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

To: All Shareholders

The Board of Directors of United Overseas Bank Limited ("UOB") wishes to make the following announcement:

**Audited Financial Results for the Financial Year Ended 31 December 2015**
Details of the audited financial results are in the accompanying UOB Group Financial Report.

**Dividends and Distributions**

***Ordinary share dividend***
The Directors recommend the payment of a final one-tier tax-exempt dividend of 35 cents (2014: final dividend of 50 cents and special dividend of 5 cents) per ordinary share for the financial year ended 31 December 2015. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting scheduled for 21 April 2016.

Together with the interim one-tier tax-exempt dividend of 35 cents per ordinary share (2014: 20 cents) paid in August 2015 and the one-off 80th Anniversary dividend of 20 cents paid in January 2016, the total net dividend for the financial year ended 31 December 2015 will be 90 cents (2014: 75 cents) per ordinary share amounting to $1,442 million (2014: $1,201 million).

***Preference share dividend***
During the financial year, a semi-annual dividend at an annual rate of 5.796% totalling USD29 million (2014: USD29 million) was paid on the 5,000 non-cumulative non-convertible guaranteed SPV-A preference shares issued by UOB's wholly-owned subsidiary, UOB Cayman I Limited.

***Capital securities distributions***
On 19 November 2015, a semi-annual distribution at an annual rate of 4.75% totalling $12 million was paid on UOB's $500 million 4.75% non-cumulative non-convertible perpetual capital securities for the period from 19 May 2015 up to, but excluding, 19 November 2015.

**Closure of Books**
Notice is hereby given that, subject to shareholders' approval of the aforementioned final dividend at the Annual General Meeting, the Share Transfer Books and Register of Members of UOB will be closed from 3 May 2016 to 4 May 2016, both dates inclusive, for the preparation of dividend warrants. Registrable transfers received by UOB's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 pm on 29 April 2016 will be registered for the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Ltd ("CDP"), the final dividend will be paid by the Bank to CDP which will, in turn, distribute the dividends to holders of the securities accounts.

**Interested Person Transactions**
UOB has not obtained a general mandate from shareholders for Interested Person Transactions.

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Wee Ee Cheong | 63 | Son of Dr Wee Cho Yaw, UOB Chairman Emeritus and Adviser | Deputy Chairman & CEO | Nil |

**BY ORDER OF THE BOARD**
**UNITED OVERSEAS BANK LIMITED**

Ms Joyce Sia
Secretary

Dated this 16th day of February 2016

The results are also available at www.uobgroup.com

# Group Financial Report

## For the Financial Year / Fourth Quarter 2015

**United Overseas Bank Limited**
**Incorporated in the Republic of Singapore**

## Contents



Notes:

1 The financial statements are presented in Singapore dollars.

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

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

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

"NM" denotes not meaningful.

"NA" denotes not applicable.

# Financial Highlights

| | **2015** | 2014 | +/(-) % | **4Q15** | 4Q14 | +/(-) % | 3Q15 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Selected income statement items ($m)** | | | | | | | | |
| Net interest income | **4,926** | 4,558 | 8.1 | **1,277** | 1,168 | 9.3 | 1,235 | 3.4 |
| Fee and commission income | **1,883** | 1,749 | 7.7 | **480** | 450 | 6.7 | 485 | (1.0) |
| Other non-interest income | **1,238** | 1,151 | 7.6 | **323** | 232 | 39.4 | 365 | (11.5) |
| Total income | **8,048** | 7,457 | 7.9 | **2,081** | 1,850 | 12.5 | 2,085 | (0.2) |
| Less: Total expenses | **3,597** | 3,146 | 14.3 | **964** | 805 | 19.8 | 904 | 6.7 |
| Operating profit | **4,451** | 4,311 | 3.2 | **1,116** | 1,045 | 6.8 | 1,181 | (5.5) |
| Less: Total allowances | **672** | 635 | 5.7 | **190** | 166 | 14.6 | 160 | 19.0 |
| Add: Share of profit of associates and joint ventures | **90** | 149 | (40.0) | **18** | 43 | (59.0) | 28 | (36.7) |
| Net profit before tax | **3,869** | 3,825 | 1.1 | **944** | 922 | 2.4 | 1,049 | (10.0) |
| Less: Tax and non-controlling interests | **660** | 576 | 14.6 | **156** | 136 | 14.6 | 191 | (18.6) |
| Net profit after tax [1] | **3,209** | 3,249 | (1.2) | **788** | 786 | 0.3 | 858 | (8.1) |
| **Selected balance sheet items ($m)** | | | | | | | | |
| Net customer loans | **203,611** | 195,903 | 3.9 | **203,611** | 195,903 | 3.9 | 199,587 | 2.0 |
| Customer deposits | **240,524** | 233,750 | 2.9 | **240,524** | 233,750 | 2.9 | 244,630 | (1.7) |
| Total assets | **316,011** | 306,736 | 3.0 | **316,011** | 306,736 | 3.0 | 323,357 | (2.3) |
| Shareholders' equity [1] | **30,768** | 29,569 | 4.1 | **30,768** | 29,569 | 4.1 | 30,206 | 1.9 |
| **Key financial ratios (%)** | | | | | | | | |
| Net interest margin [2] | **1.77** | 1.71 | | **1.79** | 1.69 | | 1.77 | |
| Non-interest income/Total income | **38.8** | 38.9 | | **38.6** | 36.8 | | 40.8 | |
| Expense/Income ratio | **44.7** | 42.2 | | **46.3** | 43.5 | | 43.4 | |
| Overseas profit before tax contribution | **38.9** | 38.7 | | **36.4** | 42.0 | | 38.5 | |
| Loan charge off rate (bp) [2] | | | | | | | | |
| Exclude general allowances | **19** | 12 | | **22** | 14 | | 11 | |
| Include general allowances | **32** | 32 | | **32** | 32 | | 32 | |
| NPL ratio [3] | **1.4** | 1.2 | | **1.4** | 1.2 | | 1.3 | |

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

**Financial Highlights** *(cont'd)*

| | **2015** | 2014 | **4Q15** | 4Q14 | 3Q15 |
|---|---|---|---|---|---|
| **Key financial ratios (%)** *(cont'd)* | | | | | |
| Return on average total assets [1] | **1.03** | 1.10 | **0.99** | 1.03 | 1.09 |
| Return on average ordinary shareholders' equity [1,2] | **11.0** | 12.3 | **10.8** | 11.3 | 11.8 |
| Loan/Deposit ratio [3] | **84.7** | 83.8 | **84.7** | 83.8 | 81.6 |
| Liquidity coverage ratios ("LCR") [4] | | | | | |
| All-currency | **143** | NA | **142** | NA | 138 |
| Singapore dollar | **179** | NA | **217** | NA | 179 |
| Capital adequacy ratios | | | | | |
| Common Equity Tier 1 | **13.0** | 13.9 | **13.0** | 13.9 | 13.6 |
| Tier 1 | **13.0** | 13.9 | **13.0** | 13.9 | 13.6 |
| Total | **15.6** | 16.9 | **15.6** | 16.9 | 16.4 |
| Leverage ratio [5] | **7.3** | NA | **7.3** | NA | 7.2 |
| Earnings per ordinary share ($) [1,2] | | | | | |
| Basic | **1.94** | 1.98 | **1.90** | 1.90 | 2.07 |
| Diluted | **1.93** | 1.97 | **1.90** | 1.89 | 2.07 |
| Net asset value ("NAV") per ordinary share ($) [6] | **17.84** | 17.09 | **17.84** | 17.09 | 17.49 |
| Revalued NAV per ordinary share ($) [6] | **20.56** | 19.73 | **20.56** | 19.73 | 20.13 |

Notes:
1 Computed on an annualised basis.
2 Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and capital securities distributions.
3 Refer to net customer loans and customer deposits.
4 Figures reported are based on average LCR for the respective period. A minimum requirement of Singapore dollar LCR of 100% and all-currency LCR of 60% shall be maintained at all times with effect from 1 January 2015, with all-currency LCR increasing by 10% each year to 100% by 2019.
5 Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.
6 Preference shares and capital securities are excluded from the computation.

**Performance Review**

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

The revised FRS applicable to the Group with effect from 1 January 2015 is listed below. The adoption of the FRS has no significant impact on the financial statements of the Group.

- Amendments to FRS19 – Defined Benefit Plans: Employee Contributions

With effect from 31 December 2015, the recognition of undrawn credit facilities has been revised following MAS' clarification on the definition of loan commitment. Commitments are now recognised on the date at which the loan contract or agreement is entered into. For loans on a progressive disbursal schedule, the full loan amount would be recognised upfront, instead of recognising only the next disbursal amount when conditions precedent are fulfilled. Accordingly, prior period comparatives have been restated to align to the current definition and is disclosed under "Commitments" in Appendices 3 and 6. For the purpose of capital computation, this revision is applied prospectively.

Other than the above changes, the accounting policies and computation methods adopted in the financial statements for the financial year ended 31 December 2015 are the same as those adopted in the audited financial statements for the financial year ended 31 December 2014.

**Full Year 2015 ("2015") performance**

**2015 versus 2014**

The Group reported a net profit after tax of $3.21 billion for 2015, a marginal decline of 1.2% from a year ago. Total income grew 7.9% to reach $8.05 billion, led by a broad-based increase in core income and higher gains on sale of investment securities.

Net interest income grew 8.1% to $4.93 billion, driven by healthy loan growth and improved net interest margin. Net interest margin increased 6 basis points to 1.77%, benefiting from rising interest rates in Singapore.

Non-interest income rose 7.7% to $3.12 billion in 2015. Fee income grew 7.7% to $1.88 billion with credit card, fund management and wealth management activities registering steady growth. Trading and investment income increased 16.8% to $954 million due to higher gains on sale of securities as well as healthy growth in treasury customer income.

Total expenses increased 14.3% to $3.60 billion mainly due to higher staff costs, revenue and IT-related expenses. In 2015, the Group incurred a one-off expenses amounting to $67 million for Singapore's Golden Jubilee ("SG50") and UOB's 80th anniversary ("UOB80") commemorative events as well as the launch of a group-wide brand campaign. Excluding these expenses, total expenses increased 12.2% from 2014 to $3.53 billion as the Group continued to invest in talent and technology capabilities to deepen its franchise. Staff expenses, normalised for an adjustment for prior year bonus, would show an increase of 7.0% from 2014 while total expenses would increase 9.0%. Expense-to-income ratio would have been 43.4% when normalised for these items.

