

# UOB Group

Record Earnings Supported by Strong Balance Sheet

February / March 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 31 December 2018.

1. USD 1 = SGD 1.36275 as at 31 December 2018.
2. Average for 4Q18.
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 FY18

■ Total assets	: SGD388b (USD285b <sup>1</sup> )
■ Shareholders' equity	: SGD38b (USD28b <sup>1</sup> )
■ Gross loans	: SGD262b (USD192b <sup>1</sup> )
■ Customer deposits	: SGD293b (USD215b <sup>1</sup> )
■ Loan/Deposit ratio	: 88.2%
■ Net stable funding ratio	: 107%
■ Average all-currency liquidity coverage ratio	: 127% <sup>2</sup>
■ Common Equity Tier 1 CAR	: 13.9%
■ Leverage ratio	: 7.6%
■ Return on equity <sup>3, 4</sup>	: 11.3%
■ Return on assets <sup>4</sup>	: 1.07%
■ Return on risk-weighted assets <sup>4</sup>	: 1.93%
■ Net interest margin <sup>4</sup>	: 1.82%
■ Non-interest income/ Total income	: 31.8%
■ Cost / Income	: 43.9%
■ 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

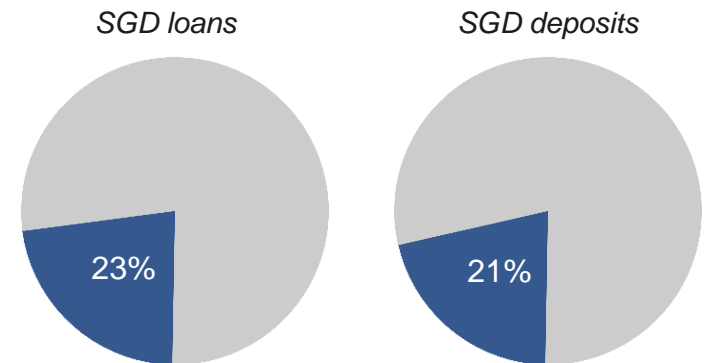
## UOB Group's recognition in the industry

  <p>Bank of the Year, Singapore, 2015</p>	 <p>Asia Trailblazer Awards 2018 Excellence in Mobile Banking - Overall</p> <p>Excellence in Mobile Banking – Overall, 2018</p>	 <p>THE ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES INTERNATIONAL AWARDS</p> <p>Best Retail Bank<sup>1</sup></p> <p>SME Bank of the Year<sup>1</sup></p>
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Source: Company reports.

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

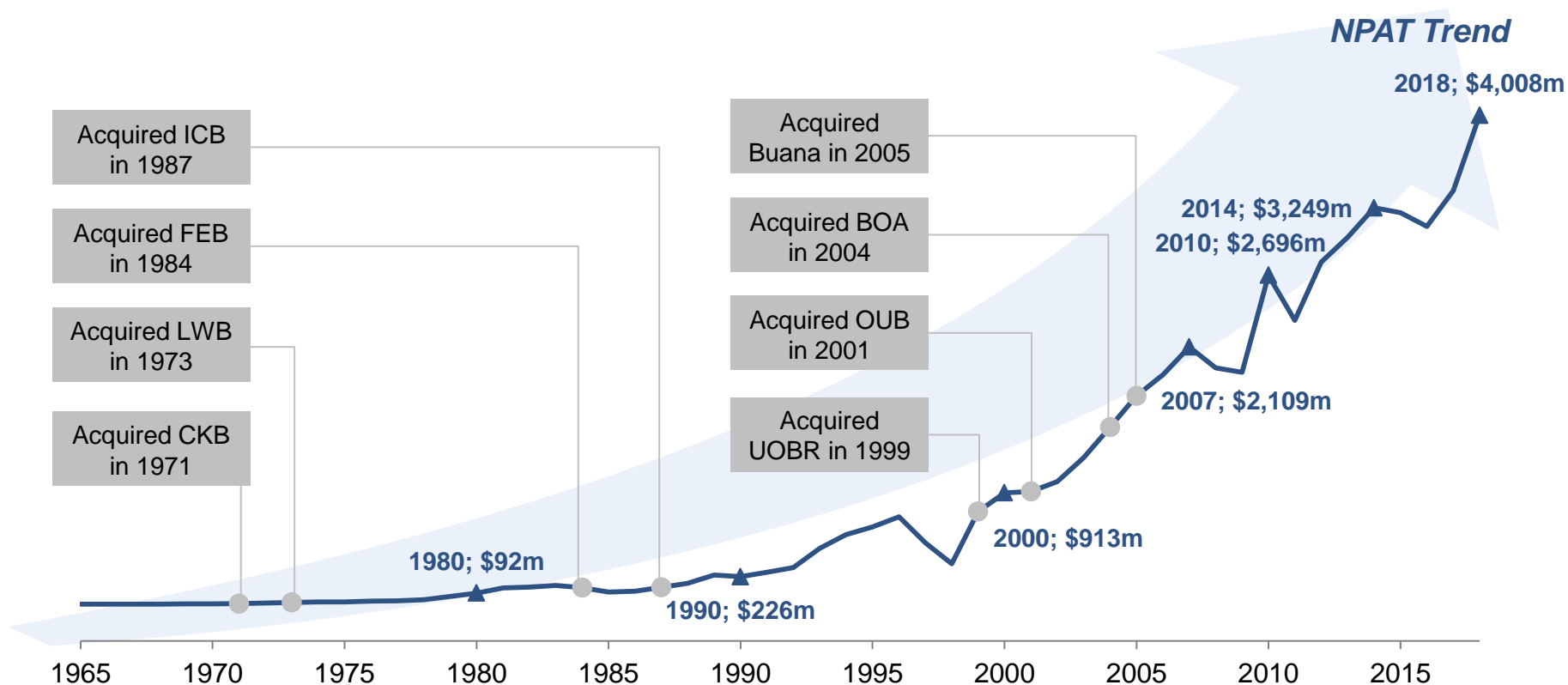
## UOB's sizeable market share in Singapore



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

# Proven Track Record of Execution

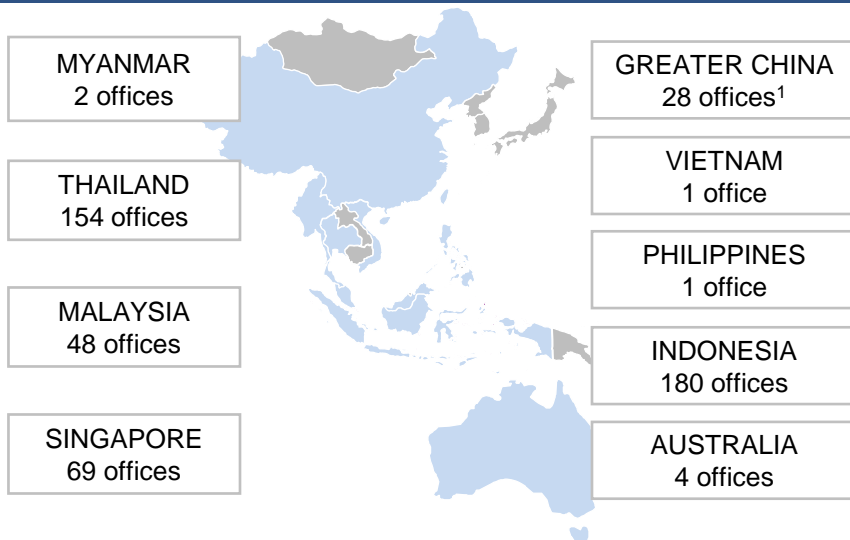
- UOB Group's management has a proven track record in steering the Group through various global events and crises.
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance



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

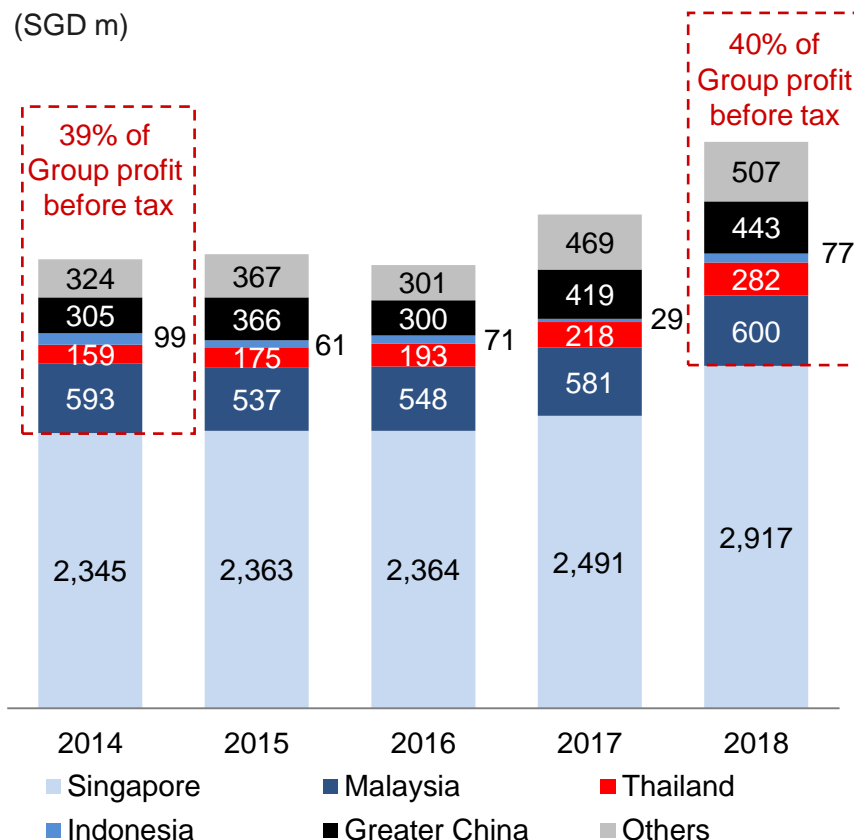
## Extensive Regional Footprint with c.500 Offices



- 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. UOB owns c13% in Hengfeng Bank (formerly Evergrowing 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*





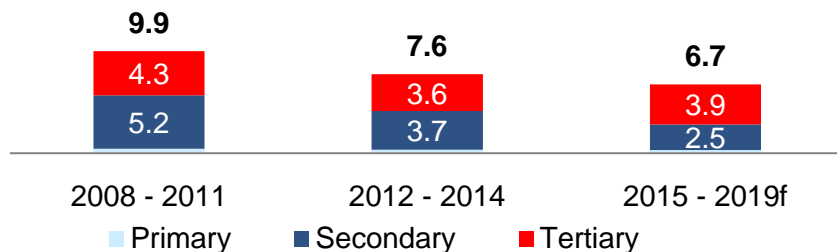
# Macroeconomic Outlook

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

- The Chinese economy has its underlying momentum, supported by rebalancing reforms and steady jobs market.
- Low central government debt underpins China's fiscal capacity, which could help mitigate "black swan" events.
- Our base case scenario is for 2019 GDP to moderate to around 6.3% (2018: +6.6%), with downside risks from trade tensions with the US and easing tech cycle. People's Bank of China (PBoC) has eased credit conditions and used its fiscal levers to provide targeted support.

## Structural Shift of China's Economy

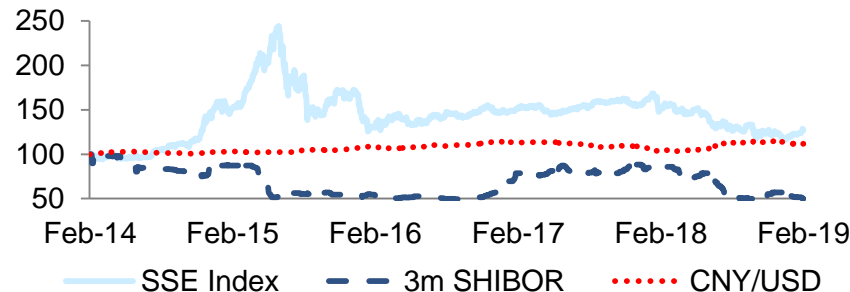
(Average Contribution to GDP growth rate, %)



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

## Episodes of Market Volatility Contained

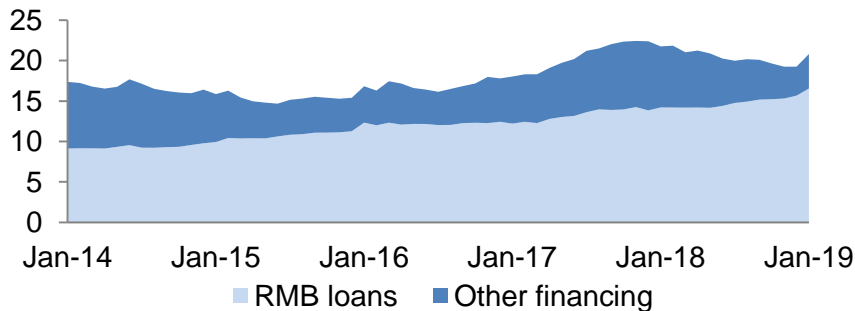
(Feb'14 = 100)



Source: Bloomberg, UOB Global Economics & Markets Research

## New Financing Increasingly from Banking Sector

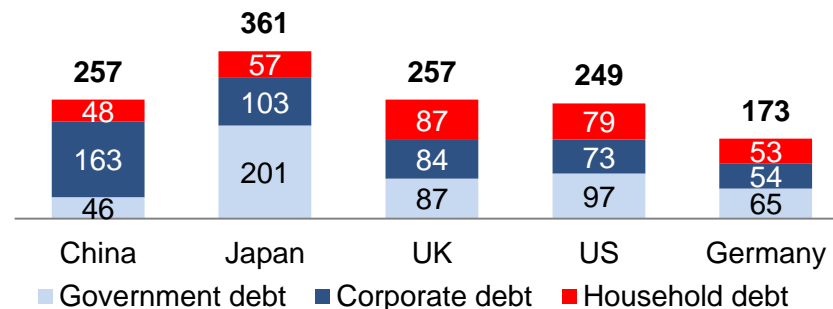
(Rolling 12 months, CNY trn)



Source: PBOC, UOB Global Economics & Markets Research

## Source of China Debt Risk

(2017, % of GDP)

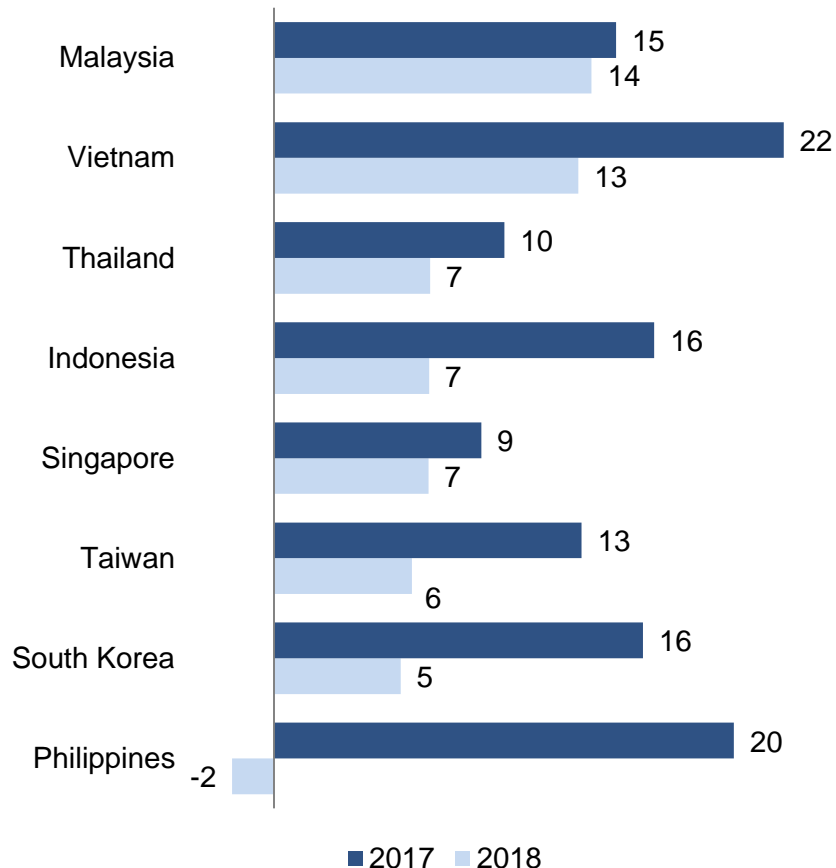


Source: BIS, Macrobond, UOB Global Economics & Markets Research

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

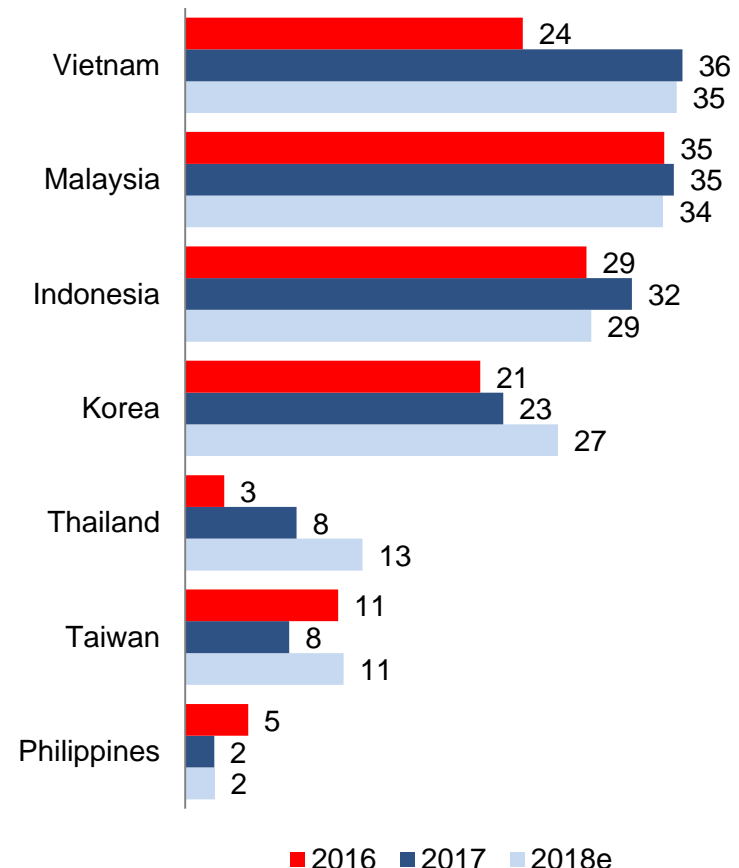
## Exports growth slowed across Asian countries in 2018

