



UOB Group Fixed Income Investor Presentation

September 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 Disciplined Balance Sheet Management
- 3 Resilience of the Singapore Housing Market and Our Cover Pool

Appendix A: Overview of our Covered Bond Program

Appendix B: Regulatory Developments

Appendix C: Extract from Latest Results



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 around 500 offices in 19 countries and territories.

Note: Financial statistics as at 30 June 2016.

1. FX rate used: USD 1 = SGD 1.34985 as at 30 June 2016.
2. Based on final rules effective 1 January 2018.
3. Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015.
4. Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and capital securities distributions.
5. Computed on an annualised basis.
6. Average for 2Q16.

Key Statistics for 1H16

■ Total assets	: SGD321.6b (USD238.3b ¹)
■ Shareholder's equity	: SGD31.3b (USD23.2b ¹)
■ Gross loans	: SGD212.3b (USD157.3b ¹)
■ Customer deposits	: SGD248.2b (USD183.9b ¹)
■ Common Equity Tier 1 CAR	: 13.1%
■ Fully-loaded Common Equity Tier 1 CAR ²	: 12.2%
■ Leverage ratio ³	: 7.4%
■ ROA	: 0.97% ⁵
■ ROE ⁴	: 10.5% ⁵
■ NIM	: 1.73% ⁵
■ Non-interest/Total income	: 37.8%
■ NPL ratio	: 1.4%
■ Loans/Deposits ratio	: 84.0%
■ Average all-currency liquidity coverage ratio	: 167% ⁶
■ Cost / Income	: 45.6%
■ Credit Ratings	:

	Moody's	S&P	Fitch
Issuer Rating (Senior Unsecured)	Aa1	AA-	AA-
Outlook	Negative	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 Singapore¹
- Strong player in credit cards and private residential home loan business

Group Wholesale Banking

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

Global Markets and Investment Management

- Strong player in Singapore dollar treasury instruments
- UOB Asset Management is one of Singapore's most awarded fund managers²

UOB Group's recognition in the industry

The Banker
GLOBAL FINANCIAL INTELLIGENCE SINCE 1986



Bank of the Year, Singapore



Best Bank in Singapore

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY



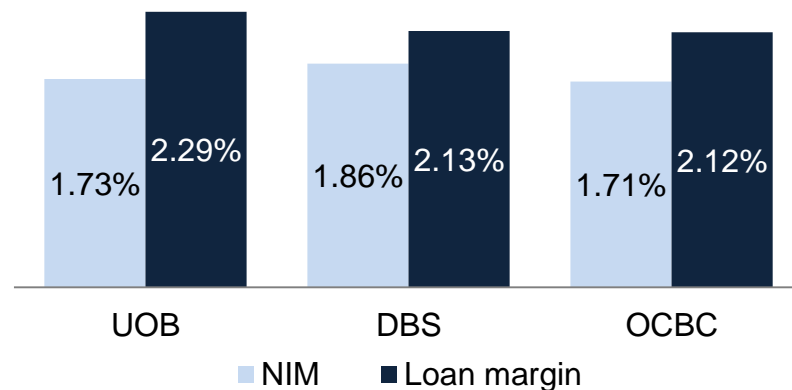
Best Retail Bank in Singapore

Best SME Banking

Source: Company reports.

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

Higher 1H16 loan margin than local peers

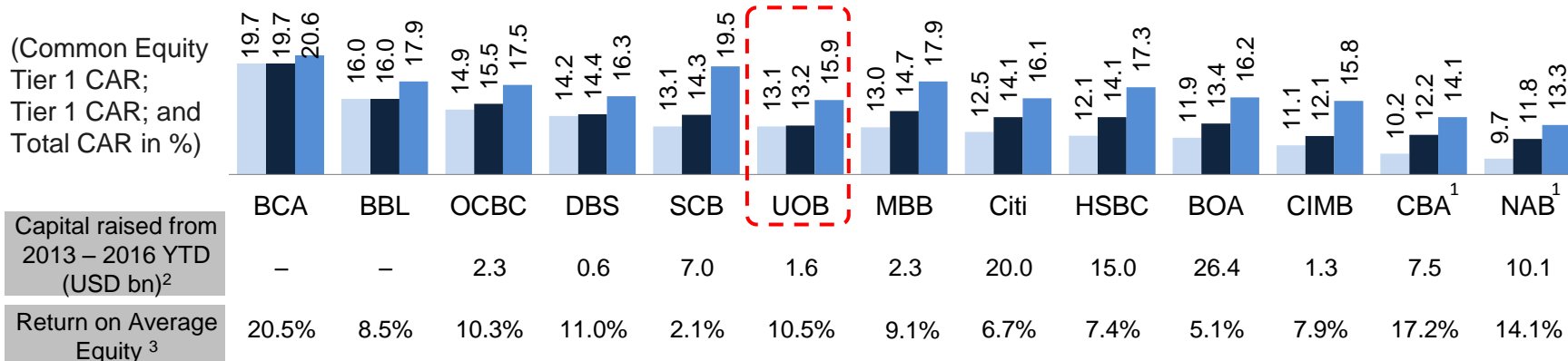


Loan margin is the difference between the rate of return from customer loans and costs of deposits.

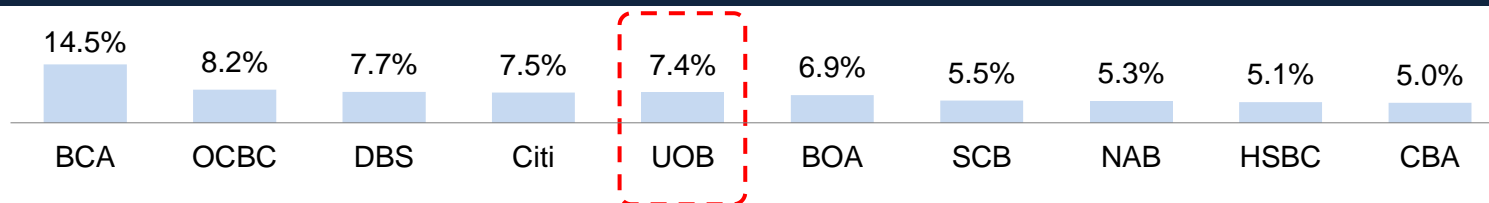
Source: Company reports.

Strong Capitalisation and Low Gearing Ratio

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



Reported Leverage Ratio⁴



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

Source: Company reports, Dealogic.

The financials of banks were as of 30 June 2016, except for those of CIMB, Malayan Banking Berhad (MBB), National Australia Bank (NAB) which were as of 31 Mar 2016; and Commonwealth Bank of Australia which were as of 31 Dec 2015.

1. NAB's and CBA's CET1 ratios are computed based on APRA's standards

2. From 1 Jan 2013 till 1 Aug 2016 and includes Tier 1 capital.

3. Computed on an annualised basis.

4. Bangkok Bank PCL (BBL), Malayan Banking Berhad (MBB) and CIMB do not disclose their leverage ratio.

Competitive Against Peers

			Standalone Strength	Efficient Cost Management	Competitive ROAA ¹	Well-Maintained Liquidity
Moody's	S&P	Fitch	Moody's baseline credit assessment	Costs/income ratio	Return on average assets	Loan/deposit ratio
Aa1	AA-	AA-	UOB aa3	45.6%	0.97%	84.0%
Aa1	AA-	AA-	OCBC aa3	45.2%	1.05%	82.2%
Aa1	AA-	AA-	DBS aa3	44.1%	1.01%	91.8%
A1	A	AA-	HSBC a3	63.2%	0.57%	68.8%
A1	BBB+	A+	SCB a2	66.5%	0.12%	71.5%
Baa1	A-	n.r.	CIMB baa2	57.4%	0.70%	90.6%
A3	A-	A-	MBB a3	48.4%	0.83%	94.7%
Baa1	BBB+	BBB+	BBL baa2	49.4%	1.07%	88.5%
Baa3	n.r.	BBB-	BCA baa3	63.5%	3.86%	77.9%
Baa1	BBB+	A	BOA baa2	70.9%	0.64%	74.3%
Baa1	BBB+	A	Citi baa2	59.5%	0.84%	67.6%
Aa2	AA-	AA-	CBA a1	42.2%	1.10%	124.1%
Aa2	AA-	AA-	NAB a1	41.6%	0.75%	141.3%

Source: Company reports, Credit rating agencies (updated as of 1 August 2016).

The financials of banks were as of 30 June 2016, except for those of CIMB, Malayan Banking Berhad (MBB), National Australia Bank (NAB) which were as of 31 Mar 2016; and Commonwealth Bank of Australia which were as of 31 Dec 2015.

1. Computed on an annualized basis.

One of The Few 'AA' Rated Banks Globally

Ratings

MOODY'S
INVESTORS SERVICE

Aa1/Neg/P-1

- “Good capital position against backdrop of weakening asset quality”
- “Baseline credit assessment (BCA) of Aa3”
- “Diversified Singaporean and Malaysian consumer banking and services to small-and medium-sized enterprises (SMEs)”

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

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”
- “Single 'A' rated stand alone credit profile (SACP)”

FitchRatings

AA- /Stable/F1+

- “Ratings reflect its strong domestic franchise, prudent management, robust balance sheet...”
- “AA- Viability Rating”
- “Notable credit strengths ...core capitalisation, domestic funding franchises and close regulatory oversight”

Debt Issuance History of UOB Group

Issue Date	Type	Structure	Call	Coupon	Amount	Issue Rating (M / S&P / F)
Tier 1						
May 2016	B3 AT1	Perpetual	2021	4.000%	SGD750m	A3 / BB+ / BBB
Nov 2013	B3 AT1	Perpetual	2019	4.750%	SGD500m	A3 / BB+ / BBB
Jul 2013	B3 AT1	Perpetual	2018	4.900%	SGD850m	A3 / BB+ / BBB
Tier 2						
Aug 2016	B2 T2	10½NC5½	2022	2.880%	USD600m	A2 / BBB+ / A+
Aug 2016	B2 T2	12NC7	2023	3.190%	HKD700m	A2 / Not rated / Not rated
Mar 2016	B3 T2	10½NC5½	2021	3.500%	USD700m	A2 / Not rated / 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+
Senior Unsecured						
Mar 2016	-	3yr FXN	-	1.750%	HKD300m	Aa1 / AA- / AA-
Sep 2014	-	5½yr FXN	-	2.500%	USD500m	Aa1 / AA- / AA-
Sep 2014	-	4yr FRN	-	BBSW 3m +0.640%	AUD300m	Aa1 / AA- / AA-
Mar 2014	-	5yr FXN	-	US\$ 3m + 0.550%	USD200m	Aa1 / AA- / AA-
Nov 2013	-	3yr FRN	-	BBSW 3m +0.650%	AUD300m	Aa1 / AA- / AA-
Sep 2013	-	3yr FRN	-	US\$ 3m + 0.380%	USD100m	Aa1 / AA- / AA-
Jun 2013	-	3yr FXN	-	2.500%	CNY500m	Aa1 / AA- / AA-
Mar 2012	-	5yr FXN	-	2.20%	HKD1000m	Aa1 / AA- / AA-
Mar 2012	-	5yr FXN	-	2.250%	USD750m	Aa1 / AA- / AA-
Covered						
Mar 2016	Covered	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / Not rated

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

Table includes rated public issues and private placements of UOB, but excludes zero callable structured notes and subsidiaries' issues, updated as of September 2016



Disciplined Balance Sheet Management

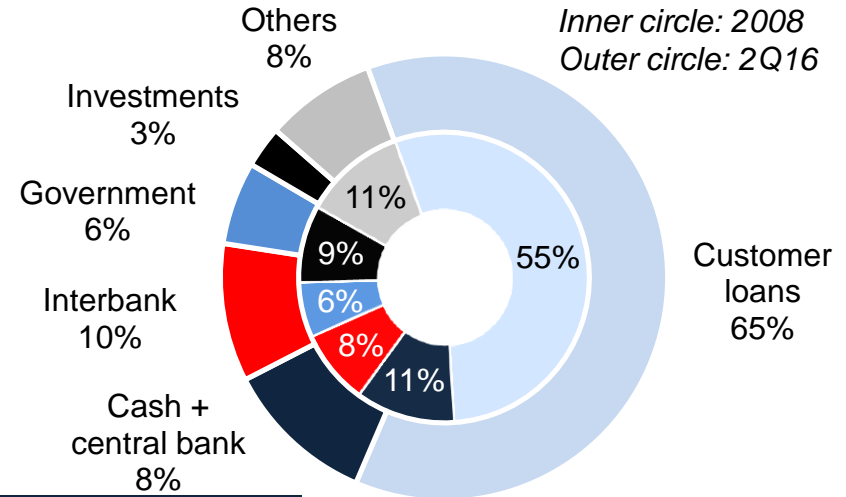
Disciplined Balance Sheet Management

- **Resilient balance sheet**
 - Stable NPL ratio: 1.4%
 - High general allowances-to-loans ratio of 1.5%
 - Strong NPL coverage: 125.6%

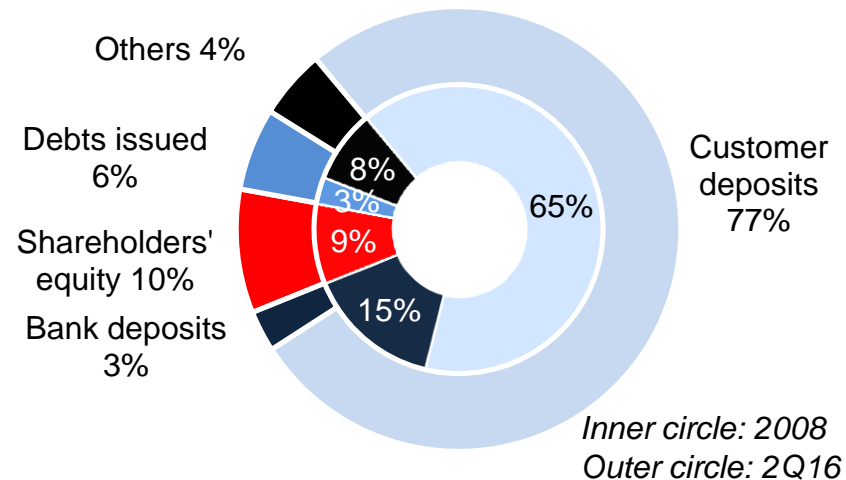
- **Strong funding and capital base**
 - Liquidity Coverage Ratios¹: SGD (224%) and all-currency (167%)
 - Healthy fully-loaded CET1 ratio² of 12.2%

- **Positive affirmation in the change of our balance sheet over the years**
 - Issuance of Basel III perpetual capital securities (S\$750m) in May: 3 times subscribed
 - Upgrade of UOB's standalone rating by Standard & Poor's

Assets



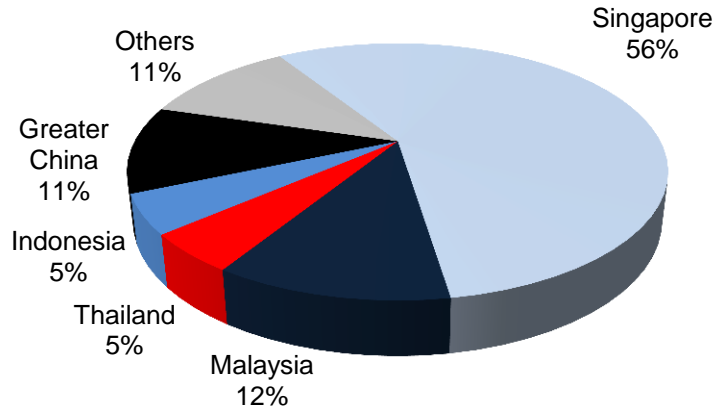
Equity and liabilities



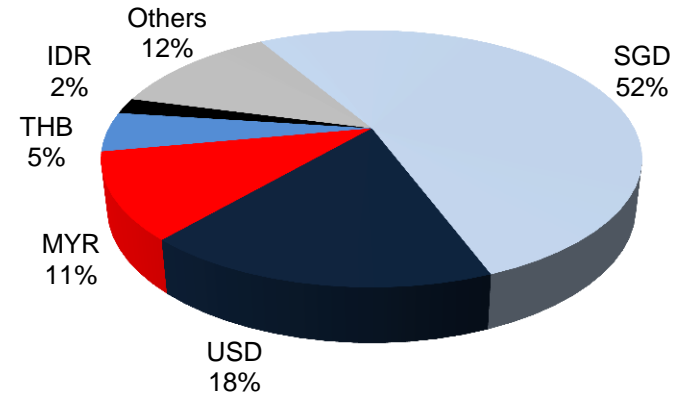
1. Average for 2Q16.
2. Fully-loaded CET1 ratio (based on final rules effective 1 January 2018).

