report are as follows:

Cham Tao Soon (Chairman)
Yeo Liat Kok Philip
Thein Reggie

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditors' 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 external auditors, the significant findings of internal audit investigations and interested person transaction if any. The reviews were made with the internal and external auditors, the Chief Financial Officer and/or other senior management staff, as appropriate.

The Audit Committee has considered the financial, business and professional relationships between the external auditors and the Bank. It is of the view that the relationships are not incompatible with maintaining the independence of the external auditors.

Auditors
The Audit Committee has nominated Ernst & Young LLP for re-appointment as auditors of the Bank and Ernst & Young LLP have expressed their willingness to be re-appointed.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

Wee Ee Cheong
Deputy Chairman & Chief Executive Officer

Singapore
25 February 2011

Statement by Directors

for the financial year ended 31 December 2010

We, Wee Cho Yaw and Wee Ee Cheong, being two of the directors of United Overseas Bank Limited, do hereby state that, in the opinion of the directors:

(a) the accompanying balance sheets, profit and loss accounts, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with 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 2010, 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.

On behalf of the Board of Directors,

Wee Cho Yaw
Chairman

Wee Ee Cheong
Deputy Chairman & Chief Executive Officer

Singapore
25 February 2011

Independent Auditors' Report

for the financial year ended 31 December 2010

To the members of United Overseas Bank Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of United Overseas Bank Limited (the "Bank") and its subsidiaries (collectively, the "Group") set out on pages 77 to 140, which comprise the balance sheets of the Bank and the Group as at 31 December 2010, the profit and loss accounts, the statements of comprehensive income and the statements of changes in equity of the Bank and the Group and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Bank and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by MAS Notice 612 Credit Files, Grading and Provisioning, so as to give a true and fair view of the state of affairs of the Bank and the Group as at 31 December 2010, the results of the Bank and of the Group, the changes in equity of the Bank and the changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants

Singapore
25 February 2011

Profit and Loss Accounts

for the financial year ended 31 December 2010

		The Group		The Bank	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Interest income	3	**4,993,592**	5,159,260	**3,244,927**	3,513,634
Less: Interest expense	4	**1,461,652**	1,485,392	**913,962**	939,135
Net interest income		**3,531,940**	3,673,868	**2,330,965**	2,574,499
Fee and commission income	5	**1,163,290**	976,414	**727,736**	612,466
Dividend income		**78,607**	41,651	**248,898**	280,813
Rental income		**118,933**	142,725	**99,848**	126,514
Other operating income	6	**907,453**	570,839	**866,672**	428,373
Non-interest income		**2,268,283**	1,731,629	**1,943,154**	1,448,166
Total operating income		**5,800,223**	5,405,497	**4,274,119**	4,022,665
Less: Staff costs	7	**1,242,084**	1,115,570	**711,923**	653,017
Other operating expenses	8	**1,015,674**	958,756	**666,605**	645,575
Total operating expenses		**2,257,758**	2,074,326	**1,378,528**	1,298,592
Operating profit before amortisation/impairment charges		**3,542,465**	3,331,171	**2,895,591**	2,724,073
Less: Amortisation/impairment charges					
Intangible assets	32	**10,982**	10,316	**–**	–
Loans and other assets	9	**473,837**	1,121,355	**329,085**	859,040
Operating profit after amortisation/impairment charges		**3,057,646**	2,199,500	**2,566,506**	1,865,033
Share of profit of associates		**139,058**	106,524	**–**	–
Profit before tax		**3,196,704**	2,306,024	**2,566,506**	1,865,033
Less: Tax	10	**479,622**	385,040	**265,892**	288,439
Profit for the financial year		**2,717,082**	1,920,984	**2,300,614**	1,576,594
Attributable to:					
Equity holders of the Bank		**2,695,851**	1,901,679	**2,300,614**	1,576,594
Minority interests		**21,231**	19,305	**–**	–
		2,717,082	1,920,984	**2,300,614**	1,576,594
Earnings per share ($)	11				
Basic		**1.70**	1.19		
Diluted		**1.69**	1.19		

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 2010

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Profit for the financial year	**2,717,082**	1,920,984	**2,300,614**	1,576,594
Currency translation adjustments	**(112,165)**	113,995	**(11,706)**	(4,598)
Change in available-for-sale reserve				
Change in fair value	**502,252**	2,206,929	**464,660**	2,147,048
Transfer to profit and loss account on disposal/impairment	**(148,909)**	358,692	**(126,729)**	311,289
Tax on net movement	**(39,831)**	(271,933)	**(38,352)**	(264,953)
Change in share of other comprehensive income of associates	**(36,635)**	105,253	**–**	–
Other comprehensive income for the financial year, net of tax	**164,712**	2,512,936	**287,873**	2,188,786
Total comprehensive income for the financial year, net of tax	**2,881,794**	4,433,920	**2,588,487**	3,765,380
Attributable to:				
Equity holders of the Bank	**2,860,809**	4,403,988	**2,588,487**	3,765,380
Minority interests	**20,985**	29,932	**–**	–
	2,881,794	4,433,920	**2,588,487**	3,765,380

The accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets
as at 31 December 2010

	Note	The Group 2010 $'000	The Group 2009 $'000	The Bank 2010 $'000	The Bank 2009 $'000
Equity					
Share capital	12	**4,685,480**	4,051,083	**3,853,930**	3,219,533
Retained earnings	13	**7,686,509**	6,323,905	**6,363,116**	5,337,469
Other reserves	14	**9,101,389**	8,611,145	**8,730,389**	8,136,262
Equity attributable to equity holders of the Bank		**21,473,378**	18,986,133	**18,947,435**	16,693,264
Minority interests		**180,174**	169,189	**–**	–
Total equity		**21,653,552**	19,155,322	**18,947,435**	16,693,264
Liabilities					
Deposits and balances of:					
Banks		**31,861,606**	27,751,466	**30,012,069**	26,481,638
Non-bank customers	16	**142,299,454**	121,502,100	**111,726,985**	95,930,001
Subsidiaries		**–**	–	**2,269,153**	2,513,043
Bills and drafts payable		**1,288,494**	1,437,619	**182,949**	166,052
Derivative financial liabilities	34	**5,742,797**	5,503,913	**5,288,776**	5,137,887
Other liabilities	17	**3,937,105**	3,451,174	**2,426,092**	2,163,153
Tax payable		**706,978**	713,056	**641,882**	635,478
Deferred tax liabilities	18	**25,388**	19,858	**672**	777
Debts issued	19	**6,263,106**	6,043,869	**6,165,111**	6,324,263
Total liabilities		**192,124,928**	166,423,055	**158,713,689**	139,352,292
Total equity and liabilities		**213,778,480**	185,578,377	**177,661,124**	156,045,556
Assets					
Cash, balances and placements with central banks	20	**30,742,589**	18,864,797	**25,111,794**	12,935,228
Singapore Government treasury bills and securities		**12,208,479**	12,562,502	**12,088,460**	12,499,364
Other government treasury bills and securities		**7,521,047**	6,303,943	**3,278,200**	3,294,150
Trading securities	21	**137,796**	118,152	**133,535**	113,720
Placements and balances with banks	22	**11,454,864**	13,065,060	**9,195,488**	11,770,716
Loans to non-bank customers	23	**112,439,875**	99,201,077	**85,538,201**	76,599,720
Placements with and advances to subsidiaries		**–**	–	**2,869,330**	2,578,378
Derivative financial assets	34	**5,563,030**	5,427,100	**5,300,857**	5,212,252
Assets pledged	24	**6,949,973**	2,988,664	**6,949,973**	2,988,664
Investment securities	25	**15,639,224**	15,864,048	**14,199,914**	14,855,849
Other assets	26	**3,337,476**	3,323,674	**2,475,126**	2,107,587
Deferred tax assets	18	**231,342**	243,649	**41,098**	63,693
Investment in associates	27	**1,198,160**	1,212,052	**371,493**	371,202
Investment in subsidiaries	28	**–**	–	**4,757,008**	5,278,032
Investment properties	30	**1,125,395**	1,134,168	**1,418,669**	1,424,190
Fixed assets	31	**1,019,149**	1,040,359	**750,159**	770,992
Intangible assets	32	**4,210,081**	4,229,132	**3,181,819**	3,181,819
Total assets		**213,778,480**	185,578,377	**177,661,124**	156,045,556
Off-balance sheet items					
Contingent liabilities	33	**15,021,407**	12,388,063	**11,910,308**	9,936,182
Financial derivatives	34	**289,010,803**	269,079,726	**254,775,442**	246,936,084
Commitments	36	**48,993,840**	47,277,707	**37,050,642**	35,897,374

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 2010

	The Group					
	Attributable to equity holders of the Bank					
	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total $'000	Minority interests $'000	Total equity $'000
2010						
Balance at 1 January	**4,051,083**	**6,323,905**	**8,611,145**	**18,986,133**	**169,189**	**19,155,322**
Profit for the financial year	**–**	**2,695,851**	**–**	**2,695,851**	**21,231**	**2,717,082**
Other comprehensive income for the financial year	**–**	**–**	**164,958**	**164,958**	**(246)**	**164,712**
Total comprehensive income for the financial year	**–**	**2,695,851**	**164,958**	**2,860,809**	**20,985**	**2,881,794**
Transfers	**–**	**(318,894)**	**318,894**	**–**	**–**	**–**
Change in minority interests	**–**	**–**	**138**	**138**	**(2,273)**	**(2,135)**
Dividends	**–**	**(1,014,353)**	**–**	**(1,014,353)**	**(7,727)**	**(1,022,080)**
Issue of shares under scrip dividend scheme	**621,420**	**–**	**–**	**621,420**	**–**	**621,420**
Share-based compensation	**–**	**–**	**19,231**	**19,231**	**–**	**19,231**
Issue of treasury shares under share-based compensation plans	**12,977**	**–**	**(12,977)**	**–**	**–**	**–**
Balance at 31 December	**4,685,480**	**7,686,509**	**9,101,389**	**21,473,378**	**180,174**	**21,653,552**
2009						
Balance at 1 January	4,044,635	5,724,455	5,803,793	15,572,883	146,264	15,719,147
Profit for the financial year	–	1,901,679	–	1,901,679	19,305	1,920,984
Other comprehensive income for the financial year	–	–	2,502,309	2,502,309	10,627	2,512,936
Total comprehensive income for the financial year	–	1,901,679	2,502,309	4,403,988	29,932	4,433,920
Transfers	–	(290,104)	290,104	–	–	–
Change in minority interests	–	–	–	–	(32)	(32)
Difference in consideration paid and minority interests acquired	–	–	(87)	(87)	–	(87)
Dividends	–	(1,012,125)	–	(1,012,125)	(6,975)	(1,019,100)
Share-based compensation	–	–	17,879	17,879	–	17,879
Issue of shares under share option scheme	3,595	–	–	3,595	–	3,595
Issue of treasury shares under share-based compensation plans	2,853	–	(2,853)	–	–	–
Balance at 31 December	4,051,083	6,323,905	8,611,145	18,986,133	169,189	19,155,322
Note	12	13	14			

The accounting policies and explanatory notes form an integral part of the financial statements.

	The Bank			
	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
2010				
Balance at 1 January	**3,219,533**	**5,337,469**	**8,136,262**	**16,693,264**
Profit for the financial year	**–**	**2,300,614**	**–**	**2,300,614**
Other comprehensive income for the financial year	**–**	**–**	**287,873**	**287,873**
Total comprehensive income for the financial year	**–**	**2,300,614**	**287,873**	**2,588,487**
Transfers	**–**	**(300,000)**	**300,000**	**–**
Dividends	**–**	**(974,967)**	**–**	**(974,967)**
Issue of shares under scrip dividend scheme	**621,420**	**–**	**–**	**621,420**
Share-based compensation	**–**	**–**	**19,231**	**19,231**
Issue of treasury shares under share-based compensation plans	**12,977**	**–**	**(12,977)**	**–**
Balance at 31 December	**3,853,930**	**6,363,116**	**8,730,389**	**18,947,435**
2009				
Balance at 1 January	3,213,085	5,030,928	5,632,450	13,876,463
Profit for the financial year	–	1,576,594	–	1,576,594
Other comprehensive income for the financial year	–	–	2,188,786	2,188,786
Total comprehensive income for the financial year	–	1,576,594	2,188,786	3,765,380
Transfers	–	(300,000)	300,000	–
Dividends	–	(970,053)	–	(970,053)
Share-based compensation	–	–	17,879	17,879
Issue of shares under share option scheme	3,595	–	–	3,595
Issue of treasury shares under share-based compensation plans	2,853	–	(2,853)	–
Balance at 31 December	3,219,533	5,337,469	8,136,262	16,693,264
Note	12	13	14	

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 2010

	2010 $'000	2009 $'000
Cash flows from operating activities		
Operating profit before amortisation and impairment charges	**3,542,465**	3,331,171
Adjustments for:		
Depreciation of assets	**137,067**	137,510
Net gain on disposal of assets	**(361,100)**	(32,066)
Share-based compensation	**19,219**	17,806
Operating profit before working capital changes	**3,337,651**	3,454,421
Increase/(decrease) in working capital		
Deposits	**24,907,494**	2,630,574
Bills and drafts payable	**(149,125)**	(110,578)
Other liabilities	**718,887**	(3,225,677)
Restricted balances with central banks	**(1,279,238)**	226,221
Government treasury bills and securities	**(3,900,415)**	(9,180,954)
Trading securities	**(19,644)**	21,070
Investment securities	**696,000**	1,797,720
Placements and balances with banks	**656,154**	1,080,134
Loans to non-bank customers	**(13,612,706)**	(137,868)
Other assets	**(459,419)**	3,896,822
Cash generated from operations	**10,895,639**	451,885
Income tax paid	**(488,291)**	(422,891)
Net cash provided by operating activities	**10,407,348**	28,994
Cash flows from investing activities		
Acquisition of associates	**(1,674)**	(747)
(Increase)/decrease in associates	**(1,068)**	26,896
Acquisition of properties and other fixed assets	**(106,027)**	(213,308)
Proceeds from disposal of properties and other fixed assets	**19,280**	583
Proceeds from disposal of subsidiaries	**488,763**	–
Change in minority interests	**(2,128)**	–
Dividends received from associates	**91,532**	54,356
Net cash provided by/(used in) investing activities	**488,678**	(132,220)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**–**	3,595
Increase/(decrease) in debts issued	**219,237**	(202,122)
Change in minority interests	**(8)**	(119)
Dividends paid on ordinary shares	**(286,886)**	(903,393)
Dividends paid on preference shares	**(106,017)**	(109,195)
Dividends paid to minority interests	**(7,727)**	(6,975)
Net cash used in financing activities	**(181,401)**	(1,218,209)
Currency translation adjustments	**(116,071)**	122,588
Net increase/(decrease) in cash and cash equivalents	**10,598,554**	(1,198,847)
Cash and cash equivalents at beginning of the financial year	**16,544,082**	17,742,929
Cash and cash equivalents at end of the financial year (Note 37)	**27,142,636**	16,544,082

The accounting policies and explanatory notes form an integral part of the financial statements.

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. 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, including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore ("MAS"). The principal activities of its major subsidiaries are set out in Note 28b to the financial statements. There has been no significant change in the nature of these activities during the financial year.

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 ("FRS") as required by the Singapore Companies Act, with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in MAS Notice 612 Credit Files, Grading and Provisioning.

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial instruments at fair value through profit and loss and all financial derivatives. In addition, the carrying amount of assets and liabilities that are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks.

The financial statements are presented in Singapore dollars and to the nearest thousand unless otherwise indicated.

(b) **Changes in accounting policies**

The Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") during the financial year:

- FRS27 Consolidated and Separate Financial Statements
- FRS103 Business Combinations
- INT FRS117 Distributions of Non-cash Assets to Owners
- Amendments to FRS32 Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to FRS39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Amendments to FRS102 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The adoption of the FRS and INT FRS has no significant impact on the financial statements of the Group.

Other than the above changes, the accounting policies applied by the Group in the financial year were consistent with those adopted in the previous financial year.

Future changes in accounting policies

The following FRS and INT FRS that are in issue will apply to the Group for accounting period beginning 1 January 2011:

- Revised FRS24 Related Party Disclosures
- INT FRS119 Extinguishing Financial Liabilities with Equity Instruments

These pronouncements are not expected to have a significant impact on the financials of the Group when adopted.

2. Summary of significant accounting policies (continued)

(c) **Subsidiaries**

Subsidiaries are entities over which the Group has the power to govern their financial and operating policies. The Group generally has such power when it directly or indirectly holds more than 50% of the issued share capital, or controls more than 50% of the voting power or the composition of the board of directors, of the entities.

Subsidiaries are consolidated from the date the Group obtains control until the date such control ceases. Inter-company transactions and balances are eliminated. 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 in subsidiaries that belong to the minority 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 profit and loss account if they result in loss of control in the subsidiaries, and in the equity, if otherwise.

Acquisition of subsidiaries and other business combinations are accounted for using the acquisition method. Consideration for the acquisition includes fair value of the assets transferred, liabilities incurred, equity interests issued, contingent consideration and existing equity interest in the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, measured at fair values at the acquisition date. Minority interests are measured at fair value or 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 2j(i).

Prior to 1 January 2010, acquisition of subsidiaries and other business combinations were accounted for using the purchase method. Acquisition-related costs were capitalised. Minority interests were measured at the proportionate share of the acquiree's identifiable net assets. Where business combinations were achieved in stages, fair value adjustments to previously held interests were recognised in equity. Contingent consideration was recognised only if the Group had a present obligation and the economic outflow was more likely than not to occur and could be reliably measured. Goodwill was adjusted for subsequent measurements of the contingent consideration.

In the Bank's separate financial statements, investment in subsidiaries is stated at cost less provision for impairment, if any, determined on an individual basis.

(d) **Associates and joint ventures**

Associates are entities, not being subsidiaries or joint ventures, in which the Group has significant influence. This generally coincides with the Group having between 20% and 50% of the voting power or representation on the board of directors. Joint ventures are entities whereby the Group and its joint venture partners enter into a contractual arrangement to undertake an economic activity which is jointly controlled and none of the parties involved unilaterally has control over the entities.

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. 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 provision for impairment, if any, determined on an individual basis. The Group recognises its share of the results and changes in other comprehensive income of the associates and joint ventures in the consolidated profit and loss account and statement of comprehensive income 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 profit and loss account.

Upon loss of significant influence over the associates or joint control over the joint ventures, any resulting gain or loss is recognised in the profit and loss account and the associated share of reserves in the equity is accounted for on the same basis 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 provision for impairment, if any, determined on an individual basis.

2. Summary of significant accounting policies (continued)

(e) 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 ruling 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 ruling 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 profit and loss account. 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 profit and loss account on disposal of the foreign operation.

(ii) Foreign operations

Revenue and expenses of foreign operations are translated into Singapore dollars at the weighted average exchange rate for the financial year which approximates the exchange rate at the transaction date. Foreign operations' assets and liabilities are translated at the exchange rate ruling at the balance sheet date. All resultant exchange differences are recognised in the foreign currency translation reserve, and are taken to the profit and loss account 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 are not recognised in the profit and loss account but re-attributed to the minority interests. For partial disposal of an associate or joint venture, the proportionate share of the accumulated exchange differences is reclassified to profit and loss account.

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 ruling 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.

(f) Financial assets and financial liabilities

(i) Classification

Financial assets and financial liabilities are classified as follows:

At fair value through profit and loss

Financial instruments are classified at fair value through profit and loss if they are held for trading or designated as such upon initial recognition.

Financial instruments are classified as held for trading if they are acquired for short-term profit taking. Financial derivatives are classified as held for trading unless they are designated as hedging instruments.

Financial instruments are designated as fair value through profit and loss 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, except where such derivative does not significantly modify the cash flows of the instrument.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the intention and ability to hold the assets till maturity.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Available-for-sale

Non-derivative financial assets that are not classified into any of the preceding categories and are available for sale are classified in this category.

2. Summary of significant accounting policies (continued)

(f) **Financial assets and financial liabilities** (continued)

(i) **Classification** (continued)

Non-trading liabilities

Non-derivative financial liabilities that are not held for active trading or designated as fair value through profit and loss are classified as non-trading liabilities.

(ii) **Measurement**

Initial measurement

Financial instruments are initially recognised at their fair value plus transaction costs directly attributable to the acquisition or issuance of the instruments. For financial instruments classified as fair value through profit and loss, transaction costs are expensed off.

Subsequent measurement

Financial instruments classified as held for trading and designated as fair value through profit and loss are measured at fair value with fair value changes recognised in the profit and loss account.

Available-for-sale assets are measured at fair value with fair value changes taken to the fair value reserve, and subsequently to the profit and loss account upon disposal or impairment of the assets.

All other financial instruments are measured at amortised cost using the effective interest method less accumulated impairment losses.

Interest earned/incurred and dividend received/receivable on all non-derivative financial instruments are recognised as interest income/expense and dividend income accordingly.

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.

