

# SIAS Corporate Connect Webinar

## UOB Group

Maintaining strong balance sheet amid challenging economic conditions

2 September 2020

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# Agenda

1. Overview of UOB Group
2. Strong UOB Fundamentals
5. Latest Financials



# Overview of UOB Group

# UOB Overview



## Founding

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

## Expansion

UOB has grown over the decades 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.

Note: Financial statistics as at 30 June 2020

1. USD 1 = SGD 1.3955 as at 30 June 2020
2. Average for 2Q20
3. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions
4. Computed on an annualised basis

## Key Statistics for 1H20

■ Gross loans	: SGD281b (USD201b <sup>1</sup> )
■ Customer deposits	: SGD323b (USD231b <sup>1</sup> )
■ Loan / Deposit ratio	: 85.8%
■ Net stable funding ratio	: 119%
■ All-currency liquidity coverage ratio	: 136% <sup>2</sup>
■ Common Equity Tier 1 ratio	: 14.0%
■ Leverage ratio	: 7.3%
■ Return on equity <sup>3, 4</sup>	: 8.0%
■ Return on assets <sup>4</sup>	: 0.74%
■ Net interest margin <sup>4</sup>	: 1.60%
■ Non-interest income / Total income	: 34.7%
■ Cost / Income	: 45.6%
■ Non-performing loan ratio	: 1.6%

Credit Ratings	Moody's	S&P	Fitch
Issuer rating (Senior unsecured)	Aa1	AA-	AA-
Outlook	Stable	Stable	Rating Watch Negative
Short-term rating	P-1	A-1+	F1+

# A leading Singapore bank; Established franchise in core market segments



## Group Retail

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

## Group Wholesale Banking

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

## Global Markets

- Strong player in Singapore dollar treasury instruments

## UOB Group's recognition in the industry



Best Retail Bank<sup>1</sup>, 2020  
Best SME Bank<sup>2</sup>, 2020



Asia's Best Bank for SMEs, 2020



Best Domestic Bank<sup>2</sup>, 2019  
Best Digital Bank<sup>2</sup>, 2019

Source: Company reports

1. In Singapore 2. In Singapore and Asia Pacific

## Sizeable domestic market share

SGD deposits

20%

SGD loans

23%

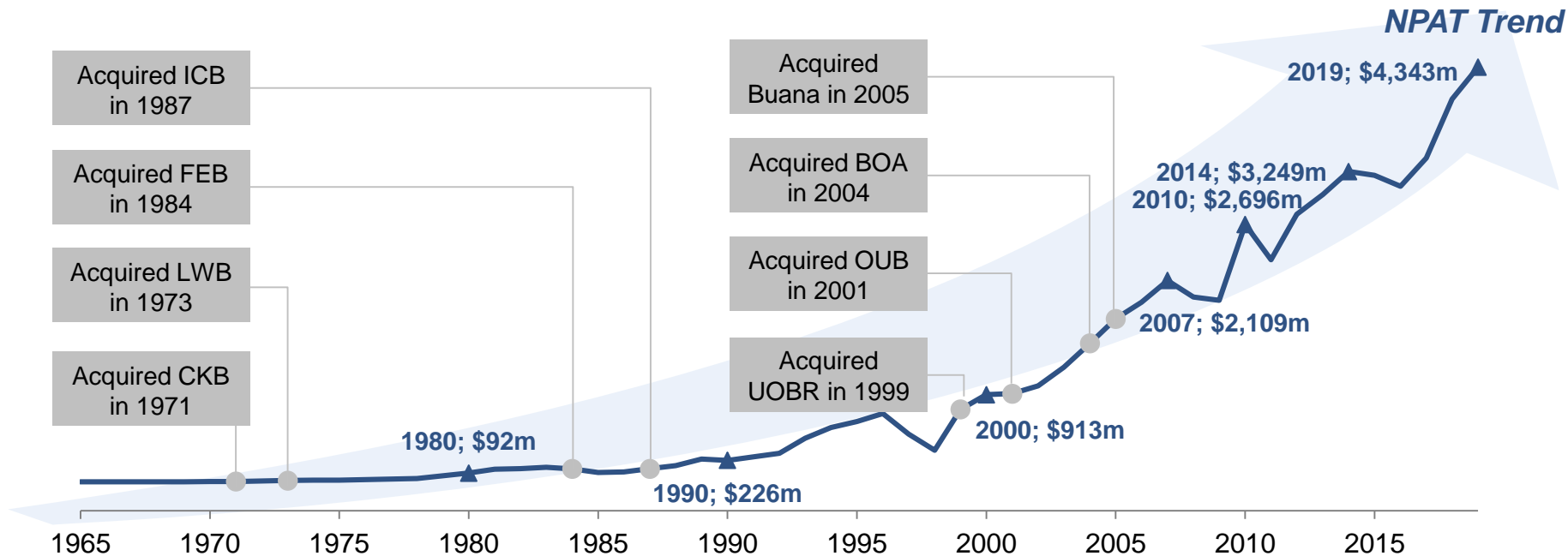
Note: The resident portion of loans and advances as a proxy for total SGD loans in Singapore banking system

