OCBC Bank

Resilient Business Strong Fundamentals

Creating Sustainable Value

Annual Report 2020

On front cover

1. *OCBC Centre, Singapore*
2. *Menara OCBC, Malaysia*
3. *OCBC Bank Tower, China*
4. *OCBC NISP Tower, Indonesia*
5. *OCBC Wing Hang Bank Tower, Hong Kong*

Resilient Business Strong Fundamentals

Creating Sustainable Value

Featured on the cover this year are futuristic renderings of OCBC buildings in our markets around the world, standing tall while rooted in solid foundation, with China and Southeast Asia in the background. This depiction symbolises how we have emerged strong from one of the most difficult economic crises in modern history due to our strong financial and operational foundations. Our ample levels of liquidity and strong balance sheet, continuous investments in people and digitalisation, as well as our well-diversified franchise in the region with businesses in banking, wealth management and insurance, put OCBC in a position of strength even as we entered the crisis.

Throughout the crisis, we focused relentlessly on supporting our customers, employees, and communities through extraordinary conditions which drastically impacted lives, livelihoods and lifestyles.

OCBC's strong fundamentals provide us with unmatched capacity to invest and grow. Our competitive strengths will enable us to pursue new opportunities arising from the fast evolving Asian region, the deepening integration of Greater China and ASEAN, as well as the rising trade, capital, and wealth flow from increased connectivity in the region.

Like the strong foundation upon which our buildings are anchored, OCBC's solid reputation as a trusted financial institution is anchored on our core values of LIFRR. It is our belief that OCBC's ability to not just rebound from any crisis, but also to enable us to continue to create sustainable, long-term value for our stakeholders, stems from the confidence that if we do well and do good, we will always do all right.

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Message from Chairman and CEO

"OCBC took decisive actions to support our colleagues, customers and communities through the worst global health crisis in a century that dragged the world economy into a deep recession. Throughout this difficult period, we maintained uninterrupted services and provided relief to our customers, accelerated our digital roll-out and took comprehensive measures to protect the wellbeing of our staff. During this challenging environment, our capital remained strong and we continued to build resiliency by reinforcing and investing in the overall capabilities of our regional franchise to further advance our strategic goals. OCBC is well-prepared to respond to the opportunities when business conditions recover, having laid strong foundations to deliver long-term sustainable value for our stakeholders."

From left

Mr Samuel N. Tsien
Group Chief Executive Officer

Mr Ooi Sang Kuang
Chairman

Dear Shareholders,

2020 was an unprecedented year when the world faced two extraordinary challenges: a global public health crisis and the resulting sharp global economic contraction not seen since the last global Great Depression of 1929/32. The pandemic triggered the realignment of business priorities and strategies which also accelerated a number of emerging structural trends that will significantly transform the global economic and operating environment. These will leave a deep and uneven impact on our future economies, regions and societies.

Despite the very difficult operating environment, we are pleased to report that OCBC remains resilient and is well-anchored on our strong financial and operational foundation. This is the result of our continued investments in technology and people, digital progression, continuous process enhancements and prudent risk management. We entered the crisis well-capitalised with ample levels of liquidity and our balance sheet remained strong throughout the period. We were fully operational with minimal disruptions to our services while support measures were rolled out to ensure the safety of our employees and customers. Our ability to sustain normal operations is a solid testament to our integrated crisis management practices and our employees' agility to quickly adapt to the requirements of the new operating environment. We remained focused on our long-term agenda of strategically broadening our Group franchise and are confident that post Covid-19, the Group is well-positioned to meet the new challenges and opportunities that would arise.

YEAR IN REVIEW

The year started off on an upbeat note following the conclusion of the phase-one bilateral trade agreement between the United States (US) and China. However, the world was soon overwhelmed by the rapid spread of Covid-19, precipitating a global health and economic crisis. As economic and social activities were brought to almost a standstill, many governments instituted large fiscal spending to soften the loss of production, employment and income. This fiscal expansion was supported by massive monetary stimulus which drove interest rates down to close to zero in most major developed economies. According to the World Bank, the pandemic caused a 4.3% loss in global output in 2020. In our key markets, annual GDP in Singapore, Malaysia, Indonesia and Hong Kong SAR declined between 2.1% to 6.1%. Only China saw a positive 2.3% growth.

As difficult as 2020 proved to be, the adverse conditions fully tested our capability and capacity to withstand and navigate a large-scale crisis. OCBC's well-established and diversified franchise, spanning banking, wealth management and insurance, helped us to weather through this period of market volatility, economic uncertainties and heightened all-round risks.

Nonetheless, our 2020 earnings of S$3.59 billion were negatively impacted by two major developments: the significantly higher expected credit loss allowances necessary to buffer our loan portfolio against the severe deterioration in macroeconomic conditions and the substantially lower net interest margin arising from the sharp reduction in rates globally.

While supporting our employees and customers, we have diligently kept our expenses in check. Our total expenses for the year were reduced by 4%. We were decisive in protecting and fortifying our balance sheet through active management of credit risk across our portfolio and being selective in growing our loan book to protect asset quality. We worked closely with our clients on cash-flow management and with government agencies on extending loan relief measures. Our capital position was buffered through our Scrip Dividend Scheme and risk-weighted asset (RWA) optimisation especially from the successful transition of OCBC Wing Hang Bank to the Internal Ratings-Based (IRB) approach. Consequently, we ended the year with a very strong common equity tier 1 capital adequacy ratio, which increased further to 15.2%, from 14.9% of the prior year, and maintained our credit ratings at Aa1/AA-. Our robust balance sheet, proven prudent risk management and ability to continue to generate recurring earnings even in tough market conditions give us the confidence that we can continue to deliver long-term sustainable value to all shareholders, customers and society at large.

DIVIDENDS

The Board has recommended a final tax-exempt dividend of 15.9 cents per share, subject to shareholders' approval at the 2021 AGM. This will bring the total dividend for 2020 to 31.8 cents per share, which is 60% of the 53 cents in 2019 – consistent with the guidance provided by the Monetary Authority of Singapore (MAS) to the industry, and translates into a dividend payout ratio of 39% based on 2020's earnings. The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the final dividend in the form of shares or cash.

Our Performance

Net Profit	**Return on Equity**	**Customer Loans**	**Customer Deposits**
S$3.59 billion	7.6%	S$267 billion	S$315 billion
Earnings Per Share	**Dividend Per Share**	**NPA Coverage Ratio**	**Common Equity Tier 1 Capital Adequacy Ratio**
S$0.80	31.8 cents	115%	15.2%

Awards

Best Managed Bank during Covid-19
awarded by The Asian Banker Leadership Achievement Awards

Best Retail Bank Singapore
awarded by The Digital Banker

ASEAN SME Bank of the Year (2011-2020)
awarded by Asian Banking & Finance

Best SME Bank in Southeast Asia (2015-2020)
awarded by Alpha Southeast Asia

Best SME Bank in Singapore (2010,2011, 2013-2020)
awarded by Alpha Southeast Asia

Best SME Bank in Singapore (2017, 2019, 2020)
awarded by Asiamoney

OUR RESPONSE TO COVID-19

2020 will be remembered by the occurrence of the sudden and rapid spread of a global health pandemic. As a key pillar of society, we immediately reordered our priorities and committed to fully support our employees, customers, community and shareholders.

While the crisis has kept us in a state of full alert throughout the year, it did not dilute our efforts to accelerate progression of digitalisation across all our operations. Thoughtful investments over the past years in digital innovation and our agile technology infrastructure have given us the ability to swiftly respond with minimal disruption to our service quality. The importance of enhancing our customer experience with digital services has become more apparent than ever as the pace of digital customers grew at an increasingly rapid rate.

Rapid Pace of Digital Adoption in 2020

SMEs	Consumer
SME Accounts Opened Digitally **1.6X** Number of accounts 2020 vs. 2019 (93% of accounts opened digitally)	**Consumer Accounts Opened Digitally** **1.6X** Number of accounts 2020 vs. 2019 (40% of accounts opened digitally)
Digital vs Manual Transactions **3.6X** Transactions 2020 vs. 2019 (Cheques reduced 45%)	**Digital Wealth** **2.3X** Transactions 2020 vs. 2019 (45% of all consumer banking simple products sales done digitally in 2020)
PayNow Corporate **7.3X** Transactions 2020 vs. 2019	**PayNow Consumer** **2.8X** $ volume 2020 vs. 2019 (Payments to merchants grew 5.9X)
SME Loans Applied Digitally **4.8X** Number of loans 2020 vs. 2019 (55% of total business loan applications)	**Instant Digital Secured Loans** **S$3b** Total loan amount 2020 (Home, Auto, Reno loans)

More than 20,000 staff **enabled to work from home**

Launched **Covid-19 Care Package** to support our employees and their immediate family members

Rolled out **Vaccination Support Programme** for close to 10,000 employees in Singapore

More than **200,000 first-time digital users** of **Singapore digital channels** in 2020

First bank to enable SMEs to **send sales invoices electronically and via InvoiceNow** and **collecting digitally through QR & UEN**

First bank in Singapore to enable **use of SingPass** to securely access digital banking services

First to integrate with **MyInfo**, with online acceptance for **car and home loans**

First bank in Southeast Asia to allow **instant encashment of cheques**

First to partner and integrate with **Google Pay** to enable **peer-to-peer payments**

Awards

Best Digital Trade Finance Platform Initiative, Application or Programme for "Velocity@OCBC"
awarded by The Asian Banker

Best Transactional Banking Online Platform
awarded by Alpha Southeast Asia

Excellence in Digital Innovation
awarded by The Digital Banker

SAFEGUARDING THE WELLBEING OF OUR COLLEAGUES

For our employees, the top priority was clear – to always safeguard their wellbeing. We provided them with various health and wellness resources, facilitated a smooth transition to work from home, implemented enhanced protective protocols and provided additional support to ensure the safety of those in essential roles. We announced that there would be no retrenchments and clearly messaged that all employees are part of our extended OCBC family. This undertaking allowed our employees to fully focus their energy on supporting our customers. To ensure uninterrupted customer service, we activated backup work locations, rolled out digital enablers and adjusted operating hours in our branches. As a result, our banking services were functioning at close to normal throughout the pandemic.

PROTECTING OUR CUSTOMERS' LIVELIHOODS

Deeply conscious that banking is an essential service for our customers and society as a whole, we immediately set up a Crisis Management Team and a Pandemic Task Force comprising senior representatives from across OCBC, as the central coordinating body for our comprehensive and unified response to the pandemic. We quickly rolled out digital enablers to deliver banking services, initiated health and safety measures at our branches and addressed customers' concerns arising from financial stresses and business difficulties.

We facilitated the accelerated shift away from the use of cash and capitalised on our substantial investments in digitalisation to quickly introduce new digital touch points, channels and processes. Digital ambassadors were deployed to help less tech-savvy customers migrate to the digital channels to conduct their transactions. Our full network of ATMs remained operational, and even at the height of the lockdown, half of our branches in Singapore and a majority of those overseas remained open. As for our corporate and SME customers, we enabled digital signatures and electronic authentication for transactions and trade instructions, thus ensuring the smooth financial operation of their businesses.

We reached out to our customers and worked closely with government agencies across all our core markets to extend financial assistance, including credit restructuring, bridging loans, moratorium reliefs and government-assisted loans.

Offered **moratorium relief** to over **165,000** individuals, SME and corporate customers across our core markets

S$27 billion of moratorium relief and more than **S$2.7 billion** of **new SME government-assisted loans** extended to help customers and corporates across the region tide through Covid-19 at the onset of the crisis

24 branches in Singapore stayed open during circuit breaker

STANDING WITH THE COMMUNITY
Without hesitation, we carried out our responsibility of standing by the vulnerable segments of our communities. The Group and its employees stepped up assistance for healthcare workers, migrant workers, and the vulnerable and disadvantaged in society through donations and volunteerism.

Despite widespread concerns on the loss of employment as many businesses faced financial challenges and looked to cut costs, we helped Singaporeans ride out this extremely difficult period by creating more than 3,500 job opportunities in 2020.

We are pleased to be named the Best Managed Bank during Covid-19 in Singapore by The Asian Banker in recognition of what we have done and how we have responded during this crisis. This award is dedicated to our 30,000 colleagues for their professionalism and steadfast commitment in the face of adversity and making a significant difference to our communities.

More than **3,500 jobs created** in Singapore amid Covid-19

First Singapore Bank to bring together a **health & wellness ecosystem** including **Healthcare App** to provide Telehealth Service Access

38,392 hours of volunteer work contributed by **13,394 staff volunteers**

S$2.9 million donations to support nearly **225,000** beneficiaries

LEADERSHIP TRANSITION

After a distinguished 14-year career in OCBC, including nine years as Group CEO, Samuel Tsien will be retiring in April 2021. Helen Wong, currently Deputy President and Head of Global Wholesale Banking, will succeed Sam as Group CEO.

Helen's appointment was the result of a rigorous global search for the best qualified candidate who has the capability to redefine and execute the OCBC Group strategy in light of new challenges and opportunities, and embodies OCBC's core values. Helen started her career in banking with OCBC and went on to build an illustrious track record in banking, where her broad experiences and deep expertise extend beyond corporate banking, Greater China and North Asia. She also ran a large banking operation of a global bank as the Chief Executive of Greater China, including Hong Kong SAR, before joining OCBC in February 2020. Since then, Helen co-led the Transform for Future taskforce to review and refine the corporate strategy and operating model in light of the accelerated changes in long-term economic, trade and investment trends brought about by Covid-19. She also spearheaded and co-chaired a new Sustainability Taskforce where her passion for sustainability, people and talent development, and strong horizontal and vertical collaboration to create sustainable value will drive OCBC resolutely in the right direction. She will also be the first woman CEO of OCBC Group and the first woman CEO of a local Singapore Bank. We are confident that Helen, with her distinguished record of leadership in the industry and regional standing as well as her calibre and qualities, will be able to lead OCBC Group to new heights in an increasingly complex and challenging environment.

Under Sam's leadership as Group CEO, OCBC's franchise has grown to become much more diversified and resilient. The Bank's capital, liquidity, digital capabilities and risk management have strengthened under his leadership. We have expanded our presence in Greater China and grew our wealth management franchise. We have also put in place a comprehensive sustainability framework to guide our duties and business, embedding material ESG factors in all our activities. The Board is grateful for his leadership as OCBC successfully steered through the many challenges brought about by the Covid-19 pandemic. As Chairman and on behalf of the Board, I would like to convey our deepest appreciation to Sam for his valuable contribution to the OCBC Group. We would also like to take this opportunity to wish him well in all his future endeavours.

OUTLOOK FOR 2021

2021 started on a hopeful note with the successful development of a number of vaccines. Gradual progress has been made in rolling out the vaccination programmes together with the restoration of economic and social activities. There is cautious optimism that with successful containment, economic recovery will resume as the year progresses. However, great uncertainties remain with risks of setback arising from the emergence of new and more contagious virus variants, plus delays in the progress of vaccinations. In the meantime, the large fiscal spending and massive monetary stimulus enacted by major advanced economies are expected to provide strong support for activities to recover. Excessive liquidity and zero-interest rate environment have, however, led to rising debt levels, fuelled financial market exuberance, elevated financial asset prices and exacerbated the income disparity.

Against last year's low base, economic revival in 2021 could see a strong rebound. Recovery is however expected to be uneven across countries and regions. The International Monetary Fund (IMF) projects the global economy to grow 5.5% in 2021 but will remain below pre-Covid-19 levels. Asia is expected to retain its lead as the fastest growth region, led by China as the main engine of growth. In our key markets of Singapore, Malaysia, Indonesia, Hong Kong SAR and Greater Bay Area of China, GDP growth will create new opportunities for banking. Growth momentum will however be different among industries, with travel, hospitality and aviation lagging while digital services, manufacturing, and information and communications should see stronger revival. On the global stage, the geopolitical contest between US and China could reflect a more measured tone, but the underlying strategic rivalry is expected to remain intense and cast a dampener on business confidence.

FOCUSED ON BUILDING FOR THE FUTURE

We look forward with confidence to forging a brighter future and delivering enduring value to all our stakeholders once Covid-19 is brought under control and economic activity resumes to normality. Together with our unwavering commitment to responsible financing and sustainability, OCBC's strong balance sheet, disciplined approach to risk, diversified franchise, depth of talent and investments in technology provide us with a set of competitive strengths to pursue new growth opportunities.

SUPPLY CHAIN REALIGNMENT, REGIONAL INTEGRATION AND NEW OPPORTUNITIES
The medium- and longer-term prospects remain positive in a rapidly transformative Asia. Covid-19 has accelerated a number of emerging global and regional structural trends that will arrest globalisation, promote regional economic integration and deepen localisation. Asian countries are also embracing rapid digital transformation. These developments will surface different challenges and opportunities for the banking industry through expanded trade, investment and wealth flows.

The rearrangement of the global supply chains will accelerate as countries seek the security of supplies and hedge risks arising from the ongoing geopolitical contest between US and China, rising populism and protectionist policies. As global supply chains are realigned and pivot towards domestic and regional networks, the shift of production is expected to set in motion competitive and also mutually reinforcing economic benefits of intra-ASEAN and inter-ASEAN-China trade. China will complement and compete with ASEAN but deepening regional integration can be expected to foster more rapid growth for all. The progressive reduction in trade barriers following the roll-out of the Regional Comprehensive Economic Partnership (RCEP) – the world's largest free trade agreement which was signed at end 2020 – among ASEAN, China, Japan, South Korea, Australia and New Zealand, can be expected to act as an additional catalyst to boost cross-border real investments, intra-regional trade, as well as capital and wealth flows across Asia. Singapore, Hong Kong SAR and Shanghai, being the financial hubs, are strategically positioned to intermediate these enlarged regional flows of funds.

OCBC is ready to meet the opportunities and challenges provided by a rapidly evolving and transforming Asian region. We are positioned to engage customers in new productive activities such as in supply chain transformation, advanced manufacturing, sustainability and renewable financing, digital services and business transformation. We have broadened our China Business Office coverage to all our major markets in Southeast Asia to capture the growth in the financing of trade and commerce. We will deepen our collaboration with our partner banks, including Bank of Ningbo and regional banks, to facilitate and deepen connectivity along the China-ASEAN corridor.

ACCELERATING OUR DIGITAL TRANSFORMATION
In a rapidly evolving digital age, we need to be responsive and agile in the face of digital innovation and disruption. The entry of new digital players in the banking and finance sector will intensify the breadth of competition. The operating environment is also rapidly advancing towards a knowledge-driven and highly-connected society led by digital innovations and applications. Post Covid-19, we expect that there will be reinvention of business operations, and ecosystems and engagement models towards digital platforms driven by real-time transactions and powered by big data, analytics and artificial intelligence (AI). At the same time, the liberalisation of the banking sector and the emergence of a broad spectrum of new financial service providers, encompassing Digital banks, fintech, Big Tech, e-commerce and social platforms, and the advent of open banking, open APIs and digital currencies will dramatically reshape the whole financial system. In response, we have been steadily transforming through upskilling our employees, intensifying our digital offerings and delivering industry-leading experiences to assist our customers in planning and achieving their financial goals.

We will expand our digital ecosystem in partnership with fintechs, e-commerce platforms and the government to provide holistic and innovative financial solutions. In support of Singapore's Smart Nation thrust, we will work closely with the public sector to promote the GovTECH mandates. In addition, we will continue to invest in technology infrastructure to be more agile and responsive to meet new requirements, including building greater capacity to harness big data, analytics, AI and machine learning to better serve our customers. We will continuously upgrade OCBC's core technology architecture and optimise the dynamic capacity across the Group.

As digitalisation intensifies in our operations, we remain highly cognisant of the risks surrounding cyber security. Accompanying the accelerated pace of digital adoption and its pervasive presence in all economic and social activities, the associated cyber security risks have increased manifold. The safeguarding of customers' privacy, data and investments in a secure digital environment is of utmost importance to us. As such, cyber security is the cornerstone of our operational risk management framework. We will continuously buttress our cyber security defences and place responsible guidelines to strengthen our security roadmap in managing risks in data, IT systems and cyber security across the Group businesses.

COMMITMENT TO SUSTAINABILITY

OCBC is committed to building an inclusive and better future by embedding a responsible and sustainable approach in all our activities. This is central to our purpose of helping individuals and businesses across communities achieve their aspirations through the provision of financial services that meet their needs. We will build on our Sustainability Framework which guides our approach to creating positive social and environmental impact. We will prioritise our customers' needs while rooted in our core values LIFRR - which stand for Lasting Value, Integrity, Forward-Looking, Respect and Responsibility. As a leading financial institution, we act as a catalyst to reshape social and economic developments that are more broad-based, inclusive, and sustainable. At the same time, we will continually invest in our people, and engage and contribute to our communities. All these initiatives are aligned to the United Nations Sustainable Development Goals (SDGs) which will guide us to positively contribute towards building a more sustainable future.

S$20 billion in sustainable finance commitments as at end 2020

An ambitious new target of **S$25 billion by 2025**

FOR A GREENER FUTURE

Our financing activities are key enablers that impact sustainable development. As we are engaged with all segments of business and society, we play a central role in promoting sustainability. We can make a big difference to building a more secure future by providing financial solutions that support our customers' sustainability journey, including the pursuit of climate change and green business opportunities. We are committed to increasing the financing of green assets and projects, including renewable energy, water and wastewater management, green buildings and public transportation. After surpassing our initial target of S$10 billion for our sustainable finance portfolio in the first quarter of 2020 – two years ahead of schedule, we have set an ambitious new target of S$25 billion by 2025. We are also pleased to report that we have formally adopted the Equator Principles, and will incorporate its framework into how we determine, assess and manage environmental and social risks in all our project financing.

INVESTING IN OUR PEOPLE

Our employees are central to OCBC's journey to create sustainable value for all shareholders and customers, and we aim to help them realise their full potential. We attract, develop and retain talent by continuously investing in our learning ecosystem to enrich our employees' knowledge and upgrade their skills to be future ready. We launched our Smart Future Workforce Programme to equip our staff with the necessary skillset to prepare for the intense changes in a new digital world. Areas of upskilling include digital delivery and engagement with clients, understanding the evolving business models and ecosystems, and responsible use of digital information. We launched virtual training groupwide to ensure that employees have continued and ready access to resources to develop themselves both professionally and personally. In 2020, more than 442,000 attendees participated in over 6,100 virtual programmes, an increase of 84% from a year ago.

More than **6,000** virtual trainings with more than **442,000** attendance groupwide

Continued our **S$20 million** investment over three years (from 2018-2020) to equip **30,000** employees with digital skills

OUR CULTURE AND CONDUCT AS ANCHORS

OCBC's solid reputation as a trusted financial institution over the past many decades is anchored on our core values of doing well and doing good. By acting with integrity, we safeguard the trust placed with us and protect stakeholder value. We commit to deliver on our Brand Promise "Simply Spot On" – our pledge to customers that we will listen to them, truly understand them, and come up with the most appropriate solutions to meet their needs. The Board and Management have a clear focus that our franchise value rest on the following foundations: high ethical standards and fair dealing, responsible financing, strong financial position, disciplined risk management and skilled human capital. During the year, we launched a Culture Stewardship Programme to further reinforce and entrench a strong OCBC culture firmly founded on our corporate values.

Mr Samuel Tsien, Group CEO (left), and Mr Ching Wei Hong, Deputy President (right) presented Going the Extra Mile for Service (GEMS) Awards to staff who had consistently delivered excellent customer service at the annual Chairman's GEMS Awards ceremony held in November 2020. Ms Cheryl Ho (middle, a Service Ambassador based at OCBC Centre Branch, Singapore), received top honours as the Principal Award winner.

Times of crisis are when our deep-seated strengths and any gaps become evident. Our ability to sail steadily through the current unprecedented global health and economic crisis is certainly a reflection of the soundness of our foundation and the clarity of our common goals and purpose. We will continuously evaluate our readiness and capabilities to execute our corporate strategy to drive long-term performance for our stakeholders and position ourselves as a progressive regional financial institution in Asia.

UPHOLDING SHAREHOLDERS' LONG-TERM INTERESTS

Despite the restrictions amid Covid-19, we maintained our close engagement with the investment community, which included close to 500 meetings and calls with them in 2020. We held our first virtual AGM, which allowed for greater convenience, accessibility and safety for our shareholders. Although mandatory reporting of quarterly financial results was removed in 2020, we took the decision to voluntarily provide regular updates for our first and third quarter results, as part of our continued commitment to provide updates on our business operations and outlook by engaging our shareholders through clear and timely communication. In recognition of our efforts, we were named as among the top two Best Investor Relations Company by Finance Asia in Singapore.

OCBC's ability to generate long-term sustainable value for our shareholders is dependent on our ability to protect and grow our franchise. This encompasses sound business strategy, prudent risk management, competent and forward-looking employees, and commitment to customer service excellence. The Board will actively lead strategic reviews of our prospects and challenges, drive operational excellence, champion talent development, and be strong stewards of our franchise to advance the interests of shareholders and society. We will also continue to champion our ESG agenda to build a better world as articulated in our Sustainability Report on page 58.

ACKNOWLEDGEMENTS

We would like to thank our fellow Board members for their advice and wise counsel as we successfully navigated OCBC through this challenging period. Mr Quah Wee Ghee, who had served on the Board of Directors since 9 January 2012, stepped down on 1 January 2021. We wish to express our sincere appreciation to Mr Quah for his many contributions during his nine years as a valued member of the Board and we wish him all the best ahead.

On behalf of the Board, we want to take this opportunity to salute all our fellow colleagues across the Group for their tremendous dedication and commitment in what has been a tumultuous year. We are proud of your contributions in these very difficult circumstances to support one another, our customers, the community and our shareholders.

To all our stakeholders, we hope you and all in the family are keeping healthy and staying safe. Thank you for your ongoing trust and support of OCBC.

Ooi Sang Kuang
Chairman

Samuel N. Tsien
Group Chief Executive Officer

24 February 2021

Sharpening Our Corporate Strategy to Create Sustainable Value

As a leading Asian financial services group with a broad geographical footprint in North and Southeast Asia, OCBC continues to build a resilient and diversified business that generates sustainable long-term value for shareholders, customers, staff and the community.

Our Purpose

We help individuals and businesses across communities achieve their aspirations by providing innovative financial services that meet their needs.

Our Values

L Lasting Value
We focus on long-term value creation for our shareholders, customers, people and the communities we serve. We adopt prudent risk-taking in all our dealings and investments. Only then can we achieve growth and sustainability for our business.

I Integrity
We hold ourselves to the highest ethical standards and assume that everything we do is in full public view. Fair dealing is the foundation of our business. That way, the trust in us that was built by our predecessors and us will never be eroded.

F Forward-looking
We embrace technological advances, economic conditions and social institutions, progressing with time and the market. Together, we break new ground through our thinking, actions and decisions.

R Respect
We treat all our stakeholders with respect and humility. We care by listening to, understanding and supporting one another, working as one team regardless of differences to achieve our common Purpose.

R Responsibility
We are committed to being reliable and fulfilling our promises. Each of us individually takes ownership of doing the right things, giving the right advice and developing the right solutions.

How We Create Value

Leverage GLOBAL NETWORK STRENGTH OF 19 MARKETS to deepen and expand REGIONAL PRESENCE

Southeast Asia	Greater China
(Singapore as Head Office and Hub)	(Hong Kong as Hub)

Core Businesses

Banking	Wealth Management	Insurance
Support domestic economic activities and cross border trade, investment and wealth flows with comprehensive consumer, retail and commercial banking franchise across well-connected business and regional network	Capture rising Asian wealth through integrated model across private, premier private and premier banking, bancassurance, securities brokerage and asset management with regional presence and digital offerings	Deepen insurance penetration in Singapore, Malaysia and Indonesia

Core Competencies

Disciplined Risk Management	Diversified Funding Base	Accelerated Digital Transformation	People and Talent

Core Environmental, Social and Governance Pillars

Putting Customers First	Building a Sustainable Future	Acting with Integrity	Valuing our People	Engaging Communities

Well-positioned for KEY GLOBAL MEGATRENDS impacting Asia's growth

Rising Asian Wealth	Increasing Dominance of China	Growing Silver and Gig Economies
Digital Prominence and Threats	Rising Protectionism and Populism	Focus on Sustainability

Our Unique Proposition

Trusted Advisor
The culture of OCBC is predicated upon our values, with special emphasis placed on forging lasting customer relationships based on trust and respect. This trust is hard earned and we aim to consistently uphold and surpass the ethical standards that we are expected to live up to.

Broad Geographical Footprint
Our presence in North and Southeast Asia is attractive to customers who seek to capture opportunities both within and beyond their home markets. In Southeast Asia, we are present in eight out of 10 ASEAN countries and have deep local market knowledge as well as strong network connectivity. We have more than 40 branches in Singapore, more than 40 branches in Malaysia and close to 240 branches across over 60 cities in Indonesia. In Greater China, we are well represented with close to 80 branches. Our standing as one of the largest foreign banks in the Greater Bay Area, combined with our extensive reach in Southeast Asia, means we are uniquely placed to capture the flows within and between the two regions. Beyond Asia, we have a presence in Australia, the Middle East, the United Kingdom and the United States to support our customers' growth beyond the region.

Digital Innovation
We have a longstanding track record of first-to-market solutions by taking a two-pronged approach towards digital transformation: First, we invest in developing our internal resources, including a digitally-empowered workforce and robust data and technology platforms, and we incubate internal employee ideas at our Innovation Lab. Additionally, we embrace external collaboration with fintech companies through The Open Vault at OCBC, and we harness new technologies— from biometrics to artificial intelligence (AI) — in a discerning manner.

Corporate Social Responsibility
Our goal is to deliver long-term benefits to the communities where we operate, with a focus on the more vulnerable segments of society and protecting the environment. Besides sponsoring large-scale community projects such as the Singapore Sports Hub and the OCBC Skyway at Gardens by the Bay to promote national identity and bonding, our employees actively volunteer in social work across Singapore, Malaysia, China, Hong Kong and Indonesia. We rally behind families, including children and youths, the elderly and special needs persons and also champion environmental sustainability.

Who We Create Value For

Shareholders
We conduct business taking a long-term view to deliver sustainable returns to our shareholders.

Customers
We commit to living our Brand Promise every day, delivering Simply Spot On solutions and experiences to our customers consistently.

Employees
We take a long-term view of our employees and continue to invest in their personal and professional growth. We show that we care by respecting, understanding and supporting each other. We work as a team to achieve our common Purpose.

Community
By engaging and supporting the community we operate in, we help to shape a more sustainable society. Sustainability means to build and invest for a better future for our business and make a lasting impact on society.

Environment
We promote the climate change agenda, support our customers in adopting low-carbon projects and fund community initiatives that make meaningful impact for the environment.

Board of Directors

Mr Ooi Sang Kuang

Chairman
Non-Executive and
Non-Independent Director

Mr Ooi was first appointed to the Board on 21 February 2012 and last re-elected as a Director on 18 May 2020. He assumed the role of Board Chairman on 1 September 2014. He was Special Advisor in Bank Negara Malaysia until he retired on 31 December 2011. Prior to this, he was Deputy Governor and Member of the Board of Directors of Bank Negara Malaysia, from 2002 to 2010. Age 73.

Other Directorships and Principal Commitments/ Appointments
OCBC Management Services Pte Ltd, Board Director • OCBC Wing Hang Bank Ltd, Board Director • Xeraya Capital Labuan Ltd, Board Chairman • Xeraya Capital Sendirian Berhad, Board Chairman • Target Value Fund, Board Director • Wawasan Education Foundation, Member

Directorships and Principal Commitments/ Appointments for the past 5 years
OCBC Al-Amin Bank Berhad, Board Chairman • OCBC Bank (Malaysia) Berhad, Board Chairman • Cagamas Berhad, Board Chairman • Cagamas Holdings Berhad, Board Chairman • Cagamas MBS Berhad, Board Chairman • Cagamas SRP Berhad, Board Chairman

Academic and Professional Qualifications
Bachelor of Economics (Honours), University of Malaya
Master of Arts (Development Finance), Boston University, USA
Fellow Member of the Asian Institute of Chartered Bankers
Fellow of the Singapore Institute of Directors

OCBC Board Committees Served On
Chairman, Executive Committee
Member, Audit Committee
Member, Ethics and Conduct Committee
Member, Nominating Committee
Member, Remuneration Committee
Member, Risk Management Committee

Length of Service as a Director
9 years 2 months

Country of Principle Residence
Singapore

Mr Chua Kim Chiu

Non-Executive and
Independent Director

Mr Chua was appointed to the Board on 20 September 2017 and elected as a Director on 30 April 2018. He is a chartered accountant and currently holds the position of Professor (Practice) in Accounting, National University of Singapore (NUS) Business School. He had a long and distinguished career in PricewaterhouseCoopers (PwC) Singapore where he served as a partner from 1990, headed the banking and capital markets group as well as the China desk, and was appointed a member of the firm's leadership team in 2005. He retired in July 2012, but was retained as senior advisor for PwC Hong Kong until June 2016 when he left to join NUS. Age 66.

Mr Chua will be seeking re-election at the Bank's 2021 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
Department of Accounting, NUS Business School, National University of Singapore, Professor (Practice) • Greenland (Singapore) Trust Management Pte. Ltd., Board Director • ACRA Financial Reporting Technical Advisory Panel, Member • National University Health System Pte Ltd, Audit and Risk Committee, Member

Directorships and Principal Commitments/ Appointments for the past 5 years
Jurong Health Services Pte Ltd, Board Director • MOH Holdings Pte Ltd, Audit and Risk Committee, Member • NUS Business School, Executive Education Advisory Board, Member

Academic and Professional Qualifications
Bachelor of Commerce and Administration (Honours), Victoria University of Wellington, New Zealand
Bachelor of Commerce, Nanyang Technological University (formerly Nanyang University), Singapore
Fellow Chartered Accountant of Singapore
Fellow of Chartered Accountants Australia and New Zealand
Fellow Chartered Certified Accountant, United Kingdom

OCBC Board Committees Served On
Chairman, Audit Committee
Member, Risk Management Committee

Length of Service as a Director
3 years 7 months

Country of Principle Residence
Singapore

The Board's Comments on the Re-election:
Mr Chua Kim Chiu's extensive knowledge and experience on financial and accounting matters will continue to enhance the Board's overall competencies.

Dr Andrew Khoo

Non-Executive and
Independent Director

Dr Khoo was appointed to the Board on 8 March 2021. He is currently a Board and Audit Committee member of the National Environment Agency of Singapore and an Adjunct Professor, Department of Finance, National University of Singapore. Prior to these, he had spent 22 years in Monetary Authority of Singapore (MAS) holding several key positions, including oversight responsibilities for prudential policy, capital markets supervision, investment of official foreign reserves, domestic money market management, corporate functions, MAS Academy, as well as a 3-year stint in the Bank for International Settlements. He was Deputy Managing Director (Corporate Development) when he retired from MAS in 2019. He had also served as a board and council member of civic establishments in industry. Age 57.

Dr Khoo will be seeking election at the Bank's 2021 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
National Environment Agency, Board Member • Stroke Support Station Ltd, Director

Directorships and Principal Commitments/ Appointments for the past 5 years
Competition and Consumer Commission of Singapore, Commissioner

Academic and Professional Qualifications
Doctor of Philosophy, University of Melbourne
Bachelor of Economics (Honours), Monash University
Member, CPA Australia

OCBC Board Committees Served On
Member, Audit Committee
Member, Ethics and Conduct Committee

Length of Service as a Director
1 month

Country of Principle Residence
Singapore

The Board's Comments on the Election:
The Bank has constantly been on the watch for director candidate to complement the Board's overall competency and skills to refresh itself from time to time. The appointment of Dr Andrew Khoo is appropriate and complements the competencies and skills of present Board members.

Mr Koh Beng Seng

Non-Executive and
Independent Director

Mr Koh was appointed to the Board on 1 October 2019 and elected as a Director on 18 May 2020. He has extensive experience in the financial services sector and is presently the Chief Executive Officer of Octagon Advisors Pte Ltd and serves as Board Chairman of Great Eastern Holdings Limited and its principal insurance subsidiaries. He served 24 years with the Monetary Authority of Singapore (MAS) where his last appointment was Deputy Managing Director, Banking and Financial Institution Group. After leaving MAS in 1998, he held key positions in many notable organisations. Age 70.

Other Directorships and Principal Commitments/ Appointments
Octagon Advisors Pte Ltd, Chief Executive Officer • Great Eastern General Insurance Ltd, Board Chairman • Great Eastern Holdings Ltd*, Board Chairman • The Great Eastern Life Assurance Company Ltd, Board Chairman • Bank of China (Hong Kong) Ltd, Board Director • BOC Hong Kong (Holdings) Ltd*, Board Director • China Banking Association in China, Expert Committee, Member • Lien Ying Chow Legacy Fellowship Council, Member • Lingnan (University) College, Sun Yat-sen University in China, International Advisory Board, Member
** Listed companies*

Directorships and Principal Commitments/ Appointments for the past 5 years
Hon Sui Sen Endowment CLG Ltd, Board Director • Singapore Technologies Engineering Ltd, Board Director • United Engineers Ltd, Board Director

Academic and Professional Qualifications
Master of Business Administration, Columbia University, USA
Bachelor of Commerce (First Class Honours), Nanyang Technological University (formerly Nanyang University), Singapore

OCBC Board Committees Served On
Chairman, Risk Management Committee
Member, Executive Committee
Member, Remuneration Committee

Length of Service as a Director
1 year 6 months

Country of Principle Residence
Singapore

Dr Lee Tih Shih

Non-Executive and
Non-Independent Director

Dr Lee was first appointed to the Board on 4 April 2003 and last re-elected as a Director on 18 May 2020. He is presently an Associate Professor at the Duke-NUS Medical School in Singapore. He has previously served in senior positions at both OCBC Bank from 1993 to 1998 and the Monetary Authority of Singapore from 1998 to 2000. Age 57.

Other Directorships and Principal Commitments/ Appointments
Duke-NUS Medical School (Singapore), Associate Professor • Lee Foundation, Singapore, Board Director • Selat (Pte) Ltd, Board Director • Singapore Investments (Pte) Ltd, Board Director

Directorships and Principal Commitments/ Appointments for the past 5 years
Neuropsychiatry Associates Pte. Ltd., Board Director

Academic and Professional Qualifications
MBA with Distinction, Imperial College, London
MD and PhD, Yale University, New Haven
Fellow, Royal College of Physicians of Edinburgh

OCBC Board Committees Served On
Member, Ethics and Conduct Committee
Member, Executive Committee

Length of Service as a Director
18 years

Country of Principle Residence
Singapore

Ms Christina Ong

Non-Executive and
Independent Director

Ms Ong was first appointed to the Board on 15 February 2016 and last re-elected as a Director on 29 April 2019. She is presently the Chairman and Senior Partner of Allen & Gledhill LLP as well as the Co-Head of its Financial Services Department. Ms Ong is a lawyer and has been in Allen & Gledhill since 1987. She provides corporate and corporate regulatory and compliance advice, particularly to listed companies. Her areas of practice include banking, securities offerings, securities regulations, investment funds, capital markets, and corporate finance. Age 69.

Other Directorships and Principal Commitments/ Appointments
Allen & Gledhill LLP, Chairman and Senior Partner • Allen & Gledhill Regulatory & Compliance Pte Ltd, Board Director • Eastern Development Holdings Pte Ltd, Board Director • Eastern Development Pte Ltd, Board Director • Epimetheus Ltd, Board Director • Hongkong Land Holdings Ltd*, Board Director • SIA Engineering Company Ltd*, Board Director • Singapore Telecommunications Ltd*, Board Director • ABF Singapore Bond Index Fund, Supervisory Committee, Member • MAS Corporate Governance Advisory Committee, Member • SGX Catalist Advisory Panel, Member • The Stephen A Schwarzman Scholars Trust, Trustee
** Listed companies*

Directorships and Principal Commitments/ Appointments for the past 5 years
Trailblazer Foundation Ltd, Board Director • Singapore Tourism Board, Board Member

Academic and Professional Qualifications
Bachelor of Laws (Second Upper Class Honours), University of Singapore
Member, Law Society of Singapore
Member, International Bar Association

OCBC Board Committees Served On
Chairman, Ethics and Conduct Committee
Member, Nominating Committee
Member, Remuneration Committee

Length of Service as a Director
5 years 2 months

Country of Principle Residence
Singapore

Board of Directors

Mr Pramukti Surjaudaja
Non-Executive and
Non-Independent Director

Mr Pramukti was first appointed to the Board on 1 June 2005 and last re-elected as a Director on 30 April 2018. He has been with PT Bank OCBC NISP Tbk for 33 years, holding key positions, including President Director, and is presently Board President Commissioner of the bank. Age 58.

Mr Pramukti will be seeking re-election at the Bank's 2021 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
PT Bank OCBC NISP Tbk*, Board President Commissioner • PT Biolaborindo Makmur Sejahtera, Board Commissioner • Indonesian Overseas Alumni, Board of Supervisors, Deputy Chairman • Insead, Southeast Asia, Council Member • Karya Salemba Empat Foundation, Board of Trustees, Member • Parahyangan Catholic University, Board of Advisors, Member
** Listed company*

Directorships and Principal Commitments/ Appointments for the past 5 years
SBR Capital Ltd, Board Director

Academic and Professional Qualifications
Bachelor of Science (Finance & Banking), San Francisco State University
Master of Business Administration (Banking), Golden Gate University, San Francisco
Participant in Special Programs in International Relations, International University of Japan

OCBC Board Committees Served On
Member, Ethics and Conduct Committee
Member, Nominating Committee

Length of Service as a Director
15 years 10 months

Country of Principle Residence
Indonesia

The Board's Comments on the Re-election:
Mr Pramukti Surjaudaja's deep insights into banking and business, especially in Indonesia, will continue to add value to the Board's initiatives and activities.

Mr Tan Ngiap Joo
Non-Executive and
Independent Director

Mr Tan was first appointed to the Board on 2 September 2013 and last re-elected as a Director on 29 April 2019. He had a long career of 37 years as a banker. He spent 20 years in Citibank NA serving in various capacities, including Senior Risk Manager of Citibank Australia and postings overseas prior to joining the OCBC Group in August 1990, where he held senior positions over the years, including Chief Executive of OCBC's Australian operations, and Head, Group Business Banking and was appointed Deputy President in December 2001. He retired in December 2007. Age 75.

Mr Tan will be seeking re-election at the Bank's 2021 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
OCBC Al-Amin Bank Berhad, Board Chairman • OCBC Bank (Malaysia) Berhad, Board Chairman • MASCOT Private Trust, Investment Committee, Chairman • Gemstone Asset Holdings Pte Ltd, Board Director • OCBC Management Services Pte Ltd, Board Director

Directorships and Principal Commitments/ Appointments for the past 5 years
Banking Computer Services Pte Ltd, Board Chairman • United Engineers Ltd, Board Chairman • Mapletree India China Fund Ltd, Investment Committee, Chairman • BCS Information Systems Pte Ltd (now known as NETS Solutions Pte Ltd), Board Director • China Fishery Group Ltd, Board Director • Mapletree Logistics Trust Management Ltd, Board Director

Academic and Professional Qualifications
Bachelor of Arts, University of Western Australia

OCBC Board Committees Served On
Chairman, Remuneration Committee
Member, Audit Committee
Member, Executive Committee
Member, Nominating Committee

Length of Service as a Director
7 years 7 months

Country of Principle Residence
Singapore

The Board's Comments on the Re-election:
Mr Tan Ngiap Joo is an industry veteran whose extensive banking knowledge and experience will continue to be of value to the Board.

Ms Tan Yen Yen
Non-Executive and
Independent Director

Ms Tan was appointed to the Board on 1 January 2020 and elected as a Director on 18 May 2020. She is presently the Chairman of Singapore Science Centre. Her past experiences included IT and IT-related positions in SAS Institute Inc, Oracle Corporation and Hewlett-Packard Singapore, and she has played an active role in Singapore's infocomm industry. She was the President (Asia Pacific) of Vodafone Enterprise Singapore Pte Ltd until she left in April 2020. Age 55.

Other Directorships and Principal Commitments/ Appointments
ams AG*, Board Director • Barry Callebaut AG*, Board Director • Galboss Asia Pte Ltd, Board Director • Jardine Cycle & Carriage Ltd*, Board Director • Singapore Press Holdings Ltd*, Board Director • XY Maxwell Pte Ltd, Board Director • Ministry of Culture, Community and Youth (High Performance Sports), SpexBusiness Network Advisory Board, Chairman • Singapore Science Centre, Chairman • TNF Ventures Pte Ltd, Advisor Mentor • National University of Singapore (School of Computing), Board of Advisors, Member
** Listed companies*

Directorships and Principal Commitments/ Appointments for the past 5 years
Bold & Beautiful Global Pte Ltd, Board Director • Cap Vista Pte Ltd, Board Director • Gemalto NV, Board Director • Vodafone subsidiaries in Asia Pacific, Board Director • Vodafone Enterprise Singapore Pte Ltd, President (Asia Pacific) • Singapore Institute of Directors, Board of Advisors, Member

Academic and Professional Qualifications
Executive MBA, Helsinki School of Economics Executive Education
Bachelor of Science (Computer Science), National University of Singapore

OCBC Board Committees Served On
Member, Audit Committee
Member, Remuneration Committee

Length of Service as a Director
1 year 3 months

Country of Principle Residence
Singapore

Mr Samuel N. Tsien
Group Chief Executive Officer
Executive and Non-Independent Director

Mr Tsien was first appointed to the Board on 13 February 2014 and last re-elected as a Director on 29 April 2019. He was appointed Group Chief Executive Officer on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 43 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Age 66.

Other Directorships and Principal Commitments/ Appointments
PT Bank OCBC NISP Tbk*, Board Commissioner • ASEAN Bankers Association, Board Director • Bank of Singapore Ltd, Board Director • Dr Goh Keng Swee Scholarship Fund, Board Director • Great Eastern Holdings Ltd*, Board Director • Mapletree Investments Pte Ltd, Board Director • OCBC Bank (Malaysia) Berhad, Board Director • OCBC Overseas Investments Pte Ltd, Board Director • OCBC Wing Hang Bank (China) Ltd, Board Director • OCBC Wing Hang Bank Ltd, Board Director • Association of Banks in Singapore, Chairman • MAS Steering Committee for SGD Swap Offer Rate ("SOR") and SGD Singapore Interbank Offer Rate ("SIBOR") Transition to Singapore Overnight Rate Average ("SORA"), Chairman • Institute of Banking & Finance Singapore, Vice Chairman, and Chairman of Standards Committee • Advisory Board of the Asian Financial Leaders Programme, Member • Financial Sector Tripartite Committee, Member • MAS Financial Centre Advisory Panel, Member • MAS Payments Council, Member • National Jobs Council, Member
** Listed companies*

Directorships and Principal Commitments/Appointments for the past 5 years
Asean Finance Corporation Ltd, Board Director • International Monetary Conference, Board Director • OCBC Al-Amin Bank Berhad, Board Director • Advisory Council on Community Relations in Defence (ACCORD) (Employer & Business), Member • Malaysia-Singapore Business Council, Member • Singapore Business Federation, Finance & Investment Committee, Council Member

Academic and Professional Qualifications
Bachelor of Arts with Honours in Economics, University of California, Los Angeles

OCBC Board Committee Served On
Member, Risk Management Committee

Length of Service as a Director
7 years 2 months

Country of Principle Residence
Singapore

Mr Wee Joo Yeow
Non-Executive and
Independent Director

Mr Wee was first appointed to the Board on 2 January 2014 and last re-elected as a Director on 18 May 2020. He has more than 39 years of corporate banking experience. He was Managing Director & Head of Corporate Banking Singapore with United Overseas Bank Ltd until his retirement in June 2013. Prior to that, he was Executive Vice President & Head of Corporate Banking with Overseas Union Bank Ltd, and Head Credit & Marketing with First National Bank of Chicago (Singapore). Age 73.

Other Directorships and Principal Commitments/ Appointments
Frasers Property Ltd*, Board Director • Great Eastern Holdings Ltd*, Board Director • Thai Beverage Public Company Ltd*, Board Director • WJY Holdings Pte Ltd, Board Director • WTT Investments Pte Ltd, Board Director
** Listed companies*

Directorships and Principal Commitments/ Appointments for the past 5 years
Mapletree Industrial Trust Management Ltd, Board Director • OCBC Management Services Pte Ltd, Board Director • PACC Offshore Services Holdings Ltd, Board Director

Academic and Professional Qualifications
Bachelor of Business Administration (Honours), University of Singapore
Master of Business Administration, New York University, USA

OCBC Board Committees Served On
Chairman, Nominating Committee
Member, Executive Committee
Member, Remuneration Committee
Member, Risk Management Committee

Length of Service as a Director
7 years 3 months

Country of Principle Residence
Singapore

Management Committee

Mr Samuel N. Tsien
Group Chief Executive Officer

Mr Ching Wei Hong
Deputy President
Global Wealth Management and Consumer Banking

Ms Helen Wong
Deputy President
Global Wholesale Banking

Mr Darren Tan
Chief Financial Officer

Mr Kenneth Lai
Global Treasury

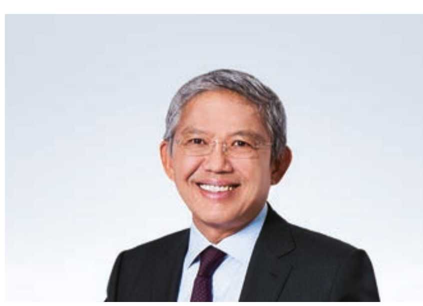
Mr Vincent Choo
Group Risk Management

Mr Linus Goh
Global Commercial Banking

Ms Elaine Lam
Global Corporate Banking

Mr Na Wu Beng
CEO, OCBC Wing Hang Bank

Mr Wang Ke
CEO, OCBC Wing Hang Bank (China) Limited



Mr Bahren Shaari
CEO, Bank of Singapore

Mr Tan Wing Ming
Regional General Manager for North East Asia

Mr Ong Eng Bin
CEO, OCBC Bank Malaysia

Ms Parwati Surjaudaja
President Director and CEO, Bank OCBC NISP

Mr Gan Kok Kim
Global Investment Banking

Mr Sunny Quek
Consumer Financial Services Singapore

Mr Tan Chor Sen
Global Enterprise Banking – International

Mr Jason Ho
Group Human Resources

Mr Lim Khiang Tong
Group Operations and Technology

Ms Goh Chin Yee
Group Audit

Ms Loretta Yuen
Group Legal and Regulatory Compliance

Mr Peter Yeoh
Group Secretariat

Mr Melvyn Low
Global Transaction Banking

Ms Koh Ching Ching
Group Brand and Communications

Emerging Strong From a Global Pandemic

Covid-19 is the defining crisis of this generation, affecting almost all countries and throwing the global economy into a tailspin. The coronavirus has drastically changed all our daily lives, brought industries to their knees and spurred others to innovate and digitalise. OCBC's resilience and strong fundamentals were tested.

When Covid-19 hit our markets hard globally, we were crisis-ready. Our pandemic response protocol, developed during the SARS outbreak (2002 to 2004) and refined over the years, is integrated into our Business Continuity Plans (BCP) and allows us to make decisions quickly in a rapidly-evolving environment.

We activated the Crisis Management Team (CMT), chaired by the Group CEO, and formed the Pandemic Task Force (PTF) chaired by the Head of Group Corporate Security, as part of our BCP.

The CMT is made up of senior management across the markets in which we operate and provides leadership and direction for the PTF. The task force comprises senior executives from all parts of the Group, including overseas subsidiaries and front- as well as back-end offices. It became the nerve centre to coordinate and direct responses within the Group while keeping watch on developments in Singapore and abroad where the Group operates.

The PTF addressed issues from safe on-site measures – from the implementation of safe-distancing measures in all markets taking into account the different laws and regulations in different jurisdictions – temperature screening, deployment of protective supplies such as masks and sanitisers, and implementing a thorough cleaning regime to ensure high level of hygiene at all times. The PTF also reviewed and implemented travel rules and requirements and prepared communications with staff on measures implemented.

Members of the CMT and PTF met virtually every day in the early days of the pandemic. Once the situation had stabilised, the frequency of these meetings dropped to once a week in July 2020 into 2021. At the heart of all decisions is a deep commitment to staff and customers' safety.

Our Performance

We have protected our customer franchise to ensure long-term value creation. We have shored up our balance sheet – preserving capital, with strong levels of liquidity and funding, and watching our expenses. Overall, we did well in the circumstances. Our full-year net profit for 2020 was **$3.59 billion**.

Employees

Taking care of our staff was our first priority during the crisis.

Safe Management Measures

Our technology teams and property services support units in all our markets came together at the onset to quickly set up alternative sites for the largest split operations ever required across the region so that banking services were not disrupted. All safe management measures were also quickly implemented at all branches and offices. We increased the frequency of cleaning of common areas such as toilets and also applied a self-disinfecting coating at lifts. Common areas such as lifts and toilets were cleaned regularly and we applied self-disinfecting coating.

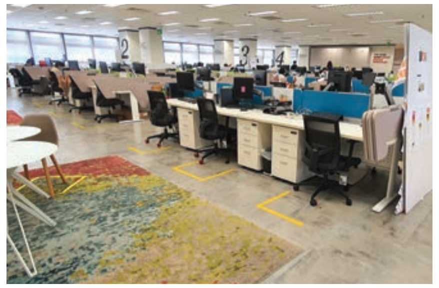
We proactively bought face masks, combing the world for supplies. Our search stretched across months and multiple suppliers. Eventually, reliable masks were secured from China and Indonesia. Through contacts in the medical industries in Singapore, we managed to procure masks, which we exported to Group colleagues in Hong Kong, Taiwan, Labuan, Japan, South Korea, the United Kingdom, the United States and Australia. We sent masks to thousands of our colleagues in China at the height of the outbreak there.

The Bank distributed a total of 2.1 million masks to all employees in 2020.

Almost overnight, thousands of staff prepared their homes for work when movement control measures were announced by governments globally. This included ramping up VPNs for remote access to banking systems and implementing digital approvals and sign-offs so that employees did not need to come in to the office.

In some markets such as China and Hong Kong, we provided free meals to our employees at the offices so that they could avoid peak-hour crowds and we also adjusted branch operating hours.

When movement control measures were gradually eased in various markets, and staff were allowed to return to office, staggered work hours were additionally introduced while work-from-home arrangements continued in some instances. Work spaces were marked out according to safe distancing rules and safe management officers were appointed to ensure staff who work in the office complied with safe management measures at all times.



Securing Face Masks for Our People

Early on in the pandemic, our Group Corporate Security team reviewed laboratory reports that showed the lower infection rates when masks were used. Masks were deemed to be an essential part of our protective gear – especially for frontline staff.

Providing Care to Our People

To provide our employees and their immediate family with peace of mind, we launched the Covid-19 Care Package to ensure they could access essential care while reducing their potential exposure to infection.

The Covid-19 Care Package included:

- Financial support and additional hospitalisation benefits for employees with confirmed Covid-19
- Allowing the use of carried-forward leave to be extended
- Allowing employees to encash up to 5 days of leave
- Vouchers for private transportation to and from the clinic ($100 worth of Grab vouchers for employees to take private transport home or to see the doctor if they are unwell)
- Virtual teleconsultations with Doctor Anywhere (virtual teleconsultations as an alternative to visiting the clinic for early intervention and improve care management at home)

When Covid-19 vaccines were rolled out in Singapore, we quickly developed a Covid-19 Vaccination Support Programme. This will be extended to employees in our other core markets as and when the Covid-19 vaccine is rolled out in these countries. The programme comprises two components:

Education

We engaged medical experts to educate employees about the vaccine, its side effects, efficacy and other commonly-asked questions. We had the first virtual webinar in January 2021 with more than 1,000 staff attending the talk by an infectious disease specialist. We will organise more of such webinars to help employees better understand vaccinations so that they can make an informed decision on whether to be vaccinated.

Employees who have decided to take the vaccine when offered by the health authorities, will receive:

- A day off on the day of each vaccination
- Private transport reimbursement (to and from the vaccination clinics)
- Additional two days of medical leave without the need to provide a medical certificate in case of side effects (this is on top of the current two days of medical leave staff can take a year without providing a medical certificate)
- Reimbursement of medical consultation fees in case of side effects from the vaccination
- Allowing employees to work from home for one week after vaccination

Ensuring No Job Loss

At the height of the pandemic, where businesses were closing and people were losing their jobs or suffering pay cuts, we pledged that we would not retrench any employee. We also did not have to implement any pay cuts or wage freezes.

We do not plan to have retrenchment exercise arising from this outbreak. Each of you is not just an employee of OCBC. Each of you has a family that we consider them as part of our extended family.

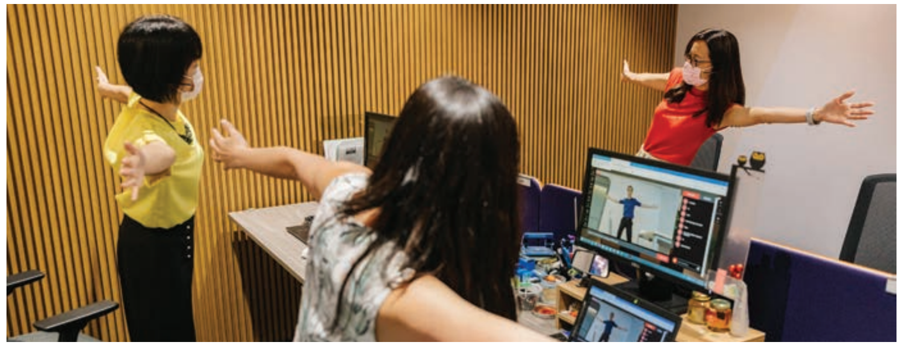
– Group CEO Samuel Tsien, in a message to employees in February 2020

Wellness And Mental Health Initiatives

Besides worrying about job loss, the mental health of many people took a hit resulting from the isolation and uncertainties. To support our employees' mental health and wellness, we put in place policies and programmes.

In 2020, we organised the OCBC MyWellness Fiesta virtually so that despite the pandemic, more than 25,000 employees around the world were able to gain awareness and find ways to achieve their own wellness. Topics included managing stress with TCM acupressure techniques, destressing with music and talks by physiotherapists.

In the early days of the outbreak, our Human Resources teams kept in close contact with staff and their supervisors to keep track and monitor everyone's mental conditions while dealing with the pandemic.



Taking Care of Our People

In March 2020, Group Technology Services employee Raymond Koh tested positive for Covid-19. He was hospitalised, and his wife and teenage son were placed on a two-week quarantine at their home.

During Raymond's recuperation at Sengkang General Hospital, OCBC Group chief executive officer Samuel Tsien called his wife to check in on her and assured her that she is part of the OCBC extended family. While Raymond was in hospital, we ensured his family was taken care of – sending groceries to the family and offering to bring them food during their quarantine.

Raymond, who returned home after a two-week hospital stay, said that the care OCBC extended was unexpected.

When I was hospitalised, I was unable to communicate much with my family as I had tubes in my mouth and throat. But knowing that OCBC was extending a helping hand to my wife and son helped me concentrate on my own recovery, as I did not have to worry so much about their needs and comfort in this harrowing time.

– Raymond Koh

Customers

The pandemic affected many lives and livelihoods. As a Banker to the society, it is our duty to support our customers, both individuals and businesses whose livelihoods could be impacted, to overcome the challenges arising from the pandemic.

Keeping Branches and ATMs Safe

As an essential service, we remained open and available to our customers and counterparties in Singapore and globally. While we serve our customers, we ensured that both our staff and customers are safe by implementing a range of measures:

– Travel declaration forms
– Temperature screening
– Wearing of face masks
– Queue markings to ensure customers maintain safe distance of 1m
– Use of the mandated safe entry and contact tracing tools
– Daily cleaning of our ATMs together with regular application of a high-level disinfectant cleaning agent on the ATMs

Taking Care of the Vulnerable

Many senior customers struggle with the changes that came rapidly to combat the transmission of the virus. To ease the frustration and worries of our senior customers, our branch employees assisted seniors with QR code scanning.

Where it was feasible, separate queues with seats were provided for elderly and pregnant customers.

Temporary Closure of Branches

As the Covid-19 outbreak worsened and people stayed home during lock-downs, there was a significant drop in average customer footfall at our branches.

– We temporarily closed 22 bank branches in Singapore, to encourage more people to stay at home and minimise social contact.
– 24 branches in Singapore remained open, many in the proximity of every neighbourhood town centre to support banking needs.

Similar arrangements were made for branches overseas. In China, Hong Kong and Macau, some branches were closed, primarily so we could preserve them as 'clean branches' that could be safely and quickly re-opened if others were forced to close due to infection.

Accelerating Digitalisation to Fulfil Financial Needs

Our investment in technology and remodelling the way we innovate over the years paid off. We leveraged our strong self-service digital platform systems which existed even before the pandemic.

In Singapore, we rolled-out several new digital solutions at the onset of the Circuit Breaker in April 2020 so that our individual customers could continue to be supported with financial services. We introduced a fully-digitalised home loan and car loan application process, as well as brought the highly-regulated wealth advisory process online, allowing our customers to review their investment portfolio during a time of high market volatility and seize investment opportunities.

Helping SMEs Achieve Business Continuity

In markets where the government offered relief support schemes, we ensured that we could support our customers.

Across Singapore, Malaysia and Hong Kong, we put in place financial and cash flow relief measures for our corporate customers to help them with achieving business continuity during this difficult period.

The lockdowns in various countries highlighted the need for SMEs to digitalise. In Singapore, we worked with partners including Enterprise Singapore, Amazon, Google and Shopee, to create a series of webinars to equip SMEs with the digital know-how to transform and thrive. The webinars addressed immediate concerns that SMEs had during the extended circuit breaker, including how to leverage e-commerce and digital marketing. Other sessions aimed to prepare SMEs for future opportunities, such as strengthening business resilience for the post Covid-19 new normal.

In Singapore, this series of webinars, known as OCBC Virtual SME Campus, began in April 2020:
– More than 30 webinars of about 2 hours were conducted.
– About 6,500 employees from more than 3,000 SMEs benefitted from the seminars.

Relief Measures

To help individuals in all our markets tide over the difficult period arising from the Covid-19 outbreak, we extended moratorium relief across the region that amounted to $27 billion, of which 88 per cent is secured. This accounted for about 10 per cent of our total loans.

We launched relief packages such as:

Individuals

- Reduced instalment scheme for residential property loans
- Reduced monthly instalment for commercial property loans
- Relief for renovation loan
- Lower interest for personal unsecured credit
- Relief for Education loan

Companies

- Temporary Bridging Loan
- Enhanced Working Capital Loan
- Enterprise Financing Scheme Trade Loan
- Loan Insurance Scheme
- Defer payment of existing OCBC Commercial Property Loans
- Defer payment of existing OCBC Business Loan

Our Performance

200,000 new digital customers

90% of financial transactions performed on digital

7.3X growth in PayNow Corporate transactions

2.8X growth in volume of consumer PayNow transactions

2X growth in online trading

45% increase in online product sales with our digital Wealth Advisory

Community

In August 2020, we pledged to hire more than 3,000 new employees, including both fresh graduates and mid-career workers, to support the job creation drive in Singapore.

We also reached out to the unserved and underserved in communities across our markets to ensure that they get the help they need. In total, we donated $2.9 million to support healthcare workers, needy families and migrant workers affected by the pandemic.

Singapore
Many Singaporeans gave generously to help the needy. To ensure that our support was not duplicated, we reached out to more than 20 charities, non-government organisations and dormitory operators to understand their needs. This way, in line with the #OCBCCares programme, we were able to provide targeted help to address gaps:

- 7,000 staff in Singapore, including our CEO and Chairman, sent appreciation card and food favourites - bird's nest supplements, bubble tea and energy food - to frontline staff of Tan Tock Seng Hospital and the National Centre for Infectious Diseases.
- OCBC Bank and staff also donated $1.23 million to support 1,000 needy Singaporean families and 55,800 migrant workers under isolation. Each family received $800 in supermarket vouchers to supplement government payouts. We provided native food, additional cleaning equipment and personal necessities to help make their period of isolation more bearable for migrant workers.
- We supported our charity partners by providing food packages for vulnerable seniors; vitamins and cleaning kits for needy households; and funding for more frequent cleaning of Homes and Centres.

Donations

$2.7 million
from OCBC Bank and our staff

This supported

- **1,000** needy families who each received $800 in supermarket vouchers
- **55,800** migrant workers under isolation

7,000 OCBC Bank employees also sent food favourites, including bird's nest supplements, bubble tea, and energy bars - as well as appreciation cards - to staff of Tan Tock Seng Hospital.

Aiding Migrant Workers

When the spread of the coronavirus extended to foreign worker dormitories, affecting tens of thousands of migrant workers, many dormitories were locked down and workers were kept isolated.

We engaged with dormitories directly to find out what these workers needed, and provided foods, additional personal protection equipment, vitamin C, cleaning equipment and personal necessities to help make these workers' period of isolation more bearable. In all, we assisted more than 55,000 foreign workers living in various dormitories across the island.

Mr Rana Md Habibullah, a 28-year-old worker from Bangladesh who stayed in an apartment unit managed by Centurion Corporation at Westlite Toh Guan, was delighted that we provided him and his neighbours with the familiar oil, chilli, cumin and fennel powders he used to cook his curries.

"Each time I cook using these ingredients, it reminds me of my family at Gazipur... My friends and I enjoy cooking our own dishes using our own types of oil and spices. We could not get these items because we could not leave our dormitories," he said.

Our Other Markets Also Provided Much-Needed Aid to Their Communities

In China
A large state-owned company needed to urgently import masks and protective clothing from Singapore and Hong Kong, and send these to Wuhan province, the epicentre of the virus. As these items were in foreign currency, our Beijing branch drastically shortened its usual processing time of two days to just 2.5 hours. Some 19,000 pieces of protective clothing and 100,000 masks quickly reached Wuhan's General Hospital of the Chinese People's Liberation Army.

Our Qingdao Branch also took just 1.5 hours to handle another foreign exchange purchase and payment requirement from a local client. This enabled Zhengzhou First People Hospital to import 85 ventilators and 75 auxiliary devices to treat severe cases in Zhengzhou.

In Malaysia
Staff from our Kota Kinabalu branch distributed essential supplies to 932 needy families (7,456 individuals) living in seven villages across Sabah. These villages were so remote that our staff had to travel using 'sampan' boats to deliver the supplies. Some members of these families were bedridden, deaf and quarantined thalassemia patients who had lost their daily wages because of the pandemic situation.

In Hong Kong
Staff observed that low-income groups had been especially impacted by pricier surgical masks and hand sanitisers. Staff volunteers collaborated with a charity to prepare alcohol-based handrubs. In just one day, 3,200 50ml bottles of these sanitisers were prepared and donated to three NGOs.

In Myanmar
Through an existing partnership with Lesswalk Educational Association – a non-profit organisation in Myanmar – we donated 39,000 face masks, 1,200 bottles of hand sanitisers and 1,700 sets of personal protective equipment to two hospitals. The donations were made to Wai Bar Gi and South Okkalapa Women and Children hospital – designated hospitals in Yangon treating confirmed Covid-19 cases.

3 Key Lessons Learnt Managing the Crisis

Constantly updating crisis strategies	During Covid-19, we remained at 100 per cent operational capacity. Our Pandemic Plan will continue to be refined so that they remain adaptable to all the markets we operate in.
Maintain our network of suppliers	Thanks to our strong network of vendors, we were able to secure essential hygiene equipment despite the disruption to supply chains and a global shortage. We will continue to maintain and build connections and ensure the supply of essentials in crisis events.
Premises Safe Management	Office and branch infrastructure will be refined where required to include safe management practices in the new norm. Alternate site and recovery strategies will also be enhanced.

Creating an Inclusive Society and Sustainable World

As a key pillar of society, OCBC plays an important role in being a catalyst for change as the world recovers from an unprecedented global pandemic and recession. Covid-19 has made clear the inequalities in society as well as the benefits of a more climate-friendly and sustainable world.

Even before the pandemic, we have invested in building a centre of excellence on sustainability to grow our sustainable finance portfolio as well as in technology to accelerate digitalisation for financial inclusion of individuals and small businesses.

In 2020, we set up an OCBC Group Sustainability Taskforce, headed by Deputy President Ching Wei Hong and Deputy President Helen Wong, to support the Bank's Sustainability Council in operationalising the sustainability strategy and efforts for the Group.

Post-Covid 19, OCBC is well-positioned to continue to bring together the power of finance and technology to support the creation of an inclusive and sustainable world.

Our Unwavering Commitment to a Sustainable Future

Our Journey So Far

2018

- Established a Sustainability Framework detailing our key Sustainability Pillars and material Environmental, Social and Governance (ESG) factors that guide our key sustainability priorities as an organisation.
- Began offering sustainable finance products and acted as sustainability advisor for several deals across various industries.

2019

- Made a commitment to no longer finance new coal-fired power plants, becoming the first bank in Southeast Asia to do so.
- Set a target to reach $10 billion in sustainable financing by 2022.

2020

- Adopted the Equator Principles, an international risk management framework which guides how financial institutions worldwide determine, assess and manage ESG risks in projects.
- Surpassed our $10 billion sustainable finance target, two years ahead of schedule. Set a new and ambitious target in June 2020 of $25 billion by 2025.
- Developed a new Responsible Investing Policy to integrate ESG considerations into our investment activities.
- Launched OCBC SME Sustainable Finance Framework to make it simpler and less costly for Singapore SMEs to access sustainable financing of up to $20 million.
- Collaboration between OCBC Wing Hang Bank and Hong Kong Quality Assurance Agency to provide a more convenient channel for our customers to apply for HKQAA Green Finance Certification – a third-party conformity assessment – and for them to obtain support for the design of their green finance frameworks.
- Launched solar panel loan with Sembcorp Power to enable home-owners to install solar panels in their home premises to increase the use of solar energy.

OCBC Wing Hang Bank CEO Na Wu Beng (seated on left) signing the MOU with Mr Michael Lam (seated on right), CEO Of Hong Kong Quality Assurance Agency.

Leading Asia's Shift to Sustainable Finance

$20b in sustainable finance commitments by end 2020

>30 Green Loans and Sustainability-Linked Loans in 2020

>30 Green/Sustainability Advisor roles in 2020

Towards Our '25 By 25' Sustainable Finance Target

In 2020, after reaching our initial target to achieve a sustainable finance portfolio of $10 billion by 2022 early, we set a new target to grow this portfolio to $25 billion by 2025.

Industry Diversification
We will continue to diversify our sustainable finance portfolio across industries including renewable energy, clean transportation, education, water and waste management.

Geographical Diversification
Singapore has been developing its capabilities as a regional sustainable finance hub, and businesses around the region – Malaysia, Taiwan, Hong Kong, Korea and Japan and Australia – are increasingly looking to tap on this expertise. We will leverage our international network of branches and offices in these countries to expand the business.

Harnessing the Power of Nature

As the Covid-19 pandemic heightened global awareness of the need to re-double efforts for a sustainable future, reducing carbon emissions continues to underpin our climate change efforts. They make up about 80 per cent of the greenhouse gases that are causing extreme natural disasters and temperature shifts around the world.

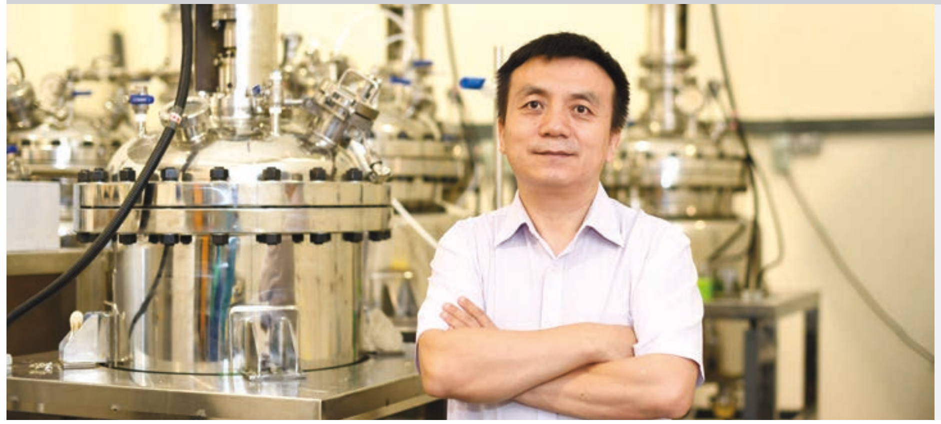
This year, our environmental campaign featured our support for the transition to a low-carbon world through our funding of renewable energy projects that produce CO_2-free power. These projects range from wind and solar farms to electric cars, hybrid buses and solar panel installations.

Advertisements across various channels – on newspapers, television, digital, social media, and at train stations – helped convey how raging winds and the scorching sun's rays can be converted into clean energy. Through interesting insights on how our daily activities contribute to carbon emissions, our messages aimed to inspire companies and individuals alike to support efforts to curb the carbon threat.

Key Deals

Sustainability-Linked Loans	Green Loans	Renewable Energy Projects	Green Bonds
Supported Czarnikow on the world's first fully sustainable global sugar trade. *Refer to the sidebar for more information on this deal.*	Provided ComfortDelGro with an A$25 million green loan to finance its hybrid bus fleet in Victoria, Australia. These buses can reduce nitrogen oxides and particulate emissions by up to 50 per cent, lower fuel consumption by up to 30 per cent in mixed traffic, as well as emit significantly less noise when idling at and departing from stops.	Became a Mandated Lead Arranger for Doggerbank A & B, which alongside Doggerbank C will be the world's largest offshore windfarm upon completion in 2026. Located off the east coast of Yorkshire in the UK, when complete, the overall Dogger Bank Wind Farm will provide enough renewable energy for 6 million UK homes. The windfarm will significantly contribute to a green economic recovery as the UK continues on its journey to net zero.	Sole lead manager, bookrunner and green finance advisor to Ascendas Reit in the issuance of its $100 million bond. This was Ascendas Reit's maiden green bond.
Arranged a US$800 million Syndicated Multi-Currency Islamic Sustainability-linked Financing for Axiata Group Berhad, a Malaysian-based leading telecommunication conglomerate with established regional presence throughout ASEAN and South Asia. One of the sustainability performance targets set for Axiata is linked to the overall improvement in its carbon footprint emission. We pioneered this financing transaction jointly with Axiata and it has broken new ground as the first Islamic Sustainability-linked financing in Malaysia and globally.	Sole lender and green advisor for a 115 billion South Korean Won loan to M&G Real Estate Asia. This was the first green loan in South Korea supporting the property sector and it was also our first sustainable finance transaction in South Korea.	A Mandated Lead Arranger for the 605MW Greater Changhua 1 Offshore Wind Farm Project in Taiwan. A market leading green energy developer, Ørsted will jointly develop the project with a consortium of leading institutional investors, Caisse de dépôt et placement du Québec and Cathay PE. Scheduled to be completed in 2022, the project is expected to supply clean power to over 650,000 Taiwanese families.	Sole lead manager, bookrunner and green finance advisor to Ascendas Reit in the issuance of $300 million green subordinate perpetual securities.

Increasing SMEs' Accessibility to Sustainable Finance – Century Water Systems and Technologies



Water treatment and technology company Century Water Systems and Technologies took up a green loan under the OCBC SME Sustainable Finance Framework. The $2 million loan will be used for a water recycling project.

We are definitely looking at more opportunities to conduct similar long-term sustainability projects with other firms.
– *Eugene Liu, CEO, Century Water Systems and Technologies*

Sustainable Supply Chains – Czarnikow

We participated in the world's first sustainable sugar supply chain collaboration with a sustainability-linked trade facility – which provides a discount if certain sustainability targets are met – to support the trade and shipment of 50,000 metric tonnes of sustainably-sourced sugar, valued at almost US$16 million. This trade was verified by the VIVE sustainable supply chain programme, which is run by Czarnikow and Intellync.

Scan this QR Code to hear more about the collaboration between OCBC Bank and Czarnikow.

Our Drive to Build an Inclusive Society

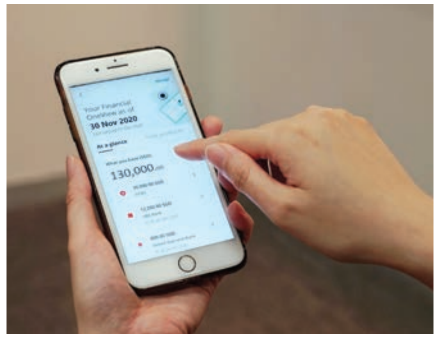
Affordable Payments

- Our customers were the first in Singapore to be able to use Google Pay to transfer money and make payments.
- Launched OCBC OneCollect to help small businesses to collect PayNow payments from customers. This reduces the need for manual processing, offering convenience and time savings to the businesses.
- During the Circuit Breaker period in Singapore, to enable more of those who need to transfer money overseas to their loved ones, especially migrant workers and domestic helpers, we waived all cable and commission charges on all digital remittances.

Ukulele Movement's founders, Mr Simon Mok and Ms Glyn Chan, use OCBC OneCollect to generate a QR Code on the app for customer payments. "It reduces the chance of a customer paying us the wrong amount, and it also makes the payment process more hassle-free so the customer experience improves overall".

Accessible Financial Planning & Investing

- With the launch of Open Banking via SGFindex, we introduced Your Financial OneView on the OCBC mobile banking app for customers to see their consolidated financial statements across different banks. This gives them a holistic view of their financial assets and investments.
- Customised 'nudges', powered by artificial intelligence, are sent to customers with suggestions on how they can make their money work harder.



Financial Literacy for all

- Our Wealth Management Singapore team conducted 11 workshops on financial literacy with 28 parents from low-income families to equip them with the knowledge to make more informed decisions about managing their personal finances and management of their debt.

Wealth advisor Gillian Tan (above) was one of the volunteers who taught attendees via a virtual workshop how to budget and track their expenditure.

Up Close with Sam

We are sharpening our corporate strategy to capture the rising opportunities in rising Asian wealth, sustainable financing and investing, supply chain shifts and digitalisation. This entails expanding our product offerings, broadening our coverage of customer segments and accelerating our digitalisation journey.

Samuel Tsien
Group Chief Executive Officer

Singapore will have four digital banks by 2022. How will OCBC fend off these digital challengers?

We have been investing significantly over the years to digitalise our frontend as well as backend – from customer channels and features to enhance user experience, to systems infrastructure to increase agility and versatility. The Bank's technology spending, excluding IT staff costs, has grown steadily both in absolute amount and as a proportion of our total expenses. IT expenses increased from 11.5 per cent of total operating expenses in 2019 to 12.4 per cent in 2020 (of total expenses of over $4 billion). So, we have been investing to create a strong competitive edge, which has also prepared us well for the potential challenges posed by the new digital banks.

These investments have served our customers and us well, particularly during the pandemic period of reduced people movement. We have also been able to roll out many first-to-market digital solutions for individuals, businesses and corporates.

Our retail customers in Singapore have been able to open accounts online since 2014, a process we fully digitalised in 2018 by tapping the national digital identity system, SingPass. We have continued to make banking with us more and more convenient: Voice banking made its debut in 2017 and card-less ATM withdrawals using just QR Codes, in 2020. We introduced Emma, the first AI-powered chatbot, in 2018 – to answer queries on home loans – and unveiled a fully-digitalised and completely online home loan application process in 2020.

For our SME customers, we launched the merchant app OCBC OneCollect in 2020, which notifies business owners immediately when a PayNow payment is credited, allowing the merchants to have full comfort that payment has been received, minimising manual processing and allowing speedier refunds when necessary. This adds to our other digitalisation efforts, such as enabling start-ups to open a bank account immediately upon incorporation, and availing a digital dashboard for our SME customers to better manage all aspects of their business, from banking to beyond banking.

We have been enhancing our payments and cash management capabilities for large corporates and public agencies on an ongoing basis to reduce duplicate reporting work and enable faster payments. During the year, we achieved a record number of significant mandates from the large corporate segment.

None of these would have been possible if a culture of innovation and agility had not taken root in every unit of the Bank.

While we can expect disruption and intense competition from the digital banks, it is something we have anticipated and prepared for. We have invested not to defend but to be on the offensive to increase the stickiness of our relationships with better and faster services and on a total relationship basis. At the same time, we will always work on preserving and upgrading the trust we have with our customers. Banking is an intensely competitive service industry, as financial services have always been. Disruption is coming from all directions, including existing and new competitors.

OCBC has been in operation for more than 88 years. What we have learned is that sustainable success does not come from a daily fixation of fending off the competition. It is more important to do things right and well for our customers, which is why we focus on truly meeting their needs with the best customer experience, whether digitally or in person with our staff. This is how we create sustainable value. Technology is not the differentiation. The ability to provide sustainable value and services to customers that is better and faster through whatever means with technology included, is. Only then can we build the enduring customer relationships that result in deep loyalty and trust.

OCBC Bank was awarded Best Managed Bank during Covid-19 in Singapore at the Leadership Achievement Awards Virtual Ceremony 2020 presented by The Asian Banker. Group CEO Samuel Tsien also received the Leadership Achievement Award for Best Covid-19 Response in Singapore.

Why do you think OCBC won the Best Managed Bank and you the Leadership Achievement Award for Best Covid-19 Response in Singapore award by The Asian Banker?

This award specifically evaluates the performance and responses of banks during the Covid-19 pandemic, including the initiatives implemented to protect the customers and the customer franchise while helping society at large. We are pleased that our efforts were recognised and came out on top, as evaluated by the panel of judges of the award.

While the award takes into account the work we do in Singapore, our measures and approach extend consistently across the entire OCBC Group.

Creating Customer Value Through Digitalisation

1.6x more SME accounts opened digitally

7.3x more PayNow Corporate transactions

2.8x more PayNow Consumer transactions

1.7x more consumer accounts opened digitally

$3 billion of secured loans disbursed through fully-digital loan application process in Singapore

2.5x growth in digital wealth sales

Awards

Best Managed Bank during Covid-19 and Leadership Achievement Award for Best Covid-19 Response
by The Asian Banker

Best Retail Bank
by The Digital Banker

House of the Year, Singapore by Asia Risk Awards

Asean SME Bank of the Year
by Asian Banking and Finance

Best SME Bank in Southeast Asia
by Alpha Southeast Asia

Champion of Good 2020
by the National Volunteer and Philanthropy Centre

Supporting Our Stakeholders Through Covid-19

$27 billion worth of moratoriums extended to help customers across the region tide through Covid-19

3,500 new employees hired to support the job creation drive in Singapore

$2.9 million in donations to support low-income families, healthcare workers and migrant workers

Our investment in technology and digital capabilities over the years has enabled the roll-out of a wide range of digital solutions for our customers – in account opening, payments, cash management, wealth management and more. This enabled our customers to transact and be served without interruption, particularly during the lockdown periods. The number of digital transactions by both retail and corporate customers, whether service- or sales-related, and both for convenience and efficiency purposes, has grown significantly over the course of this year. Over 90 per cent of our consumer financial transactions are now performed digitally.

In the spirit of #OCBCCares, we gave the staff at Tan Tock Seng Hospital and the National Centre for Infectious Diseases what they wished for, in the form of 20,000 bottles of bird's nest supplements and more than 45,000 packets of drinks and snacks. The above photo was taken before mask-wearing was made mandatory.

We provided 55,800 migrant workers with key essential provisions, protective and cleaning supplies to help make the period of isolation more bearable when they could not venture out to purchase. The above photos was taken before mask-wearing was made mandatory.

We rolled out multiple relief measures across our core markets to support our customers, including government assistance loans and loan deferments with or without interest repayments, to help tide them over unprecedented difficulties that were not of their own making.

We also rolled out many safety measures in a very short period of time to protect our staff across our network – from providing masks and demarcating spaces for safe distancing, to virus-protection coating for all physical touch points, to deep cleaning, safe entry and tracing, and significantly ramping up bandwidth for offsite connectivity so staff could work from home.

We made a commitment to our customers that we will provide as much accommodation as possible to tide them over the pandemic. We advised them to preserve cashflow and guided them early to help them transit out of the relief programmes. We made a commitment to our staff across the group that there would not be staff retrenchment in the midst of the pandemic to relieve them of job worries for themselves and their families, and to allow them to devote their entire efforts on serving customers. We hired over 3,500 people who were new-to-workforce and whose jobs were displaced across the Group in 2020, including our insurance subsidiary.

Our efforts during the pandemic went beyond supporting our customers and staff to helping the unserved and underserved. The Bank and our staff supported communities across all our core markets, offering more than $2.5 million in aid to help health workers, vulnerable seniors, migrant workers and needy families affected by the pandemic. Efforts were taken to reach out to the affected segments to understand their specific needs so that targeted support could be offered. Apart from donations made by the Bank, we also channelled donations made individually by our staff to the needy ones that the community might have overlooked.

Group CEO Samuel Tsien hosted former Cabinet minister George Yeo in a keynote conversation organised as part of OCBC Wealth Panel's flagship wealth conference. They spoke on a range of topics from geopolitics to macroeconomics to the investment outlook. Mr Yeo emphasised the importance and power of unity in diversity by being respectful and considerate of each other as Singapore navigate through challenges and seize the abundant opportunities as a nation. Sam assured over 1,000 of OCBC clients globally who joined the virtual conference that OCBC will continue to serve them with proper advice and analysis of recommendation. OCBC clients can depend on the strength of the Group's diverse franchise, a solid capital base and stable funding and liquidity position to be able to achieve their financial goals.

What will the post-Covid 19 world look like and how is OCBC responding to it?

Covid-19's impact on the global economy is severe, even with the unprecedented fiscal and monetary support measures launched around the world. Vaccination programmes are being rolled out in many countries but the sheer volume required globally continues to be a challenge. At the same time, a new strain of Covid-19 has emerged which is reportedly more contagious. The road to recovery may be longer than we would have hoped for.

At the same time, there are indirect consequences which arise from the behavioural changes of people in social interaction, remote working, culture setting. These will have accompanying social implications which I don't think all can be understood and accurately assessed as yet. We will need to not only be cognisant of these unintended consequences, but also care for and support emotional changes of our people, whether in the organisation or in the community. Some will adjust more readily while others may not, but they are all in the communities we serve, whether they are our customers or not.

The future will be driven not just by the fallout from the pandemic, but also key trends that were already in motion prior to Covid-19: advances in technology, the increasing economic maturity of Southeast Asian markets, China's faster recovery and growing importance as an investment driver for Asia, demand for sustainability practices beyond climate change, and of course the continued tensions in the global order.

We have refined our corporate strategy to capture the rising opportunities in rising Asian wealth, sustainable financing and investing, supply chain shifts and digitalisation. This entails expanding our product offerings, broadening our coverage of customer segments and accelerating our digitalisation journey.

Southeast Asia is expected to benefit from growing intra-regional flows and rising affluence. Leveraging our network strength in our core markets of Singapore, Malaysia, Indonesia and Greater China, we see the increasing role we can play in the China -ASEAN corridor and the value we can add by deepening our presence in Vietnam, Thailand and Taiwan in trade, investment and wealth flows. All of these will build upon OCBC's inherent strengths to become more competitive and efficient as the world changes around us.

Building a More Sustainable Planet

25 by 25 – Our target set in June 2020 to grow our sustainable finance portfolio to $25 billion by 2025

Signatory to the **Equator Principles** to strengthen our commitment to reduce the negative impact of the projects we finance

Implemented a new **Responsible Investing Policy** to integrate ESG considerations into investment-making decisions

The Monetary Authority of Singapore is working to enhance ESG elements in banking. How is OCBC integrating ESG into its business?

Environmental, Social and Governance (ESG) considerations are a key part of our corporate strategy formulation and decision-making. And, it is not only a regulatory compliance issue, but a social responsibility undertaking. In 2020, we reviewed our Sustainability Framework – which defines our most important priorities as an organisation – and refined our material ESG factors, expanding the number of UN Sustainable Development Goals (SDGs) that we prioritise.

We assess the environmental risks across our lending portfolio and implement the recommendations put forward by the Task Force on Climate-related Financial Disclosures (TCFD). Embedding responsible and sustainable business practices into everything we do is integral to how we create long-term value for all our stakeholders.

During the year, we became a signatory of the Equator Principles, an internationally-recognised risk management framework adopted by major financial institutions worldwide for environmental and social risk management. Through our financing activities in Asia, we are key partners in the development of the region. It is therefore our responsibility to ensure that the projects we finance are executed in a socially responsible manner and reflect sound environment management practices.

OCBC was the first bank in Southeast Asia to announce that we would stop financing new coal-fired power plants and redirect our focus to financing the development of renewable energy projects. By the end of 2020, our sustainable finance commitments had totalled $20 billion, including clean and renewable energy projects using solar and wind. We exceeded our initial target of $10 billion by 2022, ahead of time. In June 2020, we have since revised the target to provide $25 billion sustainable finance by 2025.

We also developed a new Responsible Investing Policy to integrate ESG considerations into our investment decisions.

We have made strong progress in our sustainability journey. We are committed to surmounting the inevitable challenges. We will continue to drive performance across our material ESG factors and the targets we have set. I am confident that OCBC is well-positioned to be the leading bank for responsible and sustainable finance in Asia.

The need to fight climate change is accelerating. What is OCBC's approach in reducing carbon emission?

We are at the forefront of supporting the environment, such as increasing support for renewable energy projects and funding ground-up climate change solutions as we move towards a low-carbon economy.

Sustainable development and tackling climate change require collective action. We have and will collaborate with like-minded partners to drive change systemically.

First, however, we must lead by example. On this front, we have set targets, for example, for our electricity consumption for 2021, reduction in paper usage, and elimination of plastic water bottles from all our Singapore branches.

To offset carbon emissions, we also adopted and now sponsor the OCBC Arboretum at the Singapore Botanic Gardens which will grow and conserve 2,000 highly-endangered dipterocarp trees. These are excellent at absorbing and storing carbon dioxide.

We have also been tracking our entire value chain's exposure to carbon and other climate-related risks. In 2021, for the first time, we will publish information on our overall carbon emissions and our plans to manage climate-related risks, to keep ourselves on track and accountable.

As a lender and connector of capital, we want to catalyse sustainable solutions by directing capital flows to projects that enable a more sustainable future for all.

