

UOB Group Fixed Income Investor Presentation

Record Profit Led by Broad-based Franchise Growth

March 2020

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Agenda

1. Overview of UOB Group
 2. Strong UOB Fundamentals
 3. Macroeconomic Outlook
 4. Regulatory Developments
 5. Resilience of the Singapore Housing Market
- Appendix:***
- A. Latest Financials
 - B. Our Growth Drivers



Section 1: Overview of UOB Group

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 31 December 2019.

1. USD 1 = SGD 1.34605 as at 31 December 2019.

2. Average for FY19.

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 FY19

■ Total assets	: SGD404b (USD300b ¹)
■ Shareholders' equity	: SGD40b (USD29b ¹)
■ Gross loans	: SGD269b (USD200b ¹)
■ Customer deposits	: SGD311b (USD231b ¹)
■ Loan/Deposit ratio	: 85.4%
■ Net stable funding ratio	: 111%
■ Average all-currency liquidity coverage ratio	: 146% ²
■ Common Equity Tier 1 CAR	: 14.3%
■ Leverage ratio	: 7.7%
■ Return on equity ^{3, 4}	: 11.6%
■ Return on assets ⁴	: 1.08%
■ Return on risk-weighted assets ⁴	: 1.90%
■ Net interest margin ⁴	: 1.78%
■ Non-interest income/ Total income	: 34.6%
■ Cost / Income	: 44.6%
■ Non-performing loan ratio	: 1.5%
■ Credit Ratings	

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

A Leading Singapore Bank; Established Franchise in Core Market Segments



Group Retail

- Best Retail Bank in Singapore¹
- Strong player in credit cards and private residential home loan business

Group Wholesale Banking

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

Global Markets

- Strong player in Singapore dollar treasury instruments

UOB Group's recognition in the industry



Best Retail Bank¹
Best SME Bank¹



Asia's Best Bank Transformation, 2019



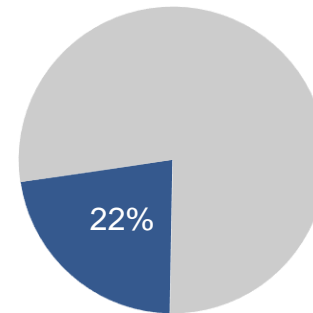
Best Domestic Bank², 2019
Best Digital Bank², 2019

Source: Company reports.

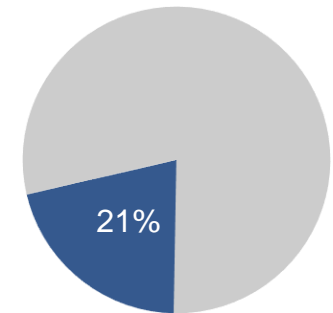
1. The Asian Banker "International Excellence in Retail Financial Service Awards": 2019 (Best SME Bank in Asia Pacific & Singapore), 2017 & 2016 (SME Bank of the Year), 2014 (Best Retail Bank in Asia Pacific & Singapore).
2. In Singapore

UOB's sizeable market share in Singapore

SGD loans



SGD deposits

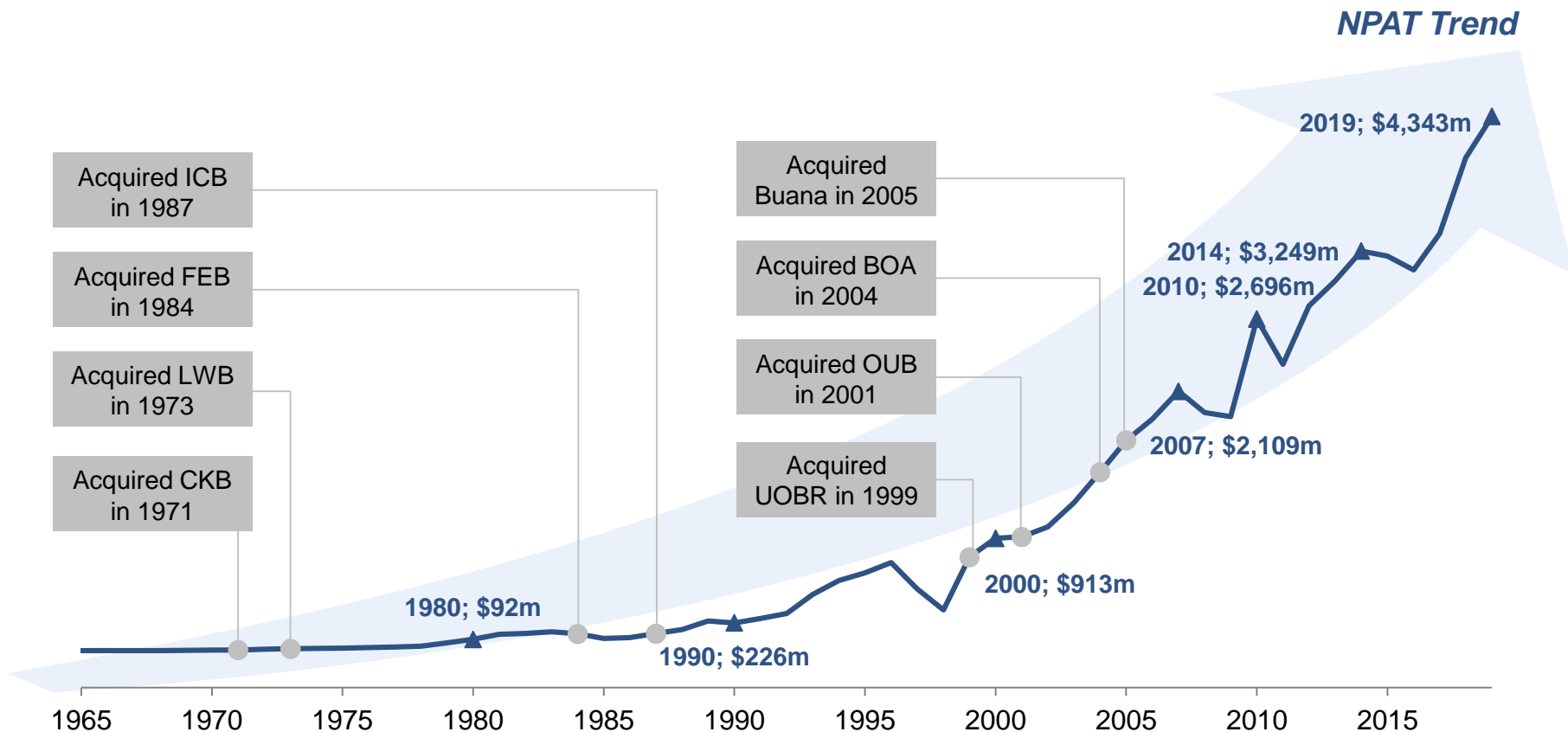


Note: The resident portion of loans and advances is used as a proxy for total SGD loans in Singapore banking system.

Source: UOB, MAS, data as of 31 December 2019

Proven Track Record of Execution

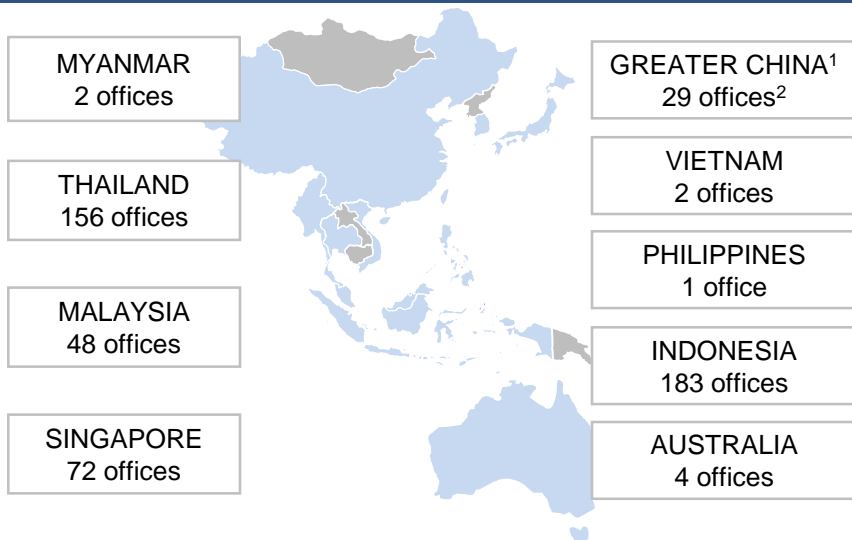
- UOB Group's management has a proven track record in steering the Group through various global events and crises.
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance



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”).

Expanding Regional Banking Franchise

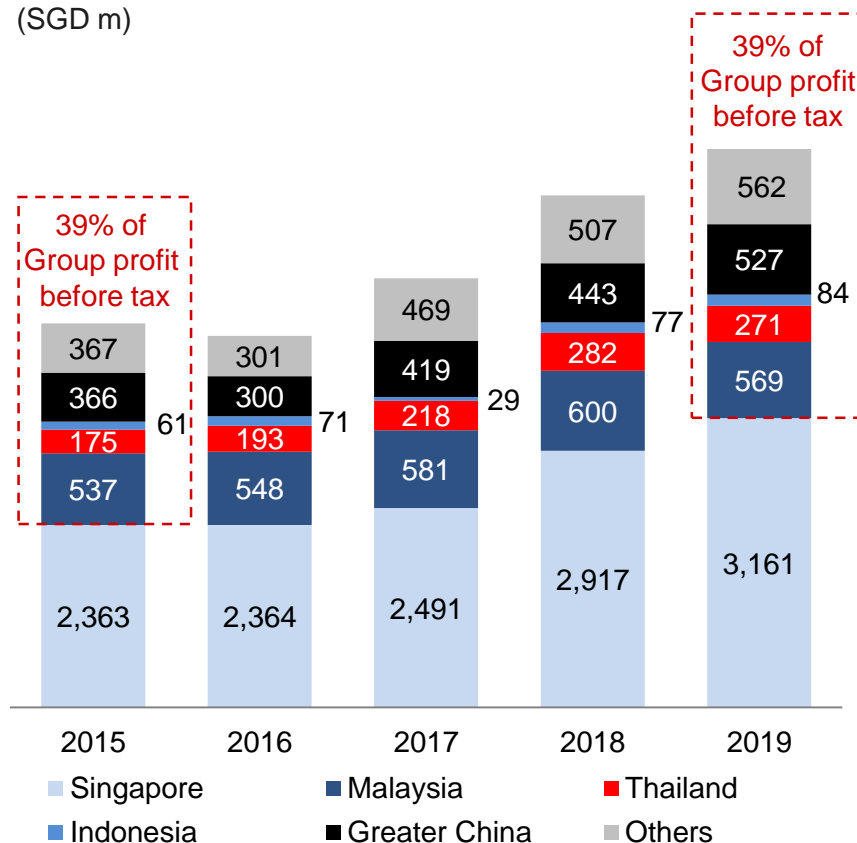
Extensive Regional Footprint with c.500 Offices



- 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

Profit Before Tax by Region

(SGD m)

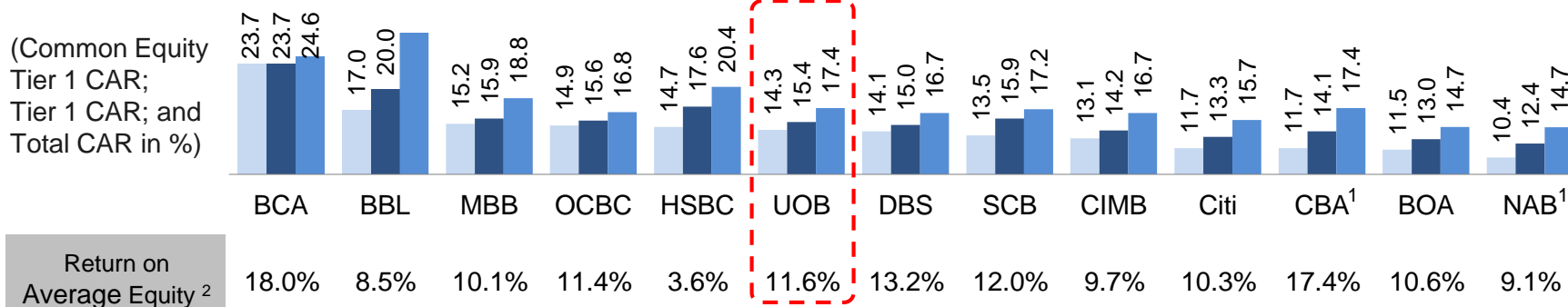


Established regional network with key Southeast Asian pillars, supporting fast-growing trade, capital and wealth flows

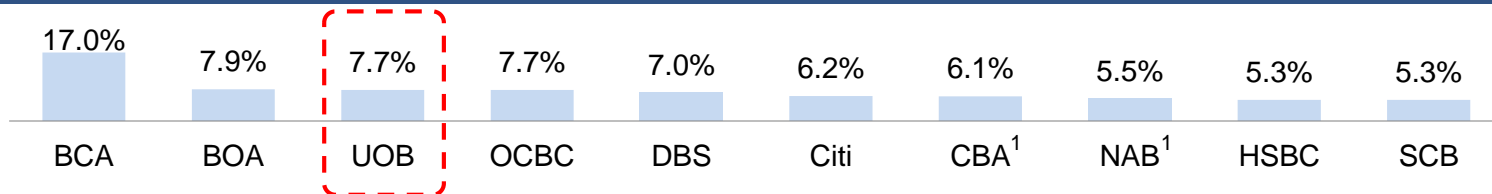
1. Comprise Mainland China, Hong Kong SAR and Taiwan.
2. UOB owns c3% in Hengfeng Bank in China.

Strong Capital and Leverage Ratios

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



Reported Leverage Ratio³



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.

Banks' financials were as of 31 Dec 19, except for those of CIMB, Maybank, NAB (which were as of 30 Sep 19) and SCB (which were as of 30 Jun 19).

1. NAB's and CBA's CARs are based on APRA's standards. Their internationally comparable CET1 CAR was 14.3% (30 Sep 19) and 17.5% (31 Dec 19), respectively.
2. Computed on an annualised year-to-date basis.
3. BBL, CIMB and MBB do not disclose their leverage ratio.

Competitive against Peers

			Standalone Strength	Efficient Cost Management	Competitive ROAA ¹	Well-Maintained Liquidity
Moody's	S&P	Fitch	Moody's baseline credit assessment	Costs/income ratio	Return on average assets	Loan/deposit ratio
Aa1	AA-	AA-	UOB a1	44.6%	1.08%	85.4%
Aa1	AA-	AA-	OCBC a1	42.7%	1.26%	86.5%
Aa1	AA-	AA-	DBS a1	43.0%	1.13%	88.5%
A2	A	A+	HSBC a3	75.5%	0.33%	72.0%
A2	BBB+	A	SCB baa1	67.7%	0.43%	63.7%
Baa1	A-	n.r.	CIMB baa2	53.0%	0.98%	91.6%
A3	A-	A-	MBB a3	47.1%	0.95%	92.5%
Baa1	BBB+	BBB+	BBL baa1	41.1%	1.13%	86.9%
Baa2	n.r.	BBB	BCA baa2	43.7%	4.00%	80.5%
A2	A-	A+	BOA a3	60.2%	1.14%	67.9%
A3	BBB+	A	Citi baa1	56.5%	0.98%	64.1%
Aa3	AA-	AA-	CBA a2	44.4%	0.93%	115.5%
Aa3	AA-	AA-	NAB a2	52.3%	0.58%	141.6%

Source: Company reports, Credit rating agencies (updated as of 31 Jan 20).

Banks' financials were as of 31 Dec 19, except for those of CIMB, Maybank, NAB (which were as of 30 Sep 19) and SCB (which were as of 30 Jun 19).