Total allowances increased 5.7% year-on-year to $672 million, while total loan charge-off rate was stable at 32 basis points. Specific allowances on loans increased 64.4% to $392 million mainly from non-performing loans ("NPL") accounts in Singapore, Indonesia and Greater China. The Group provided general allowances of $196 million during the year and the general allowances coverage ratio remained strong at 1.4% of the loan book as at 31 December 2015.

Contribution from associates' profits of $90 million in 2015 was 40.0% lower year-on-year mainly due to a non-recurring gain from the disposal of associates in 2014.

Tax expense increased 15.7% to $649 million, mainly due to a lower write-back of prior years' provision.

**Performance Review** *(cont'd)*

**Four quarter 2015 ("4Q15") performance**
**4Q15 versus 4Q14**
The Group's net earnings for 4Q15 was $788 million, 0.3% higher when compared with 4Q14. Total income increased 12.5% to reach $2.08 billion on the back of strong core income and gains from sale of investment securities.

Net interest income rose 9.3% from a year ago to $1.28 billion in 4Q15, led by a 10 basis point increase in net interest margin to 1.79%.

Non-interest income increased 17.9% to $803 million in 4Q15. Fee income grew 6.7% to $480 million, with increases registering across most businesses. Trading and investment income rose 64.3% to $263 million mainly from higher trading income.

4Q15 included one-off expenses of $43 million for the UOB80 commemorative events and brand campaign. Excluding the one-off expenses, total expenses would have increased 14.4% from a year ago.

Total allowances were $190 million in 4Q15, 14.6% higher when compared to a year ago as higher specific allowance was set aside for NPL accounts in Singapore, Indonesia and Greater China.

**4Q15 versus 3Q15**
Net earnings was 8.1% lower at $788 million when compared with 3Q15 mainly due to lower gains from the sale of investment securities and higher one-off expenses.

Net interest income grew 3.4% quarter-on-quarter to $1.28 billion, led by loan growth of 2.0% in the quarter while net interest margin rose 2 basis points to 1.79%.

Fee and commission income was flat at $480 million. Trading and investment income decreased 15.2% to $263 million due to lower gains on sale of investment securities.

Total expenses increased 4.3% to $921 million if the one-off expenses were excluded.

Total allowances increased 19.0% to $190 million in 4Q15 attributed to higher specific allowances on loans and other assets but offset by a decline in general allowances.

**Balance sheet and capital position**
Gross loans grew 4.0% year-on-year and 2.0% from previous quarter to $207 billion as at 31 December 2015. In constant currency terms, the underlying loan growth was 5.4% higher from a year ago.

The Group’s liquidity position remained strong with customer deposits increasing 2.9% from a year ago to $241 billion as at 31 December 2015, contributed mainly by growth in Singapore dollar and US dollar deposits. Compared with 3Q15, customer deposits decreased 1.7% mainly from fixed deposits due to active management of funding costs. The Group’s loan-to-deposit ratio stayed healthy at 84.7% as at 31 December 2015. The average Singapore dollar and all-currency liquidity coverage ratios during the quarter were 217% and 142% respectively, well above the regulatory requirements of 100% and 60%.

Group NPL ratio remained stable at 1.4% as at 31 December 2015 while NPL coverage was 130.5%, and 315.7% after taking collateral into account.

Shareholders' equity increased 4.1% from a year ago to $30.8 billion as at 31 December 2015, largely contributed by net profits and improved valuations on available-for-sale investments. Compared with 3Q15, shareholders' equity rose 1.9%. Return on equity was 11.0% for 2015.

As at 31 December 2015, the Group's strong capital position remained well above the MAS minimum requirements with Common Equity Tier 1 and Total CAR at 13.0% and 15.6% respectively. The Group’s leverage ratio stood at 7.3% as at 31 December 2015, well above the minimum requirement of 3%.

## Net Interest Income

### Net interest margin

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | **Average balance** | **Interest** | **Average rate** | Average balance | Interest | Average rate |
| | **$m** | **$m** | **%** | $m | $m | % |
| **Interest bearing assets** | | | | | | |
| Customer loans | **200,337** | **6,675** | **3.33** | 190,773 | 5,913 | 3.10 |
| Interbank balances | **52,318** | **627** | **1.20** | 48,851 | 693 | 1.42 |
| Securities | **25,441** | **524** | **2.06** | 27,176 | 584 | 2.15 |
| Total | **278,096** | **7,826** | **2.81** | 266,801 | 7,189 | 2.69 |
| **Interest bearing liabilities** | | | | | | |
| Customer deposits | **239,674** | **2,559** | **1.07** | 217,548 | 2,252 | 1.04 |
| Interbank balances/others | **30,208** | **341** | **1.13** | 40,438 | 380 | 0.94 |
| Total | **269,882** | **2,900** | **1.07** | 257,986 | 2,632 | 1.02 |
| **Net interest margin** [1] | | | **1.77** | | | 1.71 |

| | 4Q15 | | | 4Q14 | | | 3Q15 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Average balance** | **Interest** | **Average rate** | Average balance | Interest | Average rate | Average balance | Interest | Average rate |
| | **$m** | **$m** | **%** | $m | $m | % | $m | $m | % |
| **Interest bearing assets** | | | | | | | | | |
| Customer loans | **203,430** | **1,747** | **3.41** | 195,539 | 1,552 | 3.15 | 200,479 | 1,677 | 3.32 |
| Interbank balances | **52,865** | **159** | **1.19** | 53,557 | 177 | 1.31 | 51,880 | 151 | 1.15 |
| Securities | **26,925** | **128** | **1.89** | 25,985 | 143 | 2.19 | 24,555 | 123 | 1.99 |
| Total | **283,221** | **2,034** | **2.85** | 275,081 | 1,873 | 2.70 | 276,914 | 1,951 | 2.80 |
| **Interest bearing liabilities** | | | | | | | | | |
| Customer deposits | **244,027** | **661** | **1.07** | 228,258 | 615 | 1.07 | 239,231 | 633 | 1.05 |
| Interbank balances/others | **31,321** | **96** | **1.21** | 37,114 | 89 | 0.95 | 29,338 | 83 | 1.13 |
| Total | **275,348** | **757** | **1.09** | 265,371 | 705 | 1.05 | 268,569 | 716 | 1.06 |
| **Net interest margin** [1] | | | **1.79** | | | 1.69 | | | 1.77 |

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

## Net Interest Income *(cont'd)*

### Volume and rate analysis

| | 2015 vs 2014 | | | 4Q15 vs 4Q14 | | | 4Q15 vs 3Q15 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Volume change | Rate change | Net change | Volume change | Rate change | Net change | Volume change | Rate change | Net change |
| | $m | $m | $m | $m | $m | $m | $m | $m | $m |
| **Interest income** | | | | | | | | | |
| Customer loans | 296 | 465 | 762 | 63 | 132 | 195 | 25 | 45 | 70 |
| Interbank balances | 49 | (114) | (65) | (2) | (16) | (19) | 3 | 5 | 8 |
| Securities | (37) | (22) | (60) | 5 | (20) | (15) | 12 | (7) | 5 |
| Total | 308 | 329 | 637 | 66 | 95 | 161 | 39 | 44 | 83 |
| **Interest expense** | | | | | | | | | |
| Customer deposits | 229 | 78 | 307 | 43 | 3 | 46 | 13 | 16 | 28 |
| Interbank balances/others | (96) | 57 | (39) | (14) | 20 | 6 | 6 | 6 | 12 |
| Total | 134 | 135 | 268 | 29 | 23 | 52 | 19 | 22 | 41 |
| **Net interest income** | 175 | 194 | 369 | 37 | 72 | 109 | 21 | 22 | 42 |

Net interest income grew 8.1% year-on-year to $4.93 billion in 2015, led by healthy loan growth and improved net interest margin. Net interest margin improved 6 basis points to 1.77%, benefiting from rising interest rates in Singapore.

Net interest income rose 9.3% over 4Q14 and 3.4% quarter-on-quarter to $1.28 billion in 4Q15. Net interest margin continued its upward trend, rising 10 basis points to 1.79% in 4Q15 from a year ago and 2 basis points higher when compared with 3Q15.

## Non-Interest Income

| | 2015 | 2014 | +/(-) | 4Q15 | 4Q14 | +/(-) | 3Q15 | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | **$m** | $m | % | **$m** | $m | % | $m | % |
| **Fee and commission income** | | | | | | | | |
| Credit card | **345** | 281 | 22.8 | **90** | 76 | 19.3 | 87 | 3.7 |
| Fund management | **172** | 156 | 10.4 | **46** | 40 | 14.6 | 43 | 7.9 |
| Wealth management | **416** | 377 | 10.1 | **94** | 88 | 6.7 | 104 | (9.5) |
| Loan-related [1] | **498** | 490 | 1.5 | **135** | 129 | 4.9 | 136 | (0.6) |
| Service charges | **121** | 113 | 7.7 | **35** | 32 | 8.8 | 30 | 17.4 |
| Trade-related [2] | **258** | 273 | (5.4) | **64** | 69 | (7.1) | 64 | (0.2) |
| Others | **74** | 59 | 25.2 | **16** | 16 | (1.4) | 22 | (26.0) |
| | **1,883** | 1,749 | 7.7 | **480** | 450 | 6.7 | 485 | (1.0) |
| **Other non-interest income** | | | | | | | | |
| Net trading income | **641** | 599 | 7.0 | **211** | 119 | 77.7 | 163 | 29.7 |
| Net gain/(loss) from investment securities | **313** | 218 | 43.7 | **52** | 41 | 25.9 | 148 | (64.7) |
| Dividend income | **34** | 48 | (28.7) | **1** | 3 | (50.0) | 5 | (69.9) |
| Rental income | **117** | 115 | 1.8 | **30** | 28 | 4.9 | 29 | 2.9 |
| Other income | **132** | 170 | (22.4) | **29** | 40 | (28.6) | 21 | 37.3 |
| | **1,238** | 1,151 | 7.6 | **323** | 232 | 39.4 | 365 | (11.5) |
| Total | **3,122** | 2,900 | 7.7 | **803** | 682 | 17.9 | 850 | (5.5) |

Fee and commission income grew 7.7% year-on-year to $1.88 billion with broad-based growth across most businesses. Trading and investment income increased 16.8% to $954 million, contributed mainly by higher gains on sale of securities as well as healthy growth in treasury customer income. Consequently, non-interest income rose 7.7% to $3.12 billion in 2015.

