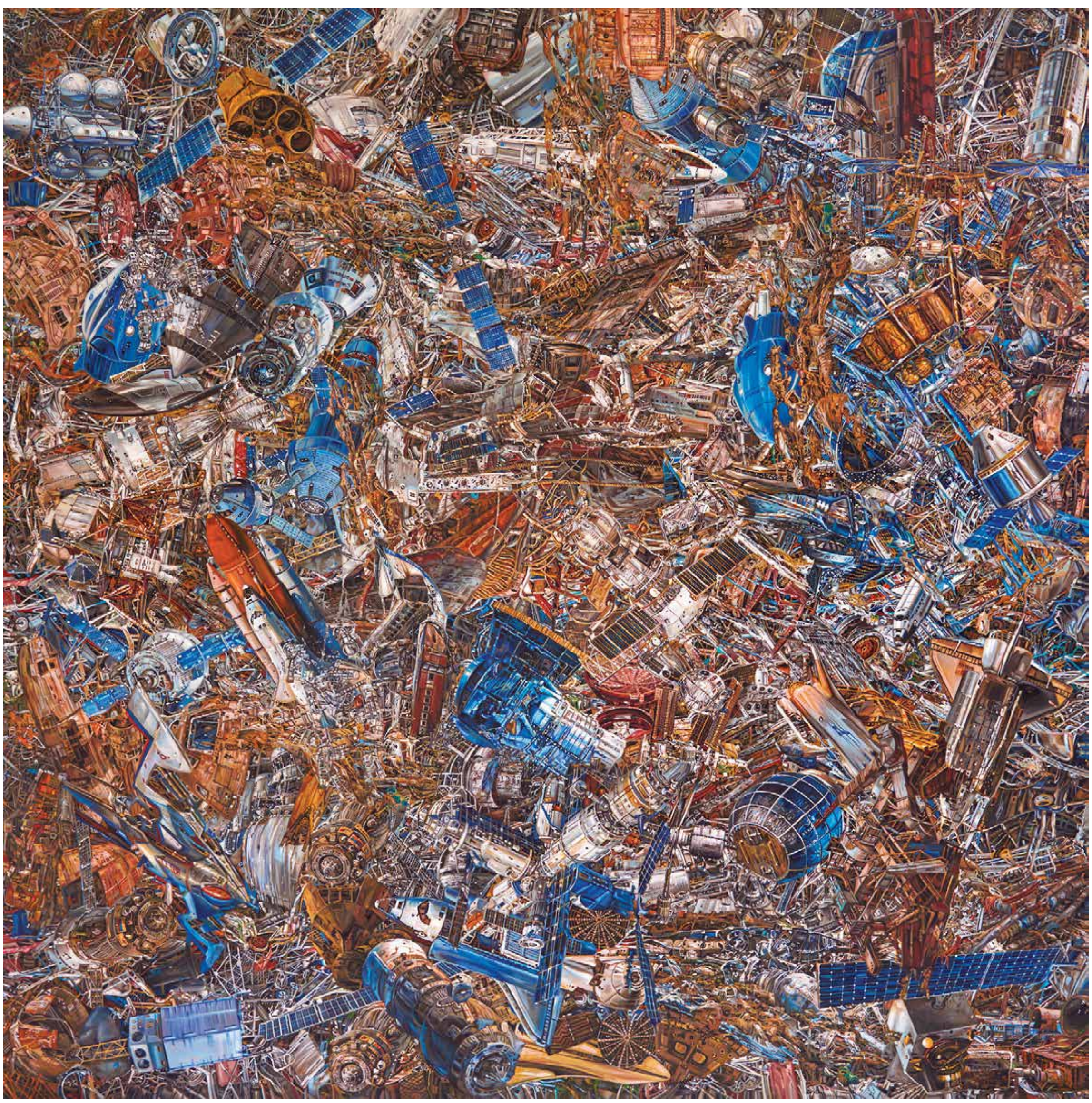
UOB Annual Report 2019

Balancing Growth with Responsibility



Wastescape
Chaichana Luetrakun

About This Report

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

Through the reporting of our financial and non-financial performance in the UOB Annual Report 2019, we explain our business approach, objectives and achievements in the context of the year's operating environment. We also share how we create value for our stakeholders over the short, medium and long term to enable them to make informed decisions.

This report complies with the Singapore Exchange Securities Trading Limited Mainboard Listing Rules 707 to 711 and 1207 on Annual Reports, 711A and 711B on Sustainability Reporting, as well as Practice Note 7.6 Sustainability Reporting Guide issued in June 2016. The embedded Sustainability Report is also in accordance with the Global Reporting Initiative (GRI)'s Standards: Core Option issued in October 2016 by the Global Sustainability Standards Board and selected indicators from the GRI G4 Financial Services Sector Disclosures document.

This report covers the period from 1 January to 31 December 2019 and is published on 7 April 2020. It is available online at www.UOBgroup.com/AR2019. Hard copies, which are available only on request, are printed on sustainably-sourced Forest Stewardship Council-certified paper.

Please scan the QR code to view the **UOB Annual Report 2019**.

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

Wastescape

Chaichana Luetrakun
Acrylic on canvas
180 x 180 cm

Wastescape, the winning artwork for the 2019 UOB Painting of the Year (Thailand), Established Artist Category, is the design inspiration for this Annual Report. Mr Chaichana's artwork is a commentary on how innovation can result in scrap metal and its lasting impact on the environment. It reminds us to consider carefully the consequences of our actions and the legacy we want to leave for future generations.

At UOB, our values of Honour, Enterprise, Unity and Commitment guide the decisions we make and actions we take. We believe that for growth to be sustained, it must be balanced with responsibility. This approach enables us to meet the immediate and long-term interests of our stakeholders.

By encouraging the appreciation of art in the region, we hope more minds will be open to imagining new realities and to creating new paradigms for the good of all. The UOB Painting of the Year competition, in its 38th year in 2019, is the Bank's flagship art programme held across four Southeast Asian countries.

Contents

Source: UOB Private Bank 'Envelope' TV Commercial

United Overseas Bank Limited 2019 Financial Highlights

Net Profit
$4.3 billion
+8%

Total Income
$10.0 billion
+10%

CET1 Ratio
14.3%
+0.4% pt

Net Customer Loans
$265 billion
+3%

Customer Deposits
$311 billion
+6%

Total Assets
$404 billion
+4%

About United Overseas Bank Limited

Who We Are

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

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

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

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

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

What We Do

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

Where We Operate

>500

branches and offices in Asia Pacific, Europe and North America

Our Corporate Milestones

Since 1935, our entrepreneurial spirit, focus on long-term value creation and unwavering commitment to do what is right for our customers have made UOB a leading bank in Asia. Our timeline captures the corporate milestones of our 84-year history.

1930s

Our Beginning

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

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

1935 (1 October)
UCB begins operations at Bonham building

1956
Introduces coin banks for children

1958
Drives 1^{st} mobile branch

1959
Opens 1^{st} UCB branch at Beach Road

1962
1^{st} bank to focus on women as customers

1965
UCB is renamed United Overseas Bank

Opens 1^{st} overseas branch in Hong Kong

1970s - 1980s

1971
Acquires majority stake in Chung Khiaw Bank (CKB)

Opens Tokyo Branch

Reveals iconic five-bar logo

1973
Acquires Lee Wah Bank

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

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

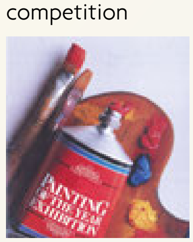
1975
Opens London branch

1977
Opens New York agency

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

Opens Los Angeles agency

1982
Holds inaugural UOB Painting of the Year competition



1983
Opens Seoul representative office

1984
Opens Beijing representative office

Acquires majority interest in Far Eastern Bank

1980s - 1990s

1985
Expands into Sydney and Xiamen

1986
Expands into Vancouver

1987
Acquires majority interest in Industrial & Commercial Bank

1988
1^{st} Singapore bank to launch Visa cards

1^{st} bank to launch Singapore's only credit card for ladies

1992
1^{st} Singapore bank to set up office in Vietnam

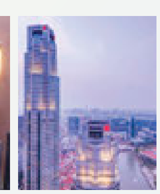
Sets up Taipei representative office

1993
1^{st} bank in Singapore to launch automated Cash Deposit Machine


UOB launches automated cash deposit system

1994
Expands into Yangon

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

1997
UOB Malaysia merges with CKB Malaysia

1998
Opens Shanghai branch

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

› 2000s - 2010s

› 2010s

2019

2000
Mr Wee Ee Cheong is appointed Deputy Chairman

2001
Acquires Overseas Union Bank

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

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

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

Launches 1st UOB Heartbeat Run/Walk

2009
Opens Mumbai branch

2010
Merges PT Bank UOB Indonesia with PT Bank UOB Buana

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

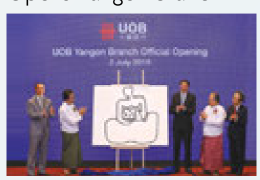
2013
Dr Wee Cho Yaw becomes Chairman Emeritus and Adviser

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

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

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

Opens Yangon branch



Completes full acquisition of Far Eastern Bank

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

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

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

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

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

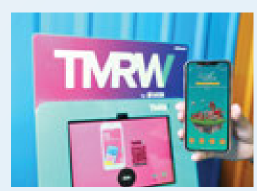
2018
1st Singapore bank to establish a subsidiary in Vietnam

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

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

Dr Wee Cho Yaw retires from the Board

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



Receives multiple accolades for digital and business transformation

Asia's Best Bank Transformation

Asia's Most Innovative Digital Bank

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

Expands into northern Vietnam with Hanoi branch

Our Strategic Purpose

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

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

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

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

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

Robust Governance and Risk Management; Strong Capital and Funding Base

Established and Integrated Network

Diverse Pool of Talent and Expertise

Asian Heritage and Southeast Asian Roots

Honourable

Enterprising

United

Committed

Board of Directors

As at 20 February 2020

Wong Kan Seng, 73

Chairman
Non-Executive and Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

Appointed as Chairman: 15 February 2018

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

Current Directorship in Other Listed Companies
- Nil

Other Principal Commitments
- CLA Real Estate Holdings (Chairman)
- Temasek Foundation Connects Advisory Council (Chairman)
- Bo'ao Forum for Asia (Director)
- Kwong Wai Shiu Hospital (Patron)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

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

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

Wee Ee Cheong, 67

Deputy Chairman and Chief Executive Officer
Executive and Non-Independent

Appointed as a director: 3 January 1990

Last re-elected as a director: 20 April 2017

Appointed as Chief Executive Officer: 27 April 2007

Appointed as Deputy Chairman: 24 March 2000

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

Current Directorships in Other Listed Companies
- United Overseas Insurance (Director)

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

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

Past Major Appointments
- Far Eastern Bank (Director)
- United International Securities (Director)
- Pan Pacific Hotels Group (Director)
- UOL Group (Director)
- Housing & Development Board (Deputy Chairman)
- Port of Singapore Authority (Director)

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

James Koh Cher Siang, 74
Non-Executive and Independent

Appointed as a director: 1 September 2012

Last re-elected as a director: 26 April 2019

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

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- CapitaLand Hope Foundation (Director)
- Pioneer Generation Package Appeals Committee (Deputy Chairman)
- Thye Hua Kwan Moral Charities (Director)
- Ministry of Home Affairs - Independent Review Committee (Member)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

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

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

Appointed as a director: 2 January 2013

Last re-elected as a director: 26 April 2019

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

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- CLA Real Estate Holdings (Director)
- Singapore Power (Director)
- Tax Academy of Singapore (Chairman)
- Singapore Mediation Centre (Director)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

Past Major Appointments
- United Overseas Bank (Malaysia) (Chairman)
- Ernst & Young Singapore (Executive Chairman)
- National Heritage Board (Chairman)
- Singapore Tyler Print Institute (Chairman)

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

Ong Yew Huat, 64
Non-Executive and Independent

Board of Directors

As at 20 February 2020

Lim Hwee Hua, 60

Non-Executive and Independent

Appointed as a director: 1 July 2014

Last re-elected as a director: 20 April 2018

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

Current Directorships in Other Listed Companies
- Jardine Cycle & Carriage (Director)

Other Principal Commitments
- Tembusu Partners (Co-Chairman)
- Asia Pacific Exchange (Chairman)
- BW Group (Director)
- Ramky Enviro Engineers (Director)
- Summit Power International (Director)
- Kohlberg Kravis & Roberts (Senior Advisor)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

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

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

Alexander Charles Hungate, 53

Non-Executive and Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

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

Current Directorships in Other Listed Companies
- SATS (Director)

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

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

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

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

Michael Lien Jown Leam, 56
Non-Executive and Non-Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

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

Current Directorships in Other Listed Companies
- Nil

Other Principal Commitments
- Wah Hin and Company (Executive Chairman)
- Sandstone Capital (Director and Chief Investment Officer)
- National University of Singapore (Trustee, Member of Executive Committee and Investment Committee)
- Leap Philanthropy (Founder and Chairman)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

Past Major Appointments
- Temasek Holdings (Director)

Education and Achievements
- Bachelor of Economics (First Class Hons) in Finance and Econometrics, Monash University

Alvin Yeo Khirn Hai, 57
Non-Executive and Independent

Appointed as a director: 27 July 2017

Last re-elected as a director: 20 April 2018

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

Current Directorships in Other Listed Companies
- Keppel Corporation (Director)
- United Industrial Corporation (Director)

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

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

Past Major Appointments
- Parliament of Singapore (Member)
- Jubilant Pharma (Director)
- Neptune Orient Lines (Director)
- Singapore Land (Director)

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

Board of Directors

As at 20 February 2020

Wee Ee Lim, 58

Non-Executive and Non-Independent

Appointed as a director: 1 July 2018

Last re-elected as a director: 26 April 2019

Board Committee Positions
- Board Risk Management Committee (Member)

Current Directorships in Other Listed Companies
- Haw Par Corporation (President & Chief Executive Officer and Director)
- UOL Group (Deputy Chairman)
- United Industrial Corporation (Director)

Other Principal Commitments
- Wee Foundation (Director)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

Past Major Appointments
- Hua Han Health Industry Holdings (Director)
- Singapore Land (Director)

Education and Achievements
- Bachelor of Arts (Economics), Clark University

Steven Phan Swee Kim, 61

Non-Executive and Non-Independent

Appointed as a director: 1 July 2019

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

Current Directorships in Other Listed Companies
- Jardine Cycle & Carriage (Director)

Other Principal Commitments
- Advanced MedTech Holdings (Director)
- Singapore Accountancy Commission (Director)

Past Directorships in Listed Companies Held over the Preceding Three Years
- Nil

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

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

Dr Wee Cho Yaw
Chairman Emeritus and Honorary Adviser

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

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

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

Dr Wee's contributions to growing UOB's global network include:

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

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

Given his wealth of experience and insight, he remains an honorary adviser to the Board.

Group Management Committee

As at 1 January 2020

Management Executive Committee

Wee Ee Cheong

Deputy Chairman and Chief Executive Officer

Federico Burgoni

Head, Group Strategy and Transformation

Mr Burgoni joined UOB in September 2019 as Head of Group Strategy and Transformation. He holds a Master of Business Administration from INSEAD and graduated in engineering from Bologna University. He has 15 years' experience in consulting, where he supported global, regional and local financial institutions in Southeast Asia on projects ranging from strategy to transformation. His core expertise focuses on digital in retail and wholesale banking. He has been based in Singapore since 2011.

Chan Kok Seong

Group Chief Risk Officer

Mr Chan joined UOB in 1998. He is the Head of Group Governance, Risk and Compliance. Prior to his appointment in Singapore in 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. Mr Chan has more than 30 years' experience in banking.

Frederick Chin Voon Fat

Head, Group Wholesale and Markets

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

Leslie Foo Chek Shen

Head, Global Markets

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

Susan Hwee Wai Cheng

Head, Group Technology and Operations

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

Eddie Khoo Boo Jin

Head, Group Retail

Mr Khoo joined UOB in 2005. He heads the Group's Retail businesses. He holds a Bachelor of Business Administration in Finance and Management from the University of Oregon, USA. Mr Khoo has more than 30 years' experience in consumer banking.

Lee Wai Fai

Group Chief Financial Officer

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

Management Committee

Peter Foo Moo Tan

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

Mr Foo joined UOB in 2011. He was appointed President and CEO of UOB (China) in 2016. Prior to this, he served as President and CEO of UOB (Thai) from 2012. He was also previously the Head of the Group's Treasury and Global Markets business for its overseas subsidiaries and branches. 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 30 years' experience in banking and financial markets.

Kevin Lam Sai Yoke

President Director, PT Bank UOB Indonesia

Mr Lam joined UOB in 2005 and was appointed the CEO of UOB Indonesia in 2016. Previously, he headed Personal Financial Services at UOB (Malaysia) and later served as its Deputy CEO where he oversaw its Wholesale Banking Business and Technology and Operations. Earlier on, he headed consumer banking loans, sales and distribution in Singapore. He holds a Bachelor of Business Administration from the National University of Singapore and has more than 25 years' experience in the financial industry.

Harry Loh Nee Thiam

Chief Executive Officer, United Overseas Bank (Vietnam) Limited

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

Daniel Ng Ming Thiam

Head, Group Audit

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

Victor Ngo Vinh Tri

Head, Group Compliance

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

Joyce Sia Ming Kuang

Head, Group Legal and Secretariat

Ms Sia joined UOB in 2003. She is the Company Secretary, Head of Group Legal and Secretariat, and Data Protection Officer. Ms Sia holds a Bachelor of Law degree from National University of Singapore. She has more than 25 years' experience in banking, corporate governance in listed companies and legal advisory services.

Tan Choon Hin

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

Mr Tan joined UOB in 2012 as Head, Group Retail Credit and was appointed President and CEO of UOB (Thai) in 2016. Prior to his present appointment, he was Head of Group Business Banking. He holds a Bachelor of Business (Hons) from the Nanyang Technological University, Singapore. Mr Tan has more than 20 years' experience in retail banking, credit and risk management across several Asian markets.

Dean Tong Chee Kion

Head, Group Human Resources

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

Wong Kim Choong

Chief Executive Officer, United Overseas Bank (Malaysia) Berhad

Mr Wong joined UOB in 1983 and was appointed as the CEO of UOB (Malaysia) in 2012. Currently, he is also the Chairman of UOB Asset Management (Malaysia) and director of United Investments and Asia Alpha Fund. He was elected Fellow Chartered Banker by the Asian Institute of Chartered Bankers in 2015. Prior to his current appointment, 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 35 years' banking experience.

Ian Wong Wah Yan

Head, Group International Management

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

Christine Yeung See Ming (Mrs Christine Ip)

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

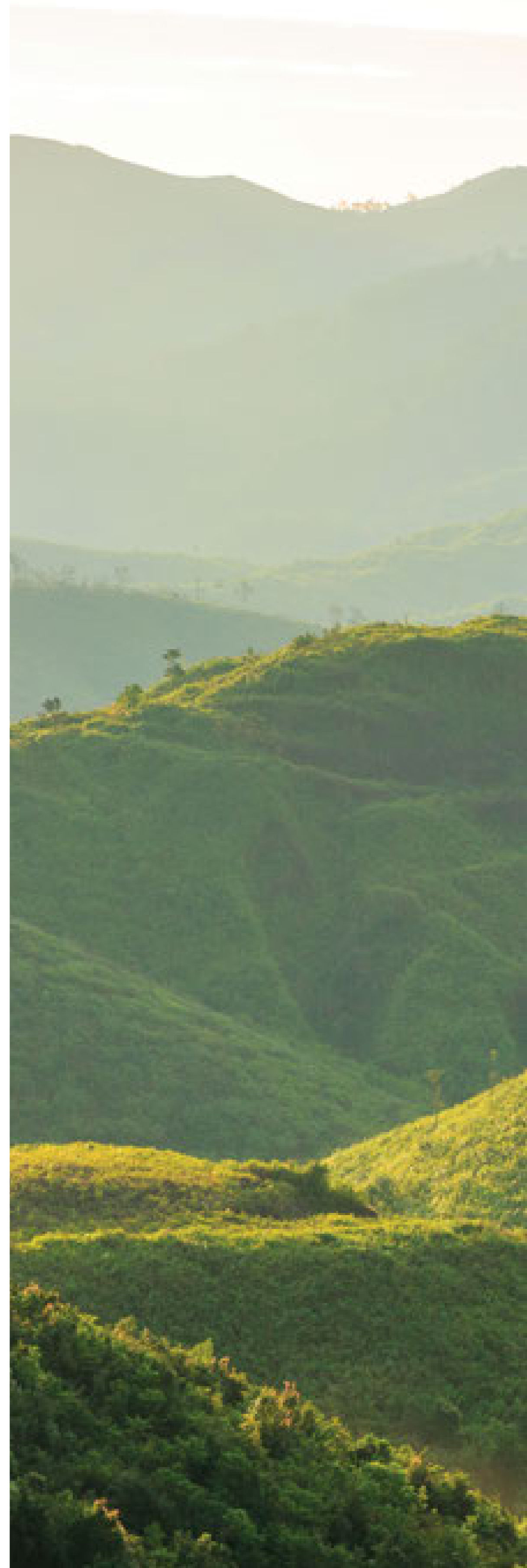
Mrs Ip joined UOB in 2011 and was appointed CEO of UOB Hong Kong Branch in 2012, and CEO of UOB Greater China in 2016. She holds a Master of Business Administration from the Hong Kong University of Science and Technology and a Bachelor of Arts from the University of Hong Kong. Mrs Ip has more than 30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

Janet Young Yoke Mun

Head, Group Channels and Digitalisation

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

Balancing Growth with Stability for the Long Term



Chairman's Statement

Striking the Right Balance

"We believe that growth must be sustainable and responsibly achieved. It is the manner in which UOB upholds our long-term commitment to our stakeholders. It is in keeping with our values."

Performing amid volatility

We began 2019 with a view that the year would present increased volatility and uncertainty. It proved so, marked by US-China trade tensions and with the tenor of the relationship affecting business sentiment and trade and investment flows into the region. Although 2020 had a promising start with the first phase of their trade agreement sealed, the deep-rooted differences between the world's two largest economies will persist for some time to come.

The concern for now, however, is the COVID-19 contagion that from January 2020 has spread beyond mainland China to many markets worldwide and cast a long shadow on the global economy. Notwithstanding the efforts of governments and industries to help businesses and communities ride out these difficult times, the toll of COVID-19 on the world's economies and livelihoods will be heavy. 2020 is proving to be more testing than the past year.

Even with the challenges of 2019, UOB achieved a record net profit of $4.3 billion for the full year, up eight per cent over the year before. Given the robust performance, the Board recommends a final dividend of 55 cents and a special dividend of 20 cents per ordinary share, in appreciation of our shareholders' continued support.

Building on the region's strengths

UOB, entering our 85th year, has seen through many economic cycles of uncertainty and volatility over the decades as we deepened our presence across the region. Despite the current gloom, UOB remains optimistic of the region's future and steadfast in our support for our customers. Our long-term approach looks beyond the challenges of the present.

To help realise the potential of ASEAN, we draw on our network strengths and invest for the future. We navigate through the complexities of our disparate and diversified markets, operating environments and cultural nuances to help connect businesses and consumers to opportunities. We serve them in ways that matter to them through product innovation, sector specialisation, omni-channel experience and forging ecosystem partnerships. It takes commitment and commitment is core to UOB.

The Board and Management reviewed the Group's progress on our strategic programmes at our annual offsite strategy meeting last August. To stay close to our markets, the Board also holds a country retreat every year. Last September, we spent time in Indonesia and gained valuable insights into the local operating environment, the challenges and our strategy to stay on course. Across the Group, we continue to see transformational change.

Transforming for the future

Enabling our transformation are technology and our regional platform. The year saw step changes made in the digitalisation of our processes and through our products and services such as UOB Mighty and, starting in Thailand, TMRW– the first mobile-only digital bank for ASEAN's millennials.

We will continue to invest in capabilities to stay at the forefront of change and ahead of new entrants to the field. To help inform the Group's transformation in the face of fast-moving digital and technology trends, a Technology Advisory Panel was set up for the Board and Management to tap the expertise and insight of the global industry leaders appointed to it.

2019 also saw the Remuneration and Human Capital Committee helping to steer our people agenda on talent management, succession planning and people development programmes such as Better U which encourages growth mindsets and enhances core competencies across the Group. Our service excellence training includes equipping our people with the skills to help the physically or mentally challenged or those who have special needs. Thus we extend our nurturing and inclusive environment from our colleagues to our customers.

Growing sustainably

In our collective responsibility for the long-term success of the Group, the Board oversees the embedding of a robust risk culture across the organisation and ensures that the Bank's system of risk management and internal controls stay suitable and effective. The Board is mindful of the need for appropriate storage and use of customer information and data. A governance framework establishes our ethical, principled and structured approach in this regard. The Board also approved the targets for material environmental, social and governance issues with specific goals to be met.

We believe that growth must be sustainable and responsibly achieved. It is the manner in which UOB upholds our long-term commitment to our stakeholders. It is in keeping with our values.

Acknowledging contributions

On behalf of the Board, I thank Mr Willie Cheng for his nine years of strong engagement and contributions as director and welcome Mr Steven Phan to the Board. Thank you to Management and our people who have been united and unwavering in their pursuit of excellence throughout the year.

We are very grateful to our shareholders, customers, partners and the community for their continued trust in us. We wish the very best for all in the year ahead.

Wong Kan Seng
Chairman
February 2020

Deputy Chairman and CEO's Report

Generating Long-term Value

"Thinking ahead on behalf and in support of our stakeholders is core to us given our entrepreneurial roots and the ownership mentality rooted in our origins... As we start this new decade, UOB, as an ASEAN-based bank, reaffirms our confidence in this region."

Ours is an era that is marked by immense change. Uncertainty and volatility shape markets, diverse and divergent economic and political beliefs challenge international relations, while advances in technology propel how businesses are run and lives led. At the moment, many countries are grappling with the impact of COVID-19 which is affecting global growth over the near term.

As unsettling as change can be, change can also bring about positive outcomes if we know our purpose, focus on the fundamentals and persevere towards attaining our goals. Navigating well through choppy seas also requires experience, discernment and agility. UOB, with more than eight decades of presence in the region, has been through and taken learnings from past storms, be they wars, financial crises or epidemics.

Storms will pass. We stay the course. This is because we take seriously our duty of care to our customers, our colleagues and our communities, as we strive to be their trusted financial partner and steward for the long term.

We are mindful of the unintended consequences of taking the short-term view. The painting on the cover of this year's Annual Report, *Wastescape*, illustrates the impact of myopic views and immediate gratification. Not for UOB. Thinking ahead on behalf and in support of our stakeholders is core to us given our entrepreneurial roots and the ownership mentality rooted in our origins. Our long-term approach and commitment enable us to weather the storms, to emerge stronger each time and to be better equipped to grow sustainably.

Focusing on ASEAN's strengths and potential

As we start this new decade, UOB, as an ASEAN-based bank, reaffirms our confidence in this region.

ASEAN's real gross domestic product growth rate averaged about five per cent over the past decade – the third fastest in the world after China and India. Its per capita income doubled from US$2,554 in 2009 to US$4,500 in 2019.

After years of consistent high growth, ASEAN's markets are now more diversified, draw more foreign direct investment (FDI) and hold more wealth than before. By 2030, the region's economy is expected to double to US$6.6 trillion from US$3.1 trillion in 2019. The young and growing middle class in its population of more than 650 million people is one of the world's fastest-growing consumer bases. Sixty per cent of them are under 35 years of age. ASEAN's fundamentals remain sound and strong.

Recent global developments, whether geopolitical dynamics, trade tensions or COVID-19, have accelerated structural shifts in key trade corridors, as businesses diversify their global supply chains. This presents opportunities for ASEAN.

Driving strategic and sustainable growth

UOB, with our established Asian heritage and franchise, is well positioned. We connect our corporate clients to regional opportunities and provide financial solutions to our retail customers as their needs evolve with rising affluence.

We fulfill our purpose by pursuing a strategy based on the following pillars:

- Deepening our regional connectivity through our network, sector solutions and cross-border advisory capabilities;
- Offering the complete customer experience with best-in-class products and services, through our holistic, omni-channel approach and Digital Bank;
- Investing in people and technology for the long term; and
- Being disciplined in risk and balance sheet management to navigate through economic cycles.

Deepening our regional connectivity

Expanding across the region

UOB has built the most extensive network in ASEAN among our peers through a series of strategically-timed acquisitions and organic growth over the past decades. In 2019, we deepened our connectivity within Vietnam with a new branch in Hanoi after our first in Ho Chi Minh City, to help our customers tap opportunities in one of the world's fastest-growing economies. In China's Greater Bay Area (GBA), we established our seventh branch in Zhongshan, Guangdong, a transportation hub set to support the ASEAN-GBA trade flows arising from the manufacturing, information technology and logistics sectors.

Providing end-to-end sector solutions

In enhancing our support for sectors that drive the region's economic growth, we provide sector-specific solutions to help synergise businesses across their value chains. For example, through our regional U-Solar Programme launched last year, we finance solar power developers and partner solar power solution providers in Malaysia, Indonesia, Singapore and Thailand to offer installation and financial solutions to our corporate and retail customers. It demonstrates the Bank's commitment to sustainable financing as the region adopts more renewable energy sources. As at end-2019, we had extended more than $6 billion in sustainable financing, including green loans, sustainability linked loans and loans for green-certified buildings.

Connecting customers to cross-border opportunities

Our bankers and FDI Advisory team harness the strengths of our integrated franchise and provide local insights, market entry support

Deputy Chairman and CEO's Report
Generating Long-term Value

and customised banking solutions to help businesses expand into new markets. Since 2011, we have helped close to 2,600 clients in their expansion into Asia and facilitated almost $190 billion in business flows into our region. Last year, we achieved a 10 per cent increase in our cross-border income, which accounted for 28 per cent of Group Wholesale Banking's income.

Deepening our SME franchise

Given our Asian heritage and entrepreneurial roots, we are passionate about nurturing the next generation of business leaders from Asia's family-led firms. Launched in 2019, the Business Circle enables the younger generation to learn from successful entrepreneurs, to have cross-industry and cross-border connections, and to accelerate their own companies' growth.

We also extended the Smart Business Transformation Programme by our innovation accelerator, The FinLab, from Singapore to Malaysia and Thailand. Through the programme, SMEs are guided on implementing digital solutions and can seek the expertise of our ecosystem of partners including leading private companies and technology solution providers.

Through UOB BizSmart, we continued to collaborate with digital solution providers to offer small businesses an integrated suite of solutions, from payroll management to e-commerce. This helps them improve productivity and frees up their time for more strategic areas of their businesses. More than 31,000 SMEs across ASEAN are currently using UOB BizSmart.

We will continue to connect with like-minded partners to forge ecosystems and to create comprehensive solutions that address our customers' needs and wants in a sustainable way.

Offering the complete customer experience

Providing an omni-channel experience

Even with the array of digitalised banking options, many of our customers prefer to make their significant financial decisions in person with their bankers. In Singapore, 39 per cent of our customers use our omni-channel touchpoints.

With our customers' needs always at the centre of what we do, we piloted in 2019 a new high street wealth banking branch concept in Singapore where the digital meets the physical seamlessly. Leveraging artificial intelligence (AI), advanced data analytics and our purpose-built digital wealth advisory tool, our relationship managers can recommend to our customers the most suitable investment solutions for them. To help our digitally-savvy customers save and spend more wisely, we added Mighty Insights, powered by AI, to our all-in-one UOB Mighty app.

Launching the digital bank of TMRW across ASEAN

In targeting the region's young and entrepreneurial generation, which presents a $10 billion market opportunity based on their lifetime revenue, we created a distinctive, mobile-only digital bank – TMRW. It is the first in ASEAN to tap data insights to make every digital interaction personal to each customer.

TMRW was launched last year in Thailand, one of the most sophisticated digital markets in our region. Its Net Promoter Score is now ranked among the top five banks in Thailand. We plan to roll out TMRW across the region where we see opportunities in the populous and underserved markets. We next launch in Indonesia. Our ongoing investment in digital capabilities equips us well to serve our customers and to respond to competition arising from digital bank licences being issued across various markets.

"Our integrated network enables us to achieve scale and speed to market in rolling out solutions regionally while ensuring robust risk management. This may affect immediate returns, but we believe it lays a solid foundation for long-term growth."

Realising our customers' financial goals

We aim to help our customers build and grow their wealth sustainably through our risk-first wealth management advisory and investment solutions. Last year, our wealth management assets under management rose 14 per cent to $127 billion, of which 61 per cent came from overseas customers through our regional network of 48 wealth management centres.

In addition to our flagship deposit product, UOB One, we rolled out the UOB Stash savings account into the region in 2019. We also renewed our strategic bancassurance arrangement with Prudential Group, through which we co-develop complementary solutions relevant to our customers' financial planning needs.

Investing in people and technology for the long term

With our strong balance sheet, quality franchise and solid earnings, we can support our commitment to investing in the right capabilities and infrastructure for the long term.

Over the last six years, we have invested $2 billion in information technology and plan to maintain similar levels for the next few years. Our regional subsidiaries have been transformed into an integrated network, backed by a standardised platform which gives our customers a seamless experience across the region. Our integrated network enables us to achieve scale and speed to market in rolling out solutions regionally while ensuring robust risk management. This may affect immediate returns, but we believe it lays a solid foundation for long-term growth.

Attracting the right talent and preparing our people to be future-ready are part of our business strategy. At UOB, we foster a work culture which enables us to attract and to retain the best talents globally. Last year, we enhanced the robustness of our performance management process and established accelerated career development programmes for our top talents. We believe in growing our own timber and creating a cohort of future industry leaders with a regional mindset to carry our business deeper and further. We want our people to ride the technology wave and to remain relevant for our customers always. As such, we launched Better U, a learning and development programme to equip our global workforce of more than 26,000 with knowledge and skills in complex problem-solving, digital awareness, human-centred design and data storytelling.

Being disciplined in risk and balance sheet management

With the increasing influence of technology also comes the responsibility for the ethical use of data. In 2019, we embedded the Monetary Authority of Singapore's fairness, ethics, accountability and transparency principles for AI and data analytics across our business. We were also one of the founding members of the Veritas initiative which provides a framework for financial institutions in Singapore to use AI and data analytics responsibly.

Given our holistic approach for the region and focus on sustainable growth, we will continue to maintain our strong risk culture and to uphold the strength and quality of our franchise.

As such, we are also sharpening our focus on sustainability, in particular the integration of environmental, social and governance considerations in our day-to-day decision-making. In this year's report, we have included a dedicated Sustainability Report to explain how we address such effects, risks and opportunities.

Achieving responsible growth in 2019

Our disciplined focus has served us well over the decades. In 2019, we made steady progress achieving a strong balance sheet, quality franchise and solid earnings.

Net earnings for 2019 reached a record $4.3 billion, eight per cent higher than in 2018. Total income rose 10 per cent to a new high of $10.0 billion, underpinned by broad-based franchise growth across business segments. This led to return on equity rising to 11.6 per cent.

Net interest income grew six per cent to $6.6 billion as healthy loan growth helped offset thinner net interest margin amid keen competition and lower interest rates. We will focus on quality growth and total customer profitability to offset some downward pressure on net interest margin.

Fee income increased three per cent to $2.0 billion, led by growth from credit cards and wealth management. Other non-interest income rose 54 per cent to $1.4 billion, due to improved customer flows and higher gains from investment securities. For 2020, we will sustain our momentum in fee income growth led by wealth management.

Total expenses rose 12 per cent, leading to a cost-to-income ratio of 44.6 per cent, as we prioritised strategic investments in talent and technology to serve our customers better with more personalised experiences and to drive performance. We aim to keep our cost-to-income ratio stable with our paced investment approach.

Asset quality was sound, with non-performing loan ratio stable at 1.5 per cent. Total credit costs on loans increased slightly to 18 basis points. The coverage for non-performing assets stood at 87 per cent, or 202 per cent after taking collateral into account. Given current conditions from the ongoing COVID-19 outbreak, we expect a slight uptick in credit costs. Nonetheless, such impact should be cushioned by our healthy provision buffers. We will stay vigilant in credit monitoring and will conduct regular stress tests while setting aside adequate buffers to maintain our balance sheet resilience.

Our funding and capital positions remained robust. All-currency liquidity coverage ratio for 2019 averaged 146 per cent while the loan-to-deposit ratio and net stable funding ratio remained healthy at 85.4 per cent and 111 per cent respectively as at 31 December 2019. The Common Equity Tier 1 Capital Adequacy Ratio remained strong at 14.3 per cent and leverage ratio was 7.7 per cent. We remain well-capitalised to navigate the macro uncertainties ahead.

In 2019, we were the first in Singapore and the second financial institution in ASEAN to access the Panda bond market, marking another milestone in our support of greater financial market connectivity across Asia. The offering also enabled us to diversify our funding sources and investor base by currency and geography.

We continued to maintain our position as one of the world's strongest banks, with ratings of 'Aa1' from Moody's Investors Service and 'AA-' from both S&P Global Ratings and Fitch Ratings.

> **"While there is a saying that the only constant is change, the new reality is that the only constant is *accelerated* change. This, together with macro uncertainties and market volatilities, reinforces the need for our measured stance, even as we stay nimble in seizing opportunities."**

Connecting with our communities

Alongside strong financial results, we are committed to being a responsible member of our communities.

In 2019, we collaborated with our customers and business partners across Asia to contribute more than $5.4 million to our communities. Our heartfelt efforts have been recognised through accolades such as the Pinnacle Award, the highest honour by Community Chest Singapore for being a role model in holistic corporate giving. In 2019, our people also volunteered more of their time, devoting close to 60,000 hours in activities aligned to our corporate social responsibility focus areas of art, children and education, as well as environmental sustainability and inclusivity.

We believe that by embracing diversity, we can bring out the best in each other and create more good together. It is with this philosophy that we launched The Unlimited, an initiative to promote sustainable employment for persons with disabilities. Collaborating with SG Enable and social service agencies Autism Resource Centre, Movement for the Intellectually Disabled of Singapore and SPD, we champion inclusive hiring by connecting our clients with persons with disabilities for suitable and meaningful employment.

Balancing growth with stability

While there is a saying that the only constant is change, the new reality is that the only constant is *accelerated* change. This, together with macro uncertainties and market volatilities, reinforces the need for our measured stance, even as we stay nimble in seizing opportunities.

We maintain our balance sheet strength so we can continue to support our customers and to weather volatilities. We continue to invest in our infrastructure and franchise, especially in ASEAN, for the long term. We operate with prudence and discipline, guided by our values of Honour, Enterprise, Unity and Commitment, to balance growth with stability and opportunity with responsibility. This will ensure we continue to generate sustainable value for our stakeholders through trying times and business cycles.

Acknowledgements

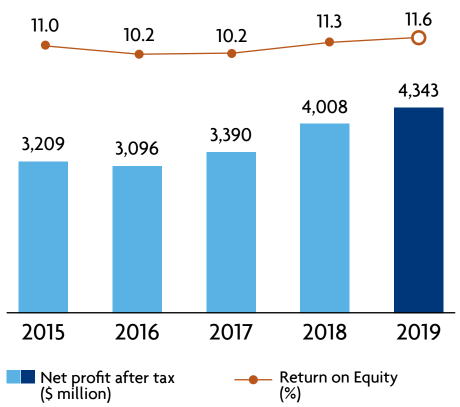
Throughout 2019, the team at UOB – from the Board to all our colleagues – remained steadfast in supporting our customers and each other. I thank them all for their commitment, perseverance and enterprising spirit.

Finally, to our valued and loyal customers and shareholders, thank you for your continued confidence in and support of UOB.

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

February 2020

Financial Highlights
Driving Performance



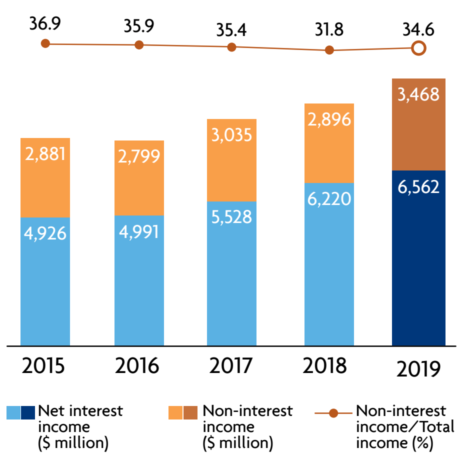
Net Profit After Tax and Return on Equity

Net earnings for the year rose to a new high of $4.34 billion, up 8% from a year ago. Strong performance in 2019 was supported by broad-based growth across all business segments.

Return on equity improved to 11.6% driven by record earnings in 2019.

Net Profit After Tax
$4,343million
+ 8%

Return on Equity
11.6%
+ 0.3% pt



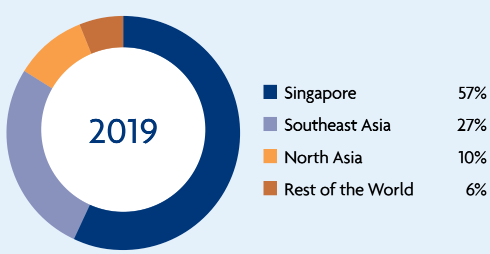
Total Income

Total income rose 10% to cross the $10 billion mark in 2019, led by healthy growth in client franchise as well as an improvement in trading and investment income.

Net interest income grew 6% to $6.56 billion, driven by higher average gross loans for the year.

Net fee and commission income increased 3% to $2.03 billion, led by double-digit growth in wealth management and credit cards. Other non-interest income rose to $1.44 billion, with stronger treasury flows and improvements to investment securities.

Total Income
$10,030million
+ 10%

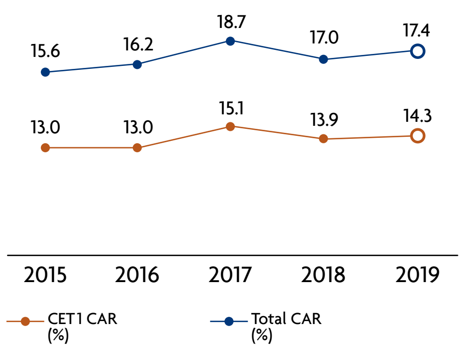


Overseas Total Income Contribution

Total income from overseas was marginally lower at 43% in 2019 as compared with 44% a year ago.

The overseas franchise continued to show good progress as cross-border connectivity improved.

43.0%
- 1.0% pt



Capital Adequacy Ratio (CAR)

As at 31 December 2019, the Group's strong capital position remained well above the MAS minimum requirements with Common Equity Tier 1 ratio and Total CAR at 14.3% and 17.4% respectively.

CET1 CAR

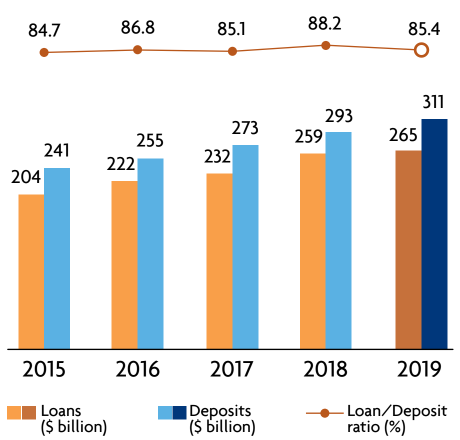
14.3%

+ 0.4% pt

Total CAR

17.4%

+ 0.4% pt



Customer Loans/Deposits

Net customer loans grew 3% from a year ago to $265 billion in 2019 as the Group moderated loan origination towards the end of 2019 amid macro uncertainties.

Customer deposits grew 6% to $311 billion, led by higher fixed deposits and savings deposits.

The Group's funding position remained stable with healthy loan-to-deposit ratio at 85.4% as at 31 December 2019.

Note: Net customer loans were net of total allowances.

Net Customer Loans

$265billion

+ 3%

Customer Deposits

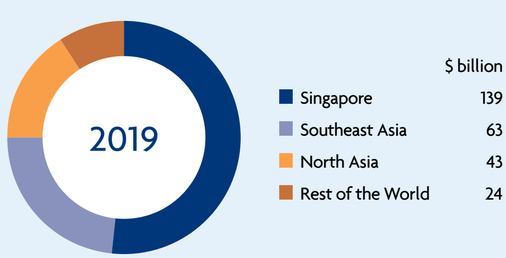
$311billion

+ 6%

Loan/Deposit ratio

85.4%

- 2.8% pt



Loans by Geography

Singapore, which accounted for 52% of Group loan base, registered 1% growth year on year to reach $139 billion while overseas contributed a healthy growth of 4%.

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

$269billion

+ 3%

Financial Highlights
Driving Performance

Five-Year Group Financial Summary

	2015	2016	2017	2018	**2019**
Selected Income Statement Items ($ million)					
Total income[1]	7,807	7,790	8,563	9,116	**10,030**
Total expenses[1]	3,356	3,425	3,739	4,003	**4,472**
Operating profit	4,451	4,365	4,824	5,113	**5,558**
Net profit after tax[2]	3,209	3,096	3,390	4,008	**4,343**
Selected Balance Sheet Items ($ million)					
Net customer loans	203,611	221,734	232,212	258,627	**265,458**
Customer deposits	240,524	255,314	272,765	293,186	**310,726**
Total assets	316,011	340,028	358,592	388,092	**404,409**
Shareholders' equity[2]	30,768	32,873	36,850	37,623	**39,637**
Financial Indicators (%)					
Cost/Income ratio	43.0	44.0	43.7	43.9	**44.6**
Non-performing loans ratio	1.4	1.5	1.8	1.5	**1.5**
Return on average ordinary shareholders' equity	11.0	10.2	10.2	11.3	**11.6**
Return on average total assets	1.03	0.95	0.98	1.07	**1.08**
Return on average risk-weighted assets	1.74	1.51	1.63	1.93	**1.90**
Capital adequacy ratios					
Common Equity Tier 1	13.0	13.0	15.1	13.9	**14.3**
Tier 1	13.0	13.1	16.2	14.9	**15.4**
Total	15.6	16.2	18.7	17.0	**17.4**
Per ordinary share					
Basic earnings ($)	1.94	1.86	1.99	2.34	**2.55**
Net asset value ($)	17.84	18.82	20.37	21.31	**22.33**
Net dividend (cents)[3]	90	70	100	120	**130**
Dividend cover (times)[3]	2.22	2.73	2.04	2.00	**2.00**

1 With effect from 1 January 2018, total income is presented net of fee and commission expense. The earlier comparative figures have been restated to conform with this presentation.

2 Relates to the amount attributable to equity holders of the Bank.

3 Included a special dividend of 20 cents in 2017, 2018 and 2019 respectively. 2015 included UOB's 80th Anniversary dividend of 20 cents.

Healthy profit growth by business segment

	Group Retail		Group Wholesale Banking		Global Markets	
Key Growth Drivers	Omni-channel approach	Wealth management franchise	Deep cross-border connectivity	Sector specialisation	Treasury management	Regional trading infrastructure
Focus Areas	Meeting consumers' needs in their preferred manner	Realising the wealth potential of the rising middle class	Facilitating ASEAN and Greater China business flows	Providing industry insights and sector expertise	Expanding suite of hedging, funding and investment solutions	Enhancing people and system capabilities
Performance	$4.3 billion **Total income** ▲9%		$4.1 billion **Total income** ▲6%		$595 million **Total income** ▲28%	
	▲14% **Assets under management for wealth management,** totalling $127 billion		▲10% **Cross-border income,** accounting for 28% of total income		▲80% **ASEAN ex-Singapore income**	
	6.7% **Return on risk-weighted assets**		1.7% **Return on risk-weighted assets**		▲10% **Customer treasury flow*,** driven by increase in customers' hedging and investment activities	
	$2.2 billion **Operating profit** ▲8%		$3.1 billion **Operating profit** ▲3%		$317 million **Operating profit** ▲43%	

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

Investor Highlights
Providing Sustainable Returns

Corporate Day 2019 – Focusing on our fundamentals

- Attended by more than 60 analysts, investors and journalists;
- Reiterated UOB's strategic priorities of deepening regional connectivity, building ecosystem partnerships, maintaining a strong balance sheet and generating quality earnings; and
- Named Best Investor Event at the *IR Magazine* Awards – South East Asia 2019

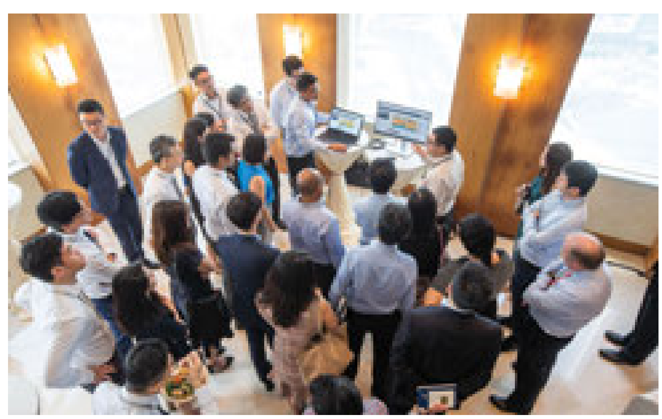
Analysts' feedback following our Corporate Day

"UOB's key differentiator remains its ASEAN footprint across Malaysia, Indonesia, Myanmar, Vietnam, particularly being the only Singapore bank with a local Thailand presence. UOB has embarked on a varied approach compared with its peers, launching a separate TMRW brand as its Digital Bank, with the ambition to reach out to ASEAN's young, tech-savvy digital generation. This is a testament to and completes its ASEAN strategy, in our view."

Ms Lim Rui Wen,
Analyst, DBS Group Research

"UOB's strength lies in its ability to capture cross-border transactions via its regional network and we believe that it is well-placed to benefit from a shift in supply chains out of Greater China to surrounding ASEAN economies."

Ms Andrea Choong,
Analyst, CGS-CIMB Research

Clockwise from top left: Opening remarks by UOB Deputy Chairman and Chief Executive Officer Mr Wee Ee Cheong; UOB Group Chief Financial Officer Mr Lee Wai Fai shared an overview of our omni-channel approach towards customer engagement; UOB's Big Data Analytics and Investor Relations teams demonstrated how text mining and machine learning are used to analyse analyst reports and sentiment; Executive Chairman and CEO of PropNex Mr Ismail Gafoor (second from right) was invited to share insights into PropNex's ecosystem partnership with UOB.

Committed to regional and global capital markets

UOB is committed to being a regular issuer and to engaging the investment community proactively.

- In 2019, UOB was the first in Singapore to access the Chinese Yuan (CNY) Panda bond market successfully and also set new benchmarks in the bank capital, senior unsecured and covered bond markets.
- In recognition of our long-term approach to wholesale funding and outstanding execution, *International Financing Review (IFR) Asia* named UOB as Issuer of the Year in 2019.

During the year, we were also awarded:

- Best Local Currency Bond – 3Y 3.49% CNY2 billion Panda Bonds by *FinanceAsia; and*
- Best Issuer – Financial Institution by *The Asset.*

On UOB as Issuer of the Year by *IFR Asia*:

"United Overseas Bank built on its reputation as one of Asia's top capital markets issuers in 2019 with a series of smartly-timed financings that spanned multiple markets and the entire capital structure."

Mr Steve Garton,
Editor, *IFR Asia*

On the CNY Panda bond:

*"Such cross-border issuances would expand financing channels and strengthen capital markets connectivity between China and Singapore." **

Ms Jacqueline Loh,
Deputy Managing Director, Monetary Authority of Singapore

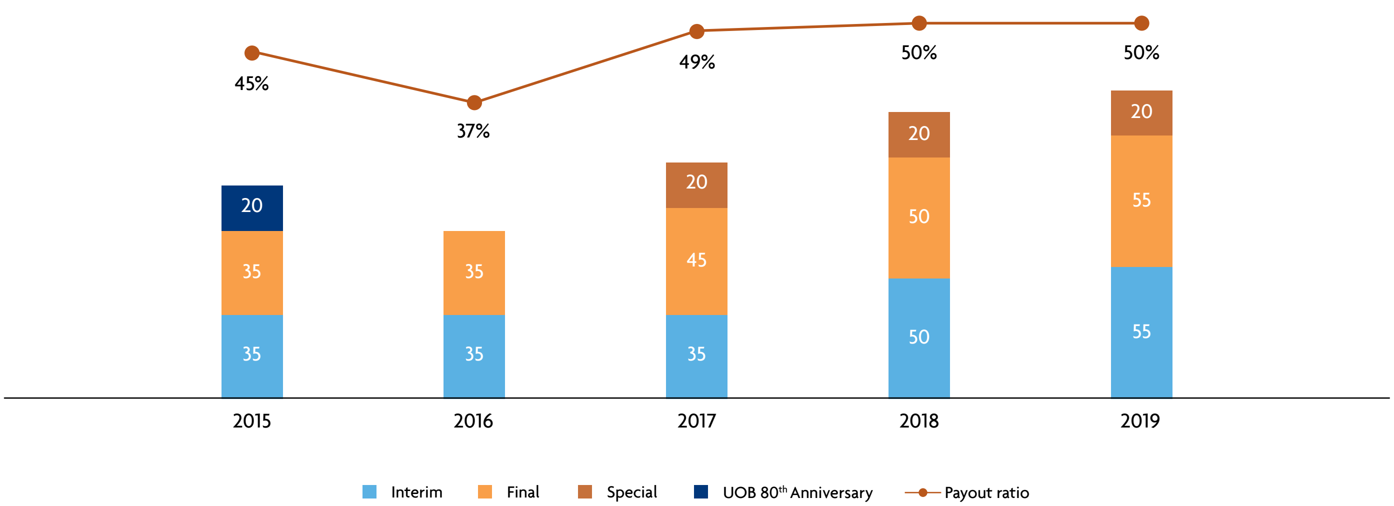
* Source: UOB news release, "United Overseas Bank issues Singapore's first RMB Panda bond", 13 March 2019

Delivering long-term and sustainable returns

- 8 per cent year-on-year growth in net profit to record level of $4.34 billion in 2019;
- 10 per cent increase in total core dividend to $1.10 per share. Coupled with special dividend of 20 cents, full-year dividend was $1.30 per share, reflecting a payout ratio of 50 per cent for 2019; and
- Total annualised shareholder return of 5.0 per cent over 2015 to 2019, outperforming Singapore's stock market average of 2.5 per cent[1].

1 Sources: UOB, Bloomberg

UOB's dividend per share (cents) and payout ratio (%) for 2015 to 2019



Investor Highlights
Providing Sustainable Returns

Selected investment metrics on UOB

	2015	2016	2017	2018	2019
Share price ($)					
Highest	25.05	21.35	26.85	30.37	**27.97**
Lowest	18.20	16.80	20.05	23.80	**23.39**
Daily average	21.85	18.61	23.24	26.91	**25.79**
Closing	19.61	20.40	26.45	24.57	**26.41**
Market capitalisation ($ billion)[a]	31.42	33.37	43.98	40.93	**44.06**
Price-to-earnings ratio (x)[b]	11.26	10.01	11.68	11.50	**10.11**
Price-to-book ratio (x)[b]	1.22	0.99	1.14	1.26	**1.16**
Net dividend yield (%)[b]	4.12	3.76	4.30	4.46	**5.04**
Return on average ordinary shareholders' equity (%)	11.0	10.2	10.2	11.3	**11.6**
Total annualised shareholder return over 2015 to 2019 (%)					**5.00**

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

Maintaining strong credit ratings

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

"UOB's a1 BCA [Baseline Credit Assessment] is among the highest assigned to banks globally and reflects the Bank's very robust credit metrics, underpinned by its well-established banking presence in Singapore, Malaysia, Thailand and other markets. The Bank's BCA also reflects its good credit buffers in terms of capital and problem loan coverage. UOB also has a deposit-funded and liquid balance sheet."

Moody's Investors Service's report dated 21 November 2019

"Our ratings on UOB reflect the Bank's well-established market position, particularly in the SME segment, strong funding profile and prudent management track record."

S&P Global Ratings' report dated 26 November 2019

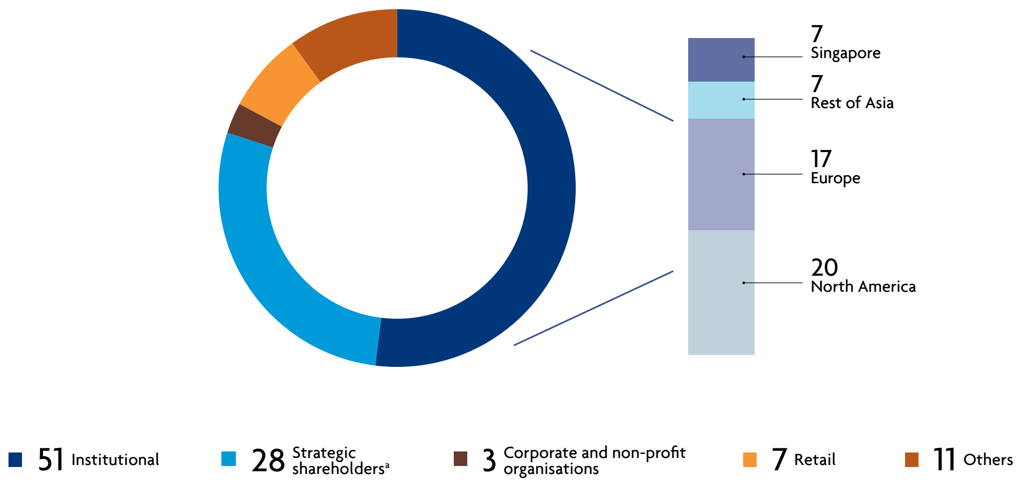
Ensuring regular and transparent investor engagement and communications

- Regular engagement with the investment community, including shareholders, institutional and retail investors, shareholder proxy advisory agencies, equity and fixed-income analysts and credit rating agencies;
- Regularly review our disclosures to provide investors with the material information needed to address their areas of concern. In 2019, we enhanced disclosure on our strategic initiatives and achievements in tapping opportunities arising from growing regional connectivity and rising affluence, and the asset quality of our portfolios to address investors' concerns about the impact of the global economic slowdown;
- Held more than 600 meetings with analysts and investors to share UOB's corporate strategy, operational performance and business outlook through the following events:
  - Quarterly results briefings and post-results luncheons;
  - Investor meetings, conferences and roadshows held in Australia, Canada, Europe, Hong Kong, Japan, Malaysia, Singapore, Taiwan, Thailand and the US;
  - Singapore Exchange's (SGX) Corporate Connect Seminar with retail investors;
  - Meetings with credit rating agencies; and
  - Annual general meeting (AGM)[2].
- Received recognition for our investor engagement efforts with Best Investor Relations Team award at *The Asset* ESG Corporate Awards 2019.

2 For more information on AGM, please refer to the Corporate Governance Section.

Retaining a diversified shareholder base

UOB's shareholders as at 31 December 2019 (%)



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

Sources: UOB, NASDAQ OMX

For more information

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

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

Or please contact:

Mr Stephen Lin

Investor Relations
80 Raffles Place
#05-00 UOB Plaza 2
Singapore 048624
Email: Stephen.LinST@UOBgroup.com
InvestorRelations@UOBgroup.com

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710
Website: www.boardroomlimited.com

Being Recognised for Our Efforts

In 2019, we received more than 200 accolades from across the region. Each award recognises our commitment to excellence for our stakeholders' benefit. Here are a few of them.

Powering innovation across Asia

- *Asiamoney* — Best Digital Bank (Singapore)
- *Asiamoney* — Best Digital Bank (Thailand)
- *Euromoney* — Asia's Best Bank Transformation
- *Frontier Finance Institute* — Best Consumer Digital Bank (China)
- *Global Finance* — Asia's Most Innovative Digital Bank
- *The Digital Banker* — Best Bank for Millennials (TMRW)

Leading in business excellence

- *Asiamoney* — Best Domestic Bank (Singapore)
- *Asian Banking & Finance* — International Retail Bank of the Year – Thailand
- *Retail Banker International* — Best Retail Bank in Thailand, Southeast Asia Trailblazer
- *The Asian Banker* — Best Cash Management Bank in Singapore
- *The Asian Banker* — Best Foreign Retail Bank in Thailand
- *The Asian Banker* — Best SME Bank in Asia Pacific
- *The Asian Banker* — Best SME Bank in Singapore
- *The Asian Banker* — Best Transaction Bank in Singapore
- *The Banker* — Best Private Bank for Millennials
- *The Digital Banker* — Retail Bank of the Year

Championing sustainability for the long term

SGTI
Singapore Governance and Transparency Index 2019

CPA Australia, National University of Singapore Business School's Centre for Governance, Institutions and Organisations, and Singapore Institute of Directors

9th of 578 Singapore-listed companies (General Category)

Singapore Corporate Awards 2019

Institute of Singapore Chartered Accountants, Singapore Institute of Directors and *The Business Times*

Silver Award, Best Managed Board Award (Big Cap)

Singapore Corporate Awards 2019

Institute of Singapore Chartered Accountants, Singapore Institute of Directors and *The Business Times*

Silver Award, Best Risk Management Award (Big Cap)

The Asset Triple A Country Awards

The Asset

Best Bilateral Green Loan (Sunseap Leasing $42.75 million senior secured term loan facility for a portfolio of solar assets)

The Asset Triple A Country Awards

The Asset

Best Sustainability Linked Loan (Louis Dreyfus Company Asia US$650 million sustainability linked syndicated revolving credit facility)

Community Chest

Pinnacle Award

Securities Investors Association (Singapore)

Runner Up, Most Transparent Company Award (Financials)

Securities Investors Association (Singapore)

Runner Up, Singapore Corporate Governance Award (Big Cap)

Shanghai Civil Affairs Bureau and Shanghai Media Group

Top 10 Business Partners for Corporate Social Responsibility Award

DISTINGUISHED PATRON OF THE ARTS

National Arts Council

Distinguished Patron of the Arts Award

Bloomberg

One of four Singapore companies to be included

The Asset

Gold Award

The Asset

Best of the Best Initiative (The Unlimited)

The Asset

Best Investor Relations Team

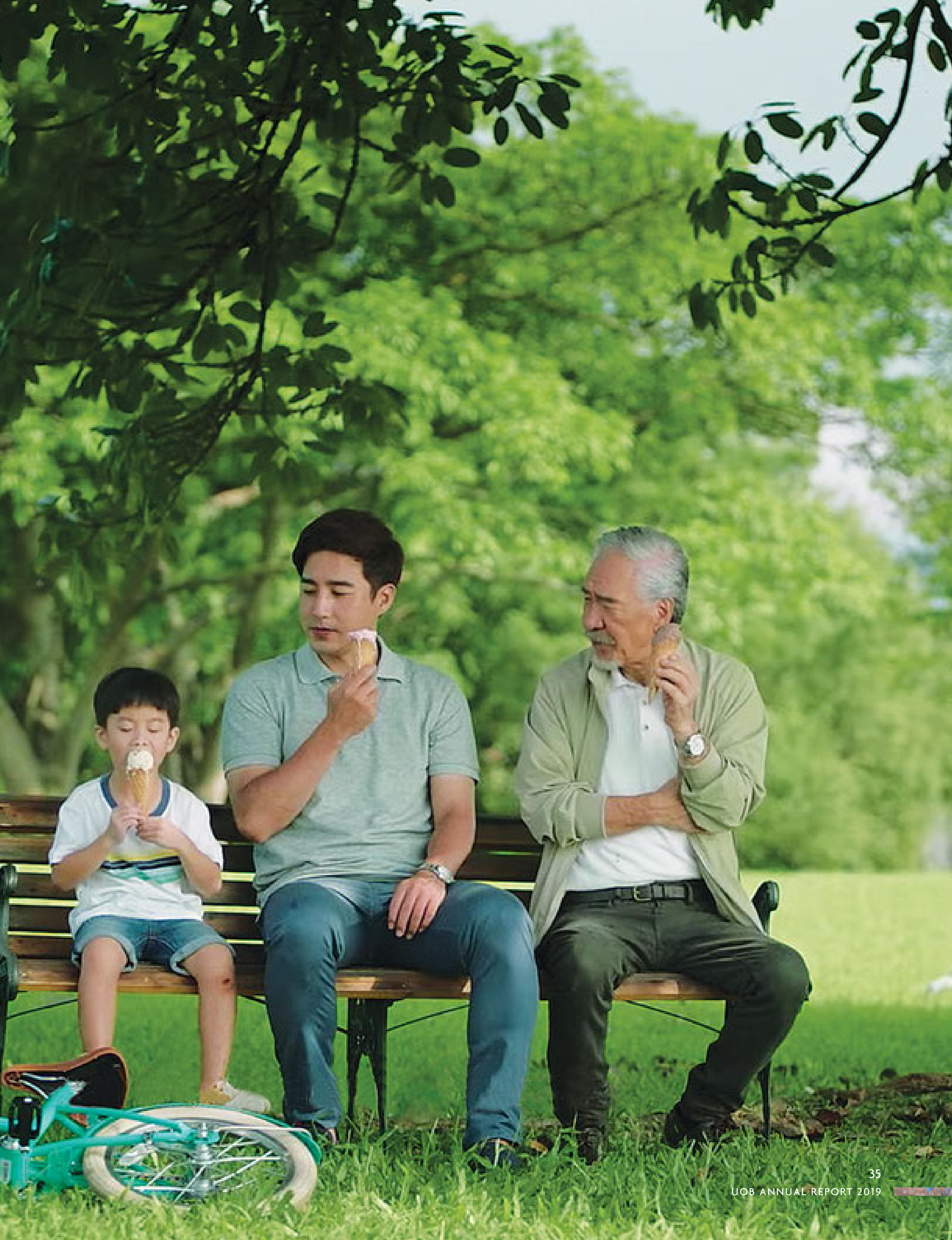
IR Magazine

Best Investor Event

For the full list of awards, please visit www.uobgroup.com/AR2019.

Building and Deepening Long-term Relationships

Source: UOB Private Bank 'Ice Cream Generations' TV Commercial



Providing Customers with Seamless Connectivity Across Our Network

UOB has long believed in the fundamental strengths and prospects of ASEAN and as such, we have built a regional franchise to help our customers capitalise on the region's potential. As ASEAN continues to attract more foreign direct investment, its economy is expected to double in the next decade and stands to be the fourth largest in the world by 2050. This potential presents huge opportunities for our customers, especially with the diversification of global supply chains into the region. Through our established network across ASEAN and linkages to Greater China, we are best placed to connect our customers from around the world to the region's diversified markets. Our unique combination of in-market presence, local insights and expertise, coupled with the partner ecosystems we forge, enable us to help businesses and consumers seize opportunities for sustainable growth.

Expanding our regional network in service of our customers

In building our integrated regional network, we focus on helping our customers achieve their growth and expansion ambitions and ensuring that we have the capabilities in place to help them seize regional opportunities.

Over the last eight decades we have expanded our geographical footprint, enhanced our infrastructure and deepened our capabilities across the region. We have created an unrivalled integrated network with a strong franchise that continues to grow. Most recently, we increased our presence in Greater China, particularly in the booming Greater Bay Area (GBA). We also expanded in Vietnam, one of the world's fastest-growing economies and where we remain the only Singapore bank to have established a foreign-owned subsidiary. We have positioned ourselves strategically to help our customers benefit from the region's trade and investment flows.

In 2019, our strategic expansions included:

Greater China

- a new branch in Zhongshan in Guangdong Province. We were the first foreign bank to open a branch in Zhongshan, our seventh in the GBA;
- a new commercial banking centre in Causeway Bay, our third in Hong Kong, to serve medium- and large-sized companies;

Vietnam

- a new branch in Hanoi, our second in Vietnam. It complements our Vietnam headquarters in Ho Chi Minh City and enables us to serve more consumers in both the northern and southern parts of the country as well as the corporates expanding across and investing in the country's fast-growing cities; and

Indonesia

- an acquisition of a 75 per cent stake of an Indonesian asset management firm by UOB Asset Management, our asset management subsidiary, as part of its regional expansion. Renamed PT UOB Asset Management Indonesia, it provides specialised solutions such as Islamic and multi-asset investments, Indonesia-focused funds and investment mandates.

Strengthening regional connectivity and collaboration

As part of our ongoing focus to strengthen regional connectivity and collaboration between China and ASEAN to help businesses internationalise and expand across the region, in 2019, our Deputy Chairman and Chief Executive Officer, Mr Wee Ee Cheong, met Mr Liu Jiayi, Party Secretary of the Shandong Provincial Committee.

Meeting companies' financial needs across our network

In 2019, we continued to enhance our service capabilities by strengthening our client coverage teams across our global network. For example, we grew our teams in Asia in Hong Kong, Indonesia, Malaysia and Thailand, and further afield in the cities of London, New York and Sydney to serve the specialised needs of our medium-sized, large corporate and financial institution clients operating in these markets.

Supporting businesses' operations within and across borders

We connect our corporate clients seamlessly within and across borders. We offer a full suite of financial solutions to support our clients' regional operating and liquidity requirements.

For example, we help our customers ensure their supply chains remain stable by tailoring for them our financial supply chain management (FSCM) programmes that comprise end-to-end working capital management solutions and comprehensive trade facilities for greater operational efficiency.

In 2019, we extended working capital solutions to

>400

of our clients' suppliers and distributors across Asia,

which contributed to a

13%

year-on-year increase in our FSCM revenue.

Addressing companies' liquidity needs

We provided PT TOTAL BANGUN PERSADA tbk (TOTAL), one of Indonesia's largest private construction companies, with a supplier financing solution. Through it and based on TOTAL's credit profile, TOTAL's vendors and sub-contractors can apply for advance financing for more working capital to support TOTAL's projects.

Our solution for TOTAL won the Best Supplier Relationship Management in Indonesia award at *The Asian Banker's* Bankers Choice Awards 2019.

For our client, WWRC, a leading provider of chemical solutions across eight Asian markets, we offered our foreign direct investment advisory services and an integrated solution for its Southeast Asian business that included:

- consolidated operating accounts to support seamless domestic and cross-border payments and receipts;
- a structured liquidity solution to enhance yields on WWRC's total portfolio of operating balances; and
- an umbrella credit facility that enables easy deployment of trade financing to local markets.

"UOB's comprehensive regional cash management and financing solutions have enabled us to enhance our cash flow and operational efficiencies across the markets that we operate in. Our team is able to achieve centralised management of our accounts established with UOB in different countries and reduce manual efforts involved to manage our day-to-day finance activities."

Mr Teng Chen Shun,
Group Strategy and Corporate Affairs Manager, WWRC

Providing Customers with Seamless Connectivity Across Our Network

Helping businesses achieve sustainable growth

Backed by the deep industry expertise of our sector specialists, we strive to keep improving our support for our clients in our collective drive towards a lower-carbon economy. Our provision of sustainable financing, which includes green loans and sustainability linked loans, is key to our support of their sustainable development.

For example, the UOB Real Estate Sustainable Finance Framework is the first lending framework for the sector by a Singapore bank. The framework sets out the eligibility criteria, including sustainability strategies, objectives, ratings and performance targets, which companies must meet when applying for green loans or sustainability linked loans. This also makes it easier for small- and medium-sized enterprises (SMEs) to apply for such loans.

In 2019, we offered

$643 million

in green loans to

real estate and hospitality

companies.

In 2019, our notable green loan deals included:

- an aggregate of $140 million in green loans to investment firm, Lucrum Capital, and construction firm, Teambuild Engineering & Construction, to finance the construction and operation of their green buildings in Singapore;
- a $945 million syndicated green loan to support Allianz Real Estate and Gaw Capital Partners in their joint acquisition of DUO Tower and DUO Galleria in Singapore. We were one of three joint mandated lead arrangers, underwriters and bookrunners; and
- a US$200 million green club loan facility to Agricultural Bank of China Limited, Singapore Branch for its financing of green projects in accordance with its Sustainable Financing Framework. We also acted as a joint green structuring adviser and coordinator for the deal.

Building and deepening client relationships that last

In 2019, we celebrated 20 years of our presence in Thailand. A client who has been with us over these two decades is Tipco Asphalt Pcl (TASCO), a manufacturer and distributor of asphalt products for repairing, maintaining and constructing transport infrastructure in Thailand and the Asia Pacific.

We provide TASCO with a range of solutions, from deposits to trade finance and treasury products. As TASCO grew its business across the region, so did our support.

In 2019, we extended our partnership with TASCO in Thailand, Malaysia, Singapore and Vietnam to include Indonesia. The seamless connectivity we provided to TASCO's regional business was enabled by our integrated regional network and the close collaboration of our coverage teams across borders.

Helping companies manage cross-border market risks

With businesses facing an increasingly complex and changing environment, it is vital for UOB to help our clients manage their market risks more effectively.

In 2019, we expanded our suite of treasury solutions to include:

- a direct foreign exchange (FX) cross-currency solution between the onshore Chinese renminbi and Malaysian ringgit to help our clients manage their exposure to these currencies centrally and to settle their cross-border payments more efficiently. The solution draws upon a regulatory framework where UOB Group is an approved channel for companies outside Malaysia to hedge their Malaysian ringgit risks; and

- a range of application programming interface (API) solutions that enable our clients, ranging from professional investors to large corporates, to conduct FX transactions with ease and to be able to manage their foreign currency cash flows in real-time as more continue to digitalise their operations.

Forging strategic alliances to facilitate regional expansion

In each market across Asia, we build on our longstanding collaboration with trade and industry bodies and form alliances. These, combined with our banking expertise and deep local understanding throughout our network, enable us to help more businesses succeed in their regional expansion plans.

Since 2011, we have supported close to

2,600 companies

in their cross-border expansion into Asia,

facilitating almost

$190 billion

in business flows into the region.

In 2019, our collaborations included:

- an MOU with the Small and Medium Enterprise Association of Sabah, Malaysia-China Chamber of Commerce (Sabah) and the Sabah-China Chambers of Commerce to provide conventional and Shariah-compliant financing to local businesses for their domestic and overseas operations;

- agreements with the Business Association of Overseas Vietnamese and the Ho Chi Minh City Export Processing and Industrial Zones Authority Business Association to provide a range of banking solutions, such as deposits, loans and payments, to Vietnamese SMEs and individuals; and

- a Memorandum of Understanding (MOU) with the China Chamber of International Commerce (CCOIC) and Singapore Exchange Limited (SGX), which:
  - will help more than 180,000 Chinese enterprises use Singapore as a launchpad to expansion into the region; and
  - builds on our existing collaborations with CCOIC and the China Council for the Promotion of International Trade to facilitate Chinese enterprises' expansion efforts into ASEAN.

"CCOIC has been actively working with international organisations to facilitate the overseas expansion of Chinese enterprises. We are pleased to form an alliance with two of Singapore's leading financial institutions – SGX and UOB – to help Chinese enterprises access the country's established financial market and stable business environment as a gateway for their ASEAN expansion. Together, we will contribute to the strengthening of bilateral economic and trade relations and growing connectivity across the region."

Mr Yu Jianlong,
Secretary General, CCOIC

"SGX is excited to partner UOB and CCOIC to support more Chinese enterprises looking to expand globally. SGX's multi-asset fundraising, investment and risk management platforms, when placed together with UOB's financial expertise and CCOIC's extensive network in the Chinese business community, will add value to enterprises tapping on the growth opportunities led by China's Belt and Road and environmental initiatives."

Mr Loh Boon Chye,
Chief Executive Officer, SGX

Providing Customers with Seamless Connectivity Across Our Network

Providing capital market expertise and fundraising solutions

We assist our clients in meeting their diverse fundraising needs by providing comprehensive corporate finance advisory and helping them tap the capital markets.

In 2019, as testament to our efforts, we were ranked first in the following Bloomberg league tables:

- Singapore Borrower Loans – Bookrunner and Mandated Lead Arranger; and
- ASEAN Loans – Bookrunner.

Our notable loan and equity deals included:

In ASEAN

- one of four global coordinators of 36 banks for a seven-year $8.7 billion syndicated loan deal in Singapore for Marina Bay Sands, which is under the Las Vegas Sands Group;
- sole coordinator and one of the mandated lead arrangers for a 13-bank revolving club loan facility of up to US$375 million for Indonesia's Tower Bersama Group;
- a mandated lead arranger and bookrunner for the US$9.5 billion of project finance facilities for project companies jointly owned by Malaysia's Petroliam Nasional Berhad and Saudi Arabian Oil Company;
- joint arranger for a US$600 million club term loan facility for Thailand's PTTEP Treasury Center Company Limited; and
- advised a shareholder of Thailand's Siamgas and Petrochemicals PCL on and arranged the sale of his strategic stake in the company to Japan's Mitsuuroko Group Holdings in a landmark cross-border deal.

Outside ASEAN

- sole mandated lead arranger, underwriter and bookrunner for HK$9.2 billion of senior secured facilities to a consortium comprising Blackstone Group L.P., Gaw Capital Partners and Board Street Investment for the acquisition of a retail mall portfolio in Hong Kong;
- provided a ¥20 billion loan facility to ESR Sachiura TMKs for ESR's land acquisition in Yokohama, Kanagawa Prefecture, Japan;
- joint financial adviser, joint global coordinator, joint bookrunner and underwriter for ARA US Hospitality Trust's US$498 million initial public offering (IPO) on the SGX Mainboard. This IPO was the first pure-play US upscale select-service hospitality trust to be listed on the Singapore bourse; and
- joint arranger and underwriter for A$607.4 million of syndicated facilities and jointly provided a $750 million equity bridge loan to Keppel Infrastructure Fund Management as trustees of Keppel Infrastructure Trust (KIT), to support its acquisition of the Ixom Group in Australia. We were also one of the joint lead arrangers, bookrunners and underwriters for a $500.8 million equity fundraising for KIT in Singapore.

In 2019, in the debt capital markets, we achieved a 22 per cent year-on-year volume increase in UOB-led and joint-led Singapore dollar bond issuances, with total value crossing the $4 billion mark.

In Thailand, we also achieved a 103 per cent year-on-year volume increase in UOB-led and joint-led Thai baht bond issuances, with total value of ฿52.77 billion.