With our sustainability-linked loans, we incentivise firms to be climate-friendly by lowering their interest rates if they meet pre-set sustainability performance targets. Our Singapore SMEs get cheaper access to loans of up to $20 million to go green, under the OCBC SME Sustainable Finance Framework we launched in 2020.

We support our customers in developing clean energy projects in the region, such as by financing Dogger Bank Wind Farm in the UK, which will be the world's largest offshore wind farm when completed in 2025.

What we decline to do can be as symbolic – but as important – as our actions. In 2019, we were the first Singapore bank to say no to financing new coal-fired power plants. We have an Exclusion List which states the activities we will not finance and sector-specific policies spelling out our expectations of customers in sectors with elevated ESG risk, to encourage them to meet international standards.

We are working not just with businesses to tackle carbon emissions, but the common man too. In 2020, we rolled out consumer loans for residential solar panel installations to encourage customers to choose a more sustainable way to power their homes.

Our commitment and aspiration to be Asia's leading bank for responsible and sustainable finance have become stronger year by year. We will continue to see how we can reduce our carbon emissions ourselves and put in place incentives and programmes to encourage our customers and the community to become more environmentally aware and friendly. We want to get all our stakeholders – customers, clients. staff and investors – on board.

OCBC has been resilient amidst the pandemic. What is the winning formula?

The pandemic has put the resiliency of our business and business model to the test. Although the storm is not over, the crisis has strongly demonstrated and is testimony of the value of OCBC's business model of diversification: in banking, wealth management and insurance, and our balanced network footprint in North and Southeast Asia. Emerging from the pandemic crisis, our customers are supported, our franchise protected, our capital increased, our balance sheet strengthened, and our portfolio remained resilient. These strong fundamentals will enable us to continue to preserve our earnings base and allow us to quickly seize opportunities when the market turns.

Underlying these fundamentals is all about our people and our core values.

We have always maintained that we must be prudent in our business because of the trust our depositors, customers, shareholders and partners have placed in us. We will not partake in excessive risk-taking, believing in generating sustainable value for our customers, investors and staff.

As we have always taken the long-term view, created long-lasting value and taken responsibility for what we do, OCBC's journey of growth and transformation is powered by our devotion to integrity and honesty. The landscape might shift but what will never change are our core values.

These values, in short, are OCBC's guiding lights, our reference points in turbulent times as well as in times of calm. In a crisis like the Covid-19 pandemic, every decision we make is illuminated by them and practised by our staff. We will continue to *Do Well* and *Do Good* for all our stakeholders, the community and the wellbeing of the financial system.

Senior Minister Tharman Shanmugaratnam visited OCBC Centre to learn about the Bank's reskilling and upskilling efforts to future-proof all its 30,000 employees. During a fireside chat with Group CEO Samuel Tsien (left), SM urged both employers and employees to embrace changes in the jobs market. Sam shared about the Bank's Future Smart and Workforce Transformation Initiative which was launched in 2018 to identify roles that had high transformational potential and to equip its employees with the new skills needed to perform these roles in the future.

Up Close with Darren

Running a business is like running a marathon, we must have enough stamina to last a race. Having strong capital is akin to having strong lungs (to last a marathon). This strong capital would similarly enable us to capture growth opportunities whenever they arise.

Darren Tan
Chief Financial Officer

The Covid-19 pandemic has been an unprecedented crisis. How has it been different from past financial crises?

More global in nature: In 2008's Global Financial Crisis, the genesis of the financial crisis was the excessive leverage in the financial markets, caused by the bursting of sub-prime lending in the United States. In 1998, the Asian Financial Crisis was a similar excessive leverage in Asia, triggered by the devaluation of Thai baht. In 2020's Covid-19 crisis, which was first detected through a cluster of severe pneumonia cases in Wuhan, China, it quickly evolved into a global pandemic, whereby the world was paralysed by closures and restrictions. No country was spared.

Beyond financial: It was a global health crisis, and many sectors were affected, with potentially deeper, longer-term consequences to the social and economic order, and with more far-reaching implications as compared to similar disease outbreaks such as the Severe Acute Respiratory Syndrome (SARS) in 2003 and the Middle East Respiratory Syndrome (MERS) in 2012.

Regressive in economic impact: The Covid-19 pandemic was regressive in its economic impact. In the Global Financial Crisis, although all social classes were affected, the more established levels of the society were affected more comparatively. However, in the Covid-19 crisis, the less established levels of the society were more affected – whether they were individuals or the small businesses.

The silver lining to this gloomy situation was that we were better prepared, as compared to the past. Central banks had been quick to roll out emergency measures, including lower interest rates, significant bond-buying programmes, and other quantitative easing measures. At the same time, governments around the world had been quick to enact large-scale rescue packages and lockdowns to ensure the survival of their economies and their citizens. Although there was no escape to the economic decline brought about by this pandemic, banks were generally better equipped to withstand the crisis given the higher capital and liquidity levels maintained. In fact, with stronger balance sheets, some banks could take on a "saviour" role in 2020 rather than the "villain" one in 2008, with moratoriums and bridging loans offered to the affected customers.

How do you expect 2021 to play out?

While it will take a long while for global confidence and economies to fully recover from the outbreak, we are cautiously optimistic on 2021 being a broadly better year on the back of vaccination rollouts, gradual resumption of economic and social activities and continued stimulus measures.

The speed and quantum of the liquidity being unleashed into the market, in the forms of the various relief measures and support packages, had been unprecedented. Consequently, we witnessed the short and sharp rebound in the financial markets. However, the true impact of the crisis could be masked by the various relief measures and we will monitor the situation closely with the expiration of these support packages.

The real economy is teetering but the financial markets are taking off with a life of its own and there is a clear dichotomy between the two. This bifurcation is a tricky situation that policymakers need to manage. In addition, the recovery curve is likely to be uneven across different countries and industries. Those which are severely impacted will be slower to recover and policymakers will have to continue to support them.

This means a continued low Interest rate environment and calculated, rather than 'bazooka-style' fiscal spending. Therefore, the risk of miscalculation and policy errors remain. Consequently, we have to stay on guard.

What will 2021 be like for OCBC?

Under an uncertain and low interest rate environment, our top line will continue to be challenging. Loan growth would likely be muted and, coupled with low interest rates, this would likely affect our net interest income. Therefore, we will continue to optimise our funding base, and hence cost, to protect our margins. Volatility in the financial markets could offer opportunities in our fee-related income.

Overall, it will get more difficult to make the same amount of profit with the same dollar of capital. Therefore, we have to become even more efficient in how we allocate our limited capital, be they financial, technological or human.

How is OCBC going to continue to thrive in such an uncertain climate?

We have always believed in having a "solid as a rock" foundation and balance sheet. These will continue to be the bedrock of how we conduct our business. Our diversified portfolio of businesses – banking, wealth management and insurance – have enabled us to weather the Covid-19 crisis well. Our diversified geographical presence may not have helped us as much in this crisis, given the global nature of the crisis. However, the longer-term growth potential of Southeast Asia and Greater China remains, and our presences therein will enable us to capture any opportunities arising.

How does OCBC continue to create value for its shareholders in a crisis?

Running a business is like running a marathon, we must have enough stamina to last a race that, hopefully, doesn't finish. Episodic crises are bound to surface, and we must have the wherewithal to survive the crisis. This in turn would mean having strong capital, which is akin to having strong lungs (to last a marathon). This strong capital would similarly enable us to capture growth opportunities whenever they arise.

Group CEO Samuel Tsien (left) and CFO Darren Tan at the quarterly results briefings for analysts and media. The results briefings were conducted virtually in 2020 due to the Covid-19 pandemic.

Investor Community Engagement

Coverage by over **20 research analysts**

Held close to **500 meetings and conference calls** with investors, rating agencies and analysts amidst the Covid-19 pandemic

Provided investors **voluntary updates for first and third quarter results,** following removal of mandatory quarterly reporting for SGX listed companies

Annual General Meeting in April 2020 with all **resolutions passed** with average approval rate of **98%**

Recognition in 2020

Best Investor Relations Company
Top 2 – Singapore, Asia's Best Companies 2020
awarded by FinanceAsia

Delivering Resilient Performance

Net Profit	NAV Per Share	5-Year Share Price
down from S$4.87 billion in 2019	up 4% from S$10.38 in 2019	
S$3.59 billion	**S$10.82**	**+14%**

Dividend Per Share [1]	Common Equity Tier 1 Capital Adequacy Ratio	5-Year Total Shareholder Returns
capped at 60% of 2019's 53 cents	up from 14.9% in 2019	
31.8 cents	**15.2%**	**+39%**

(1) *Given the uncertain economic climate, the Monetary Authority of Singapore has called on all locally-incorporated banks headquartered in Singapore to cap the total dividend per share for 2020 at 60 per cent of the prior year's dividend, and to offer shareholders the scrip dividend option.*

Financial Highlights

Group Five-Year Summary

	2020	2019	2018	2017 [1]	2016
Selected Income Statement Items (S$ million)					
Total income	**10,139**	10,871	9,701	9,528	8,489
Operating expenses	**4,439**	4,644	4,214	4,043	3,788
Operating profit before allowances and amortisation	**5,700**	6,227	5,487	5,485	4,701
Amortisation of intangible assets	**104**	103	102	104	96
Allowances for loans and other assets	**2,043**	890	288	671	726
Profit before income tax	**4,165**	5,800	5,552	5,099	4,275
Net profit attributable to equity holders of the Bank	**3,586**	4,869	4,492	4,045	3,473
Cash basis net profit attributable to equity holders of the Bank [2]	**3,690**	4,972	4,594	4,149	3,569
Selected Balance Sheet Items (S$ million)					
Non-bank customer loans (net of allowances) [3]	**263,538**	262,348	255,502	234,668	217,295
Non-bank customer deposits	**314,907**	302,851	295,412	283,642	261,486
Total assets	**521,395**	491,691	467,543	452,693	409,884
Assets excluding life insurance fund investment securities and other assets	**424,327**	404,353	390,676	378,766	347,911
Total liabilities	**470,219**	443,088	424,151	410,900	370,242
Ordinary shareholders' equity	**48,422**	45,662	40,637	37,528	35,507
Equity attributable to equity holders of the Bank	**49,622**	47,162	42,137	39,028	37,007
Per Ordinary Share (S$)					
Basic earnings	**0.80**	1.12	1.06	0.95	0.82
Dividend (cents)	**31.8**	53.0	43.0	37.0	36.0
Net asset value	**10.82**	10.38	9.56	8.96	8.49
Ratios (%)					
Return on ordinary shareholders' equity	**7.6**	11.2	11.5	11.0	10.0
Return on assets [4]	**0.85**	1.23	1.17	1.11	1.03
Dividend cover (times)	**2.50**	2.08	2.46	2.57	2.27
Cost-to-income	**43.8**	42.7	43.4	42.4	44.6
Capital adequacy ratios [5]					
Common Equity Tier 1	**15.2**	14.9	14.0	13.9	14.7
Tier 1	**15.8**	15.6	14.8	14.9	15.1
Total	**17.9**	16.8	16.4	17.2	17.1

(1) 2017 figures were restated with the adoption of Singapore Financial Reporting Standards (International).
(2) Excluding amortisation of intangible assets.
(3) Comparatives have been reclassified to conform with current year's presentation.
(4) The computation of return on assets excludes life insurance fund investment securities and other assets.
(5) The Group's capital adequacy ratios for 2020, 2019 and 2018 were computed based on MAS' fully phased-in Basel III rules. Prior to 2018, the Group's capital adequacy ratios were computed based on MAS' transitional Basel III rules.

Creating Investor Value

Five-Year Share Performance

OCBC Share Price (S$)

Source: Bloomberg

	2016	2017	2018	2019	2020
Share Price (S$)					
Highest	9.45	12.59	13.96	12.14	**11.20**
Lowest	7.45	8.98	10.40	10.51	**7.81**
Average	8.60	10.68	12.05	11.16	**9.38**
Last Done	8.92	12.39	11.26	10.98	**10.06**
Market Capitalisation (S$b) (based on last done price)	37.3	51.9	47.9	48.3	**45.0**
Ratios [1]					
Price-to-earnings ratio [2]	10.46	11.24	11.37	9.96	**11.72**
Price-to-earnings ratio (based on core earnings) [2]	10.46	11.24	11.37	9.79	**11.72**
Price-to-NAV (number of times) [2]	1.01	1.19	1.26	1.08	**0.87**
Dividend yield (%)	4.19	3.46	3.57	4.75	**3.39**

(1) Price ratios and dividend yield are based on average share prices.
(2) 2017 figures were restated with the adoption of Singapore Financial Reporting Standards (International).

Strong Credit Ratings

Aa1	**AA-**	**AA-**
Moody's	Fitch	S&P

Up Close with Vincent

Navigating through uncertainties and overcoming challenges with prudent risk management, resilience and agility while continuing our unrelentless focus on delivering Lasting Value to our shareholders, customers, employees and the communities.

Vincent Choo
Group Chief Risk Officer

How did the Bank manage its credit portfolio through the turbulence sparked by the Covid-19 pandemic? What is your take for 2021?

2020 was an unusual and difficult year. The Covid-19 pandemic was both a humanitarian crisis, as well as a major economic shock to the global economy as major urban areas went into lockdown, affecting both global demand and supply. Governments and banks worked closely to manage the uncertain macroeconomic conditions, complicated by persistent geopolitical tensions.

To safeguard our portfolio asset quality, we took a more defensive risk posture and tightened credit lending criteria. We conducted repeated portfolio reviews and scenario analyses on potentially affected segments as events unfolded. For the vulnerable segments, there were active engagement with affected borrowers for early actions and close monitoring. We supported our borrowers by working closely with government agencies across all our markets to extend relief measures expeditiously to help them manage the impact of business disruptions and tide over this difficult period. As we turned the corner, we proactively facilitated a smooth transition out of any debt moratorium, and there has been no visible cliff effect in terms of abnormal delinquency noticed thus far.

Going into 2021, we expect to see some growth recovery as economic activities resume and the 'Covid Curve' comes under better control with experience and the availability of vaccines. Nevertheless, the lead time for mass distribution and administration of the vaccine and potential for further mutation of the virus may lead to a resurgence of cases, with countries entering a pattern of easing and tightening of Covid control measures. With the effects of the Covid-19 still unfolding, the road to recovery to pre-Covid levels of economic activity will not be smooth and the pace of recovery will likely remain uneven across regions and sectors. Other event risks seen in 2020 are also likely to persist in the new year as well. We will continue to stay vigilant and manage the risks on our portfolio with prudence and for sustainability.

Overall, our portfolio has remained resilient. With our strong capital, liquidity and balance sheet position, we are well-positioned to protect our franchise during this crisis and be prepared for growth when the market turns.

Read more about our Covid-19 relief measures on pg 21.

Covid-19 pandemic started off as a health and safety risk but rapidly transformed into a multitude of other operational risks. How did the Bank manage these risks?

The pandemic has exacerbated and reshaped the risks posed to our operational resilience arising from the major shift in the Bank's operating model, such as increased digital banking and large-scale working arrangements. We set up the cross-entity Group Pandemic Taskforce at the onset of the crisis to support the Group Crisis Management Team led by our Group CEO and comprising senior members of the Bank. The taskforce was instrumental in the planning and execution of various response actions in a swift and coordinated manner to protect our people and business in the rapidly developing outbreak. We focused on providing a safe and secure environment for our employees and customers, responded quickly to the operational vulnerabilities in our processes and disruptions to our supply chain and safeguarded the stability of the Bank's critical operations to support and serve our customers. We were named the Best Managed Bank during Covid-19 in Singapore by The Asian Banker Leadership Achievement Awards, a testament to our robust approach towards crisis management which is underpinned by strong governance within the Bank.

Read more about how we supported our employees and customers on pg 18 – 21.

A weakened economy, accelerated pace of digitalisation and an unprecedented number of employees adopting remote working arrangements could expose the Bank to increased risk of fraud, data loss and cyber-attacks – risks which we have been proactively managing even before the pandemic. To better manage fraud risk, we expanded the monitoring scope and capabilities of anti-fraud measures, revamped our fraud education programme to strengthen our staff's fraud awareness and extended our whistle-blowing programme to the general public. We have also developed machine learning capabilities for our fraud surveillance system.

We continued to enhance our prevention, detection and response capabilities to strengthen our cyber resilience through continuous staff vigilance and close monitoring of cyber threats. We also developed guidelines to promote the safe adoption of emerging technologies such as Artificial Intelligence (AI), Robotics Process Automation (RPA) and Cloud Computing to prevent unintended data loss or cyber-attacks as a result of unaddressed vulnerabilities in the adoption of the new technologies and digital capabilities.

To emerge stronger from this pandemic, we will need to anticipate emerging risks and overcome challenges as the Bank gradually resumes on-site operations to support the increasing economic activities. There will be a strategic shift to enhance operational resilience through the adoption of permanent remote working arrangements to augment existing business continuity strategies. We will continue to put in place mitigating initiatives to address the health and safety, fraud, cyber, digitalisation transformation risks in the "New Normal".

Read more about Combating Financial Crimes and Cyber Threats on pg 80 in our Sustainability Report.

Sustainability remains at the forefront for the Bank. What are the new milestones achieved in 2020?

We continued to strengthen our Responsible Financing policies and procedures in response to changes in the high-risk sectors and the external environment. This includes the prohibition of new financing to thermal coal mines on top of the existing prohibition on coal-fired power plants financing.

We reached another milestone this year by becoming a signatory to the Equator Principles (EP). We have since integrated its application into our internal Environmental, Social and Governance (ESG) risk assessment process to ensure that project-related financing is developed in a socially responsible manner and reflect sound environmental management practices.

We expanded ESG considerations beyond our credit or loan activities with the development of a new Responsible Investing Policy to integrate ESG considerations into the Bank's investment activities.

Following our sign-up to the Task Force on Climate-related Financial Disclosures (TCFD) in 2019, we started a pilot project to implement the recommendations set out by the TCFD. This includes performing climate change scenario analysis on our credit portfolio to understand potential impacts and opportunities. Our TCFD report will be released in the first half of 2021.

Sustainability will remain as our key focus area especially with the growing climate change crisis. We will embed climate-related factors into clients' ESG risk assessment processes and work on implementing the next phase of the TCFD recommendations.

Read more about Responsible Financing on pg 70 – 71, Sustainable Financing on pg 72 – 73 and Sustainability-Themed Products & Investing on pg 74 – 75, in our Sustainability Report.

Awards

Enterprise Risk Technology Implementation of the Year
awarded by The Asian Banker

The OCBC team was awarded the "Enterprise Risk Technology Implementation of the Year" at The Asian Banker Risk Management Virtual Awards 2020 for their on-going effort to better leverage on technology and data to enhance the Bank's risk management practices.

Caring for Our Community and the Environment

Giving back to the community is an integral part of our corporate culture, to help shape a more sustainable society. Through our #OCBCCares Programme, we offer strategic support where it is most needed and do our part to tackle the climate crisis.

Total Donations

$2.9 million

We funded sustainable projects that address critical unmet needs in the community, and to support expanded efforts to protect the environment.

Volunteering

38,392 hours

13,394 staff volunteers

1,056 leaders

Despite this being a challenging year, our staff rallied to support healthcare workers, needy families, migrant workers, people with special needs, vulnerable seniors, children and youths to sustainably improve lives.

Impacting lives

224,937 individuals

405 initiatives

Our financial and volunteer support helped bring a difference to 224,937 individuals, an increase of 62 per cent over 2019.

Strategic Initiatives

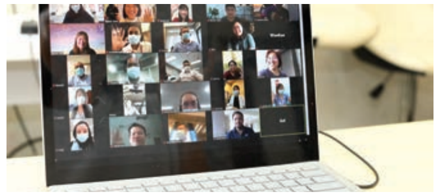
We donated $300,000 to help Food from the Heart (FFTH) set up Singapore's first community shop, enabling close to 500 low-income families to choose the food items they require. Besides reducing duplication and mismatch of food donations, this gives the families the dignity of choice.

OCBC Bank and staff donated $1.225 million to support 1,000 needy families and 55,800 migrant workers affected by the coronavirus outbreak. Each family received $800 in supermarket vouchers to tide them over as many of their breadwinners were daily-rated workers who had lost jobs. To help make the period of isolation more bearable for affected migrant workers, we provided them with key essential provisions as well as protective and cleaning supplies.

Addressing Gaps in Society

When face-to-face volunteering was discontinued due to the pandemic, our volunteers quickly pivoted to virtual volunteering to continue to support the people we help.

Singapore



Staff volunteers conducted workshops for close to 150 needy families and shared tips on how to manage finances, to meet their household needs.

Leveraging technology, we were able to reach out to more than 10,000 children to promote good hand-washing habits.

Our volunteers partnered Gardens by the Bay to conduct a live- stream tour of the Flower Dome for seniors – without requiring them to step out of their homes.

Malaysia

Staff volunteers baked 840 mooncakes for sale and raised RM7,090 to purchase furnishings and appliances for 60 persons with special needs and recovering addicts.

We partnered the Rotary Club in Kota Kinabalu and contributed funds to purchase essential supplies for close to 1,000 needy families living across seven villages in Sabah.

China

During the lockdown period, our volunteers raised RMB 3,700 to purchase data cards to support home-based learning for 105 students from Zhaihe Middle School. We also conducted online classes for the students, to raise awareness of cyber security and online scams.

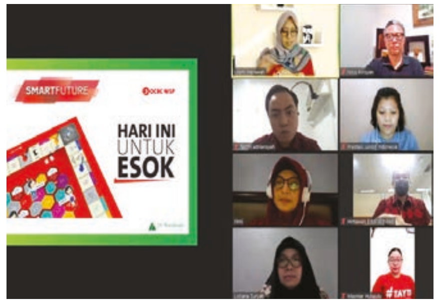
Staff volunteers helped cut, sew and pack more than 3,200 pieces of medical protective clothing within two days for medical staff in Hubei.

Hong Kong and Macau

Staff volunteers conducted a virtual towel workout session for 50 persons with disabilities, to help provide relief for tense limbs and joints.

Our volunteers helped lay out the braille and tactile images for 100 picture books for the visually-impaired. The published books were then donated to charity organisations across Hong Kong.

Indonesia



As a result of movement restrictions due to the pandemic, staff volunteers conducted financial literacy workshops through a series of webinars and virtual sessions and were able to reach out to more than 13,400 individuals.

We distributed more than 13,000 packs of food staples to vulnerable families and provided 1,300 sets of protective supplies to healthcare workers in Indonesia.

Supporting Environmental Sustainability

We partnered government bodies, advocates, citizen groups, customers and our employees to support climate action.

Singapore

Continuing our climate action focus on reducing carbon emissions, we introduced a communications campaign featuring our support for companies that embark on renewable energy projects.

Our #OCBCCares Environment Fund supported five ground-up projects amounting to $100,900. These included a community composting project and an initiative to develop dehydrated detergents.

Our red packets carried messages to support the use of renewable energy options whenever possible. With our customers' support, we were able to collect more than 4,000 kg of used red packets for recycling. The pulp can be used to make 4,400 rolls of toilet paper.

Malaysia

To support wildlife conservation, we contributed RM40,000 over two years towards the care and maintenance of the Malaysian tapir – classified by the International Union for the Conservation of Nature (IUCN) as an endangered species – residing at the Zoo Negara Malaysia.

China

Close to 700 of our employees chose to walk instead of relying on carbon-emitting transport – clocking 146 million steps over 21 days. This is equivalent to walking three times around the globe.

In recognition of their efforts, we planted 30 trees in the Dongtan Wetland Park in Shanghai.

Hong Kong and Macau

Our volunteers participated in a park restoration project at the Tai Lam Chung Reservoir Park, Shek O Cape D'Aguilar and Shing Mun Reservoir Park and helped collect 156kg of trash over three days.

Indonesia

Through responsible waste sorting, staff in Jakarta converted organic waste into more than 2,300kg of compost and animal fodder. These were distributed to nearby farming districts.

OCBC Cycle Virtual Ride: Pedalling together through the pandemic

Source: The Straits Times © Singapore Press Holdings Limited.

Being able to continue to engage the community and create the opportunity for people to have fun and exercise has always been key objectives of OCBC Cycle Singapore. Although the physical ride was cancelled in 2020, the event was able to deliver on this during a challenging time.

The 12th edition of the event was originally scheduled for 9 and 10 May 2020 but was initially postponed due to the Covid-19 pandemic. By July, it became clear that a mass-scale physical event would not be likely in months to come.

The long-running cycling fiesta switched tack and became the nation's largest virtual cycling event – OCBC Cycle Virtual Ride, which took place from 1 to 15 November 2020.

The new "virtual" format for the long-running cycling fiesta proved a hit, with all slots taken up a full month before registration closed. 70 per cent of the 4,700 participants being new to the event. With most activities cancelled or conducted from home because of the pandemic, many were families with young children keen on trying out new experiences to keep them entertained and engaged.

Cyclists cited the convenience and flexibility of completing the event with family and friends over multiple rides – indoors or outdoors on their preferred routes – as the main draw. Altogether, they pedalled close to 160,000km, equivalent to cycling from the east to west of Singapore more than 3,100 times.

Mr Dennis Tan, who signed up for the Virtual Ride with his 7-year-old son, said: "This was the first time that I took part in OCBC Cycle with my son. My wife and I are constantly on the lookout for new activities that we can take part in with our son. OCBC Cycle Virtual Ride stood out for us as it was easy to join and we did not have to travel to any specified place."

In another first for OCBC Cycle, senior leaders from the bank formed 22 fund-raising cycling teams in the new CEO Charity Challenge. The teams raised a total of $120,000. A further $40,000 was donated by Group CEO Samuel Tsien. The full amount was donated to nine selected charity partners.

This was the first time that I took part in OCBC Cycle with my son. My wife and I are constantly on the lookout for new activities that we can take part in with our son. OCBC Cycle Virtual Ride stood out for us as it was easy to join and we did not have to travel to any specified place.

– Mr Dennis Tan who took part in OCBC Cycle 2020 Virtual Ride with his son.

OCBC Cycle Virtual Ride in Numbers

4,700 cyclists

70% were new participants (2019: 40%)

Youngest participant: **2** years of age

Close to 160,000km cycled

More than **$160,000** raised for charity

Up Close with Wei Hong

Open Banking and integrating it with the entire financial planning journey online have made comprehensive financial planning even more accessible to a much wider audience. By 'democratising' wealth, we enhance financial inclusiveness, a very important role banks play today.

Ching Wei Hong
Deputy President and Head of Global Wealth Management and Consumer Banking

Covid-19 was a big disruptor in 2020. Were there any silver linings to the crisis?

We have been nudging our customers to go digital over the last few years with the launch of many digital firsts in the market that meet their needs – Digital instant account opening in 2018, cash withdrawals at ATMs using mobile phones and QR Codes in 2019, and instant online approval for home and car loan applications in 2020.

The take-up rate of our digital offerings has been encouraging – At the end of 2020, 56 per cent of our customer base were active users of digital banking compared to 39 per cent in 2015. The average growth rate in active digital users over the past three years was significantly surpassed by the growth rate in 2020. Last year alone, we had more than 200,000 'digital debutantes' – first-time users of our digital offerings, growing our active digital customer base by 10 per cent.

Digital payments and wealth services are the top two activities. In 2020, there were significant increases in the use of digital payments and wealth sales through our digital channels. The transaction volume of digital payments on OCBC Pay Anyone in Singapore doubled while our digital wealth sales grew by 2.5 times.

At the same time, in order to continue to meet the needs of our customers even during the pandemic, we accelerated the roll-out of our region's first instant online approval and acceptance for secured lending products – Home, Car, Renovation which helped to maintain home loans approval rate at the pre-pandemic level.

This is possible because of our years of sustained and committed investments into our digital capabilities as well as the transformation of the way we work. The infrastructure we have built up over the years provided the groundwork for quickly innovating to meet customer needs in a crisis. Our teams have also been working together in the agile way and such nimbleness, adaptability and collaboration are now very much embedded in our culture.

You closed half of your branches during the Circuit Breaker period in Singapore. Are bank branches still relevant in today's digital age?

Banking must never lose the human touch. This is because banking is not just about transactions. It is about building relationships and trust that last.

While most of the usual branch banking transactions can be performed on our Smart ATMs or on our mobile banking app, customers still want the face-to-face experience with bankers for more complex and deeper financial advisory conversations, especially in the area of wealth management.

The 'next generation' branch, which we are in the process of redesigning, will move away from the traditional model of just providing over-the-counter services. I envisage branches to be first, fully integrated with digital platforms to provide a seamless customer experience as customer move from our mobile app to our branch to holistically meet all their banking needs. Second, branches are where our customers come to have that deeper conversation with wealth advisors about their portfolio. With fewer customers needing to perform traditional branch banking transactions, our branch staff are upskilled to take on more high-value roles such as wealth advisory and financial planning.

Since 2018, we have transformed bank teller roles to digital ambassadors at the branches. These branches will therefore also be where our customers are introduced to new digital offerings, try them out, and then start using them actively.

These 'next generation' branches will continue to be located where our customers live and work. This is important. Financial planning and retirement planning are not top of minds of Singaporeans. The OCBC 2020 Financial Wellness Index found that 3 in 4 Singaporeans are not on track with meeting their retirement plans. That is why, we want to make it really convenient to be able to walk into an OCBC branch after your Sunday brunch or grocery shopping or during your lunch hour, sit down with a trusted wealth advisor in a comfortable setting, and start planning for your life goals.

Bank branches, when designed well to deliver the best customer experience, are still relevant as strategic assets in a world of digital banking.

Our customers were the first in Singapore to be able to use Google Pay's peer-to-peer funds transfer service.

How are you tackling the challenges posed by the four new digital banks in Singapore?

We face intense competition every day, whether they are incumbent banks or new fintech challengers.

The difference between digital banks and the incumbent banks is just the word 'digital'. In practice, digital is not new to incumbent banks.

We have invested heavily in technology over the years, with our overall tech spend for the group accounting for more than 12 per cent of our total costs. Without such commitment, we would not have been able to roll out many digital firsts over the years.

Clearly, technology alone will not be a key differentiating factor. Customers' financial needs are wide-ranging. And some are becoming more complex. So, we always start with our customers in mind, asking ourselves how we can better serve them. We make all aspects of banking simple, seamless, and most importantly, of value to our customers. Customers do not just want to interact with banks via digital-only channels. It is about availing the channels, whether digital or in person or by phone, to the customer as and when and how the customer would want it, delivered with a seamless transition.

This is why The Digital Banker recognised us as the Best Retail Bank in Singapore in 2020. Many of our digital innovations have also won industry awards for the value they bring to customers.

In order to perform holistic proper financial advisory and retirement planning, digital offerings alone are often not enough. This is where our wealth experts and financial advisers add value with their deep knowledge and expertise.

When markets are topsy turvy, customers would also want to be able to talk to someone face-to-face who can give them the right advice on what actions to take.

Delivering Greater Customer Value through Digitalisation

94% of all financial transactions are performed digitally

1.7x more customer accounts opened digitally

3.2x YoY increase in value of PayNow transactions

$3 billion in instant digital secured loans disbursed

Making investments fuss-free

63% of all investment transactions were done on digital channels

30% of customers who invested digitally are first-time investors

Awards

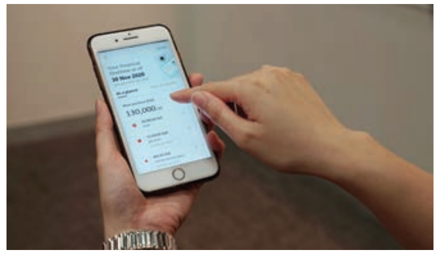
Best Retail Bank, Singapore
awarded by The Digital Banker

SG Mark Special Mention for Digital Solutions
awarded by the Singapore Good Design 2020 Award

SG Mark (Gold Award) by the Singapore Good Design 2020
awarded by the Singapore Good Design 2020 Award

Best Private Bank – Fund advisory
awarded by Asian Private Banker to BOS

Best Private Banking Services Overall (Philippines), High Net Worth Clients (Indonesia and Singapore), Super Affluent Clients (UAE)
awarded by Euromoney Private Banking and Wealth Management Awards 2020 to BOS



Your Financial OneView on the OCBC mobile banking app allows customers to get a consolidated view of their finances across different banks.

Singapore just introduced Open Banking. Do you see Open Banking as an opportunity or as a threat to your business?

Open Banking will reshape the Consumer Banking business and it opens opportunities for greater customer value. However, it is only so if we can leverage the data to integrate it well with the entire financial and retirement planning journey. Not only has OCBC done that with OCBC Life Goals, we went a step further by identifying the gaps in customers' investment portfolios and suggesting how they can enhance it. This is where we really value add to the customer.

Because of that, within the first month of the launch of open banking in Singapore, we saw more customers pulling their financial data into OCBC's Your Financial OneView platform than those who pulled data to their other banks. Many of these customers are young and affluent digital natives who are interested in growing their wealth. What was also encouraging was that of the customers who pulled their financial data into OCBC, 1 in 6 of them already started financial planning within that first month.

Open Banking and integrating it with the entire financial planning journey online have made comprehensive financial planning even more accessible to a much wider audience. By 'democratising' wealth, we enhance financial inclusiveness, a very important role banks play today.

We had recognised the gap in 2016. Before 2016, financial planning was performed by the more well-heeled. It was practically non-existent for the broader market. We saw an opportunity to bring advisory to all our customer segments, which is why we launched OCBC Life Goals. Through OCBC Life Goals, we were also the first in Singapore in 2018 to institute an annual review process for our customers' financial life goals, effectively extending a full wealth conversations beyond high net worth individuals to our personal banking customers. We made financial planning accessible to all.

The financial planning process was also digitalised. Our customers could start a financial plan and take action to start investing right from our digital banking platforms or choose to continue the conversation with an advisor at our branches.

We also have a comprehensive array of money management tools for customers, like budgeting and setting financial goals. AI-supported nudges and tips are given on the app to save and manage money better.

Our digitally-active customers who engage with our digital financial planning tools monthly now number 200,000. We see more customers invested in 2020 than in 2019 – a jump of 22 per cent. And more than 80 per cent of our customers who completed the financial planning journey are on track with their financial plans.

We are seeing a positive shift among our customers to becoming more aware of the need for financial planning. Open Banking will raise that level of awareness and action even more.

How did the wealth management business perform in this volatile year?

Throughout this pandemic, our wealth management business has proven very resilient. It was a year of two halves – The activity in the wealth management business was impacted in the earlier part of the year, with the trough in March and April, when most of the markets which we operate in were in various degrees of lockdown.

However, investment activity picked up for the rest of the year and we ended the year with a 9 per cent growth compared to 2019. In fact, our wealth management income for 2020 surpassed pre-Covid-19 levels.

Bank of Singapore's asset under management (AUM) also grew 3 per cent to US$121 billion with continued growth of net new money from our core markets. BOS also delivered a strong double-digit growth in profits.

On the OCBC Bank side, our Premier and Premier Private Client offshore business performed very well, growing its asset under management (AUM) by 29 per cent and with a 19 per cent growth in client base.

While global economic recovery is still uncertain and will be uneven, we expect wealth in Asia to continue to rise. Through the strong offerings and platforms at Bank of Singapore, OCBC Premier Banking/Premier Private Client and our regional presence with our twin wealth centres in Singapore and Hong Kong, we are well-placed to seize the opportunities and capture offshore wealth flows.

Deputy President and Global Head of Wealth Management and Consumer Banking, Mr Ching Wei Hong (left), demonstrates to Senior Minister Tharman Shanmugaratnam how OCBC Bank's digital banking platforms have transformed banking for customers.

Industry recognition for our innovations

Instant Credit Card Approval
- Best Productivity, Efficiency and Automation at the Financial Technology Innovation Awards 2020 by The Asian Banker

Instant Car Loan Portal
- Best Lending Implementation at the Financial Technology Innovation Awards 2020 by The Asian Banker
- Automobile Lending Product of the Year by The Digital Banker
- Digital Lending Product of the Year by The Digital Banker

QR Code Cash Withdrawal
- ATM Security Innovation at the ATM Security Innovator Award by NCR Corporation

OCBC RoboInvest
- Excellence in Digital Wealth Management awarded by The Digital Banker

Personal Money Management on OCBC Mobile Banking App
- Excellence in Digital Innovation by The Digital Banker

HealthPass by OCBC
- Runner up for Fintech Awards (Financial Institution Category) awarded by the Monetary Authority of Singapore

With Covid-19 restrictions in place, how did you continue to engage high net-worth customers, including offshore customers?

The answer to this lies in our digital offerings and our significant investments over the years in our digital transformation have paid off.

Despite the internal lockdowns in most of our core markets, as well as global travel restrictions which continue till today, we continued to engage clients digitally, providing advice on how to manage their portfolio properly through turbulent and volatile times. In fact, during Singapore's Circuit Breaker period, our wealth management online sales tripled.

And even though we could not travel, we introduced a digital onboarding service for our Premier customers which allowed us to continue to grow our customer base. We also launched a Secured Chat facility to allow clients to give instructions to execute trades without the need for wet signatures.

We have invested significantly into building up our product and technology platforms. In 2020, we launched the Group Wealth Technology Platform for Bank of Singapore clients. The same system will be extended to OCBC Premier clients later this year. This is a common platform which brings together all our wealth capabilities across the Group – from advisory to wealth portfolio management covering investments such as equities and structured products.

This platform will move the needle in wealth management as it taps on the wealth management expertise and synergy across the breadth of all our OCBC entities for the benefit of our customers. This offering is a new account structure that supports multiple asset classes within a single account so that it is easier for them to track and manage. It allows customers to have real-time price discovery, automated pre-trade checks and straight-through processing.

What are your key priorities moving forward into 2021?

We will continue to grow our wealth management franchise and improve the synergies across the whole Group. We will capture the rising Asian wealth by strengthening our regional presence on the ground and digital offerings that add value and convenience to our customers.

Another key focus in 2021 is to leverage on data to gain better insights, expand our ecosystem to better serve our customers and continue to push for digital innovation.

With customers increasingly wanting the ease and convenience to procure as many services as possible on one platform to meet specialised needs, we will continue to build vertical ecosystems that will embed OCBC deeper into our customers' lives. In 2019, we rolled out STACK by OCBC, engaging retail e-commerce and then HealthPass by OCBC that provides access for users to book video consultations with more than 100 GPs and specialists. Watch this space. We will be enhancing this further in 2021.

To do all the above, we need talented individuals. Another key priority is to ensure that we attract the best talent, develop our employees to bring out the best in them, giving them various opportunitie and exposure, and inspiring them to do the best every day for our customers.

Despite global lock-downs and safe-distancing restrictions that have in place throughout most of 2020, OCBC Bank and its private banking arm, Bank of Singapore, continued to keep customers all around the world updated on evolving market conditions through regular webinars with members of our OCBC Wealth Panel.

Up Close with Helen

In OCBC's history, which spans close to 90 years, we have seen several crises and supported our customers through each one. This pandemic is no exception.

Helen Wong
Deputy President and Head of Global Wholesale Banking

How has OCBC helped businesses mitigate the impact of Covid-19?

The pandemic's impact has been far-reaching and no business has escaped unscathed. However, the damage suffered has varied from industry to industry. From the outset of the pandemic, therefore, we engaged a broad base of our customers – from SMEs to large corporates – to understand how exactly they had been affected.

Besides revenues taking a hit, our SME customers' costs increased. They had to very quickly digitalise business operations to survive and seek alternative suppliers as global supply chains were disrupted by border closures. Supporting our customers' cashflows was therefore a priority.

By leveraging government support measures, we managed to quickly extend temporary bridging loans and moratoriums. More than $2.7 billion in loans under the relief programmes and over 24,000 loan moratorium and trade extensions were extended to over 30,000 SME customers across our key markets. In the second half of 2020, we observed some early signs of green shoots in certain industries and businesses, with growing interest in new loans to support these opportunities.

With 'remote working' becoming the norm, applications for loans, account openings and other banking services were facilitated using digital channels. This shift to digital channels is a trend that predates Covid-19 and we had been investing strategically to meet it. We could thus engage and support our customers despite not being able to meet them face to face; we even achieved the digitalisation of signing and approval processes for large corporate customers with more complex structures. With flexible arrangements likely here to stay, we will accelerate our digitalisation journey. Flexible work arrangements also mean that traditional banking hours might not fully meet the needs of customers. In anticipation of this, we have extended our Singapore business banking contact centre's operating hours since October last year.

Just as we digitalised our banking operations and services to support businesses, we also helped many of them to digitalise their accounting, HR, marketing and other business functions during the pandemic. We have curated over 30 webinars to equip SMEs with the digital know-how needed to transform and thrive in the new economy. This holistic approach to engaging players in the segment has been our hallmark – and will further strengthen our presence in the SME ecosystem.

All these initiatives stem from our belief that banking relationships is about the long term. In OCBC's history, which spans close to 90 years, we have seen several crises and supported our customers through each one. This pandemic is no exception.

Singapore's first deep tech unicorn Nanofilm lists on SGX

With a market capitalisation of about $1.7 billion at IPO, and the international offering and Singapore public offer subscribed by 22.9 times and 30.6 times respectively, Nanofilm Technologies International's listing on the SGX Mainboard was one of the most successful in recent memory.

The company has come a long way. They opened their first bank account at OCBC Bank's Nanyang Technological University branch, and the bank has supported them as they scaled up their operations over the years. Today, Nanofilm Technologies International is a global nanotechnology leader in advanced materials and nanoproducts, distinguishing themselves with their focus on R&D, innovation, strong engineering and production capabilities.

OCBC Bank was joint issue manager, joint global coordinator and joint bookrunner and underwriter for the IPO.

Mr Linus Goh, Head, Global Commercial Banking, OCBC Bank celebrating Nanofilm Technologies International's IPO with its Founder and Executive Chairman, Dr Shi Xu.

Supporting businesses across our key markets through the pandemic

>$2.7b in loans under the relief programmes

>24,000 loan moratoriums and trade extensions

Leader in Sustainable Finance

$20b in sustainable finance commitments by end 2020

>30 green and sustainability-linked loans in 2020

>30 Green/Sustainability Advisor roles in 2020

SMEs going digital

1.6x more SME accounts opened digitally in Singapore (93% of accounts opened digitally)

55% of SME loans were applied for digitally in Singapore

78% of SME transactions in Singapore, and the region, are digital

3.6x digital versus manual transactions, with a 45% reduction in cheques

10x increase in digital payments initiated via APIs, due to the rapid adoption of online payments during Covid-19

OCBC announced a new sustainable finance target – $25 billion by 2025 – last year. How do you rate our progress towards this target?

Covid-19 has cast a brighter spotlight on issues related to our environment and society.

More companies, including many of our customers, are committing and contributing to sustainability. We have seen them stepping up to set ambitious sustainability goals; as a result, we see increasingly strong demand for sustainable finance.

Despite the pandemic, we achieved over $8 billion in new sustainable finance commitments in 2020, bringing our total sustainable finance commitments to $20 billion by the end of the year. A number of these were our customers' maiden sustainable finance transactions. We were involved in several green loan transactions that were industry firsts, partnering with businesses like Comfort DelGro, the Singapore Institute of Technology and M&G Real Estate Asia. In addition, in support of Axiata Group Berhad, we acted as Sustainability Structuring Advisor and led a syndicate of banks to conclude the first sustainability-linked Islamic financing undertaken in Malaysia and globally, worth US$800 million.

Lending aside, we assisted our customers' fund-raising efforts through green bonds, including helping Ascendas REIT raise $100 million through its first green bond issued under a newly established Green Finance Framework.

Overall, we have had a good run, surpassing our original $10 billion sustainable finance portfolio target in Q1 2020, two years ahead of schedule. But we recognised that there was more to be done.

Singapore SMEs, which are the backbone of the country's economy, were identified as a key customer segment that could benefit from more help in accelerating their sustainability plans. With the support of the Monetary Authority of Singapore's Green and Sustainability-Linked Loan Grant Scheme, we introduced the OCBC SME Sustainable Finance Framework. The framework was designed to simplify SMEs' access to sustainable financing for their businesses and projects, without the complexity and cost of establishing a customised framework. More of our SME customers are now inclined to seriously consider sustainable finance solutions. We are looking at extending this framework to SME customers in other markets – Malaysia, Indonesia and Hong Kong.

With the renewed commitment to sustainability by governments in the region, we expect sustainable finance to gather even more momentum. Coupled with more product innovation in this area, we will be able to reach our new sustainable finance target of $25 billion by 2025.

Last year, Singapore Institute of Technology (SIT) became the first educational institution in Southeast Asia to secure a green loan. It will be used to finance SIT's new campus in the heart of Punggol Digital District, which is slated to be Singapore's first truly 'smart' district and where digital technology is being harnessed to forge a sustainable town. OCBC Bank was the sole lender and green advisor for this transaction.

Global supply chains are undergoing a transformation. How is OCBC responding?

The Covid-19 outbreak has catalysed businesses' plans to reconfigure their supply chains, with resilience becoming an increasingly important consideration.

Many of them are moving towards a 'China Plus One' strategy for their manufacturing needs, which focuses on diversification beyond China with a shift towards ASEAN. For example, a business that has a manufacturing hub in China will look to add a second one in ASEAN as a 'plan B'.

Foreign direct investment into this region is expected to increase and intra-Asean trade flows are projected to soar, driven by the demands for manufacturing inputs and rising consumption. In addition, ASEAN became China's biggest trading partner in the first half of 2020.

Our twin hubs in Singapore and Hong Kong position OCBC well vis-à-vis our competitors. Based on our estimates, 90 per cent of ASEAN trade and capital flows pass through markets that we have a presence in.

These present huge opportunities for us given our strong presence in both Greater China and Southeast Asia. Our twin hubs in Singapore and Hong Kong position OCBC well vis-à-vis our competitors. Based on our estimates, 90 per cent of ASEAN trade and capital flows pass through markets that we have a presence in. We have been helping our customers expand their secondary facilities by providing loans or introducing them to local suppliers or partners. We are also sharpening our regional expansion strategy to better support our clients as they conduct more business in this part of the world. Deepening our transaction banking capabilities and strengthening our branch network will be central to this strategy.

There is also a lot more potential for us to develop in the area of digitalising supply chain financing. Trade digital platform partnerships is one area that we are working on, riding on the emerging adoption of technology by SMEs to automate and drive costs down.

Given recent trade tensions and the Covid-19 pandemic, do you still see vibrant growth opportunities in the Greater Bay Area?

Last year, China reaffirmed its commitment to developing the Greater Bay Area into an economic powerhouse with a slew of new guidelines to encourage more cross-border business activities between Hong Kong and Macau and mainland China, and to strengthen Hong Kong and Macau as financial hubs. The guidelines will optimise the allocation of financial resources, improving efficiency over time.

Given OCBC's presence in Hong Kong, Macau and the Guangdong region, and the southern part of Mainland China where Shanghai is our headquarters – as well as our wide geographical coverage of ASEAN where Singapore has been our home base for more than 80 years – we continue to see tremendous opportunities.

We believe the trade tensions and the Covid-19 pandemic could in fact deepen collaboration and quicken the pace of development as China focuses more on domestic consumption and its connectivity with Hong Kong and Macau, as well as with ASEAN.

Businesses in the Greater Bay Area could tap on domestic consumption, an important catalyst for growth, as the surrounding region becomes more integrated in the future. On its own, the region can function as an integrated supply chain.

Once physically integrated, the Greater Bay Area will be in a stronger position to achieve two other important goals: increasing the Chinese economy's value-adding capabilities and boosting internationalisation, both of which are important for China's next stage of economic development.

Post pandemic, the strengths of the individual cities – Hong Kong (as a global financial centre), Shenzhen (as China's Silicon Valley) and Guangzhou (known for its manufacturing industry and as a logistics hub) – will continue to play a key role in attracting international investments.

Our medium- and long-term outlook for the Greater Bay Area and indeed the larger Greater China region continue to be positive given the underlying growth drivers from China and the increased connectivity across Asia.

Awards

Best Derivatives House in Southeast Asia: Flow, Equity, Rates, Credit, FX & Commodities – Marquee Award,
awarded by Alpha Southeast Asia

ASEAN SME Bank of the Year 2011 – 2020
awarded by Asian Banking and Finance

Best Trade Finance Bank in Singapore 2019, 2020
awarded by The Asian Banker

Best subordinated perpetual bond & most innovative deal of the year for Ascendas REIT's SGD300 million Subordinated Green Perpetual Bond; Sole Lead Manager, Bookrunner and Green Finance Advisor: OCBC Bank
awarded by Alpha Southeast Asia

Up Close with Kenneth

We expect recovery to accelerate towards the second half of 2021 on the back of four factors including vaccine rollout, sustained monetary and fiscal support, healthy US household balance sheet as well as positive spill-over effect from the recovery of the Chinese economy.

Kenneth Lai
Head of Global Treasury

Covid-19 was a real dampener for the world. What were the bright sparks for you in 2020?

Despite uncertainties and difficult market conditions amidst the Covid-19 situation, Global Treasury successfully captured market opportunities while managing risks tightly. Total income grew 16 per cent YoY and net profit before tax registered a robust 20 per cent growth YoY. The outperformance was attributed largely to the resilience of our experienced team, which coped well with the challenges of split operations, showing courage in continuing to invest when the markets looked bleak in end March, proactive portfolio management, and our strong desire to support our valued customers.

While Covid-19 saw a huge change in working environments in 2020, both for us and our clients, a significant bright spark was Global Treasury reaping the full benefits of digital initiatives launched in previous years. Analytics-augmented customer dashboards empowered our sales staff to provide better customer service and engage our customers proactively. Webinars, each with its distinct theme, enabled us to reach out effectively to provide our corporate clients with market and product updates. We also launched our FX Online Platform on Velocity despite the pandemic. With this, our clients now have the flexibility to book FX rates on both Velocity and our corporate banking app at their own convenience. Leveraging on such technologies allow us to reach out to our clients more promptly and effectively, in spite of the various disruptions caused by Covid-19.

In addition, we are pleased that our clients continue to value our work and we were recognised with many industry awards including House of the Year. All these are made possible by the strong collaboration with our business partners within OCBC, our clients' acknowledgement of our expertise and each sales staff's dedication to the job.

Another bright spark for us, as well as for humanity, is the global awareness about climate change. Despite the sharp fall in oil prices, global awareness on climate change has increased significantly in 2020, which accelerated plans to phase out cheap fossil fuels to reduce carbon emissions. In Asia, China announced its plans to be carbon neutral by 2060, while both South Korea and Japan announced theirs for 2050. On a corporate level, companies such as Apple followed other tech giants in announcing its plans to achieve carbon neutrality across its business and manufacturing supply chain by 2030. Such declarations by major manufacturing hubs and top global companies demonstrate that sustainability is not just a buzz word, but will be a big trend over the next decades. With the road to a greener economy in motion, it will generate huge market opportunities for us. Such examples include supporting our clients' hedging needs for green loan financing for projects such as wind farms and green buildings under our newly launched sustainable finance framework.

Liquidity was not an issue during the pandemic, with markets flush with cash. How similar or different was this from previous financial crises?

Liquidity looked bleak in late March 2020, but was remedied by the Central Banks' responses to ensure ample liquidity, resulting in confidence returning swiftly. A major difference between the Covid-19 crisis and previous historical financial crises was its larger scope and extent of disruption. As a comparison, the 1997 Asian FX crisis and the 2003 SARS epidemic mostly affected the Asian region, while Covid-19 extends globally into Europe and America, which resulted in fiscal and monetary reaction on a scale never seen before.

Similarly, the Global Financial Crisis of 2008 mostly impacted the financial sector, whereas Covid-19 brought about a widespread liquidity crisis which transcended geographical boundaries, sectors and industries simultaneously. This generated a higher level of uncertainty, which required more time and effort from various authorities to re-establish confidence.

Another key difference between the Global Financial Crisis and Covid-19 is the behaviour of money supply. Back in 2008, despite aggressive easing from the Fed, the demand for money in the US was suppressed due to deleveraging of private sector after the property bubble burst. In 2020, money supply growth in the US hit 25 per cent at the end of December 2020 according to Fed records, its highest since World War II, as the private sector stayed away from deleveraging. With such extensive and successful efforts on monetary, fiscal and direct policies, it helped to create sharp improvements in the financial condition for 2020, and a positive turnaround in liquidity confidence. This is likely to limit the Fed's willingness to introduce additional monetary easing. In the longer run, the recent surge of money supply growth may also fuel concerns about the rising structural inflation. As such, we need to monitor the trajectory of inflation in the coming years carefully even though Fed chairman Jerome Powell said in his December FOMC meeting that it may take some time for inflation to catch up.

What is your outlook for 2021?

Looking into 2021, we see economies opening up, though growth is likely to remain volatile in the start of the year despite the vaccine optimism. Spending contraction may continue in the first quarter of the year for two reasons. First, lockdown is likely to be extended into early 2021 as cases escalate in the winter. Second, both household and government behaviour may change in the near term. Household spending may become more conservative, while urgency for government to provide additional fiscal support may also decline in anticipation of a return to normalcy soon.

However, we expect recovery to accelerate towards the second half of 2021 on the back of four factors including vaccine rollout, sustained monetary and fiscal support, healthy US household balance sheet as well as positive spill-over effect from the recovery of the Chinese economy. Additionally, we see faster adoption and implementation of digital initiatives and a broad rethink of what constitutes an office in 2021, leading to permanent changes in the way people work, learn, and live.

As the economies are opening, we are getting ourselves ready for the challenges by efficiently reaching out to our customers to help hedge their risks and enhance their yields on their assets. We continue to look for positive ways to support our valued client base across our core markets and global presence.

How would you approach the business for 2021?
Aligned with our forward-looking corporate culture, we are actively keeping up with the latest technology and analytics as business enablers through our digitalisation initiatives.

On market-facing perspective, we are taking a positive yet cautious stance as we expect changes in IBOR-related reforms and forward interest rates rising. We remain actively tactical on our portfolio management and learn to adjust to a longer low rate environment.

As the economies are opening, we are getting ourselves ready for the challenges by efficiently reaching out to our customers to help hedge their risks and enhance their yields on their assets. We continue to look for positive ways to support our valued client base across our core markets and global presence.

What are the targets you have set?

We target to continue the strong momentum and lead Global Treasury to achieve even greater heights, enhancing our product diversification strategy and active regionalisation drive. Global Treasury will also be developing a Collateral Transfer Pricing framework for the entire Group to meet the new regulatory requirement for Uncleared Margin Rule Initial Margin by September 2021.

In the area of technology and digitalisation, we are continuously working on various initiatives to enhance our market making capabilities, refining our sales channels to reach out to customers proactively, and optimising our assets and liabilities to derive the best results for the Bank's stakeholders.

Importantly, we are continuing to invest in our staff to equip them with the necessary tools and training to thrive in the challenging times ahead.

Awards

House of the Year, Singapore
awarded by Asia Risk

FX House of the Year, Singapore
awarded by FX Markets Asia Awards

FX House of the Year, Hong Kong
awarded by FX Markets Asia to OCBC Wing Hang Bank

Best Derivatives House in Southeast Asia: Flow, Equity, Rates, Credit, FX & Commodities
awarded by Alpha Southeast Asia

Best Corporate Treasury Sales & Structuring Team, Singapore
awarded by Alpha Southeast Asia

Best FX Bank for Corporates and Financial Institutions, Singapore
awarded by Alpha Southeast Asia

Best FX Bank for CCS, IRS, Forward & Options Hedging (Corporates, FIs and SMEs), Singapore
awarded by Alpha Southeast Asia

Our Head of Greater China Research, Tommy Xie, shares his insights with clients in an online webinar.

Up Close with Jason

Our culture, which encourages experimentation, being nimble and agile, and adopting growth mindset, served us well through the course of the pandemic.

Jason Ho
Head of Group Human Resources

How did the pandemic impact your HR priorities?

People have been and will always remain our top priority. Throughout the pandemic, we continued to invest in our people, build skills and competencies, develop leadership capabilities, deliver better employee experience, update technology and improve existing processes. This has been our approach before the pandemic and we will continue to do so even after the pandemic is over. What we did differently however, was the way we delivered on our priorities.

The pandemic disrupted businesses globally but that did not deter us from our commitment to investing in and taking care of our people. We continued to be highly resilient, focused and empathetic in the way we work. From enforcing Covid-19 workplace safety measures, ensuring continuity of learning and development of our people, embracing virtual recruitment, reimagining employee engagement, listening to our employees, to improving their experience with the organisation, we supported and stayed connected with our employees through the pandemic.

At the height of the pandemic, where businesses were closing and people were losing their jobs or suffering pay cuts, we assured our people that we would not retrench any employees.

We also adhered to our long-term commitment of developing our human capital, implementing the right mix of technology and HR processes with the aim of enabling a digital workforce that delivers value to our stakeholders. We were encouraged to see that the investments we had put in our people paid off. Our employees were agile, adapting quickly to changes in their workplace and continued to serve our customers amidst precautionary measures and restrictions being imposed globally to curb the spread of the virus.

Our employer brand values of being caring, progressive and delivering a difference were evident as we focused on adopting a more holistic view on employee well being.

In March 2020, we launched a Covid-19 Care Package for employees in Singapore. The care package included support for telehealth, primary care and access to private transportation to ensure that our people could access essential care while minimising potential exposure to infection. Similar care packages were made available to our employees in our core markets.

As the situation evolved, we expanded our support to cover new areas, such as providing support to our employees should they decide to take the vaccine when it's availed to them.

Read more about our Covid-19 Care Package on pg 19.

What was your HR strategy on people development given the unusual environment presented by the pandemic?

The pandemic did not stop us from preparing our people for the future by investing in their learning and development. However, we increasingly went virtual in encouraging employees to pick up new skills in order to develop a resilient and growth mindset.

We were gratified to see that our people picked up new skills that ensured our continued success into the future.
We did well during the pandemic because our people were prepared not just in terms of the hardware (tools and technology) but also the software (mindset and skills). Our culture, which encourages experimentation, being nimble and agile, and adopting growth mindset, served us well through the course of the pandemic.

In 2020, we saw a 66 per cent increase in the completion of virtual learning compared to the previous year. This demonstrated our employees' commitment to upskill themselves even during the pandemic. Virtual learning was made possible through Campus on Cloud, our cloud-based Learning Management System, which enabled us to switch to digital and virtual learning modes rapidly, converting 86 per cent of in-person programmes to virtual modes.

Our annual Future Smart Future Workforce learning festival also went virtual in 2020. This gave us greater reach and resulted in large-scale participation by our employees globally across the Bank over the six-month long festival.

We also launched an internal "Around the World" campaign where our learning teams from across the OCBC Group (e.g. New York, Hong Kong, China) took turns to host learning specials with topics given a uniquely local flavour across time zones to provide a multi-faceted, multi-cultural learning experience to our employees.

How can HR become mission-critical to business?

It is our role to help the business achieve financial success. To be mission-critical, HR must be an indispensable partner to the business units by providing value that helps them deliver their business and people goals. Adopting an experimental model, we constantly challenge the status quo by being adaptable and agile while delivering efficiently and effectively in line with business goals.

Besides empowering people leaders and enabling the right talent, it is crucial that we shape the right culture to provide the optimal employee experience and create opportunities for them to learn, grow and transform.

We harness the power of data and people insights in decision-making to help us optimise our efforts. For example, we ran two employee surveys to help uncover our employees' preferences towards flexible work models from which we gained valuable and actionable insights. We were able to understand our employees' readiness, and therefore, introduce the relevant supporting policies required. The future of work is already happening now and our flexible work policies take into consideration how our employees can best perform their roles efficiently, whether it is at the office or away from it.

By creating opportunities for continuous listening and encouraging open dialogues to obtain feedback from our stakeholders, we design and deliver unique solutions that really matter to the business and our employees.

Our HR data strategy supports this data and insights-based approach. We built purpose-led self-serve dashboards to enable our HR relationship managers and business leaders to make better and informed people decisions. By democratising data, we empower the business by providing the means to generate fresh insights which can be used to create new value and meaning in talent decisions.

Nurturing more than **30,000** employees globally

More than 24,000 employees worldwide completed digital and fintech learning programmes

More than 9,000 curated learning and development programmes completed by employees worldwide, of which 70% were virtual learning programmes

Average **4.52** days of learning for each employee

About **1 in 8** jobs filled internally

Launched **Covid-19 Care Package** to support our employees and their immediate family members

Launched **Covid-19 Vaccination Support Programme** to educate and empower our employees to make informed decision on whether to be vaccinated

Organised **MyWellness Fiesta 2020** virtually so that more than 25,000 of the Bank's employees globally were able to gain awareness and find ways to achieve their own wellness

Hired more than **3,500 people in Singapore** in 2020 to provide opportunities for fresh graduates and other job seekers amid the economic and employment uncertainty brought about by Covid-19

How do you prepare leaders to continue to thrive in the next normal?

Our philosophy is that everyone is a leader. It is therefore important for us to provide access to upskilling opportunities for all employees across the organisation.

It is often assumed that leaders cope well in all situations. However, they too, need support. With the changes in the way we work, leaders will need to adapt and up their game. To lead effectively, they will need to focus on sharpening their skills in empathetic leadership, building trust, managing multiple work arrangements and cultivating a culture of growth mindset.

In 2020, we introduced new learning modalities for leadership programmes to complement our existing suite of leadership programmes. In partnership with the National University of Singapore (NUS), we launched LEAD, a three-month programme to strengthen the leadership pipeline across the OCBC Group. This three-month core leadership programme was designed to build key competencies in our VPs. These competencies include leading courageously, adaptability, building talent, fostering collaboration and strategic thinking.

To empower our staff to lead and mentor others, we expanded MentorMe, a bank-wide mentoring initiative for early- to mid-career women, by helping them build intentional relationships with experienced mentors in an organic learning community within the Bank, to include our employees in OCBC Bank Malaysia.

Professor Kishore Mahbubani, renowned academic and former diplomat, shared his views on how Singapore can emerge as a new epicentre of globalisation in Asia, the future of Singapore's financial sector, and how to leverage on this new wave of globalisation and progress at a dialogue session over webcast with more than 150 employees across our global network. He also met with our senior management team earlier at a closed-door discussion. This session was a highlight of OCBC Bank's Future Smart Future Workforce Festival, that aims to provide our leaders with insights and perspectives into global issues affecting corporations and even countries.

2020 Annual Future Smart Future Workforce Learning Festival

6-month long virtual festival featuring keynote and panel sessions led by thought leaders and industry experts

3,300 employees globally participated in activities designed and curated to increase awareness to develop competency in the seven Future Smart Pillars - Digital Business Models and Ecosystems, Tech & Data, New Risks, Customer Centricity, Marketing & Communications, The Way We Work and Leadership in the Future World

Data Certification Pathway is first data analytics and digital programme to obtain **IBF accreditation**

OCBC Bank's Data Certification Pathway is first data analytics and digital programme to obtain industry accreditation

In 2020, our Data Certification Pathway became the first programme in the field of data analytics and digital which the Institute of Banking and Finance (IBF), the national accreditation body for financial industry in Singapore, has accredited. OCBC Bank employees who successfully complete the programme will be recognised as qualified data analysts. This accreditation – IBF Qualified (Level 1) in Digital and Data Analytics – is a notable recognition as it is an industry-endorsed mark of quality that indicates the attainment of relevant core competencies by data practitioners.

Launched in July 2019, the pathway created in collaboration with Ngee Ann Polytechnic, aims to raise the overall data literacy of our employees and double the number of data scientists and analysts we have by 2022. As of December 2020, more than 200 OCBC employees have embarked on the pathway.

Ms Emily Teo, 26, who works in Group Finance's Management Reporting and Analysis team, is one of OCBC Bank's employees who will graduate from the Pathway, and is expected to obtain her IBF certification in April 2021. She said: "Today, with data being an integral part of our lives, we have to deepen our skillsets so that we are able to remain relevant and contribute to society. After completing the Pathway, I feel more confident in performing my role as I am now equipped with the knowledge and insights into data analytics and visualisation. With the IBF accreditation, I feel assured that I have the relevant competency and foundational skills needed to not just future-proof but take my career to the next level."

What are your key talent strategies post-pandemic?

Safe distancing and new work norms were brought about by Covid-19 at exceptional scale and speed. We are aware that social, emotional, and mental well-being were threatened during such novel times. Moving forward and beyond tactical operational mode of working remotely, we need to put in place talent strategies that will focus on helping employees thrive in the future of work.

This could take the form of expanding our focus on wellness to further emphasise mental wellness, such as expanding the Employee Assistance Programme support. We will also have more events such as our recent MyWellness Fiesta – a live online event to explore the subject of mental wellness, with topics such as resolving family conflicts and how to cope with stress and anxiety to build resilience in our employees, people managers and leaders.

As the speed of demand for skills accelerates, we will also continue to search for new ways of building or acquiring talent to support new forms of employment.

During Senior Minister Tharman Shanmugaratnam's visit to OCBC Centre, our employee, Ms Kunjammai Sockalingam, 39, shared how her role has evolved from processing transactions to managing projects in Investment Operations. She is one of the 1,300 employees the Bank has committed to place under the Professional Conversion Programmes (PCP) to equip them with necessary knowledge, competencies and skills so that they can take on new or enhanced roles within the Bank by 2022.

Awards

2020 Greater China Best Human Resources Team
awarded by HRoot Awards 2020
(OCBC Wing Hang China)

2020 Aon Healthiest Employer Award – Best Wellbeing Practice
awarded by Aon
(OCBC Wing Hang China)

Top Human Resources Management Award
awarded by 51 job
(OCBC Wing Hang China)

Best Practice Award on People Development
awarded by China Annual Learning & Development Conference
(OCBC Wing Hang China)

Platinum Award – Top 4 Indonesia Human Capital Award – 2020 category Public Company 3rd – The Best Human Capital for Bank Company (Bank Buku III sector) The Best in Corporate Culture
awarded by Economic Review Indonesia Human Capital Awards VI 2020
(OCBC NISP)

Sustainability Report

About This Report

Scope

This report covers the operations of OCBC Group globally, excluding Great Eastern Holdings, which is a separately listed subsidiary that publishes an independent sustainability report. The content of this report focuses primarily on activities carried out within the financial year ending 31 December 2020. Where applicable, data from previous financial years were included for comparison.

Reporting Framework

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and references the GRI G4 Financial Services Sector Disclosures, where relevant. We adhere to the GRI principles for defining report content which include:

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness

Details on our approach to stakeholder inclusiveness and materiality can be found on page 64 and 65 of this report and on our website.

We also follow the Singapore Exchange (SGX) Listing Rule 711 (A) and (B) which includes the primary components to be included in a sustainability report.

Data and External Assurance

This year, to further ensure the robustness of our data and prepare for external assurance in the future, the Bank's data validation unit independently conducted assurance on selected indicators. The data included in this report has also undergone a rigorous review as part of our internal processes.

Contents

Board Statement

The year under review saw the world overwhelmed by an unprecedented health crisis, which severely disrupted all economic and social activities. We enacted measures to prioritise the safety and wellbeing of employees and customers, maintain our service standards for access to financial services, support customers with relief measures and help the needy communities across our core markets. We continue to embed responsible and sustainable practices into everything we do. This is central to our purpose and our drive to create value for our stakeholders over the long term.

Responding to the Covid-19 Pandemic
From the onset of the outbreak, OCBC's Crisis Management (CMT) Team, led by Group CEO Samuel Tsien, swiftly established a Pandemic Task Force comprising senior representatives from across all OCBC's entities as the central co-ordinating body for our response to the Covid-19 pandemic. During the most severe periods, CMT meetings were held daily to assess the impact, provide guidance and allow sharing across the Group.

Our immediate priority was to safeguard the health and safety of our employees, even as we remain committed to serving our customers. Employees were provided with Covid-19 Care Packages to support their health and wellbeing. To ensure a safe work environment, we put in place enhanced hygiene and precautionary measures in office premises and branches. We also implemented remote working arrangements, allowing our staff across the Group to work safely and with minimum disruption to our customer service during this period. We assured our employees that we would not have a retrenchment exercise in the midst of this crisis and we would continue to develop our employees through training and reskilling. The Group further committed to create 3,000 jobs in Singapore.

We have a set of established and well-tested business continuity plans to ensure our banking operations remain uninterrupted throughout the crisis. Our investments in technology and digital capabilities over the years enabled us to serve our customers with minimal disruption. As a result, our customers have been able to conduct their banking transactions with us even during periods of severe movement controls in all our core markets. During this period, we also took the opportunity to promote digital/mobile banking and saw more than 100,000 first-time digital sign-up customers during the first half of 2020 alone in Singapore.

As a key financial institution in the region offering financial services to all segments of consumers and businesses, we worked closely with government agencies across all our markets to extend relief measures to help our customers manage the impact of business disruptions and help them tide over this difficult period.

Supporting the community has always been a part of our culture at OCBC. During the crisis, we took the initiative to help vulnerable groups in society. We supported needy communities across our core markets with financial assistance and provided them with care packages totalling more than $2.9 million.

Continuing Our Sustainability Journey
Despite the unprecedented events in 2020, we have not let up on our commitment and aspiration to be Asia's leading bank for responsible and sustainable finance. We remain committed to supporting the United Nations Sustainable Development Goals (SDGs) to promote global transition to a low-carbon economy and addressing climate change.

In 2020 and two years ahead of schedule, we had achieved our original target to build a sustainable finance portfolio of $10 billion, marking an important milestone in our journey towards a low-carbon economy. In July 2020, we announced a new and more ambitious target to build a $25 billion sustainable finance portfolio by 2025.

Another important milestone in the year was OCBC's adoption of the Equator Principles, an internationally-recognised framework which determines, assesses and manages environmental and social risks in large-scale development projects such as basic infrastructure, expanded transport links and enhanced access to services like energy and water.

During the year, we launched the OCBC SME Sustainable Finance Framework to make it simple for any small and medium-sized enterprise (SMEs) to access up to $20 million of sustainable financing, without the complexity and cost of establishing a customised framework for each company. The new framework was supported through the Monetary Authority of Singapore's Green and Sustainability-Linked Loan Grant Scheme. We believe this initiative will help our SME customers accelerate their sustainability plans and become enablers and partners of sustainability solutions in the wider environmental, social and governance (ESG) ecosystem.

This year we also launched the Culture Stewardship Programme, which encourages cross-functional collaboration and empowers our colleagues to have a say in how we can further reinforce our core values and strengthen our culture. This initiative reinforces and builds on the mandate of our Board Ethics and Conduct Committee. Established in 2019, the Committee sets the tone, oversees and monitors the progress in fostering the right behaviours and conduct aligned with our core values, LIFRR, across the OCBC Group. LIFRR which stands for Lasting Value, Integrity, Forward-looking, Respect, Responsibility is embedded into the performance management process for all employees, setting the highest standard we expect from each of them.

In our journey to strongly integrate sustainability in OCBC, the Board regularly reviews to ensure that we accurately identify the material ESG factors facing our business and consider these factors as part and parcel of our long-term growth and sustainability in our strategy formulation and decision-making. During the year, we conducted a review of our material ESG factors and re-evaluated our priorities of the selected SDGs. Based on the review, we updated our Sustainability Framework, which guides our efforts to embed responsible and sustainable practices in everything we do at the Group.

Looking Ahead: Building an Inclusive and Sustainable Future
While the effects of the Covid-19 pandemic are still unfolding and will be felt for some time, our fundamentals remain strong. The Board has every confidence that the resilience of OCBC will enable us to navigate this global crisis and emerge even stronger.

We will continue our investment in digital transformation, adapting to changes in the way we work and live as a result of the pandemic, as well as creating new competitive advantages and opportunities in the digital space with enhanced customer experience. By providing innovative and sustainable financing solutions, we will help build a world that strongly supports the ESG agenda.

The road to recovery from Covid-19 will not be smooth. Our commitment to responsible and sustainable business is however unwavering. We will continue to do the right thing and support our customers, colleagues and communities, just as they have supported us. OCBC is steadfast in building a diversified business with strong fundamentals that underpins a resilient and sustainable franchise.

2020 Key Achievements

In 2020, we focused our efforts on supporting our employees, customers and the wider community during the Covid-19 pandemic. We also continued to make progress on our sustainability journey, achieving the targets we have set for 2020 while setting new commitments to drive progress in the future. Here are some of the key highlights of 2020:

Best Managed Bank during Covid-19
awarded by Asian Banker Leadership Achievement Awards

Best Retail Bank, Singapore
awarded by the Digital Banker 2020

>200,000 First-time Users of our Digital Offerings [1]
growing our active digital customer base by 10 per cent in 2020

Signatory to the Equator Principles
strengthening our commitment to avoid and reduce the negative impacts of the projects we finance

$10 billion
of sustainable finance portfolio was achieved two years ahead of schedule

OCBC SME Sustainable Framework
launched to increase Singapore SMEs' access to sustainable financing

>30 green and sustainability-linked loans in 2020

Islamic Finance Best ESG Green Financing In Southeast Asia, Malaysia
awarded by The Alpha Southeast Asia Best Deal & Solution Awards 2020

New Responsible Investing Policy developed to integrate ESG considerations into investment [2] decision-making

Enterprise Risk Technology Implementation of the Year
awarded by The Asian Banker Risk Management Awards 2020

>$10 million prevented from falling into the hands of fraudsters through our anti-fraud programme

27 Awards received from the Singapore Police Force in recognition of our fraud prevention efforts

2020 Greater China Best Human Resources Team
awarded by HRoot Awards

>3,500 jobs created in Singapore amid **Covid-19**

Champion of Good 2020
named by the National Volunteer and Philanthropy Centre (NVPC)

$2.9 million donated and **224,937** beneficiaries supported

[1] Customers who did not use any OCBC digital offerings previously.
[2] Covers OCBC Bank's investment activities and does not extend to our asset management activities.

Our Approach to Sustainability

We help individuals and businesses across communities achieve their aspirations by providing innovative financial services that meet their needs.

Embedding a responsible and sustainable approach in everything we do is central for us to achieve this purpose. Our Sustainability Framework defines sustainability at the Bank. Its five pillars set out our strategic priorities and guide our approach to creating positive social and environmental impact, through the management of our 15 material ESG factors. The framework also aligns our approach with the global sustainable development agenda. We have identified six focus SDGs where we believe we can make the greatest positive impact in the markets where we operate.

OCBC Sustainability Framework





Pillar 1 **Putting Customers First**	*Pillar 2* **Building a Sustainable Future**	*Pillar 3* **Acting with Integrity**	*Pillar 4* **Valuing Our People**	*Pillar 5* **Engaging Communities**
Providing innovative financial services and a seamless banking experience for our customers. This is at the heart of our brand promise—*Simply Spot On*.	Contributing to responsible economic growth and sustainable development through our financing solutions, as well as managing the environmental footprint of our own operations.	Embedding responsible business practices to safeguard trust and protect value for our stakeholders over the long term.	Creating a nurturing and engaging work environment that welcomes diversity and enables our people to realise their full potential.	Contributing to healthy, thriving and inclusive communities through our core business, corporate giving, employee volunteering and partnerships.

Our 15 Material ESG Factors

• Digitalisation • Customer Experience • Financial Inclusion	• Responsible Financing • Sustainable Financing • Sustainability-themed Products and Investing • Environmental Footprint	• Strong Governance • Fair Dealing • Combating Financial Crimes and Cyber Threats	• Employee Health, Safety and Wellbeing • Inclusive Workforce • Talent Management	• Community Development • Economic Contributions

Delivering on Our 6 Selected SDGs

3 GOOD HEALTH AND WELL-BEING · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION

Supporting the Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs), adopted by 193 countries at a historic UN Summit in September 2015, provide a clear and shared global agenda for addressing the most pressing challenges facing society.

Achieving the SDGs will require investment in new solutions and working in partnership across the public sector, private sector and civil society. We focus our efforts on six SDGs, where we can make the biggest and most meaningful difference. We also recognise that the SDGs are a set of interrelated goals and we aim to contribute to the whole sustainable development agenda wherever possible.

Below are some case studies which highlight our contributions to the SDGs.

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote wellbeing for all at all ages

- Provided relief measures for our stakeholders affected by the Covid-19 pandemic, including Covid-19 Care Packages and counselling support for our employees, as well as loan moratoriums for our customers.
- Provided $2.9 million in funding through our #OCBCCares Programme to support families, the elderly, persons with special needs, as well as vulnerable communities who have been impacted by the Covid-19 pandemic.

7 AFFORDABLE AND CLEAN ENERGY

Increase access to electricity and improve energy efficiency

- Became a Mandated Lead Arranger for Dogger Bank Wind farm, which will be the world's largest offshore wind farm upon completion in 2026. Located off the east coast of Yorkshire in the UK, when complete the overall Dogger Bank Wind Farm will provide enough renewable energy for 6 million UK homes.

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth through employment and decent work

- Created over 3,500 jobs in Singapore to provide opportunities for fresh graduates and other job seekers amid economic uncertainty, and assured our employees that we do not have a retrenchment exercise arising from this outbreak.
- Invested $20 million from 2018-2020 to equip our employees with digital skills through our Future Smart programme.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- Developed Green Guide for tenants/occupants of our Green Mark Award buildings. The guide showcases the green features of respective OCBC-owned buildings, ongoing efforts and advisory on good practices.
- Continued to retrofit our buildings to ensure they remain sustainable and energy efficient.

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities inclusive, safe, resilient and sustainable

- Took on the role of sole lead manager, bookrunner and green finance advisor for Ascendas Reit's first Green Bond, where net proceeds will be used to refinance 17 green properties from Ascendas Reit's portfolio.
- Provided ComfortDelGro with a green loan to finance its hybrid bus fleet in Victoria, Australia.
- Continued to achieve Green Mark certification for our branches in Singapore.

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

- Arranged a US$D800 million Syndicated Multi-Currency Islamic Sustainability-linked Financing for Axiata Group Berhad, a Malaysian-based leading telecommunication conglomerate with established regional presence throughout ASEAN and South Asia. One of the sustainability performance targets set for Axiata is linked to the overall improvement in its carbon emissions.
- Started to implement the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).

For more information on how we support the SDGs, please visit our website.

Our Sustainability Governance Structure

To embed responsible and sustainable practices into our business, a robust governance structure is important. The Board has ultimate responsibility for overseeing all aspects of sustainability at OCBC. It is supported by the Sustainability Council and the Sustainability Committees.

Board	The Board has ultimate responsibility for and oversight of sustainability at OCBC. As part of its responsibility, the Board takes our material ESG factors into account when setting the strategic direction of the company.
Sustainability Council	The Sustainability Council is responsible for the identification, management and monitoring of the material ESG factors set out in our Sustainability Framework. It is chaired by the Group Chief Executive Officer and comprises other Senior Management Team members.
Sustainability Committees	The Sustainability Committees comprise the Sustainability Taskforce and the Sustainability Working Group. They are responsible for driving sustainability strategy and transformation, as well as implementing initiatives, engaging internal and external stakeholders on sustainability matters, and driving performance against our material ESG factors through the setting and measurement of KPIs and targets. Its members include representatives from across all our main business units.

Stakeholder Engagement

Our commitment to creating sustainable value over the long term extends to all our stakeholders. Continuous, constructive and open dialogue is key to ensuring we understand stakeholder expectations and interests, and that our stakeholders also gain a better understanding of our business.

As such, we regularly engage our stakeholders through a variety of channels across the Bank. The outcomes of our interactions with stakeholders inform our approach to setting strategy, identifying and managing material ESG factors and reporting on our sustainability performance.

For more information on our approach towards stakeholder engagement, please visit our website.

Our Materiality Assessment Process

The sustainability context facing our business is changing faster than ever before. Materiality is a principle that helps us to identify and prioritise the ESG factors of greatest importance to our business and our stakeholders.

In 2020, the world faced an unprecedented crisis caused by the global Covid-19 pandemic. As part of our ongoing monitoring of ESG factors, we conducted an internal review to identify any new ESG factors that have emerged as a result of recent events and validate the ongoing relevance of our existing material ESG factors. As part of this review, we also sought to ensure that our selected focus SDGs continue to be relevant.

To ensure a best practice approach and objectivity, our materiality review was independently supported by a consultancy specialising in sustainable business.

Our materiality review process:

To identify new and emerging ESG factors, we conducted desktop research into the changing sustainability context facing OCBC and the banking industry. Several new ESG factors and trends were identified.

In a survey of 100 staff from our business, we sought to assess how new and existing ESG factors impacted:

i. The Bank's recovery from Covid-19 over the short to medium term.
ii. The long-term resilience of the Bank.

We also conducted a series of interviews with key leaders at OCBC to review our selected focus SDGs.

The results are elaborated below.

The results from our review, including changes to our sustainability framework, were discussed and validated by our Sustainability Council before being presented to our Board for final approval. The changes have now been added to our Sustainability Framework and embedded in our approach to managing and reporting on sustainability.

As we progress on our sustainability journey and our business context changes, we will continue to evolve and update the relevance of our materiality through a regular review of our material ESG factors.

As a result of our materiality review, we made the following key changes:

- Added two additional material ESG factors that have emerged as important to our business and stakeholders: "Employee Health, Safety and Wellbeing"; and "Sustainability-themed Products and Investing".
- Added one additional focus SDG 11 Sustainable Cities and Communities, where we believe we are well placed to make significant contribution.
- Renamed the pillar "Being Environmentally and Socially Responsible" to "Building a Sustainable Future" in our Sustainability Framework, to represent the new material ESG factors identified under this pillar and better reflect our strategic intent.

For more details on our approach towards materiality, please visit our website.

Sustainability Pillar 1: Putting Customer First

Digitalisation

Why this is Material to Us
The Covid-19 pandemic has accelerated the pace of digital adoption. At the same time, customers' expectations for a better, frictionless and convenient digital experience are increasing. As such, digitalisation is mission-critical for OCBC. We must continue to provide innovative and seamless solutions that meet our customers' needs across all stages of their journey with us.

Our Management Approach
Digital transformation is an integral part of OCBC's corporate strategy and cuts across every aspect of the Bank. Our digitalisation strategy is led by our Group CEO, who is supported by dedicated digital teams in Singapore as well as our core markets. We are focused on redefining digital banking to create the Bank of the Future. This includes investing in innovative technology and digitalisation in the areas of customer interaction, customer experience, internal processes and infrastructure.

Some of our initiatives in 2020 included:

Reinventing Mobile Banking:
- Launched a suite of card control services on our Mobile Banking app, allowing our customers to perform activities such as reporting the loss of and replacement of their cards. This reduces the need for requests to be placed via our contact centre and branches.

Democratising Wealth Management:
- Launched a full suite of goal-based digital advisory and execution at scale, leveraging on OCBC Life Goals and Robo-advisory.
- OCBC Financial OneView, enabled by SGFinDex, allows customers to understand their overall financial health by viewing all their finances across participating banks and government agencies that they have relationship with at one place and enables them to achieve financial wellness goals by making financial planning holistic, personalised and simple.

Instant Customer Onboarding:
- Enabled online acceptance for home, renovation and automobile loans, as well as the use of SingPass to access digital banking services, by leveraging National Digital Identity.

Payments and Ecosystem:
- First bank to partner and integrate with Google Pay to enable peer-to-peer payments.
- Launched HealthPass by OCBC, a platform that works directly with General Practitioners and specialists to serve consumer healthcare needs.
- Integrated lifestyle features into our Pay Anyone™ App, including food delivery services and STACK, a digital loyalty platform.

Innovative Services on ATMs:
- First bank in Southeast Asia to allow instant encashment of cheques at next-generation ATMs.

Digitalisation at Bank of Singapore:
- Launched a self-signup tool for instant activation of digital banking.
- Enhanced Secure Communication channel, enabling Private Banking clients to conveniently interact with their relationship managers on a secure platform.

Carpe Diem and AI Lab continue to be flagship drivers for our digital journey. We also continue to roll out the OCBC Future Smart programme across the Group to build a future-ready workforce.

Our Performance

Digital customers in Singapore [1]
- **56%** consumers (from 36% in 2014)
- **74%** SMEs (from 36% in 2014)

94% of financial transactions [2] conducted digitally by consumer customers (from 92% in 2019)

82% of digital consumer customers bank on mobile (from 77% in 2019)

(1) Digital customers are customers who have used internet/mobile banking at least once in the last three months.
(2) Financial transactions refer to fund transfers and payments which are non-cash in nature.

Our Targets

Increase the Number of Digital Customers in Singapore
- Consumers: **58%** by 2021 and 60% by 2023
- SMEs: **78%** by 2021 and 85% by 2023

>94% of financial transactions digitally by 2021

82% of digital customers on mobile banking by 2021

Empowering Our SME Customers

OCBC continues to support our SME customers on their digital transformation journey:

- First bank in Singapore to integrate cashflow and invoicing capabilities into our digital business banking platform. This provides SMEs with a seamless experience and quick access to complete and up-to-date views of their business finances for improved cashflow management.
- Launched OneCollect Merchant services in Singapore and Malaysia. This allows SMEs to accept digital payments through Paynow QR for real-time collection of payments, instant notifications and automated reconciliation of transactions, for both their online and physical stores.
- Launched video authentication for SMEs, enabling remote account opening during the pandemic.
- Launched Virtual SME Campus to help SMEs transform and thrive during the pandemic. In collaboration with Enterprise Singapore, Amazon, Google, Shopee and other partners, OCBC curated a series of webinars to equip SMEs with the digital know-how needed to transform and thrive in the new normal. More than 5,000 participants from 2,500 SMEs have benefited from over 30 webinars to date.

The OCBC webinar I attended really opened up my horizons. I obtained useful information on grants and services for SMEs, and a better appreciation of the complexity of digital marketing and running a website.
– First-time entrepreneur Ms Lim Geok Keng, founder of artisanal Kombucha brand Châteaux

Awards

Excellence in Digital Innovation
awarded by The Digital Banker 2020

Excellence in Digital Wealth Management
awarded by The Digital Banker 2020

Automobile Lending Product of the Year
awarded by The Digital Banker 2020

Best Retail Bank, Singapore
awarded by The Digital Banker 2020

The Enterprise Risk Technology Implementation of the Year
awarded by The Asian Banker Risk Management Awards 2020

ATM Security Innovation for QR Cash Withdrawal
awarded by NCR Corporation at the ATM Security Innovator Award

SG Mark Special Mention Cardless Cash Withdrawal with OCBC Pay Anyone™ app
awarded by the Singapore Good Design Mark 2020

Best Digital Trade Finance Platform Initiative, Application or Programme for "Velocity@OCBC"
awarded by The Asian Banker

Best Transactional Banking Online Platform
awarded by Alpha Southeast Asia

DX leader for Singapore
– Lim Khiang Tong, Head of Group Operations and Technology, awarded by the IDC Digital Transformation Awards 2020

8 DECENT WORK AND ECONOMIC GROWTH

Customer Experience

Why this is Material to Us

The most significant impact we have on society is providing our customers with financial solutions that meet their needs and improve their lives. Deepening engagement and forging enduring relationships with our customers is also fundamental to our long-term success.

Our Management Approach

Our customers are at the heart of everything we do. As we continue to digitalise our banking products and services, enhancing the experience of our customers remains key to our approach.

We embrace the practice of Human-Centred Design (HCD) to build products and services that are functional, easy to understand and emotionally engaging. To achieve this, we start with building a deep understanding of our customers' needs.

To ensure that we are continuously improving, we also monitor and measure the quality of the delivered experience. We view complaints as opportunities for the Bank to learn and improve our people, systems and processes in order to retain customers and grow new business.

Our Complaint Management Council, comprising representatives across businesses and operations, ensures that all complaints received are reviewed and tracked to resolution. Learning and improvements are obtained during investigation of root causes. Complaint data is shared with senior management and the Board on a regular basis.

Our Performance

Improvement of our overall Net Promoter Score ranking amongst competitor banks in Singapore from 3rd place in 2019 to **2nd place** in 2020

Achieved internal E-B score[1] of **78%** for our Singapore Retail Banking exceeding our target of 68% set for 2020

[1] Exceed Expectation – Below Expectation (E-B) score that tracks the level of satisfaction across the various touchpoints and interactions that customers have with our staff and the Bank.

Our Targets

Maintain internal E-B score of at least **70%** for our Singapore Retail Banking in 2021

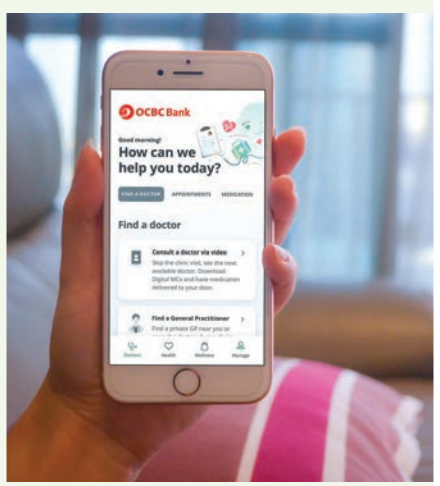
Safe Continuity of Banking Services During Covid-19

At the onset of the Covid-19 pandemic, we took swift action to ensure that we were able to continue meeting the banking needs of our customers, while safeguarding their health and safety. To ensure business continuity, we put in place measures such as temperature screening, contact tracing and social distancing across all our branches.

We were able to pivot quickly to serve customers through online banking services – a critical service due to safe distancing measures imposed by governments in all our markets. During the first half of 2020 alone, we saw 100,000 first-time digital sign-up customers in Singapore. In addition, we also rolled out our Healthcare App.

Launched Healthcare App to Provide Telehealth Services

- Access to over 100 General Practitioners and specialist doctors to help both customers and non-customers from their homes.
- Convenience of booking in-clinic appointments or consulting a doctor via video, with medication delivered to the doorstep.
- Over 100+ wellness offerings including traditional Chinese medicine, dental and health screening packages.



HealthPass by OCBC allowing users to skip clinic visits and consult doctors via video calls instead.

Your Financial OneView

Your Financial OneView, enabled by Singapore Financial Data Exchange (SGFinDex) allows our customers to view all their financial information from 7 participating banks.

By speaking to customers early in the process, we understood their concerns about privacy issues and identified opportunities to go beyond presenting a consolidated view of our customers' money across different banks. We crafted an experience that motivated them to grow their wealth, addressed their concerns on data privacy and build their confidence to progress step by step, until they get to see their overall financial information presented in a way that closely reflects the way they think about their own money.

In its first week of launch, we had over 11,000 customers opting in to view all their bank accounts via our OCBC app.

