Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

10,000,000 European Style Cash Settled Short Certificates

relating to the ordinary shares of Oversea-Chinese Banking Corporation Limited

with a Daily Leverage of -5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.80 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 26 April 2022.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

25 April 2022

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates.

Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(m) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(n) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(o) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 50 to 51 of this document for more information;

(q) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The

Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 36 to 37 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(v) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may rise. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(y) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;

(z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(cc) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(dd) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	10,000,000 European Style Cash Settled Short Certificates relating to the ordinary shares of Oversea-Chinese Banking Corporation Limited (the **"Underlying Stock"**)
ISIN:	LU2348852869
Company:	Oversea-Chinese Banking Corporation Limited (RIC: OCBC.SI)
Underlying Price[3] and Source:	S$11.99 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.80
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	6.50%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	19 April 2022
Closing Date:	25 April 2022

[3] These figures are calculated as at, and based on information available to the Issuer on or about 25 April 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 25 April 2022.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days' notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	26 April 2022
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 17 April 2024
Expiry Date:	24 April 2024 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	23 April 2024 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where:

"**t**" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Exchange Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Inverse Strategy and the value of the Certificate on that fifth Exchange Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 19 to 24 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 23 to 24 below and the "Description of Air Bag Mechanism" section on pages 47 to 49 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Singapore Dollar ("**SGD**")
Settlement Currency:	SGD
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	The SGX-ST
Business Day and Exchange Business Day:	A "**Business Day**" or an "**Exchange Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")

Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

The Leverage Inverse Strategy is designed to track a 5 times daily leveraged inverse exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Inverse Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Inverse Strategy Formula

$\mathbf{LSL_t}$	means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse Strategy Closing Level** as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$\mathrm{LSL}_1 = 1000$

On each subsequent Observation Date(t):

$$\mathrm{LSL}_t = \mathrm{Max}\left[\mathrm{LSL}_{t-1} \times \left(1 + \mathrm{LR}_{t-1,t} - \mathrm{FC}_{t-1,t} - \mathrm{SB}_{t-1,t} - \mathrm{RC}_{t-1,t}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{FC}_{t-1,t} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate}_{t-1} \times \mathrm{ACT}(t-1,t)}{\mathrm{DayCountBasisRate}}$$

$\mathbf{SB_{t-1,t}}$ means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$\mathrm{SB}_{t-1,t} = -\mathrm{Leverage} \times \frac{\mathrm{CB} \times \mathrm{ACT}(t-1,t)}{\mathrm{DayCountBasisRate}}$$

CB means the Cost of Borrowing applicable that is equal to: 2.00%

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows :

$$\mathrm{RC}_{t-1,t} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to :

0.04%

"Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage -5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), the daily Singapore Overnight Rate Average (SORA) provided by the Monetary Authority of Singapore as administrator of the benchmark (or a successor administrator), as published on BLOOMBERG/SIBCSORA Index or any successor page, being the rate as of day (t-2) at 09:00 Singapore time, provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on Refinitiv Screen (SORA=MAST) or any successor page.
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula : $$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$ where Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered gross of any applicable withholding taxes.
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).
DayCountBasisRate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
Reference Rate Event	means, in respect of the Reference Rate any of the following has occurred or will occur: (i) a Reference Rate Cessation; (ii) an Administrator/Benchmark Event; or (iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in

order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

Reference Rate Cessation	means, for a Reference Rate, the occurrence of one or more of the following events: (i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or (iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;
Administrator/Benchmark Event	means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.
Reference Rate(s)	means the rate(s) used in the Leverage Inverse Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for Performance Reasons

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Inverse Strategy Closing Level on the Intraday Restrike Date ($\mathrm{LSL_{IRD}}$) should be computed as follows :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$

means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD\text{-}1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD\text{-}1,IRD}} - \mathrm{SB_{IRD\text{-}1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$

means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$

means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k\text{-}1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage\text{-}1}) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k\text{-}1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$

means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 18 June 2021, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**M&F Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Oversea-Chinese Banking Corporation Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	10,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples

	thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 26 April 2022.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED SHORT CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Short Certificates on Single Equities?

European style cash settled short certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Inverse Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will decrease and are seeking short-term leveraged inverse exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment**
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance[8] x Daily Fees	x	Leverage Inverse Strategy daily performance x Daily Fees	x …	Leverage Inverse Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Inverse Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.

[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Oversea-Chinese Banking Corporation Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.80 SGD**
Notional Amount per Certificate:	**0.80 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**6.50%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\mathrm{HFF}\ (1)\ =\ \mathrm{HFF}\ (0)\ \times \left(1 - \mathrm{Management\ Fee}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right) \times \left(1 - \mathrm{Gap\ Premium}\ \times \frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.50\% \times \frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\% \times 99.9989\% \times 99.9819\% \approx 99.9808\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

$$\mathrm{HFF}\ (2) = \mathrm{HFF}\ (1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9808\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.50\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9808\% \times 99.9967\% \times 99.9458\% \approx 99.9233\%$$

The same principle applies to the following Exchange Business Days:

$$\mathrm{HFF}\ (n) = \mathrm{HFF}\ (n-1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7129% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9808%
5/7/2018	99.9617%
6/7/2018	99.9425%
9/7/2018	99.8850%
10/7/2018	99.8659%
11/7/2018	99.8468%
12/7/2018	99.8276%
13/7/2018	99.8085%
16/7/2018	99.7511%
17/7/2018	99.7320%
18/7/2018	99.7129%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.7129%

= 119.66%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.66% x 0.80 SGD

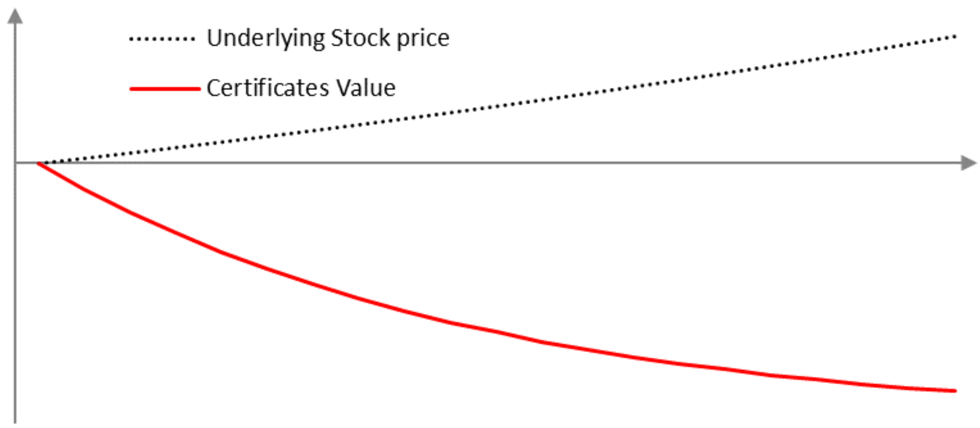
= 0.957 SGD

Illustration on how returns and losses can occur under different scenarios

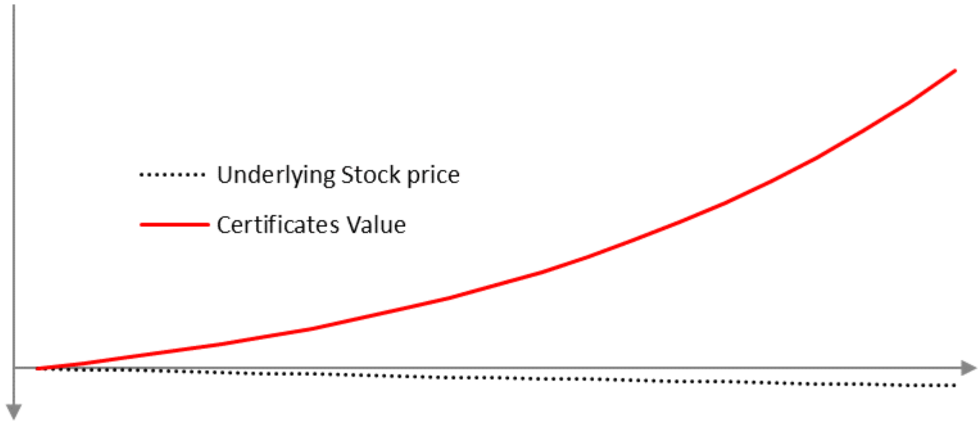
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

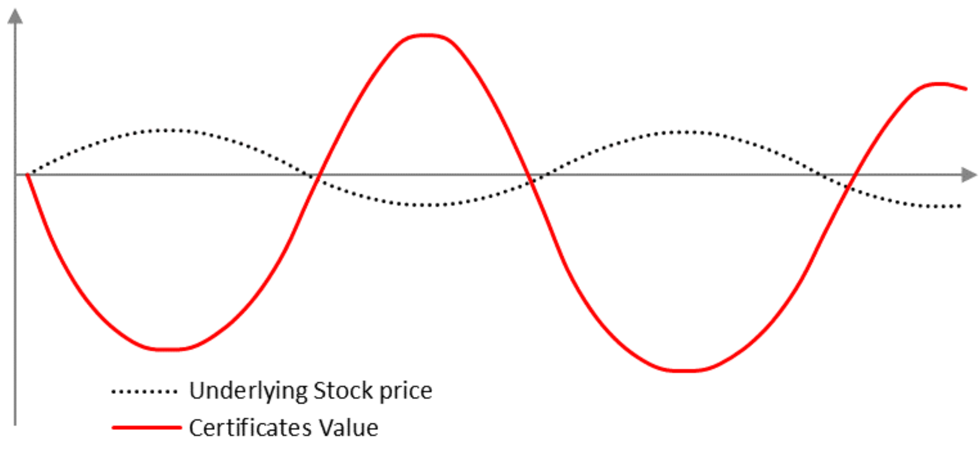
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.8	0.72	0.65	0.58	0.52	0.47
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.8	0.88	0.97	1.06	1.17	1.29
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	0.8	0.72	0.79	0.71	0.78	0.71
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

