



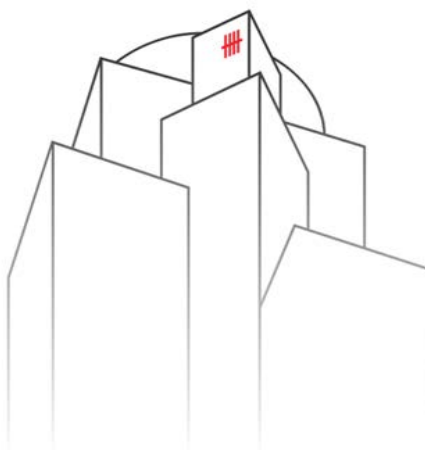
UOB Group

For the First Half / Second Quarter Ended 30 June 2018

Financial Highlights

Lee Wai Fai
Group Chief Financial Officer

3 August 2018



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Highlights

New first half earnings high of \$2.05 billion in 2018 ↑ 24% YoY

Record second quarter earnings exceeding \$1 billion ↑ 28% YoY; ↑ 10% QoQ

- Increase in net interest income supported by broad-based loan growth and an uplift in loan margin
- Strong performance in net fee and commission income
- Assets quality remained stable. Credit costs decreased substantially in a favourable operating environment
- Return on risk-weighted assets increased to 2.13% for the quarter.
- Strong profit momentum and improved risk-adjusted returns; interim core dividends to increase to 50 cents for the half year

New high first half earnings surpassing \$2 billion

	1H18 \$m	1H17 \$m	YoY \$m +/- %	
Net interest income	3,012	2,659	353	13 ▲
Net fee income	1,015	887	129	15 ▲
Other Non-NII	546	621	(76)	(12) ▼
Total income	4,573	4,167	406	10 ▲
Less: Total expenses	2,009	1,812	196	11 ▲
Operating profit	2,564	2,355	210	9 ▲
Less: Total allowances	170	366	(197)	(54) ▼
Add: Assoc & JV	81	59	22	38 ▲
Net profit	2,055	1,652	403	24 ▲

- Net interest income up 13% supported by uplift in net interest margin and broad-based loan growth.
- Higher net fee income driven by strong performance in loan-related, wealth management, fund management and credit card.
- Lower trading and investment gains mainly due to gains on disposal of investment securities last year.
- Expenses increased due to higher performance-related staff costs and planned IT-related investments.
- Allowances decreased 54%.

Second quarter earnings exceeding \$1 billion

	2Q18 \$m	2Q17 \$m	YoY \$m	+ / (-) %
Net interest income	1,542	1,356	186	14 ▲
Net fee income	498	448	50	11 ▲
Other Non-NII	302	310	(8)	(3) ▼
Total income	2,342	2,114	228	11 ▲
Less: Total expenses	1,022	925	96	10 ▲
Operating profit	1,320	1,189	132	11 ▲
Less: Total allowances	90	180	(90)	(50) ▼
Add: Assoc & JV	52	24	28	>100 ▲
Net profit	1,077	845	232	28 ▲

- Higher net interest income driven by strong loan growth and higher net interest margin.
- Higher net fee income due to broad-based growth in loan-related, fund management, credit card and trade-related fees.
- Expenses grew in tandem with income growth.
- Allowances decreased 50%.

