

Corporate Governance

Good corporate governance is fundamental to the creation, protection and enhancement of our long-term value. The Board is committed to observing high standards of corporate governance, and works with Management to ensure that good corporate governance principles are observed at all levels of the Bank.

This Corporate Governance section sets out the Bank's corporate governance practices. They comply with the Banking (Corporate Governance) Regulations (Banking Regulations) and all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (MAS Guidelines). The MAS Guidelines comprise the Code of Corporate Governance (Code) for companies listed on the Singapore Exchange Securities Trading Limited (SGX-ST), and supplementary principles and guidelines added by the Monetary Authority of Singapore (MAS). Please see pages 118 to 120 for a quick reference to the discussions relating to the MAS Guidelines with express disclosure requirements. Where the Bank's practices differ from the MAS Guidelines, an explanation is provided in this section.

BOARD MATTERS

(Principles 1 to 6, MAS Guidelines)

Board Duties

The Board has written terms of reference that set out its responsibilities, which include the following:

- providing strategic direction, entrepreneurial leadership and guidance;
- approving business plans and annual budgets;
- ensuring that financial statements are true and fair;
- monitoring financial performance;
- determining capital/debt structure;
- setting dividend policy and declaring dividends;
- approving major acquisitions and divestments;
- reviewing risk management framework and system;
- overseeing the performance of Management;
- setting company values and standards;
- considering sustainability issues in formulating strategies;
- overseeing the management and monitoring of environmental, social and governance (ESG) factors that are material to the business; and
- ensuring succession planning.

The Board's approval is also required for other material matters, including funding strategy, risk appetite and stakeholder communications. Apart from matters that specifically require the Board's approval, the Board delegates authority on certain matters to the Board Committees and Management.

During the year, the Board, with the help of the Nominating Committee, took steps to refresh the board with the appointment of four new directors. Far Eastern Bank Limited (FEB), a wholly-owned subsidiary of the Bank, completed its merger into the Bank. The Board also set business and asset strategies, and monitored the progress of various initiatives commenced in the previous year.

Working with Management, the Board reviews the strategy of the Group regularly. It receives and reviews regular reports and updates on the Bank's performance, operations as well as business and governance initiatives.

Board Delegation

The Board has delegated certain duties to six Board Committees while retaining overall oversight. The six Board Committees are the Strategy Committee (SC), Board Credit Committee (BCC), Nominating Committee (NC), Remuneration Committee (RC), Board Risk Management Committee (BRMC) and Audit Committee (AC). Each Board Committee has written terms of reference which set out the committee's responsibilities and operating processes, including decision-making by the committee. Each Board Committee provides a report of its activities and the minutes of its meeting to the Board at least quarterly.

A review of the Board Committee structure, membership and terms of reference is conducted at least annually to ensure that the Board Committees continue to be effective. The Board may establish other Board Committees as required by business imperatives.

Key Processes

Board and Board Committee meetings and the annual general meeting (AGM) are scheduled in advance and all directors are notified well before the start of the calendar year. Additional meetings are held when warranted by circumstances. Directors are provided with complete information related to the agenda items in a timely manner. The papers for a meeting are uploaded onto a secure portal which directors can access via tablet devices provided by the Bank.

Where exigencies prevent a director from attending a Board or Board Committee meeting in person, the director may participate via telephone and/or video conference as provided for in the UOB Constitution. Alternatively, the director may convey his/her views through another director or the company secretaries.

The Board and Board Committees seek to make decisions by consensus. Where there is a divergence of views, decisions are made by majority vote. The Board and Board Committees may also make decisions by way of resolutions in writing. All deliberations and decisions of the Board and Board Committees are minuted and filed.

Managing Potential Conflicts of Interests

All directors have fiduciary duties to the Bank and are required to act honestly and in good faith when exercising their powers. Where a director has a personal interest in a matter that may conflict with his/her duties to the Bank, he/she must make disclosure to the Bank, recuse himself/herself from the discussion of the matter and abstain from voting on the matter.

Directors have to notify the Bank in a timely manner of any change in their interests or other appointments. The Directors' Statement section of this report contains disclosure on directors' direct and deemed interests in shares and debentures of the Bank and its related corporations.

Board Attendance

The table below sets out directors' attendance at formal meetings in 2017. In addition to formal meetings, directors have spent time in discussions among themselves. They have also been accessible to Management for guidance outside formal meetings.

Board Independence, Composition and Diversity

Overview of the Board

- 11 members (10 men and 1 woman, excluding Mr Hsieh Fu Hua who stepped down on 14 February 2018)
- 8 independent and non-executive directors:
 - Wong Kan Seng (*Chairman, from 15 February 2018*)
 - Franklin Leo Lavin
 - Willie Cheng Jue Hiang
 - James Koh Cher Siang
 - Ong Yew Huat
 - Lim Hwee Hua
 - Alexander Charles Hungate
 - Alvin Yeo Khirn Hai
- 2 non-independent and non-executive directors:
 - Wee Cho Yaw (*to retire at the end of the 2018 AGM*)
 - Michael Lien Jown Leam
- 1 non-independent and executive director:
 - Wee Ee Cheong (*CEO*)
- Tenure:
 - 9 have served fewer than 9 years
 - 2 have served more than 9 years
- Separation of roles of Chairman and CEO

Number of meetings attended in 2017

Name of director	AGM	Board	SC	BCC	NC	RC	BRMC	AC	Independent directors' meeting
Hsieh Fu Hua	1	6 / 6	4 / 4	2 / 2	5 / 5	4 / 4	4 / 4	–	1 / 1
Wee Cho Yaw	1	5 / 6	0 / 4	0 / 2	4 / 5	–	4 / 4	–	–
Wee Ee Cheong	1	6 / 6	4 / 4	2 / 2	^2 / 5	–	4 / 4	–	–
Wong Meng Meng ¹	1	2 / 2	–	–	2 / 2	–	1 / 1	–	–
Franklin Leo Lavin ²	1	6 / 6	4 / 4	1 / 1	5 / 5	–	–	–	1 / 1
Willie Cheng Jue Hiang	1	6 / 6	–	–	5 / 5	–	–	6 / 6	1 / 1
James Koh Cher Siang ³	1	6 / 6	3 / 3	–	–	4 / 4	–	6 / 6	1 / 1
Ong Yew Huat	0	6 / 6	–	2 / 2	–	–	4 / 4	5 / 6	1 / 1
Lim Hwee Hua ⁴	1	6 / 6	1 / 1	1 / 1	4 / 5	4 / 4	–	–	1 / 1
Alexander Charles Hungate ⁵	–	2 / 2	–	1 / 1	–	2 / 2	–	–	–
Michael Lien Jown Leam ⁶	–	2 / 2	1 / 1	–	1 / 2	–	–	–	–
Wong Kan Seng ⁷	–	2 / 2	1 / 1	1 / 1	2 / 2	2 / 2	1 / 1	–	–
Alvin Yeo Khirn Hai ⁸	–	2 / 2	–	–	–	–	1 / 1	1 / 2	–
Number of meetings held in 2017	1	6	4	2	5	4	4	6	1

1. Mr Wong Meng Meng stepped down from the Board on 20 April 2017.

2. Mr Franklin Leo Lavin was appointed to the BCC on 1 August 2017.

3. Mr James Koh Cher Siang stepped down from the SC on 1 August 2017.

4. Mrs Lim Hwee Hua was appointed to the SC and stepped down from the BCC on 1 August 2017.

5. Mr Alexander Charles Hungate was appointed to the Board on 27 July 2017. He was appointed to the BCC and RC on 1 August 2017.

