UOB 大华银行

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Announcement

To: All Shareholders

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

Audited Financial Results for the Financial Year Ended 31 December 2020
Details of the financial results are in the accompanying Group Financial Report.

Dividends and Distributions for the Fourth Quarter Ended 31 December 2020
Ordinary share dividend

The Directors recommend the payment of a final tax-exempt dividend of 39 cents (2019: final dividend of 55 cents and special dividend of 20 cents) per ordinary share for the financial year ended 31 December 2020. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 30 April 2021.

Together with the interim tax-exempt dividend of 39 cents per ordinary share (2019: 55 cents) paid in August 2020, the total net dividend for the financial year ended 31 December 2020 will be 78 cents (2019: S$1.30) per ordinary share amounting to S$1,303 million (2019: S$2,170 million).

The UOB scrip dividend scheme (the "Scheme") will be applied to the final dividend for the financial year ended 31 December 2020. A separate announcement will be made of the books closure and relevant dates for participation in the Scheme.

Distributions on perpetual capital securities

On 19 October 2020, a semi-annual distribution at an annual rate of 3.875% totalling US$13 million was paid on the Bank's US$650 million 3.875% non-cumulative non-convertible perpetual capital securities for the period from 19 April 2020 up to, but excluding 19 October 2020.

On 18 November 2020, a semi-annual distribution at an annual rate of 4.00% totalling S$15 million was paid on the Bank's S$750 million 4.00% non-cumulative non-convertible perpetual capital securities for the period from 18 May 2020 up to, but excluding 18 November 2020.

Interested Person Transactions

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

Undertakings from Directors and Executive Officers

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

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

Name	**Age**	**Family relationship with any director and/or substantial shareholder**	**Current position and duties, and the year the position was held**	**Details of changes in duties and position held, if any, during the year**
Wee Ee Cheong	68	Son of Dr Wee Cho Yaw, substantial shareholder and; brother of Mr Wee Ee Lim, director and substantial shareholder; and Mr Wee Ee Chao, substantial shareholder.	Deputy Chairman & CEO	Nil

BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED

Joyce Sia / Theresa Sim
Company Secretaries

Dated this 25th day of February 2021

The results are also available at www.UOBgroup.com

Group Financial Report

For the Financial Year/Fourth Quarter ended 31 December 2020

United Overseas Bank Limited
Incorporated in the Republic of Singapore

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Attachment: Independent Auditor's Report

Notes

1 The financial statements are presented in Singapore Dollars.
2 Certain comparative figures have been restated to conform with current period's presentation.
3 Certain figures in this report may not add up to the respective totals due to rounding.
4 Amounts less than $500,000 in absolute term are shown as "0".
5 Non-impaired assets refer to Stage 1 and Stage 2 assets under SFRS(I) 9.
6 Impaired assets refer to Stage 3 and purchased or originated credit-impaired assets under SFRS(I) 9.

Abbreviation

"2020" and "2019" denote to financial year of 2020 and 2019 respectively.
"3Q20" denotes third quarter of 2020.
"4Q20" and "4Q19" denote fourth quarter of 2020 and 2019 respectively.
"NM" denotes not meaningful.
"NA" denotes not applicable.

Financial Highlights

	2020	2019	+/(-) %	4Q20	3Q20	+/(-) %	4Q19	+/(-) %
Selected income statement items ($m)								
Net interest income	**6,035**	6,563	(8)	**1,512**	1,474	3	1,635	(8)
Net fee and commission income	**1,997**	2,032	(2)	**522**	514	2	476	10
Other non-interest income	**1,144**	1,435	(20)	**214**	272	(21)	321	(33)
Total income	**9,176**	10,030	(9)	**2,249**	2,261	(1)	2,432	(8)
Less: Operating expenses	**4,184**	4,472	(6)	**1,049**	1,009	4	1,116	(6)
Operating profit	**4,992**	5,558	(10)	**1,200**	1,252	(4)	1,316	(9)
Less: Allowance for credit and other losses	**1,554**	435	>100	**396**	477	(17)	146	>100
Add: Share of profit of associates and joint ventures	**98**	51	91	**34**	24	40	20	69
Net profit before tax	**3,536**	5,174	(32)	**838**	800	5	1,190	(30)
Less: Tax and non-controlling interests	**621**	831	(25)	**150**	132	13	185	(19)
Net profit after tax [1]	**2,915**	4,343	(33)	**688**	668	3	1,006	(32)
Selected balance sheet items ($m)								
Gross customer loans	**281,387**	268,676	5	**281,387**	280,682	0	268,676	5
Customer deposits	**324,598**	310,726	4	**324,598**	319,114	2	310,726	4
Total assets	**431,814**	404,409	7	**431,814**	422,079	2	404,409	7
Shareholders' equity [1]	**40,901**	39,636	3	**40,901**	39,986	2	39,636	3
Key financial ratios (%)								
Net interest margin [2]	**1.57**	1.78		**1.57**	1.53		1.76	
Non-interest income/Total income	**34.2**	34.6		**32.8**	34.8		32.8	
Cost/Income ratio	**45.6**	44.6		**46.7**	44.6		45.9	
Overseas profit before tax contribution	**43.6**	38.9		**43.9**	32.5		40.1	
Credit costs on loans (bp) [2]								
Non-impaired	**32**	1		**21**	49		1	
Impaired	**24**	17		**34**	19		23	
Total	**57**	18		**55**	68		24	
NPL ratio [3]	**1.6**	1.5		**1.6**	1.5		1.5	

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

Financial Highlights *(cont'd)*

	2020	2019	**4Q20**	3Q20	4Q19
Key financial ratios (%) *(cont'd)*					
Return on average ordinary shareholders' equity [1,2]	**7.4**	11.6	**7.0**	6.9	10.6
Return on average total assets [1]	**0.69**	1.08	**0.65**	0.63	1.00
Return on average risk-weighted assets [1]	**1.27**	1.90	**1.22**	1.17	1.77
Loan/Deposit ratio [3]	**85.4**	85.4	**85.4**	86.7	85.4
Liquidity coverage ratios ("LCR") [4,8]					
All-currency	**135**	146	**139**	127	149
Singapore Dollar	**298**	306	**256**	301	315
Net stable funding ratio ("NSFR") [5,8]	**125**	111	**125**	122	111
Capital adequacy ratios					
Common Equity Tier 1	**14.7**	14.3	**14.7**	14.0	14.3
Tier 1	**15.8**	15.4	**15.8**	15.0	15.4
Total	**18.4**	17.4	**18.4**	17.6	17.4
Leverage ratio [6]	**7.4**	7.7	**7.4**	7.4	7.7
Earnings per ordinary share ($) [1,2]					
Basic	**1.69**	2.55	**1.59**	1.55	2.35
Diluted	**1.68**	2.54	**1.58**	1.54	2.34
Net asset value ("NAV") per ordinary share ($) [7]	**23.03**	22.33	**23.03**	22.53	22.33
Revalued NAV per ordinary share ($) [7]	**26.07**	25.40	**26.07**	25.67	25.40

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

Performance Review

Changes in Accounting Policies
The Group adopted the following changes with effect from 1 January 2020:

- Conceptual Framework for Financial Reporting
- Amendments to SFRS(I) 3: Definition of a Business
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform
- Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

The amendments to SFRS(I) 9 provide temporary exceptions to specific hedge accounting requirements, to allow hedge accounting not to be discontinued as a result of uncertainties created by interest rate benchmark reform. The Group applied the amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by the interest rate benchmark reform. The Group will continue to apply the applicable exceptions until the uncertainties arising from the interest rate benchmark reform are no longer present, or when the impacted hedging relationships are discontinued. The adoption of these SFRS(I) 9 amendments did not have any significant impact on the Group for the year ended 31 December 2020.

The Group early adopted the amendments to SFRS(I) 16 which provide a practical expedient for lessees to not assess qualifying COVID-19-related rent concessions for lease modification. The adoption of these amendments did not have any impact on the Group’s opening balance sheet as at 1 January 2020.

The adoption of the other changes above did not have a significant impact on the Group’s financial statements.

Other than the above changes, the accounting policies and computation methods applied in the financial statements for the financial year ended 31 December 2020 are the same as those applied in the audited financial statements for the financial year ended 31 December 2019.

