

# UOB Group

Performance Backed by Healthy Growth Momentum and  
Strong Balance Sheet

February 2018

# 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 2017.

1. USD1 = SGD 1.33635 as at 31 December 2017.
2. Average for 4Q17.
3. Based on final rules effective 1 January 2018.
4. Leverage ratio is calculated based on the revised MAS Notice 637.
5. Calculated based on profit attributable to equity holders of the Bank net of preference share dividend and perpetual capital securities distributions.

## Key Statistics for FY17

■ Total assets	: SGD359b	(USD268b <sup>1</sup> )
■ Shareholder's equity	: SGD37b	(USD28b <sup>1</sup> )
■ Gross loans	: SGD236b	(USD177b <sup>1</sup> )
■ Customer deposits	: SGD273b	(USD204b <sup>1</sup> )
■ Loan/Deposit ratio	: 85.1%	
■ Average all-currency liquidity coverage ratio	: 135% <sup>2</sup>	
■ Fully-loaded Common Equity Tier 1 CAR <sup>3</sup>	: 14.7%	
■ Leverage ratio <sup>4</sup>	: 8.0%	
■ ROE <sup>5</sup>	: 10.2%	
■ ROA	: 0.98%	
■ RORWA	: 1.63%	
■ NIM	: 1.77%	
■ Non-interest income/ Total income	: 37.5%	
■ Cost / Income	: 45.5%	
■ NPL ratio	: 1.8%	
■ 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

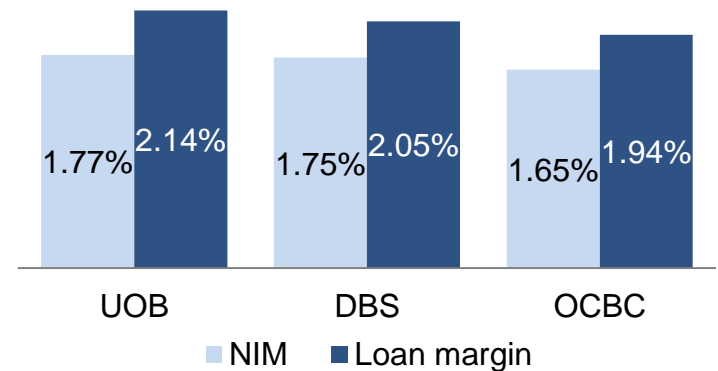
## UOB Group's recognition in the industry

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

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).

## Higher FY17 loan margin than peers

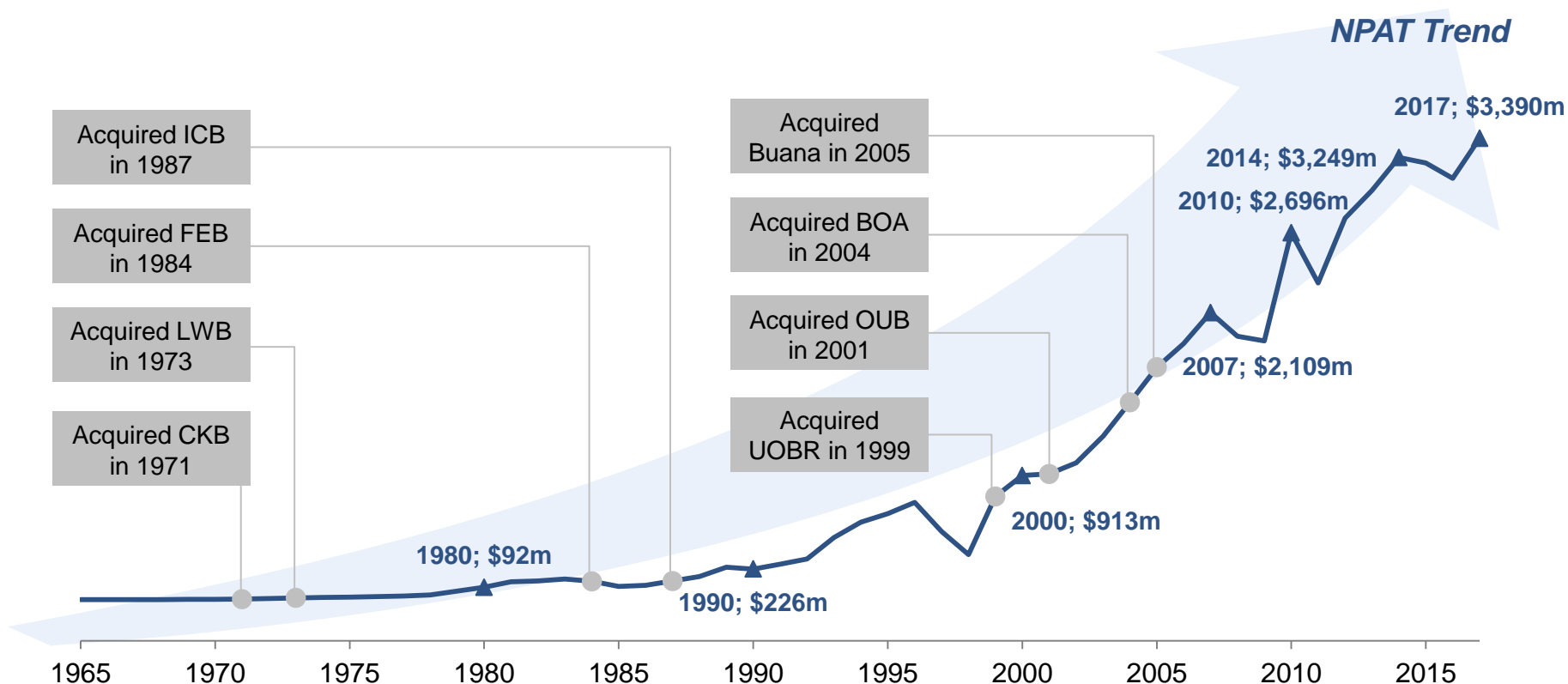


Loan margin is the difference between the rate of return from customer loans and costs of deposits.

Source: Company reports.

# Proven Track Record of Execution

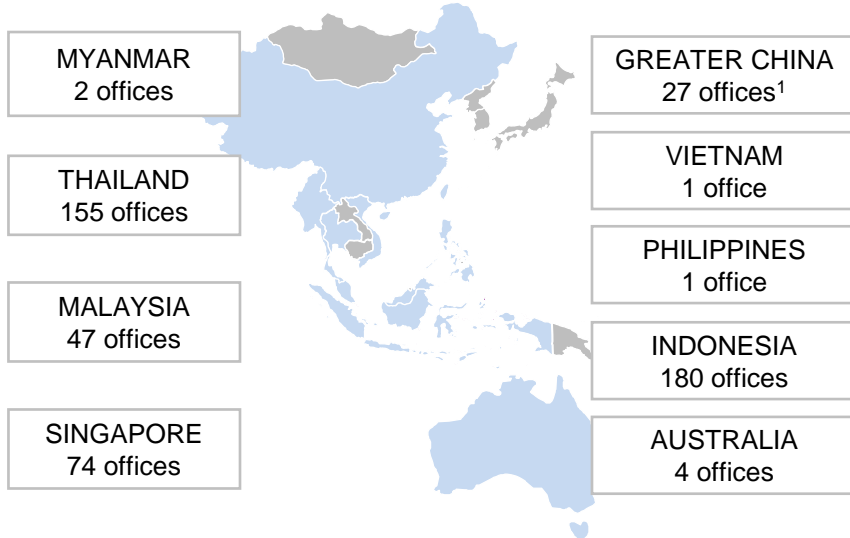
- UOB Group's management has a proven track record in steering the Group through various global events and crises.
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance



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

# Expanding Regional Banking Franchise

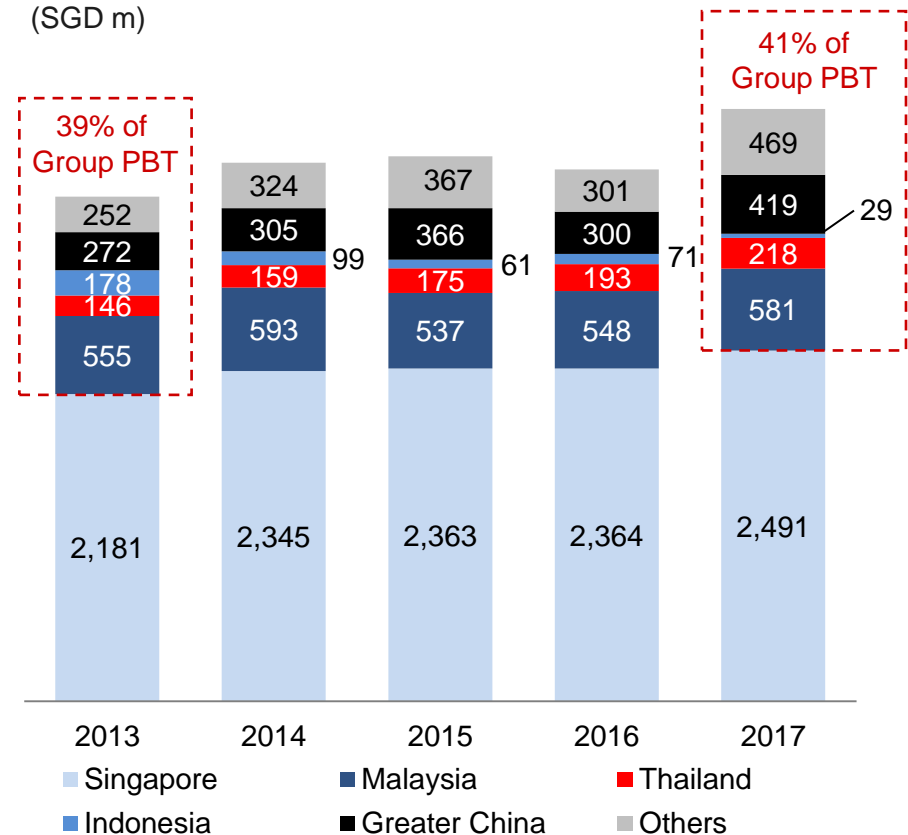
## Extensive Regional Footprint with c.500 Offices



- 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 South East 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 business
- Strong balance sheet, sound capital & liquidity position and resilient asset quality – testament of solid foundation built on the premise of basic banking

## Balance Growth with Stability

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

*Proven track record of financial conservatism and strong management committed to the long term*





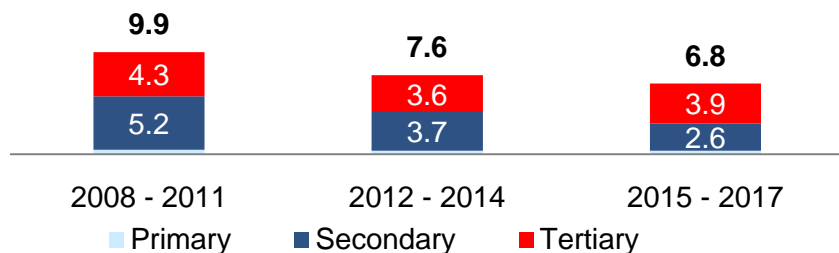
# Macroeconomic Outlook

# China's Growth Slower but Low Risk of Hard Landing

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

## Structural Shift of China's Economy

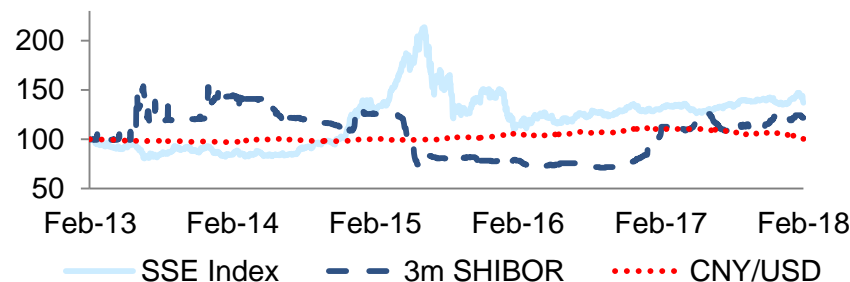
(Average Contribution to GDP growth rate, %)



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

## Episodes of Market Volatility Contained

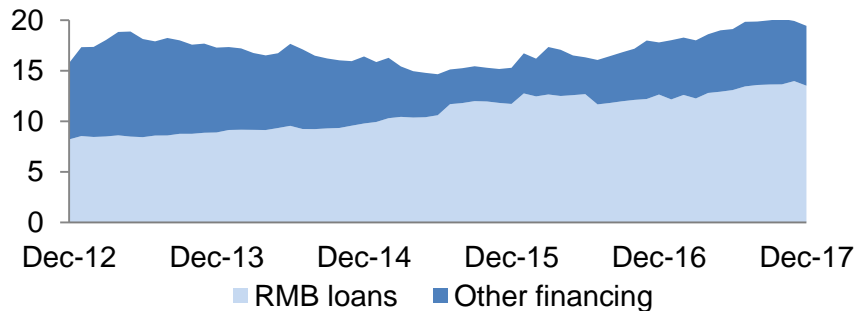
(Feb'13 = 100)



Source: Bloomberg, UOB Global Economics & Markets Research

## New Financing Increasingly from Banking Sector

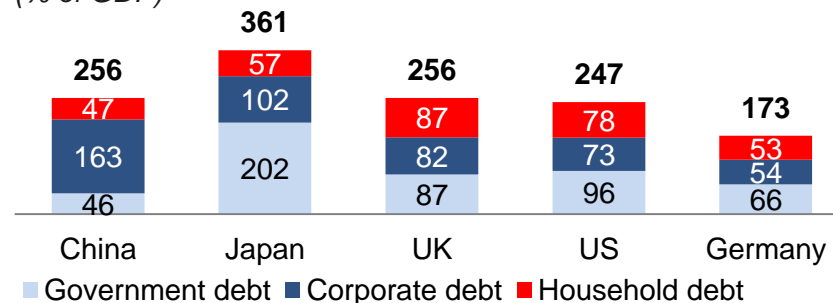
(Rolling 12 months, CNY trn)



Source: PBOC, UOB Global Economics & Markets Research

## Source of China Debt Risk

(% of GDP)

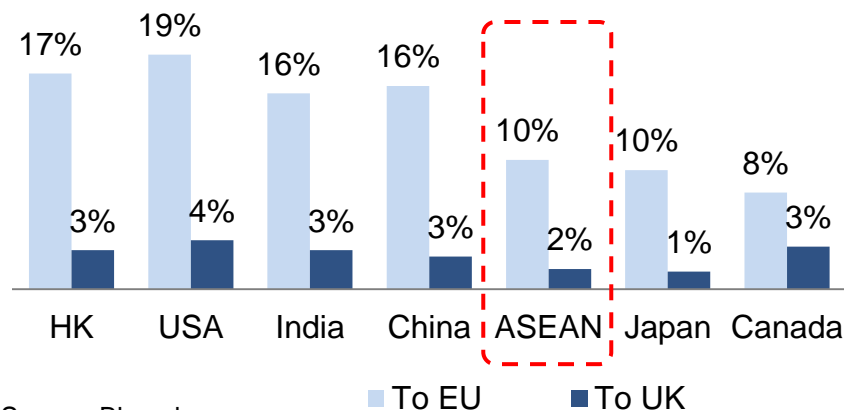


Source: BIS, Macrobond, UOB Global Economics & Markets Research

# Brexit Impact on Asian Markets via Trade and Investment Channels

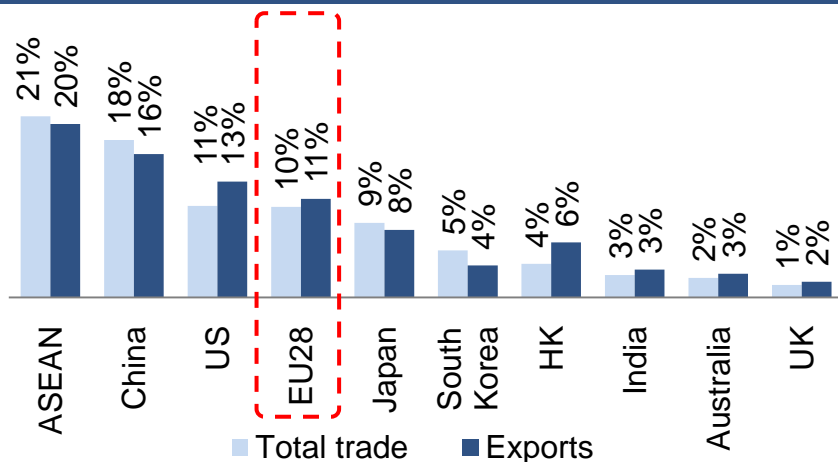
- It is still a challenge to quantify Brexit effects with certainty at this stage.
- The immediate impact on Asian economies is likely to be limited and shallow, considering the low export reliance.
- If adverse impact of Brexit spreads to the broader European Union, however, this could have a more significant impact on Asia given the trade and investment links. As a bloc, EU represented 11% of ASEAN's total exports and 33% of FDIs in 2016.

