UOB Group
Fixed Income Investor Presentation
Sound Operating Performance, supported by Healthy Balance Sheet
September 2017
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Overview of UOB Group</td>
</tr>
<tr>
<td>2.</td>
<td>Strong UOB Fundamentals</td>
</tr>
<tr>
<td>3.</td>
<td>Regulatory Developments</td>
</tr>
<tr>
<td>4.</td>
<td>Macroeconomic Outlook</td>
</tr>
<tr>
<td>Appendix:</td>
<td></td>
</tr>
<tr>
<td>a.</td>
<td>Latest Financials</td>
</tr>
<tr>
<td>b.</td>
<td>Our Growth Drivers</td>
</tr>
<tr>
<td>c.</td>
<td>Resilience of the Singapore Housing Market</td>
</tr>
<tr>
<td>d.</td>
<td>Overview of our Covered Bond Programme</td>
</tr>
</tbody>
</table>
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 organically and through a series of strategic acquisitions. It is today a leading bank in Asia with an established presence in the Southeast Asia region. The Group has a global network of more than 500 branches and offices in 19 countries and territories.

Key Statistics for 1H17

- Total assets: SGD344b (USD250.1b\(^1\))
- Shareholder’s equity: SGD35b (USD25.2b\(^1\))
- Gross loans: SGD228b (USD165.4b\(^1\))
- Customer deposits: SGD260b (USD188.8b\(^1\))
- Fully-loaded Common Equity Tier 1 CAR\(^2\): 13.3%
- Leverage ratio\(^3\): 7.8%
- ROA\(^4\): 0.97%
- ROE\(^4,5\): 10.2%
- NIM\(^4\): 1.74%
- Non-interest income/Total income: 38.2%
- NPL ratio: 1.5%
- Loan/Deposit ratio: 86.1%
- Average all-currency liquidity coverage ratio: 157%\(^6\)
- Cost / Income: 45.3%
- Credit Ratings:

<table>
<thead>
<tr>
<th>Moody's</th>
<th>S&amp;P</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer Rating (Senior Unsecured)</td>
<td>Aa1</td>
<td>AA–</td>
</tr>
<tr>
<td>Outlook</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Short Term Debt</td>
<td>P-1</td>
<td>A-1+</td>
</tr>
</tbody>
</table>

Note: Financial statistics as at 30 June 2017.
1. USD1 = SGD1.3769 as at 30 June 2017.
2. Based on final rules effective 1 January 2018.
3. Leverage ratio is calculated based on the revised MAS Notice 637.
4. Computed on an annualised basis.
5. Calculated based on profit attributable to equity holders of the Bank net of capital securities distributions.
6. Average for 2Q17.
A Leading Singapore Bank; Established Franchise in Core Market Segments

**UOB**

<table>
<thead>
<tr>
<th>Group Retail</th>
<th>Group Wholesale Banking</th>
<th>Global Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Best Retail Bank in Singapore&lt;sup&gt;1&lt;/sup&gt;</td>
<td>▪ Best SME Banking&lt;sup&gt;1&lt;/sup&gt;</td>
<td>▪ Strong player in Singapore dollar treasury instruments</td>
</tr>
<tr>
<td>▪ Strong player in credit cards and private residential home loan business</td>
<td>▪ Seamless access to regional network for our corporate clients</td>
<td></td>
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</table>

**UOB Group’s recognition in the industry**

- **Bank of the Year, Singapore, 2015**
- **Excellence in Mobile Banking – Overall, 2017**
- **Best Retail Bank<sup>1</sup>**
- **SME Bank of the Year<sup>1</sup>**

**Higher 1H17 loan margin than local peers**

<table>
<thead>
<tr>
<th></th>
<th>UOB</th>
<th>DBS</th>
<th>OCBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM</td>
<td>1.74%</td>
<td>1.74%</td>
<td>1.64%</td>
</tr>
<tr>
<td>Loan margin</td>
<td>2.13%</td>
<td>2.03%</td>
<td>1.96%</td>
</tr>
</tbody>
</table>

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

Source: Company reports.

Proven Track Record of Execution

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

Acquired ICB in 1987
Acquired FEB in 1984
Acquired LWB in 1973
Acquired CKB in 1971
Acquired BUAna in 2005
Acquired BOA in 2004
Acquired OUB in 2001
Acquired UOBR in 1999

NPAT Trend
- 1980; $92m
- 1985; $99m
- 1990; $226m
- 1995; $633m
- 2000; $913m
- 2005; $1,709m
- 2007; $2,109m
- 2010; $2,696m
- 2014; $3,249m
- 2016; $3,096m

Expanding Regional Banking Franchise

Extensive Regional Footprint with c.500 Offices

- MYANMAR
  2 offices
- THAILAND
  155 offices
- MALAYSIA
  47 offices
- SINGAPORE
  74 offices
- GREATER CHINA
  27 offices<sup>1</sup>
- VIETNAM
  1 office
- PHILIPPINES
  1 office
- INDONESIA
  180 offices
- AUSTRALIA
  4 offices

- Most diverse regional franchise among Singapore banks; effectively full control of regional subsidiaries
- Integrated regional platform improves operational efficiencies, enhances risk management and provides faster time-to-market and seamless customer service
- Organic growth strategies in emerging/new markets of China and Indo-China

Profit Before Tax by Region (SGD m)

- 39% of Group PBT
- 44% of Group PBT

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

1. UOB owns c13% in Evergrowing Bank in China.
### Strong Capital and Leverage Ratios

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

<table>
<thead>
<tr>
<th>Bank</th>
<th>BCA</th>
<th>BBL</th>
<th>HSBC</th>
<th>DBS</th>
<th>UOB</th>
<th>SCB</th>
<th>MBB</th>
<th>OCBC</th>
<th>Citi</th>
<th>BOA</th>
<th>CIMB</th>
<th>NAB</th>
<th>CBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>21.6</td>
<td>16.4</td>
<td>18.1</td>
<td>17.4</td>
<td>17.8</td>
<td>16.3</td>
<td>16.8</td>
<td>16.1</td>
<td>16.9</td>
<td>15.6</td>
<td>13.0</td>
<td>10.3</td>
<td>10.1</td>
</tr>
<tr>
<td>%</td>
<td>21.6</td>
<td>16.4</td>
<td>18.1</td>
<td>17.8</td>
<td>16.3</td>
<td>16.8</td>
<td>16.9</td>
<td>15.6</td>
<td>13.0</td>
<td>13.2</td>
<td>13.0</td>
<td>16.4</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Return on Average Equity

- BCA: 18.3%
- BBL: 8.6%
- HSBC: 8.8%
- DBS: 10.6%
- UOB: 10.2%
- SCB: 4.5%
- MBB: 10.2%
- OCBC: 11.4%
- Citi: 7.1%
- BOA: 7.6%
- CIMB: 10.3%
- NAB: 10.6%
- CBA: 16.1%

#### Reported Leverage Ratio

<table>
<thead>
<tr>
<th>Bank</th>
<th>BCA</th>
<th>DBS</th>
<th>UOB</th>
<th>OCBC</th>
<th>Citi</th>
<th>BOA</th>
<th>SCB</th>
<th>HSBC</th>
<th>NAB</th>
<th>CBA</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>15.1</td>
<td>7.9%</td>
<td>7.8%</td>
<td>7.2%</td>
<td>7.0%</td>
<td>6.0%</td>
<td>5.7%</td>
<td>5.5%</td>
<td>5.5%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

**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.

The financials of banks were as of 30 June 2017, except for those of CIMB, MBB and NAB (which were as of 31 March 2017).

1. NAB’s and CBA’s CARs are based on APRA’s standards. Their internationally comparable CET1 CAR was 14.5% and 15.6%, respectively.
2. Computed on an annualised basis.
3. BBL, MBB and CIMB do not disclose their leverage ratio.
**Competitive Against Peers**

<table>
<thead>
<tr>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>Fitch</th>
<th>Standalone Strength</th>
<th>Efficient Cost Management</th>
<th>Competitive ROAA&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Well-Maintained Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aa1</td>
<td>AA–</td>
<td>AA–</td>
<td>UOB a1</td>
<td>45.3%</td>
<td>0.97%</td>
<td>86.1%</td>
</tr>
<tr>
<td>Aa1</td>
<td>AA–</td>
<td>AA–</td>
<td>OCBC a1</td>
<td>42.3%</td>
<td>1.16%</td>
<td>85.2%</td>
</tr>
<tr>
<td>Aa1</td>
<td>AA–</td>
<td>AA–</td>
<td>DBS a1</td>
<td>43.3%</td>
<td>0.99%</td>
<td>88.4%</td>
</tr>
<tr>
<td>A1</td>
<td>A</td>
<td>AA–</td>
<td>HSBC a3</td>
<td>62.8%</td>
<td>0.66%</td>
<td>70.1%</td>
</tr>
<tr>
<td>A2</td>
<td>BBB+</td>
<td>A+</td>
<td>SCB baa1</td>
<td>67.4%</td>
<td>0.37%</td>
<td>67.5%</td>
</tr>
<tr>
<td>Baa1</td>
<td>A–</td>
<td>n.r.</td>
<td>CIMB baa2</td>
<td>52.6%</td>
<td>0.95%</td>
<td>91.7%</td>
</tr>
<tr>
<td>A3</td>
<td>A–</td>
<td>A–</td>
<td>MBB a3</td>
<td>50.3%</td>
<td>0.94%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Baa1</td>
<td>BBB+</td>
<td>BBB+</td>
<td>BBL baa2</td>
<td>43.3%</td>
<td>1.10%</td>
<td>86.1%</td>
</tr>
<tr>
<td>Baa3</td>
<td>n.r.</td>
<td>BBB–</td>
<td>BCA baa3</td>
<td>48.6%</td>
<td>3.70%</td>
<td>74.5%</td>
</tr>
<tr>
<td>Baa1</td>
<td>BBB+</td>
<td>A</td>
<td>BOA baa2</td>
<td>62.8%</td>
<td>0.91%</td>
<td>71.7%</td>
</tr>
<tr>
<td>Baa1</td>
<td>BBB+</td>
<td>A</td>
<td>Citi baa2</td>
<td>58.0%</td>
<td>0.87%</td>
<td>66.0%</td>
</tr>
<tr>
<td>Aa3</td>
<td>AA–</td>
<td>AA–</td>
<td>CBA a2</td>
<td>42.7%</td>
<td>1.00%</td>
<td>116.8%</td>
</tr>
<tr>
<td>Aa3</td>
<td>AA–</td>
<td>AA–</td>
<td>NAB a2</td>
<td>42.7%</td>
<td>0.65%</td>
<td>138.9%</td>
</tr>
</tbody>
</table>

Source: Company reports, Credit rating agencies (updated as of 10 August 2017).
The financials of banks were as of 30 June 2017, except for those of CIMB, MBB and NAB (which were as of 31 March 2017).

