



UOB Group

For the Three Months / First Quarter Ended 31 March 2019



Financial Highlights

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Group Chief Financial Officer

3 May 2019

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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	%
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

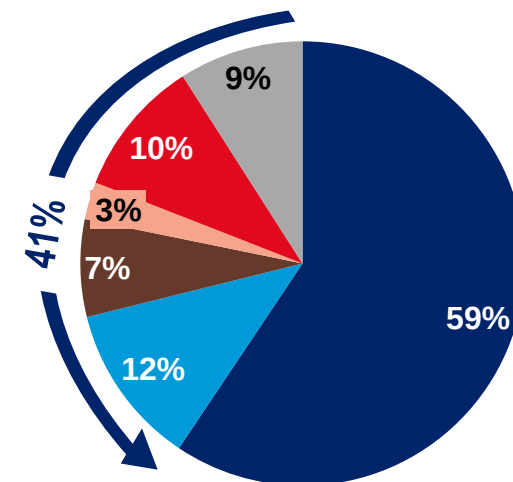
	1Q19 \$m	4Q18 \$m	QoQ +/- \$m %	
Net interest income	1,587	1,608	(21)	(1) ▼
Net fee income	479	467	12	2 ▲
Other Non-NII	340	140	200	>100 ▲
Total income	2,406	2,216	191	9 ▲
Less: Total expenses	1,073	984	89	9 ▲
Operating profit	1,333	1,232	101	8 ▲
Less: Total allowances	93	128	(35)	(27) ▼
Add: Assoc &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

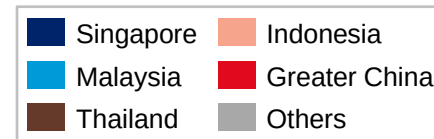
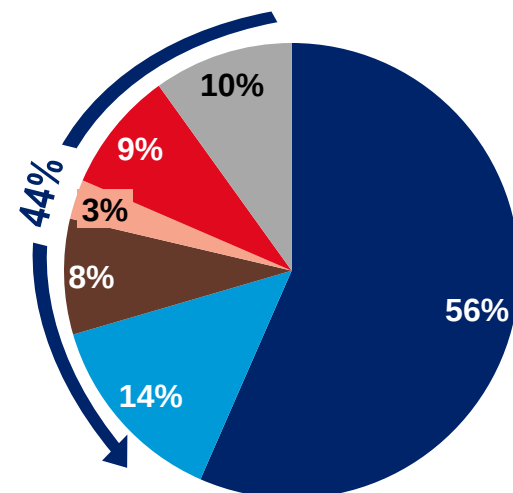
Higher YoY operating profit mainly contributed by Singapore Operations

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

1Q19



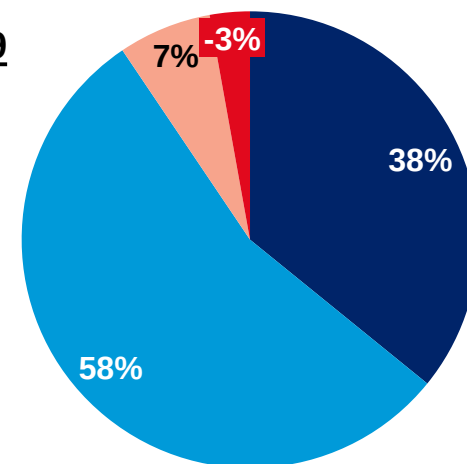
1Q18



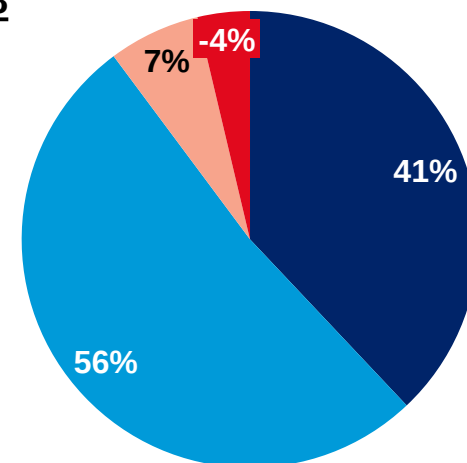
Segment performance in Group Wholesale Banking and Global Markets improved

	1Q19	1Q18	+/(-)
Segment Operating Profit	\$m	\$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

