Annual Report 2021

Creating a Sustainable World.

It's all in our hands.

OCBC Bank

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Featured on the cover this year is the landscape of Guilin, located in Guangxi Province, China. The area surrounding Guilin has some of the most beautiful karst mountains in the world. Its Li (Lijiang) River is a sight to behold, and connects beautiful downtown Guilin with the riverside town of Yangshuo.

As Guilin goes through rapid urban development, its city and nature continue to co-exist in harmony, making it a sustainable model of note.

That's why we chose to feature Guilin. We recognise the impact of our actions, and what we must do to protect our ecosystems to create a sustainable world for future generations to live in.

Advancing sustainability is therefore central to OCBC's strategy. From supporting our clients in their transition to a low-carbon world with a new sustainable finance target of S$50 billion by 2025 and achieving carbon neutrality in our banking operations in 2022, to partnering Singapore NParks in the creation of the OCBC Arboretum, launching the OCBC Climate Index in Singapore to raise awareness about carbon emissions from human activities and to nudge more environmentally sustainable behavioural changes and committing another S$30 million to deepen sustainability education among our 30,000 employees, we want to play our role as a catalyst for change. Please refer to pages 22 to 25 to find out more about how we are creating pathways towards such advances.

Each and every one of us can do our part to create a sustainable world for the benefit of our future generations.

Indeed, it is all in our hands.

Contents

Message from Chairman & CEO

Dear Shareholders

2021 started on a hopeful note with the rapid rollout of Covid-19 vaccination programmes, but this achievement and the revival of economic activities during the year were disrupted by the spread of the more contagious and dangerous Delta variant. However, extraordinary strong monetary stimulus and expansionary fiscal spending by the major economies supported economic growth and lifted financial markets activities. Global GDP in 2021 rebounded 5.9% from a year ago, but recovery was uneven between the developed and developing economies. In our key markets, Singapore, China and Hong Kong SAR's output growth outpaced the global average, while Malaysia and Indonesia saw moderate growth.

In an environment of uneven economic recovery and the ongoing more severe pandemic, OCBC remained robust and delivered a solid operating performance with our 2021 net profit 35% higher than 2020. This is a sound testament to the strong foundation we have built over the years to reinforce our diversified franchise.

Delivering Operational Excellence in 2021

- Refined organisational accountabilities and enhanced output capacities
- Sharpened key strategic priorities: seizing opportunities arising from Asia's growth; accelerating digitalisation; driving sustainability; and forging a holistic "One Group" integrated customer experience, to ensure sustainable long-term growth for stakeholders
- Stepped up virtual engagement with our customers and enhanced digital experience
- Provided added support measures to employees, encouraged vaccination and stayed agile in working-from-home arrangements, to ensure staff safety and health
- Maintained consistently high service level to customers while enhancing process, efficiency and operating capacity

From left **Ms Helen Wong** Group Chief Executive Officer **Mr Ooi Sang Kuang** Chairman

"OCBC emerged from 2021 as a more resilient and stronger bank and is well-positioned to capture the opportunities arising from the restoration of Asia's medium- and long-term promising growth trajectory. We built stronger momentum across our diversified franchise and delivered resilient and sustainable earnings while raising the bar to support our customers, employees and communities. We further refined our strategic focus and enhanced our capacities to drive sustainable value for all our stakeholders."

2021 FINANCIAL PERFORMANCE

Our diversified and well-established banking, wealth management and insurance franchise has continued to enable us to consistently deliver sustainable and well-balanced earnings through another year of great uncertainties.

Despite the public health crisis impacting in waves during the year in 2021, we recorded a robust set of financials with net profit rebounding by 35%.

Net Profit (S$ million)

35% ▲

2020	2021
3,586	4,858

Earnings per Share (S$)

34% ▲

2020	2021
0.80	1.07

Return on Assets (%)

0.3 percentage points ▲

2020	2021
0.85	1.13

Return on Equity (%)

2.0 percentage points ▲

2020	2021
7.6	9.6

Our customer franchise drove higher fee income, strong customer treasury flows, and increased wealth management and insurance income. The rise in our expenses was associated with the continued investments in talent and technology to expand our capabilities.

Total Income (S$ million)

5% ▲

2020	2021
10,139	10,596

Operating Expenses (S$ million) and Cost-to-income Ratio

7% ▲

	2020	2021
Cost-to-income ratio	43.8%	45.0%
Operating expenses	4,439	4,764

Backed by OCBC's strong network capabilities, we widened our customer network through broad-based loan growth and expanded deposit franchise.

Customer Loans (S$ billion)

8% ▲

2020	2021
267	290

Customer Deposits (S$ billion) and CASA ratio

9% ▲

	2020	2021
CASA ratio	60.3%	63.3%
Customer deposits	315	342

The prudent management of credit risk kept asset quality sound and NPL ratio stable. Expected credit loss allowances were significantly lower.

Non-performing Loan (NPL) Ratio (%)

unchanged

2020	2021
1.5	1.5

Credit Costs (basis points)

38 bps ▼

2020	2021
67	29

Our strong capital position and credit ratings were maintained in an environment of heightened uncertainties.

Common Equity Tier 1 Capital Adequacy Ratio (%)

0.3 percentage points ▲

2020	2021
15.2	15.5

One of the World's Most Highly-rated Banks

Top 10 Strongest Banks in Asia Pacific
The Asian Banker

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

Further details on financial information are on pages 106 to 262 of this annual report.

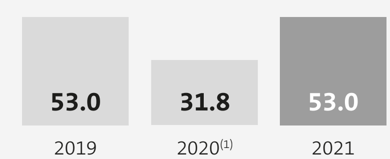
Message from Chairman & CEO

DIVIDENDS

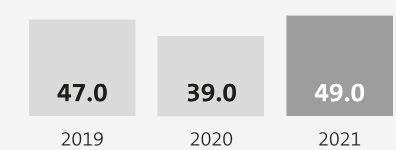
With the improved performance, the Board has recommended a higher final dividend of 28 cents per share, subject to shareholders' approval at the 2022 AGM, which will bring the full year 2021 dividend to 53 cents and translates to a dividend payout ratio of 49%.

Committed to delivering a sustainable and progressive dividend consistent with long-term growth.

Dividend Per Share (cents)



Dividend Payout Ratio (%)



(1) In July 2020, the MAS called on locally-incorporated banks headquartered in Singapore to cap total dividends per share for 2020 at 60% of that for 2019. In July 2021, the dividend cap was lifted for the 2021 dividend.

OUTLOOK FOR 2022

Looking ahead, the operating environment is expected to improve if Covid-19 evolves into a more liveable endemic. However, the geopolitical conflict in Eastern Europe is expected to exert a dampening impact on global economic growth and cause inflation to rise significantly following the sharp increase in the prices of energy and commodities. The disruptions in the global supply chain, trade settlements and capital flows could place a further drag on global output growth over the contractionary impact of higher interest rates as monetary policy transitions towards normalisation in the US. We will proactively take steps to manage the emerging and evolving risks arising from these challenges that will have an impact on the orderly transition to a post-pandemic economic environment.

Our confidence for 2022 is anchored on the strong foundation that OCBC has laid over the years

- Diversified business franchise across geographical markets, customer segments and products
- Heavy investments in digital and technology capabilities to capture opportunities and stay abreast of increased competition and disruption
- Robust balance sheet, strong capital, stable funding and liquidity positions, prudent risk management and deep talent pool
- Advances made in our sustainability and Environmental, Social and Governance (ESG) agenda to deliver meaningful impact for customers, employees and communities

SHARPENING AND DRIVING OUR STRATEGIC PRIORITIES

In executing on our long-term goals, we refined our strategic priorities to capture the opportunities arising from the transforming character of Asia's growth and Covid-19-driven acceleration of economic, social and digital trends that will impact the banking industry. Our whole of OCBC "One Group" approach to conducting our business will be anchored on our core values, LIFRR – which stands for Lasting Value, Integrity, Forward-Looking, Respect and Responsibility. These values form the basis of everything we do. Together with our brand promise of being 'Simply Spot On', we have the foundation to deliver meaningful value to our stakeholders.

Our strategic priorities are:

- Forging a "One Group" integrated approach
- Seizing opportunities and unlocking value from Asia's growth
- Accelerating digital transformation
- Driving sustainability and integrating ESG across the Group

Our in-depth strategic plans and progress are further articulated by our senior management team on pages 26 to 59 of this annual report.

OCBC Wing Hang Alternate Chief Executive Tan You Leong, OCBC Wing Hang CEO Ivy Au-Yeung, OCBC Wing Hang Chairman Dr Patrick Fung and OCBC Head of Greater China Tan Wing Ming at the Project ONE Ceremony on 1 December 2021, which marked the integration of our OCBC Hong Kong branch and subsidiary OCBC Wing Hang Bank to better serve the entire spectrum of customers by fully utilising our resources more efficiently and effectively.

Message from Chairman & CEO

1. FORGING A "ONE GROUP" INTEGRATED APPROACH

Serving our customers is at the heart of our business. We are forging a "One Group" collaboration to further augment customer-centricity holistically to deliver best-in-class advice, insights and offerings that create value for customers and build strong and deep relationships with them across our businesses and markets.

1. Deliver a superior level of differentiated and integrated customer experience with collaborative business models across geographies and entities
2. Galvanise and capture synergies and unique strengths of OCBC's diversified business franchise
3. Scale up product capabilities and distribution across three business pillars of banking, wealth management and insurance

In 2021, we refined our organisational structure to enhance the execution of our key strategic priorities as "One Group" and to more effectively drive customer experience, boost efficiency, extract synergies and manage risks prudently.

Institute structural reorganisation with clearly-defined responsibilities and accountability across markets

- Rolled out matrix accountability and refined operating model across the Group
- Deepened management talent pool through appointments of Group COO, Head of Global Wholesale Banking and Head of Greater China
- Newly-developed Climate Strategy led by members of Management Committee
- Newly-established Group Data Office to drive our data and analytics strategy

Build a more diversified and comprehensive business platform in Greater China and enhance Group capabilities to support customers venturing into Singapore and ASEAN

- Established regional coverage model (Greater China Connect) to better capture outbound flows from Greater China to ASEAN
- Created a new Greater China division
- Integrated OCBC Hong Kong branch and OCBC Wing Hang
- Broadening China Business Office coverage in Malaysia, Indonesia, Thailand, Vietnam and Myanmar
- Expanding team of corporate, commercial and wealth management bankers and stepping-up coverage teams to jointly service customers holistically

Bring together all wealth capabilities and harness synergies across the Group

- Launched Group Wealth Platform (GWP) in 2020 that taps on OCBC's wealth management expertise and synergies
- Extended GWP across all customer segments from Bank of Singapore to OCBC premier customers in Feb 2022

2. SEIZING OPPORTUNITIES AND UNLOCKING VALUE FROM ASIA'S GROWTH

The outlook and prospects of expanding trade, investment and wealth flows in Asia are bright. OCBC is strengthening its capabilities to capitalise on these growth opportunities with comprehensive offerings of financial services and digital initiatives to drive growth.

Three key macro trends driving rapid economic integration and growth in Asia.

1 Deepening regionalisation and localisation of supply chain – to enhance security and resiliency, added momentum to rapid economic integration of Asia and transformation of ASEAN

2 World's largest free trade agreement – the Regional Comprehensive Economic Partnership (RCEP) expected to further boost market access, trade collaboration and integration within Asia-Pacific region

3 Asia is one of the fastest growing regions for wealth creation and home to more than one-fifth of the world's population of high-net-worth-individuals (HNWI) and ultra-HNWI as well as a burgeoning middle class

OCBC's strong foothold in the key financial hubs of Singapore and Hong Kong place us in a strategic position to harness our regional network strength in Asia to serve our regional and international customers and power our growth in ASEAN-Greater China.

Unlock value from high-growth and new economy sectors

- Advanced smart manufacturing
- Real estate, infrastructure, data centres and logistics
- Telecommunication
- Digital services
- Healthcare
- Sustainability and green financing
- Mobility
- Artificial intelligence (AI) and data-driven banking and wealth management services

Deepen connections with partners and develop ecosystem partnerships to increase customer base and integrate OCBC into industry value chains

- Partnerships with Bank of Ningbo, Bank of Shanghai, China Guangfa Bank, China CITIC Bank and Ping An Bank
- Jointly developed "Doxa Connex for Developers", the built environment industry's first end-to-end digital procurement and payments workflow solution
- Connecting trade finance digitalisation across the supply chain ecosystem for customers through partnership in Singapore Trade Data Exchange (SGTraDex) and investment in trade finance blockchain platform, Komgo

Support increasing ASEAN-Greater China flows to grow franchise along the regional corridor

- Reorganised Greater China division with enhanced capacity
- Expanding China Business Office coverage in ASEAN as part of "One Group" integrated approach
- Augmenting Greater China Transaction Banking and Investment Banking propositions
- Strengthening regional client sales and servicing capabilities

Awards in 2021

Best Trade Finance Bank in Singapore
Alpha Southeast Asia

ASEAN SME Bank of the Year
Asian Banking & Finance

Best SME Bank in Singapore
Alpha Southeast Asia, Asiamoney Banking Awards

Best Cash Management Bank in Malaysia
Alpha Southeast Asia

Best Transactional Banking Online Platform in Southeast Asia
Alpha Southeast Asia

Best SME Bank in Indonesia
Alpha Southeast Asia

Message from Chairman & CEO

2. SEIZING OPPORTUNITIES AND UNLOCKING VALUE FROM ASIA'S GROWTH (continued)

OCBC is well-placed to capture growing Asian wealth flows with its highly-recognised wealth management business across private, premier private client and premier banking, bancassurance, brokerage and asset management.

In 2021, we further enhanced the Group's competitive position by providing customers with comprehensive coverage across all wealth tiers and to different stages of their life cycle.

Enhance Group wealth management capacities to capture growth

- Strengthening hub capabilities across Singapore, Hong Kong, Dubai and London
- Enlarging Bank of Singapore's dedicated Family Office Advisory unit
- Expanding offshore Premier Private Client and Premier Banking proposition in key Asian markets

Drive scalable growth through accelerating digitalisation and enhancing product differentiation

- GWP further enhanced to enable customers to manage and monitor investments via a single account
- Increased RoboInvest thematic portfolio offerings for customers to build personalised holdings according to their risk appetites and objectives

Deepen collaboration with regional banks and develop ecosystem partnerships to grow wallet share and drive client acquisition

- Strategic partnership with Ping An Bank under China's Wealth Management Connect scheme
- Partnership with operator of electric vehicle (EV) charging solutions to provide EV loans and charging points
- Transforming OCBC Pay Anyone into a lifestyle app to incorporate retail, travel and shopping elements
- Bank of Singapore expanding partnerships and product ecosystems with independent asset managers, Bank of Ningbo, private markets, asset management, insurance and family offices

2021 Key Achievements

2021 Wealth Management Income

+11%

Record High

2021 Wealth Management AUM

+7%

S$258 billion

2021 RoboInvest

>24,000 Active Portfolios

Doubled AUM

Awards in 2021

Best Private Bank – Fund Advisory
Asian Private Banker Awards for Distinction

Best Private Bank for Digital Customer Service, Asia
PWM Wealth Tech Awards

Best for Investment Research in Singapore
Asiamoney Asia Private Banking Awards

Best Retail Bank, Singapore
The Digital Banker

Top-Ranked Bank Among Financial Institutions for Customer Satisfaction
Customer Satisfaction Index of Singapore (CSISG) 2020

Best Private Bank – Digital Innovation and Services (Bank of Singapore)
Asian Private Banker Awards for Distinction

3. ACCELERATING DIGITAL TRANSFORMATION

As a digitally-empowered financial services Group, we aim to ensure our digital platforms enable us to meet the evolving needs of our customers, enhance the banking experience and instill trust.

In 2021, we made significant progress in our drive to bring immediacy, accessibility and simplicity for our customers.

Increased digital penetration of customer segments and delivered superior customer experience

- Accelerated digital adoption from account openings to sales
- Integration of business financial management capabilities into digital business banking platform for SMEs

Faster speed to market

- Launched several innovative first-to-market initiatives, enabled by strategic ecosystem, selective fintech and technology partnerships

Enhance customer engagement, gain new insights and manage cyber risk

- Made significant advancements in development and deployment of cloud infrastructure, data and AI capabilities
- Augmented security, availability and reliability of data, systems and application stability

2021 Digital Adoption

Consumers

- **95%** of transactions were digital
- **4x** YoY Digital Wealth sales volume
- **3x** YoY Digital secured loans (62% digital share of new sales)

SMEs

- **86%** of transactions were digital
- **98%** SME accounts opened digitally
- **6x** Digital vs Manual transactions (Digital transactions up 39% YoY)

First-to-market Initiatives

- Face recognition for ATM banking transactions in Singapore
- OCBC Virtual Purchasing Card
- Direct payment of taxes via Digital banking
- Instant buy/sell Precious Metals
- Travel with OCBC
- Doxa Connex for Developers

Awards in 2021

Best Branch Digitisation Implementation
The Asian Banker Financial Technology Innovation Awards

Best Core System Project – Group Wealth Platform (Bank of Singapore)
The Asset Triple A Digital Awards

Outstanding Use of Technology by a Private Bank
Global Private Banking Innovation Awards

Outstanding Wealth Management Technology Implementation (Front End)
Global Private Banking Innovation Awards

While OCBC's banking systems and digital banking platforms are safe and secure, we continue to buttress anti-scam defences in digital banking. Some of our customers fell victim to a sophisticated and well-orchestrated SMS phishing scam in December last year. Given the circumstances of the scam, we made a one-off goodwill payout in full to all affected customers. We have implemented additional safeguards that include a cooling off period for both digital token provisioning and key account changes, and a 'kill switch' that enables customers to immediately freeze all their current and savings accounts in an emergency. We also set up a dedicated customer service care team and a hotline to assist customers with fraud and suspected scams, and increased customer awareness campaigns. We have been working with the industry to review and further strengthen fraud detection and prevention measures.

Message from Chairman & CEO

4. DRIVING SUSTAINABILITY AND INTEGRATING ESG ACROSS THE GROUP

Meeting the ESG goals are integral to OCBC's sustainability agenda. We embed a responsible and sustainable approach across the Group. Our Sustainability Strategy focuses on five sustainability pillars which will support the 15 material ESG factors and contribute to meet the six selected United Nations Sustainable Development Goals where we can make the greatest positive impact in our operations.

Advancing sustainability is central to OCBC's strategy. During the year, we intensified our efforts to strengthen our five pillars:

- Proactively support customers transition to a low-carbon economy
- Actively reduce our own environmental footprint
- Invest in our people
- Help our communities
- Strengthen our corporate governance

Our sustainability strategy, framework and achievements are further detailed in our Sustainability Report which is separately published on our website.

Catalysing Climate Change

In 2021, we formulated a new comprehensive Climate Strategy which outlines our five-year plan to accelerate sustainable transition. We are confident in seizing growth opportunities in green financing and advance the transition to a low-carbon world.

Help customers transition to a more sustainable future

- Surpassed sustainable portfolio target of S$25 billion by 2025; set new target of S$50 billion by 2025
- Developed innovative solutions to meet changing needs and opportunities of customers

Achieve carbon neutrality for banking operational emissions in 2022

- Retrofitting assets to improve energy efficiency and investing in low-carbon technologies and renewables
- Prioritising procurement of more environmentally-friendly products and services
- Engaging stakeholders and the wider community to promote environmentally-responsible behaviour

Drive awareness on climate change

- Published first Task Force on Climate-related Financial Disclosures (TCFD) report in Oct 2021 to disclose management of climate-related risks and opportunities
- Adopted the Poseidon Principles in Dec 2021
- Launched the OCBC Climate Index in Aug 2021 to measure awareness and influence behavioural change

Capturing Green Opportunities

Extended more than **S$34 billion** of sustainable financing to customers in 2021

New target to grow sustainable financing portfolio to **S$50 billion by 2025**

Sustainability Advisor for **7 out of 10** sustainability-linked bonds and green bonds in Singapore since 2020

First-to-market Initiatives

Sustainability-linked Structured Deposit

'Eco-Care' Car, Home, Renovation Loans and Solar Panel Loans

Developing and Supporting Our People

Organisations thrive and succeed because of the breadth and depth of the talent pool they possess. To attract, retain and develop the best talent, we develop and support our employees' journey to realise their full potential.

Culture of learning to enable employees to realise full potential

- Invested S$20 million from 2018 to 2020 through OCBC Future Smart Programme, to equip employees with digital skills
- Committing another S$30 million over three years for the second phase of OCBC Future Smart Programme, with emphasis on deepening understanding in sustainability and how it applies into employees' roles
- More than 516,000 attendees participated in over 10,000 virtual programmes in 2021, an increase of 66% from a year ago

Develop fresh talents for the future

- Designed tertiary programmes such as OCBC FRANKpreneurship and OCBC Ignite to grow local talent pool
- Expanded Regional Scholarship Talent program

Prioritising employee's safety and well-being

- Provided regular communication and vaccination support covering private transport reimbursements, additional medical leave and work from home arrangements for employees
- Launched holistic wellness programmes to ensure physical, mental, social and financial well-being of employees across OCBC

Awards in 2021

#1 – 2021 LinkedIn Top Companies (Singapore)
LinkedIn

Pinnacle Award
Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)

Message from Chairman & CEO

Engaging Our Communities

Shaping a better tomorrow for future generations includes creating positive social impact. Giving back to society has long been an important part of OCBC's corporate culture. Across our core markets, we are committed to address challenges in society and support the underserved in the community.

Support customers impacted by pandemic

- Helped deliver government loan relief programmes to individuals, SMEs and corporate customers across core markets

Actively engage and involve communities

- Leveraged resources to drive awareness and fund social initiatives
- Aim to support 1 million vulnerable individuals in core markets by 2023

Making a Positive Impact on Communities in 2021

S$3.2 million donated

12,984 staff volunteers contributed **59,272** hours

Supported **275,552** beneficiaries

#OCBCCares Environment Fund

S$265,000 provided to implement 15 ground-up community sustainability projects in Singapore

S$100,000 commitment made to support youth projects from the Sustainability Exchange Programme

Award in 2021

Singapore Children's Society Gold Award

Singapore Children's Society for recognition of our efforts and contributions towards helping children, youth, and families in need

Cultivating Stewardship and Strong Governance

Our core values of LIFRR (Lasting Value, Integrity, Forward-Looking, Respect and Responsibility) are embedded in everything we say and do. These have been the foundation of our solid reputation as an institution of trust and safety over the past many decades. The Board and Management are fully committed to driving responsible business practices to safeguard trust and protect value for all our stakeholders.

- First bank to establish a dedicated Board Ethics and Conduct Committee

- Culture Stewardship Programme to give employees ownership to implement initiatives to promote core values across the Group
- Developed OCBC Culture and Conduct Dashboard in 2021 to measure ethics and good conduct

- Welcomed two new independent directors who joined the Board in Feb 2022, expanding the perspective, diversity of skills, knowledge and experience to strengthen the effectiveness of the Board

Awards in 2021

Winner of
Corporate Excellence and Resilience Award
Large-cap Category

Special edition of Singapore Corporate Awards for 2020/2021

Business Times, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors

Runner Up
Singapore Corporate Governance Award (SCGA)
Big Cap Category

SIAS Investors' Choice Awards

ACKNOWLEDGEMENTS

We wish to thank our Board members for their consistent support, wise counsel and guidance. The Board warmly welcomes Ms Chong Chuan Neo and Mr Andrew Lee Kok Keng, who joined us as independent directors. On behalf of the Board, we proudly commend our fellow colleagues across the Group for their utmost dedication and contribution during such challenging times. The Group would not be where it is today without your commitment and teamwork. We would also like to express our gratitude to our shareholders and customers for your unwavering support and trust in OCBC.

Ooi Sang Kuang
Chairman

Helen Wong
Group Chief Executive Officer

February 2022

Excel For Sustainable Growth

With a broad geographical footprint in North and Southeast Asia and a diversified business, OCBC is well-positioned as a leading financial services partner for a sustainable Asia. With our refreshed three-year strategy, we aim to excel for sustainable growth so as to continue creating long-term value for our stakeholders.

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 Sustainable Value

3-year strategy refresh to drive growth and reinforce core strengths (2022 – 2024)

			Banking on four growth priorities to capture regional trade, investment and wealth flows		
Drive Growth	Capture rising **Asian wealth** with our Singapore - Hong Kong hubs and digital propositions	**Deepen wealth management capacities to enhance competitive position**	• Further enhance Group Wealth Platform to deliver best-in-class wealth management offerings	• Strengthen hub capabilities across Singapore, Hong Kong, Dubai, and London to capture growth	• Build up regional wealth teams in key markets
	Support increasing ASEAN-Greater China **trade and investment flows**	**Increase global share of trade & investment flows towards ASEAN & Greater China**	• Harness network strength in Asia with twin-hub capabilities of Singapore and Hong Kong	• Capture increasing ASEAN-Greater China flows to grow strategic value along regional corridor	• Bolster transaction banking & investment banking propositions
	Unlock value from **New Economy** and high-growth industries	**Unlock value via partnerships and high growth industries**	• Deepen banking relationships with high-growth and emerging sectors	• Partner new digital players	• Invest and develop digital assets and tokenisation capabilities and customer propositions
	Drive transition to a **sustainable** low-carbon world	**Capture green opportunities as clients and communities transition to low-carbon world**	• Regional leader in sustainable finance and investing	• Develop comprehensive suite of sustainable financing and investment propositions, grow sustainable financing portfolio to S$50b by 2025	• Create decarbonisation pathway for operational & financed emissions, achieve carbon neutrality for OCBC's banking operational emissions in 2022
			Accelerating investments in transformation, digitalisation and people assets		
Reinforce Strengths	Comprehensive regional franchise under **"One Group"**	**Leverage collaborative business models across Group to capture synergies**	• Enhance customer experience with collaborative business models across geographies, entities and products	• Capture synergies and unique strengths of diversified business franchise	• Scale up product capabilities and distribution across three business pillars – banking, wealth management and insurance
	Invest in accelerating **digital transformation**	**Drive transformation for operational and business excellence**	• Accelerate investments in digitalisation and data analytics	• Elevate customer experience excellence to create greater value throughout customer journeys	• Embed 'Agile concept' into the way we operate
	Strengthen our **people assets** and culture	**Attract, retain and develop the best talent to be future-ready**	• Enable employees to realise full potential through culture of learning	• Develop and attract fresh talent for the future	• Prioritise employee safety and well-being
	Build on our **capital and risk management strengths**	**Strong balance sheet fundamentals & prudent risk management to drive growth**	• Deliver sustainable growth though franchise expansion with robust capital base and prudent risk management		

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 74.

Mr Ooi will be seeking re-election at the Bank's 2022 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
OCBC Management Services Pte Ltd, Board Director
• OCBC Wing Hang Bank Ltd, Board Director
• 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 • Xeraya Capital Labuan Ltd, Board Chairman • Xeraya Capital Sendirian 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
10 years 2 months

Country of Principal Residence
Singapore

Ms Chong Chuan Neo
Non-Executive and
Independent Director

Ms Chong was appointed to the Board on 18 February 2022. She spent almost 30 years at Accenture where she held senior and practice leadership roles covering various industries and countries in Asia and was responsible for Accenture's Greater China business from 2015 to 2018. She was Chairman and Country Managing Director of Accenture Greater China and a Global Leadership Council member of Accenture when she retired in December 2018 to pursue her interests in technology start-ups and private equity. Age 59.

Ms Chong will be seeking election at the Bank's 2022 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
Aimazing Pte Ltd, Board Director • Boost Holdings Sdn Bhd, Board Director • Graduate Investment Pte Ltd, Board Director • iShine Cloud Ltd, Board Director • Lion Global Investors Ltd, Board Director • MODA Solutions (BCR Shanghai), Board Director • Raffles Medical Group Ltd*, Board Director • vKirirom Pte Ltd, Board Director • National Volunteer and Philanthropy Center, Adviser of Digital Task Force • NUS Innovation & Enterprise, Executive Council Member • Partners Group, Operating Director • NUS GRIP, Director
** Listed company*

Directorships and Principal Commitments/ Appointments for the past 5 years
Accenture Pte Ltd, Board Director • NewsPage Pte Ltd, Board Director

Academic and Professional Qualifications
Bachelor of Science (Computer Science and Mathematics), National University of Singapore
Management and Executive Programs in Business and Leadership, IMD Lausanne, Switzerland

OCBC Board Committee Served On
Member, Audit Committee

Length of Service as a Director
2 months

Country of Principal Residence
Singapore

Mr Chua Kim Chiu
Non-Executive and
Independent Director

Mr Chua was first appointed to the Board on 20 September 2017 and last re-elected as a Director on 29 April 2021. He is currently a 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 67.

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 • Mapletree North Asia Commercial Trust Management 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
4 years 7 months

Country of Principal Residence
Singapore

Dr Andrew Khoo
Non-Executive and Independent Director

Dr Khoo was appointed to the Board on 8 March 2021 and elected as a Director on 29 April 2021. He is currently a Board and Audit Committee member of the National Environment Agency of Singapore. Prior to this, 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 59.

Other Directorships and Principal Commitments/ Appointments
OCBC Wing Hang Bank Ltd, Board Director
• National Environment Agency, Board Member
• Stroke Support Station, 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 year 1 month

Country of Principal Residence
Singapore

Mr Koh Beng Seng
Non-Executive and Lead 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 Ltd 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 71.

Mr Koh will be seeking re-election at the Bank's 2022 Annual General Meeting.

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
2 years 6 months

Country of Principal Residence
Singapore

Mr Andrew Lee
Non-Executive and Independent Director

Mr Lee was appointed to the Board on 18 February 2022. He had more than 30 years of banking experience in Standard Chartered Bank and OCBC Bank where he held several senior level executive positions largely in consumer banking with responsibilities for strategy, execution and performance. He joined OCBC Bank in 1999, served in various senior capacities, and was Senior Executive Vice President and Head Global Consumer Financial Services when he stepped down from OCBC Bank in 2010. He continued to serve the OCBC Group, first as Chairman of BCS Information System and then with Great Eastern Life Assurance as Group Chief Marketing & Distribution Officer, before retiring in 2017. Age 69.

Mr Lee will be seeking election at the Bank's 2022 Annual General Meeting.

Other Directorships and Principal Commitments/ Appointments
Nordic Group Ltd*, Board Director • OCBC Al-Amin Bank Berhad, Board Director
** Listed company*

Directorships and Principal Commitments/ Appointments for the past 5 years
Great Eastern Digital Pte Ltd, Board Director
• Lakeworks Ltd, Board Director
• Straits Eastern Square Pte Ltd, Board Director

Academic and Professional Qualifications
Bachelor of Arts, University of Singapore
Bachelor of Social Science (Honours in Economic), University of Singapore

OCBC Board Committee Served On
Member, Risk Management Committee

Length of Service as a Director
2 months

Country of Principal Residence
Singapore

Board of Directors

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 58.

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
19 years

Country of Principal 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 70.

Ms Ong will be seeking re-election at the Bank's 2022 Annual General Meeting.

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 • Civil Aviation Authority of Singapore, 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
6 years 2 months

Country of Principal Residence
Singapore

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 29 April 2021. He has been with PT Bank OCBC NISP Tbk for 34 years, holding key positions, including President Director, and is presently Board President Commissioner of the bank. Age 59.

Other Directorships and Principal Commitments/ Appointments
PT Bank OCBC NISP Tbk*, Board President Commissioner • PT Biolaborindo Makmur Sejahtera, Board Commissioner • IOA Association, 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 • San Francisco State University, Lam Family College of Business, Dean's Development Council, Member
** Listed company*

Directorships and Principal Commitments/ Appointments for the past 5 years
None

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
16 years 10 months

Country of Principal Residence
Indonesia

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 2021. 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 76.

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

Directorships and Principal Commitments/ Appointments for the past 5 years
Banking Computer Services Pte Ltd, Board Chairman • United Engineers Ltd, Board 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 • Mapletree India China Fund Ltd, Investment Committee, Chairman

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
8 years 7 months

Country of Principal Residence
Singapore

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 56.

Other Directorships and Principal Commitments/ Appointments
ams OSRAM AG* (formerly known as ams AG), Board Director • Barry Callebaut AG*, Board Director • Galboss Asia Pte Ltd, Board Director • In.Corp Global Pte Ltd, Board Director • Jardine Cycle & Carriage Ltd*, Board Director • Singapore Press Holdings Ltd*, Board Director • The Y Journey Pte 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 • National University of Singapore (School of Computing), Board of Advisors, Member
** Listed companies*

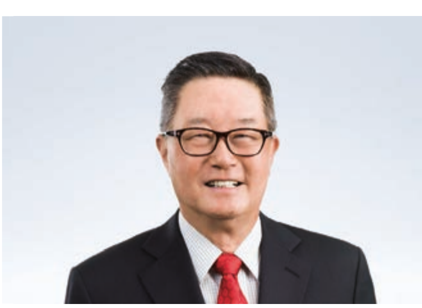
Directorships and Principal Commitments/ Appointments for the past 5 years
Cap Vista Pte Ltd, Board Director • Gemalto NV, Board Director • Vodafone group of companies in Asia Pacific, Board Director • Vodafone Enterprise Singapore Pte Ltd, President • Singapore Institute of Directors, Board of Advisors, Member • TNF Ventures Pte Ltd, Advisor Mentor

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
2 years 3 months

Country of Principal 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 74.

Mr Wee will be seeking re-election at the Bank's 2022 Annual General Meeting.

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
8 years 3 months

Country of Principal Residence
Singapore

Management Committee

Ms Helen Wong
Group Chief Executive Officer

Mr Darren Tan
Chief Financial Officer

Mr Vincent Choo
Group Risk Management

Mr Lim Khiang Tong
Group Chief Operating Officer

Mr Kenneth Lai
Global Treasury

Mr Tan Teck Long
Global Wholesale Banking

Mr Sunny Quek
Global Consumer Financial Services

Mr Tan Wing Ming
Greater China

Mr Ong Eng Bin
CEO, OCBC Bank Malaysia

Ms Parwati Surjaudaja
President Director and CEO,
Bank OCBC NISP

Ms Ivy Au-Yeung
CEO, OCBC Wing Hang Bank

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

Mr Linus Goh
Global Commercial Banking

Ms Elaine Lam
Global Corporate Banking

Mr Bahren Shaari
CEO, Bank of Singapore

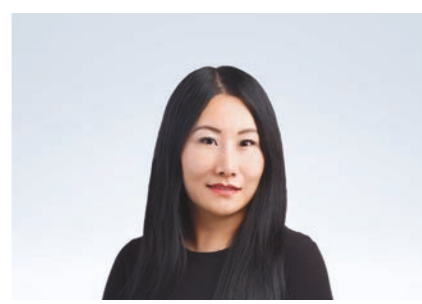
Mr Gan Kok Kim
Global Investment Banking

Mr Tan Chor Sen
Global Enterprise Banking – International

Mr Melvyn Low
Global Transaction Banking

Mr Jason Ho
Group Human Resources

Ms Goh Chin Yee
Group Audit



Ms Loretta Yuen
Group Legal and Compliance

Ms Koh Ching Ching
Group Brand and Communications

Mr Praveen Raina
Group Operations and Technology

Ms Sylvia Ng
Strategic Planning Office

A Leading Sustainable Bank in the Region

We are focused on building a sustainable future by embedding responsible and sustainable business practices in everything we do.

Our Sustainability Strategy

We aspire to build a sustainable future for all stakeholders through the five core pillars of our sustainability strategy:

Pillar 1: Putting Customers First

Providing innovative financial services and a seamless banking experience for our customers. This is at the heart of our brand promise—*Simply Spot On*.

Pillar 2: Building a Sustainable Future

Contributing to responsible economic growth and sustainable development through our financing solutions, as well as managing the environmental footprint of our own operations.

Pillar 3: Acting with Integrity

Embedding responsible business practices to safeguard trust and protect value for our stakeholders over the long term.

Pillar 4: Valuing Our People

Creating a nurturing and engaging work environment that welcomes diversity and enables our people to realise their full potential.

Pillar 5: Engaging Communities

Contributing to healthy, thriving and inclusive communities through our core business, corporate giving, employee volunteering and partnerships.

Our six selected United Nations Sustainable Development Goals.

The Board provides oversight for the overall sustainability agenda and strategy and is supported by the Sustainability Council, which is chaired by the Group Chief Executive Officer.

The Sustainability Council sets and drives the Group's sustainability strategy, assessing the ESG and/or climate-related risks and opportunities in support of the Bank's corporate strategy. The Sustainability Working Group and Climate Strategy Committee, support the Sustainability Council.

We measure our performance in the five core pillars against six selected United Nations Sustainable Development Goals (SDGs; seen on left). The SDGs provide a clear and shared global agenda for addressing the most pressing challenges facing society.

Our Climate Strategy

To strengthen Pillar 2 of our Sustainability Strategy - Building a Sustainable Future - we developed a 5-year Climate Strategy to achieve our vision of becoming a regional leader in sustainable and responsible banking for a low-carbon economy by 2026. Our Climate Strategy's priorities are:

Priority 1
Moving towards net zero emissions in alignment with Paris Agreement goals

Priority 2
Expanding sustainable financing and our sustainability-themed product portfolio

Priority 3
Growing a bank-wide ecosystem of sustainable solutions and partnerships

To deliver on our priority areas, we will implement initiatives and drive change across all our operations in partnership with our stakeholders. This includes our supply chain, customers, government and communities in our core markets.

Please refer to our Sustainability Report for more information by scanning the QR code.

Our 2021 Sustainability Highlights

Pillar 1: Putting Customers First

Number 1
in Customer Satisfaction Index of Singapore Survey

Best Retail Bank, Singapore
awarded at The Digital Banker's Global Retail Banking Innovation Awards 2021

Best Branch Digitisation Implementation
awarded at The Asian Banker Financial Technology Innovation Awards 2021

ASEAN SME Bank of the Year (for the 11th consecutive year)
awarded at Asian Banking & Finance Retail Banking Awards 2021

Best in Future of Customers and Consumers – OCBC Financial OneView
awarded at IDC Future Enterprise Awards 2021

Best Private Bank for Digital Customer Service Asia (Bank of Singapore)
awarded at PWM Wealth Tech Awards

Best Transactional Banking Online Platform in Southeast Asia (2018-2021)
awarded at Alpha Southeast Asia Best FI Awards 2021

Best Open Banking Initiative
awarded at The Digital Banker's Global Retail Banking Innovation Awards 2021

First in Southeast Asia to Enable Face Verification for ATM Banking Transactions

We continued to roll out new digital initiatives across the region in 2021 to serve different retail customer groups. For instance, in Singapore, to securely verify customers for banking transactions at ATMs without the need for cards, we enabled face verification for ATM banking transactions, becoming the first bank in Southeast Asia to do so.

Financial Solutions for Women Entrepreneurs

The #TAYTB[1] Women Warriors was launched by OCBC NISP in 2020 to empower women-led businesses so they could reach their fullest potential. We rolled out a myriad of digital solutions to smoothen the financing and management of transactions for small businesses, including the provision of competitive interest rates for loans, the management of taxes and e-commerce transactions. In 2021, over 1,000 women entrepreneurs have benefited from this programme, with IDR 862 billion in new loans granted.

(1) *#TAYTB – Tidak Ada Yang Tidak Bisa / Nothing is Impossible*

A Leading Sustainable Bank in the Region

Pillar 2: Building a Sustainable Future

Target to achieve carbon neutrality for OCBC's banking operational emissions in 2022
as part of the Bank's Climate Strategy

Published first Task Force on Climate-related Financial Disclosures (TCFD) report

First bank in Southeast Asia to adopt the Poseidon Principles
a commitment to track, monitor and drive emissions reduction in our shipping portfolio

AA Rating
for MSCI ESG Ratings Assessment

Achieved S$34 billion in sustainable finance commitments, surpassing our S$25 billion by 2025 target, and setting a new target of **S$50 billion by 2025**

Sustainability has become a strategic priority for many of our customers and we have been supporting them with meaningful and innovative sustainable finance solutions.

Financing Sustainable Transition

In 2021, we expanded our offerings to include transition financing. Transition Financing is an emerging Sustainable Finance product to help businesses shift to a low-carbon economy. Transition loans require the companies to develop a transparent and time-bound transition roadmap; the financing must be used for activities related to shifting to low-carbon practices or technologies.

BW LPG is on a journey towards achieving net zero carbon emissions. The US$45 million loan that they secured, for which we were sole green advisor, was the first transition loan secured by the global shipping company in Singapore. We acted as the sole green advisor for the deal and helped develop BW LPG's Transition Finance Framework. V.E, part of Moody's ESG Solutions, was engaged to provide a Second Party Opinion on the Framework.

Improving Access to Sustainable Finance for SMEs Across the Region

We launched the OCBC SME Sustainable Finance Framework to simplify the access to green loans to help SMEs in their shift towards sustainability. In its first year, over 200 SMEs including small businesses received financing under this framework for their sustainable projects mainly in energy efficiency, alternate energy and circular economy. We also rolled out the Framework to our core markets in Malaysia, Indonesia and Hong Kong, adapting it to the relevant local certifications and standards.

Lam Tak, led by Mr James Wee, Managing Director and Ms Coco Chu, Sales and Marketing Director, recycles over 7,800 tonnes of food waste a year using an army of flies. Lam Tak secured a green loan under the OCBC SME Sustainable Finance Framework to support their ambitions - the funds will help the company invest in machinery and tap on technology such as a fully automated black soldier fly larvae breeding system to grow its army of flies more efficiently. It will also fund further research into new markets, and the development of new products with insect protein, such as crawfish formula feed.

Pillar 3: Acting with Integrity

Corporate Excellence and Resilience Award
(Large-cap Category) awarded by the Business Times, the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors

Runner up of the Singapore Corporate Governance Award (SCGA)
(Big Cap Category) awarded at the SIAS Investors' Choice Awards

ASEAN's Top 20 Listed Companies
for Corporate Governance at the ASEAN Corporate Governance Scorecard Award

Pillar 4: Valuing Our People

Pinnacle Award
awarded at The Tripartite Alliance Awards 2021

Fair and Progressive Employment Practices
awarded at The Tripartite Alliance Awards 2021

OCBC Wing Hang China awarded
Best HR team and Best HR programme
at HRFlag's 2021 Flag Awards

>6,000 employees benefited from the Covid-19 Vaccination Support Programme in Singapore

Pillar 5: Engaging Communities

United for Humanity Award
by Singapore Red Cross for supporting humanitarian aid in the fight against Covid-19 pandemic in China in 2021

Singapore Children's Society Gold Award
by Singapore Children's Society, which recognises our efforts and contributions towards helping children, youth, and families in need in 2021

Excellence in CSR Strategy Silver Award
by Human Resources Online Malaysia recognises our efforts and contributions towards helping the community in 2021

S$3.2 million donated and 275,552 individuals supported

During the year, we donated and contributed skills and activity-based services to address social issues that included empowering seniors to tackle dementia, isolation and depression, offering food choices to the needy, and helping children and youths gain confidence and mental resilience.

Upfront with Helen

You have assumed the role as Group CEO for a year. Can you reflect on your first year?

In 2021, like the year before, we weathered the unpredictable storm of Covid-19 and intensified competition. We delivered a resilient set of financial results. Despite the challenging conditions associated with the resurgence of first, the Delta virus variant and then Omicron, the momentum across our banking, wealth management and insurance businesses continued to grow.

We conducted a strategy refresh to entrench OCBC's position as a leading financial services partner in a sustainable Asia. A sharper three-year corporate strategy to 'Excel for Sustainable Growth' was established – organised around eight strategic pillars – to drive sustainable growth and reinforce our core strengths to excel.

Helen Wong
Group Chief Executive Officer

"Our strategy refresh will entrench OCBC's position as a leading financial services partner in a sustainable Asia as we grow our ASEAN and Greater China capabilities.

To drive the execution of this Corporate Strategy, we made changes to our organisational structure that build on our strong foundation. In June 2021, we appointed a Group COO to accelerate our transformation and digitalisation efforts and formed a new Greater China division in September 2021 to capture the rising ASEAN-Greater China flows. In March 2022, our new Global Wholesale Banking head joined the team, deepening our bench strength. We enhanced our matrix reporting structure which was rolled out on 1 Jan 2022 to achieve greater alignment of our Corporate Strategy and operations across the subsidiaries and markets.

Underlying our strong business performance is the OCBC culture – a culture nurtured over more than 90 years by our predecessors. In all that we do, we are guided by our core values – LIFRR (which stands for Lasting Value, Integrity, Forward-looking, Respect and Responsibility). The OCBC name is synonymous with integrity, reliability and financial soundness. Our customers' trust and support have allowed us to build good relationships with them over many decades.

The growth recovery for the region is expected to be on track and generally uptrend. As we put our Corporate Strategy into action, I am optimistic about 2022.

You have rolled out your ambition for OCBC. What are the drivers for growth?

The Excel for Sustainable Growth Strategy is organised around eight strategic pillars. The first four pillars are drivers of growth, and the other four are how we will be reinforcing our core strengths.

Capture rising Asian wealth: Nowhere else in the world is wealth growing faster than in Asia, with Singapore and Hong Kong as one of the fastest growing wealth centres globally. We have ambitious targets to capture the offshore wealth management business in the Greater China region using Singapore and Hong Kong as the twin hubs and through our digital propositions.

Our partnership with Ping An Bank to provide Wealth Management Connect services in the Greater Bay Area opens up a whole segment of customers to us. With the setting up of private banking services through OCBC Wing Hang China at the start of 2022, we have begun serving the affluent Chinese in onshore China.

Support growing ASEAN-Greater China trade and investment flows: ASEAN has become China's largest trading partner and the connectivity between the two has become greater than ever. Many Chinese and regional companies are adopting a China Plus One strategy – having their main base in China together with a supporting or manufacturing base in South-east Asia. With OCBC's headquarters in Singapore, our long history in Greater China, and a strong South-east Asian network that covers 90% of ASEAN trade and capital flows, we can play a key role in connecting Chinese companies to expand and invest in ASEAN.

Unlock value from new economy and high-growth industries: The disruptions brought about by the Covid-19 pandemic, as well as other geopolitical issues, have impacted supply chains and also spurred new industries to emerge. We will deepen the banking relationships with some of these emerging sectors which have high potential for even larger growth in the years to come. We are also deepening partnerships with new digital players to continue to provide better value propositions to our customers.

Drive the transition to a sustainable low-carbon world: Besides being the responsible thing to do, doing our part to build a more sustainable world is economically beneficial to all. There are many opportunities we can capture as our customers and communities transit to a low-carbon world. We have embedded ESG practices in our business operations so that we can also better help our customers – both individuals and businesses – on their sustainability journeys.

Awards

Best Retail Bank, Singapore
awarded by The Digital Banker

ASEAN SME Bank of the Year
awarded by Asian Banking & Finance

Best Private Bank for Digital Innovation and Services
awarded by Asian Private Banker

Achievements

2.7X growth in number of green and sustainability-linked loans completed in 2021

2X growth in sustainable financing extended to SME clients in 2021

25X growth in ESG investment by Bank of Singapore clients

25% growth in revenue from corporate clients through international branches

Upfront with Helen

Achievements

+11% YoY Record High 2021 Wealth Management income and fees

+7% YoY Wealth Management AUM S$258b

First bank in Southeast Asia to adopt the Poseidon Principles

Achieved more than **S$34b** in sustainable finance commitments as of end 2021

>$13 billion in new commitments to sustainable finance in 2021

Ms Helen Wong receiving a certificate of appreciation from Minister for Social and Family Development Masagos Zulkifli on 19 August 2021 for OCBC Bank's participation in an eco-initiative in Tampines Central in Singapore. The distributed district cooling system would consolidate the cooling loads of 14 buildings and achieve energy savings and reductions in carbon emissions.

Sustainability is a big agenda in 2021. It is also your personal belief. How is OCBC tackling sustainability?

I have been a strong believer in the beauty of nature and the environment ever since I was young as my parents often brought my whole family on hikes together.

Sustainability is non-negotiable. COP26 highlighted the importance of finance to support and accelerate sustainability efforts. As a bank, we can and must do more to help the transition to becoming a low-carbon world. Banks are a big catalyst of change and for a regional bank like ours, we must continue to play a leading role in Asia in sustainable finance to promote greater and faster change.

I'm glad that we are seeing greater awareness globally, and more interest and concrete commitments from our customers on this. We had already exceeded our previous two targets on our sustainable finance portfolio way ahead of schedule. At the end of 2021, we achieved more than S$34 billion in commitments – surpassing our target of S$25 billion by 2025. Therefore, we have raised our target to S$50 billion, also by 2025.

We will also put more emphasis on how we can help customers structure sustainable loans and deals, leveraging our knowledge and expertise in sustainability. Since 2020, OCBC has been the Sustainability Advisor in 7 out of every 10 sustainability-linked bonds and green bonds in Singapore.

Sustainable financing is not just for the large corporations, but also the SMEs. They are critical because they have the most employees – together they hire 70% of Singapore's total workforce – and they are also an integral part of the supply chain. They have the power to influence their employees and also their customers to adopt sustainable practices too. We know it's a pain point for many SMEs to get sustainable financing because they may not have the resources to amass data, or disclose information consistently. So we are working with a company that is going to use blockchain, Internet of Things and data analytics to create an easily accessible carbon tracking mechanism for SMEs. This will help SMEs measure their carbon emissions and figure out how to reduce them.