## EU & UK Export Mix of Selected Partners (2016)



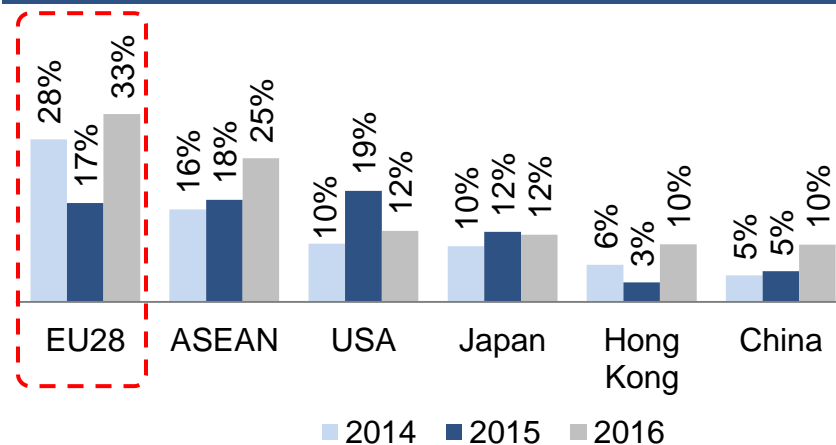
Source: Bloomberg

## ASEAN's Trade/Export Mix by Key Partners (2016)



Source: ASEAN Secretariat

## ASEAN's Net FDI Flows by Key Partners



Source: ASEAN Secretariat

# Implication on Regional Policy Rates

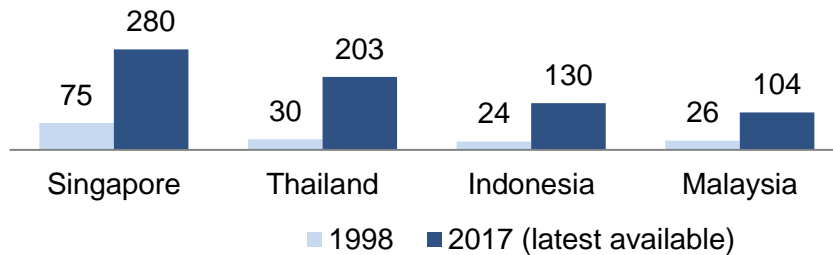
	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18f	2Q18f	3Q18f	4Q18f
US 10-Year Treasury	1.59	2.44	2.39	2.30	2.33	2.40	2.55	2.65	2.70	2.90
US Fed Funds	0.50	0.75	1.00	1.25	1.25	1.50	1.75	2.00	2.00	2.25
SG 3M SIBOR	0.87	0.97	0.95	1.00	1.12	1.50	1.50	1.70	1.70	1.85
SG 3M SOR	0.67	1.01	0.86	0.75	1.01	1.30	1.30	1.50	1.50	1.65
MY Overnight Policy Rate	3.00	3.00	3.00	3.00	3.00	3.00	3.25	3.25	3.25	3.25
TH 1-Day Repo	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.75	1.75
ID 7-Day Reverse Repo	5.00	4.75	4.75	4.75	4.25	4.25	4.25	4.25	4.25	4.50
CH 1-Year Deposit Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.75	2.00	2.00	2.00

- Recovery in inflation and growth in regional economies turned out to be more gradual than expected. However, the monetary policy bias remains tilted towards tightening in 2018, in line with the tightening signals from G10 central banks. In all, monetary convergence is more likely than further divergence.
- The US Fed Reserve is poised to further normalise interest rates in 2018, which we are forecasting to occur in 1Q18, 2Q18 and 4Q18. Balance-sheet reduction – which began in October 2017 – is set to continue in 2018. A higher degree of convergence in rates is expected in 2018.
- SGD rates are expected to increase over the long-term in conjunction with a broader base of central banks seeking to normalise, or already in process of normalising, monetary policies. The new Fed Chief Jerome Powell helps ensure continuity in the current US monetary policy stance, and our expectation for further US monetary policy normalization remains intact.
- Capital flight risk for Asia remains low as Asian currencies maintain strength. This is anchored by improved economic fundamentals and enhanced confidence in regional central banks.

# Southeast Asia: Resilient Key Markets

## Significantly Higher Foreign Reserves

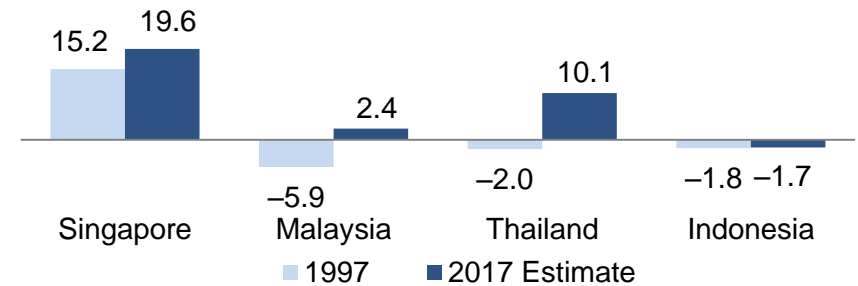
(USD billion)



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

## Healthier Current Account Balances

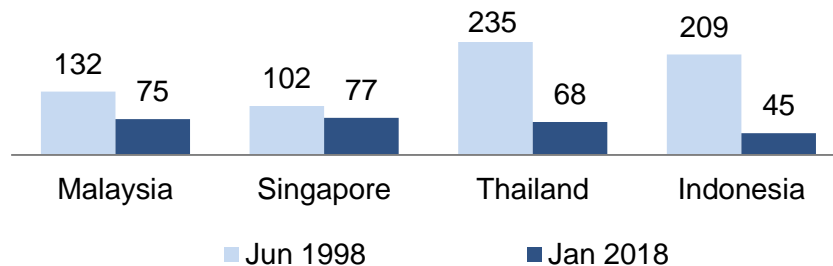
(% of GDP)



Source: IMF

## Lower Debt to Equity Ratio

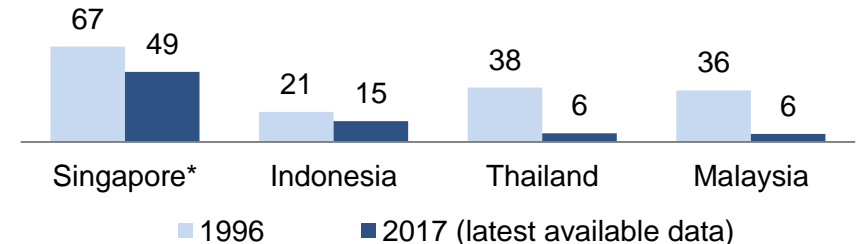
(%)



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 Likely to Moderate in 2018

- 4Q17 GDP grew 3.6% yoy (3Q17: +5.5%) and was still supported mainly by expansion in the electronics and precision engineering clusters. Positive spillover from the trade to non-trade sectors was evident with services sectors maintaining a 3.5% y/y growth in 4Q17. However, the slowdown in the tech cycle and strength in the SGD might pose headwinds to sustained growth.
- Domestically, we expect the MAS to start normalising the SGD NEER policy (exp: 0.5% pa) in Apr 2018, and the possibility of a 1% pt hike in the GST rate.
- We expect 2018 GDP growth at 2.8%, due to external and domestic headwinds of fiscal/monetary tightening.

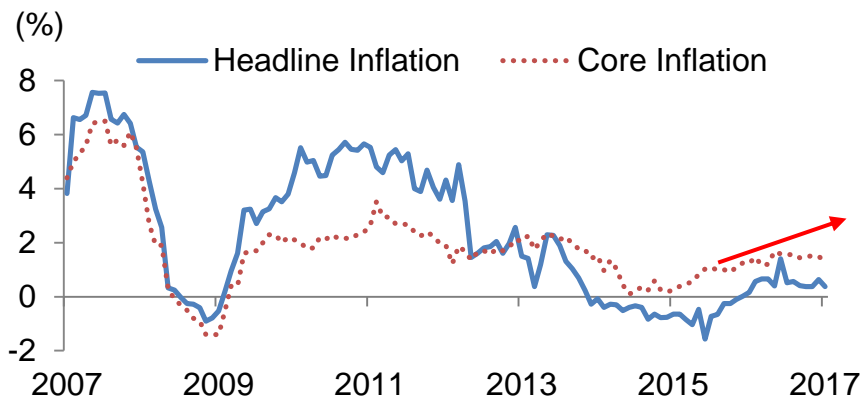
Source: UOB Global Economics & Markets Research

## MAS Expected To Start Normalising in Apr 18



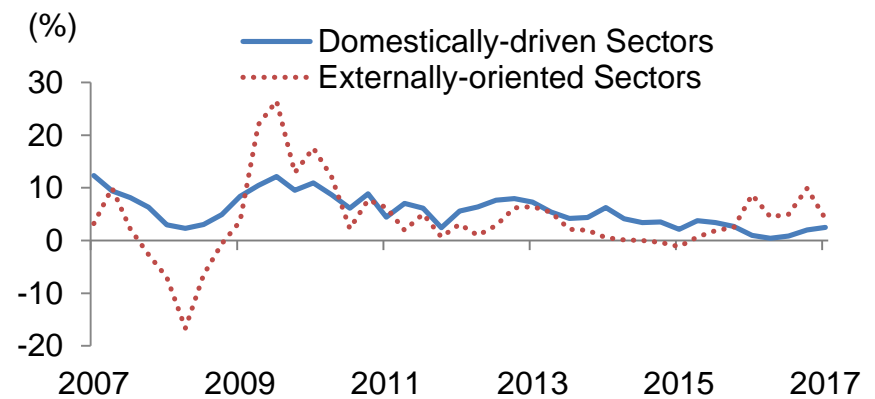
Source: CEIC, UOB Global Economics & Markets Research

## 2018 Core Inflation Expected to Average 1.5%



Source: Singapore Department of Statistics

## External Spillovers to Domestic Sectors



Source: Singapore Department of Statistics

# Southeast Asia Banking Sector: Strong Fundamentals Remain Intact

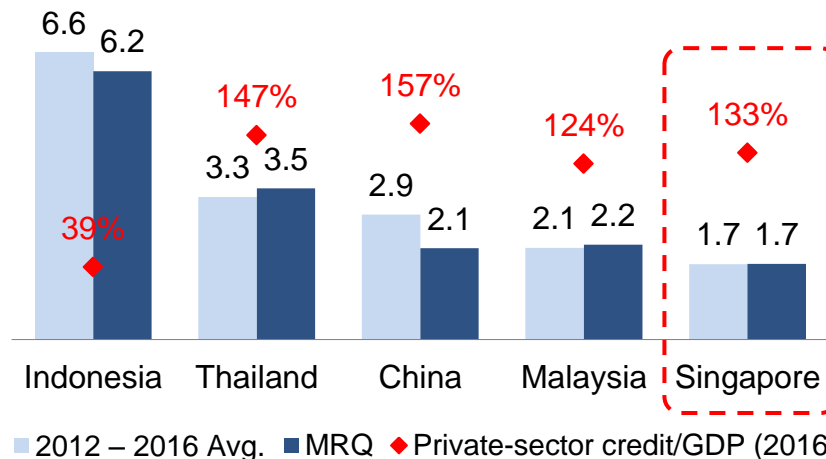
## Key Banking Trends

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

Source: Research estimates, Monetary Authority of Singapore

## Higher NIM in Lightly Penetrated Markets

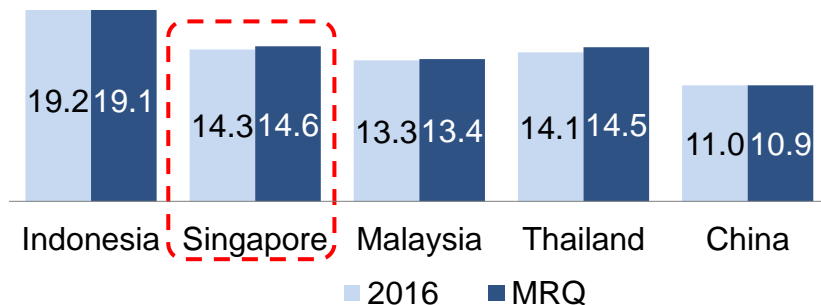
(Net interest margin and private-sector credit / GDP, in %)



Source: SNL, Research estimates, World Bank

## Robust Capital Positions

(Tier 1 CAR, in %)

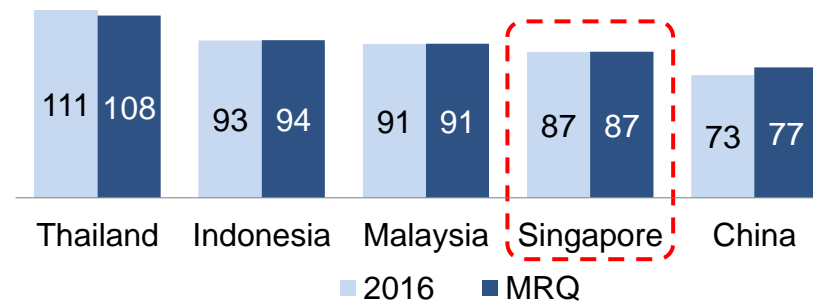


Source: SNL, Research estimates

Note: MRQ refers to the most recent quarter financials available for each bank

## Stable Funding; Adequate Loan/Deposit Ratios

(Loan-to-deposit ratio, in %)

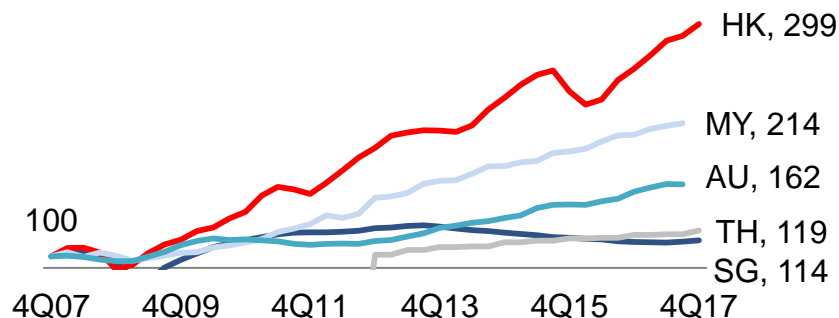


Source: SNL, Research estimates

# Conducive Macro Conditions Underpin Singapore Property Market

## Regional House Price Indices over Last 10 Years

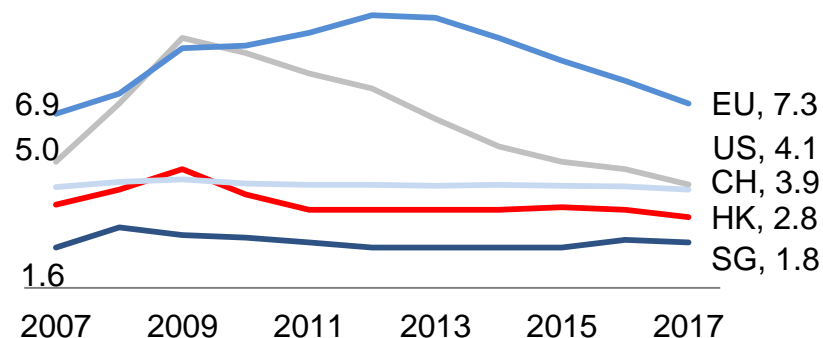
(4Q07 = 100)



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

## Low Unemployment vs Global Peers

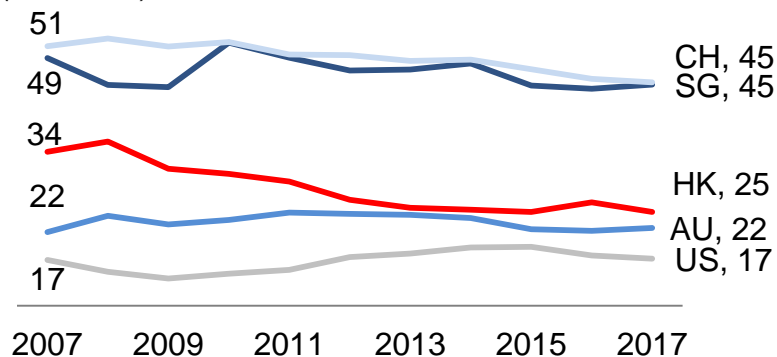
(%)



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	2017	+/(-)
Price <sup>1</sup> (SGD / sq ft)	940	1,056	+12%
Unit size (sq ft)	1,200	1,200	-
Unit costs (SGD m)	1.13	1.27	+12%
Interest rate (%)	3.72	2.17	
Household income <sup>2</sup> (SGD / mth)	11,933	16,826	+41%
Debt servicing ratio <sup>3</sup> (%)	35	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 80%
  4. A housing loan with 5% interest rate would increase DSR to 32%
- Sources: URA, CEIC, Singapore Statistics, UOB Economic-Treasury Research

