

# First Half 2017 Results Sound Operating Performance, Healthy Balance Sheet

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Deputy Chairman and Chief Executive Officer

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- **Asian Financial Crisis' (AFC) 20<sup>th</sup> 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

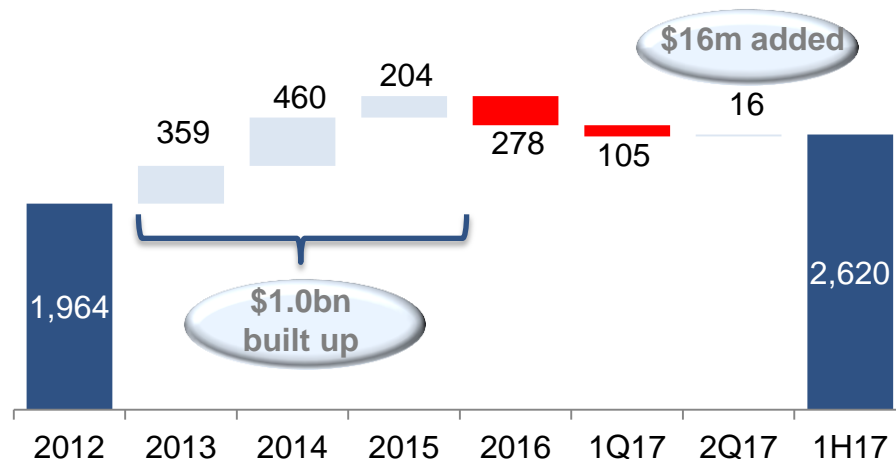
# Sound Performance; Broad-based Growth Across Businesses

- **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

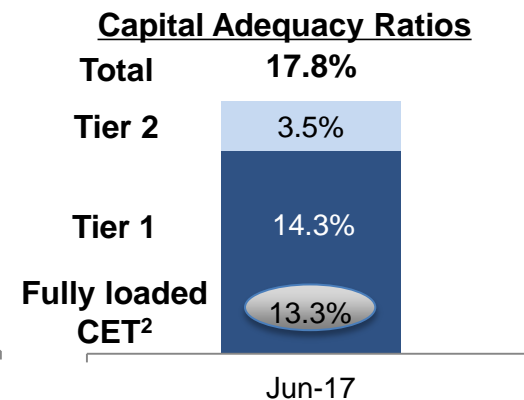
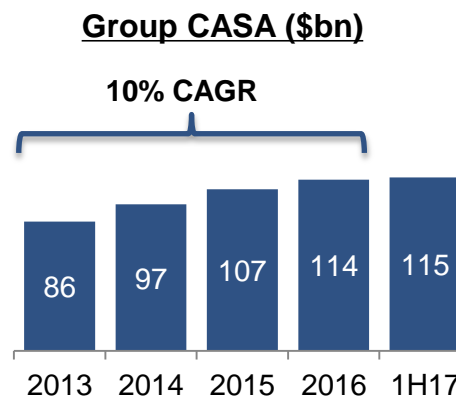
## Countercyclical Approach to General Allowances (\$m)



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

## Liability Management and Capital

- **Robust capital position**
  - 13.3% fully-loaded CET1 ratio<sup>2</sup>
- **Interim dividend of 35 cents/share**
  - Scrip dividend scheme applied

