Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: United Overseas Bank Limited

Stock code: U11

Meeting details:
Date: 5 June 2020
Time: 2.30 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, despite the challenges of 2019, the group achieved a record net profit of $4.3 billion for the full year, a 8% increase from the year before.

From the Corporate milestones (pages 6 & 7 of the annual report), it can be seen that the group had often been the first mover in many areas in its 84-year history.

The bank has committed to continue its transformation by further leveraging technology and its regional platform. As noted in the CEO's report, the group invested $2 billion in information technology over the last 6 years and will plan to maintain similar levels for the next few years. This will give the bank a solid foundation for long-term growth even though near-term profitability may be affected.

In 2019, staff costs have increased at a fast pace (an increase of 11%), but IT-related operating expenses increased at a faster rate, up 22% in 2019, outpacing income and profits.

(i) **As banking gets increasingly digitalised and migrates online, does management expect the industry to get drawn into a race to the bottom while facing increasing IT-budgets?**

(ii) **As we enter a new decade, how does management expect banking to evolve over the coming decade?**

(iii) **What is the board's level of oversight on the group's data protection efforts and cybersecurity risks?**

(iv) For the bank's regional platform, the bank deepened its connectivity within Vietnam in 2019 with a new branch in Hanoi after the first in Ho Chi Minh City. Vietnam is one of the world's fastest-growing economies and has been a bright spark in 2019 & 2020. **What are the group's long-term plans for Vietnam?**

Q2. On 6 May 2020, the group provided shareholders with an update of the FY2020 1st quarter financial performance. The update included the bank's COVID-19 response and the impact arising from the volatile oil & gas sector experienced in 2020. Larger impact could be expected in the 2nd quarter of FY2020 as the global economy went into a standstill in April as governments all over the world issued shelter-in-place orders.

As disclosed, the group has pro-actively supported its customers which included giving moratorium on existing secured loans and mortgages, lowering interest rates on unsecured loans, and providing fresh liquidity in working capital and temporary bridging loans.

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(i) **Can management help shareholders understand how it maintained its underwriting standards while supporting its stakeholders during this difficult period?**

(ii) **With net interest margin ("NIM") slipping 5 bps to 1.71% and expected to trend lower, how does management adjust to the situation of lower NIM and a lower loan book?**

(iii) **Does the bank see any silver lining during this challenging time?**

Q3. The attendance of directors at board and board committee meetings is shown on page 138 of the annual report.

Board Attendance

The Directors' attendance at formal meetings in 2019 is set out in the table below.

		Number of meetings attended in 2019						
	Status	AGM	Board	Exco	NC	RHCC	BRMC	AC
Wong Kan Seng	✪ / ⊙	•1	•6 / 6	•6 / 6	3 / 3	5 / 5	4 / 4	–
Wee Ee Cheong	☆ / ●	1	6 / 6	6 / 6	3 / 3	–	4 / 4	–
James Koh Cher Siang	✪ / ⊙	1	5 / 6	–	3 / 3	•5 / 5	–	5 / 5
Ong Yew Huat[1]	✪ / ⊙	1	6 / 6	6 / 6	–	–	4 / 4	•5 / 5
Lim Hwee Hua	✪ / ⊙	1	6 / 6	6 / 6	•3 / 3	5 / 5	–	–
Alexander Charles Hungate	✪ / ⊙	1	6 / 6	–	–	5 / 5	–	–
Michael Lien Jown Leam	☆ / ⊙	1	5 / 6	6 / 6	2 / 3	–	–	–
Alvin Yeo Khirn Hai[2]	✪ / ⊙	1	4 / 6	–	–	–	•4 / 4	5 / 5
Wee Ee Lim	☆ / ⊙	1	5 / 6	–	–	–	4 / 4	–
Steven Phan Swee Kim[3]	☆ / ⊙	–	3 / 3	–	–	1 / 1	–	–
Franklin Leo Lavin[4]	✪ / ⊙	1	2 / 2	1 / 2	–	–	–	–
Willie Cheng Jue Hiang[5]	✪ / ⊙	1	3 / 3	–	2 / 2	–	–	3 / 3

1. Mr Ong Yew Huat stepped down as BRMC Chairman on 14 July 2019 and was appointed AC Chairman on 15 July 2019.
2. Mr Alvin Yeo Khirn Hai was appointed BRMC Chairman on 15 July 2019.
3. Steven Phan Swee Kim was appointed to the Board and RHCC on 1 July 2019.
4. Mr Franklin Leo Lavin stepped down from the Board and Exco on 26 April 2019.
5. Mr Willie Cheng Jue Hiang stepped down from the Board, AC and NC on 14 July 2019.