We aim to grow our sector coverage in sustainable food production. One such area is Agritech – an industry which is very important to help Singapore meet its "30 by 30" target – to have 30% of food consumed grown locally by 2030. We also look at the renewable energy ecosystem – not just financing the creation of energy, but also the entire chain of how energy is supplied and distributed.

As one of the largest employers in the region, we are imparting knowledge to and cultivating green practices among our 30,000 employees worldwide. Besides promoting basic green practices like cutting down on paper, reducing electricity and eliminating plastic water bottles, we have rolled out a suite of sustainability courses. Some are basic and aim to raise sustainability awareness, while others are on more advanced topics like how to structure sustainability loans and deals. Our goal is to get every OCBC employee to not only be aware of the issues on sustainability and climate change, but also adopt green habits and eventually become advocates so that together, we can truly create a sustainable world.

Achievements

$50b by 2025 – OCBC's latest sustainable finance portfolio target. We achieved a total commitment of more than S$34b as of end 2021.

2022 – Reach **net zero** operational emissions by the end of 2022

By 2025, we aim to achieve net-zero operational carbon emissions by reducing the direct emissions from our facilities and indirect emissions associated with the purchase of electricity, steam, heat or cooling. We will also cut down on indirect emissions from assets not owned or controlled by us.

Upfront with Helen

Achievements

95% of consumer banking transactions performed digitally

86% of SME banking transactions performed digitally

3.5X growth in digital wealth sales

10X – customers invest 10 times more when they invest at a physical branch compared to when they do so online

4X – SMEs which are highly digital earn 4X more revenue than less-digital companies

Upon taking over the CEO role, you will soon have to face intense competition from the new digital banks in Singapore. How is OCBC preparing for it?

Competition is always there. Our OCBC Digital mobile banking app for individual customers in Singapore has one of the most comprehensive suites of wealth management products from buying insurance and unit trusts to investing in equities or gold and silver. We have also built strong digital propositions around digital payments, travel, shopping and dining. Our Travel by OCBC platform gives consumers access to more than 550,000 hotels and resorts, and more than 800 airlines.

Almost all new bank accounts for SMEs are opened digitally. Just as we digitalised many of our internal banking operations and services to support businesses, we also helped many SMEs to digitalise their accounting, HR, marketing and other business functions, especially during the pandemic.

Yet, in an increasingly technology-focused world, customers want the human touch. This is especially so when financial and investment advice is sought. Such knowledge, expertise and capabilities are not built overnight. OCBC as a trusted financial advisor to our customers is anchored on a strong foundation built over many years of experience, learnings and insights. Our branches and our people are equally important assets to support our customers well in their growth journeys to help them succeed.

Last year, the Bank rolled out the ability to trade equities directly on the OCBC Digital app, making it more convenient for customers who can now bank and invest all on the same platform.

Ms Helen Wong with Deputy Prime Minister Heng Swee Keat, Senior Minister of State for Manpower and Health Koh Poh Koon and Mr Lee Yi Shyan, Chairman of Business China, at the 10th Business China Awards. During the panel, the group discussed the rise of sustainable financing around the world, including Singapore and China, as well as the importance of developing talent and forging strong regional networks to capitalise on growing intra-Asian trade.

What would the post-Covid-19 pandemic world be like and what is your outlook for 2022?

Every crisis yields new opportunities. While Covid-19 has disrupted many industries and businesses, it has also spurred the growth of new industries, and reinvention of business models. There are also expanded and new areas of customer activities as a result of the rebalancing of economies.

In the last couple of years, we have seen supply chain diversification and increased investment, trade and wealth flows across Greater China and ASEAN. ASEAN is now China's largest trade partner, overtaking the US. The Regional Comprehensive Economic Partnership, which is the world's largest trade pact between 10 ASEAN members states and five major economies (China, Japan, South Korea, Australia and New Zealand), has already yielded increased economic activities. We expect more on this front in 2022.

The 21st Century is the Asian Century. The total GDP of Asian countries is expected to be half of the global GDP by 2040 and this is where growth will be at its strongest.

Despite the residual uncertainties from the Covid-19 pandemic and simmering geopolitical tensions, we are projecting decent growth in our core markets in Asia in 2022. GDP growth in Singapore, Malaysia, Indonesia and Greater China will be between 3 and 6 per cent, with the growth in ASEAN and China likely to be better than the rest of the world. There will be opportunities for businesses and investors.

Our strengths and capabilities in ASEAN and Greater China will continue to enable us to support our customers and partners well as they expand and invest in this region.

Awards

Best Trade Finance Bank in Singapore
Alpha Southeast Asia

Best Branch Digitisation Implementation
awarded at The Asian Banker Financial Technology Innovation Awards 2021

Best for Investment Research in Singapore
Asiamoney Asia Private Banking Awards

Darren Tan
Chief Financial Officer

> **When things are volatile, we must stay calm. When things are complicated, we must stay simple.**

Upfront with Darren

What is your vision for the Finance team?

My vision is for the Finance team to be SMART as follows:

- **S** – to think and plan **S**trategically, challenge the status quo and embrace change;
- **M** – to **M**ine data and information for insights to guide better decisions;
- **A** – to **A**nalyse and advise business partners about where to grow and what to grow;
- **R** – to facilitate **R**esource allocation to maximise long-term profitability;
- **T** – to groom **T**alent by encouraging them to keep an open mind and continuously improve.

Has the on-going pandemic derailed your vision?

On the contrary, the pandemic was and continues to be a good test and affirmation of the vision.

Being SMART is being adaptable and flexible. The Finance team was able to quickly adapt to the need to work remotely, and flexibly adopted the processes to perform not just the usual financial and management reporting expediently, but also advise businesses through harnessing insights from data analysis. In fact, the Finance team is increasingly called upon to find new ways to structure the available capital resources and excess liquidity of the bank to find attractive yield-enhancing opportunities in this near-zero interest rate environment. Our resilience in the face of disruption affirmed our confidence that by being SMART, we would be able to navigate the future well.

Talent is a key component of SMART Finance. Where do you find the talents and how do you motivate them?

While the majority of the Finance team are accounting professionals, we have increasingly recruited professionals from other disciplines such as engineering and computer science to complement the mix of talent pool. With varied perspectives, the Finance team will then be able to better advise our business partners, and hopefully help to arrive at better tactical and strategic decisions. We also look for raw talents in fresh graduates and systematically groom them to be the future leaders of the Finance team and the Bank.

With the increasing shift to working remotely with its attendant virtual meetings, motivating and grooming talents take on "virtual" challenges. To counteract such challenges, regular communications with higher degrees of sensitivity and empathy are needed. I look forward to the time where in-person interaction is the norm rather than the exception. In the meantime, I hope that through a combination of virtual and in-person engagements, the Finance team would continue to progress on its SMART journey.

You had said that "running a business is like running a marathon". How does being SMART help with the "marathon"?

Finance is the treasure trove of data and information about the financial health and performance of the Bank. By skilfully mining and analysing this treasure trove, the Finance team is then able to advise the management team of the competitive strengths and financial position of the Bank. With these insights, the management team could then decide where and how to allocate their financial, technological and human resources to compete, tactically and strategically.

Strategically, we have always believed that having a "solid as a rock" balance sheet with a well-diversified portfolio of businesses would place us in a strong position to ride through all crises and economic cycles. So, is this hypothesis true, and how do we prove that it is true?

As the adage goes, "it's all in the details" of the financial numbers. Our strong capital position had enabled us to grow our customer deposits, which in turn allowed us to support our customers through the pandemic by providing loans at competitive rates. While our net interest income had declined because of the compression in net interest margin, our non-interest income had risen in tandem with our customer activities in the financial markets. As a result, our net profit in 2021 was back to the pre-pandemic level. These differential performances of our varied business engines had the effect of diversifying the returns, and hence the risk of the Bank.

We had also continued to grow our wealth management and insurance businesses as evidenced by the increased assets under management and embedded value respectively. This combination of strong balance sheet, resilient financial performance and well-diversified franchises enabled us to continue running our "marathon".

And in terms of managing a crisis?

While it is important not to overreact in a crisis and let it detract us from our "North Star", we could only do so with good insights. And good insights could only be offered by being SMART. In a way, if we are able to convert as many "unknowns" to "knowns", then we would be better able to "keep calm, and carry on".

This is similar to the Chinese saying "以不变应万变" which I would transpose as follows: "When things are volatile, we must stay calm. When things are complicated, we must stay simple."

And to be able to do so, we need the wisdom of quality, insightful information by being SMART.

Can this approach be applied to how the Bank will manage competition from digital players?

Firstly, being calm does not mean being complacent. We must obviously treat the upcoming competition from digital competitors with reverence. In fact, we should humbly look at where and what we could learn from the digital competitors to better ourselves, especially in serving our customers.

Nonetheless, we should also be confident that we have many positive attributes that would enable us to serve our customers well. One of the key functions of money is that it is a storage of value and hence, wealth. Customers have a high level of trust in us to maintain that storage of their monies, and it is imperative that we keep up this trust. We could then play to this strength by prioritising and building businesses that have higher trust quotients.

Additionally, the personal, relational touch is an area that we could build and nurture.

As we learned during the pandemic, while it may be efficient to engage our customers virtually for simple, routine matters, it has been less effective in building longer term relationships and hence, trust for the complex, non-routine ones. And banking, at the end of the day, is a long-term, personal and relational business.

What is your view on sustainability as a CFO?

Sustainability is an economic and strategic imperative that poses both opportunities and risks for us – opportunities to develop new engines of growth and risks associated with them. Additionally, there could be trade-off between profitability and sustainability. Therefore, it would be important for us to strike a balance between reward and risk, and between profitability and sustainability.

Increasingly, investors are also looking for companies with long-term responsible business practices. As such, non-financial ESG information has become important considerations for investors to decide whether they should invest in us. Consequently, it is important that our businesses consider sustainability as part of their competitive arsenal.

How do you see 2022 playing out?

In 2021, our wealth management businesses had performed well in a buoyant financial market while our net interest income was relatively subdued with compressed loan margins in a near-zero interest rate environment.

This year, we could see a modest reversal of this development which would in turn rebalance the mix of returns between these two income streams. Specifically, with interest rates widely expected to rise, we could experience better loan margins which would in turn raise our net interest income. The flip side of higher interest rates in an inflationary environment, coupled with the added uncertainty arising from the on-going Ukraine crisis, could mean less buoyant financial market activities in the first half of the year. Hopefully, some uncertainties would dissipate by the second half of the year and our wealth management franchise would be lifted by more investment activities from our customers.

Recognition in 2021

Best CFO
awarded by Corporate Treasurers

Resilient 2021 Performance

Net Profit
up 35% from S$3.59 billion in 2020

S$4.86 billion

Return on Equity
up from 7.6% in 2020

9.6%

Common Equity Tier 1 Capital Adequacy Ratio
up from 15.2% in 2020

15.5%

Dividend Per Share [1]
up from 31.8 cents in 2020

53.0 cents

Net Asset Value Per Share
up 6% from S$10.82 in 2020

S$11.46

5-Year Total Shareholder Returns

+55%

[1] *In July 2020, the MAS called on locally-incorporated banks headquartered in Singapore to cap total dividends per share for 2020 at 60% of that for 2019. In July 2021, the dividend cap was lifted for the 2021 dividend.*

Financial Highlights

Group Five-Year Summary

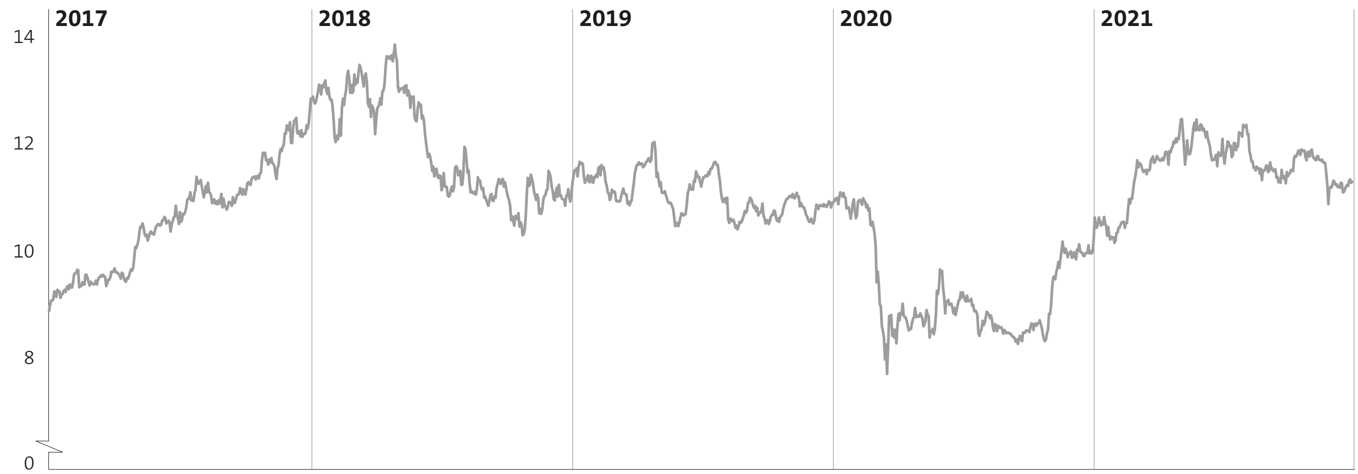
	2021	2020	2019	2018	2017[1]
Selected Income Statement Items (S$ million)					
Total income	**10,596**	10,139	10,871	9,701	9,528
Operating expenses	**4,764**	4,439	4,644	4,214	4,043
Operating profit before allowances and amortisation	**5,832**	5,700	6,227	5,487	5,485
Amortisation of intangible assets	**103**	104	103	102	104
Allowances for loans and other assets	**873**	2,043	890	288	671
Profit before income tax	**5,680**	4,165	5,800	5,552	5,099
Net profit attributable to equity holders of the Bank	**4,858**	3,586	4,869	4,492	4,045
Cash basis net profit attributable to equity holders of the Bank[2]	**4,961**	3,690	4,972	4,594	4,149
Selected Balance Sheet Items (S$ million)					
Net loans to customers	**286,281**	263,538	262,348	255,502	234,668
Deposits of non-bank customers	**342,395**	314,907	302,851	295,412	283,642
Total assets	**542,187**	521,395	491,691	467,543	452,693
Assets excluding life insurance fund investment securities and other assets	**442,091**	424,327	404,353	390,676	378,766
Total liabilities	**487,849**	470,219	443,088	424,151	410,900
Ordinary equity	**51,463**	48,422	45,662	40,637	37,528
Equity attributable to equity holders of the Bank	**52,663**	49,622	47,162	42,137	39,028
Per Ordinary Share (S$)					
Basic earnings	**1.07**	0.80	1.12	1.06	0.95
Dividend (cents)	**53.0**	31.8	53.0	43.0	37.0
Net asset value	**11.46**	10.82	10.38	9.56	8.96
Ratios (%)					
Return on equity	**9.6**	7.6	11.2	11.5	11.0
Return on assets[3]	**1.13**	0.85	1.23	1.17	1.11
Dividend cover (times)	**2.02**	2.50	2.08	2.46	2.57
Cost-to-income	**45.0**	43.8	42.7	43.4	42.4
Capital adequacy ratios[4]					
Common Equity Tier 1	**15.5**	15.2	14.9	14.0	13.9
Tier 1	**16.0**	15.8	15.6	14.8	14.9
Total	**17.6**	17.9	16.8	16.4	17.2

(1) *2017 figures were restated with the adoption of Singapore Financial Reporting Standards (International).*
(2) *Excludes amortisation of intangible assets.*
(3) *Computation of return on assets excludes life insurance fund investment securities and other assets.*
(4) *The Group's capital adequacy ratios for 2021, 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

	2017	2018	2019	2020	**2021**
Share Price (S$) [1]					
Highest	12.59	13.96	12.14	11.20	**12.57**
Lowest	8.98	10.40	10.51	7.81	**10.06**
Average	10.68	12.05	11.16	9.38	**11.62**
Last Done	12.39	11.26	10.98	10.06	**11.40**
Market Capitalisation (S$ billion) (based on last done price) [1]	51.9	47.9	48.3	45.0	**51.2**
Ratios [2]					
Price-to-earnings ratio [3]	11.24	11.37	9.96	11.72	**10.86**
Price-to-earnings ratio (based on core earnings) [3]	11.24	11.37	9.79	11.72	**10.86**
Price-to-NAV (number of times) [3]	1.19	1.26	1.08	0.87	**1.01**
Dividend yield (%)	3.46	3.57	4.75	3.39	**4.56**

(1) *Share prices and market capitalisation information are from Bloomberg.*
(2) *Price ratios and dividend yield are based on average share prices.*
(3) *2017 figures were restated with the adoption of Singapore Financial Reporting Standards (International).*

Engagement with Our Investment Community

More than 500 engagements with investors, analysts and rating agencies through virtual investor calls and conferences, and in-person meetings, to share our corporate strategy, business performance and outlook

Conducted **quarterly** results briefing for the media and the investment community to provide **timely** business updates

Annual General Meeting held in April 2021 with all resolutions passed with average approval rate **above 90%**

Coverage by **over 20** research analysts

Timely and relevant disclosures of financial performance, corporate information and material announcements on OCBC's website

Strong **investment-grade** credit ratings

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

Lim Khiang Tong
Group Chief Operating Officer

> **“We are committed to sustainability not just because it is integral to the Bank’s long-term growth, but also because it is the right thing to do for our customers and the communities that we are in.**

Upfront with Khiang Tong

Since your appointment as Group COO in June 2021, what have you set out to do?

I came into this role with a very clear goal – to accelerate the transformation efforts of the Group and to build on the good work that was already ongoing in order to provide a superior customer experience. New, best-in-class digital capabilities have been rolled out because of our continuous efforts to upgrade our technology stack with the latest software development tools, applications, services and infrastructure. We also expanded our Agile journey to speed up project delivery timelines. Similar to past projects, customer centricity has been at the heart of these efforts so far and it is important that we retain this focus even as we enter our next phase of transformation.

True transformation requires all hands on deck. It is therefore important that our colleagues – across all our markets and entities – have a shared understanding of what transformation entails. My team and I distilled transformation into three areas: to truly transform we must invest in technology, change our operating model and build workforce capabilities. These areas have been actively and consistently communicated since June last year and groupwide strategic programmes will be developed around them.

One such programme that has been rolled out is the Data Driven Culture programme, which aims to institutionalise data as part of our culture through three key drivers – Accessibility, Literacy and Value. Data will be made more accessible to our colleagues, we will increase data literacy and competency of our workforce and we will leverage data for decision-making and the identification of opportunities that can deliver value to our customers.

The scale-up of our Agile Operating Model is also underway as we seek to drive speed in the delivery of new capabilities, products and solutions for our customers. Over the years, the number of Agile squads has multiplied because the effectiveness of the Agile model is undeniable. Thanks to Agile, the time-to-market for new capabilities has been cut dramatically. What would have been quarterly releases, now can be done in a fortnight; as a result, the number of capabilities rolled out has increased by 25% since 2019.

All this is well and good, but success is not just measured by the number of squads or the number of capabilities delivered. The bigger ambition we have is not about 'doing' Agile but 'being' Agile. This means adopting the same Agile mindsets and behaviours from the squads and replicating them in every way that we operate across the organisation. Agile is not limited to technology projects – it is a team-centric, cross-functional approach that can be applied across various business contexts. We must continue to build up this culture.

The third strategic programme that was introduced in 2021 is the Operational Excellence Programme which deep dives into the day-to-day processes of the Bank. Sometimes, only seismic changes are acknowledged as transformational but 'fixing the basics', as I like to call it, is no less important. We have been streamlining approval processes and improving our employee notifications system, in response to some of the pain points that were shared during open dialogue sessions with colleagues over the last few months. These little touches differentiate a regular organisation from one that truly cares for its employees. A happier workforce, in turn, will help us deliver the best experience to our customers.

These many facets of transformation, from the technology and data aspect to the operational aspect, is reflected in the makeup of the Group COO's office. It brings together Group Operations and Technology, Group Technology Architecture, Group Operational Excellence, our property arm OCBC Property Services and Group Customer Experience under one umbrella. We have also set up two new units: Group Transformation Office and Group Data Office. With this team formed and a clear roadmap in place, we have a firm foundation for our next phase of transformation.

Bringing Gold and Silver to Mobile Banking

Since October 2021, OCBC Bank's customers have been able to buy or sell gold and silver paper bullion quickly and easily through the OCBC Digital mobile banking app, making the Bank the only financial institution in Southeast Asia to provide this service. Within the first week of the introduction of this new feature, more than S$1 million and 3,698 oz. worth of the precious metals were purchased on the app. Wealth Advisory Squad 4, or WA4 for short, is the Agile squad behind this launch. WA4 was able to successfully complete the project in just over 3 months – half the time it takes for a typical project of this nature to be completed – with strong collaboration across colleagues and teams from Global Consumer Financial Services, Group Operations and Technology, Group Customer Experience and Global Treasury. The camaraderie of the Agile squad was fostered over the course of WA4's earlier successes, including improvements to the user experience for buying insurance and Forex via mobile app, and enhancements to the Bank's popular RoboInvest product.

Upfront with Khiang Tong

What technologies do you see as being key in light of Web 3.0?

Web 3.0 – or the decentralised web – is going to be a gamechanger so the relevant technologies like blockchain, artificial intelligence (AI) and the Internet of Things are factoring in heavily into our transformation strategy. But again, it all goes back to customer centricity for us. We are focused on how we can apply these technologies to help our customers.

AI has proven use cases in anti-money laundering surveillance. For instance, using a machine learning module, we have been able to significantly increase the Bank's operational efficiency and accuracy in the detection of suspicious transactions. As the module is dynamic and able to "learn" from or adjust to changes in patterns over time, it can flag suspicious transactions with better precision, as well as discover new patterns for smarter future detection. What this means is an up to 30% reduction in the volume of alerts flagged for investigation, allowing analysts to spend more time on the higher-risk alerts. AI-powered personalised recommendations have helped to increase digital wealth sales by three times, which is testament to its accuracy and usefulness.

Another technology that is closely tied to Web 3.0 and decentralisation is blockchain. There have been an increasing number of fields in which blockchain has proven to be useful, from trade finance to cross-border payments, and in recent years, applications of blockchain technology to drive sustainability efforts have emerged. Its usefulness in ensuring high-integrity, tamper-proof data can facilitate ESG reporting, for instance.

As we expect blockchain to become even more embedded in banking, we have built core infrastructure to support Blockchain-as-a-Service capabilities that enable us to develop and deploy blockchain-powered products and services. The different parts of the Bank can quickly leverage existing blockchain capabilities and scale blockchain applications development.

These are still early days for Web 3.0 but given the promising start, we are committed to investing in this area. But we are also mindful that Web 3.0 is but the latest paradigm that we are in. Technology is constantly evolving so, what is important is not so much about leveraging today's technology, but whether we are investing in an architecture that is flexible and nimble enough to enable a quick shift to new technologies when they come onstream. Our investment in Web 3.0 technologies will therefore go into building modular technology stacks that, combined with the Agile model that we are scaling up, will form a solid foundation for us, well into the future.

OCBC IGNITE

OCBC IGNITE is a curated one-year internship for Ngee Ann Polytechnic's Diploma in Information Technology final-year students. Announced in December 2021, the first batch of 20 students began their internship in March 2022. Participating students will develop industry-current tech skills and gain exposure to Web 3.0 technologies including blockchain and artificial intelligence.

(L-R) Mr Praveen Raina, Head of Group Operations and Technology, OCBC Bank; Mr Jason Ho, Head of Group Human Resources, OCBC Bank; Mr Lim Kok Kiang, Principal & CEO, Ngee Ann Polytechnic; Mr Patrice Choong, Director, School of InfoComm Technology, Ngee Ann Polytechnic.

Ms Helen Wong, Group CEO, OCBC Bank receiving a certificate of appreciation from Minister for Social and Family Development, Masagos Zulkifli, on 19 August 2021 for OCBC Bank's participation in an interconnected, centralised cooling system initiative in Tampines Central, Singapore.

What are your goals when it comes to sustainable operations?

Our goal is to achieve carbon neutrality for our banking operational emissions in 2022. To reach this goal, we will reduce the Group's scope 1 and 2 emissions. These are the direct emissions from our facilities and indirect emissions associated with the purchase of electricity, steam, heat or cooling. Scope 3 carbon emissions – indirect emissions from assets not owned or controlled by us – that are material to our operations, will also be reduced. Our offices in Singapore are already Green Mark certified and in 2021, further improvements were made to optimise energy use and rationalise office and branch spaces. In August 2021, we also signed a letter of intent to subscribe to an interconnected, centralised cooling system for our OCBC Centre Tampines 2 office building, which would support the area's transformation into an Eco Town by 2025.

Other projects in our roadmap towards carbon neutrality include converting our fleet of corporate cars to electric vehicles, reducing business air travel and ensuring that 100% of our energy needs for our Singapore operations are derived from renewable energy sources. What we cannot cut, we will offset, by working with credible partners with carbon credit generating projects.

Just like our approach towards transformation, we need all hands on deck for meaningful progress to be made in sustainability. That is why the entire bank is working closely together on the sustainability agenda, and my fellow senior leaders are championing the educational, risk, business and innovation aspects of our climate strategy. We are doing this not just because it is integral to the Bank's long-term growth, but also because it is the right thing to do for our customers and the communities that we are in.

Awards

Singapore Good Design (SG Mark) for the design of OCBC Securities Investor Hub
awarded by Singapore Good Design

Best Core System Project – Group Wealth Platform (Bank of Singapore)
awarded by The Asset Triple A Digital Awards

Best Private Bank for Digital Customer Service Asia (Bank of Singapore)
awarded by PWM Wealth Tech Awards

Best Private Bank – Digital Innovation and Services (Bank of Singapore)
awarded by Asian Private Banker Awards for Distinction

> We strive for sustained and improved risk outcomes as we recalibrate for growth and unlocking opportunities. As we emerge from the pandemic, we must stay resilient through robust risk controls and measures to manage volatility and evolving risks.

Vincent Choo
Group Chief Risk Officer

Upfront with Vincent

How did the Bank manage the portfolio impacted by the ongoing Covid-19 pandemic? What is the outlook for 2022?

Profound effects of the pandemic continued to be felt throughout 2021 with uneven recovery trajectories across regions and sectors due to Covid-19 resurgences and rapid spread of Covid-19 variants. A gradual easing and tightening of Covid control measures by various countries had affected global economic activity. This, coupled with persistent geopolitical tensions, rising labour, energy and commodities cost and supply chain disruption made 2021 another challenging year.

We safeguarded our portfolio asset quality with robust risk controls and measures. We adopted a risk-based approach to focus on vulnerable sectors, tightened credit lending criteria, intensified portfolio reviews and stress tests on sectors, countries and targeted portfolios. We actively engaged affected borrowers for early action and close monitoring and supported our borrowers by working closely with government agencies across all our markets to provide extensions in relief measures and proactively facilitated smooth transition out of these measures. We continued to grow our portfolio selectively and supported growth and recovery in trade and investment flows particularly in Greater China and Singapore which had experienced earlier recovery. We continued our effort to support our clients to diversify their supply chains in the ASEAN region with a focused network effort to capture increasing ASEAN-Greater China flows.

2022 should see a firmer footing for global recovery. As we approach the phase of living with Covid-19 and reopening of borders on the back of better vaccine coverage, we remain watchful of risks such as resurgence of Covid-19 or mutation of Covid-19 variants, inflation risks dampening confidence, rising interest rates outpacing underlying economic conditions, policy shifts in China, transition risk arising from climate risk management, as well as continued geopolitical tensions. We stay vigilant in managing these risks with a focus on achieving sustained growth and performance. With our resilient portfolio, strong capital, liquidity and balance sheet position, we are poised to grow our franchise in core markets to be a leading sustainable regional bank.

What are the key operational risks hotspots in 2021 and into 2022? How is the Bank managing these risks?

The Covid-19 outbreak, potential incidents of civil unrest and natural disasters pose a constant health and safety risk to the Group. With the large-scale adoption of remote working arrangements, new risks such as infrastructure failure could threaten business continuity and cause disruption to services. In 2021, through centrally coordinated activities at the Group Pandemic Taskforce, disruptions in our operations and large-scale infection have been kept to a minimal due to strict enforcement of safe management measures. We have enhanced our crisis management and business continuity plans through incorporating recommendations from industry working groups and key lessons learnt from the management of the Covid-19 pandemic. We have also chaired the Association of Banks in Singapore (ABS) Return to Onsite Operations Taskforce (ROOT) to provide guidance on the safe resumption of onsite activities and recommended risk management practices for remote working arrangements.

Prolonged remote working may have an adverse effect on the control environment beyond culture and employee conduct. This could result in a higher number of execution errors, data loss incidents, and misconduct in an unsupervised environment. To support and reinforce OCBC's Culture and Conduct, we proactively shape desired culture and right behaviours through communication, inter-division collaboration to promote risk awareness and our LIFRR values. We have also rolled out enhancements to the Employee Conduct Trigger (ECT) model as well as drive subsidiaries' alignment of their ECT programme with the Group.

A weakened economy further stressed by the Covid-19 pandemic could potentially result in an increase in attempts to defraud the Bank and its customers. The customer's risk of falling victim to scams has increased and fraudsters were especially sophisticated in exploiting customers' concerns related to the security and status of their accounts. While our banking systems and digital banking platforms are safe and secure, the Bank continues to enhance its security measures to minimise the risk of customers falling prey to scams. These measures include a 24-hour cooling off period for both digital token provisioning and key account changes, a 'kill switch' that enables customers to immediately freeze all their current and savings accounts in an emergency, a dedicated customer service care team as well as a fraud hotline to handle customer queries and reports on fraud and suspected scams, and increased customer awareness campaigns. Together with ABS and the Monetary Authority of Singapore (MAS), the Bank and the industry will continue to review and strengthen fraud detection and prevention measures.

Accelerated digitalisation could also lead to the adoption of unfamiliar technology, creating opportunities for the manifestation of technology, information and cyber risks. We have rolled out a new cybersecurity risk assessment methodology to comply with the New Cybersecurity Act requirements. We will continue to enhance the Cyber Defence Roadmap and transform people to be the strongest defence through comprehensive risk awareness efforts, training programmes, and our Social Engineering Testing Programme. An increased dependency on third parties for services and partnerships will also inadvertently increase the exposure to third party risks and the Bank has plans to enhance the governance and management of our exposure to this risk.

There is growing recognition that environmental risks, in particular climate risks can have impact on financial stability of banks. How is the Bank responding to the evolving regulatory developments and growing pressure on environmental action?

Environmental, Social and Governance (ESG) risk management continues to be our key focus area as environmental concerns proliferate, with an urgent need for sustainable development. The Bank recognises that its performance on ESG dimensions is fundamental to delivering sustainable outcomes. In the past year, we have integrated the application of Equator Principles into our internal ESG risk assessment process to ensure that project-related financing is developed in a socially responsible manner and reflect sound environmental management practices.

We are implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations as part of our overall risk management strategy. In October 2021, we published our pilot TCFD report which outlined our progress in this regard. We have developed a 5-year Climate Strategy to strengthen the core initiatives and priorities for OCBC to be a leading regional bank in sustainable and responsible banking for low carbon economy by 2026.

In the coming year, we continue to work towards integrating climate risk into our Responsible Financing framework and policies, in line with the Guidelines on Environmental Risk Management for Banks by MAS. We will also focus on strengthening our climate risk scenario analysis and stress testing capabilities to build climate resilient business strategies, embed climate considerations in our risk appetite.

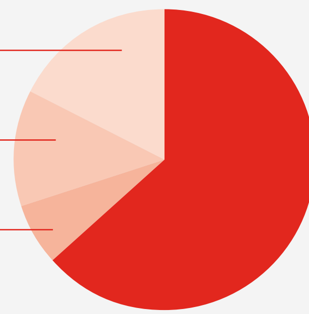
For more information on how the Bank is managing the operational and environmental risks mentioned above, please refer to the Risk Management Chapter on page 89.

Caring for Our Community and the Environment

Giving back 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 in the communities in our core markets, and to protect our environment.

Donations

S$3.2 million



Volunteering

59,272 hours

12,984 staff volunteers

1,340 leaders

1 in 2 employees volunteered compared to 1 in 3 when the #OCBCCares programme was introduced in 2017.

Impact

275,552 individuals benefited from our funding, time and skill sets. This is a 23% increase over 2020.

Awards

Singapore Children's Society Gold Award
for contributions towards helping children, youth and families in need in 2021.

Excellence in CSR Strategy Silver Award
by Human Resources Online Malaysia for contributions towards helping the community in 2021.

Key Projects We Support

S$4 million
OCBC Arboretum at the Singapore Botanic Gardens
10-year sponsorship until 2029 to fund a first-of-its-kind high-tech arboretum to help fight global warming.

S$50 million
Singapore Sports Hub
15-year sponsorship until 2028 as exclusive Premier Founding Partner to fund learn-to-play programmes and clinics for communities to try out new sports.

S$8 million
OCBC Skyway at Gardens by the Bay, Singapore
18-year sponsorship until 2030 to keep the attraction affordable and accessible to Singaporeans.

Social Sustainability

During the year, we contributed skills- and activity-based services to address a range of social issues.

Families, Including Children and Youths

Provided food supplies for
14,000 families
in Singapore, Malaysia, Hong Kong and Indonesia who struggled to get sufficient food due to the pandemic and rising food prices.

Funded free pre-school education for
948 children
to date, from low-income families in Singapore, out of a S$1 million donation made in 2020.

Empowered 8 women in Singapore to cook over 7,000 meals for
80 families-in-need
over a 5-month period.

Conducted financial literacy workshops for more than
72,000 individuals
in Singapore and Indonesia to help them better manage their finances.

Vulnerable Seniors

Organised regular social and exercise activities for
400 seniors
in Singapore to alleviate loneliness and depression and prevent early onset of dementia.

Helped more than
400 seniors
in Singapore and China keep abreast of social changes – from the use of technology to risk prevention and money management.

Our volunteers continued to spend time with seniors even during the pandemic through virtual sessions like this durian party.

People with Special Needs

Completed screenings for
800 individuals
since 2018, at a clinic that we funded to enhance healthcare access for people with special needs.

Supported life-skills training programmes for
500 individuals
with muscular dystrophy in Singapore, so that they can be gainfully employed.

Dr Bhavani Sriram, a resident volunteer doctor, performing a general health assessment for a beneficiary at the clinic.

Caring for Our Community and the Environment

OCBC Cycle: Connecting with the Community

It all started with Mr Loh's (right) simple gesture of giving his OCBC Cycle medal to Afi – a 7 year old boy who cycled 75km. Mr Loh gave Afi the medal as he wanted to motivate Afi in his cycling journey and it turned out to be a gesture that moved Afi to tears.

OCBC Cycle 2021 in Numbers

Over **6,100** cyclists

Youngest participant: **3 years old**

Oldest participant: **77 years old**

More than **380,000km** cycled

Over **$130,000** raised for charity

Covid-19 may have changed the format of OCBC Cycle in the last two years, but its purpose and spirit have certainly not wavered. Through the event, we hope to form connections with our customers, colleagues and community and help them improve their physical and mental wellbeing. Despite having to cancel the on-site races, the 2021 event – which only had virtual rides – was still a blast for cycling enthusiasts.

Over 6,100 of them took part. The convenience and flexibility of completing the event with their loved ones over multiple rides, indoors or outdoors on their preferred routes, proved to be a hit with the participants.

Two new categories – The 100km Virtual Ride and The 200km Virtual Ride – were introduced, following feedback from participants in 2020 that they would like the challenge of riding longer distances.

By the time the event concluded in June, there were many joyous photos submitted and many heartwarming stories told. One that stood out was of an unlikely friendship formed between two individuals who had never met.

The feat of seven-year-old Muhammad Afi completing his 75km ride in five hours caught the attention of avid cyclist Mr Loh Yew Kwong. Afi's mother had shared his son's achievement on Facebook. Impressed by Afi's accomplishment, Mr Loh, 66, reached out to Afi's mother and gifted his OCBC Cycle 2021 medal to the boy to encourage him in his cycling journey.

His kind gesture was shared on Facebook and it subsequently went viral and was reported by major news outlets.

We later arranged for a cycling trip to reunite them and presented Mr Loh with another event medal. Both of them received a special goodie bag comprising items from various sponsors of OCBC Cycle as well.

Aside from the many heartwarming stories, the bank's senior leaders and staff raised a total of S$132,033 that went towards supporting 10 charitable causes.

Environmental Sustainability

Reducing carbon emissions continues to underpin our climate change efforts and we have been working with stakeholders including government bodies, advocates and the community to do so.

OCBC Climate Index

Partnering with Eco-Business, we introduced the inaugural OCBC Climate Index, a measurement of the current levels of environmental sustainability awareness and climate action among Singaporeans.

This was based on a survey that covered three key pillars – Awareness, Adoption and Advocacy – across four themes: Transport, Food, Home and Goods.

Key findings from the inaugural OCBC Climate Index

6.7 is the average score of the 2,000 Singaporeans surveyed.

This means that they are highly aware of, occasionally adopt and advocate for green practices.

Breakdown of the national average score

8.3
Average Awareness score

vs

6.5
Average Adoption score

vs

5.6
Average Advocacy score

The top two reasons impeding adoption of sustainable practices.

67%
of Singaporeans cite cost as a reason

66%
of Singaporeans cite inconvenience as a reason

High awareness and lower adoption is reflected across all age groups, including Generation Z.

8.2
Average Awareness score

vs

6.5
Average Adoption score

vs

5.4
Average Advocacy score

High awareness and lower adoption seen across all themes including driving.

95%
of drivers know of the carbon impact of driving

vs

39%
of car owners drive more than 60 minutes daily

vs

39%
of car owners drive between 30 and 60 minutes daily

#OCBCCares Environment Fund

Will fund the implementation of winning sustainability solutions proposed by youths that are aligned with objectives of the Singapore Green Plan. These solutions will be generated from the Sustainability Exchange progamme organised by EB Impact, the non-profit sister organisation of Eco-Business.

Recycling

Printed red packets using environmentally friendly recyclable paper and reduced production by **15%**. Collected **4,870 kg** of used and excess red packets at our Singapore branches for pulping.

Solar Powered Lighting

Solar-powered lamps installed to provide clean and affordable lighting for **68 homes** and the streets of Buninagara Village, Bandung, Indonesia.

Tree Planting

Planted close to **4,800** trees across Singapore, Malaysia and China to date, to help absorb carbon dioxide. These trees can store more than 80 million kg of carbon dioxide in their lifetimes.

> We are uniquely positioned to capture the rising wealth flows between Southeast Asia and China.

Upfront with Sunny

How has the accelerated digital adoption of customers due to the Covid-19 pandemic impacted your business strategy?

Digital has always been at the heart of all we do. Customers must feel real value in our digital propositions for them to continuously engage with us. Only then will there be a sustained momentum of a new digital normal.

In 2015, 39 per cent of our customer base were active users of digital banking. In 2021, this number has gone up to 58 per cent.

Digital wealth has been a key focus for us. We doubled down on rolling out numerous digital "firsts" and superior digital wealth offerings for our customers. For instance, we were the only bank in Southeast Asia to enable our customers to instantly purchase gold and silver digitally on our OCBC Digital mobile banking app for as little as 35 cents, attracting $1 million in sales within the first week of launch in October 2021.

Democratising financial planning by making it inclusive, accessible, and habit-forming for our customers is the guiding principle of our digital wealth management strategy. We leverage on data to provide customers with a personalised financial planning experience on the OCBC Digital App. Our app also boasts of the most comprehensive suite of wealth products to cater to the specific needs of every customer. It allows customers to trade equities through 15 exchanges, access instant foreign exchange services, and access the most comprehensive shelf of insurance and investment products from single premium products to gold and silver, to Singapore blue chip stocks, to unit trusts and portfolios of equities and exchange-traded funds (ETFs) on our robo-investment service, OCBC RoboInvest. This has led to four times growth in digital wealth sales from 2020 to 2021.

In addition, we expanded our payments and ecosystems platforms to go "beyond banking". In anticipation of global travel resuming, we launched the Travel with OCBC platform in November 2021, a one-stop digital platform for all travel needs. We go 'beyond banking' to deepen consumers' relationships and interactions with us, to build brand loyalty and engagement as they leverage our digital innovations and products. This ecosystem plays a critical role in our digital strategy.

Singapore's digital banks will debut in 2022. Are they a threat to the incumbent banks?

Across all the markets we operate in, the banking industry has always been competitive. Now, with the upcoming digital banks, e-commerce giants and the incumbents, the competition has just intensified.

Digital banks are expected to add colour to the financial services space. But they face an already hyper-competitive environment, especially in markets like Singapore, where the population is hyper-banked.

In the markets of Malaysia and Indonesia, where populations are large and spread out, and where the use of digital services from food deliveries to ride hailing is prevalent, digital will be the medium with which customers will be best served banking services with the least friction. It is in the regional markets that we are building up our capabilities further to be able to serve digital native customers.

What separates the incumbent banks from the digital banks is merely the word 'digital'. In practice, we already deliver seamless and frictionless banking services to our customers via our digital banking platforms. Our two distinct advantages are our strong customer-centric banking solutions, and the high level of trust that customers have in us.

While digital adoption climbs, customers do not just want to interact with banks via digital-only channels. For complex and deeper financial advisory conversations in wealth management and home ownership, customers still prefer the option of speaking with a real and qualified financial consultant in person. This can be seen by the fact that our customers' average investment into unit trusts is 10 times more at branches than when invested digitally. As a trusted financial advisor, customers turn to us in times of crisis or market volatility for our experience to help them ride through economic downturns.

What we offer – which digital banks may not – is the human touch. Some customers relish the opportunity to walk into a bank branch for a face-to-face interaction with our bankers, or to seek help for a digital banking service from our digital ambassadors. Customers can choose to receive the same level of physical interaction with our employees virtually, or bank at their own convenience on the OCBC Digital app. This is how we avail the channels – whether digital, in person, or on their mobile phones – to customers when they want it, and how they want it, with a seamless transition.

This obsession with delivering value to our customers is what has enabled us to clinch The Digital Banker's Best Retail Bank in Singapore award for two consecutive years (2020 and 2021).

What is OCBC's regional wealth management play?

Wealth management accounted for more than one-third of our Group's total income in 2021. We expect wealth management income to grow in tandem with the rise of ultra-and-high net worth individuals in the region.

Singapore is a global wealth hub and will continue to remain a key market for our wealth management business. We are uniquely positioned to capture the rising wealth flows between Southeast Asia and China, leveraging our twin hubs of Singapore and Hong Kong, as well as our strong regional network.

We're seeing more demand for enhanced banking relationships, with our OCBC Premier Banking and Premier Private Client businesses continuing to grow steadily in both Singapore and the region despite the pandemic. Business travel may have been impacted, but we were agile and overcame this hurdle by introducing innovative digital solutions which neutralised the inability to travel. Our virtual wealth advisory service enabled offshore customers to stay engaged with their relationship managers despite not being able to meet face to face.

Our offshore business has done remarkably well in the last three years, with assets under management doubling from 2018 to 2021. We aim to double our offshore wealth income by 2024.

We will continue to grow the wealth business through a combination of hiring more investment specialists and relationship managers and continuing to roll out innovative digital solutions as we see an increasing demand for digital banking from customers in the region. Our Group Wealth Platform will provide customers with superior advisory and unified investment views on one digital platform.

What trends in sustainable finance and investments are you watching?

We are very mindful of our role in financing the transition to a sustainable future. Sustainable financing and investing are core to ensuring that we can deliver on this goal and we are on the constant lookout for opportunities to create the highest impact by helping our customers make sustainable choices.

We have been introducing sustainable products – such as our suite of Eco-Care loans, covering electric vehicle loans to home loans – to encourage customers to do more to help reduce carbon emissions by making 'greener' choices in their daily lives.

Our panel of wealth experts and product specialists analyse market trends and global climate change discussions to formulate investment opportunities that help our customers' portfolios do well, and also do good. Our Electric Vehicles (EV) portfolio on our OCBC RoboInvest robo-investment platform allows customers to invest in EV companies while our Impact Investing portfolio attracts growing investments from all age groups of customers keen to invest in companies screened for their ESG qualities such as social good, water conservation and clean energy. Customers are investing six times more in the Impact Investing portfolio in 2021 compared to last year. 42% of customers who have invested in the Impact Investing portfolio are in their thirties.

With robust knowledge on the topic, our colleagues can help fight climate change by educating customers about the need to adopt green practices and spread the message of the importance of protecting the earth and its inhabitants.

Awards

Top-ranked bank among financial institutions for customer satisfaction
Customer Satisfaction Index of Singapore (CSISG) 2020

Best Consumer Bank, Singapore
awarded by The Digital Banker

Mortgage Product of the year
awarded by The Digital Banker for Eco-Care loans

Best Branch Digitisation Implementation
awarded by The Asian Banker for ATM cheque encashment

Best in Future of Customers and Consumers
awarded by International Data Corporation (IDC) 2021 for OCBC Financial OneView

'Highly Acclaimed' Best Open Banking Initiative
awarded by The Digital Banker

Sustaining Momentum in a New Digital Normal

4X year-on-year growth in digital wealth sales

1 in 2 primary banking products acquired digitally

58% of customer base are active digital users, up from **53%** in 2019

First bank in Southeast Asia to enable face verification for ATM banking transactions

More than 120,000 customers signed up for SGFinDEx through OCBC Financial OneView on the OCBC Digital app

> We will continue to integrate ESG factors into our investment and advisory process to help our clients navigate this climate transition and build more resilient portfolios that offer better long-term outcomes.

Bahren Shaari
CEO, Bank of Singapore

Upfront with Bahren

How did Bank of Singapore fare in 2021?

Our assets under management (AUM) grew 3% to US$124 billion with continued growth of net new money from our core markets, despite Covid-19 travel restrictions that were in place most of 2021.

We saw good growth in the family office segment. The number of family office clients who were onboarded onto our platform doubled from 2020 to 2021. We established a dedicated Family Office Advisory team to support ultra-high net worth (UHNW) families on the set-up of their family offices, thereby providing them with a comprehensive solution for their wealth protection, governance and investment goals.

The growth in family offices has been driven by factors such as a boom in the ranks of UHNW individuals globally, family wealth transition goals changing and diversifying as family structures grow and become more complex. It is then no surprise that we have seen a tremendous growth in families professionalising their wealth management with family offices – especially in Asian countries where private wealth has grown at a faster pace compared to other parts of the world.

We also saw heightened interest in alternative investments such as private markets, real estate, hedge funds and direct investments, amongst our clients.

Alternative investments used to be dominated by sophisticated large institutional investors, but we have seen a significant and steady increase in participation by family offices and UHNW investors who are seeking diversification and higher returns.

To cater to this higher demand, we expanded our ecosystem of leading partners and broadened our suite of solutions. We were able to offer exclusive opportunities in venture capital for clients to invest in disruptive businesses which benefit from accelerating digitalisation.

To address different client preferences across the risk, return and liquidity spectrum, we introduced semi-liquid evergreen structures in infrastructure, private credit and real estate for clients looking for yield and liquidity in these markets.

As a result of these efforts, we saw 60% growth in flows towards alternative investments.

Looking ahead, we will continue to expand our platform for greater access to direct co-investments into private companies, as well as a much more comprehensive suite of hedge fund solutions and portfolios.

What are the areas that you are keeping a close watch on?

The global impact of the COVID-19 pandemic has prompted high net worth (HNW) individuals and families to re-examine succession and estate planning, as well as intergenerational wealth transfers. According to a study, nearly 60% of HNW and UHNW individuals have globally reassessed their succession planning since the start of the pandemic.

Against this backdrop and the surge in the institutionalisation and professionalisation of private wealth management through family offices and independent asset managers, private banks like ourselves must up our game in serving these individuals and families.

On this front, we have been investing in our wealth planning capabilities, deepening our talent and solution pool and building our network of ecosystem partners. The aim is very simple – to collaborate with our clients and the stakeholders to help make this transfer of wealth happen in an organised and systematic way.

The development of our talent is another area that the management team and I pay particular attention to. While we continue to invest in digital tools to provide timely and personalised advisory services and investment solutions, people remain firmly at the centre of our strategy. The human element is still a very important aspect of private banking.

It is for this reason that we continue to invest heavily in upskilling and reskilling our people globally, so as to future-proof our workforce. Our employees will need to stay curious and adopt an "agile" mindset to be quick and flexible enough to adapt their roles. Embracing the concept of lifelong learning, unlearning and relearning is crucial in today's world.

What is your outlook for 2022?

Notwithstanding that Covid-19 remains a threat to the recovery of key activities, the growth outlook remains positive. With international borders re-opening, we are well-placed to seize the opportunities and capture the wealth flows in core markets such as Southeast Asia, Greater China and Middle East.

Particularly, we are confident of making large strides again in Middle East in 2022. Last year, we saw a double-digit growth in AUM from clients in that region. Our strong brand name and Asian pedigree give us an edge over our competitors as the Middle Eastern affluent increasingly look for investment opportunities in Asia.

The Greater China region has grown in importance over the years with our Hong Kong branch playing a pivotal role in the growth of our overall business. With this region leading the wealth growth in Asia, we will continue to invest in our capabilities and strengthen our collaboration with existing strategic partners such as Bank of Ningbo to further capture opportunities and deepen our presence.

We are sharpening our focus on sustainability. Globally, there is increased awareness of the interrelated risks to the environment, societies, and businesses, posed by climate change. Sustainability is grounded in our commitment to create value for our stakeholders and communities which we are a part of.

