



## *UOB Group*

*Sustained Growth in Core Income;  
Strong Balance Sheet Position*

*November 2015*

*Disclaimer : This material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB accepts no liability whatsoever with respect to the use of this document or its content.*

Singapore Company Reg No. 193500026Z

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**Overview of UOB Group**

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Macroeconomic Outlook

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Strong UOB Fundamentals

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## Founding

Founded in August 1935 by a group of Chinese businessmen and Datuk Wee Kheng Chiang, grandfather of the present UOB Group CEO, Mr. Wee Ee Cheong

## Expansion

UOB has grown over the decades through organic means and a series of acquisitions. It is today a leading bank in Asia with an established presence in the ASEAN region. The Group has an international network of over 500 offices in 19 countries and territories.

Note: Financial statistics as at 30 September 2015.

1. FX rate used: USD 1 = SGD 1.4233 as at 30 September 2015.

2. Based on final rules effective 1 January 2018.

3. Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015.

4. Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and capital securities distributions.

5. Computed on an annualised basis.

## Key Statistics for 9M15




■ Total assets	: SGD323.4b	(USD227.2b <sup>1</sup> )
■ Shareholder's equity	: SGD30.2b	(USD21.2b <sup>1</sup> )
■ Gross loans	: SGD203.2b	(USD142.8b <sup>1</sup> )
■ Customer deposits	: SGD244.6b	(USD171.9b <sup>1</sup> )
■ Common Equity Tier 1 CAR	: 13.6%	
■ Proforma Common Equity Tier 1 CAR <sup>2</sup>	: 12.2%	
■ Leverage ratio <sup>3</sup>	: 7.2%	
■ ROA	: 1.04% <sup>5</sup>	
■ ROE <sup>4</sup>	: 11.1% <sup>5</sup>	
■ NIM	: 1.77% <sup>5</sup>	
■ Non-interest/Total income	: 38.8%	
■ NPL ratio	: 1.3%	
■ Loans/Deposits ratio	: 81.6%	
■ Cost / Income	: 44.1%	
■ Credit Ratings	:	

	Moody's	S&P	Fitch
Issuer Rating (Senior Unsecured)	Aa1	AA-	AA-
Outlook	Stable	Stable	Stable
Short Term Debt	P-1	A-1+	F1+

# A Leading Singapore Bank With Established Franchise In Core Market Segments



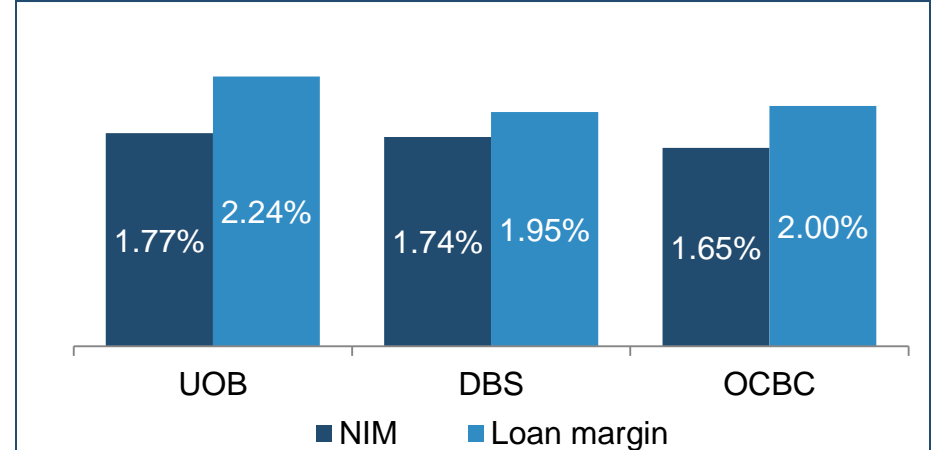
## UOB Group's recognition in the industry

 <p><b>Bank of the Year, Singapore</b></p>	 <p><b>Best Bank in Singapore</b></p>	 <p><b>Best Retail Bank in Singapore</b> <b>Best SME Banking</b></p>
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Source: Company reports.

1. The Asian Banker Excellence in Retail Financial Services International Awards 2011 (Retail and SME Banking), 2012 & 2014 (Retail Banking).
2. The Edge Lipper – Singapore Fund Awards.

## Highest 9M15 NIM among local peers



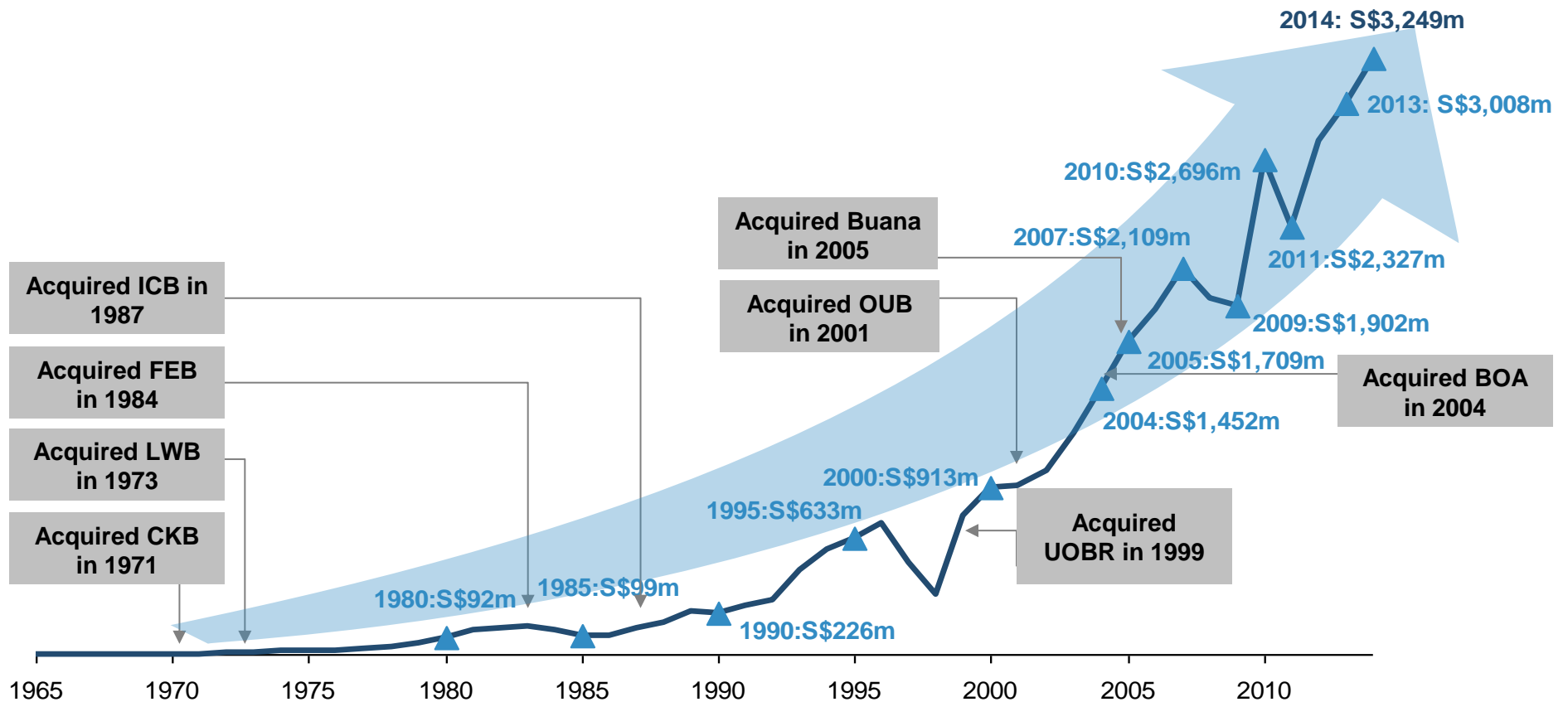
Loan margin is the difference between the rate of return from customer loans and costs of deposits.

Source: Company reports.

# Proven Track Record Of Execution



- UOB Group’s management has a proven track record in steering the Group through various global events and crises. Achieved record NPAT of SGD3,249 million in 2014
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group’s overall resilience and sustained performance

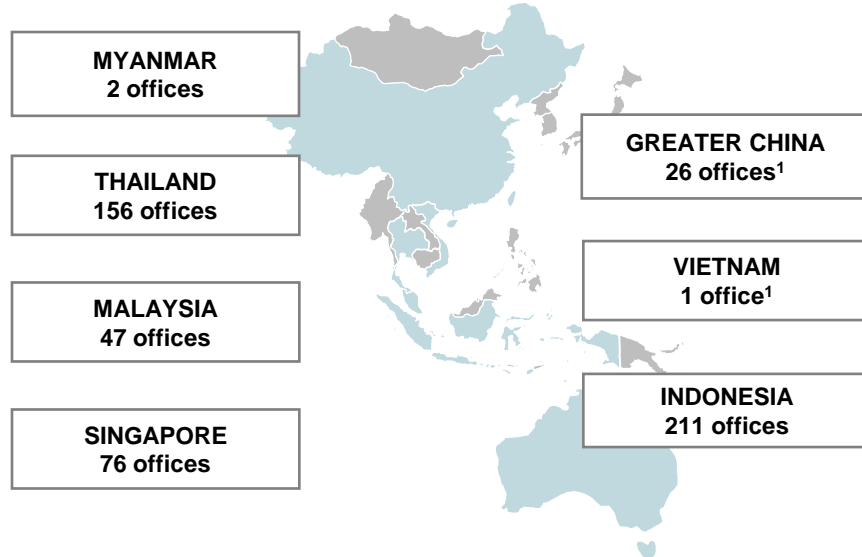


Note: Bank of Asia Public Company Limited (“BOA”), Chung Khiaw Bank Limited (“CKB”), Far Eastern Bank Limited (“FEB”), Industrial & Commercial Bank Limited ICB (“ICB”), Lee Wah Bank Limited (“LWB”), Overseas Union Bank Limited (“OUB”), Radanasin Bank Thailand “UOBR”.

# Expanding Regional Banking Franchise

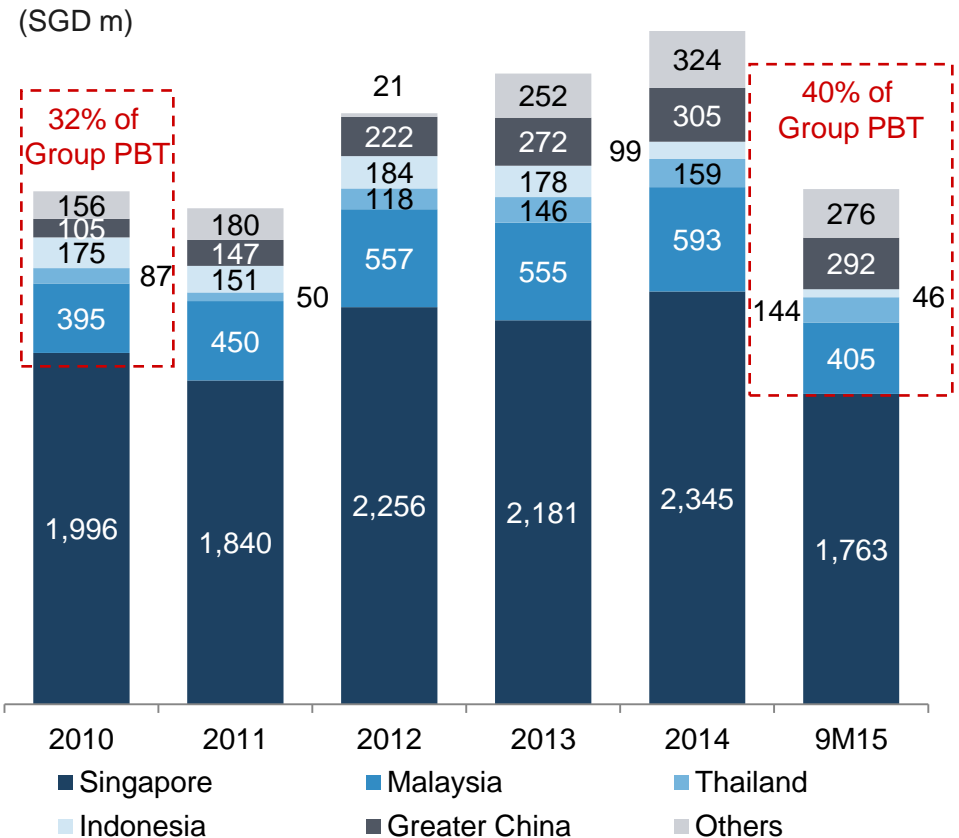


## Extensive Regional Footprint with 500+ Offices



- Most diverse regional franchise among Singapore banks; effectively full control of regional subsidiaries
- Integrated regional platform improves operational efficiencies, enhances risk management and provides faster time-to-market and seamless customer service
- Simultaneous organic and inorganic growth strategies in emerging/new markets of China and Vietnam
- Aim for region to contribute 40% of Group's PBT in medium term

## Profit before Tax and Intangibles by Region



*Established regional network with key South East Asian pillars, supporting fast-growing trade, capital and wealth flows*

Note: Profit before tax and intangibles excluded gain on UOB Life and UIC for 2010.

1. UOB owns c13% in Evergrowing Bank in China and c20% in Southern Commercial Joint Stock Bank in Vietnam.

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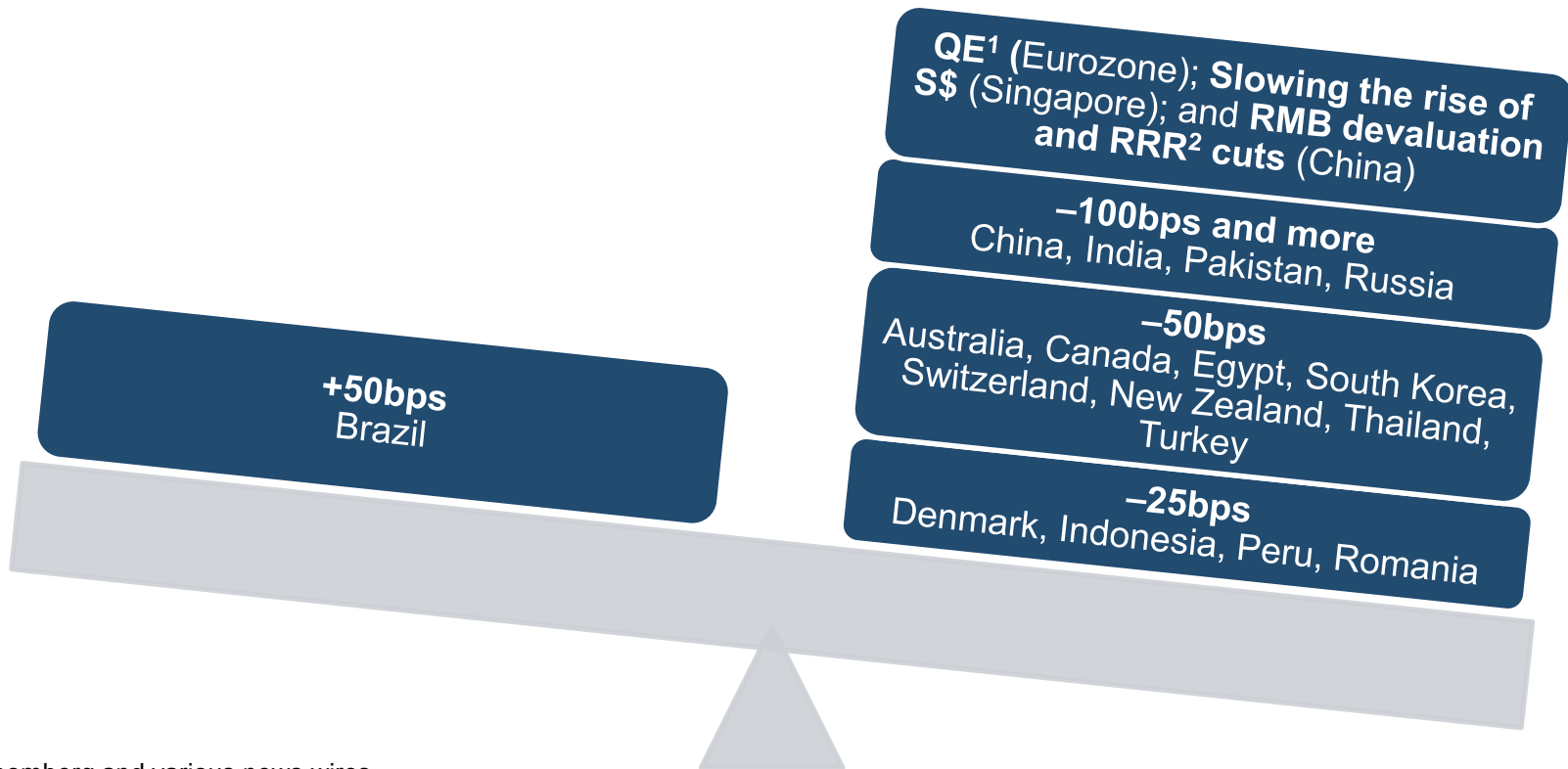
# Central Banks' Recent Easing Moves Spurred by Low/Negative Inflation & Weak Growth