Against 4Q14, non-interest income grew 17.9% to $803 million in 4Q15. The growth was driven by higher fee income across most fee categories, coupled with higher trading income. Fee income was flat at $480 million when compared with last quarter while trading and investment income showed a decline of 15.2% due to lower gains on sale of investment securities.

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

**Operating Expenses**

| | **2015** | 2014 | +/(-) | **4Q15** | 4Q14 | +/(-) | 3Q15 | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | **$m** | $m | % | **$m** | $m | % | $m | % |
| **Staff costs** | **2,064** | 1,825 | 13.1 | **522** | 454 | 15.1 | 528 | (1.1) |
| **Other operating expenses** | | | | | | | | |
| Revenue-related | **796** | 672 | 18.3 | **246** | 175 | 40.4 | 195 | 26.3 |
| Occupancy-related | **311** | 287 | 8.3 | **80** | 65 | 22.6 | 79 | 1.3 |
| IT-related | **242** | 199 | 21.6 | **59** | 62 | (4.3) | 60 | (0.7) |
| Others | **184** | 163 | 13.2 | **57** | 49 | 15.9 | 42 | 34.3 |
| | **1,533** | 1,321 | 16.0 | **442** | 351 | 25.8 | 376 | 17.6 |
| Total | **3,597** | 3,146 | 14.3 | **964** | 805 | 19.8 | 904 | 6.7 |
| Of which, | | | | | | | | |
| Depreciation of assets | **182** | 163 | 11.1 | **47** | 55 | (15.1) | 46 | 2.2 |
| Manpower (number) | **25,025** | 25,009 | 16 | **25,025** | 25,009 | 16 | 25,129 | (104) |

In 2015, the Group incurred a one-off expenses amounting to $67 million for Singapore's Golden Jubilee ("SG50") and UOB's 80th anniversary ("UOB80") commemorative events as well as the launch of a group-wide brand campaign. Excluding these expenses, total expenses increased 12.2% from 2014 to $3.53 billion as the Group continued to invest in talent and technology capabilities to deepen its franchise. Staff expenses, normalised for an adjustment for prior year bonus, would show an increase of 7.0% from 2014 while total expenses would increase 9.0%. Expense-to-income ratio would have been 43.4% when normalised for these items.

Total expenses for 4Q15 included $43 million of one-off expenses incurred for UOB80 commemorative events and brand campaign. Excluding the one-off expenses, total expenses would increase 14.4% from 4Q14 and 4.3% quarter-on-quarter.

## Allowances for credit and other losses

| | 2015 | 2014 | +/(-) | 4Q15 | 4Q14 | +/(-) | 3Q15 | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | **$m** | $m | % | **$m** | $m | % | $m | % |
| **Specific allowances on loans** [1] | | | | | | | | |
| Singapore | **108** | 53 | >100.0 | **40** | 34 | 16.9 | 15 | >100.0 |
| Malaysia | **33** | 28 | 18.6 | **7** | 11 | (39.9) | 5 | 41.1 |
| Thailand | **80** | 73 | 10.1 | **18** | 16 | 14.3 | 25 | (27.2) |
| Indonesia | **140** | 49 | >100.0 | **32** | (2) | >100.0 | 28 | 14.6 |
| Greater China [2] | **40** | 6 | >100.0 | **19** | 4 | >100.0 | 5 | >100.0 |
| Others | **(9)** | 29 | (>100.0) | **(0)** | 10 | (>100.0) | (21) | 98.1 |
| | **392** | 238 | 64.4 | **115** | 73 | 58.1 | 56 | >100.0 |
| **Specific allowances on securities and others** | **84** | 63 | 33.4 | **37** | 14 | >100.0 | (3) | >100.0 |
| **General allowances** | **196** | 334 | (41.3) | **38** | 79 | (52.0) | 107 | (64.6) |
| Total | **672** | 635 | 5.7 | **190** | 166 | 14.6 | 160 | 19.0 |

Total allowances increased 5.7% from a year ago to $672 million in 2015 with total loan charge off rate stable at 32 basis points. Specific allowances on loans rose $153 million to $392 million mainly from new NPL accounts in Singapore, Indonesia and Greater China. The Group provided general allowances of $196 million during the year and the general allowance coverage ratio was 1.4% of the loan book as at 31 December 2015.

Total allowances for 4Q15 of $190 million were higher by 14.6% from a year ago and 19.0% over 3Q15 as higher specific allowance was set aside for NPL accounts in Singapore, Indonesia and Greater China.

Notes:
1 Specific allowances on loans by geography is classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).
2 Comprise China, Hong Kong and Taiwan.

## Customer Loans

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | $m | $m | $m |
| Gross customer loans | **207,371** | 203,228 | 199,343 |
| Less: Specific allowances | **773** | 712 | 657 |
| General allowances | **2,987** | 2,928 | 2,783 |
| Net customer loans | **203,611** | 199,587 | 195,903 |
| **By industry** [1] | | | |
| Transport, storage and communication | **10,019** | 9,943 | 10,014 |
| Building and construction | **45,211** | 43,616 | 38,672 |
| Manufacturing | **15,803** | 15,622 | 17,139 |
| Financial institutions | **14,282** | 14,088 | 16,039 |
| General commerce | **28,302** | 29,369 | 27,119 |
| Professionals and private individuals | **25,950** | 25,533 | 26,008 |
| Housing loans | **56,385** | 54,915 | 54,711 |
| Others | **11,419** | 10,143 | 9,641 |
| Total (gross) | **207,371** | 203,228 | 199,343 |
| **By currency** | | | |
| Singapore dollar | **108,323** | 106,611 | 106,785 |
| US dollar | **35,953** | 35,776 | 33,471 |
| Malaysian ringgit | **22,375** | 21,383 | 24,364 |
| Thai baht | **10,935** | 10,594 | 10,155 |
| Indonesian rupiah | **5,157** | 4,586 | 4,777 |
| Others | **24,628** | 24,278 | 19,791 |
| Total (gross) | **207,371** | 203,228 | 199,343 |
| **By maturity** | | | |
| Within 1 year | **70,864** | 72,404 | 66,066 |
| Over 1 year but within 3 years | **40,335** | 38,091 | 39,220 |
| Over 3 years but within 5 years | **26,194** | 23,892 | 24,341 |
| Over 5 years | **69,979** | 68,841 | 69,715 |
| Total (gross) | **207,371** | 203,228 | 199,343 |
| **By geography** [2] | | | |
| Singapore | **116,087** | 114,260 | 109,700 |
| Malaysia | **24,605** | 23,658 | 25,768 |
| Thailand | **11,481** | 11,151 | 10,836 |
| Indonesia | **11,543** | 10,796 | 11,100 |
| Greater China | **25,217** | 25,064 | 25,308 |
| Others | **18,438** | 18,300 | 16,631 |
| Total (gross) | **207,371** | 203,228 | 199,343 |

Gross customer loans grew 4.0% year-on-year and 2.0% over the previous quarter to $207 billion as at 31 December 2015. In constant currency terms, the underlying loan growth was 5.4% year-on-year and 1.8% quarter-on-quarter.

In Singapore, customer loan base rose 5.8% from a year ago and 1.6% quarter-on-quarter to $116 billion as at 31 December 2015. Excluding currency effects, regional countries continued to contribute a strong growth year-on-year.

Notes:
1 In 2Q15, some loans to investment holding companies were reclassified in order to more accurately align to Singapore Standard Industrial Classification (SSIC) guidelines. Prior period comparatives were restated accordingly.
2 Loans by geography is classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

## Non-Performing Assets

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | $m | $m | $m |
| Loans ("NPL") | **2,882** | 2,551 | 2,358 |
| Debt securities and others | **184** | 186 | 230 |
| Non-Performing Assets ("NPA") | **3,066** | 2,737 | 2,588 |
| **By grading** | | | |
| Substandard | **2,255** | 1,956 | 1,855 |
| Doubtful | **160** | 146 | 197 |
| Loss | **651** | 635 | 536 |
| Total | **3,066** | 2,737 | 2,588 |
| **By security coverage** | | | |
| Secured | **1,697** | 1,503 | 1,387 |
| Unsecured | **1,369** | 1,234 | 1,201 |
| Total | **3,066** | 2,737 | 2,588 |
| **By ageing** | | | |
| Current | **462** | 457 | 536 |
| Within 90 days | **370** | 204 | 152 |
| Over 90 to 180 days | **417** | 347 | 319 |
| Over 180 days | **1,817** | 1,730 | 1,581 |
| Total | **3,066** | 2,737 | 2,588 |
| **Total Allowances** | | | |
| Specific | **934** | 876 | 819 |
| General | **3,074** | 3,028 | 2,910 |
| Total | **4,008** | 3,904 | 3,729 |
| As a % of NPA | **130.7%** | 142.6% | 144.1% |
| As a % of unsecured NPA | **292.8%** | 316.4% | 310.5% |

| | NPL | NPL ratio | NPL | NPL ratio | NPL | NPL ratio |
|---|---|---|---|---|---|---|
| | $m | % | $m | % | $m | % |
| **NPL by industry** [1] | | | | | | |
| Transport, storage and communication | **977** | **9.8** | 825 | 8.3 | 714 | 7.1 |
| Building and construction | **250** | **0.6** | 244 | 0.6 | 226 | 0.6 |
| Manufacturing | **287** | **1.8** | 208 | 1.3 | 280 | 1.6 |
| Financial institutions | **102** | **0.7** | 103 | 0.7 | 109 | 0.7 |
| General commerce | **388** | **1.4** | 309 | 1.1 | 265 | 1.0 |
| Professionals and private individuals | **287** | **1.1** | 289 | 1.1 | 209 | 0.8 |
| Housing loans | **550** | **1.0** | 532 | 1.0 | 507 | 0.9 |
| Others | **41** | **0.4** | 41 | 0.4 | 48 | 0.5 |
| Total | **2,882** | **1.4** | 2,551 | 1.3 | 2,358 | 1.2 |

Note:
1 In 2Q15, some loans to investment holding companies were reclassified in order to more accurately align to Singapore Standard Industrial Classification (SSIC) guidelines. Prior period comparatives were restated accordingly.