(iii) **Recognition and derecognition**

Financial instruments are recognised when the Group becomes a party to the contractual provision 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 risks and rewards associated with the instruments are substantially transferred, cancelled or expired. On derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the accumulated gain or loss that has been recognised in the equity are taken to the profit and loss account.

(iv) **Impairment**

Individual impairment

Financial assets, other than those measured at fair value through profit and loss account are subject to impairment review at each balance sheet date. Impairment loss is recognised when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Financial assets that are individually significant are assessed individually. Those not individually significant are grouped together based on similar credit risks and assessed as a portfolio.

For financial assets carried at amortised costs, impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The loss is recognised in the profit and loss account.

For available-for-sale assets, impairment loss is determined as the difference between the assets' cost and the current fair value, less any impairment loss previously recognised in the profit and loss account. The loss is transferred from the fair value reserve to the profit and loss account. For available-for-sale equity instruments, subsequent recovery of the impairment loss is written back to the fair value reserve.

Financial assets are written off when all avenues of recovery have been exhausted.

2. Summary of significant accounting policies (continued)

(f) Financial assets and financial liabilities (continued)

(iv) Impairment (continued)

Collective impairment

Collective impairment is made for estimated losses inherent in but not currently identifiable to the individual financial assets. The provision is made based on management's experience and judgement and taking into account country and portfolio risks. A minimum of 1% of credit exposure net of collaterals and individual impairment is maintained by the Group in accordance with the transitional provision set out in MAS Notice 612.

(g) Financial derivatives

Financial derivatives with positive and negative fair values are presented as assets and liabilities in the balance sheet respectively. Derivatives embedded in other financial instruments are accounted for separately as derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not carried at fair value through profit and loss.

(h) Hedge accounting

(i) Fair value hedge

Fair value changes of the hedging instrument are recognised in the profit and loss account. Fair value changes of the hedged item attributable to the hedged risk are taken to the profit and loss account with 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 or no longer meet the hedge accounting criteria.

(ii) Hedge of net investment in a foreign operation

Fair value changes of the hedging instrument relating to the effective portion of the hedge are taken to the foreign currency translation reserve while those relating to the ineffective portion are recognised in the profit and loss account. The amount taken to the reserve is transferred to the profit and loss account upon disposal of the foreign operation.

(i) Investment properties and fixed assets

Investment properties and fixed assets are stated at cost less accumulated depreciation and provision for impairment.

Investment properties are properties held for rental income and/or capital appreciation while owner-occupied properties are those for office use.

Freehold land and leasehold land exceeding 99 years tenure are not depreciated. Other leasehold land is depreciated on a straight-line basis over the period of the lease. 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 five or ten years.

The residual value, expected useful life and depreciation method of investment properties and fixed assets are reviewed annually. Their carrying amounts are reviewed for impairment when events or changes in circumstances indicate that they may be below their recoverable amounts, being the higher of fair value less cost to sell and value in use.

Investment properties and fixed assets are derecognised upon disposal and the resulting gain or loss is taken to the profit and loss account.

(j) Intangible assets

(i) Goodwill

Goodwill in a business combination represents the excess of (a) the consideration transferred, the amount of any minority interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the fair value of the net identifiable assets acquired and liabilities and contingent liabilities assumed. Where (b) exceeds (a) and the measurement of all amounts has been reviewed, the difference is recognised directly in profit and loss account as a bargain purchase.

Prior to 1 January 2010, goodwill in a business combination represents the excess of acquisition cost over net fair value of identifiable assets acquired and liabilities and contingent liabilities assumed.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is reviewed for impairment annually or more frequently if the circumstances indicate that its carrying amount may be impaired. At the date of acquisition, goodwill is allocated to the cash-generating units ("CGU") expected to benefit from the synergies of the business combination. The Group's CGU correspond with the operating segments reported in Note 40a. 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 loss is recognised in the profit and loss account and subsequent reversal is not allowed.

2. Summary of significant accounting policies (continued)

(j) **Intangible assets** (continued)

(ii) **Other intangible assets**

Other intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, intangible assets are measured at costs less accumulated amortisation and accumulated impairment losses, if any.

For intangible assets with finite useful lives, they are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortisation charges are recognised in the profit and loss account. The useful life and amortisation method are reviewed annually.

Intangible assets with indefinite useful lives are not amortised but reviewed for impairment annually or more frequently if the circumstances indicate that the carrying amounts may be below the recoverable amounts, being the higher of fair value less cost to sell and value in use.

(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 are enacted or substantively enacted by the balance sheet date.

(ii) **Deferred tax**

Deferred tax is provided using the liability method on all significant 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 to the year 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 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.

Deferred tax is not provided for goodwill, initial recognition of assets and liabilities that does not affect accounting tax, taxable profit or tax loss, and on investment 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 offset against deferred tax liabilities if a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred taxes relate to the same taxable entity and tax authority.

Deferred tax relating to items recognised directly in equity is taken to equity.

(l) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation where as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(m) **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 services are rendered. Where the fee charged is in lieu of interest, such fee is amortised over the same period as the related interest income is recognised.

Rental income is recognised on a time proportion basis.

2. Summary of significant accounting policies (continued)

(n) **Employee compensation/benefits**

Base pay, cash bonuses, allowances, commissions and defined contributions under regulations are recognised in the profit and loss account when incurred.

Leave entitlements are recognised when they accrue to employees. Provision for leave entitlements is made based on contractual terms with adjustment for expected attrition.

Cost of share-based compensation is expensed to the profit and loss account over the vesting period with corresponding increase in the share-based compensation reserve. The estimated number of grants to be ultimately vested and its financial impact are reviewed on the balance sheet date and adjustments made accordingly to reflect changes in the non-market vesting conditions.

(o) **Government grants**

Grants from the government are recognised as receivables at their fair value when the Group has complied with the specified conditions and there is reasonable assurance that the grants will be received. Government grants under the Jobs Credit Scheme are deducted against staff costs over the period of the grant.

(p) **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.

(q) **Repurchase and reverse repurchase agreements**

Repurchase agreements ("Repo") are treated as collateralised borrowing and the amounts borrowed are reported as liabilities under deposits and balances of banks and non-bank customers accordingly. The assets sold under Repo are classified as assets pledged in the balance sheet.

Reverse Repo are treated as collateralised lending and the amounts lent are reported as assets under placements and balances with banks and loans to non-bank customers accordingly.

The difference between the amounts received and paid under Repo and reverse Repo are accounted for as interest expense and interest income respectively.

(r) **Treasury shares**

Ordinary shares reacquired are classified as treasury shares and presented as a deduction from ordinary share capital. Gain or loss on the purchase, sale, issue or cancellation of treasury shares is recognised in the equity.

(s) **Significant accounting estimates and judgements**

Preparation of the financial statements requires certain significant accounting estimates and judgements to be made such as fair value determination for unquoted financial instruments, provision for impaired assets, impairment review of goodwill, tax computation and provision for litigation claims. The processes involve making reasonable assumptions, selecting appropriate valuation models, discount rates and growth rates, estimating cash flow and collateral value and assessing likelihood of events. These judgements, assumptions and estimates would affect the financials disclosed and they are being assessed on an on-going basis based on past experience and future expectation that are believed to be reasonable in the circumstances.

3. Interest income

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans to non-bank customers	**3,806,411**	3,921,405	**2,308,678**	2,494,530
Placements and balances with banks	**417,280**	410,541	**287,993**	283,358
Government treasury bills and securities	**250,455**	212,817	**166,697**	151,986
Trading and investment securities	**519,446**	614,497	**481,559**	583,760
	4,993,592	5,159,260	**3,244,927**	3,513,634
Of which, interest income on:				
Impaired financial assets	**35,822**	29,473	**17,716**	25,198
Financial assets at fair value through profit and loss	**98,112**	63,826	**56,407**	45,294

4. Interest expense

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deposits of non-bank customers	**1,100,532**	1,130,076	**541,920**	556,935
Deposits and balances of banks and debts issued	**361,120**	355,316	**372,042**	382,200
	1,461,652	1,485,392	**913,962**	939,135
Of which, interest expense on financial liabilities at fair value through profit and loss	**14,564**	16,205	**14,360**	15,898

5. Fee and commission income

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Credit card	**194,380**	157,288	**127,403**	103,938
Fund management	**125,462**	117,716	**3,714**	6,618
Investment-related	**191,369**	137,002	**154,600**	117,754
Loan-related	**284,795**	242,074	**227,488**	196,511
Service charges	**91,252**	85,321	**60,528**	52,573
Trade-related	**209,704**	185,162	**140,165**	124,171
Other	**66,328**	51,851	**13,838**	10,901
	1,163,290	976,414	**727,736**	612,466
Of which, fee and commission on financial assets and financial liabilities at fair value through profit and loss	**3**	3	**3**	3

6. Other operating income

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trading income	**71,414**	59,544	**52,804**	42,740
Non-trading income				
Financial instruments measured at fair value to profit and loss	**173,155**	271,291	**129,223**	207,027
Available-for-sale assets and other	**421,763**	122,501	**368,652**	80,574
Net gain/(loss) from:				
Disposal of investment properties	**15,904**	8,794	**1,523**	8,794
Disposal of fixed and other assets	**6,594**	1,788	**(85)**	(3,648)
Disposal/liquidation of subsidiaries/associates	**123,774**	11,541	**225,106**	8,923
Other	**94,849**	95,380	**89,449**	83,963
	907,453	570,839	**866,672**	428,373

7. Staff costs

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Salaries, bonus and allowances	**1,030,583**	908,649	**597,520**	542,536
Employer's contribution to defined contribution plans	**80,536**	77,996	**48,473**	49,894
Share-based compensation	**19,219**	17,806	**14,486**	14,056
Other	**111,746**	111,119	**51,444**	46,531
	1,242,084	1,115,570	**711,923**	653,017
Of which, directors' remuneration	**19,598**	15,139	**8,019**	7,020

8. Other operating expenses

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Revenue-related	**478,891**	485,081	**264,902**	288,322
Occupancy-related	**219,500**	206,113	**151,255**	148,867
IT-related	**172,877**	159,504	**173,563**	155,824
Other	**144,406**	108,058	**76,885**	52,562
	1,015,674	958,756	**666,605**	645,575
Of which:				
Chairman/directors' fees	**5,375**	4,873	**3,888**	3,357
Depreciation of assets	**137,067**	137,510	**84,519**	86,430
Rental expenses	**80,269**	73,308	**60,540**	59,181
Auditors' remuneration	**4,327**	3,870	**1,974**	1,907
Non-audit fees paid/payable to auditors	**830**	956	**761**	939
Expenses on investment properties	**42,508**	39,008	**29,626**	29,234

9. Impairment charges on loans and other assets

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Individual impairment on:				
Loans	**189,858**	604,011	**122,127**	455,386
Investment securities	**19,970**	45,860	**19,764**	47,365
Other	**28,008**	(34,725)	**(1,457)**	15,751
Collective impairment	**236,001**	506,209	**188,651**	340,538
	473,837	1,121,355	**329,085**	859,040
Included in the impairment charges are the following:				
Bad debts written off	**73,706**	134,230	**70,806**	133,092
Bad debts recovery	**(102,161)**	(62,931)	**(37,252)**	(16,690)

10. Tax

Tax charge to the profit and loss accounts comprises the following:

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
On profit of the financial year				
Current tax	**570,019**	524,399	**367,332**	331,443
Deferred tax	**(41,012)**	(58,680)	**(20,467)**	(19,559)
	529,007	465,719	**346,865**	311,884
(Over)/under provision of prior year tax				
Current tax	**(91,338)**	(238)	**(87,827)**	(8,554)
Deferred tax	**22,894**	(95,479)	**6,854**	(15,131)
Effect of change in tax rate	**3**	533	**–**	240
Share of tax of associates	**19,056**	14,505	**–**	–
	479,622	385,040	**265,892**	288,439

Tax charge on profit for the financial year differs from the theoretical amount computed using Singapore corporate tax rate due to the following factors:

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Operating profit after amortisation and impairment charges	**3,057,646**	2,199,500	**2,566,506**	1,865,033
Prima facie tax calculated at tax rate of 17% (2009: 17%)	**519,800**	373,915	**436,306**	317,056
Effect of:				
Income taxed at concessionary rates	**(31,976)**	(20,390)	**(31,062)**	(18,396)
Different tax rates in other countries	**66,676**	69,894	**2,502**	17,444
Losses of foreign operations not offset against taxable income of Singapore operations	**1,998**	4,537	**1,998**	4,537
Income not subject to tax	**(56,451)**	(30,396)	**(84,377)**	(57,586)
Expenses not deductible for tax	**31,088**	68,478	**22,208**	48,829
Deferred tax benefit on tax losses	**(2,128)**	(319)	**(710)**	–
Tax expense on profit of the financial year	**529,007**	465,719	**346,865**	311,884

11. Earnings per share

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

	The Group	
	2010	2009
Profit attributable to equity holders of the Bank ($'000)	**2,695,851**	1,901,679
Less: Dividends on preference shares ($'000)	**106,046**	108,732
Adjusted profit ($'000)	**2,589,805**	1,792,947
Weighted average number of ordinary shares ('000)		
In issue	**1,523,267**	1,505,729
Adjustment for potential ordinary shares under share-based compensation plans	**4,655**	5,062
Diluted	**1,527,922**	1,510,791
EPS ($)		
Basic	**1.70**	1.19
Diluted	**1.69**	1.19

12. Share capital

(a)

	2010		2009	
	Number of shares '000	Amount $'000	Number of shares '000	Amount $'000
Ordinary shares				
Balance at 1 January	**1,524,194**	**2,259,532**	1,523,931	2,255,937
Issue of shares under share option scheme	**–**	**–**	263	3,595
Issue of shares under scrip dividend scheme	**35,945**	**621,420**	–	–
Balance at 31 December	**1,560,139**	**2,880,952**	1,524,194	2,259,532
Treasury shares				
Balance at 1 January	**(18,175)**	**(357,410)**	(18,320)	(360,263)
Issue of shares under share-based compensation plans	**660**	**12,977**	145	2,853
Balance at 31 December	**(17,515)**	**(344,433)**	(18,175)	(357,410)
Ordinary share capital	**1,542,624**	**2,536,519**	1,506,019	1,902,122
Class E non-cumulative non-convertible preference shares as at 1 January and 31 December	**13,200**	**1,317,411**	13,200	1,317,411
Share capital of the Bank		**3,853,930**		3,219,533
Non-cumulative non-convertible guaranteed SPV-A preference shares at 1 January and 31 December	**5**	**831,550**	5	831,550
Share capital of the Group		**4,685,480**		4,051,083
Ordinary shares held by associates of the Group	**16,044**		17,132	

(b) The ordinary shares have no par value and were fully paid. The holders of ordinary shares (excluding treasury shares) have unrestricted rights to dividends, return of capital and voting.

During the financial year, the Bank issued 35,945,000 (2009: nil) ordinary shares to eligible shareholders who had elected to participate in the scrip dividend scheme. All newly issued shares rank *pari passu* in all respects with the previously issued shares.

12. Share capital (continued)

(c) During the financial year, the Bank issued 660,000 (2009: 145,000) treasury shares to participants of the share-based compensation plans.

(d) The Class E non-cumulative non-convertible preference shares with liquidation preference of S$100 per share were issued by the Bank on 15 September 2008. The shares are perpetual securities with no fixed maturity. Subject to the approval of MAS, they may be redeemed at the option of the Bank, in whole but not in part, for cash, (a) on 15 September 2013, 15 September 2018 or on each dividend payment date thereafter, or (b) in the event of certain changes in the tax laws of Singapore, or (c) on the occurrence of certain events.

Dividend is payable semi-annually on 15 March and 15 September of each year at a fixed annual rate of 5.05% of the liquidation preference, subject to declaration by the Board of Directors. In the event any dividend on the Class E preference shares is not paid, the Bank shall not pay, and shall not permit any of its subsidiaries, other than a banking subsidiary, to pay any dividend on or repurchase any of its securities that rank *pari passu* or junior to the Class E preference shares.

(e) The non-cumulative non-convertible guaranteed SPV-A preference shares of US$0.01 each with liquidation preference of US$100,000 per share were issued on 13 December 2005 by the Bank via its wholly-owned subsidiary, UOB Cayman I Limited. The entire proceeds were used by the subsidiary to subscribe for the US$0.5 billion subordinated note (Note 19b(v)) issued by the Bank.

The shares are perpetual securities with no maturity date. They are redeemable in whole but not in part, (a) at the discretion of the subsidiary for cash on any dividend payment date on or after 15 March 2016 or (b) at the discretion of the Bank, for cash or for one Class A preference share per SPV-A preference share in the event of certain changes in the tax laws of Singapore or the Cayman Islands, or on any day after 13 December 2010 on the occurrence of certain special events. The SPV-A preference shares will be automatically redeemed upon the occurrence of certain specific events.

The shares are guaranteed by the Bank on a subordinated basis in respect of dividends and redemption payments. In the event any dividend or guaranteed payment with respect to the shares is not paid in full, the Bank and its subsidiaries (other than those carrying on banking business) that have outstanding preference shares or other similar obligations that constitute Tier 1 capital of the Group on an unconsolidated basis are estopped from declaring and paying any dividend or other distributions in respect of their ordinary shares or any other security or obligation of the Group ranking *pari passu* with or junior to the subordinated guarantee.

Dividends on the shares are payable at the sole discretion of the Bank semi-annually at an annual rate of 5.796% of the liquidation preference from 15 March 2006 to and including 15 March 2016. After 15 March 2016, dividends are payable quarterly at a floating rate per annum equal to the three-month LIBOR plus 1.745%.

(f) As at 31 December 2010 and 2009, the Bank has the following unissued non-cumulative non-convertible preference shares:

	Number of shares '000	Liquidation preference per share '000
Class A	20	US$100
Class B	200	S$10
Class C	40	EUR50

In relation to the issue of the SPV-A preference shares (Note 12e), 5,000 Class A preference shares have been provisionally allotted to the holders of the SPV-A preference shares on a one-for-one basis.

13. Retained earnings

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance at 1 January	**6,323,905**	5,724,455	**5,337,469**	5,030,928
Profit for the financial year attributable to equity holders of the Bank	**2,695,851**	1,901,679	**2,300,614**	1,576,594
Transfer to other reserves	**(318,894)**	(290,104)	**(300,000)**	(300,000)
Dividends				
Ordinary shares				
Final dividend of 40 cents one-tier tax-exempt (2009: 40 cents one-tier tax-exempt) per share paid in respect of prior financial year	**(602,320)**	(602,244)	**(602,320)**	(602,244)
Interim dividend of 20 cents one-tier tax-exempt (2009: 20 cents one-tier tax-exempt) per share paid in respect of the financial year	**(305,987)**	(301,149)	**(305,987)**	(301,149)
Semi-annual dividends at 5.796% per annum on non-cumulative non-convertible guaranteed SPV-A preference shares	**(39,386)**	(42,072)	**–**	–
Semi-annual dividends at 5.05% per annum on Class E non-cumulative non-convertible preference shares	**(66,660)**	(66,660)	**(66,660)**	(66,660)
	(1,014,353)	(1,012,125)	**(974,967)**	(970,053)
Balance at 31 December	**7,686,509**	6,323,905	**6,363,116**	5,337,469

(b) The retained earnings are distributable reserves except for an amount of $498,282,000 (2009: $477,453,000), being the Group's share of revenue reserves of associates which is distributable only upon realisation by way of dividend from or disposal of investment in the associates.

(c) In respect of the financial year ended 31 December 2010, the directors have proposed a final one-tier tax-exempt dividend of 40 cents and a special one-tier tax-exempt dividend of 10 cents per ordinary share amounting to a total dividend of $771,312,000. The proposed dividend will be accounted for in Year 2011 financials upon approval of the equity holders of the Bank.

