



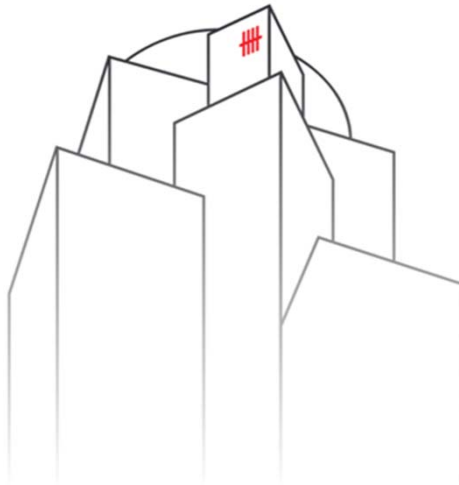
# UOB Group

For the Three Months / First Quarter Ended 31 March 2018

## Financial Highlights

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Group Chief Financial Officer

3 May 2018



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# 1Q18 Highlights

## Strong business performance and balance sheet position

**1Q18 NPAT of \$978m ↑ 21% YoY; ↑ 14% QoQ**

- Double-digit growth in net interest income driven by margin expansion in tandem with rates increase and loan growth
- Strong momentum in fee and commission income
- Assets quality remained sound. Credit costs decreased substantially in a benign credit environment
- All business segments delivered good performance
- Strong capital and funding position; RoRWA improved to 1.95%

# Net earnings increased 21% YoY

	1Q18 \$m	1Q17 \$m	YoY \$m +/-(-) %	
Net interest income	1,470	1,303	167	13 ▲
Net fee income	517	439	78	18 ▲
Other Non-NII	244	311	(67)	(22) ▼
<b>Total income</b>	<b>2,231</b>	<b>2,053</b>	<b>178</b>	<b>9 ▲</b>
Less: Total expenses	987	887	100	11 ▲
<b>Operating profit</b>	<b>1,244</b>	<b>1,166</b>	<b>78</b>	<b>7 ▲</b>
Less: Total allowances	80	186	(107)	(57) ▼
Add: Assoc & JV	29	34	(5)	(16) ▼
<b>Net profit</b>	<b>978</b>	<b>807</b>	<b>170</b>	<b>21 ▲</b>

## 1Q18 vs 1Q17: Profit up \$170m

- Net interest income up 13% supported by margin expansion from higher rates and loan growth.
- Higher net fee income from strong growth in wealth management, loan-related, fund management and credit card fee income.
- Other non-NII declined on lower net trading income mainly due to fair value changes on hedges of structural positions.
- Higher expenses from increased performance-related staff costs and IT-related expenses.
- Total allowances reduced substantially on the back of benign credit environment and reduced residual risk for O&G and shipping sectors.

# Net earnings improved 14% QoQ

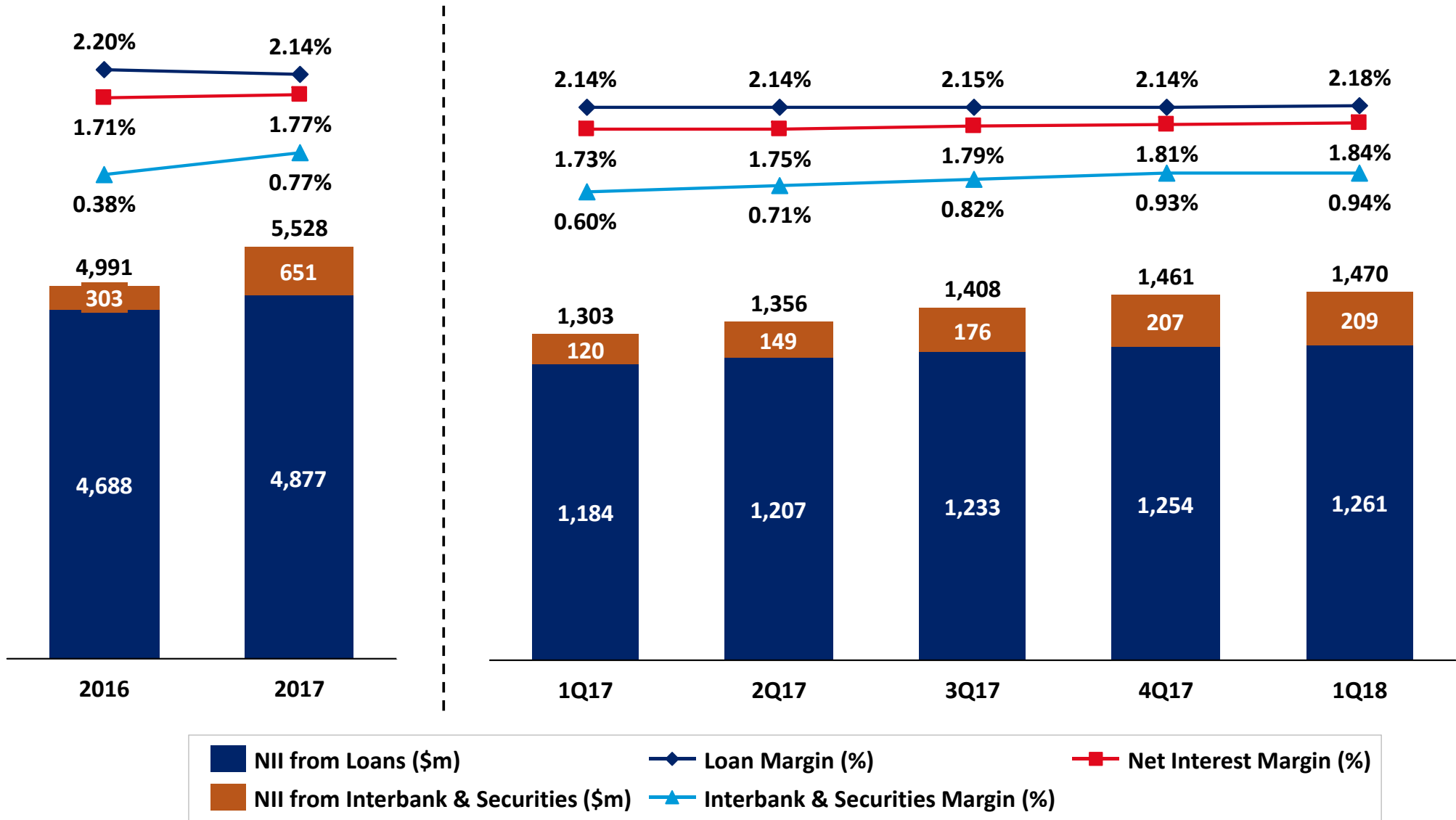
	1Q18 \$m	4Q17 \$m	QoQ \$m +/- %	
Net interest income	1,470	1,461	10	1 ▲
Net fee income	517	509	8	2 ▲
Other Non-NII	244	262	(18)	(7) ▼
<b>Total income</b>	<b>2,231</b>	<b>2,231</b>	-	<b>(0)</b> ▼
Less: Total expenses	987	1,027	(40)	(4) ▼
<b>Operating profit</b>	<b>1,244</b>	<b>1,205</b>	<b>39</b>	<b>3</b> ▲
Less: Total allowances	80	140	(61)	(43) ▼
Add: Assoc & JV	29	22	6	29 ▲
<b>Net profit</b>	<b>978</b>	<b>855</b>	<b>122</b>	<b>14</b> ▲

## 1Q18 vs 4Q17: Profit up \$122m

- Higher net interest income from continued loan growth and higher net interest margin.
- Higher fee income from improved wealth and fund management, and loan-related fees.
- Lower other non-NII from lower net trading income.
- Lower expenses due to the higher year-end seasonal revenue-related and professional fee expenses in 4Q17.
- Total allowances were lower due to a benign credit environment.

