Full Year 2017 Results

Healthy Growth Momentum and Strong Balance Sheet

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

14 February 2018
Record Earnings Driven by Core Businesses’ Stronger Performance

- **FY17 profit:** $3.4bn, ↑ 9% YoY
  - Both net interest income and fee income reach new highs

- **Net interest income:** ↑ 11% to $5.5bn, backed by growth in both loans and NIM
  - Loans: ↑ 5% YoY, driven by broad-based increases across most markets and industries
  - NIM: ↑ 6bps to 1.77%, mainly due to more efficient deployment of liquid assets

- **Non-interest income** lifted mainly by fee income (↑ 12% YoY)

- **Cost-to-income ratio** stable at 45.5%
  - Ongoing investment in infrastructure and technology to enhance capabilities

- **Dividend**
  - Final dividend of 45 cents/share; special dividend of 20 cents/share
  - Full-year dividend of $1/share, including special dividend
  - Scrip dividend applied
Disciplined Balance Sheet Management

- **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

- **Improved balance sheet efficiency**
  - Result of ongoing efforts to optimise RWA

- **Proactive liability management**
  - Liquidity Coverage Ratios\(^3\): S$ (170%) and all-currency (135%)

- **Robust capital position**
  - 14.7% fully-loaded CET1 ratio\(^4\)

---

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
Wholesale Banking: Diversifying Income Mix to Grow RoRWA

### Income from Non-Loan: +7% CAGR\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Non-loan income</td>
<td>47%</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>S$m</td>
<td>1,822</td>
<td>1,811</td>
<td>1,707</td>
</tr>
<tr>
<td></td>
<td>1,611</td>
<td>1,729</td>
<td>1,855</td>
</tr>
</tbody>
</table>

### Income from Transaction Banking: +9% CAGR\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>% TB income</td>
<td>32%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>S$m</td>
<td>2,334</td>
<td>2,365</td>
<td>2,263</td>
</tr>
<tr>
<td></td>
<td>470</td>
<td>629</td>
<td>501</td>
</tr>
</tbody>
</table>

### Cross-border income: +7% CAGR\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Cross-border income</td>
<td>24%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>S$m</td>
<td>2,625</td>
<td>2,626</td>
<td>2,638</td>
</tr>
<tr>
<td></td>
<td>808</td>
<td>914</td>
<td>924</td>
</tr>
</tbody>
</table>

### Segment RoRWA\(^2\): -0.12% pt YoY

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>2.44%</td>
<td>2.16%</td>
<td>2.04%</td>
</tr>
</tbody>
</table>

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 1st sectors launched: Financial Institution segment showing good progress

- Strong Income Growth
  - CAGR\(^1\) +29%
- Diversified Product Mix
  - Group wholesale: 52%\(^\text{FY15}\), 40%\(^\text{FY17}\)
- Building Regional Connectivity
  - FIG\(^2\): 57%\(^\text{FY17}\) Income from outside Singapore

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\(^1\)):
\(+7\%\) CAGR\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$bn</td>
<td>91</td>
<td>98</td>
<td>104</td>
</tr>
</tbody>
</table>

Income (Group Retail\(^1\)):
\(+9\%\) CAGR\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$m</td>
<td>3,359</td>
<td>3,647</td>
<td>3,988</td>
</tr>
</tbody>
</table>

WM\(^3\) Income:
\(+14\%\) CAGR\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$m</td>
<td>693</td>
<td>727</td>
<td>811</td>
</tr>
</tbody>
</table>

Segment RoRWA\(^4\):
\(-0.01\%\) pt YoY

<table>
<thead>
<tr>
<th></th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.37%</td>
<td>6.47%</td>
<td>6.46%</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Includes Business Banking
2. Compound annual growth rate (CAGR) computed over 2 years (2015 to 2017)
3. WM (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
- **MIGHTY PX** Trade, Transact and Travel at your preferred FX rate.

---

**UOB MIGHTY**
- **CONTACTLESS MOBILE PAYMENTS**
  - FIRST IN SINGAPORE
- **MIGHTY SECURE** for use on mobile phone as security token
  - FIRST IN SINGAPORE
- **MIGHTY PX** Trade, Transact and Travel at your preferred FX rate.

---

**Increased Frequency**
- **1.6 million** (▲ 9% YoY) digital 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. YoY growth for Mighty is double at 82%

---

**Shorter Route to Apply**
- **114% YoY growth in accounts** opened online, leveraging Singapore Government MyInfo database

---

**Industry Awards**
- **Nov ’15**: 4 Industry Awards
- **‘16**: 7 Industry Awards
- **Jan’18**: 3 Industry Awards

---

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

- Positive outlook for global economy for next couple of years; Asia to benefit from recovery

- Normalising monetary policies; gradually rising short-term interest rates will benefit commercial banks like UOB

- UOB is well positioned to tap on growth opportunities across franchise:
  - Robust balance sheet, integrated network and sharpened capabilities allow us to tap on growing physical and digital connectivity opportunities
  - Continue to invest in our capabilities and core franchise
Thank You