14. Other reserves

(a)

	The Group								
	Fair value reserve $'000	Foreign currency translation reserve $'000	Share-based compensation reserve $'000	Merger reserve $'000	Statutory reserve $'000	General reserve $'000	Share of reserves of associates $'000	Other $'000	Total $'000
2010									
Balance at 1 January	**(193,128)**	**(462,666)**	**35,285**	**3,266,744**	**3,165,738**	**2,813,580**	**226,128**	**(240,536)**	**8,611,145**
Other comprehensive income for the financial year attributable to equity holders of the Bank	**318,138**	**(116,072)**	**–**	**–**	**–**	**–**	**(37,108)**	**–**	**164,958**
Transfer from/(to) retained earnings	**–**	**–**	**–**	**–**	**12,309**	**307,209**	**–**	**(624)**	**318,894**
Share-based compensation	**–**	**–**	**19,231**	**–**	**–**	**–**	**–**	**–**	**19,231**
Change in minority interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**138**	**138**
Issue of treasury shares under share-based compensation plans	**–**	**–**	**(13,288)**	**–**	**–**	**–**	**–**	**311**	**(12,977)**
Balance at 31 December	**125,010**	**(578,738)**	**41,228**	**3,266,744**	**3,178,047**	**3,120,789**	**189,020**	**(240,711)**	**9,101,389**
2009									
Balance at 1 January	(2,468,236)	(585,255)	20,380	3,266,744	3,140,871	2,512,215	121,640	(204,566)	5,803,793
Other comprehensive income for the financial year attributable to equity holders of the Bank	2,275,108	122,589	–	–	–	–	104,612	–	2,502,309
Difference in consideration paid and minority interests acquired	–	–	–	–	–	–	–	(87)	(87)
Transfer from/(to) retained earnings	–	–	–	–	24,867	301,365	(124)	(36,004)	290,104
Share-based compensation	–	–	17,879	–	–	–	–	–	17,879
Issue of treasury shares under share-based compensation plans	–	–	(2,974)	–	–	–	–	121	(2,853)
Balance at 31 December	(193,128)	(462,666)	35,285	3,266,744	3,165,738	2,813,580	226,128	(240,536)	8,611,145

14. **Other reserves** (continued)

(a) (continued)

	The Bank							
	Fair value reserve $'000	Foreign currency translation reserve $'000	Share-based compensation reserve $'000	Merger reserve $'000	Statutory reserve $'000	General reserve $'000	Other $'000	Total $'000
2010								
Balance at 1 January	**(190,394)**	**(58,915)**	**35,285**	**3,266,744**	**2,752,922**	**2,330,499**	**121**	**8,136,262**
Other comprehensive income for the financial year	**305,010**	**(17,137)**	**–**	**–**	**–**	**–**	**–**	**287,873**
Transfer from retained earnings	**–**	**–**	**–**	**–**	**–**	**300,000**	**–**	**300,000**
Share-based compensation	**–**	**–**	**19,231**	**–**	**–**	**–**	**–**	**19,231**
Issue of treasury shares under share-based compensation plans	**–**	**–**	**(13,288)**	**–**	**–**	**–**	**311**	**(12,977)**
Balance at 31 December	**114,616**	**(76,052)**	**41,228**	**3,266,744**	**2,752,922**	**2,630,499**	**432**	**8,730,389**
2009								
Balance at 1 January	(2,376,385)	(61,710)	20,380	3,266,744	2,752,922	2,030,499	–	5,632,450
Other comprehensive income for the financial year	2,185,991	2,795	–	–	–	–	–	2,188,786
Transfer from retained earnings	–	–	–	–	–	300,000	–	300,000
Share-based compensation	–	–	17,879	–	–	–	–	17,879
Issue of treasury shares under share-based compensation plans	–	–	(2,974)	–	–	–	121	(2,853)
Balance at 31 December	(190,394)	(58,915)	35,285	3,266,744	2,752,922	2,330,499	121	8,136,262

(b) Fair value reserve contains cumulative fair value changes of outstanding available-for-sale assets.

(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 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 plans.

(e) Merger reserve represents the premium on shares issued in connection with the acquisition of Overseas Union Bank Limited.

(f) Statutory reserve is maintained in accordance with the provisions of applicable laws and regulations. This reserve is non-distributable unless otherwise approved by the relevant authorities.

Under the Banking (Reserve Fund) (Transitional Provision) Regulations 2007, the Bank may distribute or utilise its statutory reserve provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserve as at 30 March 2007.

(g) A certain amount of retained earnings is transferred to general reserve in each financial year. The general reserve has not been earmarked for any specific purpose.

(h) Share of reserves of associates comprises the Group's share of associates' post-acquisition revenue reserve at 1 January 1998 and other reserves, adjusted for goodwill arising from acquisition of associates prior to 1 January 2001. These reserves are non-distributable until they are realised by way of dividend from or disposal of investment in the associates.

The Group's share of profit of associates is included in the retained earnings with effect from 1 January 1998.

(i) Other reserves include amounts transferred from retained earnings pertaining to gains on sale of investments by certain subsidiaries in accordance with their memorandums and articles of association, bonus shares issued by subsidiaries, gains and losses on issue of treasury shares under the share-based compensation plans, as well as the difference between consideration paid and interest acquired from minority interests of subsidiaries.

15. Classification of financial assets and financial liabilities

(a)

	The Group					
	Held for trading $'000	Designated as fair value through profit and loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Held-to-maturity $'000	Total $'000
2010						
Cash, balances and placements with central banks	679,028	–	1,156,039	28,907,522	–	30,742,589
Singapore Government treasury bills and securities	807,229	–	11,401,250	–	–	12,208,479
Other government treasury bills and securities	2,355,148	26,542	5,139,357	–	–	7,521,047
Trading securities	137,796	–	–	–	–	137,796
Placements and balances with banks	61,398	–	862,301	10,531,165	–	11,454,864
Loans to non-bank customers	–	78,704	8,537	112,352,634	–	112,439,875
Derivative financial assets	5,563,030	–	–	–	–	5,563,030
Assets pledged	36,656	–	6,913,317	–	–	6,949,973
Investment securities						
Debt	–	1,057,609	10,907,463	626,668	20,619	12,612,359
Equity	–	–	3,026,865	–	–	3,026,865
Other assets	–	–	35,714	2,918,869	–	2,954,583
Total financial assets	9,640,285	1,162,855	39,450,843	155,336,858	20,619	205,611,460
Non-financial assets						8,167,020
Total assets						213,778,480
Deposits and balances of banks, non-bank customers and subsidiaries	612,799	862,186	–	172,686,075	–	174,161,060
Bills and drafts payable	–	–	–	1,288,494	–	1,288,494
Derivative financial liabilities	5,742,797	–	–	–	–	5,742,797
Other liabilities	469,610	–	–	3,375,038	–	3,844,648
Debts issued	–	25,639	–	6,237,467	–	6,263,106
Total financial liabilities	6,825,206	887,825	–	183,587,074	–	191,300,105
Non-financial liabilities						824,823
Total liabilities						192,124,928

15. Classification of financial assets and financial liabilities (continued)

(a) (continued)

	The Group					
	Held for trading $'000	Designated as fair value through profit and loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Held-to-maturity $'000	Total $'000
2009						
Cash, balances and placements with central banks	345,753	–	662,495	17,856,549	–	18,864,797
Singapore Government treasury bills and securities	338,245	–	12,224,257	–	–	12,562,502
Other government treasury bills and securities	2,537,300	30,460	3,736,183	–	–	6,303,943
Trading securities	118,152	–	–	–	–	118,152
Placements and balances with banks	86,177	–	2,213,898	10,764,985	–	13,065,060
Loans to non-bank customers	–	91,146	10,159	99,099,772	–	99,201,077
Derivative financial assets	5,427,100	–	–	–	–	5,427,100
Assets pledged	56,631	–	2,932,033	–	–	2,988,664
Investment securities						
Debt	–	1,004,098	11,465,129	815,484	15,774	13,300,485
Equity	–	–	2,563,563	–	–	2,563,563
Other assets	–	–	40,050	2,821,845	–	2,861,895
Total financial assets	8,909,358	1,125,704	35,847,767	131,358,635	15,774	177,257,238
Non-financial assets						8,321,139
Total assets						185,578,377
Deposits and balances of banks, non-bank customers and subsidiaries	926,266	663,510	–	147,663,790	–	149,253,566
Bills and drafts payable	–	–	–	1,437,619	–	1,437,619
Derivative financial liabilities	5,503,913	–	–	–	–	5,503,913
Other liabilities	413,622	–	–	2,986,201	–	3,399,823
Debts issued	–	98,080	–	5,945,789	–	6,043,869
Total financial liabilities	6,843,801	761,590	–	158,033,399	–	165,638,790
Non-financial liabilities						784,265
Total liabilities						166,423,055

15. Classification of financial assets and financial liabilities (continued)

(a) (continued)

	The Bank				
	Held for trading $'000	Designated as fair value through profit and loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2010					
Cash, balances and placements with central banks	501,241	–	715,990	23,894,563	25,111,794
Singapore Government treasury bills and securities	807,229	–	11,281,231	–	12,088,460
Other government treasury bills and securities	919,993	26,542	2,331,665	–	3,278,200
Trading securities	133,535	–	–	–	133,535
Placements and balances with banks	–	–	862,301	8,333,187	9,195,488
Loans to non-bank customers	–	78,704	8,537	85,450,960	85,538,201
Placements with and advances to subsidiaries	–	–	–	2,869,330	2,869,330
Derivative financial assets	5,300,857	–	–	–	5,300,857
Assets pledged	36,656	–	6,913,317	–	6,949,973
Investment securities					
Debt	–	882,928	9,900,879	626,668	11,410,475
Equity	–	–	2,789,439	–	2,789,439
Other assets	–	–	32,301	2,282,561	2,314,862
Total financial assets	7,699,511	988,174	34,835,660	123,457,269	166,980,614
Non-financial assets					10,680,510
Total assets					177,661,124
Deposits and balances of banks, non-bank customers and subsidiaries	614,951	847,169	–	142,546,087	144,008,207
Bills and drafts payable	–	–	–	182,949	182,949
Derivative financial liabilities	5,288,776	–	–	–	5,288,776
Other liabilities	469,572	–	–	1,896,671	2,366,243
Debts issued	–	25,639	–	6,139,472	6,165,111
Total financial liabilities	6,373,299	872,808	–	150,765,179	158,011,286
Non-financial liabilities					702,403
Total liabilities					158,713,689

15. Classification of financial assets and financial liabilities (continued)

(a) (continued)

	The Bank				
	Held for trading $'000	Designated as fair value through profit and loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2009					
Cash, balances and placements with central banks	271,849	–	106,517	12,556,862	12,935,228
Singapore Government treasury bills and securities	338,245	–	12,161,119	–	12,499,364
Other government treasury bills and securities	1,512,555	30,460	1,751,135	–	3,294,150
Trading securities	113,720	–	–	–	113,720
Placements and balances with banks	64,379	–	2,033,579	9,672,758	11,770,716
Loans to non-bank customers	–	91,146	10,159	76,498,415	76,599,720
Placements with and advances to subsidiaries	86,408	–	–	2,491,970	2,578,378
Derivative financial assets	5,212,252	–	–	–	5,212,252
Assets pledged	56,631	–	2,932,033	–	2,988,664
Investment securities					
Debt	–	1,004,098	10,679,627	815,484	12,499,209
Equity	–	–	2,356,640	–	2,356,640
Other assets	–	–	35,250	1,936,079	1,971,329
Total financial assets	7,656,039	1,125,704	32,066,059	103,971,568	144,819,370
Non-financial assets					11,226,186
Total assets					156,045,556
Deposits and balances of banks, non-bank customers and subsidiaries	927,166	648,346	–	123,349,170	124,924,682
Bills and drafts payable	–	–	–	166,052	166,052
Derivative financial liabilities	5,137,887	–	–	–	5,137,887
Other liabilities	394,809	–	–	1,750,711	2,145,520
Debts issued	–	98,080	–	6,226,183	6,324,263
Total financial liabilities	6,459,862	746,426	–	131,492,116	138,698,404
Non-financial liabilities					653,888
Total liabilities					139,352,292

(b) Certain financial derivatives were designated as hedging instruments for fair value hedges as set out in Note 35a.

15. Classification of financial assets and financial liabilities (continued)

(c) For the financial instruments designated as fair value through profit and loss, the amounts receivable/payable at maturity are as follows:

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Financial assets				
Other government treasury bills and securities	**25,644**	28,064	**25,644**	28,064
Loans to non-bank customers	**75,543**	85,055	**75,543**	85,055
Investment debt securities	**1,046,445**	1,011,822	**883,474**	1,011,822
	1,147,632	1,124,941	**984,661**	1,124,941
Financial liabilities				
Deposits and balances of banks, non-bank customers and subsidiaries	**882,545**	673,446	**865,970**	656,839
Debts issued	**26,499**	98,273	**26,499**	98,273
	909,044	771,719	**892,469**	755,112

(d) Included in the available-for-sale assets as at 31 December 2010 were investment equity securities of $754,674,000 (2009: $504,665,000) at the Bank and $790,572,000 (2009: $538,228,000) at the Group that were carried at cost as their fair values could not be reliably measured. These securities were acquired for long-term investment purpose.

(e) Fair values of the financial instruments carried at cost or amortised cost are assessed as follows:

- For cash, balances, placements and deposits of central banks, banks and subsidiaries, deposits of non-bank customers with short-term or no stated maturity, as well as interest and other short-term receivables and payables, fair values are expected to approximate the carrying amounts.
- For loans and deposits of non-bank customers, non-subordinated debts issued and investment debt securities, fair values are estimated based on independent broker quotes or using discounted cash flow method.
- For subordinated notes issued, fair values are determined based on quoted market prices.

Except for the following items, fair values of the financial instruments carried at cost or amortised cost were assessed to be not materially different from their carrying amounts.

	The Group		The Bank	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
2010				
Investment debt securities	**626,668**	**605,958**	**626,668**	**605,958**
Debts issued	**6,237,467**	**6,080,913**	**6,139,472**	**5,998,183**
2009				
Investment debt securities	815,484	738,897	815,484	738,897
Debts issued	5,945,789	5,823,957	6,226,183	6,042,435

15. Classification of financial assets and financial liabilities (continued)

(f) The Group classified financial instruments carried at fair value by level of the following 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					
	2010			2009		
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Cash, balances and placements with central banks	**–**	**1,835,067**	**–**	–	1,008,248	–
Singapore Government treasury bills and securities	**12,208,479**	**–**	**–**	12,562,502	–	–
Other government treasury bills and securities	**7,521,047**	**–**	**–**	6,303,943	–	–
Trading securities	**137,796**	**–**	**–**	118,152	–	–
Placements and balances with banks	**–**	**923,699**	**–**	–	2,300,075	–
Loans to non-bank customers	**87,241**	**–**	**–**	101,305	–	–
Derivative financial assets	**1,060,700**	**4,502,330**	**–**	476,885	4,950,215	–
Assets pledged	**4,946,406**	**2,003,567**	**–**	1,937,909	1,050,755	–
Investment securities						
Debt	**8,634,293**	**3,285,706**	**45,073**	6,553,479	5,884,216	31,532
Equity	**1,549,583**	**653,308**	**33,402**	1,210,733	764,891	49,711
Other assets	**35,714**	**–**	**–**	40,050	–	–
	36,181,259	**13,203,677**	**78,475**	29,304,958	15,958,400	81,243
Total financial assets carried at fair value			**49,463,411**			45,344,601
Deposits and balances of banks, non-bank customers and subsidiaries	**–**	**1,474,985**	**–**	–	1,589,776	–
Derivative financial liabilities	**887,959**	**4,854,838**	**–**	292,610	5,211,303	–
Other liabilities	**469,610**	**–**	**–**	413,622	–	–
Debts issued	**–**	**25,639**	**–**	–	98,080	–
	1,357,569	**6,355,462**	**–**	706,232	6,899,159	–
Total financial liabilities carried at fair value			**7,713,031**			7,605,391

15. Classification of financial assets and financial liabilities (continued)

(f) (continued)

	The Bank					
	2010			2009		
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Cash, balances and placements with central banks	–	1,217,231	–	–	378,366	–
Singapore Government treasury bills and securities	12,088,460	–	–	12,499,364	–	–
Other government treasury bills and securities	3,278,200	–	–	3,294,150	–	–
Trading securities	133,535	–	–	113,720	–	–
Placements and balances with banks	–	862,301	–	–	2,097,958	–
Loans to non-bank customers	87,241	–	–	101,305	–	–
Placements with and advances to subsidiaries	–	–	–	–	86,408	–
Derivative financial assets	872,931	4,427,926	–	427,023	4,785,229	–
Assets pledged	4,946,406	2,003,567	–	1,937,909	1,050,755	–
Investment securities						
Debt	8,275,877	2,496,030	11,900	6,325,262	5,358,463	–
Equity	1,437,724	568,953	28,088	1,127,962	689,229	34,784
Other assets	32,301	–	–	35,250	–	–
	31,152,675	11,576,008	39,988	25,861,945	14,446,408	34,784
Total financial assets carried at fair value			42,768,671			40,343,137
Deposits and balances of banks, non-bank customers and subsidiaries	–	1,462,120	–	–	1,575,512	–
Derivative financial liabilities	735,151	4,553,625	–	253,496	4,884,391	–
Other liabilities	469,572	–	–	394,809	–	–
Debts issued	–	25,639	–	–	98,080	–
	1,204,723	6,041,384	–	648,305	6,557,983	–
Total financial liabilities carried at fair value			7,246,107			7,206,288

(g) There was no material movement for the financial instruments measured at Level 3 during the financial year.

16. Deposits and balances of non-bank customers

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fixed deposits	77,310,061	64,342,523	56,928,803	47,866,242
Savings deposits	34,840,551	30,121,109	29,358,110	25,336,343
Current accounts	27,261,301	25,200,367	23,060,088	21,249,302
Other	2,887,541	1,838,101	2,379,984	1,478,114
	142,299,454	121,502,100	111,726,985	95,930,001

17. Other liabilities

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Accrued interest payable	**268,629**	225,123	**170,543**	157,553
Accrued operating expenses	**526,849**	488,650	**330,362**	324,467
Sundry creditors	**2,734,910**	2,352,347	**1,486,310**	1,607,088
Other	**406,717**	385,054	**438,877**	74,045
	3,937,105	3,451,174	**2,426,092**	2,163,153

18. Deferred tax

Deferred tax comprises the following:

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred tax liabilities on:				
Unrealised gain on available-for-sale assets	**27,268**	12,939	**15,679**	76
Accelerated tax depreciation	**50,125**	48,510	**41,457**	42,008
Fair value of depreciable assets acquired in business combination	**45,564**	62,627	**30,889**	47,285
Other	**10,681**	619	**1,305**	1,086
	133,638	124,695	**89,330**	90,455
Amount offset against deferred tax assets	**(108,250)**	(104,837)	**(88,658)**	(89,678)
	25,388	19,858	**672**	777
Deferred tax assets on:				
Unrealised loss on available-for-sale assets	**1,728**	31,677	**3**	20,274
Provision for impairment	**244,754**	222,391	**98,219**	96,885
Other	**93,110**	94,418	**31,534**	36,212
	339,592	348,486	**129,756**	153,371
Amount offset against deferred tax liabilities	**(108,250)**	(104,837)	**(88,658)**	(89,678)
	231,342	243,649	**41,098**	63,693
Net deferred tax assets	**205,954**	223,791	**40,426**	62,916

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

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance at 1 January	**223,791**	339,253	**62,916**	293,794
Effect of change in tax rate	**(3)**	(16,527)	**–**	(16,241)
Currency translation adjustments	**2,692**	(2,491)	**471**	(375)
Credit to profit and loss account	**18,118**	154,159	**13,613**	34,690
Charge to equity	**(38,644)**	(250,603)	**(36,574)**	(248,952)
Balance at 31 December	**205,954**	223,791	**40,426**	62,916

The Group has not recognised deferred tax asset in respect of tax losses of $15,906,000 (2009: $15,577,000) 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 $1,830,000 (2009: $1,710,000) which will expire between the years 2011 and 2029 (2009: 2010 and 2028).

19. Debts issued

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subordinated notes				
S$1.3 billion 4.95% subordinated notes due 2016 callable with step-up in 2011	**1,300,000**	1,300,000	**1,300,000**	1,300,000
S$1 billion 4.100% subordinated notes due 2019 callable with step-up in 2014	**999,103**	998,858	**999,103**	998,858
US$1 billion 4.50% subordinated notes due 2013	**1,282,072**	1,403,004	**1,282,072**	1,403,004
US$1 billion 5.375% subordinated notes due 2019 callable with step-up in 2014	**1,281,867**	1,402,736	**1,281,867**	1,402,736
US$0.5 billion 5.796% subordinated note	**–**	–	**641,100**	701,600
RM500 million 4.88% subordinated notes due 2020 with step-up in 2015	**207,343**	–	**–**	–
Unamortised expenses relating to issue of subordinated notes	**(3,767)**	(5,470)	**(3,767)**	(5,470)
Total, at amortised cost	**5,066,618**	5,099,128	**5,500,375**	5,800,728
Fair value hedge adjustments	**300,240**	254,776	**300,240**	254,776
	5,366,858	5,353,904	**5,800,615**	6,055,504
Other debts issued				
Credit-linked notes, at amortised cost	**18,780**	16,000	**18,780**	16,000
Interest rate-linked notes, at amortised cost	**2,693**	3,284	**2,693**	3,284
Equity-linked notes				
At amortised cost	**208,899**	165,059	**198,944**	148,614
Designated as fair value through profit and loss	**15,859**	98,080	**15,859**	98,080
Other, at amortised cost	**650,017**	407,542	**128,220**	2,781
	896,248	689,965	**364,496**	268,759
Total debts issued	**6,263,106**	6,043,869	**6,165,111**	6,324,263

19. Debts issued (continued)

(b) **Subordinated notes**

(i) The S$1.3 billion 4.95% subordinated notes were issued by the Bank at par on 30 August 2001 and mature on 30 September 2016. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 30 September 2011 or at any interest payment date in the event of certain changes in the tax laws of Singapore, subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 4.95% per annum beginning 30 March 2002. From and including 30 September 2011, interest is payable semi-annually at a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offer Rate) as at 30 September 2011 plus 2.25%.