1. Computed on an annualised year-to-date basis.

Strong Investment Grade Credit Ratings



MOODY'S
INVESTORS SERVICE

Aa1 / Stable / P-1

- Capital good by global standards
- Deposit-funded and liquid balance sheet
- Traditional banking presence in Singapore, Malaysia and other markets



AA- / Stable / A-1+

- Well-established market position, strong funding and prudent management record
- Will maintain its capitalisation and asset quality while pursuing regional growth

FitchRatings AA- / Stable / F1+

- Sound capital and high loan-loss buffers
- Disciplined funding strategy, supported by its strong domestic franchise

Debt Issuance History

Debt Maturity Profile (SGD m)

	Issue Date	Structure	Call	Coupon	Amount	Ratings (M/S/F)	2020	2021	2022	2023	2024	2025	2026
AT1 ¹	Jul-19	Perpetual	2026	3.58%	SGD750m	Baa1/BBB-/BBB	-	-	-	-	-	-	750
	Oct-17	Perpetual	2023	3.875%	USD650m	Baa1 / - /BBB	-	-	-	875	-	-	-
	May-16	Perpetual	2021	4.00%	SGD750m	Baa1 / - /BBB	-	750	-	-	-	-	-
Tier 2	Apr-19	10NC5	2024	3.75%	USD600m	A2 / BBB+ / A+	-	-	-	-	808	-	-
	Feb-17	12NC7	2024	3.50%	SGD750m	A2 / - / A+	-	-	-	-	750	-	-
	Sep-16	10½NC5½	2022	2.88%	USD600m	A2 / - / A+	-	-	808	-	-	-	-
	Mar-16	10½NC5½	2021	3.50%	USD700m	A2 / - / A+	-	942	-	-	-	-	-
	May-14	12NC6	2020	3.50%	SGD500m	A2 / BBB+ / A+	500	-	-	-	-	-	-
Senior Unsecured	Jul-19	3yr FRN	-	BBSW 3m+0.53%	AUD500m	Aa1 / AA- / AA-	-	-	472	-	-	-	-
	Mar-19	3yr FXN	-	3.49%	RMB2b	Aa1 / AA- / AA-	-	-	387	-	-	-	-
	Jul-18	3½yr FRN	-	BBSW 3m+0.81%	AUD600m	Aa1 / AA- / AA-	-	-	566	-	-	-	-
	Apr-18	3yr FRN	-	3m LIBOR+0.48%	USD500m	Aa1 / AA- / AA-	-	673	-	-	-	-	-
	Apr-18	3yr FXN	-	3.20%	USD700m	Aa1 / AA- / AA-	-	942	-	-	-	-	-
	Apr-17	4yr FRN	-	BBSW 3m+0.81%	AUD300m	Aa1 / AA- / AA-	-	283	-	-	-	-	-
	Sep-14	5½yr FXN	-	2.50%	USD500m	Aa1 / AA- / AA-	673	-	-	-	-	-	-
	Sep-19	3yr FXN	-	1.625%	USD500m	Aaa / AAA / -	-	-	673	-	-	-	-
	Sep-18	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -	-	-	-	754	-	-	-
Covered	Feb-18	5yr FRN	-	3m LIBOR+0.24%	GBP350m	Aaa / AAA / -	-	-	-	619	-	-	-
	Jan-18	7yr FXN	-	0.500%	EUR500m	Aaa / AAA / -	-	-	-	-	-	754	-
	Mar-17	3yr FXN	-	2.125%	USD500m	Aaa / AAA / -	673	-	-	-	-	-	-
	Mar-17	5yr FXN	-	0.125%	EUR500m	Aaa / AAA / -	-	-	754	-	-	-	-
	Mar-16	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -	-	754	-	-	-	-	-
Total							1,846	4,345	3,659	2,248	1,558	754	750

1. AT1: Additional Tier 1 securities.

2. The table comprises UOB's public rated issues; Maturities shown at first call date for AT1 and T2 notes; FXN: Fixed Rate Notes; FRN: Floating Rate Notes; Updated as of 21 Feb 2020.

FX rates at 31 Dec 2019: USD 1 = SGD 1.35; AUD 1 = SGD 0.94; GBP 1 = SGD 1.77; EUR 1 = SGD 1.51; RMB 1 = SGD 0.19

Supporting Sustainable Development



Financing Green Real Estate



- **Dec 19:** Acted as Joint Green Advisor and Lead Arranger with DBS Bank and Standard Chartered Bank to provide a SGD 945m green loan to Allianz Real Estate and Gaw Capital Partners to support their joint acquisition of DUO Tower and DUO Galleria in Singapore.

Financing Renewables



- **Jun 19:** SGD43m green loan to Sunseap to generate solar power at 210 sites across Singapore.
- **Oct 19 – Feb 20:** Launched U-Solar – Asia's first integrated solar energy marketplace – across Singapore, Malaysia Indonesia and Thailand, connecting and financing both businesses and consumers across the entire solar power value chain.

Green Club Loan Facility



- **Sep 19:** Acted as one of the Joint Green Structuring Advisers and Coordinators together with BNP Paribas for USD200m green club loan facility for Agricultural Bank of China, Singapore branch, to finance green projects under its Sustainable Financing Framework.

Notable Recognitions



1. FTSE4Good ASEAN 5 Index

UOB was ranked second by market capitalisation in 2019

2. Bloomberg Gender-Equality Index

UOB was included in 2020 based on disclosure in 2019.

3. Sustainable Banking Assessment (SUSBA)

UOB continued to make progress in responsible financing and disclosures, staying in the lead in the region alongside Singaporean peers

4. ASEAN Corporate Governance Scorecard

UOB was ranked fifth in Singapore in 2018.

5. Singapore Governance and Transparency Index

UOB was ranked ninth out of 578 companies listed in Singapore in 2019.

6. Singapore Corporate Awards

UOB won the Silver Awards for both Best Managed Board and Best Risk Management for listed companies with market capitalisation of above SGD1 billion in 2019.



Section 2: Strong UOB Fundamentals

Strong UOB Fundamentals

Strong Management with Proven Track Record

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

Consistent and Focused Financial Management

- Prudent income growth amid the subdued business environment
- Continued investment in talent and technology to build long-term capabilities in a disciplined manner
- Low average credit costs of 28bp over long-term

Disciplined Management of Balance Sheet

- Strong capital base; Common Equity Tier 1 capital adequacy ratio of 14.3% as at 31 December 2019
- Liquid and well diversified funding mix with loan/deposits ratio at 85.4%
- Sound asset quality, with a diversified loan portfolio

Delivering on Regional Strategy

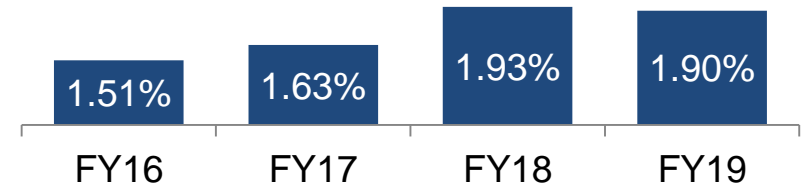
- Holistic regional bank with effectively full control of subsidiaries in key markets
- Focus on profitable niche segments and intra-regional needs of customers
- Entrenched local presence: ground resources and integrated regional network to better address the needs of our targeted segments

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

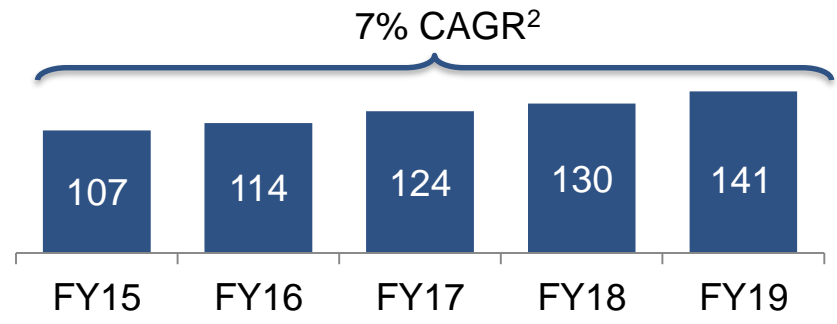
Disciplined Balance Sheet Management



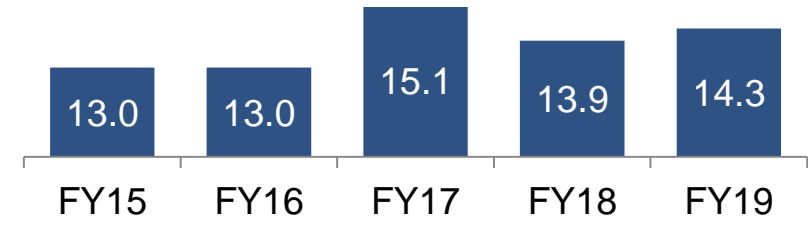
RoRWA¹



Current Account Saving Account Balances (SGD b)



Common Equity Tier 1 Capital Adequacy Ratio (%)

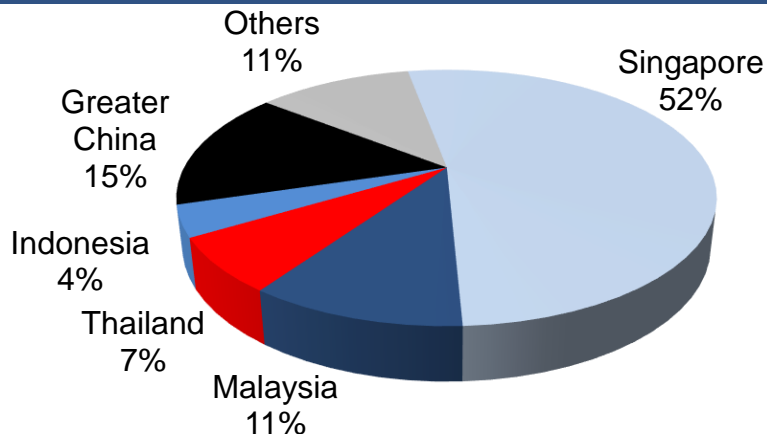


Note: All figures as at 31 Dec 2019 unless otherwise specified.

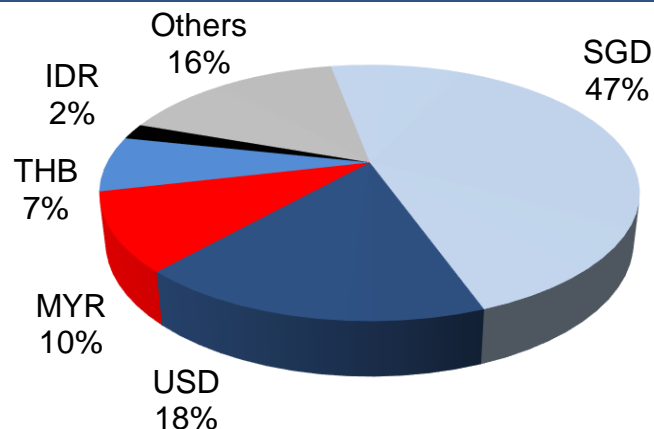
1. Return on average risk-weighted assets.
2. Compound annual growth rate over 4 years (2015 to 2019).

Diversified Loan Portfolio

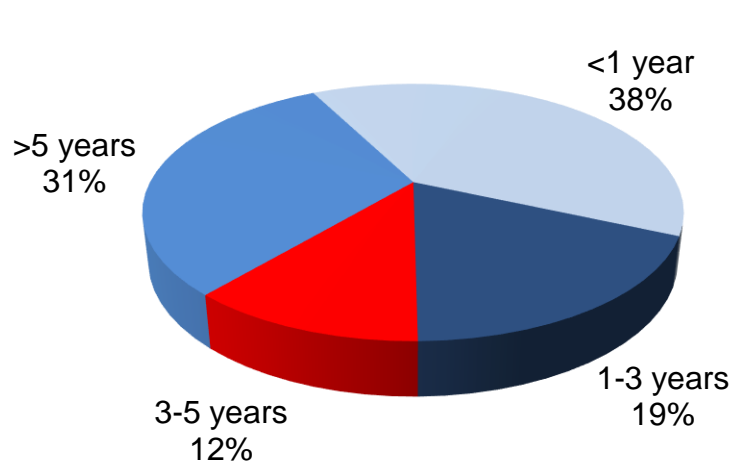
Gross Customer Loans by Geography ¹



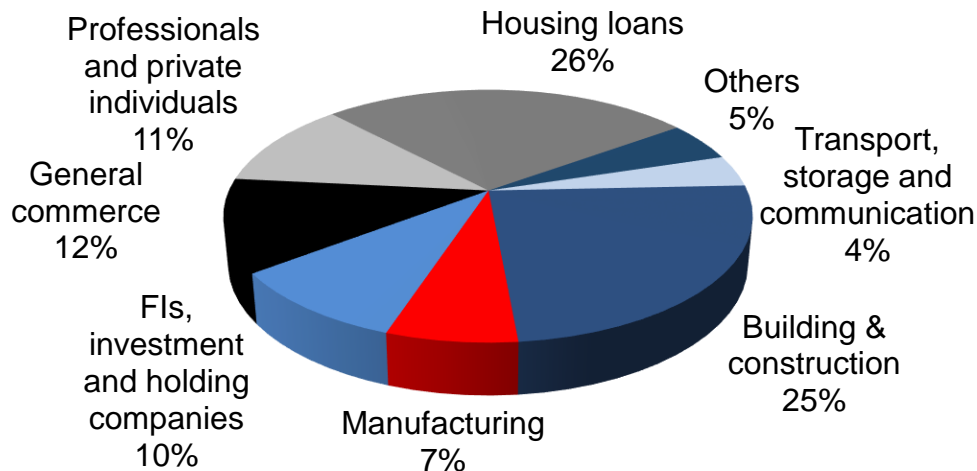
Gross Customer Loans by Currency



Gross Customer Loans by Maturity



Gross Customer Loans by Industry

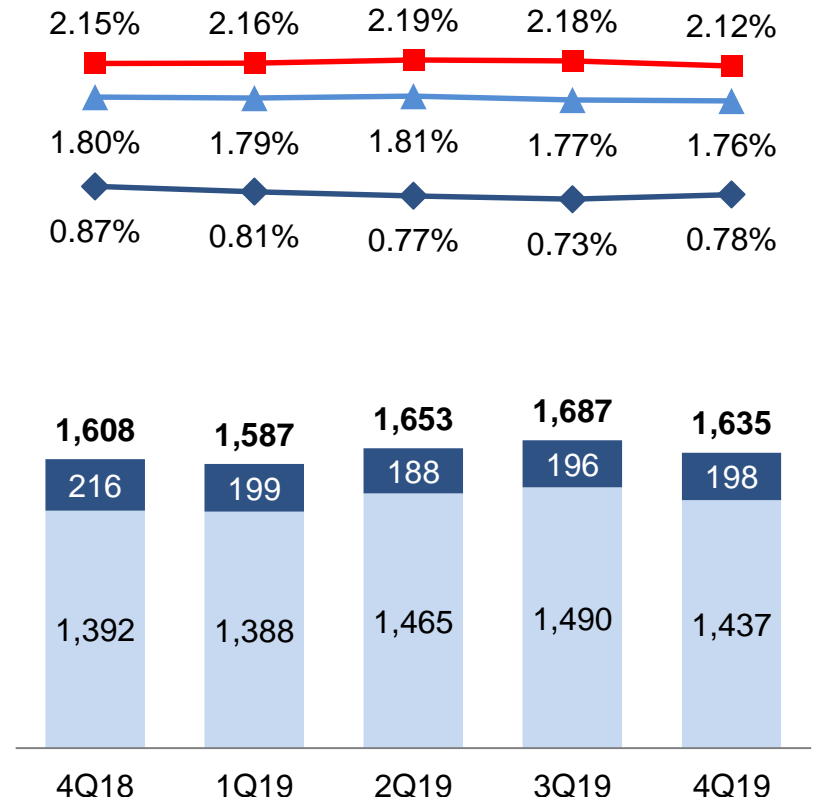
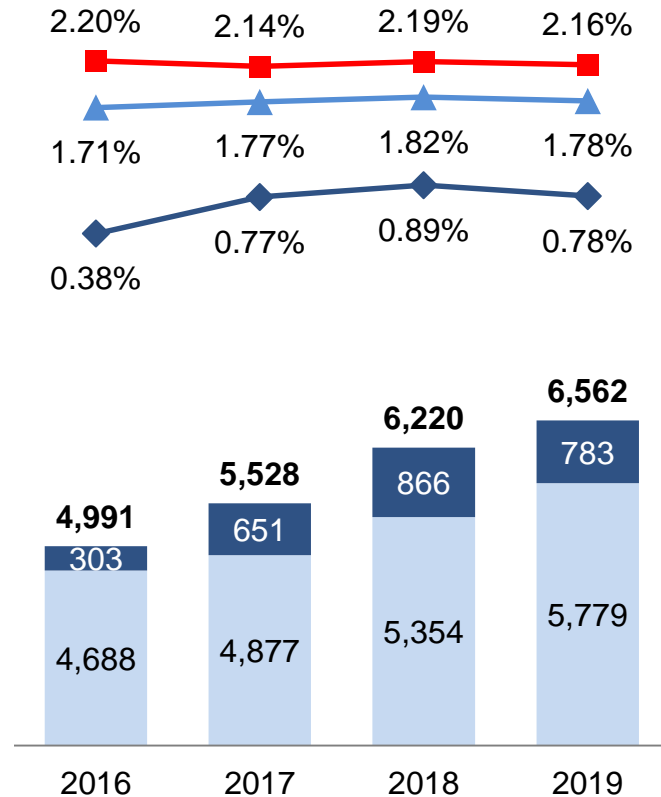


Note: Financial statistics as at 31 December 2019.

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

Stable Net Interest Income amid Slow Growth Environment

Net Interest Income and Net Interest Margin



■ Net interest income – loans (SGD m)
■ Net loan margin (%) *
▲ Overall net interest margin (%) *

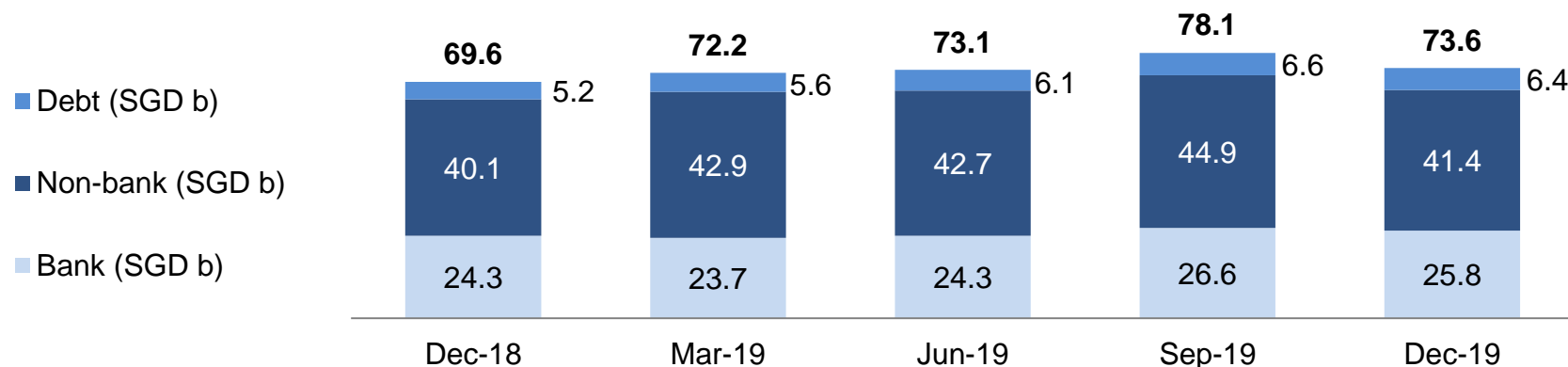
■ Net interest income – interbank & securities (SGD m)
◆ Net interbank & securities margin (%) *

* Computed on an annualised basis, where applicable.

