UNITED OVERSEAS BANK LIMITED | Annual Report 2013

Gazing 山 (Mountain)
Tan Rui Rong

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

Gazing 山 (Mountain)

by Tan Rui Rong
Oil on Canvas

Mr Tan Rui Rong's Gazing 山 is the design inspiration for this year's UOB Group Annual Report. The painting received the Silver Award in the 2013 UOB Painting of the Year (Singapore) Competition.

Mr Tan was moved by the philosophy of Buddhism Master Qing Yuan Wei Xin who said 见山是山 (a mountain is a mountain), 见山不是山 (a mountain is not a mountain), 见山还是山 (a mountain is still a mountain). The saying's deeper meaning reflects the changing perspectives people have as they progress through different stages in their lives.

Referencing Master Qing's philosophy, the artist uses the character 山 to represent the mountain. To the young boy standing at its foot, the immense mountain represents the promise of the future. With knowledge and resilience he will be able to scale its heights. It is a journey that will see him gain the wisdom to seize the many opportunities that will present themselves over time.

The UOB Painting of the Year Competition now in its 32nd year, promotes awareness and appreciation of the arts and challenges artists to produce works that inspire audiences across Southeast Asia.

About United Overseas Bank Limited

Western Europe

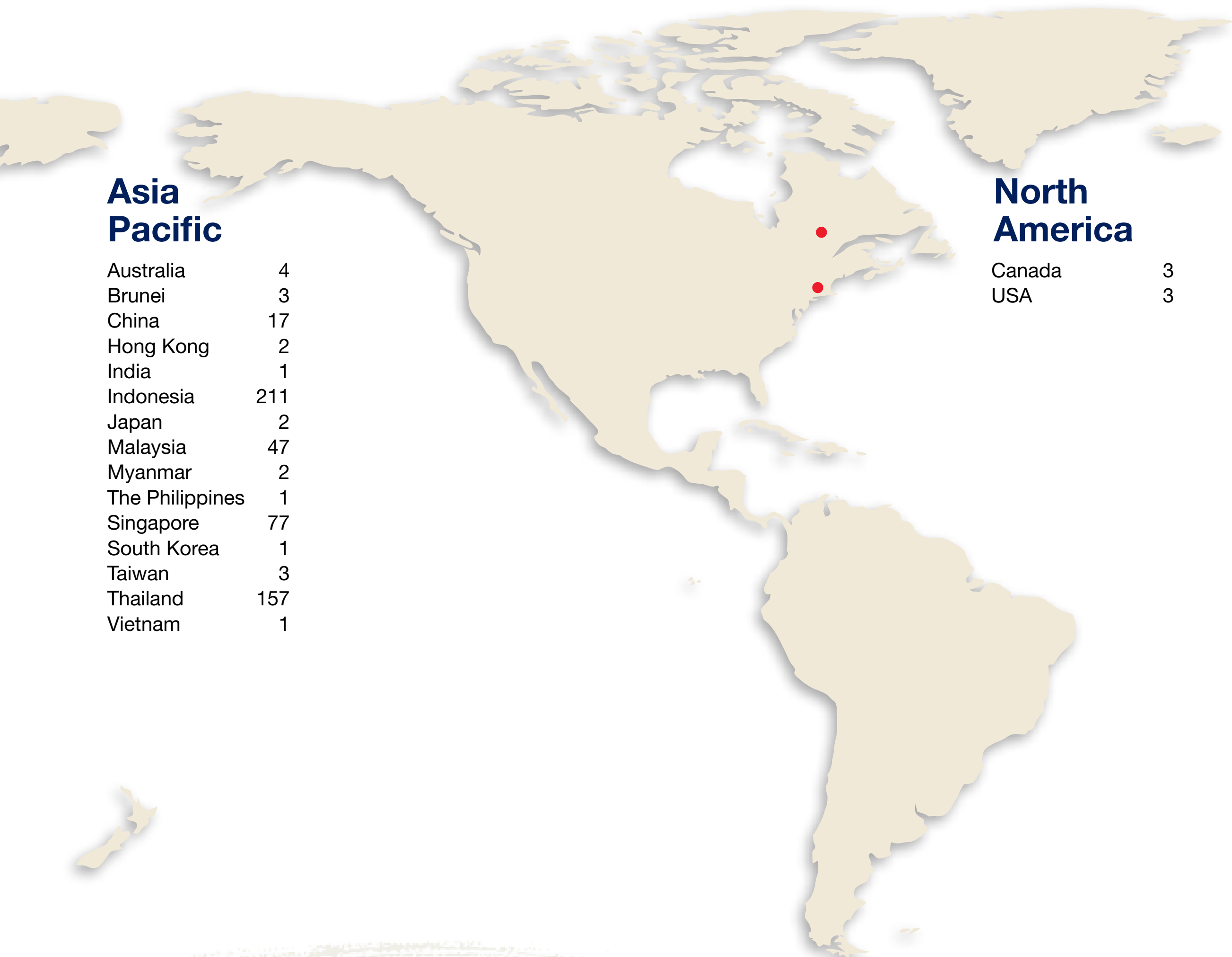
France	1
United Kingdom	1

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. In Asia it operates through its branches and representative offices as well as banking subsidiaries in China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

UOB provides a wide range of financial services including personal financial services, private banking, business banking, commercial and corporate banking, transaction banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management and insurance.

In Singapore, UOB is a leader in the credit and debit cards business and the private home loans business. 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.



Asia Pacific

Australia	4
Brunei	3
China	17
Hong Kong	2
India	1
Indonesia	211
Japan	2
Malaysia	47
Myanmar	2
The Philippines	1
Singapore	77
South Korea	1
Taiwan	3
Thailand	157
Vietnam	1

North America

Canada	3
USA	3

Our extensive network of more than 500 branches and offices in 19 countries and territories worldwide

Asia Pacific	North America	Western Europe
529	6	2
branches and offices	branches and offices	branches and offices

UOB also plays an active role in the community, focusing on the arts, education and children. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year.

In recognition of its contribution to the arts, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the ninth consecutive year in 2013. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in Singapore, Malaysia, Indonesia, Thailand and mainland China.

For more information about UOB, visit www.UOBGroup.com.

Our Awards and Accolades in 2013

Alpha Southeast Asia
Deal and Solution Awards 2013
- Best Structured Trade and Commodity Trade Solution of the Year in Southeast Asia
- Best Cross-Border M&A Deal of the Year in Southeast Asia
  TCC Assets Limited's acquisition of Fraser and Neave Limited

Asiamoney
Cash Management Polls
- Best Local Cash Management Bank in Singapore as voted by Small and Large-sized Corporates
- Best Overall Domestic Cash Management Services in Singapore as voted by Small, Medium and Large-sized Corporates
- Best Overall Cross-Border Cash Management Services in Singapore as voted by Small, Medium and Large-sized Corporates
- Best Local Currency Cash Management Services in SGD as voted by Financial Institutions
- Best Foreign Cash Management Bank in Malaysia as voted by Small, Medium and Large-sized Corporates
- Best Overall Domestic Cash Management Services in Malaysia as voted by Small, Medium and Large-sized Corporates
- Best Overall Domestic Cash Management Services in Malaysia as voted by Small and Medium-sized Corporates
- Best Overall Cross-Border Cash Management Services in Malaysia as voted by Small-sized Corporates

Corporate Governance Poll
- Best Overall for Corporate Governance in Singapore
- Best for Disclosure and Transparency in Singapore
- Best for Responsibilities of Management and the Board of Directors in Singapore
- Best for Shareholders' Rights and Equitable Treatment in Singapore

Country Deal of the Year, Singapore
- UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Fixed Income Poll
- Overall Best Regional Credit Research and Market Coverage on G3 Sovereign Bonds

Regional Deals of the Year
- Best Local Currency Bond
  UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Asian Banking & Finance
Retail Banking Awards 2013
- Online Banking Initiative of the Year – Singapore

Building and Construction Authority Singapore
Green Mark Awards
- GoldPlus Award for Existing Non-Residential Buildings
  UOB Plaza

Carre Centre for Customer Satisfaction and Loyalty
Contact Centre Service Excellence Index Award 2013
- Ranked 3rd for Regular Credit Card Calls

Centre for Organisational Excellence Research
International Best Practice Competition
- Best Practice International Award – Runner-up
  UOB Mobile Cash

Community Chest
Special Events Platinum Award

FinanceAsia
Achievement Awards 2013
- Best Local Currency Bond
  UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Global Banking & Finance Review
Awards 2013
- Best Commercial Bank Malaysia

Global Trade Review
Asia Leaders in Trade 2013
- Best Trade Finance Bank in Singapore

IFR Asia
Regional Awards
- Best Domestic Bond
  UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Infobank Magazine
Infobank Awards 2013
- Platinum Award for Excellent Performance for 10 Consecutive Years

International Finance Magazine
Annual Financial Awards 2013
- Best Corporate Bank Indonesia

Lipper
Taiwan Fund Awards 2013
- Best Fund Over 5 Years – Pharmaceuticals and Healthcare Sector Equity
  United Global Healthcare Fund

***Marketeers* and Markplus Insight**
Indonesia Brand Champion 2013
- Brand Equity Champion of Conventional Banking (Assets < IDR75 Trillion)

Marketing Magazine
Loyalty and Engagement Awards 2013
- Gold
  Best Use of Rewards and Incentives

Marketing Excellence Awards 2013
- Bronze
  Excellence in Data-driven Marketing

Mob-Ex Awards 2013
- Best of Show Award
- Gold
  Best Direct Response
  Best Use of Multiple Mobile Channels
  Best Mobile Advertising Solution
  Best User Experience
- Silver
  Most Innovative Use of Mobile

Markplus Insight and *Infobank Magazine*
Indonesian Bank Loyalty Award
- Saving Account; Conventional Banking (Assets < IDR75 Trillion)

Money & Banking Magazine
Money & Banking Awards 2013
- Best Money Market Fund of the Year
  UOB Income Daily Fund

Morningstar
Malaysia Fund Awards 2013
- MYR Allocation
  OSK-UOB KidSave Trust

Singapore Fund Awards 2013
- Fixed-interest Fund, Asia Bond
  United Asian Bond Fund (Class SGD)

Rating Agency Malaysia Berhad (RAM)
RAM League Awards 2013
- BluePrint Award for New Structured Finance Benchmark Deal

Singapore Exchange (SGX)
Brokers Appreciation and Awards
- Top Volume SGX Derivatives Trading Member 2013

SICOM Rubber Futures Awards
- Ranked 3rd for Top Volume in Rubber Futures 2013

Singapore Workforce Development Agency
Service Excellence WSQ Recognition Award

The Asian Banker
The International Excellence in Retail Financial Services Awards 2013
- Best Wealth Management

The Asset
Regional House and Deal Awards 2013
- Best Bank Bond and Best Local Currency Bond
  UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Triple A Country Awards 2013
- Best Deal, Singapore
  UOB's S$850 million Basel III-compliant Tier 1 perpetual capital securities

Triple A Transaction Banking Awards 2013
- Best Service Provider, Trade Finance, Indonesia
- Best Solutions, Structured Trade Finance, Indonesia
- Best Service Provider, Trade Finance, Thailand

The Association of Banks in Singapore (ABS)
2013 ABS Excellent Service Awards
- Service Excellence Champion - 1st Runner-up
- 595 Star Awards
- 125 Gold Awards
- 145 Silver Awards

The Banker
Bank of the Year Awards 2013
- Bank of the Year, Singapore

Deals of the Year 2013
- M&A Deal of the Year in Asia Pacific Region
  TCC Assets Limited's acquisition of Fraser and Neave Limited

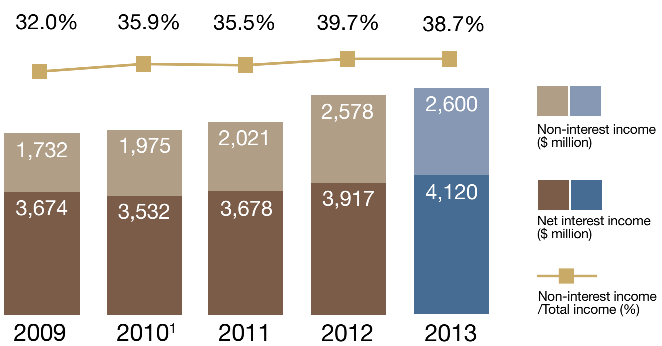
The Edge-Lipper
Singapore Fund Awards 2013
- Best Fund Over 3, 5 and 10 Years – Bond Asia Pacific
  United Asian Bond Fund
- Best Fund Over 3, 5 and 10 Years – Equity Sector Pharmaceuticals and Health Care
  United Global Healthcare Fund
- Best Fund Over 5 and 10 Years – Bond Singapore Dollar
  United SGD Fund - Class A
- Best Fund Over 3 and 5 Years – Equity Sector Banks and Other Financials
  United Global Financials Fund
- Best Fund Over 5 Years – Equity Sector Natural Resources
  United Global Resources Fund
- Best Fund Over 3 Years – Bond Global Corporates
  United High Grade Corporate Bond Fund
- Best Fund Over 3 Years – Commodity Blended
  United Commodities Plus Fund

Visa
Malaysia Bank Awards
- Best Visa Credit Card Launch
  UOB Malaysia Infinite Card
- Highest Payment Volume Growth
  UOB Malaysia Visa Classic

Service Quality Performance Award Singapore
- Highest International Approval Rate, Commercial Issuer
- Highest International Approval Rate, Credit Consumer Issuer

Financial Highlights

Total Income



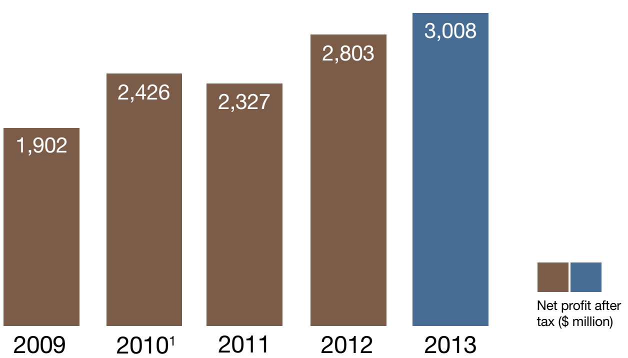
Total Income
$6,720 million
▲ 3.5%

The Group recorded strong growth in net interest income and fee income, backed by a strong customer franchise and focused cross-selling efforts.

Net interest income grew 5.2% to $4.12 billion on robust loans growth across geographies, compensating the impact of compressed margins.

Fee income maintained its growth momentum, growing 14.8% to $1.73 billion on the back of broad-based growth in corporate finance and capital markets, wealth management, fund management and loans-related businesses.

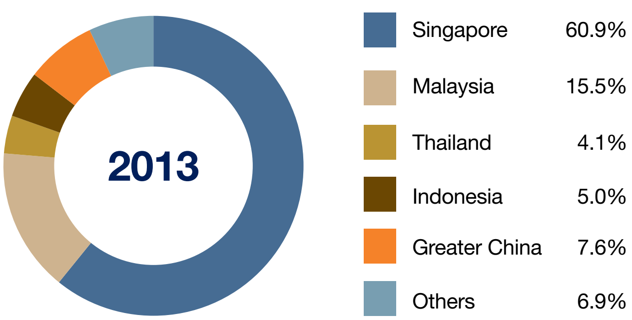
Net Profit After Tax



Net Profit After Tax
$3,008 million
▲ 7.3%

The Group delivered yet another set of solid results with net earnings at $3.01 billion for 2013, an increase of 7.3% over 2012. The record full-year performance was driven by strong contributions from core income streams as well as profits from associates.

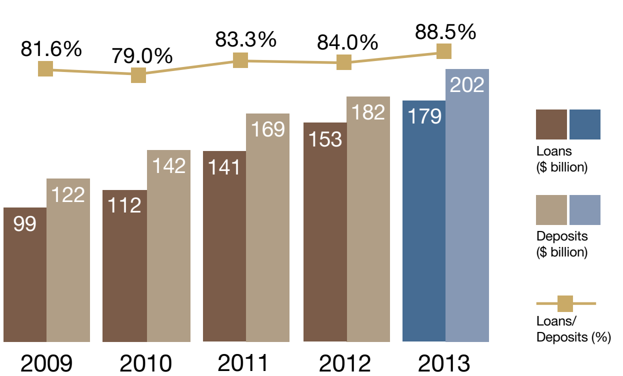
Overseas Profit Contribution



Overseas Profit Contribution
39.1%
▲ 6.3% pt

The Group's regional franchise continues to deliver. Regional countries grew by 6.5% in 2013, outpacing the returns achieved in Singapore.

Customer Loans / Deposits



Customer Loans
$179 billion
▲ 17.0%

Customer Deposits
$202 billion
▲ 11.0%

Loans / Deposits
88.5%
▲ 4.5% pt

The Group registered an increase of 17.0% in net loans to reach $179 billion in 2013.

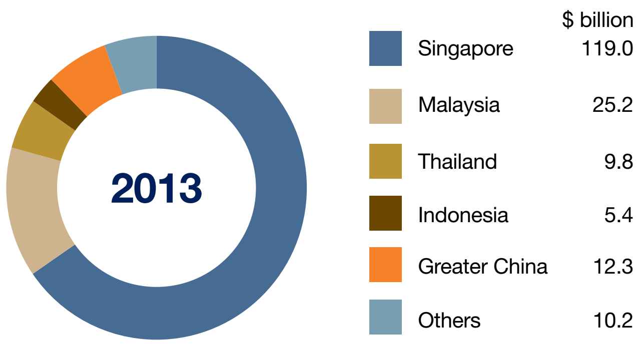
Customer deposits rose 11.0% to $202 billion, driven by the Group's robust deposits franchise and strong regional network.

The Group's liquidity position remained sound with loans-to-deposits ratio at 88.5%.

Note: Net loans were net of cumulative impairment.

1 Excluded one-time gain on sale of UOB Life Assurance Limited and United Industrial Corporation Limited.

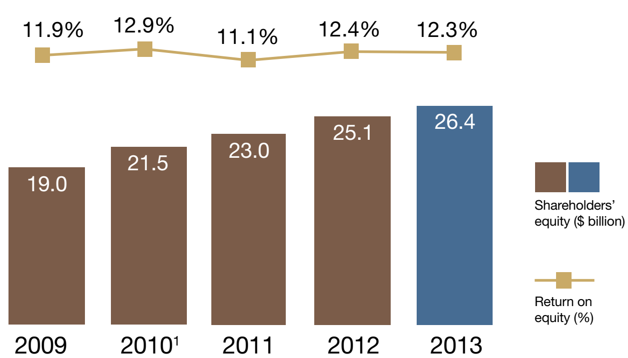
Loans by Geography



Loans by Geography
$182 billion
▲ 16.8%

Gross loans rose 16.8% year-on-year to $182 billion in 2013 across industries and geographies. Singapore's loan base grew 17.7% to $119 billion while the loans from regional countries increased 16.8% (excluding currency impact) to $52.7 billion as at 31 December 2013.

Shareholders' Equity / Return on Equity

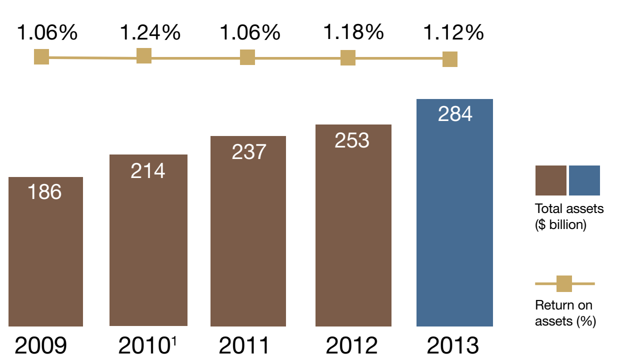


Shareholders' Equity
$26 billion
▲ 5.2%

Return on Equity
12.3%
▼ (0.1% pt)

Shareholders' equity increased 5.2% to $26 billion, backed by record earnings for the year. Return on equity was marginally lower at 12.3% in 2013.

Total Assets / Return on Assets

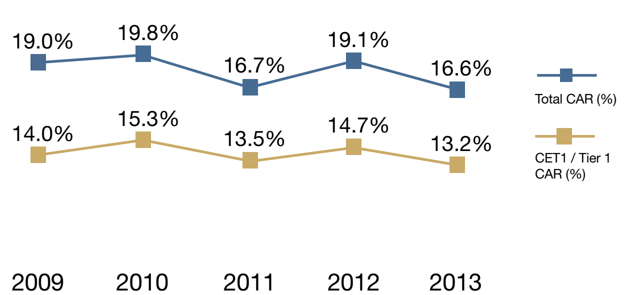


Total Assets
$284 billion
▲ 12.4%

Return on Assets
1.12%
▼ (0.06% pt)

The Group's total assets grew 12.4% to $284 billion in 2013 with increases registering across Singapore and the regional countries. Return on assets was lower at 1.12% in 2013.

Capital Adequacy Ratio (CAR)



Common Equity Tier 1 (CET1) CAR
13.2%

Tier 1 CAR
13.2%
▼ (1.5% pt)

Total CAR
16.6%
▼ (2.5% pt)

The Group's capital position remained strong and well above the MAS minimum requirements with CET1 and total capital adequacy ratios of 13.2% and 16.6% as at 31 December 2013 respectively.

Note: With effect from January 2013, the Group adopted the Basel III framework for its CAR computation in accordance with the revised MAS Notice 637 and CET1 is mandated under MAS Notice 637.

1 Excluded one-time gain on sale of UOB Life Assurance Limited and United Industrial Corporation Limited.

Five-Year Group Financial Summary

	2009	2010[1]	2011	2012	**2013**
Selected Income Statement Items ($ million)					
Total income	5,405	5,507	5,699	6,495	**6,720**
Total expenses	2,074	2,258	2,450	2,747	**2,898**
Operating profit	3,331	3,249	3,248	3,748	**3,822**
Net profit after tax[2]	1,902	2,426	2,327	2,803	**3,008**
Selected Balance Sheet Items ($ million)					
Net customer loans	99,201	112,440	141,191	152,930	**178,857**
Customer deposits	121,502	142,299	169,460	182,029	**202,006**
Total assets	185,578	213,778	236,958	252,900	**284,229**
Shareholders' equity[2]	18,986	21,473	22,967	25,080	**26,388**
Financial Indicators (%)					
Expense/Income ratio	38.4	41.0	43.0	42.3	**43.1**
Non-performing loans ratio	2.2	1.8	1.4	1.5	**1.1**
Return on average total assets	1.06	1.24	1.06	1.18	**1.12**
Return on average ordinary shareholders' equity	11.9	12.9	11.1	12.4	**12.3**
Capital adequacy ratios[3]					
Common Equity Tier 1 / Tier 1	14.0	15.3	13.5	14.7	**13.2**
Total	19.0	19.8	16.7	19.1	**16.6**
Per ordinary share					
Basic earnings ($)	1.19	1.52	1.43	1.72	**1.84**
Net asset value ($)	11.17	12.51	13.23	14.56	**15.36**
Net dividend (cents)[4]	60	70	60	70	**75**
Dividend cover (times)[4]	2.10	2.25	2.47	2.54	**2.54**

1 Excluded one-time gain on sale of UOB Life Assurance Limited and United Industrial Corporation Limited.
2 Attributable to equity holders of the Bank.
3 With effect from January 2013, the Group adopted the Basel III framework for its capital adequacy ratio computation in accordance with the revised MAS Notice 637 and Common Equity Tier 1 is mandated under MAS Notice 637.
4 Included special dividend of 10 cents in 2010 and 2012 respectively, and 5 cents in 2013.

Chairman Emeritus' Statement

I have every confidence that with the steadfast support of our valued customers and shareholders, and the dedication and hard work of our staff, the Bank will continue to grow.

After a jittery start in 2013, the global economy found stability as economic and global trade activities picked up in the second half of the year. Singapore's economy grew 4.1 per cent in 2013, up from its low base of 1.9 per cent in the previous year. The International Monetary Fund has estimated that the world economy grew 3.0 per cent in 2013 and projected global growth at around 3.7 per cent for 2014. However, downside risks remain. Geopolitical events, asset-price inflation and high debt, both public and private, are factors that could destabilise the world economy.

We must therefore remain cautious and be vigilant against extreme risk-taking. Even as we participate in enterprise and innovation, we must exercise prudence and caution. All our actions must contribute to the Bank's sustainability for the long term.

I have every confidence that with the steadfast support of our valued customers and shareholders, and the dedication and hard work of our staff, the Bank will continue to grow. I extend my heartfelt thanks to all.

Wee Cho Yaw
Chairman Emeritus and Adviser
February 2014

Chairman's Statement

The continued good performance of UOB requires us to remain ever alert and to maintain our values of thrift, prudence and vigilance. This sits at the heart of the risk management culture that has developed within UOB.

In my first year as Chairman of the UOB Group, I would like to share what a privilege it has been for me to work with a team of fine, loyal and committed colleagues. It has been most heartening to see them building upon UOB's strong foundation as a leading Singapore bank. The team is motivated not by individual gain but by the opportunity to contribute collectively towards the Bank's long-term success.

Through their combined efforts, the Group has attained good results over many years, including the best ever results in 2013 as outlined below. To maintain the Bank's sustained performance, it is essential we continue to prepare for succession at many levels. In this regard, we welcome new colleagues who have joined us with the skills and experience vital to establishing ourselves as a truly regional bank.

Financial Performance

In 2013, operating profit rose to $3.82 billion from $3.75 billion, while net profit after tax rose to $3.01 billion from $2.80 billion. In all, it was a record year and the Board is pleased to recommend a final one-tier tax-exempt dividend of 50 cents per ordinary share and a special dividend of 5 cents per ordinary share. Together with the interim dividend of 20 cents per ordinary share paid in the first half of the year, the 2013 total dividend amounts to 75 cents per ordinary share.

UOB has fully complied with the new capital requirements that came into effect in Singapore in January 2013. During the year, we also became the first bank in Asia to raise Additional Tier 1 Capital under the Basel III capital framework, raising $1.35 billion with two new-style loss-absorbing Tier 1 Basel III-compliant securities.

Reinforcing Risk Management

Risks ebb and flow incessantly across geographies, sectors and our activities. It is fundamental in banking that we limit the downside of risk and uncertainty. The continued good performance of UOB requires us to remain ever alert and to maintain our values of thrift, prudence and vigilance. This sits at the heart of the risk management culture that has developed within UOB.

To strengthen our risk management measures further, the Board and management team have updated the Group's risk appetite framework which meets new global guidelines. The risk appetite statement, which takes into account the interests of all stakeholders, articulates the types and levels of risk that the Group is willing to accept while pursuing its business strategy. It serves as an effective framework for setting the risk-return objectives and the boundaries for the management team as they run the business day to day.

The risk appetite statement is shared widely to ensure all risk-taking activities across customer segments, product groupings and geographies are aligned. The objective is not just to control risk taking but to promote at all levels robust and objective discussion on risks before decisions are made.

I would like to express my appreciation to Dr Wee Cho Yaw for his continued guidance and advice in his role as Chairman Emeritus and Adviser. I also thank my fellow Directors for their active contribution and very helpful perspectives as we discussed and evaluated business and strategic opportunities.

Professor Cham Tao Soon and Mr Tan Lip-Bu, who joined the Board in 2001 and 2010 respectively, have decided not to seek re-election this year. On behalf of the Board, I thank them for their invaluable service.

To the CEO and his management team, I would like to commend them for their judicious mix of ambition and prudence in the running of the Group. Finally, on behalf of the Board, I would like to thank all our colleagues in the Bank for their dedication and effort throughout the year and to our customers and shareholders for their continued support of UOB.

Hsieh Fu Hua
Chairman
February 2014

Deputy Chairman and CEO's Report

Our commitment to the region and to each of the markets in which we operate means we take a far-sighted view to building our business and are steadfast in support of our customers. This includes nurturing relationships such that our customers know they can count on us, especially in uncertain times.

Gazing 山 (Mountain), the painting on the cover of this year's annual report, reminds us that potential is always present before us, but to scale new heights, one must possess clear direction, resolve and resilience. This resonates with UOB's focused approach in building a sustainable business that has the strength to support customers through economic cycles and to help seize new opportunities when the timing is right.

Over the years, we have never lost sight of the fundamentals of banking and have remained disciplined and measured in our growth strategy. We have painstakingly built a network that connects customers with the opportunities Asia offers while remaining sensitive to local market conditions. We have made good progress in the creation of a diversified business spanning a wide geography with great potential ahead.

In 2013, we continued to deliver on the promise of our regionalisation strategy and made some important advances in building new capabilities and in integrating our systems across the region. We know more can and will be done in the coming years as we look forward to progressing as a leading bank in Asia.

2013 Financial Performance

In 2013, the Group's net profit crossed the $3 billion-mark for the first time. The 7.3 per cent year-on-year increase was driven by record net interest income and fee income, backed by the Group's strong customer franchise and focused cross-selling efforts. Our regional franchise continues to deliver results, with our key regional markets increasing by 6.5 per cent, outpacing the returns achieved in Singapore.

Our net interest income for 2013 reached a new high of $4.12 billion, as loans grew strongly at 16.8 per cent, compensating for the impact from margin pressure. Fee and commission income rose 14.8 per cent in 2013, continuing the double-digit growth achieved since 2010.

Our cost-to-income ratio increased from 42.3 per cent to 43.1 per cent, as we continued to invest in our regional platform and operations.

We have maintained a strong balance sheet, from both asset and funding perspectives, which has served us well through economic cycles. Our asset quality remained sound, with non-performing loans ratio lower at 1.1 per cent and impairment coverage higher at 151 per cent. We continue to stress test regularly our portfolio and remain vigilant on credit assessments.

On funding, we remain predominantly deposit-funded. Our customer deposits base in Singapore and overseas increased 11.0 per cent to $202 billion in 2013. Our regional branch network continues to support our funding capabilities, with deposits growth in the key regional markets keeping pace with loans growth, resulting in the loans-to-deposits ratio (LDR) of each regional subsidiary remaining below 100 per cent.

Total Group LDR stayed at a healthy level of 88.5 per cent, while our US-dollar LDR was lower at 80.4 per cent as we cautiously paced our US-dollar loans with US-dollar deposits growth.

As part of our proactive capital management, we were the first bank in Asia to issue successfully two Additional Tier 1 Basel III-compliant securities amounting to $1.35 billion. The strong order books for both issues attest to investors' confidence in UOB's financial strength and established track record. To diversify our sources of funding, we also raised $9.73 billion through our commercial paper programme and A$650 million senior debt under the Euro-Medium Term Note Programme during the year.

Deputy Chairman and CEO's Report

The Group continued to be well-capitalised with Common Equity Tier 1 and Total Capital Adequacy Ratios at 13.2 per cent and 16.6 per cent as at 31 December 2013 respectively.

Our prudent and disciplined approach was also recognised by the ratings agencies, where we maintained our position as one of the world's top-rated banks with a rating of Aa1 by Moody's and AA- by both Standard & Poor's and Fitch Ratings.

Delivering on Our Regional Strategy

While the two major trends of increasing intra-regional trade and rising consumer wealth are fuelling our current stage of growth, our solid results would not have been possible without the determination to execute well against our regional strategy. In the process, we remain aware of, and are responsive to, the complexities of operating across different markets.

An example of this is our continued investment in solutions catering to the business communities within Asia. In 2013, we strengthened our transaction banking, commodity financing and investment banking capabilities to serve our customers' growing and diverse business needs. We also established Foreign Direct Investment Advisory Units in nine countries to offer businesses dedicated services to help them to realise their regional ambitions across markets.

Just as we work to support the ambitions of businesses across the region, we continue to invest in our retail banking and wealth management capabilities to help serve the growing and increasingly sophisticated needs of individuals. We have harnessed our insight and experience to offer wealth management and other financial solutions appropriate for Asian consumers. Our reputation as a dependable banking partner continues to attract customers.

In 2013, we increased our assets under management (AUM) from $66 billion to $75 billion, well on track to achieve our AUM target of $100 billion by 2015. We have also extended our international property financing programme to help customers broaden their investment portfolio as they look beyond their home markets. We have developed new customer segment-based deposits and investment options using our understanding of the financial needs and aspirations of Asian consumers.

To enhance the banking experience for our customers, we have established 48 dedicated wealth management centres across the region, including a new Privilege Banking Centre in one of the most iconic buildings located on the Bund in Shanghai. We continued to improve the convenience with which customers can conduct their banking with us. This included reducing the time needed to open new accounts, enhancing the features of our multi-award-winning mobile application and extending the services offered through our internet banking channel for retail and wholesale customers. For example, we remain the only local bank in Singapore where retail customers can manage gold and silver trading accounts online and through their mobile phone.

In 2013, we reached the milestone of integrating our core banking systems in Thailand, Malaysia and Indonesia. It is this common operating platform that is the foundation from which we can drive scalability, consistency in customer service, improved risk management and faster speed to market wherever we operate.

In operating regionally, our approach is to establish deep roots within each market, investing our time and resources to ensure we understand and have the capability to serve the unique needs of each market.

We have built a solid foundation for sustained and sustainable growth, based on the deep relationships we have nurtured with our customers across the region. I would like to thank our customers and shareholders for their continued support of UOB.

Our commitment to the region and to each of the markets in which we operate means we take a far-sighted view to building our business and are steadfast in support of our customers. This includes nurturing relationships such that our customers know they can count on us, especially in uncertain times.

Investing in Our People

While we continue to invest in our systems, products and processes, it is the interest we have in our people that makes the most significant difference to our business.

In an industry where regulatory requirements are ever changing and where innovation and technology require investment in new skill sets, UOB has established many industry-leading training programmes to equip our people with the skills they need to provide excellent service to our customers. But it is the shared values and mindset of the UOB team which ensure that 'the spirit of a handshake' remains core to how we conduct our business. This fundamental principle is how we built our business. It is also the reason that in 2013, the Group won 74 accolades across multiple disciplines, categories and markets, including the Bank of the Year, Singapore from the international publication *The Banker*, and for the fourth consecutive year the highest number of individual awards at The Association of Banks in Singapore Excellent Service Awards.

We are resolute in building our team of qualified, dependable and honourable bankers, able to foster long-term customer relationships built on trust, respect and doing what is right.

Looking Ahead

For Asia, we expect 2014 to be a more moderate growth environment. The quantitative easing tapering in the US signals a recovering global economy which bodes well for this part of the world. The near-term impact of capital outflows should be manageable given the stronger balance sheets in Asia. Despite ongoing uncertainties in a few countries, we remain positive on Asia's underlying economic fundamentals.

In all, we have made steady progress on our regionalisation strategy in 2013. Our achievements were made possible through the guidance of the Board and the tireless efforts of our teams across the region. We have built a solid foundation for sustained and sustainable growth, based on the deep relationships we have nurtured with our customers across the region. I would like to thank our customers and shareholders for their continued support of UOB.

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer
February 2014

Board of Directors

Wee Cho Yaw
Chairman Emeritus and Adviser

Dr Wee, 85, was first appointed to the Board in May 1958 and last re-appointed as Director on 25 April 2013. A banker with more than 50 years' experience, Dr Wee was conferred the title of Chairman Emeritus in 2013 after stepping down as Chairman, a position he was appointed to in 1974. Between 1974 and 2007, he was concurrently the Chief Executive Officer of UOB. A non-independent and non-executive director, Dr Wee is the chairman of the UOB Executive, Remuneration and Board Risk Management Committees and a member of the Nominating Committee.

Dr Wee is Chairman Emeritus and Adviser of UOB subsidiaries Far Eastern Bank and United Overseas Bank (Malaysia). He is also Chairman of United Overseas Insurance, United Overseas Bank (Thai) Public Company, President Commissioner of PT Bank UOB Indonesia and Supervisor of United Overseas Bank (China). In addition, he chairs the boards of Haw Par Corporation, UOL Group and its subsidiary, Pan Pacific Hotels Group, United Industrial Corporation, and Singapore Land and its subsidiary, Marina Centre Holdings. He is the Chairman of the Wee Foundation. Between 1973 and 2013, he chaired the board of United International Securities.

Dr Wee was named Businessman of the Year 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. *The Asian Banker* conferred the Lifetime Achievement Award on him in 2009. Dr Wee is the Pro-Chancellor of the Nanyang Technological University and the Honorary President of the Singapore Chinese Chamber of Commerce & Industry, the Singapore Federation of Chinese Clan Associations and the Singapore Hokkien Huay Kuan. He received Chinese high school education and was conferred an Honorary Doctor of Letters by the National University of Singapore in 2008. For his outstanding contributions in community work, he was conferred the Distinguished Service Order, Singapore's highest National Day Award, in 2011.

Hsieh Fu Hua
Chairman

Mr Hsieh, 63, was appointed to the Board on 16 January 2012 and last re-elected as Director on 26 April 2012. He was appointed as Chairman of UOB and its subsidiary Far Eastern Bank Limited on 25 April 2013. An independent and non-executive director, he is a member of the Executive, Nominating, Remuneration and Board Risk Management Committees.

Currently an adviser to PrimePartners Group which he co-founded, Mr Hsieh is also a director of GIC and Tiger Airways Holdings. He had previously served as Chief Executive Officer and director of Singapore Exchange and as a member of the Temasek Holdings board.

Active in the community, Mr Hsieh also serves on the boards of several non-profit organisations and chairs The National Art Gallery, National Council of Social Service and Stewardship and Corporate Governance Centre.

Mr Hsieh holds a Bachelor of Business Administration (Hons) from the University of Singapore.

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Mr Wee, 61, was appointed to the Board on 3 January 1990 and last re-elected as Director on 25 April 2013. A career banker, Mr Wee joined UOB in 1979 and served as Deputy Chairman and President of the Bank from 2000 to 2007. On 27 April 2007, he was appointed as Chief Executive Officer. A non-independent and executive director, he is a member of the Executive and Board Risk Management Committees.

Mr Wee holds directorships in several UOB subsidiaries including Far Eastern Bank (where he is also Deputy Chairman), United Overseas Insurance, United Overseas Bank (Malaysia) and United Overseas Bank (Thai) Public Company. He is Chairman of United Overseas Bank (China) and Vice President Commissioner of PT Bank UOB Indonesia.

Active in industry development, Mr Wee serves as a council member of The Association of Banks in Singapore, a director of The Institute of Banking & Finance and chairman of the Financial Industry Competency Standards Steering Committee. He is a member of the Board of Governors of the Singapore-China Foundation, Visa APCEMEA Senior Client Council and Advisory Board of INSEAD East Asia Council and International Council and an honorary council member of the Singapore Chinese Chamber of Commerce & Industry. He had also previously served as deputy chairman of the Housing & Development Board and as a director of the Port of Singapore Authority, UOL Group, Pan Pacific Hotels Group and United International Securities. In 2013, he was awarded the Public Service Star for his contributions to the financial industry.

A keen art enthusiast, Mr Wee is the Patron of the Nanyang Academy of Fine Arts. He is also a director of the Wee Foundation.

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

Cham Tao Soon

Prof Cham, 74, was appointed to the Board on 4 January 2001 and last re-appointed as Director on 25 April 2013. A non-independent and non-executive director, he is a member of the Audit and Board Risk Management Committees. He is also a director of UOB subsidiaries Far Eastern Bank and United Overseas Bank (China).

Prof Cham is Chairman of NSL, Soup Restaurant and the Board of Governors of Singapore-China Foundation, Deputy Chairman of Singapore Press Holdings and a director of Singapore International Foundation. He is a former director of MFS Technology and WBL Corporation.

A prominent figure in the Singapore education scene, Prof Cham is the Chancellor of SIM University and Chairman of its Board of Trustees, and was the founding President of Nanyang Technological University. For his outstanding contributions in education, he was awarded the Distinguished Service Order, Singapore's highest National Day Award, in 2003.

An engineer by training, Prof Cham holds a Bachelor of Engineering (Civil, Hons) from the University of Malaya, a Bachelor of Science in Mathematics (Hons) from the University of London and a Doctor of Philosophy in Fluid Mechanics from the University of Cambridge, UK. He is also a Fellow of the Institution of Engineers, Singapore, Academy of Engineering, Singapore, Royal Academy of Engineering, UK and Institution of Mechanical Engineers, UK and a foreign member of Royal Swedish Academy of Engineering Sciences.

Board of Directors

Wong Meng Meng

Mr Wong, 65, was appointed to the Board on 14 March 2000 and last re-elected as Director on 26 April 2012. A non-independent and non-executive director, Mr Wong is the chairman of the Nominating Committee. He is also a director of Far Eastern Bank, a UOB subsidiary.

Mr Wong is Chairman of Mapletree Industrial Trust Management.

A lawyer by profession, Mr Wong was among the pioneer batch of Senior Counsels appointed in January 1997. While in active practice, he was widely acknowledged as one of the world's leading lawyers in premier directories including *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.*

Retired from WongPartnership LLP, Mr Wong remains as its founder-consultant. He also serves as a member of the Public Guardian Board. He had previously served as the President of The Law Society of Singapore, the Vice President of the Singapore Academy of Law, and member of the Military Court of Appeal and the Advisory Committee of Singapore International Arbitration Centre. He was awarded the Public Service Medal in 2001 in recognition of his contributions to public service in Singapore.

Mr Wong holds a Bachelor of Law (Hons) from the University of Singapore and was admitted to the Singapore Bar in 1972.

Franklin Leo Lavin

Mr Lavin, 56, was appointed to the Board on 15 July 2010 and last re-elected as Director on 25 April 2013. An independent and non-executive director, he is a member of the Executive and Nominating Committees. He is also a director of Far Eastern Bank, a UOB subsidiary.

Currently, Mr Lavin is the Chairman and Chief Executive Officer of Export Now, an e-commerce business founded by him. He previously held senior finance and management positions at Citibank and Bank of America.

He serves as Chairman of the Public Affairs Practice for Edelman Asia Pacific and holds directorships in Globe Specialty Metals and Consistel (Singapore). He was the Chairman of the Steering Committee of the Shanghai 2010 World Expo USA Pavilion.

He has extensive experience in public administration, having served as Under-Secretary for International Trade at the Department of Commerce and as US Ambassador to Singapore during which he helped to negotiate the landmark US-Singapore Free Trade Agreement.

Mr Lavin holds 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 Johns Hopkins University and a Master of Business Administration in Finance at Wharton School at the University of Pennsylvania.

Willie Cheng Jue Hiang

Mr Cheng, 60, was appointed to the Board on 15 July 2010 and last re-elected as Director on 26 April 2012. An independent and non-executive director, he is the chairman of the Audit Committee and a member of the Nominating Committee.

He is also a director of FEO Hospitality Asset Management, Singapore Health Services and Integrated Health Information Systems.

Formerly a managing partner of Accenture, Mr Cheng retired after 26 years with the firm.