Recent Central Banks' Policy Decisions on Rates in year-to-date 2015

Contractionary

Expansionary

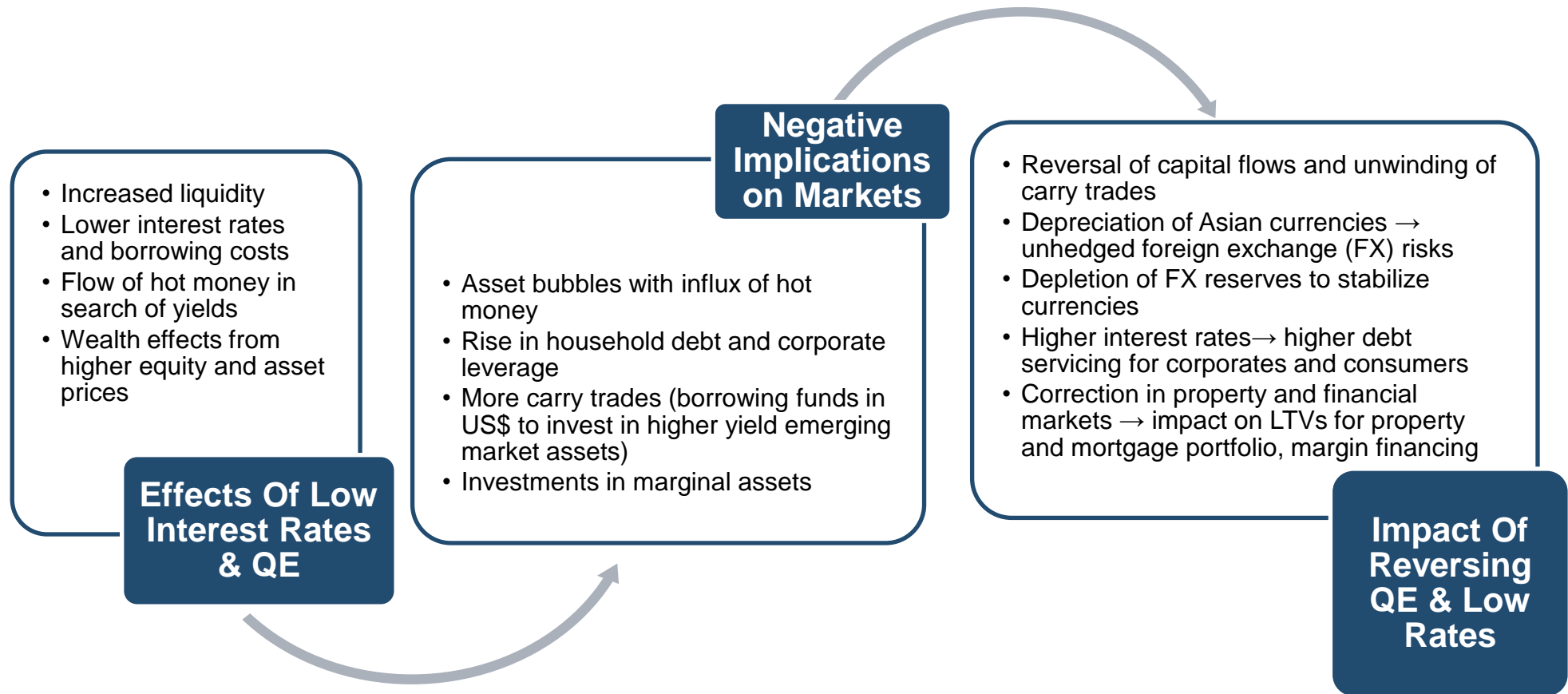


Sources: Bloomberg and various news wires

1. QE: Quantitative easing
2. RRR: Reserve requirement ratio



# Fed Expected to Hike Rates in Dec 2015, More Than 1 Year After Conclusion of QE Tapering



*Indonesia and India are most vulnerable due to higher current account deficits relative to other Asian countries (and increasingly being financed by volatile portfolio flows)*

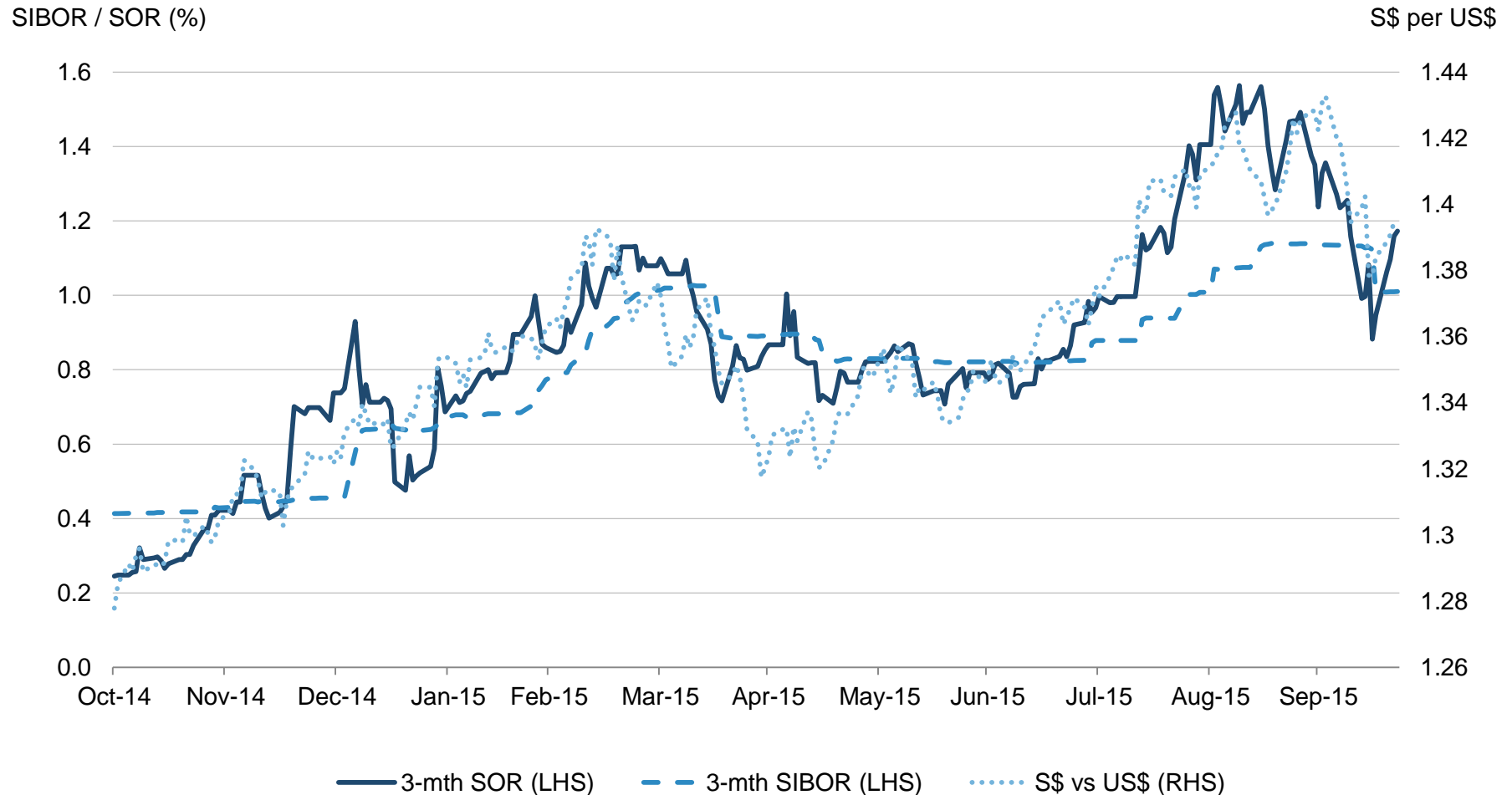
*Hong Kong and Singapore are vulnerable to major corrections in the property market*

*Burgeoning household debt in Malaysia, Singapore and Thailand could also cause problems, should interest rates rise*

# Singapore Interest Rates Lifted by Stronger US\$; Further Upside When Fed Eventually Hikes Rates



UOB's S\$ Floating-rate Loans to Benefit from Uptrend in Singapore's Short-term Interest Rates



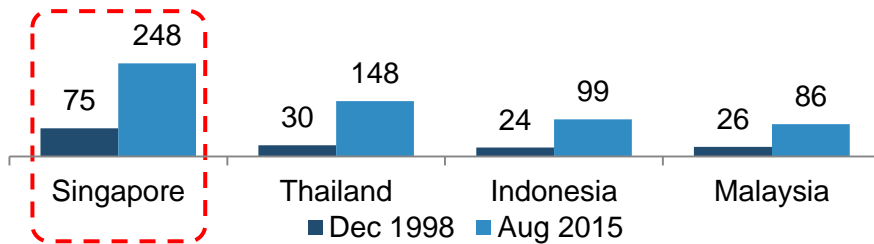
# Southeast Asia – Resilient Key Markets



- The long-term fundamentals and prospects of key Southeast Asian markets have greatly improved since the 1997 Asian Financial Crisis.
- Compared with 1997, they have:
  - Significantly higher levels of foreign reserves
  - Healthier current account and balance of payment positions
  - Lower levels of corporate leverage
  - Lower levels of foreign currency debts

## Asian Foreign Reserves

(USD billion)

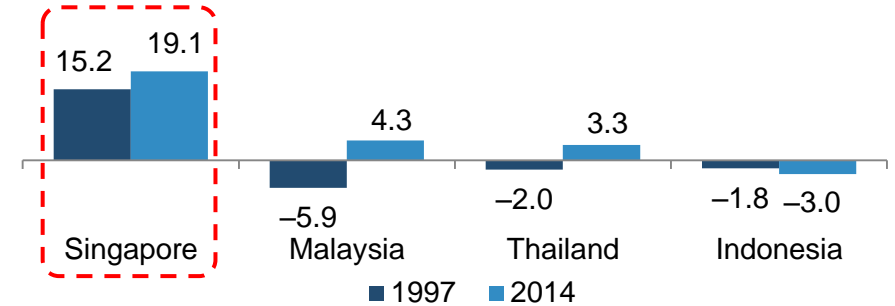


2015 foreign reserves include foreign currency reserves (in convertible foreign currencies)

Source: IMF

## Current Account as % of GDP

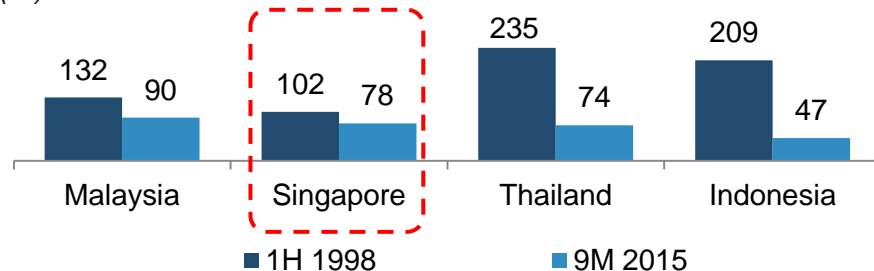
(%)



Source: IMF

## Asian Corporates: Total Debt to Equity Ratio

(%)

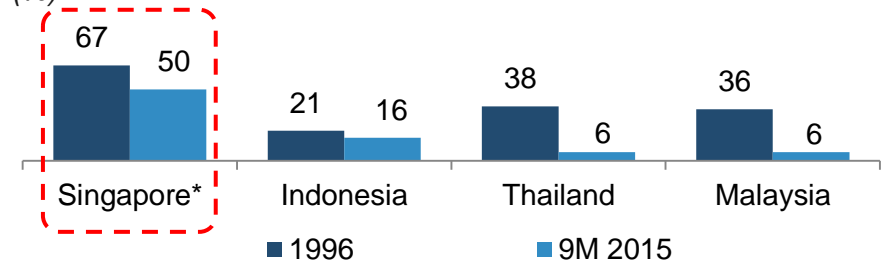


Total debt to equity ratio = total ST and LT borrowings divided by total equity, multiplied by 100

Sources: MSCI data from Bloomberg

## Foreign Currency Loans as % of Total Loans

(%)



\* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units

Sources: Central banks

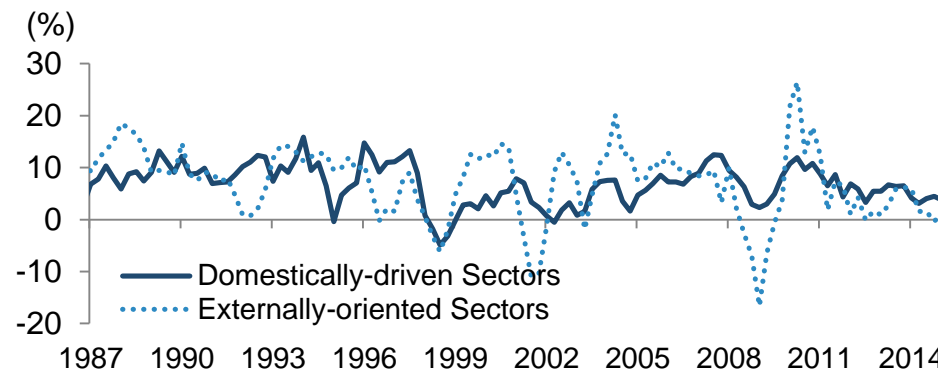
# Singapore Expected to Grow 2.0% in 2015, As External Headwinds Remain



- Singapore's 3Q15 GDP grew 1.4% y/y, the slowest in nearly three years, as the lacklustre manufacturing sector was weighed down by a slowdown in biomedical and transport engineering clusters. However, the services sector remained robust, expanding 3.0% y/y.
- Our 2015 GDP forecast is 2.0% (2014: +2.9%), as we expect a weak manufacturing sector, despite a likely pickup in 2H15 with improvement in US economy.
- Core inflation for 2015 will ease towards 0.6% (2014: +1.9%) as lower commodity prices and slower growth in healthcare costs outweigh cost pressures from the tight labour market.

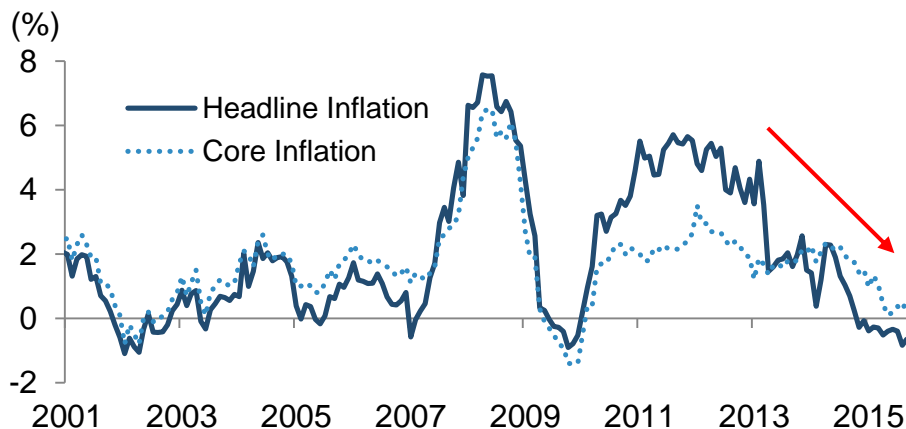
Source: UOB Global Economics & Markets Research

## External Sectors Slowed Considerably



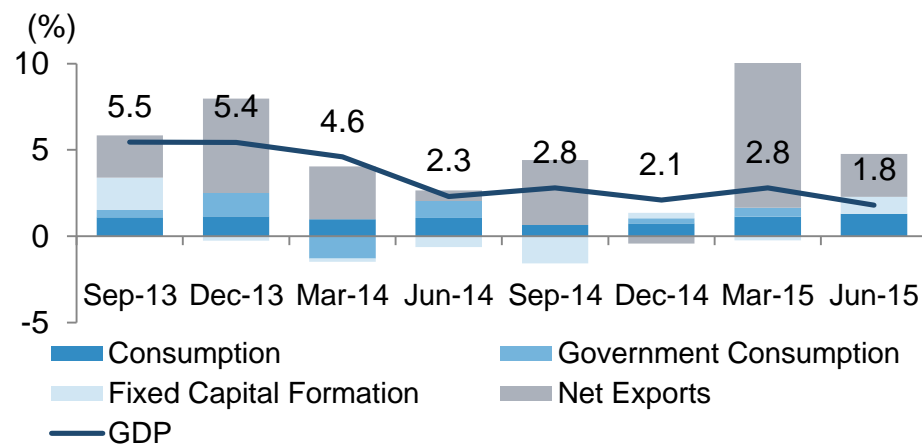
Source: Singapore Department of Statistics

## 2015 Core Inflation At 0.3% On Average



Source: Singapore Department of Statistics

## Economy Expected To Grow 2.5% In 2015



Source: Singapore Department of Statistics

# ASEAN Banking Sector: Strong Fundamentals Remain Intact



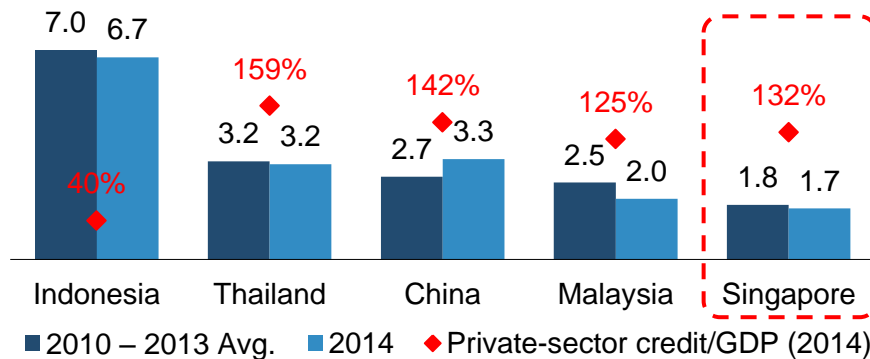
## Key Banking Trends

- There has been a resurgence in loan demand after the deleveraging of ASEAN banks during the Global Financial Crisis
- ASEAN banks have healthy capital and funding levels
  - Singapore banks enjoy one of the highest capital ratios in the region
  - As solvency is not generally an issue in ASEAN, focus would be on putting the excess capital to productive uses
- Policy changes in regulation, liquidity, rates and sector consolidation are shaping the ASEAN banking business models going forward

