

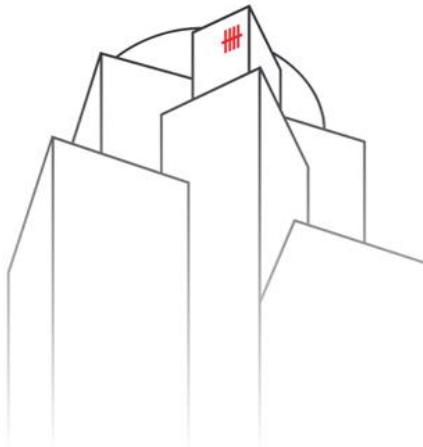


UOB Group Full Year 2016

Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

17 February 2017



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2016 Highlights

FY16 NPAT of \$3.1b ↓4% YoY;

4Q16 NPAT of \$739m ↓7% vs 3Q16 and ↓6% vs 4Q15

- Full year total income remained stable at \$8.1b.
- Operating expenses increased due to higher IT investments while staff expenses were tightly managed
- Higher specific allowance for loans offset by a release in general allowance in line with counter-cyclical approach

Strong balance sheet

- Gross customer loans increased 9% YoY
- Deposits grew 6% YoY
- Asset quality remains stable with new NPA formation slowing down this quarter
- NPL ratio at 1.5%; NPL coverage remained high at 118%

Capital and liquidity positions

- Capital position remained strong with fully-loaded CET1 at 12.1%.
- Leverage ratio of 7.4%, well above Basel's minimum requirement
- Average SGD and all-currency liquidity coverage ratios of 275% and 162% in 4Q16

2016 NPAT of \$3.1 billion, down 4% YoY

	2016	2015	+ / (-)
	\$m	\$m	%
Net interest income	4,991	4,926	1.3 ▲
Fee and commission income	1,931	1,883	2.5 ▲
Other non-interest income	1,140	1,238	(7.9) ▼
Total income	8,061	8,048	0.2 ▲
Less: Total expenses ¹	3,696	3,597	2.8 ▲
Operating profit	4,365	4,451	(1.9) ▼
Less: Specific allowance	991	476	>100.0 ▲
General allowance	(398)	196	(>100.0) ▼
Add: Associates & joint ventures	6	90	(93.4) ▼
Net profit before tax	3,777	3,869	(2.4) ▼
Less: Tax & non-controlling interests	681	660	3.2 ▲
Net profit after tax	3,096	3,209	(3.5) ▼

1. One-off expenses of \$67m were relating to Singapore's Golden Jubilee ("SG50") and UOB's 80th anniversary ("UOB80") commemorative events and brand campaign in 2015.



favourable variance to earnings



unfavourable variance to earnings

4Q16 NPAT of \$739 million, down 7% QoQ

	4Q16	4Q15	+/(-)	3Q16	+/(-)
	\$m	\$m	%	\$m	%
Net interest income	1,276	1,277	(0.1) ▼	1,230	3.7 ▲
Fee and commission income	531	480	10.6 ▲	492	7.8 ▲
Other non-interest income	222	323	(31.3) ▼	318	(30.2) ▼
Total income	2,028	2,081	(2.5) ▼	2,040	(0.6) ▼
Less: Total expenses ¹	957	964	(0.7) ▼	918	4.2 ▲
Operating profit	1,071	1,116	(4.0) ▼	1,122	(4.5) ▼
Less: Specific allowance	441	152	>100.0 ▲	299	47.6 ▲
General allowance	(310)	38	(>100.0) ▼	(113)	(>100.0) ▼
Add: Associates & joint ventures	(21)	18	(>100.0) ▼	25	(>100.0) ▼
Net profit before tax	920	944	(2.6) ▼	962	(4.4) ▼
Less: Tax & non-controlling interests	181	156	16.0 ▲	171	5.4 ▲
Net profit after tax	739	788	(6.2) ▼	791	(6.6) ▼