Source: UOB, MAS, data as of 30 June 2020

# Proven track record of execution



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

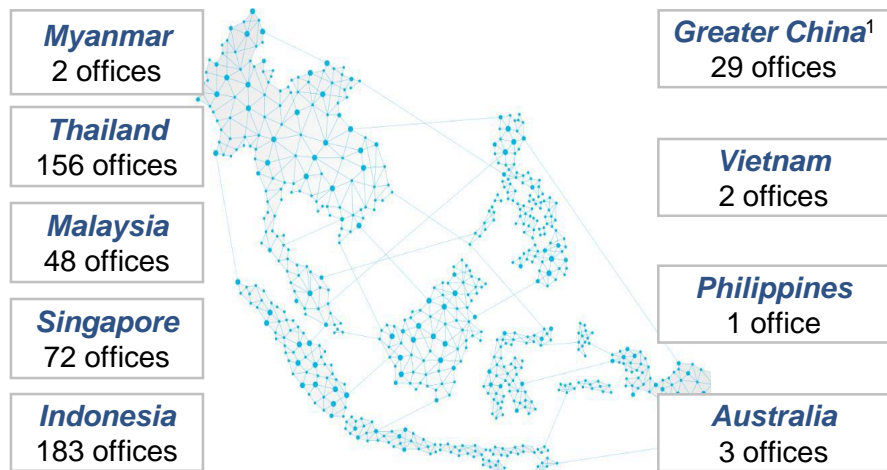


Note: Bank of Asia Public Company Limited (“BOA”), Chung Khiaw Bank Limited (“CKB”), Far Eastern Bank Limited (“FEB”), Industrial & Commercial Bank Limited (“ICB”), Lee Wah Bank Limited (“LWB”), Overseas Union Bank Limited (“OUB”), Radanasin Bank Thailand (“UOBR”) 6