Source: Research estimates, Monetary Authority of Singapore

## Higher NIM, Lower Credit Penetration in Region

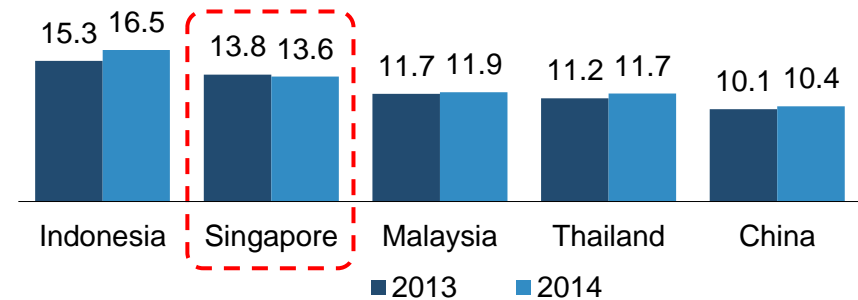
(Net interest margin and private-sector credit / GDP, in %)



Source: Research estimates, World Bank

## Robust Capital Positions

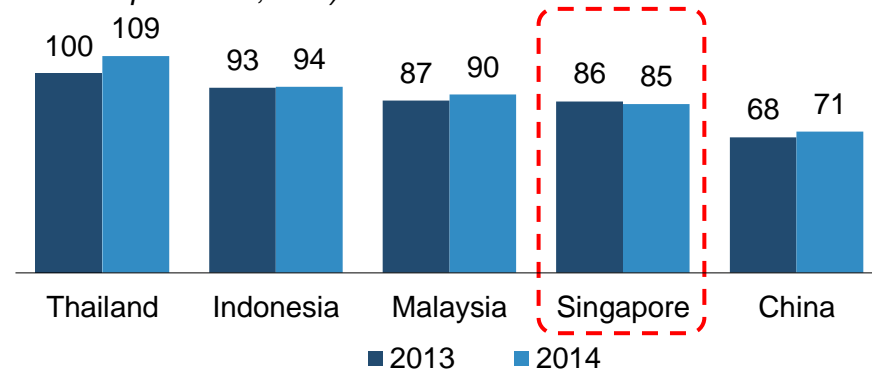
(Tier 1 CAR, in %)



Source: Research estimates

## Stable Funding – Adequate Loan-to-Deposit Ratios

(Loan-to-deposit ratio, in %)

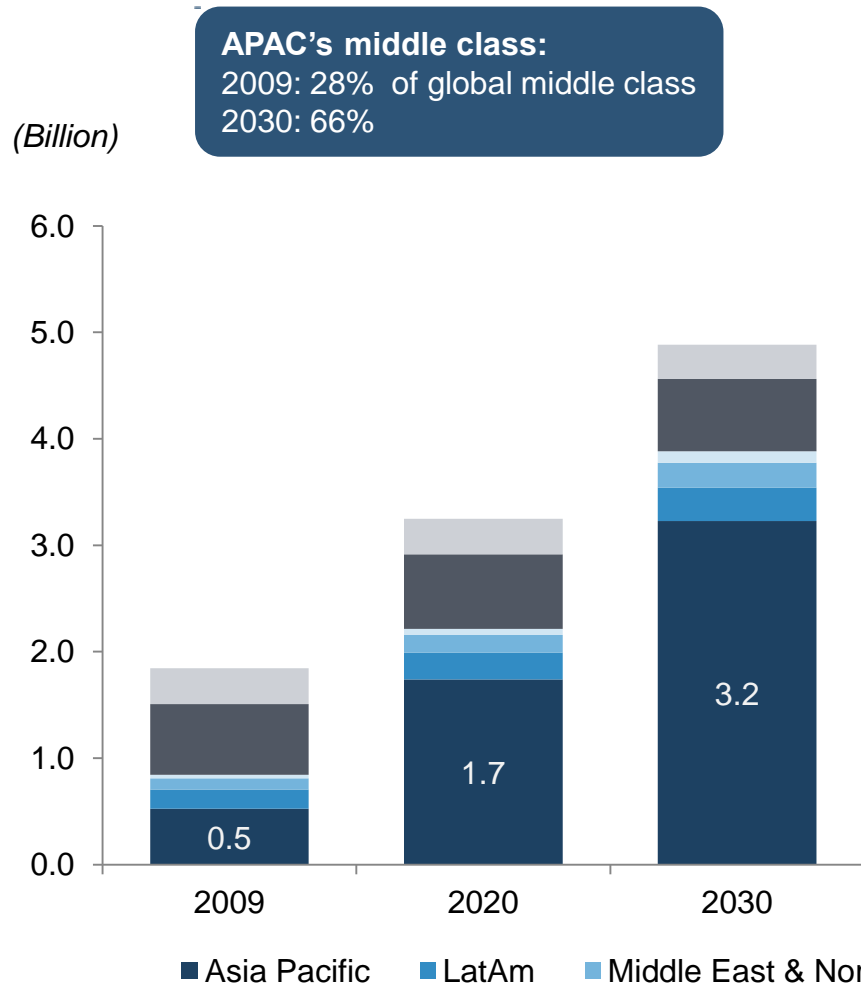


Source: Research estimates

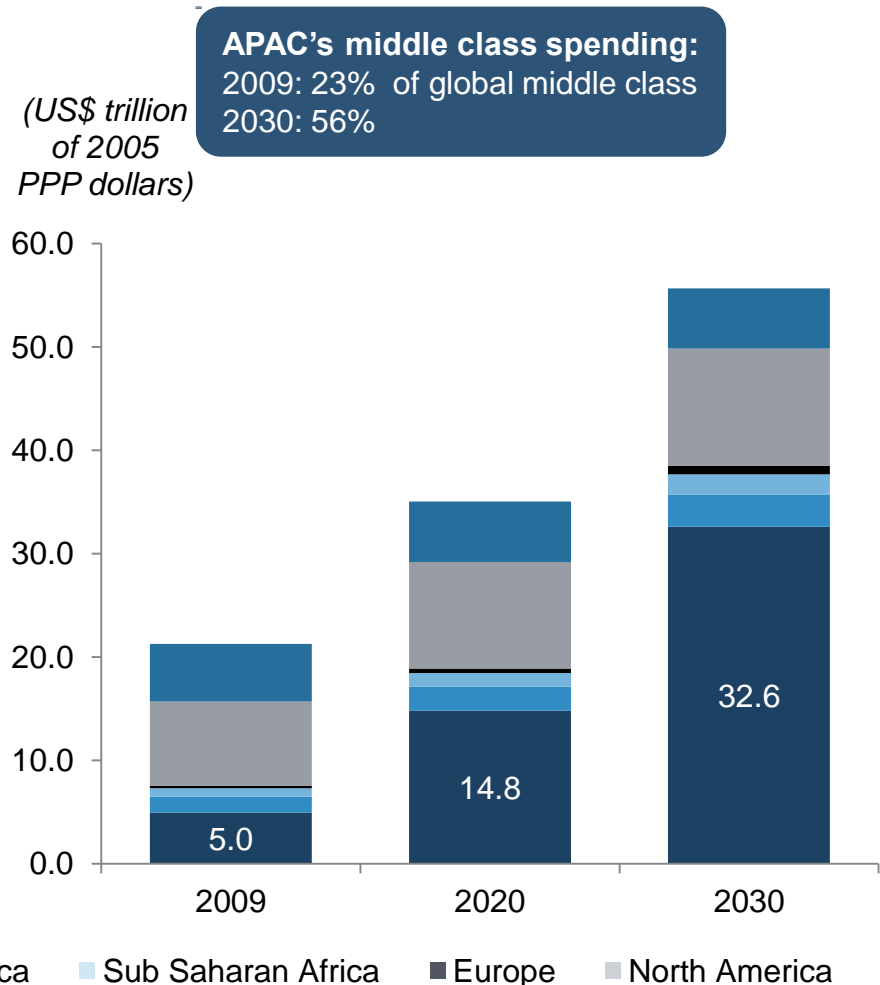
# Prospects for Asia Remain Optimistic Due to Growing Population and Consumer Affluence



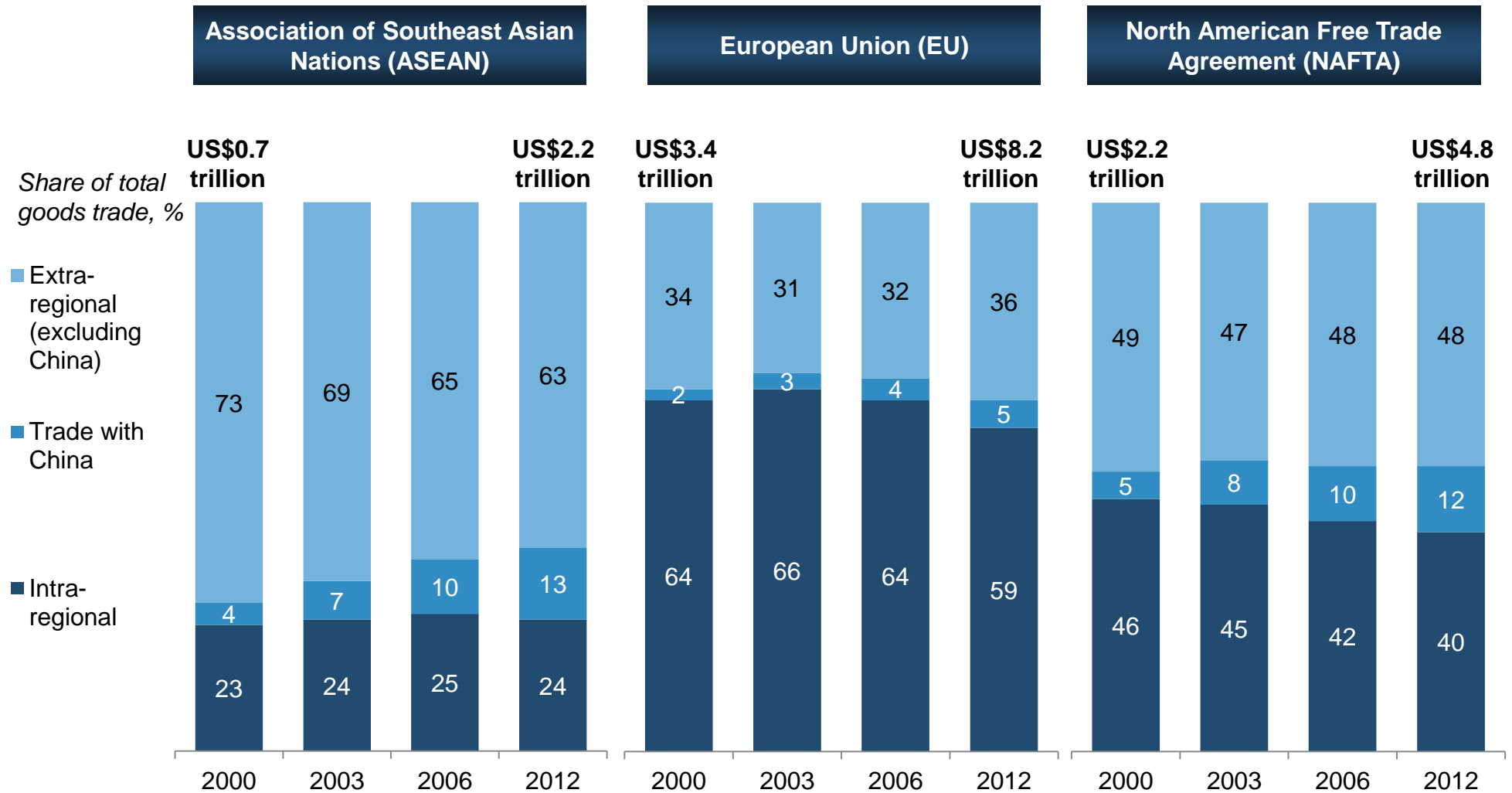
## Growing Global Middle Class



## Spending by Global Middle Class



# Room For More Optimism As Intra-Regional Trade is Set to Thrive in ASEAN after AEC<sup>1</sup> Kicks Off



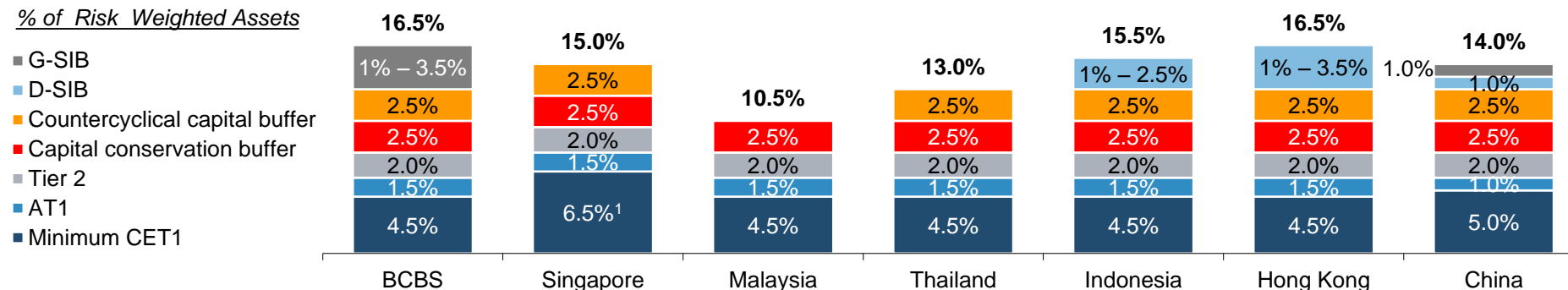
Source: Comtrade; McKinsey Global Institute analysis  
 1. AEC: ASEAN Economic Community

# Basel III Implementation across Jurisdictions



Particulars	BCBS	Singapore	Malaysia	Thailand	Indonesia	Hong Kong	China
Minimum CET1	4.5%	6.5% <sup>1</sup>	4.5%	4.5%	4.5%	4.5%	5.0%
Minimum Tier 1	6.0%	8.0% <sup>1</sup>	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total Capital	8.0%	10.0% <sup>1</sup>	8.0%	8.5%	8.0%	8.0%	8.0%
Full Compliance	Jan-15	Jan-15	Jan-15	Jan-13	Jan-14	Jan-15	Jan-13
Capital Conservation Buffer	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Full Compliance	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19
Countercyclical Capital Buffer <sup>2</sup>	Up to 2.5%	Up to 2.5%	Under consideration	Up to 2.5%	Up to 2.5%	Up to 2.5% <sup>3</sup>	Up to 2.5%
Full Compliance	Jan-19	Jan-19	Pending	Jan-19	Jan-19	Jan-19	Pending
D-SIB	–	2.0%	Pending	Pending	1.0% – 2.5%	1.0% – 3.5%	1.0%
G-SIB	1.0% – 3.5%	n/a	n/a	n/a	n/a	n/a	1.0%
Minimum Leverage Ratio (Pillar 1)	3.0%	Pending	Pending	3.0%	3.0%	3.0%	4.0%
Full Compliance	2018	Pending	Pending	2018	2018	Pending	2013

## % of Risk Weighted Assets



Source: Regulatory notifications and rating reports.

1. Includes 2% for D-SIB buffer.





2. Each local regulator determines its own level of countercyclical capital buffer to accumulate capital in periods of economic expansion.

3. In Hong Kong, the countercyclical capital buffer will be at 0.625%, effective on 1 January 2016.



# Resolution Regime Overview

## Resolution Regime in Asia

Country	Public Discussion	Existing Resolution Powers	Factors influencing views on bail-in <sup>1</sup>	How Past resolution been handled
Singapore 	Yes	Transfer powers; statutory bail-in proposed but excludes senior	<b>Role as an international financial centre; strength of system; good coordination between regulator and local banks</b>	Crisis prevention tools; no record of bank failures in the past
Indonesia 	No	Transfer powers; no statutory bail-in	<i>History of public sector bailouts</i>	Liquidation; public funds
Hong Kong 	Yes	Transfer powers; statutory bail-in proposed	<b>Role as an international financial centre and presence of G-SIBs</b>	Liquidation; public funds; M&A
China 	No	Transfer powers; no statutory bail-in	<i>Risk of contagion in debt market; role of government in banking sector</i>	Capital injections; NPL disposals; forbearance

1. **Bold text** indicates factors in favor of implementing a bail-in regime; *italic text* indicates factors against

## Resolution Regime: Priorities for 2015 <sup>1</sup>

As per Financial Stability Board (FSB), any Financial Institution that could be systemically significant or critical if it fails, should be subject to a resolution regime that has the Key Attributes set out. Reforms on resolution regimes are still underway and the FSB has identified the following priorities for 2015 to help further advance progress on this area:

- Finalise the common international standard on TLAC that G-SIBs must have;
- Achieve the broad adoption of contractual recognition of temporary stays on early termination and cross-default rights in financial contracts and finalise FSB guidance on effective cross-border recognition;
- Develop further guidance to support resolution planning by home and host authorities, in particular in regard to funding arrangements and operational continuity of core critical services; and
- Promote full implementation of FSB's requirements for resolution regimes and resolution planning beyond the banking sector

1. Source: Moody's report on A Compendium of Bank Resolution and Bail-in Regimes in the Asia-Pacific, Regulatory notifications.  
Note: Malaysia and Thailand have also yet to implement a framework for resolution regime.

