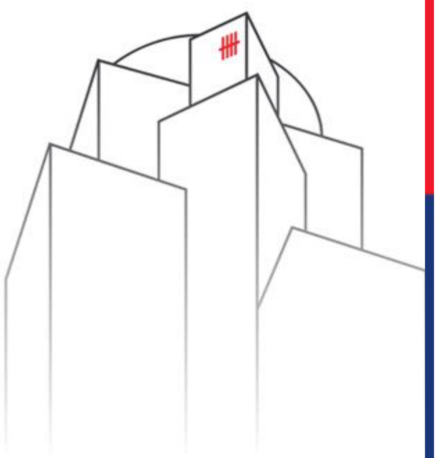


# UOB Group

**For the Three Months / First Quarter Ended 31 March 2019**

# Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

3 May 2019

# 1Q19 Highlights

## 1Q19 earnings of $1.05 billion ▲15% QoQ; ▲8% YoY

## Earnings lifted by income growth, maintained balance sheet strength

- Total income rose 9% QoQ to $2.41 billion led by  recovery in net fee income and trading and investment income as the financial markets rebounded
- Sound funding position with healthy loan-to-deposit ratio at 86.6%, LCR for the quarter at 146% and NSFR at 109%
- Assets quality resilient with NPL ratio stable at 1.5%
- Strong capital position with CET1 CAR at 13.9%

# First quarter earnings grew 8% from a year ago

| | 1Q19 $m | 1Q18 $m | YoY +/(-) $m | YoY +/(-) % |
|---|---|---|---|---|
| Net interest income | 1,587 | 1,470 | 117 | 8 ▲ |
| Net fee income | 479 | 517 | (39) | (7) ▼ |
| Other Non-NII | 340 | 244 | 97 | 40 ▲ |
| **Total income** | **2,406** | **2,231** | **176** | **8** ▲ |
| Less: Total expenses | 1,073 | 987 | 86 | 9 ▲ |
| **Operating profit** | **1,333** | **1,244** | **89** | **7** ▲ |
| Less: Total allowances | 93 | 80 | 13 | 17 ▲ |
| Add: Assoc & JV | 17 | 29 | (12) | (41) ▼ |
| **Net profit** | **1,052** | **978** | **74** | **8** ▲ |

- Higher net interest income (NII) as strong loan growth of 12% offset NIM compression of 5bps.
- Lower net fee income due to lower wealth management and fund management fees as market sentiment was more subdued.
- Other non-NII rose 40% on improved customer-related income and higher trading income.
- Expenses increased due to higher performance-related staff costs and IT-related costs.
- Allowances increased mainly in line with volume growth.

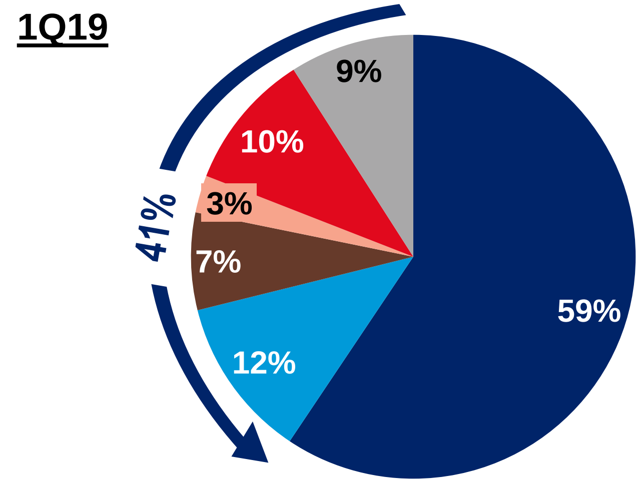
# QoQ earnings driven by higher trading and investment income

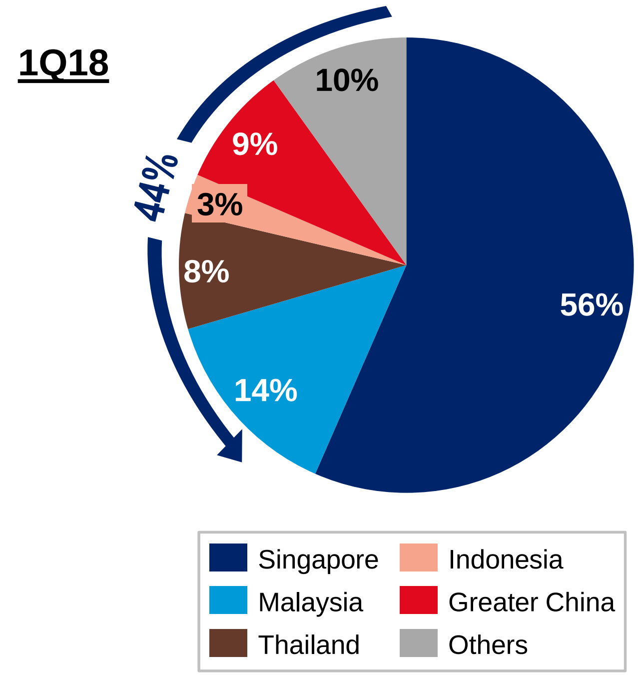
| | 1Q19 $m | 4Q18 $m | QoQ +/(-) $m | % |
|---|---|---|---|---|
| Net interest income | 1,587 | 1,608 | (21) | (1) ▼ |
| Net fee income | 479 | 467 | 12 | 2 ▲ |
| Other Non-NII | 340 | 140 | 200 | >100 ▲ |
| **Total income** | **2,406** | **2,216** | **191** | **9** ▲ |
| Less: Total expenses | 1,073 | 984 | 89 | 9 ▲ |
| **Operating profit** | **1,333** | **1,232** | **101** | **8** ▲ |
| Less: Total allowances | 93 | 128 | (35) | (27) ▼ |
| Add: Assoc & JV | 17 | 0 | 17 | >100 ▲ |
| **Net profit** | **1,052** | **916** | **136** | **15** ▲ |

- NII declined as loan growth of 3% was moderated by a shorter day count this quarter and 1bp dip in NIM.
- Increase in net fee income due to higher loan-related and wealth management fees with improved customer confidence.
- Other non-NII rose to $340m largely driven by recovery in trading and investment income as the financial markets rebounded.
- Expenses increased in line with revenue.
- Lower allowances on impaired assets.
- Contribution from associates increased mainly due to unrealised mark-to-market recognised by an associated company in 4Q18.