6. Mr Michael Lien Jown Leam was appointed to the Board on 27 July 2017. He was appointed to the SC on 1 August 2017 and to the NC on 16 August 2017.

7. Mr Wong Kan Seng was appointed to the Board on 27 July 2017. He was appointed to the SC, BCC, RC and BRMC on 1 August 2017 and to the NC on 16 August 2017.

8. Mr Alvin Yeo Khirn Hai was appointed to the Board on 27 July 2017. He was appointed to the BRMC and AC on 1 August 2017.

^ Mr Wee Ee Cheong is the alternate member to Dr Wee Cho Yaw on the NC. The attendance record includes a meeting at which Mr Wee took over from Dr Wee after Dr Wee had excused himself from the meeting.

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There are currently 11 members on the Board, four of whom were appointed in 2017. Each year, the NC assists the Board to review the composition of the Board and independence of directors and determines if directors are fit and proper and qualified for office.

The Banking Regulations provide that a director is independent if the director:

- is independent from substantial shareholders of the Bank;
- does not have management and business relationships with the Bank; and
- has not served on the Board for nine continuous years or more.

The NC conducts its annual review of each director's independence based on the criteria, taking into account the director's disclosures of his/her other appointments, interests, personal circumstances and business and financial relationships with the Bank. It also considers each director's responses in a questionnaire, which comprises questions for assessing if a director is independent and fit and proper to hold office based on the MAS Guidelines on Fit and Proper Criteria.

In the latest review, the NC has assessed that the Board has:

- eight independent and non-executive directors, namely Messrs Wong Kan Seng, Franklin Leo Lavin, Willie Cheng Jue Hiang, James Koh Cher Siang, Ong Yew Huat, Alexander Charles Hungate and Alvin Yeo Khirn Hai and Mrs Lim Hwee Hua. They have met the independence criteria in the Banking Regulations;
- one non-independent and non-executive director: Mr Michael Lien Jown Leam is connected to substantial shareholders of UOB; and
- one non-independent and executive director: Mr Wee Ee Cheong is a substantial shareholder and the Chief Executive Officer (CEO) of the Bank.

Dr Wee Cho Yaw, who will retire from the Board at the conclusion of the 2018 AGM, was not part of the NC's latest review. Based on the review in 2017, Dr Wee Cho Yaw is a non-independent and non-executive director as he is a substantial shareholder of the Bank and does not hold an executive appointment in the Bank. There has been no change to his circumstances since the 2017 review.

Mr Hsieh Fu Hua, who had served as an independent and non-executive director and stepped down from the Board on 14 February 2018, was also not part of the latest review.

The profiles of the directors can be found in the Board of Directors section of this report. The directors have experience in the banking or financial industry, have managed large organisations, are active in the non-profit and philanthropic sector or have experience in public administration. With skills and expertise spanning banking, strategic planning and development, accounting, management, technology, law and corporate governance, the directors collectively provide core competencies that are relevant to UOB's affairs. The Board has professional, gender and ethnic diversity and leverages the range of deep skills, expertise, experience and insights of its members in the discharge of its duties. The mix of longer-serving and newer directors facilitates knowledge-transfer and provides continuity, while injecting fresh perspectives, which contribute to effective oversight of the Bank's affairs. After taking into account the Bank's scope and nature of business and operations, the NC considers the Board of up to 12 members appropriate for overseeing the Bank's affairs. It is also of the view that each director remains fit and proper and qualified for office. Each NC member recused himself/herself during the NC's deliberation.

Board Chairman and Chief Executive Officer

The office of Chairman is a non-executive appointment and separate from the office of CEO. The Chairman leads the Board, approves the Board's meeting agenda, promotes an open environment for constructive debate at meetings and facilitates collaboration between the Board and Management. The Chairman also oversees corporate governance matters and fosters open dialogue among the Board and Management and with shareholders during general meetings. Mr Wong Kan Seng, an independent director, was appointed to the Board in July 2017 and succeeded Mr Hsieh Fu Hua as Chairman in February 2018. He serves on all Board Committees, except for the AC. Nevertheless, he sits in at the AC meetings although he is not an AC member. This enables him to gain a good overview of the activities of all the committees.

Mr Wee Ee Cheong is the CEO. He leads the management team, takes executive responsibility for the day-to-day operations of the Bank, seeks business opportunities to strengthen the franchise and ensures that the Board's decisions are implemented. He promotes a values-based and inclusive culture across the organisation that is conducive to the professional and personal development of UOB employees and ensures that the Bank's customer experience is distinctive and standard-setting. The CEO is assisted in his duties by senior management committees, which also help to ensure that the system of internal controls and risk management is adequate and effective.

Under the CEO's leadership, 2017 saw sharpened capabilities across the Group and a deeper regional franchise. Following substantial groundwork led by the CEO over a period of time, UOB was awarded a licence to establish a subsidiary in Vietnam – the first Singapore bank to receive it. The CEO also championed the Bank's ongoing efforts to build ecosystems

of strategic partnerships across geographies, industries and businesses for the benefit of customers. He spearheaded increased engagement with technology companies and encouraged agile work practices. UOB customers were able to access a wider range of financial solutions as a result of the Bank's digitalisation programme. The CEO further institutionalised the UOB values with the launch of UOB+you, an employee value proposition designed to attract, to engage and to retain people whose values are aligned with those of the Bank.

Lead Independent Director

A lead independent director has not been appointed as the Board Chairman is independent, non-executive and unrelated to the CEO, and independent directors form a majority of the Board.

Time Commitment and Performance

Annually, each director is asked to complete a questionnaire, which covers an assessment of the Board and Board Committees as well as a self-assessment of his/her own performance. The completed questionnaire is submitted directly to the company secretaries, who collate the masked responses for the NC. The NC evaluates the performance of the Board and Board Committees and each director, and makes its recommendations to the Board for approval. No external facilitator was engaged for the evaluation process.

The NC assesses the Board based on the Bank's performance and the Board's organisation and responsibility for the Bank's strategy, succession planning, risk management and internal controls. It appraises the Board Committees on their fulfilment of the terms of reference, conduct of meetings and accountability to the Board.

In assessing each director's contribution and his/her availability to commit time and attention to the affairs of the Bank, the NC considers the following:

- attendance and participation at the AGM and the Board and Board Committee meetings;
- assessment in the questionnaire on preparedness for meetings, participation and contribution to board decisions, clarity in communication and strategic insight, among others;
- skills and experience; and
- other directorships and principal commitments which are listed in the Board of Directors section of this report.

The disclosure by directors of his/her other appointments helps the NC assess the director's ability to commit time to the affairs of the Bank. Based on each director's contribution and known commitments, the NC is satisfied that all directors have performed their duties adequately and contributed to the effectiveness of the Board and Board Committees. The

directors had demonstrated their commitment to the Bank during the year, and were available to attend to the Bank's affairs, both formally and informally. The NC therefore does not recommend setting a maximum number of directorships that may be held by a director.