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# Strong UOB Fundamentals



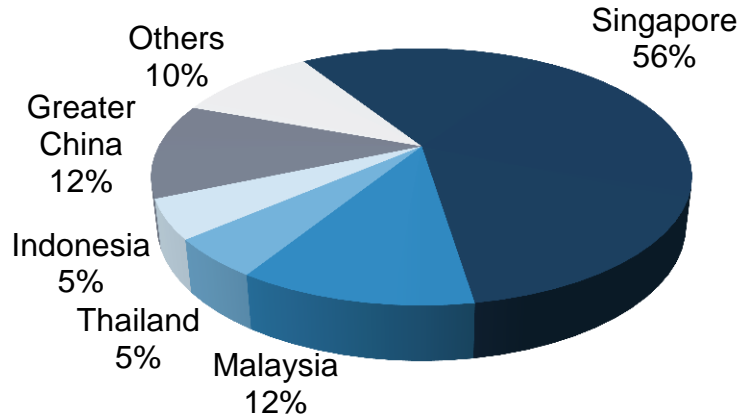
<b>Strong Management with Proven Track Record</b>	<ul style="list-style-type: none"><li>▪ Proven track record in steering the bank through various global events and crises</li><li>▪ Stability of management team ensures consistent execution of strategies</li></ul>
<b>Consistent and Focused Financial Management</b>	<ul style="list-style-type: none"><li>▪ Delivered record NPAT of SGD3,249m in FY14, driven by broad-based growth</li><li>▪ 9M15 NPAT of S\$2,421m; driven by wider NIM (+5 basis points over 9M14) and broad-based increase in fee income</li><li>▪ Maintain costs discipline while continuing to invest in building long-term capabilities</li></ul>
<b>Prudent Management of Capital, Liquidity and Balance Sheet</b>	<ul style="list-style-type: none"><li>▪ Strong capital base; Common Equity Tier 1 capital adequacy ratio of 13.6% as at 30 September 2015, well above Basel III capital requirements</li><li>▪ Liquid and well diversified funding mix with loan/deposits ratio at 81.6%</li><li>▪ Stable asset quality, with well-diversified loan portfolio</li></ul>
<b>Delivering on Regional Strategy</b>	<ul style="list-style-type: none"><li>▪ Holistic regional bank with effective full control of subsidiaries in key markets with lower credit penetration</li><li>▪ Key regional franchise continues to deliver as we leverage regional business flows</li><li>▪ Entrenched local presence: ground resources and integrated regional network to better address the needs of our targeted segments</li></ul>

***UOB is focused on the basics of banking;  
Stable management team with proven execution capabilities***

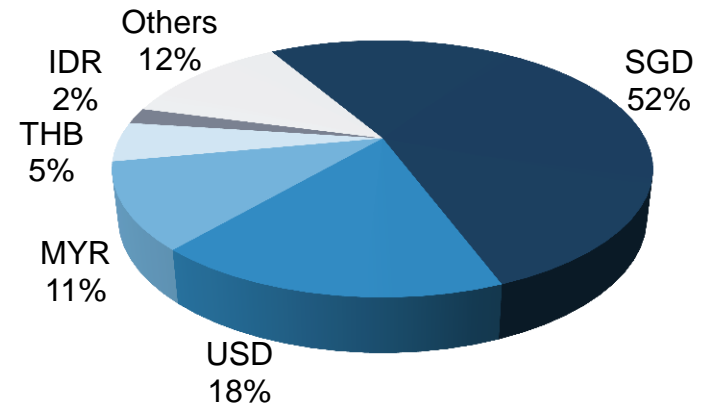
# Diversified Loan Portfolio



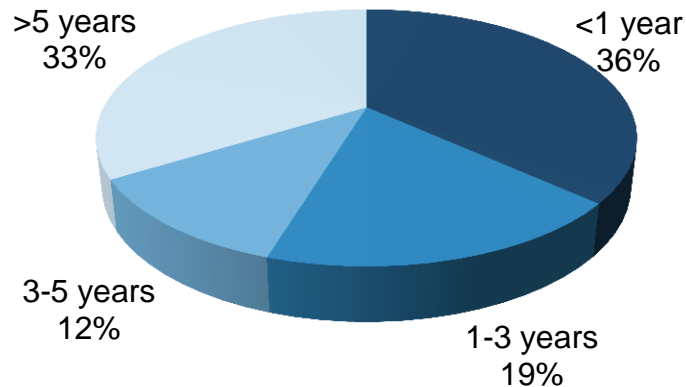
**Gross Customer Loans by Geography <sup>1</sup>**



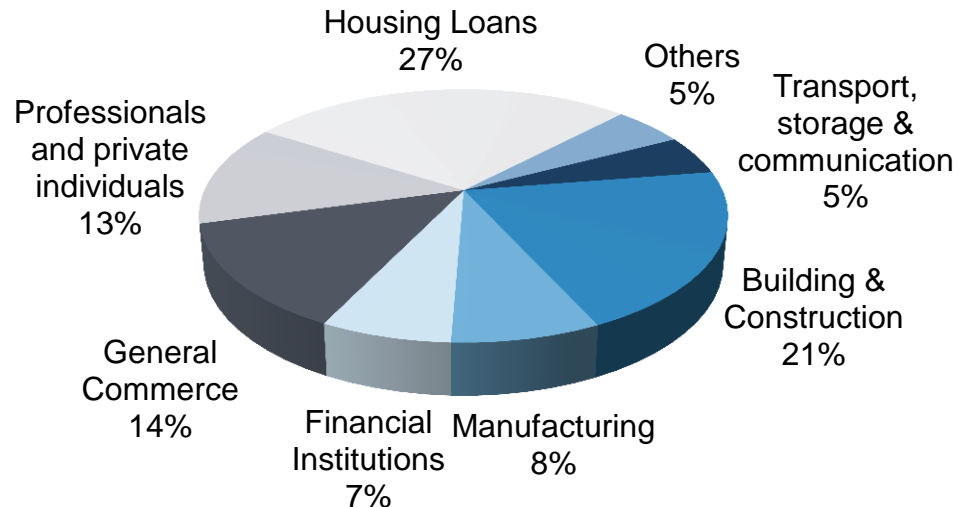
**Gross Customer Loans by Currency**



**Gross Customer Loans by Maturity**



**Gross Customer Loans by Industry**



Note: Financial statistics as at 30 September 2015.

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

# Competitive Against Peers



				Standalone Strength	Efficient Cost Management	Competitive ROAA	Well-Maintained Liquidity
Moody's	S&P	Fitch		Baseline credit assessment	Costs/income ratio	Return on average assets <sup>1</sup>	Loan/deposit ratio
Aa1	AA-	AA-	UOB	aa3	44.1%	1.04%	81.6%
Aa1	AA-	AA-	OCBC	aa3	41.9%	1.14%	83.5%
Aa1	AA-	AA-	DBS	aa3	45.0%	0.99%	89.7%
A1	A	AA-	HSBC	a3	58.2%	0.82%	71.4%
Aa3	A-	A+	SCB	a2	59.2%	0.43%	72.6%
A3	A-	n.r.	CIMB	baa1	56.7%	0.77%	94.0%
A3	A-	A-	MBB	a3	49.5%	1.02%	94.2%
Baa1	BBB+	BBB+	BBL	baa2	44.3%	1.25%	84.1%
Baa3	n.r.	BBB-	BCA	baa3	64.8%	3.75%	75.7%
Baa1	A-	A	BOA	baa2	67.4%	0.82%	76.0%
Baa1	A-	A	Citi	baa2	70.0%	0.44%	68.1%
A3	A	A+	JPM	a3	61.0%	0.97%	60.4%

**UOB's competitiveness enhanced by prudent management and strong financials**

Source: Company reports, Credit rating agencies.

Financials were as of 30 September 2015 for UOB, OCBC and DBS, while financials of the other banks were as of 30 June 2015.

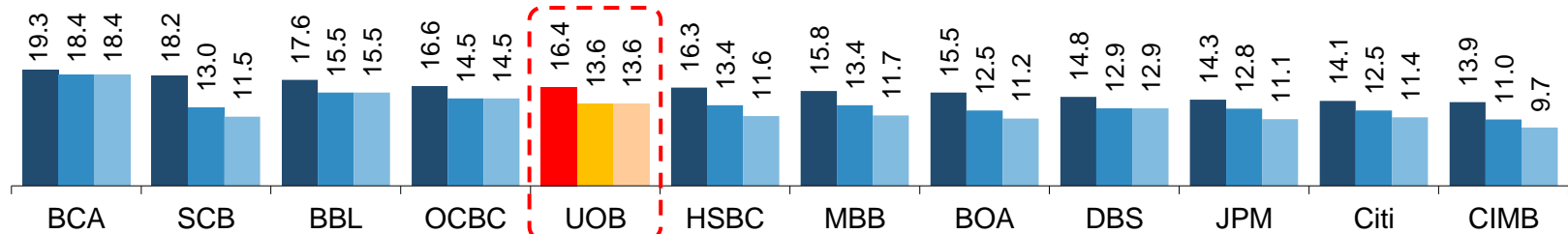
1. ROAA calculated on an annualised basis.

# Strong Capitalisation and Low Gearing Ratio



## Total CAR, Tier 1 CAR, Common Equity Tier 1

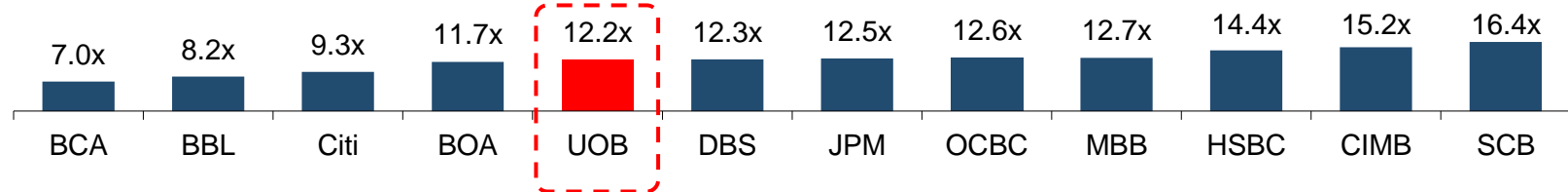
(Total CAR, Tier 1 CAR, Common Equity Tier 1 CAR in %)



Capital raised from 2013 – 2015 YTD (US\$ bn) <sup>1</sup>	Return on Average Equity <sup>2</sup>
-	21.7%
-	5.4%
-	10.5%
3.0	12.6%
1.1	11.1%
9.4	10.6%
2.3	12.1%
5.4	7.1%
0.6	11.6%
18.2	11.0%
13.3	4.5%
1.3	8.7%

## Gearing Ratio

Gearing Ratio (no. of times)<sup>3</sup>



**UOB is one of the most well-capitalised banks with lower gearing ratio compared with some of the most renowned banks globally**

Source: Company reports, Dealogic.

Financials were as of 30 September 2015 for UOB, OCBC and DBS, while financials of the other banks were as of 30 June 2015.

1. From 1 January 2013 till 19 August 2015 and includes Tier 1 capital
2. Computed on an annualised basis.
3. Gearing Ratio is calculated as tangible assets (reported total assets less goodwill and intangibles) divided by tangible equity (reported total equity less goodwill and intangibles).

# Strong Investment Grade Credit Ratings



## Ratings



**Aa1/Stable/P-1**

- '...Strong and valuable business franchise'
- 'Long experience in serving SME segment should enable it to maintain its customer base.'
- 'Ability to keep its asset quality measures consistently at a good level'



**AA- /Stable/A-1+**

- 'Prudent management team... expect the bank to continue its emphasis on funding and capitalisation to buffer against global volatility'
- 'UOB will maintain its earnings, asset quality and capitalization while pursuing regional growth.'
- 'Above average funding and strong liquidity position'



**AA- /Stable/F1+**

- 'Ratings reflect its strong domestic franchise, prudent management, robust balance sheet...'
- 'Stable funding profile and liquid balance sheet...'
- 'Notable credit strengths ...core capitalisation, domestic funding franchises and close regulatory oversight.'

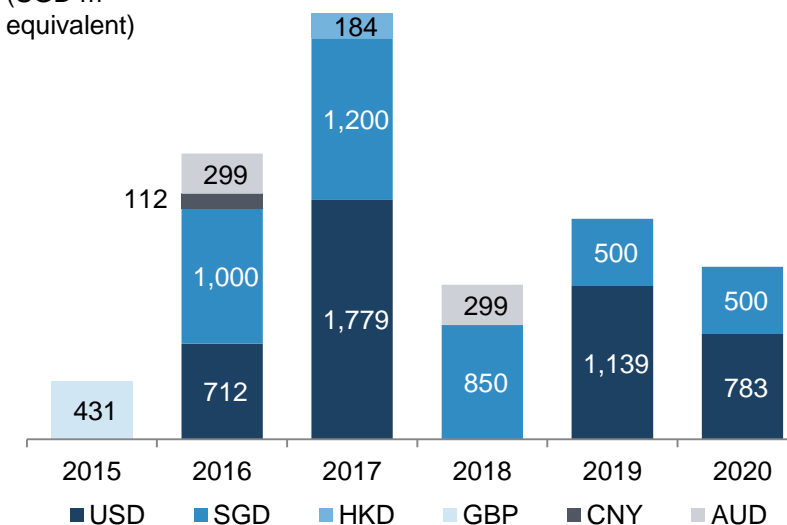
## Debt Issuance History

Issue Date	Type	Structure	Call	Coupon	Amount	Issue Rating (M / S&P / F)
<b>Tier 1</b>						
Nov 2013	B3 AT1	Perpetual	2019	4.750%	SGD500m	A3 / BB+ / BBB
Jul 2013	B3 AT1	Perpetual	2018	4.900%	SGD850m	A3 / BB+ / BBB
Dec 2005	B2 AT1	Perpetual	2016	5.796%	USD500m	A3 / BBB- / BBB
<b>Tier 2</b>						
May 2014	B3 T2	12NC6	2020	3.500%	SGD500m	A2 / BBB / A+
Mar 2014	B3 T2	10.5NC5.5	2019	3.750%	USD800m	A2 / BBB / A+
Oct 2012	B2 LT2	10NC5	2017	2.875%	USD 500m	Aa3 / A+ / A+
Jul 2012	B2 LT2	10NC5	2017	3.150%	SGD1,200m	Aa3 / A+ / A+
Apr 2011	B2 LT2	10NC5	2016	3.450%	SGD1,000m	Aa3 / A+ / A+
<b>Senior Unsecured</b>						
Aug 2015	-	5yr FRN	-	3mUS\$LIBOR+48bps	USD50m	Aa1 / - / -
Sep 2014	-	5.5yr FXN	-	2.50%	USD500m	Aa1 / AA- / AA-
Sep 2014	-	4yr FRN	-	BBSW 3m +0.64%	AUD300m	Aa1 / AA- / AA-
Apr 2014	-	1yr FRN	-	3mGBP LIBOR flat	GBP200m	Aa1 / AA- / -
Nov 2013	-	3yr FRN	-	BBSW 3m +0.65%	AUD300m	Aa1 / AA- / AA-
Jun 2013	-	3yr FXN	-	2.50%	CNY500m	Aa1 / AA- / AA-
Mar 2012	-	5yr FXN	-	2.20%	HKD1,000m	Aa1 / - / -
Mar 2012	-	5yr FXN	-	2.25%	USD750m	Aa1 / AA- / AA-

B2: Basel II, B3: Basel III, AT1: Additional Tier 1, T2: Tier 2, LT2: Lower Tier 2  
 FXN: Fixed Rate Notes; FRN: Floating Rate Notes;  
 The table includes rated issuances of UOB Group; updated as of 30 October 2015.

## Debt Maturity Profile

(SGD m equivalent)



Note: Maturities shown at first call date for Tier Capital Issuances  
 FX rates as at 30 September 2015: USD 1 = SGD 1.42;  
 SGD 1 = MYR 3.10; SGD 1 = HKD 5.44; SGD 1 = AUD 1.00;  
 SGD 1 = CNY 4.47; 1 GBP = SGD 2.16.