Continued Growth in Southeast Asian Franchise amid Subdued Environment

	2019	2018	YoY	2H19	1H19	HoH
	SGD m	SGD m	+/(–) %	SGD m	SGD m	+/(–) %
Total income						
Singapore	5,756	5,123	+12	2,855	2,901	–2
Rest of Southeast Asia	2,705	2,531	+7	1,408	1,297	+9
<i>Malaysia</i>	1,084	1,068	+1	570	513	+11
<i>Thailand</i>	1,056	964	+10	545	512	+6
<i>Indonesia</i>	485	444	+9	250	235	+6
<i>Others</i>	80	55	+45	43	36	+20
North Asia	988	917	+8	478	510	–6
<i>Greater China</i>	937	864	+8	456	481	–5
<i>Others</i>	51	53	–4	22	28	–20
Rest of the world	581	546	+6	299	282	+6
Total	10,030	9,116	+10	5,041	4,989	+1

Exposure to Greater China



As at 31 Dec 2019:

Mainland China exposure (SGD 30b or 7% of total assets)

Bank exposure (SGD 16b)

- Accounted for ~60% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~80% of total bank exposure
- 99% with <1 year tenor
- Trade exposures mostly with bank counterparties, representing ~50% of total bank exposure

Non-bank exposure (SGD 11b)

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~50% denominated in RMB
- ~50% with <1 year tenor
- NPL ratio at 0.4%

Hong Kong SAR exposure (SGD 33b or 8% of total assets)

Bank exposure (SGD 3b)

- Majority of exposure are to foreign banks

Non-bank exposure (SGD 26b)

- Exposure mainly to wholesale corporates
- Real estate loans accounted for SGD 11b (~4% of total loans); loans are well-collateralised and predominantly to network clients or clients with strong financial sponsors
- Other potential vulnerable industries (hospitality and consumer discretionary) amounted to SGD 5b
- ~50% with <1 year tenor
- NPL ratio at 0.2%

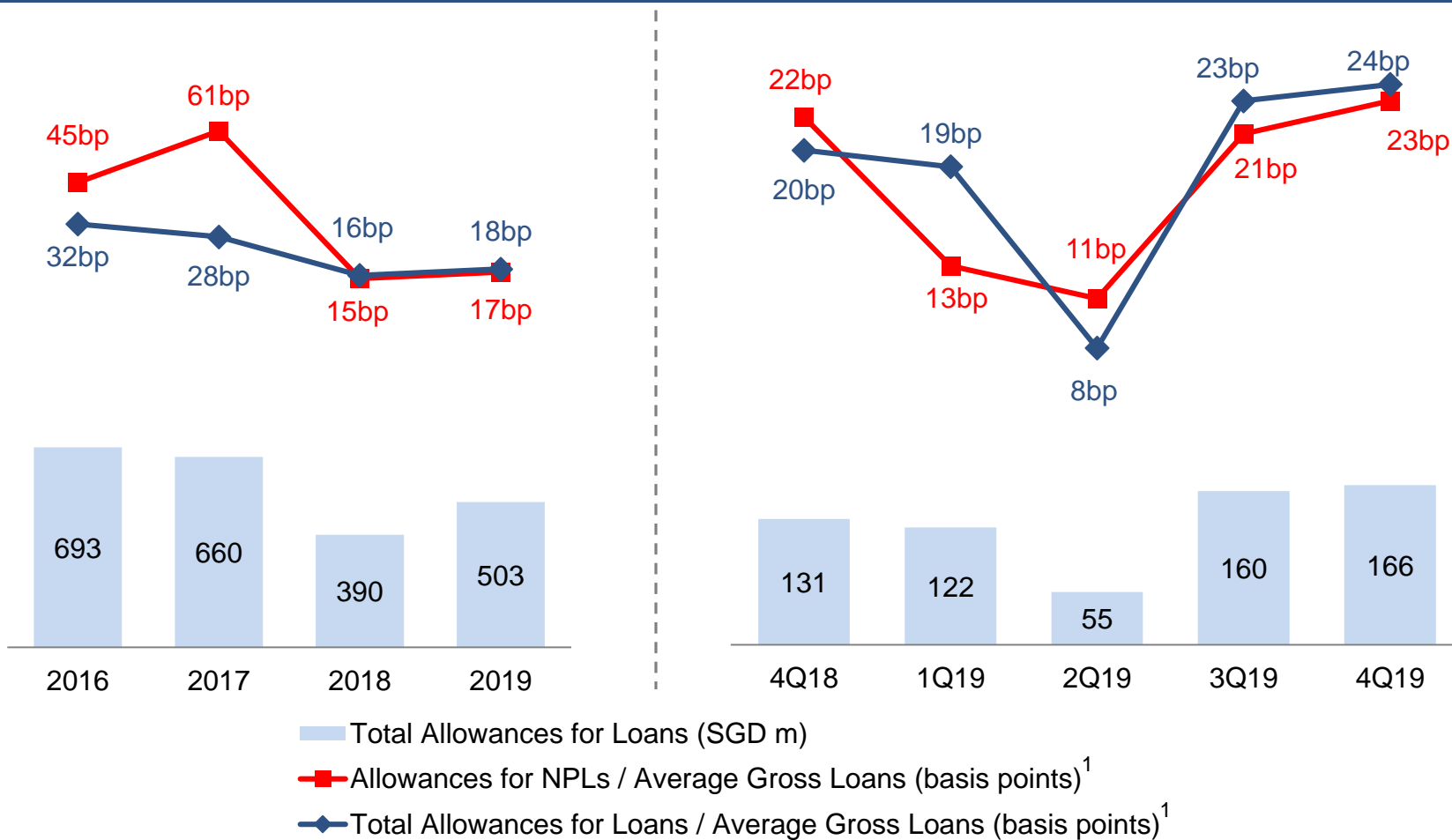
Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

Higher NPA Formation from Low Base, No Widespread Deterioration

(SGD m)	4Q18	1Q19	2Q19	3Q19	4Q19
NPA at start of period	4,374	4,166	4,215	4,185	4,350
Group wholesale and small enterprise customers:					
New NPA	370	230	357	180	437
Upgrades, recoveries and translations	(257)	(139)	(182)	(38)	(400)
Write-offs	(392)	(17)	(229)	(26)	(81)
	4,095	4,240	4,161	4,301	4,307
Group retail (personal customers only)	71	(25)	24	49	(10)
NPA at end of period	4,166	4,215	4,185	4,350	4,297

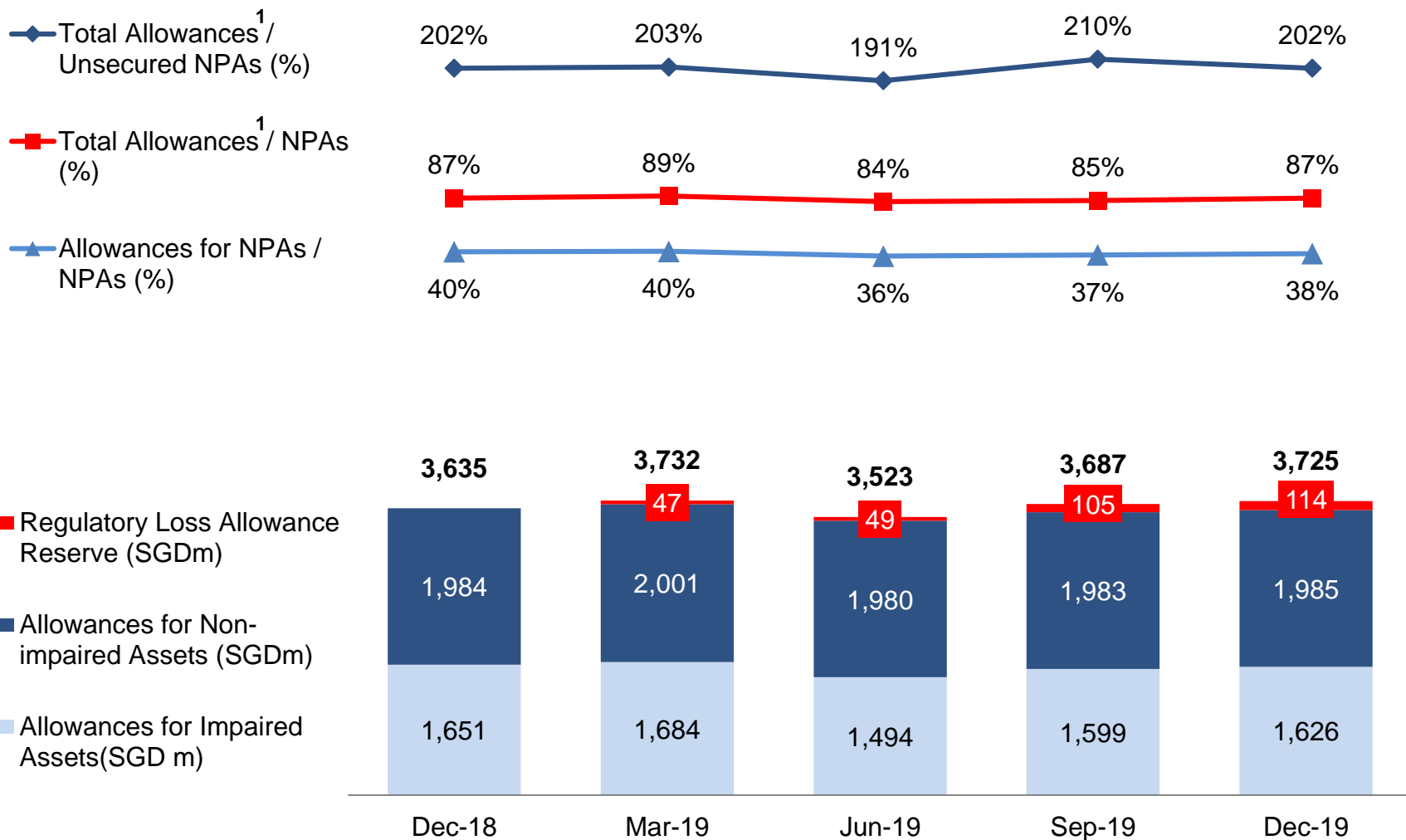
Credit Costs Stable

Allowances for Loans



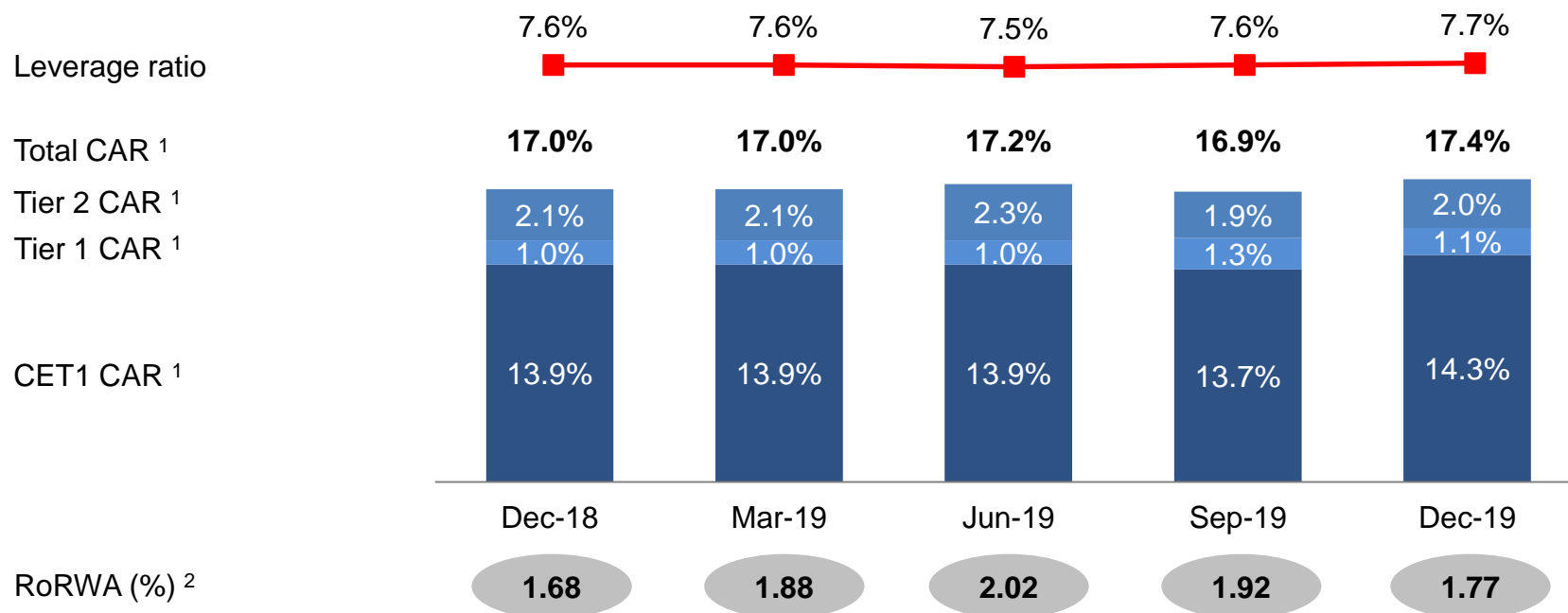
1. Computed on an annualised basis, where applicable.

Adequate Reserve Coverage Ratios



1. Total allowances include regulatory loss allowance reserve (RLAR), which is a non-distributable reserve appropriated through retained earnings to meet MAS Notice No. 612 Credit Files, Grading and Provisioning requirements.

Strong Capital and Leverage Ratios



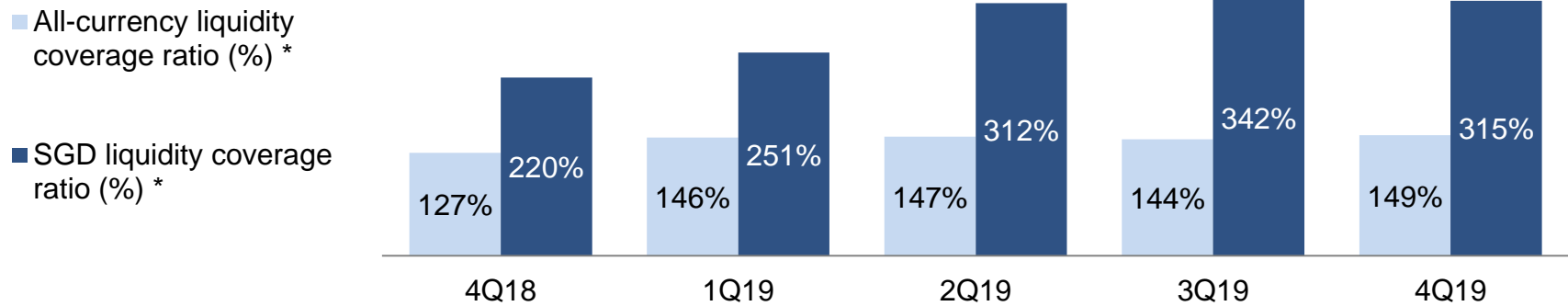
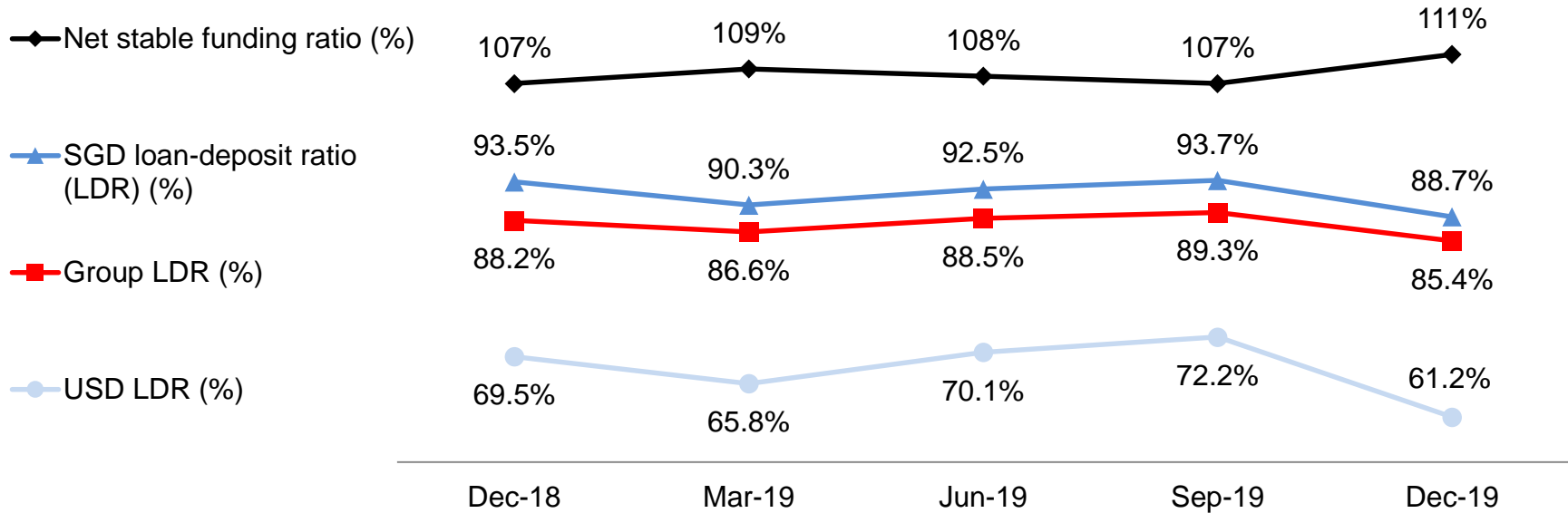
SGD b

Common Equity Tier 1 Capital	31	32	32	32	32
Tier 1 Capital	33	34	34	35	35
Total Capital	38	39	40	39	39
Risk-Weighted Assets	221	230	230	232	226

1. CAR: Capital adequacy ratio.

2. Return on average risk weighted assets for the quarter, computed on an annualised basis.

Stable Liquidity and Funding Position



* Liquidity coverage ratios are computed on a quarterly average basis.



