

UOB Group

For the Nine Months / Third Quarter Ended
30 September 2017

Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

3 November 2017

Disclaimer: This material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB Bank accepts no liability whatsoever with respect to the use of this document or its content.

9M17 and 3Q17 Highlights

Steady growth in client franchise income, supported by balance sheet growth

9M17 NPAT of \$2.54b ↑8% YoY

3Q17 NPAT of \$883m, ↑12% YoY; ↑5% QoQ

Steady top lines growth

- Higher NIM on improved margins mainly contributed by active balance sheet management
- Strong growth in wealth management, fund management and credit card businesses

Asset quality remains broadly stable

- New NPL formation from a large account in oil & gas sector this quarter
- Proactive management of oil & gas exposures which remained under stress, while the rest of the portfolio stays resilient
- Adequate levels of allowances had been set aside

Balance sheet remains strong

- Continued growth in gross loans and customer deposits
- Strong capital and liquidity positions

Steady growth in the client franchise income, supported by balance sheet growth

	9M17	9M16	YoY	
	\$m	\$m	\$m	+/(-) %
Net interest income	4,067	3,715	352	9 ▲
Fee and commission income	1,577	1,400	177	13 ▲
Other non-interest income	900	918	(18)	(2) ▼
Total income	6,544	6,033	511	8 ▲
Less: Total expenses	2,925	2,739	186	7 ▲
Operating profit	3,619	3,293	325	10 ▲
Less: Specific allowance	694	551	143	26 ▲
General allowance	(107)	(88)	(19)	(22) ▼
Add: Associates & joint ventures	88	27	61	>100 ▲
Net profit before tax	3,120	2,857	262	9 ▲
Less: Tax & non-controlling interests	585	500	85	17 ▲
Net profit after tax	2,535	2,357	177	8 ▲



favourable variance to earnings



unfavourable variance to earnings

Steady contribution from client franchise income

	3Q17	3Q16	YoY	
	\$m	\$m	\$m	+/(-) %
Net interest income	1,408	1,230	179	15 ▲
Fee and commission income	551	492	59	12 ▲
Other non-interest income	279	318	(39)	(12) ▼
Total income	2,238	2,040	199	10 ▲
Less: Total expenses	973	918	55	6 ▲
Operating profit	1,265	1,122	144	13 ▲
Less: Specific allowance	247	299	(52)	(17) ▼
General allowance	(26)	(113)	88	77 ▲
Add: Associates & joint ventures	29	25	4	15 ▲
Net profit before tax	1,073	962	112	12 ▲
Less: Tax & non-controlling interests	190	171	19	11 ▲
Net profit after tax	883	791	92	12 ▲



favourable variance to earnings



unfavourable variance to earnings

Robust quarterly performance, driven by higher NIM, client franchise's revenue momentum and cost discipline

	3Q17	2Q17	QoQ	
	\$m	\$m	\$m	+/(-) %
Net interest income	1,408	1,356	53	4 ▲
Fee and commission income	551	517	34	7 ▲
Other non-interest income	279	310	(31)	(10) ▼
Total income	2,238	2,183	56	3 ▲
Less: Total expenses	973	995	(21)	(2) ▼
Operating profit	1,265	1,189	77	6 ▲
Less: Specific allowance	247	168	79	47 ▲
General allowance	(26)	12	(38)	(>100) ▼
Add: Associates & joint ventures	29	24	5	20 ▲
Net profit before tax	1,073	1,033	41	4 ▲
Less: Tax & non-controlling interests	190	188	2	1 ▲
Net profit after tax	883	845	38	5 ▲



