United Overseas Bank Limited
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Co. Reg. No. 193500026Z

Announcement

To: All Shareholders

The Board of Directors of United Overseas Bank Limited wishes to make the following announcement:

Audited Financial Results for the Financial Year Ended 31 December 2016
Details of the financial results are in the accompanying Group Financial Report.

Dividends and Distributions
Ordinary share dividend

The Directors recommend the payment of a final one-tier tax-exempt dividend of 35 cents (2015: final dividend of 35 cents) per ordinary share for the financial year ended 31 December 2016. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 20 April 2017.

Together with the interim one-tier tax-exempt dividend of 35 cents per ordinary share (2015: 35 cents) paid in August 2016, the total net dividend for the financial year ended 31 December 2016 will be 70 cents (2015: 90 cents) per ordinary share amounting to $1,135 million (2015: S$1,442 million).

The scrip dividend scheme (the "Scheme") will be applied to the final dividend for the financial year ended 31 December 2016. A separate announcement will be made of the books closure and relevant dates for participation in the Scheme.

Capital securities distributions

On 21 November 2016, a semi-annual distribution at an annual rate of 4.75% totalling S$12 million was paid on the Bank's S$500 million 4.75% non-cumulative non-convertible perpetual capital securities for the period from 19 May 2016 up to, but excluding, 19 November 2016.

Interested Person Transactions

The Bank has not obtained a general mandate from shareholders for Interested Person Transactions.

Confirmation by Directors

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the audited financial results of the Group for the financial year ended 31 December 2016 to be false or misleading in any material aspect.

Undertakings from Directors and Executive Officers

The Bank has procured undertakings in the form set out in Appendix 7.7 of the Listing Manual from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

Persons occupying managerial position in the issuer or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wee Ee Cheong	64	Son of Dr Wee Cho Yaw, Chairman Emeritus and Adviser	Deputy Chairman & CEO	Nil

BY ORDER OF THE BOARD
UNITED OVERSEAS BANK LIMITED

Ms Joyce Sia
Secretary

Dated this 17th day of February 2017

The results are also available at www.uobgroup.com

Group Financial Report

For the Financial Year / Fourth Quarter 2016

United Overseas Bank Limited
Incorporated in the Republic of Singapore

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Attachment: Independent Auditor's Report

Notes:

1 The financial statements are presented in Singapore dollars.

2 Certain comparative figures have been restated to conform with the current period's presentation.

3 Certain figures in this report may not add up to the respective totals due to rounding.

4 Amounts less than $500,000 in absolute term are shown as "0".

"NM" denotes not meaningful.

"NA" denotes not applicable.

Financial Highlights

	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Selected income statement items ($m)								
Net interest income	**4,991**	4,926	1.3	**1,276**	1,277	(0.1)	1,230	3.7
Fee and commission income	**1,931**	1,883	2.5	**531**	480	10.6	492	7.8
Other non-interest income	**1,140**	1,238	(7.9)	**222**	323	(31.3)	318	(30.2)
Total income	**8,061**	8,048	0.2	**2,028**	2,081	(2.5)	2,040	(0.6)
Less: Total expenses	**3,696**	3,597	2.8	**957**	964	(0.7)	918	4.2
Operating profit	**4,365**	4,451	(1.9)	**1,071**	1,116	(4.0)	1,122	(4.5)
Less: Total allowance	**594**	672	(11.6)	**131**	190	(31.4)	185	(29.5)
Add: Share of profit of associates and joint ventures	**6**	90	(93.4)	**(21)**	18	(>100.0)	25	(>100.0)
Net profit before tax	**3,777**	3,869	(2.4)	**920**	944	(2.6)	962	(4.4)
Less: Tax and non-controlling interests	**681**	660	3.2	**181**	156	16.0	171	5.4
Net profit after tax [1]	**3,096**	3,209	(3.5)	**739**	788	(6.2)	791	(6.6)
Selected balance sheet items ($m)								
Net customer loans	**221,734**	203,611	8.9	**221,734**	203,611	8.9	213,465	3.9
Customer deposits	**255,314**	240,524	6.1	**255,314**	240,524	6.1	250,999	1.7
Total assets	**340,028**	316,011	7.6	**340,028**	316,011	7.6	327,826	3.7
Shareholders' equity [1]	**32,873**	30,768	6.8	**32,873**	30,768	6.8	32,418	1.4
Key financial ratios (%)								
Net interest margin [2]	**1.71**	1.77		**1.69**	1.79		1.69	
Non-interest income/Total income	**38.1**	38.8		**37.1**	38.6		39.7	
Expense/Income ratio	**45.9**	44.7		**47.2**	46.3		45.0	
Overseas profit before tax contribution	**37.4**	38.9		**36.9**	36.4		41.5	
Credit costs (bp) [2]								
Exclude general allowance	**45**	19		**76**	22		53	
Include general allowance	**32**	32		**32**	32		32	
NPL ratio [3]	**1.5**	1.4		**1.5**	1.4		1.6	

Notes:
1 Relate to amount attributable to equity holders of the Bank.
2 Computed on an annualised basis.
3 Refer to non-performing loans as a percentage of gross customer loans.

Financial Highlights *(cont'd)*

	2016	2015	**4Q16**	4Q15	3Q16
Key financial ratios (%) *(cont'd)*					
Return on average total assets [1]	**0.95**	1.03	**0.89**	0.99	0.98
Return on average ordinary shareholders' equity [1,2]	**10.2**	11.0	**9.4**	10.8	10.4
Loan/Deposit ratio [3]	**86.8**	84.7	**86.8**	84.7	85.0
Liquidity coverage ratios ("LCR") [4]					
All-currency	**154**	143	**162**	142	148
Singapore dollar	**221**	179	**275**	217	213
Capital adequacy ratios					
Common Equity Tier 1	**13.0**	13.0	**13.0**	13.0	13.4
Tier 1	**13.1**	13.0	**13.1**	13.0	13.5
Total	**16.2**	15.6	**16.2**	15.6	16.6
Leverage ratio [5]	**7.4**	7.3	**7.4**	7.3	7.5
Earnings per ordinary share ($) [1,2]					
Basic	**1.86**	1.94	**1.75**	1.90	1.90
Diluted	**1.85**	1.93	**1.74**	1.90	1.89
Net asset value ("NAV") per ordinary share ($) [6]	**18.82**	17.84	**18.82**	17.84	18.54
Revalued NAV per ordinary share ($) [6]	**21.54**	20.56	**21.54**	20.56	21.22

Notes:

1 Computed on an annualised basis.

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

3 Refer to net customer loans and customer deposits.

4 Figures reported are based on average LCR for the respective period. A minimum requirement of Singapore dollar LCR of 100% and all-currency LCR of 60% shall be maintained at all times with effect from 1 January 2015, with all-currency LCR increasing by 10% each year to 100% by 2019. Public disclosure required under MAS Notice 651 is available in the UOB website at www.UOBGroup.com/investor/financial/overview.html.

5 Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.

6 Preference shares and capital securities are excluded from the computation.

Performance Review

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, with modification to FRS39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning, as provided in the Monetary Authority of Singapore ("MAS") Notice 612 Credit Files, Grading and Provisioning.

The revised FRS applicable to the Group with effect from 1 January 2016 are listed below. The adoption of these FRS is not expected to have a significant impact on the financial statements of the Group.

- Amendments to FRS1 - Disclosure Initiative
- Amendments to FRS16 and FRS38 - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS27 - Equity Method in Separate Financial Statements
- Amendments to FRS110, FRS112 and FRS28 - Investment Entities: Applying the Consolidation Exception
- Amendments to FRS111 - Accounting for Acquisitions of Interests in Joint Operations

Full Year 2016 ("2016") performance

2016 versus 2015

The Group reported net earnings of $3.10 billion for FY16, 3.5% lower than a year ago.

Net interest income increased 1.3% to $4.99 billion, led by healthy loan growth in the consumer and non-bank financial institution customer segments. Net interest margin decreased 6 basis points to 1.71%.

Non-interest income declined 1.6% to $3.07 billion. Trading and investment income fell 8.1% to $877 million due to lower gains from sale of investment securities, partially offset by higher trading income. Fee and commission income increased 2.5% to $1.93 billion, driven by higher credit card and fund management fees.

Total expenses rose 2.8% to $3.70 billion from a year ago, largely from revenue and IT-related expenses. The Group was disciplined in managing total headcount and it continues to invest in technology and infrastructure to sharpen its capabilities. The expense-to-income ratio for the year was 45.9%.

Total credit costs on loans were maintained at 32 basis points for the year. Specific allowance on loans increased $577 million to $969 million primarily from non-performing loans (“NPL”) in oil and gas and shipping industries. Total allowance decreased 11.6% to $594 million, due to lower specific allowance on other assets and a release in general allowance. The Group’s general allowance remained strong at $2.7 billion at the end of the year. The ratio of general allowance to gross loans stood at 1.2%.