Section 3: Macroeconomic Outlook

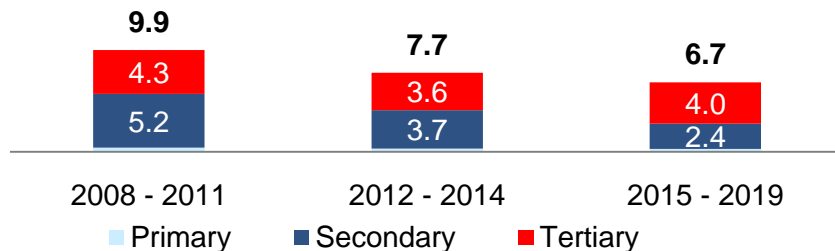
Uncertainties Weigh on China's Economy; UOB

Hard Landing Unlikely

- COVID-19 outbreak poses new threat to China's economy even as trade tensions with the US deescalated. As with the SARS experience, economic rebound post-COVID-19 could be quick while government stimulus measures should help reduce downside risks.
- Baseline China's GDP growth forecast is now at 5.7% in 2020, down 0.2ppt from earlier estimate (2019: 6.1%).
- Low central government debt underpins China's fiscal capacity, which could help mitigate "black swan" events.

Structural Shift of China's Economy

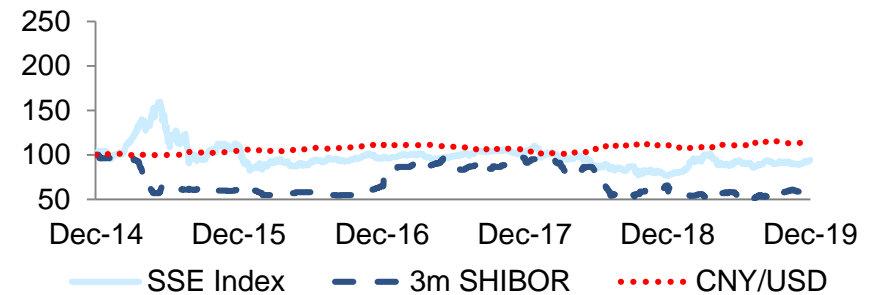
(Average contribution to GDP growth rate, %)



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

Episodes of Market Volatility Contained

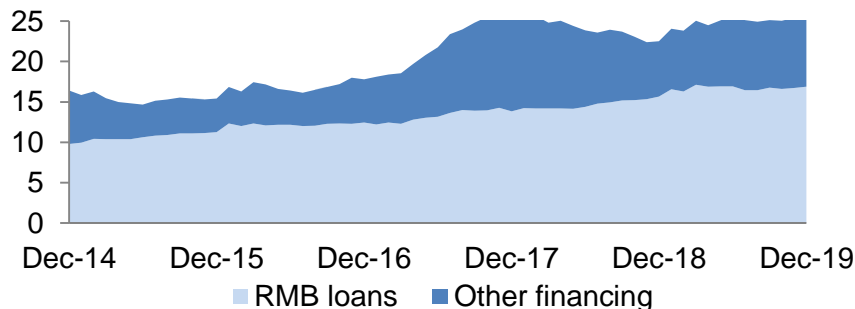
(Dec' 14 = 100)



Source: Bloomberg, UOB Global Economics & Markets Research

Shadow Banking Curtailed

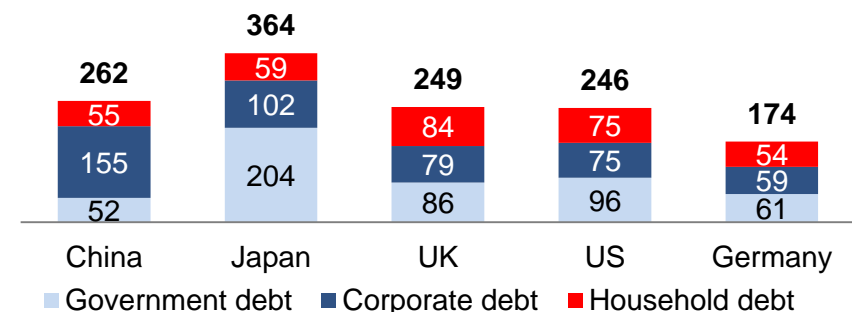
(Rolling 12 months, CNY trn)



Source: PBOC, UOB Global Economics & Markets Research

Source of China Debt Risk

(As of 2Q19, % of GDP)



Source: BIS, Macrobond, UOB Global Economics & Markets Research

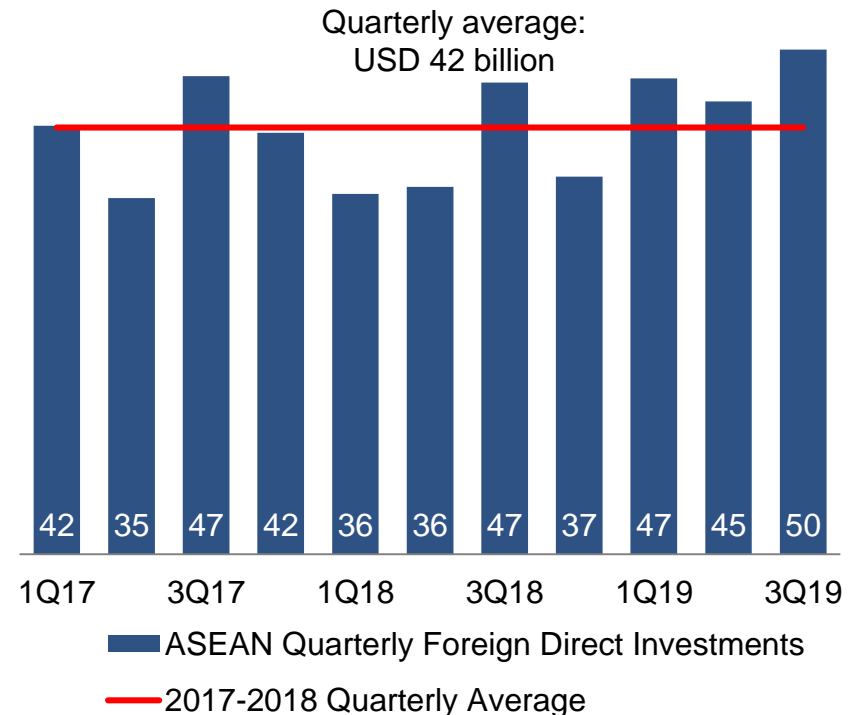
Global macro environment uncertain but ASEAN's long-term potential remains strong

COVID-19 is likely to impact real GDP growth

GDP growth	2019 (%)	2020f (Baseline) (%)	Estimated %pt impact on 2020f baseline due to COVID-19 ²
China	6.1	5.7 ¹	0.5–1.0
Hong Kong	-1.2	0.6 ¹	0.7–1.5
Taiwan	2.7	2.4 ¹	0.0–0.5
Singapore	0.7	0.5 ¹	0.5–1.0
Malaysia	4.3	4.0 ¹	0.5–1.0
Indonesia	5.0	5.2	0.1–0.2
Philippines	6.0	6.5	0.2–0.5
Thailand	2.4	2.0 ¹	0.5–1.0
Vietnam	7.0	6.8	0.5–1.0

Sustained strong foreign direct investment inflows into Southeast Asia

(USD billion)



Source: UOB Global Economics & Markets Research forecasts
 1. Latest forecasts incorporating downgrades in Feb'20
 2. This assumes the outbreak lasts for 6 months

Sources: CEIC, UOB Global Economics & Markets Research

Implication on Regional Policy Rates

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19f	1Q20f	2Q20f
US 10-Year Treasury	2.74	2.86	3.06	2.68	2.41	2.00	1.66	1.92	1.80	1.80
US Fed Funds	1.75	2.00	2.25	2.50	2.50	2.50	2.00	1.75	1.50	1.50
SG 3M SIBOR	1.45	1.52	1.64	1.89	1.94	2.00	1.88	1.77	1.55	1.55
SG 3M SOR	1.48	1.59	1.64	1.92	1.93	1.83	1.68	1.54	1.45	1.45
MY Overnight Policy Rate	3.25	3.25	3.25	3.25	3.25	3.00	3.00	3.00	2.75	2.75
TH 1-Day Repo	1.50	1.50	1.50	1.75	1.75	1.75	1.50	1.25	1.25	1.25
ID 7-Day Reverse Repo	4.25	5.25	5.75	6.00	6.25	6.00	5.25	5.00	4.75	4.75
CH 1-Year Loan Prime Rate	4.30	4.31	4.31	4.31	4.31	4.31	4.20	4.15	4.00	4.00

The Fed Reserve has kept its policy rate unchanged at 1.5-1.75%, after the three 25bps cuts in 2019. However, the downward bias may re-emerge in 1Q20, if the COVID-19 virus outbreak worsens and leads to material downside impact on the US and global growth – overshadowing prior concerns on the US-China trade tensions.

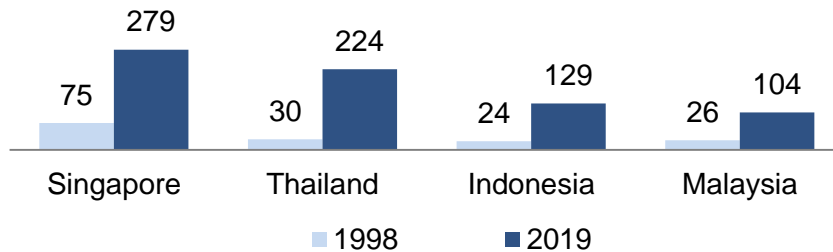
In Oct'19, the Monetary Authority of Singapore (MAS) began to ease its monetary policy by reducing the rate of appreciation of the S\$NEER policy band slightly. While economic conditions have remained subdued, the MAS commented in Feb'20 that the current monetary policy has sufficient headroom for an easing of the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) within the +/-2% band. This may be revisited at the Apr'20 meeting in the event of adverse trends in domestic growth and inflation.

The COVID-19 outbreak in Asia would directly impact tourism and transportation sectors, and hence private consumption. Industrial activities in China will also be reduced as a result of offices/factories closures and quarantine orders, and this will feedthrough to the supply chain resulting in more widespread impact on the rest of Asia. Overall, China's full-year 2020 GDP growth is expected to be 5.7% (earlier forecast 5.9%) with 1Q20 growth estimated at 5.1% y/y, assuming outbreak will be controlled by Apr'20. Potential GDP impact may be as much as 0.5-1.0%point in 6-month outbreak while Chinese policymakers will be able to avoid hard-landing with proactive fiscal and monetary policies. In Asia, monetary and fiscal responses are also expected depending on the respective impact and this implies interest rates will remain low.

Southeast Asia: Resilient Key Markets

Significantly Higher Foreign Reserves

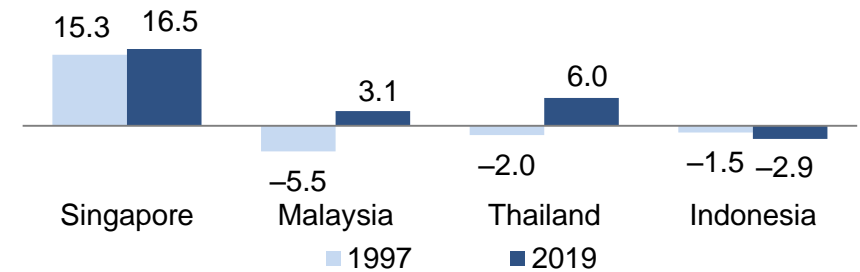
(USD billion)



Sources: World Bank, International Monetary Fund

Healthy Current Account Balances

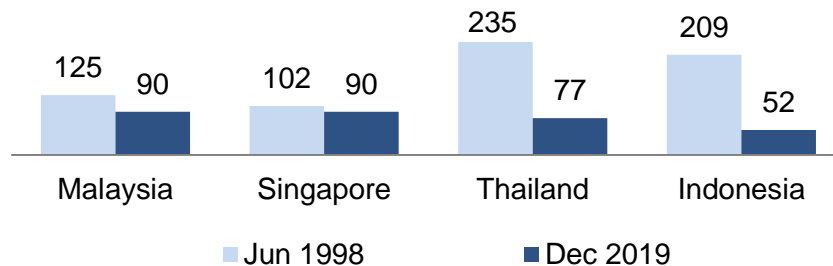
(% of GDP)



Source: International Monetary Fund

Lower Debt to Equity Ratio

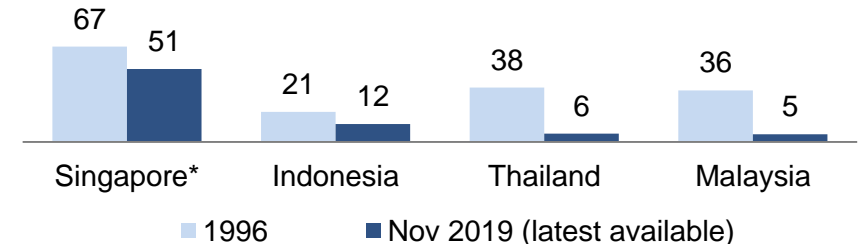
(%)



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

Lower Foreign Currency Loan Mix

(%)



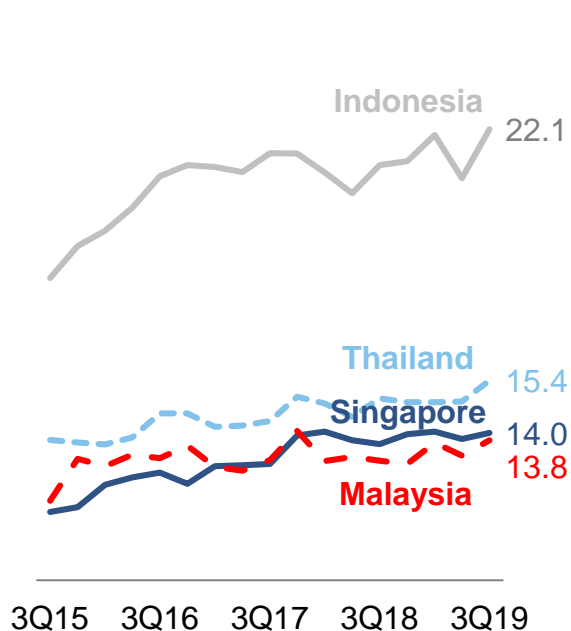
* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units; sources: Central banks

Long-term fundamentals and prospects of key Southeast Asia have greatly improved since the 1997 Asian Financial Crisis.