# Robust Risk Management Framework



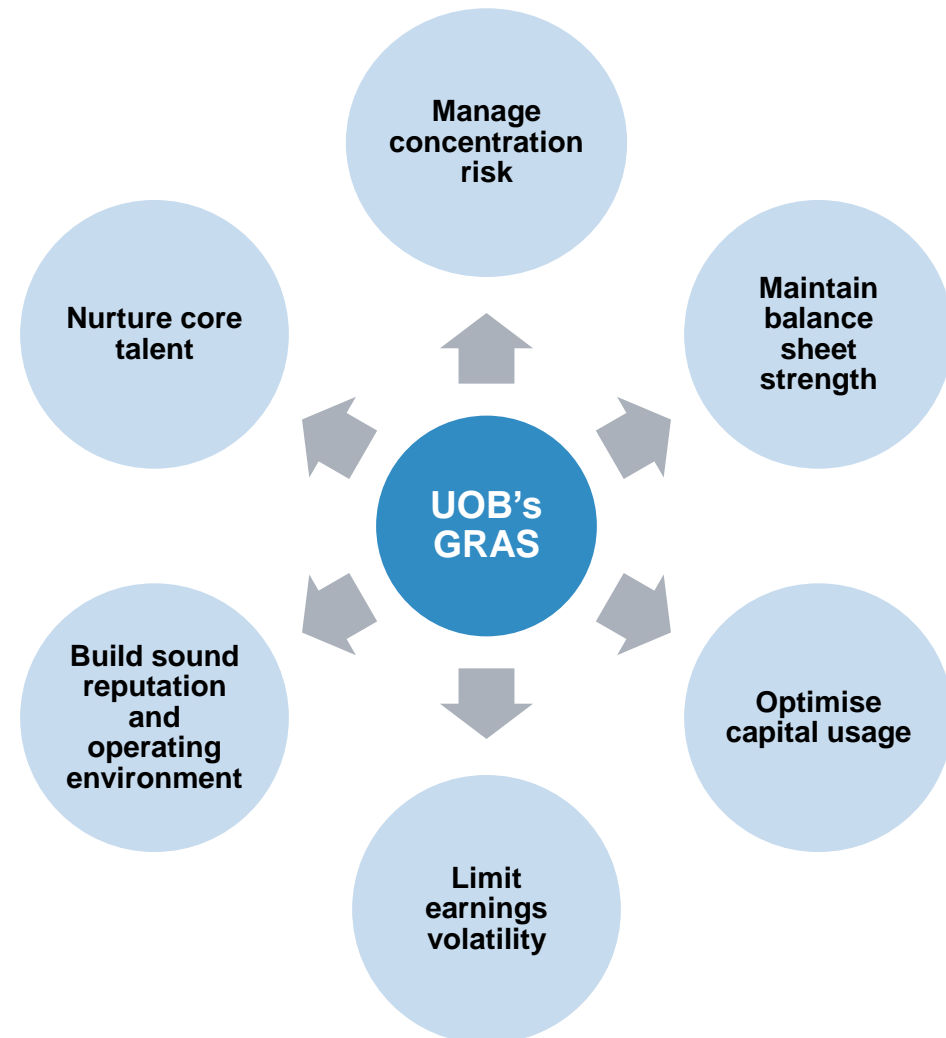
<b>Robust Risk Management Framework</b>	<ul style="list-style-type: none"><li>▪ Operate under strict regulatory regime; prudential standards in line with global best practices</li><li>▪ Strong risk culture; do not believe in achieving short-term gains at the expense of long-term interests</li><li>▪ Focused on businesses which we understand and are well-equipped to manage</li><li>▪ Active board and senior management oversight</li><li>▪ Comprehensive risk management policies, procedures and limits governing credit risks, funding risks, interest rate risks, market risks and operational risks</li><li>▪ Regular stress tests</li><li>▪ Strong internal controls and internal audit process</li></ul>
<b>Common Operating Framework across Region</b>	<ul style="list-style-type: none"><li>▪ Standardised and centralised core banking systems completed at end-2013</li><li>▪ Common operating framework integrates regional technology, operations and risk infrastructure, ensuring consistent risk management practices across core markets</li><li>▪ Core framework anchored to Singapore head office's high corporate governance standards</li></ul>
<b>Key Risks to Monitor</b>	<ul style="list-style-type: none"><li>▪ Property-related risks:<ul style="list-style-type: none"><li>— Healthy portfolio: low NPL ratio and provisions</li><li>— Majority of housing loans are for owner-occupied properties; comfortable average LTV ratio; delinquency and NPL trends regularly analysed</li><li>— c.50% of property-related corporate loans are short-term development loans with diversified risks; progress, sales and cashflow projections of projects closely monitored</li></ul></li><li>▪ Exposure to steepening yield curve: Investment portfolio (mainly liquid asset holdings) monitored daily with monthly reporting to ALCO. Average duration maintained at 2–3 years.</li><li>▪ Exposure to weakening regional currencies: Ensure loans only granted to borrowers who have foreign currency revenues; otherwise, borrowers are required to hedge open positions</li></ul>



# Managing Risks for Stable Growth

- Prudent approach has been key to delivering sustainable returns over the years
- Institutionalised framework through GRAS
  - Outlines risk and return objectives to guide strategic decision-making
  - Comprises 6 dimensions and 14 metrics
  - Entails instilling prudent culture as well as establishing policies and guidelines
  - Invests in capabilities, leverage integrated regional network to ensure effective implementation across key markets and businesses

## Group Risk Appetite Statement (GRAS)

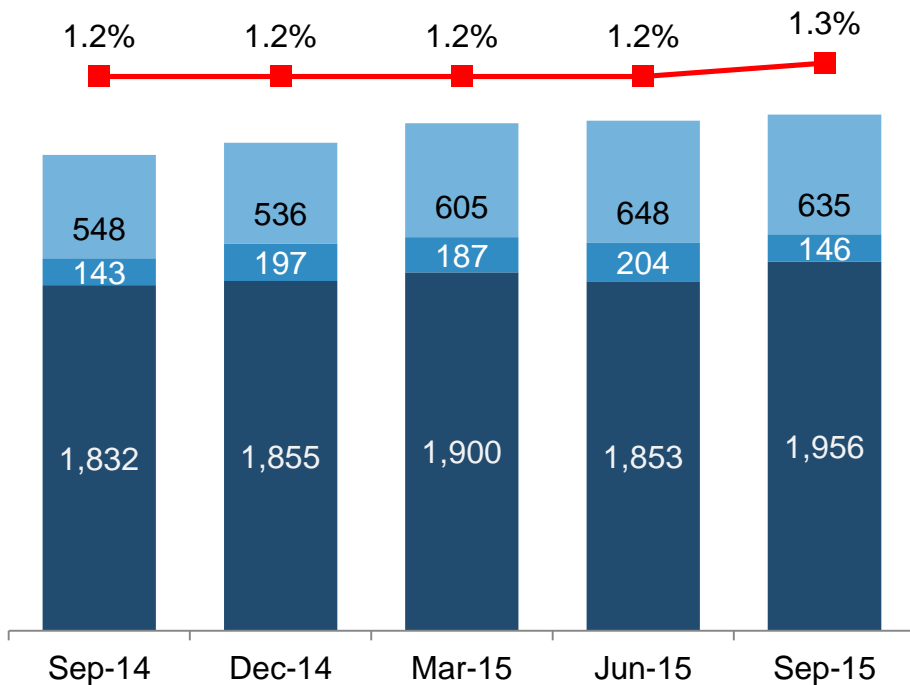


# Resilient Asset Quality; High Allowances Coverage

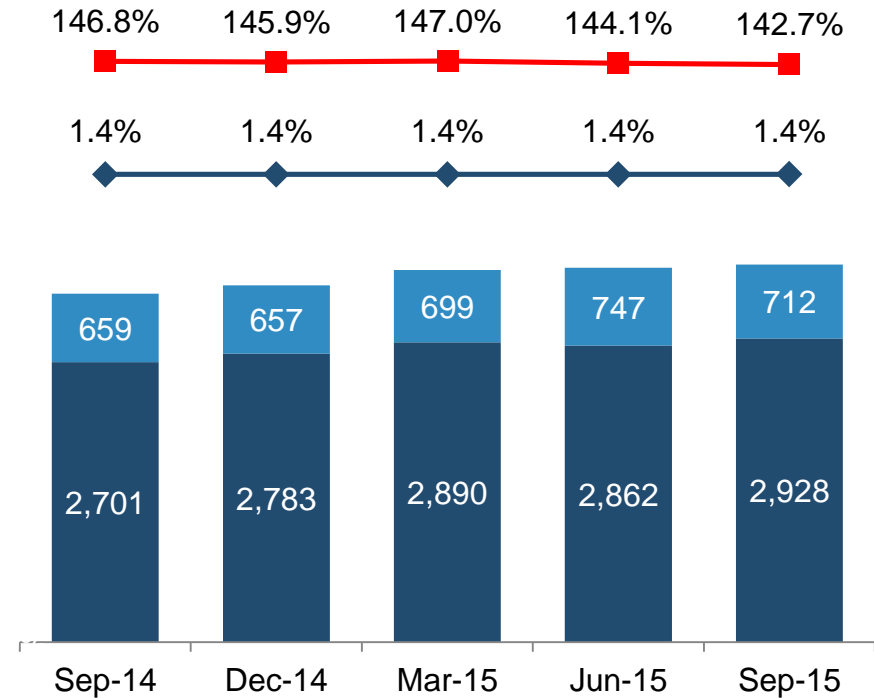


## Stable NPL Ratio

## Consistently High Allowances Coverage



■ Substandard NPA (SGD m)    ■ Doubtful NPA (SGD m)  
■ Loss NPA (SGD m)        ■ NPL Ratio (%)



■ Specific Allowances (SGD m)  
■ General Allowances (SGD m)  
■ Total Allowances / Total NPL (%)  
◆ General Allowances / Gross Loans net of Specific Allowances (%)

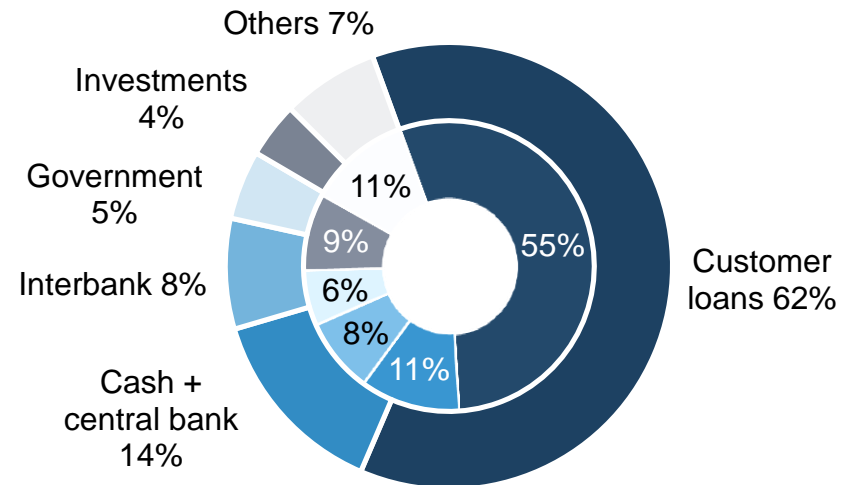
# Focusing on Preserving Balance Sheet Strength

## Strengthening our Balance Sheet

- **Portfolio resilient with stable asset quality and adequate provisions**
  - NPL ratio largely stable at 1.3%
  - Strong NPL coverage of 142.7%
  - High general allowances-to-loans ratio of 1.4%
  
- **Strong liquidity and capital positions**
  - Liquidity Coverage Ratios: S\$ and all-currency at 186% and 134% respectively; well above regulatory minimum
  - Fully-loaded CET1 ratio<sup>1</sup> of 12.2%
  
- **Continue to focus on garnering high quality deposits**

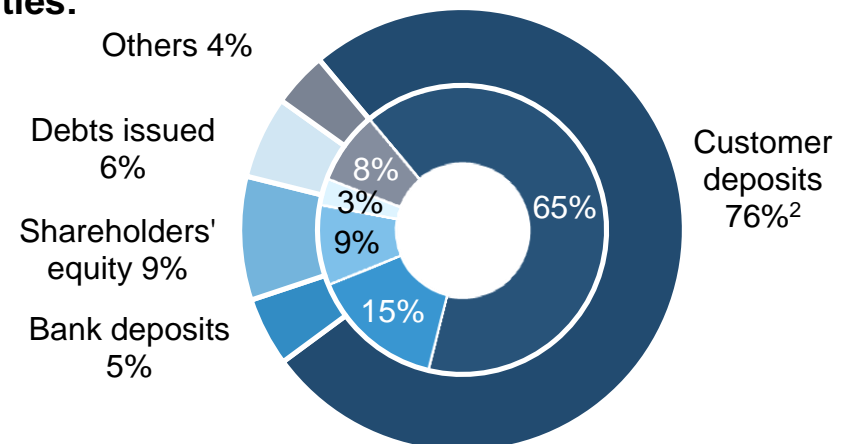
### Assets:

Inner circle: 2008  
Outer circle: 9M15



### Equity and liabilities:

Inner circle: 2008  
Outer circle: 9M15



1. Proforma CET1 ratio (based on final rules effective 1 January 2018)

2. The definition of 'Customer Deposits' was expanded to include deposits from financial institutions relating to fund management and operating accounts from 1Q14 onwards.

# Agenda

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Overview of UOB Group

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Strong UOB Fundamentals

**4**

**Our Growth Drivers**

5

Latest Financials

# Our Growth Drivers



## Realise Full Potential of our Integrated Platform

- Provides us with ability to serve expanding regional needs of our customers
- Improves operational efficiency, enhances risk management, seamless customer experience and faster time to market

## Sharpen Regional Focus

- Global macro environment remains uncertain. The region's long-term fundamentals continue to remain strong
- Region is our future engine of growth

## Reinforce Fee Income Growth

- Grow fee income to offset competitive pressures on loans and improve return on capital
- Increase client wallet share size by intensifying cross-selling efforts, focusing on service quality and expanding range of products and services

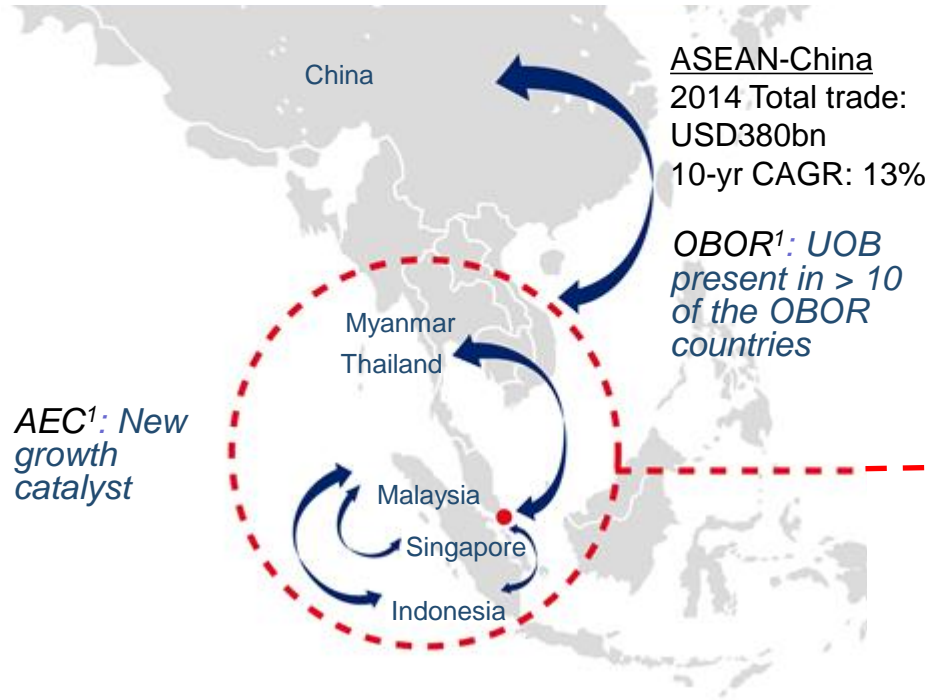
## Long-term Growth Perspective

- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength amidst global volatilities

# Tapping on Increasing Connectivity

## Physical Connectivity

## Digital Connectivity



**Intra-ASEAN**  
2014 Total trade: US\$463bn  
10-yr CAGR: 8%  
2030 forecast: US\$1.9tn (4x increase)



## Enhancing Customer Engagement

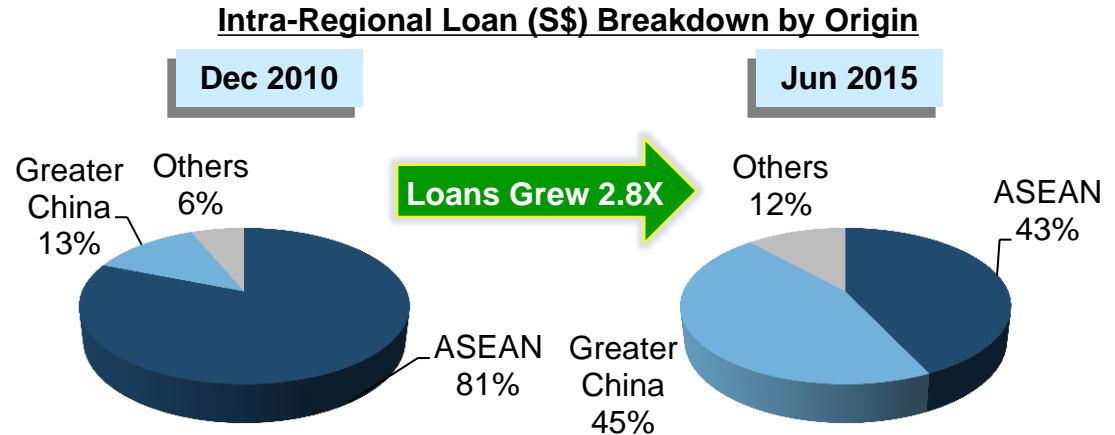
Source: UOB Global Economics & Markets Research  
1. AEC: ASEAN Economic Community, OBOR: China's 'One Belt, One Road' initiative

# Capitalising on Rising Intra-Regional Flows

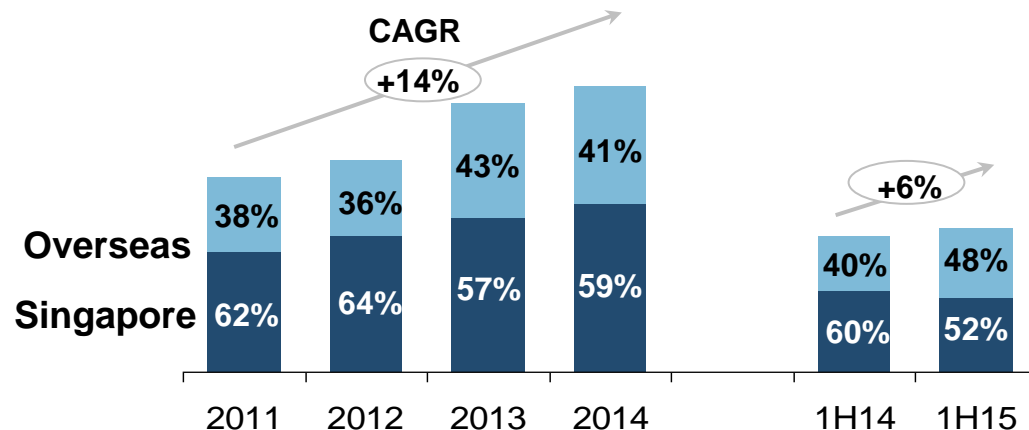


- **Capture regional opportunities arising from increased regional connectivity**
- **Continuing to invest in regional capabilities**
  - Helped >500 companies expand their footprint in Southeast Asia within 4 years
  - Recently opened 1st branch in Myanmar
  - Set up a pan-regional RMB solutions team to actively help clients manage their cross-border needs in RMB
- **Targeting for overseas wholesale profit contribution of 50% by end-2015**