Diversified Loan Portfolio

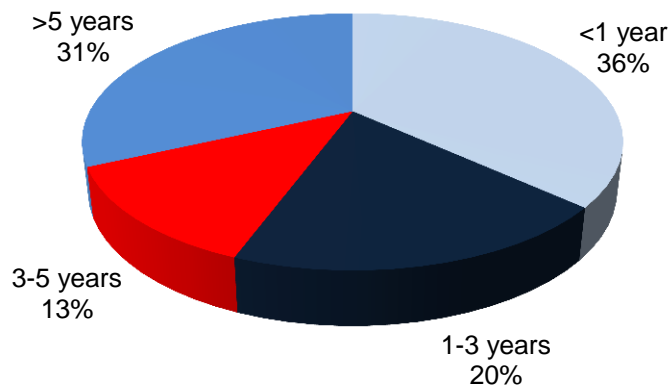
Gross Customer Loans by Geography ¹



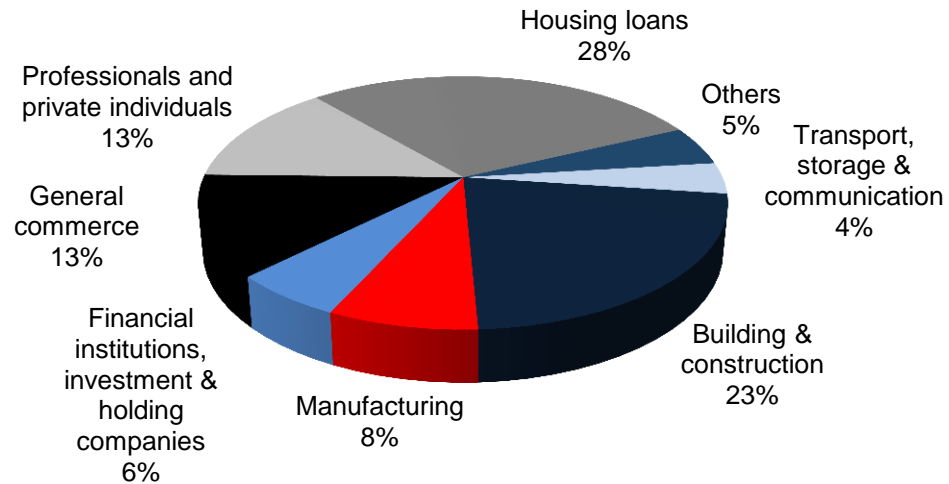
Gross Customer Loans by Currency



Gross Customer Loans by Maturity



Gross Customer Loans by Industry



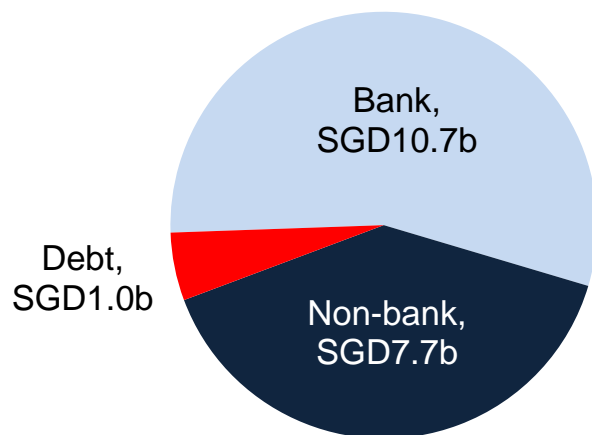
Note: Financial statistics as at 30 June 2016.

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

Selective Exposure in China

Total = SGD19.4b

or 6.0% 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 around half of bank exposure

Non-bank exposure in China

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio around 1.0%
- 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

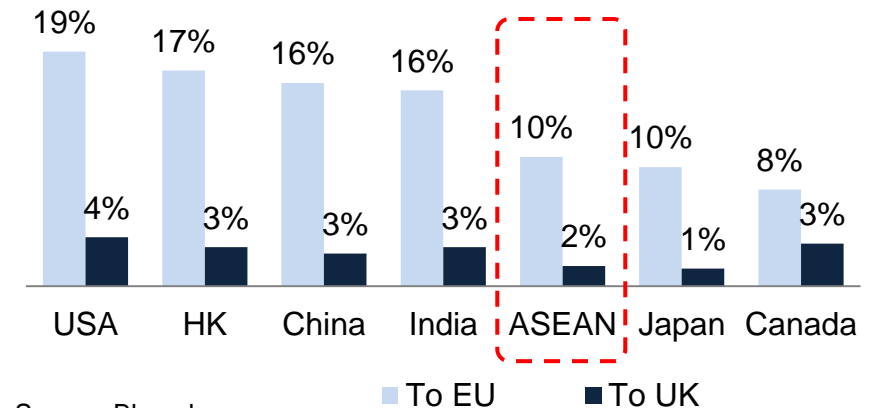
Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

Minimal Immediate Impact from Brexit

Minimal Direct Impact on Asian Markets

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

EU & UK Export Mix of Selected Partners (2015)





UOB's exposure to Europe (as of 30-Jun-16)	Non-bank	Bank	Debt securities	Total	As a % of total assets
Europe	SGD3.4b	SGD3.1b	SGD1.2b	SGD7.7b	2.4%
of which UK	SGD2.6b	SGD0.8b	SGD0.2b	SGD3.6b	1.1%

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

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

Exposure to Commodities

As of 30 June 16	Oil and gas		Other commodity segments	Total
	Upstream industries	Traders/ downstream industries		
Total exposure ¹	SGD4.9b	SGD9.1b	SGD8.8b	SGD22.8b
Outstanding loans	SGD4.0b	SGD5.3b	SGD6.6b	SGD15.9b

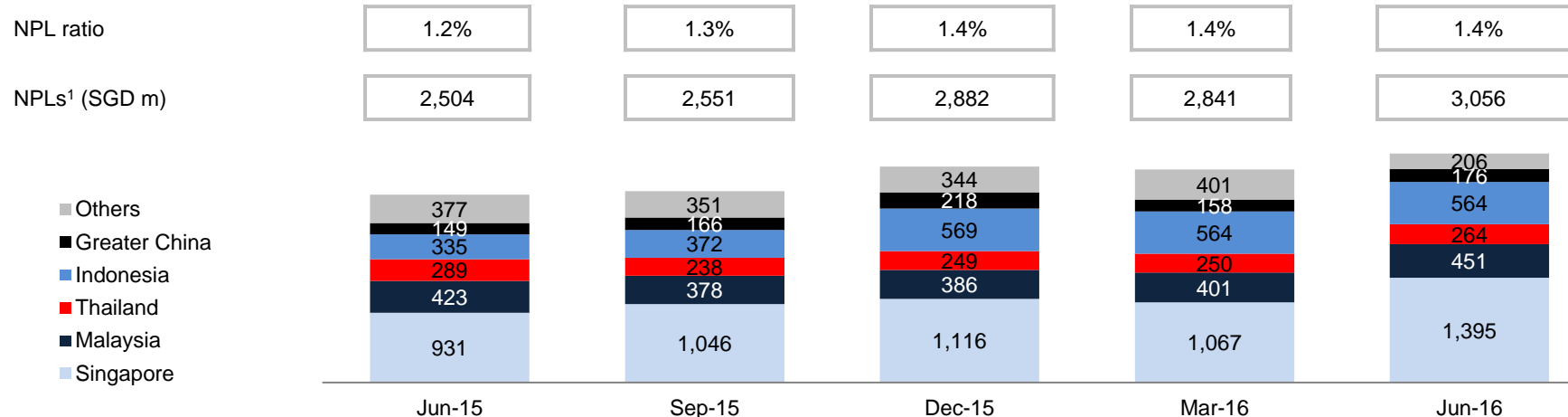

4% of total loans

7.5% of total loans

- Total exposure, including off-balance sheet items, stood at SGD22.8b as of 30 June 2016
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

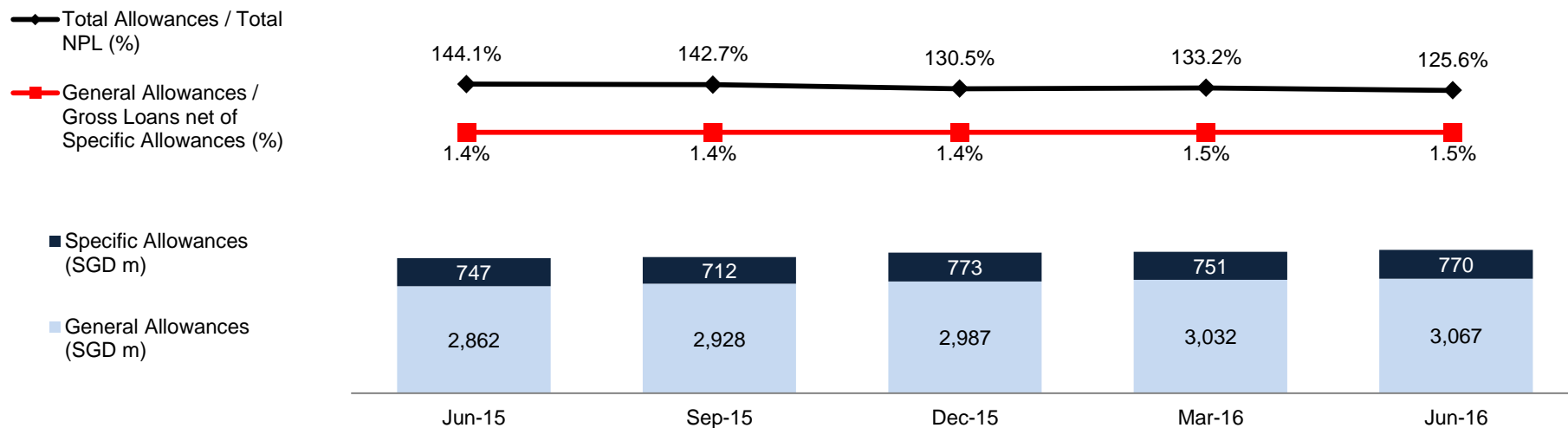
1. Total exposure comprises outstanding loans and contingent liabilities

Resilient Asset Quality, High Allowances Coverage

NPL Stable at 1.4%



High Allowances Coverage



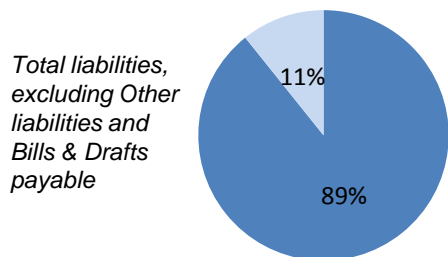
1. NPLs by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

Strong Funding & Liquidity Profile

Strong Liquidity Coverage Ratios (LCR)

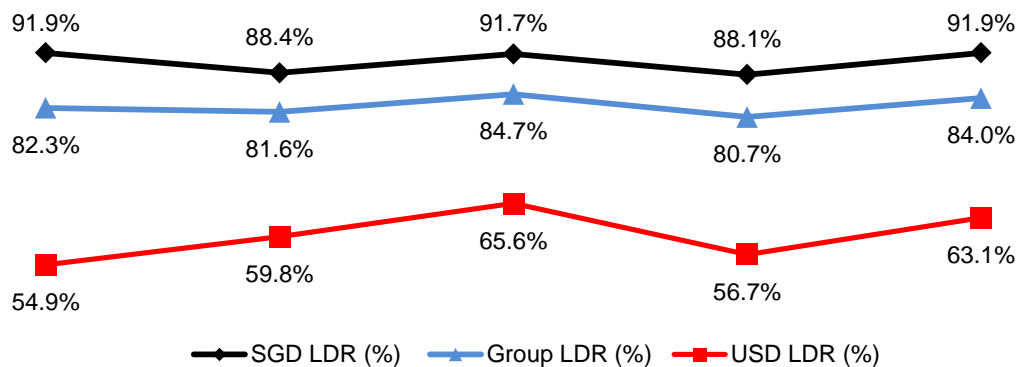
	<u>Jun-15</u>	<u>Sep-15</u>	<u>Dec-15</u>	<u>Mar-16</u>	<u>Jun-16</u>
All-currency LCR (%)	152%	138%	142%	139%	167%
SGD LCR (%)	165%	179%	217%	169%	224%

Primarily Deposit Funded



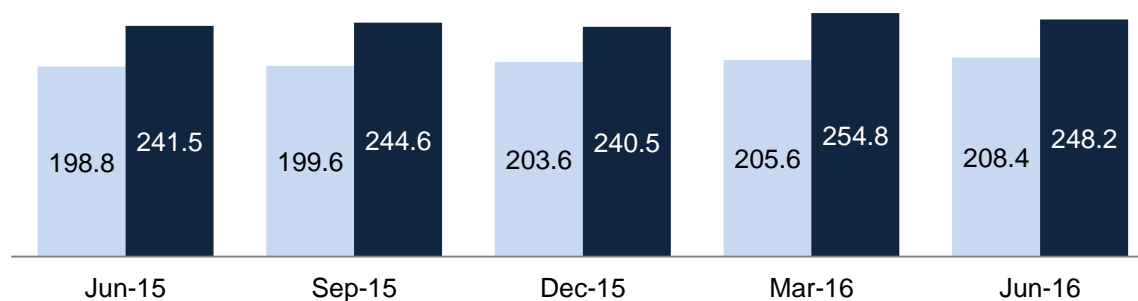
- Customer deposits
- Interbank balances and debts issuances

Disciplined Funding with Healthy Loan/Deposit Ratios (LDR)



- ◆ SGD LDR (%)
- ▲ Group LDR (%)
- USD LDR (%)

- Net Customer Loans (SGD b)
- Customer Deposits (SGD b)



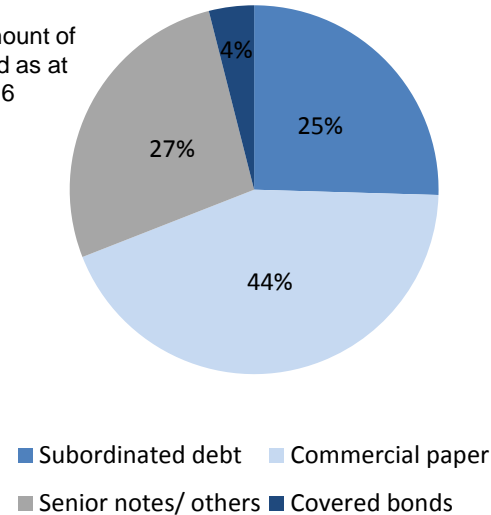
Disciplined Wholesale Funding Strategy

Wholesale Funding Strategy

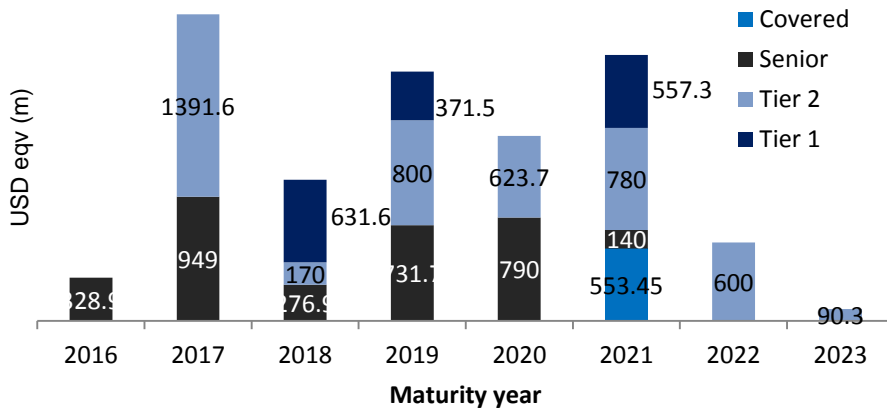
- Diversification among global markets
 - Multiple funding instruments ranging from subordinated capital to senior to secured debt
 - Commitment to refreshing strategic benchmark curves
- Strategic cultivation of high quality and long-standing investors