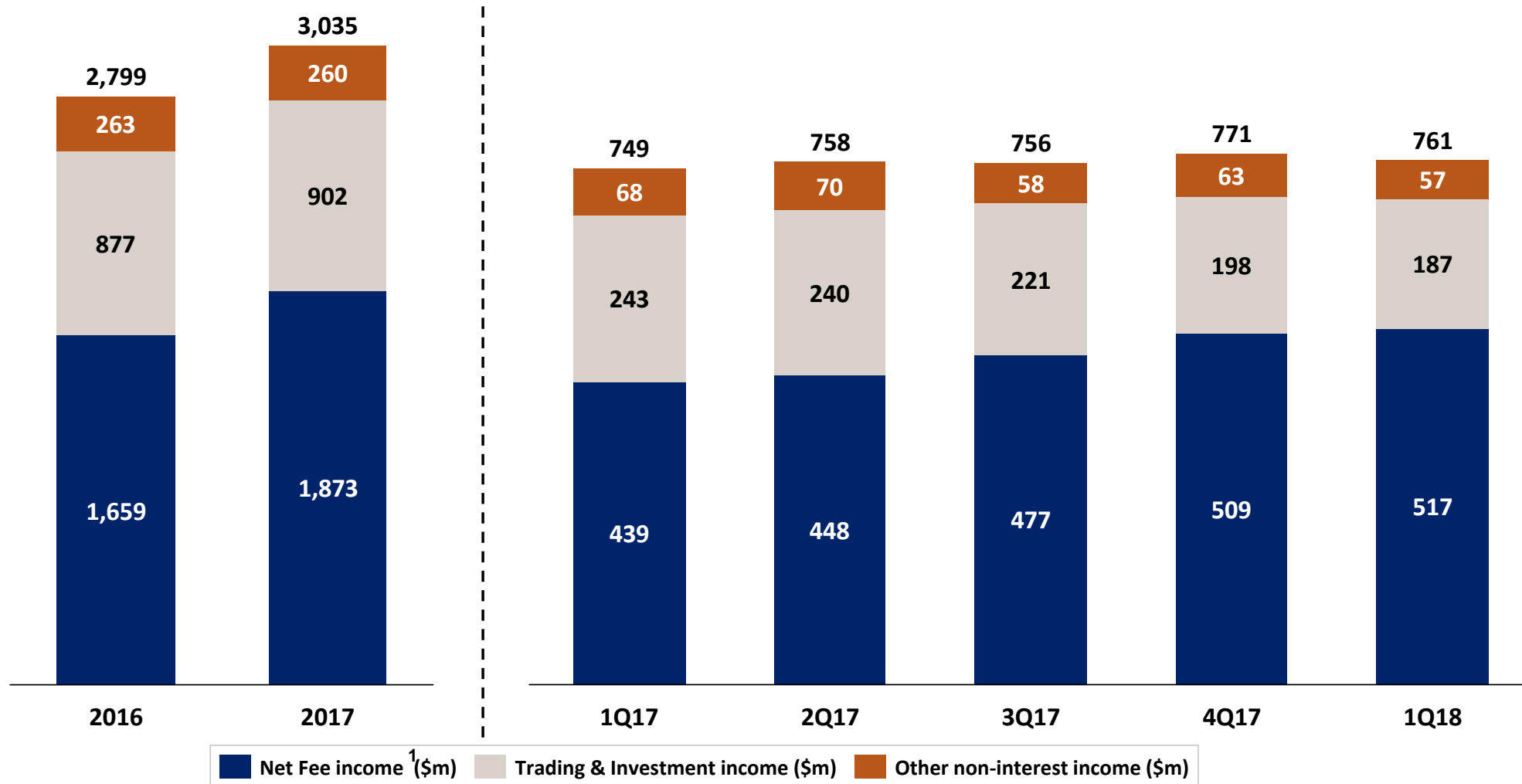
# Higher NII driven by higher interest margin and loan growth

