



# UOB Group Sustained Growth in Core Income; Strong Balance Sheet Position

## April 2016

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



# Agenda

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



## Overview of UOB Group

# UOB Overview

## Founding

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

## Expansion

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

Note: Financial statistics as at 31 December 2015.

1. FX rate used: USD 1 = SGD 1.4139 as at 31 December 2015.

2. Based on final rules effective 1 January 2018.

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

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

5. Computed on an annualised basis.

6. Average for 4Q15.

## Key Statistics for FY15

■ Total assets	: SGD316.0b (USD223.5b <sup>1</sup> )
■ Shareholder's equity	: SGD30.8b (USD21.8b <sup>1</sup> )
■ Gross loans	: SGD207.4b (USD146.7b <sup>1</sup> )
■ Customer deposits	: SGD240.5b (USD170.1b <sup>1</sup> )
■ Common Equity Tier 1 CAR	: 13.0%
■ Proforma Common Equity Tier 1 CAR <sup>2</sup>	: 11.7%
■ Leverage ratio <sup>3</sup>	: 7.3%
■ ROA	: 1.03% <sup>5</sup>
■ ROE <sup>4</sup>	: 11.0% <sup>5</sup>
■ NIM	: 1.77% <sup>5</sup>
■ Non-interest/Total income	: 38.8%
■ NPL ratio	: 1.4%
■ Loans/Deposits ratio	: 84.7%
■ All-currency liquidity coverage ratio	: 142% <sup>6</sup>
■ Cost / Income	: 44.7%
■ Credit Ratings	:

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

# A Leading Singapore Bank with Established Franchise in Core Market Segments



## Group Retail

- Best Retail Bank in Singapore<sup>1</sup>
- Strong player in credit cards and private residential home loan business

## Group Wholesale Banking

- Best SME Banking<sup>1</sup>
- Seamless access to regional network for our corporate clients

## Global Markets and Investment Management

- Strong player in Singapore dollar treasury instruments
- UOB Asset Management is one of Singapore's most awarded fund managers<sup>2</sup>

## UOB Group's recognition in the industry

**The Banker**  
GLOBAL FINANCIAL INTELLIGENCE SINCE 1926



**Bank of the Year, Singapore**



**GLOBAL FINANCE**

**Best Bank in Singapore**

**THE ASIAN BANKER**  
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY



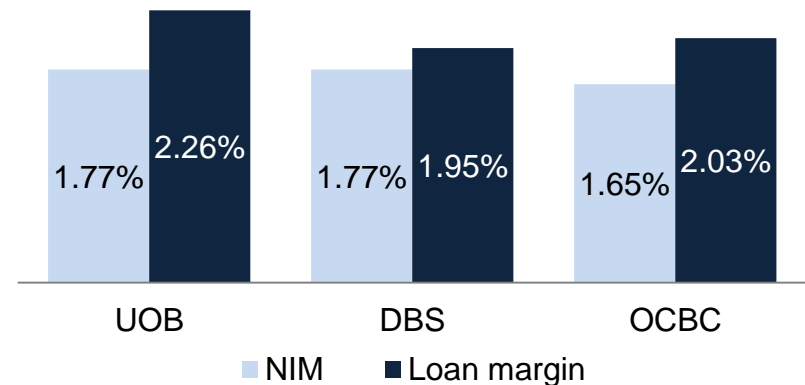
**Best Retail Bank in Singapore**

**Best SME Banking**

Source: Company reports.

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

## Highest 2015 loan margin among local peers

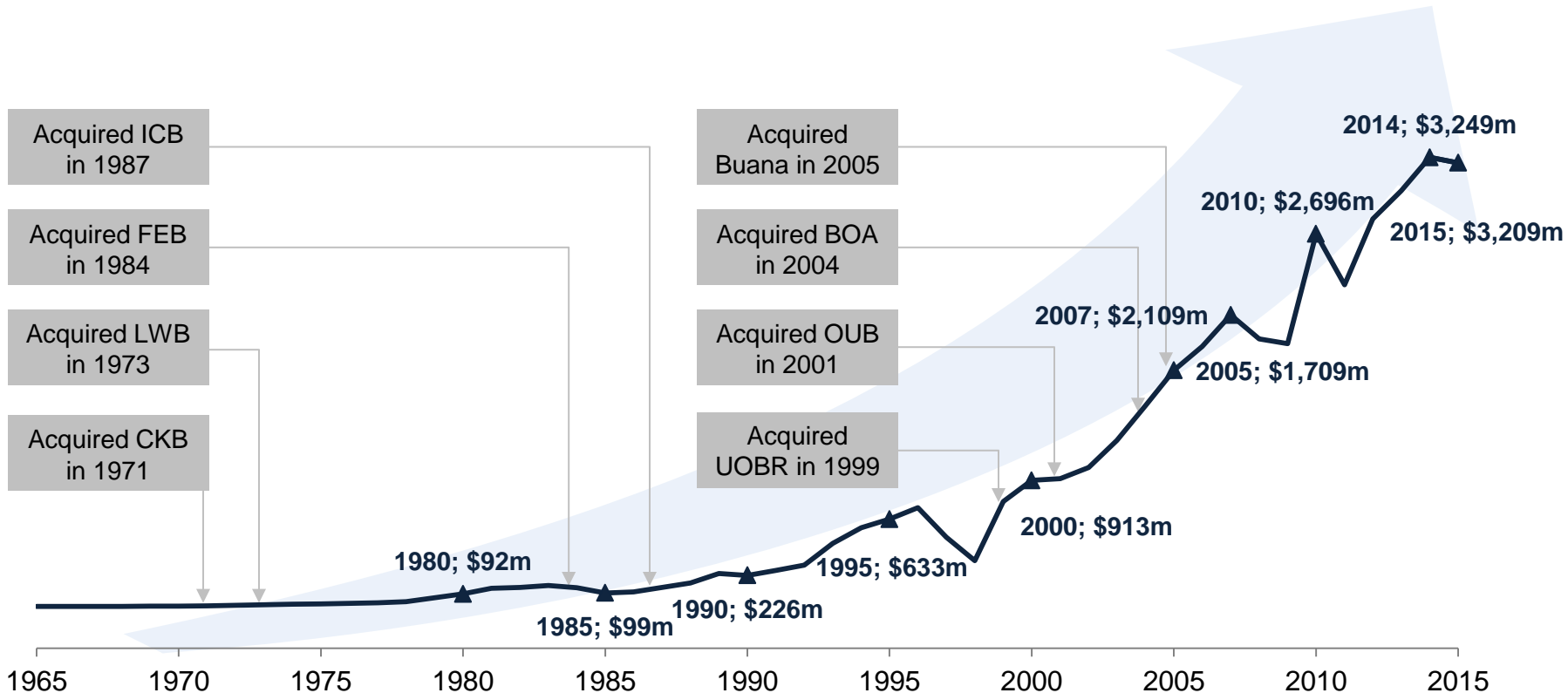


Loan margin is the difference between the rate of return from customer loans and costs of deposits.

Source: Company reports.

# Proven Track Record of Execution

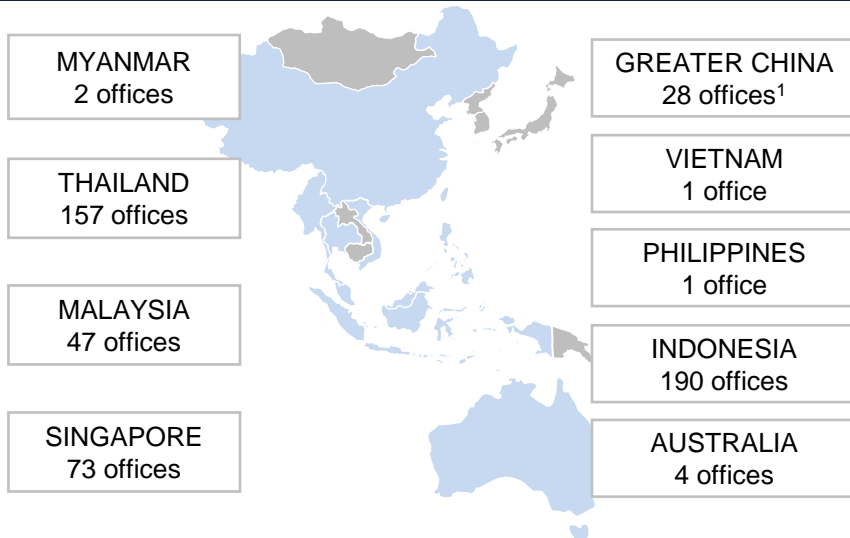
- UOB Group’s management has a proven track record in steering the Group through various global events and crises. Achieved record NPAT of SGD3,249 million in 2014
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group’s overall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



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

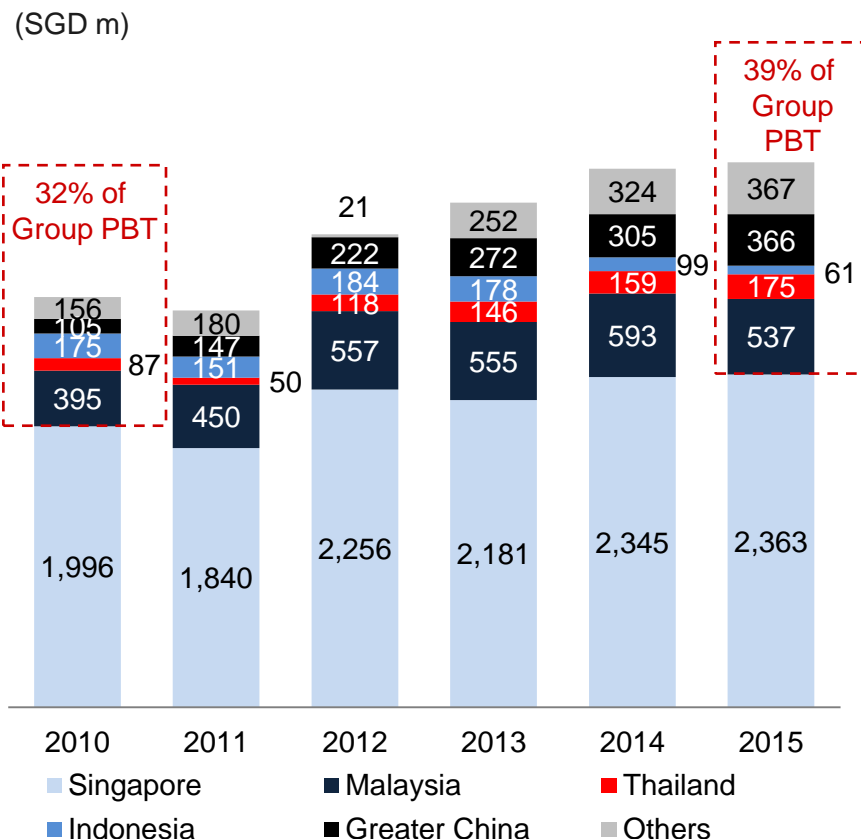
# Expanding Regional Banking Franchise

## Extensive Regional Footprint with 500+ Offices



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

## Profit Before Tax and Intangibles by Region



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

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

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



## Macroeconomic Outlook



# Weak Growth and Deflation Drove Monetary Easing while US Fed Began to Normalise Rates

Central Banks' Policy Decisions on Rates over 2015 and year-to-date 2016

Contractionary

Expansionary

**+100bps and more**  
Peru, South Africa, Iceland, Colombia,  
Brazil, Venezuela, Argentina

**+25 to 75bps**  
USA, Chile, Egypt, Mexico

**QE<sup>1</sup> and negative rates** (Eurozone and Japan); **Slow rise in SGD NEER<sup>2</sup>** (Singapore); **RMB devaluation and RRR<sup>3</sup> cuts** (China)

**-100bps and more**  
China, India, New Zealand, Russia

**-50bps**  
Indonesia, Norway, South Korea,  
Sweden, Thailand

**0 to -25bps**  
Australia, Canada, Taiwan, Turkey

Sources: Bloomberg, UOB Global Economics & Market Research

1. QE: Quantitative easing
2. NEER: Nominal effective exchange rate
3. RRR: Reserve requirement ratio

# Fed Finally Hiked Rates in Dec 2015, More Than 1 Year After Conclusion of QE Tapering

## Effects Of Low Interest Rates & QE

- Increased liquidity
- Lower interest rates and borrowing costs
- Flow of hot money in search of yields
- Wealth effects from higher equity and asset prices

## Negative Implications on Markets

- Asset bubbles with influx of hot money
- Rise in household debt and corporate leverage
- More carry trades (borrowing funds in USD to invest in higher yield emerging market assets)
- Investments in marginal assets

## Impact Of Reversing QE & Low Rates

- Reversal of capital flows and unwinding of carry trades
- Depreciation of Asian currencies → unhedged foreign exchange (FX) risks
- Depletion of FX reserves to stabilize currencies
- Higher interest rates → higher debt servicing for corporates and consumers
- Correction in property and financial markets → impact on LTVs for property and mortgage portfolio, margin financing

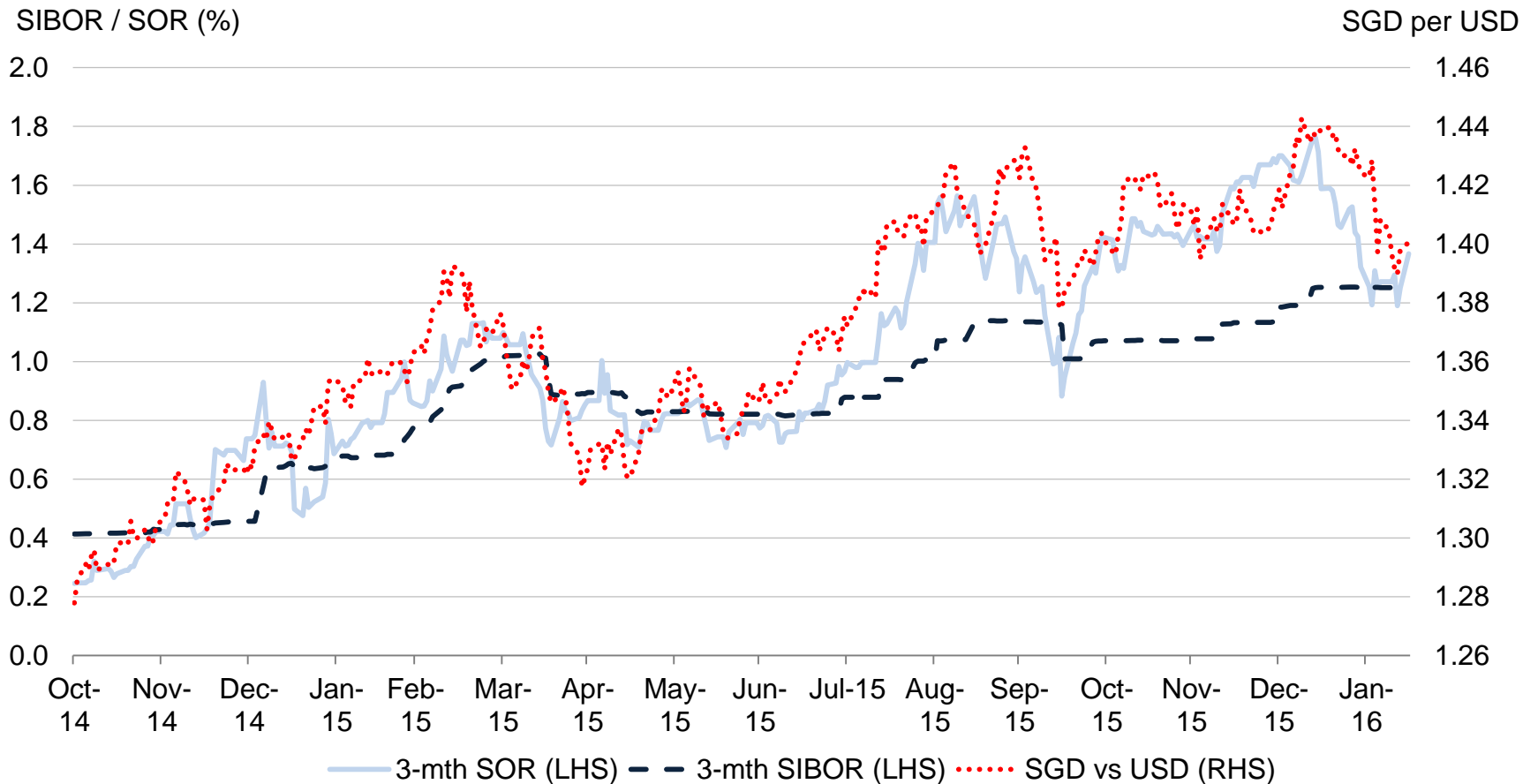
*Indonesia and India are most vulnerable due to higher current account deficits relative to other Asian countries (and increasingly being financed by volatile portfolio flows)*