A well-respected figure in the charity sector, Mr Cheng currently serves as a director of several non-profit organisations including SymAsia Foundation, Council for Third Age, ApVentures and Caritas Humanitarian Aid & Relief Initiatives, Singapore and as the Chairman of Singapore Institute of Directors. He is a former director of Singapore Press Holdings, NTUC Fairprice Co-operative, Singapore Cooperation Enterprise and Lien Centre for Social Innovation. He was awarded the Public Service Medal in 2008 in recognition of his contributions to public service in Singapore.

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

Tan Lip-Bu

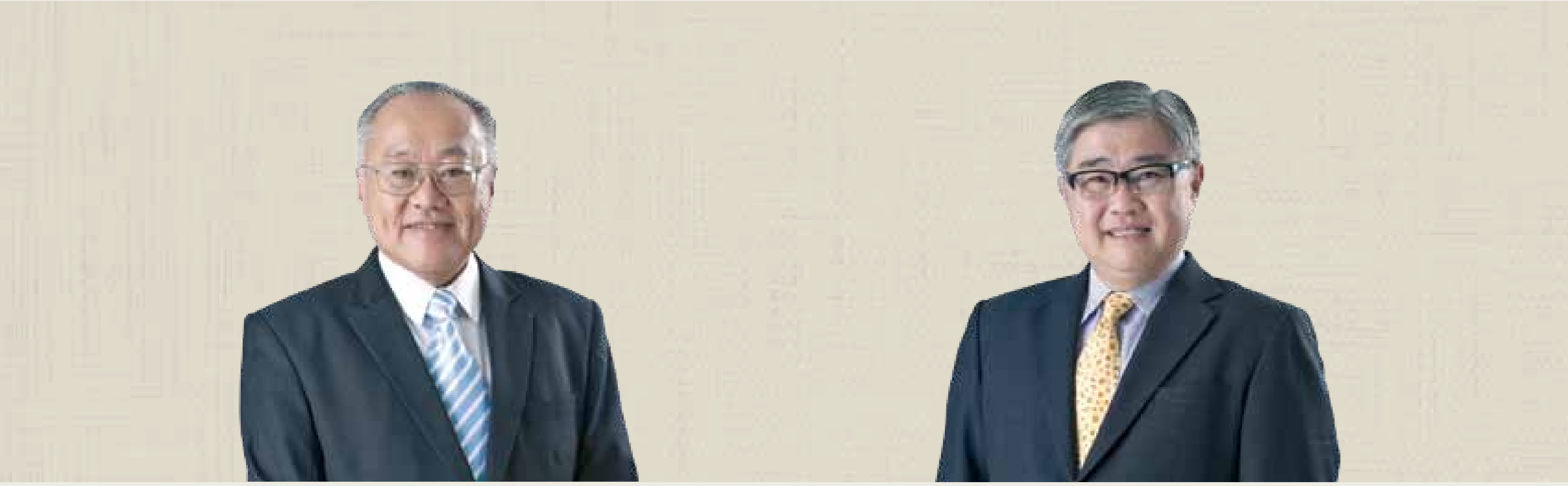
Mr Tan, 54, was appointed to the Board on 15 November 2010 and last re-elected as Director on 29 April 2011. An independent and non-executive director, he is a member of the Remuneration Committee.

The Founder and Chairman of Walden International, Mr Tan concurrently serves as President and Chief Executive Officer of Cadence Design Systems and has been a member of its board since 2004. He also serves on the boards of Ambarella, Inc, SINA Corporation, Semiconductor Manufacturing International Corporation and Netspeed Systems, Inc. He is a former director of Flextronics International and Inphi Corporation.

An advocate of education, Mr Tan serves on the Board of Trustees and The School of Engineering Dean's Advisory Council at Carnegie Mellon University.

Mr Tan holds a Bachelor of Science from 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.

Board of Directors



James Koh Cher Siang

Mr Koh, 68, was appointed to the Board on 1 September 2012 and last re-elected on 25 April 2013. An independent and non-executive director, he is a member of the Executive and Audit Committees.

Currently Chairman of the Housing & Development Board, the MechanoBiology Institute and Singapore Island Country Club, Mr Koh also holds directorships in CapitaLand and CapitaLand Hope Foundation. He is a former director of Pan Pacific Hotels Group, Singapore Airlines and UOL Group, and former Chairman of CapitaMall Trust Management.

In the span of his illustrious 35-year career with the Singapore Civil Service, Mr Koh served in various appointments including Permanent Secretary in the Ministries of National Development, Community Development and Education. He retired as the Controller of Income Tax, where he was both Commissioner of Inland Revenue and Commissioner of Charities. Prior to these appointments, he had served in the Ministry of Finance and the Prime Minister's Office. He was awarded the Public Administration Medal (Gold) in 1983 and the Meritorious Service Medal in 2002 for his contributions to public service.

Mr Koh graduated from Oxford University, UK with a Bachelor of Arts (Hons) in Philosophy, Political Science and Economics. He also holds a Master of Arts from Oxford University, UK and a Master in Public Administration from Harvard University, USA.

Ong Yew Huat

Mr Ong, 58, was appointed to the Board on 2 January 2013 and last re-elected as Director on 25 April 2013. An independent and non-executive director, he is a member of the Board Risk Management Committee. He also chairs the board of United Overseas Bank (Malaysia), a UOB subsidiary.

A director of Singapore Power, Mr Ong is also Chairman of the National Heritage Board and a board member of the Accounting and Corporate Regulatory Authority.

He retired as the Executive Chairman of Ernst & Young Singapore after 33 years with the firm.

A known supporter of the arts, Mr Ong is Chairman of the Singapore Tyler Print Institute. In 2011, he was awarded the Public Service Medal for his contribution to the arts in Singapore.

Mr Ong holds a Bachelor of Accounting (Hons) from the University of Kent at Canterbury. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore.

Management Committee

MANAGEMENT EXECUTIVE COMMITTEE

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Chan Kok Seong
Group Chief Risk Officer

Mr Chan joined UOB in 1998. He is the Head of Group Risk Management. Prior to his appointment in Singapore in September 2012, Mr Chan was the CEO of UOB (Malaysia). He holds a Bachelor of Accounting from the University of Malaya, Malaysia and is a member of The Malaysian Institute of Certified Public Accountants. He has more than 25 years of experience in banking.

Frederick Chin Voon Fat
Group Wholesale Banking

Mr Chin joined UOB in 2013. He heads the Group's wholesale banking business comprising commercial banking, corporate banking, transaction banking, structured trade and commodity finance, special asset-based finance, financial institutions business and investment banking. He holds a Bachelor of Commerce (Accounting and Econometrics) from the University of Melbourne, Australia. Mr Chin has more than 28 years of experience in banking operations and risk management.

Susan Hwee Wai Cheng
Group Technology and Operations

Ms Hwee joined UOB in 2001. She is the Head of Group Technology and Operations. She holds a Bachelor of Science from the National University of Singapore and has more than 30 years of experience in banking and operations.

Francis Lee Chin Yong
Group Retail

Mr Lee joined UOB in 1980. He leads the Group's consumer and small business retail divisions. Prior to his appointment in Singapore in 2003, he was the CEO of UOB (Malaysia). He holds a Malaysian Certificate of Education and has more than 30 years of experience in the financial industry.

Lee Wai Fai
Group Chief Financial Officer

Mr Lee joined UOB in 1989. He leads the Group's financial and management accounting, investor relations and corporate services divisions. He holds a Bachelor of Accountancy (Hons) from the National University of Singapore and a Master of Business Administration in Banking and Finance from Nanyang Technological University, Singapore. He has more than 20 years of experience in banking.

Terence Ong Sea Eng
Global Markets and Investment Management

Mr Ong joined UOB in 1982. He leads the Group's Global Markets and Investment Management and Asset Management businesses. He holds a Bachelor of Accountancy from the University of Singapore. Mr Ong has more than 30 years of experience in treasury services and operations.

MANAGEMENT COMMITTEE

The Management Committee comprises a total of 16 members, including members of the Management Executive Committee.

Armand B. Arief
President Director, PT Bank UOB Indonesia

Mr Arief was appointed President Director of PT Bank UOB Buana in 2007. PT Bank UOB Buana has since merged with PT Bank UOB Indonesia. 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 25 years of experience in the banking industry.

Cheo Chai Hong
Group Credit (Middle Market) and Corporate Planning and Strategy

Mr Cheo joined UOB in 2005. He oversees the credit approval function for middle market corporations as well as heads the Group's corporate planning and strategy division. Mr Cheo holds a Bachelor of Business Administration (Hons) from the University of Singapore and has more than 30 years of experience in corporate and investment banking, project and ship finance and credit management.

Chew Mei Lee
Group Compliance

Ms Chew joined UOB in 2006. She is the Head of Group Compliance. She holds a Bachelor of Laws (Hons) from the University of Malaya, Malaysia and has 30 years of experience in bank compliance.

Peter Foo Moo Tan
President and Chief Executive Officer, United Overseas Bank (Thai) Public Company Limited

Mr Foo joined UOB in 2011. He was appointed President and CEO of UOB (Thai) in 2012. Prior to this role, he was the Head of the Group's Treasury and Global Markets business for its overseas subsidiaries and branches. Mr Foo holds a Bachelor of Estate Management (Hons) from the National University of Singapore and is a Chartered Financial Analyst. He has more than 25 years of experience in managing banking and financial markets businesses.

Christine Ip
Chief Executive Officer, UOB Hong Kong Branch

Mrs Ip was appointed CEO of UOB Hong Kong Branch in 2011. She holds a Master in Business Administration from the Hong Kong University of Science and Technology and a Bachelor of Arts from the University of Hong Kong. She has more than 20 years of experience in consumer and corporate banking.

Eric Lian Voon Fui
President and Chief Executive Officer, United Overseas Bank (China) Limited

Mr Lian was appointed President and CEO of UOB (China) in 2013. He holds a Bachelor of Engineering (Hons) and a Master of Business Administration (Banking & Finance) from Nanyang Technological University, Singapore. Mr Lian has more than 20 years of wholesale banking experience in the Asia Pacific region.

Management Committee

Wong Kim Choong

Chief Executive Officer, United Overseas Bank (Malaysia) Berhad

Mr Wong was appointed CEO of UOB (Malaysia) in 2012. Prior to this, Mr Wong served as President and CEO of UOB (Thai) from 2004. Mr Wong holds a Bachelor of Commerce from the University of Toronto, Canada. He has more than 30 years of banking experience.

Jenny Wong Mei Leng

Group Human Resources

Ms Wong joined UOB in 2005 and heads Group Human Resources. 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. Ms Wong has more than 25 years of experience in human resource management.

Ian Wong Wah Yan

International

Mr Wong joined UOB in 2012. He heads the International department and is responsible for the Group's overseas banking subsidiaries and branches. Mr Wong holds a Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the J.L. Kellogg School of Management, USA and the Hong Kong University of Science and Technology. He has more than 20 years of experience in corporate, institutional and investment banking.

United Overseas Bank Limited (Incorporated in Singapore)
and its subsidiaries
31 December 2013

2013 in Review

UOB is organised around three key business segments – Group Retail, Group Wholesale Banking and Global Markets and Investment Management. These segments are supported by various business units to ensure we offer products and solutions that suit our customers' needs, wherever they bank with us.

GROUP RETAIL

Our Group Retail business is focused on providing our customers with financial solutions to help them to manage their money wisely and to achieve their financial goals. Our suite of retail deposits, loans, insurance, cards and investment products is complemented by our integrated channels network of more than 480 branches and 1,700 automated teller and cash deposit machines across the region, as well as online and mobile banking options.

In 2013, our consumer deposits base rose 8.6 per cent. We also saw more customers invest in professionally-managed unit trusts as they sought to diversify their holdings and manage risk in a low interest rate environment.

UOB's regional Bancassurance partnership with Prudential has moved into its fourth year and through it we continue to help our customers protect themselves against risk, grow and preserve their wealth, and save for the future. In 2013, we introduced to our UOB Wealth Banking and UOB Privilege Banking customers PruLife Elite, a single premium whole life plan with an annual payout. The plan offers customers the flexibility of extending their premium payments over a longer period of time.

UOB continues to be a leader in private residential home loans in Singapore. Our consumer loans growth remained stable with an increase of 9.7 per cent in 2013. During the year, we streamlined our processes and invested in systems enhancements to help make the home buying experience a more convenient one for our customers.

In response to customers' requests to purchase properties overseas, we introduced international property financing programmes in 2013 to finance the purchase of properties in Tokyo, Sydney, Melbourne, Perth and Malaysia in addition to those in London and Thailand.

We continue to provide our customers with card products that are tailored to their lifestyle needs. This is reflected in the more than three million UOB Cards on issue across Southeast Asia, up 6.3 per cent over 2012.

Our approach is to create best-in-class products such as the UOB ONE Card which offers the highest rebates of any card in Singapore. The UOB ONE Card offers equally high rebates in Malaysia and Indonesia. Our UOB Lady's Card continues to enjoy a loyal following among the increasing number of women executives across Asia. We introduced an invitation-only UOB Lady's Solitaire Card in Malaysia which is now one of the most prestigious cards in the market. For commercial and corporate customers, we offer a complete suite of products and solutions seamlessly across Singapore, Malaysia, Thailand, Indonesia and Hong Kong. Most recently, we helped small business customers in Singapore manage rising costs with the UOB Business Debit card, offering cost-saving discounts on utilities and transportation expenses.

Partnerships factor significantly in our business and we continue to build alliances with the biggest names in business. In Singapore, we reached an agreement to launch a co-brand card with the Dairy Farm Group, which operates more than 270 retail outlets nationally. In Indonesia, we ran a year-long campaign with Garuda Airlines and The Food Hall, a gourmet supermarket franchise, for the benefit of UOB Card members.

Throughout the year, we partnered with government agencies to provide financial education materials and to share our expertise through financial planning talks. In 2013, UOB Indonesia worked with Bank Indonesia and other major banks on the Gerakan Indonesia Menabung national savings campaign in Semarang in Central Java where we educated close to 1,000 students on the importance of saving.

Asian Perspectives for Managing Wealth

Asia's steady economic growth and rising personal wealth make it home to more high net worth individuals than any other region in the world. In 2013, UOB registered a 5.5 per cent growth in our total wealth management customer base as we continued to expand our business across Southeast Asia.

To meet the financial needs of the wealthy as well as the rising rich, UOB uses a segmented approach to managing consumers' wealth that spans UOB Core Banking, UOB Wealth Banking, UOB Privilege Banking, UOB Privilege Reserve and UOB Private Bank.

This approach enables us to help our customers grow their wealth as they move through different life stages. In Singapore, we offer wealth management services to customers with assets of $100,000 and above under management. We have a team of dedicated relationship managers and product specialists who provide advice on investment opportunities, portfolio management and retirement planning.

Our regional network of 48 dedicated wealth management centres includes the luxurious UOB Privilege Reserve and Privilege Banking Centre at Marina Bay Financial Centre, which features the only full-service banking suites in Singapore, and a new UOB Privilege Banking Centre in Shanghai's Bund area which opened in November 2013.

We also opened our fourth UOB Wealth Banking Centre in Singapore's Jurong Lake District to meet the banking needs of the 30 per cent of Singapore's rising rich who live in the area. We also introduced an interactive travel booking system at all of our Wealth Banking centres, providing customers with travel ideas and special discounts on their next holiday. The system has been popular with customers planning short get-aways in Southeast Asia as well as family staycations in Singapore.

The third anniversary of our UOB Privilege Reserve segment in November was marked by a 136 per cent growth in our client base and a 114 per cent growth in assets under management.

To keep our customers from across all of our wealth management segments updated on the latest market trends, we held a series of UOB Insights seminars throughout the year featuring talks by market experts from respected fund houses.

As many of our UOB Private Bank customers are Asian entrepreneurs, they have special banking needs which we meet through our one-bank service approach. We draw from the Group's retail, commercial banking, corporate banking, corporate finance and investment banking arms to provide them with a full suite of integrated services.

We opened our fourth UOB Wealth Banking Centre in Singapore's Jurong Lake District to meet the banking needs of the rising rich who live in the area.

Quality Financial Advisory

As the quality of financial advisory is only as good as the people who give it, UOB continues to invest in enhancing the skills and knowledge of our advisory team. We have invested more than $3 million in the past six years in the development and training of our relationship managers from across all of our wealth management segments.

UOB was the first bank in Singapore to develop training programmes with academic institutions and we continue to build on this foundation to ensure our people are trained to the highest standards. Among the programmes the Bank offers in partnership with the Singapore Management University (SMU) is the UOB-SMU Executive Certificate in Wealth Management for relationship managers serving affluent customers. It is the first such programme in Singapore to be accredited by The Institute of Banking & Finance for satisfying industry training standards.

The UOB-SMU Advanced Diploma in Private Banking raises the technical competency of our people in sophisticated financial products. Relationship managers are also trained in corporate finance so they can help customers manage their personal and business wealth holistically. Estate and succession planning form another key component of the programme.

Helping Small Businesses Realise Their Potential

UOB continues to support the ambitions of small businesses in the region. Our more than 100 Business Banking centres and branches across Southeast Asia are dedicated to meeting the financial needs of small businesses, from cash flow management to financing options. In Singapore, UOB offers the convenience of business banking services alongside retail services in every branch so customers can attend to all their financial needs in one location.

In 2013, we reported double-digit operating profit growth in our Business Banking segment driven by a strong increase in our loans and deposits while keeping non-performing loans to below two per cent. More than half of the unit's profit came from countries other than Singapore, including Malaysia, Thailand and Indonesia, where more of our customers' businesses are expanding in tandem with increasing affluence and domestic consumption.

The 2013 graduating class (6th cohort) of the UOB-SMU Advanced Diploma in Private Banking programme.

To help our customers run their businesses more efficiently, UOB rolled out a series of lending and cash management products for small businesses across the region in 2013. This included the new BizMoney unsecured short-term working capital loan for customers in Singapore and Malaysia. The loan gives small businesses quicker access to financing to seize market opportunities and the flexibility to meet their immediate working capital needs.

We also introduced a new BizTransact current account across the region offering lower transaction fees and preferential foreign exchange (FX) rates to small businesses accounts that have high transaction volumes.

Understanding that cost management is especially important to small business owners in Singapore, we developed the UOB Business Debit Card offering discounts on utilities, courier services, entertainment, travel and fuel. In addition, we shortened the

UOB had the largest number of award recipients at The Association of Banks in Singapore (ABS) Excellent Service Awards, a total of 865. We also received the highest number of Star Awards for the third consecutive year.

processing time for commercial vehicle loans from one day to four hours in Singapore, making the purchase of vehicles more convenient for customers.

To understand better and anticipate the business needs of our customers across Southeast Asia, we set up Portfolio Management analytics teams in Malaysia, Thailand and Indonesia in addition to the team already in Singapore. This allows us to improve customer satisfaction with sharper identification of customer trends and targeted delivery of customer solutions.

Continuously Improving the Customer Experience

We are always looking for ways to make banking more convenient for our customers. For instance, in early 2013 we introduced a new electronic account opening process in Singapore that is completely paperless and enables our customers to open a personal account in 15 minutes. This is a 25 per cent reduction in the average time it takes to open an account.

We became the first local bank in Singapore to offer retail customers online and mobile access to their Gold or Silver Savings Accounts. This service provides flexibility to customers who want to manage their finances online at a time convenient to them. Close to 70 per cent of Gold Savings Account and Silver Savings Account transactions are now conducted online.

Our customers continue to enjoy easy access to their banking accounts with the multi-award-winning UOB mobile application which received accolades from *Asian Banking & Finance* and *Marketing Magazine's* Mob-Ex Awards in 2013. Not resting on our laurels, we introduced a new feature which allows our customers to transfer funds to other people through their mobile phones using the recipient's mobile number. This free service, the only one in Singapore, allows customers to use their phone to make small instant electronic payments. The UOB mobile application also remains the only one in the market to offer customers cardless cash withdrawals.

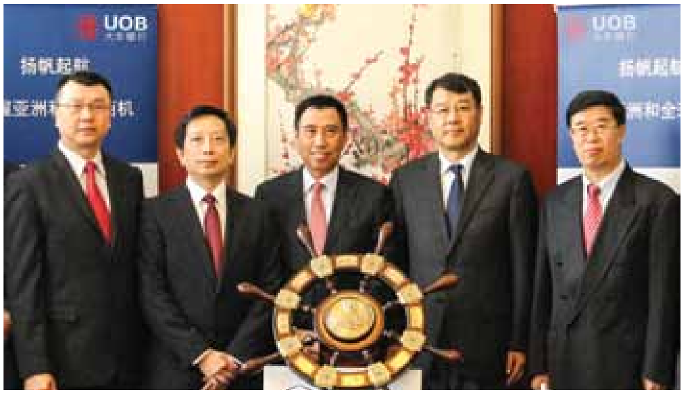
Nurturing a Customer-Centric Service Culture

At UOB, good customer service is about doing what is right for the customer, and we believe that it is the responsibility of all UOB employees, at all levels of the organisation.

Our training programmes underline the importance of our customers being able to trust us to provide ethical, accurate and professional information. We also infuse this philosophy in our orientation programme for new employees. Every year, all employees are required to complete a comprehensive e-learning training course on fair dealing.

In 2013, UOB received more than 12,000 customer compliments because of the good service and care shown to our customers, a 17 per cent increase over 2012.

Our efforts have also been recognised consistently at the national level at The Association of Banks in Singapore (ABS) Excellent Service Awards. In 2013, 865 UOB employees were commended for their service excellence. UOB received the highest number of Star Awards of any bank in the industry for the third consecutive



UOB opened a new Foreign Direct Investment Advisory Unit in China providing assistance to companies ranging from company incorporation to borderless financial services through the Bank's regional network.

year and was also awarded the first runner-up prize in the Service Excellence Champion award category.

UOB scored 71.2 in the Customer Satisfaction Index of Singapore conducted by the Institute of Service Excellence at SMU. The score was a four per cent improvement over the year before for the Bank and above the national average of 69.9.

GROUP WHOLESALE BANKING

UOB's strong Southeast Asian network and growing presence in Greater China provide the connections and expertise that companies moving into the region need when planning for long-term and sustainable growth. With intra-regional trade between China and Southeast Asia growing at a rapid pace, an increasing number of customers are using our regional experience and network to help fulfill their expansion ambitions.

For example, Chinese state-owned enterprises and private companies in the Pearl River Delta have been entering and expanding into Southeast Asia with the assistance of our new Foreign Direct Investment (FDI) Advisory Units in mainland China and Hong Kong in 2013. The units provide assistance to companies ranging from company incorporation to borderless financial services through the Bank's regional network. During the year, the Commercial Banking team also made these cross-border services available to customers in Indonesia, India, Malaysia, Myanmar, Thailand and Vietnam. These FDI Advisory Units, along with our flagship unit in Singapore, are well-positioned to serve Asian businesses expanding into Southeast Asian markets and to help our customers seize cross-border opportunities. We also worked with an increasing number of European and US companies coming into the region following a gradual recovery in the developed economies.

With more customers requiring help with managing their complex overseas payments, we introduced a new online FX tool in Singapore that enables relationship managers to quote FX rates and execute transactions on the spot. We also extended factoring to customers in Malaysia, offering them an alternative financing avenue for their expansion plans.

2013 in Review

With more Commercial Banking clients across the region taking up universal life and key-man term insurance to safeguard business continuity and manage risk, our income from these products doubled.

Supported by a gradual improvement in global economic conditions in 2013, our Corporate Banking team in Singapore delivered healthy growth in topline revenue due to higher net interest income resulting from robust loans growth, and higher non-interest income driven by investment banking and trade-related fees.

Working in partnership with our product teams, industry specialists from the Corporate Banking Overseas team continued to deepen relationships with regional customers in the telecommunications, media and technology, oil and gas, mining and resources and, food and agribusiness industries.

UOB continues to support the UOB-SMU Asian Enterprise Institute in Singapore, a centre of knowledge for small and medium enterprises with regional business expansion plans. Through the institute, companies have access to expertise on topics such as business planning, productivity and employee development.

Optimising Working Capital and Cash Flow for Our Customers
Our Transaction Banking business recorded solid growth in 2013 on the back of our strong Asian franchise and increased customer demand for cash and trade product solutions to optimise working capital, manage risk and cash flow. Our growing base of new customers contributed to an increase in trade assets and corporate deposits.

Our deep knowledge of Asian markets and our product expertise attracted more regional customers to seek our advice and services in their overseas expansion plans. In particular, we recorded an increase in customers opening Renminbi (RMB) Accounts and adopting RMB as a business currency for trade settlement in tandem with Singapore's rise as a RMB offshore centre and the liberalisation of the currency. For our customers who have business with China, the increased access to RMB liquidity has opened the doors to greater opportunities in the Chinese market. During the year, we worked closely with our customers to help them take advantage of the efficiencies that payment and trade settlement in RMB affords with trade finance and cash management services. We also educated customers on the new regulations governing the use of RMB as well as on RMB Foreign Direct Investment into China.

As the market in Myanmar continues to open up, we worked closely with customers to provide market access, and trade and payment solutions that would enable them to tap new overseas business opportunities. We have developed deep expertise in the Myanmar market due to our active involvement in sharing best practices in international trade, risk mitigation and working capital solutions with regulators, banks and the business community.

We received endorsement from customers and accolades for our cash management and trade finance services, garnering 20 prestigious awards. The awards included Best Local and Foreign Cash Management Bank, Best Overall Domestic and Best Overall Cross-Border Services from *Asiamoney*, as well as Best Trade Finance Bank from *Global Trade Review*.

Delivering Structured Trade and Commodity Financing Solutions for Global Businesses
We remained at the forefront of the structured trade and commodity financing industry and grew our profitability in the energy, metal and agricultural sectors as more of our clients expanded their businesses in Asia.

The region was a bright spot for commodities trading because of strong cross-border trade flows and we took this opportunity to build on our track record of anchoring landmark structured commodity trade finance syndications.

We also expanded our customer base by forging strategic banking relationships with major global commodity players in the US and Europe. One of the key deals in which we were involved was the prepayment financing of crude oil for one of Europe's largest producers.

As a result of the strong rapport we built with our clients across the world, we were presented with the Best Trade Finance Bank in Singapore award by *Global Trade Review*.

Strengthening our Investment Banking Capabilities
Group Investment Banking registered another successful year in 2013, maintaining a leading position in Asia for loans syndication, bond issuance and equity fund raising. UOB continues to be ranked among the top mandated arrangers for syndicated loans in Asia (ex-Japan), Southeast Asia and Singapore. In the area of local currency fixed income, UOB kept its position as one of the top five bookrunners in the Singapore dollar bond market and one of the top ten underwriters for Thai baht corporate bond issuance (excluding self-arranged deals). Our Corporate Finance team emerged first in terms of deal count for initial public offers for the commercial client segment in Singapore.

Our Mergers and Acquisitions and Debt Capital Markets teams together provided financial advisory and arranged for the financing on the largest take-over transaction in the history of Singapore - TCC Assets Limited's take-over of Fraser and Neave Limited. For their work on this landmark deal, UOB was awarded the M&A Deal of the Year in Asia Pacific Region by *The Banker* and Best Cross-Border M&A Deal of the Year in Southeast Asia by *Alpha Southeast Asia*. We also acted as the financial adviser on several other public market transactions including the successful take-over offers of Pan Pacific Hotels Group Limited, Rokko Holdings Ltd and PCA Technology Limited.

In the corporate bond market, UOB was the sole lead manager for a debut bond issuance for Oxley Holdings Limited in May 2013, the first of several mid-sized corporates to tap the Singapore dollar bond market within the year. In the public sector, UOB won several Housing & Development Board bond issuance mandates in the year, jointly lead managing note issuances of S$5.15 billion (2012: S$3.02 billion) in aggregate. We also led UOB's S$850 million 4.90% perpetual subordinated capital securities which marked the first Basel III-compliant additional Tier 1 notes issuance from an Asian bank, followed by a second issue of S$500 million 4.75% perpetual additional Tier 1 capital securities.

UOB was honoured with 74 industry awards in 2013, many of which were presented to our Wholesale Banking and Global Markets and Investment Management teams.

We continued to make good headway in regional local currency bond markets. In Malaysia, UOB lead-managed 15 Malaysian bond facilities including Indera Persada Sdn Bhd's RM280 million Fixed Rate Serial Bonds and RM15 million Subordinated Bonds as well as United Overseas Bank (Malaysia) Bhd's RM500 million Tier 2 Capital Subordinated Bonds. We also lead-managed Boustead Holdings Berhad's RM1.20 billion Junior Sukuk Programme and lead advised and arranged Tiong Nam Logistics Holdings Berhad's acquisition of RM176.3 million assets. UOB received the BluePrint Award at the Rating Agency Malaysia League Awards for its role as sole lead arranger for Sasaran Etika Sdn Bhd's RM220 million Fixed Rate Serial Bonds.

In Thailand, UOB lead-managed 21 Thailand Baht bond issues for 11 listed companies, including Home Product Center Plc., Land & Houses Plc., Quality Houses Plc. and Central Plaza Hotel Plc. We also lead-managed the US$170 million Tier 2 Basel III Compliant Subordinated Bonds for United Overseas Bank (Thai) Public Company Limited.

In the area of corporate finance, we successfully completed the public listing of six companies on both the Mainboard and Catalist of the Singapore Exchange namely, Overseas Education Limited, Soilbuild Construction Group Ltd, PS Group Holdings Ltd, MoneyMax Financial Services Ltd and Pacific Radiance Ltd, as well as AsiaPhos Limited – one of the ten largest companies listed on Catalist in terms of market capitalisation upon listing. UOB was also one of the joint underwriters for the S$463.6 million rights issue by United Engineers Limited.

GLOBAL MARKETS AND INVESTMENT MANAGEMENT

Global Markets and Investment Management is responsible for managing the bank's liquidity, investments, and market making across a wide array of financial instruments, as well as for providing financial risk management solutions and investment opportunities for customers.

2013 was a volatile year for corporate customers because of uncertainties in emerging markets that resulted from the United States (US) Federal Reserve Quantitative Easing (QE) tapering plan. With guidance from our Corporate Treasury and Advisory team, more customers and corporations began to hedge their interest rate exposures actively to protect against rising interest rates.

Investors continued to favour equity-linked structured products in 2013. In September, the QE tapering talks caused a short-term spike in interest rates, and we seized this opportunity to issue a number of structured deposits which were well received by retail investors. Demand in non-principal guaranteed structured products was strong with the volume for equity-linked structured notes jumping almost three fold and hitting an annual high.

Appetite for structured asset and liability solutions increased as more businesses and retail customers sought to hedge their exposures in an uncertain market. In response, the Fixed Income, Currencies and Commodities team continued to bring new products to customers across the region including commodity-linked structured retail notes, investment solutions linked to bespoke commodity indices, FX-linked structured notes, constant maturity swap spread-linked structured notes, bond-linked investments, and structured repurchase agreements. In Singapore, where there is strong demand for physical gold, we introduced the D-Gold Structured Note which delivers the maturity value in the form of UOB Gold Certificates that can be redeemed for physical gold. This is the first gold investment product of its kind in Singapore. In the second quarter of 2013, we began offering commodity-linked products for the first time in China, Hong Kong, Malaysia and Thailand to help customers there manage risk better.

UOB Bullion and Futures Limited (UOBBF) completed the acquisition of the remaining 25 per cent in UOBF Schneider Trading Pte Ltd in 2013, making it the full owner of the company. The acquisition will allow UOBBF to embark on expansion plans into Asia Pacific and solidifies its position as a leading commodities brokerage firm for Asian traders. UOBBF Global Connect (formerly known as UOBF Schneider) provides leased office space for professional traders that includes low latency connectivity through leased line connections to global futures exchanges.

UOB Asset Management (UOBAM) also took significant steps to grow its regional franchise with the establishment of a joint partnership with Sumitomo Mitsui Asset Management that has opened up greater access to an extensive global distribution network. The completion of the integration of UOBAM (Thai) with ING Funds (Thailand) to form UOBAM (Thailand) in July and the formation of UOBAM (Malaysia) Berhad in October will allow us to focus on building up our retail and institutional businesses in these markets.

UOBAM's performance in 2013 garnered industry recognition. We were one of the top winners at *The Edge*-Lipper Singapore Fund Awards 2013, winning a total of 13 awards across different categories. The United Asian Bond Fund was also named the Best Asia Bond Fund by Morningstar Singapore. In Malaysia, we won the Best MYR Allocation award for the OSK-UOB Kidsave Trust. The UOB Income Daily Fund was recognised as the Best Money Market Fund of the Year at the Money & Banking Awards in Thailand. In North Asia, the United Global Healthcare Fund was commended for being the Best Fund Over 5 Years at the Lipper Taiwan Fund Award.

Building on Our Technology Foundations

We made steady progress on our Southeast Asian growth strategy in 2013 by strengthening the technology infrastructure that supports our regional ambitions. The common operating platform connecting our network became fully integrated with the successful completion of the standardisation and centralisation of core banking systems in Thailand, Indonesia and Malaysia. The completion of this three-year project unifies the Group's underlying data and product processing systems. This will help to drive better performance in terms of customer acquisition and retention, speed to market, operational efficiency, lower costs and better risk management.

For our customers this means a more seamless intra-regional banking experience and access to a wider range of products and services. For instance, we were able to offer Privilege Banking customers in Indonesia the High Yield account which was previously only available to customers in Singapore. Retail customers in Indonesia and Malaysia now receive the same combined statements as customers in Singapore. The combined statement makes it easier for our customers' own record-keeping. We were also able to introduce new liquidity management services such as cash pooling and cash sweeping to our commercial and corporate banking customers in Indonesia and Malaysia, allowing them to improve their treasury management and to utilise inter-company funding more effectively.

Investing in Our People

As one of the region's leading banks and one of Singapore's largest employers in the financial services sector, UOB recognises its responsibilities to deliver sustainable growth and to contribute to the sector's stability. As such, we take a long-term view of the development of our people.

Core to this is our commitment to provide all employees with a safe and professional work environment where they can reach their full potential through opportunities based on merit. Ours is a workplace where everyone is required to treat their colleagues fairly and with respect at all times. UOB also enjoys a productive and collaborative relationship with various employee unions in the key markets in which we operate.

Training is one of the most important avenues through which we help our employees remain relevant in their fields of expertise. Nurturing our talent through continuous training and job exposure is essential. For us, it is important that our people not only have the right skill sets, but also the right mindset and values, to build and to uphold our customers' trust.

As part of investing in our people, we are dedicated to developing a strong core of financial specialists and industry leaders. We encourage employees to complete the Financial Industry Competency Standards (FICS)-accredited diploma and certificate programmes which are run in collaboration with The Institute of Banking & Finance, academic institutions and other professional bodies. Our employees also have access to a comprehensive range of technical and soft skills training programmes covering topics such as branch banking, credit, risk management, customer service and personal development. These programmes are designed to equip employees with the tools to excel in their fields. Our employees undergo an average of 40 hours of training per year.

All UOB employees have access to customised learning programmes and online resources based on the Strategise, Engage, Execute and Develop (SEED) competency framework. The SEED framework spans across our recruitment, development and talent management programmes. In 2013, SEED was incorporated into our performance management process to drive focus on behavioural measures in conjunction with business and financial key performance indicators.

To develop future leaders of the organisation, the Bank launched the UOB Leadership Academy in 2013. The Academy gives new managers access to programmes designed to build leadership skills, prepare middle managers to implement change and coach senior leaders on making strategic impact and driving enterprise transformation.

A Group-wide review is conducted annually to identify talented individuals with the potential to take on senior-level roles. As part of career development for employees we offer executive education courses, job rotation programmes and international assignments to expand skill sets and deepen experience.

Our Management Associate Programme, now into its ninth intake, continues to develop early-career talent for UOB and to create future leaders of the bank. In 2013, this fast-track programme was redesigned to provide more developmental opportunities through project-based assignments and rotation across various business units and countries.

Nurturing our talent through continuous training and job exposure is crucial to ensuring our people not only have the right skill sets, but also the right mindset and values, to build and to uphold our customers' trust.

In recognition of our commitment to good service, UOB was the only bank to be conferred the Service Excellence Workforce Skills Qualifications (WSQ) Recognition Award in 2013 by the Singapore Workforce Development Agency. This award recognises the top 20 companies in the country that have adopted service excellence as their key competitive strategy and whose employees have undergone the Service Excellence WSQ training programme.

Communicating Our Strategy to Investors and Shareholders

In 2013, we held frequent meetings and calls with close to 600 analysts and investors, and actively participated in investor conferences and roadshows in Singapore, Hong Kong, Europe, the US and Canada. Currently, 26 brokerage firms offer research coverage on UOB.

We held two Corporate Day events during the year to enable banking analysts and investors to understand better the impact of new regulatory requirements on the industry and to share updates on our regional strategy. The first forum held in May addressed the impact of Basel III regulatory reforms on capital and liquidity management while the second forum held in September focused on the progress of our operations in Thailand and our growth strategy in the country.

Our CEO and senior management team meet analysts and the media at half-yearly results briefings and quarterly post-results luncheons to provide updates on the Group's financial and operational results. They also actively engage in dialogue with shareholders at annual general meetings and extraordinary general meetings.

General information on UOB, annual reports, quarterly results, news releases and recorded webcasts of results briefings are updated regularly on the corporate website and available to the general public. All financial results news releases and legal announcements are also available on the Singapore Exchange Securities Trading Limited (SGX-ST) website.

Strong Investor Confidence

UOB was the first bank in Asia to raise successfully benchmark Basel III new-style Additional Tier 1 capital in two separate offerings in July and November 2013, further diversifying the Bank's fixed income investor base. The transactions were part of our proactive capital management strategy to position the Bank for the new Basel III regime. Both offerings were two to three times subscribed, which is a testament to the strong investor confidence in UOB.

Managing Relationships with Rating Agencies

Management of UOB's credit ratings constitutes an important component of our risk and capital management strategies. UOB currently has a rating of Aa1 by Moody's and AA - by both Standard & Poor's and Fitch Ratings.

As part of our regular engagement with the rating agencies, the senior management holds a review meeting with all the rating analysts at least once a year to provide them with an update on the Bank's corporate developments. The rating analysts are also invited to all UOB's corporate events, including results briefings and Corporate Day events.

We monitor our credit ratings on an ongoing basis and will continue to guide the rating analysts on their evaluations of the Bank's credit profile.

Registered Shareholders

UOB has approximately 28,000 registered Shareholders as at 31 December 2013. More than half (52.8 per cent) of UOB shares were held by institutional investors with related parties owning another 23.8 per cent. Corporates and non-profit organisations also accounted for 8.4 per cent of the shareholdings while retail investors constituted 7.1 per cent as at 31 December 2013. In terms of geographical analysis, investors from Singapore, North America and Europe held the largest portions of UOB shareholdings at 51.2 per cent, 20.0 per cent and 16.1 per cent respectively. Investors from other parts of the world accounted for the rest of the unitholdings.

UOB in the Community

Mr Wee Ee Cheong and 2011 UOB Painting of the Year winner Mr Gong Yao Min share their love for art with young artists from The Little Arts Academy.

At UOB, we believe in supporting people who are passionate about what they do, from businesses that are determined to succeed, to artists who are driven to inspire. We view the strengthening of these pillars of society as essential to a country's progress.

Art's vital role in society is the reason we continue to hold the longest-running art competition in Singapore – the UOB Painting of the Year. This flagship programme has helped launch the careers of many artists in Singapore and has provided an avenue for them to share their works with a wider audience. Over the last few years, we have extended the competition to encourage artists from Indonesia, Malaysia and Thailand to share their work.

In 2013, we increased the competition's regional prize pool to more than US$200,000, making it one of the largest purses among art competitions in Southeast Asia. A new Southeast Asian Painting of the Year award was also introduced to commend the most outstanding painting of the competition. In line with our tradition of helping artists gain more exposure for their work, this 2013 UOB Annual Report cover features one of the winning paintings from the year's competition.

Over the years, we have also developed a large art collection that we enjoy sharing with our customers by displaying many pieces in our branches and offices. To deepen the appreciation and understanding of art, in 2013 we used digital technology to deconstruct and reimagine 14 pieces from our collection.

The digital artworks, which were exhibited at the public atrium at UOB Plaza, drew the audience into the mind of the artists, their creative inspiration and the finer details of the paintings.

In recognition of our long-standing commitment to the arts in Singapore, UOB was conferred the National Arts Council's Distinguished Patron of the Arts Award for the ninth consecutive year.

UOB Southeast Asian Painting of the Year winner Ms Stefanie Hauger is among the artists that the competition has helped discover and nurture over its 32-year history.

UOB employees and their families run to raise funds for charity each year at the UOB Heartbeat Run/Walk.

Sharing Our Passion for Art

We continue to invest in art education programmes that benefit young people who may otherwise not have an opportunity to be exposed to the arts. To this end, UOB has been supporting organisations such as Very Special Arts Singapore since 2007, the Little Arts Academy Singapore since 2009 and the StART Society's Art Enrichment Programme in Malaysia since 2011. These organisations give underprivileged children the opportunity to discover and develop their creative talent through education, early skills intervention and rehabilitation through art. Such partnerships are also opportunities for our employees to be involved as volunteers by helping out at classes and holiday workshops for our nominated beneficiaries.

One of the ways in which we extend further support is through our UOB Heartbeat Employee Volunteer Programme. In 2013, our people and customers from across the region raised more than $675,500 for charity. Employees in Singapore, Malaysia, Indonesia, Thailand and mainland China participated in the annual UOB Heartbeat Run/Walk to raise the funds that were distributed to the following charities:

- **China** – Shanghai Jiu Qian, a local volunteer centre for migrant children that used the funding for art appreciation programmes and academic assistance.
- **Indonesia** – Wisma Kasih Bunda Foundation which provides medical treatment to underprivileged children and the Bhakti Asih Orphanage where the funds helped purchase a vehicle to transport children with multiple disabilities.
- **Malaysia** – Protect and Save The Children Association of Selangor and Kuala Lumpur, a non-government organisation that raises awareness on child sexual abuse, as well as StART Society, where UOB sponsors visual and performing art enrichment programmes.
- **Singapore** – Metta School and Towner Gardens School, where donations were used to fund arts programmes for underprivileged children.
- **Thailand** – Art for Cancer, a non-profit group of artists that donates the proceeds from the sale of their artwork to underprivileged cancer patients. UOB organised an art auction which raised an additional $24,600 for the charity.

Apart from the UOB Heartbeat Run/Walk, in Indonesia we partnered with the Kick Andy Foundation which helps talented children develop and pursue their dreams. As part of the 2013 programme, we donated school supplies and distributed books to street children in Bantul, Yogyakarta.

We also worked with charities in Hong Kong, raising more than $35,000 to support the Community Chest World Vision, the Wu Zhi Qiao Charitable Foundation and the Evangel Children's Home where our employee volunteers hold regular tutorial sessions and help the children with their studies. UOB was awarded the Caring Company status by the Hong Kong Council of Social Service for its community efforts.

