

# UOB Group 1<sup>st</sup> Quarter 2016

## Financial Highlights

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**28 April 2016**

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# 1Q16 NPAT of \$766 million, down 4% YoY and 3% QoQ



|                                       | 1Q16         | 1Q15         | +/(-)          | 4Q15         | +/(-)          |
|---------------------------------------|--------------|--------------|----------------|--------------|----------------|
|                                       | \$m          | \$m          | %              | \$m          | %              |
| Net interest income                   | 1,275        | 1,201        | 6.1 ▲          | 1,277        | (0.2) ▼        |
| Fee and commission income             | 433          | 453          | (4.5) ▼        | 480          | (9.8) ▼        |
| Other non-interest income             | 262          | 301          | (13.1) ▼       | 323          | (19.0) ▼       |
| <b>Total income</b>                   | <b>1,969</b> | <b>1,956</b> | <b>0.7 ▲</b>   | <b>2,081</b> | <b>(5.4) ▼</b> |
| Less: Total expenses <sup>1</sup>     | 894          | 852          | 4.9 ▲          | 964          | (7.2) ▼        |
| <b>Operating profit</b>               | <b>1,075</b> | <b>1,103</b> | <b>(2.6) ▼</b> | <b>1,116</b> | <b>(3.7) ▼</b> |
| Less: Specific allowances             | 140          | 95           | 47.2 ▲         | 152          | (8.2) ▼        |
| General allowances                    | (23)         | 74           | (>100.0) ▼     | 38           | (>100.0) ▼     |
| Add: Associates & joint ventures      | (30)         | 4            | (>100.0) ▼     | 18           | (>100.0) ▼     |
| <b>Net profit before tax</b>          | <b>927</b>   | <b>938</b>   | <b>(1.2) ▼</b> | <b>944</b>   | <b>(1.8) ▼</b> |
| Less: Tax & non-controlling interests | 161          | 137          | 17.7 ▲         | 156          | 3.7 ▲          |
| <b>Net profit after tax</b>           | <b>766</b>   | <b>801</b>   | <b>(4.4) ▼</b> | <b>788</b>   | <b>(2.8) ▼</b> |