2020 versus 2019

The Group reported net profit of $2.91 billion, 33% lower than a year ago as economies contracted amid the global pandemic with lower margins from benchmark rate cuts and reduced customer activities. Pre-emptive credit allowance of $916 million was built up during the year to strengthen the balance sheet.

Net interest income decreased 8% against last year to $6.04 billion, as policy makers across the regional markets reduced interest rates to provide support to the economy and market liquidity.

Net fee and commission income was 2% lower at $2 billion, as consumers spent less on credit cards and business activities reduced with movement restrictions and social distancing measures in place. On the other hand, wealth management fees did better and fund management fees improved.

Other non-interest income dropped 20% to $1.14 billion due to lower net trading income on the back of a volatile market in 2020, partially offset by higher gains from investment securities.

Total expenses decreased 6% to $4.18 billion on the Group's effort to balance continued strategic investments in people and technology while reducing discretionary spend. The cost-to-income ratio for the year was 45.6%.

Total allowance increased to $1.55 billion from $435 million a year ago, as the Group pre-emptively set aside additional allowance of $916 million for non-impaired assets to ensure adequate coverage even as the impact of the pandemic on credit remains uncertain. Allowance for impaired loans increased 45% to $679 million on a few corporate accounts. Total credit costs on loans increased 39 basis points to 57 basis points.

Performance Review *(cont'd)*

4Q20 versus 3Q20

4Q20 net profit rose 3% to $688 million on higher margin, fees and lower allowance as business momentum improved.

Net interest income increased 3% to $1.51 billion, lifted by a 4-basis point increase in net interest margin to 1.57% this quarter. Net fee and commission income was 2% higher at $522 million, led by an increase in fund management and credit cards fees. Trading and investment income declined 28% to $152 million as the last quarter benefitted from higher gains on investments.

Total operating expenses increased 4% to $1.05 billion, largely due to higher staff costs. Total allowance dropped 17% to $396 million with lower allowance for non-impaired assets while allowance for impaired assets increased from a few secured corporate accounts.

4Q20 versus 4Q19

Compared with the same quarter last year, net profit for 4Q20 was 32% lower.

Net interest income decreased 8% from lower interest rates. Net fee and commission income rose 10% driven by strong growth in wealth management, fund management and loan-related fees, partially offset by lower credit card spending. Other non-interest income declined 33% to $214 million, mainly from lower net trading income.

Total operating expenses fell alongside income, mainly from staff costs and revenue-related expenses. Total allowance was higher due to the increase in allowance on non-impaired assets.

Asset quality

The Group’s non-performing loan (NPL) ratio stood at 1.6% as at 31 December 2020. Total credit allowance of $916 million for non-impaired assets was pre-emptively set aside during the year, bringing the performing loan coverage ratio to 1.05% from 0.69% last year. The non-performing assets coverage strengthened to 107% or 245% after taking collateral into account.

Capital, Funding and Liquidity Positions

The Group’s liquidity and funding positions remained robust with 4Q20’s average all-currency liquidity coverage ratio (LCR) at 139% and net stable funding ratio (NSFR) at 125%, well above the minimum regulatory requirements. The loan-to-deposit ratio (LDR) was stable at 85.4%.

As at 31 December 2020, the Group's Common Equity Tier 1 CAR remained strong at 14.7%. Leverage ratio of 7.4% was more than two times above the regulatory requirement.

The resilience of the Group’s balance sheet, supported by robust capital, diversified funding and strong reserve coverage, allowed UOB to help customers and community weather through macro uncertainties ahead and to drive growth when market recovers.

Net Interest Income

Net interest margin

	2020			2019		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	$m	%	$m	$m	%
Interest bearing assets						
Customer loans	275,271	7,963	2.89	267,424	10,108	3.78
Interbank balances	66,525	829	1.25	66,420	1,562	2.35
Securities	42,368	831	1.96	34,593	887	2.57
Total	384,164	9,623	2.50	368,436	12,557	3.41
Interest bearing liabilities						
Customer deposits	323,246	3,177	0.98	308,654	4,996	1.62
Interbank balances/others	41,430	410	0.99	42,956	998	2.32
Total	364,676	3,588	0.98	351,609	5,994	1.70
Net interest margin [1]			1.57			1.78

	4Q20			3Q20			4Q19		
	Average balance	Interest	Average rate	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	$m	%	$m	$m	%	$m	$m	%
Interest bearing assets									
Customer loans	277,582	1,745	2.50	276,316	1,812	2.61	268,237	2,470	3.65
Interbank balances	61,461	137	0.89	62,846	158	1.00	62,990	339	2.13
Securities	45,153	202	1.78	44,471	203	1.82	37,523	230	2.43
Total	384,196	2,084	2.16	383,633	2,174	2.25	368,750	3,039	3.27
Interest bearing liabilities									
Customer deposits	322,555	514	0.63	323,462	637	0.78	308,135	1,187	1.53
Interbank balances/others	41,334	59	0.57	39,670	63	0.63	42,995	217	2.00
Total	363,889	573	0.63	363,132	699	0.77	351,130	1,403	1.59
Net interest margin [1]			1.57			1.53			1.76

Note:

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

Net Interest Income *(cont'd)*

Volume and rate analysis

	2020 vs 2019			4Q20 vs 3Q20			4Q20 vs 4Q19		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest income									
Customer loans	297	(2,463)	(2,167)	8	(75)	(67)	86	(811)	(725)
Interbank balances	2	(737)	(735)	(3)	(18)	(21)	(8)	(194)	(202)
Securities	199	(258)	(59)	3	(4)	(1)	47	(74)	(28)
Total	499	(3,458)	(2,960)	8	(97)	(89)	125	(1,079)	(955)
Interest expense									
Customer deposits	236	(2,064)	(1,828)	(2)	(121)	(123)	56	(729)	(673)
Interbank balances/others	(35)	(554)	(589)	3	(6)	(4)	(8)	(149)	(158)
Total	201	(2,617)	(2,417)	1	(127)	(127)	47	(878)	(831)
Change in number of days	-	-	16	-	-	-	-	-	-
Net interest income	298	(841)	(527)	7	30	37	77	(201)	(124)

Net interest income for 2020 decreased 8% against last year to $6.04 billion, as policy makers across the regional markets reduced interest rate to provide support to the economy and market liquidity.

Compared with last quarter, net interest income increased 3% to $1.51 billion, lifted by a 4-basis point increase in net interest margin to 1.57% this quarter. This reflects the Group's proactive liability management in the declining interest rate environment.

Against the same quarter last year, net interest income decreased 8% from lower interest rates.

Non-Interest Income

	2020	2019	+/(-)	4Q20	3Q20	+/(-)	4Q19	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Net fee and commission income								
Credit card [1]	**386**	488	(21)	**109**	95	15	136	(19)
Fund management	**275**	236	16	**84**	67	25	63	34
Wealth management	**710**	641	11	**188**	188	0	162	16
Loan-related [2]	**506**	558	(9)	**108**	124	(13)	91	19
Service charges	**142**	155	(9)	**37**	33	13	41	(9)
Trade-related [3]	**281**	297	(5)	**74**	71	5	77	(3)
Others	**13**	37	(64)	**2**	4	(56)	2	(22)
	2,313	2,412	(4)	**602**	581	4	571	5
Less: Fee and commission expenses	**316**	380	(17)	**79**	67	18	95	(17)
	1,997	2,032	(2)	**522**	514	2	476	10
Other non-interest income								
Net trading income	**594**	874	(32)	**98**	123	(20)	175	(44)
Net gain from investment securities	**286**	242	18	**54**	87	(39)	49	10
Dividend income	**50**	51	(0)	**3**	15	(82)	4	(21)
Rental income	**106**	110	(4)	**25**	25	2	27	(8)
Other income	**108**	158	(32)	**35**	22	58	66	(47)
	1,144	1,435	(20)	**214**	272	(21)	321	(33)
Total	**3,141**	3,467	(9)	**737**	786	(6)	796	(7)

Net fee and commission income for the year was 2% lower at $2 billion, as consumers spent less on credit cards and business activities reduced with movement restrictions and social distancing measures in place. On the other hand, wealth management fees did better and fund management fees improved. Other non-interest income dropped 20% to $1.14 billion due to lower net trading income on the back of a volatile market in 2020, partially offset by higher gains from investment securities.

Quarter on quarter, net fee and commission income was 2% higher at $522 million, led by an increase in fund management and credit cards fees. Trading and investment income declined 28% to $152 million as the last quarter benefitted from higher gains on investments.

