

UOB Group

Stable Core Earnings in Slower Operating Environment;
Strong Balance Sheet

February 2017

Agenda

1. Overview of UOB Group
2. Macroeconomic Outlook
3. Strong UOB Fundamentals
4. Our Growth Drivers
5. Latest Financials



Overview of UOB Group

Founding

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

Expansion

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

Note: Financial statistics as at 31 December 2016.

1. FX rate used: USD 1 = SGD 1. 44635 as at 31 December 2016.
2. Based on final rules effective 1 January 2018.
3. Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015.
4. Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and capital securities distributions.
5. Average for 4Q16.

Key Statistics for FY16

■ Total assets	: SGD340b	(USD235.1b ¹)
■ Shareholder's equity	: SGD33b	(USD22.7 b ¹)
■ Gross loans	: SGD226b	(USD156.0b ¹)
■ Customer deposits	: SGD255b	(USD176.5b ¹)
■ Common Equity Tier 1 CAR	: 13.0%	
■ Fully-loaded Common Equity Tier 1 CAR ²	: 12.1%	
■ Leverage ratio ³	: 7.4%	
■ ROA	: 0.95%	
■ ROE ⁴	: 10.2%	
■ NIM	: 1.71%	
■ Non-interest/Total income	: 38.1%	
■ NPL ratio	: 1.5%	
■ Loans/Deposits ratio	: 86.8%	
■ Average all-currency liquidity coverage ratio	: 162% ⁵	
■ Cost / Income	: 45.9%	
■ Credit Ratings	:	

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

A Leading Singapore Bank; Established Franchise in Core Market Segments



Group Retail

- Best Retail Bank in Singapore¹
- Strong player in credit cards and private residential home loan business

Group Wholesale Banking

- Best SME Banking¹
- Seamless access to regional network for our corporate clients

Global Markets

- Strong player in Singapore dollar treasury instruments

UOB Group's recognition in the industry

The Banker
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926



Bank of the Year, Singapore



Best Bank in Singapore

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY



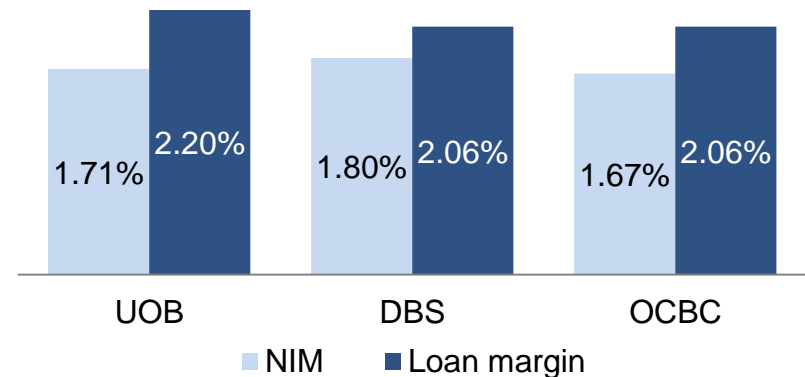
Best Retail Bank in Singapore

Best SME Banking

Source: Company reports.

1. The Asian Banker "Excellence in Retail Financial Services Awards": 2011 & 2016 (Retail and SME Banking), 2012 & 2014 (Retail Banking).

Higher FY16 loan margin than local peers

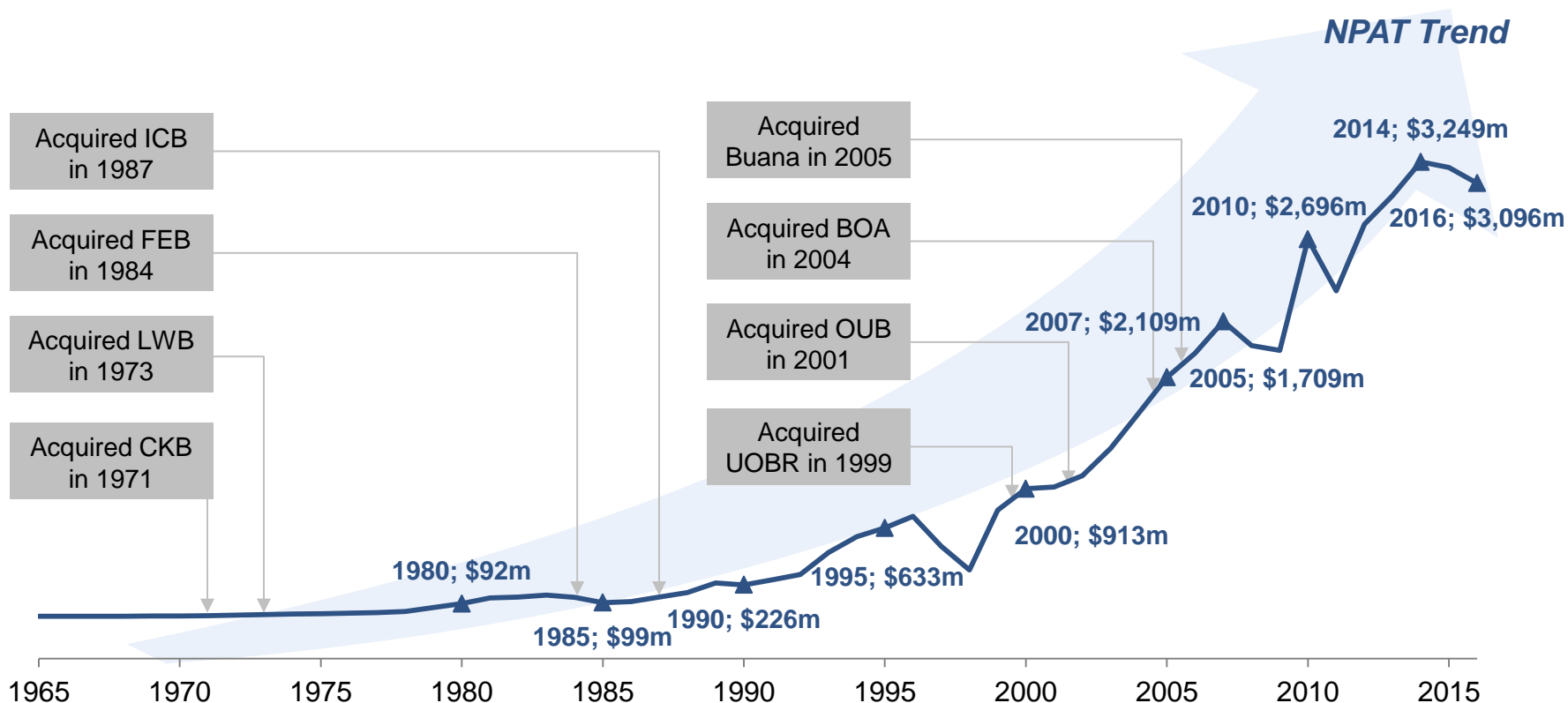


Loan margin is the difference between the rate of return from customer loans and costs of deposits.

Source: Company reports.

Proven Track Record of Execution

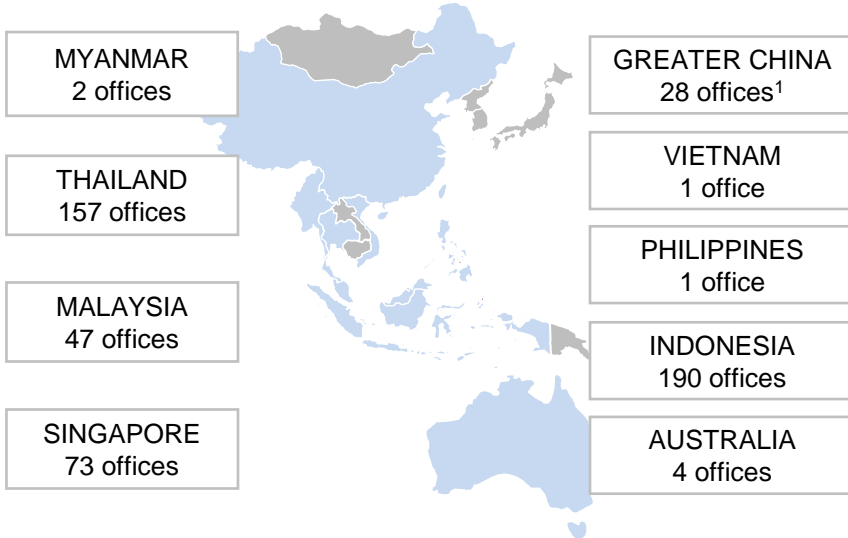
- UOB Group’s management has a proven track record in steering the Group through various global events and crises.
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group’s overall resilience and sustained performance



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

Expanding Regional Banking Franchise

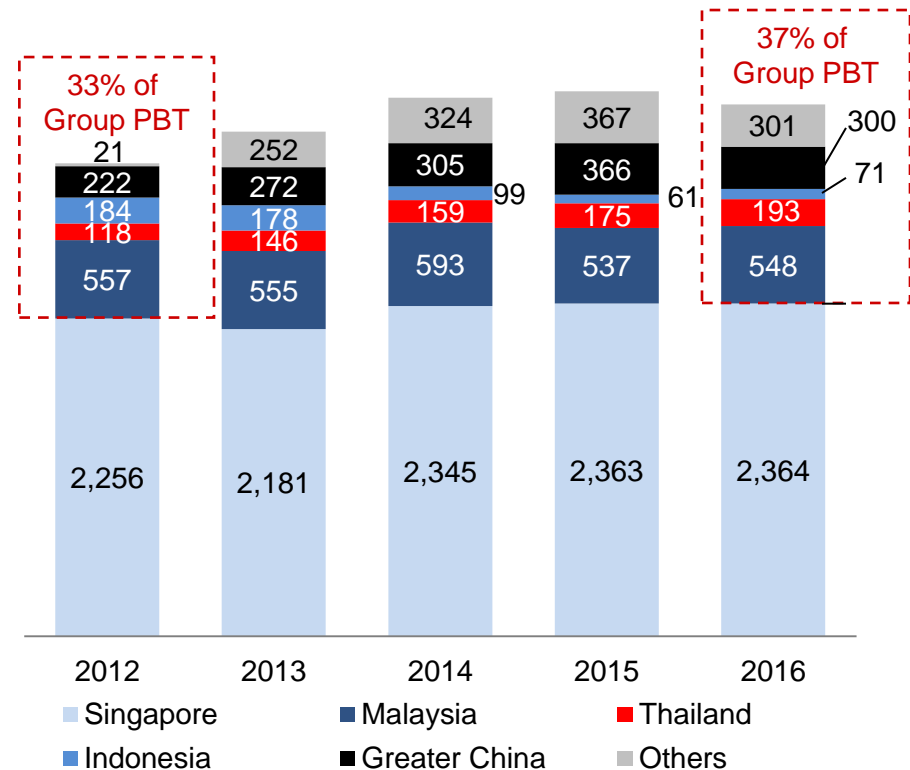
Extensive Regional Footprint with c.500 Offices



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

Profit Before Tax and Intangibles by Region

(SGD m)



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

1. UOB owns c13% in Evergrowing Bank in China.

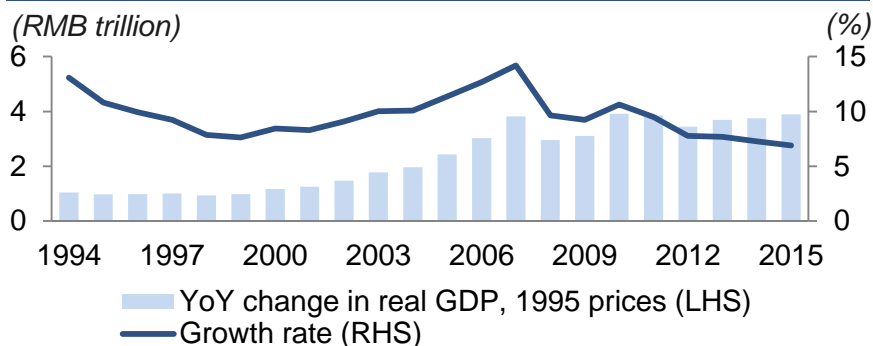


Macroeconomic Outlook

China's Growth Slower but Low Risk of Hard Landing

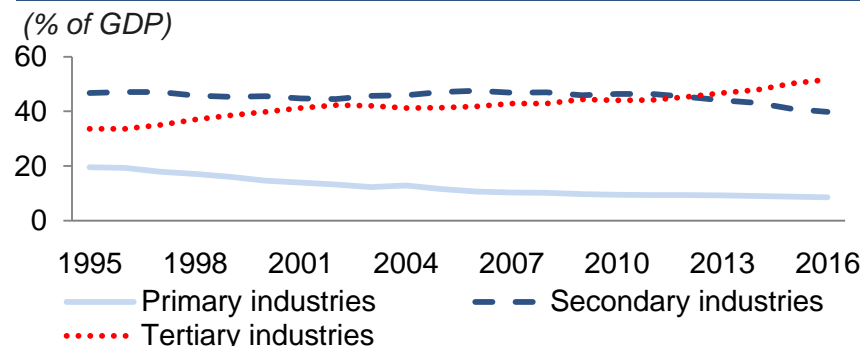
- While China's GDP growth rate is slowing, the annual increase in absolute GDP has been stable.
- The Chinese economy has its underlying momentum, supported by rebalancing reforms and steady job market.
- Low central government debt underpins China's fiscal capacity, which could help mitigate "black swan" events
- Base case scenario for China: slow and unexciting growth, RMB sideways, global economy muddling along dragged down by Europe and Japan in deflationary and low yield environment.

China "New Normal": Quality Versus Quantity



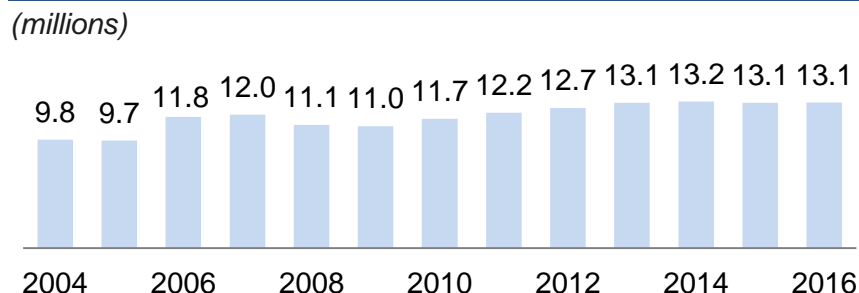
Source: IMF, UOB Global Economics & Markets Research

Structural Shift of China's Economy



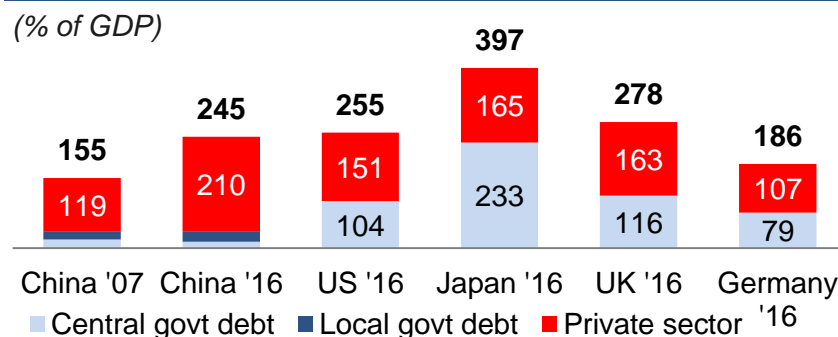
Source: CEIC, UOB Global Economics & Markets Research

Annual Employment Changes



Source: CEIC, UOB Global Economics & Markets Research

Source of China Debt Risk

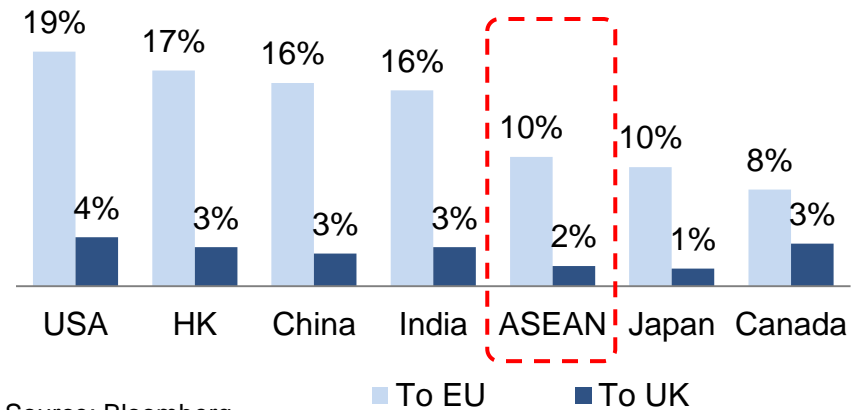


Source: China NAO, CEIC, IMF, OECD, UOB Global Economics & Markets Research

Brexit Impact on Asian Markets via Trade and Investment Channels

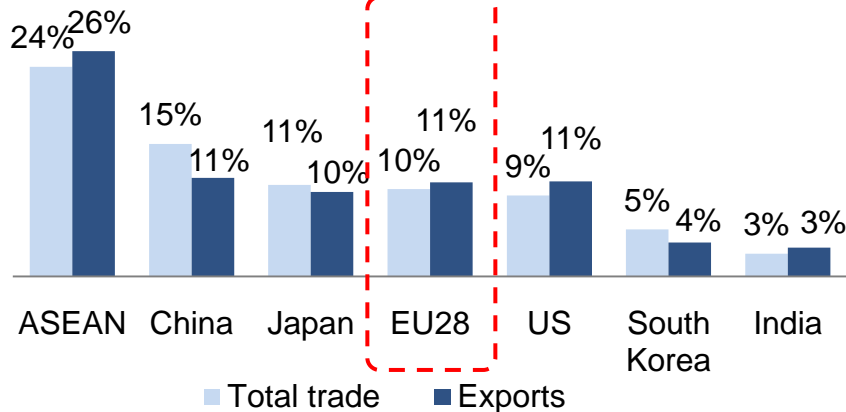
- It is a challenge to quantify Brexit effects with certainty at this stage.
- The immediate impact on Asian economies is likely to be limited and shallow, considering the low export reliance.
- If adverse impact of Brexit spreads to the broader European Union, however, this could have a more significant impact on Asia given the trade and investment links. As a bloc, EU represented 10.3% of ASEAN's total exports and 16% of FDIs in 2015.