1. One-off expenses of \$43m in 4Q15 were relating to UOB80 commemorative events and brand campaign.



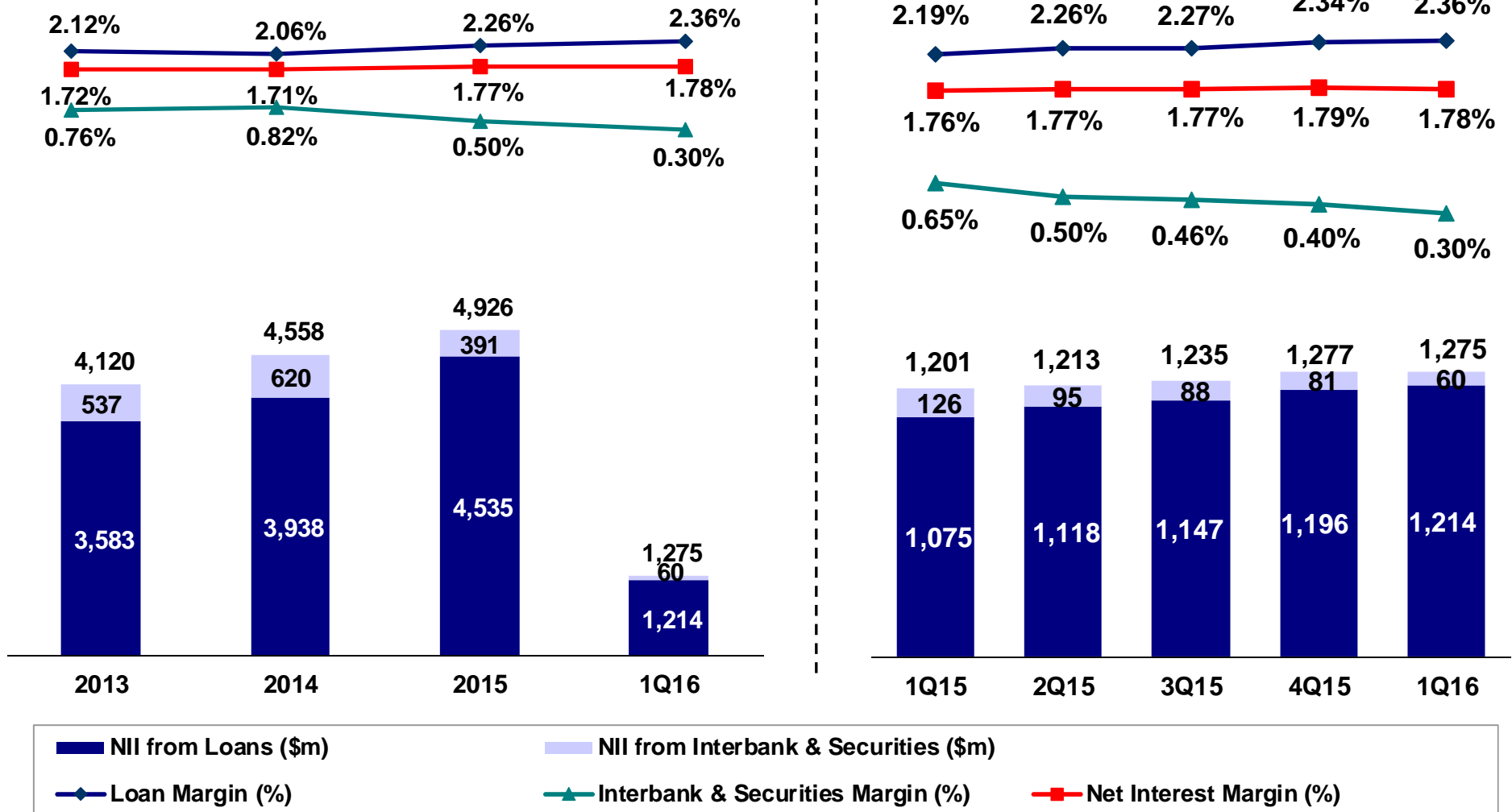
favourable variance to earnings



unfavourable variance to earnings

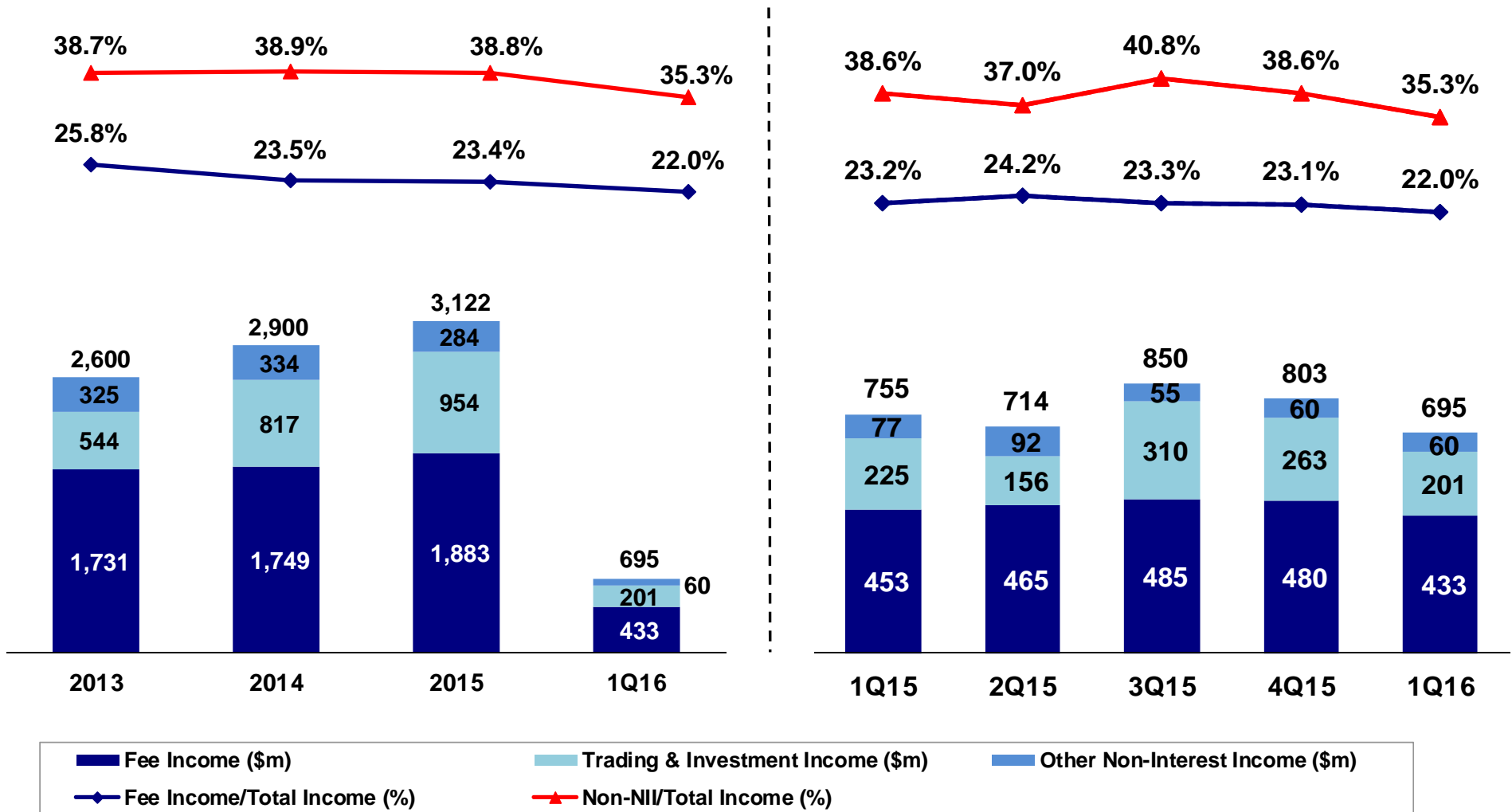
# NII Rose 6% YoY on Loan Growth

## Net Interest Income (NII) and Margin



# Non-Interest Income Decreased on Lower Wealth Management and Loan Fees and T&I Income

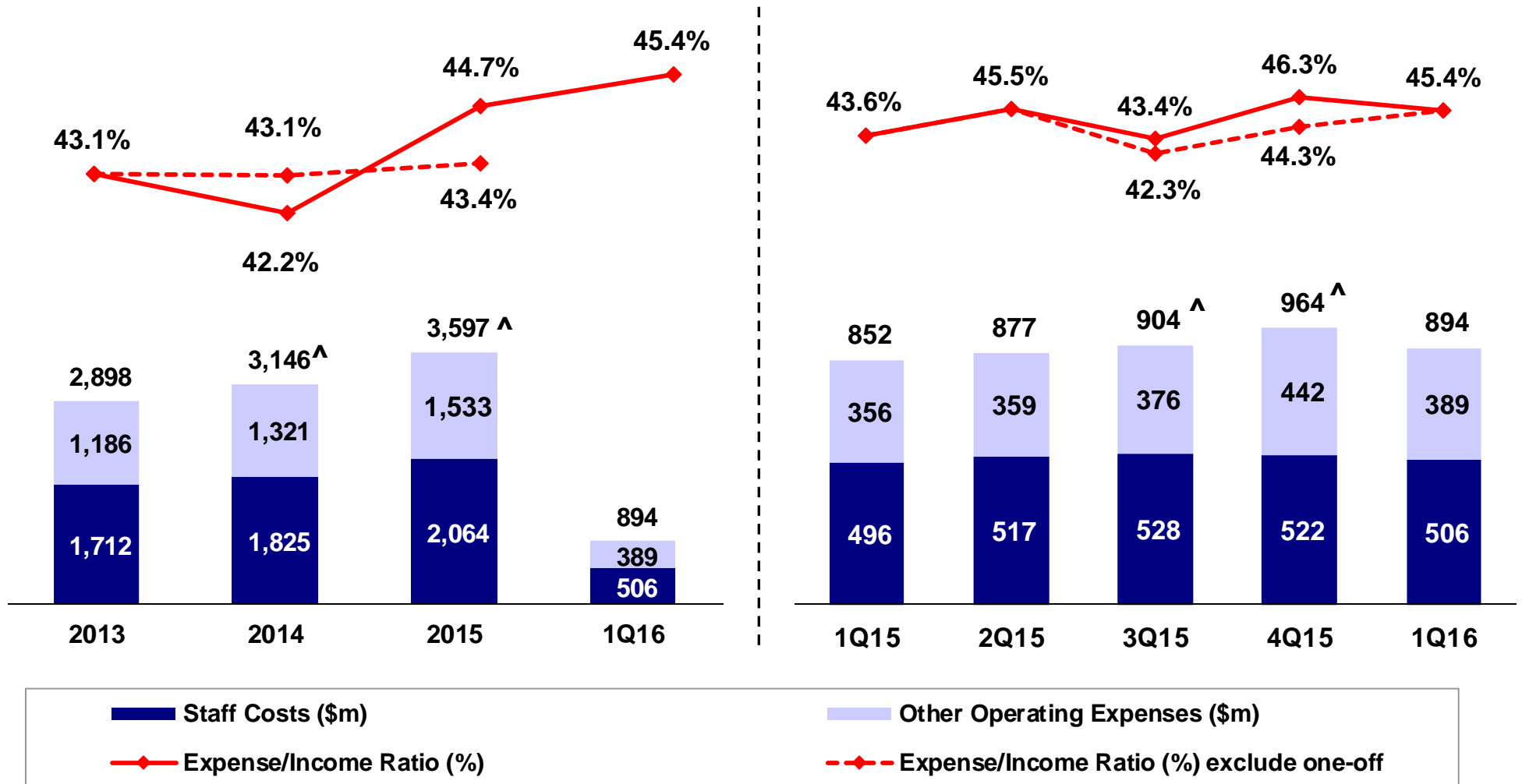