Compared with the same quarter last year, net fee and commission income rose 10% driven by strong growth in wealth management, fund management and loan-related fees, partially offset by lower credit card spending. Other non-interest income declined 33% to $214 million, mainly from lower net trading income.

Notes:
1 Credit card fees are net of interchange fees paid.
2 Loan-related fees include fees earned from corporate finance activities.
3 Trade-related fees include trade, remittance and guarantees related fees.

Operating Expenses

	2020	2019	+/(-)	4Q20	3Q20	+/(-)	4Q19	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Staff costs	**2,501**	2,716	(8)	**613**	592	4	673	(9)
Other operating expenses								
Revenue-related	**577**	688	(16)	**144**	144	0	178	(19)
Occupancy-related	**321**	334	(4)	**84**	76	11	87	(3)
IT-related	**582**	504	15	**155**	148	5	128	22
Others	**203**	230	(12)	**52**	49	6	50	4
	1,683	1,756	(4)	**436**	417	4	443	(2)
Total	**4,184**	4,472	(6)	**1,049**	1,009	4	1,116	(6)
Of which,								
Depreciation of assets	**454**	399	14	119	112	6	109	9
Manpower (number)	**25,466**	26,872	(5)	**25,466**	26,008	(2)	26,872	(5)

Total expenses for the full year of 2020 decreased 6% to $4.18 billion on the Group's effort to balance continued strategic investments in people and technology while reducing discretionary spend. The cost-to-income ratio for the year was 45.6%.

Quarter on quarter, total expenses increased 4% to $1.05 billion, largely due to higher staff costs.

In tandem with lower operating income, total operating expenses decreased 6% against the same quarter last year, mainly from staff costs and revenue-related expenses.

Allowance for Credit and Other Losses

	2020	2019	+/(-)	4Q20	3Q20	+/(-)	4Q19	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Allowance for non-impaired assets	**916**	(19)	>100	**150**	339	(56)	6	>100
Allowance for impaired assets								
Impaired loans [1]	**679**	469	45	**241**	134	80	161	50
Singapore	**243**	243	0	**50**	36	37	114	(56)
Malaysia	**94**	41	>100	**50**	13	>100	5	>100
Thailand	**145**	135	7	**60**	32	87	41	46
Indonesia	**86**	37	>100	**11**	22	(49)	4	>100
Greater China [2]	**106**	(2)	>100	**52**	25	>100	1	>100
Others	**6**	16	(64)	**18**	6	>100	(4)	>100
Impaired securities and others	**(42)**	(15)	(>100)	**4**	3	48	(22)	>100
Total	**1,554**	435	>100	**396**	477	(17)	146	>100

Full year 2020 total allowance increased to $1.55 billion from $435 million a year ago, as the Group pre-emptively set aside additional allowance of $916 million for non-impaired assets to ensure adequate coverage even as the impact of the pandemic on credit remains uncertain. Allowance for impaired loans increased 45% to $679 million on a few secured corporate accounts. Total credit costs on loans increased 39 basis points to 57 basis points.

Quarter on quarter, total allowance dropped 17% to $396 million with lower allowance for non-impaired assets while allowance for impaired assets increased from a few secured corporate accounts.

Against the same quarter last year, total allowance was higher largely due to the increase in allowance on non-impaired assets.

Notes:
1 Allowance for impaired loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.
2 Comprise Mainland China, Hong Kong SAR and Taiwan.

Customer Loans

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
Gross customer loans	**281,387**	280,682	268,676
Less: Allowance for non-impaired loans	**2,521**	2,362	1,721
Allowance for impaired loans	**1,665**	1,609	1,497
Net customer loans	**277,201**	276,711	265,458
By industry			
Transport, storage and communication	**11,411**	11,606	11,036
Building and construction	**71,702**	71,724	66,992
Manufacturing	**20,194**	21,798	19,380
Financial institutions, investment and holding companies	**31,259**	29,187	26,098
General commerce	**34,488**	35,013	32,713
Professionals and private individuals	**27,637**	27,884	29,458
Housing loans	**68,562**	68,032	68,586
Others	**16,134**	15,438	14,413
Total (gross)	**281,387**	280,682	268,676
By currency			
Singapore Dollar	**129,503**	129,702	125,447
US Dollar	**49,336**	50,649	47,562
Malaysian Ringgit	**26,849**	27,354	26,167
Thai Baht	**18,666**	18,013	18,299
Indonesian Rupiah	**5,581**	5,491	5,681
Others	**51,452**	49,474	45,520
Total (gross)	**281,387**	280,682	268,676
By maturity			
Within 1 year	**111,856**	113,207	103,112
Over 1 year but within 3 years	**58,528**	56,602	52,058
Over 3 years but within 5 years	**32,341**	32,115	33,494
Over 5 years	**78,661**	78,758	80,012
Total (gross)	**281,387**	280,682	268,676
By geography [1]			
Singapore	**143,333**	144,249	138,666
Malaysia	**29,691**	30,419	29,554
Thailand	**20,625**	19,379	19,585
Indonesia	**10,470**	10,931	11,466
Greater China	**44,195**	44,145	41,423
Others	**33,073**	31,559	27,982
Total (gross)	**281,387**	280,682	268,676

Gross loans were $281 billion as at 31 December 2020, an increase of 5% from a year ago and little changed over last quarter. The growth over last year was led by broad-based increase of wholesale loans across most territories and industries.

Singapore loans continue to grow 3% year-on-year, while overseas contributed a healthy growth of 6% mainly from Greater China and western countries.

Note:

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

Non-Performing Assets

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
Loans ("NPL")	**4,520**	4,230	4,136
Debt securities and others	**88**	71	161
Non-performing assets ("NPA")	**4,608**	4,301	4,297
By grading			
Substandard	**2,961**	2,637	2,677
Doubtful	**277**	219	205
Loss	**1,370**	1,445	1,415
Total	**4,608**	4,301	4,297
By security			
Secured by collateral type:			
Properties	**2,333**	2,147	2,003
Fixed deposits	**12**	5	66
Others [1]	**247**	348	386
	2,592	2,500	2,455
Unsecured	**2,016**	1,801	1,842
Total	**4,608**	4,301	4,297
By ageing			
Current	**1,091**	1,102	1,055
Within 90 days	**475**	165	480
Over 90 to 180 days	**389**	348	386
Over 180 days	**2,653**	2,686	2,376
Total	**4,608**	4,301	4,297
Total allowance			
Non-impaired	**2,873**	2,712	1,985
Impaired	**1,692**	1,664	1,626
Total	**4,565**	4,376	3,611

	NPL	**NPL ratio**	NPL	NPL ratio	NPL	NPL ratio
	$m	**%**	$m	%	$m	%
NPL by industry						
Transport, storage and communication	**581**	**5.1**	618	5.3	650	5.9
Building and construction	**637**	**0.9**	566	0.8	618	0.9
Manufacturing	**785**	**3.9**	769	3.5	712	3.7
Financial institutions, investment and holding companies	**36**	**0.1**	37	0.1	39	0.1
General commerce	**1,035**	**3.0**	846	2.4	658	2.0
Professionals and private individuals	**290**	**1.0**	259	0.9	309	1.0
Housing loans	**808**	**1.2**	783	1.2	775	1.1
Others	**348**	**2.2**	352	2.3	375	2.6
Total	**4,520**	**1.6**	4,230	1.5	4,136	1.5

Note:
1 Comprise mainly marine vessels.

Non-Performing Assets *(cont'd)*

NPL by geography [1]	NPL/NPA	NPL ratio	Allowance for impaired assets	Allowance for impaired assets as a % of NPL/NPA
	$m	%	$m	%
Singapore				
Dec-20	**2,182**	**1.5**	**841**	**39**
Sep-20	2,227	1.5	868	39
Dec-19	2,183	1.6	823	38
Malaysia				
Dec-20	**581**	**2.0**	**171**	**29**
Sep-20	522	1.7	132	25
Dec-19	612	2.1	174	28
Thailand				
Dec-20	**673**	**3.3**	**269**	**40**
Sep-20	505	2.6	215	43
Dec-19	550	2.8	200	36
Indonesia				
Dec-20	**522**	**5.0**	**221**	**42**
Sep-20	543	5.0	246	45
Dec-19	463	4.0	178	38
Greater China				
Dec-20	**328**	**0.7**	**89**	**27**
Sep-20	251	0.6	71	28
Dec-19	101	0.2	24	24
Others				
Dec-20	**234**	**0.7**	**74**	**32**
Sep-20	182	0.6	76	42
Dec-19	227	0.8	99	44
Group NPL				
Dec-20	**4,520**	**1.6**	**1,665**	**37**
Sep-20	4,230	1.5	1,609	38
Dec-19	4,136	1.5	1,498	36
Group NPA				
Dec-20	**4,608**		**1,692**	**37**
Sep-20	4,301		1,664	39
Dec-19	4,297		1,626	38

	Total allowance	
	as a % of NPA [2]	as a % of unsecured NPA [2]
Group	%	%
Dec-20	**107**	**245**
Sep-20	111	264
Dec-19	87	202

The Group's overall loan portfolio remained sound. Total NPA increased 7% to $4.61 billion, as the credit environment was fairly benign last year.