1. One-off expenses of \$43m in 4Q15 were relating to UOB80 commemorative events and brand campaign.



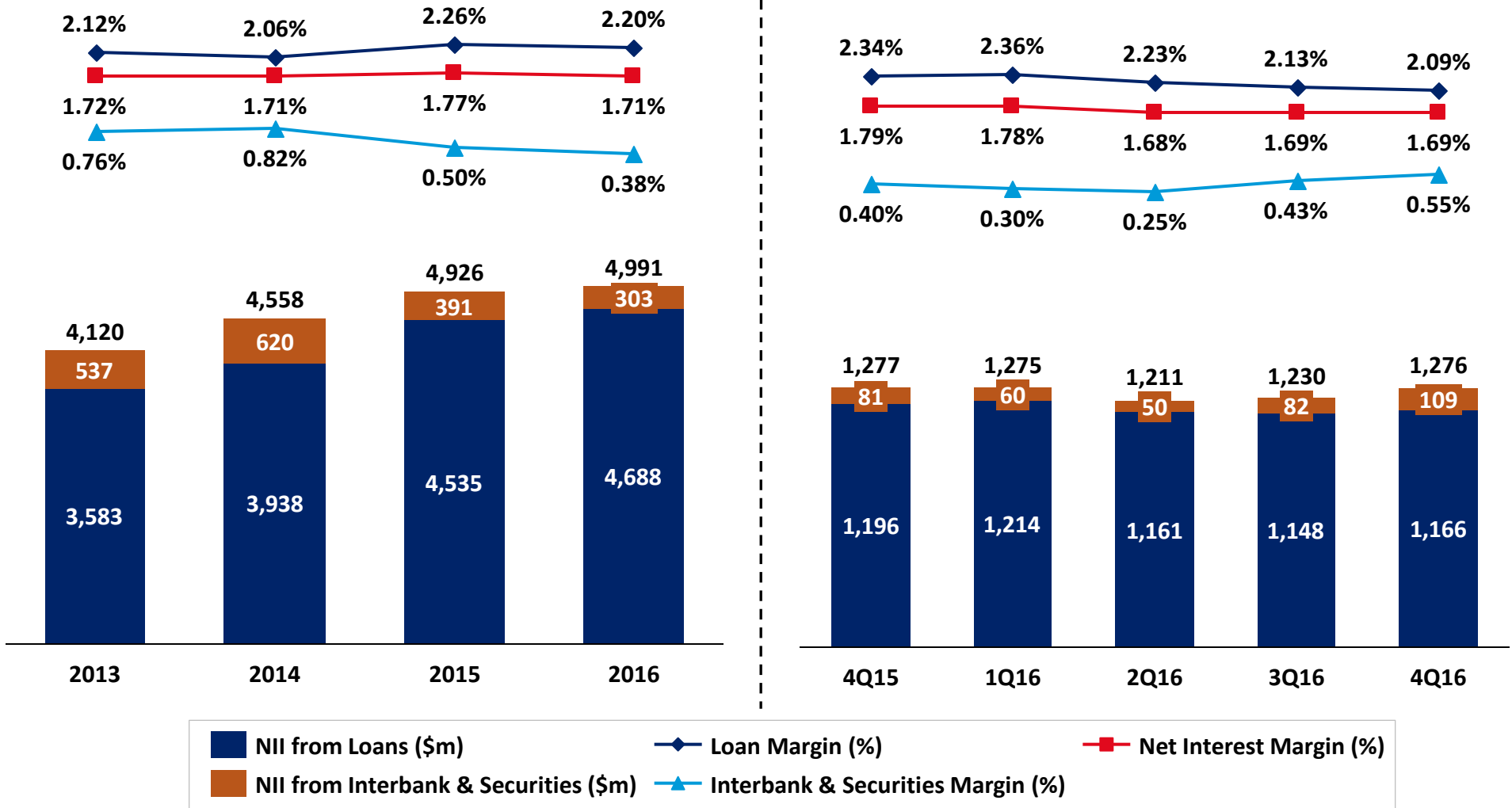
favourable variance to earnings



unfavourable variance to earnings

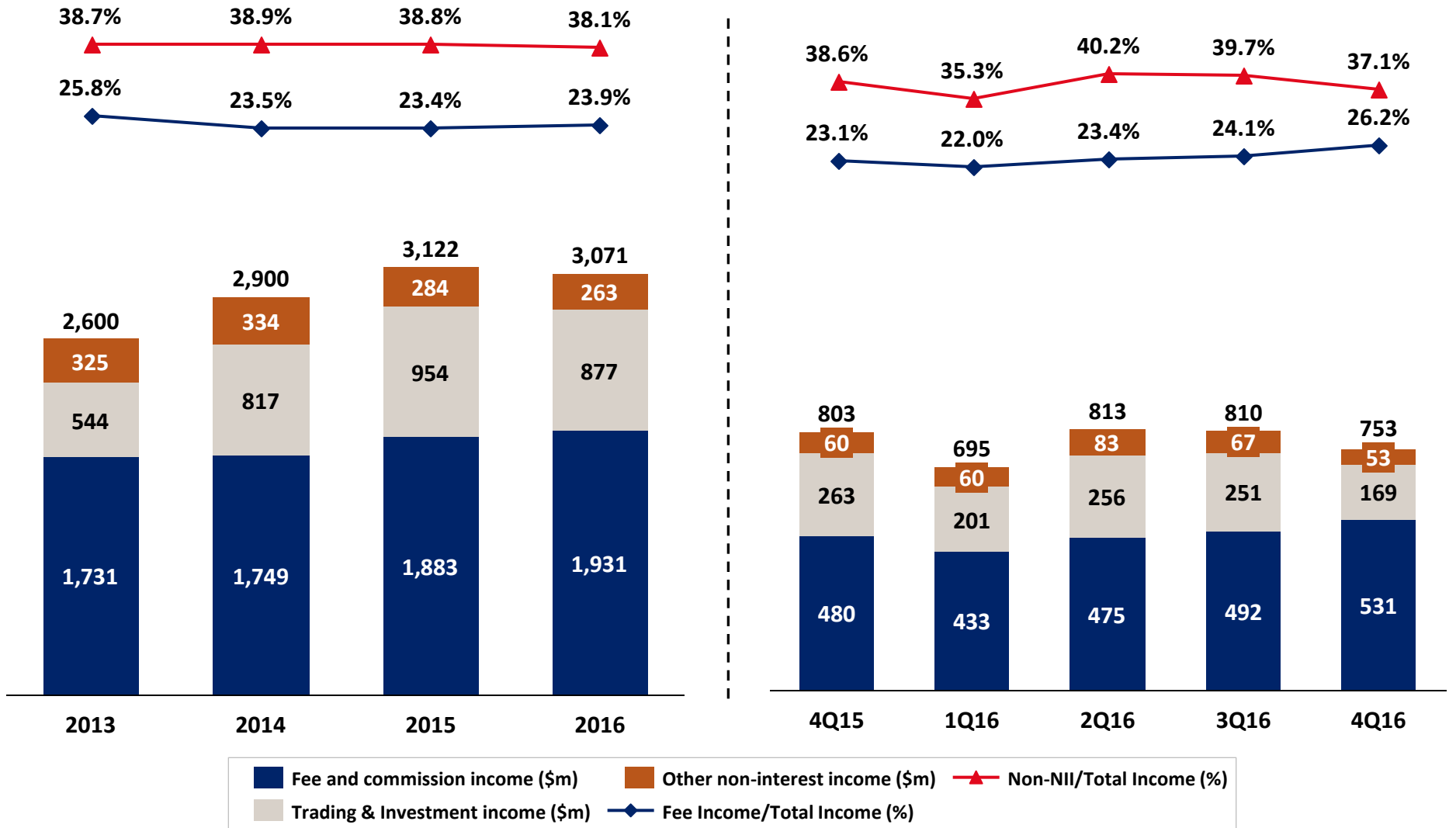
Higher NII supported by loan growth

Net Interest Income (NII) and Margin



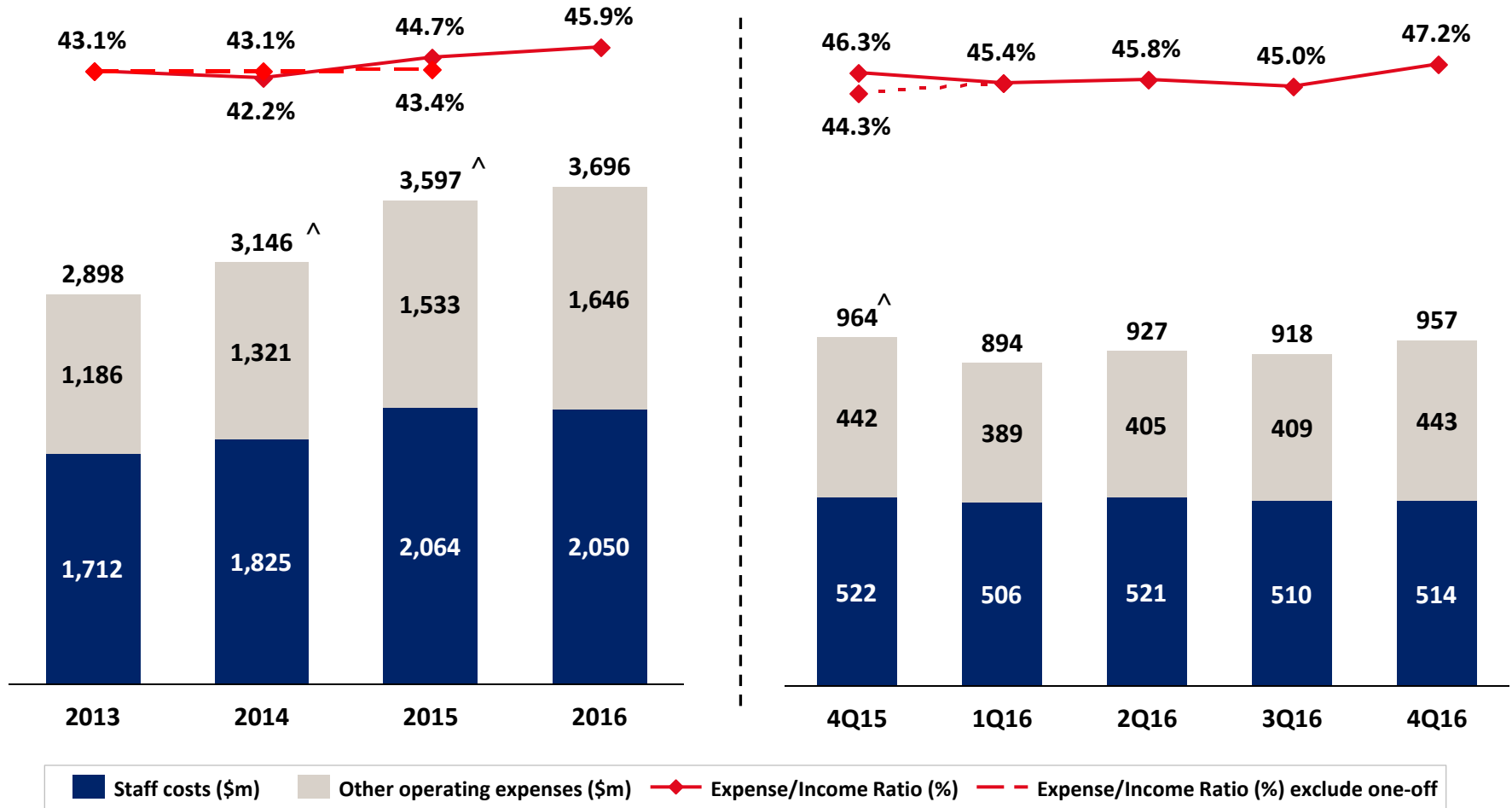
Fee income up 8% QoQ from credit card, loan-related and wealth management fees

