

## Announcement

### UOB Group Reports Nine Months 2019 Earnings of S\$3.34 Billion

*Steady return on equity at 11.9%, balance sheet position stays sound*

**Singapore, 1 November 2019** – UOB Group (“Group”) achieved record net earnings of S\$3.34 billion for the nine months of 2019 (“9M19”), up 8% compared with a year ago. Total income rose 10% to a new high of S\$7.60 billion, led by broad-based loan growth, higher trading and investment income and steady fee growth. Return on equity increased from 11.6% a year ago to 11.9%.

The Group registered net earnings of S\$1.12 billion for the third quarter of 2019 (“3Q19”), 8% higher than the third quarter of 2018 (“3Q18”) on the back of stronger client franchise income as well as trading and investment income. Net earnings was 4% lower than the second quarter of 2019 (“2Q19”).

Balance sheet position remained sound against the uncertain global backdrop, supported by a diversified funding position and strong capital base. Loan-to-deposit ratio was stable at 89.3% while Common Equity Tier 1 ratio stayed robust at 13.7%.

#### Nine months 2019 earnings

For 9M19, net profit rose 8% from a year ago to S\$3.34 billion.

Net interest income increased 7% to S\$4.93 billion, as gross loans grew 8% year on year.

Net fee and commission income increased 4% to S\$1.56 billion, driven by strong wealth management flows, higher loan-related and credit cards fees, moderated by lower fund management fees. Other non-interest income grew 41% to S\$1.11 billion with trading and investment income rising 52% to S\$892 million from higher customer flows and gains from investment securities.

All business segments continued to deliver strong income growth. Group Retail's income rose 8% to S\$3.19 billion led by higher net interest income from volume growth and improvement in deposit margin, coupled with higher treasury and wealth income. Income from high affluent customers increased 13% year on year, while assets under management of this segment expanded by 10% to S\$122 billion, of which close to 60% was from overseas customers across the Group's network of wealth management centres in Southeast Asia. Group Wholesale Banking income grew 8% to S\$3.10 billion, benefitting from strong loan growth and fees from cash management and loan-related activities. Cross-border income increased 17% from last year and accounted for 27% of Group Wholesale Banking's income. Global Markets income increased 26%, largely from higher trading and investment income.

Total expenses increased 11% to S\$3.36 billion as the Group continued to invest in talent and technology to serve customers better with more personalised experiences and solutions and to drive performance. Cost-to-income ratio increased marginally to 44.2%.

Total allowances increased to S\$289 million from a year ago. Credit costs on impaired loans for 9M19 increased by 3 basis points to 15 basis points.

Lower contribution from associated companies was mainly due to reduced interest in associated companies.

### **Third quarter 2019 earnings**

#### **3Q19 versus 3Q18**

3Q19 net earnings at S\$1.12 billion was 8% higher than the same quarter last year.

Net interest income increased 5% to S\$1.69 billion led by healthy loan growth of 8%.

Net fee and commission income rose 14% to S\$551 million as fees from wealth management, loan-related and credit cards were higher. Trading and investment income grew 67% to S\$310 million from improved customer flows and gains from investment securities.

Total expenses increased 14% to S\$1.15 billion with cost-to-income ratio at 44.2%.

Total allowances increased 53% to S\$145 million, due to higher allowances for impaired assets.

### **3Q19 versus 2Q19**

Compared with the previous quarter, net profit was 4% lower as credit costs increased.

Net interest income increased 2% to S\$1.69 billion from additional day count and asset growth. Net interest margin was 4 basis points lower at 1.77%, with declining interest rates and a competitive pricing environment.

Net fee and commission income was 5% higher at S\$551 million, lifted by strong wealth management flows. Other non-interest income decreased 8% to S\$371 million, due to seasonal dividend income received in the previous quarter.

Total operating expenses increased slightly by 2%, mainly from staff costs.

Total allowances increased from S\$51 million to S\$145 million driven mainly by impaired loans. Total credit costs on loans increased to 23 basis points from a low of 8 basis points in 2Q19.

### **Strong balance sheet and capital position**

The Group's funding position remained stable in 3Q19 with the average Singapore dollar and all-currency liquidity coverage ratios at 342% and 144% respectively while the net stable funding ratio was 107% at 30 September 2019. Loan-to-deposit ratio was healthy at 89.3%.

The non-performing loan ratio stayed at 1.5% as at 30 September 2019. Total allowances for non-impaired assets stood at S\$1.98 billion with a higher coverage for non-performing assets at 85%, or 210% after taking collateral into account.

As at 30 September 2019, the Group's Common Equity Tier 1 ratio of 13.7% and leverage ratio of 7.6% were well above the regulatory requirement. Strong balance sheet fundamentals were maintained to ensure that the Group is well-positioned to navigate the macro uncertainties ahead.

### **CEO's statement**

Mr Wee Ee Cheong, UOB's Deputy Chairman and Chief Executive Officer, said, "We kept up the growth momentum across our revenue streams despite the global economic slowdown. We also maintained a healthy balance sheet with sound asset quality and robust capital and liquidity positions. These results reflect the strength of our strategies to help our customers in realising their growth ambitions and commitment to serving the needs of Southeast Asia's increasingly affluent consumers.

"Looking ahead, we expect business sentiment to be weighed down by global economic headwinds. However, our regional footprint positions us well to capture the continuing investment flows as businesses diversify their supply chains into the region amid the ongoing trade tensions. Our newly-opened branches in Hanoi, Vietnam and Zhongshan, China have added to the connectivity we offer to our customers across Southeast Asia and China. Our sound balance sheet will enable us to support our customers through the uncertain operating environment and to continue investing in our people and capabilities for sustained growth."

– Ends –

**About United Overseas Bank Limited**

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by both Standard & Poor's and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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