## Non-Performing Assets *(cont'd)*

| NPL by geography [1] | NPL | NPL ratio | Total allowances as a % of NPL | Total allowances as a % of unsecured NPL |
|---|---|---|---|---|
| | $m | % | % | % |
| Singapore | | | | |
| **Dec-15** | **1,116** | **1.0** | **220.3** | **646.8** |
| Sep-15 | 1,046 | 0.9 | 233.2 | 715.2 |
| Dec-14 | 864 | 0.8 | 249.9 | 817.8 |
| Malaysia | | | | |
| **Dec-15** | **386** | **1.6** | **125.1** | **525.0** |
| Sep-15 | 378 | 1.6 | 125.1 | 446.2 |
| Dec-14 | 386 | 1.5 | 135.0 | 505.8 |
| Thailand | | | | |
| **Dec-15** | **249** | **2.2** | **121.7** | **312.4** |
| Sep-15 | 238 | 2.1 | 120.6 | 312.0 |
| Dec-14 | 267 | 2.5 | 121.3 | 241.8 |
| Indonesia | | | | |
| **Dec-15** | **569** | **4.9** | **39.9** | **110.2** |
| Sep-15 | 372 | 3.4 | 47.0 | 121.5 |
| Dec-14 | 298 | 2.7 | 55.4 | 150.0 |
| Greater China | | | | |
| **Dec-15** | **218** | **0.9** | **87.2** | **131.0** |
| Sep-15 | 166 | 0.7 | 99.4 | 161.8 |
| Dec-14 | 124 | 0.5 | 109.7 | 191.5 |
| Others | | | | |
| **Dec-15** | **344** | **1.9** | **28.8** | **36.5** |
| Sep-15 | 351 | 1.9 | 28.8 | 37.5 |
| Dec-14 | 419 | 2.5 | 32.2 | 45.0 |
| Group NPL | | | | |
| **Dec-15** | **2,882** | **1.4** | **130.5** | **315.7** |
| Sep-15 | 2,551 | 1.3 | 142.7 | 345.4 |
| Dec-14 | 2,358 | 1.2 | 145.9 | 350.3 |

NPL ratio rose to 1.4%, an increase of 0.2% point from a year ago but NPL coverage stayed healthy at 130.5%, and 315.7% after taking collateral into account.

Group NPL increased 22.2% from a year ago and 13.0% over last quarter to $2.88 billion. The transportation sector, particularly the shipping industry, remains under stress with several new large NPL in 4Q15, mainly in Indonesia.

NPL in Singapore and Greater China increased $70 million and $52 million respectively over last quarter from loans in the manufacturing and general commerce industries.

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

## Customer Deposits

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | **$m** | $m | $m |
| **By product** | | | |
| Fixed deposits | **125,486** | 134,536 | 129,787 |
| Savings deposits | **55,966** | 54,340 | 51,654 |
| Current accounts | **51,221** | 48,582 | 45,482 |
| Others | **7,852** | 7,172 | 6,827 |
| Total | **240,524** | 244,630 | 233,750 |
| **By maturity** | | | |
| Within 1 year | **234,414** | 237,822 | 226,593 |
| Over 1 year but within 3 years | **4,130** | 4,908 | 5,521 |
| Over 3 years but within 5 years | **723** | 603 | 646 |
| Over 5 years | **1,258** | 1,297 | 989 |
| Total | **240,524** | 244,630 | 233,750 |
| **By currency** | | | |
| Singapore dollar | **115,650** | 118,000 | 112,608 |
| US dollar | **54,236** | 59,269 | 49,068 |
| Malaysian ringgit | **24,122** | 23,627 | 27,199 |
| Thai baht | **11,782** | 10,967 | 10,970 |
| Indonesian rupiah | **5,252** | 4,756 | 4,822 |
| Others | **29,483** | 28,011 | 29,082 |
| Total | **240,524** | 244,630 | 233,750 |
| Group Loan/Deposit ratio (%) | **84.7** | 81.6 | 83.8 |
| Singapore dollar Loan/Deposit ratio (%) | **91.7** | 88.4 | 93.0 |
| US dollar Loan/Deposit ratio (%) | **65.6** | 59.8 | 67.7 |

Customer deposits continued to grow 2.9% from a year ago to $241 billion, mainly contributed by Singapore dollar and US dollar deposits. Compared with 3Q15, customer deposits decreased 1.7% mainly from fixed deposits due to active management of funding costs.

As at 31 December 2015, Group's loan-to-deposit ratio and Singapore dollar loan-to-deposit ratio remained healthy at 84.7% and 91.7% respectively.

## Debts Issued (Unsecured)

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | **$m** | $m | $m |
| Subordinated debts | **4,878** | 4,903 | 4,640 |
| Commercial papers | **9,666** | 8,851 | 10,502 |
| Fixed and floating rate notes | **3,785** | 3,795 | 4,211 |
| Others | **1,959** | 2,300 | 1,601 |
| Total | **20,288** | 19,849 | 20,953 |
| Due within 1 year | **12,143** | 11,325 | 12,393 |
| Due after 1 year | **8,146** | 8,524 | 8,560 |
| Total | **20,288** | 19,849 | 20,953 |

## Shareholders' Equity

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | **$m** | $m | $m |
| Shareholders' equity | **30,768** | 30,206 | 29,569 |
| Add: Revaluation surplus | **4,357** | 4,231 | 4,224 |
| Shareholders' equity including revaluation surplus | **35,126** | 34,436 | 33,793 |

Shareholders' equity rose 4.1% from a year ago to $30.8 billion as at 31 December 2015, largely led by higher net profits and improved valuations on the available-for-sale investments. Compared with 3Q15, shareholders' equity rose 1.9%.

As at 31 December 2015, revaluation surplus of $4.36 billion relates to Group's properties, are not recognised in the financial statements.

## Changes in Issued Shares of the Bank

| | Number of shares | | | |
|---|---|---|---|---|
| | **2015** | 2014 | **4Q15** | 4Q14 |
| | **'000** | '000 | **'000** | '000 |
| **Ordinary shares** | | | | |
| Balance at beginning of period | **1,614,544** | 1,590,494 | **1,614,544** | 1,614,544 |
| Issue of shares under scrip dividend scheme | **-** | 24,050 | **-** | - |
| Balance at end of period | **1,614,544** | 1,614,544 | **1,614,544** | 1,614,544 |
| **Treasury shares** | | | | |
| Balance at beginning of period | **(11,857)** | (14,069) | **(12,257)** | (13,191) |
| Share buyback - held in treasury | **(1,740)** | - | **(928)** | - |
| Issue of shares under share-based compensation plans | **1,316** | 2,212 | **904** | 1,334 |
| Balance at end of period | **(12,281)** | (11,857) | **(12,281)** | (11,857) |
| Ordinary shares net of treasury shares | **1,602,263** | 1,602,687 | **1,602,263** | 1,602,687 |

## Performance by Operating Segment

The Group is organised to be segment-led across key markets. Global segment heads are responsible for driving business, with decision-making balanced with a geographical perspective. For internal management purposes, the following segments represent the key customer segments and business activities:

**Group Retail ("GR")**
GR segment covers Consumer, Privilege, Business and Private Banking. Consumer Banking serves the individual customers, while Business Banking serves small enterprises with a wide range of products and services, including deposits, loans, investments, credit and debit cards and insurance products. Privilege Banking provides an extended range of financial services, including wealth management, and restricted products such as structured notes, funds of hedge funds, and insurance plans to the wealthy and affluent customers. Private Banking caters to the high net worth individuals and accredited investors, offering financial and portfolio planning, including investment management, asset management and estate planning.

Segment profit increased 12.1% to $1.40 billion in 2015, mainly driven by higher net interest income as well as higher non-interest income from wealth management and credit card products. The increase was partly offset by higher business volume-related operating expenses.

**Group Wholesale Banking ("GWB")**
GWB segment encompasses Commercial Banking, Corporate Banking and Financial Institutions client segments as well as Transaction Banking, Structured Trade Commodities Finance, Investment Banking and Specialised Asset Finance. Commercial Banking serves medium and large enterprises, while Corporate Banking includes large local corporations, multi-national corporations and government-linked companies and agencies. Financial Institutions include bank and non-bank financial institutions, including insurance companies, fund managers and sovereign wealth funds. GWB provides customers with a broad range of products and services that include cash management and liquidity solutions; payments, current accounts, and deposit services; trade finance and structure finance solutions; working capital and term lending, and specialised asset finance. Investment Banking provides corporate finance services that include lead managing and underwriting equity offerings and corporate advisory M&A services. Debt Capital Markets specialises in solution-based structures to meet clients' financing requirements in structuring, underwriting and arranging syndicated loans for general corporate needs, leveraged buy-outs, project and structured finance, and underwriting and lead managing bond issues.

Segment profit grew 7.8% to $2.39 billion in 2015, contributed by higher net interest income and increased cross-sell income from global markets products and transaction banking. Revenue growth was partly offset by higher allowances and higher operating expenses. Increased operating expenses primarily resulted from the continued investment in product capabilities and hiring of new talents as the business expanded regionally.

**Global Markets and Investment Management ("GMIM")**
GMIM segment provides a comprehensive range of global markets products and services, including foreign exchange, money market, fixed income, derivatives, margin trading, futures broking, precious metals products, as well as an array of structured products. It is a dominant player in Singapore dollar instruments as well as a provider of banknote services in the region. It also engages in asset management, proprietary investment activities and management of excess liquidity and capital funds. Income from global markets products and services offered to customers of other operating segments, such as Group Retail and Group Wholesale Banking, is reflected in the respective customer segments.

Segment profit decreased 32.0% to $349 million in 2015, mainly due to lower income from market making and banking book/central treasury activities.

**Others**
Others include property-related activities, insurance businesses and income and expenses not attributable to other operating segments mentioned above.

Other segment recorded a higher loss of $269 million in 2015, mainly due to lower share of associates' profit and higher operating expenses from SG50 and UOB80 commemorative events, brand campaign and adjustment for prior year bonus; partially offset by lower allowances for credit and other losses.