Financial Inclusion

Why this is Material to Us

Providing innovative and accessible financial products and services is essential to servicing the needs of society as a whole, leaving no one behind. This is part of our purpose to help individuals and businesses across communities build financial resilience and achieve their aspirations.

Our Management Approach

We are committed to providing products and services that meet the needs of society. In particular, we are focused on serving individuals across the different stages of their lives:

- Children and young families with our Child Development Accounts and OCBC Mighty Savers Account
- Youth between 16 and 29 years old through FRANK by OCBC
- Working adults with products such as OCBC Life Goals
- Pre-retirees and retirees through OCBC Silver Years

This year, we took additional steps to help our customers – both individuals and businesses across sectors – to tide over the economic difficulties brought about by the Covid-19 pandemic.

SME Loan Relief During Covid-19

- Granted loan moratoriums to existing customers in Singapore, Malaysia, Indonesia and Hong Kong SAR.
- Provided additional working capital financing to customers across core markets for cash liquidity. Leveraged data to offer pre-approved Temporary Bridging Loans to existing customers in Singapore, enabling faster access to credit.
- Enabled digital acceptance of loan offers in Singapore, thereby minimising face-to-face interactions between customers and bank staff during the pandemic.

$4.8b in Loan Moratoriums Under Singapore Covid-19 Relief Programme

- All customers who needed help with their personal financing facilities, both secured and unsecured, received assistance under our Singapore Covid-19 Relief Programme.

Launched Virtual Wealth Advisory Service

- Launched online version of our wealth advisory process – a complex face-to-face process involving over 50 pages of documents and a comprehensive Financial Needs Analysis (FNA).
- 45 per cent increase in sale of wealth management products in the first 10 days of launch compared to the prior 10 days.

Helping Low-Income Families to be Financially Resilient

Last year, we launched the OCBC-NTUC First Campus Bridging Programme to support low-income families. Apart from contributing $1 million to offer two years of free pre-school education for children from low-income families, a key component of the programme was our commitment to provide financial literacy classes for their families.

This year, our employees from the Wealth Management team conducted a total of 11 pilot workshops on financial literacy with 28 parents from low-income families. Recognising that families are facing further economic hardship this year due to the pandemic, we believe that being equipped with the knowledge to make informed decisions about personal finances and debt management is necessary for their long-term success.

Our Performance

Maintained **No. 1** provider of Child Development Accounts in Singapore

>$2.7b worth of new SME government-assisted loans made available to SMEs in Singapore, Malaysia and Hong Kong SAR

55% of new business loans applied through digital platforms in 2020, exceeding our target of 40 per cent set for 2020

Our Targets

Maintain **No. 1** market share of Child Development Accounts in Singapore in 2021

Disburse **$670m** new government-assisted loans in Singapore, Malaysia and Hong Kong SAR in 2021

Awards

ASEAN SME Bank of the Year (2011-2020) awarded by Asian Banking & Finance

Indonesia SME Bank of the Year (2014-2020) awarded by Asian Banking & Finance

Best SME Bank in Southeast Asia (2015-2020) awarded by Alpha Southeast Asia

Best SME Bank in Indonesia (2019, 2020) awarded by Alpha Southeast Asia

Best SME Bank in Singapore (2010, 2011, 2013-2020) awarded by Alpha Southeast Asia

Best SME Bank in Singapore (2017, 2019, 2020) awarded by Asiamoney

Sustainability Pillar 2: Building a Sustainable Future

13 CLIMATE ACTION

Responsible Financing

Why this is Material to Us
Environmental and social issues, such as the threat of climate change and growing resource constraints, present growing areas of risk for the banking industry. Integrating environmental, social and governance (ESG) considerations and having a responsible approach to financing are crucial to ensure evolving ESG risks are accurately and transparently identified, assessed and managed. Doing so is crucial for the resiliency of our business and to ensure that we are creating long-term value for all our stakeholders.

Our Management Approach
Managing risks and ensuring that we are lending responsibly have always been key tenets at OCBC. Our approach to responsible financing is based on our responsible financing framework – a combination of policies, procedures and standards, the key elements of which include:

Our ESG Risk Assessment Process
- Our ESG Risk Assessment Process ensures that we integrate the management of ESG Risks into our credit and risk evaluation process.
- All applicable customers/transactions are subjected to our ESG Risk Assessment Process. Transactions that carry high ESG risks are subjected to enhanced evaluation and approval requirements.
- Transactions with significant reputational risk will be escalated to Reputational Risk Review Group (RRRG) for clearance. In 2020, no transactions were escalated to RRRG.
- In 2020, OCBC became a signatory to the Equator Principles. We have since integrated its application into our process.

Our Exclusion List
- Our environmental and social exclusion list lays out the activities that we will not finance. This includes business activities that are not aligned with our aims and values.

Our Sector-Specific Policies
- Our sector-specific policies outline our expectations of customers in sectors with elevated ESG risk. The policies also seek to encourage our customers to meet good international standards of practice.
- Since 2019, we have developed sector-specific policies which cover industries identified as 'high risk' by the Association of Banks (ABS) Responsible Financing Guidelines.
- We continue to revise our existing sector-specific policies in response to changes in these sectors and the external environment. In 2020, we strengthened our Metals and Mining policy by prohibiting new financing to thermal coal mines.

Our Climate Change Statement
- Sets out our strategic ambition and commitment to support economies and clients through the transition needed to meet the Paris Agreement.
- In 2019, we were the first bank in Singapore to announce that we would no longer provide new financing of coal-fired power plants in any location.

Our Responsible Investing Policy
- In 2020, we developed a new Responsible Investing Policy to integrate ESG considerations into the Bank's investment activities.

Our Targets

Enhance the integration of climate-related considerations into our ESG Risk Assessment processes by 2022.

Our ESG Risk Assessment Performance

>8,000 transactions were assessed in 2020

>200 transactions required enhanced due diligence, which resulted in one being turned down based on its inherent ESG risk

>5,900 employees trained in sustainability-related topics to date

Transactions subjected to ESG Risk Assessment by Industry Risk Levels (2020)

59% **Low** ESG risk industries are those in services, consulting, education, wholesale and retail trade.

30% **Medium** ESG risk includes manufacturing activities and the other remaining activities not in high or low risk classification.

11% **High** ESG risk industries are identified as those falling under the 8 high risk sectors listed in the ABS Responsible Financing guidelines.

See our website for more details on our ESG Risk Assessment Process, Exclusion List, Sector-Specific Policies, and Climate Change Statement.

OCBC Becomes a Signatory to the Equator Principles

To further strengthen our commitment to avoiding and reducing the negative impacts of the projects we finance, OCBC became a signatory to the Equator Principles (EP) in 2020.

The Equator Principles is an environmental and social risk management framework, adopted by over 100 financial institutions globally, to ensure that project-related financing is developed in a socially-responsible manner and reflect sound environmental management practice.

We have embedded the EP practices in OCBC's loan origination policies and procedures, as well as the ongoing management of transactions through their lifecycles. The application of the EP has been integrated into our internal ESG Risk Assessment process of transactions and will be subject to regular review by the Internal Audit Department.

To ensure proper adoption and implementation of the EP practices, we conducted training for more than 1,000 relevant employees across all our business units and credit departments.

As we are committed to taking a long-term view on how we create and sustain value for society and the environment, we are constantly improving our approach to responsible and sustainable financing. The adoption of the Equator Principles is another step we are taking towards further strengthening our Responsible Financing policy.
– Mr Vincent Choo, Group Chief Risk Officer, OCBC Bank

Partnerships and Engagements

As the needs and expectations of different stakeholders are constantly evolving, frequent engagement with them is key to understanding how we can better shape our responsible financing approach. This includes regularly engaging with our stakeholders, such as industry associations, regulators, NGOs, employees and customers. Furthermore, we actively participate in sustainability-related forums/workshops organised by banking associations and academic institutions to advocate for and share our thoughts on responsible financing.

Since 2019, we have been part of the Financial Institutions Working Group, collaborating with the Monetary Authority of Singapore (MAS) to develop the MAS' Environmental Risk Management Guidelines which was released in December 2020. The guideline outlines expectations on governance, risk management and disclosure.

Task Force on Climate-related Financial Disclosures (TCFD)

OCBC is committed to limiting climate change and supporting the transition to a low-carbon economy. In 2019 we pledged our support for the Task Force on Climate-related Financial Disclosures (TCFD), which aims to improve business transparency on the financial risks and opportunities of climate change. In 2020, we began a pilot project to implement the recommendations set out by the TCFD. We set up a cross-functional working group comprising credit risk managers, credit modellers, ESG risk managers and business units to lead our efforts on this project.

In our pilot climate-related portfolio assessment, we decided to prioritise transition risk assessment [1]. A rapid increase in carbon price can have a significant financial impact on businesses and more specifically on credit risk for banks. Therefore, for our climate risk assessment we decided to focus on carbon pricing as a key transition risk factor. For this exercise, we selected a sample portfolio of customers who are likely to be more exposed to carbon pricing risk based on their business activities. As the next step, we will identify their carbon emissions followed by a scenario analysis based on carbon prices across different time horizons to assess the sensitivity of selected borrowers' credit profiles to increase in carbon prices. Our first TCFD-aligned report will be released in 2021.

[1] *Transition risks are changes in policy, regulations, technology, and market that may impact the asset values, reputation, or costs of conducting business due to the global transition towards a low-carbon economy.*

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Sustainable Financing

Why this is Material to Us
Financial institutions have a crucial role to play in sustainable development, including supporting the global transition towards a low-carbon economy. As a lender and connector of capital, we have the opportunity to catalyse sustainable solutions by directing capital flows to projects that enable a more sustainable future for all.

Our Management Approach
Our aspiration is to be a leading bank for sustainable finance in Asia. Leveraging our international network of branches and offices to promote sustainable finance, we are also supporting Singapore's aspiration to become a regional sustainable finance hub.

Our dedicated Sustainable Finance Team leads our efforts to partner with like-minded customers that contribute to sustainable development in society, by developing and offering bespoke and credible sustainable financing solutions. The team also ensures that sustainable finance transactions undertaken by the Bank are in line with relevant international market standards and best practices.

Our Sustainability Bond Framework, available on our website, guides the Bank's issuance of green, social and sustainability bonds. Proceeds from each bond will be used to finance or refinance qualifying assets and projects that contribute to a list of identified Sustainable Development Goals.

As the sustainable finance ecosystem continues to develop, OCBC will continue to take the lead in developing a comprehensive and innovative range of solutions targeted to meet the changing needs and opportunities in the markets where our clients are active in.

Financing Sustainable Development

As the world becomes increasingly urbanised, cities are accounting for a larger proportion of carbon emissions. To mitigate climate change and accelerate the transition to a low-carbon economy, we have provided financing to a number of industries to drive more environmentally-friendly practices. Examples include:

- **Sustainable Infrastructure**
  Arranged a US$800 million Syndicated Multi-Currency Islamic Sustainability-linked Financing for Axiata Group Berhad, a Malaysian-based leading telecommunication conglomerate with established regional presence throughout ASEAN and South Asia. One of the sustainability performance targets set for Axiata is linked to the overall improvement in its carbon emissions. OCBC had pioneered this financing transaction jointly with Axiata and it has broken new ground as the first Islamic Sustainability-linked financing in Malaysia and globally.

- **Green Building**
  Provided a green loan of 115 billion South Korean won ($132.6 million) to M&G Real Estate Asia to refinance an investment in Northgate, a Leadership in Energy and Environmental Design (LEED) gold certified building in Seoul central business district. The loan is South Korea's first green loan supporting the property sector and OCBC's first sustainable finance transaction in the country. OCBC was the sole lender and green adviser for the deal.

- **Clean Transportation**
  Provided ComfortDelGro with a green loan to finance its hybrid bus fleet in Victoria, Australia. These buses can reduce nitrogen oxides and particulate emissions by up to 50 per cent, lower fuel consumption by up to 30 per cent in mixed traffic, as well as emit significantly less noise when idling at and departing from stops.

Proceeds from the green loan will be used to purchase 50 hybrid buses.

- **Renewable Energy**
  Became a Mandated Lead Arranger for Dogger Bank A and B, which alongside Dogger Bank C will be the world's largest offshore wind farm upon completion in 2026. Located off the east coast of Yorkshire in the UK, when complete the overall Dogger Bank Wind Farm will provide enough renewable energy for 6 million UK homes. The windfarm will significantly contribute to a green economic recovery as the UK continues on its journey to net zero.

Dogger Bank Wind Farm will be the world's largest offshore wind farm when completed.

Innovative Financing Solutions for Singapore's SMEs

- **OCBC SME Sustainable Finance Framework**
  In 2020, we launched the OCBC SME Sustainable Finance Framework. The aim of the framework is to make it simpler for small and medium-sized enterprises (SMEs) to access sustainable financing of up to $20 million, without the complexity and cost of establishing a customised framework for each company.

  The framework is applicable to SMEs that are involved in sustainable activities across eight Green Project Categories eligible under the Green Loan Principles (GLP) developed by the Loan Market Association.

  The framework has been verified by V.E, a global leader in ESG assessments, data, research, benchmarks and analytics, in accordance with the GLP.

Advocating Sustainable Finance

As part of the Singapore FinTech Festival X Singapore Week of Innovation & Technology, OCBC organised an open call workshop on Sustainable Financing to cultivate the sharing of information and knowledge on sustainable financing.

The online workshop included the sharing of the evolution of Sustainability and Sustainable Financing, as well as OCBC's Sustainable Finance journey. This was followed by an interview with our client, Czarnikow, to understand the sustainable supply chain practices in the food ingredient sector as well as their inaugural sustainability-linked trade facility – the world's first fully sustainable sugar supply chain collaboration financed by OCBC.

Fireside chat with Ms Helen Wong, Deputy President and Head of Wholesale Banking, and Mr Mike Ng, Head of Structured Finance and Sustainable Finance.

Ms Yoonmee Jeong, Director of Sustainable Finance, interviewing Mr Benjamin French, Senior Trader at Czarnikow and Head of VIVE Development Asia.

Our Performance

Achieved our initial target to build a sustainable finance portfolio of **$10b**, two years ahead of schedule

>$8b in new commitments to sustainable finance in 2020

>30 green and sustainability-linked loans in 2020

>30 Green/Sustainability Advisor roles in 2020

Our Targets

Build a **$25b** sustainable finance portfolio by 2025

Awards

Islamic Finance Best ESG Green Financing In Southeast Asia, Malaysia
awarded by The Alpha Southeast Asia Best Deal & Solution Awards 2020

Islamic Finance Deal of the Year awarded by The FinanceAsia Achievement Awards 2020

Green Project awarded by The Islamic Finance News Awards 2020

Best Islamic Finance Deal, Asia Pacific
awarded by The Banker Deals of the Year Awards 2020

Best ASEAN Sustainability SRI Sukuk, Regional and Malaysia
awarded by The Asset Triple A Islamic Finance Awards 2020

13 CLIMATE ACTION

Sustainability-themed Products and Investing

Why this is Material to Us
Sustainable investing and sustainability-linked products have been steadily gaining momentum in recent years. There is growing evidence that companies with strong environmental, social and governance (ESG) practices are more resilient and profitable over the long term. At the same time, there is greater awareness and activism on global sustainability issues that are driving interest in sustainable investment opportunities from our customers.

Our Management Approach
We believe that aligning the financial markets with sustainable development is vital for a prosperous society. As a trusted partner and advisor, we seek to provide products and services that help our customers achieve not only their financial goals, but also their aspirations to contribute to a more sustainable world.

Our ESG product offerings cater to two different customer segments, high-net-worth clients managed by Bank of Singapore, a wholly owned subsidiary of OCBC Bank, and retail clients managed by OCBC's Consumer Financial Services (CFS) division.

Bank of Singapore's approach to sustainability-themed products and investing is focused on three key areas:

1. **Education:** Equipping employees with the latest industry trends and product knowledge in order to provide client-centric advice on ESG offerings.
2. **Thought leadership:** Publishing research and insights to help our clients better understand the ESG landscape.
3. **Solutions:** Providing innovative and sustainable investment solutions for client portfolios.

We recognise that there is no one-size-fits-all approach in sustainable investment. The ability to offer the right advice and solutions depends on our deep understanding of our clients' individual goals and preferences.

Bank of Singapore adopts a "REAP" approach:

Our Targets

OCBC
- Continue to broaden and deepen our sustainability/ESG investment offerings

Bank of Singapore
- Incorporate third-party ESG research ratings across products (e.g. fixed income, equities and funds) under our coverage in 2021
- Develop in-house ESG mandates for clients in 2021
- Continue to integrate ESG into our investment and research process

Research-driven approach

Complementing in-house research with third-party expertise to ensure a comprehensive view on ESG-related investments and research.

ESG excellence

Positioning our clients' portfolios to benefit from persistent, long-term returns, through the selection of sustainable and resilient investment companies.

Assessment of investments

Incorporating ESG factors into our investment process to understand risks and opportunities faced by an evolving business and regulatory environment.

Process and performance

Ensuring that investment decisions and portfolio management meet our ESG criteria, including risk assessment and performance outcomes.

Deepening Customers and Employees' Knowledge of Sustainable Investing in Our Private Banking Business

In March 2020, Bank of Singapore conducted its inaugural ESG Masterclass in partnership with WWF-Singapore and Mirova to increase ESG awareness amongst its employees. This was attended by over 200 staff both virtually and physically.

The post-event survey showed a better understanding of ESG amongst attendees and 79 per cent of them are more likely to engage their clients on ESG matters.

In addition to staff education, the Bank also organised a series of ESG-themed client webinars. The webinars featured industry experts and regulators, including the Monetary Authority of Singapore, EY, Circulate Capital, BlackRock, Robeco, Mirova and BNP Paribas Asset Management. They discussed topics such as the importance of ESG, sustainability in a post-Covid-19 world and the practical considerations to incorporating ESG within an investment portfolio.

Bank of Singapore has also launched its first joint publication with EY titled "Sustainability Made Simple — ESG Insights for the Business Owner, Investor and Philanthropist".

Employees attending an ESG masterclass in partnership with WWF-Singapore and Mirova. (Picture was taken before wearing of masks became mandatory in Singapore.)

Increasing Household Access to Green Energy through Solar Panel Financing

In December 2020, OCBC launched Singapore's first consumer solar panel loan (SPL) in partnership with Sembcorp Power Pte Ltd, a subsidiary of Sembcorp Industries Ltd. The SPL provides financing for solar panel installation on private landed residential properties. While sustainability-linked financing has become significant in the corporate banking segment, the consumer banking segment remains underserved. The SPL will reduce the upfront cost barrier for consumers keen to play their part in saving the earth while helping them to lower their long run energy cost.

Growing Our Sustainability-themed Products and Investing Offerings for Our Retail Customers

With sustainability-themed products and investing gaining momentum, we aim to continue increasing our offerings in this area.

Below are examples of two of our most recent sustainability-themed investment offerings:
- In 2020, we launched the BlackRock ESG Multi Asset Fund, as part of our unit trust offerings to customers. The fund has a comprehensive triple-layered approach to ESG integration in investments. Apart from excluding nine controversial sectors and UN Global Compact Violators, the fund only invests into issuers with an MSCI ESG rating of BBB or above. The fund also seeks out opportunities that drive positive societal change, such as investing in social housing REITs.
- We have also developed an Impact Investing portfolio within our RoboInvest [1] offering. The portfolio focuses on various environmental investment themes, offering exposures to companies screened for ESG characteristics.

[1] *RoboInvest is OCBC's robo-advisory investment platform based on well-tested algorithm technology powered by a Singapore-based fintech company.*

Environmental Footprint

Why this is Material to Us
A thriving society is dependent on a healthy environment. As a business, we must reduce our impact on the environment and do our part to protect the vital ecosystem that supports life on our planet. Not doing so would present risks to the long-term viability of our business and the wellbeing of our stakeholders.

Our Management Approach
We are committed to reducing the environmental footprint of our physical operations. We also recognise our responsibility to influence and work with our suppliers, customers and other stakeholders to adopt more environmentally-friendly practices.

Our environmental efforts are focused on three key areas:

Sustainable Buildings and Operations
Improving the environmental performance of our buildings and operations by adopting best practices relating to energy use, water use and waste management. Initiatives undertaken in 2020 include:

- OCBC Property Services formed a committee to drive the environmental initiatives and programmes.
- Developed Green Guide for tenants/ occupants of our Green Mark Award buildings. The guide showcases the green features of respective OCBC-owned buildings, ongoing efforts and advisory on good practices.
- Currently, six of our buildings and three of our branches have received Green Mark Awards.
- Upgraded and installed new LED lamps with motion sensors in our buildings' common areas.
- Retrofitted the Bank of Singapore Centre, including lift modernisation to improve energy efficiency.

Sustainable Procurement
Prioritising the procurement of more environmentally-friendly products and services during the screening and selection of suppliers, wherever feasible. Initiatives undertaken in 2020 include:

- Established the OCBC Supplier Code of Conduct which sets out the standards we expect from new and existing suppliers. Areas covered include compliance with law, business integrity and ethics, human rights, health and safety, and environmental protection.
- We continue to purchase biodegradable serviceware and Forest Stewardship Council (FSC)-certified/Programme for the Endorsement of Forest Certification (PEFC)-certified paper for office use.

Promoting Environmentally-Friendly Behaviour
Engaging our employees, customers and the wider community to raise awareness on climate change and promote environmentally-responsible behaviour. Initiatives undertaken in 2020 include:

- Encouraging our customers to switch to e-statements which has resulted in a reduction of 10 per cent year-on-year and 33 per cent since 2015. As of December 2020, statements for 68 per cent of applicable accounts were sent electronically.
- Moving towards paperless processes through digitalisation.
- Eliminated the procurement of plastic bottled water in all branches in Singapore.

Our Targets

Continue to reduce paper usage

Maintain electricity usage in the range of +/- 5 per cent of 2019's consumption in 2021

Achieve Green Mark Certification for Bank of Singapore Centre by 2021

Develop renovation guide on materials use for additions and alterations/ renovation works by 2021

Achieve Green Mark Award for all OCBC bank branches in Singapore by 2030

Our Performance

We continue to report on the environmental footprint of our banking operations, which represents the greatest opportunity for us to track and drive initiatives and improvements.

Energy [1] [2]	2018 [7]	2019 [7]	**2020**
Electricity consumption (MWh)	94,903	123,042	**114,887**
Electricity Intensity (kWh/square feet)	21.93	21.21	**21.29**
Emissions [1] [2] [3] [4]	2018 [7]	2019 [7]	**2020**
Scope 2 emissions (tonnes CO_2e)	47,880	71,361	**65,188**
Scope 2 emissions intensity (tonnes CO_2e/square feet)	0.0111	0.0123	**0.0121**
Water [2] [5]	2018	2019 [7]	**2020**
Total water usage (ML)	501.46	591.94	**507.51**
Water usage intensity (ML/square feet)	0.0001	0.0001	**0.00009**
Paper [6]	2018	2019	**2020**
Office paper usage (tonnes)	258	239	**204**

Notes:
(1) *The 2018 data for energy, water usage and carbon emissions include all our operations in Singapore, Malaysia, as well as OCBC Wing Hang (China, Hong Kong and Macau).*
(2) *The 2019 and 2020 data for energy, water usage and carbon emissions also include Bank OCBC NISP.*
(3) *OCBC uses the operational control approach for determining carbon emissions.*
(4) *Emission factor source: Energy Market Authority of Singapore, GreenTech Malaysia, Institute of Global Environment Strategies (IGES) - IGES Grid Emission Factors, HK Electric, Companhia de Electricidade de Macau, Directorate General of Electricity.*
(5) *Water use is presented in megalitres. All of our water use is withdrawn from the municipal water supply, consumed within our operations and discharged to the public sewerage system. The quality of water withdrawn and discharged is managed by the public utility provider. We recognise that OCBC operates in countries that may be water-stressed including Singapore and will therefore continue to do our part to promote water conservation.*
(6) *Paper consumption data is only applicable for operations in Singapore. 2020 data includes Bank of Singapore and OCBC Property Services.*
(7) *Data for electricity, emissions and water have been restated due to data refinement.*

Supporting Ground-up Sustainability Projects

This year, the #OCBCCares Environment Fund disbursed more than $100,900 to support five ground-up environmental projects. One of the winning projects involved development of dehydrated cleaning detergents that use up to 90 per cent less plastic packaging compared to bottled ones.

Dehydrated detergents developed with funding from the #OCBCCares Environment Fund.

Recycling Chinese New Year Red Packets

In 2020, we included messages on our red packets to inspire people to consider renewable energy options where possible, to reduce carbon emissions. We continued to print our red packets on environmentally friendly paper.

In Singapore, our customers dropped more than 4,000 kg of used or excess red packets into recycling boxes at our branches during the Chinese New Year season – which can be pulped to make 4,400 rolls of toilet paper.

We also offered our customers the option of going digital with e-Ang baos via OCBC Pay Anyone™.

Building the Habit of Recycling

In 2020, the OCBC Property Services initiated a partnership with the business units to encourage our staff to adopt a habit of recycling at OCBC Centre and OCBC Tampines Centre.

Arrangements were also made with the cleaners of business units to collect the recycled waste on a weekly basis.

Sustainability Pillar 3: Acting with Integrity

Strong Governance

Why this is Material to Us

Strong governance remains the bedrock of our success. Establishing appropriate control and oversight of our business is essential to our role as a steward of wealth and value for our customers and society. Having a strong governance framework in place enables us to build and safeguard trust amongst our stakeholders, as well as create long-term and sustainable value for them.

Our Management Approach

We are committed to uphold the highest standards of corporate governance in all that we do. We comply with all corporate governance regulations, codes and guidelines established in Singapore. The OCBC Code of Conduct and Group policies set out the expected standards of behaviour for all employees. Our Board and senior management are committed to a zero tolerance approach towards all forms of bribery and corruption, which is clearly communicated to all employees and others we work with.

To further strengthen our bank culture which is guided by our core values, LIFRR (Lasting Value, Integrity, Forward-Looking, Respect and Responsibility), we rolled out the following initiatives in 2020:

Embedding Our Core Values in Performance Management

- We refreshed our performance management framework to ensure it places equal importance on how employees achieve results, and not just what they achieve. In our revised framework, our LIFRR values represent a substantial weightage to ensure that these values shape our behaviour and culture.

Values and Ethics Microsite

- We launched an internal microsite bringing together resources on OCBC's culture. This includes a dedicated channel – Voices of Culture – that allows employees to Speak Up and share their views, ideas and suggestions on making OCBC a better place to work.

Crisis Management and Response During Covid-19

On 31 Dec 2019, our Global Incident Management Centre detected and escalated the outbreak of the pandemic in Wuhan. We activated our Crisis Management procedure, regularly exercised to ensure that we have a robust, synchronised and coordinated Bank response to such calamities.

The Crisis Management Team (CMT), led by Group CEO Samuel Tsien and comprising senior members of the Bank, then established a Pandemic Task Force (PTF) as the central co-ordinating body for our response to Covid-19. Both groups met daily in the initial phases of the pandemic. Our swift and coordinated response to the pandemic is testament to our robust approach towards crisis management, underpinned by strong governance within the Bank.

In 2020, we also built on existing initiatives to ensure they remain fit for purpose:

Board Ethics and Conduct Committee (ECC)

- Welcomed President Commissioner of Bank OCBC NISP Pramukti Surjaudaja as a new member with effect from 1 January 2020.
- Ensures our core values are strongly embedded in our corporate culture and anchor the way employees conduct themselves.

Launch of Culture Stewardship Programme

- Encourages cross-divisional collaboration and empowers colleagues to have a say on how to reinforce the Bank's core values, building on efforts of the Culture and Conduct Management Committee (CCMC).

Whistle-blowing Programme

- The safe channels for employees and the public to raise concerns of fraud or misconduct, independently managed by a professional vendor, include:
  Website: www.ocbcgroup.ethicspoint.com
  Hotline: 800-110-1967
- In 2020, a total of 35 anonymous and non-anonymous whistle-blowing reports were received by Group Audit through the various reporting channels. The reports were investigated independently by Group Audit, with findings reported to the Audit Committee.

Our Performance

92% of employees demonstrating a good level of understanding on Operational Risk and displayed appropriate behaviour in handling various risk scenarios [1]

100% completion of mandatory staff training (Fraud awareness and whistle-blowing) [2]

98% of employees in Singapore exhibit the right behaviours in accordance with the indicators tracked, as revealed by Employee Conduct Triggers (ECT)

Successfully rolled out ECT Programmes to key subsidiaries

Zero incidents of corruption

(1) Based on results of Operational Risk Pulse Check 2020, a scenario-based assessment using Covid-19 as a backdrop. The assessment spans across topics on Fraud, Technology, Information & Cyber Risks, Physical Security Risks, Third-Party Risks, Business Continuity Management, Internal Controls and Risk Culture.

(2) The training performance includes employees from OCBC Singapore and international branches.

Our Targets

Maintain **100%** completion rates for mandatory staff training in 2021 (Fraud awareness and whistle-blowing)

For further information on our approach to strong governance, see chapter on Corporate Governance in our Annual Report.

Fair Dealing

Why this is Material to Us

Our continued success is dependent on our ability to meet our customers' needs and build enduring relationships with them. This involves dealing with customers honestly, consistently and with integrity.

Our Management Approach

Over the years, we have earned the trust and confidence of our customers by maintaining a reputation anchored on integrity and honesty – underpinned by our core values. Our brand promise, to be 'Simply Spot On', underscores our commitment to deal fairly with customers by:

- Providing our customers with clear, relevant and timely information to help them make informed decisions.
- Recommending only products that are aligned with our customers' financial objectives and risk profiles.
- Training and certifying our sales employees so that they are equipped to give appropriate advice and recommendations.
- Ensuring customers' feedback and complaints are addressed in an effective and prompt manner.

We regularly review and improve our practices, striving to go beyond compliance with MAS' Fair Dealing Guidelines. Some of our key initiatives include:

Fair Dealing Committee, Framework and Monitoring Programme

- Oversees strategic initiatives and measurement to ensure we deal fairly, including conducting quarterly reviews of the Fair Dealing performance at the Bank and its subsidiaries. In 2020, no adverse issues were encountered in its review.
- Monitors and assesses the Bank's Fair Dealing performance based on two aspects: Quantitatively, such as the number of misconduct cases reported to MAS, audit results, compensation amount arising from mis-sellings and the MAS' Balanced Scorecard results and qualitatively to understand the systemic nature of misconduct cases.

Product Suitability Committee, Policy and Framework

- Governs the approval of new investment products to ensure they are appropriate for the target customer segment based on OCBC's Product Suitability Risk Rating Methodology which assesses both the risk factors of new investment products and risk profiles of the target customers, before matching both to ensure only suitable products are recommended to our customers.
- A total of 30 new investment products were approved in 2020.
- Provides guidance to strengthen the transparency and comprehensiveness of our risk disclosures, make improvements to ensure fair and transparent pricing, and develop in-depth product training and standards for product managers.

Our Performance

100% completion of mandatory Fair Dealing e-learning module [1]

100% attendance in product suitability training and assessment for Product Managers [2]

No significant case of mis-selling from a regulatory breach perspective

(1) Data covers employees in Singapore and Malaysia only.

(2) Data covers Product Managers in Singapore only.

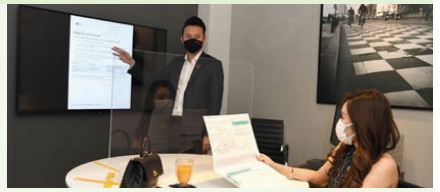
Our Targets

Maintain **100%** completion rates for mandatory staff training for Fair Dealing in 2021

Maintain **Zero** significant case of mis-selling in 2021

Going the Extra Mile to Deal Fairly with Customers in Singapore

Our Singapore Product Suitability Committee goes beyond its terms of reference to not only ensure we offer investment products suitable for our customers, but also that our employees provide quality advice and recommendations and customers receive clear, relevant and timely information to make informed financial decisions. To achieve this, the Committee provided guidance and improved the transparency and comprehensiveness of risk disclosures, fair and transparent pricing, in-depth product training and the standards of product managers. It also strengthened the pre- and post-sales and advisory controls to safeguard the interests of vulnerable customers.



A relationship manager going through the one-page summary for a Bancassurance product to ensure the customer understands the key product features and risks.

Combating Financial Crimes and Cyber Threats

Why this is Material to Us

Financial crimes and cyber threats have the potential to disrupt our banking services and result in financial losses impacting our customers, our organisation and the wider economy. The continuous evolution of technology and digitalisation of products and services means that we will continue to face increased risks of cyber-attacks, data breaches, fraud, money laundering and the financing of terrorism. To uphold the trust of our stakeholders, ensuring resilience against these risks remains a vital priority for the Bank.

Our Management Approach

OCBC adopts a holistic approach to combating financial crimes and cyber threats. We build security into all our products and services by design.

Furthermore, we implement a comprehensive framework of policies and practices to manage risks, which are continuously enhanced through investment in new technologies. This is crucial to protecting our customers' information and money as the nature of financial crimes and cyber threats continues to evolve.

The ongoing global pandemic has created the need for the adoption of large-scale remote working arrangements and accentuated the need to engage our customers digitally. We have therefore proactively strengthened our internal control environment, as well as ensured that robust risk management processes continue to be in place for all digitalisation initiatives.

We have also continued to partner and collaborate at an industry level [1], to raise standards and actively share salient information, as well as with law enforcement agencies and other financial institutions to combat cybercrimes.

We regularly evaluate the effectiveness of the measures put in place and seek to promptly resolve any issues that arise. We monitor our networks for cyber threats through a 24-hour Cybersecurity Operations Centre.

Some of our key initiatives in 2020 include:

Anti-Fraud Measures

- Continued investments into fraud surveillance systems across the Group.
- Expanded the use of a new system to detect suspicious and interlinked devices interacting with our online banking platforms and take proactive actions on suspicious accounts.
- Revamped our fraud awareness and whistle-blowing online training programme to strengthen our staff's awareness of fraud.
- Enhanced accessibility for the public to OCBC's whistle-blowing programme and reporting channels.
- Continued dissemination of public education messages on cyber fraud and scams.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism

- Collaborated with Law Enforcement Agencies on Project POET (Production Orders: Electronic Transmission), which seeks to automate the transfer of information between the Bank and the police to enable financial crimes to be solved more efficiently.

Cyber Resilience

- Continued to review and enhance OCBC's preventative, detective, and response capabilities to strengthen the Bank's cyber resilience.
- Organised and conducted a series of cyber risk awareness webinars for our SME customers to strengthen cyber vigilance given increased remote working during the Covid-19 pandemic.

Preventing Data Breaches

- Increased frequency of risk awareness broadcasts, including the do's and don'ts of remote working.
- Enhanced controls to enable safe usage of video conferencing tools.

[1] *Partnerships include the Association of Banks in Singapore Standing Committee on Cyber Security (ABS SCCS), the Financial Services Information Sharing and Analysis Centre (FS-ISAC) and the Alliance of Public Private Cybercrime Stakeholders (APPACT).*

Protecting Our Customers Against Scams

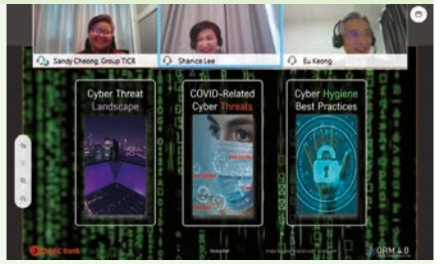
OCBC employees with their awards presented by the Singapore Police Force.

The growth and acceleration of online transaction volumes and tough economic conditions are expected to trigger an increase in fraud threats. We have therefore expanded our efforts in ensuring a safe and trusted banking environment. This includes strengthening our anti-fraud programme and continuing to educate our customers to spot signs of threats.

In recognition of our efforts in 2020, the Bank received 27 awards from the Singapore Police Force for detecting and preventing customers from falling victim to scams. One of the cases involved a customer who revealed his online banking credentials to scammers in an elaborate tech support scam, resulting in $190,000 being transferred to an account overseas. The transaction triggered an alert by the Bank's fraud surveillance system and after an assessment, our fraud analyst took swift action. In collaboration with the police, we managed to recover the full amount which was returned to the customer.

Enhancing Our Customer's Cyber Vigilance

An increasing number of our SME customers are adopting large-scale remote working due to the pandemic. Cyber vigilance is essential for them to navigate safely in the new normal. To help our SME customers, a webinar session which OCBC organised was on 'The New Reality of Risk – Cyber Threat Landscape & Cyber Hygiene', where more than 65 participants were equipped with cybersecurity best practices.



A webinar session to improve our SME customers' cyber vigilance.

It was very informative! Thank you OCBC!

– From a participant of OCBC's webinar on 'The New Reality of Risk – Cyber Threat Landscape & Cyber Hygiene'

Our Performance

100% of our employees completed mandatory AML and CFT training and assessment [1]

100% inclusion of employees in the Social Engineering Test Programme [1]

100% completion of Annual Cyber and Information Risk Awareness Online Training and Assessment Course [1]

$10.75m prevented from falling into the hands of fraudsters through our anti-fraud programme

27 awards received from the Singapore Police Force in recognition of our fraud prevention efforts

[1] *The training performance includes employees from OCBC Singapore and international branches.*

Our Targets

Maintain **100%** completion of mandatory AML and sanctions compliance training in 2021

Maintain **100%** inclusion of employees in the Social Engineering Test Programme in 2021

Maintain **100%** completion of our Annual Cyber and Information Risk Awareness Online Training and Assessment Course in 2021

Sustainability Pillar 4: Valuing Our People

Employee Health, Safety and Wellbeing

Why this is Material to Us
A healthy, resilient, connected and engaged workforce is a high-performing one. As the nature of work and the workplace changes, particularly in light of the Covid-19 pandemic, we have a responsibility to our employees to provide a workplace that is safe, supports mental and physical health, and enables them to have a fulfilling life both in and outside the office. It is also important that they remain connected and engaged with the company and their fellow colleagues, to build trust and a sense of purpose at the workplace.

Our Management Approach
We have instituted a robust framework of policies and procedures ensuring that we place the health, safety and wellbeing of our employees at the top of our priorities as an employer. This includes tools that enable us to quickly detect and respond to any threats or incidents related to their wellbeing. We also invest in initiatives and programmes to promote their wellbeing both during and outside work hours.

We regularly validate the effectiveness of our framework by incorporating lessons learnt from past incidents and crisis, conducting crisis simulations and participating in industry-wide exercises to identify weaknesses.

Our Performance

6,994 employees benefited from Grab Transport e-vouchers

859 employees benefited from telehealth vouchers

Around **1,500** employees globally participated in MyWellness Fiesta and post-Fiesta webinar – digital events to improve employee wellness during Covid-19

Our Targets

We will continue to actively respond to the needs of our employees, and invest in initiatives to protect their health, safety and wellbeing

Protecting our Employees Amid Covid-19

Once the pandemic was identified as a threat, we quickly mobilised the Group Crisis Management Team comprising senior members of the Bank to provide key decision making and guidance. Meanwhile, the Group Pandemic Taskforce, with representatives from all divisions and subsidiaries, was also set up and activated to plan and execute various response actions.

Both groups met on a regular basis – daily in the initial phases – to plan and coordinate the Bank's response. Amongst other tasks, the groups:
- Implemented policies to adhere to rapidly changing health and regulatory requirements.
- Developed health and safety response procedures – e.g. emphasising workplace hygiene, stepping up the cleaning regime of our offices and branches, ensuring sustainable provision of hygiene supplies to all staff.
- Implemented a progressive, orderly and timely strategy to reduce the number of employees working in office to prevent operational disruptions, while developing a phased approach to bring employees back onsite as the situation stabilised. This included providing employees with a number of options for them to have a comfortable work environment, such as staggered work hours, alternative work arrangements and rotational working patterns.

Covid-19 Care Package and Update to Leave Policies [1]

Throughout the pandemic, we also recognised additional hardships faced by our employees and we implemented a number of groupwide initiatives to ease their burdens and support their wellbeing.

Covid-19 Care Package
We provided relief measures to support employees and their immediate family during this period. To ensure employees could access essential care and reduce potential exposure to infection, we provided a Covid-19 Care Package that included:
- Healthcare: Covid-19 Group Insurance and telemedicine consultation support to meet healthcare needs during the pandemic.
- Transport: Support for employees required to work onsite, in order to limit their exposure to crowds (includes parking fee waivers and Grab Transport e-vouchers).

Updated Our 2020 Leave Policies
- Allowing employees to encash or carry forward additional days of 2020 Annual Leave to 2021, in view of the travel restrictions during Covid-19.

[1] *These policies were extended to all countries and adapted based on local needs to ensure compliance with local legislation.*

3 GOOD HEALTH AND WELL-BEING

Supporting the Mental and Emotional Health of Our Employees

MyWellness Fiesta 2020
With the onset of the pandemic, protecting the mental and emotional health of our people had become even more important than before. The Fiesta – which moved online this year and saw active participation from employees across the Bank – featured a range of interactive sessions, quizzes and activities to help employees cope during turbulent times. Some of the key activities included art and music therapy sessions to help employees manage stress, sharing sessions by para athletes on resilience, cooking workshops on healthy recipes for employees to prepare in their home office, and many more. Employees were also able to book one-on-one consultations with experts for confidential chats on their personal challenges.

Leveraging on technology, we were able to increase employee reach while using innovative delivery methods to improve employee experience. The Fiesta was a success, with over 950 employees globally signing up in total.

After the Fiesta, we continued with a series of wellness talks which saw close to 550 signups. The talks covered topics such as resolving family conflicts, building immunity and coping with change after Covid-19.

Employee Counselling Support
Given the impact of Covid-19 on the working and living situations of our employees, we expanded our professional counselling services to further support employees in Singapore.

Through the OCBC Employee Assistance Programme, employees were able to reach out to HR to speak with our panel of professional counsellors, with assurance of confidentiality from the Bank.

I most enjoyed the session titled "Music for Busy Bees" with a medical music therapist. It made me realise that we can easily manage and release stress by taking a very short time spent listening to good music during the day.
– Kim Minju, Internal Control & Compliance Officer, Seoul Branch

In the virtual sanctuary, the main lobby in a form of a panoramic map really excited me. From the main lobby, I could enter every room just with a click on the mouse. I really love the design of it and I am so glad to see that our bank has such advanced technology.
– Leo Liu Hao Cheng, Retail Banking, China Branch

First-of-its-kind virtual sanctuary provided an immersive experience for employees, with different rooms carefully designed to help them feel calm and centred.

Neck exercises led by the physiotherapist in a virtual demonstration.

Customised art materials were delivered to our employees' homes and offices for them to participate in the virtual art therapy workshop.

Employees learning about acupuncture points that help relieve stress from a Traditional Chinese Medicine consultant.

OCBC Bank has always believed in taking care of our people. The pandemic has prompted us to review the relevance of our benefits and how we can show our employees we care for them. This led to the Covid-19 support measures to provide support for our people in practical ways. At the same time, we advocate the importance of a balanced lifestyle so our employees are mindful of, and are equipped to look after their physical, mental and emotional health. We will continue to invest in our people's wellbeing and adjust policies so we respond nimbly to global and economic changes.
– Ernest Phang, Head, Corporate Services, Group Human Resources

Please refer to Our Response to Covid-19 section for further information.

8 DECENT WORK AND ECONOMIC GROWTH

Inclusive Workforce

Why this is Material to Us
Building an inclusive culture that embraces diversity, treats employees fairly and provides equal opportunities is crucial to the Bank's long-term success, as it helps to foster creativity and innovation.

Our Management Approach
We seek to recognise each individual and the value they bring to the Bank. This means cultivating an environment where employees can be who they are, while providing support for them to be the best version of themselves. We work hard to maintain a culture that is caring, trusting and progressive.

To ensure we deliver on our commitments, we have put in place a number of key policies, including:

- **Anti-Bullying and Harassment:** Our Code of Conduct sets out clear standards of behaviour for our employees, including guidelines on anti-bullying and harassment. We have a robust grievance procedure in place for employees to share their concerns without any fear of retaliation.
- **Diversity and Inclusion:** The OCBC Employer Brand articulates our programmes and policies, which are anchored on three Employer Brand pillars: Caring, Progressive and Delivering a Difference.
- **Work-Life Integration:** We support employees to succeed in both their careers and personal lives, offering flexible work arrangements for working parents who need to juggle demands both at home and at work. We also provide childcare centres with full facilities at three of our sites.

This year, one of the key initiatives to promote a more inclusive workplace included:

Expansion of MentorMe Programme and Campus Star Awards to Malaysia

- Expanded the 9-month MentorMe programme to Malaysia, riding on the success of the last two years in Singapore. The programme allows senior leaders to provide support to female employees through workshops and mentorship, helping them achieve personal and professional success.
- A total of 67 employees in Singapore and 50 in Malaysia took part, leveraging an e-matching algorithm to find the best mentor-mentee match. Due to the Covid-19 pandemic, this year's programme was launched virtually by OCBC Deputy President Helen Wong who is also the sponsor.
- Campus Star Awards, which appreciates learning champions who volunteer their time to impart knowledge and skills to the rest of the Bank, was also expanded to our colleagues in Malaysia. A total of six Outstanding and two Distinguished awards were given out to colleagues in Singapore and three in Malaysia. We currently have 496 internal trainers in Singapore and 90 in Malaysia.

Our Performance

Maintained a balanced gender ratio, with **41%** male and **59%** female employees [2]

39% of women in leadership positions [2]

Our Targets

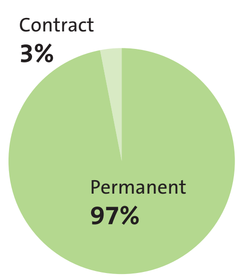
Maintain a balanced gender mix across our workforce in 2021

Achieve **42%** of women in leadership positions by 2022

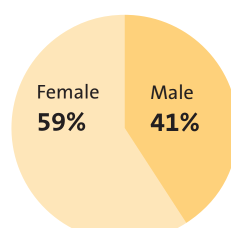
Workforce (Permanent and Contract Staff)

Total Workforce [1]

Employment Nature [2]



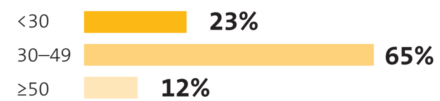
Gender [2]



[1] Statistics include permanent and contract staff at OCBC Group.
[2] Statistics include permanent and contract staff at OCBC Group, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad.

Workforce by Age Group (Permanent and Contract Staff)

2020 [3]



	2019 [5]	2018
<30	26%	29%
30–49	63%	60%
≥50	11%	11%

Employee Category by Age Group (Permanent and Contract)

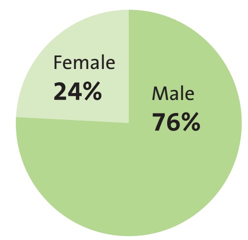
	2020 [3]			2019 [5]			2018		
	<30	30–49	≥50	<30	30–49	≥50	<30	30–49	≥50
VP and above	0%	9%	4%	0%	9%	4%	0%	9%	4%
AVP and Management Associates	1%	20%	3%	1%	19%	2%	1%	18%	3%
Managers and Associates	18%	29%	3%	16%	25%	3%	19%	26%	3%
Non-executives	5%	7%	2%	9%	9%	3%	9%	7%	2%

Employee Category by Gender (Permanent and Contract Staff)

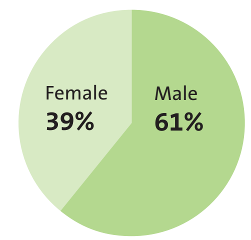
	2020 [3]		2019 [5]		2018	
	Male	Female	Male	Female	Male	Female
VP and above	7%	6%	7%	6%	7%	6%
AVP and Management Associates	11%	12%	10%	12%	10%	11%
Managers and Associates	19%	30%	18%	27%	19%	28%
Non-executives	4%	10%	6%	5%	5%	13%

Representation of Female Leaders at Management Level

Senior Management Positions

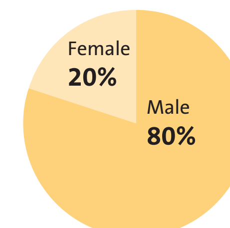


Leadership Positions [2]



Board Diversity

Gender



New Hire (Permanent Staff Only)

	2020 [4]	2019 [6]	2018
Total	**3,570**	5,784	4,874
Gender			
Male	**50%**	49%	48%
Female	**50%**	51%	52%
Age Group (years old)			
<30	**47%**	49%	52%
30–49	**51%**	48%	46%
≥50	**2%**	3%	2%
New Hire Rate	**12%**	20%	20%

Attrition Rate (Permanent Staff Only)

	2020 [4]	2019 [6]	2018
Total	**3,406**	4,899	4,551
Gender			
Male	**48%**	47%	46%
Female	**52%**	53%	54%
Age Group (years old)			
<30	**35%**	39%	43%
30–49	**54%**	53%	51%
≥50	**11%**	8%	6%
Attrition Rate	**12%**	17%	19%

[3] Statistics include permanent and contract staff at OCBC Group, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad.
[4] Statistics include only permanent staff at OCBC Group in 2020, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad.
[5] Statistics include permanent and contract staff at OCBC Group, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad and BOS Wealth Management Malaysia Berhad.
[6] Statistics include only permanent staff at OCBC Group in 2019, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad and BOS Wealth Management Malaysia Berhad.

8 DECENT WORK AND ECONOMIC GROWTH

Talent Management

Why this is Material to Us
We believe that the best organisations thrive because of the strength of their people. Our talent is our most important asset. It is imperative that we continue to attract, retain and develop the best talent to ensure we are future-ready.

Our Management Approach
OCBC has always had a longstanding commitment to developing our employees throughout their careers. We maintain a culture of learning that prioritises holistic development, helping employees realise their full potential both professionally and personally.

Our OCBC Future Smart Programme is at the heart of our talent management strategy. Established in 2018, the programme remains the largest and most ambitious digital transformation initiative from a local bank. Our aim is to ensure that employees have the digital competencies needed to thrive in a rapidly changing economy.

This year, we had to ensure that our emphasis on talent management would not be impacted by the Covid-19 pandemic. We adapted quickly to move our key programmes online, responding to the changing situation and needs of our workforce, while ensuring that our employees continue with their development and growth during the pandemic.

Some of our key updates and initiatives to strengthen our approach included:

Campus Goes Virtual
- Within two weeks of safe distancing measures kicking in, the first batch of our virtualised programmes was launched and a total of 65 per cent all in-person programmes were converted to virtual mode.
- Mounted more than 1,100 new e-learning content on Campus on Cloud for employees – 5 times more than last year – in close partnership with business units and external providers.
- In 2020, virtual learning consumption of employees across the bank increased by 88 per cent as compared to 2019. In all, we saw more than 442,000 attendances in more than 6,100 virtual learning programmes.

Launch of New APEX Performance Development Framework
- Emphasises shared responsibility between manager and employees in career development. Managers are encouraged to provide continuous feedback to help employees unlock their potential, while employees are encouraged to proactively seek advice and opportunities.
- Provides greater clarity and transparency on process and decisions on rewards and talent management.

New Leadership Programmes
- Curated and designed new programmes for our leaders to continue building the leadership pipeline for the Bank.
- **BOLD Programme:** A 7-month leadership journey jointly developed and facilitated by IESE Business School in Spain. It focuses on deepening leadership skills for our senior leaders, covering topics such as agility, sustainability, digital transformation and legacy building.
- **LEAD programme:** Aims to strengthen the leadership pipeline for mid to senior level leaders across the Bank. In partnership with the National University of Singapore (NUS), the 3-month journey builds core leadership competencies such as Leading Courageously, Adaptability, Building Talent, Fostering Collaboration and Strategic Thinking.

New Learning Modalities in Certification Pathways
- **Data Certification Pathway:** Personalised journey mapping to train employees to be skilled Data Analysts or Data Scientists. Pre-pathway profiling assessment helps to determine employee skill levels and gaps, enabling recommendations on suitable tracks to take.
- **Cyber Certification Pathway:** Technology-equipped simulation labs and hackathon methodology enables employees to understand the different components and strategies of cybersecurity and how hackers operate. Helps to support the competency building of Cyber Analysts and Cyber Security Specialists.

Our Performance

Maintained an average of **33.88** hours of learning and development for employees [2]

Continued our investment of **$20 million** over three years (from 2018-2020) to equip all employees with digital skills

Our Targets

Maintain employee engagement score above **70%** in 2021 Employee Engagement Survey (results to be published in 2022)

Ensure all employees continue to have access to career development opportunities within the Bank through internal channels and programmes

Awards

OCBC China:
2020 Top Human Resources Awards
awarded by 51Job 2020

2020 Greater China Best Human Resources Team
awarded by HRoot Awards 2020

2020 Outstanding Strategic Partner of TEKsystems
(for Recruitment Team)

Reskilling our Workforce

- **Professional Conversion Programme (PCP)**
More than 1,300 employees from consumer banking, audit, compliance and operations have been enrolled in the PCP, providing them with opportunities to deepen their digital skills so that they can embark on new or enhanced roles.

Choo Cui Ling, 28, started her Technology in Finance Immersion Programme journey in 2019. She selected the Cybersecurity track and was offered an attachment opportunity by the Bank.

- **Technology in Finance Immersion Programme (TFIP)**
TFIP equips individuals new to the financial sector with structured and on-the-job training in new and in-demand areas in technology such as cloud computing, cyber security and data analytics. This provides us with technology talents from diverse backgrounds.

Fireside Chat with Senior Minister Tharman Shanmugaratnam

Fireside chat with Group CEO of OCBC Bank, Samuel Tsien (left) and Senior Minister Tharman Shanmugaratnam (right).

The Senior Minister visited OCBC Centre on 16 October to learn about our reskilling and upskilling efforts to future-proof all our employees. During a fireside chat with our Group CEO Samuel Tsien, both employers and employees were urged to embrace changes in the jobs market. Samuel also shared about our Future Smart Future Workforce Initiative, launched in 2018, to identify roles that had high transformational potential and to equip our employees with the new skills needed to perform these roles in the future.

Training and Development

Average Training Hours by Gender	2018	2019 [1]	2020 [2]
Male	47.19	44.81	**34.43**
Female	47.43	43.71	**33.49**
Total	47.33	44.16	**33.88**
Average Training Hours by Employee Category	**2018**	**2019 [1]**	**2020 [2]**
VP and above	45.04	45.61	**37.18**
AVP and Management Associates	46.23	44.53	**38.26**
Managers and Associates	55.18	47.63	**32.37**
Non-executives	29.42	34.68	**28.45**
Average Training Hours by Age Group (years old)	**2018**	**2019 [1]**	**2020 [2]**
<30	60.93	59.95	**40.13**
>=30–<50	43.52	39.89	**32.90**
>=50	32.23	32.45	**27.26**

[1] *Statistics include permanent staff at OCBC Group, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad and BOS Wealth Management Malaysia Berhad.*
[2] *Statistics include permanent staff at OCBC Group, excluding PT OCBC Sekuritas Indonesia, OCBC Capital Malaysia Berhad.*

Future Smart Future Workforce: A 6-month virtual Learning Festival

Our annual learning festival went virtual this year, which allowed for large-scale participation by employees across the Bank. The 6-month Learning Festival aimed to upskill and reskill employees in core competencies such as leadership, technology and data, risk and governance as well as building wellness, agility and resilience during the Covid-19 pandemic.

Group CEO of OCBC Bank, Samuel Tsien (left) and former diplomat and renowned Singapore academic, Kishore Mahbubani (right) sharing at the festival.

It is an exciting and timely opportunity to gain a different learning experience and build networks with colleagues around the world… I get the strong feeling that we are truly an international bank.
– Sean Zhou, OCBC employee

Nurturing Young and Mid-career Talent for the Future Workforce

In 2020, OCBC offered more than 500 traineeship positions to university and polytechnic graduates under the SGUnited Traineeships Programme. This covered areas such as corporate banking, data and technology. Another 400 internships were provided to students to give insight into the banking and insurance industry. This is part of our commitment to nurture young talent for the long-term benefit of the banking industry and the community at large.

Sustainability Pillar 5: Engaging Communities

Community Development

Why this is Material to Us
Giving back to society has long been an important part of OCBC's corporate culture. We recognise that our wellbeing is intrinsically linked to that of society. By engaging and supporting the communities where we operate, we can help to shape a more prosperous and sustainable future for all of society.

Our Management Approach
Across our core markets, we are committed to supporting the underserved in the community. Leveraging on the resources of the Bank, we seek to address challenges in society and meet critical unmet needs. Our #OCBCCares Programme, carried out across all our markets, continues to spearhead our efforts to give back to the community. On top of providing crucial funding to support various causes, we also encourage our employees to contribute their time and skills through various volunteering opportunities. We focus our efforts to make a difference through targeted programmes in four thematic areas, in line with our commitment to the SDGs:

- **Families:** Supporting cohesive and healthy communities
- **The Elderly:** Meeting the health and social interaction needs of an ageing population
- **Persons with Special Needs:** Encouraging social inclusion and acceptance
- **Environmental Sustainability:** Promoting environmentally-responsible behaviour and reducing carbon emissions as part of our climate action strategy

This year, a key focus for our efforts has been responding to needs arising from the Covid-19 pandemic. A snapshot of our programmes in 2020:

Singapore's First Community Shop for Needy Families

Our employees play an active role in the operations of this shop and provide additional manpower whenever required. (Picture was taken before wearing of masks became mandatory in Singapore.)

We contributed $300,000 over the next five years to set up the Food from the Heart (FFTH) Community Shop@ Mountbatten, providing food supplies to almost 500 needy families. The shop operates on a shop-for-free concept, allowing beneficiaries to choose 12 food items from the shelves each month instead of receiving standardised food packages from charities. This helps address the mismatch between donated food and what beneficiaries need and reduces food waste.

Virtual Volunteering During Covid-19

In April 2020, we were informed by our charity partners that all face-to-face volunteering had to be discontinued. To overcome this barrier, our employees came up with the idea of virtual volunteering, leveraging technology to have conversations with beneficiaries in real time and provide emotional support as they struggled with anxiety, isolation, boredom and frustration during the pandemic. One group of volunteers used storytelling and acting to remind children to wash their hands constantly during the pandemic. This crisis pushed us to find innovative ways for employee volunteering, as well as pivot quickly to meet newly-emerged needs.

More than $1 million Donated to Help Families and Migrant Workers Affected by Covid-19

In response to the pandemic and its economic impact, OCBC Bank and our staff donated $1,225,000 to support 1,000 needy Singaporean families and 55,800 migrant workers. The Singaporean families received $800 each in supermarket vouchers to enable them to obtain necessities such as fresh food, stationery and medicine, helping to tide them through till the end of 2020. Migrant workers living in nine dormitories across Singapore also received support during their period of isolation. We provided a range of supplies ranging from familiar foods to basic necessities, and additional personal protective equipment and cleaning supplies.

Our Performance

224,937 beneficiaries supported

$2.9m donated

405 activities organised across the Group

13,394 volunteers

38,392 volunteer hours [1]

[1] Overall employee support for the community stood at 66 per cent against target due to pandemic-led restrictions on face-to-face volunteering across all our markets. Our volunteers quickly pivoted to find new ways of contributing their time and talents to impact more than 224,937 individuals, a 62 per cent increase from the previous year.

Our Targets

Increase number of individuals helped by **10%** in 2021

Boost employee support for the community by encouraging more employees to volunteer

Awards

Champion of Good 2020
awarded by the National Volunteer and Philanthropy Centre (NVPC)

Economic Contributions

Why this is Material to Us
Creating inclusive economic growth over the long-term is imperative for sustainable development. As a bank, to build and maintain public trust, we must be transparent about the value we create and how this is distributed to our stakeholders.

Our Management Approach
In addition to providing financial solutions, our main economic contributions arise from compensation to our employees, taxes to the authorities, retained earnings and dividends to our shareholders.

We also prioritise sourcing from local suppliers to support the economy in our core markets.

Our Targets

Continue to support the growth of the local economy wherever possible

Our Performance

Economic Contributions [1]	2018	2019	2020
Group Total Income	S$9.70b	S$10.87b	**S$10.14b**
Group Income Tax	S$0.88b	S$0.78b	**S$0.44b [2]**
Group Dividends Paid	S$1.82b	S$2.31b	**S$1.41b [3]**
Retained Earnings	S$23.44b	S$25.78b	**S$27.32b**
Group Staff Compensation	S$2.61b	S$2.84b	**S$2.75b**
Group Number of Employees	29,706	30,537	**30,538**
Supply Chain Spending	**2018**	**2019**	**2020**
Total Supply Chain Spending	S$1.89b	S$1.79b	**S$1.62b**
Local Spending	92%	92%	**93%**
Total Vendors	10,552	10,741	**9,418**
Local [4] Vendors	90%	90%	**90%**

Notes:
[1] To be consistent with our financial statements, we have included the performance of Great Eastern Holdings in this table.
[2] Included a one-off positive tax impact arising from the finalisation of prior years' tax assessment at Great Eastern Holdings.
[3] Given the uncertain economic climate, the Monetary Authority of Singapore has called on all locally-incorporated banks headquartered in Singapore to cap the total dividend per share for 2020 at 60 per cent of the prior year's dividend, and to offer shareholders the scrip dividend option.
[4] Local is defined as registered in the same country.

Providing Over 3,500 Jobs in Singapore Amid Covid-19

In a bid to provide opportunities for fresh graduates and other job seekers amid the economic uncertainty during the pandemic, we hired about 2,100 people for full-time roles across the Bank as well as provided more than 500 traineeship positions under the Singapore government's SGUnited Traineeships programme. The jobs provided were in areas such as wealth management, corporate banking, risk management, data analytics, operations and technology – roles required to facilitate digital transformation worldwide as customers increasingly seek out digital services and solutions. Our commitment to providing jobs during the pandemic came after we announced that we would not be laying off any of our 30,000 employees worldwide, after the OCBC Financial Impact Survey showed that 55 per cent of employees were worried about their job security during the crisis.

Corporate Governance

The Bank is fully committed to living its core values and fair dealing in all its activities. The Bank's core values are captured as LIFRR which stands for Lasting Values, Integrity, Forward-looking, Respect and Responsibility. The Bank upholds the highest standards of corporate governance and complies in all material aspects with corporate governance regulations, code and guidelines established in Singapore.

Disclosures made pursuant to the Bank's corporate governance practices are summarised on pages 106 and 107 of this Annual Report.

Board Matters

Principle 1: The Board's Conduct of Affairs

The Board is elected by the shareholders to supervise the management of the business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interests of the Bank as a whole while taking into account the interests of shareholders and other stakeholders. The Bank has a board charter approved by the Board.

Broadly, the responsibilities of the Board include the following:

- reviewing and approving overall business strategy as well as organisation structure, as developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank operates in such a way as to preserve its financial integrity and in accordance with policies approved by the Board;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and, through the Risk Management Committee, the quality of the risk management processes and systems;
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with its strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary human resources are in place for the Bank to meet its objectives;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- establishing corporate values and standards, emphasising integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- overseeing, through the Nominating Committee, the appointment or reappointment, election or re-election, resignation and retirement of Directors of the Bank as well as the appointment, dismissal, resignation and retirement of senior management, ensuring that principles of transparency, accountability and meritocracy are observed;
- overseeing, through the Remuneration Committee, the design and operation of an appropriate remuneration framework, and ensuring that remuneration practices are aligned to and in accord with the remuneration framework;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, including interim and other price-sensitive public reports as well as reports to regulators;
- ensuring that obligations to shareholders and others are understood and met;
- maintaining records of all meetings of the Board and Board Committees, particularly records of discussion on key deliberations and decisions taken;
- identifying the key stakeholder groups, recognising that perceptions affect the Bank's reputation; and
- considering sustainability issues, e.g. environmental and social factors, as part of strategy formulation.

Directors with conflicts of interests are required under the Bank's Constitution to recuse themselves from meetings and decisions involving issues of conflicts.

Board Approval

The Bank has documented internal guidelines for matters that require Board approval. These guidelines are communicated to management in writing. Matters which are specifically reserved for Board approval, amongst others, are:

- material acquisition and disposal of assets;
- corporate or financial restructuring; and
- share issuance, dividends and other returns to shareholders.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and management to optimise operational efficiency.

Board Access to Information

Directors are provided with complete information related to agenda items in a timely manner before each meeting to allow adequate time for review. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, risk management reports, operating plans, forecasts, and reports of variances from operating plans and forecasts.

The Board and its committees have unfettered access to information which the Bank is in possession of and to the Bank's senior management and Company Secretary. The Directors, individually or as a group, can also take independent professional advice from legal firms at the Bank's expense. The role of the Company Secretary is defined. The Company Secretary attends all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its committees and between senior management and non-executive Directors, and facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

Board Committees

While the Board has ultimate responsibility for the affairs of the Bank, various Board Committees have been established to assist the Board in discharging its duties more effectively. The Board Committees have clearly-defined terms of reference and changes to the terms require Board approval. The Board and its committees maintain records of all meetings setting out in detail key deliberations and decisions taken. The minutes of each committee meeting are also circulated to members of the Board who are not members of that particular committee.

The composition and summary terms of reference of each of these committees are as follows.

- **Executive Committee**

  The Executive Committee comprises Mr Ooi Sang Kuang (Chairman), Mr Koh Beng Seng, Dr Lee Tih Shih, Mr Tan Ngiap Joo and Mr Wee Joo Yeow. A majority of the Committee, i.e. Mr Koh Beng Seng, Mr Tan Ngiap Joo and Mr Wee Joo Yeow, are independent Directors. Mr Samuel N. Tsien ceased as member of the Committee with effect from 1 February 2021, but continues to attend meetings as an observer till his retirement as CEO and Director on 15 April 2021.

  The Committee has written terms of reference that describe the responsibilities of its members.

  The Executive Committee oversees – within the parameters delegated by the Board – the management of the business and affairs of the Bank and the Group. It reviews the Bank's policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates such special reviews and actions as are appropriate for the prudent management of the Bank.

- **Nominating Committee**

  The Nominating Committee comprises Mr Wee Joo Yeow (Chairman), Mr Ooi Sang Kuang, Ms Christina Ong, Mr Pramukti Surjaudaja and Mr Tan Ngiap Joo. A majority of the Committee, i.e. Mr Wee Joo Yeow, Ms Christina Ong and Mr Tan Ngiap Joo, are independent Directors.

  The Committee has written terms of reference that describe the responsibilities of its members.

  The Nominating Committee plays a vital role in reinforcing the principles of transparency, accountability and meritocracy at the Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. This includes reviewing all nominations for the appointment or reappointment, election or re-election as well as resignation or retirement of Directors and members of the Executive Committee, Remuneration Committee, Audit Committee, Risk Management Committee and Ethics and Conduct Committee. The Nominating Committee is also responsible for approving the appointments of directors to boards of key subsidiaries to ensure governance standards are aligned with the Bank's. On an annual basis, the Nominating Committee is charged with determining whether or not a Director is independent, capable of carrying out the relevant duties and qualified to remain in office. In addition, it reviews nominations for the appointment as well as dismissal, resignation or retirement of senior management, including the Chief Executive Officer (CEO), Deputy President, Chief Financial Officer, Chief Risk Officer and Chief Information Officer (Head, Group Operations and Technology). It makes recommendations to the Board on all such appointments, including the compensation package for offer of employment, promotion and cessation of employment. The Nominating Committee reviews obligations arising in the event of the termination of the contracts of service of executive Directors and senior management, to ensure such contracts contain fair and reasonable termination clauses.

- **Audit Committee**

  The Audit Committee comprises Mr Chua Kim Chiu (Chairman), Mr Ooi Sang Kuang, Dr Andrew Khoo, Mr Tan Ngiap Joo and Ms Tan Yen Yen. All Committee members are non-executive Directors. A majority of the Committee, i.e. Mr Chua Kim Chiu, Dr Andrew Khoo, Mr Tan Ngiap Joo and Ms Tan Yen Yen, are independent Directors. Four members, including the Chairman, have recent and relevant accounting or related financial management expertise or experience. Mr Chua Kim Chiu retired as a partner of PricewaterhouseCoopers LLP, the external auditor of the Bank, in 2016 and no longer holds any financial interest in PricewaterhouseCoopers LLP. The other members have not been partners or directors of PricewaterhouseCoopers LLP and none of them hold any financial interest in PricewaterhouseCoopers LLP.

The Audit Committee performs the functions specified in the Companies Act, the Code of Corporate Governance 2018 (the Code), the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual, and the corporate governance regulations and guidelines issued by the Monetary Authority of Singapore (MAS).

The Committee has written terms of reference that describe the responsibilities of its members. The Board approves the terms of reference of the Audit Committee. The Committee may meet at any time and no fewer than four times a year. It has full access to and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

Further information on the Audit Committee is provided under Principle 10 on pages 102 to 104.

- **Remuneration Committee**
  The Remuneration Committee comprises Mr Tan Ngiap Joo (Chairman), Mr Ooi Sang Kuang, Mr Koh Beng Seng, Ms Christina Ong, Ms Tan Yen Yen and Mr Wee Joo Yeow. All Committee members are non-executive Directors. A majority of the Committee, i.e. Mr Tan Ngiap Joo, Mr Koh Beng Seng, Ms Christina Ong, Ms Tan Yen Yen and Mr Wee Joo Yeow, are independent Directors. All are well versed in executive compensation matters, given their extensive experience in senior corporate positions and major appointments.

  The Committee has written terms of reference that describe the responsibilities of its members.

  The Remuneration Committee recommends to the Board a framework for determining the remuneration of executive officers, and reviews the remuneration practices to ensure that they are aligned with the approved framework. It is empowered to review the human resource management policies and the policies governing the compensation of executive officers of the Bank and its subsidiaries, as well as the remuneration of senior executives and Directors. In addition, the Remuneration Committee administers the various employee share ownership schemes. In its deliberations, the Remuneration Committee takes into account remuneration principles, practices and standards that may be specified by MAS from time to time.

- **Risk Management Committee**
  The Risk Management Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Koh Beng Seng (Chairman), Mr Ooi Sang Kuang, Mr Chua Kim Chiu, Mr Samuel N. Tsien and Mr Wee Joo Yeow. All the Committee members, except Mr Samuel N. Tsien, are non-executive Directors. Mr Samuel N. Tsien will step down from the Committee on 15 April 2021 upon his retirement as CEO. Members of the Committee have relevant technical financial understanding in risk disciplines or business experience. Mr Ooi Sang Kuang and Mr Chua Kim Chiu also serve on the Audit Committee. The common membership helps to facilitate communication and foster the sharing of information and knowledge between the two committees.

  The Committee has written terms of reference that describe the responsibilities of its members.

  The Committee reviews the overall risk management philosophy in line with the overall corporate strategy as set and approved by the Board. It oversees the establishment and operation of an independent risk management system for identifying, measuring, monitoring, controlling and reporting risk on an enterprise-wide basis, including ensuring the adequacy of risk management practices for material risks.

  The Committee reviews the scope, effectiveness and objectivity of the Group Risk Management Division and ensures that the risk management function is adequately staffed with experienced and qualified employees with reporting lines independent of business lines. It approves the risk management framework and major policies and reviews the risk disclosure policy and risk management principles for the approval of the Board. It also reviews the risk profile, risk tolerance level and risk strategy of the Bank for effective risk management, as well as the risk reports to monitor and control risk exposures. The Chief Risk Officer has direct reporting lines to the Committee and CEO.

  Activities performed by the Risk Management Committee are also described under the section on Risk Management on pages 115 to 126.

- **Ethics and Conduct Committee**
  The Ethics and Conduct Committee supports the Board in overseeing efforts to build and maintain a strong and responsible organisational culture firmly founded on core values and the spirit of long-term thinking. The Committee comprises Ms Christina Ong (Chairman), Mr Ooi Sang Kuang, Dr Andrew Khoo, Dr Lee Tih Shih and Mr Pramukti Surjaudaja. All Committee members are non-executive Directors.

  The Committee has written terms of reference that describe the responsibilities of its members.

  The Committee reviews and assesses the state, implementation and effectiveness of ethics, culture and conduct programmes and initiatives, including matters relating to fair dealing with customers, to ensure proper behaviour within the Bank. It also reviews policies and guidelines pertaining to ethics, culture and conduct to ensure they are relevant and up to date, and reviews related communications to stakeholders.

Board Attendance in 2020 [1]

Name of Director	Board Scheduled Meeting		Executive Committee Scheduled Meeting		Audit Committee Scheduled Meeting	
	Held [2]	Attended	Held [2]	Attended	Held [2]	Attended
Ooi Sang Kuang	5	5	4	4	5	5
Chua Kim Chiu	5	5	–	–	5	5
Koh Beng Seng	5	5	–	–	–	–
Lee Tih Shih	5	5	4	4	–	–
Christina Ong	5	5	–	–	–	–
Quah Wee Ghee	5	5	4	4	–	–
Pramukti Surjaudaja	5	4	–	–	–	–
Tan Ngiap Joo	5	5	4	4	5	5
Tan Yen Yen	5	5	–	–	5	5
Samuel N. Tsien	5	5	4	4	–	–
Wee Joo Yeow	5	5	4	4	–	–

Name of Director	Nominating Committee Scheduled Meeting		Remuneration Committee Scheduled Meeting		Risk Management Committee Scheduled Meeting		Risk Management Committee Ad hoc Meeting	Ethics and Conduct Committee Scheduled Meeting		AGM [3]
	Held [2]	Attended	Held [2]	Attended	Held [2]	Attended	Attended	Held [2]	Attended	
Ooi Sang Kuang	2	2	3	3	6	6	1	2	2	1
Chua Kim Chiu	–	–	–	–	6	6	1	–	–	1
Koh Beng Seng	–	–	3	3	6	6	1	–	–	1
Lee Tih Shih	–	–	–	–	–	–	–	2	2	1
Christina Ong	2	2	3	3	–	–	–	2	2	1
Quah Wee Ghee	–	–	–	–	–	–	–	–	–	1
Pramukti Surjaudaja	2	2	–	–	–	–	–	2	2	1
Tan Ngiap Joo	2	2	3	3	–	–	–	–	–	1
Tan Yen Yen	–	–	3	3	–	–	–	–	–	1
Samuel N. Tsien	–	–	–	–	6	6	1	–	–	1
Wee Joo Yeow	2	2	3	3	6	6	1	–	–	1

Notes:
(1) In addition to the attendance shown, the Directors also attended board committee briefings at the invitation of the respective committee on critical subjects such as digital transformation and risk management actions.
(2) Reflects the number of meetings held during the time the Director held office.
(3) Other than Group Chairman Mr Ooi Sang Kuang and CEO Mr Samuel N. Tsien, all other Board members attended the 2020 AGM through webcast (audio-visual) or audio.

Directors' Attendance at Board and Board Committee Meetings in 2020

Directors attend and actively participate in Board and Board Committee meetings. Their contributions go beyond attendance at meetings. They individually or collectively engage with other Board members and Management outside formal meetings in their oversight of the affairs of the Bank.

In 2020, the Board and its committees held a total of 28 meetings. Directors who are non-committee members also actively attended the Executive Committee and Risk Management Committee meetings for briefings on the Bank's digital transformation initiatives and risk management actions taken on credit portfolios in response to the Covid-19 pandemic. The Bank's Constitution provides for Directors to participate in Board and Board Committee meetings by means of conference telephone, video conferencing or audio-visual equipment.

Board Orientation and Development

A formal appointment letter and a director handbook are provided to every new Director. The handbook sets out, along with other corporate information, the time commitment required and the duties and obligations of Directors, as well as relevant rules and regulations such as those relating to the Banking Act and SGX-ST Listing Manual. The Bank conducts a focused orientation programme, presented by the CEO and senior management, to familiarise new Directors with its business and governance practices. The programme also enables the new Directors to be acquainted with senior management, thereby facilitating the latter's interaction with and access to the Directors. Arrangements are made for new Directors to visit the Bank's operations and facilities.

On a continuing basis, the Directors receive appropriate development to perform their roles on the Board and its committees. This includes updates on global trends and regulatory developments as well as their impact on business, new businesses and products, accounting and finance, corporate governance, risk management and anti-money laundering issues as well as fintech, technology and cybersecurity, which are provided by subject matter experts from within and outside the Bank. When deciding on the scope of the development to be provided, the knowledge and skills required to enable Directors to properly discharge their duties as members of the Board and its committees are taken into account.

The Directors participate in external courses and learning experience as and when needed. The Bank funds the training and development programmes that it arranges for existing and new Directors. There is a formal record of all attendance at training sessions.

Training and updates provided to Directors in 2020 were on subjects that included:

- 2020 Outlook: Risks and Opportunities
- Digital Dialogue: Financial Inclusion in the Digital Age
- Anti-money Laundering / Countering the Financing of Terrorism
- Technology Risks
- SGX-ST Listing Rules Revisions: Enhancing Continuous Disclosures
- LIBOR Cessation and SOR Transition to SORA (New Benchmark Rate)
- Business Transformation for the Digital Age: Corporate Banking, Retail Banking, Internal Audit and Legal and Regulatory Compliance

Principle 2: Board Composition and Guidance

The Bank has majority representation of independent Directors on its Board.

An independent Director of the Bank is one who is independent of any management, substantial shareholder and business relationship with the Bank, and who has not served for more than nine years on the Board. The Board at present comprises 11 Directors of whom seven, a majority, are independent Directors. They are Mr Chua Kim Chiu, Dr Andrew Khoo, Mr Koh Beng Seng, Ms Christina Ong, Mr Tan Ngiap Joo, Ms Tan Yen Yen and Mr Wee Joo Yeow.

Ms Christina Ong is senior partner and chairman of Allen & Gledhill LLP (A&G), one of several law firms which provides legal services to and receives fees from the Bank. She did not involve herself in the selection and appointment of legal counsels for the Group. Her interest in A&G is less than 5% and the fees paid by the Group do not form a significant portion of A&G's revenue. She is also an independent director of Singapore Telecommunications Limited which provides telecommunication services to and receives payments from the Bank, not unlike many organisations in Singapore. The Nominating Committee (with Ms Christina Ong recusing) is of the view that these business relationships do not affect her disposition to act independently and in the interest of the Bank.

Mr Koh Beng Seng is the chief executive officer of Octagon Advisors Pte Ltd (Octagon Advisors) which provides consultancy and advisory services to the Group. The payments by the Group are not significant nor material to Octagon Advisor's annual income. The Nominating Committee is of the view that the business relationship does not affect his disposition to act independently and in the interest of the Bank.

Mr Ooi Sang Kuang is deemed non-independent as he has served for more than nine years on the Board. Nonetheless, he is independent from management and business relationships with the Bank and its substantial shareholders.

Dr Lee Tih Shih is not independent of a substantial shareholder. Mr Samuel N. Tsien and Mr Pramukti Surjaudaja are not independent of management. Mr Samuel N. Tsien is executive Director and CEO. Mr Pramukti Surjaudaja has an immediate family member, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk.

The Board reviews the size of Board and Board Committees annually and it considers the current number of Board and Board Committee members to be appropriate given the size of the Group and its business complexity. It also assesses the diversity of members' profiles and determines the collective skills required to discharge its responsibilities effectively. A Board Diversity Policy, setting out the approach to diversify the appointment of members and composition of the Board is published on the Bank's website. The policy embraces the diversity of skills, knowledge, experience including familiarity in the Bank's core markets, age, gender and length of service as well as merit and independence. Steps are taken to improve effectiveness where necessary. It is assessed that the members of the Board as a group provide the appropriate balance and mix of skills, knowledge, experience, competencies and other aspects of diversity such as gender and age that foster constructive debate and ensure the effectiveness of the Board and its committees. Skills, knowledge and experience include banking, insurance, accounting, finance, law, strategy formulation, business acumen, management experience, risk management, understanding of industry and customer, familiarity with regulatory requirements and knowledge of cybersecurity risks. Details of the Directors' professional qualifications, background and age can be found on pages 12 to 15.

The non-executive Directors on the Board constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

They meet during the year, without the presence of management, to discuss the effectiveness of management.

Separate sessions are also arranged for the independent Directors to meet at least once a year to ensure effective corporate governance in managing the affairs of the Board and the Bank.

The Board and senior executives meet as frequently as necessary to develop or refresh strategies for the Group.

Principle 3: Chairman and Chief Executive Officer

The Chairman and CEO are not related.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness in all aspects of its role; setting its meeting agenda; ensuring that Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; encouraging constructive relations between the Board and management; facilitating the effective contribution of non-executive Directors; ensuring constructive relations between executive and non-executive Directors; and promoting high standards of corporate governance.

The Bank does not appoint a Lead Independent Director as the Chairman and CEO are separate and not related, and there is majority representation of independent Directors on the Board. All Board Committees, except for the Executive Committee, are led by chairmen who are independent Directors. Furthermore, while the Chairman has served more than nine years on the Board, he continues to be independent from management, business relationships and substantial shareholders.

Principle 4: Board Membership

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Bank's Constitution provides for the retirement of Directors by rotation and all appointments and reappointments of Directors have to be approved by MAS.

The Board establishes a Nominating Committee to make recommendations to the Board on matters relating to board membership. The Committee reviews the independence of Directors at least annually in accordance with internal due diligence procedures and the Directors' declarations. It also reviews the succession plans for Directors, including the appointment and/or replacement of the Chairman and executive Director, and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. It reviews all nominations for the appointment or reappointment, election or re-election – as well as resignation or retirement – of Directors of the Bank and members of the Executive Committee, Remuneration Committee, Audit Committee, Risk Management Committee and Ethics and Conduct Committee. It is also charged with determining annually whether or not a Director is independent, capable of carrying out relevant duties and qualified to remain in office.

The Nominating Committee establishes annually the profile required of Board members, having regard to the competencies and skills required, and makes recommendations to the Board on the appointment of new Directors, when necessary. When the need for a new Director is identified, the Nominating Committee will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Nominating Committee may engage external search consultants to search for the Director. The Board reviews the recommendation of the Nominating Committee and appoints the new Director, subject to the approval of MAS. In accordance with the Bank's Constitution, the new Director will hold office until the next Annual General Meeting (AGM) and, if eligible, may then stand for re-election.

Dr Andrew Khoo was appointed to the Board on 8 March 2021. Mr Quah Wee Ghee retired from the Board on 1 January 2021 after having served for more than nine years on the Board, the maximum period to be deemed an independent Director. Mr Samuel N. Tsien will step down from the Board on 15 April 2021 upon his retirement as CEO.

The Bank does not, as a matter of practice, appoint alternate directors.

Directors are aware of their duties and obligations and the expectation to set aside adequate time for their oversight of matters relating to the Bank. They attend and actively participate in Board and Board Committee meetings. The number of such meetings and each director's attendances at such meetings are disclosed in the annual report. They must provide declarations of any changes in their other appointments and principal commitments, which are disseminated to all Board members. The Bank has guidelines on meeting attendance and the extent of other appointments that a Director can assume. The Nominating Committee, based on the guidelines established, assesses annually each Director's attendance record and degree of participation at meetings to determine if a Director is able to and has been adequately carrying out his or her duties as a Director of the Bank. In respect of other appointments, it takes into account – among various factors – the nature of an appointment (full-time or otherwise), number of meetings to attend, complexity of organisation and degree of participation in sub-committees. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who has no full-time employment shall have appointments in no more than six other listed companies.

Key information on the Directors' qualifications, working experience, and other directorships and principal commitments/appointments are provided on pages 12 to 15 while information on their shareholdings in the Bank and its related corporations are provided in the Directors' Statement on pages 146 to 151.

Principle 5: Board Performance

The Board has an annual performance evaluation process, carried out by the Nominating Committee, Nominating Committee Chairman and Board Chairman, to assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board.

An external party is engaged after every three years to facilitate the Board evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarking against peer boards and industry best practices. In accordance with internal policy, the 2020 Board evaluation was conducted internally.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees as well as the Board Chairman, whilst the Chairman and Nominating Committee Chairman evaluate the performance of each Director and meet to discuss the matter. The assessments are made against pre-established criteria which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively to discuss improvements to the Board and ensure that each Director remains qualified for office. The Chairman and/or Nominating Committee Chairman acts on the results of the evaluation, and if appropriate, proposes new Directors or seeks the resignation or retirement of Directors, in consultation with the Nominating Committee.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain talented and competent staff globally. The Board ensures that remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors or key executives.

The Remuneration Committee is tasked to review and recommend to the Board the general remuneration framework as well as the specific remuneration for each Director and for each key executive. The composition and summary terms of reference of the Remuneration Committee are provided on page 92. No member of the Remuneration Committee is involved in the deliberations regarding any remuneration, compensation, options or any form of benefits to be granted to himself or herself.

In its review of the Bank's remuneration practices, the Remuneration Committee can seek expert advice, if necessary. The Bank used salary surveys conducted by external compensation consultants, McLagan (a business unit of Aon Hewitt), Mercer and Willis Towers Watson for the purpose of benchmarking employee salaries in Singapore and overseas. McLagan, Mercer and Willis Towers Watson and their consultants are independent and are not related to the Bank or its subsidiaries or any of their directors. The Bank's compensation practices are also reviewed annually by McLagan against the Financial Stability Forum's principles and implementation standards for Sound Compensation Practices for significant financial institutions.

The Bank's remuneration policy is applied to all OCBC overseas branches and the following subsidiaries:

- Bank of Singapore Ltd
- OCBC Management Services Pte Ltd
- OCBC Securities Pte Ltd
- OCBC Investment Research Pte Ltd
- BOS Trustee Ltd
- e2 Power Pte Ltd
- e2 Power Sendirian Berhad
- OCBC Bank (Malaysia) Berhad
- OCBC Al-Amin Bank Berhad
- OCBC Wing Hang Bank Ltd
- OCBC Wing Hang Bank (China) Ltd

The Bank does not provide for any termination, retirement or post-employment benefits to executive Directors or the top five key management personnel.

Principle 7: Level and Mix of Remuneration

<u>Compensation for Non-Executive Directors</u>

The Bank's remuneration for non-executive Directors is intended to attract capable individuals to the Board, as well as retain and motivate them in their roles as non-executive Directors. It aligns their interests with those of shareholders, is competitive in the region and recognises individual contributions. The remuneration for non-executive Directors is subject to shareholder approval at the AGM.

The Remuneration Committee has considered market practices for non-executive director compensation. On its recommendation, the Board has decided to maintain the fee structure unchanged from the previous year.

The fee structure is as follows:

• Board chairman's fee	S$1,400,000
• Retainer fee	S$45,000
• Committee chairperson's fee for the Audit, Risk Management and Executive Committees	S$70,000
• Committee chairperson's fee for the Nominating, Remuneration, and Ethics and Conduct Committees	S$40,000
• Committee member's fee for the Audit, Risk Management and Executive Committees (committee chairpersons are not awarded these fees)	S$40,000
• Committee member's fee for the Nominating, Remuneration, and Ethics and Conduct Committees (committee chairpersons are not awarded these fees)	S$20,000
• Attendance fee per meeting	S$3,000

The resolution proposing the fee for non-executive Directors will be presented to shareholders at the 2021 AGM.

In the previous year, shareholders had approved the grant of 6,000 remuneration shares to each non-executive Director. The remuneration shares align the interests of non-executive Directors with the interests of shareholders. At the recommendation of the Remuneration Committee, the Board has decided to continue with the granting of 6,000 new ordinary shares to each non-executive Director. Any non-executive Director who has served on the Board for less than a full financial year will be awarded shares on a pro-rated basis, depending on the length of service. The resolution proposing these share grants will be presented to shareholders at the 2021 AGM.

<u>Compensation for Executive Directors</u>

The compensation for an executive Director is formulated and reviewed annually by the Remuneration Committee to ensure that it is market-competitive and that the rewards are commensurate with the contributions made. The compensation package comprises basic salary, benefits-in-kind, performance bonus, share awards and compensation in the event of early termination where service contracts are applicable. Performance bonus relate directly to the financial performance of the Group and the contributions of the executive Director. The guidelines on the granting of share awards to the executive Director are similar to those for the executives of the Bank.

<u>Employee Remuneration</u>

The total compensation packages for employees comprise basic salary, variable performance bonus, allowances and deferred share awards for eligible executives, as well as benefits. Compensation is tied to the achievement of business and performance objectives based on a balanced scorecard approach, which includes leadership competencies and adherence to core values. Where relevant, financial measurements – adjusted as appropriate for the various types of risk (such as market, credit and operational risks) – include:

- Operating efficiency measures covering revenue, direct and allocated costs and operating profits, net profits as well as efficiency indicators such as unit costs.
- Economic efficiency measures such as cost of capital. Capital is attributed to each business based on the amount of risk-weighted assets used and the return on capital.
- Liquidity is factored into the performance measurement of each business through the application of liquidity premiums charged or credited according to the behavioural maturity of each type of asset and liability booked.

There were no significant changes to the above measures during 2020.

In the Bank's continuous efforts to create sustainable value for stakeholders, relevant performance measures are set for each business unit. These objectives which include broad-based growth across its core markets, delivering sustained earnings momentum from core businesses, driving core competencies of disciplined risk management, diversified funding base and continued investments in technology and people, and ensuring sustainable business practices are also consistent with the Group's risk appetite. In the determination of remuneration of senior executives, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing business performance. Executives are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.

The performance of risk and compliance functions is measured independently of the businesses they oversee. Employees in these functions are assessed based on achievement related to their respective performance measures. Market compensation data on risk and compliance functions is also taken into account for remuneration.

In determining the composition of compensation packages, the Bank takes into account the time horizon of risk and includes, in the total compensation for executives, a significant portion of deferred payment in the form of deferred shares. All awards of deferred shares or share options (granted in previous years) are subject to cancellation and clawback if it is determined that they were granted on the basis of materially inaccurate financial statements and/or that the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes to the Bank's risk profile/rating. To ensure that its remuneration packages are competitive, the Bank regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Bank's variable bonus pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics like the Bank's performance, audit ratings, risk indicators and compliance issues, market conditions and competitive market practices.

The Bank adopts a performance-driven approach to compensation. Compensation packages are linked to personal performance, the performance of each business unit, and the overall performance of the Bank. Compensation is reviewed each year based on information from market surveys provided by reputable management consultants.