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

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

# Singapore Interest Rates Lifted by Stronger USD in 2015

**UOB's SGD Floating-rate Loans to Benefit from Uptrend in Singapore's Short-term Interest Rates**



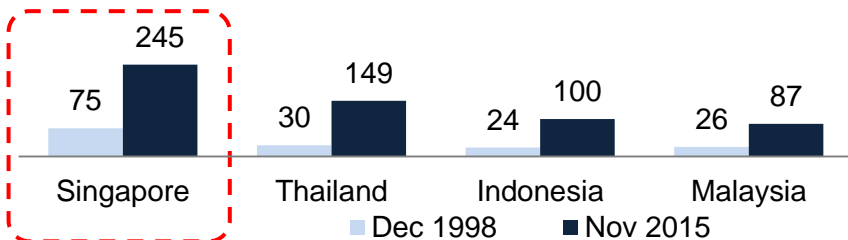
# Southeast Asia: Resilient Key Markets

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)

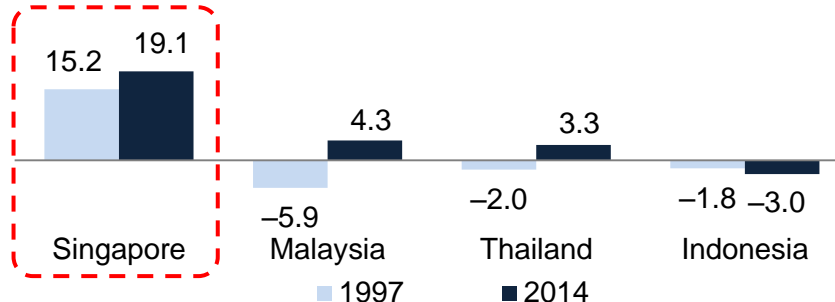


2015 foreign reserves include foreign currency reserves (in convertible foreign currencies)

Source: IMF

## Current Account as % of GDP

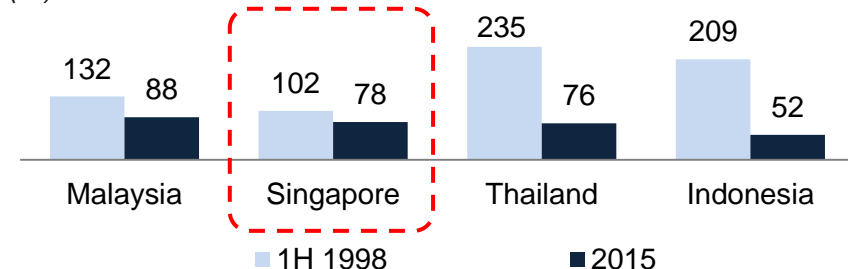
(%)



Source: IMF

## Asian Corporates: Total Debt to Equity Ratio

(%)

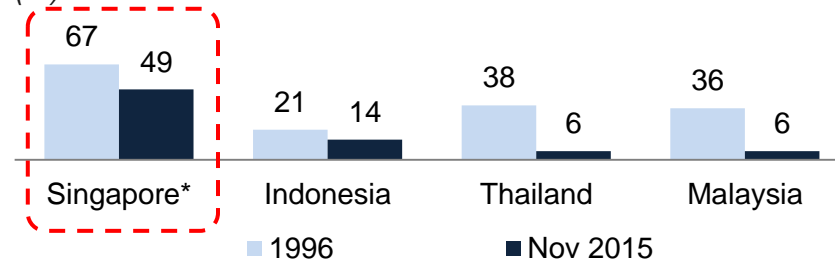


Total debt to equity ratio = total ST and LT borrowings divided by total equity, multiplied by 100

Sources: MSCI data from Bloomberg

## Foreign Currency Loans as % of Total Loans

(%)



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

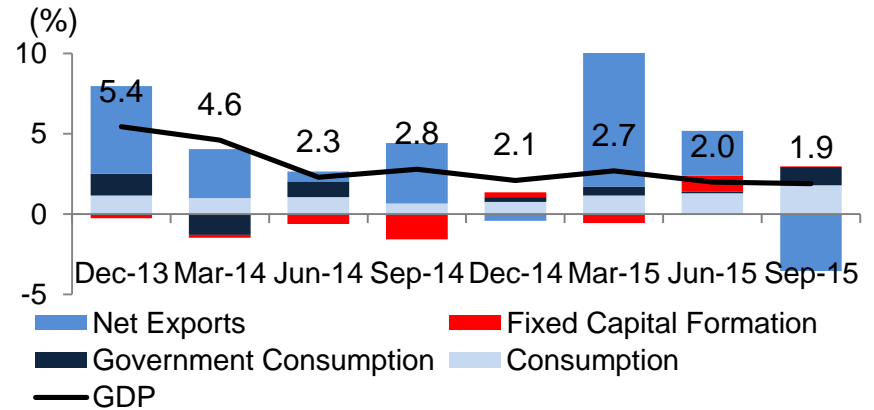
Sources: Central banks

# Singapore GDP Growth Slightly Stronger at 2.7% in 2016

- Singapore's GDP grew 2.1% in 2015, the slowest since the recession in 2009, as the lacklustre manufacturing sector was weighed down by a slowdown in biomedical and transport engineering clusters. However, the services sector remained robust, expanding 3.6%.
- We forecast 2016 GDP to grow 2.7% on the back of the low base, as well as the continued improvement in the US economy.
- We expect core inflation to edge higher to 1.0% this year, from 0.5% in 2015 as the base effects of lower commodity prices and medical subsidies wear off.

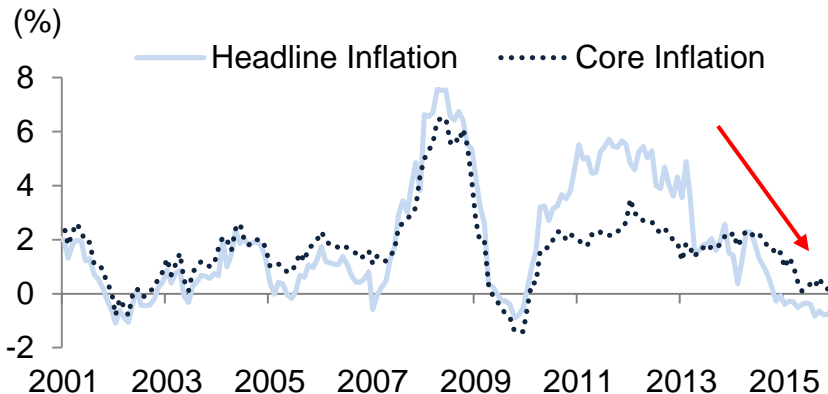
Source: UOB Global Economics & Markets Research

## Economy Expected To Grow 2.7% In 2016



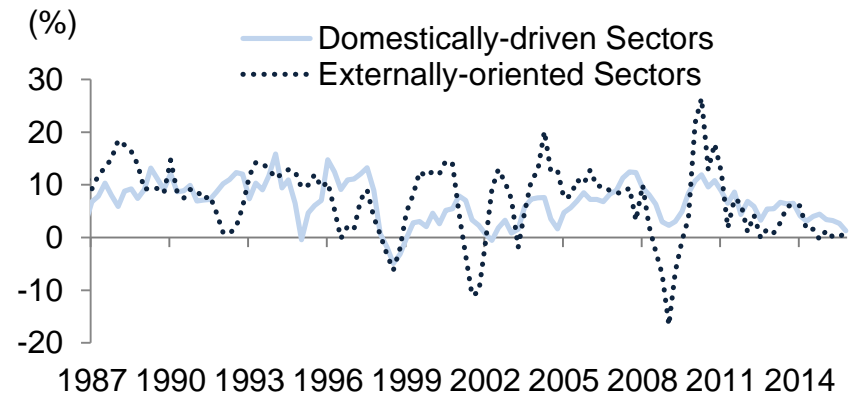
Source: Singapore Department of Statistics

## 2015 Core Inflation At 0.3% On Average



Source: Singapore Department of Statistics

## External Sectors Slowed Considerably



Source: Singapore Department of Statistics

# ASEAN Banking Sector: Strong Fundamentals Remain Intact

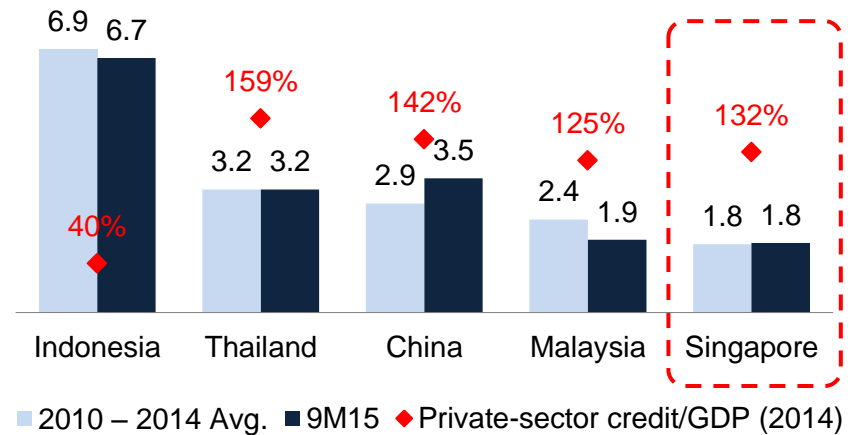
## Key Banking Trends

- There has been a resurgence in loan demand after the deleveraging of ASEAN banks during the Global Financial Crisis
- ASEAN banks have healthy capital and funding levels
  - Singapore banks 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

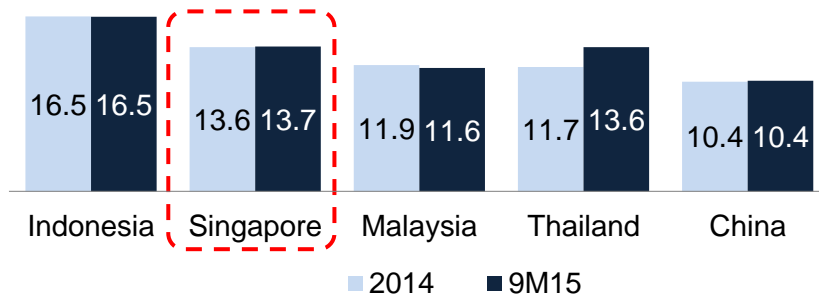
(Net interest margin and private-sector credit / GDP, in %)



Source: Research estimates, World Bank

## Robust Capital Positions

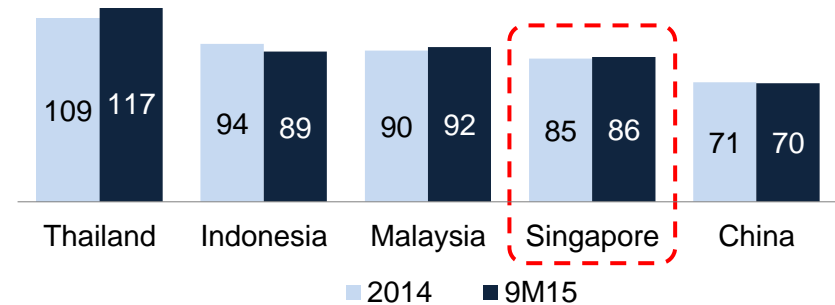
(Tier 1 CAR, in %)



Source: Research estimates

## Stable Funding; Adequate Loan/Deposit Ratios

(Loan-to-deposit ratio, in %)

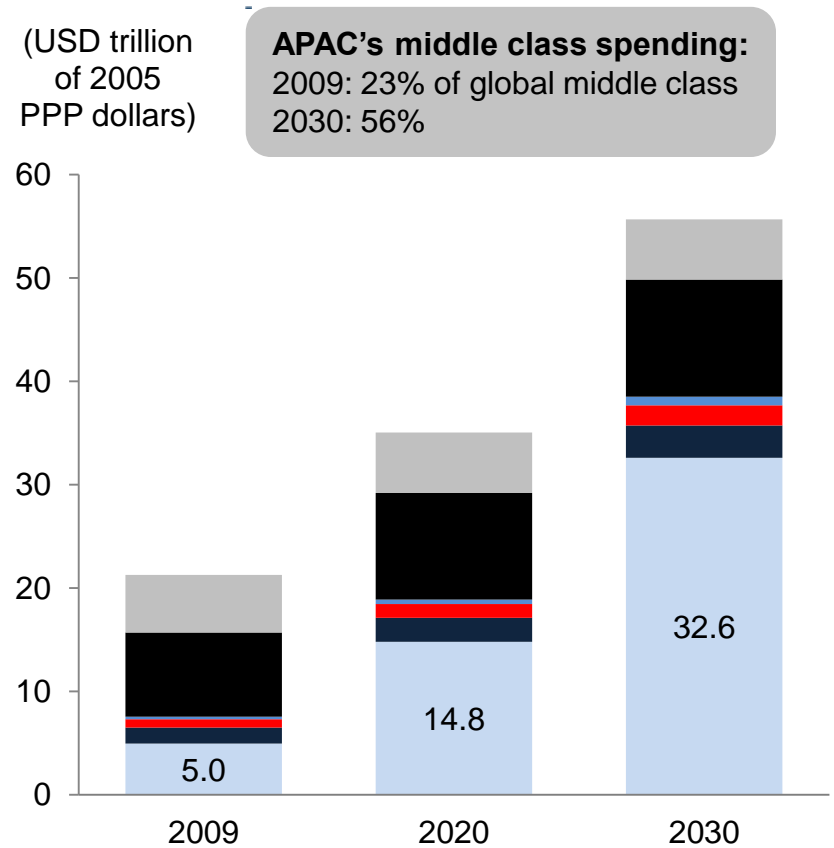
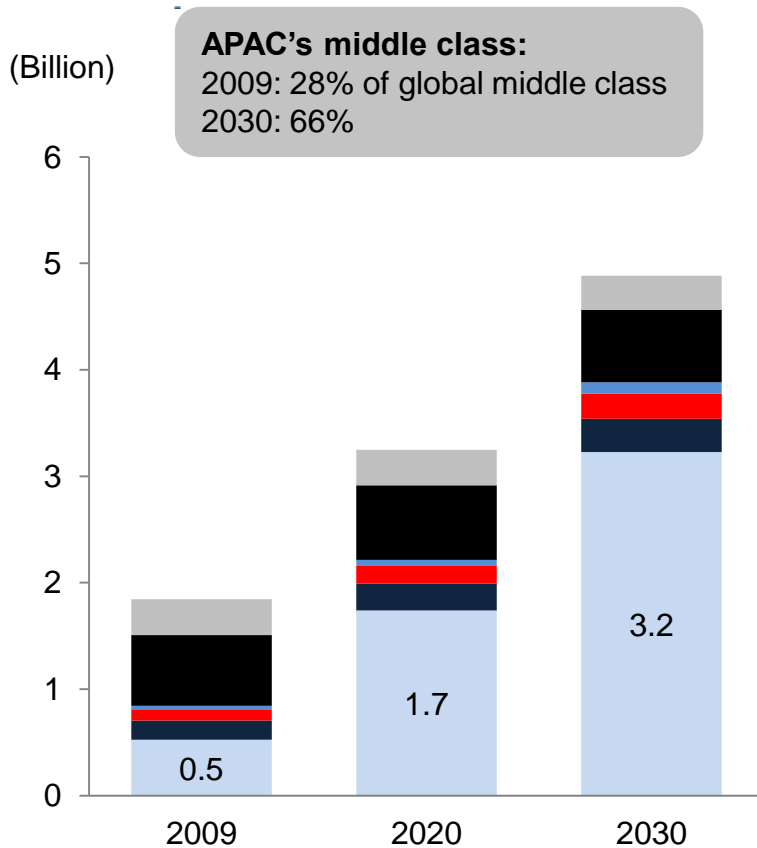