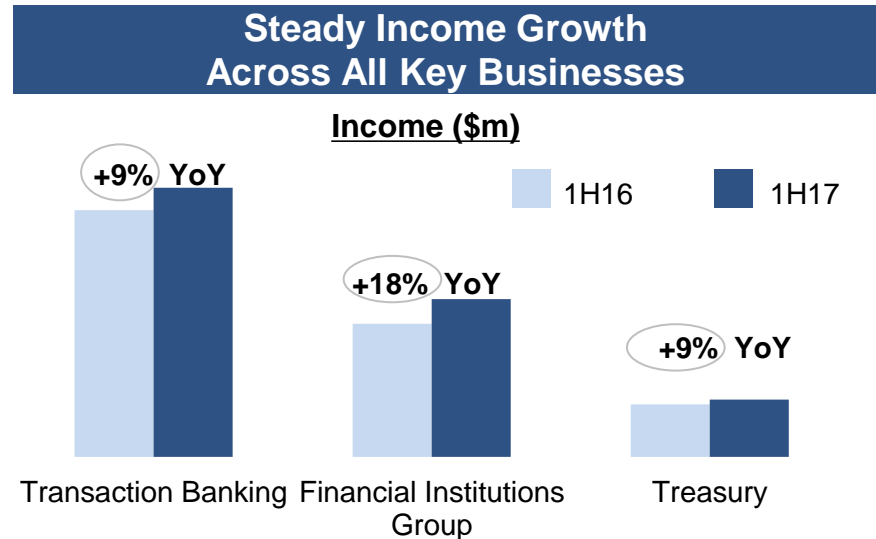
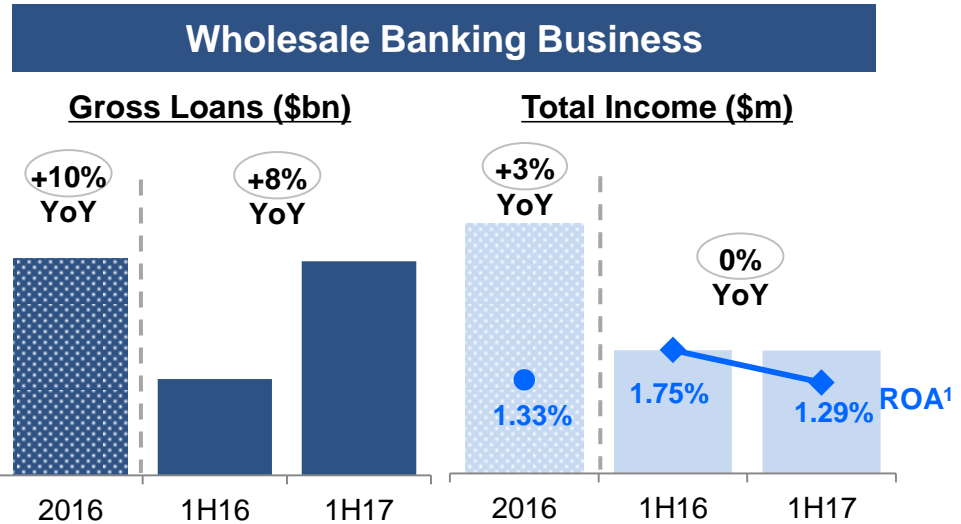


1. Average ratios for second quarter of 2017.

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%<sup>2</sup> 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