EU & UK Export Mix of Selected Partners (2015)



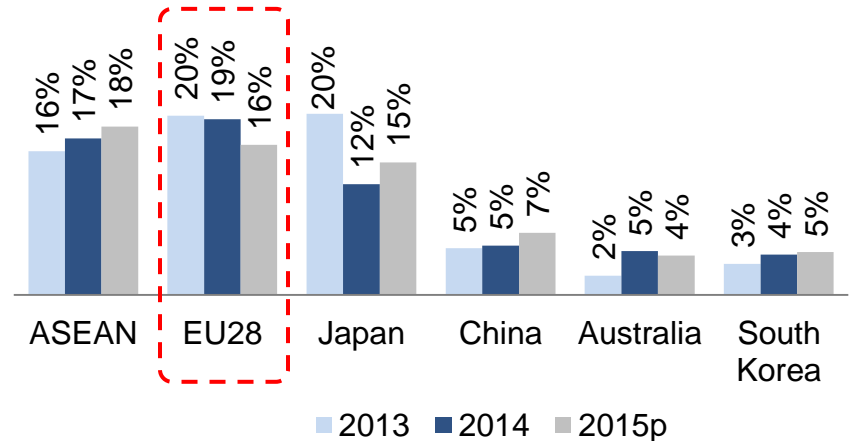
Source: Bloomberg

ASEAN's Trade/Export Mix by Key Partners (2015)



Source: ASEAN Secretariat

ASEAN's Net FDI Flows by Key Partners (2015)



Source: ASEAN Secretariat

Implication on Regional Policy Rates

	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17f	2Q17f	3Q17f	4Q17f
US Fed Funds	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.25	1.50
SG 3M SOR	1.24	1.70	0.81	0.81	0.67	1.01	0.80	1.00	1.15	1.35
MY Overnight Policy Rate	3.25	3.25	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00
TH 1-Day Repo	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
ID 7-Day Reverse Repo	6.25	6.25	5.50	5.25	5.00	4.75	4.75	4.75	4.75	5.00
CH 1-Year Deposit Rate	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

- Regional monetary policies have increasingly less room to cut interest rates, as the US Fed Reserve is poised to further normalise interest rates after its Dec 2016 rate hike.
- The US Fed is expected to raise interest rates 3 times in 2017. The three contributing factors are:
 - Expansionary US fiscal policies
 - Rising US wages
 - Potentially higher commodity prices
- Stabilisation of, or appreciation in, regional currencies have reduced concerns of capital outflows from the region.

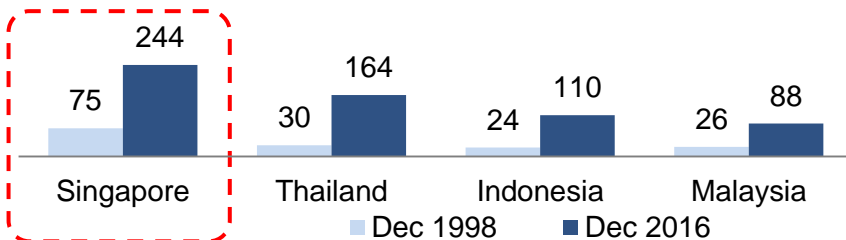
Southeast Asia: Resilient Key Markets

Long-term fundamentals and prospects of key Southeast Asia have greatly improved since the 1997 Asian Financial Crisis. Compared with 1997, they have:

- Significantly higher levels of foreign reserves
- Healthier current account and balance of payment positions
- Lower levels of corporate leverage
- Lower levels of foreign currency debts

Asian Foreign Reserves

(USD billion)

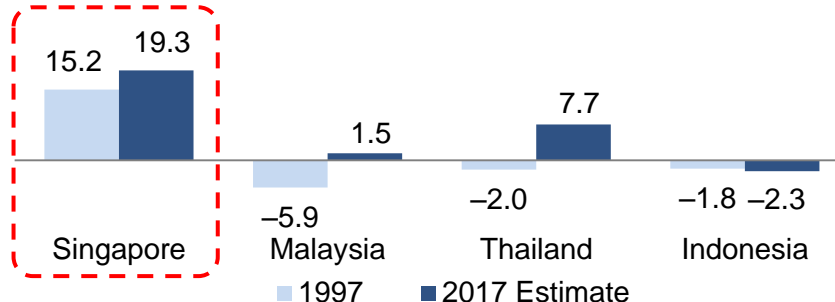


2016 foreign reserves include foreign currency reserves (in convertible foreign currencies)

Source: IMF

Current Account as % of GDP

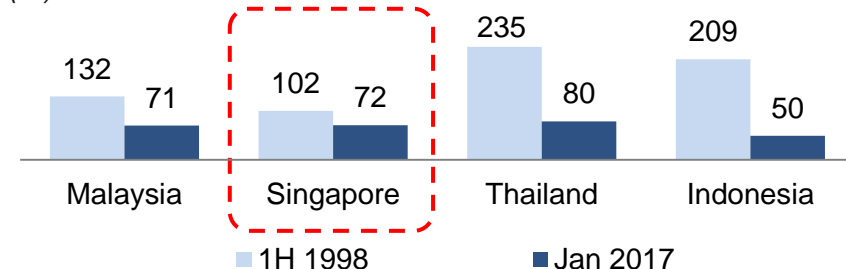
(%)



Source: IMF

Asian Corporates: Total Debt to Equity Ratio

(%)

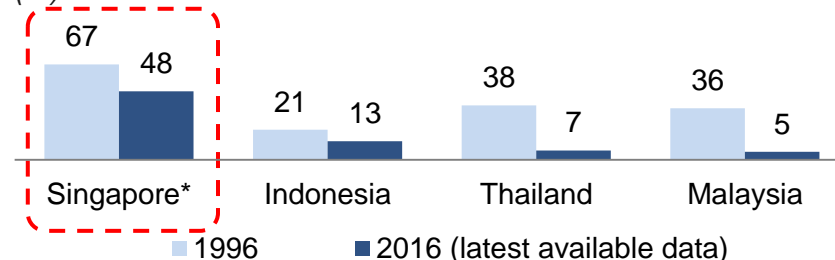


Total debt to equity ratio = total ST and LT borrowings divided by total equity, multiplied by 100

Sources: MSCI data from Bloomberg

Foreign Currency Loans as % of Total Loans

(%)



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

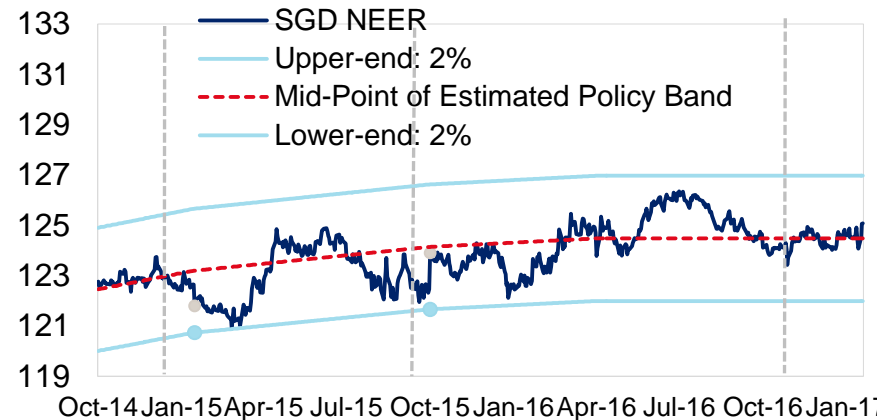
Sources: Central banks

Manufacturing Sector to Lead Singapore GDP in 2017, Services Remain Weak

- Singapore's GDP grew 1.8% yoy in 4Q16, as the manufacturing sector registered a strong 6.5% yoy growth, buoyed by the electronics & biomedical clusters. However, the services sector growth of 0.6% yoy was one of the slowest since the 2008 global financial crisis.
- We forecast 2017 GDP to grow 1.8%, similar to 2016, with persisting weak growth from the services and uncertainties in the global trade environment.
- Core inflation will edge higher to an average 1.3% in 2017 (2016: 1.0%), as the base effects of lower commodity prices and government subsidies wear off.

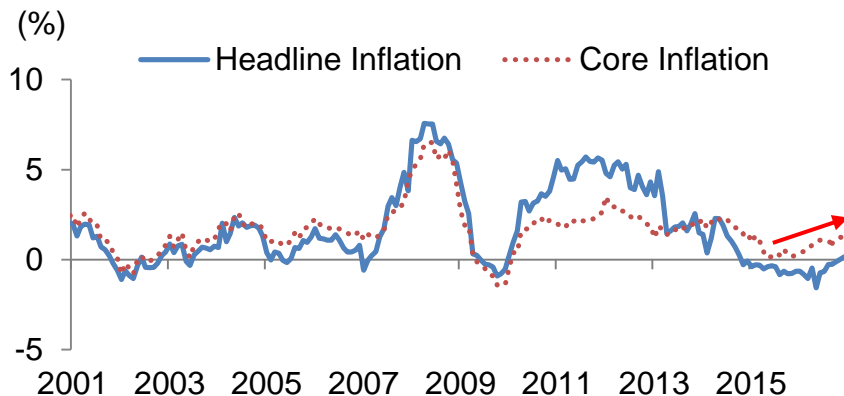
Source: UOB Global Economics & Markets Research

Neutral Stance Adopted since April 2016



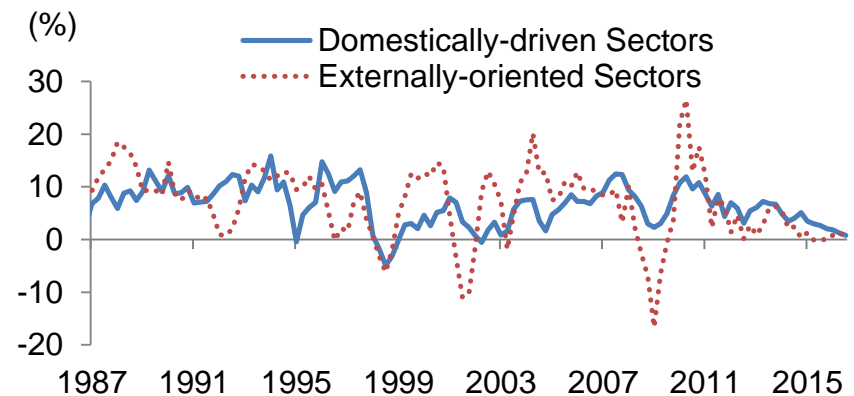
Source: CEIC, UOB Global Economics & Markets Research

2017 Core Inflation to Average 1.3%



Source: Singapore Department of Statistics

External Sectors To Pick Up in 2017



Source: Singapore Department of Statistics

ASEAN Banking Sector: Strong Fundamentals Remain Intact

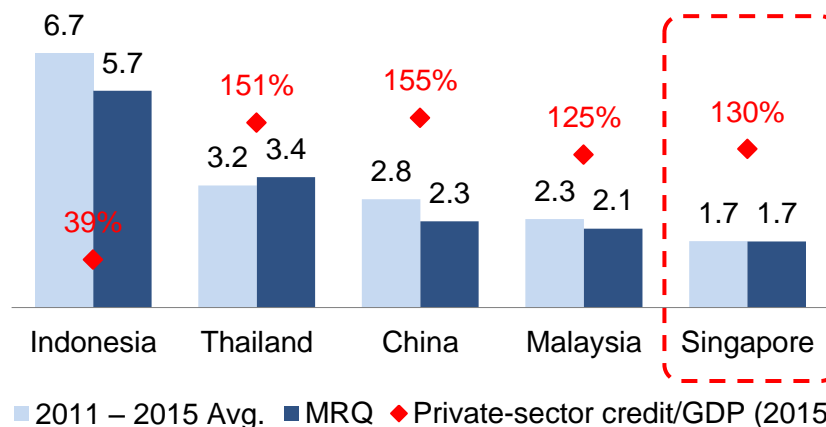
Key Banking Trends

- ASEAN banks have healthy capital and funding levels
 - Singapore banks have among the highest capital ratios in the region
 - As solvency is not generally an issue in ASEAN, focus would be on putting the excess capital to productive uses
- Policy changes in regulation, liquidity, rates and sector consolidation are shaping the ASEAN banking business models going forward

Source: Research estimates, Monetary Authority of Singapore

Higher NIM in Lightly Penetrated Markets

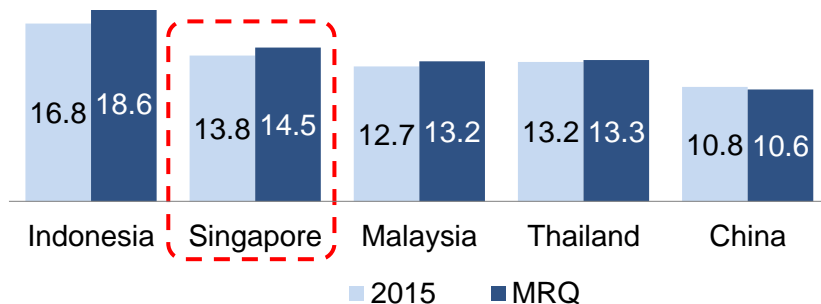
(Net interest margin and private-sector credit / GDP, in %)



Source: SNL, Research estimates, World Bank

Robust Capital Positions

(Tier 1 CAR, in %)

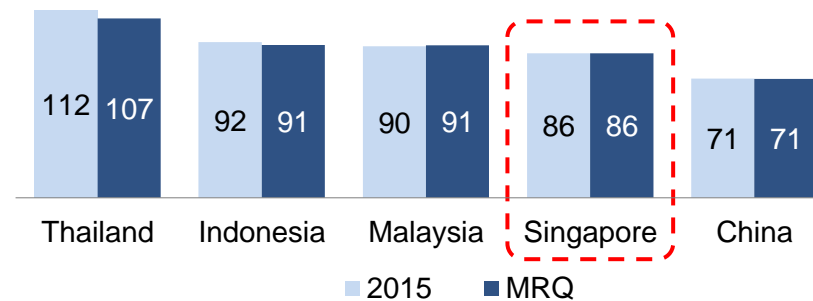


Source: SNL, Research estimates

Note: MRQ refers to the most recent quarter financials available for each bank

Stable Funding; Adequate Loan/Deposit Ratios

(Loan-to-deposit ratio, in %)

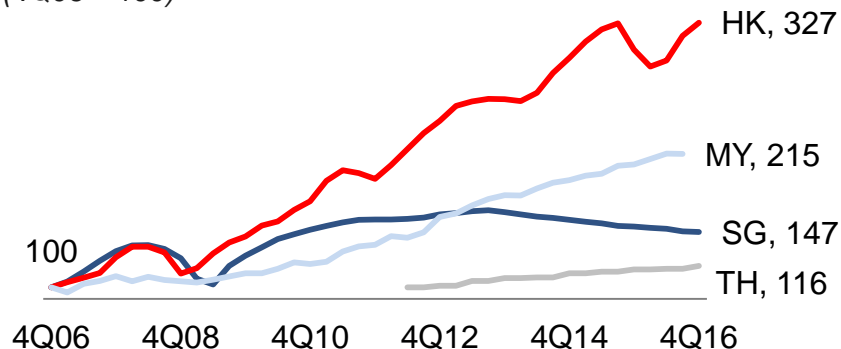


Source: SNL, Research estimates

Conducive Macro Conditions Underpin Singapore Property Market

Regional House Price Indices

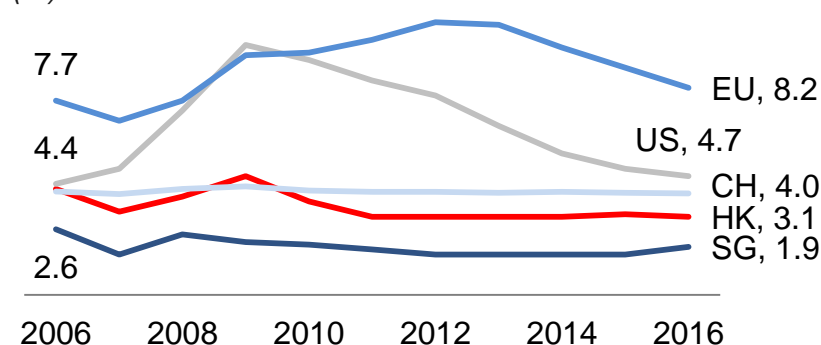
(4Q06 = 100)



Note: For Thailand (2Q09=100) as no available data prior to that
Sources: CEIC, UOB Economic-Treasury Research

Low Unemployment vs Global Peers

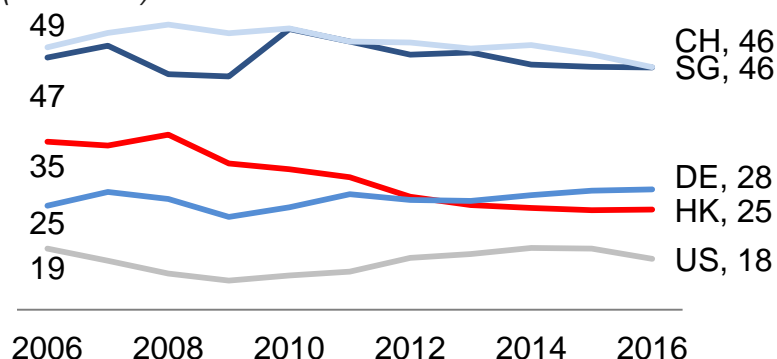
(%)