Selection Process, Appointment and Re-election

The Board is supportive of diversity, but not in terms of any one particular attribute. The NC, which recommends candidates to the Board for appointment as directors, makes its recommendations based on the merits of the candidates and the experience, skills and knowledge which the Board requires to work effectively, in line with the Bank's strategic directions and to sustain business growth. It maps the skill sets and expertise currently held by the Board against a framework to identify the additional skill sets required. The NC also considers the candidates' independence under the Banking Regulations, qualification for office, personal attributes such as integrity and financial soundness, and ability to commit time to the Bank's affairs. Other relevant factors include the operating environment, potential developments and emerging trends in the market as well as the pipeline for ongoing succession planning. All directors may nominate candidates, who are shortlisted for assessment by the NC. With the concurrence of the Board, the NC chairman initiates discussions with the shortlisted candidates as appropriate. All appointments to the Board are subject to the approval of the MAS.

All directors submit themselves for re-election at regular intervals. The Bank's Constitution provides for one-third of the directors to retire from office by rotation at the AGM every year. In nominating a director for re-election, the NC takes into account the performance of the director and whether he/she remains fit and proper and qualified for office. New directors submit themselves for re-election at the first AGM following their appointment to the Board. Resolutions 6 to 10 in the notice of AGM relate to the re-election of directors at the forthcoming AGM. There is no alternate director on the Board.

Succession planning is an ongoing process and the NC reviews the composition, skill sets, experience and attributes of the incumbent directors, among other factors, regularly. Change and renewal are balanced against continuity and stability. A smooth transition will contribute to the sustainability of the organisation.

Induction and Continuous Development

Upon appointment, a new director receives an induction package, which includes the Articles of Directorship which enumerate a director's general duties and obligations, terms of reference of the Board and Board Committees, guidance on directors' duties, relevant company policies and other materials. As part of the induction, the new director meets with key senior executives and receives briefings on key areas of the Bank's business, risk management and support functions. Briefings on specialised or technical topics relevant to Board

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Committees are arranged for new directors who are also appointed to serve on such Board Committees.

The NC oversees the programme for the continuous development of new and existing directors which is refined on a regular basis. At least half a day is set aside each quarter for the in-house programme, which is conducted either by Management or external professionals. Topics covered in 2017 included the market outlook on China, performance of the Bank's portfolio, specific business lines, digital initiatives of the Bank, Basel IV capital requirements, anti-money laundering regulations, related party transactions, sustainability reporting and risk management.

In 2017, directors also joined Management in a series of forums at which speakers from various industries were invited to share their outlook on and experiences with technology. Guest speakers discussed the trends that shape and change the landscape for payment solutions, blockchain and cryptocurrencies as well as the digital financial services landscape in China, among others. In addition, the Bank organised a Board onsite visit to Malaysia to gain a better understanding of the Group's business and operations in the country and to meet major clients.

The NC is of the view that the directors' development programme in 2017 has considered the Bank's risk profile, business operations, business strategy and operating environment, and has met the objective of equipping directors with the relevant knowledge to perform their duties.

Leadership Succession

UOB recognises that people are its most valuable asset and has programmes to identify employees with potential and to nurture them for senior management positions. Potential future leaders are paired with mentors, given opportunities to hone their leadership skills and, where appropriate, offered cross-functional training and regional exposure. The Bank will look to external recruitment if there is no suitable internal candidate.

The NC recognises that the talent market is very competitive and has reviewed the management succession plans to ensure that the Bank's talent bench strength remains solid and that development plans and opportunities are given to deserving candidates. In particular, the positions of CEO, Chief Financial Officer (CFO) and Chief Risk Officer (CRO), business and function heads and the heads of the overseas banking subsidiaries are closely monitored. The NC also monitors the reasons behind senior executive resignations. The appointments of the CEO, CFO and CRO are subject to the approval of the MAS.

Access to Information

Directors have unfettered access to information, the external auditor and senior executives for the purpose of carrying out their duties. They are provided with comprehensive information in advance of a meeting to enable them to contribute in board discussions and to make informed decisions. The information provided includes financial, strategic, risk management and operational reports. Subject-matter specialists and professional advisers, where relevant, are present at meetings to provide additional information or clarification on matters tabled.

Information is shared between relevant Board Committees through common membership in committees. The common membership also enables better coordination of work among the committees.

Directors have separate and independent access to the advice of the company secretaries, who are qualified lawyers. They may also seek independent professional advice at the Bank's expense in the course of discharging their duties.

Role of Company Secretaries

There are two company secretaries, one of whom is the head of the legal department. The company secretaries support directors in discharging their responsibilities and help the Board to monitor the execution of its decisions. They advise the Board on governance matters and facilitate communication between the Board and stakeholders, such as Management and shareholders. In addition, the company secretaries assist in the induction of new directors, the development programme for directors and board evaluation. Both the company secretaries attend all Board and Board Committee (except the RC) meetings and, where relevant, update the Board on applicable laws and regulations. The appointment and removal of the company secretaries are subject to the Board's approval.

Board Committee Composition

The NC, RC, BRMC and AC have been constituted in accordance with the Banking Regulations, while the SC and BCC are not mandatory Board Committees.

Following Mr Hsieh Fu Hua's retirement in February 2018, Mr Wong Kan Seng was appointed as the SC chairman. When Dr Wee Cho Yaw retires from the Board at the end of the 2018 AGM, Mr Ong Yew Huat will succeed him as the BRMC chairman and Mr Wee Ee Cheong will join the NC. With the appointment of new directors in July 2017 and in anticipation of the retirement of the two directors, the Board had reviewed the composition of the Board Committees, so that each Board Committee comprises a mix of longer-serving and newer directors. This ensures continuity and a smooth transition, as well as enables the newer directors to benefit from the knowledge and experience of the outgoing directors. The NC will continue to review the composition of each Board Committee to ensure that each has the most appropriate mix of skills and expertise to perform its duties and for an equitable distribution of responsibilities among the Board members.

The members and duties of each Board Committee can be found on the subsequent pages.

Strategy Committee

SC membership

- Before 15 February 2018: Hsieh Fu Hua (*chairman*), Wee Cho Yaw, Wee Ee Cheong, Franklin Leo Lavin, Lim Hwee Hua, Michael Lien Jown Leam and Wong Kan Seng
- From 15 February 2018: Wong Kan Seng (*chairman*), Wee Cho Yaw (*till 20 April 2018*), Wee Ee Cheong, Franklin Leo Lavin, Lim Hwee Hua and Michael Lien Jown Leam
- Majority of members, including the chairman, are independent directors

Assisting the Board in overseeing the Bank's strategies and related activities, the SC's responsibilities are as follows:

- assist the Board in providing strategic direction to the Bank and oversee the Bank's strategic plan and implementation;
- review medium- and long-term strategic objectives proposed by Management and oversee Management's performance in relation to the strategies;
- review, endorse and recommend the Bank's annual business plans, budget and the capital and debt structure in relation to the strategies;

- review the Bank's financial and operational performance in relation to approved budget;
- consider sustainability issues in formulating strategies and oversee the monitoring and management of ESG factors that are material to the business;
- deliberate on strategic matters which require Board review between Board meetings; and
- perform such other duties as the Board may delegate to it from time to time.