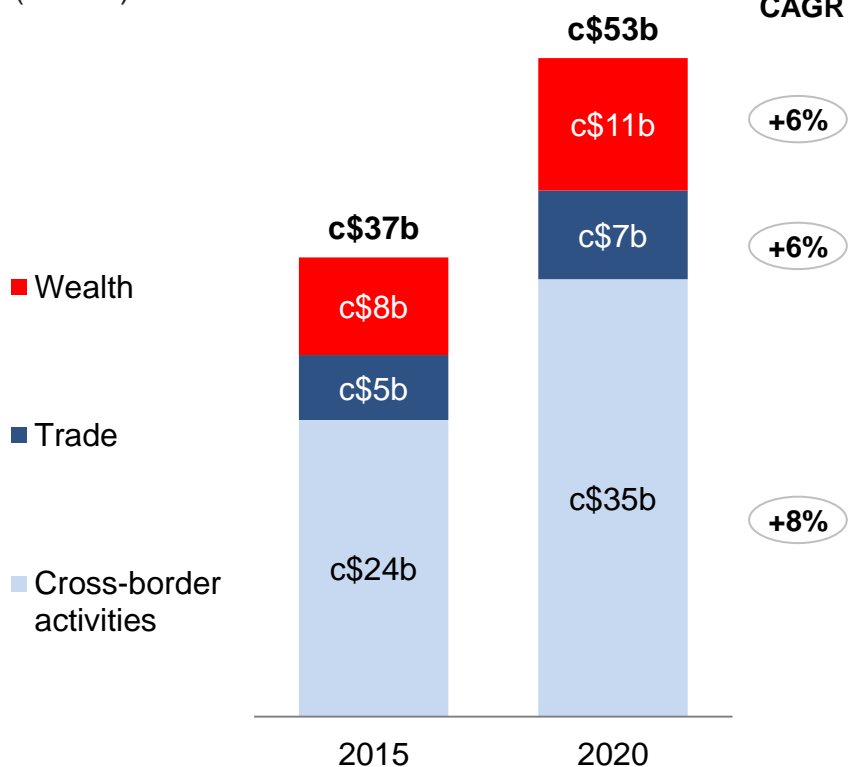
Note: AU: Australia; CH: China, EU: European Union, HK: Hong Kong, SG: Singapore, TH: Thailand, UK: United Kingdom, US: United States



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

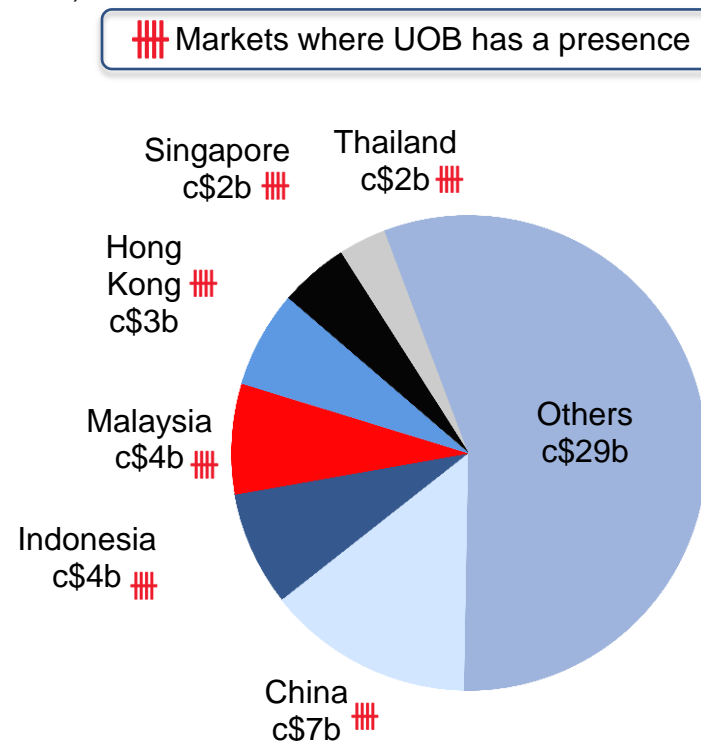
## Industry's Potential Connectivity Revenue

(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

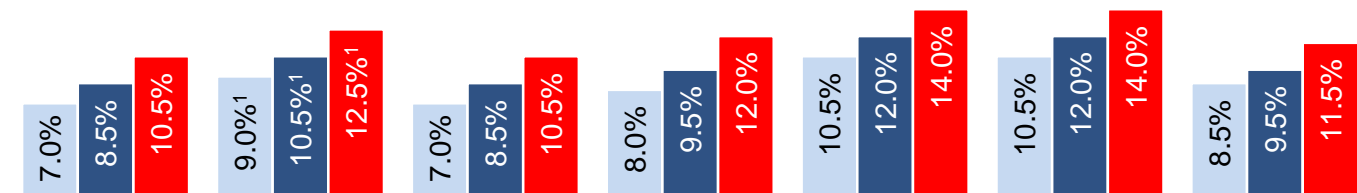
	BCBS	Singapore	Malaysia	Thailand	Indonesia	Hong Kong	China
Minimum CET1 CAR	4.5%	6.5% <sup>1</sup>	4.5%	4.5%	4.5%	4.5%	5.0%
Minimum Tier 1 CAR	6.0%	8.0% <sup>1</sup>	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total CAR	8.0%	10.0% <sup>1</sup>	8.0%	8.5%	8.0%	8.0%	8.0%
Full Compliance	Jan-15	Jan-15	Jan-15	Jan-13	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%
2018 Requirement	n/a	0%	0%	0%	0%	1.875%	0%
D-SIB	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	1.0%–3.5%	n/a	n/a	n/a	n/a	n/a	1.0% <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	2020	2018	2018	2013
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-18	Jan-18	Jan-18	Jan-18	n/a

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

■ Minimum CET1

■ Minimum Tier 1 CAR

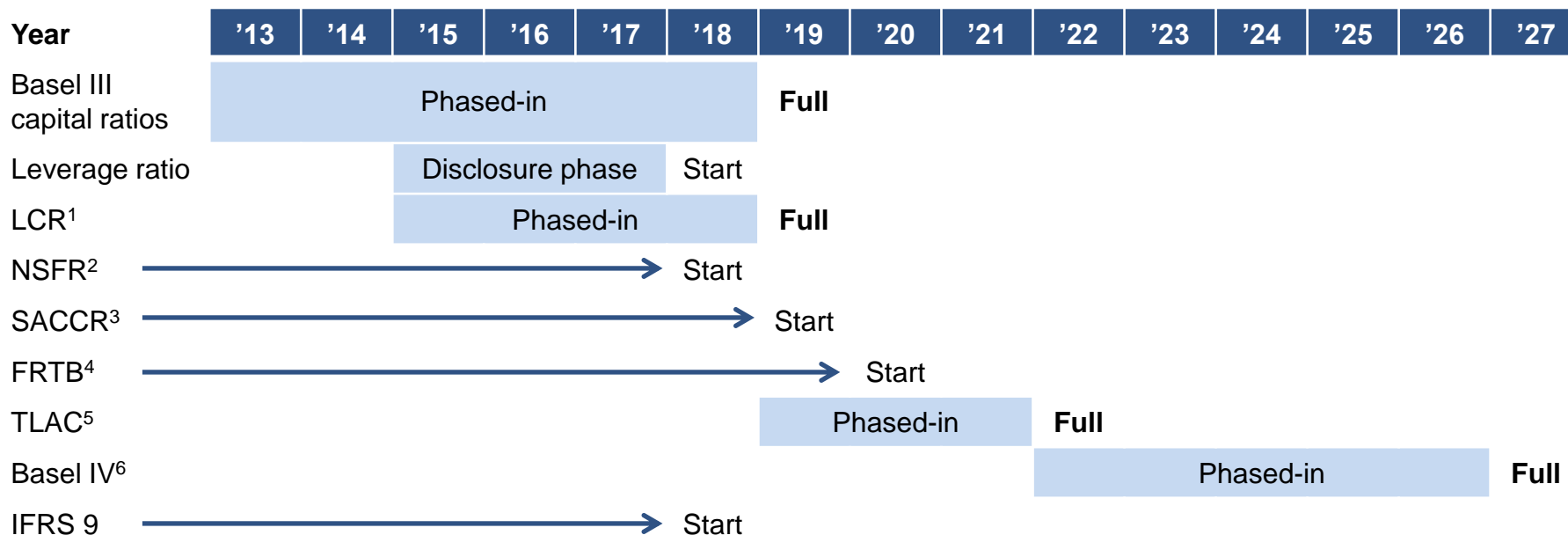
■ Minimum Total CAR



Source: Regulatory notifications.

1. Includes 2% for D-SIB 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 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. 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



# 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

- Healthy revenue growth momentum, with new highs in both net interest income and fees.
- Continue to invest in building long-term capabilities in a disciplined manner
- Broadly stable total credit costs at 28bp

## Disciplined Management of Balance Sheet

- Strong capital base; fully-loaded Common Equity Tier 1 capital adequacy ratio of 14.7% as at 31 December 2017
- Liquid and well diversified funding mix with loan/deposits ratio at 85.1%
- Stable asset quality, with a diversified loan portfolio, and high reserves buffer

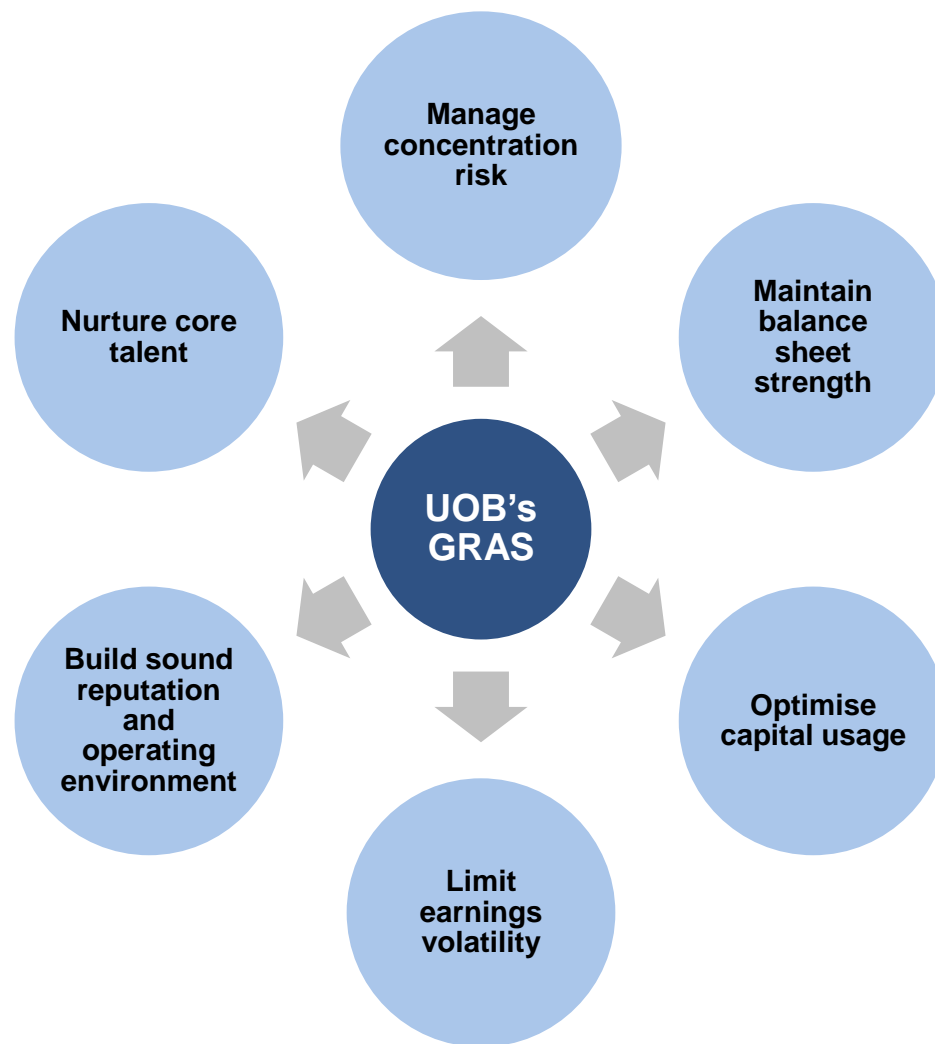
## Delivering on Regional Strategy

- 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	45.5%	0.98%	85.1%
Aa1	AA-	AA-	OCBC	a1	41.9%	1.14%	82.5%
Aa1	AA-	AA-	DBS	a1	43.0%	0.89%	86.5%
A2	A	AA-	HSBC	a2	63.8%	0.63%	70.7%
A2	BBB+	A+	SCB	baa1	67.4%	0.37%	67.5%
Baa1	A-	n.r.	CIMB	baa2	52.5%	0.93%	92.4%
A3	A-	A-	MBB	a3	49.1%	0.93%	93.8%
Baa1	BBB+	BBB+	BBL	baa2	43.5%	1.09%	86.7%
Baa3	n.r.	BBB-	BCA	baa3	45.0%	3.80%	74.7%
A-	A-	A	BOA	baa1	63.0%	0.80%	70.7%
Baa1	BBB+	A	Citi	baa2	58.0%	-0.33%	68.2%
Aa3	AA-	AA-	CBA	a2	43.9%	1.01%	117.8%
Aa3	AA-	AA-	NAB	a2	42.7%	0.68%	138.6%

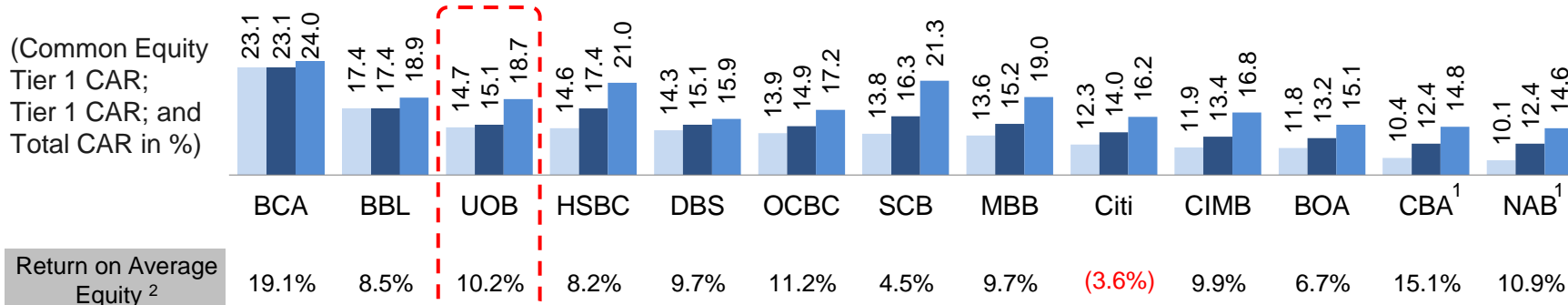
Source: Company reports, Credit rating agencies (updated as of 14 February 2018).

The financials of banks were as of 31 Dec 17, except for those of HSBC, SCB, CIMB, MBB, BCA and NAB (which were as of 30 Sep 17).

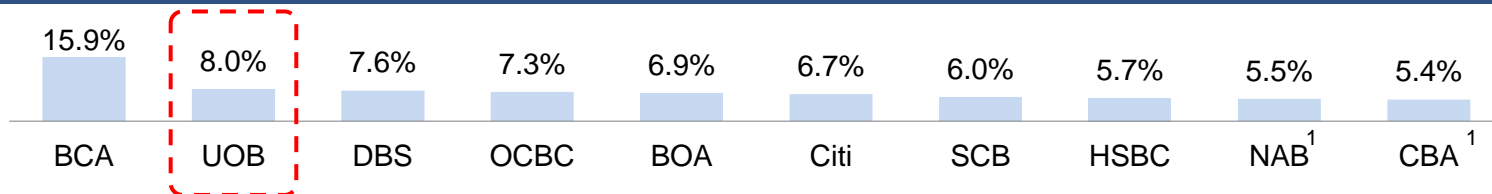
1. Computed on an annualised YTD basis.

# Strong Capital and Leverage Ratios

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

The financials of banks were as of 31 Dec 17, except for those of HSBC, SCB, CIMB, MBB, BCA and NAB (which were as of 30 Sep 17).

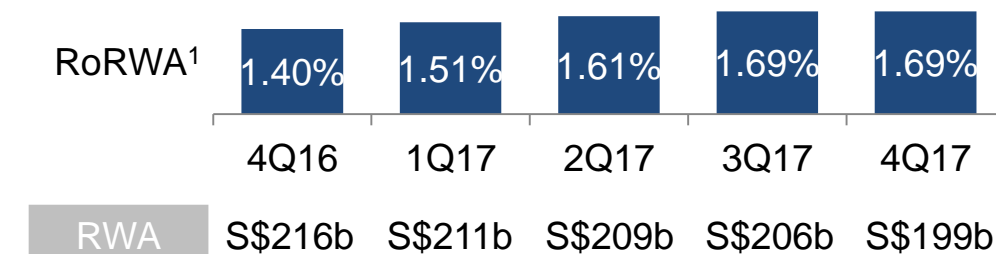
1. NAB's and CBA's CARs are based on APRA's standards. Their internationally comparable CET1 CAR was 14.5% (30 Sep 17) and 16.3% (31 Dec 17), respectively.
2. Computed on an annualised basis.
3. BBL, MBB and CIMB do not disclose their leverage ratio.