Sources: CEIC, UOB Economic-Treasury Research

High Domestic Savings Rate (excl CPF)

(% of GDP)



Sources: IMF, UOB Economic-Treasury Research

SG Household Income in Line with Property Prices

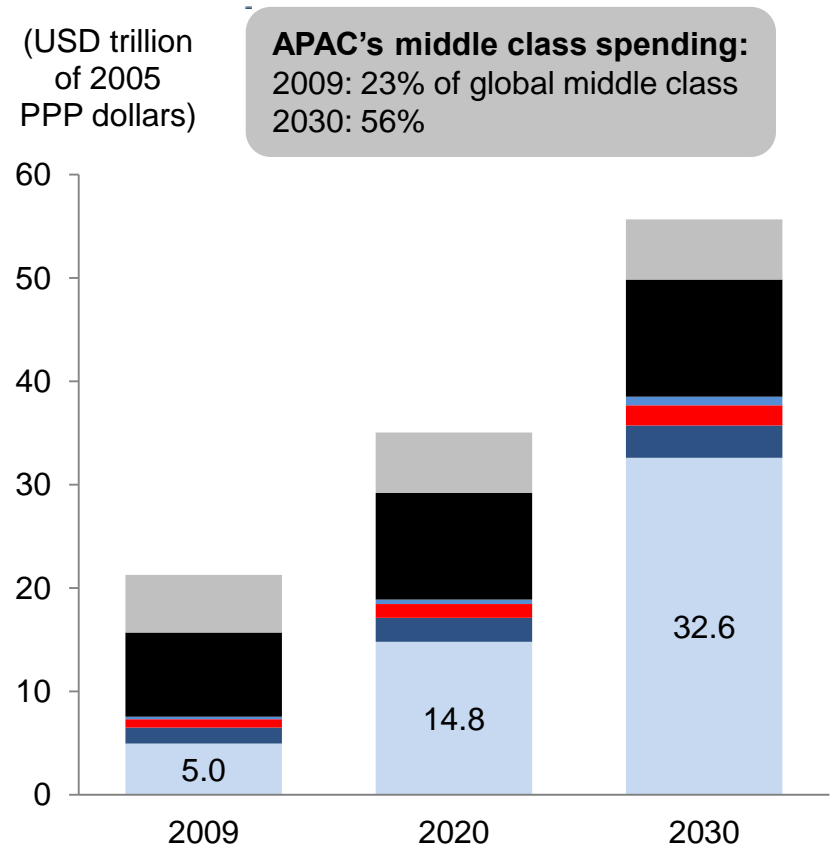
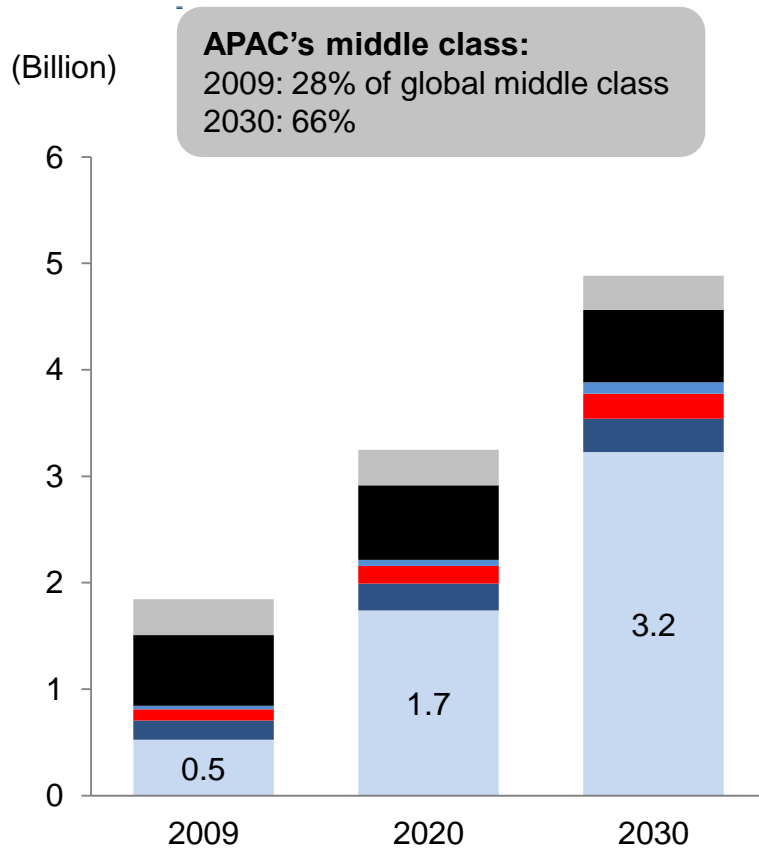
	1996	2016	+/(−)
Price ¹ (SGD / sq ft)	929	1,051	+13%
Unit size (sq ft)	1,450	1,200	−17%
Unit costs (SGD m)	1.35	1.26	−6%
Interest rate (%)	4.60	1.89	
Household income ² (SGD / mth)	9,050	16,468	+82%
Debt servicing ratio ³ (%)	61	22 ⁴	

1. Reflects median price of non-landed private residential
 2. Reflects median of resident households living in private properties
 3. Based on a 30-year housing loan, with a loan-to-value of 80%
 4. A housing loan with 5% interest rate would increase to DSR to 33%
- Sources: URA, CEIC, Singapore Statistics, UOB Economic-Treasury Research

Asia's Healthy Prospects, with Rising Population & Consumer Affluence

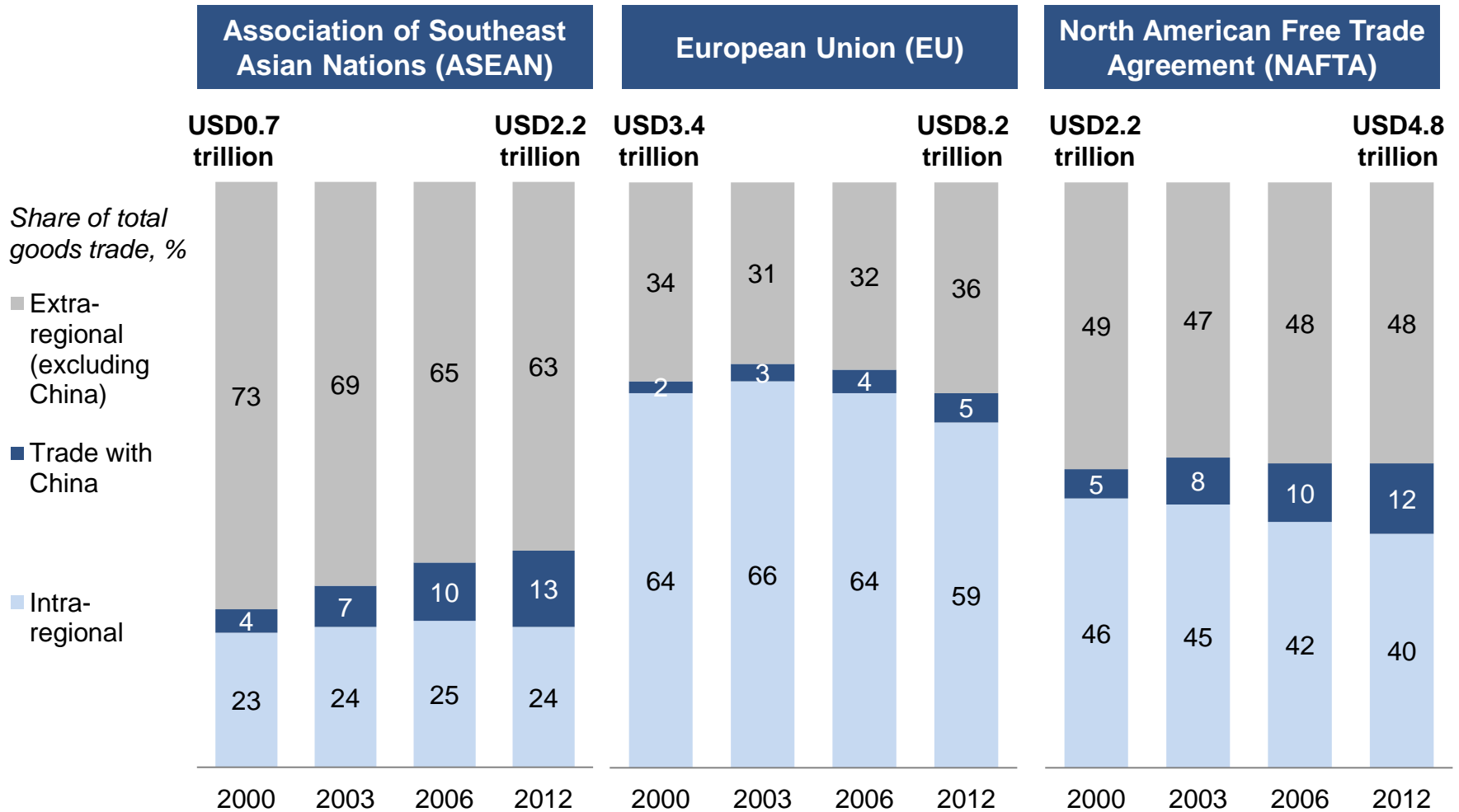
Growing Global Middle Class

Spending by Global Middle Class










■ Asia Pacific
 ■ LatAm
 ■ Middle East & North Africa
 ■ Sub Saharan Africa
 ■ Europe
 ■ North America

Room for More Optimism on Intra-Regional Trade in the ASEAN Region



Basel III across the Region

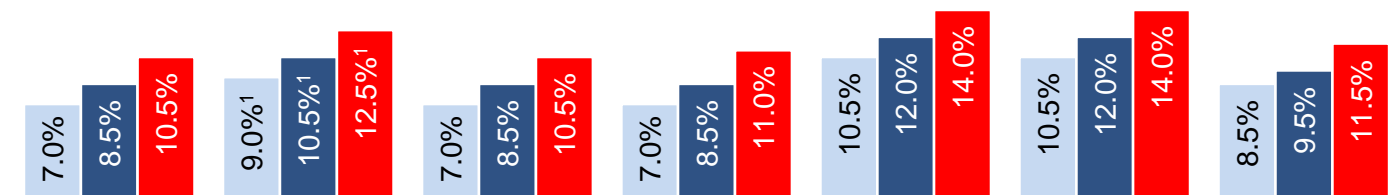
	BCBS 	Singapore 	Malaysia 	Thailand 	Indonesia 	Hong Kong 	China 
Minimum CET1 CAR	4.5%	6.5% ¹	4.5%	4.5%	4.5%	4.5%	5.0%
Minimum Tier 1 CAR	6.0%	8.0% ¹	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total CAR	8.0%	10.0% ¹	8.0%	8.5%	8.0%	8.0%	8.0%
Full Compliance	Jan-15	Jan-15	Jan-15	Jan-13	Jan-14	Jan-15	Jan-13
Capital Conservation Buffer	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Full Compliance	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19
Countercyclical Capital Buffer ²	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5% ³	Up to 2.5%
Full Compliance	Jan-19	Jan-19	Jan-19	Pending	Jan-16 ⁴	Jan-19	Jan-19
D-SIB	–	2.0%	Pending	Pending	1.0% – 3.5% ⁵	1.0% – 3.5%	1.0% ⁶
G-SIB	1.0% – 3.5%	n/a	n/a	n/a	n/a	n/a	1.0% ⁶
Minimum Leverage Ratio	3.0%	Pending	3.0%	3.0%	3.0%	3.0%	4.0%
Full Compliance	2018	Pending	2018	2018	2018	2018	2013

% of risk weighted assets ⁷

■ Minimum CET1

■ Minimum Tier 1 CAR

■ Minimum Total CAR







Source: Regulatory notifications and rating reports.

1. Includes 2% for D-SIB buffer for the three Singapore banks.
2. Each local regulator determines its own level of countercyclical capital buffer to accumulate capital in periods of economic expansion.
3. HKMA has set a CCyB of 2.5% to be phased in over a period of 3 years. In 2016, the CCyB requirement is 0.625% of RWA.
4. Indonesia's new buffer requirement was set at 0% as of 1 January 2016.
5. According to the regulations, Indonesia D-SIBs will initially be subject to a D-SIB buffer of up to 2.5%.
6. In China, G-SIBs are only subject to the higher of G-SIB and D-SIB buffer
7. Minimum ratios on fully-loaded basis, including capital conservation buffer and D-SIB surcharge, but excluding countercyclical capital buffer and G-SIB

Resolution Regime Overview

Resolution Regime in Asia

Country	Public discussion	Existing resolution powers	Factors influencing views on bail-in ¹	How past resolution was handled
Singapore 	Yes, ended	Statutory bail-in proposed to apply to only subordinated debt	Role as a global financial hub; <i>strength of system; good coordination between regulator and local banks</i>	Crisis prevention tools; no record of bank failures in the past
Indonesia 	No	Transfer powers; statutory bail-in proposed	<i>History of public sector bailouts</i>	Liquidation; public funds
Hong Kong 	Yes, ended	Transfer powers; statutory bail-in proposed	Role as an international financial centre and presence of G-SIBs	Liquidation; public funds; M&A
China 	No	Transfer powers; no statutory bail-in	<i>Risk of contagion in debt market; role of government in banking sector</i>	Capital injections; NPL disposals; forbearance

Resolution Regime Guidelines as per Financial Stability Board²

As per Financial Stability Board (FSB), any systemically significant financial institution that fails should be subject to a resolution regime as set out in *The Key Attributes of Effective Resolution Regimes for Financial Institutions*. In Nov 2015, the FSB released two finalised guidance papers on the Principles for Cross-border Effectiveness of Resolution Actions, and Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions.

- Jurisdictions should have in place a transparent and efficient process for resolution measures by a foreign resolution authority to have cross-border effect, provided that domestic creditors are treated equitably.
- Authorities must have the confidence that resolution powers are legally enforceable, especially where instruments are governed by a foreign law.
- Jurisdictions should continue to develop statutory frameworks but in the interim use contractual approaches to aid the enforceability of resolution actions. Even after implementation of statutory frameworks, contractual approach can continue to complement such regimes.

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

2. Source: Financial Stability Board's *The Key Attributes of Effective Resolution Regimes for Financial Institutions*

Note: Malaysia and Thailand have yet to implement a framework for resolution regime.



Strong UOB Fundamentals

Strong UOB Fundamentals



Strong Management with Proven Track Record

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

Consistent and Focused Financial Management

- Total income stable year-on-year, despite slower economic growth
- Continue to invest in building long-term capabilities in a disciplined manner
- Stable total credit costs at 32bp

Disciplined Management of Balance Sheet

- Strong capital base; fully-loaded Common Equity Tier 1 capital adequacy ratio of 12.1% as at 31 December 2016
- Liquid and well diversified funding mix with loan/deposits ratio at 86.8%
- Stable asset quality, with a diversified loan portfolio, and high reserves buffer

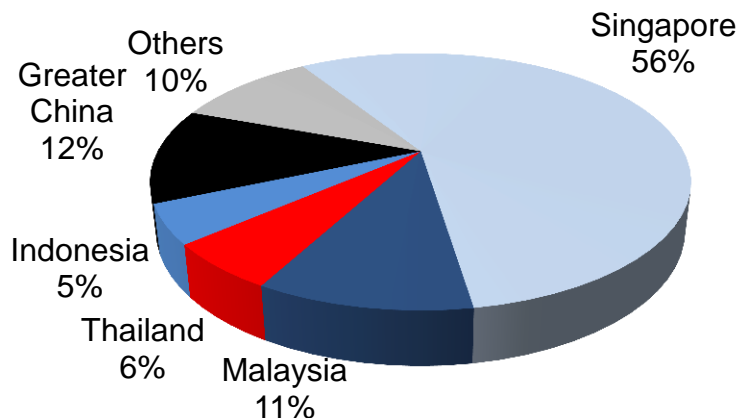
Delivering on Regional Strategy

- Holistic regional bank with effective full control of subsidiaries in key markets
- Focus on profitable niche segments and intra-regional needs of customers
- Entrenched local presence: ground resources and integrated regional network to better address the needs of our targeted segments

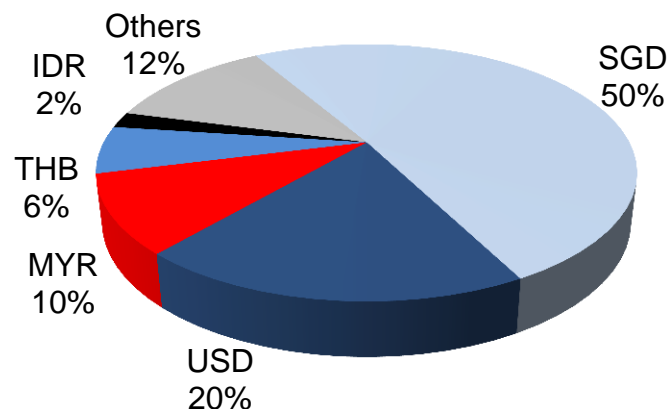
***UOB is focused on the basics of banking;
Stable management team with proven execution capabilities***

Diversified Loan Portfolio

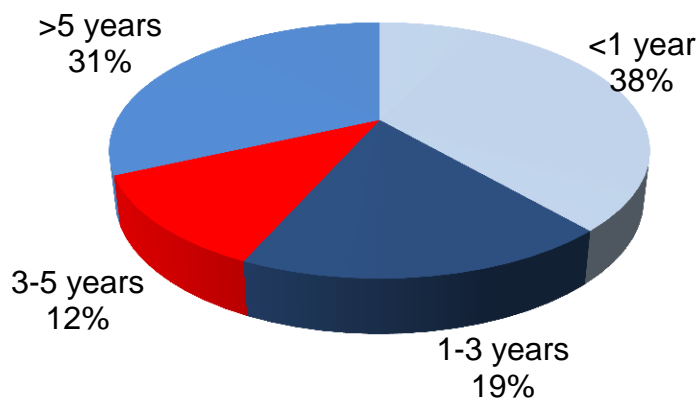
Gross Customer Loans by Geography ¹



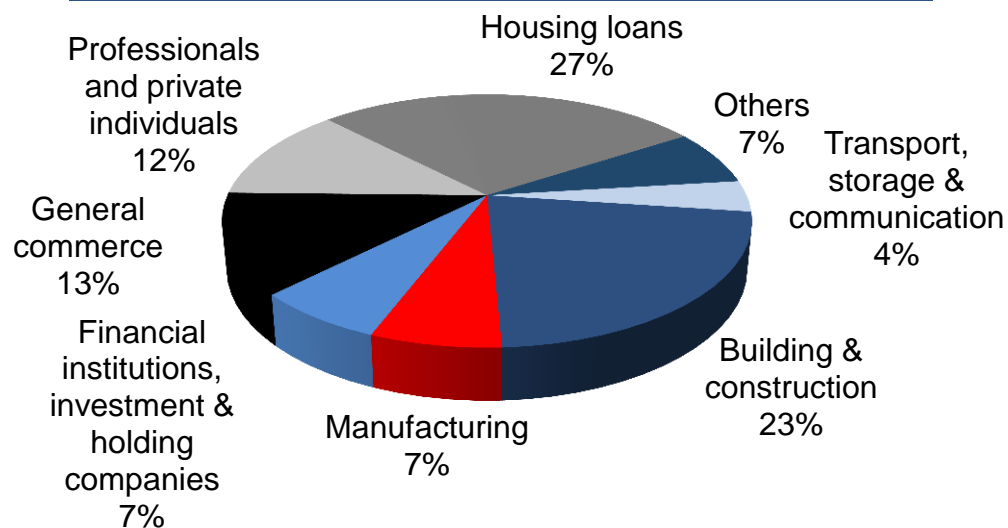
Gross Customer Loans by Currency



Gross Customer Loans by Maturity



Gross Customer Loans by Industry



Note: Financial statistics as at 31 December 2016.