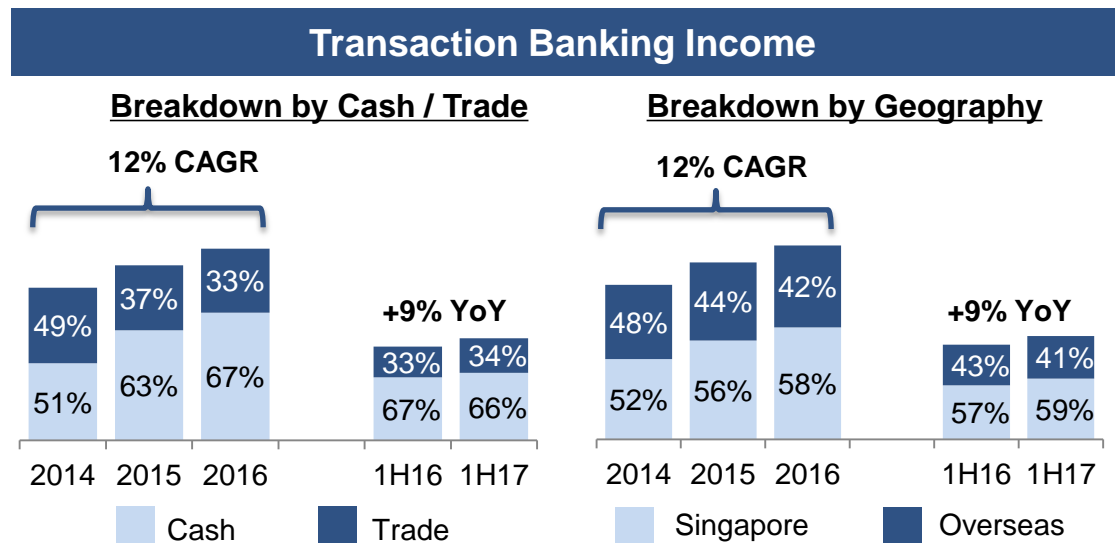
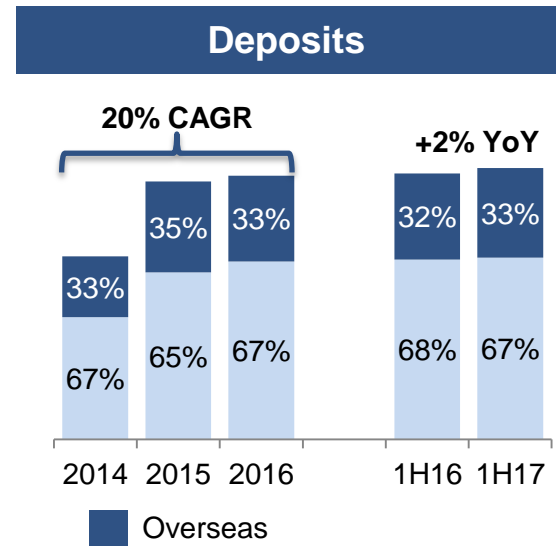
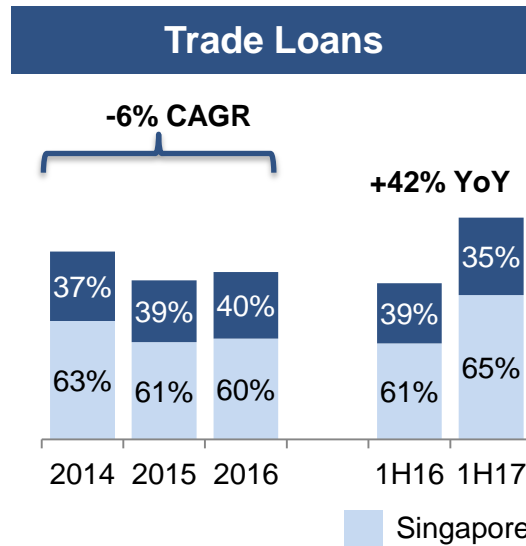
- Overall transaction banking income grew by 9%