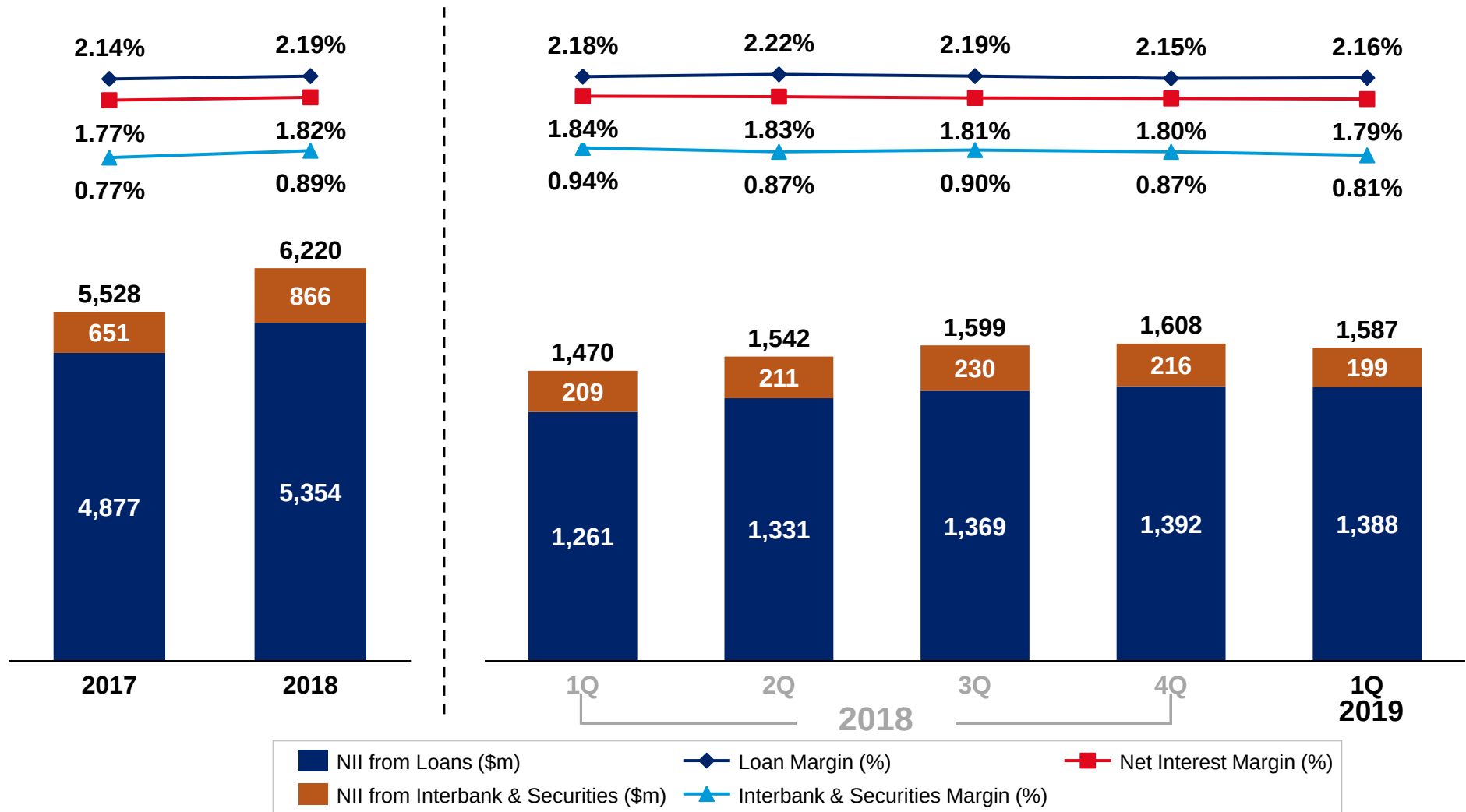


GR GWB GM Others

* 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

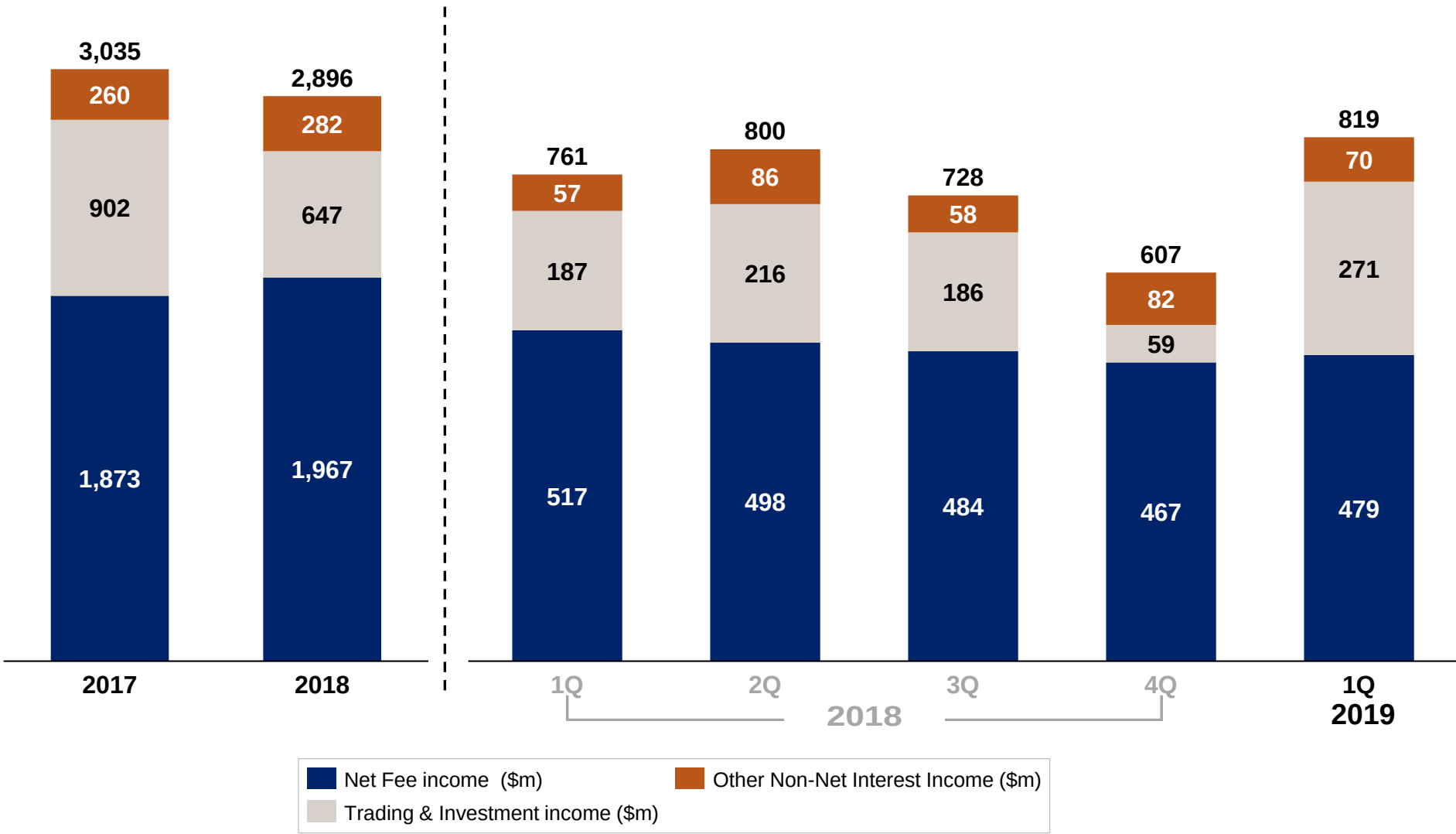