Southeast Asia Banking Sectors: Strong Fundamentals Remain Intact

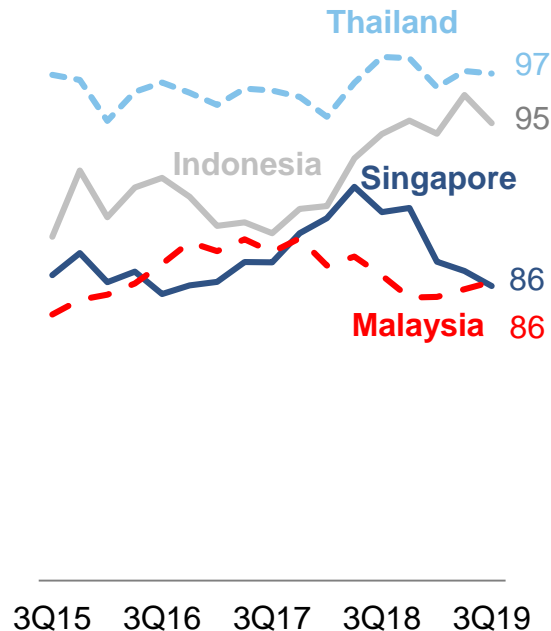
Robust Capital Positions

(Common equity Tier 1 capital adequacy ratio, in %)



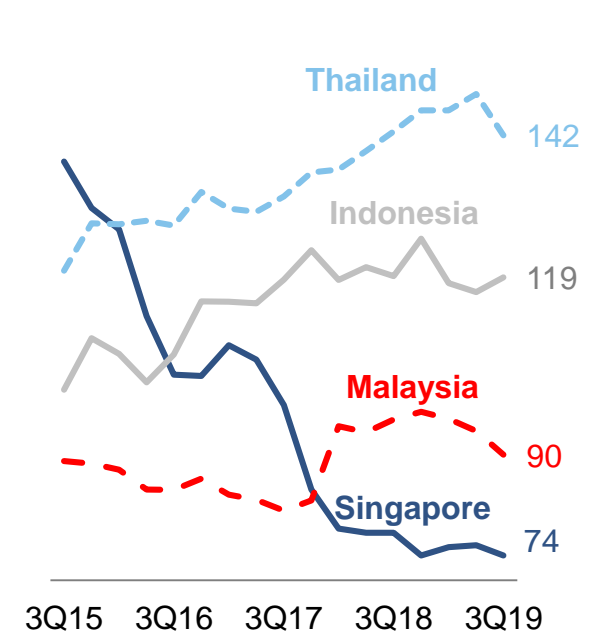
Adequate Loan/Deposit Ratio

(Loan/deposit ratio, in %)



Healthy Reserves

(NPL reserve cover, in %)



- Note: For Singapore, common equity Tier 1 capital adequacy ratio and NPL reserve cover are based on the average of the three Singapore banking groups, while the loans/deposit ratio approximates that of Singapore dollar.
- Source: Central banks, banks



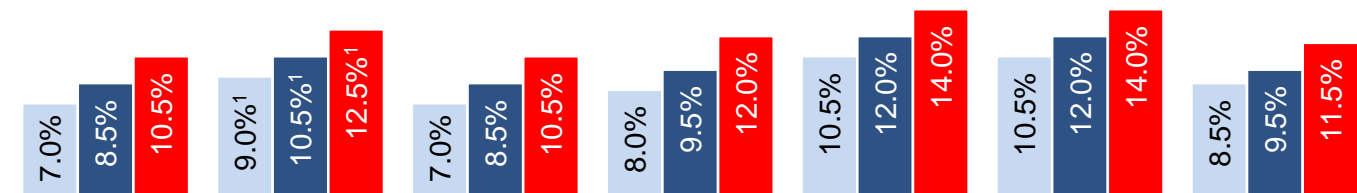
Section 4: Regulatory Developments

Basel III across the Region

	BCBS	Singapore	Malaysia	Thailand	Indonesia	Hong Kong	China
Minimum CET1 CAR	4.5%	6.5% ¹	4.5%	4.5%	4.5%	4.5%	5.0%
Minimum Tier 1 CAR	6.0%	8.0% ¹	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total CAR	8.0%	10.0% ¹	8.0%	8.5%	8.0%	8.0%	8.0%
Full Compliance	Jan-15	Jan-15	Jan-15	Jan-13	Jan-14	Jan-15	Jan-13
Capital Conservation Buffer	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Full Compliance	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19	Jan-19
Countercyclical Buffer ²	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%	Up to 2.5%
2019 Requirement	n/a	0%	0%	0%	0%	2.5%	0%
D-SIB Buffer	n/a	2.0%	2.0%	1.0%	1.0%–3.5% ³	1.0%–3.5%	1.0% ⁴
G-SIB Buffer	1.0%–3.5%	n/a	n/a	n/a	n/a	n/a	1.0%–1.5% ⁴
Minimum Leverage Ratio	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%
Full Compliance	2018	2018	2018	2022	2018	2018	2015/16
Minimum LCR	100%	100%	100%	100%	100%	100%	100%
Full Compliance	Jan-19	Jan-19	Jan-19	Jan-20	Dec-18	Jan-19	Dec-18
Minimum NSFR	100%	100%	100%	100%	100%	100%	100%
Full Compliance	Jan-18	Jan-18	Jul-20	Jul-18	Jan-18	Jan-18	Jul-18

% of risk weighted assets⁵

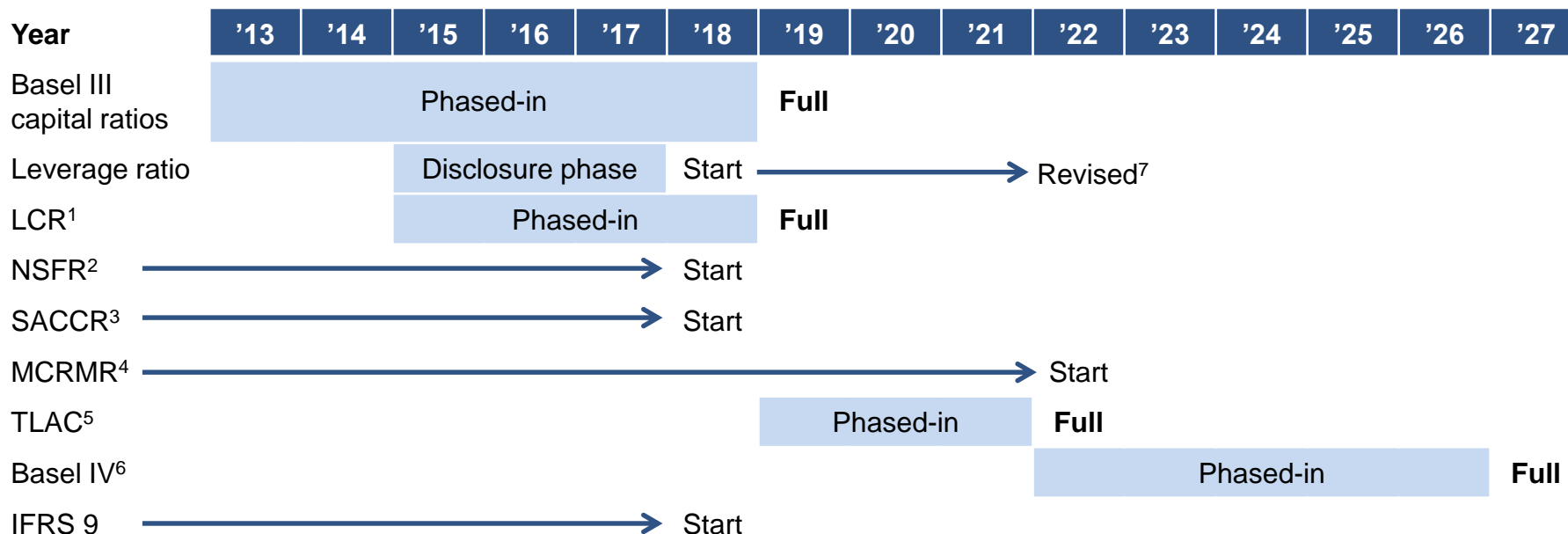
- Minimum CET1 CAR
- Minimum Tier 1 CAR
- Minimum Total CAR



Source: Regulatory notifications.

1. Includes 2% for D-SIB (domestic-systemically important banks) buffer for the three Singapore banks.
2. Each regulator determines its own level of countercyclical capital buffer.
3. According to the regulations, Indonesia D-SIBs will initially be subject to a D-SIB buffer of up to 2.5%.
4. In China, G-SIBs (global-systemically important banks) are only subject to the higher of G-SIB and D-SIB buffer.
5. Minimum ratios on fully-loaded basis, including capital conservation buffer and D-SIB surcharge, but excluding countercyclical capital buffer and G-SIB surcharge.

Banking Regulations Still Evolving



“ 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

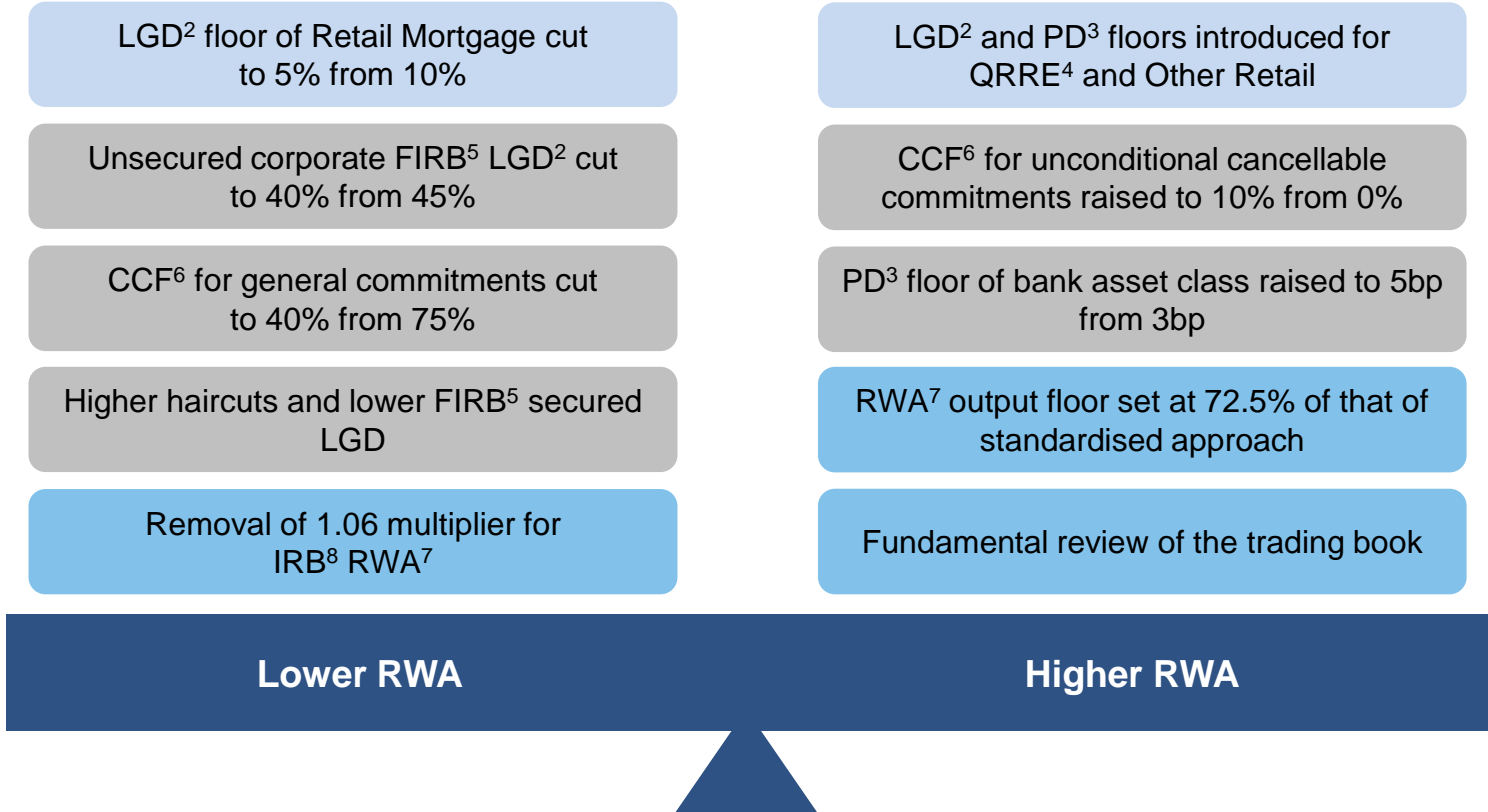
Source: BCBS

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. Minimum Capital Requirements for Market Risk replaced 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. Revised definition on exposure measure.

Impact of Basel IV¹ Likely to be Manageable

- Retail credit
- Wholesale credit
- Others



Source: BCBS

1. Basel IV: Reducing variation in risk-weighted assets
2. Loss given default
3. Probability of default
4. Qualifying revolving retail exposures

5. Foundation internal rating-based approach
6. Credit conversion factor
7. Risk weighted assets
8. Internal rating-based approach

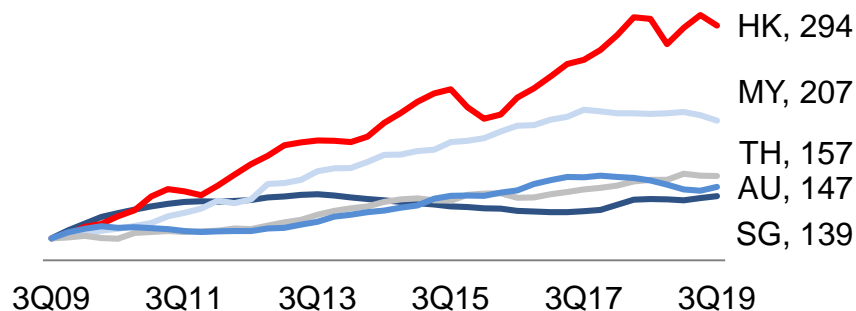


Section 5: Resilience of Singapore Housing Market

Prudent Government Policies for Sustainable Property Market

Regional House Price Indices over Last 10 Years

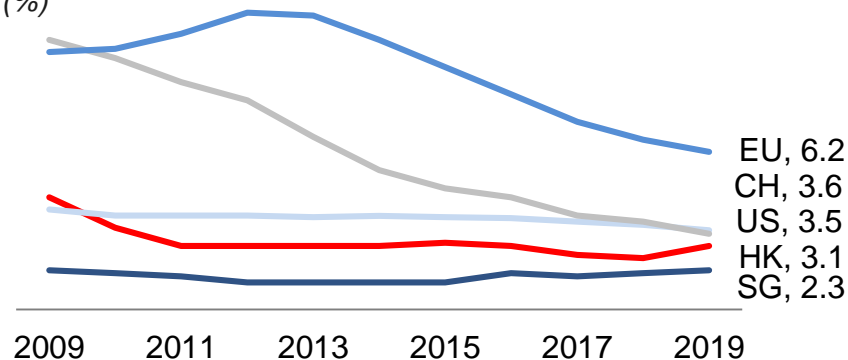
(3Q09 = 100)



Sources: CEIC, UOB Economic-Treasury Research

Low Unemployment vs Global Peers

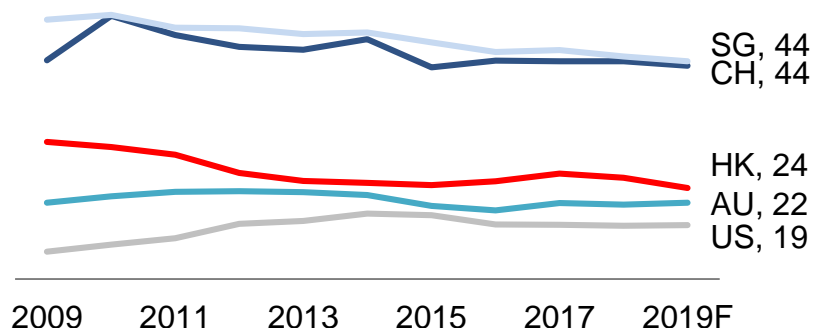
(%)



Sources: CEIC, UOB Economic-Treasury Research

High National Savings Rate

(% of GDP)



Sources: IMF, UOB Economic-Treasury Research

SG Household Income in Line with Property Prices

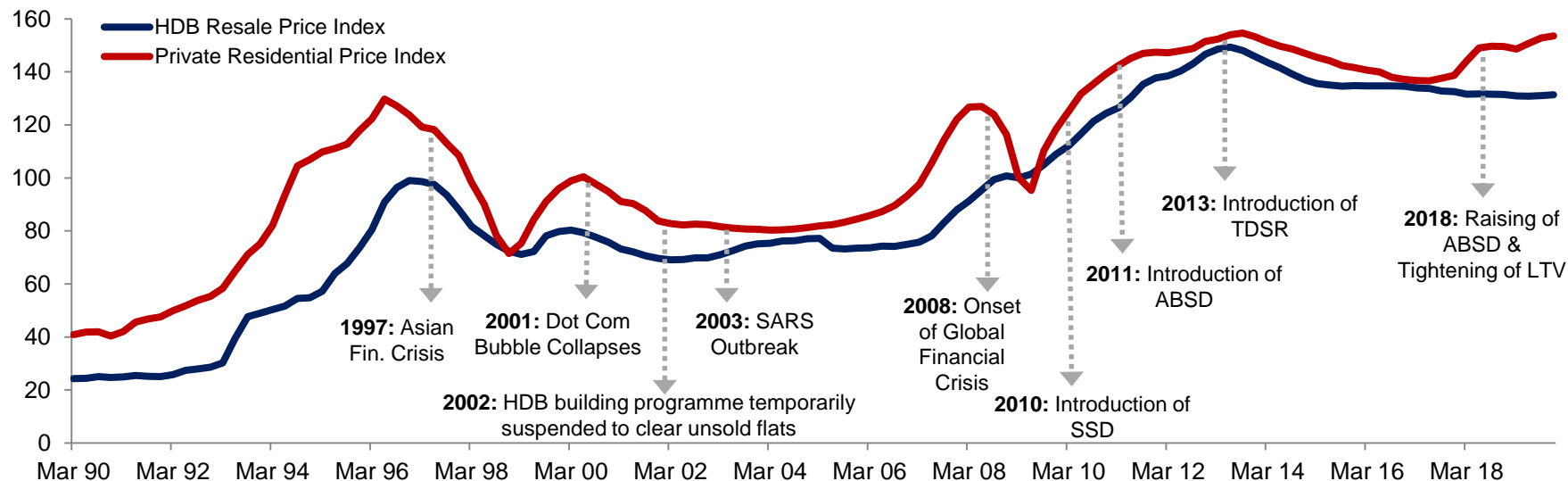
	2009	2019	+/(−)
Price ¹ (SGD / sq ft)	919	1,151	+25%
Unit size (sq ft)	1,200	1,200	–
Unit costs (SGD m)	1.10	1.38	+25%
Interest rate (%)	2.63	2.37	−10%
Household income ² (SGD / mth)	12,875	17,492	+36%
Debt servicing ratio ³ (%)	26	23 ⁴	

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 75%
4. A housing loan with 5% interest rate would increase DSR to 32%

