

## Announcement

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

### **Audited Financial Results for the Financial Year Ended 31 December 2021**

Details of the financial results are in the accompanying Condensed Financial Statements.

### **Dividends for the Second Half Ended 31 December 2021**

#### ***Ordinary share dividend***

The Directors recommend the payment of a final tax-exempt dividend of 60 cents (2020: final dividend of 39 cents) per ordinary share for the financial year ended 31 December 2021. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 21 April 2022.

Together with the interim tax-exempt dividend of 60 cents per ordinary share (2020: 39 cents) paid in August 2021, the total net dividends for the financial year ended 31 December 2021 will be S\$1.20 (2020: 78 cents) per ordinary share amounting to S\$2,009 million (2020: S\$1,304 million). The dividends will be paid in cash on 13 May 2022. The UOB scrip dividend scheme will not be applied to the final dividend.

Notice is hereby given that the Share Transfer Books and Register of Members of the Bank will be closed on 4 May 2022, for determining shareholders' entitlements to the final dividend. Registrable transfers received by the Bank's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 pm on 29 April 2022 will be registered for the dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), entitlements to the dividends will be computed based on the shareholdings position after settlement of all trades on 29 April 2022 ("Record Date"). The dividends will be paid by the Bank to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

### **Interested Person Transactions**

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

### **Confirmation by Directors**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the audited financial results of the Group for the financial year ended 31 December 2021 to be false or misleading in any material aspect.

### **Undertakings from Directors and Executive Officers**

The Bank has procured undertakings in the form set out in Appendix 7.7 of the Listing Manual from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

**Information relating to persons occupying managerial position in the issuer or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)**

| <b>Name</b>   | <b>Age</b> | <b>Family relationship with any director and/or substantial shareholder</b>                                                                                                 | <b>Current position and duties, and the year the position was held</b> | <b>Details of changes in duties and position held, if any, during the year</b> |
|---------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Wee Ee Cheong | 69         | Son of Dr Wee Cho Yaw, substantial shareholder and; brother of Mr Wee Ee Lim, director and substantial shareholder; and brother of Mr Wee Ee Chao, substantial shareholder. | Deputy Chairman & CEO                                                  | Nil                                                                            |

**BY ORDER OF THE BOARD  
UNITED OVERSEAS BANK LIMITED**

Joyce Sia / Theresa Sim  
Company Secretaries

Dated this 16<sup>th</sup> day of February 2022  
The results are also available at [www.UOBgroup.com](http://www.UOBgroup.com)



# **UNITED OVERSEAS BANK LIMITED AND ITS SUBSIDIARIES**

**Condensed Financial Statements**

**For the Second Half and Financial Year ended 31 December 2021**

**United Overseas Bank Limited  
Incorporated in the Republic of Singapore  
Company Registration No. 193500026Z**

# United Overseas Bank Limited and Its Subsidiaries

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### **Attachment:** Independent Auditor's Report

#### Notes

- 1 The condensed financial statements are presented in Singapore Dollars.
- 2 Certain comparative figures have been restated to conform with current period's presentation.
- 3 Certain figures in this report may not add up to the respective totals due to rounding.
- 4 Amounts less than \$500,000 in absolute term are shown as "0".
- 5 The Group refers to United Overseas Bank Limited and its subsidiaries.
- 6 The Bank refers to United Overseas Bank Limited.

#### Abbreviation

- "2021" and "2020" denote to financial year of 2021 and 2020 respectively.  
"2H21" and "2H20" denote second half of 2021 and 2020 respectively.  
"1H21" denotes first half of 2021.  
"NM" denotes not meaningful.  
"NA" denotes not applicable.

## United Overseas Bank Limited and Its Subsidiaries

### Financial Highlights

|                                                       | 2021         | 2020  | + / (-)<br>% | 2H21         | 2H20  | + / (-)<br>% | 1H21  | + / (-)<br>% |
|-------------------------------------------------------|--------------|-------|--------------|--------------|-------|--------------|-------|--------------|
| <b>Selected income statement items (\$m)</b>          |              |       |              |              |       |              |       |              |
| Net interest income                                   | <b>6,388</b> | 6,035 | 6            | <b>3,282</b> | 2,986 | 10           | 3,107 | 6            |
| Net fee and commission income                         | <b>2,412</b> | 1,997 | 21           | <b>1,178</b> | 1,037 | 14           | 1,234 | (5)          |
| Other non-interest income                             | <b>990</b>   | 1,144 | (13)         | <b>427</b>   | 487   | (12)         | 563   | (24)         |
| Total income                                          | <b>9,789</b> | 9,176 | 7            | <b>4,887</b> | 4,509 | 8            | 4,903 | (0)          |
| Less: Operating expenses                              | <b>4,313</b> | 4,184 | 3            | <b>2,167</b> | 2,058 | 5            | 2,146 | 1            |
| Operating profit                                      | <b>5,476</b> | 4,992 | 10           | <b>2,720</b> | 2,451 | 11           | 2,757 | (1)          |
| Less: Allowance for credit and other losses           | <b>657</b>   | 1,554 | (58)         | <b>275</b>   | 872   | (69)         | 383   | (28)         |
| Add: Share of profit of associates and joint ventures | <b>118</b>   | 98    | 20           | <b>47</b>    | 59    | (19)         | 70    | (33)         |
| Net profit before tax                                 | <b>4,937</b> | 3,536 | 40           | <b>2,492</b> | 1,638 | 52           | 2,444 | 2            |
| Less: Tax and non-controlling interests               | <b>862</b>   | 621   | 39           | <b>429</b>   | 282   | 52           | 433   | (1)          |
| Net profit after tax <sup>1</sup>                     | <b>4,075</b> | 2,915 | 40           | <b>2,063</b> | 1,356 | 52           | 2,011 | 3            |

### Selected balance sheet items (\$m)

|                                   |                |         |    |                |         |    |         |   |
|-----------------------------------|----------------|---------|----|----------------|---------|----|---------|---|
| Gross customer loans              | <b>310,800</b> | 281,387 | 10 | <b>310,800</b> | 281,387 | 10 | 298,597 | 4 |
| Customer deposits                 | <b>352,633</b> | 324,598 | 9  | <b>352,633</b> | 324,598 | 9  | 338,894 | 4 |
| Total assets                      | <b>459,323</b> | 431,814 | 6  | <b>459,323</b> | 431,814 | 6  | 446,506 | 3 |
| Shareholders' equity <sup>1</sup> | <b>42,633</b>  | 40,901  | 4  | <b>42,633</b>  | 40,901  | 4  | 42,031  | 1 |

### Key financial ratios (%)

|                                         |             |      |  |             |      |  |      |  |
|-----------------------------------------|-------------|------|--|-------------|------|--|------|--|
| Net interest margin <sup>2</sup>        | <b>1.56</b> | 1.57 |  | <b>1.55</b> | 1.55 |  | 1.56 |  |
| Non-interest income/Total income        | <b>34.7</b> | 34.2 |  | <b>32.8</b> | 33.8 |  | 36.6 |  |
| Cost/Income ratio                       | <b>44.1</b> | 45.6 |  | <b>44.3</b> | 45.6 |  | 43.8 |  |
| Overseas profit before tax contribution | <b>42.1</b> | 43.6 |  | <b>40.9</b> | 38.3 |  | 43.4 |  |
| Credit costs on loans (bp) <sup>2</sup> |             |      |  |             |      |  |      |  |
| General                                 | <b>2</b>    | 32   |  | <b>(5)</b>  | 35   |  | 10   |  |
| Specific                                | <b>18</b>   | 24   |  | <b>21</b>   | 27   |  | 15   |  |
| Total                                   | <b>20</b>   | 57   |  | <b>16</b>   | 62   |  | 24   |  |
| NPL ratio <sup>3</sup>                  | <b>1.6</b>  | 1.6  |  | <b>1.6</b>  | 1.6  |  | 1.5  |  |

#### Notes:

- 1 Relate to amount attributable to equity holders of the Bank.
- 2 Computed on an annualised basis.
- 3 Refer to non-performing loans as a percentage of gross customer loans.

## United Overseas Bank Limited and Its Subsidiaries

### Financial Highlights (cont'd)

|                                                                | 2021  | 2020  | 2H21  | 2H20  | 1H21  |
|----------------------------------------------------------------|-------|-------|-------|-------|-------|
| <b>Key financial ratios (%) (cont'd)</b>                       |       |       |       |       |       |
| Return on average ordinary shareholders' equity <sup>1,2</sup> | 10.2  | 7.4   | 10.2  | 6.9   | 10.1  |
| Return on average total assets <sup>1</sup>                    | 0.92  | 0.69  | 0.91  | 0.64  | 0.92  |
| Return on average risk-weighted assets <sup>1</sup>            | 1.68  | 1.27  | 1.65  | 1.19  | 1.72  |
| Loan/Deposit ratio <sup>3</sup>                                | 87.0  | 85.4  | 87.0  | 85.4  | 86.9  |
| Liquidity coverage ratios ("LCR") <sup>4,8</sup>               |       |       |       |       |       |
| All-currency                                                   | 135   | 135   | 135   | 133   | 135   |
| Singapore Dollar                                               | 309   | 298   | 340   | 279   | 278   |
| Net stable funding ratio ("NSFR") <sup>5,8</sup>               | 116   | 125   | 116   | 125   | 123   |
| Capital adequacy ratios                                        |       |       |       |       |       |
| Common Equity Tier 1                                           | 13.5  | 14.7  | 13.5  | 14.7  | 14.2  |
| Tier 1                                                         | 14.4  | 15.8  | 14.4  | 15.8  | 15.2  |
| Total                                                          | 16.6  | 18.4  | 16.6  | 18.4  | 18.1  |
| Leverage ratio <sup>6</sup>                                    | 7.2   | 7.4   | 7.2   | 7.4   | 7.4   |
| Earnings per ordinary share (\$) <sup>1,2</sup>                |       |       |       |       |       |
| Basic                                                          | 2.39  | 1.69  | 2.42  | 1.57  | 2.36  |
| Diluted                                                        | 2.38  | 1.68  | 2.41  | 1.56  | 2.35  |
| Net asset value ("NAV") per ordinary share (\$) <sup>7</sup>   | 24.08 | 23.03 | 24.08 | 23.03 | 23.65 |
| Revalued NAV per ordinary share (\$) <sup>7</sup>              | 27.16 | 26.07 | 27.16 | 26.07 | 26.68 |

#### Notes:

- 1 Computed on an annualised basis.
- 2 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
- 3 Refer to net customer loans and customer deposits.
- 4 Figures reported are based on average LCR for the respective periods, calculated based on MAS Notice 651. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times.
- 5 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained.
- 6 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 7 Perpetual capital securities are excluded from the computation.
- 8 Public disclosure required under MAS Notice 651 and 653 are available in the UOB website at [www.UOBgroup.com/investor-relations/financial/index.html](http://www.UOBgroup.com/investor-relations/financial/index.html).

## **Performance Review**

### **FY21 versus FY20**

The Group reported net profit of \$4.07 billion, 40% higher from a year ago driven by stronger income growth and lower credit allowance.

Net interest income increased 6% to \$6.39 billion, led by healthy loan growth of 10% with net interest margin being stable. Net fee and commission income rose 21% to a record of \$2.41 billion, driven by double-digit growth in most activities. Loan fees hit a new high of \$698 million, as trade and investment transactions picked up momentum. Wealth management fees grew to a record \$823 million on the back of returning investor confidence. Stronger financial market activity also led to higher fund management fees while credit card fees recovered from a pick-up in consumer spending.

Customer-related treasury income grew 10% in 2021 with more customers hedging exposures alongside returning business volume growth. This was more than offset by lower non-customer trading income as there were larger gains from bond sales and unrealised gains on hedges last year amid the lower interest environment. This led to other non-interest income declining by 13% to \$990 million.

Total increase of only 3% in total expenses to \$4.31 billion was a result of the Group's discipline spend, as it prioritised strategic investments in people and technology including scaling up digital offerings in Singapore and ASEAN. The cost-to-income ratio for the year improved 1.5% points to 44.1%.

Asset quality remained stable in 2021. As pre-emptive general allowance taken in last year remained adequate, total allowance declined 58% to \$657 million and total credit costs on loans decreased from 57 basis points to 20 basis points.

### **2H21 versus 2H20**

2H21 net profit surged 52% to \$2.06 billion driven by strong performance across business and geographies, coupled with lower credit costs.

Net interest income rose 10% to \$3.28 billion lifted by strong loan growth with net interest margin stable at 1.55%. Net fee and commission income grew 14% to \$1.18 billion, driven by strong growth in loan-related fees from increased trade and investment transactions. Credit card fees also grew strongly on the back of higher customer spending. Other non-interest income decreased 12% mainly due to lower investment gains.

With the strong income growth, cost-to-income ratio improved 1.3% points to 44.3%. Total allowance decreased to \$275 million largely due to the pre-emptive general allowance taken last year.

### **2H21 versus 1H21**

Compared with 1H21, net profit was 3% higher on stable income and lower credit costs.

Net interest income increased 6% led by loan growth of 4%. Net fee and commission income decreased 5%, largely due to lower loan-related and wealth fees after an exceptional 1H21. Other non-interest income declined 24% mainly due to lower trading income and investment gains.

Total operating expenses was relatively unchanged from the first half. Total allowance fell 28% mainly due to a write-back of general allowance in 2H21 with more clarity and confidence of the market outlook.

## **Asset Quality**

Asset quality remained resilient with the non-performing loan (NPL) ratio steady at 1.6% as at 31 December 2021. The non-performing assets coverage remained strong at 96% or 239% after taking collateral into account.

