



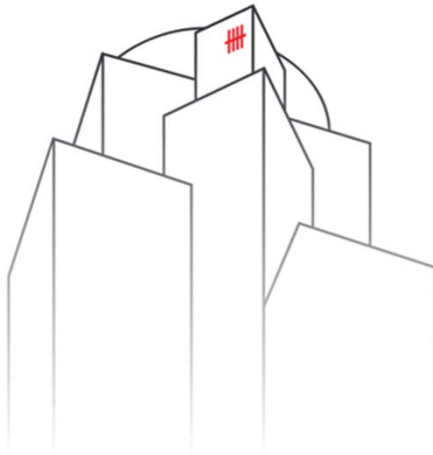
UOB Group

For the First Half / Second Quarter Ended 30 June 2019

Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

2 August 2019



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Highlights

Half year record earnings of \$2.22 billion ▲8% YoY

Second quarter earnings of \$1.17 billion ▲8% YoY; ▲11% QoQ

Strong business momentum, solid balance sheet position

- Total income rose 7% QoQ to \$2.58 billion lifted by strong loan growth and higher trading and investment income
- Return on equity for 2Q19 rose to 12.5%
- Sound funding position with healthy loan-to-deposit ratio at 88.5%, LCR for the quarter at 147% and NSFR at 108%
- Assets quality sound with NPL ratio stable at 1.5%
- Strong capital position with CET1 CAR at 13.9%

Half year earnings at new high of \$2.22 billion

	1H19 \$m	1H18 \$m	YoY +/- \$m	%	
Net interest income	3,241	3,012	228	8	▲
Net fee income	1,005	1,015	(10)	(1)	▼
Other non-NII	743	546	198	36	▲
Total income	4,989	4,573	416	9	▲
Less: Total expenses	2,203	2,009	194	10	▲
Operating profit	2,787	2,564	222	9	▲
Less: Total allowances	144	170	(26)	(15)	▼
Add: Assoc & JV	17	81	(64)	(79)	▼
Net profit	2,219	2,055	165	8	▲

- Higher net interest income (NII) on strong loan growth.
- Higher other non-NII as market sentiment rebounded since the start of the year.
- Expenses increased due to higher staff, revenue and IT-related expenses.
- Lower allowances for non-impaired assets as credit environment stabilised.
- Contributions from associates declined due to reduction of interest.

Second quarter earnings grew 8% from a year ago

	2Q19 \$m	2Q18 \$m	YoY +/- \$m	% %
Net interest income	1,653	1,542	111	7 ▲
Net fee income	527	498	29	6 ▲
Other non-NII	403	302	101	33 ▲
Total income	2,583	2,342	240	10 ▲
Less: Total expenses	1,129	1,022	107	11 ▲
Operating profit	1,453	1,320	133	10 ▲
Less: Total allowances	51	90	(40)	(44) ▼
Add: Assoc & JV	(0)	52	(52)	(>100) ▼
Net profit	1,168	1,077	91	8 ▲

- Higher net interest income (NII) driven by loan growth of 9%.
- Higher wealth management, credit card and loan-related fees.
- Other non-NII up from trading income and investment gains.
- Higher expenses in line with income growth.
- Allowances decreased due to write-back in allowances for non-impaired assets.

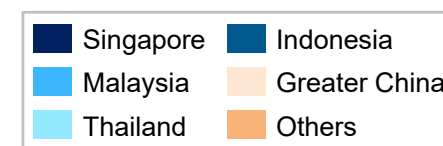
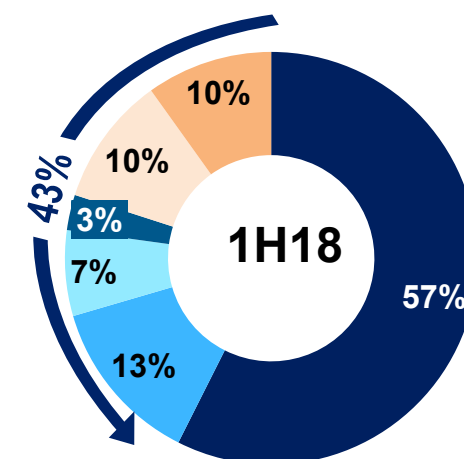
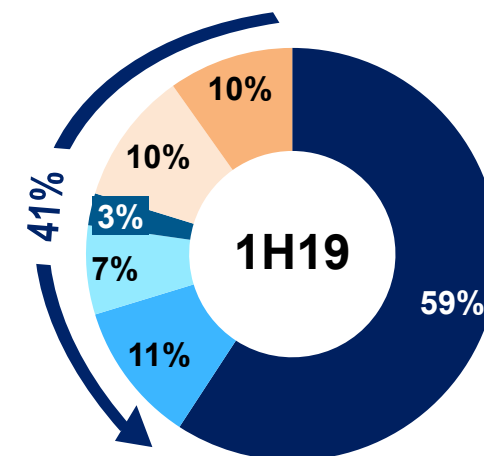
QoQ earnings driven by broad-based growth in operating income

	2Q19 \$m	1Q19 \$m	QoQ +/- \$m	QoQ +/- %	
Net interest income	1,653	1,587	66	4	▲
Net fee income	527	479	48	10	▲
Other non-NII	403	340	62	18	▲
Total income	2,583	2,406	176	7	▲
Less: Total expenses	1,129	1,073	56	5	▲
Operating profit	1,453	1,333	120	9	▲
Less: Total allowances	51	93	(42)	(45)	▼
Add: Assoc & JV	(0)	17	(17)	(>100)	▼
Net profit	1,168	1,052	116	11	▲

- Net interest margin improved two basis points to 1.81%.
- Broad-based growth in fee income.
- Increase in other non-NII driven by higher investment gains.
- Positive jaws from stronger income growth.
- Lower allowances due to write-back for non-impaired assets and recoveries.

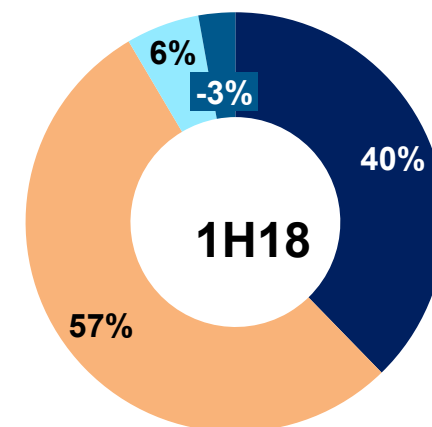
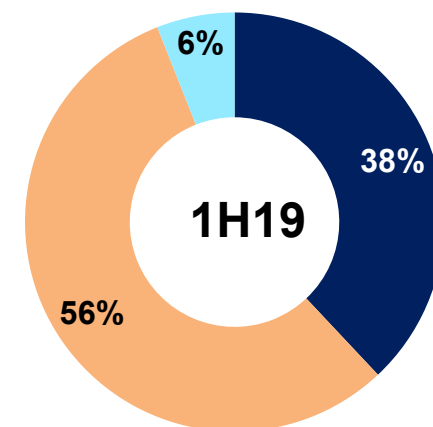
Operating profit improved from stronger performance in Singapore and Greater China