UOB volunteers and their friends from Very Special Arts Singapore at a painting workshop at the Jurong Bird Park.

UOB in the Community

Within one week of Typhoon Haiyan hitting the Philippines, our employees and the Bank together raised $200,000 for the Red Cross Haiyan Relief Fund to help those affected get back on their feet.

UOB was awarded the Community Chest Special Events Platinum Award for the third year running in 2013 for our work with charities in Singapore.

Caring for Our Environment and Our People

An important part of running a sustainable business is ensuring that we manage our resources responsibly so that we minimise the direct impact of our operations on the environment.

In 2013, energy efficiency improvements that were made to our Singapore headquarters – the 66-storey UOB Plaza 1 - won the Singapore Building and Construction Authority's (BCA) Green Mark Gold^{Plus} Award for Existing Non-Residential Buildings. The BCA Green Mark Award is given to organisations that incorporate internationally recognised best practices in environmental design and performance.

Through this project, UOB's air-conditioning system will be overhauled by the end of 2014, resulting in a 25 per cent improvement in energy efficiency. This is a major undertaking as UOB Plaza 1 is one of Singapore's tallest skyscrapers, which will save 6,250,000 kilowatt-hours of energy each year. This is equivalent to the annual power consumption of more than 1,100 typical residential apartments, each sized at a thousand-square feet.

As part of a campaign to reuse and repurpose office materials, we recycled more than 510 tonnes of paper in 2013, introduced waste recycling collection points at our main buildings and recycled building parts and components for office renovation projects. In addition, we are progressively making the switch to LED lighting for our offices and ATMs to save energy.

Such initiatives result in a better working environment for our people. To protect their well-being further, a workplace safety and health committee was formed in March 2013 to ensure adherence to new national standards. As part of the first phase of implementation, close to 160 employees from the Channels team underwent Singapore Ministry of Manpower-certified BizSafe Level 2 training. The committee aims to have all segments from across the Bank trained by the end of 2014.

Corporate Governance

Good corporate governance is fundamental to UOB, which is guided in this regard by the:

- Banking (Corporate Governance) Regulations (Banking Regulations);
- Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore, which comprises the Code of Corporate Governance for companies listed on the Singapore Exchange and supplementary principles and guidelines issued by the Monetary Authority of Singapore (MAS Guidelines); and
- Singapore Exchange Securities Trading Limited Listing Manual (SGX-ST Listing Manual).

BOARD'S CONDUCT OF AFFAIRS

The Board sets the overall business direction and objectives for the Bank. Its main responsibilities include:

- setting strategic directions;
- providing entrepreneurial leadership and guidance;
- approving business plans and annual budgets;
- ensuring true and fair financial statements;
- monitoring financial performance;
- determining capital/debt structure;
- setting dividend policy and declaring dividends;
- approving major acquisitions and divestments;
- reviewing risk management framework and processes;
- evaluating the performance of the chief executive officer (CEO) and key management personnel;
- setting company values and standards; and
- performing succession planning.

The approval of the Board is required for business plans and annual budgets, major acquisitions and divestments, corporate or financial restructuring, issuance of shares and other capital, payment of dividends and other distributions to shareholders, and announcements of quarterly and full-year financial results.

The Board has delegated certain duties to five Board Committees, namely, the Nominating Committee (NC), Remuneration Committee (RC), Audit Committee (AC), Executive Committee (EXCO) and Board Risk Management Committee (BRMC). Each Board Committee has written terms of reference.

Board and Board Committee meetings and the annual general meeting (AGM) are scheduled well in advance. There are four scheduled Board meetings each year. Additional meetings are held whenever required to deal with urgent business. Directors who are unable to attend a meeting in person may participate via telephone and/or video conference or communicate their views through another director or the company secretary. The table below sets out the 2013 attendance record of directors.

	Number of meetings attended in 2013					
Name of director	**Board of Directors**	**Nominating Committee**	**Remuneration Committee**	**Audit Committee**	**Executive Committee**	**Board Risk Management Committee**
Wee Cho Yaw	5 / 5	1 / 1	2 / 2	–	4 / 4	4 / 4
Hsieh Fu Hua	5 / 5	1 / 1	2 / 2	–	4 / 4	4 / 4
Wee Ee Cheong	5 / 5	–	–	–	4 / 4	4 / 4
Wong Meng Meng	5 / 5	1 / 1	–	–	–	–
Cham Tao Soon	5 / 5	–	–	5 / 5	–	4 / 4
Reggie Thein *(Retired on 25 April 2013)*	1 / 1	–	1 / 1	1 / 2	–	–
Franklin Leo Lavin	4 / 5	1 / 1	–	–	4 / 4	–
Willie Cheng Jue Hiang	5 / 5	1 / 1	–	5 / 5	–	–
Tan Lip-Bu *(Appointed to the Remuneration Committee and stepped down from the Executive and Board Risk Management Committees on 25 April 2013)*	4 / 5	–	1 / 1	–	2 / 2	1 / 1
James Koh Cher Siang *(Appointed to the Executive and Audit Committees on 25 April 2013)*	4 / 5	–	–	3 / 3	2 / 2	–
Ong Yew Huat *(Appointed to the Board Risk Management Committee on 25 April 2013)*	5 / 5	–	–	–	–	3 / 3
Number of meetings held in 2013	**5**	**1**	**2**	**5**	**4**	**4**

Corporate Governance

BOARD COMPOSITION

There are ten Board members, the majority of whom are independent directors. The Board members are:

Wee Cho Yaw *(Chairman Emeritus and Adviser)*	Non-executive and non-independent
Hsieh Fu Hua *(Chairman)*	Non-executive and independent
Wee Ee Cheong *(Deputy Chairman and CEO)*	Executive and non-independent
Cham Tao Soon	Non-executive and non-independent
Wong Meng Meng	Non-executive and non-independent
Franklin Leo Lavin	Non-executive and independent
Willie Cheng Jue Hiang	Non-executive and independent
Tan Lip-Bu	Non-executive and independent
James Koh Cher Siang	Non-executive and independent
Ong Yew Huat	Non-executive and independent

The following four directors are not independent:

- Dr Wee Cho Yaw who is a substantial shareholder of the Bank;
- Mr Wee Ee Cheong who is a substantial shareholder and the CEO of the Bank; and
- Messrs Cham Tao Soon and Wong Meng Meng who have each served on the Board for more than nine consecutive years.

There are six independent directors. They are Messrs Hsieh Fu Hua, Franklin Leo Lavin, Willie Cheng Jue Hiang, Tan Lip-Bu, James Koh Cher Siang and Ong Yew Huat. None of them has served on the Board for nine consecutive years. They are not substantial shareholders and do not have management or business relationships with the Bank or any relationship with any substantial shareholder.

The NC considers the current Board size and composition appropriate. It is of the view that each director remains qualified for office and contributes to the Board's collective skills, experience and knowledge. The directors' profiles are set out in the 'Board of Directors' section. The NC also reviews the composition of the Board Committees annually and recommends a re-constitution as may be necessary.

CHAIRMAN EMERITUS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As Chairman Emeritus and Adviser, Dr Wee Cho Yaw provides advice and guidance to the Board and Management drawn from his more than 50 years of experience in the industry.

The positions of chairman and CEO are held by different individuals. Mr Hsieh Fu Hua is the Chairman of the Board. He provides leadership, oversees corporate governance matters and ensures that directors receive timely and comprehensive information for them to discharge their duties. Mr Wee Ee Cheong is the CEO of the Bank and is responsible for the Bank's day-to-day operations. He is the son of Dr Wee Cho Yaw.

NOMINATING COMMITTEE

The main roles of the NC are to:

- recommend the appointment and re-election/re-appointment of directors;
- assess the performance of the Board, Board Committees and each director;
- assess the independence of directors;
- review the size and composition of the Board and Board Committees;
- establish a development programme for the continuous education of directors;
- nominate candidates for the key positions of CEO, chief financial officer (CFO) and chief risk officer (CRO); and
- perform succession planning.

The NC members are Messrs Wong Meng Meng (chairman), Wee Cho Yaw, Hsieh Fu Hua, Franklin Leo Lavin and Willie Cheng Jue Hiang, a majority of whom are independent directors. Mr Wee Ee Cheong acts as an alternate member to Dr Wee Cho Yaw on the NC.

Except for an incumbent, the Banking Regulations require the chairman of a nominating committee to be an independent director. In the NC's opinion, Mr Wong Meng Meng, the incumbent NC chairman and a non-independent director, has the skills and experience to continue chairing the NC. Mr Wong Meng Meng recused himself from the NC's deliberation on his appointment.

The NC is responsible for identifying and evaluating candidates for appointment as directors. Among the factors considered by the NC in its evaluation are the current composition of the Board, and the candidates' qualification for office and ability to commit time and effort to carry out board duties. Nominations for appointment to the Board may be made by any director to the NC. The search for new directors is discreet and conducted by the NC.

New directors are briefed by Management on the Bank's business and risk management. They receive an induction package which includes the articles of directorship, terms of reference of the Board and Board Committees, codes of conduct and information on director duties.

Each year, the NC reviews the Board composition and re-nomination of directors. The performance of each director is taken into account in the review. All directors submit themselves for re-election at regular intervals. One-third of the directors retire from office by rotation at the AGM each year. Directors who are above 70 years of age are subject to annual re-appointment at the AGM. New directors submit themselves for re-election at the first AGM following their appointment to the Board.

The NC evaluates annually the performance of the Board and Board Committees and each director's contribution to the Board's effectiveness. Each director is assessed according to whether he continues to be competent, committed, diligent in attendance, prepared for meetings, active in participating and contributing to Board discussions, candid and clear in his communications, insightful on strategies and business, financially literate, and aware of his accountability as a director. The NC considers the work performed by the Board and Board Committees in assessing the effectiveness of the Board and Board Committees. The evaluation process also takes into account directors' feedback in a self-assessment questionnaire.

As directors have different abilities and companies are of different complexities, the NC has decided that it is not appropriate to prescribe the number of listed board directorships that a director may hold.

In its evaluation, the NC is satisfied with every director's commitment and contribution. It is also satisfied that the Board and Board Committees were effective during the year under review. Each NC member recused himself from the deliberation on his performance.

Directors participate in the Bank's continuous development programme to equip themselves with relevant knowledge to perform their duties. In 2013, business strategy discussions were organised every quarter to provide directors with better insight into the operations of various business units and regional operations of the Bank. Directors also took part in the Bank's e-learning programme on anti-money laundering, and in the external auditor's briefing on accounting for banks. Relevant materials were distributed for directors' self-study.

REMUNERATION COMMITTEE

The RC's responsibilities include:

- establishing a remuneration policy and framework that is in line with the strategic objectives and corporate values of the Bank and prudent risk-taking;
- determining a level and structure of remuneration that is linked to the Bank's performance and long-term interest and which is reasonable and appropriate to attract, retain and motivate directors and key management personnel; and
- reviewing and recommending the remuneration for directors and key management personnel.

The RC members are Messrs Wee Cho Yaw (chairman), Hsieh Fu Hua and Tan Lip-Bu, all of whom are non-executive directors. Except for Dr Wee Cho Yaw, the RC members are independent directors. The Banking Regulations require the chairman of a remuneration committee to be an independent director but make an exception for an incumbent RC chairman. The NC regards Dr Wee Cho Yaw as the most appropriate person for the RC chairmanship because of his many years of experience in remuneration matters.

In recommending the fees for directors, the RC considers the practices of comparable public-listed companies and factors such as the responsibilities of directors. The RC has also recommended the payment of an advisory fee to Dr Wee Cho Yaw for his contribution to the Bank in 2013. The proposed advisory fee for Dr Wee Cho Yaw and directors' fees are subject to shareholders' approval. Directors' fees and other remuneration are disclosed in the 'Directors' Report' section.

The Group's framework for employee remuneration is aimed at balancing short-term compensation with sustainable longer-term performance and prudent risk-taking while maintaining pay competitiveness. Remuneration for employees is commensurate with their performance and contributions. The remuneration package comprises fixed salaries, variable performance bonuses, benefits and, where applicable, share-based long-term incentives.

The RC reviews and approves the overall variable bonus payable to employees. The RC also approves the share-based long-term incentive programme comprising the UOB Restricted Share Plan and the UOB Share Appreciation Rights Plan. These share-based plans are described in further detail in the 'Directors' Report' section.

While the MAS Guidelines recommend that the remuneration of the top five non-director executives be disclosed, the Bank believes that it is not in its interest to make the disclosure because the market for talent is highly competitive. Except for the CEO who is the son of Dr Wee Cho Yaw, no employee of the Bank whose remuneration exceeds $50,000 is an immediate family member of a director or the CEO.

More information on the Group's remuneration policy, systems and structures, including details of the remuneration mix and deferred remuneration for senior executives and employees whose actions have a material impact on the risk exposure of the Group, can be found in the 'Human Resource' and 'Pillar 3 Disclosure' sections.

AUDIT COMMITTEE

The AC's duties include reviewing the following:

- financial statements, and internal and external audit plans and audit reports;
- adequacy and effectiveness of internal accounting control systems and material internal controls;
- quality of, and any significant change in, accounting policies and practices;
- adequacy, effectiveness and efficiency of the internal audit function;
- scope and results of the internal and external audits;
- effectiveness, independence, knowledge, competence and objectivity of the external auditor;
- appointment of the external auditor and its remuneration and terms of engagement;
- interested person transactions and material related party transactions;
- policy and procedures for detecting fraud and whistle-blowing; and
- appointment, remuneration and resignation of the Head of Group Audit.

The AC members are Messrs Willie Cheng Jue Hiang (chairman), Cham Tao Soon and James Koh Cher Siang, two of whom (including the AC chairman) are independent directors. All three AC members are independent from management and business relationships with the Bank.

Through the continuous development programme and quarterly discussions with the external and internal auditors, the AC is kept abreast of changes to accounting standards and governance issues which may have a direct impact on financial statements.

The AC is authorised to investigate any matter within its terms of reference, and has the full co-operation of Management and the internal and external auditors to discharge its duties. The internal and external auditors report their findings and recommendations to the AC independently.

The AC reviews the financial statements prior to the Bank's announcement of the financial results. It includes assessing the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements.

The AC reviews the external auditor's audit plan, audit reports and non-audit services to the Bank. It meets the external auditor in the absence of the internal auditor and Management. It also approves the terms of engagement of the external auditor.

Before recommending the re-appointment of the external auditor to the Board, the AC assesses the effectiveness, independence, knowledge, competence and objectivity of the external auditor. In its review, the AC takes into account the external auditor's work and non-audit services provided to the Bank and the audit and non-audit fees paid to the external auditor. It also considers the feedback received from the internal auditor and Management. The fees paid to the external auditor for audit and non-audit services for the financial year are contained in the 'Notes to the Financial Statements' section.

The AC is satisfied that the external auditor was effective, independent and objective in its audit of the Bank for the year under review. The AC is also satisfied that the external auditor has the requisite expertise and resources to perform its duties. Accordingly, the AC has nominated Ernst & Young LLP for re-appointment at the forthcoming AGM. UOB has complied with Rules 712 and 715 of the SGX-ST Listing Manual in the appointment of auditing firms for the Bank and its subsidiaries.

The AC reviews and approves the Internal Audit Charter which sets out the authority and responsibilities of Group Audit, the Bank's internal audit function. The Head of Group Audit reports functionally to the AC and administratively to the CEO. More information on Group Audit can be found on page 37.

The AC also assesses the adequacy and effectiveness of Group Audit. Having reviewed the scope of internal audit for the financial year, the progress and result of the audits and the auditees' response to audit findings, the AC is satisfied that Group Audit has carried out its responsibilities effectively and efficiently. The Head of Group Audit has confirmed that Group Audit is adequately and appropriately resourced.

EXECUTIVE COMMITTEE

The EXCO's main responsibilities are to:

- assist the Board to oversee the Bank's performance in specific business lines and review medium- and long-term business objectives;
- approve certain credit facilities, treasury and investment activities and capital expenditure;
- review and recommend the budget and business plans;

- monitor the Bank's financial performance and review the Bank's capital and debt structure; and
- perform such other functions and exercise such other power and authority as may be delegated by the Board.

The EXCO consists of Messrs Wee Cho Yaw (chairman), Hsieh Fu Hua, Wee Ee Cheong, Franklin Leo Lavin and James Koh Cher Siang, a majority of whom are independent directors.

BOARD RISK MANAGEMENT COMMITTEE

The BRMC oversees risk management matters including the following:

- establishment and operation of a robust and independent risk management system to identify, measure, monitor, control and report risks on an enterprise-wide basis;
- adequacy of the risk management function's resources;
- overall risk appetite, risk profile, risk limits and tolerance, and risk-return strategy;
- adequacy and effectiveness of the risk management process and system;
- risk measurement models and approaches;
- appropriateness of the remuneration and incentive structure; and
- appointment and resignation of the CRO.

The members of the BRMC are Messrs Wee Cho Yaw (chairman), Hsieh Fu Hua, Wee Ee Cheong, Cham Tao Soon and Ong Yew Huat, a majority of whom (including the BRMC chairman) are non-executive directors.

INTERNAL CONTROLS AND RISK MANAGEMENT

Group Audit

Group Audit carries out its function according to the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and other relevant best practices. It performs independent assessment of the reliability, adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. Group Audit has unfettered access to information, Management and the AC, and reports its audit findings to the AC and Management.

It develops its audit plan using a risk-based approach and reviews the audit plan annually. Audit projects are prioritised and scoped based on its assessment of the Bank's risks and controls over the risk types. The internal audit plan is submitted to and approved by the AC. Significant findings from audits are highlighted to the AC through audit reports and at the AC meetings.

Group Audit also oversees the internal audit functions of UOB's overseas banking subsidiaries. The heads of the overseas banking subsidiaries' internal audit functions report functionally to their respective audit committees and administratively to their respective local CEOs. The Head of Group Audit is invited to attend their audit committee meetings.

Group Compliance

Group Compliance is an independent function that provides regulatory compliance support to business units and subsidiaries in Singapore. It also oversees the compliance functions of overseas subsidiaries and branches through a matrix-reporting structure. The Head of Group Compliance reports directly to the CEO.

Group Compliance works with business and support functions to identify, assess, monitor and manage regulatory compliance risks. It implements the approved compliance policies and procedures and ethical standards for the Group to adopt and adhere to in the conduct of business. Group Compliance also monitors regulatory developments and provides advisories where appropriate. Significant compliance issues and regulatory developments are highlighted to the Board and Senior Management through regular reports.

Group Risk Management

An independent function, Group Risk Management works with relevant senior management committees and business and support functions to develop and implement the appropriate strategies, frameworks, policies and processes for identifying, assessing, monitoring and managing risks. It also oversees the risk management functions of overseas banking subsidiaries and branches through a matrix-reporting structure. The CRO, who reports functionally to the BRMC and administratively to the CEO, is responsible for the day-to-day operations of Group Risk Management. The Bank's risk management is described in detail in the 'Risk Management' and 'Pillar 3 Disclosure' sections.

Senior Management Committees

Senior management committees assist the CEO in managing the Bank and maintaining the relevance and effectiveness of the Bank's frameworks, policies, processes and procedures for internal controls and risk management. The committees include the:

- Asset and Liability Committee;
- Credit Committee;
- Human Resources Committee;
- Investment Committee;
- Management Committee;
- Management Executive Committee;
- Operational Risk Management Committee;
- Risk and Capital Committee; and
- Technology and Corporate Infrastructure Committee.

Frameworks, Policies and Guidelines

The Bank's system of internal controls and risk management is detailed in formal frameworks, policies and guidelines which are reviewed by Management and audited by the auditors for compliance.

Ethical Standards

UOB has a whistle-blowing policy which is administered by Group Audit and overseen by the AC. Under the policy, an individual may report in good faith, without fear of reprisal, any suspected wrongdoing to the Head of Group Audit, AC chairman, CEO or Chairman of the Board. All reports received are accorded confidentiality and investigated independently and in a timely manner by Group Audit. The AC receives whistle-blowing reports from Group Audit.

The Bank has a code of conduct which is based on the Bank's core values of integrity, performance excellence, teamwork, trust and respect. All employees are required to observe the code of conduct which guides them on their conduct at the workplace and with stakeholders.

UOB is committed to fair dealing with customers who are at the heart of the Bank's business. To deliver fair dealing outcomes to customers, the Bank has put in place policies, guidelines and best practices to embed fair dealing principles into its daily operations and to train employees to deal fairly with customers.

Directors and employees are guided by a code on dealing in securities which prohibits dealings:

- on short-term considerations;
- during the period commencing two weeks before the announcement of the Bank's financial statements for each of the first three quarters of the financial year and one month before the announcement of the Bank's full-year financial statements; and
- whenever they possess price-sensitive information.

Assessment

The Bank's various functions with risk management responsibilities use tools including the General Control Environment Self-Assessment, Operational Risk Self-Assessment, Key Operational Risk Indicators, Regulatory Risk Assessment, Compliance Control Self-Assessment and Compliance Review Programmes to conduct assessments on compliance with internal controls and regulations.

The AC and the Head of Group Audit have reviewed the Bank's internal controls, including financial, operational, compliance and information technology controls on an ongoing basis, and the BRMC has reviewed the risk management processes with the CRO.

The Board has received assurance from the CEO and CFO that the system of risk management and internal controls is effective, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on the internal controls and risk management processes established and maintained by the Bank, work performed by the internal and external auditors, and reviews performed by Senior Management, the relevant Board Committees and the Board, the Board (with the concurrence of the AC and BRMC) is of the opinion that the system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2013. The Board notes that no system of internal controls and risk management can provide absolute assurance against material error, loss or fraud. UOB's system of internal controls and risk management provides reasonable but not absolute assurance that the Bank will not be adversely affected by any reasonably foreseeable event.

ACCESS TO INFORMATION

Directors have unfettered access to information and Management. Comprehensive and timely financial, risk management and operational reports are sent to directors in advance of a meeting. As and when necessary, directors may seek independent professional advice at the Bank's expense to discharge their responsibilities.

In addition, directors have access to the company secretary who assists them in the discharge of their duties. The company secretary advises directors on governance matters, facilitates communications between the Board and Management, and organises the induction of new directors and the Bank's continuous development programme for directors.

INTERESTED PERSON TRANSACTIONS

All interested person transactions are reported to and reviewed by the AC. The table to the right sets out the interested person transactions which were entered into during the year.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
UOL Group Limited and its subsidiaries (UOL Group)	UOB Travel Planners Pte Ltd, a wholly-owned subsidiary of UOB, sold travel products and services to and acted as hotel services agent for the UOL Group. The total value of these transactions was $781,564.	Nil
Haw Par Corporation Limited and its subsidiaries (Haw Par Group)	UOB Travel Planners Pte Ltd sold travel products and services to the Haw Par Group. The total value of these transactions was $270,177.	Nil
UOL Group Limited (UOL)	The Bank accepted UOL's general offer of $2.55 per share of Pan Pacific Hotels Group Limited (PPHG) in connection with the delisting of PPHG. UOL and PPHG are companies associated with Messrs Wee Cho Yaw and Wee Ee Cheong.	Nil
Dou Hua Restaurants Pte Ltd	The Bank renewed the lease of its premises at 80 Raffles Place, #60-01, #37 and #38, UOB Plaza 1, Singapore 048624 to Dou Hua Restaurants Pte Ltd at the rent of $7.50 per square foot per month. Dou Hua Restaurants Pte Ltd is a subsidiary of UOL. The rent for the lease was supported by an independent valuation.	Nil

Related party transactions that may be of interest are contained in the 'Notes to the Financial Statements' section.

SHAREHOLDER RIGHTS AND COMMUNICATION

The Bank does not practise selective disclosure and has an investor relations policy on communicating with shareholders, investors and analysts. It discloses all pertinent information on a timely basis via SGXNet and the UOB website. Quarterly financial results are announced within 45 days from the end of each quarter and the full-year financial results are announced within 60 days from the financial year-end. Dividends recommended or declared for payment, if any, are also announced on SGXNet.

UOB provides its annual report to shareholders in a compact disc at least 14 days before the AGM. The annual report is also available on SGXNet and the UOB website. Shareholders may request a copy of the annual report in print form.

General meetings are a principal forum for dialogue with shareholders. A notice of a general meeting is sent to shareholders at least 14 days before the meeting. All shareholders are entitled to attend general meetings. Shareholders may appoint up to two proxies to attend and vote in their place at a general meeting. Investors who hold shares through nominees and custodian banks may vote through their nominees or custodian banks, or attend the general meeting as observers.

The Bank adopts electronic poll-voting at general meetings. Shareholders and proxies at a general meeting are briefed on the voting procedures, and the votes cast for or against each resolution are tallied and displayed at the close of voting.

Shareholders may give their views and feedback through the Bank's Investor Relations unit. The unit acts as the bridge between Management and the investment community. The contact details of the Investor Relations unit can be found in the 'Corporate Information' section.

Capital Management

Our approach to capital management is to ensure that the Group and all banking entities maintain strong capital levels to support our businesses and growth, to meet regulatory capital requirements at all times and to maintain a good credit rating.

We achieve these objectives through the Group's Internal Capital Adequacy Assessment Process (ICAAP) whereby we actively monitor and manage the Group's capital position over a medium-term horizon, involving the following:

- setting capital targets for the Bank and its banking subsidiaries. As part of this, we take into account future regulatory changes and stakeholder expectations;
- forecasting capital demand for material risks based on the Group's risk appetite. This is evaluated across all business segments and banking entities and includes the Group's capital position before and after mitigation actions under adverse but plausible stressed conditions; and
- determining the availability and composition of different capital components.

Two committees oversee our capital planning and assessment process. The Board Risk Management Committee assists the Board with the management of risks arising from the business of the Group while the Risk and Capital Committee manages the Group's ICAAP, overall risk profile and capital requirements. Each quarter, the Board Risk Management Committee and senior management are updated on the Group's capital position. The capital management plan, the contingency capital plan, as well as any capital management actions, are submitted to the senior management team and/or to the Board for approval.

The Bank is the primary equity capital provider to the Group's entities. The investments made in Group entities are funded mainly by the Bank's own retained earnings and capital issuance. The Group's banking subsidiaries manage their own capital to support their planned business growth and to meet regulatory requirements within the context of the Group's capital plan. Capital generated by subsidiaries in excess of planned requirements is returned to the Bank by way of dividends. During the year, none of the subsidiaries faced any impediment in the distribution of dividends.

Capital Adequacy Ratios (CAR)

The Group is subject to the Basel III capital adequacy standards required by the MAS. Under the revised MAS Notice 637 which came into effect on 1 January 2013, we are required to maintain minimum Common Equity Tier 1 (CET1), Tier 1 and Total CAR of 4.5 per cent, 6 per cent and 10 per cent respectively at Bank and Group levels. These will increase progressively over time to 9 per cent, 10.5 per cent and 12.5 per cent by 1 January 2019.

The Group has always appreciated the need to be well-capitalised, and coupled with the phased-in timeline for implementation, we believe the Group is ready to meet the MAS' revised requirements. The table below shows the consolidated capital position of the Group as at 31 December 2013 and 31 December 2012. The approaches for the computation of risk-weighted assets can be found in the 'Risk Management' and 'Pillar 3 Disclosure' sections.

	2013 $ million (Basel III)	**2012 $ million (Basel II)**
Common Equity Tier 1 Capital		
Share capital	**3,155**	3,123
Disclosed reserves/others	**20,981**	19,046
Regulatory adjustments	**(2,348)**	
Common Equity Tier 1 Capital	**21,788**	
Additional Tier 1 Capital		
Preference shares/others	**2,180**	2,149
Regulatory adjustments - capped	**(2,180)**	(4,738)
Tier 1 Capital	**21,788**	19,580
Tier 2 Capital		
Subordinated notes	**4,692**	5,213
Provisions/others	**867**	1,022
Regulatory adjustments	**(37)**	(369)
Eligible Total Capital	**27,310**	25,446
Risk-Weighted Assets		
Credit risk	**140,470**	114,634
Market risk	**13,657**	8,668
Operational risk	**10,784**	9,801
	164,911	133,103
Capital Adequacy Ratios (%)		
CET1	**13.2**	NA
Tier 1	**13.2**	14.7
Total	**16.6**	19.1

Disclosure on the regulatory capital composition, reconciliation of regulatory capital to the published balance sheet and key features of capital instruments is available on the UOB website at www.UOBGroup.com/investor/financial/overview.html.

Our capital is divided into three tiers, each net of regulatory adjustments:

- CET1 Capital comprising paid-up ordinary share capital, disclosed reserves and qualifying minority interest;
- Additional Tier 1 (AT1) Capital comprising eligible non-cumulative non-convertible perpetual securities, and preference shares ineligible as capital instruments that are subject to partial recognition under the Basel III transitional rules; and
- Tier 2 Capital comprising subordinated notes ineligible as capital instruments and are subject to partial recognition under the Basel III transitional rules, and accounting provisions in excess of Basel expected loss.

In addition, under the phased-in timeline for Basel III implementation, regulatory adjustments consisting of goodwill, other intangible assets and deferred tax assets are deducted against CET1 Capital at zero per cent in 2013, progressing to 100 per cent by 2018. The remaining amount is deducted against available AT1 Capital with shortfall taken against CET1 Capital. Other regulatory adjustments include corresponding deduction on investment in own shares as well as phase-in corresponding deduction on investments in private equity and venture capital entities and investments approved under section 32 of the Banking Act that exceed the threshold for deduction.

A description of the key terms of the capital instruments included as eligible capital can be found in Notes 12 and 19 of the financial statements.

Our banking operations outside Singapore are also required to comply with the regulatory requirements in the country of operation. The tabulation below shows the CAR of major banking subsidiaries as at 31 December 2013, based on local requirements of the respective countries.

	2013			
	Total Risk-Weighted Assets	Capital Adequacy Ratios		
	$ million	CET1 %	Tier 1 %	Total %
United Overseas Bank (Malaysia) Bhd	15,202	14.8	14.8	17.5
United Overseas Bank (Thai) Public Company Limited	9,444	13.2	13.2	15.9
PT Bank UOB Indonesia	6,102	NA	13.9	14.9
United Overseas Bank (China) Limited	4,765	16.7	16.7	17.7

Capital Management Initiatives in 2013

Additional Tier 1 Capital

- Issue of S$850 million and S$500 million non-cumulative non-convertible perpetual capital securities by the Bank on 23 July and 19 November 2013 respectively; and
- Redemption of S$1.32 billion Class E non-cumulative non-convertible Class E Preference Shares by the Bank on 16 September 2013.

Tier 2 Capital

- Maturity of the US$1 billion 4.5% subordinated notes on 2 July 2013.

Dividend

Our aim is to continue to pay consistent and sustainable dividends to shareholders over the long term by balancing growth with prudent capital management. Dividends are payable at least on a half-yearly basis. For the financial year ended 31 December 2013, the Board has recommended a final one-tier tax-exempt dividend of 50 cents and a special one-tier tax-exempt dividend of 5 cents per ordinary share, bringing the full-year dividend to 75 cents per ordinary share. This represents a payout of S$1,182 million, representing 39 per cent of the Group's net profit of S$3,008 million. The UOB scrip dividend scheme will be applied to the final and special dividends for 2013.

Share Buyback and Treasury Shares

Ordinary shares repurchased by the Bank are held as treasury shares. These are recorded as a deduction against share capital and may be sold, cancelled, distributed as bonus shares, or used to meet the obligations under its employee long-term incentive plans.

During the year, 1.7 million treasury shares were delivered to meet the obligations under the Bank's existing employee long-term incentive plans. There was no share buyback in 2013.

Risk Management

RISK MANAGEMENT OVERVIEW

Effective risk management is integral to the Group's business success. The Group's approach to risk management is to ensure risks are managed within the levels established by the Group's various senior management committees and approved by the Board and/or its committees.

The Group has established a comprehensive framework of policies and procedures to identify, measure, monitor and control risks. These are guided by the Group's Risk Management Principles which advocate:

- delivery of sustainable long-term growth using sound risk management principles and business practices;
- continual improvement of risk discovery capabilities and risk controls; and
- business development based on a prudent, consistent and efficient risk management framework.

RISK MANAGEMENT GOVERNANCE AND FRAMEWORK

The Board oversees a governance structure that is designed to ensure that the Group's business activities are:

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

In this, the Board is supported by the Board Risk Management Committee (BRMC).

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

The BRMC reviews the overall risk appetite and level of risk capital to maintain for the Group. Senior management and the senior management committees are authorised to delegate risk appetite limits by location, business lines, and/or broad product lines.

RISK APPETITE

The Group has established a risk appetite framework to define the amount of risk the Group is able and willing to take in pursuit of its business objectives. The risk appetite defines suitable thresholds and limits across key areas including but not limited to credit risk, country risk, market risk, liquidity risk, operational risk and reputational risk. The objective of establishing a risk appetite framework is not to limit risk taking but to ensure that the Group's risk profile is aligned to its business strategy. Our risk taking approach is focused on businesses which we understand and are well equipped to manage the risk involved. The Group will continue to upgrade its risk management, information technology and other capabilities to support its strategic aspirations.

UOB's risk appetite framework is updated and approved annually by the Board. Management monitors and reports the risk limits to the Board.

BASEL FRAMEWORK

The Group has adopted the Basel Framework and observes the Monetary Authority of Singapore (MAS) Notice to Banks No. 637 – Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore. UOB continues to adopt a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns.

The Group has adopted the Foundation Internal Ratings-Based (FIRB) approach for its non-retail exposures and the Advanced Internal Ratings-Based (AIRB) approach for its retail exposures. For Market and Operational risks, the Group has adopted the Standardised Approach (SA).

The Group has adopted ICAAP to assess on an ongoing basis the amount of capital necessary to support its activities. The ICAAP is reviewed periodically to ensure that the Bank remains well-capitalised after considering all material risks. Stress testing is conducted to determine capital adequacy under stressed conditions.

The Group's Pillar 3 Disclosure Policy addresses the disclosure requirements specified in MAS Notice 637. Please refer to the 'Pillar 3 Disclosure' section in the Annual Report for further information.

CREDIT RISK

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet their financial obligations when they fall due. Credit risk is the single largest risk that the Group faces in its core business as a commercial bank, arising primarily from loans and other lending-related commitments to retail, corporate and institutional borrowers. Treasury and capital market operations, and investments also expose the Group to counterparty and issuer credit risks.

Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the measurement and management of credit risk. The Group's portfolio is also reviewed and stress-tested regularly, and the Group continuously monitors the operating environment to identify emerging risks and to formulate mitigating action.

Credit Risk Governance and Organisation

The Group Credit Committee is the key oversight committee for credit risk and supports the CEO and Board Risk Management Committee in managing the Group's overall credit risk exposures. The committee serves as an executive forum for discussions on all credit-related issues including the credit risk management framework, policies, processes, infrastructure, methodologies and systems. The Group Credit Committee also reviews and assesses the Group's credit portfolios and credit risk profiles.

The Country and Credit Risk Management Division is responsible for the reporting, analysis and management of all elements of credit risk. It develops Group-wide credit policies and guidelines, and focuses on facilitating business development within a prudent, consistent and efficient credit risk management framework.

Credit Risk Policies and Processes

The Group has established credit policies and processes to manage credit risk in the following key areas:

Credit Approval Process
To maintain the independence and integrity of the credit approval process, the credit origination and approval functions are clearly segregated. Credit approval authority is delegated to officers based on their experience, seniority and track record, and is based on a risk-adjusted scale according to a borrower's credit rating. All credit approval officers are guided by credit policies and credit acceptance guidelines that are periodically reviewed to ensure their continued relevance to the Group's business strategy and the business environment.

Credit Concentration Risk
Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. This is managed by setting exposure limits on obligors, portfolios, borrowers, industries and countries, generally expressed as a percentage of the Group's eligible capital base. Regular assessments of emerging risks and reviews of industry and country outlooks are performed to identify areas in which concentration risks may accumulate.

While the Group proactively minimises undue concentration of exposures in its portfolio, its credit portfolio remains concentrated in Singapore and Malaysia. UOB's cross-border exposure to China has seen a pronounced increase over the years, consistent with rising trade flows between China and the countries in the Association of Southeast Asian Nations (ASEAN). The Group manages its country risk exposures within an established framework that involves setting limits for each country. Such limits are based on the country's risk rating, economic potential measured by its gross domestic product and the Group's business strategy.

UOB's credit exposures are well-diversified across industries with the exception of the Singapore real estate sector which is due mainly to the high home ownership rate. The Group remains vigilant about risks in the sector and has taken active steps to manage its exposure while continuing to maintain a prudent stance in approving real estate-related loans. The Group also conducts frequent stress testing to assess the resilience of the portfolio in the event of a marked deterioration in operating conditions.

Credit Stress Test
Credit stress testing is a core component of the Group's credit portfolio management process. Various regulatory and internal stress tests are conducted periodically. The main purpose of credit stress testing is to provide a forward-looking assessment of the Group's credit portfolio under adverse economic scenarios. Under stress scenarios such as a severe recession, significant losses from the credit portfolio may occur. Stress tests are used to assess if the Group's capital can withstand such a severe scenario, identify the vulnerability of various business units under such a scenario and formulate the appropriate mitigating action.

The Group's stress test scenarios consider potential and plausible macroeconomic and geopolitical events in varying degrees of likelihood and severity. These are developed through consultation with relevant business units and are approved by senior management. The projected stressed variables such as gross domestic product and interest rates are applied consistently to all Group portfolios to estimate credit losses.

Risk Management

Credit Risk Mitigation

Potential credit losses are mitigated using a variety of instruments such as collateral, derivatives, guarantees and netting arrangements. 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 and 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. Appropriate haircuts are applied to the market value of collateral, reflecting the underlying nature of the collateral, quality, volatility and liquidity. In addition, collateral taken by the Group has to fulfill certain eligibility criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for Internal Ratings-Based (IRB) purposes. In extending credit facilities to small and medium enterprises (SMEs), personal guarantees are also often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

The Group has also established policies and processes to mitigate counterparty credit risk, in particular for cases where default risk and credit exposure increase together (wrong-way risk). Transactions that exhibit such characteristics will be identified and reported to senior management on a regular basis. In addition, transactions with specific wrong-way risk are generally rejected at the underwriting stage.

Exposures arising from foreign exchange and derivatives are typically mitigated through agreements such as the International Swaps and Derivatives Association (ISDA) Master Agreements and the Credit Support Annex (CSA). Such agreements help to minimise credit exposure by allowing the Bank to offset what it owes to a counterparty against what is due from that counterparty in the event of a default.

The Group's foreign exchange-related settlement risk has been reduced significantly through its participation in the Continuous Linked Settlement (CLS) system. This system allows transactions to be settled irrevocably on a delivery versus payment basis.

As at 31 December 2013, UOB would be required to post additional collateral of US$20.7 million with its counterparties if its credit rating was downgraded by two notches.

Credit Monitoring and Remedial Management

The Group regularly monitors credit exposures, portfolio performance and emerging risks that may impact its credit risk profile. The Board and senior management are updated on credit trends through internal risk reports. The reports also provide alerts on key economic, political and environmental developments across major portfolios and countries, so that mitigating actions can be taken if necessary.

Delinquency Monitoring
The Group monitors closely the delinquency of borrowing accounts as it is a key indicator of credit quality. An account is considered as delinquent when payment is not received on the due date. Any delinquent account, including a revolving credit facility (such as an overdraft) with limit excesses, is closely monitored and managed through a disciplined process by officers from business units and risk management. Where appropriate, such accounts are also subject to more frequent credit reviews.

Classification and Loan Loss Impairment
The Group classifies its credit portfolios according to the borrower's ability to repay the credit facility from their normal source of income. There is an independent credit review process to ensure the appropriateness of loan grading and classification in accordance with MAS Notice 612.

All borrowing accounts are categorised into 'Pass', 'Special Mention' or 'Non-Performing' categories. Non-Performing accounts are further categorised as 'Substandard', 'Doubtful' or 'Loss' in accordance with MAS Notice 612. Any account which is delinquent (or in excess for a revolving credit facility such as an overdraft) for more than 90 days will be categorised automatically as 'Non-Performing'. In addition, any account that exhibits weaknesses jeopardising repayment on existing terms may be categorised as 'Non-Performing'.

Upgrading and declassification of a Non-Performing 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 declassified, 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 based on the Group's assessment of the financial condition of the borrower and the ability of the borrower to repay under the restructured terms. A restructured account must comply fully with the restructured terms in accordance with MAS Notice 612 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 the MAS' 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 non-performing loans (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.

Internal Credit Rating System

The Group employs internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by the Group in the areas of credit approval, credit review and monitoring, credit stress testing, limits setting, pricing and collections.

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.

Credit risk models are independently validated before they are implemented to ensure they are fit for purpose. The robustness of these rating models is monitored on an ongoing basis, and all models are subject to annual reviews conducted by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the Group Credit Committee or Board Risk Management Committee, depending on the materiality of the portfolio.

The Group's internal rating structure is illustrated below.

Internal Rating Structure

Large Corporate SME Specialised Lending (IPRE)[a]	Specialised Lending (CF, PF and SF)	Bank Sovereign	Retail
Customer Risk Rating Expected Loss Rating[b]	Borrower Risk Rating	Customer Risk Rating	Risk Drivers
16 Pass Grades 4 Default Grades	Supervisory Grades	15 Pass Grades	Homogenous Risk Pools

Derive Risk Estimates

Use of Internal Estimates

Credit Approval	Stress Test	Collections
Credit Review and Monitoring	Limits Setting and Monitoring	Risk-based Pricing

a The 20 rating grades structure applies to the Group's Income Producing Real Estate (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).

Non-Retail Exposures
The Group has adopted the FIRB approach for its non-retail exposures. Under this approach, the probability of default (PD) for each borrower is estimated using internal models. These PD models employ qualitative and quantitative factors to provide an assessment of the borrower's ability to meet their financial obligations, and are calibrated to provide an estimate of the likelihood of default over one-year time horizon. A default is considered to have occurred 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 for more than 90 days on any credit obligation to the Group.

Supervisory loss given default (LGD) and exposure at default (EAD) parameters prescribed by the MAS are used together with the internal credit ratings to calculate risk weights and regulatory capital requirements.

While the Group's internal risk rating grades may show some correlation with the rating grades of External Credit Assessment Institutions (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. Credit risk factors used to derive a borrower's risk rating include its financial strength, quality of management, business risks, and the industry in which it operates. The borrower risk rating process is augmented by facility risk ratings, which take into account the type and structure of the facility, availability and type of collateral, and seniority of the exposure.

The Group's internal rating grade structure for the Corporate asset class consists of 16 pass grades and four 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 Class
Within the Corporate asset class, the Bank has four sub-classes for Specialised Lending: IPRE, Commodities Finance (CF), Project Finance (PF) and Ship Finance (SF). Internal risk grades are derived based on a comprehensive assessment of financial and non-financial risk factors using internal scorecards.