Net Interest Income (NII) and Margin



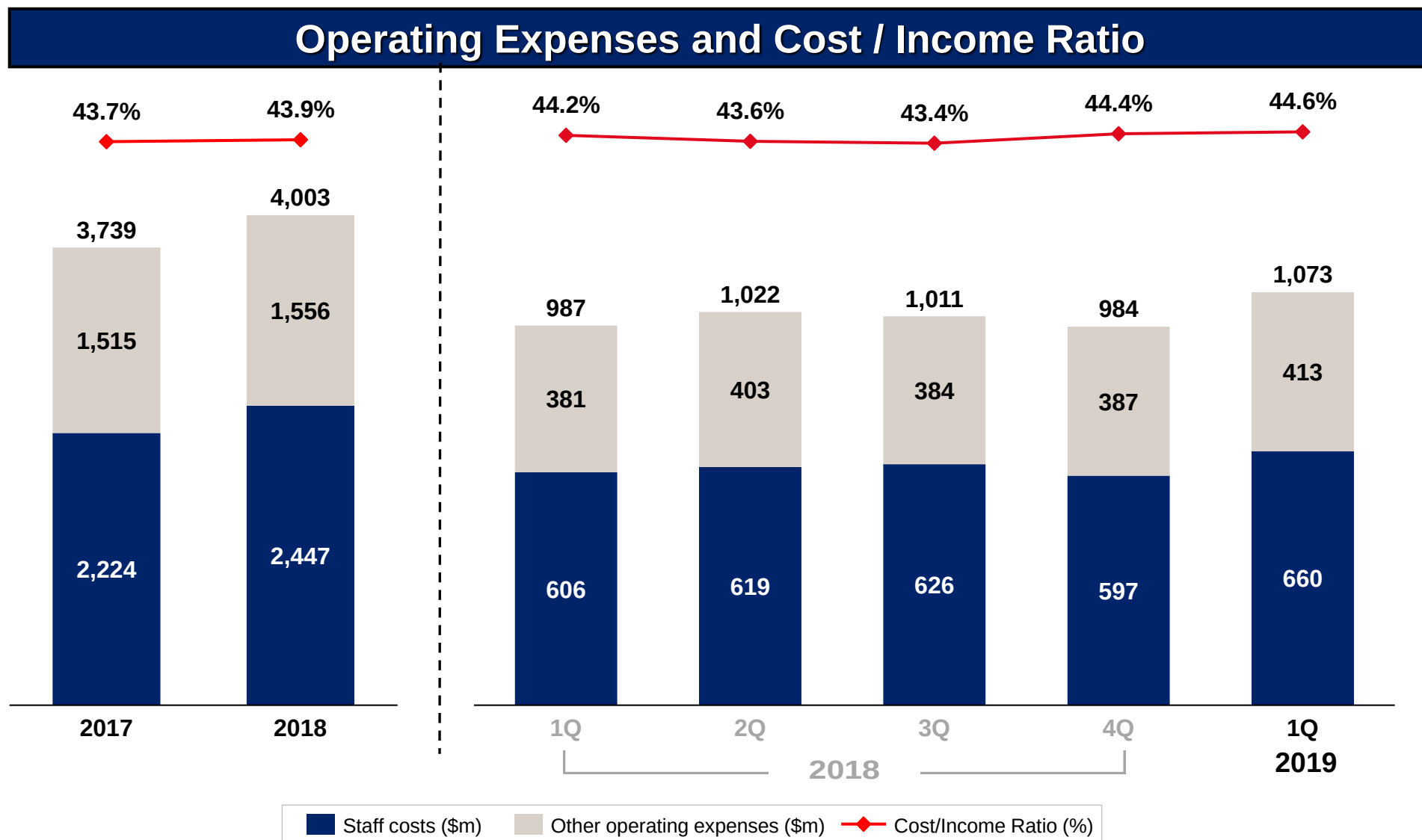
QoQ higher fees and trading and investment income driven by market recovery



