



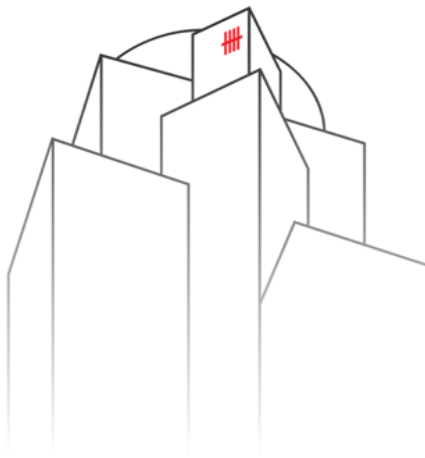
UOB Group

For the Nine Months / Third Quarter Ended 30 September 2019

Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

1 November 2019



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Financial Highlights

Sustained Profits



NPAT(9M19)

\$3.34b

▲ 8% YoY

NPAT (3Q19)

\$1.12b

▲ 8% YoY

▼ 4% QoQ

Steady return on equity at 11.9%; balance sheet stays sound

- Total income for 9M19 up 10% to a new high of \$7.60 billion, led by broad-based loan growth and higher trading and investment income
- Healthy loan-to-deposit ratio at 89.3%; LCR for the year at 146% and NSFR at 107%
- NPL ratio stable at 1.5% with unsecured NPA coverage high at 210%; total credit costs increased 3 bps to 17 bps
- Strong capital position with CET1 at 13.7%

Nine months earnings up 8% to new high of \$3.34 billion

	9M19 \$m	9M18 \$m	YoY +/(-) \$m	% %
Net interest income	4,927	4,612	315	7 ▲
Net fee income	1,557	1,500	57	4 ▲
Others	1,114	789	325	41 ▲
Total income	7,598	6,901	697	10 ▲
Less: Total expenses	3,356	3,019	337	11 ▲
Operating profit	4,242	3,881	361	9 ▲
Less: Total allowances	289	265	24	9 ▲
Add: Assoc & JV	31	106	(74)	(70) ▼
Net profit	3,338	3,092	246	8 ▲

- Higher net interest income (NII) lifted by healthy loan growth of 8%.
- Stronger trading and investment income and steady fee growth.
- Expenses increased due to higher staff, revenue and IT-related expenses. Cost/Income ratio at 44.2%.
- Allowances increased from the low level a year ago.
- Contributions from associates declined due to reduced interest in associated companies.

Third quarter earnings grew 8% from a year ago

	3Q19 \$m	3Q18 \$m	YoY +/- \$m	%	
Net interest income	1,687	1,599	87	5 ▲	<ul style="list-style-type: none"> Higher NII driven by loan growth of 8% YoY. Fees increased from wealth management flows, loan-related and credit card fees. Other income lifted from improved treasury customer flows and investment income. Higher expenses in line with income growth and investment in strategic initiatives. Higher allowances for impaired assets.
Net fee income	551	484	67	14 ▲	
Others	371	244	127	52 ▲	
Total income	2,609	2,327	282	12 ▲	
Less: Total expenses	1,154	1,011	143	14 ▲	
Operating profit	1,455	1,317	139	11 ▲	
Less: Total allowances	145	95	50	53 ▲	
Add: Assoc & JV	14	25	(10)	(42) ▼	
Net profit	1,118	1,037	81	8 ▲	

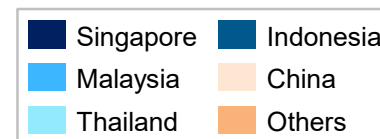
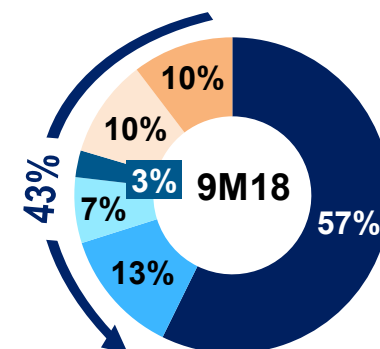
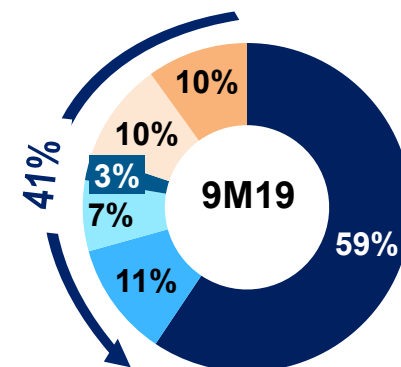
QoQ earnings 4% down as credit costs increased

	3Q19 \$m	2Q19 \$m	QoQ +/-	
			\$m	%
Net interest income	1,687	1,653	33	2 ▲
Net fee income	551	527	25	5 ▲
Others	371	403	(32)	(8) ▼
Total income	2,609	2,583	26	1 ▲
Less: Total expenses	1,154	1,129	24	2 ▲
Operating profit	1,455	1,453	2	0 ▲
Less: Total allowances	145	51	95	>100 ▲
Add: Assoc & JV	14	(0)	14	>100 ▲
Net profit	1,118	1,168	(49)	(4) ▼

- NII rose 2% from additional day count and asset growth.
- Higher fees driven by strong wealth management flows.
- Decrease in other income due to seasonality of dividend income.
- Allowances increased mainly from impaired loans.

Operating profit driven by stronger performance in Singapore while region remains broadly stable

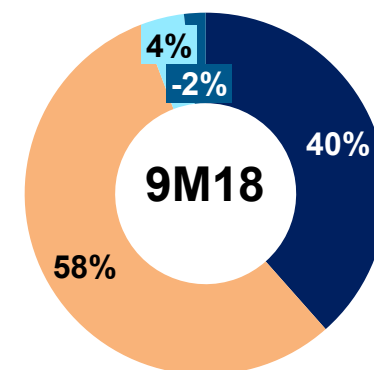
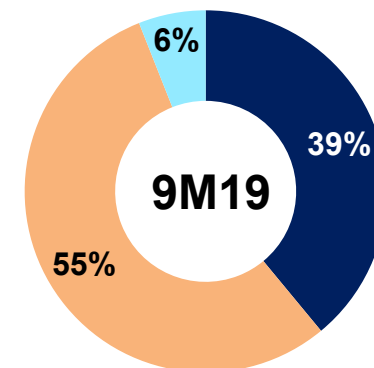
Operating Profit	9M19	9M18	At constant FX rate	
	\$m	\$m	+ / (-) %	+ / (-) %
Singapore	2,519	2,201	14	14
Regional:	1,301	1,283	1	1
Malaysia	479	493	(3)	(1)
Thailand	295	297	(1)	(5)
Indonesia	106	105	1	(1)
China ⁽¹⁾	420	387	9	8
Others	422	398	6	8
Total	4,242	3,881	9	9



Note: 1. Comprise Mainland China, Hong Kong SAR and Taiwan.