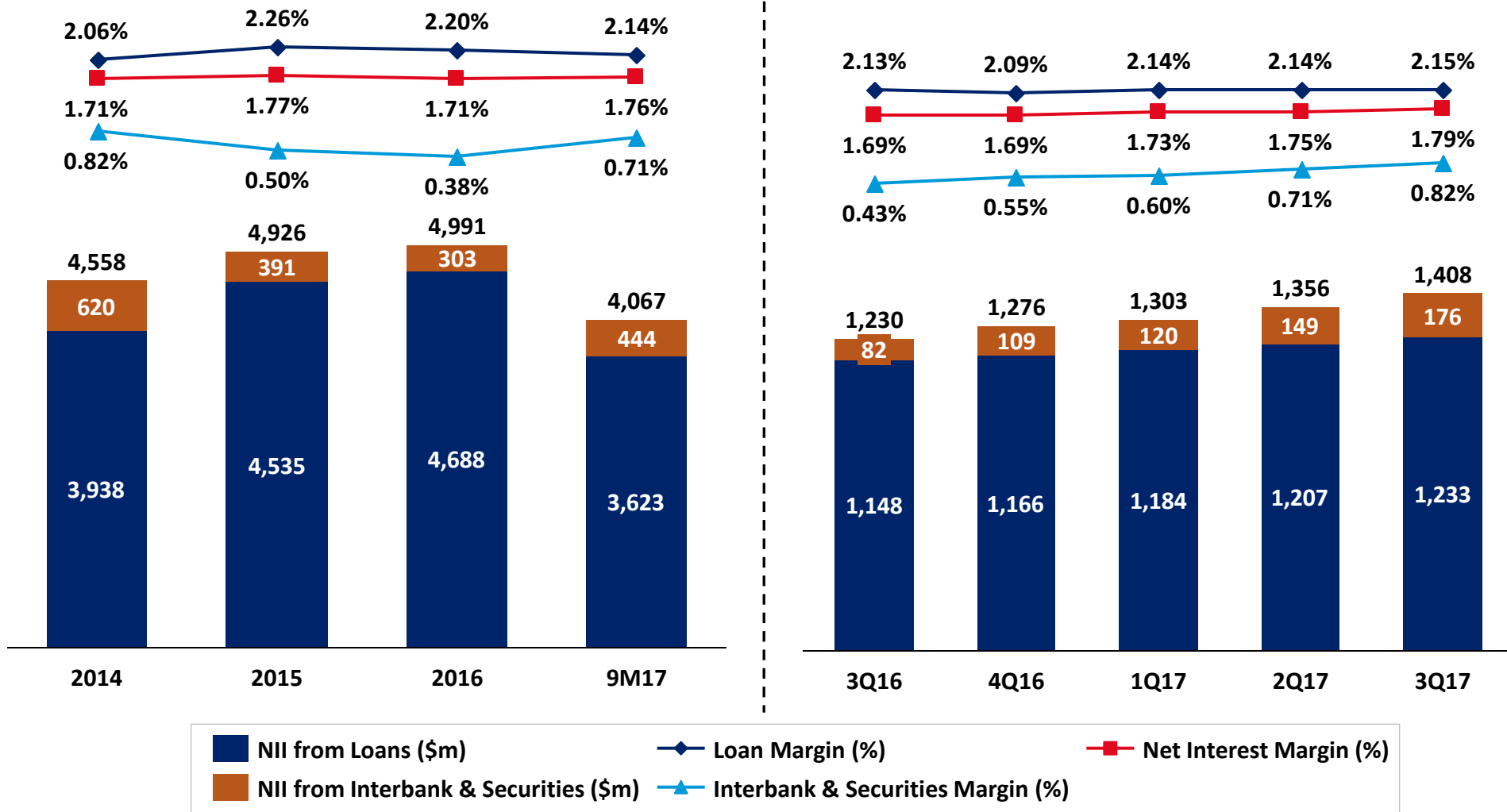
favourable variance to earnings



unfavourable variance to earnings

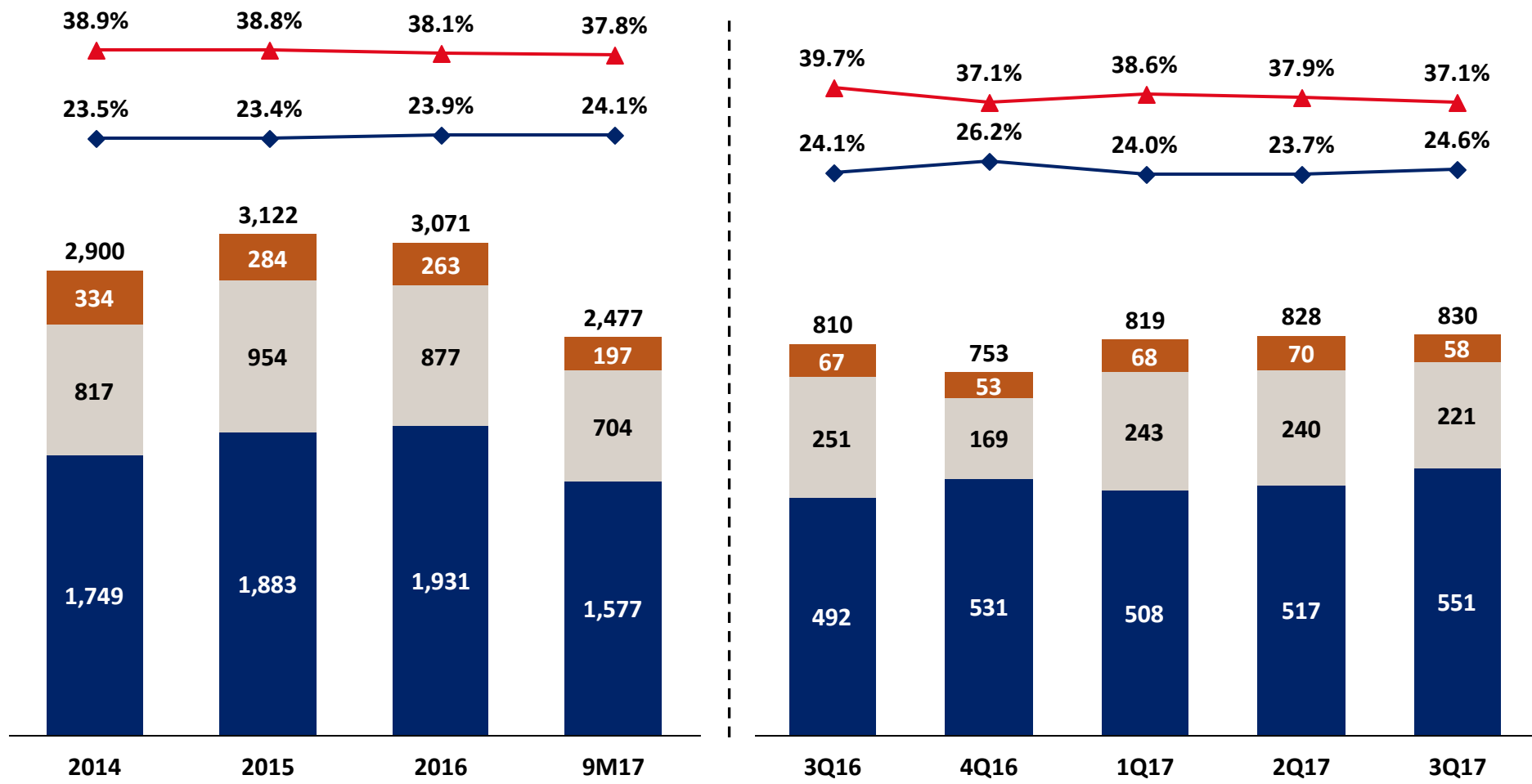
NII rose 9% YoY supported by improved margins from active balance sheet management and loan growth

Net Interest Income (NII) and Margin



Strong growth in wealth management, fund management and credit card businesses

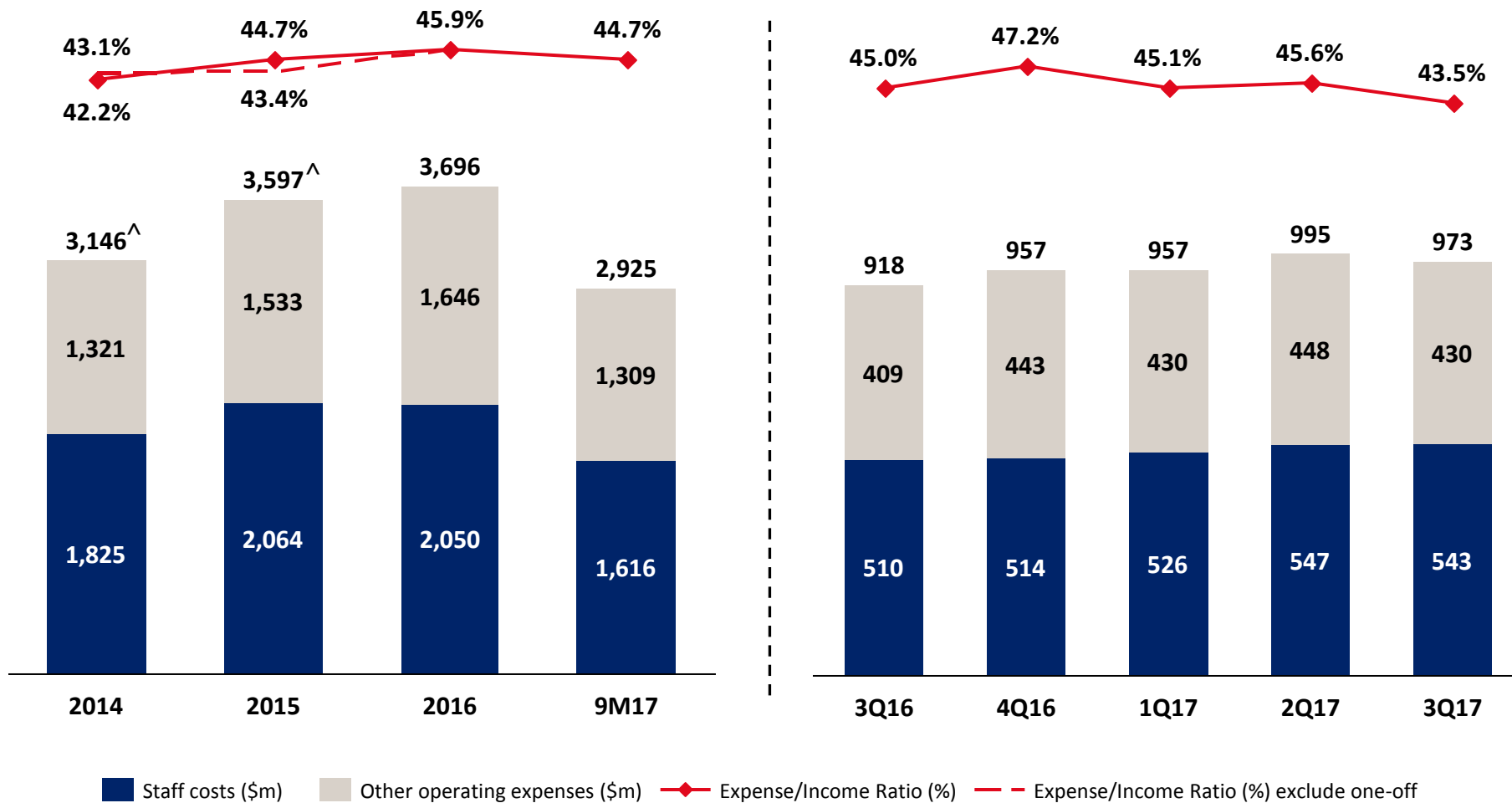
Non-Interest Income (Non-NII) and Non-NII Ratio



