

# UOB Group

## Sustained Profits Supported by Solid Balance Sheet

November 2019

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# Agenda

1. Overview of UOB Group
2. Macroeconomic Outlook
3. Strong UOB Fundamentals
4. Our Growth Drivers
5. Latest Financials



# 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 30 September 2019.

1. USD 1 = SGD 1.38195 as at 30 September 2019.
2. Average for 3Q19.
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 9M19

■ Total assets	: SGD408b (USD296b <sup>1</sup> )
■ Shareholders' equity	: SGD39b (USD29b <sup>1</sup> )
■ Gross loans	: SGD275b (USD199b <sup>1</sup> )
■ Customer deposits	: SGD304b (USD220b <sup>1</sup> )
■ Loan/Deposit ratio	: 89.3%
■ Net stable funding ratio	: 107%
■ Average all-currency liquidity coverage ratio	: 144% <sup>2</sup>
■ Common Equity Tier 1 CAR	: 13.7%
■ Leverage ratio	: 7.6%
■ Return on equity <sup>3, 4</sup>	: 11.9%
■ Return on assets <sup>4</sup>	: 1.11%
■ Return on risk-weighted assets <sup>4</sup>	: 1.94%
■ Net interest margin <sup>4</sup>	: 1.79%
■ Non-interest income/ Total income	: 35.2%
■ Cost / Income	: 44.2%
■ 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 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>  
Best SME Bank<sup>1</sup>



Asia's Best Bank Transformation, 2019



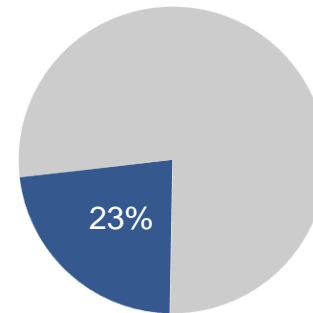
Best Domestic Bank<sup>2</sup>, 2019  
Best Digital Bank<sup>2</sup>, 2019

Source: Company reports.

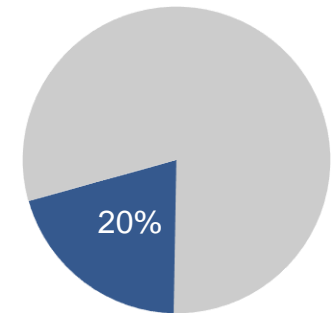
1. The Asian Banker "International Excellence in Retail Financial Service Awards": 2019 (Best SME Bank in Asia Pacific & Singapore), 2017 & 2016 (SME Bank of the Year), 2014 (Best Retail Bank in Asia Pacific & Singapore).
2. In Singapore

## UOB's sizeable market share in Singapore

SGD loans



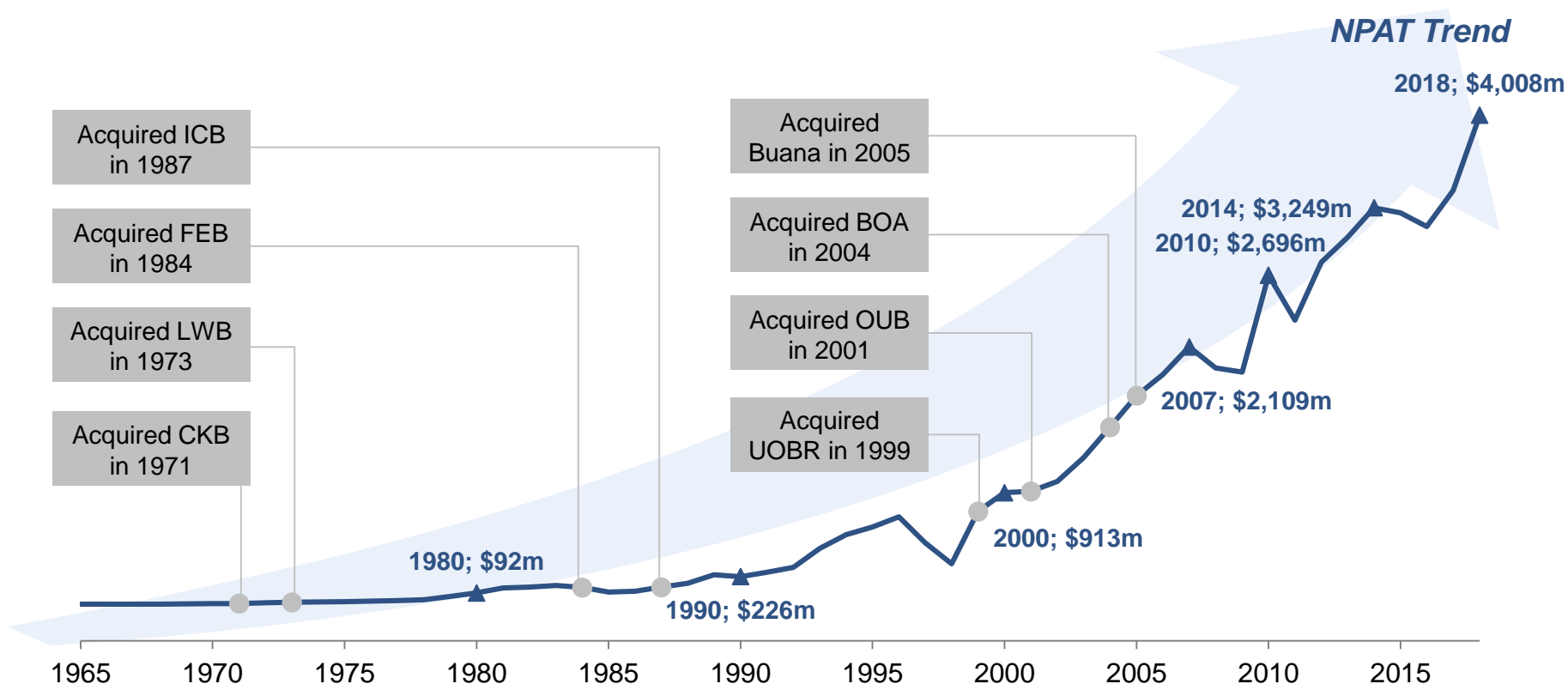
SGD deposits



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 30 Sep 19

# Proven Track Record of Execution

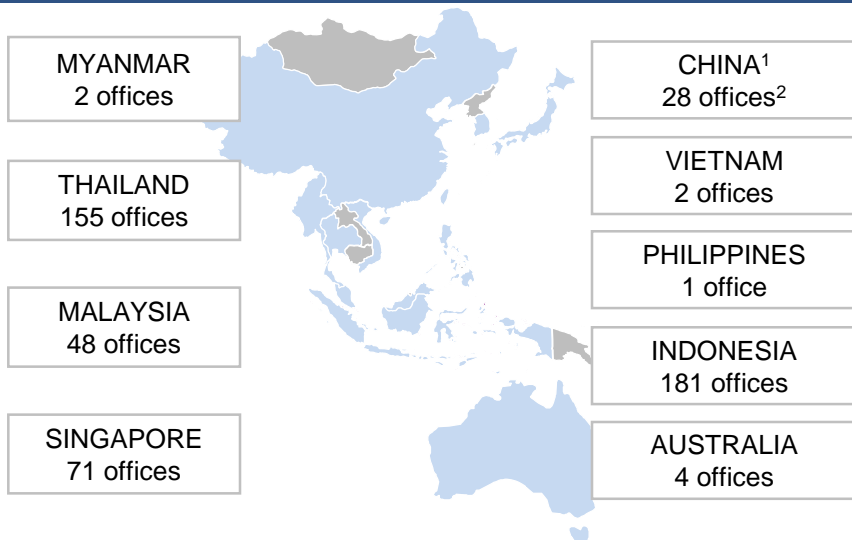
- UOB Group's management has a proven track record in steering the Group through various global events and crises.
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance



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

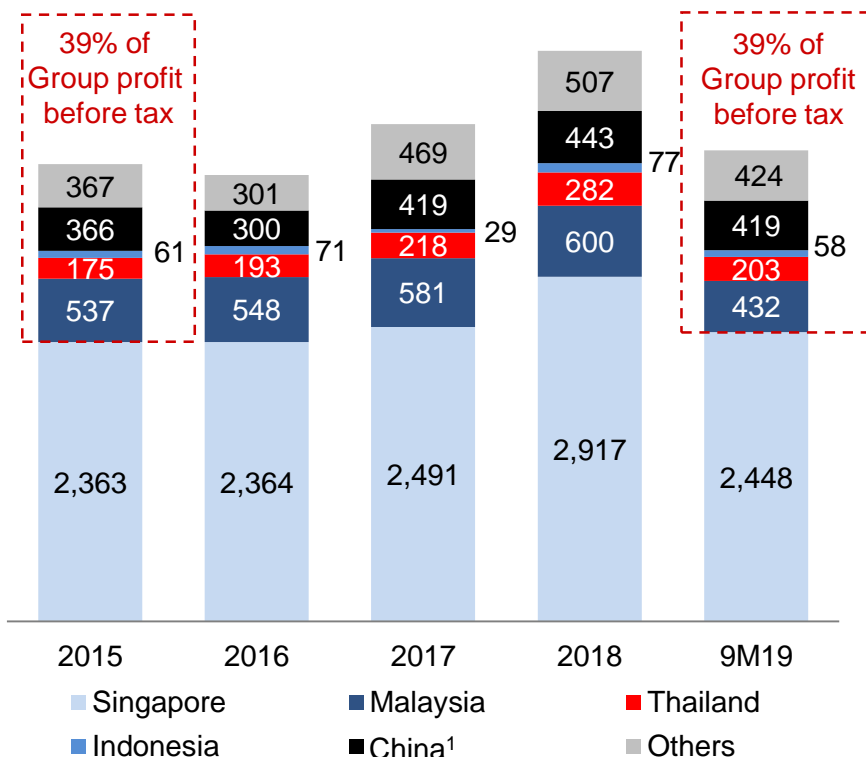
## Extensive Regional Footprint with c.500 Offices



- 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 c13% in Hengfeng Bank in China.

# 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 businesses
- 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*





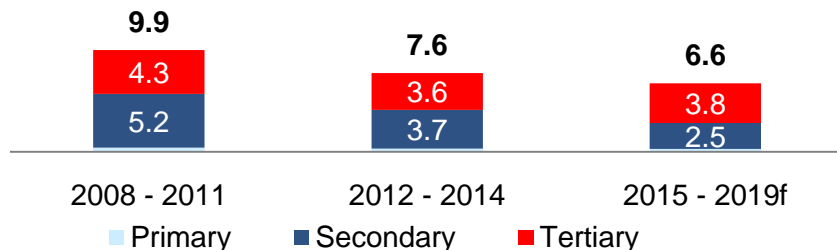
# Macroeconomic Outlook

# Trade Tensions Cloud China's Outlook but Low Risk of Hard Landing

- Despite ongoing structural slowdown, the Chinese economy has its underlying momentum, supported by rebalancing reforms and steady jobs market. Services sector will anchor growth as manufacturing bears brunt of trade downturn.
- Baseline China's GDP growth is forecasted 5.9% for 2020 (2019: 6.1%), with the risk of slowing to less than 5.5% should all Chinese exports to the US and investments be targeted amid protracted US-China trade conflicts.
- Low central government debt underpins China's fiscal capacity, which could help mitigate "black swan" events.

## Structural Shift of China's Economy

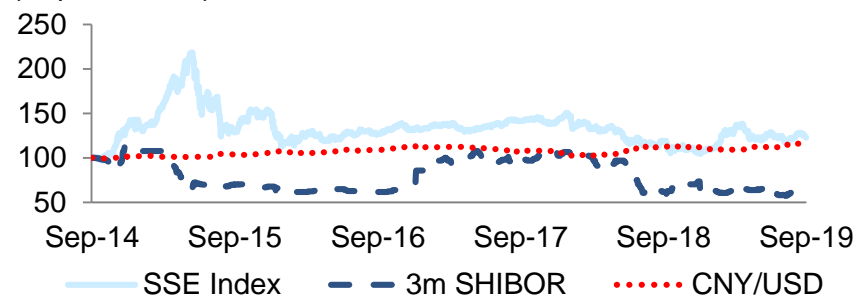
(Average Contribution to GDP growth rate, %)



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

## Episodes of Market Volatility Contained

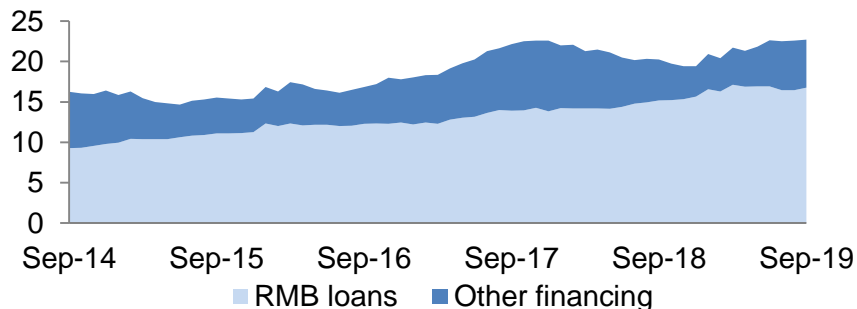
(Sep' 14 = 100)



Source: Bloomberg, UOB Global Economics & Markets Research

## New Financing Increasingly from Banking Sector

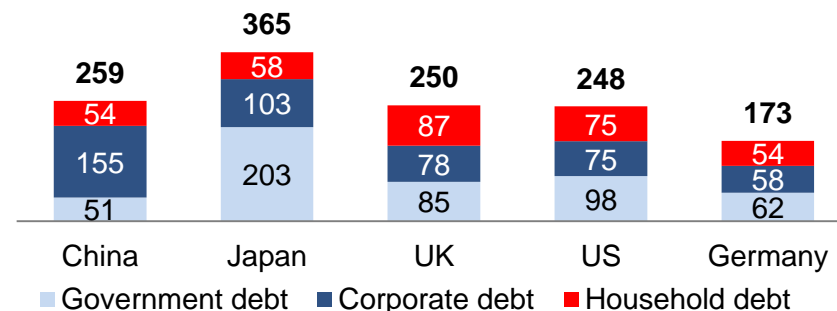
(Rolling 12 months, CNY trn)



Source: PBOC, UOB Global Economics & Markets Research

## Source of China Debt Risk

(As of 1Q19, % of GDP)