In 2017, the SC monitored Management's progress in implementing the Bank's strategic plan and provided counsel to Management. It also provided guidance on new initiatives of the Bank and reviewed the Bank's financial performance and matters relating to the budget, dividends, capital and funding.

Senior executives of the Bank are in attendance at all SC meetings to provide an operational perspective of strategic initiatives and directions, and to update the SC on the progress made on strategic matters.

Board Credit Committee

BCC membership

- Before 15 February 2018: Ong Yew Huat (*chairman*), Hsieh Fu Hua, Wee Cho Yaw, Wee Ee Cheong, Franklin Leo Lavin, Alexander Charles Hungate and Wong Kan Seng
- From 15 February 2018: Ong Yew Huat (*chairman*), Wong Kan Seng, Wee Cho Yaw (*till 20 April 2018*), Wee Ee Cheong, Franklin Leo Lavin and Alexander Charles Hungate
- Majority of members, including the chairman, are independent directors

The BCC assists the Board to oversee exposure to large credits. It is responsible for:

- reviewing credit policies; and
- approving credit facilities within its limits.

In 2017, the BCC monitored credit quality and advised Management on credit risk matters. It also reviewed and refined the credit policies, credit discretionary limits (for authorised parties to approve credit facilities), credit facilities for specific borrowers (such as related parties of director groups and substantial shareholder groups) and exposures to specific borrowers and industries.

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Nominating Committee

NC membership

- Before 15 February 2018: Lim Hwee Hua (*chairman*), Hsieh Fu Hua, Wee Cho Yaw, Franklin Leo Lavin, Willie Cheng Jue Hiang, Michael Lien Jown Leam and Wong Kan Seng
- From 15 February 2018: Lim Hwee Hua (*chairman*), Wong Kan Seng, Wee Ee Cheong*, James Koh Cher Siang*, Willie Cheng Jue Hiang, Michael Lien Jown Leam, Wee Cho Yaw** and Franklin Leo Lavin**
- Wee Ee Cheong is alternate to Wee Cho Yaw up to 20 April 2018
- Majority of members, including the chairman, are independent directors

* From 21 April 2018

** Till 20 April 2018

The appointment of NC members is subject to the approval of the MAS. The NC's main responsibilities are as follows:

- assess the independence of directors;
- review the size and composition of the Board and Board Committees;
- assess the performance of the Board and Board Committees and each director;
- recommend the appointment and re-election of directors;
- implement a programme for the continuous development of directors;
- review the nominations and reasons for resignations of key management appointment holders including the CEO, CFO and CRO; and
- perform succession planning.

The NC's main activities are outlined on pages 103 to 108.

REMUNERATION MATTERS

(Principles 7 to 9, MAS Guidelines)

Remuneration Committee

RC membership

- Before 15 February 2018: James Koh Cher Siang (*chairman*), Hsieh Fu Hua, Lim Hwee Hua, Alexander Charles Hungate and Wong Kan Seng
- From 15 February 2018: James Koh Cher Siang (*chairman*), Lim Hwee Hua, Alexander Charles Hungate and Wong Kan Seng
- All members are independent and non-executive directors

The RC has members who also serve on the NC. The common membership on the RC and NC facilitates coordination between the two committees on matters that have an impact on succession, remuneration and talent management.

The main responsibilities of the RC are as follows:

- establish a remuneration policy and framework that are in line with the strategic objectives and corporate values of the Bank and prudent risk-taking;
- determine a level and structure of remuneration that are linked to the Bank's performance and long-term interest and which are reasonable and appropriate to attract, to retain and to motivate directors and key management personnel; and
- review and recommend the remuneration for directors and key management personnel.

In 2017, the RC reviewed the remuneration framework and policy, directors' remuneration and other remuneration-related matters. External consultants were engaged to provide independent reviews in 2017. More information on the consultants can be found in the Remuneration section of this report.

Directors' Remuneration

There is only one executive director, Mr Wee Ee Cheong. He is remunerated as CEO of the Bank and does not receive a fee for his services as a director. Mr Wee Ee Cheong also does not participate in the Bank's share plans for executives, as he is a substantial shareholder.

Non-executive directors do not receive any variable remuneration such as options, share-based incentives or bonuses. The RC recommends the level and structure of directors' fees, which comprise a basic fee for service on the Board and additional fees for service on Board Committees. The fees are pro-rated based on a director's length of service in the year under review. In making its recommendation, the RC considers the directors' responsibilities and the fee structure of comparable public-listed companies in the market.

The RC has also recommended the payment of an advisory fee to Dr Wee Cho Yaw for services rendered in 2017.

No director decides his/her remuneration. The proposed fees for non-executive directors and Dr Wee Cho Yaw are tabled for shareholders' approval at the AGM. The Directors' Statement section of this report has more information on:

- the fee structure for non-executive directors; and
- directors' fees and other remuneration, including fees received as directors of subsidiaries.

Employees' Remuneration

Remuneration for employees is commensurate with their performance and contributions. The employee remuneration framework is designed to encourage behaviours that contribute to the Bank's long-term success while keeping remuneration competitive to attract, to retain and to motivate employees and highly-skilled individuals. The remuneration package comprises base salaries, performance bonuses, benefits and, where applicable, share-based incentives. More information on the Group's remuneration framework, policy and processes, including the remuneration mix and deferred remuneration for senior executives and material risk takers, can be found in the Remuneration section of this report. The Directors' Statement section of this report contains details of the Bank's share-based incentive plans.

The RC reviews and approves the overall performance bonus, share-based incentive plans and remuneration of Management based on the remuneration policy approved by the Board. It takes into account the performance of the Bank, functional performance as well as individual performance and contributions of the CEO and other members of Management. The BRMC and AC review and approve the performance of and remuneration for the CRO and Head of Group Audit respectively.

The RC also reviews the Bank's obligations arising in the event of the termination of Management's service contracts. It ensures that termination provisions in service contracts are not overly generous, onerous or adverse to the Bank.

In view of the sensitive nature of employee remuneration matters and the competitive human resource environment, the Bank believes that it is not to its advantage or in its best interest to disclose the remuneration of the top five non-director executives whether individually or in the aggregate. Employee remuneration matters should remain confidential in support of the Bank's efforts to attract and to retain highly-skilled individuals.

Save as disclosed below and in the Directors' Statement section of this report, there was no employee in the UOB Group who is an immediate family member of a director or the CEO of UOB and whose 2017 remuneration exceeded \$50,000:

- Mr Wee Ee Cheong, the CEO of the Bank, is the son of Dr Wee Cho Yaw; and
- Mr Brian Ong Li Jian, the son of Mr Ong Yew Huat, is employed by UOB Asset Management Ltd, a subsidiary of UOB. His remuneration for 2017 was within the band of \$50,000 to \$100,000.

