First Half 2017 Results
Sound Operating Performance, Healthy Balance Sheet
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Macro Backdrop

- Asian Financial Crisis’ (AFC) 20\textsuperscript{th} anniversary

- ASEAN is in stronger position. Sound fundamentals of sovereigns, banks and corporates

- UOB:
  - Made several strategic acquisitions post-AFC
  - Has scalable and sustainable integrated ASEAN platform today
  - Now extracting value from regional franchise, tapping on growing connectivity opportunities
  - Long term perspective; investing for the future
Sound Performance; Broad-based Growth Across Businesses

- **1H17 profit: S$1.7bn, +5.5% YoY**
  - Driven by higher net interest income and fee income

- **Net interest income up 7.0% to S$2.7bn, on the back of higher loans and NIM**
  - Loans: +7.3% YoY, as we continued to build customer franchise in Singapore and region
  - NIM: +1bp to 1.74%, mainly due to more efficient deployment of liquid assets

- **Non-interest income lifted by fee income and trading & investment income**
  - Fee income (+13.1% YoY); trading & investment income (+5.6% YoY)

- **Cost-to-income ratio flat at 45.3%**
  - Ongoing investment in infrastructure and technology to enhance capabilities
Disciplined Balance Sheet Management

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

- **Proactive liability management**
  - Liquidity Coverage Ratios\(^1\): S$ (203%) and all-currency (157%)

- **Robust capital position**
  - 13.3% fully-loaded CET1 ratio\(^2\)

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

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2. Proforma CET1 ratio (based on final rules effective 1 January 2018).
Wholesale Banking: Good Traction in Growing Customer Franchise

- Stable performance in 1H 2017, amidst cautious business climate
  - Higher loans, with growing customer franchise

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

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

1. ROA: Ratio of “Profit before tax” to “Average Assets”
2. Data for year-to-date May 2017
Transaction Banking: A Key Income Generator for Wholesale Banking

- Overall transaction banking income grew by 9%

- Growth in trade revenue, driven by strong growth momentum in trade assets, despite competitive market and margin compression

- Cash management revenue up; significant mandates won

- High-quality deposits on the uptrend

- Strong industry recognition with numerous accolades; recent accolade won for ‘Best Transaction Bank’ (The Asian Banker)

### Breakdown by Cash / Trade

- Trade Loans: -6% CAGR, +42% YoY
  - 2014: 37%, 39%, 40%
  - 2015: 63%, 61%, 60%
  - 1H16: 39%, 61%
  - 1H17: 35%, 65%

- Deposits: 20% CAGR, +2% YoY
  - 2014: 33%, 35%, 33%
  - 2015: 67%, 65%, 67%
  - 1H16: 32%
  - 1H17: 33%

### Breakdown by Geography

- Singapore
  - Trade Loans: 20% CAGR, +9% YoY
    - 2014: 49%
    - 2015: 37%
    - 2016: 33%
    - 1H16: 33%
    - 1H17: 34%
  - Deposits: 12% CAGR
    - 2014: 62%
    - 2015: 56%
    - 2016: 58%
    - 1H16: 43%
    - 1H17: 41%

- Overseas
  - Trade Loans: -6% CAGR
    - 2014: 51%
    - 2015: 63%
    - 2016: 67%
    - 1H16: 67%
    - 1H17: 66%
  - Deposits: 12% CAGR
    - 2014: 48%
    - 2015: 44%
    - 2016: 42%
    - 1H16: 43%
    - 1H17: 41%
Retail Banking: Growth Momentum Picking Up

- Housing loans in Singapore and in the region fared well
  - Asset quality remains stable

- Business Banking a growing earnings driver; 16% of Group Retail’s revenue
  - Helping small business owners to raise productivity and save costs

- Wealth management:\(^4\):
  - Steady growth for both mass affluent and High Net Worth\(^2\) segments
  - $99bn AUM as at end-Jun 2017

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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”.
Customer-Centric Approach in Digital

Rising Digital Adoption Amongst Customers

Group's Transaction volumes

2014: 52%
2015: 58%
2016: 63%
YTD Jun 2017: 67%

Digital (Internet & mobile)
Self-service banking
Branches

UOB’s Digital Roadmap

Jul 2017
Launches UOB MyKey for use of PayNow in social messaging apps

Dec 2016
Launches UOB Mighty Secure for use of mobile phone as security token

Sep 2016
Offers instant digital card issuance
Rolls out contactless ATMs

Jun 2016
Introduces contactless payment acceptance for public transport

May 2016
Offers contactless mobile payments on mobile devices

Nov 2015
UOB Mighty debuts

UOB Mighty a winner at:
- Asian Banking & Finance Retail Banking Awards 2017
- Retail Banker International Asia Trailblazer Awards 2017
Looking Ahead

- Global economic outlook is stabilising, but mindful that possibly more uncertainties ahead

- Asia’s long-term fundamentals still strong, underpinned by connectivity opportunities and rising affluence

- UOB:
  - Integrated regional network positions us well to tap on these connectivity opportunities in Asia
  - Takes long-term paced approach to building sustainable returns
  - Ongoing initiatives and investments to engage and better serve customers’ needs in the digital age
  - Disciplined approach to balance sheet management
Thank You