Year on year export growth in USD terms (%)



## Key recipients of foreign direct investments in Asia

Foreign direct investments\* (USD billion)



# Implication on Regional Policy Rates

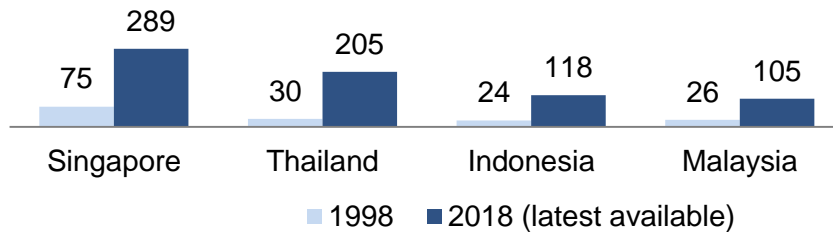
	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19f	2Q19f	3Q19f	4Q19f
US 10-Year Treasury	2.33	2.40	2.74	2.86	3.06	2.68	2.80	3.00	3.00	3.25
US Fed Funds	1.25	1.50	1.75	2.00	2.25	2.50	2.50	2.75	2.75	3.00
SG 3M SIBOR	1.12	1.50	1.45	1.52	1.64	1.89	1.95	2.15	2.20	2.45
SG 3M SOR	1.01	1.30	1.48	1.59	1.64	1.92	1.90	2.15	2.20	2.45
MY Overnight Policy Rate	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
TH 1-Day Repo	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	2.00	2.00
ID 7-Day Reverse Repo	4.25	4.25	4.25	5.25	5.75	6.00	6.25	6.50	6.50	6.50
CH 1-Year Deposit Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

- The projected Federal Funds Target Rate (FFTR) range of 2.75%-3.00% by end-2019 incorporates two more hikes, albeit with some pauses. The two hikes are likely to be postponed to the June and December Federal Open Market Committee (FOMC), from earlier expectations at the March and September FOMC respectively. Similarly, balance-sheet reduction (BSR) – which reached its equilibrium state (US\$50 billion in Oct'18) – is expected to slow down in light of potential financial market volatility.
- In Singapore, short-term interest rates are expected to rise further in 2019, alongside projections for higher Fed rates. However, the monetary policy bias in the region is tilted towards status quo for now. Growth in regional economies has generally moderated in 2H18, after a resilient 1H18. The US-China trade tensions – which are likely to be protracted – are negative for export-oriented Asian economies, as reflected in growth outlook in 2019.
- On balance, risks of capital flight from Asia remains low as pressure for monetary tightening has eased with the US expected to take a slower approach to interest rate normalisation. Yet emerging markets, particularly for those with current account and fiscal deficits, could see renewed pressure amid escalating trade tensions.

# Southeast Asia: Resilient Key Markets

## Significantly Higher Foreign Reserves

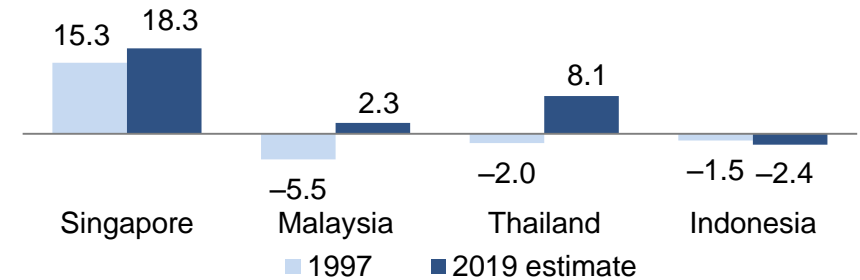
(USD billion)



Sources: World Bank, International Monetary Fund

## Healthy Current Account Balances

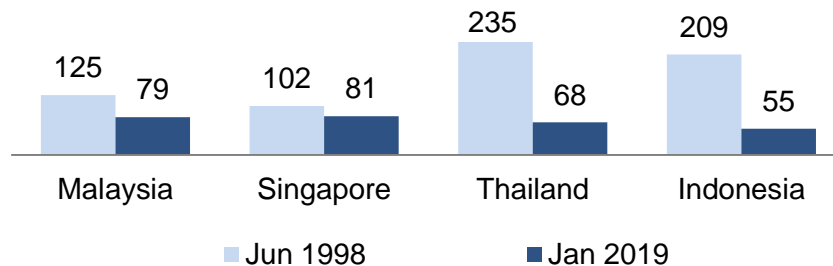
(% of GDP)



Source: International Monetary Fund

## Lower Debt to Equity Ratio

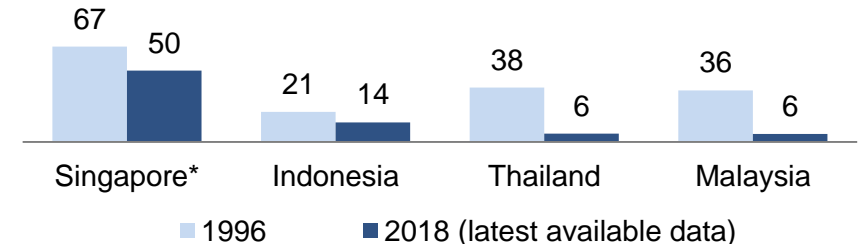
(%)



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

(%)



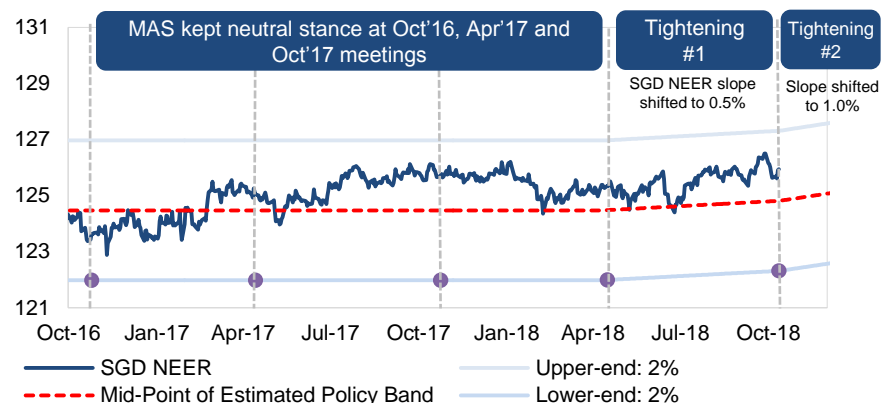
\* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units; sources: Central banks

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

# Singapore GDP Growth to Moderate in 2019 Amidst Further Policy Tightening

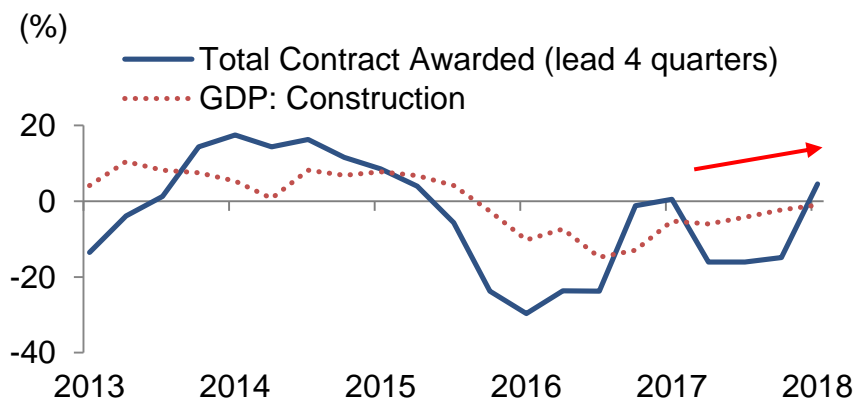
- 4Q18 GDP growth slowed to 1.9% y/y (3Q18: +2.4%). This brought the full-year GDP growth to 3.2% (2017: +3.9%), as manufacturing growth slowed to 7.2% in 2018 (2017: +10.5%). For 2019, GDP growth is projected at 2.5% with downside risks, although construction could potentially accelerate into 2019.
- The MAS further tightened its monetary policy in Oct'18, due to growth staying above potential and higher core inflation. The slope of SGD NEER policy band was slightly raised to an estimated 1.0% per annum, from an estimated 0.5% slope since Apr'18. The MAS could tighten further with another slope increase at the Apr'19 meeting, but the biggest uncertainty is the ongoing US-China trade tension.

## MAS Normalised SGD NEER Further in Oct'18



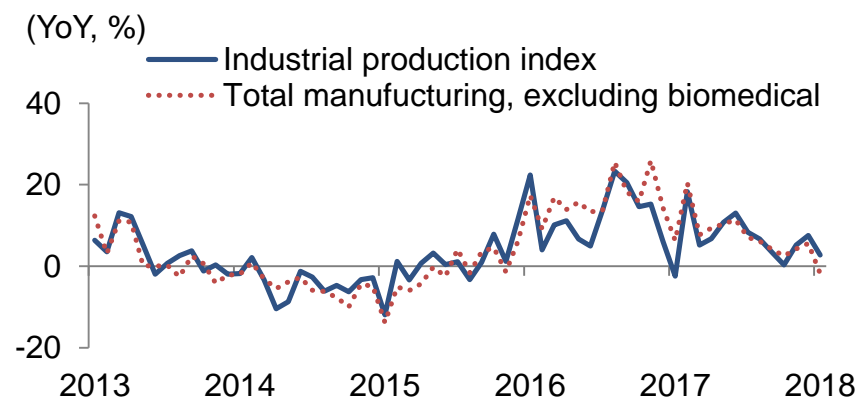
Source: CEIC, UOB Global Economics & Markets Research

## Construction activity to accelerate into 2019



Source: Singapore Department of Statistics

## Slowdown in manufacturing (2019f: +3%)

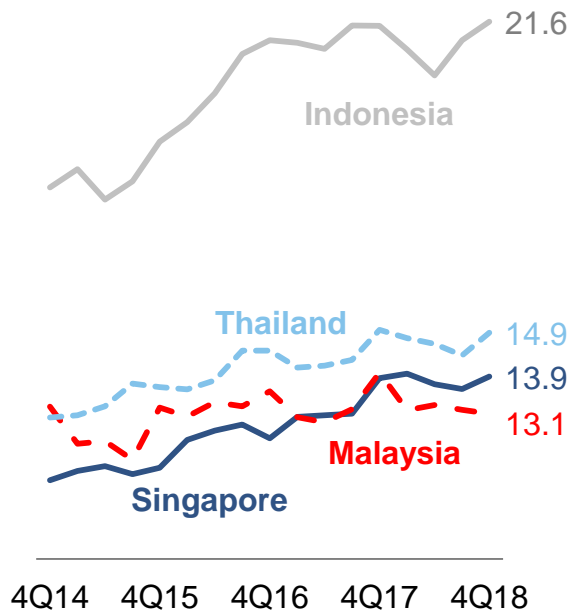


Source: Singapore Department of Statistics

# Southeast Asia Banking Sectors: Strong Fundamentals Remain Intact

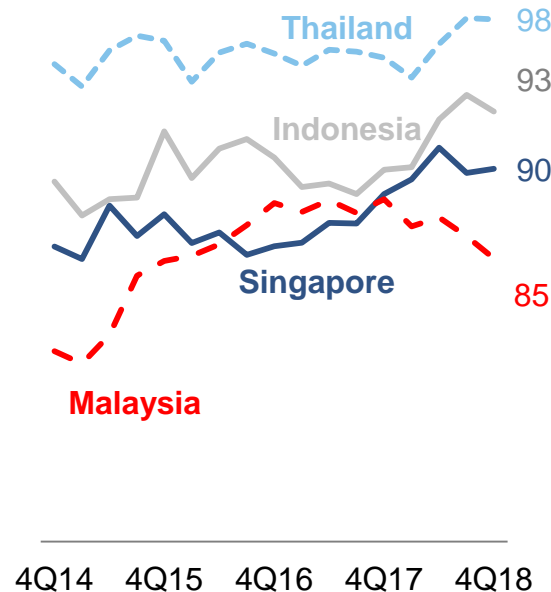
## Robust Capital Positions

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



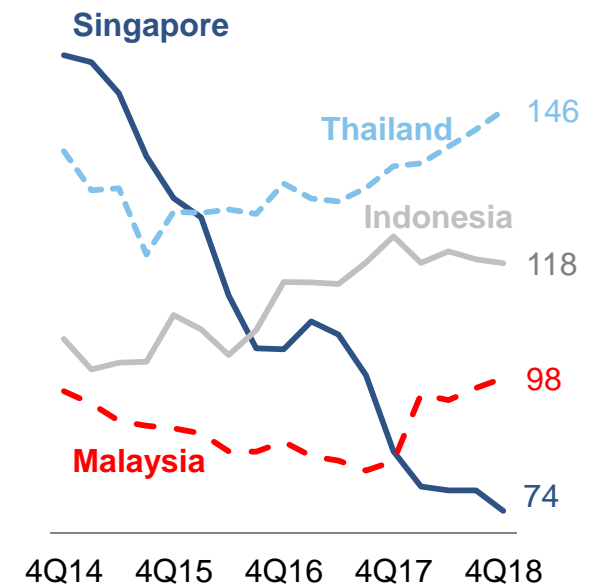
## Adequate Loan/Deposit Ratio

(Loan/deposit ratio, in %)



## Healthy Reserves

(NPL reserve cover, in %)



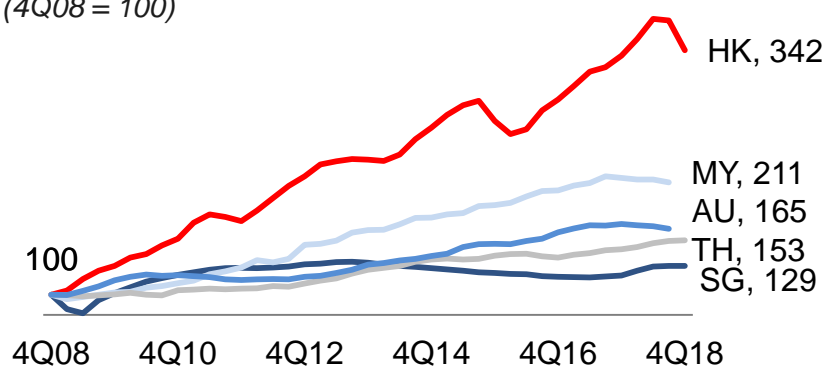
Note: For Singapore, common equity Tier 1 capital adequacy ratio and NPL reserve cover are based on the average of the three Singapore banking groups, while the loans/deposit ratio approximates that of Singapore dollar.