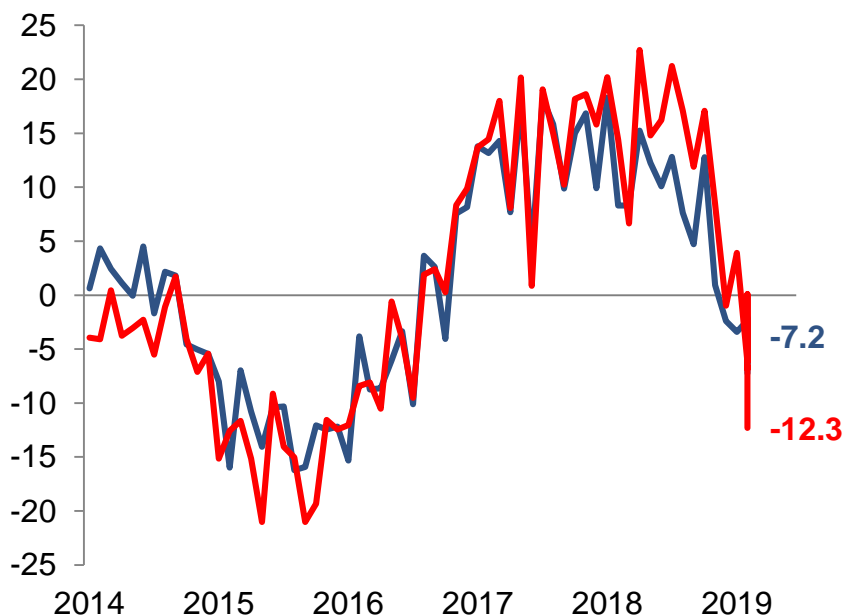


Source: BIS, Macrobond, UOB Global Economics & Markets Research

# Global Trade Tension Negative for ASEAN but Some Silver Lining May Emerge

## Exports growth slowed across ASEAN countries in 2019<sup>1</sup>

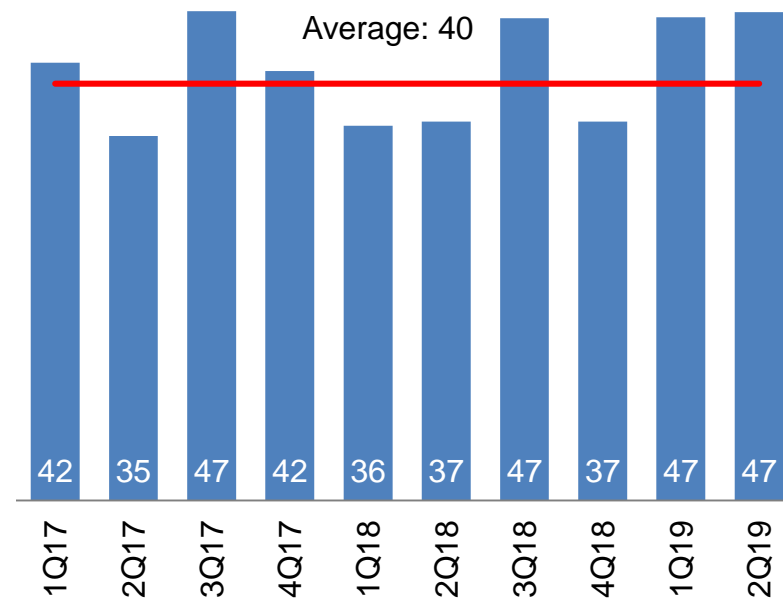
Year on year growth (%)



— ASEAN-5 Exports    — ASEAN-5 Imports

## Sustained strong foreign direct investment inflows into Southeast Asia

(USD billion)



— ASEAN Quarterly Foreign Direct Investments  
— 2017-2018 Quarterly Average

1. Based on export data from January to August 2019  
Sources: Macrobond, UOB Global Economics & Markets Research

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	1.75	1.50	1.50
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	1.80	1.55	1.55
SG 3M SOR	1.48	1.59	1.64	1.92	1.93	1.83	1.68	1.60	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	1.50	1.50	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	3.90	3.65	3.65

After delivering three 25bps cuts in Jul, Sep and Oct'19, the Fed Reserve is expected to pause at the 10/11 Dec FOMC. The downward bias is expected to reemerge in 1Q20, bringing the upper bound of the FFTR lower to 1.5% and well below the 2% inflation target. The Fed will have to take on more easing, if trade tensions persist well beyond 2019 and into 2020, especially if leading to material downside impact on the US and global growth.

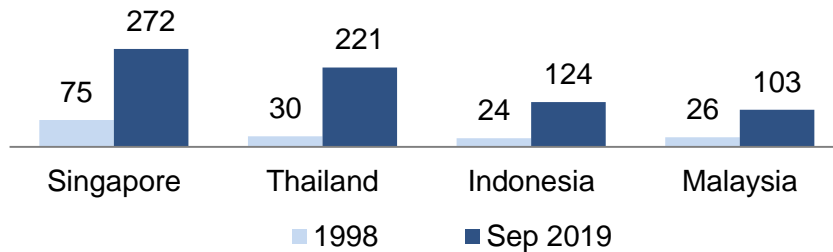
In Oct'19, the Monetary Authority of Singapore (MAS) eased its monetary policy by reducing the rate of appreciation of the SGD NEER policy band slightly, while keeping the width of the band and the level at which it is centered unchanged. Even as the Singapore economy has skirted a technical recession in 3Q19, the MAS is expected to keep its policy parameters unchanged at the next April 2020 meeting although the central bank did end its statement by saying that it *"is prepared to recalibrate monetary policy should prospects for inflation and growth weaken significantly."* The SGD NEER has been resilient through MAS easing; our macro projection for SGD weakness exposes the SORs to upside risks.

China's growth is expected to slow further to below 6.0% in 2020 due to its structural reforms and trade tensions with the US. Chinese policymakers will be able to avoid hard-landing with proactive fiscal and monetary policies, though these will remain targeted and measured to contain risks to financial stability. Asian economies are expected to ease their monetary policies to support growth. Capital flight risk from Asia will remain low due to improved economic fundamentals but those economies with current account and fiscal deficits may be more vulnerable.

# Southeast Asia: Resilient Key Markets

## Significantly Higher Foreign Reserves

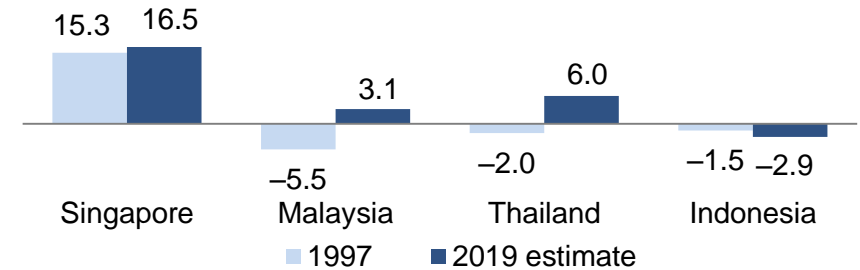
(USD billion)



Sources: World Bank, International Monetary Fund

## Healthy Current Account Balances

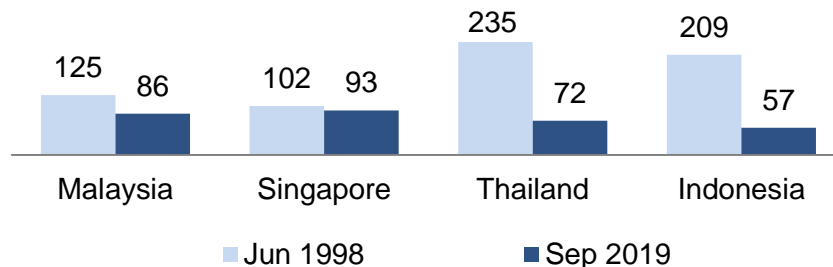
(% of GDP)



Source: International Monetary Fund

## Lower Debt to Equity Ratio

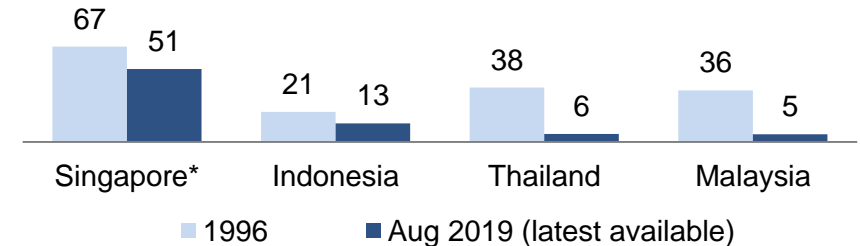
(%)



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

(%)



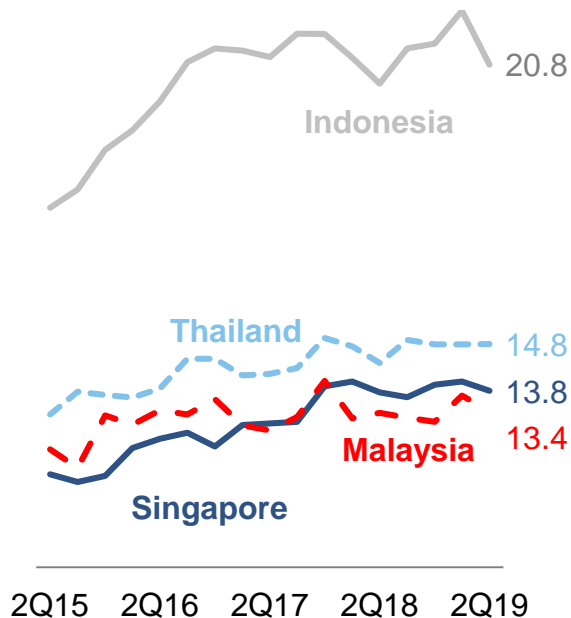
\* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units; sources: Central banks

*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

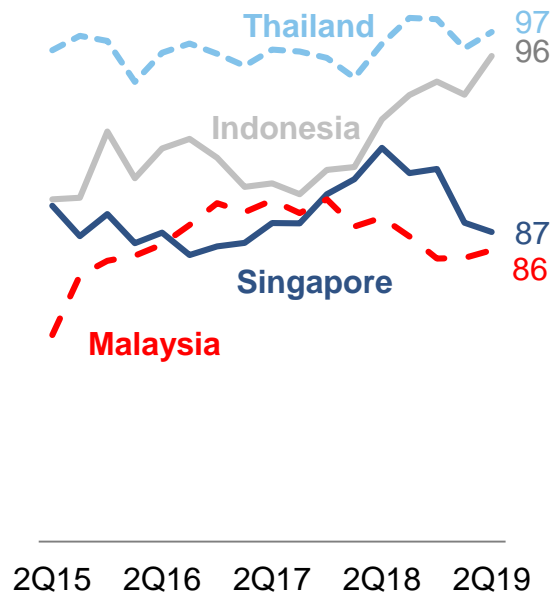
## Robust Capital Positions

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



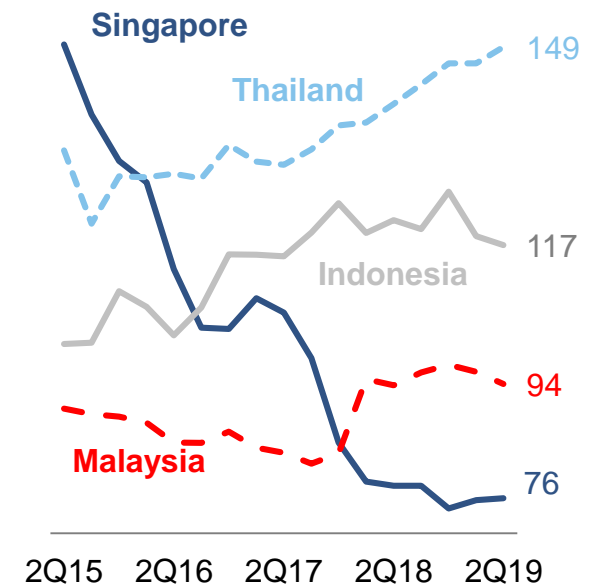
## Adequate Loan/Deposit Ratio

(Loan/deposit ratio, in %)



## Healthy Reserves

(NPL reserve cover, in %)



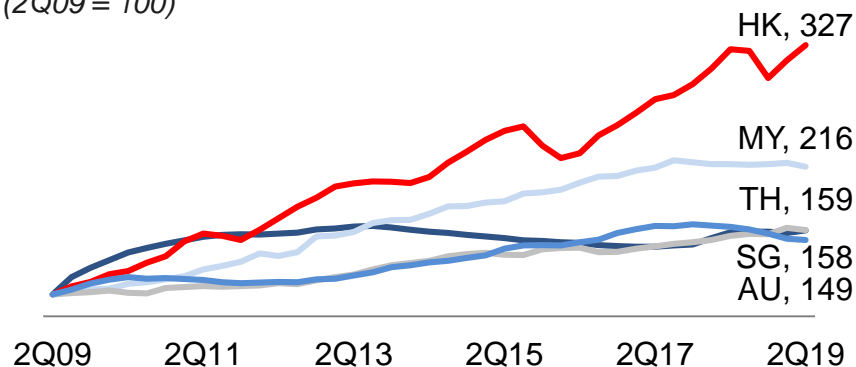
Note: For Singapore, common equity Tier 1 capital adequacy ratio and NPL reserve cover are based on the average of the three Singapore banking groups, while the loans/deposit ratio approximates that of Singapore dollar.

Source: Central banks, banks

# Conducive Macro Conditions Underpin Singapore Property Market

## Regional House Price Indices over Last 10 Years

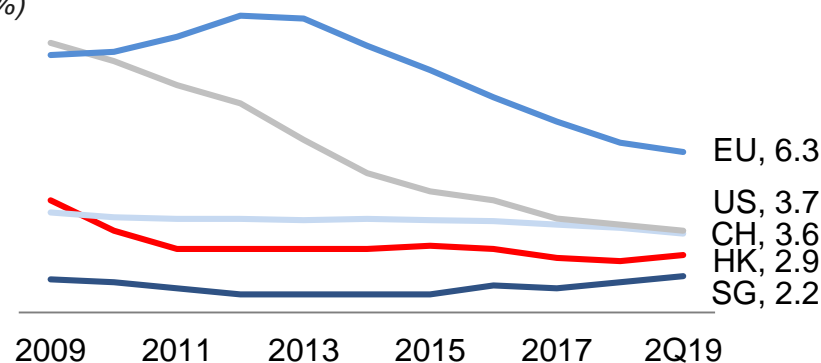
(2Q09 = 100)



Sources: CEIC, UOB Economic-Treasury Research

## Low Unemployment vs Global Peers

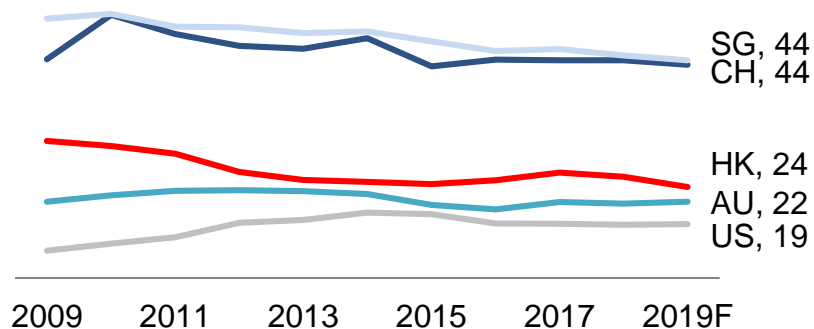
(%)



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

	2008	2Q19	+/(−)
Price <sup>1</sup> (SGD / sq ft)	895	1,144	+28%
Unit size (sq ft)	1,200	1,200	–
Unit costs (SGD m)	1.07	1.37	+28%
Interest rate (%)	2.80	2.51	
Household income <sup>2</sup> (SGD / mth)	12,763	17,492	+37%
Debt servicing ratio <sup>3</sup> (%)	26	23 <sup>4</sup>	

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%

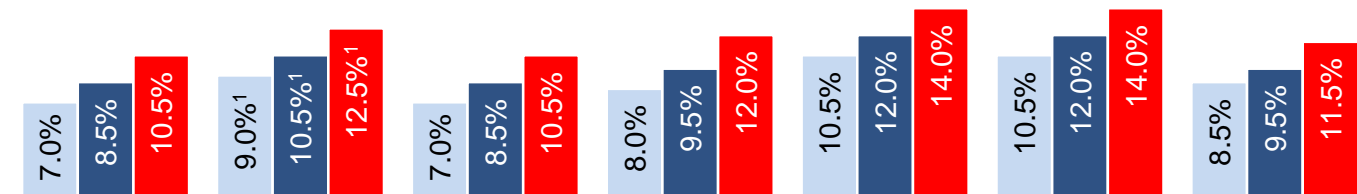
Sources: URA, CEIC, Singapore Statistics, UOB Economic-Treasury Research

# Basel III across the Region

	BCBS	Singapore	Malaysia	Thailand	Indonesia	Hong Kong	China
Minimum CET1 CAR	4.5%	6.5% <sup>1</sup>	4.5%	4.5%	4.5%	4.5%	5.0%
Minimum Tier 1 CAR	6.0%	8.0% <sup>1</sup>	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total CAR	8.0%	10.0% <sup>1</sup>	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 <sup>2</sup>	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% <sup>3</sup>	1.0%–3.5%	1.0% <sup>4</sup>
G-SIB Buffer	1.0%–3.5%	n/a	n/a	n/a	n/a	n/a	1.0%–1.5% <sup>4</sup>
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 assets<sup>5</sup>