## Growing Intra-Regional Wholesale Business



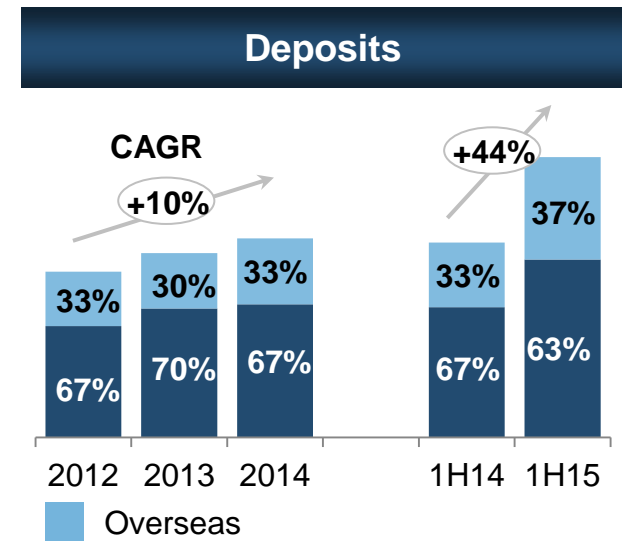
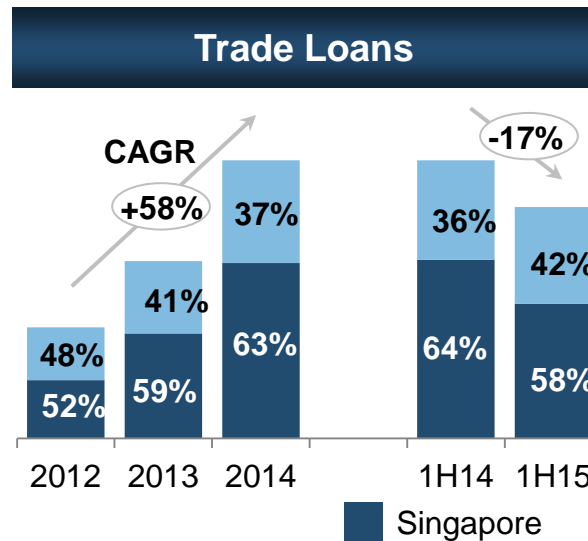
## Growing Overseas Wholesale Profit Contribution



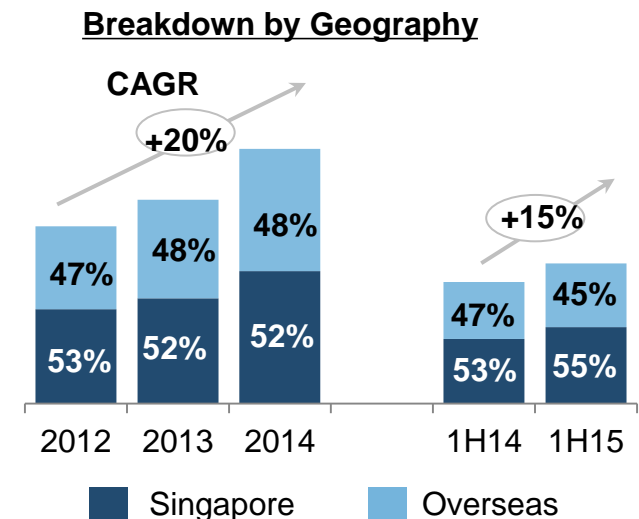
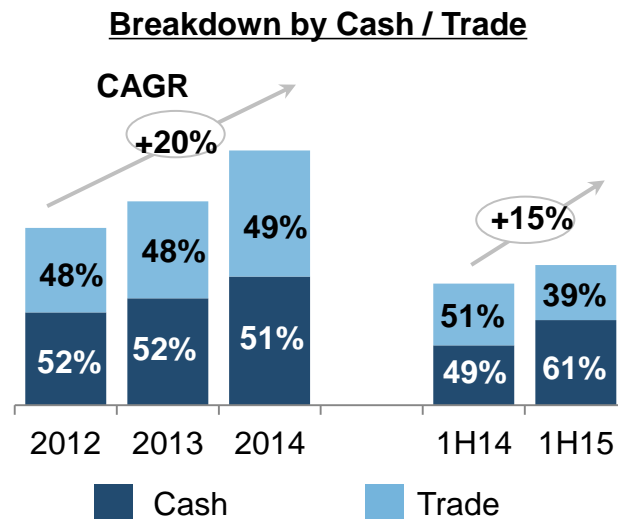
# Strong Performance in Cash Management



- Trade loans declined in line with China's slowing economy
- Emphasis on liability management demonstrated by strong cash management performance
- Remain focused on delivering solutions that meet clients' regional business needs
- Strong recognition from industry; received 32 industry awards in 1H 2015



## Transaction Banking Revenue





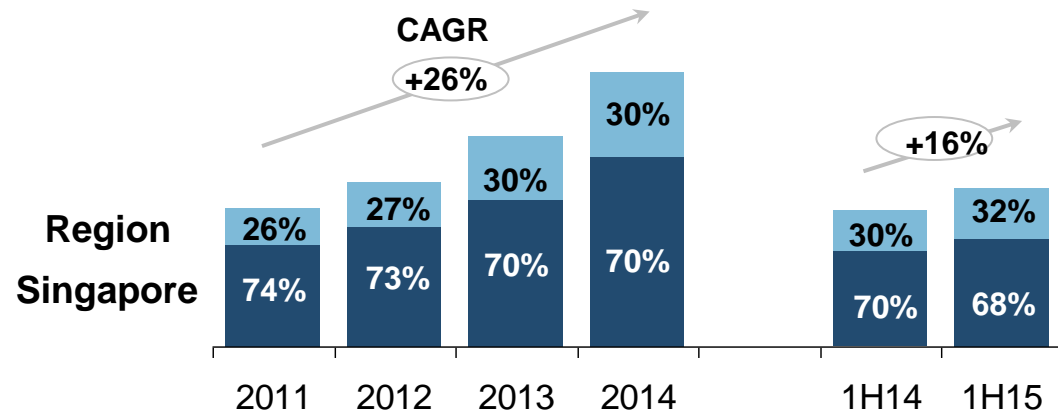
# Capturing Rising Asian Consumer Affluence



## ■ Wealth management's<sup>1</sup> FY2010 – June 2015 performance:

- AUM up from S\$48bn to S\$83bn
- Customer base grew from 100,000 to 198,000
- Widened regional wealth management footprint from 29 to 52 wealth management centres

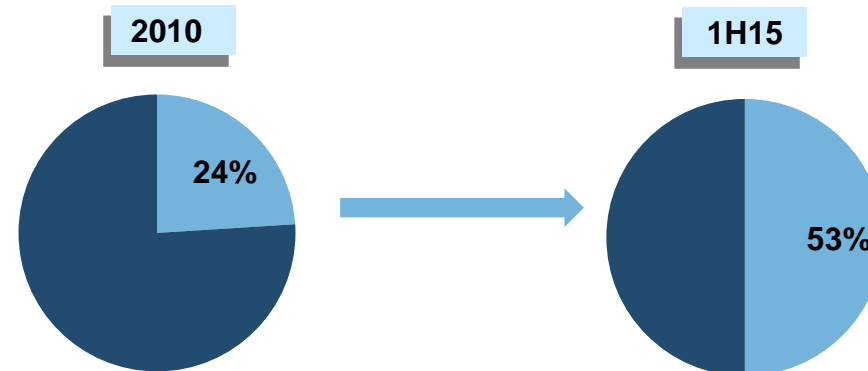
### Growing Regional Wealth Management Profit Contribution



## ■ Encouraging growth in UOB's private banking segment

- Investing in distribution and service capabilities and leveraging shared resources across UOB Group

### Total WM profit as a % of Personal Financial Services (PFS) profit



1. Wealth Management comprises Privilege Banking, Privilege Reserve and Private Banking customer segments

# Why UOB?



## Stable Management

- Proven track record in steering the bank through various global events and crises
- Stability of management team ensures consistent execution of strategies

## Integrated Regional Platform

- Entrenched local presence. Ground resources and integrated regional network allow us to better address the needs of our targeted segments
- Truly regional bank with full ownership and control of regional subsidiaries

## Strong Fundamentals

- Sustainable revenue channels as a result of carefully-built core business
- Strong balance sheet, sound capital & liquidity position and resilient asset quality – testament of solid foundation built on the premise of basic banking

## Balance Growth with Stability

- Continue to diversify portfolio, strengthen balance sheet, manage risks and build core franchise for the future
- Maintain long-term perspective to growth to ensure sustainable shareholder returns

*Proven track record of financial conservatism and strong management committed to the long term*

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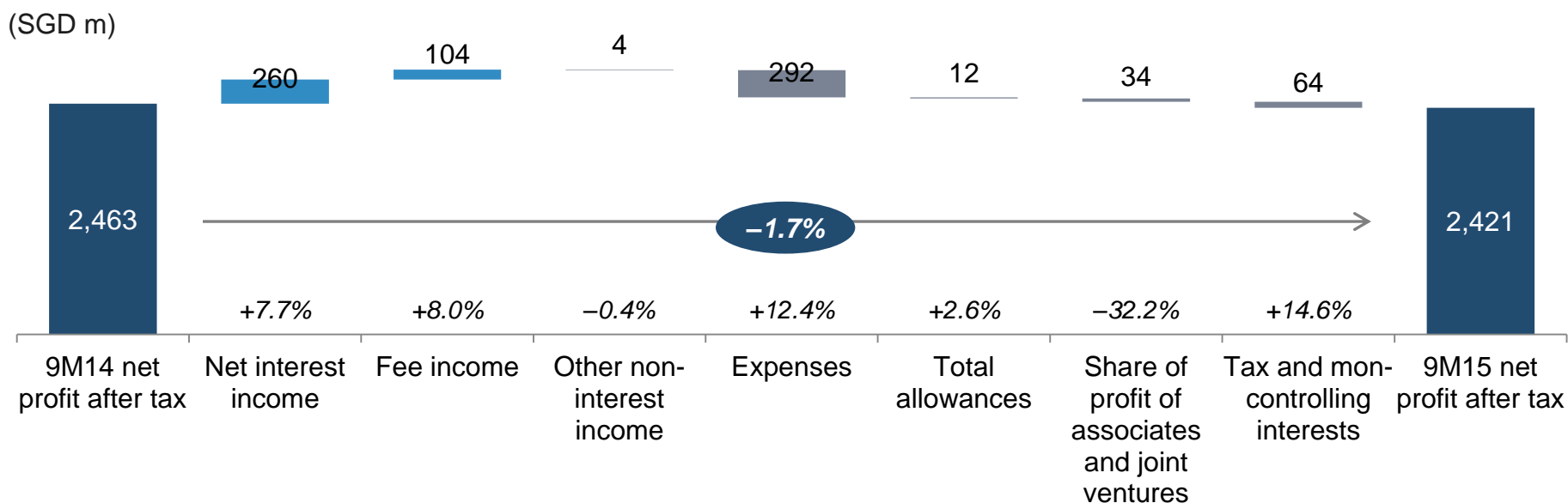
**5**

**Latest Financials**

# 9M15 Financial Overview



## Net Profit After Tax<sup>1</sup> (NPAT) Movement, 9M15 vs 9M14



Key Indicators	9M15	9M14	YoY Change
NIM (%)	1.77	1.72	+0.05% pt
Non-NII / Income (%)	38.8	39.6	(0.8)% pt
Expense / Income ratio (%)	44.1	41.8	+2.3% pt
ROE (%) <sup>2</sup>	11.1	12.6	(1.5)% pt

1. Relate to amount attributable to equity holders of the Bank.

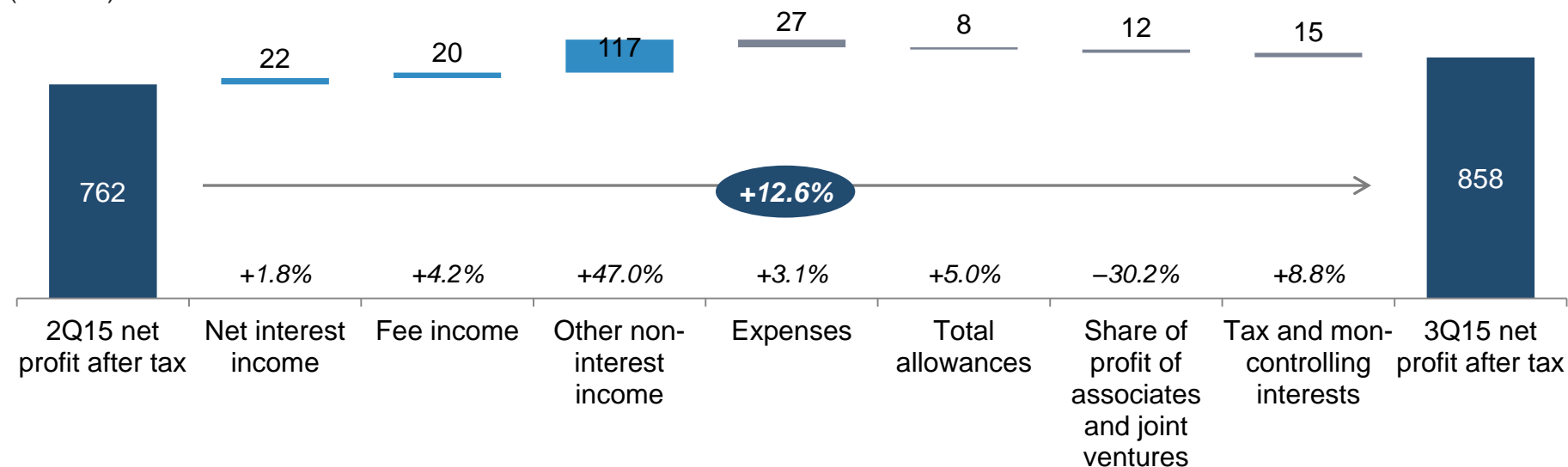
2. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and capital securities distributions.

# 3Q15 Financial Overview



## Net Profit After Tax<sup>1</sup> Movement, 3Q15 vs 2Q15

(SGD m)



Key Indicators	3Q15	2Q15	QoQ Change	3Q14	YoY Change
NIM (%) <sup>2</sup>	1.77	1.77	-	1.71	+0.06% pt
Non-NII / Income (%)	40.8	37.0	+3.8% pt	41.4	(0.6)% pt
Expense / Income ratio (%)	43.4	45.5	(2.1)% pt	40.6	+2.8% pt
ROE (%) <sup>2,3</sup>	11.8	10.4	+1.4% pt	12.9	(1.1)% pt

1. Relate to amount attributable to equity holders of the Bank.

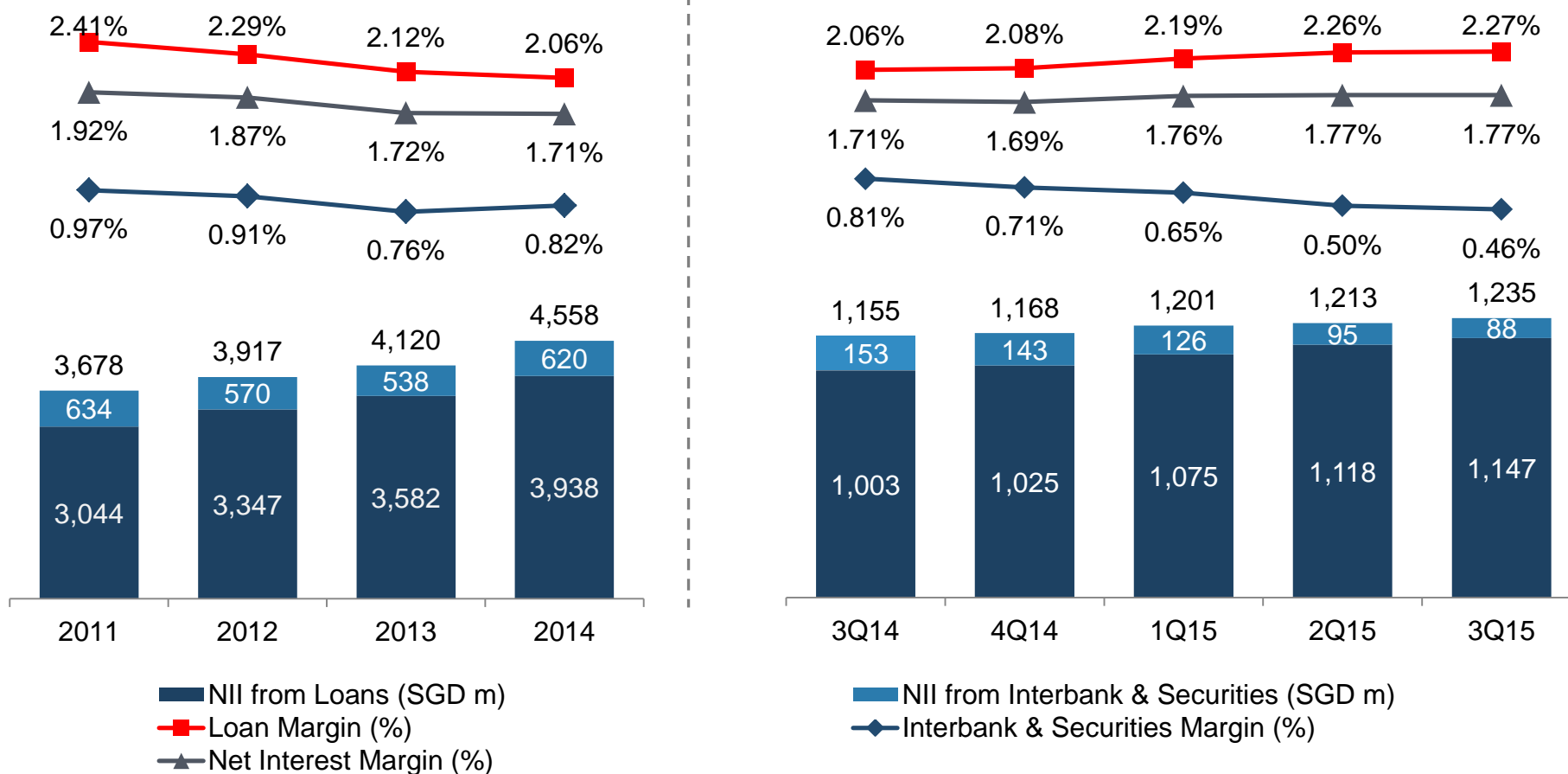
2. Computed on an annualised basis.

3. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and capital securities distributions.

# NII driven by Growth in Loans and Margins



## Net Interest Income (NII) and Margin

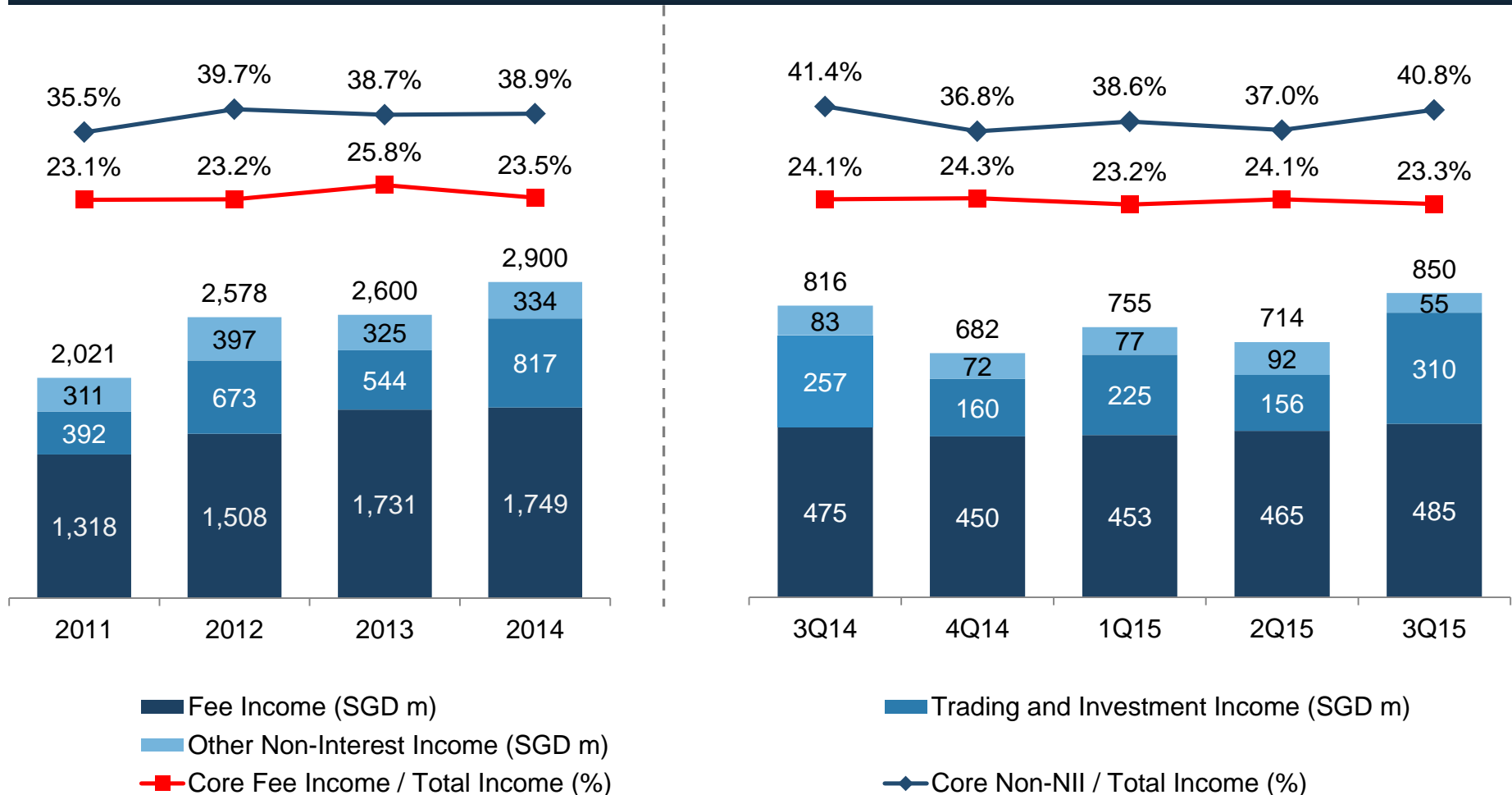


Note: The definition of 'Customer Deposits' was expanded to include deposits from financial institutions relating to fund management and operating accounts from 1Q14 onwards. The interest expenses relating to these deposits and the corresponding impact to loan margin and interbank/securities margin for FY2013 were restated accordingly.

# Steady Non-Interest Income Mix Underpins Diversity



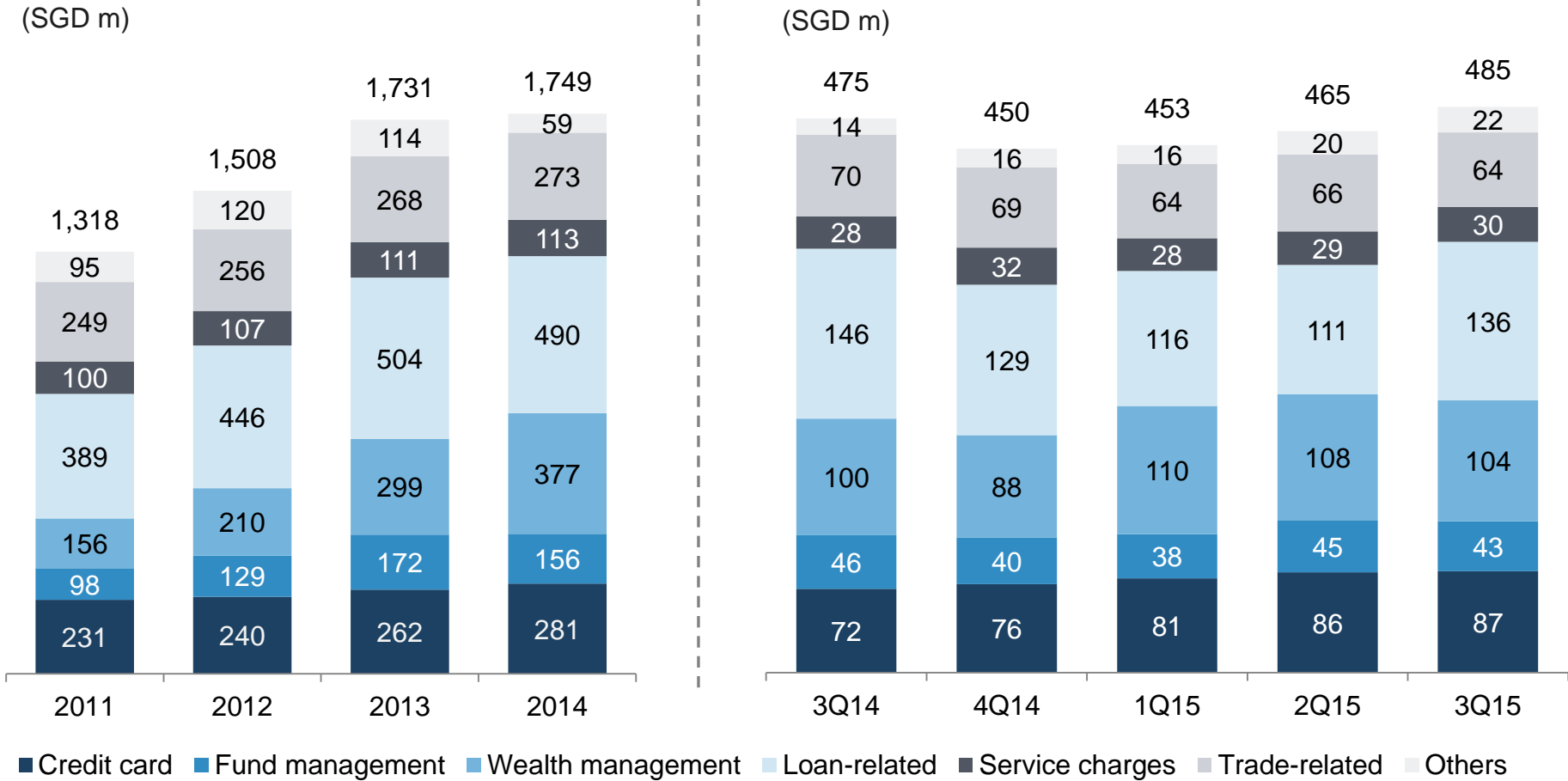
## Non-Interest Income (Non-NII) and Non-NII Ratio



# Broad-based Growth in Fee Income



## Breakdown of Fee Income

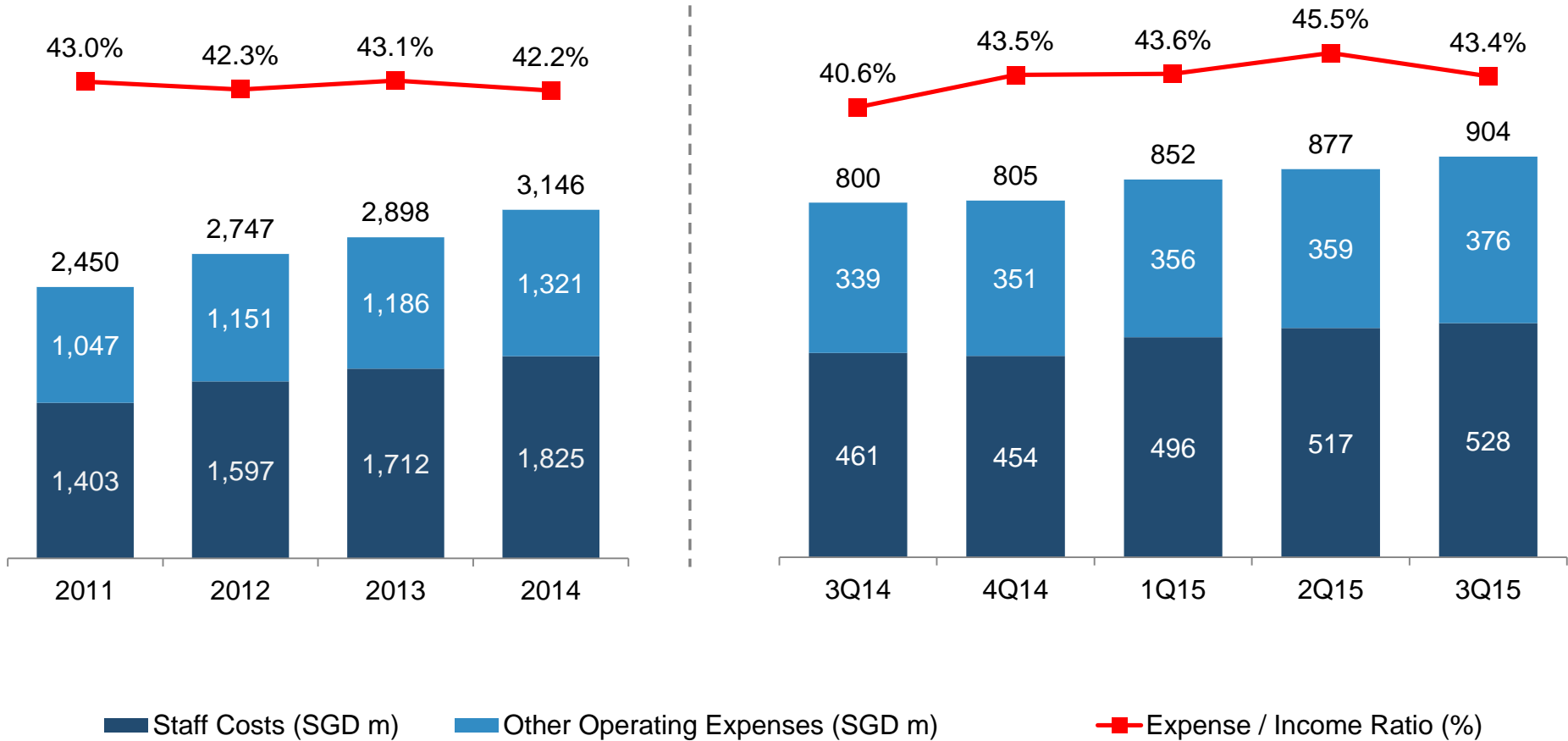




# Maintain Costs Discipline while Investing in Long-Term Capabilities



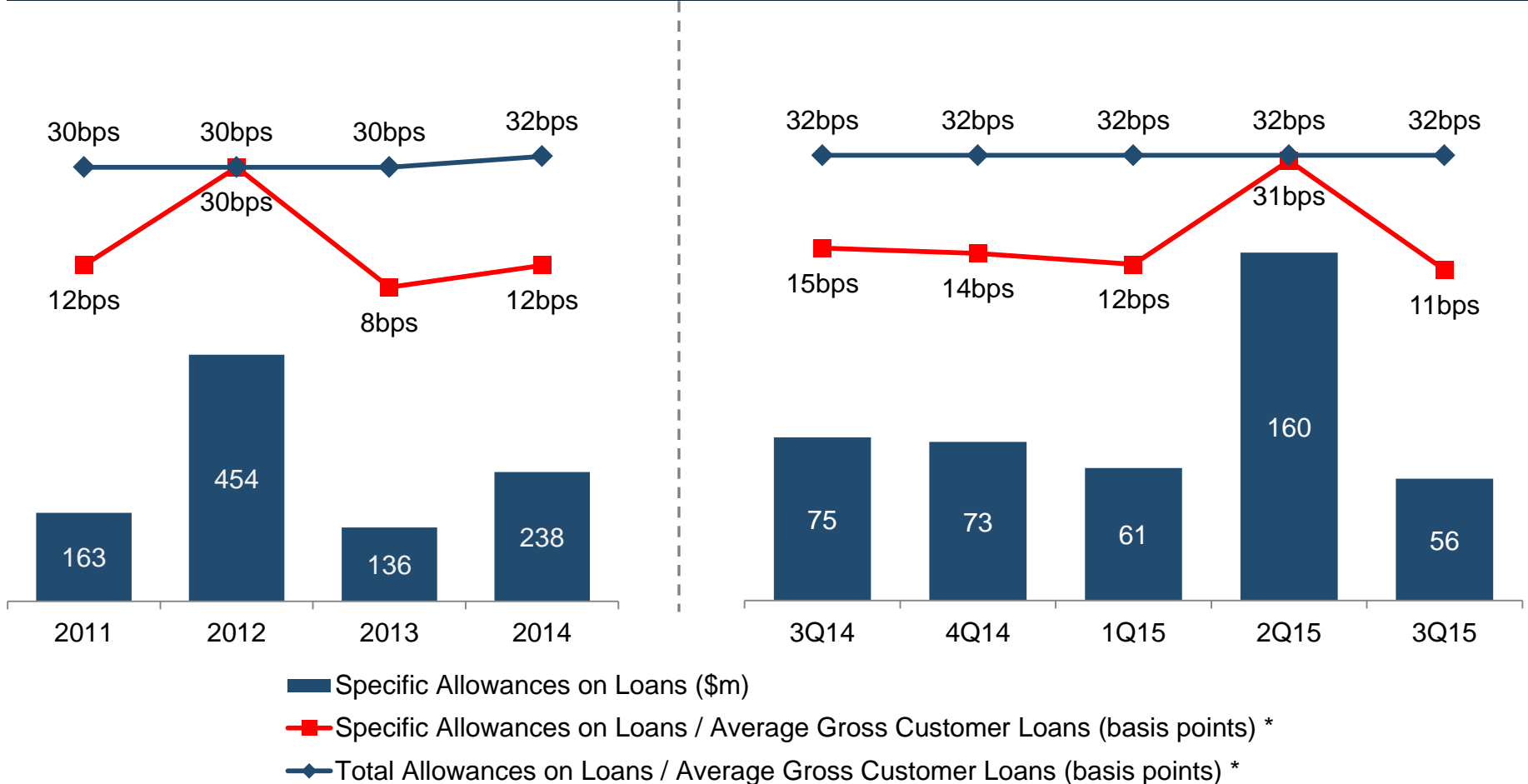
## Operating Expenses and Expense / Income Ratio



# Total Loan Charge-off Rate Stable



## Allowances on Loans



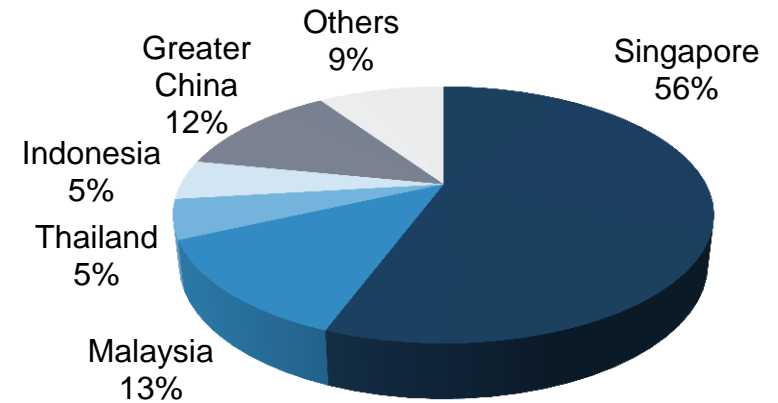
\* Computed on an annualised basis.