ACCOUNTABILITY AND AUDIT

(Principles 10 to 13, MAS Guidelines)

Board Risk Management Committee

BRMC membership

- Before 15 February 2018: Wee Cho Yaw (*chairman*), Hsieh Fu Hua, Wee Ee Cheong, Ong Yew Huat, Wong Kan Seng and Alvin Yeo Khirn Hai
- From 15 February 2018: Wee Cho Yaw (*chairman, till 20 April 2018*), Ong Yew Huat (*chairman, from 21 April 2018*), Wong Kan Seng, Wee Ee Cheong and Alvin Yeo Khirn Hai
- Majority of members, including the chairman, are non-executive directors

The BRMC reports to the Board quarterly and assists the Board in overseeing risk management matters, including the following:

- establishment and operation of a robust and independent risk management system to identify, to measure, to monitor, to control and to report risks on an enterprise-wide basis;
- adequacy of the risk management function's resources;
- adequacy and effectiveness of the risk management system;
- review of the overall risk profile and the compliance with risk appetite, risk limits and risk-return strategy;
- establishment of risk measurement models and approaches;

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- appropriateness of the remuneration and incentive structure; and
- appointment, remuneration and resignation of the CRO.
- policies and procedures for handling fraud and whistleblowing cases; and
- interested person transactions and material related party transactions.

Reporting functionally to the BRMC and administratively to the CEO, the CRO is responsible for the day-to-day operations of the risk management functions in the Group.

In 2017, the BRMC reviewed the risk governance framework, key risk management frameworks, risk profile reports and stress test results. It also reviewed the Group's risk appetite, which defines the risk appetite thresholds and limits across key risk areas, for approval by the Board. In addition, it reviewed the Bank's remuneration practices in relation to promoting appropriate risk-taking behaviour and business continuity preparedness. The BRMC is kept informed of the strategic direction for the Bank's data governance. Please refer to the Risk Management section of this report for more information on the work overseen by the BRMC.

There are common members on the BRMC and AC. As risk management and internal controls are closely related, the common membership enables optimal use of the resources of the two committees and facilitates coordination of matters between the committees.

Audit Committee

AC membership

- Willie Cheng Jue Hiang (*chairman*), James Koh Cher Siang, Ong Yew Huat and Alvin Yeo Khirn Hai
- All members are independent and non-executive directors

All the AC members have experience serving on the audit committees of large companies or other organisations. Two of the AC members, including the chairman, are accountants by training.

The AC oversees matters relating to the following:

- financial statements and quality of, and any significant change in, accounting policies and practices;
- adequacy and effectiveness of internal accounting control systems and material internal controls;
- appointment, re-appointment, removal (if necessary), evaluation and remuneration of the external auditor, and plans, reports and results of external audit;
- appointment, evaluation, remuneration and resignation of the Head of Group Audit;
- adequacy and effectiveness of the internal audit function, and plans, reports and results of internal audit;

The AC has authority to investigate any matter within its terms of reference and has the full cooperation of and access to Management. It also has direct access to the internal and external auditors, who separately meet with the AC in the absence of Management at least once every quarter. The AC meets among themselves outside formal meetings and with the Finance team and the internal and external auditors as often as appropriate to be apprised of matters which are under review. Audit reports, findings and recommendations of the internal and external auditors are sent directly to the AC, independent of Management.

The AC reviews the quarterly and annual financial statements before recommending them to the Board for approval. In reviewing the financial statements, the AC assesses the accounting policies and practices applied and any judgement made that may have a significant impact on the financial statements.

Group Finance and the external auditor update the AC on new accounting standards and regulatory developments that are relevant to the Bank. Through such updates and discussions as well as the directors' development programme, the AC members are kept abreast of changes in accounting standards and developments in corporate governance which may have a direct impact on financial statements.

From 1 January 2018, all listed entities are required to move to a new accounting framework, the Singapore Financial Reporting Standards (International) or SFRS(I). The assessment of the Bank's preparation for the adoption of the new accounting framework began in early 2017. The AC worked with Group Finance and the external auditor to ensure the timely implementation and appropriateness of the judgements and application of the new accounting standards, in particular, SFRS(I) 1: First-time Adoption of SFRS(I), SFRS(I) 9: Financial Instruments, and SFRS(I) 15: Revenue from Contracts with Customers.

The AC also reviews fraud and whistleblowing cases as well as the policies and procedures governing the management of fraud and whistleblowing cases. Please refer to page 117 for more information on the whistleblowing policy, which is administered by the internal auditor.

In 2017, the AC reviewed the setup of the Bank's Three Lines of Defence model, and the business compliance model which seeks to enhance regulatory compliance by business units. For more holistic fraud management, a new Integrated Fraud Management unit was set up under Group Risk Management. This unit reports to the AC on its work and findings on fraud matters.

External Auditor

The external auditor is Ernst & Young LLP, which is registered with the Accounting and Corporate Regulatory Authority (ACRA). The partner in charge of auditing UOB is rotated every five financial years, in accordance with the SGX-ST Listing Rule requirements. The AC is responsible for recommending the appointment or re-appointment of the external auditor. It approves the terms of engagement of the external auditor and the audit fees, and reviews the external auditor's audit plan and reports.

The audit and non-audit fees for 2017 are disclosed in Note 10 to the Financial Statements section of this report. The non-audit fees paid to the external auditor have not exceeded the audit fees and have been between five per cent and 37 per cent of the audit fees for the respective years, since the appointment of the external auditor in 2004.

The AC receives regular reports on the engagement of the external auditor for non-audit services and the fees paid for such services. It also receives the external auditor's quarterly affirmation of its independence. Following an evaluation of the fees paid to the external auditor for audit and non-audit services rendered by the external auditor in 2017, the AC is of the view that the non-audit services provided and the amount of non-audit fees paid to the external auditor did not compromise the independence of the external auditor.

The Independent Auditor's Report contains information on the work performed by the external auditor. It includes the key audit matters (KAMs) which the external auditor assessed to be of most significance in its audit of the financial statements for the year under review. The tables below and on the next page provide the AC's commentary on the Independent Auditor's Report.

Item		AC's Commentary on Independent Auditor's Report
Page 164-165	KAM: Impairment of Loans to Customers	<p>The Group's loans grew 5% year-on-year to \$236 billion, while the Group's non-performing loans (NPL) increased 27% to \$4.2 billion over the same period.</p> <p>Both the internal auditor and external auditor apprised us of Management's credit monitoring controls and processes. The external auditor presented its audit testing methodology and the results on impairment allowances during the year.</p> <p>We reviewed significant NPL, especially the exposures to the oil and gas and shipping sectors, to satisfy ourselves that the classifications and level of specific allowances, taking into consideration the valuation approach for the collateral, were appropriate.</p> <p>The external auditor also apprised us of the new expected credit loss (ECL) requirements of SFRS(I) 9: Financial Instruments that came into effect on 1 January 2018.</p> <p>We reviewed Management's methodology for general allowances, and the reversal of excess general allowances, taking into account the allowance requirements under the SFRS(I) 9. We deliberated on the historical loss experience of the Group and the resiliency of the general allowance to absorb possible loss, in light of the economic outlook and macroeconomic environment.</p> <p>Overall, we assessed that the allowances on loans under the new accounting standards, barring unforeseen circumstances, were adequate.</p>
Page 165	KAM: Valuation of Illiquid or Complex Financial Instruments	<p>We discussed with Management and the external auditor on the valuation techniques and unobservable inputs used to determine the fair value of illiquid or complex financial instruments such as unquoted private equity investments, callable interest rate swaps and structured derivative products. The valuation processes and controls were also tested by the internal auditor. With continued volatility in the global markets, the valuation of such illiquid or complex financial instruments can be a challenge.</p> <p>The results of the internal auditor's and external auditor's testing and review of the resultant fair values and fair value hierarchy classification of these financial instruments were presented to us. We considered that the fair value and classification of these financial instruments appropriate.</p>

+ "KAM" means key audit matter.