While the path to recovery is clearer compared with a year ago, the Group continued to maintain performing loans coverage prudently at 1%.

## **Capital, Funding and Liquidity Positions**

The Group's liquidity and funding positions remained healthy with 2H21's average all-currency liquidity coverage ratio at 135% and net stable funding ratio at 116%, well above the minimum regulatory requirements. The loan-to-deposit ratio was stable at 87.0%.

As at 31 December 2021, the Group's Common Equity Tier 1 Capital Adequacy Ratio remained strong at 13.5%. Leverage ratio of 7.2% was more than two times above the regulatory requirement.

**Net Interest Income**

**Net interest margin**

|                                         | 2021            |              |              | 2020            |              |              |
|-----------------------------------------|-----------------|--------------|--------------|-----------------|--------------|--------------|
|                                         | Average balance | Interest     | Average rate | Average balance | Interest     | Average rate |
|                                         | \$m             | \$m          | %            | \$m             | \$m          | %            |
| <b>Interest bearing assets</b>          |                 |              |              |                 |              |              |
| Customer loans                          | 294,308         | 6,917        | 2.35         | 275,271         | 7,963        | 2.89         |
| Interbank balances                      | 65,545          | 467          | 0.71         | 66,525          | 829          | 1.25         |
| Securities                              | 50,069          | 820          | 1.64         | 42,368          | 831          | 1.96         |
| <b>Total</b>                            | <b>409,922</b>  | <b>8,204</b> | <b>2.00</b>  | <b>384,164</b>  | <b>9,623</b> | <b>2.50</b>  |
| <b>Interest bearing liabilities</b>     |                 |              |              |                 |              |              |
| Customer deposits                       | 338,599         | 1,569        | 0.46         | 323,246         | 3,177        | 0.98         |
| Interbank balances/others               | 47,940          | 247          | 0.51         | 41,430          | 410          | 0.99         |
| <b>Total</b>                            | <b>386,539</b>  | <b>1,816</b> | <b>0.47</b>  | <b>364,676</b>  | <b>3,588</b> | <b>0.98</b>  |
| <b>Net interest margin <sup>1</sup></b> |                 |              | <b>1.56</b>  |                 |              | <b>1.57</b>  |

|                                         | 2H21            |              |              | 2H20            |              |              | 1H21            |              |              |
|-----------------------------------------|-----------------|--------------|--------------|-----------------|--------------|--------------|-----------------|--------------|--------------|
|                                         | Average balance | Interest     | Average rate | Average balance | Interest     | Average rate | Average balance | Interest     | Average rate |
|                                         | \$m             | \$m          | %            | \$m             | \$m          | %            | \$m             | \$m          | %            |
| <b>Interest bearing assets</b>          |                 |              |              |                 |              |              |                 |              |              |
| Customer loans                          | 301,442         | 3,506        | 2.31         | 276,949         | 3,557        | 2.56         | 287,055         | 3,411        | 2.40         |
| Interbank balances                      | 65,253          | 223          | 0.68         | 62,154          | 295          | 0.94         | 65,842          | 244          | 0.75         |
| Securities                              | 52,109          | 423          | 1.61         | 44,812          | 405          | 1.80         | 47,996          | 398          | 1.67         |
| <b>Total</b>                            | <b>418,804</b>  | <b>4,151</b> | <b>1.97</b>  | <b>383,914</b>  | <b>4,258</b> | <b>2.21</b>  | <b>400,892</b>  | <b>4,053</b> | <b>2.04</b>  |
| <b>Interest bearing liabilities</b>     |                 |              |              |                 |              |              |                 |              |              |
| Customer deposits                       | 347,506         | 746          | 0.43         | 323,008         | 1,150        | 0.71         | 330,644         | 823          | 0.50         |
| Interbank balances/others               | 47,752          | 124          | 0.51         | 40,502          | 121          | 0.60         | 49,184          | 123          | 0.50         |
| <b>Total</b>                            | <b>395,258</b>  | <b>870</b>   | <b>0.44</b>  | <b>363,510</b>  | <b>1,272</b> | <b>0.70</b>  | <b>379,828</b>  | <b>946</b>   | <b>0.50</b>  |
| <b>Net interest margin <sup>1</sup></b> |                 |              | <b>1.55</b>  |                 |              | <b>1.55</b>  |                 |              | <b>1.56</b>  |

Note:

<sup>1</sup> Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.



**Net Interest Income (cont'd)**

**Volume and rate analysis**

|                            | 2021 vs 2020  |              |            |
|----------------------------|---------------|--------------|------------|
|                            | Volume change | Rate change  | Net change |
|                            | \$m           | \$m          | \$m        |
| <b>Interest income</b>     |               |              |            |
| Customer loans             | 551           | (1,578)      | (1,027)    |
| Interbank balances         | (12)          | (349)        | (361)      |
| Securities                 | 151           | (159)        | (8)        |
| Total                      | 690           | (2,086)      | (1,397)    |
| <b>Interest expense</b>    |               |              |            |
| Customer deposits          | 151           | (1,755)      | (1,604)    |
| Interbank balances/others  | 64            | (227)        | (163)      |
| Total                      | 215           | (1,983)      | (1,767)    |
| Change in number of days   | -             | -            | (18)       |
| <b>Net interest income</b> | <b>474</b>    | <b>(104)</b> | <b>353</b> |

|                            | 2H21 vs 2H20  |             |            | 2H21 vs 1H21  |             |            |
|----------------------------|---------------|-------------|------------|---------------|-------------|------------|
|                            | Volume change | Rate change | Net change | Volume change | Rate change | Net change |
|                            | \$m           | \$m         | \$m        | \$m           | \$m         | \$m        |
| <b>Interest income</b>     |               |             |            |               |             |            |
| Customer loans             | 315           | (366)       | (51)       | 171           | (133)       | 38         |
| Interbank balances         | 15            | (87)        | (72)       | (2)           | (23)        | (25)       |
| Securities                 | 66            | (49)        | 17         | 34            | (16)        | 18         |
| Total                      | 395           | (502)       | (106)      | 203           | (172)       | 31         |
| <b>Interest expense</b>    |               |             |            |               |             |            |
| Customer deposits          | 87            | (491)       | (404)      | 42            | (131)       | (89)       |
| Interbank balances/others  | 22            | (20)        | 2          | (4)           | 2           | (1)        |
| Total                      | 109           | (511)       | (402)      | 38            | (129)       | (90)       |
| Change in number of days   | -             | -           | -          | -             | -           | 54         |
| <b>Net interest income</b> | <b>286</b>    | <b>9</b>    | <b>296</b> | <b>164</b>    | <b>(43)</b> | <b>175</b> |

Net interest income for 2021 increased 6% against last year to \$6.39 billion, led by healthy loan growth of 10% with net interest margin being stable.

Compared with the second half last year, net interest income rose 10% to \$3.28 billion, lifted by strong loan growth with stable net interest margin at 1.55%.

Against 1H21, net interest income was 6% higher led by loan growth of 4%.

## United Overseas Bank Limited and Its Subsidiaries

### Non-Interest Income

|                                      | 2021         | 2020  | + / (-) | 2H21         | 2H20  | + / (-) | 1H21  | + / (-) |
|--------------------------------------|--------------|-------|---------|--------------|-------|---------|-------|---------|
|                                      | \$m          | \$m   | %       | \$m          | \$m   | %       | \$m   | %       |
| <b>Net fee and commission income</b> |              |       |         |              |       |         |       |         |
| Credit card <sup>1</sup>             | 447          | 386   | 16      | 242          | 204   | 18      | 205   | 18      |
| Fund management                      | 325          | 275   | 19      | 154          | 152   | 2       | 171   | (10)    |
| Wealth management                    | 823          | 710   | 16      | 383          | 376   | 2       | 440   | (13)    |
| Loan-related <sup>2</sup>            | 698          | 506   | 38      | 334          | 232   | 44      | 365   | (8)     |
| Service charges                      | 139          | 142   | (2)     | 71           | 70    | 1       | 68    | 4       |
| Trade-related <sup>3</sup>           | 310          | 281   | 10      | 160          | 145   | 11      | 149   | 7       |
| Others                               | 19           | 13    | 38      | 10           | 5     | 94      | 9     | 12      |
|                                      | <b>2,761</b> | 2,313 | 19      | <b>1,354</b> | 1,183 | 14      | 1,407 | (4)     |
| Less: Fee and commission expenses    | 349          | 316   | 11      | 176          | 147   | 20      | 174   | 1       |
|                                      | <b>2,412</b> | 1,997 | 21      | <b>1,178</b> | 1,037 | 14      | 1,234 | (5)     |
| <b>Other non-interest income</b>     |              |       |         |              |       |         |       |         |
| Net trading income                   | 514          | 594   | (13)    | 234          | 222   | 5       | 280   | (17)    |
| Net gain from investment securities  | 216          | 286   | (24)    | 69           | 141   | (51)    | 148   | (54)    |
| Dividend income                      | 40           | 50    | (20)    | 16           | 18    | (13)    | 25    | (37)    |
| Rental income                        | 105          | 106   | (1)     | 52           | 50    | 6       | 53    | (0)     |
| Other income                         | 114          | 108   | 6       | 57           | 57    | 1       | 56    | 2       |
|                                      | <b>990</b>   | 1,144 | (13)    | <b>427</b>   | 487   | (12)    | 563   | (24)    |
| <b>Total</b>                         | <b>3,401</b> | 3,141 | 8       | <b>1,605</b> | 1,523 | 5       | 1,797 | (11)    |

In 2021, net fee and commission income rose 21% to a record of \$2.41 billion, driven by double-digit growth in most activities. Loan fees hit a new high of \$698 million, as trade and investment transactions picked up momentum. Wealth management fees grew to a record \$823 million on the back of returning investor confidence. Stronger financial market activity also led to higher fund management fees while credit card fees recovered from a pick-up in consumer spending.

Customer-related treasury income grew 10% year-on-year with more customers hedging exposures alongside returning business volume growth. This was more than offset by lower non-customer trading income as there were larger gains from bond sales and unrealised gains on hedges last year amid the lower interest environment. This led to other non-interest income declining by 13% to \$990 million.

Compared with 2H20, net fee and commission income grew 14% to \$1.18 billion, driven by strong growth in loan-related fees from increased trade and investment transactions. Credit card fees also grew strongly on the back of higher customer spending. Other non-interest income decreased 12% mainly due to lower investment gains.

After an exceptional 1H21, net fee and commission income decreased 5% largely due to lower loan-related and wealth fees. Other non-interest income declined 24% mainly due to lower trading income and investment gains.

#### Notes:

- 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.

## United Overseas Bank Limited and Its Subsidiaries

### Operating Expenses

|                                 | 2021          | 2020   | + / (-) | 2H21          | 2H20   | + / (-) | 1H21   | + / (-) |
|---------------------------------|---------------|--------|---------|---------------|--------|---------|--------|---------|
|                                 | \$m           | \$m    | %       | \$m           | \$m    | %       | \$m    | %       |
| <b>Staff costs</b>              | <b>2,602</b>  | 2,501  | 4       | <b>1,275</b>  | 1,205  | 6       | 1,327  | (4)     |
| <b>Other operating expenses</b> |               |        |         |               |        |         |        |         |
| Revenue-related                 | 561           | 577    | (3)     | 292           | 288    | 1       | 269    | 8       |
| IT-related                      | 638           | 582    | 10      | 333           | 304    | 10      | 306    | 9       |
| Occupancy-related               | 314           | 321    | (2)     | 155           | 160    | (3)     | 160    | (3)     |
| Others                          | 198           | 203    | (3)     | 113           | 102    | 11      | 84     | 34      |
|                                 | <b>1,711</b>  | 1,683  | 2       | <b>892</b>    | 853    | 5       | 819    | 9       |
| <b>Total</b>                    | <b>4,313</b>  | 4,184  | 3       | <b>2,167</b>  | 2,058  | 5       | 2,146  | 1       |
| Of which,                       |               |        |         |               |        |         |        |         |
| Depreciation of assets          | 489           | 454    | 8       | 253           | 231    | 10      | 236    | 7       |
| Manpower (number)               | <b>24,346</b> | 25,466 | (4)     | <b>24,346</b> | 25,466 | (4)     | 24,571 | (1)     |

Full year 2021, the increase of only 3% in total expenses to \$4.31 billion was a result of the Group's discipline spend, as it prioritised strategic investments in people and technology including scaling up digital offerings in Singapore and ASEAN. The cost-to-income ratio for the year improved 1.5% points to 44.1%.

With the strong income growth, cost-to-income ratio improved 1.3% points to 44.3% against the second half of last year.

Total operating expenses in 2H21 was relatively unchanged from the first half.