As a consequence of the last financial crisis, the Financial Stability Forum developed principles and implementation standards for Sound Compensation Practices for significant financial institutions. The Remuneration Committee made changes to the Bank's compensation structure to increase the proportion of the deferred remuneration component for senior executives. The Bank's compensation practices are reviewed annually by McLagan which has confirmed for 2020 that the Bank had met the Financial Stability Forum principles and implementation standards.

The Bank has identified a group of senior executives whose authority and actions are deemed to have a major influence on the long-term performance of the Bank. This group, identified as "Material Risk Takers" comprises senior management (the CEO and his direct reports), employees of Senior Vice President rank and above, key personnel at business units, senior control staff, and employees who had been awarded significant variable performance bonuses. For the "Material Risk Takers" with bonuses exceeding S$100,000, at least 40% of their variable performance bonuses are deferred in the form of shares. The Board approves the compensation of the CEO, Deputy President, Chief Financial Officer, Chief Risk Officer, Chief Information Officer (Head, Group Operations and Technology) and Head, Global Treasury, and the Remuneration Committee approves the compensation of all other senior executives of Senior Vice President rank and above, as well as the top five employees who had been awarded significant variable performance bonuses who are below the rank of Senior Vice President.

The performance evaluation for senior executives in 2020 has been conducted in accordance with the above objectives and considerations.

The remuneration practices for staff in bargainable positions are established through negotiation with the Bank's unions.

Share Schemes

- **OCBC Share Option Scheme 2001**
  The Bank has ceased granting share options under the OCBC Share Option Scheme 2001 (the Scheme) effective from financial year 2018 remuneration. The Scheme will end on 2 August 2021. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by the recipients.

  The cumulative total number of new ordinary shares issued by the Bank in respect of options granted under the Scheme has not exceeded 10% of the Bank's total number of issued ordinary shares.

  The acquisition price for each ordinary share in respect of which the option is exercisable was determined by the Remuneration Committee to be the price equal to the average of the last dealt price of the shares for the five consecutive trading days immediately prior to the date of grant. No options have been granted at a discount to the price as determined above since the commencement of the Scheme.

  The validity period of the options granted is subject to legislation applicable on the date of grant. Based on current legislation, options granted to Group executives are exercisable for up to 10 years, while options granted to non-executive Directors are exercisable for up to five years. The options may be exercised after the first anniversary of the date of grant, in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of grant of the respective options. The Committee has adopted the following vesting schedule:

	Percentage of shares for which an option is exercisable
On or before the first anniversary of the date of grant	Nil
After the first anniversary but on or before the second anniversary of the date of grant	33%
After the second anniversary but on or before the third anniversary of the date of grant	33%
After the third anniversary but before the date of expiry of the exercise period	34%

  The options granted will lapse immediately upon termination of employment or appointment, except in the event of retirement, redundancy or death, or where approved by the Remuneration Committee, in which case the Committee may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined by the Remuneration Committee. Shares granted upon the exercising of options are allocated from treasury shares or from new ordinary shares issued by the Bank.

  All grants are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or that the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes to the Bank's risk profile/rating.

- **OCBC Deferred Share Plan**
  The OCBC Deferred Share Plan (the Plan) aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of the Bank. Group executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee, are eligible to participate in the Plan. In 2020, the participants are executives of the Bank, selected overseas locations and subsidiaries.

  Share awards are granted annually to eligible executives who are paid variable performance bonuses exceeding S$100,000. The share awards form 20% to 40% of their total variable performance bonus for the year. Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the Plan. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

  Shares granted are allocated from treasury shares or acquired from the market in accordance with guidelines established under the Plan. The unvested deferred share grants will be adjusted to take into account dividends declared by the Bank. The additional shares granted in respect of this adjustment may be acquired from the market in accordance with guidelines established under the Plan.

  The awards will lapse immediately upon termination of employment or appointment, except in the event of retirement, redundancy or death, or where approved by the Remuneration Committee, in which case the Committee may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined by the Remuneration Committee.

  All awards are subject to cancellation and clawback if it is determined that they were granted on the basis of materially inaccurate financial statements and/or that the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes to the Bank's risk profile/rating.

- **OCBC Deferred Share Plan 2021**
  The Bank is proposing a new OCBC Deferred Share Plan 2021 (DSP 2021) which will be tabled for adoption by shareholders at the upcoming Annual General Meeting (AGM) of the Bank. The new OCBC DSP 2021 will permit new ordinary shares to be issued to satisfy the Bank's delivery obligations under the plan, and is intended to replace the existing OCBC Deferred Share Plan, under which no new ordinary shares may be issued. The OCBC DSP 2021 also contains provisions which are necessary to comply with the relevant provisions of the Listing Manual, as well as some general updates. For details, please refer to the Bank's Letter to Shareholders dated 5 April 2021.

- **OCBC Employee Share Purchase Plan**
  The OCBC Employee Share Purchase Plan (ESPP) was implemented for all employees of the participating companies in the Group, including executive Directors, to inculcate in all participants a stronger and more lasting sense of identification with the Group.

  The ESPP is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or CPF funds. The employees have the option to convert the contributions to ordinary shares after one year or to withdraw the contributions at any time. As a further incentive to employees to enrol in the ESPP, the Bank pays interest on the amounts saved at a preferential interest rate.

  The duration of the offering period is 24 months and the share acquisition price is fixed before the offering period based on the average of the last traded prices over the five consecutive trading days immediately preceding the price fixing date. Shares granted upon conversions in accordance with the rules of the ESPP are allocated from treasury shares or from new ordinary shares issued by the Bank.

  The aggregate number of new ordinary shares issued by the Bank pursuant to the ESPP, together with the aggregate number of any new ordinary shares issued pursuant to the OCBC Share Option Scheme 2001, cannot exceed 15% of the Bank's total number of issued ordinary shares. Notwithstanding the limits allowed under the relevant rules, the Bank had been applying a lower aggregate limit of 5% instead of 15% as a matter of conservative practice.

Principle 8: Disclosure on Remuneration
The following disclosures should be read in conjunction with the remuneration policies, practices and share plans as described under Principles 6 and 7.

Directors' Remuneration in 2020

Bank

Director		Fees	Shares [a]	Other Benefits [b]	Total
		S$	S$	S$	S$
Ooi Sang Kuang		1,630,000	70,380	40,301	1,740,681
Chua Kim Chiu		206,000	70,380	4,237	280,617
Koh Beng Seng		186,000	70,380	–	256,380
Lee Tih Shih		141,000	70,380	4,237	215,617
Christina Ong		141,000	70,380	4,237	215,617
Quah Wee Ghee		112,000	70,380	–	182,380
Pramukti Surjaudaja		109,000	70,380	–	179,380
Tan Ngiap Joo		242,000	70,380	4,237	316,617
Tan Yen Yen		144,000	70,380	4,237	218,617
Wee Joo Yeow		248,000	70,380	4,237	322,617
		3,159,000	703,800	65,723	3,928,523

Director & CEO	Salary	Bonus	Deferred Shares	Other Benefits [b]	Total
	S$	S$	S$	S$	S$
Samuel N. Tsien	1,242,400	4,380,600	2,920,400	84,699	8,628,099

Notes:
[a] Value of remuneration shares was estimated based on closing price of ordinary shares on 12 March 2021, i.e. S$11.73 per share.
[b] Non-cash component such as club and car benefits for Mr Ooi Sang Kuang and Mr Samuel N. Tsien and carparks for Directors.

Subsidiaries

Director	Total
	S$
Ooi Sang Kuang	90,358 [c]
Koh Beng Seng	552,184 [d]
Quah Wee Ghee	204,000 [e]
Pramukti Surjaudaja	816,009 [f]
Tan Ngiap Joo	179,283 [g]
Wee Joo Yeow	150,000 [h]

Notes:
[c] Fees from OCBC Wing Hang Bank.
[d] Fees and benefits from Great Eastern Holdings and subsidiaries.
[e] Fees from Bank of Singapore, The Great Eastern Life Assurance Co and Great Eastern General Insurance.
[f] Fees and benefits from PT Bank OCBC NISP for being President Commissioner, a capacity in Indonesia with critical supervisory responsibilities over the organisation.
[g] Fees from OCBC Bank (Malaysia) and OCBC Al-Amin Bank.
[h] Fees from Great Eastern Holdings.

Remuneration of Top Five Key Management Personnel in 2020

The Code recommends the disclosure of the individual remuneration of the Bank's top five key management personnel as well as their aggregate remuneration. The Board considered this matter carefully and has decided against such a disclosure for the time being as it is not standard business practice to do so, having taken into account the highly competitive conditions for talent in the industry.

Remuneration of Directors' and CEO's Immediate Family

Mr Pramukti Surjaudaja, a Director of the Bank, has a sister, Ms Parwati Surjaudaja, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk. Her personal remuneration in 2020 exceeds S$100,000 but for reasons stated above, her individual remuneration is not disclosed. Apart from Ms Parwati Surjaudaja, none of the Group's employees was an immediate family member of a Director or the CEO in 2020.

Remuneration of Substantial Shareholder's Immediate Family

A disclosure on remuneration to employees who are immediate family members of substantial shareholders is not applicable as none of the Bank's substantial shareholders are individuals.

Remuneration Disclosure for Senior Management and Material Risk Takers

Remuneration Awarded during the Financial Year

		Senior Management	Other Material Risk Takers
Fixed remuneration	Number of employees	16	389
	Total fixed remuneration	26%	52%
	of which: cash-based	26%	52%
	of which: deferred	0%	0%
	of which: shares and other share-linked instruments	0%	0%
	of which: deferred	0%	0%
	of which: other forms	0%	0%
	of which: deferred	0%	0%
Variable remuneration	Number of employees	16	382
	Total variable remuneration	74%	48%
	of which: cash-based	44%	30%
	of which: deferred	0%	0%
	of which: shares and other share-linked instruments	30%	18%
	of which: deferred	30%	18%
	of which: other forms	0%	0%
	of which: deferred	0%	0%
Total remuneration		100%	100%

Special Payments

	Guaranteed Bonuses		Sign-on Awards		Severance Payments	
	Number of Employees	Total Amount (S$)	Number of Employees	Total Amount (S$)	Number of Employees	Total Amount (S$)
Senior Management	1	Not disclosed*	0	0	0	0
Other Material Risk-Takers	5	964,439	0	0	0	0

* *Due to confidentiality reason*

Deferred Remuneration

Deferred and Retained Remuneration	Total outstanding deferred remuneration	Of which: Total outstanding deferred and retained remuneration exposed to ex post explicit and/ or implicit adjustments	Total amendment during the year due to ex post explicit adjustments [1]	Total amendment during the year due to ex post implicit adjustments [2]	Total deferred remuneration paid out in the financial year
Senior management	100%	100%	0%	0%	38%
Cash	0%	0%	0%	0%	0%
Shares	100%	100%	0%	0%	38%
Share-linked instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	32%
Cash	1%	1%	0%	0%	0%
Shares	99%	99%	0%	0%	32%
Share-linked instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%

Notes:
[1] Examples of ex post explicit adjustments include malus, clawbacks or similar reversal or downward revaluation of awards.
[2] Examples of ex post implicit adjustments include fluctuation in the value of shares performance or performance units.

Accountability and Audit
Principle 9: Risk Management and Internal Controls
The Board is responsible for the governance of risk and sets the tone for the Bank's risk culture. It oversees, through the Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis. It also oversees the adequacy and effectiveness of the internal controls and risk management processes and systems and ensures that the risk management function has appropriate independent reporting lines and is sufficiently resourced to monitor risk by the various risk categories. The Board approves the Bank's risk appetite and has oversight of the risk activities to ensure that these are consistent with the Bank's strategic intent and operating environment, as well as capital sufficiency and regulatory standards.

Further details on risk management are described under the section on Risk Management Committee on page 92.

The Board is also responsible for ensuring that the Bank's internal controls adequately safeguard shareholders' interests and the Bank's assets. Self-assessment processes are in place for all business units to assess the adequacy and effectiveness of their internal controls, and level of compliance with applicable rules and regulations. The results of the evaluations are reviewed by senior management. The Board has received assurance from the CEO (which includes assurances provided by key management personnel to the CEO) on the effectiveness of the Bank's risk management and internal control systems. The Board has also received assurances from the CEO and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on the established internal controls, work performed by the internal and external auditors, and reviews performed by the management and various Board Committees, the Board – with the concurrence of the Audit and Risk Management Committees – is of the view that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems, were adequate and effective as at 31 December 2020, to address the risks which the Bank considers relevant and material to its operations.

The system of internal controls provides reasonable but not absolute assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee
The composition and summary terms of reference of the Audit Committee are provided under the section on Audit Committee on pages 91 and 92 and the Committee's summary activities are also provided in the Directors' Statement on page 151. The Audit Committee adopts, where appropriate, relevant best practices set out in the Guidebook for Audit Committees in Singapore.

In addition to the review of the Group Financial Statements, which includes reviewing the assurances provided by the CEO and Chief Financial Officer on the financial records and statements, the Audit Committee reviews and evaluates, with the external auditors and internal auditor, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, and risk management policies and systems. It reviews the scope and results of the audits, the cost-effectiveness of the audits and the independence and objectivity of the external auditors and internal auditor. When the external auditors provide non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against its ability to provide value-for-money services. The Audit Committee members keep abreast of changes to accounting standards and development of related significant accounting policies which have a direct impact on financial statements and Group accounting policies through briefings provided by internal or external subject matter experts. The Audit Committee also reviews significant financial reporting issues and judgements to ensure the integrity of the financial statements. The Committee reviews announcements relating to financial performance.

The Audit Committee is also responsible for the review of the Bank's whistleblowing policy as well as any concerns, including anonymous complaints, which staff may in confidence raise about possible improprieties in matters of financial reporting or other matters. The whistleblowing policy and procedures for raising such concerns are disclosed and clearly communicated to employees. The Committee will ensure such concerns are independently investigated and followed up on. If the case escalated is found to be substantiated, appropriate action will be taken and the Audit Committee updated regularly on its status. The whistleblower's interests will be safeguarded at all times, including a right to appeal to the Audit Committee if reprisals are taken against him.

The Audit Committee meets at least once a year with the external auditors and internal auditor in separate sessions and without the presence of management, to consider any matters which may be raised privately. In addition, the Chairman of the Audit Committee meets the head of internal audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Group's operations. Formal reports are sent to the Audit Committee on a regular basis.

External Audit
The Audit Committee has received the requisite disclosures from the current external auditors evidencing its independence. It is satisfied that the financial, professional and business relationships between the Group and the external auditors will not prejudice the independence and objectivity of the external auditors. The aggregate amount of fees paid to the external auditors for financial year 2020, and the breakdown of total fees paid for audit and non-audit services, are shown in the Notes to the Financial Statements.

The Audit Committee assesses the quality of OCBC's external auditors before its first appointment and at least annually thereafter. The selection of external auditors is made through a tender process based on an established framework for the selection/appointment of OCBC's external auditors. This framework lists the considerations and criteria for the external auditors and provides a robust tender process. Considerations include having global reach as well as technical and industry expertise, skills, resources and reputation, and quality of service delivery.

Exercising oversight over the external audit function, the Audit Committee is responsible for making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors. The Audit Committee also considers the annual fee proposals presented by the external auditors and reviews the scope of the audit plan, the level of materiality, areas of focus and significant risks to be addressed.

For reappointment of external auditors, the Audit Committee considers the length of the external auditor's tenure and the risk this may pose to objectivity and independence. The Audit Committee also takes into consideration the external auditors' compliance with SGX-ST Listing Rules which require the lead engagement partner to be rotated every five years.

The Audit Committee is responsible for monitoring the performance, objectivity and independence of the external auditors. In its evaluation process, the Audit Committee takes into consideration the following:
- the experience and expertise of senior members of the engagement team;
- the audit plan agreed with the external auditors, the areas of audit focus and the external auditors' approach to materiality;
- the quality of reports and findings presented by the external auditors;
- the external auditors' presentation of its Audit Quality Framework and its confirmation of independence pursuant to its policies and processes for maintaining independence and objectivity;
- the external auditors' report to the Audit Committee on main findings on audit quality reviews of the Bank's audit;
- the key highlights or findings on the external auditors' quality control systems by audit oversight bodies and, where relevant, the appropriate steps taken by the external auditors; and
- feedback through an annual evaluation exercise from senior management across geographical regions to gather internal perceptions as to the knowledge, competence, independence, efficiency and effectiveness – as well as communications by and with – the external auditors.

As part of its assurance process on the objectivity and independence of the external auditors, the Audit Committee has in place a policy that lists the non-audit services which may not be provided by the external auditors and sets out the circumstances in which the external auditors may be permitted to undertake non-audit services. Permitted non-audit services exceeding S$250,000 require the approval of the Audit Committee before the auditor can be engaged. In addition, the Audit Committee reviews reports on non-audit services undertaken by the external auditors to satisfy itself as to the nature of non-audit services being provided and the fees incurred. The nature of the non-audit services provided during the financial year ended 31 December 2020 is shown in the Notes to the Financial Statements.

To reinforce the Audit Committee's effectiveness and enhance the quality of the audit, the Audit Committee meets regularly with the external auditors. The external auditors discuss its audit plan with the Audit Committee and present its engagement teams and its audit fee proposals. It reports to the Audit Committee on audit focus areas, the support rendered by management, key audit findings, quantitative and qualitative aspects of financial statement disclosures, any unadjusted audit differences (or review differences in the case of a half-yearly or a quarterly review) and any other matters relevant to its engagement. Discussions may be held privately without the presence of management. The external auditors also discuss with the Audit Committee key changes to regulatory requirements and reporting as well as developments in accounting standards.

In the review of the 2020 financial statements, the Audit Committee discussed with management the accounting principles applied and significant judgements affecting the financial statements. Matters raised by Group Audit and the external auditors in respect of governance, risk management, accounting and internal controls over financial reporting were also reviewed. The following key audit matters highlighted in the Independent Auditors' Report on pages 152 to 158 of the Annual Report were discussed with management and the external auditors:

- **Impairment of loans to customers**
  The Audit Committee reviewed management's assessment and justification of allowances for impaired loans and non-impaired loans, including the forward-looking assumptions and scenarios adopted as well as the adjustments made to the model-driven estimates to reflect prevailing economic conditions and uncertainties brought about by Covid-19. The adequacy of allowances for impaired loans set aside for key loan accounts was also discussed with the external auditors. Additionally, the Audit Committee also considered the input from Group Audit's independent assessment of the Group's credit portfolio quality and credit risk management process.

- **Valuation of financial instruments measured at fair value – Level 2 and 3**
  The Audit Committee, with the input of the Risk Management Committee, reviewed management's valuation of financial instruments framework and their control, monitoring and issue escalation processes. In addition, the Committee reviewed both Group Audit's and the external auditors' assessment of the controls over valuation which included independent verification of price and validation of valuation models.

- **Impairment of goodwill**
  The Audit Committee reviewed management's goodwill impairment testing methodology and results, including the cash flow forecasts and discount rates used. The Committee also considered the external auditors' assessment of the methodology and testing results.

- **Valuation of insurance contract liabilities**
  The Audit Committee reviewed the approach and methodology applied to the valuation of insurance contract liabilities of Great Eastern Holdings Limited (Great Eastern) in their review of Great Eastern's financial results together with the Group's financial performance. In considering the valuation of insurance contract liabilities, the Committee considered the external auditors' assessment of the valuation methodology and assumptions adopted by Great Eastern and its subsidiaries.

  The Audit Committee believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards (International) in all material aspects, based on its review and discussions with management and the external auditors.

Internal Audit

The Audit Committee approves the Internal Audit Charter of internal audit (Group Audit) and reviews the adequacy and effectiveness of the internal audit function, at least annually. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Group's governance, risk management and internal control processes – as designed and implemented by senior management – are adequate and effective. Group Audit reports on the adequacy and effectiveness of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Group Audit meets or exceeds the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Group Audit adopts a risk-based approach where audit work is prioritised and scoped according to an assessment of current and emerging risks, including financial, operational, technology, cyber, compliance and strategic risks. The work undertaken by Group Audit involves the assessment of the adequacy and effectiveness of the Group's governance, risk management and internal control processes in meeting its strategic objectives and operating within the risk appetite established. In addition, Group Audit provides an independent assessment of the Group's credit portfolio quality and credit risk management process. Without assuming management responsibility, Group Audit may provide consultative services to line management on certain business initiatives as well as system developments and enhancements where the objective is to add value and improve governance, risk management and controls.

The Audit Committee is responsible for the adequacy and independence of the internal audit function, its resources, and its standing and effectiveness. The Committee ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and for outstanding exceptions or recommendations to be closely monitored. Group Audit is staffed with individuals with the relevant qualifications and experience. It reports functionally to the Audit Committee and administratively to the CEO, has unfettered access to the Audit Committee, Board and senior management, and has the right to seek information and explanations. Currently, the number of internal audit staff in the Group is 331. The division is organised into departments that are aligned with the structure of the Group. The Audit Committee approves the appointment, resignation, retirement, removal and remuneration of the Head of Group Audit.

Shareholder Rights and Engagement
Principle 11: Shareholder Rights and Conduct of General Meetings

In 2020, pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020, the Bank convened and held its AGM for the first time via electronic means on 18 May 2020.

All Directors attended the inaugural virtual 2020 AGM together with the external auditors, senior management and independent scrutineers. The Chairman shared insights on the overall macro-economic outlook amid the Covid-19 pandemic followed by the CEO's presentation of the Group's response to Covid-19, 2019 financial performance, and future outlook.

Shareholders were given the opportunity to participate in the 2020 AGM despite not being able to attend the AGM in person. Those who were authenticated via the Bank's verification process, were able to observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream. Shareholders were also able to submit questions in advance of the AGM by post or email. Responses were provided during the AGM to all relevant and material questions.

The Bank conducts voting by poll for all resolutions proposed at its general meetings, for greater transparency in the voting process. The Bank also provides for separate resolutions on each substantially separate issue. It does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

For the 2020 AGM, shareholders were able to appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM. Proxy forms submitted by shareholders are independently verified by the independent scrutineers. Results of the valid votes submitted, showing the number of votes cast for and against each resolution and the respective percentages, were announced by the Chairman at the AGM and thereafter to the Singapore Exchange.

As is the practice, minutes of the Bank's general meetings are made available on the Bank's website. The minutes prepared by the Company Secretary would reflect the proceedings including responses from the Board and management to queries from shareholders.

Principle 12: Engagement with Shareholders

The Bank has a shareholders communication policy approved by the Board. The Bank recognises the importance of communicating regularly and effectively with its shareholders so that they can better understand its operations, strategies and directions. One of the key roles of the Group's Investor Relations and Group Brand and Communications units is to keep the market and investors apprised of the Group's major corporate developments and financial performance through regular media releases, briefings and meetings with the investment community and media. Live webcasts of the Bank's half-year and full-year financial results presentation are available for viewing on the Bank's corporate website. Due to the Covid-19 pandemic, the Bank's financial results presentations in 2020 were conducted via conference calls in place of live webcasts, and audio recordings were uploaded on the Bank's corporate website. The Bank's dividend policy is also disclosed in the Capital Management section on pages 113 and 114 of this Annual Report. In 2020, the Bank held nearly 500 meetings and conference calls with the investment community including investors, rating agencies and analysts. In addition, shareholders and the public can access the Group's media releases, financial results and presentation materials used at briefings, and other corporate information via the Bank's website.

Material information is also announced through the stock exchange. Investors can submit feedback and queries to OCBC's Investor Relations Unit through the contact details provided on the corporate website.

Managing Stakeholders Relationships
Principle 13: Engagement with Stakeholders

The Bank recognises the importance in maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of its stakeholders – namely customers, investors, communities, regulators and employees. The Sustainability Report on pages 58 to 89 of this Annual Report sets out the Bank's approach to stakeholder engagement including key areas of focus and how it responds to stakeholder concerns.

The Bank maintains a corporate website – OCBC.com – to communicate and engage with its stakeholders.

Related Party Transactions

The Bank has established policies and procedures on related party transactions. These include definitions of relatedness, limits applied, terms of transactions, and the authorities governing and procedures for approving and monitoring the transactions. The Audit Committee reviews material related party and interested person transactions and keeps the Board informed of such transactions, if any. Measures are taken to ensure that terms and conditions for related party lendings are not more favourable than those granted to non-related obligors under similar circumstances. The Bank also complies with the SGX-ST Listing Rules on interested person transactions.

Ethical Standards

The Bank has adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading. Directors and officers are prohibited from dealing in the securities of the Bank and its listed subsidiary, Great Eastern Holdings Limited (GEH), during the period commencing two weeks before the voluntary disclosures of the Bank's and GEH's first and third quarters' financial results, and one month before the announcement of half-year and full-year financial results (the black-out period) and any time they are in possession of unpublished material price-sensitive information. The Bank will notify Directors and employees of the commencement date for each blackout period. The policy also states that employees are not to deal in the Bank's securities on short-term considerations. In addition, employees are instructed to conduct all their personal securities transactions through the Group's stockbroking subsidiary.

The Bank's insider trading policy also includes instructions pertaining to dealings in the listed securities of customers of the Group.

The Bank has a code of conduct that applies to all employees and reinforces the core values expected of employees. The code covers all aspects of the business operations of the Bank and sets out principles to guide employees in carrying out their duties and responsibilities while adhering to the highest standards of personal and corporate integrity.

Employees are required to observe and comply with laws and regulations as well as company policies, along with the ABS Code of Conduct for Banks and Bank Staff.

The Bank has a suite of policies in place for proper governance and management that staff have to comply with. All policies, including those related to vendor management and procurement, are subject to the Bank's risk management and internal control systems and processes, including management self-assessment and independent audits.

The Bank also has a policy to manage or eliminate any actual or potential conflicts of interest which may impact the impartiality of research analyses or research reports issued by research analysts in the Bank or its financial subsidiaries. These include prohibitions on business units attempting to influence research analyses or recommendations by research analysts, as well as on securities trading by staff who receive information on research analyses or recommendations in unissued research reports.

Summary of Disclosures

Express disclosure requirements in the Code of Corporate Governance issued by the Monetary Authority of Singapore on 6 August 2018.

Provisions	Page Reference In OCBC Annual Report 2020
Provision 1.2 The induction, training and development provided to new and existing directors.	Pages 93 and 94
Provision 1.3 Matters that require Board approval.	Page 90
Provision 1.4 Names of the Board Committee members, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Pages 91 and 92
Provision 1.5 The number of Board and Board Committee meetings and the directors' attendance at such meetings.	Pages 93
Provision 2.1	
(a) The Board should identify in the Company's Annual Report each director it considers to be independent	Pages 12 to 15 and 94
(b) Where the Board considers a director, who has served on the Board for more than nine years from the date of his/her first appointment, to be independent, the reasons for considering him/her as independent should be disclosed.	Not applicable
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	Page 94
Provision 3.1 Relationship between the Chairman and the CEO if they are immediate family members.	Not applicable
Provision 4.3 Process for the selection, appointment and reappointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates.	Pages 94 and 95
Provision 4.4 If the Board determines that a director is independent notwithstanding the existence of a relationship with the Company, its related corporations, its substantial shareholders or its officers, which may affect his/her independence, the relationships and the Board's reasons for considering him/her as independent should be disclosed.	Page 94
Provision 4.5 (a) Listed company directorships and principal commitments of each director should be disclosed (b) If a director holds significant number of directorships and principal commitments, the Nominating Committee and Board should disclose reasoned assessment of the director's ability to diligently discharge his/her duties.	Pages 12 to 15, 95 and 96
Provision 5.2 The Board should state in the Company's Annual Report how the assessments of the Board, its Board Committees and each director have been conducted, including the identity of any external facilitator and its connection (if any) with the Company or any of its directors.	Page 96
Provision 6.4 The Company should disclose the engagement of any remuneration consultants and their independence in the Annual Report.	Page 96
Provision 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation.	Pages 96 to 101
Provision 8.1 Disclose the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) Each individual director and the CEO (b) At least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.	For CEO and Management: Pages 97 to 101 For the Company's Directors: Pages 96, 97 and 100

Provisions	Page Reference In OCBC Annual Report 2020
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The Company should also state clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Page 100
Provision 8.3 Disclose all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company. The Company should also disclose details of employee share schemes.	Pages 98 to 101 and 150
Provision 9.2 The Board should disclose that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 102
Provision 10.1 The Company should publicly disclose, and clearly communicate to employees, the existence of a whistleblowing policy and procedures for raising concerns.	Page 102
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	Pages 93 and 104
Provision 12.1 The steps the Board has taken to solicit and understand the views of shareholders.	Pages 104 and 105
Provision 13.2 Disclose the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Pages 104 and 105

Express disclosure requirements in the supplementary guidelines prescribed by the MAS under MAS Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers Incorporated in Singapore issued on 3 April 2013.

Supplementary Guidelines	Page Reference In OCBC Annual Report 2020
Guideline 1.16 An assessment of how the induction, orientation and training provided to new and existing directors meet the requirements as set out by the Nominating Committee to equip the Board and the respective Board Committees with relevant knowledge and skills in order to perform their roles effectively.	Pages 93, 94 and 102
Guideline 2.13 Names of the members of the Executive Committee and the key terms of reference of the Executive Committee, explaining its role and the authority delegated to it by the Board.	Page 91
Guideline 4.13 Resignation or dismissal of key appointment holders.	Page 95
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10.	Not applicable
Guideline 11.14 Names of the members of the Risk Management Committee and the key terms of reference of the Risk Management Committee, explaining its role and the authority delegated to it by the Board.	Page 92
Guideline 17.4 Material related party transactions.	Page 105

Additional Information on Directors Seeking Re-Election

Name of Director	Chua Kim Chiu	Pramukti Surjaudaja	Tan Ngiap Joo	Andrew Khoo Cheng Hoe
Date of appointment	20 September 2017	1 June 2005	2 September 2013	8 March 2021
Date of last re-appointment (if applicable)	30 April 2018	30 April 2018	29 April 2019	Not applicable
Age	66	58	75	57
Country of principal residence	Singapore	Indonesia	Singapore	Singapore
The Board's comments on this re-election/appointment	Mr Chua Kim Chiu's extensive knowledge and experience on financial and accounting matters will continue to enhance the Board's overall competencies.	Mr Pramukti Surjaudaja's deep insights into banking and business, especially in Indonesia, will continue to add value to the Board's initiatives and activities.	Mr Tan Ngiap Joo is an industry veteran whose extensive banking knowledge and experience will continue to be of value to the Board.	The Bank has constantly been on the watch for director candidate to complement the Board's overall competency and skills to refresh itself from time to time. The appointment of Dr Andrew Khoo is appropriate and complements the competencies and skills of present Board members.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director Chairman, Audit Committee Member, Risk Management Committee	Non-Executive and Non-Independent Director Member, Ethics and Conduct Committee Member, Nominating Committee	Non-Executive and Independent Director Chairman, Remuneration Committee Member, Audit Committee Member, Executive Committee Member, Nominating Committee	Non-Executive and Independent Director Member, Audit Committee Member, Ethics and Conduct Committee
Professional qualifications	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 12.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 14.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 14.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 12.
Working experience and occupation(s) during the past 10 years	Mr Chua Kim Chiu served as a partner in PricewaterhouseCoopers (PwC) Singapore from 1990, headed the banking and capital markets group as well as the China desk, and was appointed a member of the firm's leadership team in 2005. He retired in July 2012 but was retained as senior advisor for PwC Hong Kong until June 2016. He currently holds the position of Professor (Practice) in Accounting, National University of Singapore (NUS) Business School. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 12 for further information.	Mr Pramukti Surjaudaja has been with PT Bank OCBC NISP Tbk since 1988 holding key positions, including President Director, and is presently Board President Commissioner of the bank. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 14 for further information.	Mr Tan Ngiap Joo had a long career of 37 years as a banker and held various senior positions before retiring as Deputy President of OCBC Bank in December 2007. Prior to joining OCBC Bank in 1990, he served in various capacities in Citibank NA. He was previously Chairman of United Engineers Ltd from 2007 to 2017, and Chairman of Banking Computer Services Pte Ltd from 2006 to 2017. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 14 for further information.	Dr Andrew Khoo had spent 22 years with MAS holding several key positions, including oversight responsibilities for prudential policy, capital markets supervision, investment of official foreign reserves, domestic money market management, corporate functions, MAS Academy, as well as a 3-year stint in the Bank for International Settlements. He was Deputy Managing Director (Corporate Development) when he retired from MAS in 2019. He is currently a Board and Audit Committee member of the National Environment Agency of Singapore and an Adjunct Professor, Department of Finance, National University of Singapore. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 12 for further information.
Shareholding interest in the listed issuer and its subsidiaries	Yes 14,391 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest)	Yes 79,050 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest)	Yes 1,400,251 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest)	Yes 7,167 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships ** "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.*				
Past (for the last 5 years)	Please refer to the section under "Board of Directors" on page 12.	Please refer to the section under "Board of Directors" on page 14.	Please refer to the section under "Board of Directors" on page 14.	Please refer to the section under "Board of Directors" on page 12.
Present	Please refer to the section under "Board of Directors" on page 12.	Please refer to the section under "Board of Directors" on page 14.	Please refer to the section under "Board of Directors" on page 14.	Please refer to the section under "Board of Directors" on page 12.
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No	No

Additional Information on Directors Seeking Re-Election

Name of Director	Chua Kim Chiu	Pramukti Surjaudaja	Tan Ngiap Joo	Andrew Khoo Cheng Hoe
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	Yes Mr Tan Ngiap Joo served as an independent non-executive director of China Fishery Group Limited (CFG) from 2009 to 2020. In 2015, CFG was required by the Monetary Authority of Singapore (MAS) and the Commercial Affairs Department (CAD) to provide certain information and documents in connection with an offence that was being investigated by MAS and CAD under the Securities and Futures Act, Cap. 289 of Singapore. CFG was subsequently informed in 2019 that the investigation by the relevant authorities had concluded without any further action being taken with respect to it and its ultimate and intermediate holding companies.	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

Additional Information Required under the SGX-ST Listing Manual

1. Interested Person Transactions

Interested person transactions carried out during the financial year under review:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2020 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2020 S$'000
Dasar Sentral (M) Sdn Bhd – Lease of premises at Wisma Lee Rubber, Kuala Lumpur to subsidiaries of OCBC Bank	An associate of Dr Lee Tih Shih, director of OCBC Bank	4,892	–
Lee Rubber Company (Pte) Limited – Lease of premises at OCBC Centre, Singapore from a subsidiary of OCBC Bank	An associate of Dr Lee Tih Shih, director of OCBC Bank	4,697	–

2. Material Contracts

Since the end of the previous financial year, no material contract involving the interest of any Director or controlling shareholder of the Bank has been entered into by the Bank or any of its subsidiary companies, and no such contract subsisted as at 31 December 2020.

3. Appointment of Auditors

The Group has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

Capital Management

Capital Policy

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. In line with this, the Group targets a minimum credit rating of "A" and ensures that its capital ratios are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence. The Group actively manages its capital composition with an optimal mix of capital instruments in order to keep our overall cost of capital low.

Capital Monitoring and Planning

The Group's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth, and to pursue strategic business and investment opportunities that will create value for our stakeholders, while taking into consideration the Group's risk appetite. The Group's internal capital adequacy assessment process (ICAAP) involves a comprehensive assessment of all material risks that the Group is exposed to and an evaluation of the adequacy of the Group's capital in relation to those risks. This includes an annual capital planning exercise to forecast capital demands and assess the Group's capital adequacy over a multi-year horizon. This process takes into consideration the Group's business strategy, operating environment, regulatory changes, target capital ratios and composition, as well as expectations of its various stakeholders.

In addition, capital stress tests are conducted to understand the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios, and to evaluate how the Group can continue to maintain adequate capital under such scenarios.

Within the Group, excess capital will be centralised as far as possible at the parent (i.e. OCBC Bank) level for efficient deployment across the Group. Whilst the transfer of capital resources within the Group is generally subject to regulations in local jurisdictions, where applicable, the Bank has not faced significant impediments on the flow of capital within the Group.

Dividend

Our dividend policy aims to provide shareholders with a sustainable and progressive dividend that is consistent with our long term growth. The dividends are payable on a half-yearly basis. For the financial year ended 31 December 2020, the Board of Directors has recommended a final dividend of 15.9 cents per share. This brings the full year 2020 dividend to 31.8 cents per share, or a total dividend payout of $1,412 million. This is in line with Monetary Authority of Singapore's (MAS) guidance for banks to cap their total dividends per share for FY2020 at 60 per cent of FY2019's dividend per share.

Share Buyback and Treasury Shares

Shares purchased under the share buyback programme are held as treasury shares. These are recorded as a deduction against share capital, and may be subsequently cancelled, sold or used to meet delivery obligations under employee share schemes. During the financial year ended 31 December 2020, the Bank purchased 6.9 million ordinary shares for $63 million as part of its share buyback programme, while 12.0 million treasury shares were delivered to meet obligations under its employee share schemes.

Capital Adequacy Ratios

Since 1 January 2019, the Monetary Authority of Singapore (MAS) has fully phased-in the Basel III capital adequacy ratio requirements under the MAS Notice 637. Under this framework, Singapore-incorporated banks are required to meet minimum Common Equity Tier 1 (CET1), Tier 1, and total capital adequacy ratios (CAR) of 6.5 per cent, 8.0 per cent, and 10.0 per cent, respectively.

To ensure that banks build up adequate capital buffer outside periods of stress, a Capital Conservation Buffer (CCB) of 2.5 percentage points above the minimum capital adequacy requirements was introduced. Including the CCB, Singapore-incorporated banks are required to meet CET1 CAR, Tier 1 CAR and total CAR of 9.0 per cent, 10.5 per cent and 12.5 per cent, respectively.

In addition, the Group will be subject to a Countercyclical Buffer requirement if this buffer is applied by regulators in countries which the Group has credit exposures to. Generally in the range of 0 per cent to 2.5 per cent of risk-weighted assets, the Countercyclical Buffer is not an ongoing requirement but it may be applied by regulators to limit excessive credit growth in their economy.

The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2020. The capital adequacy ratios were determined in accordance with the requirements of MAS Notice 637, which included the definitions for CET1, Tier 1 and Tier 2 capital, the required regulatory adjustments against capital (including goodwill, intangible assets, deferred tax assets and investments in unconsolidated financial institutions in which the Bank holds a major stake), and the methodologies available for computing risk-weighted assets. As per the requirements of MAS Notice 637, the Bank's insurance subsidiaries were not consolidated for the computation of the capital adequacy ratios, i.e. capital investments in these insurance subsidiaries were deducted from the Group's capital and their assets were excluded from the computation of the Group's risk-weighted assets.

A description of the key terms and conditions of the regulatory capital instruments can be found in Notes 13, 14 and 21 of the financial statements, and the approaches adopted by the Group for the computation of risk-weighted assets can be found in the "Pillar 3 Disclosures" chapter.

$ million	2020	2019
Tier 1 Capital		
Ordinary shares	**17,833**	17,261
Disclosed reserves/others	**23,021**	21,452
Regulatory adjustments	**(7,648)**	(6,913)
Common Equity Tier 1 Capital	**33,206**	31,800
Additional Tier 1 capital	**1,230**	1,531
Regulatory adjustments	**–**	–
Tier 1 Capital	**34,436**	33,331
Tier 2 capital	**4,530**	2,661
Regulatory adjustments	**–**	–
Total Eligible Capital	**38,966**	35,992
Credit	**191,525**	183,439
Market	**10,955**	14,751
Operational	**15,665**	15,166
Risk Weighted Assets	**218,145**	213,356
Capital Adequacy Ratios		
Common Equity Tier 1	**15.2%**	14.9%
Tier 1	**15.8%**	15.6%
Total	**17.9%**	16.8%

The Bank's banking and insurance subsidiaries are subject to capital adequacy requirements of the jurisdiction in which they operate. As of 31 December 2020, the capital adequacy ratios of these subsidiaries were above their respective local requirements.

Risk Management

Our corporate values and risk principles are firmly embedded in the way we manage risk. Our ability to navigate through challenging times to protect our franchise and support our customers and employees is a testament to our resilience. We are confident of emerging stronger from this global pandemic and are well positioned for growth when overall economic activity recovers.

Risk is inherent in the business activities of the Group and managing risks is critical to what we do. Our overall goal is to manage our businesses and the associated risks in a manner that creates long-term sustainable value for our customers, employees, shareholders and community.

Our risk management framework encompasses good governance, sound policies, robust lines of defence, right expertise and continuous investment in human resources, technology and digital capabilities. The framework is underpinned by a strong corporate culture that demands accountability, ownership and high ethical standards to ensure the risks we take are:

- consistent with our corporate strategy and within our established risk appetite
- adequately compensated and meet our risk-return expectations
- well-understood, evaluated qualitatively and supported by robust quantitative analyses and stress testing
- managed holistically by evaluating risk interactions across the different risk types
- efficiently and comprehensively captured, aggregated and reported
- reviewed by an independent risk function with adequate resources, authority and expertise
- accompanied by contingency plans to ensure resilience against potential crises or unexpected events

Risk ownership is a shared responsibility between the business and risk functions as elaborated in the Risk Governance and Organisation section.

While the categorisation of risks can be complex and interrelated, we generally categorise the risks we take into four principal risk types.

Each principal risk type is governed by an appropriate risk framework, supported by robust risk management and reporting systems that are regularly reviewed and/or validated to assess their effectiveness. We continuously invest and leverage on technology and digital capabilities to enhance our risk systems, processes and reporting.

Principal Risks	Definition
Credit Risk	Credit risk is the risk of losing principal and/or income due to the failure of an obligor or counterparty to meet its financial or contractual obligations or an adverse change in the credit profile of the obligor or counterparty.
Market Risk	Market risk is the risk of losing income and/or market value due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or changes in volatilities, or correlation of such factors. It includes interest rate risk in the banking book which is the risk to earnings and capital arising from exposure to adverse changes in the interest rate environment.
Liquidity Risk	Liquidity risk is the risk arising from the inability to meet financial obligations as they fall due without incurring unacceptable costs or losses through fundraising and asset liquidation.
Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, poor management, human error or external events. It includes reputational risk, fiduciary risk, physical and people security risk, business continuity risk, third-party risk, fraud risk, legal and regulatory risk, anti-money laundering/countering the financing of terrorism and sanctions risk, technology and information risk, as well as cyber risk. Specifically, cyber risk is the risk relating to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies. Given its risk impact, we continue to enhance our prevention, detection and response capabilities to strengthen our cyber resilience through continuous staff vigilance and close monitoring of cyber threats.

Please refer to the respective sections for details of our risk management approach for each of the principal risk types.

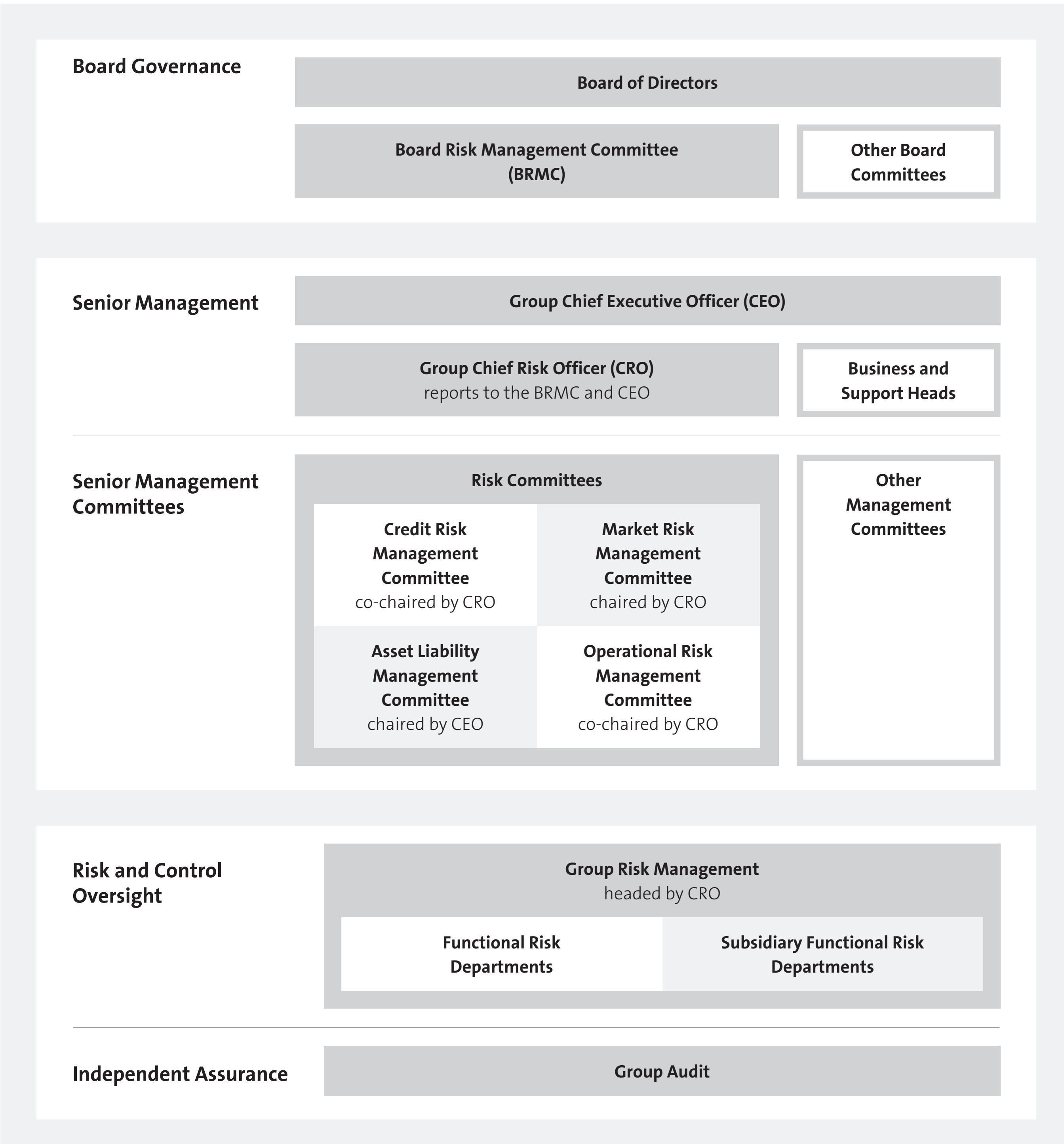
We adopt a disciplined risk management approach to identify, assess, measure, control, monitor and report our risk positions at granular and aggregate levels. We regularly assess the potential shifts in risk drivers and the impact on various risk types and take appropriate risk mitigation actions where necessary. There are multiple risk drivers which emanate from factors such as the economic, business and physical environment, geopolitical shifts, regulatory and social changes, cyber threats, data loss, fraud and human error. These drivers impinge on one or more of the risk types mentioned above with consequential impact to earnings and asset quality as well as to reputation, customer franchise and ability to do business.

Our banking subsidiaries, in consultation with Group Risk Management adapt the Group risk management framework and policies to comply with the Group's risk standards and/or local regulatory requirements, whichever is stricter. Their approving authority and limit structure are also consistent with those of the Group, which are designed to ensure proper ownership and accountability.

Great Eastern Holdings (GEH) and Bank OCBC NISP are listed companies. Their annual reports contain information on their risk management frameworks and practices. Their risk management frameworks, policies and practices are aligned with the Group's risk standards as appropriate. (For information on GEH's risk management, please refer to Note 38 in the Group's Financial Statements).

Risk Governance and Organisation

The chart below illustrates the risk governance and oversight structure in the Group. The Board of Directors (Board) has ultimate responsibility for the effective management of risk. It establishes the corporate strategy and approves the risk appetite within which senior management should execute the strategy.



The Board Risk Management Committee (BRMC) is the designated board committee that ensures that the Group's overall risk management philosophy and principles are aligned with the corporate strategy and are within the approved risk appetite. It also ensures that the overall risk management organisation is in place and effective. Based on the approved risk appetite, BRMC approves various quantitative guidance and qualitative expectations and these are cascaded to major business units and risk functions to guide risk-taking. Risk drivers, risk profiles across major lines of business and risk types, as well as major risk policies and compliance matters are regularly reviewed by senior management, risk committees, Group Chief Executive Officer (CEO) and BRMC. Please refer to the Corporate Governance Chapter for more information on the BRMC.

Dedicated Group risk committees for major risk types are established to facilitate the BRMC's risk oversight. Most of these committees are supported by local risk committees in our subsidiaries, where appropriate. The local risk committees oversee their local risk positions, ensure that their risk-taking activities remain within the limits set by the Group and approve local risk policies.

The Bank has an independent risk management function, Group Risk Management Division (GRM), headed by the Group Chief Risk Officer (CRO), who reports to the BRMC and CEO. GRM has the functional responsibility for providing independent risk control and managing credit, market, liquidity and operational risks. It provides regular risk reports and updates on material risk issues to the senior management, risk committees, BRMC and the Board. Risk management staff work closely with the business and other support units to ensure that risks are well managed.

In addition to the above, GRM oversees the Group's data management via a framework that comprises data policies, standards and controls. The objective is to ensure the quality of critical data elements and to effectively aggregate such data for accurate and timely reporting. To ensure the ethical use of data, we have embedded the Monetary Authority of Singapore's Principles to Promote Fairness, Ethics, Accountability and Transparency (FEAT) in the use of artificial intelligence and data analytics (AIDA) in decision-making models in our Model Risk Management Framework.

GRM also oversees the New Product Approval Process (NPAP) to ensure that all inherent risks associated with new products and services are comprehensively identified, managed and mitigated. Compliance with regulatory requirements and adequacy of resources to support the new products and services are also addressed through the NPAP.

Three Lines of Defence

All employees are responsible for identifying and managing risk – an accountability that is embedded in our corporate culture and robust internal control environment. This is operationalised through a three-line defence structure with clear delineation of the roles, responsibilities and accountability for risk ownership.

Three Lines of Defence		
First Line	**Second Line**	**Third Line**
Day-to-day Risk Management	**Risk and Control Oversight**	**Independent Assurance**
Business and Support Units own and manage risks arising from their business activities on a day-to-day basis. They carry out business activities which are consistent with our Group's strategy and risk appetite and operate within the approved boundaries of our policies and limits, ensuring compliance with applicable laws and regulations.	**The Risk and Control Function** independently and objectively assesses the risk-taking activities of the first line of defence. It establishes relevant risk management frameworks, policies, processes and risk systems, and provides independent identification, assessment, monitoring and reporting of the Group's risk profiles, portfolio concentrations and material risk issues.	**Group Audit** independently assures the CEO, Audit Committee and the Board of the adequacy and effectiveness of our risk management and internal control systems by evaluating the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

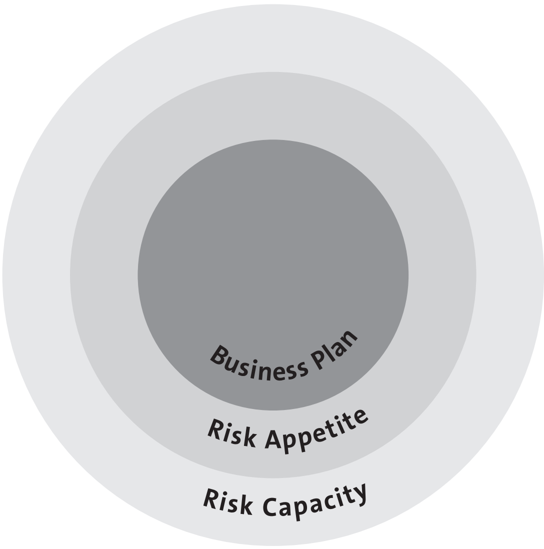
Risk Appetite

The Board sets the Group's risk appetite, which defines the level and nature of risks that we are willing to take on behalf of our shareholders in the conduct of our business, while maintaining our commitments to customers, debt holders, employees, regulators and other stakeholders. Our objective is to manage risks prudently for the long-term viability of the Group while balancing the interests of all stakeholders.

Our risk appetite takes into account forward-looking operating environment and potential downside risks. Business plans are guided by our risk appetite through policies, limits and processes to ensure that we operate within our available risk capacity.

Senior business and risk managers participate in regular forums to discuss the operating environment, event risks and potential 'dark clouds' that may have a significant impact on our earnings or solvency. These are quantified via stress tests as well as segment-specific and ad hoc event-specific portfolio reviews to assess the potential impact of alternative scenarios on our earnings and capital, and the vulnerabilities of material portfolios.

An annual Internal Capital Adequacy Assessment Process (ICAAP) incorporating the results of stress tests covering various risk types is conducted to evaluate if our business plans allow us to maintain sound capital levels under both forward-looking operating environment and severe stress scenarios. Appropriate risk-mitigating actions are taken to manage downside risks.



Business Plan
Demand for Risk and Financial Resources such as Funding and Capital

Risk Appetite
Level and nature of risk deemed acceptable while ensuring sufficient buffer in the Risk and Financial Resources

Risk Capacity
Supply of Risk and Financial Resources such as Funding and Capital

Credit Risk Management

Credit risk arises from our lending activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from our underwriting, trading and investment banking activities.

Credit Risk Management Approach
Our credit risk management framework captures the complete credit risk management cycle. It is operationalised through policies and procedures covering the identification, assessment, measurement and monitoring, as well as control and mitigation of credit risk at the enterprise level.

Responsible Financing is an integral part of our credit risk management. We have a dedicated framework and supporting policies to integrate Environmental, Social and Governance (ESG) considerations into our credit risk evaluation and approval process. Through the framework, sustainability is integrated across our corporate lending activities from the strategic and portfolio to transaction level. Please refer to our Sustainability Report for more information on Responsible Financing and Sustainable Financing.

Our credit risk management approach varies according to the characteristics and nature of the portfolios or customer segments. Specific policies and procedures are established for major customer segments. Please refer to Table 1 for more information.

Table 1: Credit Risk Management Approach for Major Customer Segments

Consumers and Small Businesses	Corporate and Institutional Customers	Private Banking Customers
• Credits risks are managed on a portfolio basis. • Credits are extended through credit programmes with predefined portfolio and transaction limits, acquisition strategy, product structure, as well as customer selection, lending and collateral criteria. • Application models are used to enable efficient, objective and consistent risk evaluation and credit decisioning. • Bankruptcy and credit bureau checks, along with systems and processes such as source identification of credit origination and independent verification of documentation, are used to detect fraud. • Comprehensive risk management information systems (MIS) are used to track and monitor the performance of the portfolios. • Behavioural models are used for early identification of problem loans.	• Credits extended are individually assessed, risk-rated and further evaluated by experienced credit officers. • Credit extensions are guided by predefined target market and risk acceptance criteria. • Credit decisions are made after comprehensive qualitative and quantitative risk assessment, including a thorough understanding of the customer and customer group's interdependencies. • Credits are jointly approved by business and credit risk units to ensure objectivity and shared risk ownership.	• Credits extended are individually assessed and subject to comprehensive credit assessment, availability of acceptable collateral and compliance with loan advance ratio and margin requirement. • Credits are jointly approved by business and credit risk units to ensure objectivity and shared risk ownership. • Advance ratios are dependent on the liquidity, volatility and diversification of the collateralised portfolio under stressed conditions. Marketable securities taken as collateral are subject to daily valuation and independent price verification controls. • Timely and disciplined execution of margin calls, top-up provisions, stop-loss and force-selling are strictly managed in accordance with approved procedures.

Managing Counterparty Credit Risk
Counterparty Credit Risk (CCR) typically arises from our trading and banking activities in derivatives and debt securities and is the risk that the counterparty may default on its obligations during the term of the financial contract. CCR management, which covers credit exposures to counterparties, is measured as the sum of current mark-to-market value of the transaction plus an appropriate add-on for potential future exposures in response to market prices changes.

Credit limits are established for each counterparty based on our assessment of the counterparty's creditworthiness, the suitability and appropriateness of the product offered and alignment with approved trading mandates and investment strategies. Credit risk mitigation tools are also used to manage CCR where appropriate. Please refer to the Credit Risk Mitigation section for details.

Credit exposures are independently managed through daily limit monitoring, excess escalation and approval and timely risk reporting. We also have an established policy and process to manage wrong-way risk which can occur when the credit exposure to a counterparty is adversely correlated with the credit quality of the same counterparty.

Credit Portfolio Management
Credit portfolio management focuses on managing the 'collective or aggregate risk' of our credit portfolios rather than the credit risk of individual borrowers. We have developed and implemented a range of capabilities to better understand, measure and monitor credit risk at the portfolio level. These capabilities include:

- **Portfolio Segmentation:** This is the process of grouping credit exposures that are similar in nature. It involves the use of attributes that represent common business drivers such as location, industry and product type, as well as common risk drivers such as exposure to material downside risks like a property bubble. We have invested substantially to standardise the way credit exposures are grouped using consistent taxonomy to improve data quality.
- **Portfolio Modelling:** This includes the use of internal rating models to quantify the exposure risk, default risk and potential losses of our borrowers. Please refer to Table 2 for information on our internal rating models. We also use stress test models to simulate the potential increase in our credit losses and credit risk-weighted assets under stressed scenarios.

Table 2: Internal Rating Models

Internal credit rating models and their parameters – probability of default (PD), loss given default (LGD) and exposure at default (EAD) – are used in limit setting, credit approval, portfolio monitoring and reporting, remedial management, stress testing, internal assessment of the capital adequacy and impairment allowances.

Our Model Risk Management Framework and Credit Rating Model Framework govern the development, validation, application and performance monitoring of rating models. Approval for the adoption and continued use of material models rests with the BRMC. The models are developed with the active participation of credit experts from risk-taking and risk-control units and subject to independent validation before implementation to ensure that all aspects of the model development process have met our internal standards. In addition, Group Audit conducts an annual independent review of the rating assignment process, the effectiveness of the independent validation and the robustness of the rating process. All rating models are assessed against internal and regulatory requirements and approved by regulators for use in capital assessment.

While our internal risk grades are not explicitly mapped to external credit ratings, they may correlate with external credit ratings in terms of the PD ranges, as factors used to rate obligors would be similar – an obligor rated poorly by an external credit rating agency is likely to have a weak internal risk rating.

The table below describes the approach used to estimate the key parameters for Advanced Internal Ratings Based (A-IRB) and Foundation Internal Ratings Based (F-IRB) credit risk models used to calculate Credit Risk Weighted Assets (CRWA).

Key Components of Internal Ratings Based (IRB) Models

IRB Models and Portfolios	PD	LGD and EAD
A-IRB approach includes major retail portfolios such as residential mortgages, credit cards, auto loans, small businesses and margin lending	• Estimated based on the application and behaviour scores of obligors. • The PD models are calibrated to the expected long-term average one-year default rate over an economic cycle.	• Product, collateral and geographical characteristics are major factors. • LGD models are calibrated to reflect the economic loss under downturn conditions. • EAD models are calibrated to reflect the long-run average or economic downturn conditions, if relevant.
F-IRB (Non-Supervisory Slotting) approach includes major wholesale portfolios such as Sovereign, Bank, Non-Bank Financial Institutions, Corporate Real Estate (including Income Producing Real Estate) and General Corporate	• PD models are statistics- based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity and are calibrated to the expected long-term average one-year default rate over an economic cycle. • Expert judgement models based on inputs from internal credit experts are typically used for portfolios with low default rates.	• Estimated based on rules prescribed in MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore (MAS Notice 637).
F-IRB (Supervisory Slotting) approach includes other specialised lending portfolios such as Project Finance, Object Finance and Commodities Finance	• Risk grades derived from internal models are mapped to the five supervisory slotting categories prescribed in MAS Notice 637.	• Estimated based on rules prescribed in MAS Notice 637.

- **Portfolio Reporting:** This includes internal and external reporting of portfolio risk information to the respective stakeholders. These reports provide a better understanding of how the quality of our credit portfolios is evolving in response to the changing operating environment and downside risks. Regular risk reports covering detailed credit exposures, credit migration, expected losses and risk concentrations by business segment and geography are provided to the Credit Risk Management Committee, CEO, BRMC and the Board for review and for making timely, better-informed decisions.

With the insights provided by portfolio modelling and reporting, we allocate appropriate risk and financial resources (such as funding and capital) to support growth opportunities. We also use these insights to set credit concentration limits to manage the potential downside risks from adverse changes in the operating environment. The design of such credit concentration limits takes into consideration direct risk drivers (such as economic sector, industry, geographic location) and indirect risk drivers (such as collateral type or credit protection by a single counterparty) arising from credit risk mitigation.

Credit Risk Mitigation

Credit risk mitigation techniques are used to reduce credit risk exposures. Where possible, we take collateral from the borrower to mitigate credit risk. However, risk mitigation is not a substitute for a proper assessment of the obligor's ability to repay, which remains the primary repayment source.

The key considerations for eligible credit risk mitigants are set out in our credit policies. These criteria include legal certainty and enforceability, correlation, liquidity, marketability, counterparty risk of the protection provider and collateral-specific minimum operational requirements. Eligible physical and financial collateral types include cash, real estate, marketable securities, standby letters of credit and credit insurance.

Appropriate haircuts are applied to the market values of the collateral to reflect its underlying nature, quality, liquidity and volatility. Collateral is independently valued on a regular basis while collateral holdings are regularly monitored and concentration is avoided via diversification across asset classes and markets. Guarantees from individuals, corporates and institutions are accepted as a form of support. Where guarantees are recognised as credit risk mitigants via the PD substitution approach, eligibility criteria and guidelines are in place.

Netting, collateral arrangements, early termination options and central clearing mechanisms are common risk mitigation tools for managing counterparty credit risk. Netting agreements in approved netting jurisdiction allow the Group to offset what is due to the counterparty against what is due from the same counterparty in the event of a default, thereby reducing the credit risk exposure. Collateral arrangements, typically covered under market standard documentation such as International Swaps and Derivatives Association (ISDA) and Credit Support Annexes (CSA) or Global Master Repurchase Agreements (GMRA) require additional collateral to be posted if the mark-to-market exposures exceed the agreed threshold amount. A haircut is applied to the value of the eligible collateral to cover potential adverse market volatility and the agreed threshold amount may be subject to regulatory margin requirements where applicable. ISDA agreements may also contain rating triggers to allow for termination of transactions or require posting of additional collateral in the event of a rating downgrade. However, given our investment grade rating, there is minimal increase in collateral posting under a one-notch rating downgrade occurrence. Where available, we also clear Over-the-Counter (OTC) derivatives through approved Central Clearing Counterparties (CCP) to replace the counterparty's credit risk with a highly regulated and relatively better credit rated CCP.

Remedial Management

The Group safeguards its position through proactive and regular monitoring of its credit portfolios. We have a robust process to detect vulnerable borrowers with signs of potential credit deterioration at an early stage. Such borrowers are reviewed regularly at the Early Warning Review Forum.

Our credit exposures are categorised into "Pass", "Special Mention" or "Non-performing assets" (NPA). NPA are further categorised into "Substandard", "Doubtful" or "Loss" in accordance with MAS Notice 612 on Credit Files, Grading and Provisioning (MAS Notice 612). The categorisation of credit exposures is based on our assessment of borrowers' ability to meet their financial obligations from normal sources of income and their creditworthiness in the long term. We categorise retail borrowers into the respective MAS loan grades at facility level in line with MAS Notice 612. NPA may be upgraded to performing status when there is an established trend of credit improvement, supported by an assessment of the borrower's repayment capability, cash flows and financial position.

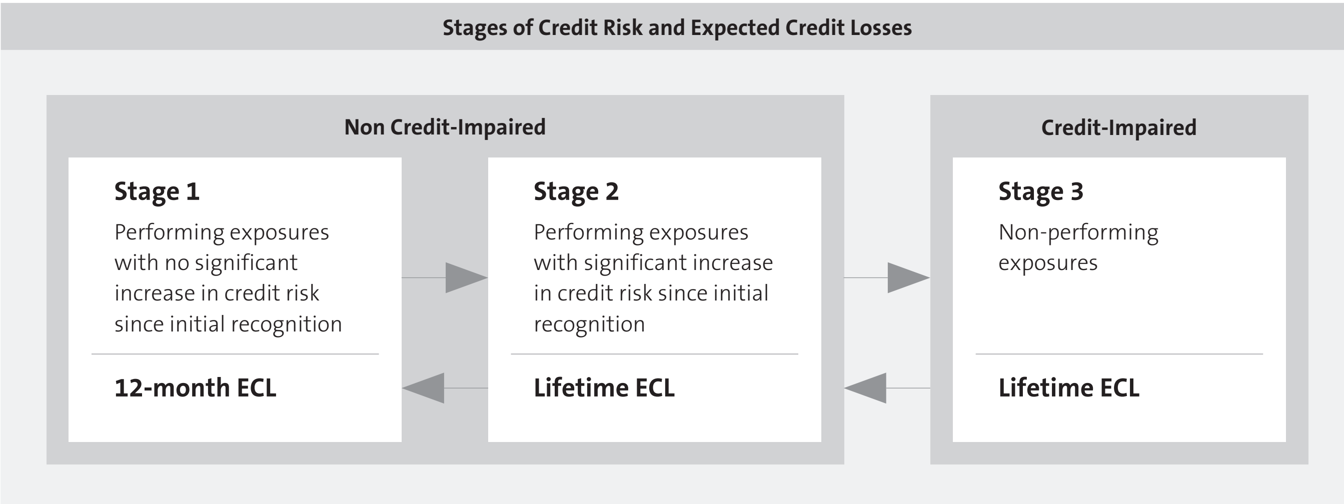
We have extended various support measures to individual and Small and Medium-size Enterprises (SMEs) borrowers who are facing short term liquidity issues due to Covid-19. The categorisation of the credit exposures of such borrowers is in line with MAS Notice 612.

Credit exposures are classified as restructured assets when we grant non-commercial concessions to borrowers who are unable to meet their original repayment obligations. A restructured credit exposure is classified into the appropriate non-performing grade based on our assessment of the borrower's financial condition and ability to repay under the restructured terms. Such credit exposure must comply fully with the restructured terms for a reasonable period before it can be restored to performing status in accordance with MAS Notice 612.

Dedicated remedial management units manage the restructuring, work-out and recovery of NPA for wholesale portfolios. The objective is to rehabilitate NPA where possible or maximise recoveries for NPA that are on an exit strategy. For retail portfolios, we develop appropriate risk-based and time-based collections strategies to maximise recoveries. We use data such as delinquency buckets and adverse status tags for delinquent consumer loans to constantly analyse, fine-tune and prioritise our collection efforts.

Impairment Allowances for Loans

We maintain sufficient impairment allowances to absorb credit losses inherent in our loan portfolios. Allowance for Expected Credit Losses (ECL) is recognised for credit-impaired and non credit-impaired exposures in accordance with Singapore Financial Reporting Standard (International) 9: *Financial Instruments* (SFRS(I) 9) and MAS Notice 612 through a forward-looking ECL model. ECL allowances are assessed based on the stages of credit risk.



Please refer to Note 2 in the Group's Financial Statements for more information on impairment allowances.

Market Risk Management

Market risks arise mainly from our trading, client servicing and balance sheet management activities.

Market Risk Management Approach
Our market risk management framework covers the identification, assessment, measurement, monitoring and control of risks. Group-level market risk policies and procedures are established to provide common guidelines and standards for managing market risks. Our market risk management strategy and limits – established within our risk appetite and in line with our business strategies – are regularly reviewed, taking into account prevailing macroeconomic and market conditions.

Market Risk Identification
Our internal New Product Approval Process (NPAP) ensures that market risk is identified, managed and mitigated at product inception.

Market Risk Measurements
Value-At-Risk
Value-at-risk (VaR) – as a key market risk measure for our trading activities – is a component of aggregate market risk appetite. VaR is measured and monitored by individual market risk components, namely interest rate risk, foreign exchange risk, equity risk and credit spread risk, as well as at the consolidated level. Our VaR model is based on the historical simulation approach, calibrated at the 99 per cent confidence level and one-day holding period. The defined confidence threshold of 99 per cent means that statistically, losses on a single trading day may exceed VaR, on average, once every 100 days. Table 3 provides a summary of the Group's trading VaR profile by risk types as at 31 December 2020 and 31 December 2019.

Table 3: VaR by Risk Type – Trading Portfolio

	2020				2019			
S$ millions	**End of the period**	**Average**	**Minimum**	**Maximum**	End of the period	Average	Minimum	Maximum
Interest Rate VaR	**5.69**	**7.99**	**2.96**	**15.20**	3.28	3.28	2.03	5.20
Foreign Exchange VaR	**3.77**	**2.67**	**1.00**	**6.74**	1.35	2.53	0.95	5.25
Equity VaR	**4.88**	**2.88**	**0.42**	**10.49**	2.88	1.48	0.37	3.14
Credit Spread VaR	**6.01**	**5.29**	**1.24**	**10.75**	1.17	1.76	0.85	4.28
Diversification Effect [1]	**(7.18)**	**(8.66)**	**NM [2]**	**NM [2]**	(4.58)	(4.55)	NM [2]	NM [2]
Aggregate VaR	**13.17**	**10.18**	**4.12**	**26.34**	4.11	4.51	2.65	7.42

[1] *Diversification effect is computed as the difference between Aggregate VaR and the sum of asset class VaRs.*
[2] *Not meaningful as the minimum and maximum VaR may have occurred on different days for different asset classes.*

Other Risk Measures
As our main market risk arises from interest rate movements, Present Value of a Basis Point (PV01) – which measures the change in value of interest rate-sensitive exposures resulting from a one basis point increase across the entire yield curve – is an important measure that is monitored on a daily basis. Other than VaR and PV01, we use risk metrics like notional positions, Profit & Loss (P&L) for One Basis Point Move in Credit Spreads (CS01) and other risk variables for specific exposure types.

Stress Testing and Scenario Analysis
We perform stress testing and scenario analysis to quantify and assess potential losses arising from low-probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to our trading activities and risk profile as well as prevailing and forecasted economic conditions. These analyses determine if potential losses from such extreme market conditions are within our risk tolerance. Besides the regular stress scenarios, ad hoc event-specific stress scenarios are also used to assess the potential impact of specific market conditions to our market risk exposures.

Risk Monitoring and Control Limits
Trading units may only undertake authorised trading activities for approved products. All trading risk positions are monitored on a daily basis against approved and allocated limits. Trading activities are conducted within approved mandates and dynamically hedged to remain within limits. Hedge effectiveness is implicit in ensuring compliance with market risk limits and enforced through independent limit monitoring. Limits are approved to reflect available and anticipated trading opportunities, with clearly defined exception escalation procedures. Exceptions, including temporary breaches, are promptly reported and escalated to senior management for resolution. Multiple risk limits (VaR and risk sensitivities), P&L stop loss and other measures are also used to manage market risk exposures holistically.

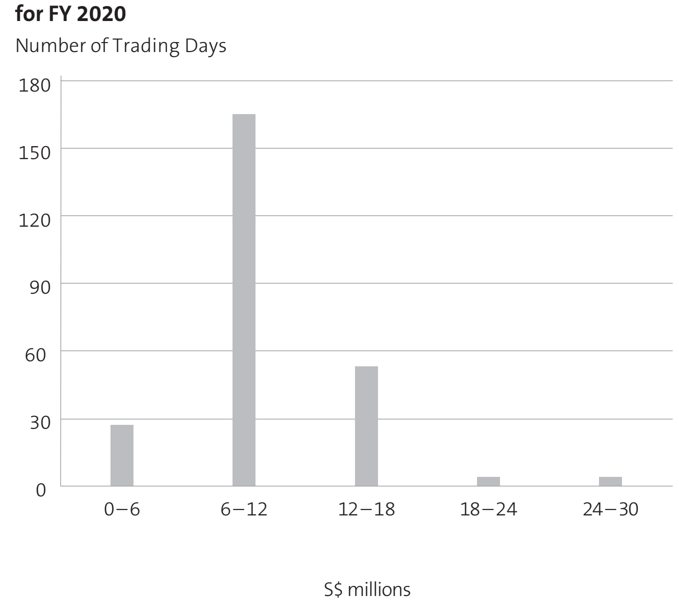
Model Validation
Model validation is an integral part of our risk control process. Financial models are used to price financial instruments and to calculate VaR. We ensure that the models used are fit for their intended purposes through independent validation and periodic reviews. We source market rates independently for risk measurement and valuation to enhance the integrity of the trading P&L and risk measures generated by these models.

Back-testing
To ensure the continued integrity of our VaR model, we regularly back-test the VaR estimates against actual daily trading P&Ls and hypothetical P&Ls to confirm that the model does not underestimate market risk exposures. Please refer to the charts below for the Frequency Distribution of Group Trading Book's Daily Total VaR and P&L.

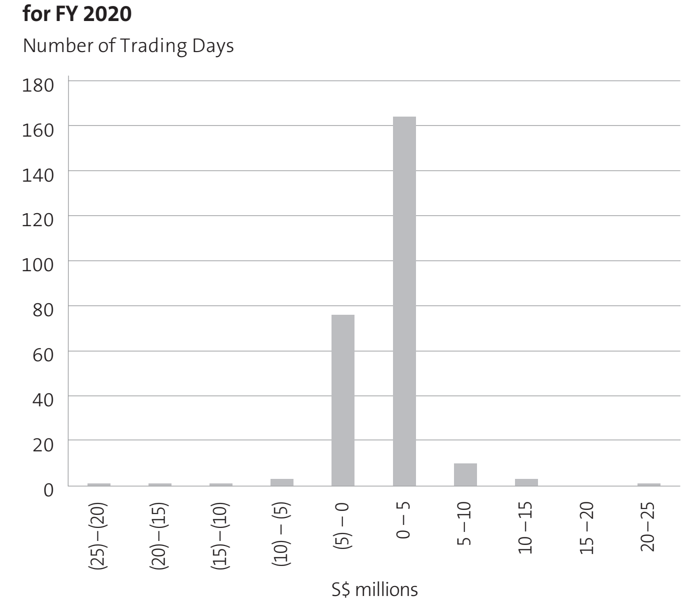
Interbank Offered Rates (IBOR) Transition
London Interbank Offered Rates (LIBOR), a key benchmark used in international financial markets, is expected to be discontinued. LIBOR will be replaced by Risk Free Rates (RFRs), which are already being increasingly adopted in new transactions.

The expected discontinuation of LIBOR directly impacts the viability of the Singapore Dollar Swap Offer Rate (SOR), which relies on USD LIBOR in its computation. The Singapore Overnight Rate Average (SORA) has been identified as the alternative benchmark to SOR. MAS has established an industry-led Steering Committee for SOR Transition to SORA (SC-STS) to oversee the coordination and implementation of the transition efforts.

Frequency Distribution of Group Trading Book Daily Total VaR for FY 2020



Frequency Distribution of Group Trading Book Daily P&L for FY 2020



In December 2020, the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC) and the SC-STS released their responses to the feedback received on their joint consultation report "SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks" which was published on 29 July 2020. Based on industry feedback, there was broad support for the discontinuation of Singapore Interbank Offered Rate (SIBOR) and a shift towards a SORA-centred SGD interest rate market. With this shift towards a SORA-centred SGD interest rate market, SC-STS also expanded its mandate to include the transition of SIBOR to SORA.

With a view to ensure a smooth transition from LIBOR to RFRs, SOR to SORA and from the proposed discontinuation of SIBOR, we have established an internal IBOR Transition Steering Committee to coordinate the effort across various business, control and support functions. We have established clear timelines and deliverables, keeping pace with the industry transition roadmaps.

To ensure infrastructure and process readiness, we plan to implement the necessary system upgrades and modifications. We have also assessed the adequacy of provisions relating to the permanent discontinuation of benchmarks in loan documentation, derivatives contracts, debt issuances and other relevant contracts. We have made plans to remediate all impacted contracts.

A communications plan has been established to identify and engage clients with a view to help them understand how their contracts may be affected and the potential actions they could take in relation to their contracts with us.

We are also studying the impact on our financial statements through valuation changes and accounting standard requirements, as well as the potential implications on tax. As we are an active participant in the market for products based on RFRs and SORA, we have implemented a strategy and timeline to reduce reliance on LIBOR and SOR-linked products.

Asset Liability Management

Asset liability management is the strategic management of our balance sheet structure and liquidity requirements. It covers liquidity sourcing and diversification as well as interest rate and structural foreign exchange management.

Asset Liability Management Approach
Our asset liability management framework focuses on managing the exposures arising from the Bank's balance sheet. We monitor our liquidity risk, interest rate risk in the banking book (IRRBB) and structural foreign exchange risk profiles against approved risk limits under both business-as-usual and stressed scenarios. These are based on the standards established in our framework, policies and procedures which are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions and practices.

Liquidity Risk
The objective of liquidity risk management is to ensure that we have sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on both contractual and behavioural bases. Indicators such as liquidity and deposit concentration ratios are used to establish the level of optimal funding mix and asset composition. Funding strategies are established to provide effective diversification and stability in funding sources across tenors, products and geographies. Simulations of liquidity exposures under stressed market scenarios are performed and the results are used to adjust liquidity risk management strategies, policies and positions, as well as to develop contingency funding plans. We maintain liquid assets in excess of regulatory requirements to strengthen our ability to meet liquidity needs during a crisis. These liquid assets comprise central bank reserves and marketable securities.

Interest Rate Risk in the Banking Book
The primary goal of the management of IRRBB is to ensure that interest rate risk exposures are maintained within defined risk tolerances and are consistent with our risk appetite. The material sources of IRRBB are repricing risk, yield curve risk, basis risk and optionality risk.

We use a range of techniques to measure IRRBB from both the earnings and economic value perspectives on a monthly basis. One method involves the assessment of the impact of various interest rate scenarios on our net interest income and economic value of equity (EVE) of the banking book. Other measures include interest rate sensitivity measures such as PV01 and repricing gap profile analysis. Behavioural models are used to assess interest rate risks in relation to loan prepayment, time deposit early redemption and the profile of non-maturity deposits. These measurements are used to adjust IRRBB management and hedging strategies, policies and positions.

Structural Foreign Exchange Risk
Structural foreign exchange exposure arises primarily from our net investment in overseas branches, subsidiaries as well as other strategic and property assets. We manage structural foreign exchange risk through hedging instruments including the use of derivatives and matched funding for foreign currency investments.

Other Risks
Non-structural foreign exchange exposures in our banking book are largely transferred to our trading book for foreign exchange risk management. We are exposed to credit spread risk with the holding of high-quality liquid assets (HQLA) in our banking book to comply with the Liquidity Coverage Ratio (LCR). While HQLA have low default risk, their values could be sensitive to changes in credit spreads. This risk is monitored against approved CS01 limits on a daily basis and subject to historical and anticipatory stress testing. The other risk residing in our banking book is non-strategic equity price risk arising from our equity investments in listed and non-listed companies. Non-strategic equity investments form an insignificant portion of our overall securities portfolio, excluding securities held by GEH.

Operational Risk Management

Operational risk is inherent in all banking products, activities, processes and systems. Effective management of operational risk is a fundamental element of our risk management programme that enhances our corporate culture.

Operational Risk Management Approach
Our operational risk management framework ensures operational risks are properly identified, managed, monitored, mitigated and reported in a structured and consistent manner. It enables us to fulfil our fiduciary duties, comply with legal and regulatory requirements, mitigate other risk factors and manage any reputational risk impact. We aim to manage both expected and unexpected losses, including those caused by catastrophic events. These twin objectives act as parameters to manage our risk as we pursue new business opportunities.

Each business unit undertakes self-assessments on a regular basis by evaluating the robustness of its risk and control environment, including compliance with legal and regulatory requirements. Key operational risk indicators are also used to detect early warning signals and drive appropriate management actions before the risks result in material losses. Operational risk data is also analysed and reported regularly to senior management.

Senior management attests annually to the CEO, BRMC and Audit Committee on the adequacy and effectiveness of the internal controls and risk management systems and highlights accompanying remedial plans to address any outstanding key control deficiencies.

To mitigate operational losses, we have insurance programmes to protect us and our employees against adverse events. These programmes cover losses relating to crime, cyber risks, professional indemnity, directors' and officers' liability, property damage and public liability.

In addition, the subject-specific key risks that we focus on and risk mitigation measures we put in place include but are not limited to the following:

Key Risks	How is risk managed?
Cyber Risk	• Through a groupwide strategy and comprehensive approach which comprises: – Robust framework and policies whereby roles and responsibilities across the three lines of defence are clearly defined, with relevant regulatory requirements incorporated. – Extensive cyber defence capabilities with continuous enhancements, cyber risk awareness and training programmes, social engineering testing campaigns, incident response, crisis management and business continuity, as well as insurance protection. This includes active involvement of senior management in the prevention, detection and response to the evolving cyber threat landscape. – Multi-layered controls and processes established using a 'defence-in-depth' approach which includes monitoring our networks for cyber threats through a 24-hour Cybersecurity Operations Centre. • By actively engaging and sharing cyber threat information with industry players in the ABS Standing Committee on Cyber Security and the Financial Services Information Sharing and Analysis Centre.
Information and Technology Risk	• Through an extensive groupwide approach towards governing and managing information and technology risk which comprises: – A holistic framework supported by policies, standards, proactive risk mitigation initiatives, as well as robust governance and oversight structure integrated across the three lines of defence. – Robust controls to ensure confidentiality, integrity and availability of our information assets, including data loss preventive and detective control mechanisms. – Mandatory risk awareness training programme, thematic reviews to uplift our data protection posture, as well as guidance to enhance the management of data loss incidents. – Appropriate measures to minimise disruptions to essential banking services due to incidents such as system outages. – Guidelines to promote the safe adoption of emerging technologies such as Artificial Intelligence (AI), Robotics Process Automation (RPA), Internet-of-Things (IoT) and Cloud Computing.

Key Risks	How is risk managed?
Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) and Sanctions Risk	• Through a robust groupwide AML/CFT and sanctions framework and programme that are aligned with MAS AML/CFT and sanctions regulations, as well as with international organisations, such as the Financial Action Task Force (FATF), Basel Committee and Wolfsberg Group. The framework and programme comprise: – AML/CFT and Sanctions policy, guidelines and procedures covering key pillars such as customer due diligence, transaction monitoring, escalation protocol and investigation process. – Dedicated AML/CFT committee with members drawn from senior management to have oversight over AML/CFT matters. – Risk assessment methodologies leveraging on existing monitoring and screening platforms to assess customer, product and geographical risks. These include the use of AI and Data Analytics in our risk surveillance for dynamic monitoring of emerging financial crime trends and typologies. – Building staff competency and vigilance through targeted specialised training, including certified courses recognised by the Institute of Banking and Finance (IBF) and International Compliance Training Academy (ICA).
Legal and Regulatory Risk	• Through a legal and regulatory compliance risk management framework which defines the required environment and organisational components to ensure compliance with relevant laws, regulations, rules and standards. The framework is complemented by stringent and robust compliance policies, procedures and guidelines based on international best practices which are adapted to our requirements, and regular training to staff.
Fraud Risk	• Through fraud risk management and whistle-blowing programmes to prevent and detect fraud or misconduct. These programmes comprise: – Internal and external whistle-blowing channels for employees and the public. – Independent investigations into fraud incidents with regular reporting (including root cause analysis, extent of damage, remedial actions and recovery steps for major incidents) to the Operational Risk Management Committee and BRMC. – Fraud awareness for staff and customers. • Through robust anti-fraud measures which include enhancing our transactional monitoring system with in-house Machine Learning algorithms, and strengthening financial malware detection capabilities to detect any compromised devices interacting with our online banking platforms. • By having Group Audit independently review all fraud and whistle-blowing cases. The outcomes are reported to the Audit Committee.
Third-Party Risk	• Through a programme that sets the control expectations to manage the risk arising from the use of third-party service providers, including the oversight by a multi-disciplinary management group. • By actively engaging and keeping abreast of industry developments at the ABS Outsourcing Advisory Committee.
Business Continuity Risk	• Through a programme to minimise the disruption to essential business activities and services during a crisis. The programme comprises: – Robust recovery strategies and business recovery plans which are reviewed and tested annually. – Regular exercises to enhance awareness and the robustness of the programme. – Annual attestation by senior management to the BRMC on the business continuity readiness, extent of alignment with MAS guidelines and declaration of acceptable residual risk.
Physical and People Security Risk	• Through a programme to address the physical and security risks to people and assets. This programme comprises: – Active monitoring of external events that may pose a threat to OCBC locations, people and assets. – Provision of advisories and response procedures to better prepare the Bank and our employees to handle risk events, including risks posed to staff on business travel.
Fiduciary Risk	• Through a fiduciary risk management programme to manage risks associated with fiduciary relationships which arise where two parties (i.e. the fiduciary and the principal) agree that the fiduciary will act on behalf of or for the benefit of the principal, in circumstances which would give rise to a relationship of trust and confidence. The programme provides guidelines on identification, assessment, monitoring of and response to fiduciary risk exposures to ensure compliance with applicable fiduciary standards.
Reputational Risk	• Through a Reputational Risk Management Policy that focuses on understanding and managing our responsibilities towards our stakeholders and protecting our reputation. This includes the identification, assessment, monitoring and mitigation of reputational risk exposures, as well as effective information sharing and engagement with our stakeholders.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2020)

Introduction

In accordance with Pillar 3 disclosure requirements under Monetary Authority of Singapore (MAS) Notice 637 on Risk Based Capital Adequacy Requirements, Notice 651 on Liquidity Coverage Ratio Disclosure and Notice 653 on Net Stable Funding Ratio Disclosure for Banks incorporated in Singapore, relevant quantitative and qualitative disclosures have been included in the Stand-alone Pillar 3 Disclosures Report and this Annual Report under the Risk Management, Corporate Governance, Capital Management Chapters and the Notes to Financial Statements. The Pillar 3 disclosures are to enable market participants to better understand and compare capital adequacy and risk profiles across banks via improved consistency in public disclosure.

Scope Of Consolidation

The consolidation basis used for regulatory capital computation is similar to that used for financial reporting except for Great Eastern Holdings Limited and its insurance subsidiaries, which are excluded from regulatory consolidation and are treated as investments in unconsolidated major stake companies that are financial institutions in accordance with MAS Notice 637's definition of an insurance subsidiary. The regulatory adjustments applied to these investments are in accordance with MAS Notice 637 paragraphs 6.1.3(p), 6.2.3(e) and 6.3.3(e).

The Stand-alone Pillar 3 Disclosures Report is located in the Capital and Regulatory section of OCBC's website under Fourth Quarter and Full Year 2020 (https://www.ocbc.com/group/investors/investor-information.page#Capital-and-regulatory-disclosures).

Overview Of Disclosures

To read the quantitative and qualitative Pillar 3 disclosures, please refer to this table:

Disclosure Requirement	Location of Disclosure
Overview of Risk Management and RWA	
Key Metrics	Pillar 3 Disclosures Report Section 4
Risk Management Approach	OCBC Annual Report 2020 – Risk Management Chapter – Corporate Governance Chapter – Capital Management Chapter
Overview of Risk Weighted Assets (RWA)	Pillar 3 Disclosures Report Section 11
Linkages between Financial Statements and Regulatory Exposures	
Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories	Pillar 3 Disclosures Report Section 7.1
Main Sources of Differences between Regulatory Exposure Amounts and Carrying Amounts in Financial Statements	Pillar 3 Disclosures Report Section 7.2
Qualitative Disclosure of Differences between Carrying Amounts in Financial Statements and Regulatory Exposure Amounts	Pillar 3 Disclosures Report Sections 3 and 7 OCBC Annual Report 2020 – Notes to Financial Statements, Fair Values of Financial Instruments: Valuation Governance Framework [1] and Fair Values – Notes to Financial Statements, Summary of Significant Accounting Policies: Critical Accounting Estimates and Judgements, Fair Value Estimation
Prudent Valuation Adjustments	Pillar 3 Disclosures Report Section 7.3

(1) Valuation Governance Framework does not apply to Great Eastern Holdings Limited and other non-bank entities with the exception of OCBC Securities Private Limited and PT OCBC Securitas.