NPL ratio rose to 1.6% as at 31 December 2020 as NPL formation was higher in the fourth quarter of 2020 due to several major secured corporate exposures. For the year, the Group pre-emtively set aside $916 million allowance for potential risks arising from the global pandemic, strengthening the NPA coverage to 107% or 245% after taking collaterals into account.

Notes:

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

2 Includes regulatory loss allowance reserves (RLAR) as part of total allowance.

Customer Deposits

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
By product			
Fixed deposits	**134,034**	142,628	155,768
Savings deposits	**91,620**	88,181	78,411
Current accounts	**81,963**	74,583	62,779
Others	**16,981**	13,722	13,768
Total	**324,598**	319,114	310,726
By maturity			
Within 1 year	**321,337**	314,727	307,222
Over 1 year but within 3 years	**2,486**	3,589	2,603
Over 3 years but within 5 years	**294**	346	538
Over 5 years	**481**	452	363
Total	**324,598**	319,114	310,726
By currency			
Singapore Dollar	**150,360**	144,778	140,167
US Dollar	**83,451**	86,006	76,511
Malaysian Ringgit	**29,543**	29,896	28,327
Thai Baht	**22,292**	20,697	20,610
Indonesian Rupiah	**6,288**	5,980	5,698
Others	**32,664**	31,757	39,413
Total	**324,598**	319,114	310,726
Group Loan/Deposit ratio (%)	**85.4**	86.7	85.4
Singapore Dollar Loan/Deposit ratio (%)	**85.1**	88.6	88.7
US Dollar Loan/Deposit ratio (%)	**58.2**	58.0	61.2

Customer deposits grew 4% from a year ago and 2% over the quarter to $325 billion as at 31 December 2020. The growth was led by higher saving deposits and current accounts. Correspondingly, current account/savings account ratio improved steadily over the past 4 quarters from 45.4% to 53.5%.

As at 31 December 2020, the Group's loan-to-deposit ratio and Singapore Dollar loan-to-deposit ratio remained healthy at 85.4% and 85.1% respectively.

Debts Issued

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
Unsecured			
Subordinated debts	**5,363**	5,495	5,121
Commercial papers	**11,938**	8,447	8,729
Fixed and floating rate notes	**5,140**	3,861	4,853
Others	**923**	958	1,497
Secured			
Covered bonds	**6,244**	4,576	5,009
Total	**29,608**	23,337	25,209
Due within 1 year	15,290	11,956	10,759
Due after 1 year	14,318	11,381	14,450
Total	**29,608**	23,337	25,209

Shareholders' Equity

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
Shareholders' equity	**40,901**	39,986	39,636
Add: Revaluation surplus	**5,089**	5,252	5,112
Shareholders' equity including revaluation surplus	**45,990**	45,238	44,748

Shareholders’ equity increased 3% from a year ago to $40.9 billion largely driven by higher retained earnings.

As at 31 December 2020, the revaluation surplus of $5.09 billion relating to the Group's properties, was not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares			
	2020	2019	**4Q20**	4Q19
	'000	'000	**'000**	'000
Ordinary shares				
Balance at beginning of period	**1,680,541**	1,680,541	**1,680,541**	1,680,541
Shares issued under scrip dividend scheme	**3,375**	-	**3,375**	-
Balance at end of period	**1,683,916**	1,680,541	**1,683,916**	1,680,541
Treasury shares				
Balance at beginning of period	**(12,207)**	(14,834)	**(11,101)**	(12,296)
Shares re-purchased - held in treasury	**(993)**	-	**-**	-
Shares issued under share-based compensation plans	**2,099**	2,627	**-**	89
Balance at end of period	**(11,101)**	(12,207)	**(11,101)**	(12,207)
Ordinary shares net of treasury shares	**1,672,815**	1,668,334	**1,672,815**	1,668,334

Performance by Business Segment [1]

Selected income statement items	**GR**	**GWB**	**GM**	**Others**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
2020					
Net interest income	**2,772**	**3,026**	**422**	**(185)**	**6,035**
Non-interest income	**1,331**	**1,030**	**347**	**433**	**3,141**
Operating income	**4,103**	**4,056**	**769**	**248**	**9,176**
Operating expenses	**(2,039)**	**(955)**	**(270)**	**(920)**	**(4,184)**
Allowance for credit and other losses	**(510)**	**(771)**	**(10)**	**(263)**	**(1,554)**
Share of profit of associates and joint ventures	**-**	**8**	**-**	**90**	**98**
Profit before tax	**1,554**	**2,338**	**489**	**(845)**	**3,536**
Tax					**(606)**
Profit for the financial period					**2,930**
Other information:					
Capital expenditure	**47**	**42**	**9**	**465**	**563**
Depreciation of assets	**65**	**29**	**12**	**348**	**454**
2019					
Net interest income	2,973	2,977	95	518	6,563
Non-interest income	1,325	1,121	500	521	3,467
Operating income	4,298	4,098	595	1,039	10,030
Operating expenses	(2,097)	(1,032)	(277)	(1,066)	(4,472)
Allowance for credit and other losses	(192)	(285)	(4)	46	(435)
Share of profit of associates and joint ventures	-	5	-	46	51
Profit before tax	2,009	2,786	314	65	5,174
Tax					(812)
Profit for the financial period					4,362
Other information:					
Capital expenditure	55	49	22	447	573
Depreciation of assets	58	24	10	307	399

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

Performance by Business Segment [1] *(cont'd)*

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
4Q20					
Net interest income	**671**	**749**	**120**	**(28)**	**1,512**
Non-interest income	**365**	**251**	**28**	**93**	**737**
Operating income	**1,036**	**1,000**	**148**	**65**	**2,249**
Operating expenses	**(537)**	**(269)**	**(77)**	**(166)**	**(1,049)**
Allowance for credit and other losses	**(200)**	**(155)**	**(8)**	**(33)**	**(396)**
Share of profit of associates and joint ventures	**-**	**3**	**-**	**31**	**34**
Profit before tax	**299**	**579**	**63**	**(103)**	**838**
Tax					**(144)**
Profit for the financial period					**694**
Other information:					
Capital expenditure	**9**	**11**	**3**	**150**	**173**
Depreciation of assets	**17**	**8**	**3**	**91**	**119**
3Q20					
Net interest income	666	757	130	(79)	1,474
Non-interest income	347	251	74	114	786
Operating income	1,013	1,008	204	36	2,261
Operating expenses	(484)	(198)	(61)	(266)	(1,009)
Allowance for credit and other losses	(179)	(353)	(4)	59	(477)
Share of profit of associates and joint ventures	-	0	-	24	24
Profit before tax	350	457	139	(146)	800
Tax					(127)
Profit for the financial period					672
Other information:					
Capital expenditure	9	11	2	106	128
Depreciation of assets	16	7	3	86	112
4Q19					
Net interest income	754	747	42	92	1,635
Non-interest income	357	248	97	94	796
Operating income	1,111	995	139	187	2,432
Operating expenses	(550)	(275)	(75)	(216)	(1,116)
Allowance for credit and other losses	(56)	(143)	(6)	59	(146)
Share of profit of associates and joint ventures	-	4	-	16	20
Profit before tax	505	581	58	46	1,190
Tax					(178)
Profit for the financial period					1,012
Other information:					
Capital expenditure	15	11	3	136	165
Depreciation of assets	18	6	3	82	109