(ii) The S$1 billion 4.100% subordinated notes were issued by the Bank at 99.755% on 24 August 2004 and mature on 3 September 2019. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 3 September 2014 or at any interest payment date in the event of certain changes in the tax laws of Singapore, subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 4.100% per annum beginning 3 March 2005. From and including 3 September 2014, interest is payable semi-annually at a fixed rate per annum equal to the five-year Singapore Dollar Interest Rate Swap (Offer Rate) plus 1.680%.

(iii) The US$1 billion 4.50% subordinated notes were issued by the Bank at 99.96% on 30 June 2003 and mature on 2 July 2013. The notes may be redeemed at par at the option of the Bank, in whole, on notice, in the event of certain changes in the tax laws of Singapore, subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 4.50% per annum beginning 2 January 2004.

(iv) The US$1 billion 5.375% subordinated notes were issued by the Bank at 99.929% on 24 August 2004 and mature on 3 September 2019. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 3 September 2014 or at any interest payment date in the event of certain changes in the tax laws of Singapore, subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 5.375% per annum beginning 3 March 2005. From and including 3 September 2014, interest is payable semi-annually at a floating rate per annum equal to the six-month LIBOR plus 1.666%.

(v) The US$0.5 billion 5.796% subordinated note was issued by the Bank at par to UOB Cayman I Limited on 13 December 2005. It matures on 12 December 2055 which is subject to extension. The note may be redeemed, in whole but not in part, at the option of the Bank, on 15 March 2016 or any interest payment date thereafter, subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 5.796% per annum beginning 15 March 2006. From and including 15 March 2016, interest is payable quarterly at a floating rate per annum equal to the three-month LIBOR plus 1.745%.

The S$ and US$ subordinated notes issued by the Bank are unsecured obligations with the US$0.5 billion subordinated note ranking junior to all other S$ and US$ subordinated notes. All other liabilities of the Bank outstanding at the balance sheet date rank senior to all the S$ and US$ subordinated notes. Except for the US$0.5 billion subordinated note, the S$ and US$ subordinated notes qualify for upper Tier 2 capital.

(vi) The RM500 million 4.88% subordinated notes were issued by United Overseas Bank (Malaysia) Bhd ("UOBM") on 29 March 2010 and mature on 27 March 2020. The notes may be redeemed at par at the option of UOBM, in whole but not in part, on 30 March 2015 or at any interest payment date thereafter. Interest is payable semi-annually at 4.88% per annum beginning 29 September 2010. From and including 30 March 2015, interest is payable semi-annually at 5.88% per annum.

(c) **Other debts issued**

(i) The credit-linked notes, with embedded credit default swaps, were issued at par with maturity ranging from 4 November 2012 to 23 September 2015. The notes will be redeemed at face value on the maturity date provided there is no occurrence of a credit event. If there is an occurrence of a credit event, the underlying assets or the market values of the underlying assets in cash term, depending on the terms and conditions of the contracts will be delivered to the holders of the notes.

(ii) The interest rate-linked notes, with embedded interest rate derivatives, were issued at par with remaining maturity on 15 August 2015. The periodic payouts and redemptions of the notes are linked to the interest rate indices.

(iii) The equity-linked notes, with embedded equity derivatives, were issued at par with maturity ranging from 14 January 2011 to 20 January 2015. The periodic payments and payouts of the notes at maturity are linked to the closing value of certain underlying equities or equity indices.

(iv) Other comprises mainly unsecured fixed-rate debt papers with maturity ranging from 4 January 2011 to 30 December 2011. Interest rates of the papers ranged from 1.00% to 3.21% per annum (2009: 0.75% to 3.25% per annum).

20. Cash, balances and placements with central banks

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Cash on hand	**1,463,739**	585,216	**1,220,969**	313,374
Balances with central banks				
Restricted balances	**3,599,953**	2,320,715	**2,608,101**	2,152,904
Non-restricted balances	**25,678,897**	15,958,866	**21,282,724**	10,468,950
	30,742,589	18,864,797	**25,111,794**	12,935,228

21. Trading securities

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Quoted securities				
Debt	**2,715**	–	**2,715**	–
Equity	**130,820**	114,053	**130,820**	113,720
Unquoted securities				
Debt	**4,261**	4,099	**–**	–
	137,796	118,152	**133,535**	113,720

22. Placements and balances with banks

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Placements and balances with banks	**13,458,431**	14,115,815	**11,199,055**	12,821,471
Less: Amount sold under Repo	**(2,003,567)**	(1,050,755)	**(2,003,567)**	(1,050,755)
	11,454,864	13,065,060	**9,195,488**	11,770,716

23. Loans to non-bank customers

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Loans to non-bank customers (gross)	**115,122,230**	101,743,780	**87,440,489**	78,392,171
Individual impairment (Note 23d)	**(930,007)**	(973,048)	**(505,322)**	(533,968)
Collective impairment (Note 23d)	**(1,752,348)**	(1,569,655)	**(1,396,966)**	(1,258,483)
Loans to non-bank customers (net)	**112,439,875**	99,201,077	**85,538,201**	76,599,720
Comprising:				
Trade bills	**7,059,998**	4,430,028	**2,022,169**	754,108
Advances to customers	**105,379,877**	94,771,049	**83,516,032**	75,845,612
	112,439,875	99,201,077	**85,538,201**	76,599,720

23. Loans to non-bank customers (continued)

(b) Gross loans to non-bank customers analysed by industry

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Transport, storage and communication	**6,709,527**	6,300,618	**5,981,722**	5,623,671
Building and construction	**11,506,288**	11,717,639	**9,723,863**	9,899,914
Manufacturing	**8,617,106**	8,793,762	**3,194,684**	3,946,528
Financial institutions	**18,673,490**	14,741,185	**16,868,753**	13,643,238
General commerce	**15,094,360**	12,770,369	**10,172,441**	8,778,717
Professionals and private individuals	**14,907,364**	13,346,261	**11,036,891**	10,257,279
Housing loans	**33,527,779**	27,443,708	**25,242,203**	20,414,376
Other	**6,086,316**	6,630,238	**5,219,932**	5,828,448
	115,122,230	101,743,780	**87,440,489**	78,392,171

(c) Gross loans to non-bank customers analysed by currency

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Singapore dollar	**66,914,936**	59,977,738	**66,750,280**	59,804,402
US dollar	**13,854,567**	12,813,377	**11,908,553**	11,123,685
Malaysian ringgit	**14,282,487**	11,414,081	**–**	–
Thai baht	**6,840,741**	5,943,641	**88**	76
Indonesian rupiah	**3,212,959**	2,890,356	**–**	–
Other	**10,016,540**	8,704,587	**8,781,568**	7,464,008
	115,122,230	101,743,780	**87,440,489**	78,392,171

(d) Movements of provision for impairment on loans

	2010		2009	
	Individual impairment $'000	Collective impairment $'000	Individual impairment $'000	Collective impairment $'000
The Group				
Balance at 1 January	**973,048**	**1,569,655**	799,865	1,392,592
Currency translation adjustments	**(24,564)**	**(1,357)**	16,092	3,870
Write-off	**(219,016)**	**–**	(364,540)	–
Net charge to profit and loss account	**200,539**	**184,050**	521,631	173,193
Balance at 31 December	**930,007**	**1,752,348**	973,048	1,569,655
The Bank				
Balance at 1 January	**533,968**	**1,258,483**	325,685	1,075,608
Currency translation adjustments	**(21,001)**	**(212)**	11,212	(139)
Write-off	**(100,488)**	**–**	(131,560)	–
Net charge to profit and loss account	**92,843**	**138,695**	328,631	183,014
Balance at 31 December	**505,322**	**1,396,966**	533,968	1,258,483

24. Assets pledged/received as collateral

Assets pledged/received as collateral whereby the pledgees have the right by contract or custom to sell or repledge the assets and the obligation to return them subsequently are as follows:

(a)

	The Group and The Bank	
	2010 $'000	2009 $'000
Assets pledged for Repo transactions, at carrying amount		
Singapore Government treasury bills and securities	**605,994**	224,497
Other government treasury bills and securities	**4,053,722**	1,400,073
Placements and balances with banks		
Negotiable certificates of deposit	**1,858,589**	991,611
Bankers' acceptances	**144,978**	59,144
Investment securities	**286,690**	313,339
	6,949,973	2,988,664

The amount of the associated liabilities approximates the carrying amount of the assets pledged.

(b)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Assets received for reverse Repo transactions, at fair value	**976,468**	636,772	**432,271**	268,132
Of which, sold or repledged	**157,658**	74,251	**157,658**	74,251

25. Investment securities

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Quoted securities				
Debt	**9,077,257**	9,616,039	**8,712,806**	9,382,819
Equity	**1,775,670**	1,490,741	**1,651,836**	1,332,604
Unquoted securities				
Debt	**4,184,866**	4,312,220	**3,233,746**	3,628,099
Equity	**1,534,005**	1,412,291	**1,383,178**	1,267,814
Provision for impairment (Note 29)	**(645,884)**	(653,904)	**(494,962)**	(442,148)
Investment securities	**15,925,914**	16,177,387	**14,486,604**	15,169,188
Less: Amount sold under Repo	**(286,690)**	(313,339)	**(286,690)**	(313,339)
	15,639,224	15,864,048	**14,199,914**	14,855,849

25. Investment securities (continued)

(b) Investment securities [1] analysed by industry

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Transport, storage and communication	**1,482,848**	1,520,413	**1,372,546**	1,400,864
Building and construction	**1,201,174**	1,452,639	**1,149,121**	1,398,555
Manufacturing	**911,965**	856,003	**885,524**	830,551
Financial institutions	**9,286,609**	10,298,728	**8,252,106**	9,711,867
General commerce	**638,105**	271,532	**571,423**	156,008
Other	**2,405,213**	1,778,072	**2,255,884**	1,671,343
	15,925,914	16,177,387	**14,486,604**	15,169,188

[1] Include amount sold under Repo

26. Other assets

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Interest receivable	**609,753**	592,386	**480,662**	472,887
Sundry debtors	**2,158,216**	2,221,247	**1,736,060**	1,431,482
Foreclosed properties	**279,572**	368,691	**3,016**	–
Other	**531,541**	397,994	**309,027**	256,540
Provision for impairment on other assets (Note 29)	**(241,606)**	(256,644)	**(53,639)**	(53,322)
	3,337,476	3,323,674	**2,475,126**	2,107,587

27. Investment in associates

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Quoted equity securities	**127,053**	127,053	**92,207**	92,207
Unquoted equity securities	**377,157**	374,687	**279,523**	279,523
	504,210	501,740	**371,730**	371,730
Provision for impairment (Note 29)	**–**	–	**(237)**	(528)
Share of post-acquisition reserve	**693,950**	710,312	**–**	–
	1,198,160	1,212,052	**371,493**	371,202
Market value of quoted equity securities at 31 December	**643,135**	577,599	**604,853**	534,080

27. Investment in associates (continued)

(b) The Group's share of the associates' financials is as follows:

	The Group	
	2010 $'000	2009 $'000
Total operating income	**467,086**	418,321
Profit before tax	**139,058**	106,524
Total assets	**2,620,671**	2,410,913
Total liabilities	**1,425,851**	1,202,486
Contingent liabilities	**57,200**	76,000

(c) The carrying amounts of the Group's investment in associates as at 31 December 2010 and 2009 include goodwill amounting to $12,045,000.

(d) Major associates of the Group as at the balance sheet date are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity interest of the Group 2010 %	2009 %
Quoted associates				
United International Securities Limited	Investment	Singapore	**47**	47
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**40**	40
Unquoted associates				
Network for Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfer	Singapore	**33**	33
United Facilities Private Limited	Investment holding	Singapore	**49**	49

28. Investment in subsidiaries

(a)

	The Bank	
	2010 $'000	2009 $'000
Quoted equity securities	**45,024**	45,024
Unquoted equity securities	**5,028,064**	5,546,626
	5,073,088	5,591,650
Provision for impairment (Note 29)	**(316,080)**	(313,618)
	4,757,008	5,278,032
Market value of quoted equity securities at 31 December	**122,834**	107,480

28. 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 2010 %	Effective equity interest of the Group 2009 %
Commercial Banking			
Far Eastern Bank Limited	Singapore	**78**	78
United Overseas Bank (Malaysia) Bhd	Malaysia	**100**	100
United Overseas Bank (Thai) Public Company Limited	Thailand	**99.7**	99.7
PT Bank UOB Buana	Indonesia	**99**	99
United Overseas Bank (China) Limited	China	**100**	100
United Overseas Bank Philippines	Philippines	**100**	100
Merchant Banking			
UOB Asia (Hong Kong) Limited	Hong Kong	**100**	100
UOB Australia Limited	Australia	**100**	100
Insurance			
United Overseas Insurance Limited	Singapore	**58**	58
UOB Insurance (H.K.) Limited	Hong Kong	**58**	58
Investment			
UOB Capital Investments Pte Ltd	Singapore	**100**	100
UOB Capital Management Pte Ltd	Singapore	**100**	100
UOB Holdings Private Limited	Singapore	**100**	100
UOB International Investment Private Limited	Singapore	**100**	100
UOB Property Investments Pte. Ltd.	Singapore	**100**	100
UOB Venture Management (Shanghai) Co., Ltd [1]	China	**100**	100
UOB Holdings (USA) Inc. [2]	United States	**100**	100
Investment Management			
UOB Asset Management Ltd	Singapore	**100**	100
UOB Venture Management Private Limited	Singapore	**100**	100
UOB-OSK Asset Management Sdn. Bhd.	Malaysia	**70**	70
UOB Asset Management (Thai) Co., Ltd.	Thailand	**99.7**	99.7
UOB Investment Advisor (Taiwan) Ltd	Taiwan	**100**	100
UOB Global Capital LLC [2]	United States	**70**	70
Gold/Futures Dealing			
UOB Bullion and Futures Limited	Singapore	**100**	100
Property			
Industrial & Commercial Property (S) Pte Ltd	Singapore	**100**	100
UOB Developments Private Limited	Singapore	**100**	100
PT UOB Property	Indonesia	**100**	100
UOB Realty (USA) Ltd Partnership [2]	United States	**100**	100
Travel			
UOB Travel Planners Pte Ltd	Singapore	**100**	100

Note:

Except as indicated, all subsidiaries incorporated in Singapore are audited by Ernst & Young LLP, Singapore and those incorporated in overseas are audited by member firms of Ernst & Young Global.

1 Audited by other auditors.

2 Not required to be audited.

29. Movements of provision for impairment on investments and other assets

	Investment securities		Other assets	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
The Group				
Balance at 1 January	**653,904**	431,676	**256,644**	227,619
Currency translation adjustments	**(15,207)**	2,677	**70**	1,155
Write-off	**(64,734)**	(59,326)	**(38,220)**	(34,305)
Net charge to profit and loss account	**71,921**	278,877	**23,112**	62,175
Balance at 31 December	**645,884**	653,904	**241,606**	256,644

	Investment securities $'000	Investment in associates $'000	Investment in subsidiaries $'000	Other assets $'000
The Bank				
2010				
Balance at 1 January	**442,148**	**528**	**313,618**	**53,322**
Currency translation adjustments	**(15,850)**	**–**	**(12)**	**(672)**
Transfers	**–**	**–**	**4,080**	**–**
Write-off	**(1,056)**	**–**	**–**	**(316)**
Net charge/(write-back) to profit and loss account	**69,720**	**(291)**	**227**	**(528)**
Reclassification	**–**	**–**	**(1,833)**	**1,833**
Balance at 31 December	**494,962**	**237**	**316,080**	**53,639**
2009				
Balance at 1 January	286,044	530	303,999	64,938
Currency translation adjustments	564	–	(4)	(238)
Write-off	(49,350)	–	(4,369)	(12,232)
Net charge/(write-back) to profit and loss account	204,890	(2)	13,992	854
Balance at 31 December	442,148	528	313,618	53,322

30. Investment properties

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance at 1 January	**1,134,168**	1,036,642	**1,424,190**	1,408,507
Currency translation adjustments	**(6,278)**	7,983	**(869)**	3,494
Additions	**18,019**	81,094	**14,066**	6,043
Disposals	**(3,333)**	(19,526)	**(4,944)**	(9,441)
Depreciation charge	**(19,413)**	(20,841)	**(17,869)**	(18,178)
(Provision for)/write-back of impairment	**410**	10,969	**941**	(652)
Transfers	**1,822**	37,847	**3,154**	34,417
Balance at 31 December	**1,125,395**	1,134,168	**1,418,669**	1,424,190
Represented by:				
Cost	**1,372,105**	1,348,739	**1,595,129**	1,562,380
Accumulated depreciation	**(246,066)**	(213,496)	**(175,578)**	(136,299)
Provision for impairment	**(644)**	(1,075)	**(882)**	(1,891)
Net carrying amount	**1,125,395**	1,134,168	**1,418,669**	1,424,190

Market values of the investment properties of the Bank and the Group as at 31 December 2010 were estimated to be $2,461 million and $2,753 million (2009: $2,367 million and $2,635 million) respectively. The valuation was performed by internal valuers with professional qualifications and experience, taking into account market prices and rental of comparable properties.

31. Fixed assets

	2010			2009		
	Owner-occupied properties $'000	Other $'000	Total $'000	Owner-occupied properties $'000	Other $'000	Total $'000
The Group						
Balance at 1 January	**673,505**	**366,854**	**1,040,359**	672,470	384,601	1,057,071
Currency translation adjustments	**(891)**	**10,779**	**9,888**	4,740	3,134	7,874
Additions	**–**	**91,966**	**91,966**	39,841	92,329	132,170
Disposals	**(893)**	**(4,180)**	**(5,073)**	–	(8,917)	(8,917)
Depreciation charge	**(15,364)**	**(102,290)**	**(117,654)**	(12,376)	(104,293)	(116,669)
Write-back of impairment	**1,485**	**–**	**1,485**	6,677	–	6,677
Transfers	**(1,827)**	**5**	**(1,822)**	(37,847)	–	(37,847)
Balance at 31 December	**656,015**	**363,134**	**1,019,149**	673,505	366,854	1,040,359
Represented by:						
Cost	**824,776**	**1,356,327**	**2,181,103**	846,293	1,321,168	2,167,461
Accumulated depreciation	**(166,508)**	**(993,193)**	**(1,159,701)**	(168,978)	(954,314)	(1,123,292)
Provision for impairment	**(2,253)**	**–**	**(2,253)**	(3,810)	–	(3,810)
Net carrying amount	**656,015**	**363,134**	**1,019,149**	673,505	366,854	1,040,359
The Bank						
Balance at 1 January	**557,816**	**213,176**	**770,992**	598,219	223,023	821,242
Currency translation adjustments	**(408)**	**(363)**	**(771)**	1,364	(72)	1,292
Additions	**–**	**50,248**	**50,248**	–	56,320	56,320
Disposals	**–**	**(978)**	**(978)**	–	(4,938)	(4,938)
Depreciation charge	**(7,349)**	**(59,301)**	**(66,650)**	(7,095)	(61,157)	(68,252)
(Provision for)/write-back of impairment	**472**	**–**	**472**	(255)	–	(255)
Transfers	**(3,154)**	**–**	**(3,154)**	(34,417)	–	(34,417)
Balance at 31 December	**547,377**	**202,782**	**750,159**	557,816	213,176	770,992
Represented by:						
Cost	**615,412**	**817,833**	**1,433,245**	642,551	811,711	1,454,262
Accumulated depreciation	**(67,745)**	**(615,051)**	**(682,796)**	(83,945)	(598,535)	(682,480)
Provision for impairment	**(290)**	**–**	**(290)**	(790)	–	(790)
Net carrying amount	**547,377**	**202,782**	**750,159**	557,816	213,176	770,992

Market values of the owner-occupied properties of the Bank and the Group as at 31 December 2010 were estimated to be $1,170 million and $1,846 million (2009: $924 million and $1,565 million) respectively. The valuation was performed by internal valuers with professional qualifications and experience, taking into account market prices and rental of comparable properties.

Other fixed assets comprise mainly computer equipment, application software and furniture and fittings.

32. Intangible assets

(a)

	The Group			
	Goodwill $'000	Core deposit base $'000	Customer loan base $'000	Total $'000
2010				
Balance at 1 January	**4,198,083**	**18,615**	**12,434**	**4,229,132**
Currency translation adjustments	**(6,346)**	**(1,034)**	**(689)**	**(8,069)**
Amortisation charge	**–**	**(6,589)**	**(4,393)**	**(10,982)**
Balance at 31 December	**4,191,737**	**10,992**	**7,352**	**4,210,081**
Represented by:				
Cost	**4,191,737**	**43,996**	**29,379**	**4,265,112**
Accumulated amortisation	**–**	**(33,004)**	**(22,027)**	**(55,031)**
Net carrying amount	**4,191,737**	**10,992**	**7,352**	**4,210,081**
2009				
Balance at 1 January	4,174,679	21,724	14,505	4,210,908
Currency translation adjustments	23,404	3,081	2,055	28,540
Amortisation charge	–	(6,190)	(4,126)	(10,316)
Balance at 31 December	4,198,083	18,615	12,434	4,229,132
Represented by:				
Cost	4,198,083	45,996	30,714	4,274,793
Accumulated amortisation	–	(27,381)	(18,280)	(45,661)
Net carrying amount	4,198,083	18,615	12,434	4,229,132

(b) Goodwill is allocated on the date of acquisition to the reportable operating segments expected to benefit from the synergies of business combination. The recoverable amount of the operating segments is based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the Group as a whole and to individual countries such as Thailand and Indonesia. Growth rates are determined based on economic growth forecasts by major countries. Cash flow projections are based on most recent five-year financial budget approved by management, with projected cash flows discounted at rates ranging from 7% to 13% (2009: 9% to 13%) and those beyond the five-year period extrapolated using growth rates ranging from 4% to 5% (2009: 4% to 5%). Impairment is recognised in the profit and loss account when the carrying amount of an operating segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating segments to exceed their recoverable amount.