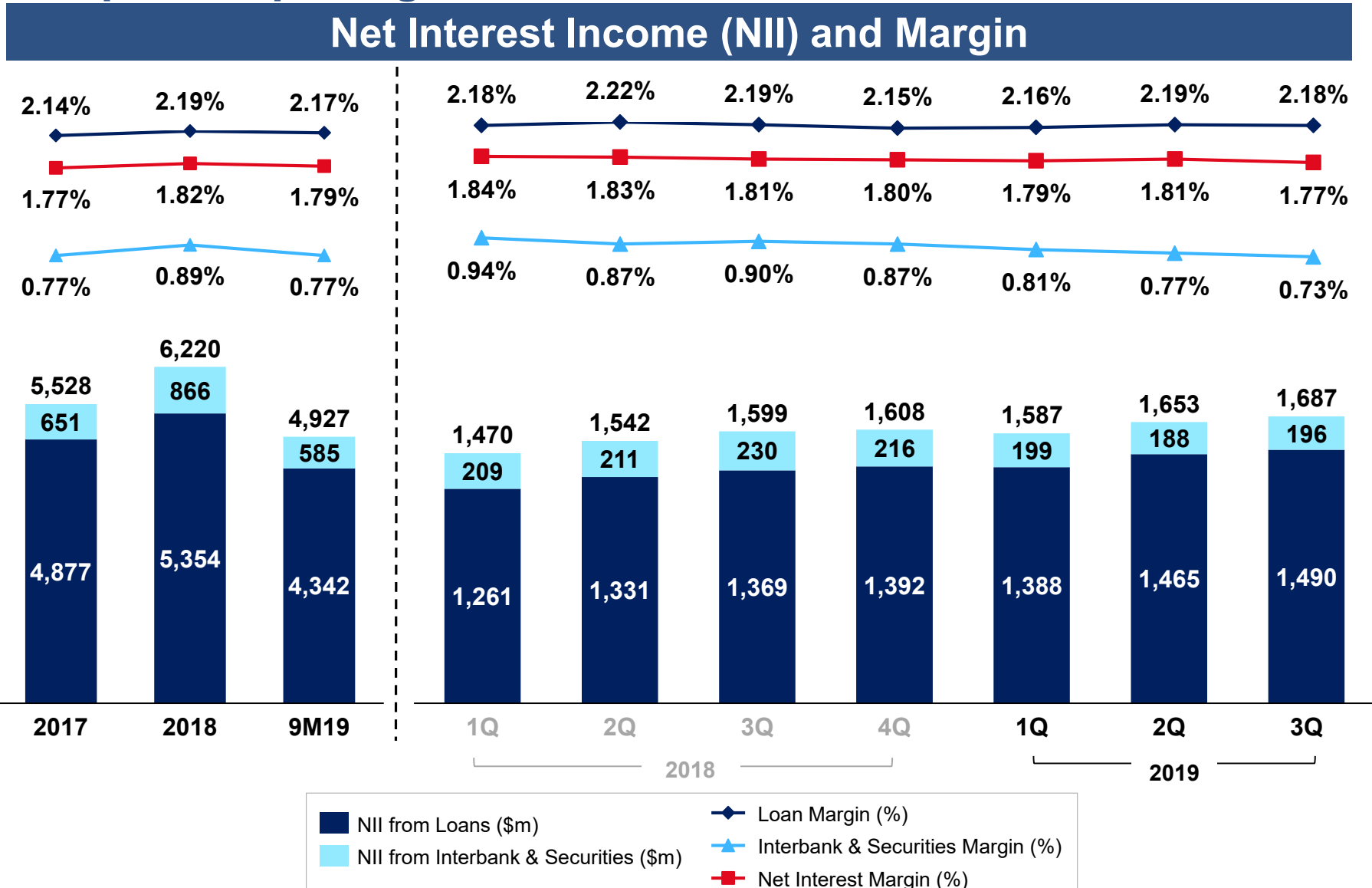
All business segments delivered healthy profit growth

Segment Operating Profit	9M19	9M18	+/(-)
	\$m	\$m	%
Group Retail (GR)	1,639	1,535	7
Group Wholesale Banking (GWB)	2,346	2,255	4
Global Markets (GM)	253	175	44
Others *	4	(84)	>100
Total	4,242	3,881	9



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

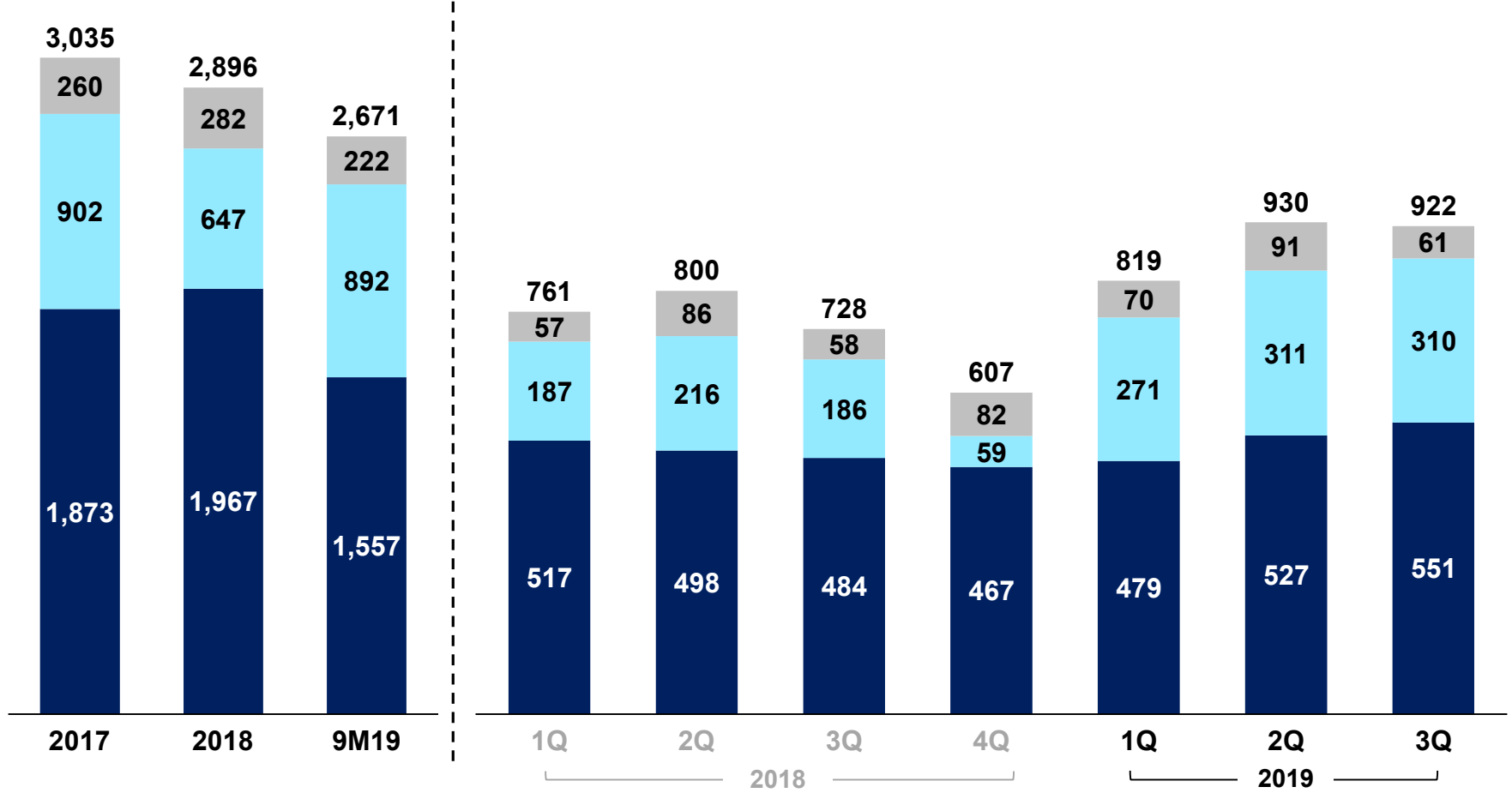
QoQ NIM down 4 bps amid declining interest rates and a competitive pricing environment