1. Computed on an annualised YTD basis.
**Moody’s Investors Service**

**Aa1/Stable/P-1**

- ‘Very strong buffers of capital, loan loss provisions and pre-provision income’
- ‘Funding and liquidity profiles are robust’
- ‘Diversified Singaporean and Malaysian consumer banking and services to SMEs’

**Standard & Poor’s Ratings Services**

**AA− /Stable/A-1+**

- ‘Prudent management team…emphasis on funding and capitalisation to buffer against global volatility’
- ‘UOB will maintain its earnings, asset quality and capitalisation while pursuing regional growth.’
- ‘Above average funding and strong liquidity’

**FitchRatings**

**AA− /Stable/F1+**

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

### Debt Issuance History

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>Type</th>
<th>Structure</th>
<th>Call</th>
<th>Coupon</th>
<th>Amount</th>
<th>Issue Rating (M / S&amp;P / F)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May-16</td>
<td>B3 AT1</td>
<td>Perpetual</td>
<td>2021</td>
<td>4.00%</td>
<td>SGD750m</td>
<td>Baa1 / – / BBB</td>
</tr>
<tr>
<td>Nov-13</td>
<td>B3 AT1</td>
<td>Perpetual</td>
<td>2019</td>
<td>4.75%</td>
<td>SGD500m</td>
<td>Baa1 / BBB– / BBB</td>
</tr>
<tr>
<td>Jul-13</td>
<td>B3 AT1</td>
<td>Perpetual</td>
<td>2018</td>
<td>4.90%</td>
<td>SGD850m</td>
<td>Baa1 / BBB– / BBB</td>
</tr>
<tr>
<td><strong>Tier 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-17</td>
<td>B3 T2</td>
<td>12NC7</td>
<td>2024</td>
<td>3.50%</td>
<td>SGD750m</td>
<td>A3 / – / A+</td>
</tr>
<tr>
<td>Sep-16</td>
<td>B3 T2</td>
<td>10½NC5½</td>
<td>2022</td>
<td>2.88%</td>
<td>USD600m</td>
<td>A3 / – / A+</td>
</tr>
<tr>
<td>Mar-16</td>
<td>B3 T2</td>
<td>10½NC5½</td>
<td>2021</td>
<td>3.50%</td>
<td>USD700m</td>
<td>A3 / – / A+</td>
</tr>
<tr>
<td>May-14</td>
<td>B3 T2</td>
<td>12NC6</td>
<td>2020</td>
<td>3.50%</td>
<td>SGD500m</td>
<td>A3 / BBB+ / A+</td>
</tr>
<tr>
<td>Mar-14</td>
<td>B3 T2</td>
<td>10½NC5½</td>
<td>2019</td>
<td>3.75%</td>
<td>USD800m</td>
<td>A3 / BBB+ / A+</td>
</tr>
<tr>
<td>Oct-12</td>
<td>B2 LT2</td>
<td>10NC5</td>
<td>2018</td>
<td>2.88%</td>
<td>USD500m</td>
<td>A1 / A+ / A+</td>
</tr>
<tr>
<td><strong>Senior Unsecured</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr-17</td>
<td>4yr FRN</td>
<td>-</td>
<td>BBSW 3m+0.81%</td>
<td>AUD300m</td>
<td>Aa1 / AA− / AA−</td>
<td></td>
</tr>
<tr>
<td>Sep-14</td>
<td>5½yr FXN</td>
<td>-</td>
<td>2.50%</td>
<td>USD500m</td>
<td>Aa1 / AA− / AA−</td>
<td></td>
</tr>
<tr>
<td>Sep-14</td>
<td>4yr FRN</td>
<td>-</td>
<td>BBSW 3m+0.64%</td>
<td>AUD300m</td>
<td>Aa1 / AA− / AA−</td>
<td></td>
</tr>
<tr>
<td><strong>Covered</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-17</td>
<td>Covered 3y</td>
<td>-</td>
<td>2.125%</td>
<td>USD500m</td>
<td>Aaa / AAA / –</td>
<td></td>
</tr>
<tr>
<td>Feb-17</td>
<td>Covered 5y</td>
<td>-</td>
<td>0.125%</td>
<td>EUR500m</td>
<td>Aaa / AAA / –</td>
<td></td>
</tr>
<tr>
<td>Mar-16</td>
<td>Covered 5y</td>
<td>-</td>
<td>0.25%</td>
<td>EUR500m</td>
<td>Aaa / AAA / –</td>
<td></td>
</tr>
</tbody>
</table>

### Debt Maturity Profile

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</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>750</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tier 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>964</td>
<td>826</td>
<td>500</td>
<td></td>
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<tr>
<td>Senior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>317</td>
<td>688</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>786</td>
<td></td>
</tr>
</tbody>
</table>

**Total** 688 1,167 1,602 1,877 2,817 1,612 - 750

**Note:** Maturities shown at first call date for Capital Securities

FX rates as at 30 June 2017: USD 1 = SGD 1.38; SGD 1 = MYR 3.12; SGD 1 = HKD 5.67;
SGD 1.06 = AUD 1; SGD 1 = CNY 4.93; 1 GBP = SGD 1.79; EUR 1 = SGD 1.57.

**B2: Basel II, B3: Basel III, AT1: Additional Tier 1, T2: Tier 2, LT2: Lower Tier 2; FXN: Fixed Rate Notes; FRN: Floating Rate Notes; the table comprises public rated issues of UOB; updated as of 31 July 2017.**
Strong UOB Fundamentals
Disciplined Balance Sheet Management

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

- **Proactive liability management**
  - Liquidity Coverage Ratios\(^1\): S$ (203%) and all-currency (157%)

- **Robust capital position**
  - 13.3% fully-loaded CET1 ratio\(^2\)

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

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

Gross Customer Loans by Geography ¹

- Singapore: 55%
- Greater China: 12%
- Indonesia: 11%
- Thailand: 11%
- Malaysia: 11%
- Others: 11%

Gross Customer Loans by Currency

- SGD: 50%
- USD: 19%
- MYR: 10%
- IDR: 13%
- THB: 6%
- Others: 13%

Gross Customer Loans by Maturity

- <1 year: 40%
- 1-3 years: 18%
- 3-5 years: 11%
- >5 years: 31%

Gross Customer Loans by Industry

- Housing loans: 28%
- Building & construction: 23%
- Manufacturing: 7%
- Financial institutions, investment & holding companies: 7%
- General commerce: 13%
- Professionals and private individuals: 12%
- Transport, storage & communication: 4%
- Others: 6%

Note: Financial statistics as at 30 June 2017.

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).
Exposure to China

Bank exposure in China
- 99% with <1 year tenor
- Around 80% accounted for by top 5 domestic banks and policy banks
- Trade exposures mostly with bank counterparties, representing close to half of bank exposure

Non-bank exposure in China
- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio around 0.9%
- Around half of loans denominated in RMB
- Around 42% of the loans has tenor within a year
- Minimal exposure to stockbroking companies linked to China’s stock market
- No exposure to Qingdao fraud and local government financing vehicles

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

Total as of 30 Jun 2017 = SGD28.4b
- Bank, SGD18.7b
- Non-bank, SGD8.5b
- Debt, SGD1.2b

or 8.3% of total assets
Exposure to Commodities

As of 30 Jun 2017

<table>
<thead>
<tr>
<th></th>
<th>Oil and gas</th>
<th>Other commodity segments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upstream industries</td>
<td>Traders/ downstream industries</td>
<td></td>
</tr>
<tr>
<td>Total exposure¹</td>
<td>SGD4.3b</td>
<td>SGD10.1b</td>
<td>SGD9.2b</td>
</tr>
<tr>
<td>Outstanding loans</td>
<td>SGD3.7b</td>
<td>SGD5.8b</td>
<td>SGD7.0b</td>
</tr>
</tbody>
</table>

---

- Total exposure, including off-balance sheet items, stood at SGD23.6b as of 30 June 2017
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

1. Total exposure comprises outstanding loans and contingent liabilities
2. Oil and gas upstream industries include offshore service companies.
Stable Asset Quality; High Allowances Coverage

**Largely Stable NPL Ratio**

<table>
<thead>
<tr>
<th></th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
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</thead>
<tbody>
<tr>
<td>Substandard NPA (SGD m)</td>
<td>530</td>
<td>615</td>
<td>1,025</td>
<td>1,194</td>
<td>1,179</td>
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<tr>
<td>Doubtful NPA (SGD m)</td>
<td>350</td>
<td>517</td>
<td>270</td>
<td>318</td>
<td>254</td>
</tr>
<tr>
<td>Loss NPA (SGD m)</td>
<td>2,284</td>
<td>2,500</td>
<td>2,185</td>
<td>2,031</td>
<td>2,154</td>
</tr>
<tr>
<td>NPL Ratio (%)</td>
<td>1.4%</td>
<td>1.6%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
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</table>

**High Allowances Coverage**

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<thead>
<tr>
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<th>Jun-16</th>
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<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Allowances (SGD m)</td>
<td>770</td>
<td>975</td>
<td>1,219</td>
<td>1,409</td>
<td>1,327</td>
</tr>
<tr>
<td>General Allowances (SGD m)</td>
<td>3,067</td>
<td>2,954</td>
<td>2,709</td>
<td>2,604</td>
<td>2,620</td>
</tr>
<tr>
<td>Total Allowances / Total NPL (%)</td>
<td>125.6%</td>
<td>112.4%</td>
<td>118.0%</td>
<td>118.1%</td>
<td>113.9%</td>
</tr>
<tr>
<td>General Allowances / Gross Loans net of Specific Allowances (%)</td>
<td>1.5%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