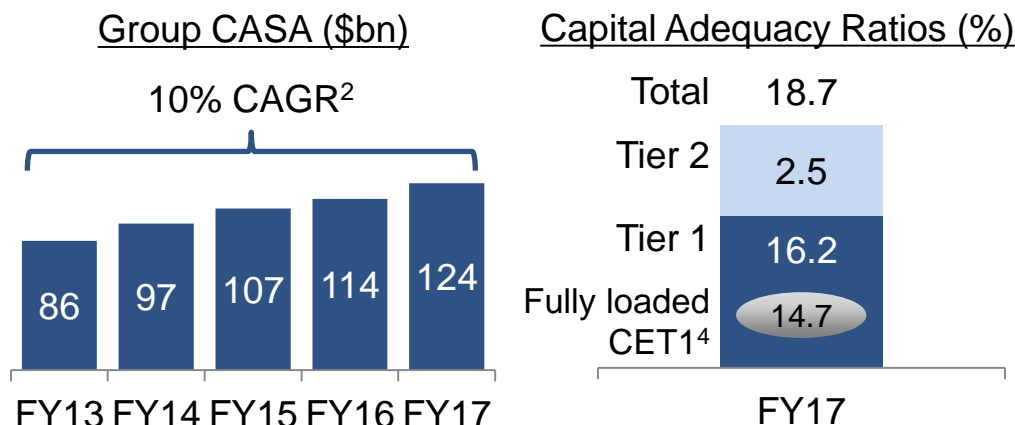
# Disciplined Balance Sheet Management

- **Improved balance sheet efficiency**
  - Result of ongoing efforts to optimise RWA
  
- **Portfolio quality broadly stable**
  - Uptick in NPL ratio to 1.8%; accelerated recognition of residual vulnerable exposures in oil & gas and related sectors as NPL in 4Q17
  - 28bps total credit costs lower YoY
  - Comfortable level of allowance to meet SFRS(I) 9 requirements
  
- **Proactive liability management**
  - Liquidity Coverage Ratios<sup>3</sup>: S\$ (170%) and all-currency (135%)
  
- **Robust capital position**
  - 14.7% fully-loaded CET1 ratio<sup>4</sup>

## Optimising RWA to drive higher RoRWA<sup>1</sup>



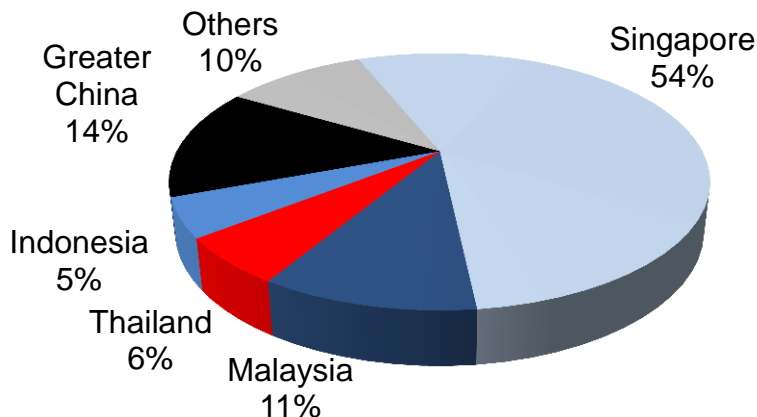
## Liability Management and Capital



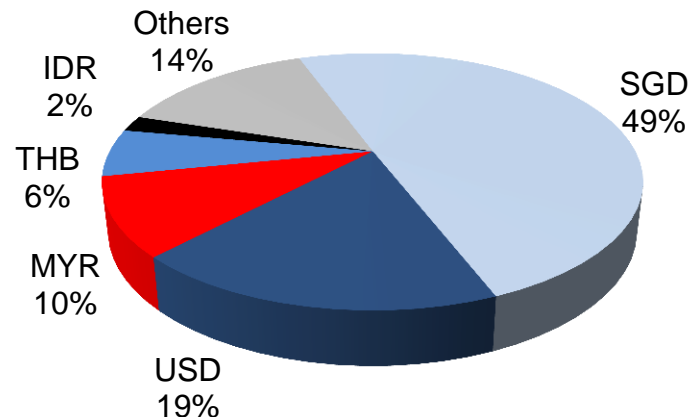
1. Return on average risk-weighted assets
2. Compound annual growth rate (CAGR) computed over 4 years (2013 to 2017)
3. Average ratios for fourth quarter of 2017
4. Fully phased in, as per Basel III rules

# Diversified Loan Portfolio

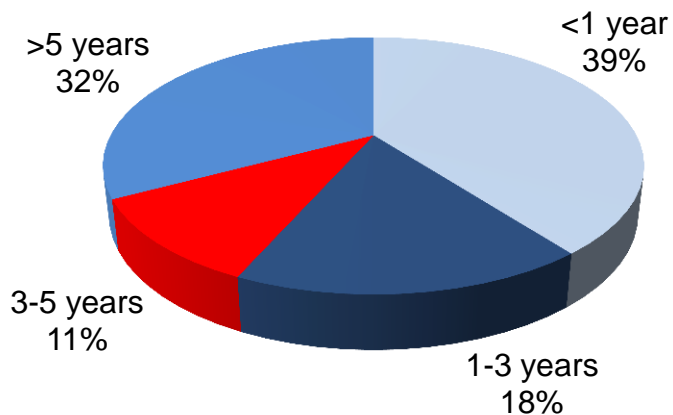
## Gross Customer Loans by Geography <sup>1</sup>



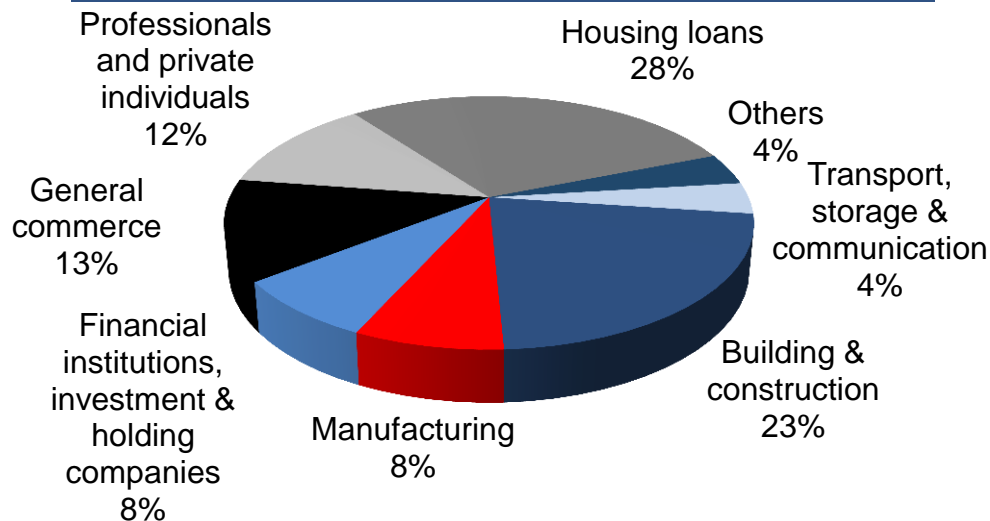
## Gross Customer Loans by Currency



## Gross Customer Loans by Maturity



## Gross Customer Loans by Industry



Note: Financial statistics as at 31 December 2017.

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

# Strong Investment Grade Credit Ratings



**MOODY'S**  
INVESTORS SERVICE

**Aa1/Stable/P-1**

- 'Capital good by global standards, with a large capacity to absorb unforeseen losses.'
- '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 profile, and prudent management track record.'
- 'Will maintain its capitalisation and asset quality while pursuing regional growth.'

**FitchRatings**

**AA- /Stable/F1+**

- 'Sound capital position, which compares favourably with most other highly rated banks globally, high loan-loss buffers'
- 'Disciplined funding strategy, supported by its strong domestic franchise'

## Debt Issuance History

Issue Date	Structure	Call	Coupon	Amount	Issue 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
Jul-13	Perpetual	2018	4.90%	SGD850m	Baa1/BBB-/BBB
<b>Tier 2</b>					
Feb-17	12NC7	2024	3.50%	SGD750m	A3 / - / A+
Sep-16	10½NC5½	2022	2.88%	USD600m	A3 / - / A+
Mar-16	10½NC5½	2021	3.50%	USD700m	A3 / - / A+
May-14	12NC6	2020	3.50%	SGD500m	A3 / BBB+ / A+
Mar-14	10½NC5½	2019	3.75%	USD800m	A3 / BBB+ / A+
<b>Senior Unsecured</b>					
Nov-17	1yr FRN	-	BBSW 3m+0.26%	AUD400m	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-
Sep-14	4yr FRN	-	BBSW 3m+0.64%	AUD300m	Aa1 / AA- / AA-
<b>Covered</b>					
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

	2018	2019	2020	2021	2022	2023	2024	2025
	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm	SGDm
	-	-	-	-	-	869	-	-
	-	-	-	750	-	-	-	-
	-	500	-	-	-	-	-	-
	850	-	-	-	-	-	-	-
	-	-	-	-	-	-	750	-
	-	-	-	-	802	-	-	-
	-	-	-	935	-	-	-	-
	-	-	500	-	-	-	-	-
	-	1,069	-	-	-	-	-	-
	313	-	-	-	-	-	-	-
	-	-	-	313	-	-	-	-
	-	-	668	-	-	-	-	-
	313	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	798
	-	-	668	-	-	-	-	-
	-	-	-	-	798	-	-	-
	-	-	-	798	-	-	-	-
<b>Total</b>	<b>1,476</b>	<b>1,569</b>	<b>1,836</b>	<b>2,797</b>	<b>1,600</b>	<b>869</b>	<b>750</b>	<b>798</b>


FXN: Fixed Rate Notes; FRN: Floating Rate Notes;  
The table comprises public rated issues of UOB;  
Updated as of 16 February 2018.

Maturities shown at first call date for Capital Securities; FX rates at 31 December 2017:  
USD 1 = SGD 1.34; SGD 1 = MYR 3.04; SGD 1 = HKD 5.85; SGD 1.04 = AUD 1;  
SGD 1 = CNY 4.88; 1 GBP = SGD 1.80; EUR 1 = SGD 1.60.

# Sustainability Reporting a Multi-Year Journey, with Progress Recognised





**Best Inaugural  
Sustainability  
Report  
(Mainboard),  
2017**




**2017: 100**  
Rank 11th

**2016: 93**  
Rank 14th



**2017: 49**  
(Average)

**2016: 44**  
(Laggard)



- Note:
1. The Singapore Sustainability Reporting Awards is organised by the Singapore Institute of Directors (SID) and is supported by Singapore Exchange. EY Singapore is the Awards Partner.
  2. The Singapore Governance and Transparency Index is a collaboration among CPA Australia; NUS Business School's Centre for Governance, Institutions and Organisations; and SID.



# Our Growth Drivers

# Our Growth Drivers

## Realise Full Potential of our Integrated Platform

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

## Sharpen Regional Focus

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

## Reinforce Fee Income Growth

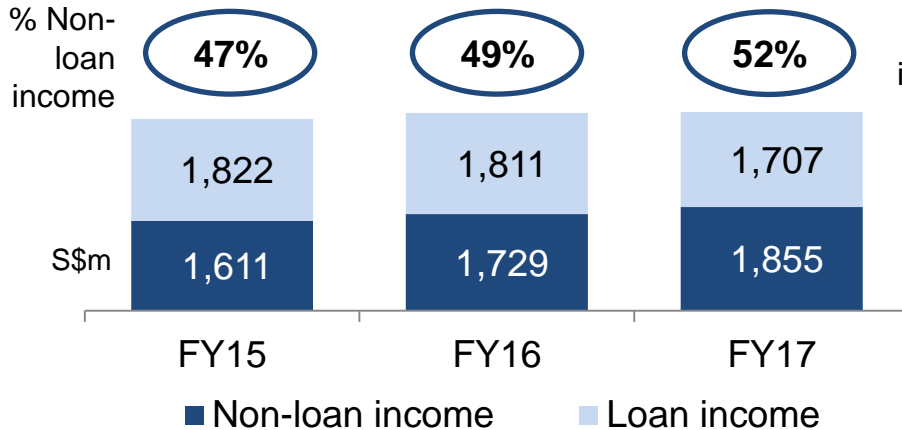
- Grow fee income to offset competitive pressures on loans and improve return on capital
- Increase client wallet share size by intensifying cross-selling efforts, focusing on service quality and expanding range of products and services

## Long-term Growth Perspective

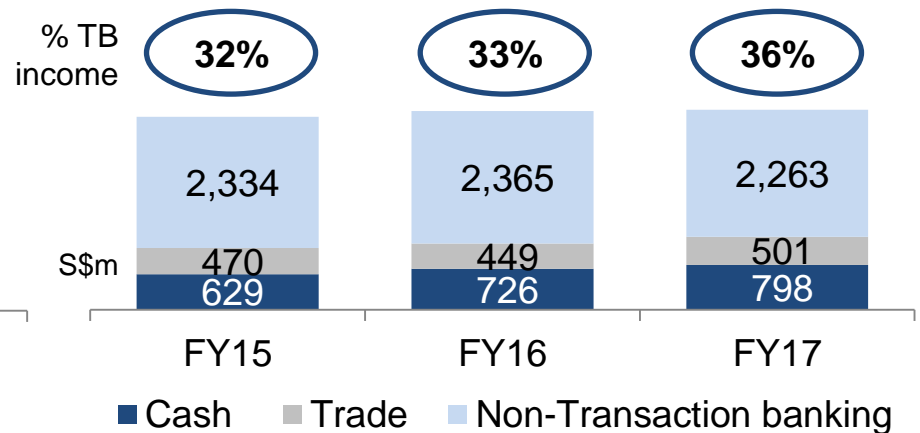
- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength amidst global volatilities

# Wholesale Banking: Diversifying Income Mix to Grow RoRWA

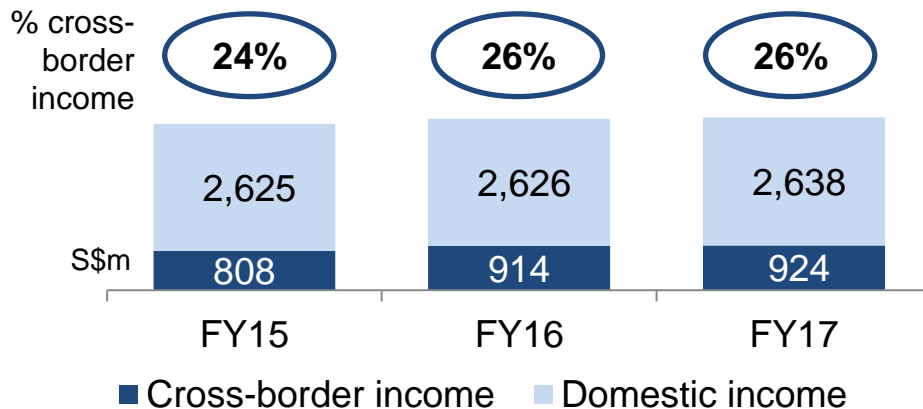
Income from Non-Loan: +7% CAGR<sup>1</sup>



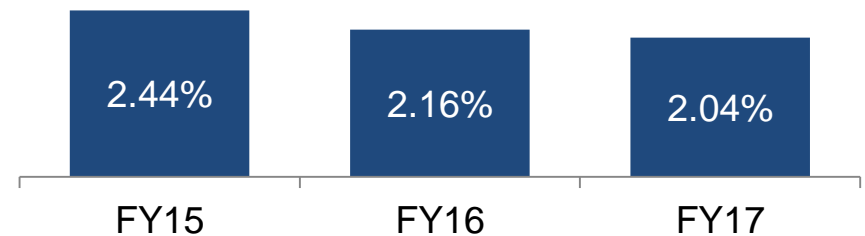
Income from Transaction Banking: +9% CAGR<sup>1</sup>