■ Fee and commission income (\$m)
 ■ Other non-interest income (\$m)
 ▲ Non-NII/Total Income (%)
■ Trading & Investment income (\$m)
 ◆ Fee Income/Total Income (%)

Expense/income ratio improved with disciplined cost management on the back of healthy income growth

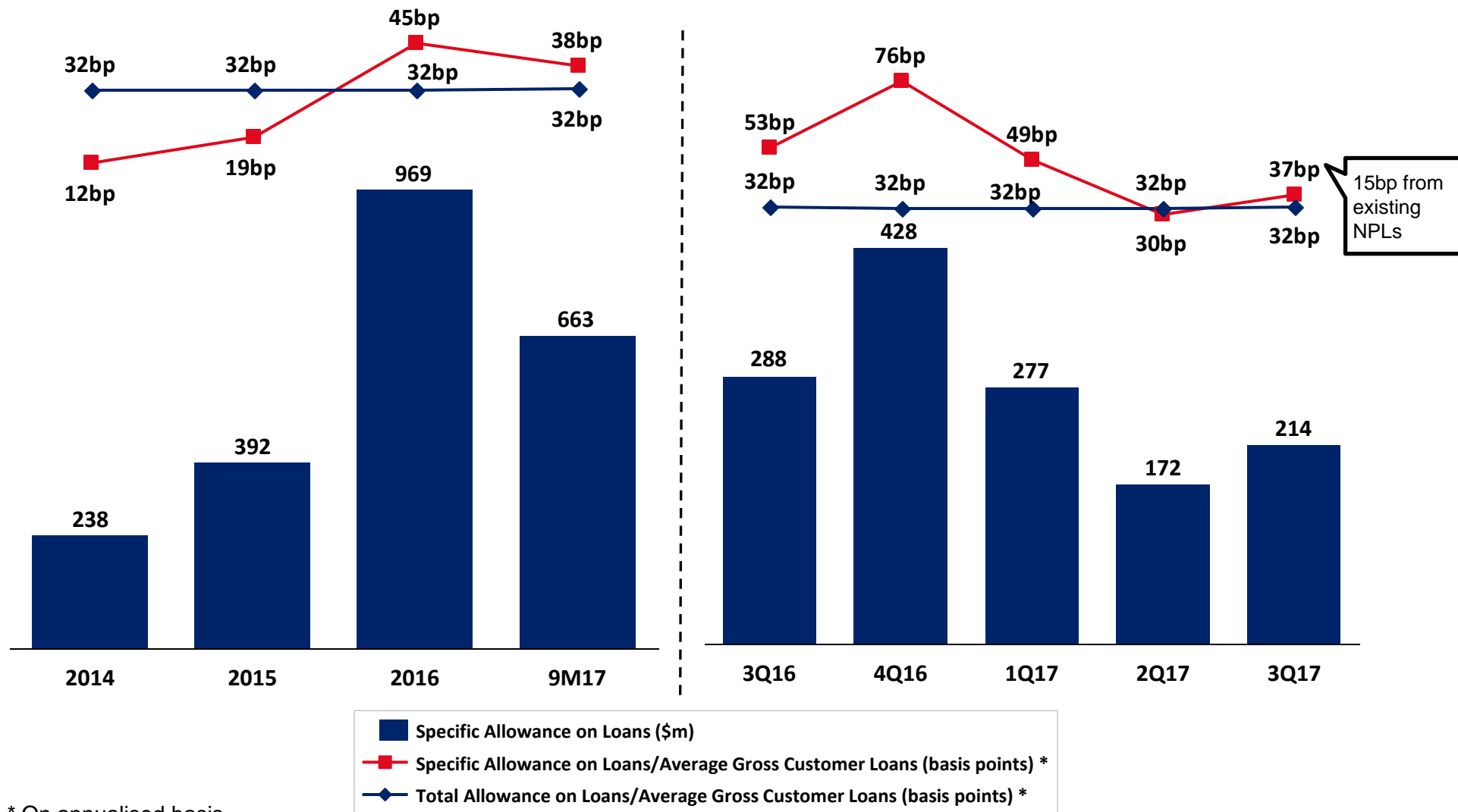
Operating Expenses and Expense / Income Ratio



^ Included one-off expenses relating to SG50 and UOB80 commemorative events and brand campaign (2015: \$67m) and adjustment for prior year's bonus.

Higher specific allowance mainly from a large account in the oil & gas sector. Total credit costs on loans were kept at 32bps with a release in general allowance made in the past