Four quarter 2016 ("4Q16") performance

4Q16 versus 4Q15

The Group reported net earnings of $739 million in 4Q16, 6.2% lower than 4Q15.

Net interest income remained stable at $1.28 billion as the strong loan growth was offset by a 10 basis points decrease in net interest margin to 1.69%.

Non-interest income decreased 6.3% to $753 million in 4Q16, driven by lower trading and investment income. However, fee and commission income grew 10.6% to $531 million, contributed by higher credit card and wealth management fees.

Total expenses for 4Q16 were $957 million, largely flat as compared with a year ago.

Specific allowance on loans increased $313 million to $428 million due to NPL in oil and gas and shipping industries. Total allowance decreased 31.4% to $131 million in 4Q16, due to lower specific allowance on other assets and a release in general allowance.

Performance Review *(cont'd)*

4Q16 versus 3Q16

Compared with the previous quarter, net earnings were 6.6% lower at $739 million.

Net interest income increased 3.7% to $1.28 billion, largely driven by loan growth of 3.8%. Net interest margin was 1.69%, flat from last quarter.

Non-interest income dropped 7.1% to $753 million quarter-on-quarter. Trading and investment income declined 32.6% to $169 million due to lower trading gains. However, fee and commission income increased 7.8% on higher credit card and loan-related fees.

Total expenses increased 4.2% to $957 million mainly on higher revenue-related expenses.

Total allowance decreased 29.5% to $131 million, as higher specific allowance on loans was offset by a release in general allowance.

Balance sheet and capital position

The Group continued to maintain a strong funding and capital position. Gross loans amounted to $226 billion at end of the year, an increase of 8.8% year-on-year and 3.8% compared to the previous quarter.

Year-on-year, customer deposits grew 6.1% to $255 billion. As compared with 3Q16, deposits increased by 1.7%, led mainly by growth in Singapore dollar and US dollar deposits. The Group's loan-to-deposit ratio remained healthy at 86.8%. While staying predominantly deposit-funded, the Group has also tapped alternative sources of funding to diversify funding mix and to optimise overall funding costs. In 2016, the Group issued $3.9 billion in debt and capital securities.

The average Singapore dollar and all-currency liquidity coverage ratios during the fourth quarter were 275% and 162% respectively, well above the corresponding regulatory requirements of 100% and 70%.

NPL ratio was 1.5% as at 31 December 2016, improving by 0.1 percentage point over the previous quarter. NPL coverage remained strong at 118.0%, or 262.4% after taking collateral into account.

Shareholders' equity increased by 6.8% from a year ago to $32.9 billion as at 31 December 2016 due to retained earnings and strong shareholder take-up from the scrip dividend scheme. Compared with 3Q16, shareholders' equity rose 1.4% due to higher retained earnings. Return on equity eased slightly to 10.2% at the end of the year.

As at 31 December 2016, the Group's Common Equity Tier 1 and Total CAR remained strong at 13.0% and 16.2% respectively. On a fully-loaded basis, the Common Equity Tier 1 CAR stood at 12.1%. The Group's leverage ratio was 7.4%, well above Basel's minimum requirement of 3%.

Net Interest Income

Net interest margin

	2016			2015		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate
	$m	**$m**	**%**	$m	$m	%
Interest bearing assets						
Customer loans	**213,016**	**7,118**	**3.34**	200,337	6,675	3.33
Interbank balances	**49,656**	**637**	**1.28**	52,318	627	1.20
Securities	**29,135**	**536**	**1.84**	25,441	524	2.06
Total	**291,807**	**8,291**	**2.84**	278,096	7,826	2.81
Interest bearing liabilities						
Customer deposits	**252,293**	**2,878**	**1.14**	239,674	2,559	1.07
Interbank balances/others	**32,054**	**422**	**1.32**	30,208	341	1.13
Total	**284,347**	**3,300**	**1.16**	269,882	2,900	1.07
Net interest margin [1]			**1.71**			1.77

	4Q16			4Q15			3Q16		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate	Average balance	Interest	Average rate
	$m	**$m**	**%**	$m	$m	%	$m	$m	%
Interest bearing assets									
Customer loans	**221,293**	**1,787**	**3.21**	203,430	1,747	3.41	214,158	1,756	3.26
Interbank balances	**48,888**	**171**	**1.39**	52,865	159	1.19	45,308	152	1.34
Securities	**30,007**	**150**	**1.98**	26,925	128	1.89	29,805	131	1.74
Total	**300,187**	**2,108**	**2.79**	283,221	2,034	2.85	289,271	2,039	2.80
Interest bearing liabilities									
Customer deposits	**254,062**	**712**	**1.12**	244,027	661	1.07	251,212	713	1.13
Interbank balances/others	**37,214**	**120**	**1.28**	31,321	96	1.21	30,252	96	1.26
Total	**291,276**	**832**	**1.14**	275,348	757	1.09	281,463	809	1.14
Net interest margin [1]			**1.69**			1.79			1.69

Note:
1 Net interest margin represents annualised net interest income as a percentage of total interest bearing assets.

Net Interest Income *(cont'd)*

Volume and rate analysis

	2016 vs 2015			4Q16 vs 4Q15			4Q16 vs 3Q16		
	Volume change	Rate change	Net change	Volume change	Rate change	Net change	Volume change	Rate change	Net change
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Interest income									
Customer loans	422	21	443	153	(109)	45	59	(28)	31
Interbank balances	(32)	41	10	(12)	25	13	12	7	19
Securities	76	(64)	12	15	7	22	1	18	19
Total	467	(2)	464	156	(77)	79	71	(3)	69
Interest expense									
Customer deposits	135	184	318	27	26	53	8	(9)	(1)
Interbank balances/others	28	54	82	22	2	24	23	1	24
Total	162	238	400	49	28	78	31	(8)	23
Change in number of days	-	-	-	-	-	(3)	-	-	-
Net interest income	304	(240)	64	107	(105)	(2)	40	5	46

For FY16, net interest income increased 1.3% to $4.99 billion, led by healthy loan growth in the consumer and non-bank financial institution customer segments. Net interest margin decreased 6 basis points to 1.71%.

Net interest income remained stable at $1.28 billion in 4Q16 as the strong loan growth was offset by a 10 basis points decrease in net interest margin to 1.69%.

Quarter-on-quarter, net interest income increased 3.7% to $1.28 billion, largely driven by loan growth of 3.8%. Net interest margin was 1.69%, flat from last quarter.

Non-Interest Income

	2016	2015	+/(-)	4Q16	4Q15	+/(-)	3Q16	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Fee and commission income								
Credit card	**368**	345	6.8	**103**	90	14.1	93	11.2
Fund management	**188**	172	9.3	**52**	46	13.5	54	(3.4)
Wealth management	**403**	416	(3.1)	**110**	94	17.1	102	8.2
Loan-related [1]	**482**	498	(3.2)	**134**	135	(1.0)	124	8.0
Service charges	**134**	121	10.1	**39**	35	12.5	33	17.7
Trade-related [2]	**263**	258	1.9	**68**	64	5.7	67	1.7
Others	**93**	74	26.0	**25**	16	57.3	20	23.1
	1,931	1,883	2.5	**531**	480	10.6	492	7.8
Other non-interest income								
Net trading income	**776**	641	21.1	**168**	211	(20.3)	227	(25.9)
Net gain from investment securities	**101**	313	(67.9)	**1**	52	(98.8)	24	(97.3)
Dividend income	**31**	34	(10.6)	**1**	1	5.0	4	(62.0)
Rental income	**118**	117	0.9	**30**	30	1.8	30	1.7
Other income	**114**	132	(13.7)	**21**	29	(26.6)	33	(36.6)
	1,140	1,238	(7.9)	**222**	323	(31.3)	318	(30.2)
Total	**3,071**	3,122	(1.6)	**753**	803	(6.3)	810	(7.1)

Non-interest income declined 1.6% to $3.07 billion. Trading and investment income fell 8.1% to $877 million due to lower gains from sale of investment securities, partially offset by higher trading income. Fee and commission income increased 2.5% to $1.93 billion, driven by higher credit card and fund management fees.

As compared to 4Q15, non-interest income decreased 6.3% to $753 million, driven by lower trading and investment income in 4Q16. However, fee and commission income grew 10.6% to $531 million, contributed by higher credit card and wealth management fees.

Quarter-on-quarter, non-interest income dropped 7.1% to $753 million. Trading and investment income declined 32.6% to $169 million due to lower trading gains. Fee and commission income increased 7.8% on higher credit card and loan-related fees.

Notes:
1 Loan-related fees include fees earned from corporate finance activities.
2 Trade-related fees include trade, remittance and guarantees related fees.