Steady fee growth, wealth management flows improved

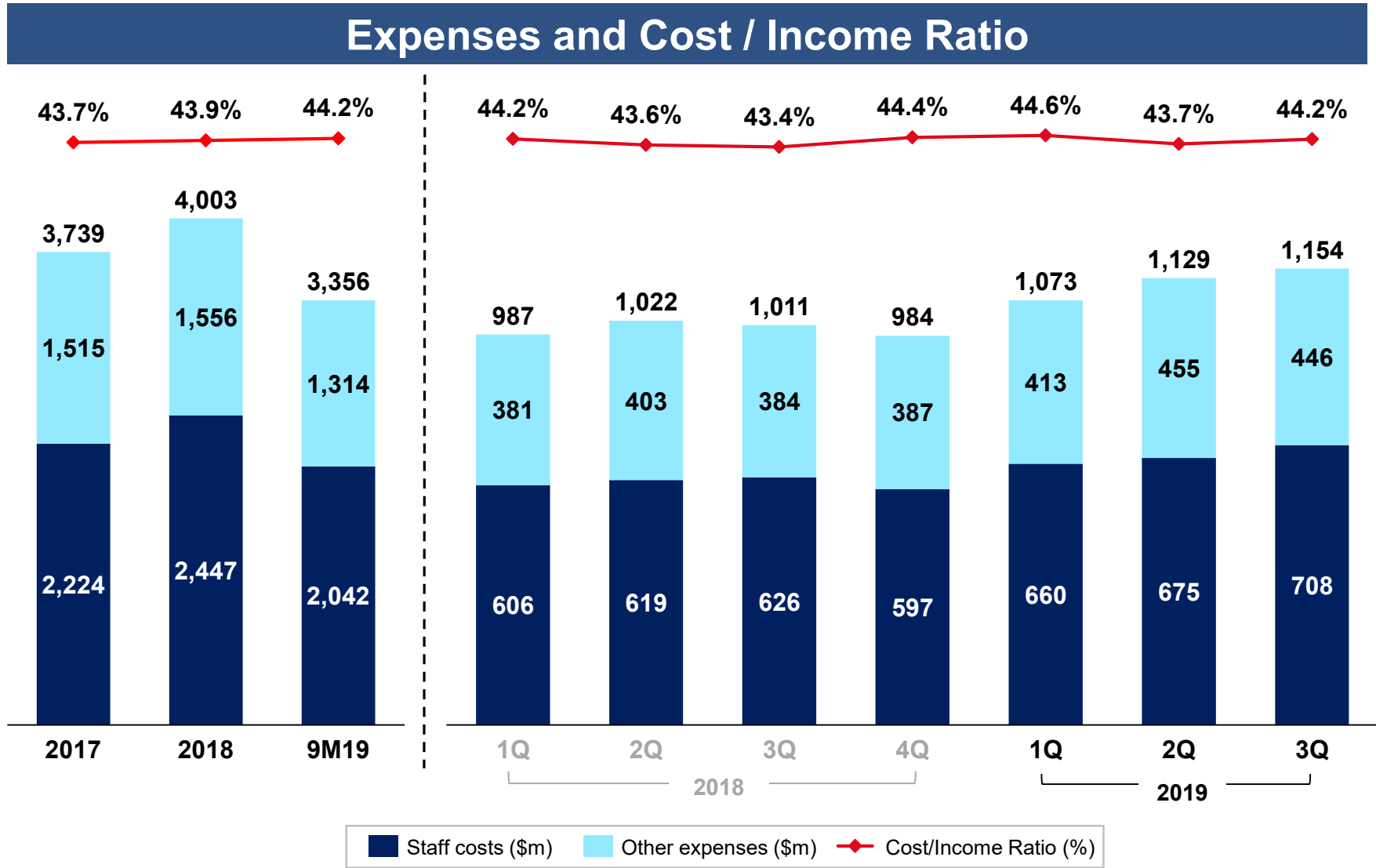
QoQ

Non-Interest Income



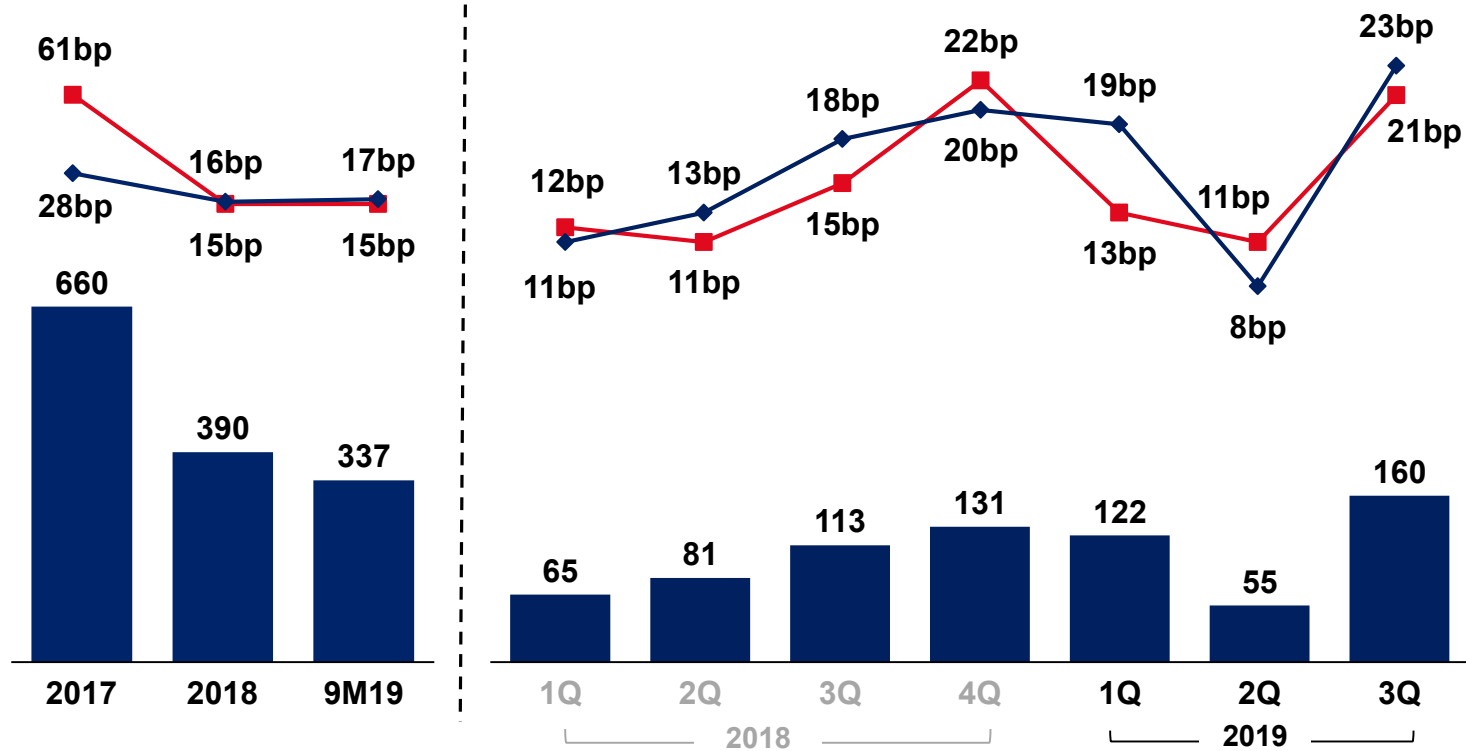
■ Net Fee income (\$m)
 ■ Trading & Investment income (\$m)
 ■ Other Non-Interest Income (\$m)

Cost/Income ratio maintained at 44.2%



Total credit costs for the quarter increased to 23 bps

Total Allowances on Loans

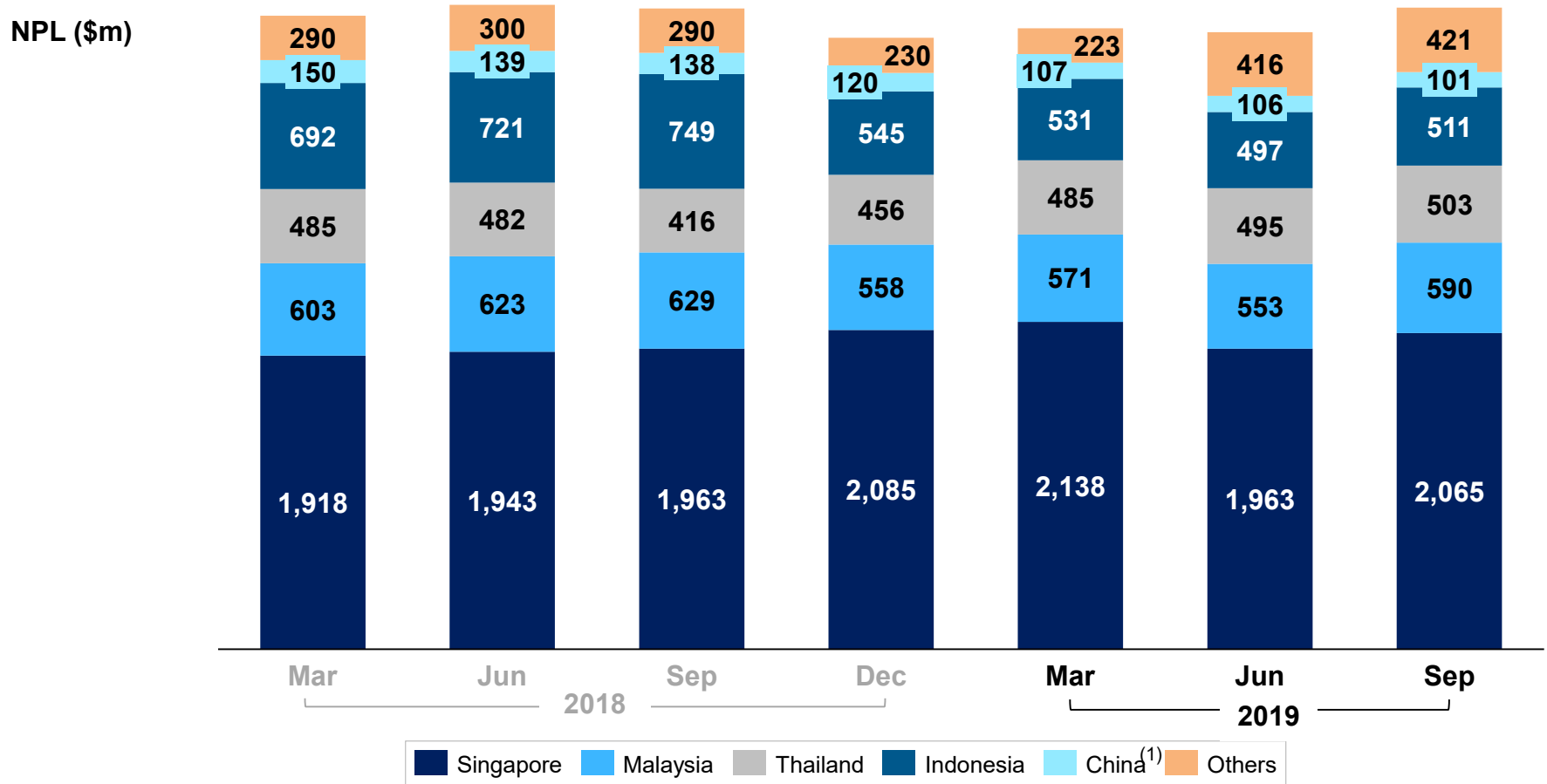


■ Total Allowances on Loans (\$m)
 ■ Allowances for Impaired Loans / Average Gross Loans (basis points)
 ◆ Total Allowances on Loans / Average Gross Loans (basis points)

Allowances on Loans	2017	2018	9M19	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Non-Impaired (\$m)	(747)	14	30	(6)	17	18	(16)	38	(20)	11
Impaired (\$m)	1,407	376	307	71	64	94	146	84	75	149
Total (\$m)	660	390	337	65	81	113	131	122	55	160

NPL ratio flat at 1.5%

NPL (\$m)	4,138	4,208	4,185	3,994	4,055	4,030	4,191
NPL Ratio	1.7%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%



Note: 1. Comprise Mainland China, Hong Kong SAR and Taiwan.