Allowance on Loans



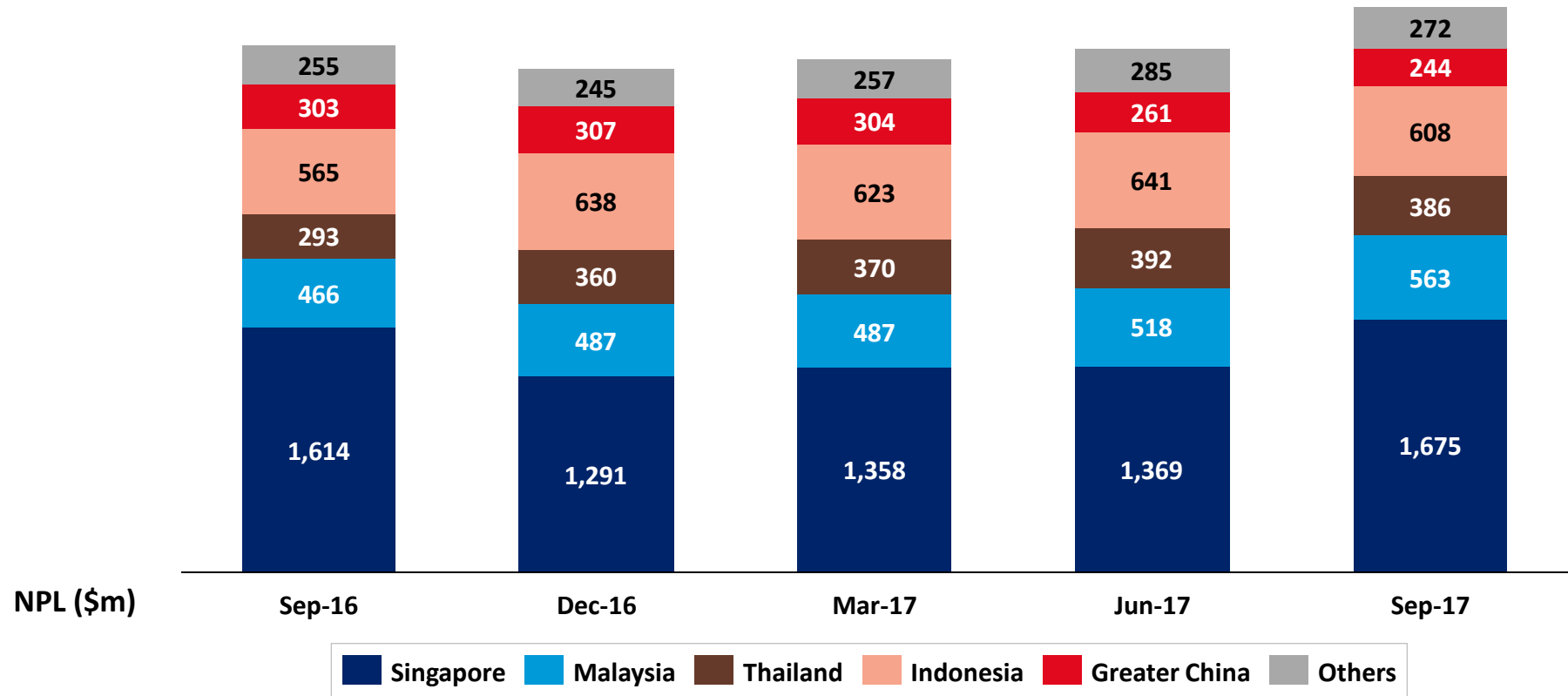
* On annualised basis

New formation of NPL was mainly from a large account in the oil and gas sector, which remained under stress

	3Q16	4Q16	1Q17	2Q17	3Q17
	\$m	\$m	\$m	\$m	\$m
NPA at start of period	3,164	3,632	3,480	3,543	3,587
New NPA	780	387	424	537	799
Upgrades, recoveries and translations	(201)	(320)	(293)	(255)	(369)
Write-offs	(111)	(219)	(68)	(238)	(98)
NPA at end of period	3,632	3,480	3,543	3,587	3,919

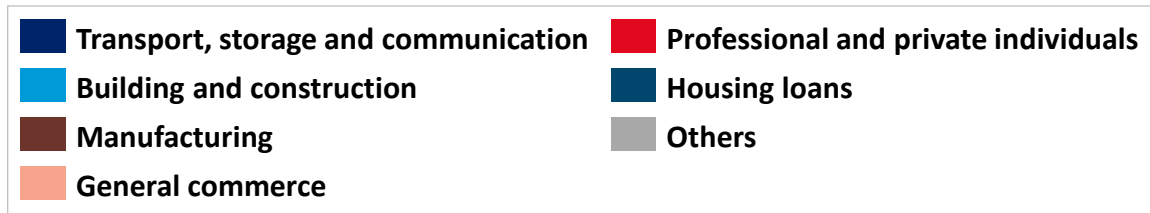
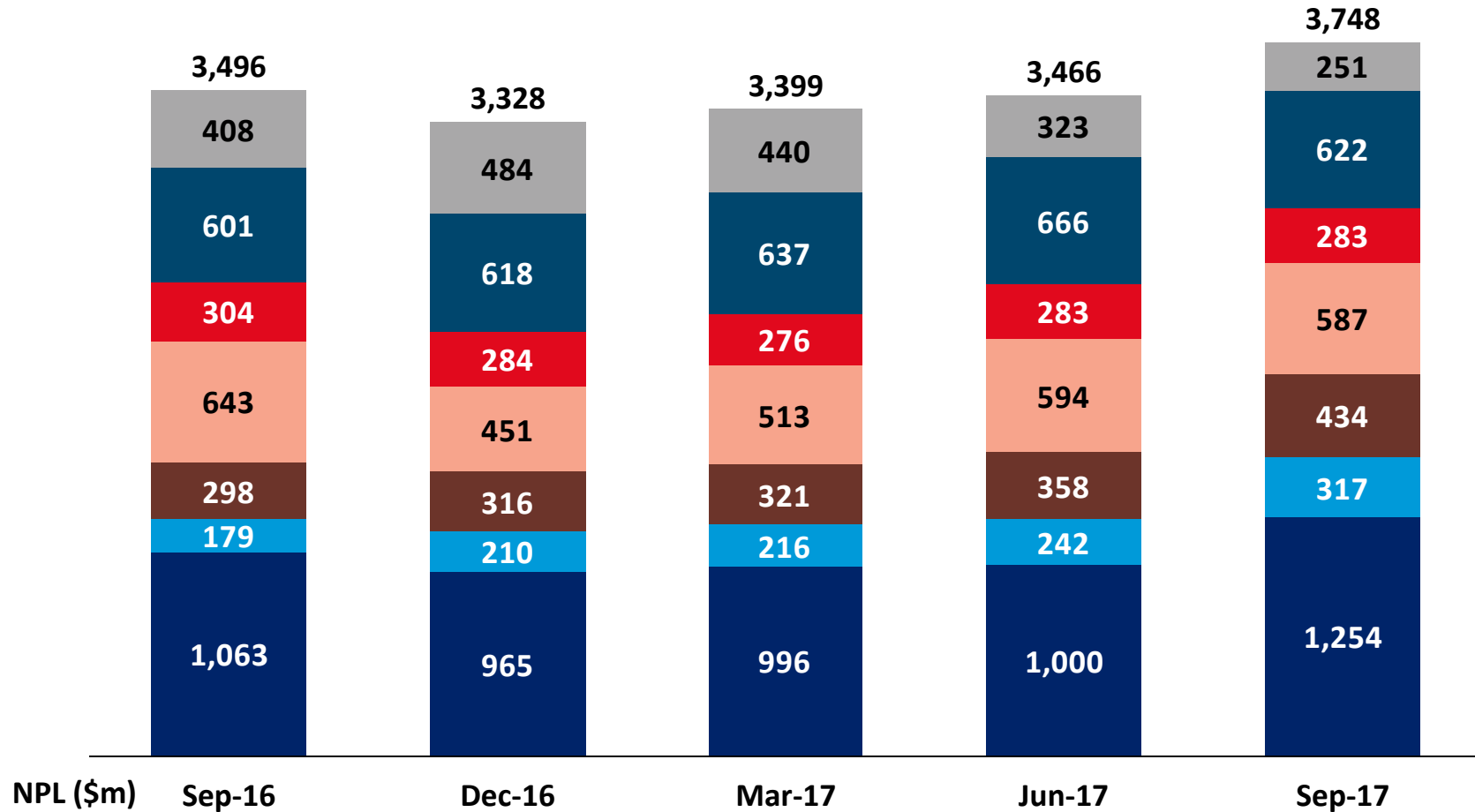
NPL ratio rose to 1.6% mainly driven by a new NPL from oil & gas sector