Operating Profit	1H19	1H18	At constant FX rate	
	\$m	\$m	+ / (-) %	+ / (-) %
Singapore	1,650	1,458	13	13
Regional:	863	855	1	1
Malaysia	308	331	(7)	(5)
Thailand	194	196	(1)	(4)
Indonesia	70	71	(0)	-
Greater China	291	258	13	12
Others	273	251	9	10
Total	2,787	2,564	9	9



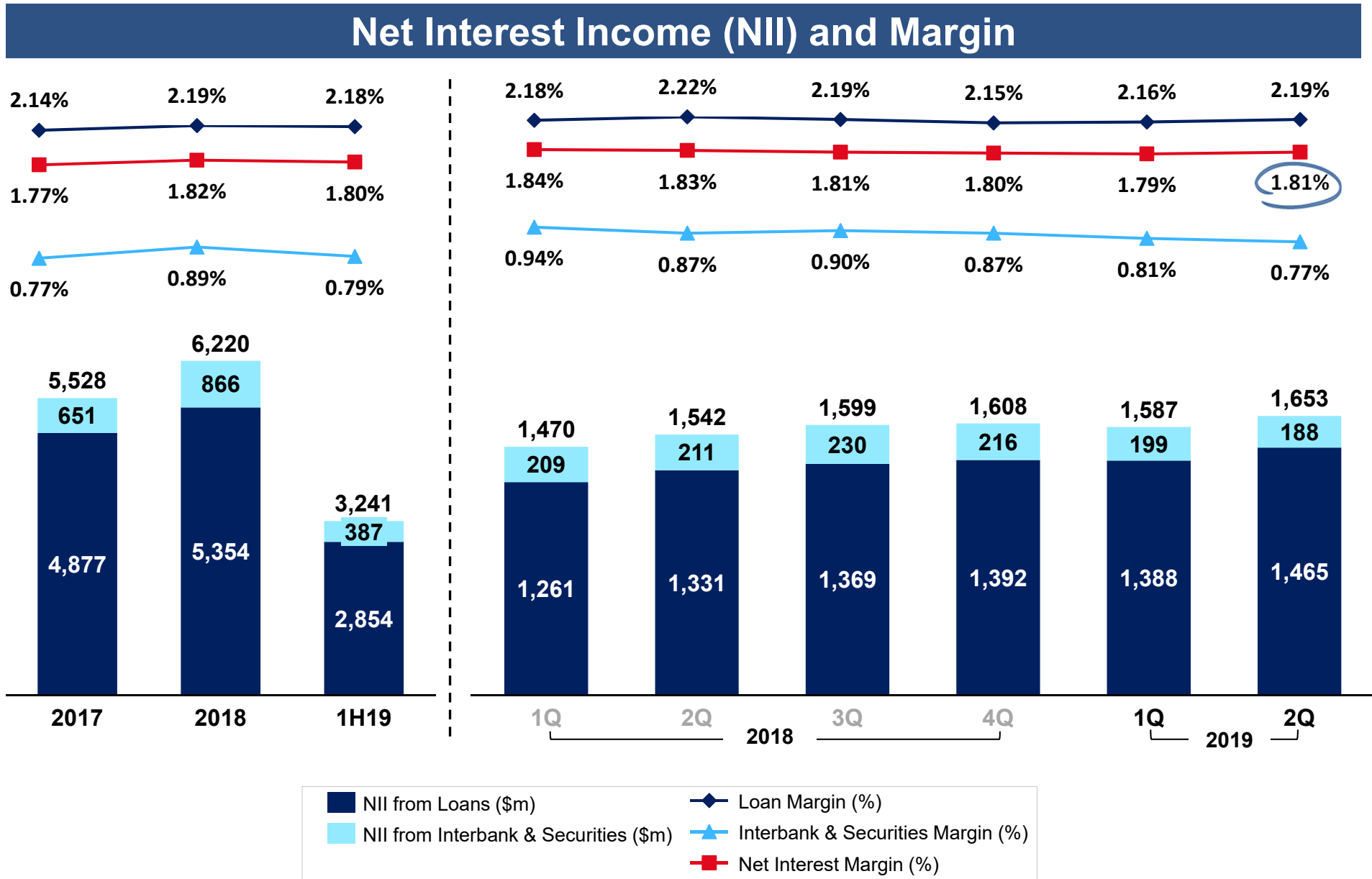
All business segments delivered healthy income growth

Segment Operating Profit	1H19	1H18	+ / (-)
	\$m	\$m	%
Group Retail (GR)	1,061	1,021	4
Group Wholesale Banking (GWB)	1,569	1,476	6
Global Markets (GM)	161	145	10
Others *	(5)	(78)	94
Total	2,787	2,564	9



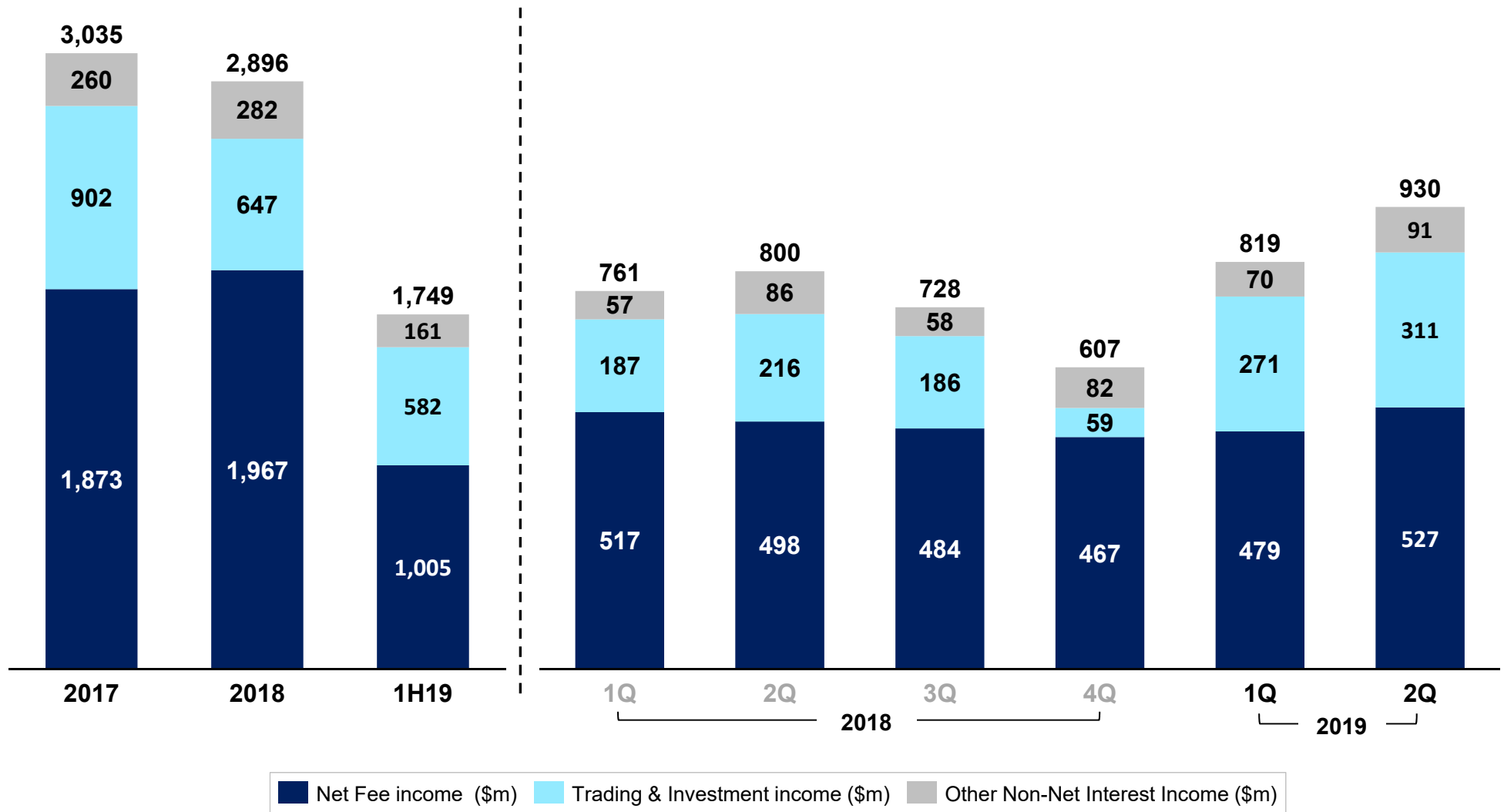
* Comprises Investment Management, Central Treasury, Corporate Functions and Banknotes