Our notable bond deals included:

- CapitaLand Treasury Limited's $800 million bond;
- Societe Generale SA's $750 million bond;
- Singapore Airlines Limited's $750 million bond;
- Frasers Property (Thailand) Plc.'s ฿15 billion bond;
- Land and Houses Plc.'s ฿13 billion bond; and
- Pruksa Holding Plc.'s ฿6.5 billion bond.

Combining strengths to help our customers seize opportunities

We take an holistic approach to provide the best-in-class options and solutions for our customers. We build partner ecosystems that draw on the expertise and different strengths of each to serve our customers better and to meet their evolving needs. These solutions range from helping our customers accelerate their digital transformation and compete more effectively in the digital economy, to providing them with access to alternative financing. In combining our partners' complementary strengths with ours for the benefit of our customers, we are able to create more value, multiplying the overall effect for our stakeholders across our franchise.

Helping businesses succeed in the digital economy

In 2019, we launched with Google an SME Leadership Academy dedicated to helping SMEs in Singapore transform digitally and expand overseas. Around 340 business leaders across various industries such as retail, food and beverage, engineering, manufacturing and travel attended the programme, which was supported by Digital Industry Singapore and SkillsFuture Singapore.

"The SME Leadership Academy has provided valuable knowledge and insights into actionable steps by showing us how the use of G Suite and UOB's solutions can help us improve our overall work efficiency. This has resulted in improved productivity for our company. It has also opened our company to more opportunities for communication and connection with our ideal audience online, enabling us to serve them better."

Mr Lloyd Koh,
Marketing Manager, Acrafile Pte. Ltd.

Accelerating SMEs' e-commerce transformation

In 2019, we formed alliances with several strategic partners, bringing together our collective expertise to offer banking and business solutions to ASEAN's SMEs in e-commerce to help them meet their financing needs and manage their cash flow more effectively.

Our SME clients will be able to benefit from these ecosystem partnerships that will enable them to scale up their business faster and to connect with close to 300 million digital consumers in the region.

Our strategic partners

Bento · EzyProcure · Lazada
Sendo · Shopmatic · Shopee
SmartRMS · STOREHUB · ZILINGO

Powering the renewable energy adoption in Southeast Asia

Solar power is expected to account for 25 per cent of total renewable energy production in Southeast Asia by 2040. UOB is helping to accelerate the development and use of solar power as the region transitions to a lower-carbon economy.

In 2019, we:

- provided a $43 million green loan to Sunseap Group to fund its installation of solar photovoltaic systems on the rooftops of 210 sites ranging from commercial and industrial to government premises. The 37 megawatt-peak solar power systems can generate enough energy to help reduce greenhouse gas emissions by 17,000 tonnes per year; and
- rolled out U-Solar, Asia's first solar industry ecosystem that connects businesses and consumers across the solar power value chain.

U-Solar – Powering the solar industry value chain

- Offered in Indonesia, Malaysia, Singapore and Thailand; and
- Provides a wide range of financial solutions including:
  - **cash management and green financing,** such as *sukuk* (Shariah-compliant bonds), project loans and portfolio financing, to solar project developers;
  - **end-to-end contract-based financing solutions**, from bid bonds and letters of credit issuance to performance guarantees and working capital facilities, to engineering, procurement and construction contractors; and
  - **zero per cent interest on instalment plans** through **tie-ups with solar power service providers** across the region for solar power solutions for factories, offices or homes.

Our U-Solar partners

Indonesia: TMLEnergy
Malaysia: ditrolic solar · ers · +SOLAR · SOLARVEST
Singapore: SolarGy Pte Ltd · SOLARPV EXCHANGE · SUNSEAP
Thailand: BANPU · BSP · KGSOLAR

Providing Customers with Seamless Connectivity Across Our Network

Providing businesses with access to alternative financing

Through our strategic alliances with InnoVen Capital and OurCrowd, we provide companies with access to venture debt financing and private equity crowdfunding respectively.

In 2019, we signed an agreement with CapBridge, a global private capital platform:

- to offer private, high-growth companies across our key markets in ASEAN with a range of private capital solutions, and
- to enable these companies to create a new asset class of tradeable private equities on CapBridge's affiliate 1exchange, Singapore's first and only regulated private securities exchange platform, to provide their shareholders with access to flexible financing and liquidity.

Through UOB Venture Management (UOBVM), we also provide private equity financing to high-growth, privately-held companies in ASEAN and Greater China through the ASEAN China Investment Fund and the Asia Impact Investment Fund (AIIF). Integrating environmental, social and governance considerations into the investment process, UOBVM focuses on identifying quality investments through a disciplined selection process and creating long-term value for both investee companies and investors.

In 2019, UOBVM:

- became the first Singapore signatory to the International Finance Corporation's Operating Principles for Impact Management;
- applied to and subsequently became a signatory to the United Nations-supported Principles for Responsible Investment; and
- grew assets under management by close to 40 per cent year on year to more than $1.8 billion in committed capital.

The efforts of the AIIF's investee companies have led to more than 16 million low-income individuals benefitting from higher income or better access to quality and affordable products and services.

In 2019, UOBVM's investments to support financial inclusion, innovation and healthcare included:

- PT Amartha Mikro Fintek (Amartha), an Indonesia-based peer-to-peer lending start-up that seeks to support women micro entrepreneurs in rural areas. Licensed by the Indonesian Financial Services Authority (OJK), Amartha aims to accelerate financial inclusion through empowerment of women and digital innovation; and
- Halodoc, a leading healthcare platform in Indonesia which enables individuals across the country, including in underdeveloped regions, to connect to more than 20,000 licensed doctors via its mobile app and website. Halodoc aims to simplify healthcare by improving accessibility and enhancing the patient experience.

"Halodoc is committed to simplifying and to improving healthcare access in Indonesia and value the support of like-minded partners and investors. We are delighted to have UOBVM onboard; their sustainable and impact investing DNA is something we appreciate and resonate with."

Mr Jonathan Sudharta,
Founder and Chief Executive

Meeting consumers' lifestyle and financial needs

To address the needs of consumers, we continued to draw on the capabilities of industries outside of banking and to forge partner ecosystems to create convenience and value for our customers.

In 2019, we added the UOB Utility Marketplace to our range of ecosystems for consumers, ensuring that whether a customer wants a new home, a car or a holiday, we have all the partners in place to support their financial ambitions.

Singapore's first online utility marketplace provided by a bank

Through the UOB Utility Marketplace, customers can search and sign up for the best deals for electricity, gas, water, broadband and TV services easily from among 10 utility providers on a single website.

Diamond Electric Geneco iswitch Keppel Electric PacificLight
sembcorp Senoko Singtel SPgroup SUNSEAP

Our customers can also earn reward points, cash rebates or miles when they pay their bills using UOB credit cards.

In 2019, the other ecosystems and partnerships we built and enhanced included:

Homebuyers, car buyers and commuters in Singapore

- enhanced our existing property ecosystem for homebuyers by expanding our partnerships to cover more than 90 per cent of property agents in the country;
    - In 2019, more than 25 per cent of mortgage applications were made online and more than 50 per cent were processed instantly.
- continued to make car purchases and online car loan applications convenient through tie-ups with Carousell, Cycle & Carriage Singapore, Inchcape Singapore, Kah Motors, Motor Image Enterprises, Performance Motors, Performance Premium Selection Limited, Premium Automobiles, Tan Chong Motor Sales and Trans Eurokars;
    - In 2019, more than 80 per cent of our car loan applications in Singapore were made online and processed instantly.
- enabled tap-and-go credit and debit card payments for bus and train commuters through Transitlink's SimplyGo initiative and tied up with Grab to offer in-app exclusive UOB card privileges for private ride hailers.

Property owners in the region

- scaled our property ecosystem from Singapore to other countries in ASEAN. Our regional partners include:
    - UrbanAce, a start-up offering online and offline real estate marketing services in Indonesia. Through our collaboration, we reduce the time taken for property loan referrals from property agents to UOB bankers from five days to less than five minutes; and
    - MOGI, one of Vietnam's most popular property sites, with whom we launched UOB My Home, the first all-in-one online residential property portal in the country. UOB My Home features a property search function and an affordability calculator for prospective home buyers to determine the loan quantum for which they are eligible. They can then view the details of the range of mortgage solutions we offer.

Providing travellers with connectivity and convenience

We provide our customers the convenience they need for their regional travel through our integrated network across key ASEAN markets.

The Travel Insider, our online travel marketplace, offers our cardmembers in Indonesia, Malaysia, Singapore and Thailand more than 1,000 travel deals across 23 destinations worldwide. We make it easier for customers to search, to plan and to book their holidays by:

- using partner APIs to draw the best options from more than a million hotel and flight possibilities; and
- making strategic partnerships with travel industry leaders such as Agoda, Expedia, Booking.com and Singapore Airlines.

Providing convenient overseas ATM withdrawals

With a UOB ATM card or a UOB debit or credit card linked to a deposit account, our customers can withdraw cash at any of our automated teller machines (ATMs) in Singapore, Malaysia, Indonesia and Thailand without additional service charge. Almost 180,000 transactions were made using our ATM network in 2019.

In Singapore and Thailand, we offer dynamic currency conversion service at our ATMs for cash withdrawals in local currency at transparent and competitive exchange rates for holders of foreign-issued Visa and Mastercard cards.

Enabling transactions in major currencies through Mighty FX

Mighty FX is linked to a Singapore dollar-based UOB current account, such as the UOB One Account or the KrisFlyer UOB Account. Accessed through our all-in-one mobile banking app, UOB Mighty, Mighty FX offers our customers in Singapore the ability to review current and historical rates for 11 major currencies and to set at their preferred rates alerts or automatic currency conversions.

Mighty FX also comes with a debit card for cash withdrawals or payment when our customers shop overseas or at online foreign merchants with no additional foreign exchange administrative fees. The debit card opens up access to more than two million ATMs locations worldwide.

In 2019, the number of currency conversions on **Mighty FX** rose

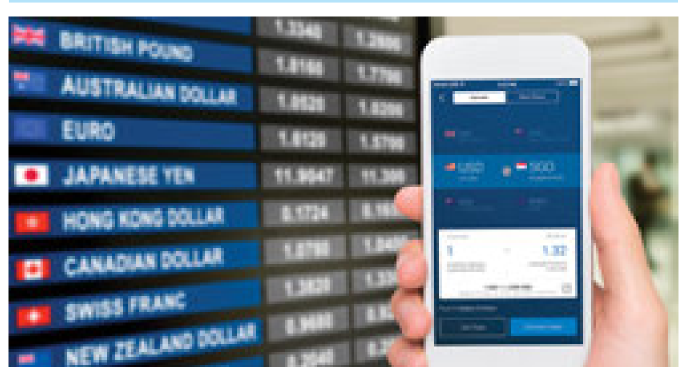
136%

year on year,

with more than

80%

increase in transaction volume.



Creating Solutions Essential to Customers' Life and Business Stages

At UOB, we focus on establishing and deepening relationships with our customers throughout their life and business stages. For more than 80 years, we have done this by staying attuned to our customers' needs , adapting to the ever-changing environment and providing them with the right solutions to help them achieve their financial goals. We are conscious of the growing influence of technology and innovation on all facets of lives and livelihoods and especially among ASEAN's young and digitally-savvy population. This is why we meld the online and offline worlds seamlessly to create distinctive banking solutions, offered through our omni-channel touchpoints and in a manner that best suits each customer. We also provide the increasingly affluent consumers and burgeoning enterprises with financial advisory services and products so that the wealth they generate and the successes they achieve are carried into the future. We are guided by our values which ensure we manage our customers' assets as if they were our own.

Engaging customers through our omni-channel approach

At the heart of our customer-centric approach is our focus on providing all the financial solutions our customers need, prefer and want, whether in person or online. Our omni-channel approach gives our customers access to a global network that includes:

- more than 500 branches, including wealth and privilege banking centres, private bank suites, business and commercial banking centres, and offices across 19 markets;
- 1.3 million automated teller machines (ATMs), including shared ATMs, and cash machines that support self-service banking transactions such as withdrawals, deposits and funds transfers;
- mobile banking apps, such as UOB Mighty and UOB Business; and
- internet banking channels that enable our customers to bank anytime and anywhere.

20% increase
in total banking transactions

96%
of all transactions* are **digital**

* includes ATM transactions

1 in 3
banking accounts in Singapore opened **digitally**

2 in 5
customers in Singapore prefer to use **multiple banking touchpoints**

Transforming our customers' branch experience

To keep ahead of changing customer expectations, lifestyles and preferences, we have been transforming our branches across the region. By applying design thinking to existing branches, testing innovative concepts and seamlessly incorporating technology into the branch experience, we are able to engage and to serve our customers better.

In 2019, our branch transformations included:

- high street wealth banking branches in Singapore that integrate digital and face-to-face financial advisory services and use technology, such as our purpose-built digital wealth advisory tool, to assist our emerging affluent customers in making investment decisions confidently;
- express and satellite branches at accessible and convenient locations in Singapore where our young professional and young family customers bank, live and play;
- redesigned branches in Thailand where more than two-thirds of the space is dedicated to providing financial advisory and the rest for over-the-counter transactions;
- lifestyle branches for young professionals and young families in Thailand; and
- a new privilege banking centre in Xujiahui, Shanghai, a major commercial centre in the city, to serve high-net-worth customers in China.

Making digital transactions safer, swifter and simpler

We continued to make it convenient for consumers to make payments and to transfer funds easily and securely to businesses and individuals. For example in Singapore, we partnered our corporate clients in the airline and telecommunications industries to enable PayNow Quick Response (QR) code payments for consumers to scan and to pay for their purchases easily.

Our award-winning mobile app UOB Mighty, which combines banking services, contactless payments and rewards in a single app, continues to set the standard for mobile banking apps. Since 2015, we have been continually enhancing UOB Mighty to enable our customers to bank, to pay and to enjoy rewards and benefits according to their preferences.

In 2019, an average of

›1.5 million

transactions were made monthly on **UOB Mighty** in Singapore.

Total number of transactions increased

88%

from 2018.

We also integrated national e-payment initiatives, including Malaysia's DuitNow, Singapore's PayNow and Thailand's PromptPay, into UOB Mighty. It was to enable our customers in these markets to make payments seamlessly using just the recipient's mobile phone or business registration number.

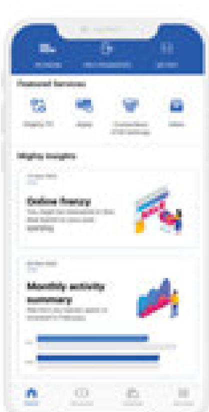
Helping consumers save, spend and invest wisely

To meet the needs of the growing group of affluent customers in ASEAN, we expanded our wealth management services into Indonesia with the launch of Wealth Banking services in 2019. We also renewed our bancassurance arrangement with Prudential Group to combine our complementary product and digital capabilities for the benefit of our customers. We widened the scope of our collaboration to include Vietnam, our fifth market for Prudential's life insurance products. Our other markets are Indonesia, Malaysia, Singapore and Thailand.

Wiser spending and saving decisions with Mighty Insights

In 2019, we launched Mighty Insights in Singapore, an industry-first artificial intelligence (AI)-based digital banking service, which:

- uses advanced data analytics, machine learning and pattern recognition algorithms to give customers greater insight into their saving and spending habits; and
- provides intuitive, relevant and personalised alerts on spending patterns, subscription fees, refunds and travel expenses in prominent insights cards on the UOB Mighty app home screen.



"As a frequent traveller, I would like to know how much I spend when I travel to ensure I stick to a budget. However, I often struggle to find the time required to reconcile all my receipts with my credit card statements. I was pleasantly surprised when Mighty Insights provided me a consolidated view of my expenses across all my UOB credit cards during a recent family holiday as it meant that I did not have to track them manually. The insights also helped me realise that I had spent beyond my budget and this has led me to be more conscious of my spending."

Mr L. C. Choo,
Entrepreneur

Creating Solutions Essential to Customers' Life and Business Stages

In 2019, we continued to enhance our suite of deposit, card and wealth products and solutions to help our customers achieve their personal financial goals:

Savings and card solutions

- Introduced the UOB Stash Account, a savings account that offers bonus interest on spending and savings, in Indonesia, Malaysia and Thailand;

First launched in Singapore in 2017, **UOB Stash Account's** total balances grew

> 50%

year on year to cross the

$1 billion mark

in 2019.

- Launched the KrisFlyer UOB Credit Card, the first bundled product in Singapore that can be combined with a savings account to earn bonus KrisFlyer miles;

- Revamped our iconic UOB Lady's Card rewards programme in Singapore to offer more freedom and flexibility in how rewards are earned in line with the changing priorities of women;
- Launched UOB Line Connect on Thailand's most popular messaging app, Line, to enable balance and transaction enquiries for credit cards and unsecured loans, and to provide information such as new products and promotions;
- Expanded our rewards programme for our Preferred Visa Platinum cardholders in Thailand to earn extra loyalty points on their spending at Central Group's network of merchants; and
- Introduced in Vietnam the UOB-L.Point ATM card to offer double L.Point reward points on spending at all Lotte stores and discounts at selected merchants across the country.

Wealth and investment solutions

- Rolled out USave PRUStar, the first bancassurance endowment plan in Indonesia that provides annual cash payouts for customers to reinvest for their future financial needs;
- Launched a range of Islamic wealth management solutions in Malaysia comprising Shariah-compliant savings and fixed deposit accounts, wealth protection plans, as well as global and domestic Islamic unit trust investments;
- Enhanced the UOB KidSmart programme in Singapore for our young family customers with a suite of Prudential's protection and endowment plans and activities; also launched the Nickelodeon Academy of Smarts to help children realise their potential by identifying their own natural talents with Nickelodeon characters;

- Introduced MyPortfolio, a digital investment dashboard that provides our high-net-worth Private Bank clients an integrated overview of their portfolios at a glance, enabling them to monitor and to manage their assets in real-time;
- Scaled up our offering of discretionary portfolio management services to help our Private Bank clients grow and preserve their wealth; and
- Revamped our Next Generation Programme to our Private Bank clients' children, enabling them to gain insights from business leaders, as well as connecting them to local and international internships at technology and venture capital firms. The success of this programme helped UOB Private Bank win the Best Private Bank for Millennials at *The Banker's* Global Private Banking Awards 2019.

Taking a risk-first approach to growing our customers' wealth

Our comprehensive suite of wealth management advisory and investment solutions is built on our risk-first approach of helping our customers safeguard their assets and build sustainable income streams before taking on more risk through tactical investments. We do so by:

- understanding our customers' goals, risk capacity and tolerance before making any financial recommendations;
- ensuring our customers consider the risks of an investment ahead of possible returns; and
- helping our customers prioritise their investment goals.

Providing fund investment solutions across asset classes

Through UOB Asset Management (UOBAM), we offer a full suite of fund investment solutions and services to make investing simpler, smarter and safer for our customers. In 2019, UOBAM's assets under management across the region grew 18 per cent year on year to more than $36 billion.

In 2019, we launched 24 funds for retail investors across Asia, including:

Equity funds

- United Global Innovation Fund (UGIF), an equity fund in Singapore that offers the opportunity to invest in innovative enterprises of different market capitalisation across sectors and regions;

- United China A-Shares Innovation Fund in Japan that focuses on growth opportunities in China's technology sector;

- United Global Healthcare Fund, an equity fund in Malaysia to provide investment opportunities in global medical healthcare stocks;

Multi-asset funds

- United Malaysia Fund, a mixed asset fund in Malaysia that seeks to achieve income and capital appreciation through a diversified asset class portfolio;

- United Harmony Fund Series, which comprises three multi-asset funds in Thailand that aims to achieve returns through a diversified and dynamic asset allocation strategy;

Islamic funds

- United-i Global Balanced Fund, our first Shariah-compliant fund in Malaysia that aims to generate income and capital appreciation through investing in global equities and *sukuk* (Shariah-compliant bonds);

- United Emerging Market Debt (EMD) Fund 2023, Taiwan's first onshore Islamic fixed income fund;

Bond funds

- United Dynamic Bond Complex Return Fund (third tranche) in Thailand that invests mainly in debt instruments and derivatives to achieve diversification and positive returns; and

- United 5 Years Trigger EMD Term Fund, the first trigger term fund in Taiwan that invests in emerging market bonds to meet the local demand for more conservative term funds that could offer additional returns.

In 2019, UOBAM also increased its use of AI to facilitate its investment research and evaluation processes:

- collaborated with financial technology (FinTech) start-up, Value3 Advisory, to launch an AI-enabled credit rating, research and reporting service in ASEAN that will help bond investors make more effective investment decisions with credit insights in real time;

- enabled QR code payment for investment transactions on our online trading platform, Premier Online, in Thailand; and

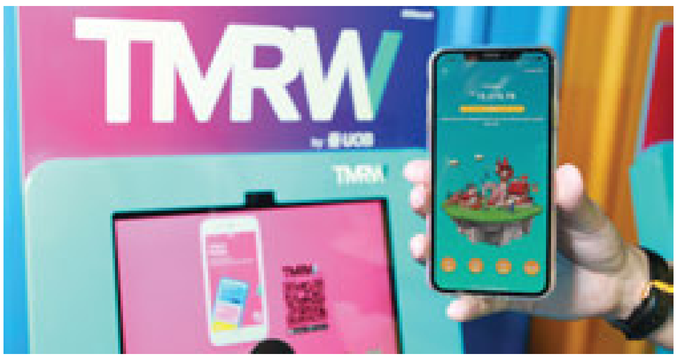
- extended our corporate robo-advisory service, UOBAM Invest, to Malaysia to help local companies achieve their investment goals through customised portfolios. UOBAM Invest was Singapore's first robo-advisory service for corporates and is also available in Thailand for retail investors.

As a signatory to the United Nations-supported Principles for Responsible Investment, UOBAM expects to complete the integration of environmental, social and governance factors into all investment processes by 2020 to offer customers more responsible and sustainable investment solutions.

Creating Solutions Essential to Customers' Life and Business Stages

Engaging the region's digital generation

For ASEAN's digital generation, we designed and built the region's first mobile-only digital bank, TMRW. In early 2019, we launched TMRW in Thailand for its booming generation of digitally-savvy consumers who prefer to bank on their mobile phones, anywhere and anytime.



Our Digital Bank aims to make banking simpler, more transparent and more engaging for our customers and we do so by personalising the banking experience for each and every individual. From signing up for an account through to day-to-day transactions, TMRW pioneers a new experience in banking.

In 2019, we were the first bank in Thailand:

- to enable customers to sign up for and to open their TMRW accounts without needing to visit a bank branch. Our 350 TMRW authentication kiosks are easily accessed as they are located in heavily frequented areas across Greater Bangkok;
- to enable fingerprint and facial biometrics authentication, making it speedier and safer for customers to open accounts;
- to launch a Thai-language chatbot to converse with customers in a familiar manner; and
- to tap AI and machine learning to anticipate customers' needs and to provide insights that help them save and spend more wisely.

TMRW is here today

Simple
- Fully digital and fast
- Intuitive user interface

Transparent
- Easy to understand
- No jargon

Engaging
- Personalised
- Insightful

Unique
- TMRW learns from each customer's unique behaviour to create a personalised and engaging banking experience.
- The user interface is designed to be simple and intuitive with no traditional app menu so customers can manage their banking seamlessly.
- Our AI-enabled virtual chat assistant, Tia, knows more than 100,000 Thai words and phrases. Tia was the first Thai-language chatbot launched by a bank in Thailand.
- Customers can open a TMRW account digitally and securely using biometric authentication at our unique kiosks, with most accounts opened in under ten minutes.

2 in 3 customers have recommended TMRW to others

› 70,000 accounts opened within nine months

Partnered **Grab, Shopee** and **Central Group** to offer a range of deals and benefits

24/7 chatbot, Tia, understands **›100,000** Thai words and phrases

›80,000 user interactions via Tia monthly

Supporting Asia's entrepreneurs and enterprises

Our experience and local presence give us first-hand understanding of what is takes to build a sustainable business in Asia. As such, we position ourselves well to keep supporting companies throughout economic cycles and helping them fulfil their growth aspirations.

UOB BizSmart

UOB BizSmart enables small businesses to automate:

- key operating processes such as accounting, inventory management, employee management and information security; and
- reconciliation of transactions by linking their UOB BizSmart Account to their UOB bank account.

In 2019,

- we rolled out UOB BizSmart in Indonesia, our fourth market after Malaysia, Singapore and Thailand where our suite of cloud-based integrated business solutions is available; and
- we made UOB BizSmart the only bank-led solution to provide businesses in Singapore with access to the Nationwide E-Invoicing Network for the creation of PEPPOL-standard e-invoices to transact more efficiently and at lower costs. PEPPOL, which stands for Pan-European Public Procurement On-Line, is an open, common standard which enables the exchange of interoperable machine-readable documents over its network.

As at end-2019, more than

31,000

small businesses across ASEAN were using **UOB BizSmart** to drive their performance.

Helping businesses to transform digitally

Rapid technological advancements in recent years have fuelled the growth of the digital economy, which is reshaping how industries and companies work.

In 2019, we continued to step up our efforts to help our corporate clients, especially the small- and medium-sized enterprises (SMEs), tap technology for their own digital transformation and to improve their productivity.

UOB mCollect

In 2019, we launched UOB mCollect. The QR-based collections solution digitalises the cash-on-delivery model for our corporate clients in Singapore. With the solution, our clients can:

- collect payments from their buyers via PayNow at the point of delivery of their goods or services;
- reduce the risk inherent in their handling of cash;
- automate reconciliation of payments collected, reducing the need for manual processing and cutting down the time needed to manage account receivables; and
- improve their cash flow and productivity.

"We make hundreds of deliveries every day. When collecting payment, which is often made by cash, our salespeople have to spend time verifying the amount and payee details and tallying the payments at the end of the day. This manual process not only creates room for human error, but also takes up valuable time and resources. With UOB mCollect, our salespeople can collect payments digitally, streamlining the collection process and reducing the time needed for each delivery. Our finance team also benefits as payments received through UOB mCollect are automatically reconciled against each invoice."

Mr Steve Wong,
CEO, Boong Group

"We have been using UOB BizSmart to manage processes such as invoicing, accounting and payroll digitally. With UOB mCollect, we can now generate and embed a dynamic PayNow QR Code in the invoices we issue to our customers. This means our service technicians can collect payments on the spot, shortening the time taken to receive payments which in turn helps to improve our cash flow."

Ms Mabel Wan,
Finance Manager, Goodair

Creating Solutions Essential to Customers' Life and Business Stages

FINLAB

In 2019, our innovation accelerator, The FinLab, expanded its Smart Business Transformation Programme into Malaysia and Thailand to help local SMEs in their digitalisation efforts to increase productivity and growth. The programme is known as the Jom Transform Programme in Malaysia.

We engaged more than 900 SMEs through a series of workshops to help them learn more about digitalisation and business transformation. More than 30 SMEs were then shortlisted for the three-month programme during which they gained the know-how on business innovation and suitable technology solutions in areas such as enterprise resource management, online profile-building and business performance data and insights.

"The Jom Transform Programme has helped us to evaluate our operations and to identify new technology solutions for our business. The food and beverage sector is competitive and it is important to ensure our operations run smoothly at every level, from procurement and production through to customer experience. We are now implementing the solution from Singapore-based technology firm, AImazing, to reduce the manual workflow of collating sales data from across our nine outlets, releasing our staff to do higher value work. The solution also helps us better understand our customers' needs in order to personalise our service to them."

Ms Najib Hamid,
Managing Director and Group Chef, Serai Group

"As a wholesaler and retailer of sports apparel, we aim to make Warrix a household name across Southeast Asia. The Smart Business Transformation Programme has helped us to develop a structured approach to managing and to scaling our business, which has enabled us to meet our monthly online sales growth target of 270 per cent. This was just three months after implementation and we expect our sales to reach 400 per cent by the year's end. With a more efficient and optimised sales process and platform, we are now more confident to plan for our business expansion to other countries."

Mr Wisan Wanasaksrisakul,
Chief Executive Officer, Warrix

COMMERCIAL

In 2019, in collaboration with property technology firm, SoReal, we launched RealCommercial, Singapore's first all-in-one commercial property solution that features an instant valuation service recognised by a bank.

RealCommercial makes it faster and easier for SMEs to search for and to purchase office, warehouse or retail space. Through our digital valuation service, SMEs can receive a bank-backed valuation in under a minute, see the loan amount for which they qualify based on their average monthly cash flow or affordability and proceed with their loan application straightaway. The solution speeds up their buying process.

"In today's digitally-connected world, there is increasing expectation for services to be provided on demand. As such, the real estate industry must also innovate to ensure that we have the right business models and processes to meet customer expectations. The launch of RealCommercial equips property agents with digital tools that are essential to providing their SME buyers a more efficient and customer-centric experience. We are glad to have UOB's continued support as we step up our efforts to transform the real estate industry."

Mr Thomas Tan,
President of the Singapore Estate Agents Association

Financing sustainable futures for Asia's SMEs

We recognise that financing is key to SMEs' operations and growth. Across ASEAN, we have been providing a wide range of solutions to give SMEs greater financial flexibility in their day-to-day operations.

Boosting Singapore Poultry Hub's productivity with support for industry's first smart and green factory

We provided a $40 million loan to Singapore Poultry Hub Pte Ltd to help the company set up Singapore's first smart and green poultry processing factory, which will:

- employ technologies such as robotics, automation and the industrial Internet of Things; and
- help improve productivity by 26 per cent and production capacity by 70 per cent, while reducing waste by 60 tonnes per day.

"We recognise the need to use technology to ensure our competitiveness in the long term. As an SME making an investment of this scale, we needed the support of a banking partner who could not only provide us the financing required, but advise us on the most relevant financial solutions for our needs. UOB was with us at every step of the way, sharing their expertise and helping us determine the best way to optimise our funds. We are grateful for the Bank's support and look forward to continue working with UOB."

Mr Joseph Heng,
CEO, Singapore Poultry Hub Pte Ltd

Loans to SMEs rose
9%
year on year to
$61 billion
in 2019.

In 2019, we made financing more inclusive and more accessible to SMEs through the following:

Singapore

- provided a total of $547 million in unsecured working capital loans to 2,800 SMEs in Malaysia, Singapore and Thailand through UOB BizMoney, our flagship collateral-free loan product;
- launched the UOB Regal Metal Business Card to help our SME customers in Singapore access card privileges and rewards and cut costs in business travel and entertainment;

Malaysia

- collaborated with the Syarikat Jaminan Pembiayaan Perniagaan Bhd, a government agency under the Ministry of Finance Malaysia, to promote business and financial solutions, including government-guaranteed lending schemes, to SMEs across Malaysia. More than 1,600 SMEs received RM1.5 billion in aggregate loans in 2019;

Thailand

- helped Thailand's Business Online Public Company Limited provide online unsecured loans to SMEs via MatchLink, an online networking platform. Loan applications through MatchLink require five times less paperwork and only five working days for approval for eligible SMEs, compared with 20 days typically required; and

Vietnam

- stepped up our financing to SMEs in Vietnam through our UOB BizMerchant programme, which uses a data analytics-powered credit underwriting engine to analyse datasets such as e-commerce sales records to determine creditworthiness. More than VND90 billion in loans was provided to more than 300 SMEs in 2019.

  The UOB BizMerchant programme was awarded the Financial Inclusion Initiative of the Year – Vietnam at the *Asian Banking & Finance* Retail Banking Awards 2019 and the Best Financial Inclusion Project at *The Asian Banker* Vietnam Awards 2020.

Creating Solutions Essential to Customers' Life and Business Stages

Planning for long-term business success

Succession planning and sustainability are key to companies' long-term viability.

In 2019, we launched new initiatives and built on existing ones to provide better support to business leaders and their successors.

The Business Circle

An initiative to prepare the next generation of business leaders in line to lead their families' firms. The Business Circle community enables our clients:

- to tap cross-industry, cross-border knowledge-sharing and collaboration opportunities; and
- to gain insights into the industry expertise, business acumen and innovative thinking of established entrepreneurs.

The Business Circle's first overseas trip was to Chengdu and Chongqing, China, organised together with the UOB-Singapore Management University Asian Enterprise Institute. More than 50 next-generation business leaders from Indonesia, Malaysia, Myanmar and Singapore attended. They:

- toured the Liangjiang New Area's Digital Economy Industrial Park to learn how companies use technology to design solutions to widen their market reach or to improve customer experience; and
- visited Hema, Alibaba's technology-driven supermarket, to understand how the company redesigned the retail experience.

We held another trip to Israel where our next generation business leader clients attended the OurCrowd Global Investor Summit in March 2019. There, our clients from Hong Kong, Singapore and Thailand heard from technology experts in various fields such as medical technology, cybersecurity, autonomous driving, food production, AI and robotics.

The Unlimited

An inclusive hiring initiative launched in collaboration with SG Enable, Autism Resource Centre, the Movement for the Intellectually Disabled of Singapore and SPD, The Unlimited is the first inclusive hiring collaboration among the private, public and people sectors in Singapore to promote sustainable employment for persons with disabilities. Under The Unlimited, we:

- act as the private sector catalyst for inclusive hiring, engaging our clients to raise their awareness and to generate interest in the hiring of persons with disabilities; and
- connect our clients with persons with disabilities and help to facilitate the hiring process.

Thong Siek Food Industry, a manufacturer, distributor and retailer of seafood products in Singapore, participated in the pilot of The Unlimited and created 10 job positions ranging from administration to food packing for persons with disabilities. It received the Best Newcomer Award at the 5th Enabling Employers Awards in 2019.

Helping Our Colleagues Make a Meaningful Difference

Our decisions and actions are guided by our values of Honour, Enterprise, Unity and Commitment. As an organisation that focuses on bringing out the best in our colleagues, we provide them with training and career development opportunities to ensure that they possess the right skillsets and mindsets to remain relevant to our customers and the industry well into the future.

With more than eight decades of growing our business sustainably across borders, we understand and appreciate the diversity and range of our many markets. As we deepen our expertise on the ground, we also help our colleagues broaden their perspectives across the region so they are able to make considered decisions for the long-term good of our customers, our communities and our environment. This is fundamental to our risk culture. We balance opportunity with responsibility for the present and into the future.

Building a prudent, progressive and high-performing organisation

UOB's distinctive prudent and risk-focused approach to growing our business has been a constant since our founding. We encourage awareness, understanding and respectful behaviour at UOB to reinforce our values-based, risk-aware and risk-focused culture.

"We have been through tough times before and our strong risk culture will enable us to weather what lies ahead as we balance responsibility with opportunity. Always be guided by our values of Honour, Enterprise, Unity and Commitment."

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

"At UOB, our strong risk culture sets the tone for how we do business. Whatever we do, we must consider if it is the right and fair outcome for our customers and for the Bank."

Mr Chan Kok Seong,
Group Chief Risk Officer, UOB

In 2019, the steps we took to strengthen our risk-first approach included:

- enhancing the Group-wide Code of Conduct e-learning for colleagues to include a standalone module on risk;
- increasing awareness of risk culture and conduct risk across the Group through a dedicated site on MyUOB, the Group's intranet, to share our senior management's views on risk management, leadership by example, as well as internal risk management best practices and external case studies; and
- prioritising risk culture in town halls and training sessions conducted by business and support units.

Driving values-based performance

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

Each individual's progress is measured and assessed through our performance management process called PEAK which stands for Plan, Engage, Appraise and Keep Track. We enhanced this process with a Performance and Development Committee (PDC) in 2018 to evaluate the achievements of our managing directors based on their key performance indicators and feedback from their managers and peers. In 2019, we extended the PDC framework to include more than 8,000 colleagues across the Group.

Upholding our customer commitments

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

Our values correspond with each of our four customer commitments:

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

In 2019:

- 9,130 colleagues were nominated for the CCA awards, an increase of 39 per cent over 2018;
- 96 individuals and 38 teams won awards for setting standards in their daily decisions and actions; and
- 10 markets were represented – Australia, mainland China, Hong Kong, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the US and Vietnam. UOB (Vietnam) took part for the first time as a subsidiary.

"Our customer commitments are far more than the smiling faces, the warm touches, the kind word, the helping hand. When we say we are committed, at UOB we have to address the whole customer experience, everything that leads to it and everything that maintains it, every step of the way."

Mr Wee Ee Cheong,
Deputy Chairman and CEO, UOB

Helping Our Colleagues Make a Meaningful Difference

Encouraging the professional growth of our colleagues

The banking sector is undergoing transformational change and job roles are being redefined by new technologies. Given these and the need to address the evolving expectations of our customers, we make learning and development a top priority. We invest in deepening the capabilities of our colleagues and guide them on career paths that help them fulfil their professional ambitions.

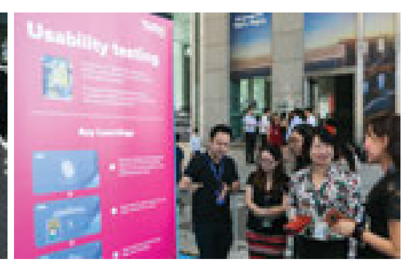
Steering the course to successful careers

In 2019, we launched a Group-wide learning and development programme called Better U to prepare our colleagues for the roles of the future. Better U focuses on developing five core competencies essential in the digital era. These competencies form the bases for future learning, skills development, market relevancy and employability. They will also steer our colleagues on the path to continued learning and technical specialisation in their areas of interest and ability.

Better U has a 12-week foundation course aimed at encouraging a growth mindset, developing complex problem-solving skills and acquiring skills in the fields of digital awareness, human-centred design and data storytelling.

Notable features of Better U

- First such training initiative in Singapore covering soft skills as well as digital and data skills to receive accreditation by The Institute of Banking and Finance Singapore (IBF). Colleagues who complete the course will receive a UOB-IBF Certificate of Achievement.
- Digital learning journey combined with interactive team-based learning activities and games to enable colleagues to complete the course at their own pace and for a more engaging learning experience.
- Close to 1,500 colleagues participated in the Singapore launch at UOB Plaza in October 2019. The programme was extended to mainland China, Indonesia, Malaysia, Thailand and Vietnam within two months.
- By the end of 2020, at least 70 per cent of eligible colleagues across the Group will have completed the Better U foundational course.
- $21 million was allocated to fund this programme.



"Transformation is an ongoing journey and we will need to keep building new capabilities and learning new skills to stay ahead. In a world where technology is constantly changing, developing cross-cutting competencies is as important as acquiring skills in a specific job."

Mr Wee Ee Cheong,
Deputy Chairman and CEO, UOB

"We designed the Better U programme to nurture a mindset that is curious and open to new avenues of personal and professional growth."

Mr Dean Tong,
Head of Group Human Resources, UOB

"The course helps me to understand more about the future of banking and finance and how to survive in the uncertain but interesting future."

Mr Li Dat Long,
Vice President, Global Markets, UOB (Vietnam)

Promoting lifelong learning

In addition to Better U, we run numerous programmes to equip our colleagues with the skills they need to serve our customers better and to realise their own potential. Our ongoing learning and development programmes include:

Digital transformation

- **Professional Conversion Programme** in Singapore to deepen the digital skills of branch colleagues. Developed in collaboration with Workforce Singapore and IBF;

- **AI in Finance** online course in Singapore on the fundamentals of artificial intelligence (AI) and its relevance in the finance industry, by the Centre for Finance, Technology and Entrepreneurship and Ngee Ann Polytechnic. In 2019, 290 colleagues enrolled in the course;

- **AI Experiential Programme** in Singapore in areas such as Python coding, data visualisation and the application of AI using real data for case studies. The programme is supported by Workforce Singapore through the Industry Catalyst Programme;

- **UOB-Asian Banking School Small- and Medium-Sized Enterprise Banking Executive Certificate Programme** in Malaysia to cultivate an entrepreneurial mindset among our business bankers and to equip them with digital marketing and credit analytical skills; and

- **UOB-Mahidol Banker's Executive Certification Programme** in Thailand to broaden our business bankers' knowledge in areas such as digital banking, blockchain technology and risk management.

"Digital disruption creates opportunities, especially for small businesses to adapt and to grow. We want to make sure that our business bankers are prepared to help pave the way for Thai enterprises to succeed. The UOB-Mahidol Banker's Executive Certification Programme enables our bankers to remain relevant when supporting our clients seize opportunities in the dynamic digital economy."

Ms Sayumrat Maranate,
Head of Business Banking, UOB (Thai)

Service excellence

- **First service inclusiveness training programme** for the financial sector in Singapore to help colleagues grasp the everyday challenges faced by people with disabilities and to learn the practical approaches to take when attending to customerswith disabilities;

- **Service Competency Toolkit** in Singapore which empowers our branch colleagues to promote service leadership through experiential activities such as role-playing and self-awareness quizzes;

- **Art of Service Recovery** workshops in mainland China, Indonesia, Malaysia, Singapore and Thailand to equip our colleagues with the skills to resolve customer issues and to turn difficult situations into positive outcomes; and

- **Conflict management training** in Hong Kong for Risk Management colleagues to complement their technical capabilities by honing their skills in managing stakeholders.

Specialist training and personal development

- **UOB Talks – Leadership Series** in Indonesia where internal and external speakers shared their knowledge on topics such as leadership, communication and personal development;

- **GWB Academy** for Group Wholesale Banking colleagues to have a sound grounding in credit principles and applied credit skills, product knowledge and industry specialisation;

- **Seminars** with industry experts from the financial services, insurance and legal sectors were held for our Group Wholesale Banking colleagues;

- **UOBAM&me Employee Programme** where our Asset Management colleagues participated in a series of digital, productivity and personal well-being workshops; and

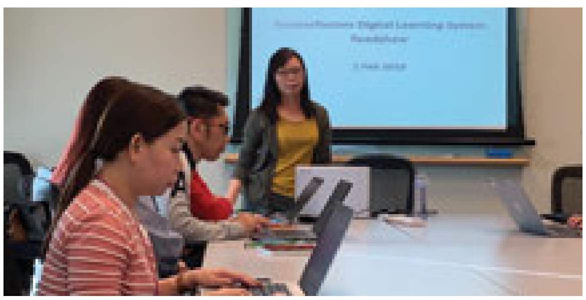
- **UOB-Foreign Trade University Banker's Executive Certificate Programme** in Vietnam to provide Business Banking colleagues with specialist skills in areas such as credit and risk management, trade financing and regional regulatory frameworks, to support our customers with their regional ambitions.

Helping Our Colleagues Make a Meaningful Difference

Learning on the go

In 2019, we launched a digital learning system for our colleagues to acquire new skills anytime and anywhere. Called **SuccessFactors**, the system features the most relevant subjects through articles, videos, learning paths and workshops. In 2019, 80 per cent of colleagues across the Group had easy access to this digital learning system through their mobile devices and desktops.

We offered **LinkedIn Learning** to all our colleagues. The external learning and development site holds a vast library of more than 200 learning paths and 9,000 courses covering business, creative and technical skills.



Building our talent pipeline

We continually seek to improve our selection process to ensure we are securing the best talent to lead and to sustain our growth. In 2019, we enhanced our 18-month Management Associate (MA) Programme to attract high-calibre and early-career talent from across the region. We also launched a Leadership Acceleration Programme to identify future leaders from our talent pool.

In 2019, we received more than

34,000 applications

for the MA Programme,

the highest number of applications since the programme's inception in 2004.

MA Programme

Aims:

- To expose MAs to various business operations locally and regionally;
- To provide MAs with an in-depth understanding of UOB's culture; and
- To help MAs develop skillsets for a fast-track career at UOB.

In 2019, we:

- embarked on consolidating our efforts in reaching out to potential candidates around the world;
- conducted roadshows at UK campuses for the first time in addition to Australia campuses to increase awareness of our programme;
- promoted first-hand experience of our MAs through social media to attract potential candidates; and
- expanded our yearly intake from 32 to 48 associates to meet business needs for a wider pool of talent.

In 2019, we assessed more than

250 high-performing colleagues

across the Group.

50 colleagues

were shortlisted for the first batch of our Leadership Acceleration Programme.

Leadership Acceleration Programme

Aims:

- To identify colleagues with high leadership potential and to accelerate their personal and professional development;
- To provide a structured programme including rotations across functions and markets for them to understand more fully the Bank's operations;
- To enable them to set the pace of their career development, in line with their professional and personal needs; and
- To serve as the foundation for succession planning and leadership renewal.

Selecting the best candidates

Personal bankers are often the first people our customers approach for financial advice and it is important that we select talents who would uphold UOB's values and possess the right aptitude and attitude for this role. In Singapore, our Talent Acquisition team receives more than 5,000 applications a year for the close to 300 Personal Banker positions we fill annually. It is resource-intensive and time-consuming to screen each candidate manually so in 2019, we used design thinking to improve our efficiency in assessing potential candidates.

Our new three-stage recruitment model comprises:

1. a chatbot to provide a seamless application experience for candidates;
2. an online assessment which includes game elements to interest and to engage potential candidates as well as a video interview to gauge their suitability for the role; and
3. an Assessment Day where candidates participate in group activities and a panel interview before successful candidates are offered positions on the spot.

The impact of our recruitment model:

- 50 per cent improvement in recruitment efficiency;
- 10 per cent increase in the offer acceptance rate; and
- Received the Gold Award for Excellence in Recruitment, Singapore at the *Human Resources* HR Excellence Awards.

Helping Our Colleagues Make a Meaningful Difference

Creating a better place to work

We are committed to looking after our colleagues' well-being because it is our duty to care for them and we know that for people to give their best, they must feel supported, healthy and happy. As such, we continually seek to improve the workspace, to promote work-life harmony and to inspire our colleagues every day.

In order for us to meet our colleagues' expectations, we need to keep abreast of their concerns and interests. In 2019, we conducted our biennial UOB Employee Survey to understand what matters most to our colleagues. The survey gives management insight into how our colleagues feel about a range of topics such as career development, diversity and inclusion, technology, rewards and recognition, and work-life harmony. Over the years, the feedback has informed many of our people-focused programmes that help us build a great place to work.

Making more space for high performance

Our Corporate Real Estate Services and Group Technology and Operations teams continue to transform our offices in Malaysia, Singapore and Thailand into high-performance workspaces that promote collaborative work models. To improve engagement and efficiency, our colleagues can choose the type of work settings that best suit their needs:

- **Individual spaces**: Desks, focus rooms and touch-down areas for individuals to work; and
- **Shared spaces**: Meeting rooms, work-bistros, collaboration areas and multi-functional areas for larger gatherings and discussions.

By end-2019, more than 140,000 square feet of office space in Singapore had been transformed into high-performance work spaces. These work spaces are located in all our main buildings – SGX Centre, Far Eastern Bank Building, One Raffles Place and UOB Plaza 1 and 2.

We have also begun the construction of two buildings which will be our headquarters in Kuala Lumpur, Malaysia and Bangkok, Thailand. Malaysia's will be ready in 2021; Thailand's will be completed in 2022. Both will feature high-performance work spaces to promote mobility and collaboration among our colleagues.

Enhancing enterprise-wide effectiveness

In 2019, we continued to invest in technology to create a more productive, mobile and connected work environment for our people.

Online Collaboration

Real-time conferencing with Virtual Meeting Room
Our UOB Virtual Meeting Room solution makes it easy for teams to collaborate anywhere and anytime. It supports video, audio and digital content and interaction.

Bring group conversations and sharing together with Microsoft Teams
Given today's fast-paced environment, we provide colleagues a secure collaboration workspace through the Microsoft Teams application so they can communicate and collaborate more effectively on the go.

Workspace Productivity

Mobility across our offices with digital telephony
The Bank-wide rollout of new digital phones frees our people from a fixed desk arrangement while enabling them to remain in touch from wherever they choose to work.

Instant secure file-sharing with UOB cloud-sharing solution
UOB uCloud is an internal cloud storage system that enables our people to share work files securely across borders.

Digital Workspace

Build connections through Yammer
To complement our intranet MyUOB, we launched Yammer as a social networking tool which colleagues across the Group can use to engage and to interact with one another.

E-learning channel for professional growth
Our digital learning platform SuccessFactors enables our people to learn new skills anytime and anywhere through their personal smart devices.

Inspiring interest, involvement and understanding

MyUOB is our main channel to keep us constantly in the know and engaged. Through MyUOB, colleagues across our markets connect, create and collaborate on their mobile devices, laptops or computers. With articles kept short for easy online reading and featuring short videos and infographics, MyUOB is in keeping with the way people now consume and share information – digitally and on the go.

All content on MyUOB reinforces our values-based culture. It is presented through innovative, informative and interesting multi-media stories to engage colleagues and to keep them abreast of breaking news relevant to our customers, our markets and our communities. MyUOB is also designed to foster meaningful interaction among our colleagues through its share, like and comment functions for each content piece.

In 2019, engagement in MyUOB from our more than 26,000 colleagues saw:

- 3.8 million MyUOB visits, an increase of 26 per cent over 2018;
- 1,129 stories contributed by our colleagues from across the Group, an increase of 26 per cent over 2018; and
- 48 dedicated new MyUOB sites created on topics such as risk culture, sustainability and workplace productivity tools.

Caring for our colleagues

In caring for the well-being of our colleagues, we offer a range of benefits that includes annual leave, family care leave, staff loans, special allowances and reimbursements, healthcare, social security-equivalent contributions, life insurance and accident insurance.

Providing flexible work options

- Offering part-time work arrangements supporting colleagues with multiple responsibilities, such as working mothers, part-time students and those caring for elderly parents, to continue working with us;
- Staggering work hours giving colleagues greater flexibility in managing their daily work schedule;
- Providing two hours of paid time off every month for full-time permanent colleagues to attend to personal matters; and
- Offering the option to work from home, up to 10 days a year, to help colleagues manage their personal needs while fulfilling work responsibilities.

Encouraging healthier lifestyles

- $17 million worth of healthcare and wellness benefits distributed to eligible colleagues in China and Singapore through our Healthy Employees, Active Lifestyles (HEAL) programme;
- More than 133,000 visits by colleagues to our Staff Deals page on MyUOB for exclusive lifestyle and wellness promotions in partnership with service providers and merchants; and
- 4,339 colleagues in Singapore had free annual health screenings and flu vaccination organised by the Bank.

Staying fit for purpose

We encourage colleagues to set up interest groups that contribute to their well-being. In 2019, colleagues in Hong Kong and Singapore set up their local UOB running clubs for all fitness levels to join in their weekly runs. The clubs also held lunchtime talks at their offices or gym to share tips on running techniques and as an avenue for participants from different functions to interact with one another.

Shaping a Sustainable Future

Feedback
We welcome your feedback and suggestions at **Sustainability@UOBgroup.com**


UOB
Heartbeat

Our 2019 Snapshot

Drive Growth Sustainably

$6 billion
Total sustainable financing extended to corporates as at end-2019 – including green loans, sustainability linked loans and loans for green-certified buildings

$950 million
Sustainable financing extended to corporates in 2019 alone

$1 billion
AUM of investments that incorporate ESG factors and/or social impact assessment in the investment process

16 million
Number of low-income individuals reached through impact investments by UOBVM

UOB pledged support for the **Task Force on Climate-related Financial Disclosures**

UOBAM, UOBVM and UOBGC became signatories of the **United Nations-Supported Principles for Responsible Investment**

Keep Customers at the Centre

Awards
Asia's Best Bank Transformation
Best Digital Bank
Most Innovative Digital Bank

Customer Experience
42% increase in customer compliments

Information Security
No material incidents that impacted customers

Data Privacy
No fines in respect of any data breach

Develop Professionals of Principle

$31 million
Investment in employee training and development

$17 million
Benefits given to our colleagues under the Healthy Employees, Active Lifestyles (HEAL) programme

Better U
UOB learning and development launched to equip our colleagues across the Group with the competencies essential to remain relevant in the future economy

Bloomberg Gender-Equality Index (GEI)
UOB included for second year running

Uphold Corporate Responsibility

>$5.4 million
Monetary contributions to promote social development in art, children and education

A record of close to **60,000 hours** volunteered by our colleagues to serve the community

BCA Green Mark Platinum
Awarded to the UOB Phetkasem Building in Bangkok, Thailand

$2.3 million
Annual monetary savings derived from energy efficiency-initiatives in Singapore

Singapore Corporate Awards 2019
Silver Award, Best Managed Board (Big Cap)

SIAS Investors' Choice Awards 2019
Runner Up, Singapore Corporate Governance Award (Big Cap)

Our Sustainability Approach

UOB's approach to sustainability is based on five guiding principles that act as a compass for how we address the material risks and opportunities which may impact our customers, colleagues, investors, suppliers and the communities in which we operate. We believe that as one of Asia's largest banks, we have a duty to contribute to and to ensure the region's long-term economic, social and environmental well-being. We also recognise that good corporate governance is essential for embedding sustainable business practices across the Group. This responsible, long-run approach is central to our business strategy and activities.

In our focus on creating sustainable value for our stakeholders, we also align our long-term business strategies with their interests. We believe in sustainable development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This entails respect for the environment, human rights, labour rights, decent work and economic growth, data privacy and business ethics.

As we continue to deepen our presence across the region, we strive to address the environmental, social and governance (ESG) risks and impact of our operations in a manner consistent with our values of Honour, Enterprise, Unity and Commitment. This is also in line with our commitment to help ensure a safe, secure and trusted banking system.

We are cognisant of the direct environmental and social impact of our own operations and have set objectives and targets toward mitigating those impacts. We are also aware that our lending and funding activities have significant potential to affect the environment, society and the economy indirectly, in both positive and negative ways. Therefore, we are constantly enhancing the mechanisms to encourage our customers and suppliers to comply with all applicable local, national and international legislations, including those intended to safeguard the environment and social well-being. Further, we encourage our customers and suppliers to adopt suitable best practices that are aligned with internationally-recognised guidelines, codes and standards.

The Guiding Principles of Our Sustainability Approach

1. **Regulatory Compliance as the Baseline**
   Align our sustainability approach with ESG policies and guidelines of governments in our key markets
2. **Aligned to Business Strategy and Stakeholder Interests**
   Stay economically relevant by pursuing sustainable growth strategies
3. **Pragmatic and Progressive**
   Implement sustainability programmes to manage ESG risks and opportunities sensibly, in line with market and competitive realities
4. **Customer-centric**
   Engage our customers proactively to influence their sustainability practices positively
5. **Values-driven**
   Based on our longstanding and distinct values

Board Statement on Sustainability

The Board is committed to building on the Bank's rich heritage to continue creating long-term value for all its stakeholders. Integral to the business direction UOB takes is its sustainability strategy. In formulating this strategy, the Board considered the factors which contribute to the sustainable growth of the Bank. As part of the process, the Bank undertakes an annual exercise to gather and to assess data and insights from across the organisation and from its external stakeholders.

Together with Management, the Board identified opportunities relevant to the long-term success of the Bank and determined the material ESG risks to be managed. Through its Committees, the Board oversees the management and monitoring of these factors to ensure that the Bank is responding effectively to developments in the market and in view of its stakeholders' expectations. The Board and Management are supported in this regard by the Bank's dedicated ESG Committee comprising senior executives from functions across the organisation.

The framework of UOB's sustainability reporting is in line with the Singapore Exchange (SGX) Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

The Bank's values of Honour, Enterprise, Unity and Commitment underpin UOB's sustainability strategy. These will continue to guide its people, policies and processes to ensure the long-term interests of its stakeholders are met and the performance of UOB sustained.

Sustainability Strategy

The Four Pillars

The four pillars of our sustainability strategy arise from our fundamental strengths and are rooted in our values of Honour, Enterprise, Unity and Commitment. They reflect UOB's expertise, the responsibilities we hold and the role we can play for the long-term benefit of our key stakeholders. Each of the pillars determines a set of objectives which we strive to achieve to ensure that we implement our strategy with clear plans and purpose.

In driving growth sustainably, we incorporate sustainability risk elements in our approach to risk management. This includes integrating ESG considerations into our credit evaluation and approval processes. We offer a range of sustainable solutions that can help our customers make a difference in their own communities. We are also progressively adopting as well as promoting climate-resilient practices which will support our customers in their own transition to a lower-carbon economy. Beyond financing, we continue to make significant strides in growing our impact investing portfolio.

As we focus on doing what is right for customers, we ensure that Fair Dealing principles are entrenched in all aspects of our relationship with them. Keeping their best interests in mind, we harness technology and use data to make banking simpler, smarter, safer and more intuitive for them. By doing so, we aim to make banking more accessible and inclusive to individuals and businesses in the communities in which we operate. Standing by our customers also means that we must protect their data and privacy by maintaining the security and robustness of our systems and processes.

Our colleagues enable us to ensure the best outcome for our customers, our business and our community. Hence we develop professionals of principle – high-performing teams and individuals who are guided by our values. We embrace diverse strengths and abilities as these enhance our capabilities and enrich our competitiveness. We equip our colleagues to take on the challenges of tomorrow even as we care for their welfare and work-life harmony today. We also foster a sense of belonging among our colleagues by encouraging volunteerism and improving engagement and satisfaction.

We believe that as a responsible financial services provider, we must uphold corporate responsibility by maintaining the highest standards of governance and risk culture, ensuring regulatory compliance and protecting the financial system. We remain steadfast in our commitment to promote social development in the areas of art, children and education. Both in our own operations as well as among our stakeholders, we also actively encourage and support environmental stewardship efforts. Together, these efforts help us contribute to a strong and sustainable future for the wider community.

Promote United Nations Sustainable Development Goals with Our Stakeholders

Drive Growth Sustainably

- Contribute economically to the progress of our communities
- Embed environmental, social and governance risk in our approach to risk management
- Integrate social and environmental considerations into our credit evaluation and approval processes
- Adopt and promote climate-resilient practices to support our customers in their transition to a lower-carbon economy
- Develop and provide sustainable financing and impact investment solutions

Keep Customers at the Centre

- Protect customer data and privacy through secure and robust systems and practices
- Ensure Fair Dealing
- Create intuitive and impactful customer experiences
- Make banking simpler, smarter and safer through ethical use of technology and data
- Make banking more accessible and inclusive
- Support businesses across all stages of growth

Develop Professionals of Principle

- Develop high-performing teams and future-focused individuals
- Promote work-life harmony
- Encourage volunteerism and advocacy for social and environmental causes
- Ensure employee engagement and satisfaction
- Ensure workplace health, safety and well-being
- Embrace diverse abilities and strengths

Uphold Corporate Responsibility

- Maintain highest standards of governance and risk culture
- Ensure regulatory compliance
- Protect the financial system against abuse
- Incorporate sustainability principles into our procurement practices
- Encourage environmental stewardship through efficient resource use and waste management
- Champion social development in art, children and education

Rooted in Our Values of Honour, Enterprise, Unity and Commitment

Balancing growth with stability

Our sustainability strategy mirrors our business approach of balancing growth with stability. It takes into account the influence and impact our decisions and actions may have on our stakeholders and the environment. It also ensures that we remain economically relevant through managing ESG risks and opportunities practically and in line with market realities. To enable our programmes and initiatives to take root and to grow, we have ensured alignment with the ESG-related laws and regulations in each of our key markets. Just as our business strategy hinges on doing what is right for our customers, our sustainability strategy informs our engagement with our stakeholders and how we can help them in their own practices for positive outcomes in the long run.

When making business decisions and developing our products and services, we consider our stakeholders' expectations in appreciation of what is material to them. As part of our commitment to sustainable and responsible growth, we also seek to identify, to assess and to manage social and environmental risks, challenges, impact and opportunities. This is carried out within a robust governance framework, underpinned by policies and guidelines that define our commitment and guide our approach to conducting business.

We refine our sustainability strategy continually through extensive discussions and workshops with teams from across the Bank. In our evaluation and planning, we start with internal factors that are key to the long-term growth of our business. Some of these factors are strong governance, employee health, safety and well-being, diversity and inclusion, as well as attracting, developing and retaining talent. Our deliberations also include wider sustainability trends affecting businesses globally, such as responsible financing, increasing interest in sustainability-related products and services and a changing regulatory landscape. In addition, we consider our alignment with the United Nations Sustainable Development Goals (UN SDGs) and the Paris Climate Agreement.

Alignment with the United Nations Sustainable Development Goals (UN SDGs)

The UN SDGs set the global agenda for sustainable economic, social and environmental development by 2030 and call for action by both the public and private sectors. In 2019, we aligned our strategy and reporting to all 17 UN SDGs, compared with 11 in 2018. We recognise that while UOB is better placed to contribute directly to a sub-set of the Global Goals, the broadening scope of our sustainable financing and impact investment activities and their corresponding positive impact enable us to align more closely with all the Global Goals. Consequently, we are now aligned with six additional UN SDGs, namely: SDG 1 No Poverty; SDG 2 Zero Hunger; SDG 6 Clean Water and Sanitation; SDG 10 Reduced Inequalities; SDG 14 Life Below Water; and SDG 15 Life on Land.

The Global Goals	Global Targets Toward Which We Can Align Our Efforts	Material ESG Factor and Page Reference
1 No Poverty	**Global Target 1.4** Equal rights to economic resources, basic services, natural resources, appropriate new technology and financial services, including microfinance	• Financial Inclusion, page 96
2 Zero Hunger	**Global Target 2.3** Increase in agricultural productivity and incomes of small-scale food producers through knowledge and financial services	• Supporting Customers in Sustainable Development, page 86
3 Good Health and Well-being	**Global Target 3.8** Health coverage and access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all	• Workplace Safety, Health and Well-being, page 100
	Global Target 3.C Increase in health financing and the recruitment, development, training and retention of the health workforce in developing countries	• Supporting Customers in Sustainable Development, page 86
4 Quality Education	**Global Target 4.4** Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Community Development, page 115
	Global Target 4.6 Build and upgrade inclusive and safe schools	• Community Development, page 114
	Global Target 4.7 Learners to acquire knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development	• Community Development, page 117
5 Gender Equality	**Global Target 5.5** Full and effective participation and equal opportunities for women at all levels of decision-making in political, economic and public life	• Diverse and Inclusive Workforce, page 101
6 Clean Water and Sanitation	**Global Target 6.3** Improve water quality by reducing pollution, halving the proportion of untreated wastewater and increasing recycling and safe reuse globally	• Supporting Customers in Sustainable Development, pages 82-83 and page 85
7 Affordable and Clean Energy	**Global Target 7.2** Increase share of renewable energy in the global energy mix	• Supporting Customers in Sustainable Development, pages 82-85
	Global Target 7.3 Global rate of improvement in energy efficiency to double	• Supporting Customers in Sustainable Development, pages 82-85
	Global Target 7.B Infrastructure expansion and technological upgrade in order to supply modern and sustainable energy services for all in developing countries	• Supporting Customers in Sustainable Development, pages 82-85
8 Decent Work and Economic Growth	**Global Target 8.2** Higher levels of economic productivity achieved through diversification, technological upgrading and innovation	• Customer Experience, page 92 • Innovative Digital Banking Products, page 93
	Global Target 8.3 Development-oriented policies promoted to support productive activities, decent job creation, entrepreneurship, creativity and innovation, and to encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	• Financial Inclusion, page 97
	Global Target 8.4 Improvement in global resource efficiency in consumption and production and decoupling of economic growth from environmental degradation	• Supporting Customers in Sustainable Development, pages 82-83
	Global Target 8.5 Full and productive employment and decent work to be achieved for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	• Supporting Customers in Sustainable Development, page 87 • Attracting, Developing and Retaining Talent, page 99
	Global Target 8.10 Capacity of domestic financial institutions to be strengthened to encourage and expand access to banking, insurance and financial services for all	• Financial Inclusion, page 94

The Global Goals		Global Targets Toward Which We Can Align Our Efforts	Material ESG Factor and Page Reference
9	Industry, Innovation and Infrastructure	**Global Target 9.1** Quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being	• Workplace Safety, Health and Well-being, page 100
		Global Target 9.3 Increase in access to small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets	• Financial Inclusion, page 97
		Global Target 9.4 Upgrade infrastructure to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally-sound technologies and industrial processes	• Supporting Customers in Sustainable Development, pages 82-85 • Managing our Direct Environmental Footprint, pages 107-109
10	Reduced Inequalities	**Global Target 10.2** Social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	• Supporting Customers in Sustainable Development, page 87 • Diverse and Inclusive Workforce, page 101
11	Sustainable Cities and Communities	**Global Target 11.4** Strengthen efforts to protect and safeguard cultural and national heritage	• Community Development, page 113
		Global Target 11.6 Reduced adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	• Supporting Customers in Sustainable Development, pages 82-85 • Managing our Direct Environmental Footprint, pages 107-109
12	Responsible Consumption and Production	**Global Target 12.5** Reduction in waste generation through prevention, reduction, recycling and reuse	• Managing our Direct Environmental Impact, pages 107-109
		Global Target 12.6 Companies, especially large and transnational companies, encouraged to adopt sustainable practices	• Supporting Customers in Sustainable Development, pages 82-85
		Global Target 12.7 Promotion of sustainable procurement practices in accordance with national policies and priorities	• Sustainable Procurement, page 106
13	Climate Action	**Global Target 13.2** Integration of climate change measures into policies strategies and planning	• Climate Change Transition and Opportunities, page 80-81
		Global Target 13.3 Improvements in education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	• Supporting Customers in Sustainable Development, page 82 • Community Development, page 117
14	Life Below Water	**Global Target 14.1** Prevention and reduction of marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	• Supporting Customers in Sustainable Development, pages 82-83 and page 85
15	Life on Land	**Global Target 15.A** Increase in financial resources to conserve and sustainably use biodiversity and ecosystems	• Supporting Customers in Sustainable Development, page 83 and page 85
16	Peace, Justice and Strong Institutions	**Global Target 16.5** Reduction in corruption and bribery in all their forms	• Preventing Corruption, Fraud and Money Laundering, page 104
17	Partnership for the Goals	**Global Target 17.16** Multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals	• Responsible Financing, page 79 • Climate Change Transition and Opportunities, page 81 • Supporting Customers in Sustainable Development, page 82 • Information Security and Data Privacy, page 88 • Financial Inclusion, page 94 • Diverse and Inclusive Workforce, page 101 • Preventing Corruption, Fraud and Money Laundering, page 104
		Global Target 17.17 Effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	• Supporting Customers in Sustainable Development, page 87

How We Engage with Our Stakeholders

At UOB, we believe that constructive dialogue and collaboration with our stakeholders are important for creating and maintaining meaningful and mutually-beneficial relationships. Continual stakeholder engagement keeps us abreast of changes, open to possibilities and focused on staying relevant to our stakeholders. Stakeholder engagement is also an essential element in how we evaluate our strategies and initiatives as we strive to remain relevant in a fast-evolving region.

We regularly seek our stakeholders' views and expectations through conversations, collaboration and research. By taking an inclusive approach, we hope they in turn will have a deeper understanding of our purpose, practices and performance. During the year, we also carefully considered feedback from institutional investors and analysts, regulators and non-governmental organisations (NGOs) regarding the ESG factors that are material to the Bank.

Go to pages 70-73 of this report to find out about how we responded to stakeholder expectations in 2019.

Customers

- Interactions at branches (ongoing)
- Face-to-face meetings (ongoing)
- Contact centre service (ongoing)
- Post-transaction customer surveys (ongoing)
- Marketing and advertising campaigns (ongoing)
- Website and social media channels and campaigns (ongoing)
- Events and seminars, including workshops on sustainability (as and when appropriate)

Colleagues

- CEO communications to all colleagues on regular and topical subjects (quarterly)
- Head of Group Human Resource communications to all colleagues on employee-related initiatives (as and when appropriate)
- One-on-one sessions with managers (regularly)
- Online and mobile employee portal with informative, collaborative and social features (ongoing)
- Performance reviews (half-yearly)
- Employee satisfaction surveys (annually)
- Townhall meetings (annually)
- Training and workshops (ongoing)

Governments and Regulators

- Regular meetings and engagement (as and when appropriate)
- Consultations with regulatory bodies (as and when appropriate)
- Annual reports (annually)
- Audit reports (onging)

Other Financial Institutions, and Industry and Trade Associations

- Participation in industry associations (ongoing)
- Industry-wide workgroups and meetings (as and when appropriate)
- Forums and conferences (as and when appropriate)

Suppliers

- Requests for quotations and proposals (as and when appropriate)
- Vendor briefings (as and when appropriate)
- Purchase agreements (as and when appropriate)
- Performance reviews (annually or prior to contract expiry)

Media

- News releases and media statements (ongoing)
- In-person and online conversations (ongoing)
- Media briefings and conferences (as and when appropriate)
- Media interviews (as and when appropriate)
- Social media platforms (ongoing)
- Economic and market research reports and white papers (as and when appropriate)

Community

- Support of national movements to build inclusive communities (ongoing)
- Fundraising events (annually)
- Regional art competitions (annually)
- Collaborations with customers, business partners, art institutions, social service organisations and Community Development Councils (ongoing)
- Art roadshows and outreach programmes (as and when appropriate)
- Education programmes for children (ongoing)
- Financial literacy programmes (as and when appropriate)
- Donations in cash or in kind to support causes related to art, children and education (as and when appropriate)
- Employee volunteerism (ongoing)

Investors and Analysts

- Financial reporting and results briefings (quarterly)
- Periodic meetings with rating agencies (at least once a year)
- General meetings with shareholders (annually)
- Annual reports (annually)
- SGXNet announcements (as and when appropriate)
- Presentations, conferences and roadshows (ongoing)
- UOB Corporate Day (annually)
- Feedback from analyst surveys (ongoing)
- Feedback from institutional investors and analysts on our ESG performance (ongoing)

NGOs

- Face-to-face meetings and conference calls (as and when appropriate)
- Conferences and seminars (as and when appropriate)
- Cooperation in joint programmes (ongoing)

Material ESG Factors

Materiality assessments

To identify the ESG factors which matter most to our business and to our stakeholders, we conduct materiality assessments and stakeholder consultations on a continual basis.

Materiality assessment exercises help us identify the environmental, social and economic topics we should prioritise to ensure the success of our business, while also supporting sustainable development. The results inform our strategic decision-making and reporting framework. Our analysis combines quantitative and qualitative research to provide a holistic overview of stakeholder expectations.

The materiality assessment process involves identifying relevant factors based on industry mega-trends and stakeholder feedback. UOB surveys internal as well as external stakeholders to rank the factors based on the significance they give to each of the ESG topics. Participants' responses are then assessed to create a materiality matrix that reasonably reflects the sustainability factors most relevant to UOB and its stakeholders.

How we determine our material ESG factors

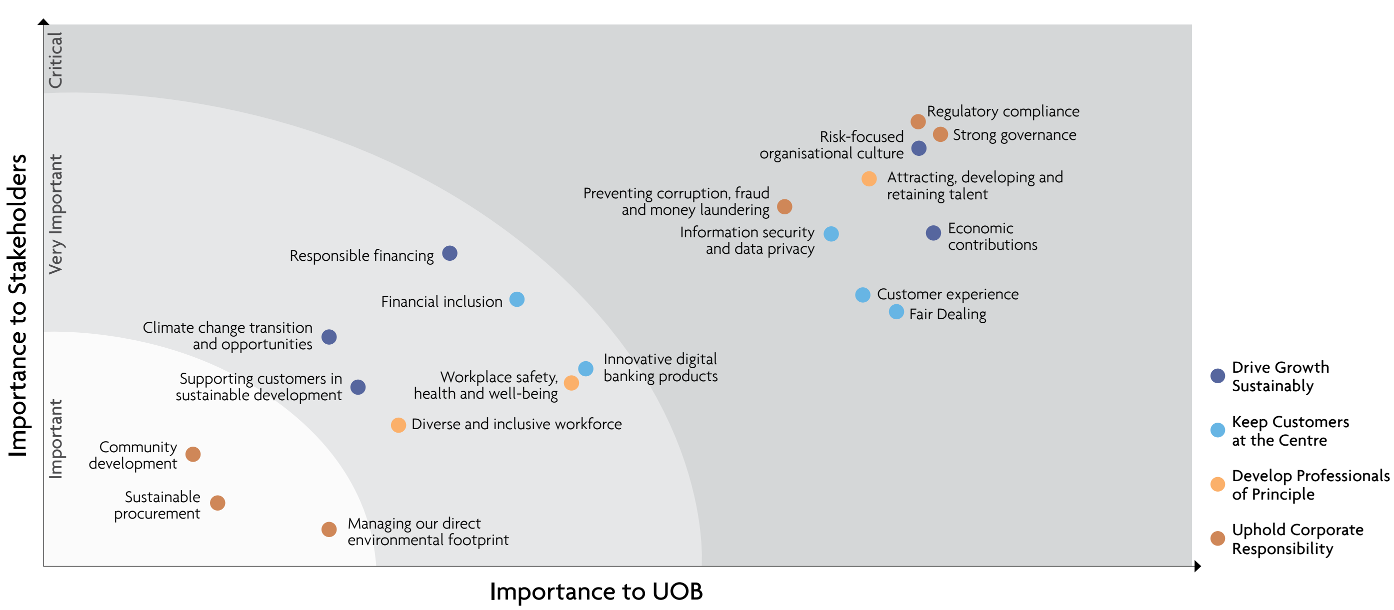
Stage	What We Did
Identify	In our 2018 materiality assessment exercise, we started by conducting surveys with four stakeholder groups including colleagues, investors and analysts, non-governmental organisations and other financial institutions. The participants were asked to rate ESG factors based on importance and to provide their recommendations and comments. In addition, senior representatives from all business units were invited to score the same factors and to express their opinions.
Prioritise	Following the 2018 materiality assessment, we added to, regrouped and refocused our material ESG factors to make our sustainability stance more explicit, industry-aligned and reflective of stakeholder interests.
Validate	Subsequently, the Management Executive Committee and the Board Executive Committee reviewed the material issues, with input from the Group ESG Committee and senior leaders.
Review	In 2019, we reviewed the ESG factors identified in the 2018 materiality assessment based on stakeholder feedback regarding our performance and disclosures, also taking into consideration the context of our operating environment.

As the material ESG factors identified in 2018 continue to reflect the priorities of our organisation and our stakeholders, no changes were made following the 2019 review. Our priorities remain centred on building an ecosystem where enterprise and innovation can thrive, enabling simpler and safer banking for all through the ethical use of technology and data, supporting corporate clients in managing their businesses locally and as they expand across borders, and helping retail customers plan, save, spend and invest wisely. We are also focused on financing and investing more responsibly, as well as supporting our customers in sustainable development.

We believe that security is paramount given the rapid development of technology and disruptive business models, and the changing regulatory landscape. There is also growing sophistication of financial crime and cyber threats. In safeguarding the interests of our stakeholders, we maintain the robustness of our systems and processes and uphold our role in ensuring a safe, secure and trusted banking system.

Our investments are also directed to nurturing our colleagues, embracing diversity and inclusiveness, promoting trade and industry, encouraging entrepreneurship and making our financial services accessible to broader sections of society. We support the development of the communities in which we operate and play our part in managing our direct environmental impact.