(c) The core deposit base and customer loan base intangibles are amortised over their estimated useful lives of seven years.

33. Contingent liabilities

In the normal course of business, the Bank and the Group conduct businesses involving acceptances, 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	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Direct credit substitutes	**5,612,002**	4,646,221	**4,476,940**	3,647,245
Transaction-related contingencies	**4,686,203**	3,598,295	**3,446,841**	2,473,125
Trade-related contingencies	**4,670,057**	4,080,421	**3,952,004**	3,778,102
Other contingent liabilities	**53,145**	63,126	**34,523**	37,710
	15,021,407	12,388,063	**11,910,308**	9,936,182

Included in other contingent liabilities are estimated legal claims of $35 million (2009: $38 million). The Bank is of the view that these claims have no merit and their ultimate resolution is not expected to have a significant effect on the financials of the Bank and the Group. Accordingly, no provision has been made in respect of these legal claims in the financial statements.

34. 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 41.

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.

	2010			2009		
	Contract/ notional amount $'000	Positive fair value $'000	Negative fair value $'000	Contract/ notional amount $'000	Positive fair value $'000	Negative fair value $'000
The Group						
Foreign exchange contracts						
Forwards	**14,683,473**	**140,888**	**151,727**	8,276,707	65,788	95,917
Swaps	**72,087,066**	**851,002**	**667,464**	46,024,635	389,010	187,150
Options purchased	**3,127,556**	**32,968**	**–**	2,420,490	20,423	–
Options written	**3,330,522**	**–**	**37,130**	1,923,695	–	18,467
Interest rate contracts						
Swaps	**182,739,579**	**3,063,183**	**3,249,301**	196,319,390	3,404,815	3,557,568
Futures	**64,133**	**34**	**36**	1,289,021	2,242	1,499
Options purchased	**1,853,605**	**4,779**	**–**	2,097,299	6,282	–
Options written	**3,987,009**	**–**	**3,406**	3,555,242	–	9,161
Equity-related contracts						
Swaps	**3,134,282**	**811,896**	**812,797**	3,297,089	871,818	873,141
Futures	**–**	**–**	**–**	18,591	–	267
Options purchased	**1,421,546**	**635,020**	**–**	1,395,396	640,057	–
Options written	**1,421,608**	**–**	**637,021**	1,310,967	–	639,121
Credit-related contracts						
Swaps	**243,968**	**1,658**	**2,041**	278,694	549	2,239
Other						
Forwards	**565,726**	**10,572**	**180,472**	495,576	10,624	115,311
Swaps	**343,873**	**10,740**	**1,147**	370,390	15,492	4,072
Futures	**3,608**	**36**	**–**	–	–	–
Options purchased	**1,621**	**254**	**–**	3,547	–	–
Options written	**1,628**	**–**	**255**	2,997	–	–
	289,010,803	**5,563,030**	**5,742,797**	269,079,726	5,427,100	5,503,913

34. Financial derivatives (continued)

	2010			2009		
	Contract/ notional amount $'000	Positive fair value $'000	Negative fair value $'000	Contract/ notional amount $'000	Positive fair value $'000	Negative fair value $'000
The Bank						
Foreign exchange contracts						
Forwards	**12,928,698**	**106,047**	**153,969**	6,747,419	60,726	94,558
Swaps	**65,376,919**	**753,491**	**577,573**	42,124,214	363,172	156,701
Options purchased	**2,964,338**	**31,987**	**–**	2,404,153	23,565	–
Options written	**3,261,947**	**–**	**36,571**	2,037,514	–	19,436
Interest rate contracts						
Swaps	**157,918,973**	**2,947,783**	**3,058,908**	180,338,112	3,243,841	3,340,460
Futures	**39,183**	**–**	**–**	1,264,432	2,221	1,473
Options purchased	**1,828,359**	**4,775**	**–**	2,069,097	6,199	–
Options written	**3,957,738**	**–**	**3,402**	3,527,007	–	9,079
Equity-related contracts						
Swaps	**3,125,212**	**811,911**	**812,480**	3,297,089	871,818	873,141
Futures	**–**	**–**	**–**	18,591	–	267
Options purchased	**1,387,008**	**635,291**	**–**	1,357,121	639,305	–
Options written	**1,369,927**	**–**	**637,210**	1,264,645	–	640,125
Credit-related contracts						
Swaps	**243,968**	**1,658**	**2,041**	278,694	549	2,239
Other						
Forwards	**126,160**	**1,048**	**5,305**	92,886	71	399
Swaps	**243,770**	**6,612**	**1,063**	108,567	785	9
Options purchased	**1,621**	**254**	**–**	3,547	–	–
Options written	**1,621**	**–**	**254**	2,996	–	–
	254,775,442	**5,300,857**	**5,288,776**	246,936,084	5,212,252	5,137,887

35. Hedge accounting

(a) Fair value hedge

Interest rate swaps were contracted to hedge certain of the Bank's investment in debt securities and subordinated notes issued against interest rate risk. As at 31 December 2010, the net fair value of such interest rate swaps was $67 million (2009: $94 million). During the financial year, fair value loss of $24 million (2009: $19 million) on the swaps was recognised in the Bank's and the Group's profit and loss accounts which was offset by an equal amount of fair value gain (2009: gain) attributable to the interest rate risk on the hedged items.

As at 31 December 2010, non-bank customer deposits of $1,210 million (2009: $1,070 million) were designated to hedge the foreign exchange risk arising from certain of the Bank's available-for-sale equity securities and the Group's foreign-currency denominated assets. During the financial year, foreign exchange gains of $80 million (2009: $21 million) and $96 million (2009: $29 million) on the deposits were recognised in the Bank's and the Group's profit and loss accounts respectively. These were offset by equal amounts of foreign exchange losses (2009: loss) on the hedged items.

(b) Hedge of net investment in foreign operations

As at 31 December 2010, non-bank customer deposits of $777 million (2009: $914 million) were designated to hedge foreign exchange risk arising from the Bank's foreign operations. During the financial year, no foreign exchange gain or loss (2009: nil) arising from hedge ineffectiveness was recognised in the Bank's and the Group's profit and loss accounts.

36. Commitments

(a)

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Undrawn credit facilities	**45,828,640**	45,971,464	**35,180,341**	34,902,460
Spot/forward contracts	**2,759,659**	937,506	**1,536,163**	680,086
Capital commitments	**76,917**	77,826	**63,449**	58,827
Operating lease commitments	**121,653**	82,454	**73,221**	53,796
Other	**206,971**	208,457	**197,468**	202,205
	48,993,840	47,277,707	**37,050,642**	35,897,374

(b) **Operating lease commitments**

The aggregate minimum lease payments under non-cancellable operating leases at the balance sheet date are as follows:

	The Group		The Bank	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Minimum lease payable				
Within 1 year	**51,772**	44,344	**32,499**	30,914
Over 1 to 5 years	**67,029**	35,859	**40,722**	22,471
Over 5 years	**2,852**	2,251	**–**	411
	121,653	82,454	**73,221**	53,796
Minimum lease receivable				
Within 1 year	**100,968**	111,552	**84,771**	94,406
Over 1 to 5 years	**186,257**	152,260	**150,417**	121,163
Over 5 years	**5,723**	1,953	**4,818**	59
	292,948	265,765	**240,006**	215,628

37. Cash and cash equivalents

Cash equivalents are highly liquid assets that are subject to an insignificant risk of changes in value and are readily convertible into known amount of cash. Cash and cash equivalents in the consolidated cash flow statement comprise the following:

	The Group	
	2010 $'000	2009 $'000
Cash on hand	**1,463,739**	585,216
Non-restricted balances with central banks	**25,678,897**	15,958,866
	27,142,636	16,544,082

38. Share-based compensation plans

Share-based compensation plans of the Group comprise the UOB Restricted Share Plan and UOB Share Appreciation Rights Plan. Description of these plans is set out in the Directors' Report. Movements and outstanding balances of these plans are as follows:

UOB Restricted Share Plan and UOB Share Appreciation Rights Plan

	The Group and The Bank Restricted shares	
	2010 '000	2009 '000
Balance at 1 January	**3,264**	2,153
Granted	**1,195**	1,417
Forfeited/cancelled	**(469)**	(159)
Vested	**(637)**	(147)
Balance at 31 December	**3,353**	3,264

	Share appreciation rights	
	2010 '000	2009 '000
Balance at 1 January	**10,419**	9,047
Granted	**2,651**	2,670
Forfeited/cancelled	**(1,832)**	(675)
Vested	**(2,685)**	(623)
Balance at 31 December	**8,553**	10,419

	Exercisable rights	
	2010 '000	2009 '000
Balance at 1 January	**617**	–
Vested	**2,685**	623
Forfeited/lapsed	**(55)**	(6)
Exercised	**(72)**	–
Balance at 31 December	**3,175**	617

38. Share-based compensation plans (continued)

UOB Restricted Share Plan and UOB Share Appreciation Rights Plan (continued)

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants 2010 '000	2009 '000
Restricted shares				
2007	28 Sep 2009 and 28 Sep 2010	20.35	**–**	724
2008	14 Nov 2010 and 14 Nov 2011	11.16	**805**	1,123
2009	16 Nov 2011 and 16 Nov 2012	18.55	**1,353**	1,417
2010	15 Dec 2012 and 15 Dec 2013	16.35	**1,195**	–
			3,353	3,264
Share appreciation rights				
2007	28 Sep 2013	3.20	**–**	3,075
2008	14 Nov 2014	2.29	**3,352**	4,674
2009	16 Nov 2015	6.41	**2,550**	2,670
2010	15 Dec 2016	4.87	**2,651**	–
			8,553	10,419

Fair values of the restricted shares and share appreciation rights were estimated at the grant date using the Trinomial valuation methodology. The key assumptions were as follows:

	Restricted shares		Share appreciation rights	
	2010	2009	2010	2009
Exercise price ($)	Not applicable		**18.07**	18.85
Expected volatility (%) [1]	**35.87**	37.99	**35.87**	37.99
Risk-free interest rate (%)	**0.51 - 0.85**	0.69 - 0.93	**1.89**	1.76
Contractual life (years)	**2 and 3**	2 and 3	**6**	6
Expected dividend yield (%)	Management's forecast in line with dividend policy			

1 Based on past 3 years historical volatility

39. Related party transactions

Related parties cover the Group's subsidiaries, associates and their subsidiaries, and key management personnel and their related parties.

Key management personnel refer to the Bank's directors and members of its Management Executive Committee. Parties related to key management personnel include:

- their close family members
- companies that are majority-owned by them or their family members
- companies or firms in which they or their family members control or exercise significant influence over the board of directors

39. Related party transactions (continued)

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 that may be of interest are as follows:

		The Group		The Bank	
		2010 $ million	2009 $ million	2010 $ million	2009 $ million
(a)	**Interest income**				
	Subsidiaries	**–**	–	**35**	31
	Associates	**8**	8	**8**	8
	Interest expense				
	Subsidiaries	**–**	–	**17**	26
	Associates	**2**	2	**1**	2
	Dividend income				
	Subsidiaries	**–**	–	**91**	194
	Associates	**–**	–	**86**	50
	Rental income				
	Subsidiaries	**–**	–	**3**	5
	Associates	*****	19	*****	19
	Rental expense				
	Subsidiaries	**–**	–	**12**	15
	Associates	**1**	1	*****	–
	Fee and commission and other income				
	Subsidiaries	**–**	–	**72**	57
	Associates	**18**	12	**1**	1
	Placements, loans and advances				
	Subsidiaries	**–**	–	**2,869**	2,578
	Associates	**770**	617	**758**	606
	Deposits				
	Subsidiaries	**–**	–	**2,269**	2,513
	Associates	**529**	515	**498**	493
	Off-balance sheet credit facilities				
	Subsidiaries	**–**	–	*****	–
	Associates	**10**	10	**10**	10
(b)	**Compensation of key management personnel**				
	Short-term employee benefits	**10**	14	**10**	14
	Long-term employee benefits	**6**	–	**6**	–
	Other	**2**	1	**2**	1
		18	15	**18**	15

* Less than $500,000

40. Segment information

(a) Operating segments

The Group is organised to be segment-led across key markets. Global segment heads are responsible for driving business with decision-making balanced with a geographical perspective. For internal management purposes, the following segments represent the key customer segments and product groups:

Group Retail ("GR")
GR segment covers Consumer, Privilege and Business Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management and restricted products such as structured notes, funds of hedge funds, and insurance plans to the wealthy and affluent customers.

Group Institutional Financial Services ("GIFS")
GIFS segment encompasses Commercial Banking, Corporate Banking, Corporate Finance, Debt Capital Markets and Private Banking. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies. Both Commercial Banking and Corporate Banking provide customers with a broad range of products and services that include current accounts, deposits, lending, asset finance, ship finance, trade finance, structured finance, cash management and cross-border payments. Corporate Finance provides services that include lead managing and underwriting equity offerings and corporate advisory services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

Global Markets and Investment Management ("GMIM")
GMIM segment provides a comprehensive range of treasury products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, gold products, as well as an array of structured products. It is a dominant player in Singapore dollar treasury instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds.

Other
Other segment includes property-related activities, insurance businesses and income and expenses not attributable to other operating segments.

40. Segment information (continued)
(a) **Operating segments** (continued)

	The Group					
	GR $ million	GIFS $ million	GMIM $ million	Other $ million	Elimination $ million	Total $ million
2010						
Operating income	**2,195**	**1,886**	**1,151**	**693**	**(125)**	**5,800**
Operating expenses	**(1,148)**	**(472)**	**(396)**	**(367)**	**125**	**(2,258)**
Impairment charges	**(68)**	**(175)**	**38**	**(269)**	**–**	**(474)**
Amortisation of intangible assets	**(3)**	**(8)**	**–**	**–**	**–**	**(11)**
Share of profit of associates	**–**	**–**	**3**	**136**	**–**	**139**
Profit before tax	**976**	**1,231**	**796**	**194**	**–**	**3,197**
Segment assets	**51,637**	**64,640**	**89,979**	**7,642**	**(5,528)**	**208,370**
Intangible assets						
Goodwill	**1,333**	**2,111**	**667**	**81**	**–**	**4,192**
Other	**6**	**12**	**–**	**–**	**–**	**18**
Investment in associates	**–**	**–**	**5**	**1,193**	**–**	**1,198**
Total assets	**52,976**	**66,763**	**90,651**	**8,916**	**(5,528)**	**213,778**
Segment liabilities	**68,398**	**66,278**	**51,192**	**12,426**	**(6,169)**	**192,125**
Other information						
Inter-segment operating income	**161**	**(107)**	**(229)**	**300**	**(125)**	**–**
Gross customer loans	**51,330**	**63,400**	**322**	**70**	**–**	**115,122**
Non-performing assets	**565**	**1,681**	**192**	**122**	**–**	**2,560**
Capital expenditure	**15**	**3**	**4**	**84**	**–**	**106**
Depreciation of assets	**17**	**5**	**3**	**112**	**–**	**137**
2009						
Operating income	2,037	1,765	1,425	302	(124)	5,405
Operating expenses	(969)	(409)	(332)	(488)	124	(2,074)
Impairment charges	(124)	(493)	(64)	(440)	–	(1,121)
Amortisation of intangible assets	(3)	(7)	–	–	–	(10)
Share of profit of associates	–	–	8	99	–	107
Profit before tax	941	856	1,037	(528)	–	2,306
Segment assets	42,586	59,962	75,840	4,861	(3,112)	180,137
Intangible assets						
Goodwill	1,336	2,114	667	81	–	4,198
Other	10	21	–	–	–	31
Investment in associates	–	–	18	1,194	–	1,212
Total assets	43,932	62,097	76,525	6,136	(3,112)	185,578
Segment liabilities	60,602	57,291	42,943	9,411	(3,824)	166,423
Other information						
Inter-segment operating income	271	(330)	(39)	222	(124)	–
Gross customer loans	42,239	59,188	235	82	–	101,744
Non-performing assets	644	1,656	298	124	–	2,722
Capital expenditure	14	4	3	192	–	213
Depreciation of assets	17	6	3	112	–	138

Notes:

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

No operating income from transactions with a single external customer or counterparty amounted to 10% or more of the Group's operating income in 2010 or 2009.

40. Segment information (continued)

(b) **Geographical segments**

The following geographical segment information is based on the location where the transactions and assets are booked, which approximates that based on the location of the customers and assets. The information is stated after elimination of inter-segment transactions.

	The Group					
	Total operating income		Profit before tax		Total assets	
	2010 $ million	2009 $ million	2010 $ million	2009 $ million	2010 $ million	2009 $ million
Singapore	**3,730**	3,522	**2,290**	1,594	**141,970**	121,190
Malaysia	**706**	571	**395**	271	**21,620**	17,776
Thailand	**408**	415	**87**	78	**10,533**	9,509
Indonesia	**388**	361	**175**	153	**5,455**	4,920
Greater China	**227**	201	**105**	81	**11,879**	7,132
Other	**341**	335	**156**	139	**18,111**	20,822
	5,800	5,405	**3,208**	2,316	**209,568**	181,349
Intangible assets	**–**	–	**(11)**	(10)	**4,210**	4,229
	5,800	5,405	**3,197**	2,306	**213,778**	185,578

41. 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 and liquidity risk.

The Group's financial risks are centrally managed by the various specialist committees within the delegated authority 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 Executive Committee.

The 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 Market Risk Control within the Risk Management Sector monitors 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 the Group Audit.

The main financial risks that the Group is exposed to and how they are being managed are set out below:

(a) **Credit risk**

Credit risk is defined as the risk of loss arising from any failure by a borrower or a counterparty to fulfil its financial obligations as and when they fall due.

The Group's Credit Committee is delegated the authority by the Board of Directors to oversee all credit matters. It maintains oversight on the effectiveness of the Group's credit and country risk management structure including framework, people, processes, information, infrastructure, methodologies and systems.

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, credit review and audit are performed regularly to proactively manage any delinquency, minimise undesirable concentrations, maximise recoveries, and ensure that credit policies and procedures are complied with. Past dues and credit limit excesses are tracked and analysed by business and product lines. Significant trends are reported to the Credit Committee and the Executive Committee.

Country risk arises where the Group is unable to receive payments from customers as a result of political or economic events in the country. These events include political and social unrest, nationalisation and expropriation of assets, government repudiation of external indebtedness, and currency depreciation or devaluation.

41. Financial risk management (continued)

(a) Credit risk (continued)

(i) Credit exposure

	The Group			
	Average 2010 $ million	Average 2009 $ million	2010 $ million	2009 $ million
Balances and placements with central banks	**23,780**	18,945	**29,279**	18,280
Singapore Government treasury bills and securities	**12,386**	9,932	**12,208**	12,563
Other government treasury bills and securities	**6,913**	4,323	**7,521**	6,304
Trading debt securities	**6**	42	**7**	4
Placements and balances with banks	**12,260**	13,536	**11,455**	13,065
Loans to non-bank customers	**105,821**	99,521	**112,440**	99,201
Derivative financial assets	**5,495**	7,137	**5,563**	5,427
Assets pledged	**4,970**	2,995	**6,950**	2,989
Investment debt securities	**12,956**	13,306	**12,612**	13,300
Others	**2,788**	2,949	**2,768**	2,814
	187,375	172,686	**200,803**	173,947
Contingent assets	**13,647**	12,163	**14,968**	12,325
Commitments	**47,749**	45,877	**48,588**	46,909
	248,771	230,726	**264,359**	233,181

(ii) Cross-border exposure above 1% of total assets

	The Group					
	Banks $ million	Non-banks $ million	Central banks and governments $ million	Investments $ million	Total $ million	% of total assets
2010						
United States	**468**	**61**	**2,774**	**2,507**	**5,810**	**2.7**
China	**3,266**	**738**	**–**	**610**	**4,614**	**2.2**
Hong Kong	**1,856**	**288**	**–**	**681**	**2,825**	**1.3**
2009						
United States	706	36	1,819	2,997	5,558	3.0
United Kingdom	3,424	30	1	827	4,282	2.3
China	2,227	276	–	374	2,877	1.6
Japan	1,497	8	–	593	2,098	1.1
France	1,291	71	*	580	1,942	1.0

* Less than $500,000

41. Financial risk management (continued)
(a) **Credit risk** (continued)
(iii) Credit quality of gross loans and debt securities
Gross loans are graded in accordance with MAS Notice 612 as follows:

	The Group	
	2010 $ million	2009 $ million
Passed	**112,013**	98,327
Special mention	**1,014**	1,212
Substandard	**1,270**	1,335
Doubtful	**272**	380
Loss	**553**	490
	115,122	101,744

Gross investment debt securities of the Group as at 31 December 2010 was $13,262 million (2009: $13,928 million) and provision for impairment of $363 million (2009: $314 million) was made for these securities.