QoQ NII lifted by loan repricing

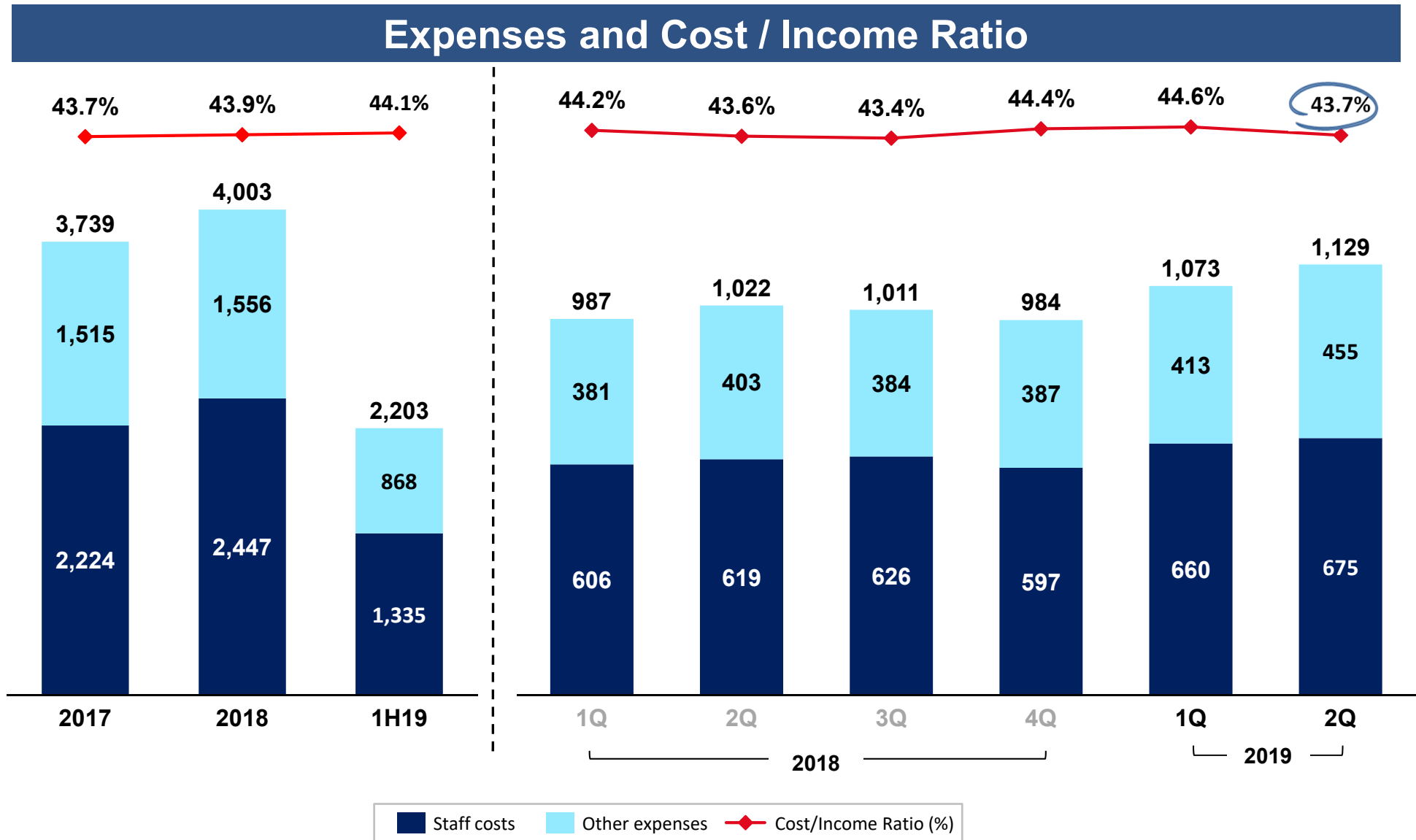


QoQ higher fees and trading and investment income

Non-Net Interest Income

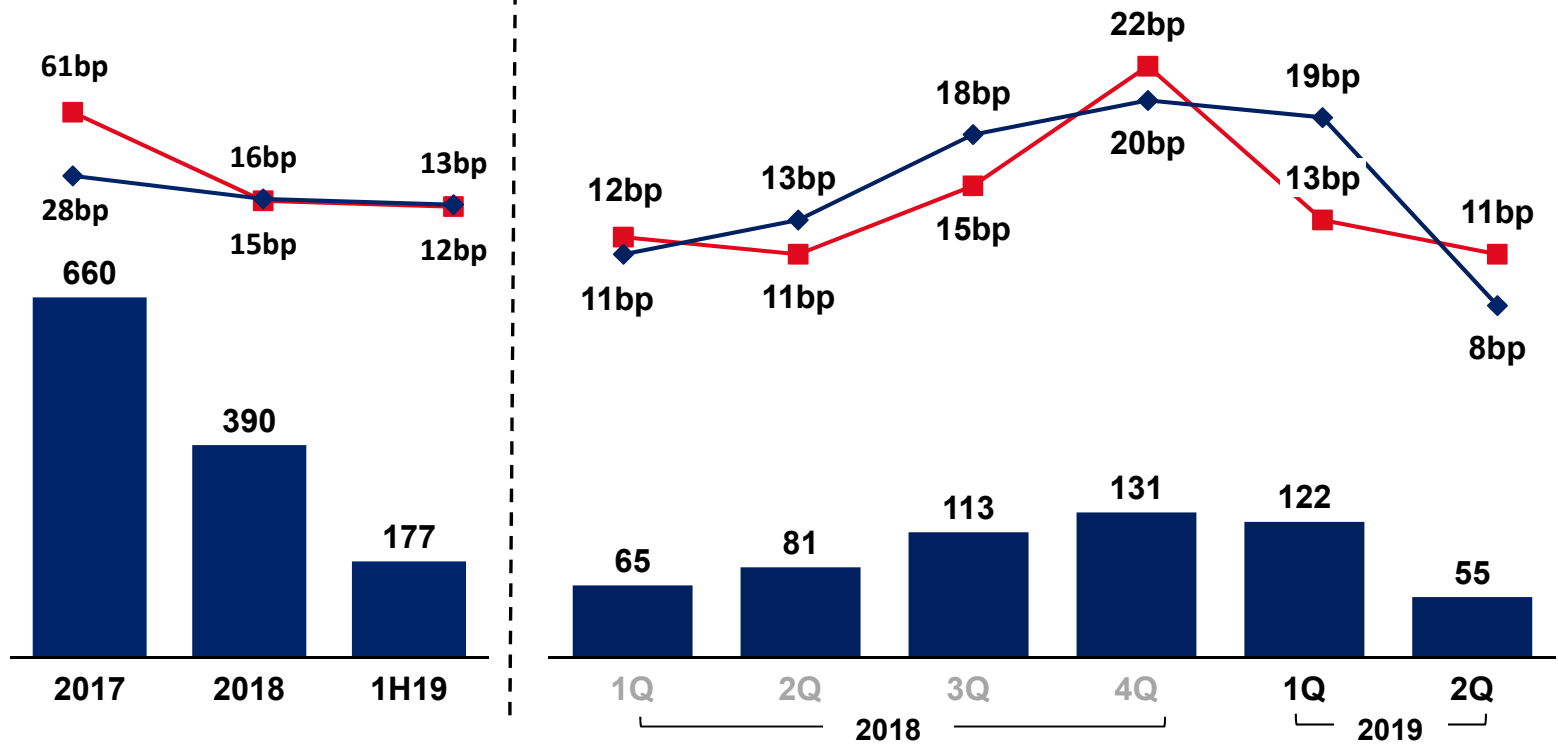


Cost/Income ratio improved to 43.7%



Total credit costs for the quarter declined to 8 bps

Total Allowances on Loans

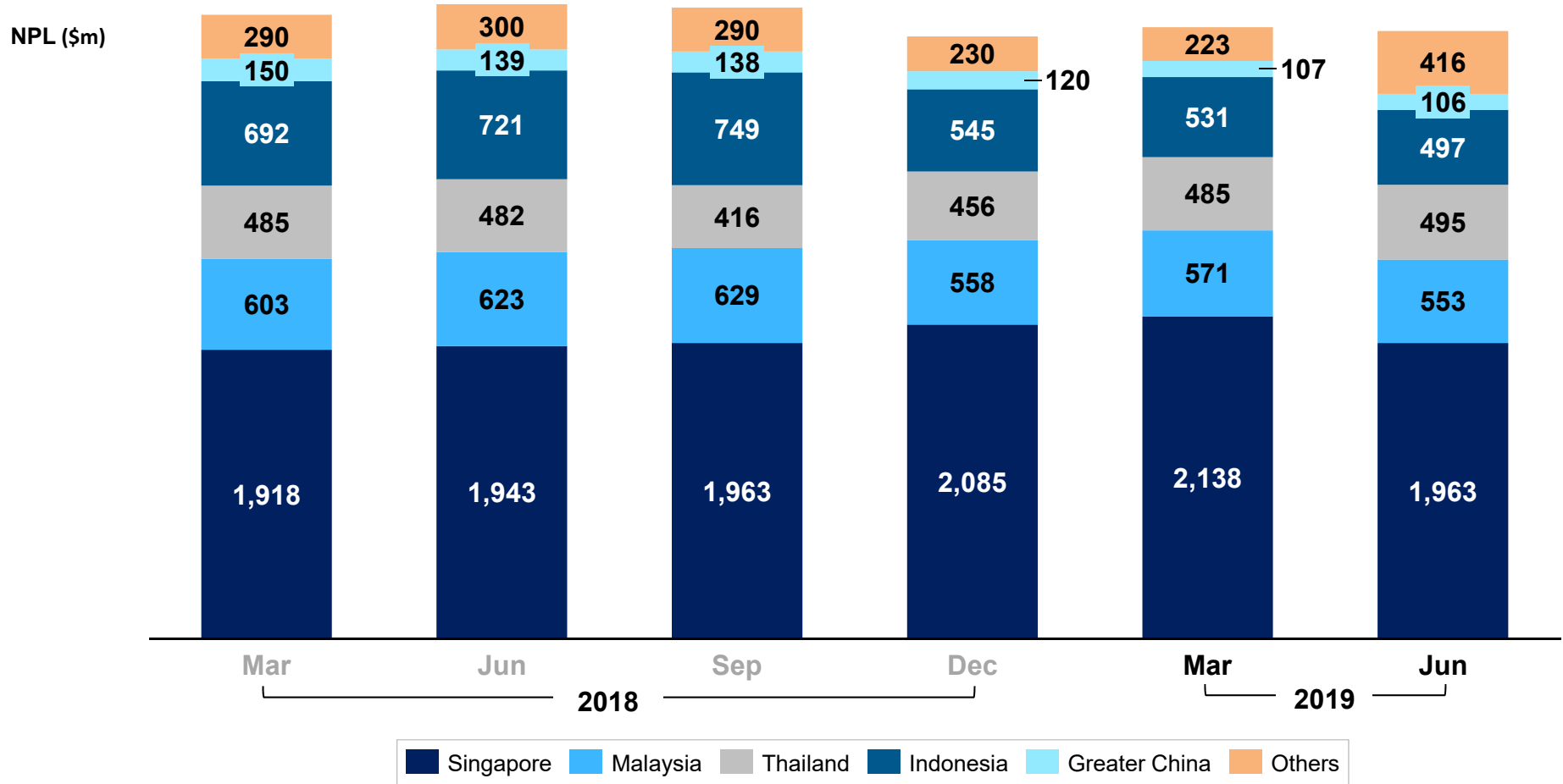


■ Total Allowances on Loans
 ■ Allowances for Impaired Loans / Average Gross Loans (basis points)
 ◆ Total Allowances on Loans / Average Gross Loans (basis points)

Allowances on Loans	2017	2018	1H19	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Non-Impaired (\$m)	(747)	14	18	(6)	17	18	(16)	38	(20)
Impaired (\$m)	1,407	376	158	71	64	94	146	84	75
Total (\$m)	660	390	177	65	81	113	131	122	55

NPL ratio flat at 1.5%

NPL (\$m)	4,138	4,208	4,185	3,994	4,055	4,030
NPL Ratio	1.7%	1.7%	1.6%	1.5%	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.