Pillar 3 Disclosures
(OCBC Group – As at 31 December 2020)

Disclosure Requirement	Location of Disclosure
Credit Risk	
General Qualitative Disclosures about Credit Risk	OCBC Annual Report 2020 – Risk Management Chapter, Credit Risk Management
Credit Quality of Assets	Pillar 3 Disclosures Report Section 9.1
Changes in Stock of Defaulted Loans and Debt Securities	Pillar 3 Disclosures Report Section 9.2
Additional Disclosures Related to the Credit Quality of Assets	Pillar 3 Disclosures Report Sections 9.3, 9.4 and 9.5 OCBC Annual Report 2020 – Risk Management Chapter, Credit Risk Management: Remedial Management – Notes to Financial Statements, Summary of Significant Accounting Policies: Impairment of Assets – Notes to Financial Statements, Risk Management: Credit Risk
Qualitative Disclosures Related to CRM Techniques	OCBC Annual Report 2020 – Risk Management Chapter, Credit Risk Management: Credit Risk Mitigation – Risk Management Chapter, Credit Risk Management: Credit Portfolio Management – Notes to Financial Statements, Risk Management: Credit Risk, Collaterals – Notes to Financial Statements, Offsetting Financial Assets and Financial Liabilities
Overview of Credit Risk Mitigation (CRM) Techniques	Pillar 3 Disclosures Report Section 13.5
Qualitative Disclosures on the Use of External Credit Ratings under the Standardised Approach (SA) Credit Risk (CR)	Pillar 3 Disclosures Report Section 10
(SA)(CR) and (SA) Equity Exposures (EQ) – Credit Risk Exposure and CRM Effects	Pillar 3 Disclosures Report Section 13.1
(SA)(CR) and (SA)(EQ) – Exposures by Asset Classes and Risk Weights	Pillar 3 Disclosures Report Section 13.2
Qualitative Disclosures for Internal Ratings-Based Approach (IRBA) Models	OCBC Annual Report 2020 – Risk Management Chapter, Credit Risk Management: Internal Rating Models – Risk Management Chapter, Credit Risk Management: Key Components of Internal Ratings Based (IRB) Models
IRBA – Credit Risk Exposures by Portfolio and Probability of Default (PD) Range	Pillar 3 Disclosures Report Sections 13.3 and 13.4
IRBA – Effect on RWA of Credit Derivatives used as CRM	Pillar 3 Disclosures Report Section 13.6
IRBA – RWA Flow Statement for Credit Risk Exposures	Pillar 3 Disclosures Report Section 12
IRBA – Backtesting of PD per Portfolio	Pillar 3 Disclosures Report Section 14
IRBA – Specialised Lending and Equities under the Simple Risk Weight Method	Pillar 3 Disclosures Report Section 15

Disclosure Requirement	Location of Disclosure
Counterparty Credit Risk (CCR)	
Qualitative Disclosures Related to Counterparty Credit Risk (CCR)	OCBC Annual Report 2020 – Risk Management Chapter, Credit Risk Management: Managing Counterparty Credit Risk – Risk Management Chapter, Credit Risk Management: Credit Risk Mitigation
Analysis of CCR Exposure by Approach	Pillar 3 Disclosures Report Section 16.1
Credit Valuation Adjustments (CVA) Risk Capital Requirements	Pillar 3 Disclosures Report Section 16.2
Exposures to Central Counterparties	Pillar 3 Disclosures Report Section 16.3
Standardised Approach – CCR Exposures by Portfolio and Risk Weights	Pillar 3 Disclosures Report Section 16.4
IRBA – CCR Exposures by Portfolio and PD Range	Pillar 3 Disclosures Report Sections 16.5 and 16.6
Composition of Collateral for CCR Exposure	Pillar 3 Disclosures Report Section 16.7
Credit Derivative Exposures	Pillar 3 Disclosures Report Section 16.8
RWA Flow Statements under the CCR Internal Models Method	Pillar 3 Disclosures Report Section 2
Securitisation	
Qualitative disclosure related to securitisation exposures Securitisation Exposures in the Banking and/or Trading Book Securitisation Exposures in the Banking Book and Associated Regulatory Capital Requirements – A Reporting Bank Acting as Originator/ Sponsor/ Investor	Pillar 3 Disclosures Report Sections 10 and 17
Market Risk	
Qualitative Disclosure Related to Market Risk	Pillar 3 Disclosures Report Section 10 OCBC Annual Report 2020 – Risk Management Chapter, Market Risk Management
Qualitative disclosures related to Internal Models Approach (IMA) Market Risk under Standardised Approach	Pillar 3 Disclosures Report Section 18
RWA Flow Statements of Market Risk Exposures under IMA	Pillar 3 Disclosures Report Section 2
IMA Values for Trading Portfolios	Pillar 3 Disclosures Report Section 18
Comparison of VaR Estimates with Gains or Losses	OCBC Annual Report 2020 – Risk Management Chapter, Market Risk Management: Market Risk Measurements – Risk Management Chapter, Market Risk Management: Risk Monitoring and Control

Pillar 3 Disclosures
(OCBC Group – As at 31 December 2020)

Disclosure Requirement	Location of Disclosure
Operational Risk	
Operational Risk	Pillar 3 Disclosures Report Section 10 OCBC Annual Report 2020 – Risk Management Section, Operational Risk Management
Interest Rate Risk in the Banking Book	
Interest Rate Risk in the Banking Book	Pillar 3 Disclosures Report Section 19 OCBC Annual Report 2020 – Risk Management Chapter, Asset Liability Management: Interest Rate Risk in the Banking Book – Notes to Financial Statements, Risk Management: Market Risk and Asset Liability Management, Interest Rate Risk
Remuneration	
Remuneration	OCBC Annual Report 2020 – Corporate Governance Chapter Related to Remuneration
Composition of Capital	
Reconciliation of Regulatory Capital to Balance Sheet	Pillar 3 Disclosures Report Section 6.1
Composition of Regulatory Capital	Pillar 3 Disclosures Report Section 6.2
Main Features of Regulatory Capital Instruments	Pillar 3 Disclosures Report Section 6.3
Leverage Ratio	
Leverage Ratio Summary Comparison Table	Pillar 3 Disclosures Report Section 8.1
Leverage Ratio Common Disclosure Table	Pillar 3 Disclosures Report Section 8.2
Macroprudential Supervisory Measures	
Disclosure of Global Systemically Important Bank (G-SIB) Indicators	Pillar 3 Disclosures Report Section 5.1
Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer	Pillar 3 Disclosures Report Section 5.2
Liquidity Coverage Ratio	
Liquidity Coverage Ratio	Pillar 3 Disclosures Report Section 20
Net Stable Funding Ratio	
Net Stable Funding Ratio	Pillar 3 Disclosures Report Section 21
Others	
Attestation Statement	Pillar 3 Disclosures Report Sections 1 and 2
Overview of Disclosure Policy	Pillar 3 Disclosures Report Section 2

Financial Report

Management Discussion and Analysis

Overview

	2020 S$ million	2019 S$ million	+/(-) %
Selected Income Statement Items			
Net interest income	**5,966**	6,331	(6)
Non-interest income	**4,173**	4,540	(8)
Total income	**10,139**	10,871	(7)
Operating expenses	**(4,439)**	(4,644)	(4)
Operating profit before allowances and amortisation	**5,700**	6,227	(8)
Amortisation of intangible assets	**(104)**	(103)	1
Allowances for loans and other assets	**(2,043)**	(890)	130
Operating profit after allowances and amortisation	**3,553**	5,234	(32)
Share of results of associates, net of tax	**612**	566	8
Profit before income tax	**4,165**	5,800	(28)
Net profit attributable to equity holders of the Bank	**3,586**	4,869	(26)
Cash basis net profit attributable to equity holders of the Bank [1]	**3,690**	4,972	(26)
Selected Balance Sheet Items			
Ordinary equity	**48,422**	45,662	6
Equity attributable to equity holders of the Bank	**49,622**	47,162	5
Total assets	**521,395**	491,691	6
Assets excluding life insurance fund investment securities and other assets	**424,327**	404,353	5
Net customer loans [2]	**263,538**	262,348	–
Deposits of non-bank customers	**314,907**	302,851	4
Per Ordinary Share (S$)			
Basic earnings [3][4]	**0.80**	1.14	
Diluted earnings [3][4]	**0.80**	1.14	
Net asset value	**10.82**	10.38	
Key Financial Ratios (%)			
Return on equity [3][4][5]	**7.6**	11.4	
Return on assets [4][6]	**0.85**	1.26	
Net interest margin	**1.61**	1.77	
Non-interest income to total income	**41.2**	41.8	
Cost-to-income	**43.8**	42.7	
Loans-to-deposits	**83.7**	86.5	
Non-performing loan ratio	**1.5**	1.5	
Total capital adequacy ratio (CAR) [7]	**17.9**	16.8	
Tier 1 CAR [7]	**15.8**	15.6	
Common Equity Tier 1 CAR [7]	**15.2**	14.9	
Leverage ratio [7][8]	**7.7**	7.7	
Singapore dollar liquidity coverage ratio [7][9]	**290**	273	
All-currency liquidity coverage ratio [7][9]	**139**	155	
Net stable funding ratio [7][10]	**125**	111	

(1) *Excludes amortisation of intangible assets.*
(2) *Comparatives have been reclassified to conform to current year's presentation.*
(3) *Calculated based on core net profit less distributions on other equity instruments paid and estimated to be due at the end of the financial year.*
(4) *2019 allowances included one-off items. Key ratios were computed excluding one-off items.*
(5) *Other equity instruments and non-controlling interests are not included in the computation for return on equity.*
(6) *Computation of return on assets excludes life insurance fund investment securities and other assets.*
(7) *Public disclosures required under MAS Notice 637, MAS Notice 651 and MAS Notice 653 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (https://www.ocbc.com/group/investors/investor-information#pillarthreedisclosures).*
(8) *The Group's leverage ratio is computed based on MAS Notice 637.*
(9) *The Group's liquidity coverage ratios (LCR) are computed based on MAS Notice 649 and reported based on the average LCR for the respective years.*
(10) *The Group's net stable funding ratio is computed based on MAS Notice 652.*

Overview (continued)

The Group reported a net profit after tax of S$3.59 billion for the financial year ended 31 December 2020, 26% lower as compared to S$4.87 billion a year ago, mainly due to the decline in net interest margin as a result of the sharp drop in market interest rates and higher expected credit loss allowances to buffer against the deterioration in macroeconomic conditions.

Net interest income fell 6% to S$5.97 billion from S$6.33 billion a year ago. This was attributed to a 16 basis points drop in net interest margin (NIM) in a significantly lower interest rate environment and a lower loans-to-deposits ratio driven by strong deposits growth.

Non-interest income declined 8% to S$4.17 billion from S$4.54 billion a year ago. Net fee income was 6% lower at S$2.00 billion, led by a fall in loan-related and credit card fees on the back of lower transaction volumes. Nevertheless, wealth management fees climbed 5% to a new high, driven by strong customer investment activities in a low interest rate environment. Net trading income fell 12% to S$863 million, primarily due to lower mark-to-market gains in Great Eastern Holdings' (GEH) investment portfolio. However, treasury income from customer flows increased 12% to a new high of S$668 million. Net gains from the sale of investment securities of S$208 million were up 21% from S$171 million in the previous year.

Income from life and general insurance decreased 8% to S$899 million from S$976 million a year ago, largely due to higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities, in line with the fall in market interest rates. Both total weighted new sales and new business embedded value hit record levels, rising 23% and 10% respectively. GEH's embedded value, a measure of the long-term economic value of the existing business of a life insurance company, rose 12% to S$17.4 billion.

The Group's overall wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, was S$3.37 billion and 1% below the record S$3.40 billion a year ago. As at 31 December 2020, assets under management at our private banking subsidiary, Bank of Singapore, grew 3% against last year to a record US$121 billion (S$160 billion), driven by continued inflow of net new money and improved market valuations.

Operating expenses fell 4% to S$4.44 billion mainly driven by lower staff costs and reduced discretionary spending as expenses were tightly controlled. Total allowances rose to S$2.04 billion from S$890 million a year ago, with the increase mainly attributable to higher allowances set aside for non-impaired assets.

The Group's share of results of associates increased 8% to S$612 million from S$566 million last year, mainly due to higher contributions from Bank of Ningbo.

Return on equity was 7.6% in 2020, as compared to 11.4% a year ago, while earnings per share was S$0.80, down from S$1.14 in the previous year.

Allowances and Asset Quality

Non-performing assets (NPAs) were S$4.01 billion as at 31 December 2020, an increase of 3% as compared to S$3.88 billion a year ago. The Group's non-performing loan (NPL) ratio of 1.5% was unchanged from a year ago. The allowance coverage against total NPAs was further increased to 115% from the 86% a year ago.

Allowances for loans and other assets were significantly higher at S$2.04 billion in 2020, as compared to S$890 million a year ago. Allowances for impaired assets were S$1.18 billion, up from S$858 million a year ago, which included the allowances set aside for loans to a Singapore oil trader and the write-down of the remaining oil and gas support vessels and services NPLs. Allowances for non-impaired assets were higher at S$864 million as the Group took a prudent approach to allowances given the uncertain economic and market outlook. This largely comprised S$405 million in management overlay above the model requirements on a forward-looking basis and S$244 million in macroeconomic variable adjustments.

Overview (continued)

Funding, Liquidity and Capital Position

The Group's funding, liquidity and capital position remained strong. Customer loans grew 1% year-on-year to S$267 billion as at 31 December 2020. Customer deposits rose from S$303 billion a year ago to S$315 billion. This was driven by strong current account and savings deposits (CASA) growth of S$43 billion, which reached a new peak of S$190 billion, and the CASA ratio surpassed the 60% mark.

The Group's Common Equity Tier 1 capital adequacy ratio was higher at 15.2% as compared to 14.9% a year ago. This included a positive impact of approximately 0.5 percentage points arising from the migration to an internal ratings-based approach at our subsidiary OCBC Wing Hang Bank. The average all-currency liquidity coverage ratio for the Group was 139%, while the leverage ratio was 7.7% and net stable funding ratio was 125% as at 31 December 2020. These regulatory ratios were all well above their respective regulatory requirements.

Dividend

For the full year of 2020, a final dividend of 15.9 cents per share has been proposed. Together with the earlier interim dividend of 15.9 cents, the total dividend for 2020 would be 31.8 cents. Under the Monetary Authority of Singapore's guidelines, this is the maximum dividend per share that OCBC can declare for 2020, which is capped at 60% of 2019's 53 cents. Total dividend for 2020 represents a 39% payout of 2020 net profit.

The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the dividend in the form of shares.

Net Interest Income

Average Balance Sheet

	2020			2019		
	Average Balance S$ million	Interest S$ million	Average Rate %	Average Balance S$ million	Interest S$ million	Average Rate %
Interest earning assets						
Loans to non-bank customers	**264,153**	**6,992**	**2.65**	256,418	9,086	3.54
Placements with and loans to banks	**47,395**	**839**	**1.77**	47,543	1,503	3.16
Other interest earning assets	**57,940**	**1,312**	**2.26**	53,398	1,509	2.82
	369,488	**9,143**	**2.47**	357,359	12,098	3.39
Interest bearing liabilities						
Deposits of non-bank customers	**309,581**	**2,699**	**0.87**	296,279	4,807	1.62
Deposits and balances of banks	**11,682**	**92**	**0.79**	10,687	192	1.79
Other borrowings	**25,128**	**386**	**1.53**	26,748	768	2.87
	346,391	**3,177**	**0.92**	333,714	5,767	1.73
Net interest income/margin [1]		**5,966**	**1.61**		6,331	1.77

Net interest income declined 6% to S$5.97 billion in 2020, from S$6.33 billion a year ago, as average assets growth was offset by a 16 basis points decline in net interest margin to 1.61%. The contraction in net interest margin was mainly attributable to a significantly lower interest rate environment and a decline in loans-to-deposits ratio from strong deposits growth.

Volume and Rate Analysis

Increase/(decrease) for 2020 over 2019 due to change in:	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans to non-bank customers	275	(2,393)	(2,118)
Placements with and loans to banks	(5)	(664)	(669)
Other interest earning assets	129	(329)	(200)
	399	(3,386)	(2,987)
Interest expense			
Deposits of non-bank customers	217	(2,337)	(2,120)
Deposits and balances of banks	18	(118)	(100)
Other borrowings	(47)	(338)	(385)
	188	(2,793)	(2,605)
Impact on net interest income	211	(593)	(382)
Due to change in number of days			17
Net interest income			(365)

(1) *Net interest margin is net interest income as a percentage of interest earning assets.*

Non-Interest Income

	2020 S$ million	2019 S$ million	+/(-) %
Gross fee and commission income			
Brokerage	**140**	82	70
Wealth management	**1,130**	1,036	9
Fund management	**122**	115	7
Credit card	**274**	348	(21)
Loan-related	**165**	307	(46)
Trade-related and remittances	**252**	254	(1)
Guarantees	**14**	16	(12)
Investment banking	**87**	106	(18)
Service charges	**84**	99	(15)
Others	**45**	44	2
	2,313	2,407	(4)
Fee and commission expense	**(310)**	(284)	9
Fees and commissions (net)	**2,003**	2,123	(6)
Dividends	**78**	92	(15)
Net trading income	**863**	977	(12)
Income from life and general insurance			
Profit from life insurance	**698**	779	(10)
Premium income from general insurance	**201**	197	2
Sub-total	**899**	976	(8)
Other income			
Net gain from investment securities	**208**	171	21
Net gain from disposal of subsidiaries	**9**	1	nm
Net gain from disposal of properties	**45**	83	(46)
Rental income	**54**	80	(32)
Others	**14**	37	(63)
Sub-total	**330**	372	(11)
Total non-interest income	**4,173**	4,540	(8)

(1) *nm denotes not meaningful.*

Non-interest income was S$4.17 billion, 8% lower as compared to S$4.54 billion a year ago.

Net fees and commissions decreased 6% to S$2.00 billion, as an increase in wealth management fees from strong customer investment activities, was offset by lower loan-related and credit card fee income. Net trading income of S$863 million was lower than the S$977 million last year, as higher customer flow income was more than offset by lower mark-to-market gains in GEH's investment portfolio. Income from life and general insurance was down 8% at S$899 million as compared to S$976 million in the previous year, mainly as a result of higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities, in line with the fall in market interest rates. Net gains from the sale of investment securities were S$208 million, up from S$171 million a year ago.

Operating Expenses

	2020 S$ million	2019 S$ million	+/(-) %
Staff costs	**2,748**	2,840	(3)
Property and equipment			
Depreciation	**419**	397	6
Maintenance	**141**	136	4
Rental expenses	**9**	24	(63)
Others	**293**	301	(3)
	862	858	–
Other operating expenses	**829**	946	(12)
Total operating expenses	**4,439**	4,644	(4)
Group staff strength			
Year end	**30,538**	30,537	–
Average	**30,529**	30,274	1

Operating expenses dropped 4% to S$4.44 billion in 2020, from S$4.64 billion in the previous year. Staff costs were 3% lower at S$2.75 billion as compared to S$2.84 billion in 2019. Other operating expenses fell 12% from a year ago largely from a decrease in discretionary expenses including business promotion costs and travelling expenditure.

The cost-to-income ratio was higher at 43.8% in 2020, as compared to 42.7% a year ago.

Allowances for Loans and Other Assets

	2020 S$ million	2019 S$ million	+/(-) %
Allowances/(write-back):			
Impaired loans			
Singapore	**637**	320	99
Malaysia	**94**	99	(6)
Indonesia	**219**	304	(28)
Greater China	**113**	88	29
Others	**86**	45	90
	1,149	856	34
Impaired other assets	**30**	2	nm
Non-impaired loans	**860**	39	nm
Non-impaired other assets	**4**	(7)	161
Allowances for loans and other assets	**2,043**	890	130

Allowances for loans and other assets were significantly higher at S$2.04 billion in 2020, as compared to S$890 million a year ago. Allowances for impaired assets were S$1.18 billion, up from S$858 million a year ago, which largely comprised allowances set aside for loans to a Singapore oil trader and the write-down of the remaining oil and gas support vessels and services NPLs. Allowances for non-impaired assets in 2020 included S$405 million in management overlay above the model requirements on a forward-looking basis and S$244 million in macroeconomic variable adjustments.

Customer Loans

	2020 S$ million	2019 S$ million	+/(-) %
By Industry			
Agriculture, mining and quarrying	**8,483**	8,963	(5)
Manufacturing	**15,814**	17,074	(7)
Building and construction	**71,994**	64,686	11
Housing loans	**59,842**	62,069	(4)
General commerce	**28,834**	31,823	(9)
Transport, storage and communication	**14,340**	13,311	8
Financial institutions, investment and holding companies	**22,821**	24,542	(7)
Professionals and individuals	**30,659**	30,322	1
Others	**14,453**	11,983	21
	267,240	264,773	1
By Currency			
Singapore Dollar	**96,489**	93,559	3
United States Dollar	**62,434**	65,163	(4)
Malaysian Ringgit	**20,491**	20,878	(2)
Indonesian Rupiah	**8,313**	9,222	(10)
Hong Kong Dollar	**32,692**	34,355	(5)
Chinese Renminbi	**5,638**	4,933	14
Others	**41,183**	36,663	12
	267,240	264,773	1
By Geography [1]			
Singapore	**109,826**	108,981	1
Malaysia	**27,819**	28,585	(3)
Indonesia	**18,833**	19,680	(4)
Greater China	**65,216**	65,358	–
Other Asia Pacific	**18,886**	15,674	20
Rest of the World	**26,660**	26,495	1
	267,240	264,773	1

(1) *Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.*

Gross loans to customers were S$267 billion as at 31 December 2020, up 1% from S$265 billion a year ago. In constant currency terms, customer loans grew 1% year-on-year.

Non-Performing Assets

	Total NPAs [1] S$ million	Substandard S$ million	Doubtful S$ million	Loss S$ million	NPLs [2] S$ million	NPL Ratio [2] %
Singapore						
2020	**1,725**	**1,106**	**485**	**134**	**1,669**	**1.5**
2019	1,717	1,309	237	171	1,685	1.5
Malaysia						
2020	**782**	**454**	**283**	**45**	**755**	**2.7**
2019	738	372	321	45	726	2.5
Indonesia						
2020	**651**	**321**	**227**	**103**	**651**	**3.5**
2019	678	289	222	167	677	3.4
Greater China						
2020	**358**	**82**	**235**	**41**	**358**	**0.5**
2019	230	54	133	43	230	0.4
Other Asia Pacific						
2020	**118**	**60**	**58**	**#**	**118**	**0.6**
2019	101	77	23	1	101	0.6
Rest of the World						
2020	**371**	**148**	**223**	**#**	**366**	**1.4**
2019	419	229	183	7	419	1.6
Group						
2020	**4,005**	**2,171**	**1,511**	**323**	**3,917**	**1.5**
2019	3,883	2,330	1,119	434	3,838	1.5

(1) *Comprises non-bank loans, debt securities and contingent liabilities.*
(2) *Excludes debt securities and contingent liabilities.*
(3) *# represents amounts less than S$0.5 million.*

NPAs were S$4.01 billion as at 31 December 2020, an increase of 3% as compared to S$3.88 billion a year ago.

The Group's NPL ratio was unchanged from a year ago at 1.5%. Of the total NPAs, 54% were in the substandard category.

Non-Performing Assets (continued)

	2020		2019	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**345**	**4.1**	468	5.2
Manufacturing	**564**	**3.6**	468	2.7
Building and construction	**190**	**0.3**	155	0.2
Housing loans	**420**	**0.7**	435	0.7
General commerce	**572**	**2.0**	555	1.7
Transport, storage and communication	**1,621**	**11.3**	1,563	11.7
Financial institutions, investment and holding companies	**30**	**0.1**	25	0.1
Professionals and individuals	**133**	**0.4**	123	0.4
Others	**42**	**0.3**	46	0.4
Total NPLs	**3,917**	**1.5**	3,838	1.5
Classified debt securities	**7**		2	
Classified contingent liabilities	**81**		43	
Total NPAs	**4,005**		3,883	

	2020		2019	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**1,857**	**46**	1,770	46
Over 90 to 180 days	**286**	**7**	173	4
30 to 90 days	**170**	**4**	530	14
Less than 30 days	**473**	**12**	474	12
Not overdue	**1,219**	**31**	936	24
	4,005	**100**	3,883	100

Cumulative Allowances for Assets [1]

	Total cumulative allowances S$ million	Allowances for impaired assets S$ million	Allowances for non-impaired assets S$ million	Allowances for impaired assets as % of total NPAs %	Cumulative allowances as % of total NPAs %
Singapore					
2020	**2,099**	**969**	**1,130**	**56.2**	**121.7**
2019	1,476	679	797	39.6	86.0
Malaysia					
2020	**642**	**205**	**437**	**26.2**	**82.0**
2019	597	308	289	41.7	80.8
Indonesia					
2020	**743**	**312**	**431**	**47.9**	**114.2**
2019	571	237	334	34.9	84.1
Greater China					
2020	**639**	**129**	**510**	**36.1**	**178.5**
2019	382	47	335	20.5	166.5
Other Asia Pacific					
2020	**152**	**45**	**107**	**37.7**	**128.3**
2019	94	32	62	31.2	92.5
Rest of the World					
2020	**321**	**155**	**166**	**41.9**	**86.6**
2019	201	94	107	22.5	48.0
Group					
2020	**4,596**	**1,815**	**2,781**	**45.3**	**114.7**
2019	3,321	1,397	1,924	36.0	85.5

(1) *Included regulatory loss allowance reserve of S$874 million at 31 December 2020 and S$876 million at 31 December 2019.*

As at 31 December 2020, the Group's total cumulative allowances for assets were S$4.60 billion. This comprised S$1.82 billion in allowances for impaired assets and S$2.78 billion in allowances for non-impaired assets. The cumulative allowances represented 115% of total NPAs.

Deposits

	2020 S$ million	2019 S$ million	+/(-) %
Deposits of non-bank customers	**314,907**	302,851	4
Deposits and balances of banks	**9,586**	8,250	16
	324,493	311,101	4
Non-Bank Deposits by Product			
Fixed deposits	**95,291**	128,989	(26)
Savings deposits	**71,097**	57,465	24
Current account	**118,751**	89,024	33
Others	**29,768**	27,373	9
	314,907	302,851	4
Non-Bank Deposits by Currency			
Singapore Dollar	**123,217**	107,278	15
United States Dollar	**95,226**	102,800	(7)
Malaysian Ringgit	**23,096**	22,827	1
Indonesian Rupiah	**11,637**	10,221	14
Hong Kong Dollar	**23,463**	25,906	(9)
Chinese Renminbi	**7,984**	6,679	20
Others	**30,284**	27,140	12
	314,907	302,851	4

Non-bank customer deposits as at 31 December 2020 were S$315 billion, up 4% from S$303 billion a year ago. The ratio of current account and savings deposits to total non-bank deposits was 60.3%, as compared to 48.4% a year ago.

Performance by Business Segment

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Treasury and Markets, and Insurance.

Profit before Income Tax by Business Segment

	2020 S$ million	2019 S$ million	+/(-) %
Global Consumer/Private Banking	**1,246**	1,540	(19)
Global Wholesale Banking	**708**	1,796	(61)
Global Treasury and Markets	**896**	684	31
Insurance	**919**	1,068	(14)
Others	**396**	712	(44)
Profit before income tax	**4,165**	5,800	(28)

Performance by Business Segment (continued)

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Consumer/Private Banking's profit before income tax was S$1.25 billion in 2020, a year-on-year drop of 19%. The decline in profit was largely attributable to lower net interest income and higher allowances, partly offset by higher fee income and drop in expenses.

Global Wholesale Banking

Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

Global Wholesale Banking's profit before income tax fell 61% to S$708 million in 2020, mainly attributable to lower net interest income and higher allowances, which more than offset a fall in expenses.

Global Treasury and Markets

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Global Treasury's profit before income tax was S$896 million in 2020, up 31% from S$684 million a year ago, largely contributed by higher net interest income and net trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.9%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's profit before income tax fell 14% to S$919 million in 2020, mainly attributable to higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities as market interest rates declined, which was partly offset by lower expenses. It also included a provision for higher expected future insurance claims made by GEH.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S$798 million in 2020, lower than S$832 million in 2019.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

Performance by Geographical Segment

	2020		2019	
	S$ million	%	S$ million	%
Total income				
Singapore	**5,459**	**54**	6,552	60
Malaysia	**1,616**	**16**	1,469	13
Indonesia	**913**	**9**	849	8
Greater China	**1,603**	**16**	1,494	14
Other Asia Pacific	**242**	**2**	224	2
Rest of the World	**306**	**3**	283	3
	10,139	**100**	10,871	100
Operating profit before allowances and amortisation				
Singapore	**2,895**	**51**	3,811	61
Malaysia	**1,093**	**19**	929	15
Indonesia	**495**	**9**	440	7
Greater China	**857**	**15**	711	11
Other Asia Pacific	**177**	**3**	167	3
Rest of the World	**183**	**3**	169	3
	5,700	**100**	6,227	100
Profit before income tax				
Singapore	**1,505**	**36**	3,221	55
Malaysia	**850**	**21**	830	14
Indonesia	**225**	**5**	274	5
Greater China	**1,285**	**31**	1,154	20
Other Asia Pacific	**123**	**3**	156	3
Rest of the World	**177**	**4**	165	3
	4,165	**100**	5,800	100
Total assets				
Singapore	**307,328**	**59**	287,129	58
Malaysia	**67,005**	**13**	65,584	13
Indonesia	**19,845**	**4**	17,900	4
Greater China	**85,326**	**16**	81,684	17
Other Asia Pacific	**18,558**	**4**	16,264	3
Rest of the World	**23,333**	**4**	23,130	5
	521,395	**100**	491,691	100

The geographical segment analysis is based on the location where assets or transactions are booked.

Pre-tax profit for Singapore fell from S$3.22 billion a year ago to S$1.51 billion in 2020, largely attributable to a rise in allowances, which included management overlay for non-impaired assets, and lower income. Malaysia's pre-tax profit was S$850 million, up 2% from S$830 million in 2019, driven by an increase in insurance income and lower operating expenses which more than offset a rise in allowances. Indonesia's pre-tax profit declined to S$225 million in 2020 as compared to S$274 million a year ago, as higher allowances more than offset a growth in net interest income and trading income. Pre-tax profit for Greater China grew 11% to S$1.29 billion from S$1.15 billion a year ago, mainly from an increase in net interest income and share of associates' profits, as well as a reduction in operating expenses.

Capital Adequacy Ratios

The Group remained strongly capitalised, with a Common Equity Tier 1 capital adequacy ratio (CAR) of 15.2%, and Tier 1 and Total CAR of 15.8% and 17.9% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2020.

Directors' Statement

For the financial year ended 31 December 2020

The directors present this statement to the members of the Bank together with the audited consolidated financial statements of the Group and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Bank for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 159 to 287 are drawn up so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2020, the financial performance and changes in equity of the Group and of the Bank for the financial year ended on that date, and cash flows of the Group for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Bank in office at the date of this statement are as follows:

Ooi Sang Kuang, Chairman
Samuel N. Tsien, Chief Executive Officer
Christina Hon Kwee Fong (Christina Ong)
Chua Kim Chiu
Koh Beng Seng
Lee Tih Shih
Pramukti Surjaudaja
Tan Ngiap Joo
Tan Yen Yen (Appointed on 1 January 2020)
Wee Joo Yeow

Christina Hon Kwee Fong (Christina Ong), Chua Kim Chiu, Pramukti Surjaudaja and Tan Ngiap Joo will retire by rotation under Article 98 of the Constitution at the forthcoming annual general meeting of the Bank and, being eligible, will offer themselves for re-election thereat.

Arrangements to Enable Directors to Acquire Shares and Debentures

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

Directors' Interests in Shares or Debentures

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in shares in the Bank and its related corporations, as follows:

	Direct interest		Deemed interest [1]	
	At 31 December 2020	At 1 January 2020/ Date of appointment	At 31 December 2020	At 1 January 2020/ Date of appointment
BANK				
Ordinary shares				
Ooi Sang Kuang	**54,397**	47,311	**–**	–
Samuel N. Tsien	**2,025,154**	1,758,786	**–**	–
Christina Hon Kwee Fong (Christina Ong)	**24,829**	18,333	**–**	–
Chua Kim Chiu	**14,391**	8,103	**–**	–
Koh Beng Seng	**1,543**	–	**–**	–
Lee Tih Shih	**11,503,106**	11,267,591	**–**	–
Pramukti Surjaudaja	**79,050**	73,050	**–**	–
Quah Wee Ghee [4]	**55,354**	48,249	**645**	632
Tan Ngiap Joo	**1,400,251**	1,366,312	**–**	–
Tan Yen Yen	**–**	–	**–**	–
Wee Joo Yeow	**76,527**	69,000	**4,892**	4,794
Options/ rights/ awards in respect of ordinary shares				
Samuel N. Tsien	**5,515,683** [2]	5,725,276 [3]	**–**	–

[1] Ordinary shares held by spouse.
[2] Comprises: (i) options to acquire 4,596,480 ordinary shares granted under the OCBC Share Option Scheme 2001; (ii) rights to acquire 7,188 ordinary shares granted under the OCBC Employee Share Purchase Plan; and (iii) 912,015 unvested shares granted under the OCBC Deferred Share Plan.
[3] Comprises: (i) options to acquire 5,034,060 ordinary shares granted under the OCBC Share Option Scheme 2001; (ii) rights to acquire 6,283 ordinary shares granted under the OCBC Employee Share Purchase Plan; and (iii) 684,933 unvested shares granted under the OCBC Deferred Share Plan.
[4] Mr Quah Wee Ghee resigned from the Board of Directors of the Bank on 1 January 2021.

Save as disclosed above, no director holding office at the end of the financial year had any interest in shares in, or debentures of, the Bank or any of its related corporations either at the beginning of the financial year, date of appointment, or at the end of the financial year. There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2021.

Share-Based Compensation Plans

The Bank's share-based compensation plans are administered by the Remuneration Committee, which as at the date of this statement comprises:

Tan Ngiap Joo, Chairman
Christina Hon Kwee Fong (Christina Ong)
Ooi Sang Kuang
Koh Beng Seng
Tan Yen Yen (Appointed on 1 January 2020)
Wee Joo Yeow

Under the share-based compensation plans, no options or rights have been granted to controlling shareholders of the Bank or their associates, nor has any participant received 5% or more of the total number of options or rights available under each respective scheme or plan during the financial year. No options or rights were granted at a discount during the financial year. The persons to whom the options or rights were issued have no right by virtue of these options or rights to participate in any share issue of any other company. The disclosure requirement in Rule 852(1)(c) of the SGX Listing Manual relating to the grant of options to directors and employees of the parent company and its subsidiaries is not applicable to the Bank's share-based compensation plans.

The Bank's share-based compensation plans are as follows:

(a) OCBC Share Option Scheme 2001

The OCBC Share Option Scheme 2001 (2001 Scheme), which was implemented in 2001, was extended for a period of 10 years from 2011 to 2021, with the approval of shareholders at an extraordinary general meeting of the Bank which was held on 15 April 2011. Executives of the Group ranked Manager and above and non-executive directors of the Group are eligible to participate in this scheme. The Bank will either issue new shares or transfer treasury shares to the participants upon the exercise of their options.

The 2001 Scheme will end on 2 August 2021. No further options may be granted by the Bank under the 2001 Scheme following its expiry. However, the expiration of the 2001 Scheme shall not affect the options which have been granted and accepted before the expiry of the 2001 Scheme, whether such options have been exercised (whether fully or partially) or not.

Particulars of Options 2010, 2011, 2012, 2013, 2014, 2015, 2015CT, 2016, 2016A, 2017, 2017SL, 2017DM and 2018 were set out in the Directors' Reports/Directors' Statements for the financial years ended 31 December 2010 to 2018.

No share options were granted under the 2001 Scheme during the financial year.

Share-Based Compensation Plans (continued)

(a) OCBC Share Option Scheme 2001 (continued)

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2020 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31 December 2020 Outstanding	Exercisable
2010	16.03.2011 to 14.03.2020	8.521	535,065	528,087	–	–
2011	15.03.2012 to 13.03.2021	9.093	276,576	276,576	522,858	522,858
2012	15.03.2013 to 13.03.2022	8.556	239,076	239,076	1,279,026	1,279,026
2013	15.03.2014 to 13.03.2023	10.018	–	–	3,931,175	3,931,175
2014	15.03.2015 to 13.03.2024	9.169	33,309	33,309	2,866,795	2,866,795
2015	16.03.2016 to 15.03.2025	10.378	–	–	4,411,664	4,411,664
2015CT	30.06.2016 to 29.06.2025	10.254	–	–	31,779	31,779
2016	16.03.2017 to 15.03.2026	8.814	570,490	570,490	5,811,612	5,811,612
2016A	16.03.2017 to 15.03.2026	8.814	–	–	85,202	85,202
2017	23.03.2018 to 22.03.2027	9.598	131,640	131,640	7,701,866	7,701,866
2017SL	04.08.2018 to 03.08.2027	11.378	–	–	18,943	18,943
2017DM	29.12.2018 to 28.12.2027	12.316	–	–	5,673	5,673
2018	22.03.2019 to 21.03.2028	13.340	–	–	6,247,197	4,122,204
			1,786,156	1,779,178	32,913,790	30,788,797

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan (ESP Plan), which was implemented in 2004, was extended for a period of 10 years from 2014 to 2024, with the approval of shareholders at an extraordinary general meeting of the Bank which was held on 24 April 2014. Employees of the Group who have attained the age of 21 years and have been employed for not less than six months are eligible to participate in the ESP Plan.

At an extraordinary general meeting held on 17 April 2009, alterations to the ESP Plan were approved to enable two (but not more than two) Offering Periods to be outstanding on any date. Since each Offering Period currently consists of a 24-month period, these alterations will enable the Bank to prescribe Offering Periods once every 12 months (instead of once every 24 months as was previously the case).

In June 2020, the Bank launched its fifteenth offering under the ESP Plan, which commenced on 1 July 2020 and will expire on 30 June 2022. Under the fifteenth offering, 7,941 employees enrolled to participate in the ESP Plan to acquire 12,688,439 ordinary shares at S$8.98 per ordinary share. The acquisition price is equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately preceding the price fixing date. Particulars of the first to fourteenth offerings under the ESP Plan were set out in the Directors' Reports/Directors' Statements for the financial years ended 31 December 2004 to 2019. During the financial year, 11,493 ordinary shares were delivered to participants under the ESP Plan. As at the end of the financial year, there were (i) rights to acquire 6,041,376 ordinary shares at S$11.32 per ordinary share granted under the fourteenth offering (which will expire on 30 June 2021) outstanding, and (ii) rights to acquire 12,048,841 ordinary shares at S$8.98 per ordinary share granted under the fifteenth offering (which will expire on 30 June 2022) outstanding. Further details on the ESP Plan can be found in Note 13.3 of the Notes to the Financial Statements.

Share-Based Compensation Plans (continued)

Details of options granted under the 2001 Scheme and acquisition rights granted under the ESP Plan to directors of the Bank are as follows:

Name of director	Options/rights granted during the financial year ended 31 December 2020	Aggregate number of options/ rights granted since commencement of scheme/plan to 31 December 2020	Aggregate number of options exercised/rights converted since commencement of scheme/plan to 31 December 2020	Aggregate number of options/rights outstanding at 31 December 2020 [1]
2001 Scheme				
Samuel N. Tsien	–	5,746,795	1,150,315	4,596,480
ESP Plan				
Samuel N. Tsien	4,008	49,875	31,608 [2]	7,188

(1) *These details have already been disclosed in the section on "Directors' interests in shares or debentures" above.*
(2) *Excludes 4,114 rights, 3,862 rights and 3,103 rights which were not converted into shares upon expiry of the fifth offering, ninth offering and thirteenth offering respectively as the average market price at that time was lower than the acquisition price. This was in line with the terms and conditions of the ESP Plan.*

There were no changes to any of the above mentioned interests between the end of the financial year and 21 January 2021.

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan (DSP) in 2003. The DSP is a discretionary incentive and retention award programme extended to executives of the Group at the absolute discretion of the Remuneration Committee. A new deferred share plan which will, *inter alia*, allow the Bank to issue new shares to participants, is intended to be tabled for adoption at the forthcoming annual general meeting of the Bank. The existing DSP will be terminated following the adoption of the new plan. However, the termination of the DSP shall not affect the awards which have been granted, whether such awards have been released (whether fully or partially) or not.

Awards over an aggregate of 11,016,332 ordinary shares (including awards over 409,894 ordinary shares granted to a director of the Bank) were granted to eligible executives under the DSP during the financial year ended 31 December 2020. In addition, existing awards were adjusted following the declarations of final dividend for the financial year ended 31 December 2019, and an interim dividend for the financial year ended 31 December 2020, resulting in an additional 1,105,570 ordinary shares being subject to awards under the DSP (including an additional 43,149 ordinary shares being subject to awards held by a director of the Bank holding office as at the end of the financial year). During the financial year, 5,595,172 deferred shares were released to grantees, of which 225,961 deferred shares were released to a director of the Bank who held office as at the end of the financial year.

Except as disclosed above, there were no unissued shares of the Bank or its subsidiaries under options granted by the Bank or its subsidiaries as at the end of the financial year.

Audit Committee

The members of the Audit Committee as at the date of this statement are:

Chua Kim Chiu, Chairman
Ooi Sang Kuang
Tan Ngiap Joo
Tan Yen Yen (Appointed on 1 January 2020)

The Audit Committee performed the functions specified in the Act, the SGX Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance 2018. In performing these functions, the Audit Committee met with the Bank's external and internal auditors, and reviewed the audit plans, the internal audit programme, as well as the results of the auditor's examination and their evaluation of the system of internal controls.

The Audit Committee also reviewed the following:

(a) response of the Bank's management and the assistance provided by officers of the Bank to the external and internal auditors;
(b) the financial statements of the Group and the Bank and the auditor's report thereon prior to their submission to the Board of Directors; and
(c) the independence and objectivity of the external auditors including its tenure.

The Audit Committee has full access to, and the cooperation of, the management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director and executive officer to attend its meetings.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, PricewaterhouseCoopers LLP, be nominated for re-appointment as auditors of the Bank at the forthcoming annual general meeting of the Bank.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept re-appointment as auditors of the Bank at the forthcoming annual general meeting of the Bank.

On behalf of the Board of Directors,

Ooi Sang Kuang
Director

Samuel N. Tsien
Director

Singapore
23 February 2021

Independent Auditor's Report

To The Members Of Oversea-Chinese Banking Corporation Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2020 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.

What We Have Audited

The financial statements of the Bank and the Group comprise:

- the income statements of the Group and of the Bank for the year ended 31 December 2020;
- the statements of comprehensive income of the Group and of the Bank for the year then ended;
- the balance sheets of the Group and of the Bank as at 31 December 2020;
- the statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Bank for the year then ended;
- the consolidated cash flow statement of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the year ended 31 December 2020. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers *(Refer to Notes 2.25, 26, 28 and 30 to the financial statements)* The Group's allowances on non-impaired loans and impaired loans are S$1,890 million and S$1,812 million respectively as at 31 December 2020. These allowances are determined by the Group based on the Expected Credit Losses ("ECL") framework under SFRS(I) 9 Financial Instruments ("SFRS(I) 9"). *ECL on non credit-impaired loans to customers* In respect of ECL on non credit-impaired loans to customers, the Group utilises models which are reliant on internal and external data as well as a number of estimates. We considered this a key audit matter due to the inherent estimation uncertainty in this area which involves significant judgement and assumptions that relate to, amongst others: • determining whether a significant increase in credit risk ("SICR") has occurred; • estimating forward-looking macroeconomic scenarios; and • identifying and determining post model adjustments to the ECL models. Further, the rapidly developing COVID-19 pandemic has increased the uncertainty of these estimates and degree of judgement required to be exercised in calculating ECL. *ECL on credit-impaired loans to customers* As at 31 December 2020, 81% (S$1,471 million) of the Group's ECL on credit-impaired loans to customers relates to the Global Wholesale Banking ("GWB") loan portfolio. We focused on this area because of the highly subjective judgements and assumptions applied by management in determining the necessity for, and estimating the size of, ECL allowances against credit-impaired loans to customers. Significant judgements were also required for the credit grading of borrowers in accordance with MAS Notice 612.	*ECL on non credit-impaired loans to customers* We assessed the design and evaluated the operating effectiveness of controls over the ECL on non credit-impaired loans to customers. These controls include: • review and approval of forward-looking information used in the ECL models; • reliability and accuracy of critical data elements used in the ECL models; • review and approval of ECL results, including management overlays applied; • independent validation of ECL models and review of model validation results by management; and • general IT controls over the ECL system as well as IT application controls over the completeness and accuracy of data flows from source systems to the ECL systems. We determined that we could rely on these controls for the purposes of our audit. For a sample of the Group's ECL models, we examined the model methodologies and assessed the reasonableness of key judgements and assumptions made by management in the model and parameters used. We also reviewed the results of independent model validation conducted by the Group's model validation function as part of our assessment of the ECL models. We also assessed the reasonableness of criteria used to determine a 'significant increase in credit risk' and accuracy and timeliness of allocation of exposures into Stage 1 and Stage 2 based on quantitative and qualitative criteria. Through the course of our work, we challenged the rationale and calculation basis of post model adjustments. Overall, we assessed the methodologies and assumptions made by the Group to estimate ECL on non credit-impaired loans to customers to be reasonable. *ECL on credit-impaired loans to customers* We assessed the design effectiveness and tested the operating effectiveness of key controls over credit grading, credit monitoring and management's determination of ECL allowances for loans to customers. These controls include: • oversight and review of credit risk by the Credit Risk Management Committee; • credit portfolio review and monitoring; • collateral monitoring and valuation; • monitoring of loan covenants and breaches; and • classification of loans to customers in accordance with MAS Notice 612. We determined that we could rely on these controls for the purposes of our audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers (continued) *ECL on credit-impaired loans to customers* (continued) For GWB's credit-impaired loan portfolio, significant management judgement and estimation include: • Identifying credit-impaired exposures; • Estimating the future profitability of the borrowers and recoverable cash flows; and • Determining collateral values and timing of realisation. Current significant events (e.g. economic and geopolitical developments, oil price volatility and the COVID-19 pandemic) added complexity to the estimation of ECL allowances. The outcome and corresponding impact of these events are uncertain.	*ECL on credit-impaired loans to customers* (continued) We selected a sample of credit exposures in the GWB loan portfolio and performed credit file reviews to assess the appropriateness of credit grading in accordance with the requirements of MAS Notice 612. In that process, we have also considered management's assessment on the impact of current significant events in the identification of credit-impaired exposures. Where there was objective evidence of impairment, we assessed whether ECL allowances were recognised on a timely basis and evaluated the size of such impairment. Our work includes: • considering the background facts and the latest circumstances in relation to the borrower; • examining and challenging management's assumptions applied on expected future cash flows of the borrower, including amounts and timing of recoveries; • comparing the realisable value of collateral against externally derived evidence including independent valuation reports, where available; and • testing the calculation of impairment. For a sample of non credit-impaired loans to customers, we challenged management's assumptions on whether their classification was appropriate, based on our understanding of the customers, business environment and other external evidence where available. Based on the procedures performed, we have assessed that the ECL allowances for credit-impaired loans to customers were within an acceptable range of estimates.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial instruments measured at fair value - Levels 2 and 3 *(Refer to Notes 2.25 and 40.3 to the financial statements)* As at 31 December 2020, the Group had financial assets of S$60 billion and financial liabilities of S$17 billion measured at fair value which were classified as Level 2. These represent 34% of the financial assets and 97% of the financial liabilities measured at fair value respectively. We considered valuation of Level 2 financial instruments to be a key audit matter due to their financial significance to the Group as well as the judgement required in relation to the application of the appropriate models, assumptions and inputs. The Group also had financial assets of S$3 billion and financial liabilities of S$69 million measured at fair value which were classified as Level 3. These represent 2% of the financial assets and 0.4% of the financial liabilities measured at fair value respectively.	We assessed the design and tested the operating effectiveness of the controls over the Group's financial instruments valuation processes, including the controls over: • management's testing and approval of valuation models; • the completeness and accuracy of the data feeds and other inputs into valuation models; • follow-up on collateral disputes, which takes into account counterparty valuations, to identify possible indicators of inappropriate valuations by the Group; and • governance mechanisms and monitoring over the valuation processes by the Market Risk Management Committee, including over valuation adjustments. We determined that we could rely on the controls for the purposes of our audit. Together with our valuation specialists, we compared the Group's valuation of Level 2 financial instruments to our own estimates on a sampling basis. This involved sourcing inputs from market data providers or external sources and using our own valuation models, and investigating the root cause for material variances at the instrument level.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of financial instruments measured at fair value - Levels 2 and 3 (continued) We focused on the valuation of Level 3 financial assets and financial liabilities, as management makes significant judgements and assumptions (using valuation models) when valuing these financial instruments, as they are complex or illiquid and the external evidence supporting the Group's valuations are limited due to the lack of a liquid market.	For a sample of Level 3 financial instruments, with the assistance of our valuation specialists, we assessed the reasonableness of the methodologies used and the assumptions made. For all financial instruments at Levels 2 and 3, we also performed: • procedures on collateral disputes, which takes into account counterparty valuations, to identify possible indicators of inappropriate valuations by the Group; and • assessed the adequacy of the Group's financial statements disclosures in the context of the relevant accounting standards. Overall, the valuation of Levels 2 and 3 financial instruments measured at fair value was within a reasonable range of outcomes.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill *(Refer to Notes 2.25 and 36 to the financial statements)* The Group has a significant amount of goodwill arising from its business acquisitions. As at 31 December 2020, the carrying amount of goodwill on the Group's balance sheet amounted to S$4,431 million. In performing the impairment assessment of the carrying amount of goodwill, significant judgement is made by management in estimating the recoverable amounts of the cash generating units ("CGUs"). For the Banking CGUs, this involves the estimation of discounted cash flows, where the significant assumptions used in the assessment include: • forecasts of future cash flows; • inputs to determine the appropriate discount rates; and • perpetual growth rates. For the Insurance CGU, the Group applies the appraisal value technique, which comprises the embedded value of in-force business and the estimated value of projected distributable profits from new businesses. The key assumptions used in this assessment include: • risk-adjusted discount rates; and • investment returns based on long term strategic asset mix and expected future returns. Given the level of complexity and extent of judgement involved, further compounded by the effects of the COVID-19 pandemic, we considered this to be a key audit matter.	We assessed the appropriateness of management's identification of the Group's CGUs and methodology used in the estimation of recoverable amounts. We also evaluated the key assumptions used by management in estimating the recoverable amounts of the CGUs. *Banking CGUs* Together with our valuation specialists, the procedures we performed include: • evaluating management's cash flow projections by comparing previous forecasts to actual results; • evaluating the methodology and external data sources used in deriving the discount rates and growth rates; • assessing the growth rate assumptions against the Group's historical performance and available external industry and economic indicators; and • performing sensitivity analysis over the key assumptions. *Insurance CGU* We involved our actuarial specialists to evaluate the appropriateness of the methodologies in calculating the appraisal value. Sensitivity analysis was applied to the key assumptions including discount rates and investment returns to determine whether any possible change in these assumptions would result in an impairment. We found the assumptions and estimates made by management to be reasonable based on our audit procedures performed. We concur with management's assessment that there is no impairment of the Group's goodwill as at 31 December 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of insurance contract liabilities *(Refer to Notes 2.25, 22 and 38.4 to the financial statements)* The Group's insurance operations are conducted through Great Eastern Holdings Limited and its subsidiaries ("GEH"). Management's valuation of life insurance contract liabilities uses complex actuarial methods and models. The valuation process involves significant judgement about the assumptions of uncertain future events, including: mortality, morbidity, expense, lapse, surrender and interest rates. In addition to historical experience, management judgement is involved in the application of these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated profit or loss statement of the Group.	We performed the following audit procedures to address this matter: • We understood the actuarial valuation process, including model changes and assumptions setting; • We tested the design and operating effectiveness of controls over the accuracy and completeness of the data used; • We understood the valuation methodologies used, identified changes in methodologies from previous valuation and assessed the reasonableness and impact for material changes identified. We carried out these procedures by applying our industry knowledge and experience and assessed whether the methodologies and changes to those methodologies are consistent with recognised actuarial practices and expectations derived from market experience; • We performed an independent review of model points on a sample basis to assess that the methodologies and assumptions have been applied appropriately; • We assessed the reasonableness of the key assumptions used by management including: mortality, morbidity, expense, lapse, surrender and interest rates, by comparing against GEH's historical experiences and market observable data, where applicable; and • We reviewed the reasonableness of the movement analysis of the insurance contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 31 December 2019 to 31 December 2020, showing the key drivers of the changes during the year. Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be reasonable.

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 ("the 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 those charged with governance 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.

Independent Auditor's Report
To The Members Of Oversea-Chinese Banking Corporation Limited

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lian Wee Cheow.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 February 2021

Income Statements
For the financial year ended 31 December 2020

		GROUP		BANK	
	Note	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Interest income		**9,143**	12,098	**5,070**	7,236
Interest expense		**(3,177)**	(5,767)	**(1,821)**	(3,645)
Net interest income	3	**5,966**	6,331	**3,249**	3,591
Profit from life insurance [1]	4	**698**	779	**–**	–
Premium income from general insurance		**201**	197	**–**	–
Fees and commissions (net)	5	**2,003**	2,123	**815**	1,018
Dividends	6	**78**	92	**1,468**	1,032
Net trading income [2]	7	**863**	977	**305**	289
Other income [2]	8	**330**	372	**158**	247
Non-interest income		**4,173**	4,540	**2,746**	2,586
Total income		**10,139**	10,871	**5,995**	6,177
Staff costs		**(2,748)**	(2,840)	**(969)**	(1,001)
Other operating expenses		**(1,691)**	(1,804)	**(1,018)**	(1,099)
Total operating expenses	9	**(4,439)**	(4,644)	**(1,987)**	(2,100)
Operating profit before allowances and amortisation		**5,700**	6,227	**4,008**	4,077
Amortisation of intangible assets	36	**(104)**	(103)	**–**	–
Allowances for loans and other assets	10	**(2,043)**	(890)	**(1,493)**	(595)
Operating profit after allowances and amortisation		**3,553**	5,234	**2,515**	3,482
Share of results of associates, net of tax		**612**	566	**–**	–
Profit before income tax		**4,165**	5,800	**2,515**	3,482
Income tax expense	11	**(437)**	(778)	**(169)**	(376)
Profit for the year		**3,728**	5,022	**2,346**	3,106
Attributable to:					
Equity holders of the Bank		**3,586**	4,869		
Non-controlling interests		**142**	153		
		3,728	5,022		
Earnings per share ($)	12				
Basic		**0.80**	1.12		
Diluted		**0.80**	1.12		

(1) *Comprised premium and investment income of $20,890 million (2019: $17,876 million) and insurance claims, commission and other expenses of $20,203 million (2019: $17,022 million) for the Group. Refer to Note 4.*

(2) *Comparatives have been reclassified to conform to current year's presentation. Refer to Note 2.26.*

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2020

	GROUP		BANK	
	2020	2019	2020	2019
	$ million	$ million	$ million	$ million
Profit for the year	**3,728**	5,022	**2,346**	3,106
Other comprehensive income:				
Items that may be reclassified subsequently to income statement:				
Financial assets, at FVOCI [1]				
Fair value gains for the year	**877**	983	**292**	246
Reclassification of (gains)/losses to income statement				
– on disposal	**(506)**	(295)	**(73)**	(73)
– on impairment	**5**	(5)	**1**	#
Tax on net movements	**(37)**	(99)	**(5)**	(6)
Cash flow hedges	**#**	(1)	**1**	(#)
Currency translation on foreign operations [2]	**42**	(52)	**50**	(17)
Other comprehensive income of associates	**129**	(12)	**–**	–
Items that will not be reclassified subsequently to income statement:				
Currency translation on foreign operations [2]	**(12)**	9	**–**	–
Financial assets, at FVOCI [1], net change in fair value	**116**	316	**(25)**	38
Defined benefit plans remeasurements	**#**	(1)	**(#)**	(#)
Own credit	**1**	1	**1**	1
Total other comprehensive income, net of tax	**615**	844	**242**	189
Total comprehensive income for the year, net of tax	**4,343**	5,866	**2,588**	3,295
Total comprehensive income attributable to:				
Equity holders of the Bank	**4,200**	5,646		
Non-controlling interests	**143**	220		
	4,343	5,866		

(1) *Fair value through other comprehensive income.*
(2) *Comparatives have been reclassified to conform to current year's presentation. Refer to Note 2.26.*
(3) *# represents amounts less than $0.5 million.*

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2020

		GROUP		BANK	
		2020	2019	2020	2019
	Note	$ million	$ million	$ million	$ million
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	**17,833**	17,261	**17,833**	17,261
Other equity instruments	14	**1,198**	1,497	**1,198**	1,497
Capital reserves	15	**1,229**	1,253	**994**	986
Fair value reserves		**1,358**	919	**300**	114
Revenue reserves	16	**28,004**	26,232	**14,560**	14,142
		49,622	47,162	**34,885**	34,000
Non-controlling interests		**1,554**	1,441	**–**	–
Total equity		**51,176**	48,603	**34,885**	34,000
LIABILITIES					
Deposits of non-bank customers	17	**314,907**	302,851	**197,745**	189,420
Deposits and balances of banks	17	**9,586**	8,250	**7,408**	5,938
Due to subsidiaries		**–**	–	**25,793**	21,435
Due to associates		**406**	347	**200**	138
Trading portfolio liabilities		**339**	92	**339**	92
Derivative payables	18	**15,516**	7,687	**13,768**	6,743
Other liabilities	19	**8,093**	6,945	**1,886**	2,086
Current tax payables		**745**	1,189	**366**	435
Deferred tax liabilities	20	**1,818**	1,893	**223**	238
Debt issued	21	**24,355**	29,388	**23,397**	28,226
		375,765	358,642	**271,125**	254,751
Life insurance fund liabilities	22	**94,454**	84,446	**–**	–
Total liabilities		**470,219**	443,088	**271,125**	254,751
Total equity and liabilities		**521,395**	491,691	**306,010**	288,751
ASSETS					
Cash and placements with central banks	23	**26,525**	23,201	**20,969**	17,824
Singapore government treasury bills and securities	24	**10,628**	11,042	**9,294**	9,892
Other government treasury bills and securities [1]	24	**22,663**	17,712	**9,411**	7,661
Placements with and loans to banks [1]	25	**32,816**	35,864	**24,083**	28,100
Loans to customers [1]	26	**263,538**	262,348	**170,651**	164,564
Debt and equity securities [1]	29	**33,143**	29,253	**17,844**	14,271
Assets held for sale	46	**2**	3	**–**	2
Derivative receivables	18	**15,223**	7,349	**13,518**	6,324
Other assets	31	**5,806**	4,409	**3,135**	2,442
Deferred tax assets	20	**133**	87	**41**	21
Associates	32	**4,633**	3,638	**1,749**	1,460
Subsidiaries	33	**–**	–	**32,272**	33,159
Property, plant and equipment	34	**3,567**	3,628	**698**	684
Investment property	35	**813**	839	**478**	480
Goodwill and intangible assets	36	**4,837**	4,980	**1,867**	1,867
		424,327	404,353	**306,010**	288,751
Life insurance fund investment securities and other assets	22	**97,068**	87,338	**–**	–
Total assets		**521,395**	491,691	**306,010**	288,751

(1) *Comparatives have been reclassified to conform to current year's presentation. Refer to Note 2.26.*

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity – Group

For the financial year ended 31 December 2020

In $ million	Attributable to equity holders of the Bank						
	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	**18,758**	**1,253**	**919**	**26,232**	**47,162**	**1,441**	**48,603**
Total comprehensive income for the year							
Profit for the year	**–**	**–**	**–**	**3,586**	**3,586**	**142**	**3,728**
Other comprehensive income							
Items that may be reclassified subsequently to income statement:							
Financial assets, at FVOCI							
Fair value gains for the year	**–**	**–**	**819**	**–**	**819**	**58**	**877**
Reclassification of (gains)/losses to income statement							
– on disposal	**–**	**–**	**(461)**	**–**	**(461)**	**(45)**	**(506)**
– on impairment	**–**	**–**	**5**	**–**	**5**	**#**	**5**
Tax on net movements	**–**	**–**	**(34)**	**–**	**(34)**	**(3)**	**(37)**
Cash flow hedges	**–**	**–**	**–**	**#**	**#**	**–**	**#**
Currency translation on foreign operations	**–**	**–**	**–**	**42**	**42**	**–**	**42**
Other comprehensive income of associates	**–**	**–**	**(44)**	**173**	**129**	**–**	**129**
Items that will not be reclassified subsequently to income statement:							
Currency translation on foreign operations	**–**	**–**	**–**	**–**	**–**	**(12)**	**(12)**
Financial assets, at FVOCI, net change in fair value	**–**	**–**	**154**	**(41)**	**113**	**3**	**116**
Defined benefit plans remeasurements	**–**	**–**	**–**	**#**	**#**	**#**	**#**
Own credit	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Total other comprehensive income, net of tax	**–**	**–**	**439**	**175**	**614**	**1**	**615**
Total comprehensive income for the year	**–**	**–**	**439**	**3,761**	**4,200**	**143**	**4,343**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**3**	**2**	**–**	**(5)**	**–**	**–**	**–**
Buy-back of shares held as treasury shares	**(63)**	**–**	**–**	**–**	**(63)**	**–**	**(63)**
Dividends and distributions	**–**	**–**	**–**	**(1,467)**	**(1,467)**	**(34)**	**(1,501)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**10**	**10**	**–**	**10**
Issue of perpetual capital securities	**200**	**–**	**–**	**–**	**200**	**–**	**200**
Redemption of perpetual capital securities	**(499)**	**–**	**–**	**(1)**	**(500)**	**–**	**(500)**
Share-based payments for staff costs	**–**	**11**	**–**	**–**	**11**	**–**	**11**
Shares issued in lieu of ordinary dividends	**526**	**–**	**–**	**(526)**	**–**	**–**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares transferred to DSP Trust	**–**	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Shares vested under DSP Scheme	**–**	**62**	**–**	**–**	**62**	**–**	**62**
Treasury shares transferred/sold	**105**	**(89)**	**–**	**–**	**16**	**–**	**16**
Total contributions by and distributions to owners	**273**	**(24)**	**–**	**(1,989)**	**(1,740)**	**(34)**	**(1,774)**
Changes in interests in subsidiaries that do not result in loss of control	**–**	**–**	**–**	**(#)**	**(#)**	**4**	**4**
Total changes in interests in subsidiaries	**–**	**–**	**–**	**(#)**	**(#)**	**4**	**4**
Balance at 31 December 2020	**19,031**	**1,229**	**1,358**	**28,004**	**49,622**	**1,554**	**51,176**
Included in the balances:							
Share of reserves of associates	**–**	**–**	**47**	**2,217**	**2,264**	**–**	**2,264**

(1) Included regulatory loss allowance reserve of $876 million at 1 January 2020 and $874 million at 31 December 2020.
(2) # represents amounts less than $0.5 million.

An analysis of the movements in each component within 'Share capital', 'Other equity instruments', 'Capital reserves' and 'Revenue reserves' is presented in Notes 13 to 16.

The accompanying notes form an integral part of these financial statements.

In $ million	Attributable to equity holders of the Bank						
	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	17,247	930	(66)	24,026	42,137	1,255	43,392
Total comprehensive income for the year							
Profit for the year	–	–	–	4,869	4,869	153	5,022
Other comprehensive income							
Items that may be reclassified subsequently to income statement:							
Financial assets, at FVOCI							
Fair value gains for the year	–	–	914	–	914	69	983
Reclassification of (gains)/losses to income statement							
– on disposal	–	–	(276)	–	(276)	(19)	(295)
– on impairment	–	–	(5)	–	(5)	(#)	(5)
Tax on net movements	–	–	(90)	–	(90)	(9)	(99)
Cash flow hedges	–	–	–	(1)	(1)	–	(1)
Currency translation on foreign operations	–	–	–	(52)	(52)	–	(52)
Other comprehensive income of associates	–	–	66	(78)	(12)	–	(12)
Items that will not be reclassified subsequently to income statement:							
Currency translation on foreign operations	–	–	–	–	–	9	9
Financial assets, at FVOCI, net change in fair value	–	–	376	(77)	299	17	316
Defined benefit plans remeasurements	–	–	–	(1)	(1)	#	(1)
Own credit	–	–	–	1	1	–	1
Total other comprehensive income, net of tax	–	–	985	(208)	777	67	844
Total comprehensive income for the year	–	–	985	4,661	5,646	220	5,866
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	8	337	–	(345)	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	2	2
Buy-back of shares held as treasury shares	(192)	–	–	–	(192)	–	(192)
Dividends and distributions	–	–	–	(602)	(602)	(34)	(636)
DSP reserve from dividends on unvested shares	–	–	–	8	8	–	8
Share-based payments for staff costs	–	15	–	–	15	–	15
Shares issued in lieu of ordinary dividends	1,515	–	–	(1,515)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(8)	–	–	(8)	–	(8)
Shares vested under DSP Scheme	–	70	–	–	70	–	70
Treasury shares transferred/sold	179	(91)	–	–	88	–	88
Total contributions by and distributions to owners	1,511	323	–	(2,454)	(620)	(32)	(652)
Changes in interests in subsidiaries that do not result in loss of control	–	–	–	(1)	(1)	(2)	(3)
Total changes in interests in subsidiaries	–	–	–	(1)	(1)	(2)	(3)
Balance at 31 December 2019	18,758	1,253	919	26,232	47,162	1,441	48,603
Included in the balances:							
Share of reserves of associates	–	–	91	1,561	1,652	–	1,652

(1) Included regulatory loss allowance reserve of $534 million at 1 January 2019 and $876 million at 31 December 2019.
(2) # represents amounts less than $0.5 million.

An analysis of the movements in each component within 'Share capital', 'Other equity instruments', 'Capital reserves' and 'Revenue reserves' is presented in Notes 13 to 16.

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity – Bank

For the financial year ended 31 December 2020

In $ million	Share capital and other equity	Capital reserves (1)	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2020	**18,758**	**986**	**114**	**14,142**	**34,000**
Profit for the year	**–**	**–**	**–**	**2,346**	**2,346**
Other comprehensive income	**–**	**–**	**186**	**56**	**242**
Total comprehensive income for the year (2)	**–**	**–**	**186**	**2,402**	**2,588**
Transfers	**3**	**(3)**	**–**	**–**	**–**
Buy-back of shares held as treasury shares	**(63)**	**–**	**–**	**–**	**(63)**
Dividends and distributions	**–**	**–**	**–**	**(1,467)**	**(1,467)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**10**	**10**
Issue of perpetual capital securities	**200**	**–**	**–**	**–**	**200**
Redemption of perpetual capital securities	**(499)**	**–**	**–**	**(1)**	**(500)**
Share-based payments for staff costs	**–**	**11**	**–**	**–**	**11**
Shares issued in lieu of ordinary dividends	**526**	**–**	**–**	**(526)**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Treasury shares transferred/sold	**105**	**–**	**–**	**–**	**105**
Balance at 31 December 2020	**19,031**	**994**	**300**	**14,560**	**34,885**
Balance at 1 January 2019	17,247	639	(81)	13,491	31,296
Profit for the year	–	–	–	3,106	3,106
Other comprehensive income	–	–	195	(6)	189
Total comprehensive income for the year (2)	–	–	195	3,100	3,295
Transfers	8	332	–	(340)	–
Buy-back of shares held as treasury shares	(192)	–	–	–	(192)
Dividends and distributions	–	–	–	(602)	(602)
DSP reserve from dividends on unvested shares	–	–	–	8	8
Share-based payments for staff costs	–	15	–	–	15
Shares issued in lieu of ordinary dividends	1,515	–	–	(1,515)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	179	–	–	–	179
Balance at 31 December 2019	18,758	986	114	14,142	34,000

(1) *Included regulatory loss allowance reserve of $874 million at 1 January 2020 (1 January 2019: $534 million) and $874 million at 31 December 2020 (31 December 2019: $874 million).*
(2) *Refer to Statements of Comprehensive Income for detailed breakdown.*

An analysis of the movements in each component within 'Share capital', 'Other equity instruments', 'Capital reserves' and 'Revenue reserves' is presented in Notes 13 to 16.

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2020

In $ million	2020	2019
Cash flows from operating activities		
Profit before income tax	**4,165**	5,800
Adjustments for non-cash items:		
Allowances for loans and other assets	**2,043**	890
Amortisation of intangible assets	**104**	103
Change in hedging transactions, fair value through profit or loss securities and debt issued	**26**	(226)
Depreciation of property and equipment and interest expense on lease liabilities	**424**	402
Net gain on disposal of government, debt and equity securities	**(208)**	(171)
Net gain on disposal of property and equipment	**(44)**	(82)
Net gain on disposal of interests in subsidiaries	**(9)**	(1)
Share-based costs	**76**	69
Share of results of associates, net of tax	**(612)**	(566)
Items relating to life insurance fund		
Surplus before income tax	**687**	854
Surplus transferred from life insurance fund	**(698)**	(779)
Operating profit before change in operating assets and liabilities	**5,954**	6,293
Change in operating assets and liabilities:		
Deposits of non-bank customers	**12,115**	7,420
Deposits and balances of banks	**1,336**	673
Derivative payables and other liabilities	**9,161**	1,066
Trading portfolio liabilities	**247**	(122)
Restricted balances with central banks	**695**	222
Government securities and treasury bills	**(4,039)**	(742)
Fair value through profit or loss securities	**(698)**	(487)
Placements with and loans to banks	**3,048**	3,296
Loans to customers	**(3,101)**	(7,743)
Derivative receivables and other assets	**(9,919)**	(1,402)
Net change in other assets and liabilities of life insurance fund (1)	**1,660**	5,699
Cash provided by operating activities	**16,459**	14,173
Income tax paid	**(822)**	(754)
Net cash provided by operating activities	**15,637**	13,419
Cash flows from investing activities		
Acquisitions, net of cash acquired (Note 33.3)	**–**	16
Dividends from associates	**201**	23
Investment in associates	**(418)**	–
Purchases of debt and equity securities	**(14,882)**	(14,878)
Purchases of life insurance fund investment securities (1)	**(37,978)**	(36,556)
Purchases of property and equipment	**(384)**	(368)
Proceeds from disposal of debt and equity securities	**12,133**	13,316
Proceeds from disposal of interests in a subsidiary	**32**	–
Proceeds from disposal of life insurance fund investment securities (1)	**36,871**	31,321
Proceeds from disposal of property and equipment	**86**	127
Net cash used in investing activities	**(4,339)**	(6,999)
Cash flows from financing activities		
Changes in non-controlling interests	**4**	(3)
Buy-back of shares held as treasury shares	**(63)**	(192)
Dividends and distributions paid	**(1,501)**	(636)
Net (redemption)/issuance of other debt issued (Note 21.6)	**(6,961)**	696
Net proceeds from perpetual capital securities issued	**200**	–
Payment of lease liabilities	**(93)**	(81)
Proceeds from subordinated debt issued (Note 21.6)	**1,365**	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**16**	88
Redemption of perpetual capital securities issued	**(500)**	–
Redemption of subordinated debt issued (Note 21.6)	**–**	(1,504)
Net cash used in financing activities	**(7,533)**	(1,632)
Net change in cash and cash equivalents	**3,765**	4,788
Net currency translation adjustments	**253**	(114)
Cash and cash equivalents at 1 January	**18,060**	13,386
Cash and cash equivalents at 31 December (Note 23)	**22,078**	18,060

(1) *Comparatives have been reclassified to reflect the cash flows arising from purchase and sale of investment securities. Refer to Note 2.26.*

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

These notes form an integral part of the financial statements.

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 23 February 2021.

1. General

Oversea-Chinese Banking Corporation Limited (the Bank) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Bank's registered office is 63 Chulia Street, #10-00 OCBC Centre East, Singapore 049514.

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as the Group) and the Group's interests in associates. The Group is principally engaged in the business of banking, life insurance, general insurance, asset management, investment holding, futures and stockbroking.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) as required by the Singapore Companies Act (the Act).

The financial statements are presented in Singapore Dollar, rounded to the nearest million unless otherwise stated. # represents amounts less than $0.5 million. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 2.25.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2020:

SFRS(I)	Title
Various	*Amendments to References to the Conceptual Framework in SFRS(I) Standards*
SFRS(I) 3 (Amendments)	*Definition of a Business*
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	*Definition of Material*
SFRS(I) 16 (Amendments)	*COVID-19-Related Rent Concessions*

The initial application of the above standards (including their consequential amendments) and interpretations did not have any material impact on the Group's financial statements.

2.2 Basis of Consolidation

2.2.1 Subsidiaries

Subsidiaries are entities over which the Group controls when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date when control is transferred to the Group and cease to be consolidated on the date when that control ceases. The Group reassesses whether it controls an investee if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect its returns.

In preparing the consolidated financial statements, intra-group transactions and balances, together with unrealised income and expenses arising from the intra-group transactions among group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies within the Group.

Non-controlling interests (NCI) represent the equity in subsidiaries not attributable, directly or indirectly, to shareholders of the Bank, and are presented separately from equity attributable to equity holders of the Bank. For NCI that arise through minority unit holders' interest in the insurance subsidiaries of GEH consolidated investment funds, they are recognised as a liability. These interests qualify as a financial liability as they give the holder the right to put the instrument back to the issuer for cash. Changes in these liabilities are recognised in the income statement as expenses.

The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any NCI either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets at the date of acquisition on an acquisition-by-acquisition basis.

The excess of the fair value of consideration transferred, the recognised amount of any NCI in the acquiree and the acquisition-date fair values of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill at the date of acquisition. When the excess is negative, a bargain purchase gain is recognised immediately in the income statements.

2. Summary of Significant Accounting Policies (continued)

2.2 Basis of Consolidation (continued)

2.2.1 Subsidiaries (continued)

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition has occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are reclassified. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity and any gain/loss arising is recognised directly in equity.

2.2.2 Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control and is generally established for a narrow and well-defined objective.

For the purpose of disclosure, the Group would be considered to sponsor a structured entity if it has a key role in establishing the structured entity or its name appears in the overall structure of the structured entity.

2.2.3 Associates and Joint Ventures

Associates are entities over which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Joint ventures are arrangements to undertake economic activities in which the Group has joint control and rights to the net assets of the entity.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. If the investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group may elect to measure that investment at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*. The Group will make this election separately for each associate, at initial recognition of the associate or joint venture.

Under equity accounting, the investment is initially recognised at cost, and the carrying amount is adjusted for post-acquisition changes of the Group's share of the net assets of the entity until the date the significant influence or joint control ceases. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, where applicable. When the Group's share of losses equals or exceeds its interests in the associates and joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entities.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates and joint ventures to ensure consistency of accounting policies with those of the Group.

The results of associates and joint ventures are taken from audited financial statements or unaudited management accounts of the entities concerned, made up to dates of not more than three months prior to the reporting date of the Group.

The investment in an associate or joint venture is derecognised when the Group ceases to have significant influence or joint control over the investee. Amounts previously recognised in other comprehensive income (OCI) in respect of the investee are transferred to the income statement. Any retained interest in the entity is re-measured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control ceases, and its corresponding fair value, is recognised in the income statement.

2.2.4 Life Insurance Companies

Certain subsidiaries of the Group engaged in life insurance business are structured into one or more long-term life insurance funds, and shareholders' funds. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related life insurance fund. Any surplus, which is determined by the appointed Actuary after taking into account these items, may either be distributed between the shareholders and the policyholders according to a predetermined formula or retained within the life insurance funds. The amount allocated to shareholders is reported as "Profit from life insurance" in the consolidated income statement.

2.2.5 Accounting for Subsidiaries and Associates by the Bank

Investments in subsidiaries and associates are stated in the Bank's balance sheet at cost less any impairment in value after the date of acquisition.

2. Summary of Significant Accounting Policies (continued)

2.3 Currency Translation

2.3.1 Foreign Currency Transactions

Transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rates prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated to the respective entities' functional currencies at the exchange rates prevailing at the balance sheet date. Exchange differences arising on settlement and translation of such items are recognised in the income statement.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the date the fair value is determined. Exchange differences on non-monetary items such as equity investments classified as fair value through other comprehensive income (FVOCI) financial assets are recognised in OCI and presented in the fair value reserve within equity.

2.3.2 Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on the acquisition of a foreign operation, are translated to Singapore Dollar at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions.

Differences arising from the translation of a foreign operation are recognised in OCI and presented in the currency translation reserve within equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is included in the gain or loss on disposal of the operation.

2.4 Cash and Cash Equivalents

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances, money market placements and reverse repo transactions with central banks which are generally short-term financial instruments or repayable on demand.

2.5 Financial Instruments

2.5.1 Recognition

The Group initially recognises loans and advances, deposits and debts issued on the date of origination. All other financial instruments, including regular way purchases and sales of financial assets with delivery of assets within the time period established by regulation or market convention, are recognised on the settlement date.

2.5.2 De-Recognition

Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. Financial liabilities are de-recognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

2.5.3 Modification

The original terms of a financial asset may be renegotiated or otherwise modified, resulting in changes to the contractual cash flows of the financial asset. Financial assets that are renegotiated or otherwise modified will be accounted based on the nature and extent of changes that is expected to arise as a result of the modification or renegotiation.

2.5.4 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

2.5.5 Sale and Repurchase Agreements (Including Securities Lending and Borrowing)

Repurchase agreements (repos) are regarded as collateralised borrowing. The securities sold under repos are treated as pledged assets and remain as assets on the balance sheets. The amount borrowed is recorded as a liability. Reverse repos are treated as collateralised lending and the amount of securities purchased is included in placements with central banks, loans to banks and non-bank customers. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash. The transfer of securities to or from counterparties is not reflected on the balance sheet. Cash collateral advanced or received is recorded as an asset or a liability respectively.

2.6 Non-Derivative Financial Assets

Classification and Measurement of Financial Assets

A non-derivative financial asset is initially recognised and is measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Directly attributable transaction costs are included as part of the initial cost for financial instruments that are not measured at fair value through profit or loss.

2. Summary of Significant Accounting Policies (continued)

2.6 Non-Derivative Financial Assets (continued)

Classification and Measurement of Financial Assets (continued)

(a) Business Model Assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy of how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading and whose performance is evaluated or managed on a fair value basis are measured at FVTPL because they are neither within the business model to hold to collect contractual cash flows, nor within the business model to hold both to collect contractual cash flows and to sell financial assets.

(b) Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

2.6.1 Debt Instruments Measured at Amortised Cost

A debt financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold the asset until maturity to collect contractual cash flows; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments classified as amortised cost are subject to the expected credit loss requirements in accordance with SFRS(I) 9. Interest earned whilst holding the financial assets is included in interest income.

2.6.2 Debt Instruments Measured at FVOCI

A debt financial instrument is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt instruments classified as FVOCI are subject to the expected credit loss requirements in accordance with SFRS(I) 9. Interest earned whilst holding the financial assets is included in interest income.

At the balance sheet date, the Group recognises unrealised fair value gains and losses on revaluing these assets in OCI and presents the cumulative gains and losses in fair value reserve within equity, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement. At maturity or upon disposal, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to income statement.

2.6.3 Debt Instruments Measured at FVTPL

Debt instruments that do not meet the requirements to be measured at amortised cost or at FVOCI are measured at FVTPL. At the balance sheet date, the Group recognises realised and unrealised gains and losses as trading income in the income statement. Interest earned while holding the assets are included in interest income.

2.6.4 Designation at FVTPL

On initial recognition, the Group may irrevocably designate a financial asset at FVTPL notwithstanding that it would otherwise meet the requirements to be measured at amortised cost or at FVOCI, if doing so, it eliminates or significantly reduces an accounting mismatch that would otherwise arise. Upon designation, financial assets are measured at fair value on each balance sheet date until maturity or derecognition. Realised and unrealised fair value changes are recognised in the income statement.

2. Summary of Significant Accounting Policies (continued)

2.6 Non-Derivative Financial Assets (continued)

Classification and Measurement of Financial Assets (continued)

(b) Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest (continued)

2.6.5 Equity Instruments

Equity instruments held for trading are classified as FVTPL. Equity instruments that are not held for trading may be classified as FVOCI based on an irrevocable election on initial recognition on an investment-by-investment basis.

At the balance sheet date, realised and unrealised fair value gains or losses on revaluing the equity instruments classified as FVTPL are recognised in the income statement. Realised and unrealised fair value gains or losses on revaluing the equity instruments classified as FVOCI are recognised in OCI and are never reclassified to the income statement.

Dividend earned whilst holding the equity instruments classified as FVTPL is recognised as dividend income in the income statement. Dividend from equity instruments classified as FVOCI is recognised as dividend income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

2.6.6 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period when the Group changes its business model for managing its financial assets.

2.7 Derivative Financial Instruments

All derivative financial instruments are recognised at fair value on the balance sheet and classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable. Fair values reflect the exit price of the instrument and include adjustments to take into account the credit risk of the Group and the counterparty where appropriate. An embedded derivative is not separated from the host contract that is a financial asset. However, it is separated from the host contract that is a financial liability or a non-financial item for grouping with other stand-alone financial derivatives.

The Group enters into hedging derivative transactions to manage exposures to interest rate, foreign currency and credit risks arising from its core banking activities of lending and accepting deposits. The Group applies fair value, cash flow or net investment hedge accounting when the transactions meet the specified criteria for hedge accounting. For derivative transactions entered into for trading or any other purposes, the realised and unrealised gains and losses from subsequent measurements are recognised in profit or loss.

Before the Group applies any hedge accounting, the Group determines whether an economic relationship exists between the hedged item and the hedging instrument by considering qualitative characteristics of these items and wherever necessary, supported by quantitative analysis. In its qualitative assessment, the Group considers whether the critical terms of its hedged item and the hedging instrument are closely aligned and evaluates whether the hedged item and hedging instrument respond similarly to similar risks. For all hedge accounting of the Group, where economic hedge relationships meet the hedge accounting criteria, the Group establishes its hedge ratio by aligning the principal amount of the hedging instrument to the extent of its hedged item.

In a fair value hedging relationship, the Group mainly uses interest rate swaps and cross currency swaps to hedge its exposure to changes in the fair value of fixed rate instruments and its foreign currency risk exposure. For qualifying fair value hedges, changes in the fair values of the derivative and of the hedged item relating to the hedged risk are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying amount of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

The risk exposure for cash flow hedge is managed similarly to that for fair value hedges. In a cash flow hedge relationship, the Group mainly uses interest rate swaps to hedge the variability in the cash flows that is related to a variable or fixed rate asset or liability resulting from changes in interest rates. For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is recognised in the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve remain in equity until the hedged cash flows is recognised in the income statement. When the hedged cash flows are no longer expected to occur, the cumulative gain or loss in the hedge reserve is immediately transferred to the income statement.

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging instrument differ from changes in the fair value of a benchmark hedging instrument that is a perfect match. The amount of ineffectiveness is recognised immediately in profit or loss. The sources of ineffectiveness for both fair value hedges and cash flow hedges include imperfect relationship or matching between the hedging instrument and the risk being hedged as well as the effect of credit risk existing in the hedging instrument.

2. Summary of Significant Accounting Policies (continued)

2.7 Derivative Financial Instruments (continued)

The hedged risk in the Group's net investment hedges is the foreign currency exposure that arises from a net investment in subsidiaries and foreign operations that have a different functional currency from that of the Group. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Bank's functional currency. The Group uses a mixture of derivative financial instruments and liabilities to manage its foreign currency exposure in its net investment hedges. For hedges of net investments in foreign operations which are accounted in a similar way as cash flow hedges, the gain or loss relating to the effective portion of the hedging instrument is recognised in equity and that relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations. The source of ineffectiveness for the Group's net investment hedge is the use of a hedging instrument denominated in a proxy currency that is not perfectly correlated to the actual currency to which the Group is exposed.

For the purpose of evaluating whether there is an economic relationship between the hedged item and the hedging instrument, the Group assumes that the benchmark interest rate is not altered as a result of the interest rate benchmark reform. The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

2.8 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year in which the expenditure is incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	–	5 to 10 years
Office equipment	–	5 to 10 years
Computers	–	3 to 10 years
Renovation	–	3 to 5 years
Motor vehicles	–	5 years

Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

2.9 Investment Property

Investment property is property held either for rental income or for capital appreciation or for both. Investment properties, other than those held under the Group's life insurance funds, are stated at cost less accumulated depreciation and impairment losses. Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

Investment property held under the Group's life insurance fund is stated at fair value at the balance sheet date and collectively form an asset class which is an integral part of the overall investment strategy for the asset-liability management of the life insurance business. The fair value of the investment property is determined based on objective valuations undertaken by independent valuers at the reporting date. Changes in the carrying amount resulting from revaluation are recognised in the income statement of the life insurance fund.

2.10 Goodwill and Intangible Assets

2.10.1 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable net assets acquired.

Goodwill is stated at cost less impairment loss. Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Gains or losses on disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2. Summary of Significant Accounting Policies (continued)

2.10 Goodwill and Intangible Assets (continued)

2.10.2 Intangible Assets

Intangible assets are separately identifiable intangible items arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised over their estimated useful lives. The estimated useful lives range from 6 to 20 years. The useful life of an intangible asset is reviewed at least at each financial year end.

2.11 Non-Current Assets Held for Sale

Non-current assets that are expected to be recovered through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less cost to sell.

2.12 Impairment of Assets

(I) Financial Assets

Impairment allowances for financial assets are assessed using a forward-looking expected credit loss (ECL) model in accordance with the requirements of SFRS(I) 9.

2.12.1 Scope

Under SFRS(I) 9, except for equity investments, the ECL model is applied to debt financial assets measured at amortised cost or FVOCI and most off-balance sheet loan commitments and financial guarantees.

2.12.2 Expected Credit Loss Impairment Model

Under SFRS(I) 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – On initial recognition, expected credit loss will be that resulting from default events that are possible over the next 12 months.
- Stage 2 – Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that resulting from default events that are possible over the expected life of the asset.
- Stage 3 – When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, the credit loss allowance will be the full lifetime expected credit loss.

2.12.3 Measurement

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

(a) financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
(b) financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
(c) undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
(d) financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs used in the measurement of ECL are:

- Probability of default (PD) – This is an estimate of the likelihood of default over a given time horizon
- Exposure at default (EAD) - This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities
- Loss given default (LGD) - This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying lifetime PD by LGD and EAD.

Loans to customers that are collectively assessed are grouped on the basis of shared credit risk characteristics such as account loan type, industry, geographical location of the borrower, collateral type and other relevant factors.

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on three macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The three macroeconomic scenarios represent a most likely "Base" outcome, and two other less likely "Upside" and "Downside" scenarios. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations.

Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables used in the models for the lifetime period, reverting to long-run averages generally after 3 to 5 year periods. Depending on their usage in the models, macroeconomic variables are projected at a country or more granular level which differ by portfolio. The primary macroeconomic variables adopted are Gross Domestic Product, Unemployment rate, Property Price Index and Interest rate.

2. Summary of Significant Accounting Policies (continued)

2.12 Impairment of Assets (continued)

(I) Financial Assets (continued)

2.12.3 Measurement (continued)

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout Group's expected credit loss calculations.

The Group considers a financial asset to be in default by assessing both quantitative and qualitative criteria such as days past due and the terms of financial covenants. A default occurs when the borrower or bond issuer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or when the financial asset is more than 90 days past due.

An instrument is considered to be no longer in default when there is an established trend of credit improvement, supported by an assessment of the borrower's repayment capability, cash flows and financial position.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Financial assets are written off against their related impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

2.12.4 Movement Between Stages

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly since its initial recognition.

In accordance with SFRS(I) 9, financial assets are classified in Stage 2 where there is a significant increase in credit risk since initial recognition, where the credit loss allowance will be measured using lifetime ECL.

The Group considers both qualitative and quantitative parameters in the assessment of whether this is a significant increase in credit risk. These include the following:

(a) The Group has established thresholds for significant increases in credit risk based on both a relative and absolute change in lifetime PD relative to initial recognition.
(b) The Group conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
(c) The Group uses days past due as a further indication of significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under SFRS(I) 9 will be based on objective evidence of impairment.

The assessments for a significant increase in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1. A modification of the terms of a financial asset that does not result in derecognition will result in the financial asset being transferred out of Stage 3 if the indicators of it being identified as credit-impaired is no longer met and that the evidence for its transfer out of Stage 3 solely relates to events such as up-to-date and timely payment occurring in the subsequent periods.

If a modified financial asset results in derecognition, the new financial asset will be recognised under Stage 1, unless it is assessed to be credit-impaired at time of the modification.

2.12.5 Regulatory Framework

Under MAS 612 requirement, the Group is required to maintain a minimum regulatory loss allowance (MRLA) of 1% of the gross carrying amount of selected credit exposures, net of collateral. Where the accounting loss allowance of selected non credit-impaired exposures computed under SFRS(I) 9 is less than the MRLA, the Group shall maintain the difference in a non-distributable regulatory loss allowance reserve (RLAR) account through the appropriation of revenue reserves to meet the minimum 1% amount. Where the aggregated accounting loss allowance and RLAR exceeds the MRLA, the Group may transfer the excess amount in the RLAR to revenue reserves.

(II) Other Assets

2.12.6 Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units (CGU) expected to benefit from synergies of the business combination. The Group's CGUs correspond with the business segments identified in the primary segment report.

An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The CGU's recoverable amount is the higher of its fair value less cost to sell and its value in use. Impairment loss on goodwill cannot be reversed in subsequent periods.

2. Summary of Significant Accounting Policies (continued)

2.12 Impairment of Assets (continued)

(II) Other Assets (continued)

2.12.7 Investments in Subsidiaries and Associates Property, Plant and Equipment Investment Property Intangible Assets

Investments in subsidiaries and associates, property, plant and equipment, investment property and intangible assets, are reviewed for impairment on the balance sheet date or whenever there is any indication that the carrying amount of an asset may not be recoverable. If such an indication exists, the carrying amount of the asset is written down to its recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use).

The impairment loss is recognised in the income statement, and is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. A loss allowance is measured at an amount equal to lifetime expected credit losses, with the impairment loss recognised in the income statement. Insurance receivables are derecognised when the derecognition criterion for financial assets has been met. The Group's insurance receivables include outstanding premium, policy loan and reinsurance receivables. Policy loans are loans and advances made to policyholders, and are collateralised by the underlying policies.

2.14 Financial Liabilities

A non-derivative financial liability is initially recognised at fair value less transaction costs and is subsequently measured at amortised cost using the effective interest method except where it is designated as FVTPL.

For financial liabilities designated at fair value, gains and losses arising from changes in fair value are recognised in the net trading income line in the income statement except for changes in fair value attributable to the Group's own credit risk where it is presented directly within other comprehensive income. Amounts recorded in OCI related to this credit risk are not subject to recycling in profit or loss, but are transferred to unappropriated profit when realised. Financial liabilities are held at fair value through profit or loss when:

(a) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(b) the fair value option designation eliminates or significantly reduces accounting mismatch that would otherwise arise; or
(c) the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

2.15 Provisions and Other Liabilities

2.15.1 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received.

Provision for insurance agents' retirement benefits, including deferred benefits, is calculated according to terms and conditions stipulated in the respective agent's agreement. The deferred/ retirement benefit accumulated at the balance sheet date includes accrued interest.

2.15.2 Policy Benefits

Policy benefits are recognised when a policyholder exercises the option to deposit the survival benefits with the life insurance subsidiaries when the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life insurance subsidiaries. Interest payable on policy benefits is recognised in the income statements as incurred.

2.16 Insurance Contracts

Insurance contracts are those contracts where the Group, mainly the insurance subsidiaries of GEH, has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

For the purpose of SFRS(I) 4 *Insurance Contracts*, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value or discounted maturity value as the proxy for realisable value of the insurance contract. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at inception of the insurance contract. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at the balance sheet date.

2. Summary of Significant Accounting Policies (continued)

2.16 Insurance Contracts (continued)

Certain subsidiaries within the Group, primarily GEH and its subsidiaries (GEH Group), write insurance contracts in accordance with insurance regulations prevailing in their respective jurisdictions. Disclosures on the various insurance contract liabilities are classified into the principal components, as follows:

(a) Life insurance contract liabilities, comprising
- Participating Fund contract liabilities;
- Non-participating Fund contract liabilities; and
- Investment-linked Fund contract liabilities.