Materiality matrix



Material ESG Factor	Boundary	Priority	Our Strategic Objectives	Our Value Creation
Drive Growth Sustainably				
Economic contributions	▲	Critical	• Contribute economically to the progress of our communities	• Paying our fair share of taxes • Creating jobs in communities • Delivering consistent returns for our investors • Facilitating trade and industry, and building the financial resilience of our stakeholders
Risk-focused organisational culture	■	Critical	• Embed ESG risk in our approach to risk management	• Maintaining a robust risk management framework to protect the interests of our stakeholders • Ensuring that we remain nimble to seize business opportunities as they arise
Responsible financing	■	Very Important	• Integrate social and environmental considerations into our credit evaluation and approval processes	• Addressing ESG issues when making lending decisions
Climate change transition and opportunities	■	Very Important	• Support our customers in their transition to a lower-carbon and climate-resilient economy	• Managing the risks and opportunities related to climate change and global warming • Collaborating with our stakeholders to limit global warming • Helping our customers take steps toward becoming more resilient to the expected effects of climate change
Supporting customers in sustainable development	■	Very Important	• Develop and provide sustainable financing and impact investment solutions	• Helping customers to identify and to address sustainability-related risks and opportunities in their businesses • Supporting new and viable business opportunities that contribute to one or more of the 17 UN SDGs • Connecting customers to investment opportunities that create a positive impact
Keep Customers at the Centre				
Information security and data privacy	■	Critical	• Protect customer data and privacy through secure and robust systems and practices	• Ensuring the confidentiality and security of our customers' information through comprehensive policies and processes • Protecting our customers from cyber threats through robust risk management systems and processes
Fair Dealing	▲	Critical	• Ensure Fair Dealing	• Treating customers fairly based on the principles of integrity, trust and respect
Customer experience	▲	Critical	• Create intuitive and impactful customer experiences	• Anticipating our customers' needs and wants and offering them safe, reliable and relevant products to meet their preferences
Innovative digital banking products	■	Very Important	• Make banking simpler, smarter and safer through ethical use of technology and data	• Introducing and transforming digital banking products to meet customers' demand for greater convenience and seamlessness
Financial inclusion	■	Very Important	• Make banking more accessible and inclusive • Support businesses across all stages of growth	• Making banking products and services accessible and affordable to diverse segments of society to meet their needs and expectations • Encouraging innovation and enterprise, and nurturing start-ups and small- and medium-sized enterprises

▲ Impact Outside the Organisation ■ Impact Within and Outside the Organisation ● Impact Within the Organisation

Interested Stakeholders	How We Responded to Stakeholder Expectations in 2019
Customers, Investors and Analysts, Colleagues, Governments and Regulators, Suppliers, NGOs, Community	• Published a Responsible Tax Management Statement on our Group website • Created jobs for more people by increasing hiring across the Group by seven per cent in comparison with 2017 • Distributed $7.6 billion in payments that flowed to our stakeholders including colleagues, suppliers, investors, authorities and local communities. This represented a more than nine per cent increase compared with 2018
Customers, Investors and Analysts, Colleagues, Governments and Regulators, Suppliers	• Implemented a Group Risk Culture and Conduct Risk Framework • Incorporated risk culture into the UOB Code of Conduct mandatory e-learning module
Customers, Investors and Analysts, Governments and Regulators, NGOs, Community	• Discontinued new financing of coal-fired power plant projects and prohibited the project financing of greenfield thermal coal mines • Discontinued new financing of greenfield palm oil plantations to address the risk of deforestation and loss of biodiversity • Developed, in collaboration with The Association of Banks in Singapore and the World Wide Fund for Nature (WWF), an industry-wide e-learning module on responsible financing for our colleagues
Customers, Investors and Analysts, Governments and Regulators, NGOs	• Pledged our support for the Taskforce on Climate-related Financial Disclosures (TCFD) • Conducted qualitative identification and assessment of climate change-related risks in our loan portfolio • Developed a roadmap towards enhancing our climate change-related disclosures in alignment with the recommendations of the TCFD
Customers, Investors and Analysts, Governments and Regulators, NGOs, Community	• Increased financing for renewable energy, energy efficiency, green transport infrastructure, water and waste management by 94 per cent compared with the previous year • Launched U-Solar, Asia's first integrated solar energy platform, across Southeast Asia • Launched The Unlimited to help companies in Singapore identify and hire more persons with disabilities • UOB Venture Management (UOBVM) became Singapore's first signatory to the International Finance Corporation's Operating Principles for Impact Management
Customers, Investors and Analysts, Colleagues, Governments and Regulators, Suppliers	• Deepened our cyber security capabilities and enhanced our operating models to strengthen our cyber defence • Actively collaborated with the Monetary Authority of Singapore on the Veritas Framework to promote ethical best practices when employing artificial intelligence and data analytics • Established framework and guidelines to govern cross-border transfers of personal data between UOB Group companies worldwide • Formed the Enterprise Data Ethics team to ensure responsible use of data
Customers, Investors and Analysts, Colleagues, Governments and Regulators	• Recognised colleagues who uphold and fulfil our customer commitments at the UOB Customer Commitments Awards • Conducted a Fairness, Ethics, Accountability and Transparency (FEAT) and Fair Dealing Workshop for teams from across the region to reinforce the culture of Fair Dealing
Customers, Colleagues	• Launched an integrated telephony system and chat service for our Contact Centre to reduce navigation time for and to enhance engagement with customers in Singapore
Customers, Investors and Analysts, Colleagues	• Enhanced UOB Mighty with more features, such as Mighty Insights for better customer experience • Launched TMRW in Thailand, ASEAN's first mobile-only digital bank in Thailand for the digitally-savvy customers in the region
Customers, Investors and Analysts, NGOs, Community	• Conducted digital clinics to help members of the public, particularly the elderly, learn about the benefits of using digital banking services • Invested in PT Amartha Mikro Fintek, a peer-to-peer lending start-up in Indonesia that seeks to support women micro-entrepreneurs in rural areas • Tapped our credit underwriting engine to assess and to approve loan applications from SMEs in Vietnam more effectively and efficiently

Customers | Investors and Analysts | Colleagues | Governments and Regulators | Suppliers | NGOs | Community

Material ESG Factor	Boundary	Priority	Our Strategic Objectives	Our Value Creation
Develop Professionals of Principle				
Attracting, developing and retaining talent	●	Critical	• Develop high-performing teams and future-focused individuals • Promote work-life harmony • Encourage volunteerism and advocacy for social and environmental causes • Ensure employee engagement and satisfaction	• Investing in training and career development for our colleagues • Treating our colleagues with care and respect • Providing our colleagues with the time and opportunity to give back to the community • Conducting annual staff engagement surveys and responding to feedback
Workplace safety, health and well-being	●	Very Important	• Ensure workplace health, safety and well-being	• Providing our colleagues with a safe and conducive work environment
Diverse and inclusive workforce	■	Very Important	• Embrace diverse abilities and strengths	• Ensuring equal opportunity across diverse cultural backgrounds, age groups, gender and abilities
Uphold Corporate Responsibility				
Strong governance	■	Critical	• Maintain highest standards of governance and risk culture	• Upholding robust corporate governance policies, processes and practices to safeguard our stakeholders' interests • Embedding our risk culture across our franchise to ensure continued financial soundness and business viability
Regulatory compliance	■	Critical	• Ensure compliance with all laws and regulations in the jurisdictions in which we operate	• Observing the letter and spirit of all applicable laws, rules, regulations and standards
Preventing corruption, fraud and money laundering	■	Critical	• Protect the financial system against abuse	• Adopting a zero tolerance approach to bribery and corruption and ensuring transparency and accountability • Collaborating with regulators and industry peers in preventing cybercrime, money laundering, funding of terrorism and dealing with sanctioned persons
Sustainable procurement	▲	Important	• Incorporate sustainability principles into our procurement practices	• Engaging with suppliers to ensure that our sustainable procurement principles are upheld
Managing our direct environmental footprint	■	Important	• Encourage environmental stewardship through efficient resource use and waste management	• Managing energy, water and resource consumption more efficiently, reducing greenhouse gas emissions and minimising waste
Community development	▲	Important	• Champion social development in art, children and education	• Helping the young, the underprivileged, those with special needs and budding talent to realise their full potential

▲ Impact Outside the Organisation ■ Impact Within and Outside the Organisation ● Impact Within the Organisation

Interested Stakeholders	How We Responded to Stakeholder Expectations in 2019
	• Invested $31 million in employee training, a 19 per cent increase year-on-year • Launched our Group-wide 'Better U' learning and development programme to broaden our colleagues' soft skills, digital and data skills • Improved the onboarding experience for new colleagues and employed robotic process automation for background screening
	• Established the Corporate Real Estate Services (CRES) Office Design Guidelines to promote environmental sustainability and employee wellness at the workplace and at office communal spaces • Provided $17 million of HEAL benefits to our colleagues, a close to 10 per cent increase over 2017
	• Joined the Financial Women's Association of Singapore as a new corporate member • Offered re-employment contracts to 166 colleagues eligible for retirement, of whom 96 were women • Provided 22 additional nursing pods to support women returning to the workplace after their maternity leave • Continued to employ people with different abilities, including people with autism and deaf employees, at UOB Scan Hub
	• Continued to evaluate and to revise our governance approach to ensure that it remains relevant and aligned with best practices and responsive to change
	• Continued active monitoring of regulatory and industry developments, and engagement with regulators, policymakers and standards-setting bodies • Provided regular updates on regulatory trends and developments to the Board and senior management committees
	• Launched an updated mandatory online anti-corruption training module for employees • Updated customer terms and conditions concerning financial crimes to improve anti-bribery and corruption provisions • Collaborated with a regulatory technology company to enhance our anti-money laundering surveillance abilities
	• Launched the Group Supplier Sustainability Principles (GSSP)
	• Awarded Green Mark Platinum certification for our two-tower block building, UOB Phetkasem in Bangkok, Thailand
	• Established a Group Corporate Social Responsibility Policy to ensure that our philanthropic activities, community partnerships and volunteering are carried out responsibly • Increased monetary contributions by 6 per cent to $5.4 million in 2019 to promote social development in art, children and education • Organised six eco-excursions in 2019 to educate children and colleagues about environmental sustainability • Offered more opportunities to our colleagues to give back to the community and increased our average volunteer hours per employee by 10 per cent to 2.2 hours in 2019

Customers | Investors and Analysts | Colleagues | Governments and Regulators | Suppliers | NGOs | Community

Sustainability Governance

Board of Directors and Management Executive Committee (MEC)

UOB's Board of Directors, through the Executive Committee, and the MEC review long-term business and organisational goals and provide the strategic direction for the Bank's sustainability practices. They review, determine and oversee the management and monitoring of the Bank's material ESG factors and their scope, as well as evaluate relevant key performance indicators. They also review and approve relevant disclosures.

Group ESG Committee

The Group ESG Committee reports directly to the MEC on sustainability matters. This ensures that ESG factors are given due consideration in all aspects of our operations. The ESG committee members represent the Bank's business and support units whose activities have the potential to impact the environment, society and the economy positively and negatively. The Group ESG Committee reviews material ESG topics, identifies risks and opportunities, sets goals and targets, evaluates emerging issues, collates and assesses relevant data, and monitors the progress of sustainability-related programmes and initiatives.

Group ESG Framework

The Group ESG Framework was formalised in 2019. Underpinned by policies and guidelines that define our commitment and guide our approach to conducting business, the framework supports UOB's business decision-making at all levels. It provides guidance on the management of sustainability-related risks and business opportunities in the context of our direct and indirect impact to the environment, society and the economy.

It is the responsibility of all UOB employees to comply with the Group ESG Framework. The management teams of the UOB entities are responsible for appraising the ESG issues in their respective domains and for taking appropriate steps to ensure that customers and suppliers also meet relevant policy requirements, wherever applicable. Sustainability indicators are integrated into the Key Performance Indicators (KPIs) and appraisal process for colleagues from relevant functions.

Sustainability Reporting

Standards and principles

Reporting is essential for building trust with our stakeholders. Our reporting demonstrates how we respond to sustainability-related risks and opportunities, manage our impact on society and the environment and create value for all our stakeholders. Further, the reporting process forms part of our sustainability strategy, providing guidance for initiatives and programmes across the Bank as we continue to integrate environmental, social and economic sustainability into all aspects of our business practices.

Our sustainability reporting is in accordance with the GRI Standards: Core Option, issued by the Global Sustainability Standards Board in October 2016. We have also included indicators from the GRI G4 Financial Services Sector Disclosures paper. The GRI Content Index provides the location of material disclosures in this report.

Our sustainability reporting also complies with the Singapore Exchange Securities Trading Limited Listing Rules 711A and 711B, as well as Practice Note 7.6 Sustainability Reporting issued in June 2016.

In determining our reporting content, we have applied the GRI Standards (GRI 101: Foundation 2016) reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To identify the factors most material to our business, we conduct materiality assessments with internal and external stakeholders. The process also helps us to understand our stakeholders' sustainability-related interests, expectations and concerns. In that regard, we considered the broader sustainability context in which we operate and we report our relevant performance indicators for material ESG factors, unless noted otherwise.

To ensure quality in our reporting and to help our stakeholders assess our overall ESG performance, we have observed the principles of accuracy, balance, clarity, comparability, reliability and timeliness in our reporting.

Data and external assurance

The ESG information provided in this report is not externally assured. The appointed content owners in each business or support unit reviewed the data and information to ascertain accuracy. We also relied on internal data monitoring and an internal verification process by relevant subject matter experts to ensure accuracy.

Scope of reporting

The UOB Annual Report 2019 is our fourth annual report to include GRI Standards disclosures and provides an overview of the Group's sustainability-related efforts from January to December 2019. Our sustainability disclosures for 2018 were published in April 2019 in the UOB Annual Report 2018. Unless otherwise stated, the sustainability disclosures in this report include all entities and divisions within the Group.

ESG in Investing

We believe that responsible investment practices have significant potential to contribute to the development of a more sustainable financial system for the benefit of the wider community.

Our investing activities are carried out mainly by UOB Asset Management (UOBAM), UOB Venture Management (UOBVM) and UOB Global Capital (UOBGC), which are the investment management subsidiaries of the Bank and are principally third-party fund management companies.

Through active engagement and dialogue, UOBAM, UOBVM and UOBGC help portfolio companies and investors:

- to become aware of the importance of ESG topics;
- to gain awareness of the ESG-related risks and opportunities in business operations and strategy; and
- to recognise the importance of all stakeholders to the success of a business.

Singapore Stewardship Principles for Responsible Investors

In 2018, UOBAM became a supporter of the Singapore Stewardship Principles for Responsible Investors, a set of principles intended to encourage investors to voluntarily pursue the spirit of stewardship and good governance. The Singapore Stewardship Principles were developed by the members of a Working Group led by Stewardship Asia Centre. Since then, UOBAM has stepped up its responsible investing efforts by incorporating ESG considerations into the investment process for Asia ex-Japan Equities and Asia Fixed Income.

UOBVM has been integrating ESG considerations into its investment process since 2004 and has also been a supporter of the Singapore Stewardship Principles for Responsible Investors since 2018.

United Nations-supported Principles for Responsible Investment (PRI)

UOBAM, UOBVM and UOBGC submitted a joint application to the PRI in December 2019 and became official signatories in early 2020, a testament to UOB's commitment to responsible investing and to developing sustainable investment solutions for customers.

Responsible investment practices are part of our fiduciary duty to our clients and we believe that the integration of ESG considerations into our investment processes is important not only from a risk management perspective, but is also key to ensuring long-term returns. In recent years, there has been an observable increase in client demand for investment products that are either screened against ESG criteria and/or result in positive impact.

Integrating ESG factors into UOBAM's investment process

In 2019, UOBAM established an ESG sub-committee within the Local Investment Committee to oversee the governance and implementation of ESG-related investment policies and initiatives and to develop ESG-related products. UOBAM's efforts in responsible investing started with the integration of ESG evaluation into the investment process for Asian ex-Japan equities and Asian fixed income. We interact with our portfolio companies through face-to-face meetings or conference calls to discuss ESG topics. To facilitate such interactions, we also send ESG questionnaires to all the companies on our Asia ex-Japan Equities Approved List and perform annual monitoring and follow-up on the outcome of our interactions.

The objective of active engagement is to understand and to examine investees' views and approaches on ESG, and their intention and capability to manage ESG risks and opportunities. We believe that such interactions will enable us to help them gain a deeper understanding of the importance of properly managing ESG topics. In the event of any adverse corporate development or controversy attributed to a company in our portfolio, our procedure is to check promptly for related information and request clarification from the company in order to assess the need to review and adjust our investment views.

Principles for Responsible Investment (PRI)

The goal of the PRI is to understand the implications of sustainability for investors and to support signatories in incorporating these issues into their investment decision-making and ownership practices.

The signatories to the PRI are an international network of investors working together to put the following six principles[1] into practice:

Principle 1
We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2
We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3
We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4
We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5
We will work together to enhance our effectiveness in implementing the Principles.

Principle 6
We will each report on our activities and progress towards implementing the Principles.

In implementing the PRI, signatories contribute to the development of a more sustainable global financial system.

1 Principles for Responsible Investment: https://www.unpri.org/about (accessed February 25, 2020)

Economic Contributions

Why this topic matters to UOB

UOB has a network of branches and offices that extends across 19 countries and territories. The manner in which our economic value is distributed has significant impact on the economy and society. Our economic contributions include payments to stakeholders such as our colleagues, suppliers, investors, authorities and local communities. In 2019, we distributed $7.6 billion in payments that flowed to these stakeholders.

How we approach this topic

We contribute to the wider economy by creating jobs for employees, sourcing from suppliers of products and services, supporting local communities, promoting inclusive financing, and paying taxes to governments and dividends to shareholders. To create long-term value for all our stakeholders, we have frameworks, policies, guidelines and procedures in place to ensure that we remain responsible and disciplined in how we drive growth.

Our targets

- Maintain zero material cases of non-compliance with regard to tax management
- Maintain local procurement spend above 85 per cent to support local suppliers
- Ensure local staff representation remains above 90 per cent

Our performance in 2019

In 2019, we generated total income of $10 billion, of which we distributed $2.7 billion in employee compensation and benefits and accrued $813 million in income tax to governments. There were no material instances of non-compliance with regard to tax management.

From profit after tax of $4 billion, we distributed dividends of $2 billion to shareholders.

Across our network spanning 19 countries and territories, we created livelihoods for more than 26,000 people, with local employee representation of 94.6 per cent, and invested $31.1 million in employee training.

We made monetary contributions of more than $5.4 million to the community. UOB also supported local businesses and helped create jobs through the goods and services we bought from more than 10,000 suppliers in our seven key markets, of which local suppliers accounted for 93.8 per cent of our total purchases of more than $1.8 billion.

How we approach tax management

UOB is committed to complying with applicable tax laws and regulations across the countries and territories in which we operate. We file our tax returns accurately and in a timely manner and fulfil our tax obligations approximately.

Approach to tax risk management and governance

UOB takes a low tolerance approach towards tax risk. Tax risk is managed through the Tax Risk Management and Governance Framework which is based on the following principles:

- Undertake transactions which are grounded in commercial realities;
- Consistently consider tax implications before implementing our business plans;
- File Our tax returns accurately and in a timely manner, and fulfil our tax obligations appropriately;
- Employ experienced and qualified in-house tax professionals; and
- Seek professional advice from third-party advisers and consult with tax authorities on transactions with significant tax uncertainty.

Approach to Base Erosion and Profit Shifting

Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations. Singapore is part of the BEPS Project, led by the Organisation for Economic Co-operation and Development (OECD), to tackle BEPS issues across countries and jurisdictions in a coordinated and comprehensive manner.

UOB supports the BEPS principle that profits should be taxed where substantive economic activities generating the profits are performed and where value is created. UOB has adopted the internationally-agreed arm's length principle for the determination of prices for transactions between related parties.

Risk-focused Organisational Culture

Why this topic matters to UOB

UOB's risk culture influences the decisions and actions taken by all employees throughout the organisation. Our robust risk culture mitigates conduct risk and safeguards our reputation as we create long-term value for our stakeholders. It promotes the appropriate risk awareness, judgement and behaviours required for risk-taking within UOB's risk governance framework. Having a sound risk culture is also the foundation for effective risk management and ensures that emerging risks are identified, assessed, escalated and addressed in a timely manner.

How we approach this topic

UOB's risk culture is built on our values of Honour, Enterprise, Unity and Commitment, and is core to the Group's broader organisational culture. Our comprehensive framework of policies, processes, methodologies and tools helps us identify, measure, monitor and manage material risks and opportunities faced by the Group.

Our Board Risk Management Committee (BRMC) is the designated Board level committee that oversees risk culture matters, including approval of the Group Risk Culture and Conduct Risk Framework. This sets a strong Tone from the Top and provides the direction for all people managers to convey the appropriate "Tone from Above" which are the signals sent by people managers to their immediate staff. In 2019, we established a risk culture dashboard to provide regular risk culture updates to senior management and the BRMC. This ensures that senior management and the Board are apprised of the state of risk culture across the Group.

To ensure the Tone from the Top is effectively translated into the Tone from Above, we have adopted a coordinated and consistent Bank-wide communication approach to embed a sound and robust risk culture consistently across the Group. The senior management encourages understanding and practice of risk management across the organisation through regular and frequent communication such as face-to-face meetings, discussion groups and internal bulletins. It is also the responsibility of all people managers to promote risk-focused behaviour within their teams. Ongoing training reinforces the risk-focused conduct that enables us to earn the trust of our stakeholders over generations. Colleagues across the Group received risk management training, which included the following topics:

- risk culture and the Code of Conduct;
- anti-money laundering;
- assessing and addressing operational and security risks;
- business ethics;
- core ethics for financial advisers;
- countering the financing of terrorism;
- fair Dealing;
- financial crime prevention;
- global fraud prevention;
- IT security and cyber risk awareness;
- regulations on short-selling; and
- UK Bribery Act.

Singapore Corporate Awards 2019

In recognition of our efforts, UOB received a Silver Award for Best Risk Management at the Singapore Corporate Awards 2019 in the category for companies with $1 billion and above in market capitalisation.

We also ensure that through our whistle-blowing policy, our colleagues have the ability to raise matters of potential concern in a secure manner without fear of reprisal. All reported cases are swiftly investigated and resolved. The status of all whistle-blowing cases is tracked by Group Audit and reported to the Audit Committee every quarter.

Our target

Maintain a sound and robust risk culture by operationalising the Bank's risk culture framework in line with G30's recommendations on Culture and Conduct.

Our performance in 2019

The Group Risk Culture and Conduct Risk Framework was approved by the BRMC and put in place in October 2019.

Instilling a risk culture

To inculcate and to promote awareness and understanding of the Group's desired risk culture and risk culture framework, we have implemented across the Group the following:

- established and formalised the Group's Risk Culture and Conduct Risk Framework;
- incorporated risk culture, including the framework, principles and case studies, into the UOB Code of Conduct e-learning module to emphasise the importance of maintaining a robust risk culture across the Group;
- surveyed senior management committees to assess openness and robustness to challenges and how risk is embedded within the decision-making process;
- conducted self-assessment for key business and support units to evaluate the risk culture within each of their units; and
- increased risk management-related questions in our employee engagement survey to gauge understanding of the prevailing risk culture across the Group.

Responsible Financing

Why this topic matters to UOB

Just as we are prudent in our business practices to ensure financial stability through credit cycles, we are committed to mitigating ESG risks in our operations. Through our financing practices, we recognise that we can play a positive role in shaping the actions of our customers and supporting long-term sustainable development.

How we approach this topic

We are committed to responsible financing and have integrated the principles of The Association of Banks in Singapore (ABS) Guidelines on Responsible Financing into our business model. The Bank has in place a dedicated ESG team with clear roles and responsibilities to ensure the effective implementation of our ESG policies and strategy.

The Credit Committee approves our Responsible Financing Policy, which is embedded within UOB Group's Corporate Credit Policy. This ensures that ESG considerations are integrated into our credit evaluation and approval processes. The Management has oversight on ESG matters including climate change risks and opportunities which may impact our financing activities. Group Credit is responsible for ensuring that ESG risks are adequately addressed and, where necessary, borrowers or projects with elevated ESG risk are escalated to the Credit Committee for further review and approval. Consistent with UOB's overall risk management approach, ESG risks are managed through our three Lines of Defence control structure.

Our Responsible Financing Policy applies to all borrowing customers of Group Wholesale Banking and to the Bank's capital market activities. Under the policy framework, our account officers are required to conduct due diligence on all new and existing borrowers during the client onboarding process and annual credit review. Borrowers are assessed for material ESG risks as well as their capacity, commitment and track record in sustainability. We have also implemented sector-specific Credit Acceptance Guidelines and have ESG checklists in place to help our account officers in identifying, assessing and reviewing ESG risks.

Borrowers that fall within the following eight ESG-sensitive industries, as defined by the ABS Responsible Financing Guidelines, are subject to enhanced due diligence with sector-specific guidelines.

- Agriculture
- Metals and Mining
- Chemical
- Infrastructure
- Forestry
- Defence
- Energy
- Waste Management

As part of our ESG risk classification approach to identify, to measure and to manage better the ESG risk in our portfolio, borrowers are classified as either high, medium or low ESG risk. This is based on the level of ESG risk inherent in their business operations, and the residual ESG risk after taking into consideration their ability to mitigate the inherent risk through policies and measures.

Our Responsible Financing Policy prohibits our financing of companies:

- where their operations or projects threaten the outstanding universal value or special characteristics of UNESCO World Heritage Sites, Ramsar Wetlands, forests of high conservation value (HCV) or may impact critical natural habitats significantly;
- involved in animal cruelty and the trade of endangered species as defined by the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora;
- without measures in place to manage or mitigate the risk of air, soil and water pollution which may negatively impact terrestrial or marine ecosystems;
- involved in the exploitation of labour, including forced labour and child labour, taking reference from International Labour Organisation (ILO) standards;
- in violation of the rights of local or indigenous communities; and
- involved in open burning for land clearance.

2019 WWF Sustainable Banking Assessment
On the back of our efforts to improve our responsible financing practices and disclosures, we have continued to make progress in the latest WWF Sustainable Banking Assessment (WWF SUSBA). The Singapore banks were ranked ahead of peers in the region.

These financing prohibitions are cross-cutting commitments applicable to all new and existing clients and help to bolster our efforts in fostering sustainable development through responsible financing.

We notify our borrowers of their need to adhere to our Responsible Financing Policy and seek their representations and warranties to ensure compliance, including with local ESG regulations in the countries in which they operate. We also encourage them to follow established industry standards, to obtain relevant certifications and to adopt best practices for proper water and waste management, mitigation of greenhouse gas emissions and the management of occupational health and safety risks. The policy references international standards and conventions such as the Roundtable on Sustainable Palm Oil, Forest Stewardship Council, World Heritage Convention, and industry best practices provided by the International Finance Corporation (IFC).

We engage with our borrowers proactively and continually work with them to improve their ESG practices. In addition, we monitor our borrowers on an ongoing basis for any adverse ESG-related news. Borrowers with any known material ESG-related incidents will trigger an immediate review so ESG risks can be addressed and managed appropriately. We require our borrowers to rectify any breaches of our policy within a reasonable timeframe with account officers responsible for monitoring their progress. However, if we deem our borrowers unable or unwilling to commit to managing the potential adverse impact of their operations adequately, we are prepared to review and reassess the relationship, or to reject the transaction.

We review our Responsible Financing Policy periodically amid evolving societal and stakeholder expectations. In 2019, in recognition of the increasing threat of climate change, we discontinued new financing of coal-fired power plant projects and prohibited the project financing of greenfield thermal coal mines. Within the thermal coal sector, our financing is limited to mines that have calorific values corresponding to sub-bituminous or higher grade coal. UOB will continue to engage with and to support our clients in their transition to lower carbon energy sources. In addition to incorporating the ABS Haze Diagnostic Kit for the financing of palm oil, and pulp and paper industries, we have also discontinued new financing of greenfield palm oil plantations to address the risk of deforestation and loss of biodiversity.

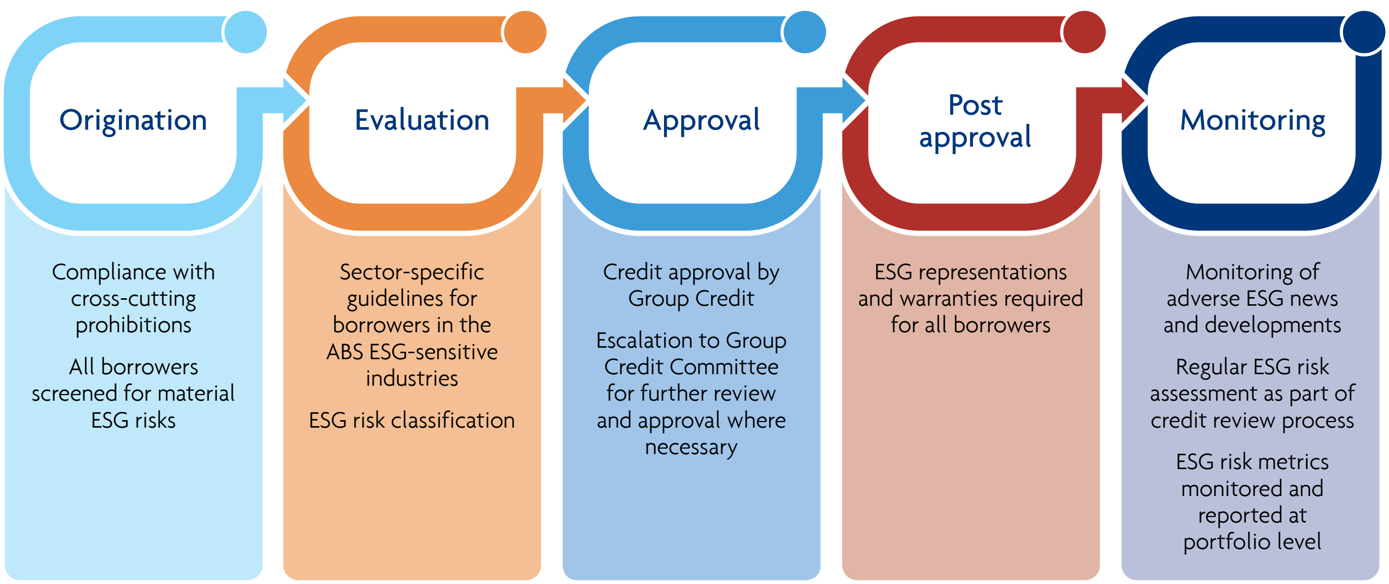
In light of the potential health risks to the community, we continue to prohibit financing of asbestos mining and new building projects that use asbestos in the construction process.

We review our portfolio's ESG exposure periodically. As at 31 December 2019, all applicable borrowers had undergone the ESG risk assessment with relevant risks adequately managed and mitigated. In 2019, a total of 23 borrowers were included under heightened monitoring due to ESG concerns, of which 11 were escalated. These accounted for less than one per cent of our total loan portfolio. The Bank did not have a significant concentration in any of the eight ESG-sensitive sectors, which collectively accounted for approximately nine per cent of our total loan portfolio.

All colleagues serving in relevant roles are trained on our Responsible Financing Policy and its related processes. We continue to maintain a strong focus on capacity-building across the region. In 2019, we rolled out the industry-wide e-learning module on responsible financing which was developed in collaboration with the ABS and the WWF. More than 700 colleagues in Singapore across relevant roles, including senior management and members of the ESG Committee, have completed the module. This, coupled with other training programmes, has helped strengthen awareness of key ESG issues as well as bolstered effective identification and assessment of ESG risks. We aim to achieve a 100 per cent completion rate for training on responsible financing across all our regional subsidiaries and branches in 2020.

We are committed to doing our part in shaping industry developments and to promoting a more level playing field. Over the past three years, we have supported the ABS and the ASEAN Bankers Association in a number of capacity-building workshops in the region. In addition, the Bank has actively participated in sustainability forums and collaboration platforms, such as the Asia Sustainable Finance Initiative, to exchange knowledge and to deepen understanding of ESG best practices. This helps to ensure better integration of sustainability considerations into the Bank's overall strategy. We will continue to engage with regulators as we collectively shape the path towards a more sustainable financial system. We will also continue to engage with other key stakeholders, including customers, colleagues, investors, communities and NGOs to ensure we meet evolving expectations and remain abreast of industry developments.

Our approach to ESG risk management



Our targets

- Enhance our environmental and social policies, practices and disclosures continually.
- Strengthen capacity-building and ensure all relevant colleagues are trained in responsible financing principles, policies and procedures. [2020]

Our performance in 2019

- In 2019, UOB discontinued new financing of coal-fired power plant projects and prohibited the project financing of greenfield thermal coal mines. Within the thermal coal sector, our financing is limited to mines that have calorific values corresponding to sub-bituminous or higher grade coal.
- We also discontinued new financing of greenfield palm oil plantations to address the risk of deforestation and loss of biodiversity.
- More than 700 colleagues in Singapore across relevant roles, including senior management and members of the ESG Committee have completed the industry-wide e-learning module on responsible financing, which was developed in collaboration with the ABS and the World Wide Fund for Nature (WWF).

Partnership for the Goals

- Participant in the MAS Environmental Risk Management Guidelines Working Group
- Collaborator in the Asia Sustainable Finance Initiative

CONTRIBUTION TO THE UN SDGs

17 Partnerships for the Goals

Climate Change Transition and Opportunities

Why this topic matters to UOB

We recognise climate change as being one of the most complex and defining issues of our time. Studies indicate that Asia is among the most vulnerable regions in the world to global warming. Climate change poses a risk to our environment and a challenge for society and the economy. It is also increasingly a concern for financial regulators. As a leading financial institution in the region, UOB has a vital role in supporting efforts toward climate change mitigation and adaptation.

How we approach this topic

Role of the Board in overseeing climate change-related issues

Climate change is a priority for our senior leaders. The UOB Board provides oversight for climate change-related issues through our Executive Committee, with support from management and relevant business units. The UOB Board receives twice-yearly updates on climate related topics. These topics include, but are not limited to, regulatory developments, internal policies, direct environmental impact through our operations, indirect impact through our financing and investment activities, and sustainability reporting disclosures.

The Executive Committee of the Board oversees the Group's material ESG factors, including climate change transition and opportunities. In 2019, climate change was a key consideration in the updates from the ESG Committee to the Executive Committee on the Bank's sustainability strategy which addressed our roadmap to adopting the recommendations of the TCFD, efforts to support our clients in sustainable development and enhancements to our Responsible Financing Policy.

Other UOB Board Committees may also receive reports related to climate change risks and opportunities that come under their respective charters, particularly the Board Risk Management Committee, which has oversight of risk appetite, scenarios and stress testing.

The UOB Board and relevant Board Committees consider climate change risks and opportunities in the context of the Bank's Guiding Principles for Sustainability and the Four Pillars of our Sustainability Strategy.

Climate change-related issues are integrated into the following sustainability governance mechanisms:

- reviewing and guiding strategy;
- reviewing and guiding major plans of action;
- reviewing and guiding risk management policies;
- monitoring implementation and performance of objectives;
- monitoring and overseeing progress against goals and targets for addressing climate change-related issues; and
- reviewing and approving the climate change-related disclosures in our Annual Report.

The Task Force On Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board in December 2015 with the goal of developing a set of voluntary climate change-related financial risk disclosures which could be adopted by corporations so that their investors and other stakeholders could make informed decisions based on those risks.

TCFD is tasked with considering "the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries," per the organisation's mission statement.

The recommendations of the TCFD were published in June 2017 and consist of 11 disclosure recommendations across four pillars: governance, strategy, risk management, and metrics and targets.

Role of the Management in assessing and managing climate change-related issues

The MEC reviews climate change-related issues and provides strategic direction for the Bank's sustainability practices. The MEC is responsible for:

- guiding the development of ESG-related policies, including those related to climate change;
- managing and monitoring climate change-related risks and opportunities; and
- overseeing the progress, performance and reporting on climate change-related issues.

The MEC supports the Executive Committee of UOB's Board in matters related to sustainability, including climate change-related responsibilities.

UOB's ESG Committee is a senior management committee that reports directly to the MEC. The ESG Committee identifies climate-related risks and opportunities, assesses emerging issues and has responsibility for delivering the Bank's overarching sustainability strategy in partnership with relevant functions across the Group. To ensure that the Bank's ESG Principles are integrated across our business units, the ESG Committee comprises senior management from business and support functions across the Bank. This approach ensures that emerging climate change-related risks and opportunities – whether identified by ourselves, investors, customers, NGOs, regulators and other stakeholders – are integrated into our decision-making, and assessed and managed at the highest levels.

The ESG Committee convenes once each month and serves as the integration point for internal ESG-related working groups with responsibility for environmental and social issues. More recently, we established a multi-function working group to lead our response to the recommendations of the TCFD. The working groups comprise senior leaders from the Bank's various functions who have specific roles in the implementation of our overall sustainability strategy. Together with the ESG Committee, they ensure that we maintain a robust and integrated platform for governing, implementing and monitoring climate change-related targets and strategies.

UOB's ESG Framework is implemented through relevant policies and guidelines, including the Bank's Responsible Financing Policy which governs our review and approval of client transactions in environmentally and/or socially sensitive sectors. UOB also has financing teams that work with clients to address climate change-related challenges and opportunities, occasionally in collaboration with NGOs, certification bodies and other mutual stakeholders. Internally, to manage our direct environmental impact, our Corporate Real Estate and Services group has a specialised energy and sustainability team that works to mitigate our environmental footprint and to realise our green building targets. Our Central Procurement Office oversees our indirect impact by ensuring that material suppliers act in compliance with our Group Supplier Sustainability Principles. In addition, we have dedicated environment specialists that work full-time on our initiatives in relevant business units, ensuring ownership of the Bank's sustainability goals.

Risks

Taking reference from the Sustainability Accounting Standards Board's (SASB) Materiality Map® and Moody's Environmental Risks Global Heatmap, we conducted qualitative identification and assessment of climate change-related risks in our loan portfolio. High level considerations of transition and physical risks were used to understand the potential financial impact of climate change on different sectors over short-, medium- and long-term horizons, which range from within the next three years to beyond seven years.

In the short to medium term, specific carbon-intensive segments within the metals and mining, energy, transportation, chemicals and building materials sectors were considered most likely to be impacted by climate change. These segments accounted for less than ten per cent of UOB's total loan portfolio. As part of our roadmap, we will explore quantitative climate scenario analysis for these affected segments, starting with transition risk, to better inform our approach to climate risk management. We will also engage industry associations, regulators and climate specialists to develop methodologies for climate scenario analysis and to address collectively the challenges of data availability.

We recognise that climate risk can translate into known financial risk types for banks including credit risk, market risk, operational risk and liquidity risk, of which we consider the potential credit risk impact to be the most material.

Opportunities

We have also assessed the potential market opportunities in support of the UN SDGs, in particular SDG 13: Climate Action. Within countries and territories where we operate, we have identified opportunities relating to climate change mitigation such as energy efficiency, renewable energy and clean transportation. We will progressively roll out initiatives to support our clients in these targeted sectors. As at December 2019, renewable energy projects account for approximately 24 per cent of our total power generation portfolio.

Go to pages 82-87 of this report to find out more about how we support customers in sustainable development.

Transition risk

Transition risk refers to the financial risks which could result from the process of adjustment towards a low-carbon economy. Impact is expected to materialise in a shorter time horizon with the speed and magnitude of transition dependent on changes in public policies, technological developments, shifts in consumer preferences and investor widow.

Physical risk

Physical risks can be acute or chronic. Acute physical risk is caused by extreme weather events such as cyclones and wildfires. Chronic physical risk arises from longer-term shifts in climate patterns such as rising sea levels with time horizon typically spanning decades. Physical risk can result in financial losses due to direct damage to assets and indirect impact from supply chain disruption.

Our target

- Engage with stakeholders to develop and to implement a roadmap towards adopting the Recommendations of the TCFD in order to assess, to measure and to manage our climate change-related risk.

Our performance in 2019

- We officially endorsed the recommendations of the TCFD and developed a roadmap towards enhancing our climate change-related disclosures in alignment with those recommendations.
- We conducted qualitative identification and assessment of climate-related risks in our loan portfolio. High level considerations of transition and physical risks were used to understand the potential financial impact of climate change on different sectors over short-, medium- and long-term horizons, which range from within the next three years to beyond seven years.

Partnership for the Goals

- Supporter of the TCFD
- Participant in the MAS Environmental Risk Management Guidelines Working Group

CONTRIBUTION TO THE UN SDGs

13 Climate Action
17 Partnerships for the Goals

Supporting Customers in Sustainable Development

Why this topic matters to UOB

It is imperative that UOB closely supports its customers to capture the growing global and regional opportunities in sustainability. According to a study by the Business and Sustainable Commission in 2017, achieving the Global Goals for Sustainable Development will open up US$12 trillion of market opportunities by 2030. In developing and emerging countries in Asia, the market opportunities are estimated to be worth US$3.3 trillion, of which 70 per cent is estimated to be derived from the development of smart cities as well as energy and materials efficiency technology.

How we approach this topic

In developing sustainability solutions for our customers, our strategy and decision-making are guided by the UN SDGs. To ensure that our financing and investing activities make positive impact as well as to mitigate any potential harm to communities and ecological systems, we align our frameworks and practices to internationally-recognised standards, principles and guidelines wherever feasible.

In terms of green financing, we prioritise eight sectoral opportunities where UOB can play a role. These sectoral opportunities are:

- energy-efficient buildings;
- expansion of renewables;
- mass public transport;
- electric and hybrid vehicles and associated charging infrastructure;
- waste recycling;
- energy efficiency in energy intensive sectors;
- reducing food and packaging waste; and
- end-use steel efficiency.

The direct and indirect environmental impact resulting from these initiatives include:

- reductions in carbon emission;
- increase asset utilisation and resource savings;
- better water and waste management practices;
- reductions in the amount of waste generated via more efficient processes; and
- value creation from waste streams via promotion of circularity in product cycles.

Social impact can also result indirectly from green financing initiatives through better resource usage and enhancements to the living environment of local communities, which are important stakeholders for our customers.

Our targets

- Double our renewable energy, energy efficiency, green transport infrastructure, water and waste management portfolio. [2023]
- Implement targeted programmes to support the growth of emerging 3R (Reduce, Reuse, Recycle) businesses. [2020]
- Launch the second Asia Impact Investment Fund (AIIF) to continue making impact and/or responsible investments in companies across Southeast Asia and China. [2020]
- Help foster a more inclusive society by engaging 200 companies in Singapore and encouraging them to create meaningful employment opportunities for persons with disabilities through The Unlimited programme. [2021]

The Asset Triple A Country Awards 2019

Best Sustainability Linked Loan: US$650 million sustainability linked syndicated revolving credit facility to Louis Dreyfus Company Asia

Best Bilateral Green Loan: $42.75 million senior secured term loan facility for Sunseap Leasing's portfolio of solar assets

The Asset Best ESG Initiative Award 2019

The Asset created a pinnacle award in 2019 to accord UOB with a special recognition: Best of the Best Initiative among their ESG Corporate Awards recipients. UOB's The Unlimited was judged as unique and outstanding in the way the programme brings together the private, public and people sectors to address both business and societal needs.

Enabling Employers Awards 2019

Leader in Innovation Award for The Unlimited.

Our performance in 2019

- We increased financing for renewable energy, energy efficiency, green transport infrastructure, water and waste management by 94 per cent in 2019. As a result, renewable energy now forms 24 per cent of our power-related portfolio from 11 per cent in 2018.
- During the year, we also rolled out the Plastics Recyclers Ecosystem Financing programme to support plastics converters that are using recycled resin to manufacture PET bottles as well as buyers of these recycled plastics. The initiative helps to close one of the gaps that needs to be addressed in order to create a more circular plastic economy in the region.
- More than $1 billion in UOB Venture Management (UOBVM)'s assets under management was related to its ESG-linked and impact investing funds.
- As at December 2019, we had engaged 162 companies among whom half were our clients through The Unlimited in order to generate awareness for the benefits of inclusive hiring.

Partnership for the Goals

- Member of the MAS Financial Centre Advisory Panel (FCAP), Green Finance Working Group
- Signatory to the IFC Operating Principles for Impact Management – UOBVM
- Member of the Asian Venture Philanthropy Network – UOBVM
- Private sector catalyst in a tripartite collaboration with SG Enable, Autism Resource Centre (ARC), Movement for the Intellectually Disabled of Singapore (MINDS) and SPD
- Joint organiser of solar energy workshops alongside the Malaysian Investment Development Authority (MIDA) and U-Solar partners in Malaysia, to promote sustainability awareness among small- and medium-sized enterprises by connecting them directly with credible solar engineering, procurement, construction (EPC) contractors, as well as to provide green financing to enable commercial and retail customers to actively contribute to the Global Goals.

CONTRIBUTION TO THE UN SDGs

17 Partnerships for the Goals

Green financing frameworks

Investing in sustainable buildings is key to achieving the Paris Agreement goals. Building construction and operations accounted for 36 per cent of global final energy use and nearly 40 per cent of energy-related carbon dioxide emissions in 2017, representing the largest share of any industry[2]. Up to 70 per cent of a large city's greenhouse gas emissions are related to its buildings[3].

Sustainable buildings offer a multitude of benefits to the environment and society including job creation; increased infrastructure and urban resilience; enhanced health and well-being; reductions in air pollution, greenhouse gas emissions and waste generation; improved energy access; and reduced impacts on biodiversity. Recognising these benefits, UOB developed the UOB Real Estate Sustainable Finance Framework[4] to support customers operating in this segment.

The construction and infrastructure sector is also a key focus for the Bank, as it is one of the most important drivers for economic growth in the region. Green infrastructure encompasses renewable energy, including solar, wind, hydro and geothermal; waste and water management and treatment; sustainable public transportation; and energy efficiency.

In our view, support for these industries is crucial to drive growth more sustainably, as well as to realise the global sustainable development agenda. We co-developed the UOB Green Infrastructure Financing Framework with Sustainalytics[5], to provide sustainable solutions for our clients in the infrastructure sector. The framework covers companies that operate across the infrastructure sector, including owners, developers, contractors, suppliers and end users.

Together, the UOB Real Estate Sustainable Finance Framework and the UOB Green Infrastructure Financing Framework guide the development of the following sustainable finance products:

- green bilateral loans;
- green syndicated or club loans;
- green trade finance facilities;
- green deposits; and
- green retail products.

CONTRIBUTION TO THE UN SDGs

UOB Real Estate Sustainable Finance Framework*

Objectives

Provide Property Classification for Green and Sustainability Linked Loans

Green Loans for Green Buildings
Reduces frictional costs and provides greater convenience

Green Loans for Specific Improvement Projects
Improves client's sustainability profile while upgrading assets

Sustainability Linked Loans (SLL)
Offers incentives on general corporate financing tied to company's sustainability performance

UOB Real Estate Sustainable Finance Framework, supports sustainable financing in any of these asset classes:

- **Data Centres**
- **Hotels**
- **Industrial**
- **Offices**
- **Residential**
- **Restaurants**
- **Retail**

* In alignment to Loan Market Association/Asia Pacific Loan Market Association (LMA/APLMA) Green Loan Principles and Sustainability Linked Loan Principles.

2 Global Alliance for Buildings and Construction, 2018 Global Status Report, 2018
3 Climate Bonds Initiative, Low Carbon Buildings Criteria, https://www.climatebonds.net/standard/buildings
4 Advised by KPMG Singapore
5 Reviewed by Sustainalytics as being credible and impactful

Supporting Customers in Sustainable Development

U-Solar

Offered in Indonesia, Malaysia, Singapore and Thailand, our U-Solar programme is Asia's first integrated solar industry ecosystem that supports companies and consumers in the development and use of solar energy through the provision of financing solutions. Through U-Solar, we aim to help address the pain points faced by the solar energy industry value chain, from solar project developers, engineering, procurement, construction (EPC) contractors to end users across the region.

U-Solar is part of our value chain financing strategy that combines the expertise of various wholesale and retail banking teams across the Bank with the common goal of helping retail and corporate customers transition seamlessly to solar power.

Through U-Solar, we hope to accelerate the adoption of renewable energy for a more sustainable future by:

- supporting local solar contractors with end-to-end financing from procurement to construction, to operation and maintenance of the solar power system;
- promoting awareness among companies, both commercial and industrial, as well as residential users of the benefits and savings that can be achieved by installing their own solar power system;
- enabling customers to play an active role in helping their countries meet their Nationally Determined Contribution (NDC) or climate pledge commitments as part of the Paris Agreement; and
- providing end users with standardised solar financing packages.

The U-Solar programme is designed to operate with UOB-approved solar EPC contractors in each country to ensure quality of service, and equipment and maintenance provision to our end-user customers in the commercial, industrial and residential segments.

For developers and contractors, the U-Solar programme provides them with access to green loans to help them overcome working capital challenges.

For the end users of solar energy – residential, commercial and industrial users – the U-Solar programme connects them to financing solutions that enable them to benefit from quality solar panel installations and reliable performance. For residential customers in particular, we offer zero per cent interest instalment plans for the purchase of solar panel installations.

UOB Green Infrastructure Financing Framework*

Water Management

Water treatment and associated distribution infrastructure

6 Clean Water and Sanitation

11 Sustainable Cities and Communities

Green Building Construction

Commercial, public and residential buildings (existing and new construction)

11 Sustainable Cities and Communities

Renewable Energy

Energy generation, manufacturing of components and construction/ maintenance/expansion of associated distribution networks

- Solar energy
- Wind energy
- Small-hydro power
- Geothermal

7 Affordable and Clean Energy

Energy Efficiency

Improvement on buildings, public utility networks, improvement in agricultural/ aquaculture processes. Improvement and retrofitting works on industrial processes, supply chains, distribution networks and transportation infrastructure are also included.

7 Affordable and Clean Energy

9 Industry, Innovation and Infrastructure

11 Sustainable Cities and Communities

12 Responsible Consumption and Production

14 Life Below Water

15 Life on Land

Waste Management

Waste and wastewater treatment and associated infrastructure

6 Clean Water and Sanitation

Green Transport

New energy vehicles, vehicle energy efficiency and urban transportation systems.

11 Sustainable Cities and Communities

* The Framework has been reviewed by Sustainalytics and all eligible activities has been considered to be "credible and impactful".

Supporting Customers in Sustainable Development

Asia Impact Investment Fund (AIIF)

In 2015, UOBVM launched the first series of the AIIF to invest in growth companies in Southeast Asia and China that improve lives of lower income communities at the base of the economic pyramid. Through AIIF, UOBVM offers institutional and high-net-worth investors a strong value proposition to support sustainable growth businesses with impact-driven business models. AIIF has a double bottom line focus, valuing both financial return and social impact. Healthcare, financial inclusion and education are among the sectors that we focus on. As at December 2019, more than 16 million low-income individuals have benefitted from the efforts of AIIF's portfolio companies.

Being a responsible fund manager and responsible investor is an ongoing commitment for UOBVM. Our team of experienced investment professionals in Singapore, China, Vietnam and Indonesia are focused on responding to progressive investment opportunities, exercising discipline in their selection process, and creating long-term value for our investors.

As a fiduciary, UOBVM is committed to responsible investing and is a signatory to the PRI. It was Singapore's first signatory to the International Finance Corporation's Operating Principles for Impact Management in 2019.

Investing in healthcare

In 2019, UOBVM deployed capital into several healthcare technology companies in Southeast Asia and China, including Halodoc in Indonesia.

While demand for healthcare in Southeast Asia continues to grow at a rapid pace, the healthcare systems in a number of emerging countries are straining to meet the evolving needs of their growing populations.

Healthcare resources and infrastructure in countries such as Indonesia and the Philippines are unevenly distributed. Hence, affordable access to healthcare services is often lacking, particularly in lower income communities and rural households.

Through the introduction of new business models and effective use of technology, a number of UOBVM's investee companies have enabled the delivery of quality healthcare to their local communities that is both cost effective and convenient.

CONTRIBUTION TO THE UN SDGs

2 Zero Hunger

3 Good Health and Well-Being

Case Study: Halodoc

Indonesia has a population of 267 million and similar to many fast-growing developing countries, providing affordable and quality healthcare at scale remains a significant challenge. Based on World Bank data, in Indonesia, there are only four doctors per 10,000 individuals in the population, compared with the OECD average of 34 doctors per 10,000 individuals.

Owing to the skewed distribution of medical personnel, gaining access to a doctor is not always easy especially for communities located outside of major cities. A visit to a doctor in Indonesia often involves long waiting time culminating in a brief consultation.

Halodoc aims to simplify access to healthcare services through its platform, by integrating online and offline components of the healthcare ecosystem. Leveraging technology, Halodoc's app and website now enable patients in Indonesia to gain access to doctors, including specialists, within a minute through online consultations, and to have their medication delivered to them within 45 minutes. This significantly improves the patient experience.

"We are delighted to have UOBVM onboard, their sustainable and impact investing DNA is something we appreciate and resonate with. Halodoc is committed to simplifying and improving healthcare access in Indonesia, and values the support of like-minded partners and investors."

Jonathan Sudharta,
Founder & CEO of Halodoc

The impact of AIIF

Agriculture

36,000+

farmers reached through introduction of higher-value crops, inputs and technology.

Access to Finance

700,000+

micro-entrepreneurs in Indonesia and Myanmar have gained access to finance, helping them to build or invest further in their business or agriculture endeavours.

Healthcare

3,000,000+

individuals including 2.1 million infants in poverty-stricken countries have gained access to nutritional supplements, reducing anaemia, and malnutrition. More than 1 million patients in less developed parts in Indonesia and the Philippines gained healthcare access.

Education

10,000,000+

youths from low-income households have gained access to quality educational content, improving individual learning outcomes and national education outcomes.

The Unlimited: Creating job opportunities for persons with disabilities

Following a study[6] conducted with 220 business leaders across various industries in Singapore to find out corporate willingness to hire persons with disabilities, we launched The Unlimited, a first-of-its-kind tripartite collaboration among the private, public and people sectors. Through our collaboration with SG Enable, Autism Resource Centre (ARC), Movement for the Intellectually Disabled of Singapore (MINDS) and SPD, we guide companies through the inclusive hiring process to make it easier for them to hire persons with disabilities (PWDs).

Under The Unlimited, UOB acts as the private sector catalyst for inclusive hiring, engaging companies to raise their awareness and to generate interest in the hiring of persons with disabilities. SG Enable provides advisory services, training resources and knowledge-sharing workshops, while ARC, MINDS and SPD provide the domain expertise and experience to identify potential employees from their client pool and to provide them with both pre- and post-employment support.

Since the July 2019 launch of The Unlimited, which was witnessed by the Singapore Minister for Social and Family Development Desmond Lee and attended by 174 corporate leaders in Singapore, we engaged 162 companies, of which 22 companies indicated their interest in employing persons with disabilities.

In addition to The Unlimited, UOB frequently engages companies to help share insights into inclusive hiring as a business advantage. For example, we co-organised with Pan Pacific Hotels Group and SG Enable the Inclusion Seminar 2019: Moving from Corporate Social Responsibility to Corporate Strategy. With support from the Ministry of Manpower and Ministry of Social and Family Development, the event centred on inclusive hiring strategies that contribute to company performance and improved employee engagement.

Further, we continue to host companies at the UOB Scan Hub to share our experience in inclusive hiring. We also work with SG Enable and tertiary institutions to offer UOB summer internships to students with disabilities, in order to provide them with the opportunity to receive on-the-job training and mentorship, which prepares them for eventual employment.

Integrating persons with disabilities into the work environment, and recognising their capabilities, help to create a more caring and inclusive society. UOB will continue to share the positive outcomes from its own experience of working with persons with disabilities, with its business and client network through The Unlimited.

Senior leaders from UOB and our partners at the launch of The Unlimited.

Making it easier to hire persons with disabilities

UOB — SG ENABLE — ARC, minds, spd (Serving people with disabilities since 1964)

Private sector catalyst

UOB

As the enabler, UOB engages companies to raise awareness and to generate interest in the hiring of persons with disabilities

Enhances employer capabilities in disability inclusive hiring

SG Enable

Partners social service agencies to assist interested companies, including providing advisory, training and administering funding and grants to ease the financial aspects of hiring persons with disabilities

Provide job placement services

Autism Resource Centre (ARC)
Movement for the Intellectually Disabled of Singapore (MINDS)
SPD

Social service agencies that provide pre-employment training, job placement and job support services by matching suitable talents with the right jobs and providing on-the-job coaching during the onboarding process

CONTRIBUTION TO THE UN SDGs

8 Decent Work and Economic Growth
10 Reduced Inequalities

6 UOB commissioned independent research agency, InsightzClub, to conduct the study in July 2019.

Information Security and Data Privacy

Why this topic matters to UOB

Protecting our customers' personal data and privacy is a top priority at UOB and essential to maintaining their trust in us. We are committed to meeting industry best practices and complying with the Personal Data Protection Act of Singapore. Banks such as UOB and other financial institutions host important and sensitive information about customers and trust in such institutions can be quickly eroded in the event of a breach. In addition, with the behavioural shift toward digital channels, it is imperative to have robust security controls in place.

How we approach this topic

Data privacy

We have policies and processes in place to ensure the confidentiality and security of our customers' information, including our Personal Data Protection Policy. In tandem with rising international data privacy standards, we also conduct regular reviews on our policies and processes to ensure that our data processing evolves in line with applicable data privacy laws.

Line data protection officers at functional and business levels in Singapore and locally appointed officers at overseas locations ensure that personal data is safeguarded. These officers report to the Franchise Data Protection Officers in Singapore, who in turn report to the Group Operational Risk Management Committee. Our line data protection officers ensure compliance with local regulations and Group requirements, assisting in the investigation of alleged breaches as and when required. Group Operational Risk Management and the Data Protection Office review any incidents and corresponding action plans are developed by the business and support units. Significant incidents are escalated to relevant senior management committees.

UOB's Enterprise Data Governance and Data Quality team governs the data life cycle from creation, transformation, consumption to eventual deletion. This function brings together subject-matter experts from across UOB to focus on the continuous improvement of data health, powered by innovations in processes and technology.

Data privacy impact assessments are integral to our business and product development process to ensure that data protection is embedded in the services we provide and in every aspect of our operations.

We respect our customers' preferences regarding the receipt of marketing information and will seek customer consent to receive telemarketing calls. Customers may also withdraw their consent at any time. We facilitate our customers' requests to access and to correct their personal data through various channels such as mail, email or at our branches.

Information on our approach to privacy and data protection and contact details for our Data Protection Officers are available on our website. Our UOB Privacy Notice is also available online and at all branches in Singapore.

Information security

We use technology to provide a borderless, reliable and efficient service, and are committed to protecting our customers' and the Bank's data and assets from cybersecurity threats.

The Group Technology Risk Management Framework and IT Security Management Policy outline our cybersecurity policies, guidelines and tools to protect our data and assets. These ensure that cybersecurity risks are identified and managed in a consistent way across the Group.

The Group Technology Risk Management Framework also incorporates comprehensive control requirements set out by key regulators in the Asia Pacific.

Our dedicated Security Operations Centre specialists monitor, detect and respond to potential cybersecurity risks and threats. We also continually upgrade our security capabilities to respond to the evolving threat landscape by partnering leading cybersecurity providers and enhancing our security technology.

Recognising that everyone plays a role in data protection and cybersecurity defence, we regularly train our people on information security and cybersecurity risks.

Our targets

- Protect and secure the Bank's and customers' information by continually deepening our cyber security capabilities to counter threats and to address an evolving security landscape.
- Create strong cyber and information security awareness with a "security is everyone's responsibility" mindset and maintain 100 per cent completion rate for employee security training.

Our performance in 2019

In 2019, there were no legal proceedings taken against UOB in respect of any data privacy breach, nor any fine or other sanction imposed on the Bank by the Singapore Personal Data Protection Commission (PDPC). We worked with the PDPC to address concerns about use of personal data raised by our customers. During the year, 11 incidents were referred to us by the PDPC, of which one valid complaint was identified, which was addressed and resolved.

We continue to develop our cybersecurity capabilities and to enhance our operating models to strengthen our defences and to keep pace with the dynamic threat landscape. Through these efforts, we contribute to the security and stability of the financial system and trust in the banking environment. As we advance our digital capabilities, we remain committed to increasing our investments in our cyber resilience and security. In 2019, the Group had no material security incidents to report and 100 per cent of employees completed the security training module.

Partnership for the Goals

UOB, in collaboration with MAS and other financial industry partners, has been an active contributor to create a framework known as Veritas with the aim to promote responsible adoption of ethical best practices when employing artificial intelligence and data analytics. Further, UOB is one of two banks in Singapore that is working in conjunction with the MAS and an established global artificial intelligence service provider to develop end-to-end methodologies and operating processes around the Veritas framework.

On the information security front, UOB collaborates with ABS and participates in the Financial Services Information Sharing and Analysis Center (FS-ISAC) to strengthen the industry's collective defence against cyber attacks by sharing information on potential threats and best practices with our industry peers.

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17 Partnerships for the Goals

Ethical use of data

The drive for the ethical use of data is quickly gaining momentum; thought-leaders, industry experts and data practitioners have produced guidelines and publications addressing and highlighting its importance of late. With the advent of artificial intelligence and data analytics, UOB has embarked on its own journey of responsible and ethical use of data across its businesses. In 2019, a new Enterprise Data Ethics team was formed to ensure the responsible use of data in line with UOB's values, with advisory and technical support from our customer advocates, data governance specialists, legal officers and data scientists to drive ethical behaviour across our data community.

The principles of Fairness, Ethics, Accountability and Transparency (FEAT) as envisioned by MAS – coupled with UOB's values and Code of Conduct – are embedded in our modelling and analytics processes. We have developed a balanced operating model and operationalised it across the Three Lines of Defence to provide robust challenge as well as assurance in the ethical handling of data and its outcomes.

The importance of data quality for data security

Quality data is critical for efficient decision-making at the highest levels. Our regional data quality initiatives not only provide assurance to the regulators, senior management and risk professionals; they also ensure that accurate and timely data can be obtained for analysis and reporting. Our Data Quality Centre of Excellence, which was formalised in 2019, actively pursues enterprise data quality concerns; deep dives into the associated data management and technical processes; determines the root cause of data quality gaps and collaboratively drives long term, preventive resolutions across our complex data management landscape.

Secure cross-border data sharing

In 2019, a framework and guidelines were put in place to govern cross-border transfers of personal data between UOB Group companies worldwide. Enabling responsible and secure cross-border data sharing is of key importance to UOB. Our cross-functional group comprising experts from across the data, risk and business domains has developed guidelines, procedures and processes to guide all data users in responsible cross-border data sharing. This has significantly improved the communications and assignment of responsibilities in cross-border data sharing practices, taking into account the complex regional regulatory and data privacy landscape, as well as internal business confidentiality aspects.

Promoting awareness of information security

We keep our people informed of developments and share best practices with them through our intranet. We also conduct activities such as anti-phishing exercises, password strength assessments and internal cyber-security training to raise awareness and to test our employees' vigilance and understanding. In 2020, we will broaden our security awareness initiatives to include tailored role-based training programmes for selected high-risk employee groups.

To raise our customers' awareness of cybersecurity so they can also help protect themselves from cyber attacks, we provide them with regular updates on cybersecurity tips and threats via our website, social media channels, electronic mailers, text messages and mobile apps. In addition, our UOB BIBPlus customers can download security software to improve the security of their online banking experience.

Preventative actions we have taken against phishing

- Enhanced monitoring for suspicious access patterns
- End-user browser updates to warn of phishing sites
- Monitoring of re-directed traffic back to our Personal Internet Banking (PIB) website for potential fraudulent sites
- Intelligence gathering and coordination to detect and shut down phishing sites and to block fraudulent transactions
- Bolstering e-mail authentication to reduce ability of spammers to impersonate the Bank

UOB Personal Data Protection Policy Principles

- Personal data must only be collected and used for purposes for which the customer has been notified and has consented to, or are permitted by law
- Personal data is used responsibly in accordance with our ethical standards and corporate values
- Access and disclosure are strictly on a need to know basis
- Integrity and security of personal data are paramount
- Personal data that is no longer required for legal or business purposes must be securely destroyed, in accordance with document retention policies

Fair Dealing

Why this topic matters to UOB

At UOB, we have put our customers first for more than 80 years and it is on this foundation that we developed our business and will continue to grow. What is not right for our customers is not right for us.

Fair Dealing is at the heart of every decision and recommendation that we make. This is achieved through conscious and concerted efforts across our entire franchise.

The principles of Fair Dealing are a reflection of UOB's own values and are not bound by business or geography. Fair Dealing principles are embedded in the way we design our investment products and services, our marketing and sales strategies and approaches through to our after-sales care.

How we approach this topic

Fair Dealing is the responsibility of everyone at UOB, regardless of our individual roles, and this duty is embodied in our values-based Code of Conduct. Treating Customers Fairly is UOB's way of working. Our value of Honour underpins our commitment to delivering the five Fair Dealing outcomes as set out in the Monetary Authority of Singapore (MAS)'s Guidelines on Fair Dealing. From the boardroom to the branch, we put our customers and their financial goals first by:

- offering products and services that are suitable for them;
- ensuring our employees give quality advice and appropriate recommendations;
- providing clear, relevant and timely information so that customers can make informed financial decisions; and
- dealing with feedback in an independent, effective and prompt manner.

The Group Fair Dealing Guidelines Committee (FDGC), comprising senior management appointed by the Group CEO, is responsible for ensuring Fair Dealing outcomes for our customers. The Board and Management provide oversight through the Board Risk Management Committee and the Risk and Capital Committee respectively.

The Bank has in place policies, guidelines and operating frameworks to ensure that we always aim for and achieve the Fair Dealing outcomes. The FDGC also proactively drives the implementation of new programmes and enhanced controls and processes with the objective of improving our standards, including:

- regular "Tone from the Top" communications to reinforce the importance of embracing Fair Dealing principles in all that we do;
- UOB Customer Commitments Awards to recognise colleagues who uphold and fulfil our customer commitments; and
- the Art of Service Recovery Programme which aims to drive mindset shifts, to instil and to equip employees with best practices on how to attend to challenging customers, to enhance staff competency and to increase customer satisfaction.

The Group Policy for Financial Advisory Services and Sale of Investment Products is an overarching policy that dictates the minimum standards on provision of financial advisory services and sale of investment products for UOB Group. It also ensures that we have a consistent practice for dealing with our customers fairly. The policy aims to establish a framework to define the minimum standards to be adopted globally for the activities of financial advisory services and sale of investment products, including but not limited to:

- competency of the sales force;
- due diligence for product suitability; and
- fair and transparent disclosures.

Our targets

- Maintain 100 per cent completion of mandatory training on MAS Fair Dealing for all employees.
- Handle all non-compliance instances of Fair Dealing in an independent, effective and prompt manner.

Our performance in 2019

- 100 per cent completion of mandatory training on MAS Fair Dealing by employees.
- 100 per cent of customer complaints were addressed within the established processes and timelines.

Promoting free and fair competition

UOB values public confidence that the Group operates fairly in the various markets in which it has a presence. The need for integrity also applies in the competition for market share. The UOB Code of Conduct prohibits anti-competitive conduct and provides examples of what acts would constitute the same. Employees are advised to consult the UOB legal team for further guidance on what could be deemed as anti-competitive conduct.

During the reporting period, there were no complaints in connection with anti-competitive behavior in Singapore or other international locations in which UOB operates. UOB has also not breached any applicable anti-trust and monopoly legislation in Singapore or overseas during the reporting period.

Annual Fairness, Ethics, Accountability and Transparency (FEAT) and Fair Dealing Workshop

UOB's Group Customer Experience and Advocacy (GCEA) team organised a Fairness, Ethics, Accountability and Transparency (FEAT) and Fair Dealing Workshop in Singapore on 18 November 2019, chaired by our Group Chief Financial Officer, Mr Lee Wai Fai.

The annual workshop is part of our commitment to maintaining a culture of fair dealing. In 2019, the scope was expanded to incorporate FEAT principles that were introduced by the Monetary Authority of Singapore to promote them in how we provide products and services and in how we use artificial intelligence and data analytics.

The 12 participating teams from China, Indonesia, Malaysia, Singapore and Thailand shared key insights from their root-cause analyses of customer complaints and surveys to identify possible pain points, service gaps and areas for improvement. They also shared 150 initiatives, many of which were aimed at:

- simplifying our processes for greater efficiency, incorporating digital solutions into our workflows;
- upgrading our systems to be more customer-friendly; and
- enhancing employee training.

Some of these improvements included enhancing the processes for credit/debit card transaction disputes, crediting of inward fund transfers and shortening turnaround time for account opening.

UOB's focus on Fair Dealing and continual improvement efforts contributed to the 42 per cent year-on-year increase in customer compliments and a 12 per cent year-on-year drop in complaints.

Mr Lee encouraged everyone to continue:

- maintaining high standards of ethics and professionalism;
- considering what is the right and fair for both our customers and the Bank; and
- sharing and applying best practices across the Group to enhance continuously our FEAT and Fair Dealing practices.

How the FEAT and Fair Dealing Workshop helped our colleagues

"Incorporating Wholesale Banking into the FEAT and Fair Dealing Workshop is another important step in raising the awareness of and focus on the importance of FEAT and Fair Dealing across the Bank. We have been working with various partners to increase the channels for customer feedback and it was a great experience to join colleagues from different teams to understand the many ways UOB Group is driving FEAT and Fair Dealing disciplines."

Mr. Richard David Maloney Jr,
Managing Director, Group Wholesale Banking and Markets

"The open sharing by businesses across the Bank on customer insights and areas for improvement has helped me to apply best practices in my market. The introduction to FEAT was also insightful to set in context what can we expect as a Bank moving forward."

Ms. Annie Mammen,
Executive Director, UOB Malaysia

"The workshop demonstrated how UOB always focuses on our customers. What most interested me was how we could tap and scale ongoing Group-level initiatives in the local markets."

Ms. Amelia Ragamulu,
First Vice President, UOB Indonesia

More than 50 colleagues from across the Bank and regional subsidiaries came together for the seventh annual FEAT and Fair Dealing Workshop in Singapore.

Customer Experience

Why this topic matters to UOB

Our customers are the core of our business. By actively engaging our customers and listening to their needs, we can serve them better and create lasting relationships. In focusing on doing what is right for customers, we act in their best interests and provide them with appropriate solutions and services through our omni-channel approach. We also use technology and data to create distinctive experiences for our customers that are safe, reliable and relevant.

How we approach this topic

We employ various methods to understand better our customers' needs and preferences and how they use our products and services. UOB's Art of Service Recovery programme equips our colleagues with the skills to resolve customer complaints and to turn challenging situations into positive outcomes. In 2019, we conducted 55 workshops for 1,386 colleagues from China, Indonesia, Malaysia, Singapore and Thailand.

When we receive feedback from customers, we conduct a review and root-cause analysis for each customer feedback with the respective business or support unit to address the concerns of our customers and to identify areas of improvement.

We have cross-functional teams in place to develop, to refine and to implement improvement initiatives using the consolidated customer insights drawn from internal and external sources. Our continuous improvement is also guided by the Net Promoter Score (NPS) and Customer Satisfaction Score (CSS), which are tracked throughout the year. Through industry surveys such as the Customer Satisfaction Index of Singapore (CSISG) and findings from our external consultant, Greenwich Associates, we are able to obtain an independent gauge of the level of satisfaction among our customers as well as their changing needs. We derive information and insight from these sources which are used to enhance the customer experience and to develop products and services that enable us to serve our customers better.

We demonstrate our commitment to treating customers fairly by:

- offering products and services which are suitable for our customers;
- ensuring our colleagues are competent in providing quality advice and appropriate recommendations;
- providing clear, relevant and timely information so that our customers can make informed financial decisions; and
- dealing with customer complaints independently, effectively and promptly.

Our GCEA function monitors key performance indicators and metrics relating to customer experience at both the strategic and operational level. Regular updates are presented to the Group CEO, country CEOs, senior management as well as relevant committees such as the Fair Dealing Guidelines Committees, the Operational Risk Management Committee and the Board Risk Management Committee. These updates relate to customers' NPS for Group Retail, Group Wholesale Banking and Markets, Contact Centre and our branches, as well as customer complaint indicators and end-to-end service measures.

Our targets

- Maintain mean customer satisfaction score (CSS) and mean NPS for Group Retail, Group Wholesale Banking and Markets at above 7.0 based on a zero to 10-point scale.
- Customer issue resolution turnaround: 90 per cent of general complaints resolved within five business days across the Group.

ABS Excellent Service Award

In 2019, 1,434 UOB colleagues in Singapore were recognised for their service excellence at the ABS Excellent Service Award (EXSA). Among our winners, 872 received the Star Award, the highest tier of the awards. This was the 13th consecutive year in which our colleagues were recognised at the EXSA awards.

Our performance in 2019

- Group Retail: Achieved 7.9 in mean CSS and improved NPS from 16.2 to 23.6.
- Group Wholesale Banking and Markets: Achieved 7.7 in mean NPS and received the Greenwich Large Corporate Trade Finance Share Leader award in recognition of our leading position in Singapore.
- Outperformed customer issue resolution targets with 98 per cent of complaints resolved within five business days in Singapore.
- Customer Satisfaction Index of Singapore (CSISG) improved from 72.4 to 72.6 with top satisfaction rating for branch services at 8.04 and best complaint handling rating at 8.50.

Gaining better insights through market research

We have in place for Group Wholesale Banking and Markets a customer review framework which enables the business units to assess actionable feedback, to propose follow-up solutions and to track targeted outcomes. The framework helps us to drive tangible and timely improvements in our products and services for our corporate clients.

Market insights from Greenwich Associates showed that the quality of our client communications and client engagement have led to continued improvements in our market penetration in Singapore across coverage and product capabilities.

Enhancing the contact centre experience

In 2019, the UOB Contact Centre launched an integrated telephony system for customers in Singapore, replacing the Interactive Voice Response system with a new Voice Portal. This reduced the navigation time for customers from 330 seconds to 120 seconds. With the new Voice Portal, our customers also benefit from simplicity and ease of navigation, resulting in a 20 per cent increase in the self-service rate. We also launched our chat service last year and since then, we have observed a four-point increase in our NPS.

The Contact Centre has seen an overall improvement in customer interaction quality, with the NPS increasing by seven points; complaints falling by 38 per cent; and compliments increasing by 57 per cent compared with the year before. We are attending to customers more quickly, reducing our average query handling time by 17 seconds while maintaining operational efficiency.

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8 Decent Work and Economic Growth

Innovative Digital Banking Products

Why this topic matters to UOB

With the rapid advancement of technology in recent years, people are expecting faster and more convenient products and services that can be accessed easily online. The successful introduction and transformation of digital banking products help create a seamless banking experience for customers. Through greater use of technology, banks will also be able to offer underserved segments in the community access to digital banking products and services such as deposit accounts, loans and credit cards.

How we approach this topic

At UOB, our digital strategy is focused on the customer – offering them products, services and solutions that are smarter, safer and simpler in the manner they prefer, whether at the branch or through their mobile devices. Enabling this is technology, from artificial intelligence (AI), data analytics, robotic process automation to cloud computing.

For example, with more customers relying on their mobile devices for daily transactions, such as payments for transport, shopping and dining, our mobile banking apps are an important channel through which we serve them.

- UOB Mighty – an all-in-one mobile banking app available in Malaysia, Singapore, Thailand and Vietnam;
- TMRW – ASEAN's first mobile-only digital bank for the region's digital generation, with its first launch in Thailand in 2019.

For businesses, we offer them digital solutions such as UOB BizSmart, an integrated suite of business solutions that help them to automate their day-to-day business processes for better productivity. Our data analytics-powered credit underwriting engine also enables us to assess more data sets to determine the creditworthiness of small businesses. This helps us make financing decisions with greater certainty and speed.

Our target

- Raise PFS digital registration and digital activity rate among consumers in Southeast Asia to 65 per cent and 35 per cent respectively. [2020]

Our performance in 2019

- Increased the number of digital registrations and monthly digital active users to 63.5 per cent and 28.9 per cent respectively, representing an increase of 14 per cent and 29 per cent compared with the previous year.
- On track to meeting the 2020 target.

UOB Mighty: Combining banking, payment and lifestyle services into one mobile app

First launched in Singapore in 2015, UOB Mighty was the industry's first all-in-one mobile app that combines banking services, contactless payments, dining and rewards in a single app.

In 2019, we launched Mighty Insights in Singapore, again an industry-first AI-based digital banking service which anticipates and provides insights to customers on their saving and spending habits. Mighty Insights uses advanced data analytics, machine learning and pattern recognition algorithms to provide relevant financial solutions and meaningful guidance to customers who are at different life stages and have different financial and lifestyle priorities. We will launch Mighty Insights across the region progressively, starting with Malaysia.

Euromoney Awards for Excellence 2019
Asia's Best Bank Transformation Award

Global Finance Best Digital Bank Award 2019
Asia's Most Innovative Digital Bank

Asiamoney Best Bank Awards 2019
Best Digital Bank, Singapore
Best Digital Bank, Thailand

International Finance Banking Awards 2019
Best New Digital Bank, Thailand – TMRW
Best New Mobile Banking App, Thailand – TMRW

Global Retail Banking Innovation Awards 2019
Winner: Excellence in Digital Wealth Management
Winner: Best Automated Advisory Service
Winner: Best Bank for Millennials – TMRW
Winner: Best Customer Centric Business Model – TMRW
Winner: Outstanding Client Onboarding and Account Opening – TMRW

In Malaysia, Singapore and Thailand, we have also integrated national e-payment initiatives, namely DuitNow, PayNow and PromptPay into UOB Mighty to make cashless payments more convenient for our customers.

TMRW: Serving the mobile-first and mobile-only consumers

In 2019, we created TMRW, ASEAN's first mobile-only digital bank, with consumers in Thailand the first to experience it. TMRW aims to make banking simpler, more transparent and more engaging for our digitally-savvy customers by personalising the banking experience for each and every individual.

TMRW makes banking simpler, more transparent and more engaging for customers, from account opening through to their day-to-day needs. With a data-centric operating model, TMRW translates transactional data into actionable insights that make the banking experience for customers interesting and fun while enabling them to be smarter at saving and spending. As customers spend more time using TMRW, the digital bank will become even more familiar with their needs and preferences and will be able to serve each customer better.

Go to page 48 of this report to find out more about how we are engaging the region's digital generation.

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8 Decent Work and Economic Growth

Financial Inclusion

Why this topic matters to UOB

Asia, where we operate, is a diverse and fast-growing region benefitting from inter- and intra-regional trade flows, a young and dynamic population and growing affluence. Even as income levels and standards of education continue to rise in Asia, we recognise the need to keep pace with the underserved individuals and businesses who may lack access to useful and affordable financial products and services. To achieve sustainable financial inclusion, it is also crucial that banking products and services continue to meet the needs of people from different economic backgrounds or at different stages of life.

How we approach this topic

UOB is committed to making banking services and products accessible and affordable to diverse segments of society to meet their needs and expectations. We aim to be holistic in our approach to financial inclusion, taking into consideration the unique socio-economic factors in each of our markets. For example, in Singapore, we actively engage senior citizens to help them learn about and use digital banking solutions. In Malaysia, we offer Islamic banking services to address the local demand for Shariah-compliant financial services. Through their investments in companies in China and ASEAN, UOB Venture Management supports micro-entrepreneurs through private equity financing.

Our targets

- Ensure 100 per cent of branch colleagues in Singapore are trained to help senior citizens adopt mobile banking services in accordance with the InfoComm Media Development Authority (IMDA) Digital Participation Pledge. [2020]
- Ensure 100 per cent of branch colleagues in Singapore have completed the Cultivating a Diverse & Service Inclusive Workplace course. [2020]
- Ensure 100 per cent of branch colleagues in Singapore have completed the Managing a Diverse Service Environment course. [2020]

Our performance in 2019

As at December 2019, more than 80 per cent of our front line staff have completed the three training programmes and we are on track to achieve all three targets by 2020.

Partnership for the Goals

Signatory of the IMDA Digital Participation Pledge

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17 Partnerships for the Goals

Financial inclusion

Financial inclusion is achieved by providing individuals and businesses with access to useful and affordable financial products and services that meet their needs, delivered in a responsible and sustainable way.

Access to a transaction account is usually the first step toward broader financial inclusion because it enables individuals to store money safely and to send and receive payments.

With a transaction account, customers are also better placed to access other financial products and services such as credit, insurance, loans to begin and to expand a business, to invest in further education and to manage risks that can impact the quality of their lives.

Islamic banking

We launched the Islamic Banking Window in Malaysia in 2016 to offer comprehensive and customised Shariah-compliant banking solutions to our customers that meet their business and personal financial needs.

Islamic banking activities are guided by the virtues of Shariah that promotes ethical, communal and socially responsible values. UOB Malaysia is a supporter of Bank Negara Malaysia's vision for Value-based Intermediation (VBI), which promotes good banking practices and encourages sustainable consumer behaviours.

We conduct financial literacy talks for consumers and facilitate access to MyKNP (Khidmat Nasihat Perniagaan) financial advisory services provided by the Credit Guarantee Corporation Malaysia Berhad (CGC) to SMEs and small businesses, playing our part in boosting awareness of Islamic banking products and services in the country.

At its core, Islamic banking believes in generating equitable, fair returns. Available to Muslims and non-Muslims, Islamic banking products and services are a viable alternative to conventional banking.