## Net Interest Income (NII) and Margin



# Higher fee supported by strong momentum in wealth management and fund management, and higher loan-related fee

## Non-Interest Income (Non-NII)

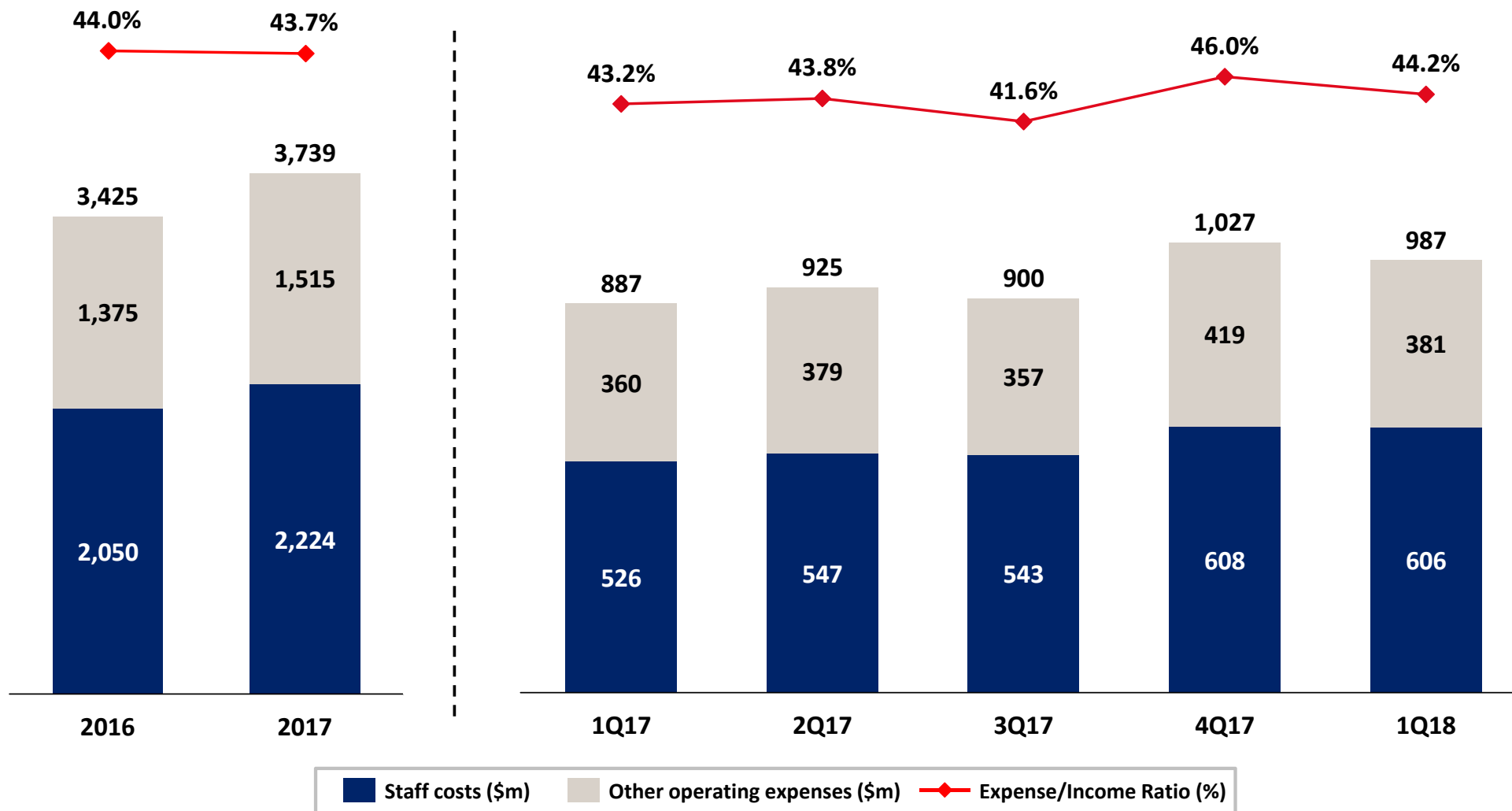


Note:

1 Expenses directly attributable to fee income are presented net of fee income.

# Expense/Income ratio improved QoQ to 44.2%

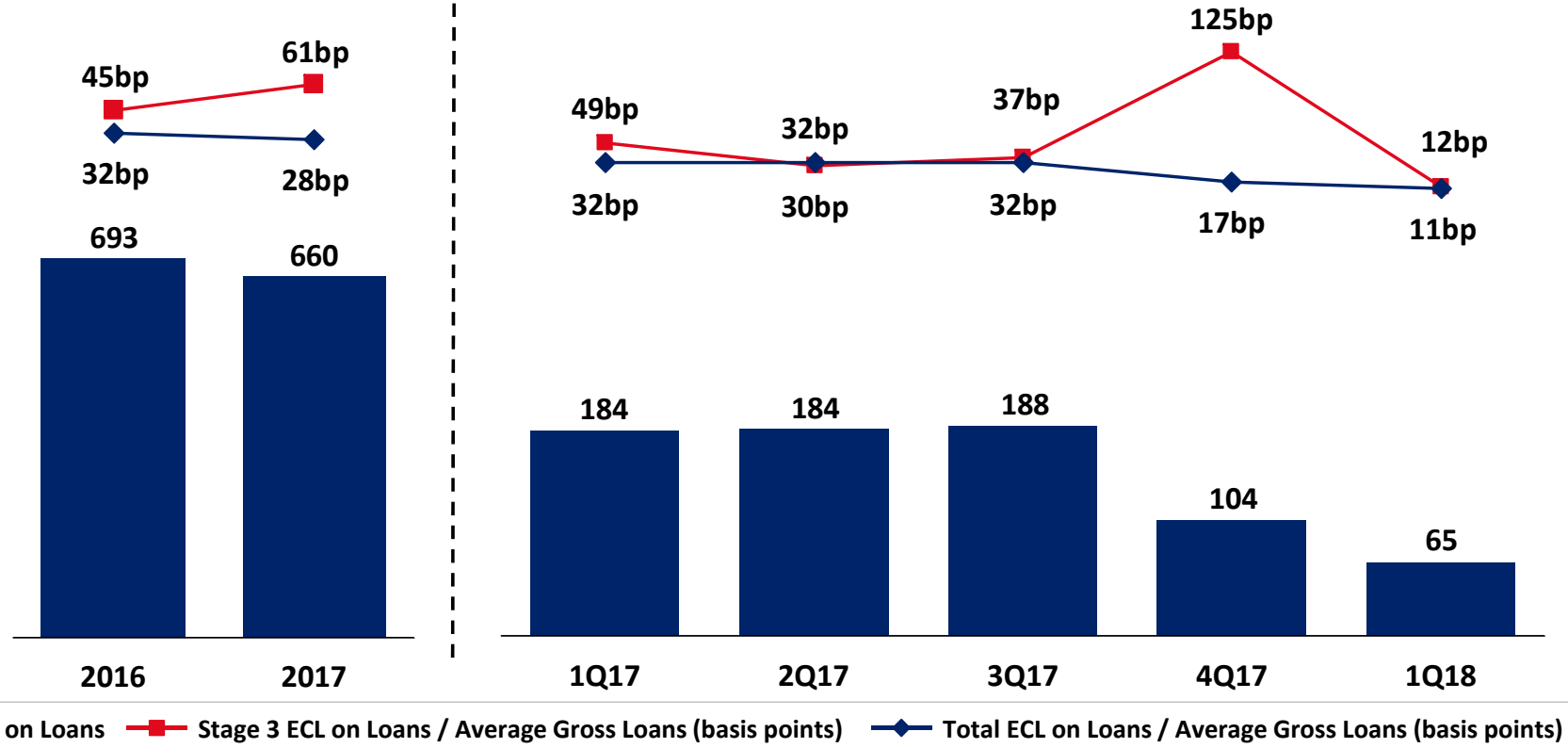
## Operating Expenses and Expense / Income Ratio



Note: Expenses directly attributable to the fee income are presented net of fee income. Comparative figures have been restated to conform with the current period's presentation.