Description of Air Bag Mechanism

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its maximum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Inverse Strategy is reset using the maximum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Inverse Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

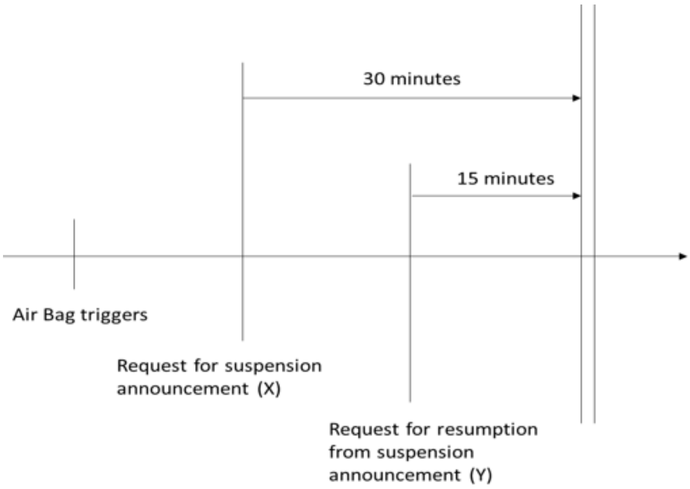
The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

Air Bag Mechanism timeline

<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="2">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>Less than 45 minutes before Market Close and more than 15 minutes before Market Close</td><td rowspan="2">Next trading day at Market Open</td></tr>
<tr><td>15 minutes or less than 15 minutes before Market Close</td><td>From Air Bag Trigger to Market Close</td></tr>
</table>

With **Market Close** defined as:

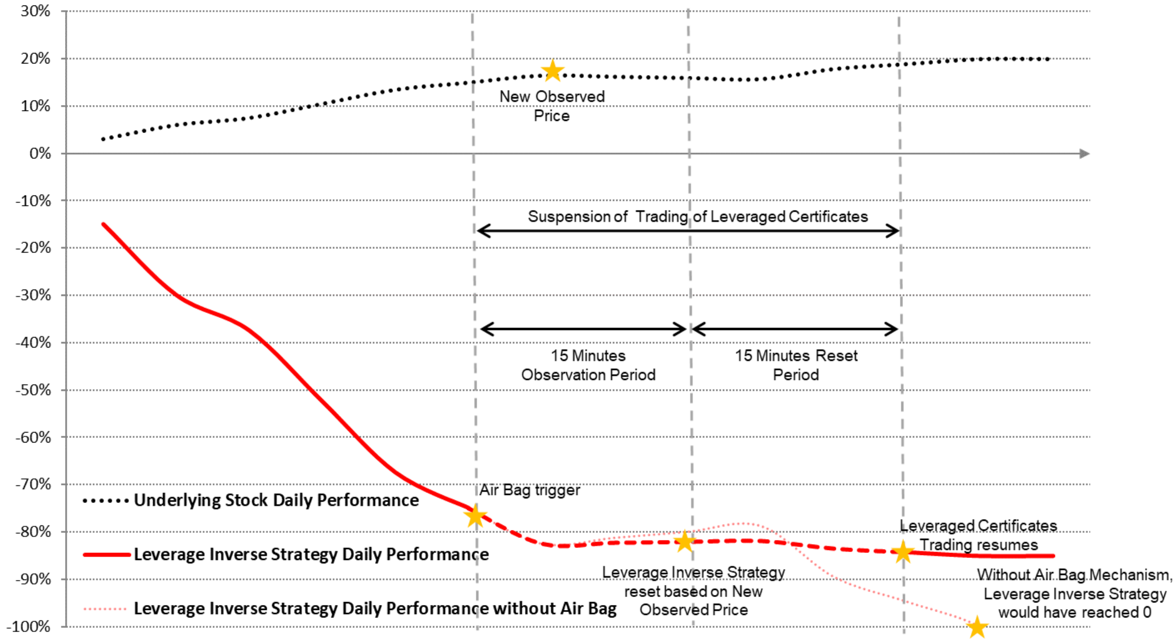
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



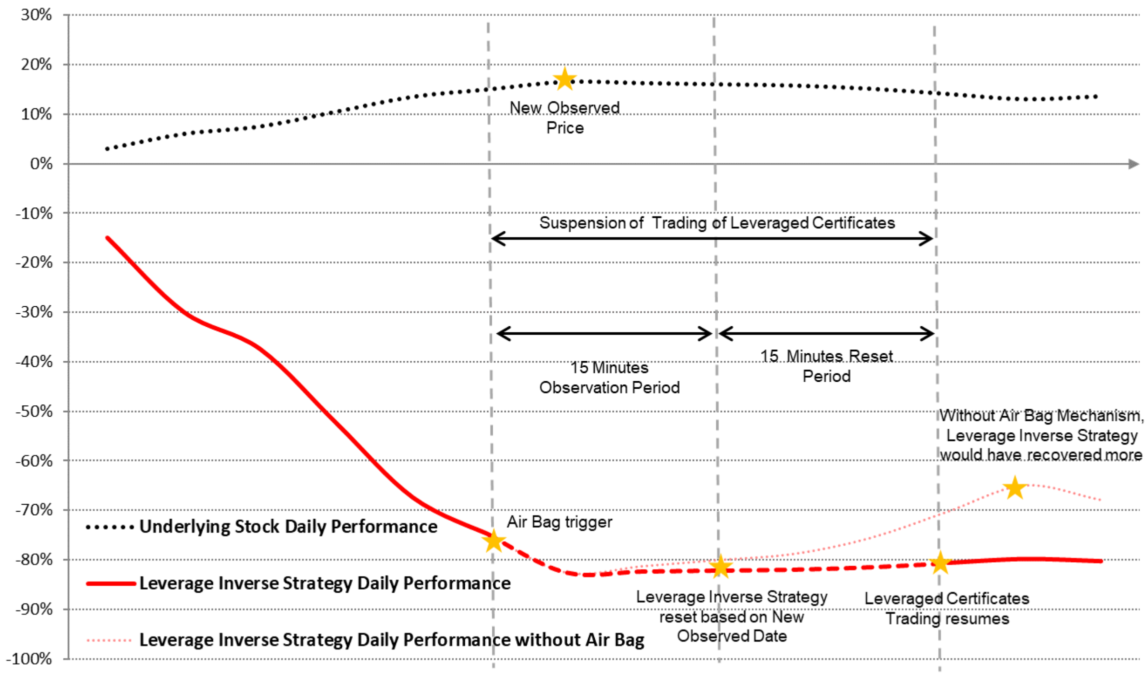
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



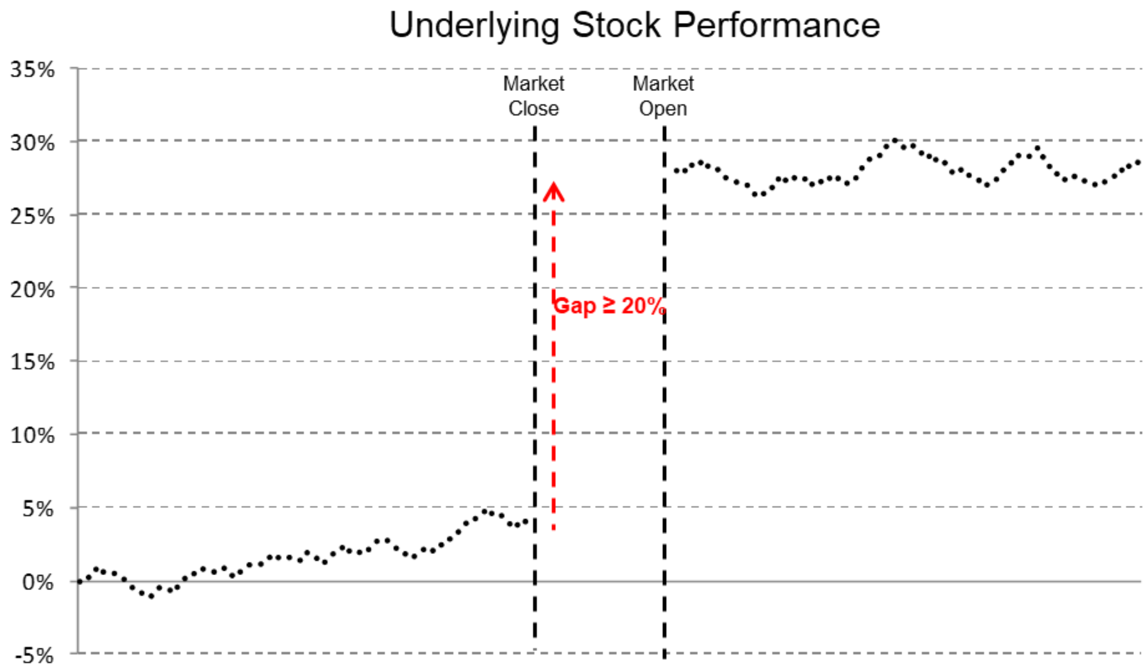
[9] The illustrative examples are not exhaustive.