# Higher YoY operating profit mainly contributed by Singapore Operations

| Operating Profit | 1Q19 $m | 1Q18 $m | +/(-) % | At constant FX rate +/(-) % |
|---|---|---|---|---|
| Singapore | **792** | 697 | 14 | 14 |
| Regional: | **421** | 425 | (1) | (1) |
| Malaysia | **156** | 171 | (9) | (7) |
| Thailand | **94** | 101 | (6) | (8) |
| Indonesia | **36** | 35 | 5 | 6 |
| Greater China | **133** | 118 | 13 | 11 |
| Others | **121** | 122 | (1) | 0 |
| Total | **1,333** | 1,244 | 7 | 7 |

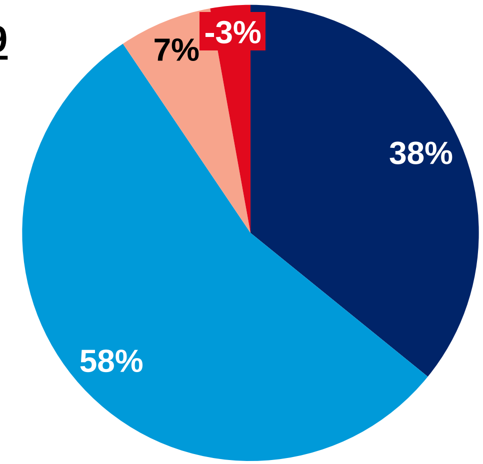


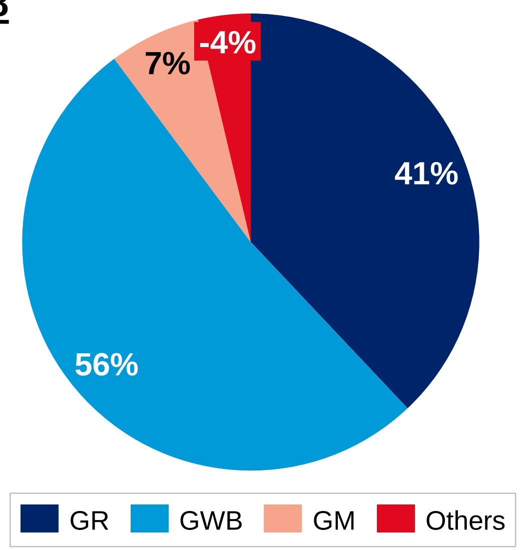
# Segment performance in Group Wholesale Banking and Global Markets improved

| Segment Operating Profit | 1Q19 $m | 1Q18 $m | +/(-) % |
|---|---|---|---|
| Group Retail (GR) | **507** | 510 | (1) |
| Group Wholesale Banking (GWB) | **777** | 699 | 11 |
| Global Markets (GM) | **84** | 80 | 6 |
| Others * | **(35)** | (44) | 21 |
| **Total** | **1,333** | 1,244 | 7 |

**1Q19**



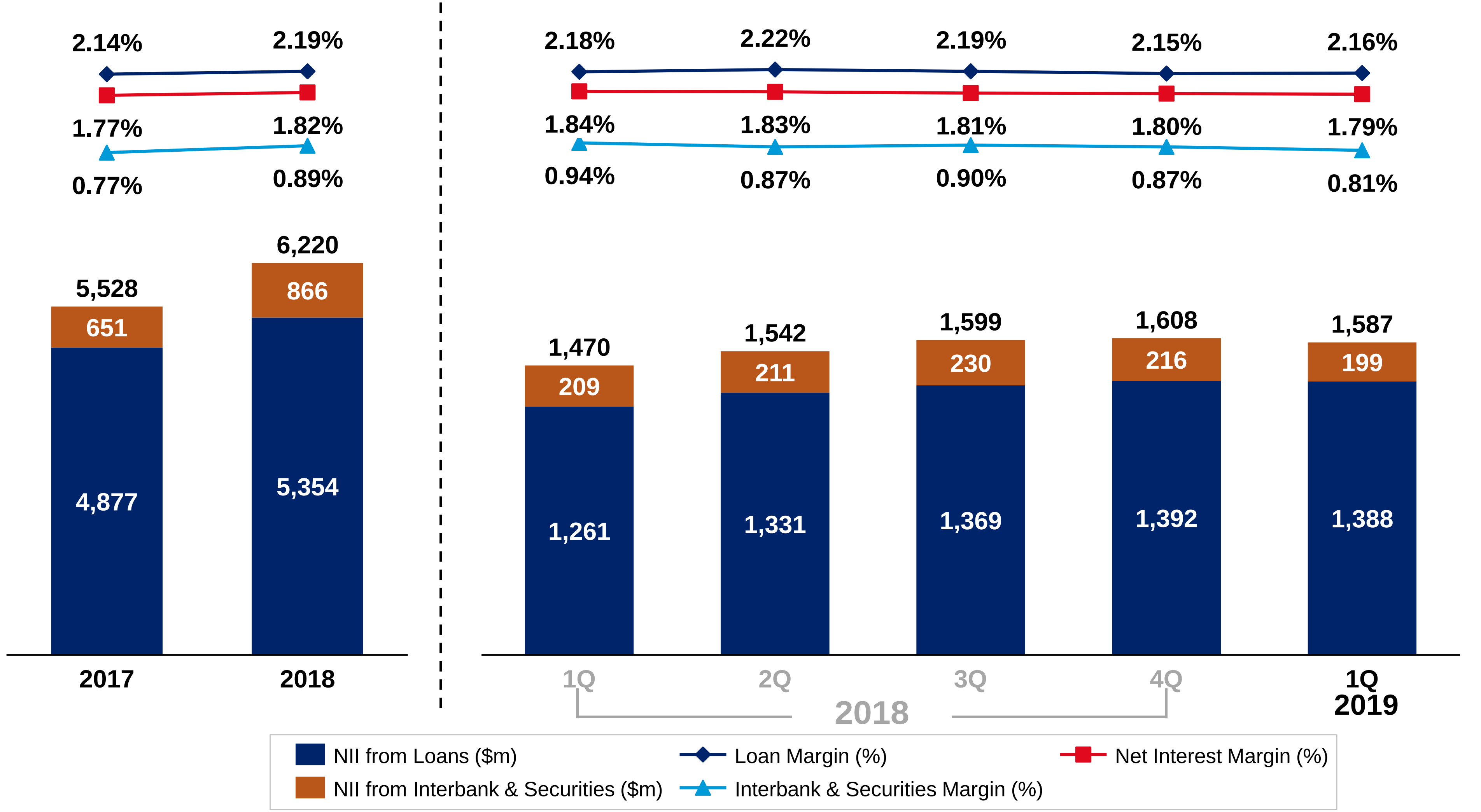

**1Q18**




* Comprises Investment Management, Central Treasury, Corporate Functions and Banknotes