Source: Central banks, banks

# Conducive Macro Conditions Underpin Singapore Property Market

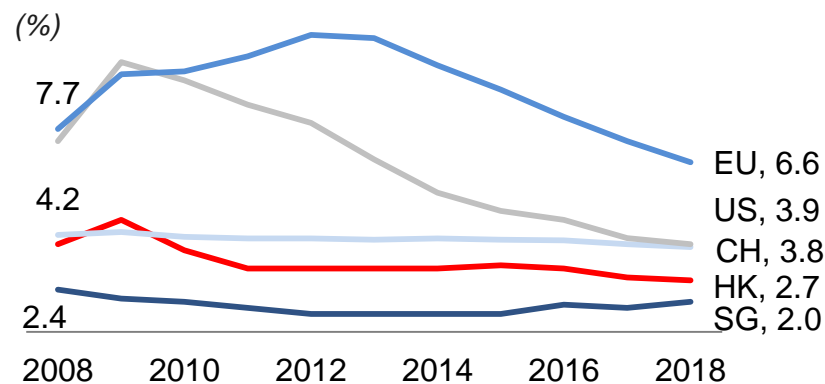
## Regional House Price Indices over Last 10 Years

(4Q08 = 100)



Sources: CEIC, UOB Economic-Treasury Research

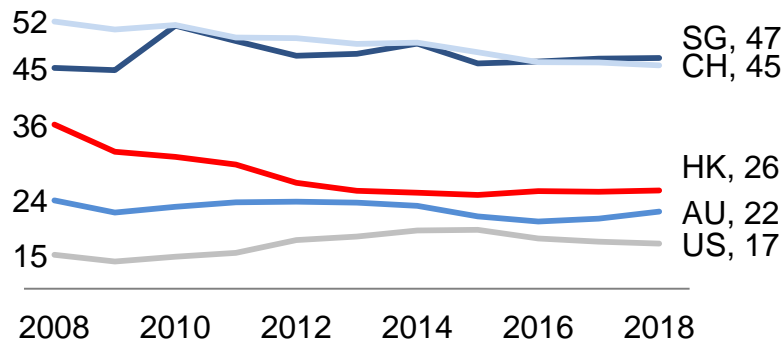
## Low Unemployment vs Global Peers



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

	2007	2018	+/(−)
Price <sup>1</sup> (SGD / sq ft)	940	1,136	+21%
Unit size (sq ft)	1,200	1,200	–
Unit costs (SGD m)	1.13	1.36	+21%
Interest rate (%)	3.72	2.42	
Household income <sup>2</sup> (SGD / mth)	11,933	17,492	+47%
Debt servicing ratio <sup>3</sup> (%)	33	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 31%

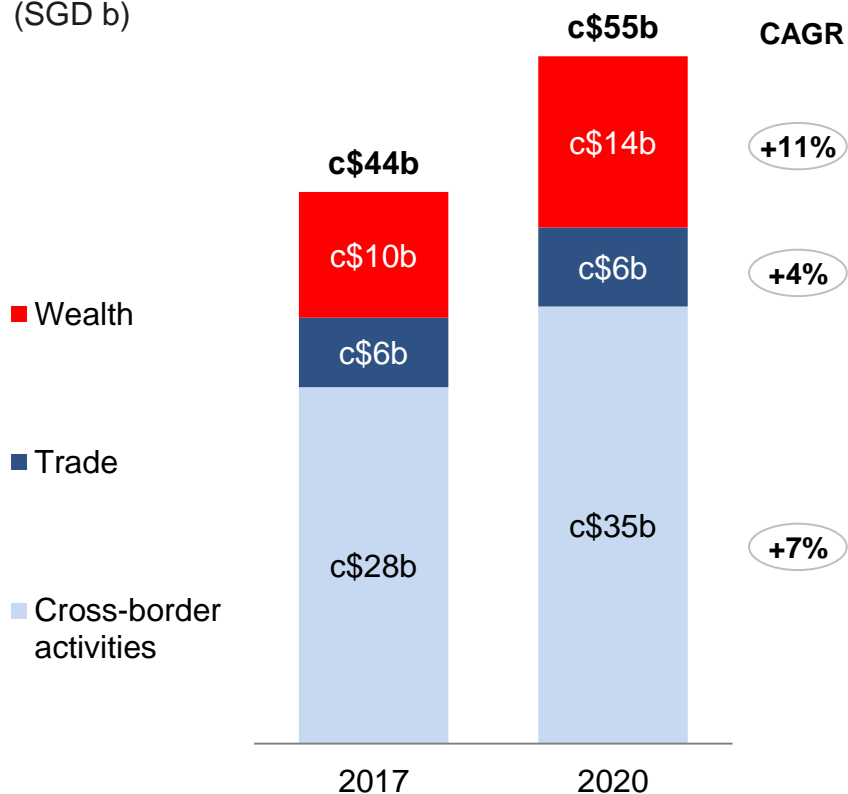
Sources: URA, CEIC, Singapore Statistics, UOB Economic-Treasury Research



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

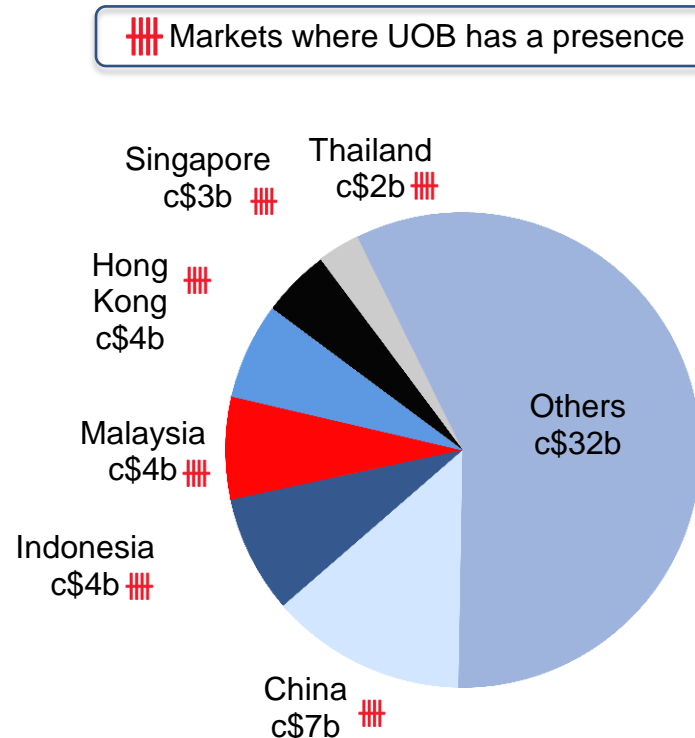
## Industry's Potential Connectivity Revenue

(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.

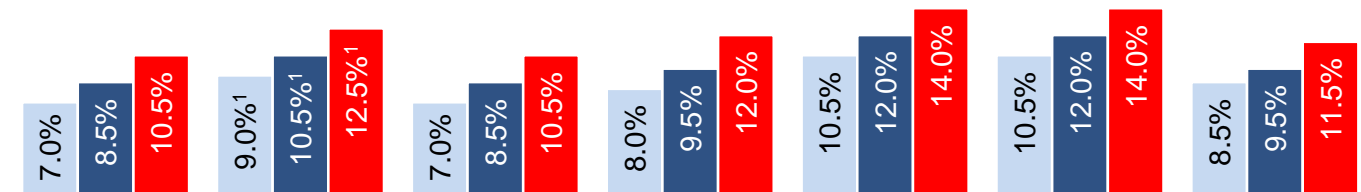
Source: Boston Consulting Group's analysis, Boston Consulting Group Global Banking Revenue pool

# 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%	Pending	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	Jan-20	Jul-18	Jan-18	Jan-18	Jul-18

## % of risk weighted assets<sup>5</sup>

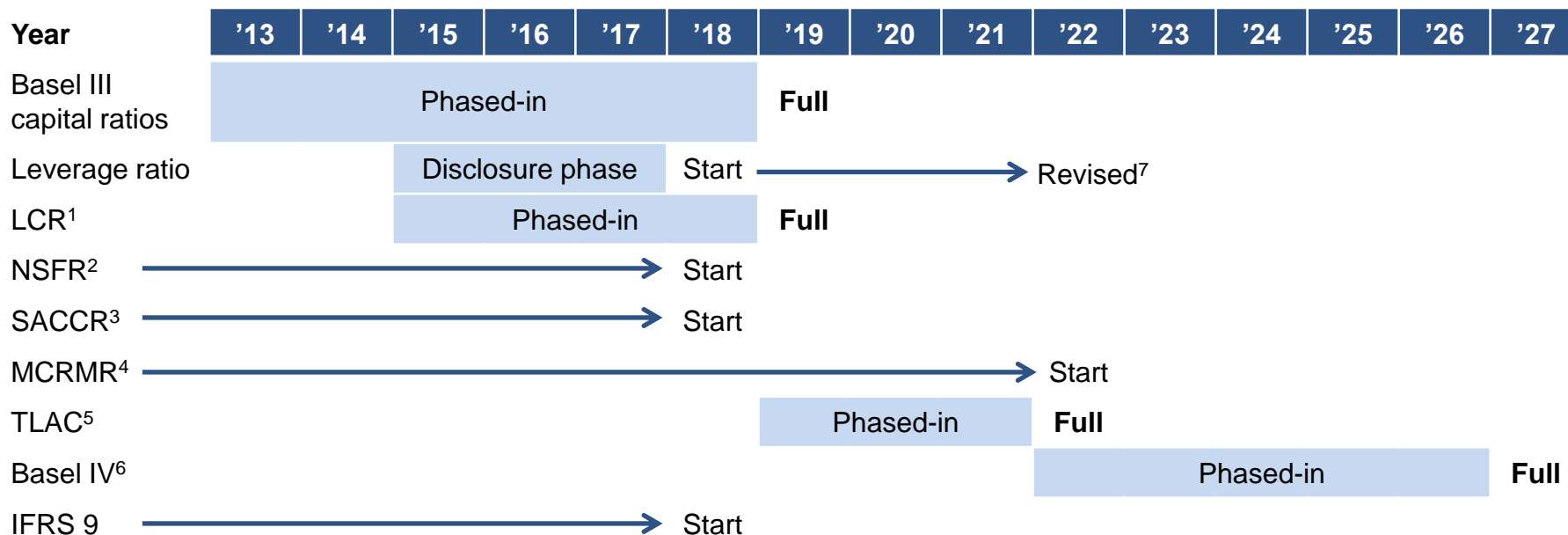
- Minimum CET1 CAR
- Minimum Tier 1 CAR
- Minimum Total CAR



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

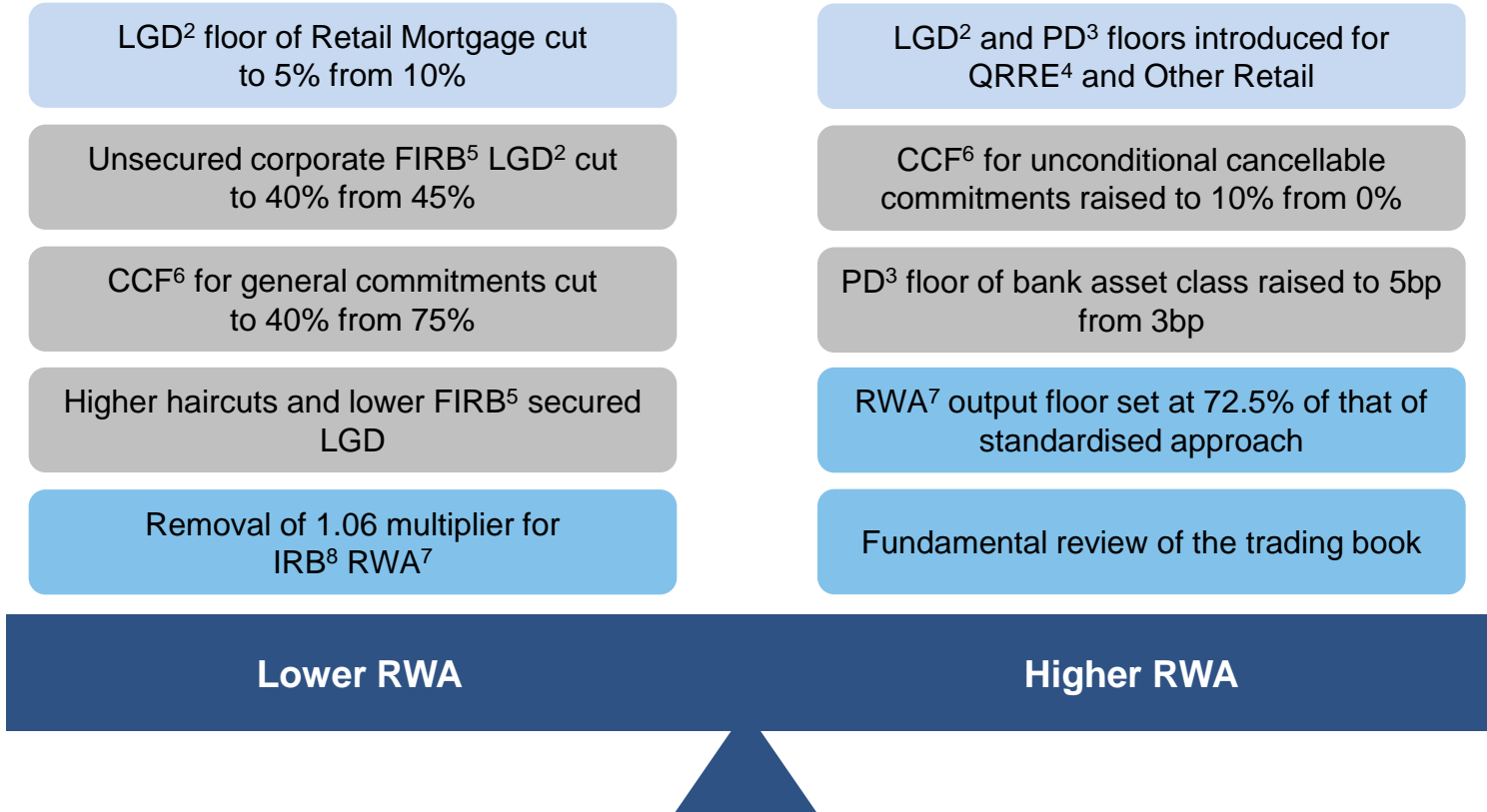
Source: BCBS

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



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 growth amid the subdued business environment
- Continue to invest in building long-term capabilities in a disciplined manner
- Total credit costs expected to be below long-term trend of 28bp
- Higher profit supports an increase in full-year dividend to 120 cents per share

## Disciplined Management of Balance Sheet

- Strong capital base; Common Equity Tier 1 capital adequacy ratio of 13.9% as at 31 December 2018
- Liquid and well diversified funding mix with loan/deposits ratio at 88.2%
- Stable asset quality, with a diversified loan portfolio