Corporate Governance

Item		AC's Commentary on Independent Auditor's Report
Page 166	KAM: Impairment of Goodwill	<p>Goodwill from the acquisition of Overseas Union Bank Limited, United Overseas Bank (Thai) Public Company Limited and PT Bank UOB Indonesia amounted to \$4.14 billion.</p> <p>The goodwill impairment testing methodology and results were presented to the AC by Management. The external auditor reviewed the goodwill impairment methodology and presented the test results, including comments from its valuation specialists and sensitivity analyses performed.</p> <p>We assessed the appropriateness of the cash flow forecasts and the discount rates used in the goodwill impairment testing and reviewed the results of the sensitivity analyses performed. We were satisfied with the assessment that no impairment was required on the goodwill for this financial year.</p>
Page 167	Other Information	<p>Other information (OI) comprises information other than that in the financial statements presented in the annual report. OI was not available to the external auditor at the issuance of its audit opinion on 13 February 2018. On 9 March 2018, the external auditor confirmed by a letter to the Board that it had since received and read the OI. It had considered whether the OI is materially inconsistent with the Group's financial statements for the financial year ended 31 December 2017 or its knowledge obtained in the audit or otherwise appears to be materially misstated, and had nothing to report in that regard.</p>

The AC has evaluated the external auditor's work and considered the feedback of the internal auditor and Management. It is of the view that the external auditor has the requisite expertise and resources to perform its duties and has a good understanding of the Bank's business, risk management and operational issues.

Further, the AC is satisfied that the external auditor was independent, objective and effective in its audit of UOB in 2017. It has therefore nominated Ernst & Young LLP for re-appointment at the 2018 AGM. UOB has complied with Rules 712 and 715 of the SGX-ST Listing Manual in the appointment of Ernst & Young LLP as the external auditor of the subsidiaries of the Bank, except for a handful of immaterial overseas subsidiaries due to exceptional local regulations and circumstances.

In evaluating the external auditor for re-appointment, the AC was guided by the *Audit Quality Indicators Disclosure Framework* issued by ACRA, the *Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors* issued by ACRA and the Singapore Exchange, and the *External Audits of Banks* issued by the Basel Committee on Banking Supervision.

In 2018, the AC will conduct a tendering exercise for an external auditor for financial year 2020 onwards to comply with MAS' requirement for mandatory audit re-tendering of external auditors of the local banks.

Internal Auditor

The AC reviews and approves the Internal Audit Charter which sets out the authority and responsibilities of Group Audit, the internal audit function. It reviews the risk-based internal audit plan, internal audit reports, scope and results of the internal audits and the adequacy and effectiveness of Group Audit. The AC approves the appointment, remuneration and resignation of the Head of Group Audit, who reports functionally to the AC and administratively to the CEO. Mr Daniel Ng is the current Head of Group Audit. He succeeded Mr Victor Ngo in April 2017, as the latter has been appointed as the Head of Group Compliance.

Independent of the activities that it audits, Group Audit works within the framework defined in the Internal Audit Charter. It adopts and meets the *International Standards for the Professional Practice of Internal Auditing* set by The Institute of Internal Auditors and other relevant best practices. It is also guided by *The Internal Audit Function in Banks* issued by the Basel Committee on Banking Supervision. At least once every five years, a quality assurance review of the internal audit function is conducted by an external professional. The last review was conducted by Protiviti Inc. in 2016.

Group Audit assesses the reliability, adequacy and effectiveness of the Bank's system of internal controls, risk management and governance processes. A risk-based approach is used to develop the internal audit plan and audit projects are prioritised and scoped according to Group Audit's assessment of the Bank's risks and controls over the risk types. Group Audit also supports Management in inculcating a stronger risk culture through the Management Governance and Oversight Rating Framework, which seeks to enhance Management's awareness of the risk factors attendant in their respective areas of work and their responses to the factors identified.

For greater effectiveness and efficiency and improved decision-making capabilities, Group Audit uses data analytics in the course of its work. The Group Audit team has subject-matter specialists in fields including technology, structured products, credit evaluation, fund management and investment. It ensures that audit staff receive adequate and appropriate training, and has put in place measures to build functional continuity.

Further, Group Audit oversees the internal audit functions of the Bank's overseas banking subsidiaries and advises them on standards of auditing and the Group's policies. The subsidiaries' internal audit functions provide regular reports to the Head of Group Audit, who is invited to attend the subsidiaries' audit committee meetings. To the extent appropriate and in accordance with local regulations, Group Audit conducts global audits of selected areas and reviews the internal audit work of each banking subsidiary. In 2017, Group Audit increased the number of global audits conducted significantly. This ensures that there is holistic assessment of audit issues, system gaps are identified and issues with common root cause across the Group are dealt with concurrently.

Having reviewed the scope of internal audit for the financial year, the progress and results of the audits and the auditees' response to audit findings, the AC is satisfied that Group Audit is adequately resourced and effective in carrying out its responsibilities.

Risk Management and Internal Controls

The Bank's system of risk management and internal controls consists of the following components:

- **Management oversight and control:** Management is responsible for the day-to-day management of risks and the effective implementation and continued relevance of the Bank's frameworks, policies, processes and procedures for internal controls and risk management. The following senior management committees assist the CEO in this regard: Asset and Liability Committee, Communications and Brand Committee, Credit Committee, ESG Committee, Human Resources Committee, Information and Technology Committee, Investment Committee, Management Committee, Management Executive Committee, Operational Risk Management Committee, and Risk and Capital Committee.

- **Risk identification, monitoring and assessment:** Group Risk Management identifies, monitors and assesses risks of the Group. It works with business and support units and the relevant senior management committees to develop and to implement appropriate risk management strategies, frameworks, policies and processes. To the extent appropriate, these frameworks, policies and processes are also practised at the Group's overseas subsidiaries. Group Risk Management provides regular reports to the Board and BRMC on the overall risk profile and outlook, including any emerging risk and key developments in the Group. More information on the Bank's risk management can be found in the Risk Management and Pillar 3 Disclosure sections of this report.

- **Regulatory compliance:** Group Compliance works with business and support units to identify, to assess, to monitor and to manage regulatory compliance risks. It provides oversight and guidance for a strong compliance culture in the Group. It also accords high priority to compliance with rules and preventive measures against money-laundering and terrorist-financing. Compliance policies, procedures and guidelines, ethical standards and industry best practices are put in place to guide business and support units in the conduct of business. Group Compliance provides assessments of regulatory compliance risks which may have an impact on the Group's operations, recommends corrective measures and issues advisories where appropriate. The Head of Group Compliance regularly reports to the Board and BRMC on significant compliance issues, regulatory developments and preventive and remedial actions taken.

- **Audits:** External and internal auditors conduct audits and report on any material non-compliance with or lapse in internal controls. Please see the sections on the external and internal auditors in the preceding pages.

UOB has implemented a governance, risk and compliance (GRC) system, which provides an enterprise-wide view across governance, risk management and compliance activities throughout the organisation. This integrated platform facilitates information-sharing and coordination and collaboration among Group Audit, Group Risk Management and Group Compliance, enabling more effective governance oversight and response to issues identified. In 2017, the GRC system was enhanced to integrate the GRC processes into the audit process.