Operating Expenses

	2016	2015	+/(-)	4Q16	4Q15	+/(-)	3Q16	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Staff costs	**2,050**	2,064	(0.7)	**514**	522	(1.6)	510	0.8
Other operating expenses								
Revenue-related	**826**	796	3.8	**227**	246	(7.4)	209	9.0
Occupancy-related	**324**	311	4.1	**80**	80	0.2	79	1.4
IT-related	**286**	242	18.4	**70**	59	17.5	69	1.2
Others	**210**	184	14.0	**66**	57	15.9	52	26.7
	1,646	1,533	7.4	**443**	442	0.3	409	8.5
Total	**3,696**	3,597	2.8	**957**	964	(0.7)	918	4.2
Of which, Depreciation of assets	**222**	182	22.1	**59**	47	25.8	55	6.9
Manpower (number)	**24,853**	25,025	(172)	**24,853**	25,025	(172)	24,679	174

Total expenses rose 2.8% to $3.70 billion from a year ago, largely from revenue and IT-related expenses. The Group was disciplined in managing total headcount and it continues to invest in technology and infrastructure to sharpen its capabilities. The expense-to-income ratio for the year was 45.9%.

Total expenses for 4Q16 were $957 million, largely flat as compared with a year ago.

Quarter-on-quarter, total expenses increased 4.2% to $957 million mainly on higher revenue-related expenses.

Allowance for Credit and Other Losses

	2016	2015	+/(-)	4Q16	4Q15	+/(-)	3Q16	+/(-)
	$m	$m	%	$m	$m	%	$m	%
Specific allowance on loans [1]								
Singapore	**516**	108	>100.0	**171**	40	>100.0	217	(21.1)
Malaysia	**57**	33	74.0	**33**	7	>100.0	4	>100.0
Thailand	**88**	80	9.5	**37**	18	>100.0	20	89.7
Indonesia	**125**	140	(10.7)	**65**	32	>100.0	3	>100.0
Greater China [2]	**168**	40	>100.0	**107**	19	>100.0	37	>100.0
Others	**15**	(9)	>100.0	**14**	(0)	>100.0	9	65.0
	969	392	>100.0	**428**	115	>100.0	288	48.3
Specific allowance on securities and others	**22**	84	(73.6)	**13**	37	(65.2)	10	26.5
General allowance	**(398)**	196	(>100.0)	**(310)**	38	(>100.0)	(113)	(>100.0)
Total	**594**	672	(11.6)	**131**	190	(31.4)	185	(29.5)

Total credit costs on loans were maintained at 32 basis points for the year. Specific allowance on loans increased $577 million to $969 million primarily from non-performing loans ("NPL") in oil and gas and shipping industries. Total allowance decreased 11.6% to $594 million, due to lower specific allowance on other assets and a release in general allowance. The Group's general allowance stood at $2.7 billion at the end of the year. The ratio of general allowance to gross loans stood at 1.2%.

In 4Q16, specific allowance on loans increased $313 million to $428 million due to NPL in oil and gas and shipping industries. Total allowance decreased 31.4% to $131 million this quarter, due to lower specific allowance on other assets and a release in general allowance.

Compared to last quarter, total allowance decreased 29.5%, as higher specific allowance on loans was offset by a release in general allowance.

Notes:
1 Specific allowance on 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).
2 Comprise China, Hong Kong and Taiwan.

Customer Loans

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Gross customer loans	**225,662**	217,395	207,371
Less: Specific allowance	**1,219**	975	773
General allowance	**2,709**	2,954	2,987
Net customer loans	**221,734**	213,465	203,611
By industry			
Transport, storage and communication	**9,780**	9,357	10,019
Building and construction	**52,281**	50,514	45,211
Manufacturing	**15,747**	16,185	15,803
Financial institutions, investment and holding companies	**15,519**	14,673	14,282
General commerce	**30,269**	28,275	28,302
Professionals and private individuals	**26,950**	26,414	25,950
Housing loans	**61,451**	59,981	56,385
Others	**13,665**	11,996	11,419
Total (gross)	**225,662**	217,395	207,371
By currency			
Singapore dollar	**112,160**	110,481	108,323
US dollar	**45,079**	40,463	35,953
Malaysian ringgit	**22,993**	23,168	22,375
Thai baht	**12,423**	11,630	10,935
Indonesian rupiah	**5,401**	5,329	5,157
Others	**27,606**	26,324	24,628
Total (gross)	**225,662**	217,395	207,371
By maturity			
Within 1 year	**85,002**	78,965	70,864
Over 1 year but within 3 years	**43,665**	44,208	40,335
Over 3 years but within 5 years	**27,655**	26,115	26,194
Over 5 years	**69,340**	68,107	69,979
Total (gross)	**225,662**	217,395	207,371
By geography [1]			
Singapore	**125,529**	120,388	116,087
Malaysia	**25,767**	25,658	24,605
Thailand	**13,226**	12,362	11,481
Indonesia	**11,857**	11,631	11,543
Greater China	**27,232**	26,120	25,217
Others	**22,051**	21,237	18,438
Total (gross)	**225,662**	217,395	207,371

Gross customer loans registered a strong growth of 8.8% from a year ago and 3.8% over the previous quarter to $226 billion as at 31 December 2016.

The customer loan base from Singapore grew 8.1% year-on-year and 4.3% quarter-on-quarter to $126 billion.

Note:
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).

Non-Performing Assets

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Loans ("NPL")	**3,328**	3,496	2,882
Debt securities and others	**152**	136	184
Non-Performing Assets ("NPA")	**3,480**	3,632	3,066
By grading			
Substandard	**2,185**	2,500	2,255
Doubtful	**270**	517	160
Loss	**1,025**	615	651
Total	**3,480**	3,632	3,066
By security			
Secured by collateral type:			
Properties	**1,177**	1,207	1,145
Shares and debentures	**39**	9	26
Fixed deposits	**11**	6	6
Others [1]	**613**	804	520
	1,840	2,026	1,697
Unsecured	**1,640**	1,606	1,369
Total	**3,480**	3,632	3,066
By ageing			
Current	**343**	452	462
Within 90 days	**285**	453	370
Over 90 to 180 days	**646**	676	417
Over 180 days	**2,206**	2,051	1,817
Total	**3,480**	3,632	3,066
Total Allowance			
Specific	**1,322**	1,063	934
General	**2,724**	2,983	3,074
Total	**4,046**	4,046	4,008

	NPL	**NPL ratio**	NPL	NPL ratio	NPL	NPL ratio
	$m	**%**	$m	%	$m	%
NPL by industry						
Transport, storage and communication	**965**	**9.9**	1,063	11.4	977	9.8
Building and construction	**210**	**0.4**	179	0.4	250	0.6
Manufacturing	**316**	**2.0**	298	1.8	287	1.8
Financial institutions, investment and holding companies	**76**	**0.5**	77	0.5	102	0.7
General commerce	**451**	**1.5**	643	2.3	388	1.4
Professionals and private individuals	**284**	**1.1**	304	1.2	287	1.1
Housing loans	**618**	**1.0**	601	1.0	550	1.0
Others	**408**	**3.0**	331	2.8	41	0.4
Total	**3,328**	**1.5**	3,496	1.6	2,882	1.4

Note:
1 Comprise mainly of shipping vessels.

Non-Performing Assets *(cont'd)*

				Total allowance	
	NPA/NPL	NPL ratio	Specific allowance	as a % of NPA/NPL	as a % of unsecured NPA/NPL
NPL by geography [1]	$m	%	$m	%	%
Singapore					
Dec-16	**1,291**	**1.0**	**468**	**179.6**	**387.0**
Sep-16	1,614	1.3	438	157.5	362.6
Dec-15	1,116	1.0	258	220.3	646.8
Malaysia					
Dec-16	**487**	**1.9**	**82**	**103.7**	**376.9**
Sep-16	466	1.8	57	108.6	404.8
Dec-15	386	1.6	58	125.1	525.0
Thailand					
Dec-16	**360**	**2.7**	**134**	**106.4**	**267.8**
Sep-16	293	2.4	105	119.1	314.4
Dec-15	249	2.2	91	121.7	312.4
Indonesia					
Dec-16	**638**	**5.4**	**208**	**44.8**	**134.3**
Sep-16	565	4.9	173	40.5	106.0
Dec-15	569	4.9	175	39.9	110.2
Greater China					
Dec-16	**307**	**1.1**	**230**	**106.5**	**140.3**
Sep-16	303	1.2	114	69.0	142.2
Dec-15	218	0.9	97	87.2	131.0
Others					
Dec-16	**245**	**1.1**	**97**	**44.5**	**62.3**
Sep-16	255	1.2	88	36.9	53.1
Dec-15	344	1.9	94	28.8	36.5
Group NPL					
Dec-16	**3,328**	**1.5**	**1,219**	**118.0**	**262.4**
Sep-16	3,496	1.6	975	112.4	266.0
Dec-15	2,882	1.4	773	130.5	315.7
Debt securities and others					
Dec-16	**152**		**103**	**77.6**	**82.4**
Sep-16	136		88	85.7	90.3
Dec-15	184		161	134.8	139.3
Group NPA					
Dec-16	**3,480**		**1,322**	**116.3**	**246.7**
Sep-16	3,632		1,063	111.4	251.9
Dec-15	3,066		934	130.7	292.8

Non-performing loans ("NPL") ratio was 1.5% as at 31 December 2016, improving by 0.1 percentage point over the previous quarter. NPL coverage remained strong at 118.0% or 262.4% after taking collateral into account.