Source: Research estimates

# Prospects for Asia Optimistic with Growing Population and Consumer Affluence

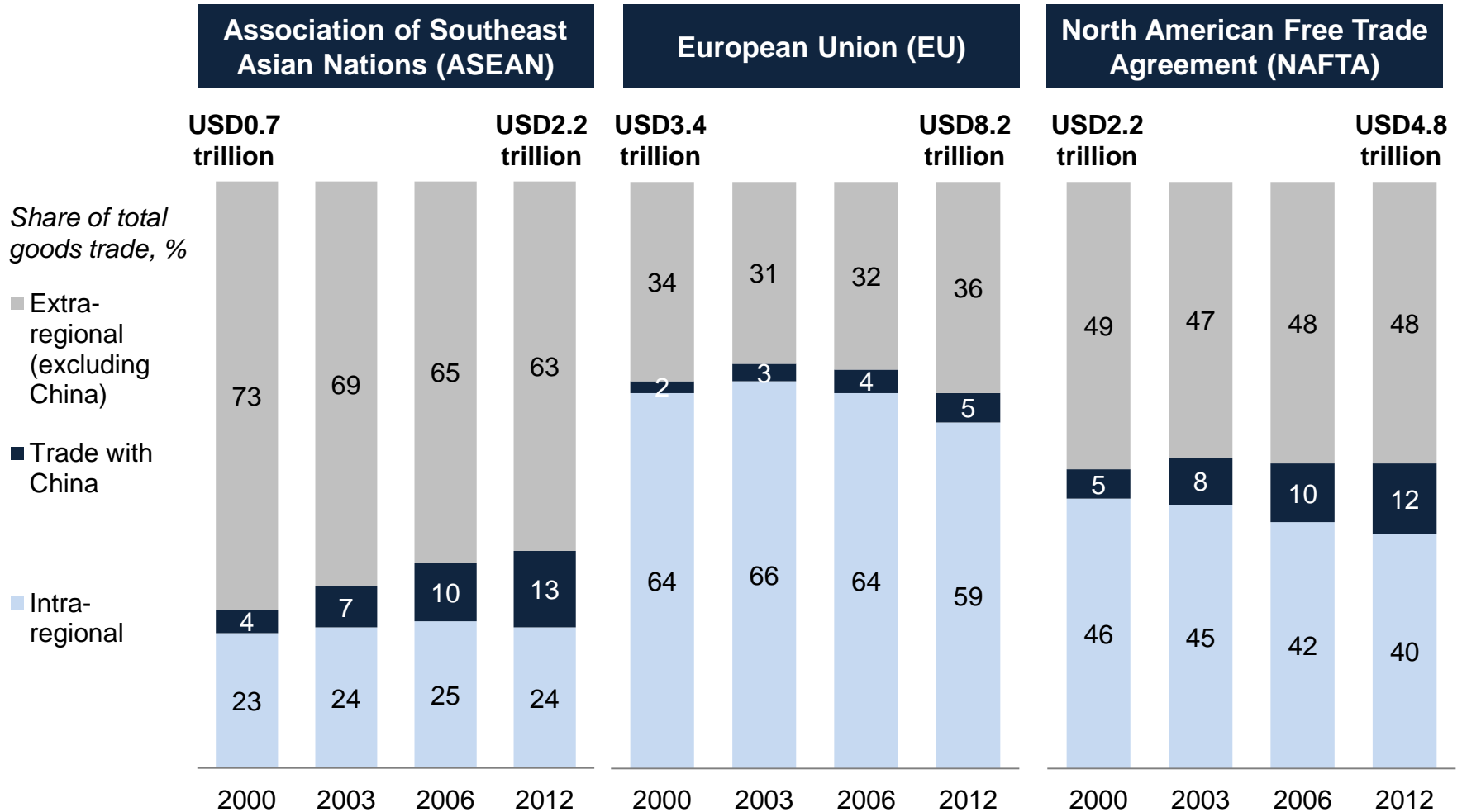
## Growing Global Middle Class

## 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

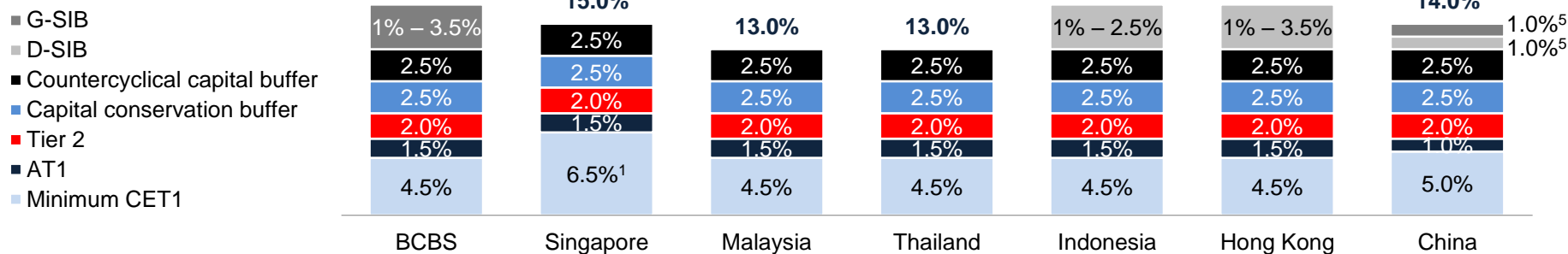




# Basel III Implementation across Jurisdictions

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

## % of Risk Weighted Assets<sup>4</sup>







Source: Regulatory notifications and rating reports.

- Includes 2% for D-SIB buffer.
- Each local regulator determines its own level of countercyclical capital buffer to accumulate capital in periods of economic expansion.
- HKMA has set a CCyB of 2.5% to be phased in over a period of 3 years. As of 1 January 2016, the CCyB requirement is 0.625% of RWA.
- Ratios shown here are on a fully-loaded based on end-state when the maximum capital requirements are implemented
- In China, G-SIBs are only subject to the higher of G-SIB and D-SIB buffer

# Resolution Regime Overview

## Resolution Regime in Asia

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

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

## Resolution Regime: Priorities for 2015 <sup>2</sup>

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.

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

- FY15 NPAT stable at SGD3,209m, despite volatile market and modest growth
- Record revenue of SGD8,048m, driven by wider NIM (+6 basis points over FY14) and broad-based increase in fee income
- Maintain costs discipline; continue to invest in building long-term capabilities

## Prudent Management of Capital, Liquidity and Balance Sheet

- Strong capital base; Common Equity Tier 1 capital adequacy ratio of 13.0% as at 31 December 2015, well above Basel III capital requirements
- Liquid and well diversified funding mix with loan/deposits ratio at 84.7%
- Stable asset quality, with well-diversified loan portfolio

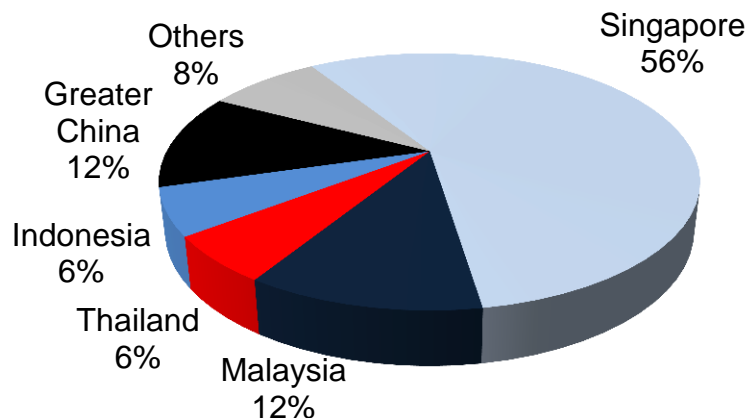
## Delivering on Regional Strategy

- Holistic regional bank with effective full control of subsidiaries in key markets with lower credit penetration
- Key regional franchise continues to deliver as we leverage regional flows
- Entrenched local presence: ground resources and integrated regional network to better address the needs of our targeted segments

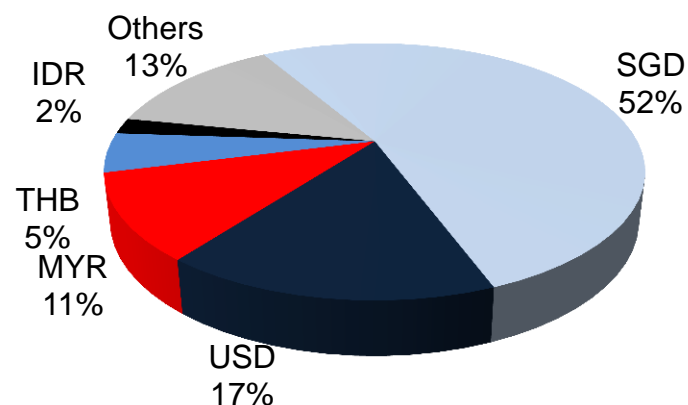
***UOB is focused on the basics of banking;  
Stable management team with proven execution capabilities***

# Diversified Loan Portfolio

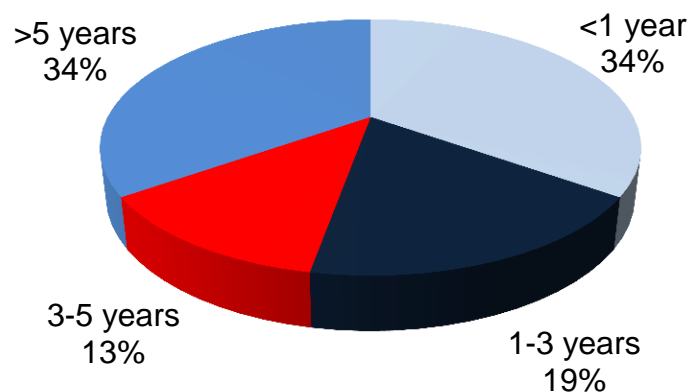
## Gross Customer Loans by Geography <sup>1</sup>



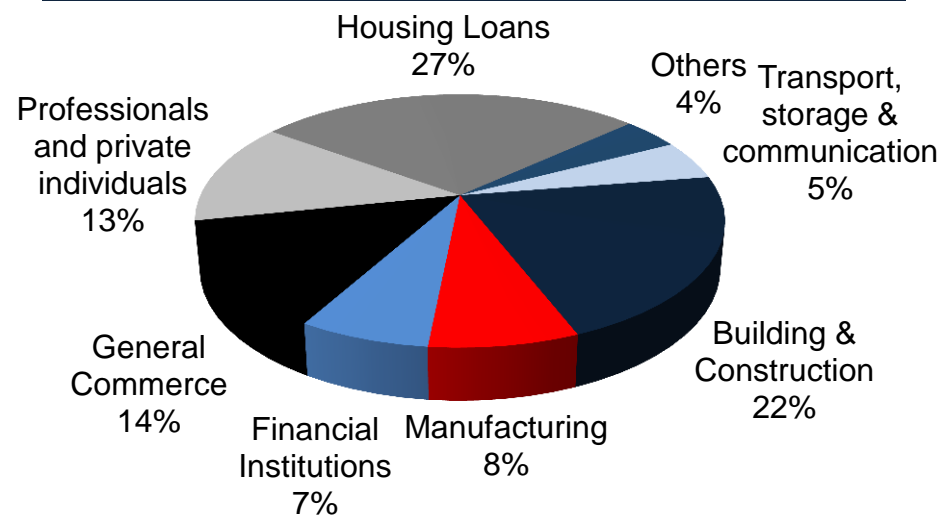
## Gross Customer Loans by Currency



## Gross Customer Loans by Maturity



## Gross Customer Loans by Industry



Note: Financial statistics as at 31 December 2015.