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

Prudent Government Policies for Sustainable Property Market

Residential Property Price Indices in Singapore



Regulatory Measures	2009	2010	2011	2012	2013	2016 / 2017	2018 Onwards
LTV Limit: 1st property	90%	80%	80%	80% / 60% ¹			75%/55% ¹
2nd property	90%	70%	60%	60% /	50% / 30% ¹		45%/25% ¹
Subsequent property	90%	70%	60%	40% ¹	40% / 20% ¹	No change	35%/15% ¹
Non- individual buyers	90%	80% / 70% ²	50%	40%	20%		15%
Maximum Mortgage Tenor	Originating banks use their 35 years own tenor and affordability guidelines				No change	No change	No change
Total Debt Servicing Ratio (TDSR) Framework					60% limit; 3.5% interest rate	No change ³	No change
Seller Stamp Duty (SSD): Percentage / Holding Period	Applicable for properties purchased from 20 February 2010 onwards, if property is sold within the applicable holding period ⁴				Reduced in Mar 17: 12% if sold within 1st year; 2nd year: 8%; 3rd year: 4%; thereafter : nil		No change
Buyer's Stamp Duty	First S\$180k: 1%; Next S\$180k: 2%; Remaining: 3%						New Tier of 4% for prices > S\$1m
Additional Buyer's Stamp Duty	Depending on the nationality and number of properties owned by the purchaser ⁴						

1. From 6 October 2012, the higher LTV limit applies if the mortgage tenor ≤30 years and sum of mortgage tenor and age of borrower is ≤65 years old, otherwise lower LTV limit will apply. 2. 80% LTV limit for 1st property and 70% LTV limit for subsequent properties. 3. Exemptions granted to certain borrowers if they meet exemption criteria. 4. Refer to IRAS website for more details. Source: Singapore Department of Statistics

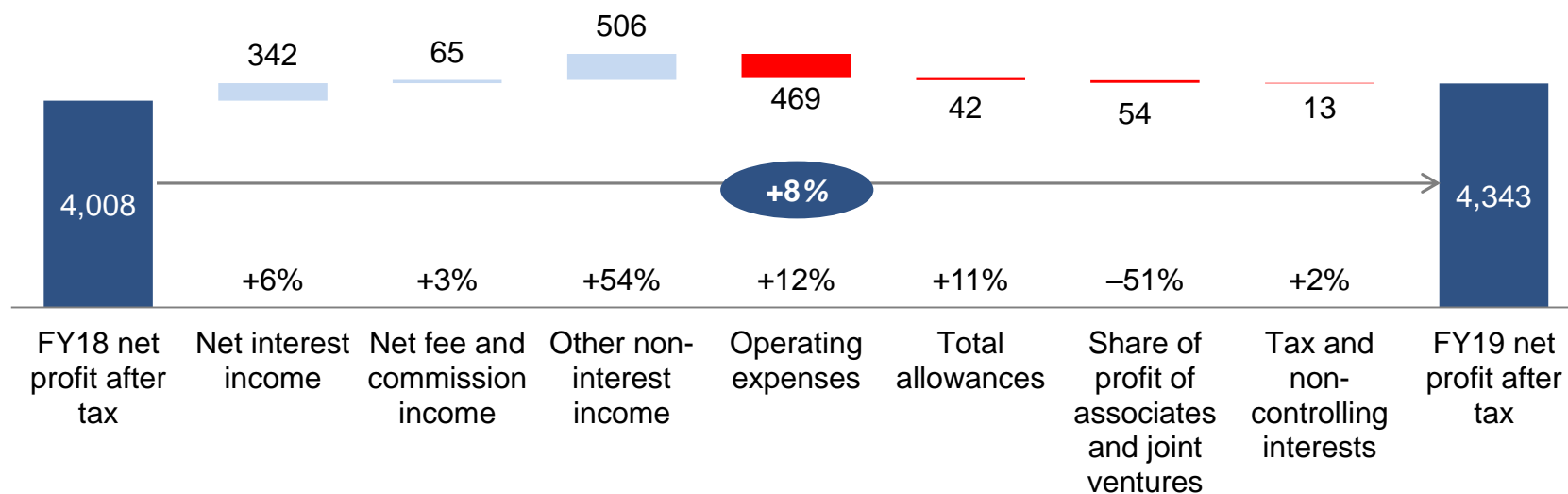


Appendix A: Latest Financials

FY19 Financial Overview

Net Profit After Tax (NPAT) Movement, FY19 vs FY18

(SGD m)



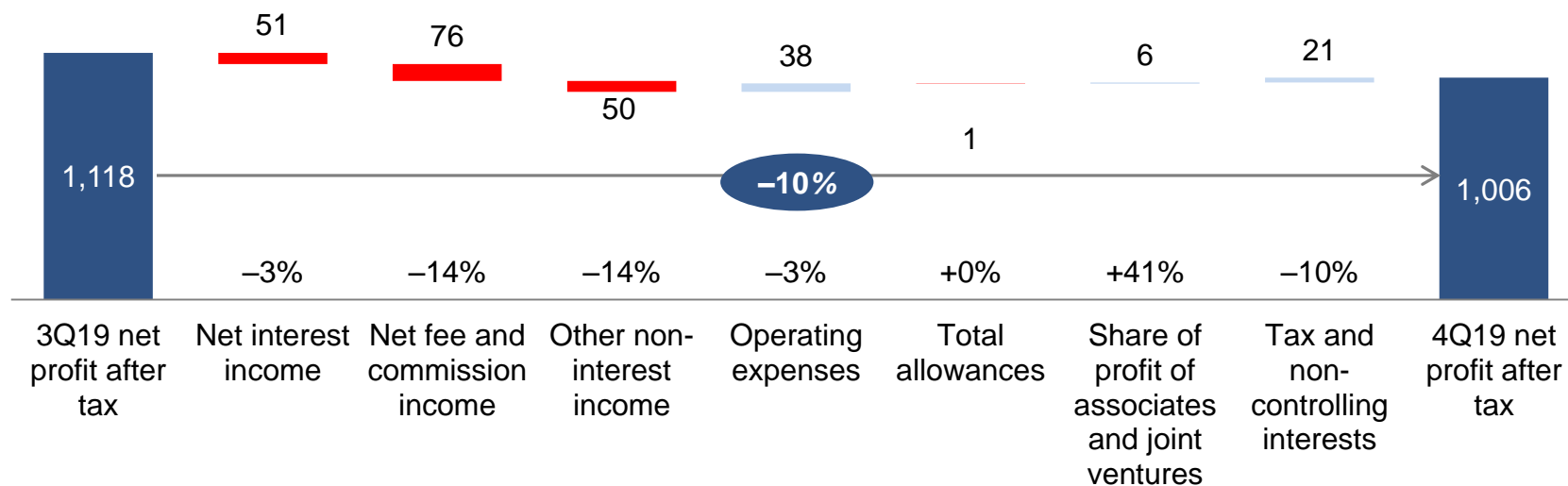
Key Indicators	FY19	FY18	YoY Change
Net interest margin (%)	1.78	1.82	(0.04) pt
Non-interest income / Income (%)	34.6	31.8	+2.8% pt
Cost / Income ratio (%)	44.6	43.9	+0.7% pt
Return on equity (%) ¹	11.6	11.3	+0.3% pt
Return on risk-weighted assets (%)	1.90	1.93	(0.03) pt

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

4Q19 Financial Overview

Net Profit After Tax (NPAT) Movement, 4Q19 vs 3Q19

(SGD m)



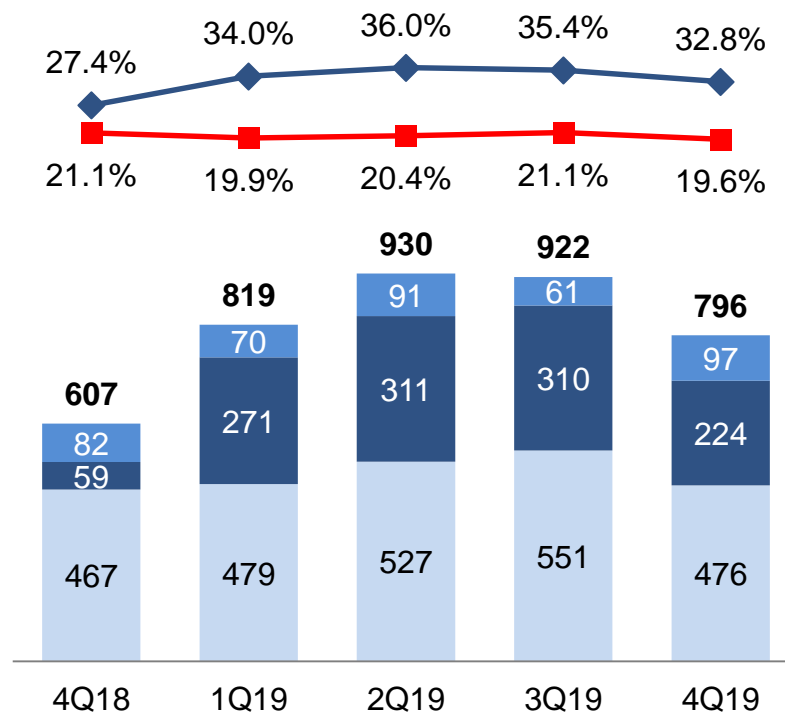
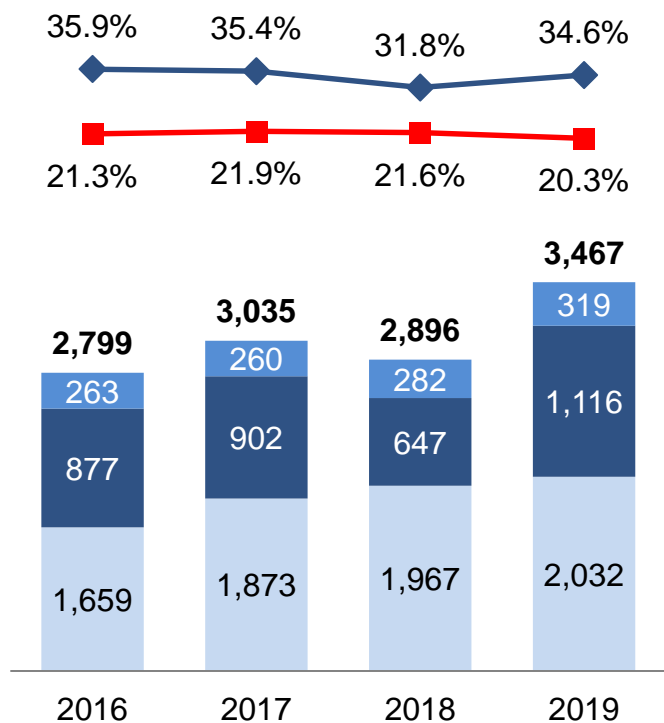
Key Indicators	4Q19	3Q19	QoQ Change	4Q18	YoY Change
Net interest margin (%) ¹	1.76	1.77	(0.01) pt	1.80	(0.04) pt
Non-interest income / Income (%)	32.8	35.4	(2.6) pt	27.4	+5.4% pt
Cost / Income ratio (%)	45.9	44.2	+1.7% pt	44.4	+1.5% pt
Return on equity (%) ^{1,2}	10.6	11.8	(1.2) pt	10.2	+0.4% pt
Return on risk-weighted assets (%) ¹	1.77	1.92	(0.15) pt	1.68	+0.09% 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.

Non-Interest Income Supported by Diverse Engines of Fees and Treasury Flows

Non-Interest Income and as a % of Total Income



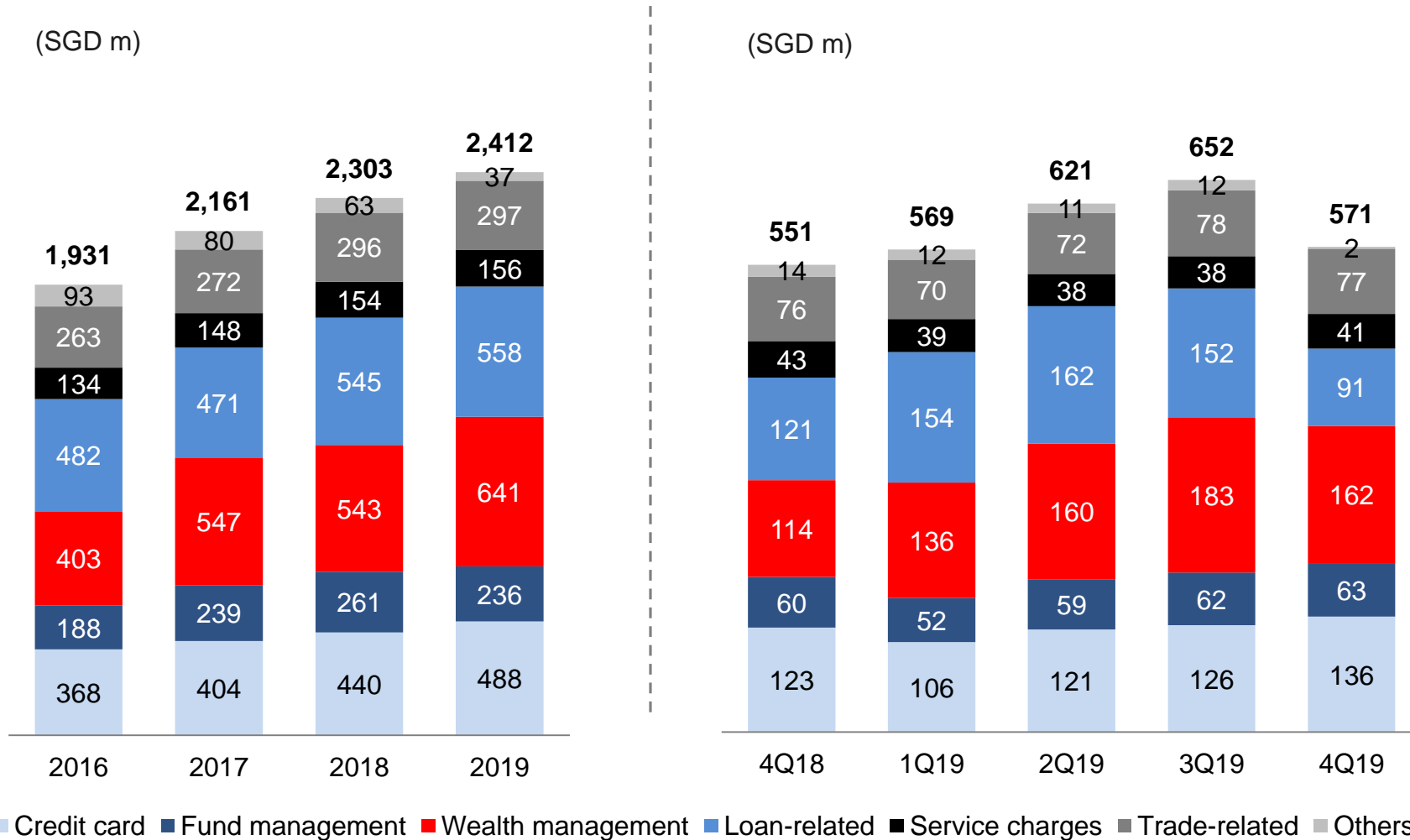
■ Net fee income (SGD m)
■ Other non-interest income (SGD m)
■ Net fee income / Total income (%)

■ Trading and investment income (SGD m)
◆ Non-interest income / Total income (%)

Note: Fee income has been restated where the amounts are net of expenses directly attributable to fee income.

Broad-based Focus in Fee Income

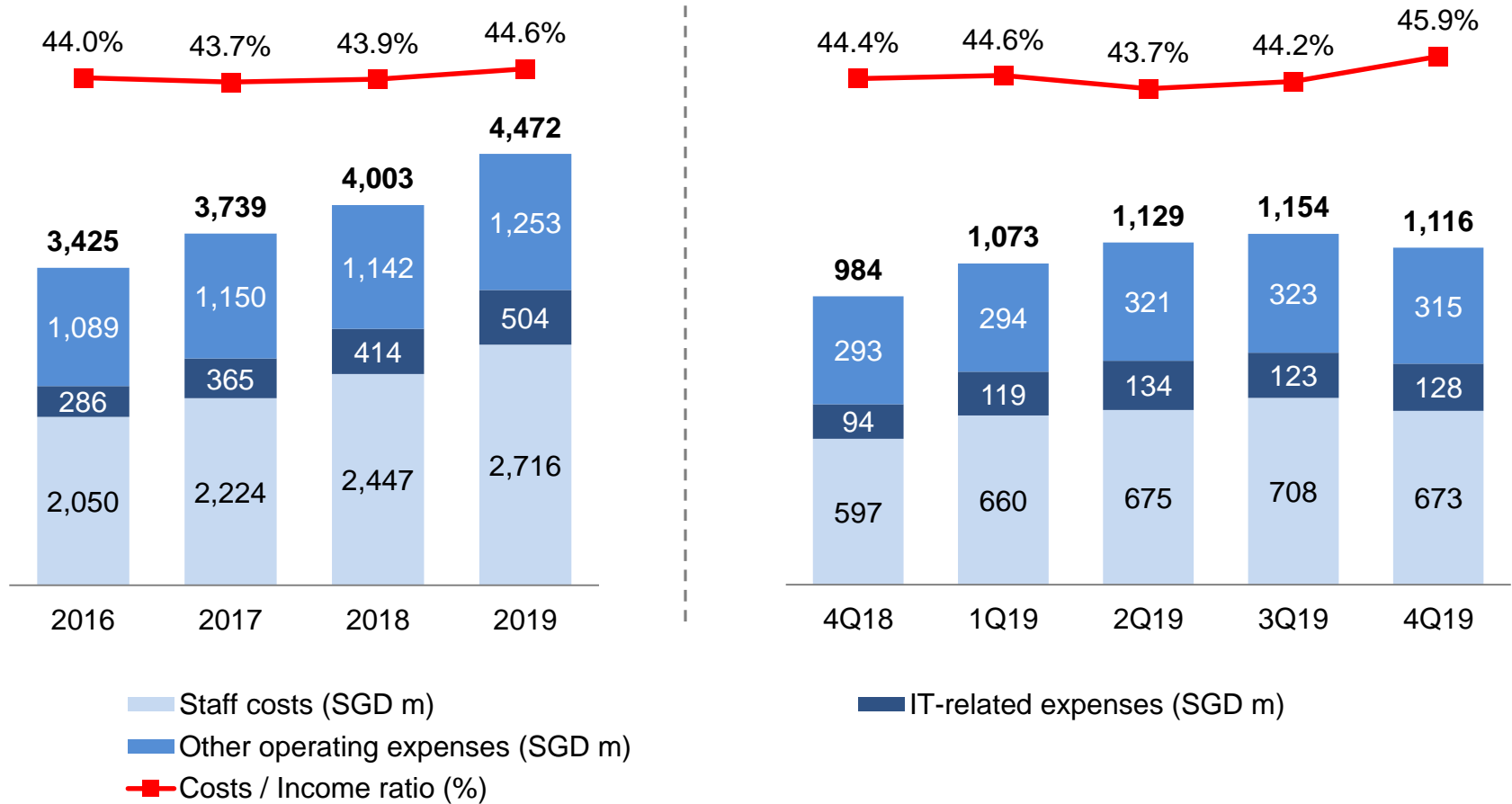
Breakdown of Fee Income



Note: The amounts represent fee income on a gross basis.