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.

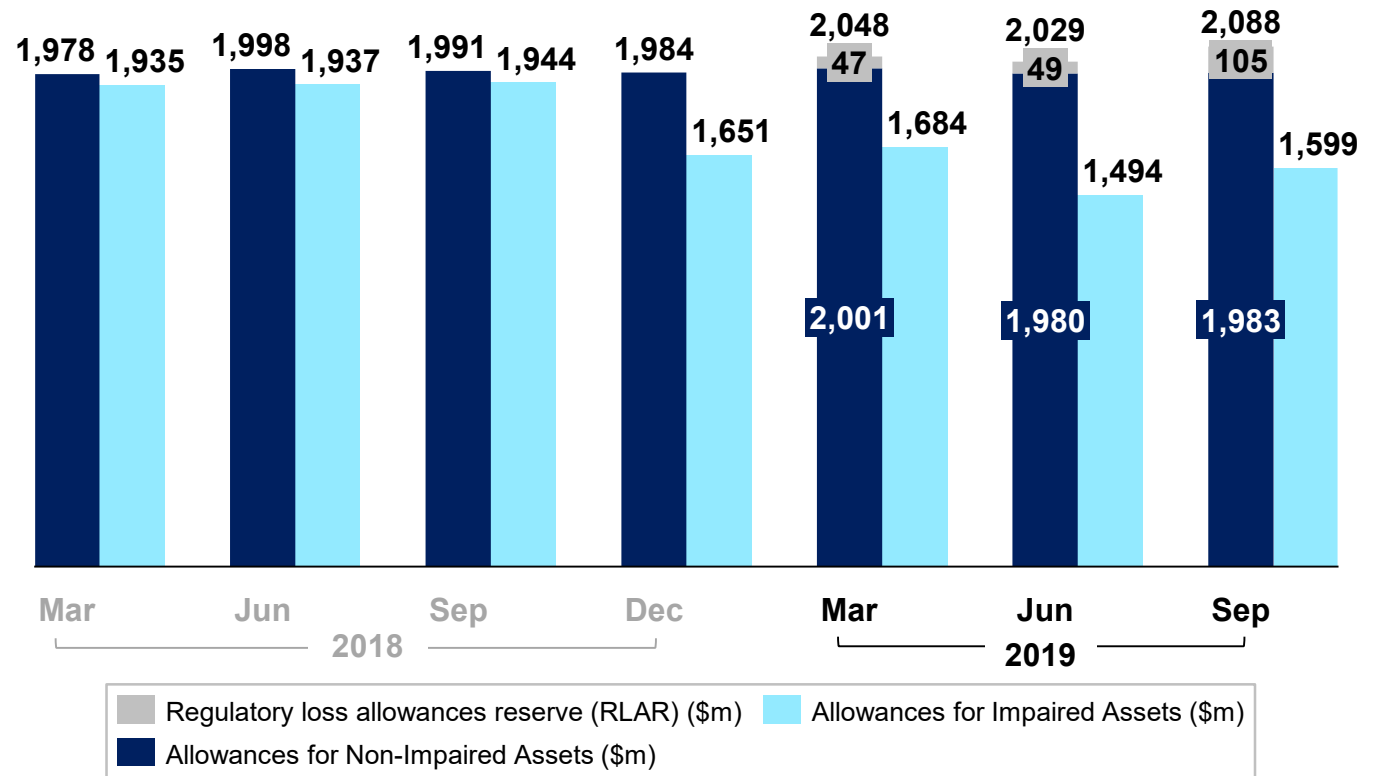
Low NPA formation this quarter

	2018				2019		
	1Q \$m	2Q \$m	3Q \$m	4Q \$m	1Q \$m	2Q \$m	3Q \$m
NPAs at start of period	4,389	4,323	4,404	4,374	4,166	4,215	4,185
<u>Group wholesale and small enterprises</u>							
New NPAs	235	252	275	370	230	357	180
Upgrades, recoveries and translations	(206)	(88)	(229)	(257)	(139)	(182)	(38)
Write-offs	(129)	(101)	(29)	(392)	(17)	(229)	(26)
	4,289	4,386	4,421	4,095	4,240	4,161	4,301
Group Retail (personal customers only)	34	18	(47)	71	(25)	24	49
NPAs at end of period	4,323	4,404	4,374	4,166	4,215	4,185	4,350

NPA coverage remained adequate

Total Allowances (\$m)	3,913	3,935	3,935	3,636	3,732	3,523	3,687
NPA coverage (%) ¹	91	89	90	87	89	84	85
Unsecured NPA coverage (%) ¹	190	190	189	202	203	191	210

Total Allowances (\$m)



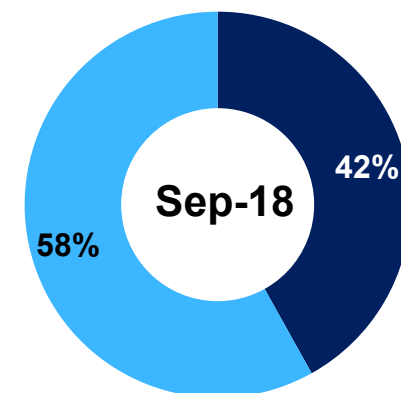
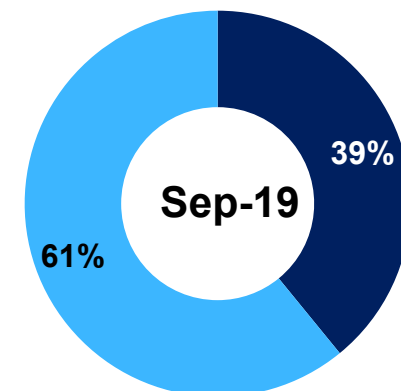
Note:

(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 softening environment

Gross Loans	Sep-19	Sep-18	+ / (-)	Jun-19	+ / (-)
	\$b	\$b	%	\$b	%
Singapore	141	133	6	142	(0)
Regional:	105	95	10	101	4
Malaysia	29	29	2	29	2
Thailand	19	16	16	18	5
Indonesia	12	11	6	11	3
China ⁽¹⁾	45	39	15	43	5
Others	29	27	7	30	(5)
Total	275	255	8	273	1