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

Performance by Business Segment [1] *(cont'd)*

Selected balance sheet items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
At 31 December 2020					
Segment assets	**107,654**	**195,056**	**85,093**	**38,658**	**426,461**
Intangible assets	**1,316**	**2,086**	**659**	**82**	**4,143**
Investment in associates and joint ventures	**2**	**171**	**-**	**1,037**	**1,210**
Total assets	**108,972**	**197,313**	**85,752**	**39,777**	**431,814**
Segment liabilities	**169,042**	**163,278**	**46,755**	**11,608**	**390,683**
Other information:					
Gross customer loans	**108,020**	**172,281**	**1,052**	**34**	**281,387**
Non-performing assets	**1,297**	**3,254**	**11**	**46**	**4,608**
At 30 September 2020					
Segment assets	107,453	192,315	76,487	40,488	416,743
Intangible assets	1,314	2,084	659	83	4,140
Investment in associates and joint ventures	0	174	-	1,022	1,196
Total assets	108,767	194,573	77,146	41,593	422,079
Segment liabilities	166,648	160,717	42,822	11,684	381,871
Other information:					
Gross customer loans	107,546	172,412	696	28	280,682
Non-performing assets	1,234	3,056	11	1	4,301
At 31 December 2019					
Segment assets	109,044	189,444	64,672	35,919	399,079
Intangible assets	1,317	2,088	660	83	4,148
Investment in associates and joint ventures	0	182	-	1,000	1,182
Total assets	110,361	191,714	65,332	37,002	404,409
Segment liabilities	154,253	164,669	31,614	14,009	364,545
Other information:					
Gross customer loans	109,017	158,626	1,021	12	268,676
Non-performing assets	1,292	2,980	9	16	4,297

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

Performance by Business Segment *(cont'd)*

Business segment performance reporting is prepared based on the Group's internal organisation structure and the methodologies adopted in the management reporting framework. Business segments' results include all applicable revenue, expenses, internal fund transfer price and cost allocations associated with the activities of the business. Transactions between business segments are operated on an arm's length basis in a manner similar to third party transactions and they are eliminated on consolidation.

The Banking Group is organised into three major business segments - Group Retail, Group Wholesale Banking and Global Markets. Others include non-banking activities and corporate functions.

Group Retail ("GR")
GR segment covers personal and small enterprise customers.

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

Operating profit decreased 6% to $2.06 billion from a year ago. Net interest income declined 7% to $2.77 billion as the strong growth in deposits were negated by margin compression following reduction in benchmark rates. Non-interest income grew marginally to $1.33 billion driven by double-digit growth in wealth management, partially offset by decline in cards and transaction related service fees. Expenses were lower by 3% at $2.04 billion as a result of tighter cost control over staff and discretionary spending, while allowances for credit and other losses were higher primarily from pre-emptive provision for non-impaired assets.

Profit before tax declined 41% to $299 million against the same quarter last year from lower interest rates and allowance for credit and other losses. Compared to last quarter, total income rose 2% to $1.04 billion as margins remained stable while non-interest income was supported by growth in cards and wealth management. Profit before tax was affected by seasonally higher expenses and allowances for credit and other losses.

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

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

Operating profit grew 1% to $3.10 billion compared to the previous year. Net interest income increased 2% to $3.03 billion against 2019, supported by strong loans growth which moderated the impact from margin compression. Non-interest income fell 8% to $1.03 billion, mainly from investment banking, trade and loan-related fees amidst disruption to client activities from the global pandemic, partly moderated by 8% reduction in operating expenses from active cost management. Profit before tax declined 16% to $2.34 billion, largely from general allowances and NPA recognition for a few major accounts.

Profit before tax was flat at $579 million against 4Q19 with stable income despite challenging market conditions and decrease in expenses, while allowance for credit and other losses rose 8% to $155 million. Compared to 3Q20, profit before tax grew 27% as higher allowances were set aside for non-impaired assets in the previous quarter. This was partially offset by higher staff and technology related expenses.

Global Markets ("GM")
GM provides a comprehensive suite of treasury products and services across multi-asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Profit before tax rose 56% from a year ago to $489 million. Total income grew 29% to $769 million, benefitting from wider spreads following the sharp fall in interest rates, while expenses decreased 3% to $270 million.

Compared to same quarter last year, profit before tax increased 9% to $63 million as total income improved from funding and liquidity management. Against the previous quarter, profit before tax declined $76 million due to lower gain from trading and sale of investment securities.

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

Net loss of $845 million in 2020 was largely due to lower income from investments, central treasury activities and allowances for non-impaired assets.

Against 4Q19, net loss of $103 million attributable to central treasury activities and allowance for non-impaired assets, partly moderated by lower expenses. Compared to the previous quarter, improvement in profit before tax was largely supported by lower expenses, offset by allowance for non-impaired assets.

Performance by Geographical Segment [1]

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
2020							
Net interest income	**2,998**	**777**	**734**	**365**	**655**	**506**	**6,035**
Non-interest income	**1,862**	**338**	**258**	**190**	**245**	**248**	**3,141**
Operating income	**4,860**	**1,115**	**992**	**555**	**900**	**754**	**9,176**
Operating expenses	**(2,267)**	**(439)**	**(600)**	**(344)**	**(386)**	**(148)**	**(4,184)**
Allowance for credit and other losses	**(692)**	**(244)**	**(282)**	**(150)**	**(136)**	**(50)**	**(1,554)**
Share of profit of associates and joint ventures	**94**	**0**	**-**	**-**	**(2)**	**6**	**98**
Profit before tax	**1,995**	**432**	**110**	**61**	**376**	**562**	**3,536**
Total assets before intangible assets	**248,541**	**44,121**	**27,638**	**10,707**	**59,730**	**36,934**	**427,671**
Intangible assets	**3,182**	**-**	**728**	**233**	**-**	**-**	**4,143**
Total assets	**251,723**	**44,121**	**28,366**	**10,940**	**59,730**	**36,934**	**431,814**
2019							
Net interest income	3,752	738	762	327	455	529	6,563
Non-interest income	2,004	346	295	158	482	182	3,467
Operating income	5,756	1,084	1,057	485	937	711	10,030
Operating expenses	(2,480)	(435)	(651)	(348)	(401)	(157)	(4,472)
Allowance for credit and other losses	(167)	(80)	(135)	(53)	(9)	9	(435)
Share of profit of associates and joint ventures	52	0	-	-	(0)	(1)	51
Profit before tax	3,161	569	271	84	527	562	5,174
Total assets before intangible assets	235,477	41,352	25,462	9,840	54,907	33,223	400,261
Intangible assets	3,182	-	729	237	-	-	4,148
Total assets	238,659	41,352	26,191	10,077	54,907	33,223	404,409

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

Performance by Geographical Segment [1] *(cont'd)*

	Singapore	Malaysia	Thailand	Indonesia	Greater China	Others	Total
	$m	$m	$m	$m	$m	$m	$m
4Q20							
Net interest income	**735**	**204**	**181**	**95**	**166**	**131**	**1,512**
Non-interest income	**445**	**83**	**69**	**47**	**39**	**54**	**737**
Operating income	**1,180**	**287**	**250**	**142**	**205**	**185**	**2,249**
Operating expenses	**(530)**	**(123)**	**(156)**	**(92)**	**(105)**	**(43)**	**(1,049)**
Allowance for credit and other losses	**(211)**	**(49)**	**(68)**	**(29)**	**(32)**	**(7)**	**(396)**
Share of profit of associates and joint ventures	**29**	**(0)**	**-**	**-**	**0**	**5**	**34**
Profit before tax	**468**	**115**	**26**	**21**	**68**	**140**	**838**
Total assets before intangible assets	**248,541**	**44,121**	**27,638**	**10,707**	**59,730**	**36,934**	**427,671**
Intangible assets	**3,182**	**-**	**728**	**233**	**-**	**-**	**4,143**
Total assets	**251,723**	**44,121**	**28,366**	**10,940**	**59,730**	**36,934**	**431,814**
3Q20							
Net interest income	714	185	185	95	166	129	1,474
Non-interest income	475	77	63	47	71	53	786
Operating income	1,189	262	248	142	237	183	2,261
Operating expenses	(564)	(101)	(139)	(84)	(88)	(33)	(1,009)
Allowance for credit and other losses	(110)	(142)	(83)	(42)	(65)	(35)	(477)
Share of profit of associates and joint ventures	25	0	-	-	(1)	-	24
Profit before tax	540	19	26	16	83	116	800
Total assets before intangible assets	243,702	43,831	26,462	10,389	58,199	35,356	417,939
Intangible assets	3,182	-	727	231	-	-	4,140
Total assets	246,884	43,831	27,189	10,620	58,199	35,356	422,079
4Q19							
Net interest income	896	194	193	85	137	130	1,635
Non-interest income	454	97	76	37	84	48	796
Operating income	1,350	291	269	122	221	179	2,432
Operating expenses	(594)	(122)	(159)	(92)	(105)	(44)	(1,116)
Allowance for credit and other losses	(61)	(32)	(42)	(5)	(7)	1	(146)
Share of profit of associates and joint ventures	17	0	-	-	(0)	3	20
Profit before tax	712	137	68	25	109	139	1,190
Total assets before intangible assets	235,477	41,352	25,462	9,840	54,907	33,223	400,261
Intangible assets	3,182	-	729	237	-	-	4,148
Total assets	238,659	41,352	26,191	10,077	54,907	33,223	404,409

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

Performance by Geographical Segment *(cont'd)*

Geographical segment performance reporting is prepared based on the location where the transactions or assets are booked. The information is stated after elimination of inter-segment transactions.