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



Staff costs tightly managed as IT investments continue

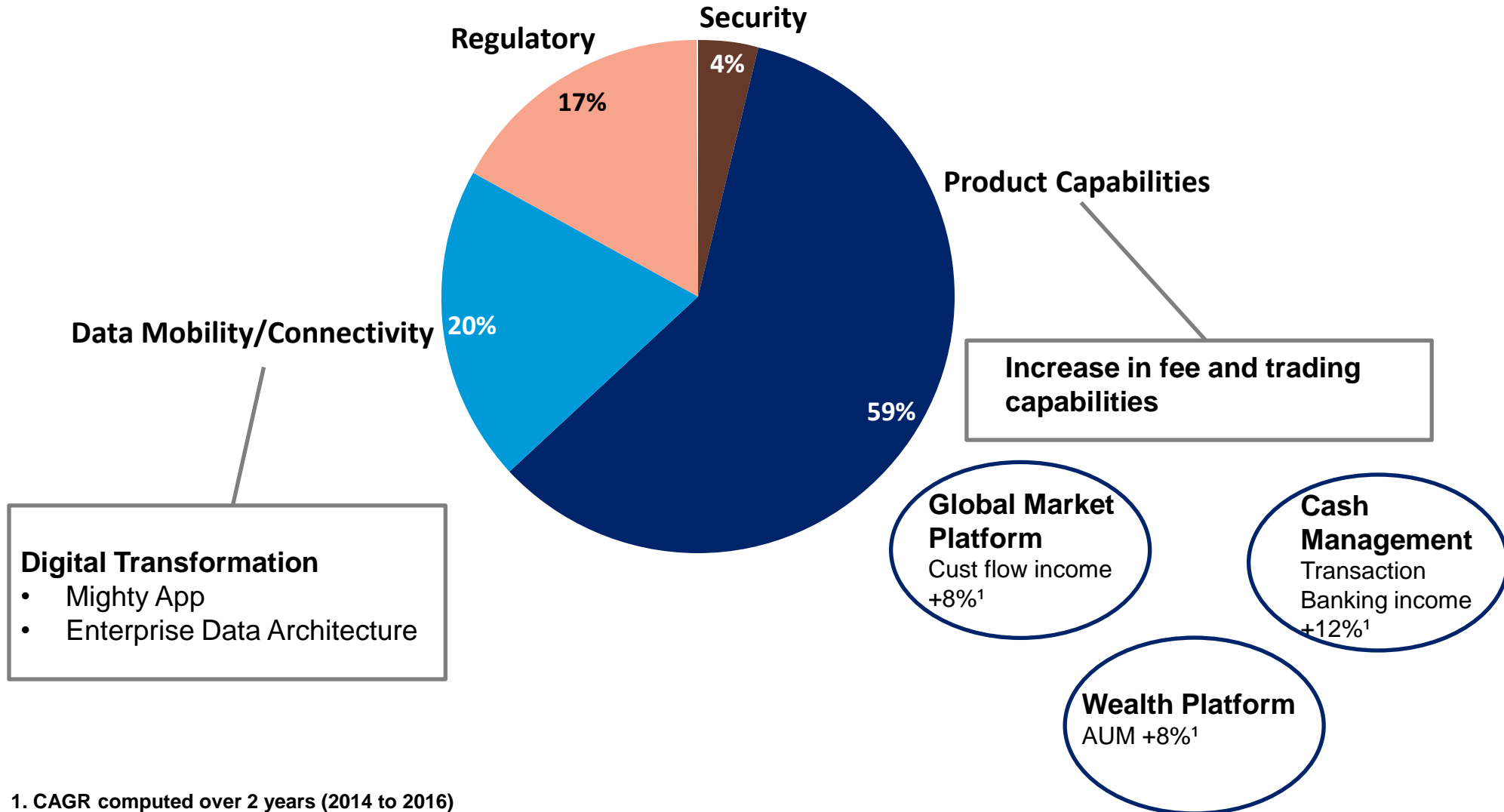
Operating Expenses and Expense / Income Ratio



^ Included one-off expenses relating to SG50 and UOB80 commemorative events and brand campaign (2015: \$67m, 4Q15: \$43m) and adjustment for prior year's bonus.

IT investments geared towards products and digital capabilities

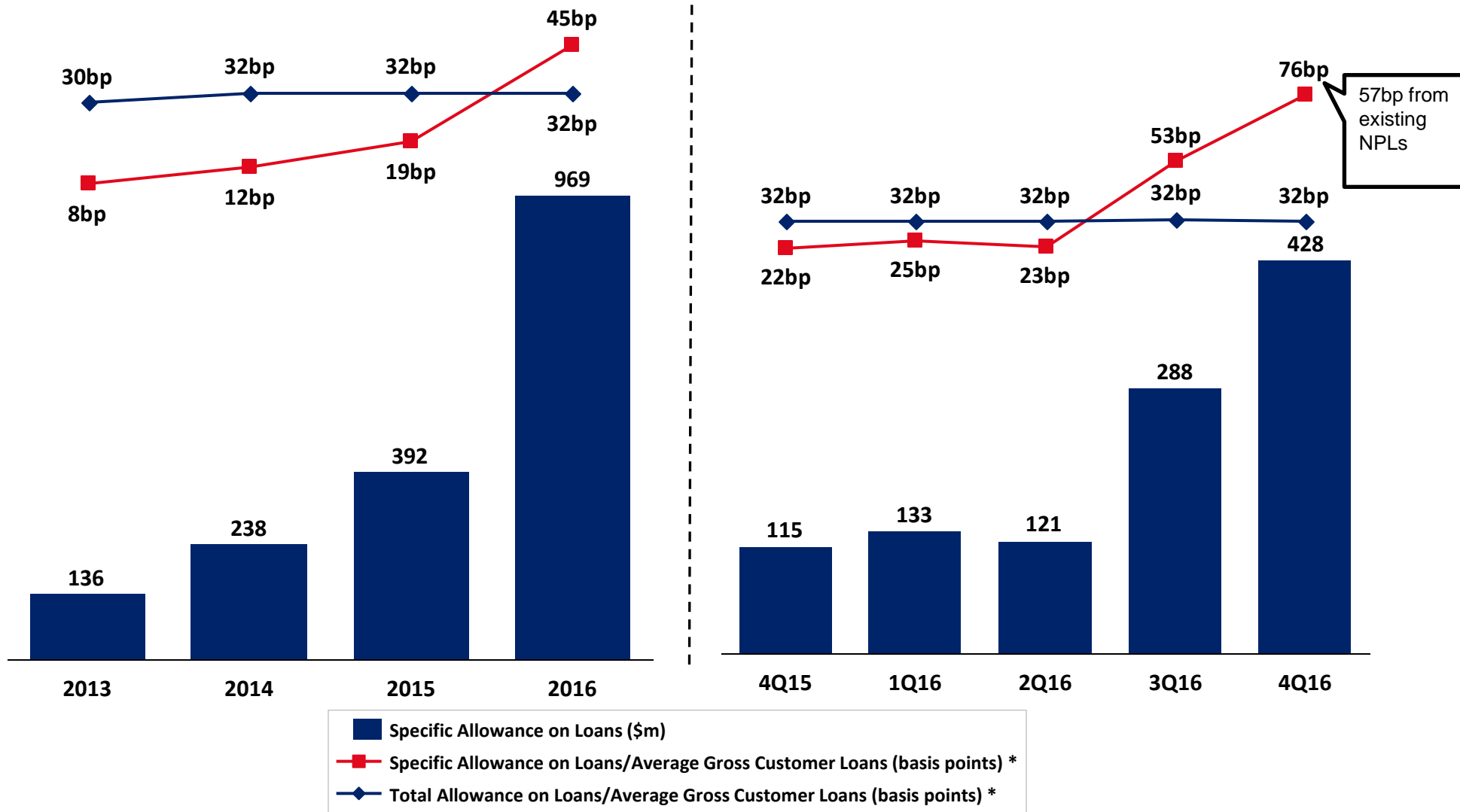
IT investments over 2014-2016 (~\$0.7b)



1. CAGR computed over 2 years (2014 to 2016)

Higher specific allowance in 4Q16 largely from oil & gas and shipping sectors; total credit cost kept stable at 32 bps