# Lower credit costs on the back of benign credit environment

## Expected Credit Loss (ECL) on Loans



### ECL / Allowance on all exposures

Total Stage 1 & 2 ECL / General allowance (\$m)

Total Stage 3 ECL / Specific allowance and others (\$m)

**Total ECL / Allowance (\$m)**

	2016	2017
Total Stage 1 & 2 ECL / General allowance (\$m)	(349)	(747)
Total Stage 3 ECL / Specific allowance and others (\$m)	942	1,475
<b>Total ECL / Allowance (\$m)</b>	<b>594</b>	<b>727</b>

	1Q17	2Q17	3Q17	4Q17	1Q18
Total Stage 1 & 2 ECL / General allowance (\$m)	(93)	12	(26)	(641)	(9)
Total Stage 3 ECL / Specific allowance and others (\$m)	279	168	247	781	88
<b>Total ECL / Allowance (\$m)</b>	<b>186</b>	<b>180</b>	<b>221</b>	<b>140</b>	<b>80</b>



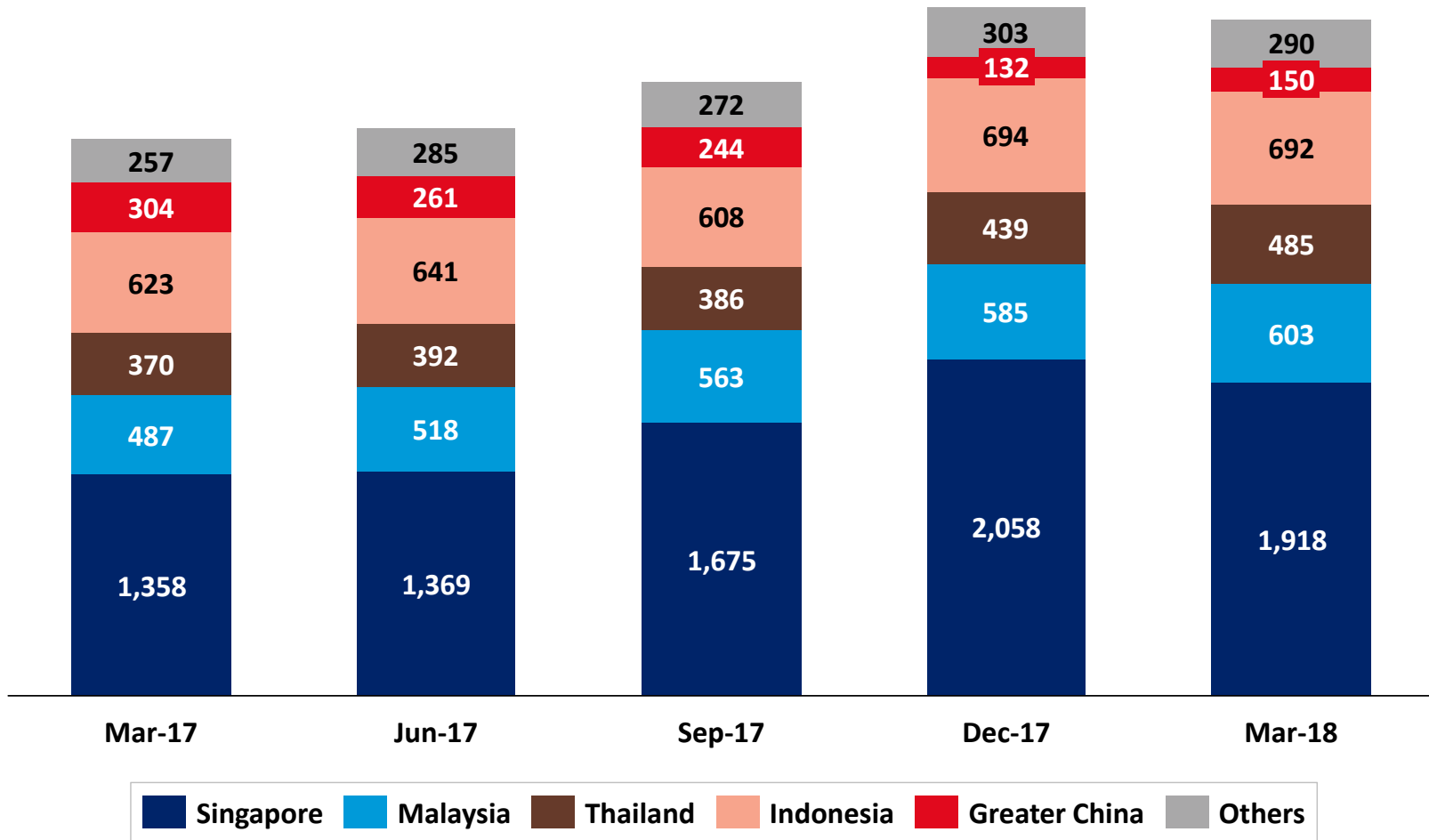
## New NPA formation back to normalised level

	1Q17	2Q17	3Q17	4Q17	1Q18
	\$m	\$m	\$m	\$m	\$m
<b>NPA at start of period</b>	3,480	3,543	3,587	3,919	4,389
New NPA	424	537	799	1,167	416
Upgrades, recoveries and translations	(293)	(255)	(369)	(354)	(310)
Write-offs	(68)	(238)	(98)	(343)	(172)
<b>NPA at end of period</b>	3,543	3,587	3,919	4,389	4,323