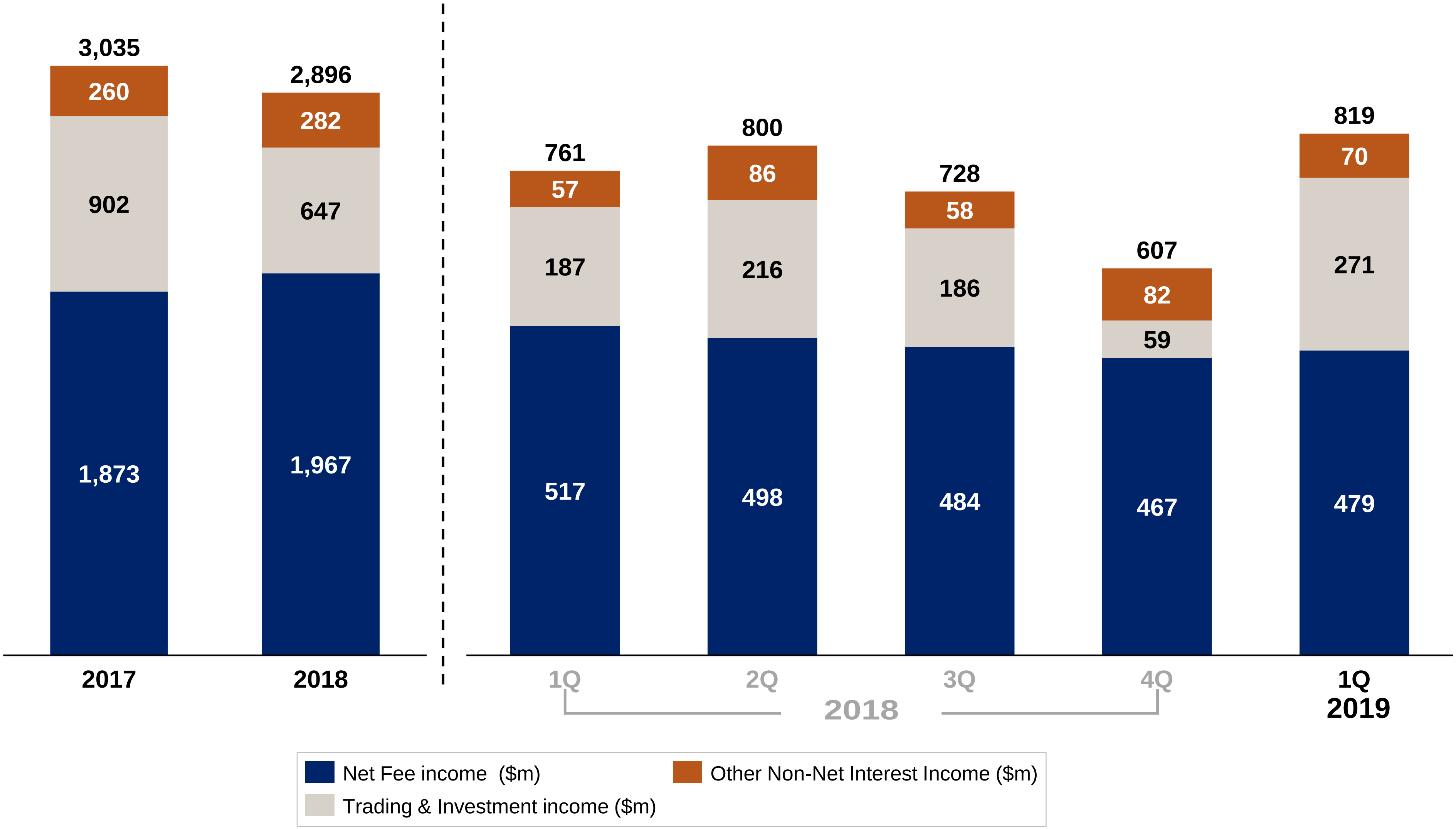
# QoQ marginal decline in NII as loan growth was moderated by shorter quarter and a slight dip in margin

## Net Interest Income (NII) and Margin



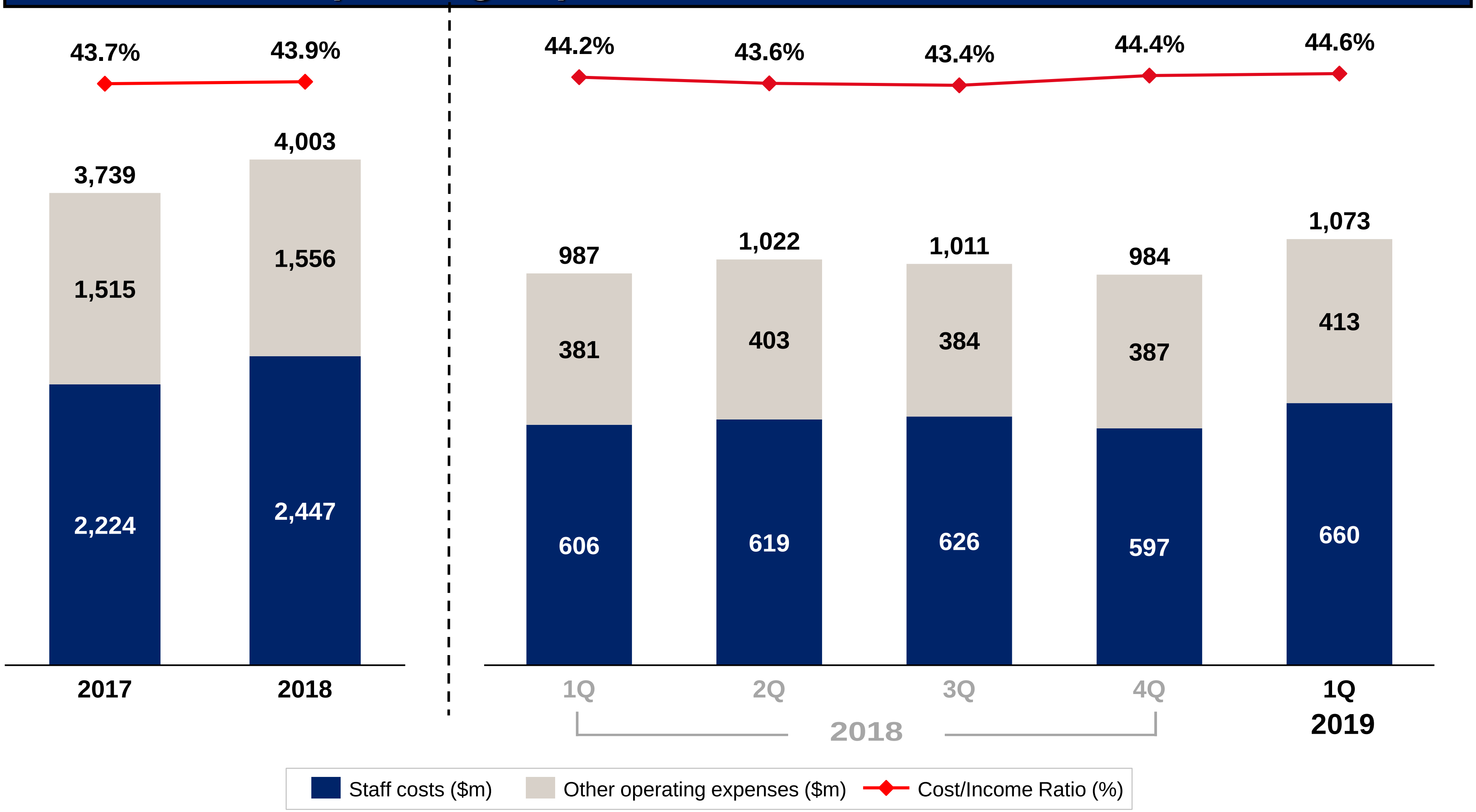
# QoQ higher fees and trading and investment income driven by market recovery