Group NPL increased 15.5% from a year ago to $3.33 billion attributable to new NPLs from the oil and gas and shipping industries. As compared to the previous quarter, Group NPL decreased by $168 million mainly due to payments made from non-performing accounts this quarter.

Note:
1 Non-performing 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).

Customer Deposits

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
By product			
Fixed deposits	**133,966**	130,724	125,486
Savings deposits	**61,951**	59,271	55,966
Current accounts	**51,690**	52,401	51,221
Others	**7,707**	8,601	7,852
Total	**255,314**	250,999	240,524
By maturity			
Within 1 year	**249,750**	242,339	234,414
Over 1 year but within 3 years	**3,589**	6,704	4,130
Over 3 years but within 5 years	**978**	954	723
Over 5 years	**997**	1,001	1,258
Total	**255,314**	250,999	240,524
By currency			
Singapore dollar	**122,736**	120,614	115,650
US dollar	**59,425**	58,481	54,236
Malaysian ringgit	**25,295**	25,354	24,122
Thai baht	**13,049**	12,336	11,782
Indonesian rupiah	**5,741**	5,428	5,252
Others	**29,068**	28,786	29,483
Total	**255,314**	250,999	240,524
Group Loan/Deposit ratio (%)	**86.8**	85.0	84.7
Singapore dollar Loan/Deposit ratio (%)	**89.7**	89.7	91.7
US dollar Loan/Deposit ratio (%)	**74.6**	68.3	65.6

Customer deposits rose by 6.1% from a year ago to $255 billion. As compared with 3Q16, deposits increased by 1.7%, led mainly by growth in Singapore dollar and US dollar deposits.

As at 31 December 2016, the Group's loan-to-deposit ratio and Singapore dollar loan-to-deposit ratio stayed healthy at 86.8% and 89.7% respectively.

Debts Issued

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Unsecured			
Subordinated debts	**5,926**	5,769	4,878
Commercial papers	**14,364**	7,688	9,666
Fixed and floating rate notes	**3,408**	3,479	3,785
Others	**1,687**	1,690	1,959
Secured			
Covered bonds	**758**	762	-
Total	**26,143**	19,388	20,288
Due within 1 year	**16,172**	10,048	12,143
Due after 1 year	**9,971**	9,340	8,146
Total	**26,143**	19,388	20,288

Shareholders' Equity

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Shareholders' equity	**32,873**	32,418	30,768
Add: Revaluation surplus	**4,456**	4,369	4,357
Shareholders' equity including revaluation surplus	**37,329**	36,786	35,126

Shareholders' equity rose 6.8% year-on-year to $32.9 billion as at 31 December 2016 due to retained earnings and strong shareholder take-up from the scrip dividend scheme. Compared with 3Q16, shareholders' equity rose 1.4% due to higher retained earnings.

As at 31 December 2016, revaluation surplus of $4.45 billion relating to the Group's properties, is not recognised in the financial statements.

Changes in Issued Shares of the Bank

	Number of shares			
	2016	2015	**4Q16**	4Q15
	'000	'000	**'000**	'000
Ordinary shares				
Balance at beginning of period	**1,614,544**	1,614,544	**1,646,966**	1,614,544
Shares issued under scrip dividend scheme	**32,422**	-	**-**	-
Balance at end of period	**1,646,966**	1,614,544	**1,646,966**	1,614,544
Treasury shares				
Balance at beginning of period	**(12,281)**	(11,857)	**(11,799)**	(12,257)
Shares re-purchased - held in treasury	**-**	(1,740)	**-**	(928)
Shares issued under share-based compensation plans	**1,007**	1,316	**525**	904
Balance at end of period	**(11,274)**	(12,281)	**(11,274)**	(12,281)
Ordinary shares net of treasury shares	**1,635,692**	1,602,263	**1,635,692**	1,602,263

Performance by Business Segment

Segmental reporting is prepared based on the Group's internal organisational structure. The Banking Group is organised into three major business segments – Group Retail, Group Wholesale Banking and Global Markets. Others segment includes non-banking activities and corporate functions.

Due to business reorganisations during the year, Investment Management and Central Treasury (previously included in Global Markets and Investment Management) are now reported under the Others segment.

Comparative segment information for prior periods had been restated to be consistent with the current period's segment definition.

Group Retail ("GR")
GR segment covers personal and small enterprise customers.

Customers have access to a diverse range of products and services, including deposits, insurance, card, wealth management, investment, loan and trade financing products which are available across the Group's global branch network.

Profit before tax increased 17% to $1,632 million as compared to a year ago. The double-digit growth was supported by higher net interest income on the back of healthy loan growth. Operating expenses grew 2% against last year, mainly from revenue-related expenses. Compared to 4Q15, profit before tax increased 9% to $401 million led by higher net interest income while non-interest income supported by growth in credit cards and wealth management. Profit before tax decreased 7% quarter-on-quarter, primarily from higher revenue-related expenses and allowances for credit losses.

Group Wholesale Banking ("GWB")
GWB encompasses corporate and institutional client segments which include medium and large enterprises, local corporations, multi-national corporations, financial institutions, government-linked entities, financial sponsors and property funds.

GWB provides customers with a broad range of products and services, including financing, trade services, cash management, capital markets solutions and advisory, treasury products and bank notes.

Operating income grew 3% to $3,542 million, supported by higher net interest income from strong loan growth. Total expenses rose 3% to $795 million on continued investment in product capabilities and hiring of new talents as the business expanded regionally. Profit before tax was $1,922 million in 2016, 20% lower than a year ago due to higher allowances for credit and other losses, largely from shipping and oil and gas sectors. Compared to the previous quarters, profit before tax declined to $311 million as improvements in operating income was offset by allowances for credit and other losses.

Global Markets ("GM")
GM provides a comprehensive suite of treasury products and services across multi asset classes which includes foreign exchange, interest rate, credit, commodities, equities and structured investment products to help customers manage market risks and volatility. GM also engages in market making activities and management of funding and liquidity.

Income from products and services offered to customers of Group Retail and Group Wholesale Banking are reflected in the respective client segments.

Profit before tax declined 17% to $232 million as compared to a year ago. Operating income decreased 2% to $519 million as net interest income affected by higher cost of funding, partly offset by higher income from market making activities. Total expenses increased 17%, mainly from higher revenue-related expenses and continued investments in staff and product capabilities. Compared to the previous quarters, profit before tax declined to $35 million due to lower trading and investment income.

Others
Others segment includes corporate support functions and decisions not attributable to business segments mentioned above and other activities, which comprises property, insurance and investment management.

Other segment recorded a net loss of $9 million in 2016, due to lower income from investments, central treasury activities and share of associates' loss. This was offset by write back of general allowance for credit and other losses. 4Q16 profit before tax of $173 million as compared to the previous quarters included higher write back of general allowance.

Performance by Business Segment[1] *(cont'd)*

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
2016					
Net interest income	**2,435**	**2,445**	**126**	**(15)**	**4,991**
Non-interest income	**1,210**	**1,097**	**393**	**371**	**3,071**
Operating income	**3,645**	**3,542**	**519**	**355**	**8,061**
Operating expenses	**(1,824)**	**(795)**	**(291)**	**(786)**	**(3,696)**
Allowance for credit and other losses	**(189)**	**(827)**	**4**	**418**	**(594)**
Share of profit of associates and joint ventures	**-**	**2**	**-**	**4**	**6**
Profit before tax	**1,632**	**1,922**	**232**	**(9)**	**3,777**
Tax					**(669)**
Profit for the financial year					**3,108**
Other information:					
Capital expenditure	**28**	**27**	**13**	**315**	**383**
Depreciation of assets	**16**	**9**	**5**	**192**	**222**
2015					
Net interest income	2,157	2,332	230	207	4,926
Non-interest income	1,201	1,101	299	521	3,122
Operating income	3,358	3,433	529	728	8,048
Operating expenses	(1,785)	(773)	(249)	(790)	(3,597)
Allowance for credit and other losses	(176)	(270)	-	(226)	(672)
Share of profit of associates and joint ventures	-	(2)	-	92	90
Profit before tax	1,397	2,389	280	(197)	3,869
Tax					(649)
Profit for the financial year					3,220
Other information:					
Capital expenditure	27	24	20	621	692
Depreciation of assets	12	7	4	159	182

Note:
1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Performance by Business Segment [1] *(cont'd)*