(b) Non-life insurance contract liabilities
(c) Reinsurance contracts

Life Insurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statements of the respective insurance subsidiaries.

The valuation of insurance contract liabilities is determined according to the Insurance Regulations:

(a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore (MAS Regulations); and
(b) Risk-Based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, where relevant, appropriate level of non-guaranteed benefits and expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate risk margin allowance for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and liabilities of non-unit investment-linked policies.

The liability in respect of participating insurance contract is based on the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of life policies where part of, or all the premiums are accumulated in a fund, the accumulated amounts, as declared to policyholders are shown as liabilities if the accumulated amounts are higher than the amounts as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, together with provision for claims outstanding, including an estimate of the incurred claims that have not yet been reported to the Group.

<u>Risk Transfer</u>

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholders accrue directly to the policyholders.

The Group issues investment linked contracts as an insurance contract which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment linked fund set up by the insurance subsidiary. As an embedded derivative meets the definition of an insurance contract it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies in accordance with the terms and conditions of the insurance contracts.

2. Summary of Significant Accounting Policies (continued)

2.16 Insurance Contracts (continued)

Life Insurance Contract Liabilities (continued)

The table below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	Singapore	Malaysia
Valuation method [(1)]	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Guaranteed and non-guaranteed cash flows discounted at the appropriate rate of return reflecting the strategic asset allocation; (ii) Guaranteed cash flows discounted using the interest rate outlined below; and (iii) Total assets less all liabilities except insurance contract liabilities of the Participant fund.	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Guaranteed and non-guaranteed cash flows discounted at the appropriate rate of return reflecting the strategic asset allocation; and (ii) Guaranteed cash flows discounted using Malaysia Government Securities zero coupon spot yields (as outlined below).
Discount rate [(1)]	For policies denominated in SGD/USD: (i) Singapore Government Securities/US Treasury yields for cash flows up to 20 years and 30 years respectively; (ii) Ultimate forward rate of 3.8% applicable for cash flows beyond 60 years; (iii) Extrapolated yields in between; and (iv) Adjustments for matching adjustment and illiquidity premium according to MAS Notice 133, if any.	Malaysia Government Securities yields determined based on the following: (i) For cash flows with duration less than 15 years, Malaysia Government Securities zero coupon spot yields of matching duration. (ii) For cash flows with duration 15 years or more, Malaysia Government Securities zero coupon spot yields of 15 years to maturity.
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders [(1)]	Participating Fund: – Best estimates for Gross Premium Valuation method (i); – Best estimates plus provision for adverse deviation (PAD) for Gross Premium Valuation method (ii). Non-Participating and Non-Unit reserves of Investment-linked Fund: Best estimates plus provision for adverse deviation (PAD).	Participating Fund: – Best estimates for Gross Premium Valuation method (i); – Best estimates plus provision for risk of adverse deviation (PRAD) for Gross Premium Valuation method (ii). Non-Participating and Non-Unit reserves of Investment-linked Fund: Best estimates plus provision for risk of adverse deviation (PRAD).

(1) Refer to Note 2.25 on Critical accounting estimates and judgements.

2. Summary of Significant Accounting Policies (continued)

2.16 Insurance Contracts (continued)

Life Insurance Contract Liabilities (continued)

Subsequent Measurement of Life Insurance Contract Liabilities

Adjustments to liabilities at each reporting date are recorded in the income statements. Profits originating from the release in margins for adverse deviations are recognised in the income statements over the lives of the contracts, whereas losses are fully recognised in the income statements during the first year.

Derecognition of Life Insurance Contract Liabilities

The liability is extinguished when the contract expires, is discharged or is cancelled.

Benefits and Claims

Insurance contract benefits reflect the cost of all maturities, surrenders, withdrawals and claims arising during the period, as well as policyholder dividends accrued in anticipation of dividend declarations. Accident and health claims incurred include all losses occurring during the period, whether reported or not, related handling costs, a reduction for recoveries, and any adjustments to claims outstanding from previous years.

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims, and are included in operating expenses.

Insurance Contracts and Investment Contracts with Discretionary Participating Features (DPF)

A significant portion of insurance contracts issued by subsidiaries within the Group contain discretionary participating features. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contracts entitle the policyholder to receive benefits, which could vary according to investment performance of the fund. The Group does not recognise the guaranteed components separately from the discretionary participating features.

Profits to shareholders from the participating fund are allocated from the surplus or surplus capital, determined from the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund). Parameters for the valuation are set out in the insurance regulations governing the Group's insurance subsidiaries in the respective jurisdictions in which they operate. The provisions in the Articles of Association of the Group's insurance subsidiaries are applied in conjunction with the prescriptions in the respective insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. Any surplus that is not allocated is recognised as unallocated surplus. The unallocated surplus forms part of the life insurance contract liabilities. The annual declaration of the quantum of policyholder bonus and correspondingly the profits to shareholders to be distributed out of the participating fund is approved by the board of directors of each insurance subsidiary under the advice of the Appointed Actuary of the respective subsidiary, in accordance with the insurance regulations and the Articles of Association of the respective subsidiaries.

Liability Adequacy Test

Each insurance subsidiary within the Group is required under the respective insurance regulations and accounting standards to carry out a liability adequacy test using current estimates of future cash flows relating to its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed benefits and the discretionary participating features; the assumptions are based on best estimates, the basis adopted is prescribed by the insurance regulations of the respective jurisdiction in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount against the carrying amount of the liability. Any deficiency is charged to the income statement.

Non-Life Insurance Contract Liabilities

The Group issues short term property and casualty contracts which protect the policyholders against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contracts and/or business interruption contracts; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contracts. The Group also issues short term medical and personal accident non-life insurance contracts.

Non-life insurance contract liabilities include claim liabilities and premium liabilities.

Claim Liabilities

Claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liabilities are calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contracts expire, are discharged or are cancelled.

2. Summary of Significant Accounting Policies (continued)

2.16 Insurance Contracts (continued)

Non-Life Insurance Contract Liabilities (continued)

Claim Liabilities (continued)

The valuation of non-life insurance claim liabilities at the balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. The provision for adverse deviation is set at 75% level of sufficiency for Singapore, Malaysia and Indonesia. The valuation methods used include the Paid and Incurred Loss Development methods (also known as the Link Ratio methods), the Paid and Incurred Bornhuetter-Ferguson methods and the Expected Loss Ratio method. For Singapore and Malaysia, the claim liabilities are not discounted for the time value of money. However, for Indonesia, the claim liabilities are discounted for the time value of money.

Premium Liabilities

Premium liabilities are the provision of unearned premiums representing premiums received for risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract and is recognised as premium income. Further provisions are made if expected future cash flow of unexpired insurance contracts exceed the unearned premiums of these contracts.

Reinsurance Contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent amounts receivable in respect of ceded insurance liabilities. These amounts are estimated in a manner consistent with the reinsured insurance contract liabilities, the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets arising from ceding of in-force book and gross onerous contracts are recognised in the same period when the gross liabilities are accrued.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts under the terms of the contract. The impairment loss is recorded in the income statements. Gains or losses on reinsurance are recognised in the income statements immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.17 Share Capital and Dividend

Ordinary shares, non-cumulative non-convertible preference shares and perpetual capital securities are classified as equity on the balance sheet.

Incremental costs directly attributable to the issue of new capital securities are shown in equity as a deduction from the proceeds.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Treasury shares which are subsequently reissued, sold or cancelled, are recognised as changes in equity.

Interim dividends on ordinary shares and dividends on preference shares are recorded in the year in which they are declared payable by the Board of Directors. Final dividends are recorded in the year when the dividends are approved by shareholders at the annual general meeting.

2.18 Leases

2.18.1 As Lessee

At the inception of a contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-Use Assets

The Group recognises a right-of-use (ROU) asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

2. Summary of Significant Accounting Policies (continued)

2.18 Leases (continued)

2.18.1 As Lessee (continued)

Right-of-Use Assets (continued)

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

ROU assets are presented within "Property, plant and equipment".

Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when there is modification in the scope or the consideration of the lease that was not part of the original term.

Short-Term Leases and Low-Value Assets

The Group has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.18.2 As Lessor

Rental income on tenanted areas of the buildings owned by the Group is recognised in the income statement on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.19 Recognition of Income and Expense

2.19.1 Interest Income and Expense

Interest income or expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.19.2 Premiums and Commissions from Insurance Business

Life Insurance Business

First year premiums of insurance policies are recognised from inception date and subsequent renewal premiums are recognised when due. Single premiums are recognised on the dates on which the policies are effective. Premiums from the investment-linked business, universal life and certain Takaful non-participating products are recognised as revenue when payment is received. Commission is recognised as an expense when incurred.

Non-Life Insurance Business

Premiums from the non-life insurance business are recognised as revenue upon commencement of insurance cover. Premiums pertaining to periods after the balance sheet date are adjusted through the movement in premium liabilities. Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from non-life insurance contracts are recognised in the income statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods after the balance sheet date are adjusted through the movement in unexpired risk reserve.

2.19.3 Fees and Commissions

The Group earns fees and commissions from a range of services rendered to its customers. Fees and commissions are recognised when the Group has satisfied its performance obligations in providing the services to the customer. Transaction based fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period.

Expenses are offset against gross fees and commissions in the income statement only when they are directly related.

2.19.4 Dividends

Dividends from equity securities, subsidiaries and associates are recognised when the right to receive payment is established.

2. Summary of Significant Accounting Policies (continued)

2.19 Recognition of Income and Expense (continued)

2.19.5 Employee Benefits

The Group's compensation package for staff consists of base salaries, allowances, defined contribution plans such as the Central Provident Fund, defined benefit plans, commissions, cash bonuses, and share-based compensation plans. These are recognised in the income statement when incurred. Employee leave entitlements are estimated according to the terms of employment contract and accrued on the balance sheet date.

For defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and past service costs. Remeasurements of defined benefit plans are recognised in OCI in the period in which they arise.

Share-based compensation plans include the Bank's Share Option Schemes, the Employee Share Purchase Plan (ESP Plan) and the Deferred Share Plan (DSP). Equity instruments granted are recognised as expense in the income statement based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, with corresponding entries to equity.

At each balance sheet date, the Group revises its estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The Group accrues for interest on the monthly contributions made by employees to the savings-based ESP Plan. For the DSP, a trust is set up to administer the shares. The DSP Trust is consolidated in the Group's financial statements.

Proceeds received upon the exercise of options and acquisition rights, net of any directly attributable transaction costs, are credited to share capital.

2.20 Income Tax Expense

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax computation. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation against the temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.21 Fiduciary Activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income from these assets do not belong to the Group, and are therefore excluded from these financial statements.

2. Summary of Significant Accounting Policies (continued)

2.22 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2.23 Segment Reporting

The Group's business segments represent the key customer and product groups, as follows: Global Consumer/Private Banking, Global Wholesale Banking, Global Treasury and Markets and Insurance. All operating segments' results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. In determining the segment results, balance sheet items are internally transfer priced and revenues and expenses are attributed to each segment based on internal management reporting policies. Transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

A geographical segment engages in providing products and services within a particular economic environment that is subject to different risks from those of other economic environments. Geographical segment information is prepared based on the country in which the transactions are booked and presented after elimination of intra-group transactions and balances.

2.24 Government Grants

Government grants related to assets are initially recognised by deducting the grant in arriving at the carrying amount of the asset if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss by deducting the grant from the related expense.

Grants that are not related to assets or expenses incurred are recognised in profit or loss as other income.

2.25 Critical Accounting Estimates and Judgements

Certain estimates are made in the preparation of the financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities. A brief description of the Group's critical accounting estimates is set out below.

COVID-19 Pandemic

The COVID-19 pandemic and the effects on the global economy are unprecedented in its scale and impact. These have increased the estimated uncertainty in the preparation of these financial statements. Sources of estimation uncertainty include how the pandemic will continue to evolve, the corresponding impact on the duration and extent of disruption to businesses, individuals and the wider economy (including macroeconomic forecasts, credit, liquidity and market conditions) as well as the effectiveness of government support measures in softening the impact of the crisis.

The significant accounting estimates impacted by these uncertainties relate mainly to impairment of financial assets and impairment of goodwill and intangible assets, which are discussed below:

2.25.1 Impairment of Financial Assets

In determining whether the credit risk of the Group's financial exposures has increased significantly since initial recognition, the Group considers quantitative and qualitative information such as the Group's historical credit assessment experience and available forward-looking information. Expected credit losses (ECL) estimates are based on probability-weighted forward-looking economic scenarios. The parameters used in ECL measurement (probability of default, loss given default and exposure at default) incorporates forward-looking information. The determination of the forward-looking economic scenarios and incorporation of forward-looking information into ECL measurement requires management to exercise judgement based on its assessment of current macroeconomic conditions.

Allowances for Non Credit-Impaired Loans to Customers

As of 31 December 2020, the forward-looking scenarios used in the ECL model have been updated from those as of 31 December 2019. They reflect the latest available macroeconomic view which shows a sharp deterioration in the short term and a gradual subsequent recovery, resulting in an increase in ECL during the year. This view also considers the impact of significant government measures (primarily in Singapore, Malaysia, Hong Kong and China) to cushion the impact of the crisis to some degree. Additional model overlays, which further increased the ECL, were also made to reflect the uncertainty regarding forward-looking economic conditions.

2. Summary of Significant Accounting Policies (continued)

2.25 Critical Accounting Estimates and Judgements (continued)

2.25.1 Impairment of Financial Assets (continued)

Allowances for Non Credit-Impaired Loans to Customers (continued)

Another key element in determining ECL is the assessment of whether or not a significant increase in credit risk (SICR) has occurred and hence whether a lifetime, rather than 12-month, ECL is required. During the year, various loan reliefs, such as payment holidays and moratoriums, have been offered to affected customers as part of a broader set of COVID-19 support measures. Deferral of payments by customers in hardship arrangements is generally treated as an indication of a SICR. However, in line with regulatory guidance, the Group has determined that the extension of such reliefs is not automatically considered to indicate SICR, but considers it within a broader set of indicators to assess and grade customer facilities as necessary. Nevertheless, such loan reliefs, payment holidays and moratoriums have the effect of delaying the identification of customer delinquency even though customers who took up such relief packages may be of higher risk. Therefore, where appropriate, refinements are made to the determination of probability of default for such borrowers to reflect higher risk of default.

In assessing the sensitivity of the allowances to changes in forward-looking assumptions, the Group performs scenario analyses using alternative macroeconomic scenarios. The results show that the Group's allowances for non credit-impaired loans to customers is within a reasonable range of potential future loss outcomes.

The Group's allowances for financial assets are disclosed in Note 30.

Allowances for Credit-Impaired Loans to Customers

In respect of credit-impaired exposures, management judgement and estimation are applied in, amongst others, identifying impaired exposures, estimating the related recoverable cash flows and where applicable, determining collateral values and timing of realisation. Judgements and assumptions in respect of these matters have been updated to reflect the potential impact of COVID-19.

The Group's allowances for credit-impaired loans to customers are disclosed in Note 28.

2.25.2 Fair Value Estimation

Fair value is derived from quoted market prices or valuation techniques which maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. Where unobservable data inputs have a significant impact on the value obtained from the valuation model, such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value. The difference between the transaction price and the model value, commonly referred to as "day one profit or loss" is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit or loss is determined individually. It is amortised over the life of the transaction, released when the instrument's fair value can be determined using market observable inputs, or when the transaction is derecognised.

2.25.3 Liabilities of Insurance Business

The estimation of the ultimate liabilities arising from claims made under life and non-life insurance contracts is one of the Group's critical accounting estimates. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, morbidity, disabilities, lapses, voluntary terminations, investment returns, administration expenses and discount rates. The Group relies on standard industry and national mortality and morbidity tables which represent historical experience, and makes appropriate adjustments for its respective risk exposures and portfolio experience in deriving the mortality and morbidity estimates. These estimates provide the basis for the valuation of the future benefits to be paid to policyholders, and to ensure adequate provisions which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. Each year, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance contract liabilities.

For non-life insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date (IBNR).

2. Summary of Significant Accounting Policies (continued)

2.25 Critical Accounting Estimates and Judgements (continued)

2.25.3 Liabilities of Insurance Business (continued)

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the insurance subsidiaries' balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved.

2.25.4 Impairment of Goodwill and Intangible Assets

The Group performs an annual review of the carrying amount of its goodwill and intangible assets, against the recoverable amounts of the CGU to which the goodwill and intangible assets have been allocated. Recoverable amounts of banking CGUs are determined based on the present value of estimated future cash flows expected to arise from the respective CGUs' continuing operations. The recoverable amount of insurance CGU is determined using the appraisal value method. Management exercises its judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amounts of the CGUs.

In light of current macroeconomic conditions, management reassessed the assumptions applied in estimating the future cash flows, including growth rates and discount rates used in computing the recoverable amount, and determined that no impairment should be recognised during the year.

2.25.5 Income Taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses in estimating the income tax liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the period in which the determination is made.

2.25.6 Insurance Contract Classification

Contracts are classified as insurance contracts where significant insurance risk is transferred from the policyholder to the Group. The Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether upon the occurrence of the insured event, the Group is required to pay significant additional benefits. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

2. Summary of Significant Accounting Policies (continued)
2.26 Comparative Figures

Certain comparative figures have been reclassified to be consistent with current year's presentation.

	GROUP 2019 As reclassified $ million	GROUP 2019 As previously reported $ million	GROUP 2019 Increase/ (Decrease) $ million
Income statement			
Net trading income	977	–	977
Rental income	–	80	(80)
Other income	372	1,269	(897)
Statement of comprehensive income			
Items that may be reclassified subsequently to income statement:			
Currency translation on foreign operations	(52)	(43)	(9)
Items that will not be reclassified subsequently to income statement:			
Currency translation on foreign operations	9	–	9
Consolidated cash flow statement			
Net change in other assets and liabilities of life insurance fund	5,699	464	5,235
Purchases of life insurance fund investment securities	(36,556)	–	(36,556)
Proceeds from disposal of life insurance fund investment securities	31,321	–	31,321

	GROUP 31 December 2019 As reclassified $ million	GROUP 31 December 2019 As previously reported $ million	GROUP 31 December 2019 Increase/ (Decrease) $ million
Balance sheet			
Assets pledged	–	1,166	(1,166)
Other government treasury bills and securities	17,712	17,620	92
Placements with and loans to banks	35,864	35,813	51
Loans to customers	262,348	262,045	303
Debt and equity securities	29,253	28,533	720

2. Summary of Significant Accounting Policies (continued)
2.26 Comparative Figures (continued)

	BANK 2019 As reclassified $ million	BANK 2019 As previously reported $ million	BANK 2019 Increase/ (Decrease) $ million
Income statement			
Net trading income	289	–	289
Rental income	–	60	(60)
Other income	247	476	(229)

	BANK 31 December 2019 As reclassified $ million	BANK 31 December 2019 As previously reported $ million	BANK 31 December 2019 Increase/ (Decrease) $ million
Balance sheet			
Assets pledged	–	122	(122)
Other government treasury bills and securities	7,661	7,644	17
Placements with and loans to banks	28,100	28,056	44
Debt and equity securities	14,271	14,210	61

3. Net Interest Income

	GROUP 2020 $ million	GROUP 2019 $ million	BANK 2020 $ million	BANK 2019 $ million
Interest income				
Loans to non-bank customers	**6,992**	9,086	**3,791**	5,119
Placements with and loans to banks	**839**	1,503	**695**	1,441
Other interest-earning assets	**1,312**	1,509	**584**	676
	9,143	12,098	**5,070**	7,236
Interest expense				
Deposits of non-bank customers	**(2,699)**	(4,807)	**(1,266)**	(2,495)
Deposits and balances of banks	**(92)**	(192)	**(225)**	(453)
Other borrowings	**(386)**	(768)	**(330)**	(697)
	(3,177)	(5,767)	**(1,821)**	(3,645)
Analysed by classification of financial instruments				
Income – Assets at amortised cost	**7,471**	10,175	**4,235**	6,280
Income – Assets at FVOCI	**1,310**	1,528	**566**	662
Income – Assets mandatorily measured at FVTPL	**362**	395	**269**	294
Expense – Liabilities not at fair value through profit or loss	**(3,169)**	(5,761)	**(1,814)**	(3,639)
Expense – Liabilities mandatorily measured at FVTPL	**(8)**	(6)	**(7)**	(6)
Net interest income	**5,966**	6,331	**3,249**	3,591

Included in interest income were interest of $42 million (2019: $53 million) and $30 million (2019: $46 million) on impaired assets for the Group and Bank respectively.

The Group's and Bank's interest expenses on lease liabilities were not significant for the financial years ended 31 December 2020 and 31 December 2019.

4. Profit from Life Insurance

	GROUP	
	2020 $ million	2019 $ million
Income		
Annual	**7,780**	7,372
Single	**7,371**	4,041
Gross premiums	**15,151**	11,413
Reinsurance	**(559)**	(448)
Premium income (net)	**14,592**	10,965
Investment income (net) [1]	**6,298**	6,911
Total income	**20,890**	17,876
Expenses		
Gross claims, surrenders and annuities	**(10,170)**	(6,636)
Claims, surrenders and annuities recovered from reinsurers	**596**	232
Net claims, surrenders and annuities	**(9,574)**	(6,404)
Net change in life insurance contract liabilities	**(9,009)**	(8,557)
Commission and agency expenses	**(1,209)**	(1,062)
Depreciation – property, plant and equipment (Note 34)	**(70)**	(65)
Other expenses	**(341)**	(934)
Total expenses	**(20,203)**	(17,022)
Surplus from operations	**687**	854
Share of results of associates	**#**	(#)
Income tax credit/(expense)	**11**	(75)
Profit from life insurance	**698**	779

(1) *Includes income from financial instruments measured at fair value through profit or loss of $5.7 billion (2019: $6.4 billion).*

Profit from life insurance is presented net of tax in the income statement as the tax liability is borne by the respective life funds.

5. Fees and Commissions (Net)

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Gross fee and commission income				
Brokerage	**140**	82	**1**	1
Credit card	**274**	348	**230**	297
Fund management	**122**	115	**–**	1
Guarantees	**14**	16	**6**	7
Investment banking	**87**	106	**75**	90
Loan-related	**165**	307	**106**	231
Service charges	**84**	99	**58**	73
Trade-related and remittances	**252**	254	**178**	180
Wealth management [1]	**1,130**	1,036	**294**	292
Others	**45**	44	**8**	7
	2,313	2,407	**956**	1,179
Fee and commission expense	**(310)**	(284)	**(141)**	(161)
Fees and commissions (net)	**2,003**	2,123	**815**	1,018

(1) *Includes trust and custodian fees.*

6. Dividends

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Subsidiaries	**–**	–	**1,321**	914
Associates	**–**	–	**121**	86
FVTPL securities	**44**	49	**25**	29
FVOCI securities	**34**	43	**1**	3
	78	92	**1,468**	1,032

7. Net Trading Income

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Foreign exchange [1]	**585**	463	**278**	123
Hedging activities [2]				
Hedging instruments	**133**	(92)	**183**	(46)
Hedged items	**(133)**	95	**(182)**	48
Net gain from fair value hedge ineffectiveness	**#**	3	**1**	2
Net loss from interest rate and other derivative financial instruments [3]	**(41)**	(83)	**(20)**	(127)
Net gain from non-derivative financial instruments [4]	**318**	592	**46**	290
Others	**1**	2	**#**	1
	863	977	**305**	289

(1) *"Foreign exchange" include gains and losses from spot and forward contracts and translation of foreign currency denominated assets and liabilities.*
(2) *"Hedging activities" arise from the use of derivatives to hedge exposures to interest rate and foreign exchange risks, which are inherent in the underlying "Hedged items".*
(3) *"Interest rate and other derivatives" include gains and losses from interest rate derivative instruments, equity options and other derivative instruments.*
(4) *"Non-derivative financial instruments" include trading gains and losses from fair value financial instruments which are either designated at initial recognition or mandatorily measured at FVTPL.*

8. Other Income

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Disposal of investment securities	**208**	171	**73**	73
Disposal of subsidiaries	**9**	1	**–**	6
Disposal of plant and equipment	**(1)**	(1)	**(#)**	(#)
Disposal of properties	**45**	83	**8**	74
Rental and property-related income	**63**	91	**39**	60
Others	**6**	27	**38**	34
	330	372	**158**	247

9. Staff Costs and Other Operating Expenses

		GROUP		BANK	
		2020 $ million	2019 $ million	2020 $ million	2019 $ million
9.1	**Staff costs** [1]				
	Salaries and other costs	**2,457**	2,553	**849**	883
	Share-based expenses	**75**	69	**26**	26
	Contribution to defined contribution plans	**199**	202	**79**	78
		2,731	2,824	**954**	987
	Directors' emoluments:				
	Remuneration of Bank's directors	**11**	11	**11**	10
	Fees of Bank's directors [2]	**6**	5	**4**	4
		17	16	**15**	14
	Total staff costs	**2,748**	2,840	**969**	1,001
9.2	**Other operating expenses**				
	Property and equipment: [3]				
	Depreciation	**419**	397	**184**	169
	Maintenance and rental [4]	**150**	160	**97**	101
	Others [5]	**293**	301	**143**	139
		862	858	**424**	409
	Auditors' remuneration:				
	Payable to auditors of the Bank	**6**	4	**2**	3
	Payable to associated firms of auditors of the Bank	**3**	3	**#**	#
	Payable to other auditors	**#**	2	**#**	#
		9	9	**2**	3
	Other fees:				
	Payable to auditors of the Bank [6]	**2**	2	**1**	1
	Payable to associated firms of auditors of the Bank	**1**	#	**1**	#
		3	2	**2**	1
	Hub processing charges	**–**	–	**251**	253
	General insurance claims	**101**	107	**–**	–
	Others [7]	**716**	828	**339**	433
		817	935	**590**	686
	Total other operating expenses	**1,691**	1,804	**1,018**	1,099
9.3	**Staff costs and other operating expenses**	**4,439**	4,644	**1,987**	2,100

(1) *Grants provided by governments to provide wage support to employers due to the COVID-19 pandemic are recognised as a reduction in staff costs.*
(2) *Includes remuneration shares amounting to $1 million (2019: $1 million) issued to directors.*
(3) *Direct operating expenses on leased investment property for the Group and the Bank amounted to $13 million and $3 million (2019: $16 million and $4 million) respectively. Direct operating expenses on vacant investment property for the Group and the Bank amounted to $1 million and $# million (2019: $1 million and $# million) respectively.*
(4) *Includes expenses relating to short-term leases of $14 million and $5 million for the Group and the Bank (2019: $29 million and $13 million) respectively, and low-value assets of $5 million and $1 million (2019: $6 million and $1 million) for the Group and the Bank respectively.*
(5) *Property tax rebates received from government are recognised as a reduction in property and equipment expense.*
(6) *Other fees payable to auditors of the Bank relate mainly to engagements in connection with the Bank's note issuances, taxation compliance and advisory services, miscellaneous attestations and audit certifications.*
(7) *Included in other expenses were printing, stationery, communication, advertisement and promotion expenses, legal and professional fees and changes in third-party interests in consolidated investment funds.*

10. Allowances for Loans and Other Assets

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Allowances/(write-back):				
Impaired loans (Note 28)	**1,149**	856	**877**	593
Impaired other assets	**30**	2	**11**	3
Non-impaired loans	**860**	39	**604**	#
Non-impaired other assets	**4**	(7)	**1**	(1)
Allowances for loans and other assets	**2,043**	890	**1,493**	595

11. Income Tax Expense

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Current tax expense	**687**	829	**250**	343
Deferred tax (credit)/expense (Note 20)	**(46)**	(3)	**(37)**	57
	641	826	**213**	400
Over provision in prior years	**(204)**	(48)	**(44)**	(24)
Charge to income statements	**437**	778	**169**	376

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Operating profit after allowances and amortisation	**3,553**	5,234	**2,515**	3,482
Prima facie tax calculated at tax rate of 17%	**604**	890	**428**	592
Effect of:				
Different tax rates in other countries	**100**	104	**26**	21
Income not subject to tax	**(45)**	(37)	**(261)**	(181)
Income taxed at concessionary rates	**(25)**	(88)	**(13)**	(70)
Singapore life insurance funds	**(21)**	(66)	**–**	–
Non-deductible expenses and losses	**37**	35	**14**	21
Others	**(9)**	(12)	**19**	17
	641	826	**213**	400
The deferred tax (credit)/expense comprised:				
Accelerated tax depreciation	**5**	5	**2**	8
Depreciable assets acquired in business combinations	**(10)**	(16)	**(1)**	(7)
Tax losses	**(1)**	4	**(1)**	9
Unrealised losses on financial assets	**(2)**	(8)	**(11)**	(11)
(Allowances)/write-back for assets	**(64)**	2	**(18)**	50
Other temporary differences	**26**	10	**(8)**	8
	(46)	(3)	**(37)**	57

12. Earnings Per Share

	GROUP	
	2020 $ million	2019 $ million
Profit attributable to equity holders of the Bank	**3,586**	4,869
Perpetual capital securities distributions declared in respect of the period	**(53)**	(59)
Profit attributable to ordinary equity holders of the Bank after other equity distributions	**3,533**	4,810
Weighted average number of ordinary shares (million)		
For basic earnings per share	**4,420**	4,307
Adjustment for assumed conversion of share options and acquisition rights	**1**	4
For diluted earnings per share	**4,421**	4,311
Earnings per share ($)		
Basic	**0.80**	1.12
Diluted	**0.80**	1.12

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of preference dividends and perpetual capital securities distributions by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options and acquisition rights, with the potential ordinary shares weighted for the period outstanding.

13. Share Capital

13.1 Share Capital

GROUP AND BANK	2020 Shares (million)	2019 Shares (million)
Ordinary shares		
At 1 January	**4,409**	4,257
Shares issued in lieu of ordinary dividends	**67**	152
Shares issued to non-executive directors	**#**	#
At 31 December	**4,476**	4,409
Treasury shares		
At 1 January	**(8)**	(7)
Share buyback	**(7)**	(17)
Share Option Schemes	**2**	3
Share Purchase Plan	**#**	6
Treasury shares transferred to DSP Trust	**11**	7
At 31 December	**(2)**	(8)

GROUP AND BANK	2020 $ million	2019 $ million
Issued share capital, at 31 December	**17,833**	17,261

(1) *# represents less than 500,000 shares.*

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Bank. All shares (excluding treasury shares) rank equally with regard to the Bank's residual assets.

The issued ordinary shares qualify as Common Equity Tier 1 capital for the Group.

All issued shares were fully paid.

Associates of the Group did not hold shares in the capital of the Bank as at 31 December 2020 and 31 December 2019.

13. Share Capital (continued)

13.2 Share Option Scheme

Executives of the Group ranked Manager and above and non-executive directors of the Group are eligible to participate in the OCBC Share Option Scheme 2001 (2001 Scheme). The Bank has ceased granting share options under the 2001 Scheme effective from financial year 2018 remuneration. Share options granted in prior years continue to be outstanding until the options lapse or are exercised by the recipients. Options granted to Group executives are exercisable for up to 10 years, while options granted to non-executive Directors are exercisable for up to five years.

For the financial years ended 31 December 2020 and 31 December 2019, there was no options granted under the 2001 Scheme.

Movements in the number of shares under options and the average acquisition prices are as follows:

	2020		2019	
	Number of shares under options ('000)	Average price	Number of shares under options ('000)	Average price
At 1 January	**35,154**	**$10.183**	38,623	$10.067
Exercised	**(1,786)**	**$8.800**	(3,142)	$8.588
Forfeited/lapsed	**(454)**	**$11.621**	(327)	$11.702
At 31 December	**32,914**	**$10.239**	35,154	$10.183
Exercisable options at 31 December	**30,789**	**$10.025**	27,726	$9.754
Average share price underlying the options exercised		**$9.936**		$11.344

At 31 December 2020, the weighted average remaining contractual life of outstanding share options was 4.9 years (2019: 5.8 years). The aggregate number of shares under outstanding options held by an executive director of the Bank was 4,596,480 (2019: 5,034,060).

13.3 Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan (ESP Plan) was implemented for all employees of the participating companies in the Group, including executive Directors.

The ESP Plan is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or from Central Provident Fund. The employees have the option to convert the contributions to ordinary shares after one year or to withdraw the contributions at any time. As a further incentive to employees to enrol in the ESP Plan, the Bank pays interest on the amounts saved at a preferential interest rate. The duration of the offering period is 24 months.

In June 2020, the Bank launched its fifteenth offering of ESP Plan for Group employees, which commenced on 1 July 2020 and expire on 30 June 2022. Under the offering, the Bank granted rights to acquire 12,688,439 (2019: 8,905,273) ordinary shares in the Bank, including rights granted to an executive director of the Bank to acquire 4,008 (2019: 3,180) ordinary shares in the Bank. The fair value of rights, determined using the binomial valuation model, was $13.7 million (2019: $7.4 million). Significant inputs to the valuation model are set out below:

	2020	2019
Acquisition price ($)	**8.98**	11.32
Share price ($)	**9.24**	10.78
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**24.62**	17.57
Risk-free rate based on 2-year swap rate (%)	**0.31**	1.72
Expected dividend yield (%)	**5.19**	3.62

13. Share Capital (continued)

13.3 Employee Share Purchase Plan (continued)

Movements in the number of acquisition rights of the ESP Plan are as follows:

	2020		2019	
	Number of acquisition rights ('000)	Average price	Number of acquisition rights ('000)	Average price
At 1 January	**14,325**	**$11.439**	13,371	$11.233
Exercised and conversion upon expiry	**(11)**	**$11.552**	(5,635)	$10.773
Forfeited	**(8,912)**	**$11.344**	(2,316)	$11.409
Subscription	**12,688**	**$8.980**	8,905	$11.320
At 31 December	**18,090**	**$9.761**	14,325	$11.439
Average share price underlying acquisition rights exercised/converted		**$9.571**		$11.539

At 31 December 2020, the weighted average remaining contractual life of outstanding acquisition rights was 1.2 years (2019: 1.1 years). There were 7,188 (2019: 6,283) rights held by an executive director of the Bank.

13.4 Deferred Share Plan

The OCBC Deferred Share Plan (DSP) aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. It also aligns the interests of executives with the sustained business performance of the Bank. Group executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee, are eligible to participate in the DSP.

Half (50%) of the share awards will vest after two years with the remaining 50% vesting at the end of three years in accordance with the guidelines established under the DSP. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

Total awards of 11,016,332 (2019: 8,506,920) ordinary shares, which included 409,894 (2019: 339,880) ordinary shares to an executive director of the Bank, were granted to eligible executives under the DSP for the financial year ended 31 December 2020. The fair value of the shares at grant date was $95.1 million (2019: $96.2 million).

During the year, 5,595,172 (2019: 6,430,261) deferred shares were released to employees, of which 225,961 (2019: 295,494) deferred shares were released to an executive director of the Bank who held office as at the end of the financial year. At 31 December 2020, an executive director of the Bank had deemed interest in 912,015 (2019: 684,933) deferred shares.

The accounting treatment of share-based compensation plan is set out in Note 2.19.5.

14. Other Equity Instruments

		GROUP AND BANK	
	Note	2020 $ million	2019 $ million
SGD500 million 3.8% non-cumulative non-convertible perpetual capital securities (3.8% Capital Securities)	(a)	**–**	499
SGD1,000 million 4.0% non-cumulative non-convertible perpetual capital securities (4.0% Capital Securities)	(b)	**998**	998
SGD200 million 3.0% non-cumulative non-convertible perpetual capital securities (3.0% Capital Securities)	(c)	**200**	–
		1,198	1,497

(a) The 3.8% Capital Securities issued by the Bank on 25 August 2015 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 Capital under the Monetary Authority of Singapore (MAS) Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (MAS Notice 637) on the basis that the Bank is subject to the application of MAS Notice 637.

The 3.8% Capital Securities were fully redeemed by the Bank on 25 August 2020.

(b) The 4.0% Capital Securities issued by the Bank on 24 August 2018 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 4.0% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank: (i) on 24 August 2023 (the First Reset Date) or any distribution payment date falling after the First Reset Date; (ii) upon the occurrence of a tax event; or (iii) if the 4.0% Capital Securities would no longer qualify as eligible capital. The terms of the 4.0% Capital Securities may also be varied, subject to MAS approval, so that the 4.0% Capital Securities remain as Additional Tier 1 capital of the Bank. If the Bank is determined by the MAS to be non-viable, the 4.0% Capital Securities will be written off in whole or in part.

The 4.0% Capital Securities pay distributions to holders semi-annually in arrear in February and August at a fixed rate of 4.0% per annum from the issue date to the First Reset Date. If the 4.0% Capital Securities are not redeemed on the First Reset Date, the distribution rate will be reset on the First Reset Date and every five years thereafter to a fixed rate per annum equal to the aggregate of the then-prevailing five-year SGD Swap Offer Rate and the initial spread of 1.811%. Distributions may be cancelled by the Bank at its sole discretion, subject to the provisions of the 4.0% Capital Securities. The Bank is also not obliged to pay distributions to holders under certain circumstances. Any distributions which are not paid, in accordance with the terms and conditions of the 4.0% Capital Securities, are non-cumulative and will not compound.

(c) The 3.0% Capital Securities issued by the Bank on 30 September 2020 are non-cumulative non-convertible perpetual capital securities. They qualify as Additional Tier 1 capital of the Bank under the requirements of MAS.

The 3.0% Capital Securities may, subject to MAS approval, be redeemed at the option of the Bank on or after 30 September 2030 (First Reset Date). Their terms include a non-viability loss-absorbing feature. Under this feature, OCBC must write off the securities when: (1) the MAS notifies the Bank in writing that it is of the opinion that a write-off is necessary, without which the Bank would become non-viable; or (2) a decision by the MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the MAS. The Bank will, in consultation with or as directed by MAS, determine the amount to be written off in order for the non-viability event to cease to continue. In addition to the first call in 2030, the 3.0% Capital Securities may also be redeemed if a qualifying tax event or a change of qualification event occurs.

The 3.0% Capital Securities bear a fixed distribution rate of 3.0% per annum from the issue date to the First Reset Date and will be reset every 10 years thereafter to a fixed rate equal to the then-prevailing 10-year SGD Swap Offer Rate plus 2.19%. The non-cumulative distributions may only be paid out of distributable reserves semi-annually in March and September, unless cancelled by the Bank at its option. The 3.0% Capital Securities constitute unsecured and subordinated obligations, ranking senior only to shareholders of the Bank.

15. Capital Reserves

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
At 1 January	**1,253**	930	**986**	639
Share-based payments for staff costs	**11**	15	**11**	15
Shares transferred to DSP Trust	**(99)**	(99)	**–**	–
Shares vested under DSP Scheme	**62**	70	**–**	–
Transfer from unappropriated profit (Note 16.1)	**5**	345	**–**	340
Transfer to share capital	**(3)**	(8)	**(3)**	(8)
At 31 December	**1,229**	1,253	**994**	986

Capital reserves include regulatory loss allowance reserve and statutory reserves set aside by the Group's banking and stockbroking entities in accordance with the respective laws and regulations. Capital reserves also include the Bank's employee share schemes' reserves and deferred shares held by DSP Trust.

16. Revenue Reserves

		GROUP		BANK	
	Note	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Unappropriated profit	16.1	**27,321**	25,775	**13,235**	12,879
General reserves	16.2	**1,345**	1,335	**1,396**	1,386
Cash flow hedge reserves	16.3	**(#)**	(#)	**#**	(1)
Currency translation reserves	16.4	**(658)**	(873)	**(67)**	(117)
Own credit reserves		**(4)**	(5)	**(4)**	(5)
At 31 December		**28,004**	26,232	**14,560**	14,142

16. Revenue Reserves (continued)

16.1 Unappropriated Profit

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Profit attributable to equity holders of the Bank	**3,586**	4,869	**2,346**	3,106
Add:				
Unappropriated profit at 1 January	**25,775**	23,440	**12,879**	12,213
Total amount available for appropriation	**29,361**	28,309	**15,225**	15,319
Appropriated as follows:				
Ordinary dividends:				
Final tax-exempt dividend of 28 cents paid for the previous financial year (2019: tax-exempt dividend of 23 cents)	**(1,233)**	(978)	**(1,233)**	(978)
Interim tax-exempt dividend of 15.9 cents paid for the current financial year (2019: tax-exempt dividend of 25 cents)	**(701)**	(1,079)	**(701)**	(1,079)
Distributions for other equity instruments:				
3.8% perpetual capital securities	**(19)**	(19)	**(19)**	(19)
4.0% perpetual capital securities	**(40)**	(40)	**(40)**	(40)
Transfer (to)/from:				
Capital reserves (Note 15)	**(5)**	(345)	**–**	(340)
Fair value reserves	**(41)**	(78)	**4**	9
General reserves (Note 16.2)	**–**	7	**–**	7
Others	**(1)**	(2)	**(1)**	(#)
	(2,040)	(2,534)	**(1,990)**	(2,440)
At 31 December	**27,321**	25,775	**13,235**	12,879

At the annual general meeting to be held, a final tax-exempt dividend of 15.9 cents per ordinary share in respect of the financial year ended 31 December 2020, totalling $711 million, will be proposed. The dividends will be accounted for as a distribution in the 2021 financial statements.

16. Revenue Reserves (continued)

16.2 General Reserves

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
At 1 January	**1,335**	1,334	**1,386**	1,385
DSP reserve from dividends on unvested shares	**10**	8	**10**	8
Transfer to unappropriated profit (Note 16.1)	**–**	(7)	**–**	(7)
At 31 December	**1,345**	1,335	**1,396**	1,386

The general reserves have not been earmarked for any specific purpose, and include merger reserves arising from common control transactions, as well as dividends on unvested shares under the DSP.

16.3 Cash Flow Hedge Reserves

The cash flow hedge reserves comprise the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow. The cash flow hedges principally consist of interest rate contracts that are used to hedge against the variability in cash flows of certain floating rate liabilities.

16.4 Currency Translation Reserves

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
At 1 January	**(873)**	(744)	**(117)**	(101)
Movements for the year	**90**	(177)	**45**	(17)
Effective portion of hedge	**125**	48	**5**	1
At 31 December	**(658)**	(873)	**(67)**	(117)

Currency translation reserves comprise differences arising from the translation of the net assets of foreign operations and the effective portion of the hedge on exposure in foreign operations.

Refer to Note 38.3 Currency risk – Structural foreign exchange risk for management of structural foreign exchange risk.

17. Deposits and Balances of Non-Bank Customers and Banks

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Deposits of non-bank customers				
Current accounts	**118,751**	89,024	**58,217**	44,546
Savings deposits	**71,097**	57,465	**57,309**	46,151
Term deposits	**90,786**	123,333	**51,998**	70,343
Structured deposits	**4,505**	5,656	**1,448**	2,177
Certificates of deposit issued	**22,229**	20,402	**22,121**	19,977
Other deposits	**7,539**	6,971	**6,652**	6,226
	314,907	302,851	**197,745**	189,420
Deposits and balances of banks	**9,586**	8,250	**7,408**	5,938
	324,493	311,101	**205,153**	195,358

18. Derivative Financial Instruments

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the balance sheet date are analysed below.

	2020			2019		
GROUP ($ million)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**62,902**	**570**	**616**	60,248	327	400
Swaps	**358,713**	**5,689**	**5,900**	315,599	2,344	2,483
OTC options	**61,700**	**338**	**297**	61,469	188	195
Exchange traded futures	**7**	**#**	**–**	–	–	–
	483,322	**6,597**	**6,813**	437,316	2,859	3,078
Interest rate derivatives (IRD)						
Forwards	**527**	**2**	**2**	–	–	–
Swaps	**475,498**	**7,971**	**8,020**	510,396	4,203	4,238
OTC options	**3,715**	**29**	**42**	3,485	20	40
Exchange traded options	**–**	**–**	**–**	754	#	#
Exchange traded futures	**5,232**	**1**	**1**	13,809	#	1
	484,972	**8,003**	**8,065**	528,444	4,223	4,279
Equity derivatives						
Swaps	**3,906**	**216**	**204**	3,196	64	132
OTC options	**7,291**	**223**	**243**	4,595	81	79
Exchange traded options	**19**	**#**	**–**	–	–	–
Exchange traded futures	**551**	**1**	**4**	286	2	#
Others	**–**	**–**	**–**	2	#	#
	11,767	**440**	**451**	8,079	147	211
Credit derivatives						
Swaps – protection buyer	**3,969**	**11**	**60**	2,412	7	40
Swaps – protection seller	**2,745**	**56**	**11**	2,053	40	7
	6,714	**67**	**71**	4,465	47	47
Other derivatives						
Precious metals	**1,366**	**25**	**25**	913	13	13
OTC options	**7,984**	**89**	**89**	4,796	59	59
Futures	**1**	**#**	**–**	10	#	–
Commodity swaps	**26**	**2**	**2**	13	1	#
	9,377	**116**	**116**	5,732	73	72
Total	**996,152**	**15,223**	**15,516**	984,036	7,349	7,687
Included items designated for hedges:						
Fair value hedge – FED	**1,539**	**–**	**112**	727	–	15
Fair value and cash flow hedge – IRD	**12,293**	**150**	**217**	13,976	88	116
Hedge of net investments – FED	**3,345**	**161**	**20**	3,119	42	198
	17,177	**311**	**349**	17,822	130	329

For the fair value hedges, the carrying amount at 31 December 2020 relating to the assets and liabilities designated as hedged items were $7,152 million and $7,450 million (2019: $7,994 million and $7,173 million) respectively. The hedged items were mainly fixed rate debt securities held (financial assets) and debt securities issued (financial liabilities).

For the cash flow hedges, the carrying amount at 31 December 2020 relating to the assets and liabilities designated as hedged items were $2,151 million and $2,151 million (2019: $2,017 million and $2,017 million) respectively. The hedged items were mainly variable rate loans (financial assets) and deposits (financial liabilities).

18. Derivative Financial Instruments (continued)

BANK ($ million)	2020 Principal notional amount	2020 Derivative receivables	2020 Derivative payables	2019 Principal notional amount	2019 Derivative receivables	2019 Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**35,367**	**350**	**450**	36,561	177	247
Swaps	**330,179**	**5,016**	**5,196**	276,330	1,854	2,137
OTC options	**4,973**	**47**	**45**	7,868	51	59
Exchange traded futures	**7**	**#**	**–**	–	–	–
	370,526	**5,413**	**5,691**	320,759	2,082	2,443
Interest rate derivatives (IRD)						
Swaps	**394,770**	**7,766**	**7,714**	434,510	4,111	4,083
OTC options	**3,703**	**29**	**42**	3,401	19	40
Exchange traded options	**–**	**–**	**–**	754	#	#
Exchange traded futures	**4,930**	**1**	**1**	13,110	1	1
	403,403	**7,796**	**7,757**	451,775	4,131	4,124
Equity derivatives						
Swaps	**3,528**	**208**	**194**	2,932	58	126
OTC options	**1,894**	**45**	**65**	1,067	11	9
Exchange traded options	**19**	**#**	**–**	–	–	–
Exchange traded futures	**298**	**–**	**#**	258	2	#
Others	**–**	**–**	**–**	2	#	#
	5,739	**253**	**259**	4,259	71	135
Credit derivatives						
Swaps – protection buyer	**3,819**	**–**	**60**	2,255	–	40
Swaps – protection seller	**2,593**	**56**	**–**	1,897	40	–
	6,412	**56**	**60**	4,152	40	40
Other derivatives						
Precious metals	**93**	**#**	**1**	34	#	1
Futures	**1**	**#**	**–**	–	–	–
	94	**#**	**1**	34	#	1
Total	**786,174**	**13,518**	**13,768**	780,979	6,324	6,743
Included items designated for hedges:						
Fair value hedge – FED	**4,506**	**159**	**119**	3,476	41	190
Fair value hedge – IRD	**7,922**	**148**	**112**	9,711	88	58
Hedge of net investments – FED	**294**	**2**	**4**	285	1	20
	12,722	**309**	**235**	13,472	130	268

18. Derivative Financial Instruments (continued)

Interest Rate Benchmark Reform

London Interbank Offered Rate (LIBOR), a key benchmark used in international financial markets is expected to be discontinued after end-2021. LIBOR will be replaced by Risk Free Rates (RFR), which are already being increasingly adopted in new transactions. The expected discontinuation of LIBOR directly impacts the viability of the Singapore Dollar Swap Offer Rate (SOR), which relies on USD LIBOR in its computation. The Singapore Overnight Rate Average (SORA) has been identified as the alternative benchmark to SOR. To ensure a smooth transition from LIBOR to RFRs and from SOR to SORA, OCBC has established its internal Steering Committee to coordinate the effort across various business, control and support functions.

The Group has assessed the adequacy and appropriateness of provisions relating to the permanent discontinuation of benchmarks, in loan documentation, derivative contracts, debt issuances and other relevant contracts. Plans have been made to remediate the contracts with appropriate revisions. A communications plan has been established to identify and engage clients with a view to help them understand how their contracts may be affected and the potential actions they could take in relation to their contracts with OCBC. To ensure infrastructure and process readiness, the Group also plans to implement the necessary system upgrades and modifications.

The Group uses interest rate swaps and cross currency swaps to hedge its exposure to changes in fair value of fixed rate debt instruments and its foreign currency exposure in a fair value hedge. The Group also uses interest rate swaps to hedge the variability in the cash flows that is related to a variable rate asset or liability resulting from changes in interest rate. With respect to hedge accounting, the Group's primary exposure is to USD LIBOR due to the extent of fixed rate debt instruments and subordinated debt denominated in USD that are designated in fair value hedge relationships.

The Group has applied the following relief from hedge accounting requirements that were introduced by the amendments made to SFRS(I) 9:

- When considering the 'highly probable' requirement, the Group assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of interest rate benchmark reform.
- In assessing the economic relationship between the hedged item and the hedging instrument, the Group assume that the interest rate benchmark on which the hedged item and hedging instruments are based is not altered as a result of the interest rate benchmark reform.
- For fair value hedges of interest rate risk on fixed rate debt, the Group only assesses whether the designated benchmark is separately identifiable at hedge inception and not revisited on reporting date.

In applying the amendments, the Group assumes that the uncertainty arising from interest rate benchmark reform is no longer present when contracts are modified to reflect the new benchmark rates or are discontinued. The Group also assumes that when modifying contracts to reflect the new benchmark rates, no other changes to the terms of the contracts will be made.

As at 31 December 2020, the notional amount of hedging instruments referencing USD LIBOR is $10.5 billion.

19. Other Liabilities

	GROUP 2020 $ million	GROUP 2019 $ million	BANK 2020 $ million	BANK 2019 $ million
Bills payable	**400**	380	**274**	257
Interest payable	**472**	932	**264**	590
Lease liabilities	**278**	293	**62**	67
Sundry creditors	**5,472**	4,035	**654**	611
Others	**1,471**	1,305	**632**	561
	8,093	6,945	**1,886**	2,086

At 31 December 2020, reinsurance liabilities and third-party interests in consolidated investment funds included in "Others" amounted to $66 million (2019: $52 million) and $# million (2019: $28 million) respectively for the Group.

20. Deferred Tax

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
At 1 January	**1,806**	1,346	**217**	153
Acquisitions	**–**	(5)	**–**	–
Currency translation and others	**2**	(3)	**(1)**	(#)
Net (credit)/charge to income statements (Note 11)	**(46)**	(3)	**(37)**	57
(Over)/under provision in prior years	**(#)**	(#)	**(#)**	#
Net charge to equity	**70**	160	**3**	7
Net change in life insurance fund tax	**(147)**	311	**–**	–
At 31 December	**1,685**	1,806	**182**	217

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Deferred tax liabilities				
Accelerated tax depreciation	**101**	94	**67**	64
Unrealised gains on investments	**317**	337	**9**	19
Depreciable assets acquired in business combination	**138**	147	**38**	39
Provision for policy liabilities	**1,110**	1,181	**–**	–
Regulatory loss allowance reserve	**125**	129	**125**	129
Others	**182**	139	**2**	3
	1,973	2,027	**241**	254
Amount offset against deferred tax assets	**(155)**	(134)	**(18)**	(16)
	1,818	1,893	**223**	238
Deferred tax assets				
Allowances for impairment of assets	**(169)**	(112)	**(26)**	(11)
Tax losses	**(9)**	(11)	**(6)**	–
Others	**(110)**	(98)	**(27)**	(26)
	(288)	(221)	**(59)**	(37)
Amount offset against deferred tax liabilities	**155**	134	**18**	16
	(133)	(87)	**(41)**	(21)
Net deferred tax liabilities/(assets)	**1,685**	1,806	**182**	217

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2020, unutilised tax losses carried forward for which no deferred income tax has been recognised amounted to $72 million (2019: $65 million) for the Group, $9 million (2019: $13 million) for the Bank. These tax losses have no expiry date except for an amount of $61 million (2019: $52 million) which will expire between the years 2021 and 2028 (2019: years 2021 and 2028).

21. Debt Issued

		GROUP		BANK	
	Note	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Unsecured					
Subordinated debt	21.1	**3,145**	1,797	**2,745**	1,397
Fixed and floating rate notes	21.2	**3,551**	4,502	**2,993**	3,861
Commercial paper	21.3	**12,057**	17,872	**12,057**	17,751
Structured notes	21.4	**1,869**	1,742	**1,869**	1,742
		20,622	25,913	**19,664**	24,751
Secured					
Covered bonds	21.5	**3,733**	3,475	**3,733**	3,475
Total debt issued		**24,355**	29,388	**23,397**	28,226

21.1 Subordinated Debt

				GROUP	
	Note	Issue date	Maturity date	2020 $ million	2019 $ million
Issued by the Bank:					
USD1 billion 4.25% notes	(a)	19 Jun 2014	19 Jun 2024	**1,426**	1,397
USD1 billion 1.832% notes	(b)	10 Sep 2020	10 Sep 2030	**1,319**	–
				2,745	1,397
Issued by The Great Eastern Life Assurance Company Limited (GEL):					
SGD400 million 4.60% notes	(c)	19 Jan 2011	19 Jan 2026	**400**	400
Total subordinated debt				**3,145**	1,797

(a) The subordinated notes can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 19 June and 19 December each year at 4.25% per annum. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying amount. The subordinated notes qualify as Tier 2 capital for the Group.

(b) The subordinated notes are redeemable in whole at the option of the Bank on 10 September 2025. They can be written off in whole or in part if the MAS determines that the Bank would become non-viable. Interest is payable semi-annually on 10 March and 10 September each year at 1.832% per annum up to 10 September 2025, and thereafter at a fixed rate per annum equal to the then prevailing 5-year U.S. Treasury Rate plus 1.58% if the redemption option is not exercised. The subordinated notes qualify as Tier 2 capital for the Group.

(c) The subordinated notes are redeemable in whole at the option of GEL on 19 January 2021. Interest is payable semi-annually on 19 January and 19 July each year at 4.60% per annum up to 19 January 2021, and thereafter at a fixed rate per annum equal to the then prevailing 5-year Singapore Swap Offer Rate plus 1.35% if the redemption option is not exercised.

21. Debt Issued (continued)
21.2 Fixed and Floating Rate Notes

	Note	Issue date	Maturity date	GROUP 2020 $ million	GROUP 2019 $ million
Issued by the Bank:					
AUD300 million floating rate notes	(a)	17 Mar 2016	17 Mar 2020	**–**	283
AUD500 million floating rate notes	(a)	6 Oct 2017 – 6 Nov 2017	6 Oct 2020	**–**	471
AUD600 million floating rate notes	(b)	23 Apr 2018	23 Apr 2021	**610**	566
AUD500 million floating rate notes	(c)	6 Sep 2018	6 Sep 2021	**509**	471
AUD100 million floating rate notes	(a)	28 Nov 2018	24 Feb 2020	**–**	94
AUD200 million floating rate notes	(a)	8 Apr 2019	6 Apr 2020	**–**	189
AUD700 million floating rate notes (2019: AUD550 million)	(d)	23 May 2019 – 15 Jan 2020	23 May 2022	**712**	518
AUD500 million floating rate notes	(e)	5 Dec 2019	5 Dec 2022	**509**	471
AUD200 million floating rate notes	(f)	4 Sep 2020	4 Sep 2023	**204**	–
CNY500 million 3.50% fixed rate notes	(a)	5 Feb 2013	5 Feb 2020	**–**	97
HKD1.403 billion 1.59% fixed rate notes	(a)	25 Sep 2017	25 Sep 2020	**–**	243
USD340 million floating rate notes	(g)	17 May 2018	17 May 2021	**449**	458
				2,993	3,861
Issued by PT Bank OCBC NISP Tbk:					
IDR454 billion 7.70% fixed rate bonds	(a)	22 Aug 2017	22 Aug 2020	**–**	44
IDR609 billion 7.20% fixed rate bonds	(a)	12 Dec 2017	12 Dec 2020	**–**	59
IDR535 billion 6.90% fixed rate bonds	(h)	11 Apr 2018	10 Apr 2021	**47**	48
IDR3 billion 7.25% fixed rate bonds	(a)	6 Jul 2018	6 Jul 2020	**–**	#
IDR342 billion 7.75% fixed rate bonds	(h)	6 Jul 2018	6 Jul 2021	**32**	33
				79	184
Issued by Pac Lease Berhad:					
MYR85 million 4.40% fixed rate notes	(a)	13 Nov 2018	13 May 2020	**–**	28
MYR80 million 3.80% fixed rate notes	(i)	23 Sep 2019	23 Mar 2021	**26**	26
MYR50 million 3.80% fixed rate notes	(i)	26 Sep 2019	26 Mar 2021	**16**	17
MYR50 million 3.45% fixed rate notes	(i)	6 Mar 2020	7 Mar 2022	**16**	–
MYR50 million 3.00% fixed rate notes	(i)	22 Dec 2020	22 Jun 2022	**16**	–
				74	71
Issued by OCBC Wing Hang Bank (China) Limited:					
CNY2 billion 4.06% fixed rate bonds	(j)	28 Nov 2018	28 Nov 2021	**405**	386
Total fixed and floating rate notes				**3,551**	4,502

(a) The notes and bonds were fully redeemed on their respective maturity dates.

(b) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.70% per annum.

(c) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.72% per annum.

(d) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.62% per annum.

21. Debt Issued (continued)
21.2 Fixed and Floating Rate Notes (continued)

(e) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.63% per annum.

(f) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.48% per annum.

(g) Interest is payable quarterly at the 3-month US Dollar London Interbank Offer Rate plus 0.45% per annum.

(h) Interest is payable quarterly.

(i) Interest is payable semi-annually.

(j) Interest is payable annually.

21.3 Commercial Paper

	Note	GROUP 2020 $ million	GROUP 2019 $ million
Issued by the Bank	(a)	**12,057**	17,751
Issued by Pac Lease Berhad	(b)	**–**	121
Total commercial paper issued		**12,057**	17,872

(a) The Bank issued the commercial paper under its USD10 billion ECP programme and USD15 billion USCP programme. The notes outstanding as at 31 December 2020 (2019: 31 December 2019) were issued between 6 February 2020 (2019: 19 February 2019) and 16 December 2020 (2019: 20 December 2019), and mature between 4 January 2021 (2019: 3 January 2020) and 8 October 2021 (2019: 5 November 2020), yielding between 0.13% and 0.29% (2019: 0.81% and 2.09%).

(b) Pac Lease Berhad issued the commercial paper under its MYR1 billion 7-year CP/MTN programme. The commercial papers were fully redeemed during the year.

The notes outstanding as at 31 December 2019 were issued between 4 December 2019 and 19 December 2019, and matured between 3 January 2020 and 20 January 2020, with interest rate at 3.55%.

21.4 Structured Notes

	Issue date	Maturity date	GROUP 2020 $ million	GROUP 2019 $ million
Issued by the Bank:				
Credit linked notes	1 Oct 2012 – 28 Dec 2020	29 Jan 2021 – 15 Jan 2026	**867**	1,094
Fixed rate notes	9 Oct 2012 – 27 Dec 2012	9 Oct 2037 – 28 Dec 2037	**106**	108
Bond linked notes	12 Oct 2016 – 9 Oct 2020	3 Feb 2021 – 24 May 2027	**221**	342
Index linked notes	3 Apr 2018 – 15 Mar 2019	25 Feb 2021	**14**	60
Fund linked notes	16 Jul 2018 – 6 Nov 2020	4 Mar 2021 – 8 May 2025	**50**	39
Participation notes	14 Jun 2019 – 23 Dec 2020	26 Feb 2021 – 7 Jul 2028	**611**	99
			1,869	1,742

21. Debt Issued (continued)

21.4 Structured Notes (continued)

The structured notes were issued by the Bank under its Structured Note and Global Medium Term Notes Programmes and were measured at amortised cost, except for $785 million (2019: $969 million) included under credit linked notes and $221 million (2019: $342 million) included under bond linked notes as at 31 December 2020 which were measured at fair value through profit or loss.

In accordance with SFRS(I) 9, to the extent that the underlying economic characteristics and risks of the embedded derivatives were not closely related to the economic characteristics and risks of the host contract, and where such embedded derivatives would meet the definition of a derivative, the Group bifurcated such embedded derivatives and recognised these separately from the host contracts. The bifurcated embedded derivatives were fair valued through profit or loss, and were included as part of the Group's derivatives in the financial statements.

21.5 Covered Bonds

	Issue date	Maturity date	GROUP 2020 $ million	GROUP 2019 $ million
Issued by the Bank:				
EUR1 billion 0.25% fixed rate bonds	21 Mar 2017 – 5 Oct 2017	21 Mar 2022 – 5 Oct 2022	**1,631**	1,510
EUR500 million 0.375% fixed rate bonds	1 Mar 2018	1 Mar 2023	**820**	760
EUR500 million 0.625% fixed rate bonds	18 Apr 2018	18 Apr 2025	**833**	764
GBP250 million floating rate bonds	14 Mar 2018	14 Mar 2023	**449**	441
			3,733	3,475

The covered bonds were issued by the Bank under its USD10 billion Global Covered Bond Programme. The Covered Bond Guarantor, Red Sail Pte. Ltd., guarantees the payments of interest and principal. The guarantee is secured by a portfolio of Singapore housing loans transferred from OCBC Bank to Red Sail Pte. Ltd. (Note 45.2). Interest for the EUR and GBP covered bonds is payable annually and quarterly, respectively, and in arrears.

21.6 Reconciliation of Movements of Liabilities to Cash Flow Arising from Financing Activities

GROUP ($ million)	Subordinated debt	Fixed and floating rate notes	Commercial paper	Structured notes	Covered bonds	Total
At 1 January 2019	3,247	3,857	18,155	1,483	3,530	30,272
Cash flows	(1,504)	703	(241)	234	–	(808)
Non-cash changes						
Currency translation	(11)	(59)	(188)	26	(23)	(255)
Others	65	1	146	(1)	(32)	179
At 31 December 2019/ 1 January 2020	**1,797**	**4,502**	**17,872**	**1,742**	**3,475**	**29,388**
Cash flows	**1,365**	**(1,206)**	**(5,905)**	**150**	**–**	**(5,596)**
Non-cash changes						
Currency translation	**(71)**	**254**	**24**	**(22)**	**(39)**	**146**
Others	**54**	**1**	**66**	**(1)**	**297**	**417**
At 31 December 2020	**3,145**	**3,551**	**12,057**	**1,869**	**3,733**	**24,355**

22. Life Insurance Fund Liabilities and Assets

	GROUP 2020 $ million	GROUP 2019 $ million
Life insurance fund liabilities		
Movements in life insurance fund		
At 1 January	**75,204**	68,260
Currency translation	**41**	(45)
Changes due to transfer of Eldershield portfolio [1]	**–**	(1,572)
Net change in life insurance contract liabilities	**8,224**	8,561
At 31 December	**83,469**	75,204
Policy benefits	**5,067**	4,672
Others [1]	**5,918**	4,570
	94,454	84,446
Life insurance fund investment securities and other assets		
Deposits with banks and financial institutions	**7,074**	4,380
Loans	**890**	1,064
Securities	**80,462**	75,787
Investment property	**1,767**	1,786
Others [2]	**6,875**	4,321
	97,068	87,338
Life insurance fund balances included under the following balance sheet items:		
Liabilities		
Current tax	**67**	285
Deferred tax	**1,369**	1,508
Other liabilities	**88**	99
Assets		
Cash and placements with central banks	**#**	#
Placements with and loans to banks	**1,509**	1,257
Property, plant and equipment and intangible assets	**702**	684
The following contracts were entered into under the life insurance fund:		
Capital commitment authorised and contracted	**171**	173
Derivative financial instruments (principal notional amount)	**35,345**	27,916
Derivative receivables	**747**	400
Derivative payables	**264**	191
Minimum lease payment receivable	**57**	61

(1) On 28 December 2018, The Great Eastern Life Assurance Company Limited entered into an Agreement to Transfer with Ministry of Health (MOH) for the Government to take over the administration of the ElderShield scheme. Following the enactment of Careshield Life and Long-Term Care Act 2019, The Great Eastern Life Assurance Company Limited has derecognised the liabilities of the Eldershield portfolio as at 31 December 2019. The Great Eastern Life Assurance Company Limited had transferred the amount due to MOH and corresponding assets backing these liabilities to MOH in 2020.

(2) Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.

23. Cash and Placements with Central Banks

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Cash on hand	**629**	899	**346**	450
Non-restricted balances with central banks	**2,360**	1,800	**2,346**	1,771
Money market placements and reverse repos with central banks	**19,089**	15,361	**14,820**	12,552
Cash and cash equivalents	**22,078**	18,060	**17,512**	14,773
Restricted balances with central banks – mandatory reserve deposits	**4,448**	5,142	**3,458**	3,052
Gross cash and placements with central banks	**26,526**	23,202	**20,970**	17,825
Allowances for non-impaired placements with central banks	**(1)**	(1)	**(1)**	(1)
Net cash and placements with central banks	**26,525**	23,201	**20,969**	17,824

24. Government Treasury Bills and Securities

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Singapore government treasury bills and securities				
Gross securities	**10,628**	11,042	**9,294**	9,892
Other government treasury bills and securities				
Gross securities	**22,663**	17,712	**9,411**	7,661
Allowances for non-impaired other government treasury bills and securities	**–**	(#)	**–**	(#)
Net securities	**22,663**	17,712	**9,411**	7,661
Total government treasury bills and securities	**33,291**	28,754	**18,705**	17,553

25. Placements with and Loans to Banks

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Certificates of deposit held	**13,100**	13,017	**10,120**	9,693
Placements with and loans to banks	**17,406**	20,579	**13,160**	17,394
Market bills purchased	**803**	796	**803**	796
Reverse repos	**1**	224	**1**	224
Balances with banks	**31,310**	34,616	**24,084**	28,107
Bank balances of life insurance fund	**1,509**	1,257	**–**	–
Placements with and loans to banks	**32,819**	35,873	**24,084**	28,107
Allowances for non-impaired placements with and loans to banks	**(3)**	(9)	**(1)**	(7)
Net placements with and loans to banks	**32,816**	35,864	**24,083**	28,100

26. Loans to Customers

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Gross loans	**267,240**	264,773	**173,216**	166,161
Allowances				
Impaired loans (Note 28)	**(1,812)**	(1,395)	**(1,393)**	(1,035)
Non-impaired loans (Note 30)	**(1,890)**	(1,030)	**(1,172)**	(562)
Net loans	**263,538**	262,348	**170,651**	164,564

26.1 Analysed by Product

Overdrafts	**3,933**	4,155	**512**	656
Short-term and revolving loans	**62,780**	66,517	**26,346**	26,421
Syndicated and term loans	**107,778**	93,725	**87,827**	78,387
Housing and commercial property loans	**67,093**	71,414	**42,189**	42,734
Car, credit card and share margin loans	**4,626**	5,324	**3,058**	3,271
Bills receivable	**5,232**	7,481	**3,856**	6,145
Others	**15,798**	16,157	**9,428**	8,547
	267,240	264,773	**173,216**	166,161

26.2 Analysed by Industry

Agriculture, mining and quarrying	**8,483**	8,963	**5,630**	5,736
Manufacturing	**15,814**	17,074	**8,408**	9,388
Building and construction	**71,994**	64,686	**57,667**	51,985
Housing loans	**59,842**	62,069	**40,427**	40,916
General commerce	**28,834**	31,823	**20,850**	23,111
Transport, storage and communication	**14,340**	13,311	**11,919**	10,529
Financial institutions, investment and holding companies	**22,821**	24,542	**5,267**	4,780
Professionals and individuals	**30,659**	30,322	**11,837**	10,694
Others	**14,453**	11,983	**11,211**	9,022
	267,240	264,773	**173,216**	166,161

27. Non-Performing Assets

Non-performing assets (NPAs) comprise non-performing loans, debt securities and contingents that are classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

$ million	Substandard	Doubtful	Loss	Gross loans, securities and contingents	Allowances for impaired assets	Net loans, securities and contingents
GROUP						
2020						
Classified loans	**2,152**	**1,442**	**323**	**3,917**	**(1,807)**	**2,110**
Classified debt securities	**5**	**2**	**–**	**7**	**(3)**	**4**
Classified contingents	**14**	**67**	**#**	**81**	**(5)**	**76**
Total classified assets	**2,171**	**1,511**	**323**	**4,005**	**(1,815)**	**2,190**
2019						
Classified loans	2,310	1,094	434	3,838	(1,388)	2,450
Classified debt securities	–	2	–	2	(2)	–
Classified contingents	20	23	#	43	(5)	38
Total classified assets	2,330	1,119	434	3,883	(1,395)	2,488
BANK						
2020						
Classified loans	**1,523**	**922**	**141**	**2,586**	**(1,388)**	**1,198**
Classified debt securities	**–**	**–**	**–**	**–**	**–**	**–**
Classified contingents	**#**	**54**	**–**	**54**	**(5)**	**49**
Total classified assets	**1,523**	**976**	**141**	**2,640**	**(1,393)**	**1,247**
2019						
Classified loans	1,780	705	186	2,671	(1,031)	1,640
Classified debt securities	–	–	–	–	–	–
Classified contingents	19	13	#	32	(4)	28
Total classified assets	1,799	718	186	2,703	(1,035)	1,668

27. Non-Performing Assets (continued)

	GROUP 2020 $ million	GROUP 2019 $ million	BANK 2020 $ million	BANK 2019 $ million
27.1 Analysed by Period Overdue				
Over 180 days	**1,857**	1,770	**1,348**	1,229
Over 90 days to 180 days	**286**	173	**225**	77
30 days to 90 days	**170**	530	**98**	452
Less than 30 days	**473**	474	**97**	203
No overdue	**1,219**	936	**872**	742
	4,005	3,883	**2,640**	2,703
27.2 Analysed by Collateral Type				
Property	**900**	863	**246**	277
Fixed deposit	**9**	6	**1**	2
Stock and shares	**147**	128	**129**	125
Motor vehicles	**5**	4	**#**	1
Secured – Others	**1,365**	1,554	**1,296**	1,497
Unsecured – Corporate and other guarantees	**708**	491	**685**	491
Unsecured – Clean	**871**	837	**283**	310
	4,005	3,883	**2,640**	2,703
27.3 Analysed by Industry				
Agriculture, mining and quarrying	**345**	470	**272**	449
Manufacturing	**570**	468	**84**	94
Building and construction	**211**	165	**35**	37
Housing loans	**420**	435	**193**	226
General commerce	**614**	556	**383**	285
Transport, storage and communication	**1,636**	1,592	**1,593**	1,538
Financial institutions, investment and holding companies	**33**	27	**–**	–
Professionals and individuals	**133**	123	**51**	42
Others	**43**	47	**29**	32
	4,005	3,883	**2,640**	2,703

27. Non-Performing Assets (continued)

27.4 Restructured/Renegotiated Loans

Non-performing restructured loans by loan classification and the related allowances are shown below. The restructured loans as a percentage of total non-performing loans were 45.2% (2019: 42.7%) and 51.6% (2019: 47.9%) for the Group and the Bank respectively.

	2020		2019	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	**1,148**	**846**	1,099	498
Doubtful	**589**	**359**	515	279
Loss	**34**	**19**	44	18
	1,771	**1,224**	1,658	795
BANK				
Substandard	**939**	**721**	986	463
Doubtful	**390**	**318**	292	216
Loss	**5**	**4**	17	#
	1,334	**1,043**	1,295	679

28. Allowances for Impaired Loans to Customers

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
At 1 January	**1,395**	1,219	**1,035**	949
Currency translation	**(44)**	(12)	**(40)**	(10)
Write-offs	**(663)**	(642)	**(466)**	(478)
Allowances	**1,204**	929	**913**	638
Recovery	**(55)**	(73)	**(36)**	(45)
Net allowances (Note 10)	**1,149**	856	**877**	593
Interest recognition on impaired loans	**(42)**	(53)	**(30)**	(46)
Transfers	**17**	27	**17**	27
At 31 December (Note 26)	**1,812**	1,395	**1,393**	1,035

28. Allowances for Impaired Loans to Customers (continued)

Analysed by Industry

	Cumulative allowances for impaired loans		Net allowances for impaired loans charged/(write-back) to income statements	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
GROUP				
Agriculture, mining and quarrying	**72**	159	**52**	20
Manufacturing	**177**	132	**103**	107
Building and construction	**65**	36	**50**	19
Housing loans	**47**	47	**24**	69
General commerce	**249**	174	**465**	90
Transport, storage and communication	**1,110**	726	**392**	366
Financial institutions, investment and holding companies	**12**	46	**7**	134
Professionals and individuals	**70**	63	**51**	37
Others	**10**	12	**5**	14
	1,812	1,395	**1,149**	856
BANK				
Agriculture, mining and quarrying	**68**	157	**46**	13
Manufacturing	**38**	37	**12**	28
Building and construction	**20**	4	**16**	1
Housing loans	**3**	8	**–**	–
General commerce	**133**	48	**382**	23
Transport, storage and communication	**1,086**	696	**388**	346
Financial institutions, investment and holding companies	**–**	44	**(#)**	133
Professionals and individuals	**39**	37	**25**	19
Others	**6**	4	**8**	30
	1,393	1,035	**877**	593

29. Debt and Equity Securities

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Debt securities	**27,934**	25,023	**15,648**	12,691
Equity securities	**2,756**	2,419	**983**	884
Investment funds	**2,454**	1,811	**1,214**	696
Total securities	**33,144**	29,253	**17,845**	14,271
Allowances for non-impaired debt securities	**(1)**	(#)	**(1)**	(#)
	33,143	29,253	**17,844**	14,271

Debt Securities Analysis:

29.1 By Credit Ratings

Investment grade (AAA to BBB)	**18,308**	16,351	**11,697**	9,454
Non-investment grade (BB to C)	**109**	270	**109**	270
Non-rated	**9,517**	8,402	**3,842**	2,967
	27,934	25,023	**15,648**	12,691

29.2 By Credit Quality

Pass	**27,916**	24,989	**15,640**	12,657
Special mention	**11**	34	**8**	34
Substandard	**5**	–	**–**	–
Doubtful	**2**	–	**–**	–
	27,934	25,023	**15,648**	12,691

Debt and Equity Securities Analysis:

29.3 By Industry

Agriculture, mining and quarrying	**545**	539	**326**	299
Manufacturing	**1,536**	1,233	**948**	848
Building and construction	**2,380**	1,389	**1,539**	621
General commerce	**555**	558	**358**	448
Transport, storage and communication	**1,991**	1,849	**1,288**	1,118
Financial institutions, investment and holding companies	**21,426**	19,965	**10,748**	8,970
Others	**4,711**	3,720	**2,638**	1,967
	33,144	29,253	**17,845**	14,271

30. Allowances for Financial Assets

The following tables show reconciliations from the opening to the closing balance of expected credit loss (ECL).

$ million	Stage 1	Stage 2	Stage 3	Total
GROUP				
At 1 January 2019	491	523	1,221	2,235
Transfer to Stage 1	474	(446)	(28)	–
Transfer to Stage 2	(104)	149	(45)	–
Transfer to Stage 3	(4)	(186)	190	–
Remeasurement [1]	(563)	514	714	665
New financial assets originated or purchased	545	239	–	784
Financial assets that have been derecognised	(374)	(216)	–	(590)
Changes in models [2]	4	–	–	4
Write-offs	–	–	(642)	(642)
Foreign exchange and other movements	1	1	(13)	(11)
At 31 December 2019/1 January 2020	**470**	**578**	**1,397**	**2,445**
Transfer to Stage 1	**497**	**(475)**	**(22)**	**–**
Transfer to Stage 2	**(181)**	**200**	**(19)**	**–**
Transfer to Stage 3	**(4)**	**(97)**	**101**	**–**
Remeasurement [1]	**1**	**783**	**1,065**	**1,849**
New financial assets originated or purchased	**609**	**257**	**–**	**866**
Financial assets that have been derecognised	**(429)**	**(312)**	**–**	**(741)**
Changes in models [2]	**7**	**7**	**–**	**14**
Write-offs	**–**	**–**	**(663)**	**(663)**
Foreign exchange and other movements	**(3)**	**(1)**	**(44)**	**(48)**
At 31 December 2020	**967**	**940**	**1,815**	**3,722**
BANK				
At 1 January 2019	198	375	949	1,522
Transfer to Stage 1	348	(330)	(18)	–
Transfer to Stage 2	(61)	89	(28)	–
Transfer to Stage 3	(2)	(128)	130	–
Remeasurement [1]	(361)	319	490	448
New financial assets originated or purchased	302	170	–	472
Financial assets that have been derecognised	(201)	(147)	–	(348)
Changes in models [2]	2	–	–	2
Write-offs	–	–	(478)	(478)
Foreign exchange and other movements	(1)	–	(10)	(11)
At 31 December 2019/1 January 2020	**224**	**348**	**1,035**	**1,607**
Transfer to Stage 1	**386**	**(371)**	**(15)**	**–**
Transfer to Stage 2	**(106)**	**118**	**(12)**	**–**
Transfer to Stage 3	**(2)**	**(37)**	**39**	**–**
Remeasurement [1]	**77**	**443**	**853**	**1,373**
New financial assets originated or purchased	**358**	**192**	**–**	**550**
Financial assets that have been derecognised	**(216)**	**(231)**	**–**	**(447)**
Changes in models [2]	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**(466)**	**(466)**
Foreign exchange and other movements	**(4)**	**(2)**	**(41)**	**(47)**
At 31 December 2020	**717**	**460**	**1,393**	**2,570**

(1) *Remeasurement includes the changes in model inputs or assumptions such as changes in the forward looking macroeconomic variables, partial repayments, additional drawdowns on existing facilities, changes in the measurement after a transfer between stages 1, 2 and 3, and the unwinding impact of time value of money.*

(2) *Changes in models include significant changes to the quantitative models used to estimate the impacts of the expected credit losses.*

30. Allowances for Financial Assets (continued)

Analysed by Main Class of Financial Instruments

Loans to customers at amortised cost [1]

$ million	Stage 1	Stage 2	Stage 3	Total
GROUP				
At 1 January 2019	466	518	1,219	2,203
Transfer to Stage 1	471	(443)	(28)	–
Transfer to Stage 2	(103)	148	(45)	–
Transfer to Stage 3	(5)	(186)	191	–
Remeasurement [2]	(544)	512	713	681
New financial assets originated or purchased	517	239	–	756
Financial assets that have been derecognised	(352)	(214)	–	(566)
Changes in models [3]	3	–	–	3
Write-offs	–	–	(642)	(642)
Foreign exchange and other movements	2	1	(13)	(10)
At 31 December 2019/1 January 2020	**455**	**575**	**1,395**	**2,425**
Transfer to Stage 1	**493**	**(471)**	**(22)**	**–**
Transfer to Stage 2	**(180)**	**199**	**(19)**	**–**
Transfer to Stage 3	**(4)**	**(97)**	**101**	**–**
Remeasurement [2]	**13**	**777**	**1,064**	**1,854**
New financial assets originated or purchased	**590**	**257**	**–**	**847**
Financial assets that have been derecognised	**(414)**	**(310)**	**–**	**(724)**
Changes in models [3]	**4**	**7**	**–**	**11**
Write-offs	**–**	**–**	**(663)**	**(663)**
Foreign exchange and other movements	**(3)**	**(1)**	**(44)**	**(48)**
At 31 December 2020	**954**	**936**	**1,812**	**3,702**
BANK				
At 1 January 2019	184	374	949	1,507
Transfer to Stage 1	348	(330)	(18)	–
Transfer to Stage 2	(61)	89	(28)	–
Transfer to Stage 3	(2)	(128)	130	–
Remeasurement [2]	(353)	319	490	456
New financial assets originated or purchased	282	170	–	452
Financial assets that have been derecognised	(184)	(147)	–	(331)
Changes in models [3]	1	–	–	1
Write-offs	–	–	(478)	(478)
Foreign exchange and other movements	–	–	(10)	(10)
At 31 December 2019/1 January 2020	**215**	**347**	**1,035**	**1,597**
Transfer to Stage 1	**385**	**(370)**	**(15)**	**–**
Transfer to Stage 2	**(105)**	**117**	**(12)**	**–**
Transfer to Stage 3	**(2)**	**(37)**	**39**	**–**
Remeasurement [2]	**88**	**442**	**853**	**1,383**
New financial assets originated or purchased	**342**	**192**	**–**	**534**
Financial assets that have been derecognised	**(206)**	**(230)**	**–**	**(436)**
Changes in models [3]	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**(466)**	**(466)**
Foreign exchange and other movements	**(4)**	**(2)**	**(41)**	**(47)**
At 31 December 2020	**713**	**459**	**1,393**	**2,565**

(1) *Includes ECL on contingent liabilities and other credit commitments.*
(2) *Remeasurement includes the changes in model inputs or assumptions such as changes in the forward looking macroeconomic variables, partial repayments, additional drawdowns on existing facilities, changes in the measurement after a transfer between stages 1, 2 and 3, and the unwinding impact of time value of money.*
(3) *Changes in models include significant changes to the quantitative models used to estimate the impacts of the expected credit losses.*

30. Allowances for Financial Assets (continued)

The following tables set out information about the credit quality of financial assets.

	2020				2019			
$ million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
GROUP								
Cash and placements with central banks (Note 23)								
Pass	**25,862**	**35**	**–**	**25,897**	22,267	36	–	22,303
Loss allowances	**(#)**	**(1)**	**–**	**(1)**	(#)	(1)	–	(1)
Carrying amount	**25,862**	**34**	**–**	**25,896**	22,267	35	–	22,302
Government treasury bills and securities – Amortised cost (Note 39)								
Pass	**378**	**–**	**–**	**378**	410	–	–	410
Loss allowances	**–**	**–**	**–**	**–**	(#)	–	–	(#)
Carrying amount	**378**	**–**	**–**	**378**	410	–	–	410
Government treasury bills and securities – FVOCI [1] (Note 39)								
Pass	**28,395**	**–**	**–**	**28,395**	23,671	–	–	23,671
Loss allowances	**(#)**	**–**	**–**	**(#)**	(#)	–	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	**19,716**	**3**	**–**	**19,719**	22,719	137	–	22,856
Loss allowances	**(3)**	**(#)**	**–**	**(3)**	(8)	(1)	–	(9)
Carrying amount	**19,713**	**3**	**–**	**19,716**	22,711	136	–	22,847
Placements with and loans to banks – FVOCI [1] (Note 39)								
Pass	**11,869**	**–**	**–**	**11,869**	11,025	–	–	11,025
Loss allowances	**(#)**	**–**	**–**	**(#)**	(1)	–	–	(1)
Loans to customers – Amortised cost (Note 39)								
Pass	**237,043**	**21,817**	**–**	**258,860**	244,135	14,070	–	258,205
Special mention	**–**	**4,374**	**–**	**4,374**	–	2,550	–	2,550
Substandard	**–**	**–**	**2,152**	**2,152**	–	–	2,310	2,310
Doubtful	**–**	**–**	**1,442**	**1,442**	–	–	1,094	1,094
Loss	**–**	**–**	**323**	**323**	–	–	434	434
	237,043	**26,191**	**3,917**	**267,151**	244,135	16,620	3,838	264,593
Loss allowances	**(765)**	**(679)**	**(1,807)**	**(3,251)**	(317)	(436)	(1,390)	(2,143)
Carrying amount	**236,278**	**25,512**	**2,110**	**263,900**	243,818	16,184	2,448	262,450
Debt securities – Amortised cost (Note 39)								
Pass	**388**	**–**	**–**	**388**	65	–	–	65
Loss allowances	**(1)**	**–**	**–**	**(1)**	(#)	–	–	(#)
Carrying amount	**387**	**–**	**–**	**387**	65	–	–	65
Debt securities – FVOCI [1] (Note 39)								
Pass	**23,302**	**243**	**–**	**23,545**	20,570	257	–	20,827
Special mention	**–**	**3**	**–**	**3**	–	–	–	–
Substandard	**–**	**–**	**5**	**5**	–	–	–	–
Doubtful	**–**	**–**	**2**	**2**	–	–	2	2
	23,302	**246**	**7**	**23,555**	20,570	257	2	20,829
Loss allowances	**(9)**	**(3)**	**(3)**	**(15)**	(6)	(1)	(2)	(9)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Loan commitments and contingent liabilities

	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Pass	**108,344**	**9,671**	**–**	**118,015**	87,145	4,909	–	92,054
Special mention	**–**	**830**	**–**	**830**	–	557	–	557
Substandard	**–**	**–**	**272**	**272**	–	–	881	881
Doubtful	**–**	**–**	**302**	**302**	–	–	429	429
Loss	**–**	**–**	**227**	**227**	–	–	254	254
	108,344	**10,501**	**801**	**119,646**	87,145	5,466	1,564	94,175
Allowances for contingent liabilities and credit commitments	**(189)**	**(257)**	**(5)**	**(451)**	(138)	(139)	(5)	(282)

(1) *In accordance with SFRS(I) 9, for financial asset measured at FVOCI, any impairment is recognised in profit or loss together with a credit to fair value reserves within equity (without adjusting the carrying amount of the financial asset).*

30. Allowances for Financial Assets (continued)

	2020				2019			
$ million	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
BANK								
Cash and placements with central banks (Note 23)								
Pass	**20,589**	**35**	**–**	**20,624**	17,340	35	–	17,375
Loss allowances	**(#)**	**(1)**	**–**	**(1)**	(#)	(1)	–	(1)
Carrying amount	**20,589**	**34**	**–**	**20,623**	17,340	34	–	17,374
Government treasury bills and securities – Amortised cost (Note 39)								
Pass	**378**	**–**	**–**	**378**	410	–	–	410
Loss allowances	**–**	**–**	**–**	**–**	(#)	–	–	(#)
Carrying amount	**378**	**–**	**–**	**378**	410	–	–	410
Government treasury bills and securities – FVOCI [1] (Note 39)								
Pass	**15,011**	**–**	**–**	**15,011**	13,257	–	–	13,257
Loss allowances	**(#)**	**–**	**–**	**(#)**	(#)	–	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	**13,962**	**2**	**–**	**13,964**	18,278	137	–	18,415
Loss allowances	**(1)**	**(#)**	**–**	**(1)**	(7)	(#)	–	(7)
Carrying amount	**13,961**	**2**	**–**	**13,963**	18,271	137	–	18,408
Placements with and loans to banks – FVOCI [1] (Note 39)								
Pass	**8,889**	**–**	**–**	**8,889**	7,700	–	–	7,700
Loss allowances	**(#)**	**–**	**–**	**(#)**	(1)	–	–	(1)
Loans to customers – Amortised cost (Note 39)								
Pass	**156,100**	**12,496**	**–**	**168,596**	152,568	9,075	–	161,643
Special mention	**–**	**1,950**	**–**	**1,950**	–	1,675	–	1,675
Substandard	**–**	**–**	**1,523**	**1,523**	–	–	1,780	1,780
Doubtful	**–**	**–**	**922**	**922**	–	–	705	705
Loss	**–**	**–**	**141**	**141**	–	–	186	186
	156,100	**14,446**	**2,586**	**173,132**	152,568	10,750	2,671	165,989
Loss allowances	**(592)**	**(299)**	**(1,388)**	**(2,279)**	(138)	(247)	(1,031)	(1,416)
Carrying amount	**155,508**	**14,147**	**1,198**	**170,853**	152,430	10,503	1,640	164,573
Debt securities – Amortised cost (Note 39)								
Pass	**388**	**–**	**–**	**388**	65	–	–	65
Loss allowances	**(1)**	**–**	**–**	**(1)**	(#)	–	–	(#)
Carrying amount	**387**	**–**	**–**	**387**	65	–	–	65
Debt securities – FVOCI [1] (Note 39)								
Pass	**12,018**	**63**	**–**	**12,081**	9,462	92	–	9,554
Loss allowances	**(2)**	**–**	**–**	**(2)**	(1)	(#)	–	(1)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	2020				2019			
Loan commitments and contingent liabilities								
Pass	**82,012**	**7,722**	**–**	**89,734**	76,088	3,735	–	79,823
Special mention	**–**	**623**	**–**	**623**	–	443	–	443
Substandard	**–**	**–**	**241**	**241**	–	–	869	869
Doubtful	**–**	**–**	**277**	**277**	–	–	342	342
Loss	**–**	**–**	**158**	**158**	–	–	248	248
	82,012	**8,345**	**676**	**91,033**	76,088	4,178	1,459	81,725
Allowances for contingent liabilities and credit commitments	**(121)**	**(160)**	**(5)**	**(286)**	(77)	(100)	(4)	(181)

(1) *In accordance with SFRS(I) 9, for financial asset measured at FVOCI, any impairment is recognised in profit or loss together with a credit to fair value reserves within equity (without adjusting the carrying amount of the financial asset).*

31. Other Assets

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Interest receivable	**970**	1,151	**509**	709
Sundry debtors (net)	**1,156**	655	**98**	72
Deposits and prepayments	**2,541**	1,610	**2,146**	1,253
Others	**1,139**	993	**382**	408
	5,806	4,409	**3,135**	2,442

At 31 December 2020, reinsurance assets included in "Others" amounted to $298 million (2019: $205 million) for the Group.