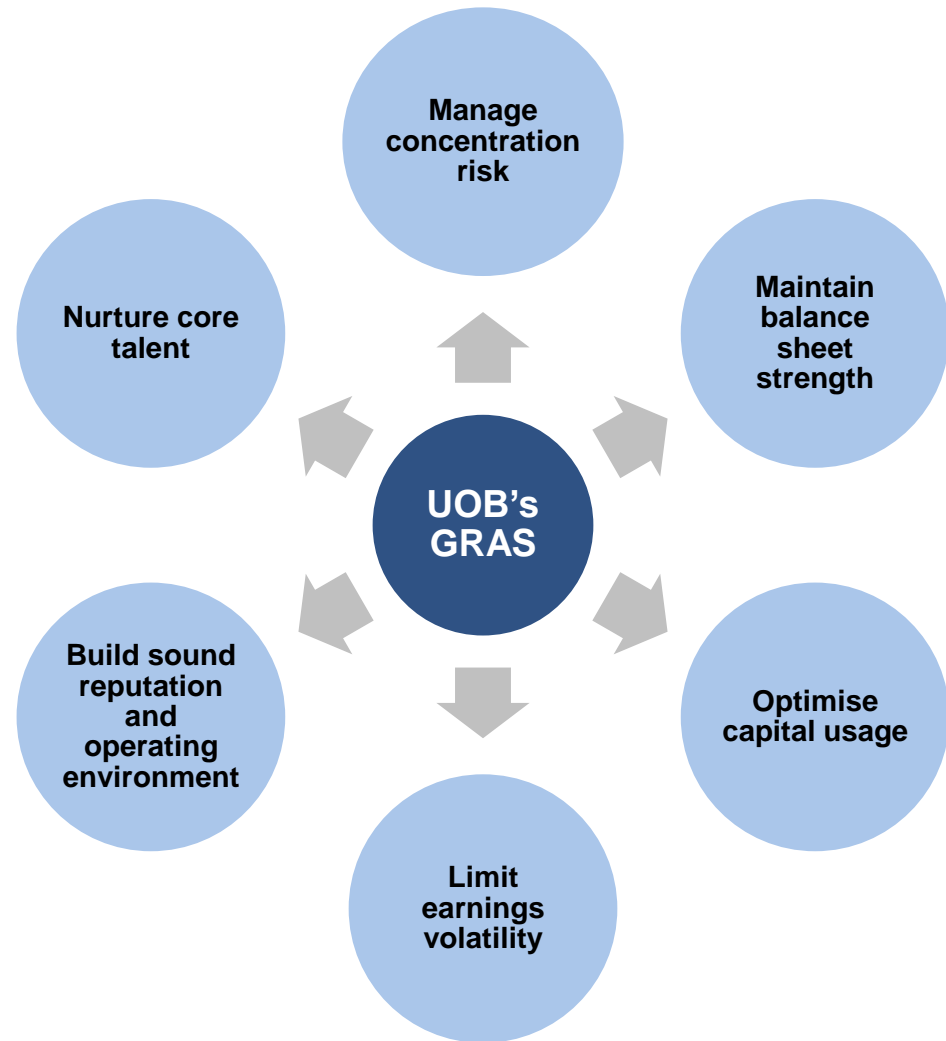
## Delivering on Regional Strategy

- 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-	UOB	a1	43.9%	1.07%	88.2%
Aa1	AA-	AA-	OCBC	a1	43.4%	1.17%	86.4%
Aa1	AA-	AA-	DBS	a1	44.0%	1.05%	87.6%
A2	A	AA-	HSBC	a2	64.4%	0.59%	72.0%
A2	BBB+	A+	SCB	baa1	68.0%	0.47%	68.2%
Baa1	A-	n.r.	CIMB	baa2	51.3%	0.92%	94.0%
A3	A-	A-	MBB	a3	46.9%	1.00%	92.8%
Baa1	BBB+	BBB+	BBL	baa2	45.4%	1.13%	89.5%
Baa3	n.r.	BBB-	BCA	baa3	45.5%	3.90%	80.9%
A-	A-	A+	BOA	baa1	58.1%	1.21%	67.8%
Baa1	BBB+	A	Citi	baa2	57.4%	0.94%	66.3%
Aa3	AA-	AA-	CBA	a2	44.4%	0.94%	118.3%
Aa3	AA-	AA-	NAB	a2	50.0%	0.70%	143.2%

Source: Company reports, Credit rating agencies (updated as of 22 Feb 19).

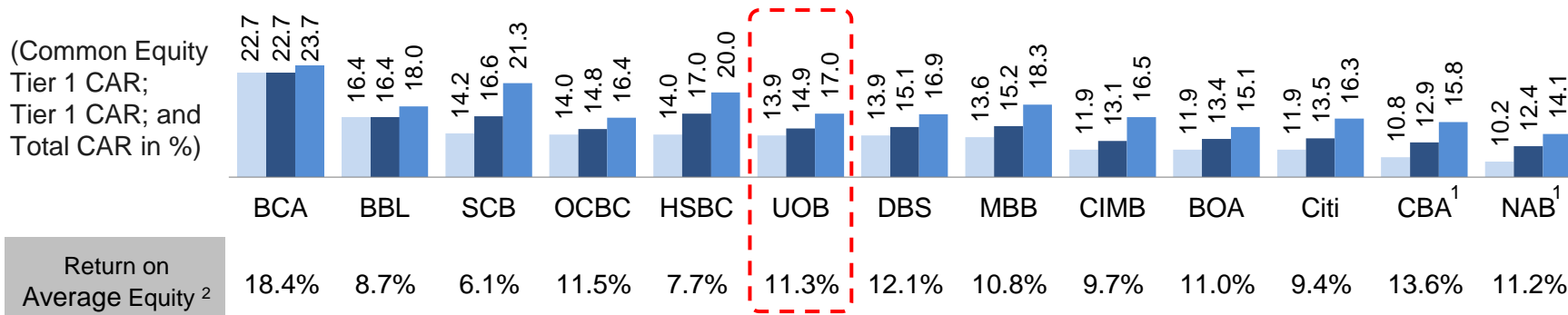
Banks' financials were as of 31 Dec 18, except for those of BCA, NAB (both of which were as of 30 Sep 18), SCB, CIMB and Maybank (which were as of 30 Jun 18).

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

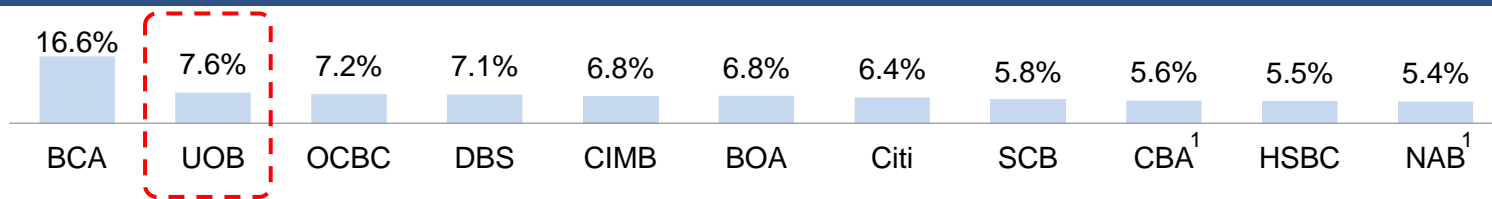


# Strong Capital and Leverage Ratios

## 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.

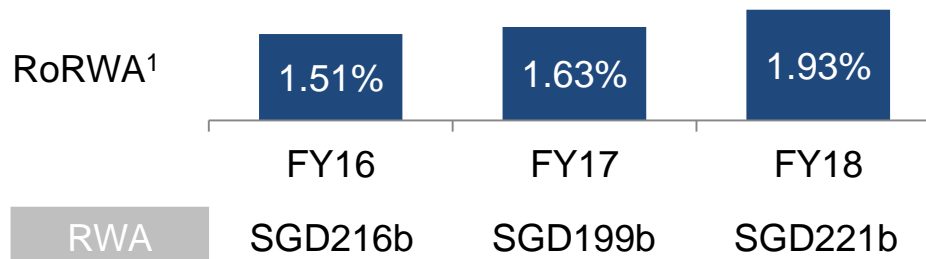
Banks' financials were as of 31 Dec 18, except for those of BCA, NAB (both of which were as of 30 Sep 18), SCB, CIMB and Maybank (which were as of 30 Jun 18).

1. NAB's and CBA's CARs are based on APRA's standards. Their internationally comparable CET1 CAR was 14.6% (30 Sep 18) and 16.5% (31 Dec 18), respectively.
2. Computed on an annualised year-to-date basis.
3. BBL and MBB do not disclose their leverage ratio.

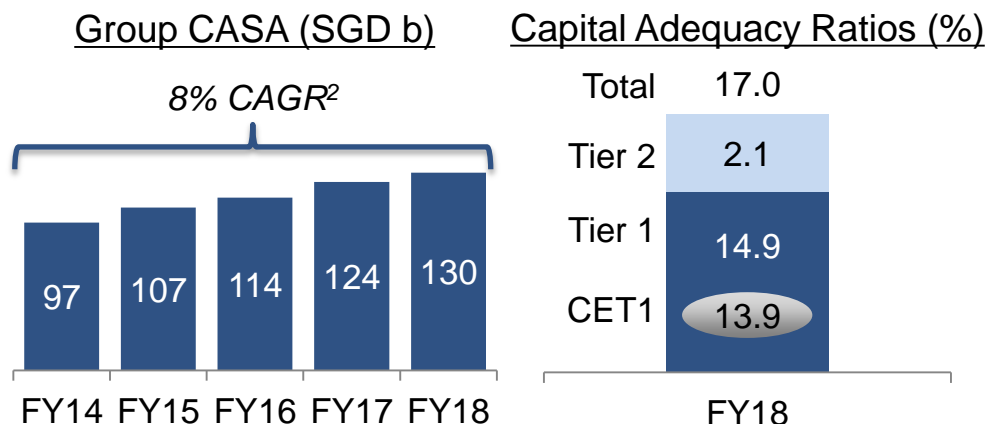
# Disciplined Balance Sheet Management

- Improved balance sheet efficiency**
  - Stronger RoRWA<sup>1</sup> driven mainly by higher profit
- Healthy portfolio quality**
  - NPL ratio improved to 1.5% in 2018
  - 16bp credit cost on loans lower YoY
  - Adequate non-performing assets reserve cover: 87%, or 202% including collateral
- Proactive liability management**
  - Liquidity Coverage Ratios: S\$ (209%) and all-currency (135%)
  - Net stable funding ratio: 107%
- Robust capital; 13.9% CET1 CAR<sup>3</sup>**
- Total dividend / share ▲ to \$1.20, vs \$1.00 in FY17**

## Balance Sheet Efficiency a Key Priority



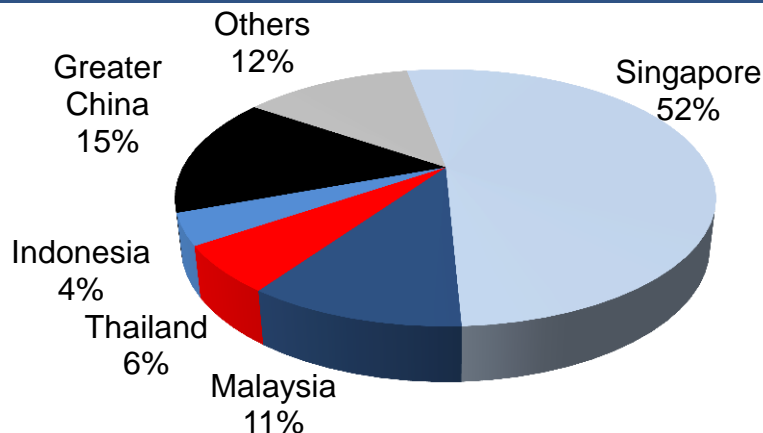
## Liability Management and Capital



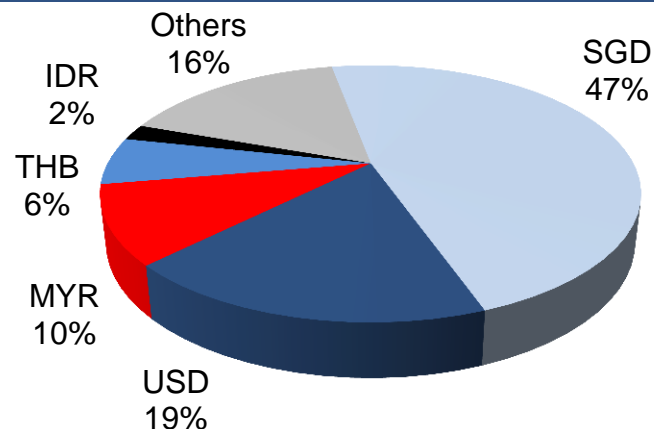
1. RORWA: Return on average risk-weighted assets.  
 2. Compound annual growth rate (CAGR) computed over 4 years (2014 to 2018).  
 3. CAR: Capital adequacy ratio.

# Diversified Loan Portfolio

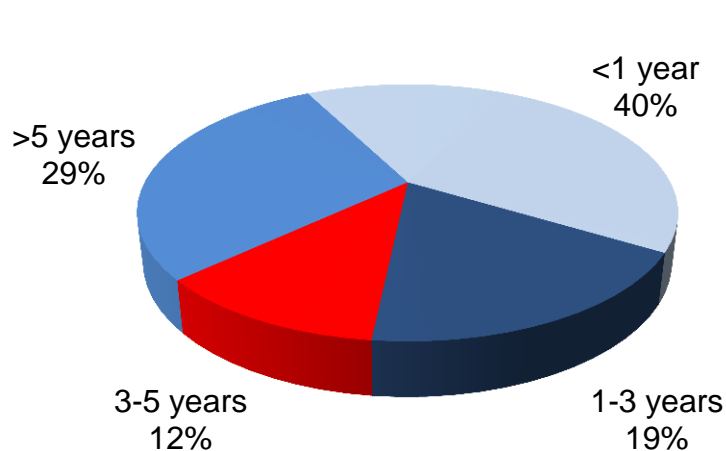
## Gross Customer Loans by Geography <sup>1</sup>



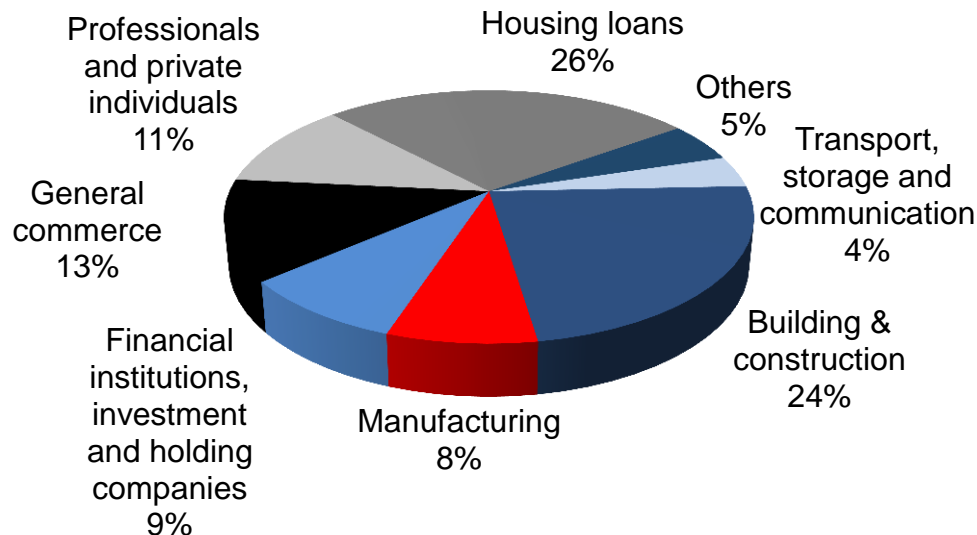
## Gross Customer Loans by Currency



## Gross Customer Loans by Maturity



## Gross Customer Loans by Industry



Note: Financial statistics as at 31 December 2018.

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).

# 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

Issue Date	Structure	Call	Coupon	Amount	Ratings (M/S/F)
<b>Additional Tier 1</b>					
Oct-17	Perpetual	2023	3.875%	USD650m	Baa1 / - /BBB
May-16	Perpetual	2021	4.00%	SGD750m	Baa1 / - /BBB
Nov-13	Perpetual	2019	4.75%	SGD500m	Baa1/BBB-/BBB
<b>Tier 2</b>					
Feb-17	12NC7	2024	3.50%	SGD750m	A2 / - / A+
Sep-16	10½NC5½	2022	2.88%	USD600m	A2 / - / A+
Mar-16	10½NC5½	2021	3.50%	USD700m	A2 / - / A+
May-14	12NC6	2020	3.50%	SGD500m	A2 / BBB+ / A+
Mar-14	10½NC5½	2019	3.75%	USD800m	A2 / BBB+ / A+
<b>Senior Unsecured</b>					
Jul-18	3½yr FRN	-	BBSW 3m+0.81%	AUD600m	Aa1 / AA- / AA-
Apr-18	3yr FRN	-	3m LIBOR+0.48%	USD500m	Aa1 / AA- / AA-
Apr-18	3yr FXN	-	3.20%	USD700m	Aa1 / AA- / AA-
Apr-17	4yr FRN	-	BBSW 3m+0.81%	AUD300m	Aa1 / AA- / AA-
Sep-14	5½yr FXN	-	2.50%	USD500m	Aa1 / AA- / AA-
<b>Covered</b>					
Sep-18	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -
Feb-18	5yr FRN	-	3m LIBOR+0.24%	GBP350m	Aaa / AAA / -
Jan-18	7yr FXN	-	0.500%	EUR500m	Aaa / AAA / -
Feb-17	3yr FXN	-	2.125%	USD500m	Aaa / AAA / -
Feb-17	5yr FXN	-	0.125%	EUR500m	Aaa / AAA / -
Mar-16	5yr FXN	-	0.250%	EUR500m	Aaa / AAA / -

## Debt Maturity Profile

	2019	2020	2021	2022	2023	2024	2025	2026
	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm
Oct-17	-	-	-	-	886	-	-	-
May-16	-	-	750	-	-	-	-	-
Nov-13	500	-	-	-	-	-	-	-
Feb-17	-	-	-	-	-	750	-	-
Sep-16	-	-	-	818	-	-	-	-
Mar-16	-	-	954	-	-	-	-	-
May-14	-	500	-	-	-	-	-	-
Mar-14	1,090	-	-	-	-	-	-	-
Jul-18	-	-	-	578	-	-	-	-
Apr-18	-	-	681	-	-	-	-	-
Apr-18	-	-	954	-	-	-	-	-
Apr-17	-	-	289	-	-	-	-	-
Sep-14	-	681	-	-	-	-	-	-
Sep-18	-	-	-	-	780	-	-	-
Feb-18	-	-	-	-	608	-	-	-
Jan-18	-	-	-	-	-	-	780	-
Feb-17	-	681	-	-	-	-	-	-
Feb-17	-	-	-	780	-	-	-	-
Mar-16	-	-	780	-	-	-	-	-
<b>Total</b>	<b>1,590</b>	<b>1,863</b>	<b>4,408</b>	<b>2,175</b>	<b>2,273</b>	<b>750</b>	<b>780</b>	<b>-</b>

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 22 Feb 2019.