Allowance on Loans



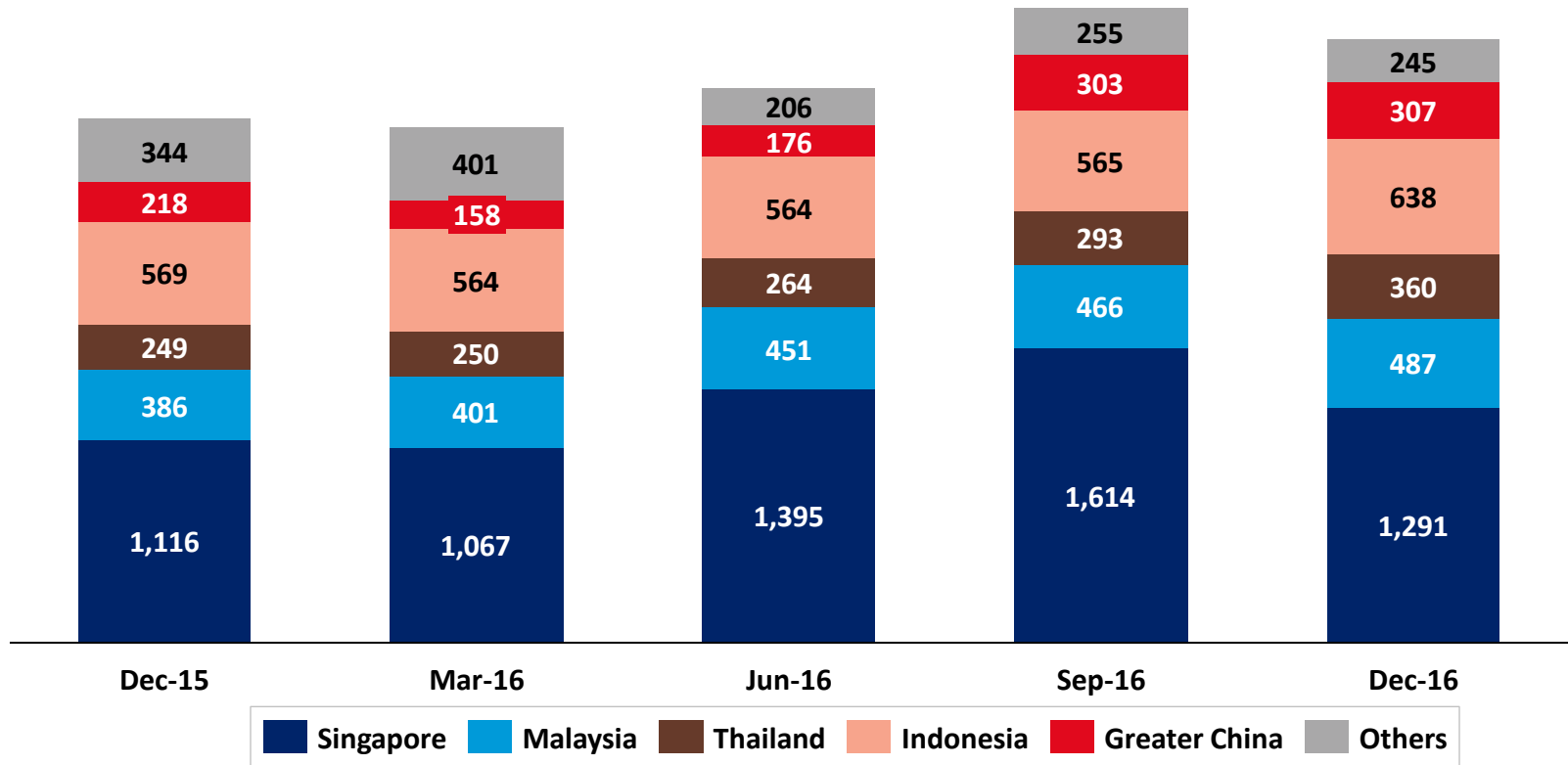
* On annualised basis

Movements in non-performing assets

	4Q16 \$m	3Q16 \$m	4Q15 \$m
NPA at start of period	3,632	3,164	2,737
New NPA	387	780	626
Upgrades, recoveries and translations	(320)	(201)	(233)
Write-offs	(219)	(111)	(64)
NPA at end of period	3,480	3,632	3,066

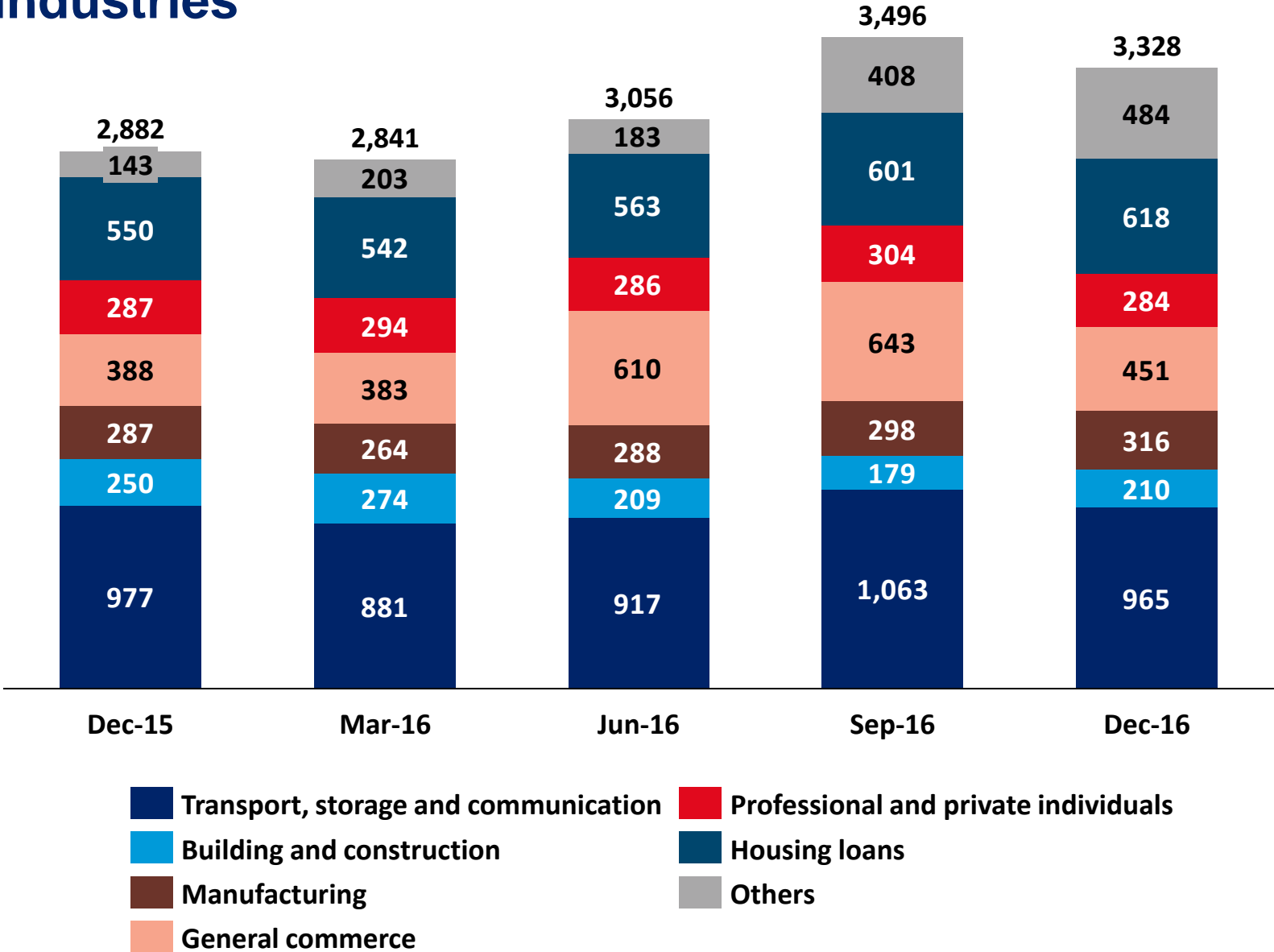
NPL ratio at 1.5% with NPLs mainly from Singapore and Indonesia

NPL (\$m)	2,882	2,841	3,056	3,496	3,328
NPL Ratio	1.4%	1.4%	1.4%	1.6%	1.5%



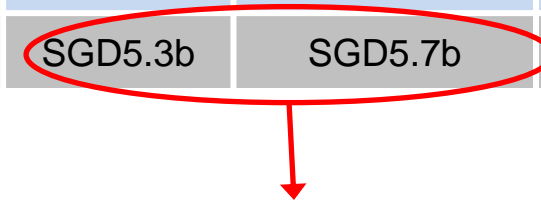
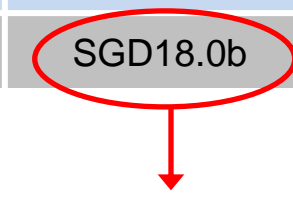
Note : Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