Pacing Growth in Operating Expenses, with Maintaining a Stable CIR

Operating Expenses and Costs / Income Ratio (CIR)



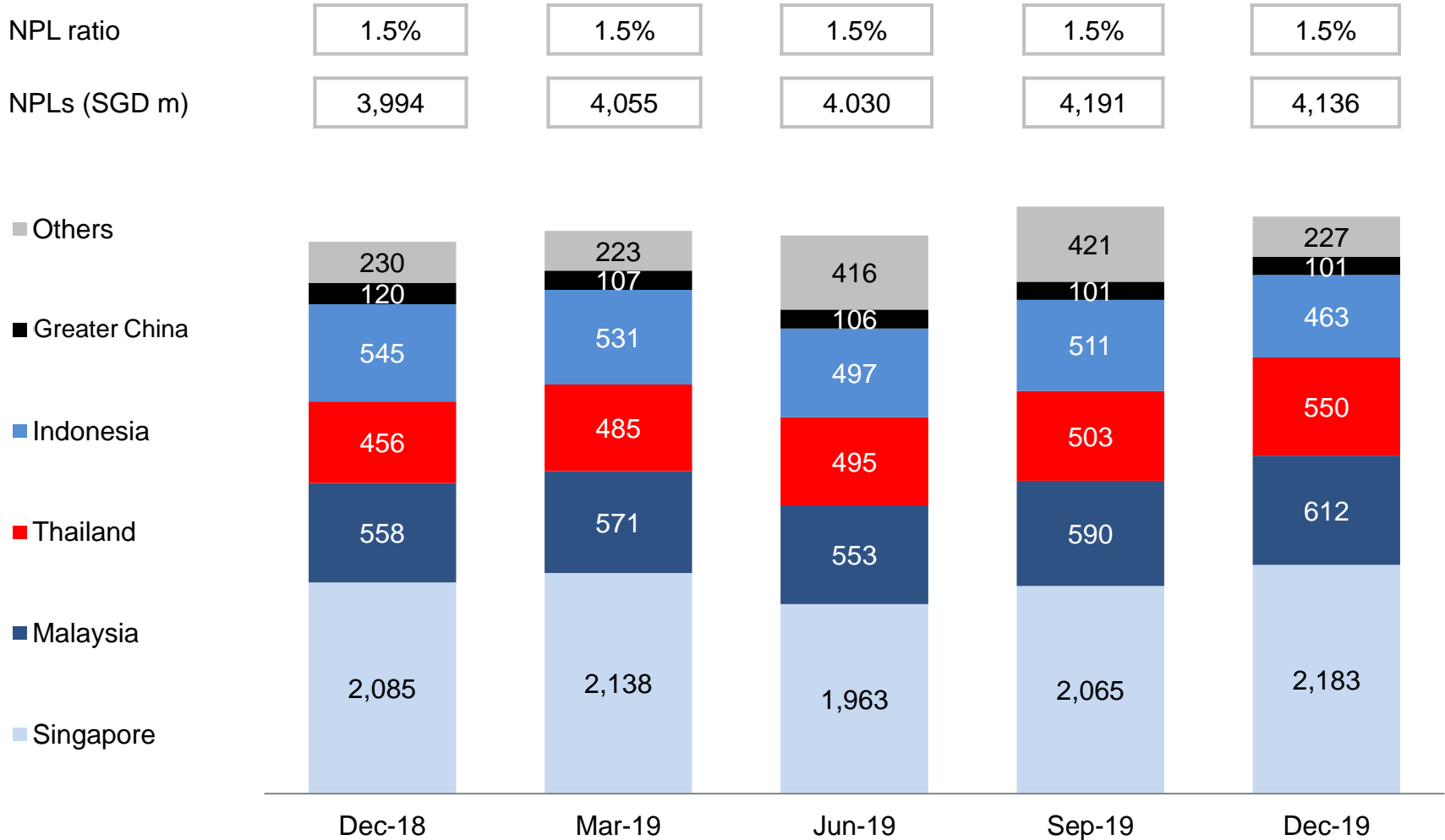
Note: Expenses have been restated where the amounts no longer include expenses directly attributable to fee income.

Broad-based Loan Portfolio

	Dec-19 SGD b	Sep-19 SGD b	QoQ +/(–) %	Dec-18 SGD b	YoY +/(–) %
Gross Loans					
<i>By Geography</i>					
Singapore	139	141	–2	137	+1
Regional:	102	105	–3	97	+5
<i>Malaysia</i>	30	29	–	29	+1
<i>Thailand</i>	20	19	+3	17	+16
<i>Indonesia</i>	11	12	–2	11	+2
<i>Greater China</i>	41	45	–8	40	+3
Others	28	29	–2	27	+4
Total	269	275	–2	262	+3
<i>By Industry</i>					
Transport, storage and communication	11	11	–1	10	+8
Building and construction	67	68	–2	63	+6
Manufacturing	19	23	–16	21	–8
Financial institutions, investment & holding companies	26	25	+3	23	+12
General commerce	33	35	–7	33	–1
Professionals and private individuals	29	29	–	29	+1
Housing loans	69	68	+1	68	–
Others	14	15	–3	13	+7
Total	269	275	–2	262	+3

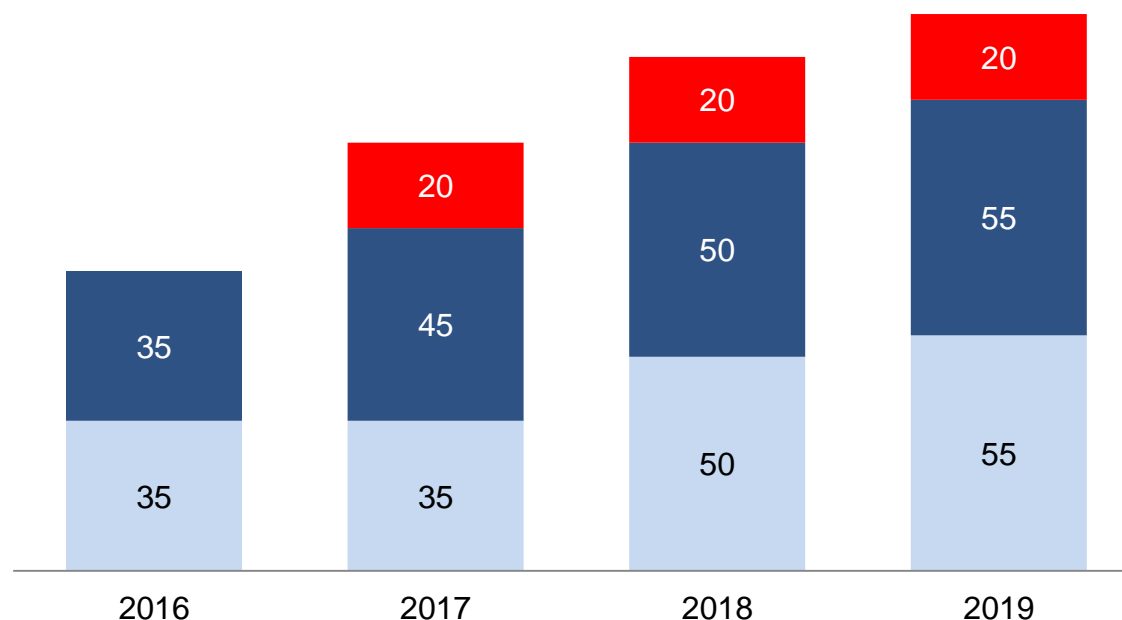
Note: Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

NPL Ratio Stable at 1.5%



Note: 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).

Higher Total Dividend for 2019



Net dividend per ordinary share (¢)	Interim	Final	Special
Payout amount (SGD m)	1,135	1,660	2,000
Payout ratio (%)	37	49	50
Payout ratio (excluding special/one-off dividends) (%)	37	39	42

Note: The Scrip Dividend Scheme was applied to interim and final dividends for the financial year 2016; as well as interim, final and special dividends 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.



Appendix B: 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 but the region's long-term fundamentals continue to remain strong
- Region is our growth engine in view of growing intra-regional flows and rising consumer affluence, leveraging digitalisation and partnerships

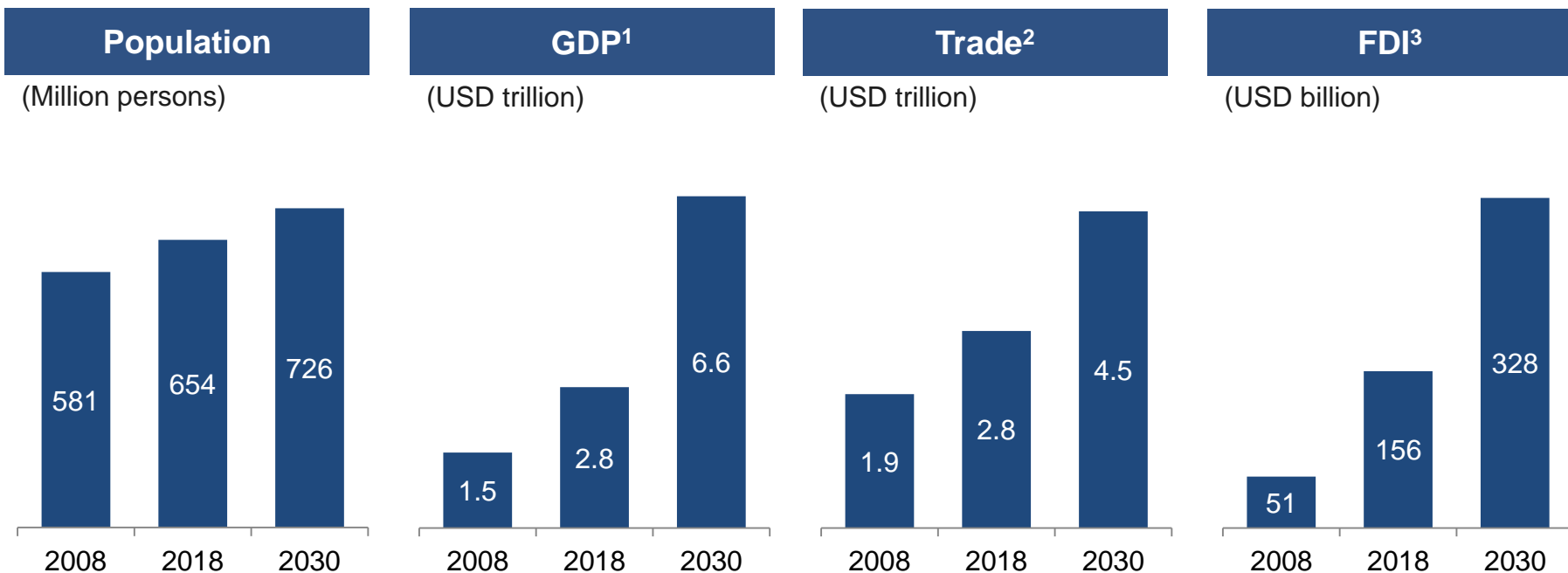
Reinforce Fee Income Growth

- Grow fee income to offset competitive pressures on loans and improve return on risk weighted assets
- 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 and robust capital through economic cycles

Southeast Asia's Immense Long-term Potential



- Third largest globally, after China and India
- Young demographics, with 381 million below 35 years old

- Fifth largest economic bloc globally
- GDP doubled over the last decade

- Fourth largest trading group globally 23% are intra-ASEAN⁴ (European Union: 63%, NAFTA⁵: 41%)

- Third largest recipient of inward FDI globally
- Grown 3x over the last decade

1. GDP: Gross domestic product.

2. Comprises exports and imports.

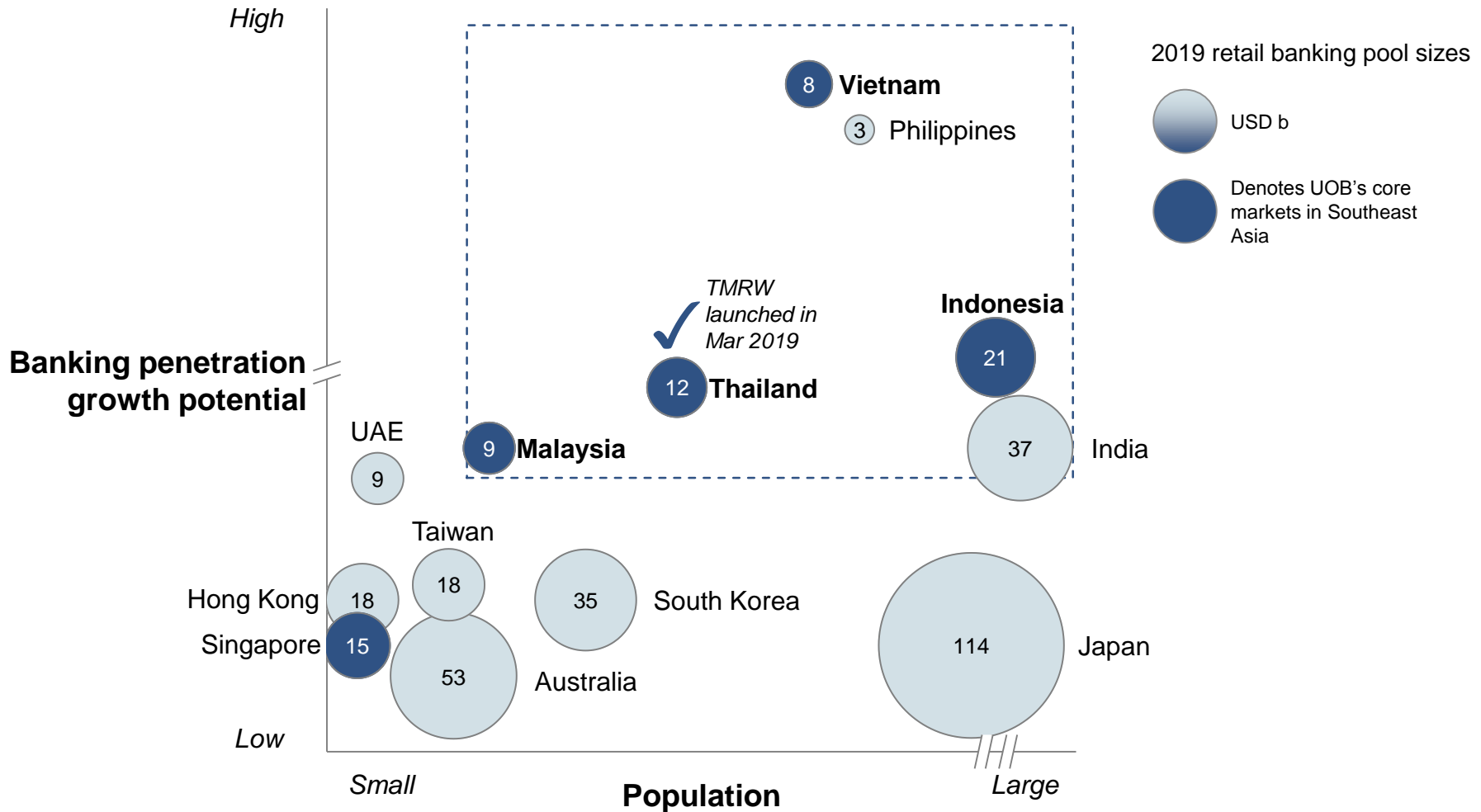
3. FDI: Foreign direct investments. 2030f for trade and FDI assume annual growth at half the growth pace in the last 20 years.