The rating grade structure for IPRE exposures follows that of the Corporate asset class, with 16 pass grades and four default grades. Risk grades derived for CF, PF and SF exposures are mapped to five supervisory slotting categories as prescribed under MAS Notice 637, which determines the risk weights to be applied to such exposures.

Sovereign Asset Class
The Group has developed an internal sovereign scorecard to rate exposures in this asset class. Public debt levels, balance of payments, fiscal budgets and other macroeconomic, stability and political risk factors are considered in the scorecard to assess sovereign credit risk in a structured and holistic manner. 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, which takes into account asset quality, capital adequacy, liquidity, management, regulatory environment and robustness of the overall banking system. 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:

- Simple Risk Weight (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 subject to the supervisory risk weights as prescribed by MAS Notice 637, while investment exposures adopting the PD/LGD Method are rated using the Group's internal Bank scorecard.

Retail Exposures
The Group has adopted the AIRB approach for its retail exposures, which comprises residential mortgages, qualifying revolving retail exposures and other retail exposures.

Exposures within each of these asset classes are not managed individually, but as part of a pool of similar exposures based on borrower and transaction characteristics. Internal risk segmentation models are used to estimate PD, LGD and EAD parameters for each of these exposure pools based on historical internal loss data. Where internal loss data is insufficient to provide robust risk estimates, the segmentation models may incorporate internal and/or external proxies, and where necessary, may be augmented with appropriate margins of conservatism.

Residential Mortgage Asset Class
This includes any credit facility (such as housing loan, term loan, overdraft) secured against a mortgage of a residential property or properties which meet criteria stipulated by the MAS. Residential mortgage exposures are assessed and managed using the Group's framework of credit policies, procedures and risk segmentation models.

Qualifying Revolving Retail Exposures (QRRE) Asset Class
This includes credit card exposures and unsecured credit lines meeting criteria stipulated by the MAS. QRRE are assessed and managed using a combination of application and behavioural scorecards, risk segmentation models, as well as internal credit policies and procedures.

Other Retail Asset Class
This includes commercial properties, car loans, share financing and any other retail exposures not classified as Residential Mortgage or QRRE. These exposures are assessed and managed using the Group's framework of credit policies, procedures and risk segmentation models.

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. Securitised assets are valued at average bid prices sourced through brokers, banks and independent third party pricing vendors. This is based on the assumption that the asset can be sold at these bid prices. There is no change to the methods and key assumptions for valuing positions from the previous period. UOB Asset Management, a subsidiary of UOB, manages structured finance assets, such as CDOs and ABSs as part of its asset management activities.

Risk weights for securitisation exposures are computed using the Ratings-Based Method for such exposures as prescribed by MAS Notice 637.

Credit Exposures Subject to Standardised Approach
For exposures subject to the Standardised Approach, approved 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.

MARKET RISK

Market risk is governed by the ALCO, which meets monthly to review and provide directions on market risk matters. The Market Risk Management (MRM) and Balance Sheet Risk Management (BSRM) Divisions support the BRMC, 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. The valuation methodologies employed by the Group are in line with sound market practices. 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.

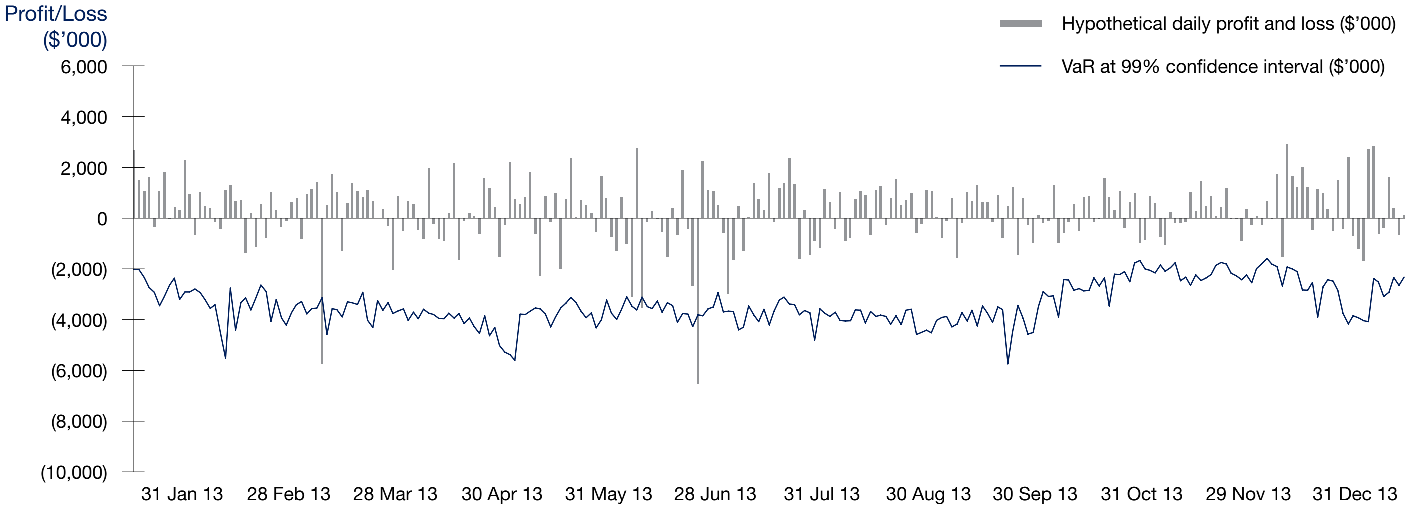
Overall market risk appetite is balanced at the Group, Bank and business unit levels with targeted revenue and takes into account the capital position of the Group and Bank. This ensures that the Group and Bank remain well-capitalised, even under stress conditions. The risk appetite is translated into 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 plain vanilla FX and FX options, plain vanilla interest rate contracts including options, government and corporate bonds, equities and equity options and commodities.

Internal Model Approach
The Group adopts a daily Value-at-Risk (VaR) to estimate market risk within a 99 per cent confidence interval using the historical simulation method. The method assumes that possible future changes in market rates may be implied by observed historical market movements.

Group Trading Backtesting Chart
(Hypothetical daily profit and loss versus VaR at 99% confidence interval)

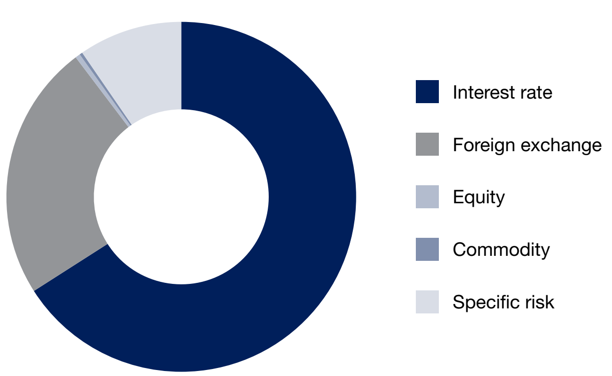


As VaR is the statistical measure for potential losses, the VaR measures are backtested against profit and loss of the trading book to validate the robustness of the methodology. The backtesting process analyses whether the exceptions are due to model deficiencies or market volatility. All backtest exceptions are tabled at ALCO with recommended actions and resolutions.

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 2013 was $2.3 million.

Group Trading VaR for General Market Risk by Risk Class[a]



a The contributions from equity and commodity risks are insignificant.

INTEREST RATE RISK IN THE BANKING BOOK

The ALCO 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.

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.

Banking book interest rate risk 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, currencies and embedded options. Mismatches in the longer tenor will experience greater change in the price-value of interest rate positions than similar positions in the shorter tenor.

In the dynamic simulation process, both the earnings and Economic Value of Equity (EVE) approaches are applied to assess interest rate risk. The potential effects of interest rate change on interest income 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, to meet deposit withdrawals and loan disbursements, to participate in new investments, and to 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.

Liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Group is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Group's liquidity exposure. The Group also employs liquidity early warning indicators and trigger points to signal possible contingency situations.

Contingency funding plans are in place to identify potential 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.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including reputation, legal and compliance risk but excluding strategic risk.

The objective is to manage operational risk at appropriate levels relative to the markets in which the businesses operate.

Operational Risk Governance, Framework and Tools

Operational risk is managed through a framework of policies and procedures by which business and support units properly identify, assess, monitor, mitigate and report their risks. The Operational Risk Management Committee attended by senior management meets monthly to provide oversight of operational risk matters across the Group.

The operational risk governance structure includes three lines of defence. The businesses, as the first line of defence, are responsible for establishing a robust control environment as part of their day-to-day operations. Operational Risk Management and Compliance, which provide relevant policies, tools and systems, serve as the second line of defence. Internal Audit acts as the third line of defence and provides independent and objective assurance of the effectiveness of the internal controls.

Risk Management

A key component of the operational risk management framework is risk identification and control self-assessments. This is achieved through the Group-wide implementation of a set of operational risk tools. Operational risk self-assessments involve identifying and assessing inherent risks, as well as assessing the effectiveness of controls to mitigate these risks.

Key Operational Risk Indicators are statistical data collected and monitored by business and support units on an ongoing basis to enable early detection of operational control weaknesses. A database of operational risk events and losses has been established to facilitate the analysis of loss trends and root causes. The toolkits are supported by a web-based system which allows the Group and key stakeholders to document, track and manage action plans.

Several risk mitigation policies and programmes are in place to maintain a sound operating environment. An outsourcing policy ensures that all significant risks arising from outsourcing arrangements are identified and effectively managed on a continuous basis.

A product programme committee reviews and ensures that risks associated with the introduction of new products and services are identified, analysed and addressed prior to launch. A product sales committee reviews product suitability, product risk disclosures and reputation issues before the distribution of investment products.

A business continuity and crisis management programme has been developed and tested to ensure prompt recovery of critical business functions following unforeseen events. Senior management provides an annual attestation to the Board on the state of business continuity readiness of the Group.

A technology risk management framework has been established, enabling the Group to manage technology risks in a systematic and consistent manner.

Regulatory compliance risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. This risk is identified, monitored and managed through a structured framework of policies, procedures and guidelines maintained by the Group. The framework also manages the risk of breaches and sanctions relating to Anti-Money Laundering and Countering the Financing of Terrorism.

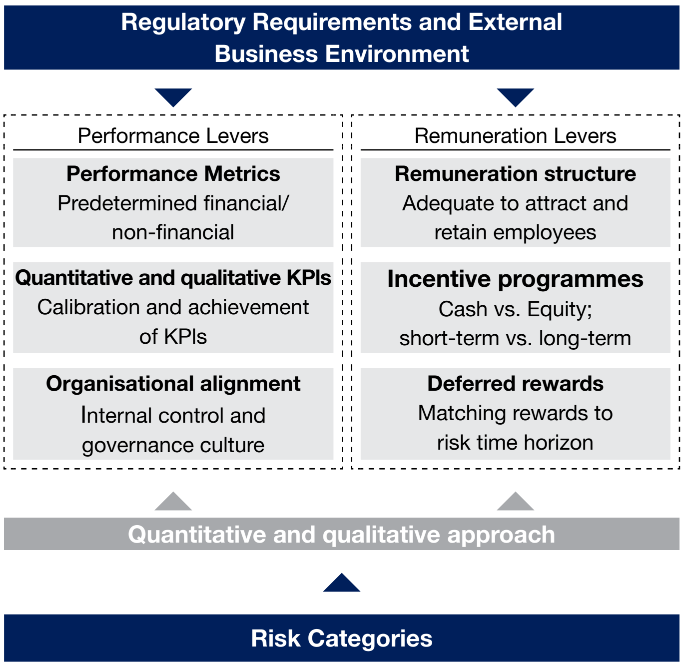
The Group actively manages fraud and bribery risks. Tools and policies, including a whistle-blowing programme, a material risk notification protocol and a fraud risk awareness training programme, have been developed to manage such risks. All employees are guided by a Code of Conduct, which includes anti-bribery and corruption provisions.

Reputation risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion of the Group's business practices, activities and financial condition. The Group recognises the impact of reputation risk and a framework has been developed to identify and manage the risk across the Group.

To mitigate operational losses resulting from significant risk events, a Group insurance programme covering crime, fraud, civil liability, property damage, public liability, as well as directors' and officers' liability has been put in place.

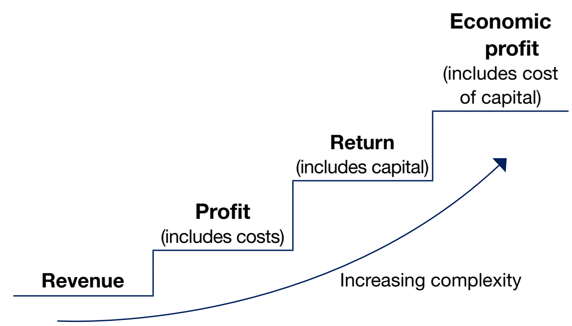
Group Risk-Reward Framework

The Group risk-reward framework as outlined below, broadly sets out the Group's approach to managing risk and reward.



Under the framework, the Group's key incentive programmes have been designed to take into account risk categories, regulatory requirements and the external business environment. The performance and remuneration levers work in tandem to address various aspects of risk while being consistent with regulatory and business requirements.

The Group continues to make use of risk-adjusted performance metrics that take into account the costs of capital. The following diagram summarises the application of various types of performance metrics in the funding and distribution of incentive plans within the Group.



	Revenue metrics used in	Profit metrics used in	Return metrics used in	Economic profit metrics used in
Bonus plans	KPIs	KPIs+funding	KPIs	KPIs+funding
Share plans		funding	KPIs	

Remuneration Governance

The Remuneration Committee (RC) comprises three non-executive directors, two of whom are independent. The RC takes into account various factors, including expected future prospects, performance, income stream, and business outlook in determining compensation practices which are appropriate for the Group. Details of the composition of the RC and a summary of its key roles and responsibilities are contained in the 'Corporate Governance' section.

Two meetings of the RC were convened during the year. Directors' fees in respect of 2013 totalling $1,015,000 have been proposed for the three RC members. This amount includes the Directors' basic fees and allowances for serving on the various Board Committees.

Human Resource

Salary surveys conducted by external remuneration consultants were used in 2013 for employee salary benchmarking purposes.

During the financial year, the Group's remuneration policy and framework were reviewed by internal auditors for compliance with regulatory guidelines. There were no adverse findings.

Remuneration Policy and Processes

The remuneration policy is applicable Group-wide and includes overseas subsidiaries and branches. It covers the remuneration of non-executive directors and employees, including senior executives and material risk takers. Senior executives include the Group Chief Executive Officer and employees at the corporate grade of Managing Director. Material risk takers include traders/dealers at Group head office and trading/dealing desk heads of major overseas banking subsidiaries, and high-earning employees whose compensation exceeds a pre-determined threshold.

The objective of the Group's remuneration policy is to specify a remuneration framework to attract, to retain and to motivate employees by remunerating competitively and appropriately, commensurate with their performance and contributions. The remuneration framework further aims to align rewards with prudent risk-taking and balance short-term remuneration with longer-term performance. The remuneration policy sets out the policies governing fixed salaries, variable performance bonuses, benefits and share-based long-term incentives. The Group conducts comprehensive reviews on the remuneration policy periodically to ensure that the Bank's compensation practices and programmes remain relevant and stay abreast of market developments and regulatory requirements. The Group's remuneration policy was last reviewed and approved by the RC in 2011. In 2013, external consultants were engaged by management to conduct a wide-ranging Group-wide review of the remuneration framework. Any change to the Group's remuneration policy arising from the review will be applicable from 2014 onwards.

To avoid conflicts of interest, employees in control functions, namely, Risk Management, Finance, Internal Audit, Credit and Compliance functions, are remunerated independently of the performance of any business line or business unit that they oversee. Recommendations on the remuneration for such employees take into consideration market pay levels for the respective jobs/roles, the overall performance of the Group, achievement of operational key performance indicators (KPIs) by the respective functions, as well as the performance of individual employees.

The Group does not award guaranteed bonuses as part of normal operations. However as a recruitment strategy, sign-on bonuses and/or guaranteed bonuses may be selectively offered to key hires for the initial year.

There is no accelerated payment of deferred remuneration for employees leaving the Group other than in exceptional cases, such as death in service. Retiring and retired employees are subject to the same performance conditions on their deferred remuneration as other employees in service. There is no special retirement plan, golden parachute or special severance package for senior executives and material risk takers.

Key Remuneration Programmes and Performance Adjustment Mechanisms

The major components of variable remuneration in the Group are cash-based variable bonuses under the global short-term incentive (STI) plan and share-based awards under the long-term incentive (LTI) programme. While the remuneration mix may differ across different job families and businesses according to established industry norms, the proportion of variable remuneration to total remuneration generally increases with the respective employees' seniority level, function/role and performance. This ensures that variable remuneration is effective in driving performance while balancing reward with prudent risk-taking.

The global STI plan aims to foster a pay-for-performance culture and reward employees appropriately, commensurate with performance and the return to shareholders for the financial year. The global STI plan is based on a balanced scorecard framework, which incorporates a holistic set of KPIs. The KPIs focus on financial, growth, risk, customer and employee dimensions. Financial and growth KPIs include return on equity (ROE), net profit, economic profit, fee income and cross-selling, as well as longer-term strategic objectives. Risk, customer and employee KPIs include the loan-to-deposit ratio (LDR), adherence to Fair Dealing Guidelines (FDG) and turnover of high-performing employees. The overall variable bonus pool of the Group is determined by the achievement against these KPIs, which are also cascaded to all business units. The variable bonus for each business unit is then allocated based on Group-wide performance as well as the achievement of business-specific performance, governance and risk measures. Based on the achievement of these KPIs, the bonus pools of the Group and the business units may be increased by up to a maximum of 30 per cent in the event of outperformance, or be reduced to zero in the event of underperformance. Downward adjustments to bonuses can also occur as a result of not meeting corporate outcomes in terms of risk/governance-related measures and standards or in instances of non-compliance with internal protocols and guidelines. The variable bonus recommended for employees, including senior executives and material risk takers, is based on a combination of the performance of the Group, the business unit and the individual. The RC reviews and approves the overall variable bonus for the Group.

Since 2010, the Group has adopted economic profit as a key risk-adjusted metric in determining performance and remuneration. Recommended as a best practice by the Financial Stability Board to align compensation with risk outcomes, economic profit takes into account the risks that the Group is exposed to and the capital it utilises. The Group believes that use of the economic profit metric will better align employees' behaviours with shareholders' expectations in value creation.

The Group's bonus deferral policy applies to all employees regardless of role or seniority, with specific focus on the variable bonus of senior executives, material risk takers and high earners. The objective of the bonus deferral policy is to enhance alignment of remuneration payout schedules with the time horizon of risks and encourage employees to focus on sustainable longer-term performance. Under the Group's bonus deferral policy, the bonus received by an employee that is above a predetermined threshold is subject to deferral ranging from 20 per cent to 60 per cent, with the proportion of deferral increasing with the amount of bonus received. Deferred bonuses will vest equally over three years subject to predetermined performance conditions. In the event that such performance conditions are not met, unvested deferred bonuses may be fully or partially forfeited. In the case of the Group Chief Executive Officer who is an associate of a controlling shareholder, 60 per cent of the bonus is deferred, where half is deferred in the form of share-linked performance units that will vest equally over three years subject to the achievement of predetermined performance conditions.

For senior executives and selected managers, the Group has in place a share-based LTI programme comprising the UOB Restricted Share Plan and the UOB Share Appreciation Rights Plan. The objective of the LTI programme is to align the interests of management with those of shareholders and have participants focus on the sustainable longer-term performance and financial strength of the Group. Under the plan, eligible participants are granted performance-contingent restricted shares and share appreciation rights. Subject to the achievement of future performance targets, half of the units granted will vest on the second anniversary of the grant while the remainder will vest on the third anniversary. In the event that performance exceeds the set target, up to 130 per cent of the target number of restricted shares and share appreciation rights granted may be vested to participants. Conversely, in the event of underperformance, the grants may be partially or fully forfeited. The RC is the approval authority for the UOB Restricted Share Plan and the UOB Share Appreciation Rights Plan.

The Group adjusts deferred remuneration (i.e. deferred bonuses and LTI) before vesting through performance-based malus arrangements described above. The Group may pursue claw-backs of deferred remuneration after vesting in the event of fraud, misconduct or material misstatement of reported performance.

Pillar 3 Disclosure

In compliance with the requirements under Basel Pillar 3 and the MAS Notice 637 Public Disclosure, various additional quantitative and qualitative disclosures have been included in the annual report under the sections on 'Capital Management', 'Risk Management', 'Human Resource', 'Pillar 3 Disclosure'*, 'Group Financial Review' and 'Notes to the Financial Statements'. The disclosures are 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 regulatory capital.

The transfer of funds or regulatory capital within the Group is generally subject to regulatory approval.

* Semi-annual updates are available on UOB's website at www.UOBGroup.com

Summary of Risk Weighted Assets (RWA)

	RWA $ million
Credit Risk	
IRB Approach	
Corporate	79,507
Sovereign	80
Bank	11,242
Residential Mortgage	8,178
Qualifying Revolving Retail	2,183
Other Retail	3,140
Equity	8,854
Securitisation	827
Total IRB Approach	**114,011**
Standardised Approach	
Corporate	6,236
Sovereign	273
Bank	553
Regulatory Retail	2,389
Residential Mortgage	446
Commercial Real Estate	3,455
Fixed Assets	2,272
Other Exposures	1,824
Total Standardised Approach	**17,447**
Credit Valuation Adjustment	**2,956**
Central Counterparties	**25**
Investments approved under section 32 of the Banking Act (below threshold for deduction)	**6,032**
Total Credit Risk	**140,470**
Market Risk	
Standardised Approach	**13,657**
Operational Risk	
Standardised Approach	**10,784**
Total RWA	**164,911**

IRB: Internal Ratings-Based

Based on the Group's Total RWA, the Group's minimum capital requirement as at 31 December 2013 is $16,491 million.

CREDIT RISK EXPOSURES

Counterparty Credit Risk Exposures

	$ million
Gross positive fair value of contracts	9,278
Netting effects	–
Exposure under current exposure method	**9,278**
Analysed by type:	
Interest rate contracts	3,941
Foreign exchange contracts and gold	4,319
Equity contracts	721
Credit derivative contracts	22
Precious metals and other commodity contracts	276
Collateral held	
Financial Collateral	(120)
Others	(9)
Net derivatives credit exposure	**9,149**

Credit Derivative Exposures

	Notional amounts bought $ million	Notional amounts sold $ million
Own credit portfolio	405	–
Intermediation portfolio	17	17
Total credit default swaps	**421**	**17**

Credit Exposures under Basel

	Standardised[a] $ million	FIRB $ million	AIRB $ million
Corporate	6,766	112,701	–
Sovereign and Bank	2,845	88,520	–
Retail	4,409	NA	81,887
Commercial Real Estate	3,444	NA	NA
Others (including Equity, Asset Securitisation, Fixed Assets)	7,258	2,829	–
Total	**24,722**	**204,050**	**81,887**

a Amount under Standardised Approach refers to credit exposure where IRB approach is not applicable, or portfolios that will eventually adopt IRB Approach.

FIRB: Foundation Internal Ratings-Based

AIRB: Advanced Internal Ratings-Based

NA: Not Applicable

Credit Exposures Secured by Eligible Collateral, Guarantees and Credit Derivatives

	Amount by which total exposures are covered by:	
	Eligible Collateral[a] $ million	Credit Protection $ million
Standardised		
Corporate	2,521	84
Bank	46	–
Retail	249	38
Commercial Real Estate	39	8
Others	510	–
Standardised Total	**3,364**	**129**
FIRB		
Corporate	14,105[b]	6,936
Sovereign	1,354	–
Bank	2,231	–
FIRB Total	**17,690**	**6,936**
Total	**21,054**	**7,065**

a The Group currently uses supervisory prescribed haircuts for eligible financial collateral
b Include other eligible collateral of $9,373 million

Pillar 3 Disclosure

Credit Exposures Subject to Standardised Approach

Risk Weights	Net Exposures[a] $ million
0% to 35%	6,494
50% to 75%	4,550
100% and above	13,678
Total	**24,722**

a Net exposures after credit mitigation and provisions

Credit Exposures Subject to Supervisory Risk Weight under IRB Approach

Risk Weights	Specialised Lending $ million	Equity (SRW) $ million
0% to 50%	2,640	–
51% to 100%	2,300	–
101% and above	678	2,060
Total	**5,618**	**2,060**

SRW: Simple Risk Weight

Risk Weights	Securitisation[a] $ million
0% to 50%	57
1250%	65
Total	**122**

a Securitisation exposures purchased

CREDIT RISK PROFILE

The following tables show the breakdown of exposures by 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	62,740	96,495	65
10 – 16	12,986	9,802	132
Default	–	755	–
Total	**75,726**	**107,052**	**71**

SME: Small and Medium Enterprises
IPRE: Income Producing Real Estate
CRR: Customer Risk Rating

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

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted Average Risk Weights %
Strong	1,307	2,297	57
Good	1,607	1,876	86
Satisfactory	792	650	122
Weak	74	28	265
Default	–	767	–
Total	**3,780**	**5,618**	**67**

CF: Commodities Finance
PF: Project Finance
SF: Ship Finance

RWA Based on the Assessments of Each Recognised ECAI

ECAI	RWA $ million
Moody's	358
S&P	364
Fitch	–
Total	**722**

ECAI: External Credit Assessment Institution

Sovereign Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted Average Risk Weights %
1 – 9	–	45,672	–
10 – 16	80	521	15
Default	–	–	NA
Total	**80**	**46,193**	**0**

Bank Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted Average Risk Weights %
1 – 9	8,416	38,489	22
10 – 16	2,827	3,837	74
Default	–	–	NA
Total	**11,243**	**42,326**	**27**

Equity (PD/LGD Method) Exposures

CRR Band	Credit RWA $ million	EAD $ million	Exposure-weighted Average Risk Weights %
1 – 9	943	492	192
10 – 16	672	155	433
Default	–	–	NA
Total	**1,615**	**647**	**250**

PD: Probability of Default
LGD: Loss Given Default

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%	3,590	46,007	8	11	2,087
1.01% to 2.00%	1,127	6,727	17	10	43
2.01% to 99.99%	3,195	8,534	37	11	60
Default	265	336	79	13	–
Total	**8,177**	**61,604**	**13**	**11**	**2,190**

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%	370	3,270	11	41	1,505
1.01% to 2.00%	153	864	18	30	574
2.01% to 99.99%	1,591	1,606	99	64	225
Default	69	36	193	73	–
Total	**2,183**	**5,776**	**38**	**46**	**2,304**

QRRE: Qualifying Revolving Retail Exposures

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%	888	7,289	12	15	1,100
1.01% to 2.00%	404	1,425	28	23	346
2.01% to 99.99%	1,749	5,652	31	20	446
Default	99	141	70	36	–
Total	**3,140**	**14,507**	**22**	**18**	**1,892**

Expected Loss and 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 2013.

Asset Class	Actual loss $ million	Expected Loss[a] (as at 31 December 2012) $ million
Corporate	(3)	517
Sovereign	–	–
Bank	(7)	18
Retail	80	249
Total	**70**	**784**

a Excludes defaulted exposures

Comparison of Actual Loss and Expected Loss by Asset Class

The actual loss for the Group's IRB portfolio in 2013 was lower than the Expected Loss that was estimated for 2013 at the end of December 2012. The Group continues to be proactive in its risk management approach to ensure that actual losses remained within the Group's expectations.

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 2012 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.

MARKET RISK

Capital requirements by market risk type under Standardised Approach:

Analysed by Risk Type	$ million
Interest rate	449
Equity	2
Foreign Exchange	616
Commodity	26
Total	**1,093**

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	Exposure-weighted Average Risk Weights %	EAD $ million	Exposure-weighted Average Risk Weights %
Listed securities	1,409	318	486	267
Other equity holdings	651	424	161	196
Total	**2,060**		**647**	

Total Equity exposures that were deducted from capital amounted to $18 million.

Gains and Losses

	Unrealised Gains/(Losses) Eligible as CET1 Capital $ million	Realised Gains/(Losses) during the Period $ million
Total	**797**	**76**

REMUNERATION DISCLOSURES

The following tables show the breakdown of remuneration for 55 senior executives and 50 material risk takers for the year ending 31 December 2013.

Guaranteed Bonuses, Sign-On Awards and Severance Payments

Category of Remuneration	Senior Executives and Material Risk Takers
Number of guaranteed bonuses	3
Number of sign-on awards	7
Number of severance payments	–
Total amounts of above payments made during the Financial Year ($'000)	2,010

Breakdown of Remuneration Awarded to Senior Executives in the Current Financial Year

Category of Remuneration		Senior Executives Unrestricted %	Senior Executives Deferred %
Fixed	Cash-based	36	–
	Shares and share-linked instruments	–	–
	Other forms of remuneration	–	–
Variable	Cash-based	36	7
	Shares and share-linked instruments	–	21
	Other forms of remuneration	–	–
Total		**100**	

Breakdown of Remuneration Awarded to Material Risk Takers in the Current Financial Year

Category of Remuneration		Material Risk Takers Unrestricted %	Material Risk Takers Deferred %
Fixed	Cash-based	67	–
	Shares and share-linked instruments	–	–
	Other forms of remuneration	–	–
Variable	Cash-based	27	1
	Shares and share-linked instruments	–	5
	Other forms of remuneration	–	–
Total		**100**	

Breakdown of Long-Term Remuneration Awards

Category of Remuneration	Senior Executives %	Material Risk Takers %
Change in deferred remuneration paid out in the current financial year	49	84
Change in amount of outstanding deferred remuneration from the previous financial year	13	13
Outstanding deferred remuneration (breakdown)		
Cash	20	13
Shares and share-linked instruments	80	87
Other forms of remuneration	–	–
Total	**100**	**100**
Outstanding deferred remuneration (performance adjustments)		
Of which exposed to ex-post adjustments	100	100
Reductions in current year due to ex-post adjustments (explicit[1])	–	–
Reductions in current year due to ex-post adjustments (implicit[2])	–	–
Outstanding retained remuneration (performance adjustments)		
Of which exposed to ex-post adjustments	–	–
Reductions in current year due to ex-post adjustments (explicit)	–	–
Reductions in current year due to ex-post adjustments (implicit)	–	–

1 Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.

2 Examples of implicit ex-post adjustments include fluctuations in the value of the shares or performance units.

United Overseas Bank Limited (Incorporated in Singapore)
and its subsidiaries
31 December 2013

Management Discussion and Analysis

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.

Management Discussion and Analysis

Overview

	2013	2012	+/(-) %
Selected Income Statement Items ($ million)			
Net interest income	**4,120**	3,917	5.2
Fee and commission income	**1,731**	1,508	14.8
Other non-interest income	**870**	1,070	(18.7)
Total income	**6,720**	6,495	3.5
Less: Total expenses	**2,898**	2,747	5.5
Operating profit	**3,822**	3,748	2.0
Less: Amortisation/impairment charges	**429**	484	(11.3)
Add: Share of profit of associates and joint ventures	**191**	87	>100.0
Less: Tax and non-controlling interests	**576**	548	5.1
Net profit after tax[1]	**3,008**	2,803	7.3
Selected Balance Sheet Items ($ million)			
Net customer loans	**178,857**	152,930	17.0
Customer deposits	**202,006**	182,029	11.0
Total assets	**284,229**	252,900	12.4
Shareholders' equity[2]	**26,388**	25,080	5.2
Key Financial Ratios (%)			
Net interest margin	**1.72**	1.87	
Non-interest income/Total income	**38.7**	39.7	
Expense/Income ratio	**43.1**	42.3	
Overseas profit before tax contribution	**39.1**	32.8	
Loan charge off rate (bp)			
Exclude collective impairment	**8**	30	
Include collective impairment	**30**	30	
Non-performing loans ratio[3]	**1.1**	1.5	
Return on average total assets	**1.12**	1.18	
Return on average ordinary shareholders' equity[4]	**12.3**	12.4	
Loans/Deposits ratio[5]	**88.5**	84.0	
Capital adequacy ratios			
Common Equity Tier 1	**13.2**	NA	
Tier 1	**13.2**	14.7	
Total	**16.6**	19.1	
Earnings per ordinary share ($)[4]			
Basic	**1.84**	1.72	
Diluted	**1.84**	1.71	
Net asset value (NAV) per ordinary share ($)[6]	**15.36**	14.56	
Revalued NAV per ordinary share ($)[6]	**17.96**	16.89	
Net dividend per ordinary share (¢)			
Interim	**20**	20	
Final	**50**	40	
Special	**5**	10	
Total	**75**	70	

1 Refer to profit attributable to equity holders of the Bank.
2 Refer to equity attributable to equity holders of the Bank.
3 Refer to non-performing loans as a percentage of gross customer loans.
4 Calculated based on profit attributable to equity holders of the Bank net of preference share dividends.
5 Refer to net customer loans and customer deposits.
6 Preference shares are excluded from the computation.

Management Discussion and Analysis

Performance Review

The Group delivered net earnings of $3.01 billion for 2013, a 7.3% increase over 2012. The record performance was driven by strong contributions from core income streams as well as profit from associates.

Net interest income grew 5.2% to $4.12 billion in 2013 on robust loans growth across all geographies and industries. Net interest margin was 1.72%, 15 basis points lower from a year ago as margins compressed due to competition in a sustained low interest rate environment.

Fee and commission income rose 14.8% to $1.73 billion as broad-based growth was recorded in wealth management, corporate finance and capital markets, fund management, loan and trade-related businesses. Trading and investment income decreased 19.2% to $544 million on lower gains from sale of securities due to market volatility amid concerns over the US quantitative easing (QE) tapering.

Group operating expenses grew in tandem with income growth to $2.90 billion. Staff costs grew 7.3% as the Group continued to invest in talent to support its business franchise. Consequently, expense-to-income ratio increased from 42.3% to 43.1%.

Total impairment charges declined to $429 million in 2013 mainly from lower individual impairment on loans. Collective impairment of $272 million was made in line with loans growth. Total loans charge off rate remained at 30 basis points.

Share of associates' profits increased from $87 million to $191 million in 2013, contributed by non-recurring gains on disposal of investment securities.

Gross customer loans grew steadily by 16.8% during the year to reach $182 billion as at end December 2013. Loans from Singapore increased 17.7% to $119 billion while regional countries grew 16.8% to $52.7 billion (excluding currency impact).

Customer deposits increased 11.0% year-on-year to $202 billion. The growth was broad-based across products and mainly from US-dollar deposits. Excluding currency impact, deposits from regional countries rose 11.9% while Singapore's deposits grew 10.3% year-on-year. The Group's loans-to-deposits ratio increased from 84.0% to 88.5% as at 31 December 2013. The Group's funding base was further diversified with the issuance of $9.73 billion commercial papers under the US$10 billion US commercial paper programme in 2013.

Asset quality remained resilient. Non-performing loans (NPL) decreased 12.2% to $2.07 billion, while NPL ratio improved from 1.5% in 2012 to 1.1% in 2013.

Shareholders' equity increased 5.2% to $26.4 billion largely contributed by higher retained earnings. Return on shareholders' equity was 12.3% for 2013.

The Group adopted the Basel III framework for its computation of capital adequacy ratios (CAR) in accordance with the revised MAS Notice 637 with effect from January 2013. The Group's capital position remained strong and well above the MAS minimum requirements with Common Equity Tier 1, Tier 1 and Total CAR at 13.2%, 13.2% and 16.6% as at 31 December 2013 respectively.

Net Interest Income

Net Interest Margin

	2013			2012		
	Average balance $ million	**Interest $ million**	**Average rate %**	Average balance $ million	Interest $ million	Average rate %
Interest Bearing Assets						
Customer loans	**168,787**	**5,297**	**3.14**	146,242	4,973	3.40
Interbank balances	**41,225**	**654**	**1.59**	33,673	600	1.78
Securities	**29,846**	**557**	**1.86**	29,211	629	2.15
Total	**239,858**	**6,508**	**2.71**	209,126	6,202	2.97
Interest Bearing Liabilities						
Customer deposits	**190,541**	**2,000**	**1.05**	170,562	1,896	1.11
Interbank balances/others	**42,301**	**388**	**0.92**	32,376	389	1.20
Total	**232,841**	**2,388**	**1.03**	202,938	2,285	1.13
Net interest margin[1]			**1.72**			1.87

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

Volume and Rate Analysis

	2013 vs 2012			2012 vs 2011		
	Volume change $ million	**Rate change $ million**	**Net change $ million**	Volume change $ million	Rate change $ million	Net change $ million
Interest Income						
Customer loans	**767**	**(442)**	**324**	670	(8)	661
Interbank balances	**135**	**(80)**	**54**	6	47	53
Securities	**14**	**(86)**	**(72)**	(69)	(85)	(154)
Total	**915**	**(608)**	**307**	607	(46)	561
Interest Expense						
Customer deposits	**222**	**(118)**	**104**	194	188	382
Interbank balances/others	**120**	**(120)**	**(0)**	(16)	(44)	(60)
Total	**342**	**(238)**	**104**	178	144	322
Net interest income	**573**	**(370)**	**203**	429	(190)	239

Average assets grew 14.7% in 2013 driven largely by loans growth. Net interest margin was 1.72%, 15 basis points lower when compared with 2012. The compressed margin was more than compensated by assets growth, bringing net interest income for 2013 to a new high of $4.12 billion.

Non-Interest Income

	2013 $ million	2012 $ million	+/(-) %
Fee and Commission Income			
Credit card	**262**	240	9.1
Fund management	**172**	129	33.2
Investment-related	**420**	321	30.7
Loan-related	**442**	389	13.6
Service charges	**111**	107	4.0
Trade-related	**268**	256	4.6
Others	**56**	66	(14.8)
	1,731	1,508	14.8
Other Non-Interest Income			
Dividend income	**53**	135	(60.7)
Rental income	**114**	110	3.6
Trading income/(loss)	**47**	97	(51.8)
Non-trading income/(loss)			
Financial instruments at fair value through profit or loss	**463**	134	>100.0
Available-for-sale assets and others	**34**	442	(92.3)
	544	673	(19.2)
Other income	**159**	152	4.3
Other operating income	**703**	825	(14.8)
	870	1,070	(18.7)
Total	**2,600**	2,578	0.9

Compared with 2012, fee and commission income recorded a robust 14.8% growth in 2013 to reach $1.73 billion. The increase was broad-based, led by double-digit growth in wealth management, fund management and loan-related activities. Trading and investment income was 19.2% lower at $544 million on lower gains from sale of securities due to market volatility amid concerns over the US QE tapering.

Operating Expenses

	2013 $ million	2012 $ million	+/(-) %
Staff costs	**1,712**	1,597	7.3
Other Operating Expenses			
Revenue-related	**570**	574	(0.6)
Occupancy-related	**291**	269	8.5
IT-related	**160**	171	(6.3)
Others	**164**	138	19.3
	1,186	1,151	3.0
Total	**2,898**	2,747	5.5

Operating expenses increased 5.5% to $2.90 billion in 2013 on higher staff costs across Singapore and the regional countries as the Group continued to invest in talent. Consequently, expense-to-income ratio increased from 42.3% to 43.1%.

Impairment Charges

	2013 $ million	2012 $ million	+/(-) %
Individual Impairment on Loans[1]			
Singapore	**18**	123	(85.4)
Malaysia	**16**	48	(65.6)
Thailand	**30**	25	17.3
Indonesia	**4**	13	(70.5)
Greater China[2]	**(1)**	2	(>100.0)
Others	**68**	243	(72.0)
	136	454	(70.1)
Individual impairment on securities and others	**22**	21	4.0
Collective impairment	**272**	2	>100.0
Total	**429**	476	(10.0)

1 Based on the location where the non-performing loans are booked.
2 Comprise China, Hong Kong and Taiwan.

Credit quality on the loan portfolio remained at healthy level. Total impairment charges for 2013 were lower at $429 million as individual impairment on loans declined. Collective impairment of $272 million was made in line with loans growth. Total loans charge off rate remained at 30 basis points for 2013.

Management Discussion and Analysis

Customer Loans

	2013 $ million	2012 $ million
Gross customer loans	**181,978**	155,855
Less: Individual impairment	**798**	960
Collective impairment	**2,323**	1,964
Net customer loans	**178,857**	152,930
By Industry		
Transport, storage and communication	**7,983**	6,906
Building and construction	**23,845**	19,438
Manufacturing	**15,999**	11,834
Financial institutions	**29,173**	23,718
General commerce	**22,159**	18,627
Professionals and private individuals	**24,611**	22,366
Housing loans	**50,487**	46,131
Others	**7,722**	6,833
Total (gross)	**181,978**	155,855
By Currency		
Singapore dollar	**101,538**	87,733
US dollar	**26,923**	18,135
Malaysian ringgit	**23,308**	21,842
Thai baht	**9,148**	8,103
Indonesian rupiah	**4,242**	4,573
Others	**16,819**	15,469
Total (gross)	**181,978**	155,855
By Maturity		
Within 1 year	**59,256**	48,230
Over 1 year but within 3 years	**37,508**	29,264
Over 3 years but within 5 years	**20,620**	19,898
Over 5 years	**64,595**	58,463
Total (gross)	**181,978**	155,855
By Geography[1]		
Singapore	**119,028**	101,095
Malaysia	**25,215**	23,471
Thailand	**9,837**	8,516
Indonesia	**5,393**	5,600
Greater China	**12,259**	9,176
Others	**10,246**	7,997
Total (gross)	**181,978**	155,855

1 Based on the location where the loans are booked.

Gross customer loans rose 16.8% year-on-year to reach $182 billion as at 31 December 2013. The robust loans growth was broad-based across territories and industries. Excluding currency effects, Singapore's loan base grew 17.7% to $119 billion while the loans from regional countries increased 16.8% to $52.7 billion as at 31 December 2013.