## United Overseas Bank Limited and Its Subsidiaries

### Allowance for Credit and Other Losses

|                                                    | 2021       | 2020  | + / (-) | 2H21        | 2H20 | + / (-) | 1H21 | + / (-) |
|----------------------------------------------------|------------|-------|---------|-------------|------|---------|------|---------|
|                                                    | \$m        | \$m   | %       | \$m         | \$m  | %       | \$m  | %       |
| <b>General allowance</b> <sup>1</sup>              | <b>95</b>  | 916   | (90)    | <b>(96)</b> | 490  | (>100)  | 191  | (>100)  |
| <b>Specific allowance</b> <sup>2</sup>             |            |       |         |             |      |         |      |         |
| <b>Specific allowance on loans</b> <sup>3</sup>    | <b>534</b> | 679   | (21)    | <b>325</b>  | 375  | (13)    | 210  | 55      |
| Singapore                                          | <b>66</b>  | 243   | (73)    | <b>34</b>   | 86   | (61)    | 33   | 4       |
| Malaysia                                           | <b>104</b> | 94    | 10      | <b>71</b>   | 63   | 13      | 33   | >100    |
| Thailand                                           | <b>162</b> | 145   | 12      | <b>84</b>   | 92   | (10)    | 78   | 7       |
| Indonesia                                          | <b>127</b> | 86    | 48      | <b>86</b>   | 33   | >100    | 41   | >100    |
| Greater China <sup>4</sup>                         | <b>56</b>  | 106   | (47)    | <b>39</b>   | 77   | (49)    | 17   | >100    |
| Others                                             | <b>19</b>  | 6     | >100    | <b>11</b>   | 24   | (54)    | 8    | 38      |
| <b>Specific allowance on securities and others</b> | <b>28</b>  | (42)  | >100    | <b>46</b>   | 7    | >100    | (18) | >100    |
| <b>Total</b>                                       | <b>657</b> | 1,554 | (58)    | <b>275</b>  | 872  | (69)    | 383  | (28)    |

As pre-emptive general allowance taken in last year remained adequate, total allowance for the full year of 2021 declined 58% to \$657 million and total credit costs on loans decreased from 57 basis points to 20 basis points.

Compared with the same period last year, total allowance decreased to \$275 million largely due to the pre-emptive general allowance taken last year.

Against 1H21, total allowance fell 28% mainly due to a write-back of general allowance in 2H21 with more clarity and confidence of the market outlook.

#### Notes:

- 1 General allowance refer to Expected Credit Loss Stage 1 and Stage 2 under SFRS(I) 9.
- 2 Specific allowance refer to Expected Credit Loss Stage 3 and purchased or originated credit-impaired under SFRS(I) 9.
- 3 Specific allowance on 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.
- 4 Comprise Mainland China, Hong Kong SAR and Taiwan.

## United Overseas Bank Limited and Its Subsidiaries

### Customer Loans

|                                                          | Dec-21  | Jun-21  | Dec-20  |
|----------------------------------------------------------|---------|---------|---------|
|                                                          | \$m     | \$m     | \$m     |
| Gross customer loans                                     | 310,800 | 298,597 | 281,387 |
| Less: General allowance                                  | 2,562   | 2,641   | 2,521   |
| Specific allowance                                       | 1,525   | 1,564   | 1,665   |
| Net customer loans                                       | 306,713 | 294,392 | 277,201 |
| <b>By industry</b>                                       |         |         |         |
| Transport, storage and communication                     | 13,270  | 12,221  | 11,411  |
| Building and construction                                | 83,443  | 76,764  | 71,702  |
| Manufacturing                                            | 22,570  | 24,714  | 20,194  |
| Financial institutions, investment and holding companies | 40,731  | 35,904  | 31,259  |
| General commerce                                         | 36,779  | 37,181  | 34,488  |
| Professionals and private individuals                    | 26,651  | 26,283  | 27,637  |
| Housing loans                                            | 71,211  | 69,490  | 68,562  |
| Others                                                   | 16,145  | 16,041  | 16,134  |
| Total (gross)                                            | 310,800 | 298,597 | 281,387 |
| <b>By currency</b>                                       |         |         |         |
| Singapore Dollar                                         | 137,685 | 133,710 | 129,503 |
| US Dollar                                                | 62,800  | 59,841  | 49,336  |
| Malaysian Ringgit                                        | 27,022  | 26,261  | 26,849  |
| Thai Baht                                                | 18,956  | 17,364  | 18,666  |
| Indonesian Rupiah                                        | 5,419   | 5,512   | 5,581   |
| Others                                                   | 58,918  | 55,908  | 51,452  |
| Total (gross)                                            | 310,800 | 298,597 | 281,387 |
| <b>By maturity</b>                                       |         |         |         |
| Within 1 year                                            | 129,757 | 127,445 | 111,856 |
| Over 1 year but within 3 years                           | 66,857  | 59,658  | 58,528  |
| Over 3 years but within 5 years                          | 35,312  | 32,996  | 32,341  |
| Over 5 years                                             | 78,874  | 78,498  | 78,661  |
| Total (gross)                                            | 310,800 | 298,597 | 281,387 |
| <b>By geography <sup>1</sup></b>                         |         |         |         |
| Singapore                                                | 157,543 | 152,972 | 143,333 |
| Malaysia                                                 | 29,836  | 29,092  | 29,691  |
| Thailand                                                 | 20,857  | 19,640  | 20,625  |
| Indonesia                                                | 10,162  | 10,663  | 10,470  |
| Greater China                                            | 48,779  | 48,203  | 44,195  |
| Others                                                   | 43,623  | 38,027  | 33,073  |
| Total (gross)                                            | 310,800 | 298,597 | 281,387 |

As at 31 December 2021, gross loans grew 10% from a year ago and 4% from the first-half to \$311 billion. The growth was led by broad-based increase of wholesale loans.

Singapore loans continue to be strong with the growth of 10% from a year ago and 3% from the previous half. Similar loan growth momentum in overseas with 11% increase year-on-year mainly from Greater China and western countries.

Note:

<sup>1</sup> 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.

United Overseas Bank Limited and Its Subsidiaries

**Non-Performing Assets**

|                               | Dec-21 | Jun-21 | Dec-20 |
|-------------------------------|--------|--------|--------|
|                               | \$m    | \$m    | \$m    |
| Loans ("NPL")                 | 5,030  | 4,507  | 4,520  |
| Debt securities and others    | 47     | 40     | 88     |
| Non-performing assets ("NPA") | 5,077  | 4,547  | 4,608  |

**By grading**

|             |       |       |       |
|-------------|-------|-------|-------|
| Substandard | 3,529 | 2,975 | 2,961 |
| Doubtful    | 421   | 351   | 277   |
| Loss        | 1,127 | 1,221 | 1,370 |
| Total       | 5,077 | 4,547 | 4,608 |

**By security**

Secured by collateral type:

|                     |       |       |       |
|---------------------|-------|-------|-------|
| Properties          | 2,824 | 2,431 | 2,333 |
| Fixed deposits      | 12    | 9     | 12    |
| Others <sup>1</sup> | 200   | 219   | 247   |
|                     | 3,036 | 2,659 | 2,592 |
| Unsecured           | 2,041 | 1,888 | 2,016 |
| Total               | 5,077 | 4,547 | 4,608 |

**By ageing**

|                     |       |       |       |
|---------------------|-------|-------|-------|
| Current             | 1,505 | 718   | 1,091 |
| Within 90 days      | 555   | 454   | 475   |
| Over 90 to 180 days | 244   | 446   | 389   |
| Over 180 days       | 2,773 | 2,929 | 2,653 |
| Total               | 5,077 | 4,547 | 4,608 |

**Total allowance**

|          |       |       |       |
|----------|-------|-------|-------|
| General  | 2,941 | 3,040 | 2,873 |
| Specific | 1,556 | 1,588 | 1,692 |
| Total    | 4,497 | 4,628 | 4,565 |

|                                                          | NPL   | NPL   | NPL   | NPL   | NPL   |
|----------------------------------------------------------|-------|-------|-------|-------|-------|
|                                                          | \$m   | ratio | \$m   | ratio | \$m   |
|                                                          |       | %     |       | %     |       |
| <b>NPL by industry</b>                                   |       |       |       |       |       |
| Transport, storage and communication                     | 488   | 3.7   | 534   | 4.4   | 581   |
| Building and construction                                | 929   | 1.1   | 791   | 1.0   | 637   |
| Manufacturing                                            | 880   | 3.9   | 820   | 3.3   | 785   |
| Financial institutions, investment and holding companies | 232   | 0.6   | 39    | 0.1   | 36    |
| General commerce                                         | 1,002 | 2.7   | 992   | 2.7   | 1,035 |
| Professionals and private individuals                    | 336   | 1.3   | 332   | 1.3   | 290   |
| Housing loans                                            | 966   | 1.4   | 857   | 1.2   | 808   |
| Others                                                   | 197   | 1.2   | 142   | 0.9   | 348   |
| Total                                                    | 5,030 | 1.6   | 4,507 | 1.5   | 4,520 |

Note:

1 Comprise mainly marine vessels.

**Non-Performing Assets (cont'd)**

|                                      | NPL/NPA                          |             | Specific allowance                         |                                        |
|--------------------------------------|----------------------------------|-------------|--------------------------------------------|----------------------------------------|
|                                      | \$m                              | NPL ratio % | \$m                                        | Specific allowance as a % of NPL/NPA % |
| <b>NPL by geography <sup>1</sup></b> |                                  |             |                                            |                                        |
| <b>Singapore</b>                     |                                  |             |                                            |                                        |
| Dec-21                               | 2,170                            | 1.4         | 642                                        | 30                                     |
| Jun-21                               | 2,038                            | 1.3         | 709                                        | 35                                     |
| Dec-20                               | 2,182                            | 1.5         | 841                                        | 39                                     |
| <b>Malaysia</b>                      |                                  |             |                                            |                                        |
| Dec-21                               | 829                              | 2.8         | 226                                        | 27                                     |
| Jun-21                               | 682                              | 2.3         | 187                                        | 27                                     |
| Dec-20                               | 581                              | 2.0         | 171                                        | 29                                     |
| <b>Thailand</b>                      |                                  |             |                                            |                                        |
| Dec-21                               | 751                              | 3.6         | 237                                        | 32                                     |
| Jun-21                               | 718                              | 3.7         | 258                                        | 36                                     |
| Dec-20                               | 673                              | 3.3         | 269                                        | 40                                     |
| <b>Indonesia</b>                     |                                  |             |                                            |                                        |
| Dec-21                               | 761                              | 7.5         | 214                                        | 28                                     |
| Jun-21                               | 573                              | 5.4         | 243                                        | 42                                     |
| Dec-20                               | 522                              | 5.0         | 221                                        | 42                                     |
| <b>Greater China</b>                 |                                  |             |                                            |                                        |
| Dec-21                               | 273                              | 0.6         | 117                                        | 43                                     |
| Jun-21                               | 296                              | 0.6         | 88                                         | 30                                     |
| Dec-20                               | 328                              | 0.7         | 89                                         | 27                                     |
| <b>Others</b>                        |                                  |             |                                            |                                        |
| Dec-21                               | 246                              | 0.6         | 89                                         | 36                                     |
| Jun-21                               | 200                              | 0.5         | 79                                         | 40                                     |
| Dec-20                               | 234                              | 0.7         | 74                                         | 32                                     |
| <b>Group NPL</b>                     |                                  |             |                                            |                                        |
| Dec-21                               | 5,030                            | 1.6         | 1,525                                      | 30                                     |
| Jun-21                               | 4,507                            | 1.5         | 1,564                                      | 35                                     |
| Dec-20                               | 4,520                            | 1.6         | 1,665                                      | 37                                     |
| <b>Group NPA</b>                     |                                  |             |                                            |                                        |
| Dec-21                               | 5,077                            |             | 1,556                                      | 31                                     |
| Jun-21                               | 4,547                            |             | 1,588                                      | 35                                     |
| Dec-20                               | 4,608                            |             | 1,692                                      | 37                                     |
|                                      | <b>Total allowance</b>           |             |                                            |                                        |
|                                      | <b>as a % of NPA<sup>2</sup></b> |             | <b>as a % of unsecured NPA<sup>2</sup></b> |                                        |
| <b>Group</b>                         | %                                |             | %                                          |                                        |
| Dec-21                               | 96                               |             | 239                                        |                                        |
| Jun-21                               | 110                              |             | 265                                        |                                        |
| Dec-20                               | 107                              |             | 245                                        |                                        |

The Group's overall credit portfolio remained healthy with NPL ratio steady at 1.6% as at 31 December 2021. The NPA coverage stayed strong at 96% or 239% after taking collateral into account.

While the path to recovery is clearer compared with a year ago, the Group continued to maintain performing loans coverage prudently at 1%.

## Notes:

1 NPL 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 allowance.

## United Overseas Bank Limited and Its Subsidiaries

### Customer Deposits

|                                         | <b>Dec-21</b>  | Jun-21  | Dec-20  |
|-----------------------------------------|----------------|---------|---------|
|                                         | <b>\$m</b>     | \$m     | \$m     |
| <b>By product</b>                       |                |         |         |
| Fixed deposits                          | <b>137,079</b> | 141,591 | 134,034 |
| Savings deposits                        | <b>99,703</b>  | 93,359  | 91,620  |
| Current accounts                        | <b>98,624</b>  | 85,214  | 81,963  |
| Others                                  | <b>17,227</b>  | 18,730  | 16,981  |
| Total                                   | <b>352,633</b> | 338,894 | 324,598 |
| <b>By maturity</b>                      |                |         |         |
| Within 1 year                           | <b>350,888</b> | 335,864 | 321,337 |
| Over 1 year but within 3 years          | <b>1,255</b>   | 2,392   | 2,486   |
| Over 3 years but within 5 years         | <b>61</b>      | 183     | 294     |
| Over 5 years                            | <b>429</b>     | 455     | 481     |
| Total                                   | <b>352,633</b> | 338,894 | 324,598 |
| <b>By currency</b>                      |                |         |         |
| Singapore Dollar                        | <b>155,713</b> | 151,478 | 150,360 |
| US Dollar                               | <b>100,927</b> | 94,559  | 83,451  |
| Malaysian Ringgit                       | <b>29,497</b>  | 29,284  | 29,543  |
| Thai Baht                               | <b>21,327</b>  | 19,646  | 22,292  |
| Indonesian Rupiah                       | <b>6,664</b>   | 6,709   | 6,288   |
| Others                                  | <b>38,505</b>  | 37,218  | 32,664  |
| Total                                   | <b>352,633</b> | 338,894 | 324,598 |
| Group Loan/Deposit ratio (%)            | <b>87.0</b>    | 86.9    | 85.4    |
| Singapore Dollar Loan/Deposit ratio (%) | <b>87.5</b>    | 87.2    | 85.1    |
| US Dollar Loan/Deposit ratio (%)        | <b>61.6</b>    | 62.6    | 58.2    |

In tandem with loan growth, customer deposits also grew 9% from a year ago and 4% from the first-half to \$353 billion as at 31 December 2021. The Group continued to focus on stable fundings with CASA ratio increased to 56.2%.