Non-Net Interest Income

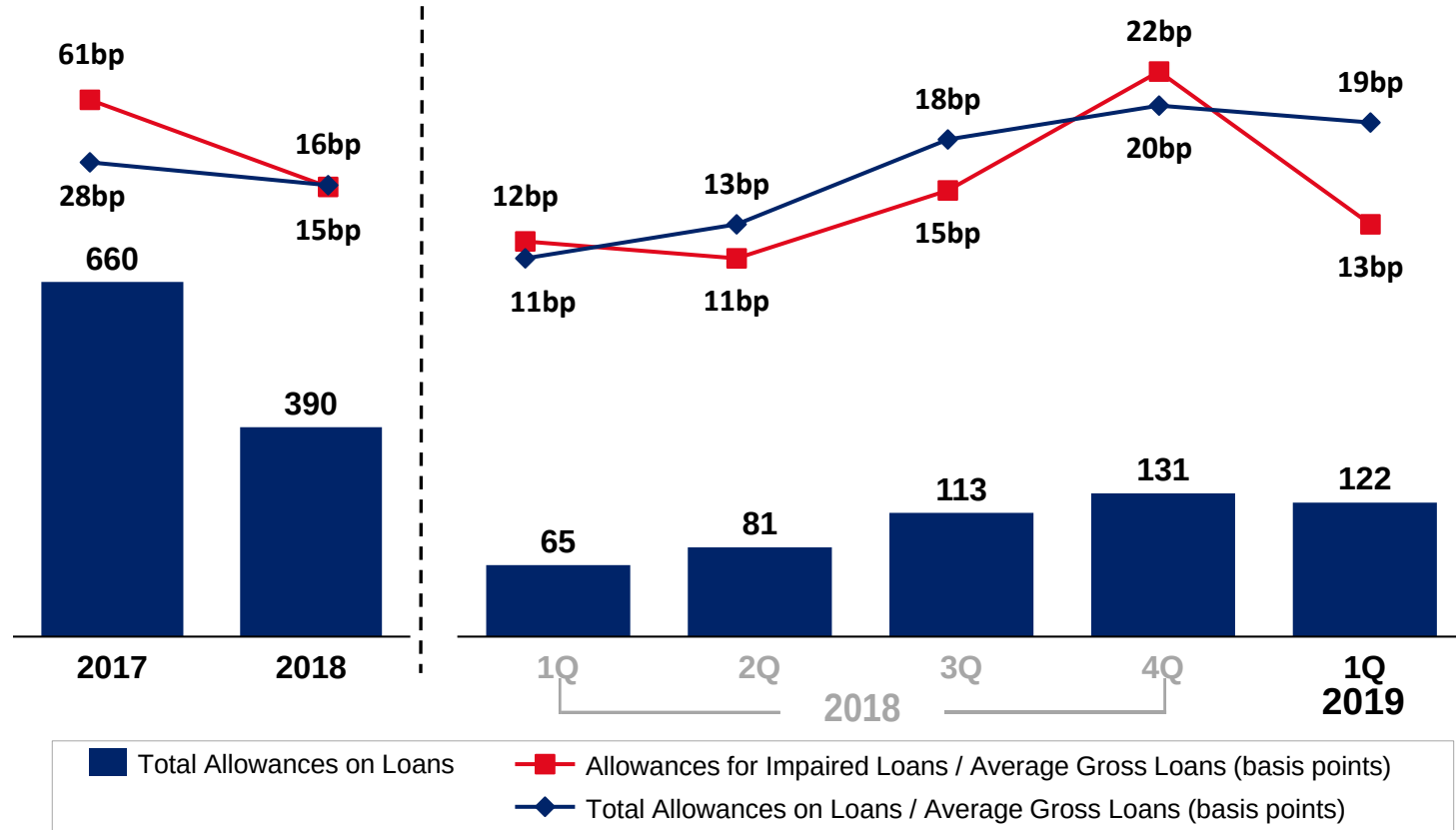


Cost/Income ratio stable at 44.6%



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				2019
	1Q \$m	2Q \$m	3Q \$m	4Q \$m	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