**Legend**

- Substandard NPA (SGD m)
- Doubtful NPA (SGD m)
- Loss NPA (SGD m)
- NPL Ratio (%)
Easing Specific Allowances; Total Credit Costs Stable

**Allowances on Loans**

- Specific Allowances on Loans ($m)
- Specific Allowances on Loans / Average Gross Customer Loans (basis points) *
- Total Allowances on Loans / Average Gross Customer Loans (basis points) *

* Computed on an annualised basis, where applicable.
Countercyclical Approach in General Allowance Supports High Reserve Cover

- **Total Allowances / Total NPL (%)**
  - Jun-16: 125.6%
  - Sep-16: 112.4%
  - Dec-16: 118.0%
  - Mar-17: 118.1%
  - Jun-17: 113.9%

- **General Allowances / Gross Loans net of Specific Allowances (%)**
  - Jun-16: 1.5%
  - Sep-16: 1.4%
  - Dec-16: 1.2%
  - Mar-17: 1.1%
  - Jun-17: 1.2%

**Specific Allowances (SGD m)**
- Jun-16: 770
- Sep-16: 975
- Dec-16: 1,219
- Mar-17: 1,409
- Jun-17: 1,327

**General Allowances (SGD m)**
- Jun-16: 3,067
- Sep-16: 2,954
- Dec-16: 2,709
- Mar-17: 2,604
- Jun-17: 2,620
Stable Liquidity Position

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

All-currency LCR (%)
- 167%
- 148%
- 162%
- 154%
- 157%

SGD LCR (%)
- 224%
- 213%
- 275%
- 232%
- 203%

SGD LDR (%)
Group LDR (%)
USD LDR (%)

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

Jun-16: 208, 213, 222, 225, 224
Sep-16: 248, 251, 255, 260, 260
Dec-16: 213, 251, 255, 260, 260
Mar-17: 225, 260, 260, 260
Jun-17: 224, 260
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 2017
- Covered Bonds 8%
- Senior / Others 14%
- Commercial Paper 48%
- Tier 2 23%
- AT1 7%

Staggered Debt Maturity Profile

- AT1
- Tier 2
- Senior
- Covered Bond

Note: Maturities shown at first call date for Capital Securities. Includes private placements
FX rates used are as at 30 June 2016
Embarking on Journey of Sustainability Reporting

Highly Material Factors
- Customer experience
- Risk-focused organisational culture
- Digital transformation
- Cyber security, fraud prevention and anti-money laundering
- Economic value of our contributions
- Regulatory compliance

Material Factors
- Responsible lending
- Access to financial services
- Social impact
- Attracting, developing and retaining talent
- Diversity and inclusion

Important Factors
- Environmental footprint
- Workplace safety, health and well-being
- Supply chain responsibility

2016 Annual Report in accordance to Global Reporting Initiatives’ (GRI) G4 guidelines and select indicators from GRI’s Financial Services Sector Disclosures paper.
Regulatory Developments
## Basel III across the Region

<table>
<thead>
<tr>
<th></th>
<th>BCBS</th>
<th>Singapore</th>
<th>Malaysia</th>
<th>Thailand</th>
<th>Indonesia</th>
<th>Hong Kong</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum CET1 CAR</td>
<td>4.5%</td>
<td>6.5%(^1)</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4.5%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Minimum Tier 1 CAR</td>
<td>6.0%</td>
<td>8.0%(^1)</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Minimum Total CAR</td>
<td>8.0%</td>
<td>10.0%(^1)</td>
<td>8.0%</td>
<td>8.5%</td>
<td>8.0%</td>
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<td>8.0%</td>
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<td>Full Compliance</td>
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<td>Jan-13</td>
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<tr>
<td>Capital Conservation Buffer</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
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<td>Full Compliance</td>
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<td>Jan-19</td>
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<tr>
<td>Countercyclical Capital Buffer(^2)</td>
<td>Up to 2.5%</td>
<td>Up to 2.5%</td>
<td>Up to 2.5%</td>
<td>Up to 2.5%</td>
<td>Up to 2.5%</td>
<td>Up to 2.5%(^3)</td>
<td>Up to 2.5%</td>
</tr>
<tr>
<td>Full Compliance</td>
<td>Jan-19</td>
<td>Jan-19</td>
<td>Jan-19</td>
<td>Pending</td>
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<tr>
<td>D-SIB</td>
<td>–</td>
<td>2.0%</td>
<td>Pending</td>
<td>Pending</td>
<td>1.0%–3.5%(^4)</td>
<td>1.0%–3.5%</td>
<td>1.0%(^5)</td>
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<tr>
<td>G-SIB</td>
<td>1.0%–3.5%</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Minimum Leverage Ratio</td>
<td>3.0%</td>
<td>Pending</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.0%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

% of risk weighted assets\(^6\)

- Minimum CET1
- Minimum Tier 1 CAR
- Minimum Total CAR

---

**Source:** Regulatory notifications and rating reports.

1. Includes 2% for D-SIB buffer for the three Singapore banks.
2. Each regulator determines its own level of countercyclical capital buffer. This requirement is currently set at 0%, except for Hong Kong.
3. HKMA has set a CCyB of 2.5% to be phased in over a period of 3 years. In 2017, the CCyB requirement is 1.25% of RWA.
4. According to the regulations, Indonesia D-SIBs will initially be subject to a D-SIB buffer of up to 2.5%.
5. In China, G-SIBs are only subject to the higher of G-SIB and D-SIB buffer.
6. Minimum ratios on fully-loaded basis, including capital conservation buffer and D-SIB surcharge, but excluding countercyclical capital buffer and G-SIB surcharge.
### Basel III capital ratios

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<tr>
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<th>Phased-in</th>
<th>Full</th>
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### Leverage ratio

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### LCR^1

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### NSFR^2

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### SACCR^3

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### FRTB^4

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### TLAC^5

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### Basel IV^6

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### IFRS 9

<table>
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Banks need to be profitable in order to be strong. Retained earnings are one of the major sources of equity – which is the highest quality capital that banks hold. Banks also need to be profitable to be able to support the real economy. They have to earn a decent return for intermediating credit, otherwise they will do less of it.

– Mr Ravi Menon, Managing Director, Monetary Authority of Singapore, 20 April 2017

...certain liabilities should be excluded from the scope of bail-in because their repayment is necessary to ensure the continuity of essential services and to avoid widespread and disruptive contagion to other parts of the financial system. The proposed scope of bail-in would hence exclude liabilities such as … senior debt and all deposits.

– Consultation Paper by the Monetary Authority of Singapore, June 2015

---

Source: BCBS

1. Liquidity Coverage Ratio
2. Net Stable Funding Ratio
3. Standardised Approach for measuring Counterparty Credit Risk exposure (MAS has not announced implementation date)
4. Fundamental Review of the Trading Book (MAS has not announced implementation date)
5. Total Loss Absorbing Capacity (not applicable to Singapore banks)
6. Basel IV: Reducing variation in credit risk-weighted assets
7. Details to be finalised in Singapore
Macroeconomic Outlook
China’s Growth Slower but Low Risk of Hard Landing

- While China’s GDP growth rate is slowing, the annual increase in absolute GDP has been stable.
- The Chinese economy has its underlying momentum, supported by rebalancing reforms and steady job market.
- Low central government debt underpins China's fiscal capacity, which could help mitigate “black swan” events.
- Base case scenario for China: slow and unexciting growth; sideways movements in RMB; global economy continues to recover at gradual pace, led by the US.

### Structural Shift of China’s Economy

(Average Contribution to GDP growth rate, %)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Primary</td>
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<td>Secondary</td>
<td>4.3</td>
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<tr>
<td>Tertiary</td>
<td>5.2</td>
<td>3.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: IMF, CEIC, UOB Global Economics & Markets Research

### Episodes of Market Volatility Contained

Jul’12 = 100)

Source: Bloomberg, UOB Global Economics & Markets Research

### New Financing Increasingly from Banking Sector

(Rolling 12 months, CNY trn)

Source: PBOC, UOB Global Economics & Markets Research

### Source of China Debt Risk

(% of GDP)

Source: China NAO, CEIC, IMF, OECD, UOB Global Economics & Markets Research
Brexit Impact on Asian Markets via Trade and Investment Channels

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

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

- **ASEAN**
  - Total trade: 24%
  - Exports: 26%
- **China**
  - Total trade: 15%
  - Exports: 11%
- **Japan**
  - Total trade: 10%
  - Exports: 11%
- **EU28**
  - Total trade: 10%
  - Exports: 9%
- **US**
  - Total trade: 5%
  - Exports: 4%
- **South Korea**
  - Total trade: 3%
  - Exports: 3%
- **India**
  - Total trade: 5%
  - Exports: 4%

Source: ASEAN Secretariat

### ASEAN’s Net FDI Flows by Key Partners (2015)

- **ASEAN**
  - 2013: 16%
  - 2014: 17%
  - 2015p: 18%
- **EU28**
  - 2013: 19%
  - 2014: 18%
  - 2015p: 19%
- **Japan**
  - 2013: 20%
  - 2014: 20%
  - 2015p: 20%
- **China**
  - 2013: 15%
  - 2014: 15%
  - 2015p: 15%
- **Australia**
  - 2013: 5%
  - 2014: 5%
  - 2015p: 5%
- **South Korea**
  - 2013: 3%
  - 2014: 4%
  - 2015p: 5%

Source: ASEAN Secretariat
Implication on Regional Policy Rates

<table>
<thead>
<tr>
<th></th>
<th>3Q16</th>
<th>4Q16</th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17f</th>
<th>4Q17f</th>
<th>1Q18f</th>
<th>2Q18f</th>
<th>3Q18f</th>
<th>4Q18f</th>
</tr>
</thead>
<tbody>
<tr>
<td>US 10-Year Treasury</td>
<td>1.59</td>
<td>2.44</td>
<td>2.39</td>
<td>2.30</td>
<td>2.60</td>
<td>2.80</td>
<td>2.90</td>
<td>3.00</td>
<td>3.20</td>
<td>3.30</td>
</tr>
<tr>
<td>US Fed Funds</td>
<td>0.50</td>
<td>0.75</td>
<td>1.00</td>
<td>1.25</td>
<td>1.25</td>
<td>1.50</td>
<td>1.75</td>
<td>2.00</td>
<td>2.00</td>
<td>2.25</td>
</tr>
<tr>
<td>SG 3M SOR</td>
<td>0.67</td>
<td>1.01</td>
<td>0.86</td>
<td>0.75</td>
<td>1.00</td>
<td>1.30</td>
<td>1.40</td>
<td>1.50</td>
<td>1.50</td>
<td>1.70</td>
</tr>
<tr>
<td>MY Overnight Policy Rate</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>TH 1-Day Repo</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.75</td>
<td>1.75</td>
</tr>
<tr>
<td>ID 7-Day Reverse Repo</td>
<td>5.00</td>
<td>4.75</td>
<td>4.75</td>
<td>4.75</td>
<td>4.75</td>
<td>4.75</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>CH 1-Year Deposit Rate</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.75</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

- Recovery in inflation and growth in regional economies turned out to be more gradual than expected. However, the monetary policy bias remains tilted towards tightening in 2018, in line with the tightening signals from G10 central banks. In all, monetary convergence is more likely than further divergence.