Singapore

Compared to a year ago, profit before tax fell 37% to $1.99 billion in 2020 as net interest income was affected by margin compression from lower benchmark interest rates, coupled with pre-emptive build-up of credit allowance to strengthen provision coverage. Expenses were 9% lower at $2.27 billion from staff costs, revenue-related costs and tighter control over discretionary spend.

Profit before tax declined 13% quarter-on-quarter to $468 million largely due to higher allowance for non-impaired assets, partly moderated by reduction in expenses. Income was relatively flat at $1.18 billion as 3% improvement in net interest income was offset by lower trading and investment income. Profit before tax was 34% lower compared to the same quarter last year primarily from lower margins and higher allowance for non-impaired assets.

Malaysia

Profit before tax declined 24% year-on-year to $432 million due to pre-emptive credit provisioning in view of the uncertainties from the COVID-19 pandemic. Total income increased 3% to $1.11 billion supported by higher net interest income on government securities and treasury income, partly negated by decline in loan-related and card fees.

Compared to the previous quarter, profit before tax was $96 million higher at $115 million mainly from lower allowance for non-impaired assets. Profit before tax declined by 16% from same quarter last year, mainly attributable to lower fee and commission income and increased allowance for impaired assets.

Thailand

Profit before tax fell by 59% year-on-year to $110 million largely due to higher credit allowance set aside for non-impaired assets. Income declined 6% to $992 million due to margin compression and lower fee income amid disruption to client activities from the global pandemic, partly moderated by loan growth.

Profit before tax was flat at $26 million quarter-on-quarter as the decrease in credit costs were offset by higher staff and revenue-related costs. Compared to the same quarter last year, profit before tax declined by 62% mainly due to increased allowance for credit and other losses.

Indonesia

Operating profit improved 54% against the previous year to $211 million in 2020, while profit before tax decreased from credit allowance set aside for non-impaired assets amid global pandemic uncertainties. Income grew 14% to $555 million driven by strong franchise growth. Net interest income rose 11% to $365 million led by improved net interest margin while non-interest income registered 21% growth to $190 million on the back of higher trading income and wealth management fee.

Against the previous quarter, profit before tax improved 42% to $21 million mainly due to lower allowance for credit and other losses, partly offset by staff costs. Compared to the same quarter last year, profit before tax decreased by 15% to $21 million mainly attributable to higher allowance for credit and other losses. This was partly offset by stronger net interest income and improvement in trading performance.

Greater China

Profit before tax declined by 29% to $376 million in 2020, mainly attributable to higher credit costs while the previous year included payment recoveries from several major clients. Total income decreased by 4% to $900 million as the increase in net interest income from margin improvement was negated by lower non-interest income.

Compared to the last quarter, profit before tax fell 18% to $68 million largely due to lower trading income as well as increased staff and technology spend. Against the same quarter last year, profit before tax decreased by 38% to $68 million due to lower treasury income and higher allowance for credit and other losses. This was partly mitigated by stronger net interest income.

Others

Profit before tax for 2020 was stable at $562 million, as the gain from investment securities and increase in loan-related fee income were negated by credit costs and impact of margin compression. Compared to the previous quarter, profit before tax registered strong growth of 21% to $140 million on the back of lower allowance for non-impaired assets, partly offset by higher staff costs.

Capital Adequacy and Leverage Ratios [1,2,3]

	Dec-20	Sep-20	Dec-19
	$m	$m	$m
Share capital	**5,043**	4,977	4,949
Disclosed reserves/others	**32,914**	32,076	32,012
Regulatory adjustments	**(4,726)**	(4,745)	(4,595)
Common Equity Tier 1 Capital ("CET1")	**33,231**	32,308	32,366
Perpetual capital securities/others	**2,379**	2,379	2,379
Additional Tier 1 Capital ("AT1")	**2,379**	2,379	2,379
Tier 1 Capital	**35,610**	34,688	34,745
Subordinated notes	**4,287**	4,427	3,969
Provisions/others	**1,493**	1,433	638
Tier 2 Capital	**5,780**	5,860	4,607
Eligible Total Capital	**41,390**	40,548	39,352
Risk-Weighted Assets ("RWA")	**225,441**	230,595	226,318
Capital Adequacy Ratios ("CAR")			
CET1	**14.7%**	14.0%	14.3%
Tier 1	**15.8%**	15.0%	15.4%
Total	**18.4%**	17.6%	17.4%
Leverage Exposure	**478,233**	469,563	452,859
Leverage Ratio	**7.4%**	7.4%	7.7%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2020 were well above the regulatory minimum requirements.

Year on year, total capital increased from retained earnings, higher subordinated notes and higher eligible provisions.

Total capital was higher quarter-on-quarter mainly from retained earnings. The lower RWA was driven by lower credit RWA arising from improved asset mix and model enhancements.

As at 31 December 2020, the Group's leverage ratio was 7.4%, comfortably above the regulatory minimum requirement of 3%.

Notes:

1 Singapore-incorporated banks are required to maintain minimum CAR as follows: CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, the Group is required to maintain CET1 capital to meet the capital conservation buffer of 2.5% and the countercyclical capital buffer (CCyB) of up to 2.5%. The Group's CCyB is computed as the weighted average of effective CCyB in jurisdictions to which the Group has private sector exposures.

2 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.

3 Disclosures required under MAS Notice 637 are published on our website: www.UOBgroup.com/investor-relations/financial/index.html.

Consolidated Income Statement (Audited)

	2020	2019	+/(-)
	$m	$m	%
Interest income	**9,623**	12,557	(23)
Less: Interest expense	**3,588**	5,994	(40)
Net interest income	**6,035**	6,563	(8)
Net fee and commission income	**1,997**	2,032	(2)
Dividend income	**50**	51	(0)
Rental income	**106**	110	(4)
Net trading income	**594**	874	(32)
Net gain from investment securities	**286**	242	18
Other income	**108**	158	(32)
Non-interest income	**3,141**	3,467	(9)
Total operating income	**9,176**	10,030	(9)
Less: Staff costs	**2,501**	2,716	(8)
Other operating expenses	**1,683**	1,756	(4)
Total operating expenses	**4,184**	4,472	(6)
Operating profit before allowance	**4,992**	5,558	(10)
Less: Allowance for credit and other losses	**1,554**	435	>100
Operating profit after allowance	**3,438**	5,123	(33)
Share of profit of associates and joint ventures	**98**	51	91
Profit before tax	**3,536**	5,174	(32)
Less: Tax	**606**	812	(25)
Profit for the financial year	**2,930**	4,362	(33)
Attributable to:			
Equity holders of the Bank	**2,915**	4,343	(33)
Non-controlling interests	**15**	19	(23)
	2,930	4,362	(33)

Consolidated Statement of Comprehensive Income (Audited)