## Non-Interest Income (Non-NII) and Non-NII Ratio



# Disciplined Cost Management as Expenses are Paced to Revenue



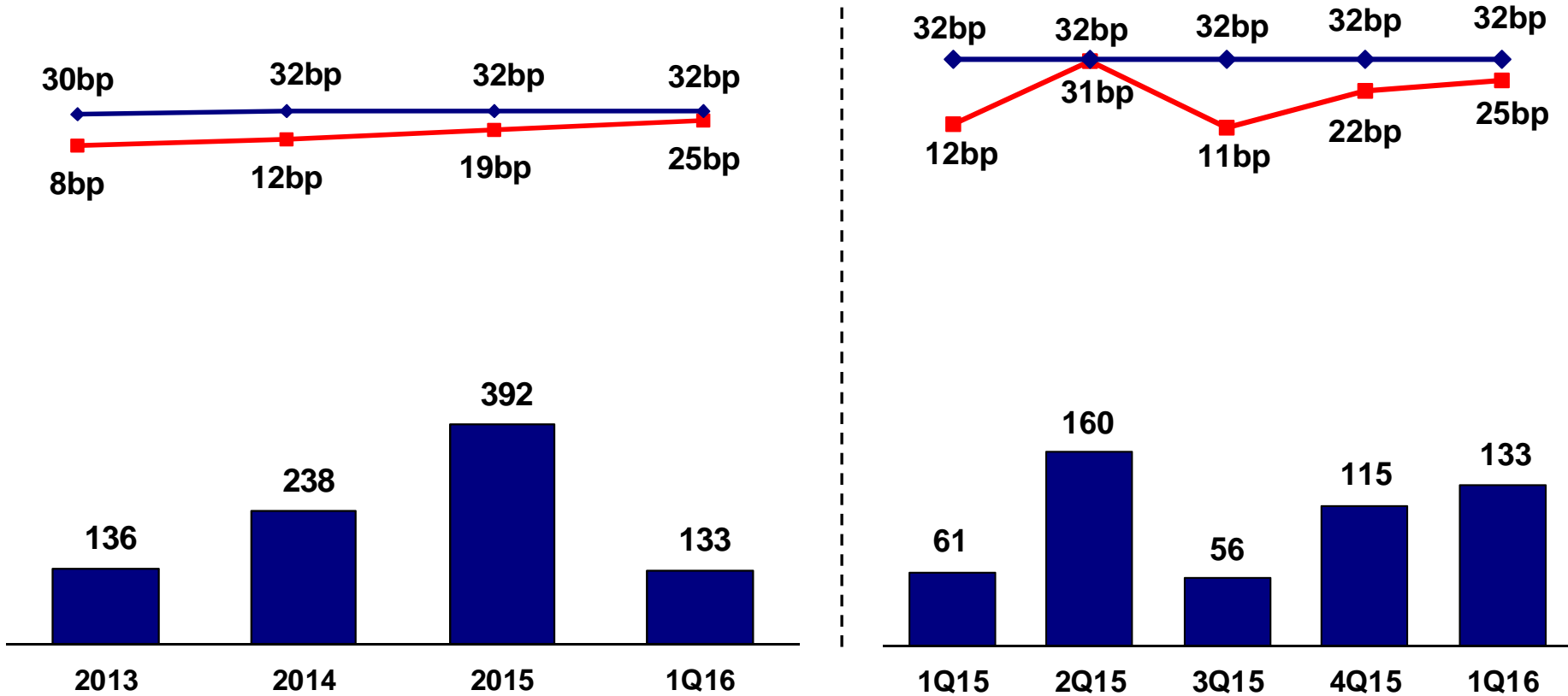
## Operating Expenses and Expense / Income Ratio



<sup>^</sup> Included one-off expenses relating to SG50 and UOB80 commemorative events and brand campaign (2015: \$67m, 4Q15: \$43m, 3Q15: \$21m) and adjustment for prior year bonus.