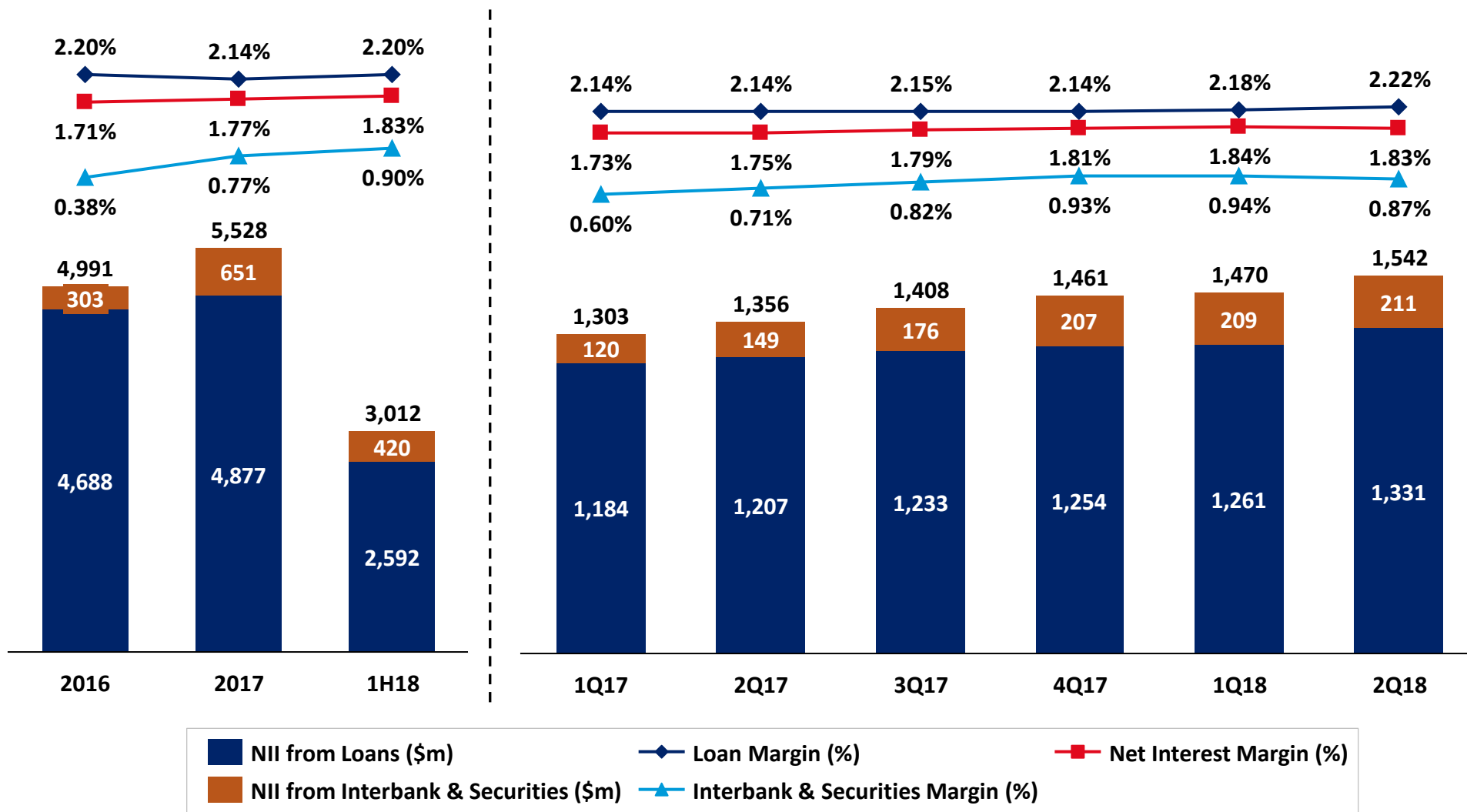
Net earnings improved 10% QoQ

	2Q18 \$m	1Q18 \$m	QoQ \$m +/-(-) %	
Net interest income	1,542	1,470	72	5 ▲
Net fee income	498	517	(19)	(4) ▼
Other Non-NII	302	244	58	24 ▲
Total income	2,342	2,231	112	5 ▲
Less: Total expenses	1,022	987	35	4 ▲
Operating profit	1,320	1,244	77	6 ▲
Less: Total allowances	90	80	11	14 ▲
Add: Assoc & JV	52	29	23	81 ▲
Net profit	1,077	978	99	10 ▲

- Higher net interest income due to loan growth, partially offset by 1bp drop in net interest margin.
- Lower wealth management fees, partially offset by increase in credit card and loan-related fees.
- Increase in Non-NII mainly due to higher trading income.
- Higher expenses in line with income growth.
- Increase in allowances on higher quarterly loan growth.