FX rates at 31 Dec 2018: USD 1 = SGD 1.36; AUD 1.04 = SGD 1; 1 GBP = SGD 1.74; EUR 1 = SGD 1.56

# Our Sustainability Milestones

## Notable Achievements



MUDAJAYA GROUP BERHAD

### Sinar Kamiri Sdn Bhd

(A subsidiary of Mudajaya Group)

**SRI Sukuk**

**RM245m**

Joint Lead Arranger  
Jan 2018



Dodid Data Centre

**Bilateral Loan**

**S\$76m**

Sole Financial Adviser  
May 2018



## Notable Recognitions



### 1. FTSE4Good ASEAN 5 Index

UOB was ranked second by market capitalisation at end-2018

### 2. Bloomberg Gender-Equality Index

UOB was included in 2019 based on disclosure in 2018.

### 3. Sustainable Banking Assessment

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 eighth out of 589 companies listed in Singapore in 2018.

### 6. Singapore Corporate Awards

UOB won the Bronze Award for Best Management Board for listed companies with market capitalisation of above SGD1 billion in 2018.

1. BCA-IMDA: Building and Construction Authority - Infocomm Media Development Authority.

Source: UOB, FTSE Russell, Bloomberg, World Wildlife Fund (WWF), Centre for Governance, Institutions and Organisations (CGIO) of the National University of Singapore (NUS) Business School; Singapore Corporate Awards.



# 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

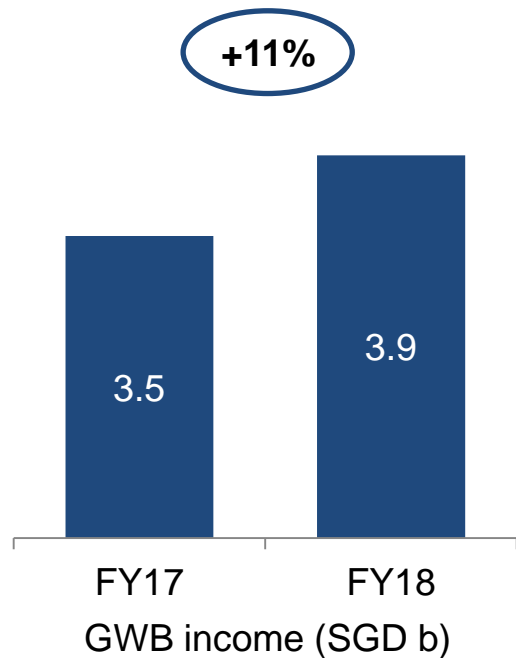
## Long-term Growth Perspective

- 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

# Wholesale Banking: Tapping Intra-Regional Flows through Diversification

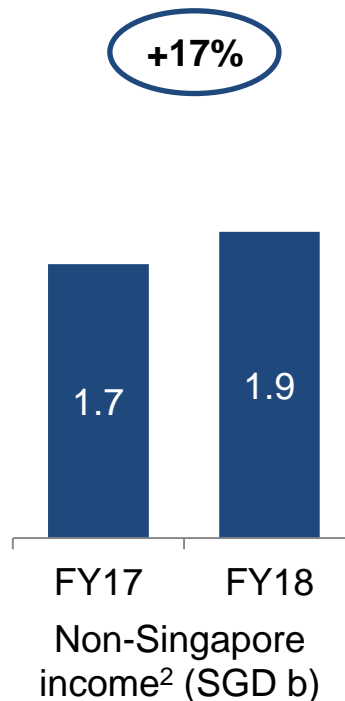
Strong income & RoRWA<sup>1</sup> growth...

... supported by diverse sources

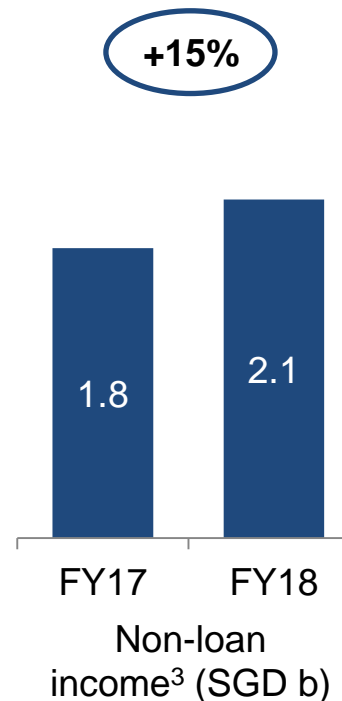


RORWA<sup>1</sup> 0.91% 1.63%

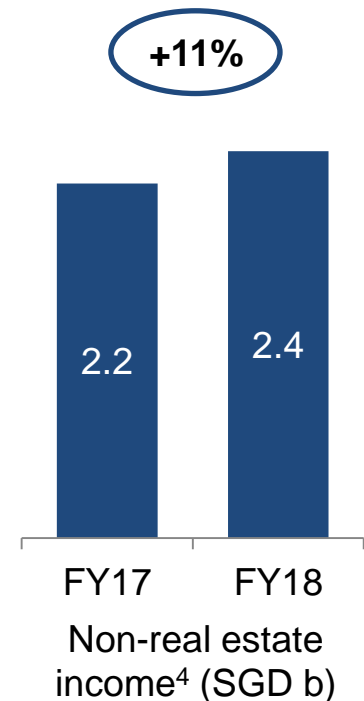
By geography



By product



By sector



1. RoRWA: Ratio of "Profit before tax" to "Average segment RWA".
2. Income from Hong Kong, China, Malaysia, Thailand, Indonesia, others.
3. Income from Cash, Trade, Global Markets, Investment Banking, others.
4. Income from Industrial, Financial Institutions, Oil & Gas, Consumer Goods, Construction & Infrastructures, Technology, Media & Telecommunications (TMT), Healthcare, Logistics, others.



# Strategic Initiatives to Tap Intra-Regional Flows

1

## Strengthen Connectivity

### Support and grow with our customers in the region

- Focused on tapping Chinese / ASEAN flows
- FDI<sup>1</sup> advisory team, supporting companies' regional expansion

Cross-border revenue:  
**+15% growth<sup>2</sup> & 25% of GWB income**  
FDI<sup>1</sup> contributed **S\$46b** of deposit flows<sup>4</sup>

2

## Sector Specialisation

### Offer customised solutions to our customers

- Focused sector teams supporting RM<sup>3</sup> with insights & solutions

Non-loan income:  
**+15%<sup>2</sup>**  
Non-real estate income:  
**+11%<sup>2</sup>**

3

## Products & Platforms

### Building new capabilities

- New product platforms
- Re-designed customer journeys
- Rapid deployment across the Group

GWB e-Banking customers  
**~20% growth<sup>2</sup>**  
Targeted cost productivity improvement<sup>5</sup>:  
**~10-15%**

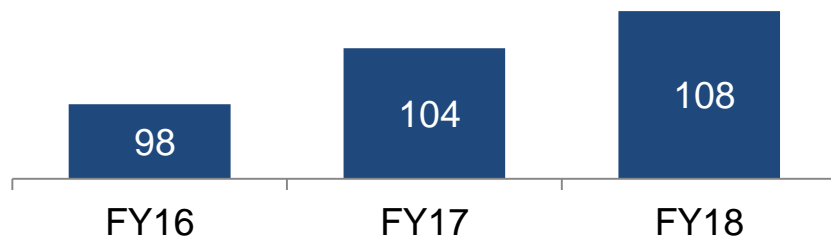
1. FDI: Foreign Direct Investment.  
2. 2018 year-on-year growth.  
3. RM: Relationship Manager.

4. Deposit flows in 2018.  
5. 2021 target.  
6. The Asian Banker Transaction Awards 2018, in Singapore.

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

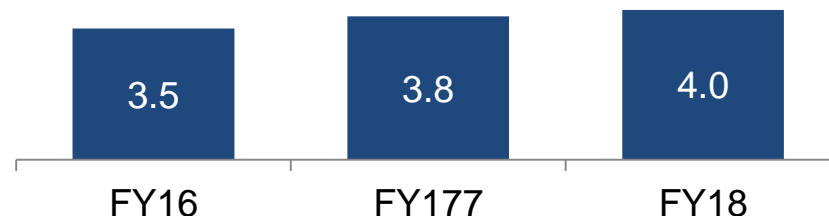
Gross Loans (Group Retail<sup>1</sup>): +4% YoY in FY18

SGD b



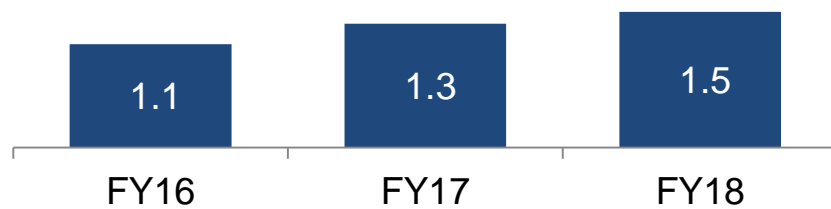
Income<sup>3</sup> (Group Retail<sup>1</sup>) +4% YoY in FY18

SGD b

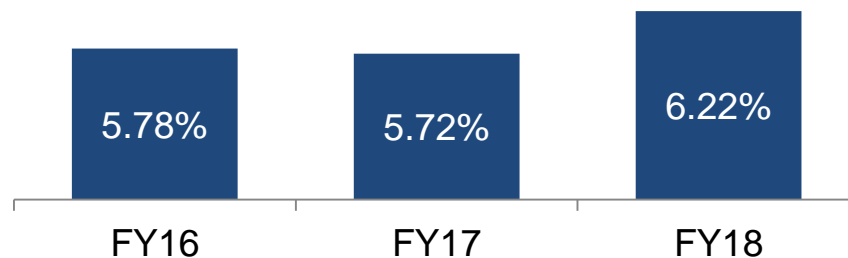


High Affluent<sup>2</sup> income: +10% YoY in FY18

SGD b



Segment RoRWA<sup>4</sup> +0.50%pt YoY in FY18



AUM SGD93 b    SGD104 b    SGD111 b

1. Includes Business Banking.
2. High Affluent comprises Privilege Banking, Privilege Reserve and Private Bank segments.
3. Income includes fee and commission income that is net of directly attributable expenses.
4. RoRWA: Ratio of "Profit before tax" to "Average segment RWA".

# Leveraging Digitalisation and Partnerships to Grow and Deepen Customer Franchise

1

## Digital Bank

### Targeting Mobile-First and Mobile-Only Generation

- Delivered and launched TMRW in Thailand within 14 months

Target 5 markets  
3-5m customers  
Engagement Index >7  
Steady-state cost-income ratio ~35%

2

## Omni-Channel Experience

### Deepening customer engagement

- Digitised application & approval of consumer products<sup>1</sup>
- Growth in Mighty app usage
- Leveraging data analytics & machine learning across customer touch points

UOB Mighty App:  
Transaction volume: +125%<sup>2</sup>  
New Orchard Wealth Banking Centre with state of the art features

3

## Ecosystem Partnerships

### Forging collaborations to widen distribution reach

- Strengthening customer acquisition & deepen customer wallet share
- Improving banking access by plugging into consumers' lifestyles

Regional bancassurance arrangement with Prudential  
Strategic alliance with Grab  
Partnerships in property and car ecosystems

1. Include UOB Housing Loan, Car Loan, Credit Cards and Deposits.

2. 2018 year-on-year growth

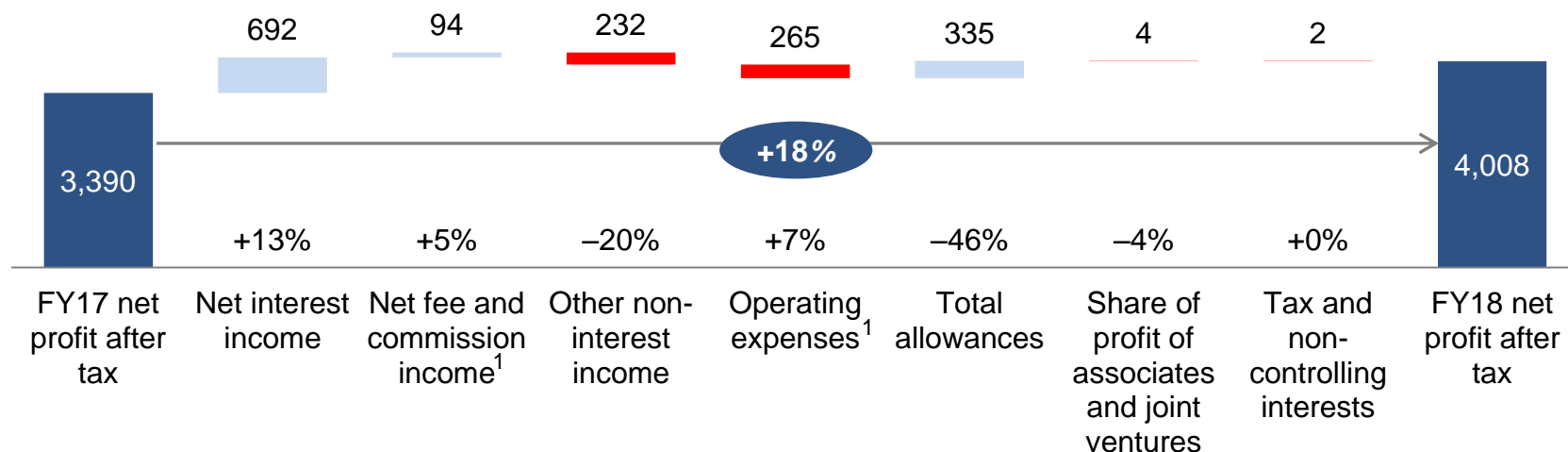


# Latest Financials

# FY18 Financial Overview

## Net Profit After Tax (NPAT) Movement, FY18 vs FY17

(SGD m)



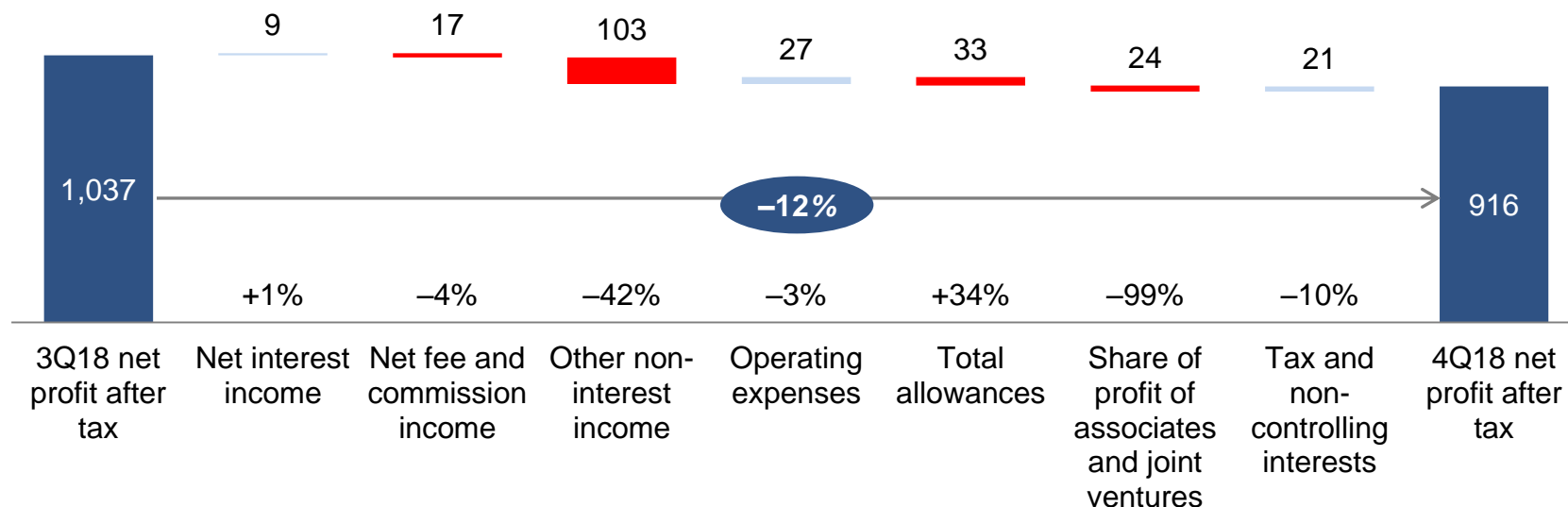
Key Indicators	FY18	FY17	YoY Change
Net interest margin (%) <sup>2</sup>	1.82	1.77	+0.05% pt
Non-interest income / Income (%)	31.8	35.4	(3.6) pt
Cost / Income ratio (%)	43.9	43.7	+0.2% pt
Return on equity (%) <sup>2,3</sup>	11.3	10.2	+1.1% pt
Return on risk-weighted assets (%) <sup>2</sup>	1.93	1.63	+0.30% pt

1. Fee income and expenses have been restated where expenses directly attributable to fee income are presented net of fee income.
2. Computed on an annualised basis.
3. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions.