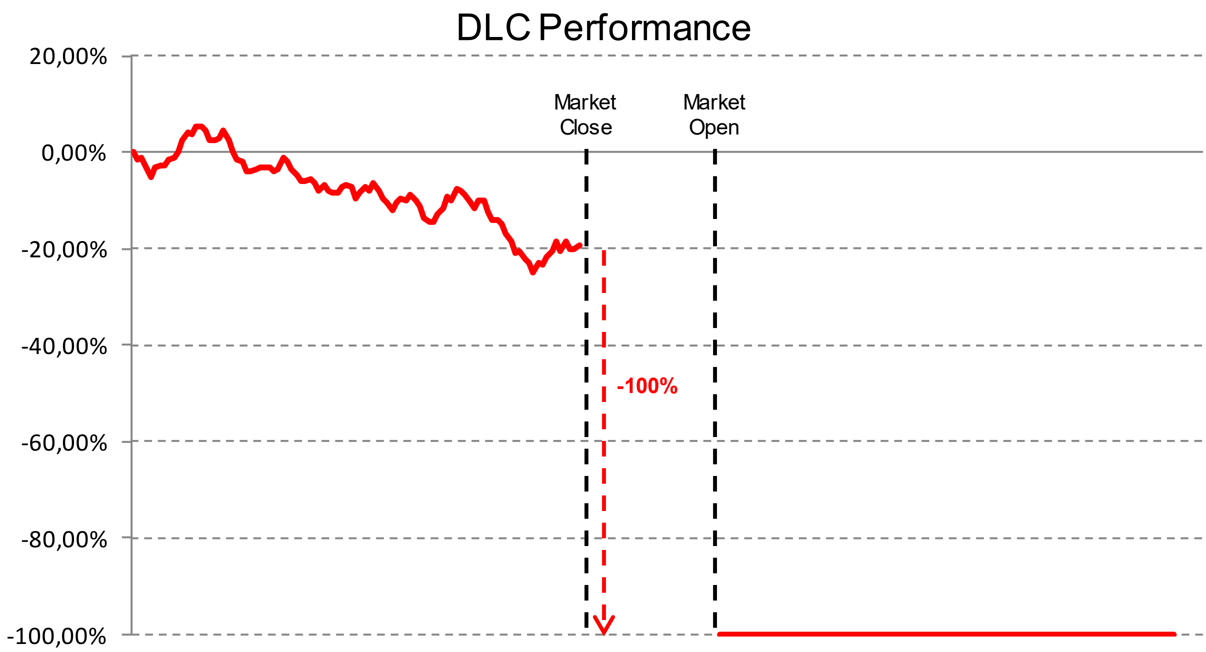
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

<u>*Scenario 1 – Overnight rise of the Underlying Stock*</u>

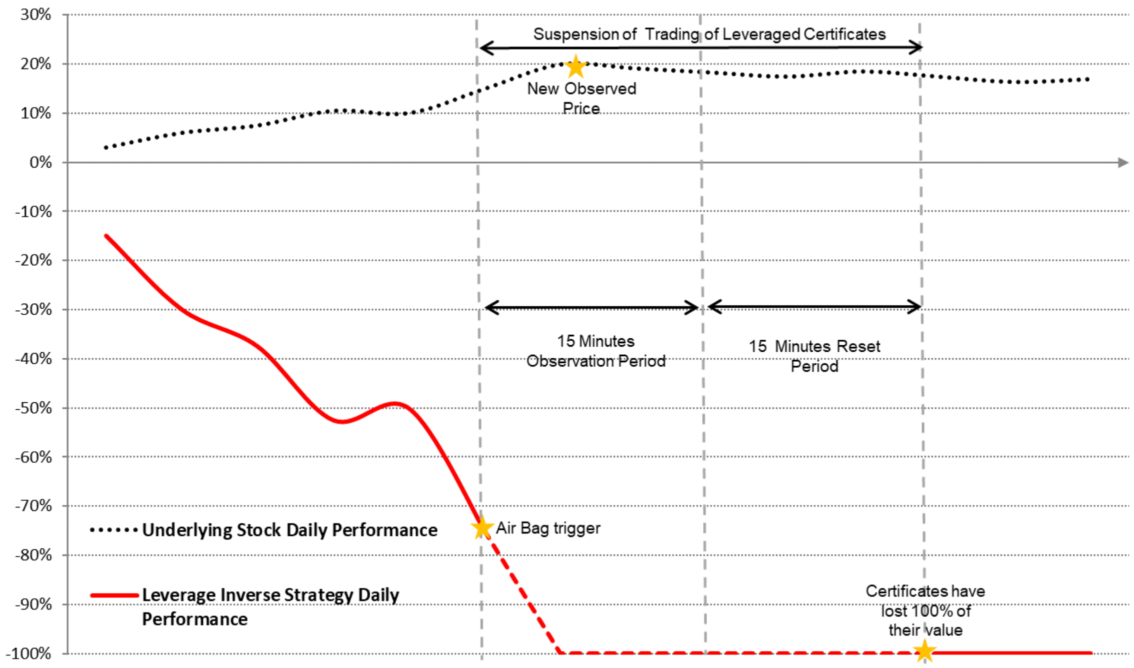
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more above the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday rise of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock rises by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = -10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.72	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $57.5, which is 15% above $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

S_{t-1} = $100

S_t = $202

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = -5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.76	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $230, which is 15% above $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.60	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$Div_t = \$0$

$DivExc_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = -10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.72	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$Div_t = \$0$

$DivExc_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.80	0.60	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$92, which is 15% above \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**" or the "**Company**") was incorporated in Singapore on 31 October 1932 to carry on business in banking and finance. The Bank is the successor to Chinese Commercial Bank Ltd, Ho Hong Bank Ltd and the Overseas-Chinese Bank Ltd.

OCBC Bank offers a comprehensive range of banking services and financial solutions in consumer banking, business banking, international banking, global treasury and investment management. The OCBC Group has diverse subsidiaries that are involved in financial futures, regional stockbroking, trustee, nominee and custodian services, property development and hotel management.

In August 2001, OCBC Bank acquired Keppel Capital Holdings Ltd and all its subsidiaries, including Keppel TatLee Bank Ltd, Keppel Securities Pte Ltd and Keppel TatLee Finance Ltd. On 25 February 2002, OCBC Bank and Keppel TatLee Bank were operationally and legally integrated.

OCBC Bank currently has assets of S$151 billion and a network of over 370 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, Vietnam, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 250 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to global treasury and stockbroking services to meet the needs of its customers across communities.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 31 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) where the Certificates are suspended from trading for any reason;

(iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(viii) if the stock market experiences exceptional price movement and volatility;

(ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and

(x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 10 February 2022 containing the Guarantor’s consolidated financial results for the fourth quarter ended 31 December 2021.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 31 December 2021, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor

should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the

Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term

“**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 OF OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 31 March 2022 in relation to the same.

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:

					At 31.12.2021	
Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	Outstanding	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.

<table>
<tr><th>Key Audit Matter</th><th>How Our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>

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.

</td><td>

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.

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</table>

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

<table>
<tr><th>Key Audit Matter</th><th>How Our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>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.</td><td>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.</td></tr>
</table>

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.*

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

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

	Attributable to equity holders of the Bank						
In $ million	Share capital and other equity	Capital reserves [1]	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
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 $1/24^{th}$ 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 $1/365^{th}$ 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 $ million	2020 $ million	2021 $ million	2020 $ 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	2020	2021	2020
	$ million	$ million	$ million	$ 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	2020	2021	2020
	$ million	$ million	$ million	$ 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

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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)

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12. Earnings Per Share

	GROUP	
	2021 $ million	2020 $ 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.

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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
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

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14. Other Equity Instruments

		GROUP AND BANK	
		2021	2020
	Note	$ million	$ 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	2020	2021	2020
	$ million	$ million	$ million	$ 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	
		2021	2020	2021	2020
	Note	$ million	$ million	$ million	$ 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

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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

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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.

GROUP ($ 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	**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

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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).

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21. Debt Issued

		GROUP		BANK	
	Note	2021 $ million	2020 $ million	2021 $ million	2020 $ 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	
	Note	Issue date	Maturity date	2021 $ million	2020 $ 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	GROUP 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.

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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**

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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	2020	2021	2020
	$ million	$ million	$ million	$ 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	2020	2021	2020
	$ million	$ million	$ million	$ 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	2020	2021	2020
	$ million	$ million	$ million	$ 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

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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	GROUP 2020	BANK 2021	BANK 2020
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	GROUP 2020	BANK 2021	BANK 2020
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

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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

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
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

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
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.*

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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	2020	2021	2020
	$ million	$ million	$ million	$ 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

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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.*

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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.

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).*

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31. Other Assets

	GROUP		BANK	
	2021 $ million	2020 $ million	2021 $ million	2020 $ 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 $ million	2020 $ million	2021 $ million	2020 $ 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.

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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.

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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 (%) 2021 (1)	Proportion of ownership interests and voting rights held by the Group (%) 2020 (1)	Proportion of ownership interests and voting rights held by non-controlling interests (%) 2021 (1)	Proportion of ownership interests and voting rights held by non-controlling interests (%) 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.

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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).*

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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).*

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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

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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.

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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

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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

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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.

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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).

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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.

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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.

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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

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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

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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.