# NPL ratio decreased to 1.7%

NPL (\$m)	3,399	3,466	3,748	4,211	4,138
NPL Ratio	1.5%	1.5%	1.6%	1.8%	1.7%

## NPL (\$m)

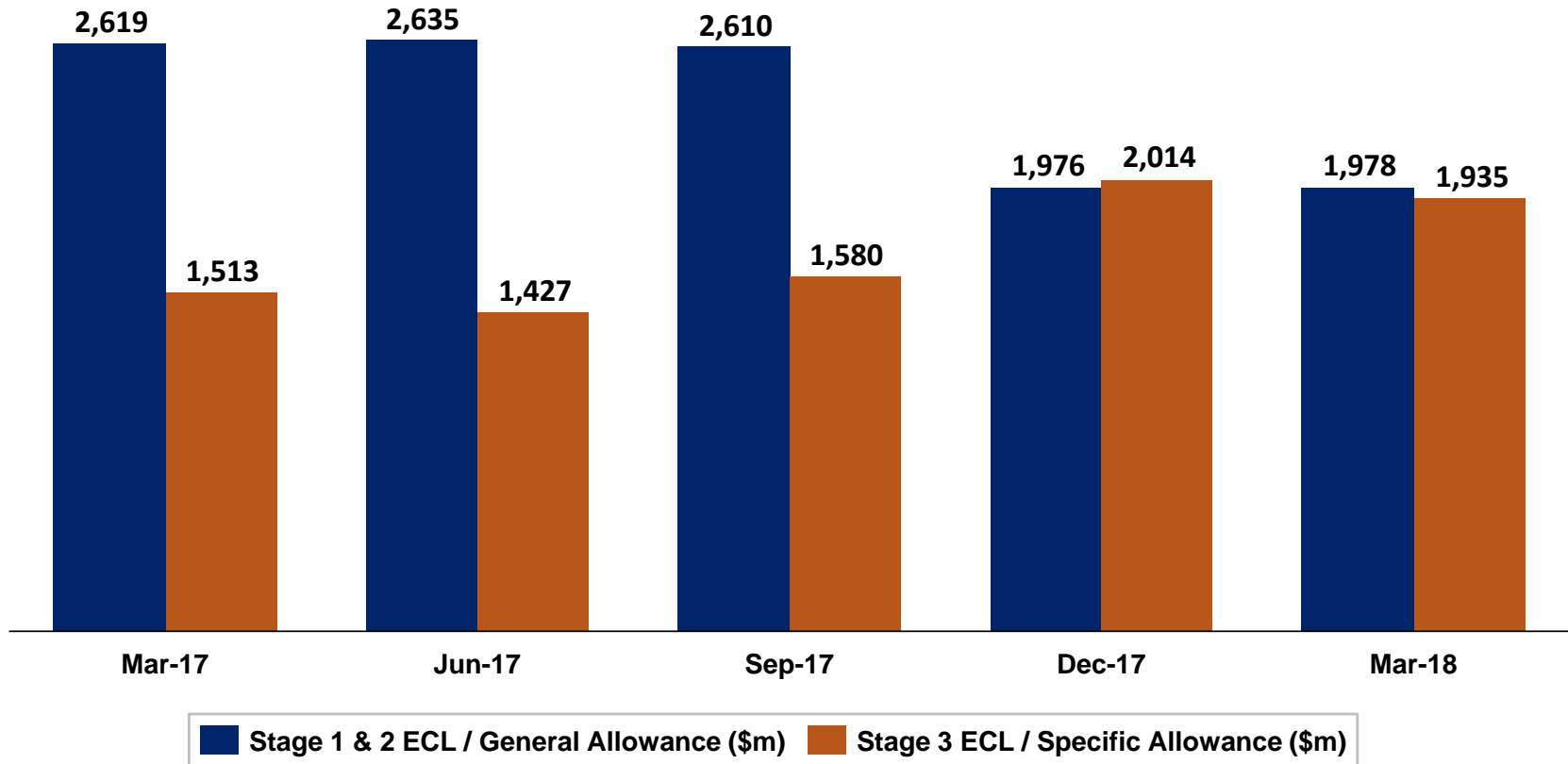


Note : Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

# Adequate NPA coverage

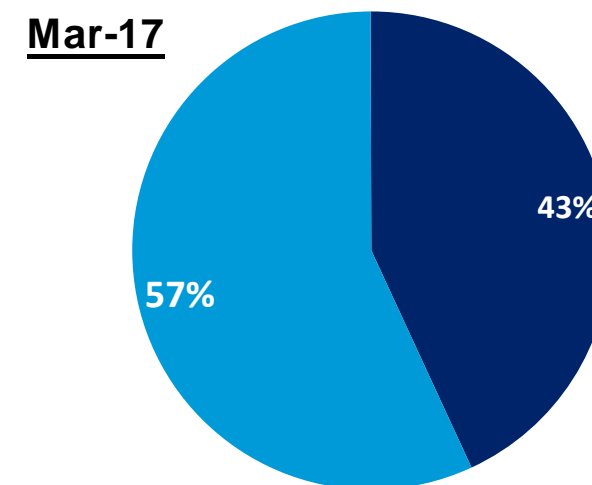
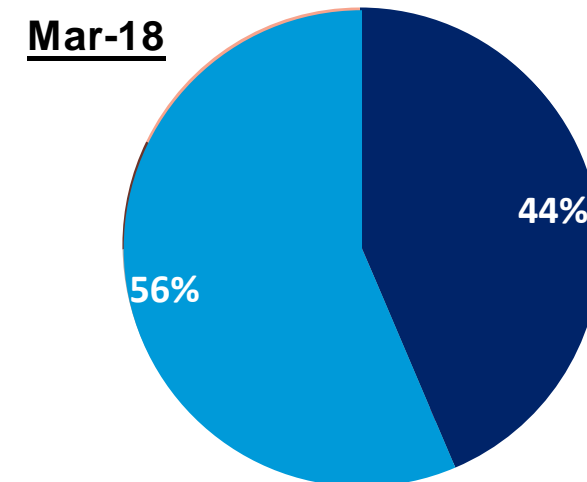
Total ECL (\$m)	4,132	4,062	4,190	3,990	3,913
NPA coverage (%)	117	113	107	91	91
Unsecured NPA coverage (%)	232	232	223	187	190

## ECL Allowance (\$m)



# Loans up 5% YoY and 2% QoQ to \$241b

Gross Loans	Mar-18	Mar-17	+/(-) %	Dec-17	+/(-) %
	\$b	\$b	%	\$b	%
Singapore	129	125	3	128	1
Regional:	89	81	10	85	4
Malaysia	29	26	12	27	7
Thailand	16	14	14	15	4
Indonesia	10	11	(8)	11	(2)
Greater China	34	30	13	32	5
Others	24	23	0	23	0
<b>Total</b>	<b>241</b>	229	5	236	2