Diversification in Debt Instruments Issued

Absolute amount of Debts Issued as at 30 June 2016

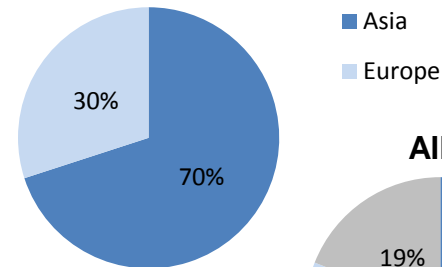


Staggered Debt Maturity Profile

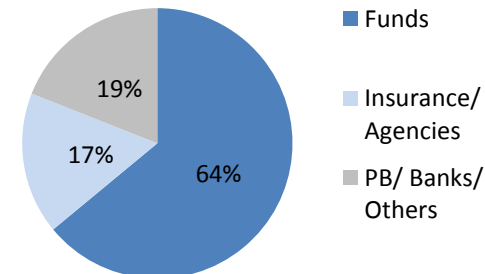


Investor Diversification In Recent USD 600m T2

Allocation by region



Allocation by type



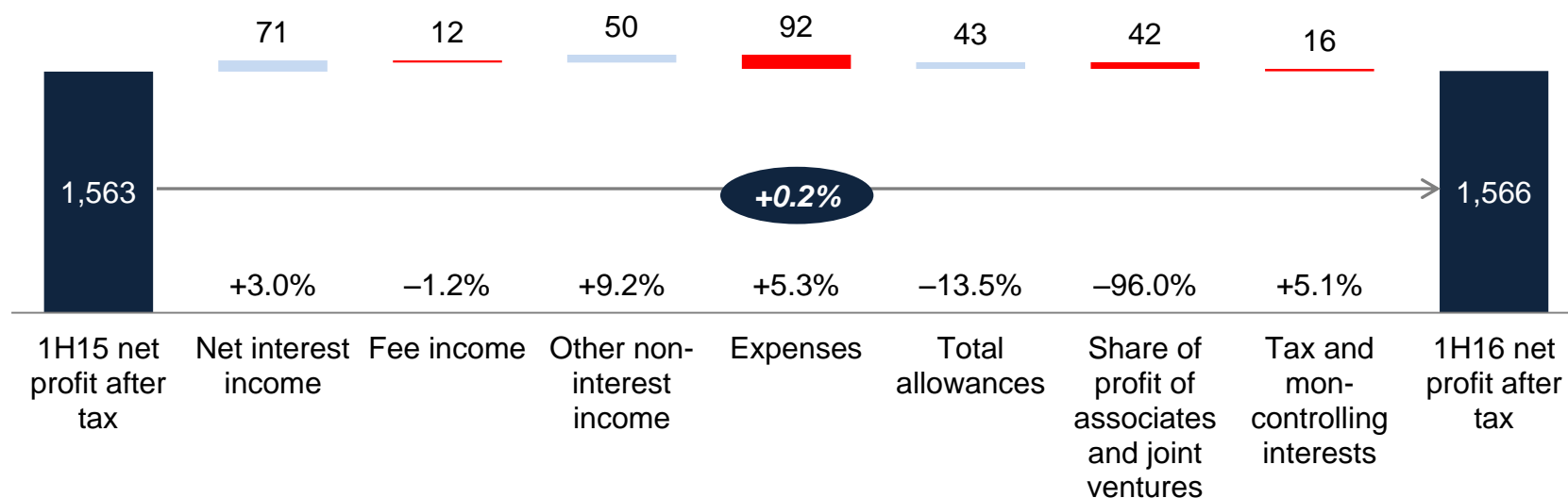
Orderbooks: USD 4.4+bn across 275 accounts

Note: Maturities shown at first call date for Capital Securities
FX rates used are as at 30 June 2016

1H 16 Financial Overview

Net Profit After Tax¹ (NPAT) Movement, 1H16 vs 1H15

(SGD m)



Key Indicators	1H16	1H15	YoY Change
NIM (%) ²	1.73	1.76	(0.03)% pt.
Non-NII / Income (%)	37.8	37.8	--
Expense / Income ratio (%)	45.6	44.5	+1.1% pt
ROE (%) ^{2, 3}	10.5	10.8	(0.3)% pt

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

2. Computed on an annualised basis.

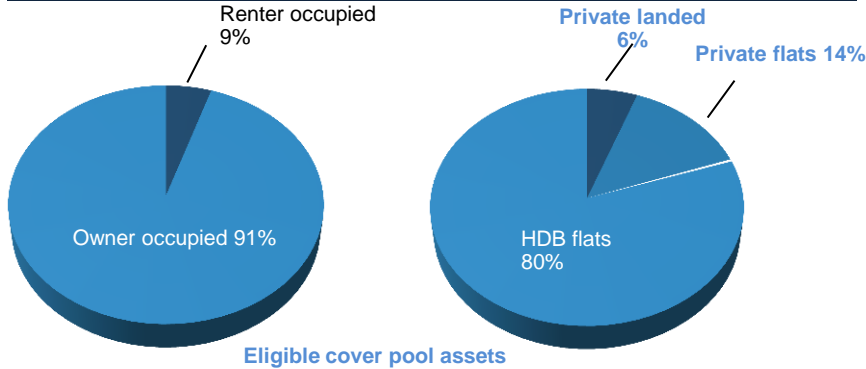
3. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and capital securities distributions.



Resilience of the Singapore Housing Market and Our Cover Pool

Dynamics Behind the Singapore Housing Market

Majority Owner Occupied

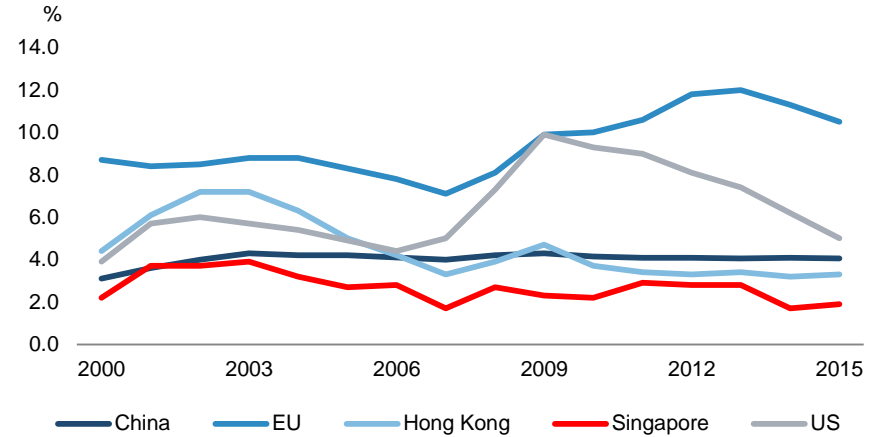


¹ HDB Website, "Our History"

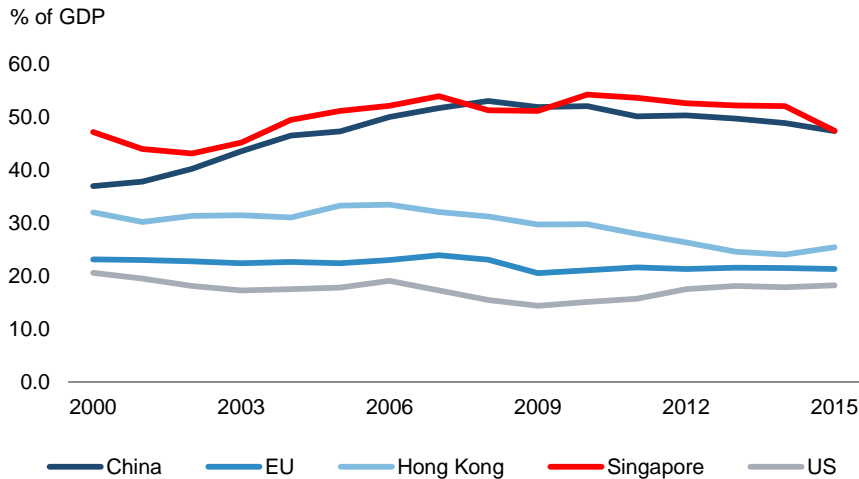
² Singstat – "Singapore in Figures 2015"

Source: CEIC, Singapore Department of Statistics

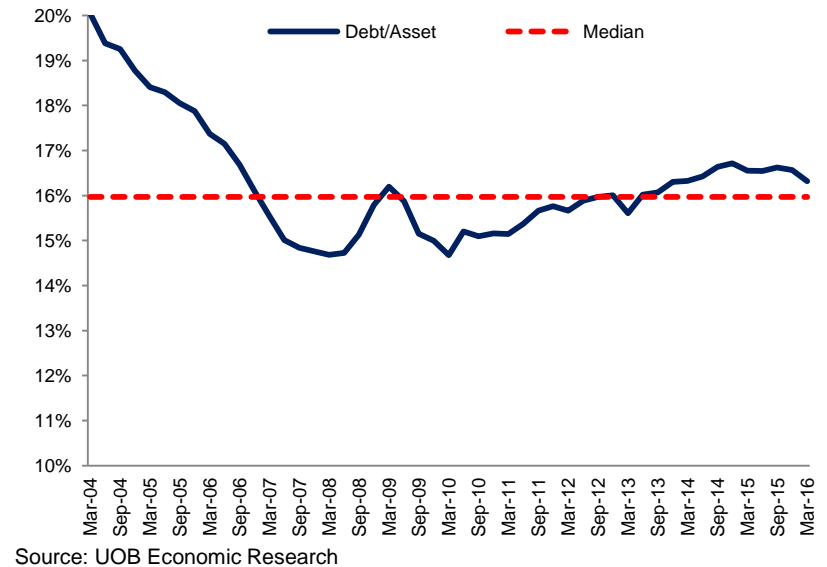
Low Unemployment vs. Global Peers



High Domestic Savings Rate (excl CPF)



Low Household Debt/Asset



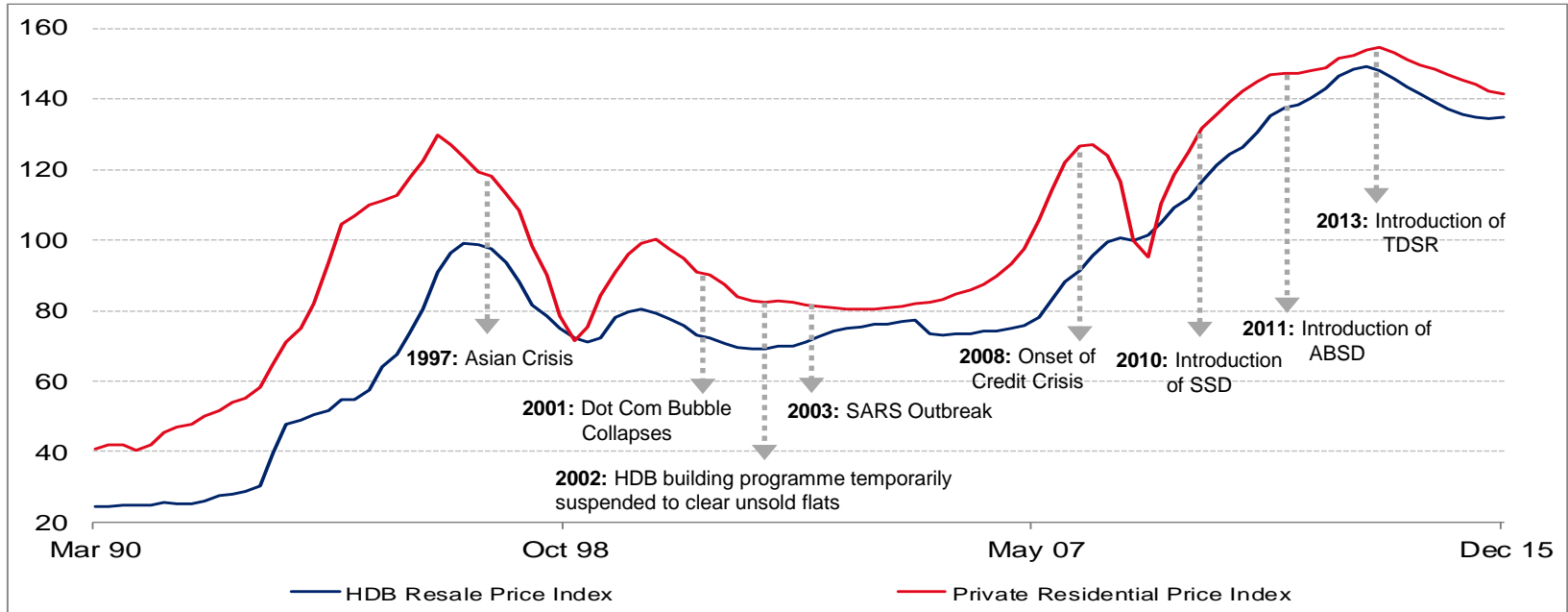
(1) Source: Singapore Department of Statistics

(2) Source: World Bank, Bloomberg, BIS

Source: UOB Economic Research

Prudent Policies for Sustainable Prices

Residential Property Price Indices



Regulatory Measures	2009	2010	2011	2012	2013
LTV Ratio Limit: 1st property	90%	80%	80%		80% / 60% ¹
2nd property	90%	70%	60%	60% / 40% ¹	50% / 30% ¹
Subsequent property	90%	70%	60%		40% / 20% ¹
Non- individual purchasers	90%	80% / 70% ²	50%	40%	20%
Maximum Mortgage Loan Tenor	Originating banks use their			35 years	No change
Total Debt Servicing Ratio (TDSR) Framework	own tenor and affordability guidelines				60% limit; Medium interest rates used: 3.5%
Seller Stamp Duty (SSD): Percentage / Holding Period	SSD may be applicable for properties purchased on and from 20 February 2010 if property is sold within the applicable holding period ³				
Additional Buyer's Stamp Duty (ABSD)	ABSD may be payable depending on the nationality and number of properties owned by the purchaser ³				

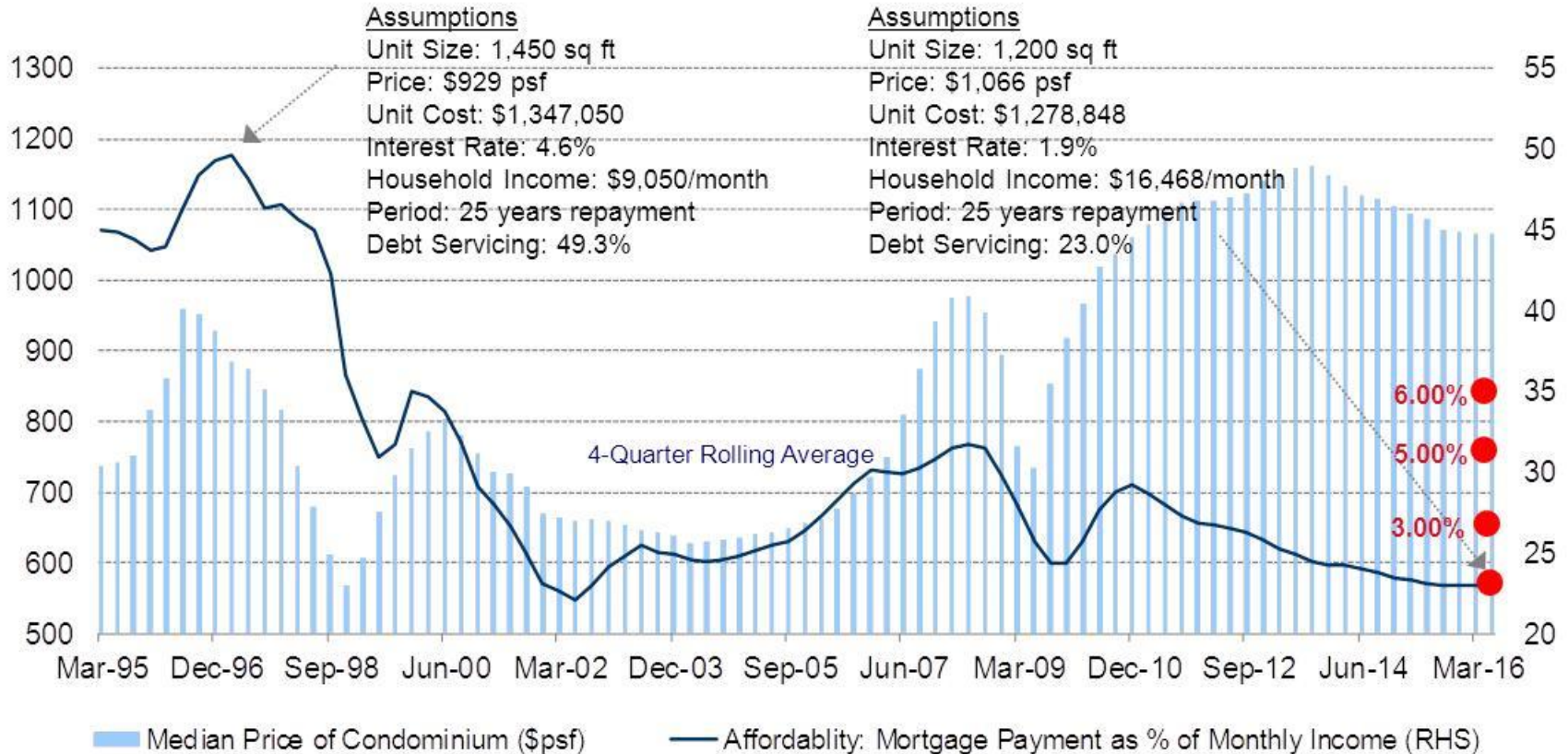
1. From 6th October 2012, higher LTV ratio limit will apply if the mortgage tenor ≤30 years and sum of tenor of mortgage plus age of borrower at time of applying for credit facility is ≤65 years old, otherwise lower LTV ratio limit will apply.