Higher NII driven by an uplift in loan margin and volume

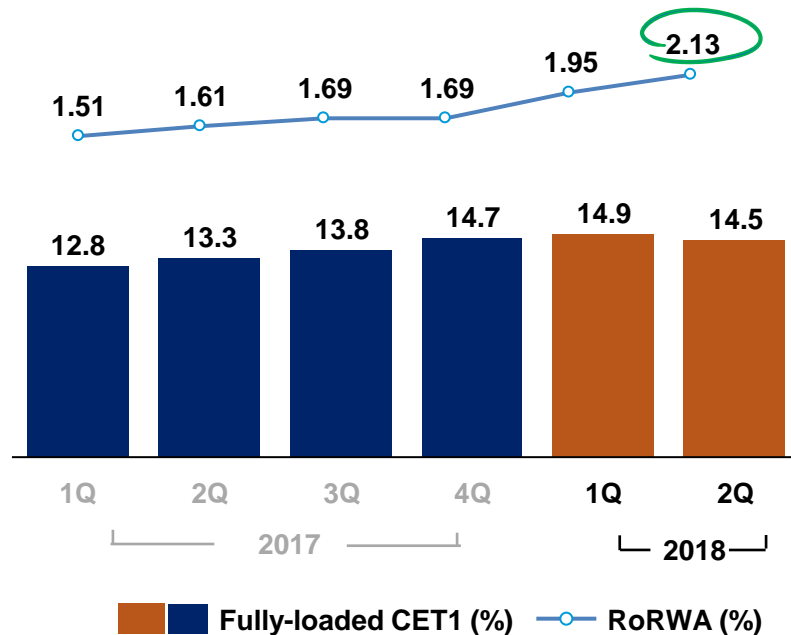
Net Interest Income (NII) and Margin



Leverage strong capital position to drive volume growth on the back of the rising rate environment

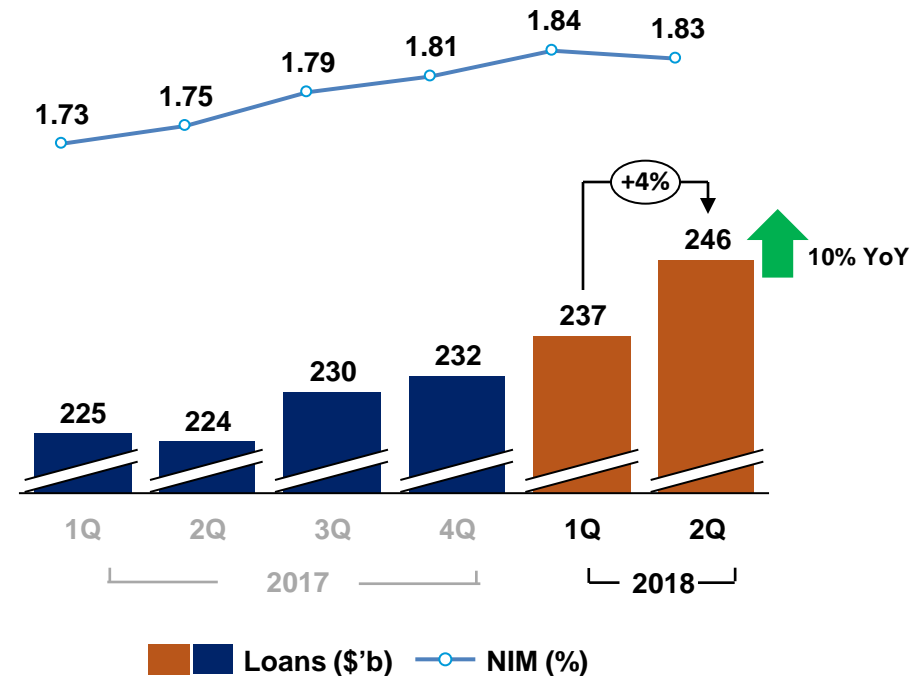
Well positioned to tap on opportunities for NII growth

Strong capital base and improvement in RoRWA



- Excess capital provided opportunities for higher loan growth.