Selected income statement items	GR	GWB	GM	Others	Total
	$m	$m	$m	$m	$m
4Q16					
Net interest income	**627**	**618**	**45**	**(14)**	**1,276**
Non-interest income	**322**	**293**	**59**	**79**	**753**
Operating income	**949**	**911**	**104**	**64**	**2,028**
Operating expenses	**(487)**	**(200)**	**(69)**	**(201)**	**(957)**
Allowance for credit and other losses	**(61)**	**(399)**	**-**	**329**	**(131)**
Share of profit of associates and joint ventures	**-**	**(1)**	**-**	**(20)**	**(21)**
Profit before tax	**401**	**311**	**35**	**173**	**920**
Tax					**(177)**
Profit for the financial period					**742**
Other information:					
Capital expenditure	**11**	**9**	**4**	**103**	**127**
Depreciation of assets	**4**	**3**	**1**	**51**	**59**
4Q15					
Net interest income	582	627	47	21	1,277
Non-interest income	288	297	98	120	803
Operating income	870	924	145	141	2,081
Operating expenses	(455)	(206)	(56)	(247)	(964)
Allowance for credit and other losses	(47)	(96)	-	(47)	(190)
Share of profit of associates and joint ventures	-	-	-	18	18
Profit before tax	368	622	89	(136)	944
Tax					(154)
Profit for the financial period					790
Other information:					
Capital expenditure	8	8	5	146	167
Depreciation of assets	3	2	1	40	47
3Q16					
Net interest income	615	603	34	(22)	1,230
Non-interest income	313	281	100	116	810
Operating income	928	884	134	94	2,040
Operating expenses	(452)	(198)	(70)	(198)	(918)
Allowance for credit and other losses	(43)	(259)	4	113	(185)
Share of profit of associates and joint ventures	-	1	-	24	25
Profit before tax	433	429	68	32	962
Tax					(169)
Profit for the financial period					793
Other information:					
Capital expenditure	7	7	2	61	78
Depreciation of assets	4	2	1	47	55

Note:
1 Transfer prices between operating segments are on arm’s length basis in a manner similar to transactions with third parties.

Performance by Business Segment [1] *(cont'd)*

Selected balance sheet items	GR $m	GWB $m	GM $m	Others $m	Total $m
At 31 December 2016					
Segment assets	**97,713**	**153,301**	**44,515**	**39,239**	**334,768**
Intangible assets	**1,319**	**2,090**	**661**	**81**	**4,151**
Investment in associates and joint ventures	**-**	**80**	**-**	**1,029**	**1,109**
Total assets	**99,032**	**155,471**	**45,176**	**40,349**	**340,028**
Segment liabilities	**127,070**	**127,524**	**33,577**	**18,815**	**306,986**
Other information:					
Gross customer loans	**97,511**	**128,015**	**128**	**8**	**225,662**
Non-performing assets	**1,059**	**2,400**	**16**	**5**	**3,480**
At 30 September 2016					
Segment assets	95,565	142,351	47,403	37,266	322,585
Intangible assets	1,318	2,088	660	81	4,147
Investment in associates and joint ventures	-	44	-	1,050	1,094
Total assets	96,883	144,483	48,063	38,396	327,826
Segment liabilities	123,836	127,083	27,258	17,066	295,243
Other information:					
Gross customer loans	95,347	121,873	167	8	217,395
Non-performing assets	1,055	2,556	16	5	3,632
At 31 December 2015					
Segment assets	90,971	135,115	45,723	38,952	310,761
Intangible assets	1,317	2,087	660	80	4,144
Investment in associates and joint ventures	-	7	-	1,099	1,106
Total assets	92,288	137,209	46,383	40,131	316,011
Segment liabilities	116,121	125,232	25,487	18,247	285,087
Other information:					
Gross customer loans	90,840	116,476	46	9	207,371
Non-performing assets	936	2,046	16	68	3,066

Note:
1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

Performance by Geographical Segment [1]

	2016	2015	**4Q16**	4Q15	3Q16
	$m	$m	**$m**	$m	$m
Total operating income					
Singapore	**4,590**	4,658	**1,118**	1,217	1,149
Malaysia	**986**	1,006	**245**	249	250
Thailand	**830**	790	**220**	198	214
Indonesia	**476**	410	**124**	111	120
Greater China	**648**	706	**173**	182	170
Others	**531**	478	**149**	124	137
Total	**8,061**	8,048	**2,028**	2,081	2,040
Profit before tax					
Singapore	**2,364**	2,363	**581**	601	563
Malaysia	**548**	537	**136**	132	150
Thailand	**193**	175	**49**	31	49
Indonesia	**71**	61	**4**	15	28
Greater China	**300**	366	**91**	75	76
Others	**301**	367	**59**	90	96
Total	**3,777**	3,869	**920**	944	962

The Group's total operating income remained stable from a year ago to $8.06 billion. Compared to 3Q16 and 4Q15, total operating income declined 0.6% and 2.5% respectively. Regional countries continued to grow 0.9% year-on-year and 2.8% from 4Q15.

Profit before tax for regional countries decreased 2.3% from a year ago mainly due to lower contributions from Greater China. Compared with 4Q15, regional countries' contributions were largely stable. Quarter-on-quarter increase in Singapore contribution was due to write-back of general allowance.

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Total assets			
Singapore	**210,937**	204,339	197,929
Malaysia	**33,845**	33,247	32,669
Thailand	**18,031**	16,305	16,643
Indonesia	**9,840**	8,750	8,550
Greater China	**40,233**	38,512	32,982
Others	**22,991**	22,525	23,094
	335,877	323,680	311,867
Intangible assets	**4,151**	4,147	4,144
Total	**340,028**	327,826	316,011

Note:
1 Based on the location where the transactions and assets are booked, which approximates that based on the location of the customers and assets. Information is stated after elimination of inter-segment transactions.

Capital Adequacy and Leverage Ratios [1,2,3]

	Dec-16	Sep-16	Dec-15
	$m	$m	$m
Share capital	**4,257**	4,246	3,704
Disclosed reserves/others	**26,384**	25,942	24,762
Regulatory adjustments	**(2,685)**	(2,749)	(2,448)
Common Equity Tier 1 Capital ("CET1")	**27,956**	27,439	26,018
Perpetual capital securities/others	**2,096**	2,096	2,179
Regulatory adjustments - capped	**(1,772)**	(1,767)	(2,179)
Additional Tier 1 Capital ("AT1")	**324**	330	-
Tier 1 Capital	**28,280**	27,768	26,018
Subordinated notes	**5,546**	5,391	4,505
Provisions/others	**1,122**	1,055	1,028
Regulatory adjustments	**(22)**	(70)	(201)
Tier 2 Capital	**6,646**	6,376	5,332
Eligible Total Capital	**34,926**	34,145	31,350
Risk-Weighted Assets ("RWA")	**215,559**	205,138	200,654
Capital Adequacy Ratios ("CAR")			
CET1	**13.0%**	13.4%	13.0%
Tier 1	**13.1%**	13.5%	13.0%
Total	**16.2%**	16.6%	15.6%
Fully-loaded CET1 (based on final rules effective 1 Jan 2018)	**12.1%**	12.4%	11.7%
Leverage Exposure	**380,238**	367,848	355,932
Leverage Ratio	**7.4%**	7.5%	7.3%

The Group's CET1, Tier 1 and Total CAR as at 31 December 2016 were well above the regulatory minimum requirements.

Compared to a year ago, total capital increased mainly from retained earnings, issuance of shares pursuant to the scrip dividend scheme and issuance of capital instruments. Compared with 30 September 2016, total capital increased mainly from retained earnings. RWA was higher at 31 December 2016 as a result of business and asset growth.

As at 31 December 2016, the Group's leverage ratio stood at 7.4%. The decrease was due to a higher asset base.

Notes:

1 For year 2016, Singapore-incorporated banks are to maintain minimum CAR of CET1 at 6.5%, Tier 1 at 8% and Total at 10%. In addition, with the phased-in implementation of the capital conservation buffer (CCB) and the countercyclical capital buffer (CCyB) with effect from 1 January 2016, the Group is required to maintain CET1 capital to meet CCB of 0.625% and CCyB (computed as the weighted average of effective CCyB in jurisidictions to which the Group has private sector exposures) of up to 0.625%.

2 Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.

3 More information on regulatory disclosure is available on the UOB website at www.UOBGroup.com/investor/financial/overview.html.