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

Competitive Against Peers

				Standalone Strength	Efficient Cost Management	Competitive ROAA ¹	Well-Maintained Liquidity
Moody's	S&P	Fitch		Moody's baseline credit assessment	Costs/income ratio	Return on average assets	Loan/deposit ratio
Aa1	AA-	AA-	UOB	a1	45.9%	0.95%	86.8%
Aa1	AA-	AA-	OCBC	a1	44.6%	1.03%	82.9%
Aa1	AA-	AA-	DBS	a1	43.3%	0.92%	86.8%
A1	A	AA-	HSBC	a3	70.2%	0.39%	67.9%
A1	BBB+	A+	SCB	a3	66.5%	0.16%	71.5%
Baa1	A-	n.r.	CIMB	baa2	54.6%	0.76%	89.8%
A3	A-	A-	MBB	a3	48.9%	0.84%	90.9%
Baa1	BBB+	BBB+	BBL	baa2	47.7%	1.09%	89.1%
Baa3	n.r.	BBB-	BCA	baa3	61.3%	3.99%	77.3%
Baa1	BBB+	A	BOA	baa2	66.0%	0.82%	71.9%
Baa1	BBB+	A	Citi	baa2	59.0%	0.82%	65.9%
Aa2	AA-	AA-	CBA	a1	43.3%	1.00%	117.6%
Aa2	AA-	AA-	NAB	a1	41.4%	0.76%	110.9%

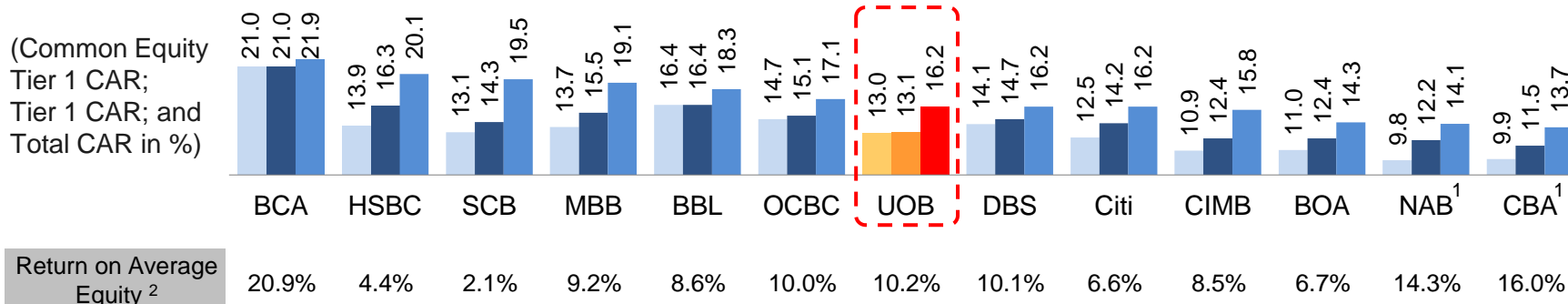
Source: Company reports, Credit rating agencies (updated as of February 2017).

The financials of banks were as of 31 Dec 2016, except for those of HSBC, CIMB, MBB, BCA and NAB (which were as of 30 Sep 2016) and those of SCB (which were as of 30 Jun 2016)

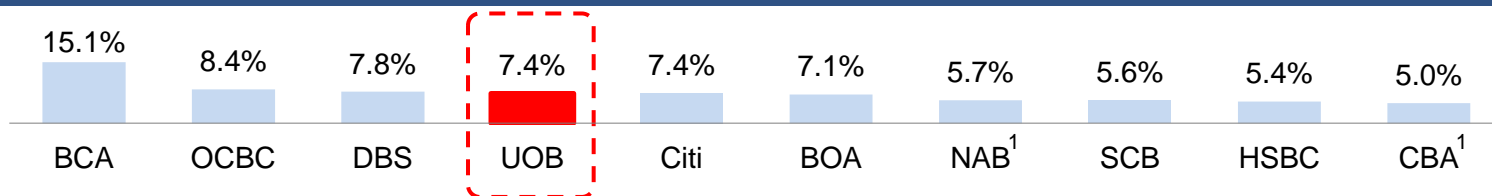
1. Computed on an annualised YTD basis.

Strong Capital and Leverage Ratios

Reported Common Equity Tier 1 CAR, Tier 1 CAR, Total CAR



Reported Leverage Ratio⁴



UOB is among the most well-capitalised banks, with capital ratios comfortably above regulatory requirements and high compared with some of the most renowned banks globally

Source: Company reports, Dealogic.

The financials of banks were as of 31 Dec 2016, except for those of HSBC, CIMB, MBB, BCA and NAB (which were as of 30 Sep 2016) and those of SCB (which were as of 30 Jun 2016)

1. NAB's and CBA's capital adequacy ratios are computed based on APRA's standards.
2. Computed on an annualised basis.
3. Bangkok Bank PCL (BBL), Malayan Banking Berhad (MBB) and CIMB do not disclose their leverage ratio.

Strong Investment Grade Credit Ratings



Ratings



Aa1/Stable/P-1

- 'Very strong buffers in terms of capital, loan loss provisions and pre-provision income'
- 'Funding and liquidity profiles are robust.'
- 'Diversified Singaporean and Malaysian consumer banking and services to small-and medium-sized enterprises (SMEs)'



AA- /Stable/A-1+

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



AA- /Stable/F1+

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

Debt Issuance History

Issue Date	Type	Structure	Call	Coupon	Amount	Issue Rating (M / S&P / F)
Tier 1						
May-16	B3 AT1	Perpetual	2021	4.00%	SGD750m	Baa1 / - / BBB
Nov-13	B3 AT1	Perpetual	2019	4.75%	SGD500m	Baa1 / BB+ / BBB
Jul-13	B3 AT1	Perpetual	2018	4.90%	SGD850m	Baa1 / BB+ / BBB
Tier 2						
Sep-16	B3 T2	10½NC5½	2022	2.88%	USD600m	A3 / - / A+
Mar-16	B3 T2	10½NC5½	2021	3.50%	USD700m	A3 / - / A+
May-14	B3 T2	12NC6	2020	3.50%	SGD500m	A3 / BBB / A+
Mar-14	B3 T2	10½NC5½	2019	3.75%	USD800m	A3 / BBB / A+
Oct-12	B2 LT2	10NC5	2017	2.88%	USD500m	A1 / A+ / A+
Jul-12	B2 LT2	10NC5	2017	3.15%	SGD1.2b	A1 / A+ / A+
Senior Unsecured						
Sep-14	-	5½yr FXN	-	2.50%	USD500m	Aa1 / AA- / AA-
Sep-14	-	4yr FRN	-	BBSW 3m +0.640%	AUD300m	Aa1 / AA- / AA-
Nov-13	-	3yr FRN	-	BBSW 3m +0.650%	AUD300m	Aa1 / AA- / AA-
Jun-13	-	3yr FXN	-	2.50%	CNY500m	Aa1 / AA- / AA-
Mar-12	-	5yr FXN	-	2.25%	USD750m	Aa1 / AA- / AA-
Covered						
Mar-16	Covered	5yr FXN	-	0.25%	EUR500m	Aaa / AAA / -

Debt Maturity Profile

	2016	2017	2018	2019	2020	2021	2022
	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm
May-16	-	-	-	-	-	750	-
Nov-13	-	-	-	500	-	-	-
Jul-13	-	-	850	-	-	-	-
Sep-16	-	-	-	-	-	-	868
Mar-16	-	-	-	-	-	1,012	-
May-14	-	-	-	-	500	-	-
Mar-14	-	-	-	1,157	-	-	-
Oct-12	-	723	-	-	-	-	-
Jul-12	-	1,200	-	-	-	-	-
Sep-14	-	-	-	723	-	-	-
Sep-14	-	-	314	-	-	-	-
Nov-13	314	-	-	-	-	-	-
Jun-13	104	-	-	-	-	-	-
Mar-12	-	1,085	-	-	-	-	-
Mar-16	-	-	-	-	-	762	-
Total	418	3,008	1,164	2,380	500	2,524	868

B2: Basel II, B3: Basel III, AT1: Additional Tier 1, T2: Tier 2, LT2: Lower Tier 2; FXN: Fixed Rate Notes; FRN: Floating Rate Notes; the table comprises public rated issues of UOB; updated as of 24 January 2017.

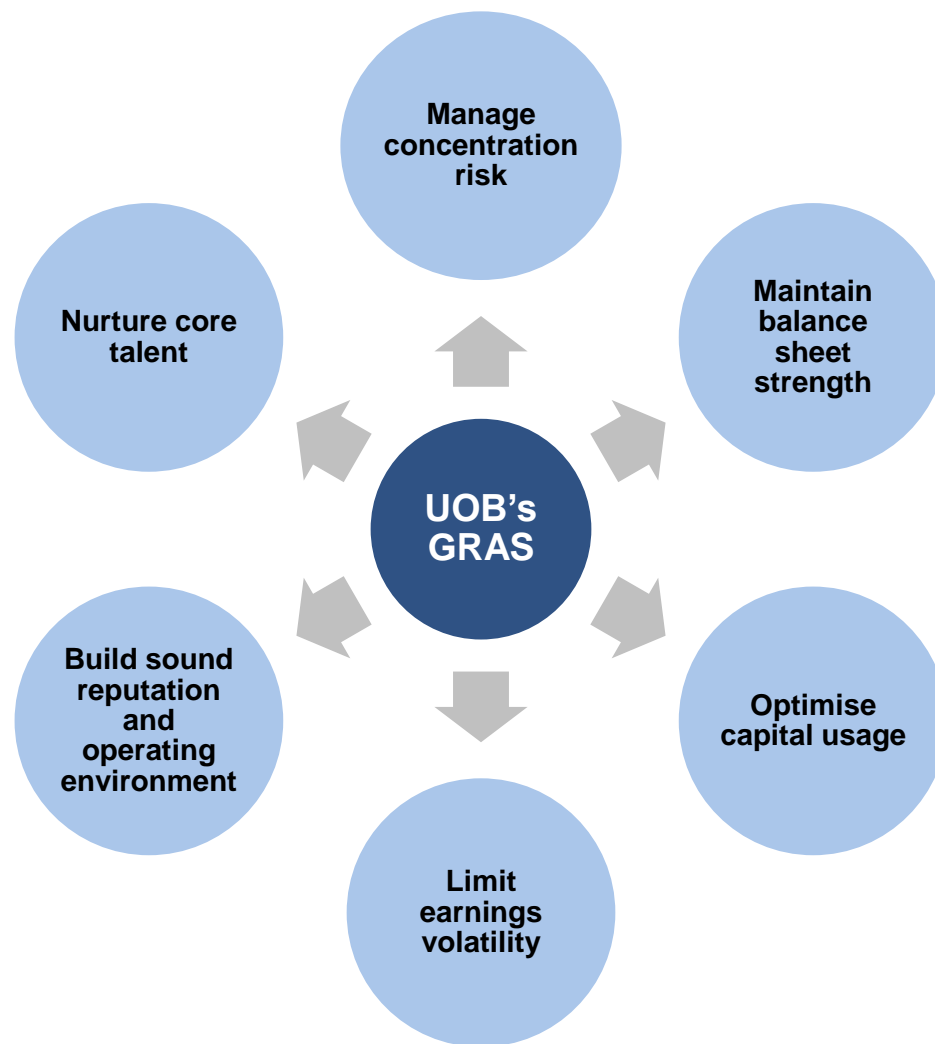
Note: Maturities shown at first call date for Capital Securities
FX rates as at 31 December 2016: USD 1 = SGD 1.45; SGD 1 = MYR 3.10; SGD 1 = HKD 5.36; SGD 1.00 = AUD 0.96; SGD 1 = CNY 4.80; 1 GBP = SGD 1.78; EUR 1 = SGD 1.52.

Robust Risk Management Framework

Robust Risk Management Framework	<ul style="list-style-type: none">▪ Operate under strict regulatory regime; prudential rules in line with global best practices▪ Strong risk culture; focus beyond long-term sustainability, beyond gains in short-term▪ Focused on businesses which we understand and are well-equipped to manage▪ Active board and senior management oversight▪ Comprehensive risk management policies, procedures and limits governing credit risks, funding risks, interest rate risks, market risks and operational risks▪ Regular stress tests▪ Strong internal controls and internal audit process
Common Operating Framework across Region	<ul style="list-style-type: none">▪ Standardised and centralised core banking systems completed at end-2013▪ Common operating framework integrates regional technology, operations and risk infrastructure, ensuring consistent risk management practices across core markets▪ Framework anchored to Singapore head office's high corporate governance standards
Key Risks to Monitor	<ul style="list-style-type: none">▪ Property-related risks:<ul style="list-style-type: none">– Healthy portfolio: low NPL ratio and provisions and comfortable average LTV ratio– Majority of housing loans are for owner-occupied properties– c.50% of property-related corporate loans are short-term development loans with diversified risks; progress, sales and cashflow forecasts of projects closely monitored▪ Modest oil and gas (“O&G”) exposure, with c.60% to less vulnerable downstream and traders; credit weakness with upstream players, but losses partly mitigated by collateral▪ Outside O&G, no widespread credit weakness with small and medium enterprises, with quality supported by portfolio diversity and collateral▪ Exposure to weakening regional currencies: Extend such loans only to borrowers with foreign currency revenues; otherwise, borrowers required to hedge open positions