Collateral such as properties, marketable securities and fixed deposits were obtained by the Group to mitigate its credit exposure.

(iv) Ageing analysis of past due but not impaired and non-performing assets

	The Group			
	2010		2009	
	Past due but not impaired $ million	Non-performing $ million	Past due but not impaired $ million	Non-performing $ million
Current	**–**	**596**	–	351
Within 90 days	**2,724**	**194**	3,410	489
Over 90 to 180 days	**–**	**251**	–	333
Over 180 days	**–**	**1,519**	–	1,549
	2,724	**2,560**	3,410	2,722

(v) Past due but not impaired and non-performing assets analysed by geographical segment

	The Group					
	2010			2009		
	Past due but not impaired $ million	Non-performing $ million	Individual impairment $ million	Past due but not impaired $ million	Non-performing $ million	Individual impairment $ million
Singapore	**1,646**	**1,059**	**528**	2,413	1,221	568
Malaysia	**644**	**373**	**118**	628	435	119
Thailand	**256**	**532**	**334**	246	533	333
Indonesia	**157**	**80**	**27**	92	106	31
Greater China	**11**	**61**	**32**	9	105	61
Other	**10**	**455**	**118**	22	322	88
	2,724	**2,560**	**1,157**	3,410	2,722	1,200

41. Financial risk management (continued)

(a) **Credit risk** (continued)

(vi) Past due but not impaired and non-performing assets analysed by industry

	The Group					
	2010			2009		
	Past due but not impaired $ million	Non-performing $ million	Individual impairment $ million	Past due but not impaired $ million	Non-performing $ million	Individual impairment $ million
Transport, storage and communication	**214**	**361**	**89**	184	78	32
Building and construction	**115**	**149**	**43**	167	208	53
Manufacturing	**382**	**524**	**346**	681	678	400
Financial institutions	**194**	**575**	**251**	232	666	284
General commerce	**520**	**353**	**205**	659	385	210
Professionals and private individuals	**857**	**197**	**99**	1,038	228	109
Housing loans	**375**	**259**	**36**	404	310	43
Other	**67**	**142**	**88**	45	169	69
	2,724	**2,560**	**1,157**	3,410	2,722	1,200

(vii) Security coverage of non-performing assets

	The Group	
	2010 $ million	2009 $ million
Non-performing assets secured by:		
Properties	**935**	1,058
Marketable securities, fixed deposits and other	**218**	122
Unsecured non-performing assets	**1,407**	1,542
	2,560	2,722

(viii) Collateral possessed during the financial year

	The Group	
	2010 $ million	2009 $ million
Properties	**12**	21
Securities and other	**–**	2
	12	23

Collateral possessed are disposed of in an orderly manner in accordance with target prices set. Proceeds from sale of collateral are used to reduce the outstanding loans.

41. Financial risk management (continued)

(b) **Foreign exchange 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, non-trading and structural foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from customer businesses. Structural foreign currency exposures are represented by the net asset values of overseas branches, share of the net asset values of its overseas subsidiaries and associates, and long-term investment in overseas properties of the Group. The Group utilises mainly spot foreign exchange, foreign currency forwards and swaps to hedge its foreign exchange exposures. Where possible, foreign investments are funded in the functional currencies of the respective locations to mitigate structural foreign currency exposures.

Foreign exchange risk is managed through policies and risk limits approved by the Asset and Liability Committee ("ALCO"). The limits, such as exposure by currency are independently monitored by Market Risk Management and Market Risk Control.

(i) The following table sets out the Group's assets, liabilities and financial derivatives by currency as at the balance sheet date. The off-balance sheet gap represents the net contract or notional amount of derivatives which is used principally to reduce the Group's exposure to foreign exchange risk.

	The Group						
	Singapore dollar $ million	US dollar $ million	Malaysian ringgit $ million	Thai baht $ million	Indonesian rupiah $ million	Other $ million	Total $ million
2010							
Cash, balances and placements with central banks	21,496	2,338	3,445	671	921	1,872	30,743
Securities [1]	16,194	11,897	2,419	2,801	214	6,928	40,453
Placements and balances with banks [1]	285	5,688	69	336	34	7,046	13,458
Loans to non-bank customers	65,329	13,559	13,933	6,559	3,169	9,891	112,440
Investment in associates	1,111	2	77	6	–	2	1,198
Intangible assets	3,182	–	–	725	303	–	4,210
Derivative financial assets	4,988	182	102	140	5	146	5,563
Other	3,627	890	303	303	216	374	5,713
Total assets	116,212	34,556	20,348	11,541	4,862	26,259	213,778
Deposits and balances of non-bank customers	86,464	17,264	15,508	6,503	3,150	13,410	142,299
Deposits and balances of banks, and bills and drafts payable	6,997	13,420	2,034	210	134	10,355	33,150
Debts issued	2,504	3,015	207	532	–	5	6,263
Derivative financial liabilities	4,734	442	111	165	5	286	5,743
Other	2,497	859	241	220	127	726	4,670
Total liabilities	103,196	35,000	18,101	7,630	3,416	24,782	192,125
On-balance sheet open position	13,016	(444)	2,247	3,911	1,446	1,477	
Off-balance sheet open position	1,931	(215)	(208)	(2,036)	11	517	
Net open position	14,947	(659)	2,039	1,875	1,457	1,994	
Of which:							
Net structural position	–	104	1,702	2,059	1,240	1,019	

[1] Include assets pledged

41. Financial risk management (continued)

(b) **Foreign exchange risk** (continued)

(i) (continued)

	The Group						
	Singapore dollar $ million	**US dollar $ million**	**Malaysian ringgit $ million**	**Thai baht $ million**	**Indonesian rupiah $ million**	**Other $ million**	**Total $ million**
2009							
Cash, balances and placements with central banks	9,636	3,040	2,631	2,009	825	724	18,865
Securities [1]	16,054	9,710	2,414	898	79	7,632	36,787
Placements and balances with banks [1]	303	5,954	211	10	37	7,601	14,116
Loans to non-bank customers	58,446	12,553	11,117	5,660	2,837	8,588	99,201
Investment in associates	1,126	16	62	6	–	2	1,212
Intangible assets	3,182	–	–	724	323	–	4,229
Derivative financial assets	4,784	110	107	103	1	322	5,427
Other	3,579	909	305	474	211	263	5,741
Total assets	97,110	32,292	16,847	9,884	4,313	25,132	185,578
Deposits and balances of non-bank customers	70,476	16,709	12,338	6,356	2,910	12,713	121,502
Deposits and balances of banks, and bills and drafts payable	4,183	12,795	1,779	126	61	10,245	29,189
Debts issued	2,413	3,153	–	421	–	57	6,044
Derivative financial liabilities	4,617	250	130	103	1	403	5,504
Other	2,378	1,248	317	166	58	17	4,184
Total liabilities	84,067	34,155	14,564	7,172	3,030	23,435	166,423
On-balance sheet open position	13,043	(1,863)	2,283	2,712	1,283	1,697	
Off-balance sheet open position	501	1,081	(415)	(894)	(49)	(224)	
Net open position	13,544	(782)	1,868	1,818	1,234	1,473	
Of which:							
Net structural position	–	127	1,422	1,964	1,172	1,067	

[1] Include assets pledged

41. Financial risk management (continued)

(b) **Foreign exchange risk** (continued)

(ii) Structural currency exposures of the Group as at the balance sheet date were as follows:

	The Group		
	Structural currency exposure		
	Total $ million	Hedged $ million	Unhedged $ million
2010			
Chinese renminbi	**727**	**–**	**727**
Indonesian rupiah	**1,240**	**–**	**1,240**
Malaysian ringgit	**1,702**	**–**	**1,702**
Thai baht	**2,059**	**–**	**2,059**
US dollar	**487**	**383**	**104**
Other	**867**	**575**	**292**
	7,082	**958**	**6,124**
2009			
Chinese renminbi	747	–	747
Indonesian rupiah	1,172	–	1,172
Malaysian ringgit	1,422	–	1,422
Thai baht	1,964	–	1,964
US dollar	512	385	127
Other	939	619	320
	6,756	1,004	5,752

41. Financial risk management (continued)

(c) **Interest rate risk**

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.

(i) The table below shows the Group's sensitivity to interest rates by time band based on the earlier of contractual repricing date and maturity date. Actual repricing dates may differ from contractual repricing dates due to prepayment of loans or early withdrawal of deposits.

	The Group							
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 to 3 years $ million	Over 3 years $ million	Non-interest bearing $ million	Total $ million
2010								
Cash, balances and placements with central banks	4,673	8,355	7,538	5,560	–	–	4,617	30,743
Securities [1]	166	1,876	7,117	8,986	8,284	11,251	2,773	40,453
Placements and balances with banks [1]	4,188	3,277	4,574	1,232	33	–	154	13,458
Loans to non-bank customers	21,513	48,000	26,448	9,635	4,158	1,633	1,053	112,440
Investment in associates	–	–	–	–	–	–	1,198	1,198
Intangible assets	–	–	–	–	–	–	4,210	4,210
Derivative financial assets	–	–	–	–	–	–	5,563	5,563
Other	206	13	104	345	546	151	4,348	5,713
Total assets	30,746	61,521	45,781	25,758	13,021	13,035	23,916	213,778
Deposits and balances of non-bank customers	54,761	26,309	19,540	21,767	1,613	1,416	16,893	142,299
Deposits and balances of banks, and bills and drafts payable	12,388	9,424	6,384	821	–	–	4,133	33,150
Debts issued	59	210	351	1,567	1,293	2,490	293	6,263
Derivative financial liabilities	–	–	–	–	–	–	5,743	5,743
Other	945	195	72	395	369	39	2,655	4,670
Total liabilities	68,153	36,138	26,347	24,550	3,275	3,945	29,717	192,125
Equity attributable to:								
Equity holders of the Bank	–	–	–	–	–	–	21,473	21,473
Minority interests	–	–	–	–	–	–	180	180
Total equity	–	–	–	–	–	–	21,654	21,654
Net on-balance sheet position	(37,407)	25,383	19,434	1,208	9,746	9,090	(27,455)	
Net off-balance sheet position	2,402	4,618	(2,817)	(3,752)	301	(752)	–	
Net interest rate sensitivity gap	(35,005)	30,001	16,617	(2,544)	10,047	8,338	(27,455)	

[1] Include assets pledged

41. Financial risk management (continued)
(c) **Interest rate risk** (continued)
(i) (continued)

	The Group							
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 to 3 years $ million	Over 3 years $ million	Non-interest bearing $ million	Total $ million
2009								
Cash, balances and placements with central banks	6,049	6,215	2,915	401	–	–	3,285	18,865
Securities [1]	1,947	3,795	5,515	7,756	7,172	8,318	2,284	36,787
Placements and balances with banks [1]	2,381	5,714	4,762	1,031	14	–	214	14,116
Loans to non-bank customers	17,261	48,672	19,020	6,846	4,658	1,785	959	99,201
Investment in associates	–	–	–	–	–	–	1,212	1,212
Intangible assets	–	–	–	–	–	–	4,229	4,229
Derivative financial assets	–	–	–	–	–	–	5,427	5,427
Other	170	–	–	–	–	–	5,571	5,741
Total assets	27,808	64,396	32,212	16,034	11,844	10,103	23,181	185,578
Deposits and balances of non-bank customers	44,206	30,737	15,044	15,693	1,644	238	13,940	121,502
Deposits and balances of banks, and bills and drafts payable	6,342	14,710	4,470	648	–	–	3,019	29,189
Debts issued	50	193	207	219	1,321	3,809	245	6,044
Derivative financial liabilities	–	–	–	–	–	–	5,504	5,504
Other	720	–	–	–	–	–	3,464	4,184
Total liabilities	51,318	45,640	19,721	16,560	2,965	4,047	26,172	166,423
Equity attributable to:								
Equity holders of the Bank	–	–	–	–	–	–	18,986	18,986
Minority interests	–	–	–	–	–	–	169	169
Total equity	–	–	–	–	–	–	19,155	19,155
Net on-balance sheet position	(23,510)	18,756	12,491	(526)	8,879	6,056	(22,146)	
Net off-balance sheet position	(2,334)	(281)	2,337	1,998	(222)	(1,498)	–	
Net interest rate sensitivity gap	(25,844)	18,475	14,828	1,472	8,657	4,558	(22,146)	

[1] Include assets pledged

(ii) The economic value of equity ("EVE") sensitivity at 100 and 200 basis points parallel interest rate shocks were negative $431 million and $873 million (2009: negative $309 million and $701 million) respectively. This is computed on the banking book for major currencies (Singapore dollar, US dollar and Malaysian ringgit) from major subsidiaries and branches. EVE is the present value of assets less present value of liabilities of the Group. The reported figures are based on the worst case of an upward and downward parallel shift in the yield curve. The repricing profile of loans and deposits that do not have maturity dates is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Loan prepayment is generally estimated based on past statistics and trends where possible and material. There may be some differences in the assumptions across geographical locations due to variations in local conditions.

41. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Group manages liquidity risk in accordance with the liquidity framework approved by the ALCO. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress test analysis of cash flows in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan. The Group is also required by the respective local regulators to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

(i) The following table shows the maturity analysis of the Group's assets and liabilities by remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group has a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Up to 7 days" time band) but historically a stable source of long-term funding for the Group.

	The Group							
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 to 3 years $ million	Over 3 years $ million	No specific maturity $ million	Total $ million
2010								
Cash, balances and placements with central banks	7,803	6,436	7,538	5,560	–	–	3,406	30,743
Securities [1]	522	834	5,635	9,119	9,424	11,673	3,246	40,453
Placements and balances with banks [1]	4,244	2,753	4,272	1,368	176	598	47	13,458
Loans to non-bank customers	3,588	7,858	10,220	14,377	20,698	48,882	6,817	112,440
Investment in associates	–	–	–	–	–	–	1,198	1,198
Intangible assets	–	–	–	–	–	–	4,210	4,210
Derivative financial assets	–	–	–	–	–	–	5,563	5,563
Other	426	151	74	334	648	413	3,667	5,713
Total assets	16,583	18,032	27,739	30,758	30,946	61,566	28,154	213,778
Deposits and balances of non-bank customers	74,763	23,019	19,625	21,833	1,621	1,452	(14)	142,299
Deposits and balances of banks, and bills and drafts payable	15,489	9,565	6,782	832	2	458	22	33,150
Debts issued	22	94	321	1,649	1,359	2,525	293	6,263
Derivative financial liabilities	–	–	–	–	–	–	5,743	5,743
Other	200	71	172	490	159	23	3,555	4,670
Total liabilities	90,474	32,749	26,900	24,804	3,141	4,458	9,599	192,125
Equity attributable to:								
Equity holders of the Bank	–	–	–	–	–	–	21,473	21,473
Minority interests	–	–	–	–	–	–	180	180
Total equity	–	–	–	–	–	–	21,654	21,654
Net on-balance sheet position	(73,891)	(14,717)	839	5,954	27,805	57,108	(3,099)	
Net off-balance sheet position	(30,964)	(1,004)	(776)	(425)	(468)	(116)	(10,174)	
Net maturity mismatch	(104,855)	(15,721)	63	5,529	27,337	56,992	(13,273)	

1 Include assets pledged

41. Financial risk management (continued)
(d) **Liquidity risk** (continued)
(i) (continued)

	The Group							
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 to 3 years $ million	Over 3 years $ million	No specific maturity $ million	Total $ million
2009								
Cash, balances and placements with central banks	7,960	5,027	2,915	401	–	–	2,562	18,865
Securities [1]	1,372	2,107	2,355	5,381	11,827	11,645	2,100	36,787
Placements and balances with banks [1]	3,536	4,211	4,764	1,072	107	–	426	14,116
Loans to non-bank customers	4,270	11,986	15,128	10,825	13,387	36,076	7,529	99,201
Investment in associates	–	–	–	–	–	–	1,212	1,212
Intangible assets	–	–	–	–	–	–	4,229	4,229
Derivative financial assets	–	–	–	–	–	–	5,427	5,427
Other	127	883	700	201	2	38	3,790	5,741
Total assets	17,265	24,214	25,862	17,880	25,323	47,759	27,275	185,578
Deposits and balances of non-bank customers	68,113	20,858	13,564	14,952	2,871	1,122	22	121,502
Deposits and balances of banks, and bills and drafts payable	11,768	10,554	5,652	767	34	249	165	29,189
Debts issued	41	145	178	222	1,359	3,853	246	6,044
Derivative financial liabilities	–	–	–	–	–	–	5,504	5,504
Other	15	17	8	158	206	398	3,382	4,184
Total liabilities	79,937	31,574	19,402	16,099	4,470	5,622	9,319	166,423
Equity attributable to:								
Equity holders of the Bank	–	–	–	–	–	–	18,986	18,986
Minority interests	–	–	–	–	–	–	169	169
Total equity	–	–	–	–	–	–	19,155	19,155
Net on-balance sheet position	(62,672)	(7,360)	6,460	1,781	20,853	42,137	(1,199)	
Net off-balance sheet position	(37,905)	(466)	(774)	(644)	(90)	(29)	(8,532)	
Net maturity mismatch	(100,577)	(7,826)	5,686	1,137	20,763	42,108	(9,731)	

[1] Include assets pledged

The Group is subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 33 and 36a. These have been incorporated in the net off-balance sheet position for year ended 31 December 2010. 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. The behavioural adjustments based on historical trends are disclosed in Note 41d(ii).

41. Financial risk management (continued)

(d) **Liquidity risk** (continued)

(ii) The following table shows the maturity analysis of the Group's assets and liabilities with behavioural adjustments on significant balance sheet items for Singapore, Malaysia and Thailand. The maturity profile for loans and deposits that do not have maturity dates, and fixed deposits that are frequently rolled over, is estimated based on past statistics and historical trends. Other balance sheet items such as credit cards are generally estimated based on the behavioural patterns of the customers. There may be some differences in the assumptions across geographical locations due to variations in local conditions.

	The Group					
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 year $ million	Total $ million
2010						
Cash, balances and placements with central banks	7,803	6,436	7,538	5,560	3,406	30,743
Securities [1]	1,636	897	5,229	8,851	23,840	40,453
Placements and balances with banks [1]	4,244	2,753	4,272	1,368	821	13,458
Loans to non-bank customers	4,234	9,658	12,882	21,922	63,744	112,440
Investment in associates	–	–	–	–	1,198	1,198
Intangible assets	–	–	–	–	4,210	4,210
Derivative financial assets	–	–	–	–	5,563	5,563
Other	430	163	92	387	4,641	5,713
Total assets	18,347	19,907	30,013	38,088	107,423	213,778
Deposits and balances of non-bank customers	12,640	11,665	7,106	2,872	108,016	142,299
Deposits and balances of banks, and bills and drafts payable	15,489	9,565	6,782	832	482	33,150
Debts issued	22	94	321	1,649	4,177	6,263
Derivative financial liabilities	–	–	–	–	5,743	5,743
Other	113	39	145	453	3,920	4,670
Total liabilities	28,264	21,363	14,354	5,806	122,338	192,125
Equity attributable to:						
Equity holders of the Bank	–	–	–	–	21,473	21,473
Minority interests	–	–	–	–	180	180
Total equity	–	–	–	–	21,654	21,654
Net on-balance sheet position	(9,917)	(1,456)	15,659	32,282	(36,569)	
Net off-balance sheet position	(639)	(2,740)	(2,066)	(5,552)	(15,448)	
Net maturity mismatch	(10,556)	(4,196)	13,593	26,730	(52,017)	

1 Include assets pledged

41. Financial risk management (continued)
(d) **Liquidity risk** (continued)
(ii) (continued)

	The Group					
	Up to 7 days $ million	Over 7 days to 1 month $ million	Over 1 to 3 months $ million	Over 3 to 12 months $ million	Over 1 year $ million	Total $ million
2009						
Cash, balances and placements with central banks	7,960	5,027	2,915	401	2,562	18,865
Securities [1]	1,372	2,107	2,355	5,381	25,572	36,787
Placements and balances with banks [1]	3,536	4,211	4,764	1,072	533	14,116
Loans to non-bank customers	3,793	12,127	15,182	10,996	57,103	99,201
Investment in associates	–	–	–	–	1,212	1,212
Intangible assets	–	–	–	–	4,229	4,229
Derivative financial assets	–	–	–	–	5,427	5,427
Other	127	883	700	201	3,830	5,741
Total assets	16,788	24,355	25,916	18,051	100,468	185,578
Deposits and balances of non-bank customers	7,380	10,542	3,979	1,698	97,903	121,502
Deposits and balances of banks, and bills and drafts payable	11,768	10,554	5,652	767	448	29,189
Debts issued	41	145	178	222	5,458	6,044
Derivative financial liabilities	–	–	–	–	5,504	5,504
Other	16	18	9	189	3,952	4,184
Total liabilities	19,205	21,259	9,818	2,876	113,265	166,423
Equity attributable to:						
Equity holders of the Bank	–	–	–	–	18,986	18,986
Minority interests	–	–	–	–	169	169
Total equity	–	–	–	–	19,155	19,155
Net on-balance sheet position	(2,417)	3,096	16,098	15,175	(31,952)	
Net off-balance sheet position	(3,042)	(2,271)	(3,034)	(3,764)	(11,514)	
Net maturity mismatch	(5,459)	825	13,064	11,411	(43,466)	

[1] Include assets pledged

41. Financial risk management (continued)

(e) Value-at-risk

The Group adopts a daily Value-at-Risk ("VaR") to estimate market risk within a 99% confidence interval using the historical simulation method. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. The method assumes that possible future changes in market rates may be implied by observed historical market movements. The level of VaR is dependent on the exposures, as well as market prices and volatilities. The table below shows the VaR profile by risk classes.