- 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

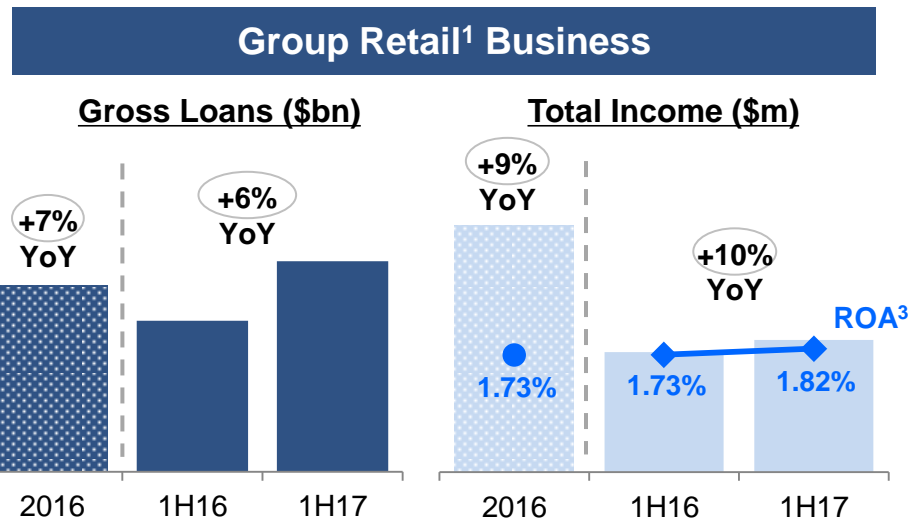
- High-quality deposits on the uptrend

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

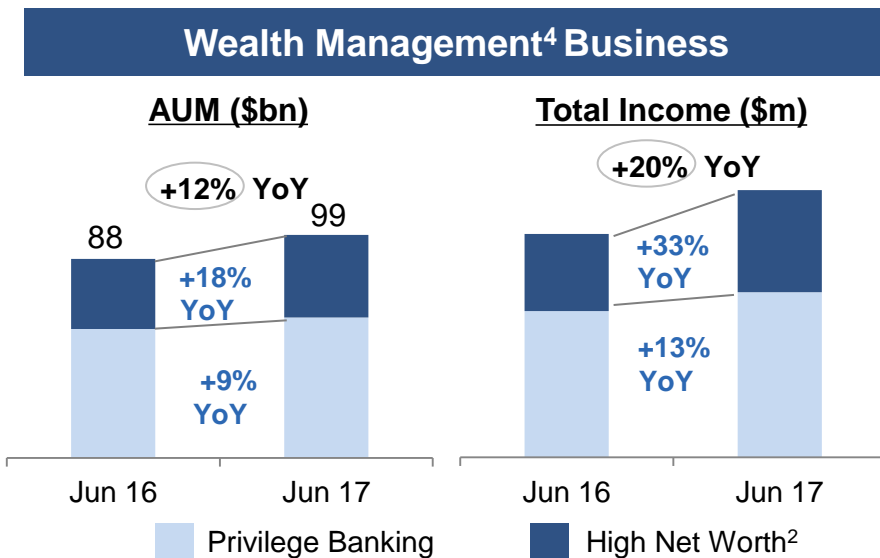


# Retail Banking: Growth Momentum Picking Up

- **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<sup>4</sup>:**
  - Steady growth for both mass affluent and High Net Worth<sup>2</sup> segments
  - \$99bn AUM as at end-Jun 2017

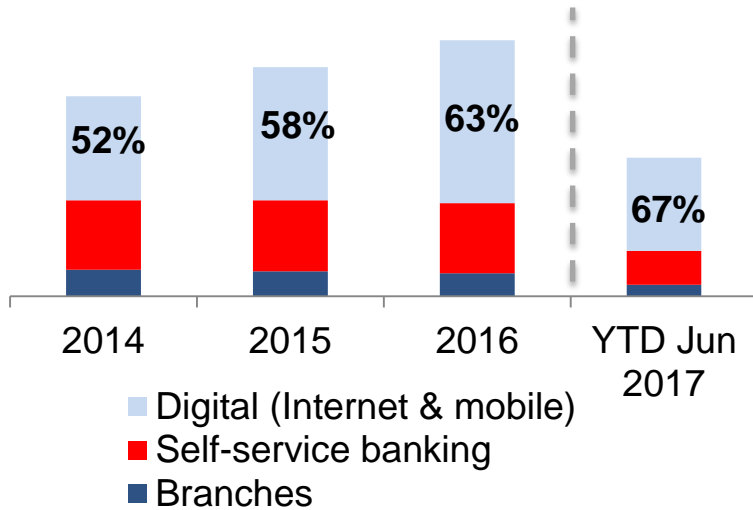


1. Retail Banking comprises Personal Financial Services, Private Banking and Business Banking.
2. High Net Worth segment comprises Privilege Reserve and Private Bank segments.
3. ROA: Ratio of "Profit before tax" to "Average Assets".
4. Wealth Management comprises Privilege Banking, Privilege Reserve and Private Bank segments.