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

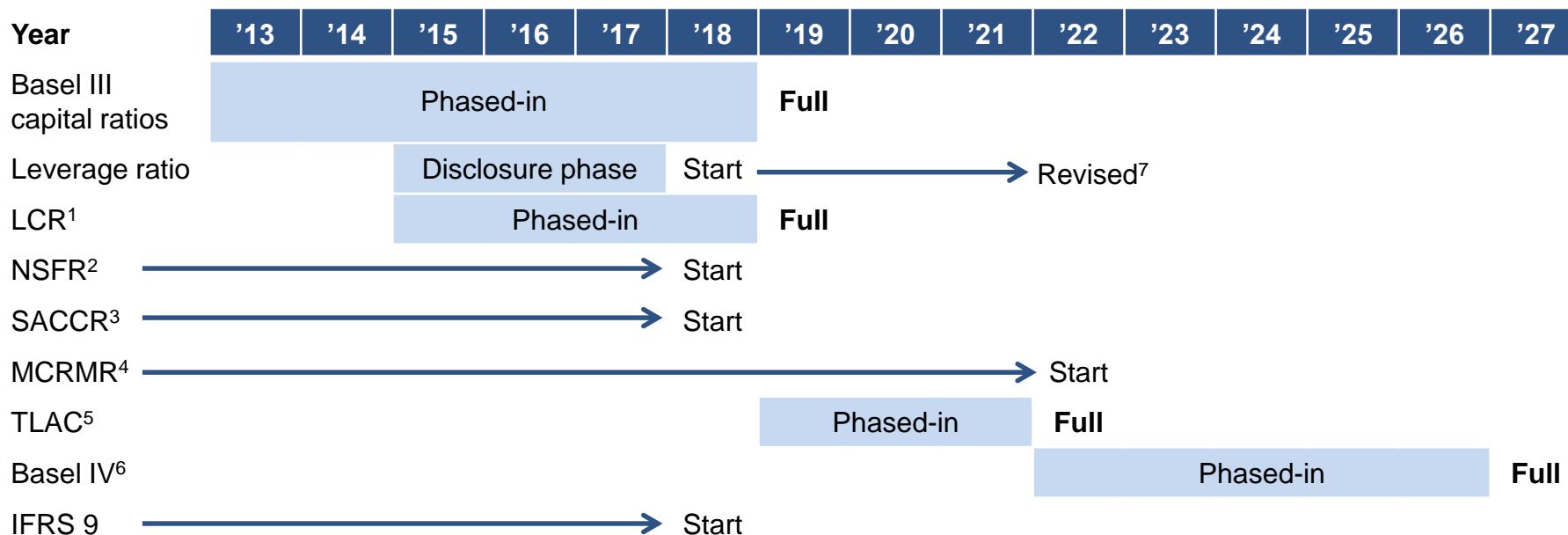


Source: Regulatory notifications.

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 IV<sup>1</sup> Likely to be Manageable

Retail credit

Wholesale credit

Others

LGD<sup>2</sup> floor of Retail Mortgage cut to 5% from 10%

Unsecured corporate FIRB<sup>5</sup> LGD<sup>2</sup> cut to 40% from 45%

CCF<sup>6</sup> for general commitments cut to 40% from 75%

Higher haircuts and lower FIRB<sup>5</sup> secured LGD

Removal of 1.06 multiplier for IRB<sup>8</sup> RWA<sup>7</sup>

LGD<sup>2</sup> and PD<sup>3</sup> floors introduced for QRRE<sup>4</sup> and Other Retail

CCF<sup>6</sup> for unconditional cancellable commitments raised to 10% from 0%

PD<sup>3</sup> floor of bank asset class raised to 5bp from 3bp

RWA<sup>7</sup> output floor set at 72.5% of that of standardised approach

Fundamental review of the trading book

Lower RWA

Higher RWA

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



# 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
- Total credit costs expected to be below long-term trend of 28bp

## Disciplined Management of Balance Sheet

- Strong capital base; Common Equity Tier 1 capital adequacy ratio of 13.7% as at 30 September 2019
- Liquid and well diversified funding mix with loan/deposits ratio at 89.3%
- Stable asset quality, with a diversified loan portfolio

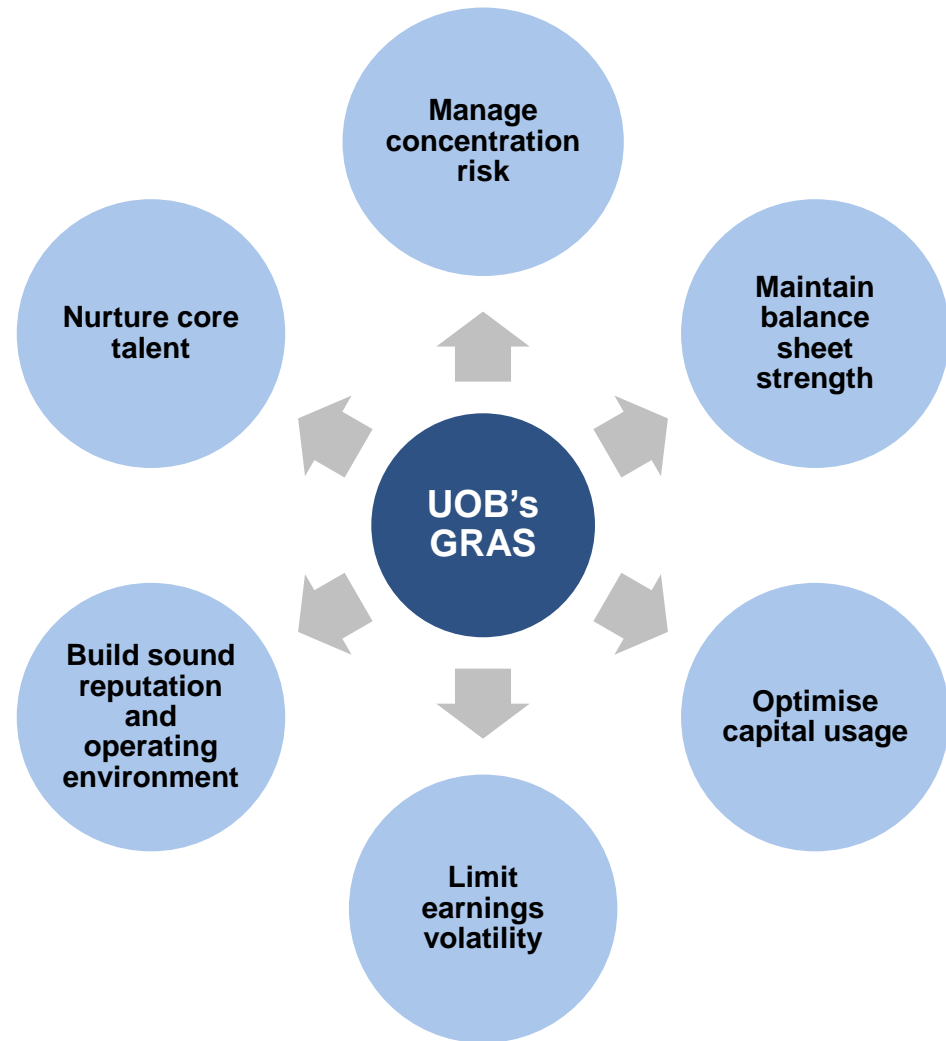
## Delivering on Regional Strategy

- 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*

# 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



# Competitive Against Peers

			Standalone Strength	Efficient Cost Management	Competitive ROAA <sup>1</sup>	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-	<b>UOB</b> a1	44.2%	1.11%	89.3%
Aa1	AA-	AA-	<b>OCBC</b> a1	42.5%	1.27%	86.8%
Aa1	AA-	AA-	<b>DBS</b> a1	41.9%	1.17%	89.6%
A2	A	AA-	<b>HSBC</b> a3	59.2%	0.69%	74.1%
A2	BBB+	A	<b>SCB</b> baa1	67.7%	0.43%	63.7%
Baa1	A-	n.r.	<b>CIMB</b> baa2	53.2%	0.99%	91.5%
A3	A-	A-	<b>MBB</b> a3	47.9%	0.93%	93.4%
Baa1	BBB+	BBB+	<b>BBL</b> baa1	41.9%	1.17%	84.7%
Baa2	n.r.	BBB	<b>BCA</b> baa2	46.2%	3.70%	79.0%
A2	A-	A+	<b>BOA</b> a3	60.5%	1.14%	69.2%
A3	BBB+	A	<b>Citi</b> baa1	56.4%	0.97%	62.4%
Aa3	AA-	AA-	<b>CBA</b> a2	47.8%	0.86%	118.7%
Aa3	AA-	AA-	<b>NAB</b> a2	52.3%	0.58%	141.6%

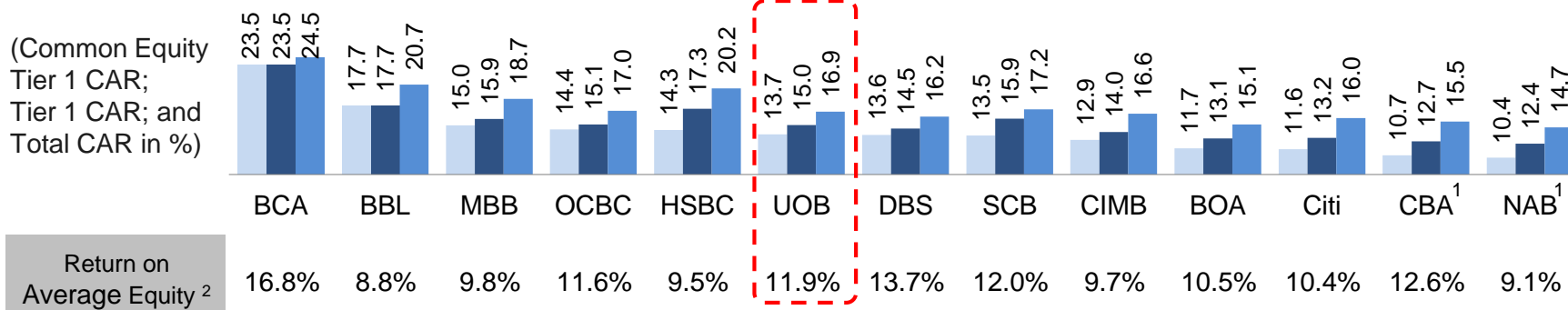
Source: Company reports, Credit rating agencies (updated as of 31 Oct 19).

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

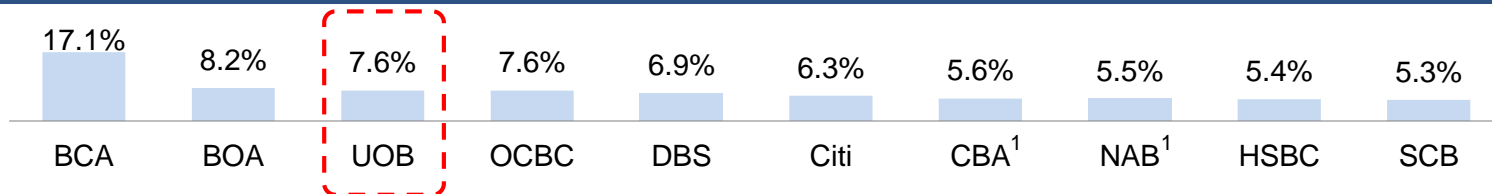
1. Computed on an annualised year-to-date basis.

# Strong Capital and Leverage Ratios

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



## Reported Leverage Ratio<sup>3</sup>



**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.

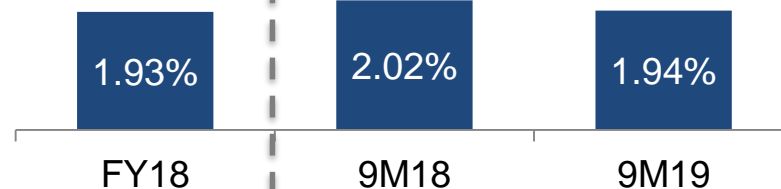
Banks' financials were as of 30 Sep 19, except for those of DBS, SCB, CIMB, Maybank, and CBA (which were as of 30 Jun 19).

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 16.2% (30 Jun 19), respectively.
2. Computed on an annualised year-to-date basis.
3. BBL, CIMB and MBB do not disclose their leverage ratio.

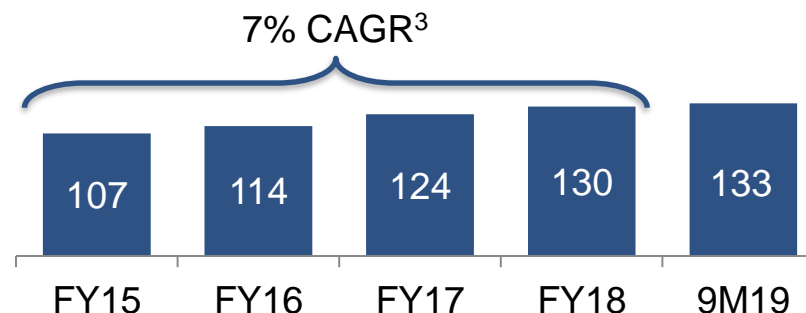
# Disciplined Balance Sheet Management

- **Sustained balance sheet efficiency**
  - Healthy RoRWA<sup>1</sup>
- **Healthy portfolio quality**
  - Non-performing loan ratio stable at 1.5%
  - 17bp credit cost on loans
  - Adequate non-performing assets reserve cover: 85%, or 210% after taking collateral into account
- **Proactive liability management**
  - Liquidity coverage ratios: SGD (342%<sup>2</sup>) and all-currency (144%<sup>2</sup>)
  - Net stable funding ratio: 107%
- **Robust capitalisation**
- **Interim dividend / share ▲ to 55 cents in 1H19, vs 50 cents in 1H18**

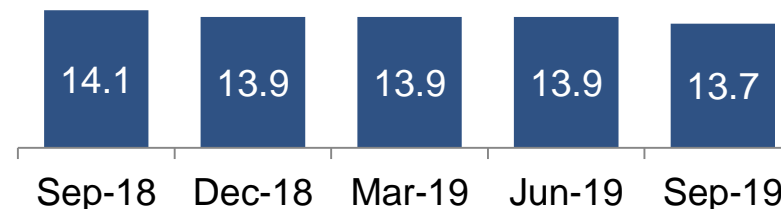
## RoRWA<sup>1</sup>



## Current Account Saving Account Balances (SGD b)



## Common Equity Tier 1 Capital Adequacy Ratio (%)



Note: All figures as at 30 Sep 2019 unless otherwise specified.

1. Return on average risk-weighted assets.

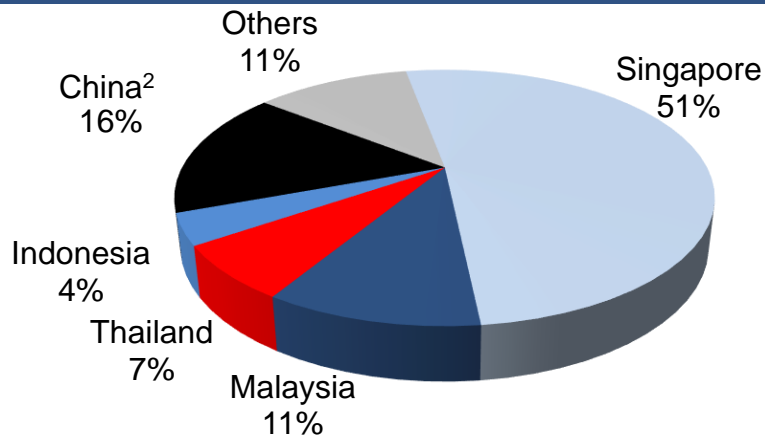
2. Average for 3Q19.