# Loan Growth was 1% QoQ in Constant Currency Terms

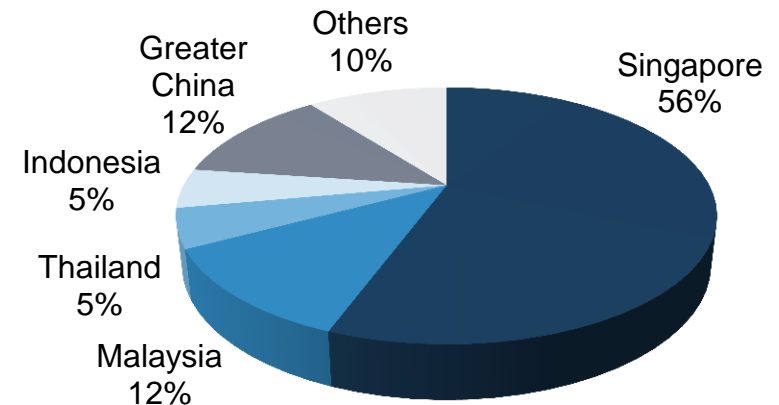


Gross Loans *	Sep-15 SGD b	Jun-15 SGD b	QoQ +/(-) %	Sep-14 SGD b	YoY +/(-) %
Singapore	114.3	115.0	-0.7	109.1	+4.7
Regional:	70.7	71.1	-0.6	71.4	-1.0
Malaysia	23.7	25.3	-6.6	26.1	-9.3
Thailand	11.2	11.0	+1.3	10.5	+6.7
Indonesia	10.8	10.8	-0.3	10.7	+1.2
Greater China	25.1	23.9	+4.8	24.2	+3.7
Others	18.3	16.3	+12.2	15.4	+18.8
<b>Total</b>	<b>203.2</b>	<b>202.4</b>	<b>+0.4</b>	<b>195.9</b>	<b>+3.7</b>
<b>USD Loans</b>	<b>35.8</b>	<b>33.6</b>	<b>+6.6</b>	<b>31.7</b>	<b>+13.0</b>

Sep-14



Sep-15

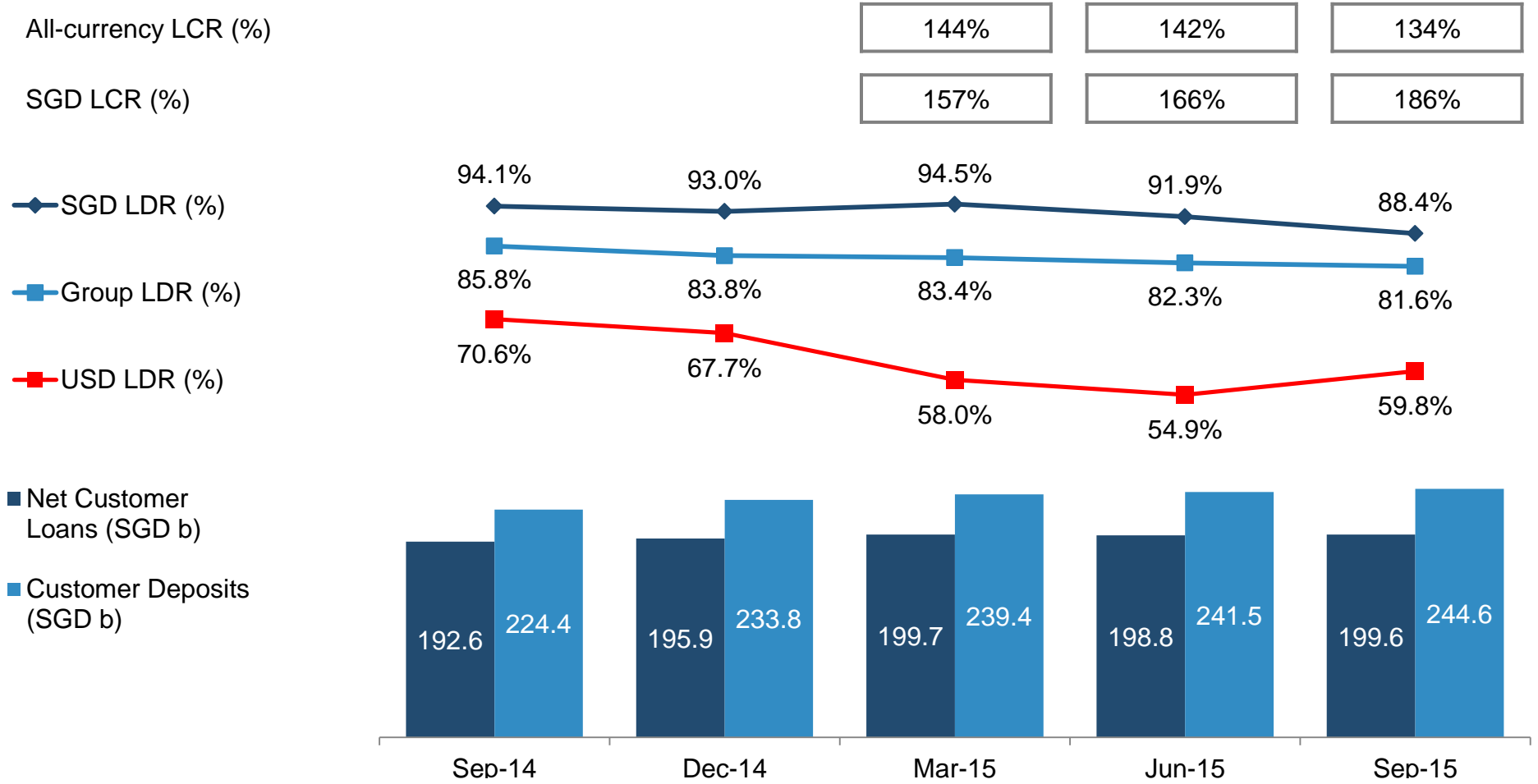


\* Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

# Stable Liquidity Position



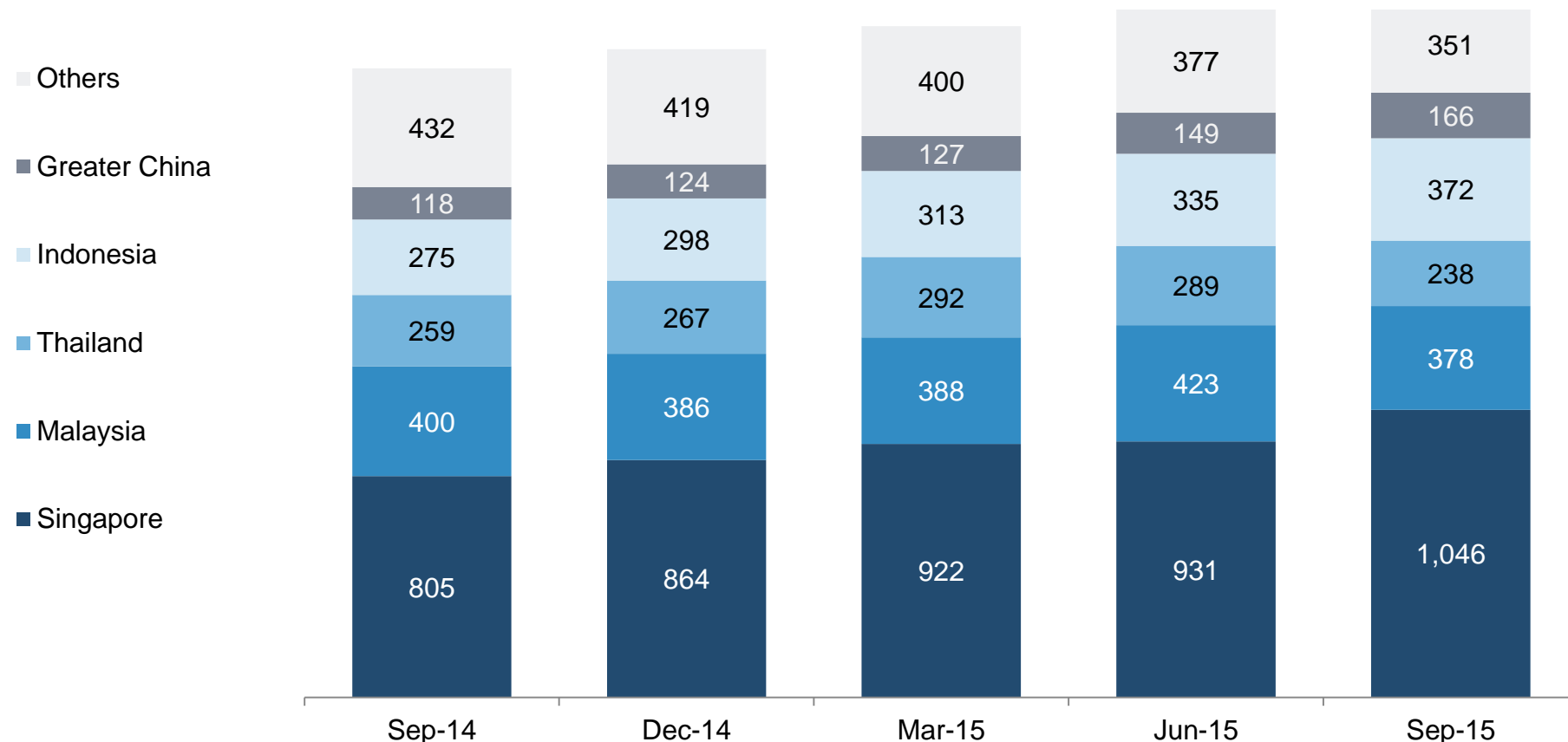
## Customer Loans and Deposits; Loan/Deposit Ratios (LDR); and Liquidity Coverage Ratios (LCR)



# Robust Credit Quality; NPL Ratio Stable at 1.3%



NPL ratio	1.2%	1.2%	1.2%	1.2%	1.3%
NPL* (SGD m)	2,289	2,358	2,442	2,504	2,551



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

# Exposure to Mainland China<sup>1</sup>

Total:  
S\$20.9b

Bank,  
S\$10.6b

Non-  
bank,  
S\$8.6b

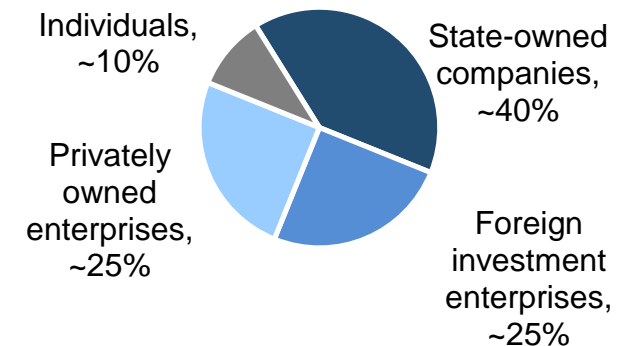
Others<sup>2</sup>,  
S\$1.7b

## Bank exposure in China

- 99% with <1 year tenor
- Top 5 domestic banks accounted for c.70% of bank exposures

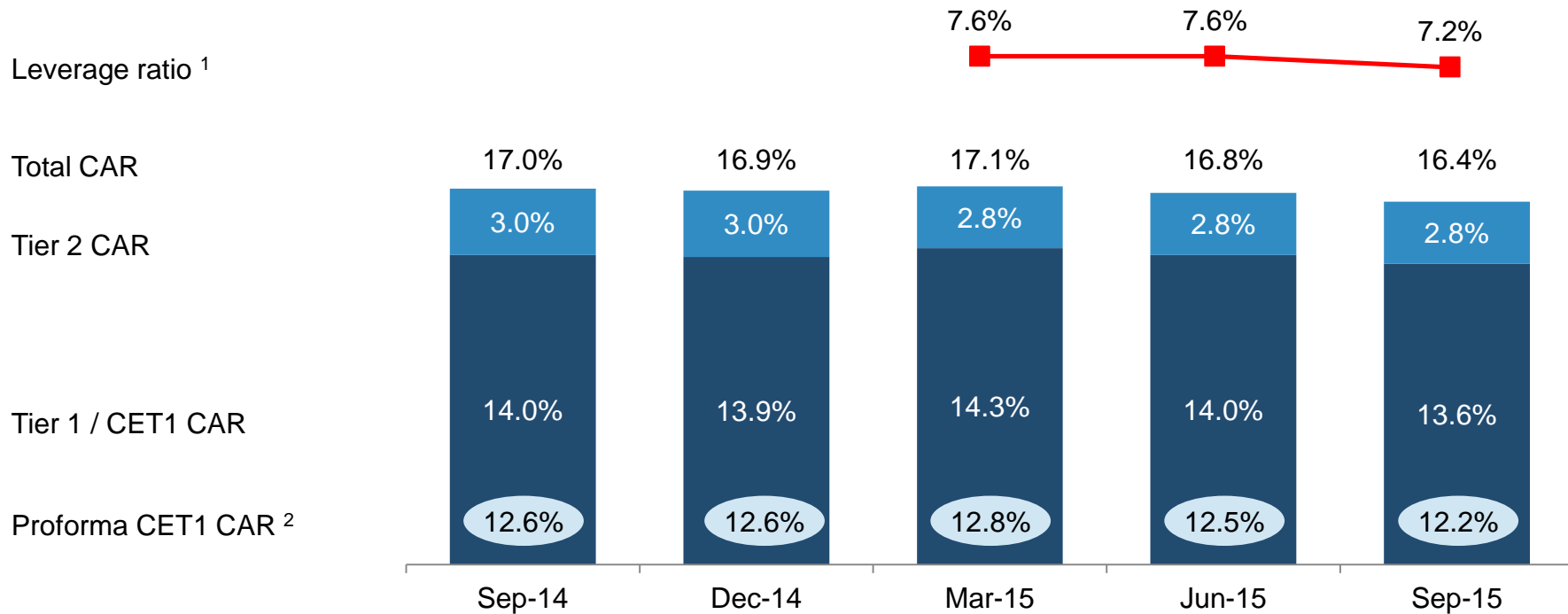
## Non-bank exposure in China

- Breakdown by customer type:
- Well-diversified by industry – with top 3 industry exposures in building and construction, housing loans and manufacturing (each at 20-30% of total loans)
- No exposure to Qingdao fraud and local government financing vehicles
- c.30% of loans denominated in RMB
- Tenor of loans:
  - c.50% less than 1 year
  - c.50% more than 1 year, of which over three-quarters secured by collateral
- Proactive and disciplined risk management: Early alert process
- Stress test and industry trigger
- Portfolio underwriting standards



1. Exposure as of 30 September 2015  
2. 'Others' comprise mainly debt securities

# Strong Capital and Leverage Ratios

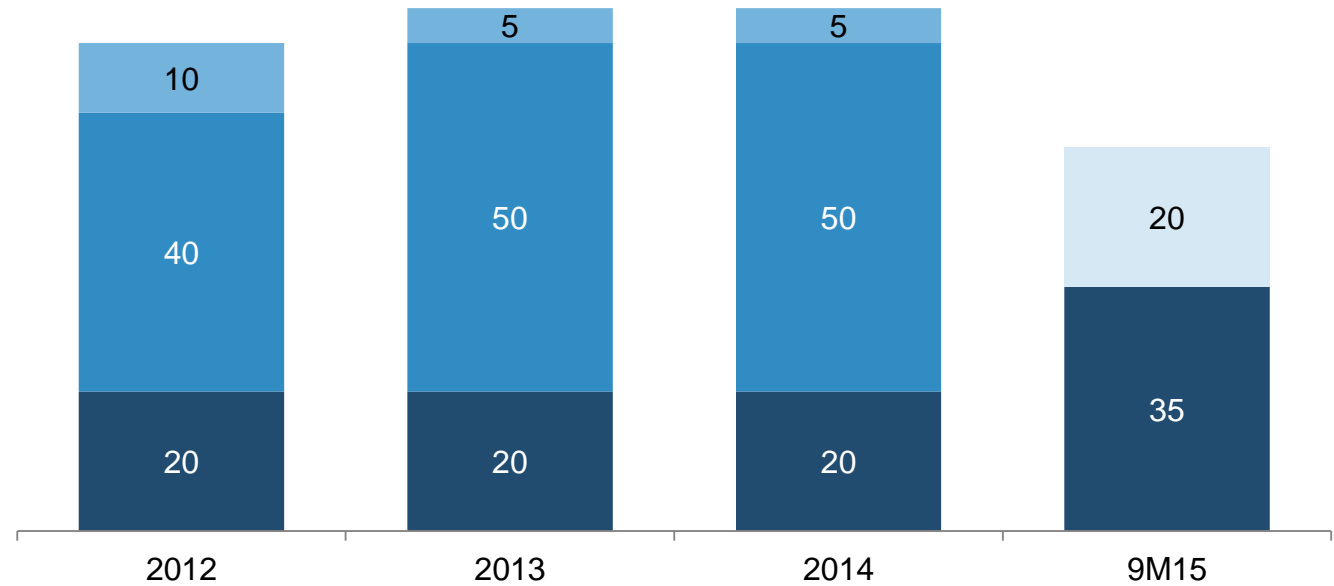


## SGD b

Common Equity Tier 1 Capital	24	25	26	25	25
Tier 1 Capital	24	25	26	25	25
Total Capital	29	30	31	30	30
Risk-Weighted Assets	171	179	182	182	186

1. Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015.
2. Based on final rules effective 1 January 2018.

# Stable Dividend Payout



Net dividend per ordinary share (¢)	Interim	Final	Special	UOB 80th Anniversary
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Payout amount (SGD m)	1,102	1,182	1,202	881
Payout ratio (%)	39	39	37	36