Non-Performing Assets

	2013 $ million	2012 $ million
Non-Performing Assets (NPA)		
Loans (NPL)	**2,074**	2,362
Debt securities and others	**240**	378
Total	**2,314**	2,740
By Grading		
Substandard	**1,265**	1,731
Doubtful	**462**	369
Loss	**587**	640
Total	**2,314**	2,740
By Security Coverage		
Secured	**1,088**	1,003
Unsecured	**1,226**	1,737
Total	**2,314**	2,740
By Ageing		
Current	**295**	309
Within 90 days	**197**	135
Over 90 to 180 days	**241**	748
Over 180 days	**1,581**	1,548
Total	**2,314**	2,740
Cumulative Impairment		
Individual	**958**	1,209
Collective	**2,450**	2,140
Total	**3,408**	3,349
As a % of NPA	**147.3%**	122.2%
As a % of unsecured NPA	**278.0%**	192.8%

	2013		2012	
	NPL $ million	NPL ratio %	NPL $ million	NPL ratio %
NPL by Industry				
Transport, storage and communication	**819**	**10.3**	985	14.3
Building and construction	**123**	**0.5**	116	0.6
Manufacturing	**223**	**1.4**	361	3.1
Financial institutions	**102**	**0.3**	144	0.6
General commerce	**265**	**1.2**	240	1.3
Professionals and private individuals	**192**	**0.8**	130	0.6
Housing loans	**311**	**0.6**	268	0.6
Others	**39**	**0.5**	118	1.7
Total	**2,074**	**1.1**	2,362	1.5

Non-Performing Assets (continued)

	NPL $ million	NPL ratio %	Total cumulative impairment as a % of NPL %	Total cumulative impairment as a % of unsecured NPL %
NPL by Geography[1]				
Singapore				
2013	**812**	**0.7**	**237.3**	**688.2**
2012	774	0.8	228.4	470.2
Malaysia				
2013	**411**	**1.6**	**119.5**	**423.3**
2012	401	1.7	109.2	312.9
Thailand				
2013	**203**	**2.1**	**140.4**	**285.0**
2012	223	2.6	100.0	179.8
Indonesia				
2013	**88**	**1.6**	**40.9**	**128.6**
2012	100	1.8	61.0	1,220.0
Greater China				
2013	**29**	**0.2**	**269.0**	**390.0**
2012	42	0.5	171.4	200.0
Others				
2013	**531**	**5.2**	**57.3**	**60.8**
2012	822	10.3	44.0	48.1
Group				
2013	**2,074**	**1.1**	**150.5**	**298.9**
2012	2,362	1.5	123.8	203.9

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

Asset quality remained resilient. Group NPL improved 12.2% from a year ago to $2.07 billion as at 31 December 2013. NPL ratio stayed low at 1.1%, while NPL coverage remained adequate at 150.5%.

Customer Deposits

	2013 **$ million**	2012 $ million
By Product		
Fixed deposits	**110,027**	101,286
Savings deposits	**45,492**	41,637
Current accounts	**39,169**	32,343
Others	**7,319**	6,763
Total	**202,006**	182,029
By Maturity		
Within 1 year	**198,851**	178,478
Over 1 year but within 3 years	**2,424**	2,886
Over 3 years but within 5 years	**424**	501
Over 5 years	**307**	164
Total	**202,006**	182,029
By Currency		
Singapore dollar	**106,476**	101,924
US dollar	**33,211**	21,918
Malaysian ringgit	**25,847**	25,382
Thai baht	**9,235**	8,096
Indonesian rupiah	**4,320**	4,403
Others	**22,917**	20,305
Total	**202,006**	182,029
Loans/Deposits ratio (%)	**88.5**	84.0

Compared to 31 December 2012, customer deposits grew 11.0% year-on-year to reach $202 billion as at 31 December 2013. The growth was across all products and came largely from US-dollar deposits. Excluding currency impact, deposits from regional countries rose 11.9% while Singapore's deposits grew 10.3%.

Debts Issued (Unsecured)

	2013 **$ million**	2012 $ million
Subordinated debts	**5,357**	6,652
Commercial papers	**9,734**	3,049
Fixed and floating rate notes	**2,080**	1,775
Others	**1,810**	1,324
Total	**18,981**	12,800
Due within one year	**11,507**	4,737
Due after one year	**7,474**	8,063
Total	**18,981**	12,800

During the year, the Group issued $9.73 billion under the US$10 billion US commercial paper programme to further diversify its funding base.

Management Discussion and Analysis

Shareholders' Equity

	2013 $ million	2012 $ million
Shareholders' equity	**26,388**	25,080
Add: Revaluation surplus	**4,098**	3,674
Shareholders' equity including revaluation surplus	**30,486**	28,754

Shareholders' equity rose 5.2% year-on-year to $26.4 billion as at 31 December 2013, mainly contributed by higher retained earnings.

As at 31 December 2013, revaluation surplus of $4.10 billion on the Group's properties was not recognised in the financial statements.

Performance by Operating Segment[1]

	GR $ million	GW $ million	GMIM $ million	Others $ million	Elimination $ million	Total $ million
2013						
Operating income	**2,780**	**2,743**	**798**	**585**	**(186)**	**6,720**
Operating expenses	**(1,521)**	**(607)**	**(406)**	**(550)**	**186**	**(2,898)**
Impairment charges	**(89)**	**(24)**	**(75)**	**(241)**	**–**	**(429)**
Share of profit of associates and joint ventures	**–**	**–**	**3**	**188**	**–**	**191**
Profit before tax	**1,170**	**2,112**	**320**	**(18)**	**–**	**3,584**
2012						
Operating income	2,548	2,542	924	644	(163)	6,495
Operating expenses	(1,410)	(564)	(367)	(569)	163	(2,747)
Impairment charges	(78)	(330)	(56)	(12)	–	(476)
Amortisation of intangible assets	(2)	(5)	–	–	–	(7)
Share of profit of associates and joint ventures	–	–	–	87	–	87
Profit before tax	1,058	1,643	501	149	–	3,351

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

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 business activities:

Group Retail (GR)
Segment profit increased 10.6% to $1.17 billion in 2013, mainly driven by higher fee and commission income from investment-related activities. The increase was partly negated by higher business volume-related costs.

Group Wholesale (GW)
Segment profit grew 28.5% to $2.11 billion in 2013, supported by higher income from loan and trade-related activities, as well as lower impairment charges. The growth was partly negated by higher operating expenses.

Global Markets and Investment Management (GMIM)
Segment profit decreased 36.1% to $320 million in 2013, mainly attributed to lower income from trading and interest rate management activities and higher operating expenses. The results in 2013 reflect the relatively tougher operating conditions in the interest rates and fixed income markets. The lower income from treasury activities was partially mitigated by higher fee income from fund management activities.

Others
Segment loss of $18 million in 2013 as compared to profit of $149 million in 2012, mainly due to higher collective impairment and lower dividend income. This was partly offset by lower operating expenses and higher share of profit of associates.

Performance by Geographical Segment[1]

	Total operating income		Profit before tax		Total assets	
	2013	2012	**2013**	2012	**2013**	2012
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Singapore	**3,775**	3,790	**2,181**	2,256	**176,590**	157,593
Malaysia	**969**	915	**555**	557	**35,647**	33,091
Thailand	**632**	530	**146**	118	**15,608**	14,135
Indonesia	**436**	454	**178**	184	**7,173**	7,156
Greater China	**502**	414	**272**	222	**27,395**	19,569
Others	**406**	392	**252**	21	**17,672**	17,188
	6,720	6,495	**3,584**	3,358	**280,085**	248,732
Intangible assets	**–**	–	**–**	(7)	**4,144**	4,168
Total	**6,720**	6,495	**3,584**	3,351	**284,229**	252,900

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.

Total operating income grew 3.5% in 2013 to a new record of $6.72 billion, while Group pre-tax profit rose 7.0% to $3.58 billion. The strong Group performance was contributed largely by the regional countries which posted year-on-year income and pre-tax profit growth of 9.8% and 6.5% respectively.

Capital Adequacy Ratios

The Group adopted the Basel III framework for its capital adequacy ratios computation in accordance with the revised Monetary Authority of Singapore (MAS) Notice 637 with effect from January 2013. Disclosures prior to January 2013 are calculated based on Basel II framework and therefore are not directly comparable to disclosures made from January 2013.

Under the Basel III framework, disclosed reserves include the full amount of available-for-sale valuation reserve. Preference shares and subordinated notes issued are subject to phase derecognition under the Basel III transitional rules. Risk-weighted assets are exposed to higher capital requirement on exposures to financial institutions and new capital charge on over-the-counter derivatives.

Compared to 31 December 2012, Tier 1 and total capital increased mainly due to higher retained earnings and full recognition of available-for-sale valuation reserve under the Basel III framework. The increase in risk-weighted assets was contributed by assets growth as well as from new Basel III requirements, which included higher capital requirement on exposures to financial institutions and new capital charge on over-the-counter derivatives.

United Overseas Bank Limited (Incorporated in Singapore)
and its subsidiaries
31 December 2013

Financial Statements

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Directors' Report
for the financial year ended 31 December 2013

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 2013.

Directors

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

Wee Cho Yaw *(Chairman Emeritus and Adviser)*
Hsieh Fu Hua *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
Cham Tao Soon
Wong Meng Meng
Franklin Leo Lavin
Willie Cheng Jue Hiang
Tan Lip-Bu
James Koh Cher Siang
Ong Yew Huat

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Bank to acquire benefits by means of the acquisition of shares or debentures of the Bank or any other body corporate.

Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, interests in shares of the Bank or related corporations as stated below:

	Direct interest			Deemed interest		
	At 21.1.2014	At 31.12.2013	At 1.1.2013 or date of appointment	**At 21.1.2014**	At 31.12.2013	At 1.1.2013 or date of appointment
The Bank						
Ordinary shares						
Wee Cho Yaw	**18,820,027**	18,820,027	18,820,027	**263,395,874**	263,395,874	262,395,874
Hsieh Fu Hua	**–**	–	–	**25,000**	25,000	25,000
Wee Ee Cheong	**3,047,878**	3,047,878	3,047,878	**157,432,871**	157,432,871	156,432,871
Cham Tao Soon	**–**	–	–	**10,003**	10,003	10,003
Willie Cheng Jue Hiang	**–**	–	50,467	**50,467**	50,467	–
James Koh Cher Siang	**3,900**	3,900	3,900	**–**	–	–
Class E non-cumulative non-convertible preference shares[1]						
Wee Cho Yaw	**–**	–	–	**–**	–	167,700
Wee Ee Cheong	**–**	–	20,000	**–**	–	167,700
Cham Tao Soon	**–**	–	–	**–**	–	1,000
Willie Cheng Jue Hiang	**–**	–	3,000	**–**	–	–
4.90% non-cumulative non-convertible perpetual capital securities[2]						
Wee Cho Yaw	**–**	–	–	**–**	70,000	–
Wee Ee Cheong	**–**	–	–	**–**	70,000	–
United Overseas Insurance Limited						
Ordinary shares						
Wee Cho Yaw	**38,100**	38,100	38,100	**–**	–	–

1 These preference shares were redeemed on 16 September 2013.
2 These perpetual securities were issued on 23 July 2013.

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 a 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.

Directors' Remuneration

The basic fee for service on the Board and additional fees for membership of Board Committees are based on the following annual fee structure:

Fee structure	Chairman $	Member $
Basic Fee	700,000	80,000
Executive Committee	60,000	50,000
Board Risk Management Committee	60,000	50,000
Audit Committee	50,000	40,000
Nominating Committee	35,000	20,000
Remuneration Committee	35,000	20,000

Details of the total fees and other remuneration paid/payable to the directors of the Bank for the financial year ended 31 December 2013 are as follows:

	Advisory fee $'000	Directors' fees $'000	Salary $'000	Bonus $'000	Benefits-in-kind and others[4] $'000	Total $'000
Wee Cho Yaw[1]	800	255	–	–	7	1,062
Hsieh Fu Hua[2]	–	610	–	–	9	619
Wee Ee Cheong[3]	–	80	994	8,000	122	9,196
Cham Tao Soon	–	170	–	–	–	170
Wong Meng Meng	–	115	–	–	–	115
Reggie Thein *(Retired on 25 April 2013)*	–	75	–	–	–	75
Franklin Leo Lavin	–	150	–	–	–	150
Willie Cheng Jue Hiang	–	150	–	–	–	150
Tan Lip-Bu	–	150	–	–	–	150
James Koh Cher Siang	–	170	–	–	–	170
Ong Yew Huat *(Appointed on 2 January 2013)*	–	130	–	–	–	130

1 The advisory fee of $800,000 recommended by the Remuneration Committee for Dr Wee Cho Yaw is subject to shareholders' approval at the Annual General Meeting to be held on 24 April 2014.

2 The basic fee payable to Mr Hsieh Fu Hua as Chairman of the Board is pro-rated as he assumed the role of Chairman of the Board on 25 April 2013.

3 60% of the variable bonus payable to Mr Wee Ee Cheong will be deferred and vest equally over three years subject to the Bank meeting predetermined performance targets. 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 prevailing fair value of a UOB share. After vesting, the performance units may be redeemed, and the cash amount payable to Mr Wee Ee Cheong 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 are determined by the Remuneration Committee.

4 Include transport-related allowance and provision of drivers for Dr Wee Cho Yaw, and Messrs Hsieh Fu Hua and Wee Ee Cheong.

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 participating employees 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 one year of 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 predetermined return on equity (ROE) targets as shown below, half of the 2010 and subsequent grants will vest after two years and the remainder after three years from the dates of grant.

2010, 2011 and 2012 grants		2013 grant	
Percentage of ROE target achieved	**Percentage of award to be vested**	**Percentage of ROE target achieved**	**Percentage of award to be vested**
≥ 115%	130%	≥ 115%	130%
≥ 110%	120%	≥ 110%	120%
≥ 105%	110%	≥ 105%	110%
≥ 95%	100%	≥ 95%	100%
≥ 90%	90%	≥ 90%	90%
≥ 85%	80%	≥ 85%	80%
< 85%	At the discretion of the Remuneration Committee	≥ 80%	70%
		< 80%	At the discretion of the Remuneration Committee

Participating employees 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, and the majority of whom are independent directors. The members of the Audit Committee are:

Willie Cheng Jue Hiang *(chairman)*
Cham Tao Soon
James Koh Cher Siang

The Audit Committee has reviewed the financial statements, the internal and external audit plans and audit reports, the external auditor's evaluation of the system of internal accounting controls, the scope and results of the internal and external audit procedures, the adequacy of internal audit resources, the cost effectiveness, independence and objectivity of the external auditor, the significant findings of internal audit investigations and interested person transactions. The reviews were made with the internal and external auditors, the Chief Financial Officer and/or other senior management staff, as appropriate.

Auditor

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

On behalf of the Board of Directors,

Hsieh Fu Hua
Chairman

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Singapore
14 February 2014

Statement by Directors

for the financial year ended 31 December 2013

We, Hsieh Fu Hua 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, income statements, 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 2013, 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,

Hsieh Fu Hua
Chairman

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

Singapore
14 February 2014

Independent Auditor’s Report

for the financial year ended 31 December 2013

Independent Auditor’s Report to the Members of United Overseas Bank Limited

Report on the Financial Statements

We have audited the accompanying financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group) set out on pages 80 to 153, which comprise the balance sheets of the Bank and Group as at 31 December 2013, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and Group and 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 Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the 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 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 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 FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2013, of the results and changes in equity of the Group and of the Bank 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 Chartered Accountants

Singapore
14 February 2014

Income Statements
for the financial year ended 31 December 2013

		The Group		The Bank	
		2013	2012	**2013**	2012
	Note	**$'000**	$'000	**$'000**	$'000
Interest income	3	**6,508,197**	6,201,632	**3,467,326**	3,382,184
Less: Interest expense	4	**2,388,405**	2,284,623	**991,533**	1,015,789
Net interest income		**4,119,792**	3,917,009	**2,475,793**	2,366,395
Fee and commission income	5	**1,730,645**	1,507,768	**1,117,470**	979,851
Dividend income		**53,020**	134,859	**276,630**	409,233
Rental income		**113,912**	109,974	**97,385**	91,865
Other operating income	6	**702,851**	825,347	**613,385**	701,522
Non-interest income		**2,600,428**	2,577,948	**2,104,870**	2,182,471
Total operating income		**6,720,220**	6,494,957	**4,580,663**	4,548,866
Less: Staff costs	7	**1,712,311**	1,596,538	**939,620**	904,814
Other operating expenses	8	**1,185,868**	1,150,848	**759,076**	757,795
Total operating expenses		**2,898,179**	2,747,386	**1,698,696**	1,662,609
Operating profit before amortisation/ impairment charges		**3,822,041**	3,747,571	**2,881,967**	2,886,257
Less: Amortisation/impairment charges					
Intangible assets	32	**–**	7,376	**–**	–
Loans and other assets	9	**428,850**	476,351	**243,798**	346,309
Operating profit after amortisation/ impairment charges		**3,393,191**	3,263,844	**2,638,169**	2,539,948
Share of profit of associates and joint ventures		**190,943**	87,323	**–**	–
Profit before tax		**3,584,134**	3,351,167	**2,638,169**	2,539,948
Less: Tax	10	**559,059**	530,656	**339,898**	303,460
Profit for the financial year		**3,025,075**	2,820,511	**2,298,271**	2,236,488
Attributable to:					
Equity holders of the Bank		**3,007,900**	2,803,088	**2,298,271**	2,236,488
Non-controlling interests		**17,175**	17,423	**–**	–
		3,025,075	2,820,511	**2,298,271**	2,236,488
Earnings per share ($)	11				
Basic		**1.84**	1.72		
Diluted		**1.84**	1.71		

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 2013

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Profit for the financial year	**3,025,075**	2,820,511	**2,298,271**	2,236,488
Currency translation adjustments	**(263,676)**	(328,841)	**11,010**	(13,973)
Change in available-for-sale reserve				
Change in fair value	**(200,957)**	1,013,859	**(163,165)**	977,057
Transfer to income statement on disposal/impairment	**40,553**	(300,845)	**54,103**	(287,250)
Tax relating to available-for-sale reserve	**(17,004)**	(66,932)	**(16,253)**	(61,286)
Change in share of other comprehensive income of associates and joint ventures	**(96,843)**	32,431	**–**	–
Remeasurement of defined benefit obligation[1]	**(4,306)**	–	**(268)**	–
Other comprehensive income for the financial year, net of tax	**(542,233)**	349,672	**(114,573)**	614,548
Total comprehensive income for the financial year, net of tax	**2,482,842**	3,170,183	**2,183,698**	2,851,036
Attributable to:				
Equity holders of the Bank	**2,468,257**	3,148,474	**2,183,698**	2,851,036
Non-controlling interests	**14,585**	21,709	**–**	–
	2,482,842	3,170,183	**2,183,698**	2,851,036

1 Refers to item that will not be reclassified subsequently to Income Statement.

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

Balance Sheets

as at 31 December 2013

	Note	The Group		The Bank	
		2013	2012	**2013**	2012
		$'000	$'000	**$'000**	$'000
Equity					
Share capital and other capital	12	**5,332,735**	5,271,932	**4,501,185**	4,440,382
Retained earnings	13	**12,002,525**	10,221,670	**9,255,114**	8,120,482
Other reserves	14	**9,052,656**	9,586,005	**9,445,651**	9,572,245
Equity attributable to equity holders of the Bank		**26,387,916**	25,079,607	**23,201,950**	22,133,109
Non-controlling interests		**189,346**	192,214	**–**	–
Total equity		**26,577,262**	25,271,821	**23,201,950**	22,133,109
Liabilities					
Deposits and balances of:					
Banks		**26,247,399**	21,537,916	**24,998,782**	20,313,747
Non-bank customers	16	**202,006,296**	182,028,907	**151,624,863**	135,420,211
Subsidiaries		**–**	–	**2,630,069**	5,760,363
Bills and drafts payable		**1,035,208**	1,571,841	**254,462**	347,932
Derivative financial liabilities	34	**5,877,773**	5,506,069	**5,196,506**	5,226,062
Other liabilities	17	**2,928,495**	3,579,059	**1,640,851**	1,401,563
Tax payable		**488,929**	581,808	**452,570**	501,714
Deferred tax liabilities	18	**86,385**	21,658	**–**	–
Debts issued	19	**18,981,322**	12,800,434	**18,546,107**	9,239,604
Total liabilities		**257,651,807**	227,627,692	**205,344,210**	178,211,196
Total equity and liabilities		**284,229,069**	252,899,513	**228,546,160**	200,344,305
Assets					
Cash, balances and placements with central banks	20	**26,880,581**	33,056,247	**13,853,975**	21,032,530
Singapore Government treasury bills and securities		**9,207,377**	10,837,937	**9,078,394**	10,696,976
Other government treasury bills and securities		**6,992,782**	10,628,888	**2,911,501**	6,328,674
Trading securities	21	**628,131**	259,559	**566,338**	151,305
Placements and balances with banks	22	**30,188,761**	14,254,272	**26,809,318**	11,710,269
Loans to non-bank customers	23	**178,856,863**	152,929,817	**136,538,266**	114,013,150
Placements with and advances to subsidiaries		**–**	–	**7,690,587**	5,263,143
Derivative financial assets	34	**5,779,497**	5,455,567	**5,030,302**	5,231,725
Assets pledged	24	**2,655,106**	2,988,005	**2,421,337**	2,935,561
Investment securities	25	**12,106,028**	11,090,754	**10,935,376**	9,760,202
Other assets	26	**3,212,523**	3,581,684	**2,099,375**	2,566,004
Deferred tax assets	18	**287,710**	296,682	**66,396**	94,001
Investment in associates and joint ventures	27	**996,605**	1,102,150	**269,233**	328,721
Investment in subsidiaries	28	**–**	–	**4,752,499**	4,759,449
Investment properties	30	**984,905**	1,015,858	**1,280,779**	1,289,807
Fixed assets	31	**1,308,390**	1,233,761	**1,060,665**	1,000,969
Intangible assets	32	**4,143,810**	4,168,332	**3,181,819**	3,181,819
Total assets		**284,229,069**	252,899,513	**228,546,160**	200,344,305
Off-Balance Sheet Items					
Contingent liabilities	33	**24,097,852**	18,437,040	**15,860,231**	13,435,759
Financial derivatives	34	**451,573,062**	349,452,349	**375,040,281**	297,789,046
Commitments	36	**69,756,557**	60,911,356	**53,983,741**	47,464,233

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 2013

	The Group					
	Attributable to equity holders of the Bank					
	Share capital and other capital $'000	**Retained earnings $'000**	**Other reserves $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2013						
Balance at 1 January	**5,271,932**	**10,221,670**	**9,586,005**	**25,079,607**	**192,214**	**25,271,821**
Profit for the financial year	**–**	**3,007,900**	**–**	**3,007,900**	**17,175**	**3,025,075**
Other comprehensive income for the financial year	**–**	**(4,306)**	**(535,337)**	**(539,643)**	**(2,590)**	**(542,233)**
Total comprehensive income for the financial year	**–**	**3,003,594**	**(535,337)**	**2,468,257**	**14,585**	**2,482,842**
Transfers	**–**	**(23,058)**	**23,058**	**–**	**–**	**–**
Change in non-controlling interests	**–**	**–**	**(9,374)**	**(9,374)**	**(9,954)**	**(19,328)**
Dividends	**–**	**(1,205,719)**	**–**	**(1,205,719)**	**(7,499)**	**(1,213,218)**
Share-based compensation	**–**	**–**	**28,559**	**28,559**	**–**	**28,559**
Reclassification of share-based compensation reserves on expiry	**–**	**6,038**	**(6,038)**	**–**	**–**	**–**
Issue of treasury shares under share-based compensation plans	**32,221**	**–**	**(32,221)**	**–**	**–**	**–**
Increase in statutory reserves	**–**	**–**	**593**	**593**	**–**	**593**
Issue of perpetual capital securities	**1,345,993**	**–**	**–**	**1,345,993**	**–**	**1,345,993**
Redemption of preference shares	**(1,317,411)**	**–**	**(2,589)**	**(1,320,000)**	**–**	**(1,320,000)**
Balance at 31 December	**5,332,735**	**12,002,525**	**9,052,656**	**26,387,916**	**189,346**	**26,577,262**
2012						
Balance at 1 January	5,253,129	8,498,587	9,215,382	22,967,098	176,870	23,143,968
Profit for the financial year	–	2,803,088	–	2,803,088	17,423	2,820,511
Other comprehensive income for the financial year	–	–	345,386	345,386	4,286	349,672
Total comprehensive income for the financial year	–	2,803,088	345,386	3,148,474	21,709	3,170,183
Transfers	–	(32,982)	32,982	–	–	–
Dividends	–	(1,047,023)	–	(1,047,023)	(6,365)	(1,053,388)
Share buyback – held in treasury	(10,657)	–	–	(10,657)	–	(10,657)
Share-based compensation	–	–	21,715	21,715	–	21,715
Issue of treasury shares under share-based compensation plans	29,460	–	(29,460)	–	–	–
Balance at 31 December	5,271,932	10,221,670	9,586,005	25,079,607	192,214	25,271,821
Note	12	13	14			

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 2013

	The Bank			
	Share capital and other capital $'000	**Retained earnings $'000**	**Other reserves $'000**	**Total equity $'000**
2013				
Balance at 1 January	**4,440,382**	**8,120,482**	**9,572,245**	**22,133,109**
Profit for the financial year	**–**	**2,298,271**	**–**	**2,298,271**
Other comprehensive income for the financial year	**–**	**(268)**	**(114,305)**	**(114,573)**
Total comprehensive income for the financial year	**–**	**2,298,003**	**(114,305)**	**2,183,698**
Dividends	**–**	**(1,169,409)**	**–**	**(1,169,409)**
Share-based compensation	**–**	**–**	**28,559**	**28,559**
Reclassification of share-based compensation reserves on expiry	**–**	**6,038**	**(6,038)**	**–**
Issue of treasury shares under share-based compensation plans	**32,221**	**–**	**(32,221)**	**–**
Issue of perpetual capital securities	**1,345,993**	**–**	**–**	**1,345,993**
Redemption of preference shares	**(1,317,411)**	**–**	**(2,589)**	**(1,320,000)**
Balance at 31 December	**4,501,185**	**9,255,114**	**9,445,651**	**23,201,950**
2012				
Balance at 1 January	4,421,579	6,894,954	8,965,442	20,281,975
Profit for the financial year	–	2,236,488	–	2,236,488
Other comprehensive income for the financial year	–	–	614,548	614,548
Total comprehensive income for the financial year	–	2,236,488	614,548	2,851,036
Dividends	–	(1,010,960)	–	(1,010,960)
Share buyback – held in treasury	(10,657)	–	–	(10,657)
Share-based compensation	–	–	21,715	21,715
Issue of treasury shares under share-based compensation plans	29,460	–	(29,460)	–
Balance at 31 December	4,440,382	8,120,482	9,572,245	22,133,109
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 2013

	2013 $'000	2012 $'000
Cash Flows from Operating Activities		
Operating profit before amortisation and impairment charges	**3,822,041**	3,747,571
Adjustments for:		
Depreciation of assets	**130,038**	121,493
Net gain on disposal of assets	**(56,025)**	(530,269)
Share-based compensation	**28,355**	21,646
Operating profit before working capital changes	**3,924,409**	3,360,441
Increase/(decrease) in working capital		
Deposits and balances of banks	**4,709,483**	1,787,685
Deposits and balances of non-bank customers	**19,977,389**	12,568,438
Bills and drafts payable	**(536,633)**	(158,106)
Other liabilities	**(263,709)**	(1,325,890)
Restricted balances with central banks	**(873,341)**	(372,700)
Government treasury bills and securities	**4,960,546**	(4,453,598)
Trading securities	**(355,688)**	44,347
Placements and balances with banks	**(15,420,710)**	2,778,974
Loans to non-bank customers	**(26,443,516)**	(12,192,248)
Investment securities	**(1,023,463)**	4,116,116
Other assets	**228,340**	779,412
Cash (used in)/generated from operations	**(11,116,893)**	6,932,871
Income tax paid	**(578,222)**	(592,822)
Net cash (used in)/provided by operating activities	**(11,695,115)**	6,340,049
Cash Flows from Investing Activities		
Acquisition of associates and joint ventures	**–**	(43)
Proceeds from disposal of associates and joint ventures	**18,108**	–
Acquisition of properties and other fixed assets	**(221,322)**	(220,520)
Proceeds from disposal of properties and other fixed assets	**87,278**	59,809
Change in non-controlling interests	**1,439**	–
Dividends received from associates and joint ventures	**43,486**	92,956
Net cash used in investing activities	**(71,011)**	(67,798)
Cash Flows from Financing Activities		
Issuance of perpetual capital securities	**1,345,993**	–
Redemption of preference shares	**(1,320,000)**	–
Issuance of subordinated notes	**–**	1,808,412
Redemption of subordinated notes	**(1,265,350)**	–
Increase/(decrease) in other debts	**7,446,238**	(793,916)
Share buyback	**–**	(10,657)
Change in non-controlling interests	**(20,767)**	–
Dividends paid on ordinary shares	**(1,102,566)**	(944,117)
Dividends paid on preference shares	**(103,046)**	(102,800)
Dividends paid to non-controlling interests	**(7,499)**	(6,365)
Net cash provided by/(used in) financing activities	**4,973,003**	(49,443)
Currency translation adjustments	**(255,884)**	(325,522)
Net (decrease)/increase in cash and cash equivalents	**(7,049,007)**	5,897,286
Cash and cash equivalents at beginning of the financial year	**28,293,042**	22,395,756
Cash and cash equivalents at end of the financial year (Note 37)	**21,244,035**	28,293,042

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

Notes to the Financial Statements
for the financial year ended 31 December 2013

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. The principal activities of its major subsidiaries are set out in Note 28b to the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Bank and its subsidiaries (collectively, the Group) have been prepared in accordance with Singapore Financial Reporting Standards (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 Monetary Authority of Singapore (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 or 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 revised FRS during the financial year. The adoption of these FRS did not have any significant effect on the financial statements of the Group.

- FRS19 Employee Benefits
- FRS113 Fair Value Measurement
- Amendments to FRS1 – Presentation of Items of Other Comprehensive Income
- Amendments to FRS107 Disclosures – Offsetting Financial Assets and Financial Liabilities

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 new/revised FRS that are in issue will apply to the Group for the financial year beginning 1 January 2014:

- FRS27 Separate Financial Statements
- FRS28 Investments in Associates and Joint Ventures
- FRS110 Consolidated Financial Statements
- FRS111 Joint Arrangements
- FRS112 Disclosure of Interests in Other Entities
- Amendments to FRS32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS36 – Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS39 – Novation of Derivatives and Continuation of Hedge Accounting

These pronouncements are not expected to have a significant impact on the financial statements 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 of subsidiaries that belong to the non-controlling interests is disclosed separately in the consolidated financial statements. Gain or loss arising from changes of the Bank's interest in subsidiaries is recognised in the income statement if they result in loss of control in the subsidiaries, otherwise, in equity.

Acquisition of subsidiaries is accounted for using the acquisition method. Consideration for the acquisition includes fair value of the assets transferred, liabilities incurred, equity interests issued, 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. Non-controlling interests that are equity interests are measured at fair value or the proportionate share of the acquiree's net identifiable assets at the acquisition date, determined on a case by case basis. All other components of non-controlling interests are measured at their acquisition-date fair values. 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 was accounted for using the purchase method. Acquisition-related costs were capitalised. Non-controlling interests were measured at the proportionate share of the acquiree's net identifiable 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 allowance 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. Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless they relate to impairment of the assets transferred. Adjustments are made to align the accounting policies of the associates and joint ventures to those of the Group.

2. Summary of Significant Accounting Policies (continued)

(d) Associates and Joint Ventures (continued)

Under the equity method, the Group's investment in associates and joint ventures is carried in the balance sheet at cost (including goodwill on acquisition), plus post-acquisition changes in the Group's share of net assets of the associates and joint ventures, less allowance for impairment, if any, determined on an individual basis. The Group recognises its share of the results of operations and changes in other comprehensive income of the associates and joint ventures in the consolidated income statement and in equity respectively. Where the share of losses of an associate or joint venture exceeds the Group's interest in the associate or joint venture, such excess is not recognised in the consolidated income statement.

Upon loss of significant influence over the associates or joint control over the joint ventures, any resulting gain or loss is recognised in the income statement and the related share of reserves is accounted for in the same manner as if the associates or joint ventures have directly disposed of the related assets and liabilities. Any retained investment is measured at its fair value.

In the Bank's separate financial statements, investment in associates and joint ventures is stated at cost less allowance for impairment, if any, determined on an individual basis.

(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 income statement. Exchange differences arising from monetary items that form part of the net investment in foreign operations, or on foreign currency borrowings that provide a hedge against a net investment in a foreign operation, are recognised initially in the foreign currency translation reserve in the consolidated balance sheet, and subsequently in the consolidated income statement on disposal of the foreign operation.

(ii) Foreign operations

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 subsequently to the consolidated income statement upon disposal of the foreign operations. In the case of a partial disposal without loss of control of a subsidiary, the proportionate share of the accumulated exchange differences are not recognised in the income statement but re-attributed to the non-controlling interests. For partial disposal of an associate or joint venture, the proportionate share of the accumulated exchange differences is reclassified to income statement.

2. Summary of Significant Accounting Policies (continued)

(e) Foreign Currencies (continued)

(ii) Foreign operations (continued)

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 or loss

Financial instruments are classified at fair value through profit or 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 or 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 that would otherwise require bifurcation.

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.

Non-trading liabilities

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

2. Summary of Significant Accounting Policies (continued)

(f) Financial Assets and Financial Liabilities (continued)

(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 or loss, transaction costs are expensed off.

Subsequent measurement

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

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

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

Interest and dividend on all non-derivative financial instruments are recognised as such 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. Valuation inputs include spot and forward prices, volatilities, correlations, interest rate curves and credit spreads.

(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 contractual rights to cash flows and 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 equity are taken to the income statement.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to set off and an intention to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Summary of Significant Accounting Policies (continued)

(f) Financial Assets and Financial Liabilities (continued)

(v) Impairment

Individual impairment

Financial assets, other than those measured at fair value through profit or loss, 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 cost, 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 income statement.

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 income statement. The loss is transferred from the fair value reserve to the income statement. 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.

Collective impairment

Collective impairment is made for estimated losses inherent in but not currently identifiable to the individual financial assets. The allowance 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 or loss.

2. Summary of Significant Accounting Policies (continued)

(h) Hedge Accounting

(i) Fair value hedge

Fair value changes of the hedging instrument are recognised in the income statement. Fair value changes of the hedged item attributable to the hedged risk are taken to the income statement with 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 meets 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 income statement. The amount taken to the reserve is transferred to the income statement 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 allowance 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 lease period. Buildings are depreciated on a straight-line basis over 50 years or the lease period, whichever is shorter. Other fixed assets are depreciated on a straight-line basis over their expected useful lives of five to ten years. The expected useful life, depreciation method and residual value of investment properties and fixed assets are reviewed annually.

Investment properties and fixed assets are reviewed for impairment when events or changes in circumstances indicate that their recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts.

Investment properties and fixed assets are derecognised upon disposal and the resulting gain or loss is recognised in the income statement.

(j) Intangible Assets

(i) Goodwill

Goodwill in a business combination represents the excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over (b) the net fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed. Where (b) exceeds (a) and the measurement of all amounts has been reviewed, the gain is recognised in the income statement.

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

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

2. Summary of Significant Accounting Policies (continued)

(j) Intangible Assets (continued)

(i) ***Goodwill*** (continued)

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 income statement and subsequent reversal is not allowed.

(ii) ***Other intangible assets***

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

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortisation charges are recognised in the income statement. 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 recoverable amounts, being the higher of fair value less cost to sell and value in use, may be below their carrying amounts.

(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 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 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 is not provided for temporary differences arising from initial recognition of goodwill or of an asset or liability that does not affect accounting or taxable profit, and taxable temporary differences related to investments in subsidiaries, associates and joint ventures where the timing of 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 is taken to equity for gains and losses recognised directly in equity.

2. Summary of Significant Accounting Policies (continued)

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation where an outflow of resources to settle the obligation is probable and a reliable estimate can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When an outflow of resources to settle the obligation is no longer probable, 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. For services that are provided over a period of time, fee and commission income is recognised over the service period.

Rental income is recognised on a time proportion basis.

(n) Employee Compensation/Benefits

Base pay, cash bonuses, allowances, commissions and defined contributions under regulations are recognised in the income statement when incurred.

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

Cost of share-based compensation is expensed to the income statement 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) 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.

(p) Repurchase and Reverse Repurchase Agreements

Repurchase agreements (Repo) are treated as collateralised borrowing and the amounts borrowed are reported 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 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.

2. Summary of Significant Accounting Policies (continued)

(q) Treasury Shares

Ordinary shares reacquired are accounted for as treasury shares and the consideration paid including directly attributable costs are presented as a component within equity until they are cancelled, sold or reissued. Upon cancellation, the cost of treasury shares is deducted against share capital or retained earnings accordingly. Gain or loss from subsequent sale or reissue of treasury shares is recognised in equity.

(r) Significant Accounting Estimates and Judgements

Preparation of the financial statements in conformity with FRS requires certain accounting estimates and judgements to be made. Areas where such estimates and judgements could have significant effects on the financial statements are as follows:

- Individual impairment of financial assets – assessment of the timing and amount of future cash flows and collateral value and determination of prolonged decline in market prices.
- Collective impairment of financial assets – assessment of country, industry and other portfolio risk, historical loss experience and economic indicators.
- Impairment review of goodwill – projection of recoverable amount and determination of growth rates and discount rates.
- Fair valuation of financial instruments – selection of valuation models and data inputs for financial instruments with no active markets.
- Provision of income taxes – interpretation of tax regulations on certain transactions and computations.

As the estimates and judgements are made based on parameters at the time the financial statements are prepared, actual results could differ from those disclosed in the financial statements due to subsequent changes in the parameters.

3. Interest Income

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Loans to non-bank customers	**5,297,221**	4,972,736	**2,778,870**	2,648,108
Placements and balances with banks	**654,448**	600,003	**299,808**	279,585
Government treasury bills and securities	**270,238**	290,336	**146,664**	166,217
Trading and investment securities	**286,290**	338,557	**241,984**	288,274
	6,508,197	6,201,632	**3,467,326**	3,382,184
Of which, interest income on:				
Impaired financial assets	**16,922**	15,444	**16,660**	11,675
Financial assets at fair value through profit or loss	**125,502**	122,714	**47,560**	35,209

4. Interest Expense

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Deposits of non-bank customers	**1,999,957**	1,895,951	**647,765**	693,312
Deposits and balances of banks and debts issued	**388,448**	388,672	**343,768**	322,477
	2,388,405	2,284,623	**991,533**	1,015,789
Of which, interest expense on financial liabilities at fair value through profit or loss	**32,001**	22,326	**15,680**	12,531

5. Fee and Commission Income

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Credit card	**262,327**	240,384	**177,448**	161,941
Fund management	**171,973**	129,081	**2,933**	3,311
Investment-related	**419,796**	321,072	**334,169**	251,785
Loan-related	**441,970**	389,037	**345,656**	313,594
Service charges	**110,789**	106,576	**76,597**	71,896
Trade-related	**267,810**	255,934	**171,459**	164,123
Others	**55,980**	65,684	**9,208**	13,201
	1,730,645	1,507,768	**1,117,470**	979,851
Of which, fee and commission on financial assets and financial liabilities at fair value through profit or loss	**682**	48	**682**	48

6. Other Operating Income

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trading income	**46,878**	97,355	**34,996**	90,835
Non-trading income				
Financial instruments at fair value through profit or loss	**463,371**	133,522	**435,870**	61,740
Available-for-sale assets and others	**34,054**	442,411	**3,057**	424,573
Net gain/(loss) from:				
Disposal of investment properties	**38,754**	15,752	**38,754**	9,560
Disposal of fixed assets	**914**	18,420	**(1,788)**	11,979
Disposal/liquidation of subsidiaries/associates/ joint ventures	**6,603**	1,281	**49**	5
Others	**112,277**	116,606	**102,447**	102,830
	702,851	825,347	**613,385**	701,522

7. Staff Costs

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Salaries, bonus and allowances	**1,403,721**	1,316,250	**783,119**	756,967
Employer's contribution to defined contribution plans	**109,482**	114,086	**57,447**	69,306
Share-based compensation	**28,355**	21,646	**21,594**	15,365
Others	**170,753**	144,556	**77,460**	63,176
	1,712,311	1,596,538	**939,620**	904,814
Of which, directors' remuneration	**20,844**	20,046	**9,116**	8,583

8. Other Operating Expenses

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Revenue-related	**570,446**	574,031	**301,795**	316,972
Occupancy-related	**291,302**	268,543	**193,763**	183,713
IT-related	**159,848**	170,590	**186,803**	183,273
Others	**164,272**	137,684	**76,715**	73,837
	1,185,868	1,150,848	**759,076**	757,795
Of which:				
Advisory/Directors' fees	**4,245**	5,331	**2,855**	4,073
Depreciation of assets	**130,038**	121,493	**78,248**	71,950
Rental expenses	**121,876**	112,103	**79,999**	79,240
Auditors' remuneration paid/payable to:				
Auditors of the Bank	**2,282**	2,114	**1,662**	1,536
Affiliates of auditors of the Bank	**2,024**	2,285	**570**	558
Other auditors	**229**	210	**106**	99
Non-audit fees paid/payable to:				
Auditors of the Bank	**255**	191	**220**	191
Affiliates of auditors of the Bank	**117**	179	**53**	144
Other auditors	**–**	–	**–**	–
Expenses on investment properties	**43,886**	42,741	**30,632**	31,167

9. Impairment Charge/(Write-Back) on Loans and Other Assets

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Individual impairment on:				
Loans	**135,563**	454,070	**85,451**	367,078
Investment securities	**76,014**	19,982	**65,911**	14,496
Others	**(54,511)**	703	**(12,124)**	23,063
Collective impairment	**271,784**	1,596	**104,560**	(58,328)
	428,850	476,351	**243,798**	346,309
Included in the impairment charges are the following:				
Bad debts written off	**106,610**	49,240	**46,831**	50,958
Bad debts recovery	**(73,723)**	(73,905)	**(23,979)**	(20,088)

10. Tax

Tax charge to the income statements comprises the following:

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
On profit of the financial year				
Current tax	**575,837**	622,343	**399,210**	442,816
Deferred tax	**31,668**	(47,355)	**2,485**	(57,295)
	607,505	574,988	**401,695**	385,521
(Over)/under-provision of prior year tax				
Current tax	**(79,480)**	(57,247)	**(62,531)**	(72,162)
Deferred tax	**14,068**	(2,911)	**734**	(9,899)
Effect of change in tax rate	**–**	1,186	**–**	–
Share of tax of associates and joint ventures	**16,966**	14,640	**–**	–
	559,059	530,656	**339,898**	303,460

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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Operating profit after amortisation and impairment charges	**3,393,191**	3,263,844	**2,638,169**	2,539,948
Prima facie tax calculated at tax rate of 17% (2012: 17%)	**576,842**	554,853	**448,489**	431,791
Effect of:				
Income taxed at concessionary rates	**(54,648)**	(25,649)	**(42,806)**	(25,608)
Different tax rates in other countries	**111,272**	46,677	**36,428**	(10,448)
Losses of foreign operations not offset against taxable income of Singapore operations	**132**	21,615	**132**	21,615
Income not subject to tax	**(66,604)**	(73,718)	**(66,494)**	(79,681)
Expenses not deductible for tax	**39,694**	51,775	**26,034**	47,878
Others	**817**	(565)	**(88)**	(26)
Tax expense on profit of the financial year	**607,505**	574,988	**401,695**	385,521

11. Earnings Per Share

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

	The Group	
	2013	2012
Profit attributable to equity holders of the Bank ($'000)	**3,007,900**	2,803,088
Dividends on preference shares ($'000)	**(103,153)**	(102,906)
Adjusted profit ($'000)	**2,904,747**	2,700,182
Weighted average number of ordinary shares ('000)		
In issue	**1,575,192**	1,573,686
Adjustment for potential ordinary shares under share-based compensation plans	**4,580**	4,448
Diluted	**1,579,772**	1,578,134
EPS ($)		
Basic	**1.84**	1.72
Diluted	**1.84**	1.71

12. Share Capital and Other Capital

(a)

	2013		2012	
	Number of shares '000	**Amount $'000**	Number of shares '000	Amount $'000
Ordinary shares				
Balance at 1 January and 31 December	**1,590,494**	**3,427,638**	1,590,494	3,427,638
Treasury shares				
Balance at 1 January	**(15,733)**	**(304,667)**	(16,570)	(323,470)
Share buyback – held in treasury	**–**	**–**	(684)	(10,657)
Issue of shares under share-based compensation plans	**1,664**	**32,221**	1,521	29,460
Balance at 31 December	**(14,069)**	**(272,446)**	(15,733)	(304,667)
Ordinary share capital	**1,576,425**	**3,155,192**	1,574,761	3,122,971
4.90% non-cumulative non-convertible perpetual capital securities issued on 23 July 2013	**–**	**847,441**	–	–
4.75% non-cumulative non-convertible perpetual capital securities issued on 19 November 2013	**–**	**498,552**	–	–
Class E non-cumulative non-convertible preference shares as at 1 January and 31 December	**–**	**–**	13,200	1,317,411
Share capital and other capital of the Bank		**4,501,185**		4,440,382
Non-cumulative non-convertible guaranteed SPV-A preference shares at 1 January and 31 December	**5**	**831,550**	5	831,550
Share capital and other capital of the Group		**5,332,735**		5,271,932
Ordinary shares held by associates and joint ventures of the Group	**778**		11,054	

(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.