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

# Competitive Against Peers

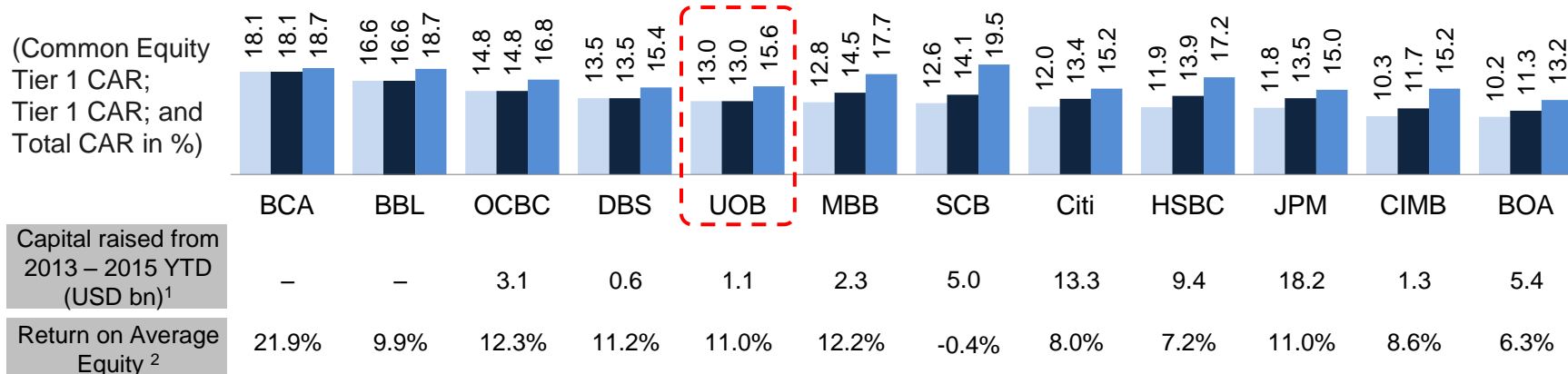
				Standalone Strength	Efficient Cost Management	Competitive ROAA	Well-Maintained Liquidity
Moody's	S&P	Fitch		Baseline credit assessment	Costs/income ratio	Return on average assets	Loan/deposit ratio
Aa1	AA-	AA-	UOB	aa3	44.7%	1.03%	84.7%
Aa1	AA-	AA-	OCBC	aa3	42.0%	1.14%	84.5%
Aa1	AA-	AA-	DBS	aa3	45.4%	0.96%	88.5%
A1	A	AA-	HSBC	a3	66.5%	0.60%	71.7%
Aa3	A-	A+	SCB	a2	67.8%	(0.32%)	72.8%
A3	A-	n.r.	CIMB	baa1	55.6%	0.78%	92.9%
A3	A-	A-	MBB	a3	48.2%	1.04%	91.5%
Baa1	BBB+	BBB+	BBL	baa2	43.8%	1.21%	89.4%
Baa3	n.r.	BBB-	BCA	baa3	63.2%	3.80%	81.1%
Baa1	BBB+	A	BOA	baa2	68.6%	0.78%	74.4%
Baa1	BBB+	A	Citi	baa2	57.0%	0.95%	66.6%
A3	A-	A+	JPM	a3	63.0%	0.99%	64.4%

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

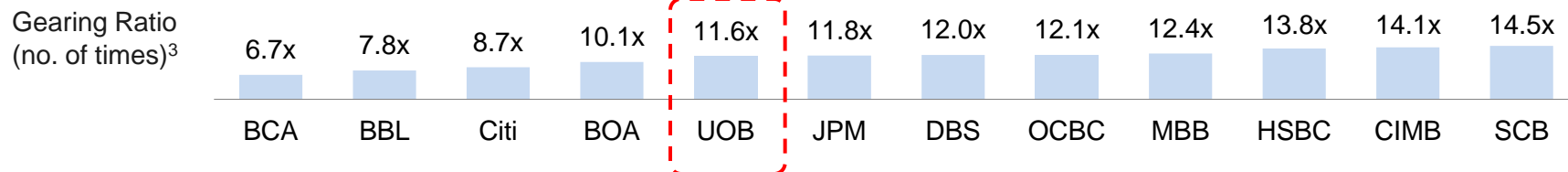
Source: Company reports, Credit rating agencies (updated as of 16 March 2016).  
Financials of banks were as of 31 December 2015.

# Strong Capitalisation and Low Gearing Ratio

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



## Gearing Ratio



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

Source: Company reports, Dealogic.

Financials of banks were as of 31 December 2015.

1. From 1 January 2013 till 31 December 2015 and includes Tier 1 capital
2. Computed on an annualised basis.
3. Gearing Ratio is calculated as tangible assets (reported total assets less goodwill and intangibles) divided by tangible equity (reported total equity less goodwill and intangibles).

# Strong Investment Grade Credit Ratings

## Ratings



**Aa1/Stable/P-1**

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



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

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



**AA- /Stable/F1+**

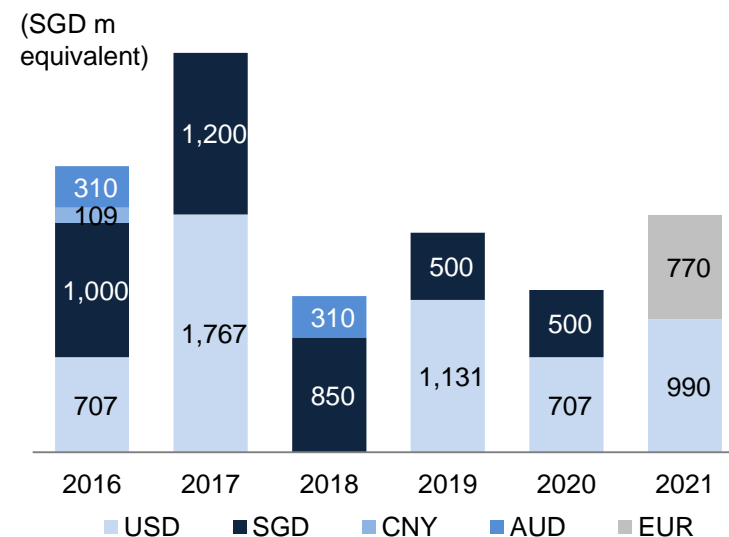
- 'Ratings reflect its strong domestic franchise, prudent management, robust balance sheet...'
- 'Stable funding profile and liquid balance sheet...'
- 'Notable credit strengths ...core capitalisation, domestic funding franchises and close regulatory oversight.'

## Debt Issuance History

Issue Date	Type	Structure	Call	Coupon	Amount	Issue Rating (M / S&P / F)
<b>Tier 1</b>						
Nov 2013	B3 AT1	Perpetual	2019	4.750%	SGD500m	A3 / BB+ / BBB
Jul 2013	B3 AT1	Perpetual	2018	4.900%	SGD850m	A3 / BB+ / BBB
<b>Tier 2</b>						
Mar 2016	B3 T2	10½NC5½	2021	3.500%	USD700m	A2 / - / A+
May 2014	B3 T2	12NC6	2020	3.500%	SGD500m	A2 / BBB / A+
Mar 2014	B3 T2	10½NC5½	2019	3.750%	USD800m	A2 / BBB / A+
Oct 2012	B2 LT2	10NC5	2017	2.875%	USD500m	Aa3 / A+ / A+
Jul 2012	B2 LT2	10NC5	2017	3.150%	SGD1.2b	Aa3 / A+ / A+
Apr 2011	B2 LT2	10NC5	2016	3.450%	SGD1.0b	Aa3 / A+ / A+
<b>Senior Unsecured</b>						
Sep 2014	-	5½yr FXN	-	2.500%	USD500m	Aa1 / AA- / AA-
Sep 2014	-	4yr FRN	-	BBSW 3m +0.640%	AUD300m	Aa1 / AA- / AA-
Nov 2013	-	3yr FRN	-	BBSW 3m +0.650%	AUD300m	Aa1 / AA- / AA-
Jun 2013	-	3yr FXN	-	2.500%	CNY500m	Aa1 / AA- / AA-
Mar 2012	-	5yr FXN	-	2.250%	USD750m	Aa1 / AA- / AA-
<b>Covered</b>						
Mar 2016	Covered	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -

B2: Basel II, B3: Basel III, AT1: Additional Tier 1, T2: Tier 2, LT2: Lower Tier 2  
 FXN: Fixed Rate Notes; FRN: Floating Rate Notes; the table includes public rated issuances of UOB Group; updated as of 21 Mar 2016.

## Debt Maturity Profile



Note: Maturities shown at first call date for Capital Securities  
 FX rates as at 31 December 2015: USD 1 = SGD 1.41;  
 SGD 1 = MYR 3.04; SGD 1 = HKD 5.48; SGD 1.03 = AUD 1;  
 SGD 1 = CNY 4.59; 1 GBP = SGD 2.10 ; EUR 1 = SGD 1.54.

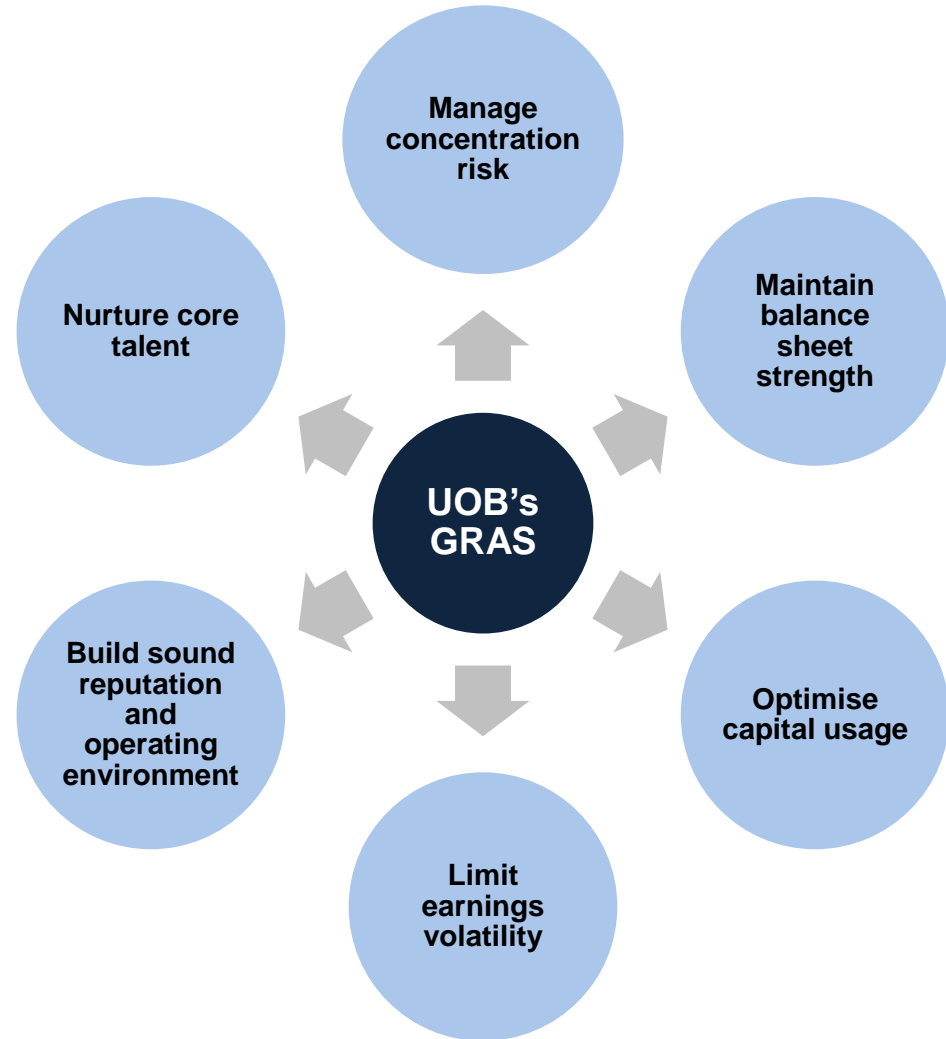


# Robust Risk Management Framework

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

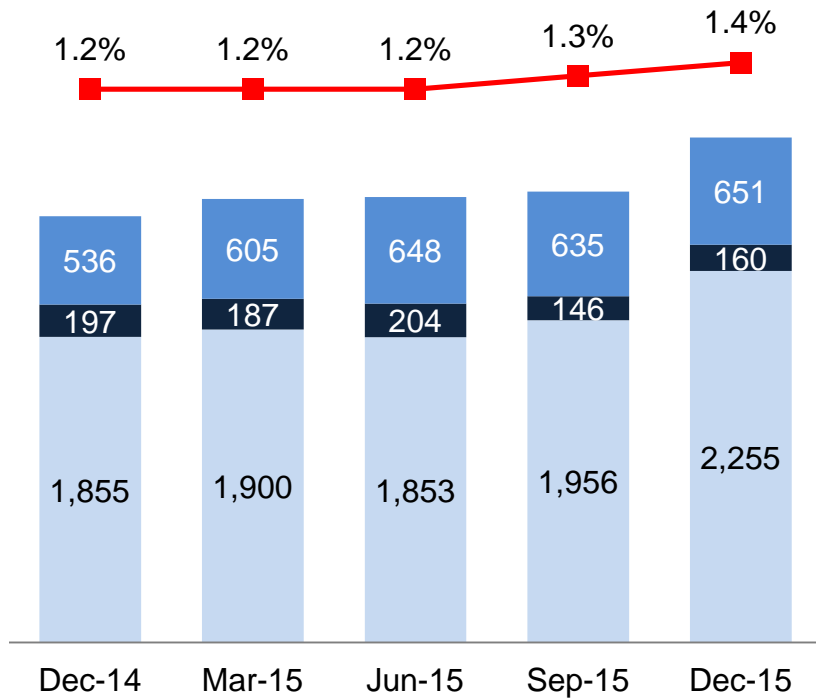
# Managing Risks for Stable Growth

- **Prudent approach has been key to delivering sustainable returns over the years**
  
- **Institutionalised framework through 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

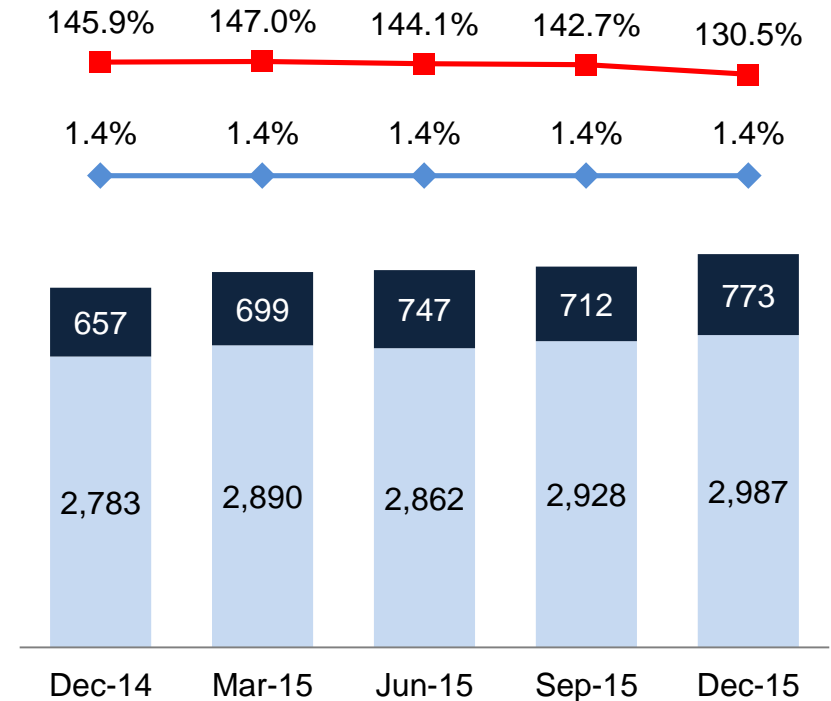


# Resilient Asset Quality; High Allowances Coverage

## Stable NPL Ratio



## Consistently High Allowances Coverage



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

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

# Disciplined Balance Sheet Management

- **Slight uptick in NPLs buffered by diversified portfolio with significant allowances**

- NPL ratio largely stable at 1.4%
- High general allowances-to-loans ratio of 1.4%
- Strong NPL coverage: 130.5%

- **Strong funding and capital base**

- High-quality ‘sticky’ deposits remains a key focus
- US\$8bn covered bond programme to broaden funding sources and investor base
- Liquidity Coverage Ratios<sup>1</sup>: SGD (217%) and all-currency (142%); well above regulatory minimum
- Proforma CET1 ratio<sup>2</sup> of 11.7%

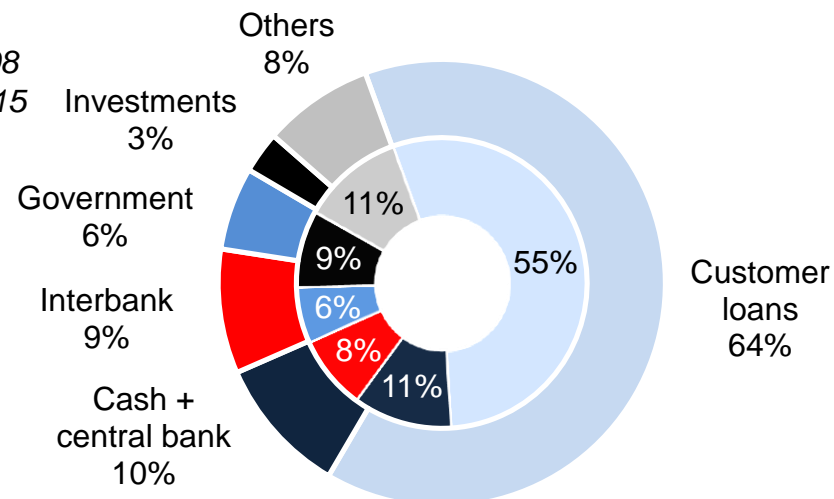
1. Average for 4Q15.