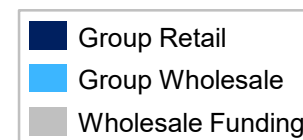
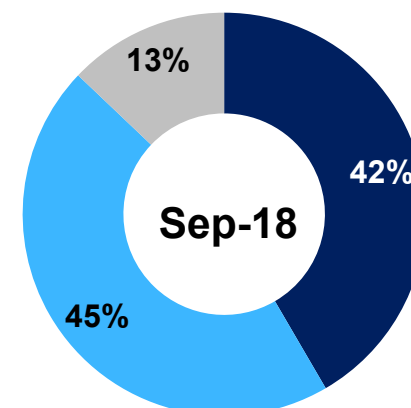
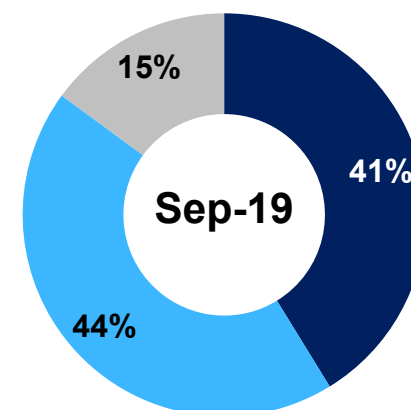


■ Group Retail
 ■ Group Wholesale

Note: 1. Comprise Mainland China, Hong Kong SAR and Taiwan
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Deposits grew in tandem with loan growth

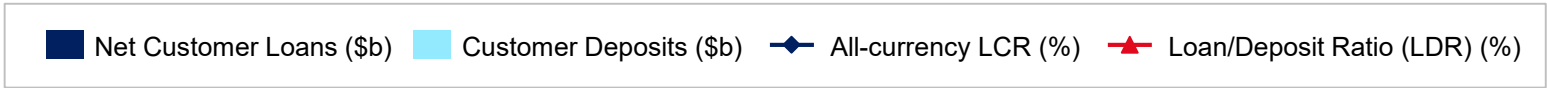
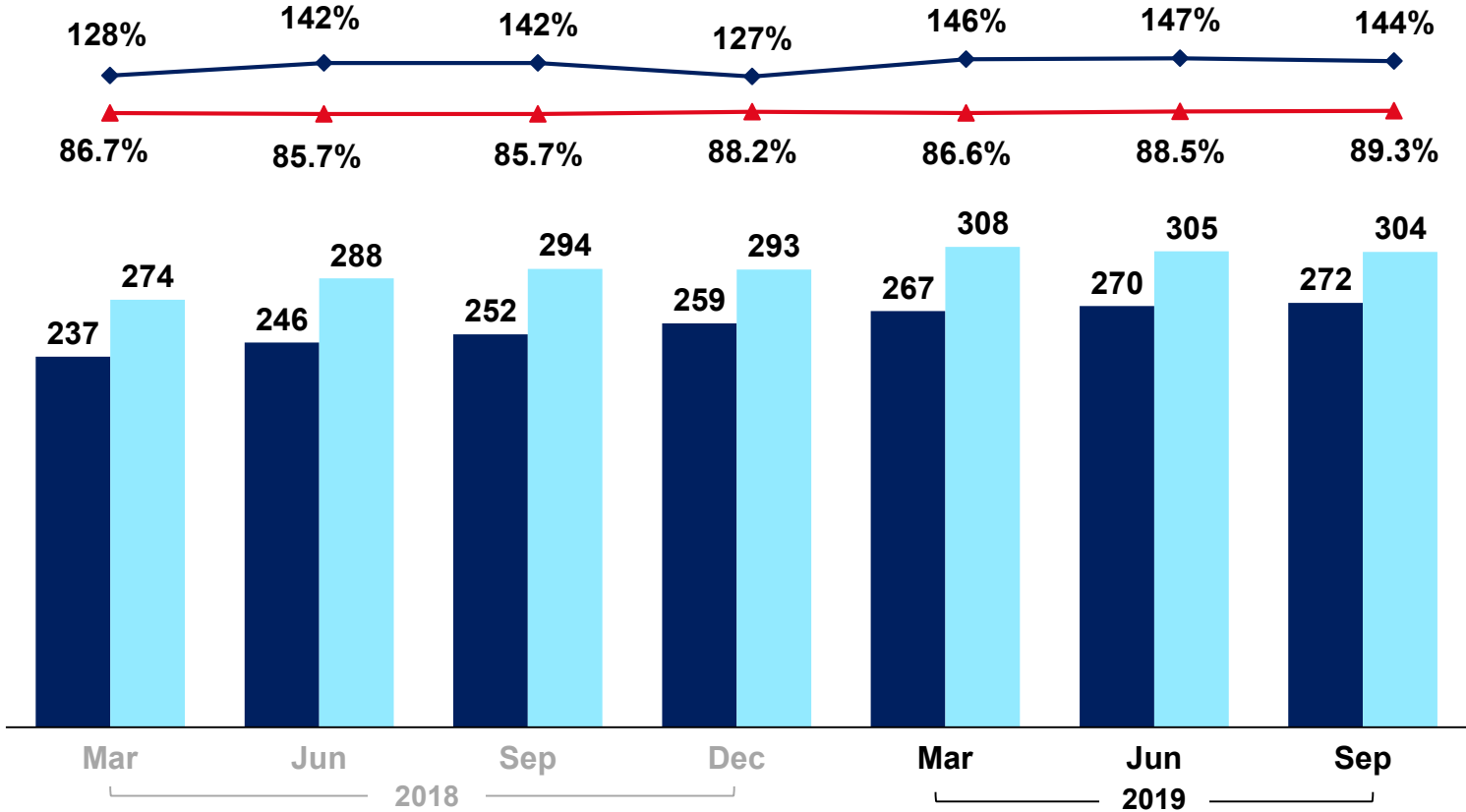
	Sep-19	Sep-18	+/(-)	Jun-19	+/(-)
	\$b	\$b	%	\$b	%
Customer Deposits					
Singapore	199	197	1	203	(2)
Regional:	82	75	10	79	4
Malaysia	31	30	2	30	1
Thailand	22	18	25	20	8
Indonesia	8	7	5	7	3
China ⁽¹⁾	22	20	11	21	3
Others	23	22	7	23	3
Total customer deposits	304	294	4	305	(0)
Wholesale funding ⁽²⁾	52	41	29	52	2
Total funding	357	334	7	356	0



Notes: 1. Comprise Mainland China, Hong Kong SAR and Taiwan
 2. Comprise debt issuances, perpetual capital securities and interbank liabilities.

