Full Year 2016 Results
Stable Core Earnings in Slower Operating Environment

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Stable Performance from Core Businesses

- **FY16 profit: S$3.1bn, slightly lower YoY**
  - Higher net interest income and fee income offset by lower investment income

- **Net interest income up 1.3% to S$5bn, led by healthy loan growth**
  - Loans: +8.8% YoY, with selective targeting of quality credits
  - NIM: -6bps to 1.71%, although it has stabilised over last 2 quarters

- **Non-interest income flat at S$3.1bn**
  - Higher fee income (+2.5% YoY) offset by lower trading & investment income (−8.1% YoY)

- **Higher cost-to-income ratio**
  - 45.9%, with continued investments in infrastructure and technology to sharpen capabilities
Disciplined Balance Sheet Management

- **Portfolio quality broadly stable**
  - NPL ratio up slightly at 1.5%
  - High general allowances-to-loans ratio of 1.2%
  - 32bps total credit costs maintained

- **Proactive liability management**
  - Liquidity Coverage Ratios\(^1\):
    - S$ (275%) and all-currency (162%)

- **Healthy capital position**
  - 12.1% fully-loaded CET1 ratio\(^2\)

- **Final dividend of 35 cents/share**
  - Scrip dividend scheme applied

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1. Average ratios for fourth quarter of 2016.
2. Proforma CET1 ratio (based on final rules effective 1 January 2018).
Wholesale Banking: Steady Franchise Growth; Broader Portfolio Quality Sound

- Wholesale Banking’s loans and income up in 2016

- Bottom line dampened by higher allowances, largely from offshore & marine sector
  - Broader portfolio quality remains sound

- Selective loans growth, despite cautious business climate
  - Transaction Banking and Financial Institutions continue to grow

- Capturing regional opportunities
  - Cross-border income: 21% of Group Wholesale Banking income

1. ROA: Ratio of “Pre-provision profit” to “Average Assets”
2. ROA: Ratio of “Profit before tax” to “Average Assets”
Group Transaction Banking: Stable Income Contributor

- Cash management increasing in significance

- Healthy growth in trade loans with focus on increasing client wallet share

- Continue to draw high-quality deposits, supporting our liability management

- Strong industry recognition for cash and trade achievements
Retail Banking: Growing Income with Stable Asset Quality

- Housing loans a key driver for Retail Banking’s loan growth in 2016; regional housing loans +11% YoY
  - Asset quality remains stable

- Gaining CASA in Singapore for the past 2 years

- Wealth management (WM) did well, across mass affluent and High Net Worth segments
  - WM Income +8% YoY; profit +16% YoY
  - $93bn AUM as at end-2016

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

- Volatile and less predictable environment, with focus on US and China

- Confident of ASEAN’s fundamental strengths
  - Regional countries have fiscal flexibility to support domestic growth
  - Growing regional connectivity, within ASEAN and China-ASEAN
  - UOB well-placed to help support companies in trade and investments

- Uncertainty and disruption present opportunities for long-term players such as UOB
  - Tap on connectivity in the region and strategic alliances
  - Continue to invest in capabilities, to meet and anticipate our customers’ needs, for banking and beyond
Thank You