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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)

	BANK				
$ million	Mandatorily measured at FVTPL	Designated as FVTPL	Amortised cost	FVOCI	Total
2020					
Cash and placements with central banks	–	–	20,969	–	20,969
Singapore government treasury bills and securities	1,052	–	–	8,242	9,294
Other government treasury bills and securities	2,264	–	378	6,769	9,411
Placements with and loans to banks	1,231	–	13,963	8,889	24,083
Loans to customers	84	–	170,567	–	170,651
Debt securities	3,179	–	387	12,081	15,647
Equity securities and investment funds	2,066	–	–	131	2,197
Debt and equity securities	5,245	–	387	12,212	17,844
Placements with and advances to subsidiaries	–	–	17,246	–	17,246
Derivative receivables	13,518	–	–	–	13,518
Other assets	–	–	2,886	–	2,886
Amounts due from associates	–	–	41	–	41
Financial assets	23,394	–	226,437	36,112	285,943
Non-financial assets					20,067
Total assets					306,010
Deposits of non-bank customers	–	–	197,745	–	197,745
Deposits and balances of banks	–	–	7,408	–	7,408
Deposits and balances of subsidiaries	–	–	25,793	–	25,793
Trading portfolio liabilities	339	–	–	–	339
Derivative payables	13,768	–	–	–	13,768
Other liabilities [1]	–	–	1,710	–	1,710
Debt issued	–	1,006	22,391	–	23,397
Financial liabilities	14,107	1,006	255,047	–	270,160
Non-financial liabilities					965
Total liabilities					271,125

(1) *Other liabilities include amounts due to associates.*

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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.

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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.

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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.*

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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 $ million	2020 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 Trading income	Other income	Total	2020 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.*

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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.*

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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)	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.

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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.

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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
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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.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 10 FEBRUARY 2022 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

The information set out below is a reproduction of the press release dated 10 February 2022 containing the Guarantor's consolidated financial results for the fourth quarter ended 31 December 2021.

SOCIETE GENERALE

RESULTS AT DECEMBER 31ST 2021

Press release
Paris, February 10th 2022

2021, RECORD GROUP NET INCOME

Substantial increase in underlying revenues of +16.1%(1) vs. 2020 (+17.2%(1)*), with a historically high level of Financing & Advisory and Financial Services activities, very solid Global Markets activities throughout the year, and a healthy momentum in Retail Banking

Underlying gross operating income of EUR 8.5 billion(1), up 51.0%(1) vs. 2020, with a significant positive jaws effect and costs under control, up +4.3%(1)

Still low cost of risk at 13 basis points

Underlying Group net income of EUR 5.3 billion(1) (EUR 5.6 billion on a reported basis)

Underlying profitability (ROTE) of 10.2%(1) (11.7% on a reported basis)

In Q4 21, underlying gross operating income of EUR 1.9 billion(1), +24.1% vs. Q4 20

Underlying Group net income of EUR 1.2 billion(1), +94.4% vs. Q4 20 (EUR 1.8 billion on a reported basis)

Underlying profitability (ROTE) of 9.2%(1) (16.6% on a reported basis)

ATTRACTIVE SHAREHOLDER DISTRIBUTION

Distribution equivalent to EUR 2.75 per share, or:

- **a dividend in cash,** proposed to the General Meeting, **of EUR 1.65 per share**
- **a share buyback programme,** for around EUR 915 million, **equivalent to EUR 1.1 per share**

Solid CET 1 ratio of 13.7%(2) at end-2021, around 470 basis points above the regulatory requirement

ACCELERATION IN STRATEGIC AND BUSINESS DEVELOPMENTS

Strengthening of our competitive position on mobility, announcement of the planned acquisition of LeasePlan by ALD with a view to creating a mobility leader

Client onboarding by Boursorama one year ahead of schedule, announcement of entry into exclusive discussions with the ING group with a view to offering ING's customers in France the best alternative banking solution

Good momentum of the retail banking networks in France in the context of **preparations for the merger**

Continued digitalisation initiatives and improvement of operational efficiency in International Retail Banking

Solid performance by Global Markets throughout the year, with the successful repositioning of structured products and a reduction in the risk profile

Record performance by Financing & Advisory, driven by strong market momentum and an increase in allocated capital

Fréderic Oudéa, the Group's Chief Executive Officer, commented:

"2021 marks a milestone for the Societe Generale Group, which achieved the best financial results in its history, enabling it to generate a good level of profitability and offer its shareholders an attractive return. All the businesses have contributed to this excellent performance. The Group also had a very robust balance sheet at the end of the year, with a very good quality loan portfolio and high capital ratios. In addition, the Group was able, firstly, to successfully continue advancing on major projects such as the merger of the two retail banking networks Societe Generale and Crédit du Nord and secondly, achieve two strategic transactions strengthening two differentiating assets, with the entry into exclusive discussions for the acquisition of Leaseplan by ALD and with ING concerning its retail banking activities in France. The Group is therefore entering 2022 with confidence, with the priority objective of the disciplined execution of this high value-creating roadmap and the finalisation of its outlines by accelerating the transformations around ESG issues and new technologies."

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(1) Underlying data (see methodology note section 10.5 for the transition from accounting data to underlying data)
(2) Phased-in ratio (fully-loaded ratio of 13.6%) after distribution provision
*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	6,620	5,838	+13.4%	+11.7%*	25,798	22,113	+16.7%	+17.7%*
Underlying net banking income(1)	6,503	5,838	+11.4%	+9.8%*	25,681	22,113	+4.3%	+17.2%*
Operating expenses	(4,565)	(4,351)	+4.9%	+3.6%*	(17,590)	(16,714)	+5.2%	+5.8%*
Underlying operating expenses(1)	*(4,617)*	*(4,318)*	*+6.9%*	*+5.6%**	*(17,211)*	*(16,504)*	*+4.3%*	*+4.9%**
Gross operating income	2,055	1,487	+38.2%	+35.3%*	8,208	5,399	+52.0%	+55.1%*
Underlying gross operating income(1)	*1,886*	*1,520*	*+24.1%*	*+21.4%**	*8,470*	*5,609*	*+51.0%*	*+53.9%**
Net cost of risk	(86)	(689)	-87.5%	-87.7%*	(700)	(3,306)	-78.8%	-78.6%*
Operating income	1,969	798	x 2.5	x 2.4	7,508	2,093	x 3.6	x 3.7*
Underlying operating income(1)	*1,800*	*851*	*x 2.1*	*x 2.1*	*7,770*	*2,323*	*x 3.3*	*x 3.4**
Net profits or losses from other assets	449	(94)	n/s	n/s	635	(12)	n/s	n/s*
Impairment losses on goodwill	(114)	0	n/s	n/s	(114)	(684)	n/s	n/s
Income tax	(311)	(125)	x 2.5	x 2.4	(1,697)	(1,204)	+41.0%	+43.2%*
Net income	1,995	582	x 3.4	x 3.3	6,338	196	x 32.3	x 43.8
O.w. non-controlling interests	208	112	+85.7%	+81.2%*	697	454	+53.5%	+53.6%*
Reported Group net income	1,787	470	x 3.8	x 3.7	5,641	(258)	n/s	n/s
Underlying Group net income(1)	*1,226*	*631*	*+94.4%*	*+90.4%**	*5,264*	*1,435*	*x 3.7*	*x 3.8**
ROE	12.1%	2.4%			9.6%	-1.7%		
ROTE	16.6%	2.7%			11.7%	-0.4%		
Underlying ROTE(1)	*9.2%*	*4.1%*			*10.2%*	*1.7%*		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on February 9th, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q4 and full-year 2021.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

Net banking income was substantially higher in 2021, up +16.7% (+17.7%*) vs. 2020, and +16.1% (+17.2%*) vs. 2020 on an underlying basis, with a very strong momentum in all the businesses.

French Retail Banking posted a solid performance in 2021. As a result, net banking income (excluding PEL/CEL provision) increased by +4.8% vs. 2020, driven by the recovery in net interest income and buoyant commissions, particularly financial commissions.

International Retail Banking & Financial Services enjoyed strong revenue growth (+9.9%* vs. 2020), underpinned by the excellent momentum in Financial Services to Corporates (+32.0%* vs. 2020) and Insurance (+8.6%* vs. 2020). International Retail Banking benefited from a rebound in its activities (+2.8%* vs. 2020).

Global Banking & Investor Solutions delivered a remarkable performance, with revenues up +25.2% (+26.1%*) vs. 2020. Financing & Advisory enjoyed a record performance, with growth of +14.8% (+15.8%*) vs. 2020, while the revenues of Global Markets & Investor Services were substantially higher (+35.6%, +36.9%*) than in 2020.

In Q4 21, the Group continued to enjoy a strong revenue growth momentum (+13.4%, +11.7%*) vs. Q4 20, with a positive and evenly balanced contribution from all the businesses.

Operating expenses

In 2021, operating expenses totalled EUR 17,590 million on a reported basis and EUR 17,211 million on an underlying basis (restated for transformation costs), an increase of +4.3% vs. 2020.
This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +701 million) and the increase in the contribution to the Single Resolution Fund (EUR +116 million). The other operating expenses declined by EUR 70 million, excluding structure effect.

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+51.0%) to EUR 8,470 million and the underlying cost to income ratio improved by nearly 8 points (67.0% vs. 74.6% in 2020).

In **Q4 21**, operating expenses totalled EUR 4,565 million on a reported basis and EUR 4,617 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.9% vs. Q4 20.

Excluding the contribution to the Single Resolution Fund, the underlying cost to income ratio is expected to be between 66% and 68% in 2022 and improving onwards. This aggregate, excluding the contribution to the SRF, amounts to 64.7% in 2021, it being specified that the contribution to the Single Resolution Fund is EUR 586 million in 2021.

There is expected to be an increase in the contribution to the Single Resolution Fund until 2023 included.

The Group's radical transformations as announced in 2021 have led to changes in 2023 cost outlook. The various initiatives in progress will contribute to a decline in the Group's underlying cost to income ratio beyond 2022 excluding the contribution to the Single Resolution Fund year after year.

Cost of risk

In 2021, the cost of risk stood at a low level of 13 basis points, lower than in 2020 (64 basis points), or EUR 700 million (vs. EUR 3,306 million in 2020). It breaks down into a provision on non-performing loans of EUR 949 million and a provision write-back on performing loans of EUR 249 million.