(c) During the financial year, the Bank issued 1,664,000 (2012: 1,521,000) treasury shares to participants of the share-based compensation plans.

12. Share Capital and Other Capital (continued)

(d) The 4.90% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 23 July 2013. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 23 July 2018 or any distribution payment date thereafter or upon the occurrence of certain redemption events. The principal of the capital securities can be written down in full or in part upon notification of non-viability by MAS.

The capital securities bear a fixed distribution rate of 4.90% per annum, subject to a reset on 23 July 2018 (and every five years thereafter) to a rate equal to the prevailing five-year SGD SOR plus the initial margin of 3.195%. Distributions are payable semi-annually on 23 January and 23 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank *pari passu* without preference among themselves.

(e) The 4.75% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 19 November 2013. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 19 November 2019 or any distribution payment date thereafter or upon the occurrence of certain redemption events. The principal of the capital securities can be written down in full or in part upon notification of non-viability by MAS.

The capital securities bear a fixed distribution rate of 4.75% per annum, subject to a reset on 19 November 2019 (and every six years thereafter) to a rate equal to the prevailing six-year SGD SOR plus the initial margin of 2.92%. Distributions are payable semi-annually on 19 May and 19 November of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

The capital securities constitute direct, unsecured and subordinated obligations of the Bank and rank *pari passu* without preference among themselves.

(f) 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$500 million subordinated note (Note 19b(vii)) 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%.

(g) The perpetual capital securities and SPV-A preference shares qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios.

12. Share Capital and Other Capital (continued)

(h) As at 31 December 2013 and 2012, 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 12f), 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	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Balance at 1 January	**10,221,670**	8,498,587	**8,120,482**	6,894,954
Profit for the financial year attributable to equity holders of the Bank	**3,007,900**	2,803,088	**2,298,271**	2,236,488
Remeasurement of defined benefit obligation	**(4,306)**	–	**(268)**	–
Transfer to other reserves	**(23,058)**	(32,982)	**–**	–
Reclassification of share-based compensation reserves on expiry	**6,038**	–	**6,038**	–
Dividends				
Ordinary shares				
Final dividend of 40 cents one-tier tax-exempt and special dividend of 10 cents one-tier tax-exempt (2012: 40 cents one-tier tax-exempt dividend) per share paid in respect of prior financial year	**(787,521)**	(629,360)	**(787,521)**	(629,360)
Interim dividend of 20 cents one-tier tax-exempt (2012: 20 cents one-tier tax-exempt) per share paid in respect of the financial year	**(315,045)**	(314,757)	**(315,045)**	(314,757)
Semi-annual dividends at 5.796% per annum on non-cumulative non-convertible guaranteed SPV-A preference shares	**(36,310)**	(36,063)	**–**	–
Semi-annual dividends at 5.05% per annum on Class E non-cumulative non-convertible preference shares	**(66,843)**	(66,843)	**(66,843)**	(66,843)
	(1,205,719)	(1,047,023)	**(1,169,409)**	(1,010,960)
Balance at 31 December	**12,002,525**	10,221,670	**9,255,114**	8,120,482

(b) The retained earnings are distributable reserves except for an amount of $565,044,000 (2012: $436,060,000), being the Group's share of revenue reserves of associates and joint ventures which is distributable only upon realisation by way of dividend from or disposal of investment in the associates and joint ventures.

(c) In respect of the financial year ended 31 December 2013, the directors have proposed a final one-tier tax-exempt dividend of 50 cents and a special one-tier tax-exempt dividend of 5 cents per ordinary share amounting to a total dividend of $867,033,000. The proposed dividend will be accounted for in Year 2014 financial statements upon approval of the equity holders of the Bank.

Notes to the Financial Statements

for the financial year ended 31 December 2013

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 and joint ventures $'000	Others $'000	Total $'000
2013									
Balance at 1 January	**658,222**	**(940,527)**	**50,400**	**3,266,744**	**3,235,861**	**3,422,847**	**148,278**	**(255,820)**	**9,586,005**
Other comprehensive income for the financial year attributable to equity holders of the Bank	**(179,644)**	**(259,324)**	**–**	**–**	**–**	**–**	**(96,369)**	**–**	**(535,337)**
Transfers	**–**	**–**	**–**	**–**	**31,535**	**(6,531)**	**–**	**(1,946)**	**23,058**
Share-based compensation	**–**	**–**	**28,559**	**–**	**–**	**–**	**–**	**–**	**28,559**
Reclassification of share-based compensation reserves on expiry	**–**	**–**	**(6,038)**	**–**	**–**	**–**	**–**	**–**	**(6,038)**
Issue of treasury shares under share-based compensation plans	**–**	**–**	**(27,730)**	**–**	**–**	**–**	**–**	**(4,491)**	**(32,221)**
Increase in statutory reserves	**–**	**–**	**–**	**–**	**593**	**–**	**–**	**–**	**593**
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,374)**	**(9,374)**
Redemption of preference shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,589)**	**(2,589)**
Balance at 31 December	**478,578**	**(1,199,851)**	**45,191**	**3,266,744**	**3,267,989**	**3,416,316**	**51,909**	**(274,220)**	**9,052,656**
2012									
Balance at 1 January	17,615	(613,476)	51,367	3,266,744	3,203,212	3,422,514	116,448	(249,042)	9,215,382
Other comprehensive income for the financial year attributable to equity holders of the Bank	640,607	(327,051)	–	–	–	–	31,830	–	345,386
Transfers	–	–	–	–	32,649	333	–	–	32,982
Share-based compensation	–	–	21,715	–	–	–	–	–	21,715
Issue of treasury shares under share-based compensation plans	–	–	(22,682)	–	–	–	–	(6,778)	(29,460)
Balance at 31 December	658,222	(940,527)	50,400	3,266,744	3,235,861	3,422,847	148,278	(255,820)	9,586,005

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	Others $'000	Total $'000
2013								
Balance at 1 January	**675,064**	**(88,676)**	**50,400**	**3,266,744**	**2,752,922**	**2,930,499**	**(14,708)**	**9,572,245**
Other comprehensive income for the financial year	**(126,745)**	**12,440**	**–**	**–**	**–**	**–**	**–**	**(114,305)**
Share-based compensation	**–**	**–**	**28,559**	**–**	**–**	**–**	**–**	**28,559**
Reclassification of share-based compensation reserves on expiry	**–**	**–**	**(6,038)**	**–**	**–**	**–**	**–**	**(6,038)**
Issue of treasury shares under share-based compensation plans	**–**	**–**	**(27,730)**	**–**	**–**	**–**	**(4,491)**	**(32,221)**
Redemption of preference shares	**–**	**–**	**–**	**–**	**–**	**–**	**(2,589)**	**(2,589)**
Balance at 31 December	**548,319**	**(76,236)**	**45,191**	**3,266,744**	**2,752,922**	**2,930,499**	**(21,788)**	**9,445,651**
2012								
Balance at 1 January	45,925	(74,085)	51,367	3,266,744	2,752,922	2,930,499	(7,930)	8,965,442
Other comprehensive income for the financial year	629,139	(14,591)	–	–	–	–	–	614,548
Share-based compensation	–	–	21,715	–	–	–	–	21,715
Issue of treasury shares under share-based compensation plans	–	–	(22,682)	–	–	–	(6,778)	(29,460)
Balance at 31 December	675,064	(88,676)	50,400	3,266,744	2,752,922	2,930,499	(14,708)	9,572,245

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

(h) Share of reserves of associates and joint ventures comprises the Group's share of associates' and joint ventures' post-acquisition revenue reserve at 1 January 1998 and other reserves, adjusted for goodwill arising from acquisition of associates and joint ventures 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 and joint ventures.

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

14. Other Reserves (continued)

(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 non-controlling interests of subsidiaries.

15. Classification of Financial Assets and Financial Liabilities

(a)

	The Group				
	Held for trading $'000	Designated as fair value through profit or loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2013					
Cash, balances and placements with central banks	657,019	–	4,116,101	22,107,461	26,880,581
Singapore Government treasury bills and securities	–	–	9,207,377	–	9,207,377
Other government treasury bills and securities	1,345,110	–	5,647,672	–	6,992,782
Trading securities	628,131	–	–	–	628,131
Placements and balances with banks	558,666	–	796,412	28,833,683	30,188,761
Loans to non-bank customers	–	–	–	178,856,863	178,856,863
Derivative financial assets	5,779,497	–	–	–	5,779,497
Assets pledged	134,097	–	2,521,009	–	2,655,106
Investment securities					
Debt	–	655,873	7,882,190	194,337	8,732,400
Equity	–	–	3,373,628	–	3,373,628
Other assets	587,234	–	151,127	2,389,466	3,127,827
Total financial assets	9,689,754	655,873	33,695,516	232,381,810	276,422,953
Non-financial assets					7,806,116
Total assets					**284,229,069**
Deposits and balances of banks, non-bank customers and subsidiaries	1,184,630	2,070,470	–	224,998,595	228,253,695
Bills and drafts payable	–	–	–	1,035,208	1,035,208
Derivative financial liabilities	5,877,773	–	–	–	5,877,773
Other liabilities	285,456	–	–	2,273,864	2,559,320
Debts issued	–	16,461	–	18,964,861	18,981,322
Total financial liabilities	7,347,859	2,086,931	–	247,272,528	256,707,318
Non-financial liabilities					944,489
Total liabilities					**257,651,807**

15. **Classification of Financial Assets and Financial Liabilities** (continued)

(a) (continued)

	The Group				
	Held for trading $'000	Designated as fair value through profit or loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2012					
Cash, balances and placements with central banks	2,668,549	–	7,873,821	22,513,877	33,056,247
Singapore Government treasury bills and securities	460,186	–	10,377,751	–	10,837,937
Other government treasury bills and securities	1,244,081	–	9,384,807	–	10,628,888
Trading securities	259,559	–	–	–	259,559
Placements and balances with banks	184,177	–	959,827	13,110,268	14,254,272
Loans to non-bank customers	–	10,112	–	152,919,705	152,929,817
Derivative financial assets	5,455,567	–	–	–	5,455,567
Assets pledged	418,316	–	2,569,689	–	2,988,005
Investment securities					
Debt	–	684,016	7,033,223	207,299	7,924,538
Equity	–	–	3,166,216	–	3,166,216
Other assets	1,117,870	–	75,574	2,195,684	3,389,128
Total financial assets	11,808,305	694,128	41,440,908	190,946,833	244,890,174
Non-financial assets					8,009,339
Total assets					252,899,513
Deposits and balances of banks, non-bank customers and subsidiaries	2,094,160	1,476,873	–	199,995,790	203,566,823
Bills and drafts payable	–	–	–	1,571,841	1,571,841
Derivative financial liabilities	5,506,069	–	–	–	5,506,069
Other liabilities	341,428	–	–	2,805,379	3,146,807
Debts issued	–	19,137	–	12,781,297	12,800,434
Total financial liabilities	7,941,657	1,496,010	–	217,154,307	226,591,974
Non-financial liabilities					1,035,718
Total liabilities					227,627,692

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

(a) (continued)

	The Bank				
	Held for trading $'000	Designated as fair value through profit or loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2013					
Cash, balances and placements with central banks	400,423	–	3,616,857	9,836,695	13,853,975
Singapore Government treasury bills and securities	–	–	9,078,394	–	9,078,394
Other government treasury bills and securities	47,993	–	2,863,508	–	2,911,501
Trading securities	566,338	–	–	–	566,338
Placements and balances with banks	347,088	–	796,412	25,665,818	26,809,318
Loans to non-bank customers	–	–	–	136,538,266	136,538,266
Placements with and advances to subsidiaries	736,198	–	–	6,954,389	7,690,587
Derivative financial assets	5,030,302	–	–	–	5,030,302
Assets pledged	134,097	–	2,287,240	–	2,421,337
Investment securities					
Debt	–	394,335	6,894,310	608,463	7,897,108
Equity	–	–	3,038,268	–	3,038,268
Other assets	642,062	–	41,448	1,348,053	2,031,563
Total financial assets	7,904,501	394,335	28,616,437	180,951,684	217,866,957
Non-financial assets					10,679,203
Total assets					228,546,160
Deposits and balances of banks, non-bank customers and subsidiaries	1,187,923	1,386,324	–	176,679,467	179,253,714
Bills and drafts payable	–	–	–	254,462	254,462
Derivative financial liabilities	5,196,506	–	–	–	5,196,506
Other liabilities	334,605	–	–	1,166,632	1,501,237
Debts issued	–	16,461	–	18,529,646	18,546,107
Total financial liabilities	6,719,034	1,402,785	–	196,630,207	204,752,026
Non-financial liabilities					592,184
Total liabilities					205,344,210

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

(a) (continued)

	The Bank				
	Held for trading $'000	Designated as fair value through profit or loss $'000	Available-for-sale $'000	Loans and receivables/ amortised cost $'000	Total $'000
2012					
Cash, balances and placements with central banks	1,627,599	–	3,989,755	15,415,176	21,032,530
Singapore Government treasury bills and securities	460,186	–	10,236,790	–	10,696,976
Other government treasury bills and securities	–	–	6,328,674	–	6,328,674
Trading securities	151,305	–	–	–	151,305
Placements and balances with banks	134,670	–	945,217	10,630,382	11,710,269
Loans to non-bank customers	–	10,112	–	114,003,038	114,013,150
Placements with and advances to subsidiaries	26,811	–	–	5,236,332	5,263,143
Derivative financial assets	5,231,725	–	–	–	5,231,725
Assets pledged	418,316	–	2,517,245	–	2,935,561
Investment securities					
Debt	–	537,146	6,165,005	207,299	6,909,450
Equity	–	–	2,850,752	–	2,850,752
Other assets	1,107,144	–	51,532	1,403,322	2,561,998
Total financial assets	9,157,756	547,258	33,084,970	146,895,549	189,685,533
Non-financial assets					10,658,772
Total assets					200,344,305
Deposits and balances of banks, non-bank customers and subsidiaries	2,095,747	1,110,571	–	158,288,003	161,494,321
Bills and drafts payable	–	–	–	347,932	347,932
Derivative financial liabilities	5,226,062	–	–	–	5,226,062
Other liabilities	210,290	–	–	1,054,607	1,264,897
Debts issued	–	19,137	–	9,220,467	9,239,604
Total financial liabilities	7,532,099	1,129,708	–	168,911,009	177,572,816
Non-financial liabilities					638,380
Total liabilities					178,211,196

(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 or loss, the amounts receivable/payable at maturity are as follows:

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Loans to non-bank customers	**–**	9,908	**–**	9,908
Investment debt securities	**643,014**	670,244	**390,507**	532,122
	643,014	680,152	**390,507**	542,030
Financial liabilities				
Deposits and balances of banks, non-bank customers and subsidiaries	**2,080,785**	1,463,861	**1,390,067**	1,095,524
Debts issued	**16,550**	19,350	**16,550**	19,350
	2,097,335	1,483,211	**1,406,617**	1,114,874

(d) Included in the available-for-sale assets as at 31 December 2013 were investment equity securities of $958,132,000 (2012: $928,537,000) at the Bank and $987,335,000 (2012: $959,813,000) at the Group that were carried at cost as their fair values could not be reliably measured. These securities were acquired for long-term and/or strategic 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	**Fair value**	**Carrying amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
2013				
Investment debt securities	**194,337**	**211,551**	**608,463**	**625,677**
Debts issued	**18,964,861**	**19,003,217**	**18,529,646**	**18,567,834**
2012				
Investment debt securities	207,299	241,823	207,299	241,823
Debts issued	12,781,297	12,800,612	9,220,467	9,239,783

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					
	2013			2012		
	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	**–**	**4,773,120**	**–**	–	10,542,370	–
Singapore Government treasury bills and securities	**9,207,377**	**–**	**–**	10,837,937	–	–
Other government treasury bills and securities	**6,992,782**	**–**	**–**	10,628,888	–	–
Trading securities	**628,131**	**–**	**–**	259,559	–	–
Placements and balances with banks	**–**	**1,355,078**	**–**	–	1,144,004	–
Loans to non-bank customers	**–**	**–**	**–**	–	10,112	–
Derivative financial assets	**20,356**	**5,590,918**	**168,223**	990	5,454,577	–
Assets pledged	**1,432,127**	**1,222,979**	**–**	1,251,247	1,736,758	–
Investment securities						
Debt	**6,726,613**	**1,809,448**	**2,002**	6,076,665	1,638,546	2,028
Equity	**1,410,737**	**883,551**	**92,005**	1,369,876	754,346	82,181
Other assets	**690,549**	**47,812**	**–**	1,136,343	57,101	–
	27,108,672	**15,682,906**	**262,230**	31,561,505	21,337,814	84,209
Total financial assets carried at fair value			**43,053,808**			52,983,528
Deposits and balances of banks, non-bank customers and subsidiaries	**–**	**3,255,100**	**–**	–	3,571,033	–
Derivative financial liabilities	**1,247**	**5,708,303**	**168,223**	757	5,505,312	–
Other liabilities	**285,456**	**–**	**–**	210,298	131,130	–
Debts issued	**–**	**16,461**	**–**	–	19,137	–
	286,703	**8,979,864**	**168,223**	211,055	9,226,612	–
Total financial liabilities carried at fair value			**9,434,790**			9,437,667

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

(f) (continued)

	The Bank					
	2013			2012		
	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	**–**	**4,017,280**	**–**	–	5,617,354	–
Singapore Government treasury bills and securities	**9,078,394**	**–**	**–**	10,696,976	–	–
Other government treasury bills and securities	**2,911,501**	**–**	**–**	6,328,674	–	–
Trading securities	**566,338**	**–**	**–**	151,305	–	–
Placements and balances with banks	**–**	**1,143,500**	**–**	–	1,079,887	–
Loans to non-bank customers	**–**	**–**	**–**	–	10,112	–
Placements with and advances to subsidiaries	**736,198**	**–**	**–**	26,811	–	–
Derivative financial assets	**26,493**	**4,835,586**	**168,223**	808	5,230,917	–
Assets pledged	**1,198,358**	**1,222,979**	**–**	1,198,803	1,736,758	–
Investment securities						
Debt	**5,576,183**	**1,710,460**	**2,002**	5,082,637	1,617,518	1,996
Equity	**1,248,866**	**770,307**	**60,963**	1,234,950	625,985	61,280
Other assets	**652,846**	**30,664**	**–**	1,158,676	–	–
	21,995,177	**13,730,776**	**231,188**	25,879,640	15,918,531	63,276
Total financial assets carried at fair value			**35,957,141**			41,861,447
Deposits and balances of banks, non-bank customers and subsidiaries	**–**	**2,574,247**	**–**	–	3,206,318	–
Derivative financial liabilities	**1,114**	**5,027,169**	**168,223**	662	5,225,400	–
Other liabilities	**287,309**	**47,296**	**–**	210,290	–	–
Debts issued	**–**	**16,461**	**–**	–	19,137	–
	288,423	**7,665,173**	**168,223**	210,952	8,450,855	–
Total financial liabilities carried at fair value			**8,121,819**			8,661,807

(g) The movement in financial instruments measured at Level 3 was mainly due to revaluation of a pair of back-to-back options purchased/sold during the year. As these options were perfectly hedged, there was no effect on the income statements of the Bank and the Group.

(h) During the year, the Group reviewed its valuation framework, which led to changes in the fair value measurement hierarchy classifications of certain financial assets and liabilities. Accordingly, comparatives have been restated to conform to current year's presentation.

16. Deposits and Balances of Non-Bank Customers

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Fixed deposits	**110,026,727**	101,285,877	**75,611,182**	68,440,349
Savings deposits	**45,491,566**	41,637,152	**37,349,034**	35,775,241
Current accounts	**39,168,583**	32,342,788	**33,090,053**	26,544,569
Others	**7,319,420**	6,763,090	**5,574,594**	4,660,052
	202,006,296	182,028,907	**151,624,863**	135,420,211

17. Other Liabilities

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Accrued interest payable	**541,313**	533,414	**259,333**	261,087
Accrued operating expenses	**640,794**	620,570	**366,991**	369,867
Sundry creditors	**1,359,588**	1,948,610	**651,846**	519,164
Others	**386,800**	476,465	**362,681**	251,445
	2,928,495	3,579,059	**1,640,851**	1,401,563

18. Deferred Tax

Deferred tax comprises the following:

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Deferred tax liabilities on:				
Unrealised gain on available-for-sale assets	**72,420**	57,539	**64,271**	47,957
Accelerated tax depreciation	**78,216**	68,062	**68,651**	57,602
Fair value of depreciable assets acquired in business combination	**29,249**	29,791	**29,249**	29,791
Others	**83,630**	20,618	**519**	917
	263,515	176,010	**162,690**	136,267
Amount offset against deferred tax assets	**(177,130)**	(154,352)	**(162,690)**	(136,267)
	86,385	21,658	**–**	–
Deferred tax assets on:				
Unrealised loss on available-for-sale assets	**513**	519	**209**	204
Allowance for impairment	**268,671**	296,350	**171,619**	181,527
Others	**195,656**	154,165	**57,258**	48,537
	464,840	451,034	**229,086**	230,268
Amount offset against deferred tax liabilities	**(177,130)**	(154,352)	**(162,690)**	(136,267)
	287,710	296,682	**66,396**	94,001
Net deferred tax assets	**201,325**	275,024	**66,396**	94,001

18. Deferred Tax (continued)

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

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**275,024**	299,632	**94,001**	90,506
Effect of change in tax rate	**–**	(1,186)	**–**	–
Currency translation adjustments	**(13,832)**	(7,553)	**(8,133)**	(2,413)
(Charge)/credit to income statement	**(45,736)**	50,266	**(3,219)**	67,194
Charge to equity	**(14,131)**	(66,135)	**(16,253)**	(61,286)
Balance at 31 December	**201,325**	275,024	**66,396**	94,001

The Group has not recognised deferred tax asset in respect of tax losses of $15,088,000 (2012: $42,952,000) 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 $115,000 (2012: $1,193,000) which will expire between the years 2024 and 2031 (2012: 2013 and 2031).

19. Debts Issued

(a)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Subordinated Notes				
S$1 billion 4.100% subordinated notes due 2019 callable with step-up in 2014	**1,018,864**	1,043,651	**1,018,864**	1,043,651
S$1 billion 3.45% subordinated notes due 2021 callable with step-up in 2016	**1,026,388**	1,042,724	**1,026,388**	1,042,724
S$1.2 billion 3.15% subordinated notes due 2022 callable with step-up in 2017	**1,194,512**	1,209,844	**1,194,512**	1,209,844
US$1 billion 4.50% subordinated notes due 2013	**–**	1,239,843	**–**	1,239,843
US$1 billion 5.375% subordinated notes due 2019 callable with step-up in 2014	**1,306,585**	1,309,583	**1,306,585**	1,309,583
US$500 million 2.875% subordinated notes due 2022 callable with step-up in 2017	**618,555**	607,253	**618,555**	607,253
US$500 million 5.796% subordinated note	**–**	–	**632,350**	610,900
RM500 million 4.88% subordinated notes due 2020 callable with step-up in 2015	**192,553**	199,461	**–**	–
	5,357,457	6,652,359	**5,797,254**	7,063,798
Of which, fair value hedge adjustments	**72,632**	205,264	**72,632**	205,264

19. Debts Issued (continued)

(a) (continued)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Other Debts Issued				
Credit-linked notes	**16,461**	28,137	**16,461**	28,137
Interest rate-linked notes	**7,209**	2,224	**7,209**	2,224
Equity-linked notes	**897,229**	369,249	**897,229**	369,249
Floating rate notes	**860,152**	682,633	**860,152**	682,633
Fixed rate notes	**1,219,803**	1,092,563	**1,219,803**	1,092,563
US commercial papers	**9,733,808**	3,048,941	**9,733,808**	–
Others	**889,203**	924,328	**14,191**	1,000
	13,623,865	6,148,075	**12,748,853**	2,175,806
Of which, fair value hedge adjustments	**5,455**	19,279	**5,455**	19,279
Total debts issued	**18,981,322**	12,800,434	**18,546,107**	9,239,604

(b) **Subordinated Notes**

(i) 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%.

(ii) The S$1 billion 3.45% subordinated notes were issued by the Bank at par on 1 April 2011 and mature on 1 April 2021. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 1 April 2016 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 3.45% per annum beginning 1 October 2011. From and including 1 April 2016, interest is payable semi-annually at a fixed rate per annum equal to the five-year Singapore Dollar Swap (Offer Rate) plus 1.475%.

(iii) The S$1.2 billion 3.15% subordinated notes were issued by the Bank at par on 11 July 2012 and mature on 17 July 2022. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 11 July 2017 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 3.15% per annum beginning 11 January 2013. From and including 11 July 2017, interest is payable semi-annually at a fixed rate per annum equal to the five-year Singapore Dollar Swap (Offer Rate) plus 2.115%.

(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%.

19. Debts Issued (continued)

(b) **Subordinated Notes** (continued)

(v) The US$500 million 2.875% subordinated notes were issued by the Bank at 99.575% on 17 October 2012 and mature on 17 October 2022. The notes may be redeemed at par at the option of the Bank, in whole but not in part, on 17 October 2017 subject to the approval of MAS and certain other conditions. Interest is payable semi-annually at 2.875% per annum beginning 17 April 2013. From and including 17 October 2017, interest is payable semi-annually at a fixed rate equal to 2.3% plus the prevailing five-year U.S. Treasury Rate on the First Call Date.

(vi) The US$500 million 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$500 million 5.796% subordinated note ranking junior to all other S$ 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$500 million 5.796% subordinated note, the S$ and US$ subordinated notes qualify for Tier 2 capital.

(vii) 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 August 2014 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 maturity ranging from 15 August 2015 to 27 December 2023. 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 3 January 2014 to 4 January 2016. The periodic payments and payouts of the notes at maturity are linked to the closing value of certain underlying equities or equity indices.

(iv) The floating rate notes comprise mainly notes issued at par with maturity on 12 September 2016. Interest is payable quarterly in arrears equal to the three-month USD LIBOR plus 0.38%.

(v) The fixed rate notes comprise mainly notes issued by the Bank at 99.868% and 99.995% with maturity on 7 March 2017. Interest is payable semi-annually at 2.25% per annum beginning 7 September 2012.

19. Debts Issued (continued)

(c) **Other Debts Issued** (continued)

(vi) The US commercial papers were issued by the Bank at an average discount of 99.9% with maturity ranging from 6 January 2014 to 9 June 2014. Interest rates of the papers ranged from 0.17% to 0.25% per annum (2012: 0.21% to 0.30% per annum).

(vii) Others comprise mainly unsecured bills of exchange issued by United Overseas Bank (Thai) Public Company Limited with maturity ranging from 27 June 2014 to 8 June 2015 at fixed interest rate of 5.00% per annum.

20. Cash, Balances and Placements with Central Banks

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash on hand	**1,592,055**	1,405,991	**1,300,306**	1,125,215
Balances with central banks				
Restricted balances	**5,636,546**	4,763,205	**3,724,637**	3,032,669
Non-restricted balances	**19,651,980**	26,887,051	**8,829,032**	16,874,646
	26,880,581	33,056,247	**13,853,975**	21,032,530

21. Trading Securities

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Quoted securities				
Debt	**554,176**	215,186	**500,110**	106,932
Equity	**48,198**	15,870	**48,198**	15,870
Unquoted securities				
Debt	**25,757**	28,503	**18,030**	28,503
	628,131	259,559	**566,338**	151,305

22. Placements and Balances with Banks

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Placements and balances with banks	**31,411,740**	15,991,030	**28,032,297**	13,447,027
Amount sold under Repo	**(1,222,979)**	(1,736,758)	**(1,222,979)**	(1,736,758)
	30,188,761	14,254,272	**26,809,318**	11,710,269

23. Loans to Non-Bank Customers

(a)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Loans to non-bank customers (gross)	**181,977,609**	155,854,533	**138,753,959**	116,124,089
Individual impairment (Note 23d)	**(797,853)**	(960,369)	**(529,592)**	(640,137)
Collective impairment (Note 23d)	**(2,322,893)**	(1,964,347)	**(1,686,101)**	(1,470,802)
Loans to non-bank customers (net)	**178,856,863**	152,929,817	**136,538,266**	114,013,150
Comprising:				
Trade bills	**2,501,182**	2,533,142	**407,106**	236,437
Advances to customers	**176,355,681**	150,396,675	**136,131,160**	113,776,713
	178,856,863	152,929,817	**136,538,266**	114,013,150

(b) **Gross Loans to Non-Bank Customers Analysed by Industry**

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Transport, storage and communication	**7,982,519**	6,906,354	**6,616,853**	5,531,989
Building and construction	**23,845,072**	19,438,465	**19,788,728**	15,911,886
Manufacturing	**15,998,638**	11,833,771	**9,559,855**	5,643,079
Financial institutions	**29,172,602**	23,718,259	**26,623,001**	21,296,172
General commerce	**22,159,012**	18,627,270	**15,000,009**	12,039,338
Professionals and private individuals	**24,610,845**	22,366,198	**17,732,965**	16,242,104
Housing loans	**50,486,511**	46,131,072	**37,589,734**	34,269,151
Others	**7,722,410**	6,833,144	**5,842,814**	5,190,370
	181,977,609	155,854,533	**138,753,959**	116,124,089

(c) **Gross Loans to Non-Bank Customers Analysed by Currency**

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Singapore dollar	**101,538,336**	87,732,830	**101,245,958**	87,533,068
US dollar	**26,922,643**	18,134,837	**23,888,206**	15,683,387
Malaysian ringgit	**23,307,587**	21,842,265	**5,342**	4,737
Thai baht	**9,147,796**	8,103,018	**142**	79
Indonesian rupiah	**4,242,116**	4,572,617	**–**	–
Others	**16,819,131**	15,468,966	**13,614,311**	12,902,818
	181,977,609	155,854,533	**138,753,959**	116,124,089

23. Loans to Non-Bank Customers (continued)

(d) Movements of Allowance for Impairment on Loans

	2013		2012	
	Individual impairment $'000	**Collective impairment $'000**	Individual impairment $'000	Collective impairment $'000
The Group				
Balance at 1 January	**960,369**	**1,964,347**	769,560	1,981,818
Currency translation adjustments	**(38,142)**	**(19,742)**	(30,783)	(17,117)
Write-off/disposal	**–**	**–**	(9,696)	–
Reclassification	**2,627**	**(2,619)**	(17,405)	–
Net (write-back)/charge to income statement	**(127,001)**	**380,907**	248,693	(354)
Balance at 31 December	**797,853**	**2,322,893**	960,369	1,964,347
The Bank				
Balance at 1 January	**640,137**	**1,470,802**	411,505	1,529,476
Currency translation adjustments	**(26,740)**	**(46)**	(18,303)	(346)
Write-off/disposal	**–**	**–**	(4,362)	–
Reclassification	**–**	**–**	(17,405)	–
Net (write-back)/charge to income statement	**(83,805)**	**215,345**	268,702	(58,328)
Balance at 31 December	**529,592**	**1,686,101**	640,137	1,470,802

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		The Bank	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Assets pledged for Repo transactions, at carrying amount				
Singapore Government treasury bills and securities	**447,534**	1,160,688	**447,534**	1,160,688
Other government treasury bills and securities	**950,715**	52,444	**716,946**	–
Placements and balances with banks				
Negotiable certificates of deposit	**1,183,455**	1,579,217	**1,183,455**	1,579,217
Bankers' acceptances	**39,524**	157,541	**39,524**	157,541
Investment securities	**33,878**	38,115	**33,878**	38,115
	2,655,106	2,988,005	**2,421,337**	2,935,561

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

24. Assets Pledged/Received as Collateral (continued)

(b)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Assets received for reverse Repo transactions, at fair value	**3,886,401**	2,242,084	**1,890,097**	1,959,314
Of which, sold or repledged	**20,658**	55,808	**20,658**	55,808

Repo and reverse Repo transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

(c) Repo and Reverse Repo Transactions Subject to Netting Agreements

To mitigate credit risk, the Bank and the Group enter into global master repurchase agreements which allow the Bank and the Group to settle all amounts with a counterparty on a net basis in the event of default by that counterparty.

The table below shows the Bank's and the Group's Repo and reverse Repo transactions that are not offset in the balance sheet but are subject to enforceable master netting agreements:

	2013		2012	
	Reverse Repo	**Repo**	Reverse Repo	Repo
	$'000	**$'000**	$'000	$'000
The Group				
Amount before/after unconditional netting agreements as included in the balance sheet	**3,757,258**	**3,093,716**	2,333,431	2,273,896
Amount subject to conditional netting agreements	**(3,757,258)**	**(3,093,716)**	(2,333,431)	(2,273,896)
Of which: Amount nettable	**(374,154)**	**(374,154)**	(4,291)	(4,291)
Financial collateral	**(3,382,095)**	**(2,715,954)**	(2,316,269)	(2,230,528)
Amount not subject to netting agreements	**–**	**–**	–	–
The Bank				
Amount before/after unconditional netting agreements as included in the balance sheet	**1,766,508**	**2,862,439**	2,037,777	2,222,007
Amount subject to conditional netting agreements	**(1,766,508)**	**(2,862,439)**	(2,037,777)	(2,222,007)
Of which: Amount nettable	**(374,154)**	**(374,154)**	(4,291)	(4,291)
Financial collateral	**(1,391,345)**	**(2,484,677)**	(2,020,615)	(2,178,639)
Amount not subject to netting agreements	**–**	**–**	–	–

25. Investment Securities

(a)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Quoted securities				
Debt	**6,519,002**	5,867,681	**5,945,380**	5,324,172
Equity	**1,659,732**	1,625,777	**1,478,789**	1,470,713
Unquoted securities				
Debt	**2,420,797**	2,383,408	**2,158,178**	1,902,186
Equity	**2,017,828**	1,854,612	**1,833,125**	1,657,688
Allowance for impairment (Note 29)	**(477,453)**	(602,609)	**(446,218)**	(556,442)
Investment securities	**12,139,906**	11,128,869	**10,969,254**	9,798,317
Amount sold under Repo	**(33,878)**	(38,115)	**(33,878)**	(38,115)
	12,106,028	11,090,754	**10,935,376**	9,760,202

(b) **Investment Securities[1] Analysed by Industry**

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Transport, storage and communication	**992,584**	928,164	**888,931**	821,669
Building and construction	**365,150**	558,064	**294,883**	485,129
Manufacturing	**1,287,296**	503,564	**1,251,520**	381,692
Financial institutions	**5,609,591**	6,060,342	**5,081,342**	5,329,387
General commerce	**607,471**	538,351	**471,854**	425,647
Others	**3,277,814**	2,540,384	**2,980,724**	2,354,793
	12,139,906	11,128,869	**10,969,254**	9,798,317

1 Include amount sold under Repo.

26. Other Assets

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Interest receivable	**740,279**	574,622	**496,218**	427,275
Sundry debtors	**1,550,985**	1,651,107	**874,078**	916,375
Foreclosed properties	**131,197**	162,403	**–**	–
Others	**1,077,326**	1,520,987	**764,910**	1,258,641
Allowance for impairment on other assets (Note 29)	**(287,264)**	(327,435)	**(35,831)**	(36,287)
	3,212,523	3,581,684	**2,099,375**	2,566,004

27. Investment in Associates and Joint Ventures

(a)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Quoted equity securities	**32,916**	127,053	**32,916**	92,207
Unquoted equity securities	**379,569**	384,112	**279,522**	279,523
	412,485	511,165	**312,438**	371,730
Allowance for impairment (Note 29)	**–**	–	**(43,205)**	(43,009)
Share of post-acquisition reserve	**584,120**	590,985	**–**	–
	996,605	1,102,150	**269,233**	328,721
Market value of quoted equity securities at 31 December	**478,419**	579,127	**478,419**	547,317

(b) The Group's share of the associates' and joint ventures' financial statements is as follows:

	The Group	
	2013	2012
	$'000	$'000
Total operating income	**479,661**	383,761
Profit before tax	**190,943**	87,323
Total assets	**2,091,345**	2,262,294
Total liabilities	**1,114,087**	1,165,154
Contingent liabilities	**58,200**	58,200

(c) The carrying amounts of the Group's investment in associates and joint ventures as at 31 December 2013 include goodwill amounting to $12,007,000 (2012: $12,007,000).

27. Investment in Associates and Joint Ventures (continued)

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

Name of associate or joint venture	Principal activities	Country of incorporation	Effective equity interest of the Group 2013 %	2012 %
Quoted				
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**40**	40
Unquoted				
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 2013 $'000	2012 $'000
Quoted equity securities	**45,024**	45,024
Unquoted equity securities	**5,033,531**	5,033,234
	5,078,555	5,078,258
Allowance for impairment (Note 29)	**(326,056)**	(318,809)
	4,752,499	4,759,449
Market value of quoted equity securities at 31 December	**153,185**	133,903

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	
		2013	2012
		%	%
Commercial Banking			
Far Eastern Bank Limited	Singapore	**79**	79
United Overseas Bank (Malaysia) Bhd	Malaysia	**100**	100
United Overseas Bank (Thai) Public Company Limited	Thailand	**99.7**	99.7
PT Bank UOB Indonesia	Indonesia	**99**	99
United Overseas Bank (China) Limited	China	**100**	100
United Overseas Bank Philippines	Philippines	**100**	100
Money Market			
UOB Australia Limited	Australia	**100**	100
Insurance			
United Overseas Insurance Limited	Singapore	**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 Asset Management (Malaysia) Berhad	Malaysia	**100**	70
UOB Asset Management (Thailand) Co., Ltd.	Thailand	**100**	–
UOB Investment Advisor (Taiwan) Ltd	Taiwan	**100**	100
UOB Global Capital LLC[1]	United States	**70**	70
Funding			
UOB Funding LLC[2]	United States	**100**	100
Bullion, Brokerage and Clearing			
UOB Bullion and Futures Limited	Singapore	**100**	100
Property			
Industrial & Commercial Property (S) Pte Ltd	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 Allowance for Impairment on Investments and Other Assets

	Investment securities		Other assets	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
The Group				
Balance at 1 January	**602,609**	586,952	**327,435**	314,588
Currency translation adjustments	**10,190**	(7,450)	**(3,742)**	(6,290)
Write-off/disposal	**(94,049)**	(12,638)	**(9,600)**	(9,655)
Net (write-back)/charge to income statement	**(33,109)**	18,340	**(35,009)**	28,792
Reclassification	**(8,188)**	17,405	**8,180**	–
Balance at 31 December	**477,453**	602,609	**287,264**	327,435

	Investment securities $'000	**Investment in associates and joint ventures $'000**	**Investment in subsidiaries $'000**	**Other assets $'000**
The Bank				
2013				
Balance at 1 January	**556,442**	**43,009**	**318,809**	**36,287**
Currency translation adjustments	**10,558**	**–**	**5**	**(82)**
Write-off/disposal	**(75,909)**	**–**	**–**	**(374)**
Net (write-back)/charge to income statement	**(44,873)**	**196**	**7,242**	**–**
Balance at 31 December	**446,218**	**43,205**	**326,056**	**35,831**
2012				
Balance at 1 January	533,226	2,686	315,686	44,065
Currency translation adjustments	(6,356)	–	(9)	(75)
Write-off/disposal	(2,329)	–	–	(7,703)
Net charge to income statement	14,496	40,323	3,132	–
Reclassification	17,405	–	–	–
Balance at 31 December	556,442	43,009	318,809	36,287

30. Investment Properties

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Balance at 1 January	**1,015,858**	1,125,929	**1,289,807**	1,457,792
Currency translation adjustments	**(14,446)**	(14,731)	**(1,443)**	(1,530)
Additions	**8,709**	6,542	**5,773**	3,202
Disposals	**(3,883)**	(7,942)	**(2,164)**	(3,086)
Depreciation charge	**(15,553)**	(19,665)	**(17,792)**	(17,579)
Write-back of impairment	**2**	27	**2**	10
Transfers	**(5,782)**	(74,302)	**6,596**	(149,002)
Balance at 31 December	**984,905**	1,015,858	**1,280,779**	1,289,807
Represented by:				
Cost	**1,239,072**	1,256,683	**1,480,294**	1,473,636
Accumulated depreciation	**(252,735)**	(240,294)	**(198,083)**	(183,299)
Allowance for impairment	**(1,432)**	(531)	**(1,432)**	(530)
Net carrying amount	**984,905**	1,015,858	**1,280,779**	1,289,807
Freehold property	**418,561**	449,366	**834,179**	844,077
Leasehold property	**566,344**	566,492	**446,600**	445,730
	984,905	1,015,858	**1,280,779**	1,289,807

Market values of the investment properties of the Bank and the Group as at 31 December 2013 were estimated to be $2,821 million and $3,146 million (2012: $2,648 million and $2,992 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

	2013			2012		
	Owner-occupied properties $'000	**Others $'000**	**Total $'000**	Owner-occupied properties $'000	Others $'000	Total $'000
The Group						
Balance at 1 January	**704,368**	**529,393**	**1,233,761**	636,269	414,004	1,050,273
Currency translation adjustments	**(6,642)**	**(14,265)**	**(20,907)**	(6,189)	10,555	4,366
Additions	**7,546**	**205,067**	**212,613**	13,912	200,066	213,978
Disposals	**(4,530)**	**(3,844)**	**(8,374)**	–	(7,330)	(7,330)
Depreciation charge	**(18,593)**	**(95,892)**	**(114,485)**	(13,926)	(87,902)	(101,828)
Transfers	**5,782**	**–**	**5,782**	74,302	–	74,302
Balance at 31 December	**687,931**	**620,459**	**1,308,390**	704,368	529,393	1,233,761
Represented by:						
Cost	**922,083**	**1,648,859**	**2,570,942**	925,253	1,524,130	2,449,383
Accumulated depreciation	**(233,668)**	**(1,028,400)**	**(1,262,068)**	(219,591)	(994,737)	(1,214,328)
Allowance for impairment	**(484)**	**–**	**(484)**	(1,294)	–	(1,294)
Net carrying amount	**687,931**	**620,459**	**1,308,390**	704,368	529,393	1,233,761
Freehold property	**475,732**			581,045		
Leasehold property	**212,199**			123,323		
	687,931			704,368		
The Bank						
Balance at 1 January	**677,147**	**323,822**	**1,000,969**	523,590	237,787	761,377
Currency translation adjustments	**(212)**	**(357)**	**(569)**	–	(919)	(919)
Additions	**–**	**128,805**	**128,805**	13,912	133,692	147,604
Disposals	**–**	**(1,488)**	**(1,488)**	–	(1,724)	(1,724)
Depreciation charge	**(9,165)**	**(51,291)**	**(60,456)**	(9,357)	(45,014)	(54,371)
Transfers	**(6,596)**	**–**	**(6,596)**	149,002	–	149,002
Balance at 31 December	**661,174**	**399,491**	**1,060,665**	677,147	323,822	1,000,969
Represented by:						
Cost	**777,956**	**1,017,205**	**1,795,161**	784,426	917,334	1,701,760
Accumulated depreciation	**(116,526)**	**(617,714)**	**(734,240)**	(106,206)	(593,512)	(699,718)
Allowance for impairment	**(256)**	**–**	**(256)**	(1,073)	–	(1,073)
Net carrying amount	**661,174**	**399,491**	**1,060,665**	677,147	323,822	1,000,969
Freehold property	**532,418**			635,553		
Leasehold property	**128,756**			41,594		
	661,174			677,147		

Market values of the owner-occupied properties of the Bank and the Group as at 31 December 2013 were estimated to be $1,789 million and $2,624 million (2012: $1,640 million and $2,402 million) respectively. The valuation was performed by internal valuers with professional qualifications and experience, taking into account market prices and rental of comparable properties.