We are committed to helping our clients navigate the ongoing climate change transition. We will continue to help them build more resilient portfolios that offer better long-term outcomes and help drive growth in the right direction – for them and the environment. For instance, we became the first in Asia to incorporate environmental, social and governance (ESG) factors in the assessment of the loan quantum for investment financing in July 2021.

By the end of 2021, we saw a 25-fold increase in ESG -focused investment funds from a year ago. Currently, more than half of our AUM are sustainable investments. We define sustainable investments as those with MSCI ESG Rating BB and above.

Awards

Best Asia-based Private Bank Active in MENA
awarded by WealthBriefing MENA awards 2021

Best Private Bank for Investment Research (Singapore)
awarded by Asiamoney Asia Private Banking Awards 2021

HKIB Talent Development Excellence Award (Human Capital Investment)
awarded by Hong Kong Banking Institute of Bankers

Best Private Bank for Digital Customer Service, Asia
awarded by PWM Wealth Tech awards 2021

Best Private Bank for Digital Innovation and Services
awarded by Asian Private Banker Awards for Distinction 2021

Mr Bahren Shaari, Bank of Singapore CEO, and Mr R Raghunathan, the World Wide Fund – Singapore for Nature Singapore (WWF–Singapore) CEO inked a Memorandum of Agreement in November 2021 in the presence of WWF – Singapore Chairman Mr. Achal Agarwal (Standing, left) and Bank of Singapore Market Head Mr Zubin Dabu (Standing, right). A first between a private bank and WWF-Singapore, the partnership seeks to set up a pathway for specific joint initiatives to raise awareness about key environmental issues in Singapore and the region.

> “SMEs have a crucial role to play in addressing climate change. Accounting for over 95% of all enterprises in the region and 70% of the workforce, SMEs form an integral part of supply chains and industries that need to work together to deliver the growing scale and pace of emissions reductions for the region.

Linus Goh
Head of Global Commercial Banking

Upfront with Linus

How did SMEs fare in 2021?

We launched the OCBC SME Index in Singapore to consistently track the pulse and performance of SMEs, especially as they emerge from the Covid-19 pandemic and navigate the significant disruptions and opportunities in digitalisation, industry transformation and the shift to sustainability over the longer term.

Capitalising on our market coverage of one in every two SMEs in Singapore, the Index was designed using the transactional data of over 100,000 of our SME customers with annual sales turnover of up to $30 million. This was a first of its kind in the region – an objective, data-driven barometer of SME business health and performance with visibility across a dozen industry value chains, to supplement the many sentiment driven SME surveys in the industry.

The Index recorded four consecutive quarters of expansion in 2021, capping a year of sustained recovery for SMEs in Singapore. The recovery was broad-based. SMEs across most industries were resilient and delivered healthy year-on-year growth in sales in the fourth quarter, clearly demonstrating the positive impact from digitalisation and e-commerce in addressing supply chain disruptions.

In our other core markets – Malaysia, Indonesia, and Hong Kong – SMEs also demonstrated resilience in managing local challenges while sustaining their operations and growth options, but the pace of recovery was uneven.

How would you rate SMEs’ progress in sustainability?

SMEs have a crucial role to play in addressing climate change. Accounting for over 95% of all enterprises in the region and 70% of the workforce, SMEs form an integral part of supply chains and industries that need to work together to deliver the growing scale and pace of emissions reductions for the region.

We have seen a significant jump in the awareness of sustainability and climate change among the SMEs in the region over the past few years. The rising standards and expectations of buyers, especially in the disrupted supply chains as well as expanded initiatives of regional governments, have driven much of that momentum.

We launched the OCBC SME Sustainable Finance Framework to simplify the access to green loans to help SMEs in their shift towards sustainability. In the first year, over 200 SMEs including small businesses received financing under this framework for their sustainability projects mainly in energy efficiency, alternate energy and circular economy.

We also rolled out our SME Sustainable Finance Framework to our core markets in Malaysia, Indonesia and Hong Kong, adapting it to the relevant local certifications and standards, and have received strong interest from our SME customers and partners. In addition, the total green loans extended to SMEs and mid-cap corporates regionally doubled to over $2 billion year on year.

We continue to cultivate industry partnerships in our efforts to make it simpler and less costly for SMEs to access sustainable finance. Partnering the Building and Construction Authority of Singapore (BCA), we helped building owners, developers and SMEs in the property value chain make the transition to sustainability simpler with easier access to green loans. Using the Building Energy Efficiency Assessment (BEEA), an online tool launched by BCA to predict the energy performance of buildings, projects assessed to be able to achieve a level of energy efficiency comparable to the certification standard of a BCA Green Mark 2021 Gold[PLUS] building will be eligible to obtain a green loan from OCBC Bank. The BEEA tool makes it simpler and more convenient to predict and improve the energy performance of property projects, providing assessments within minutes.

The first green loan extended by OCBC Bank leveraging the BEEA was a S$148 million facility to Fairview Development Pte Ltd, a unit of one of Singapore's leading private developers, Tong Eng Group.

What role does digitalisation play for the SMEs going forward?

We saw a dramatic lift across the board in SMEs going digital and adopting technology in their operations as a result of the pandemic. Beyond the initial rush to digitalise basic capabilities to sustain their operations in the midst of global lockdowns, many businesses have pressed on with their digitalisation efforts in the second year of the pandemic, transforming their business models and operations through better design and data analytics.

Based on our analysis, highly-digital SMEs – which conduct more than 50% of banking activities digitally – significantly outperformed their less-digital peers in sales by as much as four times. These businesses were more comprehensive in their digitalisation efforts, expanding their reach to new customers and markets through participation in digital trade and marketplaces, and optimised their operations and costs with better data.

One of our customers, Bok Seng Logistics, is leveraging the data from its digitalisation efforts to participate in an industry pilot to help participants to track their carbon footprint to benchmark and drive emission reduction strategies that in turn help reduce the fuel and energy costs of doing business.

Helping SMEs unlock and understand the value of their data to obtain better business outcomes has been very fulfilling. We were the first in Singapore to integrate business financial management capabilities into our digital business banking platform. These capabilities allow SMEs to easily access a 360 view of their sales, expenses and cashflow trends, enabling them to identify patterns and gain insights for better business planning.

(L-R) Mr Linus Goh, Head of Global Commercial Banking, OCBC Bank; Dr Tan See Leng, Minister for Manpower and Second Minister for Trade and Industry; and Mr Lee U-Wen, The Business Times Deputy News Editor, at the The Business Times Budget Dialogue 2022. The panel discussed the impact of Budget 2022 on SMEs, as well as opportunities arising from the green transition to net-zero.

Awards

Best SME Bank in Singapore
awarded by Asiamoney Banking Awards

ASEAN SME Bank of the Year
by Asian Banking and Finance Retail Banking Awards

Best Digital Trade Finance Platform Initiative, Application or Programme "OCBC Velocity"
by The Asian Banker Transaction Finance Awards

Editors' Triple Star for OCBC OneCollect
by The Asset Triple A Treasury, Trade, Sustainable Supply Chain and Risk Management Awards 2021

Best Transactional Banking Online Platform in Southeast Asia
by Alpha Southeast Asia Best Financial Institution Awards

> As digitalisation and sustainability gain momentum globally, we are focused on integrating opportunities in these areas by expanding sustainable finance coverage throughout our network and stepping up partnerships in new economy ecosystems.

Elaine Lam
Head of Global Corporate Banking

Upfront with Elaine

What were the bright sparks for you in 2021?

We registered strong growth and continued to onboard new banking relationships despite the uncertainties and challenges caused by the Covid-19 pandemic in 2021.

Strong focus on strengthening our partnerships with existing customers, and supporting them across the OCBC network, delivered good results. Our international branches – Australia, United Kingdom, United States of America, Thailand, and Vietnam – registered 25 per cent growth in revenue.

Broad-based growth achieved across geographies and core strategic sectors such as real estate, energy, infrastructure and technology was enhanced by diversification of sectors and increased engagement with institutional investors including private equity, pension and sovereign wealth funds on their investments and acquisitions. Continued increase in trade and investment flows across China-ASEAN, underscored our strategic focus on capturing opportunities from Greater China and intra-Asian trade corridors.

It was also encouraging to see many of our customers across the markets reinforce their commitment to sustainability. This led to even stronger demand for sustainable finance. We achieved over $13 billion in new sustainable finance commitments, bringing our total commitments to $34 billion by the end of 2021 – surpassing our '$25 billion by 2025' target four years ahead of schedule. We have set a new target to grow our sustainable financing portfolio to $50 billion by 2025.

As part of our industry-specific sustainability efforts, we adopted the Poseidon Principles to track, monitor and drive emissions reduction in our shipping portfolio – the first bank in Southeast Asia to do so. We will adopt similar frameworks for other sectors, which will allow us to more effectively partner our customers on their decarbonisation ambitions.

How are you helping large corporates in their digital transformation journey?

There has been continued momentum in digital transformation efforts amongst large organisations, both in the private and public sectors. We actively seek partnership opportunities in the area of digital solutions that drive efficiency and enhance customer experience.

For instance, we took an equity stake in leading commodities trade finance blockchain platform, Komgo, and will be availing the platform to our customers. The platform enables data exchange and documentation between stakeholders in the trade finance value chain to be done digitally and securely, thereby reducing the risk of fraud and manual errors. This will significantly transform trade finance, which has traditionally relied heavily on manual, paper-based processes.

We are also one of the founding shareholders of Singapore Trade Data Exchange (SGTraDex), a public-private partnership to develop a common data infrastructure to provide trusted and secure data sharing for stakeholders in the supply chain ecosystems. New use cases are also being developed to support green trade financing.

Another example is our partnership with GuocoLand and local fintech company Doxa to develop and pilot the built environment industry's first end-to-end digital workflow solution to streamline and automate all procurement and payments workflow processes for real estate development projects. Given the sheer volume of invoices and number of stakeholders involved across the industry, the digitalisation of the workflow processes will bring cost savings and improved productivity.

In the public sector, we supported CPF Board on the launch of the GovCash cheque replacement service in Singapore. This enables Singaporeans who are unable to use direct banking crediting to receive government payments via our ATMs without the need to have a bank account with us. This service leverages the National Digital Identity infrastructure and Singpass face verification to authenticate users.

What opportunities lie ahead?

As digitalisation and sustainability gain momentum globally, we are focused on integrating opportunities in these areas by expanding sustainable finance coverage throughout our network and stepping up partnerships in new economy ecosystems.

We see much growth opportunities in sustainable food and agriculture technology (agri-tech). The pandemic has accelerated the adoption of agri-tech in light of the food supply disruptions fueled by the pandemic. Governments across the region have since been investing in sustainable food and agri-tech to boost farm productivity and build onshore food security.

On this front, we are focused on building collaborative partnerships with stakeholders in the eco-system, such as corporates, government agencies and private equity firms. One such example is our strategic partnership with Proterra Asia – the Asian arm of Proterra Investment Partners, a global private equity fund manager with investment focus on food and agri-business. The partnership aims to grow and transform the agriculture and food ecosystem in Asia via investment and corporate banking opportunities alongside funds managed by Proterra Asia.

Mobility is another emerging sector that we have identified. Asian markets, such as China and Thailand, where we have presence, are ramping up their investments across the electric vehicle (EV) value-chain. Other than the automotive manufacturers, other sub-sectors such as battery manufacturers, green metals and EV charging solution providers are rapidly developing.

In Singapore, we have embarked on a partnership with Charge+, an operator and provider of EV charging solutions, to boost their plans of installing 10,000 charging points island wide by 2030. Our goal is to accelerate the 'greening' of the region's land transport sector in the next decade and help drive the adoption of EVs.

Our Sustainable Finance Achievements in 2021

>$13 billion in new commitments to sustainable finance

2X increase in commitments to renewable energy

>80 green and sustainability-linked loans completed

>50 green/sustainability advisor roles

1st bank in Southeast Asia
to sign on to the Poseidon Principles, to support international shipping's goal of reducing carbon emissions by 50% by 2050

A memorandum of understanding was signed by Mr Ong Tze Boon, Chairman of Charge+ (2nd from right) and Ms Elaine Lam, Head of Global Corporate Banking, OCBC Bank (2nd from left). Also pictured are Charge+ CEO Mr Goh Chee Kiong (right) and Mr Lee Shyong, Managing Director, Partnership & Innovation, Global Corporate Banking, OCBC Bank (left).

> **“Last year, Global Treasury achieved another record year in net profit after tax. Despite the uncertainties posed by the ongoing pandemic, we adjusted well to the new working order and capitalised on market opportunities.**

Kenneth Lai
Head of Global Treasury

Upfront with Kenneth

Central banks and governments around the world are starting to withdraw Covid-related stimulus. How will that impact the recovery of the global economy?

It has been two volatile years due to the Covid-19 pandemic. With policymakers expressing more confidence in recovery and vaccination rates, they have turned their attention to inflation and are starting to withdraw stimulus, an indication that macroeconomic fundamentals will soon be on more solid ground. In the interim, however, financial markets could be in for a challenging time as they enter “non-crisis mode” and navigate interest rate trajectories and fiscal policy recalibrations, including taxes. Central banks and governments will be sure to closely monitor the Covid situation and calibrate their policies to support the economy and employment. These are expected to be measured as the economy remains challenged by virus-related risks, supply chain disruptions, geopolitical tensions, risks of stagflation and growing uneven income distribution.

On the bright side, as economic activities gain ground once again, we look forward to customers increasing their investment and hedging activities, in addition to new growth opportunities from OCBC’s continuing investment in accelerating digital transformation and growing the greenfield sustainability linked product solutions.

How did Global Treasury (GT) perform in 2021?

Last year, GT achieved another record year in net profit after tax, with strong momentum sustained for customer sales across regions. This was the third consecutive year of growth. In particular, NPAT grew 25% last year compared to pre-pandemic 2019. Despite the uncertainties posed by the ongoing pandemic, we adjusted well to the new working order to manage our risks and capitalise on market opportunities.

We have made great strides in encouraging our staff to embrace and imbue digitalisation in their DNA. In addition to strengthening the GT digital team, we have also invested in upskilling/reskilling our staff by providing them with training in data analytics, artificial intelligence, machine learning, etc. We also put many of our colleagues through a structured data programme that the Bank co-designed with Ngee Ann Polytechnic and accredited by the Institute of Banking and Finance, where they learned coding, data visualisation and advanced data analytics through application of scientific methods and data-discovery tools.

By continuously enhancing our digital product capabilities to cater to evolving customer needs, we were able to launch foreign exchange trading, and gold and silver investment products for GCFS customers on the OCBC digital mobile banking app.

What are your targets and key focus areas for 2022?

We intend to build upon our financial market product development in technology and quantitative capabilities to continue delivering value for customers. We aim to connect customers electronically to provide price discovery and ease of execution, especially with new customers in the digital commerce business. We are also looking to offer Global Treasury products in token forms such as fractionalised bonds to allow customers to buy in smaller denominations and into basket ideas. On the sustainability front, we will continue to build our ESG product capabilities, and look to offer customers ESG products for hedging and investments.

Managing risk remains a key area for Global Treasury. With risks of rising rates and yields, we will continue to be tactical in our portfolio management. In addition to Covid-19, we will maintain an active watch on the various possible risks that could arise from regulatory and political developments, and selected industries and geography.

We will also continue to focus on private equity and private debt for a suitable investor base, structured investments and growing the institutional business regionally whilst collaborating with internal stakeholders to grow our wallet share of customer business.

Sustainability initiatives are going to be a huge driving force for major corporation and countries around the world. How has GT incorporated sustainability into its products and work?

Sustainability is no longer an option but an imperative. 2021's COP26 impressed the importance of collective action. But while governments are the ones setting the targets, the bulk of the heavy lifting must fall upon companies. For society as a whole to reach net-zero, most companies will need to decarbonise by a minimum of 90 to 95 per cent across their value chains, according to the Science Based Targets initiative. Global Treasury can influence and shape the actions of our colleagues and clients with our sustainability product and solutions offerings to help them achieve their goals.

Head of Sales & Structuring for Global Treasury Wee Wei Min with our FX House of the Year trophy, an award we won for the second year in a row.

For example, we introduced Singapore's first sustainability-linked structured deposit, first sustainability-linked SGD step-down interest rate swap, as well as the first sustainability-linked EUR/SGD cross-currency swap. These product solutions, which link customers' financing terms to their ability to generate positive outcomes, can go a long way in incentivising them to meet their sustainability goals. We will be expanding our offerings to meet customers' rising demand for such products.

We also publish ESG reports to educate both colleagues and clients on topics including carbon trading, hydrogen, and biofuels. In doing so, we provide the tools and knowledge to foster responsible investing.

We are moving into an endemic situation with Covid-19. Can you reflect on what this means for yourself and your business?

The past two years of living with Covid-19 has greatly shaped the way we operate today. Amid the trend of hybrid workplace arrangements, accelerating digitalisation and the rise of e-commerce, Global Treasury has adapted well to the new normal. As we expect more customers to adopt a hybrid model, we will continue to improve and transform our customers' user experience, digitalising the process for product purchases and getting access to self-help financial analysis, all while maintaining a personal touch and engaging with customers whenever we can.

Awards

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

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 & FIs, Singapore
awarded by Alpha Southeast Asia

Best FX Bank for Interest Rates, FX Research and Market Coverage, Singapore
awarded by Alpha Southeast Asia

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

Mr Jason Ho
Head of Group Human Resources

> **We bring out the best in our employees, enabling sustainable value creation for our business and stakeholders in the long run.**

Upfront with Jason

Over the course of the pandemic, did your HR priorities shift?

Through the pandemic, the welfare and resilience of our people have remained at the forefront of our management team's minds, given the challenging circumstances we all found ourselves in. We have always believed in taking care of our people – both in good times and especially during challenging times.

We continued to support our people, ensuring that they not only coped well in terms of their physical and mental health, but could even thrive through the pandemic. When the nationwide vaccination drive started in January 2021, we rolled out a Covid-19 Vaccination Support Programme for employees in Singapore. We empowered our employees to make the best decision for themselves by equipping them with information on the vaccination through online webinars with medical experts. When an employee got vaccinated, we provided additional support such as a day off after each vaccination, private taxi reimbursement (to and from the vaccination clinics), an 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 a medical certificate) and reimbursement of medical consultation fees if they experienced side effects from the vaccination and needed consultation.

To keep our workforce in the pink of health in 2021, we put specific emphasis on the importance of mental health. We launched our new MyWellness framework, which gives our employees the support needed to be mentally and physically healthy. We also ran the

MyWellness Fiesta for a second year. During the month-long event, we held many talks, workshops and quizzes on wellness, mindfulness and sustainability to keep our employees engaged. It was so well-received that we have decided to make this an annual event, since wellness lays the groundwork for building confidence and capabilities, and we want to continue investing in and maximising employee potential.

When we made work from home (WFH) the default at the height of the pandemic, our leaders and people managers stepped up and reached out to our employees to make sure they were doing well. It was heartening to see everyone in the organisation proactively finding new ways to ensure that we remained connected and engaged.

How can HR add value to business?

We add value by shaping our culture and championing organisational transformation which enables and empowers our people to become effective leaders. By supporting our employees through targeted and personalised initiatives, programmes and policies, they can continue to create and deliver value to the Group and the business.

Creating and sustaining a strong organisational culture is at the core of what we do. Such a culture cannot be built overnight. We have intentionally and carefully nurtured this over time. Our leaders have always been advocates of developing our employees by maintaining a learning culture. This culture inspires our employees to attain their full potential professionally and personally. Through the pandemic and beyond, we remain steadfast in our vision of being guided by the right culture and mindset. We continue to empower our employees to learn, re-skill and up-skill to remain relevant. This helps us deepen talent bench strength for current and future roles. We encourage our people to experiment and embrace changes so that they remain agile in an ever-evolving economy.

It is our responsibility to ensure that our organisation continues to transform to deliver sustainable value to our stakeholders. A strong learning culture is the foundation for sustained people development and business growth. The OCBC Group Learning Blueprint is the first ever artefact of our learning culture, reflecting the state of learning, the collective aspirations of our people and codifying the principles of learning to perpetuate our strong learning culture.

Central to building a strong learning organisation is our support of autonomous learning. We provide a plethora of learning opportunities for everyone, create content from the ground-up and refresh policies and processes to promote a strong learning organisation. We have enhanced the programmes on our learning platform on both desktop and mobile to make learning accessible to all employees. Over the last three years, we have updated the learning infrastructure, policies and processes at the OCBC Group to further strengthen the foundation of our strong learning culture. All we do is to empower our employees to take ownership of their professional and personal development. Their success is our success.

Through our OCBC Future Smart Programme, we will continue to invest in upskilling and reskilling all our employees globally. First launched in 2018, we have to date committed S$50 million in programmes to transform and future-proof our workforce. We constantly update the OCBC Future Smart framework to reflect global trends. These include increasing global connectedness and emphasising the need for greater collaboration, agility, and diversity; the emergence of new ecosystems leading to new business models and strategies; harnessing technologies that are dominating the way we work and communicate; redefining the customer experience due to demographic changes; stiffer competition for talents with new skills; as well as sustainability, one of the biggest challenges facing global economies.

Achievements

Nurturing over **30,800** employees globally

More than **516,000** attendees participated in over **10,000** virtual learning programmes

Over **1600** employees graduated from **13** Certification Programmes, in partnership with the Institute of Banking and Finance (IBF) and SkillsFuture Singapore (SSG). These include employees who are now upskilled and reskilled as certified Data Analysts, Data Scientists, Cyber Risk Analysts, Cybersecurity Specialists and more

Extended the **Covid-19 Vaccination Support Programme** to encourage our employees to be vaccinated

Hired over **5,700 permanent staff** in 2021 to provide opportunities for fresh graduates and other job seekers

More than **7,300** employees across the Group attended the virtual MyWellness Fiesta 2021 to gain awareness and achieve wellness

Upfront with Jason

OCBC Bank was conferred the Pinnacle Award at the Tripartite Alliance Award 2021 in recognition of the Bank's holistic people-centric strategies and practices above and beyond the scope of the award. What is your HR strategy for developing people?

Our philosophy for workforce development is that everyone is a leader and has an inherent capacity to lead. We offer a comprehensive suite of talent development programmes catering to employees at all levels, from entry hires to senior hires.

Through programmes such as the OCBC Graduate Talent Programme, OCBC NTU Executive Development Programme, LEAD (a three-month programme to build key competencies such as leading courageously, adaptability and strategic thinking in our VPs), OCBC INSEAD Executive Development Programme and BOLD (a group-wide senior leadership programme which provides experienced leaders with insights and perspectives on global issues affecting corporations and countries), we develop our people holistically with an eye towards honing leadership skills that are all-encompassing.

The demand for talent will intensify. Hence, to grow the local talent pool and instil leadership capabilities in the early stages of education, we have designed and introduced programmes such as the OCBC FRANKpreneurship programme, STEM@OCBC internship, HEYA student ambassador programme and OCBC Ignite. Through these programmes, we support undergraduates by providing opportunities for them to obtain knowledge and skills that can be applied in their future careers and to gain insights into the work culture and career prospects in the banking industry. These programmes help us establish an early working relationship with undergraduates before they enter the workforce full time.

To empower our staff to lead and mentor others, we developed MentorMe. This is a bank-wide mentoring initiative for early- to mid-career women where we help them build intentional relationships with experienced mentors in an organic learning community within the Bank.

We also facilitate internal job mobility and continuous learning to help individuals succeed. Through programmes such as the Internal Job Programme which gives employees first crack at available positions, and Xplore which allows employees to explore short-term job stints within or across divisions, we empower our people by enabling them to take charge of their own careers, broadening their experience in different functions and locations, and pursuing long-term career growth with the Bank.

Being recognised for doing what is right for our people and the organisation inspires us to do more and we will continue to fulfil our commitment of investing in and taking care of our people.

What will the focus be for HR as we transition into a post-pandemic future?

The pandemic has changed behaviours and preferences of not just our customers, but also our employees. We will continue to shape and enhance employee experience by listening to our employees and considering their feedback when developing policies and programmes to support their work. We developed the Employee Experience Blueprint from dialogues between employees and managers to achieve better alignment between the organisation's vision and employee priorities. Taking inspiration from the Employee Experience Blueprint, we aim to transform "moments that matter" into "journeys that matter" by outlining operational processes across functions and making improvements as needed.

Through the pandemic, we adopted a hybrid model of work, providing flexible working arrangements to our employees. This flexible work arrangement which takes into consideration employees' roles and responsibilities, inputs from their managers, as well as operational, security and regulatory risks requirements, will continue even after the pandemic. Flexible work arrangements which have been in place before the pandemic, such as working part-time, and starting/ending at an earlier/later time, will continue. We will also continue to inculcate our culture of emphasising communication and trust between managers and employees.

Harnessing the power of technology, our expanded HR services are made available via our in-house employee app—HR In My Pocket (HIP)—to serve our people better. On top of being able to select benefits, file claims, apply for leave, view internal job opportunities and staff promotions, and retrieve a whole range of information, our employees can now access their employee share purchase plan portfolio, book meeting rooms or complete their learning tasks on the go using the app. Tapping into our people data and insights, we will continue to focus on delivering superior employee experience to our people.

To realise our ambition of being a leading regional bank, we must ensure the organisation and our employees have the right capabilities. We have put in place structured learning and mobility roadmaps, enabling our talents to experience short-term stints within the regions the Group has presence. These opportunities are available for our experienced employees, as well as for new employees who join the Bank through our signature Graduate Talent Programme.

Advocating work-life excellence

We are honoured and humbled to be recognised at the 2021 Tripartite Alliance Award ceremony for excellence in work-life strategies that effectively maximise employee performance while helping them manage work-life harmony.

We value and care for our employees. We treat each of them as individuals with responsibilities and priorities outside the workplace. We believe that work and personal life priorities are complementary and not competing, which is why we feature Family, Work, Wellness and Community in our work-life programmes.

We have in place programmes and policies that help our employees succeed in both their careers and personal lives. For example, we provide our employees with opportunities to adopt flexible work arrangements, allowing them to balance time between family and career. We have two in-house childcare centres with full facilities and a third at One Marina Boulevard in Singapore.

We put together and continually enhance our programmes to ensure that the entire workforce benefits and that no individual or groups are excluded. There is no one-size-fits-all work-life programme as the optimal balance is different for everyone, depending on life stage. We use data analytics to constantly refine our flexible benefits programme to be relevant at the different life stages of our employees.

Our leaders and people managers are our strongest advocates of work-life harmony.

During the pandemic, David and his team proactively found alternatives to ensure that his team remained connected and engaged. David did not want anyone to be left solving problems on their own. He made it a point to ensure that they held weekly team project calls to brainstorm and interact with one another.

On winning the award, David said, “This award is a recognition for my team because without them, we wouldn’t have been able to extend support so seamlessly to our colleagues who needed help. Everyone in the team was able to empathise with one another. No one hesitated to extend a helping hand when any of our colleagues faced challenges.”

“Work-life harmony is a key ingredient in building a stable team. When team members feel engaged and fulfilled in both their career and personal lives, they are empowered, motivated and committed to building a sustainable business together.”

Mr David Cheng, Head of Corporate Finance, Global Investment Banking received the Special Mention (Individual)–Advocate for Work-Life Harmony Award from Ms Gan Siow Huang, Minister of State, Ministry of Manpower and Ministry of Education at the 2021 Tripartite Alliance Award

Awards

#1 – 2021 LinkedIn Top Companies (Singapore)
#8 – 2021 LinkedIn Top Companies (Malaysia)
awarded by LinkedIn
(OCBC Bank)

Inspire Award
awarded by The Institute of Banking and Finance Singapore (IBF)
(OCBC Bank and Bank of Singapore)

Pinnacle Award

Fair and Progressive Employment Practices

Work-Life Excellence
awarded by Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP)
(OCBC Bank)

Asia Best Workplace 2021 (Mainland China)
Awarded by HRoot and AIA
(OCBC Wing Hang China)

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

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 76 and 77 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 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 need to safeguard the interests of shareholders, customers and other stakeholders. The Bank has a board charter approved by the Board.

Broadly, the responsibilities of the Board include the following:

- reviewing, approving and overseeing the implementation of strategic direction and overall business objectives 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;
- 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 and effective risk management system, processes and internal control mechanism for managing risks on an enterprise-wide basis, and ensuring that the risk management function is sufficiently resourced to manage the various risks exposed by the Bank and that it has appropriate independent reporting lines;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary 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;
- overseeing, through the Ethics and Conduct Committee, the establishment and review of the code of conduct and ethics as well as the culture and conduct framework 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, customers, employees 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, including background information on matters to be addressed by the Board. On an on-going basis, relevant information is also provided to Directors to enable them to make informed decisions when discharging their duties and responsibilities. This includes information such as 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 external advisors (when necessary) 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 requires Board approval.

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.

  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), Chief Financial Officer, Chief Risk Officer and Chief Operating Officer. It makes recommendations to the Board on relevant 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, Ms Chong Chuan Neo, Dr Andrew Khoo, Mr Tan Ngiap Joo and Ms Tan Yen Yen. All Committee members are non-executive Directors. All members other than Mr Ooi Sang Kuang, are independent Directors. The majority of 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 holds no financial interest in the

Corporate Governance

firm since his retirement. The other members have not been partners or directors of PricewaterhouseCoopers LLP and hold no 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 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 72 to 74.

- **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. All members other than Mr Ooi Sang Kuang, 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 Andrew Lee and Mr Wee Joo Yeow. All the Committee members are non-executive Directors and have the relevant technical financial expertise in risk disciplines or businesses to discharge their responsibilities. 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 describes 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. This includes ensuring the adequacy of risk management practices for material risks such as credit, market, liquidity, operational, technology, cybersecurity, conduct, money laundering and terrorism financing, legal, regulatory, reputational, strategic and environmental, social and governance (ESG) risks.

  The Committee reviews the scope, effectiveness and objectivity of the Group Risk Management Division. It ensures that the risk management function has appropriate independent reporting lines and is adequately resourced with experienced and qualified employees to monitor risk by the various risk categories. It approves the risk management frameworks, internal control systems and major policies, as well as reviews the risk appetite statement, 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 89 to 100.

- **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 the Bank's LIFRR 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, adequacy, effectiveness and relevancy of the Bank's culture and conduct programmes and initiatives. Such review and assessment take into account regulatory policies, guidelines and expectations and desired outcomes. The Committee also reviews communications to stakeholders on core values, desired behaviours, ethics, culture and conduct.

Directors' Attendance at Board and Board Committee Meetings in 2021 [1]

Name of Director	Board		Executive Committee		Audit Committee	
	Scheduled Meeting		Scheduled Meeting		Scheduled Meeting	
	Held [2]	Attended	Held [2]	Attended	Held [2]	Attended
Ooi Sang Kuang [3]	5	5	4	4	5	5
Chua Kim Chiu	5	5	–	–	5	5
Andrew Khoo [4]	3	3	–	–	3	3
Koh Beng Seng [5]	5	5	4	4	–	–
Lee Tih Shih	5	5	4	3	–	–
Christina Ong [6]	5	5	–	–	–	–
Pramukti Surjaudaja	5	5	–	–	–	–
Tan Ngiap Joo	5	5	4	4	5	5
Tan Yen Yen	5	5	–	–	5	5
Wee Joo Yeow	5	5	4	4	–	–
Samuel N. Tsien [7]	2	2	–	–	–	–

Name of Director	Nominating Committee		Remuneration Committee		Risk Management Committee		Ethics and Conduct Committee			AGM [8]
	Scheduled Meeting		Scheduled Meeting		Scheduled Meeting		Scheduled Meeting		Ad hoc Meeting	
	Held [2]	Attended	Held [2]	Attended	Held [2]	Attended	Held [2]	Attended	Attended	Attended
Ooi Sang Kuang [3]	2	2	3	3	6	6	2	2	1	1
Chua Kim Chiu	–	–	–	–	6	6	–	–	–	1
Andrew Khoo [4]	–	–	–	–	–	–	1	1	1	1
Koh Beng Seng [5]	–	–	3	3	6	6	–	–	–	1
Lee Tih Shih	–	–	–	–	–	–	2	2	1	1
Christina Ong [6]	2	2	3	3	–	–	2	2	1	1
Pramukti Surjaudaja	2	2	–	–	–	–	2	2	1	1
Tan Ngiap Joo	2	2	3	3	–	–	–	–	–	1
Tan Yen Yen	–	–	3	3	–	–	–	–	–	1
Wee Joo Yeow	2	2	3	3	6	6	–	–	–	1
Samuel N. Tsien [7]	–	–	–	–	2	2	–	–	–	–

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 initiatives, sustainability, cybersecurity, regional business operations and risk management actions.*

(2) *Reflects the number of meetings held during the time the Director held office.*

(3) *Stepped down as Ethics and Conduct Committee (ECC) Chairman on 1 February 2021 but remained as ECC member.*

(4) *Appointed a member of the Board, Audit Committee and ECC on 8 March 2021.*

(5) *Appointed a member of Executive Committee on 1 February 2021.*

(6) *Appointed as ECC Chairman on 1 February 2021.*

(7) *Stepped down as a member of the Executive Committee on 1 February 2021, and as a member of the Board and Risk Management Committee on 15 April 2021.*

(8) *Other than Chairman of the Board, Board Committees and Group CEO, all other Board members attended the 2021 AGM through webcast (audio-visual) or audio.*

Corporate Governance

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 2021, 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 critical subjects such as digital transformation, sustainability, cybersecurity, regional business operations, and risk management actions taken on credit portfolios in response to the Covid-19 situation. The Bank's Constitution provides for Directors to participate in Board and Board Committee meetings by means of video or audio conferencing.

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, sustainability, 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 2021 were on subjects that included:

- Business and Operation Transformation for the Digital Age
- Financial Data Exchange and Open Banking
- Developments in Sustainability including Climate Change
- MAS Environmental Risk Management Guidelines
- Future of Financial Services
- Insight on Cybersecurity – A Board's Responsibility
- Anti-Money Laundering / Countering the Financing of Terrorism
- Technology Architecture Transformation
- Technology Risks

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 12 Directors of whom nine, a majority, are independent Directors. They are Ms Chong Chuan Neo, Mr Chua Kim Chiu, Dr Andrew Khoo, Mr Koh Beng Seng, Mr Andrew Lee, Ms Christina Ong, Mr Tan Ngiap Joo, Ms Tan Yen Yen and Mr Wee Joo Yeow.

In line with corporate governance rules in Singapore, 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 Pramukti Surjaudaja is not an independent director as he has served for more than nine years on the Board and has an immediate family member, a sister, who is chief executive of the Bank's subsidiary, PT Bank OCBC NISP Tbk.

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 Ltd 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) also notes that these business relationships have not affected her conduct at meetings where her deliberations and constructive views consistently reflect her independent business judgement. Ms Christina Ong is deemed an independent Director.

Mr Koh Beng Seng is the chief executive officer of Octagon Advisors Pte Ltd (Octagon Advisors). Octagon Advisors provides minor advisory services to the Group for which it received total payment from the Group that is deemed not significant by corporate governance guidelines in Singapore. Since the beginning of this year 2022, Octagon Advisors has ceased the provision of any services to the Group. The Nominating Committee also notes that Mr Koh Beng Seng provides independent business judgements at meetings. It is of the view that his disposition to act independently and in the interest of the Bank is not affected by the business relationship. Mr Koh Beng Seng is deemed an independent Director.

The Board reviews the size of Board and Board Committees annually and 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, nationalities 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, sustainability, risk management, understanding of industry, digital developments 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 16 to 19.

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; promoting a culture of openness and debate at the Board and facilitating the effective contribution of all Directors; ensuring constructive relations between executive and non-executive Directors; and promoting high standards of corporate governance.

As the Chairman is deemed a non-independent director, the Bank has a Lead Independent Director, whose main responsibilities include acting as a sounding board for the Chairman, providing a channel to independent Directors for confidential discussions on issues of concern, meeting with the other Independent Directors as necessary to facilitate communication between the Board and shareholders or other stakeholders of the Bank. The Lead Independent Director is Mr Koh Beng Seng who was elected by the independent Directors during the year. He can be contacted via email at Investor-Relations@ocbc.com.

Principle 4 of the Code requires the Bank to have a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board. Under Provision 4.2 of the Code, the Lead Independent Director should be a member of the Nominating Committee. Mr Koh Beng Seng does not currently sit on the Nominating Committee because a majority of the members (including the Chairman) of the Nominating Committee are already independent, and this in the Board's view, is sufficient to ensure that the Nominating Committee is able to discharge its functions (in particular, performance evaluation and succession planning for the Board) adequately and effectively, consistent with the intent of Principle 4. See the section "Principle 4: Board Membership" below for a fuller description of the establishment and functions of the Nominating Committee, and the work performed by it during the financial year.

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.

Corporate Governance

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.

As part of the Board renewal process, the Board has appointed a number of new Directors. Dr Andrew Khoo was appointed on 8 March 2021. Ms Chong Chuan Neo and Mr Andrew Lee were appointed on 18 February 2022. 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 stepped 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 16 to 19 while information on their shareholdings in the Bank and its related corporations are provided in the Directors' Statement on pages 120 to 125.

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 2021 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 include competency and independence, information quality and timeliness, conduct of meetings, ESG practices, performance management, succession planning, director development, internal controls and risk management, culture and conduct, and effectiveness of Board Committees. 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 62. 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 local regulations as well as 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
Compensation for Non-Executive Directors

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 adopt the following fee structure to fix the fee for each non-executive director of the Bank.

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
• Lead independent director's fee	S$70,000
• Attendance fee per meeting	S$3,000

The resolution proposing the fee for non-executive Directors will be presented to shareholders at the 2022 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 2022 AGM.

Compensation for Executive Directors

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.

Employee Remuneration

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 held 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.

Corporate Governance

There were no significant changes to the above measures during 2021.

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 2021 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 her 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 as well as senior managers identified under the regulator's guidelines. 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, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer 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 2021 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 which was extended from 2011 had ceased operation 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 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 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 2021, the Bank adopted a new OCBC Deferred Share Plan 2021 (DSP 2021). The new OCBC DSP 2021 permits new ordinary shares to be issued to satisfy the Bank's delivery obligations under the Plan. It replaces the existing OCBC Deferred Share Plan, under which no new ordinary shares may be issued. The participants are executives of the Bank, selected overseas locations and subsidiaries.

  Under the DSP 2021, 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. The grants are part of the performance bonuses for the prior year where the delivery of key performance indicator targets have been completed. There are no further performance conditions imposed prior to the vesting of the share awards, other than those described on pages 68 and 69 of the 2021 Annual Report related to the conditions for cancellation and clawback of these share awards. Prior to the vesting date, the executives will not be accorded voting rights for the shares.

  By implementing the DSP 2021, which permits new ordinary shares to be issued, the Bank has greater flexibility in its methods for delivery of ordinary shares to fulfil share grants, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares). 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 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 and the aggregate number of new ordinary shares issued to awards granted under the DSP 2021, cannot exceed 10% of the Bank's total number of issued ordinary shares (excluding treasury shares and subsidiary holdings (as defined in the SGX-ST Listing Manual)). Notwithstanding the limits allowed under the relevant rules, the Bank has been applying a lower aggregate limit of 5% instead of 10% 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.

Corporate Governance

Directors' and Group CEO's Remuneration in 2021

Bank

Director	Fees	Shares [(a)]	Other Benefits [(b)]	Total
	S$	S$	S$	S$
Ooi Sang Kuang	1,611,698	70,200	45,901	1,727,799
Chua Kim Chiu	206,000	70,200	4,237	280,437
Andrew Khoo	113,014	57,506	–	170,520
Koh Beng Seng	243,110	70,200	–	313,310
Lee Tih Shih	141,000	70,200	4,237	215,437
Christina Ong	165,302	70,200	4,237	239,739
Pramukti Surjaudaja	115,000	70,200	–	185,200
Tan Ngiap Joo	245,000	70,200	4,237	319,437
Tan Yen Yen	147,000	70,200	4,317	221,517
Wee Joo Yeow	248,000	70,200	4,237	322,437
	3,235,124	689,306	71,403	3,995,833

Group CEO	Salary	Bonus	Deferred Shares	Other Benefits [(b)]	Total
	S$	S$	S$	S$	S$
Samuel N. Tsien [(c)]	285,000	1,282,800	855,200	218,609	2,641,609
Helen Wong [(d)]	1,128,751	2,937,000	1,958,000	1,607,584 [(e)]	7,631,335

Notes:
(a) *Value of remuneration shares was estimated based on closing price of ordinary shares on 15 March 2022, i.e. S$11.70 per share.*
(b) *Non-cash component such as club and car benefits for Mr Ooi Sang Kuang, Mr Samuel N. Tsien and Ms Helen Wong, and carparks for Directors.*
(c) *Comprises compensation under his employment contract as Group CEO for the period 1 January 2021 to 14 April 2021.*
(d) *Comprises compensation under her employment contract as Group CEO commencing 15 April 2021, as well as compensation under her employment contract as Deputy President from 1 January 2021 to 14 April 2021.*
(e) *Includes the value of shares and cash awarded for loss of compensation from previous employment.*

Subsidiaries

Director	Total
	S$
Ooi Sang Kuang	93,587 [(f)]
Andrew Khoo	67,458 [(f)]
Koh Beng Seng	558,000 [(g)]
Pramukti Surjaudaja	810,256 [(h)]
Tan Ngiap Joo	186,251 [(i)]
Wee Joo Yeow	144,000 [(j)]

Notes:
(f) *Fees from OCBC Wing Hang Bank.*
(g) *Fees and benefits from Great Eastern Holdings and subsidiaries.*
(h) *Fees and benefits from PT Bank OCBC NISP for being President Commissioner, a capacity in Indonesia with critical supervisory responsibilities over the organisation.*
(i) *Fees from OCBC Bank (Malaysia) and OCBC Al-Amin Bank.*
(j) *Fees from Great Eastern Holdings.*

Remuneration of Top Five Key Management Personnel in 2021

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 2021 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 2021.

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	21	415
	Total fixed remuneration	33%	52%
	Of which: cash-based	33%	52%
	Of which: deferred	0%	0%
	Of which: shares or 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	21	406
	Total variable remuneration	67%	48%
	Of which: cash-based	40%	30%
	Of which: deferred	0%	0%
	Of which: shares or other share-linked instruments	27%	18%
	Of which: deferred	27%	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	2	Not disclosed*	0	0	0	0
Other Material Risk-Takers	5	1,082,558	3	581,341	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%	30%
Cash	0%	0%	0%	0%	0%
Shares	100%	100%	0%	0%	30%
Share-linked instruments	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Other material risk-takers	100%	100%	0%	0%	30%
Cash	1%	1%	0%	0%	0%
Shares	99%	99%	0%	0%	30%
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.*

Corporate Governance

Accountability and Audit

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone from the top to cultivate a strong risk culture. It approves the Bank's risk appetite and oversees 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. 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. It ensures that the risk management function has appropriate independent reporting lines and is sufficiently resourced to monitor risk by the various risk categories.

Further details on risk management are described under the section on Risk Management Committee on page 62.

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.

During the year, about 800 Bank customers lost approximately S$14 million to a SMS phishing scam. The Bank compensated these customers in full out of goodwill. The SMS phishing scam was not a cyber-attack on the Bank and the Bank's systems were not compromised. The Bank has engaged PricewaterhouseCoopers Risk Service Pte Ltd to perform an independent review of the incident. Please refer to page 89 under the Risk Management Chapter of the 2021 Annual Report for more details. While this was a significant event, there was no material effect on the Group's financial statements for the year ended 31 December 2021. The Bank's annual detailed assessment of its internal control and risk management systems had also indicated that they remain adequate and effective and provided reasonable assurance for financial reporting and managing risks. Based on the established internal control, 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 2021, 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 61 and 62 and the Committee's summary activities are also provided in the Directors' Statement on page 125. 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 and internal auditors, 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 and internal auditors. When the external auditor provides 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 auditor 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 identity is kept confidential and his/her interests will be safeguarded at all times, including a right to appeal to the Audit Committee if reprisals are taken against him/her.

The Audit Committee meets at least once a year with the external auditor 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 auditor evidencing its independence.

It is satisfied that the financial, professional and business relationships between the Group and the external auditor will not prejudice the independence and objectivity of the external auditor. The aggregate amount of fees paid to the external auditor for financial year 2021, 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 auditor before its first appointment and at least annually thereafter. The selection of the external auditor is made through a tender process based on an established framework for the selection/ appointment of OCBC's external auditor. This framework lists the considerations and criteria for the external auditor 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 auditor. The Audit Committee also considers the annual fee proposals presented by the external auditor 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 auditor, 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 auditor's 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 auditor. 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 auditor, the areas of audit focus and the external auditor's approach to materiality;
- the quality of reports and findings presented by the external auditor;
- the external auditor's presentation of its Audit Quality Framework and its confirmation of independence pursuant to its policies and processes for maintaining independence and objectivity;
- the external auditor's 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 auditor's quality control systems by audit oversight bodies and, where relevant, the appropriate steps taken by the external auditor; 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 auditor.

As part of its assurance process on the objectivity and independence of the external auditor, the Audit Committee has in place a policy that lists the non-audit services which may not be provided by the external auditor and sets out the circumstances in which the external auditor 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 auditor 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 2021 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 auditor. The external auditor discusses its audit plan with the Audit Committee and presents 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 auditor also discusses with the Audit Committee key changes to regulatory requirements and reporting as well as developments in accounting standards.

In the review of the 2021 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 auditor 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 Auditor's Report on pages 126 to 132 of the Annual Report were discussed with management and the external auditor:

- **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 requirements to reflect prevailing economic conditions and uncertainties brought about by the resurgence of Covid-19 cases. The adequacy of allowances for impaired loans set aside for key loan accounts was also discussed with the external auditor. 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 held at fair value – Levels 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 internal and the external auditors' assessment of the controls over valuation which included independent verification of price and validation of valuation models.

Corporate Governance

- **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 auditor's 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 Ltd (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 auditor's 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 auditor.

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, sustainability 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, dismissal, succession and remuneration of the Head of Group Audit and reviews the reasons for the resignation or dismissal of Head of Group Audit.

Shareholder Rights and Engagement
Principle 11: Shareholder Rights and Conduct of General Meetings
In 2021, 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, the Bank convened and held its AGM via electronic means on 29 April 2021.

All Directors attended the virtual 2021 AGM together with the external auditor, senior management and independent scrutineers. The Chairman shared insights on the overall macro-economic outlook for 2021 amid the challenges posed by Covid-19 pandemic, followed by the CEO's presentation of the Group's response to Covid-19, 2020 financial performance, and strategic priorities.

Shareholders were given the opportunity to participate in the 2021 AGM despite not being able to attend the AGM in person. Shareholders 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 at the 2021 AGM in real time via the virtual AGM platform, or in advance of the 2021 AGM by post or email. Responses to all substantial and relevant questions were provided during the AGM and published on the SGX website and the Bank's website.

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.

Under the Bank's Constitution, shareholders are allowed to vote in person or appoint up to two proxies unless the shareholder is a relevant intermediary (as defined under the Singapore Companies Act 1967). A shareholder who is a relevant intermediary can appoint more than two proxies to attend, speak and vote at the general meetings of the Bank. However, to comply with restrictions and regulatory guidance imposed due to the Covid-19 pandemic situation, all shareholders were only allowed to appoint the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2021 AGM. Proxy forms submitted by shareholders were independently verified by the independent scrutineers. The voting results of all votes cast for and against each resolution and the respective percentages, were announced by the Chairman at the 2021 AGM. The detailed voting results were announced on the SGX website and posted on the Bank's website within the same day after the conclusion of the 2021 AGM.

As is the practice, minutes of the Bank's general meetings are made available on the SGX website and 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. As a result of conditions arising from the Covid-19 pandemic, the Bank's financial results presentations in 2021 were largely conducted virtually and where relevant requirements were met, physical meetings were held with appropriate safe distancing measures. Audio recordings of the results briefings were uploaded on the Bank's website. The Bank's dividend policy is also disclosed in the Capital Management section on pages 87 and 88 of this Annual Report. In 2021, the Bank held more than 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 SGX website.

Investors can submit feedback and queries to OCBC's Investor Relations Unit through the contact details provided on the Bank's 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 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 and Interested Person Transactions
The Group has established policies and procedures on transactions involving related parties and interested persons in compliance with relevant regulatory requirements and SGX-ST Listing Rules.

For related party transactions, the Group is guided by relevant authorities governing the definitions of relatedness, limits applied, terms of transactions, procedures for approving and monitoring the transactions and where necessary, the writing off of these transactions. Related party transactions are monitored with particular care, and appropriate steps are taken to control or mitigate the risks of such transactions. The Board reviews the Group policy on a regular basis to ensure it remains relevant and is kept informed of all material related party transactions.

For interested person transactions, the Bank's established policy and procedures comply with requirements mandated under Chapter 9 of the SGX-ST Listing Manual. Details of interested person transactions carried out during the financial year under review are set out in the section under "Additional Information Required under the SGX-ST Listing Manual" on page 86.

Ethical Standards
The Bank's ethical standards are guided by its commitment to uphold its core values or "LIFRR" which stands for Lasting Values, Integrity, Forward-looking, Respect and Responsibility. Details of these core values are described on pages 14 and 15 of this Annual Report.

The Bank has also 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, during the period commencing two weeks before the voluntary disclosures of the Bank's and Great Eastern's first and third quarters' financial results, and one month before the announcement of half-year and full-year financial results (the blackout 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 reviews its policy on insider trading at least annually to ensure it remains relevant and effective.

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.