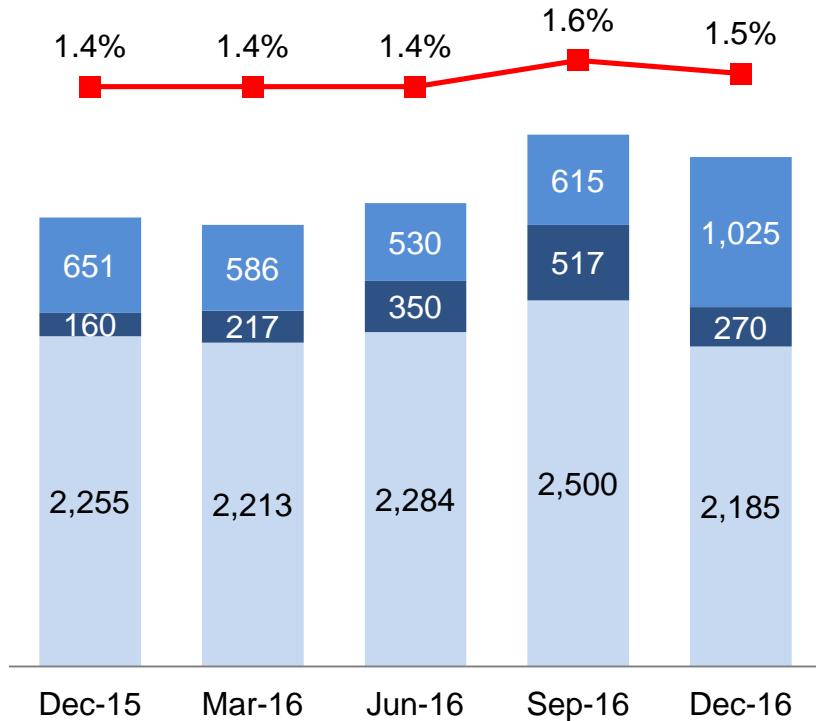
Managing Risks for Stable Growth

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

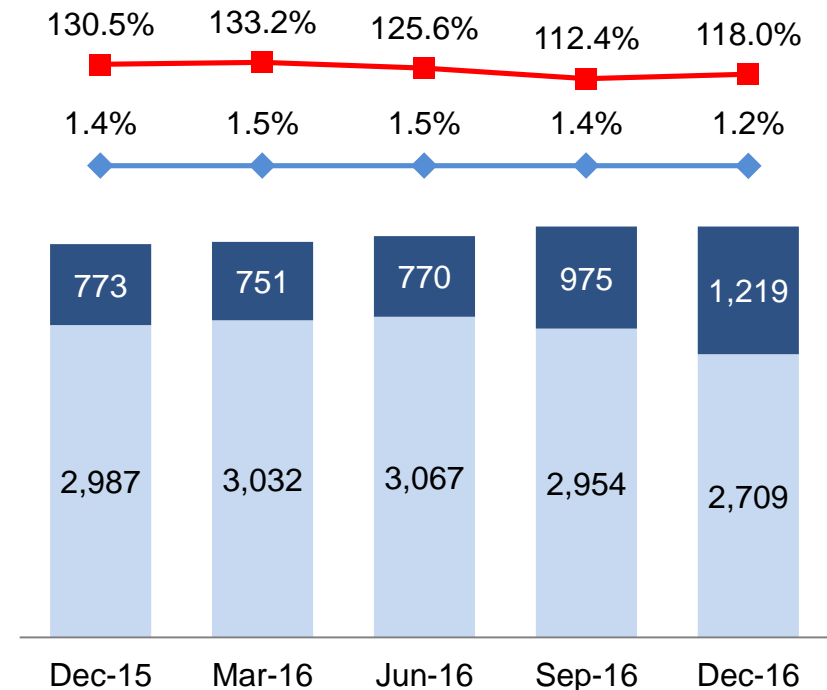


Stable Asset Quality; High Allowances Coverage

Largely Stable NPL Ratio



High Allowances Coverage



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

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

Disciplined Balance Sheet Management

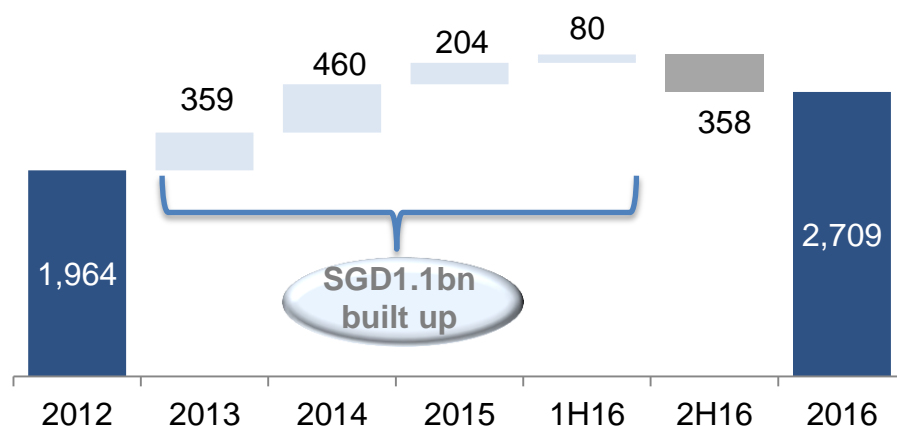
- **Portfolio quality broadly stable**
 - NPL ratio up slightly at 1.5%
 - High general allowances-to-loans ratio of 1.2%
 - 32bps total credit costs maintained

- **Proactive liability management**
 - Liquidity Coverage Ratios¹: S\$ (275%) and all-currency (162%)

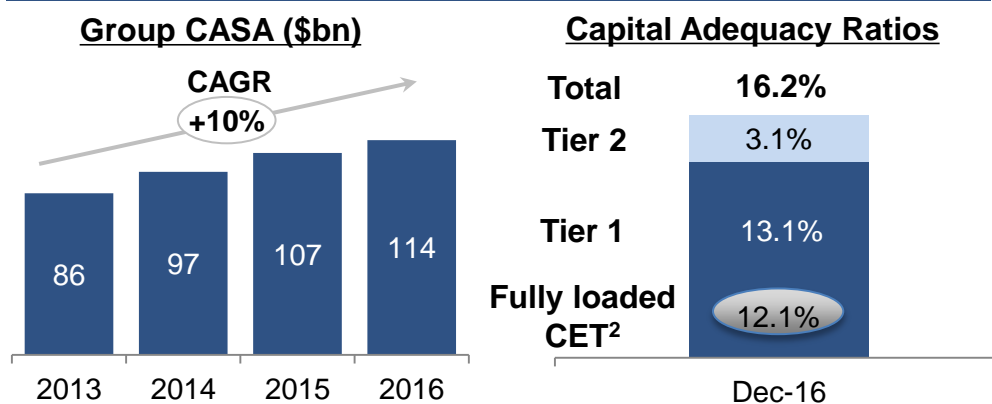
- **Healthy capital position**
 - 12.1% fully-loaded CET1 ratio²

- **Final dividend of 35 cents/share**
 - Scrip dividend scheme applied

Countercyclical Approach to General Allowances (SGDm)



Liability Management and Capital



1. Average ratios for fourth quarter of 2016.
 2. Proforma CET1 ratio (based on final rules effective 1 January 2018).



Our Growth Drivers

Our Growth Drivers

Realise Full Potential of our Integrated Platform

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

Sharpen Regional Focus

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

Reinforce Fee Income Growth

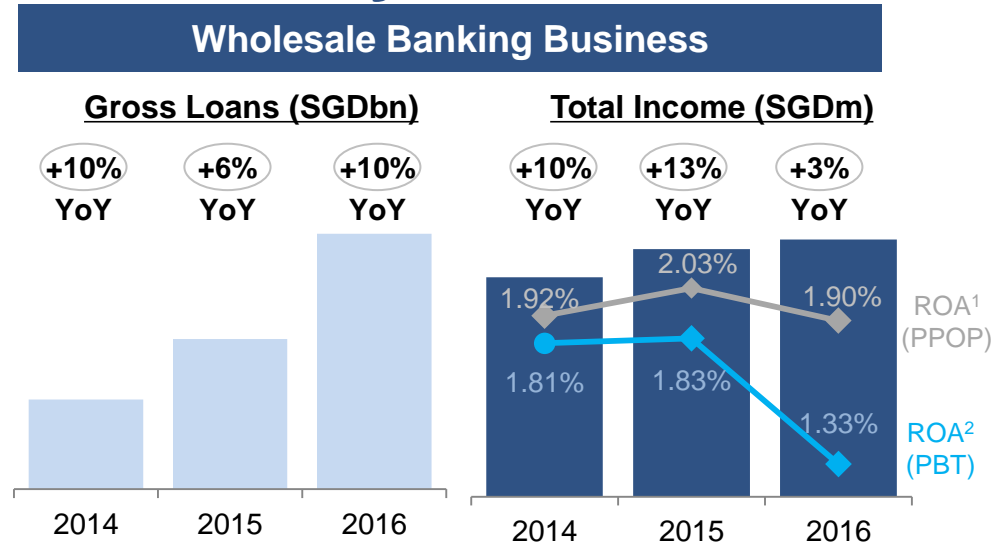
- Grow fee income to offset competitive pressures on loans and improve return on capital
- Increase client wallet share size by intensifying cross-selling efforts, focusing on service quality and expanding range of products and services

Long-term Growth Perspective

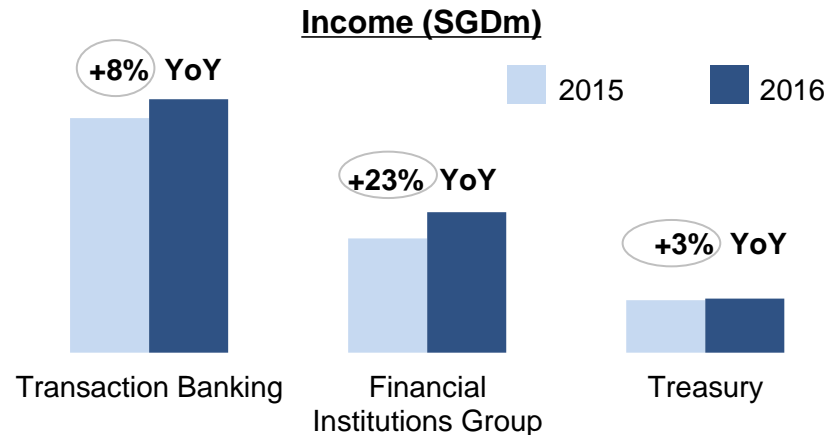
- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength amidst global volatilities

Wholesale Banking: Steady Franchise Growth; Broader Portfolio Quality Sound

- Wholesale Banking's loans and income up in 2016
- Bottom line dampened by higher allowances, largely from offshore & marine sector
 - Broader portfolio quality remains sound
- Selective loans growth, despite cautious business climate
 - Transaction Banking and Financial Institutions continue to grow
- Capturing regional opportunities
 - Cross-border income: 21% of Group Wholesale Banking income



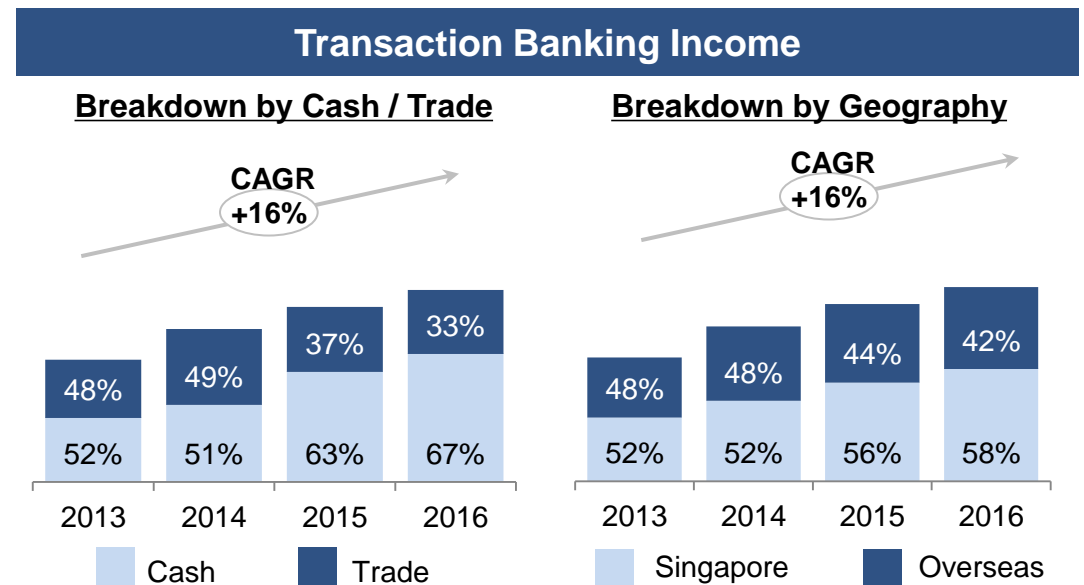
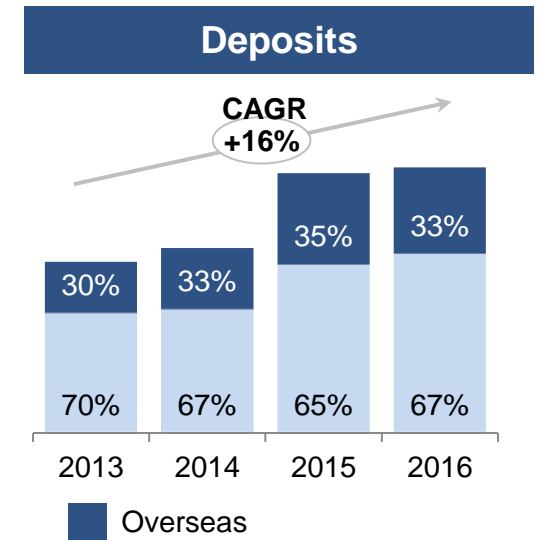
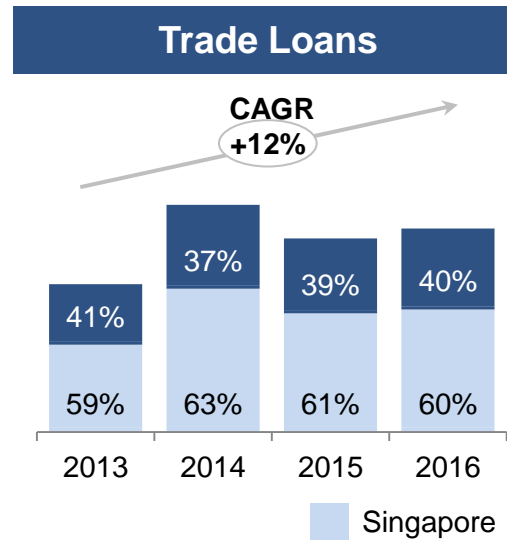
Transaction Banking and Financial Institutions Group Seeing Good Momentum



1. ROA: Ratio of "Pre-provision profit" to "Average Assets"
 2. ROA: Ratio of "Profit before tax" to "Average Assets"

Group Transaction Banking: Stable Income Contributor

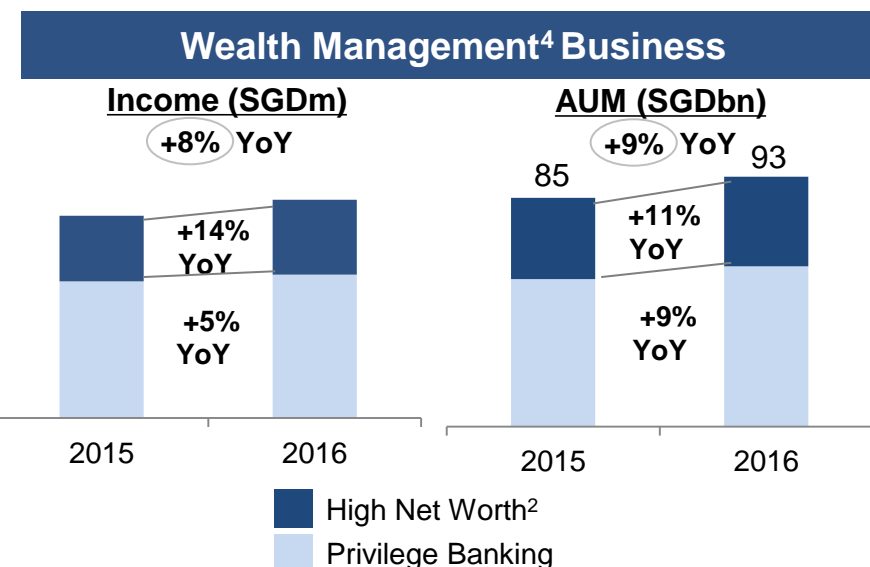
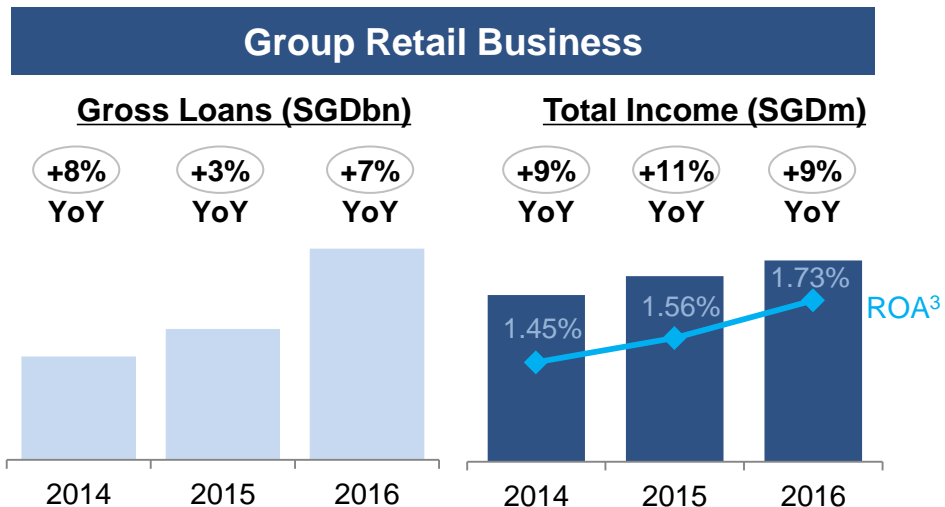
- Cash management increasing in significance
- Healthy growth in trade loans with focus on increasing client wallet share
- Continue to draw high-quality deposits, supporting our liability management
- Strong industry recognition for cash and trade achievements



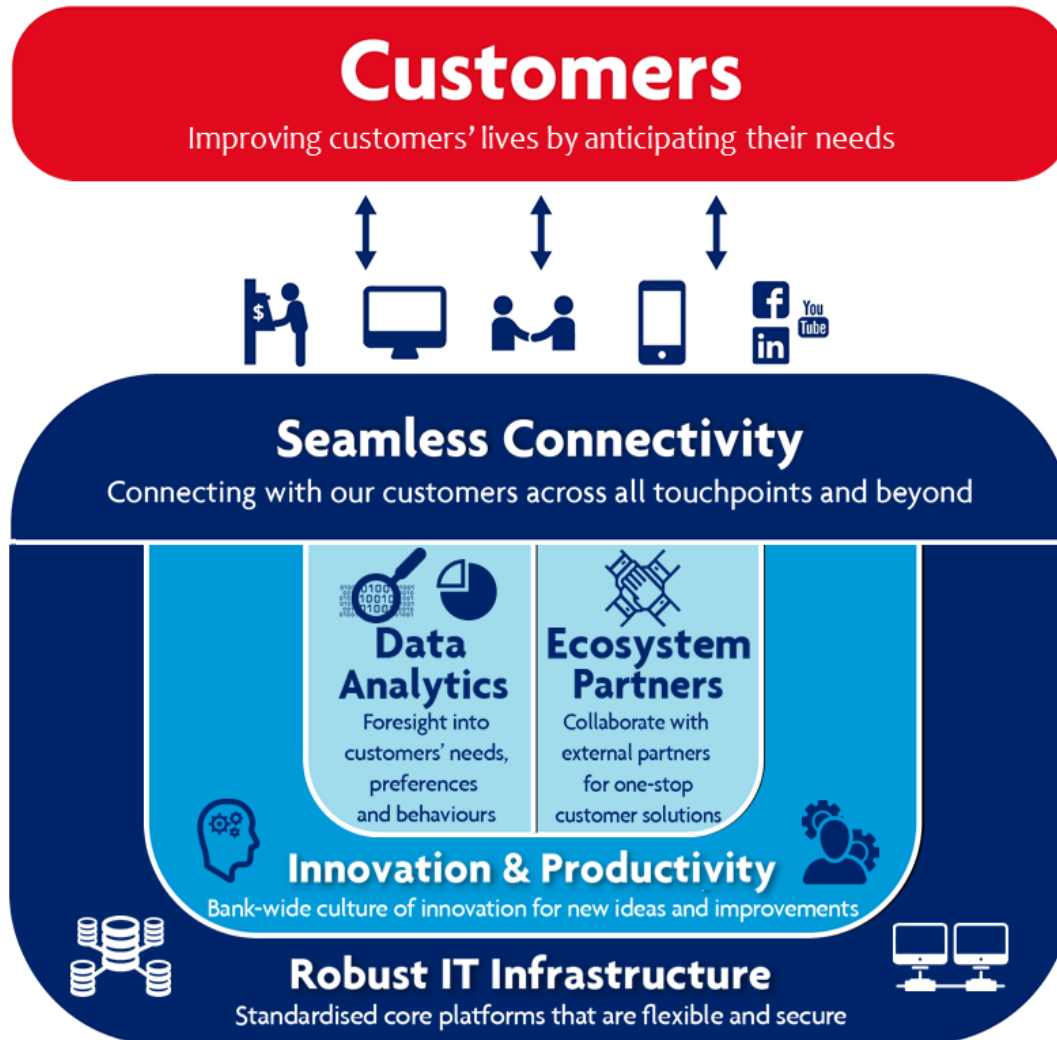
Retail Banking: Growing Income with Stable Asset Quality

- Housing loans a key driver for Retail Banking's¹ loan growth in 2016; regional housing loans +11% YoY
 - Asset quality remains stable
- Gaining CASA in Singapore for the past 2 years
- Wealth management (WM) did well, across mass affluent and High Net Worth² segments
 - WM Income +8% YoY; profit +16% YoY
 - \$93bn AUM as at end-2016

1. Retail Banking comprises Personal Financial Services, Private Banking and Business Banking.
2. High Net Worth segment comprises Privilege Reserve and Private Bank segments.
3. ROA: Ratio of "Profit before tax" to "Average Assets".
4. Wealth Management comprises Privilege Banking, Privilege Reserve and Private Bank segments.