Others 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
2013				
Balance at 1 January	**4,168,332**	**–**	**–**	**4,168,332**
Currency translation adjustments	**(24,522)**	**–**	**–**	**(24,522)**
Balance at 31 December	**4,143,810**	**–**	**–**	**4,143,810**
Represented by:				
Cost	**4,143,810**	**–**	**–**	**4,143,810**
Accumulated amortisation	**–**	**–**	**–**	**–**
Net carrying amount	**4,143,810**	**–**	**–**	**4,143,810**
2012				
Balance at 1 January	4,188,181	4,655	3,127	4,195,963
Currency translation adjustments	(19,849)	(242)	(164)	(20,255)
Amortisation charge	–	(4,413)	(2,963)	(7,376)
Balance at 31 December	4,168,332	–	–	4,168,332
Represented by:				
Cost	4,168,332	38,392	25,637	4,232,361
Accumulated amortisation	–	(38,392)	(25,637)	(64,029)
Net carrying amount	4,168,332	–	–	4,168,332

(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% (2012: 7% to 16%) and those beyond the five-year period extrapolated using growth rates ranging from 3% to 6% (2012: 3% to 6%). Impairment is recognised in the income statement when the carrying amount of an operating segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating segments to exceed their recoverable amount.

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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Direct credit substitutes	**6,025,304**	5,509,963	**2,296,770**	3,835,338
Transaction-related contingencies	**6,181,043**	5,270,567	**3,877,386**	3,273,091
Trade-related contingencies	**11,881,078**	7,645,991	**9,684,920**	6,326,125
Others	**10,427**	10,519	**1,155**	1,205
	24,097,852	18,437,040	**15,860,231**	13,435,759

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.

(a) The table below shows the Bank's and the Group's financial derivatives and their fair values at the balance sheet date. These amounts do not necessarily represent future cash flows and amounts at risk of the derivatives.

	2013			2012		
	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	**29,025,186**	**481,150**	**332,853**	19,192,178	150,134	147,890
Swaps	**141,205,352**	**1,145,522**	**1,172,207**	97,275,979	774,591	480,507
Options purchased	**7,725,440**	**102,358**	**–**	4,867,238	55,428	–
Options written	**7,437,378**	**–**	**103,433**	5,478,516	–	55,109
Interest Rate Contracts						
Swaps	**244,357,862**	**3,484,324**	**3,705,365**	208,338,595	3,997,714	4,326,471
Futures	**4,600,007**	**20,105**	**957**	511,623	374	723
Options purchased	**819,897**	**12,680**	**–**	784,144	9,330	–
Options written	**3,909,749**	**–**	**18,857**	6,691,592	–	17,456
Equity-Related Contracts						
Swaps	**2,385,025**	**152,554**	**162,845**	3,039,142	260,729	268,969
Futures	**–**	**–**	**–**	10,980	502	–
Options purchased	**4,152,367**	**375,130**	**–**	925,295	203,832	–
Options written	**4,150,024**	**–**	**375,240**	902,828	–	204,625
Credit-Related Contracts						
Swaps	**437,804**	**1,300**	**688**	105,572	995	732
Others						
Forwards	**697,416**	**613**	**1,061**	850,049	379	485
Swaps	**221,327**	**2,427**	**2,787**	419,589	1,356	2,979
Futures	**125,209**	**136**	**282**	53,208	114	34
Options purchased	**161,498**	**1,198**	**–**	2,907	89	–
Options written	**161,521**	**–**	**1,198**	2,914	–	89
	451,573,062	**5,779,497**	**5,877,773**	349,452,349	5,455,567	5,506,069

34. Financial Derivatives (continued)

(a) (continued)

	2013			2012		
	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	23,286,983	285,129	165,860	15,853,382	125,095	121,003
Swaps	112,329,287	905,033	998,836	86,995,636	737,040	414,460
Options purchased	7,195,472	80,281	–	4,513,420	47,992	–
Options written	6,862,781	–	86,129	5,000,658	–	45,011
Interest Rate Contracts						
Swaps	205,739,833	3,222,741	3,422,556	172,461,231	3,862,572	4,177,754
Futures	4,582,769	20,105	839	495,428	374	662
Options purchased	819,897	12,680	–	784,144	9,330	–
Options written	3,663,357	–	18,857	6,648,790	–	17,456
Equity-Related Contracts						
Swaps	1,132,084	125,101	124,863	1,827,296	244,447	243,719
Futures	–	–	–	10,980	502	–
Options purchased	4,040,004	374,504	–	886,302	201,873	–
Options written	4,037,354	–	374,587	877,603	–	202,797
Credit-Related Contracts						
Swaps	437,804	1,300	688	105,572	995	732
Others						
Forwards	238,450	1,237	1,169	587,895	384	608
Swaps	248,216	865	657	702,846	985	1,803
Futures	107,438	128	267	36,349	113	34
Options purchased	159,276	1,198	–	757	23	–
Options written	159,276	–	1,198	757	–	23
	375,040,281	5,030,302	5,196,506	297,789,046	5,231,725	5,226,062

34. Financial Derivatives (continued)

(b) Financial Derivatives Subject to Netting Agreements

The Bank and the Group enter into derivative master agreements (including the International Swaps and Derivatives Association Master Agreement) to mitigate credit exposure. Such agreements allow the Bank and the Group to offset what is owed to a counterparty against what is due from that counterparty in the event of default by that counterparty.

The table below shows the Bank's and the Group's financial derivatives that are not offset in the balance sheet but are subject to enforceable master netting agreements.

	2013		2012	
	Positive fair value $'000	**Negative fair value $'000**	Positive fair value $'000	Negative fair value $'000
The Group				
Amount before/after unconditional netting agreements as included in the balance sheet	**5,779,497**	**5,877,773**	5,455,567	5,506,069
Amount subject to conditional netting agreements	**(5,712,570)**	**(5,855,652)**	(5,417,768)	(5,470,019)
Of which: Amount nettable	**(4,095,130)**	**(4,095,130)**	(4,329,877)	(4,329,877)
Financial collateral	**(232,249)**	**(801,150)**	(128,868)	(464,563)
Amount not subject to netting agreements	**66,927**	**22,121**	37,799	36,050
The Bank				
Amount before/after unconditional netting agreements as included in the balance sheet	**5,030,302**	**5,196,506**	5,213,725	5,226,062
Amount subject to conditional netting agreements	**(5,030,302)**	**(5,196,506)**	(5,213,725)	(5,226,062)
Of which: Amount nettable	**(3,929,424)**	**(3,929,424)**	(4,200,461)	(4,200,461)
Financial collateral	**(172,957)**	**(792,977)**	(125,874)	(452,342)
Amount not subject to netting agreements	**–**	**–**	–	–

35. Hedge Accounting

(a) Fair Value Hedge

Interest rate and cross currency swaps were contracted to hedge certain of the Bank's loans, investment in debt securities and debts issued against interest rate and foreign currency risk. As at 31 December 2013, the cumulative net fair value of such interest rate swaps was a loss of $34 million (2012: loss of $38 million). During the financial year, fair value gain of $27 million (2012: gain of $64 million) on the swaps was recognised in the Bank's and the Group's income statements which was offset by an equal amount of fair value loss (2012: loss) attributable to the interest rate risk on the hedged items.

As at 31 December 2013, non-bank customer deposits of $809 million (2012: $828 million) were designated to hedge the foreign exchange risk arising from certain of the Bank's available-for-sale equity securities. During the financial year, foreign exchange loss of $48 million (2012: gain of $56 million) on the deposits were recognised in the Bank's and the Group's income statements respectively. These were offset by equal amounts of foreign exchange gain (2012: loss) on the hedged items.

(b) Hedge of Net Investment in Foreign Operations

As at 31 December 2013, non-bank customer deposits of $821 million (2012: $921 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 (2012: nil) arising from hedge ineffectiveness was recognised in the Bank's and the Group's income statements.

36. Commitments

(a)

	The Group		The Bank	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Undrawn credit facilities	**68,264,502**	59,029,316	**52,957,263**	46,481,275
Spot/forward contracts	**658,450**	1,223,091	**627,772**	757,253
Capital commitments	**68,380**	67,145	**52,946**	51,554
Operating lease commitments	**95,218**	101,900	**35,604**	51,821
Others	**670,007**	489,904	**310,156**	122,330
	69,756,557	60,911,356	**53,983,741**	47,464,233

(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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Minimum lease payable				
Within 1 year	**46,499**	44,024	**16,744**	21,433
Over 1 to 5 years	**46,052**	54,136	**18,803**	30,313
Over 5 years	**2,667**	3,740	**57**	75
	95,218	101,900	**35,604**	51,821
Minimum lease receivable				
Within 1 year	**105,455**	105,386	**86,554**	87,006
Over 1 to 5 years	**156,133**	129,405	**135,683**	108,347
Over 5 years	**11,488**	4,309	**7,187**	1,944
	273,076	239,100	**229,424**	197,297

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	
	2013	2012
	$'000	$'000
Cash on hand	**1,592,055**	1,405,991
Non-restricted balances with central banks	**19,651,980**	26,887,051
	21,244,035	28,293,042

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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	
	2013 '000	2012 '000
Balance at 1 January	**2,575**	2,942
Granted	**943**	932
Additional shares awarded arising from targets met	**103**	–
Forfeited/cancelled	**(138)**	(381)
Vested	**(1,132)**	(918)
Balance at 31 December	**2,351**	2,575

	Share appreciation rights	
	2013 '000	2012 '000
Balance at 1 January	**9,283**	8,298
Granted	**4,126**	3,762
Additional rights awarded arising from targets met	**316**	–
Forfeited/cancelled	**(497)**	(903)
Vested	**(3,482)**	(1,874)
Balance at 31 December	**9,746**	9,283

	Exercisable rights	
	2013 '000	2012 '000
Balance at 1 January	**6,633**	7,073
Vested	**3,482**	1,874
Forfeited/lapsed	**(1,677)**	(135)
Exercised	**(2,716)**	(2,179)
Balance at 31 December	**5,722**	6,633

38. Share-Based Compensation Plans (continued)

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants 2013 '000	2012 '000
Restricted Shares				
2010	15 Dec 2012 and 15 Dec 2013	16.35	**–**	536
2011	15 Dec 2013 and 15 Dec 2014	14.53	**517**	1,107
2012	14 Dec 2014 and 14 Dec 2015	18.52	**891**	932
2013	13 Dec 2015 and 13 Dec 2016	18.96	**943**	–
			2,351	2,575
Share Appreciation Rights				
2010	15 Dec 2016	4.87	**–**	1,189
2011	15 Dec 2017	2.46	**2,024**	4,332
2012	14 Dec 2018	3.04	**3,596**	3,762
2013	13 Dec 2019	2.87	**4,126**	–
			9,746	9,283

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	
	2013	2012	**2013**	2012
Exercise price ($)	Not applicable		**20.43**	19.63
Expected volatility (%)[1]	**19.06**	22.23	**19.06**	22.23
Risk-free interest rate (%)	**0.37 – 0.58**	0.28 – 0.31	**1.46**	0.66
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 three years' historical volatility.

39. Related Party Transactions

Related parties cover the Group's subsidiaries, associates, joint ventures and their subsidiaries, and key management personnel and their related parties.

Key management personnel refer to the Bank's directors and members of its Management Executive Committee.

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	
		2013	2012	**2013**	2012
		$ million	$ million	**$ million**	$ million
(a)	**Interest Income**				
	Subsidiaries	**–**	–	**52**	48
	Associates and joint ventures	**7**	8	**6**	7
	Interest Expense				
	Subsidiaries	**–**	–	**19**	24
	Associates and joint ventures	**4**	2	**2**	1
	Dividend Income				
	Subsidiaries	**–**	–	**200**	197
	Associates and joint ventures	**–**	–	**36**	89
	Rental Income				
	Subsidiaries	**–**	–	**4**	3
	Associates and joint ventures	**–**	*	**–**	–
	Rental and Other Expenses				
	Subsidiaries	**–**	–	**126**	105
	Associates and joint ventures	**6**	11	**4**	3
	Fee and Commission and Other Income				
	Subsidiaries	**–**	–	**96**	89
	Associates and joint ventures	**7**	14	*****	1
	Placements, Securities, Loans and Advances				
	Subsidiaries	**–**	–	**8,105**	5,263
	Associates and joint ventures	**497**	442	**487**	432
	Deposits				
	Subsidiaries	**–**	–	**2,630**	5,760
	Associates and joint ventures	**1,030**	449	**851**	383
	Off-Balance Sheet Credit Facilities				
	Subsidiaries	**–**	–	**364**	115
	Associates and joint ventures	*****	*	*****	*
(b)	**Compensation of Key Management Personnel**				
	Short-term employee benefits	**11**	9	**11**	9
	Long-term employee benefits	**6**	6	**6**	6
	Share-based payment	**2**	2	**2**	2
	Others	*****	1	*****	1
		19	18	**19**	18

* 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 business activities:

Group Retail (GR)

GR segment covers Consumer, Privilege, Business and Private 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. 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.

Group Wholesale (GW)

GW segment encompasses Commercial Banking, Corporate Banking, Financial Institutions Group (FIG), Corporate Finance and Debt Capital Markets. Commercial Banking serves the medium and large enterprises, while Corporate Banking serves large local corporations, government-linked companies and agencies, and FIG serves financial institutions. Commercial Banking, Corporate Banking and FIG 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.

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. Income from treasury products and services offered to customers of other customer segments, such as Group Retail and Group Wholesale, is reflected in the respective customer segments.

Others

Others include property-related activities, insurance businesses and income and expenses not attributable to other operating segments mentioned above.

40. Segment Information (continued)

(a) Operating Segments (continued)

	The Group					
	GR $ million	GW $ million	GMIM $ million	Others $ million	Elimination $ million	Total $ million
2013						
Operating income	**2,780**	**2,743**	**798**	**585**	**(186)**	**6,720**
Operating expenses	**(1,521)**	**(607)**	**(406)**	**(550)**	**186**	**(2,898)**
Impairment charges	**(89)**	**(24)**	**(75)**	**(241)**	**–**	**(429)**
Share of profit of associates and joint ventures	**–**	**–**	**3**	**188**	**–**	**191**
Profit before tax	**1,170**	**2,112**	**320**	**(18)**	**–**	**3,584**
Segment assets	**82,727**	**118,939**	**78,231**	**3,682**	**(4,491)**	**279,088**
Intangible assets – goodwill	**1,317**	**2,086**	**660**	**81**	**–**	**4,144**
Investment in associates and joint ventures	**–**	**–**	**9**	**988**	**–**	**997**
Total assets	**84,044**	**121,025**	**78,900**	**4,751**	**(4,491)**	**284,229**
Segment liabilities	**103,493**	**90,646**	**59,705**	**8,931**	**(5,123)**	**257,652**
Other Information						
Inter-segment operating income	**399**	**(254)**	**(328)**	**369**	**(186)**	**–**
Gross customer loans	**82,114**	**99,509**	**330**	**25**	**–**	**181,978**
Non-performing assets	**577**	**1,637**	**20**	**80**	**–**	**2,314**
Capital expenditure	**12**	**5**	**9**	**195**	**–**	**221**
Depreciation of assets	**9**	**4**	**3**	**114**	**–**	**130**
2012						
Operating income	2,548	2,542	924	644	(163)	6,495
Operating expenses	(1,410)	(564)	(367)	(569)	163	(2,747)
Impairment charges	(78)	(330)	(56)	(12)	–	(476)
Amortisation of intangible assets	(2)	(5)	–	–	–	(7)
Share of profit of associates and joint ventures	–	–	–	87	–	87
Profit before tax	1,058	1,643	501	149	–	3,351
Segment assets	74,959	89,037	84,177	4,272	(4,815)	247,630
Intangible assets – goodwill	1,326	2,098	663	81	–	4,168
Investment in associates and joint ventures	–	–	17	1,085	–	1,102
Total assets	76,285	91,135	84,857	5,438	(4,815)	252,900
Segment liabilities	95,064	80,680	46,769	10,541	(5,426)	227,628
Other Information						
Inter-segment operating income	369	(221)	(330)	345	(163)	–
Gross customer loans	74,444	81,000	380	31	–	155,855
Non-performing assets	504	2,036	115	85	–	2,740
Capital expenditure	15	6	4	196	–	221
Depreciation of assets	8	4	3	106	–	121

Notes:
No operating income from transactions with a single external customer or counterparty amounted to 10% or more of the Group's operating income in 2013 or 2012.
Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

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	
	2013	2012	**2013**	2012	**2013**	2012
	$ million	$ million	**$ million**	$ million	**$ million**	$ million
Singapore	**3,775**	3,790	**2,181**	2,256	**176,590**	157,593
Malaysia	**969**	915	**555**	557	**35,647**	33,091
Thailand	**632**	530	**146**	118	**15,608**	14,135
Indonesia	**436**	454	**178**	184	**7,173**	7,156
Greater China	**502**	414	**272**	222	**27,395**	19,569
Others	**406**	392	**252**	21	**17,672**	17,188
	6,720	6,495	**3,584**	3,358	**280,085**	248,732
Intangible assets	**–**	–	**–**	(7)	**4,144**	4,168
	6,720	6,495	**3,584**	3,351	**284,229**	252,900

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 Board Risk Management 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 Management and Market Risk Control within the Risk Management Sector monitor Global Markets and Investment Management's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by 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 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.

41. Financial Risk Management (continued)

(a) **Credit Risk** (continued)

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.

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.

(i) Credit exposure

The Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements, is shown in the table below:

	The Group			
	Average 2013 $ million	Average 2012 $ million	**2013 $ million**	2012 $ million
Balances and placements with central banks	**28,469**	28,516	**25,289**	31,650
Singapore Government treasury bills and securities	**10,023**	10,245	**9,207**	10,838
Other government treasury bills and securities	**8,811**	9,409	**6,993**	10,629
Trading debt securities	**412**	247	**580**	244
Placements and balances with banks	**22,221**	15,603	**30,189**	14,254
Loans to non-bank customers	**165,893**	147,061	**178,857**	152,930
Derivative financial assets	**5,618**	5,857	**5,779**	5,456
Assets pledged	**2,822**	2,757	**2,655**	2,988
Investment debt securities	**8,329**	9,432	**8,732**	7,925
Others	**2,259**	2,308	**2,291**	2,226
	254,857	231,435	**270,572**	239,140
Contingent liabilities	**21,257**	17,119	**24,087**	18,427
Commitments	**64,587**	56,932	**68,923**	60,252
	340,701	305,486	**363,582**	317,819

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.

41. Financial Risk Management (continued)

(a) Credit Risk (continued)

(i) Credit exposure (continued)

In extending credit facilities to small and medium enterprises, personal guarantees are often taken as a form of moral support to ensure moral commitment from the principal shareholders and directors.

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

For internal risk management, agreements such as International Swaps and Derivatives Association Master Agreements and Credit Support Annex have been established with active counterparties to manage counterparty credit risk arising from foreign exchange and derivative activities. The agreements allow the Group to settle all outstanding transactions in the event of counterparty default, resulting in a single net claim against or in favour of the counterparty.

(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
2013						
China	**10,352**	**3,970**	**435**	**877**	**15,634**	**5.5**
Malaysia	**2,387**	**308**	**–**	**922**	**3,617**	**1.3**
Hong Kong	**1,804**	**1,202**	**–**	**591**	**3,597**	**1.3**
India	**2,757**	**700**	**–**	**23**	**3,480**	**1.2**
United States	**467**	**347**	**729**	**1,434**	**2,977**	**1.0**
Taiwan	**2,721**	**66**	**–**	**133**	**2,920**	**1.0**
2012						
China	4,097	2,954	*	776	7,827	3.1
Japan	805	11	2,473	266	3,555	1.4
Hong Kong	593	1,826	–	581	3,000	1.2

* 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	
	2013	2012
	$ million	$ million
Pass	**179,157**	152,789
Special mention	**747**	704
Substandard	**1,179**	1,587
Doubtful	**461**	341
Loss	**434**	434
	181,978	155,855

Gross investment debt securities of the Group as at 31 December 2013 was $8,940 million (2012: $8,251 million) and allowance for impairment of $174 million (2012: $288 million) was made for these securities.

(iv) Ageing analysis of past due but not impaired and non-performing assets

	The Group			
	2013		2012	
	Past due but not impaired $ million	**Non-performing $ million**	Past due but not impaired $ million	Non-performing $ million
Current	**–**	**295**	–	309
Within 90 days	**4,110**	**197**	3,542	135
Over 90 to 180 days	**–**	**241**	–	747
Over 180 days	**–**	**1,581**	–	1,549
	4,110	**2,314**	3,542	2,740

41. Financial Risk Management (continued)

(a) Credit Risk (continued)

(v) Past due but not impaired and non-performing assets analysed by geographical segment

	The Group					
	2013			2012		
	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	**2,358**	**893**	**312**	2,003	948	431
Malaysia	**1,219**	**412**	**106**	1,005	401	127
Thailand	**359**	**313**	**192**	301	340	206
Indonesia	**53**	**88**	**26**	171	100	37
Greater China	**34**	**29**	**18**	41	42	28
Others	**87**	**579**	**304**	21	909	380
	4,110	**2,314**	**958**	3,542	2,740	1,209

(vi) Past due but not impaired and non-performing assets analysed by industry

	The Group					
	2013			2012		
	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	**243**	**849**	**395**	265	1,038	440
Building and construction	**304**	**149**	**33**	222	144	44
Manufacturing	**443**	**227**	**125**	364	366	239
Financial institutions	**224**	**240**	**99**	163	385	177
General commerce	**742**	**272**	**129**	694	251	116
Professionals and private individuals	**758**	**192**	**90**	685	130	78
Housing loans	**1,346**	**311**	**28**	1,023	268	34
Others	**50**	**74**	**59**	126	158	81
	4,110	**2,314**	**958**	3,542	2,740	1,209

41. Financial Risk Management (continued)

(a) **Credit Risk** (continued)

(vii) Security coverage of non-performing assets

	The Group	
	2013	2012
	$ million	$ million
Non-performing assets secured by:		
Properties	**772**	698
Marketable securities, fixed deposits and others	**316**	305
Unsecured non-performing assets	**1,226**	1,737
	2,314	2,740

(viii) Collateral possessed during the financial year

	The Group	
	2013	2012
	$ million	$ million
Properties	**5**	1

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.

(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, associates and joint ventures, intangible assets attributable to overseas subsidiaries, and long-term investment in overseas properties used for banking purposes, 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.

41. Financial Risk Management (continued)

(b) Foreign Exchange Risk (continued)

(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	Others $ million	Total $ million
2013							
Cash, balances and placements with central banks	8,751	1,773	8,417	2,172	868	4,900	26,881
Securities[1]	13,316	7,059	1,573	3,038	143	5,237	30,366
Placements and balances with banks[1]	428	22,110	67	169	76	8,562	31,412
Loans to non-bank customers	99,790	26,685	22,817	8,877	4,213	16,475	178,857
Investment in associates and joint ventures	885	1	103	–	–	8	997
Intangible assets	3,182	–	–	720	242	–	4,144
Derivative financial assets	1,722	2,391	114	351	5	1,196	5,779
Others	3,019	1,480	146	413	158	577	5,793
Total assets	131,093	61,499	33,237	15,740	5,705	36,955	284,229
Deposits and balances of non-bank customers	106,476	33,211	25,847	9,235	4,320	22,917	202,006
Deposits and balances of banks, and bills and drafts payable	3,853	9,757	1,420	548	59	11,646	27,283
Debts issued	2,971	14,125	193	660	–	1,032	18,981
Derivative financial liabilities	1,671	2,641	102	281	19	1,164	5,878
Others	1,078	805	407	199	42	973	3,504
Total liabilities	116,049	60,539	27,969	10,923	4,440	37,732	257,652
On-balance sheet open position	15,044	960	5,268	4,817	1,265	(777)	
Off-balance sheet open position	(677)	18,151	(2,873)	(2,455)	*	(12,146)	
Net open position	14,367	19,111	2,395	2,362	1,265	(12,923)	

* Less than $500,000.
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	Others $ million	Total $ million
2012							
Cash, balances and placements with central banks	16,197	2,691	7,415	2,222	748	3,783	33,056
Securities[1]	15,943	5,016	1,744	3,700	250	7,415	34,068
Placements and balances with banks[1]	87	9,119	125	71	66	6,523	15,991
Loans to non-bank customers	86,169	17,888	21,404	7,883	4,520	15,066	152,930
Investment in associates and joint ventures	998	1	96	–	–	7	1,102
Intangible assets	3,181	–	–	722	265	–	4,168
Derivative financial assets	1,902	2,447	44	117	15	931	5,456
Others	2,883	1,949	470	372	153	302	6,129
Total assets	127,360	39,111	31,298	15,087	6,017	34,027	252,900
Deposits and balances of non-bank customers	101,924	21,918	25,382	8,096	4,403	20,306	182,029
Deposits and balances of banks, and bills and drafts payable	5,120	6,726	1,904	377	80	8,903	23,110
Debts issued	2,822	8,238	199	924	–	617	12,800
Derivative financial liabilities	1,569	2,717	45	152	15	1,008	5,506
Others	1,534	840	596	247	131	835	4,183
Total liabilities	112,969	40,439	28,126	9,796	4,629	31,669	227,628
On-balance sheet open position	14,391	(1,328)	3,172	5,291	1,388	2,358	
Off-balance sheet open position	739	4,066	(154)	(3,335)	*	(1,316)	
Net open position	15,130	2,738	3,018	1,956	1,388	1,042	

* Less than $500,000.
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		
	Total $ million	Hedged $ million	Unhedged $ million
2013			
Chinese renminbi	**859**	**–**	**859**
Indonesian rupiah	**1,118**	**–**	**1,118**
Malaysian ringgit	**2,373**	**–**	**2,373**
Thai baht	**2,103**	**–**	**2,103**
US dollar	**724**	**724**	**–**
Others	**1,129**	**759**	**370**
	8,306	**1,483**	**6,823**
2012			
Chinese renminbi	810	–	810
Indonesian rupiah	1,259	–	1,259
Malaysian ringgit	2,269	–	2,269
Thai baht	2,042	–	2,042
US dollar	555	437	118
Others	1,024	684	340
	7,959	1,121	6,838

(c) Banking Book 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.

The economic value of equity (EVE) sensitivity at 100 and 200 basis points parallel interest rate shocks were negative $212 million and $390 million (2012: negative $418 million and $747 million) respectively. 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 variation 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 cash flow analysis of the Group's assets and liabilities by remaining contractual maturities on an undiscounted basis. Actual maturity dates may differ from contractual maturity dates due to behavioural patterns such as prepayment of loans. In particular, the Group has a significant amount of "core deposits" of 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
2013								
Cash, balances and placements with central banks	10,280	6,017	2,655	1,839	–	–	6,090	26,881
Securities[1]	121	698	1,519	7,487	8,489	10,792	3,458	32,564
Placements and balances with banks[1]	6,789	5,243	8,616	9,231	684	837	50	31,450
Loans to non-bank customers	5,904	13,443	13,306	21,714	42,322	98,964	2,049	197,702
Investment in associates and joint ventures	–	–	–	–	–	–	997	997
Intangible assets	–	–	–	–	–	–	4,144	4,144
Derivative financial assets	–	–	–	–	–	–	5,779	5,779
Others	884	95	90	115	49	1,236	2,381	4,850
Total assets	23,978	25,496	26,186	40,386	51,544	111,829	24,948	304,367
Deposits and balances of non-bank customers	101,127	36,349	27,853	33,707	2,456	777	6	202,275
Deposits and balances of banks, and bills and drafts payable	8,582	10,215	6,933	849	88	627	1	27,295
Debts issued	482	1,412	4,256	7,895	2,470	3,024	49	19,588
Derivative financial liabilities	–	–	–	–	–	–	5,878	5,878
Others	299	2	117	54	49	1,778	664	2,963
Total liabilities	110,490	47,978	39,159	42,505	5,063	6,206	6,598	257,999
Equity attributable to:								
Equity holders of the Bank	–	21	–	44	131	1,505	25,038	26,739
Non-controlling interests	–	–	–	–	–	–	189	189
Total equity	–	21	–	44	131	1,505	25,227	26,928
Net on-balance sheet position	(86,512)	(22,503)	(12,973)	(2,163)	46,350	104,118	(6,877)	
Net off-balance sheet position	(16,917)	(570)	(1,208)	(1,097)	(272)	(1,392)	(1,832)	
Net maturity mismatch	(103,429)	(23,073)	(14,181)	(3,260)	46,078	102,726	(8,709)	

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
2012								
Cash, balances and placements with central banks	10,422	7,448	7,454	2,403	108	–	5,226	33,061
Securities[1]	(43)	2,048	4,343	7,754	6,530	12,759	2,930	36,321
Placements and balances with banks[1]	2,857	3,040	4,698	4,072	674	632	47	16,020
Loans to non-bank customers	4,497	10,060	11,497	17,019	32,427	92,517	1,867	169,884
Investment in associates and joint ventures	–	–	–	–	–	–	1,102	1,102
Intangible assets	–	–	–	–	–	–	4,168	4,168
Derivative financial assets	–	–	–	–	–	–	5,456	5,456
Others	1,074	87	95	166	171	921	2,937	5,451
Total assets	18,807	22,683	28,087	31,414	39,910	106,829	23,733	271,463
Deposits and balances of non-bank customers	90,570	29,986	27,977	30,053	2,929	718	32	182,265
Deposits and balances of banks, and bills and drafts payable	7,673	7,273	6,543	805	183	633	6	23,116
Debts issued	25	1,000	1,860	2,147	4,384	4,067	216	13,699
Derivative financial liabilities	–	–	–	–	–	–	5,506	5,506
Others	462	3	87	242	109	497	2,250	3,650
Total liabilities	98,730	38,262	36,467	33,247	7,605	5,915	8,010	228,236
Equity attributable to:								
Equity holders of the Bank	–	–	–	–	–	–	25,080	25,080
Non-controlling interests	–	–	–	–	–	–	192	192
Total equity	–	–	–	–	–	–	25,272	25,272
Net on-balance sheet position	(79,923)	(15,579)	(8,380)	(1,833)	32,305	100,914	(9,549)	
Net off-balance sheet position	(15,179)	(625)	(145)	(483)	(115)	(1,174)	(4,021)	
Net maturity mismatch	(95,102)	(16,204)	(8,525)	(2,316)	32,190	99,740	(13,570)	

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 years ended 31 December 2013 and 2012. 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 cash flow analysis of the Group's assets and liabilities for a one-year period, with behavioural adjustments on significant balance sheet items for Singapore, Malaysia and Thailand on an undiscounted basis. 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
2013				
Cash, balances and placements with central banks	**10,452**	**6,040**	**2,460**	**1,839**
Securities[1]	**787**	**555**	**1,896**	**6,473**
Placements and balances with banks[1]	**6,789**	**5,243**	**8,616**	**9,231**
Loans to non-bank customers	**6,330**	**14,846**	**14,967**	**26,395**
Others	**884**	**103**	**90**	**115**
Total assets	**25,242**	**26,787**	**28,029**	**44,053**
Deposits and balances of non-bank customers[2]	**16,230**	**16,221**	**8,116**	**6,691**
Deposits and balances of banks, and bills and drafts payable	**8,532**	**10,264**	**6,933**	**849**
Debts issued	**482**	**1,412**	**4,256**	**7,895**
Others	**231**	**11**	**117**	**54**
Total liabilities	**25,475**	**27,908**	**19,422**	**15,489**
Equity attributable to:				
Equity holders of the Bank	**–**	**21**	**–**	**44**
Non-controlling interests	**–**	**–**	**–**	**–**
Total equity	**–**	**21**	**–**	**44**
Net on-balance sheet position	**(233)**	**(1,142)**	**8,607**	**28,520**
Net off-balance sheet position	**(1,844)**	**(4,130)**	**(2,789)**	**(2,587)**
Net maturity mismatch	**(2,077)**	**(5,272)**	**5,818**	**25,933**

1 Include assets pledged.
2 Excludes interest cash flows which are negligible within the time horizon against which the Group manages its liquidity risk.

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
2012				
Cash, balances and placements with central banks	10,681	7,441	7,202	2,403
Securities[1]	814	1,966	4,343	6,844
Placements and balances with banks[1]	3,523	3,050	4,540	3,804
Loans to non-bank customers	4,930	11,371	12,959	21,717
Others	1,074	95	95	166
Total assets	21,022	23,923	29,139	34,934
Deposits and balances of non-bank customers[2]	14,848	16,782	6,811	7,076
Deposits and balances of banks, and bills and drafts payable	7,605	7,342	6,543	805
Debts issued	25	1,000	1,860	2,147
Others	339	9	87	242
Total liabilities	22,817	25,133	15,301	10,270
Equity attributable to:				
Equity holders of the Bank	–	–	–	–
Non-controlling interests	–	–	–	–
Total equity	–	–	–	–
Net on-balance sheet position	(1,795)	(1,210)	13,838	24,664
Net off-balance sheet position	(1,455)	(3,158)	(1,439)	(2,157)
Net maturity mismatch	(3,250)	(4,368)	12,399	22,507

1 Include assets pledged.
2 Excludes interest cash flows which are negligible within the time horizon against which the Group manages its liquidity risk.

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**
2013				
Interest rate	**2.44**	**4.23**	**1.40**	**2.65**
Foreign exchange	**0.88**	**4.43**	**0.51**	**1.65**
Equity	**0.02**	**0.54**	**0.02**	**0.19**
Commodity	**0.01**	**0.54**	*	**0.05**
Specific risk[1]	**0.35**	**0.72**	**0.09**	**0.42**
Total VaR	**2.33**	**5.67**	**1.61**	**3.37**
2012				
Interest rate	1.59	6.70	1.59	2.97
Foreign exchange	0.84	9.09	0.84	4.07
Equity	0.41	0.90	0.05	0.26
Commodity	0.01	0.58	*	0.09
Specific risk[1]	0.40	1.36	0.22	0.54
Total VaR	2.34	8.99	2.34	5.28

* 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 the maintenance of a good credit rating. The policies endorsed by the Board of Directors are overseen by senior management.

The Group adopted the Basel III framework for its computation of capital adequacy ratios in accordance with MAS Notice 637 Risk-Based Capital Adequacy Requirements for Banks Incorporated in Singapore with effect from January 2013. The Group's Common Equity Tier 1 Capital comprises mainly share capital and disclosed reserves, Additional Tier 1 Capital comprises eligible perpetual securities and Basel II qualifying preference shares (subject to regulatory derecognition arrangement) and Tier 2 Capital comprises Basel II qualifying subordinated notes (subject to regulatory derecognition arrangement) and excess of accounting provisions over Basel expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks.

	The Group	
	Basel III	Basel II
	2013	2012
	$ million	$ million
Share capital	**3,155**	3,123
Disclosed reserves/others	**20,981**	19,046
Regulatory adjustments	**(2,348)**	
Common Equity Tier 1 Capital	**21,788**	
Preference shares/others	**2,180**	2,149
Regulatory adjustments-capped	**(2,180)**	(4,738)
Additional Tier 1 Capital	**–**	
Tier 1 Capital	**21,788**	19,580
Subordinated notes	**4,692**	5,213
Provisions/others	**867**	1,022
Regulatory adjustments	**(37)**	(369)
Tier 2 Capital	**5,522**	
Eligible Total Capital	**27,310**	25,446
Risk-weighted assets	**164,911**	133,103
Capital Adequacy Ratios (%)		
Common Equity Tier 1	**13.2**	NA
Tier 1	**13.2**	14.7
Total	**16.6**	19.1

43. Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 14 February 2014.

United Overseas Bank Limited (Incorporated in Singapore)
and its subsidiaries
31 December 2013

Investor Reference

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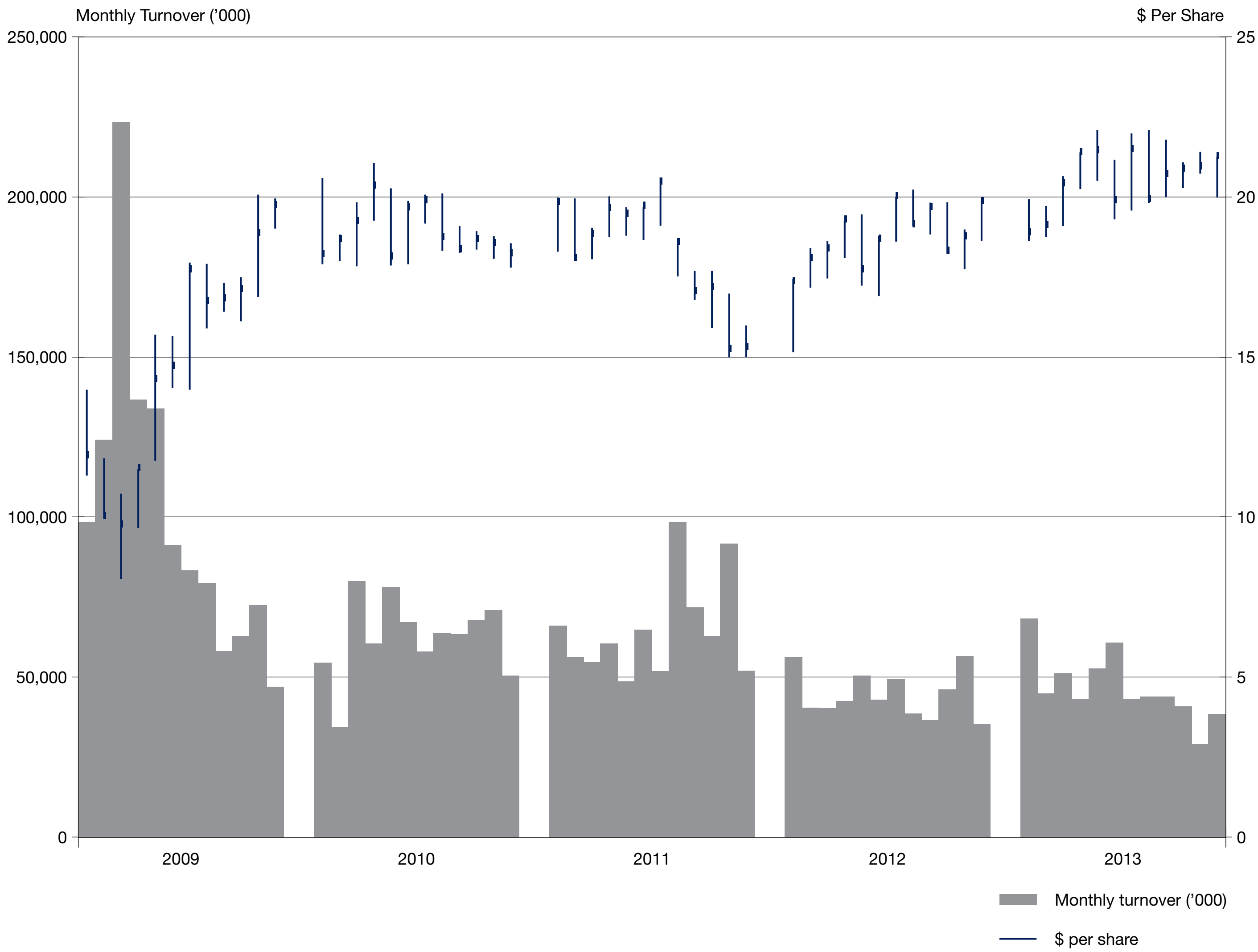
UOB Share Price and Turnover

for the financial year ended 31 December 2013



	2009	2010	2011	2012	**2013**
Share price ($)					
Highest	20.08	21.08	21.00	20.23	**22.10**
Lowest	8.07	17.80	14.42	15.15	**18.63**
Average	14.08	19.44	17.71	17.69	**20.37**
Last done	19.70	18.20	15.27	19.81	**21.24**
Price/Earning ratio (times)[1, 2]	11.83	11.97	12.38	10.28	**11.07**
Dividend cover (times)[2]	2.10	2.25	2.47	2.54	**2.54**
Net dividend yield (%)[1]	4.26	3.60	3.39	3.96	**3.68**

1 Average share prices are used in computing price/earning ratio and net dividend yield.
2 Excluded one-time gain on sale of UOB Life Assurance Limited and United Industrial Corporation Limited in 2010.