Corporate Governance

Summary of Disclosures

Express disclosure requirements in the Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore issued by the Monetary Authority of Singapore (which comprises the Code of Corporate Governance 2018) on 9 November 2021.

Provisions and Additional Guidelines	Page reference in OCBC Annual Report 2021
Provision 1.2 The induction, training and development provided to new and existing directors.	Page 64
Provision 1.3 Matters that require Board approval.	Pages 60 and 61
Provision 1.4 Names of the members of the Board Committees, the terms of reference, delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	Pages 61 and 62
Provision 1.5 The number of Board and Board Committee meetings held in the year and the directors' attendance at these meetings.	Page 63
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	Page 65
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 65 and 66
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 relationship and the Board's reasons for considering him/her as independent should be disclosed.	Page 64
Provision 4.5 The listed company directorships and principal commitments of each director and where a director holds significant number of such directorships and commitments, the Nominating Committee's and Board's reasoned assessment of the ability of the director to diligently discharge his/her duties are disclosed.	Pages 16 to 19 and 66
Additional Guideline 4.11 Resignation or dismissal of key appointment holders.	Not applicable
Additional Guideline 4.12 Designations and roles of all directors.	Pages 16 to 19
Provision 5.2 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 66
Provision 6.4 The engagement of any remuneration consultants and their independence.	Pages 66 and 67
Provision 8.1 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 66 to 71 For the Company's Directors: Pages 66 to 68 and 70

Provisions and Additional Guidelines	Page reference in OCBC Annual Report 2021
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 disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Page 70
Provision 8.3 All forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company as well as details of employee share schemes.	Pages 68 to 71 and 124
Provision 9.2 The Board 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; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 72
Additional Guideline 9.9 The remuneration of the non-director member of the Risk Management Committee.	Not applicable
Additional Guideline 9.11 (a) The Board's comments on the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls, and risk management systems). (b) A statement on whether the Audit Committee concurs with the Board's comment. Where material weaknesses are identified by the Board or Audit Committee, they are disclosed together with the steps taken to address them.	Page 72
Provision 10.1 The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising concerns.	Page 72
Additional Guideline 10.19 The Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced.	Page 74
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	Pages 63 and 74
Provision 12.1 The steps taken to solicit and understand the views of shareholders.	Pages 74 and 75
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Page 75
Additional Guideline 14.5 Material related party transactions.	Page 75

Additional Information on Directors Seeking Re-election

Name of Director	Ooi Sang Kuang	Koh Beng Seng	Christina Hon Kwee Fong (Christina Ong)	Wee Joo Yeow	Chong Chuan Neo	Andrew Lee Kok Keng
Date of appointment	21 February 2012	1 October 2019	15 February 2016	2 January 2014	18 February 2022	18 February 2022
Date of last re-appointment (if applicable)	18 May 2020	18 May 2020	29 April 2019	18 May 2020	Not applicable	Not applicable
Age	74	71	70	74	59	69
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Mr Ooi's extensive financial industry and leadership experience will continue to be of value to the Board.	Mr Koh's experience in and insight of the financial services will continue to enhance the Board's capabilities.	Ms Ong's considerable legal and commercial experience will continue to complement the overall competencies of Board members.	Mr Wee is an industry veteran whose broad banking knowledge and experience will remain as an asset to the Board.	The Bank reviews its board composition from time to time to ensure it has the right balance of competencies and skills. The appointment of Ms Chong Chuan Neo is appropriate and complements the competencies and skills of present Board members.	The Bank reviews its board composition from time to time to ensure it has the right balance of competencies and skills. The appointment of Mr Andrew Lee Kok Keng 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	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman, Executive Committee Member, Audit Committee Member, Ethics and Conduct Committee Member, Nominating Committee Member, Remuneration Committee Member, Risk Management Committee	Chairman, Risk Management Committee Member, Executive Committee Member, Remuneration Committee Lead Independent Director	Chairman, Ethics and Conduct Committee Member, Nominating Committee Member, Remuneration Committee	Chairman, Nominating Committee Member, Executive Committee Member, Remuneration Committee Member, Risk Management Committee	Member, Audit Committee	Member, Risk Management Committee
Professional qualifications	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 16.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 17.	Please refer to her academic and professional qualifications in the section under "Board of Directors" on page 18.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 19.	Please refer to her academic and professional qualifications in the section under "Board of Directors" on page 16.	Please refer to his academic and professional qualifications in the section under "Board of Directors" on page 17.

Additional Information on Directors Seeking Re-election

Name of Director	Ooi Sang Kuang	Koh Beng Seng	Christina Hon Kwee Fong (Christina Ong)	Wee Joo Yeow	Chong Chuan Neo	Andrew Lee Kok Keng
Working experience and occupation(s) during the past 10 years	Mr Ooi 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. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 16 for further information.	Mr Koh is presently the Chief Executive Officer of Octagon Advisors Pte Ltd and serves as Board Chairman of Great Eastern Holdings Ltd 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. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 17 for further information.	Ms Ong 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. Please refer to her present directorships/principal commitments in the section under "Board of Directors" on page 18 for further information.	Mr Wee 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). Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 19 for further information.	Ms Chong spent almost 30 years at Accenture where she held senior and practice leadership roles covering various industries and countries in Asia and was responsible for Accenture's Greater China business from 2015 to 2018. She was Chairman and Country Managing Director of Accenture Greater China and a Global Leadership Council member of Accenture when she retired in December 2018 to pursue her interests in technology start-ups and private equity. Please refer to her present directorships/principal commitments in the section under "Board of Directors" on page 16 for further information.	Mr Lee had more than 30 years of banking experience in Standard Chartered Bank and OCBC Bank where he held several senior level executive positions largely in consumer banking with responsibilities for strategy, execution and performance. He joined OCBC Bank in 1999, served in various senior capacities, and was Senior Executive Vice President and Head Global Consumer Financial Services when he stepped down from OCBC Bank in 2010. He continued to serve the OCBC Group, first as Chairman of BCS Information System and then with Great Eastern Life Assurance as Group Chief Marketing & Distribution Officer, before retiring in 2017. Please refer to his present directorships/principal commitments in the section under "Board of Directors" on page 17 for further information.
Shareholding interest in the listed issuer and its subsidiaries	Yes 61,202 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest).	Yes 7,644 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest).	Yes 31,240 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest).	Yes 83,627 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest). 4,892 ordinary shares in Oversea-Chinese Banking Corporation Limited (Deemed interest).	Nil	Yes 257,431 ordinary shares in Oversea-Chinese Banking Corporation Limited (Direct interest). 310,824 ordinary shares in Oversea-Chinese Banking Corporation Limited (under Employee Share Scheme).
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	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil	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	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 16.	Please refer to the section under "Board of Directors" on page 17.	Please refer to the section under "Board of Directors" on page 18.	Please refer to the section under "Board of Directors" on page 19.	Please refer to the section under "Board of Directors" on page 16.	Please refer to the section under "Board of Directors" on page 17.
Present	Please refer to the section under "Board of Directors" on page 16.	Please refer to the section under "Board of Directors" on page 17.	Please refer to the section under "Board of Directors" on page 18.	Please refer to the section under "Board of Directors" on page 19.	Please refer to the section under "Board of Directors" on page 16.	Please refer to the section under "Board of Directors" on page 17.

Additional Information on Directors Seeking Re-election

Name of Director	Ooi Sang Kuang	Koh Beng Seng	Christina Hon Kwee Fong (Christina Ong)	Wee Joo Yeow	Chong Chuan Neo	Andrew Lee Kok Keng
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	No	No
(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	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No	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	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	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	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	No	No

Additional Information on Directors Seeking Re-election

Name of Director	Ooi Sang Kuang	Koh Beng Seng	Christina Hon Kwee Fong (Christina Ong)	Wee Joo Yeow	Chong Chuan Neo	Andrew Lee Kok Keng
(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	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	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	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	No	No	No	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	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	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	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	Yes An enquiry by the Law Society of Singapore in 1986/1987 of a complaint which was dismissed by the Law Society of Singapore.	Yes The Monetary Authority of Singapore had on 6 February 2014 issued a supervisory warning to him to comply with Section 133 of the Securities and Futures Act (Chapter 289) of Singapore and other applicable laws and regulations at all times as, due to an inadvertent oversight, he had, on his appointment on 2 January 2014 to the board of the Bank, omitted to disclose some of his interest in shares in the Bank within the prescribed time period.	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$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2021 S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2021 S$'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	897	–
PT Suryasono Sentosa – Capital injection to PT OCBC NISP Ventura by PT Suryasono Sentosa and PT Bank OCBC NISP Tbk.	An associate of Mr Pramukti Surjaudaja, director of OCBC Bank	3,974	–

2. Material Contracts

Since the end of the previous financial year, no material contract involving the interest of the Chief Executive Officer, 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 2021, save as disclosed via SGXNet.

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 2021, the Board of Directors has recommended a final dividend of 28 cents per share. This brings the full year 2021 dividend to 53 cents per share, or a total dividend payout of $2.39 billion.

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 2021, the Bank purchased 34.3 million ordinary shares for $406 million as part of its share buyback programme, while 13.8 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%, 8.0%, and 10.0%, 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%, 10.5% and 12.5%, respectively.

Capital Management

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% to 2.5% 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 2021. 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	2021	2020
Tier 1 Capital		
Ordinary shares	**18,040**	17,833
Disclosed reserves/others	**25,782**	23,021
Regulatory adjustments	**(8,977)**	(7,648)
Common Equity Tier 1 Capital	**34,845**	33,206
Additional Tier 1 capital	**1,231**	1,230
Regulatory adjustments	**–**	–
Tier 1 Capital	**36,076**	34,436
Tier 2 capital	**3,497**	4,530
Regulatory adjustments	**–**	–
Total Eligible Capital	**39,573**	38,966
Credit	**197,164**	191,525
Market	**11,681**	10,955
Operational	**16,021**	15,665
Risk Weighted Assets	**224,866**	218,145
Capital Adequacy Ratios		
Common Equity Tier 1	**15.5%**	15.2%
Tier 1	**16.0%**	15.8%
Total	**17.6%**	17.9%

The Bank's banking and insurance subsidiaries are subject to capital adequacy requirements of the jurisdiction in which they operate. As of 31 December 2021, the capital adequacy ratios of these subsidiaries were above their respective local requirements.

Risk Management

In an evolving risk landscape, achieving sustainable growth and reinforcing our position as a leading regional bank demands that challenges and volatility be managed in an agile and disciplined manner, backed by a strong corporate culture.

Risk is inherent in the business activities of the Group and managing risks is central to our sustainability. Our overall goal is to manage our businesses and the associated risks in a manner that delivers sustainable value for our customers, employees, shareholders and community over the long term.

Our risk management framework comprises strong governance, sound policies and methodologies, and skilled professionals, supported by fit for purpose technology, infrastructure and data. It is underpinned by a corporate culture that emphasises accountability, ownership, and high ethical standards. We aim to take risks that are consistent with our corporate strategy and risk appetite, well understood and can be holistically analysed and monitored, and appropriately priced to provide us with an adequate return.

While the categorisation of risks can be complex because of inter-relationships, we generally categorise the risks we take into five principal risk types as described in the table.

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 fluctuation 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 also includes interest rate risk in the banking book which is the risk to income and/or 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 and cash outflow 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. This is a broad risk category that encompasses: reputational risk, fiduciary risk, fraud risk, unauthorised trading risk, conduct risk, physical and people security risk, business continuity risk, third-party risk, legal and regulatory risk, anti-money laundering, terrorism financing and sanctions risk as well as technology and information risk.
Cyber Risk	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.

Please refer to the respective sections for details of our risk management approach for each of the principal risk types.

Each principal risk type is governed by an appropriate risk framework, supported by robust risk management and monitoring processes that are regularly assessed for their continued effectiveness. We continually invest in and use new technologies and emerging digital capabilities to enhance our risk systems, processes and reporting.

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 risk drivers and potential impact on the Group's business to formulate appropriate risk mitigation actions where necessary. There are multiple risk drivers that arise from developments in 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 principal risk types with consequential impact to earnings and asset quality as well as to our reputation, customer franchise and ability to do business. These drivers also include environment, social and governance (ESG) factors that are progressively being addressed within the various risk categories as well as considered in aggregate in the context of our sustainability commitments.

Specifically, on fraud risk, we have seen an increased risk of customers falling victim to scams such as the recent and unprecedented SMS phishing scam, where the fraudsters were especially sophisticated in exploiting customers' concerns related to the security and status of their accounts. Given the circumstances of the SMS phishing scam, the Bank has made full goodwill payouts to customers affected by this scam. While our banking systems and digital banking platforms are safe and secure, the Bank continues to enhance its security measures; these include those introduced by the Association of Banks in Singapore (ABS) and the Monetary Authority of Singapore (MAS) on 19 January 2022 to bolster the security of digital banking. Among the measures are a 24-hour cooling off period for both digital token provisioning and key account changes, a `kill switch' that enables customers to immediately freeze all their current and savings accounts in an emergency, a dedicated customer service care team as well as a fraud hotline to handle customer queries and reports on fraud and suspected scams, and increased customer awareness campaigns. We have also engaged Pricewaterhouse Coopers Risk Service Pte Ltd to perform an independent review of the incident and will be implementing their recommendations when issued, to enhance countermeasures against scams, as well as to strengthen our fraud surveillance and responses. Together with ABS and MAS, the Bank and the industry will continue to review and strengthen fraud detection and prevention measures.

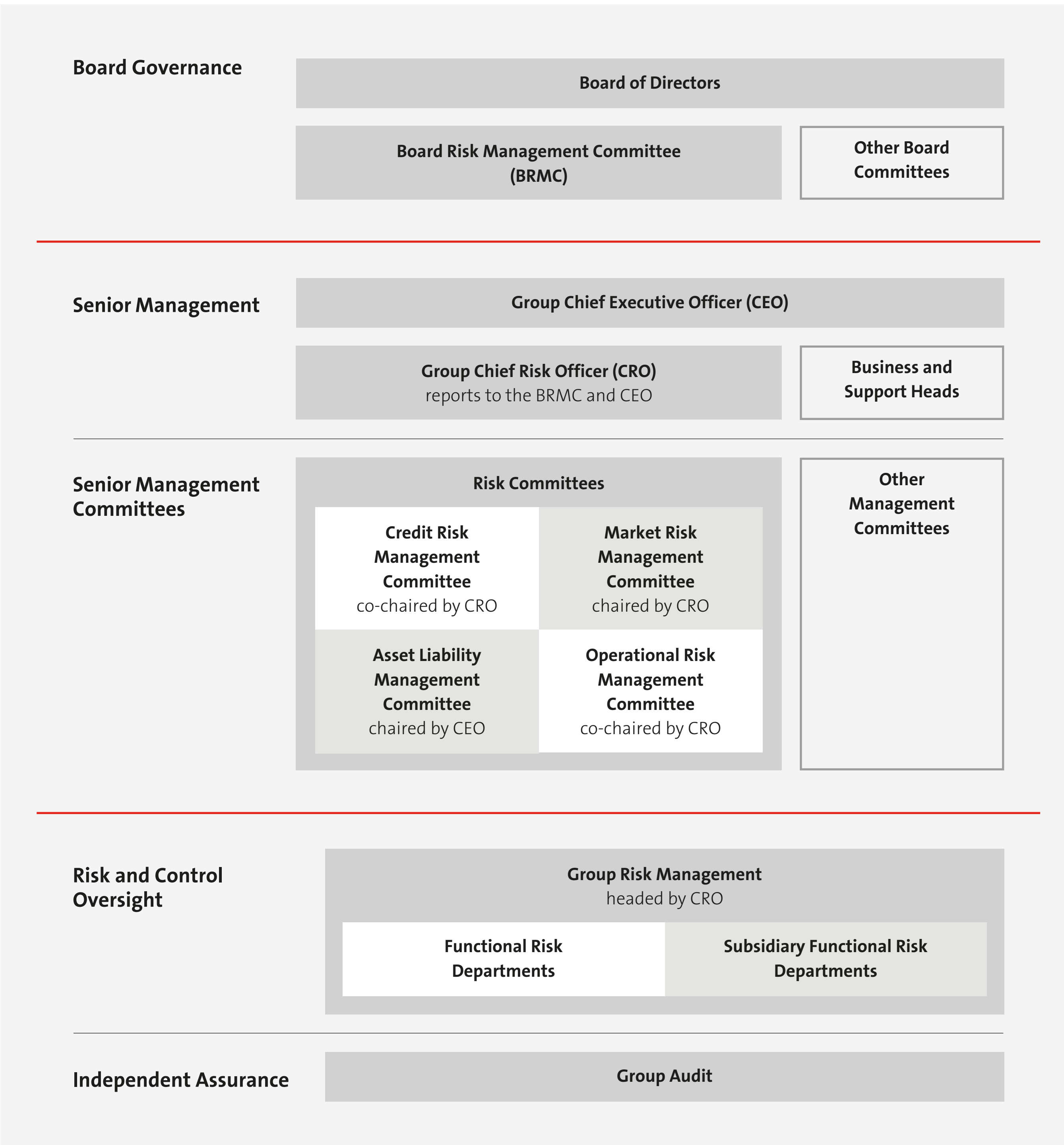
Our banking subsidiaries, in consultation with Group Risk Management, adapt the Group risk management framework and policies to comply with the Group's risk standards and/or local regulatory requirements, whichever is stricter. Approving authority and limit structure, which are designed to ensure proper ownership and accountability, are also consistent with that of the Group.

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 appropriately aligned with the Group's risk standards. (For information on GEH's risk management, please refer to Note 38 in the Group's Financial Statements).

Risk Management

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 executes the strategy.



The Board Risk Management Committee (BRMC) is the designated board committee overseeing risk management matters. It ensures 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 necessary overall risk management organisation is in place and effective. To build the resilience of our lending portfolio against ESG risks and support our commitment to sustainability, BRMC oversees the integration of responsible financing practices into our risk management processes and the adequate channelling of capital – through green and transition finance – to support decarbonisation of the economy.

Based on the approved risk appetite, BRMC approves various quantitative guidance and qualitative expectations for cascading to major business units and risk functions to guide risk-taking. Risk drivers, risk profiles across major lines of business and risk types, the risk management framework and major risk policies as well as compliance matters are regularly reviewed by senior management, risk committees and the 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 is a member of the Group Management Committee and reports to the BRMC and Group CEO. GRM has the day-to-day functional responsibility for providing independent risk control and managing credit, market, liquidity and operational risks. It provides regular risk reports and updates on developments in material risk drivers, potential vulnerabilities, and the recommended mitigating actions 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 understood and managed.

GRM currently also oversees the New Product Approval Process to ensure risks are adequately addressed as well as the data management framework to ensure comprehensive, accurate and timely representation of information to support management decisions. As part of our ongoing effort to enhance trust in data and its responsible use, we will continue to strengthen our data and model governance and technological capabilities, keeping pace with the evolving need for Fairness, Ethics, Accountability and Transparency (FEAT) in the use of Artificial Intelligence (AI) and Data Analytics.

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. They operate within the approved boundaries of our policies and limits and ensure 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 systems. It also provides independent identification, assessment, monitoring and reporting of the Group's risk profiles, portfolio concentrations and material risk issues.	**Group Audit** independently assures the Group CEO, Audit Committee and Board of the adequacy and effectiveness of our risk management and internal control systems. It also evaluates the overall risk awareness and control consciousness of the management in discharging its supervisory and oversight responsibilities.

Risk Management

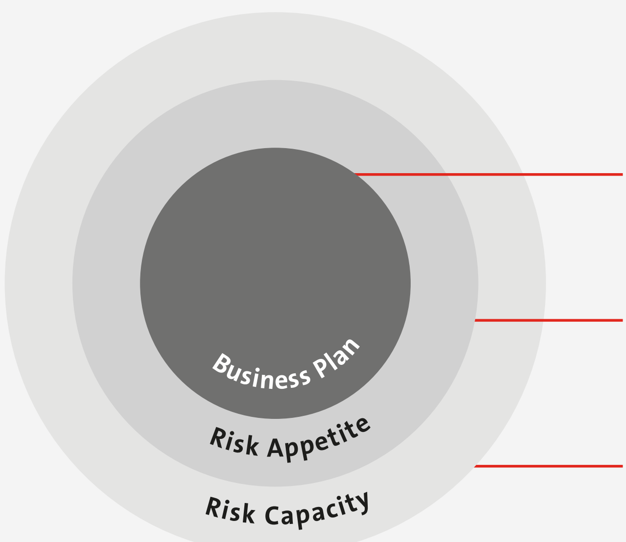
Risk Appetite

Our objective is to manage risks prudently and sustainably for the long term viability of the Group while balancing the needs of all stakeholders. In this regard, the Board has established the Group's risk appetite which defines the level and nature of risks that we are willing to take in the conduct of our business on behalf of our shareholders while maintaining our commitments to customers, debt holders, employees, regulators and other stakeholders. Business plans are designed having due regard to the risk appetite which in turn is a function of our capacity to absorb risks taking into account capital, funding, and other resources.

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 review the macroeconomic and financial development and 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 Internal Capital Adequacy Assessment Process (ICAAP) incorporating the results of stress tests covering various risk types is conducted annually. The objective is to evaluate if our multi-year 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.

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
• Credit risks are managed on a portfolio basis. • Credits are extended through credit programmes with predefined portfolio and transaction limits, acquisition strategy and 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 requirements. • 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.

Counterparty Credit Risk Management
Counterparty Credit Risk (CCR) typically arises from our trading and/or banking activities in derivatives and debt securities. CCR is the risk that the counterparty may default on its obligations during the term of the financial contract. The credit exposure to a counterparty is measured as the sum of current mark-to-market value of the transactions plus an appropriate add-on for potential future exposures in response to market price changes. CCR also covers settlement risk which is the risk of loss during the settlement process due to a counterparty's failure to fulfil its obligation after the Bank has performed its obligation under a contract or agreement at the settlement date.

Credit limits are established for each counterparty based on our assessment of the counterparty's creditworthiness. We also assess the suitability and appropriateness of the product offered and ensure 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 excess monitoring, excess escalation and pre-deal excess approval, and timely risk reporting. We also have an established policy and process to manage wrong-way risk. This risk can occur when the credit exposure to a counterparty is adversely correlated with the credit quality of the same counterparty.

ESG Risk Management
Managing ESG risks is an integral part of our credit risk management. We have a dedicated responsible financing framework that defines our approach and commitment in managing ESG risks. This framework is operationalised through supporting policies and procedures (including the requirements of the Equator Principles) to integrate ESG considerations into our credit risk evaluation and approval process for corporate lending, debt issuance and underwriting activities. Transactions with high ESG risks are subject to enhanced evaluation and approval requirements, including escalation of transactions with significant reputational risks to the Reputational Risk Review Group.

We are enhancing this framework by implementing the Environmental Risk Management Guidelines for Banks issued by MAS. This includes strengthening our disclosures on climate-related risks. Our first Task Force on Climate-related Financial Disclosures (TCFD) report, published in October 2021, provides more insights into our governance approach, strategy and risk management, as well as key metrics and targets for climate-related financial risks. Please refer to our TCFD Report and Sustainability Report 2021 for more information on Responsible Financing and Sustainable Financing.

Risk Management

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.

- **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 credit portfolio quality trends are 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, Group CEO, BRMC and the Board for making timely, better-informed decisions.

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 and internal assessment of the capital adequacy and impairment allowances.

Our Model Risk Management Framework governs the development, validation, application and maintenance of rating models. Models are developed with the active participation of credit experts from risk taking and risk control units. They are subject to independent validation before implementation and annually thereafter to ensure that performance standards (which takes into consideration regulatory requirements and industry best practices) are met and continues to be met. In addition, Group Audit reviews annually the robustness of the rating process and the effectiveness of the independent validation process. Approval for the adoption and continued use of material models rests with the BRMC. In addition, those that are used in regulatory capital assessment have to be approved by regulators.

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. Hence, 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 business and margin lending.	• Estimated based on the application and behaviour scores of obligors. • PD models are calibrated to the expected long-run 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 default-weighted average and economic downturn conditions.
F-IRB (Non-Supervisory Slotting) approach includes major wholesale portfolios such as sovereign, bank, non-bank financial institution, corporate real estate (including income producing real estate) and general corporate.	• PD models are statistical based or expert judgement models that use both quantitative and qualitative factors to assess an obligor's repayment capacity. The models are calibrated to the expected long-run 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.

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 and 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 jurisdictions, are used to offset what is due to a counterparty against what is due from the same counterparty in the event of a default, thereby reducing the credit risk exposure. Collateral arrangements are 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). Such arrangements will 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. 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 transactions 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
We safeguard our asset quality through proactive and regular monitoring of our credit portfolios. A robust process is in place to detect vulnerable borrowers with signs of potential credit deterioration at an early stage and to review such borrowers at the Early Warning Review Forum. We intensified the rigour with which we identified and monitored borrowers impacted by the prolonged Covid-19 pandemic. These borrowers are proactively supported with appropriate relief measures. We continue to closely engage them to help ensure a smooth transition after reliefs expire.

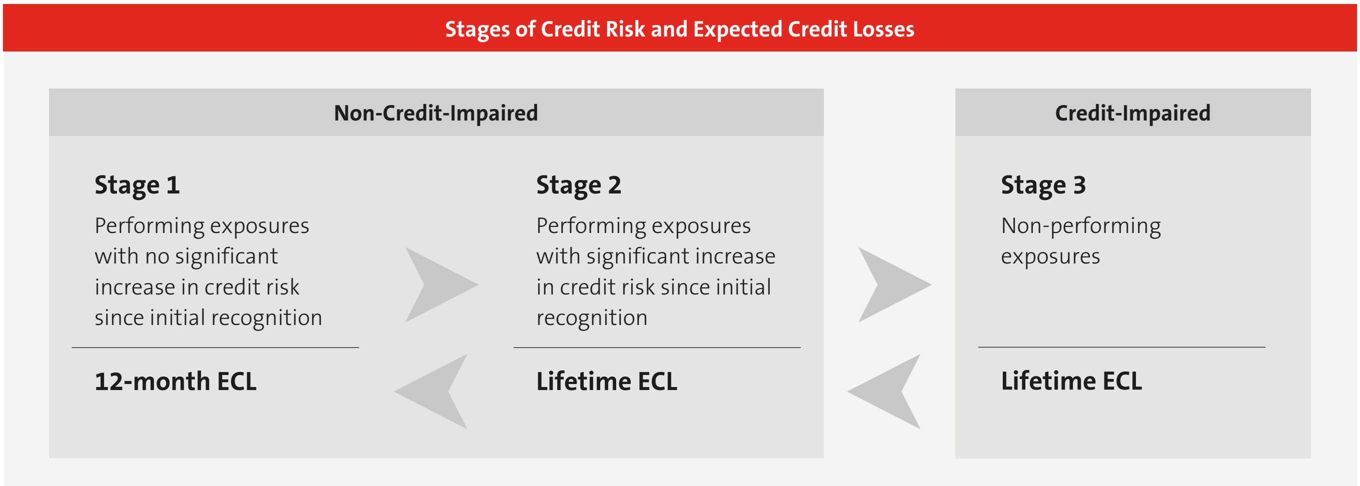
Our categories for credit exposures are "Pass", "Special Mention" or "Non-Performing Asset" (NPA). NPAs are further categorised into "Substandard", "Doubtful" or "Loss" in accordance with MAS Notice 612 on Credit Files, Grading and Provisioning (MAS Notice 612). The categorisation of credit exposures 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. An 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. Individual and Small and Medium-size Enterprises (SME) borrowers granted credit support measures in response to the ongoing Covid-19 outbreak were additionally subject to MAS Notice 612 on Credit Files, Grading and Provisioning – Covid 19 (MAS Notice 612A) till 31 December 2021.

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 NPAs for wholesale portfolios. The objective is to rehabilitate NPAs where possible or maximise recoveries for NPAs that are on an exit strategy. For retail portfolios, we develop appropriate risk-based and time-based collections strategies to maximise recoveries, while trying to minimise any non-financial impact to our customers. 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.

Allowances for Loans
We maintain sufficient 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 on a forward-looking basis and based on the three stages of credit risk under this framework.

Risk Management



Please refer to Note 2.12 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 ensures that market risk is properly identified and quantified, and that we are able to manage and mitigate such risks.

Market Risk Measurements

Value-At-Risk

Value-at-risk (VaR) is a key metric used to quantify market risk exposures arising from our trading activities. 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% confidence level and one-day holding period. The defined confidence threshold of 99% 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 2021 and 31 December 2020.

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.

Table 3: VaR by Risk Type – Trading Portfolio

	2021				2020			
S$ millions	**End of the period**	**Average**	**Minimum**	**Maximum**	End of the period	Average	Minimum	Maximum
Interest Rate VaR	**4.11**	**4.38**	**2.15**	**12.30**	5.69	7.99	2.96	15.20
Foreign Exchange VaR	**0.63**	**1.74**	**0.59**	**5.75**	3.77	2.67	1.00	6.74
Equity VaR	**1.21**	**2.05**	**0.55**	**6.36**	4.88	2.88	0.42	10.49
Credit Spread VaR	**2.01**	**2.67**	**1.42**	**7.02**	6.01	5.29	1.24	10.75
Diversification Effect (1)	**(4.93)**	**(5.53)**	**NM (2)**	**NM (2)**	(7.18)	(8.66)	NM (2)	NM (2)
Aggregate VaR	**3.03**	**5.32**	**2.49**	**18.14**	13.17	10.18	4.12	26.34

(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.*

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 enforced through independent limit monitoring to ensure compliance with market risk limits. 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 our 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 Rate (LIBOR), a key benchmark used in international financial markets, is being replaced by Risk Free Rates (RFRs). On 5 March 2021, the UK Financial Conduct Authority (FCA) confirmed a two-phase discontinuation approach for LIBOR. Specifically, all British pound, Euro, Swiss franc, Japanese yen LIBORs, and the 1-week and 2-month US dollar LIBORs were discontinued after 31 December 2021. All remaining US dollar LIBORs will be discontinued after 30 June 2023.

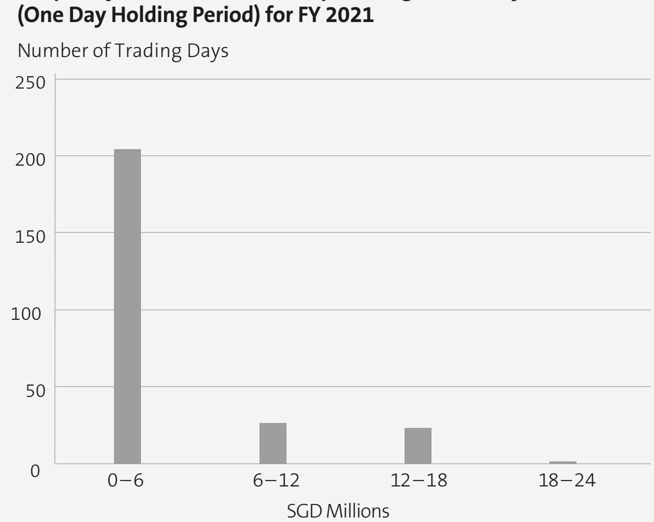
The expected discontinuation of LIBOR directly impacts the viability of the Singapore Dollar Swap Offer Rate (SOR), which relies on US dollar LIBOR in its computation. Similar to LIBOR, the Singapore Interbank Offered Rate (SIBOR), a key benchmark widely used in retail loans, is also subject to expert judgement and lack of underlying transactions. The Singapore Overnight Rate Average (SORA) has been identified as the alternative benchmark to SOR and SIBOR. MAS has established an industry-led Steering Committee for SOR & SIBOR Transition to SORA (SC-STS) to oversee the coordination and implementation of the transition efforts.

With a view to ensure a smooth transition from LIBOR to RFRs and from SOR and SIBOR to SORA, we established an internal Steering Committee to coordinate the efforts across various business, control, and support functions. Clear timelines and deliverables were established, to keep pace with the industry transition roadmaps and regulatory timelines.

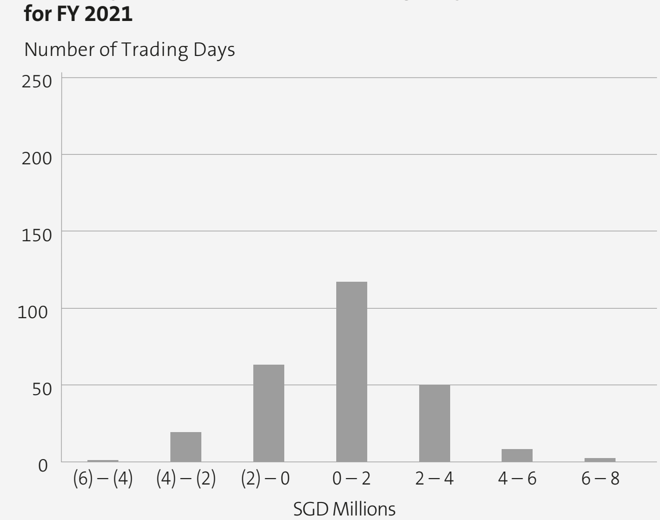
To ensure infrastructure and process readiness, we have implemented the necessary system upgrades and modifications. We have also assessed the adequacy of provisions relating to the permanent discontinuation of benchmarks in loan documentation, derivatives contracts, debt issuances and other relevant contracts. All contracts impacted by the discontinuation of non-USD LIBORs and the 1-week and 2-month US dollar LIBORs have been remediated or have adequate fallbacks. With regards to the transition of SOR contracts, we expect to achieve full remediation of retail loans and transit a majority of corporate loans and derivatives by end 2022. Appropriate adjustments will be made to reflect differences between SOR and SORA. As for SIBOR, the transition will be completed in 2024 in line with the roadmap established by SC-STS.

A communication plan, aligned with industry communication campaigns, has been established with a view to identifying and engaging clients to help them understand how their contracts with the Bank may be affected as well as the potential actions.

Frequency Distribution of Group Trading Book Daily Total VaR (One Day Holding Period) for FY 2021



Frequency Distribution of Group Trading Daily P&L for FY 2021



Risk Management

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 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 practices and regulatory guidelines.

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 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 measure involves the assessment of the impact of various interest rate scenarios on our net interest income and the 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. In addition, we are exposed to credit spread risk through 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 risk control 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 Group 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.

We have an insurance strategy to reduce earnings volatility arising from unpredictable material adverse operational risk events by transferring the risk to insurers. Our insurance programmes protect us and our employees against adverse events 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?
Fraud Risk	• Through fraud risk management and whistleblowing programmes to prevent and detect fraud or misconduct. These programmes comprise: – Internal and external whistleblowing 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. – Training for frontline staff to build awareness and share indicators of potential scams. – Publication of alerts and notices to customers to build and heighten awareness of fraud risks. • Through robust anti-fraud measures utilising transactional monitoring to detect and alert customers of suspicious account activities and financial malware detection capabilities to block known fraudster devices from interacting with our online banking platforms. • Through groupwide reporting and review of significant fraud events to ensure robust and consistent fraud risk programme management. • By having Group Audit independently review all fraud and whistleblowing cases. The outcomes are reported to the Audit Committee.
Anti-Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) and Sanctions Risk	• Through a robust groupwide AML/CFT and sanctions framework that aligns with MAS regulations and industry standards set forth by the Financial Action Task Force (FATF) and Wolfsberg Group. This framework comprises: – AML/CFT and sanctions policies, procedures and guidelines covering key areas such as customer due diligence, transaction surveillance and escalation protocol. – A dedicated Group AML/CFT and Reputational Risk Committee with members drawn from senior management to provide oversight on AML/CFT and sanctions matters. – Risk assessment methodologies leveraging on existing monitoring and screening platforms to assess customer, product and geographical risks. We also use AI and Data Analytics in our risk surveillance for dynamic monitoring and detection of emerging financial crime trends and typologies. – Targeted and specialised training, including certified courses recognised by the Institute of Banking and Finance (IBF) and International Compliance Training Academy (ICA), to build staff competency and vigilance.
Third-Party Risk	• Through a groupwide third-party risk management programme to manage risks arising from the use of outsourcing and third-party service providers in a comprehensive and consistent manner. This programme comprises: – A robust governance structure with oversight from a multi-disciplinary Third-Party Risk Management Committee and clearly-defined roles and responsibilities across the three lines of defence. – A policy and procedure that set out the control expectations to manage risk throughout the life cycle of third-party engagements such as due diligence, ongoing monitoring, renewal and termination. • By actively engaging the ABS Outsourcing Advisory Committee and keeping abreast of industry developments.
Information and Technology Risk	• Through an extensive groupwide approach towards governing and managing information and technology risk which comprises: – A robust governance and oversight framework, supported by a comprehensive suite of policies, standards and risk mitigation initiatives that are integrated across the three lines of defence. – Multi-layered controls to ensure confidentiality, integrity and availability of our information assets, including preventive and detective control mechanisms to guard against data loss. – A mandatory risk awareness training programme, thematic reviews to bolster our data protection posture, as well as guidance to enhance the management of data loss incidents. – Appropriate response measures to minimise disruptions to essential banking services during incidents. – Guidelines to promote the safe adoption of emerging technologies such as Artificial Intelligence (AI) and Robotics Process Automation (RPA).
Physical and People Security Risk	• Through a programme to address the physical and security risks to people and assets. This programme comprises: – Established policies, standards and procedures with detailed requirements on the management of physical security risk. – 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. – Regular physical security risk assessments conducted on the Bank's critical infrastructure.
Conduct Risk	• Through a groupwide culture and conduct framework to encourage right employee behaviours. This framework comprises: – A robust corporate governance structure with dedicated Board and senior management committees to manage and oversee culture and conduct matters. – Various policies, programmes and initiatives that promote good culture and conduct, effective risk governance and employee accountability. These include a dashboard for the monitoring and reporting of culture and conduct-related matters such as customer compliant trends, staff attrition rates, regulatory breaches, and whistleblowing investigations to management. – An Employee Conduct Triggers (ECT) Programme covering all our staff that provides clear and measurable conduct indicators. Violation of these indicators will incur ECT points; the accumulation of such points is subject to management review and could lead to disciplinary action.
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 business continuity readiness and extent of alignment with MAS guidelines, with a declaration of acceptable residual risk.

Risk Management

Key Risks	How is Risk Managed?
Unauthorised Trading Risk	• Through a treasury trade surveillance programme to detect and deter rogue trading activities, which comprises: – Robust governance and clearly-defined roles and responsibilities across the three lines of defence. – Continuous monitoring and verification of key controls and key risk indicators. These can provide early warning of potential control issues that might create opportunities for unauthorised trading activities and drive risk management actions to rectify any control gaps. – Independent surveillance and investigation by an independent Control Assurance Function within GRM and strong oversight by various risk committees.
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 staff training.
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 programme that focuses on understanding and managing our responsibilities towards our stakeholders and protecting our reputation. This programme comprises: – Policies and procedures to prevent or minimise and manage risk events which could lead to an adverse reputational impact to the Group. – Identification, assessment, monitoring and mitigation of reputational risk exposures, as well as effective and regular information sharing and engagement with our stakeholders.

Cyber Risk Management

Cyber risk is a business risk relating to acts perpetrated by malicious threat actors using information and communication technologies that could affect the confidentiality, integrity and availability of our information assets, technology systems and supporting infrastructure and essential banking services. Effective management of cyber risks is essential to minimising any negative impact to customers as well as any financial, operational, reputational, legal and/or regulatory impact to the Group.

Cyber Risk Management Approach

We adopt a whole-of-organisational approach to manage cyber risk and resilience for the Group, which comprises (a) framework and policies, (b) cyber defence programme, (c) cyber risk awareness, training and testing programme, (d) cybersecurity incident response and crisis management, and (e) cyber and network security insurance.

Our framework and policies are aligned with international industry guidance on cyber risk and resilience as well as applicable regulatory requirements. Roles and responsibilities across the three independent lines of defence are clearly defined. Every employee has a role to play; we foster close collaboration amongst business and technology units across the Group to enhance cyber resilience.

Our cyber defence programme covers preventive, detective and response capabilities to sustain and enhance existing defences. This includes monitoring our networks and systems for cyber threats through a 24 by 7 cybersecurity operations centre and a technology command centre. Existing measures are reviewed as well as tested regularly (e.g. vulnerability assessment and penetration testing) while new capabilities are continuously added to address evolving threats.

Our cyber risk awareness, training and testing programme seeks to transform people to be the strongest defence. The programme improves the overall cyber fabric of the Group by educating all staff on sound cyber hygiene practices and testing them through a variety of phishing emails to enhance cyber vigilance. We also have a Cybersecurity Certification Pathway and a Cyber Smart Programme for staff to improve their knowledge, skills and demonstrable behaviour. Customers are also educated through online channels while cyber risk awareness sessions are conducted for our outsourced services providers.

We have a cybersecurity incident response and crisis management process to ensure minimal disruption of essential banking services during times of crisis, including cyber-attacks. Cyber incident simulation exercises are conducted regularly to improve the responses of the cybersecurity incident response team (CSIRT) to cybersecurity events. Crisis management exercises on cyber-attack scenarios are also conducted regularly to enhance the preparedness of senior management.

Finally, we have relevant cyber and network security insurance to cover damages arising from specific cyber-attack situations, such as cyber extortion, ransomware event and cyber terrorism.

Separately, as part of industry collaboration, we continue to actively engage and share cyber threat information with regulatory agencies like MAS and Cyber Security Agency (CSA), as well as with the ABS Standing Committee on Cyber Security and the Financial Services Information Sharing and Analysis Centre.

Pillar 3 Disclosures

(OCBC Group – As at 31 December 2021)

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 2021 (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 2021 – 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 2021 – 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 2021)

Disclosure Requirement	Location of Disclosure
Credit Risk	
General Qualitative Disclosures about Credit Risk	OCBC Annual Report 2021 – 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 2021 – 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 2021 – 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 2021 – 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 2021 – Risk Management Chapter, Credit Risk Management: Counterparty Credit Risk Management – 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 2021 – 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 2021 – 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 2021)

Disclosure Requirement	Location of Disclosure
Operational Risk	
Operational Risk	Pillar 3 Disclosures Report Section 10 OCBC Annual Report 2021 – 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 2021 – 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 2021 – 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

	2021 S$ million	2020 S$ million	+/(-) %
Selected Income Statement Items			
Net interest income	**5,855**	5,966	(2)
Non-interest income	**4,741**	4,173	14
Total income	**10,596**	10,139	5
Operating expenses	**(4,764)**	(4,439)	7
Operating profit before allowances and amortisation	**5,832**	5,700	2
Amortisation of intangible assets	**(103)**	(104)	(1)
Allowances for loans and other assets	**(873)**	(2,043)	(57)
Operating profit after allowances and amortisation	**4,856**	3,553	37
Share of results of associates, net of tax	**824**	612	35
Profit before income tax	**5,680**	4,165	36
Net profit attributable to equity holders of the Bank	**4,858**	3,586	35
Cash basis net profit attributable to equity holders of the Bank (1)	**4,961**	3,690	34
Selected Balance Sheet Items			
Ordinary equity	**51,463**	48,422	6
Equity attributable to equity holders of the Bank	**52,663**	49,622	6
Total assets	**542,187**	521,395	4
Assets excluding life insurance fund investment securities and other assets	**442,091**	424,327	4
Net loans to customers	**286,281**	263,538	9
Deposits of non-bank customers	**342,395**	314,907	9
Per Ordinary Share (S$)			
Basic earnings (2)	**1.07**	0.80	
Diluted earnings (2)	**1.07**	0.80	
Net asset value	**11.46**	10.82	
Key Financial Ratios (%)			
Return on equity (2)(3)	**9.6**	7.6	
Return on assets (4)	**1.13**	0.85	
Net interest margin	**1.54**	1.61	
Non-interest income to total income	**44.7**	41.2	
Cost-to-income	**45.0**	43.8	
Loans-to-deposits	**83.6**	83.7	
Non-performing loan ratio	**1.5**	1.5	
Total capital adequacy ratio (CAR) (5)	**17.6**	17.9	
Tier 1 CAR (5)	**16.0**	15.8	
Common Equity Tier 1 CAR (5)	**15.5**	15.2	
Leverage ratio (5)(6)	**7.7**	7.7	
Singapore dollar liquidity coverage ratio (5)(7)	**308**	290	
All-currency liquidity coverage ratio (5)(7)	**151**	139	
Net stable funding ratio (5)(8)	**121**	125	

(1) *Excludes amortisation of intangible assets.*
(2) *Calculated based on net profit less distributions on other equity instruments paid and estimated to be due at the end of the financial year.*
(3) *Other equity instruments and non-controlling interests are not included in the computation for return on equity.*
(4) *Computation of return on assets excludes life insurance fund investment securities and other assets.*
(5) *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).*
(6) *The Group's leverage ratio is computed based on MAS Notice 637.*
(7) *The Group's liquidity coverage ratio (LCR) are computed based on MAS Notice 649 and reported based on the average LCR for the respective years.*
(8) *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$4.86 billion for the financial year ended 31 December 2021, an increase of 35% from S$3.59 billion a year ago, underpinned by strong growth in non-interest income and lower allowances, which offset a decline in net interest income amid a low interest rate environment.

Net interest income decreased 2% from the previous year to S$5.86 billion, mainly attributable to a 7 basis points fall in net interest margin (NIM), despite a 3% increase in average asset balances.

Non-interest income climbed 14% to a record S$4.74 billion from S$4.17 billion in 2020. Net fee income rose 12% to a new high of S$2.25 billion from broad-based fee growth on the back of higher transaction volumes and customer activities. Wealth management fees surpassed the S$1 billion mark for the first time. Net trading income of S$763 million was 12% below S$863 million in the previous year, largely due to a decline in non-customer flow income. Net realised gains from the sale of investment securities of S$92 million were lower as compared to S$208 million in 2020.

Profit from life insurance grew 63% to S$1.14 billion from S$698 million in the preceding year, driven by favourable financial market conditions and higher operating profit from Great Eastern Holdings' (GEH) insurance business. Total weighted new sales climbed 28% to S$1.97 billion, while new business embedded value (NBEV) increased 21% to S$808 million from healthy sales growth, with the NBEV margin at 41.0%. GEH's embedded value, a measure of the long-term economic value of the existing business of a life insurance company, rose 5% to S$18.3 billion.

The Group's wealth management income, comprising consolidated income from insurance, premier and private banking, asset management and stockbroking, rose 11% to S$3.92 billion, up from S$3.54 billion last year, and contributed 37% to the Group's total income. As at 31 December 2021, Group wealth management assets under management rose 7% to S$258 billion from S$241 billion a year ago.

Operating expenses of S$4.76 billion were 7% above last year, largely due to higher staff costs linked to headcount growth, as the Group continued to invest in the areas of digitalisation and wealth management to support our strategic priorities. Excluding the effect of government job support grants, operating expenses would have increased by 4%.

The Group's share of results of associates rose 35% to S$824 million from S$612 million in the previous year.

Return on equity improved to 9.6% from 7.6% a year ago, while earnings per share rose to S$1.07 from S$0.80 in the prior year.

Allowances and Asset Quality

As at 31 December 2021, total non-performing assets (NPAs) were S$4.34 billion, up from S$4.01 billion a year ago. The NPL ratio remained stable at 1.5% while the allowance coverage against total NPAs was 90%.

For 2021, total allowances of S$873 million were substantially lower than the S$2.04 billion in the preceding year, where the Group set aside additional allowances for non-impaired assets to cushion against the uncertain operating outlook. These mainly comprised allowances for impaired assets of S$855 million and allowances for non-impaired assets of S$18 million. Total loan allowances for the year represented 29 basis points of loans as compared with 67 basis points in 2020.

Management Discussion and Analysis

Overview (continued)

Funding, Liquidity and Capital Position

As at 31 December 2021, customer loans grew 8% from a year ago to S$290 billion. In 2021, loan growth was broad-based across both corporate and consumer segments, with the majority of the increase coming from Singapore, Greater China, and the Group's international network.

Customer deposits were up 9% from S$315 billion last year to S$342 billion. The year-on-year growth in deposits was driven by a 14% increase in current account and savings deposits (CASA) to S$217 billion, while the CASA ratio further improved to 63.3%. Loans-to-deposits ratio was 83.6%, little changed as compared to 83.7% in the preceding year.

The Group's Common Equity Tier 1 CAR was 15.5%, while the leverage ratio was 7.7% as at 31 December 2021.

Dividend

The Board has proposed a final dividend of 28 cents per share, bringing the 2021 total dividend of 53 cents back to 2019's pre-pandemic level. The 2021 total dividend is above the 31.8 cents declared in 2020, which was capped at 60% of the prior year's dividend in line with MAS' guidance.

The Scrip Dividend Scheme will not be applicable to the final dividend.