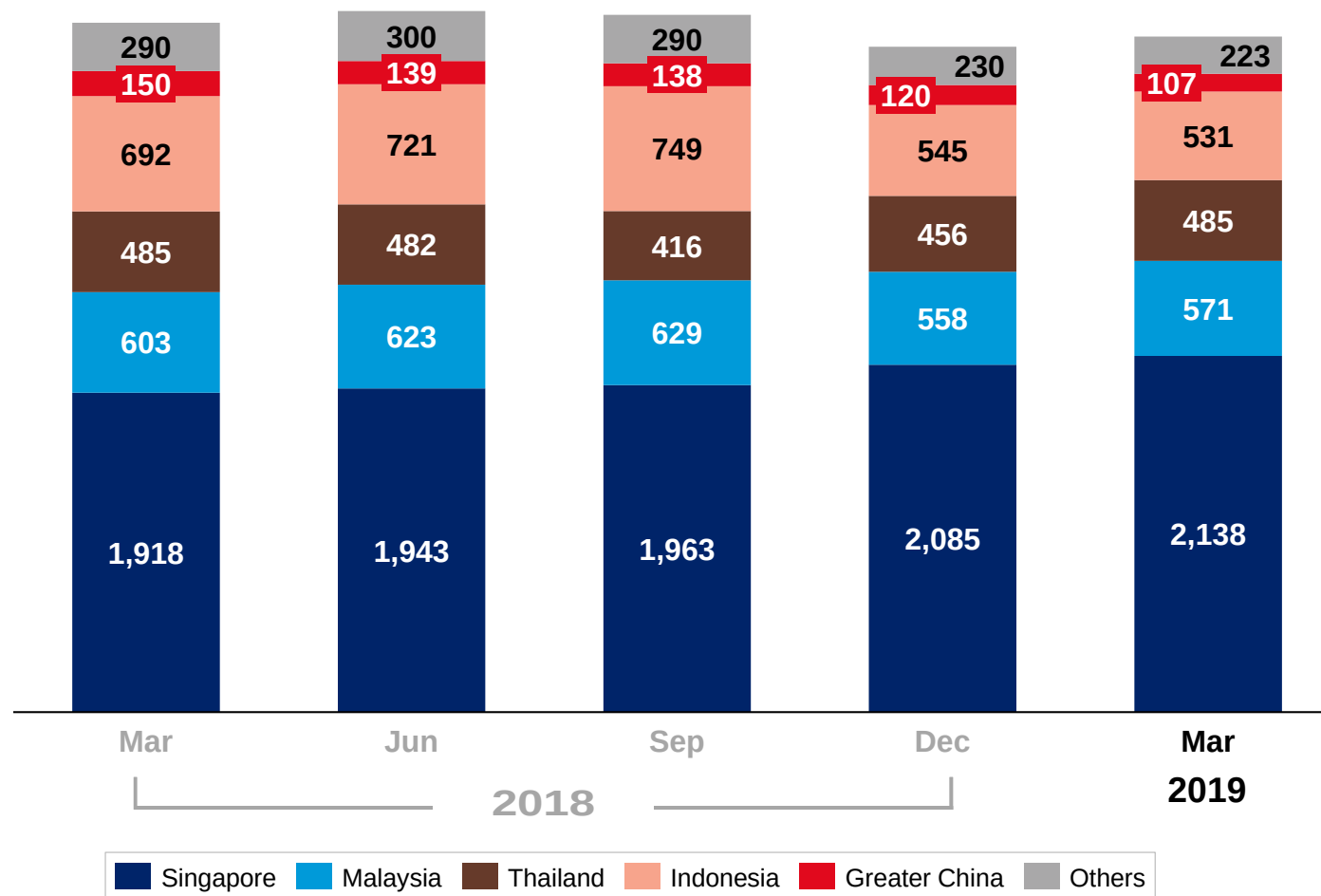
Note:

(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%

NPL (\$m)

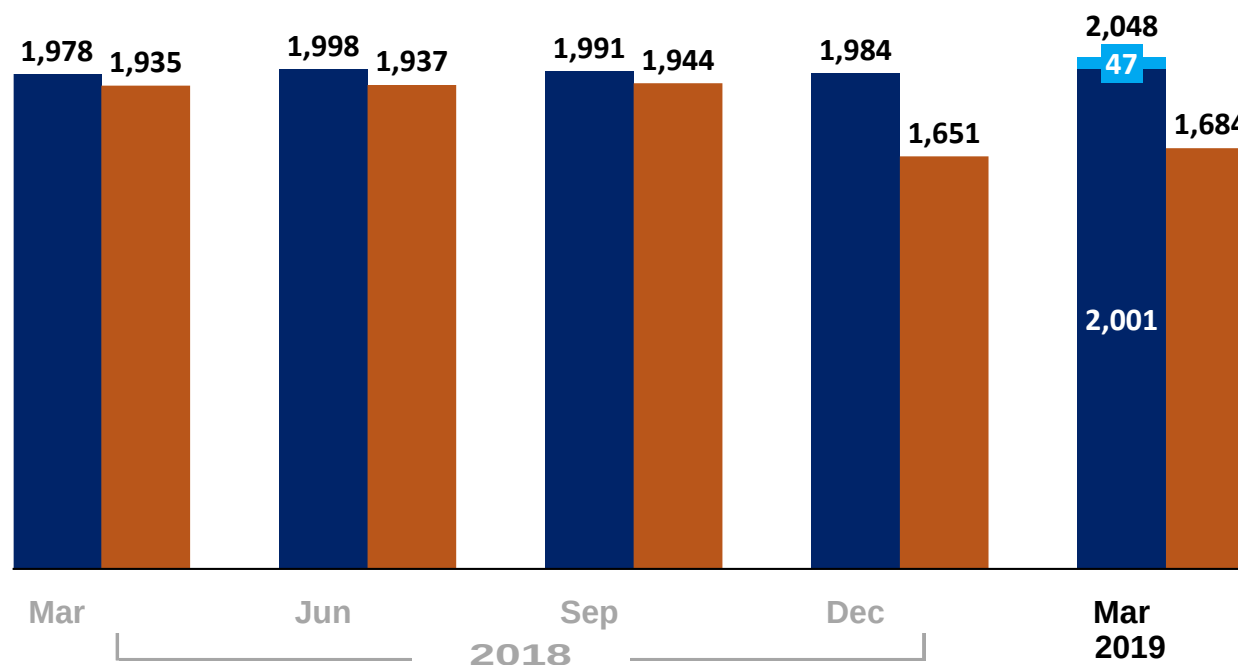


Note: Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation for non-individuals and residence for individuals.