# Comprehensive regional banking franchise

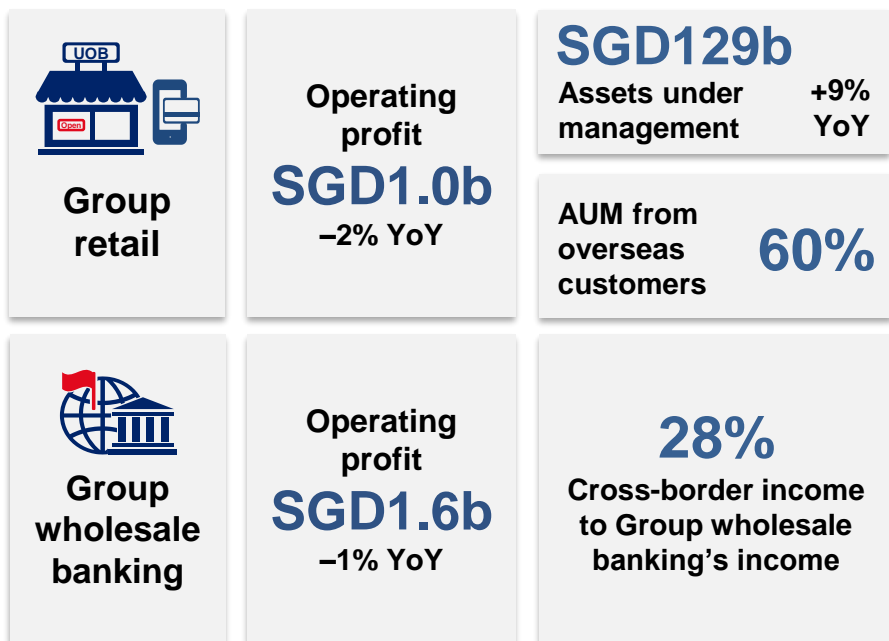


## Extensive regional footprint with ~500 offices



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

## 1H20 performance by segment



1. Comprise Mainland China, Hong Kong SAR and Taiwan

# Operating profit declined sharply in Singapore, overseas diversification provided some stability

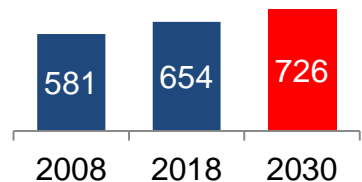
	1H20	1H19	YoY +/(−) %	2Q20	1Q20	QoQ +/(−) %
Operating profit	SGD m	SGD m		SGD m	SGD m	
Singapore	1,316	1,650	−20	603	713	−15
Rest of Southeast Asia	663	586	+13	318	345	−8
<i>Malaysia</i>	351	308	+14	156	195	−20
<i>Thailand</i>	189	194	−2	97	93	+4
<i>Indonesia</i>	103	70	+46	58	45	+30
<i>Vietnam</i>	15	9	+75	6	9	−37
<i>Others</i>	5	4	+11	2	3	−32
North Asia	291	305	−5	179	112	+60
<i>Greater China</i>	266	291	−9	164	102	+61
<i>Others</i>	25	15	+74	15	10	+49
Rest of the world	271	246	+10	120	151	−21
<b>Total</b>	<b>2,541</b>	<b>2,787</b>	<b>−9</b>	<b>1,220</b>	<b>1,320</b>	<b>−8</b>



# Southeast Asia's immense long-term potential

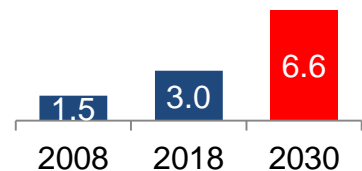
## Population

(Million persons)



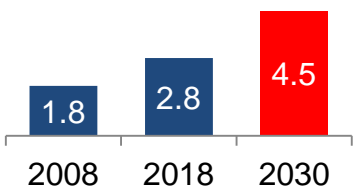
## GDP<sup>1</sup>

(USD trillion)



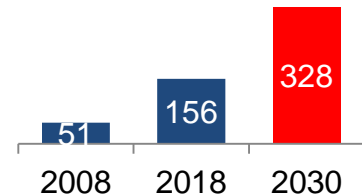
## Trade<sup>2</sup>

(USD trillion)



## FDI<sup>3</sup>

(USD billion)



## Southeast Asia's immense growth prospects...

- Third largest population globally, after China and India
- Young demographics, with 384 million below 35 years old
- Fifth largest economic bloc globally by GDP<sup>1</sup>
- Fourth largest trading group globally
- Third largest recipient of inward FDI<sup>3</sup> globally