Net Interest Income

Average Balance Sheet

	2021			2020		
	Average Balance S$ million	Interest S$ million	Average Rate %	Average Balance S$ million	Interest S$ million	Average Rate %
Interest earning assets						
Loans to customers	**272,302**	**5,786**	**2.12**	264,153	6,992	2.65
Placements with and loans to banks	**44,428**	**448**	**1.01**	47,395	839	1.77
Other interest earning assets	**62,959**	**1,191**	**1.89**	57,940	1,312	2.26
	379,689	**7,425**	**1.96**	369,488	9,143	2.47
Interest bearing liabilities						
Deposits of non-bank customers	**323,120**	**1,300**	**0.40**	309,581	2,699	0.87
Deposits and balances of banks	**10,171**	**68**	**0.67**	11,682	92	0.79
Other borrowings	**21,941**	**202**	**0.92**	25,128	386	1.53
	355,232	**1,570**	**0.44**	346,391	3,177	0.92
Net interest income/margin [1]		**5,855**	**1.54**		5,966	1.61

Volume and Rate Analysis

Increase/(decrease) for 2021 over 2020 due to change in:	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans to customers	215	(1,402)	(1,187)
Placements with and loans to banks	(52)	(337)	(389)
Other interest earning assets	113	(230)	(117)
	276	(1,969)	(1,693)
Interest expense			
Deposits of non-bank customers	118	(1,509)	(1,391)
Deposits and balances of banks	(12)	(12)	(24)
Other borrowings	(49)	(134)	(183)
	57	(1,655)	(1,598)
Impact on net interest income	219	(314)	(95)
Due to change in number of days			(16)
Net interest income			(111)

(1) *Net interest margin is net interest income as a percentage of interest earning assets.*

Management Discussion and Analysis

Non-Interest Income

	2021 S$ million	2020 S$ million	+/(-) %
Gross fee and commission income			
Brokerage	**141**	140	1
Credit card	**287**	274	5
Fund management	**133**	122	9
Guarantees	**14**	14	(7)
Investment banking	**106**	87	22
Loan-related	**179**	165	8
Service charges	**79**	84	(6)
Trade-related and remittances	**286**	252	13
Wealth management	**1,310**	1,130	16
Others	**46**	45	1
	2,581	2,313	12
Fee and commission expense	**(336)**	(310)	9
Fees and commissions (net)	**2,245**	2,003	12
Dividends	**113**	78	44
Net trading income	**763**	863	(12)
Income from life and general insurance			
Profit from life insurance	**1,137**	698	63
Premium income from general insurance	**197**	201	(2)
Sub-total	**1,334**	899	48
Other income			
Disposal of investment securities	**92**	208	(56)
Disposal of a subsidiary	**–**	9	(100)
Disposal of plant and equipment	**(1)**	(1)	(59)
Disposal of properties	**108**	45	142
Rental and property-related income	**66**	63	4
Others	**21**	6	244
Sub-total	**286**	330	(13)
Total non-interest income	**4,741**	4,173	14

Operating Expenses

	2021 S$ million	2020 S$ million	+/(-) %
Staff costs	**3,028**	2,748	10
Property and equipment			
Depreciation	**412**	419	(2)
Maintenance	**145**	141	3
Rental expenses	**7**	9	(20)
Others	**304**	293	4
	868	862	1
Other operating expenses	**868**	829	5
Total operating expenses	**4,764**	4,439	7
Group staff strength			
Year end	**30,809**	30,538	1
Average	**30,610**	30,529	–

Allowances for Loans and Other Assets

	2021 S$ million	2020 S$ million	+/(-) %
Allowances:			
Impaired loans			
Singapore	**42**	637	(93)
Malaysia	**262**	94	180
Indonesia	**213**	219	(3)
Greater China	**218**	113	92
Others	**117**	86	36
	852	1,149	(26)
Impaired other assets	**3**	30	(91)
Non-impaired loans	**15**	860	(98)
Non-impaired other assets	**3**	4	(17)
Allowances for loans and other assets	**873**	2,043	(57)

Management Discussion and Analysis

Loans to Customers

	2021 S$ million	2020 S$ million
By Industry		
Agriculture, mining and quarrying	**8,094**	8,483
Manufacturing	**15,642**	15,814
Building and construction	**81,375**	71,994
Housing loans	**61,733**	59,842
General commerce	**30,159**	28,834
Transport, storage and communication	**13,423**	14,340
Financial institutions, investment and holding companies	**25,365**	22,821
Professionals and individuals	**36,854**	30,659
Others	**17,071**	14,453
	289,716	267,240
By Currency		
Singapore Dollar	**102,131**	96,489
United States Dollar	**73,022**	62,434
Malaysian Ringgit	**20,189**	20,491
Indonesian Rupiah	**8,720**	8,313
Hong Kong Dollar	**34,691**	32,692
Chinese Renminbi	**6,688**	5,638
Others	**44,275**	41,183
	289,716	267,240
By Geography [(1)]		
Singapore	**115,620**	109,826
Malaysia	**27,611**	27,819
Indonesia	**18,918**	18,833
Greater China	**74,120**	65,216
Other Asia Pacific	**19,293**	18,886
Rest of the World	**34,154**	26,660
	289,716	267,240

(1) Loans by geography are determined based on where the credit risk resides, which may be different from the borrower's country of residence or the booking location of the loans.

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						
2021	**606**	**300**	**206**	**100**	**551**	**0.5**
2020	1,725	1,106	485	134	1,669	1.5
Malaysia						
2021	**1,516**	**1,126**	**166**	**224**	**1,467**	**5.3**
2020	782	454	283	45	755	2.7
Indonesia						
2021	**1,216**	**772**	**255**	**189**	**1,208**	**6.4**
2020	651	321	227	103	651	3.5
Greater China						
2021	**586**	**117**	**447**	**22**	**586**	**0.8**
2020	358	82	235	41	358	0.5
Other Asia Pacific						
2021	**186**	**62**	**124**	**#**	**186**	**1.0**
2020	118	60	58	#	118	0.6
Rest of the World						
2021	**228**	**21**	**207**	**#**	**217**	**0.6**
2020	371	148	223	#	366	1.4
Group						
2021	**4,338**	**2,398**	**1,405**	**535**	**4,215**	**1.5**
2020	4,005	2,171	1,511	323	3,917	1.5

(1) *Refer to non-performing assets. Comprise loans to customers, debt securities and contingent liabilities.*
(2) *Refer to non-performing loans. Exclude debt securities and contingent liabilities.*
(3) *# represents amounts less than S$0.5 million.*

Management Discussion and Analysis

Non-Performing Assets (continued)

	2021		2020	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**96**	**1.2**	345	4.1
Manufacturing	**840**	**5.4**	564	3.6
Building and construction	**330**	**0.4**	190	0.3
Housing loans	**1,002**	**1.6**	420	0.7
General commerce	**594**	**2.0**	572	2.0
Transport, storage and communication	**491**	**3.7**	1,621	11.3
Financial institutions, investment and holding companies	**89**	**0.4**	30	0.1
Professionals and individuals	**179**	**0.5**	133	0.4
Others	**594**	**3.5**	42	0.3
Total NPLs	**4,215**	**1.5**	3,917	1.5
Classified debt securities	**6**		7	
Classified contingent liabilities	**117**		81	
Total NPAs	**4,338**		4,005	

	2021		2020	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**927**	**21**	1,857	46
Over 90 to 180 days	**145**	**3**	286	7
30 to 90 days	**179**	**4**	170	4
Less than 30 days	**1,018**	**24**	473	12
Not overdue	**2,069**	**48**	1,219	31
	4,338	**100**	4,005	100

Deposits

	2021 S$ million	2020 S$ million
Deposits of non-bank customers	**342,395**	314,907
Deposits and balances of banks	**8,239**	9,586
	350,634	324,493

Non-Bank Deposits by Product		
Fixed deposits	**91,338**	95,291
Savings deposits	**78,566**	71,097
Current accounts	**138,077**	118,751
Others	**34,414**	29,768
	342,395	314,907

Non-Bank Deposits by Currency		
Singapore Dollar	**133,157**	123,217
United States Dollar	**109,842**	95,226
Malaysian Ringgit	**22,603**	23,096
Indonesian Rupiah	**12,197**	11,637
Hong Kong Dollar	**23,381**	23,463
Chinese Renminbi	**10,311**	7,984
Others	**30,904**	30,284
	342,395	314,907

Management Discussion and Analysis

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

	2021 S$ million	2020 S$ million	+/(-) %
Global Consumer/Private Banking	**1,121**	1,205	(7)
Global Wholesale Banking	**1,706**	642	166
Global Treasury and Markets	**873**	904	(3)
Insurance	**1,224**	919	33
Others	**756**	495	53
Profit before income tax	**5,680**	4,165	36

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 fell 7% to S$1.12 billion in 2021, largely attributable to lower net interest income and higher expenses, partly offset by higher wealth management income and a decline in allowances.

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 2021 profit before income tax more than doubled to S$1.71 billion from S$642 million a year ago, mainly attributable to broad-based income growth and significantly lower allowances.

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 down 3% to S$873 million in 2021, as a decline in net trading income and lower realised gains from its fixed income portfolio offset net interest income growth.

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 was S$1.22 billion in 2021, up 33% from S$919 million in 2020, led by favourable financial market conditions and an increase in operating profit from its insurance business.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S$932 million in 2021, compared with S$798 million in 2020.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

Management Discussion and Analysis

Performance by Geographical Segment

	2021		2020	
	S$ million	%	S$ million	%
Total income				
Singapore	**5,955**	**56**	5,459	54
Malaysia	**1,619**	**15**	1,616	16
Indonesia	**940**	**9**	913	9
Greater China	**1,453**	**14**	1,603	16
Other Asia Pacific	**262**	**3**	242	2
Rest of the World	**367**	**3**	306	3
	10,596	**100**	10,139	100
Operating profit before allowances and amortisation				
Singapore	**3,118**	**53**	2,895	51
Malaysia	**1,008**	**19**	1,093	19
Indonesia	**517**	**9**	495	9
Greater China	**680**	**12**	857	15
Other Asia Pacific	**197**	**3**	177	3
Rest of the World	**232**	**4**	183	3
	5,832	**100**	5,700	100
Profit before income tax				
Singapore	**3,039**	**53**	1,505	36
Malaysia	**860**	**15**	850	21
Indonesia	**325**	**6**	225	5
Greater China	**1,243**	**22**	1,285	31
Other Asia Pacific	**102**	**2**	123	3
Rest of the World	**111**	**2**	177	4
	5,680	**100**	4,165	100
Total assets				
Singapore	**317,491**	**59**	307,328	59
Malaysia	**66,997**	**12**	67,005	13
Indonesia	**20,954**	**4**	19,845	4
Greater China	**88,031**	**16**	85,326	16
Other Asia Pacific	**18,631**	**3**	18,558	4
Rest of the World	**30,083**	**6**	23,333	4
	542,187	**100**	521,395	100

The geographical segment analysis is based on the location where assets or transactions are booked. The geographical information is stated after elimination of intra-group transactions and balances.

Pre-tax profit for Singapore rose from S$1.51 billion in the previous year to S$3.04 billion in 2021, largely driven by a rise in fees and commissions and profit from life insurance, and a fall in allowances, partly offset by higher operating expenses. Malaysia's pre-tax profit was S$860 million, above the S$850 million in 2020, mainly from an increase in fee and insurance income, which more than compensated for a drop in net trading income. Indonesia's pre-tax profit was higher at S$325 million in 2021 as compared to S$225 million last year, mainly attributable to an increase in net interest income and a fall in allowances. Pre-tax profit for Greater China of S$1.24 billion was slightly below S$1.29 billion a year ago, as the rise in share of associates' profits was offset by a decline in net interest income and higher allowances.

Capital Adequacy Ratios

The Group remained strongly capitalised, with a Common Equity Tier 1 CAR of 15.5%, and Tier 1 and Total CAR of 16.0% and 17.6% respectively. These ratios were well above their respective regulatory requirements.

Directors' Statement

For the financial year ended 31 December 2021

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 2021.

In our opinion:

(a) the financial statements set out on pages 133 to 262 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 2021, 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 1967 (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
Andrew Khoo Cheng Hoe (Appointed on 8 March 2021)
Andrew Lee Kok Keng (Appointed on 18 February 2022)
Chong Chuan Neo (Appointed on 18 February 2022)
Christina Hon Kwee Fong (Christina Ong)
Chua Kim Chiu
Koh Beng Seng
Lee Tih Shih
Pramukti Surjaudaja
Tan Ngiap Joo
Tan Yen Yen
Wee Joo Yeow

Ooi Sang Kuang, Koh Beng Seng, Christina Hon Kwee Fong (Christina Ong) and Wee Joo Yeow 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.

Andrew Lee Kok Keng and Chong Chuan Neo will retire under Article 104 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 31.12.2021	At 1.1.2021/ Date of appointment	At 31.12.2021	At 1.1.2021/ Date of appointment
BANK				
Ordinary shares				
Ooi Sang Kuang	**61,202**	54,397	**–**	–
Andrew Khoo Cheng Hoe	**7,236**	7,167	**–**	–
Christina Hon Kwee Fong (Christina Ong)	**31,240**	24,829	**–**	–
Chua Kim Chiu	**20,663**	14,391	**–**	–
Koh Beng Seng	**7,644**	1,543	**–**	–
Lee Tih Shih	**11,650,000**	11,503,106	**–**	–
Pramukti Surjaudaja	**85,050**	79,050	**–**	–
Tan Ngiap Joo	**1,424,993**	1,400,251	**–**	–
Tan Yen Yen	**6,000**	–	**–**	–
Wee Joo Yeow	**83,627**	76,527	**4,892**	4,892

(1) Ordinary shares held by spouse.

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 2022.

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
Wee Joo Yeow

Under the share-based compensation plans, no options, rights or awards 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, rights or awards 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, rights or awards were issued have no right by virtue of these options, rights or awards 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.

Directors' Statement

For the financial year ended 31 December 2021

Share-Based Compensation Plans (continued)

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 were 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 expired 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 does 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 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 2011 to 2018.

No share options were granted under the 2001 Scheme during the financial year.

Details of unissued ordinary shares under the 2001 Scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2021 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31.12.2021 Outstanding	At 31.12.2021 Exercisable
2011	15.03.2012 to 13.03.2021	9.093	501,888	481,275	–	–
2012	15.03.2013 to 13.03.2022	8.556	279,660	279,660	999,366	999,366
2013	15.03.2014 to 13.03.2023	10.018	1,496,396	1,496,396	2,434,779	2,434,779
2014	15.03.2015 to 13.03.2024	9.169	874,310	861,310	1,992,485	1,992,485
2015	16.03.2016 to 15.03.2025	10.378	416,489	396,830	3,972,559	3,972,559
2015CT	30.06.2016 to 29.06.2025	10.254	–	–	31,779	31,779
2016	16.03.2017 to 15.03.2026	8.814	2,212,167	2,212,167	3,599,445	3,599,445
2016A	16.03.2017 to 15.03.2026	8.814	–	–	85,202	85,202
2017	23.03.2018 to 22.03.2027	9.598	1,582,872	1,557,796	6,091,738	6,091,738
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	–	–	5,878,595	5,878,595
			7,363,782	7,285,434	25,110,564	25,110,564

Share-Based Compensation Plans (continued)

(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 July 2021, the Bank launched its sixteenth offering under the ESP Plan, which commenced on 1 September 2021 and will expire on 31 August 2023. Under the sixteenth offering, 6,685 employees enrolled to participate in the ESP Plan to acquire 8,469,427 ordinary shares at S$11.58 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 fifteenth offerings under the ESP Plan were set out in the Directors' Reports/Directors' Statements for the financial years ended 31 December 2004 to 2020. During the financial year, 6,467,194 ordinary shares were delivered to participants under the ESP Plan. As at the end of the financial year, there were (i) rights to acquire 9,835,466 ordinary shares at S$8.98 per ordinary share granted under the fifteenth offering (which will expire on 30 June 2022) outstanding, and (ii) rights to acquire 8,014,746 ordinary shares at S$11.58 per ordinary share granted under the sixteenth offering (which will expire on 31 August 2023) outstanding. Further details on the ESP Plan can be found in Note 13.3 of the Notes to the Financial Statements.

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan (DSP) in 2003. The DSP was a discretionary incentive and retention award programme extended to executives of the Group at the absolute discretion of the Remuneration Committee. The DSP was terminated with effect from 29 April 2021, following the adoption of the OCBC Deferred Share Plan 2021 at the annual general meeting of the Bank held on 29 April 2021. However, the termination of the DSP does not affect the awards which have been granted, whether such awards have been released (whether fully or partially) or not.

In light of the Bank's transition to the new DSP 2021 during the financial year, no awards were granted under the DSP during the financial year ended 31 December 2021. Existing awards were adjusted following the declarations of a final dividend for the financial year ended 31 December 2020, and an interim dividend for the financial year ended 31 December 2021, resulting in an additional 531,381 ordinary shares being subject to awards under the DSP (including an additional 21,672 ordinary shares being subject to awards held by Mr Samuel N. Tsien, who stepped down as Group Chief Executive Officer and a director of the Bank on 15 April 2021). During the financial year, 7,188,161 deferred shares were released to grantees, of which 294,734 deferred shares were released to Mr Samuel N. Tsien.

Directors' Statement

For the financial year ended 31 December 2021

Share-Based Compensation Plans (continued)

(d) OCBC Deferred Share Plan 2021

The OCBC Deferred Share Plan 2021 (DSP 2021) was adopted at the annual general meeting of the Bank held on 29 April 2021 to replace the DSP under which no new ordinary shares may be issued. By implementing the DSP 2021, which permits new ordinary shares to be issued, the Bank has greater flexibility in its methods for delivery of ordinary shares, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares). The objectives of the DSP 2021 are otherwise the same as those for the DSP, which is to align the interests of Group executives with the sustained business performance of the Bank by way of awards of deferred shares as part of variable performance already earned for the previous year.

Awards over an aggregate of 7,763,260 ordinary shares (including awards over 242,356 ordinary shares granted to Mr Samuel N. Tsien, who stepped down as Group Chief Executive Officer and a director of the Bank on 15 April 2021) have been granted under the DSP 2021 since the commencement of the plan to the end of the financial year ended 31 December 2021. No ordinary shares were released under the DSP 2021 during the financial year ended 31 December 2021. An aggregate of 7,801,327 ordinary shares are comprised in awards which are outstanding and have not been released under the DSP 2021 as at the end of the financial year ended 31 December 2021. Existing awards were adjusted following the declarations of a final dividend for the financial year ended 31 December 2020, and an interim dividend for the financial year ended 31 December 2021, resulting in an additional 269,827 ordinary shares being subject to awards under the DSP 2021 (including an additional 8,509 ordinary shares being subject to awards held by Mr Samuel N. Tsien).

Details of options granted under the 2001 Scheme, acquisition rights granted under the ESP Plan and share awards granted under the DSP 2021 to Mr Samuel N. Tsien, who stepped down as Group Chief Executive Officer and a director of the Bank on 15 April 2021, are as follows:

	Options/rights/ awards granted during the financial year ended 31.12.2021	Aggregate number of options/ rights/awards granted since commencement of scheme/plan to 31.12.2021	Aggregate number of options exercised/rights converted/awards released since commencement of scheme/plan to 31.12.2021	Aggregate number of options/rights/ awards outstanding at 31.12.2021
2001 Scheme				
Samuel N. Tsien	–	5,746,795	3,819,935	1,926,860
ESP Plan				
Samuel N. Tsien	–	49,875	31,608 [1]	–
DSP 2021				
Samuel N. Tsien	242,356	242,356	–	250,865

(1) 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.*
- *3,180 rights and 4,008 rights under the fourteenth offering and fifteenth offering respectively, which were not converted into shares prior to Mr Samuel N. Tsien's last date of service with the Bank.*

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)
Andrew Khoo Cheng Hoe (Appointed on 8 March 2021)
Chong Chuan Neo (Appointed on 18 February 2022)
Ooi Sang Kuang
Tan Ngiap Joo
Tan Yen Yen

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 reviewed with the Bank's external and internal auditors their audit plans and findings, including their examination and evaluation of the system of internal accounting controls. The Audit Committee also reviewed the external auditor's independence, objectivity and performance.

The Audit Committee also reviewed, *inter alia*, 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 CEO and CFO's assurances regarding the integrity of the financial statements and the adequacy and effectiveness of the Bank's risk management and internal control systems; and
(c) the financial statements of the Group and the Bank and the auditor's report thereon, including key audit matters, prior to their submission to the Board of Directors.

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 has recommended to the Board of Directors that the auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment as the auditor of the Bank at the forthcoming annual general meeting of the Bank.

Auditor

PricewaterhouseCoopers LLP has indicated its willingness to accept re-appointment as the auditor of the Bank at the forthcoming annual general meeting of the Bank.

On behalf of the Board of Directors,

Ooi Sang Kuang
Director

Chua Kim Chiu
Director

Singapore
22 February 2022

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 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the financial performance and changes in equity of the Bank for the year ended on that date.

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 2021;
- 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 2021;
- 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 2021. 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$1,900 million and S$1,535 million respectively as at 31 December 2021. 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 the 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 prolonged COVID-19 pandemic has increased the uncertainty of these estimates and degree of judgement required to be exercised in estimating the ECL. *ECL on credit-impaired loans to customers* As at 31 December 2021, 58% (S$892 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 amount of, the ECL allowances against credit-impaired loans to customers. Significant judgements were also required for the credit grading of borrowers in accordance with MAS Notices 612 and 612A.	*ECL on non-credit-impaired loans to customers* We assessed the design and evaluated the operating effectiveness of key 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; • use of reliable and accurate critical data elements in the ECL models; • review and approval of the ECL results, including post model adjustments applied; • independent validation of the 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 SICR 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 key assumptions made by the Group to estimate the 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 the 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 Notices 612 and 612A. We determined that we could rely on these controls for the purposes of our audit.

Independent Auditor's Report

To The Members Of Oversea-Chinese Banking Corporation Limited

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; • assessing the future performance of the borrowers and recoverable cash flows; and • determining collateral values and timing of realisation. Current significant events (e.g. economic and geopolitical developments, and the COVID-19 pandemic) added complexity to the estimation of the 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 Notices 612 and 612A. 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 the ECL allowances were recognised on a timely basis and evaluated the amount of such impairment. Our work includes: • considering the background facts and the latest circumstances in relation to the borrower; • examining and challenging management's key 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 which had not been classified by management as credit-impaired, we challenged management's key 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 41.3 to the financial statements)* As at 31 December 2021, the Group had financial assets of S$51 billion and financial liabilities of S$9 billion measured at fair value which were classified as Level 2. These represent 29% of the financial assets and 89% 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$5 billion and financial liabilities of S$640 million measured at fair value which were classified as Level 3. These represent 3% of the financial assets and 6% of the financial liabilities measured at fair value respectively.	We assessed the design and tested the operating effectiveness of key 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 key 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 2021, the carrying amount of goodwill on the Group's balance sheet amounted to S$4,467 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 relevant 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 risk-adjusted 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: • investment returns based on long term strategic asset mix and expected future returns; and • risk-adjusted discount rates. Given the level of complexity and extent of judgement involved, 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 and applied sensitivity analysis to the key assumptions to determine whether any possible change in these key assumptions would result in an impairment. *Banking CGUs* Together with our valuation specialists, we evaluated: • management's cash flow projections by comparing previous forecasts to actual results; • the methodology and external data sources used in deriving the discount rates and growth rates; and • the growth rate assumptions against the Group's historical performance and available external industry and economic indicators. *Insurance CGU* Together with our actuarial specialists, we evaluated: • the methodologies in estimating the appraisal value; and • the key assumptions including the investment returns and the risk-adjusted discount rates used in deriving the appraisal value. We found the key assumptions and estimates made by management to be reasonable based on our audit procedures performed.

Independent Auditor's Report

To The Members Of Oversea-Chinese Banking Corporation Limited

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 inputs on a sample basis to assess that the methodologies and key assumptions have been applied appropriately; and • 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. Based on the work performed and the evidence obtained, we found the methodologies and key 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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 February 2022

Income Statements

For the financial year ended 31 December 2021

		GROUP		BANK	
		2021	2020	2021	2020
	Note	$ million	$ million	$ million	$ million
Interest income		**7,425**	9,143	**3,919**	5,070
Interest expense		**(1,570)**	(3,177)	**(708)**	(1,821)
Net interest income	3	**5,855**	5,966	**3,211**	3,249
Profit from life insurance [1]	4	**1,137**	698	**–**	–
Premium income from general insurance		**197**	201	**–**	–
Fees and commissions (net)	5	**2,245**	2,003	**969**	815
Dividends	6	**113**	78	**1,049**	1,468
Net trading income	7	**763**	863	**249**	305
Other income	8	**286**	330	**143**	158
Non-interest income		**4,741**	4,173	**2,410**	2,746
Total income		**10,596**	10,139	**5,621**	5,995
Staff costs		**(3,028)**	(2,748)	**(1,093)**	(969)
Other operating expenses		**(1,736)**	(1,691)	**(1,131)**	(1,018)
Total operating expenses	9	**(4,764)**	(4,439)	**(2,224)**	(1,987)
Operating profit before allowances and amortisation		**5,832**	5,700	**3,397**	4,008
Amortisation of intangible assets	36	**(103)**	(104)	**–**	–
Allowances for loans and other assets	10	**(873)**	(2,043)	**(442)**	(1,493)
Operating profit after allowances and amortisation		**4,856**	3,553	**2,955**	2,515
Share of results of associates, net of tax		**824**	612	**–**	–
Profit before income tax		**5,680**	4,165	**2,955**	2,515
Income tax expense	11	**(648)**	(437)	**(229)**	(169)
Profit for the year		**5,032**	3,728	**2,726**	2,346
Attributable to:					
Equity holders of the Bank		**4,858**	3,586		
Non-controlling interests		**174**	142		
		5,032	3,728		
Earnings per share ($)	12				
Basic		**1.07**	0.80		
Diluted		**1.07**	0.80		

(1) *Comprised premium and investment income of $19,506 million (2020: $20,890 million) and insurance claims, commission and other expenses of $18,285 million (2020: $20,203 million) for the Group. Refer to Note 4.*

Statements of Comprehensive Income

For the financial year ended 31 December 2021

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Profit for the year	**5,032**	3,728	**2,726**	2,346
Other comprehensive income:				
Items that may be reclassified subsequently to income statement:				
Financial assets, at FVOCI [1]				
Fair value (losses)/gains for the year	**(694)**	877	**(326)**	292
Reclassification of (gains)/losses to income statement				
– on disposal	**(131)**	(506)	**(34)**	(73)
– on impairment	**3**	5	**4**	1
Tax on net movements	**98**	(37)	**11**	(5)
Cash flow hedges	**(#)**	#	**(7)**	1
Currency translation on foreign operations	**110**	42	**(34)**	50
Other comprehensive income of associates	**339**	129	**–**	–
Items that will not be reclassified subsequently to income statement:				
Currency translation on foreign operations	**(1)**	(12)	**–**	–
Equity instruments, at FVOCI [1], net change in fair value	**134**	116	**44**	(25)
Defined benefit plans remeasurements	**(1)**	#	**–**	(#)
Own credit	**1**	1	**1**	1
Total other comprehensive income, net of tax	**(142)**	615	**(341)**	242
Total comprehensive income for the year, net of tax	**4,890**	4,343	**2,385**	2,588
Total comprehensive income attributable to:				
Equity holders of the Bank	**4,735**	4,200		
Non-controlling interests	**155**	143		
	4,890	4,343		

(1) *Fair value through other comprehensive income.*

(2) *# represents amounts less than $0.5 million.*

The accompanying notes form an integral part of these financial statements.

Balance Sheets

As at 31 December 2021

		GROUP		BANK	
		2021	2020	2021	2020
	Note	$ million	$ million	$ million	$ million
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	**18,040**	17,833	**18,040**	17,833
Other equity instruments	14	**1,198**	1,198	**1,198**	1,198
Capital reserves	15	**782**	1,229	**559**	994
Fair value reserves		**848**	1,358	**(25)**	300
Revenue reserves	16	**31,795**	28,004	**15,825**	14,560
		52,663	49,622	**35,597**	34,885
Non-controlling interests		**1,675**	1,554	**–**	–
Total equity		**54,338**	51,176	**35,597**	34,885
LIABILITIES					
Deposits of non-bank customers	17	**342,395**	314,907	**221,213**	197,745
Deposits and balances of banks	17	**8,239**	9,586	**6,708**	7,408
Due to subsidiaries		**–**	–	**28,250**	25,793
Due to associates		**431**	406	**230**	200
Trading portfolio liabilities		**393**	339	**393**	339
Derivative payables	18	**9,070**	15,516	**7,656**	13,768
Other liabilities	19	**7,163**	8,093	**1,906**	1,886
Current tax payables		**905**	745	**458**	366
Deferred tax liabilities	20	**2,832**	1,818	**154**	223
Debt issued	21	**20,115**	24,355	**19,657**	23,397
		391,543	375,765	**286,625**	271,125
Life insurance fund liabilities	22	**96,306**	94,454	**–**	–
Total liabilities		**487,849**	470,219	**286,625**	271,125
Total equity and liabilities		**542,187**	521,395	**322,222**	306,010
ASSETS					
Cash and placements with central banks	23	**27,919**	26,525	**22,863**	20,969
Singapore government treasury bills and securities	24	**11,112**	10,628	**10,106**	9,294
Other government treasury bills and securities	24	**26,159**	22,663	**9,710**	9,411
Placements with and loans to banks	25	**25,462**	32,816	**17,516**	24,083
Loans to customers	26	**286,281**	263,538	**189,401**	170,651
Debt and equity securities	29	**34,015**	33,143	**20,031**	17,844
Assets held for sale	47	**11**	2	**1**	–
Derivative receivables	18	**9,267**	15,223	**7,812**	13,518
Other assets	31	**6,334**	5,806	**2,339**	3,135
Deferred tax assets	20	**280**	133	**88**	41
Associates	32	**6,170**	4,633	**2,262**	1,749
Subsidiaries	33	**–**	–	**37,018**	32,272
Property, plant and equipment	34	**3,506**	3,567	**735**	698
Investment property	35	**801**	813	**473**	478
Goodwill and other intangible assets	36	**4,774**	4,837	**1,867**	1,867
		442,091	424,327	**322,222**	306,010
Life insurance fund investment securities and other assets	22	**100,096**	97,068	**–**	–
Total assets		**542,187**	521,395	**322,222**	306,010

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity – Group

For the financial year ended 31 December 2021

In $ million	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2021	**19,031**	**1,229**	**1,358**	**28,004**	**49,622**	**1,554**	**51,176**
Total comprehensive income for the year							
Profit for the year	–	–	–	4,858	4,858	174	5,032
Other comprehensive income							
Items that may be reclassified subsequently to income statement:							
Financial assets, at FVOCI							
Fair value losses for the year	–	–	(664)	–	(664)	(30)	(694)
Reclassification of (gains)/losses to income statement							
– on disposal	–	–	(122)	–	(122)	(9)	(131)
– on impairment	–	–	3	–	3	(#)	3
Tax on net movements	–	–	91	–	91	7	98
Cash flow hedges	–	–	–	(#)	(#)	–	(#)
Currency translation on foreign operations	–	–	–	110	110	–	110
Other comprehensive income of associates	–	–	127	212	339	–	339
Items that will not be reclassified subsequently to income statement:							
Currency translation on foreign operations	–	–	–	–	–	(1)	(1)
Equity instruments, at FVOCI, net change in fair value	–	–	55	65	120	14	134
Defined benefit plans remeasurements	–	–	–	(1)	(1)	(#)	(1)
Own credit	–	–	–	1	1	–	1
Total other comprehensive income, net of tax	–	–	(510)	387	(123)	(19)	(142)
Total comprehensive income for the year	–	–	(510)	5,245	4,735	155	4,890
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	13	(436)	–	423	–	–	–
Buy-back of shares for holding as treasury shares	(406)	–	–	–	(406)	–	(406)
Dividends and distributions	–	–	–	(1,886)	(1,886)	(34)	(1,920)
Shares issued in lieu of ordinary dividends	376	–	–	–	376	–	376
DSP reserve from dividends on unvested shares	–	–	–	10	10	–	10
Share-based payments for staff costs	–	9	–	–	9	–	9
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares issued under Share Option Scheme	1	–	–	–	1	–	1
Shares transferred to DSP Trust	83	(93)	–	–	(10)	–	(10)
Shares vested under DSP Scheme	–	73	–	–	73	–	73
Treasury shares transferred/sold	139	–	–	–	139	–	139
Total contributions by and distributions to owners	207	(447)	–	(1,453)	(1,693)	(34)	(1,727)
Changes in interests in subsidiaries that do not result in loss of control	–	–	–	(1)	(1)	(#)	(1)
Total changes in interests in subsidiaries	–	–	–	(1)	(1)	(#)	(1)
Balance at 31 December 2021	19,238	782	848	31,795	52,663	1,675	54,338
Included in the balances:							
Share of reserves of associates	–	–	174	3,115	3,289	–	3,289

(1) *Included regulatory loss allowance reserve of $874 million at 1 January 2021 and $444 million at 31 December 2021.*
(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.

In $ million	Share capital and other equity	Capital reserves (1)	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
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)
Equity instruments, 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 for holding as treasury shares	(63)	–	–	–	(63)	–	(63)
Dividends and distributions (2)	–	–	–	(1,993)	(1,993)	(34)	(2,027)
Shares issued in lieu of ordinary dividends (2)	526	–	–	–	526	–	526
DSP reserve from dividends on unvested shares	–	–	–	10	10	–	10
Perpetual capital securities issued	200	–	–	–	200	–	200
Perpetual capital securities redeemed	(499)	–	–	(1)	(500)	–	(500)
Share-based payments for staff costs	–	11	–	–	11	–	11
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) *Comparatives have been reclassified to conform to current year's presentation.*
(3) *# 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.

Statement of Changes in Equity – Bank

For the financial year ended 31 December 2021

In $ million	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2021	**19,031**	**994**	**300**	**14,560**	**34,885**
Profit for the year	**–**	**–**	**–**	**2,726**	**2,726**
Other comprehensive income	**–**	**–**	**(325)**	**(16)**	**(341)**
Total comprehensive income for the year [2]	**–**	**–**	**(325)**	**2,710**	**2,385**
Transfers	**13**	**(444)**	**–**	**431**	**–**
Buy-back of shares for holding as treasury shares	**(406)**	**–**	**–**	**–**	**(406)**
Dividends and distributions	**–**	**–**	**–**	**(1,886)**	**(1,886)**
Shares issued in lieu of ordinary dividends	**376**	**–**	**–**	**–**	**376**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**10**	**10**
Share-based payments for staff costs	**–**	**9**	**–**	**–**	**9**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Shares issued under Share Option Scheme	**1**	**–**	**–**	**–**	**1**
Shares transferred to DSP Trust	**83**	**–**	**–**	**–**	**83**
Treasury shares transferred/sold	**139**	**–**	**–**	**–**	**139**
Balance at 31 December 2021	**19,238**	**559**	**(25)**	**15,825**	**35,597**
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 for holding as treasury shares	(63)	–	–	–	(63)
Dividends and distributions [3]	–	–	–	(1,993)	(1,993)
Shares issued in lieu of ordinary dividends [3]	526	–	–	–	526
DSP reserve from dividends on unvested shares	–	–	–	10	10
Perpetual capital securities issued	200	–	–	–	200
Perpetual capital securities redeemed	(499)	–	–	(1)	(500)
Share-based payments for staff costs	–	11	–	–	11
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

(1) *Included regulatory loss allowance reserve of $874 million at 1 January 2021 (1 January 2020: $874 million) and $444 million at 31 December 2021 (31 December 2020: $874 million).*
(2) *Refer to Statements of Comprehensive Income for detailed breakdown.*
(3) *Comparatives have been reclassified to conform to current year's presentation.*

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 2021

In $ million	2021	2020
Cash flows from operating activities		
Profit before income tax	**5,680**	4,165
Adjustments for non-cash items:		
Allowances for loans and other assets	**873**	2,043
Amortisation of intangible assets	**103**	104
Change in hedging transactions, fair value through profit or loss securities and debt issued	**104**	26
Depreciation of property and equipment and interest expense on lease liabilities	**416**	424
Net gain on disposal of government, debt and equity securities	**(92)**	(208)
Net gain on disposal of property and equipment	**(107)**	(44)
Net gain on disposal of interest in a subsidiary	**–**	(9)
Share-based costs	**73**	76
Share of results of associates, net of tax	**(824)**	(612)
Items relating to life insurance fund		
Surplus before income tax	**1,221**	687
Surplus transferred from life insurance fund	**(1,137)**	(698)
Operating profit before change in operating assets and liabilities	**6,310**	5,954
Change in operating assets and liabilities:		
Deposits of non-bank customers	**27,510**	12,115
Deposits and balances of banks	**(1,347)**	1,336
Derivative payables and other liabilities	**(6,908)**	9,161
Trading portfolio liabilities	**55**	247
Restricted balances with central banks	**(764)**	695
Government securities and treasury bills	**1,614**	(4,039)
Fair value through profit or loss securities	**(7,059)**	(698)
Placements with and loans to banks	**7,354**	3,048
Loans to customers	**(23,685)**	(3,101)
Derivative receivables and other assets	**4,087**	(9,919)
Net change in other assets and liabilities of life insurance fund	**8,029**	1,660
Cash provided by operating activities	**15,196**	16,459
Income tax paid [1]	**(913)**	(822)
Net cash provided by operating activities	**14,283**	15,637
Cash flows from investing activities		
Dividends from associates	**138**	201
Investment in associates	**(514)**	(418)
Purchases of debt and equity securities	**(12,475)**	(14,882)
Purchases of life insurance fund investment securities	**(41,636)**	(37,978)
Purchases of property and equipment	**(443)**	(384)
Proceeds from disposal of debt and equity securities	**12,642**	12,133
Proceeds from disposal of interest in a subsidiary	**–**	32
Proceeds from disposal of life insurance fund investment securities	**34,345**	36,871
Proceeds from disposal of property and equipment	**152**	86
Net cash used in investing activities	**(7,791)**	(4,339)
Cash flows from financing activities		
Changes in non-controlling interests	**(1)**	4
Buy-back of shares for holding as treasury shares	**(406)**	(63)
Dividends and distributions paid	**(1,544)**	(1,501)
Net redemption of other debt issued (Note 21.6)	**(3,840)**	(6,961)
Net proceeds from perpetual capital securities issued	**–**	200
Repayments of lease liabilities	**(91)**	(93)
Proceeds from subordinated debt issued (Note 21.6)	**–**	1,365
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**140**	16
Redemption of perpetual capital securities issued	**–**	(500)
Redemption of subordinated debt issued (Note 21.6)	**(400)**	–
Net cash used in financing activities	**(6,142)**	(7,533)
Net change in cash and cash equivalents	**350**	3,765
Net currency translation adjustments	**282**	253
Cash and cash equivalents at 1 January	**22,078**	18,060
Cash and cash equivalents at 31 December (Note 23)	**22,710**	22,078

(1) *In 2021, the Group paid income tax of $913 million (2020: $822 million), of which $280 million (2020: $230 million) was paid in Singapore and $633 million (2020: $592 million) in other jurisdictions.*

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 22 February 2022.

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 1967 (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 2021:

SFRS(I)	Title
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 (Amendments)	*Interest Rate Benchmark Reform – Phase 2*
SFRS(I) 16 (Amendments)	*COVID-19-Related Rent Concessions beyond 30 June 2021*

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, except for the amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 (Amendments) *Interest Rate Benchmark Reform – Phase 2*.

Adoption of SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 (Amendments)
Interest Rate Benchmark Reform – Phase 2

The Group adopted the amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 on 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 existing interest rate benchmark with an alternative benchmark.

(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 which 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 statements when financial instruments referencing interest rate benchmarks that are impacted by the interest rate benchmark reform are modified. Refer to Note 2.5.3 and Note 2.7 for significant accounting policies with respect to the modifications. Refer to Note 40 for additional disclosures arising from the Phase 2 amendments.

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.

2. Summary of Significant Accounting Policies (continued)

2.2 Basis of Consolidation (continued)

2.2.1 Subsidiaries (continued)

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 Great Eastern Holdings Limited (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.

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 is considered to be the sponsor of 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 entities.

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.

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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

2.2 Basis of Consolidation (continued)

2.2.3 Associates and Joint Ventures (continued)
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, respectively, 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 to 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 Group's 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.

2.3 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 reporting 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 reporting 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 income statement 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 derivative financial instruments (forwards, futures, swaps and options) on the trade date. It initially recognises non-derivative financial instruments (loans and advances, deposits and debts issued, and regular way purchases and sales of financial assets) on the settlement date. Regular-way purchases and sales are those with delivery of assets within the time period established by regulation or market convention.

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. Summary of Significant Accounting Policies (continued)

2.5 Financial Instruments (continued)

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.

Interest Rate Benchmark Reform ("IBOR Reform") (Policy Applied from 1 January 2021)

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- 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 – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications set out above to the additional changes.

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 at fair value and is subsequently 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 subsequently measured at fair value through profit or loss.

(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 the assets to collect contractual cash flows, nor within the business model to hold the assets both to collect contractual cash flows and to sell.

Notes to the Financial Statements
For the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

2.6 Non-Derivative Financial Assets (continued)

(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 a 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 reporting 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 the 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 reporting 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 reporting date until maturity or derecognition. Realised and unrealised fair value changes are recognised in the income statement.

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 reporting 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 initially and subsequently measured at fair value on the balance sheet as an asset or liability depending on whether it is a receivable or a payable, respectively. The resulting gain or loss is recognised immediately in profit or loss unless it qualifies for recognition in other comprehensive income under cash flow or net investment hedge accounting.

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.

2. Summary of Significant Accounting Policies (continued)

2.7 Derivative Financial Instruments (continued)

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.

Before applying any hedge accounting, the Group determines whether an economic relationship exists between the hedged item and the hedging instrument by considering qualitative characteristics or quantitative analysis of these items. 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 fair values of the hedged item and the hedging instrument respond in an offsetting manner to similar risks. 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.

In a cash flow hedging relationship, the Group mainly uses interest rate swaps to hedge the variability in the cash flows of variable 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 cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the cash flow 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 economic relationship or mis-matching of key terms between the hedging instrument and the hedged item as well as the effect of credit risk existing in the hedging instrument.

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 Bank. 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 for 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 immediately. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations. The main 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.

Specific Policies for Hedges Affected by the IBOR Reform

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.

From 1 January 2021, when the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform (as defined in Note 2.5.3). For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged;
- updating the description of the hedging instrument; or
- updating the description of how the entity will assess hedge effectiveness.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

2.7 Derivative Financial Instruments (continued)

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

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 reporting 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	–	8 years or remaining lease term, whichever is shorter
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 reporting 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 Other 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.

2.10.2 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. Summary of Significant Accounting Policies (continued)

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, 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 and at a subsequent reporting date, where there is no significant increase in credit risk, the expected credit loss will be that resulting from default events that are possible over the next 12 months.
- Stage 2 – Where there is a significant increase in credit risk since the initial recognition, the expected credit loss 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 based on the cash shortfalls as elaborated below:

(a) Financial assets that are not credit-impaired (Stage 1 and Stage 2) at the reporting date: The present value of all cash shortfalls (i.e. the cash flows due to the entity in accordance with the contract less the cash flows that the Group expects to receive);
(b) Financial assets that are credit-impaired (Stage 3) at the reporting date: The gross carrying amount less the present value of cash flows that the Group expects to receive;
(c) Undrawn loan commitments: The contractual cash flows that are due to the Group if the commitment is drawn down less 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 time period such as one year or the exposure's expected life time.
- 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.
- 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.

For Stage 1 exposures, ECL is calculated by multiplying the 12-month PD by LGD and EAD. For Stage 2 and Stage 3 exposures, 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 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

2.12 Impairment of Assets (continued)

(I) Financial Assets (continued)

2.12.3 Measurement (continued)

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.

A financial asset 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.

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 the time of the modification.

2.12.5 Regulatory Requirement

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. 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.

Impairment loss on goodwill cannot be reversed in subsequent periods.

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 reporting 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).

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 (continued)

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) if no impairment loss had 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 criteria 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 reporting 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 (the insurer), 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 reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 1966, 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 contracts 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.

Risk Transfer

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, i.e. Total Benefit Reserves; and (ii) Guaranteed cash flows discounted using Malaysia Government Securities zero coupon spot yields (as outlined below). For Asset Share Participating Products, the Total Benefit Reserves will be further adjusted in accordance to the value of Policy Asset.
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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

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 parameters which are set out in the insurance regulations of the respective jurisdiction in which the insurance subsidiaries operate. The results of the annual actuarial valuation also determine the liabilities relating to all the policyholders' benefits of the participating fund. 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 by 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 caters to the protection needs of individuals and business owners through a wide range of general insurance products including but not limited to fire, motor, marine and aviation, workmen's compensation, personal accident, health, and other property and casualty lines.

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 reporting 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 reporting 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 provision for adverse deviation. 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 reporting 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 as per pre-acquisition practice. No provision for equalisation or catastrophe reserves is recognised.

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 coverage period of the contracts and is recognised as premium income.

In determining the unearned premium reserve at the reporting date, the method that most accurately reflects the actual unearned premium is used. For Singapore, the 1/24th method for all classes of business is used, and for Malaysia and Indonesia, the 25% method is used for marine and aviation cargo, and transit business, and the 1/365th method is used for all other classes of business.

Further provisions are made if expected future cash flows of unexpired insurance contracts with a provision for adverse deviation 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 an 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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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 reporting 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 reporting 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.

2.19.5 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 reporting date.

For defined benefit plans, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the reporting 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.

2. Summary of Significant Accounting Policies (continued)

2.19 Recognition of Income and Expense (continued)

2.19.5 Employee Benefits (continued)

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 reporting 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 on temporary differences between the carrying amounts of assets and liabilities 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.

2.22 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

2. Summary of Significant Accounting Policies (continued)

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 through 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.

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.

<u>Allowances for Non-Credit-Impaired Loans to Customers</u>

As of 31 December 2021, the forward-looking scenarios used in the ECL model have been updated from those as of 31 December 2020. They reflect the latest available macroeconomic view which shows a gradual recovery. However, additional post-model adjustments have been made during the year to reflect the risks arising from certain segments of the portfolio that continue to be affected by the current COVID-19 situation as well as the continued macroeconomic uncertainty. These post-model adjustments were reviewed and approved in accordance with the Group's ECL framework.

A key element in determining ECL is the assessment of whether a significant increase in credit risk (SICR) has occurred and hence whether a lifetime, rather than 12-month, ECL is required. In 2021, the Group continued to offer various loan reliefs, such as payment holidays and moratoriums, to customers as part of a broader set of COVID-19 support measures. Such loan reliefs, payment holidays and moratoriums have the effect of delaying customer defaults even though customers who took up such relief packages may be of higher risk. Therefore, where appropriate, post-model adjustments were made to reflect higher risk of default of such customers.

While the latest macroeconomic forecasts have shown signs of recovery for the overall economy, they cannot adequately reflect the continued weaknesses of certain industries and segments due to either travel restrictions or geopolitical events. Therefore, post-model adjustments were also made to more accurately reflect the credit risk for such sectors that are not captured by the macroeconomic forecasts.

As indicated in Note 2.12.3, Stages 1 and 2 ECL are modelled based on a central baseline forecast with its upper and lower bound to represent forecasting ranges. However, the central forecast with its upper/lower range may not factor in significant emerging risks and macroeconomic events that are expected but uncertain in terms of impact and timing. Such events have the potential to trigger a recession but are not adequately captured in existing forecasts. Therefore, the Group added an additional scenario in the computation of ECL. As such events are global in nature, these are modelled as a top-down post-model adjustment.

The Group's allowances for financial assets are disclosed in Note 30.

<u>Allowances for Credit-Impaired Loans to Customers</u>

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. Summary of Significant Accounting Policies (continued)

2.25 Critical Accounting Estimates and Judgements (continued)

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 reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR).

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 Other Intangible Assets

The Group performs an annual review of the carrying amount of its goodwill and other intangible assets, against the recoverable amounts of the CGU to which the goodwill and other 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

3. Net Interest Income

	GROUP		BANK	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Interest income				
Loans to customers	**5,786**	6,992	**3,103**	3,791
Placements with and loans to banks	**448**	839	**318**	695
Other interest-earning assets	**1,191**	1,312	**498**	584
	7,425	9,143	**3,919**	5,070
Interest expense				
Deposits of non-bank customers	**(1,300)**	(2,699)	**(468)**	(1,266)
Deposits and balances of banks	**(68)**	(92)	**(66)**	(225)
Other borrowings	**(202)**	(386)	**(174)**	(330)
	(1,570)	(3,177)	**(708)**	(1,821)
Analysed by classification of financial instruments				
Income – Assets at amortised cost	**5,963**	7,471	**3,249**	4,235
Income – Assets at FVOCI	**1,173**	1,310	**455**	566
Income – Assets mandatorily measured at FVTPL	**289**	362	**215**	269
Expense – Liabilities not at fair value through profit or loss	**(1,565)**	(3,169)	**(703)**	(1,814)
Expense – Liabilities mandatorily measured at FVTPL	**(5)**	(8)	**(5)**	(7)
Net interest income	**5,855**	5,966	**3,211**	3,249

Included in interest income were interest of $31 million (2020: $42 million) and $15 million (2020: $30 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 2021 and 31 December 2020.