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8 Decent Work and Economic Growth

Digital financial inclusion

Digital technology has become an integral part of our society. As we become increasingly connected through technology, it is important that no one is excluded from the benefits and opportunities of digitalisation in their day-to-day lives. With each new technological advancement, there will be groups of potential and existing customers at risk of being left behind. We aim to help these groups realise that technology can help them stay connected and make their banking activities more convenient.

Our journey in driving digital readiness began with collaboration with the IMDA to educate the community and to promote e-payments usage in Singapore. UOB is a signatory to the IMDA Digital Participation Pledge, which aims to help Singapore become digitally ready so that everyone can tap on opportunities to use technology actively, meaningfully and safely in their daily lives and to achieve a better quality of life.

How UOB supports the four basic principles of the IMDA Digital Participation Pledge

1 Equip employees with digital skills

We equip our branch colleagues in Singapore with digital skills through curated workshops and training programmes under UOB's Professional Conversion Programme (PCP). More than 80 per cent of our colleagues are now trained to be multi-skilled.

In addition, more than 3,500 colleagues in Singapore have benefitted from the 300 courses on offer through UOB SUMMIT (Social, Unity, Motivation, Mastery, Innovation, Technology), which is a series of programmes designed for employee development.

2 Educate customers on how to use digital services

A team of 30 Digital Advocates are deployed at selected branches in Singapore to educate customers on how to use self-service machines and our mobile app, UOB Mighty, for convenient banking services. This initiative led to 20 per cent lower demand for over-the-counter transactions.

UOB also partnered IMDA in providing opportunities to the elderly at our branches to put their digital skills to practice. To help senior citizens, we have deployed 14 Senior Digital Advocates to branches to teach them how to use other touchpoints for their daily banking needs.

3 Offer and design digital services to be inclusive and safe

We use technology to provide borderless, reliable and efficient services, and are committed to protecting our customers' and the Bank's data and assets from cybersecurity threats.

We continue to deepen our digital capabilities to create distinctive banking experiences for our customers. We harness technologies such as AI, machine learning and data analytics to draw insights from transaction data, enhancing our understanding of customers and our ability to recommend the most appropriate product and service at the right time.

4 Volunteer or give resources for digital readiness efforts

We conduct digital clinics for members of the public at our branches in Singapore. In 2019, we organised four sessions and helped over 400 people become more familiar with digital solutions.

Our colleagues also volunteer at community events organised by IMDA to guide consumers across all age groups on how to use electronic payments when they shop, play, dine and bank. These events include the Silver Infocomm Roadshow, TECH4Community Festival and Digital Inclusion Festival.

Financial Inclusion

Investing in microfinance

UOBVM's Asia Impact Investment Fund (AIIF) invests in growth companies in Southeast Asia and China that help people at the bottom of the economic pyramid. Inclusive finance is one of the key sector focuses for AIIF, as it seeks investees that can help to improve the livelihoods and income resiliency of low-income individuals. AIIF's investments in micro-loan providers help to facilitate better access to finance for underserved micro-entrepreneurs who usually lack adequate credit history, business documentation or collaterals that are required for traditional bank loans.

In 2019, AIIF invested into PT Amartha Mikro Fintek (Amartha), a peer-to-peer (P2P) financial technology lending platform in Indonesia that connects retail and institutional lenders to women micro-entrepreneurs online under a group lending model. Amartha has extended loans to more than 350,000 women across Java, Sumatra and Sulawesi through its network of more than 300 branches.

In Myanmar, AIIF supported the growth of Alliance for Microfinance in Myanmar Limited (Alliance), an existing investee, through additional equity financing in 2019. Alliance is a leading microfinance institution in Myanmar that is headquartered in Mandalay.

In selecting potential investee companies, client protection and responsible lending practices are key areas of focus for AIIF. For example, in addition to granting productive loans to borrowers for their micro-businesses or agriculture activities, both Alliance and Amartha provide financial education to improve borrowers' financial literacy as part of the lending process. Given the low levels of financial literacy, borrowers are taught in a practical and illustrative manner about topics such as cash flow management, basic budgeting and how to avoid over-indebtedness.

CONTRIBUTION TO THE UN SDGs

1 No Poverty

Case Study: Pt Amartha Mikro Fintek

Founded in 2010, Amartha is one of the earliest financial technology lenders in Indonesia to receive a lending licence from the Indonesian Financial Services Authority (OJK) in 2019. The investment by UOBVM's AIIF, as part of Amartha's Series B financing round, has helped strengthen Amartha's capital base, enabling it to expand its area of operations and branch network rapidly to other rural regions of Indonesia.

As part of its business model, Amartha measures the direct and indirect impact it creates. In particular, it focuses on the relationship between the provision of access to working capital for women micro-entrepreneurs in rural villages and the effectiveness of their mentoring, supervision and intervention programmes to improving income and living conditions.

Amartha aims to promote inclusiveness among the poor and the uneducated and to help them to have the opportunity to prosper. Responses to a joint survey conducted in 2019 by Amartha and the University of Gadjah Mada's Centre for Digital Society showed that:

- 96.6 per cent of borrowers saw improvements in their income since receiving a loan from Amartha;
- 94.3 per cent of borrowers felt that since joining Amartha, their living conditions and/or well-being had improved, including gaining better access to market, higher incomes or greater optimism towards the future; and
- 86.6 per cent of borrowers reported feeling more empowered to play a decision-making role within their families since they started earning their own incomes with assistance from loans through Amartha.

"I used to walk three kilometres to get clean water. After I received a loan from Amartha, I started earning more money from farming. I used the extra income to build a toilet and a well at home."

Ibu Junengsih,
Bogor, Indonesia

Data-driven strategy to finance SMEs in Vietnam

Access to financing continues to be a challenge for many SMEs in Asia. For many small businesses, their lack of proper or audited financial records could also make it difficult for banks to assess their creditworthiness accurately. This could lead to lengthy credit evaluation processes and a significantly higher cost of financing.

With the rapid growth of e-commerce in Vietnam, we recognise that more online SME retailers are looking to seize opportunities for business growth. To support them, we launched UOB BizMerchant, a financing programme that uses our data analytics-powered credit underwriting engine to analyse datasets such as e-commerce sales records to gain deeper insights into SMEs' credit behaviour and creditworthiness. This in turn enables us to process loan applications more quickly and accurately, resulting in faster turnaround time for customers.

Aimed at helping online businesses operating on e-commerce platforms such as Lazada, Shopee and Sendo, the UOB BizMerchant programme also enables them to apply for loans digitally, offering more frictionless experience. Once a loan is approved, we also offer the customer other solutions such as a banking account, ATM card, internet and mobile banking services. In 2019, more than 300 SMEs in Vietnam received loans that totaled VND90 billion through UOB BizMerchant.

In view of its scalability, our digital credit underwriting engine can also be rolled out in other markets to serve the needs of more SMEs.

In addition, we also provide SMEs access to our e-commerce partner ecosystem from which they can tap business solutions or enjoy exclusive benefits.

Advantages of data-driven financing for SMEs

1 By supporting financing needs and simplifying credit requirements we are better able:

- to review credit potential without requiring traditional financial documentation, so businesses need not provide collaterals and submit complex business plans for their loan applications;
- to assess customers' business viability via their online sales performance; and
- to provide unsecured working capital financing facility to help support customers' business productivity and growth.

2 By simplifying and creating a seamless online banking application, we can:

- increase the efficiency of our credit reviews by using our digital credit underwriting engine to analyse customers' sales records and to derive their creditworthiness; and
- drive our own productivity as we are able to provide in-principle loan approvals within 24 hours.

Best Financial Inclusion Project
***The Asian Banker*, Vietnam Awards 2020**
For helping SMEs in Vietnam gain access to financial services, we were awarded the Best Financial Inclusion Project by *The Asian Banker* which runs international and county-level awards programmes focusing on retail financial services and financial technology.

Top Performance Award and a Special Appreciation Award Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP)
In recognition of our commitment to supporting the development and progress of Malaysia's SMEs by providing flexible financing solutions, we received a Top Performance Award and a Special Appreciation Award by SJPP. The awards were conferred for our efforts in actively promoting and providing the highest amount of financing to SMEs under the government-guaranteed financing schemes.

Providing access to additional financing for SMEs in Malaysia

Through a collaboration with Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP), a government agency under the stewardship of the Ministry of Finance Malaysia, we offer SMEs in Malaysia collateral-free loans of up to RM1 million as part of our UOB BizMoney solution. We provide flexible repayment tenures of 18, 24, 36, 48 or 60 months, with SJPP providing guarantees of up to 70 per cent of the loan through its Working Capital Guarantee and Automation Process Guarantee schemes.

In 2019, UOB Malaysia and SJPP held a nine month-long roadshow across all 14 states in Malaysia to raise SMEs' awareness of and to promote business and financial solutions, including government-guaranteed lending schemes. In 2019, more than 1,600 SMEs received RM1.5 billion in aggregate loans.

CONTRIBUTION TO THE UN SDGs

8 Decent Work and Economic Growth
9 Industry, Innovation and Infrastructure

Attracting, Developing and Retaining Talent

Why this topic matters to UOB

It is a strategic priority for UOB to attract, to develop and to retain talent so as to keep raising the standards of our service and ensuring sustainable business growth. We believe that every one of our colleagues is able to contribute strongly for the good of our stakeholders and the whole organisation. Hence, we adopt an holistic approach to building and to strengthening our people capabilities proactively and continually as we recognise that a dynamic and engaged workforce is essential to the continued success of our organisation. In sharpening the knowledge and expertise of our people through professional and personal development programmes, we ensure that they are equipped with the skillsets and mindsets to remain relevant, competitive and fulfilled.

How we approach this topic

We are dedicated to building a culture where our colleagues are empowered to make a positive and meaningful difference in what they do for our internal and external stakeholders. We do this by fostering an inclusive, prudent, progressive and performance-based organisation that encourages the best of each individual.

Setting rewarding career paths, offering educational opportunities and coaching are essential components of our approach to creating a dynamic and engaged workforce. We run numerous training and development programmes to equip our colleagues with the right skillsets to realise their full potential and to serve our customers better. Our colleagues are also encouraged to explore and to learn new skills in order to stay relevant and ready for the future.

UOB is an equal opportunity employer and aims to attract and to retain talent of principle, who have the passion and commitment to do what is right always. To secure the best talent, we continue to broaden our outreach to different talent groups globally through collaborations with recruitment marketplaces for inbound sourcing and recruitment platforms for outbound sourcing. During our recruitment process, we also use technology to improve the candidate experience through the following initiatives:

- Deploying a global applicant tracking system which provides interested candidates the opportunity to view current job postings across the Group's network and to apply directly for the role online;
- Improving candidate conversion for Personal Bankers by using a chatbot for screening online job applications and online gamified assessment to minimise unconscious bias; and
- Improving the employee onboarding process, such as using robotic process automation for background screening and providing e-sign offer and e-submit documents via the recruitment portal.

Our targets

- Increase average training hours per employee across the Group each year.
- 100 per cent of colleagues across the Group to undergo the five compulsory modules of the Better U learning and development over the next three years. [2022]

Our performance in 2019

- We invested $31 million in training our people across the organisation. On average, each colleague completed 52.5 training hours, equivalent to about 1.4 million hours across UOB in aggregate, an increase of 17 per cent over 2018.
- We launched the regional Better U learning and development programme first in Singapore and subsequently in mainland China, Indonesia, Malaysia, Thailand and Vietnam.

Our commitment to fairness

UOB is committed to building a safe, nurturing and inclusive workplace where all colleagues are treated respectfully and professionally and are given equal opportunity based on merit. We promote work-life harmony and an environment free from discrimination, bullying or harassment.

Our expectations of our people and the policies we expect them to abide by are stated in the UOB Code of Conduct (Code). We update our Code periodically to stay relevant with the times and to address regulatory requirements and policy changes.

Upon joining UOB, all new colleagues are informed of, and sign up to, their obligations and rights under our Code. All colleagues are required to refresh their knowledge and to renew their commitment to our Code through completing an e-learning module every year. We also help deepen understanding and embed the practice of our Code through frequent and interactive communications across the organisation.

Managing employee performance

UOB is committed to fostering a meritocratic, performance excellence culture at the workplace. Our integrated performance management framework, which comprises four stages namely Plan, Engage, Appraise and Keep Track (PEAK), is designed to assess and to reward performance in an objective and fair manner and to support career development.

Using the PEAK framework, colleagues establish their business and personal development goals at the start of the year in consultation with their managers. Performance Improvement Plans are also developed to help colleagues in need of additional guidance. Managers hold discussions with their team members throughout the year to review their progress and to address their challenges.

At the end of each year, all eligible permanent employees are assessed through performance appraisals against agreed key performance indicators and job-related competencies. The performance assessment structure also includes a values component to reinforce the importance of upholding our values.

Leadership development and succession planning

Leadership development is a key focus for UOB. As part of our continual efforts to build our bench strength, the Human Resources Committee established a Development Council to drive and to strengthen the process of identifying and planning for leadership development at all levels of the organisation. Individual Development Plans are created for each of our identified talents and are updated on an annual basis.

Succession planning is an integral part of our leadership continuity strategy and we have succession plans in place for key positions across the Group. Successors to critical roles are provided opportunities in various working committees across the Group to broaden their exposure and learning. The Board of Directors regularly reviews our succession plans through the Nominating Committee. The segment and function heads have the responsibility for their respective talent pools, whereas the Human Resources Committee manages the Group's collective talent pool.

Building capabilities for the future

In 2019, we launched Better U, an holistic learning and development programme to support our colleagues in their development journey and to help them build successful careers in the digital age. With the banking sector undergoing rapid transformation and roles increasingly redefined by emerging and new technologies, the Better U programme equips our colleagues with five core competencies essential to remain relevant in the future. Through the 12-week foundation course, colleagues attend a face-to-face workshop and complete online modules aimed at encouraging a growth mindset, developing complex problem solving skills, as well as skills in the areas of digital innovation, human-centred design and data storytelling. The Better U programme is the first such training initiative to receive accreditation by The Institute of Banking and Finance Singapore. About 340 colleagues from various functions have attended the Better U programme in Singapore since its launch in October. The programme is also available for our colleagues in mainland China, Indonesia, Malaysia, Thailand and Vietnam.

The UOB SUMMIT (Social, Unity, Motivation, Mastery, Innovation, Technology) programme continued to run in Singapore in 2019, offering additional opportunities for our colleagues to upgrade their skills. Under the initiative, we re-invest the grants received via the Singapore Government's Wage Credit Scheme into personal and professional development courses for our people. In 2019, we expanded the selection of programmes to include digital skills such as artificial intelligence, blockchain and cloud computing. A total of about 2,900 colleagues benefitted from UOB SUMMIT programmes in 2019.

In anticipation of the needs of a new generation of digitally-savvy customers, we continue to sharpen our digital skills training programmes. Our Professional Conversion Programme (PCP), developed in 2017 in collaboration with Workforce Singapore, the Monetary Authority of Singapore and The Institute of Banking and Finance, enables our branch colleagues in Singapore to strengthen their digital capabilities and to prepare them for future roles in the financial sector. The PCP adds to our existing suite of training programmes aimed at preparing our people for the future. In the first phase of the PCP, our customer-facing colleagues from service associates to assistant branch managers underwent a series of training programmes covering areas such as design thinking, customer journey design, channel management and scenario analysis and planning. Each course, ranging from three to 12 months, was conducted through classroom learning, workshops and on-the-job training. As at end-2019, 86 per cent of our nearly 900 eligible branch colleagues had completed the PCP.

As an organisation focused on keeping customers at the centre of all that we do, we have been upgrading the design thinking and human-centred design skills of our people. About 1,200 employees from various functions have attended design thinking workshops to pick up skills in developing creative solutions that meet and exceed corporate and consumer needs.

Grooming young talent

Our 18-month UOB Management Associate programme aims to attract high-calibre, early-career talents from across the region to take on roles in UOB. In 2019, we received more than 35,000 applications, from which 48 fresh graduates from top universities mainly in mainland China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand were chosen. Selected Management Associates are given overseas assignments so they gain regional experience. Since the programme was launched in 2004, we have hired 577 Management Associates, most of whom have progressed well in their careers.

Upholding human rights

We are committed to supporting internationally-accepted human rights principles, including those relating to non-discrimination, child labour, forced labour, and freedom of association and collective bargaining.

Freedom of association

We respect our employees' lawful right to freedom of association and collective bargaining. Our approach is to maintain mutually trusted and respectful relations with employee unions. We hold regular meetings with union representatives to understand and to address their concerns and expectations.

In Singapore, we engage three unions, namely The Banking and Financial Services Union, Singapore Bank Employees' Union and the Singapore Manual and Mercantile Workers Union. We engage four unions in Malaysia and one in Indonesia.

The collective bargaining agreements we have with the unions cover wages and working conditions such as working hours, retirement age and re-employment, shift work, allowances, transport reimbursement, leave benefits, medical benefits, insurance benefits and grievance procedures.

As at end-2019, the proportion of unionised to non-unionised employees in Singapore, Malaysia and Indonesia was 31.5 per cent, 87.5 per cent and 22.7 per cent respectively.

CONTRIBUTION TO THE UN SDGs

8 Decent Work and Economic Growth

Workplace Safety, Health and Well-being

Why this topic matters to UOB

As a responsible employer, we are committed to providing a safe and healthy work environment where our colleagues can perform at their best. Our people are our most important resource and we believe that taking care of their well-being can improve our overall productivity and drive our performance.

How we approach this topic

We have established a set of workplace safety guidelines to identify and to address health and safety risks.

Our Workplace Safety and Health (WSH) Workgroup plans and implements health and safety initiatives throughout the year. The Workgroup comprises representatives from different business and support units. The business and support units nominate their WSH leaders, assistant leaders, managers and assistant managers. Together, they take the necessary measures to address any identified health and safety risks.

Business and support units report WSH incidents in accordance with the Group Operational Risk Management Policy. The Policy requires investigations to identify the root cause of incidents, and corrective action plans to prevent future occurrences. In addition, business and support units that identify WSH as a key operational risk assess the effectiveness of controls to mitigate the risk during the annual Key Risk and Controls Self-Assessment (KRCSA). The combination of incident reporting and KRCSA facilitate the prompt identification and rectification of ineffective WSH controls.

Our target

Green Mark Healthier Workplaces certification for all new and renovated commercial offices. [2025]

Our performance in 2019

We established the CRES Office Design Guidelines for UOB's interior workplaces and communal spaces to focus on design elements that will promote environmental sustainability and employee wellness. The Green Mark Healthier Workplaces scheme also serves as an external framework to steer our planning parameters.

High performance workplaces

By designing and providing high performance work settings focused on ergonomics and comfort, we create workplaces that enable collaboration, innovation, productivity and personal well-being for our people. New or newly-renovated workplaces at UOB are increasingly designed to meet the needs of a diverse workforce. To support women returning to the workplace following their maternity leave, in 2019 we added 22 nursing pods in Singapore, making up a total of more than 50 nursing pods across our offices in the country. Restorative spaces are also increasingly being introduced to our office spaces, enabling our colleagues to rest and to rejuvenate themselves during the work day.

Encouraging healthier lifestyles and employee wellness

We provide health and wellness programmes for colleagues across all markets.

In Singapore and mainland China, our Healthy Employees, Active Lifestyles (HEAL) programme offers comprehensive medical and healthcare coverage, as well as flexible wellness benefits for all eligible employees. Under the HEAL programme, colleagues receive HEAL dollars to spend on a wide range of health and wellness benefits for themselves and their dependants. In 2019, our colleagues received $17 million worth of HEAL benefits in areas such as health screening, vaccinations, dental and optical treatments, gym memberships and dependant care.

In Singapore, other than providing personal accident insurance coverage for its employees, we also offer employees the option to top up their Group Term Life coverage for themselves and their dependants beyond what is provided by the Bank. We also encourage our employees to take up medical insurance for their dependants and help to subsidise them in doing so.

We continue to provide our employees with free annual health screening and flu vaccination. In addition, we are an active participant of the National Corporate Challenge in Singapore to promote wellness activities among our employees.

CONTRIBUTION TO THE UN SDGs

3 Good Health and Well-Being

9 Industry, Innovation and Infrastructure

Diverse and Inclusive Workforce

Why this topic matters to UOB

We believe in providing a diverse, inclusive and collaborative work culture, as well as a workplace environment that values differences. Diversity provides different perspectives and fosters innovative thinking to solve business challenges. It is an important element in our strategy to attract, to develop and to retain talent for the Group.

We draw upon the diverse strengths, experiences and capabilities of our colleagues from 47 nationalities and different age groups. This helps to enrich our knowledge and appreciation of each other and the markets in which we operate. It also enables us to be sensitive to the needs of our customers and to serve them more effectively.

How we approach this topic

UOB is an equal opportunity employer and aims to attract and to retain professionals of principle with the passion and commitment to do what is right always. Our Recruitment Policy guides our hiring process and decisions. Under the policy, we practice non-discriminatory hiring and all hiring decisions are made based on each individual's merit and suitability for the role.

The UOB Code of Conduct prohibits any kind of discrimination, bullying or harassment, whether based on a person's race, ethnicity, gender, gender identity or expression, colour, creed, religion, national origin, nationality, citizenship, age, disability, marital status, sexual orientation, culture, ancestry, veteran status, socioeconomic status or any other legally-protected characteristic. All employment decisions at UOB are based on business needs, job requirements and qualifications. Employees are encouraged to raise their concerns without fear of retaliation through the Group's whistle-blowing mechanism.

Our target

Ensure an inclusive workplace free from discrimination, bullying and harassment and where there is equality of opportunity for all employees.

Our performance in 2019

Women in the Workforce

Women accounted for 61.1 per cent of our permanent employees as at end-2019 and 56.8 per cent of all the hires in 2019. Women also held 35.1 per cent and 51.4 per cent of senior and middle management roles respectively. They accounted for 40 per cent of department heads who are senior management reporting directly to the Group CEO.

Silver Workforce

We offered re-employment opportunities to 166 colleagues in Singapore who were eligible for retirement, 96 of whom were women. Since the start of the programme in 2014, we have rehired 824 retiring employees in total, including 428 women. We recognise the depth of knowledge and experience that older colleagues bring to the workplace and so enable them to continue working beyond the statutory retirement age.

Bloomberg Gender-Equality Index (GEI)

For the second consecutive year, UOB has been included in the Bloomberg GEI in recognition of our diverse and inclusive workplace practices. We are one of five Singapore companies to be included in 2020, based on disclosures provided in 2019. The index recognises public companies that demonstrate commitment to advancing gender equality in the workplace through policy development, representation and transparency.

Partnership for the Goals

- Corporate Member of Financial Women's Association Singapore
- Employer partner of Autism Resource Centre (ARC) in Singapore
- Employer partner of SPD[7] in Singapore

UOB Scan Hub

Our diverse workforce extends beyond a mix of age and gender. We continue to partner the ARC and SPD in Singapore in a structured training programme for persons with special needs to work at UOB Scan Hub and to ensure the work processes and the office environment are suited for their needs.

The UOB Scan Hub is our nerve centre for checking, digitising and archiving of customer documents. It employs persons with autism and deaf employees for their special abilities such as a sharp eye for detail, high levels of concentration and the ability to work methodically. These are specific skills which are uniquely suited for some of the job roles at the UOB Scan Hub. Today, 30 per cent of the department comprises persons with different abilities – 22 employees with autism and two deaf employees.

CONTRIBUTION TO THE UN SDGs

5 Gender Equality | 10 Reduced Inequalities | 17 Partnerships for the Goals

7 Formerly known as the Society for the Physically Disabled

Strong Governance

Why this topic matters to UOB

Strong governance is crucial to organisational success, value creation and sustainability. We are committed to upholding the highest ethical and corporate governance standards. In establishing and maintaining a culture of accountability, responsibility and ethical behaviour and practices, we safeguard the long-term interests of and create value for our stakeholders.

How we approach this topic

Our corporate governance is based on a partnership between our Board and Management, supported by a system of frameworks, policies, guidelines and procedures by which we operate, make decisions and ensure accountability. We also regularly evaluate and revise our governance approach to ensure that it is relevant and aligned with best practices, and to respond to changes. Where there is the need, we do not hesitate to implement new policies and practices.

Board leadership

The Board provides strategic direction and leadership in promoting corporate governance, with the support of the Management. Among its roles, the Board sets the tone from the top and the desired organisational culture and values of the Bank, and inculcates an appropriate risk culture. It also considers sustainability issues and material ESG factors in formulating the Bank's strategies.

The Board delegates some of its duties to five Board Committees, namely, the Audit Committee (AC), Board Risk Management Committee, Executive Committee, Nominating Committee, and Remuneration and Human Capital Committee.

Comprising a majority of independent and non-executive Directors, the Board collectively has skillsets, expertise and experience across industries, professions, backgrounds and culture, providing diversity in thought and opinion. Succession planning is conducted for board renewal on an ongoing basis. Besides identifying new directors with complementary expertise and experience, the Board is guided by our Board Diversity Policy, which promotes diversity in various attributes including background, professional and industry experience, tenure, age and gender. Annually, each director is assessed on their independence, fitness and propriety to hold office and performance.

Directors receive regular training on topics ranging from the Bank's initiatives, industry developments and trends to regulatory updates. Training sessions may be conducted by internal personnel or external specialists. Newly-appointed Directors are briefed by key senior management on the Bank's business, risk management approach and other relevant topics. New Directors appointed to Board Committees receive additional specialised training depending on their roles.

The Board, assisted by the AC, works closely with the internal and external auditors and Management to ensure a strong Third Line of Defence. The AC meets internal auditor and external auditor separately in the absence of Management at least once every quarter.

Management

The CEO leads Management in the execution of strategies and plans approved by the Board. He also leads Management in seeking out new opportunities and in the day-to-day operations of the Bank. Assisting him are the following dedicated senior management committees that provide governance oversight on the day-to-day management of the Group:

- Asset and Liability Committee: oversees the effectiveness of the Group's market and liquidity risk management;
- Credit Committee: oversees the Group's credit and country risk management;
- ESG Committee: sets the Group's ESG strategy and roadmap;
- Human Resources Committee: oversees the Group's human resources strategy in support of business objectives and growth;
- Information and Technology Committee: provides strategic oversight of the Group's investment in technology, data and productivity;
- Investment Committee: oversees the Group's investment activities;
- Management Committee: oversees the overall performance of the Group, country corporate functions and business segments;
- Management Executive Committee: oversees the overall management of the Group, including the Group's strategic direction and business activities as well as capital and resource allocation;
- Operational Risk Management Committee: oversees the Group's operational risk management, including approval of frameworks, policies, risk models and methodologies relating to operational and reputational risks; and
- Risk and Capital Committee: oversees the management of risks and capital of the Group.

Go to pages 134 - 150 to see our Corporate Governance Report.

Our target

Increase total director training time by 10 per cent. [2020]

Our performance in 2019

The Board received 87 hours of training in 2019.

Regulatory Compliance

Why this topic matters to UOB

Banks play an integral role in ensuring the stability and security of the financial system. At UOB, regulatory compliance is a top priority. We are respectful of the local laws and regulatory standards in the jurisdictions in which we operate and are mindful of the nuances in each. Led by our values, we are committed to safeguarding the interests of our stakeholders, including regulators, and to maintaining the trust that they place in us. As the custodian of our customers' assets, we are accountable for upholding the highest standards of ethics and integrity. This helps to ensure that UOB remains a source of stability, security and strength for our stakeholders.

How we approach this topic

To protect the integrity of the financial system, governments and regulators continue to introduce new measures to manage increasing risks of cyber threats and financial crime, as well as to address opportunities and challenges arising from technological advances, and changing consumer behaviour and preferences. New laws, regulations and standards are also being developed around the world to mitigate the potential impact that business activities may have on the environment and society.

In tandem with increasing regulatory emphasis on the outcomes driven by these reforms, financial institutions are continually assessing and adjusting their policies and processes to ensure compliance and best practices are in place. As a trusted financial institution, UOB is committed to complying with the laws and regulations in the countries and territories in which we operate. The Bank has robust protocols and processes in place to address the regulatory requirements which include identifying, assessing, monitoring and managing regulatory compliance risks.

In maintaining our values-based compliance culture, we also monitor regulatory and industry developments closely, actively engage with regulators, policymakers and standards-setting bodies, and enhance the compliance capabilities within our organisation continually. We also regularly provide updates on regulatory trends and developments to senior management committees and the Board.

Our target

Maintain zero material issues raised by regulators.

Our performance in 2019

We respect the laws and regulations pertaining to environmental, social and economic impact, product and service information and labelling, and marketing communications which includes advertising, promotion and sponsorship. In 2019, no material fine, penalty or sanction was imposed on the Bank for non-compliance in relation to any of the above.

Prohibiting insider trading

All UOB employees are expected to act honestly and with integrity, including with regard to the information that they obtain in the course of their work. All are required to adhere to the UOB Group Policy on Personal Trading in Securities, which governs the prohibition of insider trading and sets the framework for the management of insider trading risks. They are also required to complete annually an online learning module on insider trading and market misconduct.

UOB has in place a Pre-Trade Clearance System (PTCS) that requires employees, who may reasonably be expected to have access to inside information, to make declarations and to seek approval before executing their trades on the stock exchanges. In addition, Group Compliance regularly reviews securities transactions to detect potential violations.

Foreign Account Tax Compliance Act (FATCA)

Under the provisions of United States' (US) tax law, FATCA, non-US financial institutions are required to identify and to report information on assets held by US persons and other non-cooperative entities and individuals to the US Internal Revenue Service. Many countries, including Singapore, have entered into intergovernmental agreements with the US to facilitate the reporting required under FATCA.

We are committed to complying with the provisions of FATCA and to ensuring that the Group meets all applicable FATCA requirements in all the jurisdictions in which we operate. Our governance framework also ensures that the Group continues to comply with FATCA requirements on a business-as-usual basis.

Common Reporting Standard (CRS)

The CRS is a global tax information exchange standard developed by the OECD to help prevent offshore tax evasion. The CRS requires financial institutions in participating jurisdictions to identify, to collect and to report to the authorities annually the tax residency information of customers from jurisdictions with which agreements to exchange information are in place.

Our CRS operationalisation programme ensures the Group meets all applicable CRS requirements in all the participating jurisdictions in which we operate.

Preventing Corruption, Fraud and Money Laundering

Why this topic matters to UOB

Financial crimes undermine fair competition, impede innovation, raise costs and pose serious legal and reputational consequences. Such threats, if not anticipated and addressed, could severely undermine both the integrity and trust of the financial system. UOB is committed to helping to protect the integrity of the financial system and its users. We do this by continually strengthening our ability to mitigate risks of financial crime and investing in the necessary expertise and systems to do so.

How we approach this topic

UOB is committed to fighting and preventing corruption, fraud and money laundering by providing the leadership and resources necessary to achieve these objectives. Our approach is predicated upon a strong Tone from the Top and a Group-wide culture committed to acting with honour. The UOB Code of Conduct lays downs the principles of personal and professional conduct and the requirement for all employees to uphold the highest standards. All new employees are required to complete an online learning module and assessment on Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) and Sanctions, the UOB Code of Conduct, UK Bribery Act 2010, and Fraud Awareness. Subsequently, all employees are required to complete a refresher course on these topics annually. Our Whistle-blowing Policy provides an avenue for employees to report concerns of suspected or actual wrongdoing.

Our target

Maintain 100 per cent completion of mandatory employee e-learning on AML/CFT and Sanctions, fraud awareness, anti-bribery and anti-corruption.

Our performance in 2019

Achieved 100 per cent completion rate for mandatory employee e-learning on AML/CFT and Sanctions, fraud awareness, anti-bribery and anti-corruption.

Partnership for the Goals

- Corporate alliance member of the Association of Certified Fraud Examiners (ACFE)
- Active member of the Alliance of Public PrivAte CybercrimesTakeholders (APPACT) set up by the Cybercrime Command of Singapore Police Force
- Member of the Anti-Money Laundering/Countering the Financing of Terrorism Industry Partnership (ACIP) in Singapore

CONTRIBUTION TO THE UN SDGs

17 Partnerships for the Goals

Commendation from the Singapore Police Force

In 2019, our Integrated Fraud Management team was commended by the Singapore Police Force, Deputy Director of Criminal Investigation Department for our cooperation in combating scams and crime prevention efforts.

UOB Group Compliance was also commended for their role in alerting the Commercial Affairs Department of Singapore Police Force of suspicious accounts via the filing of suspicious transaction reports. As a result of the Bank's prompt action and vigilance, the police recovered more than $22 million and the funds were returned to the country of origin.

Alliance of Public Private Cybercrime Stakeholders (APPACT)

For assisting with the arrest of a scammer, a plaque was presented to the Bank and certificates of appreciation to our colleagues at the annual APPACT ceremony in August 2019.

Preventing corruption

We have zero tolerance of corruption. All UOB employees are educated via the Code of Conduct and mandatory online training on what would constitute corrupt practices, having reference to the UK Bribery Act 2010 amongst others. The Group's contracts with customers, service providers, agents and business partners will contain provisions prohibiting corrupt practices.

No legal proceedings or regulatory inquiries addressing issues of corruption were commenced during the reporting period. No employment contracts were terminated during the reporting period as a result of an employee being found to have paid or solicited a bribe. No confirmed cases of bribery and corruption were recorded during the reporting period.

Preventing fraud

UOB takes a proactive stance in managing fraud risks and has a governance framework and security measures in place to address risks across our internet banking, mobile banking and branch channels. The Integrated Fraud Management (IFM) unit was established in 2017 to enhance UOB Group's management of fraud risk across geographies and to drive collaboration across functions for a more integrated anti-fraud approach. IFM works closely with business and support units to strengthen their anti-fraud practices across the five pillars:

- Prevention;
- Detection;
- Response;
- Remediation; and
- Reporting.

UOB has a fraud management strategy and framework in place for these five pillars. The framework covers the roles and responsibilities of the First Line of Defence with integrated oversight by the Second Line of Defence and audit assurance by the Third Line of Defence. In addition there are dedicated IFM teams in our overseas subsidiaries. All First Line business and support units receive structured training on fraud awareness to strengthen capabilities in detecting internal and external fraud.

We have implemented security and authentication measures across our internet and mobile banking platforms to prevent fraud and we make enhancements as fraud trends evolve. The Bank invests continually in fraud monitoring and detection systems and measures across the Group Security Operations Centre, IFM and Cards Fraud Team.

In 2019, the banking industry saw an increase in phishing scam attempts against bank customers. Scammers created deceptive emails, phone calls, SMS or websites to trick the victims into providing their online banking credentials and then used the information to perform unauthorised transactions in the name of the victims. To combat this, UOB undertook various preventive actions such as placing fraud advisories on banking platforms and running educational videos on social media. Further, we enhanced our monitoring of malicious URLs and internet banking traffic from suspicious websites, increased our intelligence gathering and coordinated with the Singapore Anti-Scam Centre and bank counterparts to assist in recovering victims' money.

Three ex-employees who were under investigation for fraud were convicted in 2019. When UOB became aware of these cases, the individuals were promptly investigated by the Bank for misappropriation of funds, reported to the authorities and dismissed from the Bank. UOB adopts a zero-tolerance policy to fraud and breach of the UOB Code of Conduct. All employees are informed that the Bank will not hesitate to investigate and to report internal fraud to the appropriate authorities.

Anti-money laundering

The Group Anti-Money Laundering Committee (GAMLC), represented by senior management, oversees the management of anti-money laundering/countering the financing of terrorism (AML/CFT) and sanctions risks for the Bank. Our AML/CFT and Sanctions Framework aims to detect and to prevent the risks associated with money laundering, terrorist financing and sanctions. The framework includes programmes relating to risk assessment, employee training, customer due diligence and transaction monitoring. We require all employees to comply with UOB's Group AML/CFT and Sanctions Policy, as well as applicable laws. We regularly review our framework, policies, procedures, programmes and transaction monitoring systems to ensure their robustness and compliance with regulatory requirements. The framework and the associated programmes are also audited by our internal and external auditors.

We have established a Group AML/CFT and Sanctions Programme to ensure that money laundering, terrorist financing and sanctions risks identified by UOB are sufficiently mitigated. It includes elements of risk assessment, customer due diligence, controls and monitoring, investigating and reporting of potential suspicious activity to the relevant regulatory bodies. Under the programme, a Group and Country Money Laundering Reporting Officers is appointed (or alternative position as required by local regulations). The AML/CFT and Sanctions Programme is subject to periodic independent testing.

In 2019, we also embarked on forward-looking risk mitigation by collaborating with a regulatory technology company to enhance our AML surveillance abilities, using an integrated solution that enables us to target illicit conduct with greater sophistication and precision. The solution has been applied to our name screening and transaction monitoring processes.

In collaboration with Deloitte, UOB also developed two whitepapers on the topic of financial crime:

- *The case of artificial intelligence in combating money laundering and terrorist financing – A deep dive into the application of machine learning technology (November 2018)*
- *The future of financial crime compliance – A compelling use of innovation in a converging digital and physical world (November 2019)*

CONTRIBUTION TO THE UN SDGs

16 Peace, Justice and Strong Institutions

Sustainable Procurement

Why this topic matters to UOB

As we continue to deepen our presence across the region, we seek to address the ESG risks and effects of our operations in a manner consistent with our values. This approach extends to the procurement of products and services from suppliers, which include any third party, company or individual that provides a product or service to the Bank. The conduct of our suppliers has the potential to impact our standing and reputation within the communities in which we operate.

How we approach this topic

We expect our suppliers to adhere to the standards set out in the Group Supplier Sustainability Principles (GSSP) in the areas of corporate governance and compliance, labour and human rights and environment, health and safety.

The GSSP sets out the requirements we have of our suppliers in order to reduce the environmental and social risks and impact associated with our sourcing activities. The majority of our purchases from suppliers are related to corporate services, real estate, information systems and manpower management. We understand that the ESG risks associated with supplier activities vary depending on their sector, size and location. As such, we expect our suppliers' practices to comply with our GSSP.

Our suppliers are expected to promptly notify the Bank of any deviations from the GSSP. In the event that a supplier is found to be non-compliant, the Bank's approach is to request the supplier to present an improvement plan if one is not already in place.

Our target

We aim to have 90 per cent of our material suppliers in Singapore to acknowledge our GSSP. [2021]

Our performance in 2019

We established a Group Sustainable Procurement Working Group to develop and to drive the tenets of the GSSP.

Group Supplier Sustainability Principles

Corporate Governance and Compliance

- Suppliers shall comply with all applicable local and national laws and regulations in the jurisdictions in which they operate.
- Suppliers shall conduct themselves ethically and morally at all times.
- Suppliers shall not engage in bribery, facilitation payments, corruption, fraud or other prohibited business practices.

Labour and Human Rights

- Suppliers shall provide equal opportunity for all their employees regardless of gender, religion, race, ethnicity, national origin, age, disability and sexual orientation.
- Suppliers shall ensure that no child, involuntary or forced labour is used in their operations.
- Suppliers shall provide fair pay and working conditions for employees.
- Suppliers shall promote a work environment free of physical, sexual or other forms of harassment, where employees are treated with respect and dignity.

Environment, Health and Safety

- Suppliers shall provide a safe and healthy work environment for their employees in line with their health and safety policy.
- Suppliers shall implement an effective environmental policy and/or have an environmental management system or plan to manage natural resource scarcity issues and to mitigate the environmental risks, impacts and dependencies of their products and/or services.

CONTRIBUTION TO THE UN SDGs

12 Responsible Consumption and Production

Managing our Direct Environmental Impact

Why this topic matters to UOB

We are committed to conserving environmental resources for the well-being of our stakeholders and future generations. Asia is seeing rapid economic growth and as our business keeps pace with that growth, we also need to ensure that the environmental footprint arising from our extensive operations across the region is sufficiently mitigated. We are cognisant of the direct environmental impact resulting from our network of offices and branches and have initiatives in place to build a more energy- and resource-efficient real estate portfolio and to encourage environmental stewardship at the workplace.

How we approach this topic

Our approach to managing our direct environmental impact centres on the principles of the three Rs, namely to Reduce, to Reuse and to Recycle. We manage our environmental footprint by focusing on energy efficiency, waste management and resource conservation in our operations across the Group.

Our direct impact to the environment results primarily from the consumption of resources including energy, water, paper and other supplies. The waste products resulting from the extraction, production, transport, consumption and disposal of the resources we use include greenhouse gas emissions, wastewater and office waste. As such, we focus our efforts on energy optimisation, water conservation, reducing paper consumption and diverting office waste to recycling options. With operations at our office buildings and branches accounting for the majority of our direct environmental footprint, we have implemented a range of programmes throughout our diverse workspaces to conserve resources and to manage waste effectively.

Globally, approximately one third of energy-related carbon emissions comes from buildings. This is why we are committed to managing our own premises in an efficient manner that meets the best practices recognised by green building standards. Green-certified buildings are also more cost-effective to operate.

To benchmark our progress, we use the Green Mark criteria developed by the Singapore Building and Construction Authority (BCA) for newly-acquired or retrofitted buildings and office spaces, wherever applicable. The BCA Green Mark is a green building certification scheme that evaluates the environmental performance of buildings and the practices of its occupants. Among other aspects, it takes into account the design, construction and operation of each space. The criteria for a Green Mark rating include energy, water and waste efficiency, environmental protection, indoor environmental quality and green innovations.

We first adopted the BCA Green Mark Existing Non-residential Building Standards in 2013. Since then, we have achieved and maintained Green Mark GoldPlus certifications for our main office buildings in Singapore – UOB Plaza 1, UOB Plaza 2 and UOB Tower Block (Alexandra Building). In 2019, we achieved Green Mark Platinum certification (excluding data centre facilities) for UOB Phetkasem in Bangkok, Thailand.

Green Mark Platinum Award for UOB Phetkasem Building

Both Tower A and B of the UOB Phetkasem Building in Bangkok, Thailand were awarded the highest rating in 2019 by the Singapore Building and Construction Authority (BCA): Green Mark Platinum. The building features:

- energy-efficient chillers;
- thermal efficient glass windows;
- LED lighting systems;
- on-site water treatment plant for irrigation purposes to reduce water usage;
- extensive vertical greenery along the east and west facing façade of the car park floors;
- occupied spaces designed to maximise the use of natural lighting; and
- car parks, chiller plant room, staircases and toilets designed to enable natural air ventilation.

In addition to the BCA Green Mark Award, both towers in Phetkasem also received the Energy Efficiency Building Design Award at the Thailand Building Energy Code (BEC) Awards 2019. The BEC is the benchmark for energy efficiency for buildings regulated by the Ministry of Energy in Thailand.

Tower A met the BEC regulation at the "Good" level while Tower B has met the BEC regulation at the "Excellent" level. The design of the towers has helped UOB save up to 60 per cent in energy compared with the average conventional building's energy consumption levels. Through a combination of LED lighting and thermal efficient glass panels for windows, which prevent unwanted heating of interiors, the building's energy-efficient features yield annual savings of about $175,300 for the Bank.

The UOB Phetkasem Building also met the standards set by the Department of Alternative Energy Development and Efficiency (DEDE) in 2019 to support a cleaner environment in Bangkok.

Managing our Direct Environmental Impact

Our targets

- Achieve green building certification for all UOB wholly-owned key buildings. [2030]
- Electricity use intensity: 14 per cent reduction by 2030, with baseline year of 2018. [2030]
- Greenhouse gas emissions intensity (Scope 2 only): 6 per cent reduction by 2030, with baseline year of 2018. [2030]

Our performance in 2019

- Four of our 12 wholly-owned buildings are certified with BCA Green Mark.
- We achieved a 0.7 per cent overall reduction in electricity use intensity compared to 2018.
- Greenhouse gas emissions intensity showed a corresponding decrease of 0.7 per cent over the same period.

Energy efficiency initiatives in 2019

Across our three main buildings in Singapore, our energy efficiency initiatives have yielded reductions in annual energy consumption of approximately 9.3 million kilowatt-hours (kWh). This is equivalent to cost savings of close to $2.3 million each year. In Bangkok, our BCA Green Mark Platinum certified Phetkasem building yields annual energy savings of more than 137,000 kWh, equivalent to cost savings of about $175,300 each year.

Water conservation

In the commercial buildings where our offices and urban branches are located, the water we consume comes from the main utilities provider in the area. In our key markets, we are mindful that Singapore is classified by the World Resources Institute (WRI) as a country that is under 'extremely high water stress', while Indonesia is listed as being under 'high water stress'. We do our part to conserve water by installing water-efficient fittings in our buildings and encouraging water-saving behaviour among our colleagues. Our main office buildings in Singapore, UOB Plaza 1, UOB Plaza 2 and UOB Tower Block, have all received the Water Efficiency Building Award from the Singapore Public Utilities Board in recognition of our efforts to conserve water.

Managing waste

The waste we generate comes mainly from paper, general waste and decommissioned office equipment which we dispose of or recycle through licensed waste management contractors. For example, we use licensed contractors to ensure that office paper waste is shredded in secure facilities before being recycled.

In Singapore, all general, non-recycled waste is processed in Waste-to-Energy (WTE) incineration plants, where the volume of solid waste is reduced by more than 90 per cent. This approach has also helped land-scarce Singapore to reduce the country's reliance on landfills, hence contributing to a more sustainable waste management framework.

Key energy efficiency initiatives implemented in UOB Singapore

Building	BCA Green Mark Award	Initiatives	Estimated annual energy reductions	Estimated annual cost savings
UOB Plaza 1	Gold Plus Award, 2013	• Chiller plant optimisation of 0.65 kW/ton • Variable Speed Drives (VSD) for pumps and cooling towers • Heat recovery systems for Precision Air Handling Units (PAHUs) • Energy efficient LED lighting for carpark • Carbon monoxide sensors for mechanical ventilation in the carpark	6,253 MWh	$1,546,000
UOB Plaza 2	Gold Plus Award, 2016	• Chiller plant optimisation of 0.63 kW/ton during office hours • Energy efficient LED lighting for common areas and carpark • Carbon dioxide sensors for Air Handling	2,033 MWh	$503,000
Alexandra Building	Gold Plus Award, 2014	• Chiller plant optimisation of 0.59 kW/ton • High Efficiency AHUs with VSDs • Energy efficient LED lighting for common areas and carpark	1,015 MWh	$251,000

CONTRIBUTION TO THE UN SDGs

9 Industry, Innovation and Infrastructure

11 Sustainable Cities and Communities

12 Responsible Consumption and Production

As part of our Managed Print Services, we have placed printer toner recycling bins at selected office and branch locations in Singapore to enable our colleagues to dispose used toners properly for recycling. Since we implemented Managed Print Services in April 2018, we have collected more than 3,600 printer toners for recycling.

In Greater China, we implemented a light bulb recycling programme at our headquarters building in Shanghai in August 2017. Since then, we have collected 282 fluorescent lightbulbs that would otherwise have been sent for disposal. As all fluorescent light bulbs contain a small amount of mercury, recycling them prevents the release of hazardous mercury vapour into the environment.

Raising environmental awareness

To raise environmental awareness among the users of our buildings – colleagues, customers, tenants and visitors – we organise a range of programmes and initiatives each year. For example, we participate in the annual global Earth Hour campaign by turning off the lights at our buildings and encourage changes in workplace behaviour among our colleagues and building tenants. Among our tenants in Singapore, we also promote and encourage the adoption of the BCA Green Mark Office Interior certification.

Our environmental performance in 2019

In 2019, our energy consumption across the region decreased by 0.7 per cent compared to the previous year, totaling to 131.7 gigawatt-hours (GWh). Overall energy intensity, measured in kWh per square metre (m^2) of floor space, increased slightly by 0.7 per cent. However, excluding data centres, the energy intensity of our office and branch locations improved significantly with a reduction of 3.5 per cent over a one-year period.

Similar to our energy performance, overall greenhouse gas emissions (Scope 2) decreased 0.7 per cent to 71.4 thousand tonnes CO_2-equivalent (tCO_2e) compared to the previous year. Our overall emissions intensity (measured in kg of CO_2-equivalent per m^2 of floor space) decreased 0.7 per cent. However, excluding data centres, the emissions intensity of our office and branch locations was 2.9 per cent lower than in the previous year.

Our overall water consumption decreased 4.2 per cent, compared with 2018, to 770.2 thousand cubie meters (m^3). Water consumption intensity (measured in m^3 per m^2 of floor space) declined 4.2 per cent in that same period. This indicates that our locations across the region were on average more efficient in their water usage in 2019.

We purchased 1,198 tonnes of office printing paper in 2019, almost one per cent less than in the previous reporting year. Forest Stewardship Council (FSC) certified paper (including both FSC 100 per cent and FSC Mix) made up 14.7 per cent of our purchased printing paper.

Our recycling of paper and board material increased 2.7 per cent to 453 tonnes, compared with the previous year. Altogether, paper and board recycling made up about 89 per cent of overall recycling, primarily because the vast majority of our waste paper is recycled after the shredding process.

The amount of waste sent for disposal remained relatively steady. In 2019, we generated 1,373 tonnes of unrecycled waste. About 54 per cent of that waste was processed at WTE incineration plants. Overall, waste disposal intensity (measured in kg of waste per m^2 of floor space) remained relatively constant. However, total recycling increased 3.4 per cent to a total of 510 tonnes.

Go to pages 123-124 of this report for the full set of our environmental performance figures.

Methodology and adjustments

The consumption and waste data with regard to UOB's business operations is based on invoices or data obtained from our providers. For greenhouse gas conversion factors, we rely on sources such as local environment agencies, the International Energy Agency (IEA) and the United Kingdom Department for Environment, Food and Rural Affairs (DEFRA). Our Scope 2 and Scope 3 emissions are derived in accordance with the most recent directives of the Greenhouse Gas Protocol Corporate Standard, developed by the WRI and the World Business Council for Sustainable Development. Global Warming Potentials (GWPs) are sourced from the Greenhouse Gas Protocol guidelines.

Scope 2 emissions are the main component of our emissions profile. Our Scope 2 emissions, in turn, result primarily from our purchase of grid electricity. For this report, all Scope 2 emissions are calculated based on the location-based method as currently we do not have any contractual instruments for separate emissions data under the market-based method. We also report Scope 3 emissions derived from air travel undertaken by employees for business purposes. At present, Scope 1 emissions from the use of vehicular fuels and stationary combustion fuels, which comprise a comparatively insignificant proportion of our overall energy consumption and emissions, are excluded from reporting.

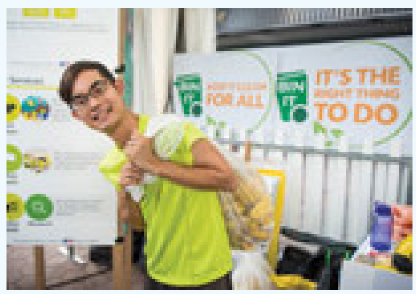
As the vast majority of our real estate is in Asia, our current data includes only locations in Singapore, where we are headquartered, and our four largest subsidiaries – Malaysia, Thailand, Indonesia and Greater China. Unless otherwise stated, reported figures include our office locations, branch locations and data centres. Our methodology excludes UOB-owned spaces that are leased to tenants, known as downstream leased assets, from Scope 2 accounting.

Further, when the Bank acquires any property with greenhouse gas emissions which if counted, would alter the country baseline by more than one per cent, we now include the full-year emissions of that property back to the year in which it came into existence or first came into operation. Similarly, when the Bank divests any property with greenhouse gas emissions which if discounted, would alter the country baseline by more than one per cent, we now deduct the full-year emissions of that property back to the year in which it first came into existence or operation. This is done in accordance with the Greenhouse Gas Protocol Corporate Standard and to maintain consistency over time.

Managing our Direct Environmental Impact

Case Study: UOB Heartbeat Run/Walk Sustainable Event Management

In support of environmental sustainability, we ensure our events are run conscientiously through sustainable procurement, employee engagement and partnerships with government agencies and social enterprises. We also embed sustainable event management practices in our community programmes. For example, in 2019 we stepped up on our 'Go Green' efforts for the annual UOB Heartbeat Run/Walk, our flagship regional volunteer and fundraising event, to reduce the environmental impact while doing good for the community.



Our 'Go Green' initiatives for the event, held across seven markets in Asia on the same day in July 2019, included:

- digitalising our processes to cut down on printed materials, saving more than 130 kg of paper;
- eliminating single-use plastics in all eco-friendly race packs across the region, with a reduction of more than 100 kg of plastics used in Singapore;
- replacing more than 20,000 plastic cups with biodegradable corn starch cups and encouraging all participants to bring their own water bottles on the event day;
- installing 10 sets of recycling bins across the event site to encourage recycling of all plastic water bottles, metal cans and general waste;
- collecting more than 30 kg of banana peels for composting into organic fertilisers; and
- donating more than 150 bento sets to Food Bank Singapore to reduce food waste.

Eco-Events Certification

Through our collective efforts to reduce, to reuse and to recycle, the 2019 UOB Heartbeat Run/Walk was awarded the Eco-Events Certification by the Singapore Environment Council.

The event is the first charity run in Singapore to achieve this accolade and the fourth in Singapore to obtain this certification since its inception in 2019.

We will continue to undertake eco-friendly initiatives that will positively impact the environment and our communities.

Community Development

Why this is material to us

Enriching lives and strengthening societal bonds in our communities are fundamental to our business philosophy. We are committed to supporting the development of the communities in which we operate through art, children and education. We believe these are essential for the quality and progress of society. Our efforts have helped the young, the untapped talent, those with special needs and the underprivileged across the region over many decades.

How we approach this topic

All our corporate social responsibility (CSR) efforts from across the Group come together in the UOB Heartbeat CSR programme. The programme aims to create sustainable good for more caring and inclusive societies through corporate philanthropy, stakeholder partnerships and employee participation. Guided by our values of Honour, Enterprise, Unity and Commitment, we draw together our colleagues, customers and business partners to make a positive difference to our communities.

Philanthropy

We are committed to helping improve lives and strengthen the social fabric through financial and non-financial contributions such as donations in cash or kind, sponsorships, scholarships and the purchase of goods and services from charities.

Partnerships

We maximise our corporate giving by connecting and collaborating with partners for greater reach and impact. They include customers, business partners, vendors, community development councils and institutions, and UOB Painting of the Year artists.

Participation

We unite as one in giving our time, skills and service to help build strong, inclusive and caring communities. We promote volunteerism that creates a sense of belonging for our colleagues and helps improve the lives of others.

We focus on three areas to open hearts and minds in building an inclusive society: art, children and education.

Art

Championing Southeast Asian Art

Art connects people, broadens minds, enriches lives and strengthens societal bonds. With our regional heritage and long standing support of Southeast Asian art, we aim to draw out the next generation of great artists from the region.

Children

Developing the Young to Their Potential

As children are the future, our efforts focus on helping them have a strong headstart in life, inspiring them to express themselves and nurturing their talent as individuals.

Education

Laying the Foundation For the Future

Education is essential for the progress of a country, its economy and its people. We open up and support learning opportunities for young minds and we help develop leaders of tomorrow.

Community Development

Our targets

- **Encourage Employee Volunteerism**: Maintain average volunteer hours per employee per year across the Group at two hours. [2020]
- **Championing visual art and artists**: Contribute at least $1.5 million to support the development of the arts scene across Asia. [2020]
- **Opening hearts and minds of the young through education**: Develop the digital literacy skills of at least 1,000 children. [2020]

Our performance in 2019

- Achieved an average of 2.2 volunteer hours per colleague;
- Clocked a record of close to 60,000 hours in volunteer work across the region, 15 per cent more than in 2018;
- Saw highest participation of more than 18,800 colleagues, their families and customers at the 2019 UOB Heartbeat Run/Walk and fundraising day across seven markets;
- Championed Southeast Asian visual art through the 38th UOB Painting of the Year (POY) competition, international art fairs, outreach initiatives and partnerships;
- Contributed more than $1.7 million to support the development of the arts scene across Asia;
- Helped equip 1,000 disadvantaged students in Singapore with digital skills through a new educational initiative, My Digital Bootcamp;
- Championed environmental sustainability through the new UOB Eco-excursion series and Go Green measures to reduce, to reuse and to recycle; and
- Received eight industry awards and accolades including the Pinnacle Award, the highest honour by Community Chest Singapore, recognising UOB as a role model for holistic corporate giving.

Heartbeat for our community 2019 Overview

›$5.4 million
in monetary contribution to the community

A record of more than
›18,800
regional participants at the 2019 UOB Heartbeat Run/Walk to raise funds for disadvantaged children across Asia

54
artists recognised for their excellence in Asia through our two annual art competitions

A record of close to
60,000 hours
of our colleagues serving the community

2.2 hours
average volunteer hours per colleague

20
underprivileged students received the Wee Cho Yaw Future Leaders Award, a $50 million scholarship programme established in 2015

Transcending boundaries through art

Championing Southeast Asian art

UOB has been supporting Southeast Asian art for more than four decades. We believe that art plays a fundamental role in enriching lives, opening minds and strengthening societal bonds in our communities, connecting people and cultures across language, geography and time.

In recognition of our long-term commitment to art, we were presented the Singapore National Arts Council's Distinguished Patron of the Arts Award for the 15th consecutive year.

Presenting the Southeast Asian winners of the 2019 UOB Painting of the Year competition.

Uncovering artistic talent through competitions

UOB champions Southeast Asian art through our flagship UOB POY competition, which began in 1982. Held at the national level in Indonesia, Malaysia, Singapore and Thailand, the UOB POY competition is the longest-running art competition in Singapore and one of the most recognised in Southeast Asia. In 2019, the competition recognised 36 artists with the top award given to Mr Anagard from Indonesia for his artwork, *Welcome Peace, Goodbye Hostility*.

In Hong Kong, the annual UOB Art in Ink Awards aims to raise awareness of and appreciation for traditional ink art through contemporary expressions. In 2019, the competition recognised 18 local artists with the top award given to Mr Leung Chi Wing, Louis for his artwork, *Between:-*.

The UOB Art Programme aims to draw out, to nurture and to inspire artistic talent across the region.

Making art accessible to everyone
Held **90 art workshops** for disadvantaged children and children with special needs across the region to inspire them and to help them better express themselves.

Opening the doors to art
Attracted more than **20,000 visitors** to the UOB Art Gallery in Singapore and Shanghai, China in 2019.

Extending our reach through partnerships

UOB partners National Gallery Singapore
More than **374,000 people** visited the UOB Southeast Asia Gallery in 2019. Since 2015, UOB has been a founding partner of the National Gallery Singapore which holds the world's largest collection of modern Southeast Asian art on permanent display.

UOB partners Museum of Modern and Contemporary Art in Nusantara (MACAN), Jakarta, Indonesia
More than **1,500 students** in Jakarta went on field trips to the Museum through our support in 2019. Since 2018, UOB has been a Major Education Partner of Museum MACAN.

CONTRIBUTION TO THE UN SDGs

11 Sustainable Cities and Communities

Community Development

Developing the young to their potential

In building inclusive communities, we focus on enhancing the well-being of children and developing them to their full potential.

Students from Malie Village Central School, Hanyuan County in Sichuan, China in their new school attire donated by UOB. They were among the **3,900 students** from 14 schools in the remote mountainous areas of West China supported by UOB's initiatives.

Building conducive learning environments

Schools and study spaces were refurbished for more than **200 disadvantaged students** in 2019. UOB colleagues in Singapore and Indonesia volunteered more than 320 hours in 2019 in this effort.

Levelling the playing field

These Vietnamese students were given books, computer equipment and school supplies as part of our outreach programme in the country.

CONTRIBUTION TO THE UN SDGs

4 Quality Education

Preparing for the future through education

We believe that education has the ability to change lives for the better as it lays the foundation for the future. Therefore, UOB supports programmes that develop young minds, especially those of children from disadvantaged backgrounds or with special needs.

In 2019, more than **120 children and youth** benefitted from the UOB Please Touch programme in Thailand. Since 2015, this initiative has been helping the visually-impaired by equipping them with art and craft skills.

Counting on a firm foundation
In 2019, more than **530 children** acquired basic money management and banking skills through our financial literacy workshops in Singapore and China.

Equipping the young with life skills
In 2019, we helped **120 students** from Phra Dabos School, a vocational school for the disadvantaged in Thailand. Apart from monetary contributions, our employee volunteers also taught them subjects such as financial literacy, English and Marketing.

Developing leaders of tomorrow
In 2019, UOB contributed **₫100 million** in scholarships to 50 high-performing students from disadvantaged backgrounds in Vietnam. This was part of the official launch of UOB Hanoi branch.

CONTRIBUTION TO THE UN SDGs

4 Quality Education

Community Development

Bridging the digital divide

UOB promotes a digitally inclusive society through educational initiatives that bridge the digital divide and enable people from all walks of life to have access to digital tools for their daily needs and for education.

100 disadvantaged students from Townsville Primary School and Pathlight School participated in the first My Digital Bootcamp session to learn digital making skills. The new initiative is in support of Singapore's Smart Nation vision.

Helping others make the switch
UOB employee volunteers supported **12 national digital clinics and roadshows** to promote the adoption of financial technology to the wider community.

Making digital learning accessible
We contributed **$500,000** to equip **1,000** disadvantaged primary school students in the Central Singapore District with digital making skills, through a two-day workshop and a take-home tool kit.

Opening eyes to the wider world
The UOB Brings the World to Me programme in China provided education resources and online courses to **two schools** in the remote mountainous areas of Yunnan to help students learn more about the world beyond their community.

CONTRIBUTION TO THE UN SDGs

4 Quality Education

Caring for the environment

In supporting environmental sustainability, UOB launched several initiatives to cultivate awareness of environmental protection among the young. Our green efforts also extended to employee volunteerism activities, encouraging colleagues and children beneficiaries to reduce, to reuse and to recycle. We also eliminated single-use plastics where possible and replaced them with environmentally-friendly alternatives.

Reaching out to conserve nature
Close to **280 children** participated in six UOB Eco-Excursions organised in Singapore and Malaysia that aimed to raise awareness on environmental sustainability among the young.

Hands-on learning of waste management
In 2019, **38 children** from Whee!Canopus Student Care Centre were guided by UOB employee volunteers on an educational visit to the National Museum of Singapore where they learnt about the effects that packaging has on the environment.

Promoting sustainability through art
UOB sponsored **three sustainability-themed art workshops** at Malaysia's Ipoh International Art Festival 2019. One of which was conducted by 2019 UOB Painting of the Year Malaysia top winner Ms Cheng Yen Pheng, who showed how to make paper out of mulberry pulp.

Reducing food waste meaningfully
In 2019, **13,000 nutritious meals** for the disadvantaged were prepared from edible surplus food by UOB in partnership with various food rescue charities in Hong Kong.

CONTRIBUTION TO THE UN SDGs

4 Quality Education

13 Climate Action

Community Development

Running for a good cause

Uniting our hearts through UOB Heartbeat Run/Walk

Every year, our colleagues, their families, customers and business partners from across the region unite to participate in the UOB Heartbeat Run/Walk – our flagship regional volunteering and fundraising event.

In 2019, we rallied a record of more than 18,800 participants across Singapore, China, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam to run or to walk for a good cause on the same day. We also stepped up our efforts to minimise the environmental impact of the annual event.

Raised

>$1.7 million

for disadvantaged children and children with special needs in Asia.

Eliminated all single-use plastics in our race packs across all seven markets.

The 2019 UOB Heartbeat Run/Walk in Singapore achieved the Eco-Events Certification by the Singapore Environment Council.

Making a difference through active volunteerism

In 2019, our colleagues volunteered in a wide range of activities in support of art, children and education as well as environmental protection. We achieved a record of more than **60,000 volunteer hours** across the region in 2019, 15 per cent more than in 2018.

Recognising our colleagues who committed time and service to improve lives
As part of International Volunteer Day in December, we celebrated the spirit of volunteerism in Singapore, with more than 180 colleagues who served the community in 2019. The inaugural UOB Heartbeat Employee Volunteer of the Year and the Most Promising Volunteer of the Year were Mr Jetno Tsai and Ms Ng Shu Min respectively.

Uniting to support inclusivity
UOB has been a proud supporter of The Purple Parade since 2015. The Purple Parade is Singapore's largest movement to advocate for inclusive societies by celebrating the abilities of persons with special needs. In 2019, more than **300 employee volunteers and their family members** formed the largest UOB Purple Contingent to-date to march for inclusiveness.

Celebrating the season of giving
Our colleagues raised **more than $38,000** during Singapore's National Giving Week in 2019. Through our online 'Gift for Good' campaign, we bought Christmas gifts of toys, books and vouchers for **240 children** from needy homes. With 12 charities, we also set up 'Shop for Good' bazaars across our offices where our colleagues did their festive shopping.

Sustainability in Numbers

	2019	2018	2017
Customers			
Number of customers[8] (millions)	5.25	5.05	4.90
Access to financial services			
Number of branches – Group	476	469	467
Number of branches – Singapore	63	59	58
Number of ATMs – Group	1,653	1,669	1,668
Number of ATMs – Singapore	772	758	766
Number of contactless ATMs – Singapore	509	382	270
Number of Ability ATMs – Singapore[9]	20	20	20
Digital transformation			
Online penetration rate for retail customers – Group (%)	64	63	54
Online penetration rate for retail customers – Singapore (%)	86	89	82
Mobile banking users as a percentage of active online banking users (retail customers) – Group (%)	62	59	54
Online penetration rate for corporate/SME clients – Group (%)	66	60	53
Number of contactless point-of-sale merchant terminals – Singapore	21,420	16,712	10,432
Customer experience and advocacy			
Number of customer compliments – Group	82,967	58,426	30,720
Number of customer compliments – Singapore	59,431	36,985	22,687
Complaints relating to sale of investment and insurance products – Singapore (%)	0.22	0.20	0.37
Lending profile – Group ($ billion)			
Loans to small businesses	10.4	10.0	9.7
Loans to medium businesses	50.6	46.0	41.0
Loans to large businesses	109.0	107.6	91.4
Loans to individuals	98.6	98.1	93.9
Community			
Monetary contributions ($ million)	5.4	5.1	4.5
Average volunteer hours per employee	2.2	2.0	1.8
Economic value of our contributions ($ million)			
Total operating income[10]	10,030	9,116	8,563
Profit after tax[11]	4,343	4,008	3,390
Dividends to shareholders	2,180	2,052	1,254
Employee compensation and benefits	2,716	2,447	2,224
Income tax to governments	813	805	800

8 Includes customers of Group Retail, Group Wholesale Banking and UOB Asset Management only. Figures for 2017 and 2018 have been rebased to include PFS Direct Banking customers in China.
9 Ability ATMs are designed to provide visually-impaired customers with audio assistance.
10 With effect from 1 January 2018, total operating income is presented net of fee and commission expense. 2017 comparative figures have been restated to conform to this presentation.
11 Relates to the amount attributable to equity holders of the Bank.

	2019	2018	2017
Suppliers[12]			
Total purchase ($ million)	1,888	1,645	1,386
Purchase from local suppliers (%)	93.8	93.5	92.3
Impact investing			
AUM of committed capital that incorporate ESG and/or social impact assessment in the investment process ($ million)[13]	1,043	953	662
Number of low-income individuals reached through investee companies[14] (million)	16	13	10
ESG engagement by UOBAM			
Proportion of companies in portfolio that were engaged on ESG topics (%)	10.4	–	–
Direct environmental impact[15]			
Purchased grid electricity (GWh)			
Singapore	63.6	64.4	63.5
Indonesia	22.4	22.6[16]	22.9
Thailand	23.5	23.2[16]	28.1
Malaysia	19.3	19.4	19.5
Greater China	2.9	3.0	2.9
Regional total	**131.7**	**132.6**	**136.9**
Energy use intensity (kWh per m^2 of floor space)			
Energy use intensity excluding data centres	176.3	182.6	196.7
Energy use intensity including data centres	230.5	229.0	239.6
Scope 2 greenhouse gas emissions (thousand tCO_2e)			
Singapore	27.0	27.3	26.9
Indonesia	17.0	17.2	17.4
Thailand	12.0	11.8	14.3
Malaysia	13.3	13.3	13.4
Greater China	2.1	2.1	2.1
Regional total	**71.4**	**71.7**	**74.1**
Scope 2 greenhouse gas emissions intensity (kg CO_2e per m^2 of floor space)			
Scope 2 greenhouse gas emissions intensity excluding data centres	101.6	104.6	112.1
Scope 2 greenhouse gas emissions intensity including data centres	123.2	124.1	129.9
Scope 3 greenhouse gas emissions[17] (thousand tCO_2e)			
Total air travel emissions	11.33	9.13	8.74

12 Supplier figures comprise data from our seven key markets in Singapore, Indonesia, Malaysia, Thailand, China (including the Mainland and Hong Kong) and Vietnam. Comparatives have been restated as in prior years Vietnam was not included.
13 Figure comprises the Asia Impact Investment Fund (AIIF) and the ASEAN China Investment Fund (ACIF).
14 Social impact metric from business activities of the investee companies of the Asia Impact Investment Fund (AIIF).
15 All electricity consumption intensity, water usage intensity, emissions intensity and waste disposal intensity figures comprise data from our operations in Singapore, Malaysia, Thailand, Indonesia and Greater China (including the Mainland and Hong Kong)
16 Where more complete data has been made available, figures have been retrospectively adjusted.
17 Method used takes into account the impact of radiative forcing, as well as well-to-tank emissions resulting from the production and transportation of fuels.

Sustainability in Numbers

	2019	2018	2017
Water usage (thousand m^3)			
Singapore	224.4	219.2[18]	182.6
Indonesia	112.2	89.4	90.9
Thailand	344.8	406.5[18]	494.9
Malaysia	77.0	75.9	74.3[18]
Greater China	11.8	12.7[18]	13.0[18]
Regional total	**770.2**	**803.7**	**855.7**
Water usage intensity (m^3 of water per m^2 of floor space)			
Overall water usage intensity	1.1	1.2	1.3
Purchased office paper (tonnes)			
FSC 100% mix office paper	159	152	147
FSC mix office paper	17	19	20
Non-FSC office paper	1,022	1,038	1,003
Total office paper purchased	**1,198**	**1,209**	**1,170**
Recycled waste (tonnes)			
Plastics and other waste	40	38	28
Electronic equipment	17	14	10
Paper and board	453	441	419
Total waste recycled	**510**	**493**	**457**
Disposed waste (tonnes)			
Total waste landfilled	632	628	623
Total waste-to-energy incineration	741	738	767
Waste disposal intensity[19] (kg of disposed waste per m^2 of floor space)			
Overall waste disposal intensity	2.0	2.0	2.1
Our People			
Number of employees[20]			
Male	10,510	10,102	9,636
Female	16,362	16,051	15,501
Total	**26,872**	**26,153**	**25,137**
Number of employees by employment contract and gender			
Permanent male employees	10,129	9,734	9,199
Permanent female employees	15,886	15,516	14,947
Contract male employees	381	368	437
Contract female employees	476	535	554
Temporary male employees	417	518	331
Temporary female employees	854	727	627

18 Where more complete data has been made available, figures have been retrospectively adjusted.
19 Includes both landfilled and incinerated waste.
20 Includes permanent employees, part-time employees and fixed-term contract employees.

	2019	2018	2017
Number of employees by employment type and gender			
Full-time male employees	10,508	10,100	9,629
Full-time female employees	16,319	16,008	15,443
Part-time male employees	2	2	7
Part-time female employees	43	43	58
Female employees by country (%)			
Singapore	57	58	59
Malaysia	64	65	65
Thailand	69	69	69
Indonesia	54	54	54
China	71	71	71
Hong Kong	48	48	47
Vietnam	60	58	55
Overseas branches	53	50	46
Female employees by age group			
Average age of female employees	38.0	37.9	37.7
< 30 years (%)	63.4	64.1	64.1
30-50 years (%)	60.1	60.7	61.5
> 50 years (%)	60.6	59.9	58.2
Female employees by grade[21] (%)			
Senior management	35.1	34.5	36.4
Middle management	51.4	51.8	51.6
Executive	62.5	62.7	62.7
Administrative	71.2	71.1	70.8
Employment from local population[22] (%)			
Local staff representation	94.6	94.9	95.5
Number of management employees by gender[23]			
Male supervisors or managers	2,438	2,432	2,451
Female supervisors or managers	2,718	2,743	2,851
Male heads of department	9	11	12
Female heads of department	6	9	8
Number of new employee hires by gender			
Male	2,657	3,099	2,609
Female	3,489	4,121	3,586
Total	**6,146**	**7,220**	**6,195**

21 Senior management includes Managing Directors and Executive Directors; middle management includes Senior Vice Presidents, First Vice Presidents and Vice Presidents; executives include Assistant Vice Presidents, Managers and Senior Officers.
22 Local employees are citizens or permanent residents of the country in which they are employed.
23 The Heads of Department report directly to the CEO.

Sustainability in Numbers

	2019	2018	2017
New employee hires that were female by age group (% of total new hires)			
‹30 years old	58.9	60.8	60.7
30 - 50 years old	54.3	52.8	54.9
›50 years old	57.8	54.9	55.8
All age groups	**56.8**	**57.1**	**57.9**
Employee attrition rate by age group[24] (%)			
‹30 years old	33.8	38.4	37.8
30 - 50 years old	14.1	16.6	16.9
›50 years old	9.9	12.3	10.1
All age groups	**17.8**	**21.0**	**20.9**
Employee attrition rate by age group and gender (%)			
‹30 years old			
Male	37.1	40.0	42.5
Female	31.9	37.4	35.2
30 - 50 years old			
Male	14.7	18.4	18.9
Female	13.8	15.5	15.6
›50 years old			
Male	12.6	15.3	10.9
Female	8.2	10.4	9.5
All age groups			
Male	18.9	22.5	23.0
Female	17.2	20.0	19.6
Training spend			
Total training investment ($ million)[25]	31.1	26.0	21.3
Total training investment per employee ($)	1,157.8	992.3	845.5
Total training investment per trainee ($)	1,111.0	916.0	931.0
Average training hours per employee			
Senior management	35.5	33.4	35.5
Middle management	48.5	39.3	38.9
Executive	58.8	48.2	45.6
Administrative	44.5	50.2	43.1

24 Attrition rates include all voluntary and involuntary attrition among permanent employees only.
25 Includes total training costs as well as any subsidies or grants given.

	2019	2018	2017
Average training hours per employee by grade and gender[26]			
Senior management			
Male	34.7	32.3	34.3
Female	36.9	35.6	37.6
Middle management			
Male	50.3	39.0	37.6
Female	46.8	39.5	40.3
Executive			
Male	64.8	51.5	49.9
Female	55.1	46.2	43.0
Administrative			
Male	43.0	47.4	37.3
Female	45.1	51.3	45.4
All grades combined			
Male	55.5	46.3	43.4
Female	50.5	46.1	43.1
Parental leave			
Number of employees who took maternity leave – Singapore only	148	93	171
Number of employees who took maternity leave – Group	509	–	–
Number of employees who took paternity leave – Singapore only	147	116	138
Number of employees who took paternity leave – Group	206	–	–
One-year retention rate of returning mothers – Singapore only[27] (%)	79	80	80
One-year retention rate of returning mothers – Group (%)	85	–	–
Workplace safety			
Number of recordable work-related injuries	9	10	6
Rate of recordable work-related injuries[28]	0.03	0.03	0.02

26 Training hours include classroom training, e-learning, webinars, on-the-job training, sponsorship, town halls and teambuilding
27 Percentage of employees who remained in the organisation at least one year after returning from maternity leave
28 Injury rates represent the number of reportable injuries per 100 full-time workers and were calculated as: (N / H) x 200,000 where, N=number of injuries, H=total hours worked by all employees in the year

Glossary

Carbon dioxide equivalent (CO_2e)

The common metric used to compare emissions from the various types of greenhouse gases. Different greenhouse gases have different potentials for global warming; by converting all greenhouse gases to the common measure of tonnes of CO_2e, companies are able to be consistent in their measurement and comparison. For example, one tonne of methane would be equal to about 25 tonnes of CO_2e, because it has a global warming potential that is approximately 25 times that of one tonne of carbon dioxide.

Climate change and global warming

The increase in the average temperature of the Earth's climate system, apparent from the mid- to late-20th century onwards. Climate change is attributed primarily to the higher amounts of greenhouse gases in the atmosphere resulting from the burning of fossil fuel, the production of industrial products, livestock farming, crop fertilisation and deforestation. The gases trap heat in the atmosphere and are expected to have a variety of effects on the planet, including sea level rise, droughts and severe weather events.

Community development

The Bank's long-term involvement in and support of inclusive community programmes to further social good and create a positive impact on the community through corporate philanthropy, community partnerships and employee volunteerism.

Customer Satisfaction Score (CSS)

Refers to the measurement that determines how satisfied customers are with our products and services and their overall satisfaction based on recent interaction with the Bank, on a scale of zero to 10.

Dollars or $

Singapore Dollars unless specified otherwise.

Financial inclusion

Programmes and initiatives that help individuals and businesses access useful, appropriate and affordable financial products and services that meet their needs (for example transactions, payments, savings, credit and insurance) delivered in a responsible and sustainable way.

Global Reporting Initiative (GRI) Standards

A set of internationally recognised standards that helps businesses, governments and other organisations communicate and report their risks and impacts for environmental, social and economic topics.

Global warming potential

A measure of the amount of heat a greenhouse gas is able to trap in the atmosphere relative to carbon dioxide gas.

Green loan

Any type of loan instrument made exclusively to finance or to re-finance, in whole or in part, new and/or existing Green Projects that are deemed eligible under UOB Umbrella Frameworks or borrowers' frameworks and which are aligned to the Loan Market Association /Asia Pacific Loan Market Association (LMA/APLMA) Green Loan Principles.

Greenhouse gas emissions

Gaseous pollutants that absorb infrared radiation and trap heat in the atmosphere. The primary greenhouse gases are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

Impact investing

The deployment of capital in companies with the deliberate intention of generating positive social and/or environmental benefits alongside, and as a means of, achieving positive financial returns.

Islamic banking

A system of banking that complies with Islamic law (Shariah). The underlying principles that govern Islamic banking are mutual risk between parties, assurance of justice and fairness (al-'adl wal Ihsan). In generating profit, Islamic banking transactions are based on an underlying activity or asset.