	The Group			
	Year end $ million	High $ million	Low $ million	Average $ million
2010				
Interest rate	**2.43**	**9.42**	**1.43**	**3.71**
Foreign exchange	**1.09**	**7.03**	**0.60**	**1.62**
Equity	**1.21**	**2.31**	**0.69**	**1.30**
Commodity	*	**0.16**	*	**0.01**
Specific risk [1]	**0.73**	**2.05**	**0.63**	**1.18**
Total VaR (general market risk with specific risk)	**3.46**	**9.74**	**2.07**	**4.48**
2009				
Interest rate	4.89	8.08	3.04	5.44
Foreign exchange	0.81	3.83	0.40	1.33
Equity	1.65	3.44	0.48	1.16
Commodity	*	0.18	*	0.01
Specific risk [1]	1.64	2.85	0.76	1.36
Total VaR (general market risk with specific risk)	4.93	8.87	2.59	5.32

* Less than $5,000

1 Specific risk encompasses specific equity market risk and specific credit market risk. It is computed from the residual volatility implied from the movement of individual assets and their corresponding indices.

42. Capital management

The Group's capital management objective is to maintain an optimal level of capital. Policies are set to ensure that the capital maintained is adequate to support business growth, taking into consideration regulatory requirements, the underlying risks of the Group's business and other factors such as rating targets. The policies endorsed by the Board of Directors are overseen by senior management.

The Group computes its capital adequacy ratios in accordance with MAS Notice 637 Risk-Based Capital Adequacy Requirements for Banks Incorporated in Singapore. The Group's Tier 1 capital comprises mainly share capital, reserves and retained earnings, and Tier 2 capital comprises qualifying subordinated notes and collective impairment provision. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks.

	The Group	
	2010 $ million	2009 $ million
Tier 1 capital		
Share capital	**2,537**	1,902
Preference shares	**2,149**	2,149
Disclosed reserves/other	**16,439**	15,189
Deductions from Tier 1 capital	**(4,763)**	(5,113)
Eligible Tier 1 capital	**16,362**	14,127
Tier 2 capital		
Cumulative collective impairment/other	**936**	912
Subordinated notes	**4,343**	4,767
Deductions from Tier 2 capital	**(435)**	(623)
Eligible total capital	**21,206**	19,183
Risk-weighted assets	**106,889**	100,908
Capital adequacy ratios (%)		
Tier 1	**15.3**	14.0
Total	**19.8**	19.0

43. Authorisation of financial statements

The financial statements were authorised for issue by the Board of Directors on 25 February 2011.

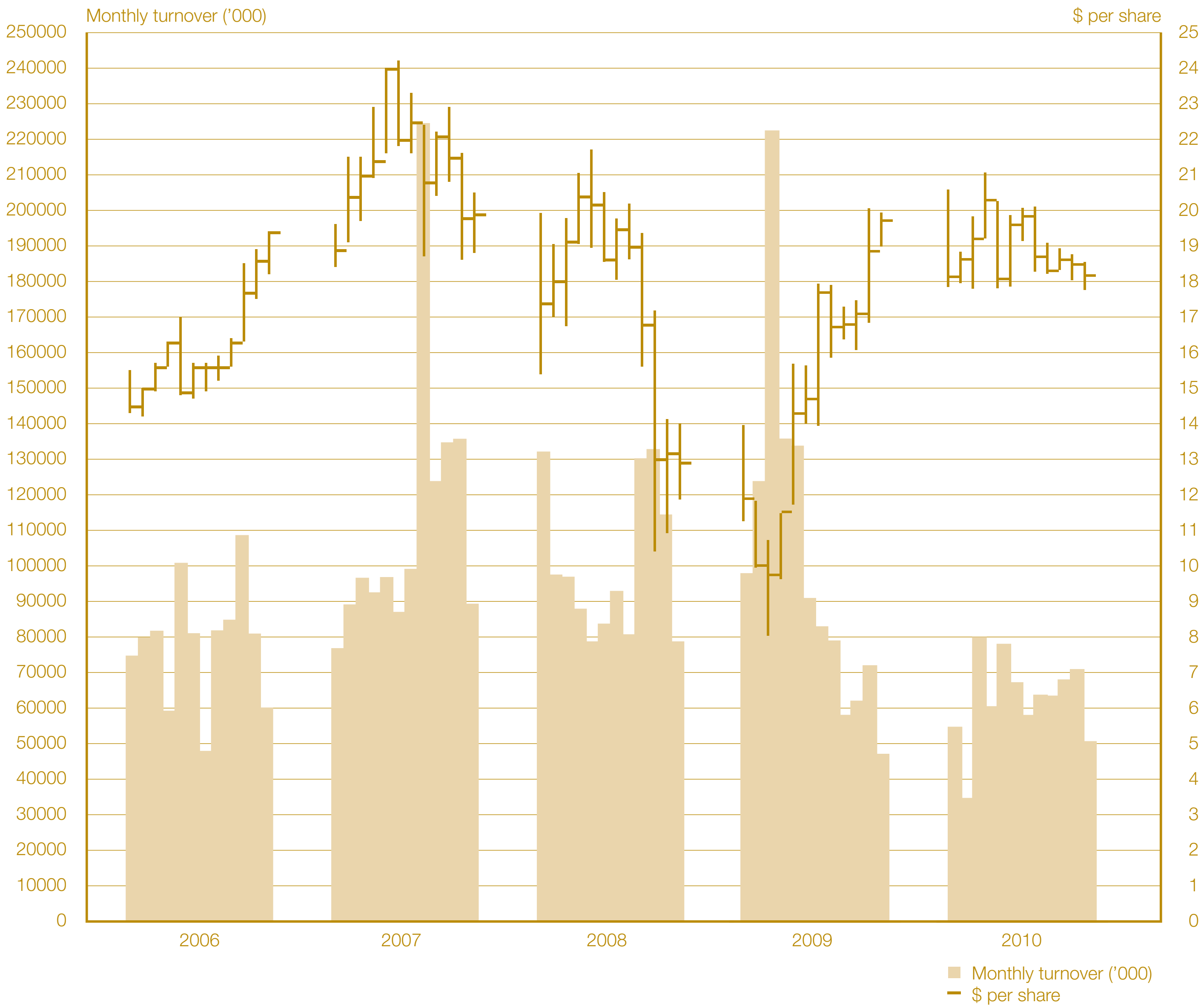
United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries
31 December 2010

Investor Reference

Contents

UOB Share Price and Turnover

for the financial year ended 31 December 2010



	2006	2007	2008	2009	2010
Share price ($)					
Highest	19.40	24.20	21.70	20.08	**21.08**
Lowest	14.20	18.40	10.40	8.07	**17.80**
Average	16.80	21.30	16.05	14.08	**19.44**
Last done	19.40	19.90	12.92	19.70	**18.20**
Price/Earning ratio (times)	10.17	15.66	12.84	11.83	**11.44**
Dividend cover (times)	2.08	1.90	2.14	2.10	**2.50**
Net dividend yield (%)	4.83	3.46	3.74	4.26	**3.60**

Note:
Average share prices are used in computing price/earning ratio and net dividend yield.

Statistics of Shareholdings

as at 9 March 2011

Ordinary shares

Distribution of ordinary shareholdings

Size of shareholdings	No. of ordinary shareholders	%	No. of ordinary shares (excluding treasury shares)	%
1 – 999	7,123	21.25	1,816,952	0.12
1,000 – 10,000	23,076	68.84	60,698,533	3.94
10,001 – 1,000,000	3,261	9.73	135,200,900	8.76
1,000,001 and above	62	0.18	1,344,919,321	87.18
Total:	**33,522**	**100.00**	**1,542,635,706**	**100.00**

Public float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public.

Based on information available to the Company as at 9 March 2011, approximately 76% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual has been complied with.

Twenty largest ordinary shareholders *(as shown in the Register of Members and Depository Register)*

Name of ordinary shareholders	No. of ordinary shares	% *
Citibank Nominees S'pore Pte Ltd	259,179,070	16.80
DBS Nominees Pte Ltd	220,423,480	14.29
United Overseas Bank Nominees (Pte) Ltd	138,140,821	8.95
DBSN Services Pte Ltd	125,813,208	8.16
Wee Investments Private Ltd	116,753,810	7.57
HSBC (Singapore) Nominees Pte Ltd	94,033,599	6.10
Wah Hin and Company Private Limited	81,222,475	5.27
Tai Tak Estates Sendirian Berhad	67,445,739	4.37
BNP Paribas Securities Services Singapore	34,054,553	2.21
C Y Wee & Co Pte Ltd	33,373,193	2.16
Raffles Nominees Pte Ltd	28,731,263	1.86
UOB Nominees (2006) Pte Ltd	17,600,717	1.14
Wee Cho Yaw	16,913,367	1.10
Tee Teh Sdn Berhad	10,685,540	0.69
Merrill Lynch (S'pore) Pte Ltd	7,266,443	0.47
Estate of Lo Kwang Pheng Deceased	4,369,500	0.28
Ho Sim Guan	4,332,372	0.28
Kota Trading Company Sendirian Berhad	3,959,591	0.26
Tropical Produce Company Pte Ltd	3,822,678	0.25
BNP Paribas Nominees S'pore Pte Ltd	3,471,689	0.23
Total:	**1,271,593,108**	**82.44**

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares, of the Bank

Statistics of Shareholdings

as at 9 March 2011

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 are deemed to have an interest	Total interest	
	No. of shares	No. of shares	No. of shares	%*
Estate of Lien Ying Chow, deceased	316,516	81,333,533 [1]	81,650,049	5.29
Lien Ying Chow Private Limited	–	81,232,588 [1]	81,232,588	5.27
Wah Hin and Company Private Limited	81,222,475	10,113 [2]	81,232,588	5.27
Sandstone Capital Pte Ltd	10,113	81,222,475 [3]	81,232,588	5.27
Wee Cho Yaw	16,913,367	254,042,597 [4]	270,955,964	17.56
Wee Ee Cheong	2,965,549	152,171,806 [4]	155,137,355	10.06
Wee Ee Chao	146,099	120,886,940 [4]	121,033,039	7.85
Wee Ee Lim	1,691,273	152,146,869 [4]	153,838,142	9.97
Wee Investments Private Ltd	116,753,647	177,000	116,930,647	7.58

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares, of the Bank

Notes:

1 Estate of Lien Ying Chow, deceased and Lien Ying Chow Private Limited are each deemed to have an interest in the 81,232,588 UOB shares in which Wah Hin and Company Private Limited has an interest.

2 Wah Hin and Company Private Limited is deemed to have an interest in the 10,113 UOB shares held by Sandstone Capital Pte Ltd.

3 Sandstone Capital Pte Ltd is deemed to have an interest in the 81,222,475 UOB shares held by Wah Hin and Company Private Limited.

4 Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim are each deemed to have an interest in Wee Investments Private Ltd's total direct and deemed interests of 116,930,647 UOB shares.

Statistics of Shareholdings

as at 9 March 2011

UOB Class E non-cumulative non-convertible preference shares

Distribution of preference shareholdings

Size of shareholdings	No. of preference shareholders	%	No. of preference shares	%
1 – 999	8,486	85.80	2,716,810	20.58
1,000 – 10,000	1,348	13.63	3,035,590	23.00
10,001 – 1,000,000	54	0.55	3,570,700	27.05
1,000,001 and above	2	0.02	3,876,900	29.37
Total:	**9,890**	**100.00**	**13,200,000**	**100.00**

Twenty largest preference shareholders *(as shown in the Depository Register)*

Name of preference shareholders	No. of preference shares	%
Citibank Nominees S'pore Pte Ltd	2,479,600	18.78
United Overseas Bank Nominees (Pte) Ltd	1,397,300	10.59
HSBC (Singapore) Nominees Pte Ltd	709,500	5.38
DBS Nominees Pte Ltd	350,500	2.66
Della Suantio Mrs Della Suantio Lee	312,500	2.37
Raffles Nominees Pte Ltd	196,900	1.49
Wee Foundation	167,700	1.27
First Capital Insurance Limited - Insurance Fund A/C	160,000	1.21
Tan Ser Kian, Fong Yin Leong & Lim Yin Nee	160,000	1.21
Singapura Finance Ltd	100,000	0.76
Tan Chong & Sons Motor Company (Singapore) Private Limited	100,000	0.76
Tan Chee Jin	75,000	0.57
HL Bank Nominees (S) Pte Ltd	73,800	0.56
BNP Paribas Nominees S'pore Pte Ltd	65,200	0.49
Institute of Technical Education	50,000	0.38
Sembawang Town Council	50,000	0.38
Singapore Hokkien Huay Kuan	50,000	0.38
Titular Roman Catholic Archbishop Of Singapore	50,000	0.38
Wilson Yip	45,600	0.35
SIM University	40,000	0.30
Total:	**6,633,600**	**50.27**

Five-Year Ordinary Share Capital Summary

		Number of ordinary shares		
Year	Particulars	Issued	Held in treasury	In circulation
2006	Balance at beginning of year	1,537,842,625		
	Exercise of share options	1,501,000		
	Share buyback and cancelled	(16,068,000)		
	Balance at end of year	1,523,275,625		1,523,275,625
2007	Exercise of share options	484,000		
	Share buyback and held in treasury		(11,597,000)	
	Balance at end of year	1,523,759,625	(11,597,000)	1,512,162,625
2008	Exercise of share options	171,000		
	Share buyback and held in treasury		(6,723,000)	
	Balance at end of year	1,523,930,625	(18,320,000)	1,505,610,625
2009	Exercise of share options	263,000		
	Issue of shares under share-based compensation plans		145,071	
	Balance at end of year	1,524,193,625	(18,174,929)	1,506,018,696
2010	**Issue of shares under share-based compensation plans**		**659,879**	
	Issue of shares under scrip dividend scheme	**35,945,762**		
	Balance at end of year	**1,560,139,387**	**(17,515,050)**	**1,542,624,337**

Our International Network

Banking Services

Singapore
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624
Phone: (65) 6533 9898
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: www.uobgroup.com

United Overseas Bank Limited has 67 branches in Singapore.

Far Eastern Bank Limited
(a subsidiary)
80 Raffles Place
UOB Plaza
Singapore 048624
Phone: (65) 6533 9898
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: www.uobgroup.com

Australia
UOB Sydney Branch
United Overseas Bank Building
Level 9, 32 Martin Place
Sydney, NSW 2000
Phone: (61)(2) 9221 1924
Fax: (61)(2) 9221 1541
SWIFT: UOVBAU2S
Email: UOB.Sydney@UOBgroup.com
Country Head, Australia &
New Zealand: Peter Mackinlay
General Manager, Operations: Yeo Aik Leng Eric

UOB Melbourne Office
Level 50, 120 Collins Street
Melbourne, VIC 3000
Phone: (61)(3) 9225 5145
Fax: (61)(3) 9225 5144
Country Head, Australia &
New Zealand: Peter Mackinlay
General Manager, Operations: Yeo Aik Leng Eric
State Manager: Geoff Luxton

Brunei
UOB Bandar Seri Begawan Branch
Units 10 & 11, Bangunan D'Amin Jaya
Lot 54989, Kampong Kiarong
Bandar Seri Begawan BE1318
Phone: (673) 222 5477/222 2210/222 0380
Fax: (673) 224 0792
SWIFT: UOVBBNBB
Email: uobbsb@brunet.bn
General Manager: Abdul Razak Abdul Malek

UOB Kuala Belait Branch
Chinese Chamber of Commerce Building
Ground Floor
Lot 104, Jalan Bunga Raya
Kuala Belait KA1131
Phone: (673) 333 1889/334 1012
Fax: (673) 333 1391
Email: uobkb@brunet.bn
Branch Manager: Abdul Razak Abdul Malek

Canada
UOB Vancouver Branch
Vancouver Centre
#1680-650 West Georgia Street
P.O. Box 11616
Vancouver, British Columbia
Canada V6B 4N9
Phone: (1)(604) 662 7055
Fax: (1)(604) 662 3356
SWIFT: UOVBCA8V
Email: UOB.Vancouver@UOBgroup.com
General Manager: Lim Phoon Seng George

China
United Overseas Bank (China) Limited
(a subsidiary)
Unit 105, 2F, 3F
111 Dongyuan Road
Pudong New Area,
Shanghai
PRC 200120
Phone: (86)(21) 6061 8888
Fax: (86)(21) 6886 0908
SWIFT: UOVBCNSH
Email: UOB.China@UOBgroup.com
Website: www.uobchina.com.cn
President & Chief Executive Officer: Tan Kian Huat

United Overseas Bank (China) Limited has 10 branches in China.

Hong Kong S.A.R.
UOB Main Branch
25/F Gloucester Tower
The Landmark
15 Queen's Road
Central, Hong Kong S.A.R.
Phone: (852) 2521 1521/2910 8888
Fax: (852) 2810 5506
Telex: 74581 TYHUA HX
SWIFT: UOVBHKHH
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Chan Tze Leung Robert
Deputy Chief Executive Officer: Chow Yew Hon
General Manager, Operations:
Kwong Hing Shaun Cindy

UOB Central Branch
SBI Centre
54-58 Des Voeux Road
Central, Hong Kong S.A.R.
Phone: (852) 2842 5666
Fax: (852) 2537 7890
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Chan Tze Leung Robert
Deputy Chief Executive Officer: Chow Yew Hon
Alternate Chief Executive & General Manager,
Operations: Kwong Hing Shaun Cindy

UOB Mongkok Branch
794 Nathan Road
Ground Floor
Kowloon, Hong Kong S.A.R.
Phone: (852) 2381 2292
Fax: (852) 2397 4564
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Chan Tze Leung Robert
Deputy Chief Executive Officer: Chow Yew Hon
Alternate Chief Executive & General Manager,
Operations: Kwong Hing Shaun Cindy

UOB Yaumatei Branch
554 Nathan Road
Ground Floor
Kowloon, Hong Kong S.A.R.
Phone: (852) 2532 6888
Fax: (852) 2388 2613
Email: UOB.HongKong@UOBgroup.com
Chief Executive Officer: Chan Tze Leung Robert
Deputy Chief Executive Officer: Chow Yew Hon
Alternate Chief Executive & General Manager,
Operations: Kwong Hing Shaun Cindy

India
UOB Mumbai Branch
3 North Avenue, Maker Maxity
Units 31 & 37, 3rd Floor
'C' Wing Bandra – Kurla Complex
Bandra (East)
Mumbai 400 051
Phone: (91)(22) 2659 2121/2659 1133
Fax: (91)(22) 2659 2121/2659 1133
General Manager: Lourdes Premkumar Sinnappan

Indonesia
UOB Jakarta Representative Office
UOB Plaza, 38th Floor
Jalan M.H. Thamrin No.10
Jakarta 10230
Phone: (62)(21) 2993 7317
Fax: (62)(21) 2993 7318
Chief Representative: Utami Dewi Suhadi

PT Bank UOB Buana
(a subsidiary)
UOB Plaza
Jalan M.H. Thamrin No.10
Jakarta 10230
Phone: (62)(21) 2350 6000
Fax: (62)(21) 2993 6632
SWIFT: BBIJIDJA
Website: www.uobbuana.com
President Director: Armand Bachtiar Arief
Vice President Director: Wang Lian Khee
Vice President Director: Iwan Satawidinata

PT Bank UOB Buana has 213 branches in Indonesia.

Japan
UOB Tokyo Branch
Shin Kokusai Building, 3-4-1
Marunouchi, Chiyoda-ku
Tokyo 100-0005
Phone: (81)(3) 3216 4251
Fax: (81)(3) 3216 4254
SWIFT: UOVBJPJT
Email: UOB.Tokyo@UOBgroup.com
General Manager: Wong Kwong Yew

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: GMUOBLabuan@UOBgroup.com
General Manager: Winston Lai Tak Kong

Our International Network

United Overseas Bank (Malaysia) Bhd
(a subsidiary)
Menara UOB
Jalan Raja Laut
P.O. Box 11212
50738 Kuala Lumpur
Phone: (60)(3) 2692 7722
Fax: (60)(3) 2691 0281
Telex: MA 34191 UOBMHO
SWIFT: UOVBMYKL
Email: uob121@uob.com.my
Website: www.uob.com.my
Director & Chief Executive Officer: Chan Kok Seong

United Overseas Bank (Malaysia) Bhd has 45 branches in Malaysia.