## Non-Net Interest Income



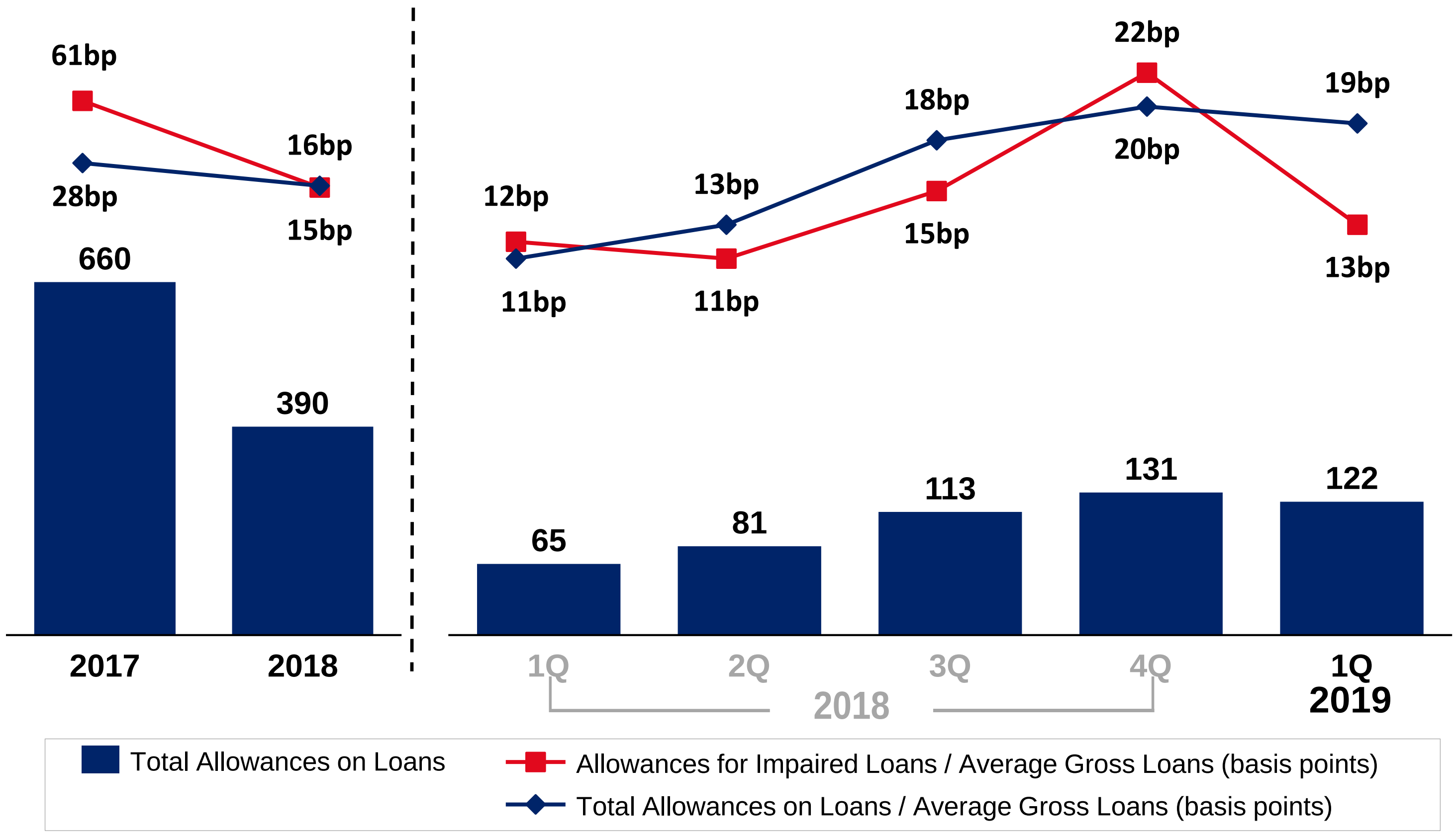
# Cost/Income ratio stable at 44.6%

## Operating Expenses and Cost / Income Ratio



# Total credit costs stable at 19 bps

## Total Allowances on Loans




| Allowances on Loans | 2017 | 2018 | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 |
|---|---|---|---|---|---|---|---|
| Non-Impaired ($m) | (747) | 14 | (6) | 17 | 18 | (16) | 38 |
| Impaired ($m) | 1,407 | 376 | 71 | 64 | 94 | 146 | 84 |
| **Total ($m)** | **660** | **390** | **65** | **81** | **113** | **131** | **122** |

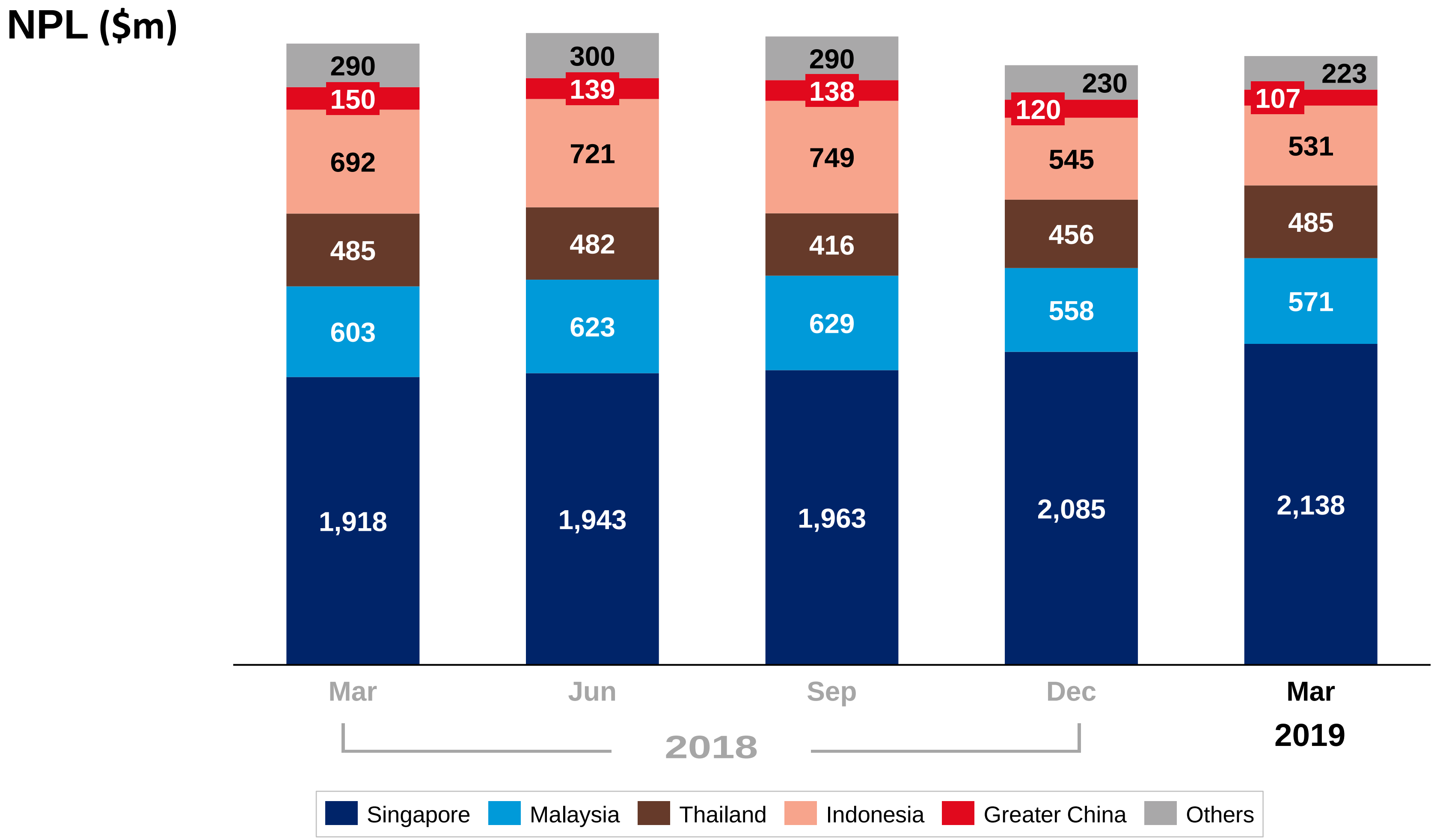
# Steady new NPA formation

| | 2018 1Q $m | 2018 2Q $m | 2018 3Q $m | 2018 4Q $m | 2019 1Q $m |
|---|---|---|---|---|---|
| **NPAs at start of period** | 4,389 | 4,323 | 4,404 | 4,374 | **4,166** |
| New NPAs | 235 | 252 | 275 | 370 | **230** |
| Upgrades, recoveries and translations | (206) | (88) | (229) | (257) | **(139)** |
| Write-offs | (129) | (101) | (29) | (392) | **(17)** |
| | 4,289 | 4,386 | 4,421 | 4,095 | **4,240** |
| Group Retail [(1)] | 34 | 18 | (47) | 71 | (25) |
| **NPAs at end of period** | 4,323 | 4,404 | 4,374 | 4,166 | **4,215** |

Note:
(1) Net NPA formation for Personal customers only.