New NPLs mainly from oil and gas and shipping industries



Exposure to Commodities

Dec 16	Oil and gas		Other commodity segments	Total
	Upstream industries ²	Traders/ downstream industries		
Total exposure ¹	SGD6.2b	SGD11.5b	SGD9.9b	SGD27.6b
Outstanding loans	SGD5.3b	SGD5.7b	SGD7.0b	SGD18.0b

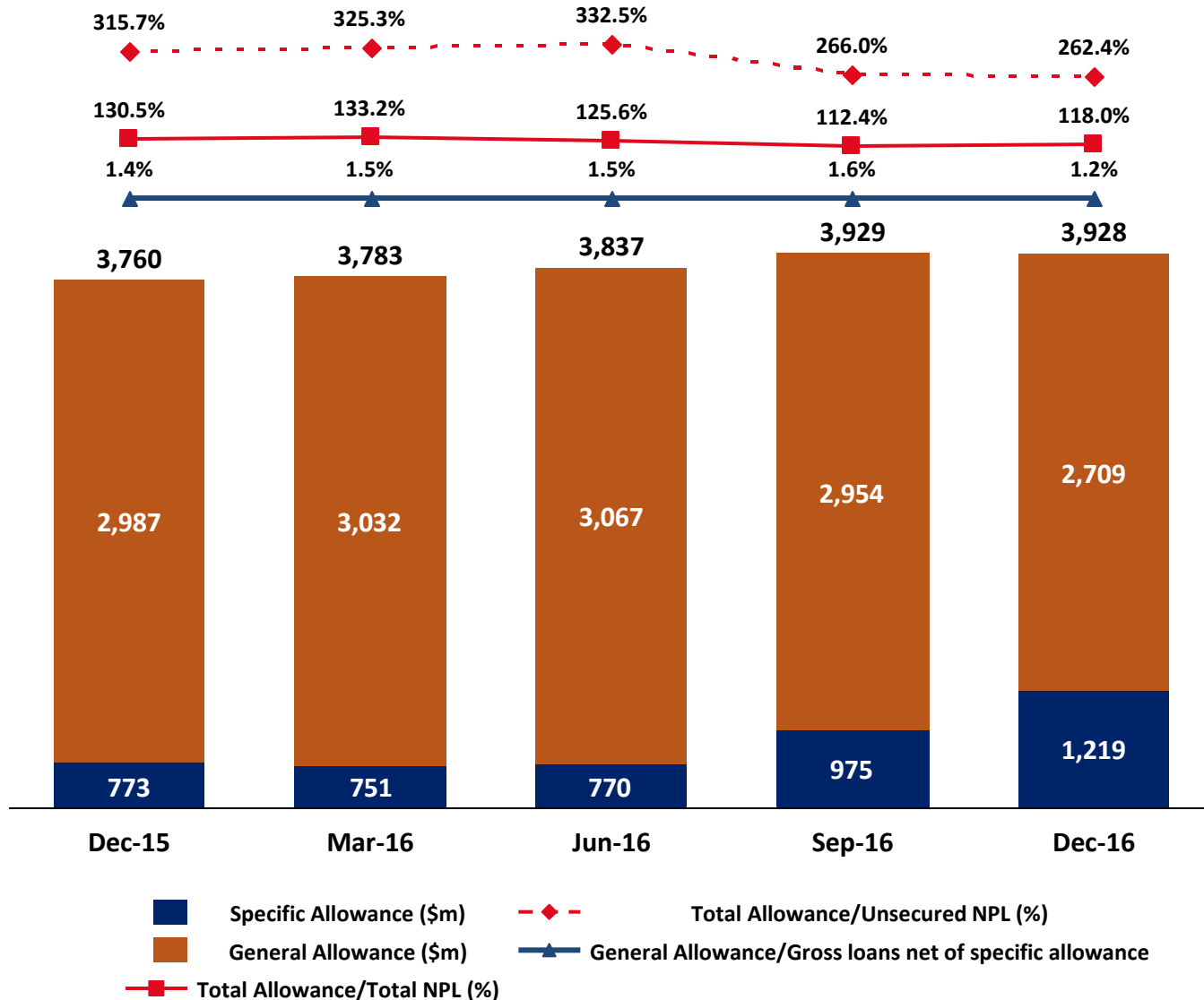

5% of total loans

8% of total loans

- Total exposure, including off-balance sheet items, stood at SGD27.6b as of 31 December 2016
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

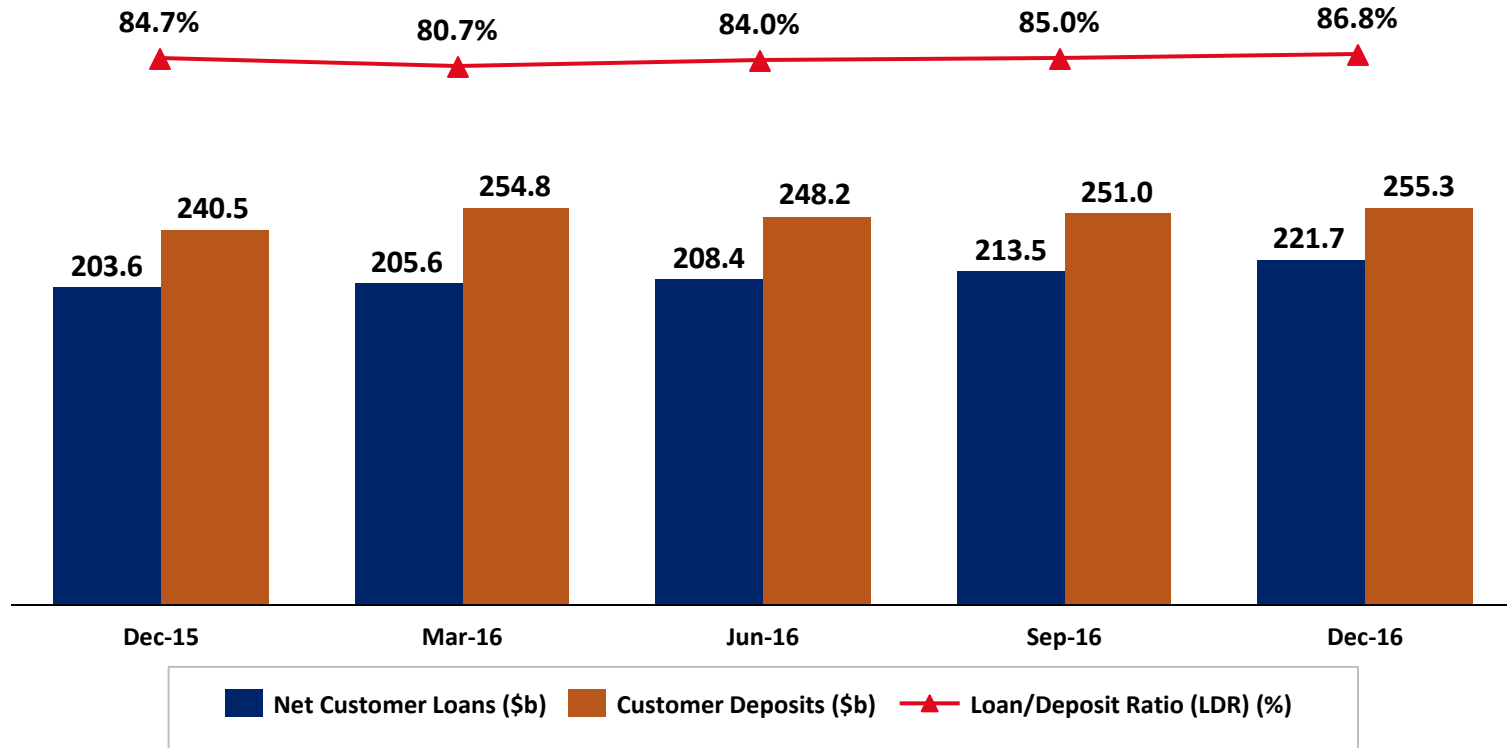
1. Total exposure comprises outstanding loans and contingent liabilities
 2. Oil and gas upstream industries include offshore service companies.