Materiality

Material sustainability issues include the environmental, economic, social and governance risks and opportunities that can act as potential barriers or enablers to achieving business goals in the short, medium and long term.

Material Environmental, Social and Governance (ESG) factors

Environmental, social and governance, as well as economic, factors can impact the risk and return profile of our financing and investment decisions as well as our internal operations. Such factors are considered by investors and other stakeholders in assessing and measuring the sustainability of a company and its business activities. The same factors are considered, in turn, by the Bank to ensure that our stakeholders abide by our values and principles.

Materiality assessment

The methodology by which we identify and assess the material ESG factors that have an impact on our business and influence stakeholder decision-making.

Material supplier

A material supplier is a new, existing or re-contracted supplier that performs a material outsourcing activity which, if disrupted, has the potential to impact our business operations significantly or our ability to manage risks effectively. Material suppliers also include those that supply goods and/or services to the Bank with an annual spend of $2,000,000 or more.

Microfinancing

The provision of financial services to individuals, households and micro-enterprises that are normally excluded from conventional banking services.

Net Promoter Score (NPS)

A metric used to measure the likelihood of a customer recommending a company's brand, product or service to others. The NPS is an established worldwide metric used to measure customer loyalty and to predict business growth.

Responsible financing

The integration of ESG factors into our credit and risk evaluation process for financing activities.

Scope 1 greenhouse gas emissions

Direct emissions that originate from operations or assets which are owned or controlled by the organisation including on-site generation of electricity, steam or heat in equipment, travel in cars and other vehicles owned or controlled by the company and hydrofluorocarbons emitted from refrigeration or air-conditioning equipment.

Scope 2 greenhouse gas emissions

Indirect emissions resulting from the generation of grid electricity, heat or steam by an outside organisation, such as an electricity provider, but which is utilised by the reporting organisation.

Scope 3 greenhouse gas emissions

All other indirect emissions which occur at sources the organisation neither owns nor controls. Scope 3 emissions can result from business travel in non-company vehicles, especially commercial planes; employees commuting in non-company vehicles, as well as the activities of suppliers, customers and contractors.

Employee volunteering

The time provided by UOB to allow our colleagues to volunteer in approved volunteerism activities either during working or non-working hours as per the UOB Group CSR Policy.

Sustainable development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This entails respect for the environment, human rights, labour rights, decent work and economic growth, data privacy and business ethics.

Sustainability linked loans

Any type of loan instrument and/or contingent facility (such as bonding lines, guarantee lines or letters of credit) which incentivise the borrower to achieve pre-determined sustainability performance objectives. The borrower's sustainability performance is measured using sustainability performance targets, which can include key performance indicators, external ESG ratings or equivalent metrics which measure improvements in the borrower's sustainability profile.

Task Force on Climate-related Financial Disclosures (TCFD)

Industry-led initiative established by the Financial Stability Board in 2015 at the request of G20 to develop a set of voluntary climate-related financial risk disclosures which can be adopted by companies so that those companies can inform investors and other members of the public about the risks they face related to climate change. The Recommendations of the TCFD are organised around four pillars, namely governance and management, strategy, management of climate change-related risks and metrics and targets in place to address the impacts.

United Nations-supported Principles for Responsible Investment (PRI)

The PRI sets out six principles that serve as a global standard for responsible investing. They also provide guidance to financial institutions on the integration of ESG factors in the investment process and active ownership.

United Nations Sustainable Development Goals (UN SDGs)

The 17 UN SDGs, also known as the Global Goals, were adopted by the United Nation Member States in 2015 and form the core of the 2030 Agenda, a universal call to action for governments, businesses and civil society to end poverty, to protect the planet and to ensure peace and prosperity for all people by 2030.

GRI Standards Content Index

GRI Standard		Disclosure Information or Location
GRI 102: General Disclosures 2016		
Organisational Profile		
GRI 102-1	Name of the organisation	United Overseas Bank Limited
GRI 102-2	Activities, brands, products, and services	4
GRI 102-3	Location of headquarters	4
GRI 102-4	Location of operations	5
GRI 102-5	Ownership and legal form	Public limited company listed on the Singapore Exchange
GRI 102-6	Markets served	4-5, 24-25, 34-52
GRI 102-7	Scale of the organisation	3-5, 29, 120-125, 197
GRI 102-8	Information on employees and other workers	122-123
GRI 102-9	Supply chain	106
GRI 102-10	Significant changes to the organisation and its supply chain	Unless otherwise stated, our reporting also includes our banking subsidiary in Vietnam
GRI 102-11	Precautionary Principle or approach	64, 75-90, 102-105
GRI 102-12	External initiatives	79, 81, 82, 88, 94, 101, 104
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GRI 102-15	Key impacts, risks, and opportunities	20-23, 63, 77-91, 94-97, 102-105, 155-170
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GRI 102-25	Conflicts of interest	134
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GRI 102-27	Collective knowledge of highest governance body	74, 80
GRI 102-29	Identifying and managing economic, environmental and social impacts	63, 74, 80, 134, 159, 162
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GRI 102-41	Collective bargaining agreements	99
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GRI 102-43	Approach to stakeholder engagement	68-69
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GRI 102-46	Defining report content and topic Boundaries	70-74
GRI 102-47	List of material topics	69-73
GRI 102-48	Restatements of information	26, 120-125, 238-239
GRI 102-49	Changes in reporting	No significant change
GRI 102-50	Reporting period	1 January 2019 to 31 December 2019
GRI 102-51	Date of most recent report	March 2019
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	60
GRI 102-54	Claims of reporting in accordance with the GRI Standards	74
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United Overseas Bank Limited
(Incorporated in Singapore)
and its subsidiaries

31 December 2019

Governance

Corporate Governance

Our Board sets the tone for establishing a culture of accountability and responsibility. Ethical behaviour and practices are required across the Group as we create value for, and build and safeguard the long-term interests of, our shareholders and other stakeholders. Management complements the leadership of our Board by fostering an environment in which our people live the values of Honour, Enterprise, Unity and Commitment.

We are guided by:

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

Our compliance with the disclosure requirements of the MAS Guidelines and 2018 Code is on pages 149 to 150. Where we have deviated from the guidelines or principles, we have explained our practices and philosophy behind our practices.

BOARD'S CONDUCT OF AFFAIRS

Board Duties

Our Board is collectively responsible for our long-term success. Its key responsibilities include:

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

Our Directors are also guided by the Articles of Directorship which lay down the principles of conduct and ethics expected of them. The Articles of Directorship are reviewed for relevance every year.

Key Processes

Board and Board Committee meetings and the annual general meeting (AGM) are scheduled well before the start of each year. Additional meetings are held during the year as warranted. Materials for meetings are delivered to Directors through a secure portal which our Directors can access via tablet devices provided by the Bank.

A Director who is unable to attend a meeting in person due to exigencies may participate via telephone and/or video conference as provided for in the UOB Constitution. Alternatively, he may convey his[1] views through another Director or the company secretaries.

Our Board and Board Committees seek to make decisions by consensus. Where there is divergence of views, decisions are made by majority vote and dissenting views are recorded. Decisions may also be made by way of resolutions in writing. All deliberations and decisions are minuted and properly maintained.

Managing Potential Conflicts of Interests

Where a Director has an interest in a matter which may conflict with his duties to UOB, he must disclose his interests, recuse himself from the discussion and abstain from voting on the matter. Our Directors' direct and deemed interests in shares and debentures of UOB and its related corporations are disclosed in the Directors' Statement section of this report.

Access to Management, Advisers and Information

Our Directors have unfettered access to senior management, the internal and external auditors and information to enable them to perform their duties. Besides formal Board or Board Committee meetings, they also meet senior management for additional briefings, and in informal settings. Our Directors also visit our overseas banking subsidiaries to gain a better understanding of their strategies and performance.

Our Directors receive meeting materials well in advance of each meeting. The information provided includes financial, strategic, risk and operational reports. Management is present at meetings to provide clarification on matters tabled. Subject-matter specialists and professional advisers, where relevant, are invited to brief the Board or Board Committees. If necessary, our Directors may seek independent professional advice or engage subject-matter experts at the Bank's expense in the course of discharging their duties.

1 A reference to one gender includes all genders.

Delegation to Board Committees and Management

Our Board is supported by an Audit Committee (AC), a Board Risk Management Committee (BRMC), an Executive Committee (Exco), an Nominating Committee (NC) and a Remuneration and Human Capital Committee (RHCC) in the discharge of its responsibilities. Such delegation enables our Board Committees to gain a closer oversight of specific matters. Where the responsibilities of certain Board Committees are closely related, common memberships facilitate information-sharing and coordination of work among the committees. Our Board is apprised of the matters reviewed and considered, and decisions made by the respective Board Committees through minutes and reports.

The written terms of reference of our Board and Board Committees are reviewed at least annually to ensure they remain relevant.

Management is responsible for the day-to-day operations of the Bank. Where matters exceed the thresholds reserved by our Board for itself or the Board Committees in their respective terms of reference, Management must seek the approval of the Board or relevant Board Committee before implementation.

THE BOARD OF UOB

10 DIRECTORS:

- 6 independent directors (including Chairman)
- 3 non-executive and non-independent directors
- 1 executive director

Provides strategic and governance leadership for the long-term success of the Bank while safeguarding the interest of shareholders and other stakeholders; and determines the risk appetite of the Group.

AUDIT COMMITTEE

• 3 independent directors	Ensures the integrity of the financial statements; reviews the adequacy and effectiveness of the Bank's internal control function and reviews whistle-blowing policy and procedures.

BOARD RISK MANAGEMENT COMMITTEE

• 3 independent directors • 1 non-executive and non-independent director • 1 executive director	Ensures the adequacy and effectiveness of the Bank's risk management system; reviews credit policies and all interested person and/or related party transactions; and inculcates an appropriate risk culture.

EXECUTIVE COMMITTEE

• 3 independent directors • 1 non-executive and non-independent director • 1 executive director	Oversees the Bank's business strategies; reviews the Group's business and financial performance; considers sustainability in formulating strategies; and identifies the ESG factors that are material to the business.

NOMINATING COMMITTEE

• 3 independent directors • 1 non-executive and non-independent director • 1 executive director	Performs succession planning for Board and Management; reviews and assesses the independence of Directors; and reviews the performance and effectiveness of the Board and Board Committees.

REMUNERATION AND HUMAN CAPITAL COMMITTEE

• 4 independent directors • 1 non-executive and non-independent director	Oversees the design and operation of the remuneration policy and framework for the Board and key management personnel; and puts in place the framework for recruitment, retention and development of human capital.

Corporate Governance

Company Secretaries

The two company secretaries, support our Directors in discharging their responsibilities. They assist the Board to monitor the execution of its decisions, advise them on governance matters, update them on applicable laws and regulations, and facilitate communications. They also support the Directors in discharging their responsibilities, and assist in their induction and professional development, and the evaluation of the Board. They attend all Board and Board Committee meetings except for the RHCC. As remuneration matters are confidential, the head of the Group Human Resources function provides secretarial support to the RHCC. The appointment and removal of the company secretaries are subject to the Board's approval. Both company secretaries are qualified lawyers, and one of them is the Head of the Legal and Secretariat function.

Highlights from 2019

As part of the progressive Board renewal:

- Mr Franklin Leo Lavin and Mr Willie Cheng Jue Hiang stepped down after nine years' service on the Board;
- Mr Steven Phan Swee Kim was appointed as a Director and a member of the RHCC;
- Mr Ong Yew Huat relinquished his chairmanship of the BRMC and took over as AC Chairman; and
- Mr Alvin Yeo Khirn Hai was appointed the BRMC Chairman.

During the year, our Board focused on:

- Technology: guided Management on the establishment of a Technology Advisory Panel (TAP) to support the Bank's digital ambitions. Comprising global leaders from technology fields and digital platforms, the TAP shared with our Board and Management their insights into the digital landscape and critiqued the Group's digital transformation strategy. Cybersecurity was also closely monitored;
- Strategy: monitored the Bank's transformation journey and guided Management on the areas of focus, particularly in the regional markets;
- Dividend policy: established a dividend policy based on prudence, consistency and flexibility. More information on the dividend policy can be found on page 146;
- Human capital development: reviewed initiatives to provide the workforce with continuous learning options and developmental opportunities. Programmes were refined to attract, to develop, to nurture, to motivate and to retain a sustainable talent pool;
- Succession planning: appointed an external consultant to advise the Board on the director search and reviewed potential candidates for Board succession;
- Risk culture and conduct: assessed the Bank's risk culture and conduct, and a risk conduct dashboard was adopted to help identify areas of focus;
- Remuneration: reviewed compensation structure and benchmarked against comparable listed companies;
- ESG: approved the targets for the material ESG issues and reviewed initiatives of the Bank to promote more sustainability linked and green loans. More information on the Bank's ESG action plans and targets can be found in the Sustainability Report; and
- Shareholder and stakeholder engagement: received regular shareholder and stakeholder feedback and guided Management on ways to engage better with them.

At an offsite session, our Board and Management reviewed the Group's strategy and progress of various initiatives, and prepared the business plans for the following year. A country retreat was also held in Indonesia where Board members gained deeper insights into the strategy, environment and challenges of the local operations. The retreat also provided a valuable opportunity for our Board to engage with UOB Indonesia's directors, local management and talents, significant customers, regulators and other stakeholders.

Board Independence, Fitness for Office

Each year, our NC assists the Board to assess the board composition. It also assesses each Director's independence, performance and contributions, and whether he remains fit and proper for office. No Director has appointed an alternate director.

In its assessment, our NC considers each Director's disclosures of his other appointments and commitments, interests, personal circumstances, and business and financial relationships with UOB. It also takes into account Directors' responses to a questionnaire relating to their independence and fitness and propriety for office based on the MAS Guidelines on Fit and Proper Criteria. The NC has determined that each Director remains fit and proper, and qualified for office.

Taking into consideration the criteria of independence under the Banking Regulations, SGX-ST Listing Rules, MAS Guidelines and 2018 Code, the NC determines that a Director is independent if he meets the following criteria:

- Has no relationship with the Bank, its related corporations, substantial shareholders or officers that could interfere or reasonably be perceived to interfere with the exercise of the Director's independent business judgement in the best interests of the Bank;
- Is not or has not been employed by the Bank or any of its related corporations in the current or any of the past three financial years;
- Does not have an immediate family member who is or has been employed by the Bank or any of its related corporations in the current or past three financial years and whose remuneration is or was determined by the RHCC; and
- Has not served on the Board for nine continuous years or longer.

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

Independent, non-executive Directors	
Wong Kan Seng James Koh Cher Siang Ong Yew Huat Lim Hwee Hua Alexander Charles Hungate Alvin Yeo Khirn Hai	• Meet all the independence criteria
Non-independent, non-executive Directors	
Michael Lien Jown Leam	• Closely connected to a substantial shareholder
Wee Ee Lim	• A substantial shareholder • Son of Dr Wee Cho Yaw and brother of Mr Wee Ee Cheong and Mr Wee Ee Chao, all of whom are substantial shareholders. Mr Wee Ee Cheong is a Director and the CEO of UOB.
Steven Phan Swee Kim	• Meets all independence criteria • Shown independence in conduct, character and judgement • Deemed non-independent by virtue of his appointment as the Area Managing Partner for Asia Pacific of Ernst & Young LLP (EY), until his retirement on 30 June 2018. EY, the existing external auditor of the Bank, had received significant payments from the Bank in the preceding year for its services. The NC will review Mr Phan's independence status upon the expiry of two years following his retirement from EY, when he will be eligible for appointment to the AC
Non-independent, executive Director	
Wee Ee Cheong	• CEO of UOB • A substantial shareholder • Son of Dr Wee Cho Yaw and brother of Mr Wee Ee Chao and Mr Wee Ee Lim, all of whom are substantial shareholders. Mr Wee Ee Lim is a Director of UOB.

More information on our Directors can be found in the Board of Directors section of this report and on our website.

Size, Composition and Diversity

Collectively, our Directors' skills, expertise and experience span different industries, markets, professions, public and private sectors. Their core competencies include banking and finance, strategic planning and development, accounting, human resources, technology, law and corporate governance, which are relevant to the Bank's affairs.

Our Board is supportive of diversity but not in terms of any one particular attribute. Our Board Diversity Policy seeks to ensure that our Board and the Board Committees comprise directors who will collectively provide the appropriate balance of dimensions of diversity, including but not limited to functional and domain skills, regional experience, industry experience, age, gender, ethnicity and culture, and tenure. Having assessed the composition of the Board and Board Committees, our Board is satisfied that it is sufficiently diverse for the needs of the Group and will continue to maintain such diversity.

Given the scope of our business and operations, our NC is further of the view that the current composition and size, and the diversity in dimensions and insights of our Directors are appropriate to ensure the effective oversight of our affairs and the continuity in board succession.

Board Chairman and Chief Executive Officer

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

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

Key initiatives in 2019 led by our CEO include:

- extending our regional footprint with new locations in mainland China, Hong Kong and Vietnam, and helping local companies seize opportunities across Asia;
- launching in Thailand the first mobile-only digital bank in ASEAN, TMRW (pronounced "Tomorrow"), for the region's burgeoning digital generation;
- forming strategic regional alliances with Prudential, Singapore Airlines' KrisFlyer and Grab to offer protection and wealth services, financial solutions and card privileges to our customers;
- creating U-Solar, the first solar industry ecosystem in Asia, to drive the adoption of renewable energy. It was first launched in Malaysia, followed by Indonesia, Singapore and Thailand;
- developing the UOB Real Estate Sustainable Finance Framework, the first lending framework by a Singapore bank to help Asia's real estate companies access sustainability linked or green loans;
- issuing RMB3 billion of Panda bonds, the first in Singapore, to tap the increased connectivity between China and ASEAN;

- championing inclusive business practices through The Unlimited, an initiative recognised for its role in connecting businesses with persons with disabilities for suitable and sustainable employment; and
- launching the #Better campaign to build a better workplace, work-life and workforce at UOB. This incudes Better U, a Group-wide training and development programme to equip our colleagues with core competencies essential to thrive in the digital economy.

Lead Independent Director

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

Board Performance and Time Commitment

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

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

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

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

The evaluation of each Director is based on:

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

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

Board Attendance

The Directors' attendance at formal meetings in 2019 is set out in the table below.

		Number of meetings attended in 2019						
	Status	AGM	Board	Exco	NC	RHCC	BRMC	AC
Wong Kan Seng	✪ / ⊙	•1	•6 / 6	•6 / 6	3 / 3	5 / 5	4 / 4	–
Wee Ee Cheong	☆ / ❍	1	6 / 6	6 / 6	3 / 3	–	4 / 4	–
James Koh Cher Siang	✪ / ⊙	1	5 / 6	–	3 / 3	•5 / 5	–	5 / 5
Ong Yew Huat[1]	✪ / ⊙	1	6 / 6	6 / 6	–	–	4 / 4	•5 / 5
Lim Hwee Hua	✪ / ⊙	1	6 / 6	6 / 6	•3 / 3	5 / 5	–	–
Alexander Charles Hungate	✪ / ⊙	1	6 / 6	–	–	5 / 5	–	–
Michael Lien Jown Leam	☆ / ⊙	1	5 / 6	6 / 6	2 / 3	–	–	–
Alvin Yeo Khirn Hai[2]	✪ / ⊙	1	4 / 6	–	–	–	•4 / 4	5 / 5
Wee Ee Lim	☆ / ⊙	1	5 / 6	–	–	–	4 / 4	–
Steven Phan Swee Kim[3]	☆ / ⊙	–	3 / 3	–	–	1 / 1	–	–
Franklin Leo Lavin[4]	✪ / ⊙	1	2 / 2	1 / 2	–	–	–	–
Willie Cheng Jue Hiang[5]	✪ / ⊙	1	3 / 3	–	2 / 2	–	–	3 / 3

1. Mr Ong Yew Huat stepped down as BRMC Chairman on 14 July 2019 and was appointed AC Chairman on 15 July 2019.
2. Mr Alvin Yeo Khirn Hai was appointed BRMC Chairman on 15 July 2019.
3. Steven Phan Swee Kim was appointed to the Board and RHCC on 1 July 2019.
4. Mr Franklin Leo Lavin stepped down from the Board and Exco on 26 April 2019.
5. Mr Willie Cheng Jue Hiang stepped down from the Board, AC and NC on 14 July 2019.

• Denotes chairman.
✪/☆ Denotes independent/non-independent
❍/⊙ Denotes executive/non-executive

Appointment and Re-election of Directors

Board renewal is an ongoing process. Our NC reviews our Board's size, composition and skillsets regularly to ensure it has the requisite skills and competency to lead us. Appointment is based on the merits of candidates and the experience, skills and knowledge which our Board requires to work effectively, in line with our strategic directions and to sustain business growth. In planning for Board renewal, the NC takes into consideration the need for board diversity.

All Directors may nominate candidates. To avail our Board of a wider range of skillsets, experience and expertise to lead us in our transformation, our Board has engaged an external consultant to help broaden the search for directors.

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

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

Our NC reviews the candidates before making its recommendation to our Board. With our Board's concurrence, the NC chairman initiates discussions with the candidates as appropriate. All Board appointments are subject to the approval of the MAS.

Our Constitution provides that one-third of our Directors shall retire from office by rotation and submit themselves for re-election every year. Our NC nominates a Director for re-election after assessing his performance and whether he remains fit and proper and qualified for office. New Directors also submit themselves for re-election at the first AGM following their appointments. Thereafter, they are subject to the one-third rotation rule. Directors are put up for re-election at the AGM individually. Resolutions 5 to 8 in the Notice of AGM relate to the re-election of Directors at the forthcoming AGM. Additional information on the Directors who are seeking re-election can be found on pages 294 to 298.

Induction of New Directors

Every new Director receives an induction package upon appointment. The package includes the Articles of Directorship, terms of reference of the Board and Board Committees, guidance on directors' duties, and relevant company policies. Meetings with key senior executives and briefings on key areas of our business, risk management and support functions are also held. A new Director who is also appointed to serve on Board Committees is also briefed on specialised or technical topics relevant to the activities of those Board Committees.

Directors' Development Programme

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

In 2019, our Directors were briefed on data governance, cybersecurity, branding, risk culture, anti-money laundering, countering the financing of terrorism sanctions, Fair Dealing strategy and journey, Group-wide employee survey engagement, employee volunteerism, sustainability reporting, global and regional ESG developments and trends, our initiatives and actions to help customers access sustainability linked or green financing, transformation of our Group Technology and Operations function and country-specific developments.

Leadership Succession

We have a structured process for building a pipeline of leaders to support our long-term strategy and growth. Employees with leadership potential are identified and nurtured through structured development programmes including functional and leadership skills training, mentorship and participation in significant projects. Where appropriate, cross-functional training, regional exposure and networking opportunities are made available to these employees. In the event that there is no suitable internal candidate for a position, we will look to external recruitment.

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

Board Committee Composition

At least annually, our NC reviews the composition of each Board Committee to optimise the collective expertise of our Board members and for an equitable distribution of the workload amongst Directors. The constitution of the Exco, NC, RHCC, BRMC and AC complies with the Banking Regulations. Our NC is of the view that each Board Committee has an appropriate size and mix of competencies. The duties of each Board Committee can be found in the following sections.

Executive Committee

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

- providing strategic direction to us and overseeing its implementation;
- reviewing our business plans, budget, and capital and debt structure;
- reviewing our financial, business and operational performance against the approved budget;
- considering sustainability issues in formulating strategies and determining the material ESG factors; and
- reviewing strategic initiatives (including those of HR and technology) and transactions.

Highlights of the Exco's activities in 2019:

- reviewed and approved our strategic investments and partnerships;
- reviewed the progress made in ESG matters and sustainability reporting;
- reviewed the business and focus of specific business lines;
- reviewed progress made in our digital transformation; and
- reviewed feedback from material stakeholders and guided Management on engaging stakeholders.

Nominating Committee

The appointment of NC members is subject to the approval of the MAS. Our NC's main responsibilities are:

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

The NC's main activities are outlined on pages 136 to 139.

REMUNERATION MATTERS

Remuneration and Human Capital Committee

The main responsibilities of our RHCC are:

- determining a remuneration structure and framework that are appropriate and proportionate for sustained performance and value creation, for long-term success and aligned with shareholder interest;
- reviewing and recommending a remuneration framework for our Directors and employees; and
- reviewing frameworks and policies for human capital management, talent management and succession planning.

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

Highlights of our RHCC's activities in 2019:

- reviewed the Directors' remuneration principles and compensation structure;
- performed succession planning for our key management personnel;
- reviewed the progress of various key initiatives on reskilling our workforce such as Better U, and employee engagement and development; and
- guided our Management on performance management and recruitment.

Directors' Remuneration

The last revision of our Directors' fees was made in 2015. To ensure our remuneration remains competitive and appropriate to attract, to retain and to motivate directors to provide good stewardship, our Bank appointed Aon Hewitt, an independent consultant, in 2019 to conduct a review of the compensation structure for our Directors and benchmarking against comparable public-listed companies in the market. The assessment showed that the remuneration for our Directors was below market and not commensurate with their enlarged responsibilities. Aon Hewitt's recommendation to increase our Directors' fees was approved by our Board in 2019.

However, in view of the challenging environment exacerbated by the COVID-19 outbreak and in anticipation of difficult times ahead, our Board has decided to defer the adoption of the revised directors' fee structure. The annual fee structure for our Board for 2019 remains as set out below.

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

Details of the proposed total fees and other remuneration paid/payable to our Directors for the financial year ended 31 December 2019 are as follows:

	Directors' fees $'000	Fees from subsidiaries $'000	Salary $'000	Bonus $'000	Benefits-in-kind and others[1] $'000	Total $'000
Wong Kan Seng	900	–	–	–	7	907
Wee Ee Cheong[2]	–	–	1,200	9,520	32	10,752
James Koh Cher Siang	220	–	–	–	–	220
Ong Yew Huat	285	–	–	–	–	285
Lim Hwee Hua	220	–	–	–	–	220
Alexander Charles Hungate	120	–	–	–	–	120
Michael Lien Jown Leam	175	–	–	–	–	175
Alvin Yeo Khirn Hai	214	–	–	–	–	214
Wee Ee Lim	145	–	–	–	–	145
Steven Phan Swee Kim[3]	60	–	–	–	–	60
Franklin Leo Lavin[4]	46	–	–	–	–	46
Willie Cheng Jue Hiang[5]	110	–	–	–	–	110

1. Transport-related benefits, including the provision of a driver for Mr Wee Ee Cheong.
2. 60 per cent of the variable pay payable to Mr Wee Ee Cheong will be deferred and vest over three years. Of the deferred portion, 40 per cent will be in cash and the remaining 60 per cent will be on the form of share-linked units.
3. Mr Stephen Phan Swee Kim was appointed to the Board and the RHCC on 1 July 2019.
4. Mr Franklin Leo Lavin stepped down from the Board and Exco on 26 April 2019.
5. Mr Willie Cheng Jue Hiang stepped down from the Board, AC and NC on 14 July 2019.

Mr Wee Ee Cheong, an executive Director, is remunerated as an employee and does not receive a fee for serving on our Board and Board Committees. He does not participate in share plans for executives as he is a substantial shareholder.

No Director participates in the determination of his own remuneration.

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

Employees' Remuneration

Our employee remuneration framework is designed to encourage behaviours that contribute to our long-term success while keeping remuneration competitive to attract, to retain and to motivate employees and highly-skilled individuals. Remuneration is commensurate with the performance of the Bank, an employee's business unit or function, individual performance and contributions, competencies and alignment of behaviour to our values. The remuneration package consists of fixed pay, variable pay (cash bonuses and deferrals in the form of cash or shares, where applicable) and benefits.

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

Our BRMC and AC review the performance and approve the adjustments in the remuneration for our Chief Risk Officer (CRO) and Head of Group Audit respectively, subject to our remuneration policy and framework. Please refer to the Remuneration section for more information on our remuneration framework, policy and processes, including the remuneration mix and deferred remuneration for senior management and material risk-takers.

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

Save as disclosed below, no employee in the UOB Group was a substantial shareholder of UOB or an immediate family member of a Director, our CEO or a substantial shareholder of UOB and whose remuneration in 2019 exceeded $100,000:

- Mr Wee Ee Cheong is the CEO and a substantial shareholder of UOB. His father, Dr Wee Cho Yaw and his brothers, Messrs Wee Ee Chao and Wee Ee Lim are also substantial shareholders of UOB. His brother Mr Wee Ee Lim is a Director of the Bank. Particulars of his remuneration can be found on page 141; and

- Mr Wee Teng Chuen, the son of Mr Wee Ee Cheong, is employed in the Group Wholesale Banking segment. His remuneration for 2019 was between $100,001 and $200,000.

Our RHCC recommended the remuneration for Mr Wee Ee Cheong but was not involved in determining the remuneration of Mr Wee Teng Chuen.

Human Capital Management

As part of its remit, our RHCC reviews frameworks and policies relating to recruitment and retention, talent management and development, performance management and succession planning, including strategic workforce planning, and the reskilling and redeployment of our employees. We seek to ensure our workforce continues to be ready to meet the challenges that lie ahead and deliver the results expected by our stakeholders.

ACCOUNTABILITY AND AUDIT

Board Risk Management Committee

The key responsibilities of our BRMC are:

- overseeing the establishment and operation of a sound and independent risk management system to identify, to measure, to monitor, to control and to report risks on an enterprise-wide basis;

- overseeing our risk culture and conduct, and risk appetite;

- overseeing the establishment of risk measurement models and approaches;

- reviewing adequacy of our risk management function's resources;

- guiding Management in ensuring that the remuneration and incentive structure do not encourage inappropriate risk-taking;

- reviewing related party transactions and interested person transactions;

- reviewing material credit policies, credit limits and exposure to large credits; and

- approving the appointment, resignation and remuneration of our CRO and reviewing his performance.

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

Highlights of our BRMC's activities in 2019:

- reviewed our conduct and culture against our values as part of our implementation of the FSB and Group of Thirty recommendations on conduct and culture;

- approved a framework for the ethical use of data;

- reviewed crisis management updates;

- reviewed incentive structures in certain risk-taking business units for market comparability;

- reviewed the progress made on the transition of interbank offered rate; and

- reviewed the performance of our CRO and approved his remuneration.

Audit Committee

Our AC's main responsibilities are:

- reviewing our financial statements and any significant change in accounting policies and practices;

- reviewing the adequacy and effectiveness of our internal accounting control systems and material internal controls;

- approving the appointment, reappointment and removal (if necessary) of our external auditor, its audit fees and terms of appointment, reviewing our audit plans and reports and evaluating the external auditor's performance;

- approving the appointment, remuneration and resignation of our Head of Group Audit and evaluating his performance;

- reviewing the independence, adequacy and effectiveness of our internal audit function, the audit plans, reports and results, and the budget and resources of our internal audit function;

- reviewing policies and procedures for handling fraud and whistle-blowing cases and overseeing related investigations;

- overseeing integrated fraud management; and

- reviewing interested person transactions.

The quarterly financial statements and related announcements reviewed by our AC are supported by the due diligence assurance from our CEO and Chief Financial Officer (CFO) that the financial records have been properly maintained and the financial statements give a true and fair view of our operations and finances. Changes in accounting standards and policies are reviewed by the AC with our Finance team and our external auditors.

Our AC meets our internal auditor our external auditor separately in the absence of our Management at least once every quarter. The members also meet among themselves and with our Finance team as required. Audit reports, findings and recommendations of the internal and external auditors are sent directly to the AC. The AC is authorised to investigate any matter within its terms of reference and has the full cooperation of and access to Management for this purpose.

Our AC also reviews fraud and whistle-blowing cases as well as the policies and procedures governing their management. Group Audit (GA) updates the AC on whistle-blowing cases received, while the Integrated Fraud Management unit reports to the AC on fraud trends, emerging fraud risks in the industry and its work and findings on fraud-related matters. Please refer to page 148 for more information on the whistle-blowing policy, which is administered by GA.

Highlights of the AC's activities in 2019:

- appointed KPMG to conduct a quality assurance review (QAR) of the internal audit function across the Group. The last QAR was conducted in 2014. KPMG has made its first report on Singapore to the AC;
- oversaw the refinement of our Three Lines of Defence structure;
- reviewed and advised our Management on refinements in the Management Governance and Oversight Rating system;
- reviewed GA's five-year plan, initiatives to ensure continued skills upgrading and development of our audit team, and the adequacy and effectiveness of audit resources across the Group;
- oversaw the implementation of the Global Market Platform across the Group;
- oversaw the transformation of GA and its adoption of a risk-based audit approach; and
- reviewed the use of data analytics in audit work carried out by our internal auditor and external auditor.

External Auditor

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

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

Annually, our AC reviews the work, results, independence and performance of our external auditor and recommends its reappointment or, if necessary, a change in external auditor to our Board.

Our AC receives quarterly reports on the non-audit services provided by our external auditor and the fees paid for such services. It also receives the external auditor's quarterly affirmation of its independence. Having reviewed the fees paid to the external auditor for audit and non-audit services it rendered in 2019, the AC is of the opinion that the independence of the external auditor was not compromised. The audit and non-audit fees for 2019 are disclosed in Note 10 to the Financial Statements.

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

The Independent Auditor's Report on page 190 to 194 contains information on the work performed by our external auditor. It includes the key audit matters (KAMs) which the external auditor assessed to be of the most significance in its audit of the financial statements for the year under review. The table on page 144 provides our AC's commentary on the KAMs.

Key Audit Matter (KAM)	How the AC reviewed the KAMs
Expected credit losses (ECL) on non-impaired credit exposures	Management updates the AC quarterly on significant changes in ECL and the related drivers. The AC was apprised by both internal and external auditors of Management's credit monitoring processes, controls and governance over model methodologies and assumptions and judgement applied in estimating ECL. The external auditor's audit testing results on ECL, including internal specialist's comments on the ECL models, were presented at the AC meetings. The AC has assessed and reviewed these results and findings.
Stage 3 ECL for credit impaired loans to customers	In addition to processes, controls and governance over credit exposures, the AC has assessed and discussed the external auditor's findings and results from its audit on impaired credit exposures. The AC has reviewed significant non-performing loans to assess the timeliness and appropriateness of classification and the corresponding allowance made. The AC also considered the reasonableness of the valuation approach for collaterals and cash flow assumptions.
Valuation of illiquid or complex financial instruments	The valuation processes, controls and governance were tested by the internal and external auditor and the findings were reported to the AC. The external auditor's results of its independent validation of the fair values of these financial instruments were presented to the AC. The AC discussed the reasonableness of valuation techniques and, in particular, the unobservable inputs used to determine the fair values of illiquid or complex financial instruments.
Impairment of goodwill	Management presented the goodwill impairment testing methodology and results to the AC. The external auditor had reviewed the goodwill impairment methodology and presented its assessment, including comments from its internal specialists and the results of the sensitivity analyses performed. The AC assessed the appropriateness of the cash flow forecasts, discount rates and growth rates used in the goodwill impairment testing and enquired on the results of the sensitivity analyses performed.

Having performed the reviews above, our AC was satisfied that these KAMs were appropriately addressed in the Group's financial statements.

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

Our AC is further satisfied that our external auditor was independent, objective and effective in its audit of UOB in 2019. It has nominated Ernst & Young LLP for reappointment at the 2020 AGM. Ernst & Young LLP is also the appointed external auditor of the material subsidiaries of our Group. A handful of smaller overseas subsidiaries engage the services of other auditors due to local regulations and exceptional circumstances. Therefore Rules 712 and 715 of the SGX-ST Listing Rules have been complied with.

Internal Auditor

Our AC reviews and approves the Internal Audit Charter which sets out the authority and responsibilities of GA. It reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits, and the adequacy and effectiveness of GA. It also approves the appointment, remuneration and resignation of the Head of GA, who reports funtionally to the AC and administratively to our CEO.

Independent from the units and activities it audits, GA is in the Third Line of Defence. It has unfettered access to all the Bank's records, documents, property and personnel to perform its audit. GA complies with the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors and *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision which provide guidance on the mission and objectives of an internal audit function and the performance standards expected of internal audit activities. To ensure GA maintains its high performance standards, an external quality assurance review of the internal audit function is conducted at least once every five years. As the last review was conducted in 2014, our AC decided to commission a review in 2019.

The internal audit report rating in GA's methodology consists of an audit rating and a Management Governance and Oversight Rating (MGOR). The audit rating reflects the current state of the audited entity's control environment, while the MGOR provides an indicative measure of its management team in terms of the effectiveness of its governance structure, overall risk awareness and control consciousness, as well as competence and willingness when discharging its supervisory duties. Entities with strong management oversight and a good control environment may be subject to less frequent and/or intense audits. Conversely, poor management oversight or weak control environment may lead to more frequent and/or intense audits.

To be an effective Third Line of Defence, GA ensures that the audit methodology remains relevant in addressing the ever-changing risk profile of the business. GA implemented the Enhanced Risk Assessment approach in 2019. Under this approach, the risk taxonomy to address new emerging risks is aligned with Group Risk Management (GRM), auditors' business insights and risk management competencies are sharpened, and a differentiated quality assessment approach is adopted to assess the adequacy and effectiveness of risk oversight functions in the Second Line of Defence.

In 2020, GA will introduce Continuous Auditing, which uses technology-enabled audit techniques such as data visualisation, data analytics and automation. These will give business and support units greater assurance and more insightful audit results, which will help them to improve their processes and activities.

Having reviewed the scope of internal audit for the financial year, the progress and results of the audits and the auditees' response to audit findings, our AC is satisfied that GA is independent, adequately resourced and effective in discharging its responsibilities.

Risk Management and Internal Controls

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

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

- Three Lines of Defence: Please refer to the details in the Risk Management section.

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

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

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

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

Based on its review and with the concurrence of our AC and BRMC, our Board is of the view that our system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2019. As no system of risk management and internal controls can provide absolute assurance against error, loss or fraud, our system of risk management and internal controls provides reasonable but not absolute assurance that we will not be affected by any adverse event which may be reasonably foreseen.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

We treat all our shareholders fairly and equitably and disclose all material information in a timely manner.

We encourage and support shareholders' attendance at our general meetings and participation in decisions concerning key corporate changes, such as the repurchase of shares, amendment to our Constitution and the authority to issue ordinary shares. The notice of a general meeting, related information and a proxy form are sent to our shareholders at least 14 days before the meeting. The notice of meeting is also published in the main newspapers in Singapore and is made available on SGXNet and our website. In addition, the notice, information relating to the resolutions and the proxy form are made available on our website and SGXNet. Each proposal is tabled as a separate and distinct resolution.

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

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

Engagement with Shareholders

Our investor relations policy governs our engagement with the investment community, which includes shareholders, investors, shareholder proxy advisory agencies, analysts and credit rating agencies. All pertinent information is published on SGXNet and our website (www.uobgroup.com) on a timely basis. The investor relations webpage on our website (https://www.UOBgroup.com/investor-relations/index.html) hosts relevant investor-related information, including the financial results, annual report, upcoming events and share and dividend information.

Our financial statements, which are approved by our Board prior to their announcement on SGXNet, provide our stakeholders with an assessment of our performance. We publish our quarterly financial statements within 45 days from the end of each financial quarter, and our full-year financial statements within 60 days from the financial year-end. Our annual report, which contains the audited financial statements, notice of AGM, proxy form and other pertinent information, is available on SGXNet and our website. We inform shareholders of the publication of our annual report on SGXNet and our website at least 14 days before our AGM.

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

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

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

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

MANAGING STAKEHOLDER RELATIONSHIPS

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

DIVIDENDS

Our dividend policy aims to provide sustainable return to our shareholders for their investment as we balance the long-term strategic growth opportunities and proactive management of capital. We adopt a dividend payout ratio approach that is based on our net profit after tax to reward our shareholders in a consistent and sustainable manner, while taking into consideration a forward view of the evolving macroeconomic outlook and business environment across the region.

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

RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

We have established policies, processes and guidelines to monitor the disclosure of interested person transactions, director-related transactions and related party transactions.

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

The particulars of all interested person transactions entered into in 2019 are set out on the next page.

Interested Person Transactions

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Haw Par Corporation Limited and its subsidiaries (Haw Par Group)	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to the Haw Par Group. The total value of these transactions was $206,857.	Nil
UOB-Kay Hian Holdings Limited and its subsidiaries	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to UOB Kay Hian Private Limited. The total value of these transactions was $436,773.	Nil
UOL Group Limited and its subsidiaries (UOL Group)	Associates of Controlling Shareholder, Wee Cho Yaw	UOB Travel Planners Pte Ltd sold travel products and services to and acted as hotel services agent for the UOL Group. The total value of these transactions was $1,031,652. UOB bought venue and seminar packages from Pan Pacific Singapore. The total value of these transactions was $124,432. UOB also bought venue and seminar packages from Parkroyal Kuala Lumpur. The total value of these transactions was $139,425. UOB rented 238A Thomson Road #10-01/05 Novena Square for 36 months from 17 August 2019 at $2.55 million from Novena Square Investments Ltd. UOB also rented the following premises from UOL Property Investments Pte Ltd: (a) 230 Orchard Road #06-230/232/234/236 Faber House for 36 months from 6 April 2019 at $1.40 million (b) 101 Thomson Road #11-01A/02/03 United Square for 36 months from 1 February 2020 at $1.23 million (c) 101 Thomson Road #11-05 United Square for 36 months from 1 February 2020 at $494,334 (d) 101 Thomson Road #20-01 United Square for 36 months from 1 February 2020 at $580,986 (e) 101 Thomson Road #15-01/02/01A United Square for 36 months from 1 February 2020 at $1.45 million (f) 230 Orchard Road #11-230/232/234/236 and #12-230/232/234/236/236A Faber House for 36 months from 16 March 2020 at $2.66 million	Nil
UIC Asian Computer Services Pte Ltd	Associates of Controlling Shareholder, Wee Cho Yaw	UOB and its subsidiaries purchased hardware and software from UIC Asian Computer Services Pte Ltd valued at approximately $42.36 million.	Nil

Corporate Governance

Material Contracts

Neither we nor our subsidiaries has entered into any material contract involving the interest of our CEO, any of our Directors or controlling shareholder since the end of the previous financial year and no such contract subsisted as at 31 December 2019, save as may be disclosed on SGXNet or in this Report.

ETHICAL STANDARDS

Code of Conduct

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

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

Our new colleagues are introduced to the code as part of their induction and all refresh our knowledge annually as part of our self-learning programme. Our performance appraisal also assesses us on how well our behavior is aligned to our values. Any employee who does not comply with the code may be subject to disciplinary action. The code is reviewed regularly for continued relevance.

Whistle-blowing

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

Whistle-blowing reports may be sent to the Head of GA at United Overseas Bank Limited, 396 Alexandra Road, #03-09, Alexandra Building, Singapore 119954. They may also be sent to our AC Chairman, CEO or Board Chairman at 80 Raffles Place, UOB Plaza 1, Singapore 048624. All reports received are accorded confidentiality. GA's independent investigation reports are submitted directly to the AC.

The whistle-blowing policy is published on our intranet. We refresh our knowledge of the policy through our e-learning programme every year.

Fair Dealing

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

Securities Dealing

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

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

Our policy on personal trades in securities requires employees with access to price-sensitive information in the course of their duties to seek clearance before they can trade in securities listed on a stock exchange.

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

SUMMARY OF DISCLOSURES
- Express disclosure requirements in the 2018 Code and Supplementary MAS Guidelines

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 1.2 The induction, training and development provided to new and existing Directors.	139
Provision 1.3 Matters that require Board approval.	134 to 136, 140
Provision 1.4 Names of the members of the board committees, terms of reference, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	134 to 143
Provision 1.5 The number of meeting of the Board and board Committees held in the year, as well as the attendance of every board member at these meetings.	138
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	137
Provision 4.3 Process for the selection, appointment and re-appointment of directors to the Board, including criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	136 to 137, 139
Provision 4.4 Where the Board considers a director to be independent notwithstanding the existence of a relationship between the director with the Company, its related corporation, its substantial shareholders or its officers, which may affect his or her independence, such relationship and the reasons for considering him/her as independent should be disclosed.	Not applicable
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	10-14, 138, 296-298
Provision 5.2 How the assessment of the Board, its board committees and each director has been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	136 to 139
Provision 6.4 The company discloses the engagement of any remuneration consultants and their independence.	140-141, 151-152
Provision 8.1 The company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	140-142, 151-154
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family member of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure should states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	142
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, including the details of employee share schemes.	143, 151-154, 258-259
Provision 9.2 The Board should discloses whether it has received assurance from: (a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	142, 145

Principles and provisions of the 2018 Code – Express disclosure requirements	Page reference
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	138
Provision 12.1 The steps to solicit and understand the views of shareholders.	68, 138, 142, 147-149
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	28-31, 68, 70-73, 134 to 136, 145-148 See also Shaping a Sustainable Future on pages 68 to 132

Supplementary MAS Guidelines – Express disclosure requirements	Page reference
Guideline 1.16 An assessment of how induction, orientation and training provided to new and existing directors meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively.	139
Guideline 2.13 Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board.	139-140
Guideline 4.13 Resignation or dismissal of key appointment holders.	140, 142
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment.	138
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds $50,000* during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be incremental bands of $50,000*.	141-142
Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board.	138, 141-142, 145, 155-170
Guideline 17.4 Material related party transactions.	142, 146-148

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

Remuneration

We attract, motivate and retain a highly-skilled workforce across our organisation worldwide, while also encouraging values-based behaviours that underpin our financial strength and reputation. Our meritocratic compensation practices support the Group's long-term business strategy and provide a total compensation that reflects fairly each employee's contribution and performance for the year and his/her upholding of the UOB values in his/her decision-making and actions.

Group Remuneration Policy

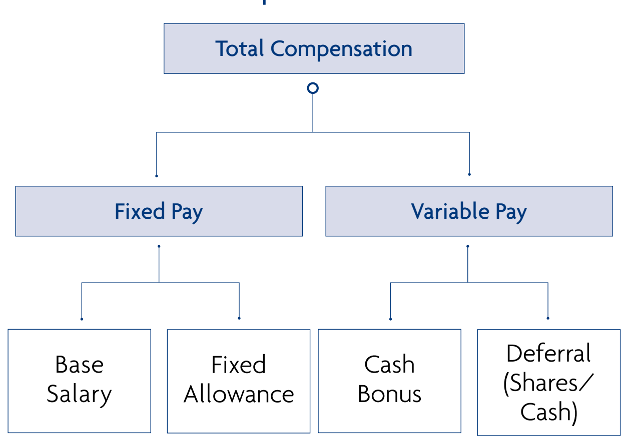
Our Group Remuneration Policy sets out the principles and philosophies that guide the design, operation and management of our remuneration programmes. The programmes are designed to support the Group's business strategies and objectives and to comply with the principles and standards set by the Financial Stability Board and by the Monetary Authority of Singapore's 2013 Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines) and Code of Corporate Governance issued in 2018.

The policy covers the remuneration of directors and all employees and is reviewed by the Remuneration and Human Capital Committee (RHCC) regularly to ensure our compensation practices and programmes are appropriate to attract, to motivate and to retain a highly-skilled workforce, while meeting applicable regulatory requirements.

Our Approach to Remuneration

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

Structure of Total Compensation



We consider holistically various factors to determine and to ensure fair compensation for every employee. These factors include:

- the market value of the employee's job (Pay for Position);
- the performance of the Group, the employee's business unit and the employee's individual achievement of performance targets (Pay for Performance);
- the employee's personal attributes such as skills and experience (Pay for Person); and
- the employee's upholding of our values (Living the UOB Values).

Pay for Position

The value of each position is benchmarked against comparable positions in the market. Results from salary surveys conducted by established external compensation consultants such as McLagan, Willis Towers Watson and Mercer, were used as market reference for our Group employees' salary benchmarking purposes.

Pay for Performance

With a Pay for Performance approach, the variable pay is differentiated to ensure employees are recognised, rewarded and motivated for their contributions. We aim to deliver a total compensation that is competitive for differentiated performance.

Pay for Person

An employee's personal attributes such as skills and experience determine how the employee is compensated. Employees who are highly competent and more experienced in their roles typically receive a higher base salary that is commensurate with those personal attributes.

Living the UOB Values

In addition to compensating employees appropriately for their position, contributions and attributes, we also take into consideration how consistently employees behave in respect of our UOB values.

Remuneration

Remuneration Governance

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

In 2019, we engaged Oliver Wyman to review the compensation model for our senior executives. Taking into consideration the findings of Oliver Wyman, the RHCC approved a recalibrated variable pay pool funding formula for senior executives. Oliver Wyman and the other consultants are independent and are not related to UOB or any of our Directors.

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

Variable Pay

Determining the Variable Pay Pool

Under the Group's total compensation framework, the total compensation paid to employees is a function of net profit before tax. The variable pay pool is then determined by the productivity levels achieved based on the performance against the Group Balanced Scorecard. The Group Balanced Scorecard includes metrics for financial outcomes, as well as strategic and business drivers. The Group Risk Appetite Statement (GRAS) measures outcomes relating to risk, people and reputation. Depending on the nature of the GRAS breaches as assessed by the BRMC, the RHCC may reduce the variable pay for the year as it deems fit.

For our senior executives, the variable pay pool is determined based on the net profit before tax with reference to the Group Balanced Scorecard and risk-weighted metrics. The usage of risk-weighted metrics emphasises our prudent capital usage and risk management approach across the Group.

Group Balanced Scorecard

Financial Outcomes	Strategic and Business Drivers
Profitability	Customers
Productivity	Connectivity
Asset Quality	Funding
Capital Efficiency	Employee Engagement
	Capabilities Building

Risk, People and Reputation	GRAS Outcomes

Allocating and Distributing the Variable Pay Pool

The Group's variable pay pool allocation to each business unit takes into account its productivity and achievements against the cascaded targets from the Group Balanced Scorecard. Country heads are consulted on the variable pay pools allocated to the business units in their respective countries.

Business unit heads assess their team members and determine their rewards based on performance objectives, competencies and behaviours with respect to the UOB values. This balances the quantitative achievement of key performance indicators with the behaviours that employees are expected to uphold in achieving their objectives. Employees who have exceeded performance expectations would receive higher variable pay. Conversely, employees who do not meet the performance expectations for the year would not receive variable pay.

Control Functions

Employees in control functions, namely Risk Management, Audit, Credit and Compliance, are compensated independently of the performance of any business lines or business units that they oversee. This is to avoid any potential conflict of interest. The compensation of the control function employees is determined based on the overall performance of the Group, the achievement of operational key performance indicators of the control function and the performance of the individual employee. To further strengthen the independence of these control functions, the variable pay for control functions is managed within a band. The BRMC and the Audit Committee approve the remuneration for the Chief Risk Officer and the Head of Group Audit respectively based on the Group's remuneration approach.

Variable Pay Deferrals

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

The objectives of the deferral policy are to:

- align compensation payment schedules with the time horizon of risks;
- retain employees whose contributions are essential to the long-term growth and profitability of the Group; and
- encourage employees to focus on delivering sustainable long-term performance to align with shareholders' interests.

Under our variable pay deferral policy, 20 per cent to 60 per cent of variable pay is subject to deferral, with the proportion of deferral increasing with the amount of variable pay received.

Deferred variable pay may be in the form of deferred cash or shares under the Executive Equity Plan (EEP) and vests over three years.

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

In addition, the vesting of deferred compensation is subject to *malus* and clawback. *Malus* of unvested compensation and clawback of paid compensation will be triggered by, *inter alia*:

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

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

Remuneration Outcomes in 2019

The Group achieved strong earnings in 2019, with income crossing the S$10 billion mark on the back of healthy growth in the client franchise, coupled with higher trading and investment income. Business segments registered broad-based improvement in profitability, supported by the successful execution of our strategic priorities and growth in our regional franchise. Regional markets delivered strong contribution, with stable growth from our ASEAN franchise while Greater China grew by double digits despite challenging macroeconomic headwinds. Cost-to-income ratio increased as the Group continued to invest in people and technology to improve digital capabilities and to strengthen customer franchise. Asset quality remained stable while the balance sheet continued to be supported by robust capital and liquidity positions.

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

Non-disclosure of Remuneration

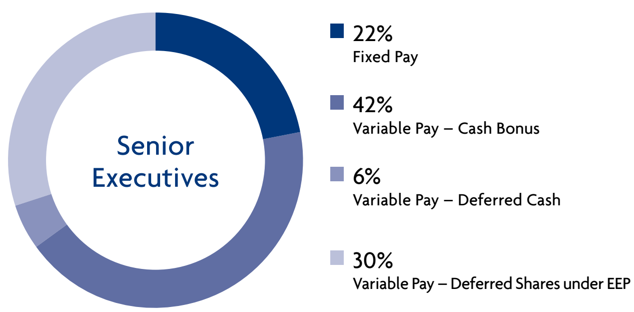
While the MAS Guidelines recommend the disclosure of the remuneration of the top five non-director executives, the Bank believes that it would be disadvantageous for us to do so given the highly competitive market for talent. There are many banks operating in Singapore who are not required to disclose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

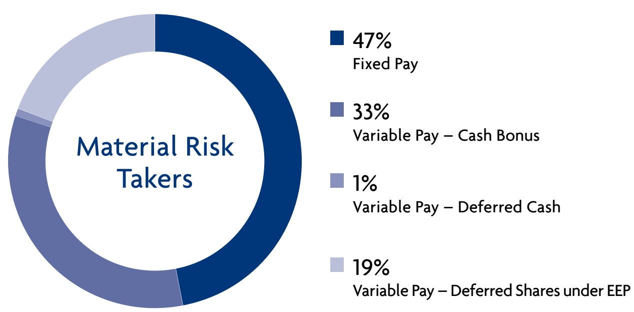
Guaranteed Bonuses, Sign-On Awards and Severance Payments

Category of Remuneration	SEs	MRTs
Number of guaranteed bonuses	0	2
Number of sign-on awards	0	6
Number of severance payments	0	1
Total payments made for the above in the financial year ($'000)	**0**	**1,236**
Number of employees	14	219
Number of employees that received variable pay	14	211

Senior executives (SEs) refer to the Group Chief Executive Officer and members of the Group Management Committee who have the authority and responsibility for their respective Group Functions.

Breakdown of 2019 Remuneration Awarded to SEs and MRTs





Remuneration

Breakdown of deferred remuneration

Deferred and retained remuneration	Total outstanding deferred remuneration	of which: total outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustments	Total amendments during the year due to ex post explicit adjustments (1)	Total amendments during the year due to ex post implicit adjustments (2)	Total deferred remuneration paid out in the financial year
Senior executives	100%	100%	0%	0%	38%
Cash	16%	16%	0%	0%	8%
Shares and share-linked instruments	84%	84%	0%	0%	30%
Other forms of remuneration	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	33%
Cash	3%	3%	0%	0%	1%
Shares and share-linked instruments	97%	97%	0%	0%	32%
Other forms of remuneration	0%	0%	0%	0%	0%

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

Risk Management

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

2019 Highlights

In 2019, we:

- incorporated conduct risk management into our risk culture framework and stepped up risk culture communication efforts Group-wide, with an emphasis on the Tone from the Top and Tone from Above;

- implemented a risk culture dashboard to provide regular updates to the Board and senior management;

- introduced measures to assess the results of the various risk culture initiatives, including feedback from senior management committees and an annual self-assessment exercise for key business and support units. We also included more questions on risk culture in the Bank's Employee Engagement Survey. UOB is also a member of the Culture and Conduct Steering Committee, established by the Monetary Authority of Singapore (MAS) and the Association of Banks in Singapore (ABS) to promote sound culture and to raise conduct standards among banks in Singapore;

- benchmarked our Three Lines of Defence (3LOD) framework against industry best practices to strengthen our current approach further. We also established a new 3LOD Working Group to drive and to implement identified key initiatives, which aim to define ownership for new areas of risks, to harmonise risk management and controls across the 3LOD, to integrate the assurance methodology and to create a single robust governance, risk and compliance reporting framework;

- replaced the Value-at-Risk (VaR) measure with Expected Shortfall (ES) limits monitoring. The latter takes into account the spread of the tail losses in the process of historical simulation and can provide a more accurate picture of risk and capture large movements in the event of financial market stress, which the VaR measure was unable to do. We also enhanced our Market Risk Aggregation Limits system to automate fully the market risk limits monitoring for all market risk asset types and limits; and

- tightened our Responsible Financing Policy in relation to the financing of carbon-intensive sectors in recognition of the rising threat posed by climate change. We established a Taskforce on Climate-related Financial Disclosures (TCFD) Working Group to oversee and to drive the adoption of the TCFD recommendations. We endeavour to build our capability on climate risk management and stress-testing through active engagement with regulators, industry associations and climate specialists. We also maintained a strong focus on our capacity-building efforts, of which a key initiative was the successful roll-out of the ABS e-learning module on responsible finance to our colleagues in Singapore.

Risk Management

Maintaining a Sound Risk Culture

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

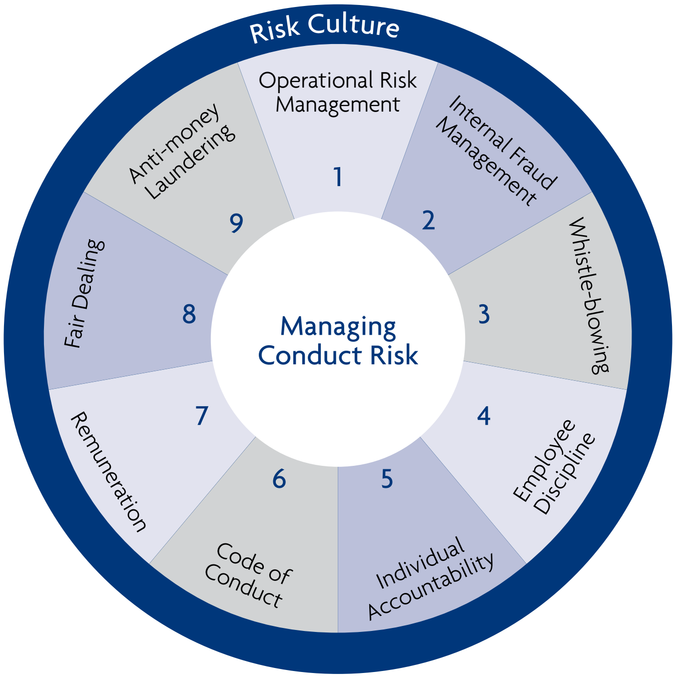
UOB's Risk Culture Statement

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

	Safeguarding our reputation in creating long-term value for our stakeholders			
Our Risk Culture Impact	Financial safety and soundness	Fair outcomes and appropriate support for all stakeholders	Sustainable and prudent approach to business	Performance based on integrity, ethics and discipline
	Maintaining a sound risk culture across our franchise			
Our Risk Culture Principles	GOVERNANCE Enforce robust governance of risk	BALANCE Balance growth with stability in taking risk	ACCOUNTABILITY Ensure accountability for risk	CONSISTENCY Encourage consistent risk-focused behaviour
Our Risk Culture Components	• Comprehensive risk management framework, policies and processes • Well-defined risk appetite • Pre-emptive supervision • Independent control functions	• Open communication and collaboration • Regular risk reviews and continual improvements	• Clear ownership and escalation through Three Lines of Defence • Balanced risk-reward remuneration • Established consequences • Individual accountability	• Tone from Above • Leadership oversight and responsibility • Clear articulation of principles and desired outcomes • Frequent and regular sharing • Ongoing training
	Demonstrating our unique set of values through consistent behavior			
Our Values	Honourable	Enterprising	United	Committed

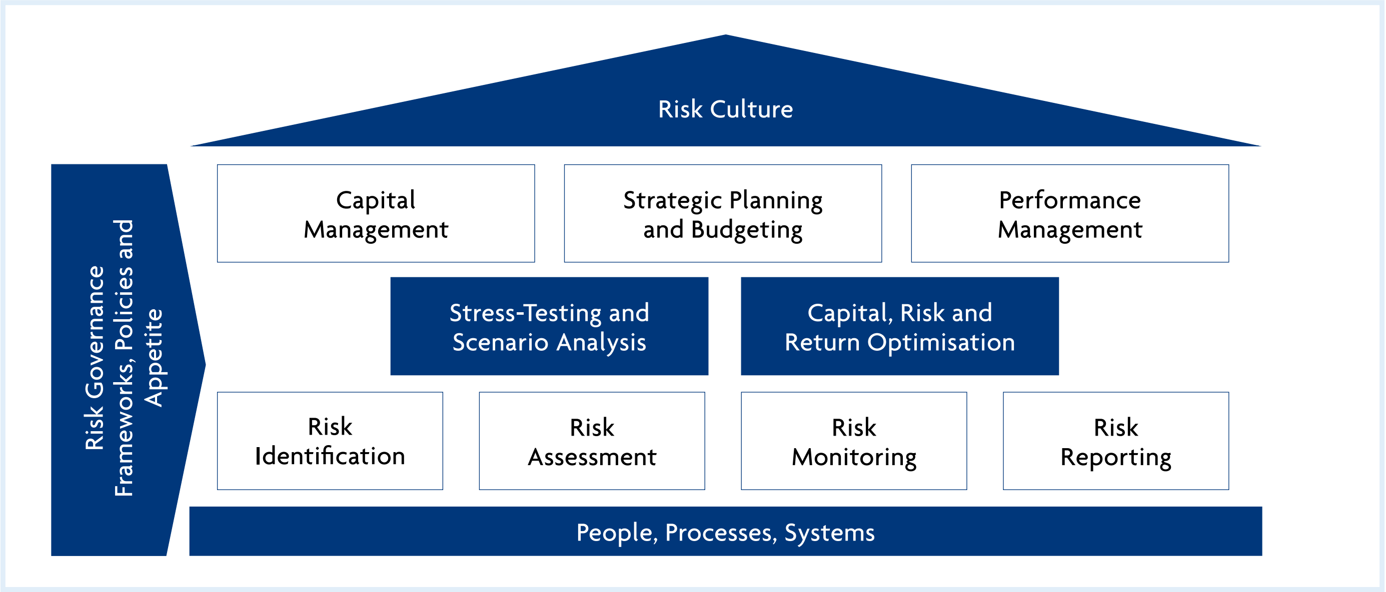
* Basel Committee on Banking Supervision: Guidelines on Corporate Governance Principles for Banks (July 2015).

To manage conduct risk holistically, we have adopted a multi-faceted approach with the key components set out in the figure below.



Risk Management Structure

Our risk management structure, as shown in the following diagram, underpins the Group's risk culture. Under the structure, the various risk and control oversight functions work with the business and support units to identify their risks and to facilitate their risk and control self-assessments.



Risk Management

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

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

We adopt the Basel Framework and observe the MAS Notice to Banks No. 637 – Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore. Please refer to the Pillar 3 Disclosure section for further information. We continue to take a prudent and proactive approach in navigating the evolving regulatory landscape, with emphasis on sound risk management principles in delivering sustainable returns. We also adopt the Internal Capital Adequacy Assessment Process (ICAAP) to assess, on an ongoing basis, the amount of capital necessary to support our activities. We review the ICAAP periodically to ensure that the Bank remains well-capitalised after considering all material risks. Stress-testing is conducted to determine capital adequacy under stressed conditions.

Risk Governance

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

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

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

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

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

Risk management is the responsibility of every employee in the Group. Every one of us must be aware of the risks created by our actions and be accountable for the consequences of those actions. We have an established framework to ensure appropriate oversight, accountability and management of all risk types encountered in the course of our business. Our organisational control structure provides the three Lines of Defence as follows:

First Line of Defence – The Risk Owner

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

Second Line of Defence – Risk Oversight

The risk and control oversight functions (Group Risk Management and Group Compliance) and the Chief Risk Officer provide the Second Line of Defence.

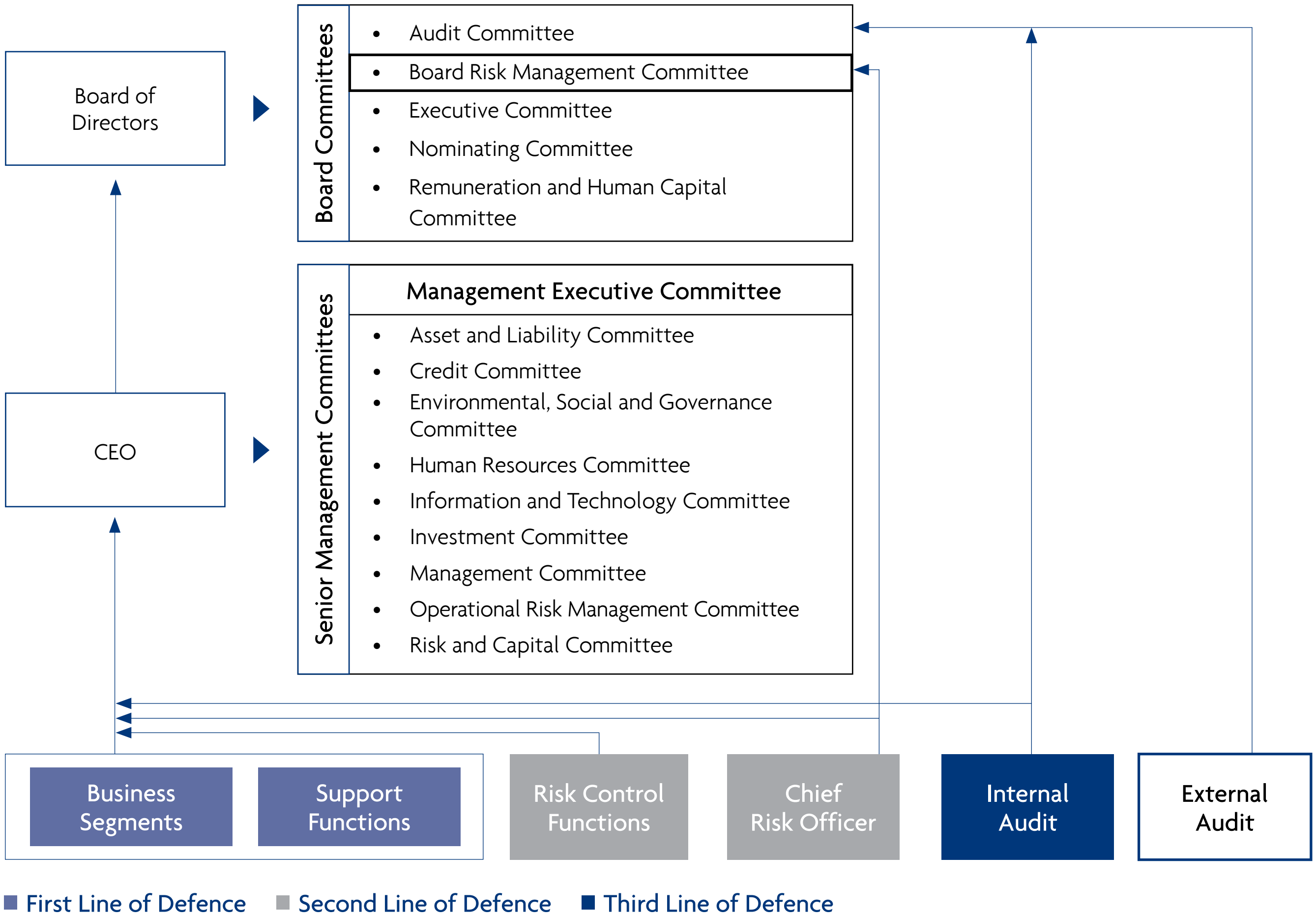
The risk and control oversight functions support the Group's strategy of balancing growth with stability by establishing risk frameworks, policies, appetite and limits within which the business functions must operate. They are also responsible for the independent review and monitoring of the Group's risk profile and for highlighting any significant vulnerabilities and risk issues to the respective senior management committees.

The independence of risk and control oversight functions from business functions ensures that the necessary checks and balances are in place.

Third Line of Defence – Independent Audit

The Group's internal auditors conduct risk-based audits covering all aspects of the First and Second Lines of Defence to provide independent assurance to the CEO, Audit Committee (AC) and the Board, on the effectiveness of the risk management and control structure, policies, frameworks, systems and processes.

Risk Governance Structure



The Group's governance framework also provides oversight for our overseas banking subsidiaries through a matrix reporting structure. These subsidiaries, in consultation with Group Risk Management, adapt the risk management governance structure, frameworks and policies to comply with local regulatory requirements. This ensures the approach across the Group is consistent and sufficiently flexible to suit local operating environments.

Risk Management

Risk Appetite

We have established a risk appetite framework to define the amount of risk we are able and willing to take in pursuit of our business objectives. The purpose of establishing a risk appetite framework is not to limit risk-taking but to ensure that the Group's risk profile remains within well-defined and tolerable boundaries. The framework was formulated based on the following key criteria:

- alignment to key elements of the Group's business strategy;
- relevance to respective stakeholders, with appropriate levels of granularity;
- practical, consistent and easy-to-understand metrics for communication and implementation; and
- analytically-substantiated and measurable metrics.

The risk appetite defines suitable thresholds and limits across key areas, including but not limited to credit risk, country risk, market risk, liquidity risk, operational risk and reputation risk. Our risk-taking approach is focused on businesses which we understand and whose risks we are well-equipped to manage. Through this approach, we aim to minimise earnings volatility and concentration risk, and to ensure that our high credit rating, strong capital and stable funding base remain intact. This enables us to remain a steadfast partner of our customers through changing economic conditions and cycles.

Our risk appetite framework and risk appetite are reviewed and approved annually by the Board. Management monitors and reports the risk profiles and compliance with the risk appetite to the Board on a regular basis.

Material Risks

Our business strategies, products, customer profiles and operating environment expose us to a number of financial and non-financial risks. Identifying and monitoring key risks are integral to the Group's approach to risk management. It enables us to make proper assessments of and to mitigate these risks proactively across the Group. The table below summarises the key risks that could impact the achievement of the Group's strategic objectives. Details of these key risks can be found in the following pages.

Material Risk	Definition	How risk is managed
Credit Risk	The risk of loss arising from failure by a borrower or counterparty to meet its financial obligations when such obligations are due.	Through our credit risk management framework, policies, probability of default/loss given default/exposure at default/portfolio models and limits.
Market Risk	The risk of loss from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads) of the underlying asset. It includes interest rate risk in the banking book which is the potential loss of capital or reduction in earnings due to changes in interest rates environment.	Through our market risk management framework, policies, Value-at-Risk/Expected Shortfall models and limits. Interest rate risk in the banking book is managed through the Group's balance sheet risk management framework, and interest rate risk in the banking book management policies and limits.
Liquidity Risk	The risk that arises from our inability to meet our obligations or fund increases in assets as they fall due.	Through our balance sheet risk management framework, liquidity risk management policies, ratios and limits.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such loss may be in the form of financial loss or other damage, for example, loss of reputation and public confidence that will impact our creditability and ability to transact, to maintain liquidity and to obtain new business. Operational risk includes banking operations risk, fraud risk, legal risk, outsourcing risk, regulatory risk, reputational risk and technology risk but excludes strategic and business risk.	Through the respective risk management frameworks, policies, and operational risk management programmes including Key Risk and Control Self-Assessments, Key Operational Risk Indicators, Incident Reporting, Management Risk Awareness and Scenario Analysis.
Conduct Risk	The risk of improper employee behaviour or action that results in unfair stakeholder outcomes, negative impact on market integrity and other issues that damage the reputation of the Group.	Through a multi-faceted approach leveraging on the key components of operational risk management, internal fraud management, whistle-blowing, employee discipline, individual accountability, code of conduct, remuneration, Fair Dealing, and anti-money laundering.
Strategic Risk	The current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes.	Through our strategic and business risk management policy.

Material Risk	Definition	How risk is managed
Business Risk	The adverse impact on earnings or capital arising from changes in business parameters such as volumes, margins and costs.	Through our strategic and business risk management policy.
Model Risk	The risk arising from: • the use of a model which cannot accurately evaluate market prices, or which is not a mainstream model in the market (pricing models); or • inaccurately estimating the probability or magnitude of future losses (risk measurement models).	Through the model risk governance framework and managed under the respective material risk types for which there is a quantitative model.
Environmental, Social and Governance Risk	The risk of credit loss or non-financial risks, such as reputational damage, arising from environmental, social and governance (ESG) issues, including climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations.	The different aspects of ESG risk are managed through the relevant frameworks, policies and guidelines in place, including our Responsible Financing Policy.

Credit Risk

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

We adopt an holistic approach towards assessing credit risk and ensure that managing credit risk is part of an integrated approach to enterprise risk management. Integral to the management of credit risk is a framework that clearly defines policies and processes relating to the identification, measurement and management of credit risk. We review and stress-test the Group's portfolio regularly and continually monitor the operating environment to identify emerging risks and to formulate mitigating actions.

Credit Risk Governance and Organisation

The CC is the key oversight committee for credit risk. It supports the CEO and BRMC in managing the Group's overall credit risk exposures and serves as an executive forum for discussions on all credit-related matters. The CC also reviews and assesses the Group's credit portfolios and credit risk profiles.

The Country and Credit Risk Management Division develops Group-wide credit policies and guidelines and facilitates business development within a framework that results in prudent, consistent and efficient credit risk management. It is responsible for the reporting, analysis and management of all elements of credit risk to the CC and the BRMC. The comprehensive credit risk reports cover business segments at the overall portfolio level by various dimensions including industry, product, country and banking subsidiaries.

Credit Risk Policies and Processes

We have established credit policies and processes to manage credit risk in the following key areas:

Credit Approval Process

Credit origination and approval functions are clearly segregated to maintain the independence and integrity of the credit approval process. Credit approval authority is delegated to officers based on their experience, seniority and track record. All credit approval officers are guided by credit policies and credit acceptance guidelines which are periodically reviewed to ensure their continued relevance to our business strategy and the business environment.

Counterparty Credit Risk

Unlike normal lending risk where the notional amount at risk can be determined with a high degree of certainty during the contractual period, counterparty credit risk exposure fluctuates with market variables. Counterparty credit risk is measured as the sum of current mark-to-market value and an appropriate add-on factor for potential future exposure (PFE). The PFE factor is an estimate of the maximum credit exposure over the remaining life of the foreign exchange (FX)/derivative transaction and is used for limit-setting and internal risk management.

We have also established policies and processes to manage wrong-way risk, i.e. where the counterparty credit exposure is positively correlated with its default risk. Transactions that exhibit such characteristics are identified and reported to the CC on a regular basis. In general, transactions with specific wrong-way risk are rejected at the underwriting stage.

Exposures arising from FX, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing us to offset what we owe to a counterparty against what is due from that counterparty in the event of a default.

In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting and the daily margining process.

Our foreign exchange-related settlement risk is significantly reduced through our participation in the Continuous Linked Settlement system. This system allows transactions to be settled irrevocably on a payment-versus-payment basis.

As at 31 December 2019, UOB would have been required to post additional collateral of US$5 million if our credit rating were downgraded by two notches.

Credit Concentration Risk

Credit concentration risk may arise from a single large exposure or from multiple exposures that are closely correlated. We manage such risks by setting exposure limits on obligor groups, portfolios, borrowers, industries and countries, generally expressed as a percentage of the Group's eligible capital base.

We manage our credit risk exposures through a robust credit underwriting, structuring and monitoring process. While we proactively minimise undue concentration of exposure in our portfolio, our credit portfolio remains concentrated in Singapore and Malaysia. The Group's cross-border exposure to China has increased over the years, in line with rising trade flows between China and Southeast Asia. We manage our country risk exposures within an established framework that involves setting 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.

Our credit exposures are well-diversified across industries, with the exception of the Singapore real estate sector due mainly to the high home ownership rate here. We remain vigilant about risks in the sector and take active steps to manage our exposure while continuing to maintain a prudent stance in approving real estate-related loans.

We perform regular assessments of emerging risks and in-depth reviews on industry trends to provide a forward-looking view on developments that could impact the Group's portfolio. We also conduct frequent stress-testing to assess the resilience of our portfolio in the event of a marked deterioration in operating conditions.

Credit Stress Tests

Credit stress-testing is a core component of our credit portfolio management process. The three objectives of stress-testing are:

- to assess the profit and loss and balance sheet impact of business strategies;
- to quantify the sensitivity of performance drivers under various macroeconomic and business planning scenarios; and
- to evaluate the impact of Management's decisions on capital, funding and leverage.

We conduct stress tests to assess if our capital can withstand losses from the credit portfolio resulting from stress scenarios, and their impact on our profitability and balance sheet quality. Stress tests also help us to identify the vulnerability of various business units and enable us to adopt appropriate mitigating actions.

Our stress test scenarios consider potential and plausible macroeconomic and geopolitical events in varying degrees of likelihood and severity. We also consider varying strategic planning scenarios and assess the impact of different business scenarios and proposed managerial actions. These are developed in consultation with relevant business units and approved by Management.

Credit Risk Mitigation

Our potential credit losses are mitigated through a variety of instruments such as collateral, derivatives, guarantees and netting arrangements. We would generally not grant credit facilities solely on the basis of the collateral provided. All requests for credit facilities are assessed based on the credit standing, source of repayment and debt servicing ability of the borrower.

We take collateral whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically and the frequency of valuation would depend on the type, liquidity and volatility of the collateral value. The collaterals are mostly in the form of properties. Cash, marketable securities, equipment, inventories and receivables may also be accepted. The collateral has to fulfill certain criteria (such as legal certainty across relevant jurisdictions) in order to be eligible for the Internal Ratings-Based Approach (IRBA) purposes. We have in place policies and processes to monitor collateral concentration. Appropriate haircuts that reflect the underlying nature of the collaterals, quality, volatility and liquidity would be applied to the market value of collaterals, as appropriate.

When extending credit facilities to small- and medium-sized enterprises (SMEs), we also often take personal guarantees to secure the moral commitment from the principal shareholders and directors. For IRBA purposes, we do not recognise personal guarantees as eligible credit risk protection. Corporate guarantees are often obtained when the borrower's creditworthiness is not sufficient to justify an extension of credit. To recognise the effects of guarantees under the Foundation Internal Ratings-Based (FIRB) Approach, we adopt the Probability of Default (PD) substitution approach whereby the PD of an eligible guarantor of an exposure is used for calculating, the capital requirement.