4. Profit from Life Insurance

	GROUP	
	2021 $ million	2020 $ million
Income		
Annual	**8,209**	7,780
Single	**10,380**	7,371
Gross premiums	**18,589**	15,151
Reinsurance	**(602)**	(559)
Premium income (net)	**17,987**	14,592
Investment income (net) [1]	**1,519**	6,298
Total income	**19,506**	20,890
Expenses		
Gross claims, surrenders and annuities	**(11,215)**	(10,170)
Claims, surrenders and annuities recovered from reinsurers	**443**	596
Net claims, surrenders and annuities	**(10,772)**	(9,574)
Net change in life insurance contract liabilities	**(4,196)**	(9,009)
Commission and agency expenses	**(1,401)**	(1,209)
Depreciation – property, plant and equipment (Note 34)	**(71)**	(70)
Other expenses	**(1,845)**	(341)
Total expenses	**(18,285)**	(20,203)
Surplus from operations	**1,221**	687
Share of results of associates	**–**	#
Income tax (expense)/credit	**(84)**	11
Profit from life insurance	**1,137**	698

(1) *Includes income from financial instruments measured at fair value through profit or loss of $1.05 billion (2020: $5.66 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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

5. Fees and Commissions (Net)

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Gross fee and commission income				
Brokerage	**141**	140	**2**	1
Credit card	**287**	274	**246**	230
Fund management	**133**	122	**–**	–
Guarantees	**14**	14	**7**	6
Investment banking	**106**	87	**89**	75
Loan-related	**179**	165	**116**	106
Service charges	**79**	84	**60**	58
Trade-related and remittances	**286**	252	**199**	178
Wealth management[1]	**1,310**	1,130	**406**	294
Others	**46**	45	**6**	8
	2,581	2,313	**1,131**	956
Fee and commission expense	**(336)**	(310)	**(162)**	(141)
Fees and commissions (net)	**2,245**	2,003	**969**	815

(1) *Includes trust and custodian fees.*

6. Dividends

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Subsidiaries	**–**	–	**861**	1,321
Associates	**–**	–	**130**	121
FVTPL securities	**75**	44	**57**	25
FVOCI securities	**38**	34	**1**	1
	113	78	**1,049**	1,468

7. Net Trading Income

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Foreign exchange [1]	**389**	585	**52**	278
Hedging activities [2]				
Hedging instruments	**(145)**	133	**(232)**	183
Hedged items	**145**	(133)	**231**	(182)
Net (loss)/gain from fair value hedge ineffectiveness	**(#)**	#	**(1)**	1
Net gain/(loss) from interest rate and other derivative financial instruments [3]	**341**	(41)	**202**	(20)
Net gain from non-derivative financial instruments [4]	**45**	318	**8**	46
Others	**(12)**	1	**(12)**	#
	763	863	**249**	305

(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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Disposal of investment securities	**92**	208	**34**	73
Disposal of a subsidiary	**–**	9	**–**	–
Disposal of plant and equipment	**(1)**	(1)	**(1)**	(#)
Disposal of properties	**108**	45	**29**	8
Rental and property-related income	**66**	63	**33**	39
Others	**21**	6	**48**	38
	286	330	**143**	158

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. Staff Costs and Other Operating Expenses

		GROUP		BANK	
		2021 $ million	2020 $ million	2021 $ million	2020 $ million
9.1	**Staff costs** [(1)]				
	Salaries and other costs	**2,723**	2,457	**974**	849
	Share-based expenses	**72**	75	**26**	26
	Contribution to defined contribution plans	**223**	199	**85**	79
		3,018	2,731	**1,085**	954
	Directors' emoluments:				
	Remuneration of Bank's directors	**4**	11	**4**	11
	Fees of Bank's directors [(2)]	**6**	6	**4**	4
		10	17	**8**	15
	Total staff costs	**3,028**	2,748	**1,093**	969
9.2	**Other operating expenses**				
	Property and equipment: [(3)]				
	Depreciation	**412**	419	**190**	184
	Maintenance and rental [(4)]	**152**	150	**97**	97
	Others [(5)]	**304**	293	**178**	143
		868	862	**465**	424
	Auditors' remuneration:				
	Payable to auditor of the Bank	**6**	6	**3**	2
	Payable to associated firms of auditor of the Bank	**4**	3	**#**	#
	Payable to other auditors	**#**	#	**#**	#
		10	9	**3**	2
	Other fees:				
	Payable to auditor of the Bank [(6)]	**2**	2	**#**	1
	Payable to associated firms of auditor of the Bank	**1**	1	**1**	1
		3	3	**1**	2
	Hub processing charges	**–**	–	**287**	251
	General insurance claims	**98**	101	**–**	–
	Others [(7)]	**757**	716	**375**	339
		855	817	**662**	590
	Total other operating expenses	**1,736**	1,691	**1,131**	1,018
9.3	**Staff costs and other operating expenses**	**4,764**	4,439	**2,224**	1,987

(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 (2020: $1 million) issued to directors.*

(3) *Direct operating expenses on investment property that generated rental income for the Group and the Bank amounted to $18 million and $6 million (2020: $13 million and $3 million) respectively. Direct operating expenses on investment property that did not generate rental income for the Group and the Bank amounted to $3 million and $2 million (2020: $1 million and $# million) respectively.*

(4) *Includes expenses relating to short-term leases of $11 million and $5 million for the Group and the Bank (2020: $14 million and $5 million) respectively, and low-value assets of $5 million and $1 million (2020: $5 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 auditor 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 and legal and professional fees.*

10. Allowances for Loans and Other Assets

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Allowances:				
Impaired loans (Note 28)	**852**	1,149	**354**	877
Impaired other assets	**3**	30	**3**	11
Non-impaired loans	**15**	860	**81**	604
Non-impaired other assets	**3**	4	**4**	1
Allowances for loans and other assets	**873**	2,043	**442**	1,493

11. Income Tax Expense

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Current tax expense	**883**	687	**386**	250
Deferred tax credit (Note 20)	**(173)**	(46)	**(106)**	(37)
	710	641	**280**	213
Over provision in prior years	**(62)**	(204)	**(51)**	(44)
Charge to income statements	**648**	437	**229**	169

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Operating profit after allowances and amortisation	**4,856**	3,553	**2,955**	2,515
Prima facie tax calculated at tax rate of 17%	**826**	604	**502**	428
Effect of:				
Different tax rates in other countries	**103**	100	**22**	26
Income not subject to tax	**(35)**	(45)	**(176)**	(261)
Income taxed at concessionary rates	**(94)**	(25)	**(80)**	(13)
Singapore life insurance funds	**(89)**	(21)	**–**	–
Non-deductible expenses and losses	**(19)**	37	**(8)**	14
Others	**18**	(9)	**20**	19
	710	641	**280**	213
The deferred tax credit comprised:				
Accelerated tax depreciation	**7**	5	**7**	2
Depreciable assets acquired in business combinations	**(11)**	(10)	**(2)**	(1)
Tax losses	**1**	(1)	**–**	(1)
Unrealised losses on financial assets	**(18)**	(2)	**(7)**	(11)
Allowances for assets	**(146)**	(64)	**(101)**	(18)
Other temporary differences	**(6)**	26	**(3)**	(8)
	(173)	(46)	**(106)**	(37)

Notes to the Financial Statements
For the financial year ended 31 December 2021

12. Earnings Per Share

	GROUP	
	2021	2020
	$ million	$ million
Profit attributable to equity holders of the Bank	**4,858**	3,586
Perpetual capital securities distributions declared in respect of the period	**(46)**	(53)
Profit attributable to ordinary equity holders of the Bank after other equity distributions	**4,812**	3,533
Weighted average number of ordinary shares (million)		
For basic earnings per share	**4,489**	4,420
Adjustment for assumed conversion of share options and acquisition rights	**5**	1
For diluted earnings per share	**4,494**	4,421
Earnings per share ($)		
Basic	**1.07**	0.80
Diluted	**1.07**	0.80

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	2021 Shares (million)	2020 Shares (million)
Ordinary shares		
At 1 January	**4,476**	4,409
Shares issued in lieu of ordinary dividends	**32**	67
Shares issued to non-executive directors	**#**	#
Deferred Share Plan	**7**	–
Share Option Scheme	**#**	–
At 31 December	**4,515**	4,476
Treasury shares		
At 1 January	**(2)**	(8)
Share buyback	**(34)**	(7)
Share Option Scheme	**7**	2
Share Purchase Plan	**6**	#
Treasury shares transferred to DSP Trust	**–**	11
At 31 December	**(23)**	(2)

GROUP AND BANK	2021 $ million	2020 $ million
Issued share capital, at 31 December	**18,040**	17,833

(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 have no par value and qualify as Common Equity Tier 1 capital for the Group.

All issued shares were fully paid.

Subsidiaries and associates of the Group did not hold shares in the capital of the Bank as at 31 December 2021 and 31 December 2020.

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 2021 and 31 December 2020, there was no options granted under the 2001 Scheme.

Notes to the Financial Statements

For the financial year ended 31 December 2021

13. Share Capital (continued)

13.2 Share Option Scheme (continued)

Movements in the number of shares under options and the average acquisition prices are as follows:

	2021		2020	
	Number of shares under options ('000)	Average price	Number of shares under options ('000)	Average price
At 1 January	**32,914**	**$10.239**	35,154	$10.183
Exercised	**(7,364)**	**$9.367**	(1,786)	$8.800
Forfeited/lapsed	**(439)**	**$12.753**	(454)	$11.621
At 31 December	**25,111**	**$10.450**	32,914	$10.239
Exercisable options at 31 December	**25,111**	**$10.450**	30,789	$10.025
Average share price underlying the options exercised		**$11.841**		$9.936

At 31 December 2021, the weighted average remaining contractual life of outstanding share options was 4.2 years (2020: 4.9 years). The aggregate number of shares under outstanding options held by an executive director of the Bank was nil (2020: 4,596,480).

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 July 2021, the Bank launched its sixteenth offering of ESP Plan for Group employees, which commenced on 1 September 2021 and will expire on 31 August 2023. Under the offering, the Bank granted rights to acquire 8,469,427 (2020: 12,688,439) ordinary shares in the Bank, including rights granted to an executive director of the Bank to acquire nil (2020: 4,008) ordinary shares in the Bank. The fair value of rights, determined using the binomial valuation model, was $10.8 million (2020: $13.7 million). Significant inputs to the valuation model are set out below:

	2021	2020
Acquisition price ($)	**11.58**	8.98
Share price ($)	**12.42**	9.24
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**17.11**	24.62
Risk-free rate based on 2-year swap rate (%)	**0.35**	0.31
Expected dividend yield (%)	**4.00**	5.19

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:

	2021		2020	
	Number of acquisition rights ('000)	Average price	Number of acquisition rights ('000)	Average price
At 1 January	**18,090**	**$9.761**	14,325	$11.439
Exercised and conversion upon expiry	**(6,467)**	**$10.982**	(11)	$11.552
Forfeited	**(2,242)**	**$10.039**	(8,912)	$11.344
Subscription	**8,469**	**$11.580**	12,688	$8.980
At 31 December	**17,850**	**$10.147**	18,090	$9.761

	2021	2020
Average share price underlying acquisition rights exercised/converted	**$12.041**	$9.571

At 31 December 2021, the weighted average remaining contractual life of outstanding acquisition rights was 1.0 years (2020: 1.2 years). There was nil (2020: 7,188) 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.

The Bank adopted the OCBC Deferred Share Plan 2021 (DSP 2021) on 29 April 2021 to replace the DSP, which was terminated on the same day. The termination of the DSP does not affect the awards which have been granted, whether such awards have been released (whether fully or partially) or not. By implementing the DSP 2021, which permits new ordinary shares to be issued, the Bank has greater flexibility in its methods for delivery of ordinary shares, as this can be effected through an issue of new ordinary shares, in addition to the transfer of existing ordinary shares (including treasury shares).

During the year, 7,188,161 (2020: 5,595,172) deferred shares were released to employees under the DSP, of which nil (2020: 225,961) 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 2021, an executive director of the Bank had deemed interest in nil (2020: 912,015) deferred shares.

Total awards of 7,763,260 (2020: 11,016,332) ordinary shares, which included nil (2020: 409,894) ordinary shares to an executive director of the Bank, were granted and accepted by eligible executives under the DSP 2021 for the financial year ended 31 December 2021. The fair value of the shares at grant date was $94.2 million (2020: $95.1 million).

The accounting treatment of share-based compensation plan is set out in Note 2.19.5.

Notes to the Financial Statements
For the financial year ended 31 December 2021

14. Other Equity Instruments

		GROUP AND BANK	
	Note	2021 $ million	2020 $ million
SGD1,000 million 4.0% non-cumulative non-convertible perpetual capital securities (4.0% Capital Securities)	(a)	**998**	998
SGD200 million 3.0% non-cumulative non-convertible perpetual capital securities (3.0% Capital Securities)	(b)	**200**	200
		1,198	1,198

(a) 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 each date falling 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.

(b) 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), and each date falling every 10 years after the First Reset Date. The 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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
At 1 January	**1,229**	1,253	**994**	986
Share-based payments for staff costs	**9**	11	**9**	11
Shares transferred to DSP Trust	**(93)**	(99)	**–**	–
Shares vested under DSP Scheme	**73**	62	**–**	–
Transfer from unappropriated profit (Note 16.1)	**(423)**	5	**(431)**	–
Transfer to share capital	**(13)**	(3)	**(13)**	(3)
At 31 December	**782**	1,229	**559**	994

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	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Unappropriated profit	16.1	**30,785**	27,321	**14,535**	13,235
General reserves	16.2	**1,349**	1,345	**1,400**	1,396
Cash flow hedge reserves	16.3	**(1)**	(#)	**(7)**	#
Currency translation reserves	16.4	**(336)**	(658)	**(101)**	(67)
Own credit reserves		**(2)**	(4)	**(2)**	(4)
At 31 December		**31,795**	28,004	**15,825**	14,560

Notes to the Financial Statements

For the financial year ended 31 December 2021

16. Revenue Reserves (continued)

16.1 Unappropriated Profit

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Profit attributable to equity holders of the Bank	**4,858**	3,586	**2,726**	2,346
Add:				
Unappropriated profit at 1 January	**27,321**	25,775	**13,235**	12,879
Total amount available for appropriation	**32,179**	29,361	**15,961**	15,225
Appropriated as follows:				
Ordinary dividends:				
Final tax-exempt dividend of 15.9 cents paid for the previous financial year (2020: tax-exempt dividend of 28 cents)	**(712)**	(1,233)	**(712)**	(1,233)
Interim tax-exempt dividend of 25 cents paid for the current financial year (2020: tax-exempt dividend of 15.9 cents)	**(1,128)**	(701)	**(1,128)**	(701)
Distributions for other equity instruments:				
3.8% perpetual capital securities	**–**	(19)	**–**	(19)
4.0% perpetual capital securities	**(40)**	(40)	**(40)**	(40)
3.0% perpetual capital securities	**(6)**	–	**(6)**	–
Transfer (to)/from:				
Capital reserves (Note 15)	**423**	(5)	**431**	–
Fair value reserves	**64**	(41)	**23**	4
General reserves (Note 16.2)	**6**	–	**6**	–
Others	**(1)**	(1)	**–**	(1)
	(1,394)	(2,040)	**(1,426)**	(1,990)
At 31 December	**30,785**	27,321	**14,535**	13,235

At the annual general meeting to be held, a final tax-exempt dividend of 28 cents per ordinary share in respect of the financial year ended 31 December 2021, totalling $1,258 million, will be proposed. The dividends will be accounted for as a distribution in the 2022 financial statements.

16. Revenue Reserves (continued)

16.2 General Reserves

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
At 1 January	**1,345**	1,335	**1,396**	1,386
DSP reserve from dividends on unvested shares	**10**	10	**10**	10
Transfer to unappropriated profit (Note 16.1)	**(6)**	–	**(6)**	–
At 31 December	**1,349**	1,345	**1,400**	1,396

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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
At 1 January	**(658)**	(873)	**(67)**	(117)
Movements for the year	**389**	90	**(33)**	45
Effective portion of hedge	**(67)**	125	**(1)**	5
At 31 December	**(336)**	(658)	**(101)**	(67)

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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Deposits of non-bank customers				
Current accounts	**138,077**	118,751	**72,297**	58,217
Savings deposits	**78,566**	71,097	**64,711**	57,309
Term deposits	**86,046**	90,786	**49,008**	51,998
Structured deposits	**5,292**	4,505	**2,605**	1,448
Certificates of deposit issued	**25,566**	22,229	**25,060**	22,121
Other deposits	**8,848**	7,539	**7,532**	6,652
	342,395	314,907	**221,213**	197,745
Deposits and balances of banks	**8,239**	9,586	**6,708**	7,408
	350,634	324,493	**227,921**	205,153

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 reporting date are analysed below.

	2021			2020		
GROUP ($ million)	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**46,848**	**344**	**339**	62,902	570	616
Swaps	**433,075**	**3,359**	**3,071**	358,713	5,689	5,900
OTC options	**72,241**	**241**	**240**	61,700	338	297
Exchange traded futures	**27**	**#**	**–**	7	#	–
	552,191	**3,944**	**3,650**	483,322	6,597	6,813
Interest rate derivatives (IRD)						
Forwards	**–**	**–**	**–**	527	2	2
Swaps	**450,397**	**4,231**	**4,342**	475,498	7,971	8,020
OTC options	**4,243**	**24**	**28**	3,715	29	42
Exchange traded futures	**8,625**	**1**	**2**	5,232	1	1
	463,265	**4,256**	**4,372**	484,972	8,003	8,065
Equity derivatives						
Swaps	**5,685**	**443**	**470**	3,906	216	204
OTC options	**10,945**	**543**	**498**	7,291	223	243
Exchange traded options	**–**	**–**	**–**	19	#	–
Exchange traded futures	**286**	**#**	**#**	551	1	4
	16,916	**986**	**968**	11,767	440	451
Credit derivatives						
Swaps – protection buyer	**1,552**	**3**	**20**	3,969	11	60
Swaps – protection seller	**1,171**	**19**	**3**	2,745	56	11
	2,723	**22**	**23**	6,714	67	71
Other derivatives						
Precious metals	**800**	**7**	**8**	1,366	25	25
OTC options	**8,399**	**50**	**47**	7,984	89	89
Futures	**–**	**–**	**–**	1	#	–
Commodity swaps	**20**	**2**	**2**	26	2	2
	9,219	**59**	**57**	9,377	116	116
Total	**1,044,314**	**9,267**	**9,070**	996,152	15,223	15,516
Included items designated for hedges:						
Fair value/cash flow hedge – FED	**2,415**	**32**	**77**	1,539	–	112
Fair value/cash flow hedge – IRD	**10,215**	**90**	**87**	12,293	150	217
Hedge of net investments – FED	**3,642**	**49**	**180**	3,345	161	20
	16,272	**171**	**344**	17,177	311	349

For the fair value hedges, the carrying amount at 31 December 2021 relating to the assets and liabilities designated as hedged items were $6,550 million and $6,169 million (2020: $7,152 million and $7,450 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 2021 relating to the assets and liabilities designated as hedged items were $2,379 million and $2,186 million (2020: $2,151 million and $2,151 million) respectively. The hedged items were mainly bonds, variable rate loans (financial assets) and deposits (financial liabilities).

18. Derivative Financial Instruments (continued)

BANK ($ million)	2021 Principal notional amount	2021 Derivative receivables	2021 Derivative payables	2020 Principal notional amount	2020 Derivative receivables	2020 Derivative payables
Foreign exchange derivatives (FED)						
Forwards	**27,759**	**176**	**163**	35,367	350	450
Swaps	**377,160**	**2,772**	**2,583**	330,179	5,016	5,196
OTC options	**50,077**	**163**	**162**	4,973	47	45
Exchange traded futures	**27**	**#**	**–**	7	#	–
	455,023	**3,111**	**2,908**	370,526	5,413	5,691
Interest rate derivatives (IRD)						
Swaps	**330,104**	**3,878**	**3,954**	394,770	7,766	7,714
OTC options	**3,597**	**25**	**28**	3,703	29	42
Exchange traded futures	**8,247**	**#**	**1**	4,930	1	1
	341,948	**3,903**	**3,983**	403,403	7,796	7,757
Equity derivatives						
Swaps	**5,233**	**406**	**434**	3,528	208	194
OTC options	**8,250**	**345**	**282**	1,894	45	65
Exchange traded options	**–**	**–**	**–**	19	#	–
Exchange traded futures	**265**	**#**	**#**	298	–	#
	13,748	**751**	**716**	5,739	253	259
Credit derivatives						
Swaps – protection buyer	**1,440**	**#**	**20**	3,819	–	60
Swaps – protection seller	**1,060**	**19**	**–**	2,593	56	–
	2,500	**19**	**20**	6,412	56	60
Other derivatives						
Precious metals	**121**	**1**	**2**	93	#	1
OTC options	**6,686**	**27**	**27**	–	–	–
Futures	**–**	**–**	**–**	1	#	–
	6,807	**28**	**29**	94	#	1
Total	**820,026**	**7,812**	**7,656**	786,174	13,518	13,768
Included items designated for hedges:						
Fair value/cash flow hedge – FED	**4,873**	**68**	**229**	4,506	159	119
Fair value hedge – IRD	**5,529**	**78**	**45**	7,922	148	112
Hedge of net investments – FED	**770**	**2**	**19**	294	2	4
	11,172	**148**	**293**	12,722	309	235

Notes to the Financial Statements
For the financial year ended 31 December 2021

19. Other Liabilities

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Bills payable	**490**	400	**337**	274
Interest payable	**328**	472	**193**	264
Lease liabilities	**228**	278	**49**	62
Precious metal liabilities [1]	**1,363**	23	**23**	23
Sundry creditors	**3,138**	5,472	**659**	654
Others [1]	**1,616**	1,448	**645**	609
	7,163	8,093	**1,906**	1,886

(1) *Comparatives have been restated to confirm to current year's presentation.*

At 31 December 2021, reinsurance liabilities included in "Others" amounted to $108 million (2020: $66 million) for the Group.

20. Deferred Tax

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
At 1 January	**1,685**	1,806	**182**	217
Currency translation and others	**2**	2	**1**	(1)
Net credit to income statements (Note 11)	**(173)**	(46)	**(106)**	(37)
Under/(over) provision in prior years	**2**	(#)	**1**	(#)
Net (credit)/charge to equity	**(87)**	70	**(12)**	3
Net change in life insurance fund tax	**1,123**	(147)	**–**	–
At 31 December	**2,552**	1,685	**66**	182

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.

20. Deferred Tax (continued)

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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Deferred tax liabilities				
Accelerated tax depreciation	**114**	101	**73**	67
Unrealised gains on investments	**216**	317	**#**	9
Depreciable assets acquired in business combination	**121**	138	**36**	38
Provision for policy liabilities	**2,244**	1,110	**–**	–
Regulatory loss allowance reserve	**62**	125	**62**	125
Others	**197**	182	**2**	2
	2,954	1,973	**173**	241
Amount offset against deferred tax assets	**(122)**	(155)	**(19)**	(18)
	2,832	1,818	**154**	223
Deferred tax assets				
Allowances for impairment of assets	**(254)**	(169)	**(64)**	(26)
Tax losses	**(8)**	(9)	**(6)**	(6)
Others	**(140)**	(110)	**(37)**	(27)
	(402)	(288)	**(107)**	(59)
Amount offset against deferred tax liabilities	**122**	155	**19**	18
	(280)	(133)	**(88)**	(41)
Net deferred tax liabilities/(assets)	**2,552**	1,685	**66**	182

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 2021, unutilised tax losses carried forward for which no deferred income tax has been recognised amounted to $68 million (2020: $72 million) for the Group, nil (2020: $9 million) for the Bank. These tax losses have no expiry date except for an amount of $57 million (2020: $61 million) which will expire between the years 2022 and 2029 (2020: years 2021 and 2028).

Notes to the Financial Statements
For the financial year ended 31 December 2021

21. Debt Issued

		GROUP		BANK	
		2021	2020	2021	2020
	Note	$ million	$ million	$ million	$ million
Unsecured					
Subordinated debt	21.1	**2,730**	3,145	**2,730**	2,745
Fixed and floating rate notes	21.2	**2,771**	3,551	**2,313**	2,993
Commercial paper	21.3	**8,668**	12,057	**8,668**	12,057
Structured notes	21.4	**2,425**	1,869	**2,425**	1,869
		16,594	20,622	**16,136**	19,664
Secured					
Covered bonds	21.5	**3,521**	3,733	**3,521**	3,733
Total debt issued		**20,115**	24,355	**19,657**	23,397

21.1 Subordinated Debt

				GROUP	
				2021	2020
	Note	Issue date	Maturity date	$ million	$ million
Issued by the Bank:					
USD1 billion 4.25% notes	(a)	19 Jun 2014	19 Jun 2024	**1,402**	1,426
USD1 billion 1.832% notes	(b)	10 Sep 2020	10 Sep 2030	**1,328**	1,319
				2,730	2,745
Issued by The Great Eastern Life Assurance Company Limited (GEL):					
SGD400 million 4.60% notes	(c)	19 Jan 2011	19 Jan 2026	–	400
Total subordinated debt				**2,730**	3,145

(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 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.

(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.

The subordinated notes were fully redeemed by GEL on 19 January 2021.

21. Debt Issued (continued)

21.2 Fixed and Floating Rate Notes

	Note	Issue date	Maturity date	GROUP 2021 $ million	2020 $ million
Issued by the Bank:					
AUD600 million floating rate notes	(a)	23 Apr 2018	23 Apr 2021	**–**	610
AUD500 million floating rate notes	(a)	6 Sep 2018	6 Sep 2021	**–**	509
AUD700 million floating rate notes	(b)	23 May 2019 – 15 Jan 2020	23 May 2022	**686**	712
AUD500 million floating rate notes	(c)	5 Dec 2019	5 Dec 2022	**490**	509
AUD200 million floating rate notes	(d)	4 Sep 2020	4 Sep 2023	**196**	204
AUD460 million floating rate notes	(e)	18 Mar 2021 – 25 Mar 2021	18 Mar 2024	**451**	–
AUD500 million floating rate notes	(f)	12 Aug 2021	12 Aug 2024	**490**	–
USD340 million floating rate notes	(a)	17 May 2018	17 May 2021	**–**	449
				2,313	2,993
Issued by PT Bank OCBC NISP Tbk:					
IDR535 billion 6.90% fixed rate bonds	(a)	11 Apr 2018	10 Apr 2021	**–**	47
IDR342 billion 7.75% fixed rate bonds	(a)	6 Jul 2018	6 Jul 2021	**–**	32
				–	79
Issued by Pac Lease Berhad:					
MYR80 million 3.80% fixed rate notes	(a)	23 Sep 2019	23 Mar 2021	**–**	26
MYR50 million 3.80% fixed rate notes	(a)	26 Sep 2019	26 Mar 2021	**–**	16
MYR50 million 3.45% fixed rate notes	(g)	6 Mar 2020	7 Mar 2022	**16**	16
MYR50 million 3.00% fixed rate notes	(g)	22 Dec 2020	22 Jun 2022	**16**	16
MYR50 million 3.20% fixed rate notes	(g)	30 Jul 2021	13 Aug 2023	**16**	–
MYR80 million 3.48% fixed rate notes	(g)	17 Dec 2021	18 Jun 2024	**26**	–
MYR30 million 3.28% fixed rate notes	(g)	13 Aug 2021	14 Feb 2024	**10**	–
				84	74
Issued by OCBC Wing Hang Bank (China) Limited:					
CNY2 billion 4.06% fixed rate bonds	(a)	28 Nov 2018	28 Nov 2021	**–**	405
CNY730 million 3.50% fixed rate bonds	(h)	24 May 2021	24 May 2024	**157**	–
CNY1.02 billion 3.32% fixed rate bonds	(h)	22 Nov 2021	22 Nov 2024	**217**	–
				374	405
Total fixed and floating rate notes				**2,771**	3,551

(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 0.575% to 0.62% per annum.

(c) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.63% per annum.

(d) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.48% per annum.

(e) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.34% to 0.35% per annum.

(f) Interest is payable quarterly at the 3-month Bank Bill Swap reference rate plus 0.26% per annum.

(g) Interest is payable semi-annually.

(h) Interest is payable annually.

Notes to the Financial Statements
For the financial year ended 31 December 2021

21. Debt Issued (continued)
21.3 Commercial Paper

	GROUP	
	2021	2020
	$ million	$ million
Issued by the Bank	**8,668**	12,057

The Bank issued the commercial paper under its USD10 billion ECP programme and USD25 billion USCP programme. The notes outstanding as at 31 December 2021 (2020: 31 December 2020) were issued between 14 April 2021 (2020: 6 February 2020) and 10 November 2021 (2020: 16 December 2020), and mature between 3 January 2022 (2020: 4 January 2021) and 23 September 2022 (2020: 8 October 2021). The commercial papers are zero-coupon papers, or floating rate papers pegged to monthly or quarterly market rates.

21.4 Structured Notes

			GROUP	
			2021	2020
	Issue date	Maturity date	$ million	$ million
Issued by the Bank:				
Credit linked notes	1 Oct 2012 – 28 Dec 2021	3 Jan 2022 – 17 Dec 2026	**986**	867
Fixed rate notes	9 Oct 2012 – 27 Dec 2012	9 Oct 2037 – 28 Dec 2037	**108**	106
Bond linked notes	12 Oct 2016 – 24 Jun 2021	20 Sep 2022 – 24 May 2027	**109**	221
Index linked notes	5 Sep 2018 – 15 Mar 2019	22 Feb 2022	**2**	14
Fund linked notes	16 Jul 2018 – 28 Oct 2021	20 Jan 2022 – 4 May 2026	**49**	50
Participation notes	14 Jun 2019 – 29 Dec 2021	28 Feb 2022 – 7 Jul 2028	**1,171**	611
			2,425	1,869

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 $983 million (2020: $785 million) included under credit linked notes and $109 million (2020: $221 million) included under bond linked notes as at 31 December 2021 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. Debt Issued (continued)

21.5 Covered Bonds

	Issue date	Maturity date	GROUP 2021 $ million	GROUP 2020 $ million
Issued by the Bank:				
EUR1 billion 0.25% fixed rate bonds	21 Mar 2017 – 5 Oct 2017	21 Mar 2022 – 5 Oct 2022	**1,531**	1,631
EUR500 million 0.375% fixed rate bonds	1 Mar 2018	1 Mar 2023	**767**	820
EUR500 million 0.625% fixed rate bonds	18 Apr 2018	18 Apr 2025	**767**	833
GBP250 million floating rate bonds	14 Mar 2018	14 Mar 2023	**456**	449
			3,521	3,733

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 46.2). Interest for the EUR and GBP covered bonds is payable annually and quarterly, respectively, and in arrear.

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 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/ 1 January 2021	**3,145**	**3,551**	**12,057**	**1,869**	**3,733**	**24,355**
Cash flows	**(400)**	**(754)**	**(3,643)**	**557**	**–**	**(4,240)**
Non-cash changes						
Currency translation	**59**	**(26)**	**242**	**(3)**	**61**	**333**
Others	**(74)**	**(#)**	**12**	**2**	**(273)**	**(333)**
At 31 December 2021	**2,730**	**2,771**	**8,668**	**2,425**	**3,521**	**20,115**

Notes to the Financial Statements

For the financial year ended 31 December 2021

22. Life Insurance Fund Liabilities and Assets

	GROUP	
	2021 $ million	2020 $ million
Life insurance fund liabilities		
Movements in life insurance fund		
At 1 January	**83,469**	75,204
Currency translation	**(427)**	41
Net change in life insurance contract liabilities	**4,204**	8,224
At 31 December	**87,246**	83,469
Policy benefits	**5,487**	5,067
Others	**3,573**	5,918
	96,306	94,454
Life insurance fund investment securities and other assets		
Deposits with banks and financial institutions	**5,973**	7,074
Loans	**591**	890
Securities	**86,806**	80,462
Investment property	**1,884**	1,767
Others [(1)]	**4,842**	6,875
	100,096	97,068
Life insurance fund balances included under the following balance sheet items:		
Liabilities		
Current tax	**188**	67
Deferred tax	**2,467**	1,369
Other liabilities	**76**	88
Assets		
Cash and placements with central banks	**#**	#
Placements with and loans to banks	**2,228**	1,509
Property, plant and equipment and intangible assets	**681**	702
The following contracts were entered into under the life insurance fund:		
Capital commitment authorised and contracted	**149**	171
Derivative financial instruments (principal notional amount)	**36,740**	35,345
Derivative receivables	**356**	747
Derivative payables	**109**	264
Minimum lease payment receivable	**75**	57

(1) *Others mainly comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.*

23. Cash and Placements with Central Banks

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Cash on hand	**633**	629	**330**	346
Non-restricted balances with central banks	**1,810**	2,360	**1,780**	2,346
Money market placements and reverse repos with central banks	**20,267**	19,089	**16,988**	14,820
Cash and cash equivalents	**22,710**	22,078	**19,098**	17,512
Restricted balances with central banks – mandatory reserve deposits	**5,211**	4,448	**3,767**	3,458
Gross cash and placements with central banks	**27,921**	26,526	**22,865**	20,970
Allowances for non-impaired placements with central banks	**(2)**	(1)	**(2)**	(1)
Net cash and placements with central banks	**27,919**	26,525	**22,863**	20,969

24. Government Treasury Bills and Securities

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Singapore government treasury bills and securities	**11,112**	10,628	**10,106**	9,294
Other government treasury bills and securities	**26,159**	22,663	**9,710**	9,411
Total government treasury bills and securities	**37,271**	33,291	**19,816**	18,705

25. Placements with and Loans to Banks

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Certificates of deposit held	**7,867**	13,100	**5,877**	10,120
Placements with and loans to banks	**14,440**	17,406	**10,845**	13,160
Market bills purchased	**732**	803	**732**	803
Reverse repos	**201**	1	**67**	1
Balances with banks	**23,240**	31,310	**17,521**	24,084
Bank balances of life insurance fund	**2,228**	1,509	**–**	–
Placements with and loans to banks	**25,468**	32,819	**17,521**	24,084
Allowances for non-impaired placements with and loans to banks	**(6)**	(3)	**(5)**	(1)
Net placements with and loans to banks	**25,462**	32,816	**17,516**	24,083

Notes to the Financial Statements

For the financial year ended 31 December 2021

26. Loans to Customers

	GROUP		BANK	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Gross loans	**289,716**	267,240	**191,370**	173,216
Allowances				
Impaired loans (Note 28)	**(1,535)**	(1,812)	**(722)**	(1,393)
Non-impaired loans (Note 30)	**(1,900)**	(1,890)	**(1,247)**	(1,172)
Net loans	**286,281**	263,538	**189,401**	170,651

26.1 Analysed by Product

	GROUP 2021 $ million	GROUP 2020 $ million	BANK 2021 $ million	BANK 2020 $ million
Overdrafts	**5,028**	3,933	**390**	512
Short-term and revolving loans	**66,748**	62,780	**32,703**	26,346
Syndicated and term loans	**119,632**	107,778	**94,273**	87,827
Housing and commercial property loans	**68,849**	67,093	**44,661**	42,189
Car, credit card and share margin loans	**4,614**	4,626	**3,174**	3,058
Bills receivable	**7,351**	5,232	**5,923**	3,856
Others	**17,494**	15,798	**10,246**	9,428
	289,716	267,240	**191,370**	173,216

26.2 Analysed by Industry

	GROUP 2021 $ million	GROUP 2020 $ million	BANK 2021 $ million	BANK 2020 $ million
Agriculture, mining and quarrying	**8,094**	8,483	**5,330**	5,630
Manufacturing	**15,642**	15,814	**8,383**	8,408
Building and construction	**81,375**	71,994	**66,198**	57,667
Housing loans	**61,733**	59,842	**42,812**	40,427
General commerce	**30,159**	28,834	**23,032**	20,850
Transport, storage and communication	**13,423**	14,340	**10,913**	11,919
Financial institutions, investment and holding companies	**25,365**	22,821	**6,854**	5,267
Professionals and individuals	**36,854**	30,659	**14,635**	11,837
Others	**17,071**	14,453	**13,213**	11,211
	289,716	267,240	**191,370**	173,216

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 Notices 612 and 612A.

$ million	Substandard	Doubtful	Loss	Gross loans, securities and contingents	Allowances for impaired assets	Net loans, securities and contingents
GROUP						
2021						
Classified loans	**2,351**	**1,331**	**533**	**4,215**	**(1,482)**	**2,733**
Classified debt securities	**4**	**–**	**2**	**6**	**(2)**	**4**
Classified contingents	**43**	**74**	**#**	**117**	**(53)**	**64**
Total classified assets	**2,398**	**1,405**	**535**	**4,338**	**(1,537)**	**2,801**
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
BANK						
2021						
Classified loans	**494**	**917**	**99**	**1,510**	**(679)**	**831**
Classified debt securities	**–**	**–**	**–**	**–**	**–**	**–**
Classified contingents	**11**	**50**	**–**	**61**	**(43)**	**18**
Total classified assets	**505**	**967**	**99**	**1,571**	**(722)**	**849**
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

Notes to the Financial Statements
For the financial year ended 31 December 2021

27. Non-Performing Assets (continued)

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
27.1 Analysed by Period Overdue				
Over 180 days	**927**	1,857	**386**	1,348
Over 90 days to 180 days	**145**	286	**48**	225
30 days to 90 days	**179**	170	**55**	98
Less than 30 days	**1,018**	473	**189**	97
No overdue	**2,069**	1,219	**893**	872
	4,338	4,005	**1,571**	2,640
27.2 Analysed by Collateral Type				
Property	**2,031**	900	**269**	246
Fixed deposit	**16**	9	**#**	1
Stock and shares	**50**	147	**34**	129
Motor vehicles	**17**	5	**#**	#
Secured – Others	**421**	1,365	**345**	1,296
Unsecured – Corporate and other guarantees	**497**	708	**484**	685
Unsecured – Clean	**1,306**	871	**439**	283
	4,338	4,005	**1,571**	2,640
27.3 Analysed by Industry				
Agriculture, mining and quarrying	**96**	345	**41**	272
Manufacturing	**852**	570	**91**	84
Building and construction	**368**	211	**75**	35
Housing loans	**1,002**	420	**253**	193
General commerce	**637**	614	**148**	383
Transport, storage and communication	**501**	1,636	**448**	1,593
Financial institutions, investment and holding companies	**93**	33	**–**	–
Professionals and individuals	**179**	133	**43**	51
Others	**610**	43	**472**	29
	4,338	4,005	**1,571**	2,640

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 31.0% (2020: 45.2%) and 24.8% (2020: 51.6%) for the Group and the Bank respectively.

	2021		2020	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	**816**	**295**	1,148	846
Doubtful	**407**	**238**	589	359
Loss	**85**	**37**	34	19
	1,308	**570**	1,771	1,224
BANK				
Substandard	**156**	**29**	939	721
Doubtful	**218**	**200**	390	318
Loss	**1**	**#**	5	4
	375	**229**	1,334	1,043

28. Allowances for Impaired Loans to Customers

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
At 1 January	**1,812**	1,395	**1,393**	1,035
Currency translation	**44**	(44)	**26**	(40)
Net write-offs [1]	**(1,153)**	(663)	**(1,042)**	(466)
Net allowances (Note 10)	**852**	1,149	**354**	877
Interest recognition on impaired loans	**(31)**	(42)	**(15)**	(30)
Transfers	**11**	17	**6**	17
At 31 December (Note 26)	**1,535**	1,812	**722**	1,393

(1) *Comprise bad debts written off for the Group and the Bank of $1,267 million and $1,107 million (2020: $735 million and $501 million) respectively, and bad debts recovered for the Group and Bank of $85 million and $66 million (2020: $60 million and $41 million) respectively.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
GROUP				
Agriculture, mining and quarrying	**67**	72	**(7)**	52
Manufacturing	**283**	177	**138**	103
Building and construction	**136**	65	**116**	50
Housing loans	**155**	47	**110**	24
General commerce	**226**	249	**198**	465
Transport, storage and communication	**283**	1,110	**(4)**	392
Financial institutions, investment and holding companies	**31**	12	**1**	7
Professionals and individuals	**70**	70	**40**	51
Others	**284**	10	**260**	5
	1,535	1,812	**852**	1,149
BANK				
Agriculture, mining and quarrying	**32**	68	**(21)**	46
Manufacturing	**35**	38	**24**	12
Building and construction	**44**	20	**35**	16
Housing loans	**5**	3	**1**	–
General commerce	**82**	133	**87**	382
Transport, storage and communication	**252**	1,086	**(13)**	388
Financial institutions, investment and holding companies	**–**	–	**(#)**	(#)
Professionals and individuals	**33**	39	**4**	25
Others	**239**	6	**237**	8
	722	1,393	**354**	877

29. Debt and Equity Securities

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Debt securities	**28,045**	27,934	**16,763**	15,648
Equity securities	**2,568**	2,756	**1,065**	983
Investment funds	**3,402**	2,454	**2,203**	1,214
Total securities	**34,015**	33,144	**20,031**	17,845
Allowances for non-impaired debt securities	**(#)**	(1)	**(#)**	(1)
	34,015	33,143	**20,031**	17,844

Debt Securities Analysis:

29.1 By Credit Ratings

Investment grade (AAA to BBB)	**18,983**	18,308	**12,718**	11,697
Non-investment grade (BB to C)	**66**	109	**66**	109
Non-rated	**8,996**	9,517	**3,979**	3,842
	28,045	27,934	**16,763**	15,648

29.2 By Credit Quality

Pass	**28,038**	27,916	**16,763**	15,640
Special mention	**1**	11	**–**	8
Substandard	**4**	5	**–**	–
Doubtful	**–**	2	**–**	–
Loss	**2**	–	**–**	–
	28,045	27,934	**16,763**	15,648

Debt and Equity Securities Analysis:

29.3 By Industry

Agriculture, mining and quarrying	**538**	545	**284**	326
Manufacturing	**2,073**	1,536	**1,627**	948
Building and construction	**2,234**	2,380	**1,421**	1,539
General commerce	**733**	555	**395**	358
Transport, storage and communication	**2,421**	1,991	**1,447**	1,288
Financial institutions, investment and holding companies	**21,484**	21,426	**12,231**	10,748
Others	**4,532**	4,711	**2,626**	2,638
	34,015	33,144	**20,031**	17,845

Notes to the Financial Statements
For the financial year ended 31 December 2021

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 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 2020/1 January 2021	**967**	**940**	**1,815**	**3,722**
Transfer to Stage 1	**563**	**(546)**	**(17)**	**–**
Transfer to Stage 2	**(219)**	**267**	**(48)**	**–**
Transfer to Stage 3	**(3)**	**(206)**	**209**	**–**
Remeasurement [(1)]	**(554)**	**592**	**687**	**725**
New financial assets originated or purchased	**535**	**398**	**–**	**933**
Financial assets that have been derecognised	**(387)**	**(436)**	**–**	**(823)**
Changes in models [(2)]	**(10)**	**18**	**–**	**8**
Write-offs	**–**	**–**	**(1,153)**	**(1,153)**
Foreign exchange and other movements	**2**	**2**	**44**	**48**
At 31 December 2021	**894**	**1,029**	**1,537**	**3,460**
BANK				
At 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)
Write-offs	–	–	(466)	(466)
Foreign exchange and other movements	(4)	(2)	(41)	(47)
At 31 December 2020/1 January 2021	**717**	**460**	**1,393**	**2,570**
Transfer to Stage 1	**371**	**(358)**	**(13)**	**–**
Transfer to Stage 2	**(87)**	**100**	**(13)**	**–**
Transfer to Stage 3	**(2)**	**(104)**	**106**	**–**
Remeasurement [(1)]	**(400)**	**429**	**265**	**294**
New financial assets originated or purchased	**318**	**302**	**–**	**620**
Financial assets that have been derecognised	**(218)**	**(279)**	**–**	**(497)**
Changes in models [(2)]	**3**	**2**	**–**	**5**
Write-offs	**–**	**–**	**(1,042)**	**(1,042)**
Foreign exchange and other movements	**3**	**3**	**26**	**32**
At 31 December 2021	**705**	**555**	**722**	**1,982**

(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 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 2020/1 January 2021	**954**	**936**	**1,812**	**3,702**
Transfer to Stage 1	**562**	**(545)**	**(17)**	**–**
Transfer to Stage 2	**(216)**	**264**	**(48)**	**–**
Transfer to Stage 3	**(3)**	**(204)**	**207**	**–**
Remeasurement [2]	**(553)**	**579**	**690**	**716**
New financial assets originated or purchased	**516**	**397**	**–**	**913**
Financial assets that have been derecognised	**(373)**	**(429)**	**–**	**(802)**
Changes in models [3]	**(8)**	**18**	**#**	**10**
Write-offs	**–**	**–**	**(1,153)**	**(1,153)**
Foreign exchange and other movements	**2**	**3**	**44**	**49**
At 31 December 2021	**881**	**1,019**	**1,535**	**3,435**
BANK				
At 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)
Write-offs	–	–	(466)	(466)
Foreign exchange and other movements	(4)	(2)	(41)	(47)
At 31 December 2020/1 January 2021	**713**	**459**	**1,393**	**2,565**
Transfer to Stage 1	**370**	**(357)**	**(13)**	**–**
Transfer to Stage 2	**(84)**	**97**	**(13)**	**–**
Transfer to Stage 3	**(2)**	**(104)**	**106**	**–**
Remeasurement [2]	**(400)**	**426**	**265**	**291**
New financial assets originated or purchased	**302**	**301**	**–**	**603**
Financial assets that have been derecognised	**(208)**	**(277)**	**–**	**(485)**
Changes in models [3]	**3**	**2**	**–**	**5**
Write-offs	**–**	**–**	**(1,042)**	**(1,042)**
Foreign exchange and other movements	**2**	**4**	**26**	**32**
At 31 December 2021	**696**	**551**	**722**	**1,969**

(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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

30. Allowances for Financial Assets (continued)
The following tables set out information about the credit quality of financial assets.

	2021				2020			
$ 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	**27,232**	**56**	**–**	**27,288**	25,862	35	–	25,897
Loss allowances	**(#)**	**(2)**	**–**	**(2)**	(#)	(1)	–	(1)
Carrying amount	**27,232**	**54**	**–**	**27,286**	25,862	34	–	25,896
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	**334**	**13**	**–**	**347**	378	–	–	378
Government treasury bills and securities – FVOCI [(1)] (Note 39)								
Pass	**32,909**	**83**	**–**	**32,992**	28,395	–	–	28,395
Loss allowances	**(#)**	**–**	**–**	**(#)**	(#)	–	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	**17,454**	**139**	**–**	**17,593**	19,716	3	–	19,719
Special mention	**–**	**8**	**–**	**8**	–	–	–	–
	17,454	**147**	**–**	**17,601**	19,716	3	–	19,719
Loss allowances	**(6)**	**(#)**	**–**	**(6)**	(3)	(#)	–	(3)
Carrying amount	**17,448**	**147**	**–**	**17,595**	19,713	3	–	19,716
Placements with and loans to banks – FVOCI [(1)] (Note 39)								
Pass	**5,573**	**1,536**	**–**	**7,109**	11,869	–	–	11,869
Loss allowances	**(2)**	**(#)**	**–**	**(2)**	(#)	–	–	(#)
Loans to customers – Amortised cost (Note 39)								
Pass	**252,523**	**26,685**	**–**	**279,208**	237,043	21,817	–	258,860
Special mention	**–**	**6,244**	**–**	**6,244**	–	4,374	–	4,374
Substandard	**–**	**–**	**2,351**	**2,351**	–	–	2,152	2,152
Doubtful	**–**	**–**	**1,331**	**1,331**	–	–	1,442	1,442
Loss	**–**	**–**	**533**	**533**	–	–	323	323
	252,523	**32,929**	**4,215**	**289,667**	237,043	26,191	3,917	267,151
Loss allowances	**(776)**	**(779)**	**(1,482)**	**(3,037)**	(765)	(679)	(1,807)	(3,251)
Carrying amount	**251,747**	**32,150**	**2,733**	**286,630**	236,278	25,512	2,110	263,900
Loans to customers – FVOCI [(1)] (Note 39)								
Pass	**2**	**–**	**–**	**2**	–	–	–	–
Loss allowances	**(#)**	**–**	**–**	**(#)**	–	–	–	–
Debt securities – Amortised cost (Note 39)								
Pass	**331**	**–**	**–**	**331**	388	–	–	388
Loss allowances	**(#)**	**–**	**–**	**(#)**	(1)	–	–	(1)
Carrying amount	**331**	**–**	**–**	**331**	387	–	–	387
Debt securities – FVOCI [(1)] (Note 39)								
Pass	**22,478**	**1,124**	**–**	**23,602**	23,302	243	–	23,545
Special mention	**–**	**–**	**–**	**–**	–	3	–	3
Substandard	**–**	**–**	**4**	**4**	–	–	5	5
Doubtful	**–**	**–**	**2**	**2**	–	–	2	2
	22,478	**1,124**	**6**	**23,608**	23,302	246	7	23,555
Loss allowances	**(6)**	**(7)**	**(2)**	**(15)**	(9)	(3)	(3)	(15)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments and contingent liabilities								
Pass	**118,370**	**12,922**	**–**	**131,292**	108,344	9,671	–	118,015
Special mention	**–**	**654**	**–**	**654**	–	830	–	830
Substandard	**–**	**–**	**641**	**641**	–	–	272	272
Doubtful	**–**	**–**	**487**	**487**	–	–	302	302
Loss	**–**	**–**	**188**	**188**	–	–	227	227
	118,370	**13,576**	**1,316**	**133,262**	108,344	10,501	801	119,646
Allowances for contingent liabilities and credit commitments (Note 39)	**(105)**	**(240)**	**(53)**	**(398)**	(189)	(257)	(5)	(451)

(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)

	2021				2020			
$ 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	**22,478**	**57**	**–**	**22,535**	20,589	35	–	20,624
Loss allowances	**(#)**	**(2)**	**–**	**(2)**	(#)	(1)	–	(1)
Carrying amount	**22,478**	**55**	**–**	**22,533**	20,589	34	–	20,623
Government treasury bills and securities – Amortised cost (Note 39)								
Pass/Carrying amount	**334**	**13**	**–**	**347**	378	–	–	378
Government treasury bills and securities – FVOCI [(1)] (Note 39)								
Pass	**16,585**	**83**	**–**	**16,668**	15,011	–	–	15,011
Loss allowances	**(#)**	**(#)**	**–**	**(#)**	(#)	–	–	(#)
Placements with and loans to banks – Amortised cost (Note 39)								
Pass	**10,232**	**1,412**	**–**	**11,644**	13,962	2	–	13,964
Loss allowances	**(5)**	**(#)**	**–**	**(5)**	(1)	(#)	–	(1)
Carrying amount	**10,227**	**1,412**	**–**	**11,639**	13,961	2	–	13,963
Placements with and loans to banks – FVOCI [(1)] (Note 39)								
Pass	**3,845**	**1,274**	**–**	**5,119**	8,889	–	–	8,889
Loss allowances	**(#)**	**(#)**	**–**	**(#)**	(#)	–	–	(#)
Loans to customers – Amortised cost (Note 39)								
Pass	**167,580**	**20,139**	**–**	**187,719**	156,100	12,496	–	168,596
Special mention	**–**	**2,094**	**–**	**2,094**	–	1,950	–	1,950
Substandard	**–**	**–**	**494**	**494**	–	–	1,523	1,523
Doubtful	**–**	**–**	**917**	**917**	–	–	922	922
Loss	**–**	**–**	**99**	**99**	–	–	141	141
	167,580	**22,233**	**1,510**	**191,323**	156,100	14,446	2,586	173,132
Loss allowances	**(638)**	**(392)**	**(679)**	**(1,709)**	(592)	(299)	(1,388)	(2,279)
Carrying amount	**166,942**	**21,841**	**831**	**189,614**	155,508	14,147	1,198	170,853
Debt securities – Amortised cost (Note 39)								
Pass	**331**	**–**	**–**	**331**	388	–	–	388
Loss allowances	**(#)**	**–**	**–**	**(#)**	(1)	–	–	(1)
Carrying amount	**331**	**–**	**–**	**331**	387	–	–	387
Debt securities – FVOCI [(1)] (Note 39)								
Pass	**12,495**	**568**	**–**	**13,063**	12,018	63	–	12,081
Loss allowances	**(2)**	**(3)**	**–**	**(5)**	(2)	–	–	(2)

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Loan commitments and contingent liabilities								
Pass	**86,416**	**9,510**	**–**	**95,926**	82,012	7,722	–	89,734
Special mention	**–**	**480**	**–**	**480**	–	623	–	623
Substandard	**–**	**–**	**581**	**581**	–	–	241	241
Doubtful	**–**	**–**	**441**	**441**	–	–	277	277
Loss	**–**	**–**	**177**	**177**	–	–	158	158
	86,416	**9,990**	**1,199**	**97,605**	82,012	8,345	676	91,033
Allowances for contingent liabilities and credit commitments (Note 39)	**(59)**	**(158)**	**(43)**	**(260)**	(121)	(160)	(5)	(286)

(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).*

Notes to the Financial Statements
For the financial year ended 31 December 2021

31. Other Assets

	GROUP		BANK	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Interest receivable	**889**	970	**481**	509
Sundry debtors (net)	**922**	1,156	**87**	98
Deposits and prepayments	**1,911**	2,541	**1,391**	2,146
Others	**2,612**	1,139	**380**	382
	6,334	5,806	**2,339**	3,135

At 31 December 2021, reinsurance assets included in "Others" amounted to $467 million (2020: $298 million) for the Group.