## ... that UOB is uniquely placed to capture

- Most diverse regional franchise among Singapore banks
- Full effective control of regional subsidiaries and integrated platform



1. Gross domestic product 2. Comprises exports and imports 3. Foreign direct investments

Source: Macrobond, UOB Global Economics and Markets Research

# Strong retail presence in high potential regional markets

2019 retail banking pool sizes



USD b

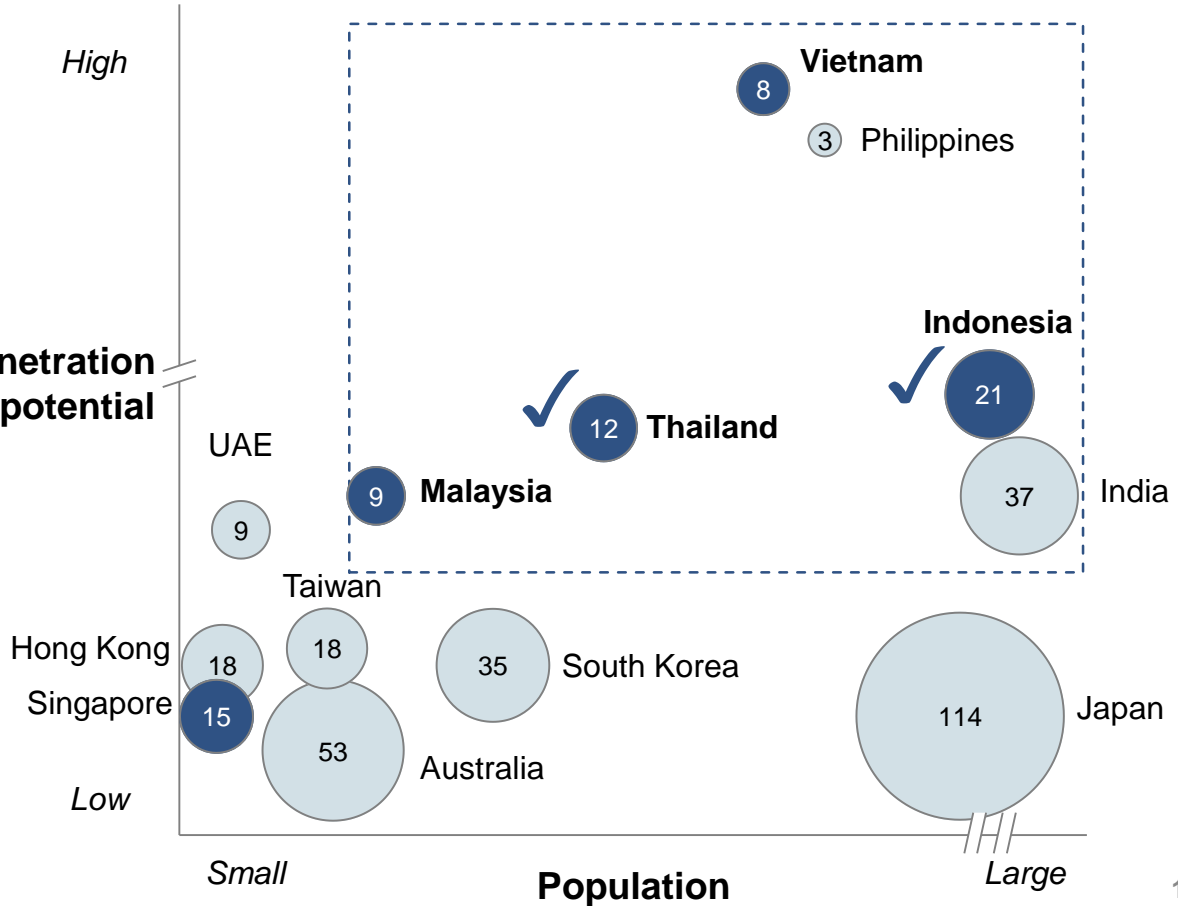


Denotes UOB's core markets in Southeast Asia



**TMRW** was launched in Thailand (Mar 2019) and Indonesia (Aug 2020)

**Banking penetration growth potential**



Note: UAE and Japan's retail banking market size as of 2017

Source: BCG banking pools (2019), World Bank (2017)