	2020	2019	+/(-)
	$m	$m	%
Profit for the financial year	**2,930**	4,362	(33)
Other comprehensive income that will not be reclassified to income statement			
Net gains/(losses) on equity instruments at fair value through other comprehensive income	**1**	(845)	>100
Fair value changes on financial liabilities designated at fair value due to the Bank's own credit risk	**(4)**	(62)	93
Remeasurement of defined benefit obligation	**(1)**	0	(>100)
Related tax on items at fair value through other comprehensive income	**0**	(14)	>100
	(4)	(921)	100
Other comprehensive income that may be subsequently reclassified to income statement			
Currency translation adjustments	**(22)**	146	(>100)
Debt instruments at fair value through other comprehensive income			
Change in fair value	**384**	446	(14)
Transfer to income statement on disposal	**(109)**	(117)	7
Changes in allowance for expected credit losses	**7**	(52)	>100
Related tax	**(22)**	38	(>100)
	238	461	(48)
Change in share of other comprehensive income of associates and joint ventures	**(6)**	9	(>100)
Other comprehensive income for the financial year, net of tax	**228**	(451)	>100
Total comprehensive income for the financial year, net of tax	**3,158**	3,911	(19)
Attributable to:			
Equity holders of the Bank	**3,143**	3,885	(19)
Non-controlling interests	**15**	26	(40)
	3,158	3,911	(19)

Consolidated Balance Sheet (Audited)

	Dec-20	Dec-19
	$m	$m
Equity		
Share capital and other capital	**7,420**	7,325
Retained earnings	**24,109**	23,404
Other reserves	**9,372**	8,907
Equity attributable to equity holders of the Bank	**40,901**	39,636
Non-controlling interests	**230**	228
Total equity	**41,131**	39,864
Liabilities		
Deposits and balances of banks	**15,977**	15,302
Deposits and balances of customers	**324,598**	310,726
Bills and drafts payable	**792**	646
Derivative financial liabilities	**11,519**	6,695
Other liabilities	**7,379**	5,179
Tax payable	**374**	489
Deferred tax liabilities	**436**	299
Debts issued	**29,608**	25,209
Total liabilities	**390,683**	364,545
Total equity and liabilities	**431,814**	404,409
Assets		
Cash, balances and placements with central banks	**36,798**	25,864
Singapore government treasury bills and securities	**8,103**	6,199
Other government treasury bills and securities	**13,890**	15,166
Trading securities	**4,215**	2,789
Placements and balances with banks	**40,284**	52,840
Loans to customers	**277,201**	265,458
Derivative financial assets	**11,368**	6,408
Investment securities	**25,217**	15,454
Other assets	**5,033**	4,906
Deferred tax assets	**429**	300
Investment in associates and joint ventures	**1,210**	1,182
Investment properties	**964**	936
Fixed assets	**2,959**	2,759
Intangible assets	**4,143**	4,148
Total assets	**431,814**	404,409
Off-balance sheet items		
Contingent liabilities	**27,120**	32,364
Financial derivatives	**806,715**	941,393
Commitments	**160,407**	161,245
Net asset value per ordinary share ($)	**23.03**	22.33

Consolidated Statement of Changes in Equity (Audited)

	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m
Balance at 1 January 2020	**7,325**	**23,404**	**8,907**	**39,636**	**228**	**39,864**
Profit for the financial year	**-**	**2,915**	**-**	**2,915**	**15**	**2,930**
Other comprehensive income for the financial year	**-**	**(5)**	**233**	**228**	**(0)**	**228**
Total comprehensive income for the financial year	**-**	**2,910**	**233**	**3,143**	**15**	**3,158**
Transfers	**-**	**(223)**	**223**	**-**	**-**	**-**
Change in non-controlling interests	**-**	**1**	**-**	**1**	**(6)**	**(5)**
Dividends	**-**	**(1,983)**	**-**	**(1,983)**	**(7)**	**(1,990)**
Shares re-purchased - held in treasury	**(20)**	**-**	**-**	**(20)**	**-**	**(20)**
Shares issued under scrip dividend scheme	**66**	**-**	**-**	**66**	**-**	**66**
Share-based compensation	**-**	**-**	**58**	**58**	**-**	**58**
Shares issued under share-based compensation plan	**49**	**-**	**(49)**	**-**	**-**	**-**
Balance at 31 December 2020	**7,420**	**24,109**	**9,372**	**40,901**	**230**	**41,131**
Balance at 1 January 2019	7,014	21,716	8,893	37,623	190	37,813
Profit for the financial year	-	4,343	-	4,343	19	4,362
Other comprehensive income for the financial year	-	(382)	(76)	(458)	7	(451)
Total comprehensive income for the financial year	-	3,961	(76)	3,885	26	3,911
Transfers	-	(100)	100	-	-	-
Change in non-controlling interests	-	-	-	-	19	19
Dividends	-	(2,173)	-	(2,173)	(7)	(2,180)
Share-based compensation	-	-	52	52	-	52
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-	-	-
Shares issued under share-based compensation plan	61	-	(61)	-	-	-
Perpetual capital securities issued	749	-	-	749	-	749
Redemption of perpetual capital securities	(499)	-	(1)	(500)	-	(500)
Balance at 31 December 2019	7,325	23,404	8,907	39,636	228	39,864

Consolidated Cash Flow Statement (Audited)

	2020	2019
	$m	$m
Cash flows from operating activities		
Profit for the financial year	**2,930**	4,362
Adjustments for:		
Allowance for credit and other losses	**1,554**	435
Share of profit of associates and joint ventures	**(98)**	(51)
Tax	**606**	812
Depreciation of assets	**454**	399
Net gain on disposal of assets	**(718)**	(304)
Share-based compensation	**58**	52
Operating profit before working capital changes	**4,786**	5,705
Change in working capital:		
Deposits and balances of banks	**495**	1,560
Deposits and balances of customers	**13,955**	16,324
Bills and drafts payable	**149**	1
Other liabilities	**6,634**	673
Restricted balances with central banks	**278**	(53)
Government treasury bills and securities	**(398)**	(2,201)
Trading securities	**(988)**	(828)
Placements and balances with banks	**12,539**	(2,085)
Loans to customers	**(13,154)**	(6,412)
Investment securities	**(9,148)**	(2,459)
Other assets	**(4,818)**	(1,089)
Cash generated from operations	**10,330**	9,136
Income tax paid	**(707)**	(803)
Net cash provided by operating activities	**9,623**	8,333
Cash flows from investing activities		
Capital injection into associates and joint ventures	**(4)**	(30)
Distribution from associates and joint ventures	**47**	66
Purchase of properties and other fixed assets	**(563)**	(573)
Disposal of properties and other fixed assets	**9**	36
Net cash used in investing activities	**(511)**	(501)
Cash flows from financing activities		
Perpetual capital securities issued	**-**	749
Redemption of perpetual capital securities	**-**	(500)
Issuance of debts issued	**31,433**	35,933
Redemption of debts issued	**(27,318)**	(41,538)
Shares re-purchased - held in treasury	**(20)**	-
Change in non-controlling interests	**(6)**	19
Dividends paid on ordinary shares	**(1,837)**	(2,085)
Distribution for perpetual capital securities	**(92)**	(88)
Dividends paid to non-controlling interests	**(7)**	(7)
Lease payments	**(92)**	(81)
Net cash provided by/(used in) financing activities	**2,061**	(7,598)
Currency translation adjustments	**3**	337
Net increase in cash and cash equivalents	**11,176**	571
Cash and cash equivalents at beginning of the financial year	**20,188**	19,617
Cash and cash equivalents at end of the financial year	**31,364**	20,188

Balance Sheet of the Bank (Audited)

	Dec-20	Dec-19
	$m	$m
Equity		
Share capital and other capital	**7,420**	7,325
Retained earnings	**17,510**	17,197
Other reserves	**9,786**	9,351
Total	**34,716**	33,873
Liabilities		
Deposits and balances of banks	**14,257**	13,404
Deposits and balances of customers	**251,111**	241,462
Deposits and balances of subsidiaries	**14,216**	13,419
Bills and drafts payable	**613**	465
Derivative financial liabilities	**8,741**	5,695
Other liabilities	**5,954**	3,667
Tax payable	**278**	410
Deferred tax liabilities	**263**	202
Debts issued	**28,086**	23,557
Total	**323,519**	302,281
Total equity and liabilities	**358,235**	336,154
Assets		
Cash, balances and placements with central banks	**31,452**	22,319
Singapore government treasury bills and securities	**8,103**	6,199
Other government treasury bills and securities	**3,796**	5,120
Trading securities	**3,523**	2,506
Placements and balances with banks	**30,409**	42,456
Loans to customers	**216,629**	205,229
Placements with and advances to subsidiaries	**21,023**	17,971
Derivative financial assets	**8,719**	5,394
Investment securities	**18,158**	12,723
Other assets	**3,428**	3,528
Deferred tax assets	**109**	96
Investment in associates and joint ventures	**325**	350
Investment in subsidiaries	**6,199**	6,005
Investment properties	**979**	970
Fixed assets	**2,201**	2,106
Intangible assets	**3,182**	3,182
Total	**358,235**	336,154
Off-balance sheet items		
Contingent liabilities	**19,890**	19,908
Financial derivatives	**657,223**	803,829
Commitments	**123,909**	128,562
Net asset value per ordinary share ($)	**19.33**	18.88