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

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

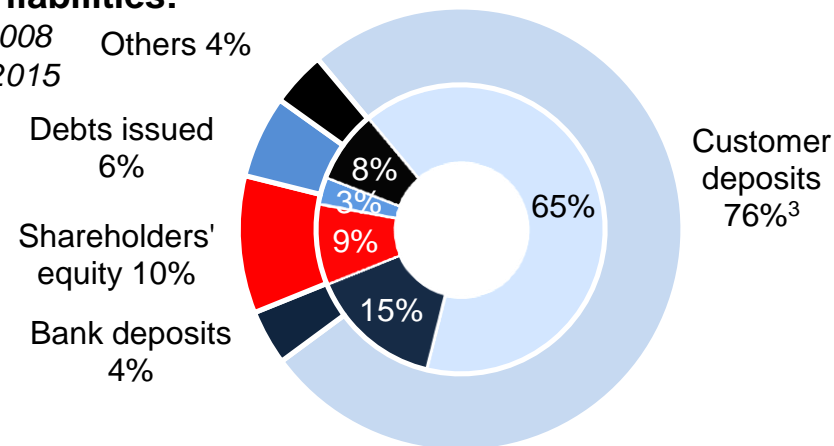
## Assets:

Inner circle: 2008  
Outer circle: 2015



## Equity and liabilities:

Inner circle: 2008  
Outer circle: 2015





## **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

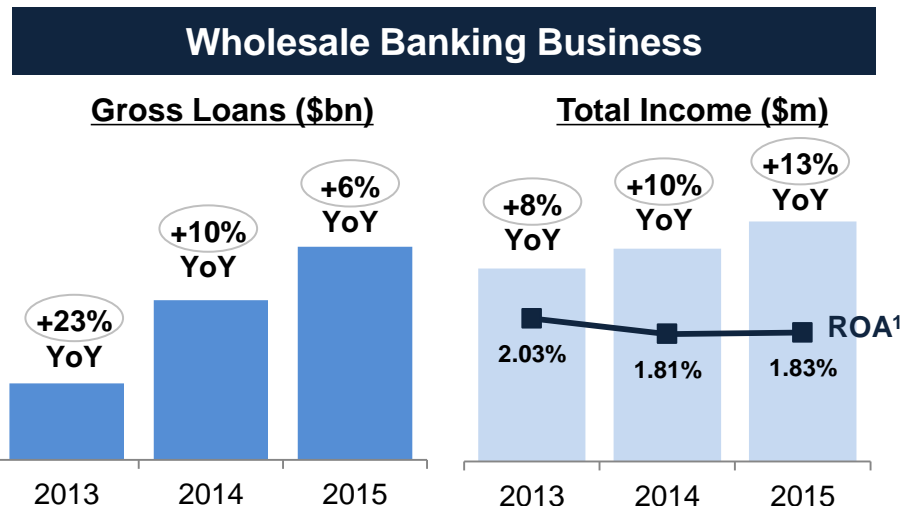
- Grow fee income to offset competitive pressures on loans and improve return on capital
- Increase client wallet share size by intensifying cross-selling efforts, focusing on service quality and expanding range of products and services

## Long-term Growth Perspective

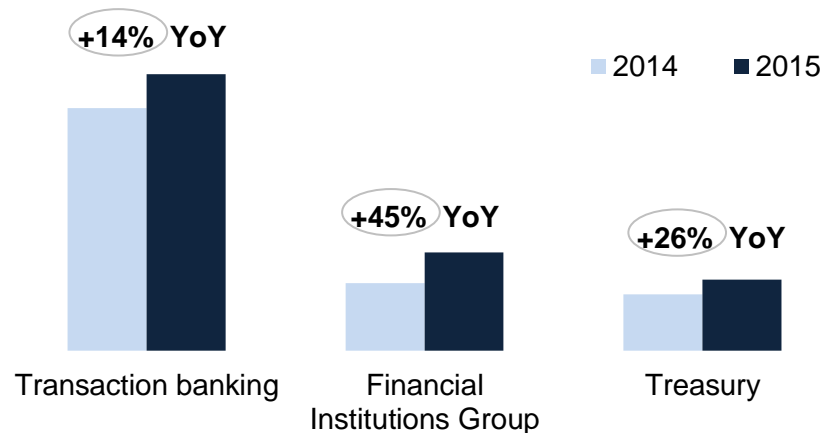
- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength amidst global volatilities

# Wholesale Banking: Forging Ahead

- **Stronger wholesale banking income**
  - Driven by stronger liability management and cross-selling efforts
  
- **Investing and developing strong product coverage and advisory capabilities**
  
- **Capturing regional opportunities**
  - Helped more than 700 companies expand in the region since 2011



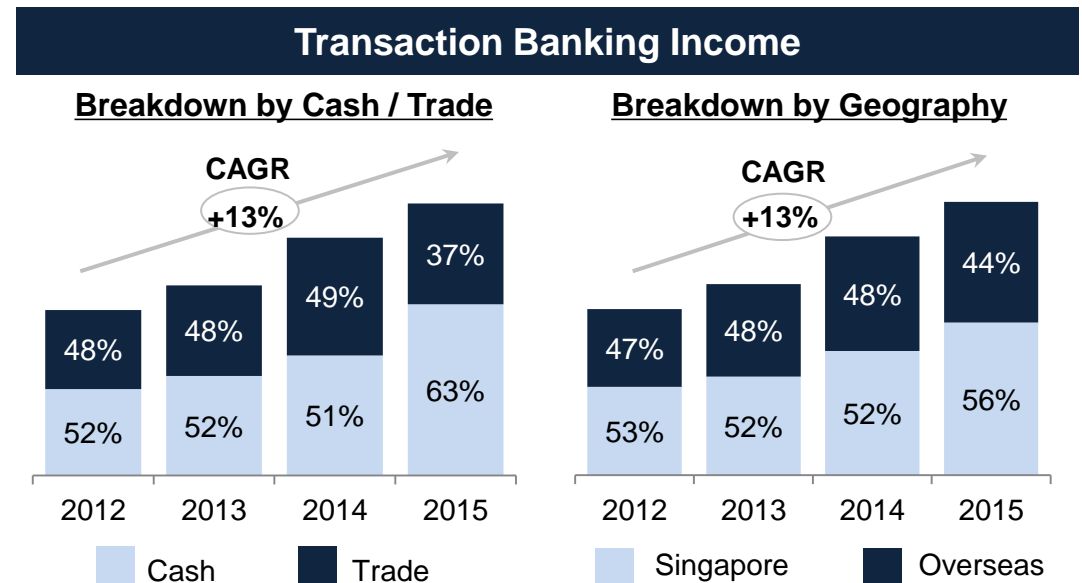
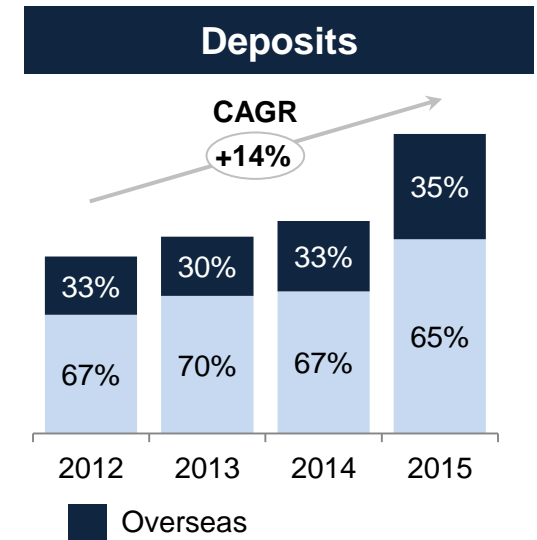
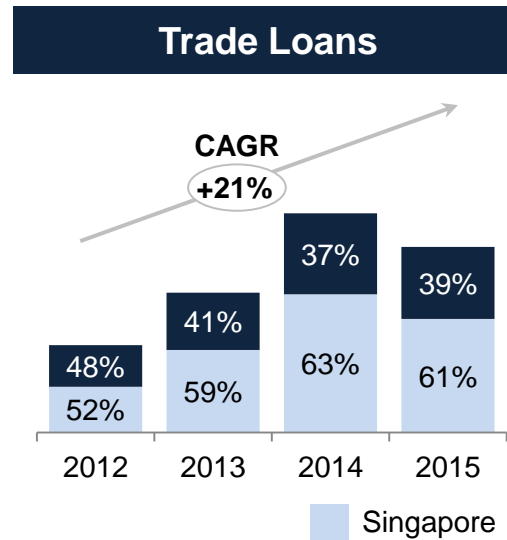
### Higher Income Mainly Due to Stronger Liability Management and Fees



1. ROA: Ratio of "Profit before tax" to "Average Assets"

# Cash Management Maintains Strong Momentum

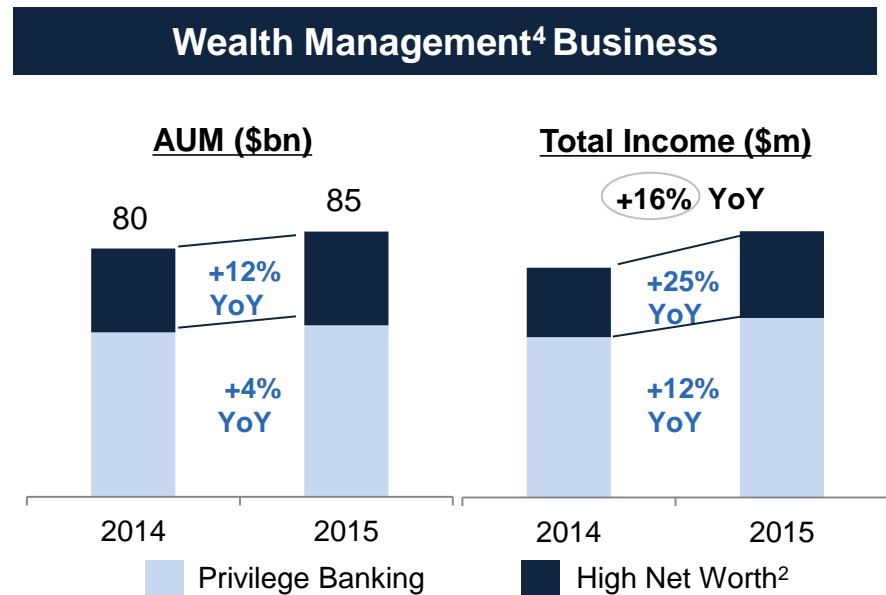
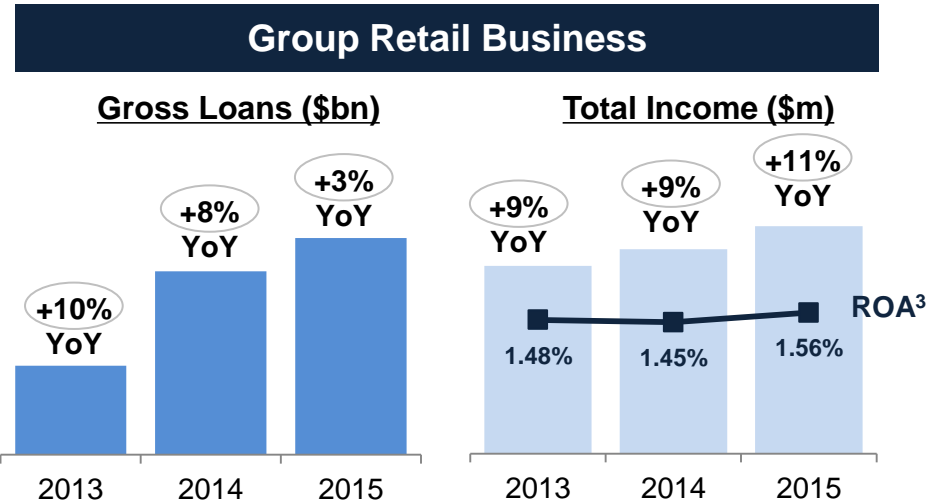
- Growth in transaction banking income in 2015, despite lower trade loans
- Strong cash management performance
  - Invested in product solutions and innovations
  - Growth driven by significant mandates won
  - Continue to garner quality deposits
- Won 32 awards, exceeding the 28 won in 2014





# Retail Banking: Healthy Contributions

- **Healthy retail banking<sup>1</sup> income despite challenging environment**
- **Growth of housing loan portfolio easing**
  - Overall asset quality expected to remain healthy
- **Improved returns, with successful growth in CASA**
- **Wealth management growing steadily**
  - \$85bn AUM as at end-2015
  - High Net Worth segment<sup>2</sup> seeing good traction



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 - Enriched Customer Experience

- 1 Seamless connectivity** across channels for superior customer experience & access
- 2 Analytics-driven customer insights** Increase & improve customer engagement
- 3 Innovation within & collaboration** with Eco-system partners & FinTechs to deliver customer-centric solutions



**+30%** internet & mobile activity  
**+27%** Online funds transfers


**PIB New look & feel**




**UOB Mighty** launch




**~7 million** LINE social app "friends" in UOB Thailand



**1<sup>st</sup> in the market** with Bank, Dine & Pay on-the-go with UOB Mighty



**1<sup>st</sup> in Asia** for Contactless Pay



**+14% visits** to revamped website



UOB & IIPL JV **FinTech innovation** Lab & Accelerator



Collaborate with BASH & Spring to **support start-ups**



Venture debt JV with Temasek to **finance Asian start-ups** in region



Partner with OurCrowd to provide **equity crowdfunding** in Asia

Engaged customers  $\Rightarrow$  higher cross-sell & revenue lift  
 Higher online activity  $\Rightarrow$  lower cost-to-serve