The Group's provisions on performing loans amounted to EUR 3,355 million at end-2021.

In Q4 21, **the cost of risk stood at 6 basis points,** lower than in Q4 20 (54 basis points), or EUR 86 million and lower than in Q3 21 (15 basis points). It breaks down into a provision on non-performing loans of EUR 218 million and a provision write-back on performing loans of EUR 132 million.

In order to support its customers during the crisis, the Group granted State Guaranteed Loans. At December 31st 2021, the residual amount of State Guaranteed Loans represented around EUR 17 billion. In France, the total amount of State Guaranteed Loans ("PGE") amounts to around EUR 14 billion and net exposure is around EUR 1.5 billion.

The gross doubtful outstandings ratio amounted to 2.9%[1] at December 31st 2021, lower than at end-September 2021 (3.1%). The Group's gross coverage ratio for doubtful outstandings amounted to 51%[2] at December 31st 2021.

The cost of risk is expected to be below 30 basis points in 2022.

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(1) *NPL ratio calculated according to the EBA methodology published on July 16th, 2019*
(2) *Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings*

Group net income

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	1,787	470	5,641	(258)
Underlying Group net income (1)	1,226	631	5,264	1,435

In EURm	Q4 21	Q4 20	2021	2020
Reported Group net income	16.6%	2.7%	11.7%	-0.4%
Underlying Group net income (1)	9.2%	4.1%	10.2%	1.7%

(1) Adjusted for exceptional items and linearisation of IFRIC21

Earnings per share amounts to EUR 5.97 in 2021 (EUR -1.02 in 2020). Underlying earnings per share amounts to EUR 5.52 over the same period (EUR 0.97 in 2020).

Distribution to shareholders

The Board of Directors has established its distribution policy at 50% of underlying Group net income[2], which is equivalent to EUR 2.75 per share.

A dividend in cash of EUR 1.65 per share will therefore be proposed to the Combined General Meeting of Shareholders on May 17th 2022. The dividend will be detached on May 25th 2022 and paid on May 27th 2022.

Furthermore, the Group plans to launch a share buyback programme for a total amount of around EUR 915 million, or the equivalent of EUR 1.1 per share. This programme is subject to the customary authorisation of the ECB and the General Meeting for its implementation.

[2] *After deducting interest on deeply subordinated notes and undated subordinated notes*

2. THE GROUP'S FINANCIAL STRUCTURE

Group shareholders' equity totalled EUR 65.1 billion at December 31st, 2021 (EUR 61.7 billion at December 31st, 2020). Net asset value per share was EUR 68.7 and tangible net asset value per share was EUR 61.1.

The consolidated balance sheet totalled EUR 1,464 billion at December 31st, 2021 (EUR 1,444 billion(1) at December 31st, 2020). The net amount of customer loan outstandings at December 31st, 2021, including lease financing, was EUR 488 billion (EUR 440 billion at December 31st, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 502 billion, vs. EUR 451 billion at December 31st, 2020 (excluding assets and securities sold under repurchase agreements).

At December 31st, 2021, the parent company had issued EUR 35.3 billion of medium/long-term debt, having an average maturity of 5.1 years and an average spread of 33 basis points (vs. the 6-month mid-swap, excluding subordinated debt). The subsidiaries had issued EUR 3.8 billion. In total, the Group had issued EUR 39.1 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 129% at end-December 2021 (131% on average in Q4), vs. 149% at end-December 2020. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 110% at end-December 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 363.4 billion at December 31st, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 83.9% of the total, at EUR 304.9 billion, up 6.1% vs. December 31st, 2020.

At December 31st, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.7%, or around 470 basis points above the regulatory requirement. The CET1 ratio at December 31st, 2021 includes an effect of +16 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.6%. The Tier 1 ratio stood at 15.9% at end-December 2021 (16% at end-December 2020) and the total capital ratio amounted to 18.8% (19.2% at end-December 2020).

The Group is aiming for a CET1 ratio between 200-250 basis points minimum above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.

The **leverage ratio** stood at 4.9% at December 31st, 2021 (4.8% at end-December 2020).

With a level of 31.1% of RWA and 9.5% of leverage exposure at end-December 2021, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2021 and 2022. At December 31st, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

(1) *Amounts restated compared with the financial statements published in 2020 (See Note1.7 of financial statements)*

3. FRENCH RETAIL BANKING

In EURm	Q4 21	Q4 20	Change	2021	2020	Change
Net banking income	2,048	1,845	+11.0%	7,777	7,315	+6.3%
Net banking income excl. PEL/CEL	*2,027*	*1,870*	*+8.4%*	*7,738*	*7,381*	*+4.8%*
Operating expenses	(1,534)	(1,443)	+6.3%	(5,635)	(5,418)	+4.0%
Underlying operating expenses(1)	*(1,573)*	*(1,476)*	*+6.6%*	*(5,635)*	*(5,418)*	*+4.0%*
Gross operating income	514	402	+27.9%	2,142	1,897	+12.9%
Underlying gross operating income(1)	*454*	*394*	*+15.3%*	*2,103*	*1,963*	*+7.1%*
Net cost of risk	20	(276)	n/s	(104)	(1,097)	-90.5%
Operating income	534	126	x 4.2	2,038	800	x 2.5
Net profits or losses from other assets	22	19	+15.8%	24	158	-84.8%
Reported Group net income	400	104	x 3.8	1,492	666	x 2.2
Underlying Group net income(1)	*356*	*99*	*x 3.6*	*1,463*	*712*	*x 2.1*
RONE	14.6%	3.7%		13.4%	5.8%	
Underlying RONE(1)	*13.0%*	*3.5%*		*13.1%*	*6.2%*	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

Societe Generale and Crédit du Nord networks

Average loan outstandings were -1% lower than in Q4 20 at EUR 210 billion. They were 9% higher than in Q4 19. Average outstanding loans to individuals were up +2%, bolstered by the growth in home loan production (+33% vs. Q4 20). The production of medium/long-term loans to corporate and professional customers climbed +45% excluding State Guaranteed Loans vs. Q4 20.

Average outstanding balance sheet deposits increased by +7% vs. Q4 20 to EUR 241 billion (+22% vs. Q4 19), still driven by sight deposits.

As a result, the average loan/deposit ratio stood at 87% in Q4 21 vs. 94% in Q4 20.

Insurance assets under management totalled EUR 93 billion at end-December 2021, up +6% year-on-year. Gross life insurance inflow amounted to EUR 1.9 billion in Q4 21, with the unit-linked share accounting for 36%.

Private Banking's assets under management totalled EUR 78 billion at end-December 2021. Net inflow was buoyant at EUR 4.1 billion in 2021, an increase of 68% vs. 2020.

Property/casualty insurance premiums were up +5% vs. Q4 20, while personal protection insurance premiums were up +4% vs. Q4 20. The penetration rate for our customer base has improved both for property/casualty insurance and personal protection insurance.

Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.3 million clients at end-December 2021, thanks to the onboarding of 266,000 new clients in Q4 21 (+38% vs. Q4 20). Boursorama is aiming to have more than 4 million clients at end-2022, one year ahead of schedule relative to its plan.

This quarter, Boursorama distinguished itself by obtaining the highest NPS score among French banks in 2021 in the classification established by Bain & Company in December 2021. Moreover, Boursorama was ranked No. 1 in the classification best bank for Customer Experience Excellence in France in 2021 awarded by KPMG in November 2021. The bank also obtained the highest rating scores for its App among French banks with 4.8 on iOS (App Store) and 4.9 on Android (Google Play Store). In addition, Boursorama was voted the least expensive bank for the 14th consecutive year by Le Monde and Meilleurebanque.com in December 2021.

Average outstanding loans rose +28% vs. Q4 20 to EUR 14 billion. Home loan outstandings were up +30% vs. Q4 20.

Average outstanding savings including deposits and financial savings were 25% higher than in Q4 20 at EUR 35 billion, while outstanding deposits were up +25% vs. Q4 20. Life insurance outstandings were 13% higher than in Q4 20 while assets under management in UCITS increased by +16% vs. Q4 20. Brokerage volumes were stable in 2021 compared to 2020 at a record level (x3 compared to 2019).

Net banking income excluding PEL/CEL

2021: revenues (excluding PEL/CEL) totalled EUR 7,738 million, up +4.8% vs. 2020. Net interest income (excluding PEL/CEL) was up +2.1% vs. 2020, underpinned by catch-up effects related to the TLTRO allowance and to State Guaranteed Loans. Commissions enjoyed a healthy momentum (+5.1% vs. 2020) against the backdrop of a recovery in activity following the lockdowns in 2020.

Q4 21: revenues (excluding PEL/CEL) totalled EUR 2,027 million, up +8.4% vs. Q4 20. Net interest income (excluding PEL/CEL) was up +6.7% vs. Q4 20. Commissions were 5.0% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 5,635 million (+4.0% vs. 2020). The cost to income ratio (restated for the PEL/CEL provision) stood at 72.8%, an improvement of 0.6 points vs. 2020.

Q4 21: operating expenses amounted to EUR 1,534 million (+6.3% vs. Q4 20) and EUR 1,573 million on an underlying basis. The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 77.6%, an improvement of 1.3 points vs. Q4 20.

Cost of risk

2021: the cost of risk amounted to EUR 104 million or 5 basis points, a substantial decline compared to 2020 (52 basis points) which was marked by an environment of uncertainty linked to the pandemic.

Q4 21: the cost of risk represented a write-back of EUR 20 million or -4 basis points, a significant improvement vs. Q4 20 (50 basis points) and Q3 21 (write-back of 1 basis point).