3. Compound annual growth rate over 3 years (2015 to 2018).

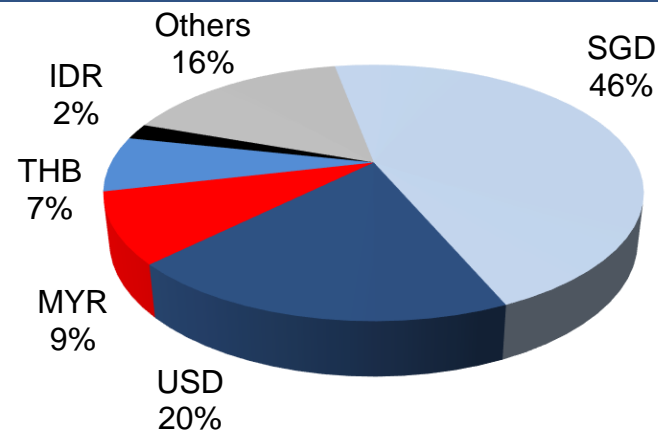


# Diversified Loan Portfolio

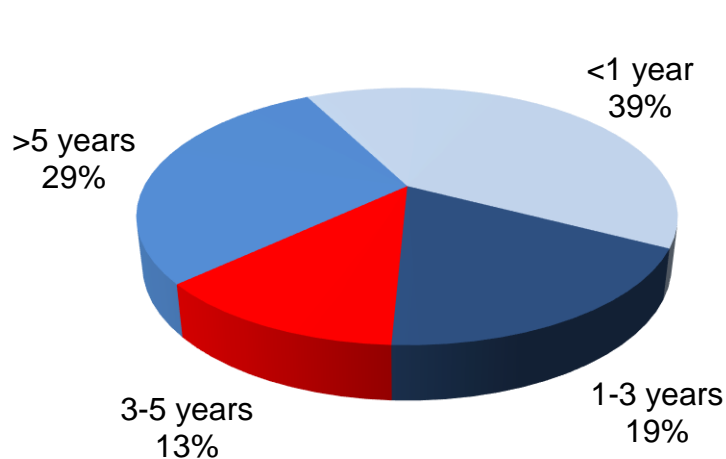
## Gross Customer Loans by Geography <sup>1</sup>



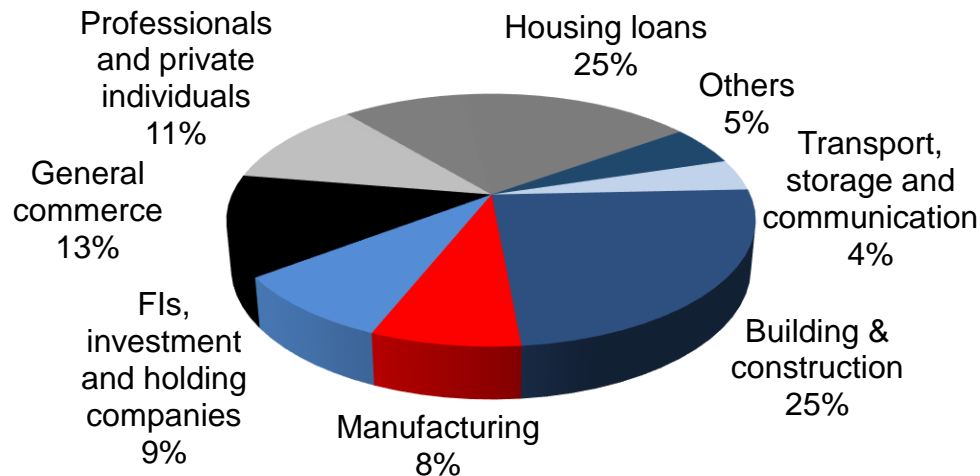
## Gross Customer Loans by Currency



## Gross Customer Loans by Maturity



## Gross Customer Loans by Industry



Note: Financial statistics as at 30 September 2019.

- 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).
- Comprise Mainland China, Hong Kong SAR and Taiwan.

# 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)	2019	2020	2021	2022	2023	2024	2025	2026	
AT1 <sup>1</sup>	Jul-19	Perpetual	2026	3.58%	SGD750m	Baa1/BBB-/BBB	-	-	-	-	-	-	-	750	
	Oct-17	Perpetual	2023	3.875%	USD650m	Baa1 / - /BBB	-	-	-	-	898	-	-	-	
	May-16	Perpetual	2021	4.00%	SGD750m	Baa1 / - /BBB	-	-	750	-	-	-	-	-	
	Nov-13	Perpetual	2019	4.75%	SGD500m	Baa1/BBB-/BBB	500	-	-	-	-	-	-	-	
Tier 2	Apr-19	10NC5	2024	3.75%	USD600m	A2 / BBB+ / A+	-	-	-	-	-	829	-	-	
	Feb-17	12NC7	2024	3.50%	SGD750m	A2 / - /A+	-	-	-	-	-	750	-	-	
	Sep-16	10½NC5½	2022	2.88%	USD600m	A2 / - /A+	-	-	-	829	-	-	-	-	
	Mar-16	10½NC5½	2021	3.50%	USD700m	A2 / - /A+	-	-	967	-	-	-	-	-	
	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-	-	-	-	467	-	-	-	-	
	Mar-19	3yr FXN	-	3.49%	RMB2b	Aa1 / AA- / AA-	-	-	-	387	-	-	-	-	
	Jul-18	3½yr FRN	-	BBSW 3m+0.81%	AUD600m	Aa1 / AA- / AA-	-	-	-	560	-	-	-	-	
	Apr-18	3yr FRN	-	3m LIBOR+0.48%	USD500m	Aa1 / AA- / AA-	-	-	691	-	-	-	-	-	
	Apr-18	3yr FXN	-	3.20%	USD700m	Aa1 / AA- / AA-	-	-	967	-	-	-	-	-	
	Apr-17	4yr FRN	-	BBSW 3m+0.81%	AUD300m	Aa1 / AA- / AA-	-	-	280	-	-	-	-	-	
	Sep-14	5½yr FXN	-	2.50%	USD500m	Aa1 / AA- / AA-	-	691	-	-	-	-	-	-	
	Sep-19	3yr FXN	-	1.625%	USD500m	Aaa / AAA / -	-	-	-	691	-	-	-	-	
Covered	Sep-18	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -	-	-	-	-	756	-	-	-	
	Feb-18	5yr FRN	-	3m LIBOR+0.24%	GBP350m	Aaa / AAA / -	-	-	-	-	595	-	-	-	
	Jan-18	7yr FXN	-	0.500%	EUR500m	Aaa / AAA / -	-	-	-	-	-	-	756	-	
	Mar-17	3yr FXN	-	2.125%	USD500m	Aaa / AAA / -	-	691	-	-	-	-	-	-	
	Mar-17	5yr FXN	-	0.125%	EUR500m	Aaa / AAA / -	-	-	-	756	-	-	-	-	
Mar-16	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -	-	-	756	-	-	-	-	-		
							<b>Total</b>	<b>500</b>	<b>1,882</b>	<b>4,411</b>	<b>3,690</b>	<b>2,249</b>	<b>1,579</b>	<b>756</b>	<b>750</b>

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 4 Nov 2019.

FX rates at 30 Sep 2019: USD 1 = SGD 1.38; AUD 1 = SGD 0.93; GBP 1 = SGD 1.70; EUR 1 = SGD 1.51; RMB 1 = SGD 0.19

## Supporting Sustainable Development



### Financing Green Real Estate



- **Oct 19:** SGD140m green loans to Lucrum Capital and Teambuild Engineering & Construction to finance construction of green buildings under new real estate sustainable finance framework

### Financing Renewables



- **Jun 19:** SGD43m green loan to Sunseap to generate solar power at 210 sites across Singapore.
- **Oct 19:** Launched U-Solar in Malaysia – Asia's first integrated solar energy marketplace – 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 2019 based on disclosure in 2018.

### 3. Sustainable Banking Assessment (SUSBA)

UOB was ranked second among the Southeast Asian banks in 2018.

### 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.



# 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

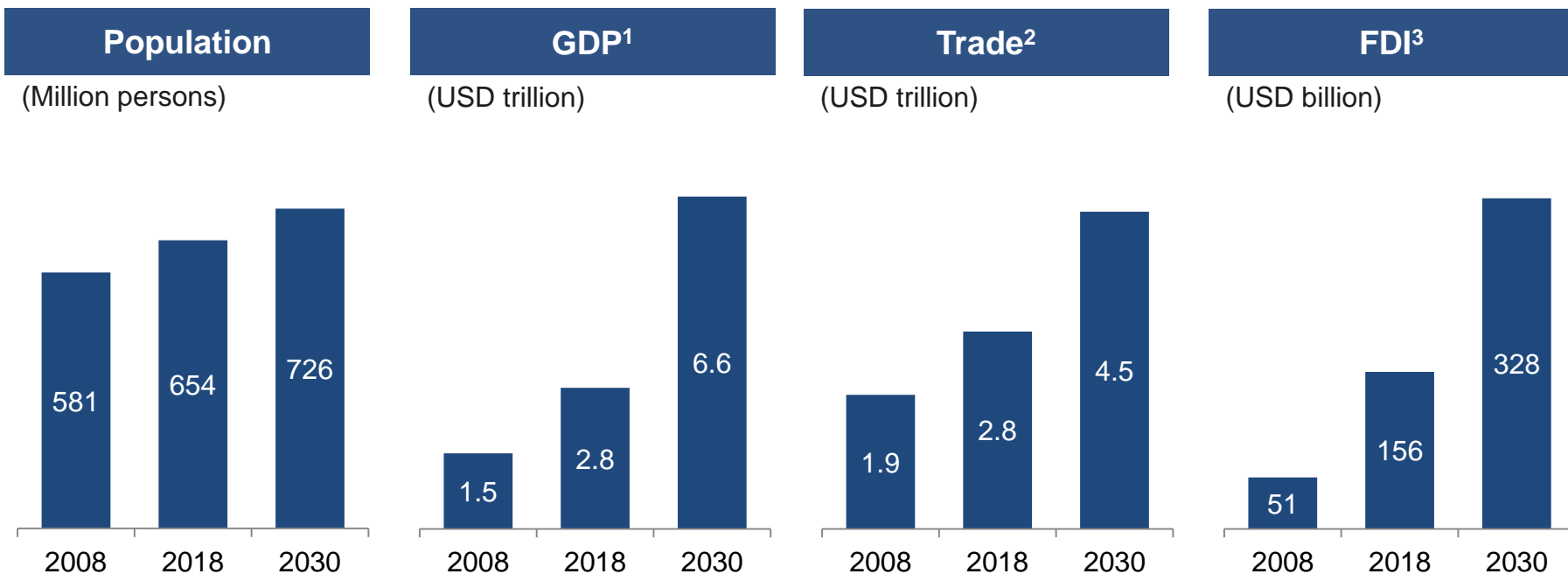
## Reinforce Fee Income Growth

- 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-ASEAN<sup>4</sup> (European Union: 63%, NAFTA<sup>5</sup>: 41%)

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

1. GDP: Gross domestic product.

2. Comprises exports and imports.

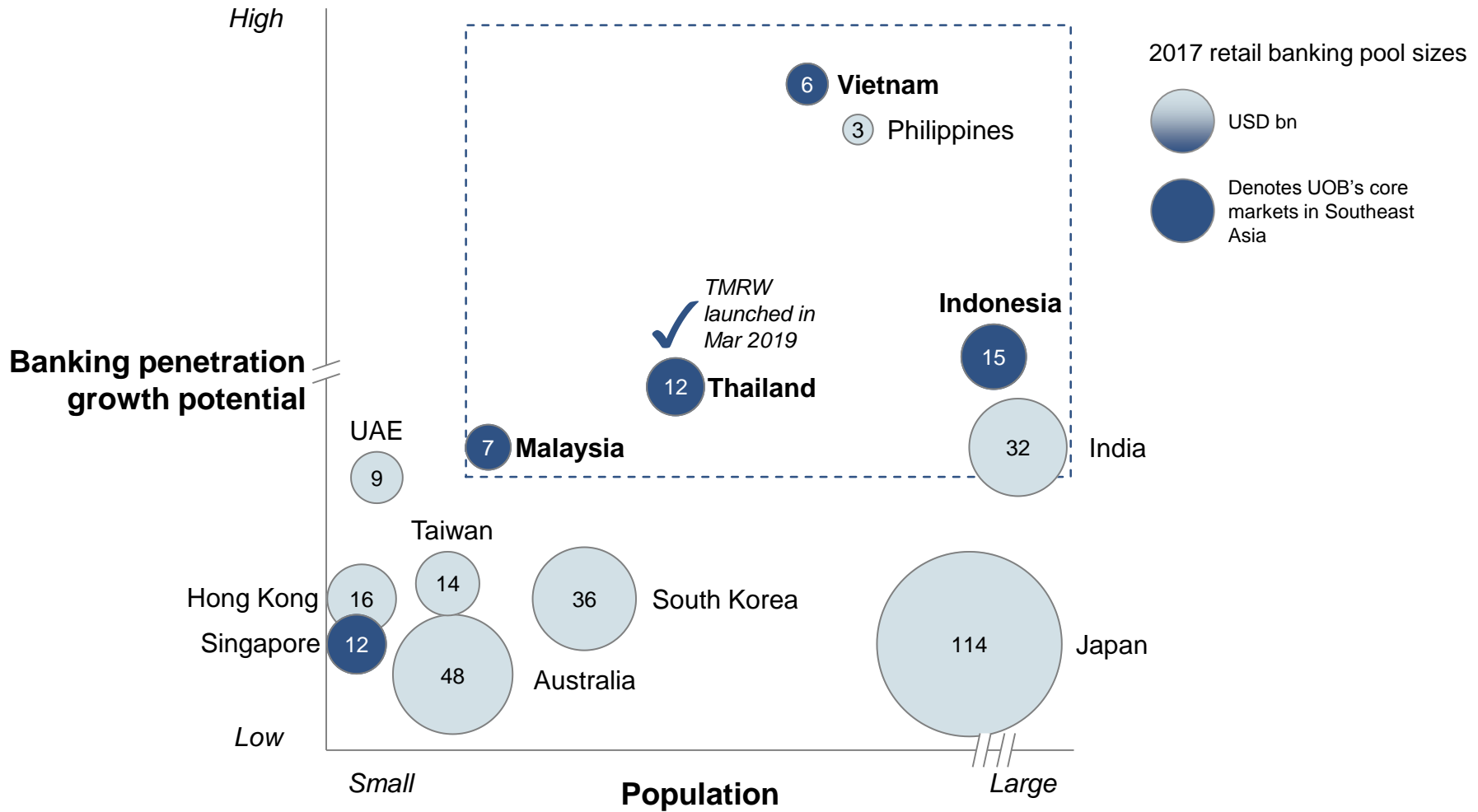
3. FDI: Foreign direct investments. 2030f for trade and FDI assume annual growth at half the growth pace in the last 20 years.