Loan allowance coverage continues to be adequate

High general allowance driven by countercyclical approach to provisioning



Customer Loans and Deposits; LDR and LCR



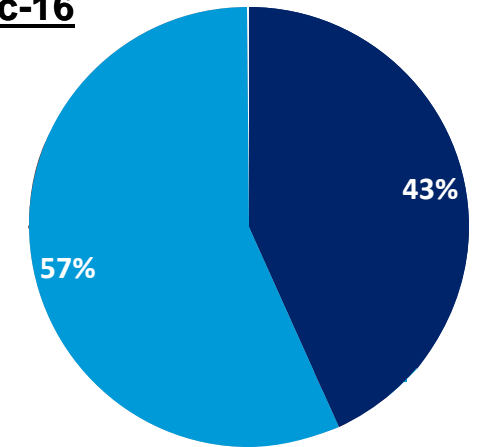
SGD LDR (%)	91.7	88.1	91.9	89.7	89.7
USD LDR (%)	65.6	56.7	63.1	68.3	74.6
SGD LCR (%) ¹	217	169	224	213	275
Total LCR (%) ¹	142	139	167	148	162

¹ Average for quarters

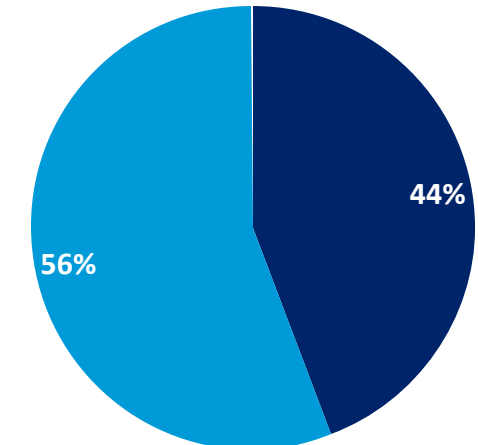
Loans up 9% YoY and 4% QoQ to \$226b

Gross Loans	Dec-16	Dec-15	+/(-)	Sep-16	+/(-)
	\$b	\$b	%	\$b	%
Singapore	125.5	116.1	8.1	120.4	4.3
Regional:	78.1	72.8	7.2	75.8	3.1
Malaysia	25.8	24.6	4.7	25.7	0.4
Thailand	13.2	11.5	15.2	12.4	7.0
Indonesia	11.9	11.5	2.7	11.6	1.9
Greater China	27.2	25.2	8.0	26.1	4.3
Others	22.1	18.4	19.6	21.2	3.8
Total	225.7	207.4	8.8	217.4	3.8

Dec-16



Dec-15



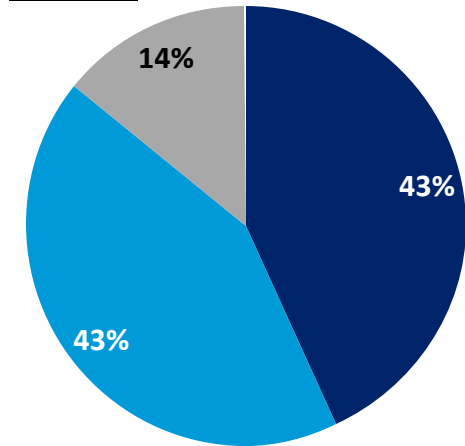
■ Group Retail
 ■ Group Wholesale

Notes: 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).
 2. No significant currency translation impact.

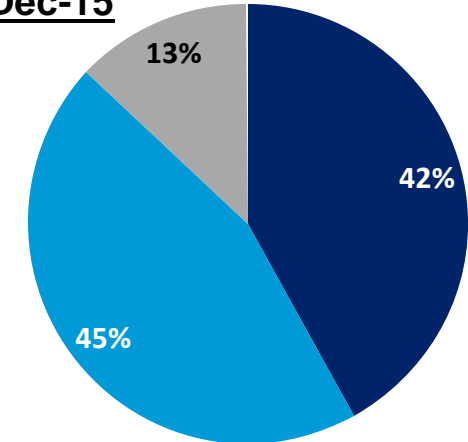
Funding increased by 7% YoY and 3% QoQ with proactive liquidity management

	Dec-16 \$b	Dec-15 \$b	+/(-) %	Sep-16 \$b	+/(-) %
Singapore	178.7	168.6	6.0	178.6	0.0
Regional:	63.1	56.6	11.4	60.3	4.6
Malaysia	27.2	25.4	7.3	26.7	1.9
Thailand	13.4	12.1	10.1	12.6	6.0
Indonesia	7.9	6.6	19.0	7.0	12.0
Greater China	14.7	12.5	17.0	14.0	4.8
Others	13.5	15.3	(11.3)	12.0	12.7
Total customer deposits	255.3	240.5	6.1	251.0	1.7
Wholesale funding	40.1	34.5	16.4	34.8	15.3
Total funding	295.4	275.0	7.4	285.8	3.4

Dec-16



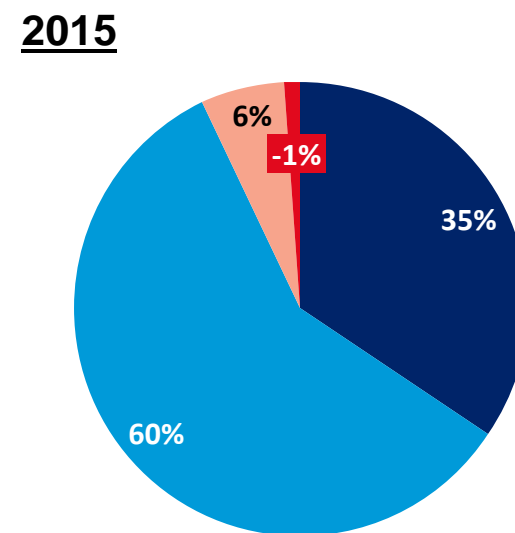
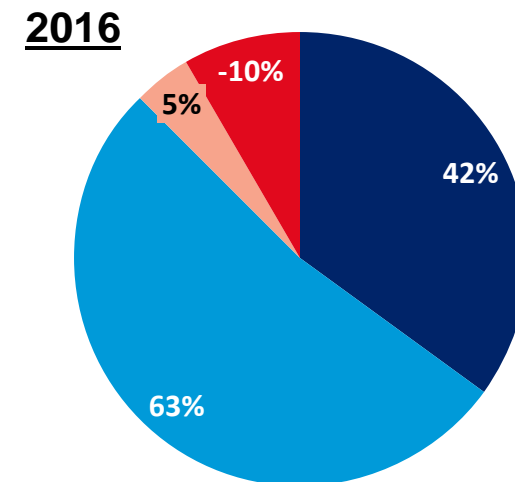
Dec-15



Note: No significant currency translation impact.

Performance by business segment

Segment Operating Profit	2016	2015	+ / (-)
	\$m	\$m	%
Group Retail (GR)	1,821	1,573	15.8
Group Wholesale Banking (GWB)	2,747	2,661	3.2
Global Markets (GM)	228	280	(18.4)
Others ¹	(431)	(62)	(>100.0)
Total	4,365	4,451	(1.9)



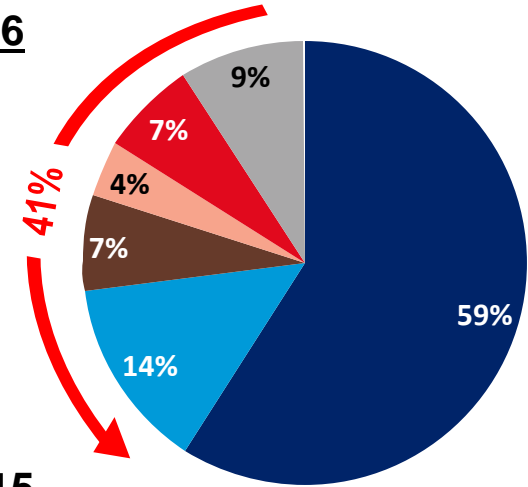
1. 2015 included one-off gains on sale of properties and investment securities.