4. ASEAN: Association of South East Asian Nations.

5. NAFTA: North America Free Trade Agreement.

Source: Macrobond, Visual Capitalist, UOB Economic-Treasury Research

Strong Retail Presence in High Potential Regional Markets

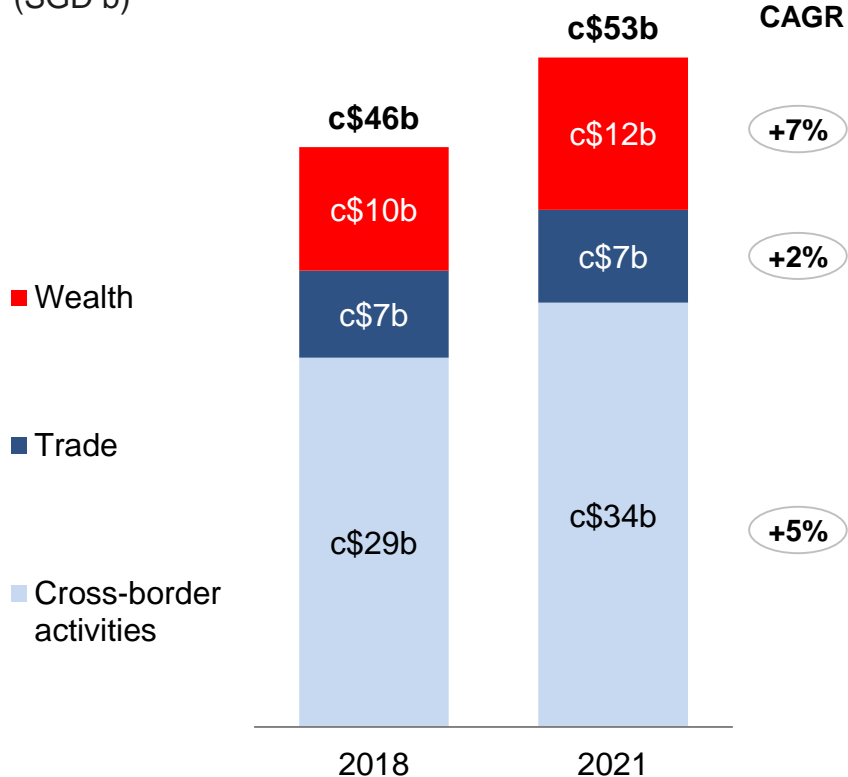


Source: BCG banking pools (2019), World Bank (2017)
 Note: UAE and Japan retail banking market size as of 2017.

Revenue Potential from 'Connecting the Dots' in the Region

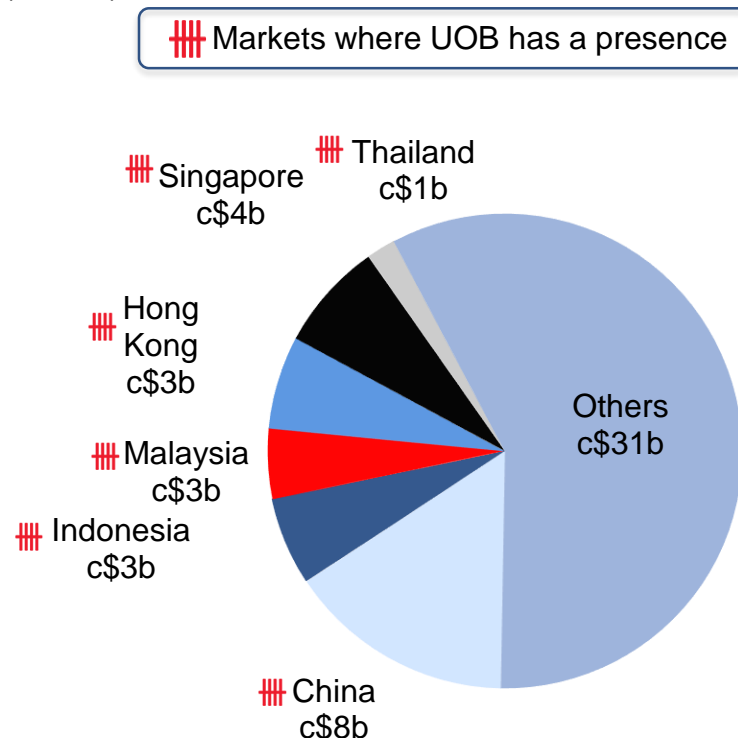
Industry's Potential Connectivity Revenue

(SGD b)



Industry's Potential Connectivity Revenue (2021)

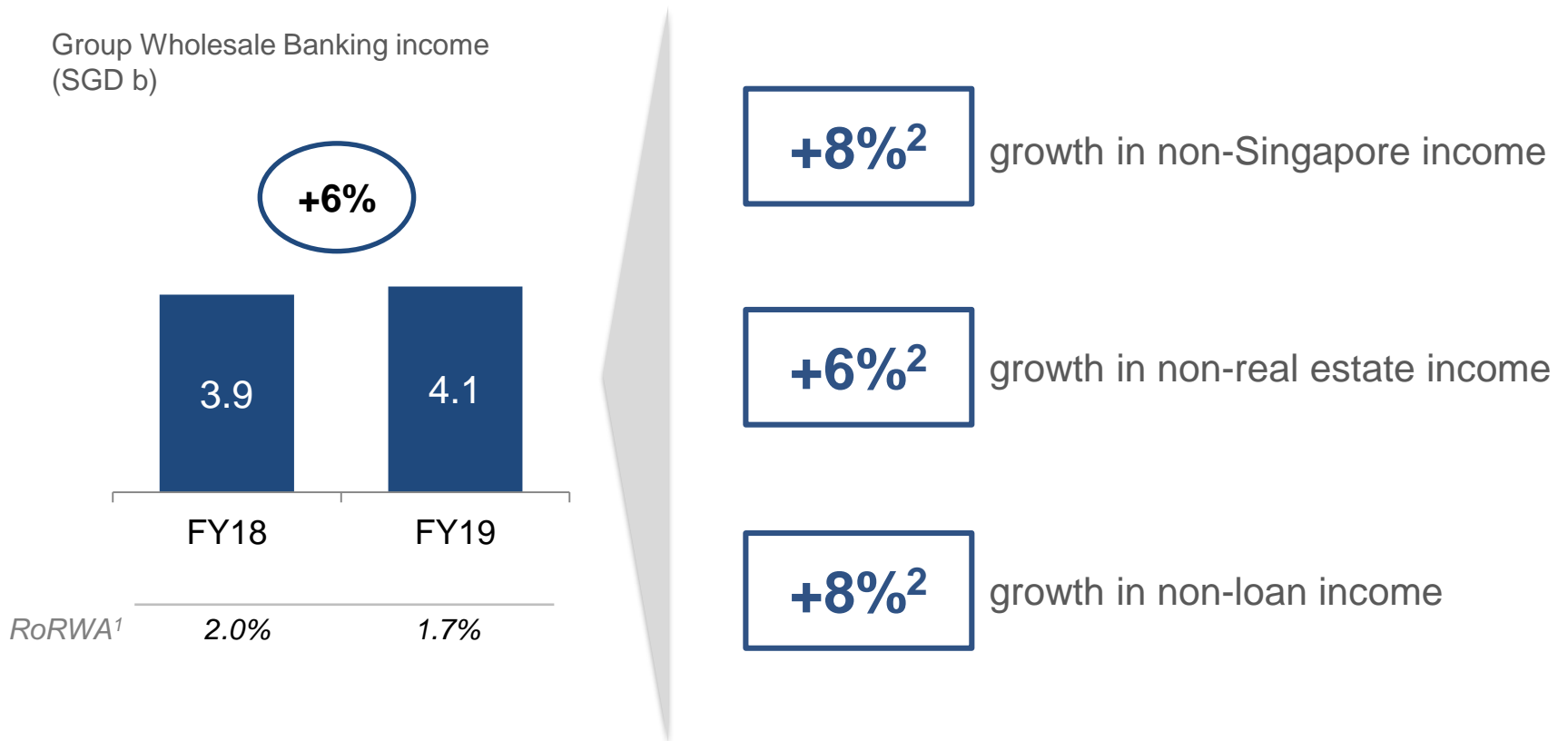
(SGD b)



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.

Group Wholesale Banking Income Growth Supported by Diverse Sources



1. Return on risk weighted assets (RoRWA), computed as a ratio of “Profit before tax” to “Average segment RWA”.
2. 2019 year on year growth.

Strategic Initiatives to Tap Regional Flows



Strengthened Connectivity

Tapping Greater China / Southeast Asian flows

- Support regional needs of companies from Southeast Asia and Greater China
- Singapore remains attractive as hub for region

Cross-border income: **+10% growth¹** and **28%** of GWB income



Sector Specialisation

Offering tailored solutions

- Improve customer engagement with insights and sectoral benchmarking
- Well-positioned to bank opportunities from clients' ongoing diversification

Non-loan income: **+8%¹**
Non-real estate income: **+6%¹**



Products and Platforms

Building new capabilities

- Financing frameworks² to support green and sustainable development
- Re-designed customer journeys
- Faster speed to market

Total Sustainable Financing³: **> SGD 6 billion**
Targeted cost productivity improvement: **~10%⁴**

1. 2019 year on year growth.

2. Real Estate Sustainable Finance Framework and Green Infrastructure Framework.

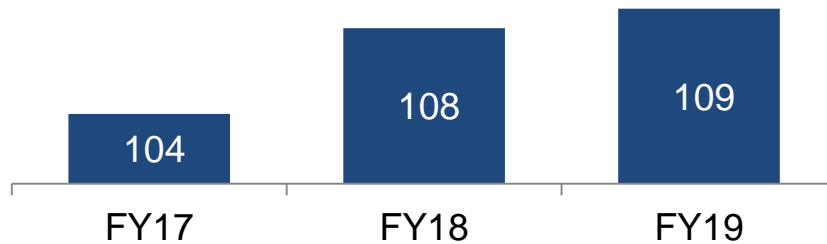
3. Includes green loans, sustainability-linked loans and loans for green certified buildings.

4. 2021 target.

Group Retail Riding on Region's Growing Affluence

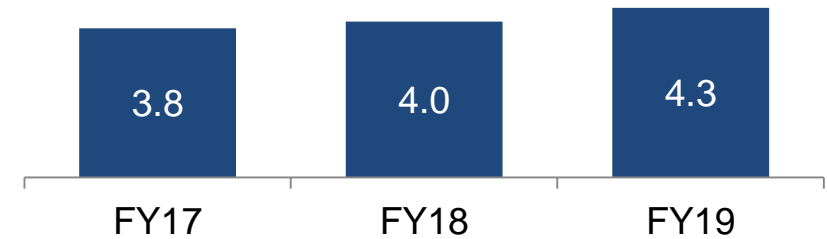
Gross Loans (Group Retail¹): +1% YoY in FY19

SGD b



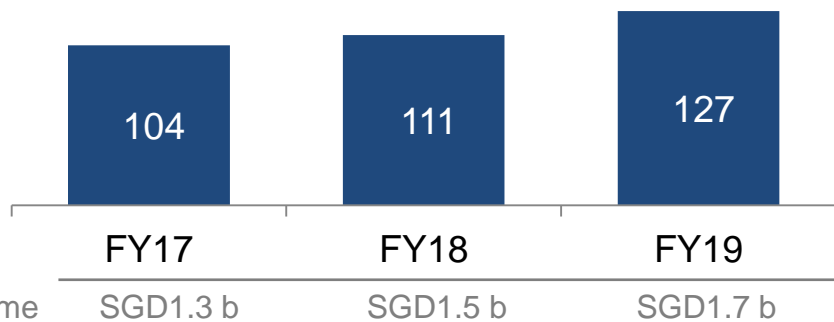
Income (Group Retail¹) +9% YoY in FY19

SGD b

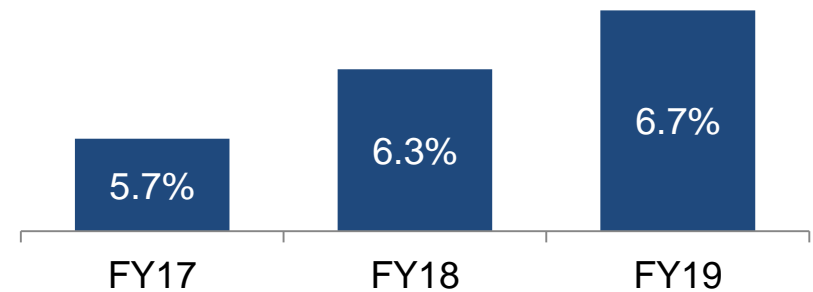


61% of AUM from overseas customers²

Assets under management (AUM; SGD b)



Segment RoRWA³ +0.46%pt YoY in FY19



1. Includes Business Banking.

2. Through the Group's network of wealth management centres.

3. Return on risk weighted assets (RoRWA), computed as a ratio of "Profit before tax" to "Average segment RWA".

Leveraging Digitalisation and Partnerships



Omni-Channel Experience

Affluent customers with universal banking needs

- Launched UOB Mighty 2 app with improved features for better experience
- New digital Portfolio Advisory Tools to help clients optimise wealth portfolio

Omni-channel customers: **39%**
Service excellence: Improved NPS¹ across multiple client touchpoints



Digital Bank: TMRW

Targeting Mobile-first & Mobile-only Generation

- Aim: To be the world's most engaging bank
- Market opportunity: S\$10b² in Southeast Asia
- New market in 2020: Indonesia

On track to be marginal profit positive within five years
TMRW's NPS¹ ranked among top five across banks in Thailand



Ecosystem Partnerships

Forging collaborations to widen distribution reach

- Strengthen customer acquisition and deepen wallet share
- Improving banking access by integrating with lifecycle needs of consumers and small businesses

New car loans:
80% digital applications
Supported 31k SMEs with BizSmart³ across the region

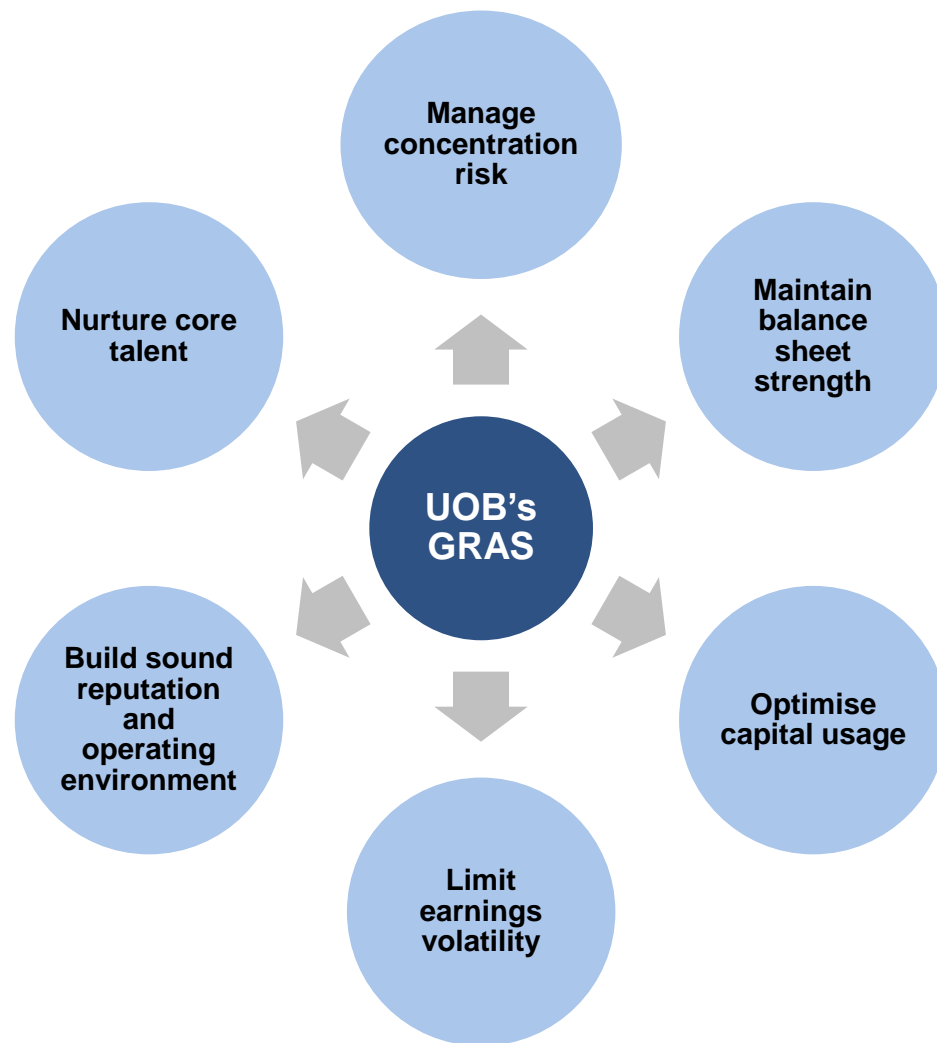
1. Net promoter score.

2. Based on lifetime value of young professionals in ASEAN.

3. UOB BizSmart offers a suite of integrated account, payroll and business operational solutions. Data as of 31 Dec 2019.

Managing Risks for Stable Growth

- **Prudent approach has been key to delivering sustainable returns over the years**
- **Institutionalised framework through Group Risk Appetite Statement (GRAS):**
 - Outlines risk and return objectives to guide strategic decision-making
 - Comprises 6 dimensions and 14 metrics
 - Entails instilling prudent culture as well as establishing policies and guidelines
 - Invests in capabilities, leverage integrated regional network to ensure effective implementation across key markets and businesses



Thank You