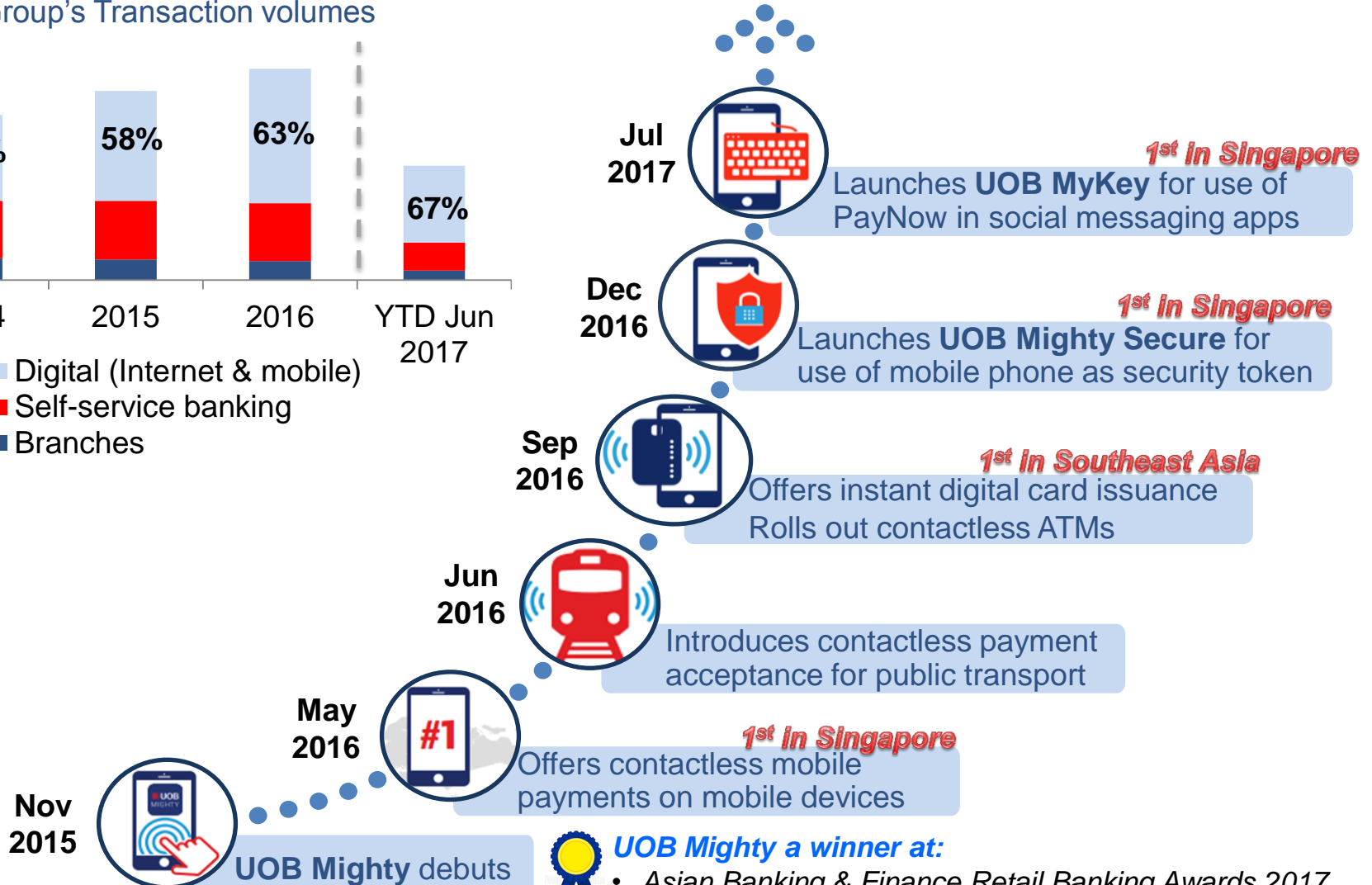
# Customer-Centric Approach in Digital

## Rising Digital Adoption Amongst Customers

Group's Transaction volumes



## UOB's Digital Roadmap



**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