Consolidated Income Statement (Audited)

	2016	2015	+/(-)	**4Q16**[1]	4Q15[1]	+/(-)	3Q16[1]	+/(-)
	\$m	\$m	%	**\$m**	\$m	%	\$m	%
Interest income	**8,291**	7,826	5.9	**2,108**	2,034	3.6	2,039	3.4
Less: Interest expense	**3,300**	2,900	13.8	**832**	757	10.0	809	2.9
Net interest income	**4,991**	4,926	1.3	**1,276**	1,277	(0.1)	1,230	3.7
Fee and commission income	**1,931**	1,883	2.5	**531**	480	10.6	492	7.8
Dividend income	**31**	34	(10.6)	**1**	1	5.0	4	(62.0)
Rental income	**118**	117	0.9	**30**	30	1.8	30	1.7
Net trading income	**776**	641	21.1	**168**	211	(20.3)	227	(25.9)
Net gain from investment securities	**101**	313	(67.9)	**1**	52	(98.8)	24	(97.3)
Other income	**114**	132	(13.7)	**21**	29	(26.6)	33	(36.6)
Non-interest income	**3,071**	3,122	(1.6)	**753**	803	(6.3)	810	(7.1)
Total operating income	**8,061**	8,048	0.2	**2,028**	2,081	(2.5)	2,040	(0.6)
Less: Staff costs	**2,050**	2,064	(0.7)	**514**	522	(1.6)	510	0.8
Other operating expenses	**1,646**	1,533	7.4	**443**	442	0.3	409	8.5
Total operating expenses	**3,696**	3,597	2.8	**957**	964	(0.7)	918	4.2
Operating profit before allowance	**4,365**	4,451	(1.9)	**1,071**	1,116	(4.0)	1,122	(4.5)
Less: Allowance for credit and other losses	**594**	672	(11.6)	**131**	190	(31.4)	185	(29.5)
Operating profit after allowance	**3,771**	3,779	(0.2)	**941**	926	1.6	937	0.4
Share of profit of associates and joint ventures	**6**	90	(93.4)	**(21)**	18	(>100.0)	25	(>100.0)
Profit before tax	**3,777**	3,869	(2.4)	**920**	944	(2.6)	962	(4.4)
Less: Tax	**669**	649	3.1	**177**	154	15.2	169	5.1
Profit for the financial period	**3,108**	3,220	(3.5)	**742**	790	(6.0)	793	(6.5)
Attributable to:								
Equity holders of the Bank	**3,096**	3,209	(3.5)	**739**	788	(6.2)	791	(6.6)
Non-controlling interests	**12**	11	4.8	**3**	2	85.9	3	25.2
	3,108	3,220	(3.5)	**742**	790	(6.0)	793	(6.5)

Total operating income			
First half	**3,993**	3,882	2.8
Second half	**4,069**	4,165	(2.3)
Profit for the financial year attributed to equity holders of the Bank			
First half	**1,566**	1,563	0.2
Second half	**1,530**	1,646	(7.1)

Note:
1 Unaudited.

Consolidated Statement of Comprehensive Income (Audited)

	2016	2015	+/(-)	**4Q16**[1]	4Q15[1]	+/(-)	3Q16[1]	+/(-)
	$m	$m	%	**$m**	$m	%	$m	%
Profit for the financial period	**3,108**	3,220	(3.5)	**742**	790	(6.0)	793	(6.5)
Other comprehensive income [2]								
Currency translation adjustments	**109**	(339)	>100.0	**85**	37	>100.0	68	24.4
Change in available-for-sale/other reserves								
Change in fair value	**(228)**	500	(>100.0)	**(385)**	135	(>100.0)	466	(>100.0)
Transfer to income statement on disposal/impairment	**(155)**	(275)	43.5	**(14)**	(47)	69.6	(21)	33.2
Tax relating to available-for-sale reserve	**24**	(1)	>100.0	**29**	(1)	>100.0	(27)	>100.0
Change in shares of other comprehensive income of associates and joint ventures	**(5)**	10	(>100.0)	**13**	7	84.4	2	>100.0
Remeasurement of defined benefit obligation [3]	**4**	(10)	>100.0	**7**	(10)	>100.0	-	NM
Other comprehensive income for the financial period, net of tax	**(252)**	(115)	(>100.0)	**(265)**	120	(>100.0)	489	(>100.0)
Total comprehensive income for the financial period, net of tax	**2,856**	3,105	(8.0)	**477**	910	(47.6)	1,282	(62.8)
Attributable to:								
Equity holders of the Bank	**2,840**	3,096	(8.3)	**474**	903	(47.5)	1,276	(62.9)
Non-controlling interests	**17**	9	83.5	**3**	7	(58.0)	6	(51.1)
	2,856	3,105	(8.0)	**477**	910	(47.6)	1,282	(62.8)

Notes:
1 Unaudited.
2 Other comprehensive income will be reclassified subsequently to Income Statement when specific conditions are met.
3 Refers to item that will not be reclassified subsequently to Income Statement.

Consolidated Balance Sheet (Audited)

	Dec-16	Sep-16[1]	Dec-15
	$m	$m	$m
Equity			
Share capital and other capital	**6,351**	6,341	5,881
Retained earnings	**17,334**	16,628	15,463
Other reserves	**9,189**	9,449	9,424
Equity attributable to equity holders of the Bank	**32,873**	32,418	30,768
Non-controlling interests	**169**	166	155
Total	**33,042**	32,583	30,924
Liabilities			
Deposits and balances of banks	**11,855**	13,278	11,986
Deposits and balances of customers	**255,314**	250,999	240,524
Bills and drafts payable	**522**	612	435
Other liabilities	**13,152**	10,967	11,854
Debts issued	**26,143**	19,388	20,288
Total	**306,986**	295,243	285,087
Total equity and liabilities	**340,028**	327,826	316,011
Assets			
Cash, balances and placements with central banks	**24,322**	26,593	32,306
Singapore Government treasury bills and securities	**6,877**	6,455	6,865
Other government treasury bills and securities	**10,638**	11,619	12,644
Trading securities	**3,127**	3,529	1,277
Placements and balances with banks	**40,033**	33,969	28,646
Loans to customers	**221,734**	213,465	203,611
Investment securities	**11,640**	12,311	10,562
Other assets	**13,407**	11,741	12,004
Investment in associates and joint ventures	**1,109**	1,094	1,106
Investment properties	**1,105**	1,088	1,108
Fixed assets	**1,885**	1,817	1,739
Intangible assets	**4,151**	4,147	4,144
Total	**340,028**	327,826	316,011
Off-balance sheet items			
Contingent liabilities	**24,617**	21,257	19,026
Financial derivatives	**814,650**	731,647	677,475
Commitments	**136,348**	136,374	143,312
Net asset value per ordinary share ($)	**18.82**	18.54	17.84

Note:
1 Unaudited.

Consolidated Statement of Changes in Equity (Audited)

	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m
Balance at 1 January 2016	**5,881**	**15,463**	**9,424**	**30,768**	**155**	**30,924**
Profit for the financial year	**-**	**3,096**	**-**	**3,096**	**12**	**3,108**
Other comprehensive income for the financial year	**-**	**4**	**(260)**	**(257)**	**5**	**(252)**
Total comprehensive income for the financial year	**-**	**3,100**	**(260)**	**2,840**	**17**	**2,856**
Transfers	**-**	**(6)**	**6**	**-**	**-**	**-**
Change in non-controlling interests	**-**	**-**	**-**	**-**	**2**	**2**
Dividends	**-**	**(1,226)**	**-**	**(1,226)**	**(6)**	**(1,232)**
Shares issued under scrip dividend scheme	**533**	**-**	**-**	**533**	**-**	**533**
Share-based compensation	**-**	**-**	**41**	**41**	**-**	**41**
Reclassification of share-based compensation reserves on expiry	**-**	**3**	**(3)**	**-**	**-**	**-**
Shares issued under share-based compensation plans	**20**	**-**	**(20)**	**-**	**-**	**-**
Perpetual capital securities issued	**748**	**-**	**-**	**748**	**-**	**748**
Redemption of preference shares	**(832)**	**-**	**-**	**(832)**	**-**	**(832)**
Balance at 31 December 2016	**6,351**	**17,334**	**9,189**	**32,873**	**169**	**33,042**
Balance at 1 January 2015	5,892	14,064	9,613	29,569	203	29,772
Profit for the financial year	-	3,209	-	3,209	11	3,220
Other comprehensive income for the financial year	-	(10)	(102)	(113)	(2)	(115)
Total comprehensive income for the financial year	-	3,199	(102)	3,096	9	3,105
Transfers	-	67	(67)	-	-	-
Change in non-controlling interests	-	-	(33)	(33)	(50)	(83)
Dividends	-	(1,867)	-	(1,867)	(6)	(1,873)
Shares re-purchased - held in treasury	(37)	-	-	(37)	-	(37)
Share-based compensation	-	-	40	40	-	40
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-	-	-
Shares issued under share-based compensation plans	26	-	(26)	-	-	-
Balance at 31 December 2015	5,881	15,463	9,424	30,768	155	30,924

Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to equity holders of the Bank					
	Share capital and other capital	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m
Balance at 1 October 2016	**6,341**	**16,628**	**9,449**	**32,418**	**166**	**32,583**
Profit for the financial period	**-**	**739**	**-**	**739**	**3**	**742**
Other comprehensive income for the financial period	**-**	**7**	**(272)**	**(265)**	**(0)**	**(265)**
Total comprehensive income for the financial period	**-**	**746**	**(272)**	**474**	**3**	**477**
Transfers	**-**	**(16)**	**16**	**-**	**-**	**-**
Change in non-controlling interests	**-**	**-**	**-**	**-**	**0**	**0**
Dividends	**-**	**(27)**	**-**	**(27)**	**(0)**	**(27)**
Share-based compensation	**-**	**-**	**9**	**9**	**-**	**9**
Reclassification of share-based compensation reserves on expiry	**-**	**3**	**(3)**	**-**	**-**	**-**
Shares issued under share-based compensation plans	**10**	**-**	**(10)**	**-**	**-**	**-**
Balance at 31 December 2016	**6,351**	**17,334**	**9,189**	**32,873**	**169**	**33,042**
Balance at 1 October 2015	5,882	15,025	9,299	30,206	157	30,363
Profit for the financial period	-	788	-	788	2	790
Other comprehensive income for the financial period	-	(10)	125	115	6	120
Total comprehensive income for the financial period	-	778	125	903	7	910
Transfers	-	(8)	8	-	-	-
Change in non-controlling interests	-	-	-	-	(9)	(9)
Dividends	-	(332)	-	(332)	(0)	(333)
Shares re-purchased - held in treasury	(18)	-	-	(18)	-	(18)
Share-based compensation	-	-	11	11	-	11
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-	-	-
Shares issued under share-based compensation plans	18	-	(18)	-	-	-
Balance at 31 December 2015	5,881	15,463	9,424	30,768	155	30,924

Consolidated Cash Flow Statement (Audited)

	2016	2015	**4Q16**[1]	4Q15[1]
	$m	$m	**$m**	$m
Cash flows from operating activities				
Profit for the financial period	**3,108**	3,220	**742**	790
Adjustments for:				
Allowance for credit and other losses	**594**	672	**131**	190
Share of (profit)/loss of associates and joint ventures	**(6)**	(90)	**21**	(18)
Tax	**669**	649	**177**	154
Depreciation of assets	**222**	182	**59**	47
Net (gain)/loss on disposal of assets	**(192)**	(342)	**17**	(58)
Share-based compensation	**41**	41	**9**	11
Operating profit before working capital changes	**4,436**	4,332	**1,155**	1,116
Change in working capital				
Deposits and balances of banks	**(131)**	760	**(1,423)**	(2,897)
Deposits and balances of customers	**14,789**	6,775	**4,315**	(4,106)
Bills and drafts payable	**87**	(516)	**(91)**	(128)
Other liabilities	**1,582**	1,355	**2,150**	(1,577)
Restricted balances with central banks	**(844)**	301	**(162)**	(75)
Government treasury bills and securities	**1,997**	(1,583)	**496**	(1,509)
Trading securities	**(1,759)**	(532)	**421**	107
Placements and balances with banks	**(11,387)**	46	**(6,064)**	(1,046)
Loans to customers	**(18,815)**	(8,364)	**(8,448)**	(4,189)
Investment securities	**(1,307)**	1,391	**310**	(88)
Other assets	**(1,339)**	(2,759)	**(1,597)**	1,684
Cash (used in)/generated from operations	**(12,691)**	1,206	**(8,938)**	(12,709)
Income tax paid	**(623)**	(545)	**(136)**	(88)
Net cash (used in)/provided by operating activities	**(13,313)**	661	**(9,073)**	(12,797)
Cash flows from investing activities				
Capital injection into associates and joint ventures	**(34)**	(4)	**(32)**	(0)
Acquisition of associates and joint ventures	**(47)**	(9)	**(3)**	-
Proceeds from disposal of associates and joint ventures	**-**	0	**-**	0
Distribution from associates and joint ventures	**59**	167	**12**	7
Acquisition of properties and other fixed assets	**(383)**	(692)	**(127)**	(167)
Proceeds from disposal of properties and other fixed assets	**22**	51	**3**	12
Change in non-controlling interests	**-**	2	**-**	2
Net cash used in investing activities	**(382)**	(484)	**(147)**	(146)
Cash flows from financing activities				
Perpetual capital securities issued	**748**	-	**-**	-
Redemption of preference shares	**(689)**	-	**-**	-
Issuance of debts issued	**34,374**	18,187	**13,545**	4,617
Redemption of debts issued	**(28,694)**	(19,258)	**(7,094)**	(4,121)
Shares re-purchased - held in treasury	**-**	(37)	**-**	(18)
Change in non-controlling interests	**2**	(85)	**0**	(11)
Dividends paid on ordinary shares	**(912)**	(1,442)	**-**	-
Dividends paid on preference shares	**(20)**	(41)	**-**	-
Distribution for perpetual capital securities	**(81)**	(65)	**(27)**	(12)
Dividends paid to non-controlling interests	**(6)**	(6)	**(0)**	(0)
Net cash provided by/(used in) financing activities	**4,722**	(2,748)	**6,424**	455
Currency translation adjustments	**146**	94	**364**	(15)
Net decrease in cash and cash equivalents	**(8,827)**	(2,476)	**(2,433)**	(12,502)
Cash and cash equivalents at beginning of the financial period	**27,228**	29,704	**20,834**	39,730
Cash and cash equivalents at end of the financial period	**18,401**	27,228	**18,401**	27,228

Note:
1 Unaudited.

Balance Sheet of the Bank (Audited)

	Dec-16	Sep-16[1]	Dec-15
	$m	$m	$m
Equity			
Share capital and other capital	**6,351**	6,341	5,050
Retained earnings	**13,031**	12,553	11,735
Other reserves	**9,625**	9,936	9,971
Total	**29,007**	28,830	26,756
Liabilities			
Deposits and balances of banks	**10,618**	12,002	10,538
Deposits and balances of customers	**199,665**	197,522	190,378
Deposits and balances of subsidiaries	**7,239**	7,098	2,412
Bills and drafts payable	**324**	385	237
Other liabilities	**8,995**	7,595	8,455
Debts issued	**25,015**	18,386	20,211
Total	**251,856**	242,989	232,231
Total equity and liabilities	**280,863**	271,819	258,987
Assets			
Cash, balances and placements with central banks	**16,573**	19,235	24,249
Singapore Government treasury bills and securities	**6,877**	6,455	6,865
Other government treasury bills and securities	**5,257**	6,669	7,268
Trading securities	**2,977**	3,388	1,010
Placements and balances with banks	**33,731**	28,371	24,280
Loans to customers	**172,656**	166,114	158,230
Placements with and advances to subsidiaries	**9,440**	8,712	5,944
Investment securities	**10,992**	11,595	9,857
Other assets	**10,588**	9,425	9,447
Investment in associates and joint ventures	**333**	381	407
Investment in subsidiaries	**5,786**	5,846	5,841
Investment properties	**1,162**	1,164	1,174
Fixed assets	**1,310**	1,282	1,233
Intangible assets	**3,182**	3,182	3,182
Total	**280,863**	271,819	258,987
Off-balance sheet items			
Contingent liabilities	**17,550**	14,502	13,306
Financial derivatives	**725,617**	657,708	587,768
Commitments	**116,251**	116,530	113,895
Net asset value per ordinary share ($)	**16.45**	16.35	15.86

Note:
1 Unaudited.

Statement of Changes in Equity of the Bank (Audited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 January 2016	**5,050**	**11,735**	**9,971**	**26,756**
Profit for the financial year	**-**	**2,485**	**-**	**2,485**
Other comprehensive income for the financial year	**-**	**-**	**(350)**	**(350)**
Total comprehensive income for the financial year	**-**	**2,485**	**(350)**	**2,135**
Transfers	**-**	**15**	**(15)**	**-**
Dividends	**-**	**(1,206)**	**-**	**(1,206)**
Shares issued under scrip dividend scheme	**533**	**-**	**-**	**533**
Share-based compensation	**-**	**-**	**41**	**41**
Reclassification of share-based compensation reserves on expiry	**-**	**2**	**(2)**	**-**
Shares issued under share-based compensation plans	**20**	**-**	**(20)**	**-**
Perpetual capital securities issued	**748**	**-**	**-**	**748**
Balance at 31 December 2016	**6,351**	**13,031**	**9,625**	**29,007**
Balance at 1 January 2015	5,061	10,809	9,780	25,650
Profit for the financial year	-	2,679	-	2,679
Other comprehensive income for the financial year	-	-	252	252
Total comprehensive income for the financial year	-	2,679	252	2,931
Transfers	-	74	(74)	-
Dividends	-	(1,828)	-	(1,828)
Shares re-purchased - held in treasury	(37)	-	-	(37)
Share-based compensation	-	-	40	40
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-
Shares issued under share-based compensation plans	26	-	(26)	-
Balance at 31 December 2015	5,050	11,735	9,971	26,756