- The US Fed Reserve is poised to further normalise interest rates (where 2017 should see 3 rate hikes, including the March and June hikes) and start balance-sheet reduction (BSR) in late 2017. A higher degree of convergence in rates is expected in 2018.

- Moderately stronger USD and further US Fed rate hikes with BSR implementation will gradually raise SGD rates over the long-term.

- Capital flight risk for Asia has seemingly receded as Asian currencies maintained strength amid policy uncertainties in the US. This is anchored by improved economic fundamentals and enhanced confidence in regional central banks.

Sources: UOB Global Economics & Markets Research forecasts
Southeast Asia: Resilient Key Markets

Significantly Higher Foreign Reserves

(USD billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>2016</th>
<th>2017 (latest available)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>75</td>
<td>265</td>
</tr>
<tr>
<td>Thailand</td>
<td>30</td>
<td>185</td>
</tr>
<tr>
<td>Indonesia</td>
<td>24</td>
<td>125</td>
</tr>
<tr>
<td>Malaysia</td>
<td>26</td>
<td>100</td>
</tr>
</tbody>
</table>

2016 foreign reserves include foreign currency reserves (in convertible foreign currencies); source: World Bank, IMF

Healthier Current Account Balances

(% of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>1997</th>
<th>2017 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>15.2</td>
<td>20.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>-5.9</td>
<td>-1.9</td>
</tr>
<tr>
<td>Thailand</td>
<td>-2.0</td>
<td>-1.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>9.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: IMF

Lower Debt to Equity Ratio

(%)  

<table>
<thead>
<tr>
<th>Country</th>
<th>1H 1998</th>
<th>1H 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>132</td>
<td>79</td>
</tr>
<tr>
<td>Singapore</td>
<td>102</td>
<td>75</td>
</tr>
<tr>
<td>Thailand</td>
<td>235</td>
<td>73</td>
</tr>
<tr>
<td>Indonesia</td>
<td>209</td>
<td>45</td>
</tr>
</tbody>
</table>

Total debt to equity ratio = total ST and LT borrowings divided by total equity, multiplied by 100; sources: MSCI data from Bloomberg

Lower Foreign Currency Loan Mix

(%)  

<table>
<thead>
<tr>
<th>Country</th>
<th>1996</th>
<th>2017 (latest available data)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore*</td>
<td>67</td>
<td>48</td>
</tr>
<tr>
<td>Indonesia</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>Thailand</td>
<td>38</td>
<td>6</td>
</tr>
<tr>
<td>Malaysia</td>
<td>36</td>
<td>6</td>
</tr>
</tbody>
</table>

* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units; sources: Central banks

Long-term fundamentals and prospects of key Southeast Asia have greatly improved since the 1997 Asian Financial Crisis.
Manufacturing Sector to Continue To Lead Singapore GDP in 2017

- Advance 2Q17 GDP growth was at 2.5% yoy (1Q17: +2.5%), supported mainly by robust expansion in the electronics and precision engineering clusters, and further improvement in the services sector. Positive spillover from the trade to non-trade sectors, improvement in global demand, but slowdown in the tech cycle and strength in the SGD pose headwinds to sustained growth in 2H17.

- We keep GDP growth forecast at 2.4% in 2017 compared with 2.0% in 2016.

- Core inflation will rise to an average 1.3% in 2017 (2016: 1.0%), as the base effects of lower commodity prices and government subsidies wear off.

Source: UOB Global Economics & Markets Research

2017 Core Inflation to Average 1.3%

External Sectors To Pick Up in 2017

Source: Singapore Department of Statistics

MAS Expected To Maintain Neutral SGD

Source: CEIC, UOB Global Economics & Markets Research
Southeast Asia Banking Sector: Strong Fundamentals Remain Intact

**Key Banking Trends**

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

**Robust Capital Positions**

\[\text{(Tier 1 CAR, in \%)}\]

<table>
<thead>
<tr>
<th>Country</th>
<th>2016</th>
<th>MRQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>19.2</td>
<td>18.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>14.3</td>
<td>14.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>13.3</td>
<td>13.4</td>
</tr>
<tr>
<td>Thailand</td>
<td>14.1</td>
<td>14.4</td>
</tr>
<tr>
<td>China</td>
<td>11.0</td>
<td>11.1</td>
</tr>
</tbody>
</table>

Source: SNL, Research estimates

**Stable Funding; Adequate Loan/Deposit Ratios**

\[\text{(Loan-to-deposit ratio, in \%)}\]

<table>
<thead>
<tr>
<th>Country</th>
<th>2016</th>
<th>MRQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>111</td>
<td>108</td>
</tr>
<tr>
<td>Indonesia</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Malaysia</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td>Singapore</td>
<td>87</td>
<td>87</td>
</tr>
<tr>
<td>China</td>
<td>73</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: SNL, Research estimates

**Higher NIM in Lightly Penetrated Markets**

\[\text{(Net interest margin and private-sector credit / GDP, in \%)}\]

- Indonesia
  - 2012 – 2016 Avg.: 6.6
  - MRQ: 6.2
  - Private-sector credit/GDP (2016): 147%
- Thailand
  - 2012 – 2016 Avg.: 3.2
  - MRQ: 3.5
  - Private-sector credit/GDP (2016): 157%
- China
  - 2012 – 2016 Avg.: 2.7
  - MRQ: 2.0
  - Private-sector credit/GDP (2016): 124%
- Malaysia
  - 2012 – 2016 Avg.: 2.2
  - MRQ: 2.2
  - Private-sector credit/GDP (2016): 133%
- Singapore
  - 2012 – 2016 Avg.: 1.7
  - MRQ: 1.7

Source: SNL, Research estimates, World Bank

Note: MRQ refers to the most recent quarter financials available for each bank.
Conducive Macro Conditions Underpin Singapore Property Market

Regional House Price Indices over Last 10 Years

(2Q07 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>SG</th>
<th>HK</th>
<th>MY</th>
<th>AU</th>
<th>TH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q07</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2Q09</td>
<td>47</td>
<td>35</td>
<td>22</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>2Q11</td>
<td>49</td>
<td>35</td>
<td>22</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>2Q13</td>
<td>46</td>
<td>35</td>
<td>22</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>2Q15</td>
<td>47</td>
<td>35</td>
<td>22</td>
<td>35</td>
<td>22</td>
</tr>
<tr>
<td>2Q17</td>
<td>49</td>
<td>35</td>
<td>22</td>
<td>35</td>
<td>22</td>
</tr>
</tbody>
</table>

Note: For Thailand (2Q12=100) as no available data prior to that
Sources: CEIC, UOB Economic-Treasury Research

Low Unemployment vs Global Peers

(%) of GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>EU</th>
<th>US</th>
<th>CH</th>
<th>HK</th>
<th>SG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.7</td>
<td>4.4</td>
<td>4.0</td>
<td>3.1</td>
<td>1.9</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: CEIC, UOB Economic-Treasury Research

High National Savings Rate

(% of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>SG</th>
<th>CH</th>
<th>AU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>49</td>
<td>46</td>
<td>28</td>
</tr>
<tr>
<td>2008</td>
<td>47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>19</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: IMF, UOB Economic-Treasury Research

SG Household Income in Line with Property Prices

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1Q17</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price (SGD / sq ft)</td>
<td>929</td>
<td>1,043</td>
<td>+12%</td>
</tr>
<tr>
<td>Unit size (sq ft)</td>
<td>1,450</td>
<td>1,200</td>
<td>-17%</td>
</tr>
<tr>
<td>Unit costs (SGD m)</td>
<td>1.35</td>
<td>1.25</td>
<td>-7%</td>
</tr>
<tr>
<td>Interest rate (%)</td>
<td>4.60</td>
<td>1.83</td>
<td></td>
</tr>
<tr>
<td>Household income (SGD / mth)</td>
<td>9,050</td>
<td>16,900</td>
<td>+87%</td>
</tr>
<tr>
<td>Debt servicing ratio (%)</td>
<td>61</td>
<td>21</td>
<td>+87%</td>
</tr>
</tbody>
</table>

1. Reflects median price of non-landed private residential
2. Reflects median of resident households living in private properties
3. Based on a 30-year housing loan, with a loan-to-value of 80%
4. A housing loan with 5% interest rate would increase DSR to 32%

Sources: URA, CEIC, Singapore Statistics, UOB Economic-Treasury Research

Note: AU: Australia; CH: China, EU: European Union, HK: Hong Kong, SG: Singapore, TH: Thailand, UK: United Kingdom, US: United States
Revenue Potential from ‘Connecting the Dots’ in the Region

### Industry’s Potential Connectivity Revenue

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wealth</strong></td>
<td>c$37b</td>
<td>c$53b</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Trade</strong></td>
<td>c$8b</td>
<td>c$11b</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Cross-border activities</strong></td>
<td>c$5b</td>
<td>c$35b</td>
<td>+8%</td>
</tr>
</tbody>
</table>

### Industry’s Potential Connectivity Revenue (2020)

- **Singapore** c$2b
- **Hong Kong** c$3b
- **Malaysia** c$4b
- **Indonesia** c$4b
- **China** c$7b
- **Thailand** c$2b
- **Others** c$29b

Markets where UOB has a presence

Note: ‘Trade’ and ‘cross-border activities’ capture both inbound and outbound flows of Southeast Asia, with ‘trade’ comprising exports and imports while ‘cross-border activities’ comprising foreign direct investments and M&A. ‘Wealth’ captures offshore and onshore assets booked in Singapore as a wealth hub. Incorporating BCG analysis, these are converted into banking revenue potential.