**Performance by Operating Segment [1,2]** *(cont'd)*

| | GR<br>$m | GWB<br>$m | GMIM<br>$m | Others<br>$m | Elimination<br>$m | Total<br>$m |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| Net interest income | **2,157** | **2,337** | **123** | **309** | **-** | **4,926** |
| Non-interest income | **1,201** | **1,070** | **676** | **365** | **(190)** | **3,122** |
| Operating income | **3,358** | **3,407** | **799** | **674** | **(190)** | **8,048** |
| Operating expenses | **(1,785)** | **(746)** | **(457)** | **(799)** | **190** | **(3,597)** |
| Allowances for credit and other losses | **(176)** | **(269)** | **(11)** | **(216)** | **-** | **(672)** |
| Share of profit of associates and joint ventures | **-** | **-** | **18** | **72** | **-** | **90** |
| Profit before tax | **1,397** | **2,392** | **349** | **(269)** | **-** | **3,869** |
| Tax | | | | | | **(649)** |
| **Profit for the financial year** | | | | | | **3,220** |
| **Segment assets** | **90,971** | **134,938** | **87,392** | **3,004** | **(5,544)** | **310,761** |
| Intangible assets | **1,317** | **2,087** | **660** | **80** | **-** | **4,144** |
| Investment in associates and joint ventures | **-** | **-** | **325** | **781** | **-** | **1,106** |
| Total assets | **92,288** | **137,025** | **88,377** | **3,865** | **(5,544)** | **316,011** |
| **Segment liabilities** | **116,121** | **125,120** | **37,324** | **12,773** | **(6,251)** | **285,087** |
| **Other information** | | | | | | |
| Inter-segment operating income | **469** | **(35)** | **(841)** | **597** | **(190)** | **-** |
| Gross customer loans | **90,840** | **116,476** | **46** | **9** | **-** | **207,371** |
| Non-performing assets | **936** | **2,046** | **17** | **67** | **-** | **3,066** |
| Capital expenditure | **27** | **22** | **23** | **620** | **-** | **692** |
| Depreciation of assets | **12** | **6** | **6** | **158** | **-** | **182** |
| **2014** | | | | | | |
| Net interest income | 1,856 | 2,020 | 367 | 314 | - | 4,557 |
| Non-interest income | 1,161 | 1,003 | 582 | 326 | (172) | 2,900 |
| Operating income | 3,017 | 3,023 | 949 | 640 | (172) | 7,457 |
| Operating expenses | (1,632) | (674) | (413) | (599) | 172 | (3,146) |
| Allowances for credit and other losses | (139) | (131) | (59) | (306) | - | (635) |
| Share of profit of associates and joint ventures | - | - | 36 | 113 | - | 149 |
| Profit before tax | 1,246 | 2,218 | 513 | (152) | - | 3,825 |
| Tax | | | | | | (561) |
| **Profit for the financial year** | | | | | | 3,264 |
| **Segment assets** | 88,706 | 126,424 | 87,761 | 2,587 | (4,080) | 301,398 |
| Intangible assets | 1,319 | 2,090 | 660 | 80 | - | 4,149 |
| Investment in associates and joint ventures | - | - | 333 | 856 | - | 1,189 |
| Total assets | 90,025 | 128,514 | 88,754 | 3,523 | (4,080) | 306,736 |
| **Segment liabilities** | 108,874 | 110,574 | 52,658 | 9,599 | (4,741) | 276,964 |
| **Other information** | | | | | | |
| Inter-segment operating income | 346 | (336) | (411) | 573 | (172) | **-** |
| Gross customer loans | 88,571 | 109,853 | 909 | 10 | - | 199,343 |
| Non-performing assets | 784 | 1,697 | 25 | 82 | - | 2,588 |
| Capital expenditure | 20 | 6 | 14 | 219 | - | 259 |
| Depreciation of assets | 10 | 5 | 4 | 144 | - | 163 |

Notes:
1 Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.
2 Long Term Investment has been reclassified from Others to GMIM and prior period comparatives have been restated accordingly.

## Performance by Geographical Segment [1]

| | 2015 | 2014 | 4Q15 | 4Q14 | 3Q15 |
|---|---|---|---|---|---|
| | $m | $m | $m | $m | $m |
| **Total operating income** | | | | | |
| Singapore | **4,658** | 4,313 | **1,217** | 1,022 | 1,219 |
| Malaysia | **1,006** | 1,047 | **249** | 276 | 251 |
| Thailand | **790** | 691 | **198** | 187 | 208 |
| Indonesia | **410** | 410 | **111** | 106 | 108 |
| Greater China | **706** | 587 | **182** | 142 | 184 |
| Others | **478** | 409 | **124** | 117 | 115 |
| Total | **8,048** | 7,457 | **2,081** | 1,850 | 2,085 |

| | 2015 | 2014 | 4Q15 | 4Q14 | 3Q15 |
|---|---|---|---|---|---|
| **Profit before tax** | | | | | |
| Singapore | **2,363** | 2,345 | **601** | 535 | 645 |
| Malaysia | **537** | 593 | **132** | 124 | 124 |
| Thailand | **175** | 159 | **31** | 39 | 51 |
| Indonesia | **61** | 99 | **15** | 44 | 25 |
| Greater China | **366** | 305 | **75** | 61 | 95 |
| Others | **367** | 324 | **90** | 119 | 108 |
| Total | **3,869** | 3,825 | **944** | 922 | 1,049 |

In 2015, the Group's total operating income rose 7.9% from a year ago to $8.05 billion. Singapore grew 8.0% driven by strong net interest income and fees. Regional growth was higher at 6.5% largely led by Thailand and Greater China. At the pre-tax profit level, the Group increased 1.1% to $3.87 billion in 2015. Overseas contributed 38.9% of the Group's pre-tax profit due to core income growth.

Compared with 3Q15, total operating income and pre-tax profit registered a decline of 0.2% and 10.0% respectively, largely driven by lower gain on sale of investment securities in 3Q15, as well as one-off expenses from bursary award and donations booked in Singapore in 4Q15. Compared with 4Q14, total operating income and pre-tax profit of the Group was higher by 12.5% and 2.4% respectively, mainly from Singapore and Greater China.

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | $m | $m | $m |
| **Total assets** | | | |
| Singapore | **197,929** | 200,978 | 187,529 |
| Malaysia | **32,669** | 33,048 | 37,269 |
| Thailand | **16,643** | 16,111 | 15,915 |
| Indonesia | **8,550** | 7,795 | 8,143 |
| Greater China | **32,982** | 32,980 | 31,977 |
| Others | **23,094** | 28,308 | 21,754 |
| | **311,867** | 319,219 | 302,587 |
| Intangible assets | **4,144** | 4,138 | 4,149 |
| Total | **316,011** | 323,357 | 306,736 |

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

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

| | Dec-15 | Sep-15 | Dec-14 |
|---|---|---|---|
| | **$m** | $m | $m |
| Share capital | **3,704** | 3,704 | 3,715 |
| Disclosed reserves/others | **24,762** | 24,207 | 23,590 |
| Regulatory adjustments | **(2,448)** | (2,657) | (2,408) |
| **Common Equity Tier 1 Capital ("CET1")** | **26,018** | 25,254 | 24,897 |
| Preference shares/others | **2,179** | 2,179 | 2,180 |
| Regulatory adjustments - capped | **(2,179)** | (2,179) | (2,180) |
| **Additional Tier 1 Capital ("AT1")** | **-** | - | - |
| **Tier 1 Capital** | **26,018** | 25,254 | 24,897 |
| Subordinated notes | **4,505** | 4,541 | 4,405 |
| Provisions/others | **1,028** | 942 | 918 |
| Regulatory adjustments | **(201)** | (298) | (12) |
| **Tier 2 Capital** | **5,332** | 5,185 | 5,311 |
| **Eligible Total Capital** | **31,350** | 30,439 | 30,208 |
| **Risk-Weighted Assets ("RWA")** | **200,654** | 185,504 | 178,792 |
| **Capital Adequacy Ratios ("CAR")** | | | |
| CET1 | **13.0%** | 13.6% | 13.9% |
| Tier 1 | **13.0%** | 13.6% | 13.9% |
| Total | **15.6%** | 16.4% | 16.9% |
| Proforma CET1 (based on final rules effective 1 Jan 2018) | **11.7%** | 12.2% | 12.6% |
| **Leverage Exposure** | **355,932** | 349,217 | NA |
| **Leverage Ratio** | **7.3%** | 7.2% | NA |

The Group's CET1, Tier 1 and Total CAR as at 31 December 2015 were well above the regulatory minimum requirements.

Capital ratios were lower compared to a year ago and the last quarter. This was mainly due to increased RWA resulting from asset growth, coupled with the revised recognition of undrawn credit facilities following MAS' clarification on the definition of loan commitment effective 31 December 2015, partially offset by higher retained earnings.

The Group's leverage ratio increased from the previous quarter to 7.3% as at 31 December 2015 due to higher Tier 1 capital, partly offset by increased undrawn commitments.

Notes:

1 For year 2015, banks incorporated in Singapore are to maintain minimum CAR of CET1 at 6.5% (2014: 5.5%), Tier 1 at 8% (2014: 7%) and Total at 10%. By year 2019, including the capital conservation buffer of 2.5%, the minimum CAR will be CET1 at 9%, Tier 1 at 10.5% and Total at 12.5%.

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

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

**Consolidated Income Statement (Audited)**

| | **2015** | 2014 | +/(-) | **4Q15** [1] | 4Q14 [1] | +/(-) | 3Q15 [1] | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | **$m** | $m | % | **$m** | $m | % | $m | % |
| Interest income | **7,826** | 7,189 | 8.9 | **2,034** | 1,873 | 8.6 | 1,951 | 4.3 |
| Less: Interest expense | **2,900** | 2,632 | 10.2 | **757** | 705 | 7.4 | 716 | 5.7 |
| **Net interest income** | **4,926** | 4,558 | 8.1 | **1,277** | 1,168 | 9.3 | 1,235 | 3.4 |
| Fee and commission income | **1,883** | 1,749 | 7.7 | **480** | 450 | 6.7 | 485 | (1.0) |
| Dividend income | **34** | 48 | (28.7) | **1** | 3 | (50.0) | 5 | (69.9) |
| Rental income | **117** | 115 | 1.8 | **30** | 28 | 4.9 | 29 | 2.9 |
| Net trading income | **641** | 599 | 7.0 | **211** | 119 | 77.7 | 163 | 29.7 |
| Net gain/(loss) from investment securities | **313** | 218 | 43.7 | **52** | 41 | 25.9 | 148 | (64.7) |
| Other income | **132** | 170 | (22.4) | **29** | 40 | (28.6) | 21 | 37.3 |
| **Non-interest income** | **3,122** | 2,900 | 7.7 | **803** | 682 | 17.9 | 850 | (5.5) |
| **Total operating income** | **8,048** | 7,457 | 7.9 | **2,081** | 1,850 | 12.5 | 2,085 | (0.2) |
| Less: Staff costs | **2,064** | 1,825 | 13.1 | **522** | 454 | 15.1 | 528 | (1.1) |
| Other operating expenses | **1,533** | 1,321 | 16.0 | **442** | 351 | 25.8 | 376 | 17.6 |
| **Total operating expenses** | **3,597** | 3,146 | 14.3 | **964** | 805 | 19.8 | 904 | 6.7 |
| **Operating profit before allowances** | **4,451** | 4,311 | 3.2 | **1,116** | 1,045 | 6.8 | 1,181 | (5.5) |
| Less: Allowances for credit and other losses | **672** | 635 | 5.7 | **190** | 166 | 14.6 | 160 | 19.0 |
| **Operating profit after allowances** | **3,779** | 3,676 | 2.8 | **926** | 879 | 5.4 | 1,021 | (9.3) |
| Share of profit of associates and joint ventures | **90** | 149 | (40.0) | **18** | 43 | (59.0) | 28 | (36.7) |
| **Profit before tax** | **3,869** | 3,825 | 1.1 | **944** | 922 | 2.4 | 1,049 | (10.0) |
| Less: Tax | **649** | 561 | 15.7 | **154** | 134 | 14.9 | 189 | (18.4) |
| **Profit for the financial period** | **3,220** | 3,264 | (1.4) | **790** | 788 | 0.2 | 860 | (8.2) |
| Attributable to: | | | | | | | | |
| **Equity holders of the Bank** | **3,209** | 3,249 | (1.2) | **788** | 786 | 0.3 | 858 | (8.1) |
| Non-controlling interests | **11** | 15 | (26.3) | **2** | 2 | (9.9) | 3 | (35.4) |
| | **3,220** | 3,264 | (1.4) | **790** | 788 | 0.2 | 860 | (8.2) |