Statistics of Shareholdings

as at 5 March 2014

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%
1 – 999	7,902	27.52	1,838,434	0.12
1,000 - 10,000	17,911	62.38	48,481,091	3.07
10,001 - 1,000,000	2,847	9.91	123,370,600	7.83
1,000,001 and above	55	0.19	1,402,859,575	88.98
Total	**28,715**	**100.00**	**1,576,549,700**	**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, 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 5 March 2014, approximately 76% of the issued 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 Singapore Pte Ltd	262,871,309	16.67
DBS Nominees (Private) Limited	250,133,222	15.87
DBSN Services Pte. Ltd.	150,282,377	9.53
United Overseas Bank Nominees (Private) Limited	146,480,738	9.29
Wee Investments Private Ltd	120,995,170	7.67
Wah Hin and Company Private Limited	81,223,402	5.15
HSBC (Singapore) Nominees Pte Ltd	72,709,329	4.61
Tai Tak Estates Sendirian Berhad	67,445,739	4.28
BNP Paribas Securities Services Singapore Branch	39,108,565	2.48
UOB Kay Hian Private Limited	37,971,474	2.41
C Y Wee & Co Pte Ltd	34,299,710	2.18
Raffles Nominees (Pte) Limited	25,976,302	1.65
Wee Cho Yaw	18,820,027	1.19
Tee Teh Sdn Berhad	10,579,419	0.67
UOB Nominees (2006) Private Limited	8,911,465	0.57
Estate of Lo Kwang Pheng Deceased	4,369,500	0.28
SG Investments Pte Ltd	4,358,246	0.28
Bank Of Singapore Nominees Pte. Ltd.	3,145,179	0.20
Sat Pal Khattar, Chew Hwee Ming and Jerry Lee Kian Eng	3,111,556	0.20
Wee Ee Cheong	3,047,878	0.19
Total	**1,345,840,607**	**85.37**

* Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares, of the Bank.

Substantial Shareholders *(as shown in the Register of Substantial Shareholders)*

Substantial shareholder	Shareholdings registered in the name of substantial shareholders No. of shares	Other shareholdings in which substantial shareholders are deemed to have an interest No. of shares	Total interest No. of shares	%
Estate of Lien Ying Chow, deceased	316,516	81,334,262 (1)	81,650,778	5.18
Lien Ying Chow Private Limited	–	81,233,515 (1)	81,233,515	5.15
Wah Hin and Company Private Limited	81,223,402	10,113 (2)	81,233,515	5.15
Sandstone Capital Pte Ltd	10,113	81,223,402 (3)	81,233,515	5.15
Wee Cho Yaw	18,820,027	260,658,308 (4)	279,478,335	17.73
Wee Ee Cheong	3,047,878	157,396,452 (4)	160,444,330	10.18
Wee Ee Chao	150,155	125,242,353 (4)	125,392,508	7.95
Wee Ee Lim	1,760,658	157,348,393 (4)	159,109,051	10.09
Wee Investments Private Ltd	120,995,007	181,913	121,176,920	7.69

* Percentage is calculated based on the total number of issued 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 81,233,515 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 81,223,402 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 121,176,920 UOB shares.

Five-Year Ordinary Share Capital Summary

		Number of ordinary shares		
Year	Particulars	Issued	Held in treasury	In circulation
2009	Balance at beginning of year	1,523,930,625	(18,320,000)	1,505,610,625
	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
2011	Issue of shares under share-based compensation plans		1,514,902	
	Share buyback and held in treasury		(570,186)	
	Issue of shares under scrip dividend scheme	30,354,554		
	Balance at end of year	1,590,493,941	(16,570,334)	1,573,923,607
2012	Issue of shares under share-based compensation plans		1,521,374	
	Share buyback and held in treasury		(684,385)	
	Balance at end of year	1,590,493,941	(15,733,345)	1,574,760,596
2013	**Issue of shares under share-based compensation plans**		**1,663,957**	
	Balance at end of year	**1,590,493,941**	**(14,069,388)**	**1,576,424,553**

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
Chief Executive Officer, Australia and
New Zealand: Peter Mackinlay (till March 2014),
John Liles (from April 2014)
Head of Operations and Corporate Services:
Eric Yeo

UOB Melbourne Office
Level 7, 350 Collins Street
Melbourne, VIC 3000
Phone: (61)(3) 9642 4808
Fax: (61)(3) 9642 4877
Chief Executive Officer, Australia and
New Zealand: Peter Mackinlay (till March 2014),
John Liles (from April 2014)
Head of Operations and Corporate Services:
Eric Yeo
State Manager: Geoff Luxton

UOB Brisbane Office
Level 34, Riparian Plaza
71 Eagle Street
Brisbane, QLD 4000
Phone: (61)(7) 3229 1188
Fax: (61)(7) 3229 1188
Chief Executive Officer, Australia and
New Zealand: Peter Mackinlay (till March 2014),
John Liles (from April 2014)
Head of Operations and Corporate Services:
Eric Yeo
State Manager: Gregory Thompson

Brunei

UOB Bandar Seri Begawan Branch
Units 10 and 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
Country 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
Country Manager: Abdul Razak Abdul Malek

Canada

UOB Vancouver Branch
Suite 2400, 650 West Georgia Street
Vancouver, British Columbia
Canada V6B 4N9
Phone: (1)(604) 662 7055
Fax: (1)(604) 662 3356
SWIFT: UOVBCA8V
Email: UOB.Vancouver@UOBGroup.com
Country Manager: K. Jin Koh

UOB Toronto Office
Suite 2500, 120 Adelaide Street West
Toronto, Ontario
Canada M5H 1T1
Phone: (1)(416) 644 1208
Fax: (1)(416) 367 1954
Country Manager: K. Jin Koh
Head of Corporate Banking: John Gleason

UOB Calgary Office
Suite 2600, 144-4 Avenue SW
Calgary, Alberta
Canada T2P 3N4
Phone: (1)(587) 702 5800
Fax: (1)(403) 716 3637
Country Manager: K. Jin Koh
Manager: Tan Yee Ho

China

United Overseas Bank (China) Limited
(a subsidiary)
Unit 105, 2F, 3F
111 Dongyuan Road
Pudong New Area
Shanghai 200120
Phone: (86)(21) 6061 8888
Fax: (86)(21) 6886 0908
SWIFT: UOVBCNSH
Email:
CustomerExperience.UOBC@UOBGroup.com
Website: www.UOBChina.com.cn
President and Chief Executive Officer:
Eric Lian Voon Fui

United Overseas Bank (China) Limited has
13 branches/sub-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: Christine Ip
Alternate Chief Executive Officer:
Cindy Kwong Hing Shaun
George Tung Hing Yin
Lily Wong Wai Kuk

UOB Sheung Wan Branch
Unit 1601, 1603-15, 16/F
Cosco Tower, 183 Queen's Road
Central, Hong Kong S.A.R.
Phone: (852) 2910 8833
Fax: (852) 2810 5773
Email: UOB.HongKong@UOBGroup.com
Chief Executive Officer: Christine Ip
Alternate Chief Executive Officer:
Cindy Kwong Hing Shaun
George Tung Hing Yin
Lily Wong Wai Kuk

Our International Network

India

UOB Mumbai Branch
Units 31, 32 and 37, 3rd Floor
'C' Wing Bandra – Kurla Complex
3 North Avenue, Maker Maxity
Bandra (East)
Mumbai 400 051
Phone: (91)(22) 4247 2828 / 2829
Fax: (91)(22) 2659 1133
Email: UOB.Mumbai@UOBGroup.com
Country Manager: PV Ananthakrishnan

Indonesia

UOB Jakarta Representative Office
UOB Plaza, 38th Floor
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230
Phone: (62)(21) 2993 7317
Fax: (62)(21) 2993 7318
Chief Representative: Utami Dewi Suhadi

PT Bank UOB Indonesia
(a subsidiary)
UOB Plaza
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230
Phone: (62)(21) 2350 6000
Fax: (62)(21) 299 36632
SWIFT: BBIJIDJA
Website: www.UOB.co.id
President Director: Armand B. Arief
Deputy President Director: Iwan Satawidinata
Deputy President Director: Tan Chin Poh

PT Bank UOB Indonesia has 209 branches in Indonesia.

Japan

UOB Tokyo Branch
Sanno Park Tower, 13F
2-11-1 Nagatacho, Chiyoda-Ku
Tokyo 100-6113, Japan
Phone: (81)(3) 3596 7200
Fax: (81)(3) 3596 7201
SWIFT: UOVBJPJT
Email: UOB.Tokyo@UOBGroup.com
Country 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: my2icom@UOBGroup.com
General Manager: Lourdes Premkumar Sinnappan

United Overseas Bank (Malaysia) Bhd
(a subsidiary)
Menara UOB
Jalan Raja Laut
P.O. Box 11212
50738 Kuala Lumpur, Malaysia
Phone: (60)(3) 2692 7722
Fax: (60)(3) 2691 0281
SWIFT: UOVBMYKL
Email: UOB.customerservice@UOB.com.my
Website: www.UOB.com.my
Chief Executive Officer: Wong Kim Choong

United Overseas Bank (Malaysia) Bhd has 45 branches in Malaysia.

Myanmar

UOB Yangon Representative Office
Unit #01-L-1
Park Royal Hotel
Yaw Min Gyi Street, Dagon Township
Yangon, Myanmar
Phone: (95)(1) 250388 Ext: 8180
Fax: (95)(1) 253318
Country Head, Vietnam and Myanmar: Thng Tien Tat
Email: Thng.TienTat@UOBGroup.com
Chief Representative: U Hla Thaung
Email: Hla.Thaung@UOBGroup.com, Ye.Myint@UOBGroup.com

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) 548 6400
Fax: (63)(2) 811 6196
SWIFT: UOVBPHMM
Email: info@UOB.com.ph
President and Chief Executive Officer:
Emmanuel T Mangosing

South Korea

UOB Seoul Branch
3(A)F, Seoul Finance Centre
136, Sejong-daero
Jung-Gu, Seoul 100-768
Phone: (82)(2) 739 3916/739 3919
Fax: (82)(2) 730 9570
SWIFT: UOVBKRSE
Email: UOB.Seoul@UOBGroup.com
Country Manager: Tan Kian Huat

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
Country Manager: Ho Loon Khwan (till February 2014, Steven Chung Kok Kai (from March 2014)

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: UOVBTHBK
Website: www.UOB.co.th
President and Chief Executive Officer:
Peter Foo Moo Tan

United Overseas Bank (Thai) Public Company Limited has 155 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
Country Manager: Ho Chai Seng (till April 2014), Andy Cheah (from April 2014)

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 and General Manager: George Lim

UOB Los Angeles Agency
777 South Figueroa Street
Suite 518, Los Angeles
California 90017
Phone: (1)(213) 623 8042
Fax: (1)(213) 623 3412
Email: UOB.LosAngeles@UOBGroup.com
Agent and General Manager:
Chen Hoong (till December 2013),
Michael Liu (from January 2014)

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 and Myanmar:
Thng Tien Tat
Country Manager: Ho Sze Ming

Correspondents
In all principal cities of the world

RELATED FINANCIAL SERVICES

Bullion, Brokerage and Clearing

Singapore

UOB Bullion and Futures Limited
(a subsidiary)
80 Raffles Place, 5th Floor
UOB Plaza 1
Singapore 048624
Phone: (65) 6494 6540 / 6494 6539
Fax: (65) 6534 1984 / 6535 6312
Email: Futures@UOBGroup.com
Website: www.UOBFutures.com
Chief Executive Officer:
Matthew Png Bee Seng

UOBBF Clearing Limited
(a subsidiary)
80 Raffles Place, 5th Floor
UOB Plaza 1
Singapore 048624
Phone: (65) 6539 4362
Email: Dennis.SeetCS@UOBGroup.com
Chief Executive Officer:
Dennis Seet Choon Seng

UOBBF Global Connect Pte Ltd
(a subsidiary)
80 Raffles Place, #17-02
UOB Plaza 1
Singapore 048624
Phone: (65) 6751 5702
Fax: (65) 6535 2676
Email: UOBBF.PTGinfo@UOBGroup.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: Vincent Cheng Chih Jung

Thailand

UOB Bullion and Futures (Thai) Company Limited
(a subsidiary)
191 South Sathon Road, 7th Floor
Sathon, Bangkok 10120
Phone: (66)(0) 2343 3903/3906
Fax: (66)(0) 2213 2614
Email: MarketingUOBFT@UOB.co.th
Website: www.UOBFT.co.th
Chief Executive Officer: Mark Lim Tiong Huat

Insurance

Singapore

United Overseas Insurance Limited
(a subsidiary)
3 Anson Road, #28-01
Springleaf Tower
Singapore 079909
Phone: (65) 6222 7733
Fax: (65) 6327 3869/6327 3870
Email: ContactUs@UOI.com.sg
Website: www.UOI.com.sg
Managing Director and Chief Executive:
David Chan Mun Wai

Myanmar

United Overseas Insurance Myanmar Representative Office
Room No. 1401, 14th Floor
Olympic Tower
Corner of Mahar Bandoola Street and
Bo Aung Kyaw Street
Kyauktada Township
Yangon, Myanmar
Telephone: (95)(1) 392 917
Fax: (95)(1) 392 916
Representative: Khin Maung Win

Investment Management

Singapore

UOB Asia Investment Partners Pte. Ltd.
(a subsidiary)
80 Raffles Place, #10-21
UOB Plaza 2
Singapore 048624
Phone: (65) 6539 2492
Fax: (65) 6532 7558
Email: UOBAIP@UOBGroup.com
Website: www.UOBAIP.com
Chief Executive Officer: Low Han Seng

UOB Asset Management Ltd
(a subsidiary)
80 Raffles Place, 3rd Floor
UOB Plaza 2
Singapore 048624
Phone: (65) 6532 7988
Fax: (65) 6535 5882
Email: UOBAM@UOBGroup.com
Website: www.UOBAM.com.sg
Managing Director and Group Chief Executive
Officer: Thio Boon Kiat

UOB-SM Asset Management Pte. Ltd.
(a subsidiary)
80 Raffles Place, #15-22
UOB Plaza 2
Singapore 048624
Phone: (65) 6589 3850
Fax: (65) 6589 3849
Chief Executive Officer: Masashi Ohmatsu

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

Our International Network

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) 8905 6671
Fax: (86)(10) 8905 6700
Email: info@UOBVM.com.sg
Contact: Seah Kian Wee

UOB Venture Management (Shanghai) Limited
(a subsidiary)
Room 3307, United Plaza
1468 Nanjing Road West
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)
FL. 11 Investment Building
No. 4009 Shennan Road
Futian Centre District
Shenzhen 518048
Phone: (86)(755) 8291 2888
Fax: (86)(755) 8291 2880
Email: master@szvc.com.cn
Deputy General Manager: Alina Tao

Ping An UOB Fund Management Company Ltd
(an associate)
8/F Great China International Trading Plaza
Fuhua 1st Road, Futian District
Shenzhen 518048
Phone: (86)(755) 2262 2289
Fax: (86)(775) 2399 7878
Deputy General Manager: Jasmine Lim

France
UOB Global Capital SARL
(a subsidiary)
40 rue La Perouse
75116 Paris
Phone: (33)(1) 5364 8400
Fax: (33)(1) 5364 8409
Email: mlandau@UOBGlobal.com
Managing Director: Michael Landau

Indonesia
UOB Venture Management Private Limited Representative Office
UOB Plaza, 22nd Floor
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230
Phone: (62)(21) 2938 8442
Email: info@UOBVM.com.sg
Chief Representative: Edwin David Liem

Japan
UOB Asset Management (Japan) Ltd
(a subsidiary)
Sanno Park Tower, 13F
2-11-1 Nagatacho, Chiyoda-ku
Tokyo 100-6113, Japan
Phone: (81)(3) 3500 5981
Fax: (81)(3) 3500 5985
Chief Executive Officer: Kazuo Hirata

Malaysia
UOB Asset Management (Malaysia) Berhad
(a subsidiary)
Vista Tower, The Intermark, Level 22
348 Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2732 1100
Email: UOBAM.feedback@UOB.com.my
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: UOBAM.TW@UOBGroup.com
Greater China CEO: William Wang

Thailand
UOB Asset Management (Thailand) Company Limited
(a subsidiary)
Asia Centre Building, 23A, 25th Floor
173/27-30, 32-33 South Sathon Road
Thungmahamek
Sathon, Bangkok 10120
Phone: (66)(2) 786 2000
Fax: (66)(2) 786 2370-74
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

Money Market

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 and Country Head, Australia and New Zealand: Peter Mackinlay
Director and General Manager, Operations: Eric Yeo

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 **72nd 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 Thursday, 24 April 2014, at 3.00 pm to transact the following business:

AS ORDINARY BUSINESS

Resolution 1 To receive the Financial Statements, the Directors' Report and the Auditor's Report for the year ended 31 December 2013.

Resolution 2 To declare a final one-tier tax-exempt dividend of 50 cents and a special one-tier tax-exempt dividend of five cents per ordinary share for the year ended 31 December 2013.

Resolution 3 To approve Directors' fees of $2,055,000 for 2013 (2012: $1,815,000).

Resolution 4 To approve a fee of $800,000 to the Chairman Emeritus and Adviser of the Bank, Dr Wee Cho Yaw, for the period from January 2013 to December 2013.

Resolution 5 To re-appoint Ernst & Young LLP as Auditor of the Company and authorise the Directors to fix their remuneration.

To re-elect the following Directors retiring by rotation:

Resolution 6 Mr Wong Meng Meng

Resolution 7 Mr Willie Cheng Jue Hiang

Resolution 8 To re-appoint Dr Wee Cho Yaw under Section 153(6) of the Companies Act, Cap 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

Resolution 9 "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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

Resolution 10 "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 11 "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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

Resolution 12 "THAT

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (**Market Purchase**) on the SGX-ST; and/or

(ii) off-market purchase(s) (**Off-Market Purchase**) (if effected otherwise than on SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (**Share Purchase Mandate**);

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting;

(c) In this Resolution 12:

"**Relevant Period**" means the period commencing from the date on which the last AGM of the Company was held and expiring on the date the next AGM of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Limit**" means that number of Shares representing five per cent of the total number of issued Shares (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the issued Shares shall be taken to be the total number of the issued Shares as altered by such capital reduction (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110 per cent of the Average Closing Price of the Shares, where:

“**Average Closing Price**” means the average of the last dealt prices of the Shares over the five consecutive market days on which the Shares were transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

Notes to Resolutions

Resolution 2 is to approve the final dividend. The Transfer Books and Register of Members will be closed from 5 May 2014 to 6 May 2014, both dates inclusive, for the preparation of the final dividend. Registrable transfers received up to 5.00 pm on 2 May 2014 will be entitled to the final dividend. If approved, the final dividend will be paid on 16 June 2014.

Resolution 4 is to approve a fee of $800,000 between January 2013 and December 2013 to Dr Wee Cho Yaw, Chairman Emeritus and Adviser of the Bank, for providing advice and guidance to Management drawn from his vast experience, knowledge and expertise acquired over more than 50 years with the Bank.

Resolution 6 is to re-elect Mr Wong Meng Meng who will, if re-elected, continue as the non-independent chairman of the Nominating Committee.

Resolution 7 is to re-elect Mr Willie Cheng Jue Hiang who will, if re-elected, continue as the independent chairman of the Audit Committee and an independent member of the Nominating Committee.

Resolution 8 is to re-appoint Dr Wee Cho Yaw who will, if re-appointed, remain as Chairman Emeritus and Adviser and continue as the non-independent chairman of the Executive, Remuneration and Board Risk Management Committees and a non-independent member of the Nominating Committee.

Resolution 9 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 9 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 9 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of ordinary Shares.

Resolution 10 is to authorise the directors to issue ordinary Shares pursuant to the UOB Scrip Dividend Scheme (**Scheme**) should the Company decide to apply the Scheme to any dividend declared by the Company from the date of this AGM until the date of the next AGM.

Resolution 11 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.

Resolution 12 is to renew the Share Purchase Mandate, which was originally approved by shareholders on 29 April 2004 and was last approved at the annual general meeting of the Company on 25 April 2013.

The Company intends to use its internal sources of funds to finance its purchase or acquisition of the Shares. The amount of financing required for the Company to purchase or acquire its Shares and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

Based on the total number of issued Shares as at 5 March 2014 (the **Latest Practicable Date**), the purchase by the Company of five per cent of its issued Shares (excluding the Shares held in treasury) will result in the purchase or acquisition of 78,827,485 Shares.

Assuming that the Company purchases or acquires 78,827,485 shares at the Maximum Price, the maximum amount of funds required is approximately:

(a) in the case of Market Purchases of Shares, S$1,709,768,150 based on S$21.69 for one Share (being the price equivalent to five per cent above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date); and

(b) in the case of Off-Market Purchases of Shares, S$1,791,748,734 based on S$22.73 for one Share (being the price equivalent to ten per cent above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date).

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial accounts of the UOB Group for the financial year ended 31 December 2013, based on certain assumptions, are set out in paragraph 2.8 of the Appendix to this Notice of AGM dated 1 April 2014.

Please refer to the Appendix to this AGM Notice for details.

BY ORDER OF THE BOARD

Vivien Chan
Secretary

Singapore
1 April 2014

Notes

(1) A member entitled to attend and vote at the AGM 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 AGM of the Company.

If you have any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in the capital of United Overseas Bank Limited, you should immediately forward this Annual Report/Appendix to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward delivery to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made in this Appendix.

UOB 大華銀行

UNITED OVERSEAS BANK LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 193500026Z)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 1 APRIL 2014

Appendix
Renewal of Share Purchase Mandate

1. INTRODUCTION

1.1 **General.** The purpose of this Appendix is to provide Shareholders[1] with information relating to Resolution 12 set out in the Notice of Annual General Meeting of United Overseas Bank Limited (**UOB**) in respect of the proposed renewal of the mandate (**Share Purchase Mandate**) enabling UOB to purchase or otherwise acquire its issued ordinary shares in the capital of UOB (**Shares**).

1.2 **SGX-ST.** The Singapore Exchange Securities Trading Limited (**SGX-ST**) takes no responsibility for the accuracy of any statement or opinion made in this Appendix.

2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Background.** The Companies Act requires a company to obtain the approval of its shareholders to purchase or otherwise acquire its own Shares. The Share Purchase Mandate was first approved by Shareholders on 29 April 2004 and was last renewed at the annual general meeting (**2013 AGM**) of UOB held on 25 April 2013 (**2013 Share Purchase Mandate**).

The 2013 Share Purchase Mandate will expire on the date of the forthcoming 72nd annual general meeting of UOB to be held on 24 April 2014 (**72nd Annual General Meeting**). The approval of Shareholders is being sought for the renewal of the Share Purchase Mandate at the 72nd Annual General Meeting.

2.2 **Rationale for the Proposed Renewal of the Share Purchase Mandate.** The proposed renewal of the Share Purchase Mandate would give UOB the flexibility to undertake the purchase or acquisition of its issued Shares as and when appropriate to:

(a) manage the capital structure of UOB, with a view to achieving an efficient capital mix;

(b) manage surplus capital, such that surplus capital and funds which are in excess of UOB's requirements may be returned to Shareholders in an expedient and cost-efficient manner; and

(c) improve return on equity (**ROE**), which is one of the key objectives of UOB.

In addition, the issued Shares which are purchased or acquired pursuant to the Share Purchase Mandate may be held as treasury shares which may be used for the purposes of or pursuant to any staff incentive scheme as may be implemented by UOB from time to time.

The Share Purchase Mandate will be exercised by the Directors of UOB (**Directors**) in circumstances where it is considered to be in the best interests of UOB after taking into account factors such as the amount of surplus cash available and working capital requirements of UOB, the prevailing market conditions, liquidity and orderly trading of the Shares.

1 Refers to registered holders of Shares, except that where the registered holder is The Central Depository (Pte) Limited (**CDP**), the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the Depositors (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore (**Companies Act**)) whose securities accounts are maintained with CDP (but not including securities sub-accounts maintained with a Depository Agent (as defined in Section 130A of the Companies Act)) are credited with Shares.

2.3 **Authority and Limits on the Share Purchase Mandate.** The authority and limits on the Share Purchase Mandate are summarised below.

2.3.1 ***Maximum Number of Shares***

The total number of Shares that may be purchased or acquired by UOB pursuant to the Share Purchase Mandate is limited to that number of Shares representing five per cent of the total number of issued Shares of UOB as at the date of the 72nd Annual General Meeting at which this renewal of the Share Purchase Mandate is approved (**Approval Date**) unless UOB has effected a reduction of the share capital of UOB in accordance with the applicable provisions of the Companies Act, at any time during the period commencing from the date on which the last annual general meeting (**AGM**) was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, in which event the issued Shares shall be taken to be the total number of the issued Shares as altered by such capital reduction. Only Shares which are issued and fully paid-up may be purchased or acquired by UOB. The Shares which are held as treasury shares will be disregarded for the purposes of computing the five per cent limit.

While the Share Purchase Mandate would authorise the purchase or acquisition of Shares up to the five per cent limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full five per cent as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of UOB.

2.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to:

(a) the date on which the next AGM of UOB is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by UOB in a general meeting,

whichever is the earliest.

2.3.3 ***Manner of Purchase or Acquisition of Shares***

Purchases or acquisitions of Shares may be made by:

(a) on-market purchases (**Market Purchases**) transacted on the SGX-ST through the SGX-ST's trading system, through one or more duly licensed dealers appointed by UOB for the purpose; and/or

(b) off-market purchases (**Off-Market Purchases**) effected pursuant to an equal access scheme.

The purchases or acquisitions in connection with or in relation to any equal access scheme or schemes may be subject to such terms and conditions as the Directors may consider fit in the interests of UOB provided that such terms and conditions are consistent with the relevant provisions of the Share Purchase Mandate, the listing manual of the SGX-ST (**Listing Manual**) and the Companies Act.

Off-Market Purchases must satisfy all the following conditions:

(i) offers for the purchase or the acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of the offers shall be the same, except that:

(1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and

(2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares,

shall be disregarded.

If UOB wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(I) the terms and conditions of the offer;

(II) the period and procedures for acceptances; and

(III) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 ***Maximum Purchase Price***

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, 105 per cent of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110 per cent of the Average Closing Price of the Shares,

in either case, the "**Maximum Price**".

For the above purposes:

"**Average Closing Price**" means the average of the last dealt prices of the Shares over the five consecutive market days on which the Shares were transacted on the SGX-ST immediately preceding the date of the Market Purchase by UOB or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which UOB announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share, and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

Appendix
Renewal of Share Purchase Mandate

2.4 **Source of Funds.** The Companies Act permits UOB to purchase or acquire its own Shares out of capital, as well as from its distributable profits.

UOB intends to use its internal sources of funds to finance its purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital of UOB and its subsidiaries (**Group**) would be materially adversely affected.

2.5 **Reporting Requirements.** Pursuant to Rule 886 of the Listing Manual, UOB will notify the SGX-ST of any purchase or acquisition of Shares under the proposed Share Purchase Mandate as follows:

(a) in the case of a Market Purchase, by 9.00 am on the market day following the day on which it purchased the Shares; and

(b) in the case of an Off-Market Purchase, by 9.00 am on the second market day after the close of acceptances of the offer.

The announcement (in the form prescribed under the Listing Manual) shall include, *inter alia*, details of the maximum number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares (as applicable), the total consideration (including stamp duties, brokerage and clearing charges, and other related expenses) paid or payable for the Shares, the cumulative number of Shares purchased to date, the number of issued Shares excluding treasury shares, and the number of treasury shares held after the purchase.

2.6 **Status of Purchased Shares.** Under the Companies Act, Shares purchased or acquired by UOB shall be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on cancellation) unless such Shares are held by UOB as treasury shares. Accordingly, in the event that the Shares are cancelled, the total number of issued Shares will be reduced by the number of Shares so cancelled.

Depending on the needs of UOB, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares.

2.7 **Treasury Shares.** The Shares purchased or acquired may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

2.7.1 ***Maximum Holdings***

The number of Shares held as treasury shares cannot at any time exceed ten per cent of the total number of issued Shares.

2.7.2 ***Voting and Other Rights***

UOB cannot exercise any right in respect of treasury shares, including any right to attend or vote at meetings.

In addition, treasury shares are not entitled to dividends or other distribution of UOB's assets but fully paid bonus shares may be allotted in respect of treasury shares and such bonus shares shall be treated for the purposes of the Companies Act as if they were purchased by UOB at the time they were allotted. Accordingly, such bonus shares may be held as treasury shares or dealt with in the manner described in paragraphs 2.7.3(a) to 2.7.3(e) below. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.7.3 ***Disposal and Cancellation***

Where Shares purchased or acquired by UOB are held as treasury shares, UOB may at any time but subject always to the Singapore Code on Take-overs and Mergers (**Take-over Code**):

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employee share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement containing, *inter alia*, the following details must be made in respect of any sale, transfer, cancellation and/or use of the treasury shares (each an **event**):

(i) date and purpose of event;

(ii) number and value of treasury shares involved in the event;

(iii) number of treasury shares involved before and after the event; and

(iv) percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) before and after the event.

2.8 **Financial Effects.** The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time, and whether the Shares purchased or acquired are held in Treasury or cancelled. The financial effects on the Group for the financial year ended 31 December 2013 are based on the assumptions set out below.

2.8.1 ***Purchase or Acquisition out of Capital or Profits***

Where the consideration paid by UOB for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by UOB will not be reduced.

Where the consideration paid by UOB for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of dividends by UOB.

Appendix
Renewal of Share Purchase Mandate

2.8.2 ***Number of Shares Acquired or Purchased***

The maximum number of Shares which can be purchased by UOB will depend on the number of issued Shares, excluding treasury shares, of UOB as at the Approval Date. As at the Latest Practicable Date prior to the printing of this Appendix, being 5 March 2014 (**Latest Practicable Date**), the issued share capital of UOB comprised 1,576,549,700 Shares, excluding treasury shares.

Purely for illustrative purposes, on the basis of 1,576,549,700 Shares in issue, excluding treasury shares, as at the Latest Practicable Date, not more than 78,827,485 Shares (representing five per cent of the Shares in issue, excluding treasury shares, as at that date) may be purchased or acquired by UOB pursuant to the proposed Share Purchase Mandate.

2.8.3 ***Maximum Price Paid for Shares Acquired or Purchased***

Assuming that UOB purchases or acquires the maximum number of Shares at the Maximum Price, the amount of funds required is approximately:

(a) in the case of Market Purchases of Shares, S$1,709,768,150 based on S$21.69 for one Share (being the price equivalent to five per cent above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date); and

(b) in the case of Off-Market Purchases of Shares, S$1,791,748,734 based on S$22.73 for one Share (being the price equivalent to ten per cent above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date).

2.8.4 ***Illustrative Financial Effects***

For illustrative purposes only, on the basis of the assumptions set out in paragraphs 2.8.2 and 2.8.3 above, as well as the following:

(a) the Share Purchase Mandate had been effective on 1 January 2013 and UOB had on 1 January 2013 purchased 78,827,485 Shares (representing five per cent of the total Shares in issue as at the Latest Practicable Date, excluding the Shares held in treasury);

(b) no Shares were purchased by UOB after the Latest Practicable Date; and

(c) the purchase consideration was funded by UOB from excess funds deployed in the inter-bank market with an effective pre-tax yield of 0.35 per cent, being the inter-bank one-month offer rate as at 5 March 2014, and at the tax rate of 17 per cent, the financial effects on the audited financial accounts of the Group for the financial year ended 31 December 2013 are set out below:

Market Purchases

As at 31 December 2013	Before Share Purchases	After Share Purchases[1]
Total Shareholders' equity (S$'000)	26,387,917	24,673,182
Number of issued and paid-up Shares ('000)	1,576,550	1,497,723
Weighted average number of issued and paid-up Shares ('000)	1,575,317	1,496,490
Net profit attributable to Shareholders (S$'000)	3,007,900	3,002,933
Financial Ratios		
Net Tangible Assets (NTA) per Share (S$)[2]	12.73	12.25
Earnings per Share – Basic (S$)[3]	1.84	1.94
Return on Equity (ROE) (%)[3]	12.3	13.2
Total Capital Adequacy Ratio (%)	16.6	15.5

Notes:

(1) The above financial effects remain the same irrespective of whether:
(a) the purchases of Shares are effected out of capital or profits; and
(b) the Shares repurchased are held in treasury or cancelled.

(2) Preference shares and other capital were excluded from the computation.

(3) Calculated based on profit attributable to Shareholders net of preference share dividends and distribution for other capital for the financial year.

Off-Market Purchases

As at 31 December 2013	Before Share Purchases	After Share Purchases[1]
Total Shareholders' equity (S$'000)	26,387,917	24,590,963
Number of issued and paid-up Shares ('000)	1,576,550	1,497,723
Weighted average number of issued and paid-up Shares ('000)	1,575,317	1,496,490
Net profit attributable to Shareholders (S$'000)	3,007,900	3,002,695
Financial Ratios		
Net Tangible Assets (NTA) per Share (S$)[2]	12.73	12.20
Earnings per Share – Basic (S$)[3]	1.84	1.94
Return on Equity (ROE) (%)[3]	12.3	13.3
Total Capital Adequacy Ratio (%)	16.6	15.5

Notes:

(1) The above financial effects remain the same irrespective of whether:
(a) the purchases of Shares are effected out of capital or profits; and
(b) the Shares repurchased are held in treasury or cancelled.

(2) Preference shares and other capital were excluded from the computation.

(3) Calculated based on profit attributable to Shareholders net of preference share dividends and distribution for other capital for the financial year.

The financial effects set out above are for illustrative purposes only. Although the Share Purchase Mandate would authorise UOB to purchase or acquire up to five per cent of the issued Shares (excluding the Shares held in treasury), UOB may not necessarily purchase or acquire or be able to purchase or acquire any or all of the five per cent of the issued Shares (excluding the Shares held in treasury). In addition, UOB may cancel all or part of the Shares repurchased and/or hold all or part of the Shares repurchased as treasury shares.

UOB will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution.

2.9 **Details of Share Purchased in the last 12 months.** As at the Latest Practicable Date, UOB had not repurchased or acquired any Shares in the preceding 12 months.

2.10 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least ten per cent of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed, be held by public shareholders. The "public", as defined in the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of a listed company and its subsidiaries, as well as associates (as defined in the Listing Manual) of such persons. As at the Latest Practicable Date, 1,202,932,620 issued Shares, or approximately 76 per cent of the total issued Shares (excluding the Shares held in treasury), are held by public shareholders. Assuming UOB had purchased or acquired Shares from the public up to the full five per cent limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date and these Shares had been held as treasury shares, the percentage of issued Shares held by public shareholders would be reduced to 1,124,105,135 issued Shares, or approximately 75 per cent of the total issued Shares (excluding the Shares held in treasury).

Accordingly, UOB is of the view that there is a sufficient number of Shares in issue held by public shareholders which would permit UOB to undertake purchases or acquisitions of its Shares through Market Purchases up to the full five per cent limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

2.11 **Shareholding Limits.** Under the Banking Act, Chapter 19 of Singapore (**Banking Act**):

(a) no person shall enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition, holding or disposal of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of five per cent or more of the total votes attached to all voting shares in a designated financial institution, without first obtaining the approval of the Minister designated for the purposes of the Banking Act (**Minister**) (**Five Per Cent Limit**); and

(b) no person shall be a 12 per cent controller (as defined below) or a 20 per cent controller (as defined below) of a designated financial institution without first obtaining the approval of the Minister.

For the purposes of the Banking Act:

"**designated financial institution**" means (i) a bank incorporated in Singapore; or (ii) a financial holding company;

"**total number of issued shares**", in relation to a company, does not include treasury shares;

"**12 per cent controller**" means a person, not being a 20 per cent controller, who alone or together with his associates, (i) holds not less than 12 per cent of the total number of issued shares in the designated financial institution; or (ii) is in a position to control voting power of not less than 12 per cent in the designated financial institution; and

"**20 per cent controller**" means a person who, alone or together with his associates, (i) holds not less than 20 per cent of the total number of issued shares in the designated financial institution; or (ii) is in a position to control voting power of not less than 20 per cent in the designated financial institution.

For the purposes of the Banking Act, the percentage of the total number of issued Shares held by a Shareholder (whose Shares were not the subject of a share purchase or acquisition by UOB) and the percentage voting rights of a Shareholder (whose Shares were not the subject of a share purchase or acquisition by UOB) in the issued Shares immediately following any purchase or acquisition of Shares will increase should UOB hold in treasury or cancel the Shares purchased or acquired by UOB.

UOB wishes to draw the attention of Shareholders to the following consequences of a purchase or acquisition of Shares by UOB pursuant to the Share Purchase Mandate, if the proposed renewal of the Share Purchase Mandate is approved by Shareholders:

A PURCHASE OR ACQUISITION OF SHARES BY UOB MAY INADVERTENTLY CAUSE THE INTEREST IN THE SHARES OF ANY PERSON TO REACH OR EXCEED THE FIVE PER CENT LIMIT OR CAUSE ANY PERSON TO BECOME A 12 PER CENT CONTROLLER OR A 20 PER CENT CONTROLLER.

Shareholders whose shareholdings are close to the limits set out in the Banking Act **are advised to seek the prior approval of the Monetary Authority of Singapore** (**MAS**) to continue to hold, on such terms as may be imposed by the MAS, the number of Shares which they may hold in excess of any of such limits, as a consequence of a purchase or acquisition of Shares by UOB. **Shareholders who are in doubt as to the action that they should take should consult their professional advisers at the earliest opportunity**.

2.12 **Take-over Implications.** Appendix 2 to the Take-over Code contains the Share Buy-back Guidance Note. The take-over implications arising from any purchase or acquisition by UOB of its Shares are set out below.

2.12.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by UOB of its Shares, a Shareholder's proportionate interest in the voting rights of UOB increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a Shareholder or group of Shareholders acting in concert acquiring or consolidating effective control of UOB, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for UOB under Rule 14 of the Take-over Code.

2.12.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

In addition, the Take-over Code presumes certain persons to be acting in concert with each other unless the contrary is established. For example, the following individuals and companies will be presumed to be acting in concert with each other:

(a) the following companies:

- (i) a company;
- (ii) the parent company of (i);
- (iii) the subsidiaries of (i);
- (iv) the fellow subsidiaries of (i);
- (v) the associated companies of any of (i), (ii), (iii) or (iv);
- (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
- (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual, his close relatives, his related trusts, and any person who is accustomed to act in accordance with his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

2.12.3 ***Effect of Rule 14 and Appendix 2***

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by UOB are set out in Appendix 2 to the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 to the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of UOB purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent or more, or in the event that such Directors and their concert parties hold between (and including) 30 per cent and 50 per cent of UOB's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent in any period of six months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of UOB purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30 per cent or more, or, if such Shareholder holds between (and including) 30 per cent and 50 per cent of UOB's voting rights, the voting rights of such Shareholder would increase by more than one per cent in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on the information in the Register of Shareholders as at the Latest Practicable Date, no Shareholder will be obliged to make a take-over offer for UOB under Rule 14 of the Take-over Code as a result of the purchase or acquisition of Shares by UOB pursuant to the Share Purchase Mandate of the maximum limit of five per cent of its Shares.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by UOB should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

3. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of UOB. Accordingly, they recommend that Shareholders vote in favour of the proposed ordinary resolution for the renewal of the Share Purchase Mandate at the 72nd Annual General Meeting.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Share Purchase Mandate and UOB and its subsidiaries in relation to the Share Purchase Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

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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 2013 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), NRIC/Passport No. ______________

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 **72nd 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 Thursday, 24 April 2014 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 and Auditor's Report		
Resolution 2	Final and Special Dividends		
Resolution 3	Directors' Fees		
Resolution 4	Chairman Emeritus and Adviser's Fee		
Resolution 5	Auditor and its remuneration		
Resolution 6	Re-election (Mr Wong Meng Meng)		
Resolution 7	Re-election (Mr Willie Cheng Jue Hiang)		
Resolution 8	Re-appointment (Dr Wee Cho Yaw)		
Resolution 9	Authority to issue ordinary shares		
Resolution 10	Authority to issue shares pursuant to the UOB Scrip Dividend Scheme		
Resolution 11	Authority to issue preference shares		
Resolution 12	Renewal of Share Purchase Mandate		

Dated this ______________ day of ______________ 2014.

Shares in:	No. of Shares
(i) Depository Register	
(ii) Register of Members	
Total	

Signature(s) or Common Seal of Shareholder(s)

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 member, being 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 大華銀行

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BUSINESS REPLY SERVICE
PERMIT NO. 07399

The Company Secretary
United Overseas Bank Limited
80 Raffles Place, #04-20 UOB Plaza 2
Singapore 048624

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Corporate Information

Board of Directors
Wee Cho Yaw *(Chairman Emeritus and Adviser)*
Hsieh Fu Hua *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
Cham Tao Soon
Wong Meng Meng
Franklin Leo Lavin
Willie Cheng Jue Hiang
Tan Lip-Bu
James Koh Cher Siang
Ong Yew Huat

Executive Committee
Wee Cho Yaw *(Chairman)*
Hsieh Fu Hua
Wee Ee Cheong
Franklin Leo Lavin
James Koh Cher Siang *(Appointed on 25 April 2013)*

Audit Committee
Willie Cheng Jue Hiang *(Chairman)*
Cham Tao Soon
James Koh Cher Siang *(Appointed on 25 April 2013)*

Nominating Committee
Wong Meng Meng *(Chairman)*
Wee Cho Yaw
Hsieh Fu Hua
Franklin Leo Lavin
Willie Cheng Jue Hiang
Wee Ee Cheong *(Alternate to Wee Cho Yaw)*

Remuneration Committee
Wee Cho Yaw *(Chairman)*
Hsieh Fu Hua
Tan Lip-Bu *(Appointed on 25 April 2013)*

Board Risk Management Committee
Wee Cho Yaw *(Chairman)*
Hsieh Fu Hua
Wee Ee Cheong
Cham Tao Soon
Ong Yew Huat *(Appointed on 25 April 2013)*

Secretary
Vivien Chan

Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Auditor
Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Wilson Woo *(Appointed on 29 April 2009)*

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UOB Plaza
Singapore 048624
Company Registration Number: 193500026Z
Phone: (65) 6533 9898
Fax: (65) 6534 2334
SWIFT: UOVBSGSG
Website: www.UOBGroup.com

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UOB
大華銀行

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