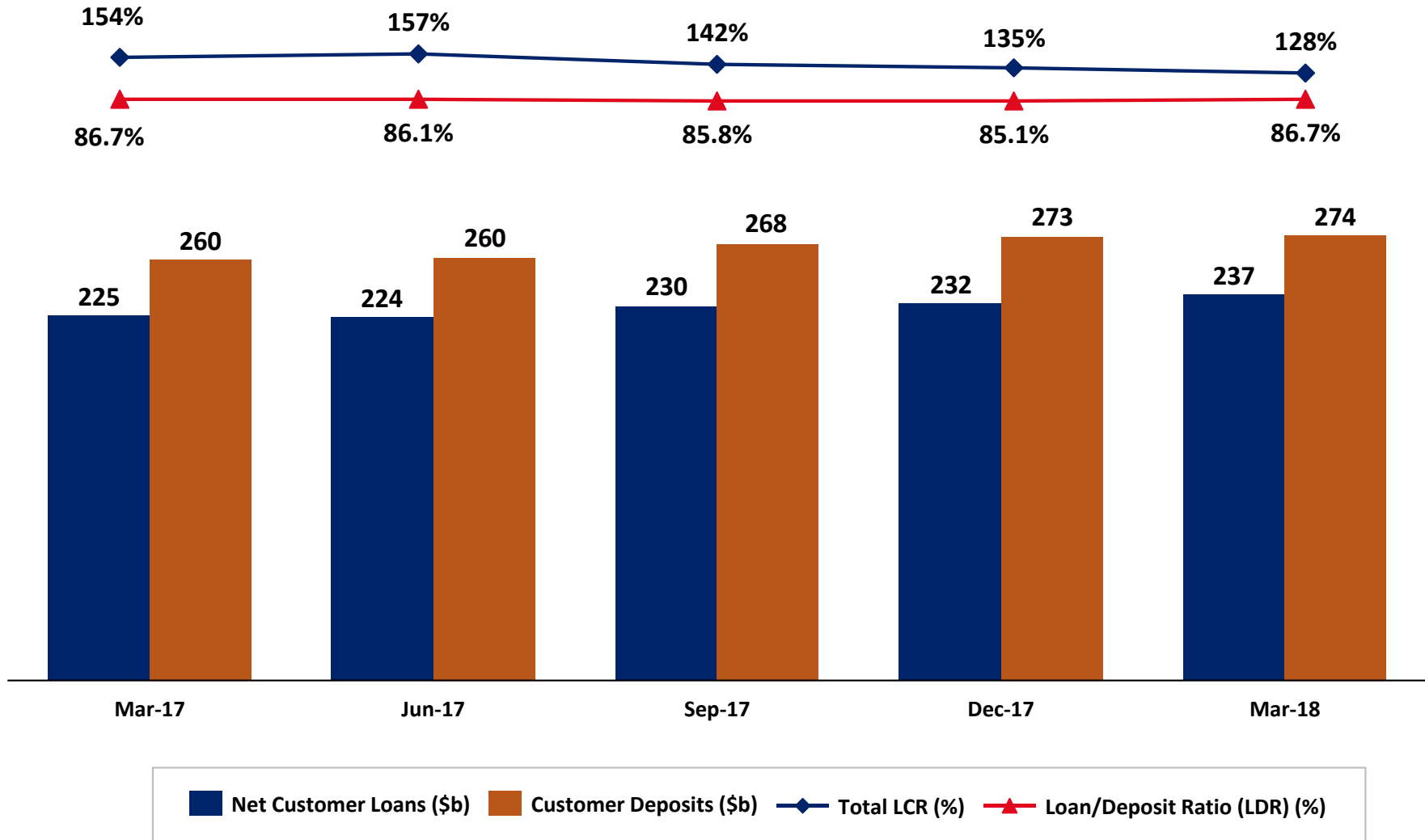


■ Group Retail ■ Group Wholesale

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).

# Stable liquidity position

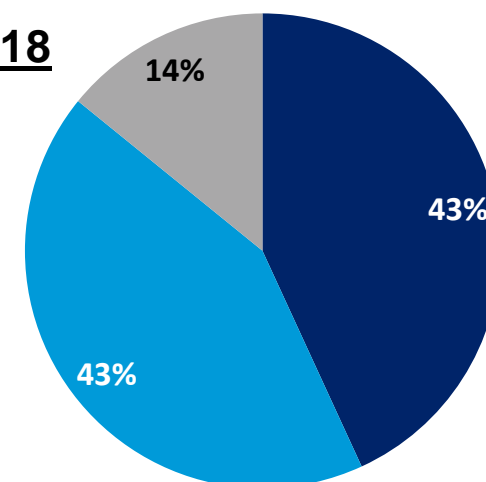
## Customer Loans and Deposits; LDR and LCR



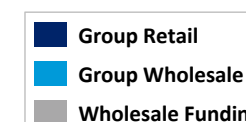
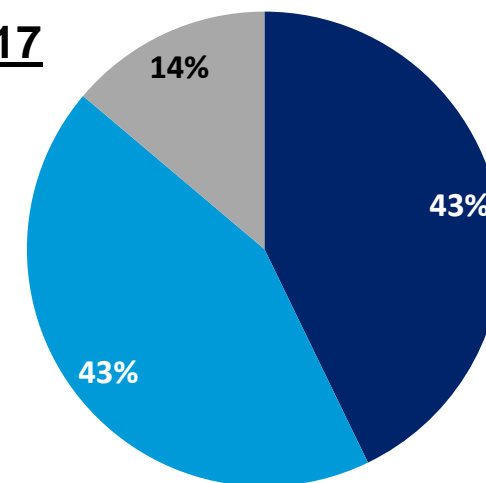
# Strong funding position with customer deposits increased \$14b or 5% YoY

Customer Deposits	Mar-18 \$b	Mar-17 \$b	+/(-) %	Dec-17 \$b	+/(-) %
Singapore	184	182	1	185	(1)
Regional:	71	63	12	69	4
Malaysia	30	27	11	28	5
Thailand	17	14	24	16	9
Indonesia	7	8	(13)	7	(8)
Greater China	18	15	17	18	1
Others	19	14	33	19	(0)
<b>Total customer deposits</b>	<b>274</b>	260	5	273	0
Wholesale funding	41	39	5	40	5
<b>Total funding</b>	<b>315</b>	299	5	312	1

**Mar-18**

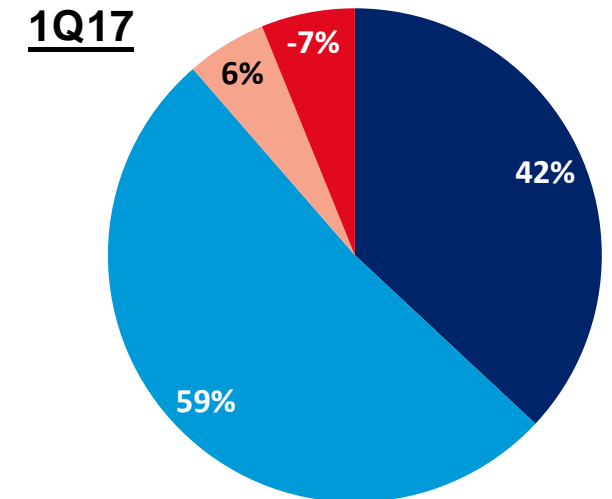
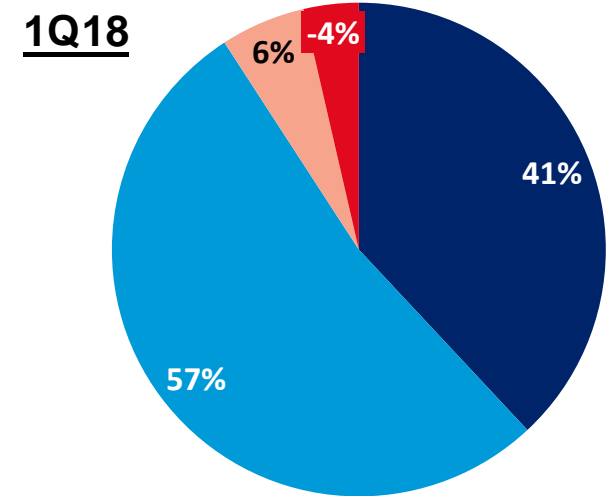


**Mar-17**



# All business segments delivered good performance

Segment Operating Profit	1Q18	1Q17	+/( -)
	\$m	\$m	%
Group Retail (GR)	510	492	4
Group Wholesale Banking (GWB)	710	690	3
Global Markets (GM)	80	64	24
Others *	(55)	(81)	31
<b>Total</b>	<b>1,244</b>	<b>1,166</b>	<b>7</b>