Digitalisation: Enriching Customer Experience



Examples of UOB's digital initiatives

Connectivity

- Security token embedded in smartphone
- Instant digital credit card issuance
- Contactless ATM

Ecosystem partners

- hiLife and MGG
- cloudBuy
- BizSmart
- FinLab
- OurCrowd
- Innoven Capital

Innovation

- Innovation workshop
- Hackathon

Why UOB?

Stable Management

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

Integrated Regional Platform

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

Strong Fundamentals

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

Balance Growth with Stability

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

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

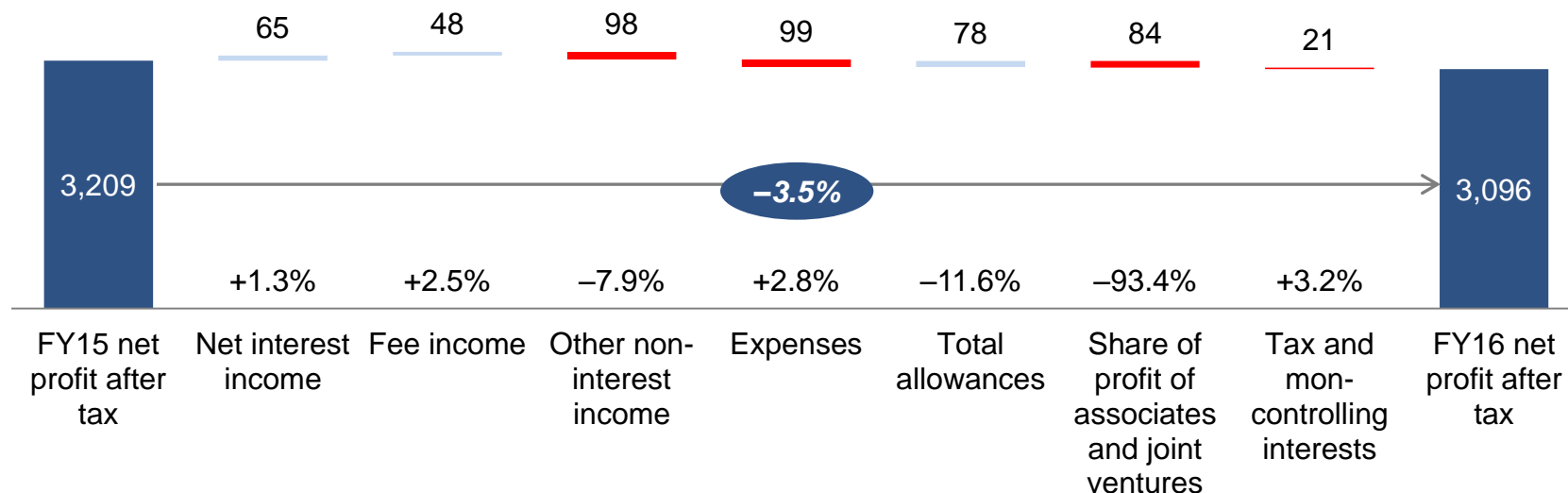


Latest Financials

FY16 Financial Overview

Net Profit After Tax¹ (NPAT) Movement, FY16 vs FY15

(SGD m)



Key Indicators	FY16	FY15	YoY Change
NIM (%)	1.71	1.77	(0.06)% pt
Non-NII / Income (%)	38.1	38.8	(0.7)% pt
Expense / Income ratio (%)	45.9	44.7	+1.2% pt
ROE (%) ²	10.2	11.0	(0.8)% pt

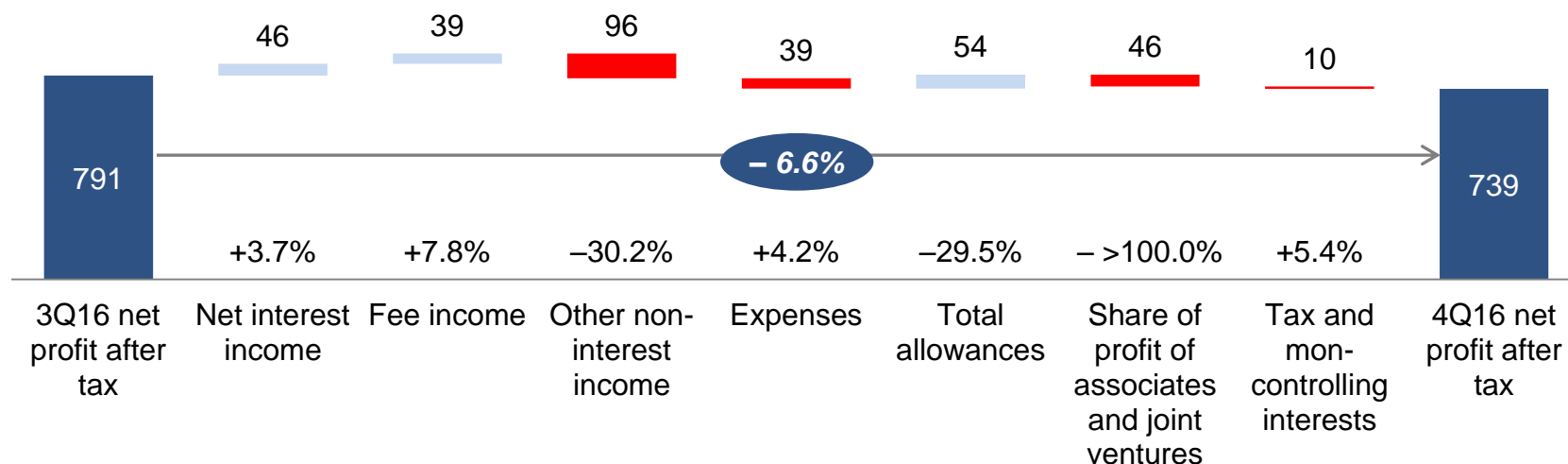
1. Relate to amount attributable to equity holders of the Bank.

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

4Q16 Financial Overview

Net Profit After Tax¹ (NPAT) Movement, 4Q16 vs 3Q16

(SGD m)



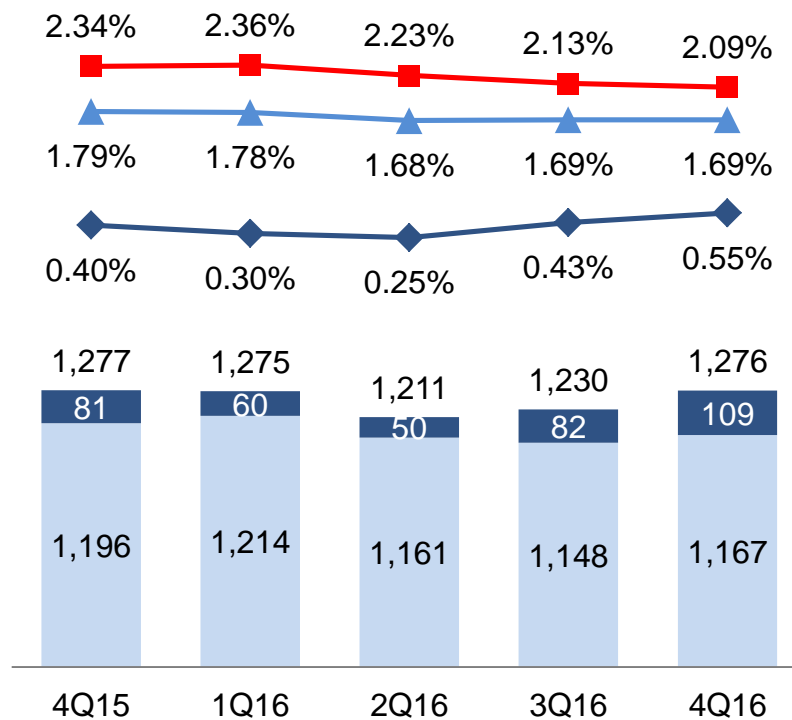
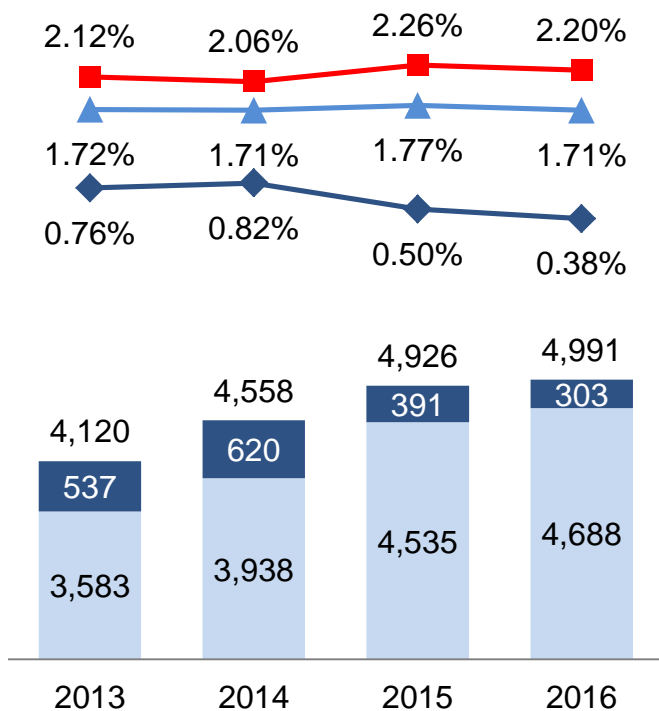
Key Indicators	4Q16	3Q16	QoQ Change	4Q15	YoY Change
NIM (%)	1.69	1.69	-	1.79	(0.10)% pt
Non-NII / Income (%)	37.1	39.7	(2.6)% pt	38.6	(1.5)% pt
Expense / Income ratio (%)	47.2	45.0	+2.2% pt	46.3	+0.9% pt
ROE (%) ²	9.4	10.4	(1.0)% pt	10.8	(1.4)% pt

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

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

Growth in Net Interest Income Largely Driven by Healthy Loan Growth

Net Interest Income (NII) and Margin



■ NII from Loans (SGD m)
■ Loan Margin (%) *
▲ Net Interest Margin (%) *

■ NII from Interbank & Securities (SGD m)
◆ Interbank & Securities Margin (%) *

* Computed on an annualised basis, where applicable.

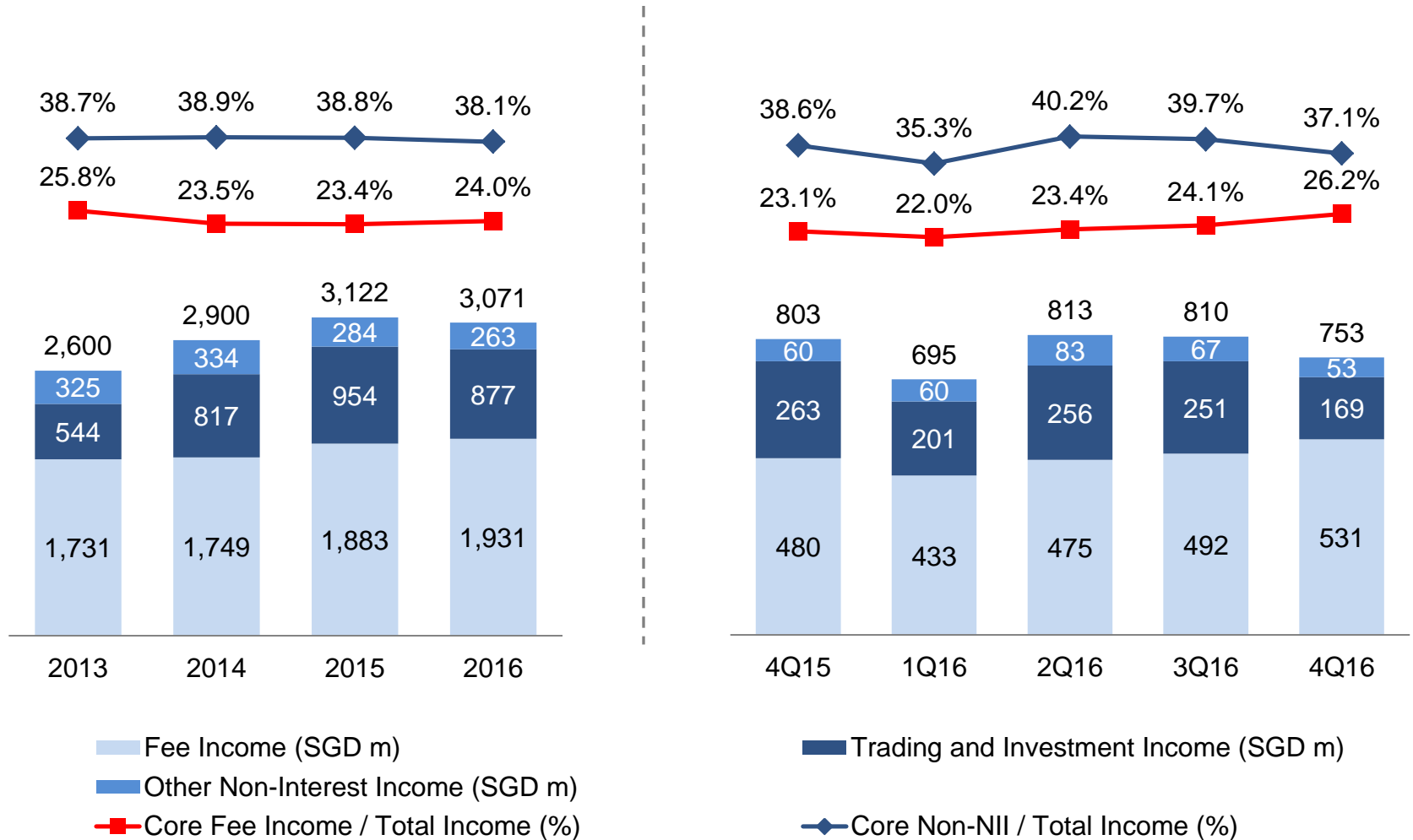
Loan Growth at 3.1% QoQ and 8.8% YoY in Constant Currency Terms

Gross Loans ¹	Dec-16 SGD b	Sep-16 SGD b	QoQ +/(–) %	Dec-15 SGD b	YoY +/(–) %
By Geography					
Singapore	125.5	120.4	+4.3	116.1	+8.1
Regional:	78.1	75.8	+3.0	72.8	+7.2
<i>Malaysia</i>	25.8	25.7	+0.4	24.6	+4.7
<i>Thailand</i>	13.2	12.4	+7.0	11.5	+15.2
<i>Indonesia</i>	11.9	11.6	+1.9	11.5	+2.7
<i>Greater China</i>	27.2	26.1	+4.3	25.2	+8.0
Others	22.1	21.2	+3.8	18.4	+19.6
Total	225.7	217.4	+3.8	207.4	+8.8
By Industry					
Transport, storage and communication	9.8	9.4	+4.5	10.0	–2.4
Building and construction	52.3	50.5	+3.5	45.2	+15.6
Manufacturing	15.7	16.2	–2.7	15.8	–0.4
Financial institutions, investment & holding companies	15.5	14.7	+5.8	14.3	+8.7
General commerce	30.3	28.3	+7.1	28.3	+7.0
Professionals and private individuals	27.0	26.4	+2.0	26.0	+3.9
Housing loans	61.5	60.0	+2.5	56.4	+9.0
Others	13.7	12.0	+13.9	11.4	+19.7
Total	225.7	217.4	+3.8	207.4	+8.8

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).