# Total Credit Costs Stable at 32bps

## Allowances on Loans



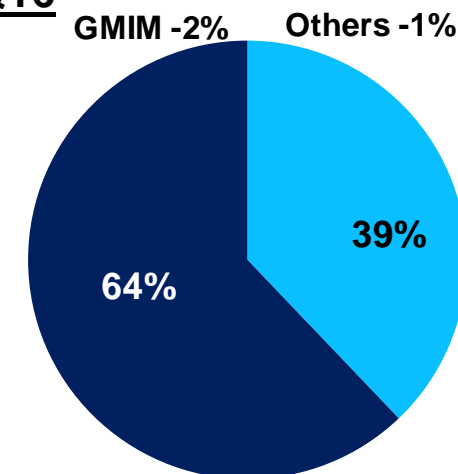
- Specific Allowances on Loans (\$m)
- Specific Allowances on Loans/Average Gross Customer Loans (basis points) \*
- ◆ Total Allowances on Loans/Average Gross Customer Loans (basis points) \*

\* On annualised basis

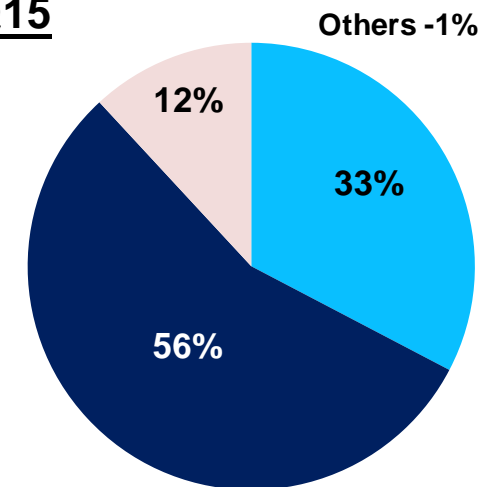
# Performance by Business Segment

| Segment Operating Profit               | 1Q16         | 1Q15         | + / (-)      |
|--|--------------|--------------|--------------|
|  | \$m          | \$m          | %            |
| Group Retail (GR)                      | 422          | 369          | 14.4         |
| Group Wholesale Banking (GWB)          | 685          | 616          | 11.2         |
| Global Markets & Investment Mgt (GMIM) | (24)         | 128          | (>100.0)     |
| Others                                 | (8)          | (10)         | 20.0         |
| <b>Total</b>                           | <b>1,075</b> | <b>1,103</b> | <b>(2.6)</b> |

1Q16



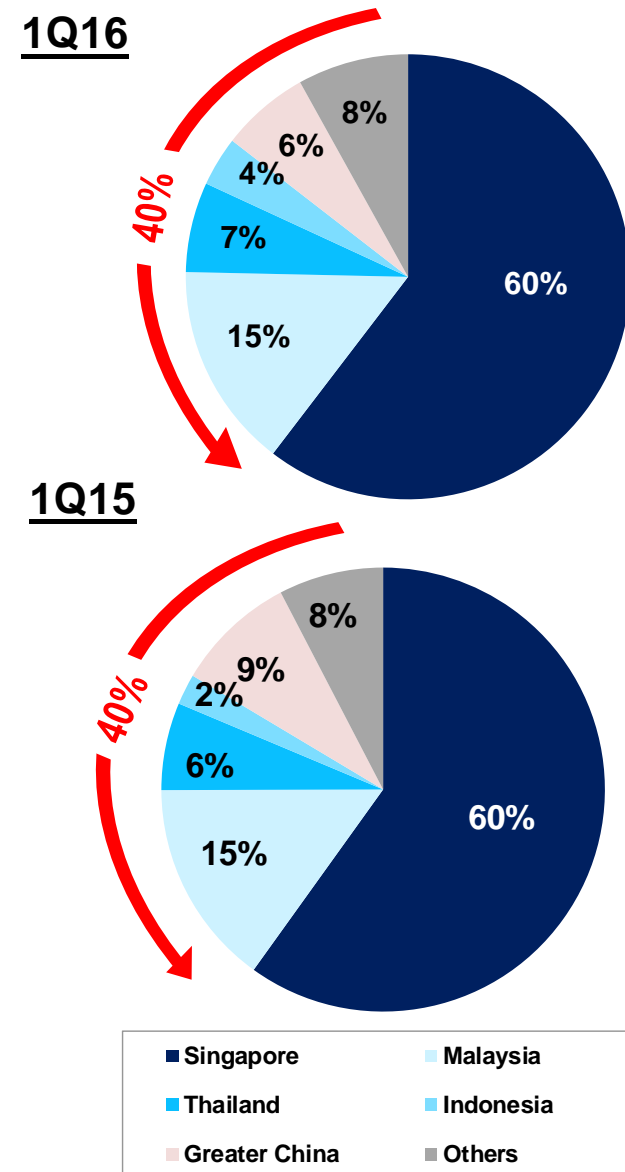
1Q15



# Regional Operating Profit Contribution Declined 1% YoY in Constant Currency Terms



| Operating Profit | 1Q16         | 1Q15         | At constant FX rate |              |
|------------------|--------------|--------------|---------------------|--------------|
|                  | \$m          | \$m          | +/(-) %             | +/(-) %      |
| Singapore        | 649          | 661          | (1.8)               | (1.8)        |
| Regional:        | 339          | 358          | (5.3)               | (0.7)        |
| Malaysia         | 161          | 166          | (3.2)               | 5.8          |
| Thailand         | 70           | 70           | 0.1                 | 7.1          |
| Indonesia        | 39           | 25           | 57.4                | 61.6         |
| Greater China    | 69           | 97           | (28.6)              | (29.8)       |
| Others           | 87           | 84           | 3.0                 | 4.0          |
| <b>Total</b>     | <b>1,075</b> | <b>1,103</b> | <b>(2.6)</b>        | <b>(1.0)</b> |