Source: Boston Consulting Group’s analysis, Boston Consulting Group Global Banking Revenue pool
Latest Financials
## 1H17 Financial Overview

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>1H17</th>
<th>1H16</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM (%)</td>
<td>1.74</td>
<td>1.73</td>
<td>+0.01% pt</td>
</tr>
<tr>
<td>Non-NII / Income (%)</td>
<td>38.2</td>
<td>37.8</td>
<td>+0.4% pt</td>
</tr>
<tr>
<td>Expense / Income ratio (%)</td>
<td>45.3</td>
<td>45.6</td>
<td>(0.3)% pt</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>10.2</td>
<td>10.5</td>
<td>(0.3)% pt</td>
</tr>
</tbody>
</table>

1. Relate to amount attributable to equity holders of the Bank.
2. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and capital securities distributions.
2Q17 Financial Overview

Net Profit After Tax\(^1\) (NPAT) Movement, 2Q17 vs 1Q17

(SGD m)

<table>
<thead>
<tr>
<th>1Q17 net profit after tax</th>
<th>Net interest income</th>
<th>Fee income</th>
<th>Other non-interest income</th>
<th>Expenses</th>
<th>Total allowances</th>
<th>Share of profit of associates and joint ventures</th>
<th>Tax and non-controlling interests</th>
<th>2Q17 net profit after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>807</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>845</td>
</tr>
<tr>
<td>+4.0%</td>
<td>+1.7%</td>
<td>-0.1%</td>
<td>+4.0%</td>
<td>-3.4%</td>
<td>-28.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Indicators

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2Q17</th>
<th>1Q17</th>
<th>QoQ Change</th>
<th>2Q16</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM (%) (^2)</td>
<td>1.75</td>
<td>1.73</td>
<td>+0.02% pt</td>
<td>1.68</td>
<td>+0.07% pt</td>
</tr>
<tr>
<td>Non-NII / Income (%)</td>
<td>37.9</td>
<td>38.6</td>
<td>(0.7)% pt</td>
<td>40.2</td>
<td>(2.3)% pt</td>
</tr>
<tr>
<td>Expense / Income ratio (%)</td>
<td>45.6</td>
<td>45.1</td>
<td>+0.5% pt</td>
<td>45.8</td>
<td>(0.2)% pt</td>
</tr>
<tr>
<td>ROE (%) (^2,3)</td>
<td>10.3</td>
<td>10.0</td>
<td>+0.3% pt</td>
<td>10.7</td>
<td>(0.4)% pt</td>
</tr>
</tbody>
</table>

1. Relate to amount attributable to equity holders of the Bank.
2. Computed on an annualised basis.
3. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and capital securities distributions.
Net Interest Income Rose on Growth in Loans and Margins

Net Interest Income (NII) and Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>NII from Loans (SGD m)</th>
<th>Loan Margin (%) *</th>
<th>NII from Interbank &amp; Securities (SGD m)</th>
<th>Interbank &amp; Securities Margin (%) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4,120</td>
<td>1.72%</td>
<td>1,211</td>
<td>0.25%</td>
</tr>
<tr>
<td>2014</td>
<td>4,558</td>
<td>1.71%</td>
<td>1,230</td>
<td>0.43%</td>
</tr>
<tr>
<td>2015</td>
<td>4,926</td>
<td>1.77%</td>
<td>1,276</td>
<td>0.55%</td>
</tr>
<tr>
<td>2016</td>
<td>4,991</td>
<td>1.71%</td>
<td>1,303</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

* Computed on an annualised basis, where applicable.
# Broad-based increase in loan portfolio

Gross Loans ¹

<table>
<thead>
<tr>
<th>By Geography</th>
<th>Jun-17 SGD b</th>
<th>Mar-17 SGD b</th>
<th>QoQ +/- (%)</th>
<th>Jun-16 SGD b</th>
<th>YoY +/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>125.4</td>
<td>125.1</td>
<td>+0.3</td>
<td>119.9</td>
<td>+4.6</td>
</tr>
<tr>
<td>Regional:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>26.1</td>
<td>25.6</td>
<td>+2.2</td>
<td>25.4</td>
<td>+2.9</td>
</tr>
<tr>
<td>Thailand</td>
<td>13.9</td>
<td>13.7</td>
<td>+1.6</td>
<td>11.6</td>
<td>+19.3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>11.5</td>
<td>11.4</td>
<td>+1.0</td>
<td>11.4</td>
<td>+1.3</td>
</tr>
<tr>
<td>Greater China</td>
<td>27.9</td>
<td>29.9</td>
<td>–6.6</td>
<td>24.4</td>
<td>+14.5</td>
</tr>
<tr>
<td>Others</td>
<td>22.8</td>
<td>23.5</td>
<td>–2.8</td>
<td>19.6</td>
<td>+16.6</td>
</tr>
<tr>
<td>Total</td>
<td>227.7</td>
<td>229.1</td>
<td>–0.6</td>
<td>212.3</td>
<td>+7.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Industry</th>
<th>Jun-17</th>
<th>Mar-17</th>
<th>QoQ +/- (%)</th>
<th>Jun-16</th>
<th>YoY +/- (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport, storage and communication</td>
<td>9.5</td>
<td>9.7</td>
<td>–2.2</td>
<td>8.9</td>
<td>+6.6</td>
</tr>
<tr>
<td>Building and construction</td>
<td>53.1</td>
<td>52.8</td>
<td>+0.5</td>
<td>48.8</td>
<td>+8.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16.8</td>
<td>17.0</td>
<td>–1.3</td>
<td>16.7</td>
<td>+0.5</td>
</tr>
<tr>
<td>Financial institutions, investment &amp; holding companies</td>
<td>16.3</td>
<td>16.7</td>
<td>–2.4</td>
<td>11.8</td>
<td>+38.6</td>
</tr>
<tr>
<td>General commerce</td>
<td>30.1</td>
<td>31.0</td>
<td>–2.7</td>
<td>27.9</td>
<td>+8.2</td>
</tr>
<tr>
<td>Professionals and private individuals</td>
<td>27.3</td>
<td>26.8</td>
<td>+1.9</td>
<td>26.6</td>
<td>+2.7</td>
</tr>
<tr>
<td>Housing loans</td>
<td>62.9</td>
<td>62.0</td>
<td>+1.4</td>
<td>59.3</td>
<td>+6.2</td>
</tr>
<tr>
<td>Others</td>
<td>11.7</td>
<td>13.1</td>
<td>–10.5</td>
<td>12.4</td>
<td>–5.9</td>
</tr>
<tr>
<td>Total</td>
<td>227.7</td>
<td>229.1</td>
<td>–0.6</td>
<td>212.3</td>
<td>+7.3</td>
</tr>
</tbody>
</table>

1. Loans by geography are classified according to where credit risks reside, largely represented by the borrower’s country of incorporation / operation (for non-individuals) and residence (for individuals).
Steady Non-Interest Income Mix Underpins Diversity

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee Income (SGD m)</th>
<th>Other Non-Interest Income (SGD m)</th>
<th>Trading and Investment Income (SGD m)</th>
<th>Core Fee Income / Total Income (%)</th>
<th>Core Non-NII / Total Income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,731</td>
<td>325</td>
<td>2,600</td>
<td>38.7%</td>
<td>25.8%</td>
</tr>
<tr>
<td>2014</td>
<td>1,749</td>
<td>334</td>
<td>2,900</td>
<td>38.9%</td>
<td>23.5%</td>
</tr>
<tr>
<td>2015</td>
<td>1,883</td>
<td>954</td>
<td>3,122</td>
<td>38.8%</td>
<td>23.4%</td>
</tr>
<tr>
<td>2016</td>
<td>1,931</td>
<td>877</td>
<td>3,071</td>
<td>38.1%</td>
<td>24.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fee Income (SGD m)</th>
<th>Other Non-Interest Income (SGD m)</th>
<th>Trading and Investment Income (SGD m)</th>
<th>Core Fee Income / Total Income (%)</th>
<th>Core Non-NII / Total Income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q16</td>
<td>475</td>
<td>256</td>
<td>813</td>
<td>23.4%</td>
<td>40.2%</td>
</tr>
<tr>
<td>3Q16</td>
<td>492</td>
<td>251</td>
<td>810</td>
<td>24.1%</td>
<td>39.7%</td>
</tr>
<tr>
<td>4Q16</td>
<td>531</td>
<td>169</td>
<td>753</td>
<td>26.2%</td>
<td>37.1%</td>
</tr>
<tr>
<td>1Q17</td>
<td>508</td>
<td>243</td>
<td>819</td>
<td>24.0%</td>
<td>38.6%</td>
</tr>
<tr>
<td>2Q17</td>
<td>517</td>
<td>240</td>
<td>828</td>
<td>23.7%</td>
<td>37.9%</td>
</tr>
</tbody>
</table>
Broad-based Focus in Fee Income

Breakdown of Fee Income

(SGD m)

2013 2014 2015 2016
1,731 1,749 1,883 1,931
114 59 74 93
268 273 258 263
111 268 258 134
504 490 498 482
299 377 416 403
172 156 172 188
262 281 345 368

(SGD m)

2Q16 3Q16 4Q16 1Q17 2Q17
475 492 531 508 517
21 66 31 23 21
21 66 31 23 21
60 67 33 66 66
268 33 39 37 36
114 124 134 114 102
110 102 110 126 136
43 54 52 54 57
90 93 103 90 100

Credit card • Fund management • Wealth management • Loan-related • Service charges • Trade-related • Others