| | | | |
|---|---|---|---|
| **Total operating income** | | | |
| First half | **3,882** | 3,636 | 6.8 |
| Second half | **4,165** | 3,821 | 9.0 |
| **Profit for the financial year attributed to equity holders of the Bank** | | | |
| First half | **1,563** | 1,596 | (2.1) |
| Second half | **1,646** | 1,653 | (0.4) |

Note:
1 Unaudited.

**Consolidated Statement of Comprehensive Income (Audited)**

| | 2015 | 2014 | +/(-) | 4Q15[1] | 4Q14[1] | +/(-) | 3Q15[1] | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | $m | $m | % | $m | $m | % | $m | % |
| **Profit for the financial period** | **3,220** | 3,264 | (1.4) | **790** | 788 | 0.2 | 860 | (8.2) |
| Currency translation adjustments | **(339)** | 110 | (>100.0) | **37** | 50 | (26.6) | (181) | >100.0 |
| Change in available-for-sale/other reserves | | | | | | | | |
| Change in fair value | **500** | 649 | (23.0) | **135** | 166 | (18.6) | (348) | >100.0 |
| Transfer to income statement on disposal/impairment | **(275)** | (92) | (>100.0) | **(47)** | (21) | (>100.0) | (126) | 62.8 |
| Tax relating to available-for-sale/other reserves | **(1)** | (17) | 95.9 | **(1)** | (11) | 88.0 | 37 | (>100.0) |
| Change in share of other comprehensive income of associates and joint ventures | **10** | 19 | (45.5) | **7** | (4) | >100.0 | 0 | >100.0 |
| Remeasurement of defined benefit obligation [2] | **(10)** | (5) | (>100.0) | **(10)** | (5) | (>100.0) | - | NM |
| **Other comprehensive income for the financial period, net of tax** | **(115)** | 663 | (>100.0) | **120** | 174 | (31.1) | (617) | >100.0 |
| **Total comprehensive income for the financial period, net of tax** | **3,105** | 3,928 | (20.9) | **910** | 962 | (5.4) | 243 | >100.0 |
| Attributable to: | | | | | | | | |
| **Equity holders of the Bank** | **3,096** | 3,909 | (20.8) | **903** | 959 | (5.8) | 248 | >100.0 |
| Non-controlling interests | **9** | 19 | (51.8) | **7** | 4 | 95.0 | (5) | >100.0 |
| | **3,105** | 3,928 | (20.9) | **910** | 962 | (5.4) | 243 | >100.0 |

Notes:
1 Unaudited.
2 Refer to item that will not be reclassified subsequently to Income Statement.

## Consolidated Balance Sheet (Audited)

| | Dec-15 | Sep-15 [1] | Dec-14 |
|---|---|---|---|
| | $m | $m | $m |
| **Equity** | | | |
| Share capital and other capital | **5,881** | 5,882 | 5,892 |
| Retained earnings | **15,463** | 15,025 | 14,064 |
| Other reserves | **9,424** | 9,299 | 9,613 |
| Equity attributable to equity holders of the Bank | **30,768** | 30,206 | 29,569 |
| Non-controlling interests | **155** | 157 | 203 |
| Total | **30,924** | 30,363 | 29,772 |
| **Liabilities** | | | |
| Deposits and balances of banks | **11,986** | 14,884 | 11,226 |
| Deposits and balances of customers | **240,524** | 244,630 | 233,750 |
| Bills and drafts payable | **435** | 563 | 951 |
| Other liabilities | **11,854** | 13,069 | 10,084 |
| Debts issued | **20,288** | 19,849 | 20,953 |
| Total | **285,087** | 292,994 | 276,964 |
| **Total equity and liabilities** | **316,011** | 323,357 | 306,736 |
| **Assets** | | | |
| Cash, balances and placements with central banks | **32,306** | 44,733 | 35,083 |
| Singapore Government treasury bills and securities | **6,865** | 6,741 | 7,757 |
| Other government treasury bills and securities | **12,644** | 11,253 | 10,141 |
| Trading securities | **1,277** | 1,380 | 738 |
| Placements and balances with banks | **28,646** | 27,600 | 28,692 |
| Loans to customers | **203,611** | 199,587 | 195,903 |
| Investment securities | **10,562** | 10,356 | 11,440 |
| Other assets | **12,004** | 13,729 | 9,256 |
| Investment in associates and joint ventures | **1,106** | 1,101 | 1,189 |
| Investment properties | **1,108** | 1,285 | 960 |
| Fixed assets | **1,739** | 1,453 | 1,428 |
| Intangible assets | **4,144** | 4,138 | 4,149 |
| Total | **316,011** | 323,357 | 306,736 |
| **Off-balance sheet items** | | | |
| Contingent liabilities | **19,026** | 19,272 | 18,515 |
| Financial derivatives | **677,475** | 719,283 | 605,487 |
| Commitments [2] | **143,312** | 136,381 | 128,409 |
| **Net asset value per ordinary share ($)** | **17.84** | 17.49 | 17.09 |

Notes:

1 Unaudited.

2 Refer to the change of definition of undrawn credit facilities at page 4, commitments were previously reported at $105,150 million for Sep 2015 and $99,593 million for Dec 2014.

**Consolidated Statement of Changes in Equity (Audited)**

| | Attributable to equity holders of the Bank | | | | | |
|---|---|---|---|---|---|---|
| | Share capital and other capital | Retained earnings | Other reserves | Total | Non-controlling interests | Total equity |
| | $m | $m | $m | $m | $m | $m |
| Balance at 1 January 2015 | **5,892** | **14,064** | **9,613** | **29,569** | **203** | **29,772** |
| Profit for the financial year | **-** | **3,209** | **-** | **3,209** | **11** | **3,220** |
| Other comprehensive income for the financial year | **-** | **(10)** | **(102)** | **(113)** | **(2)** | **(115)** |
| Total comprehensive income for the financial year | **-** | **3,199** | **(102)** | **3,096** | **9** | **3,105** |
| Transfers | **-** | **67** | **(67)** | **-** | **-** | **-** |
| Change in non-controlling interests | **-** | **-** | **(33)** | **(33)** | **(50)** | **(83)** |
| Dividends | **-** | **(1,867)** | **-** | **(1,867)** | **(6)** | **(1,873)** |
| Share buyback - held in treasury | **(37)** | **-** | **-** | **(37)** | **-** | **(37)** |
| Share-based compensation | **-** | **-** | **40** | **40** | **-** | **40** |
| Reclassification of share-based compensation reserves on expiry | **-** | **0** | **(0)** | **-** | **-** | **-** |
| Issue of shares under share-based compensation plans | **26** | **-** | **(26)** | **-** | **-** | **-** |
| Balance at 31 December 2015 | **5,881** | **15,463** | **9,424** | **30,768** | **155** | **30,924** |
| | | | | | | |
| Balance at 1 January 2014 | 5,333 | 12,003 | 9,053 | 26,388 | 189 | 26,577 |
| Profit for the financial year | - | 3,249 | - | 3,249 | 15 | 3,264 |
| Other comprehensive income for the financial year | - | (5) | 664 | 660 | 4 | 663 |
| Total comprehensive income for the financial year | - | 3,244 | 664 | 3,909 | 19 | 3,928 |
| Transfers | - | 96 | (96) | - | - | - |
| Change in non-controlling interests | - | - | 1 | 1 | 1 | 2 |
| Dividends | - | (1,279) | - | (1,279) | (6) | (1,285) |
| Issue of shares under scrip dividend scheme | 517 | - | - | 517 | - | 517 |
| Share-based compensation | - | - | 34 | 34 | - | 34 |
| Reclassification of share-based compensation reserves on expiry | - | 0 | (0) | - | - | - |
| Issue of shares under share-based compensation plans | 43 | - | (43) | - | - | - |
| Balance at 31 December 2014 | 5,892 | 14,064 | 9,613 | 29,569 | 203 | 29,772 |