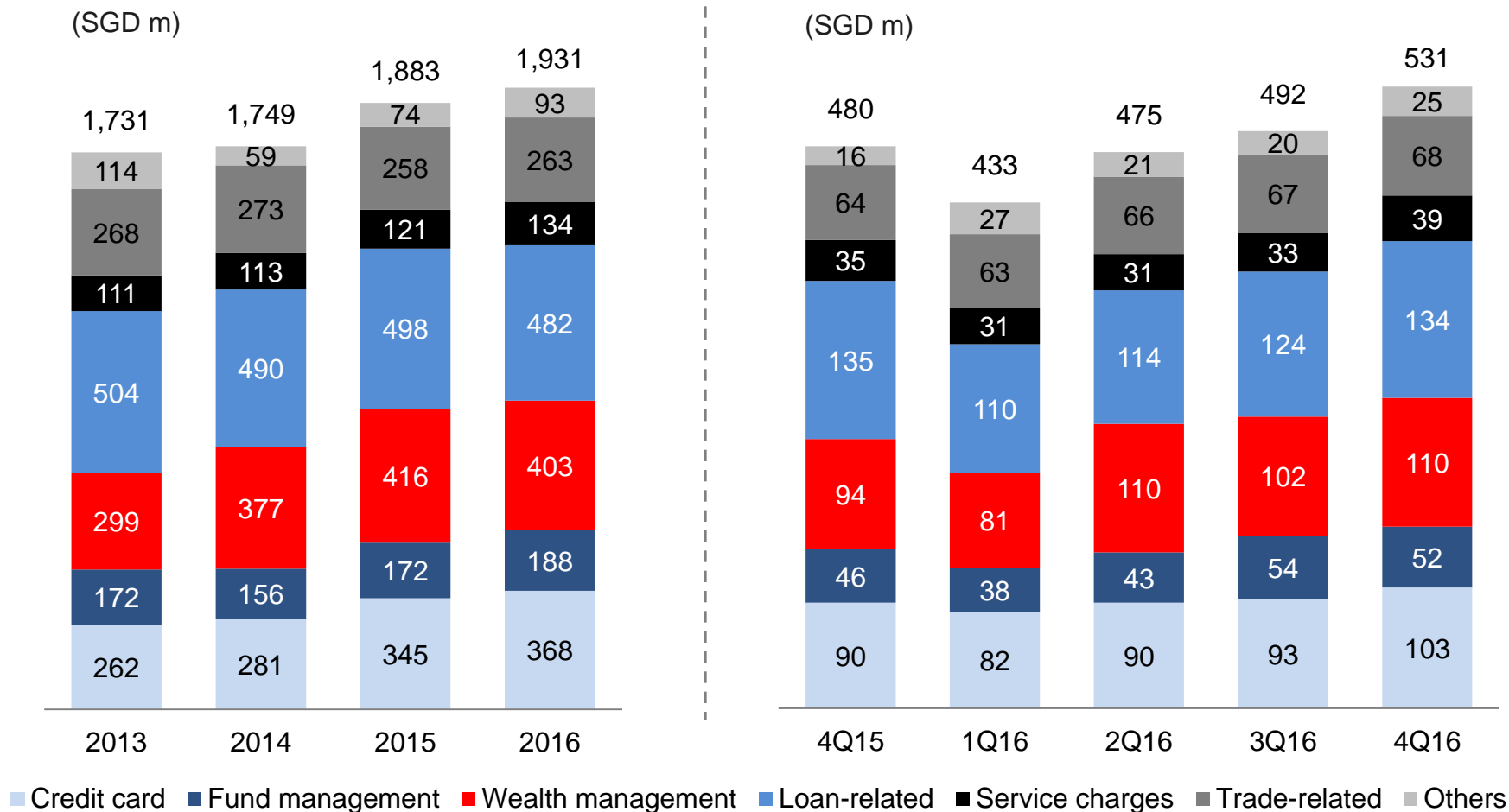
Steady Non-Interest Income Mix Underpins Diversity

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



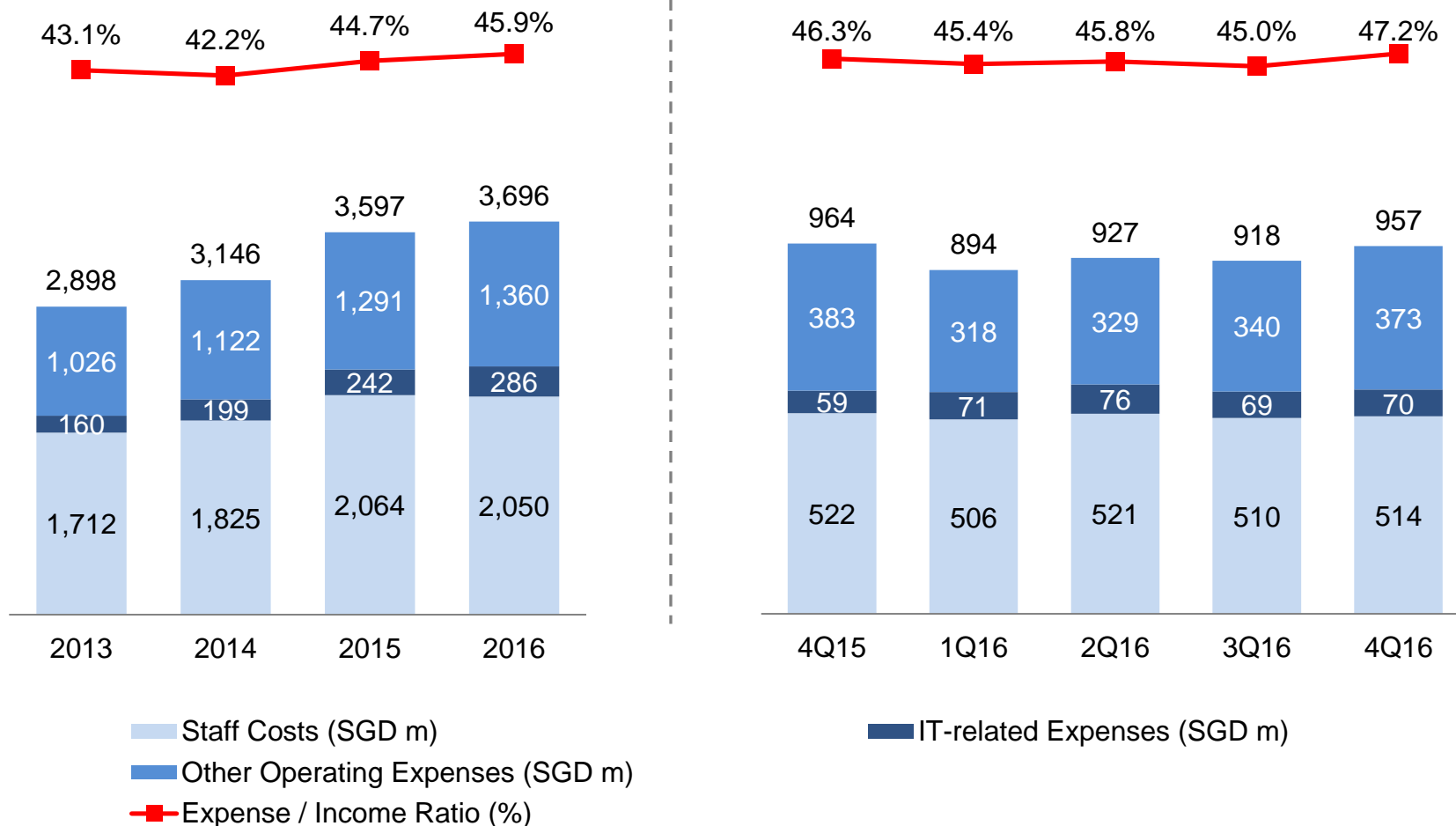
Broad-based Focus in Fee Income

Breakdown of Fee Income



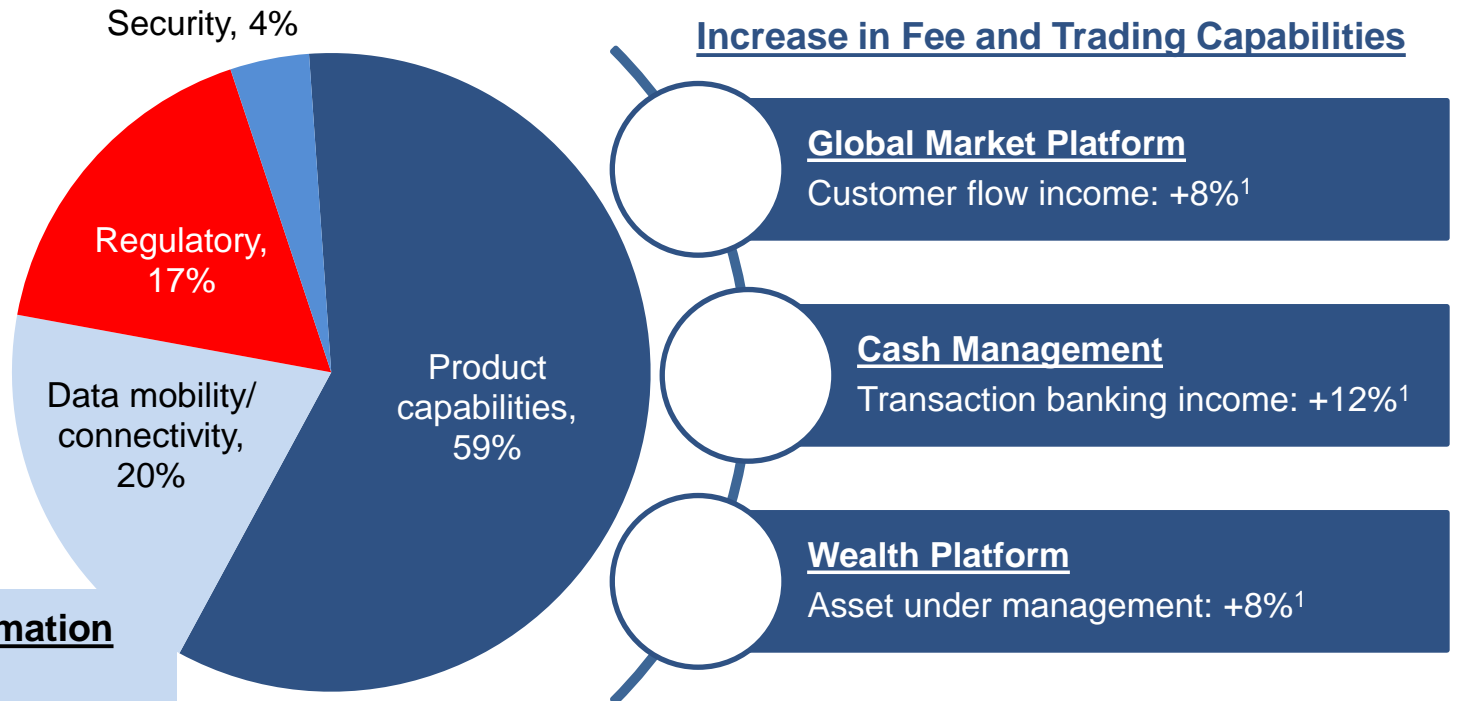
Staff Costs Tightly Managed as IT Investments Continue

Operating Expenses and Expense / Income Ratio



IT Investments Geared towards Products and Digital Capabilities

IT investments over 2014-2016
(cSGD0.7b)



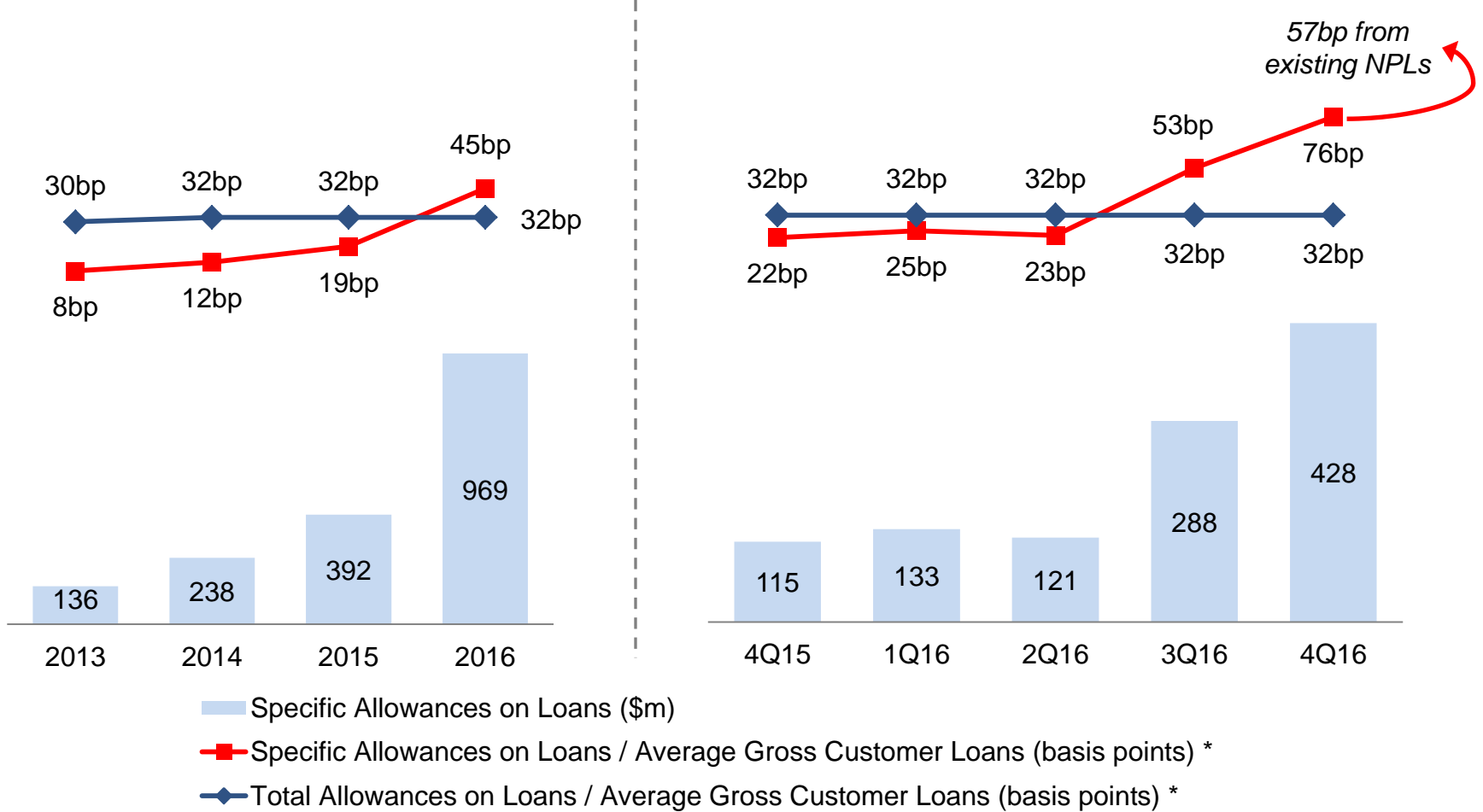
Digital Transformation

- Might App
- Enterprise data architecture

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

Higher Specific Allowances from O&G and Shipping; Total Credit Costs Stable

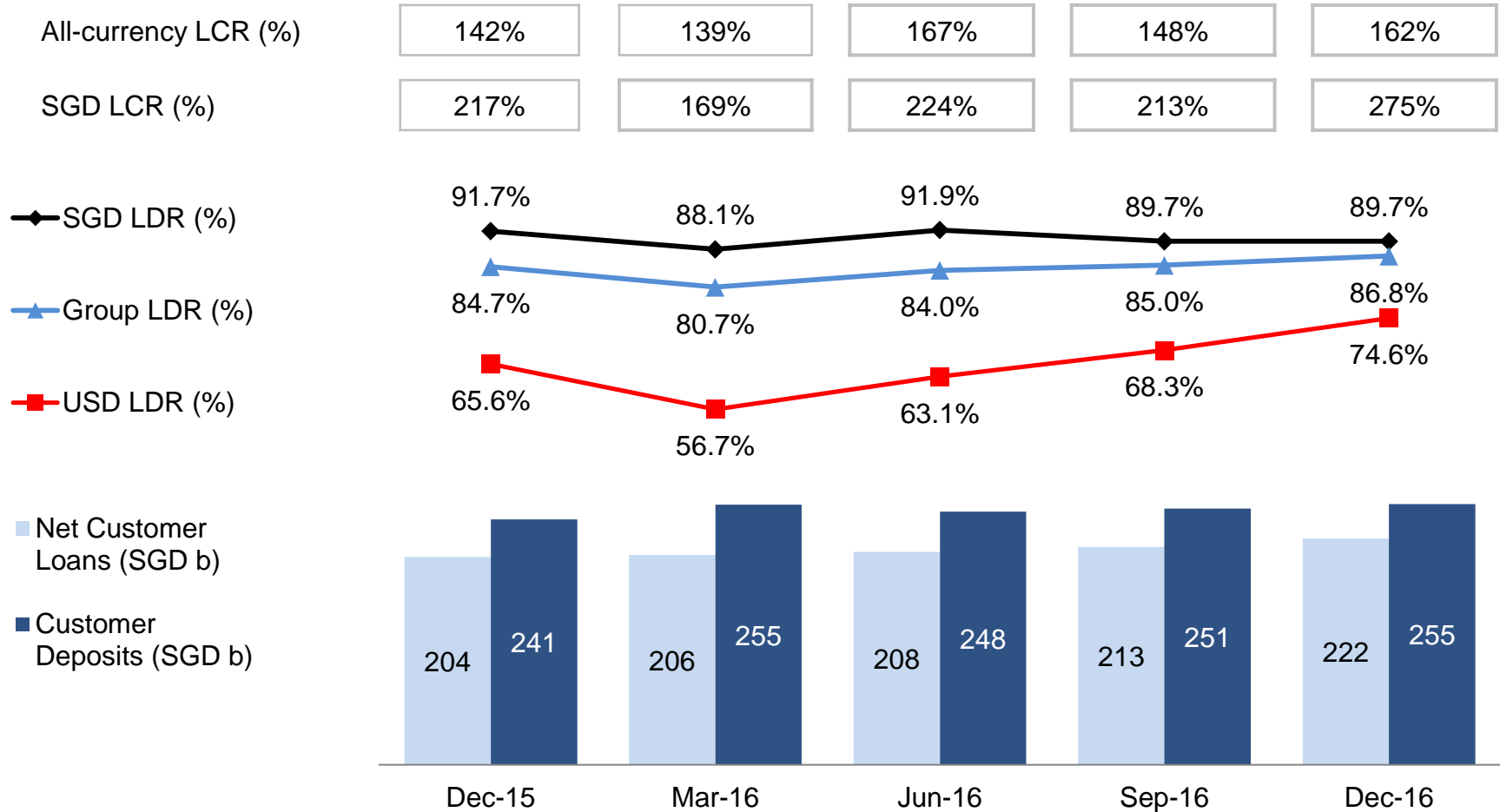
Allowances on Loans



* Computed on an annualised basis, where applicable.