# NPL ratio stable at 1.5%

| | | | | | |
|---|---|---|---|---|---|
| NPL ($m) | 4,138 | 4,208 | 4,185 | 3,994 | 4,055 |
| NPL Ratio | 1.7% | 1.7% | 1.6% | 1.5% | 1.5% |

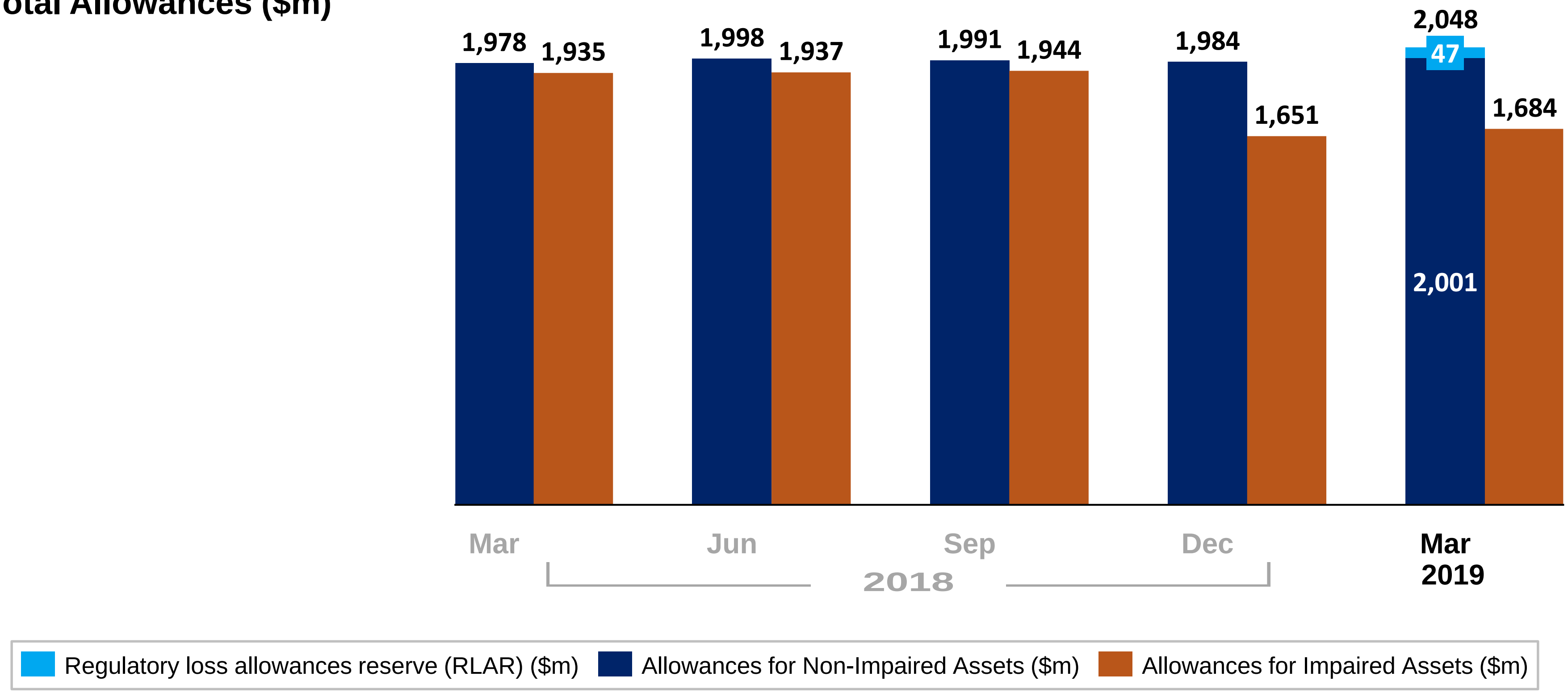



Note: Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

# NPA coverage remained adequate

| | | | | | |
|---|---|---|---|---|---|
| Total Allowances ($m) | 3,913 | 3,935 | 3,935 | 3,636 | 3,732 |
| NPA coverage (%) [1] | 91 | 89 | 90 | 87 | 89 |
| Unsecured NPA coverage (%) [1] | 190 | 190 | 189 | 202 | 203 |

## Total Allowances ($m)

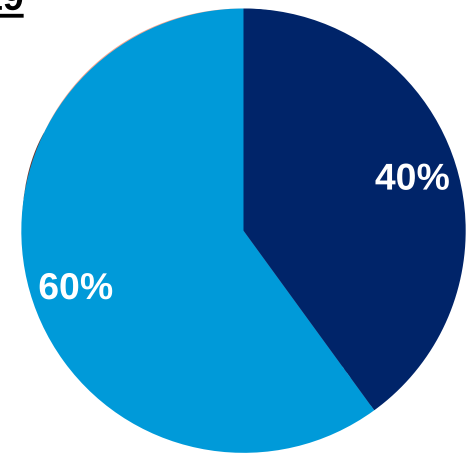



Note:
(1) Includes RLAR as part of total allowances.
Regulatory loss allowance reserve (RLAR) is a non-distributable additional loss allowance account appropriated through retained earnings to meet MAS Notice No. 612 Credit Files, Grading and Provisioning requirements.

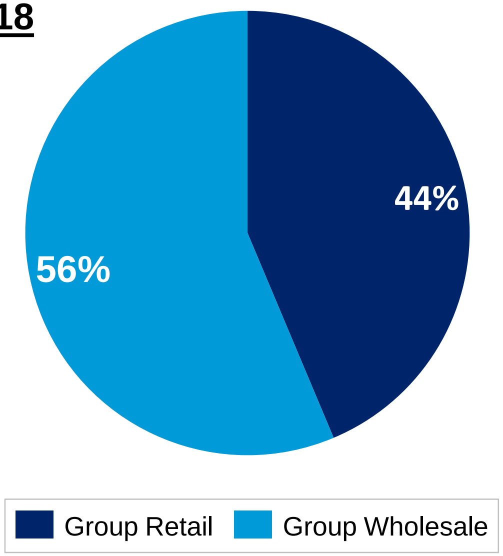
# Strong capital and funding supported broad-based loan growth across the Group

| Gross Loans | Mar-19 $b | Mar-18 $b | +/(-) % | Dec-18 $b | +/(-) % |
|---|---|---|---|---|---|
| Singapore | **139** | 129 | 8 | 137 | 1 |
| Regional: | **101** | 89 | 14 | 97 | 4 |
| Malaysia | **29** | 29 | 2 | 29 | (0) |
| Thailand | **18** | 16 | 12 | 17 | 5 |
| Indonesia | **11** | 10 | 8 | 11 | 1 |
| Greater China | **43** | 34 | 27 | 40 | 7 |
| Others | **29** | 24 | 25 | 27 | 9 |
| Total | **270** | 241 | 12 | 262 | 3 |