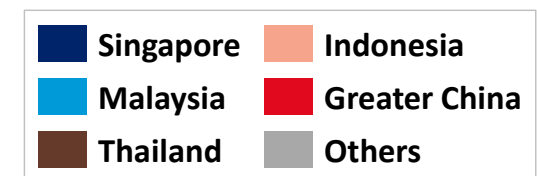
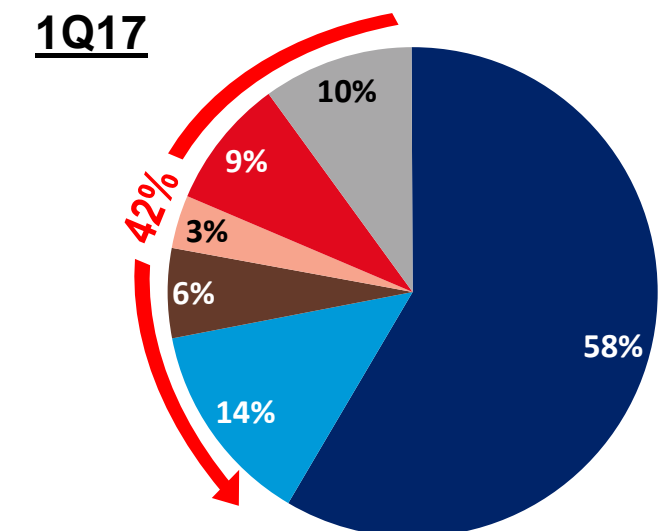
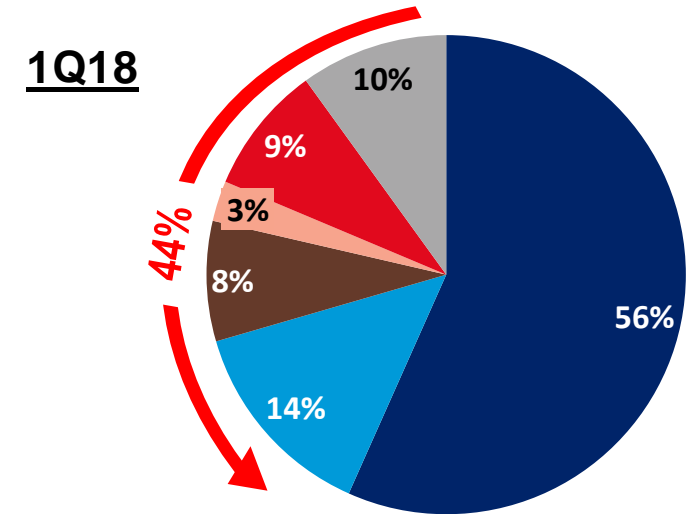


\* Comprises Investment Management, Central Treasury and Corporate Functions



# Regional operating profit up 12% YoY in constant currency terms contributed from Thailand and Greater China

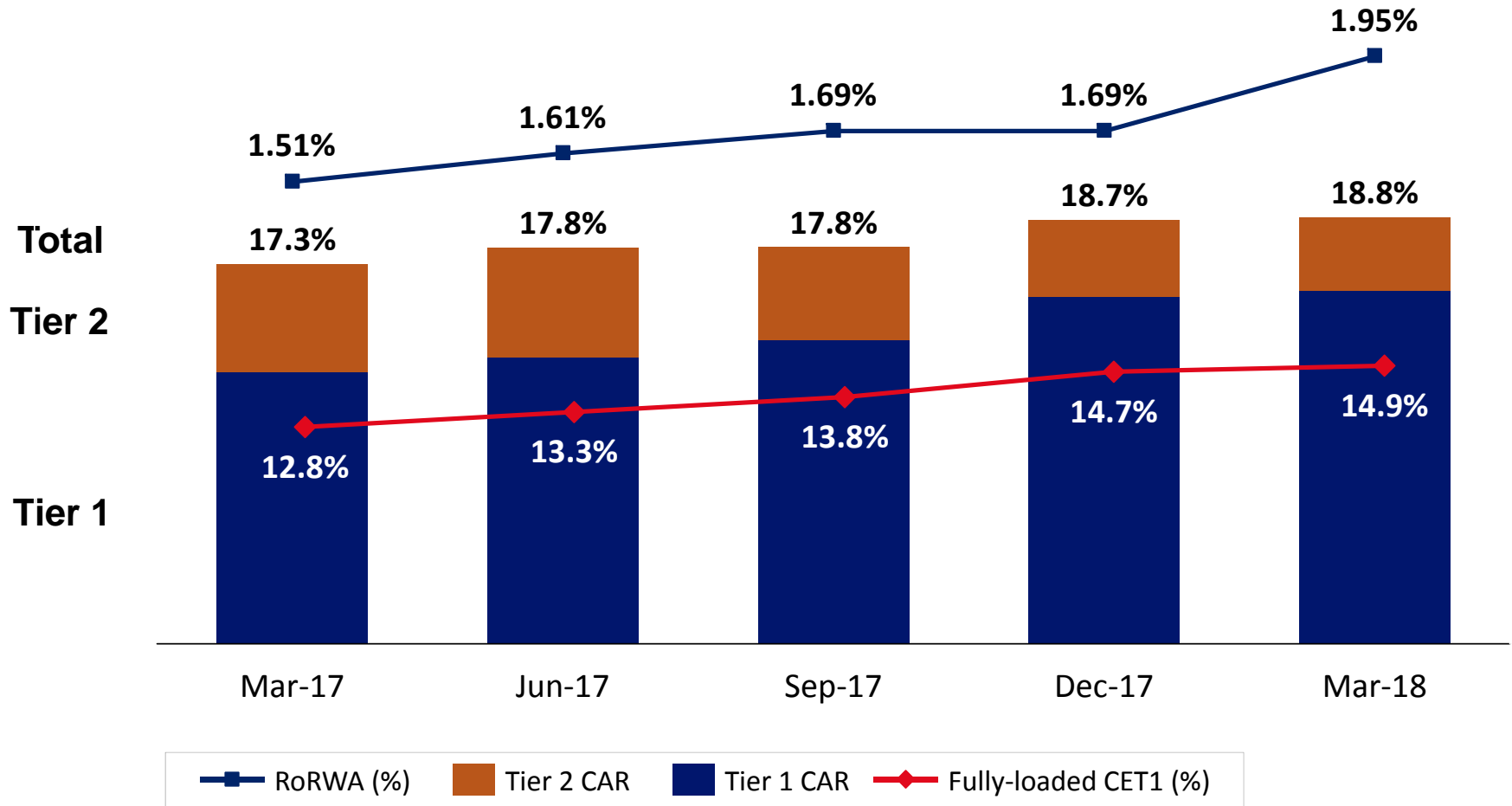
Operating Profit	1Q18		1Q17		At constant FX rate	
	\$m	\$m	+/(-) %	+/(-) %	+/(-) %	+/(-) %
Singapore	697	672	4	4		
Regional:	425	377	13	12		
Malaysia	171	159	8	1		
Thailand	101	68	49	43		
Indonesia	35	40	(12)	(4)		
Greater China	118	111	7	12		
Others	122	116	5	9		
<b>Total</b>	<b>1,244</b>	<b>1,166</b>	<b>7</b>	<b>7</b>		