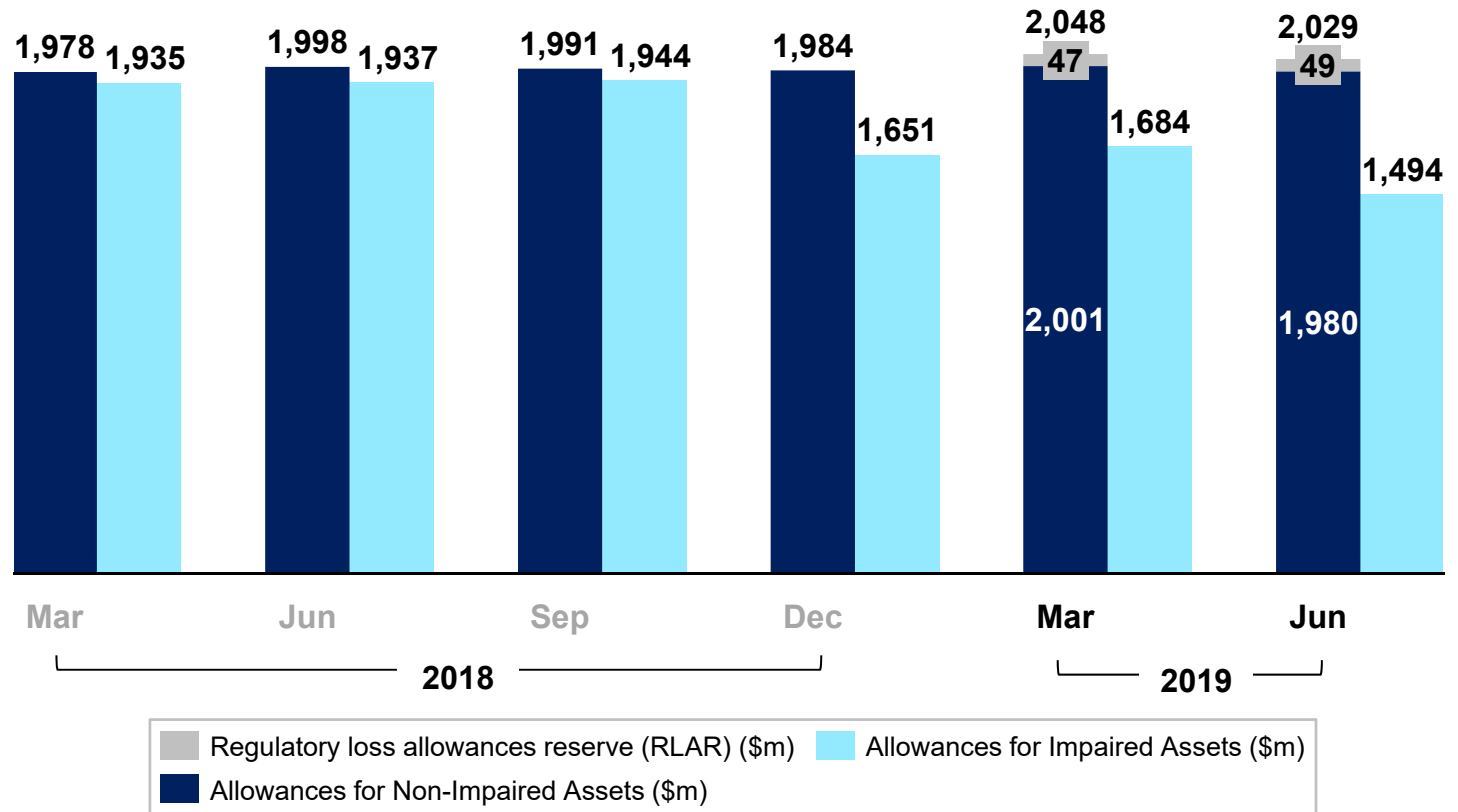
NPA formation remained stable

	2018				2019	
	1Q \$m	2Q \$m	3Q \$m	4Q \$m	1Q \$m	2Q \$m
NPAs at start of period	4,389	4,323	4,404	4,374	4,166	4,215
<u>Group wholesale and small enterprises</u>						
New NPAs	235	252	275	370	230	357
Upgrades, recoveries and translations	(206)	(88)	(229)	(257)	(139)	(182)
Write-offs	(129)	(101)	(29)	(392)	(17)	(229)
	4,289	4,386	4,421	4,095	4,240	4,161
Group Retail (personal customers only)	34	18	(47)	71	(25)	24
NPAs at end of period	4,323	4,404	4,374	4,166	4,215	4,185

NPA coverage remained adequate

Total Allowances (\$m)	3,913	3,935	3,935	3,636	3,732	3,523
NPA coverage (%) ¹	91	89	90	87	89	84
Unsecured NPA coverage (%) ¹	190	190	189	202	203	191

Total Allowances (\$m)



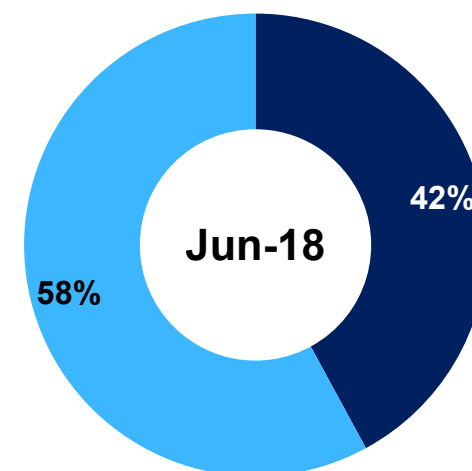
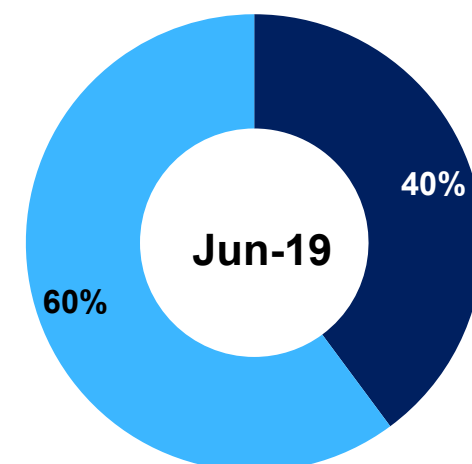
Note:

(1) Includes RLAR as part of total allowances.

Regulatory loss allowance reserve (RLAR) is a non-distributable reserve appropriated through retained earnings to meet MAS Notice No. 612 Credit Files, Grading and Provisioning requirements.

Loan growth slowing in line with environment

Gross Loans	Jun-19	Jun-18	+ / (-)	Mar-19	+ / (-)
	\$b	\$b	%	\$b	%
Singapore	142	131	9	139	2
Regional:	101	94	8	101	0
Malaysia	29	29	0	29	(1)
Thailand	18	16	15	18	3
Indonesia	11	11	4	11	(0)
Greater China	43	38	12	43	(0)
Others	30	25	18	29	2
Total	273	250	9	270	1

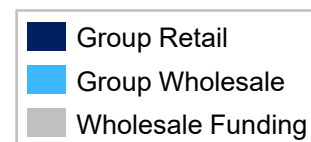
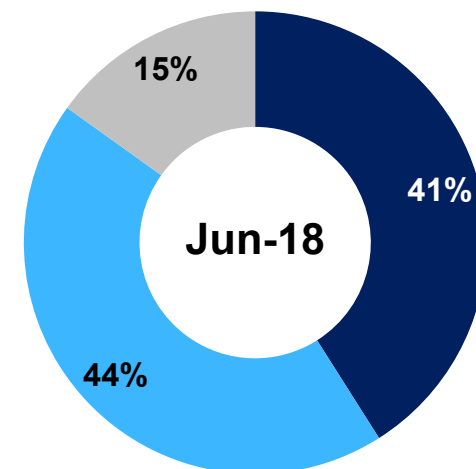
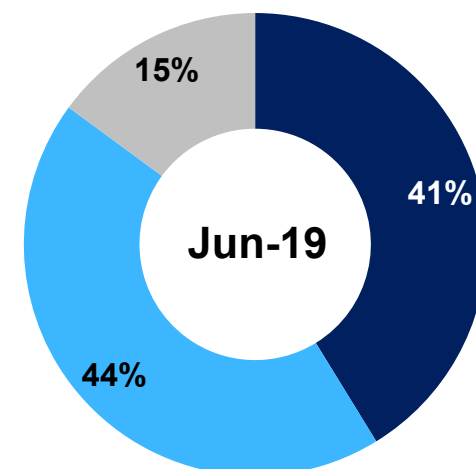