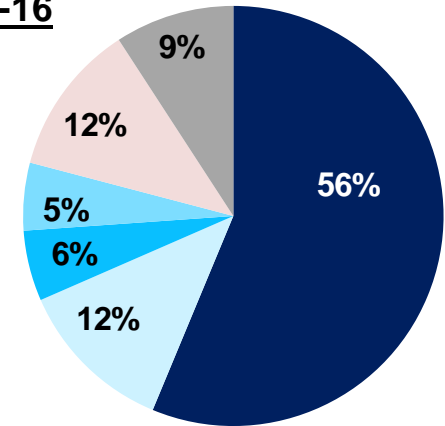


# Loans increased to \$209b, up 5% YoY and 1% QoQ in Constant Currency Terms

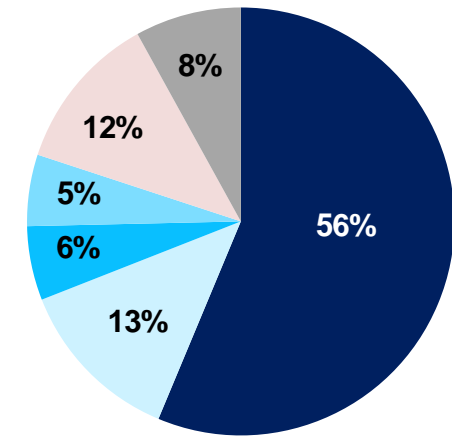


|                    | Mar-16<br>\$b | Mar-15<br>\$b | +/(-)<br>% | Dec-15<br>\$b | +/(-)<br>% |
|--------------------|---------------|---------------|------------|---------------|------------|
| <b>Gross Loans</b> |               |               |            |               |            |
| Singapore          | 117.8         | 114.5         | 2.9        | 116.1         | 1.5        |
| Regional:          | 72.4          | 72.5          | (0.3)      | 72.8          | (0.7)      |
| Malaysia           | 25.5          | 25.9          | (1.5)      | 24.6          | 3.7        |
| Thailand           | 11.4          | 11.4          | (0.2)      | 11.5          | (0.9)      |
| Indonesia          | 10.9          | 11.0          | (0.6)      | 11.5          | (5.5)      |
| Greater China      | 24.6          | 24.3          | 1.2        | 25.2          | (2.6)      |
| Others             | 19.2          | 16.3          | 17.8       | 18.4          | 4.2        |
| <b>Total</b>       | <b>209.4</b>  | <b>203.3</b>  | <b>3.0</b> | <b>207.4</b>  | <b>1.0</b> |

**Mar-16**



**Mar-15**

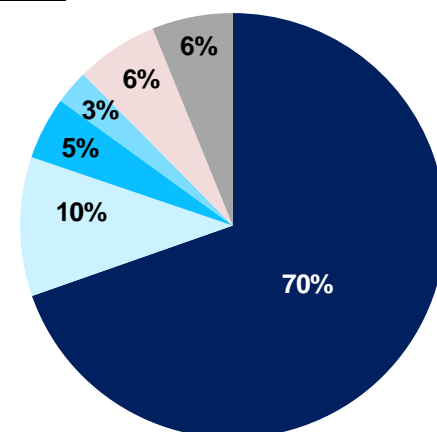


Note: Loans by geography is classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

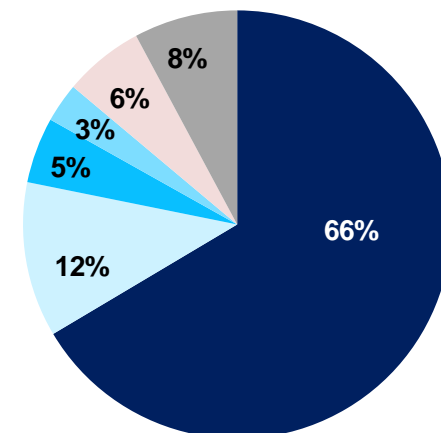
# Healthy Deposit Growth

| Customer Deposits | Mar-16<br>\$b | Mar-15<br>\$b | +/(-) % | Dec-15<br>\$b | +/(-) % |
|-------------------|---------------|---------------|---------|---------------|---------|
| <b>Singapore</b>  | <b>177.4</b>  | 159.1         | 11.5    | 168.6         | 5.2     |
| Regional:         | <b>61.7</b>   | 61.6          | 0.3     | 56.6          | 9.0     |
| Malaysia          | <b>27.0</b>   | 28.0          | (3.8)   | 25.4          | 6.3     |
| Thailand          | <b>12.2</b>   | 11.9          | 2.2     | 12.1          | 0.3     |
| Indonesia         | <b>6.7</b>    | 7.1           | (6.7)   | 6.6           | 0.9     |
| Greater China     | <b>15.9</b>   | 14.5          | 9.9     | 12.5          | 27.1    |
| Others            | <b>15.6</b>   | 18.7          | (16.5)  | 15.3          | 2.5     |
| <b>Total</b>      | <b>254.8</b>  | 239.4         | 6.4     | 240.5         | 5.9     |