NPL (\$m)	3,496	3,328	3,399	3,466	3,748
NPL Ratio	1.6%	1.5%	1.5%	1.5%	1.6%



Note : Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

New NPLs mainly from transport, storage and communication industry



Exposure to commodities

Sep 17	Oil and gas		Other commodity segments	Total
	Upstream industries ²	Traders/ downstream industries		
Total exposure ¹	SGD4.3b	SGD12.1b	SGD9.9b	SGD26.3b
Outstanding loans	SGD3.7b	SGD7.2b	SGD6.9b	SGD17.8b

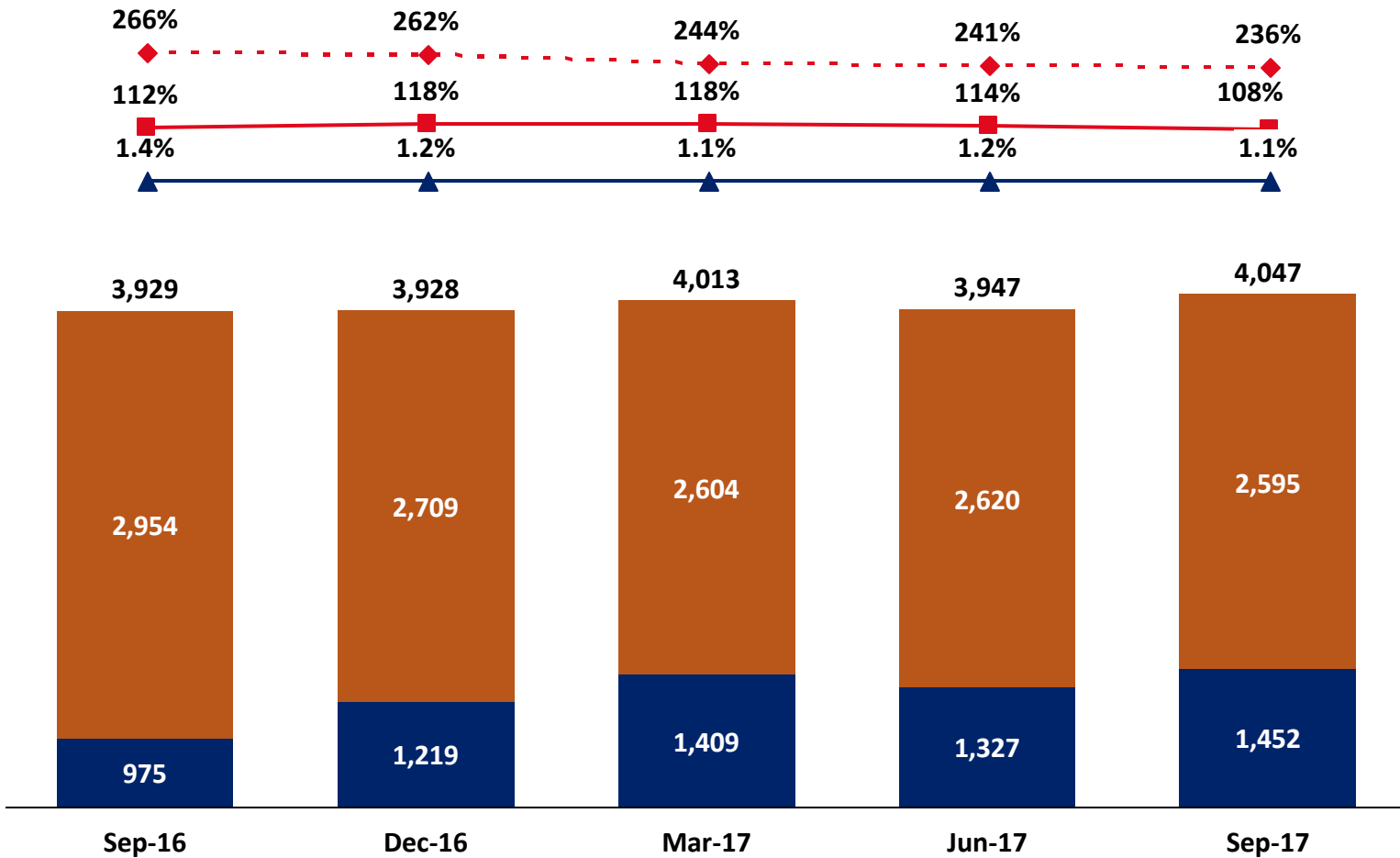
5% of total loans

8% of total loans

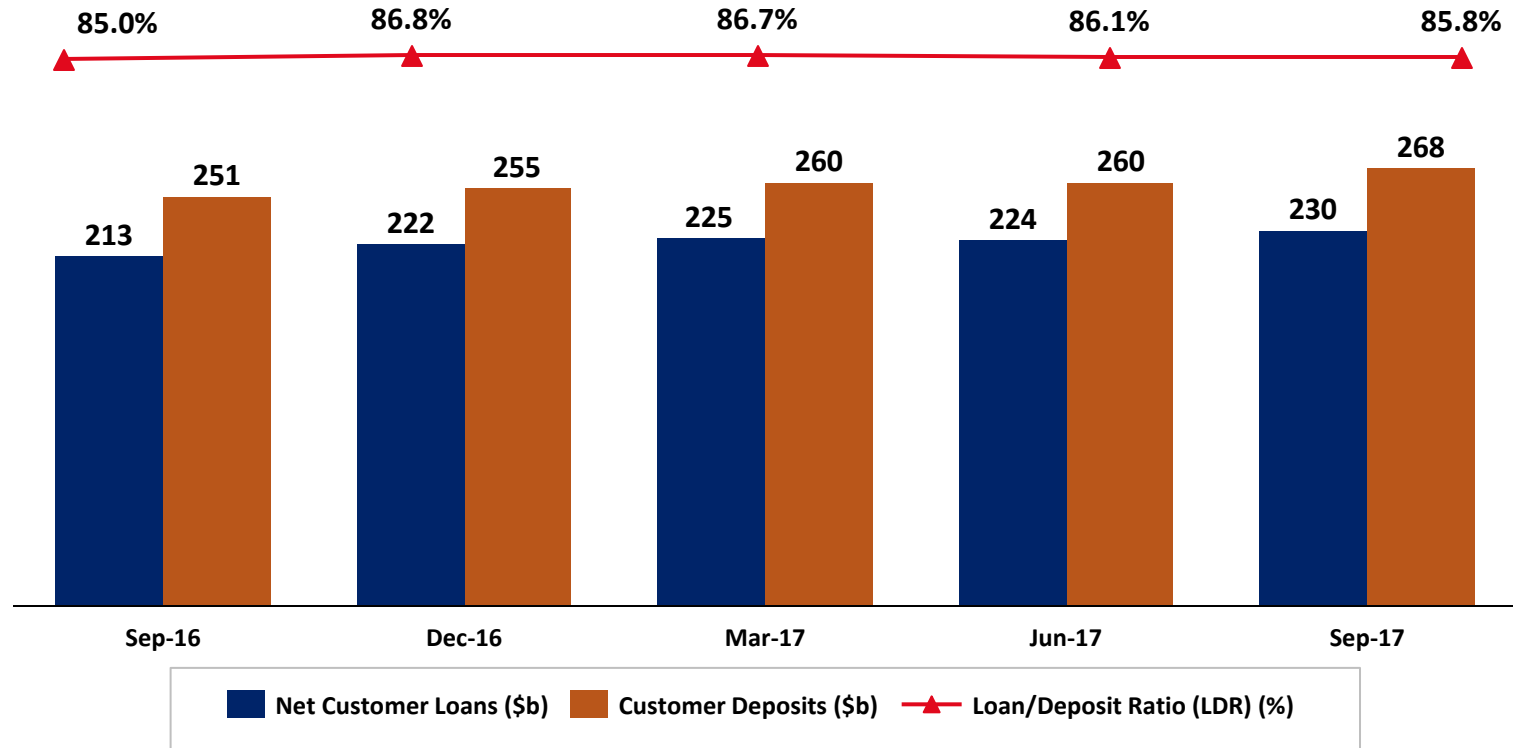
- Total exposure, including off-balance sheet items, stood at SGD26.3b as of 30 September 2017
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