32. Associates

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Quoted equity security, at cost	**2,087**	1,765	**1,643**	1,322
Unquoted equity securities, at cost	**144**	145	**65**	65
	2,231	1,910	**1,708**	1,387
Share of post-acquisition reserves	**2,264**	1,653	**–**	–
Unquoted equity security, at fair value	**97**	–	**–**	–
Net carrying amount	**4,592**	3,563	**1,708**	1,387
Amounts due from associates (unsecured)	**41**	75	**41**	73
Allowances for non-impaired amounts due from associates	**(#)**	(#)	**(#)**	(#)
	41	75	**41**	73
Investments in and amounts due from associates	**4,633**	3,638	**1,749**	1,460

32. Associates (continued)

32.1 List of Principal Associates

The Group's principal associates are as follows:

Name of associates	Country of incorporation/ Principal place of business	Nature of the relationship with the Group	Effective % interest held [3] 2020	2019
Quoted				
Bank of Ningbo Co., Ltd. [1]	People's Republic of China	A commercial bank, which enables the Group to expand its bilateral business in offshore financing, trade finance and private banking.	**20**	20
Unquoted				
Maxwealth Fund Management Company Limited [1]	People's Republic of China	A privately held asset manager that manufactures and distributes mutual funds in Greater China.	**29**	29
Network for Electronic Transfers (Singapore) Pte Ltd [2]	Singapore	Provides electronic payment services, which enables the Group to extend funds transfer services to its broad customer base.	**33**	33

(1) *Audited by Ernst & Young.*
(2) *Audited by KPMG LLP.*
(3) *Rounded to the nearest percentage.*

As at 31 December 2020, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo was $8.60 billion (2019: $6.12 billion). The carrying amount of the Group's interests was $4.20 billion (2019: $3.30 billion).

As Bank of Ningbo is listed on the Shenzhen Stock Exchange, the entity's ability to transfer funds to the Group is subject to local listing and statutory regulations.

32. Associates (continued)

32.2 Financial Information of Material Associate

The table below provides the financial information of the Group's material associate:

$ million	Bank of Ningbo Co., Ltd. 2020	2019
Selected income statement information		
Revenue	**8,210**	6,928
Net profit from continuing operations	**3,023**	2,723
Other comprehensive income	**(227)**	546
Total comprehensive income	**2,796**	3,269
Selected balance sheet information		
Current assets	**237,879**	187,980
Non-current assets	**91,589**	60,482
Current liabilities	**(254,161)**	(213,767)
Non-current liabilities	**(51,205)**	(15,246)
Net assets	**24,102**	19,449
Non-controlling interests	**(104)**	(82)
Preference shares/other equity instruments issued	**(3,000)**	(2,860)
Net assets attributable to ordinary shareholders	**20,998**	16,507
Reconciliation of associate's total ordinary shareholders' equity to the carrying amount in the Group's financial statements		
Group's interests in net assets of investee at beginning of the year	**3,301**	2,565
Group's share of:		
– net profit from continuing operations	**571**	533
– other comprehensive income	**123**	(17)
– total comprehensive income	**694**	516
Dividends	**(118)**	(86)
Conversion of convertible securities	**–**	306
Subscription of shares	**322**	–
Carrying amount of interest in investee at end of the year	**4,199**	3,301
Dividends received during the year	**118**	86

32. Associates (continued)

32.2 Financial Information of Material Associate (continued)

In addition to the interests in associate disclosed above, the Group also has interests in individually immaterial associates that are accounted for using the equity method.

$ million	2020	2019
At 31 December:		
Aggregate carrying amount of individually immaterial associates	**296**	262
For the year ended:		
Aggregate amounts of the Group's share of:		
Net profit from continuing operations	**40**	34
Other comprehensive income	**6**	4
Total comprehensive income	**46**	38
Dividends received during the year	**2**	#

The Group's share of contingent liabilities in respect of all its associates is as follows:

$ million	2020	2019
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	**8,670**	7,084

33. Subsidiaries

	BANK	
	2020 $ million	2019 $ million
Investments in subsidiaries, at cost		
Quoted securities	**1,970**	1,970
Unquoted securities	**13,085**	13,134
Allowance for impairment	**(29)**	(18)
Net carrying amount	**15,026**	15,086
Amount due from subsidiaries		
Term to maturity of one year or less	**8,773**	10,418
Term to maturity of more than one year	**8,473**	7,655
	17,246	18,073
Of which:		
Unsecured	**16,652**	17,432
Secured	**594**	641
	17,246	18,073
Investments in and amount due from subsidiaries	**32,272**	33,159

At 31 December 2020, the fair values (Level 1 of the fair value hierarchy) of the Group's interests in its quoted subsidiaries, Great Eastern Holdings Limited and PT Bank OCBC NISP Tbk, were $8.32 billion (2019: $9.01 billion) and $1.50 billion (2019: $1.60 billion) respectively.

33. Subsidiaries (continued)

33.1 List of Principal Subsidiaries

Principal subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of ownership interests and voting rights held by the Group (%) 2020 (3)	2019 (3)	Proportion of ownership interests and voting rights held by non-controlling interests (%) 2020 (3)	2019 (3)
Banking					
Banco OCBC Weng Hang, S.A.	Macau SAR	**100**	100	**–**	–
Bank of Singapore Limited	Singapore	**100**	100	**–**	–
OCBC Al-Amin Bank Berhad	Malaysia	**100**	100	**–**	–
OCBC Bank (Malaysia) Berhad	Malaysia	**100**	100	**–**	–
OCBC Wing Hang Bank (China) Limited	People's Republic of China	**100**	100	**–**	–
OCBC Wing Hang Bank Limited	Hong Kong SAR	**100**	100	**–**	–
PT Bank OCBC NISP Tbk (1)	Indonesia	**85**	85	**15**	15
Insurance					
Great Eastern General Insurance Limited (2)	Singapore	**88**	88	**12**	12
Great Eastern General Insurance (Malaysia) Berhad (2)	Malaysia	**88**	88	**12**	12
Great Eastern Life Assurance (Malaysia) Berhad (2)	Malaysia	**88**	88	**12**	12
The Great Eastern Life Assurance Company Limited (2)	Singapore	**88**	88	**12**	12
Asset management and investment holding					
Lion Global Investors Limited (2)	Singapore	**92**	92	**8**	8
Great Eastern Holdings Limited (2)	Singapore	**88**	88	**12**	12
Stockbroking					
OCBC Securities Private Limited	Singapore	**100**	100	**–**	–

For the financial year ended 2020, the principal subsidiaries listed above are audited by PricewaterhouseCoopers LLP Singapore and its associated firms.

(3) *Rounded to the nearest percentage.*

For the financial year ended 2019, unless otherwise indicated, the principal subsidiaries listed above are audited by KPMG LLP Singapore and its associated firms.

(1) *Audited by PricewaterhouseCoopers.*
(2) *Audited by Ernst & Young.*
(3) *Rounded to the nearest percentage.*

The Group's subsidiaries do not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from their respective local statutory, regulatory, supervisory and banking requirements within which its subsidiaries operate. These requirements require the Group's subsidiaries to maintain minimum levels of regulatory capital, liquid assets, and exposure limits. In addition, Great Eastern Holdings Limited and other insurance subsidiaries are subject to their respective local insurance laws and regulations, while the Group's banking subsidiaries are subject to prudential regulatory requirements imposed by local regulators.

33. Subsidiaries (continued)

33.2 Non-Controlling Interests in Subsidiaries

The following table summarises the financial information, before intercompany eliminations, relating to principal subsidiaries with material NCI.

	PT Bank OCBC NISP Tbk		Great Eastern Holdings Limited	
$ million	2020	2019	2020	2019
Net assets attributable to NCI	**402**	383	**1,120**	1,031
Total comprehensive income attributable to NCI	**18**	46	**123**	133
Dividends paid to NCI during the year	**–**	–	**34**	34
Summarised financial information				
Total assets	**18,886**	17,071	**106,928**	98,604
Total liabilities	**(16,196)**	(14,504)	**(97,453)**	(89,902)
Total net assets	**2,690**	2,567	**9,475**	8,702
Revenue	**882**	832	**21,478**	18,619
Profit	**169**	208	**988**	1,022
Other comprehensive income	**31**	25	**74**	454
Total comprehensive income	**200**	233	**1,062**	1,476
Cash flows provided by/(used in) operating activities	**498**	449	**1,532**	3,646
Cash flows provided by/(used in) investing activities	**(1,594)**	286	**2,204**	(2,829)
Cash flows provided by/(used in) financing activities	**154**	(237)	**(302)**	(306)
Effect of currency translation reserve adjustment	**11**	(#)	**–**	–
Net changes in cash and cash equivalents	**(931)**	498	**3,434**	511

33. Subsidiaries (continued)

33.3 Acquisition of Subsidiary

On 2 May 2019 (the acquisition date), GEH Group's subsidiary company, Great Eastern General Insurance Limited (GEG) acquired 95% of the share capital of PT QBE General Insurance Indonesia (PT QBE), a general insurance company in Indonesia, for a cash consideration of USD29.9 million (approximately S$40.7 million). Upon the acquisition, PT QBE became a subsidiary of GEH Group.

On 17 May 2019, PT QBE changed its name to PT Great Eastern General Insurance Indonesia (GEGI).

GEH Group has acquired GEGI to be better positioned to comprehensively provide both general and life insurance solutions to the business community and consumers and deepen its footprint in Indonesia.

GEH Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of GEGI's net identifiable assets.

The fair value of the identifiable assets and liabilities of GEGI as at the acquisition date were:

$ million	2019
Identifiable assets and liabilities	
Cash and placements with central banks	57.2
Investments	16.0
Deferred tax assets	4.7
Other assets	37.3
Property, plant and equipment	1.3
Total assets	116.5
Current tax liabilities	(0.6)
Other liabilities	(75.4)
	(76.0)
Net identifiable assets acquired	40.5
Less: Non-controlling interests	(2.0)
	38.5
Goodwill (Note 36)	2.3
Cost of acquisition	40.8
Less: Cash and cash equivalents in GEGI	(57.2)
Net cash inflow arising from business combination	16.4

33.4 Consolidated Structured Entities

The Bank has established a USD10 billion Global Covered Bond Programme (the Programme). Under the Programme, the Bank may from time to time issue covered bonds (the Covered Bonds). The payments of interest and principal under the Covered Bonds are guaranteed by the Covered Bond Guarantor, Red Sail Pte. Ltd. (the CBG). The Covered Bonds issued under the Programme will predominantly be backed by a portfolio of Singapore housing loans transferred from the Bank to the CBG. Integral to the Programme structure, the Bank provides funding and hedging facilities to the CBG.

34. Property, Plant and Equipment

GROUP ($ million)	2020 Property-related	2020 Computer-related [1]	2020 Others	2020 Total	2019 Property-related	2019 Computer-related [1]	2019 Others	2019 Total
Cost								
At 1 January	**3,753**	**2,494**	**640**	**6,887**	3,373	2,207	616	6,196
Effect of adopting SFRS(I) 16	**–**	**–**	**–**	**–**	198	8	1	207
Adjusted balance at 1 January	**3,753**	**2,494**	**640**	**6,887**	3,571	2,215	617	6,403
Currency translation	**(11)**	**(5)**	**(1)**	**(17)**	(13)	#	(2)	(15)
Acquisitions	**–**	**–**	**–**	**–**	1	#	#	1
Additions/modifications	**109**	**309**	**38**	**456**	206	297	41	544
Disposals/terminations and other transfers	**(82)**	**(59)**	**(21)**	**(162)**	(16)	(18)	(16)	(50)
Net transfer (to)/from:								
Assets held for sale	**(#)**	**–**	**(#)**	**(#)**	–	–	(#)	(#)
Investment property (Note 35)	**(5)**	**–**	**–**	**(5)**	4	–	–	4
At 31 December	**3,764**	**2,739**	**656**	**7,159**	3,753	2,494	640	6,887
Accumulated depreciation								
At 1 January	**(899)**	**(1,805)**	**(491)**	**(3,195)**	(737)	(1,588)	(470)	(2,795)
Currency translation	**(#)**	**3**	**1**	**4**	3	1	1	5
Disposals/terminations and other transfers	**43**	**59**	**28**	**130**	8	13	20	41
Depreciation charge	**(153)**	**(210)**	**(36)**	**(399)**	(147)	(195)	(35)	(377)
Depreciation charge to profit from life insurance (Note 4)	**(23)**	**(40)**	**(7)**	**(70)**	(22)	(36)	(7)	(65)
Net transfer to/(from):								
Assets held for sale	**#**	**–**	**#**	**#**	–	–	#	#
Investment property (Note 35)	**1**	**–**	**–**	**1**	(4)	–	–	(4)
At 31 December	**(1,031)**	**(1,993)**	**(505)**	**(3,529)**	(899)	(1,805)	(491)	(3,195)
Accumulated impairment losses								
At 1 January	**(63)**	**(#)**	**(1)**	**(64)**	(63)	(#)	(1)	(64)
Currency translation	**(#)**	**–**	**–**	**(#)**	#	–	–	#
Disposals and other transfers	**1**	**–**	**–**	**1**	–	–	#	#
Write-back/(impairment charge) to income statement	**–**	**–**	**#**	**#**	–	–	(#)	(#)
At 31 December	**(62)**	**(#)**	**(1)**	**(63)**	(63)	(#)	(1)	(64)
Net carrying amount, at 31 December [2]	**2,671**	**746**	**150**	**3,567**	2,791	689	148	3,628
Freehold property	**435**				437			
Leasehold property	**1,959**				2,054			
Net carrying amount	**2,394**				2,491			

(1) *Includes computer software of $452 million (2019: $411 million). The cost and accumulated depreciation are $1,575 million (2019: $1,442 million) and $1,123 million (2019: $1,031 million) respectively.*

(2) *Includes ROU assets comprising property-related of $277 million (2019: $300 million), computer-related of $4 million (2019: $5 million) and others of $2 million (2019: $2 million).*

34. Property, Plant and Equipment (continued)

BANK ($ million)	2020 Property-related	2020 Computer-related [1]	2020 Others	2020 Total	2019 Property-related	2019 Computer-related [1]	2019 Others	2019 Total
Cost								
At 1 January	**417**	**1,332**	**191**	**1,940**	326	1,170	184	1,680
Effect of adopting SFRS(I) 16	**–**	**–**	**–**	**–**	55	5	1	61
Adjusted balance at 1 January	**417**	**1,332**	**191**	**1,940**	381	1,175	185	1,741
Currency translation	**#**	**#**	**#**	**#**	(#)	#	#	(#)
Additions	**26**	**155**	**13**	**194**	35	158	11	204
Disposals/terminations and other transfers	**(13)**	**(40)**	**(16)**	**(69)**	(2)	(1)	(5)	(8)
Net transfer (to)/from investment property (Note 35)	**(5)**	**–**	**–**	**(5)**	3	–	–	3
At 31 December	**425**	**1,447**	**188**	**2,060**	417	1,332	191	1,940
Accumulated depreciation								
At 1 January	**(124)**	**(976)**	**(155)**	**(1,255)**	(91)	(862)	(149)	(1,102)
Currency translation	**(#)**	**(#)**	**(#)**	**(#)**	(#)	(#)	(#)	(#)
Disposals/terminations and other transfers	**12**	**40**	**15**	**67**	1	2	5	8
Depreciation charge	**(38)**	**(126)**	**(11)**	**(175)**	(33)	(116)	(11)	(160)
Net transfer to/(from) investment property (Note 35)	**2**	**–**	**–**	**2**	(1)	–	–	(1)
At 31 December	**(148)**	**(1,062)**	**(151)**	**(1,361)**	(124)	(976)	(155)	(1,255)
Accumulated impairment losses								
At 1 January	**(1)**	**–**	**–**	**(1)**	(1)	–	–	(1)
Disposals and other transfers	**#**	**–**	**–**	**#**	–	–	–	–
At 31 December	**(1)**	**–**	**–**	**(1)**	(1)	–	–	(1)
Net carrying amount, at 31 December [2]	**276**	**385**	**37**	**698**	292	356	36	684
Freehold property	**43**				43			
Leasehold property	**176**				186			
Net carrying amount	**219**				229			

(1) *Includes computer software of $328 million (2019: $290 million). The cost and accumulated depreciation are $1,126 million (2019: $1,030 million) and $798 million (2019: $740 million) respectively.*

(2) *Includes ROU assets comprising property-related of $57 million (2019: $63 million), computer-related of $3 million (2019: $3 million) and others of $# million (2019: $# million).*

35. Investment Property

	GROUP		BANK	
$ million	2020	2019	2020	2019
Cost				
At 1 January	**1,056**	1,117	**593**	658
Currency translation	**2**	(3)	**–**	–
Additions	**4**	18	**4**	4
Disposals and other transfers	**(15)**	(64)	**(#)**	(63)
Net transfer from/(to):				
Property, plant and equipment (Note 34)	**5**	(4)	**5**	(3)
Assets held for sale	**(3)**	(8)	**–**	(3)
At 31 December	**1,049**	1,056	**602**	593
Accumulated depreciation				
At 1 January	**(216)**	(234)	**(112)**	(131)
Currency translation	**(#)**	1	**–**	–
Disposals and other transfers	**1**	28	**–**	26
Depreciation charge	**(20)**	(20)	**(9)**	(9)
Net transfer (from)/to:				
Property, plant and equipment (Note 34)	**(1)**	4	**(2)**	1
Assets held for sale	**1**	5	**–**	1
At 31 December	**(235)**	(216)	**(123)**	(112)
Accumulated impairment losses				
At 1 January	**(1)**	(2)	**(1)**	(2)
Write-back to income statement	**–**	1	**–**	1
Net transfer from property, plant and equipment	**(#)**	–	**(#)**	–
At 31 December	**(1)**	(1)	**(1)**	(1)
Net carrying amount				
Freehold property	**547**	570	**162**	163
Leasehold property	**266**	269	**316**	317
At 31 December	**813**	839	**478**	480
Fair value hierarchy				
Level 2	**1,023**	1,057	**327**	289
Level 3	**1,811**	1,805	**1,041**	1,130
Market value	**2,834**	2,862	**1,368**	1,419

Market values for properties under Level 2 of the fair value hierarchy are determined based on the direct market comparison method. Such valuation is derived from price per square metre for comparable buildings market data with insignificant valuation adjustment, if necessary.

Market values for properties under Level 3 of the fair value hierarchy are determined using a combination of direct market comparison and investment methods. The key unobservable inputs used in these valuations are the capitalisation rates and rental yields.

36. Goodwill and Intangible Assets

	GROUP		BANK	
$ million	2020	2019	2020	2019
Goodwill				
At 1 January	**4,468**	4,479	**1,867**	1,867
Acquisition (Note 33.3)	**–**	2	**–**	–
Currency translation	**(37)**	(13)	**–**	–
At 31 December	**4,431**	4,468	**1,867**	1,867
Intangible assets				
At 1 January	**512**	614		
Acquisition	**–**	3		
Amortisation charged to income statement:				
– Core deposit relationships [1]	**(42)**	(41)		
– Customer relationships [2]	**(15)**	(15)		
– Distribution platform	**(#)**	(#)		
– Life insurance business [3]	**(47)**	(47)		
Currency translation	**(2)**	(2)		
At 31 December	**406**	512		
Total goodwill and intangible assets	**4,837**	4,980	**1,867**	1,867
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**4,431**	4,468	**1,867**	1,867
Intangible assets, at cost	**1,560**	1,570	**–**	–
Accumulated amortisation for intangible assets	**(1,154)**	(1,058)	**–**	–
	4,837	4,980	**1,867**	1,867

(1) *Core deposit relationships, arising from the acquisition of OCBC Wing Hang, are determined to have an estimated useful life of 10 years. At 31 December 2020, these have a remaining useful life of 3.5 years (2019: 4.5 years).*

(2) *Customer relationships, arising from the acquisition of Bank of Singapore Limited and Barclays WIM, are determined to have an estimated useful life of 10 years. At 31 December 2020, these have a remaining useful life of up to 6 years (2019: 7 years).*

(3) *The value of in-force insurance business of the Group is amortised over a useful life of 20 years. At 31 December 2020, the intangible asset has a remaining useful life of 4 years (2019: 5 years).*

36. Goodwill and Intangible Assets (continued)

Impairment Tests for Goodwill

For impairment testing, goodwill is allocated to the Group's CGU identified mainly to business segments as follows:

$ million **Cash Generating Units**	Basis of determining recoverable value	Carrying amount 2020	Carrying amount 2019
Goodwill attributed to Banking CGU			
Global Consumer Financial Services		**844**	844
Global Corporate Banking		**570**	570
Global Treasury		**524**	524
	Value-in-use	**1,938**	1,938
Great Eastern Holdings Limited	Appraisal value	**427**	427
Bank of Singapore Limited	Value-in-use	**796**	811
Lion Global Investors Limited	Value-in-use	**30**	30
OCBC Wing Hang Bank Limited	Value-in-use	**1,056**	1,073
PT Bank OCBC NISP Tbk	Value-in-use	**174**	179
Others	Value-in-use	**10**	10
		4,431	4,468

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The cash flow projections are discounted at a pre-tax discount rate that includes a reasonable risk premium at the date of assessment of the respective CGU. Cash flows beyond the fifth year are extrapolated using the estimated terminal growth rates (weighted average growth rate to extrapolate cash flows beyond the projected years). The terminal growth rate for each CGU used does not exceed management's expectation of the long term average growth rate of the respective industry and country in which the CGU operates. The discount rates and terminal growth rates used are tabulated below for applicable CGUs.

	Banking CGU		Bank of Singapore Limited		OCBC Wing Hang Bank Limited		PT Bank OCBC NISP Tbk	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	**10.0%**	7.7%	**11.8%**	9.8%	**10.5%**	8.8%	**16.0%**	12.8%
Terminal growth rate	**2.0%**	2.0%	**2.0%**	2.0%	**2.6%**	2.6%	**4.0%**	4.0%

For the insurance CGU, the Group applies the appraisal value technique for its value-in-use calculation. This technique is commonly used to determine the economic value of an insurance business, which comprises two components: embedded value of in-force business and existing structural value (value of future sales). The embedded value of the life insurance business is the present value of projected distributable profits (cash flows) of the in-force business. The cash flows represent a deterministic approach based on assumptions as to future operating experience discounted at a risk adjusted rate of 6.00% (2019: 7.00%) and 7.75% (2019: 8.75%) for Singapore and Malaysia respectively. The assumptions take into account the recent experience of, and expected future outlook for the life insurance business of the CGU. Investment returns assumed are based on long term strategic asset mix and their expected future returns. The existing structural value is the value of projected distributable profits from new businesses, which is calculated based on new businesses sold for the nine months ended up to 30 September and applying a new business multiplier to the value of future sales.

37. Segment Information

37.1 Business Segments

$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Treasury and Markets	Insurance	Others	Group
Year ended 31 December 2020						
Net interest income	1,953	2,740	899	106	268	5,966
Non-interest income	1,864	801	316	1,169	23	4,173
Total income	3,817	3,541	1,215	1,275	291	10,139
Operating profit before allowances and amortisation	1,442	2,199	896	968	195	5,700
Amortisation of intangible assets	(15)	–	–	(47)	(42)	(104)
Allowances for loans and other assets	(181)	(1,491)	(#)	(2)	(369)	(2,043)
Operating profit after allowances and amortisation	1,246	708	896	919	(216)	3,553
Share of results of associates, net of tax	–	–	–	–	612	612
Profit before income tax	1,246	708	896	919	396	4,165
Other information:						
Capital expenditure	58	21	2	103	250	434
Depreciation	108	11	2	8	290	419
At 31 December 2020						
Segment assets	127,746	169,713	105,718	107,526	34,791	545,494
Unallocated assets						133
Elimination						(24,232)
Total assets						521,395
Segment liabilities	162,970	138,199	62,908	95,731	32,080	491,888
Unallocated liabilities						2,563
Elimination						(24,232)
Total liabilities						470,219
Other information:						
Gross non-bank loans	103,356	162,327	759	3	795	267,240
NPAs	574	3,417	–	5	9	4,005

37. Segment Information (continued)
37.1 Business Segments (continued)

$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Treasury and Markets	Insurance	Others	Group
Year ended 31 December 2019						
Net interest income	2,262	3,114	693	112	150	6,331
Non-interest income	1,732	845	287	1,358	318	4,540
Total income	3,994	3,959	980	1,470	468	10,871
Operating profit before allowances and amortisation	1,593	2,609	681	1,115	229	6,227
Amortisation of intangible assets	(15)	–	–	(47)	(41)	(103)
Allowances for loans and other assets	(38)	(813)	3	(#)	(42)	(890)
Operating profit after allowances and amortisation	1,540	1,796	684	1,068	146	5,234
Share of results of associates, net of tax	–	–	–	–	566	566
Profit before income tax	1,540	1,796	684	1,068	712	5,800
Other information:						
Capital expenditure	116	8	1	183	254	562
Depreciation	99	11	2	8	277	397
At 31 December 2019						
Segment assets	127,364	162,409	92,234	97,158	33,752	512,917
Unallocated assets						87
Elimination						(21,313)
Total assets						491,691
Segment liabilities	149,193	132,889	57,558	85,703	35,975	461,318
Unallocated liabilities						3,083
Elimination						(21,313)
Total liabilities						443,088
Other information:						
Gross non-bank loans	107,275	155,359	1,258	9	872	264,773
NPAs	576	3,296	–	2	9	3,883

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Treasury and Markets and Insurance.

Global Consumer/Private Banking
Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Wholesale Banking
Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

37. Segment Information (continued)
37.1 Business Segments (continued)

Global Treasury and Markets
Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Insurance
The Group's insurance business, including its fund management activities, is undertaken by the Bank's subsidiary Great Eastern Holdings Limited and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Others
Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The following management reporting methodologies are adopted:
(a) income and expenses are attributable to each segment based on the internal management reporting policies;
(b) in determining the segment results, balance sheet items are internally transfer priced; and
(c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is reclassified to allow comparability. There are no material items of income or expense between the business segments.

37.2 Geographical Segments

$ million	Total income	Profit before income tax	Income tax expenses	Capital expenditure	Total assets	Total liabilities
2020						
Singapore	**5,459**	**1,505**	**12**	**278**	**307,328**	**298,782**
Malaysia	**1,616**	**850**	**165**	**73**	**67,005**	**55,796**
Indonesia	**913**	**225**	**59**	**36**	**19,845**	**16,690**
Greater China	**1,603**	**1,285**	**118**	**34**	**85,326**	**60,820**
Other Asia Pacific	**242**	**123**	**32**	**7**	**18,558**	**10,394**
Rest of the World	**306**	**177**	**51**	**6**	**23,333**	**27,737**
	10,139	**4,165**	**437**	**434**	**521,395**	**470,219**
2019						
Singapore	6,552	3,221	358	397	287,129	283,312
Malaysia	1,469	830	160	56	65,584	54,387
Indonesia	849	274	69	28	17,900	14,639
Greater China	1,494	1,154	105	59	81,684	54,544
Other Asia Pacific	224	156	44	4	16,264	9,426
Rest of the World	283	165	42	18	23,130	26,780
	10,871	5,800	778	562	491,691	443,088

The Group's operations are in six main geographical areas. The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located. The geographical information is stated after elimination of intra-group transactions and balances.

38. Risk Management

38.1 Overview

The Group's risk management framework encompasses good governance, sound policies, robust lines of defence, right expertise and continuous investment in human resources, technology and digital capabilities. The framework is underpinned by a strong corporate culture that demands accountability, ownership and high ethical standards to ensure that the risks being taken are:

- consistent with the Group's corporate strategy and within established risk appetite;
- adequately compensated and meet the Group's risk-return expectations;
- well-understood, evaluated qualitatively and supported by robust quantitative analyses and stress testing;
- managed holistically by evaluating risk interactions across the different risk types;
- efficiently and comprehensively captured, aggregated and reported;
- reviewed by an independent risk function with adequate resources, authority and expertise; and
- accompanied by contingency plans to ensure resilience against potential crises or unexpected events.

The Board of Directors (Board) has the ultimate responsibility for the effective management of risk and establishes the corporate strategy and approves the risk appetite within which senior management should execute the strategy.

The Board Risk Management Committee (BRMC) is the designated board committee to ensure that the Group's overall risk management philosophy and principles are aligned with the corporate strategy and within the approved risk appetite. It also ensures that the overall risk management organisation is in place and effective. Based on the approved risk appetite, BRMC approves various quantitative guidance and qualitative expectations and these are cascaded to major business units and risk functions to guide risk-taking. Risk drivers, risk profiles across major lines of business and risk types, as well as major risk policies and compliance matters are regularly reviewed by senior management, Group Chief Executive Officer (CEO) and BRMC. These matters are reviewed and discussed in greater detail at the dedicated risk committees for major risk types.

The Bank has an independent risk management function, Group Risk Management Division (GRM), headed by the Group Chief Risk Officer (CRO), who reports to the BRMC and CEO. GRM has the functional responsibility for providing independent risk control and managing credit, market, liquidity and operational risks. It provides regular risk reports and updates on material risk issues to the senior management, risk committees, BRMC and the Board. Risk management staff work closely with the business and other support units to ensure that risks are well managed.

In addition to the above, GRM oversees the Group's data management via a framework that comprises data policies, standards and controls. The objective is to ensure the quality of critical data elements and to effectively aggregate such data for accurate and timely reporting. To ensure the ethical use of data, the Group has embedded the Monetary Authority of Singapore's Principles to Promote Fairness, Ethics, Accountability and Transparency (FEAT) in the use of artificial intelligence and data analytics (AIDA) in decision-making models in the Group's Model Risk Management Framework.

GRM also oversees the New Product Approval Process (NPAP) to ensure that all inherent risks associated with new products and services are comprehensively identified, managed and mitigated. Compliance with regulatory requirements and adequacy of resources to support the new products and services are also addressed through the NPAP.

The table below shows the value-at-risk (VaR) by risk type for the Group's trading portfolio.

	2020				2019			
$ million	End of the period	Average	Minimum	Maximum	End of the period	Average	Minimum	Maximum
Interest rate VaR	**5.69**	**7.99**	**2.96**	**15.20**	3.28	3.28	2.03	5.20
Foreign exchange VaR	**3.77**	**2.67**	**1.00**	**6.74**	1.35	2.53	0.95	5.25
Equity VaR	**4.88**	**2.88**	**0.42**	**10.49**	2.88	1.48	0.37	3.14
Credit spread VaR	**6.01**	**5.29**	**1.24**	**10.75**	1.17	1.76	0.85	4.28
Diversification effect [1]	**(7.18)**	**(8.66)**	**NM** [2]	**NM** [2]	(4.58)	(4.55)	NM [2]	NM [2]
Aggregate VaR	**13.17**	**10.18**	**4.12**	**26.34**	4.11	4.51	2.65	7.42

(1) *Diversification effect is computed as the difference between Aggregate VaR and the sum of asset class VaRs.*
(2) *Not meaningful as the minimum and maximum VaR may have occurred on different days for different asset classes.*

38. Risk Management (continued)

38.2 Credit Risk

Credit risk is the risk of loss of principal and/or income due to the failure of an obligor or counterparty to meet its financial or contractual obligations or an adverse change in the credit profile of the obligor or counterparty. Credit risk arises from the Group's lending activities to retail, corporate and institutional customers. It also includes counterparty and issuer credit risks arising from the Group's trading and investment banking activities.

Maximum Exposure to Credit Risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Carrying amount		Average	
$ million	2020	2019	2020	2019
Credit risk exposure of on-balance sheet assets:				
Loans to customers	**263,538**	262,348	**264,153**	256,419
Placements with and loans to banks	**32,816**	35,864	**33,497**	36,749
Government treasury bills and securities	**33,291**	28,754	**30,866**	29,091
Debt securities	**27,934**	25,023	**27,074**	24,306
Amounts due from associates	**41**	75	**27**	31
Derivative receivables	**15,223**	7,349	**15,470**	15,882
Other assets, comprising interest receivables and sundry debtors	**2,126**	1,806	**2,944**	2,100
	374,969	361,219	**374,031**	364,578
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**13,292**	13,944	**13,101**	12,333
Credit commitments	**160,134**	153,799	**160,213**	148,326
	173,426	167,743	**173,314**	160,659
Total maximum credit risk exposure	**548,395**	528,962	**547,345**	525,237

Collateral

The main types of collateral obtained by the Group are as follows:

• Residential property loans	Mortgages over residential properties
• Commercial property loans	Mortgages over commercial properties
• Derivatives	Cash and securities
• Car loans	Charges over the vehicles financed
• Share margin financing	Charges over listed securities including those of Singapore, Malaysia and Hong Kong
• Other loans	Securities and charges over business assets such as premises, inventories, trade receivables, deposits, single premium insurance policies or marketable securities

38. Risk Management (continued)

38.2 Credit Risk (continued)

Analysed by Geography

$ million	Derivative receivables (Note 18)	Government treasury bills and securities (Note 24)	Balances with banks (Note 25)	Loans to customers (Note 26)	Non-performing assets (Note 27)	Allowances for impaired assets (Note 27)	Debt securities (Note 29)
GROUP							
2020							
Singapore	**1,719**	**10,628**	**644**	**109,826**	**1,725**	**969**	**2,863**
Malaysia	**433**	**5,148**	**2,945**	**27,819**	**782**	**205**	**1,452**
Indonesia	**311**	**4,605**	**553**	**18,833**	**651**	**312**	**1,318**
Greater China	**2,129**	**5,678**	**20,895**	**65,216**	**358**	**129**	**15,431**
Other Asia Pacific	**875**	**4,906**	**1,443**	**18,886**	**118**	**45**	**4,635**
Rest of the World	**9,756**	**2,326**	**4,830**	**26,660**	**371**	**155**	**2,235**
	15,223	**33,291**	**31,310**	**267,240**	**4,005**	**1,815**	**27,934**
2019							
Singapore	930	11,043	730	108,981	1,717	679	2,615
Malaysia	263	3,841	4,292	28,585	738	308	1,306
Indonesia	184	2,831	905	19,680	678	235	1,545
Greater China	913	4,085	24,017	65,358	230	47	13,032
Other Asia Pacific	444	4,234	1,065	15,674	101	32	4,430
Rest of the World	4,615	2,720	3,607	26,495	419	94	2,095
	7,349	28,754	34,616	264,773	3,883	1,395	25,023
BANK							
2020							
Singapore	**1,869**	**9,294**	**34**	**100,427**	**1,719**	**966**	**1,372**
Malaysia	**185**	**53**	**1,683**	**4,131**	**107**	**41**	**108**
Indonesia	**241**	**526**	**205**	**6,642**	**143**	**90**	**672**
Greater China	**1,203**	**3,005**	**18,539**	**27,373**	**220**	**109**	**7,855**
Other Asia Pacific	**751**	**4,895**	**1,355**	**15,914**	**118**	**44**	**3,957**
Rest of the World	**9,269**	**932**	**2,268**	**18,729**	**333**	**143**	**1,684**
	13,518	**18,705**	**24,084**	**173,216**	**2,640**	**1,393**	**15,648**
2019							
Singapore	923	9,892	366	98,419	1,714	677	708
Malaysia	81	152	3,271	4,072	254	173	169
Indonesia	127	348	367	6,503	143	36	840
Greater China	450	2,036	21,317	26,398	102	28	5,991
Other Asia Pacific	378	4,224	957	12,673	100	31	3,518
Rest of the World	4,365	901	1,829	18,096	390	90	1,465
	6,324	17,553	28,107	166,161	2,703	1,035	12,691

The analysis by geography is determined based on where the credit risk resides.

38. Risk Management (continued)

38.2 Credit Risk (continued)

Total Loans and Advances – Credit Quality

In addition to the credit grading of facilities under MAS Notice 612, loans and advances are categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Impaired loans are classified loans with specific allowances made.

	Bank loans		Non-bank loans	
$ million	2020	2019	2020	2019
Neither past due nor impaired	**31,310**	34,616	**261,570**	259,662
Non-impaired	**–**	–	**2,335**	1,818
Impaired	**–**	–	**2,332**	2,550
Past due loans	**–**	–	**4,667**	4,368
Impaired but not past due	**–**	–	**1,003**	743
Gross loans	**31,310**	34,616	**267,240**	264,773
Allowances				
Impaired loans	**–**	–	**(1,812)**	(1,395)
Non-impaired loans	**(3)**	(9)	**(1,890)**	(1,030)
Net loans	**31,307**	34,607	**263,538**	262,348

Loans Neither Past Due Nor Impaired

Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Bank loans		Non-bank loans	
$ million	2020	2019	2020	2019
Grades				
Performing	**31,310**	34,616	**261,383**	259,482
Non-performing	**–**	–	**187**	180
Neither past due nor impaired	**31,310**	34,616	**261,570**	259,662

Past Due Loans

Analysis of past due loans by industry and geography are as follows:

	Bank loans		Non-bank loans	
$ million	2020	2019	2020	2019
By industry				
Agriculture, mining and quarrying	**–**	–	**102**	243
Manufacturing	**–**	–	**808**	520
Building and construction	**–**	–	**444**	160
General commerce	**–**	–	**907**	646
Transport, storage and communication	**–**	–	**1,163**	1,149
Financial institutions, investment and holding companies	**–**	–	**149**	136
Professionals and individuals (include housing loans)	**–**	–	**953**	1,444
Others	**–**	–	**141**	70
	–	–	**4,667**	4,368
By geography				
Singapore	**–**	–	**1,383**	1,846
Malaysia	**–**	–	**672**	863
Indonesia	**–**	–	**2,043**	848
Greater China	**–**	–	**346**	652
Rest of the World	**–**	–	**223**	159
	–	–	**4,667**	4,368

38. Risk Management (continued)

38.2 Credit Risk (continued)

Loans Past Due But Not Impaired

Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside. The Group's non-bank loans which are past due but not impaired are as follows:

$ million	2020	2019
Past due		
Less than 30 days	**1,697**	1,017
30 to 90 days	**311**	444
Over 90 days	**327**	357
Past due but not impaired	**2,335**	1,818

Collateral and Other Credit Enhancements Obtained

Assets amounting to $18 million (2019: $49 million) were obtained by the Group during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises repossessed for its business use.

Country Risk

The Group's country risk framework covers the assessment and rating of countries, as well as the maximum cross-border transfer risk limit granted to any one country based on its risk rating. The risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time-bands and vary according to the risk rating of the country and the political and economic outlook. The Group's main cross-border transfer risk exposures during the financial year were in Hong Kong SAR, People's Republic of China and Malaysia.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management

Market risk is the risk of losing income and/or market value due to fluctuations in factors such as interest rates, foreign exchange rates, credit spreads, equity and commodity prices or changes in volatilities, or correlation of such factors. Market risks arise mainly from the Group's trading, client servicing and balance sheet management activities. It includes interest rate risk in the banking book (IRRBB) which is the risk to earnings and capital arising from exposure to adverse changes in the interest rate environment.

The Group's market risk management framework covers the identification, assessment, measurement, monitoring and control of risks. Group-level market risk policies and procedures are established to provide common guidelines and standards for managing market risks. The Group's market risk management strategy and limits – established within the Group's risk appetite and in line with the Group's business strategies – are regularly reviewed, taking into account prevailing macroeconomic and market conditions.

Asset liability management is the strategic management of the Group's balance sheet structure and liquidity requirements. It covers liquidity sourcing and diversification as well as interest rate and structural foreign exchange management.

The Group's asset liability management framework focuses on managing the exposures arising from the Bank's balance sheet. The Group monitors its liquidity risk, IRRBB and structural foreign exchange risk profiles against approved risk limits under both business-as-usual and stressed scenarios. These are based on the standards established in the Group's framework, policies and procedures which are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions and practices.

Interest Rate Risk

The primary goal of the management of IRRBB is to ensure that interest rate risk exposures are maintained within defined risk tolerances and are consistent with the Group's risk appetite. The material sources of IRRBB are repricing risk, yield curve risk, basis risk and optionality risk.

A range of techniques are used to measure IRRBB from both the earnings and economic value perspectives. One method involves the assessment of the impact of various interest rate scenarios on the Group's net interest income and economic value of equity (EVE) of the banking book. Other measures include interest rate sensitivity metrics such as PV01 and repricing gap profile analysis. Behavioural models are used to assess interest rate risks in relation to loan prepayment, time deposit early redemption and the profile of non-maturity deposits. These measurements are used to adjust IRRBB management and hedging strategies, policies and positions.

The significant market risk faced by the Group is interest rate risk arising from the re-pricing mismatches of assets and liabilities from its banking business. The impact on net interest income of the banking book is simulated under various interest rate scenarios and assumptions. Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar, Hong Kong Dollar and Malaysian Ringgit, net interest income is estimated to increase by $805 million (2019: $681 million), or approximately +13.5% (2019: +10.8%) of reported net interest income. The corresponding impact from a 100 bp decrease in interest rates is an estimated reduction of $805 million (2019: $681 million) in net interest income, or approximately -13.5% (2019: -10.8%) of reported net interest income.

The 1% rate shock impact on net interest income is based on the Group's interest rate risk profile as at reporting date. It does not take into account actions that would be taken by Global Treasury or the business units to mitigate the impact of this interest rate risk. The projections also assume a constant balance sheet size and position.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Currency Risk

The Group's foreign exchange position by major currencies is shown below. "Others" include mainly Indonesian Rupiah, Chinese Renminbi, Australian Dollar, Euro, Japanese Yen and Sterling Pound.

$ million	SGD	USD	MYR	HKD	Others	Total
2020						
Cash and placements with central banks	**16,946**	**2,735**	**893**	**367**	**5,584**	**26,525**
Placements with and loans to banks	**666**	**22,430**	**1,209**	**135**	**6,867**	**31,307**
Loans to customers	**95,319**	**61,017**	**19,994**	**32,593**	**54,615**	**263,538**
Securities [1]	**14,164**	**18,303**	**6,398**	**2,521**	**25,048**	**66,434**
Derivative receivables	**5,705**	**5,440**	**222**	**1,126**	**2,730**	**15,223**
Other assets	**1,748**	**2,380**	**261**	**549**	**868**	**5,806**
Amounts due from associates	**–**	**–**	**–**	**#**	**41**	**41**
Financial assets	**134,548**	**112,305**	**28,977**	**37,291**	**95,753**	**408,874**
Deposits of non-bank customers	**123,217**	**95,226**	**23,096**	**23,463**	**49,905**	**314,907**
Deposits and balances of banks	**675**	**4,268**	**234**	**1,065**	**3,344**	**9,586**
Trading portfolio liabilities	**296**	**42**	**–**	**–**	**1**	**339**
Derivative payables	**5,340**	**5,816**	**266**	**1,041**	**3,053**	**15,516**
Other liabilities [2]	**4,050**	**2,217**	**559**	**642**	**944**	**8,412**
Debt issued	**411**	**15,781**	**74**	**–**	**8,089**	**24,355**
Financial liabilities	**133,989**	**123,350**	**24,229**	**26,211**	**65,336**	**373,115**
Net financial assets/(liabilities) exposure [3]	**559**	**(11,045)**	**4,748**	**11,080**	**30,417**	
2019						
Cash and placements with central banks	13,437	3,151	1,977	308	4,328	23,201
Placements with and loans to banks	281	25,497	969	822	7,038	34,607
Loans to customers	92,951	64,116	20,546	34,276	50,459	262,348
Securities [1]	14,311	16,782	4,959	2,613	19,342	58,007
Derivative receivables	2,278	3,374	94	451	1,152	7,349
Other assets	1,383	1,860	205	258	703	4,409
Amounts due from associates	–	–	–	#	75	75
Financial assets	124,641	114,780	28,750	38,728	83,097	389,996
Deposits of non-bank customers	107,278	102,800	22,827	25,906	44,040	302,851
Deposits and balances of banks	801	4,287	184	282	2,696	8,250
Trading portfolio liabilities	90	#	–	–	2	92
Derivative payables	2,300	3,537	120	532	1,198	7,687
Other liabilities [2]	3,611	1,806	603	614	559	7,193
Debt issued	413	20,092	192	243	8,448	29,388
Financial liabilities	114,493	132,522	23,926	27,577	56,943	355,461
Net financial assets/(liabilities) exposure [3]	10,148	(17,742)	4,824	11,151	26,154	

(1) Securities comprise government, debt and equity securities.
(2) Other liabilities include amounts due to associates.
(3) Net exposure without taking into account the effect of offsetting derivative exposures.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises primarily from the Group's non-SGD investment in overseas branches, subsidiaries and associates, strategic investments, as well as property assets. The Group manages structural foreign exchange risk through hedging instruments including the use of derivatives and matched funding for foreign currency investments. The table below shows the Group's structural foreign currency exposure at reporting date.

	2020			2019		
$ million	Structural currency exposure	Structural currency exposure – hedged	Net structural currency exposure	Structural currency exposure	Structural currency exposure – hedged	Net structural currency exposure
Hong Kong Dollar	**7,217**	**–**	**7,217**	7,029	–	7,029
Chinese Renminbi	**6,495**	**–**	**6,495**	5,410	–	5,410
US Dollar	**3,584**	**3,115**	**469**	3,909	3,174	735
Others	**7,836**	**50**	**7,786**	7,235	51	7,184
Total	**25,132**	**3,165**	**21,967**	23,583	3,225	20,358

Net Investment Hedges

The amounts relating to items designated as hedging instruments were as follows.

		Carrying amount	
$ million	Nominal amount	Assets	Liabilities
2020			
Foreign exchange derivatives	**3,345**	**161**	**20**
2019			
Foreign exchange derivatives	3,119	42	198

The total change in fair value of the hedging instruments during the year was $125 million (2019: $62 million) and the change in value of the hedging instruments recognised in OCI was $125 million (2019: $48 million). There was no gain or loss recognised in other income arising from hedge ineffectiveness in 2020 (2019: $14 million gain).

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Liquidity Risk

Liquidity risk is the risk of being unable to meet financial obligations falling due without incurring unacceptable losses. This risk includes the inability of the Group to manage unplanned decreases or changes in funding sources and the failure to recognise or address changes in market conditions that affect the Group's ability to liquidate assets with minimal loss in value.

The objective of liquidity risk management is to ensure that the Group has sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on contractual and behavioural bases. Indicators such as liquidity and deposit concentration ratios are used to establish the optimal funding mix and asset composition. Funding strategies are established to provide effective diversification and stability in funding sources across tenors, products and geographies. Simulations of liquidity exposures under stressed market scenarios are performed and the results are used to adjust liquidity risk management strategies, policies and positions, as well as develop contingency funding plans.

The table below analyses the carrying amount of assets and liabilities of the Group into maturity time bands based on the remaining term to contractual maturity as at the balance sheet date.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2020								
Cash and placements with central banks	**11,968**	**4,546**	**5,286**	**277**	**–**	**–**	**4,448**	**26,525**
Placements with and loans to banks	**7,296**	**1,430**	**5,503**	**14,824**	**2,254**	**#**	**–**	**31,307**
Loans to customers	**19,291**	**37,177**	**16,593**	**27,836**	**53,112**	**109,529**	**–**	**263,538**
Securities [1]	**522**	**1,450**	**3,636**	**14,927**	**21,403**	**19,286**	**5,210**	**66,434**
Derivative receivables	**14,603**	**3**	**#**	**#**	**320**	**297**	**–**	**15,223**
Other assets [2]	**2,845**	**1,078**	**789**	**356**	**69**	**49**	**753**	**5,939**
Associates	**1**	**–**	**#**	**40**	**–**	**#**	**4,592**	**4,633**
Property, plant and equipment and investment property [3]	**–**	**#**	**2**	**–**	**–**	**–**	**3,679**	**3,681**
Goodwill and intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**4,837**	**4,837**
Total	**56,526**	**45,684**	**31,809**	**58,260**	**77,158**	**129,161**	**23,519**	**422,117**
Total life insurance fund assets								**99,278**
Total assets								**521,395**
Deposits of non-bank customers	**202,606**	**32,526**	**39,950**	**37,286**	**1,748**	**791**	**–**	**314,907**
Deposits and balances of banks	**6,881**	**2,103**	**588**	**14**	**–**	**–**	**–**	**9,586**
Trading portfolio liabilities	**–**	**–**	**337**	**–**	**–**	**–**	**2**	**339**
Derivative payables	**15,167**	**2**	**1**	**45**	**146**	**155**	**–**	**15,516**
Other liabilities [4]	**4,294**	**1,242**	**759**	**1,717**	**221**	**167**	**1,138**	**9,538**
Debt issued	**331**	**1,028**	**5,777**	**8,151**	**4,994**	**4,074**	**–**	**24,355**
Total	**229,279**	**36,901**	**47,412**	**47,213**	**7,109**	**5,187**	**1,140**	**374,241**
Total life insurance fund liabilities								**95,978**
Total liabilities								**470,219**
Net liquidity gap	**(172,753)**	**8,783**	**(15,603)**	**11,047**	**70,049**	**123,974**		

(1) Securities comprise government, debt and equity securities.
(2) Other assets include deferred tax assets.
(3) Property, plant and equipment and investment property include assets held for sale.
(4) Other liabilities include amounts due to associates, current tax and deferred tax liabilities.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Liquidity Risk (continued)

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	No specific maturity	Total
2019								
Cash and placements with central banks	10,665	4,113	3,181	99	–	–	5,143	23,201
Placements with and loans to banks	5,688	2,314	6,472	17,596	2,537	#	–	34,607
Loans to customers	19,689	33,501	24,789	26,535	42,735	115,099	–	262,348
Securities [1]	753	2,362	4,538	9,810	18,455	17,859	4,230	58,007
Derivative receivables	7,090	2	#	#	82	175	–	7,349
Other assets [2]	1,570	1,089	729	375	81	74	578	4,496
Associates	1	29	22	23	#	–	3,563	3,638
Property, plant and equipment and investment property [3]	#	–	2	1	–	–	3,783	3,786
Goodwill and intangible assets	–	–	–	–	–	–	4,980	4,980
Total	45,456	43,410	39,733	54,439	63,890	133,207	22,277	402,412
Total life insurance fund assets								89,279
Total assets								491,691
Deposits of non-bank customers	165,089	40,877	50,555	42,751	1,792	1,787	–	302,851
Deposits and balances of banks	5,872	1,318	1,006	54	–	–	–	8,250
Trading portfolio liabilities	–	–	90	–	–	–	2	92
Derivative payables	7,409	1	#	9	55	213	–	7,687
Other liabilities [4]	2,944	1,232	1,055	2,044	169	160	878	8,482
Debt issued	737	1,845	6,492	10,738	5,503	4,073	–	29,388
Total	182,051	45,273	59,198	55,596	7,519	6,233	880	356,750
Total life insurance fund liabilities								86,338
Total liabilities								443,088
Net liquidity gap	(136,595)	(1,863)	(19,465)	(1,157)	56,371	126,974		

(1) Securities comprise government, debt and equity securities.
(2) Other assets include deferred tax assets.
(3) Property, plant and equipment and investment property include assets held for sale.
(4) Other liabilities include amounts due to associates, current tax and deferred tax liabilities.

As contractual maturities may not necessarily reflect the timing of actual cash flows of assets and liabilities, cash flows for profiling liquidity risk are on contractual and behavioural bases.

Contractual Maturity for Financial Liabilities

The table below shows the undiscounted cash outflows of the Group's financial liabilities by remaining contractual maturities, except for trading portfolio liabilities which is profiled in accordance with the Group's trading strategies. Information on cash outflow of gross loan commitments is set out in Note 43. The behavioural cash flows of these liabilities could vary significantly from what is shown in the table. For example, demand deposits of non-bank customers, such as current and savings deposits (Note 17) may exhibit a longer behavioural maturity beyond the contractual profile. Similarly, loan commitments are not all expected to be drawn down immediately.

38. Risk Management (continued)

38.3 Market Risk and Asset Liability Management (continued)

Contractual Maturity for Financial Liabilities (continued)

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2020							
Deposits of non-bank customers [1]	**202,631**	**32,629**	**40,082**	**37,583**	**1,862**	**842**	**315,629**
Deposits and balances of banks [1]	**6,883**	**2,104**	**588**	**14**	**–**	**–**	**9,589**
Trading portfolio liabilities	**–**	**–**	**339**	**–**	**–**	**–**	**339**
Other liabilities [2]	**4,258**	**1,127**	**627**	**908**	**198**	**160**	**7,278**
Debt issued	**331**	**1,043**	**5,796**	**8,250**	**5,164**	**4,065**	**24,649**
Derivatives							
Trading	**15,167**	**–**	**–**	**–**	**–**	**–**	**15,167**
Hedging – Net settled	**#**	**2**	**5**	**57**	**105**	**58**	**227**
Hedging – Gross settled							
Outflow	**1**	**100**	**3**	**19**	**2,331**	**837**	**3,291**
Inflow	**–**	**(97)**	**(5)**	**(2)**	**(2,446)**	**(812)**	**(3,362)**
	229,271	**36,908**	**47,435**	**46,829**	**7,214**	**5,150**	**372,807**
2019							
Deposits of non-bank customers [1]	165,175	41,105	50,946	43,455	1,910	1,841	304,432
Deposits and balances of banks [1]	5,873	1,347	1,010	54	–	–	8,284
Trading portfolio liabilities	–	–	92	–	–	–	92
Other liabilities [2]	2,836	699	1,013	833	186	145	5,712
Debt issued	738	1,857	6,522	10,881	5,718	4,229	29,945
Derivatives							
Trading	4,945	–	–	–	–	–	4,945
Hedging – Net settled	#	#	3	9	23	15	50
Hedging – Gross settled							
Outflow	5	107	10	56	1,636	1,717	3,531
Inflow	–	(101)	(5)	(2)	(1,522)	(1,513)	(3,143)
	179,572	45,014	59,591	55,286	7,951	6,434	353,848

(1) *Interest cash flows of bank and non-bank deposits are included in the respective deposit lines based on interest payment dates.*
(2) *Other liabilities include amounts due to associates.*

38.4 Insurance-Related Risk Management

This note sets out the risk management information of GEH Group.

Governance Framework

Managing risk is an integral part of GEH Group's core business. As stated in the Enterprise Risk Management (ERM) Framework, GEH Group shall operate within parameters and limits that are calibrated to the risk appetite approved by the GEH Board, and pursue appropriate risk-adjusted returns.

GEH Group Risk Management department spearheads the development and implementation of the ERM Framework for GEH Group.

GEH Board is responsible for overseeing GEH Group's risk management initiatives. GEH Board may delegate this responsibility to the Risk Management Committee (RMC). At GEH Group level, detailed risk management and oversight activities are undertaken by the following Group Management committees, all of which are chaired by GEH Group Chief Executive Officer and comprise key Senior Management Executives, namely: Group Management Committee (GMC), Group Asset-Liability Committee (Group ALC), Group Investment Committee (Group IC), Group Product Management and Approval Committee (Group PMAC) and Group Technology Strategy Committee (Group TSC).

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Governance Framework (continued)

GMC is responsible for providing leadership, direction and functional oversight on all matters of GEH Group. In addition to complying with regulatory requirements, the GMC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMC is supported by the Group IC, Group ALC, Group PMAC, Group TSC, Local Senior Management Team (SMT), Local ALC, Local Product Development Committee (PDC) and Local TSC.

Group IC is responsible for overseeing all investment management activities of GEH Group and ensuring that the interests and rights of policyholders are not compromised.

Group ALC is responsible for balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies, processes and methodologies relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the local ALC.

Group TSC is responsible for assisting GMC in providing the overall strategic direction and approval of all IT related issues and initiatives, including the digitalisation and transformation programs to support GEH Group's strategic growth into the future. Group TSC is supported by local TSC.

Group PMAC is responsible for reviewing, approving and managing new and existing products, ensuring the business operates within the risk appetite to deliver the annual business targets. Local PDC is responsible for reviewing and endorsing new products at the local operating subsidiaries.

Regulatory Framework

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors (Board) of the insurance subsidiaries. GEH Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Capital Management

The objectives of GEH's capital management policy are to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

GEH Group had no significant changes in the policies and processes relating to its capital structure during the year.

Regulatory Capital

GEH Group and its insurance subsidiaries are required to comply with the capital ratios prescribed by the insurance regulations of the jurisdictions in which the subsidiaries operate. The Capital Adequacy Ratios of GEH Group and its insurance subsidiaries in Singapore, Malaysia and Indonesia remained well above the regulatory minimum ratios under the Risk-based Capital Frameworks established by the Monetary Authority of Singapore (MAS), Bank Negara Malaysia (BNM) and Otoritas Jasa Keuangan, Indonesia respectively.

GEH Group's approach to capital management aims to maintain an adequate level of capital to meet regulatory requirements, including any additional amounts required by the regulators of GEH Group and its insurance subsidiaries. This involves managing assets, liabilities and risks in a coordinated way by assessing and monitoring available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking appropriate actions to adjust the capital position of GEH Group and/or its subsidiaries in light of changes in economic conditions and risk characteristics.

The primary sources of capital of GEH Group are shareholders' equity and issued subordinated debt. GEH Group defines available capital as the amount of assets in excess of liabilities measured in accordance with the insurance regulations of the respective jurisdictions in which the insurance subsidiaries operate.

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

The following sections provide details of GEH Group's exposure to insurance and key financial risks, as well as the objectives, policies and processes for managing these risks.

There has been no change to GEH Group's exposure to these insurance and key financial risks or the manner in which it manages and measures the risks.

Insurance Risk

The principal activity of GEH Group is the provision of insurance products and related financial advisory services. The products cover risks such as mortality, morbidity (health, disability, critical illness, personal accident), and property and casualty, and meet customer needs in investment and retirement provision.

GEH Group's underwriting strategy is designed to ensure that risks are well diversified across the types of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes into account of current health conditions and family medical history, regular review of actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also established to enforce appropriate risk selection criteria. For example, GEH Group has the right to reject renewal of insurance policy, impose deductibles and reject payment of fraudulent claims.

Risks inherent in GEH Group's activities include but are not limited to the following.

Insurance Risks of Life Insurance Contracts

Insurance risks arise when GEH Group underwrites insurance contracts. While insurance risks may not vary significantly across the geographical locations in which GEH Group currently operates, the types of risks insured, assumptions used in pricing the insurance products and subsequent setting aside of the technical provisions may give rise to potential shortfalls in provision for future claims and expenses when actual claims experience are worse than projections. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

GEH Group utilises reinsurance to manage the mortality and morbidity risks. GEH Group's reinsurance management strategy and policy are reviewed annually by RMC and GEH Group ALC. Reinsurance is structured according to the type of risk insured. Catastrophe reinsurance is procured to limit catastrophic losses. GEH Group's exposure to group insurance business is not significant and there is no material concentration risk.

In general, reinsurers must have a minimum credit rating of S&P A- or equivalent to be considered for reinsurance business. GEH Group limits its risk to any one reinsurer by ceding different products to different reinsurers or to a panel of reinsurers.

GEH Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses and ensures that the policies, guidelines and limits established for managing the risks remain adequate and appropriate.

A substantial portion of GEH Group's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment portfolios perform below expectations, or claims experience is higher than expected.

For investment-linked funds, the risk exposure for GEH Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing is performed at least once a year to assess the solvency of the life insurance fund under various stress scenarios. The stress scenarios include regulatory prescribed scenarios, as well as scenarios depicting drastic changes in key parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risks of Life Insurance Contracts (continued)

Table 38.4(A):

The table below sets out the concentration of insurance contract liabilities by type of contract and country as at the balance sheet date.

	Gross			Reinsurance			
$ million	With DPF [1]	Without DPF	Total	With DPF	Without DPF	Total	Net total
(a) By class of business							
2020							
Whole life	**37,089**	**10,287**	**47,376**	**14**	**(32)**	**(18)**	**47,358**
Endowment	**22,580**	**7,768**	**30,348**	**(65)**	**(120)**	**(185)**	**30,163**
Term	**#**	**807**	**807**	**(#)**	**(125)**	**(125)**	**682**
Accident and health	**2**	**2,357**	**2,359**	**–**	**(1,860)**	**(1,860)**	**499**
Annuity	**27**	**497**	**524**	**–**	**–**	**–**	**524**
Others	**131**	**1,361**	**1,492**	**(1)**	**(20)**	**(21)**	**1,471**
Total	**59,829**	**23,077**	**82,906**	**(52)**	**(2,157)**	**(2,209)**	**80,697**
2019							
Whole life	32,247	8,749	40,996	(7)	(56)	(63)	40,933
Endowment	21,114	7,946	29,060	(68)	(488)	(556)	28,504
Term	#	531	531	–	(32)	(32)	499
Accident and health	2	1,814	1,816	–	(1,444)	(1,444)	372
Annuity	27	480	507	–	–	–	507
Others	183	1,067	1,250	(1)	(1)	(2)	1,248
Total	53,573	20,587	74,160	(76)	(2,021)	(2,097)	72,063
(b) By country							
2020							
Singapore	**43,512**	**16,745**	**60,257**	**(46)**	**(1,901)**	**(1,947)**	**58,310**
Malaysia	**15,966**	**5,773**	**21,739**	**(7)**	**(253)**	**(260)**	**21,479**
Others	**351**	**559**	**910**	**1**	**(3)**	**(2)**	**908**
Total	**59,829**	**23,077**	**82,906**	**(52)**	**(2,157)**	**(2,209)**	**80,697**
2019							
Singapore	37,445	15,441	52,886	(68)	(1,900)	(1,968)	50,918
Malaysia	15,828	4,658	20,486	(8)	(119)	(127)	20,359
Others	300	488	788	#	(2)	(2)	786
Total	53,573	20,587	74,160	(76)	(2,021)	(2,097)	72,063

(1) *DPF is defined as contracts with Discretionary Participating Features.*

The sensitivity analysis below shows the impact of changes in key parameters on the value of policy liabilities, and hence on the income statements and shareholders' equity.

Sensitivity analysis produced are based on parameters set out as follows:

	Change in assumptions
(a) Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b) Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c) Scenario 3 – Health and Disability	+ 25% for all future years
(d) Scenario 4 – Health and Disability	– 25% for all future years
(e) Scenario 5 – Lapse and Surrender Rates	+ 25% for all future years
(f) Scenario 6 – Lapse and Surrender Rates	– 25% for all future years
(g) Scenario 7 – Expenses	+ 30% for all future years

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Insurance Risk (continued)
Insurance Risks of Life Insurance Contracts (continued)
Table 38.4(B1): Profit/(Loss) After Tax and Shareholders' Equity Sensitivity for the Singapore Segment

Impact on 1-Year's Profit/(Loss) After Tax and Shareholders' Equity
Life insurance contracts

	2020			2019		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
Scenario 1	**(622)**	**282**	**(340)**	(317)	139	(178)
Scenario 2	**434**	**(196)**	**238**	144	(46)	98
Scenario 3	**(328)**	**201**	**(127)**	(88)	1	(87)
Scenario 4	**204**	**(89)**	**115**	36	(#)	36
Scenario 5	**108**	**(17)**	**91**	77	(8)	69
Scenario 6	**(147)**	**26**	**(121)**	(82)	3	(79)
Scenario 7	**(44)**	**6**	**(38)**	(13)	1	(12)

Table 38.4(B2): Profit/(Loss) After Tax and Shareholders' Equity Sensitivity for the Malaysia Segment

Impact on 1-Year's Profit/(Loss) After Tax and Shareholders' Equity
Life insurance contracts

	2020			2019		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
Scenario 1	**(131)**	**7**	**(124)**	(103)	8	(95)
Scenario 2	**117**	**(7)**	**110**	94	(8)	86
Scenario 3	**(19)**	**1**	**(18)**	(19)	1	(18)
Scenario 4	**17**	**(1)**	**16**	14	(1)	13
Scenario 5	**(1)**	**(#)**	**(1)**	1	(#)	1
Scenario 6	**5**	**#**	**5**	1	#	1
Scenario 7	**(32)**	**–**	**(32)**	(28)	–	(28)

The tables above demonstrate the sensitivity of GEH Group's profit or loss after tax to possible changes in individual actuarial valuation assumptions on an individual basis with all other variables held constant.

The method used, including the significant assumptions made, for performing the above sensitivity analysis did not change from the previous year.

Insurance Risk of Non-Life Insurance Contracts
Risks under non-life insurance policies usually cover a twelve-month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claims liabilities. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Insurance Risk (continued)
Insurance Risk of Non-Life Insurance Contracts (continued)
Table 38.4(C1):
The table below sets out the distribution of the various categories of the non-life insurance risk as at the balance sheet date.

	2020			2019		
Non-life insurance contracts $ million	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities	Gross premium liabilities	Reinsured premium liabilities	Net premium liabilities
(a) By class of business						
Fire	**32**	**(14)**	**18**	27	(10)	17
Motor	**38**	**(4)**	**34**	38	(2)	36
Marine and aviation	**12**	**(7)**	**5**	11	(6)	5
Workmen's compensation	**22**	**(7)**	**15**	27	(11)	16
Personal accident and health	**23**	**(2)**	**21**	24	(2)	22
Miscellaneous	**62**	**(39)**	**23**	52	(33)	19
Total	**189**	**(73)**	**116**	179	(64)	115
(b) By country						
Singapore	**98**	**(44)**	**54**	95	(43)	52
Malaysia	**74**	**(23)**	**51**	71	(19)	52
Indonesia	**17**	**(6)**	**11**	13	(2)	11
Total	**189**	**(73)**	**116**	179	(64)	115

	2020			2019		
Non-life insurance contracts $ million	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities	Gross claims liabilities	Reinsured claims liabilities	Net claims liabilities
(a) By class of business						
Fire	**55**	**(37)**	**18**	50	(33)	17
Motor	**52**	**(7)**	**45**	56	(5)	51
Marine and aviation	**34**	**(25)**	**9**	51	(36)	15
Workmen's compensation	**27**	**(10)**	**17**	29	(11)	18
Personal accident and health	**23**	**(3)**	**20**	22	(3)	19
Miscellaneous	**160**	**(124)**	**36**	72	(44)	28
Total	**351**	**(206)**	**145**	280	(132)	148
(b) By country						
Singapore	**191**	**(137)**	**54**	111	(61)	50
Malaysia	**128**	**(55)**	**73**	127	(55)	72
Indonesia	**32**	**(14)**	**18**	42	(16)	26
Total	**351**	**(206)**	**145**	280	(132)	148

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts (continued)

Table 38.4(C2): Cumulative Claims Estimates and Cumulative Payments To-Date

The tables below show the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date.

(i) Gross non-life insurance contract liabilities for 2020

$ million	2013	2014	2015	2016	2017	2018	2019	2020	Total
(a) Estimate of cumulative claims									
Accident Year	138	127	166	178	169	163	234	288	
One year later	131	119	162	178	166	172	235	–	
Two years later	117	116	134	173	200	161	–	–	
Three years later	116	112	140	210	205	–	–	–	
Four years later	120	107	178	209	–	–	–	–	
Five years later	123	141	178	–	–	–	–	–	
Six years later	141	140	–	–	–	–	–	–	
Seven years later	141	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**141**	**140**	**178**	**209**	**205**	**161**	**235**	**288**	
(b) Cumulative payments									
Accident Year	38	39	52	82	64	55	96	108	
One year later	79	87	105	138	107	120	158	–	
Two years later	91	96	114	154	166	135	–	–	
Three years later	95	99	128	196	180	–	–	–	
Four years later	112	100	166	198	–	–	–	–	
Five years later	121	135	167	–	–	–	–	–	
Six years later	140	136	–	–	–	–	–	–	
Seven years later	141	–	–	–	–	–	–	–	
Cumulative payments	**141**	**136**	**167**	**198**	**180**	**135**	**158**	**108**	
(c) Non-life gross claim liabilities	**#**	**4**	**11**	**11**	**25**	**26**	**77**	**180**	**334**
Reserve for prior years									**17**
Non-life insurance contract liabilities, gross									**351**

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts (continued)

Table 38.4(C2): Cumulative Claims Estimates and Cumulative Payments To-Date (continued)

(ii) Non-life insurance contract liabilities, net of reinsurance of liabilities, for 2020

$ million	2013	2014	2015	2016	2017	2018	2019	2020	Total
(a) Estimate of cumulative claims									
Accident Year	93	81	83	91	93	106	132	119	
One year later	74	77	79	85	92	120	122	–	
Two years later	72	76	75	83	127	117	–	–	
Three years later	71	75	72	107	125	–	–	–	
Four years later	69	72	95	106	–	–	–	–	
Five years later	67	93	95	–	–	–	–	–	
Six years later	80	92	–	–	–	–	–	–	
Seven years later	79	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**79**	**92**	**95**	**106**	**125**	**117**	**122**	**119**	
(b) Cumulative payments									
Accident Year	30	32	30	41	44	47	59	51	
One year later	55	59	56	66	72	93	95	–	
Two years later	61	65	62	72	109	102	–	–	
Three years later	63	68	64	98	113	–	–	–	
Four years later	64	69	88	100	–	–	–	–	
Five years later	65	90	89	–	–	–	–	–	
Six years later	79	91	–	–	–	–	–	–	
Seven years later	79	–	–	–	–	–	–	–	
Cumulative payments	**79**	**91**	**89**	**100**	**113**	**102**	**95**	**51**	
(c) Non-life net claim liabilities	**#**	**1**	**6**	**6**	**12**	**15**	**27**	**68**	**135**
Reserve for prior years									**10**
Non-life insurance contract liabilities, net									**145**

Key Assumptions

Non-life insurance contract liabilities are determined based on claims experience, knowledge of existing events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, trends in historical claims, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by achieving a large and well-diversified portfolio of insurance contracts across various industries and geographical areas. The risks are further mitigated by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. Comprehensive assessment of new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to further reduce the risk exposure of GEH Group. In addition, GEH Group further enforces a policy of active management and prompt pursuit of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact GEH Group.

GEH Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events such as hurricanes, earthquakes and flood damages.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Insurance Risk (continued)

Insurance Risk of Non-Life Insurance Contracts (continued)

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

		Impact on			
$ million	Change in assumptions	Gross liabilities	Net liabilities	Profit before tax	Equity
2020					
Provision for adverse deviation margin	**+20%**	**8**	**4**	**(4)**	**(3)**
Loss ratio [1]	**+20%**	**78**	**37**	**(37)**	**(30)**
Claims handling expenses	**+20%**	**2**	**2**	**(2)**	**(1)**
2019					
Provision for adverse deviation margin	+20%	7	2	(2)	(2)
Loss ratio [1]	+20%	67	41	(41)	(32)
Claims handling expenses	+20%	2	1	(1)	(1)

(1) *Best estimate reserves and current accident year payments.*

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Market and Credit Risk

Market risk arises when market values of assets and liabilities are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates, equity prices and prices of alternative investment assets can impact present and future earnings of the insurance operations, as well as shareholders' equity.

GEH Group is exposed to market risk through its investment portfolios, as well as in the mismatches between the assets and liabilities of the Insurance Funds. In the case of the third-party funds managed by its asset management subsidiary, Lion Global Investors Limited, investment risks are borne by investors and GEH Group does not assume any liability in the event of occurrence of loss or write-down in market valuations.

GEH Group ALC, Group IC and local ALCs actively manage market risks through the setting of investment policies and asset allocations, approving portfolio construction, risk measurement methodologies, as well as hedging and alternative risk transfer strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within GEH Group's risk appetite and in line with GEH Group's management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by GEH Group in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit risk, alternative investment risk and liquidity risk, is briefly described below.

(a) Interest Rate Risk (Including Asset Liability Mismatch)

GEH Group is exposed to interest rate risk through (i) investments in fixed income instruments and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur economic losses when interest rates rise. Given the long duration of policy liabilities and the uncertainties in the cash flows of Insurance Funds, it is not possible to hold assets with duration that perfectly matches the duration of the policy liabilities. This results in interest rate risk and asset liability mismatch risk, and these risks are managed and monitored by GEH Group ALC and the local ALCs. The Insurance Funds will incur an economic loss when interest rates drop as the duration of policy liabilities is generally longer than the duration of fixed income assets.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)

(a) Interest Rate Risk (Including Asset Liability Mismatch) (continued)

Under Singapore regulations governed by the MAS, the discounting rate used for discounting liability cash flows may include a positive adjustment in the form of Matching Adjustment, or Illiquidity Premium, subject to certain conditions being met. As a result, the Singapore non-participating funds could have losses when the magnitude of the adjustment decreases.

Under Malaysia regulations governed by BNM, liability cash flows with durations less than 15 years are discounted using zero-coupon spot yields of Malaysia Government Securities (MGS) with matching durations, while liability cash flows with durations of 15 years or more are discounted using zero-coupon spot yield of MGS with a 15-year term to maturity. As a result, the Malaysia non-participating fund could have losses when the zero-coupon spot yields of MGS decrease.

(b) Foreign Exchange Risk

The foreign exchange risk inherent in foreign currency fixed income portfolio is typically hedged using currency forwards and swaps wherever practical and cost-effective. Foreign exchange instruments are also used for efficient portfolio management.

The SGD and MYR positions predominately arose from the entities within GEH Group with the same respective functional currencies. GEH Group has no significant concentration of foreign exchange risk.

Limits are set on the total amount of foreign currency (net of liabilities) to cap GEH Group's foreign exchange risk.

The tables below show the foreign exchange position of GEH Group's financial and insurance-related assets and liabilities by major currencies.

$ million	SGD	MYR	USD	Others	Total
2020					
Financial assets at FVOCI					
Equity securities	392	308	142	1,180	2,022
Debt securities	2,707	1,006	2,449	389	6,551
Financial assets at FVTPL					
Equity securities	1,348	7,768	1,402	3,785	14,303
Debt securities	17,952	14,873	11,504	5,793	50,122
Other investments	5,886	151	5,161	2,038	13,236
Financial assets at amortised cost					
Debt securities	–	–	159	14	173
Derivative financial assets	468	3	249	44	764
Loans	587	282	2	20	891
Reinsurers' share of insurance contract liabilities	1,946	338	191	13	2,488
Insurance receivables	1,045	2,005	8	15	3,073
Other debtors	424	283	201	76	984
Cash and cash equivalents	7,408	1,387	516	339	9,650
Financial and insurance-related assets	40,163	28,404	21,984	13,706	104,257
Other creditors	1,899	460	181	26	2,566
Insurance payables	1,819	4,010	3	10	5,842
Derivative financial liabilities	30	–	29	214	273
Provision for agents' retirement benefits	–	296	–	–	296
Debt issued	400	–	–	–	400
Insurance contract liabilities	58,145	21,942	2,690	669	83,446
Financial and insurance-related liabilities	62,293	26,708	2,903	919	92,823

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(b) Foreign Exchange Risk (continued)

$ million	SGD	MYR	USD	Others	Total
2019					
Financial assets at FVOCI					
Equity securities	364	221	–	1,004	1,589
Debt securities	4,834	816	2,616	401	8,667
Financial assets at FVTPL					
Equity securities	1,435	7,017	1,161	3,629	13,242
Debt securities	16,433	14,352	9,993	5,629	46,407
Other investments	5,646	213	4,375	1,852	12,086
Financial assets at amortised cost					
Debt securities	–	–	112	15	127
Derivative financial assets	375	–	25	17	417
Loans	608	443	2	19	1,072
Reinsurers' share of insurance contract liabilities	2,072	201	10	10	2,293
Insurance receivables	1,017	1,803	7	31	2,858
Other debtors	751	221	33	50	1,055
Cash and cash equivalents	3,768	1,761	295	392	6,216
Financial and insurance-related assets	37,303	27,048	18,629	13,049	96,029
Other creditors	3,375	296	96	36	3,803
Insurance payables	1,621	3,565	3	16	5,205
Derivative financial liabilities	19	–	68	109	196
Provision for agents' retirement benefits	–	294	–	–	294
Debt issued	400	–	–	–	400
Insurance contract liabilities	51,182	20,683	2,130	624	74,619
Financial and insurance-related liabilities	56,597	24,838	2,297	785	84,517

GEH Group has no significant concentration of foreign exchange risk.

(c) Equity Price Risk
Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity, equity derivatives and fund investments, where GEH Group, through investments, bears all or most of the equity volatility and investment risks. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned. Limits are set for single security holdings as a percentage of total equity holdings.

(d) Credit Spread Risk
Exposure to credit spread risk exists in GEH Group's bond investments. Credit spread is the difference between the quoted yields of a credit and a government bond of the same maturity. Credit spreads widen when the default risk of credit bonds increases. Hence, widening credit spreads will result in mark-to-market losses in GEH Group's bond portfolio.

(e) Alternative Investment Risk
GEH Group is exposed to alternative investment risk through investments in real estate that it owns in Singapore and Malaysia, and through real estate funds, private equities, infrastructure and hedge funds with exposures in other countries. A monitoring process is established to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RMC and GEH Group IC.

(f) Commodity Risk
GEH Group does not have any direct exposure to commodity risk.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(g) Liquidity Risk
Liquidity risk arises when GEH Group is unable to meet its cash flow demands, or if the assets backing the liabilities cannot be sold quickly enough without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations via premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, adverse news on other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are regularly monitored, and a reasonable amount of liquid assets are maintained at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although these have been quite stable over the past several years.

Unexpected liquidity demands are mitigated through a combination of product design, risk diversification, investment strategies and systematic monitoring. Surrender penalty in insurance contracts also protects GEH Group from losses due to unexpected surrender trends and reduces the sensitivity of surrenders to changes in interest rates.

The following tables show the expected recovery or settlement of financial and insurance-related assets and maturity profile of GEH Group's financial and insurance related liabilities which are presented based on contractual undiscounted cash flow basis, except for insurance contract liabilities which are presented based on discounted cash outflows resulting from recognised liabilities.

$ million	Less than 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
2020					
Financial assets at FVOCI					
Equity securities	**–**	**–**	**–**	**2,022**	**2,022**
Debt securities	**280**	**2,346**	**5,950**	**–**	**8,576**
Financial assets at FVTPL					
Equity securities	**–**	**–**	**–**	**14,303**	**14,303**
Debt securities	**3,460**	**14,738**	**44,211**	**1,852**	**64,261**
Other investments	**–**	**–**	**–**	**13,236**	**13,236**
Financial assets at amortised cost					
Debt securities	**9**	**36**	**297**	**–**	**342**
Derivative financial assets	**584**	**80**	**100**	**–**	**764**
Loans	**201**	**623**	**181**	**–**	**1,005**
Reinsurers' share of insurance contract liabilities	**1,933**	**389**	**166**	**–**	**2,488**
Insurance receivables	**640**	**2**	**20**	**2,411**	**3,073**
Other debtors	**983**	**1**	**–**	**#**	**984**
Cash and cash equivalents	**9,650**	**–**	**–**	**–**	**9,650**
Financial and insurance-related assets	**17,740**	**18,215**	**50,925**	**33,824**	**120,704**
Other creditors	**2,550**	**7**	**–**	**#**	**2,557**
Insurance payables	**5,816**	**7**	**–**	**19**	**5,842**
Derivative financial liabilities	**190**	**83**	**#**	**–**	**273**
Provision for agents' retirement benefits	**127**	**61**	**108**	**–**	**296**
Debt issued	**409**	**–**	**–**	**–**	**409**
Insurance contract liabilities	**16,833**	**17,227**	**49,376**	**10**	**83,446**
Financial and insurance-related liabilities	**25,925**	**17,385**	**49,484**	**29**	**92,823**

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(g) Liquidity Risk (continued)

$ million	Less than 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
2019					
Financial assets at FVOCI					
Equity securities	–	–	–	1,589	1,589
Debt securities	516	3,817	7,638	–	11,971
Financial assets at FVTPL					
Equity securities	–	–	–	13,242	13,242
Debt securities	3,862	14,369	41,666	2,330	62,227
Other investments	–	–	–	12,086	12,086
Financial assets at amortised cost					
Debt securities	7	27	235	–	269
Derivative financial assets	241	120	56	–	417
Loans	291	796	103	–	1,190
Reinsurers' share of insurance contract liabilities	1,992	210	91	–	2,293
Insurance receivables	469	2	–	2,387	2,858
Other debtors	1,033	–	18	4	1,055
Cash and cash equivalents	6,216	–	–	–	6,216
Financial and insurance-related assets	14,627	19,341	49,807	31,638	115,413
Other creditors	3,765	#	–	28	3,793
Insurance payables	5,180	13	–	12	5,205
Derivative financial liabilities	98	90	8	–	196
Provision for agents' retirement benefits	115	59	120	–	294
Debt issued	19	409	–	–	428
Insurance contract liabilities	14,504	15,269	44,836	10	74,619
Financial and insurance-related liabilities	23,681	15,840	44,964	50	84,535

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(g) Liquidity Risk (continued)

The following tables show the current/non-current classification of assets and liabilities:

$ million	Current*	Non-current	Unit-linked	Total
2020				
Cash and cash equivalents	**9,262**	**–**	**388**	**9,650**
Other debtors	**862**	**28**	**138**	**1,028**
Insurance receivables	**1,609**	**1,464**	**–**	**3,073**
Reinsurers' share of insurance contract liabilities	**1,926**	**548**	**14**	**2,488**
Loans	**142**	**749**	**–**	**891**
Derivative financial assets	**577**	**179**	**8**	**764**
Investments	**12,929**	**65,530**	**7,948**	**86,407**
Associates	**–**	**97**	**–**	**97**
Intangible assets	**–**	**31**	**–**	**31**
Property, plant and equipment	**68**	**664**	**–**	**732**
Investment properties	**–**	**1,767**	**–**	**1,767**
Assets	**27,375**	**71,057**	**8,496**	**106,928**
Insurance payables	**5,835**	**7**	**–**	**5,842**
Other creditors	**2,228**	**90**	**387**	**2,705**
Derivative financial liabilities	**184**	**81**	**8**	**273**
Income tax payable	**226**	**–**	**–**	**226**
Provision for agents' retirement benefits	**25**	**271**	**–**	**296**
Deferred tax	**27**	**1,444**	**14**	**1,485**
Debt issued	**400**	**–**	**–**	**400**
Insurance contract liabilities	**8,168**	**69,231**	**8,828**	**86,227**
Liabilities	**17,093**	**71,124**	**9,237**	**97,454**
2019				
Cash and cash equivalents	5,901	–	315	6,216
Other debtors	995	47	61	1,103
Insurance receivables	1,372	1,486	–	2,858
Reinsurers' share of insurance contract liabilities	1,986	295	12	2,293
Loans	217	855	–	1,072
Derivative financial assets	241	171	5	417
Investments	11,195	64,645	6,278	82,118
Associates	–	2	–	2
Intangible assets	–	32	–	32
Property, plant and equipment	71	638	–	709
Investment properties	–	1,786	–	1,786
Assets	21,978	69,957	6,671	98,606
Insurance payables	5,188	17	–	5,205
Other creditors	3,750	113	83	3,946
Derivative financial liabilities	93	98	5	196
Income tax payable	554	–	4	558
Provision for agents' retirement benefits	25	269	–	294
Deferred tax	22	1,519	2	1,543
Debt issued	–	400	–	400
Insurance contract liabilities	5,399	65,120	7,242	77,761
Liabilities	15,031	67,536	7,336	89,903

(1) ** represents expected recovery or settlement within 12 months from the balance sheet date.*

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(h) Credit Risk

Credit risk is the risk of loss arising from an obligor failing to discharge an obligation. GEH Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a downgrading of credit rating or credit default by the borrower or counterparty.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. GEH group wide credit risk is managed by GEH Group ALC. GEH Group establishes internal limits by issuer, counterparty and investment grade which are actively monitored to manage the credit and concentration risk and reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is mitigated through counterparty limits that are reviewed and approved on an annual basis.

Credit risk arising from customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated.

GEH Group issues unit-linked investment policies in which the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, GEH Group has no material credit risk or market risk on unit-linked financial assets.

The loans in GEH Group's portfolio are generally secured by collateral, with a maximum loan to value ratio of 70%. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines on the collateral eligibility of collateral have been established, and all collateral are revalued on a regular basis. GEH management monitors the market values of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair values of collateral, held by GEH Group as lender, for which it is entitled to sell or pledge in the event of default is as tabulated below:

		2020		2019	
$ million	Type of collateral	Carrying amount	Fair value	Carrying amount	Fair value
Policy loans	Cash value of policies	**2,387**	**5,024**	2,387	4,862
Secured loans	Properties	**643**	**1,217**	731	1,343
Secured loans	Others	**1**	**1**	100	1
		3,031	**6,242**	3,218	6,206

There were no securities lending arrangements as at 31 December 2020 (2019: nil).

As at the balance sheet date, no investments (2019: nil) were placed as collateral for currency hedging purposes.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(h) Credit Risk (continued)

The following table sets out information about the credit quality of loans and debt securities measured at amortised cost and debt securities measured at FVOCI. The maximum exposure is shown on a gross basis, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

$ million	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
2020				
Loans at amortised cost				
Investment grade* (BBB to AAA)	**662**	**125**	**–**	**787**
Non investment grade* (C to BB)	**–**	**–**	**147**	**147**
Not rated	**1**	**–**	**2**	**3**
	663	**125**	**149**	**937**
Loss allowance	**(1)**	**(4)**	**(42)**	**(47)**
Carrying amount	**662**	**121**	**107**	**890**
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	**169**	**–**	**–**	**169**
Non investment grade* (C to BB)	**5**	**–**	**–**	**5**
	174	**–**	**–**	**174**
Loss allowance	**(1)**	**–**	**–**	**(1)**
Carrying amount	**173**	**–**	**–**	**173**
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	**6,238**	**34**	**–**	**6,272**
Non investment grade* (C to BB)	**204**	**6**	**2**	**212**
Not rated	**67**	**–**	**–**	**67**
	6,509	**40**	**2**	**6,551**
2019				
Loans at amortised cost				
Investment grade* (BBB to AAA)	717	–	–	717
Non investment grade* (C to BB)	67	225	109	401
Not rated	1	–	–	1
	785	225	109	1,119
Loss allowance	(1)	(5)	(42)	(48)
Carrying amount	784	220	67	1,071
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	122	–	–	122
Non investment grade* (C to BB)	6	–	–	6
	128	–	–	128
Loss allowance	(1)	–	–	(1)
Carrying amount	127	–	–	127
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	7,893	19	–	7,912
Non investment grade* (C to BB)	714	41	–	755
	8,607	60	–	8,667

(1) ** Based on internal ratings grades which are equivalent to grades of external rating agencies.*

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(h) Credit Risk (continued)
The following table sets out the credit analysis for financial assets that are not subjected to ECL.

$ million	Investment grade* (BBB to AAA)	Non investment grade* (C to BB)	Not rated	Unit-linked	Not subject to credit risk	Total carrying amount
2020						
Financial assets at FVOCI						
Equity securities	**–**	**–**	**–**	**–**	**2,022**	**2,022**
Financial assets at FVTPL						
Equity securities	**–**	**–**	**–**	**3,305**	**10,998**	**14,303**
Debt securities	**40,846**	**2,024**	**5,645**	**1,607**	**–**	**50,122**
Other investments	**–**	**–**	**–**	**3,404**	**9,832**	**13,236**
Derivative financial assets	**747**	**–**	**10**	**7**	**–**	**764**
Reinsurers' share of insurance contract liabilities	**–**	**–**	**2,488**	**–**	**–**	**2,488**
Insurance receivables	**7**	**–**	**3,058**	**8**	**–**	**3,073**
Other debtors	**5**	**1**	**721**	**257**	**–**	**984**
Cash and cash equivalents	**9,129**	**–**	**97**	**424**	**–**	**9,650**
	50,734	**2,025**	**12,019**	**9,012**	**22,852**	**96,642**
2019						
Financial assets at FVOCI						
Equity securities	–	–	–	–	1,589	1,589
Financial assets at FVTPL						
Equity securities	–	–	–	2,665	10,577	13,242
Debt securities	37,332	1,971	5,716	1,388	–	46,407
Other investments	–	–	–	2,744	9,342	12,086
Derivative financial assets	412	–	#	5	–	417
Reinsurers' share of insurance contract liabilities	–	–	2,293	–	–	2,293
Insurance receivables	47	–	2,805	6	–	2,858
Other debtors	3	–	992	60	–	1,055
Cash and cash equivalents	5,769	–	85	362	–	6,216
	43,563	1,971	11,891	7,230	21,508	86,163

(1) * *Based on internal ratings grades which are equivalent to grades of external rating agencies.*

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)
(h) Credit Risk (continued)
Amounts Arising from ECL
ECL is recognised for credit-impaired and non credit-impaired exposure in accordance to SFRS (I) 9 through forward-looking ECL models.

Measurement of ECL - Explanation of Inputs, Assumptions and Estimation Techniques
The key inputs into the measurement of ECL are the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from statistical models internally developed by GEH Group.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are derived from PD models that incorporate both quantitative and qualitative inputs, which are in turn derived from internal and external compiled data.

LGD is the magnitude of the likely loss incurred during a default. LGD is expressed as a percentage of loss per unit of exposure at the time of default and represents an estimate of the economic loss in the event of the default of the counterparty. Factors in determining LGDs include claim seniority, availability and quality of collateral, legal enforceability processes in the jurisdiction and industry of borrower and prevailing market conditions. They are estimates at a certain date and are derived using statistical models. These statistical models are developed using internally compiled data and incorporate both quantitative and qualitative factors. The model outputs are adjusted to reflect forward-looking information whenever appropriate.

EAD represents the expected exposure in the event of a default. GEH Group derives the EAD based on the current exposure to the counterparty and potential future exposure.

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. The ECLs are first determined from the product of these three components, which are then adjusted for forward-looking information. The ECLs are finally discounted to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Significant Increase in Credit Risk
To assess whether there is a significant increase in credit risk, GEH Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. GEH Group considers available reasonable and supportive forward-looking information, which includes the following indicators:
– Internal credit rating;
– External credit rating;
– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an obligor's credit rating along the rating scale represents a change in the credit risk as measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of an obligor is deemed to have increased significantly since initial recognition if, based on GEH Group's quantitative model, the 12M PD is determined to have more than doubled since origination, except when the obligor remains within the investment grade ratings.

Using its expert credit judgement and, where possible, relevant historical experience, GEH Group may determine that an obligor has undergone a significant increase in credit risk based on qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. GEH Group uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

GEH Group considers an obligor to have "low credit risk" if it is of investment grade, taking into account both internal and external credit ratings.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(h) Credit Risk (continued)

Credit Risk Grades

GEH Group assigns each obligor to a credit risk grade that reflects the PD of the obligor. Credit risk grades are established based on qualitative and quantitative factors that are indicative of default risk. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the default risk increases as credit risk deteriorates. Each exposure is assigned with a credit risk grade at initial recognition based on available information on the borrower. Obligors are subject to ongoing monitoring and review, and may be assigned with new credit risk grades based on latest available information that better reflects their creditworthiness. The monitoring typically involves the use of information obtained during periodic review, including published financial statements, external rating (where available), as well as qualitative information on an obligor's industry characteristics, competitive positioning, management, financial policy and financial flexibility.