**Mar-16**

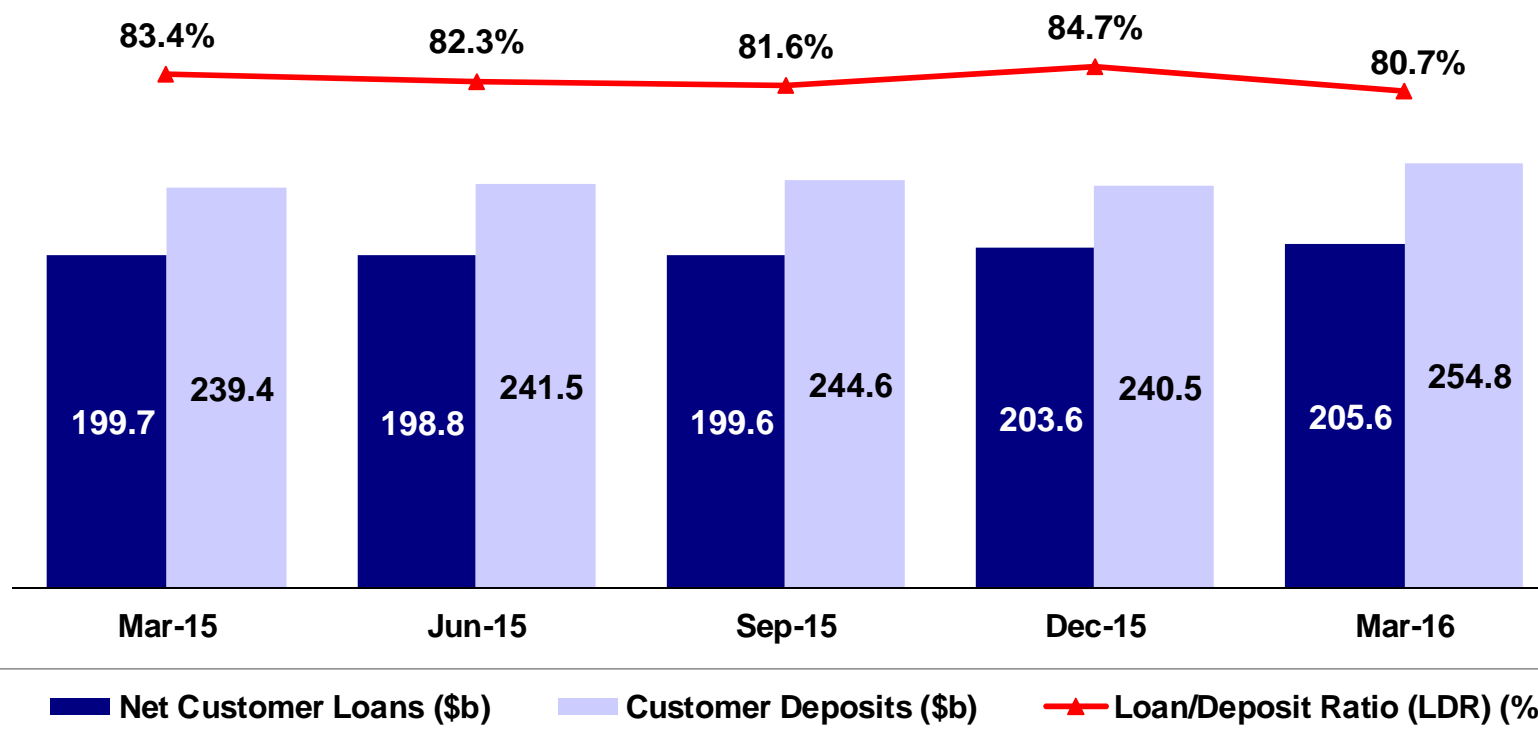


**Mar-15**



# Stable Liquidity Position

## Customer Loans and Deposits; LDR and LCR

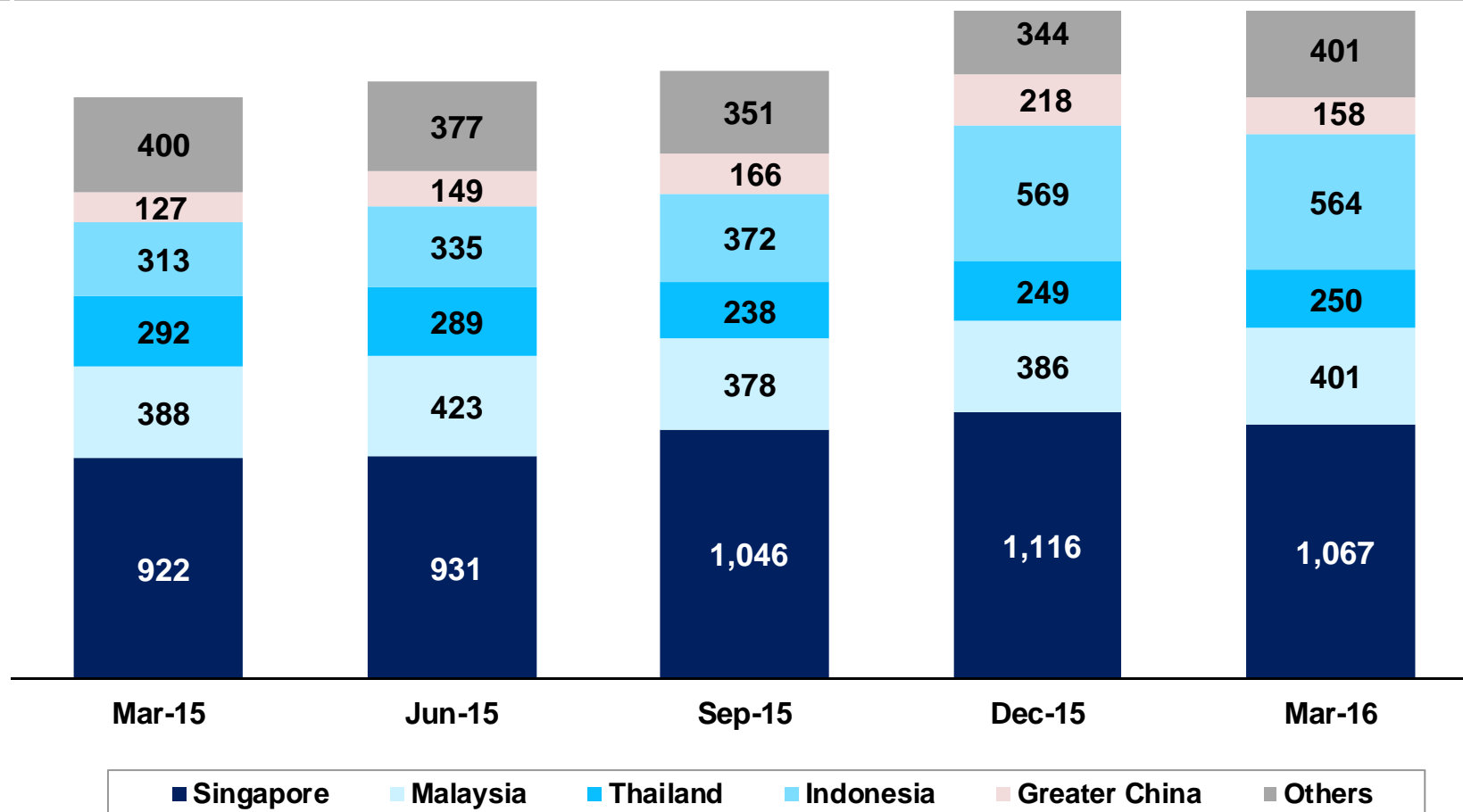


|                            |      |      |      |      |      |
|----------------------------|------|------|------|------|------|
| SGD LDR (%)                | 94.5 | 91.9 | 88.4 | 91.7 | 88.1 |
| USD LDR (%)                | 58.0 | 54.9 | 59.8 | 65.6 | 56.7 |
| SGD LCR (%) <sup>1</sup>   | 150  | 165  | 179  | 217  | 169  |
| Total LCR (%) <sup>1</sup> | 140  | 152  | 138  | 142  | 139  |

<sup>1</sup> Average for quarters

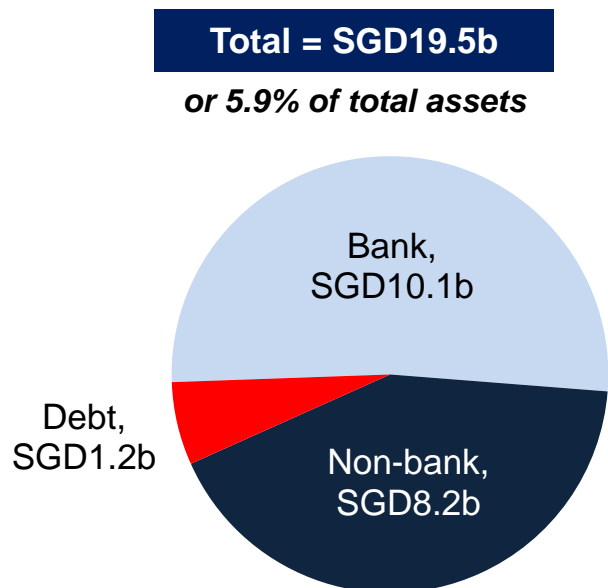
# NPL Ratio at 1.4%

|           |       |       |       |       |       |
|-----------|-------|-------|-------|-------|-------|
| NPL (\$m) | 2,442 | 2,504 | 2,551 | 2,882 | 2,841 |
| NPL Ratio | 1.2%  | 1.2%  | 1.3%  | 1.4%  | 1.4%  |



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

# Exposure to China



## Bank exposure in China

- 99% with <1 year tenor
- Around 75% accounted for by top 5 domestic banks and policy banks
- Trade exposures mostly with bank counterparties, representing around half of bank exposure