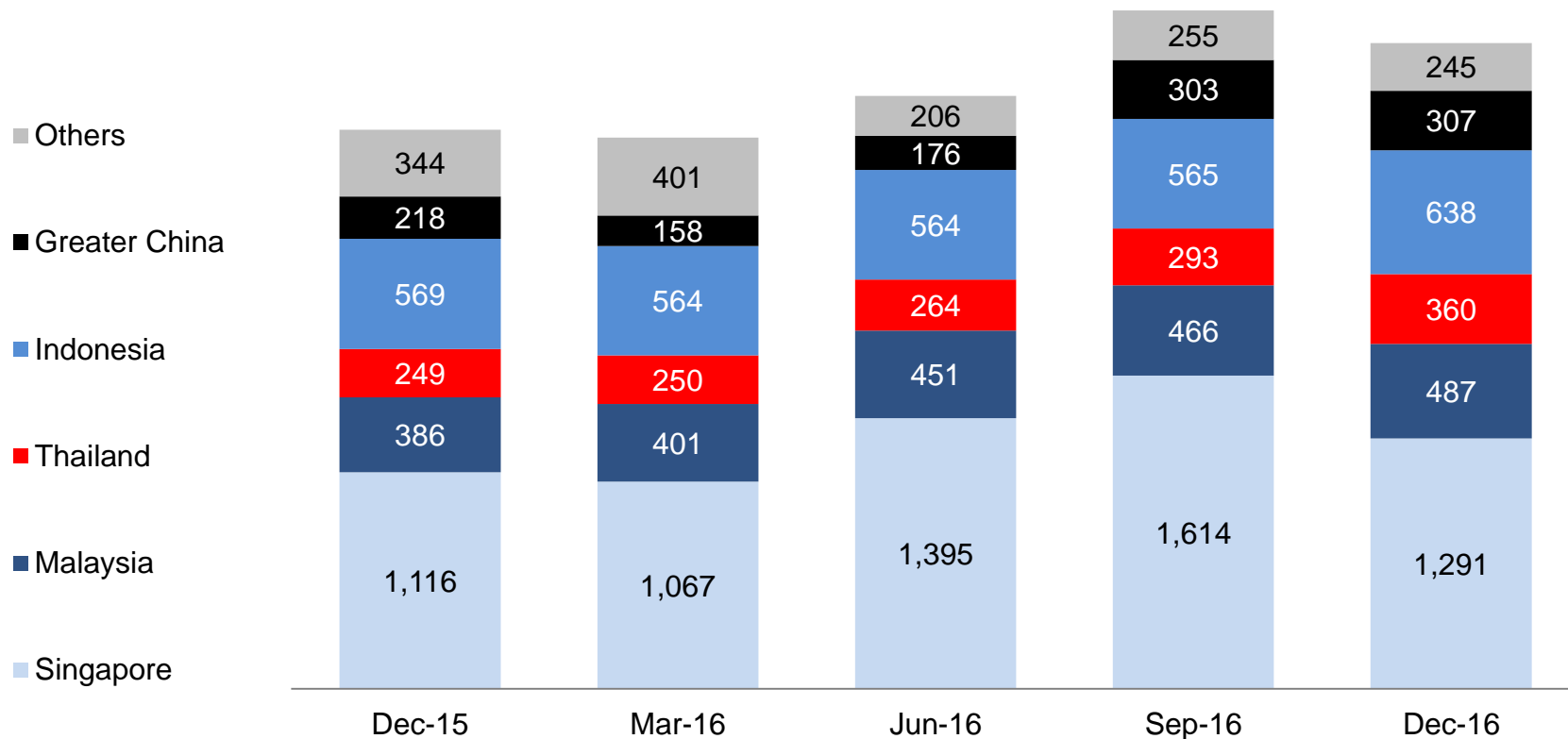
Stable Liquidity Position

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



NPL Ratio at 1.5%, with NPLs Mainly from Singapore and Indonesia

NPL ratio	1.4%	1.4%	1.4%	1.6%	1.5%
NPLs ¹ (SGD m)	2,882	2,841	3,056	3,496	3,328



1. NPLs 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).

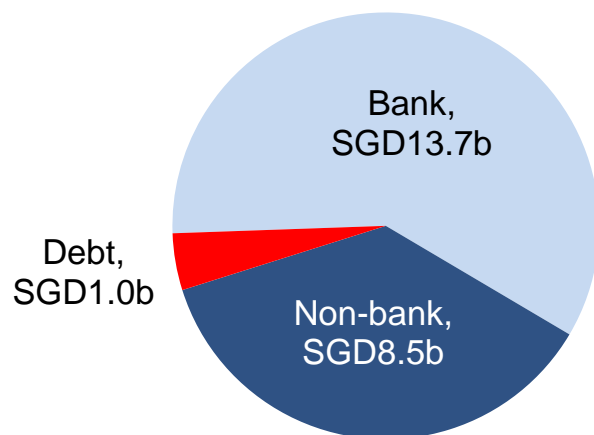
Inflows of Non-Performing Assets Have Eased

	4Q15 SGD m	1Q16 SGD m	2Q16 SGD m	3Q16 SGD m	4Q16 SGD m
NPA at start of period	2,737	3,066	3,016	3,164	3,632
New NPA	626	344	802	780	387
Upgrades, recoveries and translations	(233)	(235)	(548)	(201)	(320)
Write-offs	(64)	(159)	(106)	(111)	(219)
NPA at end of period	3,066	3,016	3,164	3,632	3,480

Exposure to China

Total as of 31 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 Commodities

As of 31 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.

Exposure to Europe

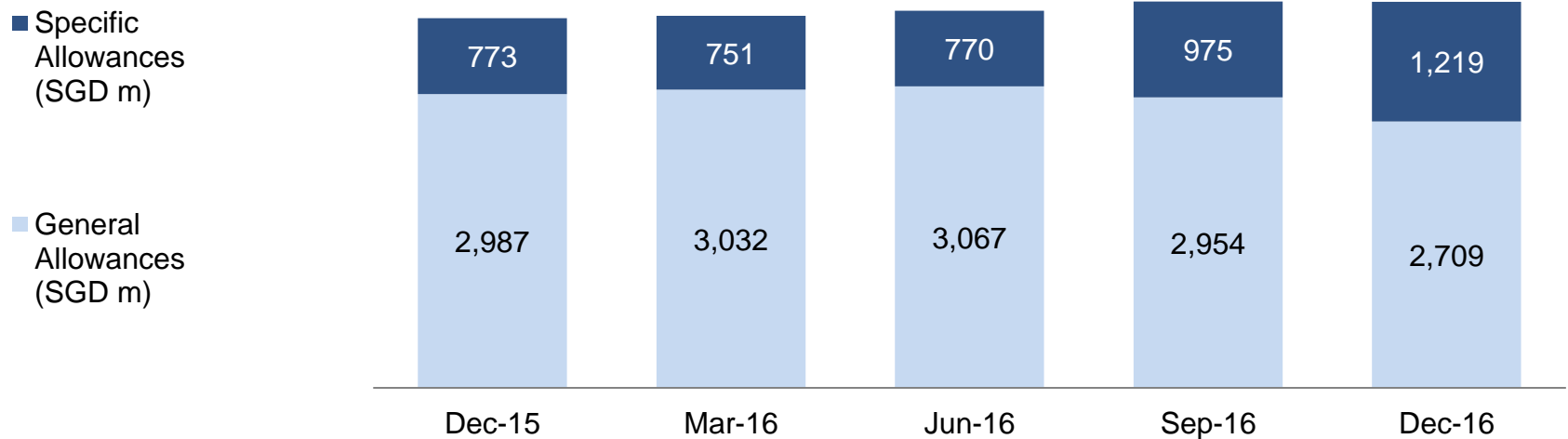
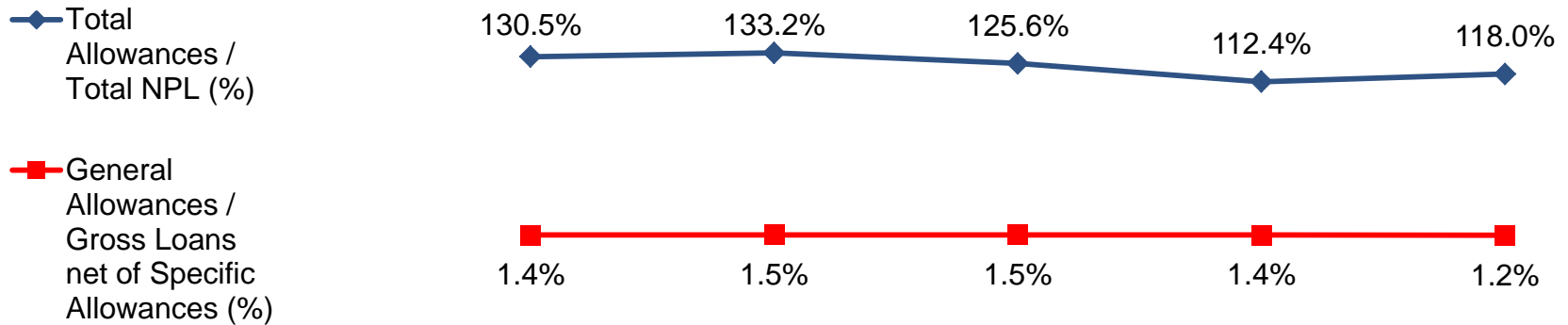
As of 31 Dec 2016	Non-bank	Bank	Debt securities	Total	As a % of total assets
Europe	SGD3.3b	SGD4.7b	SGD1.1b	SGD9.1b	3.2%
of which UK	SGD2.4b	SGD1.0b	SGD0.2b	SGD3.6b	1.3%

Minimal direct impact from Brexit

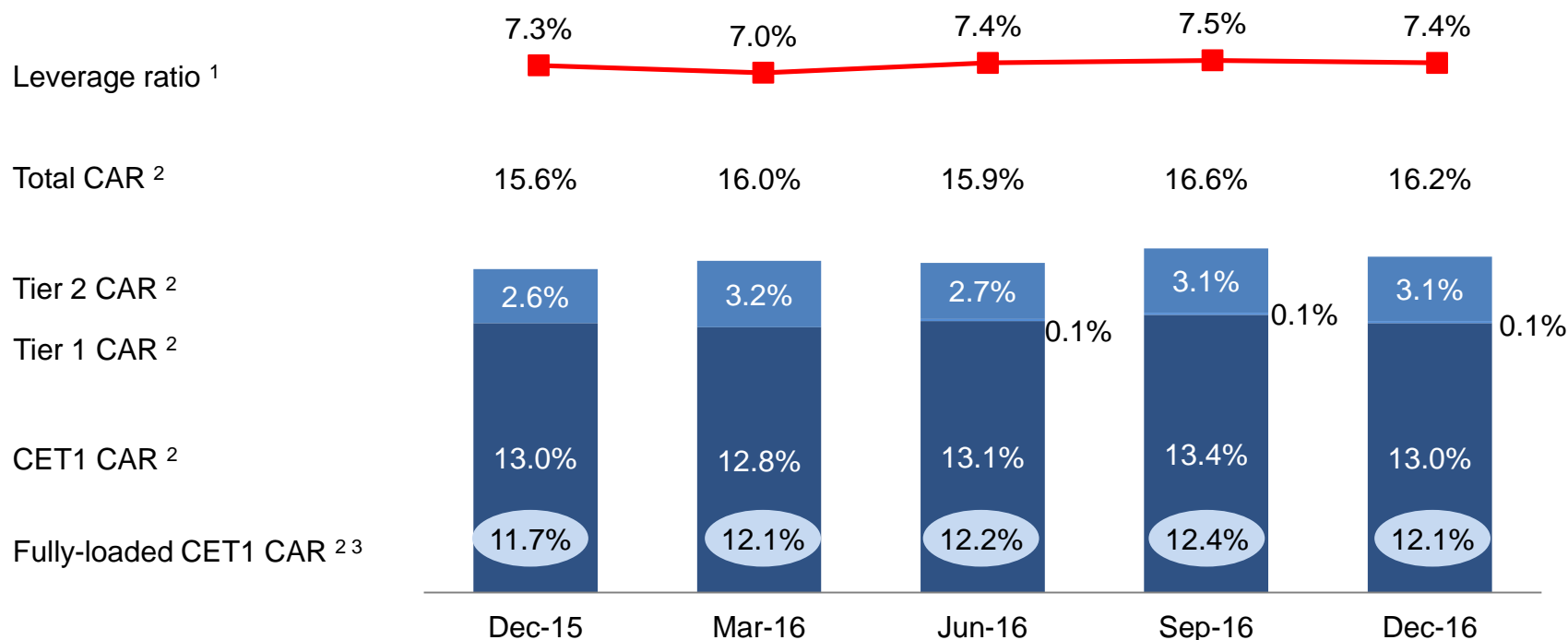
- Bulk of UK non-bank exposure is secured and denominated in GBP
- Consumer mortgage book small and healthy
- High rated bank counterparties in the UK

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).

Countercyclical Approach in General Allowance Supports High Reserve Cover



Strong Capital and Leverage Ratios

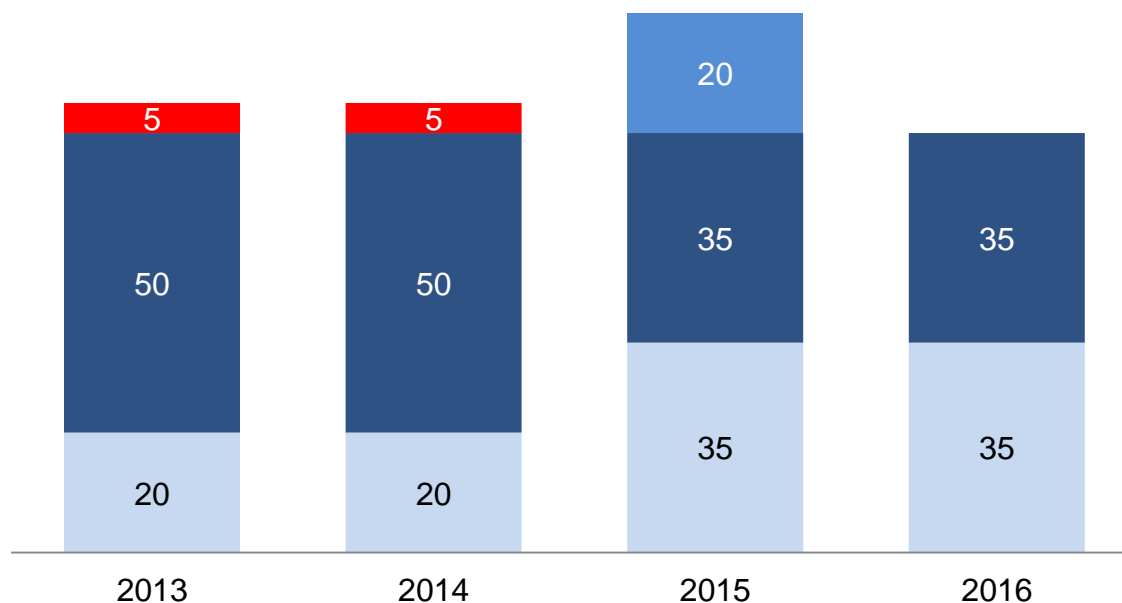


SGD b

Common Equity Tier 1 Capital	26	26	26	27	28
Tier 1 Capital	26	26	27	28	28
Total Capital	31	32	32	34	35
Risk-Weighted Assets	201	202	202	205	216

1. Leverage ratio is calculated based on the revised MAS Notice 637. A minimum requirement of 3% was / is applied during the parallel run period from 1 January 2013 to 1 January 2017.
2. CAR: Capital adequacy ratio
3. Based on final rules effective 1 January 2018.

Stable Dividend Payout



Net dividend per ordinary share (¢)	Interim	Final	Special	UOB 80th Anniversary
Payout amount (SGD m)	1,182	1,201	1,444	1,135
Payout ratio (%)	39	37	45	37

Note: The Scrip Dividend Scheme was applied to the final and special dividends for the financial year 2013, UOB 80th Anniversary dividend for the financial year 2015, and interim and final dividends for the financial year 2016. The Scheme provides shareholders with the option to receive Shares in lieu of the cash amount of any dividend declared on their holding of Shares. For more details, please refer to http://www.uobgroup.com/investor/stock/dividend_history.html.

Thank You