**Mar-19**



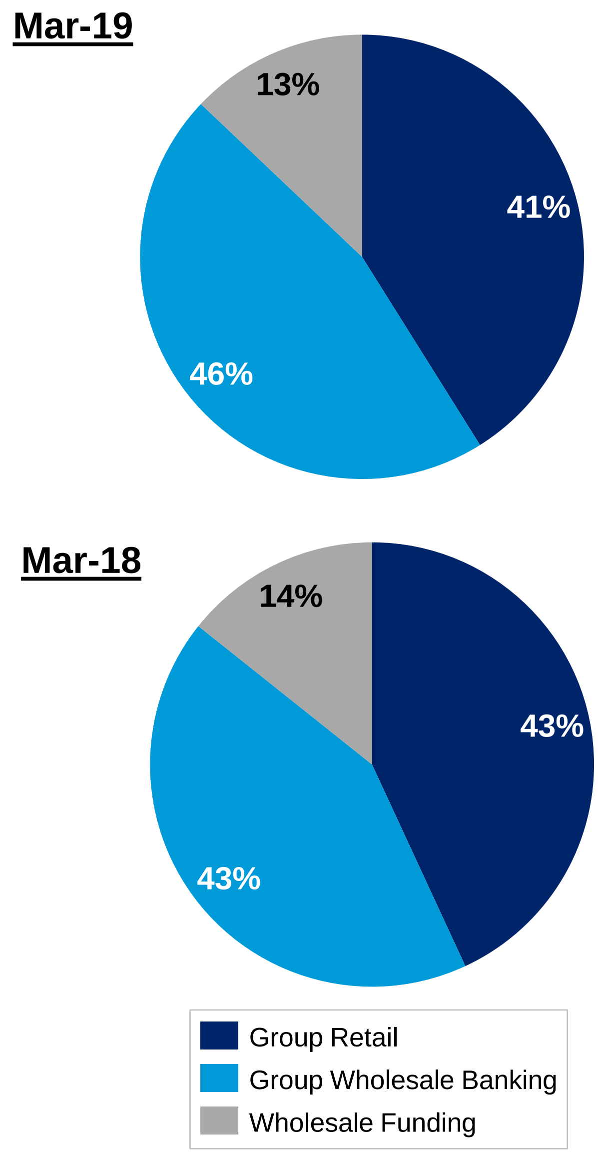

**Mar-18**




Note: 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.

# YoY deposits growth mainly from Singapore and Greater China

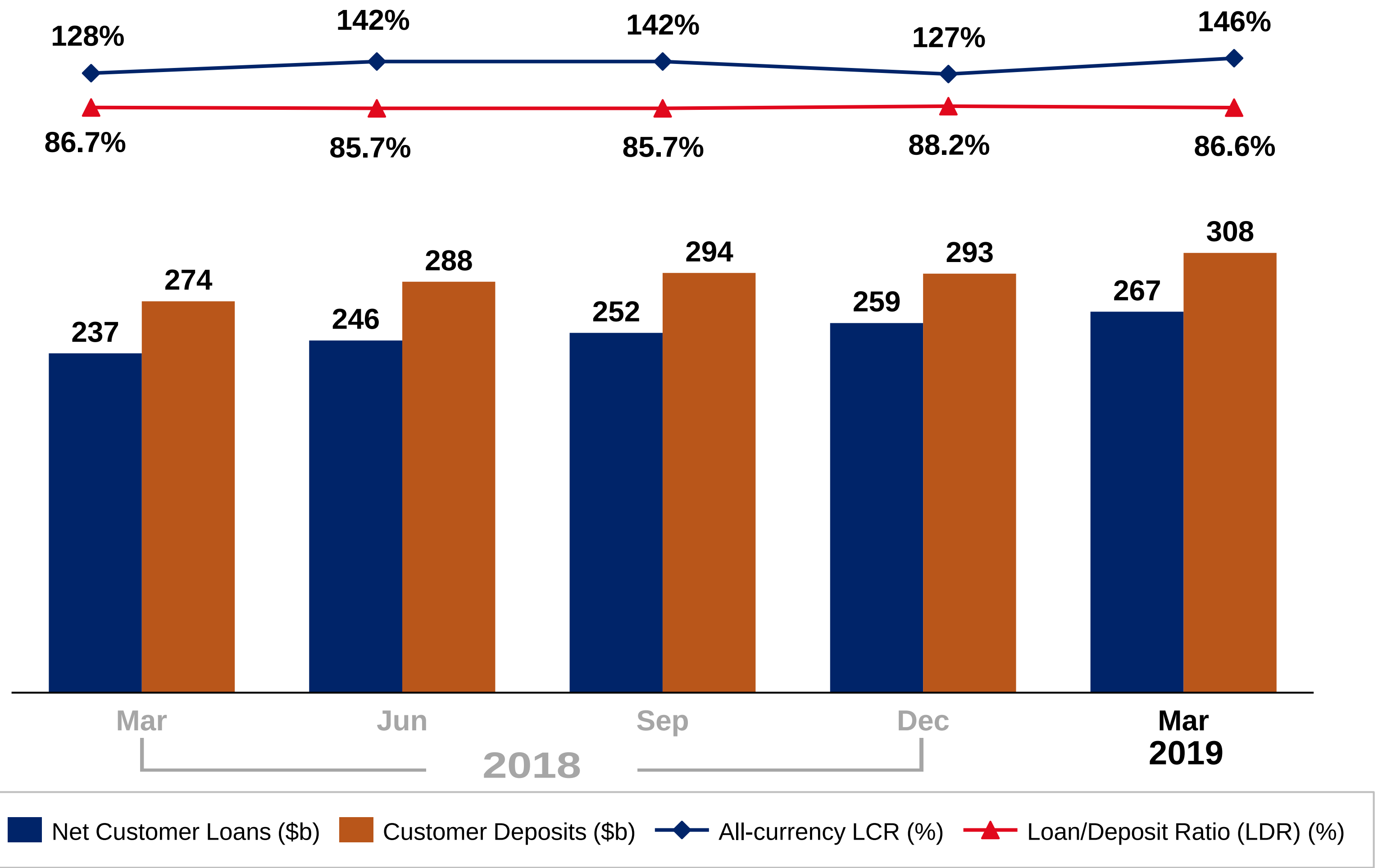
| Customer Deposits | Mar-19 $b | Mar-18 $b | +/(-) % | Dec-18 $b | +/(-) % |
|---|---|---|---|---|---|
| Singapore | **206** | 184 | 12 | 195 | 6 |
| Regional: | **76** | 71 | 7 | 76 | 0 |
| Malaysia | **30** | 30 | 1 | 30 | 1 |
| Thailand | **18** | 17 | 5 | 17 | 2 |
| Indonesia | **7** | 7 | 9 | 7 | 2 |
| Greater China | **21** | 18 | 16 | 22 | (4) |
| Others | **25** | 19 | 34 | 23 | 11 |
| Total customer deposits | **308** | 274 | 12 | 293 | 5 |
| Wholesale funding[1] | **44** | 41 | 5 | 47 | (6) |
| Total funding | **351** | 315 | 11 | 340 | 3 |




Note:
(1) Comprising debt issuances, perpetual capital securities and interbank liabilities.