Definition of Default

GEH Group considers a financial asset to be in default by assessing the following criteria:

Quantitative Criteria

For insurance receivables, the obligor is said to be in default if it fails to make contractual payments within 12 months after it falls due. For bonds and loans, the obligor is said to be in default if it fails to meet its contractual obligation and there are non-payments on another debt obligation of the same issuer to GEH Group.

Qualitative Criteria

The counterparty is in bankruptcy or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption or breach of material loan covenants not rectified within a given timeframe, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within given timeframe.

The criteria above have been applied to all financial instruments held by GEH Group and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout GEH Group's expected loss calculations.

Incorporating of Forward-Looking Information

GEH Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its ECL measurement. GEH Group has performed historical analysis and identified key economic variables impacting credit risk and ECLs for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the base economic scenario) are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, after which, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on PDs, EADs and LGDs has been determined via regression analyses.

In addition to the base economic scenario, GEH Group uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and their attributes are reviewed at each reporting date. At 31 December 2020, for all portfolios, GEH Group concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert credit judgement, taking into account the range of possible outcomes the chosen scenario is representative of. The assessment of significant increase in credit risk is performed using the 12M PD under each of the scenarios multiplied by the associated scenario weights. This determines whether the whole financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, GEH Group measures ECL as either a probability-weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and the actual outcomes may be significantly different from projected outcomes. GEH Group considers these forecasts being representative of the best estimates of the possible outcomes and has analysed the non-linear risks and asymmetries within the various portfolios of GEH Group to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to GEH Group for the year ended 31 December 2020.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(h) Credit Risk (continued)

Loss Allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

$ million	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans at amortised cost				
At 1 January 2019	0.5	6.5	13.7	20.7
Net remeasurement of loss allowance	–	(0.9)	28.6	27.7
New financial assets purchased	0.3	–	–	0.3
Financial assets that have been derecognised	(0.2)	(1.1)	–	(1.3)
Foreign exchange and other movements	0.1	0.1	–	0.2
At 31 December 2019/1 January 2020	**0.7**	**4.6**	**42.3**	**47.6**
Transfer to 12-month ECL	**0.5**	**(0.5)**	**–**	**–**
Decrease in losses due to transfer	**(0.3)**	**–**	**–**	**(0.3)**
Net remeasurement of loss allowance	**(0.1)**	**(0.6)**	**–**	**(0.7)**
New financial assets purchased	**0.1**	**1.1**	**–**	**1.2**
Financial assets that have been derecognised	**(0.2)**	**(0.3)**	**–**	**(0.5)**
Changes in models/risk parameters	**0.7**	**(0.8)**	**–**	**(0.1)**
At 31 December 2020	**1.4**	**3.5**	**42.3**	**47.2**
Debt securities at amortised cost				
At 1 January 2019	–	–	–	–
New financial assets purchased	0.6	–	–	0.6
Changes in models/risk parameters	0.1	–	–	0.1
At 31 December 2019/1 January 2020	**0.7**	**–**	**–**	**0.7**
New financial assets purchased	**0.2**	**–**	**–**	**0.2**
Changes in models/risk parameters	**0.4**	**–**	**–**	**0.4**
At 31 December 2020	**1.3**	**–**	**–**	**1.3**
Debt securities at FVOCI				
At 1 January 2019	4.6	1.9	2.8	9.3
Additional loss due to transfer	–	0.3	–	0.3
Net remeasurement of loss allowance	–	(0.3)	–	(0.3)
New financial assets purchased	2.0	–	–	2.0
Financial assets that have been derecognised	(1.7)	(0.3)	–	(2.0)
Changes in models/risk parameters	0.9	–	–	0.9
At 31 December 2019/1 January 2020	**5.8**	**1.6**	**2.8**	**10.2**
Transfer to 12-month ECL	**0.1**	**(0.1)**	**–**	**–**
(Decrease)/increase in losses due to transfer	**(0.2)**	**0.2**	**–**	**–**
Net remeasurement of loss allowance	**0.2**	**(0.2)**	**–**	**–**
New financial assets purchased	**5.7**	**–**	**–**	**5.7**
Financial assets that have been derecognised	**(6.7)**	**(0.2)**	**–**	**(6.9)**
Changes in models/risk parameters	**5.9**	**(0.1)**	**–**	**5.8**
At 31 December 2020	**10.8**	**1.2**	**2.8**	**14.8**
Increase/(decrease) in provision for impairment of financial assets for the year				
31 December 2020	**6.3**	**(1.5)**	**–**	**4.8**
31 December 2019	2.1	(2.2)	28.6	28.5

The carrying amount of outstanding premiums as at 31 December 2020 is $553.5 million (2019: $416.7 million). The ECL relating to outstanding premiums as at 31 December 2020 was $18.7 million (2019: $4.7 million) for GEH Group. The changes in credit loss recognised in the income statement during the year was $14.4 million (2019: $1.6 million).

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)

(i) Sensitivity Analysis on Financial Risks

The sensitivity analysis below shows the impact on GEH Group's net profit after tax by applying possible shocks to each key variable, with all other variables constant. Co-movement of key variable can significantly affect the fair values and/or amortised cost of financial assets. To demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of insurance contract liabilities. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI.

Market Risk Sensitivity Analysis

	Impact on profit after tax		Impact on equity	
$ million	2020	2019	2020	2019
Change in variables:				
(a) Interest rate				
+50 basis points	**113.6**	38.2	**(112.2)**	(233.4)
–50 basis points	**(190.2)**	(95.0)	**53.4**	199.1
(b) Foreign currency				
5% increase in market value of MYR denominated assets	**0.1**	0.4	**0.1**	0.4
5% decrease in market value of MYR denominated assets	**(0.1)**	(0.4)	**(0.1)**	(0.4)
5% increase in market value of USD denominated assets	**(0.1)**	(1.2)	**(0.1)**	(1.2)
5% decrease in market value of USD denominated assets	**0.1**	1.2	**0.1**	1.2
(c) Equity				
20% increase in market indices				
STI	**50.0**	51.3	**114.2**	111.0
KLCI	**11.6**	6.0	**52.4**	30.7
20% decrease in market indices				
STI	**(50.0)**	(51.3)	**(114.2)**	(111.0)
KLCI	**(11.6)**	(6.0)	**(52.4)**	(30.7)
(d) Credit				
Spread +100 basis points	**(129.9)**	(204.2)	**(454.8)**	(605.8)
Spread –100 basis points	**160.5**	221.9	**540.1**	693.6
(e) Alternative investments [1]				
10% increase in market value of all alternative investments	**74.8**	69.9	**76.6**	71.6
10% decrease in market value of all alternative investments	**(74.8)**	(69.9)	**(76.6)**	(71.6)

(1) *Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.*

The method for deriving sensitivity information and significant variables did not change from the previous year.

38. Risk Management (continued)
38.4 Insurance-Related Risk Management (continued)
Market and Credit Risk (continued)

(j) Concentration Risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. GEH Group's exposures are within the concentration limits set by the respective local regulators.

GEH Group actively manages its investment mix to ensure that there is no significant concentration in market and credit risk.

Operational and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives, as a result of its failure to comply with the following applicable laws, regulations and standards:
- local laws, regulations and rules governing licensed activities undertaken by GEH Group;
- foreign laws, regulations and rules that have extraterritorial jurisdiction over GEH Group's licensed activities;
- codes of practice promoted by industry associations of which GEH Group are members of; and
- any other applicable regulations which do not specifically govern the licensed activities undertaken by GEH Group but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational and compliance risk is through the maintenance of comprehensive internal control frameworks, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMC reviews operational and compliance issues on a GEH Group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. GEH Group Internal Audit team reviews the systems of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to GEH Group Audit Committee.

Technology, Information and Cyber Risks

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure, capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, online networks and telecommunications systems.

Information risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

GEH Group adopts a risk based approach in managing technology, information and cyber risks relating to cyber-attacks, data loss/leakage, deficiency in change management, emerging technology, inadequate vendor management, inferior system acquisition and development, network security vulnerability, privilege access misuse, system security vulnerability, system unavailability and technology obsolescence. Key risk indicators related to technology, information and cyber risks are reported to GEH Group Board on a regular basis. Independent assessment is performed by GEH Group Internal Audit for its adequacy and effectiveness.

39. Financial Assets and Financial Liabilities Classification

GROUP $ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
2020						
Cash and placements with central banks	–	–	26,525	–	–	26,525
Singapore government treasury bills and securities	1,139	–	–	9,489	–	10,628
Other government treasury bills and securities	3,365	14	378	18,906	–	22,663
Placements with and loans to banks	1,231	–	19,716	11,869	–	32,816
Loans to customers	89	–	263,449	–	–	263,538
Debt securities	3,972	19	387	23,555	–	27,933
Equity securities and investment funds	3,661	–	–	1,549	–	5,210
Debt and equity securities	7,633	19	387	25,104	–	33,143
Derivative receivables	15,223	–	–	–	–	15,223
Other assets	–	–	4,887	–	298	5,185
Amounts due from associates	–	–	41	–	–	41
Financial assets	28,680	33	315,383	65,368	298	409,762
Non-financial assets						14,565
						424,327
Life insurance fund financial assets	31,830	44,457	14,244	4,749	–	95,280
Life insurance fund non-financial assets						1,788
Total assets						521,395
Deposits of non-bank customers	–	–	314,907	–	–	314,907
Deposits and balances of banks	–	–	9,586	–	–	9,586
Trading portfolio liabilities	339	–	–	–	–	339
Derivative payables	15,516	–	–	–	–	15,516
Other liabilities [1]	–	–	7,205	–	605	7,810
Debt issued	–	1,006	23,349	–	–	24,355
Financial liabilities	15,855	1,006	355,047	–	605	372,513
Non-financial liabilities						3,252
						375,765
Life insurance fund financial liabilities	264	–	8,590	–	82,906	91,760
Life insurance fund non-financial liabilities						2,694
Total liabilities						470,219

(1) *Other liabilities include amounts due to associates.*

39. Financial Assets and Financial Liabilities Classification (continued)

GROUP $ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
2019						
Cash and placements with central banks	–	–	23,201	–	–	23,201
Singapore government treasury bills and securities	1,744	–	–	9,298	–	11,042
Other government treasury bills and securities	2,920	9	410	14,373	–	17,712
Placements with and loans to banks	1,992	–	22,847	11,025	–	35,864
Loans to customers	180	–	262,168	–	–	262,348
Debt securities	4,114	15	65	20,829	–	25,023
Equity securities and investment funds	2,906	–	–	1,324	–	4,230
Debt and equity securities	7,020	15	65	22,153	–	29,253
Derivative receivables	7,349	–	–	–	–	7,349
Other assets	–	–	3,713	–	205	3,918
Amounts due from associates	–	–	75	–	–	75
Financial assets	21,205	24	312,479	56,849	205	390,762
Non-financial assets						13,591
						404,353
Life insurance fund financial assets	27,337	42,692	9,338	6,159	–	85,526
Life insurance fund non-financial assets						1,812
Total assets						491,691
Deposits of non-bank customers	–	–	302,851	–	–	302,851
Deposits and balances of banks	–	–	8,250	–	–	8,250
Trading portfolio liabilities	92	–	–	–	–	92
Derivative payables	7,687	–	–	–	–	7,687
Other liabilities [1]	–	–	6,288	–	511	6,799
Debt issued	–	1,311	28,077	–	–	29,388
Financial liabilities	7,779	1,311	345,466	–	511	355,067
Non-financial liabilities						3,575
						358,642
Life insurance fund financial liabilities	191	–	8,998	–	72,063	81,252
Life insurance fund non-financial liabilities						3,194
Total liabilities						443,088

(1) *Other liabilities include amounts due to associates.*

39. Financial Assets and Financial Liabilities Classification (continued)

	BANK				
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
2020					
Cash and placements with central banks	**–**	**–**	**20,969**	**–**	**20,969**
Singapore government treasury bills and securities	**1,052**	**–**	**–**	**8,242**	**9,294**
Other government treasury bills and securities	**2,264**	**–**	**378**	**6,769**	**9,411**
Placements with and loans to banks	**1,231**	**–**	**13,963**	**8,889**	**24,083**
Loans to customers	**84**	**–**	**170,567**	**–**	**170,651**
Debt securities	**3,179**	**–**	**387**	**12,081**	**15,647**
Equity securities and investment funds	**2,066**	**–**	**–**	**131**	**2,197**
Debt and equity securities	**5,245**	**–**	**387**	**12,212**	**17,844**
Placements with and advances to subsidiaries	**–**	**–**	**17,246**	**–**	**17,246**
Derivative receivables	**13,518**	**–**	**–**	**–**	**13,518**
Other assets	**–**	**–**	**2,886**	**–**	**2,886**
Amounts due from associates	**–**	**–**	**41**	**–**	**41**
Financial assets	**23,394**	**–**	**226,437**	**36,112**	**285,943**
Non-financial assets					**20,067**
Total assets					**306,010**
Deposits of non-bank customers	**–**	**–**	**197,745**	**–**	**197,745**
Deposits and balances of banks	**–**	**–**	**7,408**	**–**	**7,408**
Deposits and balances of subsidiaries	**–**	**–**	**25,793**	**–**	**25,793**
Trading portfolio liabilities	**339**	**–**	**–**	**–**	**339**
Derivative payables	**13,768**	**–**	**–**	**–**	**13,768**
Other liabilities [(1)]	**–**	**–**	**1,710**	**–**	**1,710**
Debt issued	**–**	**1,006**	**22,391**	**–**	**23,397**
Financial liabilities	**14,107**	**1,006**	**255,047**	**–**	**270,160**
Non-financial liabilities					**965**
Total liabilities					**271,125**

(1) *Other liabilities include amounts due to associates.*

39. Financial Assets and Financial Liabilities Classification (continued)

	BANK				
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
2019					
Cash and placements with central banks	–	–	17,824	–	17,824
Singapore government treasury bills and securities	1,744	–	–	8,148	9,892
Other government treasury bills and securities	2,142	–	410	5,109	7,661
Placements with and loans to banks	1,992	–	18,408	7,700	28,100
Loans to customers	172	–	164,392	–	164,564
Debt securities	3,072	–	65	9,554	12,691
Equity securities and investment funds	1,411	–	–	169	1,580
Debt and equity securities	4,483	–	65	9,723	14,271
Placements with and advances to subsidiaries	–	–	18,073	–	18,073
Derivative receivables	6,324	–	–	–	6,324
Other assets	–	–	2,209	–	2,209
Amounts due from associates	–	–	73	–	73
Financial assets	16,857	–	221,454	30,680	268,991
Non-financial assets					19,760
Total assets					288,751
Deposits of non-bank customers	–	–	189,420	–	189,420
Deposits and balances of banks	–	–	5,938	–	5,938
Deposits and balances of subsidiaries	–	–	21,435	–	21,435
Trading portfolio liabilities	92	–	–	–	92
Derivative payables	6,743	–	–	–	6,743
Other liabilities [(1)]	–	–	1,904	–	1,904
Debt issued	–	1,311	26,915	–	28,226
Financial liabilities	6,835	1,311	245,612	–	253,758
Non-financial liabilities					993
Total liabilities					254,751

(1) *Other liabilities include amounts due to associates.*

40. Fair Values of Financial Instruments

40.1 Valuation Governance Framework

The Group has an established governance framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions.

The Market Risk Management (MRM) function within the GRM is responsible for the model validation process. Financial models are used to price financial instruments and to calculate value-at-risk (VaR). MRM ensures that the models used are fit for their intended purposes through internal independent validation and periodic review. MRM sources market rates independently for risk measurement and valuation.

The Treasury Financial Control and Advisory – Valuation Control function within the Group Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation adjustment methodologies, independent price testing, and identifying valuation gaps.

Valuation policies are formulated and reviewed annually by the Valuation Control function, and approved by the Market Risk Management Committee, the CEO and BRMC. Valuation adjustments are applied to account for input parameter uncertainties, known model deficiencies and other factors that may affect valuation. The main valuation adjustments are described below.

Bid Offer Adjustments

When the position is marked at mid-price, bid offer adjustment is applied to account for close out cost.

Model Adjustments

Model adjustments are applied when there are inherent limitations in the valuation models used by the Bank.

Day 1 Profit or Loss Adjustments

Day 1 profit or loss adjustments are applied when the valuation technique involves the use of significant inputs which are not readily observable. The difference between the fair value at initial recognition and the transaction price is deferred as an adjustment.

The Day 1 profit or loss adjustments are released to the income statement when the significant inputs become observable, when the transaction is derecognised or amortised over the life of the transaction.

Credit Adjustments

Credit adjustments are applied to account for the expected losses due to counterparty default on uncollateralised derivatives.

Parameter Uncertainty Adjustments

These valuation adjustments mainly include adjustments for illiquid prices or internal methodologies used to derive model inputs.

The Group's internal audit provides independent assurance on the respective divisions' compliance with the policy.

40. Fair Values of Financial Instruments (continued)

40.2 Fair Values

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

Financial Assets

Fair values of cash and balances with central banks, placements with banks, interest and other short term receivables are expected to approximate their carrying amounts due to their short tenor or frequent re-pricing.

Securities held by the Group, comprising government securities and debt and equity securities are substantially carried at fair value on the balance sheet.

Non-bank customer loans are mainly carried at amortised cost on the balance sheet, net of allowances for impaired and non-impaired loans. The Group deems that the carrying amounts of non-bank loans approximate their fair values as substantially all the loans are subject to frequent re-pricing.

Financial Liabilities

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying amounts due to their short tenor. For non-bank customer term deposits, contractual or derived cash flows are discounted at market rates as at reporting date to estimate the fair values, which approximate the carrying amounts.

The fair values of the Group's subordinated term notes and covered bonds are determined based on quoted market prices and independent broker offer prices. For other debts issued which are usually short term, the fair values approximate the carrying amounts.

40.3 Fair Value Hierarchy

The Group determines the fair values of its financial assets and liabilities using various measurements. The different levels of fair value measurements are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates; and
- Level 3 – inputs for the valuation that are not based on observable market data.

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

The following table summarises the Group's assets and liabilities measured at fair values subsequent to initial recognition by level of the fair value hierarchy:

	2020				2019			
$ million	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Recurring fair value measurements								
GROUP								
Financial assets measured at fair value								
Placements with and loans to banks	**3,088**	**10,012**	**–**	**13,100**	2,588	10,429	–	13,017
Debt and equity securities	**25,204**	**6,338**	**1,214**	**32,756**	25,574	2,589	1,025	29,188
Loans to customers	**–**	**–**	**89**	**89**	–	–	180	180
Derivative receivables	**73**	**15,048**	**102**	**15,223**	31	7,257	61	7,349
Government treasury bills and securities	**27,234**	**5,679**	**–**	**32,913**	25,916	2,428	–	28,344
Life insurance fund investment securities and other assets	**56,272**	**22,797**	**1,967**	**81,036**	59,719	14,705	1,764	76,188
Total	**111,871**	**59,874**	**3,372**	**175,117**	113,828	37,408	3,030	154,266
Non-financial assets measured at fair value								
Life insurance fund investment properties	**–**	**–**	**1,767**	**1,767**	–	–	1,786	1,786
Associates	**–**	**97**	**–**	**97**	–	–	–	–
Total	**–**	**97**	**1,767**	**1,864**	–	–	1,786	1,786
Financial liabilities measured at fair value								
Derivative payables	**117**	**15,330**	**69**	**15,516**	41	7,603	43	7,687
Trading portfolio liabilities	**339**	**–**	**–**	**339**	92	–	–	92
Debt issued	**–**	**1,006**	**–**	**1,006**	–	1,311	–	1,311
Life insurance fund financial liabilities	**2**	**262**	**–**	**264**	3	188	–	191
Total	**458**	**16,598**	**69**	**17,125**	136	9,102	43	9,281
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	**2,538**	**7,582**	**–**	**10,120**	2,328	7,364	–	9,692
Debt and equity securities	**13,143**	**3,871**	**443**	**17,457**	12,049	1,715	442	14,206
Loans to customers	**–**	**–**	**84**	**84**	–	–	172	172
Derivative receivables	**9**	**13,411**	**98**	**13,518**	5	6,266	53	6,324
Government treasury bills and securities	**13,903**	**4,424**	**–**	**18,327**	15,437	1,706	–	17,143
Total	**29,593**	**29,288**	**625**	**59,506**	29,819	17,051	667	47,537
Financial liabilities measured at fair value								
Derivative payables	**68**	**13,645**	**55**	**13,768**	11	6,699	33	6,743
Trading portfolio liabilities	**339**	**–**	**–**	**339**	92	–	–	92
Debt issued	**–**	**1,006**	**–**	**1,006**	–	1,311	–	1,311
Total	**407**	**14,651**	**55**	**15,113**	103	8,010	33	8,146

During the financial year, the Group transferred financial assets from Level 2 to Level 1 as prices became observable arising from increased market activity. Financial assets were also transferred from Level 1 to Level 2 when quoted prices become unobservable arising from reduced market activity.

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Valuation Techniques and Unobservable Inputs for Level 3 Instruments

GROUP $ million	Fair value at 31 December 2020	Classification	Valuation techniques	Unobservable inputs
Financial assets				
Equity securities	**1,214**	FVTPL/FVOCI	Net asset value/ Multiples	Value of net asset/ Earnings and multiples
Loans to customers	**89**	FVTPL	Discounted cash flows	Credit spreads
Derivative receivables	**102**	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Long dated rate
Life insurance fund investment securities and other assets	**1,967**	FVTPL/FVOCI	Net asset value	Value of net asset
Total	**3,372**			
Financial liabilities				
Derivative payables	**69**	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Long dated rate
Total	**69**			

Management considers that any reasonably possible changes to the unobservable inputs will not result in a significant financial impact.

Movements in Level 3 Financial Assets and Liabilities

	2020				
GROUP $ million	Debt and equity securities	Loans to customers	Derivative receivables	Life insurance fund investment securities and other assets	Total
Financial assets measured at fair value					
At 1 January	**1,025**	**180**	**61**	**1,764**	**3,030**
Purchases	**94**	**1**	**10**	**284**	**389**
Settlements/disposals	**(86)**	**(90)**	**(#)**	**(99)**	**(275)**
Transfers in to/(out of) Level 3	**23** [(1)]	**–**	**(7)** [(2)]	**–**	**16**
Gains/(losses) recognised in					
– profit or loss	**53**	**(2)**	**38**	**20**	**109**
– other comprehensive income	**105**	**(#)**	**#**	**(2)**	**103**
At 31 December	**1,214**	**89**	**102**	**1,967**	**3,372**
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**53**	**(3)**	**66**	**51**	**167**

(1) *Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.*
(2) *Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.*

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

GROUP $ million	2019 Debt and equity securities	Loans to customers	Derivative receivables	Life insurance fund investment securities and other assets	Total
Financial assets measured at fair value					
At 1 January	883	272	71	1,350	2,576
Purchases	96	4	1	654	755
Settlements/disposals	(88)	(95)	–	(227)	(410)
Transfers (out of)/in to Level 3	(#) [(1)]	–	1 [(2)]	–	1
Gains/(losses) recognised in					
– profit or loss	8	(1)	(12)	(15)	(20)
– other comprehensive income	126	(#)	(#)	2	128
At 31 December	1,025	180	61	1,764	3,030
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	9	(1)	169	19	196

(1) Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.
(2) Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.

Gains/(losses) included in profit or loss are presented in the income statement as follows:

GROUP $ million	2020 Trading income	Other income	Total	2019 Trading income	Other income	Total
Total gains/(losses) included in profit or loss for the year ended	**89**	**20**	**109**	(5)	(15)	(20)
Unrealised gains included in profit or loss for assets held at the end of the year	**116**	**51**	**167**	177	19	196

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

BANK $ million	2020 Debt and equity securities	Loans to customers	Derivative receivables	Total	2019 Debt and equity securities	Loans to customers	Derivative receivables	Total
Financial assets measured at fair value								
At 1 January	**442**	**172**	**53**	**667**	546	250	47	843
Purchases	**86**	**#**	**8**	**94**	12	1	1	14
Settlements/disposals	**(83)**	**(86)**	**(1)**	**(170)**	(88)	(78)	–	(166)
Transfers out of Level 3	**(2)** [(1)]	**–**	**–**	**(2)**	–	–	–	–
Gains/(losses) recognised in								
– profit or loss	**12**	**(2)**	**38**	**48**	(9)	(1)	5	(5)
– other comprehensive income	**(12)**	**(#)**	**–**	**(12)**	(19)	(#)	–	(19)
At 31 December	**443**	**84**	**98**	**625**	442	172	53	667
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**12**	**(3)**	**69**	**78**	(8)	(1)	162	153

(1) Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.

Gains/(losses) included in profit or loss are presented in the income statement as follows:

BANK $ million	2020 Trading income	Total	2019 Trading income	Total
Total gains/(losses) included in profit or loss for the year ended	**48**	**48**	(5)	(5)
Unrealised gains included in profit or loss for assets held at the end of the year	**78**	**78**	153	153

40. Fair Values of Financial Instruments (continued)

40.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

	GROUP				BANK			
	2020		2019		2020		2019	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Financial liabilities measured at fair value								
At 1 January	**43**	**43**	26	26	**33**	**33**	2	2
Issues	**82**	**82**	18	18	**79**	**79**	18	18
Settlements/disposals	**(16)**	**(16)**	–	–	**(16)**	**(16)**	–	–
Transfers (out of)/in to Level 3	**(7)** [(1)]	**(7)**	1 [(2)]	1	**–**	**–**	–	–
Losses/(gains) recognised in								
– profit or loss	**(33)**	**(33)**	(2)	(2)	**(41)**	**(41)**	13	13
– other comprehensive income	**#**	**#**	(#)	(#)	**–**	**–**	–	–
At 31 December	**69**	**69**	43	43	**55**	**55**	33	33
Unrealised gains/(losses) included in profit or loss for liabilities held at the end of the year	**9**	**9**	(193)	(193)	**19**	**19**	(184)	(184)

(1) *Relates to transfers from Level 3 to Level 2 due to use of inputs based on market observable data.*
(2) *Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.*

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2020		2019		2020		2019	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total gains/(losses) included in profit or loss for the year ended	**33**	**33**	2	2	**41**	**41**	(13)	(13)
Unrealised gains/(losses) included in profit or loss for liabilities held at the end of the year	**9**	**9**	(193)	(193)	**19**	**19**	(184)	(184)

Movements in Level 3 non-financial assets

	GROUP			
	2020		2019	
$ million	Life insurance fund investment properties	Total	Life insurance fund investment properties	Total
Non-financial assets measured at fair value				
At 1 January	**1,786**	**1,786**	1,771	1,771
Purchases/transfers	**#**	**#**	1	1
Gains/(losses) recognised in				
– profit or loss	**(19)**	**(19)**	14	14
– other comprehensive income	**#**	**#**	(#)	(#)
At 31 December	**1,767**	**1,767**	1,786	1,786

41. Offsetting Financial Assets and Financial Liabilities

The Group enters into master netting arrangements with counterparties. The credit risk associated with favourable contracts is reduced by the master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. These arrangements do not qualify for net presentation on the balance sheet as the right to offset is enforceable only on the occurrence of future events such as default or other credit events.

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not presented net in the Group's balance sheet but are subject to enforceable master netting agreement or similar arrangement that covers similar financial instruments. The disclosures enable the evaluation on the potential effect of netting arrangements as well as provide additional information on how such credit risk is mitigated.

GROUP				Related amounts not offset on balance sheet		
Types of financial assets/liabilities $ million	Carrying amounts on balance sheet (A)	Amounts not subject to netting agreement (B)	Amounts subject to netting agreement (A – B = C + D + E)	Financial instruments (C)	Collateral (D)	Net amounts in scope (E)
2020						
Financial assets						
Derivative receivables	**15,223**	**4,441**	**10,782**	**8,437**	**423**	**1,922**
Reverse repurchase agreements	**4,157** [(1)]	**2,437**	**1,720**	**1,710**	**–**	**10**
Securities borrowings	**2** [(2)]	**1**	**1**	**1**	**–**	**–**
Total	**19,382**	**6,879**	**12,503**	**10,148**	**423**	**1,932**
Financial liabilities						
Derivative payables	**15,516**	**3,343**	**12,173**	**8,437**	**1,398**	**2,338**
Repurchase agreements	**1,221** [(3)]	**1,136**	**85**	**85**	**–**	**–**
Securities lendings	**1** [(4)]	**1**	**–**	**–**	**–**	**–**
Total	**16,738**	**4,480**	**12,258**	**8,522**	**1,398**	**2,338**
2019						
Financial assets						
Derivative receivables	7,349	2,090	5,259	4,183	193	883
Reverse repurchase agreements	2,564 [(1)]	557	2,007	1,994	–	13
Securities borrowings	21 [(2)]	–	21	6	–	15
Total	9,934	2,647	7,287	6,183	193	911
Financial liabilities						
Derivative payables	7,687	1,726	5,961	4,183	684	1,094
Repurchase agreements	1,628 [(3)]	1,533	95	95	–	–
Securities lendings	402 [(4)]	402	–	–	–	–
Total	9,717	3,661	6,056	4,278	684	1,094

(1) *Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers and other assets. These transactions are measured either at fair value or amortised cost.*
(2) *Cash collateral placed under securities borrowings are presented under placements with and loans to banks and other assets on the balance sheet, and are measured at amortised cost.*
(3) *Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers and other liabilities, and are measured at amortised cost.*
(4) *Cash collateral placed under securities lendings are presented under other liabilities, and are measured at amortised cost.*

41. Offsetting Financial Assets and Financial Liabilities (continued)

BANK

Types of financial assets/liabilities $ million	Carrying amounts on balance sheet (A)	Amounts not subject to netting agreement (B)	Amounts subject to netting agreement (A – B = C + D + E)	Related amounts not offset on balance sheet: Financial instruments (C)	Related amounts not offset on balance sheet: Collateral (D)	Net amounts in scope (E)
2020						
Financial assets						
Derivative receivables	**13,518**	**2,820**	**10,698**	**8,318**	**607**	**1,773**
Reverse repurchase agreements	**1,808** [(1)]	**90**	**1,718**	**1,708**	**–**	**10**
Securities borrowings	**1** [(2)]	**1**	**–**	**–**	**–**	**–**
Total	**15,327**	**2,911**	**12,416**	**10,026**	**607**	**1,783**
Financial liabilities						
Derivative payables	**13,768**	**2,267**	**11,501**	**8,318**	**1,025**	**2,158**
Repurchase agreements	**85** [(3)]	**–**	**85**	**85**	**–**	**–**
Total	**13,853**	**2,267**	**11,586**	**8,403**	**1,025**	**2,158**
2019						
Financial assets						
Derivative receivables	6,324	1,251	5,073	4,108	174	791
Reverse repurchase agreements	2,511 [(1)]	513	1,998	1,985	–	13
Securities borrowings	4 [(2)]	–	4	4	–	–
Total	8,839	1,764	7,075	6,097	174	804
Financial liabilities						
Derivative payables	6,743	1,153	5,590	4,108	525	957
Repurchase agreements	95 [(3)]	–	95	95	–	–
Total	6,838	1,153	5,685	4,203	525	957

(1) *Reverse repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely placements with central banks, loans to banks and non-bank customers and other assets. These transactions are measured either at fair value or amortised cost.*
(2) *Cash collateral placed under securities borrowings are presented under placements with and loans to banks on the balance sheet, and are measured at amortised cost.*
(3) *Repurchase agreements shown above are the aggregate of transactions recorded in separate line items on the balance sheet, namely deposits of banks and non-bank customers and other liabilities, and are measured at amortised cost.*

42. Contingent Liabilities

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on receipt of bills of exchange drawn. The Group issues guarantees on the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on presentation of stipulated documents. As the Group will only be required to meet these obligations in the event of customer's default, the cash requirements of these instruments are expected to be considerably below their nominal contractual amounts.

	GROUP 2020 $ million	GROUP 2019 $ million	BANK 2020 $ million	BANK 2019 $ million
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**4,248**	4,610	**3,202**	3,412
Term to maturity of more than one year	**2,437**	2,691	**1,505**	1,789
	6,685	7,301	**4,707**	5,201
Acceptances and endorsements	**845**	1,448	**337**	930
Documentary credits and other short term trade-related transactions	**5,762**	5,195	**4,627**	4,309
	13,292	13,944	**9,671**	10,440

42.1 Analysed by Industry

	GROUP 2020	GROUP 2019	BANK 2020	BANK 2019
Agriculture, mining and quarrying	**56**	229	**22**	18
Manufacturing	**1,216**	1,127	**228**	359
Building and construction	**2,171**	2,197	**1,183**	1,263
General commerce	**7,423**	7,532	**6,388**	6,645
Transport, storage and communication	**359**	513	**296**	435
Financial institutions, investment and holding companies	**657**	788	**506**	544
Professionals and individuals	**283**	302	**43**	46
Others	**1,127**	1,256	**1,005**	1,130
	13,292	13,944	**9,671**	10,440

42.2 Analysed by Geography

	GROUP 2020	GROUP 2019	BANK 2020	BANK 2019
Singapore	**8,913**	9,706	**8,773**	9,497
Malaysia	**1,114**	1,193	**6**	6
Indonesia	**1,003**	1,002	**–**	–
Greater China	**1,835**	1,615	**445**	499
Other Asia Pacific	**192**	220	**212**	230
Rest of the World	**235**	208	**235**	208
	13,292	13,944	**9,671**	10,440

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

43. Commitments

Commitments comprise mainly agreements to provide credit facilities to customers. Such credit facilities (cancellable and non-cancellable) can either be made for a fixed period, or have no specific maturity.

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
43.1 Credit Commitments				
Undrawn credit facilities:				
Term to maturity of one year or less	**134,540**	131,993	**57,600**	56,894
Term to maturity of more than one year	**25,594**	21,806	**36,319**	32,430
	160,134	153,799	**93,919**	89,324
43.2 Other Commitments				
Capital commitment authorised and contracted	**227**	199	**235**	240
Forward deposits and assets purchase	**3,670**	2,295	**2,614**	5,774
	3,897	2,494	**2,849**	6,014
43.3 Total Commitments	**164,031**	156,293	**96,768**	95,338
43.4 Credit Commitments Analysed by Industry				
Agriculture, mining and quarrying	**1,503**	1,260	**700**	477
Manufacturing	**8,890**	9,435	**3,641**	4,212
Building and construction	**17,065**	15,685	**13,195**	11,331
General commerce	**22,782**	23,394	**17,946**	18,868
Transport, storage and communication	**3,378**	4,099	**2,858**	3,142
Financial institutions, investment and holding companies	**48,386**	42,605	**35,544**	33,077
Professionals and individuals	**49,685**	49,544	**14,072**	13,014
Others	**8,445**	7,777	**5,963**	5,203
	160,134	153,799	**93,919**	89,324
43.5 Credit Commitments Analysed by Geography				
Singapore	**121,097**	113,241	**79,891**	74,392
Malaysia	**8,446**	7,848	**756**	126
Indonesia	**5,082**	5,025	**–**	–
Greater China	**19,140**	21,924	**6,876**	9,026
Other Asia Pacific	**2,915**	2,197	**2,920**	2,199
Rest of the World	**3,454**	3,564	**3,476**	3,581
	160,134	153,799	**93,919**	89,324

Credit commitments analysed by geography is based on the country where the transactions are recorded.

44. Unconsolidated Structured Entities

Unconsolidated structured entities refer to structured entities that are not controlled by the Group. The Group's transactions in these structured entities are for investment opportunities as well as to facilitate client transactions. The Group's maximum exposure to loss is primarily limited to the carrying amount on its balance sheet and loan and capital commitments to these structured entities.

The following table summarises the carrying amount of the assets and liabilities recognised in the Group's financial statements relating to the interests in unconsolidated structured entities undertaken by business segments.

GROUP ($ million)	Global investment banking	Insurance	Others	Total
2020				
FVOCI investments	**53**	**–**	**#**	**53**
FVTPL investments	**–**	**112**	**#**	**112**
Other assets	**–**	**4**	**–**	**4**
Total assets	**53**	**116**	**#**	**169**
Other liabilities	**–**	**–**	**–**	**–**
Total liabilities	**–**	**–**	**–**	**–**
Other commitments				
Loan and capital commitments authorised and contracted [1]	**21**	**–**	**–**	**21**
Income earned from sponsored structured entities [2]	**#**	**47**	**36**	**83**
Assets of structured entities	**445**	**5,253**	**3,208**	**8,906**
2019				
FVOCI investments	57	–	#	57
FVTPL investments	–	85	–	85
Other assets	–	7	–	7
Total assets	57	92	#	149
Other liabilities	–	–	#	#
Total liabilities	–	–	#	#
Other commitments				
Loan and capital commitments authorised and contracted [1]	23	–	–	23
Income earned from sponsored structured entities [2]	1	48	36	85
Assets of structured entities	445	5,069	2,593	8,107

(1) These were also included in the Group's capital commitments authorised and contracted in Note 43.
(2) The income earned relates primarily to management fee, interest income or fair value gains or losses recognised by the Group arising from the interests held by the Group in the unconsolidated investment funds.

The amount of assets transferred to sponsored entities during 2020 and 2019 were not significant.

45. Financial Assets Transferred

45.1 Assets Pledged

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Government treasury bills and securities				
– Singapore	**102**	–	**102**	–
– Others	**277**	92	**8**	17
Placements with and loans to banks	**9**	51	**–**	44
Loans to customers	**2,462**	303	**2,089**	–
Debt securities	**1,051**	720	**95**	61
	3,901	1,166	**2,294**	122
Obligations to repurchase assets pledged	**1,220**	759	**85**	95

(a) The amounts received from repurchase transactions are recognised as collateralised borrowings, "obligations to repurchase assets pledged", measured at amortised cost and included in deposits of banks and non-bank customers and other liabilities on the balance sheet. The above assets pledged as collateral for repurchase transactions are not derecognised but are presented separately on the balance sheet.

(b) The amounts paid in reverse repurchase transactions are recognised as collateralised lendings, measured at amortised cost and included in loans to banks and non-bank customers as appropriate. The financial assets accepted as collateral for reverse repurchase transactions are not recognised as assets on the balance sheet. The fair value of financial assets accepted as collateral, which the Group is permitted to sell or re-pledge in the absence of default is $4.26 billion (2019: $2.35 billion), of which $0.06 billion (2019: $0.03 billion) have been sold or re-pledged. The Group is obliged to return equivalent assets.

(c) Transactions are conducted under terms and conditions that are usual and customary to standard securities lending (equivalent to repurchase transactions) and securities borrowing (equivalent to reverse repurchase transactions).

45.2 Assets Assigned as Security for Covered Bonds Issued (Note 21.5)

Pursuant to the Bank's Global Covered Bond Programme, selected pools of Singapore housing loans originated by the Bank have been assigned to a bankruptcy-remote structured entity, Red Sail Pte. Ltd. (Note 33.4). These housing loans continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2020, the carrying amounts of the covered bonds in issue was $3.7 billion (2019: $3.5 billion), while the carrying amounts of assets assigned was $7.3 billion (2019: $6.9 billion). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

46. Assets Held for Sale

Assets held for sale comprise properties which the Group is disposing of, subject to terms that are usual and customary in the completion of the sale. The transactions are not expected to have a material impact on the Group's net earnings and net assets for the financial year ending 31 December 2020.

47. Minimum Lease Payment Receivable

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	GROUP		BANK	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Within 1 year	**43**	43	**16**	16
After 1 year but within 5 years	**50**	67	**5**	9
Over 5 years	**–**	2	**–**	–
	93	112	**21**	25

The Group leases retail, commercial and hotel space to third parties with varying terms including variable rent, escalation clauses and renewal rights.

48. Related Party Transactions

Loans and deposits transactions with related parties arise from the ordinary course of business and are not treated any differently from loans and deposits transactions with other customers of the Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. All transactions with related parties are conducted on commercial terms.

48.1 Material Related Party Transactions

Material related party balances at the balance sheet date and transactions during the financial year were as follows:

	GROUP		BANK		
$ million	Associates	Life insurance fund	Subsidiaries	Associates	Life insurance fund
(a) Loans, placements and other receivables					
At 1 January 2020	75	410	18,073	74	104
Net change	(34)	259	(827)	(34)	94
At 31 December 2020	**41**	**669**	**17,246**	**40**	**198**
(b) Deposits, borrowings and other payables					
At 1 January 2020	347	994	21,435	138	432
Net change	59	(193)	4,358	62	137
At 31 December 2020	**406**	**801**	**25,793**	**200**	**569**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2020	–	6	19,657	–	6
Net change	–	5	(2,728)	–	5
At 31 December 2020	**–**	**11**	**16,929**	**–**	**11**
(d) Income statement transactions					
Year ended 31 December 2020					
Interest income	**#**	**15**	**173**	**#**	**#**
Interest expense	**5**	**5**	**253**	**2**	**1**
Rental income	**–**	**2**	**23**	**–**	**#**
Fee and commission and other income	**21**	**233**	**60**	**–**	**171**
Rental and other expenses	**17**	**19**	**365**	**17**	**#**
Year ended 31 December 2019					
Interest income	1	10	363	#	#
Interest expense	6	18	472	2	3
Rental income	–	2	27	–	#
Fee and commission and other income	–	225	57	–	167
Rental and other expenses	25	37	359	25	#

(1) *Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies and commitments.*

During the financial year, the Group had banking transactions with director-related and key management-related entities and personnel of the Group. These transactions were not material.

48. Related Party Transactions (continued)

48.2 Key Management Personnel Compensation

	BANK	
	2020 $ million	2019 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**51**	44
Share-based benefits	**18**	16
	69	60

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2020 included in the above table are subject to the approval of the Remuneration Committee.

49. Capital Management

The key objective of the Group's capital management policy is to maintain a strong capital position to support business growth and strategic investments, and to sustain investor, depositor, customer and market confidence. In line with this, the Group targets a minimum credit rating of "A" and ensures that its capital ratios are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence. The Group actively manages its capital composition with an optimal mix of capital instruments in order to keep its overall cost of capital low.

A description of the key terms and conditions of the regulatory capital instruments can be found in Notes 13, 14 and 21 of the financial statements, and the approaches adopted by the Group for the computation of risk-weighted assets can be found in the "Pillar 3 Disclosures" chapter.

The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2020.

$ million	2020	2019
Tier 1 Capital		
Ordinary shares	**17,833**	17,261
Disclosed reserves/others	**23,021**	21,452
Regulatory adjustments	**(7,648)**	(6,913)
Common Equity Tier 1 Capital	**33,206**	31,800
Additional Tier 1 capital	**1,230**	1,531
Regulatory adjustments	**–**	–
Tier 1 Capital	**34,436**	33,331
Tier 2 capital	**4,530**	2,661
Regulatory adjustments	**–**	–
Total Eligible Capital	**38,966**	35,992
Credit	**191,525**	183,439
Market	**10,955**	14,751
Operational	**15,665**	15,166
Risk Weighted Assets	**218,145**	213,356
Capital Adequacy Ratios		
Common Equity Tier 1	**15.2%**	14.9%
Tier 1	**15.8%**	15.6%
Total	**17.9%**	16.8%

50. New Accounting Standards and Interpretations

As of the balance sheet date, certain new standards, amendments and interpretations to existing accounting standards have been published. The Group has not adopted the following relevant new/revised financial reporting standards and interpretations that have been issued but not yet effective.

SFRS(I)	Title	Effective for financial year beginning on or after
Various	*Annual Improvements to SFRS(I)s 2018-2020*	1 January 2022
SFRS(I) 3 (Amendments)	*Reference to the Conceptual Framework*	1 January 2022
SFRS(I) 1-16 (Amendments)	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37 (Amendments)	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 17	*Insurance Contracts*	1 January 2023
SFRS(I) 1-1 (Amendments)	*Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 1-10 (Amendments) SFRS(I) 1-28 (Amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 9, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 (Amendments)	*Interest Rate Benchmark Reform – Phase 2*	1 January 2021

Based on the Group's preliminary analysis, the initial application of the above standards (including their consequential amendments) and interpretations are not expected to have a significant impact on the Group's financial statements, except as described below.

50.1 SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 was issued in March 2018 as replacement for SFRS(I) 4 *Insurance Contracts*. The Accounting Standards Council Singapore (ASC) has issued Amendments to SFRS(I) 17 on 27 November 2020 to defer the effective date to annual reporting periods beginning on or after 1 January 2023.

It is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. SFRS(I) 17 requires a general model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and
- a contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The general model is supplemented by:

- a simplified approach (the premium allocation approach) mainly for short duration contracts; and
- a modification of the general measurement model (the variable fee approach) for contracts with direct participation features.

SFRS(I) 17 is effective for annual periods beginning on or after 1 January 2023, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. GEH Group plans to adopt SFRS(I) 17 on the required effective date and a Project Steering Committee was formed to oversee the implementation of the standard. GEH Group expects that SFRS(I) 17 will result in an important change to the accounting policies for insurance contract liabilities of GEH Group and is likely to have a significant impact on profit and total equity together with GEH Group's financial statements' presentation and disclosures.

50. New Accounting Standards and Interpretations (continued)

50.2 SFRS(I) 9, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 (Amendments) *Interest Rate Benchmark Reform – Phase 2*

The amendments to SFRS(I) 9, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 were issued in November 2020 and are effective for annual periods beginning on or after 1 January 2021. The amendments addresses issues that might affect the Group as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

(i) Change in Basis for Determining Cash Flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. As a result, no immediate gain or loss is recognised. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

(ii) Hedge Accounting

The amendments provide exceptions to the hedge accounting requirements that will assist the Group to maintain its existing hedging relationships post transition to the alternative benchmark rate. The Group will continue to record any ongoing hedge ineffectiveness in profit or loss.

(iii) Disclosure

The amendments will require the Group to disclose additional information about the Group's exposure to risks arising from interest rate benchmark reform and related risk management activities.

These amendments will impact the Group's financial instruments referencing interest rate benchmarks that are impacted by the interest rate benchmark reform. The Group is assessing the potential impact of these amendments on its financial statements as financial instrument contracts transition to alternative benchmark rates.

51. Subsequent Event

The recent market developments in Myanmar that unfolded in 2021 have increased the risks and uncertainties of doing business in the country. The Group's exposures to Myanmar are insignificant. Nevertheless, the Group is closely monitoring the situation and assessing its possible impact. The Group is not aware and does not expect that there is material impact on the financial statements arising from these developments.

Group's Major Properties

As at 31 December 2020

	Purpose	Effective stake (%)	Gross floor area (sq ft)	Carrying value $ million	Market value [1] $ million
Singapore					
65 Chulia Street, OCBC Centre	Office	100	993,089	17	1,160
63 Chulia Street, OCBC Centre East	Office	100	242,385	90	394
18 Church Street, OCBC Centre South	Office	100	118,909	64	181
63 Market Street, Bank Of Singapore Centre	Office	100	248,996	266	482
11 Tampines Central 1	Office	100	115,824	50	116
31 Tampines Avenue 4	Office	100	97,572	38	89
260 Tanjong Pagar Road	Office	100	44,940	7	69
70 Loyang Drive	Office	100	134,287	109	173
Block 9 & 13 Tanjong Rhu Road, The Waterside	Residential	100	251,889	31	284
2 Mt Elizabeth Link	Residential	100	104,377	19	186
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery	Residential	100	54,739	11	57
277 Orchard Road, Orchardgateway	Retail and Hotel	100	535,698	488	906
				1,190	4,097
Malaysia					
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC	Office	100	243,262	16	37
Indonesia					
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower	Office	85	362,313	4	63
Greater China					
1155 Yuanshen Road, Pudong Shanghai, 华侨银行大厦	Office	100	249,161	150	225
161-169 Queen's Road Central, Hong Kong SAR	Office	100	95,169	188	315
				338	540
Other properties in					
Singapore				69	573
Malaysia				13	80
Indonesia				54	171
Greater China				1,067	1,614
Other Asia Pacific				10	86
Rest of the World				1	17
				1,214	2,541
Properties classified as held-for-sale				2	11
Total [2]				**2,764**	**7,289**

(1) *Valuations were made by independent firms of professional valuers.*
(2) *Does not include properties held by GEH Group's insurance subsidiaries under their life assurance funds.*

Shareholding Statistics

As at 8 March 2021

Class Of Shares

Ordinary Shares

Voting Rights

One vote per share (other than treasury shares and subsidiary holdings, which are treated as having no voting rights)

Distribution Of Shareholders

Size of Holdings	Number of Shareholders	%	Number of Shares Held	%
1 – 99	10,212	8.28	379,881	0.01
100 – 1,000	32,684	26.50	18,158,748	0.40
1,001 – 10,000	62,695	50.83	218,002,030	4.87
10,001 – 1,000,000	17,613	14.28	774,192,965	17.30
1,000,001 and above	133	0.11	3,465,416,022	77.42
Total	**123,337**	**100.00**	**4,476,149,646**	**100.00**

Number of issued shares (including treasury shares): 4,476,149,646
Number of treasury shares held: 900,445
Number of subsidiary holdings held: Nil
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares: 0.02%

Note:
"Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

Twenty Largest Shareholders

Shareholders	Number of Shares Held	%*
1. Citibank Nominees Singapore Pte Ltd	705,234,459	15.76
2. DBS Nominees Pte Ltd	481,599,607	10.76
3. Selat Pte Limited	466,981,882	10.43
4. DBSN Services Pte Ltd	288,391,324	6.44
5. HSBC (Singapore) Nominees Pte Ltd	209,467,354	4.68
6. Lee Foundation	198,210,257	4.43
7. Singapore Investments Pte Ltd	157,007,526	3.51
8. Lee Rubber Company Pte Ltd	141,656,364	3.17
9. Herald Investment Pte Ltd	101,975,411	2.28
10. Raffles Nominees (Pte) Limited	79,791,356	1.78
11. Lee Latex Pte Limited	59,940,381	1.34
12. United Overseas Bank Nominees Pte Ltd	49,820,137	1.11
13. Kallang Development (Pte) Limited	44,007,742	0.98
14. BPSS Nominees Singapore (Pte.) Ltd.	39,374,385	0.88
15. DB Nominees (Singapore) Pte Ltd	31,064,459	0.69
16. Lee Pineapple Company Pte Ltd	30,595,980	0.68
17. Kew Estate Limited	28,026,953	0.63
18. OCBC Nominees Singapore Pte Ltd	19,620,676	0.44
19. Phillip Securities Pte Ltd	19,023,998	0.43
20. Island Investment Company Pte Ltd	18,200,411	0.41
Total	**3,169,990,662**	**70.83**

** Percentage is calculated based on the total number of issued shares (excluding treasury shares) as at 8 March 2021.*

Approximately 72.2% of the issued shares (excluding treasury shares) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

Shareholding Statistics
As at 8 March 2021

Substantial Shareholders

(As shown in the Register of Substantial Shareholders)

Substantial shareholders	Direct interest No. of Shares	Deemed interest No. of Shares	Total No. of Shares	%*
Lee Foundation	189,310,098 [1]	31,835,411 [2]	221,145,509	5.13
Selat (Pte) Limited	481,399,533 [3]	45,153,163 [4]	526,552,696	12.20

** Percentage is calculated based on the total number of issued shares (excluding treasury shares) as at the date of the latest notification given by the relevant substantial shareholder under the Securities and Futures Act, Chapter 289 (**SFA**).*

(1) *Does not include shares acquired pursuant to OCBC's Scrip Dividend Scheme in October 2019 and October 2020. As the acquisitions did not result in any overall percentage level changes in Lee Foundation's total interest in OCBC, no notification of the changes were required to be given under the SFA.*

(2) *Represents Lee Foundation's deemed interest in (a) the 29,222,140 shares held by Lee Pineapple Company (Pte) Limited, and (b) the 2,613,271 shares held by Peninsula Plantations Sendirian Berhad (**Peninsula Plantations**). Lee Foundation has, however, informed the Bank in writing that it has ceased to have a deemed interest in the shares held by Peninsula Plantations following a corporate restructuring exercise but that, as the cessation did not result in an overall percentage level change in Lee Foundation's total interest in OCBC, no notification of the change was required to be given under the SFA.*

(3) *Does not include shares acquired pursuant to OCBC's Scrip Dividend Scheme in October 2019 and October 2020. As the acquisitions did not result in any overall percentage level changes in Selat (Pte) Limited's (**Selat**) total interest in OCBC, no notification of the changes were required to be given under the SFA. Selat has also informed the Bank in writing that it has reduced its direct interest in OCBC following a corporate restructuring exercise but that, as the reduction did not result in an overall percentage level change in Selat's total interest in OCBC, no notification of the change was required to be given under the SFA.*

(4) *Represents Selat's deemed interest in the 45,153,163 shares held by Herald Investment Pte Ltd (**Herald Investment**). Selat has, however, informed the Bank in writing that its deemed interest in the shares held by Herald Investment has increased following a corporate restructuring exercise but that, as the increase did not result in an overall percentage level change in Selat's total interest in OCBC, no notification of the change was required to be given under the SFA.*

Five-Year Ordinary Share Capital History

(OCBC Group – As at 31 December 2020)

Year	Particulars	Number of ordinary shares (million) Issued	Held in treasury	In circulation
2016	Shares issued to non-executive directors	#		
	Shares issued in lieu of dividend	72		
	Share buyback		(14)	
	Issue of shares pursuant to Share Option Schemes		2	
	Issue of shares pursuant to Employee Share Purchase Plan		#	
	Issue of shares pursuant to Deferred Share Plan		7	
	Year end balance	4,194	(11)	4,183
2017	Shares issued to non-executive directors	#		
	Share buyback		(20)	
	Issue of shares pursuant to Share Option Schemes		13	
	Issue of shares pursuant to Employee Share Purchase Plan		6	
	Issue of shares pursuant to Deferred Share Plan		5	
	Year end balance	4,194	(7)	4,187
2018	Shares issued to non-executive directors	#		
	Shares issued in lieu of dividend	63		
	Share buyback		(17)	
	Issue of shares pursuant to Share Option Schemes		4	
	Issue of shares pursuant to Employee Share Purchase Plan		8	
	Issue of shares pursuant to Deferred Share Plan		5	
	Shares sold for cash		#	
	Year end balance	4,257	(7)	4,250
2019	Shares issued to non-executive directors	#		
	Shares issued in lieu of dividend	152		
	Share buyback		(17)	
	Issue of shares pursuant to Share Option Schemes		3	
	Issue of shares pursuant to Employee Share Purchase Plan		6	
	Issue of shares pursuant to Deferred Share Plan		7	
	Year end balance	4,409	(8)	4,401
2020	Shares issued to non-executive directors	#		
	Shares issued in lieu of dividend	67		
	Share buyback		(7)	
	Issue of shares pursuant to Share Option Schemes		2	
	Issue of shares pursuant to Employee Share Purchase Plan		#	
	Issue of shares pursuant to Deferred Share Plan		11	
	Year end balance	4,476	(2)	4,474

(1) *# represents less than 500,000 shares.*

Further Information on Management Committee

Mr Samuel N. Tsien
Group Chief Executive Officer

Mr Samuel Tsien was first appointed to the Board on 13 February 2014 and last re-elected as a Director on 29 April 2019. He was appointed Group Chief Executive Officer on 15 April 2012. He joined OCBC Bank in July 2007 as Senior Executive Vice President, managing the Group's corporate and commercial banking business. In 2008, he assumed the position as Global Head of Global Corporate Bank with added responsibilities of overseeing the financial institution and transaction banking businesses. He has 43 years of banking experience. Prior to joining OCBC Bank, he was the President and Chief Executive Officer of China Construction Bank (Asia) when China Construction Bank acquired Bank of America (Asia). From 1995 to 2006, he was President and Chief Executive Officer of Bank of America (Asia), and Asia Consumer and Commercial Banking Group Executive of Bank of America Corporation. Mr Tsien holds a Bachelor of Arts with Honours in Economics from the University of California, Los Angeles.

Mr Ching Wei Hong
Deputy President
Global Wealth Management and Consumer Banking

Mr Ching Wei Hong was appointed Deputy President on 9 January 2020 and was previously the Chief Operating Officer from April 2012. He is also currently the Chairman of Bank of Singapore, OCBC Securities, Network for Electronic Transfers (Singapore) as well as Deputy Chairman of Lion Global Investors. In his capacity as Deputy President of OCBC Bank, he is responsible for the Global Wealth Management and Consumer Banking Division, focusing on building the OCBC Group's consumer banking franchise, wealth management, and private banking business in its key markets in Asia. Mr Ching also oversees the Bank's Group Customer Experience Division covering data analytics, market research and experience design to deliver positive customer experiences and capabilities across its touchpoints. In his tenure with OCBC Bank, he has held senior management responsibilities across various roles including Chief Financial Officer, Head of Group Operations and Technology and Head of Transaction Banking. Mr Ching has more than 35 years of experience in regional finance, corporate banking and cash management. Before joining OCBC, he was Director of Corporate Finance, Philips Electronics Asia Pacific. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr Ching holds a Bachelor of Business Administration from the National University of Singapore.

Ms Helen Wong
Deputy President
Global Wholesale Banking

Ms Helen Wong was appointed as Deputy President on 3 February 2020. As the Head of Global Wholesale Banking, she has global responsibility for all banking relationships with small- and medium-sized enterprises, large corporates and financial institutions; two product groups – cash management and trade under the transaction banking business; as well as the investment banking business. Ms Wong has more than 36 years of banking experience, having started out as a Management Trainee in OCBC Bank and was its first China Desk Manager, based at the Hong Kong Branch. She has vast experience in Greater China, covering a wide range of roles in capital markets, syndicated finance and corporate banking. Before returning to OCBC Bank, Ms Wong spent 27 years at HSBC, where her last role was as its Chief Executive for Greater China, which she was appointed to in 2015. She became the President and CEO of HSBC China based in Shanghai in 2010, and was promoted to be Group General Manager in 2011 to recognise her responsibility for the entire business operations and strategic expansion in China. She also held non-executive directorships at Baoshan Iron & Steel from 2012 to 2015, and at Bank of Communications from 2016 to 2019. Ms Wong holds a Bachelor of Social Sciences from the University of Hong Kong.

Mr Darren Tan
Chief Financial Officer

Mr Darren Tan was appointed Executive Vice President and Chief Financial Officer (CFO) in December 2011. As CFO, he oversees financial, regulatory and management accounting and advisory, treasury financial control and advisory, corporate treasury, funding and capital management, corporate planning and development and investor relations. He joined OCBC Bank in March 2007 as Head of Asset Liability Management in Global Treasury and assumed the role of Deputy CFO in May 2011. Prior to joining OCBC, Mr Tan worked for 13 years in the Government of Singapore Investment Corporation (GIC) with his last position in GIC as Head of Money Markets. He serves as a board member of the Inland Revenue Authority of Singapore (IRAS Board). He is also a council member of the Institute of Singapore Chartered Accountants (ISCA). Mr Tan graduated with First Class Honours in Accountancy from Nanyang Technological University and is a Chartered Financial Analyst and a Fellow Chartered Accountant of Singapore.

Mr Kenneth Lai
Global Treasury

Mr Kenneth Lai was appointed Head of Global Treasury in October 2020. He has global responsibility for OCBC Bank's financial market businesses and asset liability management in Singapore, Malaysia, Indonesia, Hong Kong, China and seven other overseas centres. Mr Lai joined OCBC Bank in February 2012 as Head of Global Treasury International. Since 2015, he has also been responsible for the Bank's Asset and Liability Management (ALM) globally. He was appointed Executive Vice President in May 2019. Mr Lai has over 31 years of experience in different functions across trading, sales and asset liability management and across different countries in Asia. Currently, he serves on the boards of Bank of Singapore, OCBC Securities, and Clearing and Payment Services Pte Ltd (CAPS). Mr Lai also serves on Great Eastern Group's Asset/Liability Committee and Investment Committee. He is a member of the Singapore Foreign Exchange Market Committee, and member of the Institute of Banking and Finance Singapore's Financial Markets Regulatory Practices (FMRP) examination board. Before joining OCBC Bank, he was the Head of Financial Markets at Ta Chong Bank in Taiwan and has held several key appointments with ABN AMRO bank. He started his career at Bankers Trust Company. Mr Lai holds a Bachelor of Science in Finance from Virginia Polytechnic Institute and State University and is an IBF Fellow.

Mr Vincent Choo
Group Risk Management

Mr Vincent Choo was appointed Head of Group Risk Management on 1 August 2014. As Chief Risk Officer, he covers the full spectrum of risk, including Credit, Technology and Information Security, Liquidity, Market and Operational Risk Management. He reports jointly to both Group CEO and the Board Risk Management Committee of OCBC Bank. Mr Choo joined OCBC Bank from Deutsche Bank AG where his last appointment was Managing Director and Chief Risk Officer for Asia Pacific. In his 20 years at Deutsche Bank AG, he served in a number of senior roles including Head of Market Risk Management for Asia Pacific, with additional responsibilities for Traded Credit Products, and Head of New Product Approval for Asia. He holds a Master of Arts in Economics from University of Akron.

Mr Linus Goh
Global Commercial Banking

Mr Linus Goh was appointed the Head of Global Commercial Banking in April 2012. In this capacity, he has global responsibility for OCBC Bank's commercial, institutional and transaction banking businesses. He joined OCBC Bank in April 2004 as Executive Vice President and Head of International, and in August 2008, he assumed responsibility for Global Enterprise Banking and Financial Institutions. Mr Goh has over 30 years of banking experience, including 17 years at Citibank, N.A. Singapore, where he held several senior management positions overseeing corporate banking, financial institutions, e-business and transaction banking. Mr Goh serves as a board member of the investment arm of Enterprise Singapore, Seeds Capital Private Limited. He also sits on the Pro-Enterprise Panel under the Ministry of Trade and Industry and the SME Committee under the Singapore Business Federation where he chairs the sub-committee on SME Financing and Cost Competitiveness. Mr Goh holds a Bachelor of Arts (Philosophy) with Honours from the National University of Singapore and is an IBF Distinguished Fellow.

Ms Elaine Lam
Global Corporate Banking

Ms Elaine Lam was appointed Head of Global Corporate Banking in April 2016. She is responsible for OCBC Bank's corporate banking business which spans Real Estate, Wholesale Corporates, Global Commodities Finance, Structured and Sustainable Finance as well as the Bank's corporate banking business in all its overseas offices. With more than 25 years of experience in corporate banking, Ms Lam also serves in the Institute of Banking and Finance's (IBF) Corporate Banking Workgroup and the Financial Industry Competency Standards' Corporate Banking Working Group. Ms Lam holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University and is an IBF Fellow (Corporate Banking).

Mr Na Wu Beng
CEO, OCBC Wing Hang Bank

Mr Na Wu Beng was appointed Chief Executive Officer of OCBC Wing Hang Bank in August 2014. Prior to this appointment, he was Deputy President Director of Bank OCBC NISP for 10 years. Mr Na assumed the role of Chairman of OCBC Wing Hang Bank (China) in February 2020. Mr Na joined OCBC Bank in 1990 as the General Manager of OCBC Bank's Hong Kong branches. He returned to Singapore in 1999 to take on the role of Head of North Asia overseeing the bank's operations in Hong Kong, China, Taiwan, Korea and Japan. From 2000 to 2004, before his posting to Bank OCBC NISP, he headed OCBC Bank's international banking division and was responsible for branches across eight countries. Mr Na was appointed Executive Vice President in 2001. Before joining OCBC Bank, he was at International Bank of Singapore for 11 years, where he was based in Taiwan for seven years. He holds a Bachelor of Arts (Economics) with Honours from Coventry University in the United Kingdom.

Mr Wang Ke
CEO, OCBC Wing Hang Bank (China) Limited

Mr Wang Ke was appointed Chief Executive Officer of OCBC Wing Hang Bank (China) on 9 December 2019. He joined OCBC Wing Hang Bank (China) Limited [previously the OCBC Bank (China) Limited] as Chief Information Officer and Head of IT Department in 2012, and assumed the expanded role as Head of Operations and Technology afterwards. Prior to his current role, Mr Wang was the Regional General Manager of the Pearl River Delta region and was appointed as the Deputy President of OCBC Wing Hang China in March 2015. Mr Wang is conversant with foreign companies' business models in China and has intimate knowledge of the local market and regulations. As an indispensable member of bank's top management, he participated in the strategy formulating, led the implementation of many strategic projects and achieved fruitful results. He has over 20 years of international banking working experience spanning a wide spectrum of fields in China, United States and Singapore. Before joining OCBC Wing Hang Bank (China) Limited, Mr Wang held several senior positions in JPMorgan Chase & Co., McKinsey & Company and United Overseas Bank (China) Limited, where he oversaw the operations, technology and Risk Management and accumulated rich and comprehensive experience in the international financial business management and people engagement. Mr Wang holds a Master of Business Administration degree from Kellogg School of Management at Northwestern University and a bachelor's degree in Computer Science from Peking University.

Mr Bahren Shaari
CEO, Bank of Singapore

Mr Bahren Shaari was appointed Chief Executive Officer of Bank of Singapore in February 2015. Prior to this appointment, he was the Senior Managing Director and Global Market Head of South East Asia. He has more than 30 years of banking experience. Mr Bahren has been a non-executive and independent director of Singapore Press Holdings since April 2012. He also serves as a board member of the Institute of Systems Science at the National University of Singapore. Mr Bahren is a member of the Council of Presidential Advisers. He was conferred the Public Service Star Medal in 2018 and the Public Service Medal in 2008. Mr Bahren is an IBF Distinguished Fellow and holds a Bachelor of Accountancy degree from the National University of Singapore.

Further Information on Management Committee

Mr Tan Wing Ming
Regional General Manager for North East Asia

Mr Tan Wing Ming was appointed Regional General Manager of North East Asia and the Chief Executive of OCBC Bank Hong Kong branch since September 2009. In this role, he assumes oversight of the bank's branches in Hong Kong, Japan, Korea and Taiwan. In November 2016, he was promoted to Executive Vice President. Mr Tan joined OCBC Bank in January 2005 as Senior Vice President and Country Head of OCBC Bank's operations in China. Following the local incorporation of OCBC Bank in China in July 2007, he was appointed Director and President of OCBC Bank (China) Limited until his current role. Mr Tan had worked for major American and European investment and commercial banks in Singapore for 10 years. He then started and managed his own private business in China for 11 years before joining OCBC Bank. Mr Tan holds a Bachelor of Arts (Economics) with Honours from Georgetown University and a Master of Business Administration (Finance) from the University of Chicago.

Mr Ong Eng Bin
CEO, OCBC Bank Malaysia

Mr Ong Eng Bin was appointed Chief Executive Officer of OCBC Bank Malaysia in August 2014 and currently oversees the OCBC Group's Malaysian franchise. Prior to this appointment, he was its Head of Business Banking, a role he assumed in 2012 with responsibilities covering corporate and commercial, emerging business and transaction banking. He joined the bank as a management trainee in 1988 and was appointed Head of Corporate Banking and Large Corporates in 2000. Mr Ong holds a Bachelor of Accounting and Finance from the University of Manchester.

Ms Parwati Surjaudaja
President Director and CEO, Bank OCBC NISP

Ms Parwati Surjaudaja was appointed the President Director and CEO of Bank OCBC NISP in December 2008 and was re-elected as President Director in 2011, 2014 and 2017. Prior to this appointment, she joined Bank OCBC NISP as a Director in 1990 and served as a Deputy President Director from 1997. With more than 30 years of experience in the banking industry, Ms Surjaudaja has led the Bank to become one of the banks in Indonesia with the highest credit rating as well as the first private Bank in Indonesia to support sustainability financing for green and gender projects. Ms Surjaudaja had previous corporate experience with SGV Utomo-Arthur Andersen and holds a Master of Business Administration (Accounting) and a Bachelor of Science Cum Laude (Accounting and Finance) from San Francisco State University.

Mr Gan Kok Kim
Global Investment Banking

Mr Gan Kok Kim was appointed Executive Vice President and Head of Global Investment Banking in February 2012. As the Head of Global Investment Banking, he oversees OCBC Bank's loans syndication, debt capital markets, corporate finance, merger and acquisition and mezzanine/private equity investment businesses. Mr Gan joined OCBC Bank in 2004 as the Head of Treasury at OCBC Bank (Malaysia). In February 2011, he was also appointed Head of International Treasury. In August 2011, he was given the additional role of Head of Asset Liability Management in Singapore and gave up his Malaysian role. Mr Gan has more than 31 years of trading, investment banking, and management experience and has held various positions in Citibank N.A. He holds a Bachelor of Science in Economics from the Massachusetts Institute of Technology.

Mr Sunny Quek
Consumer Financial Services Singapore

Mr Sunny Quek was appointed Head of Consumer Financial Services Singapore on 13 November 2019. He joined OCBC Bank in December 2012 as Head of Branch and Premier Banking. In the six years, Mr Quek was responsible for formulating and executing the sales and distribution strategy for the consumer banking branch network in Singapore, and supporting the OCBC Premier Banking network in the region. He made significant contributions to the transformation and growth of the retail banking business and led the OCBC Premier Banking business to become a leader in the affluent segment space. In 2018, he spearheaded the transformation of the OCBC Premier Private Client segment to launch an Accredited Investor (AI) platform that offers bespoke wealth solutions to high net worth individuals in Singapore and the region. Mr Quek started his banking career at Tokai Bank in 1997 before joining Citibank Singapore in 2000. He has more than 23 years of experience spanning branch management, treasury sales and trading. Mr Quek graduated with a Bachelor of Science in Economics from the National University of Singapore.

Mr Tan Chor Sen
Global Enterprise Banking – International

Mr Tan Chor Sen was appointed the Head of Global Enterprise Banking-International in 2012. In addition to overseeing the growth of the emerging business segment in OCBC Bank's core markets, he is also in charge of developing cross-border capabilities and business within the region, leveraging the OCBC network and partner banks in key markets. Mr Tan joined OCBC Bank in 2005 as Head of Emerging Business. He is a council member of the Singapore-Shandong Business Council and Singapore-Tianjin Economic and Trade Council under Enterprise Singapore. Mr Tan has over 30 years of banking experience where he began his career in commercial banking, with postings in consumer banking. He later held several positions in corporate and offshore banking. Mr Tan holds a Bachelor of Business Administration from the National University of Singapore and is an IBF Fellow (Corporate Banking).

Mr Jason Ho
Group Human Resources

Mr Jason Ho joined OCBC Bank in January 2013 as Head of Asset Liability Management. He assumed the role of Head of Group Human Resources in July 2015, following his appointment as Deputy Head, effective January 2015. He has more than 30 years of banking experience and has held senior level positions at KBC Bank, Standard Chartered Bank and Volvo Group Treasury Asia Limited. Mr Ho holds a Bachelor of Business Administration from the National University of Singapore and a Masters in Applied Finance from Macquarie University. He also serves as a Director of the Institute for Human Resource Professionals and is a member of the HR Industry Transformation Advisory Panel.

Mr Lim Khiang Tong
Group Operations and Technology

Mr Lim Khiang Tong joined OCBC Bank in September 2000 and took on the role of Head of IT Management in January 2002. He was appointed Executive Vice President and Head of Group Information Technology in December 2007. In May 2010, he assumed the role of Head of Group Operations and Technology. He has over 30 years of management experience in strategic technology development, information technology, project management and banking operations. Since August 2016, he has also assumed oversight of OCBC's Quality and Service Excellence and Group Property Management divisions. He holds a Bachelor of Science in Computer Science and Economics from the National University of Singapore and is an IBF Distinguished Fellow (Technology).

Ms Goh Chin Yee
Group Audit

Ms Goh Chin Yee was appointed Head of Group Audit in March 2013 and Executive Vice President in April 2014. She oversees the full spectrum of internal audit activities for OCBC Bank and its subsidiaries. She reports directly to the Audit Committee and administratively to the Group CEO. Prior to this appointment, Ms Goh has worked in diverse functions in the OCBC Group, covering strategic management, investment research, fund management, finance, risk management and treasury business management. Ms Goh holds a Bachelor of Engineering (Civil) with First Class Honours from the National University of Singapore and is a Chartered Financial Analyst.

Ms Loretta Yuen
Group Legal and Regulatory Compliance

Ms Loretta Yuen was appointed General Counsel and Head of Group Legal and Regulatory Compliance in September 2010 and Executive Vice President in June 2015. She oversees the full spectrum of legal and regulatory risks, including anti-money laundering, across OCBC Bank and its subsidiaries, and provides advice on regulatory risks and legal issues involved in decisions to management, so that management can make informed strategic choices within an acceptable legal and regulatory risk profile. Ms Yuen has over 20 years of legal and regulatory experience in banking and finance. She graduated with Second Class Honours in Law from the National University of Singapore and is an IBF Distinguished Fellow. In 2017, Ms Yuen was conferred the Outstanding Singapore Chief Legal Officer Award by the Singapore Corporate Counsel Association.

Mr Peter Yeoh
Group Secretariat

Mr Peter Yeoh joined OCBC Bank in January 1984. Since joining the Bank, he has held responsibilities in finance, accounting, management information services and strategic projects. He was appointed Group Company Secretary in August 2002, a role that includes responsibilities for corporate governance and board affairs of the Group. He holds a Bachelor of Commerce from the University of Western Australia, and is a Member of the Institute of Chartered Accountants in Australia and Institute of Singapore Chartered Accountants.

Mr Melvyn Low
Global Transaction Banking

Mr Melvyn Low is an industry veteran with more than 27 years of experience and has held senior positions in sales and product management, cash management, trade, and securities services in regional and global banks. Mr Low also served as Director of the Singapore Clearing House Association from 2010 to 2013, where he was a key contributor to the launch of Fast and Secure Transfers, or FAST, platform. In conjunction with the National University of Singapore Business School, he developed the world's first full-credit course on transaction banking for undergraduates in 2012. He also launched the Institute of Banking and Finance (IBF) certification programme for transaction banking in 2019. Mr Low is currently the Payments co-chair of the Digital Standing Committee for the Association of Banks in Singapore (ABS) and the Corporate Banking Workgroup Chair for IBF. Mr Low is an IBF Distinguished Fellow and holds a Master of Business Administration from the University of British Columbia, Canada.

Ms Koh Ching Ching
Group Brand and Communications

As the Head of Group Brand and Communications, Ms Koh Ching Ching oversees OCBC Bank's branding and communications initiatives with the media, employees, customers, shareholders and the general public across its core markets. She has been heading the division since November 2004 and was appointed Executive Vice President in March 2012. Prior to her current role, she led OCBC Bank's franchise expansion efforts in trade finance in Malaysia. Ms Koh had 16 years of corporate and retail banking experience, having held various senior customer and product positions in local and foreign financial institutions. She graduated with First Class Honours in Business Administration from the National University of Singapore.

International Network

Southeast Asia

Singapore

OCBC Bank Limited
Head Office
63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514
Tel: (65) 6363 3333
Fax: (65) 6534 3986
www.ocbc.com

OCBC Bank has 43 branches in Singapore.

Bank of Singapore Limited
Head Office
63 Market Street
#22-00
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6559 8000
Fax: (65) 6559 8180
www.bankofsingapore.com

Great Eastern Holdings Limited

The Great Eastern Life Assurance Company Limited

Great Eastern General Insurance Limited
Head Office
1 Pickering Street
#01-01 Great Eastern Centre
Singapore 048659
Tel: (65) 6248 2000
Fax: (65) 6532 2214
www.greateasternlife.com

Great Eastern Financial Advisers Private Limited
1 Pickering Street
#01-01 Great Eastern Centre
Singapore 048659
Tel: (65) 6248 2121
Fax: (65) 6327 3073
www.greateasternfa.com.sg

Lion Global Investors Limited
65 Chulia Street
#18-01 OCBC Centre
Singapore 049513
Tel: (65) 6417 6800
Fax: (65) 6417 6801
www.lionglobalinvestors.com

OCBC Securities Private Limited
18 Church Street
#01-00 OCBC Centre South
Singapore 049479
Tel: (65) 6338 8688
Fax: (65) 6538 9115
www.iocbc.com

BOS Trustee Limited
63 Market Street #14-00
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6818 6478
Fax: (65) 6818 6487

OCBC Property Services Private Limited
18 Cross Street
#11-01/03
Cross Street Exchange
Singapore 048423
Tel: (65) 6533 0818
www.ocbcproperty.com.sg

Brunei

The Great Eastern Life Assurance Company Limited
Units 17/18, Block B Bangunan Habza
Spg 150, Kpg. Kiarong
Bandar Seri Begawan BE 1318
Negara Brunei Darussalam
Tel: (673) 223 3118
Fax: (673) 223 8118
www.greateasternlife.com/bn

Lion Global Investors Limited
Brunei Branch
Unit 3A, Level 5,
Retail Arcade
The Empire Hotel &
Country Club
Jerudong BG3122
Negara Brunei Darussalam
Tel: (673) 261 0925/261 0926
Fax: (673) 261 1823

Indonesia

PT Bank OCBC NISP Tbk
Head Office
OCBC NISP Tower
Jl Prof. Dr. Satrio Kav. 25
Jakarta 12940
Indonesia
Tel: (62) 21 2553 3888
Fax: (62) 21 5794 4000
www.ocbcnisp.com

PT Bank OCBC NISP Tbk has 236 offices in Indonesia.

PT Great Eastern Life Indonesia
Head Office
Menara Karya 5th Floor
Jl H.R. Rasuna Said Blok X-5 Kav.1-2
Jakarta Selatan 12950
Indonesia
Tel: (62) 21 2554 3888
www.greateasternlife.com/id

PT Great Eastern General Insurance Indonesia
MidPlaza 2, 23rd Floor,
Jalan Jenderal Sudirman
Kav. 10-11
Jakarta 10220
Indonesia
Tel: (62) 21 5723737
www.greateasterngeneral.com/id

PT Great Eastern General Insurance Indonesia has 12 branches and/or servicing offices in Indonesia.

PT OCBC Sekuritas Indonesia
Head Office
Indonesia Stock Exchange
Building Tower 2
29th Floor
Suite 2901
Jl Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia
Tel: (62) 21 2970 9300
Fax: (62) 21 2970 9393
www.ocbcsekuritas.com

Malaysia

OCBC Bank (Malaysia) Berhad
Head Office
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
www.ocbc.com.my

OCBC Contact Centre:
Tel: (603) 8317 5000
(Personal)
Tel: (603) 8317 5200
(Corporate)

OCBC Bank (Malaysia) Berhad has 33 branches in Malaysia.

OCBC Al-Amin Bank Berhad
Head Office
25th floor Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia

General Enquiries:
Within Malaysia
Tel: (603) 8314 9310
(Personal)
Tel: 1300 88 0255
(Corporate)

Outside Malaysia
Tel: (603) 8314 9310
(Personal)
Tel: (603) 8314 9090
(Corporate)

OCBC Al-Amin Bank Berhad has 9 branches in Malaysia.

OCBC Bank Limited
Labuan Branch
Licensed Labuan Bank
(940026C) Level 8 (C)
Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Federal Territory
Malaysia
Tel: (60-87) 423 381/82
Fax: (60-87) 423 390

BOS Wealth Management Malaysia Berhad
1001 Level 10 Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya,
Selangor, Malaysia
Tel: (603) 7712 3000
Fax: (603) 7712 3001

Great Eastern Life Assurance (Malaysia) Berhad
Head Office
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8888
Fax: (603) 4259 8000
www.greateasternlife.com/my

Great Eastern Life Assurance (Malaysia) Berhad has 21 branch offices in Malaysia.

Great Eastern General Insurance (Malaysia) Berhad
Head Office
Level 18
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8888
Fax: (603) 4813 0055
www.greateasterngeneral.com/my

Great Eastern General Insurance (Malaysia) Berhad has 13 branches and six servicing offices in Malaysia.

Great Eastern Takaful Berhad
201001032332 (916257-H)
Level 3
Menara Great Eastern
303 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: (603) 4259 8338
Fax: (603) 4259 8808
www.greateasterntakaful.com

Great Eastern Takaful Berhad has two agency offices.

OCBC Advisers (Malaysia) Sdn Bhd
13th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5696
Fax: (603) 2691 6616

Pac Lease Berhad
Level 12 & 13,
Menara Haw Par
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel: (603) 2035 1000
Fax: (603) 2032 3300

OCBC Properties (Malaysia) Sdn Bhd
27th Floor,
Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel: (603) 2054 3844
Fax: (603) 2031 7378

Myanmar

OCBC Bank Limited
Yangon Branch
Suite Nos.#21-01 to 05,
Junction City Tower, No. 3/A,
Corner of Bogyoke Aung San Road and 27th street,
Pabedan Township Yangon,
Myanmar
Tel: (959) 9770 255 888
Fax: (951) 925 3366

The Great Eastern Life Assurance Company Limited
Great Eastern General Insurance Limited
Myanmar Representative Office
Level 3, Unit No 03-09
Union Business Centre
Nat Mauk Road
Bo Cho Quarter Bahan
Township Yangon
Republic of Union of Myanmar
Tel/Fax: (951) 860 3384
www.greateasternlife.com/mm

Philippines

Bank of Singapore Limited Philippine Representative Office
22/F Tower One and
Exchange Plaza
Ayala Triangle Ayala Avenue
1226 Makati City
Philippines
Tel: (63) 2 8479 8988
Fax: (63) 2 8848 5223

Thailand

OCBC Bank Limited
Bangkok Branch
Unit 2501-2 25th Floor
Q House Lumpini
1 South Sathorn Road
Tungmahamek Sathorn
Bangkok 10120
Thailand
Tel: (66) 2 287 9888
Fax: (66) 2 287 9898

Vietnam

OCBC Bank Limited
Ho Chi Minh Branch
Unit 708-709 Level 7
Saigon Tower
29 Le Duan Street
District 1
Ho Chi Minh City
Vietnam
Tel: (84) 8 3823 2627
Fax: (84) 8 3823 2611

East Asia

Japan

OCBC Bank Limited
Tokyo Branch
Sanno Park Tower
5th Floor 11-1
Nagata-cho 2 chome
Chiyoda-ku
Tokyo 100-6105
Japan
Tel: (81) 3 5510 7660
Fax: (81) 3 5510 7661

South Korea

OCBC Bank Limited
Seoul Branch
Taepyung-ro 1-ka
25th Floor
Seoul Finance Center
136 Sejong-daero
Jung-gu
Seoul 04520
Republic of Korea
Tel: (82) 2 2021 3900
Fax: (82) 2 2021 3908

Greater China

China

OCBC Wing Hang Bank (China) Limited
Head Office
OCBC Bank Tower
No. 1155 Yuanshen Road
Pudong New District
Shanghai 200135
People's Republic of China
Tel: (86) 21 5820 0200
Fax: (86) 21 5830 1925
www.ocbc.com.cn

As at end December 2020, including its head office, OCBC Wing Hang China has 21 branches and sub-branches in 13 cities namely Beijing, Shanghai, Xiamen, Tianjin, Chengdu, Guangzhou, Shenzhen, Chongqing, Qingdao, Shaoxing, Suzhou, Zhuhai and Foshan.

The Great Eastern Life Assurance Company Limited
Beijing Representative Office
Room 901
China Garments Mansion
No.99 Jianguo Rd
Beijing 100020
People's Republic of China
Tel: (86) 10 6581 5501
Fax: (86) 10 6583 8727

Bank of Ningbo Co., Ltd
Head Office
No. 345, Ning Dong Road
Ningbo Zhejiang 315042
People's Republic of China
Tel: (86) 574 8705 0028
Fax: (86) 574 8705 0027
www.nbcb.com.cn

Bank of Ningbo is OCBC Bank's strategic partner in China.

As at end December 2020, it had 418 branches, sub-branches and offices, covering the cities of Ningbo, Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, Taizhou, Jiaxing, Lishui, Huzhou and Quzhou.

Hong Kong SAR

OCBC Bank Limited
Hong Kong Branch
9/F Nine Queen's Road
Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

Bank of Singapore Limited
Hong Kong Branch
34/F & 35/F
One International
Finance Centre
1 Harbour View Street
Central
Hong Kong SAR
Tel: (852) 2846 3980
Fax: (852) 2295 3332

OCBC Wing Hang Bank Limited
Head Office
161 Queen's Road Central
Hong Kong SAR
Tel: (852) 2852 5111
Fax: (852) 2541 0036
www.ocbcwhhk.com

OCBC Wing Hang Bank Limited has a total of 33 branches in Hong Kong.

OCBC Wing Hang Credit Limited
Head Office
14/F Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong SAR
Tel: (852) 2251 0321
Fax: (852) 2907 6323
www.ocbcwhcr.com

OCBC Wing Hang Credit Limited has a total of 11 offices in Hong Kong.

Macau SAR

OCBC Wing Hang Bank Limited
Head Office
241 Avenida de Almeida
Ribeiro
Macau
Tel: (853) 2833 5678
Fax: (853) 2857 6527
www.ocbcwhmac.com

OCBC Wing Hang Bank Limited has a total of 11 branches in Macau.

Taiwan

OCBC Bank Limited
Taipei Branch
41 Floor, No.68, Sec.5,
Zhongxiao East Road,
Xinyi District,
Taipei City 11065
Taiwan (R.O.C)
Tel: (886) 2 8726 8100
Fax: (886) 2 2722 8908

North America

United States of America

OCBC Bank Limited
Los Angeles Agency
801 South Figueroa Street
Suite 970
Los Angeles CA 90017
United States of America
Tel: (1) 213 624 1189
Fax: (1) 213 624 1386

OCBC Bank Limited
New York Agency
1700 Broadway 18/F New York
NY 10019
United States of America
Tel: (1) 212 586 6222
Fax: (1) 212 586 0636

Oceania

Australia

OCBC Bank Limited
Sydney Branch
Level 2
75 Castlereagh Street
Sydney NSW 2000
Australia
Tel: (61) 2 9235 2022
Fax: (61) 2 9221 5703

Europe

United Kingdom

OCBC Bank Limited
London Branch
The Rex Building 3rd Floor
62 Queen Street
London EC4R 1EB
United Kingdom
Tel: (44) 20 7653 0900
Fax: (44) 20 7489 1132

Bank of Singapore is the trading name of Oversea-Chinese Banking Corporation Limited's private banking business in London.

BOS Wealth Management Europe S.A., UK Branch
The Rex Building 3rd Floor
62 Queen Street
London EC4R 1EB
United Kingdom
Tel: (44) (0) 207 029 5850

BOS Wealth Management Europe is a wholly owned subsidiary of Bank of Singapore, dedicated to providing wealth management services to European clients.

Luxembourg

BOS Wealth Management Europe S.A.
33, rue Ste Zithe
L-2763 Luxembourg
Tel: (352) 28 57 32 2000

Middle East

United Arab Emirates

Bank of Singapore Limited (DIFC Branch)
Office 30-34, Level 28,
Central Park Tower,
Dubai International
Financial Centre
P.O. Box 4296
Dubai U.A.E
Tel: (971) 4427 7100

Regulated by the Dubai Financial Services Authority

Financial Calendar

February

24 February 2021	Announcement of full year results for 2020

April

29 April 2021	Annual General Meeting

May

May 2021	Announcement of first quarter results for 2021

June

On or about 29 June 2021*	Payment of 2020 final dividend on ordinary shares (subject to shareholders' approval at Annual General Meeting)

August

August 2021	Announcement of first half results for 2021
August 2021*	Payment of 2021 interim dividend on ordinary shares (subject to approval by the Board)

November

November 2021	Announcement of third quarter results for 2021

**The dividend payment dates are indicative and subject to change. Please refer to OCBC website, www.ocbc.com for latest updates.*

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Corporate Profile

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 480 branches and representative offices in 19 countries and regions. These include over 230 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com.

Corporate Information

Board of Directors
Mr Ooi Sang Kuang
Chairman

Mr Chua Kim Chiu
Dr Andrew Khoo
Mr Koh Beng Seng
Dr Lee Tih Shih
Ms Christina Ong
Mr Pramukti Surjaudaja
Mr Tan Ngiap Joo
Ms Tan Yen Yen
Mr Samuel N. Tsien
Mr Wee Joo Yeow

Nominating Committee
Mr Wee Joo Yeow
Chairman

Mr Ooi Sang Kuang
Ms Christina Ong
Mr Pramukti Surjaudaja
Mr Tan Ngiap Joo

Executive Committee
Mr Ooi Sang Kuang
Chairman

Mr Koh Beng Seng
Dr Lee Tih Shih
Mr Tan Ngiap Joo
Mr Wee Joo Yeow

Audit Committee
Mr Chua Kim Chiu
Chairman

Mr Ooi Sang Kuang
Dr Andrew Khoo
Mr Tan Ngiap Joo
Ms Tan Yen Yen

Remuneration Committee
Mr Tan Ngiap Joo
Chairman

Mr Ooi Sang Kuang
Mr Koh Beng Seng
Ms Christina Ong
Ms Tan Yen Yen
Mr Wee Joo Yeow

Risk Management Committee
Mr Koh Beng Seng
Chairman

Mr Ooi Sang Kuang
Mr Chua Kim Chiu
Mr Samuel N. Tsien
Mr Wee Joo Yeow

Ethics and Conduct Committee
Ms Christina Ong
Chairman

Mr Ooi Sang Kuang
Dr Andrew Khoo
Dr Lee Tih Shih
Mr Pramukti Surjaudaja

Secretaries
Mr Peter Yeoh
Ms Sherri Liew

Registered Office
63 Chulia Street
#10-00 OCBC Centre East
Singapore 049514
Tel: (65) 6363 3333 (Personal Banking)
(65) 6538 1111 (Business Banking)
Fax: (65) 6534 3986
Website: www.ocbc.com

Share Registration Office
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6228 0505

Auditors
PricewaterhouseCoopers LLP
7 Straits View
Marina One East Tower Level 12
Singapore 018936
Tel: (65) 6236 3388

Partner in charge of the Audit
Mr Lian Wee Cheow
(Year of Appointment: 2020)

Investor Relations
Email: Investor-Relations@ocbc.com

OCBC Bank

Oversea-Chinese Banking Corporation Limited
(Incorporated in Singapore)

Company Registration Number: 193200032W

FSC
www.fsc.org
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