**Consolidated Statement of Changes in Equity (Unaudited)**

| | Attributable to equity holders of the Bank | | | | | |
|---|---|---|---|---|---|---|
| | Share capital and other capital | Retained earnings | Other reserves | Total | Non-controlling interests | Total equity |
| | $m | $m | $m | $m | $m | $m |
| **Balance at 1 October 2015** | **5,882** | **15,025** | **9,299** | **30,206** | **157** | **30,363** |
| Profit for the financial period | **-** | **788** | **-** | **788** | **2** | **790** |
| Other comprehensive income for the financial period | **-** | **(10)** | **125** | **115** | **6** | **120** |
| Total comprehensive income for the financial period | **-** | **778** | **125** | **903** | **7** | **910** |
| Transfers | **-** | **(8)** | **8** | **-** | **-** | **-** |
| Change in non-controlling interests | **-** | **-** | **-** | **-** | **(9)** | **(9)** |
| Dividends | **-** | **(332)** | **-** | **(332)** | **(0)** | **(333)** |
| Share buyback - held in treasury | **(18)** | **-** | **-** | **(18)** | **-** | **(18)** |
| Share-based compensation | **-** | **-** | **11** | **11** | **-** | **11** |
| Reclassification of share-based compensation reserves on expiry | **-** | **0** | **(0)** | **-** | **-** | **-** |
| Issue of shares under share-based compensation plans | **18** | **-** | **(18)** | **-** | **-** | **-** |
| Balance at 31 December 2015 | **5,881** | **15,463** | **9,424** | **30,768** | **155** | **30,924** |
| | | | | | | |
| Balance at 1 October 2014 | 5,866 | 13,325 | 9,420 | 28,611 | 198 | 28,809 |
| Profit for the financial period | - | 786 | - | 786 | 2 | 788 |
| Other comprehensive income for the financial period | - | (5) | 177 | 172 | 2 | 174 |
| Total comprehensive income for the financial period | - | 781 | 177 | 959 | 4 | 962 |
| Transfers | - | (30) | 30 | - | - | - |
| Change in non-controlling interests | - | - | - | - | 2 | 2 |
| Dividends | - | (12) | - | (12) | (1) | (13) |
| Share-based compensation | - | - | 11 | 11 | - | 11 |
| Reclassification of share-based compensation reserves on expiry | - | 0 | (0) | - | - | - |
| Issue of shares under share-based compensation plans | 26 | - | (26) | - | - | - |
| Balance at 31 December 2014 | 5,892 | 14,064 | 9,613 | 29,569 | 203 | 29,772 |

Appendix 5

**Consolidated Cash Flow Statement (Audited)**

| | 2015 | 2014 | 4Q15[1] | 4Q14[1] |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Cash flows from operating activities** | | | | |
| Profit for the financial period | **3,220** | 3,264 | **790** | 788 |
| Adjustments for: | | | | |
| Allowances for credit and other losses | **672** | 635 | **190** | 166 |
| Share of profit of associates and joint ventures | **(90)** | (149) | **(18)** | (43) |
| Tax | **649** | 561 | **154** | 134 |
| Depreciation of assets | **182** | 163 | **47** | 55 |
| Net gain on disposal of assets | **(342)** | (271) | **(58)** | (50) |
| Share-based compensation | **41** | 32 | **11** | 10 |
| Operating profit before working capital changes | **4,332** | 4,236 | **1,116** | 1,060 |
| Increase/(decrease) in working capital | | | | |
| Deposits and balances of banks | **760** | (2,480) | **(2,897)** | (4,241) |
| Deposits and balances of customers | **6,775** | 19,202 | **(4,106)** | 9,385 |
| Bills and drafts payable | **(516)** | (84) | **(128)** | (472) |
| Other liabilities | **1,355** | 804 | **(1,577)** | 419 |
| Restricted balances with central banks | **301** | 258 | **(75)** | 322 |
| Government treasury bills and securities | **(1,583)** | (286) | **(1,509)** | (610) |
| Trading securities | **(532)** | (92) | **107** | 145 |
| Placements and balances with banks | **46** | 2,720 | **(1,046)** | 1,159 |
| Loans to customers | **(8,364)** | (17,672) | **(4,189)** | (3,480) |
| Investment securities | **1,391** | 1,170 | **(88)** | 184 |
| Other assets | **(2,759)** | (100) | **1,684** | (535) |
| Cash generated from/(used in) operations | **1,206** | 7,673 | **(12,709)** | 3,336 |
| Income tax paid | **(545)** | (563) | **(88)** | (72) |
| Net cash provided by/(used in) operating activities | **661** | 7,111 | **(12,797)** | 3,264 |
| **Cash flows from investing activities** | | | | |
| Capital injection into associates and joint ventures | **(4)** | (0) | **(0)** | (0) |
| Acquisition of associates and joint ventures | **(9)** | - | **-** | - |
| Proceeds from disposal of associates and joint ventures | **0** | - | **0** | - |
| Distribution from associates and joint ventures | **167** | 282 | **7** | 5 |
| Acquisition of properties and other fixed assets | **(692)** | (259) | **(167)** | (70) |
| Proceeds from disposal of properties and other fixed assets | **51** | 40 | **12** | 3 |
| Change in non-controlling interests | **2** | (3) | **2** | - |
| Net cash (used in)/provided by investing activities | **(484)** | 61 | **(146)** | (62) |
| **Cash flows from financing activities** | | | | |
| Issuance of subordinated notes | **368** | 1,544 | **-** | - |
| Redemption of subordinated notes | **(186)** | (2,252) | **-** | - |
| (Redemption)/issuance of other debts | **(847)** | 2,680 | **439** | (2,051) |
| Share buyback - held in treasury | **(37)** | - | **(18)** | - |
| Change in non-controlling interests | **(85)** | 5 | **(11)** | 2 |
| Dividends paid on ordinary shares | **(1,442)** | (671) | **-** | - |
| Dividends paid on preference shares | **(41)** | (37) | **-** | - |
| Distribution for perpetual capital securities | **(65)** | (65) | **(12)** | (12) |
| Dividends paid to non-controlling interests | **(6)** | (6) | **(0)** | (1) |
| Net cash (used in)/provided by financing activities | **(2,341)** | 1,198 | **398** | (2,062) |
| Currency translation adjustments | **(313)** | 91 | **42** | 39 |
| **Net (decrease)/increase in cash and cash equivalents** | **(2,476)** | 8,460 | **(12,502)** | 1,179 |
| Cash and cash equivalents at beginning of the financial period | **29,704** | 21,244 | **39,730** | 28,525 |
| **Cash and cash equivalents at end of the financial period** | **27,228** | 29,704 | **27,228** | 29,704 |

Note:
1 Unaudited.

**Balance Sheet of the Bank (Audited)**

| | **Dec-15** | Sep-15 [1] | Dec-14 |
|---|---|---|---|
| | **$m** | $m | $m |
| **Equity** | | | |
| Share capital and other capital | **5,050** | 5,050 | 5,061 |
| Retained earnings | **11,735** | 11,440 | 10,809 |
| Other reserves | **9,971** | 9,927 | 9,780 |
| Total | **26,756** | 26,417 | 25,650 |
| **Liabilities** | | | |
| Deposits and balances of banks | **10,538** | 13,417 | 10,666 |
| Deposits and balances of customers | **190,378** | 196,060 | 179,123 |
| Deposits and balances of subsidiaries | **2,412** | 2,117 | 2,767 |
| Bills and drafts payable | **237** | 307 | 191 |
| Other liabilities | **8,455** | 9,851 | 7,843 |
| Debts issued | **20,211** | 19,795 | 21,139 |
| Total | **232,231** | 241,546 | 221,728 |
| **Total equity and liabilities** | **258,987** | 267,963 | 247,378 |
| **Assets** | | | |
| Cash, balances and placements with central banks | **24,249** | 35,738 | 24,807 |
| Singapore Government treasury bills and securities | **6,865** | 6,737 | 7,628 |
| Other government treasury bills and securities | **7,268** | 6,104 | 3,982 |
| Trading securities | **1,010** | 1,075 | 738 |
| Placements and balances with banks | **24,280** | 24,311 | 24,333 |
| Loans to customers | **158,230** | 155,929 | 149,530 |
| Placements with and advances to subsidiaries | **5,944** | 6,043 | 7,727 |
| Investment securities | **9,857** | 9,526 | 10,294 |
| Other assets | **9,447** | 10,819 | 7,278 |
| Investment in associates and joint ventures | **407** | 413 | 523 |
| Investment in subsidiaries | **5,841** | 5,688 | 4,981 |
| Investment properties | **1,174** | 1,180 | 1,229 |
| Fixed assets | **1,233** | 1,218 | 1,146 |
| Intangible assets | **3,182** | 3,182 | 3,182 |
| Total | **258,987** | 267,963 | 247,378 |
| **Off-balance sheet items** | | | |
| Contingent liabilities | **13,306** | 13,661 | 12,695 |
| Financial derivatives | **587,768** | 611,462 | 520,163 |
| Commitments [2] | **113,895** | 109,177 | 100,745 |
| **Net asset value per ordinary share ($)** | **15.86** | 15.65 | 15.16 |

Notes:

1 Unaudited.

2 Refer to the change of definition of undrawn credit facilities at page 4, commitments were previously reported at $86,371 million for Sep 2015 and $79,892 million for Dec 2014.

**Statement of Changes in Equity of the Bank (Audited)**

| | Share capital and other capital<br>$m | Retained earnings<br>$m | Other reserves<br>$m | Total equity<br>$m |
|---|---|---|---|---|
| Balance at 1 January 2015 | **5,061** | **10,809** | **9,780** | **25,650** |
| Profit for the financial year | **-** | **2,679** | **-** | **2,679** |
| Other comprehensive income for the financial year | **-** | **-** | **252** | **252** |
| Total comprehensive income for the financial year | **-** | **2,679** | **252** | **2,931** |
| Transfers | **-** | **74** | **(74)** | **-** |
| Dividends | **-** | **(1,828)** | **-** | **(1,828)** |
| Share buyback - held in treasury | **(37)** | **-** | **-** | **(37)** |
| Share-based compensation | **-** | **-** | **40** | **40** |
| Reclassification of share-based compensation reserves on expiry | **-** | **0** | **(0)** | **-** |
| Issue of shares under share-based compensation plans | **26** | **-** | **(26)** | **-** |
| Balance at 31 December 2015 | **5,050** | **11,735** | **9,971** | **26,756** |
| | | | | |
| Balance at 1 January 2014 | 4,501 | 9,255 | 9,446 | 23,202 |
| Profit for the financial year | - | 2,691 | - | 2,691 |
| Other comprehensive income for the financial year | - | - | 459 | 459 |
| Total comprehensive income for the financial year | - | 2,691 | 459 | 3,150 |
| Transfers | - | 115 | (115) | - |
| Dividends | - | (1,253) | - | (1,253) |
| Issue of shares under scrip dividend scheme | 517 | - | - | 517 |
| Share-based compensation | - | - | 34 | 34 |
| Reclassification of share-based compensation reserves on expiry | - | 0 | (0) | - |
| Issue of shares under share-based compensation plans | 43 | - | (43) | - |
| Balance at 31 December 2014 | 5,061 | 10,809 | 9,780 | 25,650 |