Notes: 1. Total exposure comprises outstanding loans and contingent liabilities
 2. Oil and gas upstream industries include offshore service companies.

Loan allowance coverage remains adequate



Customer Loans and Deposits; LDR and LCR

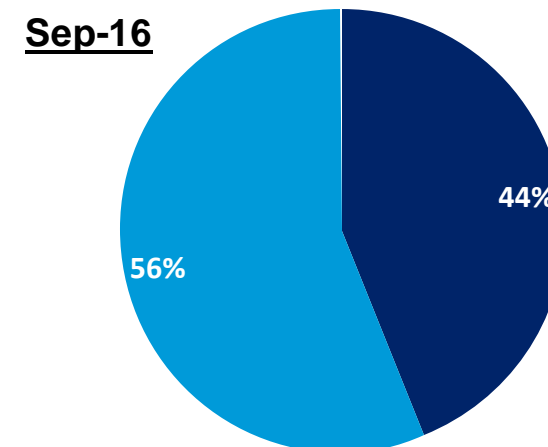
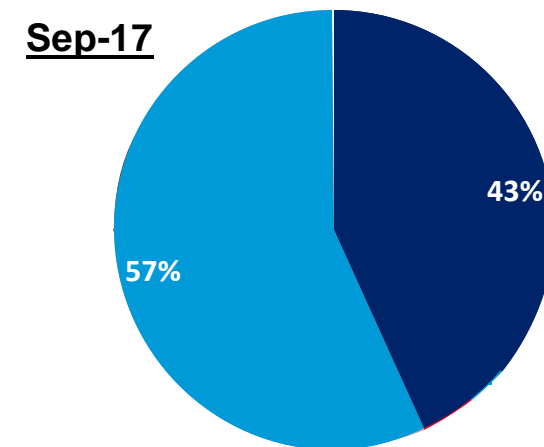


SGD LDR (%)	89.7	89.7	87.8	89.9	91.9
USD LDR (%)	68.3	74.6	75.7	66.5	65.3
SGD LCR (%) ¹	213	275	232	203	196
Total LCR (%) ¹	148	162	154	157	142

¹ Average for quarters

Loans up 8% YoY and 3% QoQ to \$234b

Gross Loans	Sep-17	Sep-16	+ / (-)	Jun-17	+ / (-)
	\$b	\$b	%	\$b	%
Singapore	127	120	6	125	1
Regional:	84	76	10	79	5
Malaysia	26	26	2	26	0
Thailand	14	12	17	14	4
Indonesia	11	12	(3)	12	(2)
Greater China	32	26	21	28	13
Others	23	21	10	23	2
Total	234	217	8	228	3



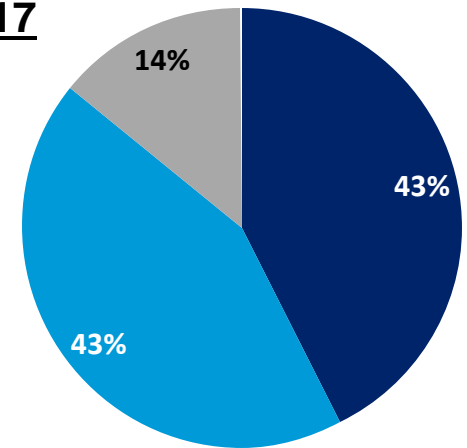
■ Group Retail ■ Group Wholesale

Notes: 1. Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).
 2. No significant currency translation impact.

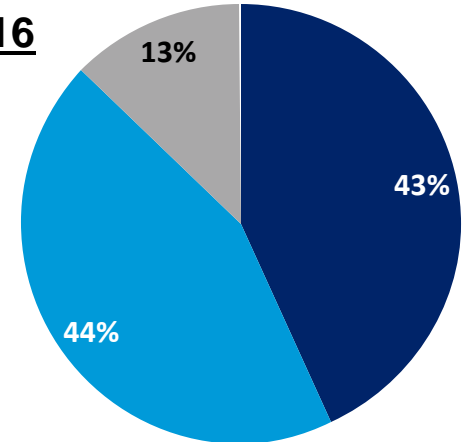
Funding increased by 8% or \$23b YoY with proactive liquidity and balance sheet management

Customer Deposits	Sep-17 \$b	Sep-16 \$b	+/(-) %	Jun-17 \$b	+/(-) %
Singapore	184	179	3	180	2
Regional:	67	60	11	65	3
Malaysia	28	27	3	27	2
Thailand	15	13	22	14	8
Indonesia	7	7	6	8	(3)
Greater China	16	14	17	16	3
Others	18	12	46	15	15
Total customer deposits	268	251	7	260	3
Wholesale funding	41	35	17	40	1
Total funding	309	286	8	300	3

Sep-17



Sep-16

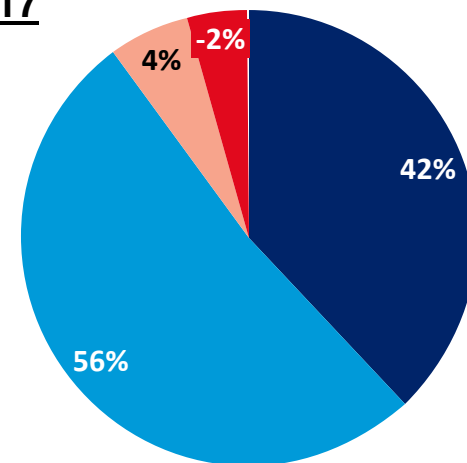


Note: No significant currency translation impact.