Credit Monitoring and Remedial Management

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

Delinquency Monitoring

We closely monitor the delinquency of borrowing accounts as it is a key indicator of credit quality. An account is considered delinquent when payment has not been received by the payment due date. All delinquent accounts, including revolving credit facilities (such as an overdraft) with limit excesses, are closely monitored and managed through a disciplined process by business units and the risk management function. Where appropriate, such accounts are also subject to more frequent credit reviews.

Classification and Loan Loss Impairment

We classify our credit portfolios according to the borrowers' ability to repay the credit facilities from their normal source of income. There is an independent credit review process to ensure that the loan grading and classification are appropriate and in accordance with MAS Notice 612 Credit Files, Grading and Provisioning.

All borrowing accounts are categorised as 'Pass', 'Special Mention' or 'Non-Performing'. 'Non-Performing' or impaired accounts are further sub-divided into 'Substandard', 'Doubtful' or 'Loss' in accordance with MAS Notice 612. Any account which is delinquent or past due (or in excess of the approval limit for a revolving credit facility such as an overdraft) for more than 90 days will automatically be categorised as 'Non-Performing'. In addition, any account that exhibits weaknesses which are likely to adversely affect repayment on existing terms may be categorised as 'Non-Performing'. The accounting definition of impaired and the regulatory definition of default are generally aligned.

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

A credit facility is restructured when a bank grants concessions (usually non-commercial) to a borrower because of a deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule.

A restructured account is categorised as 'Non-Performing' and placed on the appropriate classified grade based on our assessment of the financial condition of the borrower and the ability of the borrower to repay under the restructured terms. A restructured account must comply fully with the requirements of MAS Notice 612 before it can be de-classified.

We provide for impairment of our overseas operations based on local regulatory requirements for local reporting purposes. Where necessary, additional impairment is provided to comply with our impairment policy and the MAS' requirements.

Group Special Asset Management

Group Special Asset Management is an independent division that manages the restructuring, workout and recovery of our Non-Performing Asset (NPA) portfolios. Its primary objectives are:

- to nurse the NPA back to financial health whenever possible for transfer back to the business unit for management; and
- to maximise recovery of the NPA that we intend to exit.

Write-Off Policy

A non-performing account is written off when the prospect of a recovery is considered poor or when all feasible avenues of recovery have been exhausted.

Internal Credit Rating System

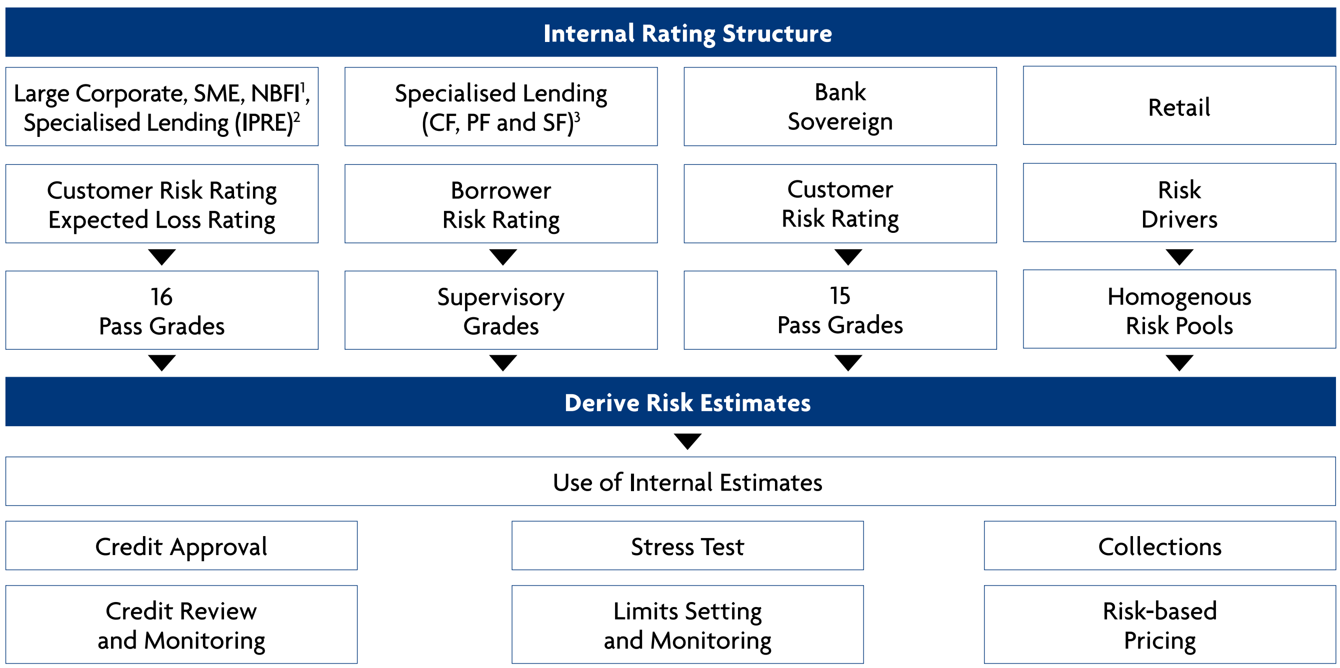
We employ internal rating models to support the assessment of credit risk and the assignment of exposures to rating grades or pools. Internal ratings are used pervasively by the Group in the areas of credit approval, credit review and monitoring, credit stress-testing, limits setting, pricing and collections.

We have established a credit rating governance framework to ensure the reliable and consistent performance of our rating systems. The framework defines the roles and responsibilities of the various parties in the credit rating process, including model changes, model performance monitoring, annual model validation and independent reviews by Group Audit (GA).

Credit risk models are independently validated before they are implemented to ensure that they are fit for purpose. We monitor the robustness of these rating models on an ongoing basis and all models are subject to annual reviews by model owners to ascertain that the chosen risk factors and assumptions continue to remain relevant for the respective portfolios. All new models, model changes and annual reviews are approved by the CC or the BRMC, depending on the materiality of the portfolio.

The Group's internal rating structure is illustrated as follows:

Internal Credit Rating Structure



1 NBFI: Non-bank Financial Institution
2 We apply a 16-rating grade structure to the Group's IPRE exposures, with the exception of our banking subsidiary in Thailand, which maps the internal risk grades to four prescribed supervisory grades.
3 CF: Commodities Finance; PF: Project Finance; SF: Ship Finance.

Non-Retail Exposures
We have adopted the FIRB Approach for our non-retail exposures. Under this approach, the internal models estimate a PD or supervisory slot for each borrower. These models cover 73.6 per cent of the Total Credit Risk risk-weighted assets (RWA) and employ qualitative and quantitative factors to provide an assessment of the borrower's ability to meet their financial obligations. The models are calibrated to provide an estimate of the likelihood of default over a one-year time horizon. A default is considered to have occurred if:

- the obligor is unlikely to pay its credit obligations in full, without recourse by the Group to actions such as realising the security; or

- the obligor is past due for more than 90 days on any credit obligation to the Group.

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

While our internal risk rating grades may show some correlation with the rating grades of External Credit Assessment Institutions (ECAIs), they are not directly comparable with or equivalent to the ECAI ratings.

Corporate Portfolio
We have developed Corporate models to rate Non-Bank Financial Institution (NBFI), Large Corporate (LC) and SME portfolios. Credit risk factors used to derive a borrower's risk rating include the borrower's financial strength, quality of management, business risks and the industry in which it operates. The borrower risk-rating process is augmented by facility risk ratings, which take into account the type and structure of the facility, availability and type of collateral and seniority of the exposure.

Our internal rating grade structure for the NBFI, LC and SME models consists of 16 pass grades. The models are mapped to the rating scale by calibration that takes into account the respective portfolio's long-term average default rate.

Specialised Lending Portfolio

We have also developed models for four Specialised Lending portfolios, namely:

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

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

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

The rating grade structure for the IPRE portfolio, like our Corporate models, has 16 pass grades, with the exception of our banking subsidiary in Thailand, which maps the internal risk grades to the four prescribed supervisory categories.

Sovereign Portfolio

Exposures in our Sovereign portfolio are rated by our internal Sovereign model, which considers public debt levels, balance of payments, fiscal budgets and other macroeconomic, stability and political risk factors to assess sovereign credit risk. The model has an internal rating grade structure consisting of 15 pass grades.

Bank Portfolio

Exposures in our Bank portfolio are rated by our internal Bank model, which takes into account asset quality, capital adequacy, liquidity, management, regulatory environment and robustness of the overall banking system. The model has an internal rating grade structure consisting of 15 pass grades.

Retail Exposures

We have adopted the Advanced Internal Ratings-Based Approach (AIRB) for our retail exposures, which consist of residential mortgages, qualifying revolving retail exposures and other retail exposures. Exposures within each of these asset classes are not managed individually, but as part of a pool of similar exposures that are segmented based on borrower and transaction characteristics. As loss characteristics of retail exposures are geography and product specific, bespoke PD, LGD and EAD segmentation models are developed using empirical loss data for the respective exposures across the Group. Where internal loss data are insufficient to provide robust risk estimates, the segmentation models may incorporate internal and/or external proxies. Where necessary, the model is augmented with appropriate margins of conservatism. These models cover 9.1 per cent of the Total Credit RWA and are regularly validated.

Retail Probability of Default Models

Retail PD models are based on pools of homogeneous exposures segmented by a combination of application scores, behavioural scores and other risk drivers reflecting borrower, facility and delinquency characteristics. PD pools are calibrated through-the-cycle using at least five years of historical data that cover a full economic cycle. For low default portfolios, internal and/or external proxies that are highly correlated with internal defaults are used to estimate the long-run average PD. A regulatory floor of 0.03 per cent is applied to all PD pools.

In general, the long-run observed default rates are largely lower than the PD estimates due to the model's calibration philosophy and the application of conservative overlays to account for model risk.

Retail Loss Given Default Models

Retail LGDs are estimated using historical default data and the recovery experience from such defaulted cases. LGD models are segmented using material pre-default risk drivers such as facility and collateral characteristics.

LGD models are calibrated to reflect a portfolio's economic downturn experience. In addition, for residential mortgages, an LGD floor of 10 per cent is applied at the segment level.

Retail Exposure at Default Models

For revolving products, EAD is computed based on the current outstanding balance and the estimated potential drawdown of undrawn commitments, which is determined based on historical data. For closed-end products, the EAD is the current outstanding balance. EAD models are generally segmented by material pre-default risk drivers such as facility type, limit and utilisation. EAD models are calibrated to reflect the portfolio long-run averages, except for portfolios that exhibit positive correlation between LGD and PD values, in which case, these portfolios' EAD models are calibrated to reflect their economic downturn conditions. EADs must be at least equal to the current outstanding balances.

Securitisation Exposures

From time to time, we arrange and invest in securitisation transactions. Any decision to invest in such a transaction is subject to independent risk assessment and approval. Processes are in place to monitor the credit risk of the securitisation exposures and are subject to regular review. The special purpose entities involved in these transactions are established and managed by third parties and are not controlled by the Group. In these transactions, we may also act as a liquidity facility provider, working capital facility provider or swap counterparty. Our securitisation positions are recognised as financial assets or undrawn credit facilities pursuant to our accounting policies and measured accordingly.

Risk weights for securitisation exposures in the banking book are computed using a hierarchy of approaches prescribed by MAS Notice 637. A majority of the exposures are subjected to External Ratings-Based Approach or SA where ECAI ratings from Fitch Ratings, Moody's Investors Service and Standard & Poor's are used, where available.

Credit Exposures Subject to Standardised Approach

We have obtained the MAS' approval to adopt the IRBA for the majority of our portfolios, with 26 per cent of our exposures treated under AIRB and 66 per cent under FIRB. We apply the SA for the remaining portfolios which are immaterial in terms of size and risk profile and for transitioning portfolios. We will progressively migrate our transitioning portfolios, such as UOB Indonesia's exposures, subject to the approval of the MAS.

For exposures subject to the SA, we use approved ECAI ratings and prescribed risk weights based on asset class in the computation of regulatory capital.

The ECAIs used are Fitch Ratings, Moody's Investors Service and Standard & Poor's. They are mainly in the Bank asset class. ECAI ratings are mapped to a common credit quality grade prescribed by the MAS.

Market Risk

Market risk refers to the risk of loss to us from movements in the market rates or prices (such as changes in interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads) of the underlying asset.

Market risk is governed by the ALCO, which meets monthly to review and to provide directions on market risk matters. The Market Risk Management and Balance Sheet Risk Management (BSRM) Divisions support the BRMC, RCC and ALCO with independent assessment of the market risk profile of the Group.

The Group's market risk framework comprises market risk policies, practices and the control structure with appropriate delegation of authority and market risk limits. We employ valuation methodologies that are in line with sound market practices and validate valuation and risk models independently. In addition, the Group Product/Service Programme process ensures that different risks, including market risk issues, are identified and adequately addressed prior to launch.

One of our main objectives in undertaking trading activities is to provide customer-centric products and services to support our customers' business and hedging needs. We continually review and enhance our management of derivative risks to ensure that the complexities of the Group's business are appropriately controlled.

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

Market risk appetite is provided for all trading exposures within the Group and the Group's non-trading FX exposures. The majority of the non-trading FX exposures arises from our investments in overseas subsidiaries in Asia.

Standardised Approach

We currently adopt the SA for the calculation of regulatory market risk capital but use the Internal Models Approach to measure and to control trading market risks. The financial products which are warehoused, measured and controlled with internal models include:

- FX and FX options;
- plain vanilla interest rate contracts and interest rate options;
- government and corporate bonds;
- equities and equity options; and
- commodities contracts and commodity options.

Internal Model Approach

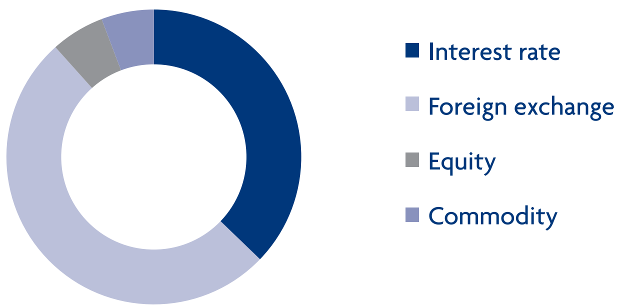
VaR is a statistical measurement which estimates the potential loss over a given period, at a certain confidence level.

We estimate a daily ES within a 97.5 per cent confidence interval over a one-day holding period, using the historical VaR simulation method, as a control for market risk. The method assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution.

To complement the ES measure, we perform stress and scenario tests to identify the Group's vulnerability to event risk. These tests serve to provide early warnings of plausible extreme losses for which we have proactive risk management measures.

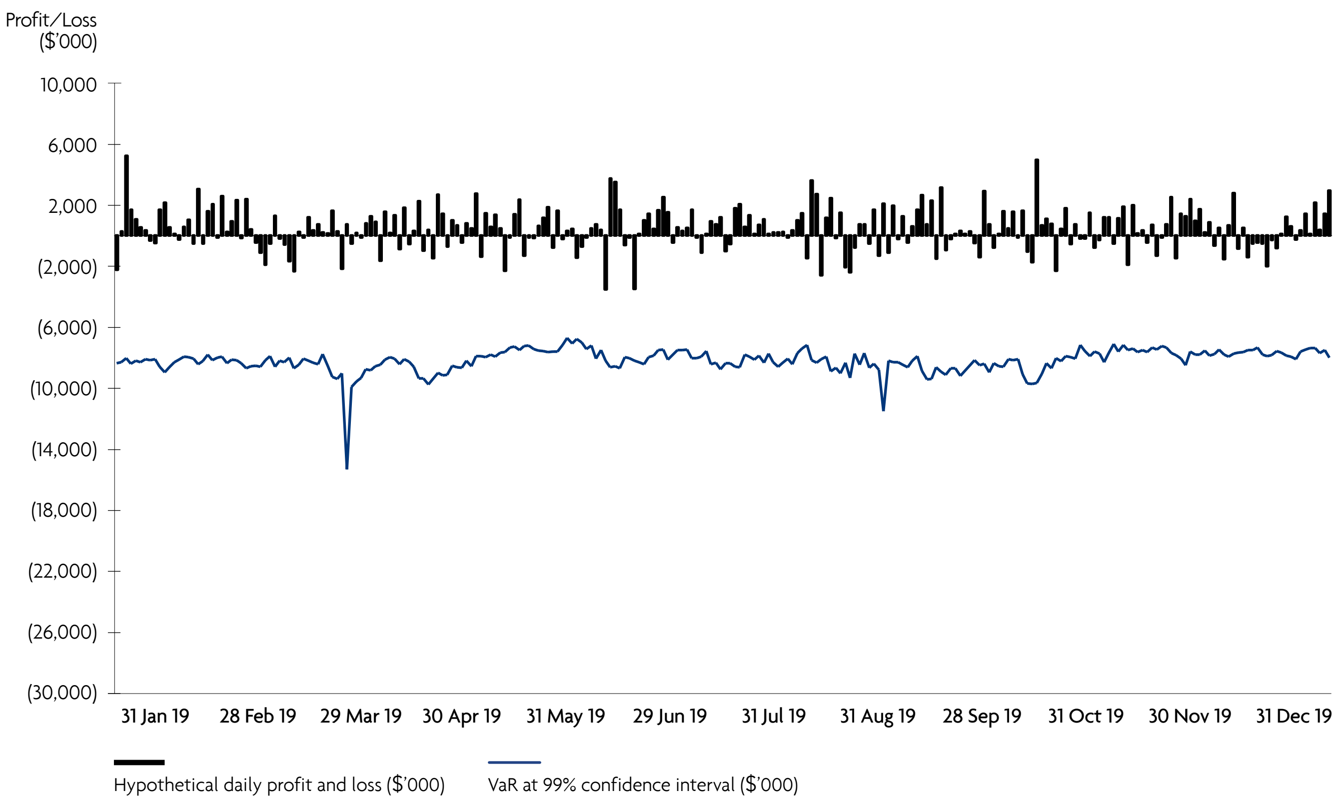
Our daily ES on 31 December 2019 was $7.95 million.

Group Trading ES for Market Risk by Risk Class



Group Trading Backtesting Chart

(Hypothetical daily profit and loss versus VaR at 99% confidence interval)



For backtesting purpose, we use daily VaR within a 99 per cent confidence interval over a one-day holding period, based on the historical simulation method. 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 backtesting exceptions are tabled to the ALCO with recommended actions and resolutions. No backtesting exception was noted for Group Trading in the year under review.

Risk Management

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is defined as the risk of potential loss of capital or reduction in earnings due to changes in the interest rate environment.

We strive to meet customers' demands and preferences for products with various interest rate structures and maturities. Mismatches in repricing and other characteristics of assets and liabilities would give rise to sensitivity to interest rate movements. As interest rates and yield curves change over time, these mismatches may result in a change in the Group's economic net worth and/or a decline in earnings. Our primary objective of managing IRRBB is to protect and to enhance capital or economic net worth through adequate, stable and reliable growth in net interest earnings under a broad range of possible economic conditions.

The ALCO oversees the effectiveness of the interest rate risk management structure including approval of policies, controls and limits. The BSRM Division supports the ALCO in monitoring the interest rate risk profile of the banking book. Behavioural models used are independently validated and governed by approved policy. The management and mitigation of IRRBB through hedging instruments and activities are governed by the Group's IRRBB policies which are subject to regular review. Monitoring of positions against mandates, limits and triggers approved by the relevant committees and delegated to relevant business units provide alerts for timely actions to control potential risks.

Our banking book interest rate risk exposure is quantified monthly using dynamic simulation techniques. We employ an holistic approach towards balance sheet risk management. We use an in-house enterprise risk management system to integrate liquidity risk and IRRBB into a single platform to facilitate the Group's reporting across entities in a timely manner.

Interest rate risk varies with different repricing periods, currencies, embedded options and interest rate basis. Embedded options may be in the form of loan prepayment and time deposit early withdrawal. In Economic Value of Equity (EVE) sensitivity simulations, we compute the present value for repricing cash flows, with the focus on changes in EVE under different interest rate scenarios. This economic perspective measures interest rate risks across the full maturity profile of the balance sheet, including off-balance sheet items. We estimate the potential effects of interest rate changes on Net Interest Income (NII) by simulating the possible future course of interest rates and expected changes in business activities over time. Mismatches in the longer tenor would result in greater change in EVE than similar positions in the shorter tenor while mismatches in the shorter tenor would have a greater impact on NII. Interest rate scenarios used in simulations include the six standard scenarios prescribed by the Basel Committee on Banking Supervision as well as internal scenarios covering changes in the shape of the yield curve, including positive and negative tilt scenarios.

We also perform stress tests regularly to determine the adequacy of capital in meeting the impact of extreme interest rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating the proactive management of interest rate risks in an environment of rapid financial market changes.

The risks arising from the trading book, such as interest rates, FX rates and equity prices are managed and controlled by the market risk framework.

Liquidity Risk

Liquidity risk is the risk that arises from our inability to meet our obligations or fund increases in assets as they fall due. We maintain sufficient liquidity to fund our day-to-day operations, to meet deposit withdrawals and loan disbursements, to participate in new investments and to repay borrowings. Hence, liquidity is managed in a manner that addresses known as well as unanticipated cash funding needs.

Liquidity risk is managed in accordance with a framework of policies, controls and limits approved by the ALCO. These policies, controls and limits enable us to monitor and to manage liquidity risk to ensure that sufficient sources of funds are available over a range of market conditions. This is done by:

- minimising excessive funding concentrations by diversifying the sources and terms of funding, and
- maintaining a portfolio of high quality and marketable debt securities.

We take a conservative stance on the Group's liquidity management by continuing to gather core deposits, ensuring that liquidity limits are strictly adhered to and that there are adequate liquid assets to meet potential cash shortfall.

The distribution of deposits is actively managed to ensure a balance between cost-effectiveness, continued accessibility to funds and diversification of funding sources. Important factors in ensuring liquidity are competitive pricing, proactive management of the Group's core deposits and the maintenance of customer confidence.

Our liquidity risk is aligned with the regulatory liquidity risk management framework and is measured and managed on a projected cash flow basis. The Group is monitored under business-as-usual and stress scenarios. Cash flow mismatch limits are established to limit the Group's liquidity exposure. We also employ liquidity early warning indicators and trigger points to signal possible contingency situations. Our liquidity ratios, Liquidity Coverage Ratio (LCR)* and Net Stable Funding Ratio (NSFR)*, are above the regulatory requirement.

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

* Key monitoring tools defined under Basel III liquidity risk framework on quarterly updates for LCR and semi-annual updates for NSFR are available on our website at www.UOBgroup.com/investor-relations/financial/index.html

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes banking operations risk, fraud risk, legal risk, outsourcing risk, regulatory risk, reputational risk and technology risk but excludes strategic and business risk.

Our primary objective is to foster a sound reputation and operating environment.

Operational Risk Governance, Framework and Programmes

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 ORMC meets monthly to provide oversight of operational risk matters across the Group.

The Operational Risk Governance structure adopts the 3LOD Model. The business and support units, as the First Line of Defence, are responsible for establishing a robust control environment as part of their day-to-day operations. Each business or support unit is responsible for implementing the operational risk framework and policies, embedding appropriate internal controls into processes and maintaining business resilience for key activities.

The Operational Risk Management Division, as the Second Line of Defence, provides overarching governance of operational risks through relevant frameworks, policies, programmes and systems. It also monitors key risk self-assessment results, outsourcing matters, key operational risk indicator breaches, self-identified operational risks and incidents and reports these to the relevant senior management committees and the Board.

GA acts as the Third Line of Defence by providing, through periodic audit reviews, an independent and objective assessment on the overall effectiveness of the risk governance framework and internal controls.

Two key components of the operational risk management framework are risk identification and control self-assessments. These are achieved through the Group-wide implementation of a set of operational risk programmes. Several risk mitigation policies and programmes are in place to maintain a sound operating environment.

Our business continuity and crisis management programmes ensure prompt recovery of critical business and support units should there be unforeseen events. An annual attestation is provided to the Board on the state of business continuity readiness of the Group.

Our insurance programme covers civil and crime liability, cyber liability, property damage, terrorism, public liability, as well as directors' and officers' liability. The programme reduces operational losses through adequate insurance coverage.

We adopt the SA for the calculation of operational risk capital.

The subject-specific key risks that we focus on include but are not limited to:

Technology Risk

Technology Risk is defined as any potential adverse outcome, damage, loss, violation, failure or disruption arising from the use of or reliance on information and communication technologies. The governance of technology risk rests with the ORMC, who facilitates an holistic oversight of operational risk matters across the Group. Our technology risk management framework ensures that technology and cyber risks are managed in a systematic and consistent manner. The scope of technology risk management covers many aspects, including technology asset management, technology resiliency and the continuity aspects of business continuity management, cybersecurity management, technology third party risk management and information security management.

Our Technology Risk Management Division, as the Second Line of Defence, has governance and oversight of technology risk management across the Group. The team works with business and support units, including the technology and information security teams, to oversee, to review and to strengthen their current practices in technology risk management. We adopt a risk-based approach in assessing and managing technology and cyber risks. Our Board, senior management and ORMC are briefed regularly on technology risk appetite and technology risk matters.

Regulatory Risk

Regulatory risk refers to the risk of non-compliance with laws, regulations, rules, standards and codes of conduct. We identify, monitor and manage this risk through a structured governance framework of compliance policies, procedures and guidelines. The framework also manages the risk of regulatory breaches relating to sanctions, anti-money laundering and countering the financing of terrorism.

Legal Risk

Legal risk arises from unenforceable, unfavourable, defective or unintended contracts, lawsuits or claims, developments in laws and regulations, or non-compliance with applicable laws and regulations. Business and support units work with both internal and external legal counsel to ensure that legal risks are managed.

Reputational Risk

Reputational risk is the risk of adverse impact on earnings, liquidity or capital arising from negative stakeholder perception or opinion of the Group's business practices, activities and financial condition. We recognise the impact of reputational risk and have developed a policy to identify and to manage the risk across the Group.

Outsourcing Risk

Outsourcing risk is the risk of adverse financial, operational, reputational, legal and compliance impact arising from the failure of a service provider to provide the outsourced service or to comply with legal and regulatory requirements, or a service provider's breaches of security. We manage this risk through the Group outsourcing risk management framework, policy, procedures and guidelines, and the outsourcing module in the Governance, Risk and Compliance system.

Fraud Risk

Fraud is defined as an act with an element to deceive or to conceal facts, and is not restricted to the gain of monetary or material benefits.

We manage fraud risks actively. Our Integrated Fraud Management (IFM) Division, as the Second Line of Defence, drives strategy and governance and oversees the framework of fraud risk management across the Group. The corporate governance oversight of fraud risk is provided by the AC at the Board level and primarily by the ORMC at the management level.

All employees are required to comply with the UOB Code of Conduct, which has anti-bribery and anti-corruption provisions. The fraud hotline managed by IFM provides a safe channel to report suspected fraud. IFM conducts independent fraud investigations. The division also works closely with business and support units to strengthen its practices across the five pillars of prevention, detection, response, remediation and reporting.

Environmental Social and Governance Risk

ESG risk is the risk of credit loss or non-financial risks arising from ESG issues such as climate change. While a key component of ESG risk arises indirectly from the financial services we provide to our customers, it can also result directly from our own operations.

The ESG Committee identifies and reviews ESG factors material to us, and ensures that sustainability factors are considered in all aspects of our operations.

Our material ESG factors provide a framework for our ESG risk considerations and in our day-to-day decision-making processes. The specific risk associated with each factor is monitored and managed in accordance with the respective framework, policy or guidelines.

Specific to our wholesale financing activities, we ensure that ESG considerations are integrated into our credit evaluation and approval processes. To this end, we have made our Responsible Financing Policy, which is approved by the CC, part of our Group Corporate Credit Policy.

Under our Responsible Financing Policy, account officers are required to conduct due diligence on all new and existing borrowers during the client onboarding process and annual credit review. Borrowers who fall into the ESG-sensitive industries defined by the ABS' Responsible Financing Guidelines are subject to enhanced due diligence with sector-specific guidelines. All borrowers are classified based on the level of ESG risk in their business and are monitored on an ongoing basis for any adverse ESG-related news. Those with any known material ESG-related incidents would trigger an immediate review, with ESG risks to be addressed and managed appropriately.

More information on our ESG-related efforts can be found in the Sustainability Report.

Strategic and Business Risk

Strategic risk refers to the current or prospective negative impact on earnings, capital or reputation arising from adverse strategic decisions, improper implementation of decisions or a lack of responsiveness to industry, economic or technological changes. It is the risk of not achieving our strategic goals.

Business risk refers to the adverse impact on earnings or capital arising from changes in business parameters such as volumes, margins and costs. The sources of business risk include uncompetitive products or pricing, internal inefficiencies, and changes in general business conditions such as market contraction or changes in customers' expectations and demand. It is the risk of not achieving our short-term business objectives.

Our Board of Directors and senior management committees are responsible for managing risks associated with the Group's business. The BRMC and Executive Committee assist the Board in relation to the management of strategic and business risks. The CEO, supported by senior management committees, oversees the day-to-day management of the Group and make business decisions within the Group's risk appetite. The Group's strategy is then translated into annual financial targets, taking into account the macroeconomic environment, and cascaded to specific business for development and implementation.

Capital Management

Our Capital Management objective

The UOB Group seeks to maintain an optimal level of capital to support our business growth strategies and investment opportunities, and to meet regulatory requirements. We aim to maintain the strong credit ratings for which UOB is recognised by our stakeholders, including our depositors and investors. We also seek to maintain an efficient capital structure, keeping our overall cost of capital low, and to deliver sustainable dividend returns to our shareholders.

Our Approach

We adopt a proactive approach in the management of our capital position over the medium term through the Group's Internal Capital Adequacy Assessment Process (ICAAP). This comprehensive assessment includes:

- setting capital targets for the Group, taking into account foreseeable regulatory changes and stakeholder expectations;
- forecasting capital consumption for material risks based on the Group's risk appetite. This forecast is evaluated across all business segments and banking entities against the projected capital levels, taking into consideration the impact of mitigating actions under adverse economic conditions; and
- determining capital issuance requirements and reviewing the maturity profile of existing capital securities.

Our capital planning and assessment process is governed by two committees. The Board Risk Management Committee (BRMC) assists the Board in the oversight of the management of risks arising from the businesses of the Group, while the Risk and Capital Committee (RCC), comprising senior management, manages the Group's ICAAP, overall risk profile and capital adequacy. The BRMC and RCC are kept apprised of the Group's capital positions quarterly, while the capital management and contingency capital plans are reviewed annually. Material capital management decisions are also approved by the Board.

The Bank is the primary provider of capital to the Group's entities. Investments in the Group's entities are substantially funded by the Bank's internally generated capital – retained earnings and externally-raised capital issuances. Our banking subsidiaries outside Singapore are expected to manage their own capital positions to support planned business growth and to comply with the regulatory requirements in their respective countries of operation. Capital generated by the subsidiaries in excess of planned requirements is returned to the Bank by way of dividends. There was no impediment to the payment of dividends by subsidiaries during the year.

Regulatory Requirements

UOB is one of the Domestic Systemically Important Banks (D-SIBs) in Singapore and is subject to stricter regulatory measures imposed by the Monetary Authority of Singapore (MAS).

As a D-SIB, UOB is required to maintain, at a minimum, Common Equity Tier 1 (CET 1), Tier 1 and Total Capital Adequacy Ratio (CAR) of 6.5 per cent, 8 per cent and 10 per cent respectively at the Bank and Group levels.

The CAR requirements include the following capital-related buffers:

- Capital conservation buffer (CCB) of 2.5 per cent, to be maintained in the form of CET 1 capital. This is to ensure that an adequate capital buffer is accumulated outside periods of stress. Taking into account the full CCB requirement, the regulatory CET 1, Tier 1 and Total CAR will increase to 9 per cent, 10.5 per cent and 12.5 per cent respectively.
- Counter-cyclical buffer (CCyB) of up to 2.5 per cent, to be maintained in the form of CET 1 capital. The CCyB is applied on a discretionary basis by banking regulators in the respective jurisdictions to limit excessive credit growth in their economies. Where UOB has credit exposures to the private sectors of these countries, UOB will be subjected to the CCyB requirements.

In 2019, the Basel Committee issued its final reformed Basel III frameworks to be implemented from 1 January 2022. We are monitoring the adoption of the reformed Basel III requirements for implementation in Singapore.

Capital position as at 31 December 2019

As at 31 December 2019, the Group's CARs were well above regulatory minimum at:

- CET 1 – 14.3 per cent;
- Tier 1 – 15.4 per cent; and
- Total – 17.4 per cent,

while the Group's leverage ratio of 7.7 per cent exceeded the minimum regulatory requirement of 3 per cent.

Capital Management

The table below shows the consolidated capital position of the Group as at 31 December 2019 and 31 December 2018.

	2019 $ million	2018 $ million
Common Equity Tier 1 Capital		
Share capital	4,949	4,888
Disclosed reserves/others	32,012	30,445
Regulatory adjustments	(4,595)	(4,583)
Common Equity Tier 1 Capital	32,366	30,750
Additional Tier 1 Capital		
Perpetual capital securities/others	2,379	2,129
Tier 1 Capital	34,745	32,879
Tier 2 Capital		
Subordinated notes	3,969	4,186
Provisions/others	638	477
Eligible Total Capital	39,352	37,542
Risk-Weighted Assets (RWA)		
Credit risk	200,419	195,342
Market risk	9,959	10,344
Operational risk	15,940	14,882
Total RWA	226,318	220,568
Capital Adequacy Ratios (%)		
CET 1	14.3	13.9
Tier 1	15.4	14.9
Total	17.4	17.0
Leverage Exposure	452,859	434,732
Leverage Ratio (%)	7.7	7.6

Disclosures under MAS Notice 637 are published on our website at www.UOBgroup.com/investor-relations/financial/index.html

Pillar 3 Disclosure

In compliance with the requirements under Basel Pillar 3 and the Monetary Authority of Singapore (MAS) Notice 637 Public Disclosure, various additional quantitative and qualitative disclosures have been included in the Annual Report under the sections on Capital Management, Risk Management, Remuneration, Pillar 3 Disclosure, Management Discussion and Analysis and Notes to the Financial Statements. The disclosures are to facilitate the understanding of the UOB Group's risk profile and assessment of its capital adequacy.

Scope of Application

In accordance with the accounting standards for financial reporting, all subsidiaries in the Group are fully consolidated from the date the Group obtains control until the date such control ceases. The Group's investments in associates and joint ventures are accounted for using the equity method from the date the Group obtains significant or joint influence over these investments until the date such influence ceases. For the purpose of regulatory capital computation at the Group level, the investments in an insurance subsidiary are excluded from the consolidated financial statements of the Group in accordance with MAS Notice 637.

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

Please refer to UOB's website at www.UOBgroup.com/investor-relations/financial/index.html for the Pillar 3 Disclosure Report as at 31 December 2019.

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

31 December 2019

Financial Report

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".

Financial Report

Notes to the Financial Statements (continued)

Balance Sheet (continued)

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".

Management Discussion and Analysis

Overview

	2019	2018	+/(–) %
Selected income statement items ($ million)			
Net interest income	6,562	6,220	6
Net fee and commission income	2,032	1,967	3
Other non-interest income	1,435	930	54
Total income	10,030	9,116	10
Less: Total expenses	4,472	4,003	12
Operating profit	5,558	5,113	9
Less: Allowance for credit and other losses	435	393	11
Add: Share of profit of associates and joint ventures	51	106	(51)
Net profit before tax	5,174	4,826	7
Less: Tax and non-controlling interests	831	818	2
Net profit after tax [1]	4,343	4,008	8
Selected balance sheet items ($ million)			
Net customer loans	265,458	258,627	3
Customer deposits	310,726	293,186	6
Total assets	404,409	388,092	4
Shareholders' equity [1]	39,637	37,623	5
Key financial ratios (%)			
Net interest margin	1.78	1.82	
Non-interest income/Total income	34.6	31.8	
Cost/Income ratio	44.6	43.9	
Overseas profit before tax contribution	38.9	39.6	
Credit costs on loans (bp)			
Non-impaired	1	1	
Impaired	17	15	
Total	18	16	
Non-performing loans (NPL) ratio [2]	1.5	1.5	
Return on average ordinary shareholders' equity [3]	11.6	11.3	
Return on average total assets	1.08	1.07	
Return on average risk-weighted assets	1.90	1.93	
Loan/Deposit ratio [4]	85.4	88.2	
Liquidity coverage ratios (LCR) [5]			
All-currency	146	135	
Singapore Dollar	306	209	
Net stable funding ratio (NSFR) [6]	111	107	
Capital adequacy ratios			
Common Equity Tier 1	14.3	13.9	
Tier 1	15.4	14.9	
Total	17.4	17.0	
Leverage ratio [7]	7.7	7.6	
Earnings per ordinary share ($) [3]			
Basic	2.55	2.34	
Diluted	2.54	2.33	
Net asset value (NAV) per ordinary share ($) [8]	22.33	21.31	
Revalued NAV per ordinary share ($) [8]	25.40	24.19	

1 Relates to amount attributable to equity holders of the Bank.
2 Refers to non-performing loans as a percentage of gross customer loans.
3 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
4 Refers to net customer loans and customer deposits.
5 Figures reported are based on average LCR for the respective periods. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times with effect from 1 January 2019 (2018: 90%). Public disclosure required under MAS Notice 651 is available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.
6 NSFR is calculated based on MAS Notice 652 which requires a minimum ratio of 100% to be maintained. Public disclosure required under MAS Notice 653 is available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.
7 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
8 Perpetual capital securities are excluded from the computation.

Performance Review

The Group achieved record net earnings of $4.34 billion, up 8% from a year ago.

Net interest income grew 6% to $6.56 billion, as the average gross loans for the year was 9% higher but was moderated by a 4-basis point drop in net interest margin arising from lower interest rates and increased competition.

Net fee and commission income increased 3% to $2.03 billion, led by double-digit growth in wealth management and credit cards, moderated by lower fund management fees. Other non-interest income rose 54% to $1.44 billion, with trading and investment income rising 72% to $1.12 billion from improved customer flows and higher gains from investment securities.

All business segments continued to deliver strong income growth. Group Retail income grew 9% to $4.30 billion, driven by higher net interest income from volume growth and improvement in deposit margin, coupled with strong contribution from the wealth management business. Group Wholesale Banking income grew 6% to $4.10 billion, benefitting from cash management, treasury and loan-related activities. Global Markets income increased 28% to $595 million, largely from higher trading and investment income.

Total expenses increased 12% to $4.47 billion as the Group prioritised strategic investments in talent and technology to serve customers better. Cost-to-income ratio for the year was higher at 44.6%.

Total allowances increased 11% to $435 million, mainly due to higher allowance on impaired assets. Asset quality remained sound with total credit costs for the full year at 18 basis points, 2 basis points higher than 2018.

Contribution from associated companies declined to $51 million, mainly due to reduced shareholdings.

Towards the end of 2019, the Group moderated loan origination in light of macro uncertainties. As a result, loans grew modestly by 3% year on year. The Group's funding position remained stable in 2019 with the full year Singapore Dollar and all-currency liquidity coverage ratios at 306% and 146% respectively, while the net stable funding ratio was 111% at 31 December 2019. Loan-to-deposit ratio was healthy at 85.4%.

Non-performing loan ratio remained at 1.5% as at 31 December 2019. Total allowances for non-impaired assets stood at $1.98 billion with a coverage for non-performing assets at 87%, or 202% after taking collateral into account.

With the Group's Common Equity Tier 1 ratio at 14.3% and with ample liquidity available, the Group is well-positioned to steer through macro uncertainties ahead and to drive growth when market sentiments improve.

Management Discussion and Analysis

Net Interest Income

Net Interest Margin

	2019			2018		
	Average balance $ million	Interest $ million	Average rate %	Average balance $ million	Interest $ million	Average rate %
Interest Bearing Assets						
Customer loans	267,424	10,108	3.78	245,138	8,844	3.61
Interbank balances	66,420	1,562	2.35	68,730	1,532	2.23
Securities	34,593	887	2.57	28,095	765	2.72
Total	368,436	12,557	3.41	341,962	11,141	3.26
Interest Bearing Liabilities						
Customer deposits	308,654	4,996	1.62	286,820	4,083	1.42
Interbank balances/others	42,956	998	2.32	40,067	838	2.09
Total	351,609	5,994	1.70	326,887	4,921	1.51
Net Interest Margin [1]			1.78			1.82

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

Volume and Rate Analysis

	2019 vs 2018			2018 vs 2017		
	Volume change $ million	Rate change $ million	Net change $ million	Volume change $ million	Rate change $ million	Net change $ million
Interest Income						
Customer loans	804	460	1,264	574	796	1,369
Interbank balances	(51)	81	30	167	368	535
Securities	177	(55)	122	58	102	160
Total	930	486	1,416	798	1,266	2,064
Interest Expense						
Customer deposits	311	603	914	254	810	1,065
Interbank balances/others	60	99	160	56	252	308
Total	371	702	1,073	310	1,062	1,373
Net Interest Income	558	(216)	342	488	204	692

Net interest income for the full year of 2019 grew 6% to $6.56 billion, as the average gross loans for the year was 9% higher but was moderated by a 4-basis point drop in net interest margin arising from lower interest rates and increased competition.

Non-Interest Income

	2019 $ million	2018 $ million	+/(–) %
Net Fee and Commission Income			
Credit card [1]	488	440	11
Fund management	236	261	(9)
Wealth management	641	543	18
Loan-related [2]	558	545	2
Service charges	156	154	1
Trade-related [3]	297	296	0
Others	37	63	(41)
	2,412	2,303	5
Less: Fee and commission expenses	380	336	13
	2,032	1,967	3
Other Non-Interest Income			
Net trading income	874	683	28
Net gain/(loss) from investment securities	242	(35)	>100
Dividend income	51	27	85
Rental income	110	119	(7)
Other income	158	136	16
	1,435	930	54
Total	3,467	2,896	20

1 Credit card fees are net of interchange fees paid.
2 Loan-related fees include fees earned from corporate finance activities.
3 Trade-related fees include trade, remittance and guarantees related fees.

Net fee and commission income increased 3% to $2.03 billion, led by double-digit growth in wealth management and credit cards, moderated by lower fund management fees. Other non-interest income rose 54% to $1.44 billion, with trading and investment income rising 72% to $1.12 billion from improved customer flows and higher gains from investment securities.

Operating Expenses

	2019 $ million	2018 $ million	+/(–) %
Staff Costs	**2,716**	2,447	11
Other Operating Expenses			
Revenue-related	**688**	592	16
Occupancy-related	**334**	321	4
IT-related	**504**	414	22
Others	**230**	228	1
	1,757	1,556	13
Total	**4,472**	4,003	12

Total expenses increased 12% to $4.47 billion as the Group prioritised strategic investments in talent and technology to serve customers better. Cost-to-income ratio for the year was higher at 44.6%.

Allowance for Credit and Other Losses

	2019 $ million	2018 $ million	+/(–) %
Allowance for Non-Impaired Assets	**(19)**	19	(>100)
Allowance for Impaired Assets			
Impaired Loans [1]			
Singapore	**243**	201	21
Malaysia	**41**	(21)	>100
Thailand	**135**	111	22
Indonesia	**37**	123	(70)
Greater China [2]	**(2)**	16	(>100)
Others	**16**	(54)	>100
	469	376	25
Impaired Securities and Others	**(15)**	(2)	(>100)
Total	**435**	393	11

1 Allowance for impaired loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
2 Comprise Mainland China, Hong Kong SAR and Taiwan.

Total allowances for the full year of 2019 increased 11% to $435 million, mainly due to higher allowance on impaired assets. Asset quality remained sound with total credit costs for the full year at 18 basis points, 2 basis points higher than 2018.

Customer Loans

	2019 $ million	2018 $ million
Gross customer loans	**268,676**	261,707
Less: Allowance for non-impaired loans	**1,721**	1,571
Allowance for impaired loans	**1,498**	1,508
Net customer loans	**265,458**	258,627
By Industry		
Transport, storage and communication	**11,036**	10,185
Building and construction	**66,992**	63,139
Manufacturing	**19,380**	21,112
Financial institutions, investment and holding companies	**26,098**	23,199
General commerce	**32,713**	32,928
Professionals and private individuals	**29,458**	29,288
Housing loans	**68,586**	68,387
Others	**14,413**	13,469
Total (gross)	**268,676**	261,707
By Currency		
Singapore Dollar	**125,447**	123,347
US Dollar	**47,562**	50,674
Malaysian Ringgit	**26,167**	25,328
Thai Baht	**18,298**	15,600
Indonesian Rupiah	**5,681**	5,288
Others	**45,520**	41,471
Total (gross)	**268,676**	261,707
By Maturity		
Within 1 year	**103,112**	104,686
Over 1 year but within 3 years	**52,058**	48,826
Over 3 years but within 5 years	**33,494**	30,452
Over 5 years	**80,012**	77,744
Total (gross)	**268,676**	261,707
By Geography[1]		
Singapore	**138,666**	137,176
Malaysia	**29,554**	29,315
Thailand	**19,585**	16,813
Indonesia	**11,466**	11,289
Greater China	**41,423**	40,081
Others	**27,982**	27,033
Total (gross)	**268,676**	261,707

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

As at 31 December 2019, gross loans rose 3% year on year to $269 billion, led by broad-based increase across most of the territories and industries.

Singapore loans grew 1% year on year to $139 billion, while overseas contributed a healthy growth of 4% from a year ago.

Non-Performing Assets

	2019 $ million	2018 $ million
Non-Performing Assets (NPA)		
Loans (NPL)	4,136	3,994
Debt securities and others	161	172
Total	4,297	4,166
By Grading		
Substandard	2,677	2,512
Doubtful	205	230
Loss	1,415	1,424
Total	4,297	4,166
By Security		
Secured by collateral type:		
Properties	2,003	1,897
Shares and debentures	–	6
Fixed deposits	66	13
Others [1]	386	453
	2,455	2,369
Unsecured	1,842	1,797
Total	4,297	4,166
By Ageing		
Current	1,055	885
Within 90 days	480	581
Over 90 to 180 days	386	379
Over 180 days	2,376	2,321
Total	4,297	4,166
Total Allowance		
Non-impaired	1,985	1,984
Impaired	1,626	1,651
Total	3,611	3,636

	2019		2018	
	NPL $ million	NPL ratio %	NPL $ million	NPL ratio %
NPL by Industry				
Transport, storage and communication	650	5.9	813	8.0
Building and construction	618	0.9	497	0.8
Manufacturing	712	3.7	709	3.4
Financial institutions, investment and holding companies	39	0.1	41	0.2
General commerce	658	2.0	511	1.6
Professionals and private individuals	309	1.0	320	1.1
Housing loans	776	1.1	739	1.1
Others	374	2.6	364	2.7
Total	4,136	1.5	3,994	1.5

1 Comprise mainly of marine vessels.

Non-Performing Assets (continued)

	NPL/NPA $ million	NPL ratio %	Allowance for impaired assets $ million	Allowance for impaired assets as a % of NPL/NPA %
NPL by Geography[1]				
Singapore				
2019	**2,183**	**1.6**	**823**	**38**
2018	2,085	1.5	818	39
Malaysia				
2019	**612**	**2.1**	**174**	**28**
2018	558	1.9	161	29
Thailand				
2019	**550**	**2.8**	**200**	**36**
2018	456	2.7	153	34
Indonesia				
2019	**463**	**4.0**	**178**	**38**
2018	545	4.8	221	41
Greater China				
2019	**101**	**0.2**	**24**	**24**
2018	120	0.3	53	44
Others				
2019	**227**	**0.8**	**99**	**44**
2018	230	0.9	102	44
Group NPL				
2019	**4,136**	**1.5**	**1,498**	**36**
2018	3,994	1.5	1,508	38
Group NPA				
2019	**4,297**		**1,626**	**38**
2018	4,166		1,651	40

	Total allowances	
	as a % of NPA[2] %	as a % of unsecured NPA[2] %
Group		
2019	**87**	**202**
2018	87	202

1 Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
2 Includes regulatory loss allowance reserves (RLAR) as part of total allowances.

The Group's overall loan portfolio remained sound.

NPL ratio was stable at 1.5% as at 31 December 2019. The coverage for non-performing assets remained adequate at 87%, or 202% after taking collateral into account.

Management Discussion and Analysis

Customer Deposits

	2019 $ million	2018 $ million
By Product		
Fixed deposits	**155,768**	150,071
Savings deposits	**78,411**	71,601
Current accounts	**62,779**	58,858
Others	**13,769**	12,656
Total	**310,726**	293,186
By Maturity		
Within 1 year	**307,222**	289,448
Over 1 year but within 3 years	**2,603**	2,085
Over 3 years but within 5 years	**538**	833
Over 5 years	**363**	819
Total	**310,726**	293,186
By Currency		
Singapore Dollar	**140,167**	130,981
US Dollar	**76,511**	71,704
Malaysian Ringgit	**28,327**	28,312
Thai Baht	**20,610**	17,148
Indonesian Rupiah	**5,698**	5,148
Others	**39,413**	39,894
Total	**310,726**	293,186
Group Loan/Deposit ratio (%)	**85.4**	88.2
Singapore Dollar Loan/Deposit ratio (%)	**88.7**	93.5
US Dollar Loan/Deposit ratio (%)	**61.2**	69.5

Customer deposits were $311 billion as at 31 December 2019, an increase of 6% from a year ago led by higher fixed deposits and savings deposits.

As at 31 December 2019, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 85.4% and 88.7% respectively.

Debts Issued

	2019 $ million	2018 $ million
Unsecured		
Subordinated debts	**5,121**	5,062
Commercial papers	**8,729**	13,974
Fixed and floating rate notes	**4,853**	5,586
Others	**1,497**	1,583
Secured		
Covered bonds	**5,009**	4,401
Total	**25,209**	30,606
Due within 1 year	**10,759**	15,680
Due after 1 year	**14,450**	14,926
Total	**25,209**	30,606

Shareholders' Equity

	2019 $ million	2018 $ million
Shareholders' equity	39,637	37,623
Add: Revaluation surplus	5,112	4,802
Shareholders' equity including revaluation surplus	44,748	42,425

Shareholders' equity increased 5% year on year to $39.6 billion mainly driven by higher retained earnings.

As at 31 December 2019, the revaluation surplus of $5.11 billion relating to the Group's properties was not recognised in the financial statements.

Performance by Business Segment [1]

	GR $ million	GWB $ million	GM $ million	Others $ million	Total $ million
2019					
Net interest income	2,973	2,977	95	517	6,562
Non-interest income	1,325	1,121	500	521	3,467
Operating income	4,298	4,098	595	1,039	10,030
Operating expenses	(2,097)	(1,031)	(278)	(1,066)	(4,472)
Allowance for credit and other losses	(192)	(285)	(4)	46	(435)
Share of profit of associates and joint ventures	–	5	–	46	51
Profit before tax	2,009	2,787	313	65	5,174
Tax					(813)
Profit for the financial year					4,362
2018					
Net interest income	2,721	2,832	126	541	6,220
Non-interest income	1,231	1,052	340	273	2,896
Operating income	3,952	3,884	466	814	9,116
Operating expenses	(1,919)	(900)	(244)	(940)	(4,003)
Allowance for credit and other losses	(192)	(178)	(2)	(21)	(393)
Share of profit of associates and joint ventures	–	14	–	92	106
Profit before tax	1,841	2,820	220	(55)	4,826
Tax					(805)
Profit for the financial year					4,021

1 Comparative segment information for prior year has been adjusted for changes in organisational structure and management reporting methodology.

Business segment performance reporting is prepared based on the Group's internal organisation structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others includes non-banking activities and corporate functions.

Group Retail (GR)

Compared to a year ago, profit before tax grew 9% to $2.01 billion. Total income increased 9% to $4.30 billion driven by net interest income from healthy volume growth and deposit margin improvement, coupled with strong contribution from wealth management. Expenses were higher by 9% at $2.10 billion from continued investments in staff and digital capabilities for franchise growth, while allowance for credit and other losses was stable.

Management Discussion and Analysis

Group Wholesale Banking (GWB)

Operating profit grew 3% to $3.07 billion compared to a year ago. Income grew 6% to $4.10 billion supported by higher net interest income from franchise volume growth and non-interest income grew 7% led by treasury, loan-related fees and investment banking. Expenses were higher at $1.03 billion mainly from investments in headcount and technology to support strategic business initiatives. Profit before tax was relatively flat at $2.79 billion as allowance for credit and other losses increased.

Global Markets (GM)

Profit before tax rose 43% to $313 million from a year ago. Total income registered strong growth of 28% to $595 million mainly from higher trading and investment income. Expenses increased 14% to $278 million from investments in technology and staff.

Others

Profit before tax increased to $65 million from a loss of $55 million a year ago, supported by higher income from dividend, investment securities, central treasury activities and write-back of allowances. This was partially offset by higher operating expenses and reduced shareholding in an associated company.

Performance by Geographical Segment [1]

	Singapore $ million	Malaysia $ million	Thailand $ million	Indonesia $ million	Greater China $ million	Others $ million	Total $ million
2019							
Net interest income	3,752	738	762	327	455	528	6,562
Non-interest income	2,004	346	295	158	482	182	3,467
Operating income	5,756	1,084	1,057	485	937	711	10,030
Operating expenses	(2,480)	(435)	(651)	(348)	(401)	(157)	(4,472)
Allowance for credit and other losses	(167)	(80)	(135)	(53)	(9)	9	(435)
Share of profit of associates and joint ventures	52	0	–	–	(0)	(1)	51
Profit before tax	3,161	569	271	84	527	562	5,174
Total assets before intangible assets	235,477	41,352	25,462	9,840	54,907	33,223	400,261
Intangible assets	3,182	–	729	237	–	–	4,148
Total assets	238,659	41,352	26,191	10,077	54,907	33,223	404,409
2018							
Net interest income	3,552	738	708	318	421	483	6,220
Non-interest income	1,570	330	256	125	443	172	2,896
Operating income	5,122	1,068	964	443	864	655	9,116
Operating expenses	(2,189)	(407)	(571)	(312)	(381)	(143)	(4,003)
Allowance for credit and other losses	(83)	(61)	(111)	(55)	(68)	(15)	(393)
Share of profit of associates and joint ventures	66	0	–	–	29	11	106
Profit before tax	2,916	600	282	76	444	508	4,826
Total assets before intangible assets	228,478	40,620	21,946	9,256	55,021	28,633	383,954
Intangible assets	3,182	–	725	231	–	–	4,138
Total assets	231,660	40,620	22,671	9,487	55,021	28,633	388,092

1 Geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. The information is stated after elimination of inter-segment transactions.

Singapore

Profit before tax grew 8% to $3.16 billion against the previous year on the back of strong income growth. Net interest income rose 6% to $3.75 billion from loan growth. Non-interest income increased 28% to $2.00 billion from higher treasury and investment income. This was partly offset by higher expenses from continued investments in people and technology for franchise growth.

Malaysia

Compared to a year ago, profit before tax declined 5% to $569 million due to unfavourable foreign exchange translation, coupled with higher expenses and allowance for credit losses. Total income was relatively flat as net interest income from asset growth was offset by decline in net interest margin following reduction in policy rate. Non-interest income grew 5% to $346 million supported by higher profit on trading and government securities.

Thailand

Profit before tax for 2019 was 4% lower at $271 million. Performance was supported by strong improvement in franchise income of 10% to $1.06 billion, driven by double-digit loan growth, broad-based increase in fee and treasury income. Expenses increased 14% to $651 million, largely from staff expenses and investments in digital bank. Allowance for credit and other losses was $23 million higher at $135 million.

Indonesia

Profit before tax rose 10% to $84 million in 2019. Income grew 9% to $485 million led by loan growth, treasury income as well as increased fee from wealth and credit card. This was partly offset by higher staff, technology and revenue-related expenses, while credit costs were broadly stable.

Greater China

Profit before tax registered strong growth of 19% to $527 million, driven by broad-based increase in income and lower credit costs. This was partly offset by higher staff expenses and reduced interest in an associated company.

Others

Profit before tax for 2019 grew by 11% to $562 million, largely contributed by higher income coupled with write-back of allowances. This was partly offset by higher expenses and lower contribution from associated companies.

Capital Adequacy and Leverage Ratios

	2019 $ million	2018 $ million
Common Equity Tier 1 capital (CET1)	**32,366**	30,750
Additional Tier 1 capital	**2,379**	2,129
Tier 1 capital	**34,745**	32,879
Tier 2 capital	**4,607**	4,663
Eligible total capital	**39,352**	37,542
Risk-Weighted Assets (RWA)	**226,318**	220,568
Capital Adequacy Ratios (CAR)		
CET1	**14.3%**	13.9%
Tier 1	**15.4%**	14.9%
Total	**17.4%**	17.0%
Leverage ratio	**7.7%**	7.6%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2019 were well above the regulatory minimum requirements.

Year on year, total capital was higher mainly from retained earnings and issuance net of redemption of perpetual capital securities. RWA was higher largely due to asset growth.

As at 31 December 2019, the Group's leverage ratio was 7.7%, comfortably above the regulatory minimum requirement of 3%.

Directors' Statement

for the financial year ended 31 December 2019

The directors are pleased to present their statement to the members together with the audited financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group) for the financial year ended 31 December 2019.

In the opinion of the directors,

(a) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2019, the results of the business and changes in equity of the Bank and the Group and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

Directors

The directors of the Bank in office are:

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
James Koh Cher Siang
Ong Yew Huat
Lim Hwee Hua
Alexander Charles Hungate
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim *(appointed on 1 July 2019)*

Arrangements to Enable Directors to Acquire Shares or Debentures

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

Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had interests in shares and debentures of the Bank or its related corporations as stated below:

	Direct interest		Deemed interest	
	At 31.12.2019	At 1.1.2019 or date of appointment	**At 31.12.2019**	At 1.1.2019 or date of appointment
The Bank				
Ordinary shares				
Wee Ee Cheong	**3,081,455**	3,056,455	**173,701,487**	173,701,487
James Koh Cher Siang	**3,900**	3,900	**–**	–
Alvin Yeo Khirn Hai	**–**	–	**6,119**	6,119
Alexander Charles Hungate	**9,000**	3,000	**–**	–
Wee Ee Lim	**1,831,903**	1,831,903	**173,280,943**	173,280,943
3.58% perpetual capital securities				
Wong Kan Seng	**$1,000,000**	–	**–**	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2020.

Audit Committee

The Audit Committee comprises three members, all of whom are non-executive and independent directors. The members of the Audit Committee are:

Ong Yew Huat *(Chairman, with effect from 15 July 2019)*
James Koh Cher Siang
Alvin Yeo Khirn Hai

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

Auditor

The Audit Committee has nominated Ernst & Young LLP for reappointment as auditor of the Bank and Ernst & Young LLP has expressed its willingness to be reappointed.

On behalf of the Board of Directors,

Wong Kan Seng	**Wee Ee Cheong**
Chairman	Deputy Chairman and Chief Executive Officer

Singapore
20 February 2020

Independent Auditor's Report

for the financial year ended 31 December 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 195 to 280, which comprise the balance sheets of the Bank and the Group as at 31 December 2019, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s), so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Areas of focus	How our audit addressed the risk factors
Expected credit loss on non-impaired credit exposures *Refer to Notes 2d(vi), 2s(i), 11, 20(b), 26(b), 27(d) and 29(b) to the consolidated financial statements.* The Group's expected credit loss (ECL) calculation involves significant judgements and estimates. Areas we have identified with greater levels of management judgement are: • the selection of economic scenarios and corresponding probability weightages applied; • the significant increase in credit risk (SICR) determination criteria; • the model assumptions; and • the adjustments to the model-driven ECL results to address model limitations or emerging trends.	We assessed the design and tested the operating effectiveness of the key manual or automated controls over the Group's ECL computation processes with a focus on: • the validation of models; • the selection and implementation of economic scenarios and probabilities; • the staging of credit exposures based on the Group's SICR criteria; and • the governance over post model adjustments. We involved our internal specialists to assist us in performing the following procedures for a sample of portfolios: • independently reviewed the model validation results; • assessed the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing sensitivity analyses, benchmarking or back-testing and checking the accuracy of the PD, LGD and EAD used in the computations to derive the ECL amount for a sample of exposures; and • reviewed the Bank's assessment of SICR. We also reviewed the Group's approach for determining the base and stress economic scenario to assess the reasonableness of the economic scenarios and corresponding probabilities applied by the Group, and we inspected the Group's SFRS(I) 9 Work Group's decisions in assessing the appropriateness of management's rationale for the post-model adjustments and performed a recalculation, where applicable. The results of our assessment of the Group's ECL on non-impaired credit exposures were within a reasonable range of expectations.
Stage 3 expected credit loss for credit impaired loans to customers *Refer to Notes 2d(vi), 2s(i), 11 and 27(d) to the consolidated financial statements.* Stage 3 expected credit loss (ECL) for loans to customers is considered to be a matter of significance as it requires the application of judgement and use of subjective assumptions by management. For Group Wholesale Banking's loan portfolio, management is required to monitor borrowers' repayment abilities individually based on their knowledge for any allowance for impairment.	We assessed the design and operating effectiveness of the key controls over the Stage 3 ECL estimation process by performing the following: • obtained an understanding of the Group's Credit Policy and evaluated the processes for identifying impairment indicators and consequently, the grading of loans; • reviewed the Group Credit Committee meeting minutes; • considered the magnitude of the credit exposures, macroeconomic factors and industry trends in our audit sampling, and focused our audit coverage over customers that are assessed to be of higher risk; and • assessed, for a sample of impaired loans: • management's forecast and inputs of recoverable cash flows, valuation of collaterals, estimates of recoverable amounts on default and other sources of repayment, and where possible, compared these key assumptions to external evidence such as valuation reports. • whether impairment events had occurred and whether impairments had been identified in a timely manner. Overall, the results of our evaluation of the Group's Stage 3 ECL for loans to customers were within a reasonable range of expectations.

Areas of focus	How our audit addressed the risk factors
Valuation of illiquid or complex financial instruments *Refer to Notes 2d(ii), 2s(ii) and 18(b) to the consolidated financial statements.* As at 31 December 2019, 7% ($6 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, unquoted debt securities, long dated equity derivatives, and callable interest rate swaps. The valuation of Level 3 financial instruments was a key area of focus of our audit due to the degree of complexity involved in valuing certain instruments and the significance of the judgements and estimates made by management. The determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data.	We assessed the design and tested the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. This included the controls over model validation, pricing inputs and price verification. The results of our tests allowed us to rely on these controls for our audit. With the assistance of our internal specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments with significant unobservable inputs. The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.
Impairment of goodwill *Refer to Notes 2h, 2s(iii) and 36 to the consolidated financial statements.* As at 31 December 2019, the Group's balance sheet included goodwill of $4 billion arising from the Group's acquisition of Overseas Union Bank (OUB), United Overseas Bank (Thai) Public Company Limited (UOBT) and PT Bank UOB Indonesia (UOBI) in prior years. The goodwill is allocated to the respective cash-generating units (CGUs) defined by the Group's operating segments. We focused on this area because the impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.	Our audit procedures focused on the following key assumptions used in the goodwill impairment tests: • cash flow projections; • growth rates; and • discount rates. We assessed the reasonableness of the cash flow projections by reviewing historical achievement of the projections and the basis supporting the growth projections and considered the reasons for significant deviations. We assessed the methodologies and assumptions used to compute the VIU of each CGU with the support of our internal specialists. Key market-related assumptions such as the long-term growth rates and discount rates were benchmarked against external industry and economic data. We also performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGUs with a risk of impairment. Based on our audit procedures, the results of the goodwill impairment tests performed by management were within a reasonable range of expectations.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (Other Sections), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Christine Lee.

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

20 February 2020

Income Statements
for the financial year ended 31 December 2019

		The Group		The Bank	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Interest income	3	12,556,828	11,140,963	8,828,720	7,622,840
Less: Interest expense	4	5,994,467	4,920,998	4,293,147	3,379,746
Net interest income		6,562,361	6,219,965	4,535,573	4,243,094
Net fee and commission income	5	2,032,142	1,966,692	1,391,539	1,361,748
Dividend income		50,592	27,327	289,461	252,309
Rental income		110,135	118,918	95,315	100,174
Net trading income	6	874,493	682,758	621,682	501,888
Net gain/(loss) from investment securities	7	241,566	(35,488)	143,188	(46,932)
Other income	8	158,475	136,152	192,918	159,240
Non-interest income		3,467,403	2,896,359	2,734,103	2,328,427
Total operating income		10,029,764	9,116,324	7,269,676	6,571,521
Less: Staff costs	9	2,715,505	2,447,043	1,643,817	1,462,204
Other operating expenses	10	1,756,693	1,556,272	1,135,178	1,018,418
Total operating expenses		4,472,198	4,003,315	2,778,995	2,480,622
Operating profit before allowance		5,557,566	5,113,009	4,490,681	4,090,899
Less: Allowance for credit and other losses	11	434,745	392,671	173,789	159,564
Operating profit after allowance		5,122,821	4,720,338	4,316,892	3,931,335
Share of profit of associates and joint ventures		51,402	105,881	–	–
Profit before tax		5,174,223	4,826,219	4,316,892	3,931,335
Less: Tax	12	812,538	805,325	587,122	568,427
Profit for the financial year		4,361,685	4,020,894	3,729,770	3,362,908
Attributable to:					
Equity holders of the Bank		4,343,346	4,008,001	3,729,770	3,362,908
Non-controlling interests		18,339	12,893	–	–
		4,361,685	4,020,894	3,729,770	3,362,908
Earnings per share ($)	13				
Basic		2.55	2.34		
Diluted		2.54	2.33		

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 2019

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Profit for the financial year	**4,361,685**	4,020,894	**3,729,770**	3,362,908
Other comprehensive income that will not be reclassified to income statement				
Net losses on equity instruments at fair value through other comprehensive income	**(845,199)**	(308,380)	**(870,370)**	(298,823)
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(61,946)**	13,223	**(61,946)**	13,222
Remeasurement of defined benefit obligation	**349**	7,957	**29**	(74)
Related tax on items at fair value through other comprehensive income	**(13,696)**	9,156	**(11,145)**	6,840
	(920,492)	(278,044)	**(943,432)**	(278,835)
Other comprehensive income that may be subsequently reclassified to income statement				
Currency translation adjustments	**145,043**	(69,238)	**(10,283)**	(10,609)
Debt instruments at fair value through other comprehensive income				
Change in fair value	**445,709**	(192,383)	**338,129**	(178,177)
Transfer to income statement on disposal	**(116,828)**	39,991	**(104,019)**	41,762
Changes in allowance for expected credit losses	**(51,765)**	4,391	**(54,925)**	9,068
Related tax	**38,440**	2,996	**60,769**	2,208
	460,599	(214,243)	**229,671**	(135,748)
Change in share of other comprehensive income of associates and joint ventures	**8,703**	(7,590)	**–**	–
Other comprehensive income for the financial year, net of tax	**(451,190)**	(499,877)	**(713,761)**	(414,583)
Total comprehensive income for the financial year, net of tax	**3,910,495**	3,521,017	**3,016,009**	2,948,325
Attributable to:				
Equity holders of the Bank	**3,885,230**	3,511,104	**3,016,009**	2,948,325
Non-controlling interests	**25,265**	9,913	**–**	–
	3,910,495	3,521,017	**3,016,009**	2,948,325

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

Balance Sheets
as at 31 December 2019

		The Group		The Bank	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
Equity					
Share capital and other capital	14	7,325,262	7,014,072	7,325,262	7,014,072
Retained earnings	15	23,404,523	21,716,025	17,197,325	16,117,580
Other reserves	16	8,906,725	8,892,999	9,350,793	9,597,535
Equity attributable to equity holders of the Bank		39,636,510	37,623,096	33,873,380	32,729,187
Non-controlling interests	32c	227,415	189,696	–	–
Total equity		39,863,925	37,812,792	33,873,380	32,729,187
Liabilities					
Deposits and balances of:					
Banks		15,301,333	13,800,639	13,404,212	12,070,866
Customers	19	310,726,074	293,185,822	241,462,427	227,258,692
Subsidiaries		–	–	13,418,713	13,562,166
Bills and drafts payable		645,520	637,675	464,526	359,074
Derivative financial liabilities	38	6,695,435	5,839,999	5,695,187	4,487,314
Other liabilities	20	5,178,800	5,416,881	3,666,549	3,104,691
Tax payable		488,927	514,023	409,788	435,122
Deferred tax liabilities	21	299,185	278,913	201,679	206,342
Debts issued	22	25,209,381	30,605,611	23,557,413	28,905,041
Total liabilities		364,544,655	350,279,563	302,280,494	290,389,308
Total equity and liabilities		404,408,580	388,092,355	336,153,874	323,118,495
Assets					
Cash, balances and placements with central banks	23	25,864,406	25,252,497	22,319,392	20,782,510
Singapore Government treasury bills and securities		6,198,736	5,614,577	6,198,736	5,609,110
Other government treasury bills and securities	24	15,165,628	13,200,867	5,120,085	5,668,411
Trading securities	25	2,788,997	1,928,520	2,506,040	1,794,810
Placements and balances with banks	26	52,839,952	50,799,513	42,456,080	39,812,157
Loans to customers	27	265,457,911	258,627,271	205,228,870	201,788,882
Placements with and advances to subsidiaries		–	–	17,971,517	16,362,702
Derivative financial assets	38	6,407,875	5,730,057	5,393,618	4,343,866
Investment securities	29	15,453,691	13,553,103	12,722,508	11,668,369
Other assets	30	4,906,136	4,516,306	3,528,370	2,870,042
Deferred tax assets	21	299,542	283,688	95,764	87,392
Investment in associates and joint ventures	31	1,182,491	1,169,608	349,988	363,105
Investment in subsidiaries	32	–	–	6,004,823	6,014,213
Investment properties	34	935,698	1,012,332	969,984	1,078,735
Fixed assets	35	2,759,717	2,265,624	2,106,280	1,692,372
Intangible assets	36	4,147,800	4,138,392	3,181,819	3,181,819
Total assets		404,408,580	388,092,355	336,153,874	323,118,495

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 2019

	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
2019						
Balance at 1 January	7,014,072	21,716,025	8,892,999	37,623,096	189,696	37,812,792
Profit for the financial year	–	4,343,346	–	4,343,346	18,339	4,361,685
Other comprehensive income for the financial year	–	(382,308)	(75,808)	(458,116)	6,926	(451,190)
Total comprehensive income for the financial year	–	3,961,038	(75,808)	3,885,230	25,265	3,910,495
Transfers	–	(99,819)	99,819	–	–	–
Change in non-controlling interests	–	–	–	–	19,475	19,475
Dividends	–	(2,172,835)	–	(2,172,835)	(7,021)	(2,179,856)
Share-based compensation	–	–	52,399	52,399	–	52,399
Reclassification of share-based compensation reserves on expiry	–	114	(114)	–	–	–
Shares issued under share-based compensation plans	61,122	–	(61,122)	–	–	–
Perpetual capital securities issued	748,620	–	–	748,620	–	748,620
Redemption of perpetual capital securities	(498,552)	–	(1,448)	(500,000)	–	(500,000)
Balance at 31 December	7,325,262	23,404,523	8,906,725	39,636,510	227,415	39,863,925
2018						
Balance at 1 January	7,765,643	19,766,145	9,377,726	36,909,514	185,977	37,095,491
Profit for the financial year	–	4,008,001	–	4,008,001	12,893	4,020,894
Other comprehensive income for the financial year	–	7,962	(504,859)	(496,897)	(2,980)	(499,877)
Total comprehensive income for the financial year	–	4,015,963	(504,859)	3,511,104	9,913	3,521,017
Transfers	–	(23,956)	23,956	–	–	–
Change in non-controlling interests	–	779	–	779	2,487	3,266
Dividends	–	(2,043,033)	–	(2,043,033)	(8,681)	(2,051,714)
Shares re-purchased – held in treasury	(212,438)	–	–	(212,438)	–	(212,438)
Shares issued under scrip dividend scheme	267,153	–	–	267,153	–	267,153
Share-based compensation	–	–	40,017	40,017	–	40,017
Reclassification of share-based compensation reserves on expiry	–	127	(127)	–	–	–
Shares issued under share-based compensation plans	41,155	–	(41,155)	–	–	–
Redemption of perpetual capital securities	(847,441)	–	(2,559)	(850,000)	–	(850,000)
Balance at 31 December	7,014,072	21,716,025	8,892,999	37,623,096	189,696	37,812,792
Note	14	15	16			

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

	The Bank			
	Share capital and other capital $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
2019				
Balance at 1 January	7,014,072	16,117,580	9,597,535	32,729,187
Profit for the financial year	–	3,729,770	–	3,729,770
Other comprehensive income for the financial year	–	(382,763)	(330,998)	(713,761)
Total comprehensive income for the financial year	–	3,347,007	(330,998)	3,016,009
Transfers	–	(94,541)	94,541	–
Dividends	–	(2,172,835)	–	(2,172,835)
Share-based compensation	–	–	52,399	52,399
Reclassification of share-based compensation reserves on expiry	–	114	(114)	–
Shares issued under share-based compensation plans	61,122	–	(61,122)	–
Perpetual capital securities issued	748,620	–	–	748,620
Redemption of perpetual capital securities	(498,552)	–	(1,448)	(500,000)
Balance at 31 December	7,325,262	17,197,325	9,350,793	33,873,380
2018				
Balance at 1 January	7,765,643	14,796,965	10,016,555	32,579,163
Profit for the financial year	–	3,362,908	–	3,362,908
Other comprehensive income for the financial year	–	278	(414,861)	(414,583)
Total comprehensive income for the financial year	–	3,363,186	(414,861)	2,948,325
Transfers	–	335	(335)	–
Dividends	–	(2,043,033)	–	(2,043,033)
Shares re-purchased – held in treasury	(212,438)	–	–	(212,438)
Shares issued under scrip dividend scheme	267,153	–	–	267,153
Share-based compensation	–	–	40,017	40,017
Reclassification of share-based compensation reserves on expiry	–	127	(127)	–
Shares issued under share-based compensation plans	41,155	–	(41,155)	–
Redemption of perpetual capital securities	(847,441)	–	(2,559)	(850,000)
Balance at 31 December	7,014,072	16,117,580	9,597,535	32,729,187
Note	14	15	16	

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 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit for the financial year	4,361,685	4,020,894
Adjustments for:		
Allowance for credit and other losses	434,745	392,671
Share of profit of associates and joint ventures	(51,402)	(105,881)
Tax	812,538	805,325
Depreciation of assets	398,656	272,852
Net (gain)/loss on disposal of assets	(304,416)	13,759
Share-based compensation	52,472	39,875
Operating profit before working capital changes	5,704,278	5,439,495
Change in working capital		
Deposits and balances of banks	1,559,733	2,457,200
Deposits and balances of customers	16,324,436	21,168,219
Bills and drafts payable	871	(68,088)
Other liabilities	672,718	337,445
Restricted balances with central banks	(53,226)	(18,501)
Government treasury bills and securities	(2,200,717)	(2,930,225)
Trading securities	(827,565)	(168,363)
Placements and balances with banks	(2,085,288)	1,280,078
Loans to customers	(6,411,848)	(27,031,970)
Investment securities	(2,458,532)	(2,851,919)
Other assets	(1,088,858)	(511,616)
Cash generated from/(used in) operations	9,136,002	(2,898,245)
Income tax paid	(803,331)	(808,887)
Net cash provided by/(used in) operating activities	8,332,671	(3,707,132)
Cash flows from investing activities		
Capital injection into associates and joint ventures	(29,982)	(46,976)
Disposal of associates and joint ventures	–	110,473
Distribution from associates and joint ventures	65,630	51,348
Purchase of properties and other fixed assets	(572,965)	(516,466)
Disposal of properties and other fixed assets	36,016	35,399
Change in non-controlling interests	1,193	4,218
Net cash used in investing activities	(500,108)	(362,004)
Cash flows from financing activities		
Perpetual capital securities issued	748,620	–
Redemption of perpetual capital securities	(500,000)	(850,000)
Issuance of debts issued (Note 22)	35,933,092	40,410,836
Redemption of debts issued (Note 22)	(41,538,228)	(34,904,484)
Shares re-purchased – held in treasury	–	(212,438)
Change in non-controlling interests	18,281	(1,731)
Dividends paid on ordinary shares	(2,084,794)	(1,646,509)
Distribution for perpetual capital securities	(88,041)	(129,371)
Dividends paid to non-controlling interests	(7,021)	(8,681)
Lease payments	(81,116)	–
Net cash (used in)/provided by financing activities	(7,599,207)	2,657,622
Currency translation adjustments	337,453	31,324
Net increase/(decrease) in cash and cash equivalents	570,809	(1,380,190)
Cash and cash equivalents at beginning of the financial year	19,617,113	20,997,303
Cash and cash equivalents at end of the financial year (Note 23)	20,187,922	19,617,113

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 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate Information

United Overseas Bank Limited (the Bank) is a limited liability company incorporated and domiciled in Singapore and listed on the Singapore Exchange. The registered office of the Bank is at 80 Raffles Place, UOB Plaza, Singapore 048624.

The Bank is principally engaged in the business of banking in all its aspects. The principal activities of its major subsidiaries are set out in Note 32 to the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Bank and its subsidiaries (collectively, the Group) have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) as required by the Singapore Companies Act, and International Financial Reporting Standards (IFRS).

Except as otherwise stated, the financial statements have been prepared under the historical cost convention and are presented to the nearest thousand in Singapore Dollars.

(b) Changes in Accounting Policies

(i) Changes during the Financial Year

The Group adopted the following financial reporting standards and interpretations during the financial year:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement

The Group adopted SFRS(I) 16 on the modified retrospective basis. SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) for all leases unless they are short term or of low value. Lessor accounting remains substantially unchanged and a lessor continues to account for its leases as operating leases or finance leases accordingly. Adoption of the Standard did not have a significant impact on the Group's financial statements.