2Q16 3Q16 4Q16 1Q17 2Q17
Staff Costs Tightly Managed as IT Investments Continue

Operating Expenses and Expense / Income Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Staff Costs (SGD m)</th>
<th>IT-related Expenses (SGD m)</th>
<th>Other Operating Expenses (SGD m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,898</td>
<td>160</td>
<td>1,026</td>
</tr>
<tr>
<td>2014</td>
<td>3,146</td>
<td>1,122</td>
<td>1,825</td>
</tr>
<tr>
<td>2015</td>
<td>3,597</td>
<td>1,291</td>
<td>2,064</td>
</tr>
<tr>
<td>2016</td>
<td>3,696</td>
<td>1,360</td>
<td>2,050</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Staff Costs (SGD m)</th>
<th>IT-related Expenses (SGD m)</th>
<th>Other Operating Expenses (SGD m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q16</td>
<td>927</td>
<td>329</td>
<td>521</td>
</tr>
<tr>
<td>3Q16</td>
<td>918</td>
<td>340</td>
<td>510</td>
</tr>
<tr>
<td>4Q16</td>
<td>957</td>
<td>373</td>
<td>514</td>
</tr>
<tr>
<td>1Q17</td>
<td>957</td>
<td>352</td>
<td>526</td>
</tr>
<tr>
<td>2Q17</td>
<td>995</td>
<td>349</td>
<td>547</td>
</tr>
</tbody>
</table>

Expense / Income Ratio (%):
- 2013: 43.1%
- 2014: 42.2%
- 2015: 44.7%
- 2016: 45.9%

Expense / Income Ratio (%):
- 2Q16: 45.8%
- 3Q16: 45.0%
- 4Q16: 47.2%
- 1Q17: 45.1%
- 2Q17: 45.6%
IT Investments Geared towards Products and Digital Capabilities

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

- Product capabilities, 59%
- Regulatory, 17%
- Data mobility/connectivity, 20%
- Security, 4%

Increase in Fee and Trading Capabilities

- **Global Market Platform**
  - Customer flow income: +8%\(^1\)
- **Cash Management**
  - Transaction banking income: +12%\(^1\)
- **Wealth Platform**
  - Asset under management: +8%\(^1\)

Digital Transformation

- Might App
- Enterprise data architecture

1. CAGR computed over 2 years (2014 to 2016)
Formation of Non-Performing Assets Remains Elevated but Contained within Specific Sectors

<table>
<thead>
<tr>
<th></th>
<th>2Q16 SGD m</th>
<th>3Q16 SGD m</th>
<th>4Q16 SGD m</th>
<th>1Q17 SGD m</th>
<th>2Q17 SGD m</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPA at start of period</td>
<td>3,016</td>
<td>3,164</td>
<td>3,632</td>
<td>3,480</td>
<td>3,543</td>
</tr>
<tr>
<td>New NPA</td>
<td>802</td>
<td>780</td>
<td>387</td>
<td>424</td>
<td>537</td>
</tr>
<tr>
<td>Upgrades, recoveries and</td>
<td>(548)</td>
<td>(201)</td>
<td>(320)</td>
<td>(293)</td>
<td>(255)</td>
</tr>
<tr>
<td>translations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Write-offs</td>
<td>(106)</td>
<td>(111)</td>
<td>(219)</td>
<td>(68)</td>
<td>(238)</td>
</tr>
<tr>
<td>NPA at end of period</td>
<td>3,164</td>
<td>3,632</td>
<td>3,480</td>
<td>3,543</td>
<td>3,587</td>
</tr>
</tbody>
</table>
# NPL Ratio Stable at 1.5%

<table>
<thead>
<tr>
<th>NPL ratio</th>
<th>1.4%</th>
<th>1.6%</th>
<th>1.5%</th>
<th>1.5%</th>
<th>1.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPLs¹ (SGD m)</td>
<td>3,056</td>
<td>3,496</td>
<td>3,328</td>
<td>3,399</td>
<td>3,466</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>206</td>
<td>255</td>
<td>245</td>
<td>257</td>
<td>285</td>
</tr>
<tr>
<td></td>
<td>176</td>
<td>303</td>
<td>307</td>
<td>304</td>
<td>261</td>
</tr>
<tr>
<td>Greater China</td>
<td>564</td>
<td>565</td>
<td>638</td>
<td>623</td>
<td>641</td>
</tr>
<tr>
<td></td>
<td>293</td>
<td>293</td>
<td>370</td>
<td>392</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>264</td>
<td>466</td>
<td>487</td>
<td>487</td>
<td>518</td>
</tr>
<tr>
<td></td>
<td>451</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1,395</td>
<td>1,614</td>
<td>1,291</td>
<td>1,358</td>
<td>1,369</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Capital and Leverage Ratios

Leverage ratio ¹

- Jun-16: 7.4%
- Sep-16: 7.5%
- Dec-16: 7.4%
- Mar-17: 7.6%
- Jun-17: 7.8%

Total CAR ²

- Jun-16: 15.9%
- Sep-16: 16.6%
- Dec-16: 16.2%
- Mar-17: 17.3%
- Jun-17: 17.8%

Tier 2 CAR ²

- Jun-16: 2.7%
- Sep-16: 3.1%
- Dec-16: 3.1%
- Mar-17: 3.5%
- Jun-17: 3.5%

Tier 1 CAR ²

- Jun-16: 13.1%
- Sep-16: 13.4%
- Dec-16: 13.0%
- Mar-17: 13.2%
- Jun-17: 13.8%

CET1 CAR ²

- Jun-16: 12.2%
- Sep-16: 12.4%
- Dec-16: 12.1%
- Mar-17: 12.8%
- Jun-17: 13.3%

Fully-loaded CET1 CAR ² ³

- Jun-16: 7.4%
- Sep-16: 7.5%
- Dec-16: 7.4%
- Mar-17: 7.6%
- Jun-17: 7.8%

SGD b

<table>
<thead>
<tr>
<th>Common Equity Tier 1 Capital</th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>27</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>29</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tier 1 Capital</th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>28</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Capital</th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>34</td>
<td>35</td>
<td>36</td>
<td>37</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk-Weighted Assets</th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>202</td>
<td>205</td>
<td>216</td>
<td>211</td>
<td>209</td>
<td></td>
</tr>
</tbody>
</table>

1. Leverage ratio is calculated based on the revised MAS Notice 637.
2. CAR: Capital adequacy ratio
3. Based on final rules effective 1 January 2018.
### Stable Dividend Payout

<table>
<thead>
<tr>
<th>Year</th>
<th>Net dividend per ordinary share (¢)</th>
<th>Payout amount (SGD m)</th>
<th>Payout ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td>1,201</td>
<td>37</td>
</tr>
<tr>
<td>2015</td>
<td>Interim: 20</td>
<td>1,444</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Final: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special: 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>UOB 80th Anniversary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>1,135</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Interim: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Final: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1H17</td>
<td></td>
<td>581</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Interim: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Final: 35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special: 35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The Scrip Dividend Scheme was applied to UOB 80th Anniversary dividend for the financial year 2015, interim and final dividends for the financial year 2016 and interim dividend for the financial year 2017. The Scheme provides shareholders with the option to receive Shares in lieu of the cash amount of any dividend declared on their holding of Shares. For more details, please refer to [http://www.uobgroup.com/investor/stock/dividend_history.html](http://www.uobgroup.com/investor/stock/dividend_history.html).
Our Growth Drivers
Our Growth Drivers

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

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

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

**Long-term Growth Perspective**
- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength amidst global volatilities
Wholesale Banking: Good Traction in Growing Customer Franchise

- Stable performance in 1H 2017, amidst cautious business climate
  - Higher loans, with growing customer franchise

- Bottom line affected by higher allowances, largely from offshore & marine sector
  - Broader portfolio quality remains sound

- Capturing regional opportunities
  - Cross-border income: 21%² of Group Wholesale Banking income

1. ROA: Ratio of “Profit before tax” to “Average Assets”
2. Data for year-to-date May 2017
Group Transaction Banking: Stable Income Contributor

- Overall transaction banking income grew by 9%
- Growth in trade revenue, driven by strong growth momentum in trade assets, despite competitive market and margin compression
- Cash management revenue up; significant mandates won
- High-quality deposits on the uptrend
- Strong industry recognition with numerous accolades; recent accolade won for ‘Best Transaction Bank’ *(The Asian Banker)*

**Trade Loans**

-6% CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>37%</td>
<td>33%</td>
</tr>
<tr>
<td>2015</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>2016</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>1H16</td>
<td>39%</td>
<td>32%</td>
</tr>
<tr>
<td>1H17</td>
<td>35%</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Deposits**

+20% CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>63%</td>
<td>67%</td>
</tr>
<tr>
<td>2015</td>
<td>61%</td>
<td>65%</td>
</tr>
<tr>
<td>2016</td>
<td>60%</td>
<td>67%</td>
</tr>
<tr>
<td>1H16</td>
<td>61%</td>
<td>68%</td>
</tr>
<tr>
<td>1H17</td>
<td>65%</td>
<td>67%</td>
</tr>
</tbody>
</table>

**Transaction Banking Income**

Breakdown by Cash / Trade

+12% CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2015</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>2016</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>1H16</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>1H17</td>
<td>34%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Breakdown by Geography

+12% CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2015</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>2016</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>1H16</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>1H17</td>
<td>41%</td>
<td>59%</td>
</tr>
</tbody>
</table>
Retail Banking: Growing Income with Stable Asset Quality

- Housing loans in Singapore and in the region fared well
  - Asset quality remains stable

- Business Banking a growing earnings driver; 16% of Group Retail’s revenue
  - Helping small business owners to raise productivity and save costs

- Wealth management\(^4\):
  - Steady growth for both mass affluent and High Net Worth\(^2\) segments
  - $99bn AUM as at end-Jun 2017

---

1. Retail Banking comprises Personal Financial Services, Private Banking and Business Banking.
3. ROA: Ratio of “Profit before tax” to “Average Assets”.
Digitalisation: Enriching Customer Experience

Examples of UOB’s digital initiatives

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

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

Innovation
- Innovation workshop
- Hackathon

Note: More details can be found in News Releases (included as hyperlinks).
Customer-Centric Approach in Digital

Rising Digital Adoption by Customers

Group’s Transaction volumes

- 52% (2014)
- 58% (2015)
- 63% (2016)
- 67% (1H17)

- Digital (Internet & mobile)
- Self-service banking
- Branches

UOB’s Digital Roadmap

- Jul 2017: Launches UOB MyKey for use of PayNow in social messaging apps
- Dec 2016: Launches UOB Mighty Secure for use of mobile phone as security token
- Sep 2016: Offers instant digital card issuance
- Jun 2016: Rolls out contactless ATMs
- May 2016: Introduces contactless payment acceptance for public transport
- Nov 2015: Offers contactless mobile payments on mobile devices

UOB Mighty a winner at:

- Asian Banking & Finance Retail Banking Awards 2017
- Retail Banker International Asia Trailblazer Awards 2017
Why UOB?