Stable liquidity position with average LCR at 144% and NSFR at 107%

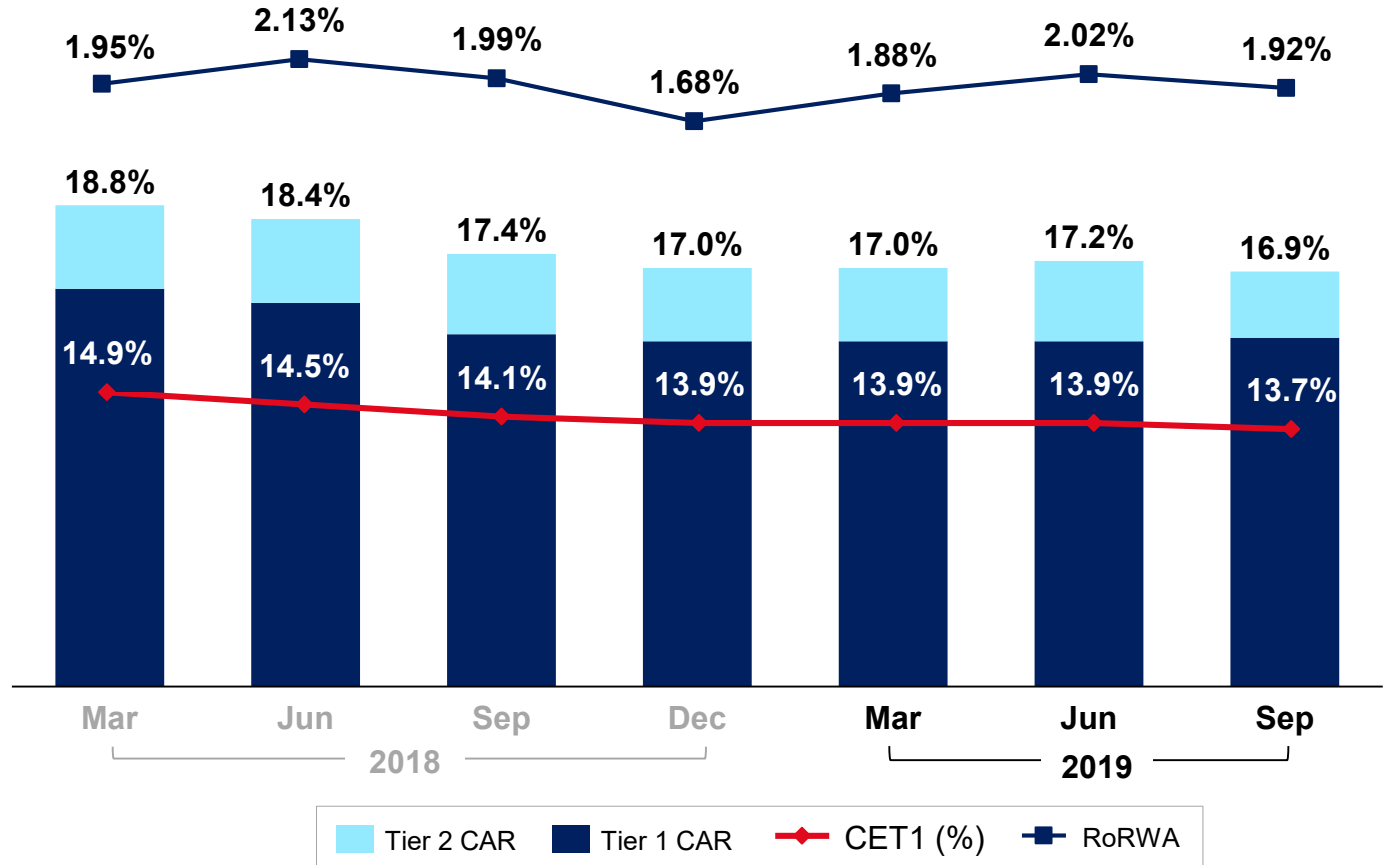
Customer Loans and Deposits; LDR, LCR and NSFR



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

Capital Adequacy Ratios (CAR) and RoRWA



RWA (\$b)	202	206	213	221	230	230	232
Leverage ratio (%)	8.2	7.7	7.4	7.6	7.6	7.5	7.6

Appendix :

Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- China

Exposure to China

Singapore – Key Financials

	9M19	9M18	+ / (-)	3Q19	2Q19	+ / (-)
	\$m	\$m	%	\$m	\$m	%
Net interest income	2,855	2,631	9	968	970	(0)
Net fee income	923	908	2	336	305	10
Other non-interest income	628	372	69	201	228	(12)
Total income	4,406	3,911	13	1,505	1,503	0
Less: Expenses	1,887	1,710	10	635	645	(2)
Operating profit	2,519	2,201	14	869	858	1
Less: Total allowances	106	71	50	54	(9)	>100
Add: Assoc & JV	35	52	(33)	13	9	50
Profit before tax	2,449	2,183	12	829	876	(5)

Financial indicators (%)

Net interest margin	1.50	1.49		1.49	1.53	
Cost/Income ratio	42.8	43.7		42.2	42.9	
Customer loans (net) - \$b ^	160.3	148.9	8%	160.3	160.4	(0%)
Loan/Deposit ratio	80.5	75.5		80.5	79.0	
NPL ratio ^	1.6	1.9		1.6	1.5	

^ Based on location where the loans are booked.

Malaysia – Key Financials

	9M19	9M18	+ / (-)	3Q19	2Q19	+ / (-)
	RM'm	RM'm	%	RM'm	RM'm	%
Net interest income	1,648	1,635	1	564	538	5
Net fee income	440	450	(2)	171	141	21
Other non-interest income	315	265	19	110	104	6
Total income	2,403	2,350	2	845	783	8
Less: Expenses	949	880	8	327	320	2
Operating profit	1,454	1,470	(1)	518	463	12
Less: Total allowances	144	137	5	59	78	(24)
Profit before tax	1,310	1,333	(2)	459	385	19
Profit before tax (S\$m)	432	447	(3)	152	126	20
<i>Average Exchange rate</i>	3.03	2.98		3.03	3.05	
<u>Financial indicators (%)</u>						
Net interest margin	1.95	2.09		1.93	1.95	
Cost/Income ratio	39.5	37.4		38.7	40.9	
Customer loans (net) - RM'b ^	90.9	88.7	2%	90.9	90.5	0%
Loan/Deposit ratio	98.3	97.9		98.3	98.2	
NPL ratio ^	1.8	1.8		1.8	1.7	

^ Based on location where the loans are booked.