Statement of Changes in Equity of the Bank (Audited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 January 2020	**7,325**	**17,197**	**9,351**	**33,873**
Profit for the financial year	**-**	**2,523**	**-**	**2,523**
Other comprehensive income for the financial year	**-**	**(1)**	**200**	**199**
Total comprehensive income for the financial year	**-**	**2,522**	**200**	**2,722**
Transfers	**-**	**(226)**	**226**	**-**
Dividends	**-**	**(1,983)**	**-**	**(1,983)**
Share re-purchased - held in treasury	**(20)**	**-**	**-**	**(20)**
Shares issued under scrip dividend scheme	**66**	**-**	**-**	**66**
Share-based compensation	**-**	**-**	**58**	**58**
Shares issued under share-based compensation plan	**49**	**-**	**(49)**	**-**
Balance at 31 December 2020	**7,420**	**17,510**	**9,786**	**34,716**
Balance at 1 January 2019	7,014	16,118	9,597	32,729
Profit for the financial year	-	3,730	-	3,730
Other comprehensive income for the financial year	-	(383)	(331)	(714)
Total comprehensive income for the financial year	-	3,347	(331)	3,016
Transfers	-	(95)	95	-
Dividends	-	(2,173)	-	(2,173)
Share-based compensation	-	-	52	52
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-
Shares issued under share-based compensation plan	61	-	(61)	-
Perpetual capital securities issued	749	-	-	749
Redemption of perpetual capital securities	(499)	-	(1)	(500)
Balance at 31 December 2019	7,325	17,197	9,351	33,873

The extract of the auditor's report dated 24 February 2021, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2020, is as follows:

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 9 to 102, which comprise the balance sheets of the Bank and the Group as at 31 December 2020, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 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.

Basis for Opinion

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

Key Audit Matters

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

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

<table>
<tr><th>Areas of focus</th><th>How our audit addressed the risk factors</th></tr>
<tr><td>

Expected credit losses

Refer to Notes 2(d)(vi), 3(a)(i), 3(b), 12, 21(b), 25, 27(b), 28(d), 30(b) and 31 to the consolidated financial statements.

The Group follows SFRS(I) 9 Financial Instruments requirements to calculate the expected credit loss (ECL) for its credit exposures. The credit exposures are categorised into non-impaired credit exposures and impaired credit exposures.

a) Non-impaired credit exposures

The ECL calculation on non-impaired credit exposures involves significant judgements and estimates. Areas where we have identified with greater levels of management judgement are:

- the economic scenarios used and the probability weightage applied to them to measure ECLs on a forward-looking basis, reflecting management's view of potential future economic environment, specifically the COVID-19 pandemic economic impact;
- the significant increase in credit risk (SICR) criteria;
- the model assumptions; and
- the adjustments to the model-driven ECL results to address model limitations or emerging trends.

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a) Non-impaired credit exposures

We assessed the design and evaluated the operating effectiveness of the key controls over the Group's ECL on non-impaired credit exposures computation processes with a focus on:

- the completeness and accuracy of data inputs into the ECL calculation system;
- the validation of models;
- the selection and implementation of economic scenarios and probabilities, with the consideration of the COVID-19 impact;
- the staging of credit exposures based on the Group's SICR criteria; and
- the governance over post model adjustments.

We involved our internal modelling specialists to assist us in performing the following procedures on a sampling basis:

- independently reviewed the model validation results;
- assessed the reasonableness of the probabilities of default (PD), loss given default (LGD) and exposure at default (EAD) models by performing sensitivity analyses, benchmarking or back-testing;
- checked the reasonableness of the PD, LGD and EAD used in the computations to derive the ECL amount; and
- reviewed the Group's assessment of its SICR criteria.

We also reviewed the Group's approach for the selection of economic scenario to assess the reasonableness of the economic scenarios and corresponding weightages applied by the Group, as well as inspected the Group's SFRS(I) 9 Working Group decisions to assess the appropriateness of management's rationale over the post model adjustments and performed a recalculation, where applicable.

</td></tr>
</table>

Areas of focus	How our audit addressed the risk factors
b) Impaired credit exposures As at 31 December 2020, the Stage 3 ECL for impaired credit exposures of the Group was $1,692 million, out of which 79% pertained to the Group Wholesale Banking (GWB) portfolio. We focused on the Stage 3 ECL for the GWB portfolio as the identification and estimation of impairment within this portfolio can be inherently subjective and requires significant judgements.	*b) Impaired credit exposures* We assessed the design and evaluated the operating effectiveness of the key controls over the Stage 3 ECL estimation process for the GWB portfolio. These controls included: • collateral valuation and monitoring; • identification of impairment indicators; • MAS Notice 612 credit grading; and • oversight of Group Credit Committee. We considered the magnitude of the credit exposures, macroeconomic factors, industry trends and latest developments in relation to COVID-19 pandemic in our audit sampling to focus on customers that are assessed to be of higher risk. With the increase in credit risk resulting from the COVID-19 pandemic, we performed additional procedures as outlined below: • reviewed the COVID-19 rating guidance for the approval of government backed loans, special relief loans and debt moratoriums by the front office; and • assessed, as part of our credit reviews of selected borrowers, the appropriateness of the Group's consideration of government measures, reliefs and other qualitative assumptions to determine the credit gradings. For our selected sample of impaired loans, we performed the following procedures: • assessed management's forecast of recoverable cash flows, including the basis for the amounts and timing of recoveries. Where possible, we compared key assumptions to external evidence, e.g. independent valuation reports of the collaterals; • considered and corroborated the borrowers' latest developments through adverse news search and/or publicly available information; • checked that underlying data was accurate by agreeing to source documents such as loan agreements; and • tested the calculations. Overall, the results of our evaluation of the Group's ECL were within a reasonable range of expectations.

Areas of focus	How our audit addressed the risk factors
Valuation of illiquid or complex financial instruments *Refer to Notes 2(d)(ii), 3(a)(ii) and 19(b) to the consolidated financial statements.* At 31 December 2020, 6% ($5 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives, callable interest rate swaps and unquoted debt securities. The valuation of Level 3 financial instruments was a key area of focus of our audit as the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data. The valuation techniques used could involve the exercise of judgement and the use of assumptions and estimates.	We assessed the design and evaluated the operating effectiveness of the key controls over the Group's Level 3 financial instruments valuation processes. These controls included: • model validation and approval; • observability, completeness and accuracy of pricing inputs; and • independent price verification. In addition, with the assistance of our internal valuation specialists, we assessed the reasonableness of the valuation methodologies, assumptions and inputs used by management for a sample of financial instruments with significant unobservable inputs. The results of our assessment of the Group's valuation of illiquid or complex financial instruments were within the range of expected outcomes.
Impairment of goodwill *Refer to Notes 2(i), 3(a)(iii) and 37 to the consolidated financial statements.* As at 31 December 2020, the Group's balance sheet included goodwill of $4 billion. The goodwill is allocated to the respective cash-generating units (CGUs) defined by the Group's operating segments. This was a key area of focus for our audit because the goodwill impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgement and assumptions about the future cash flows of the CGUs and the discount rates applied.	We focused on CGUs with a low headroom or significantly reduced headroom. Our work included the following: • reviewed the appropriateness of the CGU segmentation; • evaluated the forecasting process by reviewing historical achievement of projections; • assessed the reasonableness of key assumptions used in the forecasts, including management's consideration of the impact of the COVID-19 pandemic and continued uncertainty of the macroeconomic environment; • compared the long-term growth rates and discount rates used by management to our ranges, which were determined using external market data and calculations performed by our internal valuation specialists; and • performed sensitivity analyses to determine the impact of a reasonably possible change in the key assumptions to the VIU calculations to identify any CGU with a risk of impairment. Based on the results of our audit procedures, the assumptions used by management in its goodwill impairment tests were within a reasonable range of expectations.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (Other Sections), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

24 February 2021