# Stable liquidity position with LCR at 146% and NSFR at 109%

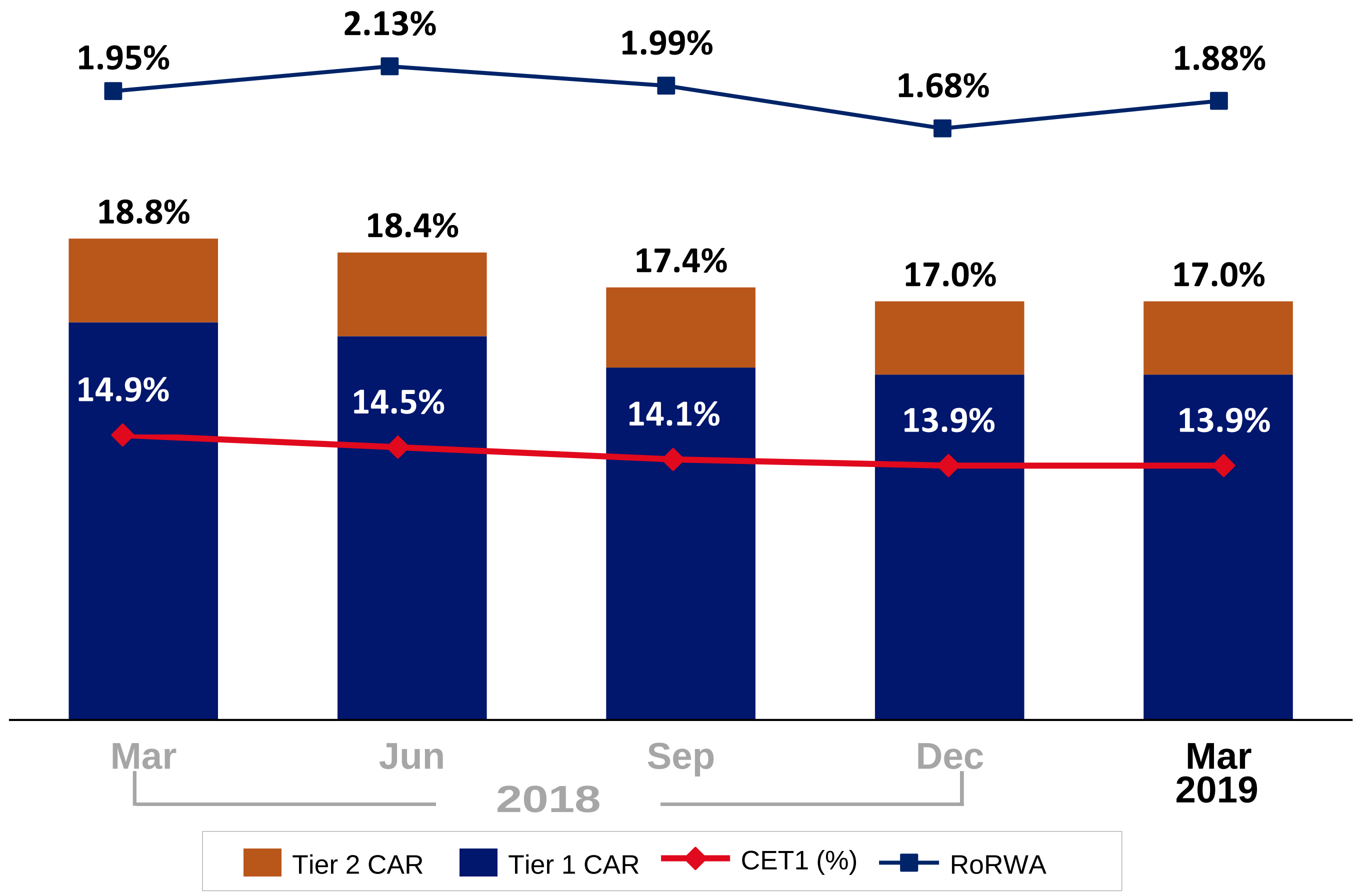
## Customer Loans and Deposits; LDR, LCR and NSFR




| | | | | | |
|---|---|---|---|---|---|
| NSFR (%) | 111 | 110 | 110 | 107 | 109 |

# Strong capital and leverage ratio

## Capital Adequacy Ratios (CAR) and RoRWA




| | | | | | |
|---|---|---|---|---|---|
| RWA ($b) | 202 | 206 | 213 | 221 | 230 |
| Leverage ratio (%) | 8.2 | 7.7 | 7.4 | 7.6 | 7.6 |

# Appendix :

## Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

## China exposure

# Singapore – Key Financials

| | 1Q19 $m | 1Q18 $m | +/(-) % | 4Q18 $m | +/(-) % |
|---|---|---|---|---|---|
| Net interest income | 918 | 832 | 10 | 921 | (0) |
| Net fee income | 283 | 317 | (11) | 267 | 6 |
| Other non-interest income | 198 | 104 | 91 | 24 | >100 |
| **Total income** | **1,399** | **1,254** | **12** | **1,212** | **15** |
| Less: Expenses | 607 | 557 | 9 | 478 | 27 |
| **Operating profit** | **792** | **697** | **14** | **733** | **8** |
| Less: Total allowances | 61 | 36 | 72 | 13 | >100 |
| Add: Assoc & JV | 13 | 18 | (29) | 14 | (5) |
| **Profit before tax** | **743** | **679** | **9** | **734** | **1** |
| Financial indicators (%) | | | | | |
| Net interest margin | 1.49 | 1.49 | | 1.49 | |
| Cost/Income ratio | 43.4 | 44.5 | | 39.5 | |
| Customer loans (net) - $b ^ | 157.6 | 143.0 | 10% | 154.2 | 2% |
| Loan/Deposit ratio | 76.3 | 77.9 | | 79.3 | |
| NPL ratio ^ | 1.7 | 2.0 | | 1.7 | |

^ Based on location where the non-performing loans and gross loans are booked.

# Malaysia – Key Financials

| | 1Q19 RM'm | 1Q18 RM'm | +/(-) % | 4Q18 RM'm | +/(-) % |
|---|---|---|---|---|---|
| Net interest income | 546 | 526 | 4 | 575 | (5) |
| Net fee income | 128 | 169 | (24) | 205 | (38) |
| Other non-interest income | 101 | 104 | (3) | 68 | 49 |
| **Total income** | **775** | **799** | **(3)** | **848** | **(9)** |
| Less: Expenses | 302 | 291 | 4 | 338 | (11) |
| **Operating profit** | **473** | **508** | **(7)** | **510** | **(7)** |
| Less: Total allowances | 7 | 37 | (81) | 45 | (84) |
| **Profit before tax** | **466** | **471** | **(1)** | **465** | **0** |
| **Profit before tax (S$m)** | **154** | **159** | **(3)** | **153** | **1** |
| *Average Exchange rate* | *3.02* | *2.96* | | *3.04* | |
| Financial indicators (%) | | | | | |
| Net interest margin | 1.99 | 2.16 | | 2.01 | |
| Cost/Income ratio | 39.0 | 36.4 | | 39.9 | |
| Customer loans (net) - RM'b ^ | 89.7 | 85.0 | 6% | 91.1 | (2%) |
| Loan/Deposit ratio | 99.1 | 97.4 | | 100.8 | |
| NPL ratio ^ | 1.7 | 1.6 | | 1.6 | |

^ Based on location where the non-performing loans and gross loans are booked.