2. 80% LTV ratio limit for 1st property and 70% LTV ratio limit for 2nd and subsequent properties.

3. Refer to IRAS website for more details.

Mortgage Debt Serving Ratio Remains Low

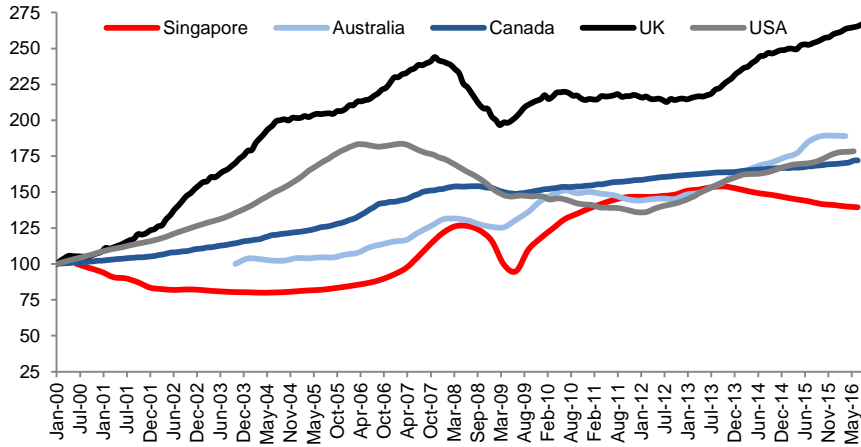
Low Mortgage Debt Service Ratio due to Low Interest Rates, High Income Growth and Smaller Units



Note 1: Median Price of non-landed private residential from 1Q04 onwards
 Source: URA, CEIC, UOB Global Economics & Markets Research Estimates

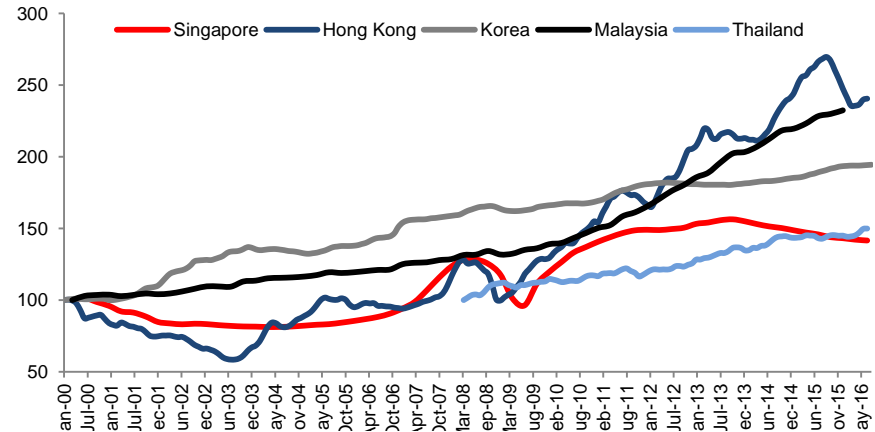
Singapore Home Prices Remain Competitive

Global House Price Indices



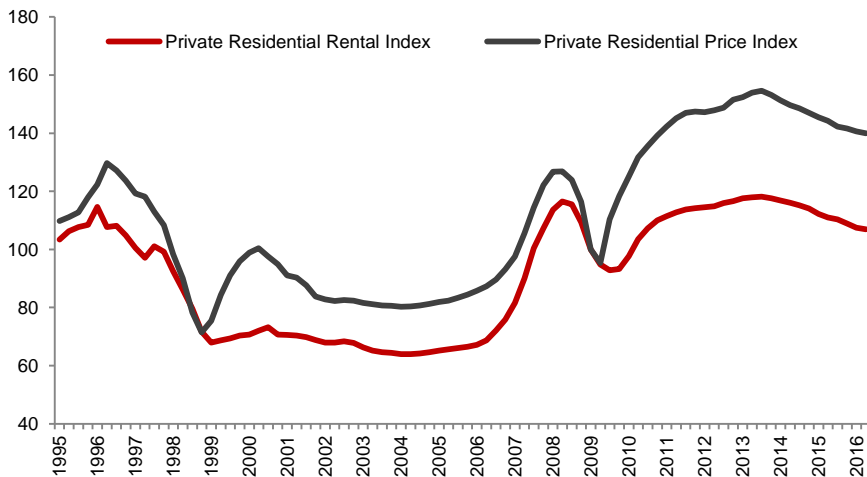
Note: For Australia (2003=100) as no available data prior to that

Regional House Price Indices



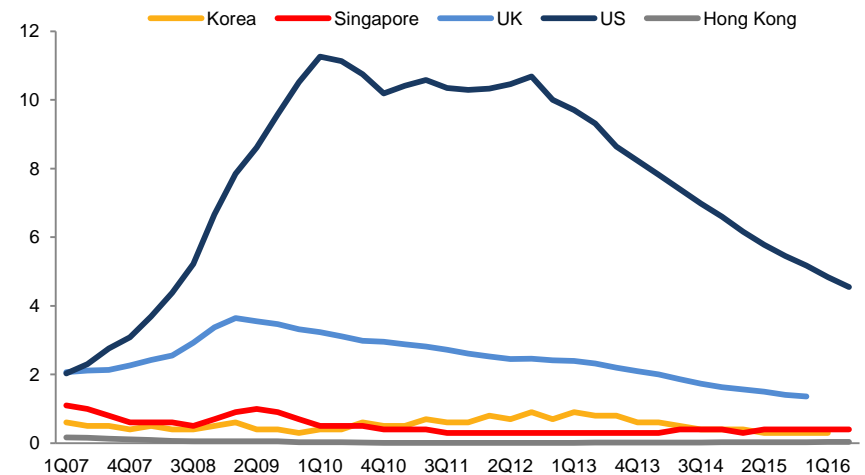
Note: For Thailand (2008=100) as no available data prior to that

SG Private Residential Rent Indices



Source: CEIC, URA, UOB Economic-Treasury Research, Singapore Department of Statistics, Bloomberg

Mortgage Delinquency Rate Comparison



* The delinquency ratio of Korea captures loans in arrears for more than 1 day (no 3Q15 data), the ratios of USA include loans in arrears for more than 1 month, while the ratios of the Singapore, UK and Hong Kong count loans in arrears for more than 3 months

Our Cover Pool Profile

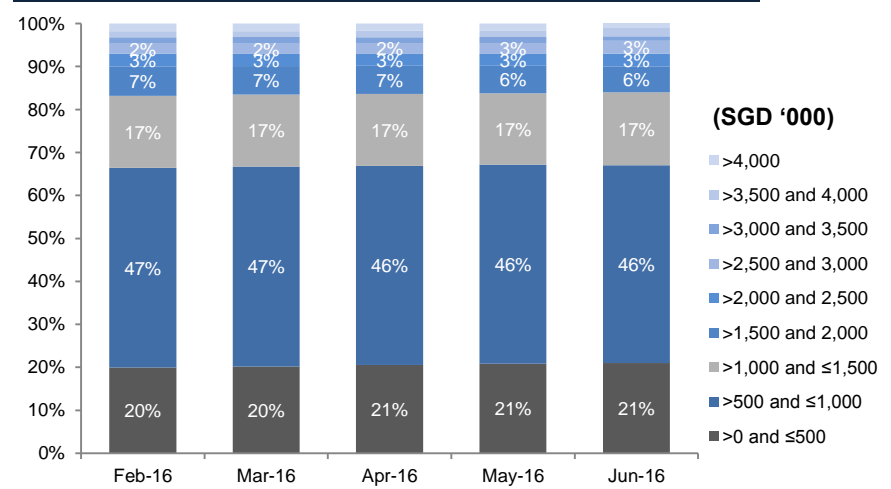
Overview of Cover Pool (as of June-16)

Number of Mortgage Loans	7,075
Total Current Balance (SGD)	4,477,508,898
Average Current Loan Balance (SGD)	632,863
Maximum Current Loan Balance (SGD)	8,830,689
W.A. Current Interest Rate	2.14%
W.A. Seasoning	57 months
W.A. Remaining Tenor	266 months
W.A. Indexed Current LTV	54%
W.A. Unindexed Current LTV*	60%

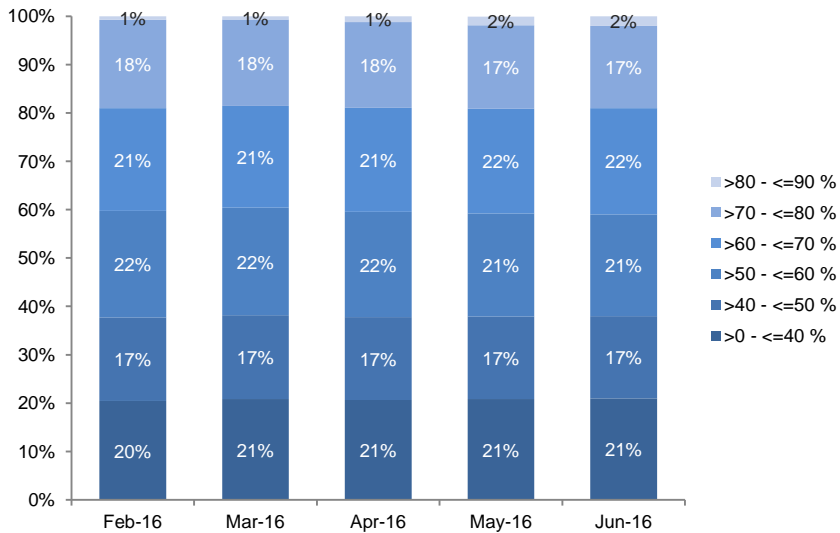
W.A. represents weighted averages

*Current loan balance divided by the original property value

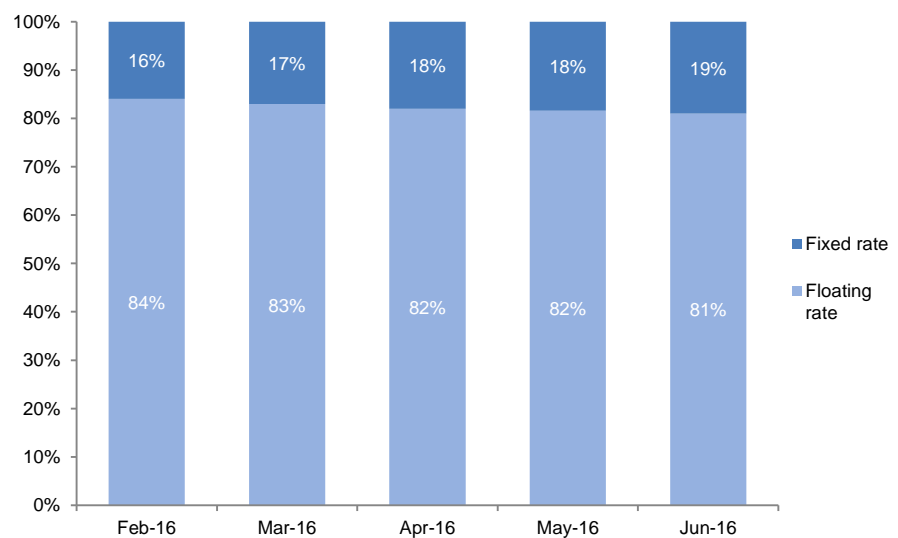
Current Loan Balances Mainly <\$1m



Granular LTV Breakdown

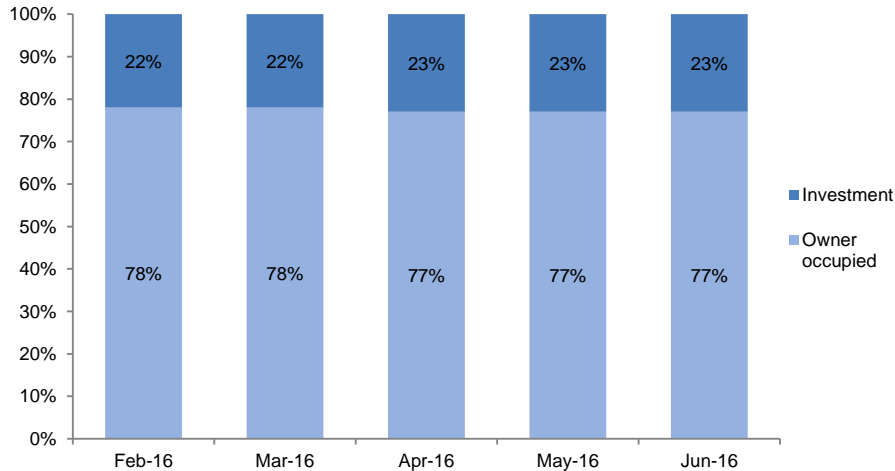


Largely Floating Rate Mortgages

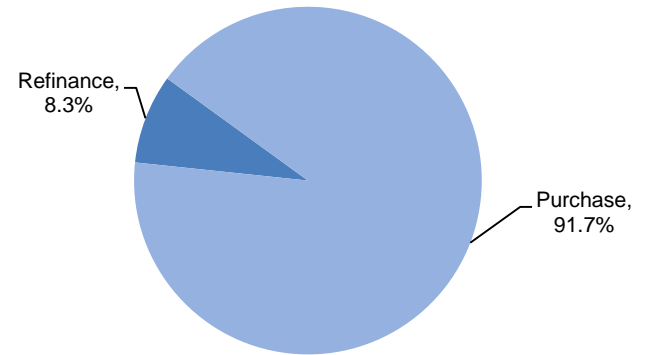


Cover Pool has Remained Stable

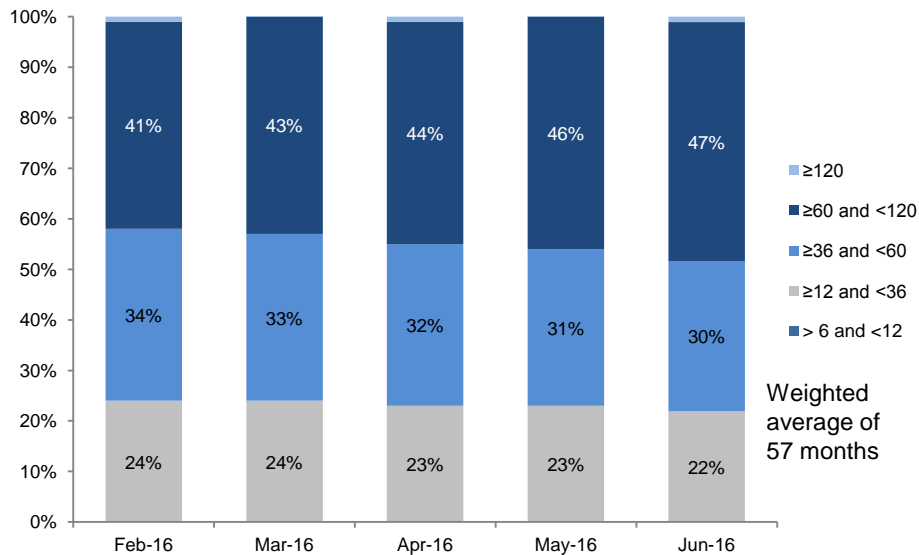
Majority Owner Occupied



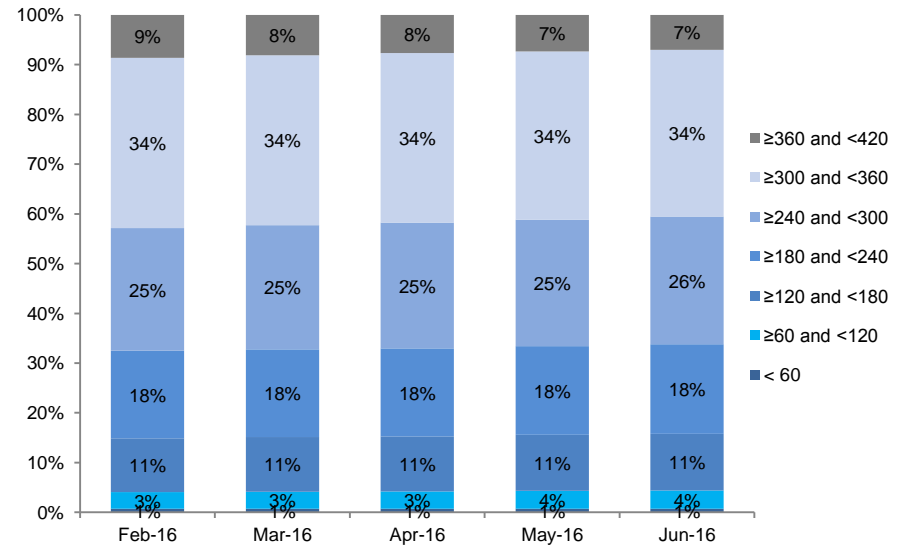
Loans Mainly for Purchases



Well Seasoned Portfolio (in months)