Cross-border income: +7% CAGR<sup>1</sup>



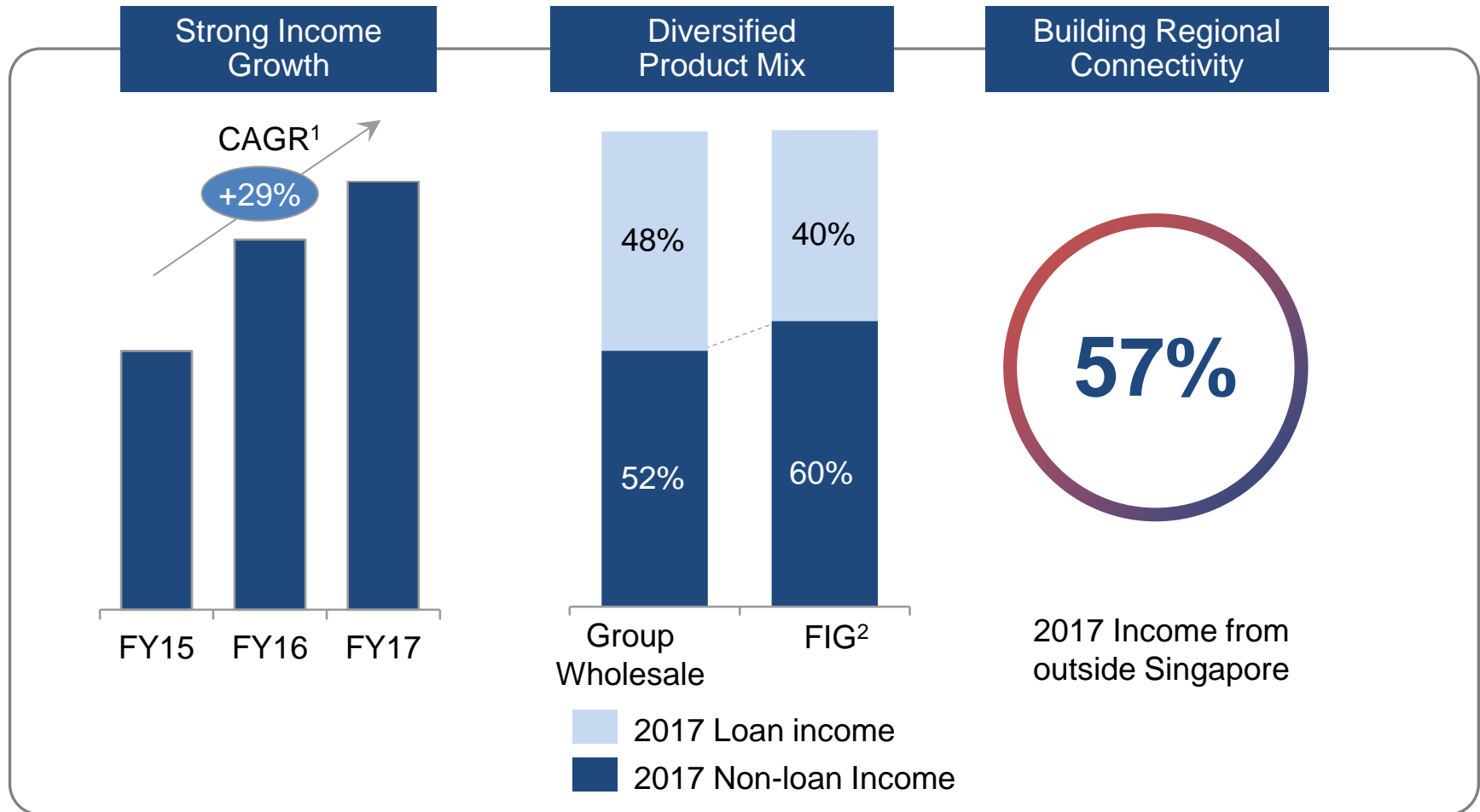
Segment RoRWA<sup>2</sup>: -0.12% pt YoY



1. Compound annual growth rate (CAGR) computed over 2 years (2015 to 2017)  
 2. RoRWA: Ratio of "Operating profit" to "Average segment RWA"

# Focus on Sectors with Highest Trade and Connectivity Flows

One of 1<sup>st</sup> sectors launched: Financial Institution segment showing good progress



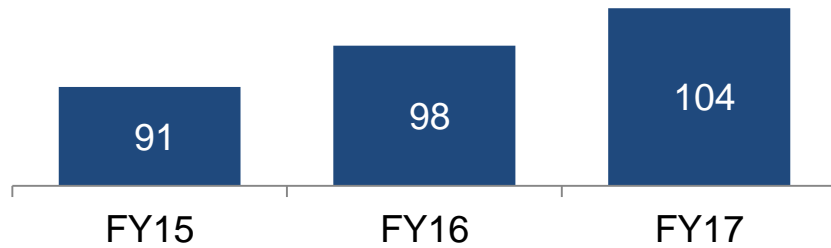
1. Compound annual growth rate (CAGR) computed over 2 years (2015 to 2017)  
2. FIG: Financial Institutional Group



# Retail Banking: Growth Momentum Gaining Traction

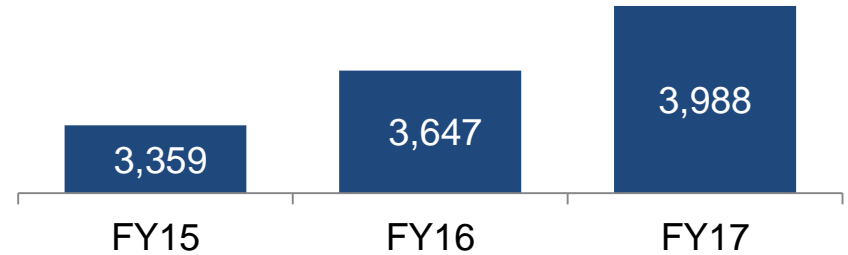
Gross Loans (Group Retail<sup>1</sup>): +7% CAGR<sup>2</sup>

S\$bn



Income (Group Retail<sup>1</sup>) +9% CAGR<sup>2</sup>

S\$m



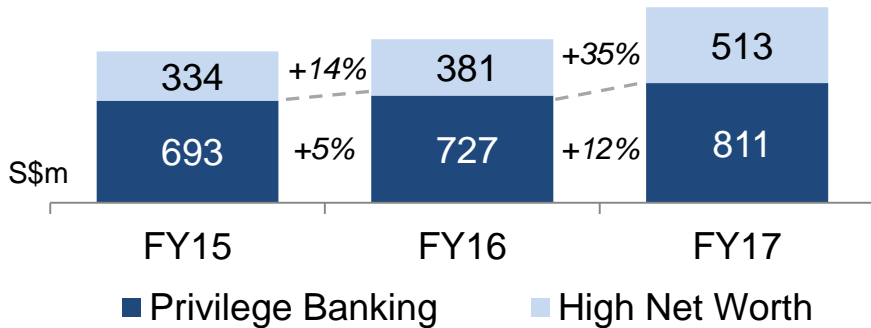
Wealth Management<sup>3</sup> Income: +14% CAGR<sup>2</sup>

AUM

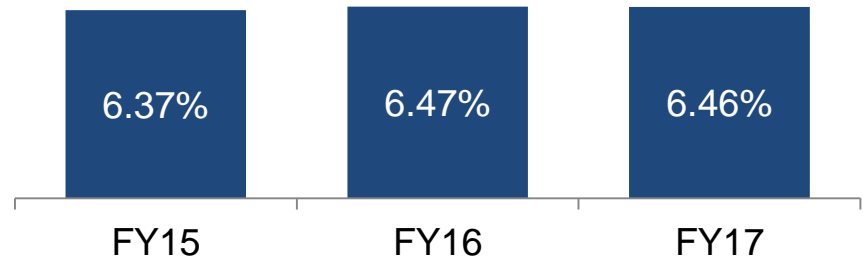
S\$85b

S\$93b

S\$104b



Segment RoRWA<sup>4</sup> – 0.01% pt YoY



1. Includes Business Banking

2. Compound annual growth rate (CAGR) computed over 2 years (2015 to 2017)

3. Wealth management comprises Privilege Banking and High Net Worth (Privilege Reserve + Private Bank) segments.

4. RoRWA: Ratio of "Operating profit" to "Average segment RWA"

# Harnessing Technology & Innovation to Improve Productivity & Customer Experience



**UOB MIGHTY**  
debuts



**CONTACTLESS PAYMENT**  
at general ticketing machines



**MIGHTY SECURE**  
for use on mobile phone as security token  
**FIRST IN SINGAPORE**



**MIGHTY FX**  
Trade, Transact and Travel at your preferred FX rate.

Nov '15

'16

'17

Jan'18

**4** INDUSTRY AWARDS

**7** INDUSTRY AWARDS

**3** INDUSTRY AWARDS



**CONTACTLESS MOBILE PAYMENTS**  
**FIRST IN SINGAPORE**



**INSTANT CARD ISSUANCE; CONTACTLESS ATMS**  
**FIRST IN REGION**



**MYKEY**  
for use of PayNow in social messaging apps  
**FIRST IN REGION**

## Increased Frequency

- 1.6 million (▲ 9% YoY) digital<sup>1</sup> customers
- ▶ 0.8 million (▲ 34% YoY) Mighty customers, with more than 50% actively using the app each month

## Improved Usage

- 40% YoY growth in financial transactions for Digital<sup>1</sup>. YoY growth for Mighty is double at 82%

## Shorter Route to Apply

- 114% YoY growth in accounts<sup>2</sup> opened online, leveraging Singapore Government MyInfo database

1. Digital: Comprises Personal Internet banking (PIB) and UOB Mighty  
2. UOB Stash, UOB Krisflyer and Mighty FX account opening

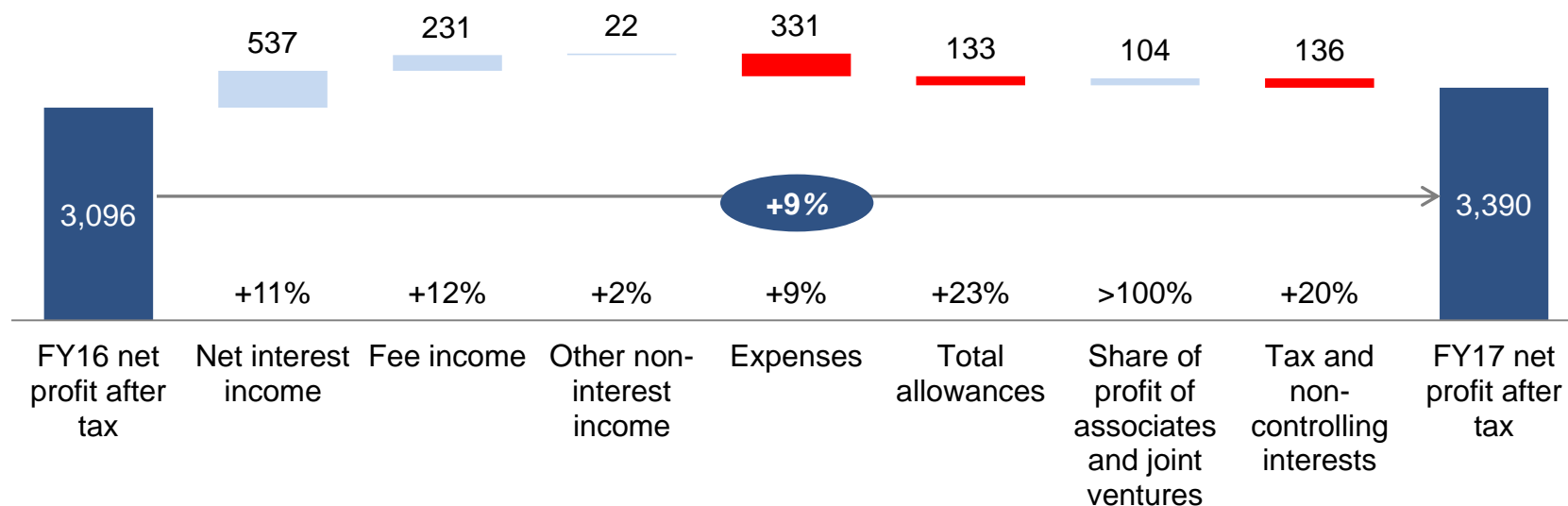


# Latest Financials

# FY17 Financial Overview

## Net Profit After Tax<sup>1</sup> (NPAT) Movement, FY17 vs FY16

(SGD m)



Key Indicators	FY17	FY16	YoY Change
<b>NIM (%)</b>	1.77	1.71	+0.06% pt
<b>Non-NII / Income (%)</b>	37.5	38.1	(0.6) pt
<b>Expense / Income ratio (%)</b>	45.5	45.9	(0.4) pt
<b>ROE (%)<sup>2</sup></b>	10.2	10.2	-

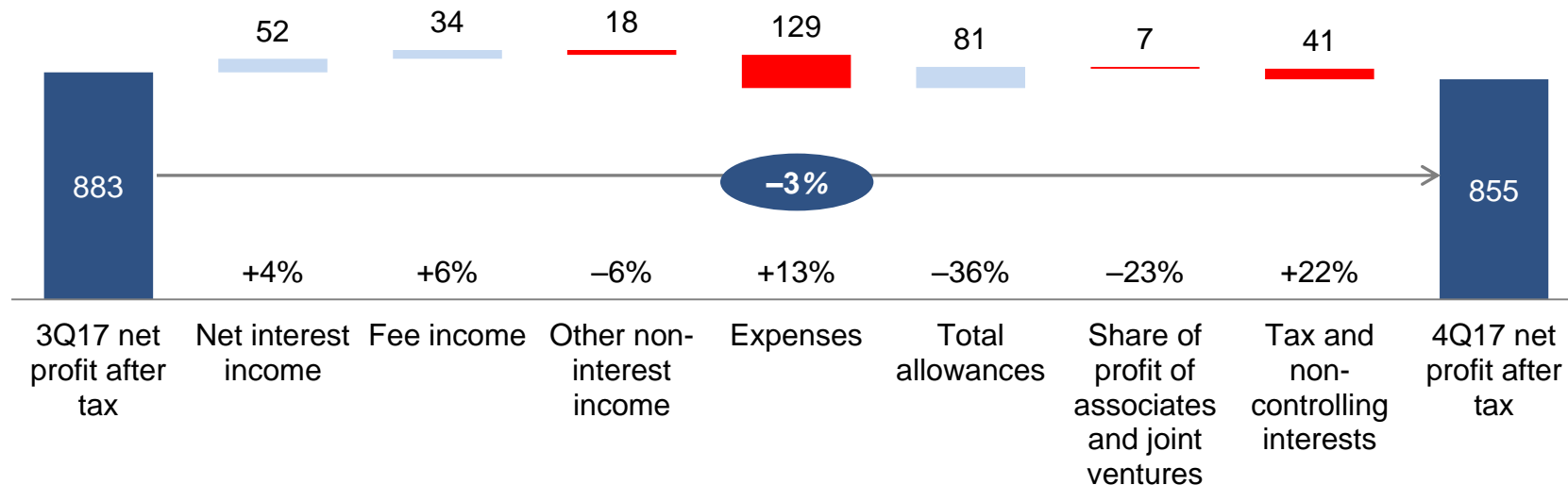
1. Relate to amount attributable to equity holders of the Bank.

2. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and perpetual capital securities distributions.

# 4Q17 Financial Overview

## Net Profit After Tax<sup>1</sup> (NPAT) Movement, 4Q17 vs 3Q17

(SGD m)



Key Indicators	4Q17	3Q17	QoQ Change	4Q16	YoY Change
<b>NIM (%)</b> <sup>2</sup>	1.81	1.79	+0.02% pt	1.69	+0.12% pt
<b>Non-NII / Income (%)</b>	36.7	37.1	(0.4) pt	37.1	(0.4) pt
<b>Expense / Income ratio (%)</b>	47.8	43.5	+4.3% pt	47.2	+0.6% pt
<b>ROE (%)</b> <sup>2,3</sup>	9.8	10.5	(0.7) pt	9.4	+0.4% pt

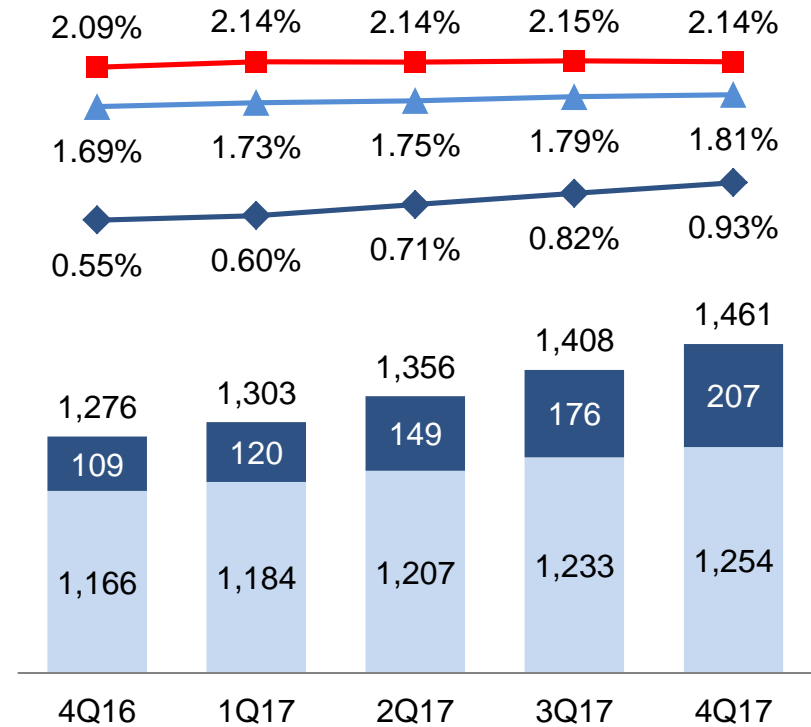
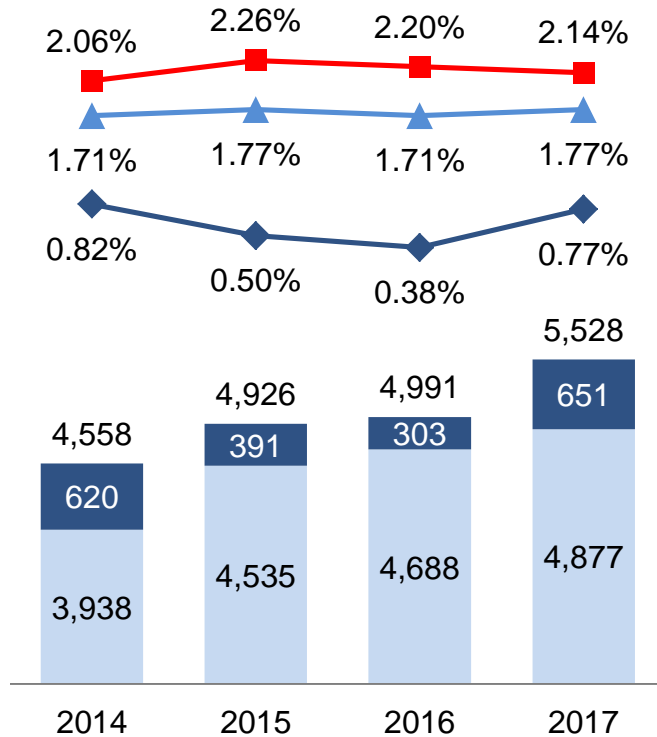
1. Relate to amount attributable to equity holders of the Bank.