Regional operating profit increased 2% YoY in constant currency terms

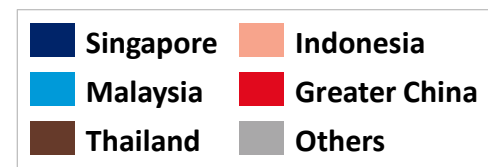
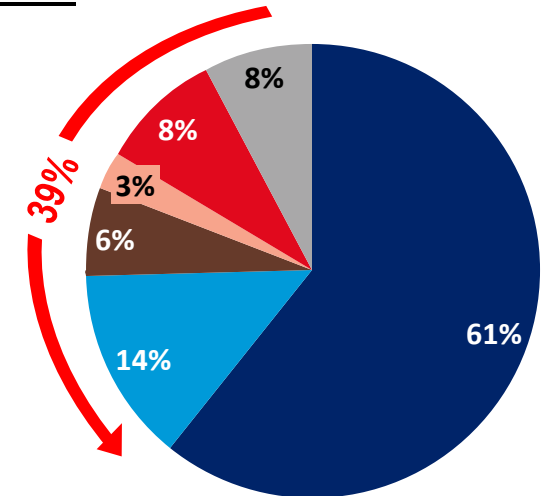
2% YoY in

Operating Profit	2016	2015	At constant FX rate	
	\$m	\$m	+/(-) %	+/(-) %
Singapore	2,568	2,694	(4.7)	(4.7)
Regional:	1,400	1,407	(0.5)	2.0
Malaysia	603	616	(2.1)	3.0
Thailand	316	283	11.4	13.7
Indonesia	170	131	30.0	28.2
Greater China	311	377	(17.5)	(17.1)
Others	397	350	13.3	16.1
Total	4,365	4,451	(1.9)	(1.0)

2016



2015

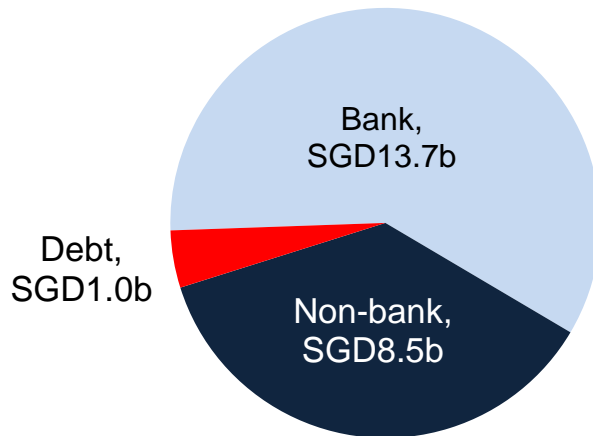


Exposure to China

Dec 2016

SGD23.2b

or 6.8% of total assets



Bank exposure in China

- 98% with <1 year tenor
- Around 77% accounted for by top 5 domestic banks and policy banks
- Trade exposures mostly with bank counterparties, representing slightly more than half of bank exposure

Non-bank exposure in China

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio around 0.9%
- Around half of loans denominated in RMB
- Around 40% of the loans has tenor within a year
- Minimal exposure to stockbroking companies linked to China's stock market
- No exposure to Qingdao fraud and local government financing vehicles

Note: Classification is 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 Europe

Dec 2016	Non-bank	Bank	Debt securities	Total	As a % of total assets
Europe	SGD3.3b	SGD4.7b	SGD1.1b	SGD9.1b	3.2%
of which UK	SGD2.4b	SGD1.0b	SGD0.2b	SGD3.6b	1.3%

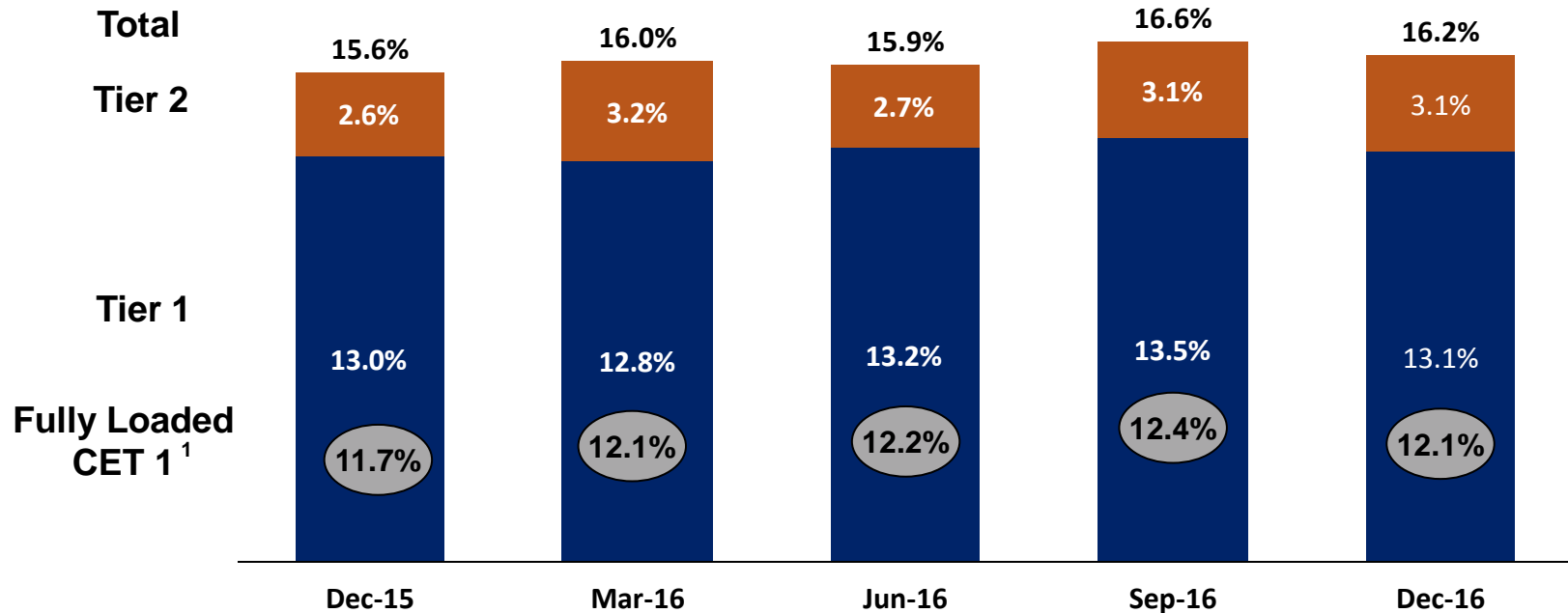
Minimal direct impact from Brexit

- Bulk of UK non-bank exposure is secured and denominated in GBP
- Consumer mortgage book small and healthy
- Highly rated bank counterparties in the UK

Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

Capital position augmented by scrip dividend and capital issuances

Capital Adequacy Ratios (CAR)

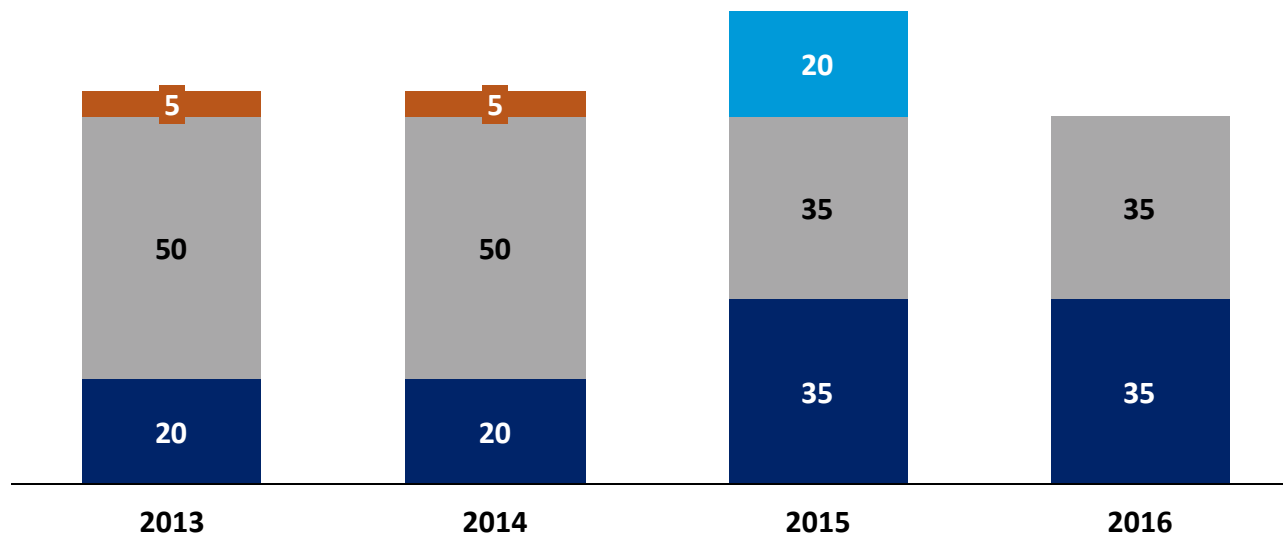


	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
CET1 Capital (\$b)	26	26	26	27	28
Tier 1 Capital (\$b)	26	26	27	28	28
Total Capital (\$b)	31	32	32	34	35
RWA (\$b)	201	202	202	205	216
Leverage ratio (%) ²	7.3	7.0	7.4	7.5	7.4