4. ASEAN: Association of South East Asian Nations.

5. NAFTA: North America Free Trade Agreement.

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

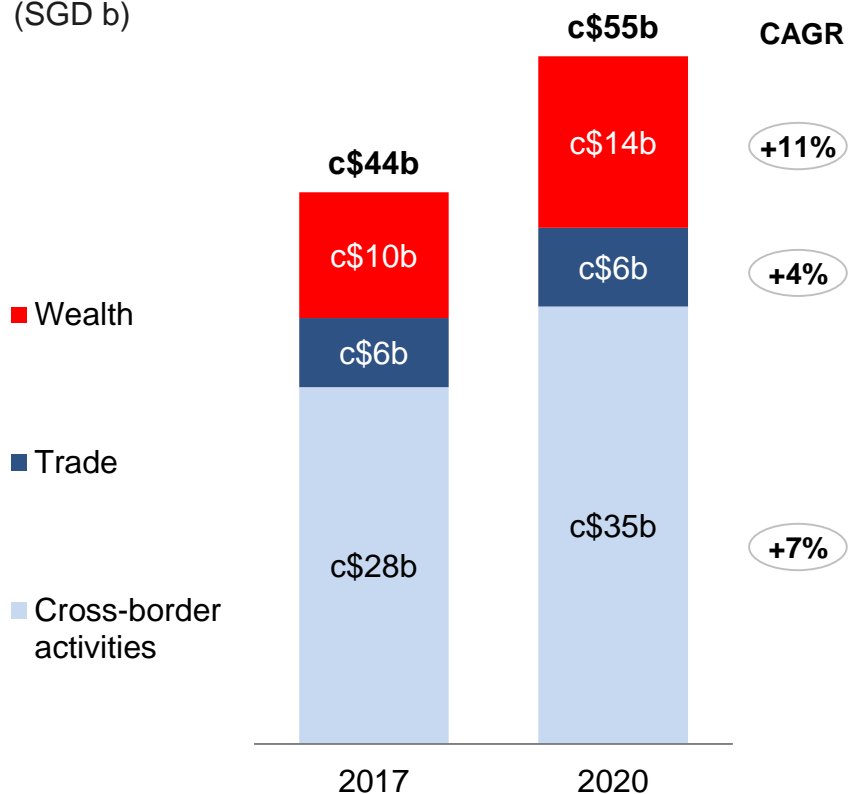
# Strong Retail Presence in High Potential Regional Markets



# Revenue Potential from 'Connecting the Dots' in the Region

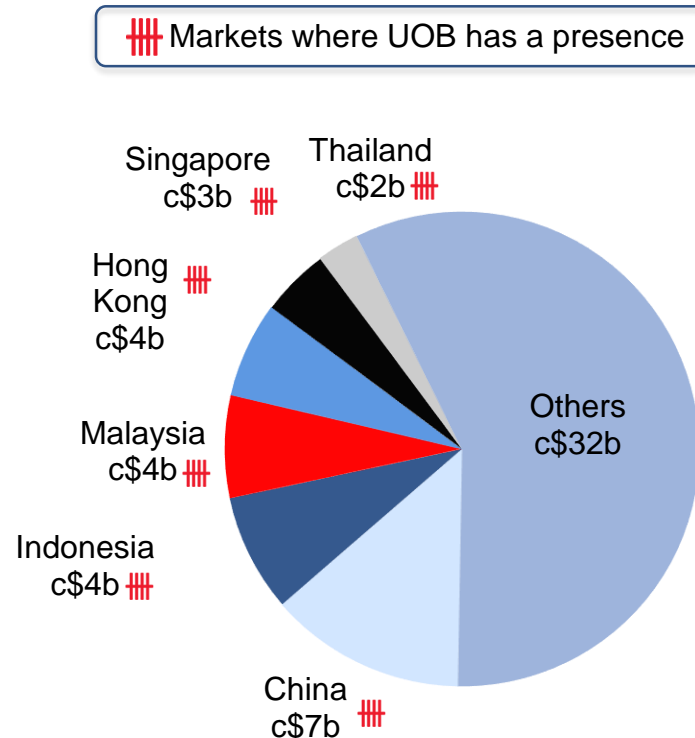
## Industry's Potential Connectivity Revenue

(SGD b)



## Industry's Potential Connectivity Revenue (2020)

(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.

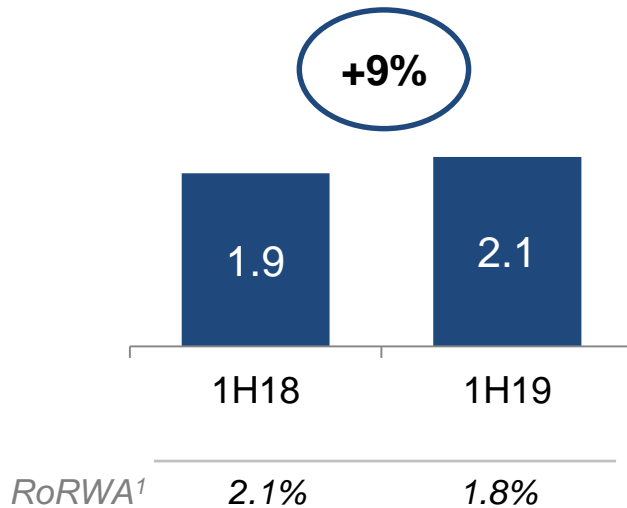


# Group Wholesale Banking: Tapping Intra-Regional Flows through Diversification

Steady income growth...

... supported by diverse sources

Group Wholesale Banking income  
(SGD b)



**+11%<sup>2</sup>**

growth in non-Singapore income

**+9%<sup>2</sup>**

growth in non-real estate income

**+14%<sup>2</sup>**

growth in non-loan income

1. Return on risk weighted assets (RoRWA), computed as a ratio of "Profit before tax" to "Average segment RWA".
2. Year on year growth for May 2019 year-to-date.

# Group Wholesale Banking: Strategic Initiatives to Tap Intra-Regional Flows



## Strengthen Connectivity

### Tapping Greater China / Southeast Asian flows

- Support regional needs of companies from Southeast Asia & China
- Singapore remains attractive as hub for region
- Open second Vietnam branch in Hanoi

Cross-border revenue: **+19% growth<sup>1</sup>** and **27%<sup>2</sup>** of GWB income



## Sector Specialisation

### Offering tailored solutions for customers

- Improve customer engagement with insights and sectoral benchmarking
- Well-positioned to bank opportunities from trade diversion and re-shoring arising in the region

Non-loan income: **+14%<sup>1</sup>**  
Non-real estate income: **+9%<sup>1</sup>**



## Products and Platforms

### Building new capabilities

- Platform integrated into national payment system
- API<sup>3</sup> solutions powering real time transactions
- Re-designed customer journeys
- Faster speed to market

API<sup>3</sup> solutions: Powering **>0.5m** payment transactions every month

Targeted cost productivity improvement<sup>4</sup>: **~10%**

1. Year on year growth for May 2019 year-to-date (ytd).

2. As of May 19 ytd.

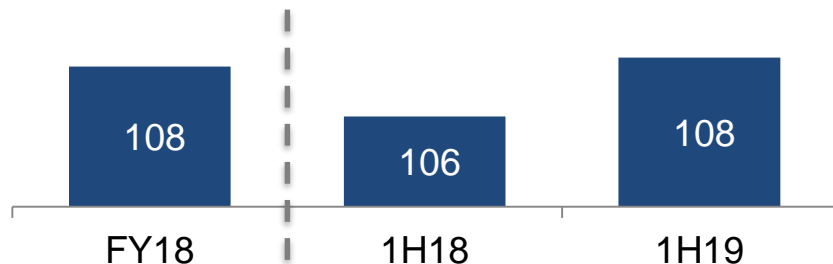
3. Application programming interface.

4. 2021 target.

# Group Retail: Serving the Rising Affluent via Our Extensive In-country Presence

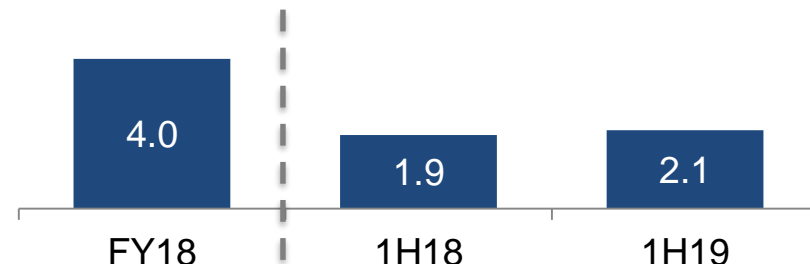
Gross Loans (Group Retail<sup>1</sup>): +2% YoY in 1H19

SGD b



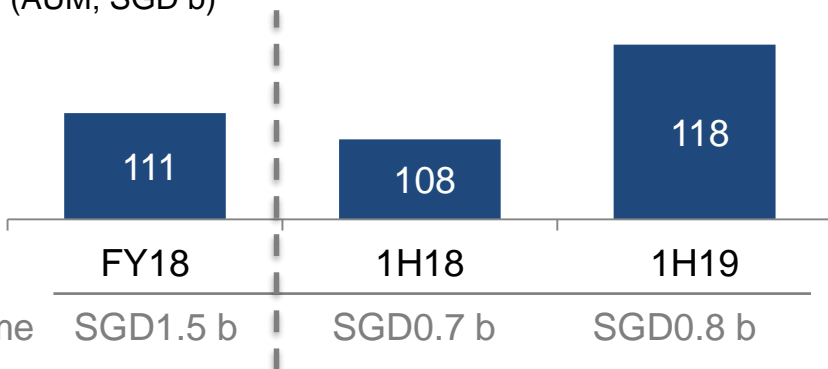
Income (Group Retail<sup>1</sup>) +7% YoY in 1H19

SGD b

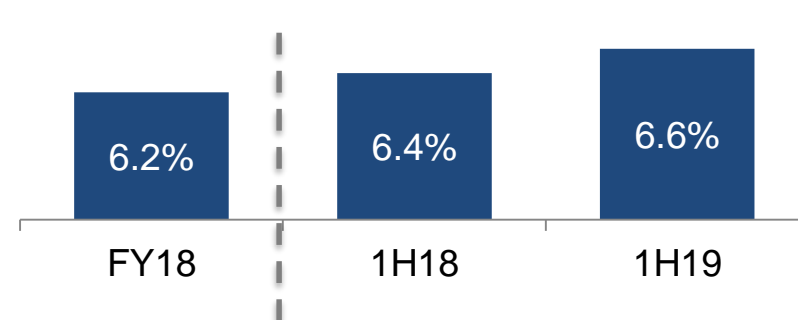


~60% of AUM from overseas customers<sup>2</sup>

Assets under management (AUM; SGD b)



Segment RoRWA<sup>3</sup> +0.2%pt YoY in 1H19



1. Includes Business Banking.

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

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

# Group Retail: Leveraging Digitalisation & Partnerships for Stronger Customer Franchise



## Digital Bank: TMRW

### Targeting Mobile-First & Mobile-Only Generation

- Launched TMRW in Thailand within 14 months
- Products: Payments, deposits and unsecured

Target 5 markets

3-5m customers

Engagement Index >7

Steady-state cost-income ratio ~35%



## Omni-Channel Experience

### Traditional & affluent customers with universal banking needs

- Launched UOB Mighty 2 app with improved features for better experience
- Leveraging data analytics & machine learning across customer touch points

Ranked top in Singapore for quality of Branch Services<sup>1</sup>

RMs<sup>2</sup> at Orchard Wealth Centre: Higher sales productivity



## Ecosystem Partnerships

### Forging collaborations to widen distribution reach

- Strengthening customer acquisition & deepening wallet share
- Improving banking access by integrated with lifecycle needs of consumers & small businesses

Launched Singapore's first online utilities marketplace with 10 partners

Supported ~20k SMEs with BizSmart<sup>3</sup> across the region

1. UOB was top bank in Singapore with best score in Branch Services in Customer Satisfaction Index of Singapore (CSISG) 2018.  
2. Relationship Managers.  
3. UOB BizSmart offers a suite of integrated account, payroll and business operational solutions. Data as of 30 June 2019.

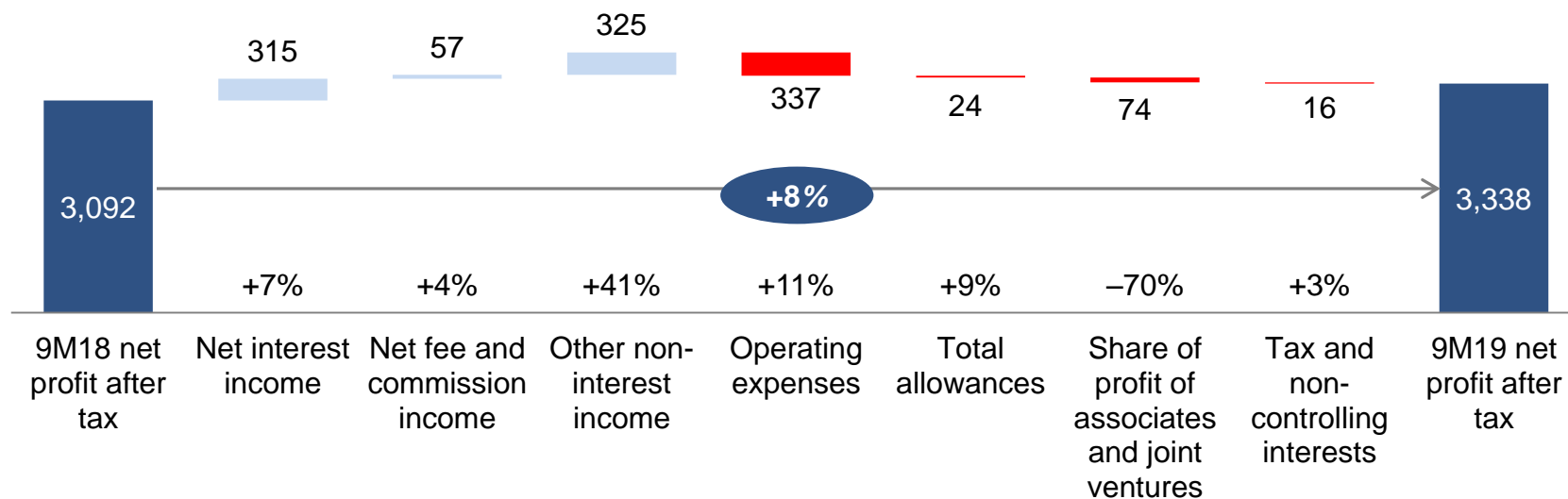


# Latest Financials

# 9M19 Financial Overview

## Net Profit After Tax (NPAT) Movement, 9M19 vs 9M18

(SGD m)



Key Indicators	9M19	9M18	YoY Change
Net interest margin (%) <sup>1</sup>	1.79	1.83	(0.04) pt
Non-interest income / Income (%)	35.2	33.2	+2.0% pt
Cost / Income ratio (%)	44.2	43.8	+0.4% pt
Return on equity (%) <sup>1,2</sup>	11.9	11.6	+0.3% pt
Return on risk-weighted assets (%) <sup>1</sup>	1.94	2.02	(0.08) pt

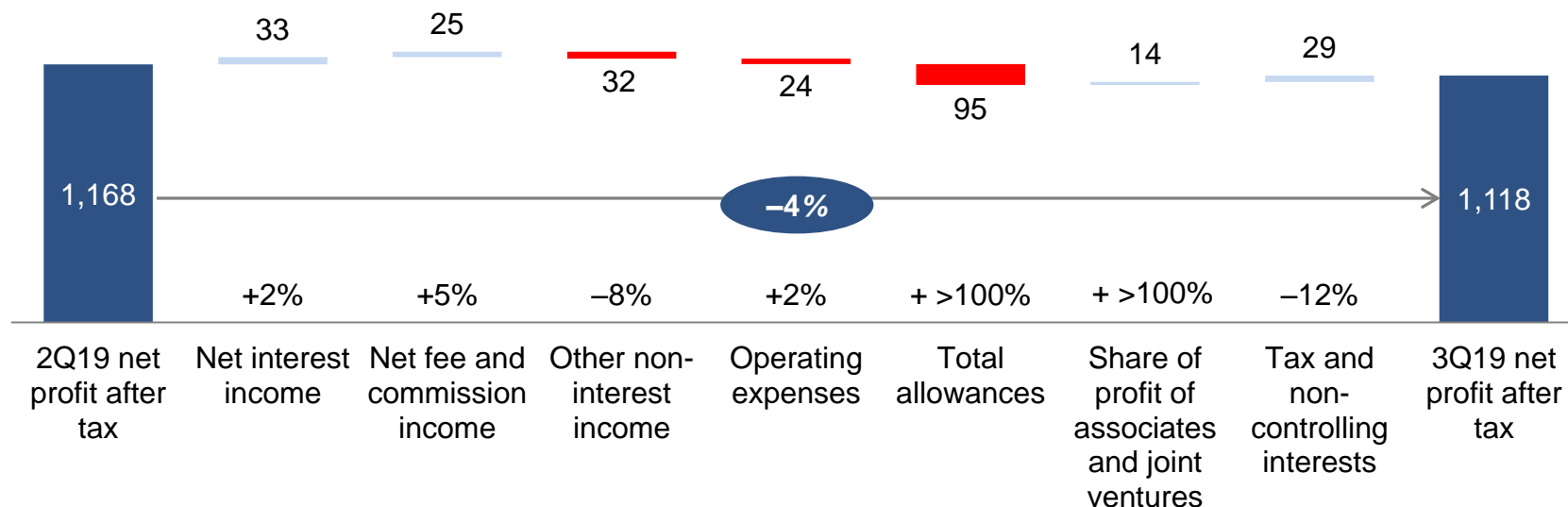
1. Computed on an annualised basis.