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

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

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

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

*Proven track record of financial conservatism and strong management committed to the long term*
Dynamics Behind the Singapore Housing Market

Majority Owner Occupied

- Owner Occupied, 90.8%
- Rent, 9.2%
- HDB Flats, 80.0%
- Private Landed, 5.2%
- Private Flats, 14.4%
- Others, 0.4%

Source: Singapore Department of Statistics. HDB = Housing Development Board

High National Savings Rate

(% of GDP)

<table>
<thead>
<tr>
<th>Year</th>
<th>SG</th>
<th>HK</th>
<th>CH</th>
<th>AU</th>
<th>US</th>
</tr>
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<tbody>
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<td>2006</td>
<td>49</td>
<td>35</td>
<td>47</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>2008</td>
<td>49</td>
<td>35</td>
<td>47</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>2009</td>
<td>36</td>
<td>29</td>
<td>46</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>2010</td>
<td>35</td>
<td>29</td>
<td>45</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>2011</td>
<td>34</td>
<td>28</td>
<td>44</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>2012</td>
<td>33</td>
<td>27</td>
<td>43</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>2013</td>
<td>32</td>
<td>26</td>
<td>42</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>2014</td>
<td>31</td>
<td>25</td>
<td>41</td>
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<td>18</td>
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<tr>
<td>2015</td>
<td>32</td>
<td>26</td>
<td>42</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>2016</td>
<td>33</td>
<td>27</td>
<td>43</td>
<td>22</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: IMF, UOB Economic-Treasury Research

Low Unemployment vs. Global Peers

- EU, 8.2
- US, 4.7
- CH, 4.0
- HK, 3.1
- SG, 1.9

Sources: CEIC, UOB Economic-Treasury Research

Low Household Debt/Asset

- SG

Source: UOB Economic Research

Country Abbreviations: EU: European Union, US: United States, CH: China, HK: Hong Kong, SG: Singapore, AU: Australia
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.

Source: Singapore Department of Statistics
Singapore Home Prices Remain Competitive

Global House Price Indices

[Graph showing house price indices for different countries, including Singapore (SG), UK, AU, US, CA, and more.]

Regional House Price Indices

[Graph showing house price indices for different countries, including HK, MY, KR, TH, SG, and more.]

SG Private Residential Rent Indices

[Graph showing private residential rent indices for different periods.]

Mortgage Delinquency Rate Comparison

[Graph showing delinquency rates for Singapore, UK, Hong Kong, Korea, and US.]

Source: Bloomberg. Note: For Australia (2003=100) as no prior data available.

Source: Bloomberg. Note: For Thailand (2Q12=100) as no prior available.

* The delinquency ratio of Korea captures loans in arrears for more than 1 day, 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.

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
Overview of our Covered Bond Program
Our Cover Pool Profile

Overview of Cover Pool (as of Jul ‘17)

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Mortgage Loans</td>
<td>8,849</td>
</tr>
<tr>
<td>Total Current Balance (SGD)</td>
<td>5,543,840,830</td>
</tr>
<tr>
<td>Average Current Loan Balance (SGD)</td>
<td>626,493</td>
</tr>
<tr>
<td>Maximum Current Loan Balance (SGD)</td>
<td>8,256,112</td>
</tr>
<tr>
<td>W.A. Current Interest Rate</td>
<td>2.00%</td>
</tr>
<tr>
<td>W.A. Seasoning</td>
<td>62 months</td>
</tr>
<tr>
<td>W.A. Remaining Tenor</td>
<td>254 months</td>
</tr>
<tr>
<td>W.A. Indexed Current LTV</td>
<td>55%</td>
</tr>
<tr>
<td>W.A. Unindexed Current LTV*</td>
<td>57%</td>
</tr>
</tbody>
</table>

W.A. represents weighted averages
*Current loan balance divided by the original property value

Granular LTV Breakdown

Largely Floating Rate Mortgages

Current Loan Balances Mainly <S$1m

<table>
<thead>
<tr>
<th>(SGD ‘000)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;4,000</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
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<tr>
<td>3,500 and 4,000</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>3,000 and 3,500</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>2,500 and 3,000</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>2,000 and 2,500</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>1,500 and 2,000</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>1,000 and ≤1,500</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>&gt;500 and ≤1,000</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>&gt;0 and ≤500</td>
<td>47%</td>
<td>46%</td>
<td>46%</td>
<td>46%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Fixed rate
- >80 - <=90 %: 17%
- >70 - <=80 %: 19%
- >60 - <=70 %: 21%
- >50 - <=60 %: 23%
- >40 - <=50 %: 25%
- >0 - <=40 %: 28%

Floating rate
- >80 - <=90 %: 83%
- >70 - <=80 %: 81%
- >60 - <=70 %: 79%
- >50 - <=60 %: 77%
- >40 - <=50 %: 75%
- >0 - <=40 %: 72%
Cover Pool has Remained Stable

Primarily Apartments / Condominiums

- Diversified Geographical Distribution
- Strong Legal Protection by EA / DOT
- Borrowers mainly Citizens / PRs
Cover Pool has Remained Stable

Majority Owner Occupied

Loans Mainly for Purchases

Well Seasoned Portfolio (in months)

Stable Profile for Remaining Loan Tenors
# Covered Bond Program Summary

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>United Overseas Bank Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer Long Term Rating</strong></td>
<td>Aa1 (neg) / AA- (stable) / AA- (stable) (Moody’s / S&amp;P / Fitch)</td>
</tr>
<tr>
<td><strong>Issuer Short Term Rating</strong></td>
<td>P-1 (stable) / A-1+ (stable) / F1+ (stable) (Moody’s / S&amp;P / Fitch)</td>
</tr>
<tr>
<td><strong>Programme Limit</strong></td>
<td>USD8,000,000,000</td>
</tr>
<tr>
<td><strong>LCR Status / ECB Repo Eligibility</strong></td>
<td>Expected Level 2A Eligible (EU)^ / Not Eligible</td>
</tr>
<tr>
<td><strong>Programme Rating</strong></td>
<td>Aaa / AAA (Moody’s / S&amp;P)</td>
</tr>
<tr>
<td><strong>Issuance Structure (Dual Recourse)</strong></td>
<td>Direct issuance covered bond regulated under MAS Notice 648, Senior unsecured claim against the Issuer and senior secured claim against the Cover Pool</td>
</tr>
<tr>
<td><strong>Covered Bond Guarantor (CBG)</strong></td>
<td>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</td>
</tr>
<tr>
<td><strong>Covered Bond Guarantee</strong></td>
<td>The CBG has provided a guarantee as to payments of interest and principal under the Covered Bonds</td>
</tr>
<tr>
<td><strong>Cover Pool</strong></td>
<td>Eligible 1st ranking SGD denominated residential mortgages loans originated by UOB in Singapore (and other eligible assets)</td>
</tr>
<tr>
<td><strong>Mortgage Loan-to-Value Cap</strong></td>
<td>80% of latest Valuation of the Property, to be adjusted at least quarterly</td>
</tr>
<tr>
<td><strong>Over-collateralization (OC)</strong></td>
<td>Legal minimum OC of 3% and committed OC of 15.90%</td>
</tr>
<tr>
<td><strong>Hedging</strong></td>
<td>Cover Pool Swap¹ 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</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>Singapore Stock Exchange (SGX – ST)</td>
</tr>
<tr>
<td><strong>Governing Law</strong></td>
<td>English law (bond &amp; swap documents) and Singapore law (asset documents)</td>
</tr>
<tr>
<td><strong>Servicer, Cash Manager and Seller</strong></td>
<td>United Overseas Bank Limited</td>
</tr>
<tr>
<td><strong>Asset Monitor</strong></td>
<td>Ernst &amp; Young LLP</td>
</tr>
<tr>
<td><strong>Trustee</strong></td>
<td>DB International Trust (Singapore) Limited</td>
</tr>
<tr>
<td><strong>Issuing and Paying Agent</strong></td>
<td>Deutsche Bank AG, Singapore Branch</td>
</tr>
<tr>
<td><strong>Arrangers</strong></td>
<td>BNP Paribas and United Overseas Bank Limited</td>
</tr>
</tbody>
</table>

---

¹Please refer to [http://ec.europa.eu/finance/bank/docs/regcapital/acts/delegated/141010_delegated-act-liquidity-coverage_en.pdf](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.

²Only 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.
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.