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)



■ Regulatory loss allowances reserve (RLAR) (\$m)
 ■ Allowances for Non-Impaired Assets (\$m)
 ■ Allowances for Impaired Assets (\$m)

Note:

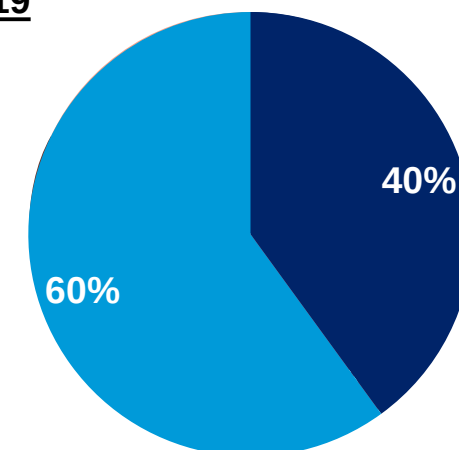
(1) Includes RLAR as part of total allowances.

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.

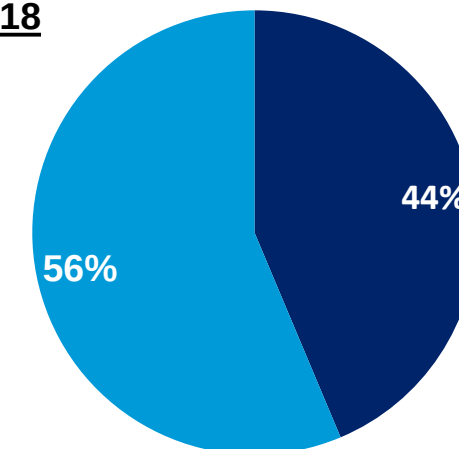
Strong capital and funding supported broad-based loan growth across the Group

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



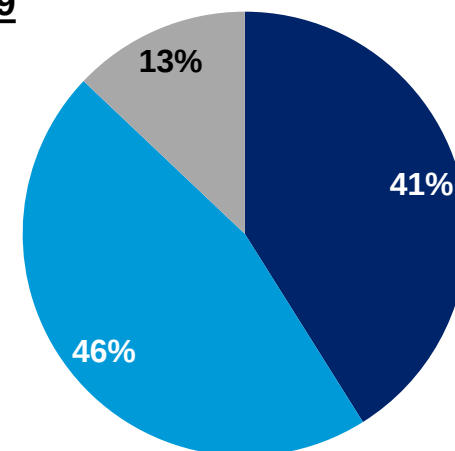
■ Group Retail ■ Group Wholesale

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.

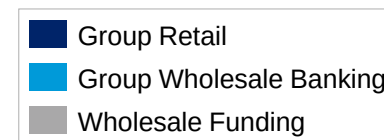
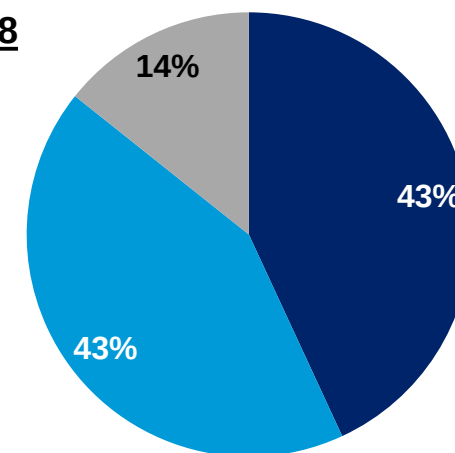
YoY deposits growth mainly from Singapore and Greater China