The adoption of the other changes above did not have a significant impact on the Group's financial statements on transition date.

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

(ii) Changes Subsequent to the Financial Year

The following SFRS(I)s that are in issue will apply to the Group for the financial years as indicated:

Effective for the financial year beginning on or after 1 January 2020:

- Conceptual Framework for Financial Reporting
- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform

Effective for a financial year beginning on or after a date to be determined:

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

2. Summary of Significant Accounting Policies (continued)

(c) Interests in Other Entities

(i) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Acquisition of subsidiaries is accounted for using the acquisition method. Consideration for the acquisition includes fair value of the assets transferred, liabilities incurred, equity interests issued and contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, measured at their fair values at the acquisition date. Non-controlling interests are measured at fair value or the proportionate share of the acquiree's net identifiable assets at the acquisition date, determined on a case by case basis. Acquisition-related costs are expensed off when incurred. Goodwill is determined and accounted for in accordance with Note 2h.

Subsidiaries are consolidated from the date the Group obtains control until the date such control ceases. Intra-group balances and income and expenses are eliminated on consolidation. Adjustments are made to align the accounting policies of the subsidiaries to those of the Group. The portion of profit or loss and net assets of subsidiaries that belong to the non-controlling interests is disclosed separately in the consolidated financial statements. Gain or loss arising from changes of the Bank's interest in subsidiaries is recognised in the income statement if they result in loss of control in the subsidiaries, otherwise, in equity.

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

(ii) Associates and Joint Ventures

Associates are entities in which the Group has significant influence but not control or joint control. This generally coincides with the Group having 20% or more of the voting power of the investees. Joint ventures are entities in which the Group and its joint venturers have joint control and rights to the net assets of the investees.

The Group's investment in associates and joint ventures is accounted for using the equity method from the date the Group obtains significant influence or joint control over the entities until the date such significant influence or joint control ceases. Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless they relate to impairment of the assets transferred. Adjustments are made to align the accounting policies of the associates and joint ventures to those of the Group.

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

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

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

(iii) Joint Operations

Joint operations are arrangements over which the Group and its joint operators have joint control and rights to the assets, and obligations for the liabilities, relating to the arrangements.

The Bank and the Group account for joint operations by taking their share of the relevant assets, liabilities, income and expenses accordingly.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

(i) *Classification*

Financial assets and financial liabilities are classified as follows:

Held for Trading

Financial instruments within a held for trading (HFT) business model are classified and measured at fair value through profit or loss (FVPL). Derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Non-Trading Debt Assets

Non-trading debt assets with contractual cash flows that represent solely payments of principal and interest are classified and measured as follows:

- at amortised cost (AC) if they are held within a business model whose objective is to collect contractual cash flows from the assets;
- at fair value through other comprehensive income (FVOCI) if the objective of the business model is both for collection of contractual cash flows and for sale; or
- at fair value through profit or loss (FVPL – designated) if so designated to eliminate or reduce accounting inconsistency.

All other non-trading debt assets are mandatorily classified and measured at fair value through profit or loss (FVPL – mandatory).

Non-Trading Equity Instruments

Non-trading equity instruments are classified and measured at FVPL unless elected at inception to be classified and measured at FVOCI.

Non-Trading Financial Liabilities

Non-trading financial liabilities are classified and measured at AC. They may be classified as FVPL – designated at initial recognition if they meet the following criteria:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities on a different basis;
- the assets and liabilities are managed on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative that would otherwise require bifurcation.

For financial liabilities with embedded derivatives, if the economic characteristics and risks of the embedded derivative is not closely related to the host, the embedded derivative is bifurcated and accounted for separately unless the entire instrument is measured at fair value through profit or loss. If the embedded derivative is closely related to the host, the financial liability is accounted for in its entirety based on the host's classification.

(ii) *Measurement*

Initial Measurement

Financial instruments are recognised initially at their fair value which is generally the transaction price, reduced by loss allowance for financial assets at amortised cost. Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at fair value through profit or loss.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(ii) Measurement (continued)

Subsequent Measurement
Held for trading financial instruments and those FVPL – designated and FVPL – mandatory are remeasured at fair value with fair value changes recognised in the income statement; as an exception fair value changes attributable to own credit risk of financial liabilities that are FVPL – designated are taken into other comprehensive income unless this would create accounting mismatch, in which case such fair value changes are taken to income statement. Any such gains or losses recognised in other comprehensive income are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

Financial instruments classified as FVOCI are remeasured at fair value with fair value changes taken to the fair value reserve. For debt assets, the fair value change in the fair value reserve is taken to the income statement upon disposal or impairment of the assets. For equity instruments elected to be classified as FVOCI, only dividend income is recognised in income statement. Gains or losses recognised in the fair value reserve are not reclassified to the income statement upon derecognition, but are transferred to retained earnings.

All other financial instruments are measured at AC using the effective interest method less allowance for impairment. Any gain or loss on derecognition is recognised in the income statement.

Interest and dividend income on all non-derivative financial instruments at FVPL are recognised separately from fair value changes. The effective interest rate applied to performing financial assets is on their gross carrying amount. For non-performing financial assets the effective interest rate is applied to the net carrying amount.

Fair Value Determination
Fair values of financial assets and financial liabilities with active markets are determined based on the market bid and ask prices respectively at the balance sheet date. For financial instruments with no active markets, fair values are established using valuation techniques such as making reference to recent transactions or other comparable financial instruments, discounted cash flow method and option pricing models. Valuation inputs include spot and forward prices, volatilities, correlations and credit spreads.

(iii) Recognition and Derecognition
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised on the settlement date.

Financial instruments are derecognised when the contractual rights to cash flows and risks and rewards associated with the instruments are substantially transferred, cancelled or expired.

(iv) Offsetting
Financial assets and financial liabilities are offset and presented net in the balance sheet if there is a current, unconditional and legally enforceable right and intention to settle them simultaneously or on a net basis.

(v) Modification
A financial instrument may be exchanged for another, or the terms of its contractual cash flows may be modified. Where the terms are substantially different, the existing instrument is derecognised and the new one recognised. In all other cases, the existing instrument continues to be recognised and its carrying amount is adjusted to reflect the present value of the cash flows of the modified instrument, discounted at the original effective interest rate.

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

(vi) Impairment

Loans, debt assets, undrawn loan commitments and financial guarantees that are not measured at FVPL are subject to credit loss provisioning which is made on an expected loss basis, point-in-time, forward-looking and probability-weighted. Where there is no significant increase in credit risk since initial recognition, expected credit loss (ECL) representing possible default for the next 12 months is required (Stage 1). Lifetime ECL is required for non-credit-impaired financial assets with significant increase in credit risk since initial recognition (Stage 2) and credit-impaired financial assets (Stage 3).

The Group considers a range of qualitative and quantitative parameters to assess whether a significant increase in credit risk since initial recognition has occurred. Parameters such as changes in credit risk ratings, delinquency, special mention, behavioural score cards and non-investment grade status are considered where available and relevant. Exposures are considered credit-impaired if they are past due for 90 days or more or exhibit weaknesses which are likely to jeopardise repayments on existing terms. The definition of default is consistent with that used for risk management purposes.

Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures are transferred back to Stage 1 when they no longer meet the criteria for a significant increase in credit risk. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 1 or Stage 2 if supported by repayment capability, cash flows and financial position of the borrower and it is unlikely that the exposure will be classified again as credit-impaired in the future.

Although the Group leverages its Basel credit risk models and systems, modifications are required to ensure that outcomes are in line with SFRS(I) 9 ECL requirements. Such modifications include transforming regulatory probabilities of default (PD), loss given default (LGD) and exposure at default (EAD), considering forward-looking information, discount rate and discounting period. Macro-economic variables considered include interest rates, property price indices, unemployment rates, consumer price indices, gross domestic products and equity price indices.

ECL is computed by discounting the product of PD, LGD and EAD to the reporting date at the original effective interest rate or an approximation thereof. The ECL is adjusted with a management overlay where considered appropriate.

Financial assets in Stage 1 and Stage 2 are assessed for impairment collectively while exposures in Stage 3 are individually assessed. Those collectively assessed are grouped based on similar credit risks and assessed on a portfolio basis. ECL is recognised in the income statement.

Financial assets are written off when the prospect of recovery is considered poor or when all avenues of recovery have been exhausted.

Minimum Regulatory Loss Allowance

Monetary Authority of Singapore (MAS) Notice 612 Credit Files, Grading and Provisioning requires Singapore-incorporated Domestic Systemically Important Banks to maintain a Minimum Regulatory Loss Allowance (MRLA) equivalent to 1% of the gross carrying amount of the selected credit exposures net of collaterals. Where the loss allowance provided for under SFRS(I) 9 for the selected credit exposures falls below the MRLA, an additional loss allowance is required to be maintained in a non-distributable Regulatory Loss Allowance Reserve (RLAR) through an appropriation of retained earnings.

(e) Financial Derivatives

Financial derivatives are recognised and measured at fair value initially and subsequently. Derivatives with positive and negative fair values are presented under assets and liabilities in the balance sheet respectively. Fair value changes of derivatives are recognised in the income statement unless they are designated as hedging instruments and accounted for in accordance with Note 2f.

Financial derivatives embedded in non-financial host contracts are bifurcated and accounted for separately if their economic characteristics and risks are not closely related to those of the host contracts and the combined contracts are not carried at FVPL.

2. Summary of Significant Accounting Policies (continued)

(f) Hedge Accounting
The Group applies the requirements of SFRS(I) 9 for hedge accounting.

(i) Fair Value Hedge
A fair value hedge is a hedge of changes in the fair value of an asset, liability or a firm commitment.

For a fair value hedge of an equity instrument designated at fair value through other comprehensive income, fair value changes of the hedging instrument are recognised in other comprehensive income and presented in retained earnings when the hedge is terminated.

For other fair value hedges, fair value changes of the hedging instrument are recognised in the income statement. Fair value changes of the hedged item attributable to the hedged risk are taken to the income statement with a corresponding adjustment made to the carrying amount of the hedged item. The adjustment is amortised over the expected life of the hedged item when the hedge is terminated and taken to income statement upon disposal of the hedged item.

(ii) Cash Flow Hedge
A cash flow hedge is a hedge of the variability in the cash flows of an asset, liability or highly probable forecast transaction.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the hedge reserve under equity while those relating to the ineffective portion are recognised in the income statement. If the hedge transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedge reserve is transferred and included in the initial carrying amount of the hedged item.

For other cash flow hedges, the amount in the hedge reserve is transferred to the income statement at the same time the cash flow of the hedged item is recognised in the income statement or immediately when the forecasted hedged item is no longer expected to occur.

(iii) Hedge of Net Investment in a Foreign Operation
A hedge of a net investment in a foreign operation is a hedge of foreign exchange rate fluctuation on the net assets of a foreign operation.

Fair value changes of the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and taken to the foreign currency translation reserve under equity while those relating to the ineffective portion are recognised in the income statement. The amount taken to the reserve is transferred to the income statement upon disposal of the foreign operation.

(g) Investment Properties and Fixed Assets
Investment properties and fixed assets are stated at cost less accumulated depreciation and impairment allowance.

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

Freehold land and leasehold land with remaining leases of 100 years or more are not depreciated. Other leasehold land is depreciated on a straight-line basis over the lease period. Buildings are depreciated on a straight-line basis over 50 years or the lease period, whichever is shorter. Other fixed assets are depreciated on a straight-line basis over their expected useful lives of three to ten years. The expected useful life, depreciation method and residual value of investment properties and fixed assets are reviewed annually.

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

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

2. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Goodwill

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

Goodwill is reviewed for impairment annually or more frequently if the circumstances indicate that its carrying amount may be impaired. At the date of acquisition, goodwill is allocated to the cash-generating units (CGU) expected to benefit from the synergies of the business combination. The Group's CGU correspond with the operating segments reported in Note 43a. Where the recoverable amount, being the higher of fair value less cost to sell and value in use, of a CGU is below its carrying amount, the impairment allowance is recognised in the income statement and subsequent reversal is not allowed.

(i) Foreign Currencies

(i) Foreign Currency Transactions

On initial recognition, transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rate at the transaction date. Subsequent to initial recognition, monetary assets and monetary liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

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

(ii) Foreign Operations

Income and expenses of foreign operations are translated into Singapore Dollars at the exchange rate prevailing at each respective month-end which approximates the exchange rate at the transaction date. Foreign operations' assets and liabilities are translated at the exchange rate as at the balance sheet date. All resultant exchange differences are recognised in the foreign currency translation reserve, and subsequently to the consolidated income statement upon disposal of the foreign operations. In the case of a partial disposal without loss of control of a subsidiary, the proportionate share of the accumulated exchange differences 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are recorded in the functional currency of the foreign operations and translated at the exchange rate at the balance sheet date. For acquisitions prior to 1 January 2005, goodwill and fair value adjustments were recorded in Singapore Dollars at the exchange rate prevailing at the date of acquisition.

(j) Tax

(i) Current Tax

Current tax is measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax law applied are those that have been enacted or substantively enacted by the balance sheet date.

2. Summary of Significant Accounting Policies (continued)

(j) Tax (continued)

(ii) Deferred Tax

Deferred tax is provided on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax is measured at the tax rate that is expected to apply when the assets are realised or the liabilities are settled, based on the tax rate and tax law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided for temporary differences arising from (a) initial recognition of goodwill, (b) initial recognition of an asset or liability that is not a business combination and that does not affect accounting or taxable profit at the time of the transaction and (c) taxable temporary differences related to investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Where gains and losses are recognised directly in equity, the related deferred tax is also taken to equity.

(iii) Offsetting

Current and deferred tax assets are offset with current and deferred tax liabilities respectively if (a) there is a legally enforceable right and intention to settle them simultaneously or on a net basis, (b) they are of the same tax reporting entity or group and (c) they relate to the same tax authority.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and an outflow of resources to settle the obligation is probable and can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation. When an outflow of resources to settle the obligation is no longer probable, the provision is reversed.

(l) Financial Guarantees

Financial guarantees are recognised initially at their fair value which is generally the fees received. The fees are recognised on a straight-line basis over the contractual terms. Subsequent to initial recognition, the financial guarantees are measured at the higher of: (a) their carrying amount, being the amount initially recognised less the cumulative amount amortised to profit or loss, and (b) the loss allowance determined in accordance with Note 2d(vi) under SFRS(I) 9.

(m) Undrawn Credit Facilities

Undrawn credit facilities (both revocable and irrevocable) are recorded under commitments and the amount is adjusted for subsequent drawdowns.

(n) Contingent Liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events or present obligations arising from past events. Contingent liabilities are not recognised either because an outflow of economic benefits is not probable or the amount required to fulfil the obligation cannot be reliably measured.

(o) 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 control of the good or service is transferred. 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.

2. Summary of Significant Accounting Policies (continued)

(p) Employee Compensation/Benefits

Base salaries, cash bonuses, allowances, commissions and defined contributions under regulations are recognised in the income statement when incurred. Leave entitlements are recognised when they accrue to employees based on contractual terms of employment.

Cost of share-based compensation, being the fair value of the equity instrument at grant date, is expensed to the income statement over the vesting period with a corresponding adjustment to the share-based compensation reserve. The cost is reviewed and adjusted accordingly at each balance sheet date to reflect the number of equity instruments expected to vest ultimately.

(q) 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.

(r) Treasury Shares

Ordinary shares of the Bank reacquired are accounted for as treasury shares. Consideration paid, including directly attributable costs, is presented as a deduction from equity. Subsequent cancellation, sale or reissuance of treasury shares is recognised as changes in equity.

(s) Critical Accounting Estimates and Judgements

Preparation of the financial statements involves making certain assumptions and estimates. This often requires management's judgement for the appropriate policies, assumptions, inputs and methodologies to be used. As judgements are made based on information available at the time the financial statements are prepared, the ultimate results could differ from those disclosed in the statements due to subsequent changes in the information. The following provides a brief description of the Group's critical accounting estimates that involve management's judgement:

(i) Allowance for Impairment of Financial Assets

Allowance for impairment of financial assets is determined in accordance with Note 2d(vi). This requires management's experience and significant judgement. The process involves assessing various factors such as economic indicators, business prospects, timing and amount of future cash flows and liquidation proceeds from collateral.

(ii) Fair Valuation of Financial Instruments

Fair value of financial instruments is determined in accordance with Notes 2d(ii) and 18a. Valuation of financial instruments that are not quoted in the market or with complex structures requires considerable judgement of management in selecting the appropriate valuation models and data inputs.

(iii) Goodwill

Goodwill is reviewed for impairment in accordance with Notes 2h and 36b. The process requires management's assessment of key factors such as future economic growth, business forecasts and discount rates.

(iv) Income Taxes

Income taxes are provided in accordance with Note 2j. The Group is subject to income taxes in various jurisdictions. Provision for these taxes involves interpretation of the tax regulations on certain transactions and computations. In cases of uncertainty, provision is estimated based on the technical merits of the situation.

3. Interest Income

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Loans to customers	10,107,793	8,843,599	6,924,799	5,842,868
Placements and balances with banks	1,561,666	1,531,911	1,356,953	1,249,414
Government treasury bills and securities	498,115	406,386	216,968	209,044
Trading and investment securities	389,254	359,067	330,000	321,514
	12,556,828	11,140,963	8,828,720	7,622,840
Of which, interest income on:				
Impaired financial assets	28,018	17,797	20,879	12,008
Financial assets measured at amortised cost	11,772,041	10,701,453	8,369,834	7,242,980
Financial assets measured at fair value through profit or loss	63,397	94,835	5,966	51,555
Financial assets measured at fair value through other comprehensive income	721,390	344,675	452,920	328,305

4. Interest Expense

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deposits of customers	4,992,220	4,082,519	3,412,952	2,628,773
Deposits and balances of banks and debts issued	998,133	838,479	877,562	750,973
Lease payables	4,114	–	2,633	–
	5,994,467	4,920,998	4,293,147	3,379,746
Of which, interest expense on:				
Financial liabilities measured at amortised cost	5,942,451	4,888,432	4,255,196	3,347,848
Financial liabilities measured at fair value through profit or loss	52,016	32,566	37,951	31,898

5. Net Fee and Commission Income

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Credit card (1)	487,771	439,821	350,469	315,325
Fund management	236,125	260,881	10,695	10,044
Wealth management	640,712	543,467	494,931	451,830
Loan-related (2)	558,344	545,162	444,350	440,946
Service charges	155,604	153,559	131,203	128,749
Trade-related (3)	296,635	296,412	191,598	193,582
Others	37,238	63,274	25,492	27,891
	2,412,429	2,302,576	1,648,738	1,568,367
Fee and commission expenses	(380,287)	(335,884)	(257,199)	(206,619)
Net fee and commission income	2,032,142	1,966,692	1,391,539	1,361,748
Of which, fee and commission from:				
Financial assets not measured at fair value through profit or loss	449,011	432,212	366,862	362,361
Provision of trust and other fiduciary services	10,040	10,990	8,843	9,822

(1) Credit card fees are net of interchange fees paid.
(2) Loan-related fees include fees earned from corporate finance activities.
(3) Trade-related fees include trade, remittance and guarantees related fees.

6. Net Trading Income

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net gain/(loss) from:				
Foreign exchange	593,844	648,299	455,839	505,894
Interest rate and others	460,833	(14,355)	345,861	(56,595)
Financial liabilities designated at fair value through profit or loss	(180,184)	48,814	(180,018)	52,589
	874,493	682,758	621,682	501,888

7. Net Gain/(Loss) from Investment Securities

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Fair value through other comprehensive income	151,742	(32,272)	105,766	(40,405)
Amortised cost	–	(341)	3,600	2,479
Fair value through profit or loss – mandatory	89,824	(2,875)	33,822	(9,006)
	241,566	(35,488)	143,188	(46,932)

8. Other Income

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net gain/(loss) from:				
Disposal of investment properties	23,304	14,046	23,304	14,046
Disposal of fixed assets	2,860	8,902	1,201	8,165
Disposal/Liquidation of subsidiaries, associates or joint ventures	(2,759)	(3,260)	831	(438)
Others	135,070	116,464	167,582	137,467
	158,475	136,152	192,918	159,240

9. Staff Costs

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Salaries, bonuses and allowances	2,131,251	1,929,699	1,282,952	1,141,058
Employer's contribution to defined contribution plans	184,496	173,675	108,603	100,867
Share-based compensation	52,472	39,875	40,855	30,865
Others	347,286	303,794	211,407	189,414
	2,715,505	2,447,043	1,643,817	1,462,204
Of which:				
The Bank's directors' remuneration	10,752	10,563	10,752	10,563
Depreciation of right-of-use assets	1,119	–	724	–

10. Other Operating Expenses

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Revenue-related	688,119	592,393	339,108	299,721
Occupancy-related	334,276	321,473	211,661	200,382
IT-related	504,215	414,422	443,584	373,670
Others	230,083	227,984	140,825	144,645
	1,756,693	1,556,272	1,135,178	1,018,418
Of which:				
Advisory/Directors' fees	4,082	5,140	2,495	3,655
Depreciation of fixed assets and investment properties	310,608	272,852	216,174	181,665
Depreciation of right-of-use assets	86,929	–	62,649	–
Rental expenses	–	134,994	–	87,081
Short-term lease rental expense	10,882	–	2,449	–
Low value assets rental expense	552	–	154	–
Variable lease payments not included in the measurement of lease liabilities	6,915	–	6,904	–
Auditors' remuneration paid/payable to:				
Auditors of the Bank	3,105	3,312	2,434	2,536
Affiliates of auditors of the Bank	2,793	2,584	805	815
Other auditors	196	212	49	31
Non-audit fees paid/payable to:				
Auditors of the Bank	904	678	631	618
Affiliates of auditors of the Bank	851	746	502	475
Other auditors	427	257	362	174
Expenses on investment properties	58,611	58,148	38,917	41,226
Fee expenses arising from financial liabilities not at fair value through profit or loss	64,391	54,792	20,821	19,262

11. Allowance for Credit and Other Losses

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Stage 1 and 2 ECL (write-back)/allowance	(18,938)	19,240	(85,792)	(13,549)
Stage 3 ECL allowance/(write-back) for:				
Loans (Note 27d)	468,593	376,058	236,825	98,977
Others	2,692	(5,205)	(1,525)	(16,664)
(Write-back)/Allowance for other losses	(17,602)	2,578	24,281	90,800
	434,745	392,671	173,789	159,564

12. Tax

The tax charge to the income statements comprises the following:

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
On profit for the financial year				
Current tax	831,620	824,486	595,843	582,456
Deferred tax	18,560	20,086	23,675	28,285
	850,180	844,572	619,518	610,741
(Over)/Under-provision of prior years				
Current tax	(44,285)	(38,206)	(32,581)	(30,542)
Deferred tax	2,866	(9,954)	185	(10,147)
Effect of change in tax rate	–	(1,638)	–	(1,625)
Share of tax of associates and joint ventures	3,777	10,551	–	–
	812,538	805,325	587,122	568,427

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

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Operating profit after allowance	5,122,821	4,720,338	4,316,892	3,931,335
Prima facie tax calculated at tax rate of 17% (2018: 17%)	870,880	802,457	733,872	668,327
Effects of:				
Income taxed at concessionary rates	(123,182)	(84,326)	(122,964)	(84,521)
Different tax rates in other countries	120,081	119,770	63,743	58,423
Income not subject to tax	(39,688)	(31,140)	(67,785)	(57,394)
Expenses not deductible for tax	24,686	36,412	13,000	24,784
Others	(2,597)	1,399	(348)	1,122
Tax expense on profit for the financial year	850,180	844,572	619,518	610,741

13. Earnings Per Share

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

	The Group	
	2019	2018
Profit attributable to equity holders of the Bank ($'000)	4,343,346	4,008,001
Distribution on perpetual capital securities ($'000)	(97,390)	(111,058)
Adjusted profit ($'000)	4,245,956	3,896,943
Weighted average number of ordinary shares ('000)		
In issue	1,667,405	1,665,161
Adjustment for potential ordinary shares under share-based compensation plans	5,976	6,191
Diluted	1,673,381	1,671,352
EPS ($)		
Basic	2.55	2.34
Diluted	2.54	2.33

14. Share Capital and Other Capital

(a)

	2019		2018	
	Number of shares	**Amount**	Number of shares	Amount
	'000	**$'000**	'000	$'000
Ordinary shares				
Balance at 1 January	**1,680,541**	**5,232,720**	1,671,534	4,965,567
Shares issued under scrip dividend scheme	**–**	**–**	9,007	267,153
Balance at 31 December	**1,680,541**	**5,232,720**	1,680,541	5,232,720
Treasury shares				
Balance at 1 January	**(14,834)**	**(345,179)**	(8,879)	(173,896)
Shares re-purchased – held in treasury	**–**	**–**	(7,902)	(212,438)
Shares issued under share-based compensation plans	**2,627**	**61,122**	1,947	41,155
Balance at 31 December	**(12,207)**	**(284,057)**	(14,834)	(345,179)
Ordinary share capital	**1,668,334**	**4,948,663**	1,665,707	4,887,541
4.75% non-cumulative non-convertible perpetual capital securities issued on 19 November 2013	**–**	**–**	–	498,552
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016	**–**	**748,491**	–	748,491
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017	**–**	**879,488**	–	879,488
3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019	**–**	**748,620**	–	–
Share capital and other capital of the Bank and the Group		**7,325,262**		7,014,072

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

(c) During the financial year, the Bank issued 2,627,000 (2018: 1,947,000) treasury shares to participants of the share-based compensation plans.

14. Share Capital and Other Capital (continued)

(d) The 4.00% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 18 May 2016. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 18 May 2021 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 4.00% per annum, subject to a reset on 18 May 2021 (and every five years thereafter) to a rate equal to the prevailing five-year Singapore Dollar SOR plus the initial margin of 2.035%. Distributions are payable semi-annually on 18 May and 18 November of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

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

(e) The 3.875% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 19 October 2017. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 19 October 2023 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.875% per annum, subject to a reset on 19 October 2023 (and every five years thereafter) to a rate equal to the prevailing five-year United States Dollar Swap Rate plus the initial spread of 1.794%. Distributions are payable semi-annually on 19 April and 19 October of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

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

(f) The 3.58% non-cumulative non-convertible perpetual capital securities were issued by the Bank on 17 July 2019. The capital securities are perpetual securities but may be redeemed at the option of the Bank on 17 July 2026 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events. As a Basel III capital instrument, the principal of the capital securities can be written down in full or in part upon notification of non-viability by the MAS.

The capital securities bear a fixed distribution rate of 3.58% per annum, subject to a reset on 17 July 2026 (and every seven years thereafter) to a rate equal to the prevailing seven-year Singapore Dollar SOR plus the initial margin of 1.795%. Distributions are payable semi-annually on 17 January and 17 July of each year, unless cancelled by the Bank at its sole discretion or unless the Bank has no obligation to pay the distributions.

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

15. Retained Earnings

(a)

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 January	**21,716,025**	19,766,145	**16,117,580**	14,796,965
Profit for the financial year attributable to equity holders of the Bank	**4,343,346**	4,008,001	**3,729,770**	3,362,908
Net (losses)/gains on equity instruments at fair value through other comprehensive income	**(382,600)**	60	**(382,736)**	407
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(57)**	(55)	**(56)**	(55)
Remeasurement of defined benefit obligation	**349**	7,957	**29**	(74)
Transfer (to)/from other reserves	**(99,819)**	(23,956)	**(94,541)**	335
Reclassification of share-based compensation reserves on expiry	**114**	127	**114**	127
Change in non-controlling interests	**–**	779	**–**	–
Dividends				
Ordinary shares				
Final dividend of 50 cents (2018: 45 cents) and special dividend of 20 cents (2018: 20 cents) tax-exempt per share paid in respect of prior financial year	**(1,167,279)**	(1,079,563)	**(1,167,279)**	(1,079,563)
Interim dividend of 55 cents (2018: 50 cents) tax-exempt per share paid in respect of the financial year	**(917,515)**	(834,099)	**(917,515)**	(834,099)
4.90% non-cumulative non-convertible perpetual capital securities issued on 23 July 2013	**–**	(41,650)	**–**	(41,650)
4.75% non-cumulative non-convertible perpetual capital securities issued on 19 November 2013	**(23,750)**	(23,750)	**(23,750)**	(23,750)
4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016	**(30,000)**	(30,000)	**(30,000)**	(30,000)
3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017	**(34,291)**	(33,971)	**(34,291)**	(33,971)
	(2,172,835)	(2,043,033)	**(2,172,835)**	(2,043,033)
Balance at 31 December	**23,404,523**	21,716,025	**17,197,325**	16,117,580

(b) The retained earnings are distributable reserves except for an amount of $549 million (2018: $535 million), being the Group's share of revenue reserves of associates and joint ventures which is distributable only upon realisation by way of dividend from or disposal of investment in the associates and joint ventures.

(c) In respect of the financial year ended 31 December 2019, the directors have proposed a final tax-exempt dividend of 55 cents and a special tax-exempt dividend of 20 cents per ordinary share amounting to a total dividend of $1,251 million. The proposed dividend will be accounted for in Year 2020 financial statements upon approval of the equity holders of the Bank.

16. 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
2019									
Balance at 1 January	946,853	(1,463,022)	74,149	3,064,438	378,429	6,216,161	78,248	(402,257)	8,892,999
Other comprehensive income for the financial year	(228,378)	147,310	–	–	–	–	5,260	–	(75,808)
Transfers	–	–	–	(4,950)	107,627	–	–	(2,858)	99,819
Share-based compensation	–	–	52,399	–	–	–	–	–	52,399
Reclassification of share-based compensation reserves on expiry	–	–	(114)	–	–	–	–	–	(114)
Shares issued under share-based compensation plans	–	–	(47,046)	–	–	–	–	(14,076)	(61,122)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(1,448)	(1,448)
Balance at 31 December	718,475	(1,315,712)	79,388	3,059,488	486,056	6,216,161	83,508	(420,639)	8,906,725
2018									
Balance at 1 January	1,376,569	(1,391,004)	71,825	3,065,676	341,292	6,216,161	81,373	(384,166)	9,377,726
Other comprehensive income for the financial year	(429,716)	(72,018)	–	–	–	–	(3,125)	–	(504,859)
Transfers	–	–	–	(1,238)	37,137	–	–	(11,943)	23,956
Share-based compensation	–	–	40,017	–	–	–	–	–	40,017
Reclassification of share-based compensation reserves on expiry	–	–	(127)	–	–	–	–	–	(127)
Shares issued under share-based compensation plans	–	–	(37,566)	–	–	–	–	(3,589)	(41,155)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(2,559)	(2,559)
Balance at 31 December	946,853	(1,463,022)	74,149	3,064,438	378,429	6,216,161	78,248	(402,257)	8,892,999

16. 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
2019								
Balance at 1 January	898,085	(93,112)	74,149	3,064,438	903	5,720,021	(66,949)	9,597,535
Other comprehensive income for the financial year	(320,850)	(10,148)	–	–	–	–	–	(330,998)
Transfers	–	–	–	(4,950)	99,491	–	–	94,541
Share-based compensation	–	–	52,399	–	–	–	–	52,399
Reclassification of share-based compensation reserves on expiry	–	–	(114)	–	–	–	–	(114)
Shares issued under share-based compensation plans	–	–	(47,046)	–	–	–	(14,076)	(61,122)
Redemption of perpetual capital securities	–	–	–	–	–	–	(1,448)	(1,448)
Balance at 31 December	577,235	(103,260)	79,388	3,059,488	100,394	5,720,021	(82,473)	9,350,793
2018								
Balance at 1 January	1,302,987	(83,153)	71,825	3,065,676	–	5,720,021	(60,801)	10,016,555
Other comprehensive income for the financial year	(404,902)	(9,959)	–	–	–	–	–	(414,861)
Transfers	–	–	–	(1,238)	903	–	–	(335)
Share-based compensation	–	–	40,017	–	–	–	–	40,017
Reclassification of share-based compensation reserves on expiry	–	–	(127)	–	–	–	–	(127)
Shares issued under share-based compensation plans	–	–	(37,566)	–	–	–	(3,589)	(41,155)
Redemption of perpetual capital securities	–	–	–	–	–	–	(2,559)	(2,559)
Balance at 31 December	898,085	(93,112)	74,149	3,064,438	903	5,720,021	(66,949)	9,597,535

(b) Fair value reserve contains cumulative fair value changes of fair value through other comprehensive income financial assets and changes attributable to own credit risk. The cumulative amount attributable to own credit risk is an unrealised gain of $3 million (2018: $65 million). Realised gains or losses attributable to changes in own credit risk is insignificant.

(c) Foreign currency translation reserve represents differences arising from the use of year end exchange rates versus historical rates in translating the net assets of foreign operations, net of the effective portion of the fair value changes of related hedging instruments.

(d) Share-based compensation reserve reflects the Bank's and the Group's commitments under the share-based compensation 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.

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

(h) Share of reserves of associates and joint ventures comprises the Group's share of associates' and joint ventures' reserves, other than retained earnings. These reserves are non-distributable until they are realised by way of dividend from or disposal of investment in the associates and joint ventures.

(i) Other reserves are maintained for capital related transactions such as transactions associated with non-controlling interests, business combination and bonus share issuance by subsidiaries.

17. Classification of Financial Assets and Financial Liabilities

(a)

	The Group					
	HFT $'000	FVPL – mandatory $'000	FVPL – designated $'000	FVOCI $'000	AC $'000	Total $'000
2019						
Cash, balances and placements with central banks	3,131,283	–	–	2,230,128	20,502,995	25,864,406
Singapore Government treasury bills and securities	475,978	–	–	5,722,758	–	6,198,736
Other government treasury bills and securities	887,957	–	4,360	14,260,914	12,397	15,165,628
Trading securities	2,788,997	–	–	–	–	2,788,997
Placements and balances with banks	14,119,066	–	–	8,395,276	30,325,610	52,839,952
Loans to customers	3,451,485	–	–	–	262,006,426	265,457,911
Derivative financial assets	6,407,875	–	–	–	–	6,407,875
Investment securities						
Debt	–	–	–	9,987,754	2,670,748	12,658,502
Equity	–	896,465	–	1,898,724	–	2,795,189
Other assets	2,017,122	–	–	2,275	2,726,041	4,745,438
Total financial assets	33,279,763	896,465	4,360	42,497,829	318,244,217	394,922,634
Non-financial assets						9,485,946
Total assets						404,408,580
Deposits and balances of banks and customers	1,381,518	–	1,304,607	–	323,341,282	326,027,407
Bills and drafts payable	–	–	–	–	645,520	645,520
Derivative financial liabilities	6,695,435	–	–	–	–	6,695,435
Other liabilities	1,010,120	–	–	369	3,501,818	4,512,307
Debts issued	–	–	1,474,598	–	23,734,783	25,209,381
Total financial liabilities	9,087,073	–	2,779,205	369	351,223,403	363,090,050
Non-financial liabilities						1,454,605
Total liabilities						364,544,655

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

(a) (continued)

	The Group					
	HFT $'000	FVPL – mandatory $'000	FVPL – designated $'000	FVOCI $'000	AC $'000	Total $'000
2018						
Cash, balances and placements with central banks	3,344,181	–	–	1,080,630	20,827,686	25,252,497
Singapore Government treasury bills and securities	271,877	–	–	5,342,700	–	5,614,577
Other government treasury bills and securities	704,691	–	4,341	12,469,637	22,198	13,200,867
Trading securities	1,928,520	–	–	–	–	1,928,520
Placements and balances with banks	11,567,045	–	–	6,050,347	33,182,121	50,799,513
Loans to customers	3,933,353	–	–	–	254,693,918	258,627,271
Derivative financial assets	5,730,057	–	–	–	–	5,730,057
Investment securities						
Debt	–	1,937	–	9,296,383	843,638	10,141,958
Equity	–	1,062,075	–	2,349,070	–	3,411,145
Other assets	1,763,305	–	–	3,257	2,669,655	4,436,217
Total financial assets	29,243,029	1,064,012	4,341	36,592,024	312,239,216	379,142,622
Non-financial assets						8,949,733
Total assets						388,092,355
Deposits and balances of banks and customers	1,099,886	–	1,774,689	–	304,111,886	306,986,461
Bills and drafts payable	–	–	–	–	637,675	637,675
Derivative financial liabilities	5,839,999	–	–	–	–	5,839,999
Other liabilities	847,790	–	–	–	4,313,566	5,161,356
Debts issued	–	–	1,548,703	–	29,056,908	30,605,611
Total financial liabilities	7,787,675	–	3,323,392	–	338,120,035	349,231,102
Non-financial liabilities						1,048,461
Total liabilities						350,279,563

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

(a) (continued)

	The Bank					
	HFT $'000	FVPL – mandatory $'000	FVPL – designated $'000	FVOCI $'000	AC $'000	Total $'000
2019						
Cash, balances and placements with central banks	2,771,470	–	–	2,040,094	17,507,828	22,319,392
Singapore Government treasury bills and securities	475,978	–	–	5,722,758	–	6,198,736
Other government treasury bills and securities	300,837	–	–	4,806,851	12,397	5,120,085
Trading securities	2,506,040	–	–	–	–	2,506,040
Placements and balances with banks	13,134,240	–	–	5,956,825	23,365,015	42,456,080
Loans to customers	3,317,467	–	–	–	201,911,403	205,228,870
Placements with and advances to subsidiaries	654,932	–	–	–	17,316,585	17,971,517
Derivative financial assets	5,393,618	–	–	–	–	5,393,618
Investment securities						
Debt	–	–	–	8,309,082	2,420,086	10,729,168
Equity	–	402,634	–	1,590,706	–	1,993,340
Other assets	1,522,591	–	–	493	1,927,953	3,451,037
Total financial assets	30,077,173	402,634	–	28,426,809	264,461,267	323,367,883
Non-financial assets						12,785,991
Total assets						336,153,874
Deposits and balances of banks, customers and subsidiaries	1,140,402	–	1,304,607	–	265,840,343	268,285,352
Bills and drafts payable	–	–	–	–	464,526	464,526
Derivative financial liabilities	5,695,187	–	–	–	–	5,695,187
Other liabilities	904,376	–	–	359	2,185,459	3,090,194
Debts issued	–	–	1,474,598	–	22,082,815	23,557,413
Total financial liabilities	7,739,965	–	2,779,205	359	290,573,143	301,092,672
Non-financial liabilities						1,187,822
Total liabilities						302,280,494

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

(a) (continued)

	The Bank					
	HFT $'000	FVPL – mandatory $'000	FVPL – designated $'000	FVOCI $'000	AC $'000	Total $'000
2018						
Cash, balances and placements with central banks	3,025,434	–	–	877,052	16,880,024	20,782,510
Singapore Government treasury bills and securities	271,876	–	–	5,337,234	–	5,609,110
Other government treasury bills and securities	486,935	–	–	5,159,278	22,198	5,668,411
Trading securities	1,794,810	–	–	–	–	1,794,810
Placements and balances with banks	11,161,701	–	–	3,896,146	24,754,310	39,812,157
Loans to customers	3,909,826	–	–	–	197,879,056	201,788,882
Placements with and advances to subsidiaries	679,514	–	–	–	15,683,188	16,362,702
Derivative financial assets	4,343,866	–	–	–	–	4,343,866
Investment securities						
Debt	–	–	–	8,239,077	765,622	9,004,699
Equity	–	562,720	–	2,100,950	–	2,663,670
Other assets	1,439,171	–	–	1,423	1,386,313	2,826,907
Total financial assets	27,113,133	562,720	–	25,611,160	257,370,711	310,657,724
Non-financial assets						12,460,771
Total assets						323,118,495
Deposits and balances of banks, customers and subsidiaries	1,022,515	–	1,774,689	–	250,094,520	252,891,724
Bills and drafts payable	–	–	–	–	359,074	359,074
Derivative financial liabilities	4,487,314	–	–	–	–	4,487,314
Other liabilities	683,366	–	–	–	2,279,008	2,962,374
Debts issued	–	–	1,548,703	–	27,356,338	28,905,041
Total financial liabilities	6,193,195	–	3,323,392	–	280,088,940	289,605,527
Non-financial liabilities						783,781
Total liabilities						290,389,308

(b) Certain financial derivatives were designated as hedging instruments for fair value hedges as set out in Note 40.

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

	The Group		The Bank	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Financial liabilities				
Deposits and balances of banks, customers and subsidiaries	**1,312,475**	1,826,013	**1,312,475**	1,826,013
Debts issued	**1,496,581**	1,760,211	**1,496,581**	1,760,211
	2,809,056	3,586,224	**2,809,056**	3,586,224

18. Fair Values of Financial Instruments

(a) The valuation process adopted by the Group is governed by the valuation, market data, and valuation adjustment policies. These policies set the methodologies and controls for the valuation of financial assets and liabilities where mark-to-market or mark-to-model is required. The valuation processes incorporating the market rates, the methodologies and models, including the analysis of the valuation are regularly reviewed by Group Risk Management. Processes and controls are also subject to periodic reviews by internal auditors.

The valuation inputs are independently verified by checking against information from market sources. These are applicable to products or instruments with liquid markets or those traded on an exchange. Where market prices are not liquid, additional techniques will be used such as historical estimation or available proxies as additional reasonableness checks. Where products or instruments are complex, the Group utilises approved valuation models. All valuation models are independently validated by Group Risk Management.

Fair value for instruments classified as Level 2 use inputs such as yield curves, volatilities and market prices which are observable and of high reliability.

When unobservable inputs are used in the valuation models for Level 3 financial assets or liabilities, apart from utilising market proxies, other valuation techniques such as cash flow, profit and loss or net asset value in financial statements are used as a reasonableness check.

The valuation process is supplemented by valuation adjustments for valuation uncertainties. Valuation adjustment methodologies and adjustments are approved by the Group Asset and Liability Committee (ALCO).

The valuation adjustments or reserves set aside include bid/offer rate adjustments, illiquidity adjustments and other adjustments such as Day 1 profit reserves, where applicable. Adjustments are also considered for use of proxies, models or estimated parameters.

For financial instruments carried at amortised cost, their fair values are determined as follows:

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

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

	The Group		The Bank	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
2019				
Debts issued	23,734,783	23,838,137	22,082,815	22,175,046
2018				
Debts issued	29,056,908	29,245,715	27,356,338	27,545,033

18. Fair Values of Financial Instruments (continued)

(b) The Group classified financial instruments carried at fair value by level following the fair value measurement hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical financial instruments
- Level 2 – Inputs other than quoted prices that are observable either directly or indirectly
- Level 3 – Inputs that are not based on observable market data

	The Group					
	2019			2018		
	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	2,252,251	3,109,160	–	1,565,728	2,859,083	–
Singapore Government treasury bills and securities	6,198,736	–	–	5,614,577	–	–
Other government treasury bills and securities	13,828,219	1,325,012	–	11,868,425	1,310,244	–
Trading securities	1,764,682	48,571	975,744	949,712	108,921	869,887
Placements and balances with banks	–	22,514,342	–	–	17,617,392	–
Loans to customers	–	3,451,485	–	–	3,933,353	–
Derivative financial assets	90,752	6,210,737	106,386	43,931	5,453,668	232,458
Investment securities						
Debt	5,782,606	1,407,841	2,797,307	6,691,940	1,369,232	1,237,148
Equity	879,035	–	1,916,154	738,876	–	2,672,269
Other assets	1,773,880	245,517	–	1,549,386	217,176	–
	32,570,161	38,312,665	5,795,591	29,022,575	32,869,069	5,011,762
Total financial assets carried at fair value			**76,678,417**			**66,903,406**
Deposits and balances of banks and customers	–	2,686,125	–	–	2,874,575	–
Derivative financial liabilities	97,538	6,413,192	184,705	66,946	5,466,814	306,239
Other liabilities	132,870	877,619	–	149,542	698,248	–
Debts issued	–	1,474,598	–	–	1,548,703	–
	230,408	11,451,534	184,705	216,488	10,588,340	306,239
Total financial liabilities carried at fair value			**11,866,647**			**11,111,067**

18. Fair Values of Financial Instruments (continued)

(b) (continued)

	The Bank					
	2019			2018		
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Cash, balances and placements with central banks	1,700,849	3,110,715	–	1,197,621	2,704,865	–
Singapore Government treasury bills and securities	6,198,736	–	–	5,609,110	–	–
Other government treasury bills and securities	4,864,824	242,864	–	5,228,170	418,043	–
Trading securities	1,764,684	22,040	719,316	868,612	108,921	817,277
Placements and balances with banks	–	19,091,065	–	–	15,057,847	–
Loans to customers	–	3,317,467	–	–	3,909,826	–
Placements with and advances to subsidiaries	–	654,932	–	–	679,514	–
Derivative financial assets	38,519	5,249,395	105,704	45,681	4,075,108	223,077
Investment securities						
Debt	5,237,331	837,793	2,233,958	5,675,901	1,328,289	1,234,887
Equity	750,799	–	1,242,541	629,478	–	2,034,192
Other assets	1,497,277	25,807	–	1,422,526	18,068	–
	22,053,019	32,552,078	4,301,519	20,677,099	28,300,481	4,309,433
Total financial assets carried at fair value			58,906,616			53,287,013
Deposits and balances of banks, customers and subsidiaries	–	2,445,009	–	–	2,797,204	–
Derivative financial liabilities	122,698	5,388,619	183,870	101,432	4,089,232	296,650
Other liabilities	132,854	771,881	–	149,576	533,790	–
Debts issued	–	1,474,598	–	–	1,548,703	–
	255,552	10,080,107	183,870	251,008	8,968,929	296,650
Total financial liabilities carried at fair value			10,519,529			9,516,587

18. Fair Values of Financial Instruments (continued)

(c) The following table presents the changes in Level 3 instruments for the financial year ended:

	The Group							
		Fair value gains or losses						
	Balance at 1 January $'000	Income statement $'000	Other comprehensive income $'000	Purchases $'000	Settlements $'000	Transfer in/(out) $'000	Balance at 31 December $'000	Unrealised gains or losses included in income statement $'000
2019								
Assets								
Trading securities	869,887	33,387	–	688,710	(615,337)	(903)	975,744	33,387
Derivative financial assets	232,458	(126,072)	–	–	–	–	106,386	(126,072)
Investment securities – debt	1,237,148	(149)	47,017	2,086,500	(970,577)	397,368[(1)]	2,797,307	–
Investment securities – equity	2,672,269	1,904	(965,153)	580,636	(374,462)	960	1,916,154	1,904
Liabilities								
Derivative financial liabilities	306,239	(121,534)	–	–	–	–	184,705	(121,534)
2018								
Assets								
Trading securities	613,182	(57,009)	–	688,532	(375,796)	978	869,887	(17,237)
Derivative financial assets	94,595	137,863	–	–	–	–	232,458	137,863
Investment securities – debt	441,508	(50,868)	794	1,153,656	(302,457)	(5,485)[(2)]	1,237,148	(1,246)
Investment securities – equity	2,296,774	24,047	(148,830)	504,992	(4,714)	–	2,672,269	24,047
Liabilities								
Derivative financial liabilities	149,706	156,533	–	–	–	–	306,239	156,533

(1) Investment securities – debt were transferred in to Level 3 during the year due to a decreased contribution of observable input to their valuation.
(2) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.

18. Fair Values of Financial Instruments (continued)

(c) (continued)

	The Bank							
		Fair value gains or losses						
	Balance at 1 January	Income statement	Other comprehensive income	Purchases	Settlements	Transfer in/(out)	Balance at 31 December	Unrealised gains or losses included in income statement
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019								
Assets								
Trading securities	817,277	33,313	–	432,379	(562,750)	(903)	719,316	33,313
Derivative financial assets	223,077	(117,373)	–	–	–	–	105,704	(117,373)
Investment securities – debt	1,234,887	91	54,513	2,001,623	(970,486)	(86,670)[1]	2,233,958	–
Investment securities – equity	2,034,192	(16,582)	(995,764)	390,176	(170,441)	960	1,242,541	(16,582)
Liabilities								
Derivative financial liabilities	296,650	(112,780)	–	–	–	–	183,870	(112,780)
2018								
Assets								
Trading securities	466,182	(16,866)	–	635,945	(268,962)	978	817,277	(17,259)
Derivative financial assets	91,592	131,485	–	–	–	–	223,077	131,485
Investment securities – debt	432,123	(50,715)	780	1,153,656	(300,957)	–	1,234,887	(1,246)
Investment securities – equity	2,040,898	(4,948)	(144,089)	147,240	(4,909)	–	2,034,192	(4,948)
Liabilities								
Derivative financial liabilities	144,829	151,821	–	–	–	–	296,650	151,821

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.

18. Fair Values of Financial Instruments (continued)

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

At 31 December 2019, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted equity investments and funds, unquoted debt securities, long dated equity derivatives and callable interest rate swaps, summarised as follows:

	2019 $'000	2018 $'000	Classification	Valuation technique	Unobservable inputs
Assets					
Trading securities – debt	**975,744**	869,887	FVPL	Discounted Cash Flow	Credit Spreads
Derivative financial assets	**106,386**	232,458	FVPL	Option Pricing Model	Volatilities and Correlations
Investment securities – debt	**2,797,307**	1,237,148	FVOCI	Discounted Cash Flow	Credit Spreads
Investment securities – equity	**1,916,154**	2,672,269	FVOCI/FVPL	Multiples, Net Asset Value and Recent Transaction Price	Net Asset Value, Earnings and Financial Ratio Multiples
Liabilities					
Derivative financial liabilities	**184,705**	306,239	FVPL	Option Pricing Model	Volatilities and Correlations

In estimating significance, the Group performed sensitivity analyses based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The effect on fair value arising from reasonably possible changes to the significant unobservable input is assessed to be insignificant.

19. Deposits and Balances of Customers

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed deposits	**155,767,584**	150,070,867	**115,316,946**	111,462,443
Savings deposits	**78,410,533**	71,601,457	**61,501,173**	56,975,841
Current accounts	**62,778,543**	58,857,769	**52,196,772**	49,368,454
Others	**13,769,414**	12,655,729	**12,447,536**	9,451,954
	310,726,074	293,185,822	**241,462,427**	227,258,692

20. Other Liabilities

(a)

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accrued interest payable	974,070	893,087	741,689	627,226
Accrued operating expenses	1,122,945	1,034,420	686,623	623,786
ECL allowance (Note 20b)	214,383	281,333	129,556	175,501
Lease liabilities	165,554	–	109,410	–
Sundry creditors	1,954,237	2,567,246	1,373,261	1,135,704
Others	747,611	640,795	626,010	542,474
	5,178,800	5,416,881	3,666,549	3,104,691

(b) *Movement of ECL allowance in other liabilities*

	The Group			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
2019				
Balance at 1 January	197,168	48,484	35,681	281,333
Transfers between Stages	3,083	(2,703)	2,052	2,432
Write-back to income statement	(17,170)	(13,162)	(17,475)	(47,807)
Currency translation adjustments	1,945	332	335	2,612
Reclassification	(18,215)	(5,972)	–	(24,187)
Balance at 31 December	166,811	26,979	20,593	214,383
2018				
Balance at 1 January	163,220	33,837	106,533	303,590
Transfers between Stages	(6,195)	24,668	4,170	22,643
Net charge/(write-back) to income statement	38,777	(9,891)	(75,916)	(47,030)
Currency translation adjustments	1,366	(130)	894	2,130
Balance at 31 December	197,168	48,484	35,681	281,333

	The Bank			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
2019				
Balance at 1 January	115,173	35,963	24,365	175,501
Transfers between Stages	4,219	101	104	4,424
Write-back to income statement	(16,149)	(20,395)	(13,372)	(49,916)
Currency translation adjustments	(311)	(13)	(129)	(453)
Balance at 31 December	102,932	15,656	10,968	129,556
2018				
Balance at 1 January	107,616	41,715	93,054	242,385
Transfers between Stages	1,085	8,894	19,708	29,687
Net charge/(write-back) to income statement	6,447	(14,618)	(89,104)	(97,275)
Currency translation adjustments	25	(28)	707	704
Balance at 31 December	115,173	35,963	24,365	175,501

20. Other Liabilities (continued)

(c) *Contractual maturity for lease liabilities*

	The Group 2019 $'000	The Bank 2019 $'000
Maturity for lease liabilities		
Within 1 year	67,553	48,596
Over 1 to 5 years	93,809	57,767
Over 5 years	4,192	3,047
	165,554	109,410

21. Deferred Tax

(a) Deferred tax comprises the following:

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deferred tax liabilities on:				
Unrealised gain on FVOCI financial assets	44,450	78,425	7,227	59,269
Accelerated tax depreciation	198,037	163,325	189,222	154,514
Unrealised gain on financial instruments FVPL	62,949	50,111	–	–
Fair value of depreciable assets acquired in business combination	24,314	25,558	24,314	25,558
Others	20,409	4,056	19,280	3,581
	350,159	321,475	240,043	242,922
Amount offset against deferred tax assets	(50,974)	(42,562)	(38,364)	(36,580)
	299,185	278,913	201,679	206,342
Deferred tax assets on:				
Allowance for impairment	154,781	139,939	71,169	73,392
Tax losses	149	149	–	–
Unrealised loss on financial instruments FVPL	58,807	53,739	–	–
Others	136,779	132,423	62,959	50,580
	350,516	326,250	134,128	123,972
Amount offset against deferred tax liabilities	(50,974)	(42,562)	(38,364)	(36,580)
	299,542	283,688	95,764	87,392
Net deferred tax assets/(liabilities)	357	4,775	(105,915)	(118,950)

21. Deferred Tax (continued)

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

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 January	4,775	6,107	(118,950)	(109,809)
Effect of change in tax rate	–	1,638	–	1,625
Currency translation adjustments	2,534	(2,955)	(1,168)	(1,758)
Charge to income statement	(21,426)	(10,132)	(23,860)	(18,138)
Credit to equity	14,474	10,117	38,063	9,130
Balance at 31 December	357	4,775	(105,915)	(118,950)

The Group has not recognised deferred tax assets in respect of tax losses of $28 million (2018: $21 million) which can be carried forward to offset against future taxable income, subject to meeting certain statutory requirements of the relevant tax authorities. These tax losses have no expiry date except for an amount of $8 million (2018: $0.2 million) which will expire between the years 2020 and 2029 (2018: 2019 and 2021).

22. Debts Issued

(a)

			The Group		The Bank	
		Issuance/	2019	2018	2019	2018
		Maturity date	$'000	$'000	$'000	$'000
Subordinated notes	Note (b)					
USD800 million 3.75% subordinated notes callable in 2019		19 Mar 2014/ 19 Sep 2024	–	1,082,413	–	1,082,413
SGD500 million 3.50% subordinated notes callable in 2020	(i)	22 May 2014/ 22 May 2026	500,599	499,666	500,599	499,666
USD700 million 3.50% subordinated notes callable in 2021	(ii)	16 Mar 2016/ 16 Sep 2026	939,384	926,064	939,384	926,064
HKD700 million 3.19% subordinated notes callable in 2023	(iii)	26 Aug 2016/ 26 Aug 2028	117,673	115,952	117,673	115,952
USD600 million 2.88% subordinated notes callable in 2022	(iv)	8 Sep 2016/ 8 Mar 2027	810,995	798,958	810,995	798,958
SGD750 million 3.50% subordinated notes callable in 2024	(v)	27 Feb 2017/ 27 Feb 2029	774,134	762,796	774,134	762,796
USD600 million 3.75% subordinated notes callable in 2024	(vi)	15 Apr 2019/ 15 Apr 2029	825,896	–	825,896	–
RM1 billion 4.65% subordinated notes callable in 2020	(vii)	8 May 2015/ 8 May 2025	329,370	329,916	–	–

22. Debts Issued (continued)

(a) (continued)

			The Group		The Bank	
		Issuance/ Maturity date	**2019** $'000	2018 $'000	**2019** $'000	2018 $'000
Subordinated notes (continued)	**Note (b)**					
RM600 million 4.80% subordinated notes callable in 2023	(viii)	25 Jul 2018/ 25 Jul 2028	**200,749**	197,744	**–**	–
THB6 billion 3.56% subordinated notes callable in 2022	(ix)	20 Sep 2017/ 20 Sep 2027	**270,699**	251,817	**–**	–
IDR433 billion 11.35% subordinated notes	(x)	28 May 2014/ 28 May 2021	**41,887**	40,569	**–**	–
IDR100 billion 9.40% subordinated notes	(xi)	25 Nov 2016/ 25 Nov 2023	**9,583**	9,273	**–**	–
IDR500 billion 9.25% subordinated notes	(xii)	17 Oct 2017/ 17 Oct 2024	**48,428**	46,995	**–**	–
IDR100 billion 9.85% subordinated notes	(xiii)	05 Jul 2019/ 05 Jul 2026	**9,489**	–	**–**	–
IDR650 billion 9.25% subordinated notes	(xiv)	13 Nov 2019/ 13 Nov 2026	**62,886**	–	**–**	–
CNY1 billion 4.80% subordinated notes	(xv)	15 Nov 2019/ 19 Nov 2029	**179,708**	–	**–**	–
Total subordinated notes			**5,121,480**	5,062,163	**3,968,681**	4,185,849
Other debts	**Note (c)**					
Interest rate-linked notes	(i)		**1,074,084**	1,453,989	**1,074,084**	1,453,989
Equity-linked notes	(ii)		**396,746**	125,757	**396,746**	125,757
Floating rate notes	(iii)		**2,340,681**	3,130,689	**2,340,681**	3,130,689
Fixed rate notes	(iv)		**2,512,167**	2,454,782	**2,012,998**	1,630,526
Commercial papers	(v)		**8,728,675**	13,974,080	**8,728,675**	13,974,080
Covered bonds	(vi)		**5,009,012**	4,401,382	**5,009,012**	4,401,382
Others	(vii)		**26,536**	2,769	**26,536**	2,769
Total other debts			**20,087,901**	25,543,448	**19,588,732**	24,719,192
Total debts issued			**25,209,381**	30,605,611	**23,557,413**	28,905,041
Of which, fair value hedge loss/(gain)						
Subordinated notes			**50,943**	(42,551)	**46,925**	(43,238)
Other debts			**55,069**	7,170	**55,069**	7,170

22. Debts Issued (continued)

(b) *Subordinated notes*

Subordinated notes are redeemable at par at the option of the issuers, in whole but not in part, or at the occurrence of a tax event or change of qualification event, subject to the prior approval of the relevant regulators and other redemption conditions. As a Basel III capital instrument, the subordinated notes can be written off in whole or in part if the issuer was determined by the regulators to be non-viable.

(i) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 22 May 2020. From and including 22 May 2020, the interest rate shall be reset to a fixed rate equal to the prevailing six-year Singapore Dollar SOR on 22 May 2020 plus 1.607%.

(ii) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 16 September 2021. From and including 16 September 2021, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Dollar Mid Swap Rate on 16 September 2021 plus 2.236%.

(iii) Issued by the Bank with interest payable quarterly at a fixed rate of 3.19% per annum up to but excluding 26 August 2023. From and including 26 August 2023, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Hong Kong Dollar Swap Rate plus 1.95%.

(iv) Issued by the Bank with interest payable semi-annually at a fixed rate of 2.88% per annum up to but excluding 8 March 2022. From and including 8 March 2022, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Dollar Mid Swap Rate plus 1.654%.

(v) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.50% per annum up to but excluding 27 February 2024. From and including 27 February 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year Singapore Dollar SOR plus 1.08%.

(vi) Issued by the Bank with interest payable semi-annually at a fixed rate of 3.75% per annum up to but excluding 15 April 2024. From and including 15 April 2024, the interest rate shall be reset to a fixed rate equal to the prevailing five-year United States Treasury Rate plus the Initial Spread of 1.50%.

(vii) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.65% per annum. The notes are redeemable on 8 May 2020 or at any interest payment date thereafter.

(viii) Issued by United Overseas Bank (Malaysia) Bhd with interest payable semi-annually at 4.80% per annum. The notes are redeemable on 25 July 2023 or at any interest payment date thereafter.

(ix) Issued by United Overseas Bank (Thai) Public Company Limited with interest payable semi-annually at a fixed rate of 3.56% per annum. The notes are redeemable after 20 September 2022.

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

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

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

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

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

(xv) Issued by United Overseas Bank (China) Limited with interest payable annually at a fixed rate of 4.80% per annum.

22. Debts Issued (continued)

(c) *Other debts*

(i) The interest rate-linked notes, with embedded interest rate derivatives, were issued at par with maturities ranging from 19 July 2031 to 29 November 2047. The periodic payouts and redemptions of the notes are linked to the interest rate indices.

(ii) The equity-linked notes, with embedded equity derivatives, were issued at par with maturities ranging from 7 January 2020 to 17 June 2021. The periodic payments and payouts of the notes at maturity are linked to the closing value of certain underlying equities or equity indices.

(iii) The floating rate notes comprise mainly notes issued at par with maturities ranging from 23 July 2020 to 25 July 2022. Interest is payable quarterly at a floating rate.

(iv) The fixed rate notes comprise mainly notes issued by the Bank with maturities ranging from 19 January 2020 to 23 May 2023. Interest is payable semi-annually and annually at a fixed rate as follows:

Currency notes	Interest rate
CNY	3.49% to 4.93% per annum
USD	2.50% to 3.20% per annum
IDR	6.15% to 9.6% per annum
THB	2.16% per annum

(v) The commercial papers were issued by the Bank between 16 September 2019 and 12 December 2019 and mature between 7 January 2020 and 25 March 2020. Interest rates of the papers ranged from 1.85% to 2.16% per annum (2018: 2.79% to 2.91% per annum).

(vi) As at 31 December 2019, there were seven covered bonds outstanding comprising:

EUR500 million fixed rate covered bonds issued by the Bank on 9 March 2016 at 99.653 with maturity on 9 March 2021. Interest is payable annually at a fixed rate of 0.25% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 2 March 2017 at 99.498 with maturity on 2 March 2022. Interest is payable annually at a fixed rate of 0.125% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 16 January 2018 at 99.412 with maturity on 16 January 2025. Interest is payable annually at a fixed rate of 0.5% per annum.

EUR500 million fixed rate covered bonds issued by the Bank on 11 September 2018 at 99.52 with maturity on 11 September 2023. Interest is payable annually at a fixed rate of 0.25% per annum.

GBP350 million floating rate covered bonds issued by the Bank on 28 February 2018 at par value with maturity on 28 February 2023. Interest is payable quarterly at a 3-month Sterling Libor plus 0.24% per annum.

USD500 million fixed rate covered bonds issued by the Bank on 2 March 2017 at 99.734 with maturity on 2 March 2020. Interest is payable semi-annually at a fixed rate of 2.125% per annum.

USD500 million fixed rate covered bonds issued by the Bank on 5 September 2019 at 99.694 with maturity date on 5 September 2022. Interest is payable semi-annually at a fixed rate of 1.625% per annum.

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

22. Debts Issued (continued)

(d) *Changes in liabilities arising from financing activities*

	The Group				
	Balance at 1 January	Cash flows		Non-cash changes	Balance at 31 December
		Issuance	Redemption	Foreign exchange movement/Others	
	$'000	$'000	$'000	$'000	$'000
2019					
Total liabilities from financing activities					
Debt issued	30,605,611	35,933,092	(41,538,228)	208,906	25,209,381
2018					
Total liabilities from financing activities					
Debt issued	25,178,401	40,410,836	(34,904,484)	(79,142)	30,605,611

23. Cash, Balances and Placements with Central Banks

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash on hand	952,481	866,872	574,631	583,997
Non-restricted balances with central banks	19,235,441	18,750,241	17,666,821	16,263,420
Cash and cash equivalent	20,187,922	19,617,113	18,241,452	16,847,417
Restricted balances with central banks	5,683,920	5,648,500	4,079,155	3,942,137
ECL allowance	(7,436)	(13,116)	(1,215)	(7,044)
	25,864,406	25,252,497	22,319,392	20,782,510

24. Other Government Treasury Bills and Securities

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Other government treasury bills and securities (1)	15,165,677	13,200,979	5,120,133	5,668,523
ECL allowance	(49)	(112)	(48)	(112)
	15,165,628	13,200,867	5,120,085	5,668,411

(1) Includes ECL allowance on other government treasury bills and securities at FVOCI of $16 million (2018: $17 million) for the Group and $6 million (2018: $7 million) for the Bank at 31 December 2019.

25. Trading Securities

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Quoted securities				
Debt	1,369,185	1,103,653	1,369,185	1,022,553
Equity	384,308	253,165	384,308	253,165
Unquoted securities				
Debt	1,035,504	571,702	752,547	519,092
	2,788,997	1,928,520	2,506,040	1,794,810

26. Placements and Balances with Banks

(a)

	The Group		The Bank	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Placements and balances with banks [1]	**52,867,662**	50,866,221	**42,470,512**	39,858,524
ECL allowance (Note 26b)	**(27,710)**	(66,708)	**(14,432)**	(46,367)
	52,839,952	50,799,513	**42,456,080**	39,812,157

(1) Includes ECL allowance on placements and balances with banks at FVOCI of $2 million (2018: $2 million) for the Group and $1 million (2018: $1 million) for the Bank at 31 December 2019.

(b) *Movement of ECL allowance for placements and balances with banks*

	The Group		
	Stage 1	**Stage 2**	**Total**
	$'000	**$'000**	**$'000**
2019			
Balance at 1 January	**54,346**	**12,362**	**66,708**
Transfers between Stages	**(216)**	**2,039**	**1,823**
Write-back to income statement	**(4,868)**	**(232)**	**(5,100)**
Currency translation adjustments	**(198)**	**155**	**(43)**
Reclassification	**(26,869)**	**(8,809)**	**(35,678)**
Balance at 31 December	**22,195**	**5,515**	**27,710**
2018			
Balance at 1 January	62,028	21,376	83,404
Transfers between Stages	985	585	1,570
Write-back to income statement	(8,153)	(9,547)	(17,700)
Currency translation adjustments	(514)	(52)	(566)
Balance at 31 December	54,346	12,362	66,708

	The Bank		
	Stage 1	**Stage 2**	**Total**
	$'000	**$'000**	**$'000**
2019			
Balance at 1 January	**37,096**	**9,271**	**46,367**
Transfers between Stages	**(216)**	**2,039**	**1,823**
Net charge/(write-back) to income statement	**44**	**(751)**	**(707)**
Currency translation adjustments	**(474)**	**122**	**(352)**
Reclassification	**(24,625)**	**(8,074)**	**(32,699)**
Balance at 31 December	**11,825**	**2,607**	**14,432**
2018			
Balance at 1 January	37,557	19,191	56,748
Transfers between Stages	835	751	1,586
Write-back to income statement	(1,280)	(10,630)	(11,910)
Currency translation adjustments	(16)	(41)	(57)
Balance at 31 December	37,096	9,271	46,367

27. Loans to Customers

(a)

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Gross loans to customers	268,676,356	261,706,522	207,074,738	203,620,887
Stage 1 and 2 ECL (Note 27d)	(1,720,927)	(1,570,896)	(757,064)	(707,998)
Stage 3 ECL (Note 27d)	(1,497,518)	(1,508,355)	(1,088,804)	(1,124,007)
Loans to customers	265,457,911	258,627,271	205,228,870	201,788,882
Comprising:				
Trade bills	3,916,924	4,145,811	1,659,463	1,957,733
Advances to customers	261,540,987	254,481,460	203,569,407	199,831,149
	265,457,911	258,627,271	205,228,870	201,788,882

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

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Transport, storage and communication	11,036,339	10,185,518	9,362,467	8,600,268
Building and construction	66,991,555	63,139,036	59,825,514	56,753,824
Manufacturing	19,380,366	21,111,522	11,543,994	13,563,049
Financial institutions, investment and holding companies	26,097,981	23,199,404	23,175,554	19,600,068
General commerce	32,713,068	32,927,720	23,440,047	24,393,223
Professionals and private individuals	29,458,089	29,287,904	19,368,305	19,724,220
Housing loans	68,586,194	68,386,580	48,924,321	50,172,313
Others	14,412,764	13,468,838	11,434,536	10,813,922
	268,676,356	261,706,522	207,074,738	203,620,887

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

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore Dollar	125,447,298	123,347,008	125,283,171	123,190,951
US Dollar	47,562,268	50,673,517	42,844,711	45,261,320
Malaysian Ringgit	26,166,853	25,327,965	50	–
Thai Baht	18,298,459	15,599,873	–	–
Indonesian Rupiah	5,681,076	5,287,539	–	–
Others	45,520,402	41,470,620	38,946,806	35,168,616
	268,676,356	261,706,522	207,074,738	203,620,887

27. Loans to Customers (continued)

(d) *Movement of ECL allowance for loans to customers*

	The Group			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
2019				
Balance at 1 January	1,084,623	486,273	1,508,355	3,079,251
New loans originated or purchased	126,188	–	–	126,188
Loans derecognised or repaid	(74,268)	(56,771)	(171,674)	(302,713)
Transfers to Stage 1	15,468	(53,138)	(10,507)	(48,177)
Transfers to Stage 2	(19,674)	103,915	(3,364)	80,877
Transfers to Stage 3	(4,689)	(25,805)	249,250	218,756
Charge for existing loans	14,792	8,368	534,073	557,233
Bad debts recovery	–	–	(129,185)	(129,185)
Net charge/(write-back) to income statement	57,817	(23,431)	468,593	502,979
Unwind of discounts	–	–	34,746	34,746
Net write-off	–	–	(503,965)	(503,965)
Currency translation adjustments	14,123	2,243	(10,211)	6,155
Reclassification	74,766	24,513	–	99,279
Balance at 31 December	1,231,329	489,598	1,497,518	3,218,445
2018				
Balance at 1 January	1,048,832	519,278	1,855,026	3,423,136
New loans originated or purchased	127,269	–	–	127,269
Loans derecognised or repaid	(71,817)	(60,624)	(145,827)	(278,268)
Transfers to Stage 1	14,958	(56,745)	(3,020)	(44,807)
Transfers to Stage 2	(19,025)	110,969	(24,738)	67,206
Transfers to Stage 3	(4,534)	(27,557)	367,925	335,834
Charge/(Write-back) for existing loans	(8,345)	4,143	322,995	318,793
Bad debts recovery	–	–	(141,277)	(141,277)
Net charge/(write-back) to income statement	38,506	(29,814)	376,058	384,750
Unwind of discounts	–	–	10,740	10,740
Net write-off	–	–	(758,440)	(758,440)
Currency translation adjustments	(2,715)	(3,191)	24,971	19,065
Balance at 31 December	1,084,623	486,273	1,508,355	3,079,251

Certain comparative figures in the reconciliation have been restated to conform with the current year's methodology.

27. Loans to Customers (continued)

(d) *Movement of ECL allowance for loans to customers (continued)*

	The Bank			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
2019				
Balance at 1 January	457,407	250,591	1,124,007	1,832,005
New loans originated or purchased	72,915	–	–	72,915
Loans derecognised or repaid	(49,905)	(40,900)	(61,967)	(152,772)
Transfers to Stage 1	5,044	(23,937)	(2,168)	(21,061)
Transfers to Stage 2	(7,527)	47,692	(276)	39,889
Transfers to Stage 3	(997)	(12,137)	134,052	120,918
Charge/(Write-back) for existing loans	834	(37,771)	195,469	158,532
Bad debts recovery	–	–	(28,285)	(28,285)
Net charge/(write-back) to income statement	20,364	(67,053)	236,825	190,136
Unwind of discounts	–	–	17,934	17,934
Net write-off	–	–	(267,928)	(267,928)
Currency translation adjustments	208	(753)	(22,034)	(22,579)
Reclassification	72,523	23,777	–	96,300
Balance at 31 December	550,502	206,562	1,088,804	1,845,868
2018				
Balance at 1 January	460,203	257,355	1,493,696	2,211,254
New loans originated or purchased	75,662	–	–	75,662
Loans derecognised or repaid	(50,210)	(42,004)	(114,416)	(206,630)
Transfers to Stage 1	5,075	(24,583)	(1,794)	(21,302)
Transfers to Stage 2	(7,573)	48,980	(8,452)	32,955
Transfers to Stage 3	(1,003)	(12,465)	186,617	173,149
Charge/(Write-back) for existing loans	(23,783)	23,493	84,675	84,385
Bad debts recovery	–	–	(47,653)	(47,653)
Net charge/(write-back) to income statement	(1,832)	(6,579)	98,977	90,566
Unwind of discounts	–	–	(7,680)	(7,680)
Net write-off	–	–	(480,355)	(480,355)
Currency translation adjustments	(964)	(185)	19,369	18,220
Balance at 31 December	457,407	250,591	1,124,007	1,832,005

Certain comparative figures in the reconciliation have been restated to conform with the current year's methodology.

28. Financial Assets Transferred

The Group transfers financial assets to third parties in the ordinary course of business. Transferred assets where the Group retains substantially all the risks and rewards of the transferred assets continue to be recognised on the Group's balance sheet.

(a) *Assets pledged or transferred*

Assets transferred under repurchase agreements (repo) are conducted under terms and conditions that are usual market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them. Assets pledged or transferred are summarised below:

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore Government and central bank treasury bills and securities	650,271	137,835	650,271	137,835
Other government treasury bills and securities	450,128	1,020,793	135,635	961,358
Placements and balances with banks – negotiable certificates of deposit	49,063	458,317	49,063	458,317
Investment securities	1,002,484	927,312	1,002,484	927,312
	2,151,946	2,544,257	1,837,453	2,484,822

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

(b) *Collateral received*

Assets the Group received as collateral for reverse repurchase agreements (reverse repo) are summarised below:

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Assets received for reverse repo transactions, at fair value	18,411,065	17,458,431	14,596,221	13,155,784
Of which, sold or repledged	602,206	589,139	602,206	589,139

(c) *Repo and reverse repo transactions subject to netting agreements*

The Bank and the Group enter into global master repurchase agreements with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

28. Financial Assets Transferred (continued)

(c) *Repo and reverse repo transactions subject to netting agreements (continued)*

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

	2019		2018	
	Reverse repo $'000	Repo $'000	Reverse repo $'000	Repo $'000
The Group				
Carrying amount on the balance sheet subject to netting agreements [1]	17,614,020	2,378,464	17,175,471	2,999,858
Amount nettable [2]	(390,869)	(390,869)	(364,705)	(364,705)
Financial collateral	(17,217,884)	(1,986,273)	(16,808,367)	(2,625,140)
Net amounts	5,267	1,322	2,399	10,013
The Bank				
Carrying amount on the balance sheet subject to netting agreement [1]	13,882,858	2,081,995	12,829,860	2,946,366
Amount nettable [2]	(390,869)	(390,869)	(364,705)	(364,705)
Financial collateral	(13,486,975)	(1,689,804)	(12,462,809)	(2,571,648)
Net amounts	5,014	1,322	2,346	10,013

(1) The carrying amount of reverse repo is presented under "Cash, balances and placements with central banks", "Placements and balances with banks", and "Loans to customers" while repo is under "Deposits and balances of banks and customers" on the balance sheet.
(2) Amount that could be netted under the netting agreements.

(d) *Covered bonds*

Pursuant to the Bank's USD8 billion Global Covered Bond Programme, selected pools of residential mortgages that were originated by the Bank have been assigned to a bankruptcy-remote structured entity, Glacier Eighty Pte Ltd. These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2019, there were seven (2018: six) covered bonds outstanding comprising four EUR fixed rate covered bonds, two USD fixed rate covered bonds and one GBP floating rate covered bond, with assigned residential mortgages of approximately $9,923 million (2018: $8,574 million).

29. Investment Securities

(a)

	The Group		The Bank	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Quoted securities				
Debt [1]	6,352,555	7,553,296	5,615,758	7,226,049
Equity	879,035	738,876	750,799	629,479
Unquoted securities				
Debt [2]	6,339,021	2,618,700	5,144,005	1,808,687
Equity	1,916,154	2,672,269	1,242,541	2,034,192
ECL allowance	(33,074)	(30,038)	(30,595)	(30,038)
	15,453,691	13,553,103	12,722,508	11,668,369

(1) Includes ECL allowance on quoted debt securities at FVOCI of $54 million (2018: $106 million) for the Group and the Bank.
(2) Includes ECL allowance on unquoted debt securities at FVOCI of $16 million (2018: $17 million) for the Group and $1 million (2018: $2 million) for the Bank.

29. Investment Securities (continued)

(b) *Movement of ECL allowance for investment securities*

	The Group			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
2019				
Balance at 1 January	**758**	**2,217**	**27,063**	**30,038**
Transfers between Stages	**113**	**(1,515)**	**–**	**(1,402)**
Net charge/(write-back) to income statement	**4,678**	**104**	**(331)**	**4,451**
Currency translation adjustments	**(8)**	**(5)**	**–**	**(13)**
Balance at 31 December	**5,541**	**801**	**26,732**	**33,074**
2018				
Balance at 1 January	327	2,873	26,539	29,739
Transfers between Stages	(254)	1,444	–	1,190
Net charge/(write-back) to income statement	684	(2,088)	–	(1,404)
Currency translation adjustments	1	(12)	524	513
Balance at 31 December	758	2,217	27,063	30,038

	The Bank			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
2019				
Balance at 1 January	**758**	**2,217**	**27,063**	**30,038**
Transfers between Stages	**113**	**(1,515)**	**–**	**(1,402)**
Net charge/(write-back) to income statement	**2,199**	**104**	**(331)**	**1,972**
Currency translation adjustments	**(8)**	**(5)**	**–**	**(13)**
Balance at 31 December	**3,062**	**801**	**26,732**	**30,595**
2018				
Balance at 1 January	327	2,873	26,539	29,739
Transfers between Stages	(254)	1,444	–	1,190
Net charge/(write-back) to income statement	684	(2,088)	–	(1,404)
Currency translation adjustments	1	(12)	524	513
Balance at 31 December	758	2,217	27,063	30,038

(c) *Investment securities analysed by industry*

	The Group		The Bank	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Transport, storage and communication	**1,179,664**	1,450,095	**773,454**	1,340,715
Building and construction	**1,018,077**	513,563	**970,380**	476,758
Manufacturing	**1,122,445**	2,058,378	**1,096,118**	2,027,703
Financial institutions, investment and holding companies	**7,469,906**	4,654,301	**5,657,810**	3,057,358
General commerce	**817,274**	1,235,781	**709,875**	1,152,950
Others	**3,846,325**	3,640,985	**3,514,871**	3,612,885
	15,453,691	13,553,103	**12,722,508**	11,668,369

29. Investment Securities (continued)

(d) *Equity investments designated at FVOCI*

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

In 2019, the related dividend income was $43 million (2018: $22 million) at the Group and $35 million (2018: $19 million) at the Bank.

