Full Year 2018 Results

Record Earnings Supported by Strong Balance Sheet

Wee Ee Cheong
Deputy Chairman and Chief Executive Officer

22 February 2019
Record FY18 Earnings Built on Solid Growth Momentum of Core Business

- **S$4.0b** Net profit after tax, up 18% YoY
- **S$6.2b** Net interest income, up 13% YoY
- **S$2.0b** Net fee income, up 5% YoY

- **S$262b** Gross customer loans, up 11% YoY
- **1.82%** Net interest margin, up 5bp YoY
- **43.9%** Cost to income ratio, up 0.2% pt YoY
Disciplined Balance Sheet Management

- **Improved balance sheet efficiency**
  - Stronger RoRWA\(^1\) driven by higher profit

- **Healthy portfolio quality**
  - NPL ratio improved to 1.5% in 2018
  - 16bp credit cost on loans lower YoY
  - Adequate non-performing assets reserve cover: 87%, or 202% including collateral

- **Proactive liability management**
  - Liquidity Coverage Ratios: S$ (209%) and all-currency (135%)
  - Net stable funding ratio: 107%

- **Robust capital; 13.9% CET1 CAR\(^3\)**

- **Total dividend / share** $\uparrow$ to $1.20$, vs $1.00$ in FY17

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1. RoRWA: Return on average risk-weighted assets.
2. Compound annual growth rate (CAGR) computed over 4 years (2014 to 2018).
3. Capital adequacy ratio
**Tapping Intra-Regional Flows through Diversification**

Strong income & RoRWA¹ growth...

... supported by diverse sources

<table>
<thead>
<tr>
<th>By geography</th>
<th>By product</th>
<th>By sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>+11%</td>
<td>+17%</td>
<td>+15%</td>
</tr>
<tr>
<td>+11%</td>
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<td>+11%</td>
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GWB Income (S$)  

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
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<tr>
<td>3.5</td>
<td>3.9</td>
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RoRWA¹ (Profit before tax to Average segment RWA)  

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<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
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<tr>
<td>1.07%</td>
<td>1.95%</td>
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Non-Singapore Income² (S$)  

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<tr>
<th>FY17</th>
<th>FY18</th>
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<tr>
<td>1.7</td>
<td>1.9</td>
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Non-Loan Income³ (S$)  

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
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<tbody>
<tr>
<td>1.8</td>
<td>2.1</td>
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Non-Real Estate Income⁴ (S$)  

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<th>FY17</th>
<th>FY18</th>
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<tr>
<td>2.2</td>
<td>2.4</td>
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1. RoRWA: Ratio of “Profit before tax” to “Average segment RWA”.
2. Income from Hong Kong, China, Malaysia, Thailand, Indonesia, others.
3. Income from Cash, Trade, Global Markets, Investment Banking, others.
4. Income from Industrial, Financial Institutions, Oil & Gas, Consumer Goods, Construction & Infrastructures, Technology, Media & Telecommunications (TMT), Healthcare, Logistics, others.
Strategic Initiatives to Tap Intra-Regional Flows

1. **Strengthen Connectivity**

   **Support and grow with our customers in the region**
   - Focused on tapping Chinese / ASEAN flows
   - FDI\(^1\) advisory team, supporting companies' regional expansion

   Cross-border revenue: +15\% growth\(^2\) & 25\% of GWB income
   FDI\(^3\) contributed S$46b of deposit flows\(^4\)

2. **Sector Specialisation**

   **Offer customised solutions to our customers**
   - Focused sector teams supporting RM\(^3\) with insights & solutions

   Non-loan income: +15\%\(^2\)
   Non-real estate income: +11\%\(^2\)

3. **Products & Platforms**

   **Building new capabilities**
   - New product platforms
   - Re-designed customer journeys
   - Rapid deployment across the Group

   GWB e-Banking customers ~20\% growth\(^2\)
   Targeted cost productivity improvement\(^5\): ~10-15\%

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1. FDI: Foreign Direct Investment.
2. 2018 year-on-year growth.
3. RM: Relationship Manager.
5. 2021 target.
Serving the Rising Affluent via Our Extensive In-country Presence

Gross Loans (Group Retail\(^1\)): +4% YoY in FY18

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<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
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<tbody>
<tr>
<td>S$b</td>
<td>98</td>
<td>104</td>
<td>108</td>
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Income\(^3\) (Group Retail\(^1\)) +4% YoY in FY18

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<tr>
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<th>FY17</th>
<th>FY18</th>
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<tr>
<td>S$b</td>
<td>3.5</td>
<td>3.8</td>
<td>4.0</td>
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High Affluent\(^2\) Income: +10% YoY in FY18

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<th>FY18</th>
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<tbody>
<tr>
<td>S$b</td>
<td>1.1</td>
<td>1.3</td>
<td>1.5</td>
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Segment RoRWA\(^4\) +0.50%pt YoY in FY18

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<th>FY16</th>
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<th>FY18</th>
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<tr>
<td>%</td>
<td>5.78</td>
<td>5.72</td>
<td>6.22</td>
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1. Includes Business Banking.
2. High Affluent comprises Privilege Banking and High Net Worth (Privilege Reserve + Private Bank) segments.
3. Income includes fee and commission income that is net of directly attributable expenses.
4. RoRWA: Ratio of “Profit before tax” to “Average segment RWA”.

AUM

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<th>FY17</th>
<th>FY18</th>
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<tbody>
<tr>
<td>S$b</td>
<td>S$93b</td>
<td>S$104b</td>
<td>S$111b</td>
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Leveraging Digitalisation and Partnerships to Grow and Deepen Customer Franchise

1. **Digital Bank**
   - **Targeting Mobile-First and Mobile-Only Generation**
     - Delivered and launched TMRW in Thailand within 14 months
   - Target 5 markets
   - 3-5m customers
   - Engagement Index >7
   - Steady-state cost-income ratio ~35%

2. **Omni-Channel Experience**
   - **Deepening customer engagement**
     - Digitised application & approval of consumer products
     - Growth in Mighty app usage
     - Leveraging data analytics & machine learning across customer touch points
   - UOB Mighty App: Transaction volume: +125%
   - New Orchard Wealth Banking Centre with state of the art features

3. **Ecosystem Partnerships**
   - **Forging collaborations to widen distribution reach**
     - Strengthening customer acquisition & deepen customer wallet share
     - Improving banking access by plugging into consumers’ lifestyles
   - Regional bancassurance arrangement with Prudential
   - Strategic alliance with Grab
   - Partnerships in property and car ecosystems

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1. Include UOB Housing Loan, Car Loan, Credit Cards and Deposits.
2. 2018 year-on-year growth
Looking Ahead

Prudent in navigating headwinds

- Global uncertainties
- Heightened geopolitical risks
- Volatile financial markets

UOB well positioned to ride on Southeast Asia’s immense long-term potential

- Building sector specialisation
- Growing connectivity across the region
- Enhancing capabilities, boosting productivity
- Delivering seamless omni-channel experience
- Forging ecosystem partnerships
- Tapping rising affluence in the region
Thank You