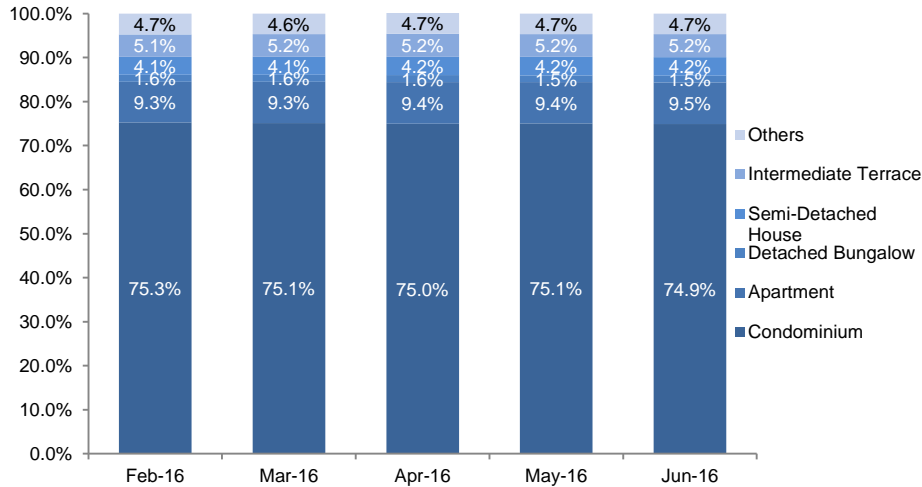


Stable Profile for Remaining Loan Tenors

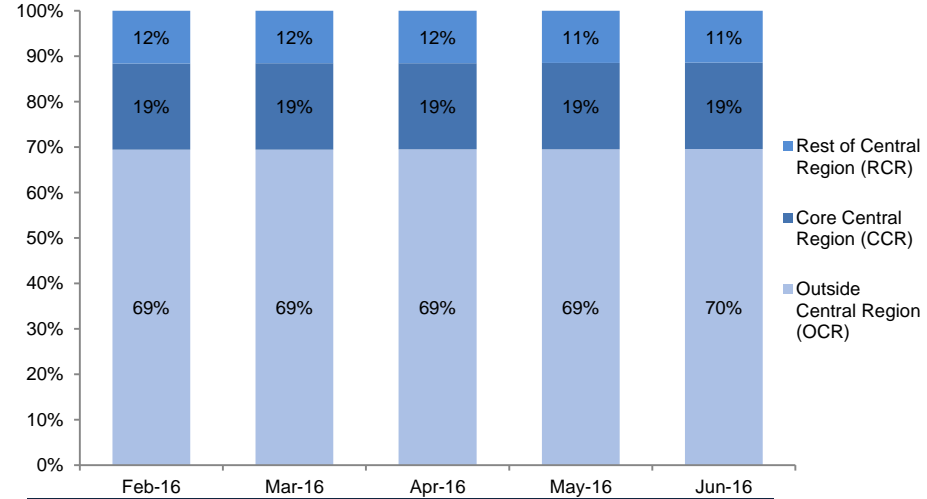


Cover Pool has Remained Stable

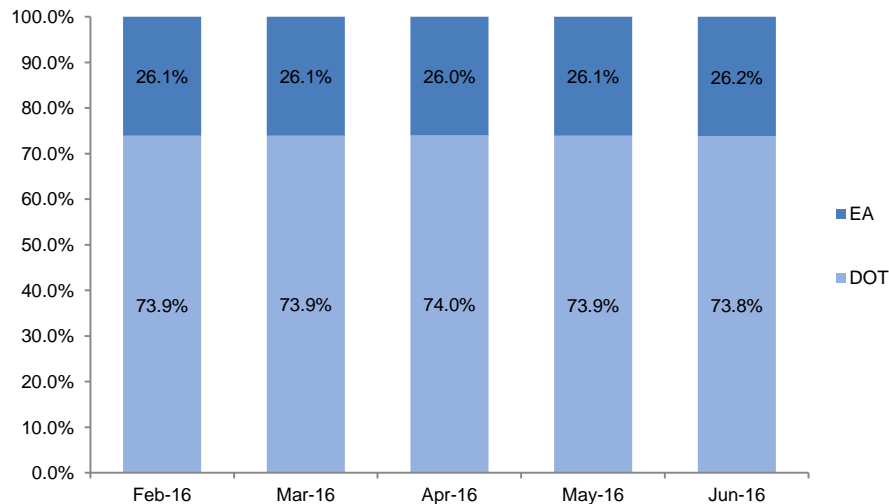
Primarily Apartments/ Condominiums



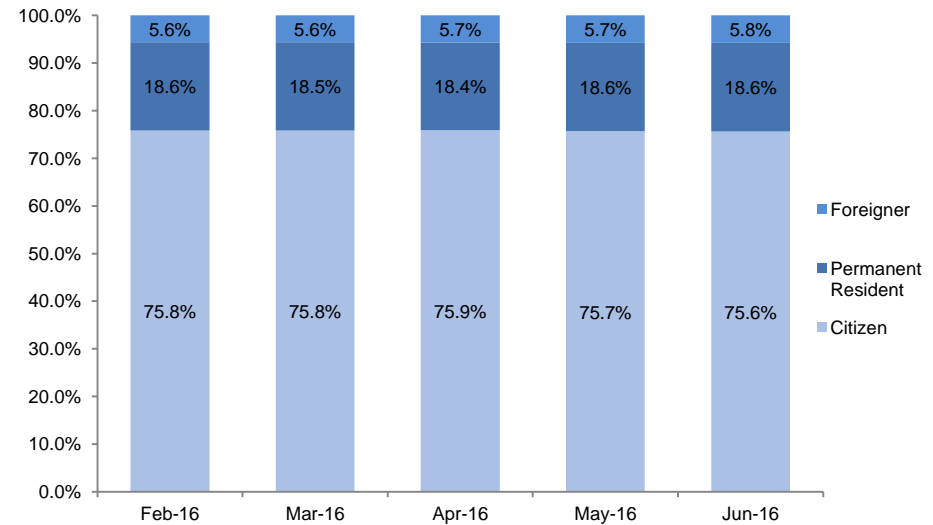
Diversified Geographical Distribution



Strong Legal Protection by EA/ DOT



Borrowers mainly Citizens / PRs





Appendix A: Overview of our Covered Bond Program

Covered Bond Program Summary

USD8,000,000,000 Global Covered Bond Programme

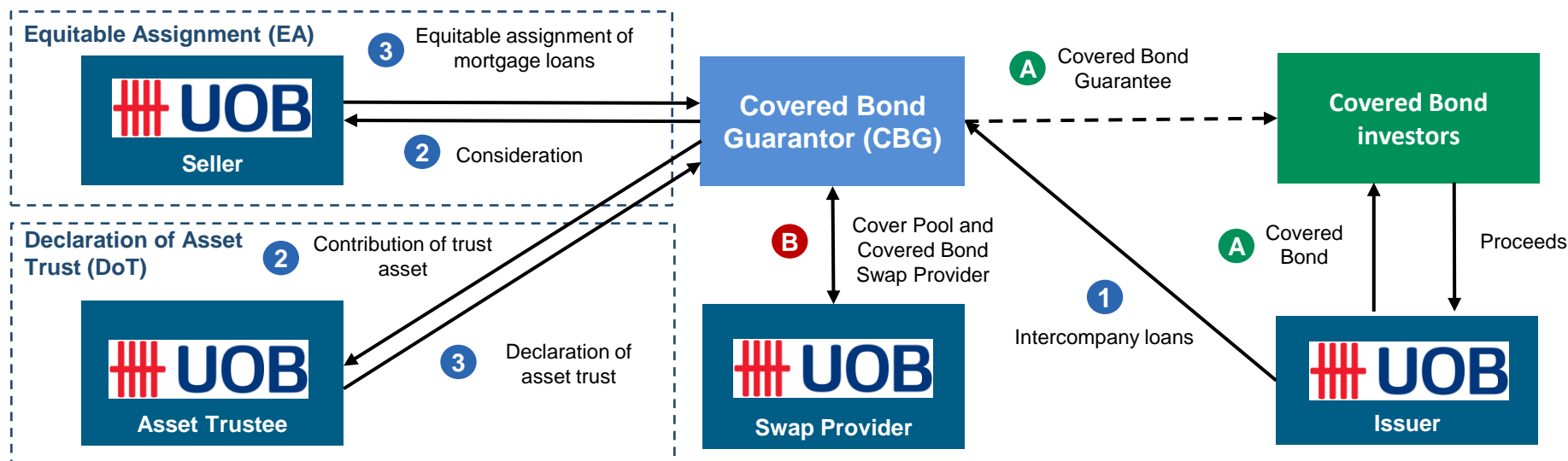
Issuer	United Overseas Bank Limited
Issuer Long Term Rating	Aa1 (neg) / AA- (stable) / AA- (stable) (Moody's / S&P / Fitch)
Issuer Short Term Rating	P-1 (stable) / A-1+ (stable) / F1+ (stable) (Moody's / S&P / Fitch)
Programme Limit	USD8,000,000,000
LCR Status / ECB Repo Eligibility	Expected Level 2A Eligible (EU)^ / Not Eligible
Programme Rating	Aaa / AAA (Moody's / S&P)
Issuance Structure (Dual Recourse)	Direct issuance covered bond regulated under MAS Notice 648, Senior unsecured claim against the Issuer and senior secured claim against the Cover Pool
Covered Bond Guarantor (CBG)	Glacier Eighty Pte. Ltd., a newly set up orphan SPV incorporated in Singapore for the sole purpose of facilitating the activities under the Covered Bond Programme
Covered Bond Guarantee	The CBG has provided a guarantee as to payments of interest and principal under the Covered Bonds
Cover Pool	Eligible 1 st ranking SGD denominated residential mortgages loans originated by UOB in Singapore (and other eligible assets)
Mortgage Loan-to-Value Cap	80% of latest Valuation of the Property, to be adjusted at least quarterly
Over-collateralization (OC)	Legal minimum OC of 3% and committed OC of 15.90%
Hedging	Cover Pool Swap ¹ to hedge against possible variances between the interest received from the residential mortgage loans to the CBG's SGD interest/swap payments; Covered Bond Swap to hedge against the currency risk between the amount received by the CBG against its payment in other currency
Listing	Singapore Stock Exchange (SGX – ST)
Governing Law	English law (bond & swap documents) and Singapore law (asset documents)
Servicer, Cash Manager and Seller	United Overseas Bank Limited
Asset Monitor	Ernst & Young LLP
Trustee	DB International Trust (Singapore) Limited
Issuing and Paying Agent	Deutsche Bank AG, Singapore Branch
Arrangers	BNP Paribas and United Overseas Bank Limited

^{*}Please refer to http://ec.europa.eu/finance/bank/docs/regcapital/acts/delegated/141010_delegated-act-liquidity-coverage_en.pdf and check for details. At the time of this presentation and subject to any relevant matters which are within the control of a relevant EU investor (including its compliance with the transparency requirement referred to in article 129(7) of Regulation (EU) 575/2013) and to the issuer and the covered bonds being regarded to be subject to supervisory and regulatory arrangements regarded to be at least equivalent to those applied in the EU, this bond should satisfy the eligibility criteria for its classification as a Level 2A asset in accordance with Chapter 2 of Regulation (EU) 2015/61 supplementing Regulation (EU) 575/2013. Notwithstanding the foregoing, it should be noted that whether or not a bond is a liquid asset for the purposes of the Liquidity Coverage Ratio under Regulation (EU) 575/2013 is ultimately to be determined by a relevant investor institution and its relevant supervisory authority and neither the issuer nor the manager accept any responsibility in this regard

¹Only entered into if and when required by either Rating Agency in order to ensure that the then current rating of the Covered Bonds would not be downgraded

Structure Diagram

- Notwithstanding that CPF's consent is required for the transfer or assignment of mortgages relating to CPF Loans, no such consent is required for a declaration of trust over mortgages relating to CPF Loans. The Seller is acting as the Assets Trustee and the CPF Loans are held on trust for the benefit of the Covered Bond Guarantor (CBG). Both EA and DOT mechanisms are permissible under MAS Notice 648 and such hybrid structure has been used in Covered Bond programmes in other jurisdiction



Credit Structure (Dual Recourse)

- A** Covered Bond issued directly from UOB constitutes direct, unsecured and unsubordinated obligations of the Issuer
 - CBG guarantees the payment of interest and principal on the Covered Bonds, secured by the Cover Pool

Hedging

- B** Cover Pool Swap¹ – to hedge interest rate risk between the mortgage loans and CBG's SGD interest/swap payments¹
 - Covered Bond Swap (if necessary) – to hedge against the currency risk between the amount received by the CBG against its payment in other currency

Segregation of mortgage loans

- 1** UOB provides an intercompany loan to the CBG
- 2** CBG pays UOB consideration for the purchase of the mortgage loans
- 3** A dual ring-fencing structure which uses both equitable assignment (EA) and declaration of assets trust (DOT) mechanisms:
 - DOT – for the sale of DOT loans²
 - EA – for the sale of EA Loans³ via equitable assignment

¹Only entered into if and when required by either Rating Agency to ensure that the then current rating of the Covered Bonds would not be downgraded

²DOT Loans mean: (1) the borrowers had used CPF funds in connection with a residential property (CPF Loan) or (2) the required documentation for the borrowers' use of CPF funds, in connection with a residential property, is prepared

³EA Loans mean a non-CPF Loan and the required documentation for the borrowers' use of CPF funds, in connection with a residential property, is not prepared