# 4Q18 Financial Overview

## Net Profit After Tax (NPAT) Movement, 4Q18 vs 3Q18

(SGD m)



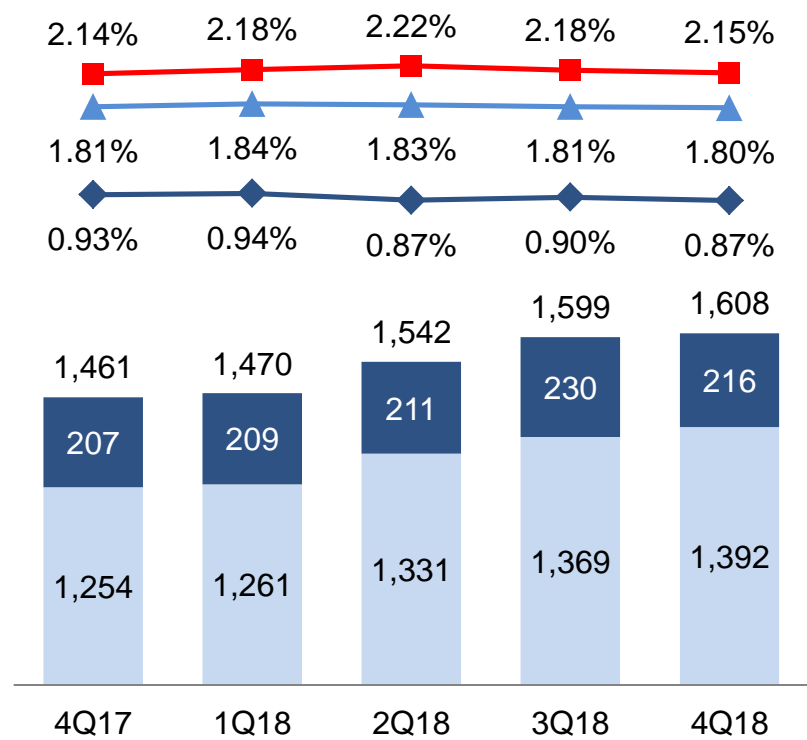
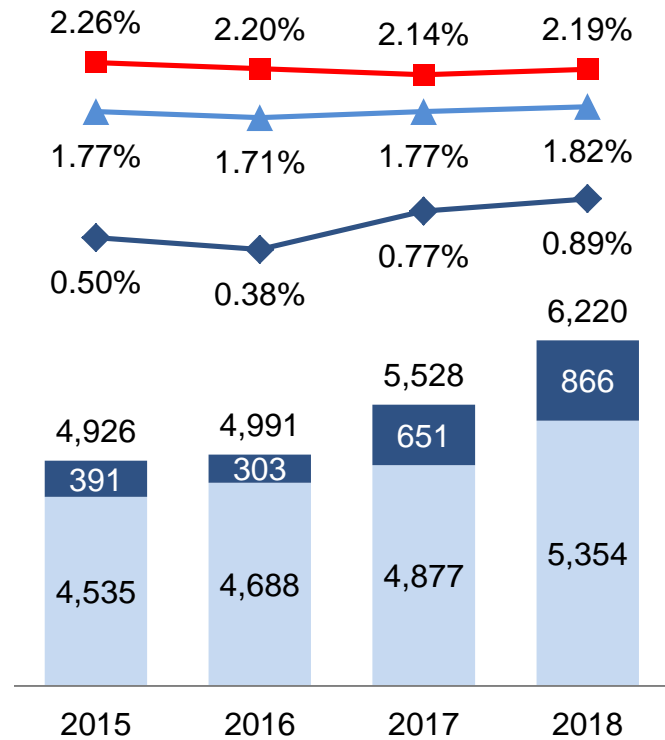
Key Indicators	4Q18	3Q18	QoQ Change	4Q17	YoY Change
Net interest margin (%) <sup>1</sup>	1.80	1.81	(0.01) pt	1.81	(0.01) pt
Non-interest income / Income (%)	27.4	31.3	(3.9) pt	34.5	(7.1) pt
Cost / Income ratio (%)	44.4	43.4	+1.0% pt	46.0	(1.6) pt
Return on equity (%) <sup>1,2</sup>	10.2	11.7	(1.5) pt	9.8	+0.4% pt
Return on risk-weighted assets (%) <sup>1</sup>	1.68	1.99	(0.31) pt	1.69	(0.01) 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.

# Volume Sustained Growth in Net Interest Income; Margin Stable

## 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



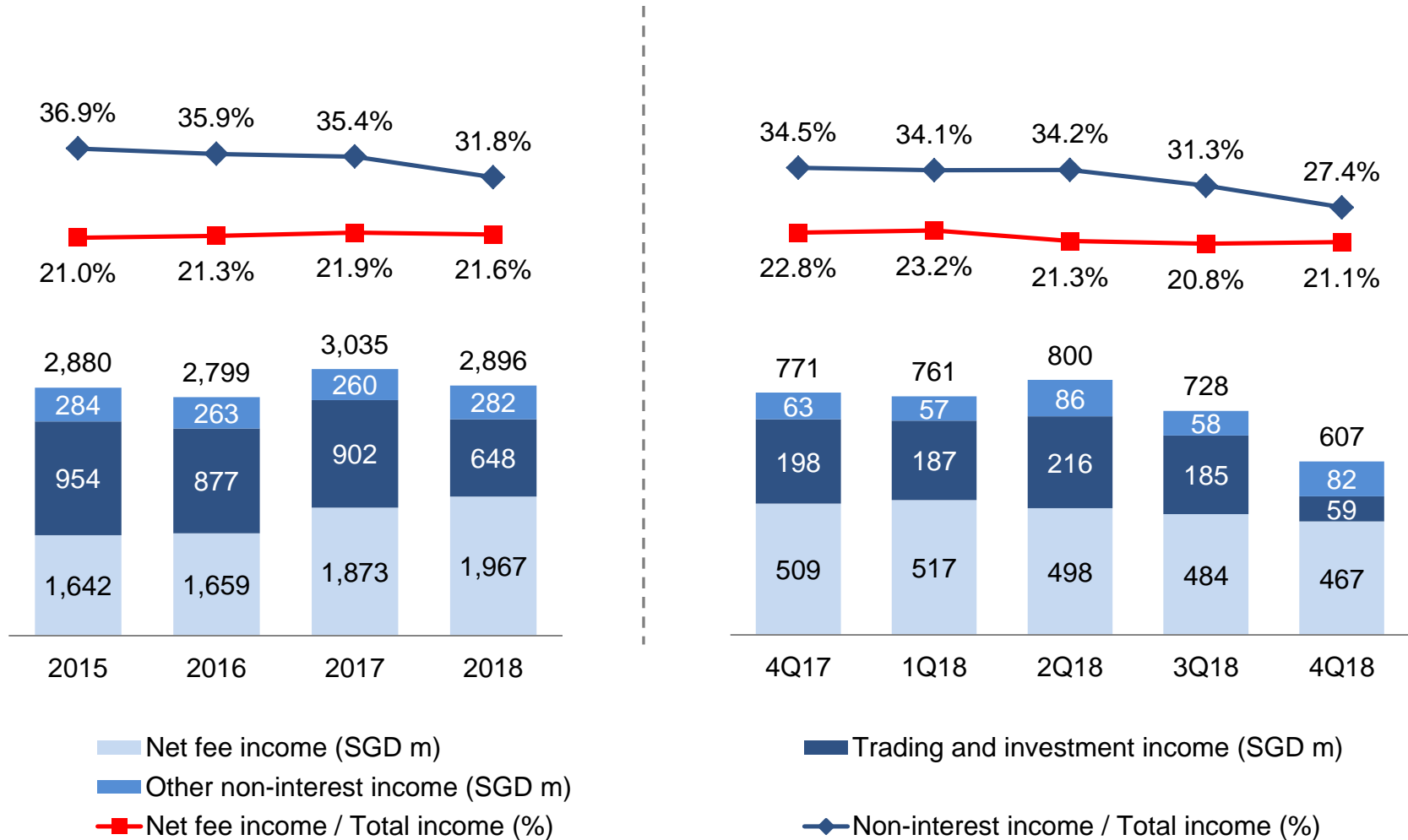
	Dec-18 SGD b	Sep-18 SGD b	QoQ +/(–) %	Dec-17 SGD b	YoY +/(–) %
<b>Gross Loans</b>					
<b><i>By Geography</i></b>					
Singapore	137	133	+3	128	+8
Regional:	97	95	+2	85	+15
<i>Malaysia</i>	29	29	+1	27	+9
<i>Thailand</i>	17	16	+3	15	+12
<i>Indonesia</i>	11	11	+2	11	+5
<i>Greater China</i>	40	39	+3	32	+24
Others	27	27	+1	23	+15
<b>Total</b>	<b>262</b>	<b>255</b>	<b>+3</b>	<b>236</b>	<b>+11</b>
<b><i>By Industry</i></b>					
Transport, storage and communication	10	10	+2	9	+9
Building and construction	63	60	+5	54	+18
Manufacturing	21	22	–2	19	+13
Financial institutions, investment & holding companies	23	23	+2	19	+22
General commerce	33	32	+2	31	+7
Professionals and private individuals	29	29	+1	28	+4
Housing loans	68	68	+1	66	+4
Others	13	12	+14	11	+24
<b>Total</b>	<b>262</b>	<b>255</b>	<b>+3</b>	<b>236</b>	<b>+11</b>

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 Softened with Subdued Market Conditions

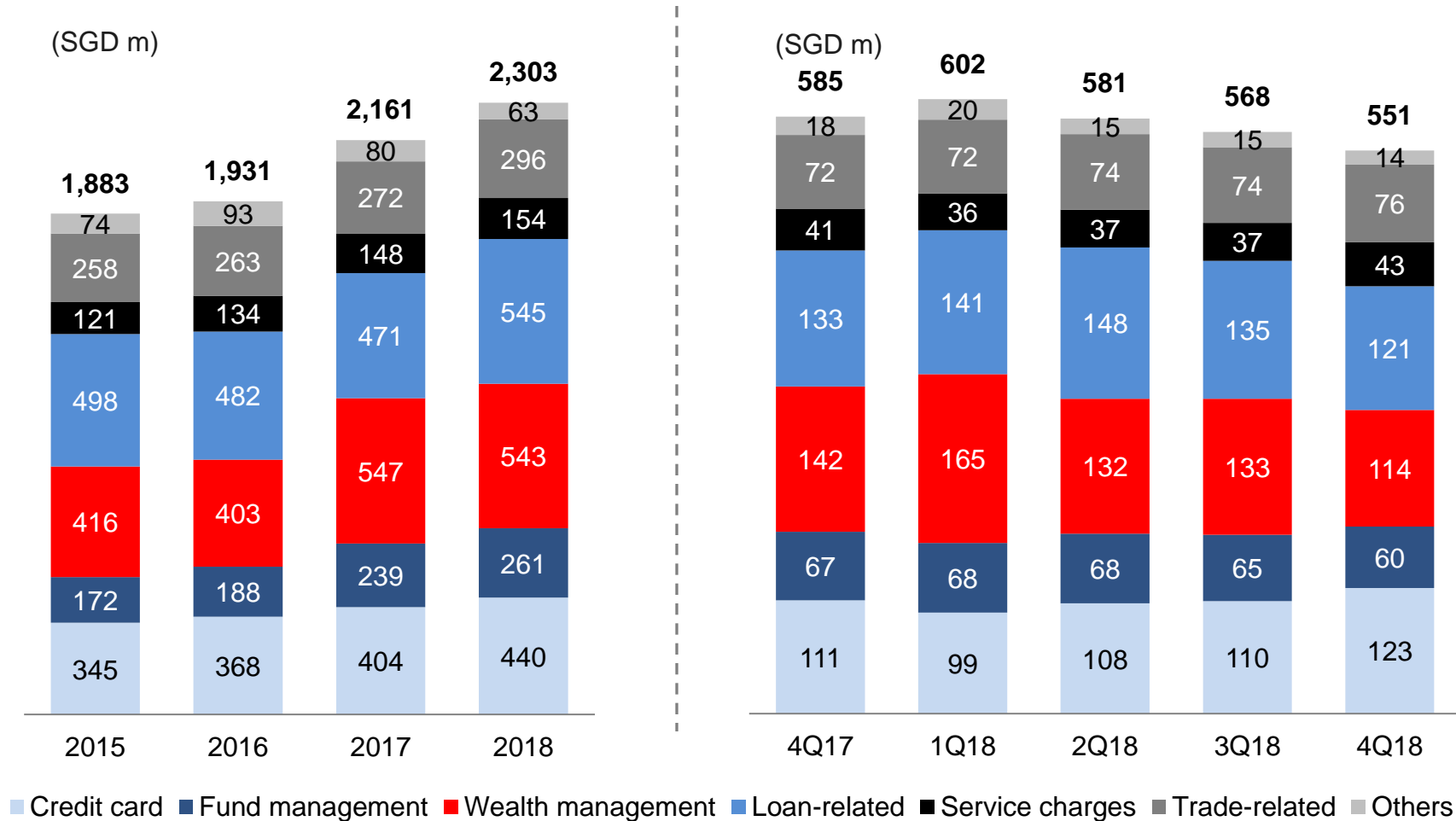
Non-Interest Income and as a % of Total Income