Myanmar
UOB Yangon Representative Office
48 Aung Teza Street, 6th Ward
High Land Avenue
Mayangone Township
Yangon
Phone: (95)(1) 667 818
Fax: (95)(1) 656 224
Email: UOB.Yangon@UOBgroup.com
Chief Representative: Hla Thaung

Philippines
United Overseas Bank Philippines
(A Thrift Bank)
(a subsidiary)
Pacific Star Building
17th Floor
Sen. Gil Puyat Avenue corner
Makati Avenue
1200 Makati City
Phone: (63)(2) 6700 8686
Fax: (63)(2) 811 5869
SWIFT: UOVBPHMM
Email: info@uob.com.ph
President & Chief Executive Officer: Emmanuel T. Mangosing

South Korea
UOB Seoul Branch
3(A)F Seoul Finance Centre
84, Taepyungno 1-ga
Jung-Gu
Seoul 100-768
Phone: (82)(2) 739 3916/739 3919
Fax: (82)(2) 730 9570
SWIFT: UOVBKRSE
Email: UOB.Seoul@UOBgroup.com
General Manager: Chung Kok Kai Steven

Taiwan
UOB Taipei Branch
Union Enterprise Plaza, 16th Floor
109 Minsheng East Road
Section 3, Taipei 10544
Phone: (886)(2) 2715 0125
Fax: (886)(2) 2713 7456
Email: UOB.Taipei@UOBgroup.com
General Manager: Ng Kok Suah Benjamin

Thailand
United Overseas Bank (Thai) Public Company Limited
(a subsidiary)
191 South Sathon Road
Sathon
Bangkok 10120
Phone: (66)(2) 343 3000
Fax: (66)(2) 287 2973/287 2974
Telex: 84351 BKASIA TH
SWIFT: BKASTHBK
Website: www.uob.co.th
President & Chief Executive Officer:
Wong Kim Choong
Deputy President & Deputy Chief Executive Officer:
Chua Teng Hui

United Overseas Bank (Thai) Public Company Limited has 146 branches in Thailand.

United Kingdom
UOB London Branch
19 Great Winchester Street
London EC2N 2BH
Phone: (44)(20) 7448 5800
Fax: (44)(20) 7628 3433
SWIFT: UOVBGB2L
Email: UOB.London@UOBgroup.com
General Manager: Ho Chai Seng

United States of America
UOB New York Agency
UOB Building
592 Fifth Avenue
10th Floor, 48th Street
New York, NY 10036
Phone: (1)(212) 382 0088
Fax: (1)(212) 382 1881
SWIFT: UOVBUS33
Email: UOB.NewYork@UOBgroup.com
Agent & General Manager: Koh Kok Jin

UOB Los Angeles Agency
777 South Figueroa Street
Suite 518, Los Angeles
CA 90017
Phone: (1)(213) 623 8042
Fax: (1)(213) 623 3412
Email: UOB.LosAngeles@UOBgroup.com
Agent & General Manager: Chen Hoong

Vietnam
UOB Ho Chi Minh City Branch
1st Floor, Central Plaza Office Building
17 Le Duan Boulevard
District 1, Ho Chi Minh City
Phone: (84)(8) 3825 1424
Fax: (84)(8) 3825 1423
SWIFT: UOVBVNVX
Email: UOB.HCMC@UOBgroup.com
Country Head, Vietnam & Myanmar: Thng Tien Tat
General Manager: Ho Sze Ming

Correspondents
In all principal cities of the world

Related Financial Services

Gold/Futures Dealing

Singapore
UOB Bullion and Futures Limited
(a subsidiary)
80 Raffles Place, 5th Storey
UOB Plaza 1
Singapore 048624
Phone: (65) 6494 6540/6494 6539
Fax: (65) 6534 1984/6535 6312
Email: Futures@UOBgroup.com
Chief Executive Officer: Ng Kwan Meng

UOBF Schneider Trading Pte Ltd
(a subsidiary)
80 Raffles Place #17-02
UOB Plaza 1
Singapore 048624
Phone : (65) 6751 5702
Fax : (65) 6535 2676
Email : clientservices@uobfschneider.com
Chief Executive Officer: Ady Ng Lai Wah

Taiwan
UOB Bullion and Futures Limited, Taiwan Branch
Union Enterprise Plaza, 16th Floor
109 Minsheng East Road
Section 3, Taipei 10544
Phone: (886)(2) 2545 6163
Fax: (886)(2) 2719 9434
Email: vincent-cheng@umail.hinet.net
Branch Manager: Cheng Chih Jung Vincent

Thailand
UOB Bullion and Futures (Thai) Company Limited
(a subsidiary)
191 South Sathon Road, 7th Floor
Bangkok 10120
Phone: (66)(0) 2343 3902/2343 3998
Fax: (66)(0) 2213 2614
Email: MarketingUOBFT@uob.co.th
Chief Executive Officer: Seet Choon Seng Dennis

Insurance

Singapore
United Overseas Insurance Limited
(a subsidiary)
3 Anson Road, #28-01
Springleaf Tower
Singapore 079909
Phone: (65) 6222 7733
Fax: (65) 6327 3869/6327 3870
Email: ContactUs@uoi.com.sg
Website: www.uoi.com.sg
Managing Director: Chan Mun Wai David

Hong Kong S.A.R.
UOB Insurance (H.K.) Limited
(a subsidiary)
16th Floor, Worldwide House
19 Des Voeux Road
Central, Hong Kong S.A.R.
Phone: (852) 3606 9933
Fax: (852) 2810 0225
Director: Chan Mun Wai David

Investment Management

Singapore

UOB Asset Management Ltd
(a subsidiary)
80 Raffles Place, 3rd Storey
UOB Plaza 2
Singapore 048624
Phone: (65) 6532 7988
Fax: (65) 6535 5882
Email: uobam@UOBgroup.com
Website: www.uobam.com.sg
Managing Director & Group Chief Investment Officer: Thio Boon Kiat

UOB Venture Management Private Limited
(a subsidiary)
80 Raffles Place, #30-20
UOB Plaza 2
Singapore 048624
Phone: (65) 6539 3044
Fax: (65) 6538 2569
Email: info@uobvm.com.sg
Managing Director: Seah Kian Wee

Brunei

UOB Asset Management (B) Sdn Bhd
(a subsidiary)
1st Floor, Unit FF03-FF05
The Centrepoint Hotel
Jalan Gadong
Bandar Seri Begawan BE3519
Phone: (673) 242 4806
Fax: (673) 242 4805
General Manager: Kamal Haji Muhammad

China

UOB Investment Consultancy (Beijing) Limited
(an associate)
8/F Taiji Building
No. 211, Bei Si Huan Middle Road
Haidian District
Beijing 100083
Phone: (86)(10) 5161 6671
Fax: (86)(10) 5161 6700
Email: admin@uobim.com.cn
Contact: Seah Kian Wee

UOB Venture Management (Shanghai) Co., Ltd
(a subsidiary)
Room 3307, United Plaza
1468 Nanjing West Road
Shanghai 200040
Phone: (86)(21) 6247 6228
Fax: (86)(21) 6289 8817
Email: postmaster@uobvm.com.cn
Managing Director: Seah Kian Wee

SZVC-UOB Venture Management Co., Ltd
(an associate)
11/F Investment Building
No. 4009 Shennan Road
Futian Central District
Shenzhen 518026
Phone: (86)(755) 8291 2888
Fax: (86)(755) 8290 4093
Email: master@szvc.com.cn
Deputy General Manager: Tao Alina

France

UOB Global Capital SARL
(a subsidiary)
40 rue La Pérouse
75116 Paris
Phone: (33)(1) 5364 8400
Fax: (33)(1) 5364 8409
Email: mlandau@uobglobal.com
Managing Director: Michael Landau

Japan

UOB Asset Management (Japan) Ltd
(a subsidiary)
932 New Kokusai Building
4-1, 3-Chome Marunouchi
Chiyoda-ku
Tokyo 100-0005
Phone: (81)(3) 5293 0011
Fax: (81)(3) 5293 0015
Chief Executive Officer: Masashi Ohmatsu

Malaysia

UOB-OSK Asset Management Sdn Bhd
(a subsidiary)
Menara UOB, Level 13
Jalan Raja Laut
50350 Kuala Lumpur
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2732 1100
Email: uob_poms@bloomberg.net
Chief Executive Officer: Lim Suet Ling

Taiwan

UOB Investment Advisor (Taiwan) Ltd
(a subsidiary)
Union Enterprise Plaza, 16th Floor
109 Minsheng East Road
Section 3, Taipei 10544
Phone: (886)(2) 2719 7005
Fax: (886)(2) 2545 6591
Email: uobia@uobia.com.tw
General Manager: Juang San-Tay

Thailand

UOB Asset Management (Thai) Company Limited
(a subsidiary)
191 South Sathon Road, 11th Floor
Yannawa, Sathon
Bangkok 10120
Phone: (66)(2) 676 7100
Fax: (66)(2) 676 7880-7
Website: www.uobam.co.th
Chief Executive Officer: Vana Bulbon

United States Of America

UOB Global Capital LLC
(a subsidiary)
UOB Building
592 Fifth Avenue
Suite 602
New York, NY 10036
Phone: (1)(212) 398 6633
Fax: (1)(212) 398 4030
Email: dgoss@uobglobal.com
Managing Director: David Goss

Merchant Banking

Australia

UOB Australia Limited
(a subsidiary)
United Overseas Bank Building
Level 9, 32 Martin Place
Sydney, NSW 2000
Phone: (61)(2) 9221 1924
Fax: (61)(2) 9221 1541
SWIFT: UOVBAU2S
Email: UOB.Sydney@UOBgroup.com
Director & Country Head, Australia & New Zealand: Peter Mackinlay
Director & General Manager, Operations: Yeo Aik Leng Eric

Hong Kong S.A.R.

UOB Asia (Hong Kong) Limited
(a subsidiary)
Suite 601, 6/F AON China Building
29 Queen's Road
Central, Hong Kong S.A.R.
Phone: (852) 2868 2633
Fax: (852) 2840 0438
Email: uobahk@uobahk.com
Chief Executive Officer: Yip Kwok Kwan

Stockbroking

Singapore

UOB-Kay Hian Holdings Limited
(an associate)
8 Anthony Road #01-01
Singapore 229957
Phone: (65) 6535 6868
Fax: (65) 6532 6919
Website: www.uobkayhian.com
Managing Director: Wee Ee Chao

Notice of Annual General Meeting

United Overseas Bank Limited
(Incorporated in the Republic of Singapore)
Company Registration No.: 193500026Z

Notice is hereby given that the Sixty-Ninth Annual General Meeting of members of the Company will be held at Pan Pacific Singapore, Pacific 2-3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 29 April 2011, at 3.00 pm to transact the following business:

As Ordinary Business

Resolution 1 To receive the Financial Statements, the Directors' Report and the Auditors' Report for the year ended 31 December 2010.

Resolution 2 To declare a final one-tier tax-exempt dividend of 40 cents and a special one-tier tax-exempt dividend of 10 cents per ordinary share for the year ended 31 December 2010.

Resolution 3 To approve Directors' fees of $1,380,000 for 2010 (2009: $842,500).

Resolution 4 To approve a fee of $2,500,000 to the Chairman of the Bank, Dr Wee Cho Yaw, for the period from January 2010 to December 2010.

Resolution 5 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration.

To re-elect the following Directors:

Resolution 6 Mr Wee Ee Cheong

Resolution 7 Mr Franklin Leo Lavin

Resolution 8 Mr Willie Cheng Jue Hiang

Resolution 9 Mr Tan Lip-Bu

To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50:

"THAT pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr ______________________ be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company."

In respect of:

Resolution 10 Dr Wee Cho Yaw

Resolution 11 Mr Ngiam Tong Dow

Resolution 12 Professor Cham Tao Soon

Resolution 13 Mr Reggie Thein

As Special Business

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 14 "THAT authority be and is hereby given to the Directors to:

(a) (i) issue ordinary shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time this Resolution is passed, after adjusting for:

    (i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

    (ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

Resolution 15 "THAT authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the UOB Scrip Dividend Scheme."

Resolution 16 "THAT

(a) authority be and is hereby given to the Directors to:

    (i) allot and issue any of the preference shares referred to in Articles 7A, 7B, 7C, 7D, 7E and/or 7F of the Articles of Association of the Company; and/or

    (ii) make or grant offers, agreements or options that might or would require the preference shares referred to in sub-paragraph (i) above to be issued,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) to issue the preference shares referred to in sub-paragraph (i) above in connection with any offers, agreements or options made or granted by the Directors while this Resolution was in force;

(b) the Directors be authorised to do all such things and execute all such documents as they may consider necessary or appropriate to give effect to this Resolution as they may deem fit; and

(c) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

Notes to Resolutions

Resolution 2 is to approve the final and special dividends. The Transfer Books and Register of Members will be closed from 10 May 2011 to 11 May 2011, both dates inclusive, for the preparation of the final and special dividends. Registrable transfers received up to 5.00 pm on 9 May 2011 will be entitled to the final and special dividends. If approved, the final and special dividends will be paid on 21 June 2011.

Resolution 4 is to approve a fee of $2,500,000 for the period from January 2010 to December 2010 to the Chairman of the Bank, Dr Wee Cho Yaw, for providing advice and guidance to Management drawn from his vast experience, knowledge and expertise acquired over more than 40 years with the Bank.

Resolution 6 is to re-elect Mr Wee Ee Cheong who is the Deputy Chairman and Chief Executive Officer of the Bank. Mr Wee is also an alternate to Dr Wee Cho Yaw on the Nominating Committee and a non-independent member of the Risk Management Committee.

Resolution 9 is to re-elect Mr Tan Lip-Bu who is an independent member of the Risk Management Committee.

Resolution 10 is to re-appoint Dr Wee Cho Yaw. Dr Wee is a non-independent member and Chairman of the Remuneration and Risk Management Committees and a non-independent member of the Nominating Committee.

Resolution 11 is to re-appoint Mr Ngiam Tong Dow who is an independent member of the Nominating and Risk Management Committees.

Resolution 12 is to re-appoint Professor Cham Tao Soon who is an independent member and Chairman of the Audit Committee and an independent member of the Nominating, Remuneration and Risk Management Committees.

Resolution 13 is to re-appoint Mr Reggie Thein who is an independent member of the Audit Committee.

Resolution 14 is to empower the Directors to issue ordinary shares in the capital of the Company and to make or grant instruments (such as warrants or debentures or options) convertible into ordinary shares, and to issue ordinary shares in pursuance of such instruments, up to an amount not exceeding in total 50 per cent of the total number of issued shares, excluding treasury shares, in the capital of the Company, but with a sub-limit of 20 per cent for issue of shares other than on a pro-rata basis to shareholders ("General Mandate"). For the purpose of determining the aggregate number of ordinary shares that may be issued pursuant to the General Mandate, the percentage of issued shares in the capital of the Company shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time that Resolution 14 is passed, after adjusting for (a) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 14 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of ordinary shares.

Resolution 15 is to authorise the Directors to issue ordinary shares pursuant to the UOB Scrip Dividend Scheme ("Scheme") to shareholders who have elected to receive scrip in lieu of cash in respect of any dividend to which the Scheme is applied.

Resolution 16 is to enable the Directors to issue any of the preference shares referred to in Articles 7A, 7B, 7C, 7D, 7E and/or 7F of the Articles of Association of the Company and/or make or grant offers, agreements or options that might or would require such preference shares to be issued at any time. The Directors will only issue such preference shares under this Resolution if they consider it appropriate and in the interest of the Company to do so.

BY ORDER OF THE BOARD

Chan Vivien
Secretary

Singapore, 4 April 2011

Notes:

(1) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) To be effective, the instrument appointing a proxy must be deposited at 80 Raffles Place #04-20 UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 48 hours before the time set for holding the Meeting.

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Proxy Form

United Overseas Bank Limited
(Incorporated in the Republic of Singapore)
Company Registration No.: 193500026Z

IMPORTANT
1. The Annual Report 2010 is sent to investors who have used their CPF monies to buy shares of United Overseas Bank Limited, FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We ______________________________ (Name)

of ______________________________ (Address)

being (a) member/members of United Overseas Bank Limited (the "Company"), hereby appoint

Name		Proportion of shareholdings	
NRIC/Passport No.		No. of shares	%
Address			

and/or *

Name		Proportion of shareholdings	
NRIC/Passport No.		No. of shares	%
Address			

* *Please delete as appropriate*

or failing him/her, the **Chairman of the Meeting** as my/our proxy, to attend and vote for me/us on my/our behalf at the **Sixty-Ninth Annual General Meeting** of members of the Company, to be held at Pan Pacific Singapore, Pacific 2-3, Level 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Friday, 29 April 2011 at 3.00 pm and at any adjournment thereof.

(Please indicate with an "X" in the space provided how you wish your proxy to vote. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

No.	Ordinary Resolutions	For	Against
Resolution 1	Financial Statements, Directors' Report & Auditors' Report		
Resolution 2	Final and Special Dividends		
Resolution 3	Directors' Fees		
Resolution 4	Chairman's Fee		
Resolution 5	Auditors & their remuneration		
Resolution 6	Re-election (Mr Wee Ee Cheong)		
Resolution 7	Re-election (Mr Franklin Leo Lavin)		
Resolution 8	Re-election (Mr Willie Cheng Jue Hiang)		
Resolution 9	Re-election (Mr Tan Lip-Bu)		
Resolution 10	Re-appointment (Dr Wee Cho Yaw)		
Resolution 11	Re-appointment (Mr Ngiam Tong Dow)		
Resolution 12	Re-appointment (Professor Cham Tao Soon)		
Resolution 13	Re-appointment (Mr Reggie Thein)		
Resolution 14	Authority to issue ordinary shares		
Resolution 15	Authority to allot and issue shares pursuant to the UOB Scrip Dividend Scheme		
Resolution 16	Authority to issue preference shares		

Dated this ________ day of ______________ 2011

____
Signature(s) or Common Seal of Shareholder(s)

Shares in:	No. of shares
(i) Depository Register	
(ii) Register of Members	
Total	

Notes:

1. Please insert the number of shares held by you and registered in your name in the Register of Members and in the Depository Register of The Central Depository (Pte) Limited. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a Meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at 80 Raffles Place #04-20 UOB Plaza 2, Singapore 048624 (Attention: The Company Secretary) not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy if the appointor is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent banks acting on the request of CPF Investors who wish to attend the Meeting as observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary's office not later than 48 hours before the time appointed for holding the Meeting.

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UOB

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The Company Secretary
UNITED OVERSEAS BANK LIMITED
80 Raffles Place #04-20 UOB Plaza 2
Singapore 048624

Fold and glue overleaf. Do not staple.

Corporate Information

Board of Directors
Wee Cho Yaw *(Chairman)*
Wee Ee Cheong *(Deputy Chairman & Chief Executive Officer)*
Ngiam Tong Dow
Cham Tao Soon
Wong Meng Meng
Yeo Liat Kok Philip
Lim Pin
Thein Reggie
Franklin Leo Lavin *(Appointed on 15 July 2010)*
Cheng Jue Hiang Willie *(Appointed on 15 July 2010)*
Tan Lip-Bu *(Appointed on 15 November 2010)*

Executive Committee
Wee Cho Yaw *(Chairman)*
Wee Ee Cheong
Ngiam Tong Dow
Cham Tao Soon
Yeo Liat Kok Philip

Audit Committee
Cham Tao Soon *(Chairman)*
Yeo Liat Kok Philip
Thein Reggie

Nominating Committee
Wong Meng Meng *(Chairman)*
Wee Cho Yaw
Ngiam Tong Dow
Cham Tao Soon
Lim Pin
Wee Ee Cheong *(Alternate to Wee Cho Yaw)*

Remuneration Committee
Wee Cho Yaw *(Chairman)*
Cham Tao Soon
Yeo Liat Kok Philip
Lim Pin

Risk Management Committee *(Formed 25 February 2011)*
Wee Cho Yaw *(Chairman)*
Wee Ee Cheong
Ngiam Tong Dow
Cham Tao Soon
Tan Lip-Bu

Secretary
Chan Vivien

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Auditors
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Wilson Woo *(Appointed on 29 April 2009)*

Registered Office
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No.: 193500026Z
Phone: (65) 6533 9898
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: uobgroup.com

Investor Relations
28B Boat Quay
Singapore 049818
Fax: (65) 6538 0270
Email: InvestorRelations@UOBgroup.com

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uobgroup.com

United Overseas Bank Limited
Head Office
80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration No.: 193500026Z
Phone: (65) 6533 9898
Fax: (65) 6534 2334