2. Computed on an annualised basis.

3. Calculated based on profit attributable to equity holders of the Bank net of preference share dividends and perpetual capital securities distributions.

# Net Interest Income Rose on Growth in Loans and Margins

## Net Interest Income (NII) and Margin



■ NII from Loans (SGD m)  
■ Loan Margin (%) \*  
▲ Net Interest Margin (%) \*

■ NII from Interbank & Securities (SGD m)  
◆ Interbank & Securities Margin (%) \*

\* Computed on an annualised basis, where applicable.

# Broad-based Increase in Loan Portfolio

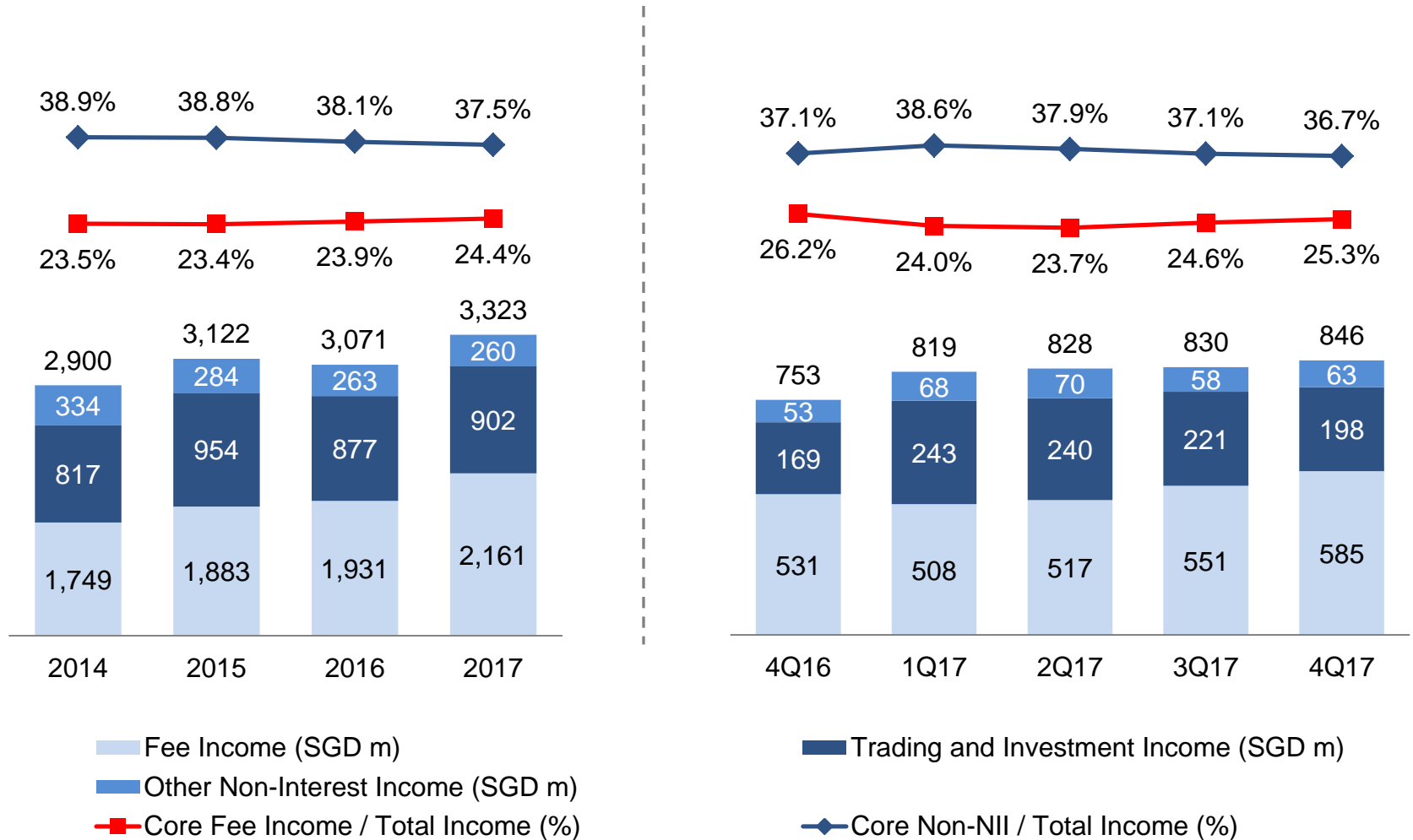


	Dec-17 SGD b	Sep-17 SGD b	QoQ +/(–) %	Dec-16 SGD b	YoY +/(–) %
<b>Gross Loans</b>					
<b><i>By Geography</i><sup>1</sup></b>					
Singapore	128	127	+0	126	+2
Regional:	85	84	+2	78	+9
<i>Malaysia</i>	27	26	+3	26	+5
<i>Thailand</i>	15	14	+4	13	+13
<i>Indonesia</i>	11	11	–5	12	–10
<i>Greater China</i>	32	32	+2	27	+19
Others	23	23	+1	22	+6
<b>Total</b>	<b>236</b>	<b>234</b>	<b>+1</b>	<b>226</b>	<b>+5</b>
<b><i>By Industry</i></b>					
Transport, storage and communication	9	10	–3	10	–4
Building and construction	54	54	–0	52	+3
Manufacturing	19	19	–2	16	+18
Financial institutions, investment & holding companies	19	18	+5	16	+23
General commerce	31	30	+1	30	+1
Professionals and private individuals	28	28	+1	27	+5
Housing loans	66	64	+3	61	+7
Others	11	12	–6	14	–20
<b>Total</b>	<b>236</b>	<b>234</b>	<b>+1</b>	<b>226</b>	<b>+5</b>

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

# Steady Non-Interest Income Mix Underpins Diversity

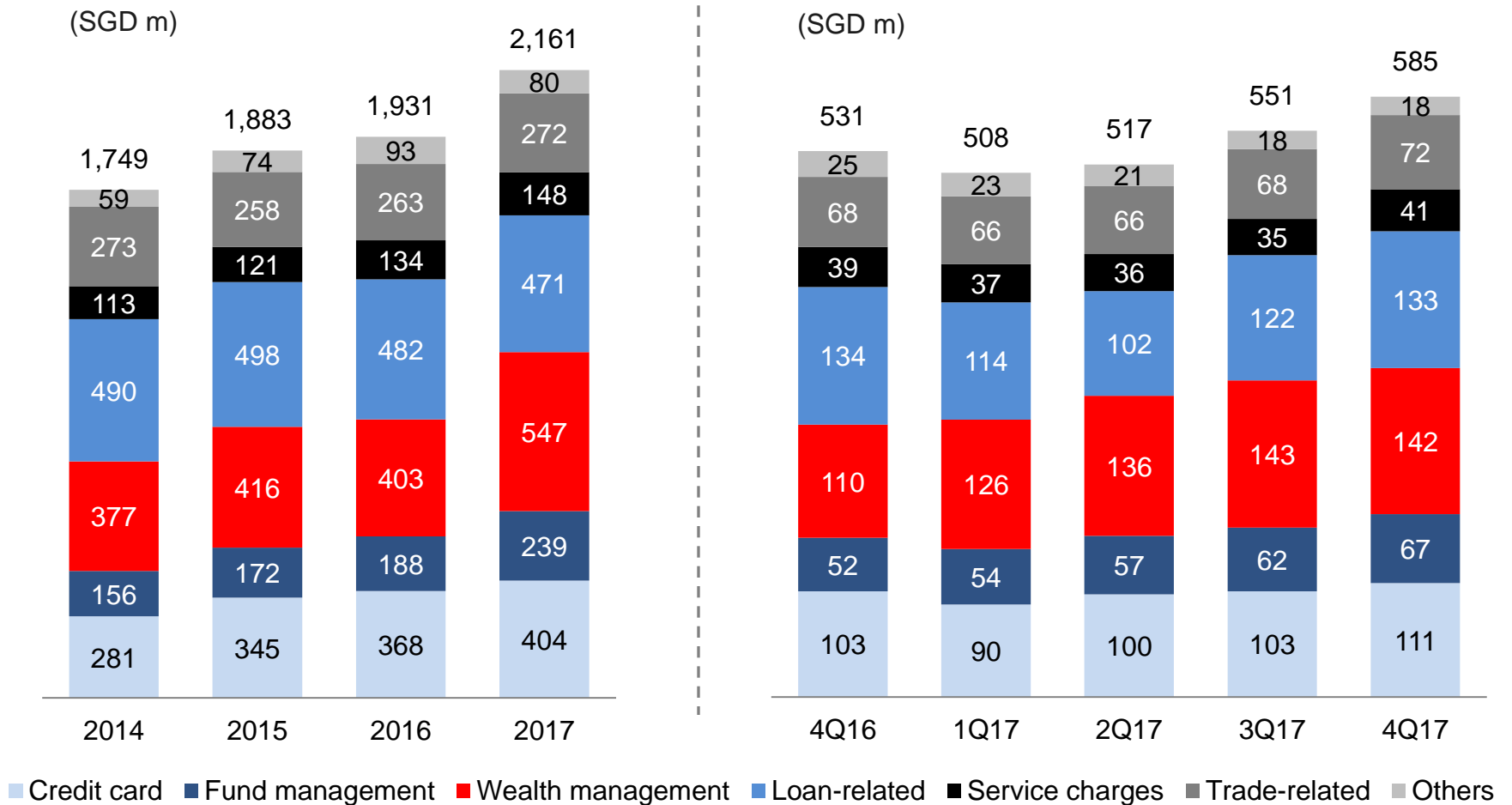
Non-Interest Income (Non-NII) and Non-NII Ratio





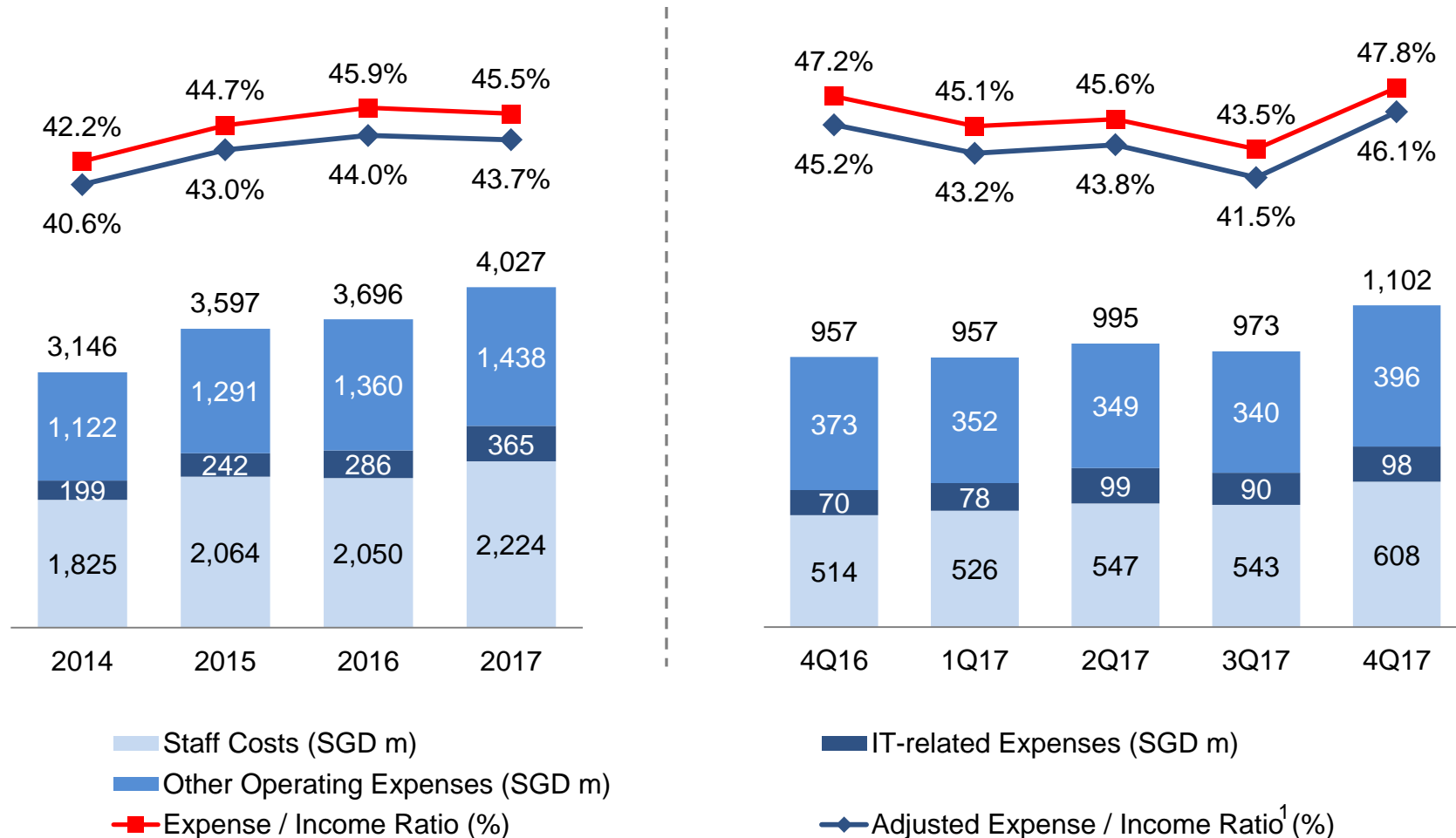
# Broad-based Focus in Fee Income, which Reached a New Record

## Breakdown of Fee Income



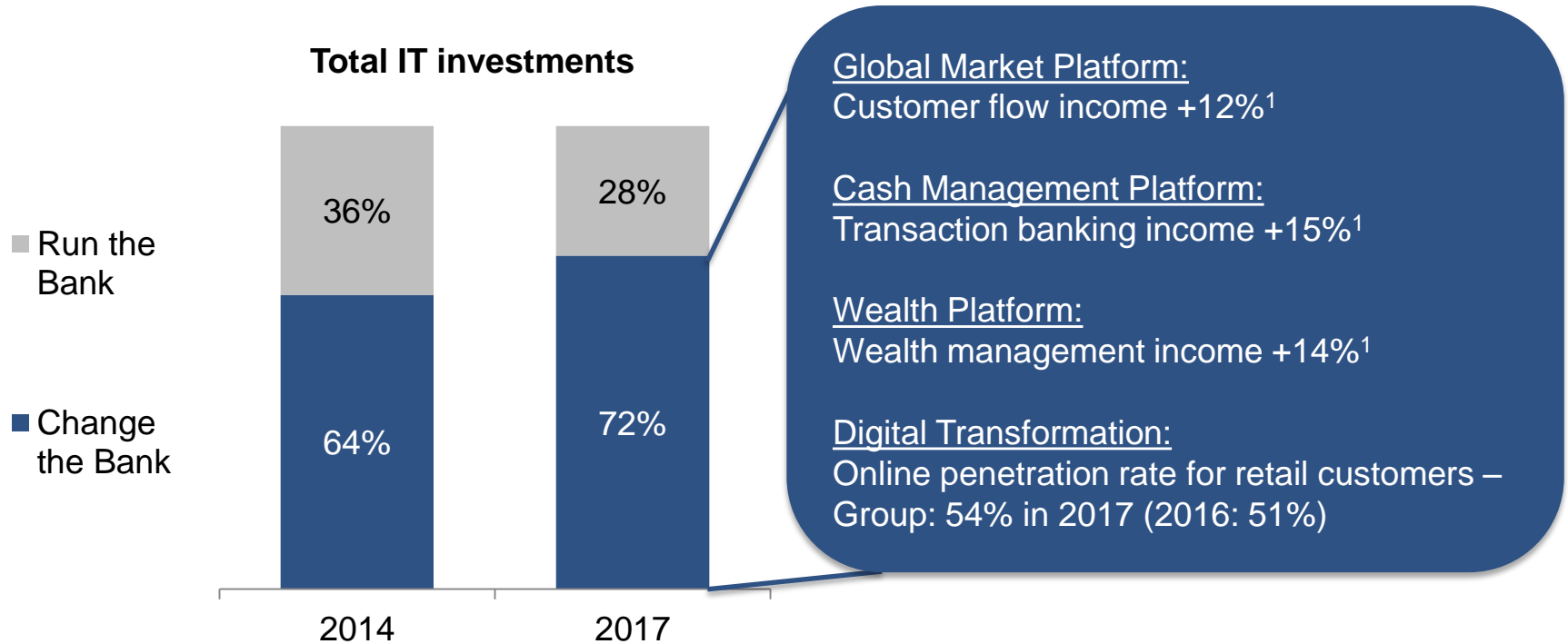
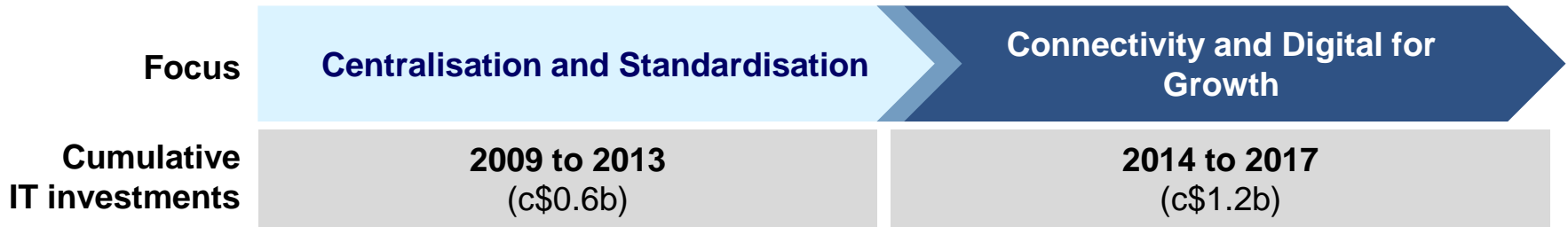
# Pacing Growth in Operating Expenses, with Maintaining a Stable CIR

## Operating Expenses and Expense / Income Ratio



1. Adjusted expense/Income ratio where directly attributable expenses are excluded from operating expenses and netted against the related fees. The adjustment will be made with effect from 2018 onwards.