# 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*

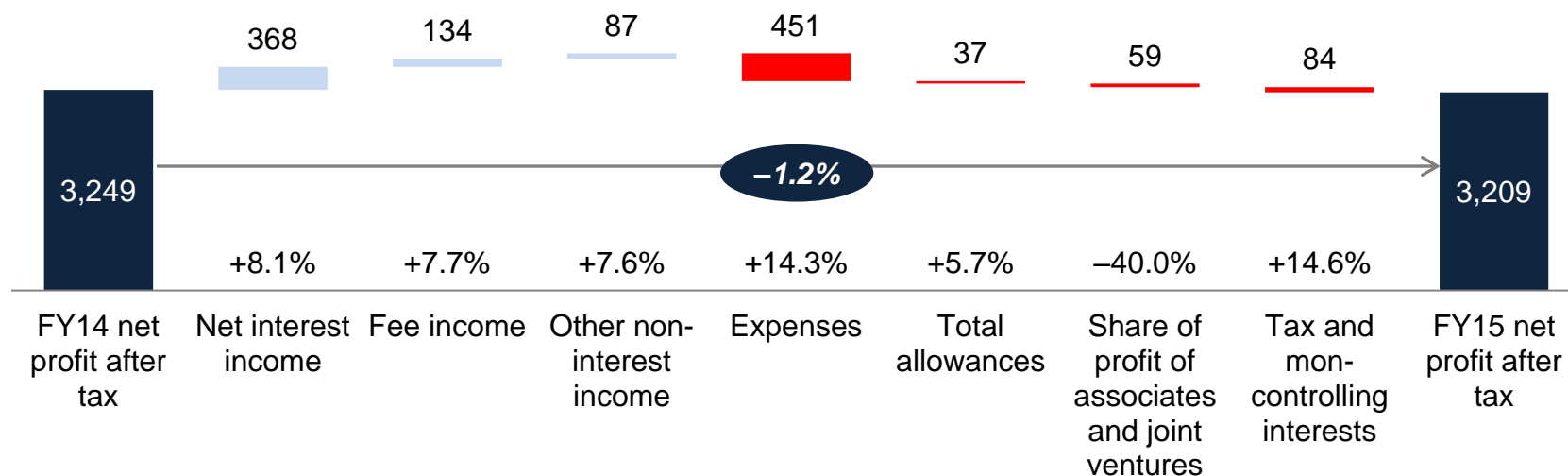


## Latest Financials

# FY15 Financial Overview

## Net Profit After Tax<sup>1</sup> (NPAT) Movement, FY15 vs FY14

(SGD m)



Key Indicators	FY15	FY14	YoY Change
NIM (%)	1.77	1.71	+0.06% pt
Non-NII / Income (%)	38.8	38.9	(0.1)% pt
Expense / Income ratio (%)	44.7	42.2	+2.5% pt
ROE (%) <sup>2</sup>	11.0	12.3	(1.3)% pt

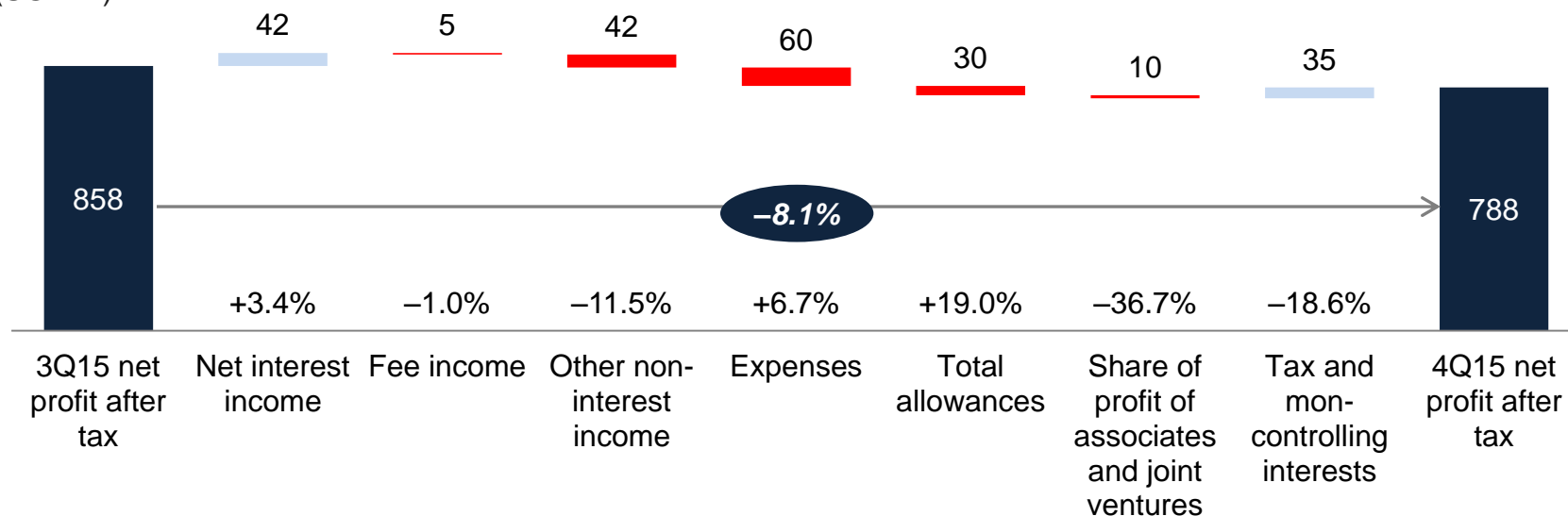
1. Relate to amount attributable to equity holders of the Bank.

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

# 4Q15 Financial Overview

## Net Profit After Tax<sup>1</sup> (NPAT) Movement, 4Q15 vs 3Q14

(SGD m)



Key Indicators	4Q15	3Q15	QoQ Change	4Q14	YoY Change
NIM (%) <sup>2</sup>	1.79	1.77	+0.02% pt	1.69	+0.10% pt
Non-NII / Income (%)	38.6	40.8	(2.2)% pt	36.8	+1.8% pt
Expense / Income ratio (%)	46.3	43.4	+2.9% pt	43.5	+2.8% pt
ROE (%) <sup>2,3</sup>	10.8	11.8	(1.0)% pt	11.3	(0.5)% pt

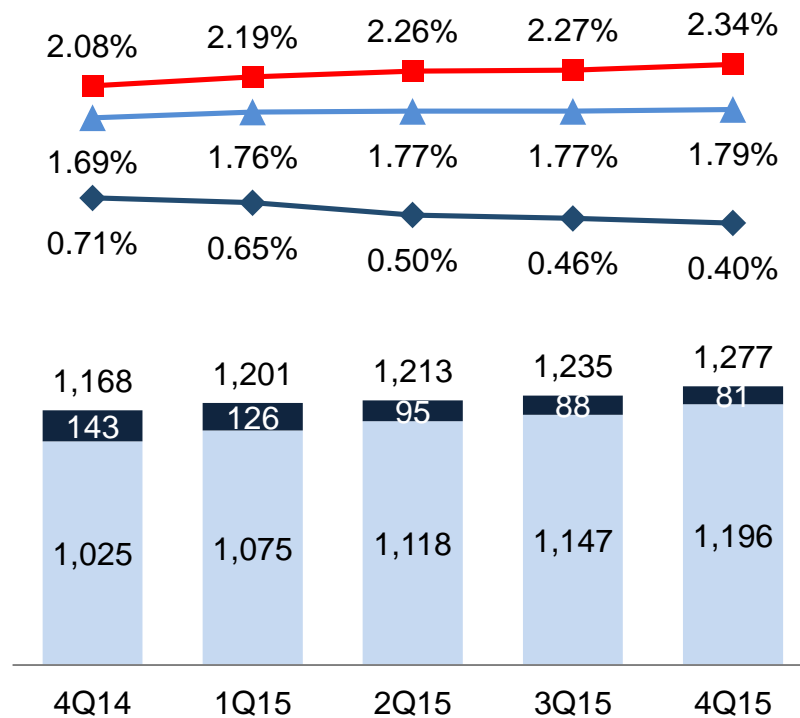
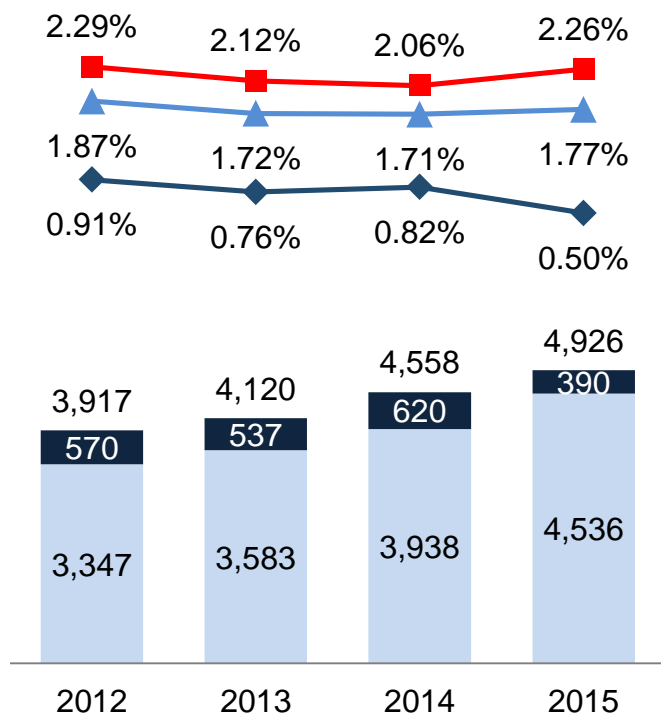
1. Relate to amount attributable to equity holders of the Bank.

2. Computed on an annualised basis.

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

# Net Interest Income Driven by Growth in Loans and Margins

## Net Interest Income (NII) and Margin



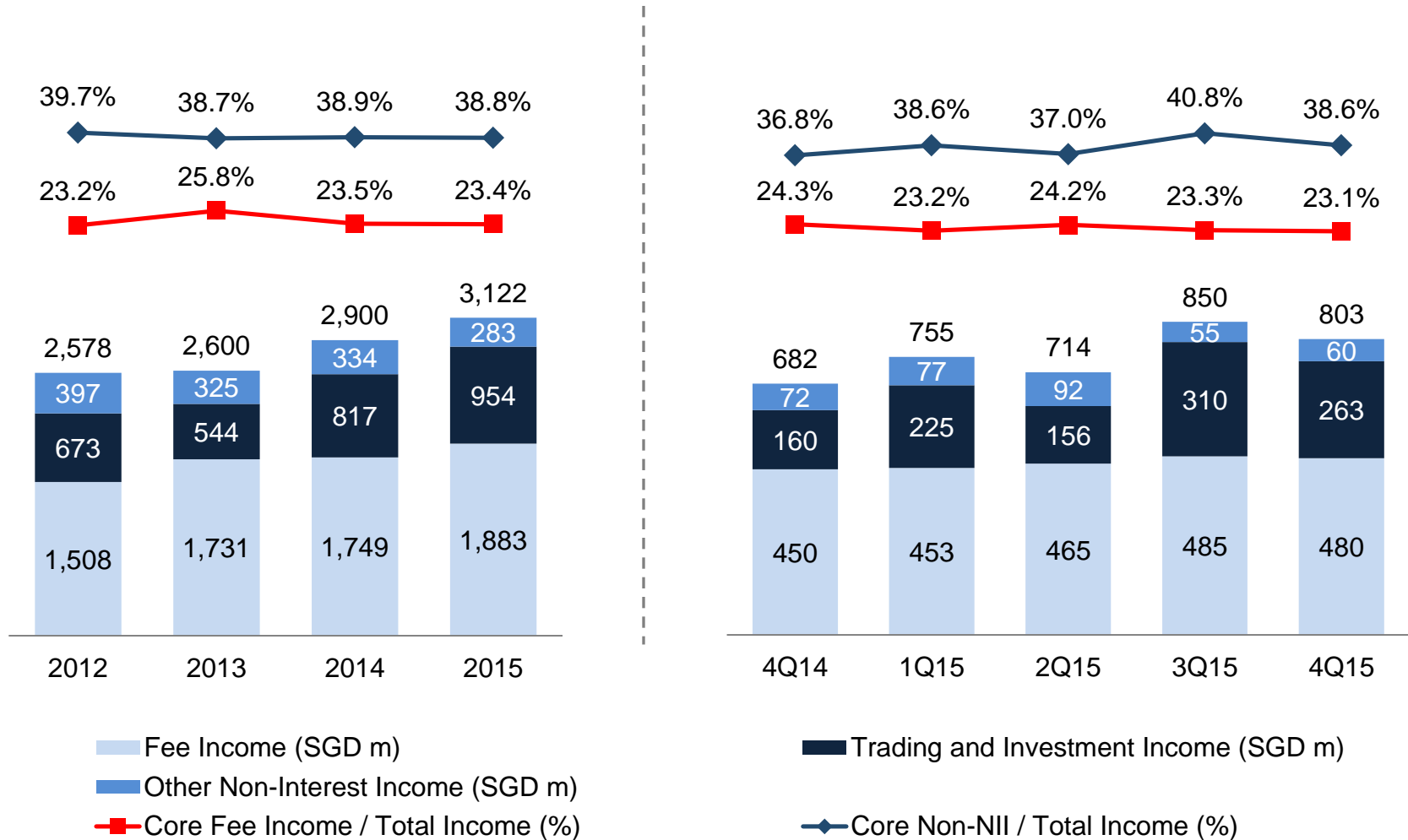
■ NII from Loans (SGD m)  
■ Loan Margin (%)  
▲ Net Interest Margin (%)

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

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

# Steady Non-Interest Income Mix Underpins Diversity

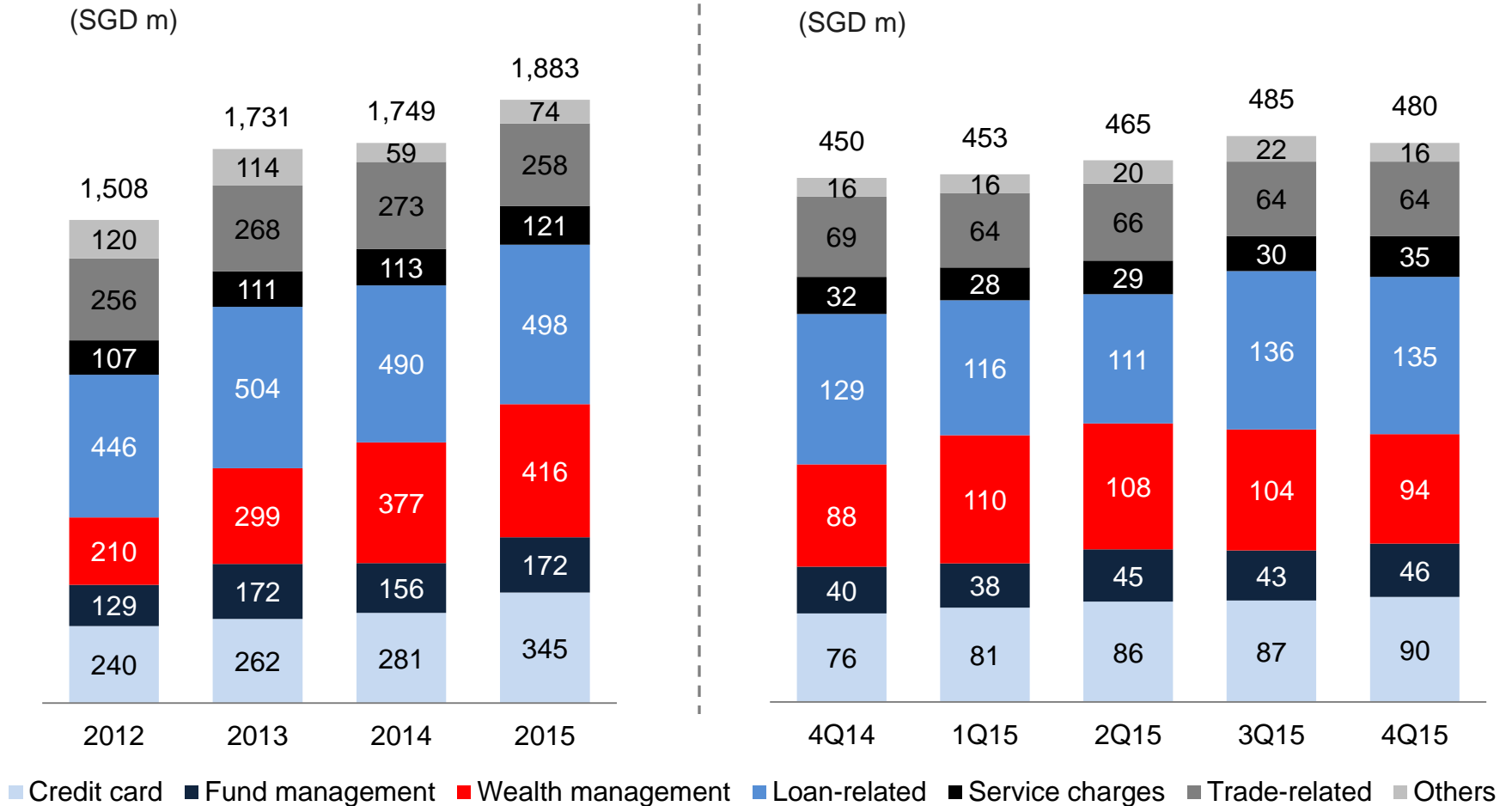
## Non-Interest Income (Non-NII) and Non-NII Ratio