32. Associates

	GROUP		BANK	
	2021	2020	2021	2020
	$ million	$ million	$ million	$ million
Quoted equity security, at cost	**2,601**	2,087	**2,157**	1,643
Unquoted equity securities, at cost	**145**	144	**65**	65
	2,746	2,231	**2,222**	1,708
Share of post-acquisition reserves	**3,289**	2,264	**–**	–
Unquoted equity security, at fair value	**95**	97	**–**	–
Net carrying amount	**6,130**	4,592	**2,222**	1,708
Amounts due from associates (unsecured)	**40**	41	**40**	41
Allowances for non-impaired amounts due from associates	**(#)**	(#)	**(#)**	(#)
	40	41	**40**	41
Investments in and amounts due from associates	**6,170**	4,633	**2,262**	1,749

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] 2021	2020
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 2021, the fair value (Level 1 of the fair value hierarchy) of the investments in Bank of Ningbo was $10.74 billion (2020: $8.60 billion). The carrying amount of the Group's interests was $5.70 billion (2020: $4.20 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

32. Associates (continued)

32.2 Financial Information of Material Associate

The table below provides the financial information of the Group's material associate:

	Bank of Ningbo Co., Ltd.	
$ million	2021	2020
Selected income statement information		
Revenue	**11,007**	8,210
Net profit from continuing operations	**4,087**	3,023
Other comprehensive income	**630**	(227)
Total comprehensive income	**4,717**	2,796
Selected balance sheet information		
Current assets	**308,858**	237,879
Non-current assets	**118,265**	91,589
Current liabilities	**(335,881)**	(254,161)
Non-current liabilities	**(59,457)**	(51,205)
Net assets	**31,785**	24,102
Non-controlling interests	**(122)**	(104)
Preference shares	**(3,144)**	(3,000)
Net assets attributable to ordinary shareholders	**28,519**	20,998
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	**4,199**	3,301
Group's share of:		
– net profit from continuing operations	**783**	571
– other comprehensive income	**336**	123
– total comprehensive income	**1,119**	694
Dividends	**(128)**	(118)
Subscription of shares	**514**	322
Carrying amount of interest in investee at end of the year	**5,704**	4,199
Dividends received during the year	**128**	118

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	2021	2020
At 31 December:		
Aggregate carrying amount of individually immaterial associates	**331**	296
For the year ended:		
Aggregate amounts of the Group's share of:		
Net profit from continuing operations	**40**	40
Other comprehensive income	**3**	6
Total comprehensive income	**43**	46
Dividends received during the year	**1**	2

The Group's share of contingent liabilities in respect of all its associates is as follows:

$ million	2021	2020
At 31 December:		
Share of contingent liabilities incurred jointly with other investors of associates	**13,029**	8,670

33. Subsidiaries

	BANK	
	2021 $ million	2020 $ million
Investments in subsidiaries, at cost		
Quoted securities	**1,970**	1,970
Unquoted securities	**13,149**	13,085
Allowance for impairment	**(31)**	(29)
Net carrying amount	**15,088**	15,026
Amount due from subsidiaries		
Term to maturity of one year or less	**8,842**	8,773
Term to maturity of more than one year	**13,088**	8,473
	21,930	17,246
Of which:		
Unsecured	**21,354**	16,652
Secured	**576**	594
	21,930	17,246
Investments in and amount due from subsidiaries	**37,018**	32,272

At 31 December 2021, 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 $8.38 billion (2020: $8.32 billion) and $1.23 billion (2020: $1.50 billion) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 (%)		Proportion of ownership interests and voting rights held by non-controlling interests (%)	
		2021 [1]	2020 [1]	2021 [1]	2020 [1]
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	Indonesia	**85**	85	**15**	15
Insurance					
Great Eastern General Insurance Limited	Singapore	**88**	88	**12**	12
Great Eastern General Insurance (Malaysia) Berhad	Malaysia	**88**	88	**12**	12
Great Eastern Life Assurance (Malaysia) Berhad	Malaysia	**88**	88	**12**	12
The Great Eastern Life Assurance Company Limited	Singapore	**88**	88	**12**	12
Asset management and investment holding					
Lion Global Investors Limited	Singapore	**92**	92	**8**	8
Great Eastern Holdings Limited	Singapore	**88**	88	**12**	12
Stockbroking					
OCBC Securities Private Limited	Singapore	**100**	100	**–**	–

(1) *Rounded to the nearest percentage.*

The principal subsidiaries listed above are audited by PricewaterhouseCoopers LLP Singapore and its associated firms.

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	2021	2020	2021	2020
Net assets attributable to NCI	**440**	402	**1,215**	1,120
Total comprehensive income attributable to NCI	**38**	18	**115**	123
Dividends paid to NCI during the year	**–**	–	**34**	34
Summarised financial information				
Total assets	**19,883**	18,886	**110,390**	106,928
Total liabilities	**(16,935)**	(16,196)	**(100,254)**	(97,453)
Total net assets	**2,948**	2,690	**10,136**	9,475
Revenue	**909**	882	**19,964**	21,478
Profit	**253**	169	**1,133**	988
Other comprehensive income	**(12)**	31	**(160)**	74
Total comprehensive income	**241**	200	**973**	1,062
Cash flows provided by operating activities	**2,347**	498	**4,274**	1,532
Cash flows (used in)/provided by investing activities	**(2,043)**	(1,594)	**(4,081)**	2,204
Cash flows (used in)/provided by financing activities	**(83)**	154	**(725)**	(302)
Effect of currency translation reserve adjustment	**7**	11	**–**	–
Net changes in cash and cash equivalents	**228**	(931)	**(532)**	3,434

33.3 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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

34. Property, Plant and Equipment

GROUP ($ million)	2021 Property-related	2021 Computer-related [1]	2021 Others	2021 Total	2020 Property-related	2020 Computer-related [1]	2020 Others	2020 Total
Cost								
At 1 January	**3,764**	**2,739**	**656**	**7,159**	3,753	2,494	640	6,887
Currency translation	**32**	**(1)**	**1**	**32**	(11)	(5)	(1)	(17)
Additions/modifications	**89**	**335**	**52**	**476**	109	309	38	456
Disposals/terminations and other transfers	**(115)**	**(34)**	**(39)**	**(188)**	(82)	(59)	(21)	(162)
Net transfer to:								
Assets held for sale	**(10)**	**–**	**(#)**	**(10)**	(#)	–	(#)	(#)
Investment property (Note 35)	**(21)**	**–**	**(#)**	**(21)**	(5)	–	–	(5)
At 31 December	**3,739**	**3,039**	**670**	**7,448**	3,764	2,739	656	7,159
Accumulated depreciation								
At 1 January	**(1,031)**	**(1,993)**	**(505)**	**(3,529)**	(899)	(1,805)	(491)	(3,195)
Currency translation	**(11)**	**2**	**(#)**	**(9)**	(#)	3	1	4
Disposals/terminations and other transfers	**45**	**32**	**36**	**113**	43	59	28	130
Depreciation charge	**(141)**	**(213)**	**(36)**	**(390)**	(153)	(210)	(36)	(399)
Depreciation charge to profit from life insurance (Note 4)	**(24)**	**(39)**	**(8)**	**(71)**	(23)	(40)	(7)	(70)
Net transfer to:								
Assets held for sale	**2**	**–**	**#**	**2**	#	–	#	#
Investment property (Note 35)	**5**	**–**	**–**	**5**	1	–	–	1
At 31 December	**(1,155)**	**(2,211)**	**(513)**	**(3,879)**	(1,031)	(1,993)	(505)	(3,529)
Accumulated impairment losses								
At 1 January	**(62)**	**(#)**	**(1)**	**(63)**	(63)	(#)	(1)	(64)
Currency translation	**#**	**–**	**#**	**#**	(#)	–	–	(#)
Disposals and other transfers	**–**	**–**	**–**	**–**	1	–	–	1
Write-back to income statement	**–**	**–**	**–**	**–**	–	–	#	#
At 31 December	**(62)**	**(#)**	**(1)**	**(63)**	(62)	(#)	(1)	(63)
Net carrying amount, at 31 December [2]	**2,522**	**828**	**156**	**3,506**	2,671	746	150	3,567
Freehold property	**409**				435			
Leasehold property	**1,885**				1,959			
Net carrying amount	**2,294**				2,394			

(1) *Includes computer software of $618 million (2020: $452 million). The cost and accumulated depreciation are $2,079 million (2020: $1,575 million) and $1,461 million (2020: $1,123 million) respectively.*

(2) *Includes ROU assets comprising property-related of $228 million (2020: $277 million), computer-related of $1 million (2020: $4 million) and others of $2 million (2020: $2 million).*

34. Property, Plant and Equipment (continued)

BANK ($ million)	2021 Property-related	2021 Computer-related [1]	2021 Others	2021 Total	2020 Property-related	2020 Computer-related [1]	2020 Others	2020 Total
Cost								
At 1 January	**425**	**1,447**	**188**	**2,060**	417	1,332	191	1,940
Currency translation	**#**	**(#)**	**(#)**	**(#)**	#	#	#	#
Additions	**21**	**174**	**30**	**225**	26	155	13	194
Disposals/terminations and other transfers	**(19)**	**(14)**	**(21)**	**(54)**	(13)	(40)	(16)	(69)
Net transfer to investment property (Note 35)	**(5)**	**–**	**–**	**(5)**	(5)	–	–	(5)
At 31 December	**422**	**1,607**	**197**	**2,226**	425	1,447	188	2,060
Accumulated depreciation								
At 1 January	**(148)**	**(1,062)**	**(151)**	**(1,361)**	(124)	(976)	(155)	(1,255)
Currency translation	**#**	**#**	**#**	**#**	(#)	(#)	(#)	(#)
Disposals/terminations and other transfers	**18**	**12**	**21**	**51**	12	40	15	67
Depreciation charge	**(37)**	**(133)**	**(12)**	**(182)**	(38)	(126)	(11)	(175)
Net transfer to investment property (Note 35)	**2**	**–**	**–**	**2**	2	–	–	2
At 31 December	**(165)**	**(1,183)**	**(142)**	**(1,490)**	(148)	(1,062)	(151)	(1,361)
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]	**256**	**424**	**55**	**735**	276	385	37	698
Freehold property	**42**				43			
Leasehold property	**167**				176			
Net carrying amount	**209**				219			

(1) *Includes computer software of $368 million (2020: $328 million). The cost and accumulated depreciation are $1,261 million (2020: $1,126 million) and $893 million (2020: $798 million) respectively.*

(2) *Includes ROU assets comprising property-related of $47 million (2020: $57 million), computer-related of $1 million (2020: $3 million) and others of $# million (2020: $# million).*

Notes to the Financial Statements

For the financial year ended 31 December 2021

35. Investment Property

	GROUP		BANK	
$ million	2021	2020	2021	2020
Cost				
At 1 January	**1,049**	1,056	**602**	593
Currency translation	**4**	2	**–**	–
Additions	**7**	4	**7**	4
Disposals and other transfers	**(23)**	(15)	**(9)**	(#)
Net transfer from/(to):				
Property, plant and equipment (Note 34)	**21**	5	**5**	5
Assets held for sale	**(5)**	(3)	**(3)**	–
At 31 December	**1,053**	1,049	**602**	602
Accumulated depreciation				
At 1 January	**(235)**	(216)	**(123)**	(112)
Currency translation	**(1)**	(#)	**–**	–
Disposals and other transfers	**10**	1	**4**	–
Depreciation charge	**(22)**	(20)	**(8)**	(9)
Net transfer (from)/to:				
Property, plant and equipment (Note 34)	**(5)**	(1)	**(2)**	(2)
Assets held for sale	**2**	1	**1**	–
At 31 December	**(251)**	(235)	**(128)**	(123)
Accumulated impairment losses				
At 1 January	**(1)**	(1)	**(1)**	(1)
Write-back to income statement	**#**	–	**#**	–
Net transfer from property, plant and equipment	**–**	(#)	**–**	(#)
At 31 December	**(1)**	(1)	**(1)**	(1)
Net carrying amount				
Freehold property	**525**	547	**159**	162
Leasehold property	**276**	266	**314**	316
At 31 December	**801**	813	**473**	478
Fair value hierarchy				
Level 2	**875**	1,023	**242**	327
Level 3	**1,933**	1,811	**1,103**	1,041
Market value	**2,808**	2,834	**1,345**	1,368

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 Other Intangible Assets

	GROUP		BANK	
$ million	2021	2020	2021	2020
Goodwill				
At 1 January	**4,431**	4,468	**1,867**	1,867
Currency translation	**36**	(37)	**–**	–
At 31 December	**4,467**	4,431	**1,867**	1,867
Intangible assets				
At 1 January	**406**	512		
Amortisation charged to income statement:				
– Core deposit relationships [1]	**(41)**	(42)		
– Customer relationships [2]	**(15)**	(15)		
– Distribution platform	**(#)**	(#)		
– Life insurance business [3]	**(47)**	(47)		
Currency translation	**4**	(2)		
At 31 December	**307**	406		
Total goodwill and other intangible assets	**4,774**	4,837	**1,867**	1,867
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**4,467**	4,431	**1,867**	1,867
Intangible assets, at cost	**1,571**	1,560	**–**	–
Accumulated amortisation for intangible assets	**(1,264)**	(1,154)	**–**	–
	4,774	4,837	**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 2021, these have a remaining useful life of 2.5 years (2020: 3.5 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 2021, these have a remaining useful life of up to 5 years (2020: 6 years).*

(3) *The value of in-force insurance business of the Group is amortised over a useful life of 20 years. At 31 December 2021, the intangible asset has a remaining useful life of 3 years (2020: 4 years).*

Notes to the Financial Statements

For the financial year ended 31 December 2021

36. Goodwill and Other 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 2021	 2020
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	**814**	796
Lion Global Investors Limited	Value-in-use	**30**	30
OCBC Wing Hang Bank Limited	Value-in-use	**1,073**	1,056
PT Bank OCBC NISP Tbk	Value-in-use	**175**	174
Others	Value-in-use	**10**	10
		4,467	4,431

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	**8.6%**	10.0%	**9.5%**	11.8%	**9.6%**	10.5%	**16.5%**	16.0%
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% (2020: 6.00%) and 7.75% (2020: 7.75%) 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.

A reasonably possible change in key assumptions will not cause the carrying amount to materially exceed the recoverable amount.

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 2021						
Net interest income	1,654	2,753	973	98	377	5,855
Non-interest income	2,031	931	237	1,496	46	4,741
Total income	3,685	3,684	1,210	1,594	423	10,596
Operating profit before allowances and amortisation	1,192	2,285	877	1,270	208	5,832
Amortisation of intangible assets	(15)	–	–	(47)	(41)	(103)
Allowances for loans and other assets	(56)	(579)	(4)	1	(235)	(873)
Operating profit after allowances and amortisation	1,121	1,706	873	1,224	(68)	4,856
Share of results of associates, net of tax	–	–	–	–	824	824
Profit before income tax	1,121	1,706	873	1,224	756	5,680
Other information:						
Capital expenditure	72	14	1	105	292	484
Depreciation	85	11	2	8	306	412
At 31 December 2021						
Segment assets	131,082	184,395	99,082	110,950	35,726	561,235
Unallocated assets						280
Elimination						(19,328)
Total assets						542,187
Segment liabilities	167,412	151,651	59,905	97,356	27,116	503,440
Unallocated liabilities						3,737
Elimination						(19,328)
Total liabilities						487,849
Other information:						
Gross non-bank loans	109,953	177,673	1,274	3	813	289,716
NPAs	1,184	3,143	–	4	7	4,338

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2020						
Net interest income	1,912	2,690	899	106	359	5,966
Non-interest income	1,837	812	316	1,169	39	4,173
Total income	3,749	3,502	1,215	1,275	398	10,139
Operating profit before allowances and amortisation	1,401	2,131	905	968	295	5,700
Amortisation of intangible assets	(15)	–	–	(47)	(42)	(104)
Allowances for loans and other assets	(181)	(1,489)	(1)	(2)	(370)	(2,043)
Operating profit after allowances and amortisation	1,205	642	904	919	(117)	3,553
Share of results of associates, net of tax	–	–	–	–	612	612
Profit before income tax	1,205	642	904	919	495	4,165
Other information:						
Capital expenditure	58	21	2	103	250	434
Depreciation	97	11	2	8	301	419
At 31 December 2020						
Segment assets	127,746	169,710	105,718	107,526	34,794	545,494
Unallocated assets						133
Elimination						(24,232)
Total assets						521,395
Segment liabilities	162,999	138,170	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

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
2021						
Singapore	**5,955**	**3,039**	**271**	**332**	**317,491**	**311,738**
Malaysia	**1,619**	**860**	**173**	**73**	**66,997**	**55,450**
Indonesia	**940**	**325**	**72**	**43**	**20,954**	**17,650**
Greater China	**1,453**	**1,243**	**75**	**29**	**88,031**	**60,128**
Other Asia Pacific	**262**	**102**	**29**	**5**	**18,631**	**10,644**
Rest of the World	**367**	**111**	**28**	**2**	**30,083**	**32,239**
	10,596	**5,680**	**648**	**484**	**542,187**	**487,849**
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

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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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 overseeing risk management matters. It ensures 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 necessary overall risk management organisation is in place and effective. Based on the approved risk appetite, BRMC approves various quantitative guidance and qualitative expectations for cascading to major business units and risk functions to guide risk-taking. Risk drivers, risk profiles across major lines of business and risk types, the risk management framework and major risk policies as well as compliance matters are regularly reviewed by senior management, risk committees and the 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 Group Chief Executive Officer (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 developments in material risk drivers, potential vulnerabilities, and the recommended mitigating actions 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 understood and managed.

GRM currently also oversees the New Product Approval Process to ensure risks are adequately addressed as well as the data management framework to ensure comprehensive, accurate and timely representation of information to support management decisions. As part of our ongoing effort to enhance trust in data and its responsible use, we will continue to strengthen our data and model governance and technological capabilities, keeping pace with the evolving need for Fairness, Ethics, Accountability and Transparency (FEAT) in the use of Artificial Intelligence (AI) and Data Analytics.

The table below shows the value-at-risk (VaR) by risk type for the Group's trading portfolio.

	2021				2020			
$ million	End of the period	Average	Minimum	Maximum	End of the period	Average	Minimum	Maximum
Interest rate VaR	**4.11**	**4.38**	**2.15**	**12.30**	5.69	7.99	2.96	15.20
Foreign exchange VaR	**0.63**	**1.74**	**0.59**	**5.75**	3.77	2.67	1.00	6.74
Equity VaR	**1.21**	**2.05**	**0.55**	**6.36**	4.88	2.88	0.42	10.49
Credit spread VaR	**2.01**	**2.67**	**1.42**	**7.02**	6.01	5.29	1.24	10.75
Diversification effect [1]	**(4.93)**	**(5.53)**	**NM** [2]	**NM** [2]	(7.18)	(8.66)	NM [2]	NM [2]
Aggregate VaR	**3.03**	**5.32**	**2.49**	**18.14**	13.17	10.18	4.12	26.34

(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 VaRs 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 underwriting, 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	2021	2020	2021	2020
Credit risk exposure of on-balance sheet assets:				
Loans to customers	**286,281**	263,538	**272,302**	264,153
Placements with and loans to banks	**25,462**	32,816	**26,742**	33,497
Government treasury bills and securities	**37,271**	33,291	**34,669**	30,866
Debt securities	**28,045**	27,934	**28,290**	27,074
Amounts due from associates	**40**	41	**38**	27
Derivative receivables	**9,267**	15,223	**15,269**	15,470
Other assets, comprising interest receivables and sundry debtors	**1,811**	2,126	**2,881**	2,944
	388,177	374,969	**380,191**	374,031
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**16,651**	13,292	**14,937**	13,101
Credit commitments	**171,062**	160,134	**164,594**	160,213
	187,713	173,426	**179,531**	173,314
Total maximum credit risk exposure	**575,890**	548,395	**559,722**	547,345

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

Notes to the Financial Statements
For the financial year ended 31 December 2021

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							
2021							
Singapore	**1,221**	**11,112**	**802**	**115,620**	**606**	**193**	**2,827**
Malaysia	**306**	**5,428**	**2,565**	**27,611**	**1,516**	**361**	**1,598**
Indonesia	**209**	**6,425**	**404**	**18,918**	**1,216**	**504**	**1,367**
Greater China	**1,614**	**4,373**	**14,027**	**74,120**	**586**	**270**	**14,461**
Other Asia Pacific	**599**	**5,393**	**1,813**	**19,293**	**186**	**44**	**4,909**
Rest of the World	**5,318**	**4,540**	**3,629**	**34,154**	**228**	**165**	**2,883**
	9,267	**37,271**	**23,240**	**289,716**	**4,338**	**1,537**	**28,045**
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
BANK							
2021							
Singapore	**1,368**	**10,106**	**304**	**105,801**	**604**	**191**	**1,380**
Malaysia	**98**	**79**	**1,961**	**4,062**	**25**	**18**	**90**
Indonesia	**164**	**274**	**102**	**6,155**	**105**	**82**	**880**
Greater China	**681**	**2,285**	**11,964**	**33,108**	**469**	**234**	**7,901**
Other Asia Pacific	**470**	**5,381**	**1,685**	**16,005**	**173**	**43**	**4,194**
Rest of the World	**5,031**	**1,691**	**1,505**	**26,239**	**195**	**154**	**2,318**
	7,812	**19,816**	**17,521**	**191,370**	**1,571**	**722**	**16,763**
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

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 Notices 612 and 612A, loans and advances are categorised into "neither past due nor impaired", "past due but not impaired" and "impaired".

	Bank loans		Non-bank loans	
$ million	2021	2020	2021	2020
Neither past due nor impaired	**23,240**	31,310	**284,855**	261,570
Non-impaired	**–**	–	**1,690**	2,335
Impaired	**–**	–	**1,714**	2,332
Past due loans	**–**	–	**3,404**	4,667
Impaired but not past due	**–**	–	**1,457**	1,003
Gross loans	**23,240**	31,310	**289,716**	267,240
Allowances				
Impaired loans	**–**	–	**(1,535)**	(1,812)
Non-impaired loans	**(6)**	(3)	**(1,900)**	(1,890)
Net loans	**23,234**	31,307	**286,281**	263,538

Past Due Loans

Analysis of past due loans by industry and geography are as follows:

	Bank loans		Non-bank loans	
$ million	2021	2020	2021	2020
By industry				
Agriculture, mining and quarrying	**–**	–	**168**	102
Manufacturing	**–**	–	**767**	808
Building and construction	**–**	–	**330**	444
General commerce	**–**	–	**669**	907
Transport, storage and communication	**–**	–	**313**	1,163
Financial institutions, investment and holding companies	**–**	–	**56**	149
Professionals and individuals (include housing loans)	**–**	–	**963**	953
Others	**–**	–	**138**	141
	–	–	**3,404**	4,667
By geography				
Singapore	**–**	–	**625**	1,383
Malaysia	**–**	–	**576**	672
Indonesia	**–**	–	**1,829**	2,043
Greater China	**–**	–	**280**	346
Rest of the World	**–**	–	**94**	223
	–	–	**3,404**	4,667

Notes to the Financial Statements

For the financial year ended 31 December 2021

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	2021	2020
Past due		
Less than 30 days	**1,188**	1,697
30 to 90 days	**224**	311
Over 90 days	**278**	327
Past due but not impaired	**1,690**	2,335

Collateral and Other Credit Enhancements Obtained

Assets amounting to $116 million (2020: $18 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 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 $669 million (2020: $805 million), or approximately +11.4% (2020: +13.5%) of reported net interest income. The corresponding impact from a 100 bp decrease in interest rates is an estimated reduction of $669 million (2020: $805 million) in net interest income, or approximately -11.4% (2020: -13.5%) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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
2021						
Cash and placements with central banks	**15,799**	**5,132**	**1,420**	**773**	**4,795**	**27,919**
Placements with and loans to banks	**472**	**15,090**	**529**	**570**	**6,573**	**23,234**
Loans to customers	**101,047**	**72,414**	**19,537**	**34,595**	**58,688**	**286,281**
Securities [1]	**14,841**	**20,839**	**6,911**	**2,441**	**26,254**	**71,286**
Derivative receivables	**2,828**	**3,965**	**164**	**625**	**1,685**	**9,267**
Other assets	**1,383**	**3,600**	**416**	**325**	**610**	**6,334**
Amounts due from associates	**–**	**–**	**–**	**#**	**40**	**40**
Financial assets	**136,370**	**121,040**	**28,977**	**39,329**	**98,645**	**424,361**
Deposits of non-bank customers	**133,157**	**109,842**	**22,603**	**23,381**	**53,412**	**342,395**
Deposits and balances of banks	**733**	**4,358**	**252**	**389**	**2,507**	**8,239**
Trading portfolio liabilities	**392**	**–**	**–**	**#**	**1**	**393**
Derivative payables	**2,499**	**4,167**	**169**	**614**	**1,621**	**9,070**
Other liabilities [2]	**2,790**	**2,506**	**688**	**625**	**908**	**7,517**
Debt issued	**1**	**13,038**	**84**	**–**	**6,992**	**20,115**
Financial liabilities	**139,572**	**133,911**	**23,796**	**25,009**	**65,441**	**387,729**
Net financial assets/(liabilities) exposure [3]	**(3,202)**	**(12,871)**	**5,181**	**14,320**	**33,204**	
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	

(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.

	2021			2020		
$ 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	**7,234**	**–**	**7,234**	7,217	–	7,217
Chinese Renminbi	**8,182**	**–**	**8,182**	6,495	–	6,495
US Dollar	**4,024**	**3,185**	**839**	3,584	3,115	469
Others	**7,968**	**117**	**7,851**	7,836	50	7,786
Total	**27,408**	**3,302**	**24,106**	25,132	3,165	21,967

Net Investment Hedges

The amounts relating to items designated as hedging instruments were as follows.

		Carrying amount	
$ million	Nominal amount	Assets	Liabilities
2021			
Foreign exchange derivatives	**3,642**	**49**	**180**
2020			
Foreign exchange derivatives	3,345	161	20

The total change in fair value of the hedging instruments during the year was a loss of $67 million (2020: gain of $125 million) and the change in value of the hedging instruments recognised in OCI was a loss of $67 million (2020: gain of $125 million). There was no gain or loss recognised in other income arising from hedge ineffectiveness in 2021 (2020: nil).

Notes to the Financial Statements
For the financial year ended 31 December 2021

38. Risk Management (continued)
38.3 Market Risk and Asset Liability Management (continued)
Liquidity Risk

Liquidity risk is the risk arising from the inability to meet financial and cash outflow obligations as they fall due without incurring unacceptable costs or losses through fundraising and asset liquidation.

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 reporting 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
2021								
Cash and placements with central banks	**13,629**	**2,436**	**6,643**	**–**	**–**	**–**	**5,211**	**27,919**
Placements with and loans to banks	**5,773**	**2,918**	**4,102**	**10,381**	**60**	**#**	**–**	**23,234**
Loans to customers	**24,494**	**37,225**	**21,463**	**32,106**	**57,751**	**113,242**	**–**	**286,281**
Securities [(1)]	**64**	**2,303**	**4,421**	**14,242**	**22,993**	**21,293**	**5,970**	**71,286**
Derivative receivables	**8,922**	**6**	**99**	**30**	**120**	**90**	**–**	**9,267**
Other assets [(2)]	**3,336**	**972**	**721**	**542**	**64**	**102**	**877**	**6,614**
Associates	**1**	**–**	**4**	**35**	**–**	**#**	**6,130**	**6,170**
Property, plant and equipment and investment property [(3)]	**1**	**8**	**1**	**1**	**–**	**–**	**3,627**	**3,638**
Goodwill and other intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**4,773**	**4,773**
Total	**56,220**	**45,868**	**37,454**	**57,337**	**80,988**	**134,727**	**26,588**	**439,182**
Total life insurance fund assets								**103,005**
Total assets								**542,187**
Deposits of non-bank customers	**229,550**	**30,704**	**41,873**	**37,392**	**1,907**	**969**	**–**	**342,395**
Deposits and balances of banks	**5,362**	**1,593**	**1,075**	**154**	**–**	**55**	**–**	**8,239**
Trading portfolio liabilities	**–**	**–**	**392**	**–**	**–**	**–**	**1**	**393**
Derivative payables	**8,670**	**1**	**1**	**84**	**145**	**169**	**–**	**9,070**
Other liabilities [(4)]	**3,206**	**1,133**	**826**	**1,865**	**268**	**219**	**1,083**	**8,600**
Debt issued	**782**	**1,511**	**4,488**	**5,805**	**4,759**	**2,770**	**–**	**20,115**
Total	**247,570**	**34,942**	**48,655**	**45,300**	**7,079**	**4,182**	**1,084**	**388,812**
Total life insurance fund liabilities								**99,037**
Total liabilities								**487,849**
Net liquidity gap	**(191,350)**	**10,926**	**(11,201)**	**12,037**	**73,909**	**130,545**		

(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
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 other 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.*

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. The cash flows of assets and liabilities may be different from their contractual terms.

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 44. 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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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
2021							
Deposits of non-bank customers [1]	**229,563**	**30,765**	**41,946**	**37,567**	**2,022**	**1,020**	**342,883**
Deposits and balances of banks [1]	**5,364**	**1,594**	**1,076**	**154**	**–**	**55**	**8,243**
Trading portfolio liabilities	**–**	**–**	**393**	**–**	**–**	**–**	**393**
Other liabilities [2]	**3,177**	**1,048**	**749**	**1,039**	**226**	**171**	**6,410**
Debt issued	**783**	**1,512**	**4,508**	**5,910**	**4,910**	**2,966**	**20,589**
Derivatives							
Trading	**8,726**	**–**	**–**	**–**	**–**	**–**	**8,726**
Hedging – Net settled	**#**	**2**	**3**	**17**	**35**	**20**	**77**
Hedging – Gross settled							
Outflow	**5**	**85**	**912**	**1,909**	**1,747**	**916**	**5,574**
Inflow	**(1)**	**(84)**	**(960)**	**(1,829)**	**(1,610)**	**(837)**	**(5,321)**
	247,617	**34,922**	**48,627**	**44,767**	**7,330**	**4,311**	**387,574**
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

(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) and Senior Management of GEH Group for the execution of these initiatives. 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 including sustainability performance 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 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 in delivering 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 policy for the investment of the funds 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 requirements 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 asset, liability decisions and the associated risks in a coordinated way by assessing and monitoring the available and required capital (by each regulated entity) on a regular basis and, where appropriate, taking appropriate actions to adjust the asset liability 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. 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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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), property and casualty, investment saving protection and wealth accumulation guarantees.

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 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 distribution of the various life insurance risk as at the reporting date.

	Gross			Reinsurance			
$ million	With DPF [1]	Without DPF	Total	With DPF	Without DPF	Total	Net total
(a) By class of business							
2021							
Whole life	**41,215**	**11,084**	**52,299**	**11**	**(27)**	**(16)**	**52,283**
Endowment	**21,963**	**9,549**	**31,512**	**#**	**(125)**	**(125)**	**31,387**
Term	**#**	**732**	**732**	**(#)**	**(165)**	**(165)**	**567**
Accident and health	**2**	**548**	**550**	**–**	**(133)**	**(133)**	**417**
Annuity	**26**	**444**	**470**	**–**	**–**	**–**	**470**
Others	**128**	**1,268**	**1,396**	**(1)**	**(33)**	**(34)**	**1,362**
Total	**63,334**	**23,625**	**86,959**	**10**	**(483)**	**(473)**	**86,486**
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
(b) By country							
2021							
Singapore	**47,300**	**16,581**	**63,881**	**17**	**(311)**	**(294)**	**63,587**
Malaysia	**15,676**	**6,366**	**22,042**	**(7)**	**(168)**	**(175)**	**21,867**
Others	**358**	**678**	**1,036**	**(#)**	**(4)**	**(4)**	**1,032**
Total	**63,334**	**23,625**	**86,959**	**10**	**(483)**	**(473)**	**86,486**
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

(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 statement 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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	2021			2020		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
Scenario 1	**(754)**	**362**	**(392)**	(622)	282	(340)
Scenario 2	**526**	**(246)**	**280**	434	(196)	238
Scenario 3	**(257)**	**141**	**(116)**	(328)	201	(127)
Scenario 4	**150**	**(45)**	**105**	204	(89)	115
Scenario 5	**92**	**(17)**	**75**	108	(17)	91
Scenario 6	**(130)**	**30**	**(100)**	(147)	26	(121)
Scenario 7	**(48)**	**3**	**(45)**	(44)	6	(38)

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

	2021			2020		
$ million	Gross impact	Reinsurance ceded	Net impact	Gross impact	Reinsurance ceded	Net impact
Scenario 1	**(133)**	**–**	**(133)**	(131)	7	(124)
Scenario 2	**120**	**–**	**120**	117	(7)	110
Scenario 3	**(23)**	**–**	**(23)**	(19)	1	(18)
Scenario 4	**20**	**–**	**20**	17	(1)	16
Scenario 5	**(24)**	**–**	**(24)**	(1)	(#)	(1)
Scenario 6	**58**	**–**	**58**	5	#	5
Scenario 7	**(35)**	**–**	**(35)**	(32)	–	(32)

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.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Insurance Risk (continued)

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 a 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.

Table 38.4(C1):

The table below sets out the distribution of the various categories of the non-life insurance risk as at the reporting date.

	2021			2020		
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	**39**	**(16)**	**23**	32	(14)	18
Motor	**36**	**(2)**	**34**	38	(4)	34
Marine and aviation	**8**	**(4)**	**4**	12	(7)	5
Workmen's compensation	**18**	**(6)**	**12**	22	(7)	15
Personal accident and health	**23**	**(2)**	**21**	23	(2)	21
Miscellaneous	**65**	**(44)**	**21**	62	(39)	23
Total	**189**	**(74)**	**115**	189	(73)	116
(b) By country						
Singapore	**99**	**(47)**	**52**	98	(44)	54
Malaysia	**71**	**(19)**	**52**	74	(23)	51
Indonesia	**19**	**(8)**	**11**	17	(6)	11
Total	**189**	**(74)**	**115**	189	(73)	116

	2021			2020		
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	**128**	**(105)**	**23**	55	(37)	18
Motor	**54**	**(6)**	**48**	52	(7)	45
Marine and aviation	**28**	**(21)**	**7**	34	(25)	9
Workmen's compensation	**34**	**(13)**	**21**	27	(10)	17
Personal accident and health	**25**	**(5)**	**20**	23	(3)	20
Miscellaneous	**222**	**(190)**	**32**	160	(124)	36
Total	**491**	**(340)**	**151**	351	(206)	145
(b) By country						
Singapore	**175**	**(113)**	**62**	191	(137)	54
Malaysia	**289**	**(216)**	**73**	128	(55)	73
Indonesia	**27**	**(11)**	**16**	32	(14)	18
Total	**491**	**(340)**	**151**	351	(206)	145

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 reporting date, together with cumulative payments to date.

(i) Gross non-life insurance contract liabilities for 2021

$ million	2014	2015	2016	2017	2018	2019	2020	2021	Total
(a) Estimate of cumulative claims									
Accident Year	126	165	177	168	162	233	287	273	
One year later	118	161	177	165	171	234	245	–	
Two years later	115	133	172	199	161	234	–	–	
Three years later	111	139	210	204	256	–	–	–	
Four years later	106	177	208	205	–	–	–	–	
Five years later	140	177	207	–	–	–	–	–	
Six years later	139	173	–	–	–	–	–	–	
Seven years later	138	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**138**	**173**	**207**	**205**	**256**	**234**	**245**	**273**	
(b) Cumulative payments	**136**	**166**	**198**	**182**	**140**	**188**	**178**	**60**	
(c) Non-life gross claim liabilities	**2**	**7**	**9**	**23**	**116**	**46**	**67**	**213**	**483**
Reserve for prior years									**8**
Non-life insurance contract liabilities, gross									**491**

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 2021

$ million	2014	2015	2016	2017	2018	2019	2020	2021	Total
(a) Estimate of cumulative claims									
Accident Year	80	82	90	92	105	131	118	116	
One year later	76	78	84	91	119	121	100	–	
Two years later	75	74	82	126	116	120	–	–	
Three years later	74	71	106	125	116	–	–	–	
Four years later	71	94	105	124	–	–	–	–	
Five years later	93	94	105	–	–	–	–	–	
Six years later	92	92	–	–	–	–	–	–	
Seven years later	92	–	–	–	–	–	–	–	
Current estimate of cumulative claims	**92**	**92**	**105**	**124**	**116**	**120**	**100**	**116**	
(b) Cumulative payments	**91**	**89**	**100**	**114**	**104**	**103**	**77**	**44**	
(c) Non-life net claim liabilities	**1**	**3**	**5**	**10**	**12**	**17**	**23**	**72**	**143**
Reserve for prior years									**8**
Non-life insurance contract liabilities, net									**151**

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.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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
2021					
Provision for adverse deviation margin	**+20%**	**11**	**4**	**(4)**	**(3)**
Loss ratio (for latest year)	**+20%**	**67**	**37**	**(37)**	**(29)**
Claims handling expenses	**+20%**	**2**	**2**	**(2)**	**(1)**
2020					
Provision for adverse deviation margin	+20%	8	4	(4)	(3)
Loss ratio (for latest year)	+20%	78	37	(37)	(30)
Claims handling expenses	+20%	2	2	(2)	(1)

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 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 economic losses when interest rates drop as the duration of policy liabilities is generally longer than the duration of fixed income assets.

Under Singapore regulations governed by the MAS, the discount 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 leading to higher discounted liabilities.

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 Malaysia regulations governed by BNM, liability cash flows with durations less than 15 years are discounted using the spot yield of Malaysia Government Securities (MGS) with matching durations, while liability cash flows with durations of 15 years or more are discounted using the 15 year MGS spot yield. As a result, the Malaysia non-participating fund could have losses when the MGS spot yield decreases.

Managing Interest Rate Benchmark Reform

i) Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBOR) with alternative nearly risk-free rates (referred to as IBOR reform). GEH Group has moderate exposure to IBORs on its financial instruments that will be reformed as part of this market-wide initiative. It was initially expected that most reforms affecting GEH Group will be completed by the end of 2021. However, the transition deadline for USD LIBOR has been extended to end June 2023, hence some instruments referencing this rate may not be transited until this date.

GEH Group anticipates that IBOR reform will have moderate operational, risk management and accounting impacts across all of its business lines. The main risks to which GEH Group is exposed as a result of IBOR reform are operational. For example, the bilateral renegotiation with private debt issuers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

GEH Group established a cross-functional IBOR Working Group to manage its transition to alternative rates. The objectives of the IBOR Working Group include evaluating the extent to which fixed income holdings, derivatives and liabilities reference IBOR cash flows, whether such contracts need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

ii) Non-Derivative Financial Assets

GEH Group's IBOR exposures on bonds/ FRNs holdings include SGD Swap Offer Rate (SOR), USD LIBOR, EUR LIBOR and GBP LIBOR primarily at Great Eastern Life Singapore (GELS). GEH Group also has corporate loans holdings indexed to SOR.

The alternative reference for SOR is the Singapore Overnight Rate Average (SORA); for USD LIBOR is the Secured Overnight Financial Rate (SOFR); for EUR LIBOR is the Euro Short-Term Rate (ESTR). Changes to the contractual terms of financial assets indexed to SOR, EUR LIBOR and GBP LIBOR to incorporate new benchmark rates are not yet complete as at 31 December 2021. The transition deadline for USD LIBOR has been extended to end June 2023, hence some instruments referencing this rate may not be transited until this date.

GEH Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. GEH Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an unreformed contract).

The following table shows the total amounts of unreformed non-derivative financial assets as at 31 December 2021. The amounts of trading assets and investment securities are shown at their carrying amounts.

$ million	SOR	USD LIBOR	Other	Total
Gross carrying amount				
Debt securities	**995**	**1,380**	**276**	**2,651**
Corporate loan	**189**	**–**	**–**	**189**

iii) Non-Derivative Financial Liabilities

GEH Group does not have any floating-rate liabilities which would be impacted by the IBOR reform.

Notes to the Financial Statements
For the financial year ended 31 December 2021

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)
Managing Interest Rate Benchmark Reform (continued)
iv) Derivatives and Hedge Accounting
GEH Group holds derivatives for risk management and efficient portfolio management purposes, and are not designated in hedging relationships. The instruments used principally include interest rate, cross-currency, and total return swaps, which have floating legs that are indexed to various IBORs. Typically, derivative transactions that reference interest rate benchmarks incorporate standard terms such as the 2006 ISDA Definitions published by ISDA. ISDA has reviewed such definitions in light of IBOR reform and issued an IBOR fallback protocol on 23 October 2020 and a supplement to amend the 2006 ISDA Definitions effective 25 January 2021. This sets out how the amendments to new alternative benchmark rates (e.g. SORA, SOFR) in the 2006 ISDA Definitions will be accomplished. The effect of the supplement is to create fallback provisions in derivatives that describe what floating rates will apply on the permanent discontinuation of certain key IBORs or on ISDA declaring a non-representative determination of an IBOR. GEH Group has adhered to the protocol to implement the fallbacks to derivative contracts that were entered into before the effective date of the supplement, where the existing derivative counterparties have also adhered to the protocol. All new derivative contracts entered into on or after the effective date of the supplement that reference the 2006 ISDA Definitions will also include the fallback.

The following table shows the total amounts of unreformed derivative instruments as at 31 December 2021. For cross-currency swaps, GEH Group used the notional amount of the receive leg of the swap. GEH Group expects both legs of cross-currency swaps to be reformed simultaneously.

$ million	SOR	USD LIBOR	Total
Notional amount			
Derivatives	**330**	**21**	**351**

(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.

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(b) Foreign Exchange Risk (continued)

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
2021					
Financial assets at FVOCI					
Equity securities	**479**	**251**	**259**	**1,213**	**2,202**
Debt securities	**2,020**	**1,077**	**3,645**	**751**	**7,493**
Financial assets at FVTPL					
Equity securities	**1,118**	**7,123**	**1,015**	**4,420**	**13,676**
Debt securities	**18,220**	**15,034**	**13,894**	**5,016**	**52,164**
Other investments	**7,502**	**236**	**6,850**	**2,097**	**16,685**
Financial assets at amortised cost					
Debt securities	**–**	**–**	**242**	**–**	**242**
Derivative financial assets	**333**	**1**	**17**	**19**	**370**
Loans	**323**	**250**	**–**	**19**	**592**
Reinsurers' share of insurance contract liabilities	**343**	**410**	**120**	**14**	**887**
Insurance receivables	**1,030**	**2,267**	**3**	**36**	**3,336**
Other debtors	**364**	**231**	**208**	**43**	**846**
Cash and cash equivalents	**6,429**	**1,630**	**668**	**391**	**9,118**
Financial and insurance-related assets	**38,161**	**28,510**	**26,921**	**14,019**	**107,611**
Other creditors	**1,328**	**397**	**57**	**29**	**1,811**
Insurance payables	**2,172**	**4,433**	**2**	**14**	**6,621**
Derivative financial liabilities	**12**	**1**	**51**	**47**	**111**
Provision for agents' retirement benefits	**#**	**291**	**–**	**–**	**291**
Insurance contract liabilities	**61,296**	**22,402**	**3,267**	**674**	**87,639**
Financial and insurance-related liabilities	**64,808**	**27,524**	**3,377**	**764**	**96,473**
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)]	1,291	7,768	1,402	3,179	13,640
Debt securities	17,952	14,873	11,504	5,793	50,122
Other investments [(1)]	5,943	151	5,728	2,077	13,899
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	22,551	13,139	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

(1) *Comparatives have been reclassified to conform to current year's presentation.*

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(c) Equity Price Risk

Exposure to equity price risk exists in investment assets 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. 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 exposure to commodity risk.

(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 surrender of insurance policies due to 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 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 flows, except for insurance contract liabilities which are presented based on discounted cash outflows resulting from recognised liabilities.

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
2021					
Financial assets at FVOCI					
Equity securities	**–**	**–**	**–**	**2,202**	**2,202**
Debt securities	**497**	**2,668**	**6,889**	**–**	**10,054**
Financial assets at FVTPL					
Equity securities	**–**	**–**	**–**	**13,676**	**13,676**
Debt securities	**3,937**	**17,427**	**44,443**	**2,882**	**68,689**
Other investments	**–**	**–**	**–**	**16,685**	**16,685**
Financial assets at amortised cost					
Debt securities	**12**	**47**	**441**	**–**	**500**
Derivative financial assets	**221**	**149**	**–**	**–**	**370**
Loans	**212**	**333**	**125**	**–**	**670**
Reinsurers' share of insurance contract liabilities	**548**	**258**	**81**	**–**	**887**
Insurance receivables	**611**	**348**	**1**	**2,376**	**3,336**
Other debtors	**845**	**1**	**–**	**#**	**846**
Cash and cash equivalents	**9,118**	**–**	**–**	**–**	**9,118**
Financial and insurance-related assets	**16,001**	**21,231**	**51,980**	**37,821**	**127,033**
Other creditors	**1,809**	**2**	**#**	**–**	**1,811**
Insurance payables	**6,614**	**7**	**–**	**–**	**6,621**
Derivative financial liabilities	**74**	**37**	**–**	**–**	**111**
Provision for agents' retirement benefits	**134**	**58**	**99**	**–**	**291**
Insurance contract liabilities	**16,024**	**20,018**	**51,590**	**7**	**87,639**
Financial and insurance-related liabilities	**24,655**	**20,122**	**51,689**	**7**	**96,473**
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 [(1)]	–	–	–	13,640	13,640
Debt securities	3,460	14,738	44,211	1,852	64,261
Other investments [(1)]	–	–	–	13,899	13,899
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

(1) *Comparatives have been reclassified to conform to current year's presentation.*

Notes to the Financial Statements

For the financial year ended 31 December 2021

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
2021				
Cash and cash equivalents	**8,606**	**–**	**512**	**9,118**
Other debtors	**815**	**39**	**50**	**904**
Insurance receivables	**1,822**	**1,498**	**16**	**3,336**
Reinsurers' share of insurance contract liabilities	**538**	**333**	**16**	**887**
Loans	**194**	**398**	**–**	**592**
Derivative financial assets	**212**	**149**	**9**	**370**
Investments	**11,616**	**71,825**	**9,021**	**92,462**
Associates	**–**	**95**	**–**	**95**
Intangible assets	**35**	**160**	**–**	**195**
Property, plant and equipment	**67**	**480**	**–**	**547**
Investment properties	**–**	**1,884**	**–**	**1,884**
Assets	**23,905**	**76,861**	**9,624**	**110,390**
Insurance payables	**6,594**	**7**	**20**	**6,621**
Other creditors	**1,780**	**76**	**69**	**1,925**
Derivative financial liabilities	**70**	**36**	**5**	**111**
Income tax payable	**329**	**–**	**–**	**329**
Provision for agents' retirement benefits	**22**	**264**	**5**	**291**
Deferred tax	**59**	**2,513**	**7**	**2,579**
Insurance contract liabilities	**6,512**	**72,193**	**9,693**	**88,398**
Liabilities	**15,366**	**75,089**	**9,799**	**100,254**
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

(1) ** represents expected recovery or settlement within 12 months from the reporting 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 and counterparty according to their investment credit rating which are actively monitored to manage the credit and concentration risk, and are 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 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 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:

		2021		2020	
$ million	Type of collateral	Carrying amount	Fair value	Carrying amount	Fair value
Policy loans	Cash value of policies	**2,356**	**5,115**	2,387	5,024
Secured loans	Properties	**395**	**812**	643	1,217
Secured loans	Others	**#**	**1**	1	1
Derivatives	Cash	**98**	**98**	–	–
		2,849	**6,026**	3,031	6,242

There were no securities lending arrangements as at 31 December 2021 (2020: nil).