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

Mar-19



Mar-18

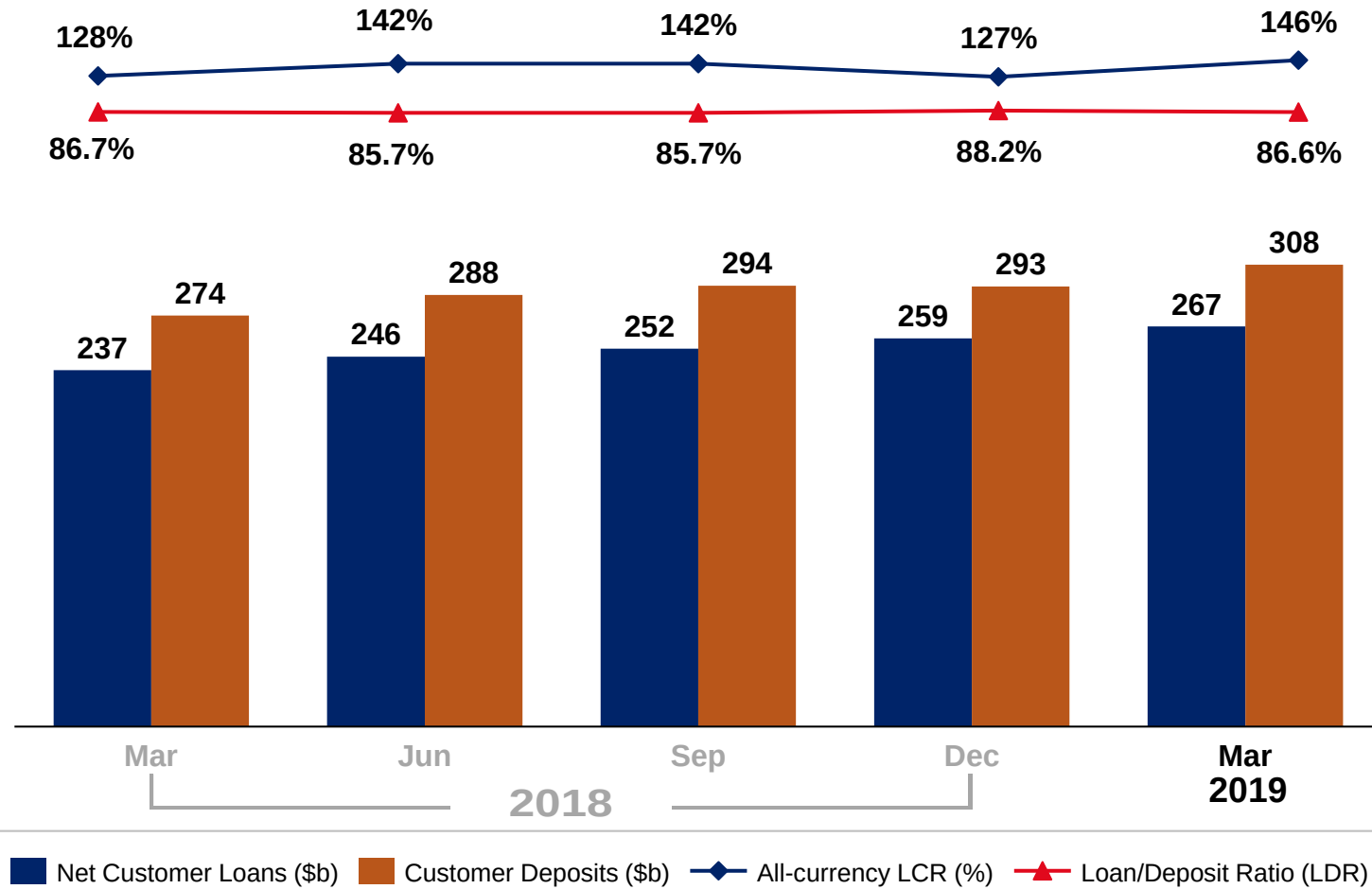


Note:

(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

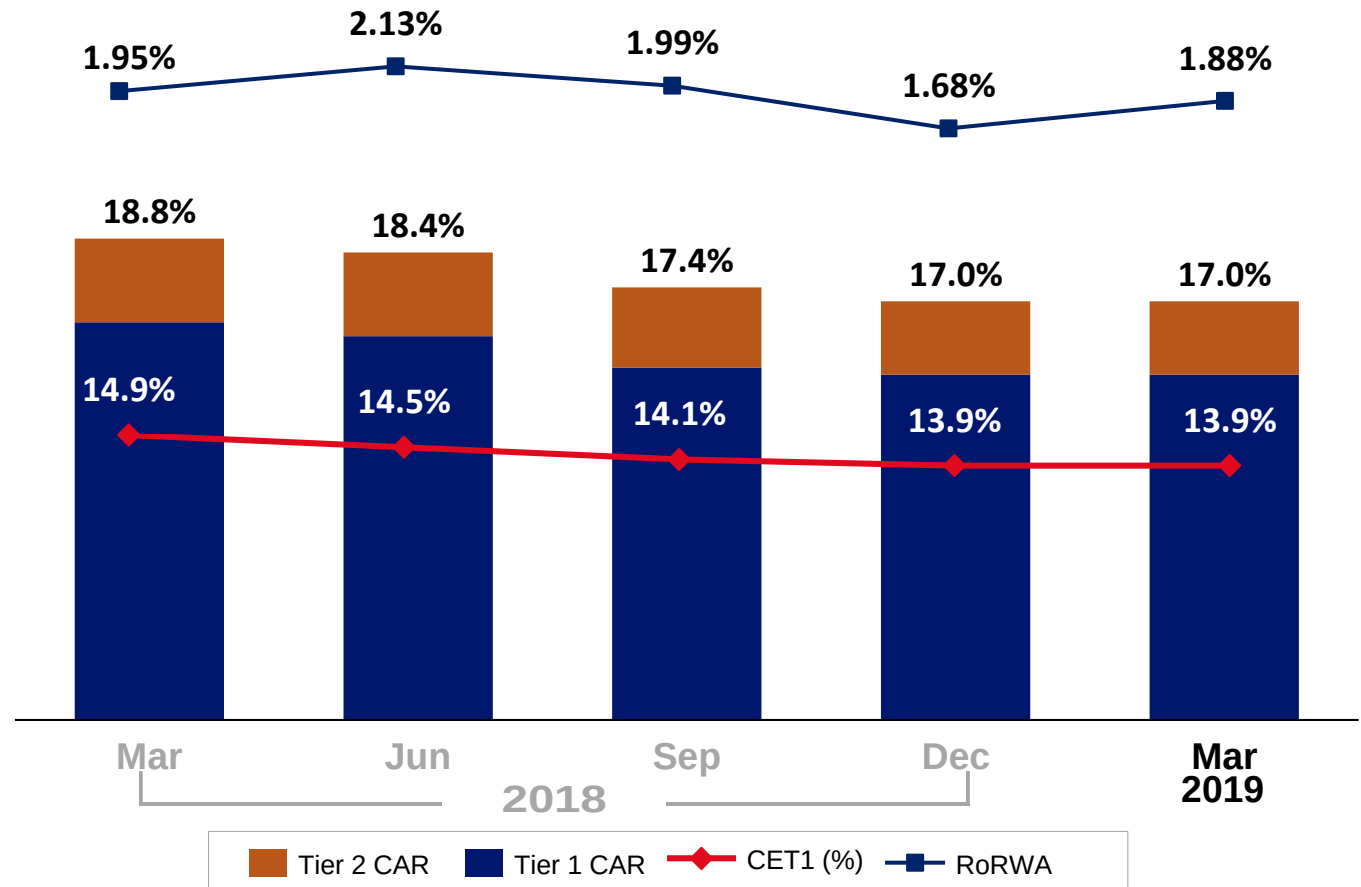
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109