Contribution to Group net income

2021: the contribution to Group net income was EUR 1,492 million (x2.2 vs. 2020 impacted by the pandemic). RONE (restated for the PEL/CEL provision) stood at 13.1% in 2021 (6.2% in 2020) and 14.4% excluding Boursorama.

Q4 21: the contribution to Group net income was EUR 400 million vs. EUR 104 million in Q4 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 13.0% in Q4 21 (3.5% in Q4 20).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q4 21	Q4 20	Change		2021	2020	Change	
Net banking income	2,159	1,919	*+12.5%*	*+10.3%**	8,117	7,524	*+7.9%*	*+9.9%**
Operating expenses	(1,088)	(1,018)	*+6.9%*	*+4.2%**	(4,203)	(4,142)	*+1.5%*	*+3.1%**
Underlying operating expenses(1)	(1,112)	(1,042)	*+6.7%*	*+4.1%**	(4,203)	(4,142)	*+1.5%*	*+3.1%**
Gross operating income	1,071	901	*+18.9%*	*+17.3%**	3,914	3,382	*+15.7%*	*+18.3%**
Underlying gross operating income(1)	1,047	877	*+19.4%*	*+17.8%**	3,914	3,382	*+15.7%*	*+18.3%**
Net cost of risk	(96)	(287)	*-66.6%*	*-67.2%**	(504)	(1,265)	*-60.2%*	*-59.4%**
Operating income	975	614	*+58.8%*	*+57.5%**	3,410	2,117	*+61.1%*	*+65.2%**
Net profits or losses from other assets	8	6	*+33.3%*	*+36.6%**	18	15	*+20.0%*	*+21.2%**
Reported Group net income	584	376	*+55.3%*	*+54.9%**	2,082	1,304	*+59.7%*	*+64.4%**
Underlying Group net income(1)	570	362	*+57.5%*	*+57.1%**	2,082	1,304	*+59.7%*	*+64.4%**
RONE	22.2%	14.9%			20.3%	12.4%		
Underlying RONE(1)	*21.7%*	*14.3%*			*20.3%*	*12.4%*		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's loan and deposit production provided confirmation in Q4 of its rebound in all geographical regions. Outstanding loans totalled EUR 93.6 billion. They rose +6.0%* vs. end-December 2020. Outstanding deposits were 8.5%* higher than in December 2020, at EUR 89.5 billion.

For the Europe scope, outstanding loans were up +6.6%* vs. December 2020 at EUR 59.9 billion, driven by all the regions: +6.5%* in the Czech Republic, +11.1%* in Romania, and +5.4%* in Western Europe. Outstanding deposits increased by +6.0%* to EUR 50.8 billion.

In Russia, outstanding loans rose +13.3%* vs. end-December 2020, with a robust commercial performance particularly in home loans (+15%* year-on-year) and in the corporate customers segment (+22%* year-on-year). There was a significant increase in outstanding deposits (+20.8%*).

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans rose +1.6%* year-on-year. Outstanding deposits continued to enjoy a healthy momentum, up +7.7%*.

In the Insurance business, the life insurance savings business saw outstandings increase +7%* at end-December 2021 vs. end-December 2020 to EUR 135 billion. The share of unit-linked products in outstandings was 37%, an increase of +4 points vs. December 2020.

Financial Services to Corporates also enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management had 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.0% vs. end-December 2020. Equipment Finance's new leasing business was up +12.1%* vs. 2020, while outstanding loans rose +1.1% vs. end-December 2020, to EUR 14.7 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 8,117 million in 2021, up +9.9%* vs. 2020. Revenues amounted to EUR 2,159 million in Q4 21, up +10.3%* vs. Q4 20.

International Retail Banking's net banking income totalled EUR 5,000 million in 2021, an increase of +2.8%* vs. 2020. It was up +3.5%* in Q4 21 at EUR 1,311 million.

Thanks to a rise in interest rates, a healthy commercial momentum and an increase in commissions (+16%* vs. Q4 20), revenues in Europe were 10.7%* higher than in Q4 20. Activity in the individual customers segment remained particularly robust in specialised consumer finance, with revenues up +9%* vs. Q4 20.

In 2021, the revenues of SG Russia[(1)] were down -2.8%* (-7.0%* vs. Q4 20), adversely affected firstly, by a temporary squeeze on individual customer margins (part of the rise in rates not being passed on to individual customers) and secondly, by a non-recurring item affecting the recognition of commissions.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +4.6%* vs. 2020 at EUR 1,770 million. Despite persistent supply chain pressures and the sharp decline in tourism, activity proved resilient in Q4 21, with a gradual improvement in the commercial momentum. As a result, revenues were slightly lower (-1.2%) at EUR 453 million, with strong growth in certain key countries of Sub-Saharan Africa (Cote d'Ivoire, Senegal and Madagascar) particularly in the corporate customers segment.

The Insurance business posted net banking income up +8.6%* vs. 2020, at EUR 963 million in 2021. The gross premiums of the life insurance savings business were 25%* higher in Q4 21 than in Q4 20, with an attractive share of unit-linked products (44%). Protection insurance saw an increase of +5%* vs. December 2020. Property/casualty premiums rose +9%* in Q4 21 (including +7%* in France and +10%* internationally) and +8%* in 2021, as did personal protection insurance (+3%* vs. 2020). The Insurance business' net banking income was 8.1%* higher in Q4 21 than in Q4 20 at EUR 243 million.

Financial Services to Corporates' net banking income was substantially higher (+32.0%*) than in 2020, at EUR 2,154 million. This performance was driven primarily by the activities of ALD which posted strong growth in its fleet and the used car sale result (EUR 1,422 per vehicle in 2021). Financial Services to Corporates' net banking income totalled EUR 605 million in Q4 21, up +30.6%* vs. Q4 20.

Operating expenses

Operating expenses totalled EUR 4,203 million, an increase of +3.1%* on a reported and underlying basis vs. 2020. Operating expenses amounted to EUR 1,088 million in Q4 21, up +4.2%* vs. Q4 20, in conjunction with the growth in revenue. As a result, the quarter generated a positive jaws effect. The cost to income ratio stood at 51.8% in 2021.

In International Retail Banking, operating expenses were slightly higher (+2.5%*) than in 2020. Operating expenses were 4.0%* higher than in Q4 20.

In the **Insurance** business, operating expenses were in line with the expansion ambitions and rose +4.8%* vs. 2020 and +6.6%* vs. Q4 20.

In **Financial Services to Corporates,** operating expenses increased by +4.4%* vs. 2020 and +4.7%* vs. Q4 20.

Cost of risk

Q4 21: the cost of risk amounted to 28 basis points (EUR 96 million), vs. 43 basis points in Q3 21 and 89 basis points in Q4 20.

2021: the cost of risk amounted to 38 basis points (EUR 504 million). It was 96 basis points in 2020.

Contribution to Group net income

The contribution to Group net income totalled EUR 2,082 million in 2021 (+64.4%* vs. 2020) and EUR 584 million in Q4 21 (+54.9%* vs. Q4 20).

Underlying RONE stood at 20.3% in 2021 (vs. 12.4% in 2020) and 21.7% in Q4 21 (14.3% in Q4 20), with RONE of 16% in International Retail Banking and 26% in Financial Services.

[(1)] *SG Russia encompasses the entities Rosbank, Rosbank Insurance, ALD Automotive and their consolidated subsidiaries*

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q4 21	Q4 20	Variation		2021	2020	Variation	
Net banking income	2,320	2,072	+12.0%	+9.7%*	9,530	7,613	+25.2%	+26.1%*
Operating expenses	(1,556)	(1,688)	-7.8%	-9.3%*	(6,863)	(6,713)	+2.2%	+2.7%*
Underlying operating expenses[(1)]	*(1,681)*	*(1,638)*	*+2.6%*	*+0.9%**	*(6,863)*	*(6,556)*	*+4.7%*	*+5.1%**
Gross operating income	764	384	+99.0%	+91.5%*	2,667	900	x 3.0	x 3.0*
Underlying gross operating income[(1)]	*639*	*434*	*+47.3%*	*+42.4%**	*2,667*	*1,057*	*x 2.5*	*x 2.6*
Net cost of risk	(3)	(104)	-97.1%	-97.2%*	(86)	(922)	-90.7%	-90.5%*
Operating income	761	280	x 2.7	x 2.6	2,581	(22)	n/s	n/s
Reported Group net income	635	280	x 2.3	x 2.2	2,076	57	x 36.4	x 40.8
Underlying Group net income[(1)]	*539*	*320*	*+68.4%*	*+64.1%**	*2,076*	*183*	*x 11.4*	*x 11.8*
RONE	16.3%	7.8%			13.9%	0.4%		
Underlying RONE[(1)]	*13.8%*	*9.0%*			*13.9%*	*1.3%*		

(1) Adjusted for the linearisation of IFRIC 21

Net banking income

In 2021, Global Banking & Investor Solutions posted substantially higher revenues (+25.2%) than in 2020 at EUR 9,530 million, driven by a very strong momentum in all the businesses. Revenues rose +9.5% compared to 2019. This solid financial performance reflects the successful execution of the strategic plan presented in May 2021.
In Q4 21, revenues rose +12.0% vs. Q4 20, to EUR 2,320 million.

In Global Markets & Investor Services, net banking income totalled EUR 5,648 million in 2021 (+35.6% vs. 2020). It amounted to EUR 1,260 million in Q4 21 (+8.6% vs. Q4 20).