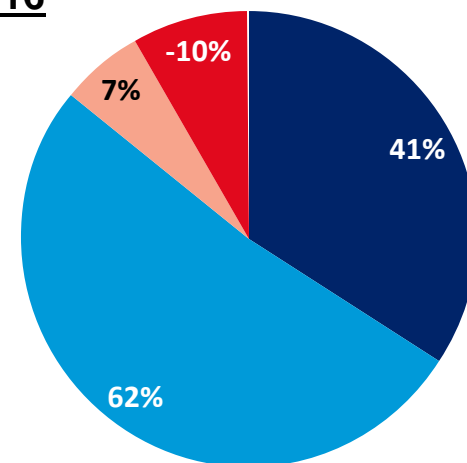
Performance by business segment

Segment Operating Profit	9M17	9M16	+ / (-)
	\$m	\$m	%
Group Retail (GR)	1,503	1,358	11
Group Wholesale Banking (GWB)	2,029	2,037	(0)
Global Markets (GM)	160	218	(26)
Others *	(72)	(319)	77
Total	3,619	3,293	10

9M17



9M16



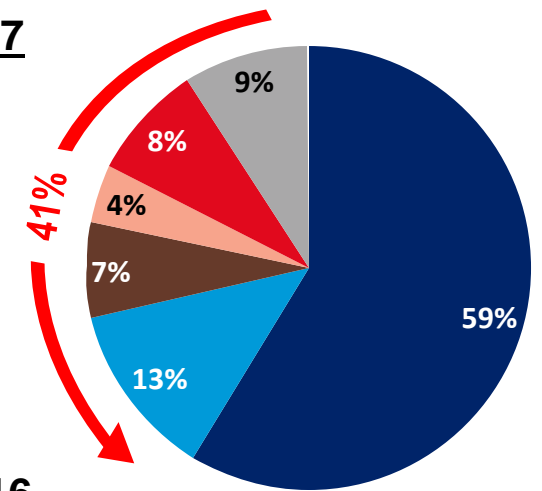
* Comprises Investment Management, Central Treasury and Corporate Functions



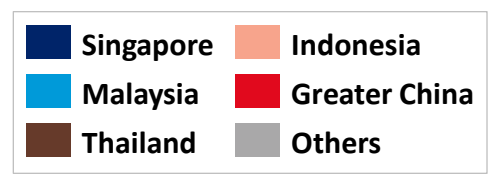
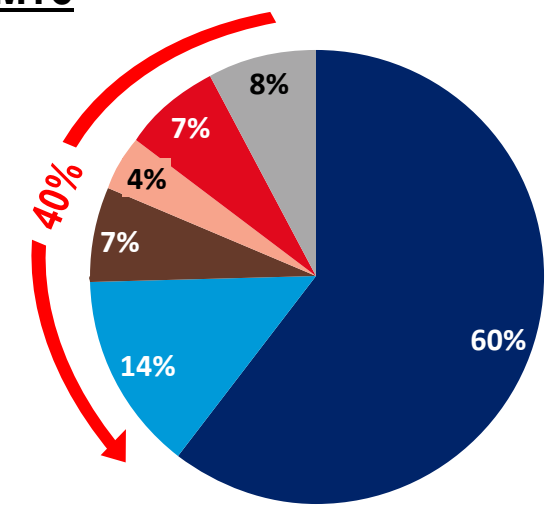
Regional operating profit rose 11% YoY in constant currency terms

Operating Profit	9M17 \$m	9M16 \$m	+/(-) %	At constant FX rate
				+/(-) %
Singapore	2,139	1,969	9	9
Regional:	1,147	1,041	10	11
Malaysia	466	457	2	8
Thailand	255	228	12	7
Indonesia	121	130	(7)	(8)
Greater China	304	226	35	34
Others	334	284	18	17
Total	3,619	3,293	10	10

9M17



9M16

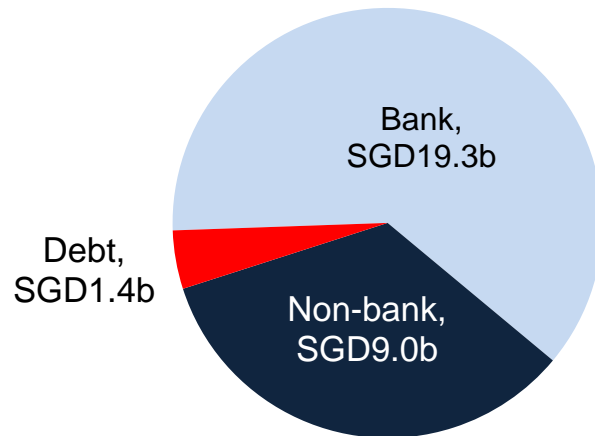


Exposure to China

Sep 2017

SGD29.7b

or 8.4% of total assets



Bank exposure in China

- Around 99% with <1 year tenor
- Around 80% accounted for by top 5 domestic banks and policy banks
- Trade exposures represent close to half of bank exposure