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

# Broad-based Focus in Fee Income

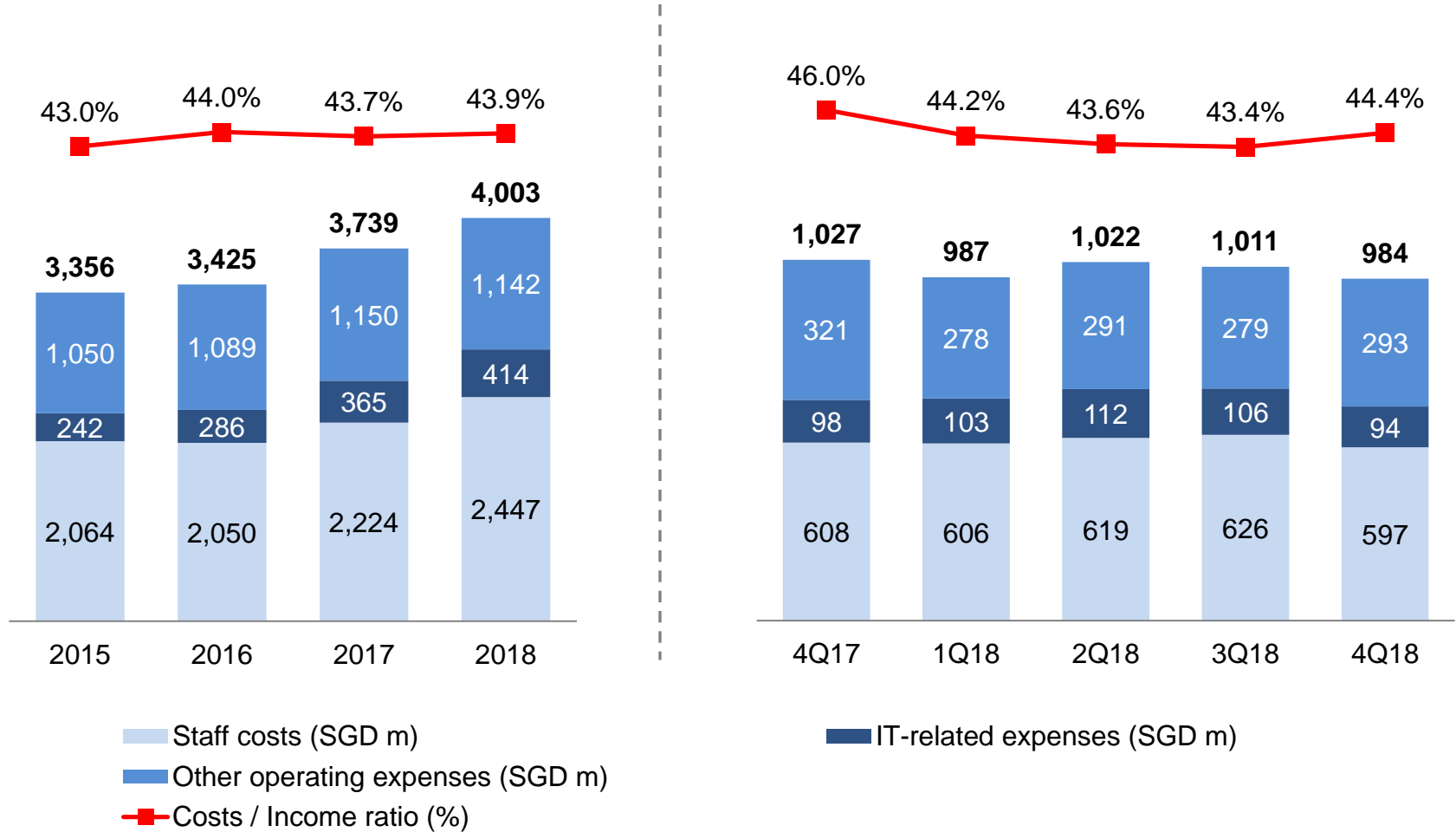
## Breakdown of Fee Income



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

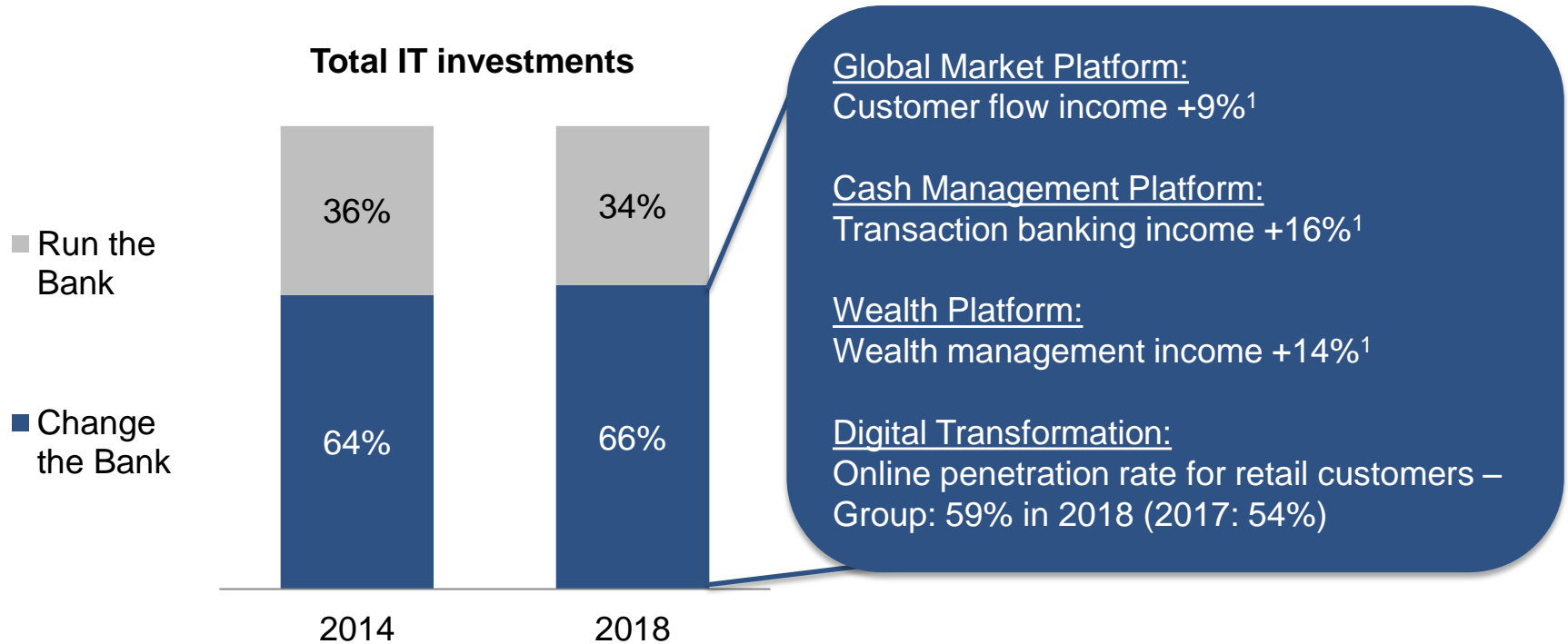
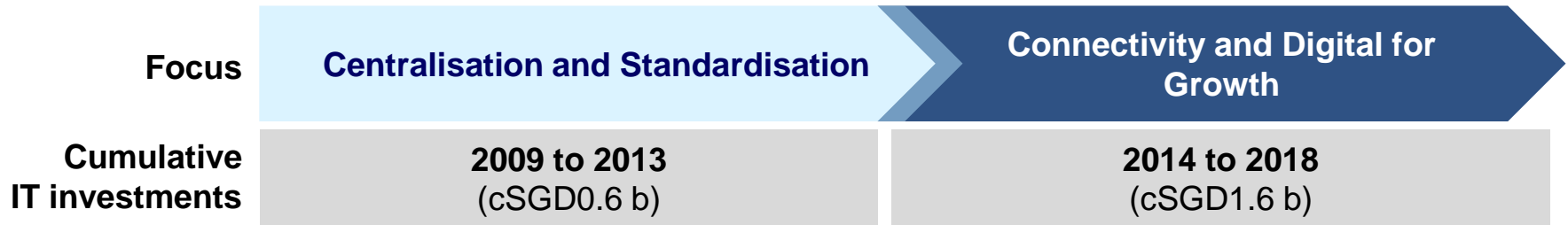
# Pacing Growth in Operating Expenses, with Maintaining a Stable CIR

## Operating Expenses and Costs / Income Ratio



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)

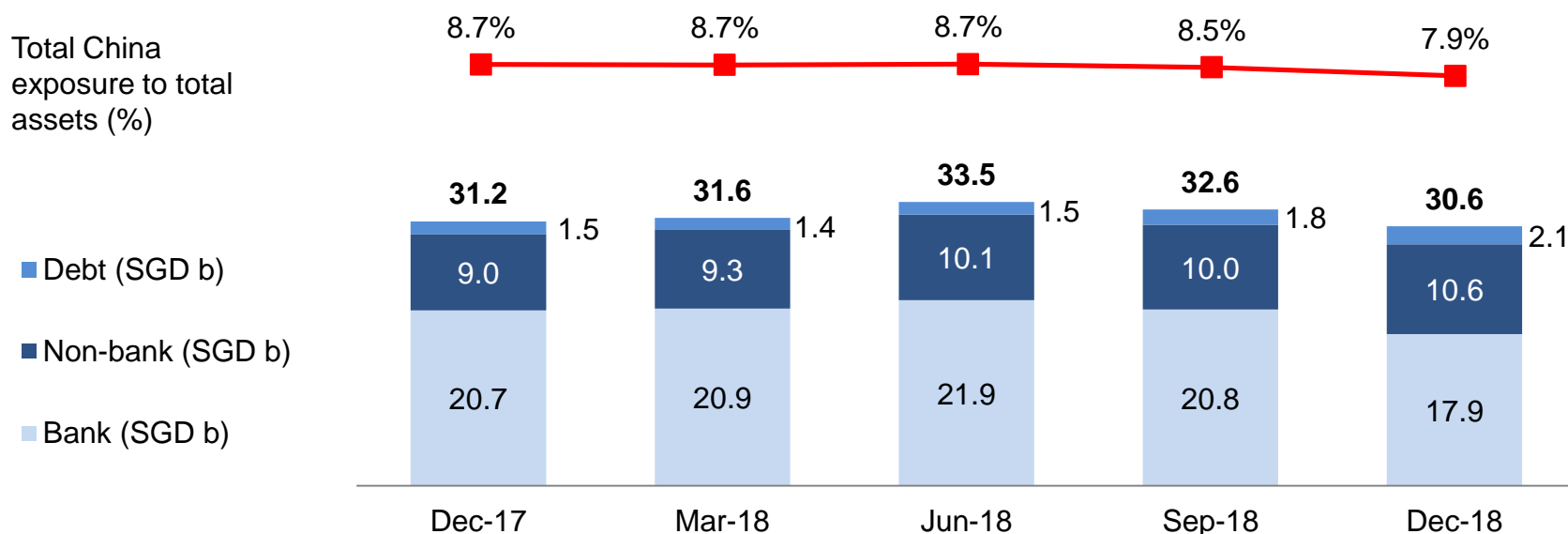
# Exposure to China

## Bank exposure as of 31 December 2018

- Bank exposure accounted for 60% of total exposure to China
- Top 5 domestic banks and 3 policy banks accounted for 70% of total bank exposure
- 99% with <1 year tenor
- Trade exposures mostly with bank counterparties, representing about half of bank exposure

## Non-bank exposure as of 31 December 2018

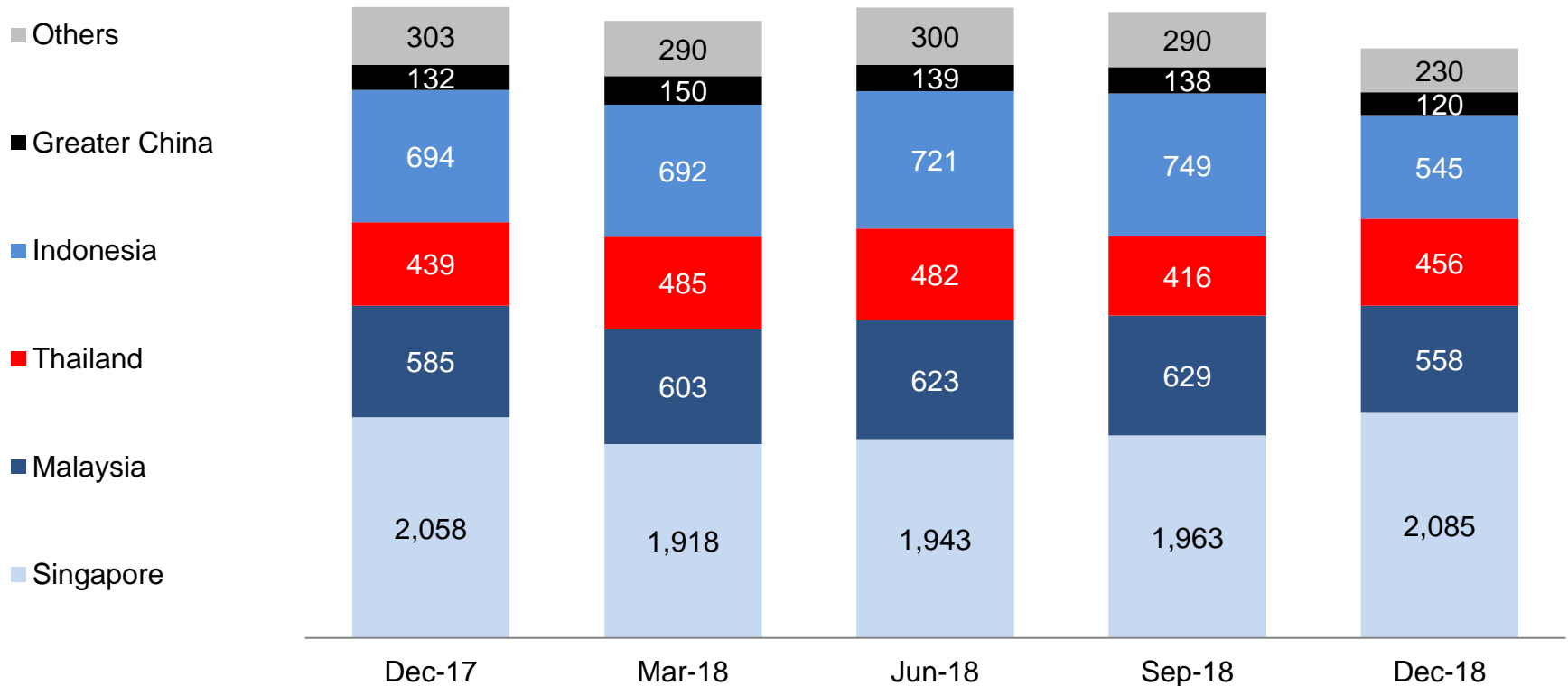
- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio at 0.6%
- 50% denominated in RMB
- 50% with <1 year tenor



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 Improved to 1.5%

NPL ratio	1.8%	1.7%	1.7%	1.6%	1.5%
NPLs (SGD m)	4,211	4,138	4,208	4,185	3,994



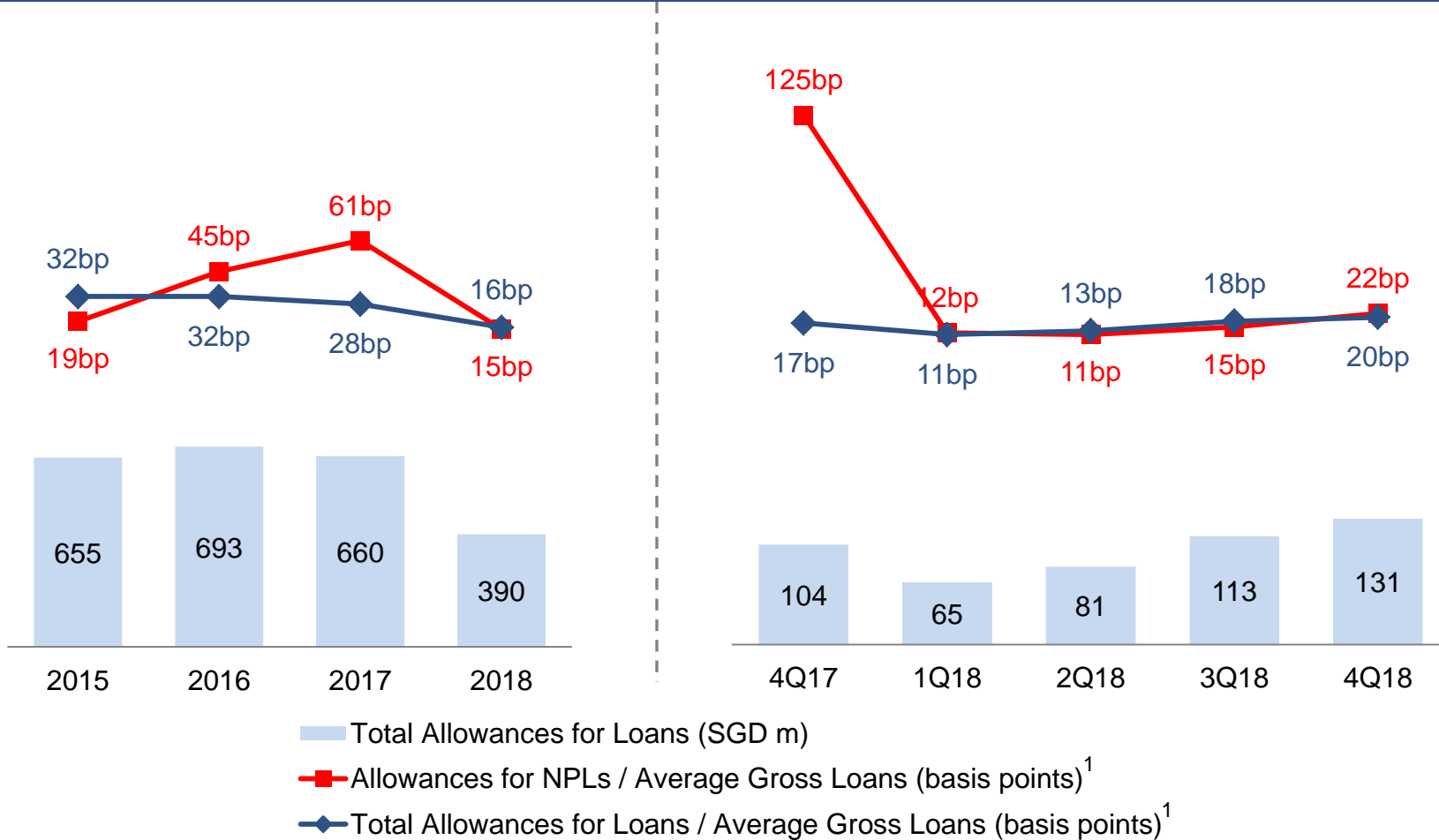
Note: NPLs by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