As at 31 December 2021, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 87.0% and 87.5% respectively.



United Overseas Bank Limited and Its Subsidiaries

**Performance by Business Segment <sup>1</sup>**

| Selected income statement items                        | GR<br>\$m | GWB<br>\$m | GM<br>\$m | Others<br>\$m | Total<br>\$m |
|--------------------------------------------------------|-----------|------------|-----------|---------------|--------------|
| <b>2021</b>                                            |           |            |           |               |              |
| Net interest income                                    | 2,590     | 3,086      | 397       | 315           | 6,388        |
| Non-interest income                                    | 1,524     | 1,299      | 247       | 331           | 3,401        |
| Operating income                                       | 4,114     | 4,385      | 644       | 646           | 9,789        |
| Operating expenses                                     | (2,087)   | (1,036)    | (259)     | (931)         | (4,313)      |
| (Allowance for)/ Write-back of credit and other losses | (174)     | (367)      | 11        | (127)         | (657)        |
| Share of profit of associates and joint ventures       | -         | 25         | -         | 93            | 118          |
| Profit/ (Loss) before tax                              | 1,853     | 3,007      | 396       | (319)         | 4,937        |
| Tax                                                    |           |            |           |               | (850)        |
| <b>Profit for the financial year</b>                   |           |            |           |               | <b>4,087</b> |
| <b>Other information:</b>                              |           |            |           |               |              |
| Capital expenditure                                    | 33        | 33         | 2         | 482           | 550          |
| Depreciation of assets                                 | 65        | 34         | 13        | 377           | 489          |
| <b>2020</b>                                            |           |            |           |               |              |
| Net interest income                                    | 2,772     | 3,026      | 425       | (188)         | 6,035        |
| Non-interest income                                    | 1,331     | 1,026      | 343       | 441           | 3,141        |
| Operating income                                       | 4,103     | 4,052      | 768       | 253           | 9,176        |
| Operating expenses                                     | (2,039)   | (953)      | (265)     | (927)         | (4,184)      |
| Allowance for credit and other losses                  | (510)     | (771)      | (10)      | (263)         | (1,554)      |
| Share of profit of associates and joint ventures       | -         | 9          | -         | 89            | 98           |
| Profit/ (Loss) before tax                              | 1,554     | 2,337      | 493       | (848)         | 3,536        |
| Tax                                                    |           |            |           |               | (606)        |
| <b>Profit for the financial year</b>                   |           |            |           |               | <b>2,930</b> |
| <b>Other information:</b>                              |           |            |           |               |              |
| Capital expenditure                                    | 47        | 40         | 9         | 467           | 563          |
| Depreciation of assets                                 | 65        | 28         | 12        | 349           | 454          |

Note:

1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

**Performance by Business Segment**<sup>1</sup> (cont'd)

| Selected income statement items                        | GR<br>\$m | GWB<br>\$m | GM<br>\$m | Others<br>\$m | Total<br>\$m |
|--------------------------------------------------------|-----------|------------|-----------|---------------|--------------|
| <b>2H21</b>                                            |           |            |           |               |              |
| Net interest income                                    | 1,290     | 1,598      | 201       | 193           | 3,282        |
| Non-interest income                                    | 747       | 642        | 89        | 127           | 1,605        |
| Operating income                                       | 2,037     | 2,240      | 290       | 320           | 4,887        |
| Operating expenses                                     | (1,081)   | (542)      | (129)     | (415)         | (2,167)      |
| (Allowance for)/ Write-back of credit and other losses | (112)     | (56)       | 13        | (120)         | (275)        |
| Share of profit of associates and joint ventures       | -         | 13         | -         | 34            | 47           |
| Profit/ (Loss) before tax                              | 844       | 1,655      | 174       | (181)         | 2,492        |
| Tax                                                    |           |            |           |               | (423)        |
| <b>Profit for the financial period</b>                 |           |            |           |               | <b>2,069</b> |
| <b>Other information:</b>                              |           |            |           |               |              |
| Capital expenditure                                    | 18        | 13         | 0         | 262           | 293          |
| Depreciation of assets                                 | 33        | 19         | 7         | 194           | 253          |

|                                                        |         |       |       |       |              |
|--------------------------------------------------------|---------|-------|-------|-------|--------------|
| <b>2H20</b>                                            |         |       |       |       |              |
| Net interest income                                    | 1,337   | 1,506 | 251   | (108) | 2,986        |
| Non-interest income                                    | 712     | 500   | 103   | 208   | 1,523        |
| Operating income                                       | 2,049   | 2,006 | 354   | 100   | 4,509        |
| Operating expenses                                     | (1,021) | (466) | (136) | (435) | (2,058)      |
| (Allowance for)/ Write-back of credit and other losses | (379)   | (508) | (12)  | 27    | (872)        |
| Share of profit of associates and joint ventures       | -       | 3     | -     | 56    | 59           |
| Profit/ (Loss) before tax                              | 649     | 1,035 | 206   | (252) | 1,638        |
| Tax                                                    |         |       |       |       | (271)        |
| <b>Profit for the financial period</b>                 |         |       |       |       | <b>1,367</b> |
| <b>Other information:</b>                              |         |       |       |       |              |
| Capital expenditure                                    | 18      | 22    | 6     | 256   | 302          |
| Depreciation of assets                                 | 33      | 15    | 6     | 177   | 231          |

|                                                  |         |       |       |       |              |
|--------------------------------------------------|---------|-------|-------|-------|--------------|
| <b>1H21</b>                                      |         |       |       |       |              |
| Net interest income                              | 1,300   | 1,488 | 196   | 123   | 3,107        |
| Non-interest income                              | 776     | 657   | 158   | 205   | 1,796        |
| Operating income                                 | 2,076   | 2,145 | 354   | 328   | 4,903        |
| Operating expenses                               | (1,006) | (494) | (129) | (517) | (2,146)      |
| Allowance for credit and other losses            | (62)    | (312) | (1)   | (8)   | (383)        |
| Share of profit of associates and joint ventures | -       | 12    | -     | 58    | 70           |
| Profit/ (Loss) before tax                        | 1,008   | 1,351 | 224   | (139) | 2,444        |
| Tax                                              |         |       |       |       | (427)        |
| <b>Profit for the financial period</b>           |         |       |       |       | <b>2,017</b> |
| <b>Other information:</b>                        |         |       |       |       |              |
| Capital expenditure                              | 15      | 20    | 2     | 220   | 257          |
| Depreciation of assets                           | 33      | 15    | 6     | 182   | 236          |

Note:

1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

United Overseas Bank Limited and Its Subsidiaries

**Performance by Business Segment**<sup>1</sup> (cont'd)

| Selected balance sheet items                | GR<br>\$m      | GWB<br>\$m     | GM<br>\$m     | Others<br>\$m | Total<br>\$m   |
|---------------------------------------------|----------------|----------------|---------------|---------------|----------------|
| <b>At 31 December 2021</b>                  |                |                |               |               |                |
| <b>Segment assets</b>                       | <b>110,970</b> | <b>222,812</b> | <b>83,618</b> | <b>36,533</b> | <b>453,933</b> |
| Intangible assets                           | 1,314          | 2,083          | 659           | 89            | 4,145          |
| Investment in associates and joint ventures | 5              | 193            | -             | 1,047         | 1,245          |
| <b>Total assets</b>                         | <b>112,289</b> | <b>225,088</b> | <b>84,277</b> | <b>37,669</b> | <b>459,323</b> |
| <b>Segment liabilities</b>                  | <b>174,019</b> | <b>187,609</b> | <b>36,538</b> | <b>18,296</b> | <b>416,462</b> |
| <b>Other information:</b>                   |                |                |               |               |                |
| Gross customer loans                        | 111,083        | 198,733        | 962           | 22            | 310,800        |
| Non-performing assets                       | 1,470          | 3,221          | 26            | 360           | 5,077          |
| <b>At 30 June 2021</b>                      |                |                |               |               |                |
| <b>Segment assets</b>                       | 108,041        | 212,725        | 85,908        | 34,458        | 441,132        |
| Intangible assets                           | 1,314          | 2,083          | 659           | 88            | 4,144          |
| Investment in associates and joint ventures | 3              | 185            | -             | 1,042         | 1,230          |
| <b>Total assets</b>                         | <b>109,358</b> | <b>214,993</b> | <b>86,567</b> | <b>35,588</b> | <b>446,506</b> |
| <b>Segment liabilities</b>                  | <b>170,167</b> | <b>177,142</b> | <b>41,670</b> | <b>15,277</b> | <b>404,256</b> |
| <b>Other information:</b>                   |                |                |               |               |                |
| Gross customer loans                        | 108,306        | 189,502        | 773           | 16            | 298,597        |
| Non-performing assets                       | 1,390          | 3,051          | 27            | 79            | 4,547          |
| <b>At 31 December 2020</b>                  |                |                |               |               |                |
| <b>Segment assets</b>                       | 107,654        | 195,035        | 97,495        | 26,277        | 426,461        |
| Intangible assets                           | 1,316          | 2,086          | 659           | 82            | 4,143          |
| Investment in associates and joint ventures | 2              | 171            | -             | 1,037         | 1,210          |
| <b>Total assets</b>                         | <b>108,972</b> | <b>197,292</b> | <b>98,154</b> | <b>27,396</b> | <b>431,814</b> |
| <b>Segment liabilities</b>                  | <b>169,042</b> | <b>163,278</b> | <b>46,755</b> | <b>11,608</b> | <b>390,683</b> |
| <b>Other information:</b>                   |                |                |               |               |                |
| Gross customer loans                        | 108,020        | 172,281        | 1,052         | 34            | 281,387        |
| Non-performing assets                       | 1,297          | 3,254          | 11            | 46            | 4,608          |

Note:

1 Comparative segment information for prior periods have been adjusted for changes in organisational structure and management reporting methodology.

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**Performance by Business Segment (cont'd)**

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 include non-banking activities and corporate functions.

**Group Retail ("GR")**

GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Against a year ago, profit before tax increased 19% to \$1.85 billion in 2021. Total income was sustained at \$4.11 billion as wealth management income reached record levels alongside assets under management and credit card activities rebounded strongly, offsetting the impact of thinner deposit margin. Expenses were 2% higher at \$2.09 billion in 2021 primarily from technology-related investments while discretionary spend remained closely managed. Allowances for credit and other losses pulled back sharply to \$174 million, benefitting from general allowance reversal as credit conditions began to stabilise.

2H21 profit before tax grew 30% to \$844 million against a year ago, largely from the release in general allowance amid stabilising macro conditions, albeit partly offset by continued technology investments to enhance customer experience, product capabilities and productivity. Compared with 1H21, profit before tax was 16% lower due to seasonally higher expenses to support franchise growth, coupled with softer fee income.

**Group Wholesale Banking ("GWB")**

GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including loans, trade services, cash management, capital markets solutions and advisory and treasury products.

Compared with a year ago, profit before tax rose 29% to \$3.01 billion in 2021. Income expanded 8% to \$4.39 billion as robust credit demand from large corporate and institutional clients drove strong loan growth, supplemented with healthy loan-related and investment banking fees. Expenses increased 9% to \$1.04 billion, mainly from strategic investments in people and technology. Allowances for credit and other losses halved due to lower NPL formation and higher loan recoveries amid improving credit conditions.

Second-half profit before tax of \$1.66 billion rebounded 60% against 2H20 and 23% compared with 1H21, driven by healthy franchise volume growth and easing allowances amid a pickup in business activities. This was partially offset by expense growth in people and technology.

**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.

Against a year ago, profit before tax declined by 20% to \$396 million. Total income decreased by 16% to \$644 million in 2021, arising from lower sale of investment securities and narrower spreads than at the beginning of the global pandemic. This was partly offset by lower expenses and allowances for credit and other losses.

Profit before tax fell by 16% and 22% against 2H20 and 1H21 respectively, mainly due to lower returns from portfolio liquidity management, partly moderated by improved trading performance and write-back of general allowance.

**Others**

Others segment includes corporate support functions and results of decisions not attributable to the business segments mentioned above as well as other activities, which comprises property, insurance and investment management.

Loss before tax of \$319 million in 2021 compared with \$848 million in losses a year ago, largely attributable to central treasury activities and gain on investments. General allowance was also lower in light of improved credit conditions.

Compared with 2H20, loss before tax narrowed by \$71 million, mainly due to improved contribution from central treasury activities. Profit before tax was \$42 million lower against 1H21 from higher allowances for credit and other losses, and strong investment management performance in the first half.