During the year, $402 million (2018: $41 million) at the Group and $383 million (2018: $8 million) at the Bank of the equity investments were realised. Related net loss recognised within equity were $383 million (2018: gain of $1 million) at the Group and $383 million (2018: gain of $0.5 million) at the Bank.

30. Other Assets

	The Group		The Bank	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Interest receivable	**1,107,512**	1,095,853	**775,486**	772,167
Sundry debtors	**1,582,687**	1,614,190	**949,108**	540,455
Foreclosed properties	**109,571**	94,599	**–**	–
Others	**2,215,506**	1,865,889	**1,805,682**	1,563,740
ECL allowance	**(22,162)**	(23,725)	**(1,899)**	(6,160)
Allowance for impairment	**(86,978)**	(130,500)	**(7)**	(160)
	4,906,136	4,516,306	**3,528,370**	2,870,042

31. Investment in Associates and Joint Ventures

(a)

	The Group		The Bank	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Material associates:				
UOB-Kay Hian Holdings Limited	**577,865**	565,525	**66,889**	66,889
Other associates/joint ventures	**622,795**	622,263	**421,037**	434,154
	1,200,660	1,187,788	**487,926**	501,043
Allowance for impairment (Note 33)	**(18,169)**	(18,180)	**(137,938)**	(137,938)
	1,182,491	1,169,608	**349,988**	363,105
Fair value of quoted investments at 31 December	**379,166**	366,631	**379,166**	366,631

			Effective equity interest of the Group	
	Principal	Country of	**2019**	2018
Name of associate	activities	incorporation	**%**	%
Quoted				
UOB-Kay Hian Holdings Limited	Stockbroking	Singapore	**38**	39

31. Investment in Associates and Joint Ventures (continued)

(b) Aggregate information about the Group's investments in associates and joint ventures that were not individually material is as follows:

	The Group	
	2019 $'000	2018 $'000
Profit for the financial year	31,016	62,394
Other comprehensive income	(8,955)	(5,326)
Total comprehensive income	22,061	57,068

(c) The summarised financial information in respect of UOB-Kay Hian Holdings Limited, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

	2019 $'000	2018 $'000
Statement of comprehensive income		
Operating income	382,718	367,398
Profit for the financial year	43,613	84,012
Other comprehensive income	37,317	5,657
Total comprehensive income	80,930	89,669
Balance sheet		
Current assets	4,928,990	3,277,254
Non-current assets	120,876	426,604
Total assets	5,049,866	3,703,858
Current liabilities	3,524,867	2,247,691
Non-current liabilities	9,745	1,196
Total liabilities	3,534,612	2,248,887
Net assets	1,515,254	1,454,971
Proportion of the Group's ownership	38%	39%
Group's share of net assets	577,865	565,533
Other adjustments	–	(8)
Carrying amount of the investment	577,865	565,525

Dividends of $15 million (2018: $15 million) were received from UOB-Kay Hian Holdings Limited.

32. Investment in Subsidiaries

(a)

	The Bank	
	2019 $'000	2018 $'000
Quoted investments	45,024	45,024
Unquoted investments	6,179,991	6,189,549
	6,225,015	6,234,573
Allowance for impairment (Note 33)	(220,192)	(220,360)
	6,004,823	6,014,213
Fair value of quoted investments at 31 December	246,739	237,455

32. 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 2019 %	2018 %
Commercial Banking			
United Overseas Bank (Malaysia) Bhd	Malaysia	**100**	100
United Overseas Bank (Thai) Public Company Limited	Thailand	**99.7**	99.7
PT Bank UOB Indonesia	Indonesia	**99**	99
United Overseas Bank (China) Limited	China	**100**	100
United Overseas Bank (Vietnam) Limited	Vietnam	**100**	100
Financial Services			
United Overseas Insurance Limited	Singapore	**58**	58
UOB Bullion and Futures Limited	Singapore	**100**	100
Funding Vehicle			
UOB Australia Limited	Australia	**100**	100
Asset Management/Investment Management			
UOB Asset Management Ltd	Singapore	**100**	100
UOB Asset Management (Malaysia) Berhad	Malaysia	**70**	70
UOB Asset Management (Thailand) Co., Ltd.	Thailand	**100**	100
UOB Alternative Investment Management Pte Ltd	Singapore	**100**	100
UOB Capital Management Pte Ltd	Singapore	**100**	100
UOB Global Capital LLC (1)	United States	**70**	70
UOB Holdings (USA) Inc. (2)	United States	**100**	100
UOB Venture Management (Shanghai) Co., Ltd (1)	China	**100**	100
UOB Venture Management Private Limited	Singapore	**100**	100
Property Investment Holding			
Industrial & Commercial Property (S) Pte Ltd	Singapore	**100**	100
PT UOB Property	Indonesia	**100**	100
UOB Property Investments China Pte Ltd	Singapore	**100**	100
UOB Property Investments Pte. Ltd.	Singapore	**100**	100
UOB Realty (USA) Ltd Partnership (2)	United States	**100**	100
Others			
UOB International Investment Private Limited	Singapore	**100**	100
UOB Travel Planners Pte Ltd	Singapore	**100**	100

Notes:
Except as indicated, all subsidiaries incorporated in Singapore are audited by Ernst & Young LLP, Singapore and those incorporated overseas are audited by member firms of Ernst & Young Global Limited.
(1) Audited by other auditors.
(2) Not required to be audited.

32. Investment in Subsidiaries (continued)

(c) *Interest in subsidiaries with material non-controlling interest (NCI)*

The Group has a subsidiary with NCI that is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividend paid to NCI $'000
2019					
United Overseas Insurance Limited	Singapore	**42**	**16,707**	**174,016**	**5,598**
2018					
United Overseas Insurance Limited	Singapore	42	9,973	157,504	6,998

(d) *Summarised financial information [1] about United Overseas Insurance Limited*

Summarised statement of comprehensive income

	2019 $'000	2018 $'000
Operating income	**63,772**	42,072
Profit before tax	**46,039**	25,924
Tax	**5,889**	1,957
Profit for the financial year	**40,150**	23,967
Other comprehensive income	**12,841**	(5,578)
Total comprehensive income	**52,991**	18,389

Summarised balance sheet

	2019 $'000	2018 $'000
Total assets	**637,561**	609,978
Total liabilities	**219,370**	231,468
Net assets	**418,191**	378,510

Other information

	2019 $'000	2018 $'000
Net cash flows from operations	**873**	7,556
Acquisition of property, plant and equipment	**715**	50

(1) Including consolidation adjustments but before intercompany eliminations.

(e) *Consolidated structured entities*
The Group has established a USD8 billion Global Covered Bond Programme to augment its funding programmes. Under the Programme, the Bank may from time to time issue covered bonds (the Covered Bonds). The payments of interest and principal under the Covered Bonds are guaranteed by the Covered Bond Guarantor (the CBG), Glacier Eighty Pte Ltd. The Covered Bonds issued under the Programme will be backed by a portfolio of Singapore residential mortgages transferred by the Bank to the CBG when certain conditions are met.

32. Investment in Subsidiaries (continued)

(f) *Interests in unconsolidated structured entities*

The Group had interests in certain investment funds where the Group was the fund manager and the investors had no or limited removal rights over the fund manager. These funds were primarily financed by the investors. The table below summarises the Group's involvement in the funds.

	The Group	
	2019	2018
	$ million	$ million
Total assets of structured entities [1]	20,021	20,291
Maximum exposure to loss – Investment in funds	254	349
Fee income	182	171
Net gain from investment securities	55	65

(1) Based on the latest available financial reports of the structured entities.

33. Movement of Allowance for Impairment on Investment in Associates, Joint Ventures and Subsidiaries

	The Group
	Investment in associates and joint ventures
	$'000
2019	
Balance at 1 January	18,180
Currency translation adjustments	(11)
Balance at 31 December	18,169
2018	
Balance at 1 January	18,178
Currency translation adjustments	2
Balance at 31 December	18,180

	The Bank	
	Investment in associates and joint ventures	Investment in subsidiaries
	$'000	$'000
2019		
Balance at 1 January	137,938	220,360
Currency translation adjustments	–	(1)
Write-back to income statement	–	(167)
Balance at 31 December	137,938	220,192
2018		
Balance at 1 January	136,938	131,381
Currency translation adjustments	–	3
Net charge to income statement	1,000	88,976
Balance at 31 December	137,938	220,360

34. Investment Properties

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 January	1,012,332	1,088,309	1,078,735	1,118,762
Currency translation adjustments	(4,992)	(4,688)	(267)	(929)
Additions	17,279	31,575	629	15,246
Disposals	(6,844)	(4,568)	(6,844)	(4,568)
Depreciation charge	(19,980)	(21,585)	(14,498)	(15,837)
Transfers	(62,097)	(76,711)	(87,771)	(33,939)
Balance at 31 December	935,698	1,012,332	969,984	1,078,735
Represented by:				
Cost	1,250,507	1,336,509	1,217,762	1,338,523
Accumulated depreciation	(314,809)	(324,177)	(247,778)	(259,788)
Net carrying amount	935,698	1,012,332	969,984	1,078,735
Freehold property	370,563	320,493	609,074	689,005
Leasehold property	565,135	691,839	360,910	389,730
	935,698	1,012,332	969,984	1,078,735
Fair value hierarchy				
Level 2	274,357	251,538	277,399	254,657
Level 3	2,921,665	3,018,655	2,362,213	2,456,102
	3,196,022	3,270,193	2,639,612	2,710,759

The valuations of investment properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

35. Fixed Assets

	2019				2018		
	Owner-occupied properties $'000	Others $'000	Right-of-use assets $'000	Total $'000	Owner-occupied properties $'000	Others $'000	Total $'000
The Group							
Balance at 1 January	973,856	1,291,768	187,929	2,453,553	914,447	1,056,398	1,970,845
Currency translation adjustments	9,182	9,752	72	19,006	(6,498)	(792)	(7,290)
Additions	28,281	527,405	70,877	626,563	12,600	472,291	484,891
Disposals	(596)	(21,000)	(1,303)	(22,899)	(51)	(7,832)	(7,883)
Depreciation charge	(24,295)	(266,333)	(88,048)	(378,676)	(22,970)	(228,297)	(251,267)
Write-back of/(Allowance for) impairment	73	–	–	73	(383)	–	(383)
Transfers	62,097	–	–	62,097	76,711	–	76,711
Balance at 31 December	1,048,598	1,541,592	169,527	2,759,717	973,856	1,291,768	2,265,624
Represented by:							
Cost	1,438,407	3,250,925	256,726	4,946,058	1,313,317	2,825,446	4,138,763
Accumulated depreciation	(387,663)	(1,709,333)	(87,199)	(2,184,195)	(337,238)	(1,533,678)	(1,870,916)
Allowance for impairment	(2,146)	–	–	(2,146)	(2,223)	–	(2,223)
Net carrying amount	1,048,598	1,541,592	169,527	2,759,717	973,856	1,291,768	2,265,624
Freehold property	575,259				505,481		
Leasehold property	473,339				468,375		
	1,048,598				973,856		
Fair value hierarchy							
Level 2	548,266				537,335		
Level 3	3,351,677				2,980,640		
	3,899,943				3,517,975		

35. Fixed Assets (continued)

	2019				2018		
	Owner-occupied properties $'000	Others $'000	Right-of-use assets $'000	Total $'000	Owner-occupied properties $'000	Others $'000	Total $'000
The Bank							
Balance at 1 January	760,467	931,905	135,559	1,827,931	695,967	721,355	1,417,322
Currency translation adjustments	(49)	(118)	73	(94)	(176)	(3,765)	(3,941)
Additions	1,120	430,355	39,751	471,226	42,563	373,208	415,771
Disposals	(361)	(15,144)	–	(15,505)	(31)	(4,860)	(4,891)
Depreciation charge	(12,974)	(188,702)	(63,373)	(265,049)	(11,795)	(154,033)	(165,828)
Transfers	87,771	–	–	87,771	33,939	–	33,939
Balance at 31 December	835,974	1,158,296	112,010	2,106,280	760,467	931,905	1,692,372
Represented by:							
Cost	1,057,942	2,280,398	174,554	3,512,894	947,430	1,897,833	2,845,263
Accumulated depreciation	(221,968)	(1,122,102)	(62,544)	(1,406,614)	(186,963)	(965,928)	(1,152,891)
Net carrying amount	835,974	1,158,296	112,010	2,106,280	760,467	931,905	1,692,372
Freehold property	677,345				620,566		
Leasehold property	158,629				139,901		
	835,974				760,467		
Fair value hierarchy							
Level 2	251,043				239,191		
Level 3	2,266,277				1,944,320		
	2,517,320				2,183,511		

The valuations of owner-occupied properties were performed by external valuers with professional qualifications and experience, taking into account market prices and rentals of comparable properties using a market comparison approach or using a combination of comparable sales and investment approaches.

Fair values for properties under Level 2 of the fair value hierarchy are determined based on market comparison approach using comparable price transactions as significant observable inputs. Fair values for properties under Level 3 of the fair value hierarchy are determined using a combination of market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

Fixed assets-others comprise mainly computer equipment, software and furniture and fittings.

Right-of-use assets comprise mainly properties, computer equipment and motor vehicles.

36. Intangible Assets

(a) *Goodwill*

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at 1 January	4,138,392	4,141,919	3,181,819	3,181,819
Currency translation adjustments	7,104	(3,527)	–	–
Addition	2,304	–	–	–
Balance at 31 December	4,147,800	4,138,392	3,181,819	3,181,819
Represented by:				
Cost	4,147,800	4,138,392	3,181,819	3,181,819
Accumulated impairment	–	–	–	–
Net carrying amount	4,147,800	4,138,392	3,181,819	3,181,819

(b) Goodwill was allocated on the date of acquisition to the reportable operating segments expected to benefit from the synergies of business combination. The recoverable amount of the operating segments is based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the Group as a whole and to individual countries such as Thailand and Indonesia. The growth rates used do not exceed the historical long-term average growth rate of the major countries. Cash flow projections are based on the most recent five-year financial forecasts provided by key business segments and approved by management. These cash flows are derived based on the outlook of macroeconomic conditions from external sources, in particular, interest rates and foreign exchange rates, taking into account management's past experience on the impact of such changes to the cash flows of the Group. Long-term growth rate is imputed on fifth-year cash flow and then discounted to determine the terminal value. Key assumptions are as follows:

	Discount rate		Growth rate	
	2019	2018	2019	2018
Singapore	7.43	7.43	1.90	2.96
Thailand	9.76	9.76	3.44	3.32
Indonesia	9.38	9.38	5.42	5.39

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.

37. Contingent Liabilities

In the normal course of business, the Bank and the Group conduct businesses involving guarantees, performance bonds and indemnities. The bulk of these liabilities are backed by the corresponding obligations of the customers. No assets of the Bank and the Group were pledged as security for these contingent liabilities at the balance sheet date.

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Direct credit substitutes	3,878,234	4,454,846	3,131,786	3,131,955
Transaction-related contingencies	17,930,796	15,597,637	8,597,788	7,247,084
Trade-related contingencies	10,126,580	10,949,566	8,176,895	8,997,100
Others	427,972	1,282	1,307	1,282
	32,363,582	31,003,331	19,907,776	19,377,421

38. 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 44.

(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.

	2019			2018		
	Notional amount $'000	**Positive fair value $'000**	**Negative fair value $'000**	Notional amount $'000	Positive fair value $'000	Negative fair value $'000
The Group						
Foreign exchange contracts						
Forwards	**64,979,133**	**480,525**	**568,388**	52,807,960	399,713	592,106
Swaps	**262,823,794**	**1,631,102**	**1,692,543**	284,319,946	2,412,842	1,963,547
Futures	**3,639**	**50**	**–**	–	–	–
Options purchased	**10,585,346**	**96,855**	**–**	8,523,252	141,650	–
Options written	**10,186,754**	**–**	**97,642**	9,395,487	–	133,909
Interest rate contracts						
Forwards	**–**	**–**	**–**	1,362,750	388	275
Swaps	**569,231,298**	**3,987,778**	**3,953,357**	529,719,885	2,535,446	2,753,963
Futures	**1,209,697**	**366**	**293**	12,744,712	3,462	6,828
Options purchased	**1,275,909**	**3,556**	**–**	1,292,163	2,117	–
Options written	**2,200,294**	**–**	**2,117**	1,161,632	–	1,699
Equity-related contracts						
Swaps	**846,013**	**5,615**	**34,895**	997,881	10,503	86,119
Futures	**4,757**	**–**	**19**	361	7	18
Options purchased	**2,092,352**	**51,861**	**–**	5,095,891	67,948	–
Options written	**4,177,506**	**–**	**82,661**	6,276,840	–	63,791
Credit-related contracts						
Swaps	**1,018,662**	**47**	**26,981**	1,489,848	42,650	6,313
Others						
Forwards	**837,482**	**3,841**	**5,777**	627,909	12,146	9,780
Swaps	**4,825,725**	**51,616**	**129,616**	4,262,351	60,161	161,858
Futures	**4,479,585**	**90,336**	**97,226**	1,973,334	38,922	59,590
Options purchased	**296,373**	**4,327**	**–**	85,331	2,102	–
Options written	**318,704**	**–**	**3,920**	32,151	–	203
	941,393,023	**6,407,875**	**6,695,435**	922,169,684	5,730,057	5,839,999

38. Financial Derivatives (continued)

(a) (continued)

	2019			2018		
	Notional amount $'000	Positive fair value $'000	Negative fair value $'000	Notional amount $'000	Positive fair value $'000	Negative fair value $'000
The Bank						
Foreign exchange contracts						
Forwards	62,765,814	431,736	592,284	47,426,901	309,052	503,839
Swaps	196,226,193	1,101,095	1,062,504	181,215,179	1,383,546	958,433
Futures	3,639	50	–	–	–	–
Options purchased	5,590,220	52,717	–	5,808,055	103,889	–
Options written	5,435,064	–	47,297	6,230,666	–	101,452
Interest rate contracts						
Forwards	–	–	–	1,362,750	388	275
Swaps	514,828,511	3,692,427	3,685,128	479,296,929	2,344,275	2,572,082
Futures	1,209,697	366	293	11,475,950	3,462	5,852
Options purchased	1,204,809	2,388	–	1,292,163	2,117	–
Options written	2,129,194	–	1,896	1,127,427	–	1,699
Equity-related contracts						
Swaps	840,361	4,908	34,188	915,100	1,080	76,606
Futures	4,757	–	19	361	7	18
Options purchased	2,079,801	51,885	–	5,090,893	67,990	–
Options written	4,164,620	–	82,323	6,318,052	–	62,152
Credit-related contracts						
Swaps	1,018,662	47	26,981	1,489,848	42,650	6,313
Others						
Forwards	419,016	1,701	1,515	256,805	1,144	1,136
Swaps	4,123,077	26,567	100,654	3,863,756	47,333	142,022
Futures	1,184,478	24,475	56,896	1,533,296	34,831	53,668
Options purchased	288,247	3,256	–	85,331	2,102	–
Options written	312,936	–	3,209	32,508	–	1,767
	803,829,096	5,393,618	5,695,187	754,821,970	4,343,866	4,487,314

38. Financial Derivatives (continued)

(b) *Financial derivatives subject to netting agreements*

The Bank and the Group enter into derivative master netting agreements (such as the International Swaps and Derivatives Association Master Agreement) with counterparties where it is appropriate and practicable to mitigate counterparty credit risk. Such agreements allow the Bank and the Group to settle outstanding derivative contracts' amounts with the counterparty on a net basis in the event of default. These agreements also allow the Bank and the Group to further reduce its credit risk by requiring periodic mark-to-market of outstanding positions and posting of collateral when pre-established thresholds are exceeded. The counterparty that receives non-cash collateral is typically allowed to sell or re-pledge such collateral in accordance with the terms of these agreements.

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

	2019		2018	
	Positive fair value $'000	**Negative fair value $'000**	Positive fair value $'000	Negative fair value $'000
The Group				
Carrying amount on the balance sheet	**6,407,875**	**6,695,435**	5,730,057	5,839,999
Amount not subject to netting agreements	**(1,151,557)**	**(971,928)**	(689,217)	(527,706)
Amount subject to netting agreements	**5,256,318**	**5,723,507**	5,040,840	5,312,293
Amount nettable [(1)]	**(4,545,449)**	**(4,545,449)**	(4,025,518)	(4,025,518)
Financial collateral	**(234,053)**	**(411,846)**	(258,403)	(759,935)
Net amounts	**476,816**	**766,212**	756,919	526,840
The Bank				
Carrying amount on the balance sheet	**5,393,618**	**5,695,187**	4,343,866	4,487,314
Amount not subject to netting agreements	**(1,212,309)**	**(968,018)**	(671,026)	(503,873)
Amount subject to netting agreements	**4,181,309**	**4,727,169**	3,672,840	3,983,441
Amount nettable [(1)]	**(3,758,226)**	**(3,758,226)**	(2,873,801)	(2,873,801)
Financial collateral	**(184,369)**	**(289,448)**	(202,889)	(646,239)
Net amounts	**238,714**	**679,495**	596,150	463,401

(1) Amount that could be netted under the netting agreements.

39. Commitments

(a)

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Undrawn credit facilities	**154,580,415**	146,008,467	**122,937,621**	119,286,137
Spot/Forward contracts	**2,584,344**	1,034,463	**2,591,870**	1,053,388
Capital commitments	**446,134**	442,452	**153,103**	152,962
Operating lease commitments	**19,167**	224,620	**3,009**	163,612
Others	**3,614,812**	3,783,994	**2,875,909**	3,158,997
	161,244,872	151,493,996	**128,561,512**	123,815,096

(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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Minimum lease payable				
Within 1 year	**8,463**	99,004	**570**	71,526
Over 1 to 5 years	**10,219**	121,853	**2,395**	89,136
Over 5 years	**485**	3,763	**44**	2,950
	19,167	224,620	**3,009**	163,612

The Group leases out investment properties typically on three-year leases based on market rental rates. These leases contain options to renew at prevailing market rates.

	The Group		The Bank	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Minimum lease receivable				
Within 1 year	**83,255**	87,408	**62,887**	74,301
Over 1 to 5 years	**127,477**	122,194	**70,218**	97,553
Over 5 years	**58,776**	2,753	**–**	2,162
	269,508	212,355	**133,105**	174,016

40. Hedge Accounting

The impact of the hedging instruments and hedged items on the balance sheet as at 31 December is as follows:

	The Group				
	Carrying amount of assets/ (liabilities) $ million	Changes in fair value $ million	Type of risk hedged	Notional amount $ million	Maturity profile of fair value hedge
2019					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	(59)	113	Interest rate risk	13,407	Less than 9 years
Customer deposits	(66)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(3,000)	19	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	424	6			
Debt securities	1,713	25			
Equity securities at FVOCI	66	(1)			
Liabilities					
Customer deposits	(294)	–			
Subordinated debts	(4,431)	(94)			
Other debts securities	(6,018)	(50)			
2018					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	54	(33)	Interest rate risk	13,528	Less than 10 years
Customer deposits	(67)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(3,294)	4	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	429	3			
Debt securities	2,907	30			
Equity securities at FVOCI	67	(1)			
Liabilities					
Customer deposits	(522)	–			
Subordinated debts	(4,257)	19			
Other debts securities	(5,859)	(19)			

40. Hedge Accounting (continued)

	The Bank				
	Carrying amount of assets/ (liabilities) $ million	Changes in fair value $ million	Type of risk hedged	Notional amount $ million	Maturity profile of fair value hedge
2019					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	(55)	110	Interest rate risk	12,881	Less than 9 years
Customer deposits	(66)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(2,982)	19	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	424	6			
Debt securities	1,713	25			
Equity securities at FVOCI	66	(1)			
Liabilities					
Customer deposits	(294)	–			
Subordinated debts	(3,901)	(91)			
Other debts securities	(6,018)	(50)			
2018					
Hedging instruments					
Fair value hedge					
Derivatives – Interest rate swaps	54	(33)	Interest rate risk	13,165	Less than 10 years
Customer deposits	(67)	1	Foreign exchange risk	–	Within 1 year
Net investment hedge					
Customer deposits	(2,616)	4	Foreign exchange risk	–	
Hedged items relating to fair value hedges					
Assets					
Loans	429	3			
Debt securities	2,907	30			
Equity securities at FVOCI	67	(1)			
Liabilities					
Customer deposits	(522)	–			
Subordinated debts	(4,085)	19			
Other debts securities	(5,859)	(19)			

The ineffectiveness arising from these hedges was insignificant.

41. Share-Based Compensation Plans

Share-based compensation plans of the Group comprise the UOB Restricted Share Plan (RS) and UOB Share Appreciation Rights Plan (SAR).

In 2018, following a review of the total compensation model, the Remuneration and Human Capital Committee (RHCC) approved, *inter alia*, a revised variable pay deferral framework for senior employees and Material Risk Takers. Under this, a portion of variable pay will be deferred as shares under the RS Plan. Such deferred RS will vest over a three-year period.

Share Appreciation Rights 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. Since 2014, no SAR has been granted. The last SAR granted in 2013 expired on 13 December 2019.

Participating employees who leave the Group before the RS and SAR are vested will forfeit their rights unless otherwise decided by the RHCC.

As approved by shareholders at the Annual General Meeting on 21 April 2016, the RS Plan shall be in force for a further duration of ten years up to (and including) 6 August 2027. The Plan only allows the delivery of UOB ordinary shares held in treasury by the Bank.

Movements and outstanding balances of these plans are as follows:

UOB Restricted Share Plan and UOB Share Appreciation Rights Plan

	The Group Number of Restricted shares	
	2019 '000	2018 '000
Balance at 1 January	**6,055**	6,135
Granted	**2,470**	2,091
Forfeited/Cancelled	**(100)**	(475)
Vested	**(2,449)**	(1,696)
Balance at 31 December	**5,976**	6,055

	SAR Exercisable rights			
	2019		2018	
	Number of rights '000	**Weighted average exercise price ($)**	Number of rights '000	Weighted average exercise price ($)
Balance at 1 January	**805**	**20.43**	1,836	20.15
Forfeited/Lapsed	**–**	**–**	–	–
Exercised	**(805)**	**20.43**	(1,031)	19.93
Balance at 31 December	**–**	**–**	805	20.43

At 31 December 2019, there were no outstanding SAR exercisable rights.

41. Share-Based Compensation Plans (continued)

Year granted	Expiry date	Fair value per grant at grant date $	Number of outstanding grants 2019 '000	2018 '000
Restricted shares				
2016	3 May 2018 and 3 May 2019	17.06 and 17.24	–	1,799
2017	11 May 2019 and 11 May 2020	21.50 and 23.00	**1,517**	2,205
2018	24 Apr 2020 and 24 Apr 2021	27.03 and 22.95	**2,009**	2,051
2019	23 Apr 2021 and 23 Apr 2022	24.68	**2,450**	–
			5,976	6,055

Fair values of the RS were estimated at the grant date using the Trinomial valuation methodology. The key assumptions of the RS are as follows:

	Restricted shares		
		2018	
Year granted	**2019**	1st grant	2nd grant
Exercise price ($)	Not applicable	Not applicable	
Expected volatility (%) (1)	**16.99**	16.40	16.82
Risk-free interest rate (%)	**1.88 – 1.91**	1.88 – 2.02	2.05 – 2.14
Contractual life (years)	**2 and 3**	2 and 3	2 and 3
Expected dividend yield (%)	Management's forecast in line with dividend objective		

(1) Based on the past three years' historical volatility.

42. Related Party Transactions

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

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

All related party transactions of the Group were done in the ordinary course of business and at arm's length. In addition to the information disclosed elsewhere in the financial statements, other related party transactions that may be of interest are as follows:

(a)

	The Group		The Bank	
	2019	2018	2019	2018
	$ million	$ million	$ million	$ million
Interest income				
Subsidiaries	–	–	363	316
Associates and joint ventures	8	15	8	15
Interest expense				
Subsidiaries	–	–	258	189
Associates and joint ventures	18	12	16	9
Dividend income				
Subsidiaries	–	–	227	212
Associates and joint ventures	–	–	22	18
Rental income				
Subsidiaries	–	–	–	4
Rental and other expenses				
Subsidiaries	–	–	112	111
Associates and joint ventures	26	17	26	13
Fee and commission and other income				
Subsidiaries	–	–	136	145
Associates and joint ventures	11	7	1	3
Placements, securities, loans and advances				
Subsidiaries	–	–	17,972	16,363
Associates and joint ventures	838	782	838	781
Deposits				
Subsidiaries	–	–	13,419	13,562
Associates and joint ventures	1,267	1,376	1,123	1,244
Off-balance sheet credit facilities (1)				
Subsidiaries	–	–	316	251
Associates and joint ventures	34	2	34	1

(1) Includes guarantees issued by the Group of $4 million (2018: $1 million) and the Bank of $212 million (2018: $221 million).

42. Related Party Transactions (continued)

(b)

	The Group		The Bank	
	2019 $ million	2018 $ million	2019 $ million	2018 $ million
Compensation of key management personnel				
Short-term employee benefits	20	20	20	20
Long-term employee benefits	2	2	2	2
Share-based payment	15	8	15	8
Others	*	*	*	*
	37	30	37	30

* Less than $500,000.

43. Segment Information

(a) *Operating segments*

Segmental reporting is prepared based on the Group's internal organisational structure. The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others segment includes non-banking activities and corporate functions.

Group Retail (GR)

GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Group Wholesale Banking (GWB)

GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including financing, trade services, cash management, capital markets solutions and advisory and treasury products.

Global Markets (GM)

GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Others

Others segment includes corporate support functions and divisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

43. Segment Information (continued)

(a) *Operating segments (continued)*

Selected income statement items	The Group				
	GR $ million	GWB $ million	GM $ million	Others $ million	Total $ million
2019					
Net interest income	2,973	2,977	95	517	6,562
Non-interest income	1,325	1,121	500	521	3,467
Operating income	4,298	4,098	595	1,039	10,030
Operating expenses	(2,097)	(1,031)	(278)	(1,066)	(4,472)
Allowance for credit and other losses	(192)	(285)	(4)	46	(435)
Share of profit of associates and joint ventures	–	5	–	46	51
Profit before tax	2,009	2,787	313	65	5,174
Tax					(813)
Profit for the financial year					4,362
Other information					
Capital expenditure	55	49	22	447	573
Depreciation of assets	60	26	11	301	399
2018					
Net interest income	2,721	2,832	126	541	6,220
Non-interest income	1,231	1,052	340	273	2,896
Operating income	3,952	3,884	466	814	9,116
Operating expenses	(1,919)	(900)	(244)	(940)	(4,003)
Allowance for credit and other losses	(192)	(178)	(2)	(21)	(393)
Share of profit of associates and joint ventures	–	14	–	92	106
Profit before tax	1,841	2,820	220	(55)	4,826
Tax					(805)
Profit for the financial year					4,021
Other information					
Capital expenditure	68	36	22	390	516
Depreciation of assets	24	11	7	231	273

Notes:
1. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.
2. Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

43. Segment Information (continued)

(a) *Operating segments (continued)*

Selected balance sheet items	The Group				
	GR $ million	GWB $ million	GM $ million	Others $ million	Total $ million
2019					
Segment assets	109,044	189,444	64,672	35,919	399,079
Intangible assets – goodwill	1,317	2,088	660	83	4,148
Investment in associates and joint ventures	–	182	–	1,000	1,182
Total assets	110,361	191,714	65,332	37,002	404,409
Segment liabilities	154,253	164,669	31,614	14,009	364,545
Other information					
Gross customer loans	109,017	158,626	1,021	12	268,676
Non-performing assets	1,292	2,980	9	16	4,297
2018					
Segment assets	108,115	184,530	55,657	34,482	382,784
Intangible assets – goodwill	1,315	2,084	659	80	4,138
Investment in associates and joint ventures	–	167	–	1,003	1,170
Total assets	109,430	186,781	56,316	35,565	388,092
Segment liabilities	142,067	157,403	37,361	13,449	350,280
Other information					
Gross customer loans	108,022	153,168	498	19	261,707
Non-performing assets	1,248	2,896	7	15	4,166

Notes:
1. Comparative segment information for prior periods has been adjusted for changes in organisational structure and management reporting methodology.

43. 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						
	Singapore $ million	Malaysia $ million	Thailand $ million	Indonesia $ million	Greater China [1] $ million	Others $ million	Total $ million
2019							
Net interest income	3,752	738	762	327	455	528	6,562
Non-interest income	2,004	346	295	158	482	182	3,467
Operating income	5,756	1,084	1,057	485	937	711	10,030
Operating expenses	(2,480)	(435)	(651)	(348)	(401)	(157)	(4,472)
Allowance for credit and other losses	(167)	(80)	(135)	(53)	(9)	9	(435)
Share of profit of associates and joint ventures	52	–	–	–	–	(1)	51
Profit before tax	3,161	569	271	84	527	562	5,174
Total assets before intangible assets	235,477	41,352	25,462	9,840	54,907	33,223	400,261
Intangible assets	3,182	–	729	237	–	–	4,148
Total assets	238,659	41,352	26,191	10,077	54,907	33,223	404,409
2018							
Net interest income	3,552	738	708	318	421	483	6,220
Non-interest income	1,570	330	256	125	443	172	2,896
Operating income	5,122	1,068	964	443	864	655	9,116
Operating expenses	(2,189)	(407)	(571)	(312)	(381)	(143)	(4,003)
Allowance for credit and other losses	(83)	(61)	(111)	(55)	(68)	(15)	(393)
Share of profit of associates and joint ventures	66	–	–	–	29	11	106
Profit before tax	2,916	600	282	76	444	508	4,826
Total assets before intangible assets	228,478	40,620	21,946	9,256	55,021	28,633	383,954
Intangible assets	3,182	–	725	231	–	–	4,138
Total assets	231,660	40,620	22,671	9,487	55,021	28,633	388,092

(1) Comprise Mainland China, Hong Kong SAR and Taiwan.

44. Financial Risk Management

The Group's business activities involve the use of financial instruments, including derivatives. These activities expose the Group to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk, equity risk, commodity risk and liquidity risk.

The Group's financial risks are centrally managed by the various specialist committees within the authority delegated by the Board of Directors. These various specialist committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Group Board Risk Management Committee (BRMC).

The Group Risk Management Sector assumes the independent oversight of risks undertaken by the Group, and takes the lead in the formulation and approval of risk policies, controls and processes. The Group Market Risk and Product Control within the Group Risk Management Sector monitor Global Markets and Investment Management's compliance with trading policies and limits. This is further enhanced by the periodic risk assessment audit carried out by Group Audit.

The main financial risks that the Group is exposed to and how they are managed is set out below:

(a) Credit risk

Credit risk is the risk of loss arising from any failure by a borrower or counterparty to meet its financial obligations when such obligations fall due.

The Group Credit Committee supports the CEO and BRMC in managing the Group's overall credit risk exposures. It serves as an executive forum for discussions on all credit-related issues including the credit risk management framework, policies, processes, infrastructure, methodologies and system.

Credit risk exposures are managed through a robust credit underwriting, structuring and monitoring process. The process includes monthly review of all non-performing and special mention loans, ensuring credit quality and the timely recognition of asset impairment. In addition, past due amounts and credit limit excesses are tracked and analysed by business and product lines.

Country risk is the risk of loss due to specific events in a country that the Group has exposure to. These events include political and economic events, social unrest, nationalisation and expropriation of assets, government repudiation of external indebtedness, and currency depreciation or devaluation.

(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 [1] 2019 $ million	Average [1] 2018 $ million	**2019 $ million**	2018 $ million
Balances and placements with central banks	**25,339**	25,536	**24,912**	24,386
Singapore Government treasury bills and securities	**5,910**	5,648	**6,199**	5,615
Other government treasury bills and securities	**15,077**	11,971	**15,165**	13,201
Trading debt securities	**2,199**	1,847	**2,405**	1,675
Placements and balances with banks	**51,667**	53,340	**52,840**	50,800
Loans to customers	**268,420**	248,555	**265,458**	258,627
Derivative financial assets	**6,129**	6,628	**6,408**	5,730
Investment debt securities	**11,813**	8,969	**12,658**	10,142
Others	**2,987**	2,755	**2,690**	2,710
	389,541	365,249	**388,735**	372,886
Contingent liabilities	**31,920**	30,529	**32,362**	31,002
Commitments (excluding operating lease and capital commitments)	**156,067**	142,831	**160,780**	150,827
	577,528	538,609	**581,877**	554,715

(1) Average balances are computed based on quarter-end exposure.

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(i) *Credit exposure (continued)*

As a fundamental credit principle, the Group generally does not grant credit facilities solely on the basis of the collateral provided. All credit facilities are granted based on the credit standing of the borrower, source of repayment and debt servicing ability.

Collateral is taken whenever possible to mitigate the credit risk assumed. The value of the collateral is monitored periodically. The frequency of valuation depends on the type, liquidity and volatility of the collateral value. Our collaterals are mostly properties while other types of collateral taken by the Group include cash, marketable securities, equipment, inventories and receivables. We have in place policies and processes to monitor collateral concentration.

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

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

Exposures arising from foreign exchange, derivatives and securities financing transactions are typically mitigated through agreements such as the International Swaps and Derivatives Association Master Agreements, the Credit Support Annex and the Global Master Repurchase Agreements. Such agreements help to minimise credit exposure by allowing the Bank to offset what is owed to a counterparty against what is due from that counterparty in the event of a default.

In addition, derivative transactions are cleared through Central Counterparties, where possible, to reduce counterparty credit exposure further through multilateral netting and the daily margining processes.

(ii) *Major on-balance sheet credit exposures*

The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group				
	Loans to customers (gross)	Government treasury bills and securities	Placements and balances with banks	Debt securities	Total
	$ million	$ million	$ million	$ million	$ million
Analysed by geography					
2019					
Singapore	138,666	6,199	2,222	2,134	149,221
Malaysia	29,554	3,846	7,117	2,619	43,136
Thailand	19,585	4,087	1,897	53	25,622
Indonesia	11,466	1,145	2,025	14	14,650
Greater China	41,423	3,480	25,792	2,882	73,577
Others	27,982	2,607	13,787	7,361	51,737
Total	268,676	21,364	52,840	15,063	357,943
2018					
Singapore	137,176	5,614	998	1,519	145,307
Malaysia	29,315	2,683	6,124	1,337	39,459
Thailand	16,813	2,945	2,608	47	22,413
Indonesia	11,289	1,225	2,269	4	14,787
Greater China	40,081	3,113	24,237	2,224	69,655
Others	27,033	3,235	14,564	6,686	51,518
Total	261,707	18,815	50,800	11,817	343,139

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(ii) *Major on-balance sheet credit exposures (continued)*

	The Group				
	Loans to customers (gross) $ million	Government treasury bills and securities $ million	Placements and balances with banks $ million	Debt securities $ million	Total $ million
Analysed by industry					
2019					
Transport, storage and communication	11,036	–	–	789	11,825
Building and construction	66,992	–	–	526	67,518
Manufacturing	19,380	–	–	921	20,301
Financial institutions, investment and holding companies	26,098	–	52,840	6,747	85,685
General commerce	32,713	–	–	717	33,430
Professionals and private individuals	29,458	–	–	–	29,458
Housing loans	68,586	–	–	–	68,586
Government	–	21,364	–	–	21,364
Others	14,413	–	–	5,363	19,776
Total	268,676	21,364	52,840	15,063	357,943
2018					
Transport, storage and communication	10,185	–	–	1,411	11,596
Building and construction	63,139	–	–	197	63,336
Manufacturing	21,112	–	–	2,091	23,203
Financial institutions, investment and holding companies	23,199	–	50,800	3,917	77,916
General commerce	32,928	–	–	1,173	34,101
Professionals and private individuals	29,288	–	–	–	29,288
Housing loans	68,387	–	–	–	68,387
Government	–	18,815	–	–	18,815
Others	13,469	–	–	3,028	16,497
Total	261,707	18,815	50,800	11,817	343,139

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(iii) *Major off-balance sheet credit exposures*
The exposures are determined based on country of incorporation/operation for non-individuals and residence for individuals.

	The Group			
	2019		2018	
	Contingent liabilities $ million	Commitments [1] $ million	Contingent liabilities $ million	Commitments [1] $ million
Analysed by geography				
Singapore	16,565	81,671	16,164	78,416
Malaysia	2,759	13,293	2,851	13,588
Thailand	1,892	13,449	1,627	11,753
Indonesia	1,238	5,628	1,095	5,818
Greater China	4,489	28,349	4,008	25,212
Others	5,419	18,390	5,257	16,040
Total	32,362	160,780	31,002	150,827
Analysed by industry				
Transport, storage and communication	1,559	6,364	1,386	5,719
Building and construction	8,270	26,587	7,673	26,989
Manufacturing	3,376	23,714	2,717	20,486
Financial institutions, investment and holding companies	9,006	17,970	8,623	18,371
General commerce	7,703	44,016	8,636	43,308
Professionals and private individuals	172	23,907	166	22,360
Housing loans	–	3,430	–	3,500
Others	2,276	14,792	1,801	10,094
Total	32,362	160,780	31,002	150,827

(1) Excluding operating lease and capital commitments.

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality*

a. Non-trading gross loans are graded in accordance with MAS Notice 612 as follows:

	The Group			
	Stage 1 $ million	Stage 2 $ million	Stage 3 $ million	Total $ million
2019				
Pass	252,650	6,088	–	258,738
Special mention	–	2,351	–	2,351
Substandard	–	–	2,648	2,648
Doubtful	–	–	185	185
Loss	–	–	1,303	1,303
	252,650	8,439	4,136	265,225
2018				
Pass	244,504	7,102	–	251,606
Special mention	–	2,173	–	2,173
Substandard	–	–	2,489	2,489
Doubtful	–	–	207	207
Loss	–	–	1,298	1,298
	244,504	9,275	3,994	257,773

b. Non-trading government treasury bills and securities and debt securities

The table below presents an analysis of non-trading government treasury bills and securities and debt securities that are neither past due nor impaired for the Group by rating agency designation as at 31 December:

	The Group				
	Singapore Government treasury bills and securities	Other government treasury bills and securities		Debt securities	
	Stage 1 $ million	Stage 1 $ million	Stage 2 $ million	Stage 1 $ million	Stage 2 $ million
2019					
External rating:					
Investment grade (AAA to BBB-)	5,723	13,935	91	8,998	110
Non-investment grade (BB+ to C)	–	81	5	–	–
Unrated	–	170	7	3,499	61
Total	5,723	14,186	103	12,497	171
2018					
External rating:					
Investment grade (AAA to BBB-)	5,343	10,705	455	8,892	272
Non-investment grade (BB+ to C)	–	28	3	–	–
Unrated	–	1,146	172	978	58
Total	5,343	11,879	630	9,870	330

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(iv) *Credit quality (continued)*

c. Non-trading other assets

	The Group		
	Stage 1 $ million	Stage 2 $ million	Total $ million
2019			
Cash, balances and placements with central banks	22,531	210	22,741
Placements and balances with banks	38,508	243	38,751
Other assets	2,636	88	2,724
Total	63,675	541	64,216
2018			
Cash, balances and placements with central banks	21,790	131	21,921
Placements and balances with banks	38,545	687	39,232
Other assets	2,342	329	2,671
Total	62,677	1,147	63,824

d. Loan commitments and contingents, excluding non-financial guarantees

	The Group			
	Stage 1 $ million	Stage 2 $ million	Stage 3 $ million	Total $ million
2019				
Pass	175,223	2,991	–	178,214
Special mention	–	441	–	441
Substandard	–	–	22	22
Doubtful	–	–	4	4
Loss	–	–	17	17
Total	175,223	3,432	43	178,698
2018				
Pass	158,533	2,956	–	161,489
Special mention	–	643	–	643
Substandard	–	–	18	18
Doubtful	–	–	7	7
Loss	–	–	32	32
Total	158,533	3,599	57	162,189

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) *Ageing analysis of past due but not impaired loans*

	The Group			
	‹ 30 days $ million	30 – 59 days $ million	60 – 90 days $ million	Total $ million
Analysed by geography [1]				
2019				
Singapore	1,960	134	347	2,441
Malaysia	593	238	126	957
Thailand	701	95	90	886
Indonesia	82	46	35	163
Greater China	329	14	8	351
Others	185	8	12	205
Total	3,850	535	618	5,003
2018				
Singapore	3,373	229	232	3,834
Malaysia	686	224	138	1,048
Thailand	397	95	66	558
Indonesia	77	16	28	121
Greater China	126	1	10	137
Others	96	6	11	113
Total	4,755	571	485	5,811

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(v) *Ageing analysis of past due but not impaired loans (continued)*

	The Group			
	‹ 30 days $ million	30 – 59 days $ million	60 – 90 days $ million	Total $ million
Analysed by industry				
2019				
Transport, storage and communication	72	10	132	214
Building and construction	478	53	37	568
Manufacturing	457	14	19	490
Financial institutions, investment and holding companies	212	3	–	215
General commerce	771	89	42	902
Professionals and private individuals	724	128	112	964
Housing loans	981	224	272	1,477
Others	155	14	4	173
Total	3,850	535	618	5,003
2018				
Transport, storage and communication	321	8	3	332
Building and construction	1,212	86	31	1,329
Manufacturing	317	33	11	361
Financial institutions, investment and holding companies	294	2	2	298
General commerce	745	161	34	940
Professionals and private individuals	819	105	118	1,042
Housing loans	862	161	282	1,305
Others	185	15	4	204
Total	4,755	571	485	5,811

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(vi) *Ageing analysis of non-performing assets*

	The Group					
	Current $ million	< 90 days $ million	90 – 180 days $ million	> 180 days $ million	Total $ million	Stage 3 ECL $ million
Analysed by geography [1]						
2019						
Singapore	578	342	172	1,091	2,183	823
Malaysia	81	59	53	419	612	174
Thailand	107	47	99	297	550	200
Indonesia	58	11	31	363	463	178
Greater China	12	4	28	57	101	24
Others	117	10	1	99	227	99
Non-performing loans	953	473	384	2,326	4,136	1,498
Debt securities, contingent items and others	102	7	2	50	161	128
Total	1,055	480	386	2,376	4,297	1,626
2018						
Singapore	529	334	167	1,055	2,085	818
Malaysia	39	39	89	391	558	161
Thailand	63	96	74	223	456	153
Indonesia	69	32	27	417	545	221
Greater China	19	29	4	68	120	53
Others	68	43	17	102	230	102
Non-performing loans	787	573	378	2,256	3,994	1,508
Debt securities, contingent items and others	98	8	1	65	172	143
Total	885	581	379	2,321	4,166	1,651

(1) By borrower's country of incorporation/operation for non-individuals and residence for individuals.

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(vi) *Ageing analysis of non-performing assets (continued)*

	The Group					
	Current $ million	‹ 90 days $ million	90 – 180 days $ million	› 180 days $ million	Total $ million	Stage 3 ECL $ million
Analysed by industry						
2019						
Transport, storage and communication	226	7	1	416	650	354
Building and construction	9	84	56	469	618	149
Manufacturing	231	78	30	373	712	276
Financial institutions, investment and holding companies	4	–	1	34	39	23
General commerce	54	214	71	319	658	262
Professionals and private individuals	80	34	67	128	309	82
Housing loans	59	42	137	538	776	144
Others	290	14	21	49	374	208
Non-performing loans	953	473	384	2,326	4,136	1,498
Debt securities, contingent items and others	102	7	2	50	161	128
Total	1,055	480	386	2,376	4,297	1,626
2018						
Transport, storage and communication	98	55	29	631	813	512
Building and construction	22	118	68	289	497	80
Manufacturing	197	165	10	337	709	291
Financial institutions, investment and holding companies	3	1	16	21	41	23
General commerce	54	106	28	323	511	191
Professionals and private individuals	72	56	65	127	320	77
Housing loans	42	65	145	487	739	123
Others	299	7	17	41	364	211
Non-performing loans	787	573	378	2,256	3,994	1,508
Debt securities, contingent items and others	98	8	1	65	172	143
Total	885	581	379	2,321	4,166	1,651

44. Financial Risk Management (continued)

(a) Credit risk (continued)

(vii) *Security coverage of non-performing assets*

	Collateral/Credit enhancement				Unsecured	
	Properties $ million	Shares/ Debentures $ million	Fixed deposits $ million	Others $ million	credit exposure $ million	Total $ million
The Group						
2019						
Loans to customers	1,990	–	61	385	1,700	4,136
Debts securities	–	–	–	–	93	93
Others (including commitments and contingents)	13	–	5	1	49	68
Of which:						
Credit impaired assets with nil ECL due to collateral/credit enhancement	765	–	5	57	–	827
2018						
Loans to customers	1,889	6	10	451	1,638	3,994
Debts securities	–	–	–	–	93	93
Others (including commitments and contingents)	8	–	3	2	66	79
Of which:						
Credit impaired assets with nil ECL due to collateral/credit enhancement	811	–	6	71	–	888

Collaterals repossessed to settle outstanding loans were immaterial.

44. Financial Risk Management (continued)

(b) Foreign exchange risk and equity risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

The Group's foreign exchange exposures comprise trading and banking (non-trading and structural) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses. Structural foreign currency exposures are represented by the net asset values of overseas branches and subsidiaries, share of the net asset values of overseas associates and joint ventures, intangible assets attributable to overseas subsidiaries, and long-term investment in overseas properties used for banking purposes, which are strategic in nature. The Group utilises foreign currency contracts and foreign exchange derivatives to hedge its foreign exchange exposures.

Foreign exchange risk is managed through policies and market risk limits approved by the Group Asset and Liability Committee (ALCO). The limits are independently monitored by Group Market Risk and Product Control.

At 31 December 2019, banking book foreign currency Expected Shortfall (ES) inclusive of structural foreign currency ES was $10.6 million (2018: $19.7 million [(1)]).

Equity price risk in the banking book arises from equity investments held for long-term strategic reasons. At the end of the reporting period, if these equity prices had been 1% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $38 million (2018: $34 million) higher/lower as a result of an increase/decrease in the fair value of equity investments classified as fair value through other comprehensive income.

(c) Interest rate risk in the banking book

Interest rate risk is the impact to earnings and economic value of the Group due to fluctuations in interest rates. Interest rate exposure arises from differences in the maturity and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Group's policies as approved by the ALCO.

The Group's interest rate risk sensitivity is measured as changes in economic value of equity (EVE) or net interest income (NII) based on Basel Interest Rate Risk in the Banking Book requirements. At 100 and 200 basis points parallel interest rate shocks, worst case results were negative $803 million and $1,676 million (2018: negative $779 million and $1,589 million) respectively, driven mainly by the Group's SGD and USD positions.

EVE is the present value of assets less present value of liabilities of the Group. NII is the simulated change in the Group's net interest income. The repricing profile of loans is generally based on the earliest possible repricing dates, taking into account the notice period to be served to the customers. Interest rate flooring effects are taken into consideration. Loan prepayment and time deposit early withdrawal rates are estimated based on past statistics and trends where possible and material. Behavioural assumptions based on historical trends are applied where appropriate. The average repricing maturity of core non-maturity deposits is determined through empirical models taking into account asset duration. Risk-free zero coupon curves are used for EVE discounting. Currencies are aggregated by scenarios. There may be some differences in the assumptions across geographical locations due to variation in local conditions.

(1) The 2018 comparative number used daily Value-at-Risk (VaR) which estimates the potential loss over a given period at a 99% confidence interval.

44. 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 ongoing 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 customers which are contractually at call (included in the "Up to 7 days" time band) but historically have been a stable source of long-term funding for the Group.

	The Group							
	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
2019								
Cash, balances and placements with central banks	9,442	4,016	3,339	71	–	1,510	7,528	25,906
Securities	523	606	2,838	9,108	13,385	12,972	3,571	43,003
Placements and balances with banks	10,930	11,643	12,983	13,603	1,500	2,522	–	53,181
Loans to customers	16,557	27,780	20,306	35,633	64,479	145,499	2,954	313,208
Investment in associates and joint ventures	–	–	–	–	–	–	1,182	1,182
Intangible assets	–	–	–	–	–	–	4,148	4,148
Derivative financial assets	–	–	–	–	–	–	6,408	6,408
Others	525	13	33	178	6	2,891	3,729	7,375
Total assets	37,977	44,058	39,499	58,593	79,370	165,394	29,520	454,411
Deposits and balances of customers	154,129	38,886	51,877	64,102	2,933	942	(4)	312,865
Deposits and balances of banks, and bills and drafts payable	10,199	2,438	2,294	1,050	–	–	(1)	15,980
Debts issued	672	3,358	6,616	1,593	8,800	5,145	50	26,234
Derivative financial liabilities	–	–	–	–	–	–	6,695	6,695
Others	2,173	14	79	244	19	376	2,088	4,993
Total liabilities	167,173	44,696	60,866	66,989	11,752	6,463	8,828	366,767
Equity attributable to:								
Equity holders of the Bank	–	14	–	77	885	7,944	31,085	40,005
Non-controlling interests	–	–	–	–	–	–	227	227
Total equity	–	14	–	77	885	7,944	31,312	40,232
Net on-balance sheet position	(129,196)	(652)	(21,367)	(8,473)	66,733	150,987	(10,620)	
Net off-balance sheet position	(58,689)	(689)	(1,078)	(718)	(65)	(2,165)	(77)	
Net maturity mismatch	(187,885)	(1,341)	(22,445)	(9,191)	66,668	148,822	(10,697)	

44. 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
2018								
Cash, balances and placements with central banks	6,461	3,982	6,058	2,685	–	2,284	3,839	25,309
Securities	606	1,292	2,245	4,229	10,958	14,691	3,645	37,666
Placements and balances with banks	11,230	11,724	12,820	10,618	2,017	2,802	(10)	51,201
Loans to customers	16,396	29,901	18,512	36,340	60,570	141,764	1,626	305,109
Investment in associates and joint ventures	–	–	–	–	–	–	1,170	1,170
Intangible assets	–	–	–	–	–	–	4,138	4,138
Derivative financial assets	–	–	–	–	–	–	5,730	5,730
Others	993	8	29	183	1	2,056	3,379	6,649
Total assets	35,686	46,907	39,664	54,055	73,546	163,597	23,517	436,972
Deposits and balances of customers	142,953	39,393	46,111	62,393	2,349	2,020	52	295,271
Deposits and balances of banks, and bills and drafts payable	8,895	4,116	1,038	358	36	–	23	14,466
Debts issued	288	2,303	8,657	6,014	7,222	8,667	(335)	32,816
Derivative financial liabilities	–	–	–	–	–	–	5,840	5,840
Others	2,700	13	81	250	3	17	2,253	5,317
Total liabilities	154,836	45,825	55,887	69,015	9,610	10,704	7,833	353,710
Equity attributable to:								
Equity holders of the Bank	–	–	–	588	864	7,718	28,723	37,893
Non-controlling interests	–	–	–	–	–	–	190	190
Total equity	–	–	–	588	864	7,718	28,913	38,083
Net on-balance sheet position	(119,150)	1,082	(16,223)	(15,548)	63,072	145,175	(13,229)	
Net off-balance sheet position	(51,235)	(1,073)	(1,523)	(619)	156	(4,701)	(74)	
Net maturity mismatch	(170,385)	9	(17,746)	(16,167)	63,228	140,474	(13,303)	

The Group is subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Notes 37 and 39a respectively. These have been incorporated in the net off-balance sheet position for financial years ended 31 December 2019 and 2018. 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.

44. Financial Risk Management (continued)

(e) Expected Shortfall

The Group adopts a daily Expected Shortfall (ES) to estimate market risk within a 97.5% confidence interval over a one-day holding period, using the historical simulation method for its trading book. This entails the estimation of tail loss based on the most recent historical data. This methodology does not make assumptions on the distribution of returns and the correlations between risk classes. It assumes that possible future changes in market rates may be implied by observed historical market movements. ES is the average portfolio loss, assuming that the loss is greater than the specified percentile of the loss distribution. With effect from 2 January 2019, the Group has adopted ES as a control for market risk. Previously, the Group used daily Value-at-Risk (VaR) which estimates the potential loss over a given period at a 99% confidence interval. The level of ES is dependent on the exposures, as well as historical market prices and volatilities. The Group runs market risk stress to complement the market risk historical simulation ES.

The table below shows the trading book ES and VaR profile by risk classes for 2019 and 2018 respectively.

	The Group			
	Year end $ million	High $ million	Low $ million	Average $ million
2019				
Interest rate	2.39	7.06	1.98	2.93
Foreign exchange	3.28	7.74	0.92	2.04
Equity	0.38	2.41	0.06	0.35
Commodity	0.37	6.59	0.07	0.67
Total ES[(1)]	7.95	14.46	6.70	8.03
2018				
Interest rate	3.59	6.28	1.74	3.49
Foreign exchange	1.18	4.86	0.81	1.67
Equity	0.25	2.95	0.13	0.60
Commodity	0.36	0.79	0.18	0.34
Specific risk	1.18	2.68	0.85	1.34
Total VaR	7.72	11.41	6.69	8.56

(1) Total ES includes jump-to-default risk component (refers to the risk that a financial instrument where the mark-to-market value directly depends on the credit quality of one or more reference underlying, may experience sudden price changes due to an unexpected default of one of these reference underlying).

45. Capital Management

The Group seeks to maintain an optimal level of capital to support its business growth strategies and investment opportunities, while meeting regulatory requirements and maintaining a strong credit rating. The Group, including the Bank and its overseas banking entities, have complied with all externally-imposed regulatory capital requirements throughout the financial year.

The Group is subject to the Basel III capital adequacy standards, as prescribed in the MAS Notice 637 (MAS 637). The Group's Common Equity Tier 1 capital comprises mainly paid up ordinary share capital and disclosed reserves. Additional Tier 1 capital includes eligible non-cumulative non-convertible perpetual securities while Tier 2 capital comprises subordinated notes and excess of accounting provisions over MAS 637 expected loss. Risk-weighted assets include both on-balance sheet and off-balance sheet exposures adjusted for credit, market and operational risks.

	The Group	
	2019	2018
	$ million	$ million
Share capital	**4,949**	4,888
Disclosed reserves/Others	**32,012**	30,445
Regulatory adjustments	**(4,595)**	(4,583)
Common Equity Tier 1 capital	**32,366**	30,750
Perpetual capital securities/Others	**2,379**	2,129
Additional Tier 1 capital	**2,379**	2,129
Tier 1 capital	**34,745**	32,879
Subordinated notes	**3,969**	4,186
Provisions/Others	**638**	477
Tier 2 capital	**4,607**	4,663
Eligible total capital	**39,352**	37,542
Risk-weighted assets	**226,318**	220,568
Capital adequacy ratios (%)		
Common Equity Tier 1	**14.3**	13.9
Tier 1	**15.4**	14.9
Total	**17.4**	17.0

46. Authorisation of Financial Statements

The financial statements were authorised for issue by the Board of Directors on 20 February 2020.

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

31 December 2019

Additional Information

International Network

as at 1 March 2020

Banking

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Website: www.UOBChina.com.cn
President and Chief Executive Officer:
Peter Foo Moo Tan

United Overseas Bank (China) Limited has 17 branches/sub-branches in Mainland China.

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Chief Executive Officer:
Christine Yeung See Ming

UOB Kwun Tong Branch
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Website: www.UOB.co.id
President Director: Kevin Lam Sai Yoke

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Website: www.UOB.com.my
Chief Executive Officer: Wong Kim Choong

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Philippines

UOB Manila Branch
17th Floor, Pacific Star Building
Sen. Gil Puyat Avenue Corner
Makati Avenue
1200 Makati City
Phone: (63)(2) 8548 6400
Fax: (63)(2) 8811 5603
SWIFT: UOVBPHMM
Email: UOB.Manila@UOBgroup.com
Country Manager: Emmanuel T Mangosing

South Korea

UOB Seoul Branch
136 Sejong-daero
3(A)F, Seoul Finance Center
Jung-gu, Seoul 04520
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
No. 68, Sec. 5, Zhongxiao East Road
30F, Cathay Landmark
Xinyi District
Taipei City 110, Taiwan R.O.C.
Phone: (886)(2) 2722 3838
Fax: (886)(2) 2722 2322
Email: UOB.Taipei@UOBgroup.com
Country Manager: Grace Wang Chih-Hua

Thailand

United Overseas Bank (Thai) Public Company Limited
(a subsidiary)
191 South Sathon Road
Sathon, Bangkok 10120
Phone: (66)(2) 343 3000
Fax: (66)(2) 287 2973/287 2974
SWIFT: UOVBTHBK
Website: www.UOB.co.th
President and Chief Executive Officer:
Tan Choon Hin

United Overseas Bank (Thai) Public Company Limited has 155 branches in Thailand.

United Kingdom

UOB London Branch
50 Cannon Street
London EC4N 6JJ
Phone: (44)(20) 7448 5800
Fax: (44)(20) 7628 3433
SWIFT: UOVBGB2L
Email: UOB.London@UOBgroup.com
Country Manager: Michael Liu

United States of America

UOB New York Agency
48th Street, 592 Fifth Avenue
10th Floor, UOB Building
New York, NY 10036
Phone: (1)(212) 382 0088
Fax: (1)(212) 382 1881
SWIFT: UOVBUS33
Email: UOB.NewYork@UOBgroup.com
Country Manager and Agent:
Bert De Guzman

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
Country Manager and Agent:
Bert De Guzman

Vietnam

United Overseas Bank (Vietnam) Limited
(a subsidiary)
1st Floor, Central Plaza Office Building
17 Le Duan Boulevard
District 1, Ho Chi Minh City
Phone: (84)(28) 3825 1424
Fax: (84)(28) 3825 1423
SWIFT: UOVBVNVX
Email: UOBV.CustomerService@UOBgroup.com
Website: www.UOB.com.vn
Chief Executive Officer: Harry Loh

United Overseas Bank (Vietnam) Limited has 2 branches in Vietnam.

Correspondents
In all principal cities of the world

International Network

Related Financial Services

Insurance

Singapore

United Overseas Insurance Limited
(a subsidiary)
3 Anson Road
#28-01 Springleaf Tower
Singapore 079909
Phone: (65) 6222 7733
Fax: (65) 6327 3869/6327 3870
Email: ContactUs@UOI.com.sg
Website: www.UOI.com.sg
Managing Director and Chief Executive:
David Chan Mun Wai

Myanmar

United Overseas Insurance Limited Myanmar Representative Office
Room No. 1401, 14th Floor
Olympic Tower
Corner of Maharbandoola Street and
Bo Aung Kyaw Street
Kyauktada Township
Yangon, Myanmar
Phone: (95)(1) 8392 917
Fax: (95)(1) 8392 916
Representative: Myat Myat Lwin @ Jessie

Investment Management

Singapore

United Orient Capital Pte. Ltd.
(an associate)
80 Raffles Place
#26-04 UOB Plaza 1
Singapore 048624
Phone: (65) 6598 3356
Fax: (65) 6532 0245
Website: www.UnitedOrientCapital.com
Executive Director: Han Kuan Yuan

UOB Alternative Investment Management Pte. Ltd.
(a subsidiary)
80 Raffles Place
#16-21 UOB Plaza 2
Singapore 048624
Phone: (65) 6539 2492
Fax: (65) 6532 7558
Email: UOBAIM@UOBgroup.com
Website: www.UOBAIM.com.sg
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 Venture Management Private Limited
(a subsidiary)
80 Raffles Place
#30-20 UOB Plaza 2
Singapore 048624
Phone: (65) 6539 3044
Fax: (65) 6538 2569
Email: info@UOBVM.com.sg
Managing Director and Chief Executive
Officer: Seah Kian Wee

Brunei

UOB Asset Management (B) Sdn Bhd
(a subsidiary)
Unit FF03-FF05, 1st Floor
The Centrepoint Hotel
Jalan Gadong
Bandar Seri Begawan BE3519
Phone: (673) 242 4806
Fax: (673) 242 4805
General Manager: Kamal Haji Muhammad

Mainland China

UOB Investment (China) Limited
(an associate)
No. 211, Bei Si Huan Middle Road
Room 817 Taiji Building
Haidian District, Beijing 100083
Phone: (86)(10) 8905 6679
Email: info@UOBVM.com.sg
Contact: Seah Kian Wee

UOB Venture Management (Shanghai) Limited
(a subsidiary)
1468 Nanjing Road West
Room 3307, United Plaza
Shanghai 200040
Phone: (86)(21) 8028 0999
Email: postmaster@UOBVM.com.cn
Managing Director: Seah Kian Wee

SZVC-UOB Venture Management Co., Ltd
(an associate)
No. 4009 Shennan Road
FL. 11, Investment Building
Futian Centre District
Shenzhen 518048
Phone: (86)(755) 8291 2888
Fax: (86)(755) 8291 2880
Email: info@UOBVM.com.sg
Director: Jean Thoh

France

UOB Global Capital SARL
(a subsidiary)
40 rue la Pérouse
75116 Paris
Phone: (33)(1) 5364 8400
Fax: (33)(1) 5364 8409
Email: mlandau@UOBGlobal.com
Managing Director: Michael Landau

Indonesia

UOB Venture Management Private Limited Representative Office
Menara BCA, 50th Floor
Jalan M.H. Thamrin No. 1
Jakarta Pusat 10310
Phone: (62)(21) 2358 5754/5753
Email: info@UOBVM.com.sg
Chief Representative: Patria Adhi Pradana

PT UOB Asset Management Indonesia
(a subsidiary)
UOB Plaza, 42nd Floor, Unit 2
Jalan M.H. Thamrin No. 10
Jakarta Pusat 10230
Phone: (62)(21) 2929 0889
Fax: (62)(21) 2929 0809
President Director:
Setyorini Wahyuningwidati

Japan

UOB Asset Management (Japan) Ltd
(a subsidiary)
2-11-1 Nagatacho, Chiyoda-ku
13F, Sanno Park Tower
Tokyo 100-6113, Japan
Phone: (81)(3) 3500 5981
Fax: (81)(3) 3500 5985
Chief Executive Officer: Hideaki Mochizuki

Malaysia

UOB Asset Management (Malaysia) Berhad
(a subsidiary)
348 Jalan Tun Razak
Level 22, Vista Tower, The Intermark 50400
Kuala Lumpur, Malaysia
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2164 8188
Email: UOBAMCustomerCareMY@UOBgroup.com
Website: www.UOBAM.com.my
Chief Executive Officer: Lim Suet Ling

UOB Islamic Asset Management Sdn Bhd
(a subsidiary)
348 Jalan Tun Razak
Level 22, Vista Tower, The Intermark 50400
Kuala Lumpur, Malaysia
Phone: (60)(3) 2732 1181
Fax: (60)(3) 2164 8188
Email: UOBAMCustomerCareMY@UOBgroup.com
Chief Executive Officer:
Suhazi Reza bin Selamat

Taiwan

UOB Asset Management (Taiwan) Co., Ltd
(a subsidiary)
109 Minsheng East Road Section 3
16th Floor, Union Enterprise Plaza
Taipei 10544, Taiwan R.O.C.
Phone: (886)(2) 2719 7005
Fax: (886)(2) 2545 6591
Email: UOBAMTW@UOBgroup.com
Website: www.UOBAM.com.tw
Greater China Chief Executive Officer:
William Wang

Thailand

UOB Asset Management (Thailand) Co., Ltd.
(a subsidiary)
173/27-30, 32-33 South Sathon Road
23A, 25th Floor, Asia Centre Building
Thungmahamek
Sathon, Bangkok 10120
Phone: (66)(2) 786 2000
Fax: (66)(2) 786 2377
Website: www.UOBAM.co.th
Chief Executive Officer: Vana Bulbon

United States of America

UOB Global Capital LLC
(a subsidiary)
592 Fifth Avenue
Suite 602, UOB Building
New York, NY 10036
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)
32 Martin Place
Level 9, United Overseas Bank Building
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: John Liles

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

Venture Debt

Singapore

InnoVen Capital Singapore Pte. Ltd.
(an associate)
138 Market Street
#27-01 CapitaGreen
Singapore 048946
Phone: (65) 6532 2416
Email: contact_sg@innovencapital.com

Mainland China

InnoVen Enterprise Management Consulting (Beijing) Co., Ltd.
(an associate)
Beijing Kerry Centre, 3/F South Tower
No. 1 Guanghua Road, Chao Yang District
Beijing, China
Phone: (86)(10) 6506 1883
Email: contact-cn@innovencapital.com

InnoVen Financial Leasing Co., Ltd
(an associate)
Beijing Kerry Centre, 3/F South Tower
No. 1 Guanghua Road, Chao Yang District
Beijing, China
Phone: (86)(10) 6506 1883
Email: contact-cn@innovencapital.com

India

InnoVen Capital India Private Limited
(an associate)
805-A, 8th Floor, The Capital
G-Block, Bandra Kurla Complex
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Phone: (91)(22) 6744 6500
Email: contact@innovencapital.com

FinTech

Singapore

The FinLab Pte Ltd
(an associate)
2 Science Park Drive
Bridge+, #01-03
Singapore 118222
Email: info@thefinlab.com

Avatec.ai (S) Pte. Ltd.
(a subsidiary)
8 Marina View #36-05
Asia Square Tower 1
Singapore 018960
Email: info@avatec.ai
Chief Executive Officer: Dennis Tan

Mainland China

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(a subsidiary)
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Beijing, China
Email: info@avatec.ai
Chief Executive Officer: Dennis Tan

Indonesia

PT Avatec Services Indonesia
(a subsidiary)
Mayapada Tower, 11th Floor
Jl. Jend Sudirman Kav 28
Jakarta 12920
Phone: (62)(21) 5289 7338
Email: info@avatec.ai
Chief Executive Officer: Dennis Tan

PT Saat Keuangan Indonesia
(a subsidiary)
Mayapada Tower, 11th Floor
Jl. Jend Sudirman Kav 28
Jakarta 12920
Phone: (62)(21) 5289 7338
Email: info@avatec.ai
Chief Executive Officer: Dennis Tan

Statistics of Shareholdings

as at 9 March 2020

Distribution of Shareholdings*

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares and subsidiary holdings)	%
1 – 99	4,765	12.04	163,237	0.01
100 – 1,000	15,111	38.19	8,696,851	0.52
1,001 – 10,000	16,682	42.16	51,328,644	3.08
10,001 – 1,000,000	2,958	7.48	124,272,843	7.45
1,000,001 and above	52	0.13	1,483,872,620	88.94
Total	**39,568**	**100.00**	**1,668,334,195**	**100.00**

* The information in this table does not take into account the 144,000 shares purchased by the Company from the market between 6 March 2020 and 9 March 2020 and held as treasury shares.

Treasury Shares, Subsidiary Holdings and Public Float

As at 9 March 2020, the Company had 12,351,273 treasury shares, constituting 0.73% of the total number of issued shares in the capital of the Company, and no subsidiary holdings. Based on information available to the Company as at 9 March 2020, approximately 76% of the issued shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual had been complied with.

Twenty Largest Shareholders *(as shown in the Register of Members and Depository Register)*

Name of shareholders	No. of shares	%**
Citibank Nominees Singapore Pte Ltd	308,729,511	18.51
DBS Nominees (Private) Limited	295,884,973	17.74
DBSN Services Pte. Ltd.	147,426,403	8.84
Wee Investments (Pte) Limited	133,278,368	7.99
HSBC (Singapore) Nominees Pte Ltd	108,557,646	6.51
Wah Hin and Company Private Limited	85,988,870	5.15
Tai Tak Estates Sendirian Berhad	68,668,000	4.12
Raffles Nominees (Pte.) Limited	52,839,067	3.17
UOB Kay Hian Private Limited	43,163,139	2.59
C Y Wee & Co Pte Ltd	37,781,750	2.26
Haw Par Investment Holdings Pte Ltd	22,832,059	1.37
Wee Cho Yaw	21,599,798	1.29
Pickwick Securities Private Limited	20,469,962	1.23
BPSS Nominees Singapore (Pte.) Ltd.	16,856,995	1.01
Straits Maritime Leasing Private Limited	16,696,298	1.00
UOB Nominees (2006) Private Limited	9,155,012	0.55
Tee Teh Sdn Berhad	8,600,487	0.52
Haw Par Equities Pte Ltd	7,541,628	0.45
CGS-CIMB Securities (Singapore) Pte. Ltd.	5,855,691	0.35
United Overseas Bank Nominees (Private) Limited	5,279,684	0.32
Total	**1,417,205,341**	**84.97**

** Percentage was calculated based on the total number of issued ordinary shares, excluding treasury shares and subsidiary holdings, of the Company.

Ordinary Shares

Substantial Shareholders *(as shown in the Register of Substantial Shareholders)*

Substantial shareholder	Shareholdings registered in the name of substantial shareholders No. of shares	Other shareholdings in which substantial shareholders were deemed to have an interest No. of shares	Total interest No. of shares	%*
Estate of Lien Ying Chow, deceased	316,516	86,099,912[(1)]	86,416,428	5.18
Lien Ying Chow Private Limited	–	85,999,165[(1)]	85,999,165	5.16
Wah Hin and Company Private Limited	85,988,870	10,295[(2)]	85,999,165	5.16
Sandstone Capital Pte. Ltd.	10,295	85,988,870[(3)]	85,999,165	5.16
Wee Cho Yaw	21,599,798	287,113,587[(4)]	308,713,385	18.51
Wee Ee Cheong	3,081,455	173,663,415[(4)]	176,744,870	10.60
Wee Ee Chao	160,231	137,847,174[(4)]	138,007,405	8.27
Wee Ee Lim	1,831,903	173,266,519[(4)]	175,098,422	10.50
Wee Investments (Pte) Limited	133,278,205	194,119	133,472,324	8.00

* Percentage was calculated based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company.

Notes:

(1) Estate of Lien Ying Chow, deceased and Lien Ying Chow Private Limited were each deemed to have an interest in the 85,999,165 UOB shares in which Wah Hin and Company Private Limited has an interest.

(2) Wah Hin and Company Private Limited was deemed to have an interest in the 10,295 UOB shares held by Sandstone Capital Pte. Ltd.

(3) Sandstone Capital Pte. Ltd. was deemed to have an interest in the 85,988,870 UOB shares held by Wah Hin and Company Private Limited.

(4) Wee Cho Yaw, Wee Ee Cheong, Wee Ee Chao and Wee Ee Lim were each deemed to have an interest in Wee Investments (Pte) Limited's total direct and deemed interests of 133,472,324 UOB shares.

Five-Year Ordinary Share Capital Summary

Year	Particulars	Number of ordinary shares Issued	Held in treasury	In circulation
2015	Balance at beginning of year	1,614,543,954	(11,857,280)	1,602,686,674
	Shares issued under share-based compensation plans		1,315,741	
	Shares re-purchased and held in treasury		(1,739,560)	
	Balance at end of year	1,614,543,954	(12,281,099)	1,602,262,855
2016	Shares issued under scrip dividend scheme	32,422,053		
	Shares issued under share-based compensation plans		1,007,169	
	Balance at end of year	1,646,966,007	(11,273,930)	1,635,692,077
2017	Shares issued under scrip dividend scheme	24,568,266		
	Shares issued under share-based compensation plans		2,394,739	
	Balance at end of year	1,671,534,273	(8,879,191)	1,662,655,082
2018	Shares issued under scrip dividend scheme	9,007,195		
	Shares re-purchased and held in treasury		(7,901,990)	
	Shares issued under share-based compensation plans		1,947,117	
	Balance at end of year	1,680,541,468	(14,834,064)	1,665,707,404
2019	**Shares issued under share-based compensation plans**		**2,626,791**	
	Balance at end of year	**1,680,541,468**	**(12,207,273)**	**1,668,334,195**

Corporate Information

Board of Directors

Wong Kan Seng *(Chairman)*
Wee Ee Cheong *(Deputy Chairman and Chief Executive Officer)*
James Koh Cher Siang
Ong Yew Huat
Lim Hwee Hua
Alexander Charles Hungate
Michael Lien Jown Leam
Alvin Yeo Khirn Hai
Wee Ee Lim
Steven Phan Swee Kim

Audit Committee

Ong Yew Huat *(Chairman)*
James Koh Cher Siang
Alvin Yeo Khirn Hai

Board Risk Management Committee

Alvin Yeo Khirn Hai *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
Ong Yew Huat
Wee Ee Lim

Executive Committee

Wong Kan Seng *(Chairman)*
Wee Ee Cheong
Ong Yew Huat
Lim Hwee Hua
Michael Lien Jown Leam

Nominating Committee

Lim Hwee Hua *(Chairman)*
Wong Kan Seng
Wee Ee Cheong
James Koh Cher Siang
Michael Lien Jown Leam

Remuneration and Human Capital Committee

James Koh Cher Siang *(Chairman)*
Wong Kan Seng
Lim Hwee Hua
Alexander Charles Hungate
Steven Phan Swee Kim

Chairman Emeritus and Honorary Adviser

Wee Cho Yaw

Secretaries

Joyce Sia Ming Kuang
Theresa Sim Kwee Soik

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6536 1360

Internal Auditor

Daniel Ng
Head, Group Audit
United Overseas Bank Limited
396 Alexandra Road #03-09
Singapore 119954

External Auditor

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Partner-in-charge: Christine Lee
(appointed on 26 April 2019)

Registered Office

80 Raffles Place
UOB Plaza
Singapore 048624
Company Registration Number: 193500026Z
Phone: (65) 6222 2121
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SWIFT: UOVBSGSG
Website: www.UOBgroup.com

Investor Relations

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United Overseas Bank Limited
Company Registration No.: 193500026Z

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