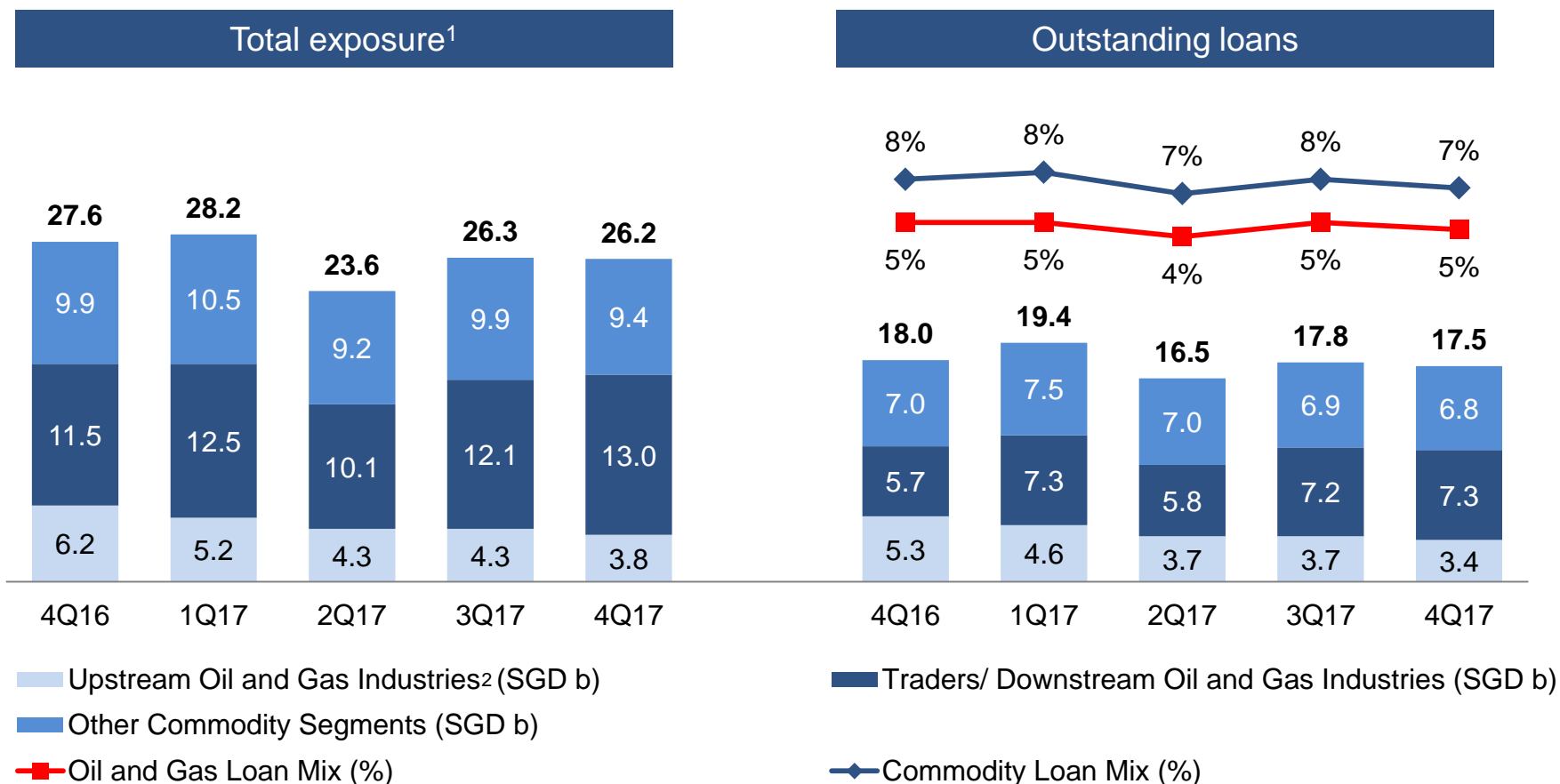
# IT Investments Shifting Towards “Changing the Bank”



1. CAGR computed over 4 years (2013 to 2017)

# Exposure to Commodities

- Total exposure, including off-balance sheet items, stood at SGD26.2b as of 31 December 2017
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement



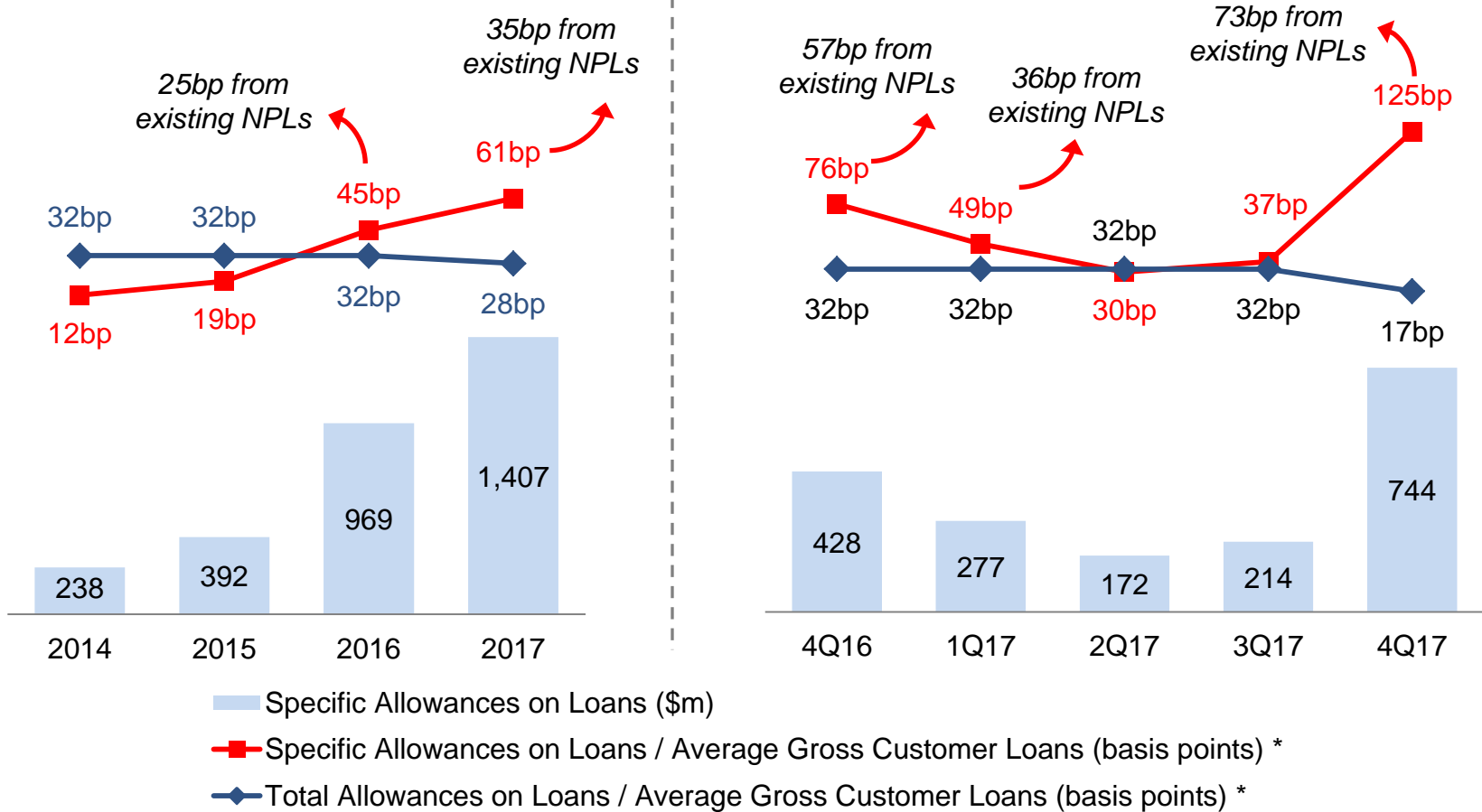
1. Total exposure comprises outstanding loans and contingent liabilities  
 2. Upstream oil and gas industries include offshore service companies

# Accelerated NPL Recognition of Oil and Gas and Shipping Sectors

(SGD m)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
<b>NPA at start of period</b>	3,066	3,106	3,164	3,632	3,480	3,543	3,587	3,919
New NPA	344	802	780	387	424	537	799	1,167
Upgrades, recoveries and translations	(235)	(548)	(201)	(320)	(293)	(255)	(369)	(354)
Write-offs	(159)	(106)	(111)	(219)	(68)	(238)	(98)	(343)
<b>NPA at end of period</b>	3,016	3,164	3,632	3,480	3,543	3,587	3,919	4,389

# General Allowance Released to Offset Residual Risks from Vulnerable Sectors

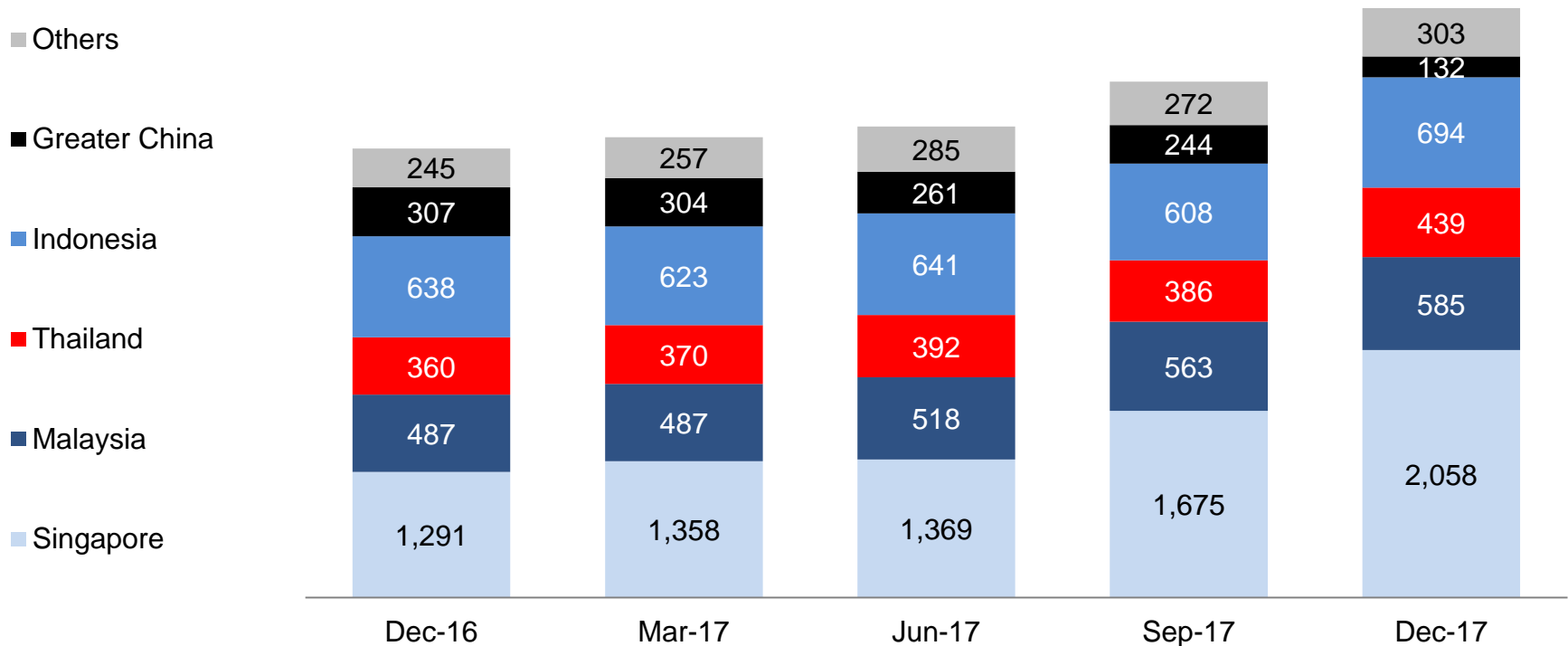
## Allowances on Loans



\* Computed on an annualised basis, where applicable.

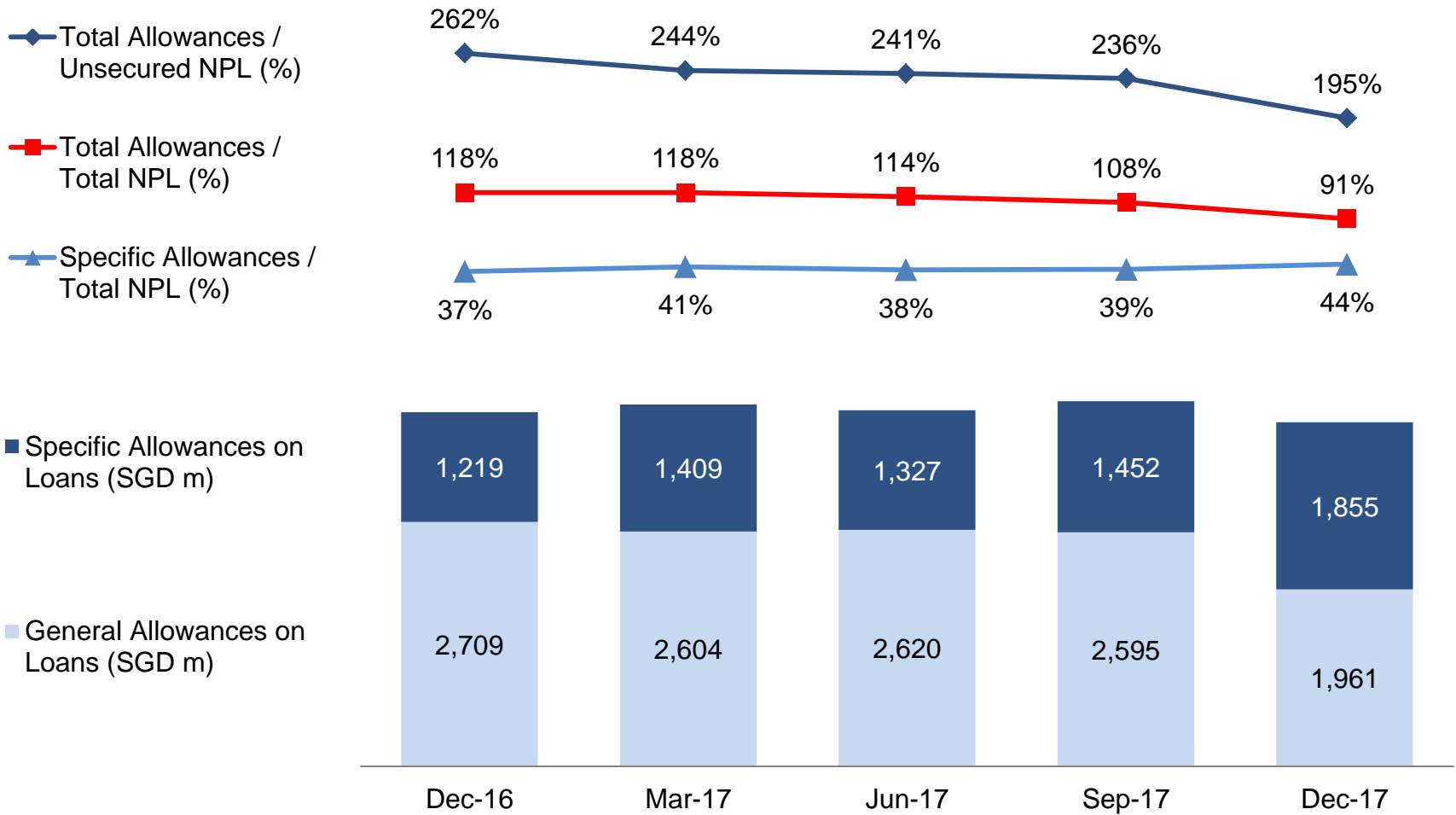
# Higher NPLs Confined to A Few Sectors; Broader Portfolio Quality Intact