# Strong UOB Fundamentals

# Corporates: Growing our regional franchise, capturing cross-border opportunities



## Strengthening Connectivity

Across our ASEAN footprint and global network



**28%<sup>1</sup>**

Cross-border income's contribution to Group Wholesale Banking income



**+5%<sup>2</sup>**

Non-Singapore income



Asia's Best Bank for SMEs (2020)



## Sector Specialisation

Building capabilities for greater diversification and risk mitigation



**>SGD8b**

Total sustainability financing provided<sup>3</sup>



**+5%<sup>2</sup>**

Non-real estate income



Best SME Bank in Singapore and in Asia Pacific (2020)



## Deepening Digitalisation

For secure and efficient transactions



**77%<sup>4</sup>**

Corporate clients in Singapore using UOB BIBPlus<sup>6</sup>



**+58%<sup>5</sup>**

Cash management mandates won at Group level



Best Bank in ASEAN in Working Capital and Trade Finance (2020)

1. Year-to-date (YTD) May 2020 2. Year-on-year (YoY) growth for YTD May 2020 3. Outstanding green loans, sustainability-linked loans and loans for green certified buildings at end-Jun 2020 4. At end-Jun 2020 5. YoY growth in 1H20 6. Business Internet Banking Plus 12

# Consumers: Tapping on rising affluence in Southeast Asia



## Omni-channel Experience

Serving affluent customers across various touchpoints



**> 50%**  
Digitally-engaged customers at end-June 2020



**SGD129b<sup>1</sup>**  
Assets under management (AUM) at end-June 2020  
▲ 9% YoY in 1H20



UOB Mighty, ATMs and contact centre ranked top in customer satisfaction<sup>2</sup>



## Digital Bank: TMRW

Aimed at mobile-first and mobile-only generation



**< 9 min**  
Onboarding journey in Indonesia



Achieved industry-leading net promoter score in Thailand and Indonesia



**17 awards** won<sup>3</sup>, including *Best Digital Bank for Customer Experience*<sup>4</sup>



## Ecosystem Partnerships

Forging collaborations to widen distribution reach and deepen wallet share



**100%**  
of car loan applications in Singapore were digital in 2Q20



**1 in 2**  
home mortgage applications in Singapore were digital in 2Q20



Launched mobile robo-adviser, UOBAM Invest, in collaboration with FNZ Group

1. 60% of AUM from customers overseas 2. Customer Satisfaction Index of Singapore 2019, Institute of Service Excellence, Singapore Management University 3. Across Thailand and Indonesia in 2019 and 2020 4. The Digital Banker - Digital CX Summit & Awards 2020

# Reaping benefits from our technology investments



**+14%**

UOB Mighty App  
Transactions

**+12%**

Personal Internet Banking  
(PIB) Transactions

**+2.4X**

PayNow  
Transactions

**+12%**

Business Internet Banking  
Plus (BIBPlus) Transactions

**+3.5X**

Application Programming  
Interface (API) Calls

**+8.9X**

PayNow Corporate  
Transactions

# Navigating COVID-19

## For our Colleagues



- Enabled ~13k staff working from home across the region
- Provided additional allowances and family care leave, flexible work arrangements and face masks
- Equipped staff with relevant skills to thrive in ever-changing environment through upskilling programme
- Offered on-the-job training for >100 graduates for up to 12 months with potential conversion to full-time

## For our Customers



- Assisted >1m<sup>1</sup> businesses and individuals (~16%<sup>1</sup> of total loans) with various loan relief schemes
- Supported SMEs with Enterprise Singapore's loans<sup>2</sup> and facilitated their digital transformation<sup>3</sup>
- Enabling record number of customers banking through digital channels