Thailand – Key Financials

	9M19	9M18	+/(-)	3Q19	2Q19	+/(-)
	THB'm	THB'm	%	THB'm	THB'm	%
Net interest income	13,008	12,568	4	4,345	4,355	(0)
Net fee income	3,933	3,655	8	1,395	1,299	7
Other non-interest income	1,069	802	33	397	361	10
Total income	18,010	17,025	6	6,137	6,015	2
Less: Expenses	11,256	9,907	14	3,885	3,720	4
Operating profit	6,754	7,118	(5)	2,252	2,295	(2)
Less: Total allowances	2,088	1,943	7	1,313	869	51
Profit before tax	4,666	5,175	(10)	939	1,426	(34)
Profit before tax (S\$m)	203	216	(6)	42	62	(32)
<i>Average Exchange rate</i>	<i>23.00</i>	<i>23.91</i>		<i>22.34</i>	<i>23.05</i>	
<u>Financial indicators (%)</u>						
Net interest margin	3.29	3.37		3.11	3.31	
Cost/Income ratio	62.5	58.2		63.3	61.8	
Customer loans (net) - THB'b ^	397.2	363.7	9%	397.2	386.5	3%
Loan/Deposit ratio	81.9	87.5		81.9	83.9	
NPL ratio ^	2.7	2.6		2.7	2.8	

^ Based on location where the loans are booked.

Indonesia – Key Financials

	9M19	9M18	+/(–)	3Q19	2Q19	+/(–)
	IDR'b	IDR'b	%	IDR'b	IDR'b	%
Net interest income	2,507	2,487	1	820	827	(1)
Net fee income	617	576	7	228	196	16
Other non-interest income	627	393	60	249	198	26
Total income	3,751	3,456	9	1,297	1,221	6
Less: Expenses	2,650	2,349	13	930	866	7
Operating profit	1,101	1,107	(1)	367	355	3
Less: Total allowances	501	518	(3)	141	178	(21)
Profit/(loss) before tax	600	589	2	226	177	28
Profit/(loss) before tax (S\$m)	58	56	3	22	17	29
<i>Average Exchange rate</i>	<i>10,341</i>	<i>10,465</i>		<i>10,251</i>	<i>10,326</i>	
<u>Financial indicators (%)</u>						
Net interest margin	3.68	3.93		3.58	3.61	
Cost/Income ratio	70.6	68.0		71.7	70.9	
Customer loans (net) - IDR't ^	73.0	67.9	8%	73.0	72.0	1%
Loan/Deposit ratio	92.3	84.6		92.3	92.3	
NPL ratio ^	1.8	2.2		1.8	1.7	

^ Based on location where the loans are booked.

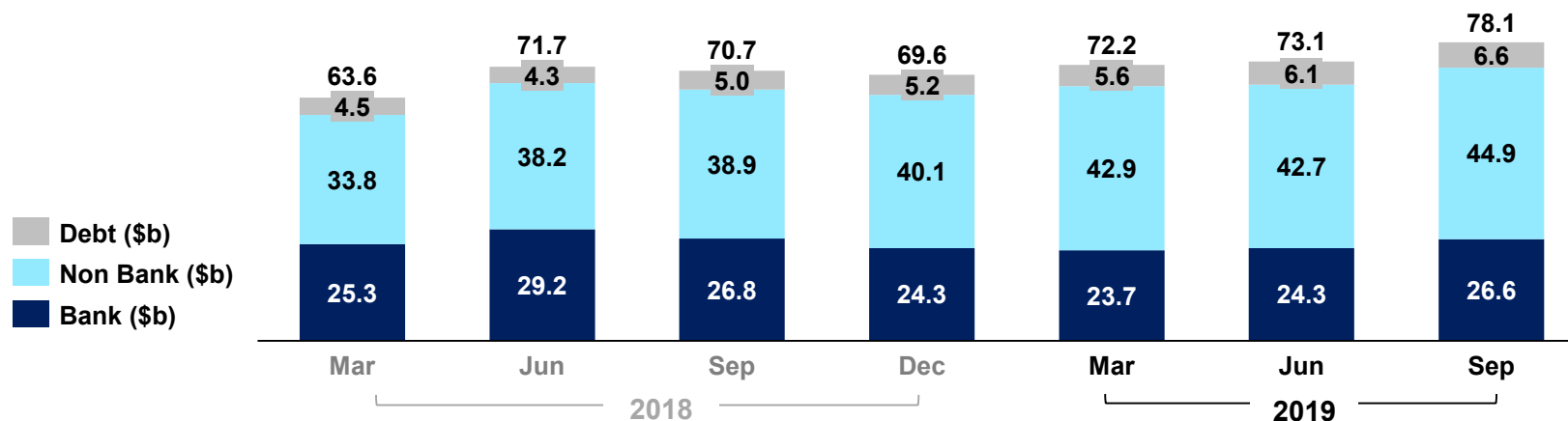
China¹ – Key Financials

	9M19	9M18	+/(-)	3Q19	2Q19	+/(-)
	\$m	\$m	%	\$m	\$m	%
Net interest income	319	320	(0)	121	106	14
Net fee income	148	123	20	44	55	(20)
Other non-interest income	250	215	16	70	95	(26)
Total income	716	658	9	235	256	(8)
Less: Expenses	296	273	9	105	99	7
Operating profit	420	387	9	129	157	(18)
Less: Total allowances	1	29	(96)	15	(27)	>100
Add: Assoc & JV	(0)	29	(>100)	(0)	0	(>100)
Profit before tax	418	387	8	114	185	(38)
<u>Financial indicators (%)</u>						
Net interest margin	0.79	0.89		0.88	0.78	
Cost/Income ratio	41.4	41.4		44.9	38.6	
Customer loans (net) - \$b ^	35.7	32.3	11%	35.7	34.0	5%
Loan/Deposit ratio	162.9	163.2		162.9	160.3	
NPL ratio ^	0.2	0.2		0.2	0.2	

Note: 1. Comprise Mainland China, Hong Kong SAR and Taiwan.

^ Based on location where the loans are booked.

Exposure to China¹



As at 30 Sep 2019:

Mainland China exposure (\$34b or 8% of total assets)

Bank exposure (\$20b)

- Accounted for ~60% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~80% of total bank exposure
- 99% with <1 year tenor
- Trade exposures mostly with bank counterparties, representing ~50% of total bank exposure

Non-bank exposure (\$11b)

- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~50% denominated in RMB
- ~50% with <1 year tenor
- NPL ratio at 0.6%

Hong Kong SAR exposure (\$35b or 9% of total assets)

Bank exposure (\$2b)

- Majority of exposure are to foreign banks

Non-bank exposure (\$29b)

- Exposure mainly to wholesale corporates
- Real estate loans accounted for \$12b (~4% of total loans); loans are well-collateralised and predominantly to network clients or clients with strong financial sponsors
- Other potential vulnerable industries (hospitality and consumer discretionary) amounted to \$5b
- ~50% with <1 year tenor
- NPL ratio at 0.2%

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