## United Overseas Bank Limited and Its Subsidiaries

### Performance by Geographical Segment<sup>1</sup>

|                                                  | Singapore<br>\$m | Malaysia<br>\$m | Thailand<br>\$m | Indonesia<br>\$m | Greater<br>China<br>\$m | Others<br>\$m | Total<br>\$m   |
|--------------------------------------------------|------------------|-----------------|-----------------|------------------|-------------------------|---------------|----------------|
| <b>2021</b>                                      |                  |                 |                 |                  |                         |               |                |
| Net interest income                              | 3,161            | 837             | 736             | 393              | 664                     | 597           | 6,388          |
| Non-interest income                              | 2,034            | 309             | 256             | 181              | 315                     | 306           | 3,401          |
| Operating income                                 | 5,195            | 1,146           | 992             | 574              | 979                     | 903           | 9,789          |
| Operating expenses                               | (2,356)          | (457)           | (585)           | (353)            | (410)                   | (152)         | (4,313)        |
| Allowance for credit and other losses            | (108)            | (137)           | (136)           | (145)            | (96)                    | (35)          | (657)          |
| Share of profit of associates and joint ventures | 125              | 0               | -               | -                | 2                       | (9)           | 118            |
| Profit before tax                                | 2,856            | 552             | 271             | 76               | 475                     | 707           | 4,937          |
| Total assets before intangible assets            | 258,453          | 43,596          | 29,220          | 11,255           | 66,741                  | 45,913        | 455,178        |
| Intangible assets                                | 3,182            | -               | 723             | 234              | -                       | 6             | 4,145          |
| <b>Total assets</b>                              | <b>261,635</b>   | <b>43,596</b>   | <b>29,943</b>   | <b>11,489</b>    | <b>66,741</b>           | <b>45,919</b> | <b>459,323</b> |
| <b>2020</b>                                      |                  |                 |                 |                  |                         |               |                |
| Net interest income                              | 2,998            | 777             | 734             | 365              | 655                     | 506           | 6,035          |
| Non-interest income                              | 1,862            | 338             | 258             | 190              | 245                     | 248           | 3,141          |
| Operating income                                 | 4,860            | 1,115           | 992             | 555              | 900                     | 754           | 9,176          |
| Operating expenses                               | (2,267)          | (439)           | (600)           | (344)            | (386)                   | (148)         | (4,184)        |
| Allowance for credit and other losses            | (692)            | (244)           | (282)           | (150)            | (136)                   | (50)          | (1,554)        |
| Share of profit of associates and joint ventures | 94               | 0               | -               | -                | (2)                     | 6             | 98             |
| Profit before tax                                | 1,995            | 432             | 110             | 61               | 376                     | 562           | 3,536          |
| Total assets before intangible assets            | 248,541          | 44,121          | 27,638          | 10,707           | 59,730                  | 36,934        | 427,671        |
| Intangible assets                                | 3,182            | -               | 728             | 233              | -                       | -             | 4,143          |
| <b>Total assets</b>                              | <b>251,723</b>   | <b>44,121</b>   | <b>28,366</b>   | <b>10,940</b>    | <b>59,730</b>           | <b>36,934</b> | <b>431,814</b> |

Note:

1 Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

## United Overseas Bank Limited and Its Subsidiaries

### Performance by Geographical Segment <sup>1</sup>

|                                                        | Singapore      | Malaysia      | Thailand      | Indonesia     | Greater<br>China | Others        | Total          |
|--------------------------------------------------------|----------------|---------------|---------------|---------------|------------------|---------------|----------------|
|                                                        | \$m            | \$m           | \$m           | \$m           | \$m              | \$m           | \$m            |
| <b>2H21</b>                                            |                |               |               |               |                  |               |                |
| Net interest income                                    | 1,623          | 422           | 377           | 196           | 348              | 316           | 3,282          |
| Non-interest income                                    | 933            | 156           | 124           | 95            | 155              | 142           | 1,605          |
| Operating income                                       | 2,556          | 578           | 501           | 291           | 503              | 458           | 4,887          |
| Operating expenses                                     | (1,146)        | (244)         | (296)         | (188)         | (215)            | (78)          | (2,167)        |
| (Allowance for)/ Write-back of credit and other losses | 2              | (63)          | (85)          | (69)          | (51)             | (9)           | (275)          |
| Share of profit of associates and joint ventures       | 62             | 0             | -             | -             | 1                | (16)          | 47             |
| Profit before tax                                      | 1,474          | 271           | 120           | 34            | 238              | 355           | 2,492          |
| Total assets before intangible assets                  | 258,453        | 43,596        | 29,220        | 11,255        | 66,741           | 45,913        | 455,178        |
| Intangible assets                                      | 3,182          | -             | 723           | 234           | -                | 6             | 4,145          |
| <b>Total assets</b>                                    | <b>261,635</b> | <b>43,596</b> | <b>29,943</b> | <b>11,489</b> | <b>66,741</b>    | <b>45,919</b> | <b>459,323</b> |
| <b>2H20</b>                                            |                |               |               |               |                  |               |                |
| Net interest income                                    | 1,449          | 390           | 366           | 190           | 332              | 259           | 2,986          |
| Non-interest income                                    | 921            | 159           | 132           | 94            | 110              | 107           | 1,523          |
| Operating income                                       | 2,370          | 549           | 498           | 284           | 442              | 366           | 4,509          |
| Operating expenses                                     | (1,094)        | (225)         | (295)         | (175)         | (194)            | (75)          | (2,058)        |
| Allowance for credit and other losses                  | (321)          | (191)         | (152)         | (71)          | (97)             | (40)          | (872)          |
| Share of profit of associates and joint ventures       | 54             | 0             | -             | -             | (1)              | 6             | 59             |
| Profit before tax                                      | 1,009          | 133           | 51            | 38            | 150              | 257           | 1,638          |
| Total assets before intangible assets                  | 248,541        | 44,121        | 27,638        | 10,707        | 59,730           | 36,934        | 427,671        |
| Intangible assets                                      | 3,182          | -             | 728           | 233           | -                | -             | 4,143          |
| <b>Total assets</b>                                    | <b>251,723</b> | <b>44,121</b> | <b>28,366</b> | <b>10,940</b> | <b>59,730</b>    | <b>36,934</b> | <b>431,814</b> |
| <b>1H21</b>                                            |                |               |               |               |                  |               |                |
| Net interest income                                    | 1,538          | 416           | 359           | 196           | 316              | 282           | 3,107          |
| Non-interest income                                    | 1,102          | 152           | 131           | 87            | 160              | 164           | 1,796          |
| Operating income                                       | 2,640          | 568           | 490           | 283           | 476              | 446           | 4,903          |
| Operating expenses                                     | (1,211)        | (213)         | (289)         | (165)         | (196)            | (72)          | (2,146)        |
| Allowance for credit and other losses                  | (109)          | (74)          | (51)          | (76)          | (44)             | (29)          | (383)          |
| Share of profit of associates and joint ventures       | 63             | 0             | -             | -             | 1                | 6             | 70             |
| Profit before tax                                      | 1,383          | 281           | 150           | 42            | 237              | 351           | 2,444          |
| Total assets before intangible assets                  | 255,030        | 42,489        | 26,339        | 10,772        | 64,836           | 42,896        | 442,362        |
| Intangible assets                                      | 3,182          | -             | 725           | 232           | -                | 5             | 4,144          |
| <b>Total assets</b>                                    | <b>258,212</b> | <b>42,489</b> | <b>27,064</b> | <b>11,004</b> | <b>64,836</b>    | <b>42,901</b> | <b>446,506</b> |

Note:

1 Based on the location where the transactions and assets are booked. The information is stated after elimination of inter-segment transactions.

**Performance by Geographical Segment (cont'd)**

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 rebounded 43% year-on-year to \$2.86 billion in 2021, on the back of markedly lower credit costs and broad-based income growth as Singapore has led the region's economic recovery. Net interest income increased 5% to \$3.16 billion from asset growth, while non-interest income rose 9% to \$2.03 billion with strong fee performance in wealth management, loans, investment banking and credit cards. Expenses were 4% higher at \$2.36 billion, in line with revenue growth and pick-up in business activities. Credit costs reduced significantly to \$108 million, attributable to receding general allowance, lower NPL formation and higher loan recoveries amid improving credit conditions.

For 2H21, profit before tax achieved a 46% growth year-on-year to \$1.47 billion, mainly from general allowance reversal and stronger net interest income.

Profit before tax grew 7% against 1H21. The write-back in general allowance, improved net interest income stemming from loan growth and lower cost of funds, as well as lower expenses were partly offset by softer treasury income and fees.

**Malaysia**

Against a year ago, profit before tax improved 28% to \$552 million in 2021, primarily driven by lower general allowance. Total income grew 3% to \$1.15 billion, supported by higher net interest income from wider loan margin, and strong fee momentum. This was partly offset by lower trading income and gains from investment securities.

Second-half profit before tax doubled year-on-year to \$271 million, largely from lower general allowance as credit conditions stabilised.

Against 1H21, profit before tax eased 3% to \$271 million, mainly from higher expenses relating to investments in people, technology and support for franchise growth.

**Thailand**

Profit before tax more than doubled year-on-year to \$271 million in 2021 and \$120 million in 2H21, largely benefitting from write-back in general allowance.

Compared with 1H21, profit before tax was 20% lower at \$120 million, with the pick-up in credit costs partially buttressed by higher net interest income.

**Indonesia**

Profit before tax in 2021 rose 24% to \$76 million from a year ago, driven mainly by income growth. Net interest income grew 8% to \$393 million, largely supported by lower cost of funds. Non-interest income declined 5% to \$181 million from lower trading income, partly cushioned by double-digit growth in fee and commission income.

Profit before tax of \$34 million in 2H21 decreased 9% from a year ago and 20% half-on-half, largely attributable to higher revenue-related expenses and investments to strengthen technology capabilities.

**Greater China**

Compared with a year ago, profit before tax recorded strong growth of 26% to \$475 million in 2021 and 59% to \$238 million in 2H21 as the Chinese economy has rebounded strongly from the pandemic. The profit growth was driven by double-digit increase in loan-related fee and treasury income as well as lower credit costs, partially offset by higher staff costs.

After a strong first half, profit before tax was sustained into 2H21, from stronger net interest income on the back of asset growth and lower cost of funds, partly offset by higher costs and credit allowance.

**Others**

Against the same period last year, profit before tax registered strong growth of 26% to \$707 million in 2021 and 38% to \$355 million in 2H21. This was supported by higher net interest income, loan-related fees and gains from investment securities. Allowance for credit and other losses were lower than a year ago, while contribution from associates declined.

Profit before tax in the second half of 2021 was relatively unchanged from the first half. The growth in net interest income and decrease in general allowance were negated by lower fee and contribution from associates.

## United Overseas Bank Limited and Its Subsidiaries

### Capital Adequacy and Leverage Ratios <sup>1,2,3</sup>

|                                              | Dec-21         | Jun-21         | Dec-20         |
|----------------------------------------------|----------------|----------------|----------------|
|                                              | \$m            | \$m            | \$m            |
| Share capital                                | 5,014          | 5,143          | 5,043          |
| Disclosed reserves/others                    | 34,663         | 33,932         | 32,914         |
| Regulatory adjustments                       | (4,742)        | (4,752)        | (4,726)        |
| <b>Common Equity Tier 1 Capital ("CET1")</b> | <b>34,935</b>  | <b>34,323</b>  | <b>33,231</b>  |
| Perpetual capital securities/others          | 2,379          | 2,379          | 2,379          |
| <b>Additional Tier 1 Capital ("AT1")</b>     | <b>2,379</b>   | <b>2,379</b>   | <b>2,379</b>   |
| <b>Tier 1 Capital</b>                        | <b>37,314</b>  | <b>36,702</b>  | <b>35,610</b>  |
| Subordinated notes                           | 4,320          | 5,298          | 4,287          |
| Provisions/others                            | 1,441          | 1,613          | 1,493          |
| <b>Tier 2 Capital</b>                        | <b>5,761</b>   | <b>6,911</b>   | <b>5,780</b>   |
| <b>Eligible Total Capital</b>                | <b>43,075</b>  | <b>43,613</b>  | <b>41,390</b>  |
| <b>Risk-Weighted Assets ("RWA")</b>          | <b>259,067</b> | <b>241,090</b> | <b>225,441</b> |
| <b>Capital Adequacy Ratios ("CAR")</b>       |                |                |                |
| CET1                                         | 13.5%          | 14.2%          | 14.7%          |
| Tier 1                                       | 14.4%          | 15.2%          | 15.8%          |
| Total                                        | 16.6%          | 18.1%          | 18.4%          |
| <b>Leverage Exposure</b>                     | <b>517,243</b> | <b>498,595</b> | <b>478,233</b> |
| <b>Leverage Ratio</b>                        | <b>7.2%</b>    | <b>7.4%</b>    | <b>7.4%</b>    |

The Group's CET1, Tier 1 and Total CAR as at 31 December 2021 remained well above the regulatory minimum requirements.

Year on year, total capital increased from retained earnings, partly offset by lower valuation and foreign exchange translation reserves. RWA was higher mainly from asset growth.

Compared to 30 June 2021, total capital was lower due to interim dividend payment, redemption of Tier 2 subordinated notes, as well as lower valuation reserves. RWA was higher driven by asset growth.

As at 31 December 2021, the Group's leverage ratio was 7.2%, comfortably above the regulatory minimum requirement of 3%.

#### Notes:

- 1 Singapore-incorporated banks are required to maintain minimum CAR as follows: CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, the Group is required to maintain CET1 capital to meet the capital conservation buffer of 2.5% and the countercyclical capital buffer (CCyB) of up to 2.5%. The Group's CCyB is computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures.
- 2 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 3 Disclosures required under MAS Notice 637 are published on our website: [www.UOBgroup.com/investor-relations/financial/index.html](http://www.UOBgroup.com/investor-relations/financial/index.html).