As at the reporting date, no investments (2020: nil) were placed as collateral for currency hedging purposes.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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
2021				
Loans at amortised cost				
Investment grade* (BBB to AAA)	**479**	**122**	**–**	**601**
Not rated	**2**	**–**	**2**	**4**
	481	**122**	**2**	**605**
Loss allowance	**(1)**	**(10)**	**(2)**	**(13)**
Carrying amount	**480**	**112**	**–**	**592**
Debt securities at amortised cost				
Investment grade* (BBB to AAA)	**244**	**–**	**–**	**244**
Loss allowance	**(2)**	**–**	**–**	**(2)**
Carrying amount	**242**	**–**	**–**	**242**
Debt securities at FVOCI				
Investment grade* (BBB to AAA)	**6,067**	**56**	**–**	**6,123**
Non investment grade* (C to BB)	**–**	**10**	**3**	**13**
Not rated	**1,357**	**–**	**–**	**1,357**
	7,424	**66**	**3**	**7,493**
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

(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
2021						
Financial assets at FVOCI						
Equity securities	**–**	**–**	**–**	**–**	**2,202**	**2,202**
Financial assets at FVTPL						
Equity securities	**–**	**–**	**–**	**3,664**	**10,012**	**13,676**
Debt securities	**43,171**	**2,276**	**5,141**	**1,576**	**–**	**52,164**
Other investments	**–**	**–**	**–**	**3,781**	**12,904**	**16,685**
Derivative financial assets	**350**	**–**	**11**	**9**	**–**	**370**
Reinsurers' share of insurance contract liabilities	**–**	**–**	**870**	**17**	**–**	**887**
Insurance receivables	**620**	**–**	**2,700**	**16**	**–**	**3,336**
Other debtors	**6**	**1**	**792**	**47**	**–**	**846**
Cash and cash equivalents	**8,491**	**–**	**116**	**511**	**–**	**9,118**
	52,638	**2,277**	**9,630**	**9,621**	**25,118**	**99,284**
2020						
Financial assets at FVOCI						
Equity securities	–	–	–	–	2,022	2,022
Financial assets at FVTPL						
Equity securities [(2)]	–	–	–	3,305	10,335	13,640
Debt securities	40,846	2,024	5,645	1,607	–	50,122
Other investments [(2)]	–	–	–	3,404	10,495	13,899
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

(1) ** Based on internal ratings grades which are equivalent to grades of external rating agencies.*

(2) *Comparatives have been reclassified to conform to current year's presentation.*

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 provisioning is the setting of allowance 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 factors that 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 relatively lower credit risk if it is of investment grade quality, 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 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, 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 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). 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, and based on such information 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 2021, 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 2021.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 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 January 2021	**1.4**	**3.5**	**42.3**	**47.2**
Net remeasurement of loss allowance	**0.3**	**0.8**	**(4.0)**	**(2.9)**
New financial assets purchased	**0.1**	**–**	**–**	**0.1**
Financial assets that have been derecognised	**(0.3)**	**–**	**–**	**(0.3)**
Write-offs	**–**	**–**	**(36.0)**	**(36.0)**
Changes in models/risk parameters	**(0.6)**	**5.2**	**–**	**4.6**
At 31 December 2021	**0.9**	**9.5**	**2.3**	**12.7**
Debt securities at amortised cost				
At 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 January 2021	**1.3**	**–**	**–**	**1.3**
Net remeasurement of loss allowance	**(0.4)**	**–**	**–**	**(0.4)**
New financial assets purchased	**0.3**	**–**	**–**	**0.3**
Changes in models/risk parameters	**0.5**	**–**	**–**	**0.5**
At 31 December 2021	**1.7**	**–**	**–**	**1.7**
Debt securities at FVOCI				
At 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 2020/1 January 2021	**10.8**	**1.2**	**2.8**	**14.8**
Transfer to 12-month ECL	**(0.2)**	**0.2**	**–**	**–**
Increase in losses due to transfer	**–**	**1.0**	**–**	**1.0**
Net remeasurement of loss allowance	**(0.4)**	**–**	**–**	**(0.4)**
New financial assets purchased	**2.7**	**–**	**–**	**2.7**
Financial assets that have been derecognised	**(2.5)**	**(0.1)**	**–**	**(2.6)**
Changes in models/risk parameters	**(3.2)**	**2.1**	**–**	**(1.1)**
At 31 December 2021	**7.2**	**4.4**	**2.8**	**14.4**
Increase/(decrease) in provision for impairment of financial assets for the year				
31 December 2021	**(3.7)**	**9.2**	**(4.0)**	**1.5**
31 December 2020	6.3	(1.5)	–	4.8

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(h) Credit Risk (continued)

Loss Allowance (continued)

The carrying amount of outstanding premiums as at 31 December 2021 is $663.3 million (2020: $563.7 million). The ECL relating to outstanding premiums as at 31 December 2021 was $8.0 million (2020: $8.5 million) for GEH Group. The changes in credit loss recognised in the income statement during the year was $0.5 million (2020: $4.2 million).

The changes in risk parameters may consist of management overlays, including but not limited to, the application of judgement to:

i) key economic variables including GDP growth projections;
ii) scenario weightings;
iii) obligor's credit rating to reflect a deterioration to credit risk;
iv) take into consideration government relief programmes; or
v) events arisen after post-model-run that require adjustment.

Loss allowances are reviewed quarterly, taking into consideration the adequacy of key variables.

(i) 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

38. Risk Management (continued)

38.4 Insurance-Related Risk Management (continued)

Market and Credit Risk (continued)

(j) 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 variables, with all other variables constant. Co-movement of key variables 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	2021	2020	2021	2020
Change in variables:				
(a) Interest rate [2]				
+50 basis points	**50.8**	105.7	**(192.6)**	(120.1)
–50 basis points	**(117.5)**	(179.8)	**144.7**	63.8
(b) Foreign currency				
5% increase in market value of MYR denominated assets	**0.1**	0.1	**0.1**	0.1
5% decrease in market value of MYR denominated assets	**(0.1)**	(0.1)	**(0.1)**	(0.1)
5% increase in market value of USD denominated assets	**0.7**	(0.1)	**0.7**	(0.1)
5% decrease in market value of USD denominated assets	**(0.7)**	0.1	**(0.7)**	0.1
(c) Equity [2]				
20% increase in market indices				
STI	**51.3**	49.4	**129.9**	113.6
KLCI	**–**	0.1	**34.6**	40.9
20% decrease in market indices				
STI	**(51.3)**	(49.4)	**(129.9)**	(113.6)
KLCI	**–**	(0.1)	**(34.6)**	(40.9)
(d) Credit [2]				
Spread +100 basis points	**(165.2)**	(112.0)	**(487.3)**	(436.8)
Spread –100 basis points	**208.4**	140.4	**583.6**	520.0
(e) Alternative investments [1] [2]				
10% increase in market value of all alternative investments	**72.1**	74.2	**73.9**	76.0
10% decrease in market value of all alternative investments	**(72.1)**	(74.2)	**(73.9)**	(76.0)

(1) *Alternative investments comprise investments in real estate, private equity, infrastructure and hedge funds.*
(2) *Comparatives have been reclassified to conform to current year's presentation.*

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)

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

39. Financial Assets and Financial Liabilities Classification

	GROUP					
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Insurance contracts	Total
2021						
Cash and placements with central banks	–	–	27,919	–	–	27,919
Singapore government treasury bills and securities	1,230	–	–	9,882	–	11,112
Other government treasury bills and securities	2,692	10	347	23,110	–	26,159
Placements with and loans to banks	758	–	17,595	7,109	–	25,462
Loans to customers	47	–	286,232	2	–	286,281
Debt securities	4,084	22	331	23,608	–	28,045
Equity securities and investment funds	4,596	–	–	1,374	–	5,970
Debt and equity securities	8,680	22	331	24,982	–	34,015
Derivative receivables	9,267	–	–	–	–	9,267
Other assets	–	–	5,270	–	467	5,737
Amounts due from associates	–	–	40	–	–	40
Financial assets	22,674	32	337,734	65,085	467	425,992
Non-financial assets						16,099
						442,091
Life insurance fund financial assets	34,381	46,544	11,262	5,995	–	98,182
Life insurance fund non-financial assets						1,914
Total assets						542,187
Deposits of non-bank customers	–	–	342,395	–	–	342,395
Deposits and balances of banks	–	–	8,239	–	–	8,239
Trading portfolio liabilities	393	–	–	–	–	393
Derivative payables	9,070	–	–	–	–	9,070
Other liabilities [(1)]	–	–	6,089	–	788	6,877
Debt issued	–	1,092	19,023	–	–	20,115
Financial liabilities	9,463	1,092	375,746	–	788	387,089
Non-financial liabilities						4,454
						391,543
Life insurance fund financial liabilities	109	–	8,595	–	86,966	95,670
Life insurance fund non-financial liabilities						636
Total liabilities						487,849

(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
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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

39. Financial Assets and Financial Liabilities Classification (continued)

	BANK				
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
2021					
Cash and placements with central banks	–	–	22,863	–	22,863
Singapore government treasury bills and securities	1,130	–	–	8,976	10,106
Other government treasury bills and securities	1,671	–	347	7,692	9,710
Placements with and loans to banks	758	–	11,639	5,119	17,516
Loans to customers	47	–	189,354	–	189,401
Debt securities	3,369	–	331	13,063	16,763
Equity securities and investment funds	3,142	–	–	126	3,268
Debt and equity securities	6,511	–	331	13,189	20,031
Placements with and advances to subsidiaries	–	–	21,930	–	21,930
Derivative receivables	7,812	–	–	–	7,812
Other assets	–	–	2,059	–	2,059
Amounts due from associates	–	–	40	–	40
Financial assets	17,929	–	248,563	34,976	301,468
Non-financial assets					20,754
Total assets					322,222
Deposits of non-bank customers	–	–	221,213	–	221,213
Deposits and balances of banks	–	–	6,708	–	6,708
Deposits and balances of subsidiaries	–	–	28,250	–	28,250
Trading portfolio liabilities	393	–	–	–	393
Derivative payables	7,656	–	–	–	7,656
Other liabilities [1]	–	–	1,769	–	1,769
Debt issued	–	1,092	18,565	–	19,657
Financial liabilities	8,049	1,092	276,505	–	285,646
Non-financial liabilities					979
Total liabilities					286,625

(1) *Other liabilities include amounts due to associates.*

39. Financial Assets and Financial Liabilities Classification (continued)

$ million	BANK 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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

40. Interest Rate Benchmark Reform
London Interbank Offered Rate (LIBOR), a key benchmark used in international financial markets is being replaced by Risk Free Rates (RFRs). On 5 March 2021, the Financial Conduct Authority (FCA) confirmed a two-phase discontinuation approach for LIBOR. Specifically, all British pound, Euro, Swiss franc, Japanese yen LIBORs, and the 1-week and 2-month US dollar LIBORs were discontinued after 31 December 2021. All remaining US dollar LIBORs will discontinue after 30 June 2023.

The expected discontinuation of LIBOR directly impacts the viability of the Singapore Dollar Swap Offer Rate (SOR), which relies on US dollar LIBOR in its computation. Singapore Interbank Offered Rate (SIBOR), a key benchmark widely used in retail loans, is similarly disadvantaged by the continued reliance on expert judgement and lack of underlying transactions. The Singapore Overnight Rate Average (SORA) has been identified as the alternative benchmark to SOR and SIBOR. MAS has established an industry-led Steering Committee for SOR and SIBOR Transition to SORA (SC-STS) to oversee the coordination and implementation of the transition efforts.

With a view to ensure a smooth transition from LIBOR to Risk Free Rates (RFR) and from SOR and SIBOR to SORA, the Group established an internal Steering Committee to coordinate the efforts across various business, control, and support functions. Clear timelines and deliverables were established, keeping pace with the industry transition roadmaps and regulatory timelines.

To ensure infrastructure and process readiness, the Group has implemented the necessary system upgrades and modifications. The Group 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. All contracts impacted by the discontinuation of non-USD LIBORs and the 1-week and 2-month US dollar LIBORs have been remediated or have adequate fallbacks. With regards to SOR and SIBOR transition, the Group expect to achieve full remediation of retail loans and transit a majority of corporate loans and derivatives by end 2022. Appropriate adjustments will be made to reflect the differences between SOR and SORA.

Hedge Accounting
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 2021, the notional amount of hedging instruments referencing USD LIBOR is $9.43 billion (2020: $10.51 billion).

40. Interest Rate Benchmark Reform (continued)

Exposures Impacted by the IBOR Reform

The following table shows the total amount of non-derivative financial assets, non-derivative financial liabilities and derivative financial instruments that have yet to transition to an alternative benchmark rate as at 31 December 2021.

			GROUP		
$ million	SOR	USD LIBOR	SIBOR	Other LIBOR	Total
Gross carrying amount					
Loans to customers	**17,352**	**24,047**	**15,369**	**7,320**	**64,088**
Non-derivative financial asset	**17,352**	**24,047**	**15,369**	**7,320**	**64,088**
Gross carrying amount					
Deposits of non-bank customers	**–**	**2,621**	**–**	**–**	**2,621**
Deposits and balances of banks	**–**	**768**	**–**	**–**	**768**
Non-derivative financial liability	**–**	**3,389**	**–**	**–**	**3,389**
Notional amount					
Derivative financial instruments	**35,067**	**116,685**	**–**	**8,100**	**159,852**
Debt securities	**–**	**285**	**–**	**117**	**402**

			BANK		
$ million	SOR	USD LIBOR	SIBOR	Other LIBOR	Total
Gross carrying amount					
Loans to customers	**17,352**	**21,356**	**15,369**	**6,587**	**60,664**
Non-derivative financial asset	**17,352**	**21,356**	**15,369**	**6,587**	**60,664**
Gross carrying amount					
Deposits of non-bank customers	**–**	**2,621**	**–**	**–**	**2,621**
Deposits and balances of banks	**–**	**768**	**–**	**–**	**768**
Non-derivative financial liability	**–**	**3,389**	**–**	**–**	**3,389**
Notional amount					
Derivative financial instruments	**35,347**	**117,172**	**–**	**8,003**	**160,522**
Debt securities	**–**	**52**	**–**	**117**	**169**

The "Other LIBOR" balances contain positions that have the last interest fixing in 2021 based on GBP LIBOR, EUR LIBOR or JPY LIBOR. These non-USD LIBOR positions will be fixed using an alternative interest rate benchmark from the first interest fixing in 2022 onwards.

Notes to the Financial Statements

For the financial year ended 31 December 2021

41. Fair Values of Financial Instruments

41.1 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 Valuation Adjustments

Credit valuation adjustments are applied to account for the expected losses due to counterparty default on derivative positions.

Collateral Valuation Adjustments

Collateral valuation adjustments are applied when a derivative is denominated and discounted using a curve in the same currency but is collateralised in another currency.

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.

41. Fair Values of Financial Instruments (continued)

41.2 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.

41.3 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

41. Fair Values of Financial Instruments (continued)

41.3 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:

	2021				2020			
$ 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	**2,194**	**5,673**	**–**	**7,867**	3,088	10,012	–	13,100
Debt and equity securities	**24,813**	**7,699**	**1,172**	**33,684**	25,204	6,338	1,214	32,756
Loans to customers	**–**	**2**	**47**	**49**	–	–	89	89
Derivative receivables	**42**	**8,413**	**812**	**9,267**	73	15,048	102	15,223
Government treasury bills and securities	**30,834**	**6,090**	**–**	**36,924**	27,234	5,679	–	32,913
Life insurance fund investment securities and other assets	**60,879**	**23,489**	**2,552**	**86,920**	56,272	22,797	1,967	81,036
Total	**118,762**	**51,366**	**4,583**	**174,711**	111,871	59,874	3,372	175,117
Non-financial assets measured at fair value								
Life insurance fund investment properties	**–**	**–**	**1,884**	**1,884**	–	–	1,767	1,767
Associates	**–**	**–**	**95**	**95**	–	97	–	97
Total	**–**	**–**	**1,979**	**1,979**	–	97	1,767	1,864
Financial liabilities measured at fair value								
Derivative payables	**168**	**8,262**	**640**	**9,070**	117	15,330	69	15,516
Trading portfolio liabilities	**393**	**–**	**–**	**393**	339	–	–	339
Debt issued	**–**	**1,092**	**–**	**1,092**	–	1,006	–	1,006
Life insurance fund financial liabilities	**3**	**106**	**–**	**109**	2	262	–	264
Total	**564**	**9,460**	**640**	**10,664**	458	16,598	69	17,125
BANK								
Financial assets measured at fair value								
Placements with and loans to banks	**1,324**	**4,553**	**–**	**5,877**	2,538	7,582	–	10,120
Debt and equity securities	**13,828**	**5,376**	**496**	**19,700**	13,143	3,871	443	17,457
Loans to customers	**–**	**–**	**47**	**47**	–	–	84	84
Derivative receivables	**15**	**7,161**	**636**	**7,812**	9	13,411	98	13,518
Government treasury bills and securities	**14,693**	**4,776**	**–**	**19,469**	13,903	4,424	–	18,327
Total	**29,860**	**21,866**	**1,179**	**52,905**	29,593	29,288	625	59,506
Financial liabilities measured at fair value								
Derivative payables	**133**	**7,075**	**448**	**7,656**	68	13,645	55	13,768
Trading portfolio liabilities	**393**	**–**	**–**	**393**	339	–	–	339
Debt issued	**–**	**1,092**	**–**	**1,092**	–	1,006	–	1,006
Total	**526**	**8,167**	**448**	**9,141**	407	14,651	55	15,113

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.

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Valuation Techniques and Unobservable Inputs for Level 3 Instruments

GROUP $ million	Fair value at 31 December 2021	Classification	Valuation techniques	Unobservable inputs
Financial assets				
Equity securities	**1,172**	FVTPL/FVOCI	Net asset value/ Multiples/Discounted cash flows	Value of net asset/ Earnings and multiples/ Cash flows and discount rate
Loans to customers	**47**	FVTPL	Discounted cash flows	Cash flows and discount rate
Derivative receivables	**812**	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Long dated rate
Life insurance fund investment securities and other assets	**2,552**	FVTPL/FVOCI	Net asset value	Value of net asset
Total	**4,583**			
Financial liabilities				
Derivative payables	**640**	FVTPL	Option pricing model Derivatives pricing	Volatility/Correlation Long dated rate
Total	**640**			

Movements in Level 3 Financial Assets and Liabilities

	2021				
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	**1,214**	**89**	**102**	**1,967**	**3,372**
Purchases	**11**	**–**	**42**	**541**	**594**
Settlements/disposals	**(14)**	**(26)**	**(8)**	**(243)**	**(291)**
Transfers in to Level 3	**20** [(1)]	**–**	**226** [(1)]	**–**	**246**
Gains/(losses) recognised in					
– profit or loss	**(68)**	**(16)**	**449**	**288**	**653**
– other comprehensive income	**9**	**(#)**	**1**	**(1)**	**9**
At 31 December	**1,172**	**47**	**812**	**2,552**	**4,583**
Unrealised (losses)/gains included in profit or loss for assets held at the end of the year	**(68)**	**(16)**	**738**	**274**	**928**

(1) *Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.*

Notes to the Financial Statements

For the financial year ended 31 December 2021

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

	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

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2021			2020		
	Trading income	Other income	Total	Trading income	Other income	Total
Total gains included in profit or loss for the year ended	**365**	**288**	**653**	89	20	109
Unrealised gains included in profit or loss for assets held at the end of the year	**654**	**274**	**928**	116	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.*

41. Fair Values of Financial Instruments (continued)

41.3 Fair Value Hierarchy (continued)

Movements in Level 3 Financial Assets and Liabilities (continued)

BANK $ million	2021 Debt and equity securities	2021 Loans to customers	2021 Derivative receivables	2021 Total	2020 Debt and equity securities	2020 Loans to customers	2020 Derivative receivables	2020 Total
Financial assets measured at fair value								
At 1 January	**443**	**84**	**98**	**625**	442	172	53	667
Purchases	**4**	**–**	**42**	**46**	86	#	8	94
Settlements/disposals	**(9)**	**(21)**	**(7)**	**(37)**	(83)	(86)	(1)	(170)
Transfers in to/(out of) Level 3	**11** [(1)]	**–**	**–**	**11**	(2) [(2)]	–	–	(2)
Gains/(losses) recognised in								
– profit or loss	**16**	**(16)**	**503**	**503**	12	(2)	38	48
– other comprehensive income	**31**	**#**	**–**	**31**	(12)	(#)	–	(12)
At 31 December	**496**	**47**	**636**	**1,179**	443	84	98	625
Unrealised gains/(losses) included in profit or loss for assets held at the end of the year	**16**	**(16)**	**557**	**557**	12	(3)	69	78

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2021 Trading income	2021 Total	2020 Trading income	2020 Total
Total gains included in profit or loss for the year ended	**503**	**503**	48	48
Unrealised gains included in profit or loss for assets held at the end of the year	**557**	**557**	78	78

(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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

41. Fair Values of Financial Instruments (continued)
41.3 Fair Value Hierarchy (continued)
Movements in Level 3 Financial Assets and Liabilities (continued)

	GROUP				BANK			
	2021		2020		2021		2020	
$ million	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total	Derivative payables	Total
Financial liabilities measured at fair value								
At 1 January	**69**	**69**	43	43	**55**	**55**	33	33
Issues	**144**	**144**	82	82	**144**	**144**	79	79
Settlements/disposals	**(80)**	**(80)**	(16)	(16)	**(80)**	**(80)**	(16)	(16)
Transfers in to/(out of) Level 3	**226** [(1)]	**226**	(7) [(2)]	(7)	**–**	**–**	–	–
Losses/(gains) recognised in								
– profit or loss	**281**	**281**	(33)	(33)	**329**	**329**	(41)	(41)
– other comprehensive income	**(#)**	**(#)**	#	#	**–**	**–**	–	–
At 31 December	**640**	**640**	69	69	**448**	**448**	55	55
Unrealised (losses)/gains included in profit or loss for liabilities held at the end of the year	**(542)**	**(542)**	9	9	**(369)**	**(369)**	19	19

(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.

Gains/(losses) included in profit or loss are presented in the income statements as follows:

	GROUP				BANK			
	2021		2020		2021		2020	
$ million	Trading income	Total	Trading income	Total	Trading income	Total	Trading income	Total
Total (losses)/gains included in profit or loss for the year ended	**(281)**	**(281)**	33	33	**(329)**	**(329)**	41	41
Unrealised (losses)/gains included in profit or loss for liabilities held at the end of the year	**(542)**	**(542)**	9	9	**(369)**	**(369)**	19	19

Movements in Level 3 Non-Financial Assets

	GROUP				
	2021			2020	
$ million	Life insurance fund investment properties	Associates	Total	Life insurance fund investment properties	Total
Non-financial assets measured at fair value					
At 1 January	**1,767**	**–**	**1,767**	1,786	1,786
Purchases/net transfer from property, plant and equipment	**39**	**–**	**39**	#	#
Transfers in to Level 3	**–**	**97** [(1)]	**97**	–	–
Gains/(losses) recognised in					
– profit or loss	**84**	**(2)**	**82**	(19)	(19)
– other comprehensive income	**(6)**	**–**	**(6)**	#	#
At 31 December	**1,884**	**95**	**1,979**	1,767	1,767

(1) Relates to transfers from Level 2 to Level 3 due to use of inputs not based on market observable data.

42. 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)
2021						
Financial assets						
Derivative receivables	**9,267**	**3,163**	**6,104**	**4,625**	**236**	**1,243**
Reverse repurchase agreements	**3,037** (1)	**1,800**	**1,237**	**1,224**	**–**	**13**
Securities borrowings	**7** (2)	**6**	**1**	**1**	**–**	**–**
Total	**12,311**	**4,969**	**7,342**	**5,850**	**236**	**1,256**
Financial liabilities						
Derivative payables	**9,070**	**1,731**	**7,339**	**4,625**	**1,283**	**1,431**
Repurchase agreements	**2,056** (3)	**997**	**1,059**	**995**	**–**	**64**
Securities lendings	**5** (4)	**–**	**5**	**5**	**–**	**–**
Total	**11,131**	**2,728**	**8,403**	**5,625**	**1,283**	**1,495**
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

(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.*

Notes to the Financial Statements
For the financial year ended 31 December 2021

42. 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)
2021						
Financial assets						
Derivative receivables	**7,812**	**1,689**	**6,123**	**4,458**	**359**	**1,306**
Reverse repurchase agreements	**2,169** [(1)]	**932**	**1,237**	**1,224**	**–**	**13**
Securities borrowings	**6** [(2)]	**6**	**–**	**–**	**–**	**–**
Total	**9,987**	**2,627**	**7,360**	**5,682**	**359**	**1,319**
Financial liabilities						
Derivative payables	**7,656**	**728**	**6,928**	**4,458**	**790**	**1,680**
Repurchase agreements	**1,059** [(3)]	**–**	**1,059**	**995**	**–**	**64**
Total	**8,715**	**728**	**7,987**	**5,453**	**790**	**1,744**
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

(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.*

43. 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		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**6,770**	4,248	**5,592**	3,202
Term to maturity of more than one year	**2,472**	2,437	**1,544**	1,505
	9,242	6,685	**7,136**	4,707
Acceptances and endorsements	**1,016**	845	**442**	337
Documentary credits and other short term trade-related transactions	**6,393**	5,762	**4,721**	4,627
	16,651	13,292	**12,299**	9,671

43.1 Analysed by Industry

Agriculture, mining and quarrying	**198**	56	**22**	22
Manufacturing	**1,412**	1,216	**353**	228
Building and construction	**2,137**	2,171	**1,066**	1,183
General commerce	**10,287**	7,423	**8,757**	6,388
Transport, storage and communication	**359**	359	**254**	296
Financial institutions, investment and holding companies	**1,116**	657	**880**	506
Professionals and individuals	**113**	283	**40**	43
Others	**1,029**	1,127	**927**	1,005
	16,651	13,292	**12,299**	9,671

43.2 Analysed by Geography

Singapore	**11,347**	8,913	**11,276**	8,773
Malaysia	**1,125**	1,114	**6**	6
Indonesia	**1,169**	1,003	**–**	–
Greater China	**2,520**	1,835	**520**	445
Other Asia Pacific	**128**	192	**135**	212
Rest of the World	**362**	235	**362**	235
	16,651	13,292	**12,299**	9,671

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

Notes to the Financial Statements

For the financial year ended 31 December 2021

44. 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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
44.1 Credit Commitments				
Undrawn credit facilities:				
Term to maturity of one year or less	**141,648**	134,540	**70,699**	57,600
Term to maturity of more than one year	**29,414**	25,594	**25,640**	36,319
	171,062	160,134	**96,339**	93,919
44.2 Other Commitments				
Capital commitment authorised and contracted	**220**	227	**234**	235
Forward deposits and assets purchase	**359**	3,670	**1,990**	2,614
	579	3,897	**2,224**	2,849
44.3 Total Commitments	**171,641**	164,031	**98,563**	96,768
44.4 Credit Commitments Analysed by Industry				
Agriculture, mining and quarrying	**1,408**	1,503	**657**	700
Manufacturing	**8,025**	8,890	**2,637**	3,641
Building and construction	**17,338**	17,065	**13,540**	13,195
General commerce	**24,809**	22,782	**19,692**	17,946
Transport, storage and communication	**4,768**	3,378	**4,080**	2,858
Financial institutions, investment and holding companies	**53,570**	48,386	**33,967**	35,544
Professionals and individuals	**54,552**	49,685	**16,409**	14,072
Others	**6,592**	8,445	**5,357**	5,963
	171,062	160,134	**96,339**	93,919
44.5 Credit Commitments Analysed by Geography				
Singapore	**136,454**	121,097	**83,515**	79,891
Malaysia	**8,736**	8,446	**469**	756
Indonesia	**5,379**	5,082	**–**	–
Greater China	**13,709**	19,140	**5,548**	6,876
Other Asia Pacific	**3,071**	2,915	**3,091**	2,920
Rest of the World	**3,713**	3,454	**3,716**	3,476
	171,062	160,134	**96,339**	93,919

Credit commitments analysed by geography is based on the country where the transactions are recorded.

45. 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
2021				
FVOCI investments	**83**	**–**	**#**	**83**
FVTPL investments	**1**	**125**	**#**	**126**
Other assets	**–**	**6**	**–**	**6**
Total assets	**84**	**131**	**#**	**215**
Other liabilities	**–**	**–**	**–**	**–**
Total liabilities	**–**	**–**	**–**	**–**
Other commitments				
Loan and capital commitments authorised and contracted (1)	**34**	**–**	**–**	**34**
Income earned from sponsored structured entities (2)	**#**	**55**	**34**	**89**
Assets of structured entities	**669**	**7,186**	**3,019**	**10,874**
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

(1) *These were also included in the Group's capital commitments authorised and contracted in Note 44.*

(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 2021 and 2020 were not significant.

Notes to the Financial Statements
For the financial year ended 31 December 2021

46. Financial Assets Transferred
46.1 Assets Pledged

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Government treasury bills and securities				
– Singapore	**183**	102	**183**	102
– Others	**857**	277	**676**	8
Placements with and loans to banks	**–**	9	**–**	–
Loans to customers	**3,132**	2,462	**2,990**	2,089
Debt securities	**1,465**	1,051	**533**	95
	5,637	3,901	**4,382**	2,294
Obligations to repurchase assets pledged	**2,056**	1,220	**1,059**	85

(a) The amounts received from repurchase transactions are recognised as collaterised 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 collaterised 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 $3.05 billion (2020: $4.26 billion), of which $0.06 billion (2020: $0.06 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).

46.2 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 33.3). 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 2021, the carrying amounts of the covered bonds in issue was $3.52 billion (2020: $3.73 billion), while the carrying amounts of assets assigned was $12.08 billion (2020: $7.28 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.

47. 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 did not have any material impact on the Group's net earnings and net assets for the financial years ended 31 December 2021 and 31 December 2020.

48. 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	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Within 1 year	**48**	43	**16**	16
After 1 year but within 5 years	**53**	50	**3**	5
Over 5 years	**#**	–	**#**	–
	101	93	**19**	21

The Group leases retail, commercial and hotel space to third parties with varying terms including variable rent, escalation clauses and renewal rights.

Notes to the Financial Statements
For the financial year ended 31 December 2021

49. 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.

49.1 Material Related Party Transactions
Material related party balances at the reporting 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 2021	41	669	17,246	40	198
Net change	(#)	(69)	4,683	(#)	(189)
At 31 December 2021	**41**	**600**	**21,929**	**40**	**9**
(b) Deposits, borrowings and other payables					
At 1 January 2021	406	801	25,793	200	569
Net change	25	396	2,457	30	(28)
At 31 December 2021	**431**	**1,197**	**28,250**	**230**	**541**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2021	–	11	16,929	–	11
Net change	–	(7)	(4,555)	–	(7)
At 31 December 2021	**–**	**4**	**12,374**	**–**	**4**
(d) Income statement transactions					
Year ended 31 December 2021					
Interest income	**#**	**13**	**90**	**#**	**#**
Interest expense	**1**	**6**	**103**	**1**	**#**
Rental income	**–**	**2**	**19**	**–**	**#**
Fee and commission and other income	**–**	**327**	**67**	**–**	**252**
Rental and other expenses	**19**	**21**	**452**	**18**	**#**
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	#

(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.

49. Related Party Transactions (continued)

49.2 Key Management Personnel Compensation

	BANK	
	2021 $ million	2020 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**42**	47
Share-based benefits	**13**	16
	55	63

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2021 included in the above table are subject to the approval of the Remuneration Committee.

Comparatives have been updated following the approval of the performance-related payments to key management personnel of the Bank in relation to the performance year 2020 by the Remuneration Committee.

50. 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 Group has complied with all externally imposed regulatory capital requirements. The table below shows the composition of the Group's regulatory capital and its capital adequacy ratios as of 31 December 2021.

$ million	2021	2020
Tier 1 Capital		
Ordinary shares	**18,040**	17,833
Disclosed reserves/others	**25,782**	23,021
Regulatory adjustments	**(8,977)**	(7,648)
Common Equity Tier 1 Capital	**34,845**	33,206
Additional Tier 1 capital	**1,231**	1,230
Regulatory adjustments	**–**	–
Tier 1 Capital	**36,076**	34,436
Tier 2 capital	**3,497**	4,530
Regulatory adjustments	**–**	–
Total Eligible Capital	**39,573**	38,966
Credit	**197,164**	191,525
Market	**11,681**	10,955
Operational	**16,021**	15,665
Risk Weighted Assets	**224,866**	218,145
Capital Adequacy Ratios		
Common Equity Tier 1	**15.5%**	15.2%
Tier 1	**16.0%**	15.8%
Total	**17.6%**	17.9%

Notes to the Financial Statements

For the financial year ended 31 December 2021

51. New Accounting Standards and Interpretations

As of the reporting 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
Various	*Amendments to SFRS(I) 17*	1 January 2023
Various	*Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*	1 January 2023
SFRS(I) 1-1 (Amendments)	*Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 1-8 (Amendments)	*Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12 (Amendments), SFRS(I) 1 (Amendments)	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	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

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.

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.

Shareholding Statistics

As at 3 March 2022

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	11,764	9.37	426,010	0.01
100 – 1,000	33,514	26.68	18,606,043	0.41
1,001 – 10,000	62,475	49.73	218,371,388	4.84
10,001 – 1,000,000	17,743	14.12	786,011,136	17.41
1,000,001 and above	123	0.10	3,491,348,422	77.33
Total	**125,619**	**100.00**	**4,514,762,999**	**100.00**

Number of issued shares (including treasury shares): 4,514,762,999
Number of treasury shares held: 22,220,525
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: 0.49%

Note:
*"Subsidiary holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**) to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.*

Twenty Largest Shareholders

Shareholders	Number of Shares Held	%*
1. Citibank Nominees Singapore Pte Ltd	690,152,669	15.36
2. Selat Pte Limited	467,604,264	10.41
3. Raffles Nominees (Pte) Limited	314,609,079	7.00
4. HSBC (Singapore) Nominees Pte Ltd	298,853,691	6.65
5. DBSN Services Pte Ltd	291,673,698	6.49
6. Lee Foundation	200,851,953	4.47
7. Herald Investment Pte Ltd	181,721,294	4.04
8. DBS Nominees Pte Ltd	181,315,323	4.04
9. Singapore Investments Pte Ltd	157,007,526	3.49
10. Lee Rubber Company Pte Ltd	141,656,364	3.15
11. United Overseas Bank Nominees Pte Ltd	48,774,954	1.09
12. Kallang Development (Pte) Limited	44,007,742	0.98
13. BPSS Nominees Singapore (Pte.) Ltd.	35,083,784	0.78
14. DB Nominees (Singapore) Pte Ltd	32,305,848	0.72
15. Lee Pineapple Company Pte Ltd	30,595,980	0.68
16. Kew Estate Limited	28,400,489	0.63
17. Phillip Securities Pte Ltd	22,959,848	0.51
18. OCBC Nominees Singapore Pte Ltd	20,137,995	0.45
19. OCBC Securities Private Ltd	18,018,289	0.40
20. UOB Kay Hian Pte Ltd	13,820,382	0.31
Total	**3,219,551,172**	**71.65**

** Percentage is calculated based on the total number of issued shares (excluding treasury shares) as at 3 March 2022.*

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 SGX-ST has accordingly been complied with.

Shareholding Statistics

As at 3 March 2022

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	467,604,264	181,721,294 (3)	649,325,558	14.44

** 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 2001 (**SFA**).*

(1) *Does not include shares acquired pursuant to OCBC's Scrip Dividend Scheme in October 2019, October 2020 and June 2021. 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 was 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) *Represents Selat (Pte) Limited's deemed interest in the 181,721,294 shares held by Herald Investment Pte Ltd.*

Five-Year Ordinary Share Capital History

(OCBC Group – As at 31 December 2021)

		Number of ordinary shares (million)		
Year	Particulars	Issued	Held in treasury	In circulation
2017	Shares issued to non-executive directors	#		
	Share buyback		(20)	
	Issue of shares pursuant to Share Option Scheme		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 Scheme		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 Scheme		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 Scheme		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
2021	Shares issued to non-executive directors	#		
	Shares issued in lieu of dividend	32		
	Issue of shares pursuant to Deferred Share Plan	7		
	Issue of shares pursuant to Share Option Scheme	#	7	
	Share buyback		(34)	
	Issue of shares pursuant to Employee Share Purchase Plan		6	
	Year end balance	4,515	(23)	4,492

(1) *# represents less than 500,000 shares.*

Further Information on Management Committee

Ms Helen Wong
Group Chief Executive Officer

Ms Helen Wong was appointed Group Chief Executive Officer of OCBC Bank on 15 April 2021. She is also Chairman of OCBC Wing Hang Bank (China) Limited, a Board Commissioner of PT Bank OCBC NISP Tbk and a Director of Bank of Singapore, Great Eastern Holdings Limited, OCBC Bank (Malaysia) Berhad, OCBC Wing Hang Bank Limited and the Dr Goh Keng Swee Scholarship Fund. Ms Wong is currently a council member of the Association of Banks in Singapore (ABS) and the Institute of Banking & Finance (IBF) Singapore. She also serves as a member of the Monetary Authority of Singapore (MAS) Financial Centre Advisory Panel, MAS Payments Council and MAS Financial Sector Tripartite Committee.

Ms Wong joined OCBC Bank in February 2020 as Deputy President and Head of Global Wholesale Banking. She has more than 37 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 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 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. He is a Director of Bank of Ningbo Ltd and a member of Management Board of NUS Risk Management Institute. Mr Choo holds a Master of Arts in Economics from University of Akron, United States.

Mr Lim Khiang Tong
Group Chief Operating Officer

Mr Lim Khiang Tong was appointed Group Chief Operating Officer (GCOO) in June 2021. As GCOO, he drives transformation efforts and alignment of operational capabilities as well as data and design competencies across the Group. He has oversight over operations and technology, operational excellence, customer experience, data and analytics and property management functions. Mr Lim joined the Bank's IT Management team in 2000. He was appointed Head of IT management in January 2002. He was promoted to 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. Mr Lim has over 30 years of management experience in strategic technology development, information technology, process-reengineering, project management and banking operations. In 2020, Mr Lim was also named Digital Transformation Leader in Singapore by the International Data Corporation, a global market intelligence firm in information technology, in recognition of his role in accelerating the Bank's digital transformation efforts. He holds a Bachelor of Science in Computer Science and Economics from the National University of Singapore and is a IBF Distinguished Fellow (Technology).

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 33 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 (IBF)'s Financial Markets Regulatory Practices Examination Board, Standards Committee and Chairman of the Capital and Financial Markets Workgroup. Mr Lai also serves as a member on the ABS Standing Committee on Financial Market and Benchmark Co Oversight Committee. 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.

Tan Teck Long
Global Wholesale Banking

Mr Tan Teck Long was appointed Executive Vice President and Head of Global Wholesale Banking on 15 March 2022. As the Head of Global Wholesale Banking, he 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. Mr Tan has more than 28 years of banking experience overseeing Corporate Banking, Investment Banking and Risk Management. He joined OCBC Bank from DBS Bank, where his last appointment was Chief Risk Officer. During his tenure at DBS Bank, he had also served in a number of senior roles including Group Head of DBS' corporate banking business, Head of Institutional Banking Group (China), Group Head of Special Assets Management and Group Head of Corporate Real Estate Strategy and Administration. Mr Tan is a Chartered Financial Analyst charter holder and a Fellow Chartered Accountant of Singapore. He holds a Master of Business Administration from University of Manchester and a Bachelor of Accountancy from the National University of Singapore.

Mr Sunny Quek
Global Consumer Financial Services

Mr Sunny Quek was appointed acting Head of Global Consumer Financial Services on 1 October 2021 and has been the Head of Consumer Financial Services Singapore from 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 currently serves as a board member of OCBC Securities Private Limited and Network for Electronic Transfers (Singapore). He graduated with a Bachelor of Science in Economics from the National University of Singapore.

Mr Tan Wing Ming
Greater China

Mr Tan Wing Ming was appointed acting Head of Greater China on 1 October 2021, overseeing OCBC Group's Greater China business, including the formulation and implementation of the Group's Greater China strategy. Mr Tan was previously Regional General Manager of North East Asia and the Chief Executive of OCBC Bank Hong Kong branch since September 2009. In this role, he assumed 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 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 President Director and CEO of Bank OCBC NISP in December 2008 and was last re-elected as President Director in 2020. Prior to this appointment, she joined Bank OCBC NISP as a Director in 1990 and served as a Deputy President Director from 1997. Ms Surjaudaja, who has more than 30 years of experience in the banking industry, has led the Bank to be among the 10 biggest banks in Indonesia with the highest credit rating. She has also pioneered ESG initiatives in the region through the deployment of green and gender financing. She is a G20 Empower Advocate for gender equality, and was named Forbes Asia's Top 50 Asia's Power Businesswomen in 2016 and Fortune Indonesia's Businessperson of the Year in 2021. 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.

Ms Ivy Au-Yeung
CEO, OCBC Wing Hang Bank

Ms Ivy Au-Yeung was appointed Chief Executive Officer of OCBC Wing Hang Bank on 20 May 2021. She joined OCBC Wing Hang Bank as Deputy Chief Executive in December 2019, overseeing the Retail Banking Group of the Bank in Hong Kong, Banco OCBC Weng Hang, S.A in Macau and OCBC Wing Hang Credit Limited. My Au-Yeung has had more than 30 years of various positions in global banks in corporate and commercial banking covering relationship management, product management as well as credit and sales. Prior to joining OCBC Wing Hang, she was the Chief Executive Officer of the Hong Kong Branch of an Australian bank. Ms Au-Yeung holds a Master of Business Administration degree from University of Sydney, Australia, a Bachelor of Social Science degree from University of Hong Kong, and is a Fellow of CPA Australia (FCPA).

Further Information on Management Committee

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 Linus Goh
Global Commercial Banking

Mr Linus Goh was appointed 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, 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 Business Environment 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 has global responsibility for OCBC Bank's corporate banking business which spans Global Real Estate, Wholesale Corporate Marketing, Global Commodities Finance, China Business Office as well as the Bank's corporate banking business in the overseas branches and subsidiaries. Ms Lam is also responsible for driving the Structured Finance, Sustainable Finance and Partnership & Innovation groups within Global Corporate Banking. With more than 25 years of experience in corporate banking, she is currently a steering committee member of the Monetary Authority of Singapore's Finance Centre Advisory Panel Green Finance Workgroup, and a member of the Institute of Banking and Finance (IBF) Sustainable Finance Workgroup. She also served in the 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 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 was appointed to the National University of Singapore's Board of Trustees from 1 June 2021 and has been a non-executive and independent director of Singapore Press Holdings since April 2012. 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.

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 32 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 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-Tianjin Economic and Trade Council under Enterprise Singapore. Mr Tan has over 35 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 Melvyn Low
Global Transaction Banking

Mr Melvyn Low is an industry veteran with more than 28 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. As the Chair of the PayNow Steering Committee of the Association of Banks in Singapore from 2019 to 2021, he co-led the Singapore banks in the launch of PromptPay-PayNow, the world's first cross-border faster payment system. Mr Low is currently the Payment Co-Chair of the Digital Standing Commitee for the Association of Banks in Singapore (ABS) and the Corporate Banking Workgroup Chair for IBF. He also serves as a board member of Network for Electronic Transfers (Singapore) and the Singapore Trade Data Exchange (SgTradex). Mr Low is an IBF Distinguished Fellow and holds a Master of Business Administration from the University of British Columbia, Canada.

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.

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. She graduated with First Class Honours in Bachelor of Engineering from the National University of Singapore and holds the professional qualifications of Chartered Financial Analyst and Certification in Risk Management Assurance. Ms Goh also serves as a Governor and Vice President of The Institute of Internal Auditors Singapore.

Ms Loretta Yuen
Group Legal and Compliance

Ms Loretta Yuen was appointed General Counsel and Head of Group Legal and 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.

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.

Mr Praveen Raina
Group Operations and Technology

Mr Praveen Raina was appointed Head of Group Operations and Technology in June 2021. He has more than 20 years of experience and was instrumental in leading the Bank's innovation and transformation efforts in the technology sphere. Mr Raina joined OCBC Bank in August 2008 and has held various senior management positions in Group Operations and Technology. He was appointed Executive Vice President in May 2019 and assumed the role of Global Head of Operations and Technology at OCBC Bank's private banking subsidiary, Bank of Singapore in December the same year. Mr Raina has a Master of Business Administration from the University of Windsor and a Bachelor of Applied Science in Computer Science from the Memorial University of Newfoundland.

Ms Sylvia Ng
Strategic Planning Office

Ms Sylvia Ng joined OCBC Bank in June 2021 as Head of Strategic Planning. In this role, she supports the Group CEO in the formulation and planning of the Group's strategy and monitoring of strategic and thematic business opportunities. Ms Ng began her banking career with HSBC in 2002 as a graduate talent in investment banking, and has held various corporate planning and business development roles in HSBC's Hong Kong, China and United Kingdom offices. She has an established track record in leading strategic development and implementation, with her last held position at HSBC Hong Kong being its Head of Business Development for Greater China. Prior to joining OCBC Bank, she was the General Manager of Corporate Strategy for MTR Corporation in Hong Kong. Ms Ng graduated with first class honours in Investment and Financial Risk Management from City University Business School, London, United Kingdom. She also holds an MBA from the Kellogg-HKUST Executive MBA Programme.

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 37 branches in Singapore.

Bank of Singapore Limited
Head Office
63 Market Street
#22-00
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6559 8000
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 2888
www.greateasternlife.com
www.greateasterngeneral.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
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 BE1318
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 211 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 31 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 7 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
09-02 Level 9, Imazium
No. 8 Jalan SS 21/37
Damansara Uptown
47400 Petaling Jaya,
Selangor, Malaysia
Tel: (603) 7712 3000

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 five 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

Philippines

Bank of Singapore Limited (Philippines Representative Office)
34/F Ayala Triangle Gardens
Tower 2,
Paseo de Roxas Makati City
1226
Philippines
Tel: (63) 2 8479 8988

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
www.ocbc.com.cn

As at end December 2021, including its head office, OCBC Wing Hang China has 19 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 2021, it had 459 branches, sub-branches and offices, covering the cities of Ningbo, Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, Taizhou, Jiaxing, Lishui, Huzhou, Quzhou and Zhoushan.

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
1 Harbour View Street
34th Floor
One International Finance Centre
Central
Hong Kong SAR
Tel: (852) 2846 3980

OCBC Wing Hang Bank Limited
Head Office
161 Queen's Road Central
Hong Kong SAR
Tel: (852) 2852 5111
Fax: (852) 2851 7127
www.ocbcwhhk.com

OCBC Wing Hang Bank Limited has a total of 29 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) 2201 7712
Fax: (852) 2191 5144
www.ocbcwhcr.com

OCBC Wing Hang Credit Limited has a total of 9 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
Dubai International Financial Centre 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	
23 February 2022	Announcement of full year results for 2021
April	
22 April 2022	Annual General Meeting
April 2022	Announcement of first quarter results for 2022
May	
On or about 20 May 2022*	Payment of 2021 final dividend on ordinary shares (subject to shareholders' approval at Annual General Meeting)
August	
August 2022	Announcement of first half results for 2022
August 2022*	Payment of 2022 interim dividend on ordinary shares (subject to approval by the Board)
November	
November 2022	Announcement of third quarter results for 2022

** The dividend payment dates are indicative and subject to change. Please refer to OCBC website, www.ocbc.com for latest updates.*

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 Aa1 by Moody's and AA- by both Fitch and S&P. 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 430 branches and representative offices in 19 countries and regions. These include over 210 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 60 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

Ms Chong Chuan Neo
Mr Chua Kim Chiu
Dr Andrew Khoo
Mr Koh Beng Seng
Lead Independent Director
Mr Andrew Lee
Dr Lee Tih Shih
Ms Christina Ong
Mr Pramukti Surjaudaja
Mr Tan Ngiap Joo
Ms Tan Yen Yen
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
Ms Chong Chuan Neo
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 Andrew Lee
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

Auditor
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