### Businesses

- Moratorium for existing secured loans
- Fresh liquidity through working capital and temporary bridging loans
- Pre-approved loan financing programme

### Individuals

- Moratorium for mortgage borrowers
- Lower interest rates on unsecured credit
- Daily banking hour dedicated for the elderly and vulnerable

## For our Communities



- Donated >1m personal protective equipment to frontline healthcare workers and disadvantaged communities globally
- Raised >SGD1.6m globally for the UOB Heartbeat COVID-19 Relief Fund
- Launched UOB My Digital Space to bridge the digital gap for disadvantaged children across 6 markets by providing laptops and digital resources for learning

1. As of 24 July 2020    2. Temporary Bridging Loan and SME Working Capital Loan under Enhanced Enterprise Financing Scheme  
3. UOB BizSmart and The FinLab Online



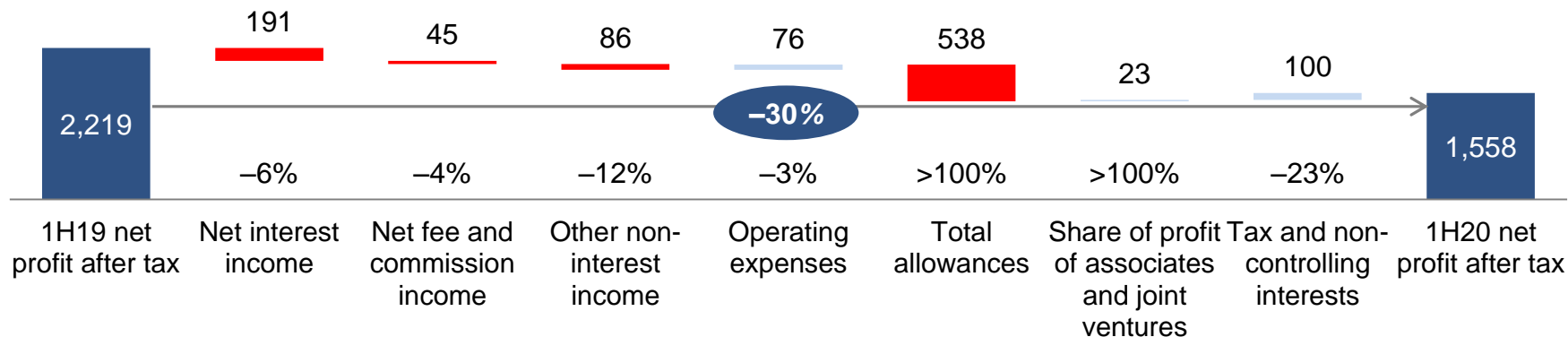
# Latest Financials



# 1H20 financial overview

## Net Profit After Tax Movement, 1H20 vs 1H19

(SGD m)