**United Overseas Bank Limited and Its Subsidiaries**  
**Consolidated Income Statements (Audited) for the financial year ended 31 December 2021**

|                                                  | <b>The Group</b> |       |                          |                   |
|--------------------------------------------------|------------------|-------|--------------------------|-------------------|
|                                                  | <b>2021</b>      | 2020  | <b>2H21</b> <sup>1</sup> | 2H20 <sup>1</sup> |
|                                                  | <b>\$m</b>       | \$m   | <b>\$m</b>               | \$m               |
| Interest income                                  | <b>8,204</b>     | 9,623 | <b>4,152</b>             | 4,258             |
| Less: Interest expense                           | <b>1,816</b>     | 3,588 | <b>870</b>               | 1,272             |
| <b>Net interest income</b>                       | <b>6,388</b>     | 6,035 | <b>3,282</b>             | 2,986             |
| Net fee and commission income                    | <b>2,412</b>     | 1,997 | <b>1,178</b>             | 1,037             |
| Dividend income                                  | <b>40</b>        | 50    | <b>16</b>                | 18                |
| Rental income                                    | <b>105</b>       | 106   | <b>52</b>                | 50                |
| Net trading income                               | <b>514</b>       | 594   | <b>234</b>               | 222               |
| Net gain from investment securities              | <b>216</b>       | 286   | <b>69</b>                | 141               |
| Other income                                     | <b>114</b>       | 108   | <b>56</b>                | 55                |
| <b>Non-interest income</b>                       | <b>3,401</b>     | 3,141 | <b>1,605</b>             | 1,523             |
| <b>Total operating income</b>                    | <b>9,789</b>     | 9,176 | <b>4,887</b>             | 4,509             |
| Less: Staff costs                                | <b>2,602</b>     | 2,501 | <b>1,275</b>             | 1,205             |
| Other operating expenses                         | <b>1,711</b>     | 1,683 | <b>892</b>               | 853               |
| <b>Total operating expenses</b>                  | <b>4,313</b>     | 4,184 | <b>2,167</b>             | 2,058             |
| <b>Operating profit before allowance</b>         | <b>5,476</b>     | 4,992 | <b>2,720</b>             | 2,451             |
| Less: Allowance for credit and other losses      | <b>657</b>       | 1,554 | <b>275</b>               | 872               |
| <b>Operating profit after allowance</b>          | <b>4,819</b>     | 3,438 | <b>2,445</b>             | 1,579             |
| Share of profit of associates and joint ventures | <b>118</b>       | 98    | <b>47</b>                | 59                |
| <b>Profit before tax</b>                         | <b>4,937</b>     | 3,536 | <b>2,492</b>             | 1,638             |
| Less: Tax                                        | <b>850</b>       | 606   | <b>423</b>               | 271               |
| <b>Profit for the financial period</b>           | <b>4,087</b>     | 2,930 | <b>2,069</b>             | 1,367             |
| Attributable to:                                 |                  |       |                          |                   |
| <b>Equity holders of the Bank</b>                | <b>4,075</b>     | 2,915 | <b>2,063</b>             | 1,356             |
| Non-controlling interests                        | <b>12</b>        | 15    | <b>6</b>                 | 11                |
|                                                  | <b>4,087</b>     | 2,930 | <b>2,069</b>             | 1,367             |
| <b>Earnings per share (\$)</b> <sup>2,3</sup>    |                  |       |                          |                   |
| Basic                                            | <b>2.39</b>      | 1.69  | <b>2.42</b>              | 1.57              |
| Diluted                                          | <b>2.38</b>      | 1.68  | <b>2.41</b>              | 1.56              |

Notes:

1 Unaudited.

2 Computed on an annualised basis.

3 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.

**United Overseas Bank Limited and Its Subsidiaries**  
**Consolidated Statement of Comprehensive Income (Audited) for the financial year ended 31**  
**December 2021**

|                                                                                                        | <b>The Group</b> |       |                          |                   |
|--------------------------------------------------------------------------------------------------------|------------------|-------|--------------------------|-------------------|
|                                                                                                        | <b>2021</b>      | 2020  | <b>2H21</b> <sup>1</sup> | 2H20 <sup>1</sup> |
|                                                                                                        | <b>\$m</b>       | \$m   | <b>\$m</b>               | \$m               |
| <b>Profit for the financial period</b>                                                                 | <b>4,087</b>     | 2,930 | <b>2,069</b>             | 1,367             |
| <b>Other comprehensive income that will not be reclassified to income statement</b>                    |                  |       |                          |                   |
| Net gain/(loss) on equity instruments at fair value through other comprehensive income                 | <b>101</b>       | 1     | <b>(48)</b>              | 148               |
| Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk | <b>3</b>         | (4)   | <b>(5)</b>               | (3)               |
| Remeasurement of defined benefit obligation                                                            | <b>5</b>         | (1)   | <b>5</b>                 | (2)               |
| Related tax on items at fair value through other comprehensive income                                  | <b>(9)</b>       | 0     | <b>2</b>                 | (7)               |
|                                                                                                        | <b>100</b>       | (4)   | <b>(46)</b>              | 136               |
| <b>Other comprehensive income that may be subsequently reclassified to income statement</b>            |                  |       |                          |                   |
| Currency translation adjustments                                                                       | <b>(170)</b>     | (22)  | <b>(29)</b>              | (73)              |
| Debt instruments at fair value through other comprehensive income                                      |                  |       |                          |                   |
| Change in fair value                                                                                   | <b>(535)</b>     | 384   | <b>(261)</b>             | 43                |
| Transfer to income statement on disposal                                                               | <b>(53)</b>      | (109) | <b>(11)</b>              | (28)              |
| Changes in allowance for expected credit losses                                                        | <b>8</b>         | 7     | <b>(5)</b>               | 4                 |
| Related tax                                                                                            | <b>53</b>        | (22)  | <b>24</b>                | 3                 |
|                                                                                                        | <b>(697)</b>     | 238   | <b>(282)</b>             | (51)              |
| Change in share of other comprehensive income of associates and joint ventures                         | <b>10</b>        | (6)   | <b>7</b>                 | (26)              |
| <b>Other comprehensive income for the financial period, net of tax</b>                                 | <b>(587)</b>     | 228   | <b>(321)</b>             | 59                |
| <b>Total comprehensive income for the financial period, net of tax</b>                                 | <b>3,500</b>     | 3,158 | <b>1,748</b>             | 1,426             |
| Attributable to:                                                                                       |                  |       |                          |                   |
| <b>Equity holders of the Bank</b>                                                                      | <b>3,485</b>     | 3,143 | <b>1,744</b>             | 1,414             |
| Non-controlling interests                                                                              | <b>15</b>        | 15    | <b>4</b>                 | 12                |
|                                                                                                        | <b>3,500</b>     | 3,158 | <b>1,748</b>             | 1,426             |

Note:

1 Unaudited.

**United Overseas Bank Limited and Its Subsidiaries**  
**Consolidated Balance Sheet (Audited) as at 31 December 2021**

|                                                    | The Group      |                | The Bank       |                |
|----------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                    | Dec-21<br>\$m  | Dec-20<br>\$m  | Dec-21<br>\$m  | Dec-20<br>\$m  |
| <b>Equity</b>                                      |                |                |                |                |
| Share capital and other capital                    | 7,391          | 7,420          | 7,391          | 7,420          |
| Retained earnings                                  | 26,439         | 24,109         | 19,232         | 17,510         |
| Other reserves                                     | 8,803          | 9,372          | 9,460          | 9,786          |
| Equity attributable to equity holders of the Bank  | 42,633         | 40,901         | 36,083         | 34,716         |
| Non-controlling interests                          | 228            | 230            | -              | -              |
| <b>Total equity</b>                                | <b>42,861</b>  | <b>41,131</b>  | <b>36,083</b>  | <b>34,716</b>  |
| <b>Liabilities</b>                                 |                |                |                |                |
| Deposits and balances of banks                     | 15,561         | 15,977         | 13,169         | 14,257         |
| Deposits and balances of customers                 | 352,633        | 324,598        | 277,193        | 251,111        |
| Deposits and balances of subsidiaries              | -              | -              | 16,070         | 14,216         |
| Bills and drafts payable                           | 977            | 792            | 799            | 613            |
| Derivative financial liabilities                   | 5,172          | 11,519         | 4,161          | 8,741          |
| Other liabilities                                  | 7,069          | 7,379          | 5,547          | 5,954          |
| Tax payable                                        | 563            | 374            | 444            | 278            |
| Deferred tax liabilities                           | 431            | 436            | 269            | 263            |
| Debts issued                                       | 34,056         | 29,608         | 32,781         | 28,086         |
| <b>Total liabilities</b>                           | <b>416,462</b> | <b>390,683</b> | <b>350,433</b> | <b>323,519</b> |
| <b>Total equity and liabilities</b>                | <b>459,323</b> | <b>431,814</b> | <b>386,516</b> | <b>358,235</b> |
| <b>Assets</b>                                      |                |                |                |                |
| Cash, balances and placements with central banks   | 36,558         | 36,798         | 28,356         | 31,452         |
| Singapore Government treasury bills and securities | 7,426          | 8,103          | 7,424          | 8,103          |
| Other government treasury bills and securities     | 14,898         | 13,890         | 5,147          | 3,796          |
| Trading securities                                 | 5,788          | 4,215          | 4,990          | 3,523          |
| Placements and balances with banks                 | 38,916         | 40,284         | 28,176         | 30,409         |
| Loans to customers                                 | 306,713        | 277,201        | 243,608        | 216,629        |
| Placements with and advances to subsidiaries       | -              | -              | 23,948         | 21,023         |
| Derivative financial assets                        | 5,362          | 11,368         | 4,251          | 8,719          |
| Investment securities                              | 29,068         | 25,217         | 24,556         | 18,158         |
| Other assets                                       | 4,683          | 5,033          | 2,963          | 3,428          |
| Deferred tax assets                                | 510            | 429            | 126            | 109            |
| Investment in associates and joint ventures        | 1,245          | 1,210          | 309            | 325            |
| Investment in subsidiaries                         | -              | -              | 6,291          | 6,199          |
| Investment properties                              | 829            | 964            | 902            | 979            |
| Fixed assets                                       | 3,182          | 2,959          | 2,287          | 2,201          |
| Intangible assets                                  | 4,145          | 4,143          | 3,182          | 3,182          |
| <b>Total assets</b>                                | <b>459,323</b> | <b>431,814</b> | <b>386,516</b> | <b>358,235</b> |
| <b>Off-balance sheet items</b>                     |                |                |                |                |
| Contingent liabilities                             | 31,303         | 27,120         | 23,029         | 19,890         |
| Financial derivatives                              | 743,500        | 806,715        | 605,590        | 657,223        |
| Commitments                                        | 175,269        | 160,407        | 135,917        | 123,909        |
| <b>Net asset value per ordinary share (\$)</b>     | <b>24.08</b>   | <b>23.03</b>   | <b>20.16</b>   | <b>19.33</b>   |

**United Overseas Bank Limited and Its Subsidiaries**  
**Statements of Changes in Equity (Audited) for the financial year ended 31 December 2021**

|                                                      | <b>The Group</b>                                  |                              |                           |               |                                           |                         |
|------------------------------------------------------|---------------------------------------------------|------------------------------|---------------------------|---------------|-------------------------------------------|-------------------------|
|                                                      | <b>Attributable to equity holders of the Bank</b> |                              |                           |               |                                           |                         |
|                                                      | <b>Share capital<br/>and other<br/>capital</b>    | <b>Retained<br/>earnings</b> | <b>Other<br/>reserves</b> | <b>Total</b>  | <b>Non-<br/>controlling<br/>interests</b> | <b>Total<br/>equity</b> |
| \$m                                                  | \$m                                               | \$m                          | \$m                       | \$m           | \$m                                       |                         |
| Balance at 1 January 2021                            | 7,420                                             | 24,109                       | 9,372                     | 40,901        | 230                                       | 41,131                  |
| Profit for the financial year                        | -                                                 | 4,075                        | -                         | 4,075         | 12                                        | 4,087                   |
| Other comprehensive income<br>for the financial year | -                                                 | 12                           | (602)                     | (590)         | 3                                         | (587)                   |
| Total comprehensive income<br>for the financial year | -                                                 | 4,087                        | (602)                     | 3,485         | 15                                        | 3,500                   |
| Transfers                                            | -                                                 | (24)                         | 24                        | -             | -                                         | -                       |
| Change in non-controlling interests                  | -                                                 | -                            | -                         | -             | (9)                                       | (9)                     |
| Dividends                                            | -                                                 | (1,733)                      | -                         | (1,733)       | (8)                                       | (1,741)                 |
| Shares re-purchased - held in<br>treasury            | (130)                                             | -                            | -                         | (130)         | -                                         | (130)                   |
| Shares issued under scrip<br>dividend scheme         | 52                                                | -                            | -                         | 52            | -                                         | 52                      |
| Share-based compensation                             | -                                                 | -                            | 59                        | 59            | -                                         | 59                      |
| Shares issued under share-based<br>compensation plan | 48                                                | -                            | (48)                      | -             | -                                         | -                       |
| Perpetual capital securities issued                  | 749                                               | -                            | -                         | 749           | -                                         | 749                     |
| Redemption of perpetual capital<br>securities        | (748)                                             | -                            | (2)                       | (750)         | -                                         | (750)                   |
| Balance at 31 December 2021                          | <b>7,391</b>                                      | <b>26,439</b>                | <b>8,803</b>              | <b>42,633</b> | <b>228</b>                                | <b>42,861</b>           |
| Balance at 1 January 2020                            | 7,325                                             | 23,404                       | 8,907                     | 39,636        | 228                                       | 39,864                  |
| Profit for the financial year                        | -                                                 | 2,915                        | -                         | 2,915         | 15                                        | 2,930                   |
| Other comprehensive income<br>for the financial year | -                                                 | (5)                          | 233                       | 228           | (0)                                       | 228                     |
| Total comprehensive income<br>for the financial year | -                                                 | 2,910                        | 233                       | 3,143         | 15                                        | 3,158                   |
| Transfers                                            | -                                                 | (223)                        | 223                       | -             | -                                         | -                       |
| Change in non-controlling interests                  | -                                                 | 1                            | -                         | 1             | (6)                                       | (5)                     |
| Dividends                                            | -                                                 | (1,983)                      | -                         | (1,983)       | (7)                                       | (1,990)                 |
| Shares re-purchased - held in<br>treasury            | (20)                                              | -                            | -                         | (20)          | -                                         | (20)                    |
| Shares issued under scrip<br>dividend scheme         | 66                                                | -                            | -                         | 66            | -                                         | 66                      |
| Share-based compensation                             | -                                                 | -                            | 58                        | 58            | -                                         | 58                      |
| Shares issued under share-based<br>compensation plan | 49                                                | -                            | (49)                      | -             | -                                         | -                       |
| Balance at 31 December 2020                          | 7,420                                             | 24,109                       | 9,372                     | 40,901        | 230                                       | 41,131                  |

**Note:**

As at 31 December 2021, the revaluation surplus of \$5.15 billion relating to the Group's properties, was not recognised in the financial statements.