## Non-bank exposure in China

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio around 0.9%
- Around half of loans denominated in RMB
- Around half has tenor within a year
- Minimal exposure to stockbroking companies linked to China's stock market
- No exposure to Qingdao fraud and local government financing vehicles

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).

## Exposure to Commodities

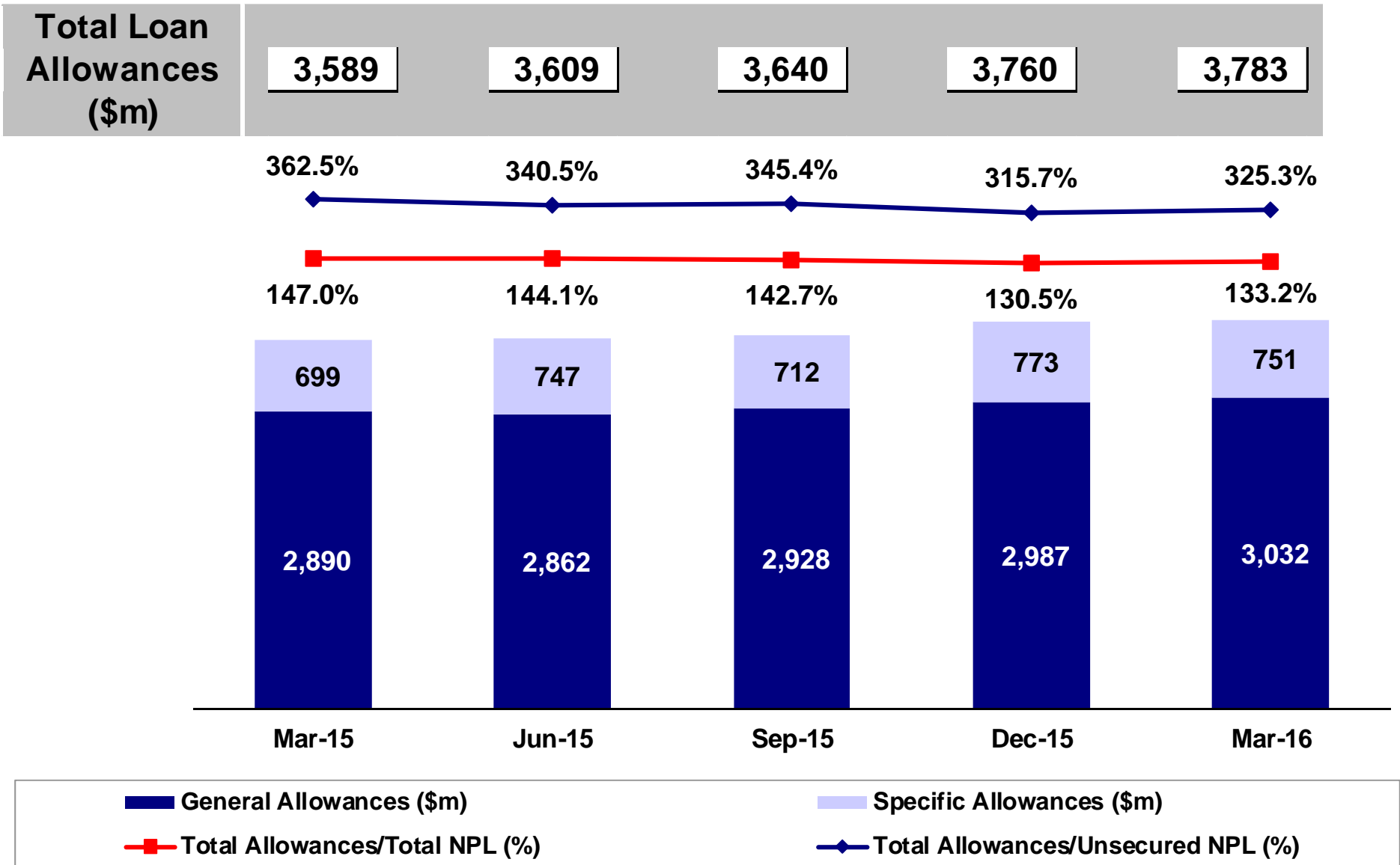
| As of<br>31 Mar 16             | Oil and gas            |                                      | Other commodity<br>segments | Total    |
|--------------------------------|------------------------|--------------------------------------|-----------------------------|----------|
|                                | Upstream<br>industries | Traders/<br>downstream<br>industries |                             |          |
| Total<br>exposure <sup>1</sup> | SGD4.6b                | SGD8.4b                              | SGD8.8b                     | SGD21.8b |
| Outstanding<br>loans           | SGD3.8b                | SGD5.1b                              | SGD6.5b                     | SGD15.5b |