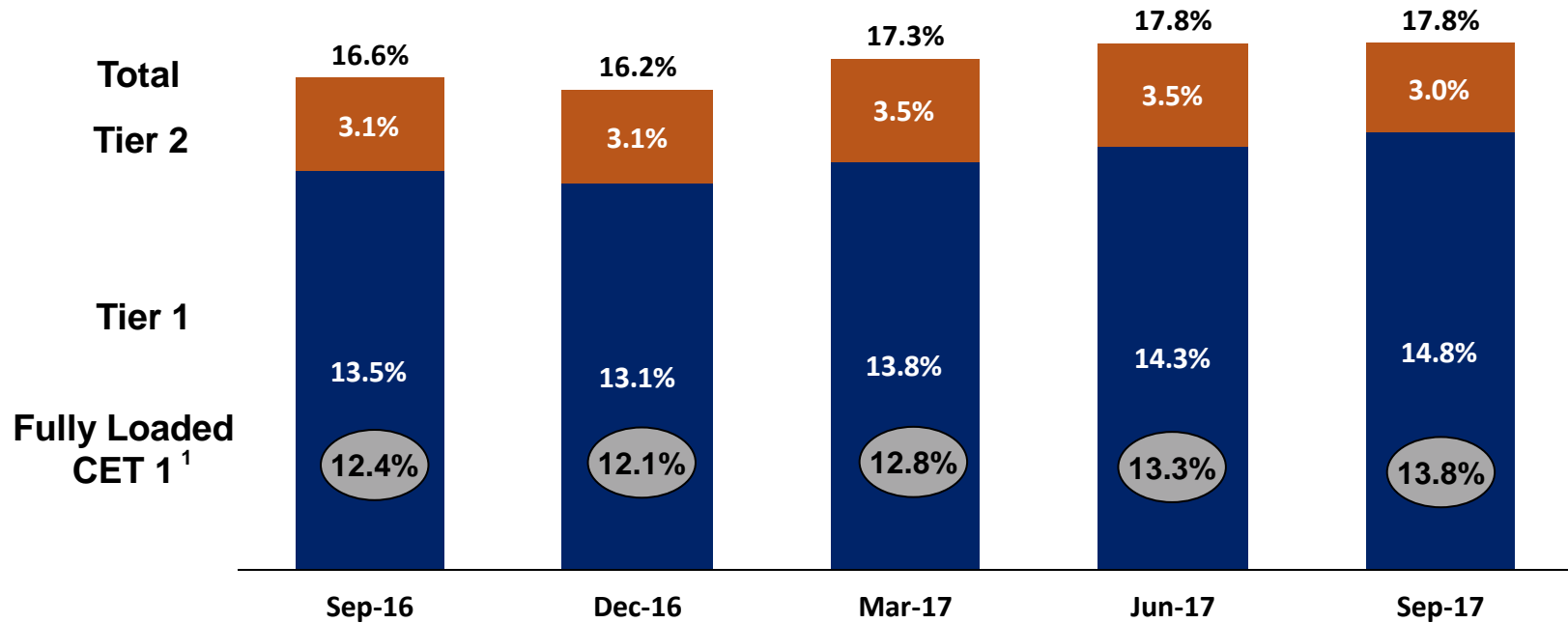
Non-bank exposure in China

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio around 0.8%
- Around 43% with <1 year tenor
- Around half of loans denominated in RMB
- Minimal exposure to stockbroking companies linked to China's stock market
- No exposure to Qingdao fraud and local government financing vehicles

Note: Classification is according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

Strong capital position augmented by various capital management initiatives

Capital Adequacy Ratios (CAR)



CET1 Capital (\$b)	27	28	28	29	29
Tier 1 Capital (\$b)	28	28	29	30	31
Total Capital (\$b)	34	35	36	37	37
RWA (\$b)	205	216	211	209	206
Leverage ratio (%) ²	7.5	7.4	7.6	7.8	7.7

Notes:

1. Based on final rules effective 1 Jan 2018.
2. Leverage ratio is calculated based on the MAS Notice 637.

Appendix :

Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

Singapore – Key Financials

	9M17	9M16	+/(-)	3Q17	2Q17	+/(-)
	\$m	\$m	%	\$m	\$m	%
Net interest income	2,233	2,010	11	787	743	6
Fee & commission income	972	827	17	334	322	4
Other non-interest income	564	635	(11)	172	208	(17)
Total income	3,769	3,472	9	1,293	1,272	2
Less: Expenses	1,630	1,503	8	532	567	(6)
Operating profit	2,139	1,969	9	761	706	8
Less: Allowances	358	225	59	104	122	(15)
Add: Associates & JVs	36	39	(8)	12	13	(6)
Profit before tax	1,816	1,783	2	668	597	12
Key ratios (%)						
Net interest margin	1.35	1.29		1.41	1.35	
Non-NII/Total income	40.7	42.1		39.1	41.6	
Expense/Total income	43.2	43.3		41.2	44.5	
Loan/Deposit	76.9	75.0		76.9	77.7	

Malaysia – Key Financials

	9M17	9M16	+/(–)	3Q17	2Q17	+/(–)
	RM'm	RM'm	%	RM'm	RM'm	%
Net interest income	1,602	1,495	7	542	538	1
Fee & commission income	512	475	8	172	162	6
Other non-interest income	218	232	(6)	67	71	(6)
Total income	2,332	2,202	6	781	771	1
Less: Expenses	871	846	3	296	296	-
Operating profit	1,461	1,356	8	485	475	2
Less: Allowances	44	132	(67)	32	(2)	>100
Profit before tax	1,417	1,224	16	453	477	(5)
Profit before tax (S\$m)	452	412	10	144	154	(6)
<i>Average Exchange rate</i>	3.13	2.97		3.14	3.10	
<u>Key ratios (%)</u>						
Net interest margin	2.17	2.24		2.12	2.19	
Non-NII/Total income	31.3	32.1		30.6	30.2	
Expense/Total income	37.3	38.4		37.9	38.4	
Loan/Deposit	94.7	94.1		94.7	96.1	

Thailand – Key Financials

	9M17 THB'm	9M16 THB'm	+/(-) %	3Q17 THB'm	2Q17 THB'm	+/(-) %
Net interest income	11,532	10,664	8	4,019	3,814	5
Fee & commission income	4,592	4,337	6	1,623	1,579	3
Other non-interest income	711	659	8	284	301	(6)
Total income	16,835	15,660	8	5,926	5,694	4
Less: Expenses	10,560	9,795	8	3,638	3,391	7
Operating profit	6,275	5,865	7	2,288	2,303	(1)
Less: Allowances	2,322	2,145	8	739	900	(18)
Profit before tax	3,953	3,720	6	1,549	1,403	10
Profit before tax (\$m)	160	145	11	63	57	11
<i>Average Exchange rate</i>	24.64	25.74		24.50	24.70	
<u>Key ratios (%)</u>						
Net interest margin	3.51	3.53		3.46	3.57	
Non-NII/Total income	31.5	31.9		32.2	33.0	
Expense/Total income	62.7	62.5		61.4	59.6	
Loan/Deposit	88.1	92.7		88.1	91.8	

Indonesia – Key Financials

	9M17	9M16	+/(-)	3Q17	2Q17	+/(-)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	2,462	2,449	1	810	824	(2)
Fee & commission income	612	568	8	201	223	(10)
Other non-interest income	334	411	(19)	121	113	7
Total income	3,408	3,428	(1)	1,132	1,160	(2)
Less: Expenses	2,239	2,162	4	745	753	(1)
Operating profit	1,169	1,266	(8)	387	407	(5)
Less: Allowances	870	616	41	509	206	>100
Profit/(loss) before tax	299	650	(54)	(122)	201	(>100)
Profit/(loss) before tax (S\$m)	32	67	(52)	(12)	21	(>100)
<i>Average Exchange rate</i>	9,360	9,731		9,917	9,570	
<u>Key ratios (%)</u>						
Net interest margin	3.96	4.49		3.78	4.01	
Non-NII/Total income	27.8	28.6		28.4	29.0	
Expense/Total income	65.7	63.1		65.8	64.9	
Loan/Deposit	91.0	92.0		91.0	89.7	

Greater China – Key Financials

	9M17	9M16	+/(–)	3Q17	2Q17	+/(–)
	\$m	\$m	%	\$m	\$m	%
Net interest income	294	282	4	98	97	1
Fee & commission income	91	83	10	39	27	43
Other non-interest income	175	111	58	53	49	8
Total income	560	475	18	190	173	10
Less: Expenses	255	250	2	87	83	4
Operating profit	304	226	35	103	90	15
Less: Allowances	22	51	(57)	12	3	>100
Add: Associates & JVs	34	35	(3)	11	11	(5)
Profit before tax	316	209	51	102	98	4
Key ratios (%)						
Net interest margin	1.02	1.11		0.99	1.03	
Non-NII/Total income	47.5	40.7		48.4	44.2	
Expense/Total income	45.6	52.5		45.6	48.1	
Loan/Deposit	158.7	153.6		158.7	140.6	

Thank You