# Strong capital position with improving RoRWA

## Capital Adequacy Ratios (CAR) and RoRWA



RWA (\$b)	211	209	206	199	202
Leverage ratio (%)	7.6	7.8	7.7	8.0	8.2



## Appendix :

### Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

# Singapore – Key Financials

	1Q18	1Q17	+/(-)	4Q17	+/(-)
	\$m	\$m	%	\$m	%
Net interest income	832	704	18	832	0
Net fee income	317	271	17	302	5
Other non-interest income	104	184	(43)	143	(27)
<b>Total income</b>	<b>1,254</b>	<b>1,158</b>	<b>8</b>	<b>1,276</b>	<b>(2)</b>
Less: Expenses	557	486	15	581	(4)
<b>Operating profit</b>	<b>697</b>	<b>672</b>	<b>4</b>	<b>695</b>	<b>0</b>
Less: Total allowances	36	132	(73)	34	6
Add: Associates & JVs	18	11	60	13	37
<b>Profit before tax</b>	<b>679</b>	<b>551</b>	<b>23</b>	<b>675</b>	<b>1</b>
<u>Financial indicators (%)</u>					
Net interest margin	1.49	1.29		1.46	
Expense/Total income	44.5	41.9		45.5	
Customer loans (net) - \$b	143.0	139.8		141.8	
Loan/Deposit	77.9	76.8		76.6	
NPL ratio	2.0	1.5		2.1	

## Malaysia – Key Financials

	1Q18	1Q17	+/(–)	4Q17	+/(–)
	RM'm	RM'm	%	RM'm	%
Net interest income	526	522	1	523	1
Net fee income	169	153	10	189	(11)
Other non-interest income	104	80	30	88	18
<b>Total income</b>	<b>799</b>	<b>755</b>	<b>6</b>	<b>800</b>	<b>(0)</b>
Less: Expenses	291	254	14	328	(11)
<b>Operating profit</b>	<b>508</b>	<b>501</b>	<b>1</b>	<b>472</b>	<b>8</b>
Less: Total allowances	37	14	>100	77	(52)
<b>Profit before tax</b>	<b>471</b>	<b>487</b>	<b>(3)</b>	<b>395</b>	<b>19</b>
<b>Profit before tax (S\$m)</b>	<b>159</b>	<b>154</b>	<b>3</b>	<b>129</b>	<b>23</b>
<i>Average Exchange rate</i>	2.96	3.15		3.06	
<u>Financial indicators (%)</u>					
Net interest margin	2.16	2.20		2.07	
Expense/Total income	36.4	33.7		41.0	
Customer loans (net) - RM'b	85.0	80.2		81.8	
Loan/Deposit	97.4	95.0		95.7	
NPL ratio	1.6	1.5		1.7	

## Thailand – Key Financials

	1Q18 THB'm	1Q17 THB'm	+/(-) %	4Q17 THB'm	+/(-) %
Net interest income	4,069	3,699	10	4,055	0
Net fee income	1,234	1,084	14	1,316	(6)
Other non-interest income	256	126	>100	271	(5)
<b>Total income</b>	<b>5,559</b>	<b>4,909</b>	<b>13</b>	<b>5,641</b>	<b>(1)</b>
Less: Expenses	3,152	3,224	(2)	3,315	(5)
<b>Operating profit</b>	<b>2,407</b>	<b>1,684</b>	<b>43</b>	<b>2,326</b>	<b>3</b>
Less: Total allowances	564	683	(17)	922	(39)
<b>Profit before tax</b>	<b>1,843</b>	<b>1,001</b>	<b>84</b>	<b>1,404</b>	<b>31</b>
<b>Profit before tax (S\$m)</b>	<b>77</b>	<b>40</b>	<b>92</b>	<b>58</b>	<b>34</b>
<i>Average Exchange rate</i>	23.81	24.79		24.35	
<u>Financial indicators (%)</u>					
Net interest margin	3.33	3.51		3.30	
Expense/Total income	56.7	65.7		58.8	
Customer loans (net) - THB'b	348.4	317.4		342.6	
Loan/Deposit	86.3	94.1		90.1	
NPL ratio	3.2	2.8		3.0	

## Indonesia – Key Financials

	1Q18	1Q17	+/(-)	4Q17	+/(-)
	IDR'b	IDR'b	%	IDR'b	%
Net interest income	803	828	(3)	836	(4)
Net fee income	178	172	3	186	(4)
Other non-interest income	129	100	29	107	21
<b>Total income</b>	<b>1,110</b>	<b>1,100</b>	<b>1</b>	<b>1,129</b>	<b>(2)</b>
Less: Expenses	751	725	4	778	(3)
<b>Operating profit</b>	<b>359</b>	<b>375</b>	<b>(4)</b>	<b>350</b>	<b>2</b>
Less: Total allowances	(56)	155	(>100)	379	(>100)
<b>Profit/(loss) before tax</b>	<b>415</b>	<b>220</b>	<b>89</b>	<b>(29)</b>	<b>&gt;100</b>
<b>Profit/(loss) before tax (S\$m)</b>	<b>40</b>	<b>23</b>	<b>72</b>	<b>(3)</b>	<b>&gt;100</b>
<i>Average Exchange rate</i>	<i>10,382</i>	<i>9,464</i>		<i>10,677</i>	
<u>Financial indicators (%)</u>					
Net interest margin	4.09	4.08		3.98	
Expense/Total income	67.7	65.9		68.9	
Customer loans (net) - IDR't	62.1	64.4		62.6	
Loan/Deposit	86.9	86.3		83.5	
NPL ratio	1.2	3.3		1.1	

# Greater China – Key Financials

	1Q18	1Q17	+/(–)	4Q17	+/(–)
	\$m	\$m	%	\$m	%
Net interest income	104	99	5	103	1
Net fee income	46	25	86	38	22
Other non-interest income	62	72	(15)	57	7
<b>Total income</b>	<b>212</b>	<b>196</b>	<b>8</b>	<b>198</b>	<b>7</b>
Less: Expenses	93	85	9	94	(0)
<b>Operating profit</b>	<b>118</b>	<b>111</b>	<b>7</b>	<b>104</b>	<b>14</b>
Less: Total allowances	11	7	49	5	99
Add: Associates & JVs	10	12	(13)	5	>100
<b>Profit before tax</b>	<b>118</b>	<b>115</b>	<b>2</b>	<b>103</b>	<b>14</b>
<u>Financial indicators (%)</u>					
Net interest margin	0.97	1.06		0.99	
Expense/Total income	44.1	43.5		47.5	
Customer loans (net) - \$b	28.5	24.3		26.6	
Loan/Deposit	159.3	159.2		151.1	
NPL ratio	0.3	0.5		0.3	

# Thank You