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

# 3Q19 Financial Overview

## Net Profit After Tax (NPAT) Movement, 3Q19 vs 2Q19

(SGD m)



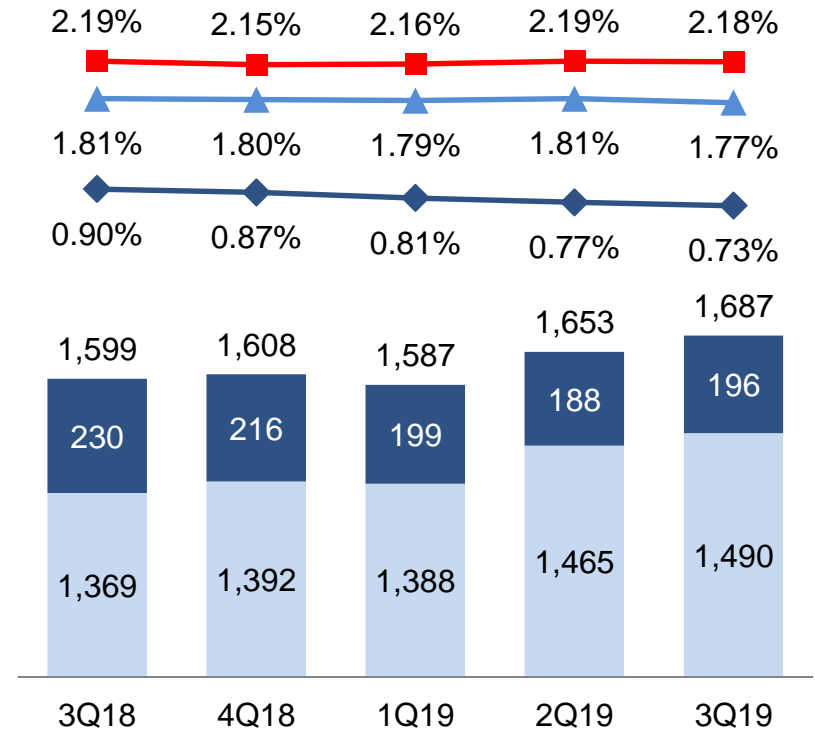
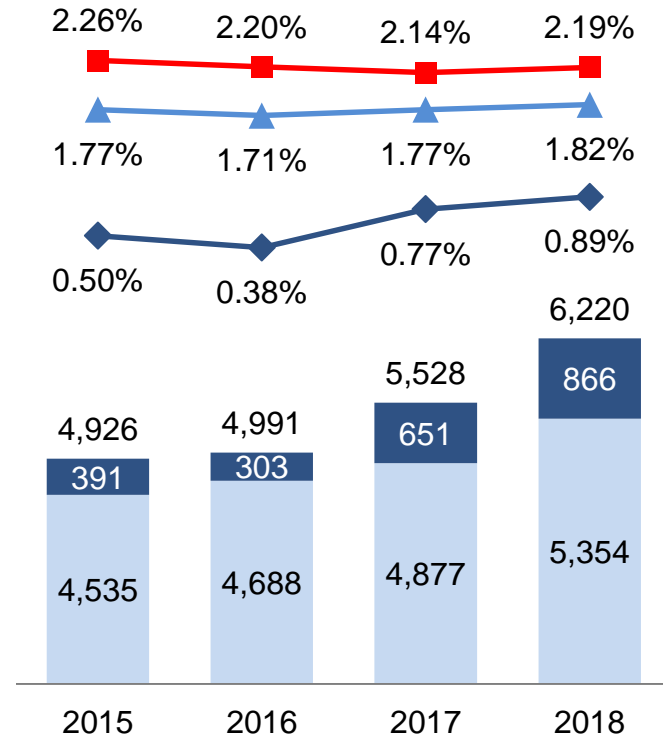
Key Indicators	3Q19	2Q19	QoQ Change	3Q18	YoY Change
Net interest margin (%) <sup>1</sup>	1.77	1.81	(0.04) pt	1.81	(0.04) pt
Non-interest income / Income (%)	35.4	36.0	(0.6) pt	31.3	+4.1% pt
Cost / Income ratio (%)	44.2	43.7	+0.5% pt	43.4	+0.8% pt
Return on equity (%) <sup>1,2</sup>	11.8	12.5	(0.7) pt	11.7	+0.1% pt
Return on risk-weighted assets (%) <sup>1</sup>	1.92	2.02	(0.10) pt	1.99	(0.07) 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.

# Net Interest Income Rose as Asset Growth Help Offset Thinner Margins amid Lower Rates

## 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.



# Broad-based Increase in Loan Portfolio



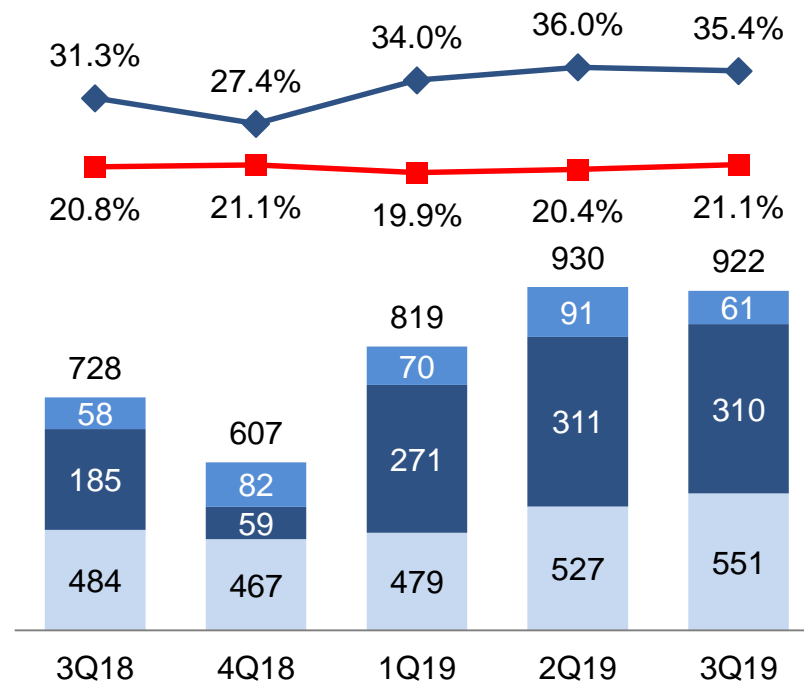
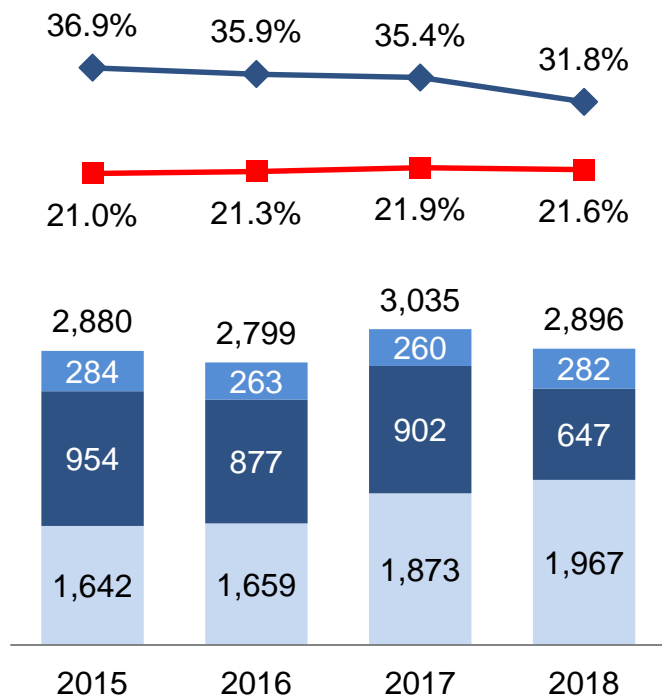
	Sep-19 SGD b	Jun-19 SGD b	QoQ +/(–) %	Sep-18 SGD b	YoY +/(–) %
<b>Gross Loans</b>					
<b>By Geography</b>					
Singapore	141	142	–	133	+6
Regional:	105	101	+4	95	+10
<i>Malaysia</i>	29	29	+2	29	+2
<i>Thailand</i>	19	18	+5	16	+16
<i>Indonesia</i>	12	11	+3	11	+6
<i>China</i> <sup>1</sup>	45	43	+5	39	+15
Others	29	30	–5	27	+7
<b>Total</b>	<b>275</b>	<b>273</b>	<b>+1</b>	<b>255</b>	<b>+8</b>
<b>By Industry</b>					
Transport, storage and communication	11	11	+4	10	+11
Building and construction	68	68	–	60	+13
Manufacturing	23	22	+2	22	+7
Financial institutions, investment & holding companies	25	27	–5	23	+12
General commerce	35	34	+5	32	+9
Professionals and private individuals	29	29	–	29	+1
Housing loans	68	68	–1	68	+1
Others	15	13	+10	12	+26
<b>Total</b>	<b>275</b>	<b>273</b>	<b>+1</b>	<b>255</b>	<b>+8</b>

1. Comprise Mainland China, Hong Kong SAR and Taiwan.

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).

# Non-Interest Income Supported by Resilient Wealth Management Flows

## Non-Interest Income and as a % of Total Income



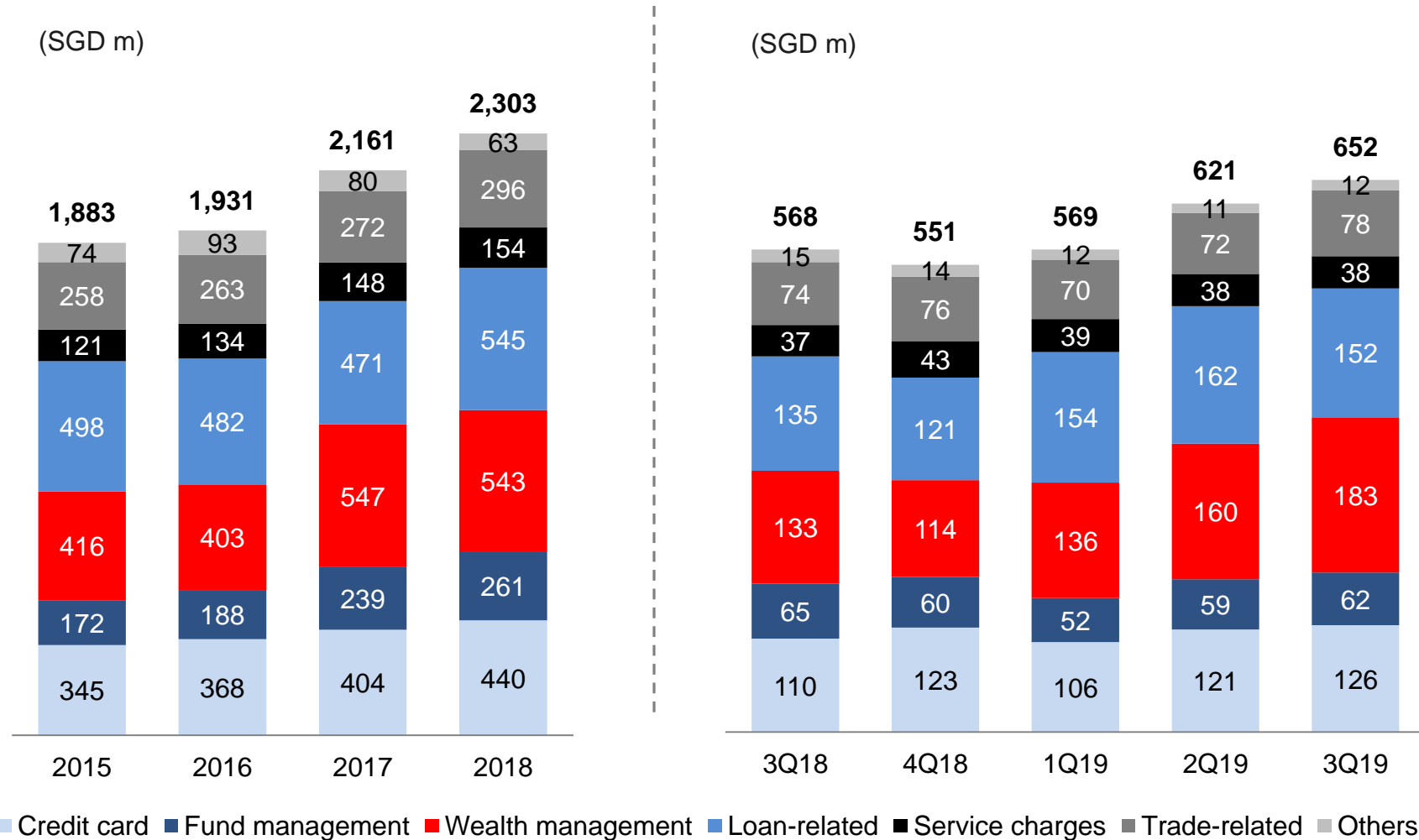
- Net fee income (SGD m)
- Other non-interest income (SGD m)
- Net fee income / Total income (%)