Structural Features/Enhancements

Credit Structure (Dual Recourse)	<ul style="list-style-type: none"> ▶ The Covered Bonds will be direct, unsecured and unsubordinated obligations of the Issuer ▶ The CBG guarantees the payment of principal and interest under the Covered Bonds pursuant to the Covered Bond Guarantee and secured by the Cover Pool
Over-collateralisation from the Cover Pool	<ul style="list-style-type: none"> ▶ The adjusted aggregate principal amount of the Cover Pool must be equal to or in excess of the outstanding nominal amount of all Covered Bonds, as required by MAS Notice 648 and the rating agencies to maintain the ratings of the Covered Bonds
LTV Cap	<ul style="list-style-type: none"> ▶ Where a mortgage loan has a loan-to-value ratio in excess of 80%, the portion of the loan exceeding the 80% threshold will not be counted in the Asset Coverage Test
Asset Coverage Test (ACT)	<ul style="list-style-type: none"> ▶ The Asset Coverage Test (ACT) is performed monthly by the Cash Manager to test whether the required over-collateralisation level of Cover Pool is maintained
Amortisation Test	<ul style="list-style-type: none"> ▶ The Amortisation Test (AT) is performed monthly by the Cash Manager following the service of a Notice to Pay to test that the Amortisation Test Aggregate Loan Amount is at least equal to the nominal amount of all the outstanding covered bonds
Pre-Maturity Test (for Hard Bullet only)	<ul style="list-style-type: none"> ▶ An Issuer Event of Default will occur where the rating of UOB falls below the rating trigger(s) <u>and</u> the transaction account has not been pre-funded up to the outstanding nominal amount of Covered Bond maturing within the next six months
Reserve Fund	<ul style="list-style-type: none"> ▶ If UOB is downgraded below the rating trigger(s), UOB is required to establish a Reserve Fund equal to the next three months of interest due on the Covered Bonds or Covered Bond Swap payments plus one quarter of senior fees due and payable to Trustee, Cash Manager, Account Bank, Servicer, Asset Monitor
Commingling Reserve Fund	<ul style="list-style-type: none"> ▶ If UOB is downgraded below the rating trigger, UOB is required to establish a Commingling Reserve Fund equal to the previous three months¹ or two months² of principal and interest collections from the mortgage loans multiplied by the committed collateralisation percentage
Deposit Set-off	<ul style="list-style-type: none"> ▶ Additional collateralisation will be provided by the issuer to cover the potential set-off risk
Covered Bond Swap(s)	<ul style="list-style-type: none"> ▶ The Covered Bond Swap will, where necessary, convert SGD receipts by the CBG into the required currency and interest rate cash flows to match payment on the covered bonds. UOB is the Covered Bond Swap provider and will be required to post collateral and/or be replaced subject to ratings triggers
Servicer	<ul style="list-style-type: none"> ▶ UOB will be the servicer of Loans in the Cover Pool. The servicer role will be transferred to a suitably rated institution if UOB's rating falls below the rating trigger(s)
Indexation	<ul style="list-style-type: none"> ▶ Value of property included in the ACT is adjusted on a quarterly basis
Investor Report	<ul style="list-style-type: none"> ▶ UOB will produce and furnish covered bond investor reports on its website on a monthly basis
Cashflow Waterfall	<ul style="list-style-type: none"> ▶ Following the service of an Asset Coverage Test Breach Notice (not revoked), a Notice to Pay or CBG Acceleration Notice, cash collections from Cover Pool are "trapped" to ensure the asset coverage level is maintained and Covered Bondholders are protected

¹Pre-service of a Notice of Assignment or a Notice of Assets Trust

²Post-service of a Notice of Assignment or a Notice of Assets Trust

Key Programme Rating Triggers

Moody's		Trigger Events	S&P		Trigger Events
Long-term	Short-term		Long-term	Short-term	
Aaa	P-1	No impact	AAA	A-1+	No impact
Aa1			AA+		
Aa2			AA		
Aa3			AA-		
A1			A+	A-1	
A2			A		
A3	P-2	<ul style="list-style-type: none"> ▶ Pre-maturity Test ▶ Reserve Fund 	A-	A-2	<ul style="list-style-type: none"> ▶ Pre-maturity Test ▶ Reserve Fund ▶ Transfer of Account Bank ▶ Collateral Posting for Swap(s)[†] ▶ Procure a Guarantee/Replacement for Swap(s) Provider[†]
Baa1			<ul style="list-style-type: none"> ▶ Deposit Set-off ▶ Collateral Posting for Swap(s) 		
Baa2		P-3	<ul style="list-style-type: none"> ▶ Procure a Guarantee/Replacement for Swap(s) Provider 	BBB	
Baa3	BBB-			<ul style="list-style-type: none"> ▶ Deposit Set-off ▶ Commingling Reserve 	
Below Investment Grade		<ul style="list-style-type: none"> ▶ Replacement of Servicer ▶ Perfection of Title/Transfer of Asset Trustee ▶ Transfer of Account Bank 	Below Investment Grade		<ul style="list-style-type: none"> ▶ Replacement of Servicer ▶ Perfection of Title/Transfer of Asset Trustee

Trigger Event	Descriptions
Pre-Maturity Test	<ul style="list-style-type: none"> ▶ The Pre-Maturity Test is performed daily for 12 months prior to the Maturity Date in relation to a hard bullet Covered Bond ▶ If UOB's unsecured and unsubordinated debt obligations fall below the rating trigger, UOB shall fund the Pre-Maturity Liquidity Ledger in the amount equal to the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds
Reserve Fund	<ul style="list-style-type: none"> ▶ The Cash Manager shall, within 5 calendar days, request UOB to fund the Reserve Ledger with an amount equal to the Reserve Fund Required Amount
Collateral Posting (Swap)	<ul style="list-style-type: none"> ▶ The Swap Provider will be required to provide collateral pursuant to a one-way credit support annex
Account Bank	<ul style="list-style-type: none"> ▶ If the Account Bank falls below the rating trigger, then its rights and obligations are required to be transferred to another bank
Deposit Set-off	<ul style="list-style-type: none"> ▶ Additional collateralisation will be provided by the issuer to cover the potential set-off amount against borrowers' deposit
Guarantee/Replacement for Swap(s) Provider	<ul style="list-style-type: none"> ▶ The Swap Provider uses commercially reasonable efforts to procure either a guarantee in respect of all present and future obligations or transfer the Cover Pool Swap (if applicable) or Covered Bond Swap
Replacement of Servicer	<ul style="list-style-type: none"> ▶ The Servicer role will be transferred to a suitably rated institution
Perfection of Title/Transfer of Asset Trustee	<ul style="list-style-type: none"> ▶ EA structure: Notification to borrowers for legal perfection ▶ DoT structure: Appointment of a replacement Assets Trustee
Commingling Reserve	<ul style="list-style-type: none"> ▶ The Cash Manager shall, within 5 calendar days, request UOB to fund the Reserve Ledger with an amount equal to the Commingling Reserve Fund Required Amount

UOB's current rating

[†]Rating level based on current selected option

Covered Bond Legal Frameworks



	Singapore	Australia	Canada	Germany	United Kingdom	Korea
Legal Framework / Regulation	Notice 648 under the Banking Act	Banking Amendment (Covered Bonds) Act 2011	Canadian Covered Bond Law (June 2012)	German Pfandbrief Act	UK Regulated Covered Bond Regulations	Covered Bonds Act of Korea
Regulator	Monetary Authority of Singapore	Australian Prudential Regulation Authority (APRA)	Canada Mortgage and Housing Corporation (CMHC)	The Federal Financial Supervisory Authority	Financial Services Authority (FSA)	Financial Services Commission of Korea (FSC)
Issuers and Program Requirements						
Structure	▶ Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)	▶ Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)	▶ Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)	▶ Direct Issue Structure (with cover pool security registered recorded in the cover register)	▶ Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)	▶ Direct Issue Structure (with cover pool security registered under the Covered Bond ACT)
Eligible Issuers	▶ All banks incorporated in Singapore (including Singapore-incorporated subsidiaries of foreign banks)	▶ Authorized Deposit-taking Institutions (ADI)	▶ Federal Regulated Financial Institutions, Cooperative Credit Society	▶ Regulated Financial Institutions, including Universal Banks and Specialist Mortgage Banks	▶ Authorised Credit Institutions	▶ Licensed Banks (min. KRW 100bn equity capital and BIS ratio ≥10%)
Issuance limit	▶ All the assets of the SPV must not exceed 4% of the bank's total assets	▶ Assets in cover pool must not exceed 8% of issuing ADI's Australian assets"	▶ Limited to 4% of total adjusted assets	▶ No specific limit	▶ Case-by-case basis, but ranging from 10 to 20% of total assets (soft limit: 20% of total assets)	▶ Principal amount of all covered bonds must not exceed 4% of such issuer's total asset value
Eligible Cover Pool Assets	<ul style="list-style-type: none"> ▶ Residential mortgages ▶ Other loans secured by the same residential property ▶ Assets that form part of the security for residential mortgage loans (e.g. guarantees and indemnities) 	<ul style="list-style-type: none"> ▶ Residential mortgages ▶ Commercial mortgages 	▶ Canadian residential mortgage loans	<ul style="list-style-type: none"> ▶ Mortgage covered bonds: <ul style="list-style-type: none"> ▪ Any combination of residential and commercial mortgages ▶ Public sector covered bonds: <ul style="list-style-type: none"> ▪ Public sector loans ▶ Ship and aircraft finance-backed bonds also permitted 	<ul style="list-style-type: none"> ▶ Public sector credits / guarantees ▶ Bank debt ▶ Secured first-ranking mortgage / real estate loans ▶ Shipping, social housing, secured public-private partnership loans 	<ul style="list-style-type: none"> ▶ First priority residential mortgages ▶ Government / public sector loans and bonds ▶ Loans secured by ships or aircraft which are insured by insurance contracts ▶ ABS under the ABS Act and MBS under the KHFC Act

Covered Bond Legal Frameworks



	Singapore	Australia	Canada	Germany	United Kingdom	Korea
Minimum Standards of Asset Quality	<ul style="list-style-type: none"> ▶ Residential mortgages ≤80% LTV 	<ul style="list-style-type: none"> ▶ Residential mortgages ≤80% LTV ▶ Commercial mortgages ≤60% LTV ▶ Excl. non-performing assets >90 days 	<ul style="list-style-type: none"> ▶ Residential mortgages ≤80% LTV ▶ The mortgaged property cannot exceed four residential units 	<ul style="list-style-type: none"> ▶ 60% LTV for both residential and commercial mortgage loans 	<ul style="list-style-type: none"> ▶ 80% LTV for residential mortgage loans ▶ 60% LTV for commercial mortgage loans ▶ 60% LTV for shipping loans 	<ul style="list-style-type: none"> ▶ 70% LTV for residential mortgage loans ▶ 70% LTV for loans secured by ships and aircraft ▶ Not a loan extended to any person in which an application for bankruptcy or rehabilitation proceedings has been filed or commenced
Substitution Assets	<ul style="list-style-type: none"> ▶ Cash/ cash equivalents (Singapore Government Bonds, Treasury Bills, MAS Bills), may not exceed 15% of cover pool, except under certain circumstances 	<ul style="list-style-type: none"> ▶ Cash/ deposit held with ADI and convertible into cash, Bank accepted bills or CDs (1) Repo eligible and mature within 100 days; (2) not issued by issuer of covered bonds; (3) must not exceed 15% of cover pool Government debt instrument issued by Commonwealth/ State/ Territory 	<ul style="list-style-type: none"> ▶ Securities issued by Government of Canada ▶ May not exceed 10% of cover pool" 	<ul style="list-style-type: none"> ▶ Up to 10% could be money claims against the European Central Bank, central banks in European Union or suitable credit institutions ▶ Derivatives are eligible under certain conditions but may not exceed 12% 	<ul style="list-style-type: none"> ▶ Sterling ST investments, Bank deposits, Debt securities with min. AA-rating or P-1/A-1+/F1+, AAA-rated RMBS notes, Government debt ▶ May not exceed 10% of cover pool 	<ul style="list-style-type: none"> ▶ Liquid assets (Cash, CD issued by other FIs <100 days) May not exceed 10% of cover pool
Collateralization	<ul style="list-style-type: none"> ▶ Minimum of at least 103% 	<ul style="list-style-type: none"> ▶ Minimum of 103% 	<ul style="list-style-type: none"> ▶ No legislative minimum ▶ Cover pool assets have to be at least equal to liabilities on a nominal basis, Market practice is to covenant to maintain overcollateralisation of between 3.0% and 7.5% 	<ul style="list-style-type: none"> ▶ Min. of 102% on a stressed net present value (NPV) basis ▶ Min. of 100% on an nominal basis 	<ul style="list-style-type: none"> ▶ Minimum of 108% (FSA to evaluate each program) 	<ul style="list-style-type: none"> ▶ Minimum of 105% on a nominal basis

Key Features – Use of CPF funds in Residential Property Financing

What is CPF (Central Provident Fund)?

- CPF, established in 1955, is a comprehensive savings plan that requires working Singapore citizens and permanent residents to set aside funds for their retirement, healthcare and housing needs.
- Both employees and employers make monthly CPF contributions
- These contributions go into three accounts



Ordinary Account (OA)

For housing, insurance, investment and education



Special Account (SA)

For old age and investment in retirement-related financial products



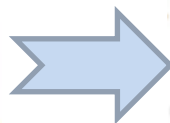
Medisave Account (MA)

For hospitalisation expenses and approved medical insurance

Use of CPF for housing loan

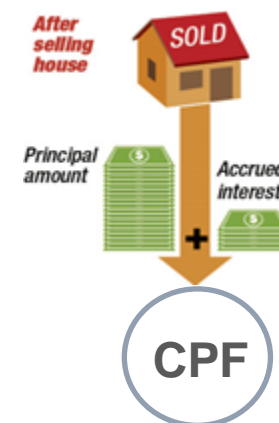
- CPF Members can use their savings (and future monthly contributions) in the Ordinary Account to finance residential property purchase and/or repay the housing loan in part or whole and/or to service the monthly housing loan instalments
- When CPF money is used for housing, a charge (CPF charge) is created on the residential properties in order to secure the refund of CPF money withdrawn, including interest, when the property is sold
- The CPF charge is to be registered after the bank's mortgage over the property

Ordinary Account (OA)



CPF Board and Priority of Payments

- Under the present regime, if the property is sold (after deducting all costs and expenses incurred directly in connection with the sale), the proceeds will be applied to repay the outstanding housing loan ahead of the CPF money withdrawn



- This order of priority does not apply if the mortgage loans are transferred or assigned by the mortgagee without the CPF Board's consent
- Such consent from the CPF Board has not been obtained at the programme set-up date. To mitigate the risk that the CBG may lose its priority against enforcement proceeds, a declaration of asset trust structure is used for the sale of CPF Loan

Asset Coverage Test (ACT)

Adjusted Aggregate Loan Amount



SGD Equivalent of the Aggregate Outstanding Nominal Amount of all Covered Bonds

- ❑ Tested monthly on every Test Date prior to the service of a Notice to Pay and for so long as any Covered Bonds remain outstanding
- ❑ Failure of meeting the ACT on the Test Date after the service of an ACT Breach Notice will constitute an Issuer Event of Default
- ❑ The formula for calculating the Adjusted Aggregate Loan Amount is as follows:

$$\boxed{A} + \boxed{B} + \boxed{C} + \boxed{D} + \boxed{E} - \boxed{Y}$$

A

the lower of:
 (a) the sum of the **LTV Adjusted Principal Balance** of each Loan
 (b) the sum of the **Asset Percentage Adjusted Principal Balance** of each Loan

B

the aggregate amount of any Principal Receipts in the Portfolio that have not been applied to acquire further Loans and their Related Security

C

the aggregate amount of Advances under the Intercompany Loan and Subordinated Advances under the Subordinated Loan Agreement that have not been applied to acquire further Loans and their Related Security

D

any Authorised Investments and Substitution Assets standing to the credit of the Transaction Account

E

the amount of any Sale Proceeds standing to the credit of the Transaction Account and credited to the Pre-Maturity Liquidity Ledger

Y

(i) 0 or (ii) if the long-term, unsecured, unsubordinated and unguaranteed debt obligation rating of the Seller is rated below BBB by S&P or A3 by Moody's, the Set-Off Amount

LTV Adjusted Principal Balance of each Loan means

the lower of:

- i. the actual Principal Balance of the relevant Loan in the Portfolio[^]
- ii. the aggregate of the Valuation[†] of each Property multiplied by M¹

minus

the deemed reductions

1. where, for all Loans that are not Defaulted Loans, 0.80 or such other amount as may be specified under MAS Notice 648; and where, for all Loans that are Defaulted Loans, zero

[†] Adjusted quarterly via indexation

Asset Percentage Adjusted Principal Balance of each Loan means

the actual Principal Balance of the relevant Loan^{**}

minus

the deemed reductions

then multiplied by

the Asset Percentage

[^]Excluding Top-up Loans and Converted Loans

Converted Loans = a non-CPF Loan, in respect of which CPF funds are subsequently drawn by the mortgagor after the sale into the cover pool