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
<i>Average Exchange rate</i>	3.02	2.96		3.04	
<u>Financial indicators (%)</u>					
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
<i>Average Exchange rate</i>	23.26	23.81		23.95	
<u>Financial indicators (%)</u>					
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)
<i>Average Exchange rate</i>	<i>10,461</i>	<i>10,382</i>		<i>10,602</i>	
<u>Financial indicators (%)</u>					
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.

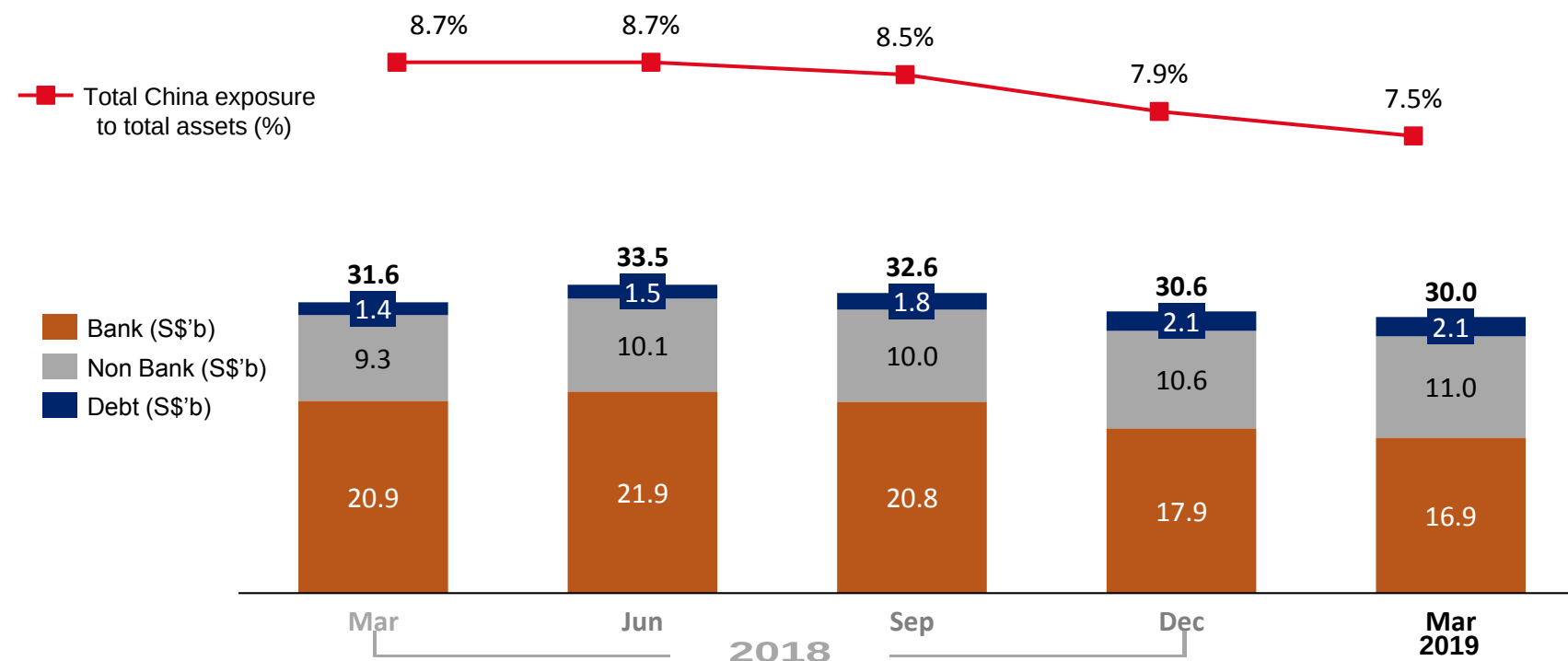
Exposure to China

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.