First Half 2016 Results

Steady Performance Amidst Market Volatilities

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

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Singapore Company Reg No. 1935000262Z
Stable Performance Amidst Cyclical Slowdown

- **1H16 profit: S$1.6bn, relatively unchanged YoY**
  - Higher net interest income and trading income partially offset by higher expenses

- **Net interest income higher, led by steady loan growth**
  - Loans: +4.9% YoY growth across industries and countries
  - NIM: -3bps to 1.73%

- **Non-interest income boosted by**
  - Higher trading & investment income (+20% YoY); fee income dipped (-1.2% YoY)

- **Cost-to-income (“CIR”)**
  - CIR at 45.6%, due to investments in infrastructure and technology to strengthen the Group’s franchise

- **Dividend**
  - Interim dividend of 35 cents per share; scrip dividend scheme applied
Disciplined Balance Sheet Management

- **Resilient balance sheet**
  - Stable NPL ratio: 1.4%
  - High general allowances-to-loans ratio of 1.5%
  - Strong NPL coverage: 125.6%

- **Strong funding and capital base**
  - Liquidity Coverage Ratios: SGD (224%) and all-currency (167%)
  - Healthy fully-loaded CET1 ratio\(^1\) of 12.2%

- **Positive affirmation from markets**
  - Issuance of Basel III perpetual capital securities (S$750m) in May: 3 times subscribed
  - Upgrade of UOB’s standalone rating by Standard & Poor’s

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1. Proforma CET1 ratio (based on final rules effective 1 January 2018).
Wholesale Banking: Steady Performance

- Wholesale banking’s loans and income up in 1H16 despite weaker macro environment

- Financial Institutions segment doing well
  - Supporting property funds and sovereign funds in overseas asset acquisitions
  - Attracting quality deposits; enhancing liability profile

- Capturing regional opportunities
  - Cross-border income: 20%\(^2\) of Group wholesale banking income

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1. ROA: Ratio of “Profit before tax” to “Average Assets”
2. Data for year-to-date May 2016
Group Transaction Banking Continues to Grow

- One of main pillars for wholesale banking

- Cash management grows with significant mandates

- Good traction from trade due to focus on new clients and industries

- Made significant investments to provide innovative solutions

- Strong industry recognition for cash and trade achievements

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**Trade Loans**

<table>
<thead>
<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>41%</td>
<td>63%</td>
</tr>
<tr>
<td>2014</td>
<td>59%</td>
<td>61%</td>
</tr>
<tr>
<td>2015</td>
<td>37%</td>
<td>61%</td>
</tr>
<tr>
<td>1H15</td>
<td>42%</td>
<td>58%</td>
</tr>
<tr>
<td>1H16</td>
<td>39%</td>
<td>61%</td>
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</table>

- 15% CAGR
- +1% YoY

**Deposits**

<table>
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<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>2014</td>
<td>70%</td>
<td>38%</td>
</tr>
<tr>
<td>2015</td>
<td>67%</td>
<td>62%</td>
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<tr>
<td>1H15</td>
<td>35%</td>
<td>64%</td>
</tr>
<tr>
<td>1H16</td>
<td>65%</td>
<td>62%</td>
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</table>

- 23% CAGR
- +4% YoY

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**Transaction Banking Income**

**Breakdown by Cash / Trade**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Trade</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2014</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>2015</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>1H15</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>1H16</td>
<td>33%</td>
<td>67%</td>
</tr>
</tbody>
</table>

- 20% CAGR
- +11% YoY

**Breakdown by Geography**

<table>
<thead>
<tr>
<th>Year</th>
<th>Singapore</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>48%</td>
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</tr>
<tr>
<td>2014</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>2015</td>
<td>44%</td>
<td>56%</td>
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<tr>
<td>1H15</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>1H16</td>
<td>43%</td>
<td>57%</td>
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</table>

- 20% CAGR
- +11% YoY
Retail Banking: Growing Income with Stable Asset Quality

- **Growth in retail banking¹** income outpaced loan growth in 1H16

- **Singapore housing loan portfolio’s growth improved YoY in 1H16**
  - Overall asset quality remains stable
  - Lower credit costs yoy in 1H16

- **Wealth management income +6% YoY in 1H16 despite market volatilities**
  - $88bn AUM as at end-Jun 2016
  - High Net Worth² segment trending higher

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1. Retail Banking comprises Personal Financial Services, Private Banking and Business Banking.
3. ROA: Ratio of “Profit before tax” to “Average Assets”.
Looking Ahead

- Uncertain outlook; low interest rates globally even as pick-up in credit costs expected

- Banking industry being reshaped through digital connectivity

- These cyclical and structural factors present opportunities, especially in Asia
  - Reinforced by government initiatives towards tighter regional connectivity

- Also present opportunities for long-term players such as UOB
  - Well-positioned with strong balance sheet and integrated network
  - Continue to selectively grow and sharpen capabilities in target areas; investing for the future
Thank you