Amortisation Test

Amortisation Test Aggregate Loan Amount



SGD Equivalent of the Aggregated Outstanding Nominal Amount of the Covered Bonds

- ❑ Tested monthly on every Test Date following the service of a Notice to Pay but prior to the service of a CBG Acceleration Notice and for so long as Covered Bonds remain outstanding
- ❑ Breach of the Amortisation Test will immediately constitute a CBG Event of Default and will result the service of a CBG Acceleration Notice
- ❑ The formula for calculating the Amortisation Test Aggregate Loan Amount is as follows:



A

the sum of the “Amortisation Test Principal Balance” of each Loan[^], which will be the actual Principal Balance of the relevant Loan *multiplied by M*

where, M for all Loans that are not Defaulted Loans, 1; and where, for all Loans that are Defaulted Loans, zero

B

the sum of the amount of any cash standing to the credit of the Transaction Account and the principal amount of any Authorised Investments

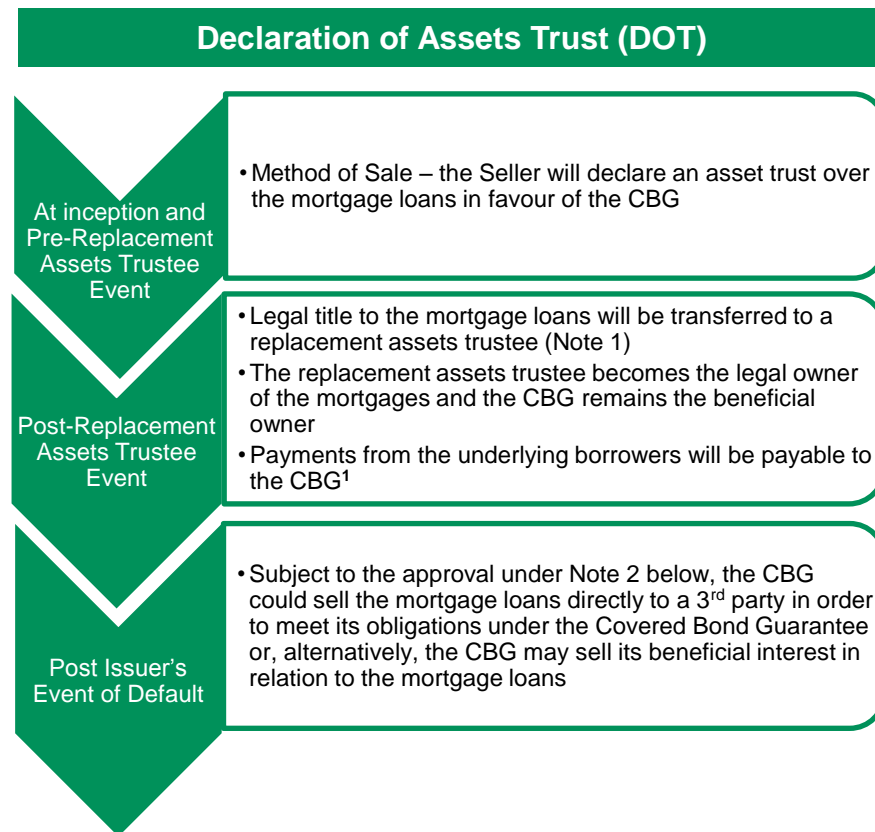
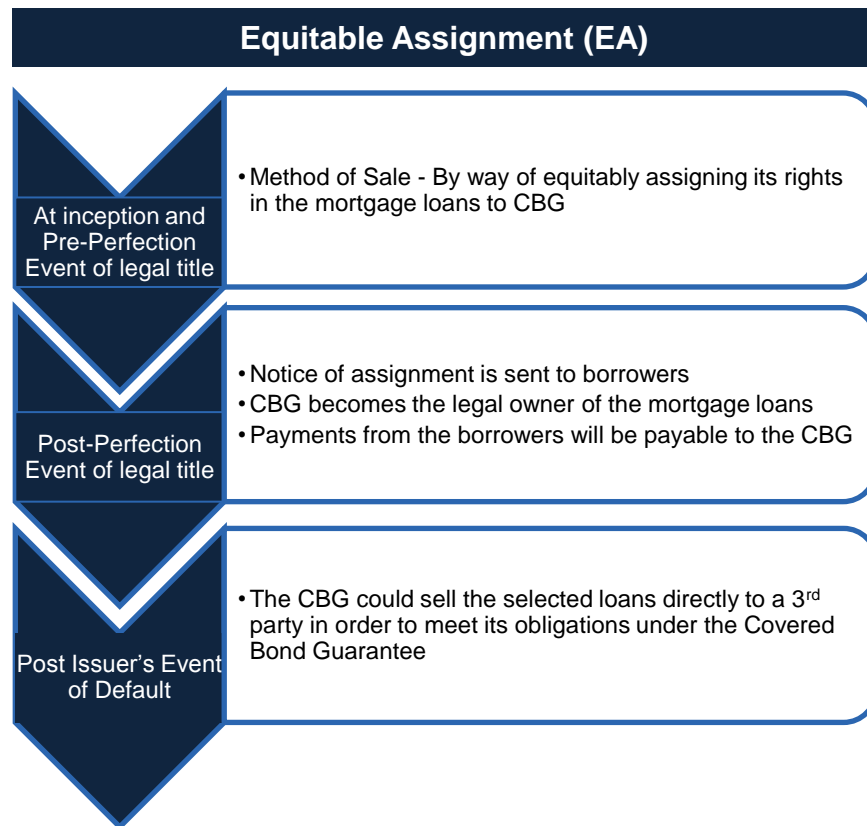
C

any Substitution Asset standing to the credit of the Transaction Account

[^]Excluding Converted Loans

Converted Loans = a non-CPF Loan, in respect of which CPF funds are subsequently drawn by the mortgagor after the sale into the cover pool

Equitable Assignment -v- Declaration of Assets Trust Structure



Note 1: The Assets Trustee or the CBG will obtain one of the below three approvals in order for the mortgages relating to the loans under the DOT structure to be transferred to a new trustee unless the consent of the CPF Board is not required:

1. prior consent of the CPF Board;
2. a Section 55B/C Court Order approving the transfer if the proposed transferee is licensed to carry on banking business;
3. a Sections 210/212 Court Order approving the transfer if the proposed transferee is not licensed to carry on banking business and the prior consent of the CPF Board

Note 2: The Assets Trustee or the CBG will obtain any one of the approvals in Note 1 for the transfer to the 3rd party purchaser








Additional Note: Pending transfer to a replacement asset trustee, UOB shall continue to be the Assets Trustee and a sale of the beneficial interest in the assets trust to a 3rd party purchaser could still occur

The purchaser would be able to deal with the borrowers and/or enforce the loans (in the name of the assets trustee) via a power of attorney granted by the Assets Trustee

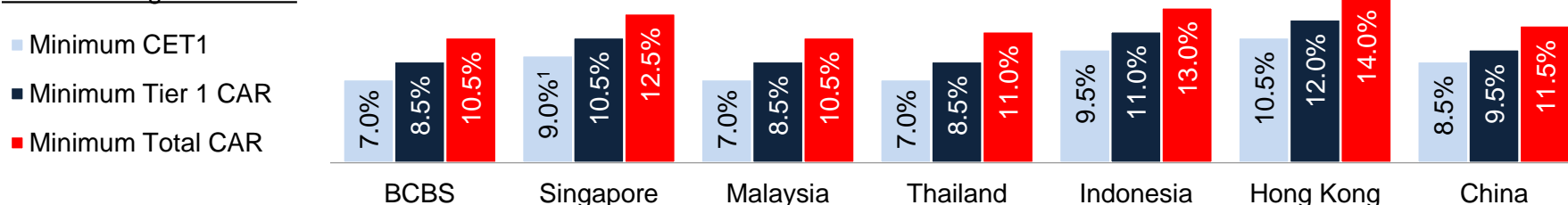


Appendix B: Regulatory Developments

Basel III Implementation

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

% of risk weighted assets⁵







Source: Regulatory notifications and rating reports.

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

Resolution Regime Overview

Resolution Regime in Asia

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

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

Resolution Regime: Priorities for 2015 ²

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.

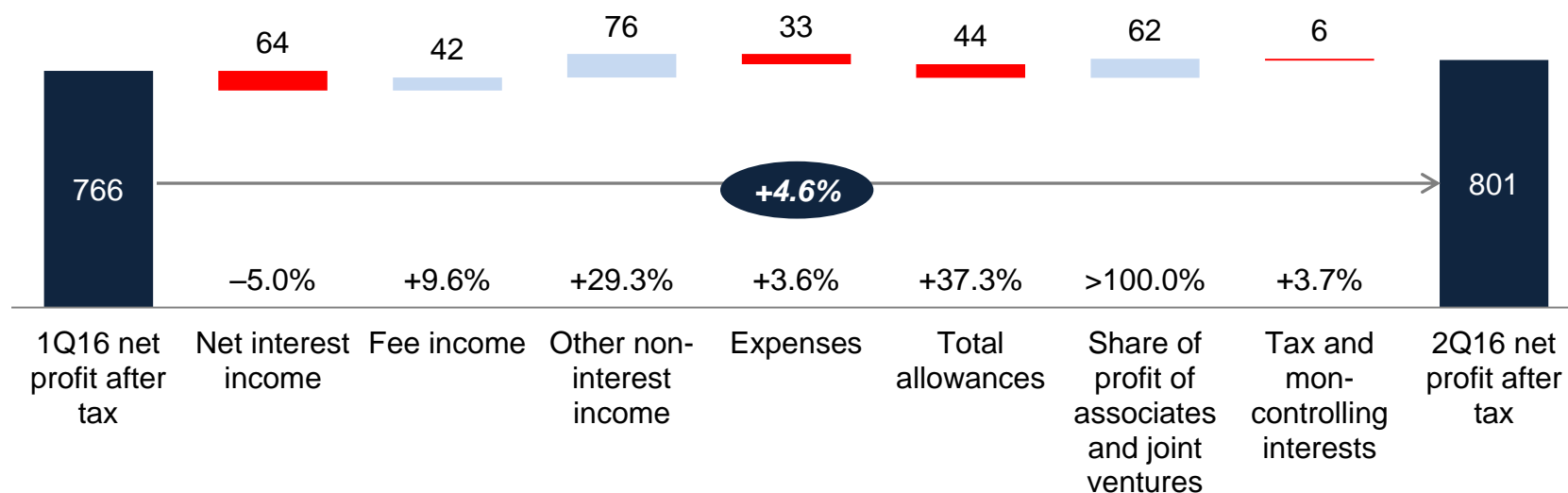


Appendix C: Extract from Latest Results

2Q 16 Financial Overview

Net Profit After Tax¹ (NPAT) Movement, 2Q16 vs 1Q16

(SGD m)



Key Indicators	2Q16	1Q16	QoQ Change	2Q15	YoY Change
NIM (%) ²	1.68	1.78	(0.10)% pt.	1.77	(0.09)% pt.
Non-NII / Income (%)	40.2	35.3	+4.9% pt.	37.0	+3.2% pt.
Expense / Income ratio (%)	45.8	45.4	+0.4% pt.	45.5	+0.3% pt.
ROE (%) ^{2,3}	10.7	10.2	+0.5% pt.	10.4	+0.3% pt.

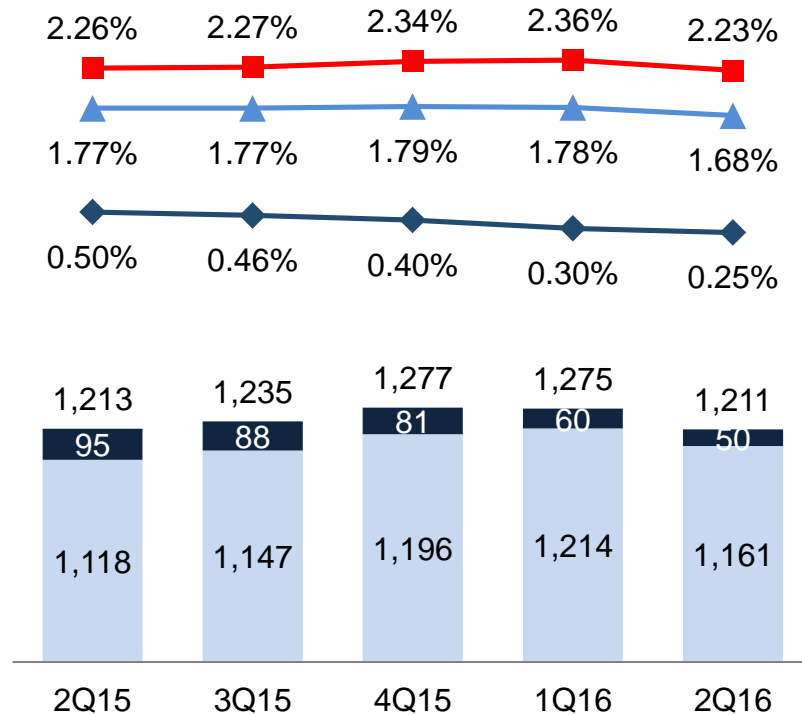
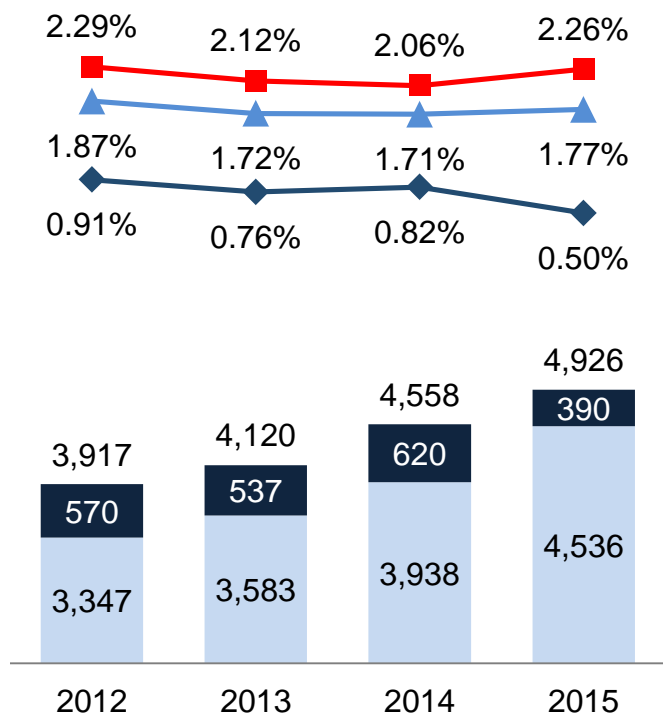
1. Relate to amount attributable to equity holders of the Bank.

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.