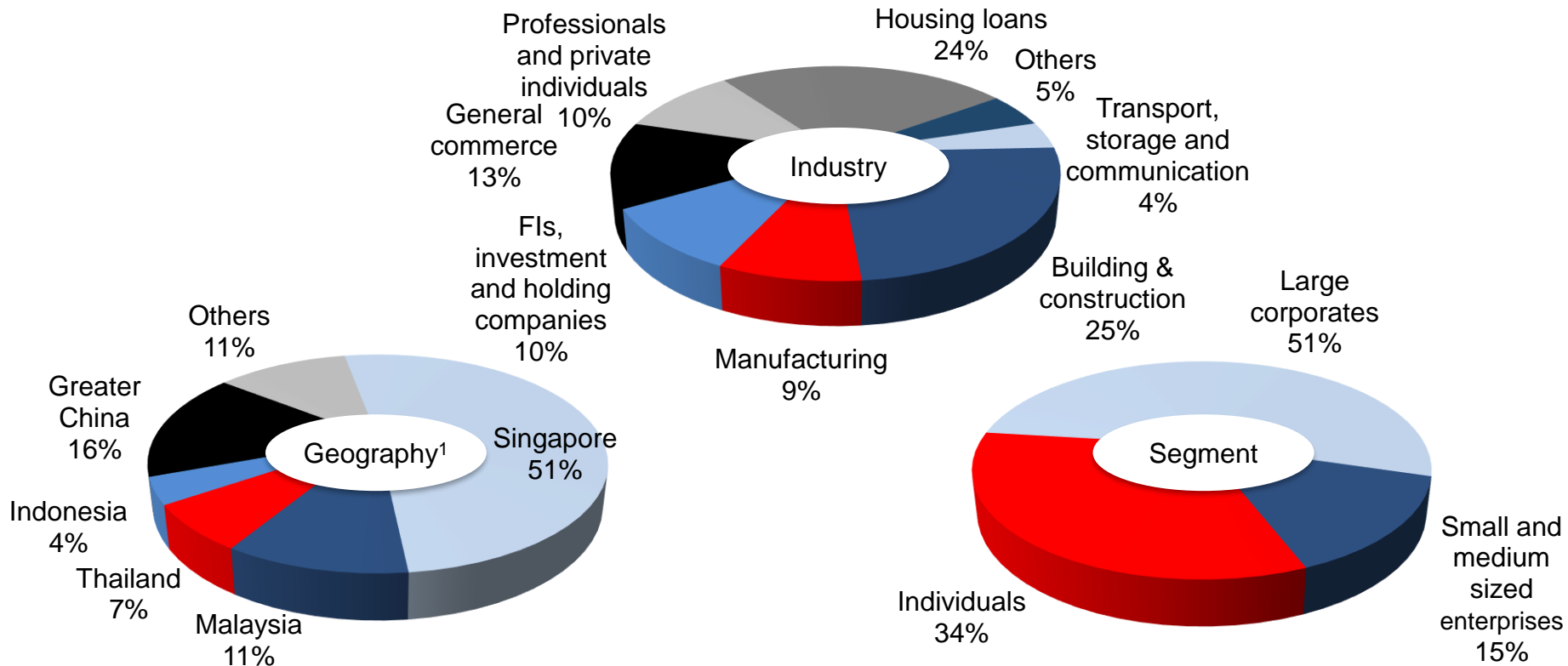


Key Indicators	1H20	1H19	YoY Change
Net interest margin (%) <sup>1</sup>	1.60	1.80	-0.20% pt
Non-interest income / Income (%)	34.7	35.0	-0.3% pt
Cost / Income ratio (%)	45.6	44.1	+1.5% pt
Return on equity (%) <sup>1, 2</sup>	8.0	12.0	-4.0% pt

1. Computed on an annualised basis

2. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions

# Diversified loan portfolio



Note: Financial statistics as at 30 June 2020

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)