Global Markets turned in a very strong performance in 2021 (EUR 5,001 million), with an increase of +40.2% compared to 2020 which was heavily impacted by the health crisis. Market conditions were favourable in the Equity market and more complex in the fixed income markets in 2021. The reduction in the risk profile of structured products was completed in the first half of the year, ahead of schedule.
Q4 21 also delivered a solid performance (EUR 1,103 million), with an increase of +9.5% vs. Q4 20. The fourth quarter was marked by very buoyant commercial activity in most client segments.

The Equity activity enjoyed its best year since 2009 (EUR 3,150 million vs. EUR 1,275 million in 2020 and EUR 2,502 million in 2019), driven by good market conditions and the successful repositioning of the Investment Solutions product offering.
In Q4 21, the business was able to take advantage of still favourable market conditions on all products, and posted revenues of EUR 727 million, up +22.6% vs. Q4 20.

Fixed Income & Currency activities posted revenues of EUR 1,851 million in 2021, down -19.2% compared to 2020 which was marked by exceptional market conditions in the first half of the year.
Q4 21 delivered a resilient performance (-9.2% vs. Q4 20) in a more complex market, with higher revenues in emerging markets and financing.

There was a significant increase in Securities Services' revenues in 2021, with revenues up +8.4% vs. 2020, at EUR 647 million. They were 2.6% higher in Q4 21 than in Q4 20, at EUR 157 million.
Securities Services' assets under custody and assets under administration amounted to EUR 4,586 billion and EUR 697 billion respectively, up +6.3% and +9.2% in 2021.

Financing & Advisory delivered the best historical annual performance, with revenues of EUR 2,924 million, up +14.8% vs. 2020. Firstly, the business capitalised on the good market momentum, particularly in Investment Banking, by playing key roles in our clients' major transactions and secondly, it benefited from an additional capital allocation.

In Q4 21, the business again enjoyed record revenues of EUR 814 million, substantially higher (+19.5%) than in Q4 20.
Investment Banking enjoyed an excellent quarter, driven by the strong momentum of M&A, Leveraged Buyout and equity capital market activities. Revenues from Asset Finance, Natural Resources and Infrastructure activities and the Asset-Backed Products platform also showed a substantial increase.
Global Transaction and Payment Services continued to experience strong growth, up +25.2% vs. Q4 20.

Asset and Wealth Management's net banking income totalled EUR 958 million in 2021 (+6.1% vs. 2020). It was 6.5% higher in Q4 21 vs. Q4 20.

In 2021, Private Banking posted an increase in revenues of +3.1% vs. 2020, to EUR 699 million (when restated for an exceptional impact of EUR +29 million related to an insurance payout received in 2020, revenues are up +7.7%). The business benefited from strong commercial activity in all regions. Net inflow amounted to EUR +7.7 billion in 2021. Assets under management totalled EUR 130 billion. They rose +12% in 2021.
In Q4 21, net banking income amounted to EUR 171 million, up +5.6% vs. Q4 20.

In 2021, Lyxor's net banking income totalled EUR 239 million, an increase of +15.5% vs. 2020. Assets under management were up +27% in 2021, at EUR 178 billion.
In Q4 21, revenues were 10.9% higher than in Q4 20.

Operating expenses

2021: operating expenses totalled EUR 6,863 million, an increase of +2.2% vs. 2020 on a reported basis, and +4.7% on an underlying basis (operating expenses included a restructuring charge of EUR 157 million in Q4 20). This increase can be explained by the rise in variable costs related to the increase in earnings and IFRIC 21 charges. Thanks to a very positive jaws effect, there was a significant improvement in the cost to income ratio of 14 points (72% vs. 86% on an underlying basis in 2020).
Q4 21: operating expenses were up +2.6% on an underlying basis (at EUR 1,681 million).

Net cost of risk

2021: the cost of risk was at a low level of 5 basis points (or EUR 86 million), well below 2020 (57 basis points) which was adversely affected by the health crisis.
Q4 21: it amounted to 1 basis point (or EUR 3 million), vs. 28 basis points in Q4 20.

Contribution to Group net income

2021: the contribution to Group net income was EUR 2,076 million.
Q4 21: it was EUR 635 million on a reported basis and EUR 539 million on an underlying basis (+68.4% vs. Q4 20).

Global Banking & Investor Solutions posted a significant RONE of 13.9% in 2021 (16.1% when restated for the impact of the contribution to the Single Resolution Fund).
The underlying RONE was 13.8% in Q4 21.

6. CORPORATE CENTRE

In EURm	Q4 21	Q4 20	2021	2020
Net banking income	93	2	374	(339)
Underlying net banking income[(1)]	*(24)*	2	*257*	(339)
Operating expenses	(387)	(202)	(889)	(441)
Underlying operating expenses[(1)]	*(251)*	*(162)*	*(510)*	*(388)*
Gross operating income	(294)	(200)	(515)	(780)
Underlying gross operating income[(1)]	*(275)*	*(160)*	*(253)*	*(727)*
Net cost of risk	(7)	(22)	(6)	(22)
Net profits or losses from other assets	429	(105)	603	(185)
Impairment losses on goodwill	(114)	-	(114)	(684)
Income tax	193	52	187	(482)
Reported Group net income	168	(290)	(9)	(2,285)
Underlying Group net income[(1)]	*(255)*	*(133)*	*(386)*	*(718)*

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes the property management of the Group's head office, the Group's equity portfolio, the Treasury activities for the Group, certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR +374 million in 2021 vs. EUR -339 million in 2020 and EUR +93 million in Q4 21, including the positive impact of a revaluation of securities for EUR 117 million vs. EUR +2 million in Q4 20.

Operating expenses totalled EUR 889 million in 2021 vs. EUR 441 million in 2020. They include the Group's transformation costs for a total amount of EUR 379 million relating to the activities of French Retail Banking (EUR 194 million), Global Banking & Investor Solutions (EUR 99 million) and the Corporate Centre (EUR 86 million). Underlying costs came to EUR 510 million in 2021 compared to EUR 388 million in 2020.
Operating expenses totalled EUR 387 million in Q4 21 vs. EUR 202 million in Q4 20. They include the Group's transformation costs for a total amount of EUR 147 million relating to the activities of French Retail Banking (EUR 88 million), Global Banking & Investor Solutions (EUR 33 million) and the Corporate Centre (EUR 26 million). Underlying costs came to EUR 251 million in Q4 21 compared to EUR 162 million in Q4 20.

Gross operating income totalled EUR -515 million in 2021 vs. EUR -780 million in 2020 and EUR -294 million in Q4 21 vs. EUR -200 million in Q4 20. Underlying gross operating income came to EUR -253 million in 2021 vs. EUR -727 million in 2020.

Net profits or losses from other assets amounted to EUR +603 million in 2021 vs. EUR -185 million in 2020. In Q4 21, they totalled EUR +429 million including the proceeds of the disposal of Lyxor's asset management activities for EUR 439 million, vs. EUR -105 million in Q4 20 including EUR -101 million in respect of the disposal of SG Finans.
In Q4 21, the Group benefited from the recognition of EUR 130 million of deferred tax assets. Furthermore, the review of International Retail Banking's financial trajectory led to the impairment of goodwill for EUR 114 million in Q4 21.

The **Corporate Centre's contribution to Group net income was EUR -9 million** in 2021 vs. EUR -2,285 million in 2020 and EUR +168 million in Q4 21 vs. EUR -290 million in Q4 20. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -255 million.

7. CONCLUSION

In 2021, the Group delivered the best annual performance in its history, with Group net income of EUR 5.6 billion and a strong contribution from all its businesses.

2021 was also marked by major progress in the execution of all our strategic initiatives and in the strategic reallocation of our capital in favour of businesses offering profitable growth. The Group therefore announced the planned acquisition of LeasePlan by ALD to create a mobility leader, as well as Boursorama's entry into exclusive discussions with ING with a view to offering ING's individual customers in France the best alternative banking solution.

At end-December 2021, the Group had a CET1 ratio of 13.7%(1), comfortably above its regulatory requirement.

The Board of Directors has established an attractive distribution of 2021 financial results to shareholders equivalent to EUR 2.75 per share. A dividend in cash of EUR 1.65 per share will be proposed to the General Meeting of Shareholders on May 17th.

Furthermore, the Group foresee a buyback programme for around EUR 915 million, or an amount equivalent to EUR 1.10 per share. Exceptionally, it has been retained a split of the distribution between 60% in cash and 40% through share buy-back.

In future, the Group intends to maintain a distribution policy of 50% of underlying Group net income(2) with up to 20% of the distribution in the form of a share buyback.