**United Overseas Bank Limited and Its Subsidiaries**  
**Statements of Changes in Equity (Audited) for the financial year ended 31 December 2021**

|                                                       | The Bank                              |                      |                   |               |
|-------------------------------------------------------|---------------------------------------|----------------------|-------------------|---------------|
|                                                       | Share capital<br>and other<br>capital | Retained<br>earnings | Other<br>reserves | Total equity  |
|                                                       | \$m                                   | \$m                  | \$m               | \$m           |
| Balance at 1 January 2021                             | 7,420                                 | 17,510               | 9,786             | 34,716        |
| Profit for the financial year                         | -                                     | 3,454                | -                 | 3,454         |
| Other comprehensive income<br>for the financial year  | -                                     | (0)                  | (334)             | (334)         |
| Total comprehensive income<br>for the financial year  | -                                     | 3,454                | (334)             | 3,120         |
| Transfers                                             | -                                     | 1                    | (1)               | -             |
| Dividends                                             | -                                     | (1,733)              | -                 | (1,733)       |
| Share re-purchased - held in treasury                 | (130)                                 | -                    | -                 | (130)         |
| Shares issued under scrip<br>dividend scheme          | 52                                    | -                    | -                 | 52            |
| Share-based compensation                              | -                                     | -                    | 59                | 59            |
| Shares issued under share-based<br>compensation plans | 48                                    | -                    | (48)              | -             |
| Perpetual capital securities issued                   | 749                                   | -                    | -                 | 749           |
| Redemption of perpetual capital securities            | (748)                                 | -                    | (2)               | (750)         |
| Balance at 31 December 2021                           | <b>7,391</b>                          | <b>19,232</b>        | <b>9,460</b>      | <b>36,083</b> |
| Balance at 1 January 2020                             | 7,325                                 | 17,197               | 9,351             | 33,873        |
| Profit for the financial year                         | -                                     | 2,523                | -                 | 2,523         |
| Other comprehensive income<br>for the financial year  | -                                     | (1)                  | 200               | 199           |
| Total comprehensive income<br>for the financial year  | -                                     | 2,522                | 200               | 2,722         |
| Transfers                                             | -                                     | (226)                | 226               | -             |
| Dividends                                             | -                                     | (1,983)              | -                 | (1,983)       |
| Shares re-purchased - held in treasury                | (20)                                  | -                    | -                 | (20)          |
| Shares issued under scrip<br>dividend scheme          | 66                                    | -                    | -                 | 66            |
| Share-based compensation                              | -                                     | -                    | 58                | 58            |
| Shares issued under share-based<br>compensation plans | 49                                    | -                    | (49)              | -             |
| Balance at 31 December 2020                           | 7,420                                 | 17,510               | 9,786             | 34,716        |

**United Overseas Bank Limited and Its Subsidiaries**  
**Consolidated Cash Flow Statement (Audited) for the financial year ended 31 December 2021**

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

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

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**1 Summary of Significant Accounting Policies**

**(a) Basis of Preparation**

The condensed financial statements for the second half ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

**(b) Changes in Accounting Policies**

The Group adopted the following with effect from 1 January 2021:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2
- Amendments to SFRS(I) 16: COVID-19-Related Rent Concessions Beyond 30 June 2021 (early adopted)

The adoption of these amendments did not have a significant impact to the Group's financial information as at 1 January 2021 and for the financial year ended 31 December 2021. The Group did not restate comparative information.

Other amendments to existing standards that are not yet effective are not expected to have a significant impact to the Group's financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the financial year ended 31 December 2021 are the same as those applied in the audited financial statements for the financial year ended 31 December 2020.

**(c) Critical Accounting Estimates and Judgements**

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**2 Income Tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

|                             | <b>Group</b> |      |             |      |
|-----------------------------|--------------|------|-------------|------|
|                             | <b>2021</b>  | 2020 | <b>2H21</b> | 2H20 |
|                             | <b>\$m</b>   | \$m  | <b>\$m</b>  | \$m  |
| Current income tax expense  | <b>881</b>   | 640  | <b>450</b>  | 292  |
| Deferred income tax expense | <b>(47)</b>  | (54) | <b>(36)</b> | (34) |

**3 Share Capital and Other Capital**

|                                                                                              | <b>Dec-21</b>                        |                       | Dec-20                      |               |
|----------------------------------------------------------------------------------------------|--------------------------------------|-----------------------|-----------------------------|---------------|
|                                                                                              | <b>Number<br/>of shares<br/>'000</b> | <b>Amount<br/>\$m</b> | Number<br>of shares<br>'000 | Amount<br>\$m |
| <b>Ordinary shares</b>                                                                       |                                      |                       |                             |               |
| Balance at beginning of period                                                               | <b>1,683,916</b>                     | <b>5,299</b>          | 1,680,541                   | 5,233         |
| Shares issued under scrip dividend scheme                                                    | <b>2,007</b>                         | <b>52</b>             | 3,375                       | 66            |
| Balance at end of period                                                                     | <b>1,685,923</b>                     | <b>5,351</b>          | 1,683,916                   | 5,299         |
| <b>Treasury shares</b>                                                                       |                                      |                       |                             |               |
| Balance at beginning of period                                                               | <b>(11,101)</b>                      | <b>(255)</b>          | (12,207)                    | (284)         |
| Shares re-purchased - held in treasury                                                       | <b>(4,900)</b>                       | <b>(130)</b>          | (993)                       | (20)          |
| Shares issued under share based compensation plan                                            | <b>2,068</b>                         | <b>48</b>             | 2,099                       | 49            |
| Balance at end of period                                                                     | <b>(13,933)</b>                      | <b>(337)</b>          | (11,101)                    | (255)         |
| Ordinary share capital                                                                       | <b>1,671,990</b>                     | <b>5,014</b>          | 1,672,815                   | 5,044         |
| 4.00% non-cumulative non-convertible perpetual capital securities issued on 18 May 2016      |                                      | -                     |                             | 748           |
| 3.875% non-cumulative non-convertible perpetual capital securities issued on 19 October 2017 |                                      | <b>879</b>            |                             | 879           |
| 3.58% non-cumulative non-convertible perpetual capital securities issued on 17 July 2019     |                                      | <b>749</b>            |                             | 749           |
| 2.25% non-cumulative non-convertible perpetual capital securities issued on 15 January 2021  |                                      | <b>150</b>            |                             | -             |
| 2.55% non-cumulative non-convertible perpetual capital securities issued on 22 June 2021     |                                      | <b>599</b>            |                             | -             |
| <b>Share capital and other capital of the Bank and the Group</b>                             |                                      | <b>7,391</b>          |                             | 7,420         |



**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**4 Dividends**

|                                                                                                                                                       | The Group    |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|
|                                                                                                                                                       | 2021         | 2020  |
|                                                                                                                                                       | \$m          | \$m   |
| Ordinary dividends paid:                                                                                                                              |              |       |
| Final dividend of 39 cents (2020: 55 cents) and special dividend of nil (2020: 20 cents) tax-exempt per share paid in respect of prior financial year | 653          | 1,252 |
| Interim dividend of 60 cents (2020: 39 cents) tax-exempt per share paid in respect of the financial year                                              | <b>1,006</b> | 651   |

In respect of the financial year ended 31 December 2021, the directors have proposed a final tax-exempt dividend of 60 cents per ordinary share amounting to a total dividend of \$1,003 million.

**5 Classification of Financial Assets and Financial Liabilities**

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

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**5 Classification of Financial Assets and Financial Liabilities (continued)**

| In \$m                                             | The Group     |                     |                      |               |                | Total          |
|----------------------------------------------------|---------------|---------------------|----------------------|---------------|----------------|----------------|
|                                                    | HFT           | FVPL -<br>mandatory | FVPL -<br>designated | FVOCI         | AC             |                |
| <b>Dec-20</b>                                      |               |                     |                      |               |                |                |
| Cash, balances and placements with central banks   | 3,004         | -                   | -                    | 2,609         | 31,185         | 36,798         |
| Singapore government treasury bills and securities | 71            | -                   | -                    | 8,032         | -              | 8,103          |
| Other government treasury bills and securities     | 1,562         | -                   | 4                    | 12,311        | 13             | 13,890         |
| Trading securities                                 | 4,215         | -                   | -                    | -             | -              | 4,215          |
| Placements and balances with banks                 | 11,435        | -                   | -                    | 4,457         | 24,392         | 40,284         |
| Loans to customers                                 | 4,212         | -                   | -                    | -             | 272,989        | 277,201        |
| Derivative financial assets                        | 11,368        | -                   | -                    | -             | -              | 11,368         |
| Investment securities                              |               |                     |                      |               |                |                |
| Debt                                               | -             | 41                  | -                    | 17,946        | 4,448          | 22,435         |
| Equity                                             | -             | 901                 | -                    | 1,881         | -              | 2,782          |
| Other assets                                       | 1,850         | -                   | -                    | 3             | 3,034          | 4,887          |
| <b>Total financial assets</b>                      | <b>37,717</b> | <b>942</b>          | <b>4</b>             | <b>47,239</b> | <b>336,061</b> | <b>421,963</b> |
| Non-financial assets                               |               |                     |                      |               |                | 9,851          |
| <b>Total assets</b>                                |               |                     |                      |               |                | <b>431,814</b> |
| Deposits and balances of banks and customers       | 1,135         | -                   | 993                  | -             | 338,447        | 340,575        |
| Bills and drafts payable                           | -             | -                   | -                    | -             | 792            | 792            |
| Derivative financial liabilities                   | 11,519        | -                   | -                    | -             | -              | 11,519         |
| Other liabilities                                  | 3,471         | -                   | -                    | 0             | 2,767          | 6,238          |
| Debts issued                                       | -             | -                   | 917                  | -             | 28,691         | 29,608         |
| <b>Total financial liabilities</b>                 | <b>16,125</b> | <b>-</b>            | <b>1,910</b>         | <b>0</b>      | <b>370,697</b> | <b>388,732</b> |
| Non-financial liabilities                          |               |                     |                      |               |                | 1,951          |
| <b>Total liabilities</b>                           |               |                     |                      |               |                | <b>390,683</b> |

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**6 Fair Value of Financial Instruments**

(a) Valuation methodology, processes and controls for the financial year ended 31 December 2021 remained largely similar to that applied in the audited financial statements for the year ended 31 December 2020.