# Disciplined balance sheet management

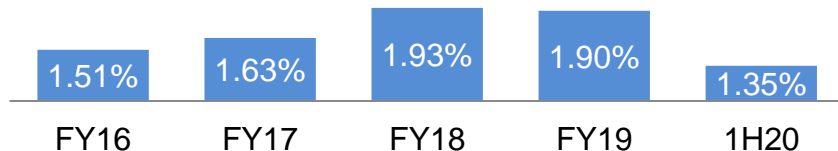
Focus on  
balance  
sheet  
efficiency

Healthy  
portfolio  
quality

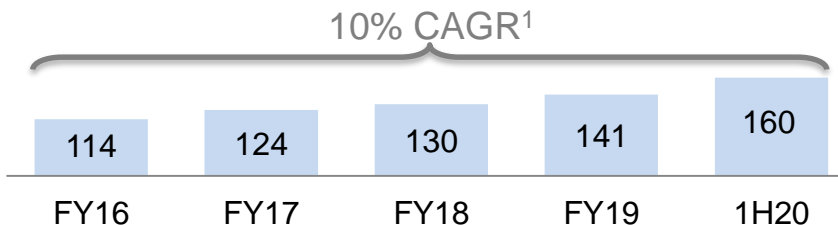
Proactive  
liability  
management

Robust  
capitalisation

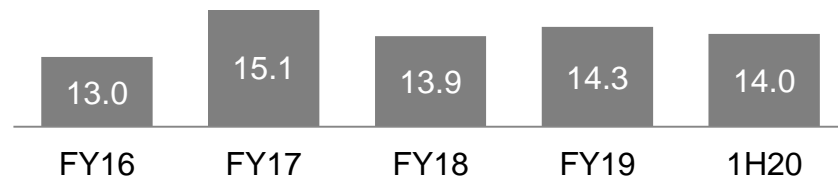
## Return on risk-weighted assets



## Current Account Saving Account Balances (SGD b)



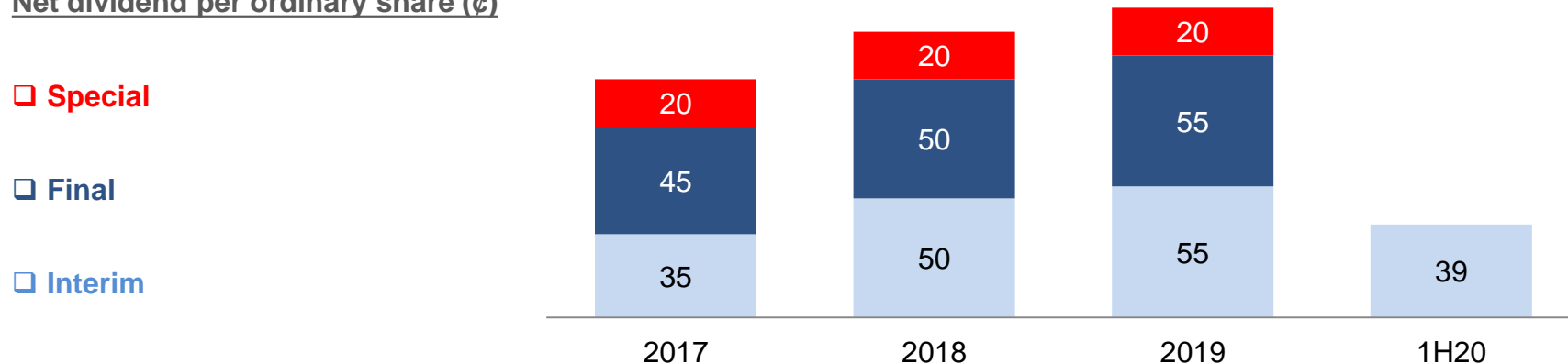
## Common Equity Tier 1 ratio (%)



1. Compound annual growth rate over 3.5 years (2016 to 1H20)

# 2020 interim dividend in line with MAS guidance, scrip dividend applied at no discount

## Net dividend per ordinary share (¢)



<b>Payout amount (SGD m)</b>	1,660	2,000	2,170	651
<b>Payout ratio (%)</b>	49	50	50	n.m. <sup>1</sup>
<b>Payout ratio (excluding special dividends) (%)</b>	39	42	42	n.m. <sup>1</sup>

1. Not meaningful given MAS' call for banks to cap the absolute amount of 2020's total dividends at 60% of FY19's total dividends.

**Note:** The Scrip Dividend Scheme was applied to interim, final and special dividends for the financial year 2017, and interim dividend for the financial year 2020

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)

# Conclusion

## 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 domestic presence and deep local knowledge to 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 businesses
- Strong balance sheet, sound capital & liquidity position and resilient asset quality – testament to 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

# Thank You



RIGHT BY YOU