(1) *Phased-in (13.6% fully-loaded) post distribution provision*
(2) *After deducting interest on deeply subordinated notes and undated subordinated notes*

8. 2022 FINANCIAL CALENDAR

2022 Financial communication calendar

May 5th, 2022	First quarter 2022 results
May 17th, 2022	2022 General Meeting
August 3rd, 2022	Second quarter and first half 2022 results
November 4th, 2022	Third quarter and nine-month 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences,
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on https://investors.societegenerale.com/en).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q4 21	Q4 20	Variation	2021	2020	Variation
French Retail Banking	400	104	x 3.8	1,492	666	x 2.2
International Retail Banking and Financial Services	584	376	+55.3%	2,082	1,304	+59.7%
Global Banking and Investor Solutions	635	280	x 2.3	2,076	57	x 36.4
Core Businesses	1,619	760	x 2.1	5,650	2,027	x 2.8
Corporate Centre	168	(290)	n/s	(9)	(2,285)	+99.6%
Group	1,787	470	x 3.8	5,641	(258)	n/s

CONSOLIDATED BALANCE SHEET

In EUR m	31.12.2021	31.12.2020
Cash, due from central banks	179,969	168,179
Financial assets at fair value through profit or loss *	342,714	411,916
Hedging derivatives	13,239	20,667
Financial assets at fair value through other comprehensive income	43,450	52,060
Securities at amortised cost	19,371	15,635
Due from banks at amortised cost	55,972	53,380
Customer loans at amortised cost	497,164	448,761
Revaluation differences on portfolios hedged against interest rate risk	131	378
Investments of insurance companies	178,898	166,854
Tax assets *	4,812	4,995
Other assets	92,898	67,341
Non-current assets held for sale	27	6
Investments accounted for using the equity method	95	100
Tangible and intangible fixed assets	31,968	30,088
Goodwill	3,741	4,044
Total *	1,464,449	1,444,404

In EUR m	31.12.2021	31.12.2020
Due to central banks	5,152	1,489
Financial liabilities at fair value through profit or loss *	307,563	372,705
Hedging derivatives	10,425	12,461
Debt securities issued	135,324	138,957
Due to banks	139,177	135,571
Customer deposits	509,133	456,059
Revaluation differences on portfolios hedged against interest rate risk	2,832	7,696
Tax liabilities *	1,577	1,227
Other liabilities	106,305	84,937
Non-current liabilities held for sale	1	-
Insurance contracts related liabilities	155,288	146,126
Provisions *	4,850	4,732
Subordinated debts	15,959	15,432
Total liabilities *	**1,393,586**	**1,377,392**
Shareholder's equity		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	21,913	22,333
Other equity instruments	7,534	9,295
Retained earnings *	30,631	32,102
Net income	5,641	(258)
Sub-total *	**65,719**	**63,472**
Unrealised or deferred capital gains and losses	(652)	(1,762)
Sub-total equity, Group share *	**65,067**	**61,710**
Non-controlling interests *	5,796	5,302
Total equity *	**70,863**	**67,012**
Total *	**1,464,449**	**1,444,404**

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of financial statements)

10. APPENDIX 2: METHODOLOGY

1 –The financial information presented in respect of Q4 and 2021 was examined by the Board of Directors on February 9th, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2021 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2020 (pages 466 et seq. of Societe Generale's 2021 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2021 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q4 21 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	6 620	(4 565)	(86)	449	(114)	(311)	1 787	
*(+) Revaluation gain**	*(117)*					*2*	*(115)*	*Corporate Center*
(+) IFRIC 21 linearisation		*(199)*				*46*	*(149)*	
*(+) Transformation charges**		*147*				*(39)*	*108*	*Corporate Center*[(1)]
*(+) Lyxor disposal**				*(439)*		*50*	*(389)*	*Corporate Center*
*(+) DTA recognition**						*(130)*	*(130)*	*Corporate Center*
*(+) Goodwill impairment**					*114*		*114*	*Corporate Center*
Underlying	6 503	(4 617)	(86)	10	0	(382)	1 226	

Q4 20 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	5 838	(4 351)	(689)	(94)	0	(125)	470	
(+) IFRIC 21 linearisation		*(177)*				*52*	*(121)*	
*(+) Transformation charges**		*210*				*(63)*	*147*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
*(+) Group refocusing plan**			*20*	*101*		*14*	*135*	*Corporate Center*
Underlying	5 838	(4 318)	(669)	7	0	(123)	631	

2021 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	25 798	(17 590)	(700)	635	(114)	(1 697)	5 641	
*(+) Lyxor disposal**				*(439)*		*50*	*(389)*	*Corporate Center*
*(+) Transformation charges**		*379*				*(104)*	*275*	*Corporate Center*[(2)]
*(+) Capital gains on Haussmann office disposal**				*(185)*		*53*	*(132)*	*Corporate Center*
*(+) Revaluation gain**	*(117)*					*2*	*(115)*	*Corporate Center*
*(+) DTA recognition**						*(130)*	*(130)*	*Corporate Center*
*(+) Goodwill impairment**					*114*		*114*	*Corporate Center*
Underlying	25 681	(17 211)	(700)	11	0	(1 826)	5 264	

2020 (in EURm)	Net Banking Income	Operating Expenses	Cost of risk	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	22 113	(16 714)	(3 306)	(12)	(684)	(1 204)	(258)	
*(+) Transformation charges**		*210*				*(63)*	*147*	*o/w GBIS (EUR -157m), Corporate Center (EUR -53m)*
*(+) Group refocusing plan**			*20*	*178*		*14*	*212*	*Corporate center*
*(+) Goodwill impairment**					*684*		*684*	*Corporate center*
*(+) DTA impairment **						*650*	*650*	*Corporate center*
Underlying	22 113	(16 504)	(3 286)	166	0	(603)	1 435	

(*) Exceptional item

(1) Transformation and/or restructuring charges in Q4 21 related to RBDF (EUR 88m), GBIS (EUR 33m) and Corporate Center (EUR 26m)

(2) Transformation and/or restructuring charges in 2021 related to RBDF (EUR 194m), GBIS (EUR 99m) and Corporate Center (EUR 86m)

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 635 of Societe Generale's 2021 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q4 21	Q4 20	2021	2020
French Retail Banking	Net Cost Of Risk	(20)	276	104	1,097
	Gross loan Outstandings	219,522	222,926	218,043	212,185
	Cost of Risk in bp	(4)	50	5	52
International Retail Banking and Financial Services	Net Cost Of Risk	96	287	504	1,265
	Gross loan Outstandings	137,018	128,965	133,321	132,082
	Cost of Risk in bp	28	89	38	96
Global Banking and Investor Solutions	Net Cost Of Risk	3	104	86	922
	Gross loan Outstandings	178,116	147,508	165,603	160,918
	Cost of Risk in bp	1	28	5	57
Corporate Centre	Net Cost Of Risk	7	22	6	22
	Gross loan Outstandings	14,574	14,044	13,835	11,611
	Cost of Risk in bp	16	62	4	20
Societe Generale Group	Net Cost Of Risk	86	689	700	3,306
	Gross loan Outstandings	549,229	513,443	530,801	516,797
	Cost of Risk in bp	6	54	13	64

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2021 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2021 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q4 21	Q4 20	2021	2020
Shareholders' equity Group share*	65,067	61,710	65,067	61,710
Deeply subordinated notes	(8,003)	(8,830)	(8,003)	(8,830)
Undated subordinated notes		(264)		(264)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	20	19
OCI excluding conversion reserves	(489)	(942)	(489)	(942)
Dividend provision	(2,286)	(467)	(2,286)	(467)
ROE equity end-of-period*	54,310	51,227	54,310	51,227
Average ROE equity*	53,878	51,307	52,634	52,091
Average Goodwill	(3,776)	(3,928)	(3,890)	(4,172)
Average Intangible Assets	(2,687)	(2,477)	(2,584)	(2,432)
Average ROTE equity*	47,415	44,902	46,160	45,487
Group net Income (a)	1,787	470	5,641	(258)
Underlying Group net income (b)	1,226	631	5,264	1,435
Interest on deeply subordinated notes and undated subordinated notes (c)	(151)	(164)	(590)	(611)
Cancellation of goodwill impairment (d)	337	-	337	684
Ajusted Group net Income (e) = (a)+ (c)+(d)	1,973	306	5,388	(185)
Ajusted Underlying Group net Income (f)=(b)+(c)	1,075	467	4,674	824
Average ROTE equity (g)*	47,415	44,902	46,160	45,487
ROTE [quarter: (4*e/g), 12M: (2*e/g)]	16.6%	2.7%	11.7%	-0.4%
Average ROTE equity (underlying) (h)*	46,854	45,063	45,783	47,180
Underlying ROTE [quarter: (4*f/h), 12M: (2*f/h)]	9.2%	4.1%	10.2%	1.7%

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EUR m	Q4 21	Q4 20	Change	2021	2020	Change
French Retail Banking	10,990	11,186	-1.8%	11,149	11,427	-2.4%
International Retail Banking and Financial Services	10,523	10,112	+4.1%	10,246	10,499	-2.4%
Global Banking and Investor Solutions	15,602	14,287	+9.2%	14,916	14,302	+4.3%
Core Businesses	37,115	35,585	+4.3%	36,310	36,228	+0.2%
Corporate Center	16,763	15,722	+6.7%	16,324	15,863	+2.9%
Group	53,878	51,307	+5.0%	52,634	52,091	+1.0%

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2021 Universal Registration Document. The items used to calculate them are presented below:

End of period – in EUR m	2021	2020	2019
Shareholders' equity Group share*	65,067	61,710	63,527
Deeply subordinated notes	(8,003)	(8,830)	(9,501)
Undated subordinated notes		(264)	(283)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	20	19	4
Bookvalue of own shares in trading portfolio	37	301	375
Net Asset Value*	57,121	52,936	54,122
Goodwill	(3,624)	(3,928)	(4,510)
Intangible Assets	(2,733)	(2,484)	(2,362)
Net Tangible Asset Value*	50,764	46,524	47,250
Number of shares used to calculate NAPS**	831,162	848,859	849,665
Net Asset Value per Share	68.7	62.4	63.7
Net Tangible Asset Value per Share	61.1	54.8	55.6

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the financial statements)

(*) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2021 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2021 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands) – in EUR m	2021	2020	2019
Existing shares	853,371	853,371	834,062
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	3,861	2,987	4,011
Other own shares and treasury shares	3,249		149
Number of shares used to calculate EPS**	846,261	850,385	829,902
Group net Income	5,641	(258)	3,248
Interest on deeply subordinated notes and undated subordinated notes	(590)	(611)	(715)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	5,051	(869)	2,533
EPS (in EUR)	5.97	(1.02)	3.05
Underlying EPS* (in EUR)	5.52	0.97	4.03

(*) Calculated on the basis of underlying Group net income.
(**) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 – The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

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