Lower Net Interest Income on Tighter Margins but Partly Offset by Loan Growth

Net Interest Income (NII) and Margin



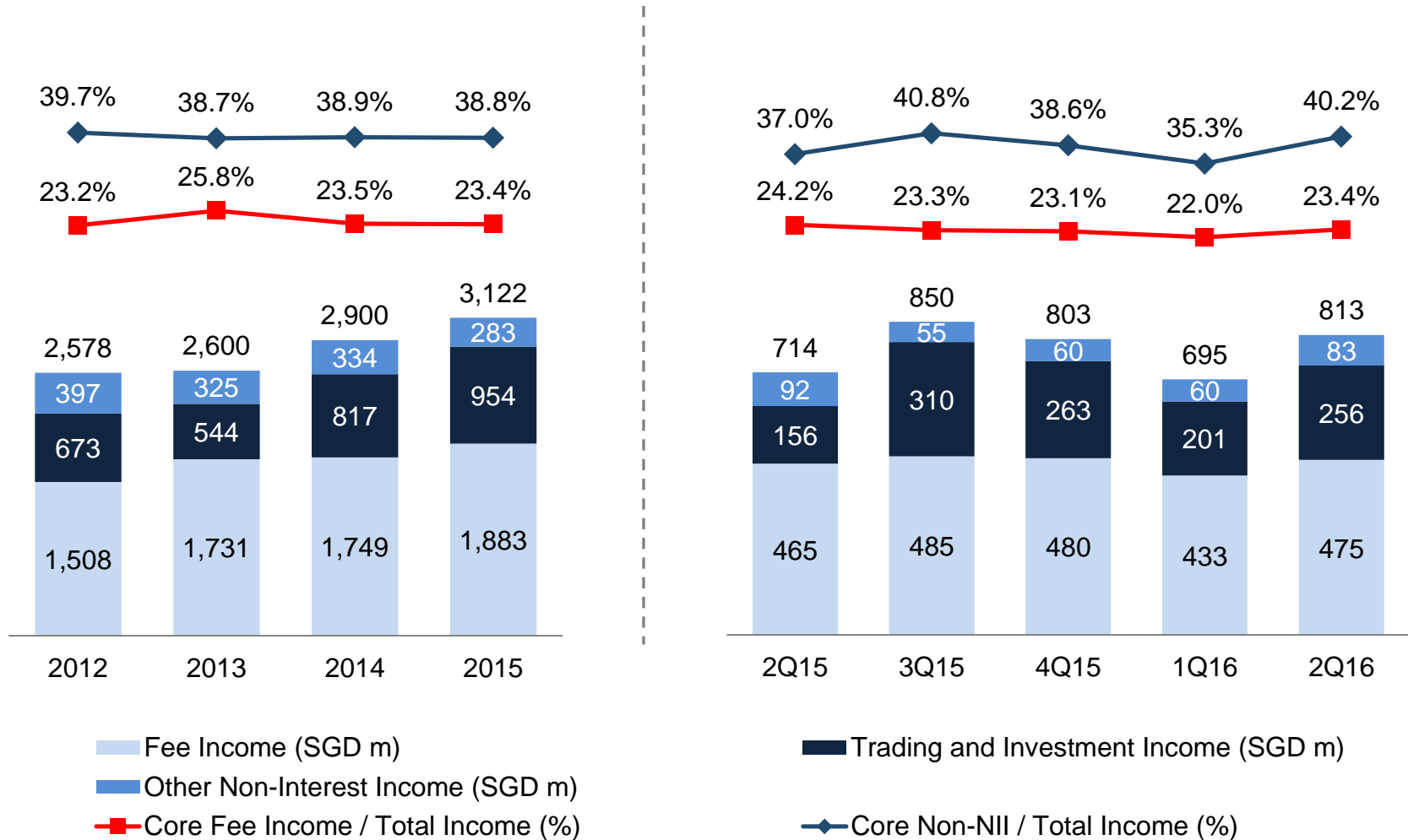
■ NII from Loans (SGD m)
■ Loan Margin (%)
▲ Net Interest Margin (%)

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

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.

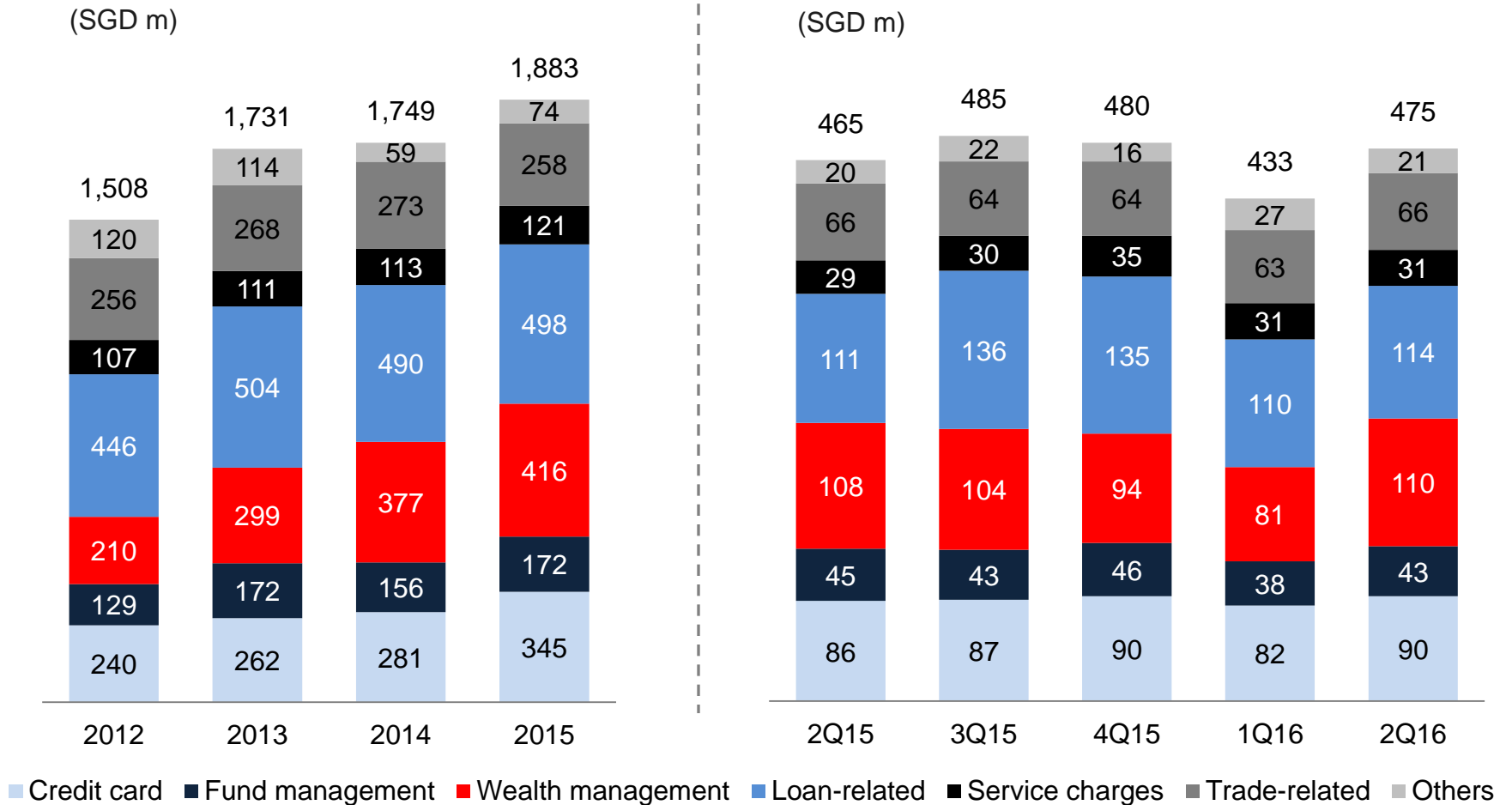
Steady Non-Interest Income Mix Underpins Diversity

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



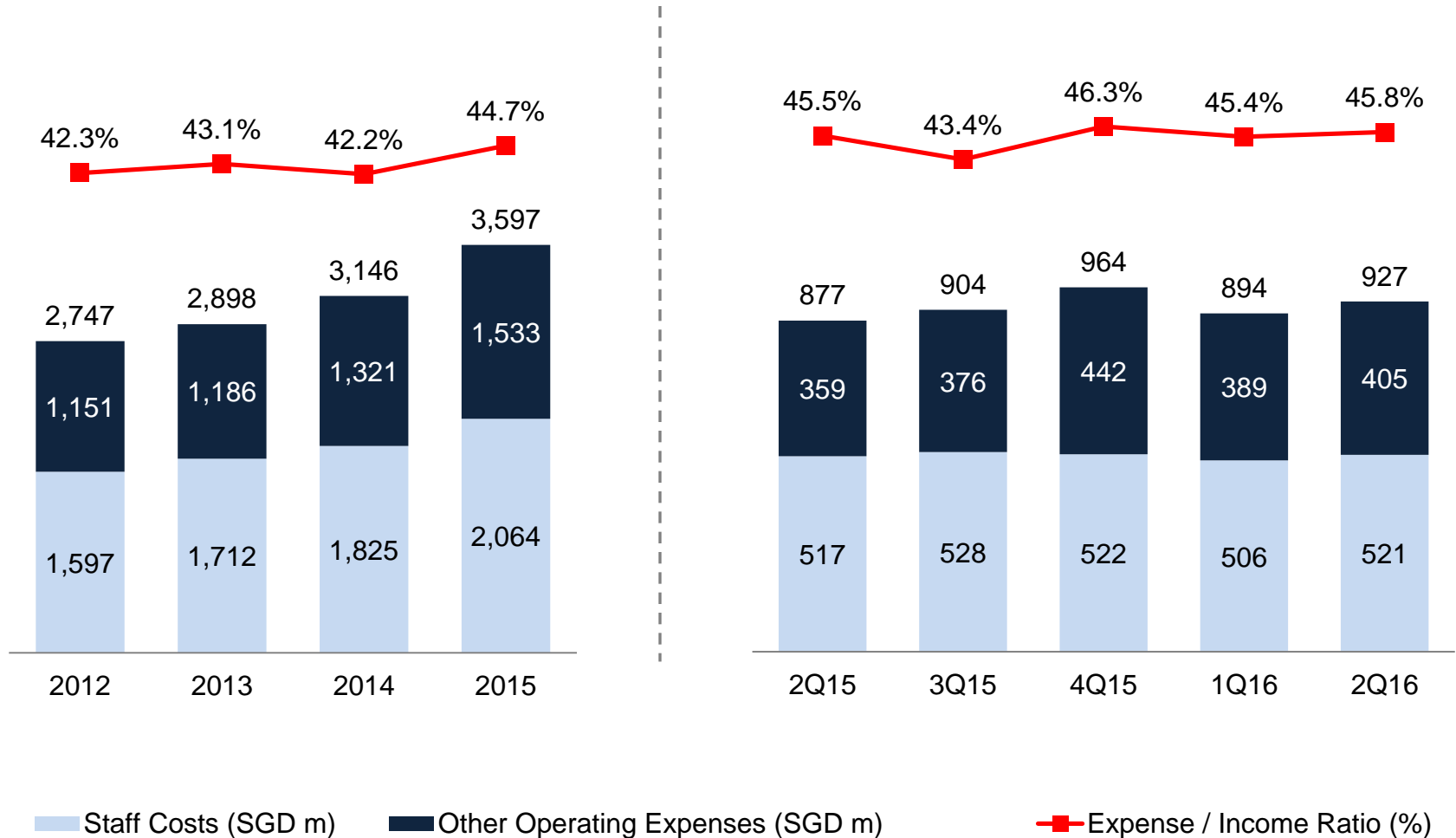
Broad-based Focus in Fee Income

Breakdown of Fee Income



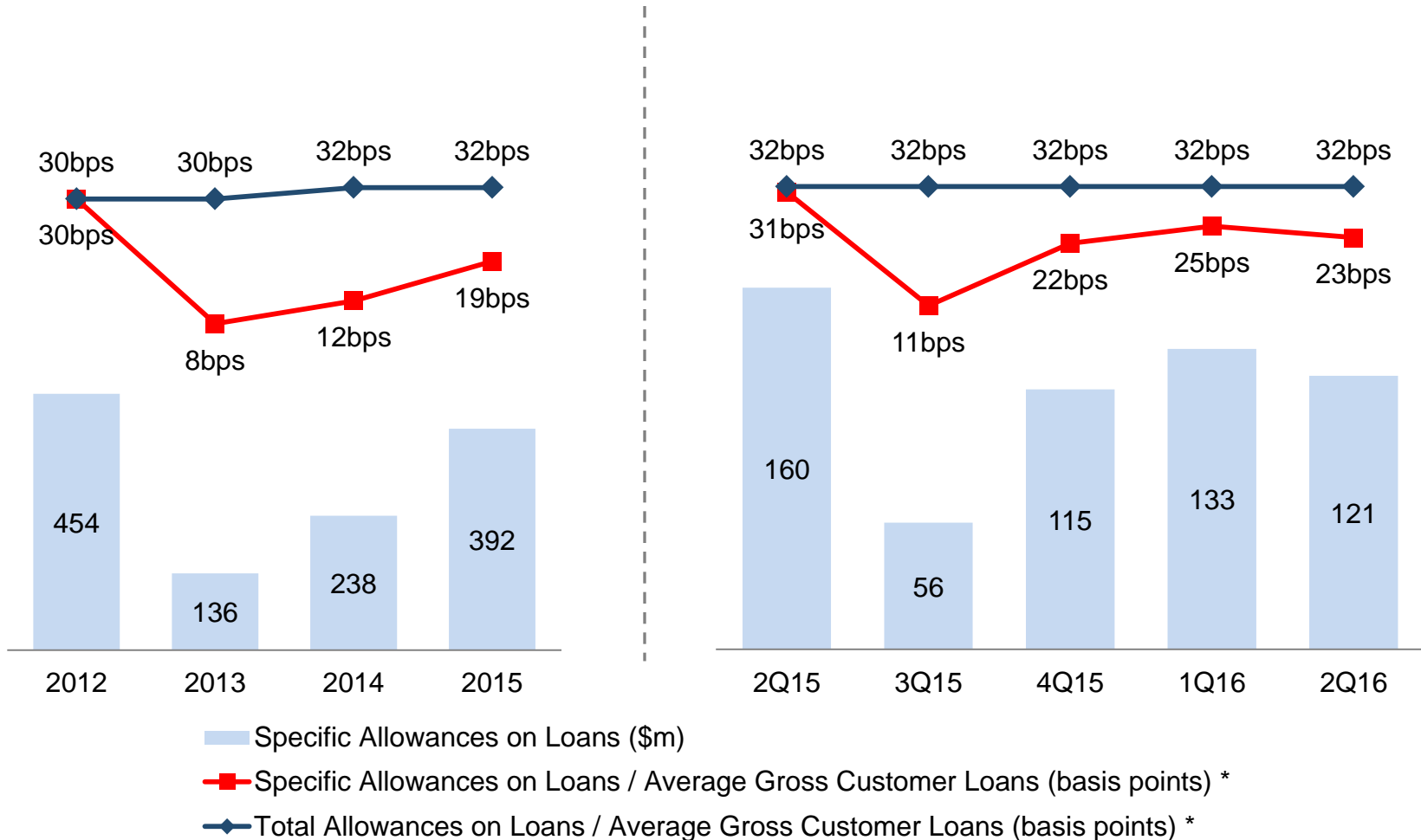
Maintain Costs Discipline while Investing in Long-term Capabilities

Operating Expenses and Expense / Income Ratio



Stable Total Credit Costs

Allowances on Loans



* Computed on an annualised basis.

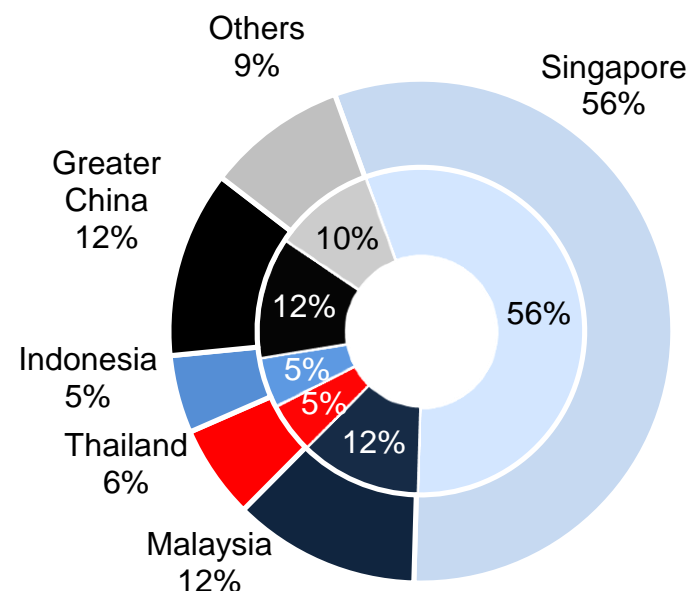
Loan Growth was 1.2% QoQ in Constant Currency Terms

Gross Loans ¹	Jun-16 SGD b	Mar-16 SGD b	QoQ	Jun-15 SGD b	YoY
			+/(–) %		+/(–) %
Singapore	119.9	117.8	+1.8	115.0	+4.2
Regional:	72.8	72.4	+0.6	71.1	+2.4
Malaysia	25.4	25.5	–0.4	25.3	+0.3
Thailand	11.6	11.4	+2.3	11.0	+5.8
Indonesia	11.4	10.9	+4.4	10.8	+5.2
Greater China	24.4	24.6	–0.7	23.9	+1.9
Others	19.6	19.2	+1.9	16.3	+20.1
Total	212.3	209.4	+1.4	202.4	+4.9
USD Loans	37.6	35.2	+6.8	33.6	+12.0

Gross loans breakdown:

Inner circle: Mar-16

Outer circle: Jun-16



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).

Movements in Non-Performing Assets

	2Q16 \$m	1Q16 \$m	2Q15 \$m
NPA at start of period	3,016	3,066	2,692
New NPA	802	344	372
Upgrades, recoveries and translations	(548)	(235)	(263)
Write-offs	(106)	(159)	(96)
NPA at end of period	3,164	3,016	2,705

Thank you