The Bank has established an escalation process for reporting material incidents and breaches. The process facilitates the relevant Board Committee's or the Board's oversight of follow-up actions taken by Management. In 2017, the Bank also reorganised its fraud management process with the establishment of the Integrated Fraud Management unit.

Corporate Governance

Various self-assessments for assessing compliance with internal controls, risk management processes and applicable regulations are conducted by business and support units and the results are reviewed by Management. For the year under review, the AC and the Head of Group Audit have reviewed the internal controls and the BRMC and the CRO have reviewed the risk management processes.

The Board has conducted its review of the Bank's internal controls and risk management processes and the work performed by the internal and external auditors, Management and the relevant Board Committees. It has also received assurance from the CEO and CFO that the system of risk management and internal controls is effective, the financial records have been properly maintained and the financial statements give a true and fair view of the Bank's operations and finances.

Based on its review and with the concurrence of the AC and BRMC, the Board has formed the view that the Bank's system of risk management and internal controls, including financial, operational, compliance and information technology controls, was adequate and effective as at 31 December 2017. As no system of risk management and internal controls can provide absolute assurance against material error, loss or fraud, UOB's system of risk management and internal controls provides reasonable but not absolute assurance that the Bank will not be affected by any adverse event which may be reasonably foreseen.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

(Principles 14 to 16, MAS Guidelines)

Shareholder Rights and Conduct of Shareholder Meetings

UOB treats all shareholders fairly and equitably, and discloses all material information relating to the Bank and its financial performance to facilitate the exercise of rights by shareholders.

The Bank encourages and supports shareholder attendance at general meetings and participation in decisions concerning key corporate changes, such as any amendment to the Bank's Constitution and the authority to issue ordinary shares. A notice of a general meeting, related information and a proxy form are sent to shareholders within the statutory timeline of at least 14 days before the meeting. The notice of meeting is also advertised in certain widely-read newspapers in Singapore for the benefit of shareholders. In addition, the notice and the proxy form are published on the UOB website and SGXNet. Each proposal is tabled as a separate and distinct resolution, and explanatory notes to the resolutions tabled are provided in the notice of meeting.

All shareholders are entitled to attend and to vote at general meetings in person or by proxy. The proxy form provides shareholders with the option of directing their proxy to vote either for or against each proposed resolution. The rules for the appointment of proxies are set out in the notice of general meeting and proxy form. Shareholders who are not relevant intermediaries as defined in the Companies Act may appoint up to two proxies to attend and to vote on their behalf. Nominee companies and custodian banks which are relevant intermediaries may appoint more than two proxies. Investors who hold shares through nominee companies or custodian banks may attend and vote as proxies of the nominee companies or custodian banks. Duly completed proxy forms must be deposited at the place specified in the notice of general meeting at least 72 hours before the time set for holding the general meeting. The Bank currently does not implement voting in absentia by mail or electronic means.

Adequate time is allocated for shareholders to give their views on Bank-related matters at each general meeting. Each ordinary share carries one vote and all resolutions at the general meeting are voted on by poll via electronic voting devices. This enables shareholders to exercise their full voting rights and ensures greater transparency. The electronic poll-voting services are provided by an independent service provider. Before electronic poll-voting commences, shareholders and proxies are briefed on the polling procedures. Each agenda item is put to the vote separately. When voting on each resolution is closed, the votes cast for or against the resolution are tallied and presented immediately to shareholders. An independent scrutineer, who is in attendance at every general meeting, validates the voting results which are announced promptly on SGXNet on the same day as the general meeting.

Communication with Shareholders

UOB has an investor relations policy on communicating with the investment community, which includes shareholders, investors and analysts. The Bank does not practise selective disclosure and publishes pertinent information on SGXNet and the UOB website (www.UOBgroup.com) on a timely basis for access by shareholders and other stakeholders. The investor relations webpage on the UOB website hosts all investor-related information, including the latest financial results and annual report, upcoming events and share and dividend information.

The financial results, which are approved by the Board prior to the Bank's announcement, provide stakeholders with a balanced assessment of the Bank's performance, position and prospects. Quarterly financial results are announced within 45 days from the end of each financial quarter. The full-year financial results are announced within 60 days from the financial year-end. The annual report, which contains the audited financial statements, notice of AGM, proxy form and other pertinent information, is available on SGXNet and the UOB website. A notice of the publication of the annual report on SGXNet and the UOB website will be sent to all shareholders at least 14 days before the AGM. As part of the Bank's efforts to reduce its carbon footprint, the Bank has discontinued its practice of sending the full annual report to shareholders in the form of a CD-rom. Nevertheless, a shareholder may request a printed copy of the annual report from the share registrar or the Bank.

General meetings are a principal forum for dialogue with shareholders. Adequate time is allocated for shareholders to provide their feedback on Bank-related matters and the resolutions to be passed.

The Bank holds the AGM within four months from the financial year-end. At each AGM, the CEO delivers a presentation to update shareholders on the Bank's performance in the preceding financial year. The directors, including the Board Chairman and the committee chairpersons, and senior executives are in attendance to address shareholders' queries. The external auditor is also present to address queries on the conduct of audit and the external auditor's report. The minutes of the AGM are published on the UOB website, together with the responses to the queries raised by shareholders during the meeting.

Shareholders, analysts and other stakeholders in the investment community may also provide feedback through the Investor Relations unit, whose contact details can be found in the Corporate Information and Investors sections of this report and on the UOB website.

UOB proactively engages the investment community through various avenues. The Bank holds briefings to the media and analysts following the release of the half-year and full-year financial results, and telephone conferences with analysts after the announcement of the first-quarter and third-quarter financial results. Corporate day events are organised in key markets in which UOB operates. Through investor meetings, conferences and roadshows, the Bank shares with analysts and investors the Bank's corporate strategy, operational performance and business outlook. All materials presented at such briefings, corporate days, meetings, conferences and roadshows are published on SGXNet and the UOB website in a timely manner.

Dividend Payment

The Bank aims to pay consistent and sustainable dividends to shareholders over the long term by balancing sustainable growth with prudent capital management. Dividends recommended or declared for payment are announced on SGXNet.

UOB pays dividends in a timely manner. Dividends are paid within 30 days after any interim dividend has been declared and after any final dividend has been approved at the AGM. If the UOB Scrip Dividend Scheme is applied to any dividend, the payment date will be in compliance with the SGX-ST Listing Rules (i.e. the payment date will be not less than 30 market days, but not more than 35 market days, after the books closure date).

RELATED PARTY TRANSACTIONS AND INTERESTED PERSON TRANSACTIONS

(Principle 17, MAS Guidelines)

UOB has a policy on monitoring and disclosing interested person transactions, related party transactions and director-related transactions. All interested person transactions and material related party transactions are reported to the AC, which reviews if such transactions are undertaken in the ordinary course of business and on normal commercial terms and arm's length basis. All directors and the CEO have to declare any interest which could conflict with UOB's interest and to abstain from voting on matters in which they have an interest.

Related party transactions are disclosed in the Notes to the Financial Statements of this report. The particulars of all interested person transactions entered into during the year in review are set out on the next page.