# Thailand – Key Financials

| | 1Q19 THB'm | 1Q18 THB'm | +/(-) % | 4Q18 THB'm | +/(-) % |
|---|---|---|---|---|---|
| Net interest income | 4,308 | 4,069 | 6 | 4,376 | (2) |
| Net fee income | 1,239 | 1,234 | 0 | 1,336 | (7) |
| Other non-interest income | 311 | 256 | 21 | 332 | (6) |
| **Total income** | **5,858** | **5,559** | **5** | **6,044** | **(3)** |
| Less: Expenses | 3,651 | 3,152 | 16 | 3,754 | (3) |
| **Operating profit** | **2,207** | **2,407** | **(8)** | **2,290** | **(4)** |
| Less: Total allowances | (94) | 564 | (>100) | 729 | (>100) |
| **Profit before tax** | **2,301** | **1,843** | **25** | **1,561** | **47** |
| **Profit before tax (S$m)** | **99** | **77** | **28** | **65** | **52** |
| *Average Exchange rate* | *23.26* | *23.81* | | *23.95* | |
| Financial indicators (%) | | | | | |
| Net interest margin | 3.46 | 3.33 | | 3.48 | |
| Cost/Income ratio | 62.3 | 56.7 | | 62.1 | |
| Customer loans (net) - THB'b ^ | 388.9 | 348.4 | 12% | 376.0 | 3% |
| Loan/Deposit ratio | 93.2 | 86.3 | | 90.7 | |
| NPL ratio ^ | 2.9 | 3.2 | | 2.8 | |

^ Based on location where the non-performing loans and gross loans are booked.

# Indonesia – Key Financials

| | 1Q19 IDR'b | 1Q18 IDR'b | +/(-) % | 4Q18 IDR'b | +/(-) % |
|---|---|---|---|---|---|
| Net interest income | 860 | 803 | 7 | 877 | (2) |
| Net fee income | 193 | 178 | 8 | 223 | (13) |
| Other non-interest income | 180 | 129 | 40 | 136 | 32 |
| **Total income** | **1,233** | **1,110** | **11** | **1,236** | **(0)** |
| Less: Expenses | 854 | 751 | 14 | 949 | (10) |
| **Operating profit** | **379** | **359** | **6** | **287** | **32** |
| Less: Total allowances | 182 | (56) | >100 | 69 | >100 |
| **Profit/(loss) before tax** | **197** | **415** | **(53)** | **218** | **(10)** |
| **Profit/(loss) before tax (S$m)** | **19** | **40** | **(53)** | **21** | **(8)** |
| *Average Exchange rate* | *10,461* | *10,382* | | *10,602* | |
| Financial indicators (%) | | | | | |
| Net interest margin | 3.85 | 4.09 | | 3.78 | |
| Cost/Income ratio | 69.3 | 67.7 | | 76.8 | |
| Customer loans (net) - IDR't ^ | 72.5 | 62.1 | 17% | 70.6 | 3% |
| Loan/Deposit ratio | 92.7 | 86.9 | | 91.3 | |
| NPL ratio ^ | 1.5 | 1.2 | | 1.4 | |

^ Based on location where the non-performing loans and gross loans are booked.

# Greater China – Key Financials

| | 1Q19 $m | 1Q18 $m | +/(-) % | 4Q18 $m | +/(-) % |
|---|---|---|---|---|---|
| Net interest income | 92 | 104 | (12) | 101 | (9) |
| Net fee income | 49 | 46 | 7 | 36 | 36 |
| Other non-interest income | 85 | 62 | 38 | 67 | 26 |
| **Total income** | **226** | **212** | **7** | **204** | **10** |
| Less: Expenses | 92 | 93 | (1) | 108 | (15) |
| **Operating profit** | **133** | **118** | **13** | **96** | **39** |
| Less: Total allowances | 13 | 11 | 24 | 40 | (66) |
| Add: Assoc & JV | (0) | 10 | (>100) | (0) | 26 |
| **Profit before tax** | **120** | **118** | **2** | **57** | **>100** |
| Financial indicators (%) | | | | | |
| Net interest margin | 0.71 | 0.97 | | 0.75 | |
| Cost/Income ratio | 40.8 | 44.1 | | 52.9 | |
| Customer loans (net) - $b ^ | 34.9 | 28.5 | 23% | 32.7 | 7% |
| Loan/Deposit ratio | 168.8 | 159.3 | | 152.0 | |
| NPL ratio ^ | 0.3 | 0.3 | | 0.3 | |

^ Based on location where the non-performing loans and gross loans are booked.

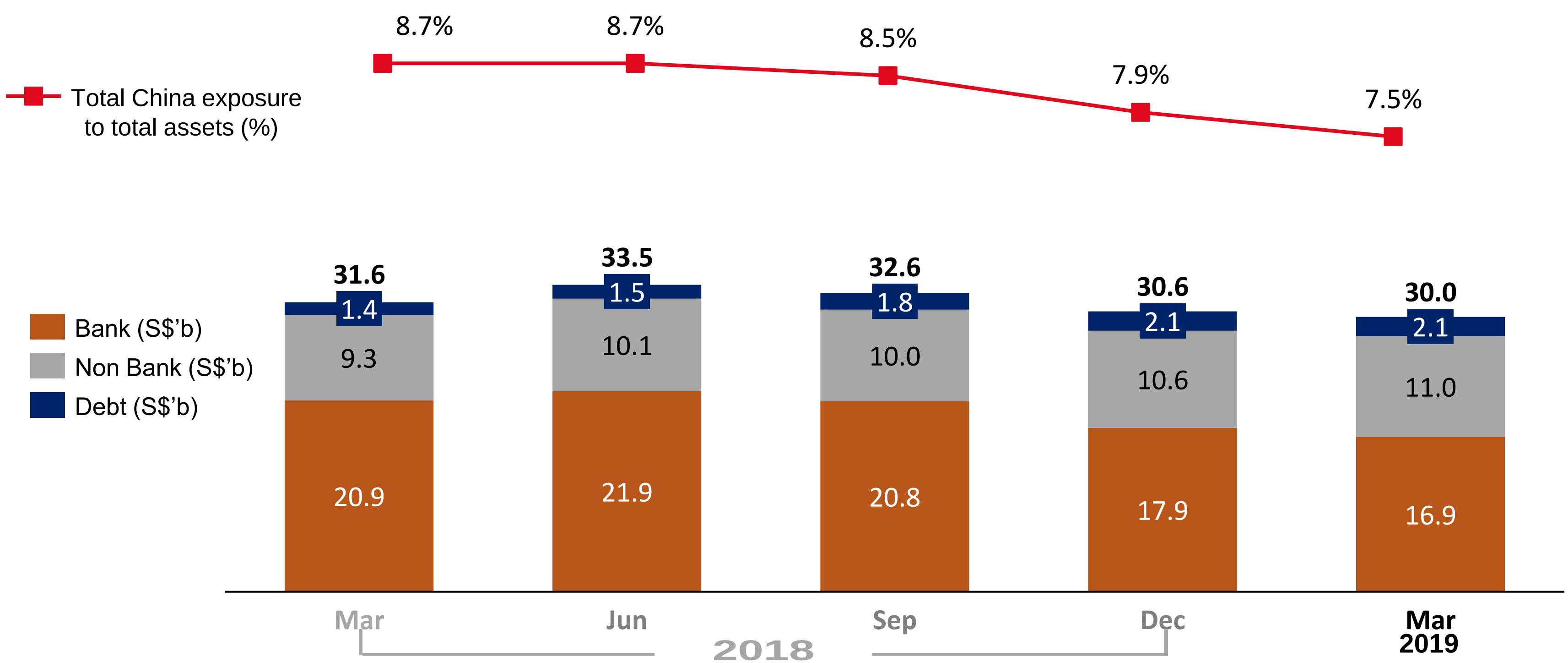
# Exposure to China

**Bank exposure as of 31 March 2019**

- Bank exposure accounted for 56% of total exposure to China
- Top 5 domestic banks and 3 policy banks accounted for 77% of total bank exposure
- 99% with <1 year tenor
- Trade exposures mostly with bank counterparties, representing about half of bank exposure

**Non-bank exposure as of 31 March 2019**

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio at 0.6%
- 50% denominated in RMB
- 50% with <1 year tenor




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.