■ Group Retail
 ■ Group Wholesale

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 Thailand

Customer Deposits	Jun-19 \$b	Jun-18 \$b	+/(-) %	Mar-19 \$b	+/(-) %
Singapore	203	192	6	206	(2)
Regional:	79	74	7	76	4
Malaysia	30	30	(0)	30	0
Thailand	20	17	22	18	14
Indonesia	7	7	4	7	0
Greater China	21	20	7	21	2
Others	23	22	4	25	(11)
Total customer deposits	305	288	6	308	(1)
Wholesale funding ⁽¹⁾	52	48	8	44	19
Total funding	356	335	6	351	1

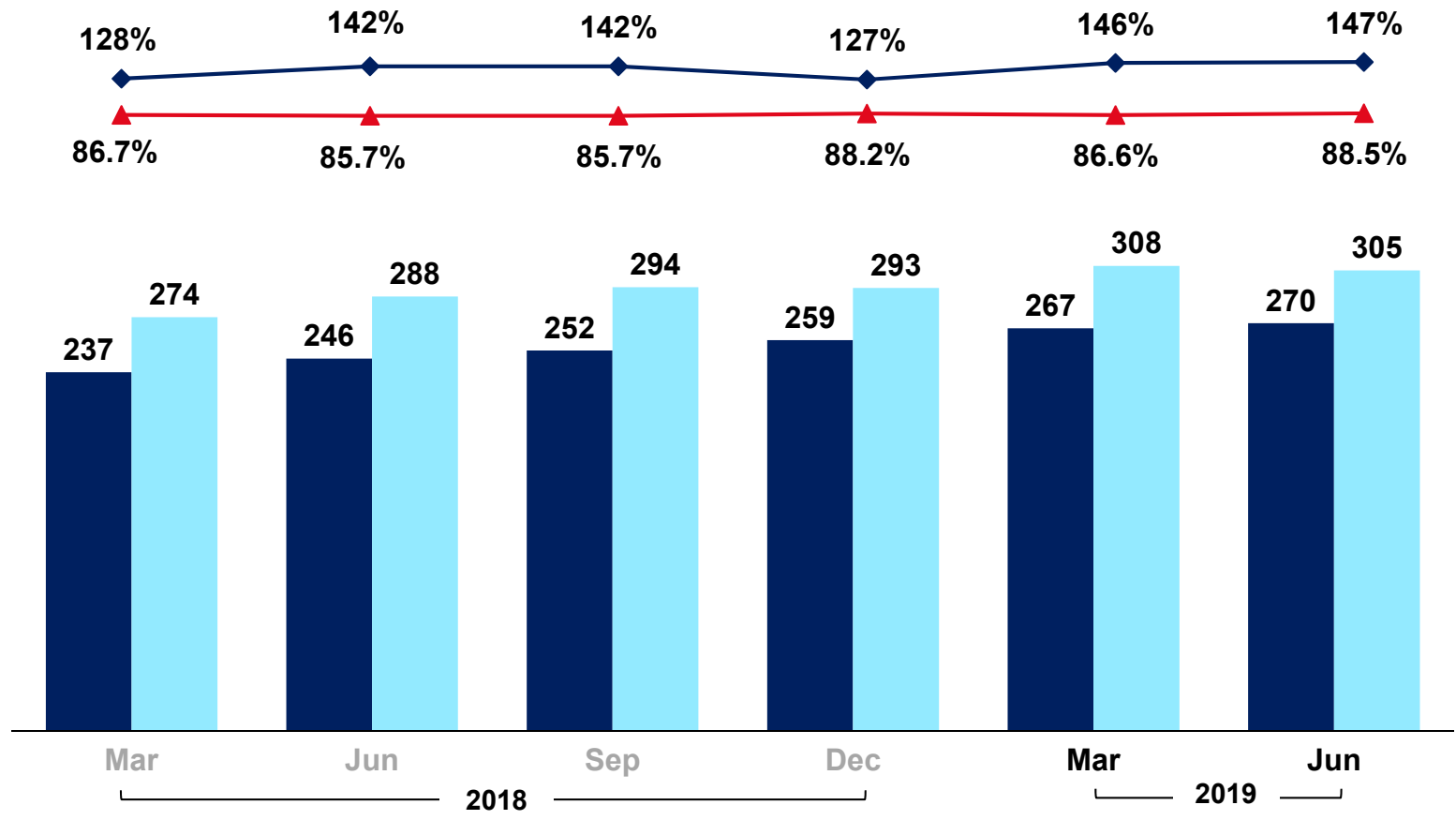


Note:

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

Stable liquidity position with average LCR at 147% and NSFR at 108%

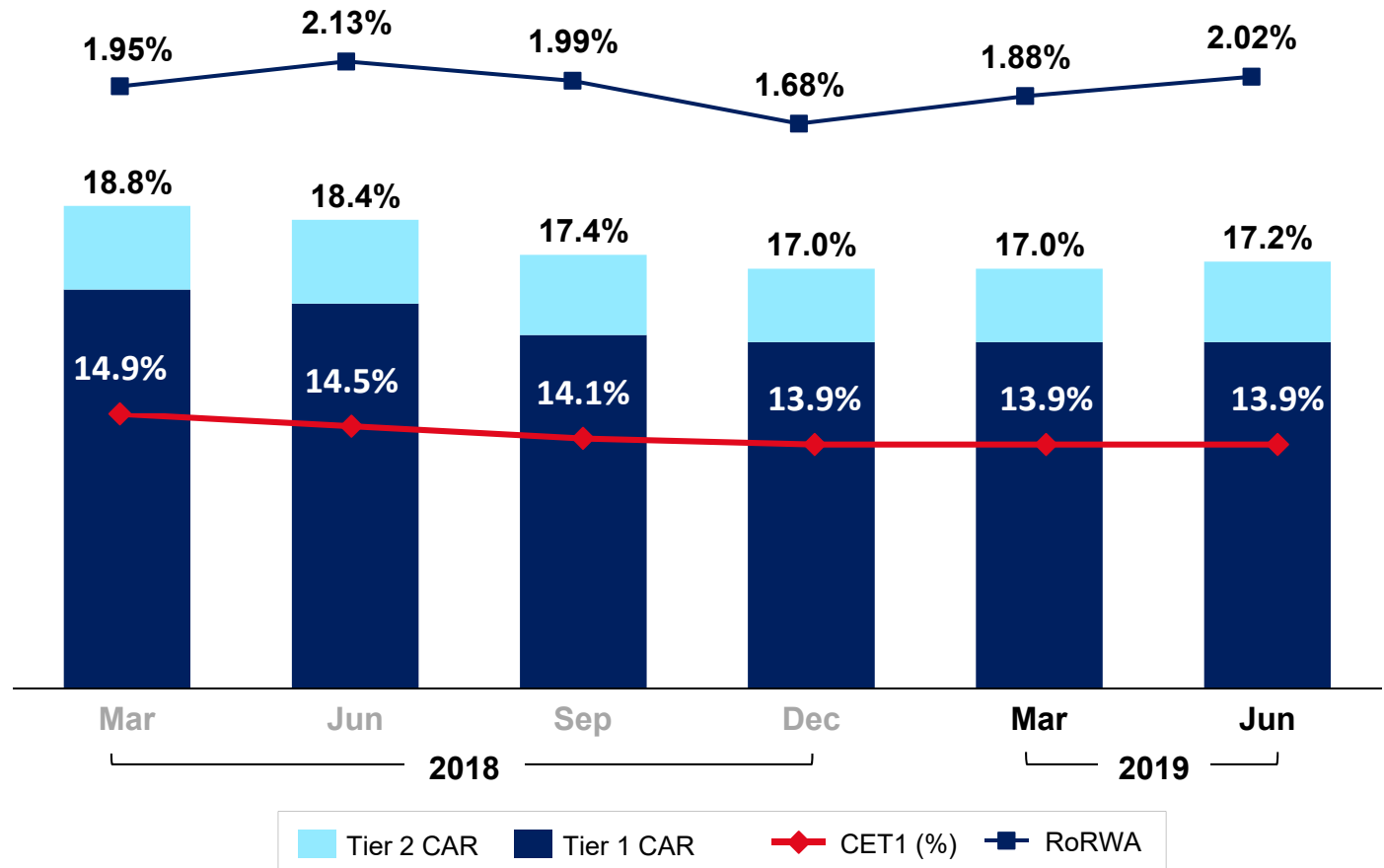
Customer Loans and Deposits; LDR, LCR and NSFR



NSFR (%)	111	110	110	107	109	108
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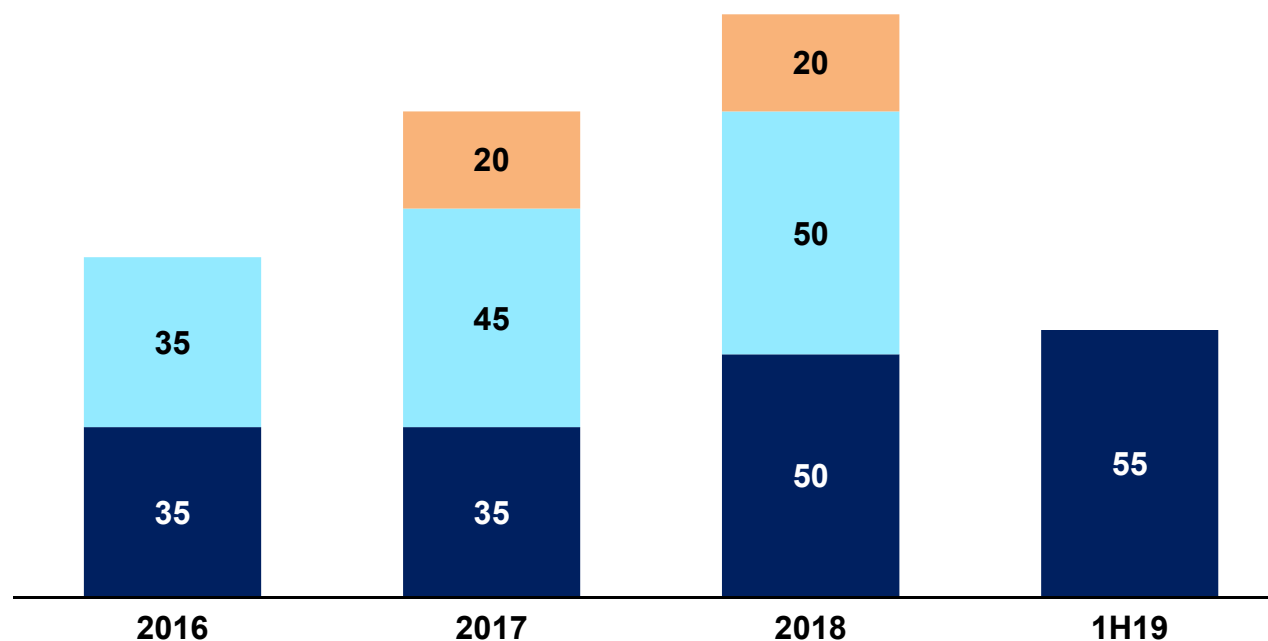
Strong capital and leverage ratio

Capital Adequacy Ratios (CAR) and RoRWA



RWA (\$b)	202	206	213	221	230	230
Leverage ratio (%)	8.2	7.7	7.4	7.6	7.6	7.5

Dividends



Net dividend per ordinary share (¢)	Legend		
	Interim	Final	Special

	2016	2017	2018	1H19
Payout amount (\$m)	1,135	1,660	2,000	918
Payout ratio (%)	37	49	50	41
Payout ratio (%) (excluding special/one-off dividends)	37	39	42	41

Appendix :

Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

China exposure

Singapore – Key Financials

	1H19	1H18	+/(-)	2Q19	1Q19	+/(-)
	\$m	\$m	%	\$m	\$m	%
Net interest income	1,887	1,719	10	970	918	6
Net fee income	587	619	(5)	305	283	8
Other non-interest income	427	258	66	228	199	15
Total income	2,901	2,596	12	1,503	1,400	7
Less: Expenses	1,251	1,138	10	645	608	6
Operating profit	1,650	1,458	13	858	792	8
Less: Total allowances	52	47	11	(9)	61	(>100)
Add: Assoc & JV	22	38	(42)	9	13	(31)
Profit before tax	1,620	1,449	12	876	744	18
Financial indicators (%)						
Net interest margin	1.51	1.50		1.53	1.49	
Cost/Income ratio	43.1	43.8		42.9	43.4	
Customer loans (net) - \$b ^	160.4	146.2	10%	160.4	157.6	2%
Loan/Deposit ratio	79.0	76.2		79.0	76.3	
NPL ratio ^	1.5	1.9		1.5	1.7	

^ Based on location where the loans are booked.

Malaysia – Key Financials

	1H19 RM'm	1H18 RM'm	+/(-) %	2Q19 RM'm	1Q19 RM'm	+/(-) %
Net interest income	1,084	1,069	1	538	546	(1)
Net fee income	269	314	(14)	141	128	10
Other non-interest income	205	182	13	104	101	3
Total income	1,558	1,565	(0)	783	775	1
Less: Expenses	622	582	7	320	302	6
Operating profit	936	983	(5)	463	473	(2)
Less: Total allowances	85	82	4	78	7	>100
Profit before tax	851	901	(6)	385	466	(17)
Profit before tax (S\$m)	280	304	(8)	126	154	(18)
<i>Average Exchange rate</i>	3.03	2.97		3.05	3.02	
<u>Financial indicators (%)</u>						
Net interest margin	1.97	2.12		1.95	1.99	
Cost/Income ratio	39.9	37.2		40.9	39.0	
Customer loans (net) - RM'b ^	90.5	86.7	4%	90.5	89.7	1%
Loan/Deposit ratio	98.2	96.8		98.2	99.1	
NPL ratio ^	1.7	1.8		1.7	1.7	

^ Based on location where the loans are booked.