Corporate Governance

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Haw Par Corporation Limited and its subsidiaries (Haw Par Group)	UOB Travel Planners Pte Ltd sold travel products and services to the Haw Par Group. The total value of these transactions was \$290,077.	Nil
UOB-Kay Hian Holdings Limited and its subsidiaries	UOB Travel Planners Pte Ltd sold travel products and services to UOB Kay Hian Private Limited. The total value of these transactions was \$449,546.	Nil
UOL Group Limited and its subsidiaries (UOL Group)	<p>UOB Travel Planners Pte Ltd sold travel products and services to and acted as hotel services agent for the UOL Group. The total value of these transactions was \$910,509.</p> <p>The Bank rented the following premises from UOL Property Investments Pte Ltd:</p> <ul style="list-style-type: none"> • #11-01A United Square for 34 months from 1 April 2017 at \$255,969; and • #11-05 United Square for 22 months from 1 April 2018 at \$263,549. <p>United Overseas Bank (Malaysia) Bhd paid MYR323,603 for accommodation and for the use of meeting rooms to Parkroyal Kuala Lumpur.</p>	Nil
UIC Asian Computer Services Pte Ltd	UOB and its subsidiaries purchased hardware and software from UIC Asian Computer Services Pte Ltd valued at approximately \$19.55 million.	Nil

Material Contracts

No material contract involving the interest of the CEO, any director or controlling shareholder of the Bank has been entered into by the Bank or any of its subsidiaries since the end of the previous financial year, and no such contract subsisted as at 31 December 2017, save as may be disclosed on SGXNet or herein.

ETHICAL STANDARDS

Code of Conduct

The Bank's values of Honourable, Enterprising, United and Committed, which are adopted as appraisal criteria for employees, are at the heart of the UOB Code of Conduct. The written code guides directors and employees on their conduct at the workplace and with stakeholders, and seeks to foster a culture of honesty and accountability to protect the interests of the Bank and its stakeholders.

The code lays down the principles of personal and professional conduct, including in the following areas:

- Fair Dealing in the conduct of business;
- confidentiality of customer information;
- protection of personal data;
- equal opportunity for employees on the basis of merit;
- non-tolerance of discrimination or harassment on the basis of gender, race, age, religion, disability or any other classification that does not create a professional and safe workplace;
- maintenance of a conducive and healthy environment that contributes to the safety and well-being of employees and other stakeholders;

- compliance with applicable laws and regulations, including competition and anti-trust law;
- zero tolerance of bribery, corruption and illegal or unethical dealings, including insider trading and facilitation payments; and
- whistleblowing.

The code is reviewed periodically for relevance. Annually, employees refresh their knowledge of the code through an online learning tool. Employees are monitored for their completion of the online learning and performance. Any employee who does not comply with the code may be subject to disciplinary action.

Whistleblowing Policy

The Bank's whistleblowing policy provides for any individual to report, anonymously or otherwise, any suspected or actual wrongdoing (such as fraud and breaches of the law, regulations or UOB's policies) in confidence. The policy outlines well-defined whistleblowing channels and sets out the procedures by which Group Audit investigates whistleblowing cases.

Whistleblowing reports may be sent to the Head of Group Audit at United Overseas Bank Limited, 396 Alexandra Road, #03-09, Singapore 119954. Alternatively, reports may be sent to the AC chairman, CEO or Board Chairman at 80 Raffles Place, UOB Plaza 1, Singapore 048624. All reports received are accorded confidentiality and investigated independently by Group Audit, which submits regular updates on whistleblowing reports received to the AC. The Bank prohibits reprisal in any form against whistleblowers who have acted in good faith.

Employees have access to the whistleblowing policy, which is published on the Bank's intranet. They are reminded, via the UOB Code of Conduct and a bulletin broadcast by Group Audit, of their responsibility to report any genuine concern that they may have and of the seriousness that the Bank places on whistleblower protection.

Fair Dealing

The Bank actively promotes Fair Dealing with customers, putting in place policies, guidelines and best practices to embed the spirit and intent of Fair Dealing into the organisational culture and daily operations. Employees are reminded of the importance of Fair Dealing through online training every year. Customers and the general public may give their feedback on the Bank or its products and services via the customer service hotline or feedback form, both of which are available on the UOB website. The Bank has an independent customer complaint

panel which looks into all customer complaints received. Clear processes and procedures have been established to enable the panel to review and to investigate complaints independently, objectively and promptly and to communicate decisions to customers clearly. More information on the Bank's commitment to Fair Dealing can be found in the Customers section of this report.

Securities Dealing

Directors and employees are guided by a code on dealing in securities which requires them to comply with applicable laws on insider dealings at all times. The code also prohibits them from dealing in the Bank's securities:

- on short-term considerations;
- whenever they are in possession of price-sensitive information; and
- during the period commencing two weeks before the announcement of the Bank's financial statements for each of the first three quarters of the financial year and one month before the announcement of the Bank's full-year financial statements. The Bank does not deal in its securities during the prohibited dealing periods and informs directors and employees of such periods.

The Bank also has a policy on personal trades in securities. The policy requires employees with access to price-sensitive information in the course of their duties to seek clearance before they can trade in any securities.

Directors and the CEO have a duty to notify the Bank of his/her interests in the securities of UOB and its related corporations within two business days after they acquire such interests or become aware of any change in interests for the Bank's announcement on SGXNet.

Corporate Governance

SUMMARY OF DISCLOSURES

	Page reference in annual report
Principles and guidelines in MAS Guidelines with express disclosure requirements	
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	102
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	103
Guideline 1.5 The type of material transactions that require board approval under guidelines	102
Guideline 1.6 The induction, orientation and training provided to new and existing directors	105-106
Guideline 1.16 An assessment of how these programmes meet the requirements as set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively	106
Guideline 2.3 The Board should identify in the company's annual report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	104
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	Not applicable
Guideline 2.13 Names of the members of the board executive committee (EXCO) and the key terms of reference of the EXCO, explaining its role and the authority delegated to it by the Board	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	103-108
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	105
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	105
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	12-18
Guideline 4.13 Resignation or dismissal of key appointment holders	Not applicable

Principles and guidelines in MAS Guidelines with express disclosure requirements	Page reference in annual report
Guideline 4.14 Deviation and explanation for the deviation from the internal guidelines on time commitment referred to in Guidelines 4.4 and 4.10	105
Guideline 5.1 The Board should state in the company's annual report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	105
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	108-109
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	123
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	121-125
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	108-109
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	160
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of \$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	109
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds \$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of \$50,000	109
Guideline 9.5 Details and important terms of employee share schemes	161

Corporate Governance

Principles and guidelines in MAS Guidelines with express disclosure requirements	Page reference in annual report
<p>Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met</p>	121-125
<p>Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems</p>	114
<p>Guideline 11.14 Names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board</p>	109-110
<p>Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board</p>	110-113
<p>Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement</p>	187
<p>Guideline 12.7 The existence of a whistleblowing policy should be disclosed in the company's annual report</p>	117
<p>Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements</p>	110
<p>Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings</p>	114-115
<p>Guideline 15.5 Where dividends are not paid, companies should disclose their reasons</p>	Not applicable
<p>Guideline 17.4 Material related party transactions</p>	235-236