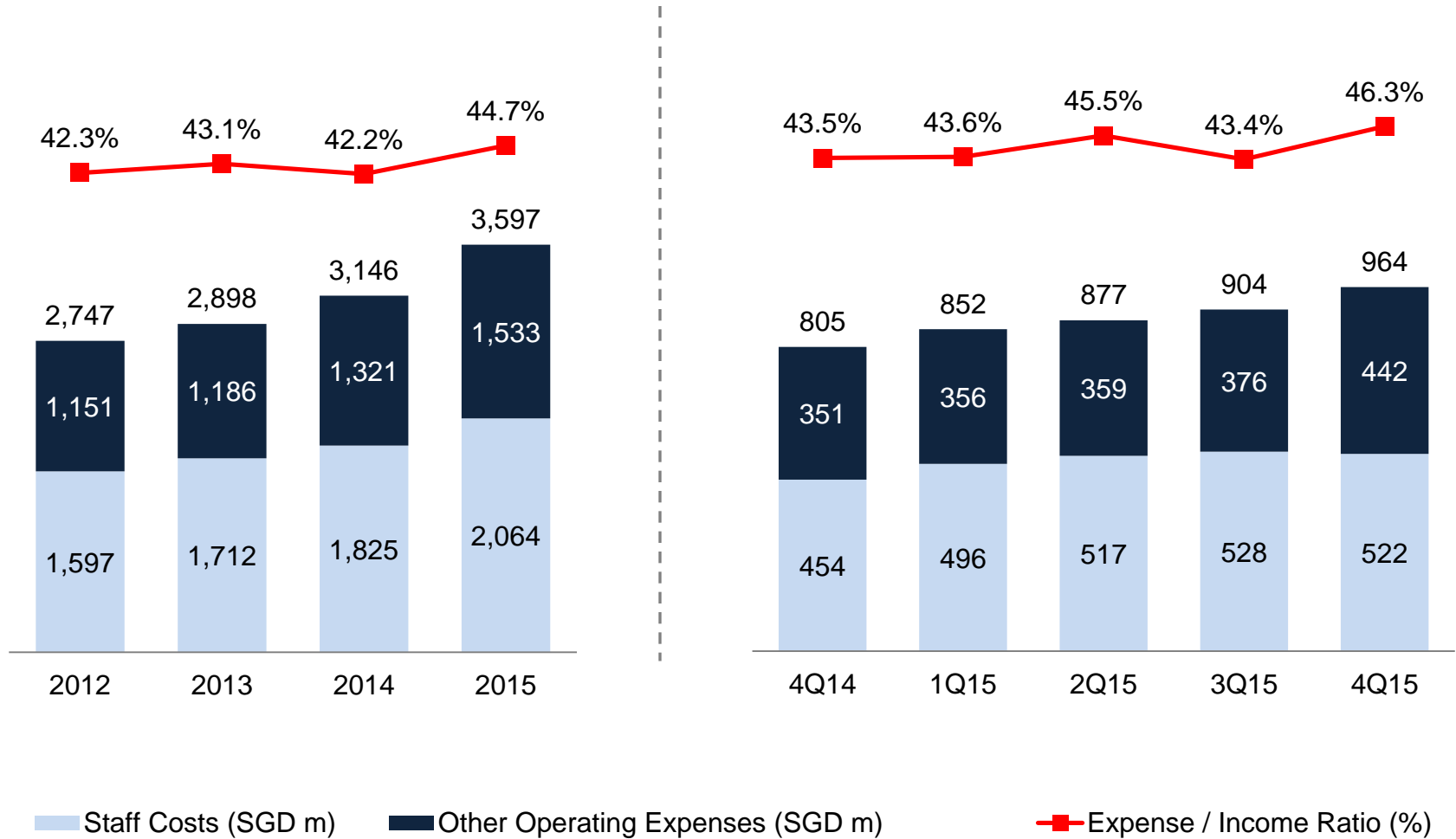
# Broad-based Growth in Fee Income

## Breakdown of Fee Income



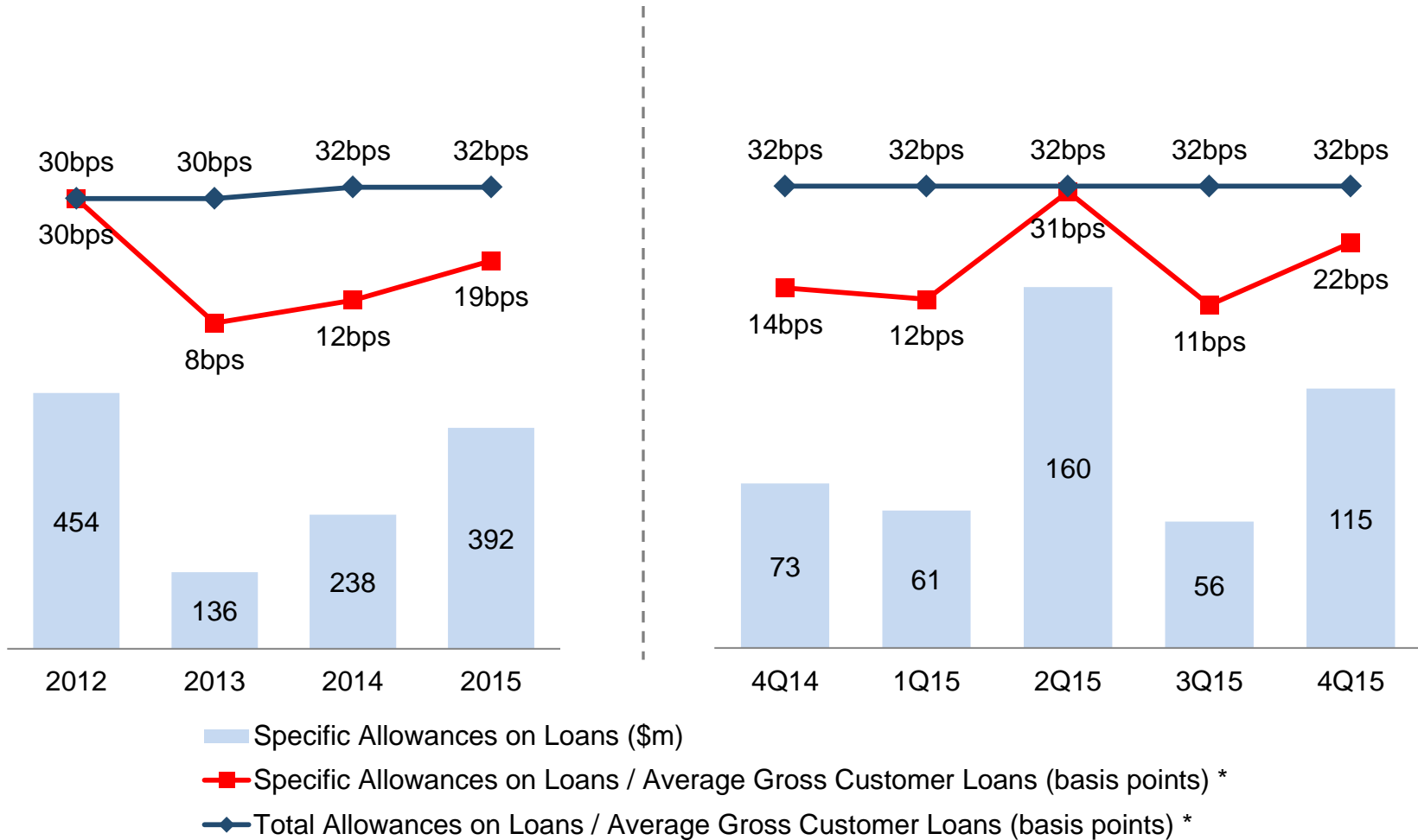
# Maintain Costs Discipline while Investing in Long-term Capabilities

## Operating Expenses and Expense / Income Ratio



# Stable Total Loan Charge-off Rate

## Allowances on Loans



\* Computed on an annualised basis.

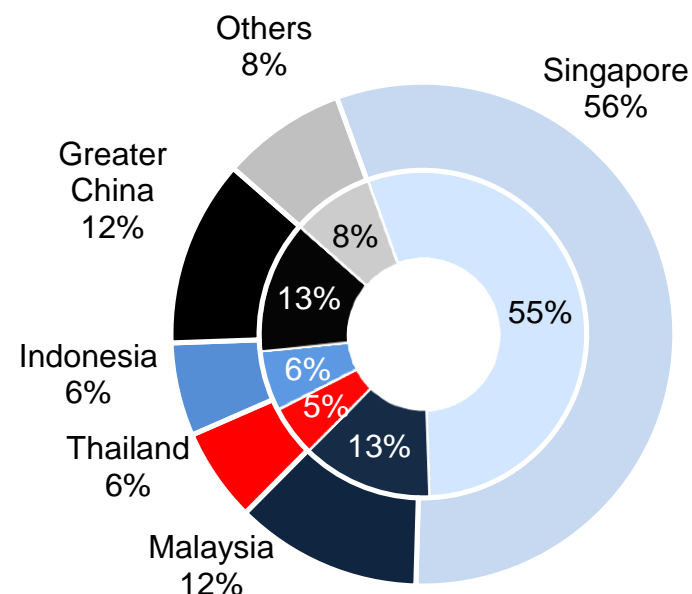
# Loan Growth was 5.4% YoY in Constant Currency Terms

Gross Loans <sup>1</sup>	Dec-15 SGD b	Sep-15 SGD b	QoQ	Dec-14 SGD b	YoY
			+/(-) %		+/(-) %
Singapore	116.1	114.3	+1.6	109.7	+5.8
Regional:	72.8	70.7	+3.1	73.0	-0.2
Malaysia	24.6	23.7	+4.0	25.8	-4.5
Thailand	11.5	11.2	+3.0	10.8	+6.0
Indonesia	11.5	10.8	+6.9	11.1	+4.0
Greater China	25.2	25.1	+0.6	25.3	-0.4
Others	18.4	18.3	+0.8	16.6	+10.9
<b>Total</b>	<b>207.4</b>	<b>203.2</b>	<b>+2.0</b>	<b>199.3</b>	<b>+4.0</b>
<b>USD Loans</b>	<b>36.0</b>	<b>35.8</b>	<b>+0.5</b>	<b>33.5</b>	<b>+7.4</b>

## Gross loans breakdown:

Inner circle: Dec-14

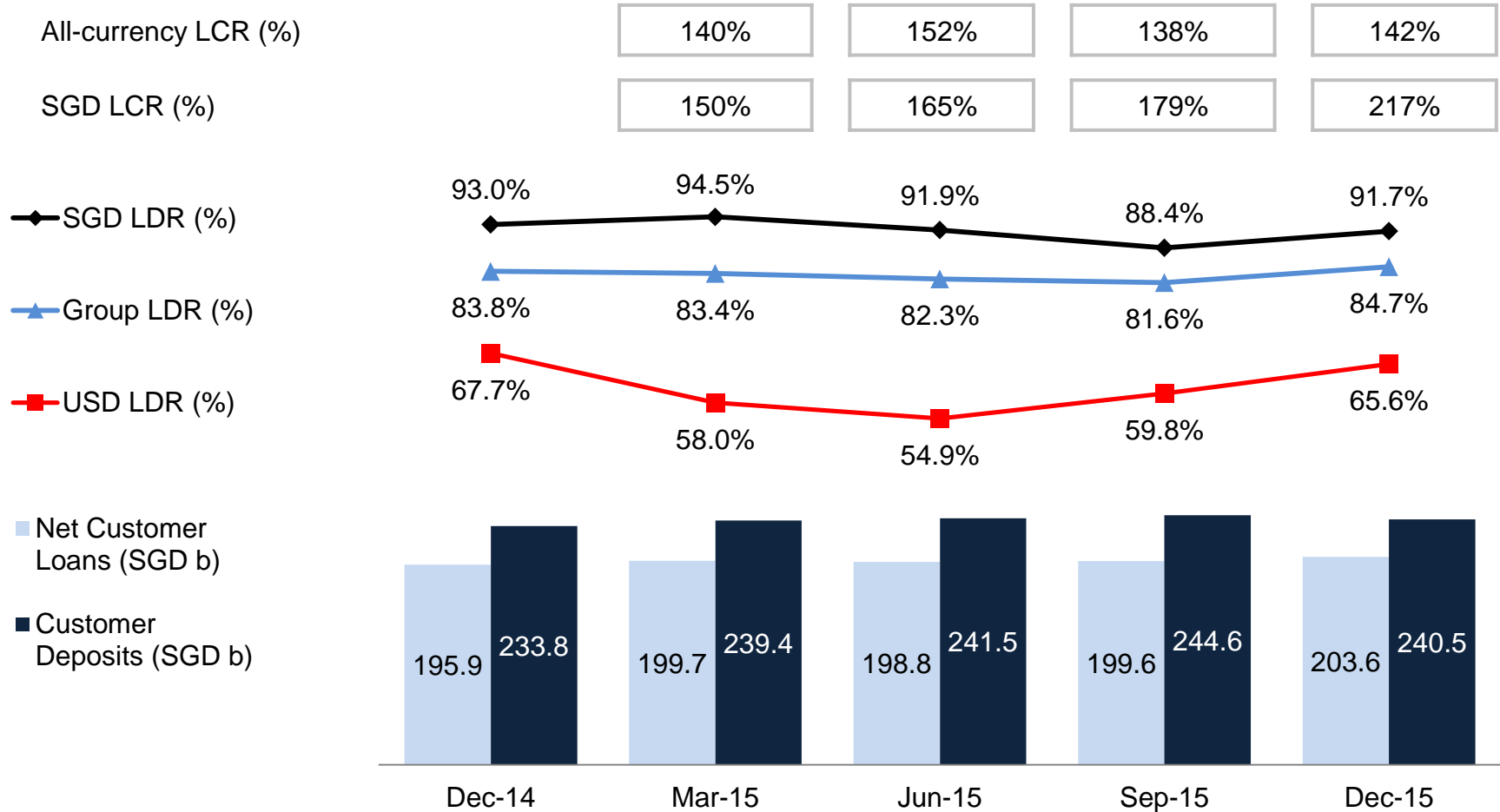
Outer circle: Dec-15



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).