*4% of total loans*
*7% of total loans*

- Total exposure, including off-balance sheet items, stood at SGD21.8b as of 31 Mar 2016
- Mainly to traders and downstream segments
- Proactive monitoring, limit management and collateral enhancement

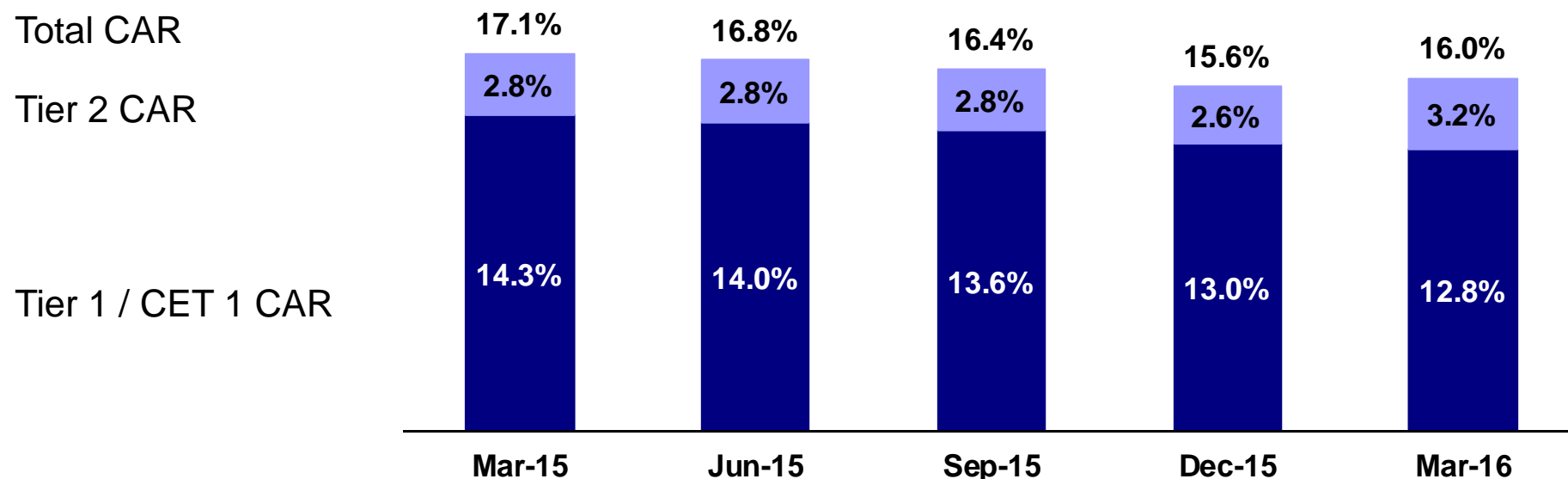
1. Total exposure comprises outstanding loans and contingent liabilities

# Strong Allowances Coverage



# Capital Ratios Remained Strong

## Capital Adequacy Ratios (CAR)



|                                    |      |      |      |      |      |
|------------------------------------|------|------|------|------|------|
| CET1 Capital (\$b)                 | 26   | 25   | 25   | 26   | 26   |
| Tier 1 Capital (\$b)               | 26   | 25   | 25   | 26   | 26   |
| Total Capital (\$b)                | 31   | 30   | 30   | 31   | 32   |
| RWA (\$b)                          | 182  | 182  | 186  | 201  | 202  |
| Fully loaded CET1 (%) <sup>1</sup> | 12.8 | 12.5 | 12.2 | 11.7 | 12.1 |
| Leverage ratio (%) <sup>2</sup>    | 7.6  | 7.6  | 7.2  | 7.3  | 7.0  |

<sup>1</sup> Based on final rules effective 1 Jan 2018.

<sup>2</sup> Leverage ratio is calculated based on the revised MAS Notice 637. A minimum requirement of 3% is applied during the parallel run period from 1 January 2013 to 1 January 2017.





Thank you