# New NPA Formation Trending to More Normalised Level

(SGD m)	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
<b>NPA at start of period</b>	3,632	3,480	3,543	3,587	3,919	4,389	4,323	4,404	4,374
New NPA	387	424	537	799	1,167	416	436	475	609
Upgrades, recoveries and translations	(320)	(293)	(255)	(369)	(354)	(310)	(212)	(398)	(382)
Write-offs	(219)	(68)	(238)	(98)	(343)	(172)	(143)	(107)	(435)
<b>NPA at end of period</b>	3,480	3,543	3,587	3,919	4,389	4,323	4,404	4,374	4,166

# Credit Costs Also Normalising

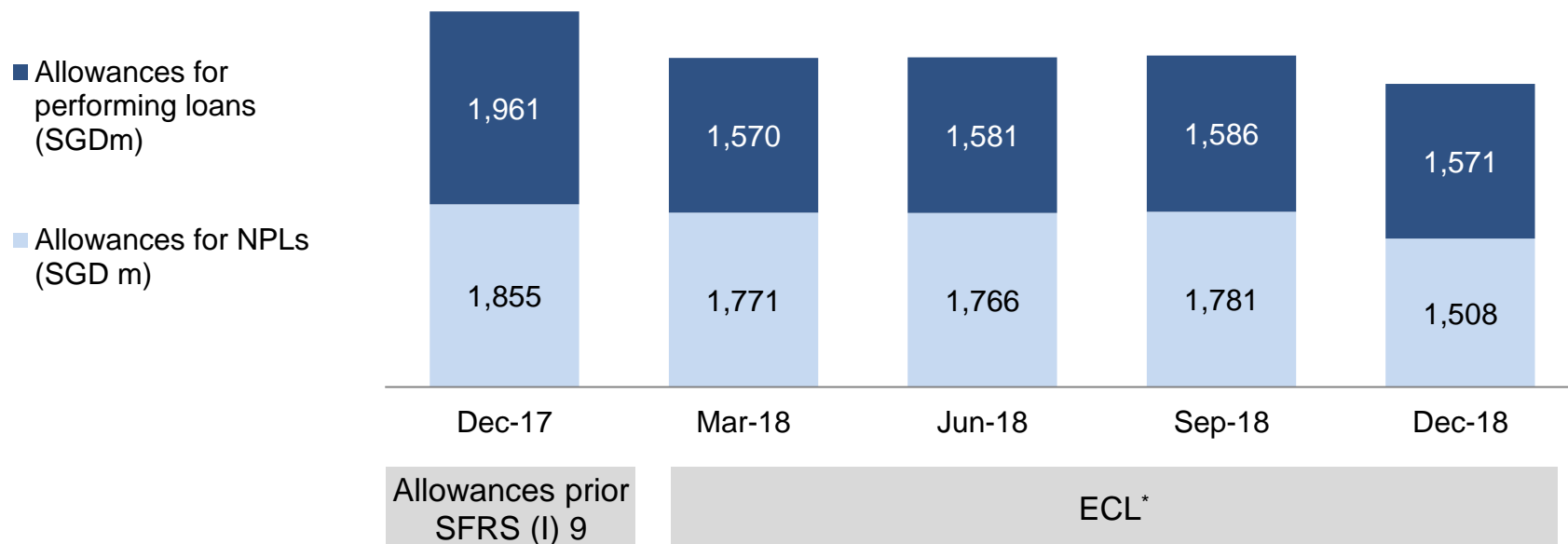
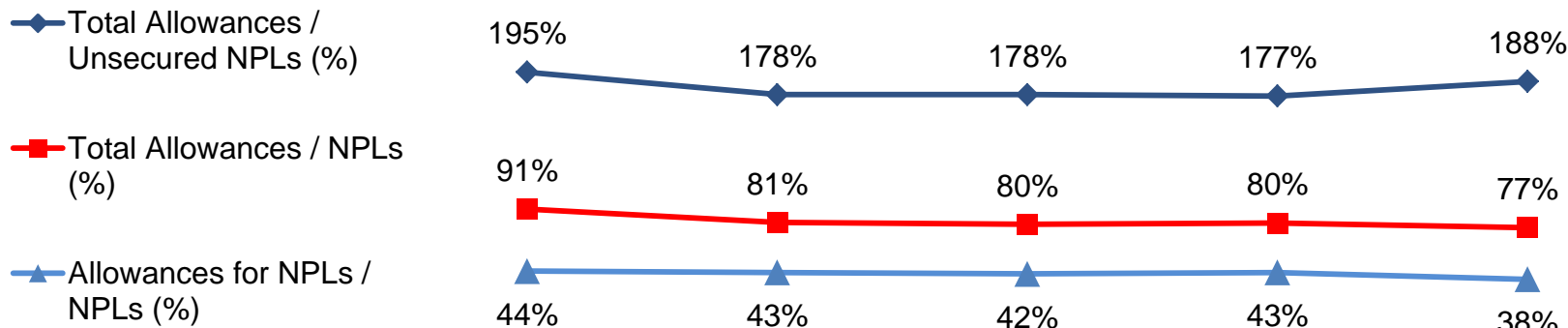
## Allowances for Loans



1. Computed on an annualised basis, where applicable.

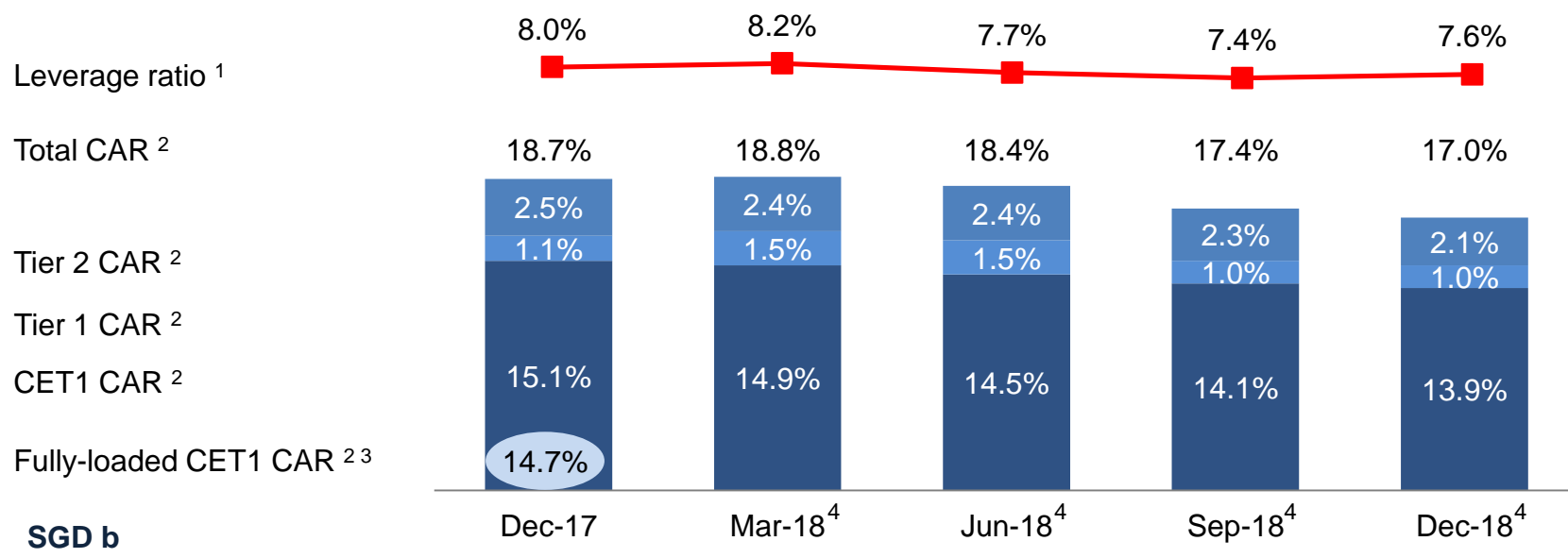


# Adequate Reserve Coverage Ratios



\* ECL: Expected credit losses under Singapore Financial Reporting Standards (International) 9: Financial Instruments

# Strong Capital and Leverage Ratios

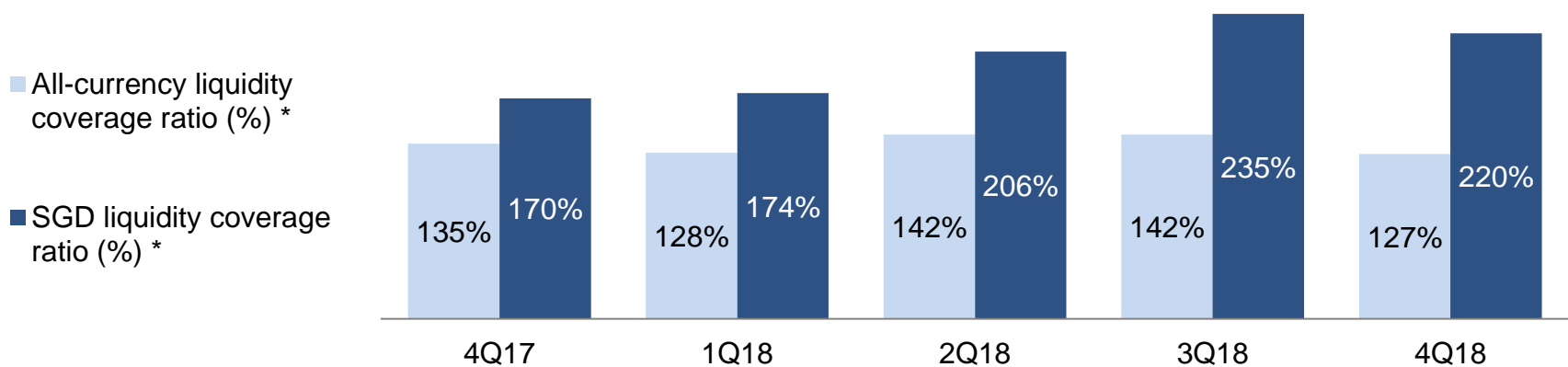
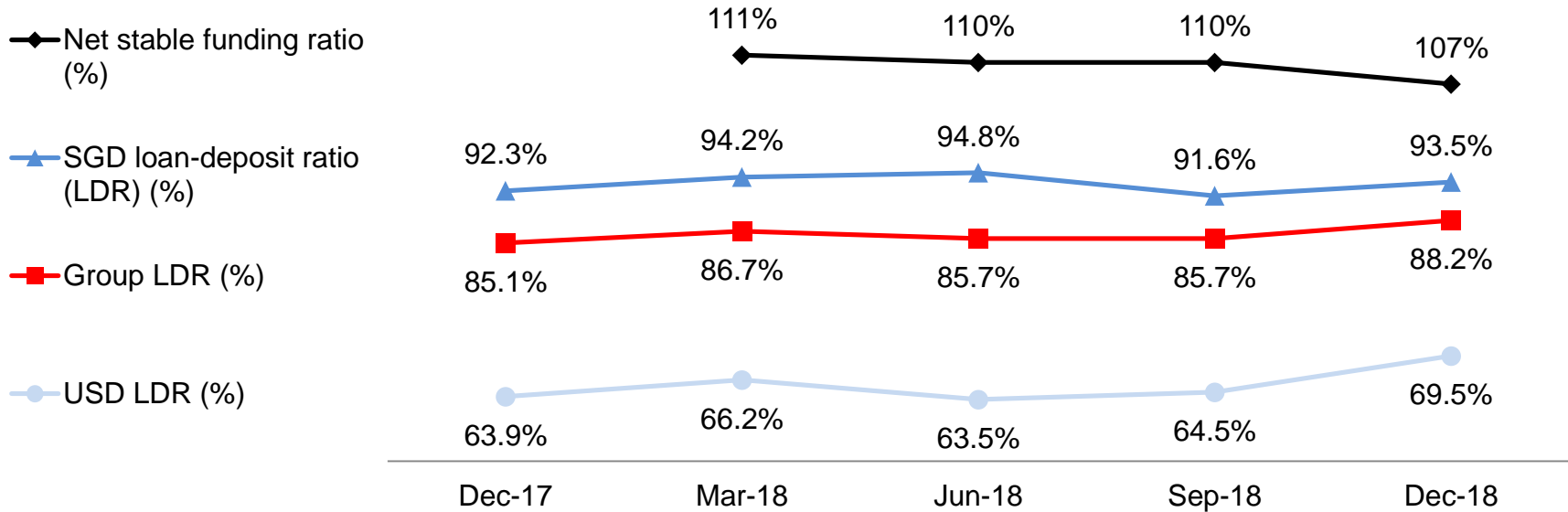


## SGD b

	Dec-17	Mar-18 <sup>4</sup>	Jun-18 <sup>4</sup>	Sep-18 <sup>4</sup>	Dec-18 <sup>4</sup>
Common Equity Tier 1 Capital	30	30	30	30	31
Tier 1 Capital	32	33	33	32	33
Total Capital	37	38	38	37	38
Risk-Weighted Assets	199	202	206	213	221
<i>Credit</i>	176	179	182	188	195
<i>Market</i>	9	9	10	10	10
<i>Operational</i>	14	14	14	15	15

1. Leverage ratio is calculated based on the revised MAS Notice 637.
2. CAR: Capital adequacy ratio
3. Fully phased in, as per Basel III rules.
4. All capital ratios are fully-phased in from 2018 onwards.

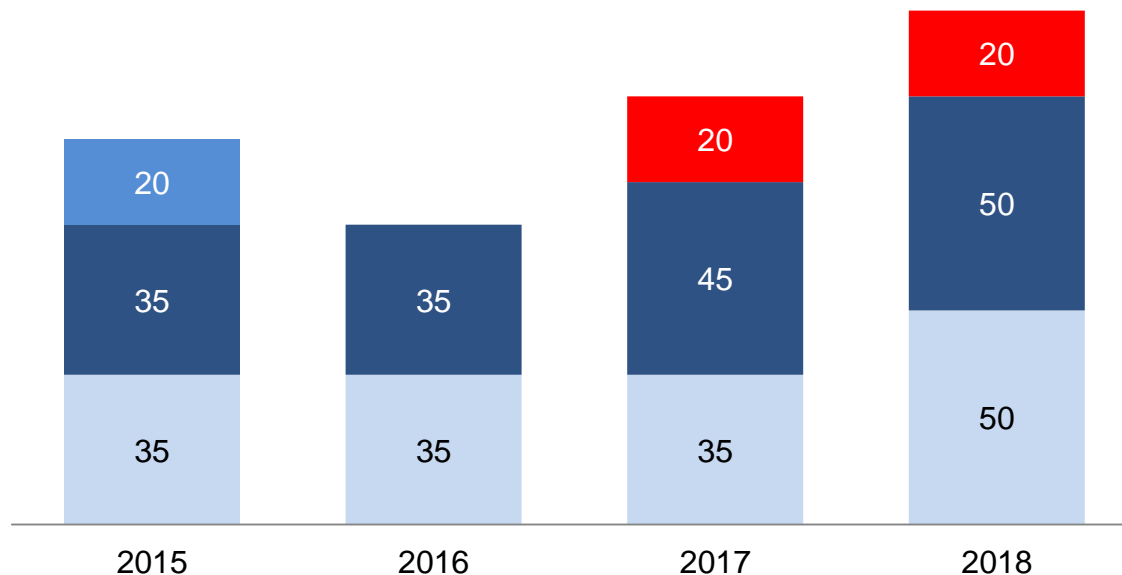
# Stable Liquidity and Funding Position



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

Note: Net stable funding ratio is a new regulatory requirement from 2018 onwards

# Higher Dividend for 2018



Net dividend per ordinary share (¢)	Interim	Final	Special	UOB 80th Anniversary
Payout amount (SGD m)	1,444	1,135	1,661	2,000
Payout ratio (%)	45	37	49	50
Payout ratio (excluding special/one-off dividends) (%)	35	37	39	42

**Note:** The Scrip Dividend Scheme was applied to UOB 80<sup>th</sup> Anniversary dividend for the financial year 2015; 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