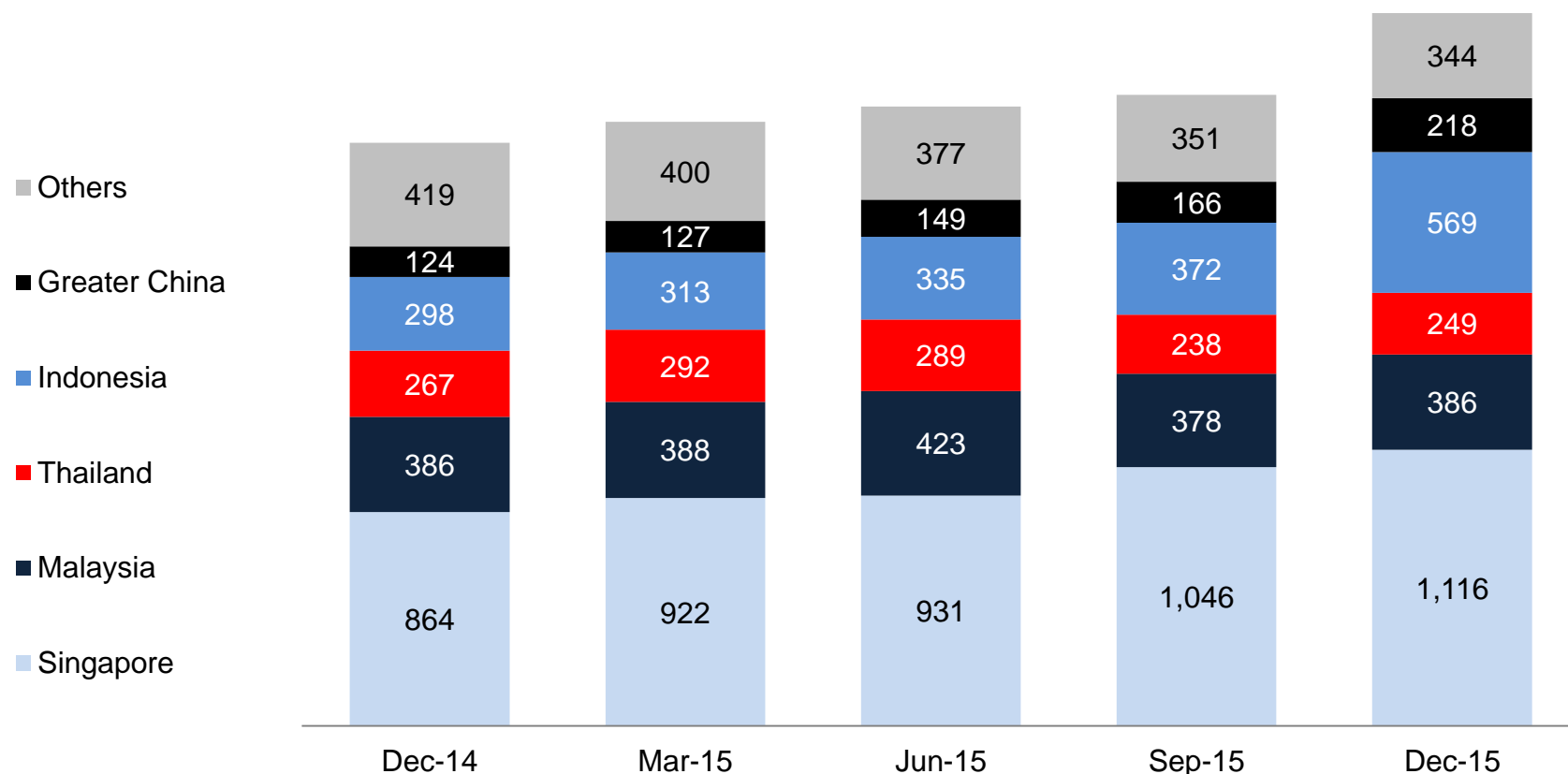
# Stable Liquidity Position

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



# Robust Credit Quality; NPL Ratio Stable at 1.4%

NPL ratio	1.2%	1.2%	1.2%	1.3%	1.4%
NPLs <sup>1</sup> (SGD m)	2,358	2,442	2,504	2,551	2,882

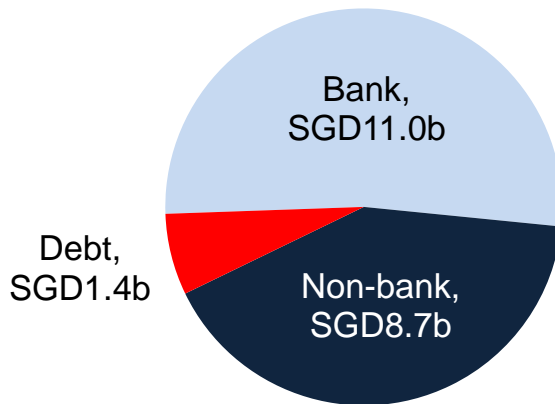


1. NPLs by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

# Exposure to China

**Total = SGD21.1b**

*or 6.6% of total assets*



## Bank exposure in China

- 99% with <1 year tenor
- Around 75% accounted for by top 5 domestic banks and policy banks
- Trade exposures mostly with bank counterparties, representing about 65% 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 1%
- Around half of loans denominated in RMB
- Around half 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 15	Oil and gas		Other commodity segments	Total
	Upstream industries	Traders/ downstream industries		
Total exposure <sup>1</sup>	SGD5.0b	SGD7.1b	SGD8.9b	SGD21.0b
Outstanding loans	SGD3.8b	SGD3.9b	SGD7.1b	SGD14.8b

3.6% of total loans

7% of total loans

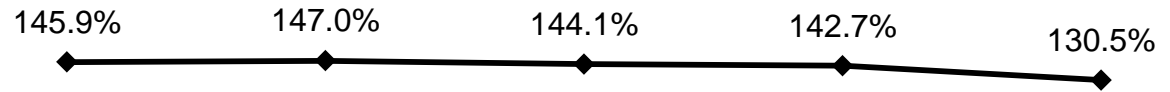
- Total exposure, including off-balance sheet items, stood at SGD21.0b as of 31 Dec 2015
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

1. Total exposure comprises outstanding loans and contingent liabilities



# High Allowances Coverage

◆ Total Allowances / Total NPL (%)

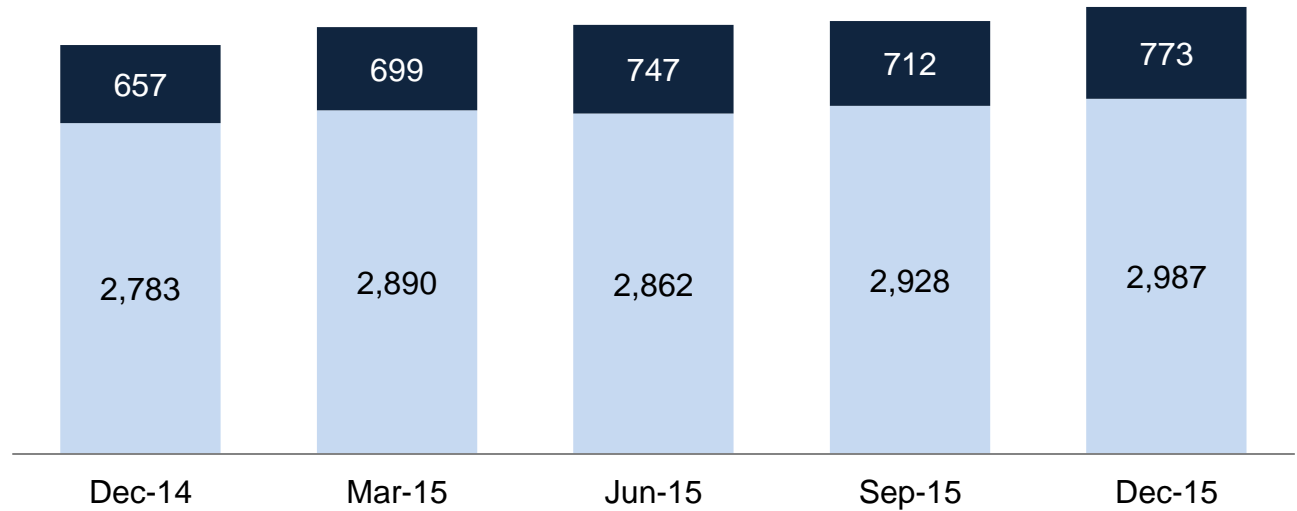


■ General Allowances / Gross Loans net of Specific Allowances (%)

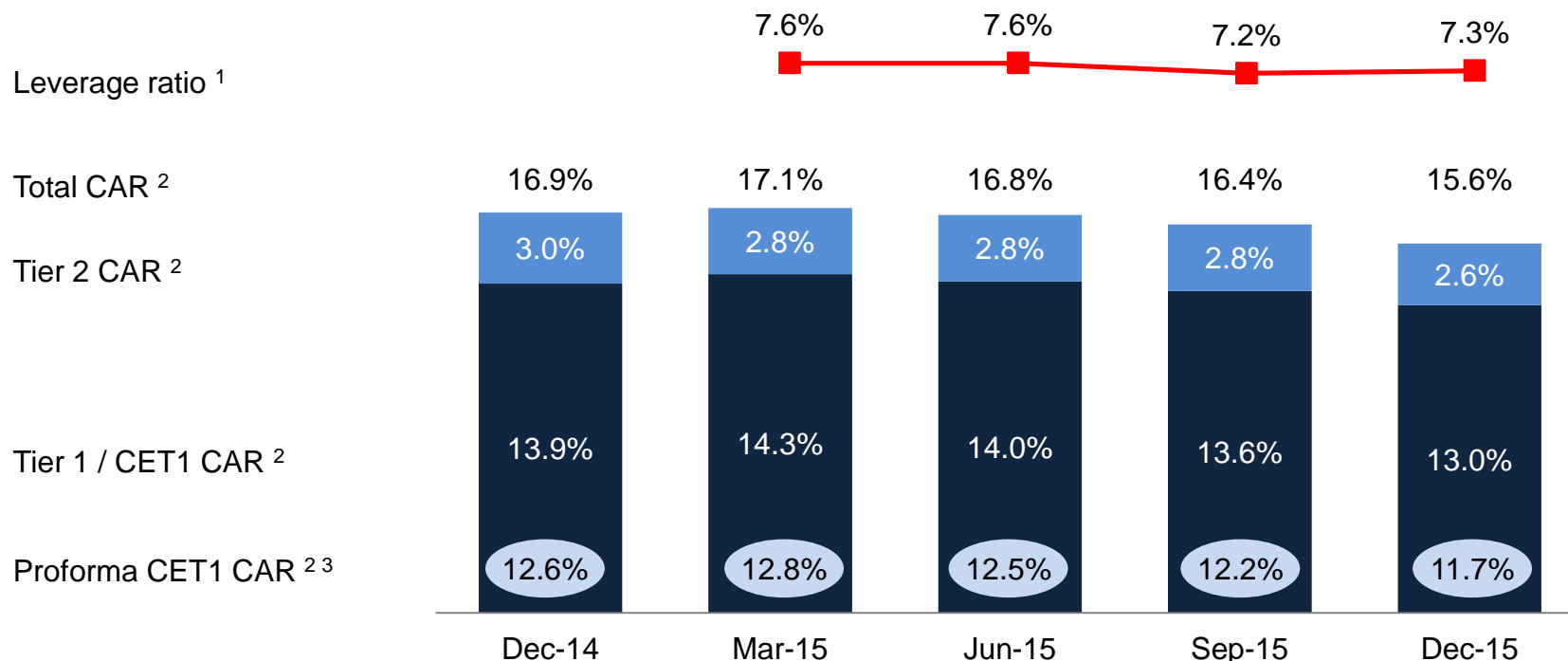


■ Specific Allowances (SGD m)

■ General Allowances (SGD m)



# Strong Capital and Leverage Ratios

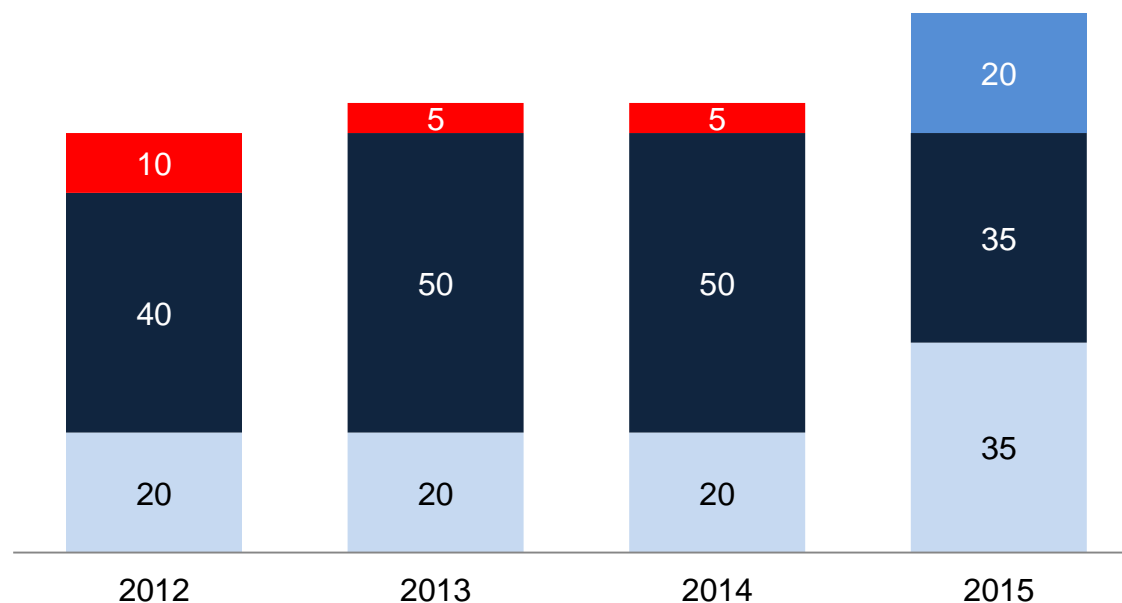


## SGD b

Common Equity Tier 1 Capital	25	26	25	25	26
Tier 1 Capital	25	26	25	25	26
Total Capital	30	31	30	30	31
Risk-Weighted Assets	179	182	182	186	201

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

1,102

1,182

1,201

1,442

**Payout ratio (%)**

39

39

37

45

Thank you