Special mention loans (SGD m)	3,339	3,043	2,714	2,337	2,114
NPL ratio	1.5%	1.5%	1.5%	1.6%	1.8%
NPLs <sup>1</sup> (SGD m)	3,328	3,399	3,466	3,748	4,211



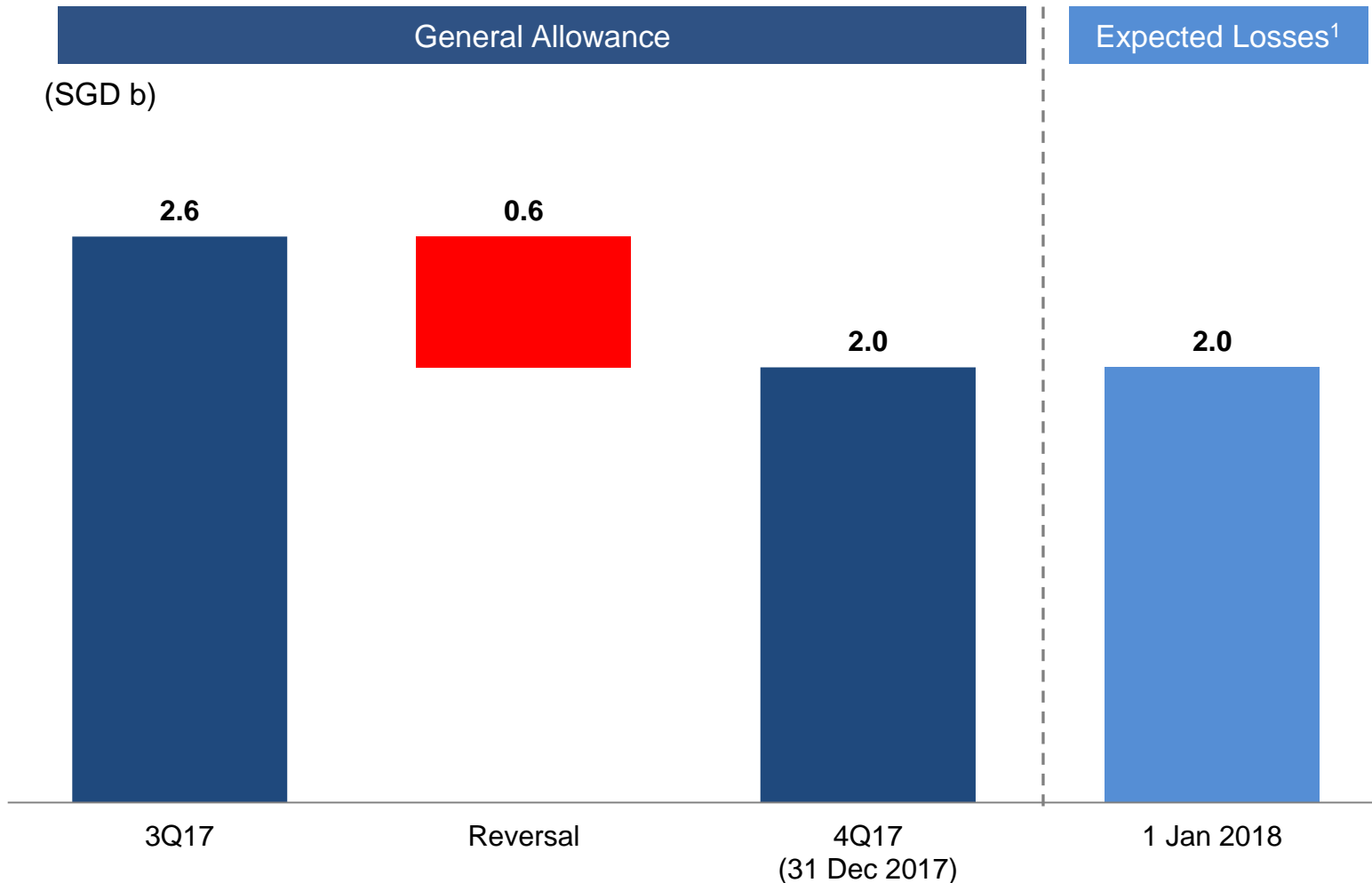
1. NPLs by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

# Strong NPL Reserve Coverage Ratios





# Sufficient Allowance to Meet Accounting and Regulatory Standards in 2018



1. Expected credit losses for Stage 1 & 2 exposures under SFRS(I) 9. This amount also satisfies MAS 612's minimum regulatory loss allowance requirement.

# Exposure to China

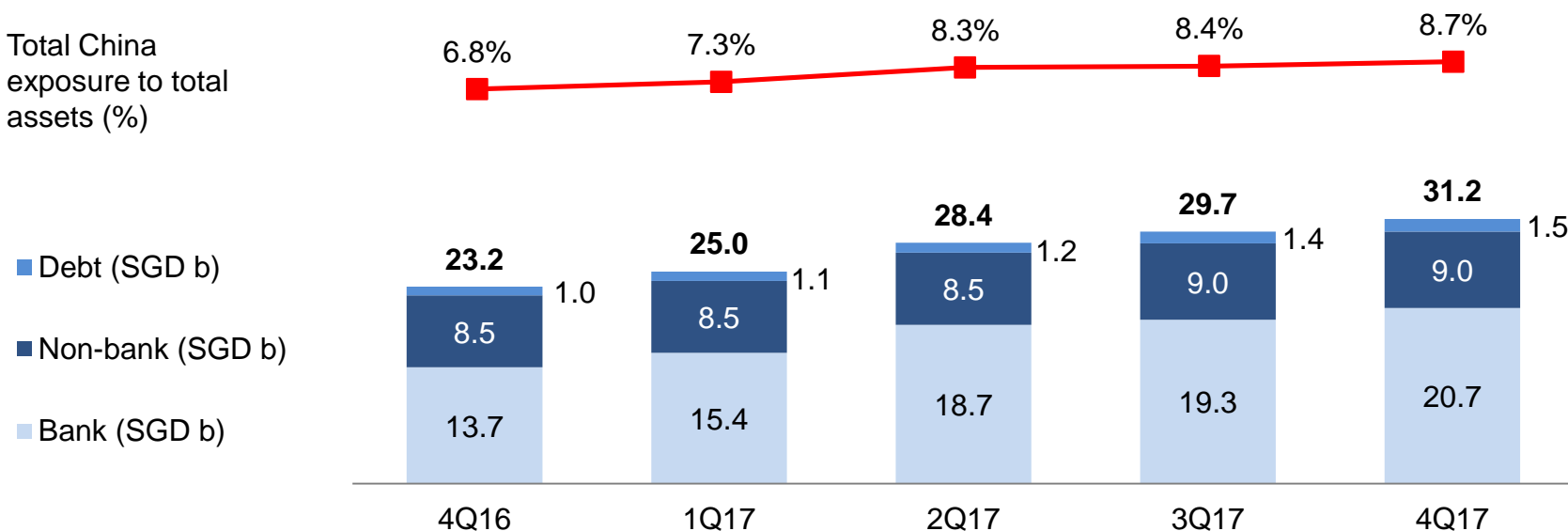
## Bank exposure

- Bank exposure accounted for the majority (60%-70%) of total exposure to China
- Low counterparty risk, with 75% accounted for by top 5 domestic banks and policy banks
- 99% with <1 year tenor
- Trade exposures mostly with bank counterparties, representing close to half of bank exposure

## Non-bank exposure

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio at around 0.6%
- Half of loans denominated in RMB
- 45% of the loans has tenor within a year
- Minimal exposure to stockbroking companies linked to China's stock market
- No exposure to Qingdao fraud and local government financing vehicles

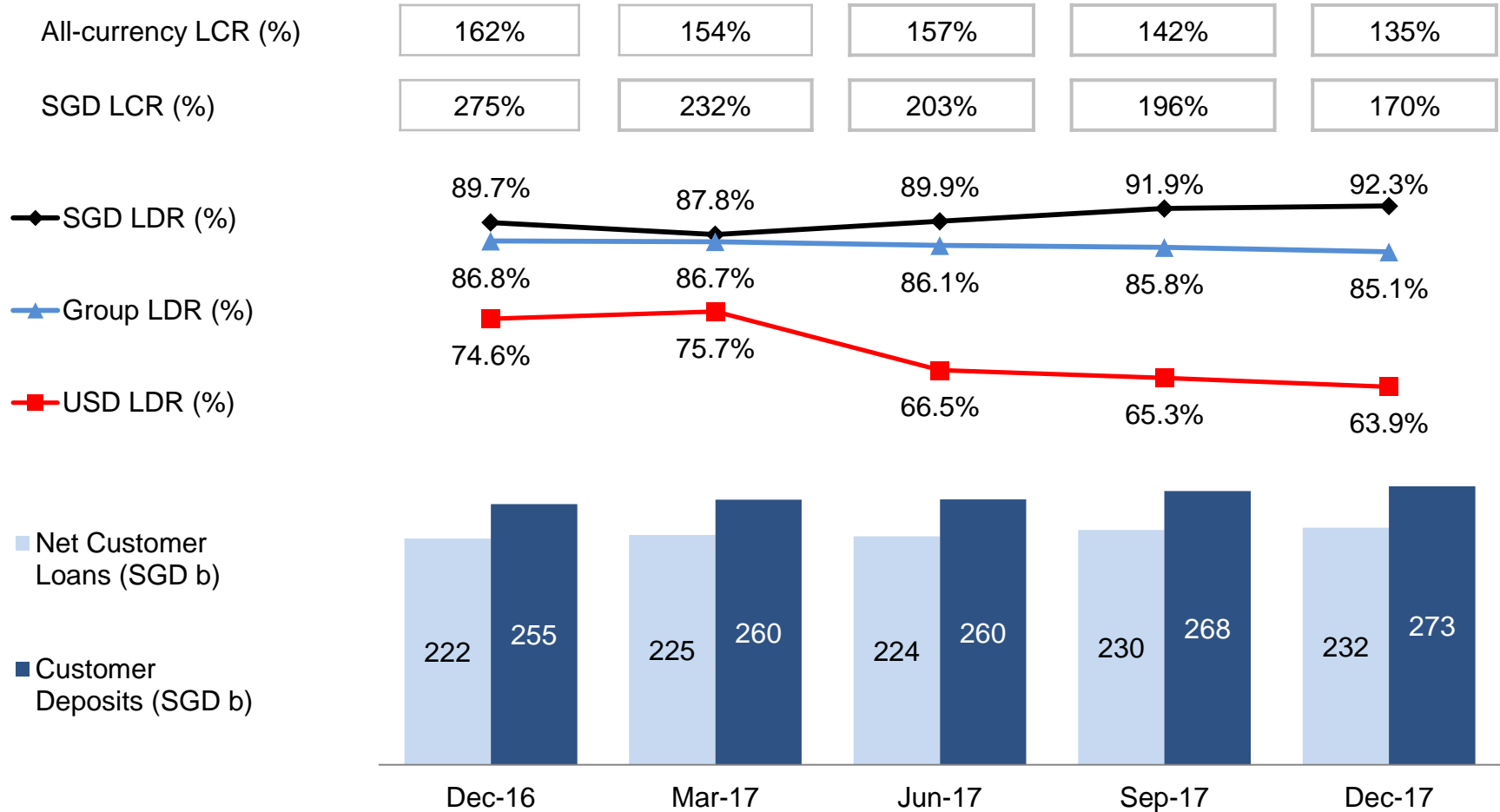
Total China exposure to total assets (%)



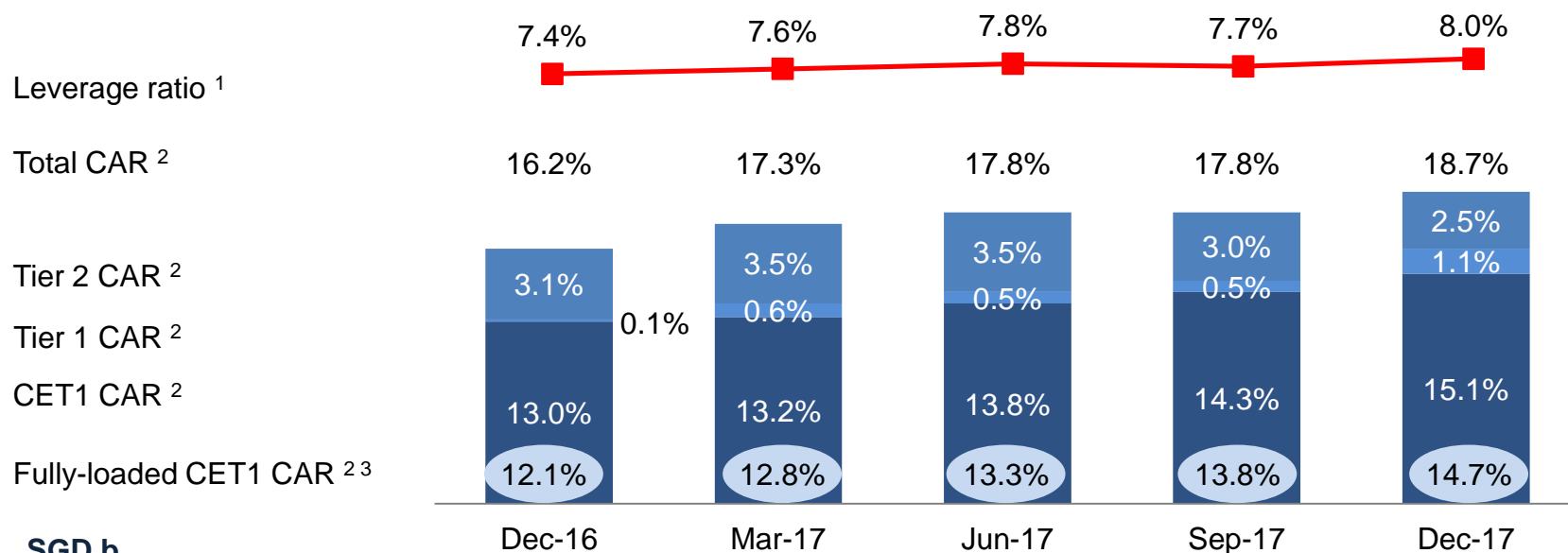
Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals).

# Stable Liquidity Position

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



# Strong Capital and Leverage Ratios

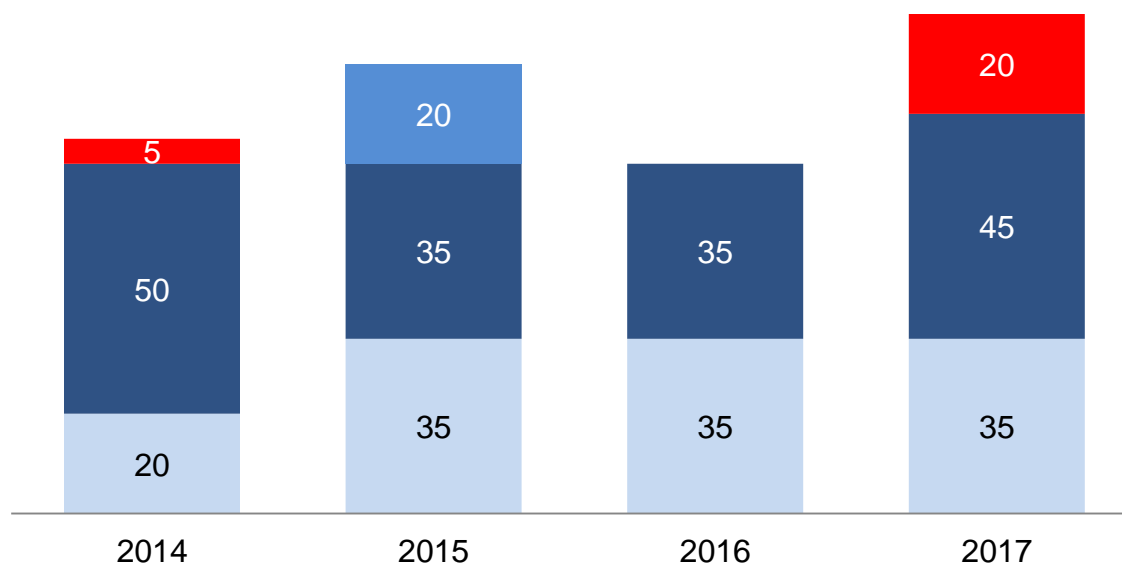


## SGD b

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Common Equity Tier 1 Capital	28	28	29	29	30
Tier 1 Capital	28	29	30	31	32
Total Capital	35	36	37	37	37
Risk-Weighted Assets	216	211	209	206	199
<i>Credit</i>	179	179	176	180	176
<i>Market</i>	23	19	19	13	9
<i>Operational</i>	13	13	14	14	14

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.

# Higher Dividends for 2017



Net dividend per ordinary share (¢)	Interim	Final	Special	UOB 80th Anniversary
Payout amount (SGD m)	1,201	1,444	1,135	1,661
Payout ratio (%)	37	45	37	49
Payout ratio (excluding special/one-off dividends) (%)	35	35	37	39

**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