• Denotes chairman.
✪/☆ Denotes independent/non-independent
✪/⊙ Denotes executive/non-executive

(Source: company annual report 2019)

It is observed that four out of the ten existing directors missed at least one formal meeting in the year.

In fact, in 2018, the directors' attendance at the formal meetings showed a similar pattern. In 2018, five directors did not manage to attend all the board and board committee meetings.

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Name of director	Number of meetings attended in 2018							
	AGM	Board	SC	BCC	NC	RHCC*	BRMC	AC
Hsieh Fu Hua[1]	–	1/1	1/1	–	1/1	1/1	1/1	–
Wee Cho Yaw[2]	0	^0/1	0/1	0/1	0/1	–	0/1	–
Wong Kan Seng[3]	1	6/6	4/4	3/3	4/4	3/3	4/4	–
Wee Ee Cheong[4]	1	^5/5	4/4	3/3	4/4	–	4/4	–
Franklin Leo Lavin[5]	1	6/6	4/4	3/3	1/1	–	–	–
Willie Cheng Jue Hiang	1	6/6	–	–	4/4	–	–	6/6
James Koh Cher Siang[6]	1	6/6	–	–	2/3	3/3	–	6/6
Ong Yew Huat	1	5/6	–	3/3	–	–	4/4	6/6
Lim Hwee Hua	1	6/6	4/4	–	4/4	3/3	–	–
Alexander Charles Hungate	1	6/6	–	2/3	–	3/3	–	–
Michael Lien Jown Leam	1	5/6	4/4	–	4/4	–	–	–
Alvin Yeo Khirn Hai	1	5/6	–	–	–	–	3/4	4/6
Wee Ee Lim[7]	–	2/2	2/2	–	–	–	2/2	–
Number of meetings held in 2018	1	6	4	3	4	3	4	6

1. Mr Hsieh Fu Hua stepped down from the Board on 14 February 2018.
2. Dr Wee Cho Yaw retired from the Board on 20 April 2018.
3. Mr Wong Kan Seng was appointed Board Chairman on 15 February 2018.
4. Mr Wee Ee Cheong was the alternate member to Dr Wee Cho Yaw on the NC until 20 April 2018 and became a member on 21 April 2018.
5. Mr Franklin Leo Lavin stepped down from the NC on 20 April 2018.
6. Mr James Koh Cher Siang was appointed to the NC on 21 April 2018.
7. Mr Wee Ee Lim was appointed to the Board, SC and BRMC on 1 July 2018.

^ Attendance record excludes a Board meeting at which Dr Wee Cho Yaw and Mr Wee Ee Cheong had recused themselves from the meeting.
* RC was renamed as RHCC with effect from 25 October 2018.

(Source: company annual report 2018)

Three of the directors actually missed formal meetings in both 2018 and 2019. The attendance rate of one of the directors at board meetings was just 75% over the two-year period.

The company has added that board and board committee meetings and the annual general meeting (AGM) are scheduled well before the start of each year. A director who is unable to attend a meeting in person due to exigencies may participate via telephone and/or video conference as provided for in the company's constitution (page 134).

(i) **Can the company help shareholders understand if there were extenuating circumstances that led the directors to be absent for board meetings and board committee meetings?**

(ii) **Did the directors participate via telephone and/or video conference since this is provided for in the company's constitution?**

(iii) **How does the nominating committee evaluate a director's availability to commit time and attention to the affairs of the bank, taking into consideration his/her other directorships and principal commitments?**

(iv) **How can the company and the company secretary work together with the directors to schedule the board and board committee meetings so that directors are able to attend the meetings and contribute to the effectiveness of the board?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)