- 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

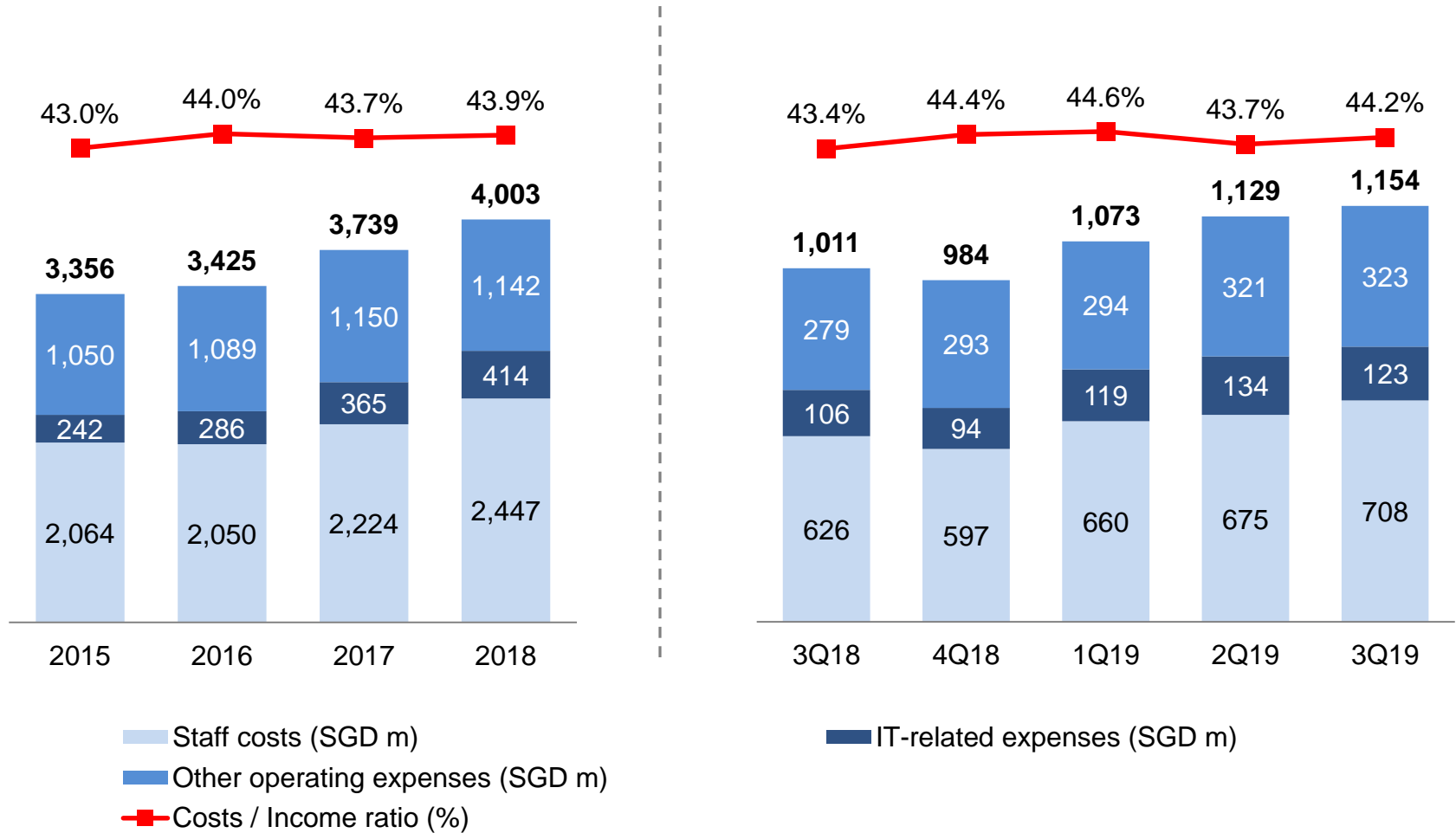
## Breakdown of Fee Income



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

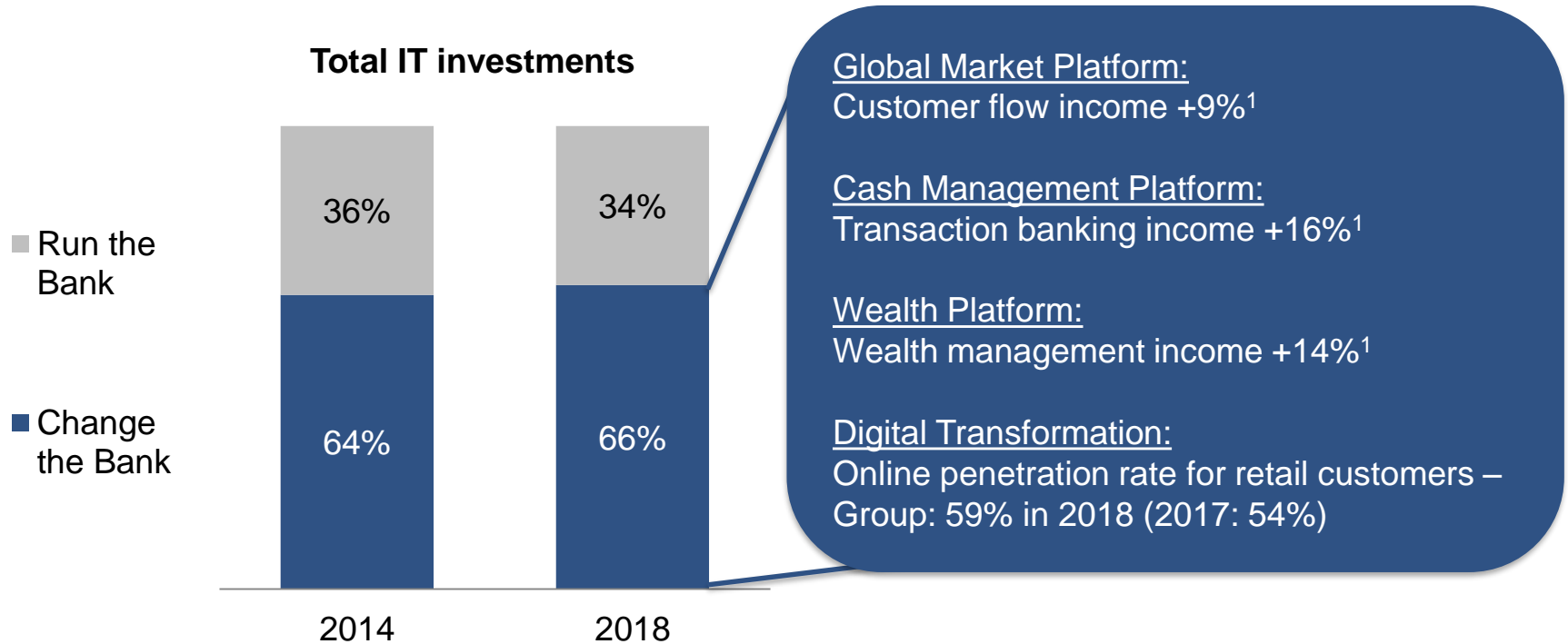
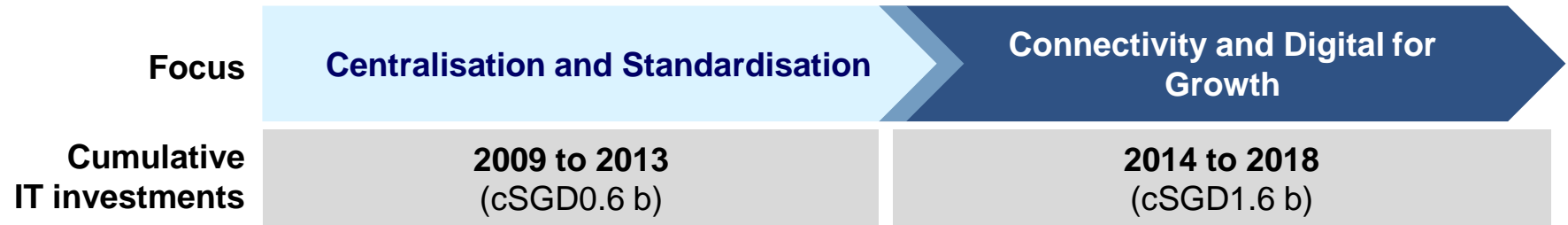
# Pacing Growth in Operating Expenses, with Maintaining a Stable CIR

## Operating Expenses and Costs / Income Ratio (CIR)



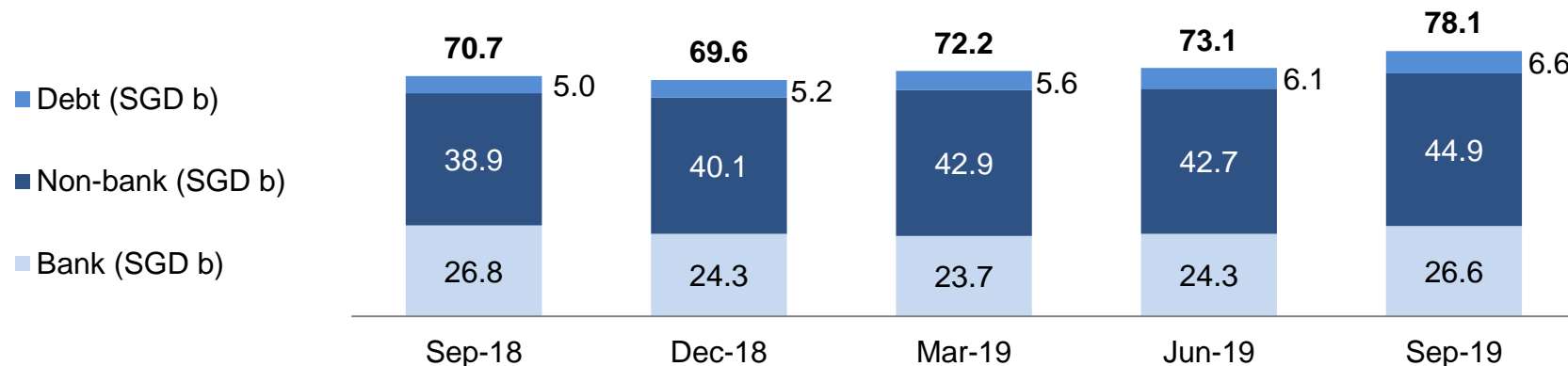
Note: Expenses have been restated where the amounts no longer include expenses directly attributable to fee income.

# IT Investments Towards “Changing the Bank”



1. CAGR computed over 5 years (2013 to 2018)

# Exposure to China<sup>1</sup>



## As at 30 Sep 2019:

### Mainland China exposure (SGD 34b or 8% of total assets)

#### **Bank exposure (SGD 20b)**

- 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 0.6%

### Hong Kong SAR exposure (SGD 35b or 9% of total assets)

#### **Bank exposure (SGD 2b)**

- Majority of exposure are to foreign banks

#### **Non-bank exposure (SGD 29b)**

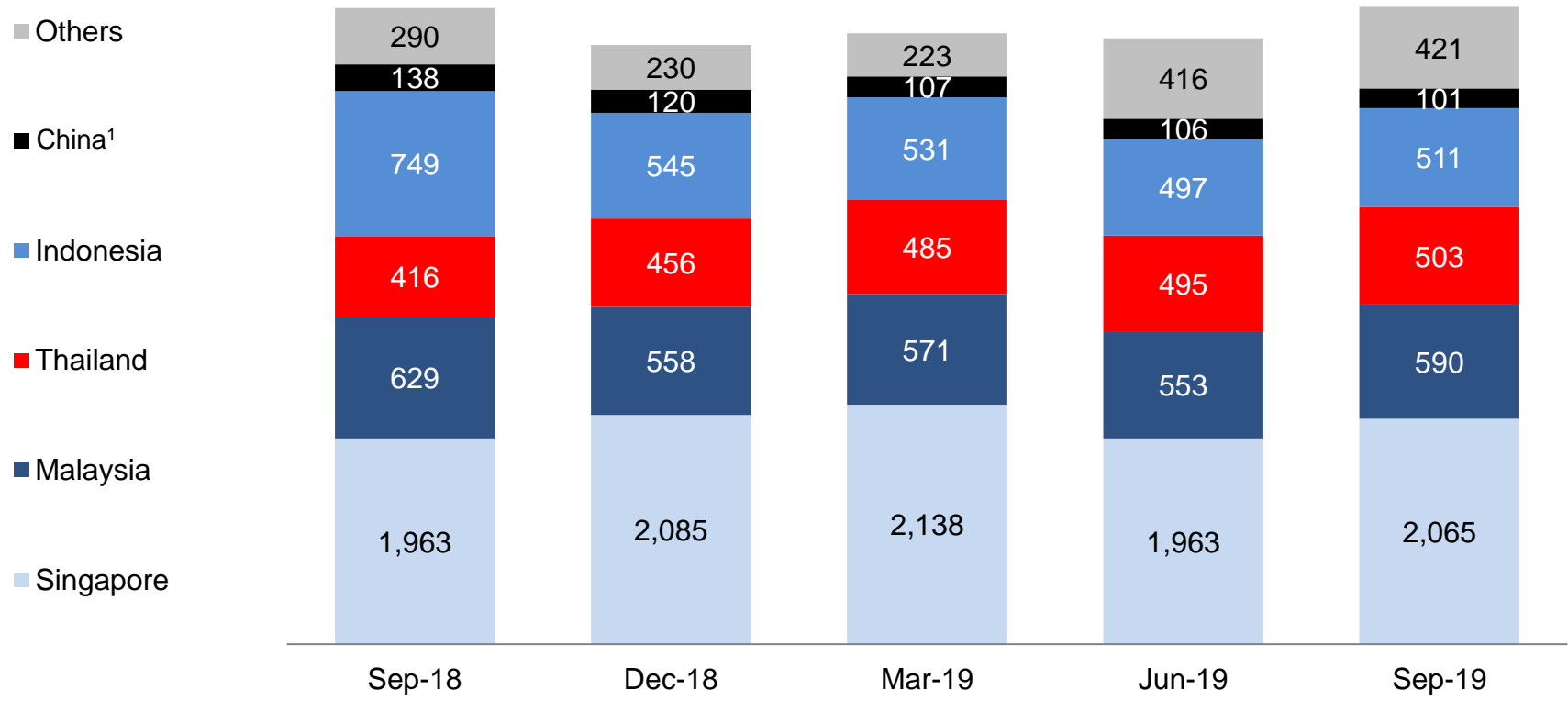
- Exposure mainly to wholesale corporates
- Real estate loans accounted for SGD 12b (~4% of total loans); loans are well-collateralised and predominantly to network clients or clients with strong financial sponsors
- Other potential vulnerable industries (hospitality and consumer discretionary) amounted to SGD 5b
- ~50% with <1 year tenor
- NPL ratio at 0.2%

1. Comprise Mainland China, Hong Kong SAR and Taiwan.

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).

# NPL Ratio Stable at 1.5%

NPL ratio	1.6%	1.5%	1.5%	1.5%	1.5%
NPLs (SGD m)	4,185	3,994	4,055	4,030	4,191



1. Comprise Mainland China, Hong Kong SAR and Taiwan.

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).

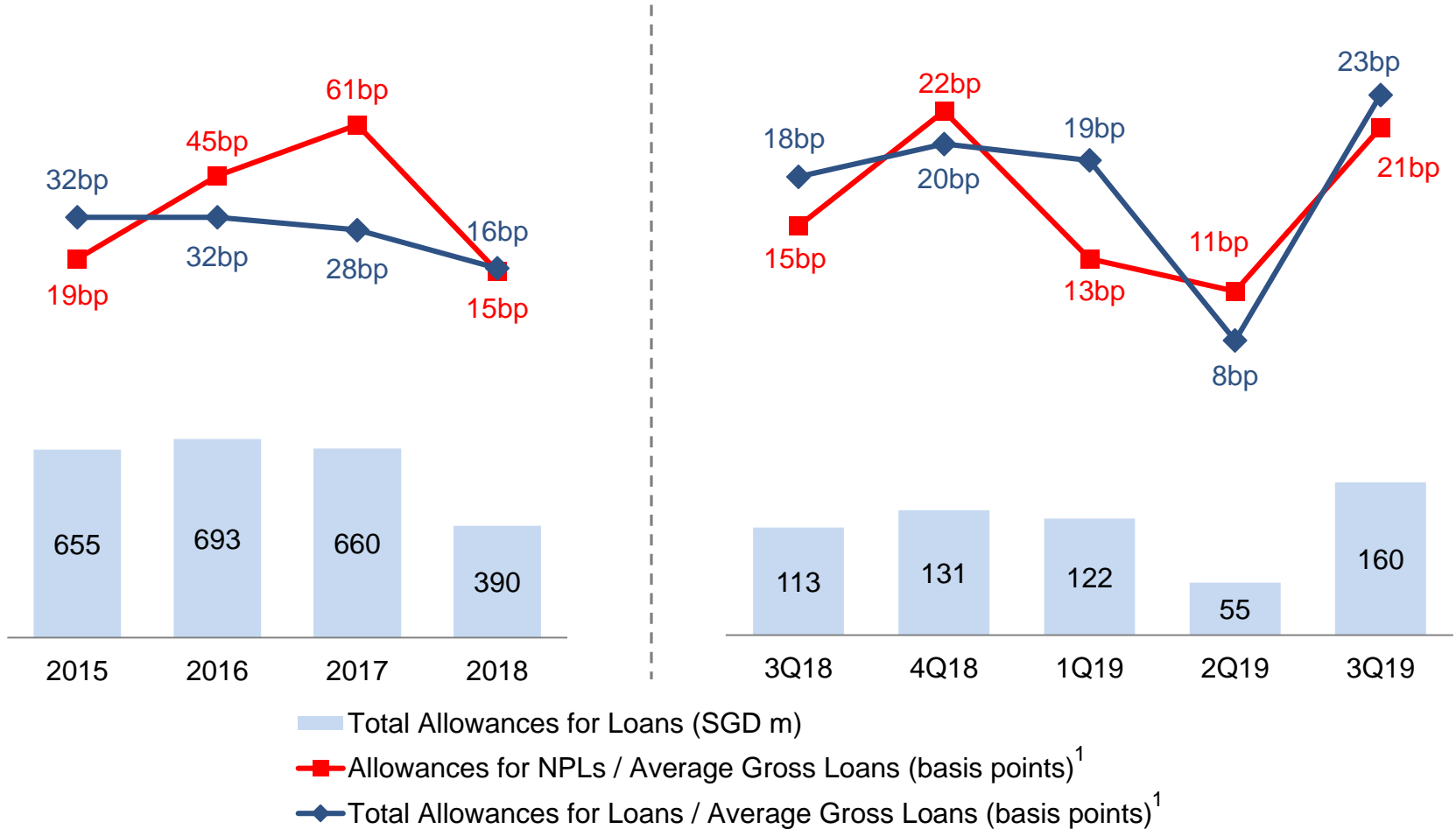
# Lower New NPA Formation

(SGD m)	3Q18	4Q18	1Q19	2Q19	3Q19
<b>NPA at start of period</b>	4,404	4,374	4,166	4,215	4,185
<b>Group wholesale and small enterprise customers:</b>					
New NPA	275	370	230	357	180
Upgrades, recoveries and translations	(229)	(257)	(139)	(182)	(38)
Write-offs	(29)	(392)	(17)	(229)	(26)
	4,421	4,095	4,240	4,161	4,301
Group retail (personal customers only)	(47)	71	(25)	24	49
<b>NPA at end of period</b>	<b>4,374</b>	<b>4,166</b>	<b>4,215</b>	<b>4,185</b>	<b>4,350</b>