Statement of Changes in Equity of the Bank (Unaudited)

	Share capital and other capital	Retained earnings	Other reserves	Total equity
	$m	$m	$m	$m
Balance at 1 October 2016	**6,341**	**12,553**	**9,936**	**28,830**
Profit for the financial period	**-**	**502**	**-**	**502**
Other comprehensive income for the financial period	**-**	**-**	**(307)**	**(307)**
Total comprehensive income for the financial period	**-**	**502**	**(307)**	**195**
Dividends	**-**	**(27)**	**-**	**(27)**
Share-based compensation	**-**	**-**	**9**	**9**
Reclassification of share-based compensation reserves on expiry	**-**	**3**	**(3)**	**-**
Shares issued under share-based compensation plans	**10**	**-**	**(10)**	**-**
Balance at 31 December 2016	**6,351**	**13,031**	**9,625**	**29,007**
Balance at 1 October 2015	5,050	11,440	9,927	26,417
Profit for the financial period	-	627	-	627
Other comprehensive income for the financial period	-	-	52	52
Total comprehensive income for the financial period	-	627	52	679
Dividends	-	(332)	-	(332)
Shares re-purchased - held in treasury	(18)	-	-	(18)
Share-based compensation	-	-	11	11
Reclassification of share-based compensation reserves on expiry	-	0	(0)	-
Shares issued under share-based compensation plans	18	-	(18)	-
Balance at 31 December 2015	5,050	11,735	9,971	26,756

Capital Adequacy Ratios of Major Bank Subsidiaries

The information below is prepared on solo basis under the capital adequacy framework of the respective countries.

	Dec-16			
	Total Risk-Weighted Assets	Capital Adequacy Ratios		
		CET1	Tier 1	Total
	$m	%	%	%
United Overseas Bank (Malaysia) Bhd	**17,392**	**13.3**	**13.3**	**16.7**
United Overseas Bank (Thai) Public Company Limited	**11,560**	**16.0**	**16.0**	**18.3**
PT Bank UOB Indonesia	**8,149**	**14.3**	**14.3**	**16.4**
United Overseas Bank (China) Limited	**7,457**	**18.2**	**18.2**	**18.8**

The extract of the auditor's report dated 16 February 2017, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2016, is as follows:

United Overseas Bank Limited and Its Subsidiaries
Independent Auditor's Report for the financial year ended 31 December 2016

Independent Auditor's Report to the Members of United Overseas Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Overseas Bank Limited (the Bank) and its subsidiaries (collectively, the Group), set out on pages 12 to 93, which comprise the balance sheets of the Bank and the Group at 31 December 2016, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of 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, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs), including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore, 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 2016 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.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Areas of focus	*How our audit addressed the risk factors*
Impairment of loans to customers	
Refer to Notes 2r(i) and 25a to the consolidated financial statements on pages 26 to 27 and 52 respectively. The allowance for impairment of loans to customers is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management. The Group records both general and specific allowances, in accordance with the transitional provision set out in the MAS Notice 612 requirements for the incorporation of historical loss data and qualitative factors on loan grading respectively. Loans to customers contributed to approximately 65% of the Group's total assets. The Group's loan portfolio comprises customers from the two business units, i.e. Group Wholesale Banking (GWB) (57%/$128 billion) and Group Retail (GR) (43%/$98 billion). The loan portfolio and characteristics of these two groups differ, therefore requiring a different approach in the assessment for specific allowances by management. GWB's loan portfolio consists of larger wholesale loans, requiring management to monitor the borrowers' repayment abilities individually based on their knowledge for any allowance for impairment. In comparison with GWB, GR's loan portfolio consists of smaller loan values and a greater number of customers. Loans are not monitored individually and are grouped by product into homogeneous portfolios. Portfolios are monitored through historical delinquency statistics, which drive the allowance for impairment assessment.	Our audit procedures include understanding and testing of the design and operating effectiveness of the key controls over the following: - the origination, approval and monitoring of loans; - the identification and timeliness of identifying impairment indicators; and - the governance process of loan downgrading, including the continuous re-assessment of the appropriateness of assumptions used in the impairment models. Our testing of the design and operation of the controls provided a basis for us to continue with the planned nature, timing and extent of our detailed audit procedures. We have designed the following procedures for specific allowances in response to the risks specific to the business units. <u>*Group Wholesale Banking*</u> We obtained an understanding of the Group Credit Policy and evaluated the processes for identifying impairment indicators and consequently, the grading of loans in accordance with the MAS Notice 612. We tested a sample of loans (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner. We considered the magnitude of the credit exposures, macroeconomic factors and industry trends in our audit sampling, and extended our audit coverage over customers in sectors currently experiencing difficult economic and market conditions including the oil and gas, shipping and real estate sectors. For the selected non-performing loans (NPLs), we assessed management's forecast and inputs of recoverable cash flows, valuation of collaterals, estimates of recoverable amounts on default and other sources of repayment, and where possible, compared these key assumptions to external references such as ship and real estate valuations. <u>*Group Retail*</u> For the major GR portfolios, we examined the appropriateness of the model parameters such as historical loss rates based on our industry knowledge and experience to evaluate whether they are in line with customer behavioural profiles. Where lending is secured by collateral, the allowance for impairment is determined based on the haircuts and fair values less cost to sell obtained by the Group. We examined, on a sample basis, the reasonableness of haircuts applied and the fair values less cost to sell based on our knowledge and experience of the local residential and economic conditions and asset price trends. With respect to the Group's general allowances, our procedures included the following: ▪ we re-computed management's calculation to assess that the Group maintained a minimum of 1% of general allowances on total credit exposure net of collateral and specific allowances in accordance

	with the transitional provision set out in MAS Notice 612; ▪ we evaluated management's assessment on the relevance of the applied historical credit cycles and impact arising from forecasts of the prevailing market and economic conditions that the Group is most susceptible to; and ▪ we performed scenario analyses based on historical and hypothetical scenarios we considered necessary to assess the adequacy of the general allowances in stressed conditions. Overall, the results of our evaluation of the Group's allowance for impairment of loans are consistent with management's assessment.

Areas of focus	***How our audit addressed the risk factors***
Valuation of illiquid or complex financial instruments *Refer to Notes 2r(ii) and 18b to the consolidated financial statements on pages 27 and 43 to 44 respectively.* The valuation of the Group's financial instruments was a key area of focus of our audit due to the degree of complexity involved in valuing some of the instruments and the significance of the judgements and estimates made by management. In particular, the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data. At 31 December 2016, 4% ($3 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised unquoted equity investments and funds, long dated equity derivatives and a small number of unquoted debt securities.	We assessed the key controls over the Group's valuation and model validation processes, including the measurement of valuation reserves and derivative valuation adjustments. Our testing of the design and operation of the controls provided a basis for us to continue with the planned nature, timing and extent of our detailed audit procedures. In addition, we evaluated the appropriateness of the valuation methodologies, particularly for material illiquid and complex financial instruments such as private equity investments and structured products. For a sample of financial instruments with significant unobservable valuation inputs, we involved our own internal valuation specialists to critically assess the valuation assumptions and inputs used by management, or perform an independent valuation by reference to alternative valuation methods used by other market participants and sensitivity analyses of key factors. The results of our independent analyses are consistent with management's analyses.

Areas of focus	*How our audit addressed the risk factors*
Impairment of goodwill *Refer to Notes 2r(iii) and 34b to the consolidated financial statements on pages 27 and 66 respectively.* As at 31 December 2016, the goodwill balance was carried at $4 billion which represents 1% of total assets, and 13% of total equity. The goodwill arose from the Group's acquisition of Overseas Union Bank (OUB), United Overseas Bank (Thai) Public Company Limited (UOBT) and PT Bank UOB Indonesia (UOBI) in prior years, and is allocated to the respective cash-generating units (CGUs) defined by the Group's operating segments. We focused on this area because the impairment test relies on the calculation of the value-in-use (VIU) of each CGU, which involves significant management judgment and assumptions about the future cash flows of the CGUs and the discount rates applied.	Our audit procedures focused on the assessment of key assumptions in forming the CGUs' VIU calculations, including the cash flow projections and discount rates that have been approved by management. We assessed the cash flow projections by reviewing the historical achievement of the projections and considered the reasons for significant deviations. We also evaluated the reasonableness of the VIU calculations by comparing the market-related assumptions which the outcome of the impairment test is most sensitive to, against externally available industry, economic and financial data, such as country Gross Domestic Product (GDP) growth rates. Where we determined that a more appropriate assumption or input in a CGU's VIU calculation could be made, independent sensitivity analyses were performed for different scenarios to identify any CGUs with a risk of impairment. Our evaluation results are consistent with management's goodwill impairment testing results.

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 (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 the directors 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 FRSs, 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.

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 Winston Ngan.

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore

16 February 2017