For financial instruments carried at amortised cost, their fair values are expected to approximate the carrying amounts and determined as follows:

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

(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

| In \$m                                                   | The Group     |               |               |               |               |               |
|----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                          | Dec-21        |               |               | Dec-20        |               |               |
|                                                          | Level 1       | Level 2       | Level 3       | Level 1       | Level 2       | Level 3       |
| Cash, balances and placements with central banks         | 3,576         | 4,818         | -             | 2,081         | 3,532         | -             |
| Singapore government treasury bills and securities       | 7,072         | -             | -             | 8,103         | -             | -             |
| Other government treasury bills and securities           | 12,845        | 1,896         | -             | 11,650        | 2,227         | -             |
| Trading securities                                       | 1,581         | 4,006         | 201           | 1,921         | 1,318         | 976           |
| Placements and balances with banks                       | -             | 17,870        | -             | -             | 15,892        | -             |
| Loans to customers                                       | -             | 3,852         | -             | -             | 4,212         | -             |
| Derivative financial assets                              | 250           | 5,017         | 95            | 207           | 11,041        | 120           |
| Investment securities                                    |               |               |               |               |               |               |
| Debt                                                     | 1,247         | 16,243        | 1,182         | 3,751         | 12,015        | 2,221         |
| Equity                                                   | 1,370         | -             | 2,080         | 871           | -             | 1,911         |
| Other assets                                             | 1,556         | 358           | -             | 1,623         | 230           | -             |
|                                                          | <b>29,497</b> | <b>54,060</b> | <b>3,558</b>  | <b>30,207</b> | <b>50,467</b> | <b>5,228</b>  |
| <b>Total financial assets carried at fair value</b>      |               |               | <b>87,115</b> |               |               | <b>85,902</b> |
| Deposits and balances of banks and customers             | -             | 2,083         | -             | -             | 2,128         | -             |
| Derivative financial liabilities                         | 205           | 4,916         | 51            | 196           | 11,133        | 190           |
| Other liabilities                                        | 458           | 2,254         | -             | 50            | 3,421         | -             |
| Debts issued                                             | -             | 1,229         | -             | -             | 917           | -             |
|                                                          | <b>663</b>    | <b>10,482</b> | <b>51</b>     | <b>246</b>    | <b>17,599</b> | <b>190</b>    |
| <b>Total financial liabilities carried at fair value</b> |               |               | <b>11,196</b> |               |               | <b>18,035</b> |

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**6 Fair Value of Financial Instruments (continued)**

(c) The following table presents the changes in Level 3 instruments for the financial year ended:

| In \$m                           | The Group                  |                               |                                       |           |             |                      | Balance<br>at 31<br>December | Unrealised<br>gains or<br>losses<br>included<br>in income<br>statement |
|----------------------------------|----------------------------|-------------------------------|---------------------------------------|-----------|-------------|----------------------|------------------------------|------------------------------------------------------------------------|
|                                  | Balance<br>at 1<br>January | Fair value gains or<br>losses |                                       | Purchases | Settlements | Transfer<br>in/(out) |                              |                                                                        |
|                                  |                            | Income<br>Statement           | Other<br>compre-<br>hensive<br>income |           |             |                      |                              |                                                                        |
| <b>Dec 21</b>                    |                            |                               |                                       |           |             |                      |                              |                                                                        |
| <b>Assets</b>                    |                            |                               |                                       |           |             |                      |                              |                                                                        |
| Trading securities               | 976                        | 0                             | -                                     | 201       | (976)       | 0                    | 201                          | 0                                                                      |
| Derivative financial assets      | 120                        | (25)                          | -                                     | -         | -           | -                    | 95                           | (25)                                                                   |
| Investment securities            |                            |                               |                                       |           |             |                      |                              |                                                                        |
| - debt                           | 2,221                      | (7)                           | 0                                     | 660       | (1,534)     | (158) <sup>(1)</sup> | 1,182                        | (7)                                                                    |
| Investment securities            |                            |                               |                                       |           |             |                      |                              |                                                                        |
| - equity                         | 1,911                      | 105                           | 11                                    | 151       | (70)        | (28)                 | 2,080                        | 105                                                                    |
| <b>Liabilities</b>               |                            |                               |                                       |           |             |                      |                              |                                                                        |
| Derivative financial liabilities | 190                        | (139)                         | -                                     | -         | -           | -                    | 51                           | (139)                                                                  |
| <b>Dec 20</b>                    |                            |                               |                                       |           |             |                      |                              |                                                                        |
| <b>Assets</b>                    |                            |                               |                                       |           |             |                      |                              |                                                                        |
| Trading securities               | 976                        | 3                             | -                                     | 673       | (676)       | 0                    | 976                          | 3                                                                      |
| Derivative financial assets      | 106                        | 14                            | -                                     | -         | -           | -                    | 120                          | 14                                                                     |
| Investment securities            |                            |                               |                                       |           |             |                      |                              |                                                                        |
| - debt                           | 2,797                      | (22)                          | (2)                                   | 1,772     | (2,231)     | (93) <sup>(1)</sup>  | 2,221                        | -                                                                      |
| Investment securities            |                            |                               |                                       |           |             |                      |                              |                                                                        |
| - equity                         | 1,916                      | 33                            | 60                                    | 192       | (300)       | 10                   | 1,911                        | 30                                                                     |
| <b>Liabilities</b>               |                            |                               |                                       |           |             |                      |                              |                                                                        |
| Derivative financial liabilities | 185                        | 5                             | -                                     | -         | -           | -                    | 190                          | 5                                                                      |

(1) Investment securities – debt were transferred out from Level 3 during the year due to an increased contribution of observable input to their valuation.

(d) Effect of changes in significant unobservable inputs

The effect on fair value arising from reasonably possible changes to the significant unobservable inputs is assessed to be insignificant.

**United Overseas Bank Limited and Its Subsidiaries**  
**Notes to the Condensed Financial Statements for the financial year ended 31 December 2021**

**7 Debts Issued**

|                               | <b>The Group</b> |               |
|-------------------------------|------------------|---------------|
|                               | <b>Dec-21</b>    | <b>Dec-20</b> |
|                               | <b>\$m</b>       | <b>\$m</b>    |
| <b>Unsecured</b>              |                  |               |
| Subordinated debts            | <b>5,333</b>     | 5,363         |
| Commercial papers             | <b>13,618</b>    | 11,938        |
| Fixed and floating rate notes | <b>6,016</b>     | 5,140         |
| Others                        | <b>1,234</b>     | 923           |
| <b>Secured</b>                |                  |               |
| Covered bonds                 | <b>7,855</b>     | 6,244         |
| <b>Total</b>                  | <b>34,056</b>    | 29,608        |
|                               |                  |               |
| Due within 1 year             | <b>16,827</b>    | 15,290        |
| Due after 1 year              | <b>17,229</b>    | 14,318        |
| <b>Total</b>                  | <b>34,056</b>    | 29,608        |

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.

**8 Subsequent Events**

On 14 January 2022, the Group proposed acquisition of Citigroup Inc.'s consumer banking businesses comprising its unsecured and secured lending portfolios, wealth management and retail deposit businesses (the "Consumer Business") in Indonesia, Malaysia, Thailand and Vietnam. Total cash consideration on this acquisition is based on an aggregate premium equivalent to \$915m plus the net asset value of the Consumer Business as at completion.

Completion of the acquisition in each country will be conditional on obtaining regulatory approvals relevant to each country and in Singapore. It is estimated that completion will take place between mid-2022 and early 2024, depending on the progress and outcome of the regulatory approval process.

*The extract of the auditor's report dated 15 February 2022, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2021, is as follows:*

**United Overseas Bank Limited and Its Subsidiaries**

**Independent Auditor's Report for the financial year ended 31 December 2021**

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**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 9 to 105, which comprise the balance sheets of the Bank and the Group as at 31 December 2021, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| Areas of focus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How our audit addressed the risk factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Expected credit losses</b></p> <p><i>Refer to Notes 2(d)(vi), 3(a)(i), 3(b), 12, 21(b), 25, 27(b), 28(d), 30(b) and 31 to the consolidated financial statements.</i></p> <p>The Group applies SFRS(I) 9 Financial Instruments requirements to calculate the expected credit loss (ECL) for its credit exposures. The credit exposures are categorised into non-impaired credit exposures and impaired credit exposures.</p> <p><i>a) <u>Non-impaired credit exposures</u></i></p> <p>The ECL calculation for non-impaired credit exposures involves significant judgements and estimates. Areas we have identified which have greater levels of management judgement are:</p> <ul style="list-style-type: none"> <li>• the economic scenarios used and the probability weightages applied to them to measure ECLs on a forward-looking basis, reflecting management's view of potential future economic scenarios, including the continuing impact of the COVID-19 pandemic;</li> <li>• the significant increase in credit risk (SICR) criteria;</li> <li>• the model assumptions; and</li> <li>• the adjustments to the model-driven ECL results to address model limitations or emerging trends.</li> </ul> | <p><i>a) <u>Non-impaired credit exposures</u></i></p> <p>We assessed the design and evaluated the operating effectiveness of the key controls over the Group's ECL on non-impaired credit exposures computation processes with a focus on:</p> <ul style="list-style-type: none"> <li>• the completeness and accuracy of the data inputs into the ECL calculation system;</li> <li>• the validation of models;</li> <li>• the selection and implementation of economic scenarios and probabilities, with consideration of the COVID-19 pandemic impact;</li> <li>• the staging of credit exposures based on the Group's SICR criteria; and</li> <li>• the governance over post model adjustments.</li> </ul> <p>We involved our internal modelling specialists to assist us in performing the following procedures on a sampling basis:</p> <ul style="list-style-type: none"> <li>• independently reviewed the model validation results;</li> <li>• 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</li> <li>• reviewed the Group's assessment of its SICR criteria.</li> </ul> <p>We also reviewed the Group's approach for the selection of economic scenario to assess the reasonableness of the economic scenarios and corresponding weightages applied by the Group, as well as inspected the Group's SFRS(I) 9 Working Group decisions to assess the appropriateness of management's rationale over the post model adjustments and performed a recalculation, where applicable.</p> |

**United Overseas Bank Limited and Its Subsidiaries**

**Independent Auditor’s Report for the financial year ended 31 December 2021**

| Areas of focus                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the risk factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>b) Impaired credit exposures</i><br/>As at 31 December 2021, the Stage 3 ECL for impaired credit exposures of the Group was \$1,556 million, out of which 76% pertained to the Group Wholesale Banking (GWB) portfolio.</p> <p>We focused on the Stage 3 ECL for the GWB portfolio as the identification and estimation of impairment within this portfolio can be inherently subjective and requires significant judgements.</p> | <p><i>b) Impaired credit exposures</i></p> <p>We assessed the design and evaluated the operating effectiveness of the key controls over the Stage 3 ECL estimation process for the GWB portfolio. These controls included:</p> <ul style="list-style-type: none"> <li>• collateral valuation and monitoring;</li> <li>• identification of impairment indicators;</li> <li>• MAS Notice 612 and 612A credit grading; and</li> <li>• oversight of the Group Credit Committee.</li> </ul> <p>We considered the magnitude of the credit exposures, macroeconomic factors, industry trends and latest developments in relation to the COVID-19 pandemic in our audit sampling to focus on customers that are assessed to be of higher risk. With the increased credit risk resulting from the COVID-19 pandemic, we performed additional procedures as outlined below:</p> <ul style="list-style-type: none"> <li>• reviewed the Group's loan classification process arising from the implementation of MAS Notice 612A; and</li> <li>• assessed, as part of our credit reviews of selected borrowers, the appropriateness of the Group’s consideration over financial projections and other qualitative assumptions applied in determining the credit gradings based on the revised COVID-19 rating guidance.</li> </ul> <p>For our selected sample of impaired loans, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• assessed management’s forecast of recoverable cash flows, including the basis for the amounts and timing of recoveries. Where possible, we compared key assumptions to external evidence, e.g. independent valuation reports of the collaterals;</li> <li>• considered and corroborated the borrowers’ latest developments through adverse news search and/or publicly available information;</li> <li>• checked that underlying data was accurate by agreeing to source documents such as loan agreements; and</li> <li>• tested the calculations.</li> </ul> <p>Overall, the results of our evaluation of the Group’s ECL were within a reasonable range of expectations.</p> |



| Areas of focus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the risk factors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Valuation of illiquid or complex financial instruments</b><br/> <i>Refer to Notes 2(d)(ii), 3(a)(ii) and 19(b) to the consolidated financial statements.</i></p> <p>At 31 December 2021, 4% (\$4 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3.</p> <p>The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives, callable interest rate swaps and unquoted debt securities.</p> <p>The valuation of Level 3 financial instruments was a key area of focus of our audit due to their financial significance to the Group as well as its susceptibility to a higher degree of estimation uncertainty. The determination of certain Level 3 prices is considerably more subjective as it may require the exercise of judgement by management or the use of complex models and assumptions given the lack of availability of market-based data.</p> | <p>We assessed the design and evaluated the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. These controls included:</p> <ul style="list-style-type: none"> <li>• model validation and approval;</li> <li>• observability, completeness and accuracy of pricing inputs;</li> <li>• independent price verification; and</li> <li>• monitoring of collateral disputes.</li> </ul> <p>In addition, with the assistance of our internal valuation specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments.</p> <p>The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.</p>                                                                                                                                                                                                                                                                                                                                |
| <p><b>Impairment of goodwill</b><br/> <i>Refer to Notes 2(i), 3(a)(iii) and 37 to the consolidated financial statements.</i></p> <p>As at 31 December 2021, the Group's balance sheet included goodwill of \$4 billion. The goodwill is allocated to the respective cash-generating units (CGUs) defined by the Group's business segments.</p> <p>This was a key area of focus for our audit because the goodwill impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.</p>                                                                                                                                                                                                                                                                                                                              | <p>We focused on CGUs with a low headroom or significantly reduced headroom. Our work included the following:</p> <ul style="list-style-type: none"> <li>• reviewed the appropriateness of the CGU segmentation;</li> <li>• evaluated the forecasting process by reviewing historical achievement of projections;</li> <li>• assessed the reasonableness of key assumptions used in the forecasts, including management's consideration of the impact of the COVID-19 pandemic and the continued uncertainty of the future macroeconomic environment;</li> <li>• compared the long-term growth rates and discount rates used by management to our ranges, which were determined using external market data and calculations performed by our internal valuation specialists; and</li> <li>• performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGU with a risk of impairment.</li> </ul> <p>Based on the results of our audit procedures, the assumptions used by management in its goodwill impairment tests were within a reasonable range of expectations.</p> |

**United Overseas Bank Limited and Its Subsidiaries**  
**Independent Auditor's Report for the financial year ended 31 December 2021**

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**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.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Wilson Woo Siew Wah.



**ERNST & YOUNG LLP**  
Public Accountants and Chartered Accountants  
Singapore

15 February 2022