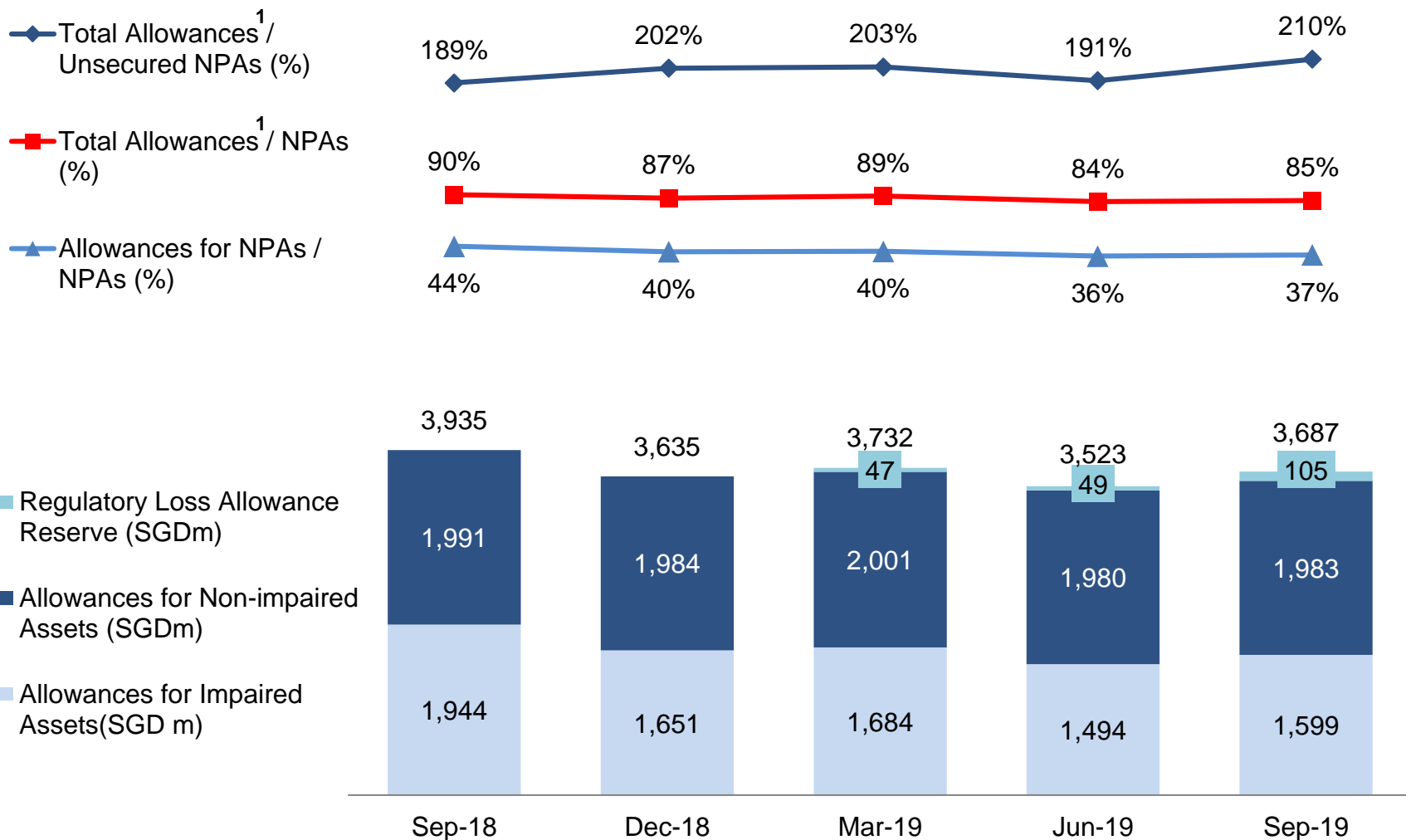
# Credit Costs Trending to More Normalised Level

## Allowances for Loans



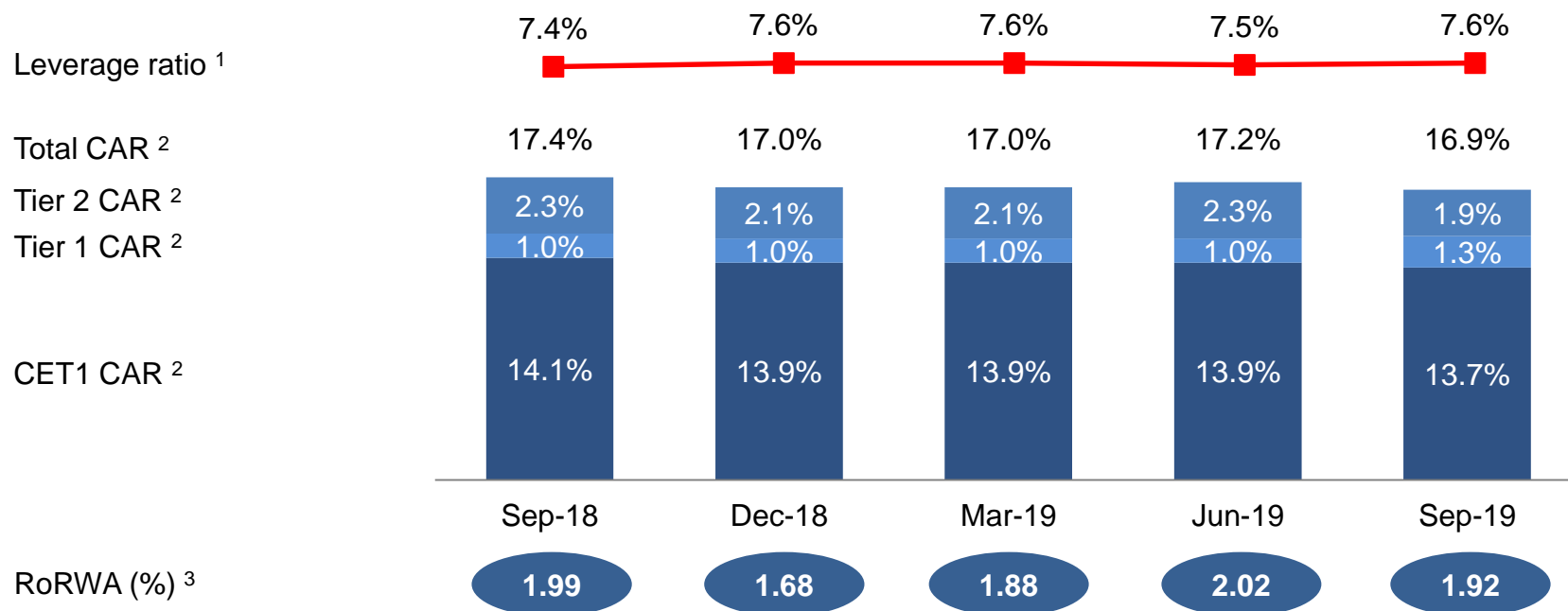
1. Computed on an annualised basis, where applicable.

# 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

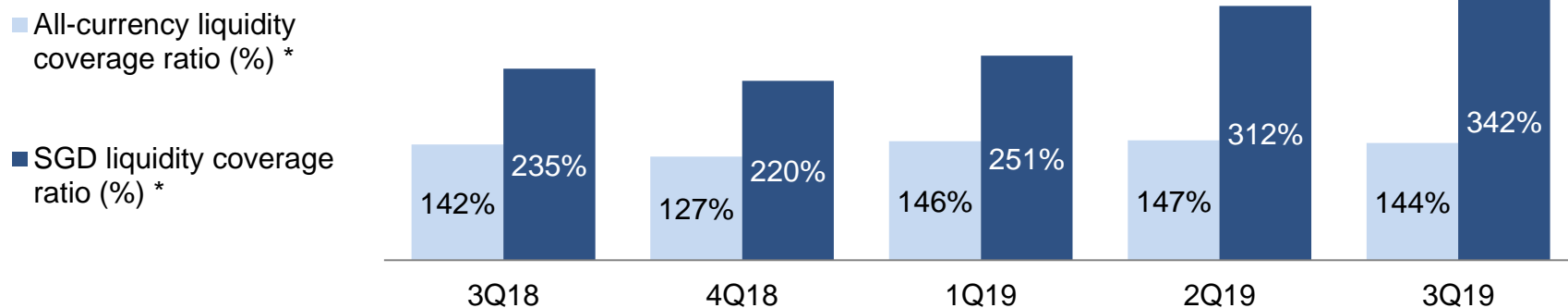
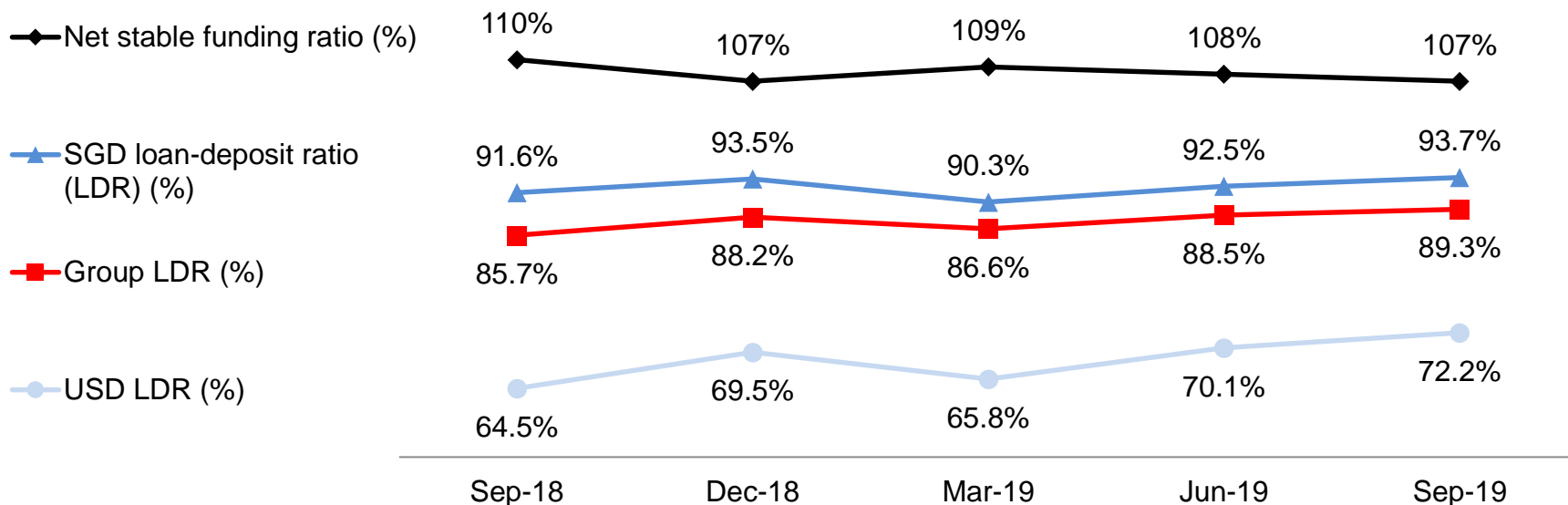


## SGD b

Common Equity Tier 1 Capital	30	31	32	32	32
Tier 1 Capital	32	33	34	34	35
Total Capital	37	38	39	40	39
Risk-Weighted Assets	206	213	221	230	232

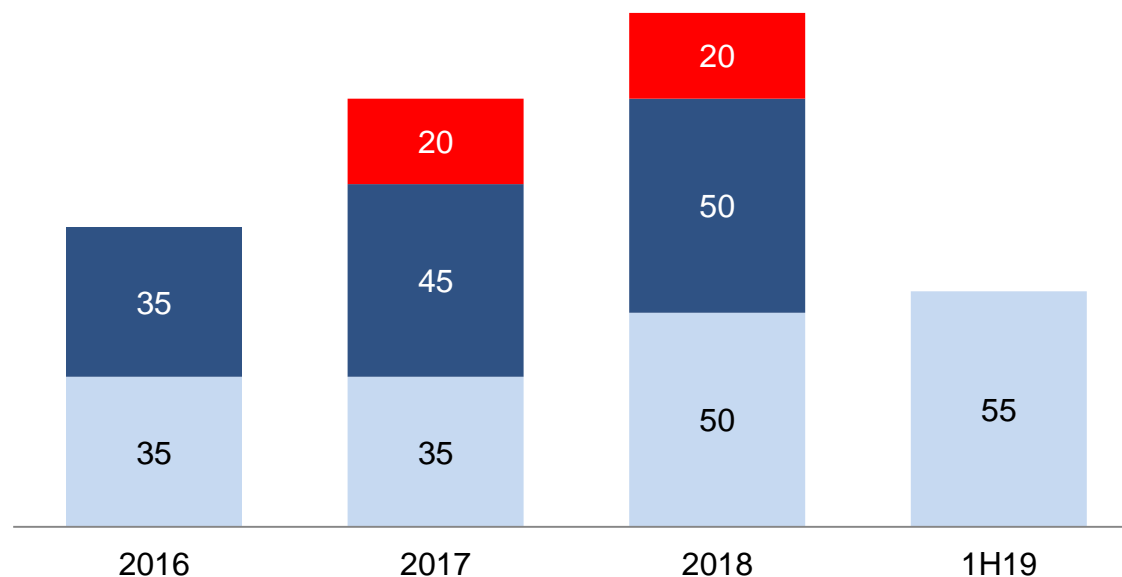
1. Leverage ratio is calculated based on the revised MAS Notice 637.
2. CAR: Capital adequacy ratio.
3. Return on average risk weighted assets for the quarter, computed on an annualised basis.

# Stable Liquidity and Funding Position



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

# Higher Interim Dividend for 1H19



Net dividend per ordinary share (¢)	Interim	Final	Special
Payout amount (SGD m)	1,135	1,661	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](http://www.uobgroup.com/investor/stock/dividend_history.html).

# Thank You