Thailand – Key Financials

	1H19	1H18	+/(–)	2Q19	1Q19	+/(–)
	THB'm	THB'm	%	THB'm	THB'm	%
Net interest income	8,663	8,258	5	4,355	4,308	1
Net fee income	2,538	2,392	6	1,299	1,239	5
Other non-interest income	672	539	25	361	311	16
Total income	11,873	11,189	6	6,015	5,858	3
Less: Expenses	7,371	6,503	13	3,720	3,651	2
Operating profit	4,502	4,686	(4)	2,295	2,207	4
Less: Total allowances	775	1,397	(45)	869	(94)	>100
Profit before tax	3,727	3,289	13	1,426	2,301	(38)
Profit before tax (S\$m)	161	137	17	62	99	(37)
<i>Average Exchange rate</i>	<i>23.18</i>	<i>23.95</i>		<i>23.05</i>	<i>23.26</i>	
<u>Financial indicators (%)</u>						
Net interest margin	3.39	3.35		3.31	3.46	
Cost/Income ratio	62.1	58.1		61.8	62.3	
Customer loans (net) - THB'b ^	386.5	356.7	8%	386.5	388.9	(1%)
Loan/Deposit ratio	83.9	88.4		83.9	93.2	
NPL ratio ^	2.8	3.2		2.8	2.9	

^ Based on location where the loans are booked.

Indonesia – Key Financials

	1H19 IDR'b	1H18 IDR'b	+ / (-) %	2Q19 IDR'b	1Q19 IDR'b	+ / (-) %
Net interest income	1,687	1,664	1	827	860	(4)
Net fee income	389	366	6	196	193	2
Other non-interest income	378	231	64	198	180	10
Total income	2,454	2,261	9	1,221	1,233	(1)
Less: Expenses	1,720	1,527	13	866	854	1
Operating profit	734	734	-	355	379	(6)
Less: Total allowances	360	200	80	178	182	(2)
Profit/(loss) before tax	374	534	(30)	177	197	(10)
Profit/(loss) before tax (S\$m)	36	51	(30)	17	19	(9)
<i>Average Exchange rate</i>	10,396	10,385		10,326	10,461	
<u>Financial indicators (%)</u>						
Net interest margin	3.73	4.16		3.61	3.85	
Cost/Income ratio	70.1	67.5		70.9	69.3	
Customer loans (net) - IDR't ^	72.0	66.0	9%	72.0	72.5	(1%)
Loan/Deposit ratio	92.3	87.5		92.3	92.7	
NPL ratio ^	1.7	1.6		1.7	1.5	

^ Based on location where the loans are booked.

Greater China – Key Financials

	1H19	1H18	+/(–)	2Q19	1Q19	+/(–)
	\$m	\$m	%	\$m	\$m	%
Net interest income	198	207	(4)	106	92	15
Net fee income	104	85	22	55	49	12
Other non-interest income	179	150	19	95	85	12
Total income	481	442	9	256	226	13
Less: Expenses	191	184	4	99	92	8
Operating profit	290	258	12	157	134	17
Less: Total allowances	(14)	37	(>100)	(27)	13	(>100)
Add: Assoc & JV	-	21	NM	-	-	-
Profit before tax	304	242	26	184	121	52
<u>Financial indicators (%)</u>						
Net interest margin	0.75	0.90		0.78	0.71	
Cost/Income ratio	39.7	41.6		38.7	40.7	
Customer loans (net) - \$b ^	34.0	32.1	6%	34.0	34.9	(3%)
Loan/Deposit ratio	160.3	162.5		160.3	168.8	
NPL ratio ^	0.2	0.2		0.2	0.3	

^ Based on location where the loans are booked.

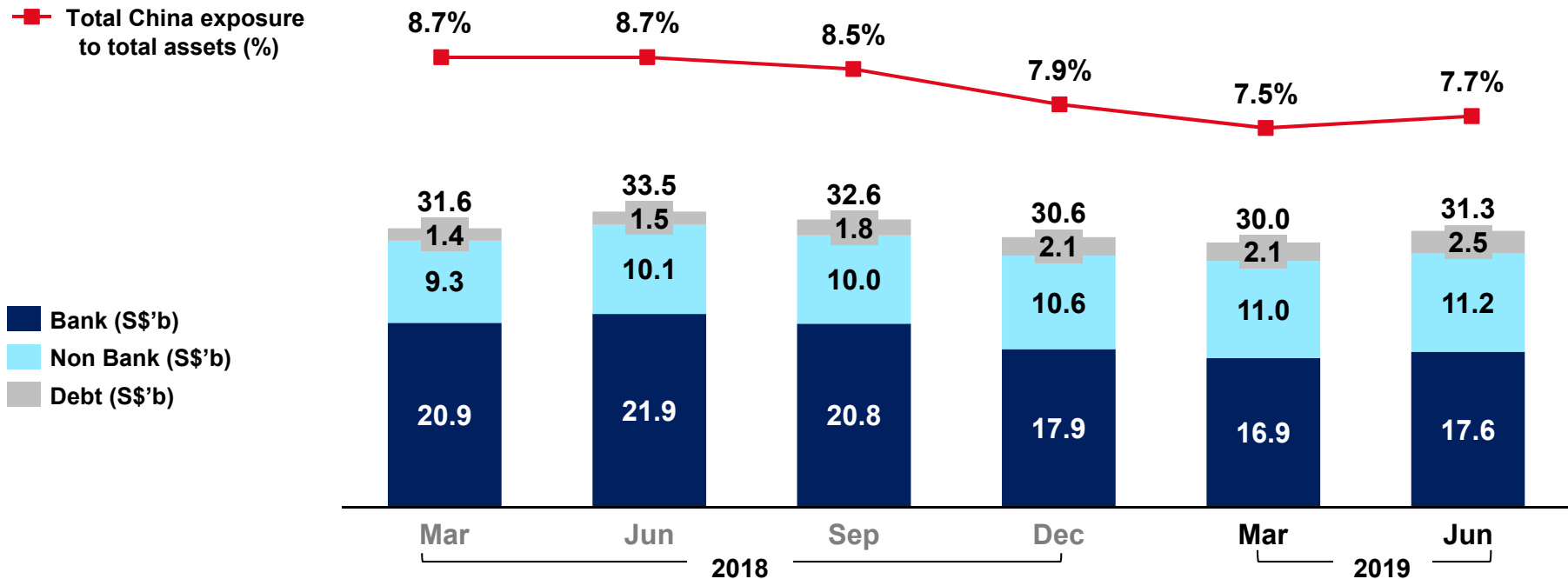
Exposure to China

Bank exposure as of 30 June 2019

- Bank exposure accounted for 56% of total exposure to China
- Top 5 domestic banks and 3 policy banks accounted for 76% 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 30 June 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.