1 Based on final rules effective 1 Jan 2018.

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

Final dividend maintained



Net dividend per ordinary share (¢)

■ Interim ■ Final ■ Special ■ UOB 80th anniversary

	2013	2014	2015	2016
Payout amount (\$m)	1,182	1,201	1,444	1,135
Payout ratio (%)	39	37	45	37



Question & Answer

UOB Group
Full Year 2016

17 February 2017

Appendix :

Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

Singapore – Summarised income statement & key ratios

	2016	2015	+/(-)	4Q16	3Q16	+/(-)
	\$m	\$m	%	\$m	\$m	%
Net interest income	2,683	2,728	(1.7)	673	648	3.8
Fee and commission income	1,144	1,099	4.1	317	286	11.0
Other non-interest income	763	831	(8.2)	128	214	(40.1)
Total income	4,590	4,658	(1.5)	1,118	1,149	(2.6)
Less: Total expenses	2,022	1,965	2.9	519	499	4.1
Operating profit	2,568	2,694	(4.7)	599	650	(7.8)
Less: Allowance	260	401	(35.1)	35	101	(65.5)
Add: Associates & joint ventures	55	70	(21.1)	16	14	13.9
Profit before tax	2,364	2,363	-	581	563	3.1
Customer loans (net) - \$b	140.2	130.9	7.0%	140.2	133.9	4.7%
Customer deposits - \$b	178.7	168.6	6.0%	178.7	178.6	-
<u>Key ratios (%)</u>						
Net interest margin	1.28	1.40	(0.12)	1.23	1.23	-
Non-NII/Total income	41.6	41.4	0.2	39.8	43.5	(3.7)
Expense/Total income	44.0	42.2	1.8	46.4	43.4	3.0
- Normalised ⁽¹⁾	44.0	39.9	4.1	46.4	43.4	3.0
Loan/Deposit	78.5	77.7	0.8	78.5	75.0	3.5

Malaysia – Summarised income statement & key ratios

	2016 RM'm	2015 RM'm	+/(-) %	4Q16 RM'm	3Q16 RM'm	+/(-) %
Net interest income	1,997	1,992	0.3	502	500	0.4
Fee and commission income	660	606	8.9	185	176	5.1
Other non-interest income	299	270	10.7	67	78	(14.1)
Total income	2,956	2,868	3.1	754	754	-
Less: Total expenses	1,149	1,114	3.1	303	287	5.6
Operating profit	1,807	1,754	3.0	451	467	(3.4)
Less: Allowance	164	229	(28.4)	32	14	>100.0
Add: Associates & joint ventures	-	2	NM	-	-	-
Profit before tax	1,643	1,527	7.6	419	453	(7.5)
Profit before tax (S\$m)	548	537	2.0	136	150	(9.4)
<i>Average Exchange rate</i>	<i>3.00</i>	<i>2.84</i>		<i>3.08</i>	<i>3.02</i>	
Customer loans (net) - RM'b	78.7	73.6	7.0%	78.7	76.5	2.9%
Customer deposits - RM'b	84.5	77.1	9.6%	84.5	81.2	4.0%
<u>Key ratios (%)</u>						
Net interest margin	2.22	2.28	(0.06)	2.16	2.18	(0.02)
Non-NII/Total income	32.4	30.5	1.9	33.4	33.7	(0.3)
Expense/Total income	38.9	38.8	0.1	40.2	38.1	2.1
Loan/Deposit	93.2	95.5	(2.3)	93.2	94.1	(0.9)

Thailand – Summarised income statement & key ratios

	2016 THB'm	2015 THB'm	+/(-) %	4Q16 THB'm	3Q16 THB'm	+/(-) %
Net interest income	14,371	13,143	9.3	3,707	3,613	2.6
Fee and commission income	5,948	5,868	1.4	1,611	1,591	1.3
Other non-interest income	830	719	15.4	171	261	(34.5)
Total income	21,149	19,730	7.2	5,489	5,465	0.4
Less: Total expenses	13,099	12,648	3.6	3,304	3,429	(3.6)
Operating profit	8,050	7,082	13.7	2,185	2,036	7.3
Less: Allowance	3,116	2,729	14.2	971	793	22.4
Profit before tax	4,934	4,353	13.3	1,214	1,243	(2.3)
Profit before tax (\$m)	193	175	10.6	49	49	0.1
<i>Average Exchange rate</i>	<i>25.53</i>	<i>24.91</i>		<i>24.91</i>	<i>25.54</i>	
Customer loans (net) - THB'b	309.3	283.3	9.2%	309.3	296.8	4.2%
Customer deposits - THB'b	330.7	309.4	6.9%	330.7	320.1	3.3%
<u>Key ratios (%)</u>						
Net interest margin	3.55	3.45	0.10	3.62	3.45	0.17
Non-NII/Total income	32.0	33.4	(1.4)	32.5	33.9	(1.4)
Expense/Total income	61.9	64.1	(2.2)	60.2	62.7	(2.5)
Loan/Deposit	93.5	91.5	2.0	93.5	92.7	0.8

Indonesia – Summarised income statement & key ratios

	2016	2015	+/(–)	4Q16	3Q16	+/(–)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	3,302	2,811	17.5	853	840	1.5
Fee and commission income	774	757	2.2	206	185	11.4
Other non-interest income	513	439	16.9	102	135	(24.4)
Total income	4,589	4,007	14.5	1,161	1,160	0.1
Less: Total expenses	2,944	2,724	8.1	782	701	11.6
Operating profit	1,645	1,283	28.2	379	459	(17.4)
Less: Allowance	953	682	39.7	337	191	76.4
Profit before tax	692	601	15.1	42	268	(84.3)
Profit before tax (\$m)	71	61	16.3	4	28	(84.2)
<i>Average Exchange rate</i>	9,721	9,819		9,554	9,651	
Customer loans (net) - IDR't	64.3	60.1	6.9%	64.3	61.5	4.5%
Customer deposits - IDR't	73.0	64.4	13.3%	73.0	66.8	9.2%
<u>Key ratios (%)</u>						
Net interest margin	4.45	4.08	0.37	4.34	4.53	(0.19)
Non-NII/Total income	28.0	29.8	(1.8)	26.5	27.6	(1.1)
Expense/Total income	64.2	68.0	(3.8)	67.4	60.4	7.0
Loan/Deposit	88.1	93.4	(5.3)	88.1	92.0	(3.9)

Greater China – Summarised income statement & key ratios

	2016 \$m	2015 \$m	+/(-) %	4Q16 \$m	3Q16 \$m	+/(-) %
Net interest income	384	394	(2.6)	102	97	5.0
Fee and commission income	113	137	(17.9)	29	30	(1.2)
Other non-interest income	152	175	(13.2)	41	43	(4.9)
Total income	648	706	(8.2)	173	170	1.4
Less: Total expenses	337	329	2.4	88	83	6.1
Operating profit	311	377	(17.5)	85	88	(3.1)
Less: Allowance	56	34	63.8	4	23	(80.6)
Add: Associates & joint ventures	46	24	91.6	11	12	(7.8)
Profit before tax	300	366	(18.0)	91	76	19.5
Customer loans (net) - \$b	21.4	18.5	15.8%	21.4	21.5	(0.4%)
Customer deposits - \$b	14.7	12.5	17.0%	14.7	14.0	4.8%
<u>Key ratios (%)</u>						
Net interest margin	1.10	1.26	(0.16)	1.06	1.12	(0.06)
Non-NII/Total income	40.8	44.2	(3.4)	41.0	43.1	(2.1)
Expense/Total income	52.1	46.6	5.5	50.8	48.5	2.3
Loan/Deposit	145.9	147.5	(1.6)	145.9	153.6	(7.7)

Thank You