**Statement of Changes in Equity of the Bank (Unaudited)**

| | Share capital and other capital | Retained earnings | Other reserves | Total equity |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Balance at 1 October 2015** | **5,050** | **11,440** | **9,927** | **26,417** |
| Profit for the financial period | **-** | **627** | **-** | **627** |
| Other comprehensive income for the financial period | **-** | **-** | **52** | **52** |
| Total comprehensive income for the financial period | **-** | **627** | **52** | **679** |
| Dividends | **-** | **(332)** | **-** | **(332)** |
| Share buyback - held in treasury | **(18)** | **-** | **-** | **(18)** |
| Share-based compensation | **-** | **-** | **11** | **11** |
| Reclassification of share-based compensation reserves on expiry | **-** | **0** | **(0)** | **-** |
| Issue of shares under share-based compensation plans | **18** | **-** | **(18)** | **-** |
| **Balance at 31 December 2015** | **5,050** | **11,735** | **9,971** | **26,756** |
| | | | | |
| Balance at 1 October 2014 | 5,035 | 10,219 | 9,663 | 24,917 |
| Profit for the financial period | - | 602 | - | 602 |
| Other comprehensive income for the financial period | - | - | 132 | 132 |
| Total comprehensive income for the financial period | - | 602 | 132 | 733 |
| Transfers | - | (1) | 1 | - |
| Dividends | - | (12) | - | (12) |
| Share-based compensation | - | - | 11 | 11 |
| Reclassification of share-based compensation reserves on expiry | - | 0 | (0) | - |
| Issue of shares under share-based compensation plans | 26 | - | (26) | - |
| Balance at 31 December 2014 | 5,061 | 10,809 | 9,780 | 25,650 |

**Capital Adequacy Ratios of Major Bank Subsidiaries**

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

| | Dec-15 | | | |
|---|---|---|---|---|
| | Total Risk-Weighted Assets | Capital Adequacy Ratios | | |
| | | CET1 | Tier 1 | Total |
| | $m | % | % | % |
| United Overseas Bank (Malaysia) Bhd | **17,477** | **12.3** | **12.3** | **15.5** |
| United Overseas Bank (Thai) Public Company Limited | **10,349** | **16.2** | **16.2** | **18.8** |
| PT Bank UOB Indonesia | **7,508** | **13.9** | **13.9** | **16.1** |
| United Overseas Bank (China) Limited | **6,259** | **22.9** | **22.9** | **23.5** |

*The extract of the auditor's report dated 16 February 2016, on the financial statements of United Overseas Bank Limited and Its Subsidiaries for the financial year ended 31 December 2015, is as follows:*

**United Overseas Bank Limited and Its Subsidiaries**
**Independent Auditor's Report for the financial year ended 31 December 2015**

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of United Overseas Bank Limited (the "Bank") and its subsidiaries (collectively, the "Group"), set out on pages 11 to 91 which comprise the balance sheets of the Bank and the Group at 31 December 2015, the income statements, the statements of comprehensive income, and the statements of changes in equity of the Bank and the Group and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank, are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs), including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore, so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2015 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and of the financial performance and changes in equity of the Bank for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Areas of focus | How our audit addressed the risk factors |
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| **Allowance for impairment of loans to customers**<br><br>*Refer to Notes 2(r)(i) and 25(a) to the consolidated financial statements on pages 24 and 51 respectively.*<br><br>The allowance for impairment of loans to customers is considered to be a matter of most significance as it requires the application of judgement and use of subjective assumptions by management. The Group records both general and specific allowances of loans to customers, in accordance to the transitional provision set out in MAS Notice 612 requirements for the incorporation of historical loss data and qualitative factors on loan grading respectively.<br><br>Loans to customers contributed to 64% of the Group's total assets. The Group's gross loan portfolio comprises clients from the two business units, i.e. Group Wholesale Banking (GWB) (56%/$116 billion) and Group Retail (GR) (44%/$91 billion). The loan portfolio and characteristics of these two groups differ, therefore requiring a different approach in the assessment for specific allowances by management.<br><br>GWB's loan portfolio consists of large wholesale loans, requiring management to monitor the borrowers' repayment abilities individually based on their knowledge for any allowance for impairment.<br><br>In comparison with GWB, GR's loan portfolio consists of smaller loan values and a greater number of customers. Loans are not monitored individually and are grouped by product into homogeneous portfolios. Portfolios are monitored through historical delinquency statistics, for the allowance for impairment assessment. | Our audit procedures include understanding and testing of the design and operating effectiveness of the key controls over the following:<br><br>▪ the data interface between systems from the approval to recording and monitoring of loans<br>▪ the identification and timeliness of identifying impairment indicators<br>▪ the governance process of loan downgrading, including the continuous re-assessment of the appropriateness of assumptions used in the impairment models<br><br>Our testing of the design and operation of the controls provided a basis for us to continue with the planned nature, timing and extent of our detailed audit procedures.<br><br>Our procedures to assess management's provision for specific allowances, in response to the risks specific to the business units included the following:<br><br><u>Group Wholesale Banking</u><br>We obtained an understanding of the Group Credit Policy and evaluated the processes for identifying impairment indicators and consequently, the grading of loans for compliance on the classification according to MAS Notice 612.<br><br>We assessed the Group's credit review process on the credit worthiness of selected customers. We selected a sample of loans considering country risks, industry trends/macroeconomic factors, e.g. commodity crisis, lacklustre property market, etc. In particular, we focused on the shipping, real estate, and oil and gas portfolios.<br><br>For the selected non-performing loans, we assessed management's forecast of recoverable cash flows, valuation of collaterals, estimates of recovery on default and other sources of repayment. We evaluated the consistency of key assumptions applied, benchmarking these to our own understanding of the relevant industries and business environments, to assess the validity of the collateral valuations. We re-computed management's calculation of the specific allowances to check the accuracy of data captured in the accounting records.<br><br>Additionally, we selected samples of performing loans and assessed that the borrowers did not exhibit any definable weaknesses that may jeopardise the repayment abilities.<br><br><u>Group Retail</u><br>The allowance for impairment process is based on projection of losses, with historical delinquency statistics of each portfolio. Our testing included both the secured and non-secured lending portfolios.<br><br>For the secured lending portfolio, allowance for impairment is determined based on the haircuts and fair values less cost to sell obtained by the Group. We examined on a sample basis, the reasonableness of haircuts applied and the fair values less cost to sell based on our knowledge and experience of the local economic conditions, and asset price trends etc. |

| **Areas of focus** | **How our audit addressed the risk factors** |
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| | For the non-secured lending portfolio, we examined the appropriateness of the model parameters such as historical loss rates based on our industry knowledge and experience, to assess that they are in line with customer behavioural profiles.<br><br>With respect to the Group's general allowances, our procedures included the following:<br>▪ we re-computed management's calculation to assess that the Group maintained a minimum of 1% of general allowances on total credit exposure net of collateral and specific allowances in accordance with the transitional provision set out in MAS Notice 612<br>▪ we evaluated management's assessment on the relevance of the applied historical credit cycles and impact arising from forecasts of the prevailing market and economic conditions discussed above, which the Group is most susceptible to<br><br>Overall, the results of our evaluation of the Group's allowance for impairment of loans are consistent with management's assessment.<br><br>We have also assessed the adequacy of the Group's disclosure on the allowance for impairment of loans and the related credit risk in Note 25(a) and Note 43(a) to the financial statements. |
| **Valuation of illiquid or complex financial instruments**<br><br>*Refer to Notes 2(r)(ii) and 18(b) to the consolidated financial statements on pages 25 and 42 to 43 respectively.*<br><br>The valuation of the Group's financial instruments was a key area of focus of our audit due to the degree of complexity involved in valuing some of the instruments and the significance of the judgements and estimates made by management.<br><br>In particular, the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data.<br><br>At 31 December 2015, 5% ($3 billion) of the Group's total financial instruments that were carried at fair value were classified as Level 3. The Level 3 instruments mainly comprised of unquoted equity investments and funds, long dated equity derivatives and a small number of unquoted debt securities. | We assessed the key controls over the Group's valuation and model validation processes, including the measurement of valuation reserves and derivative valuation adjustments. Our testing of the design and operation of the controls provided a basis for us to continue with the planned nature, timing and extent of our detailed audit procedures.<br><br>In addition, we evaluated the appropriateness of the valuation methodologies, particularly for material illiquid and complex financial instruments such as private equity investments and structured products.<br><br>For a sample of financial instruments with significant unobservable valuation inputs, we involved our own internal valuation specialists to critically assess the valuation assumptions and inputs used by management, or perform an independent valuation by reference to alternative valuation methods used by other market participants and sensitivity analysis of key factors.<br><br>The results of our independent analyses are consistent with those of management's analyses.<br><br>We also considered whether the financial statement disclosures appropriately reflect the Group's exposure to financial instrument valuation risk. For example, we assessed the Group's fair value hierarchy policy against the requirements of FRS 113 Fair Value Measurement, and tested the liquidity of the prices for selected Level 2 and 3 instruments to evaluate whether they were categorised in the appropriate level. |

| **Areas of focus** | **How our audit addressed the risk factors** |
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| **Impairment of goodwill**<br><br>*Refer to Notes 2(r)(iii) and 34 to the consolidated financial statements on pages 25 and 64 respectively.*<br><br>As at 31 December 2015, the goodwill balance was carried at $4 billion which represents 1% of total assets, and 13% of total equity. The goodwill arose from the Group's acquisition of Overseas Union Bank (OUB), United Overseas Bank (Thai) Public Company Limited (UOBT) and PT Bank UOB Indonesia (UOBI) in prior years.<br><br>We focused on goodwill impairment due to the impairment testing of cash generating units (CGUs) relying on estimates of value-in-use (VIU) based on estimated future cash flows. The cash flow projection involved significant management judgement, and is based on assumptions that are affected by expected future market and economic conditions. | Our audit procedures focused on the assessment of key assumptions in forming the CGUs' VIU calculation, including the cash flow projections and discount rates.<br><br>We assessed assumptions used in cash flow projections which the outcome of the impairment test is most sensitive to, and evaluated the reasonableness of these assumptions made by management by comparing it to externally available industry, economic and financial data. We stress-tested the cash flow projections. These cash flow projections have been approved by management.<br><br>Furthermore, we evaluated management's budgeting process by comparing the actual results to previously forecasted results.<br><br>Our evaluation results are consistent with management's goodwill impairment testing results.<br><br>We also assessed the appropriateness of the financial statement disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. |

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Winston Ngan.

**ERNST & YOUNG LLP**
Public Accountants and Chartered Accountants
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16 February 2016