**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.

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 Swap\(^1\) – to hedge interest rate risk between the mortgage loans and CBG’s SGD interest/swap payments\(^1\)
  - Covered Bond Swap (if necessary) – to hedge against the currency risk between the amount received by the CBG against its payment in another currency

1 Only 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
2 DOT 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
3 EA 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
<table>
<thead>
<tr>
<th><strong>Structural Features/Enhancements</strong></th>
</tr>
</thead>
</table>
| **Credit Structure**<br>(Dual Recourse) | ▶ 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** | ▶ 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** | ▶ 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)** | ▶ 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** | ▶ 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**<br>(for Hard Bullet only) | ▶ An Issuer Event of Default will occur where the rating of UOB falls below the rating trigger(s) and 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** | ▶ 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** | ▶ 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** | ▶ Additional collateralisation will be provided by the issuer to cover the potential set-off risk |
| **Covered Bond Swap(s)** | ▶ 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** | ▶ 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** | ▶ Value of property included in the ACT is adjusted on a quarterly basis |
| **Investor Report** | ▶ UOB will produce and furnish covered bond investor reports on its website on a monthly basis |
| **Cashflow Waterfall** | ▶ 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

<table>
<thead>
<tr>
<th>Moody's</th>
<th>Trigger Events</th>
<th>S&amp;P</th>
<th>Trigger Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term</td>
<td>Short-term</td>
<td>Long-term</td>
<td>Short-term</td>
</tr>
<tr>
<td>Aaa</td>
<td>P-1</td>
<td>No impact</td>
<td>Aaa</td>
</tr>
<tr>
<td>Aa1</td>
<td>A-1+</td>
<td>No impact</td>
<td>No impact</td>
</tr>
<tr>
<td>Aa2</td>
<td>A-2</td>
<td>BBB+</td>
<td>A-3</td>
</tr>
<tr>
<td>Aa3</td>
<td>BB+</td>
<td>BBB-</td>
<td>A-1</td>
</tr>
<tr>
<td>A1</td>
<td>A+</td>
<td>A1</td>
<td>A-1</td>
</tr>
<tr>
<td>A2</td>
<td>A</td>
<td>A</td>
<td>A-1</td>
</tr>
<tr>
<td>Baa1</td>
<td>P-2</td>
<td>Deposit Set-off, Collateral Posting for Swap(s)</td>
<td>BBB+</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-maturity Test, Reserve Fund</td>
<td>A-</td>
</tr>
<tr>
<td>Baa2</td>
<td>P-3</td>
<td>Procure a Guarantee/Replacement for Swap(s) Provider</td>
<td>BBB</td>
</tr>
<tr>
<td>Baa3</td>
<td></td>
<td>Deposit Set-off, Collateral Posting for Swap(s) Provider</td>
<td>BBB-</td>
</tr>
<tr>
<td>Below Investment Grade</td>
<td>Replacement of Servicer, Perfection of Title/Transfer of Asset Trustee, Transfer of Account Bank</td>
<td>Below Investment Grade</td>
<td>Replacement of Servicer, Perfection of Title/Transfer of Asset Trustee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trigger Event</th>
<th>Descriptions</th>
</tr>
</thead>
</table>
| Pre-Maturity Test      | - 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, Cash Manager 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           | - 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) | - The Swap Provider will be required to provide collateral pursuant to a one-way credit support annex |
| Account Bank           | - 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        | - Additional collateralisation will be provided by the issuer to cover the potential set-off amount against borrowers’ deposit |
| Guarantee/Replacement for Swap(s) Provider | - 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 | - The Servicer role will be transferred to a suitably rated institution |
| Perfection of Title/Transfer of Asset Trustee | - EA structure: Notification to borrowers for legal perfection  
|                        | - DoT structure: Appointment of a replacement Assets Trustee |
| Commingling Reserve    | - 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 |

†Rating level based on current selected option
# Covered Bond Legal Frameworks

<table>
<thead>
<tr>
<th></th>
<th>Singapore</th>
<th>Australia</th>
<th>Canada</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Framework / Regulation</strong></td>
<td>Notice 648 under the Banking Act</td>
<td>Banking Amendment (Covered Bonds) Act 2011</td>
<td>Canadian Covered Bond Law (June 2012)</td>
<td>German Pfandbrief Act</td>
<td>UK Regulated Covered Bond Regulations</td>
<td>Covered Bonds Act of Korea</td>
</tr>
<tr>
<td><strong>Regulator</strong></td>
<td>Monetary Authority of Singapore</td>
<td>Australian Prudential Regulation Authority (APRA)</td>
<td>Canada Mortgage and Housing Corporation (CMHC)</td>
<td>The Federal Financial Supervisory Authority</td>
<td>Financial Services Authority (FSA)</td>
<td>Financial Services Commission of Korea (FSC)</td>
</tr>
</tbody>
</table>

## Issuers and Program Requirements

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Structure</strong></td>
<td>Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)</td>
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<td>Direct Issue Structure (with cover pool security ring-fenced via true sale to Covered Bond Guarantor)</td>
<td>Direct Issue Structure (with cover pool security registered recorded in the cover register)</td>
<td>Direct Issue Structure (with cover pool security registered under the Covered Bond ACT)</td>
<td>Direct Issue Structure (with cover pool security registered under the Covered Bond ACT)</td>
</tr>
<tr>
<td><strong>Eligible Issuers</strong></td>
<td>All banks incorporated in Singapore (including Singapore-incorporated subsidiaries of foreign banks)</td>
<td>Authorized Deposit-taking Institutions (ADI)</td>
<td>Federal Regulated Financial Institutions, Cooperative Credit Society</td>
<td>Regulated Financial Institutions, including Universal Banks and Specialist Mortgage Banks</td>
<td>Authorised Credit Institutions</td>
<td>Licensed Banks (min. KRW 100bn equity capital and BIS ratio ≥10%)</td>
</tr>
<tr>
<td><strong>Issuance limit</strong></td>
<td>All the assets of the SPV must not exceed 4% of the bank’s total assets</td>
<td>Assets in cover pool must not exceed 8% of issuing ADI’s Australian assets*</td>
<td>Limited to 4% of total adjusted assets</td>
<td>No specific limit</td>
<td>Case-by-case basis, but ranging from 10 to 20% of total assets (soft limit: 20% of total assets)</td>
<td>Principal amount of all covered bonds must not exceed 4% of such issuer’s total asset value</td>
</tr>
</tbody>
</table>
| **Eligible Cover Pool Assets** | Residential mortgages | Residential mortgages Commercial mortgages | Canadian residential mortgage loans | Mortgage covered bonds:  
- Any combination of residential and commercial mortgages  
- Public sector covered bonds:  
- Public sector loans  
- Ship and aircraft finance-backed bonds also permitted | Public sector credits / guarantees  
- Bank debt  
- Secured first-ranking mortgage / real estate loans  
- Shipping, social housing, secured public-private partnership loans | 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 |

*Assets in cover pool must not exceed 8% of issuing ADI’s Australian assets.*
### Minimum Standards of Asset Quality

<table>
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</tr>
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<tbody>
<tr>
<td>Residential mortgages ≤80% LTV</td>
<td>Residential mortgages ≤80% LTV</td>
<td>Residential mortgages ≤80% LTV</td>
<td>60% LTV for both residential and commercial mortgage loans</td>
<td>80% LTV for residential mortgage loans</td>
<td>70% LTV for residential mortgage loans</td>
</tr>
<tr>
<td></td>
<td>Commercial mortgages ≤80% LTV</td>
<td>The mortgaged property cannot exceed four residential units</td>
<td>60% LTV for commercial mortgage loans</td>
<td>60% LTV for commercial mortgage loans</td>
<td>70% LTV for loans secured by ships and aircraft</td>
</tr>
<tr>
<td></td>
<td>Excl. non-performing assets &gt;90 days</td>
<td></td>
<td>60% LTV for shipping loans</td>
<td>60% LTV for shipping loans</td>
<td>Not a loan extended to any person in which an application for bankruptcy or rehabilitation proceedings has been filed or commenced</td>
</tr>
</tbody>
</table>

### Substitution Assets

| Cash/ cash equivalents (Singapore Government Bonds, Treasury Bills, MAS Bills), may not exceed 15% of cover pool, except under certain circumstances |
| 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 |
| Securities issued by Government of Canada                                | Up to 10% could be money claims against the European Central Bank, central banks in European Union or suitable credit institutions |
| May not exceed 10% of cover pool*                                         | Derivatives are eligible under certain conditions but may not exceed 12% |
|                                                                        |

### Collateralization

| Minimum of at least 103%                                                  | Minimum of 103%                                                          | No legislative minimum                                                  | Min. of 102% on a stressed net present value (NPV) basis                  | Minimum of 108% (FSA to evaluate each program)                              | Minimum of 105% on a nominal basis                                      |
|                                                                           |                                                                         | 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% | Min. of 100% on an nominal basis                                          |                                                                           |                                                                           |
|                                                                           |                                                                         |                                                                        |                                                                           |                                                                           |                                                                           |
Asset Coverage Test (ACT)

- 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:

\[
A + B + C + D + E - Y
\]

**A**
- (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**
- the lower of:
  - (a) the actual Principal Balance of the relevant Loan
  - (b) the aggregate of the Valuation† of each Property multiplied by M¹ minus the deemed reductions

**LTV Adjusted Principal Balance** of each Loan means

- the lower of:
  - (a) the actual Principal Balance of the relevant Loan in the Portfolio
  - (b) 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

2. 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

Please refer to UOB Global Covered Bond Programme Offering Circular for details
Amortisation Test

- 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:

\[ A + B + C \]

- **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.

Please refer to UOB Global Covered Bond Programme Offering Circular for details.
## Equitable Assignment -v- Declaration of Assets Trust Structure

### Equitable Assignment (EA)

- **At inception and Pre-Perfection Event of legal title**
  - Method of Sale - By way of equitably assigning its rights in the mortgage loans to CBG

- **Post-Perfection Event of legal title**
  - Notice of assignment is sent to borrowers
  - CBG becomes the legal owner of the mortgage loans
  - Payments from the borrowers will be payable to the CBG

- **Post Issuer’s Event of Default**
  - The CBG could sell the selected loans directly to a 3rd party in order to meet its obligations under the Covered Bond Guarantee

### Declaration of Assets Trust (DOT)

- **At inception and Pre-Replacement Assets Trustee Event**
  - Method of Sale – the Seller will declare an asset trust over the mortgage loans in favour of the CBG

- **Post-Replacement Assets Trustee Event**
  - Legal title to the mortgage loans will be transferred to a replacement assets trustee (Note 1)
  - The replacement assets trustee becomes the legal owner of the mortgages and the CBG remains the beneficial owner
  - Payments from the underlying borrowers will be payable to the CBG

- **Post Issuer’s Event of Default**
  - Subject to the approval under Note 2 below, the CBG could sell the mortgage loans directly to a 3rd party in order to meet its obligations under the Covered Bond Guarantee or, alternatively, the CBG may sell its beneficial interest in relation to the mortgage loans

**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

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Please refer to UOB Global Covered Bond Programme Offering Circular for details
Thank You