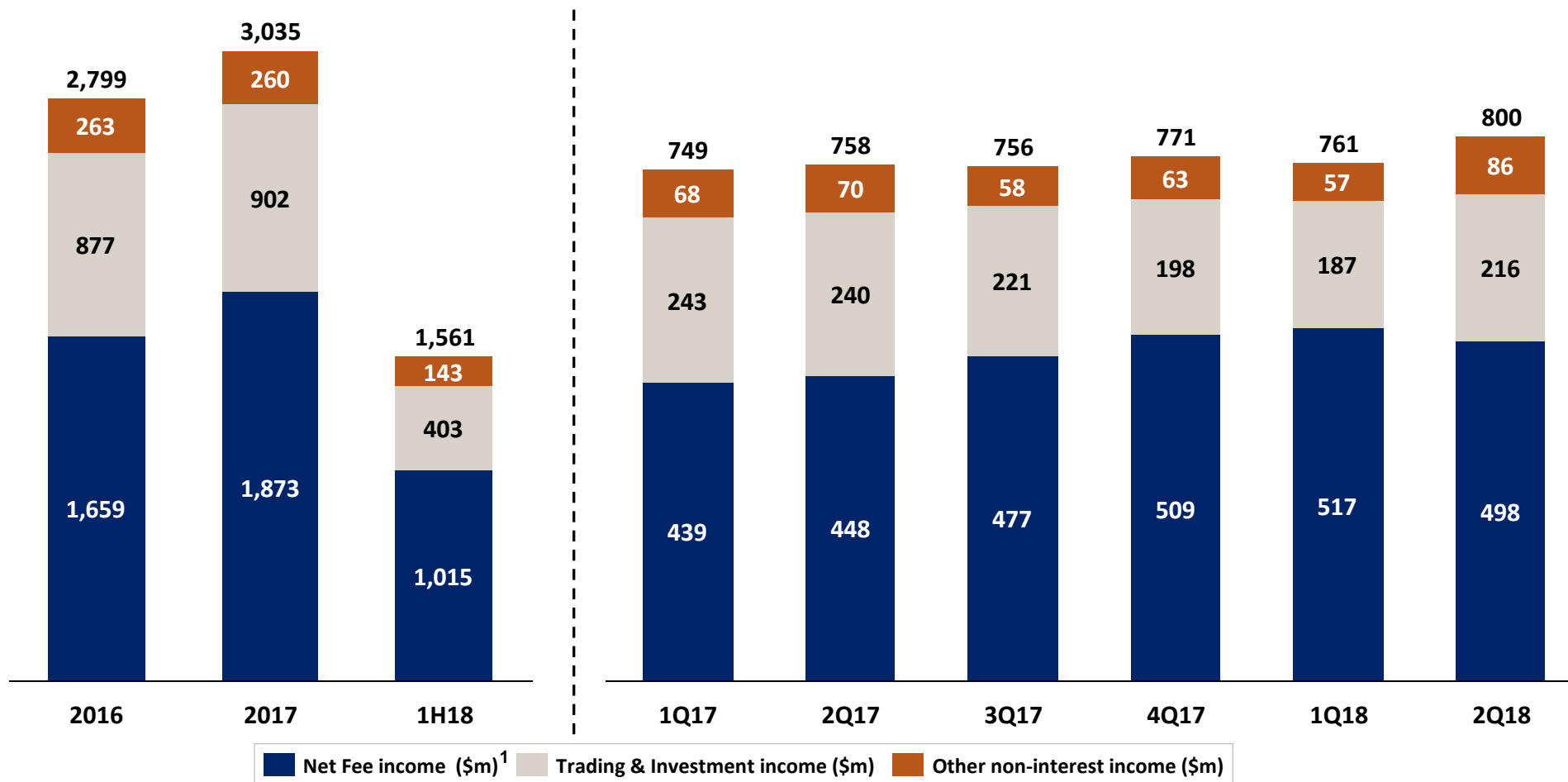
Steady loan momentum and healthy NIM



- Competitive pricing for loan growth.
- Supported by debt issuances and deposit growth to maintain stable funding portfolio.

Loan-related, fund management and credit cards fees continued to perform well

Non-Interest Income (Non-NII)

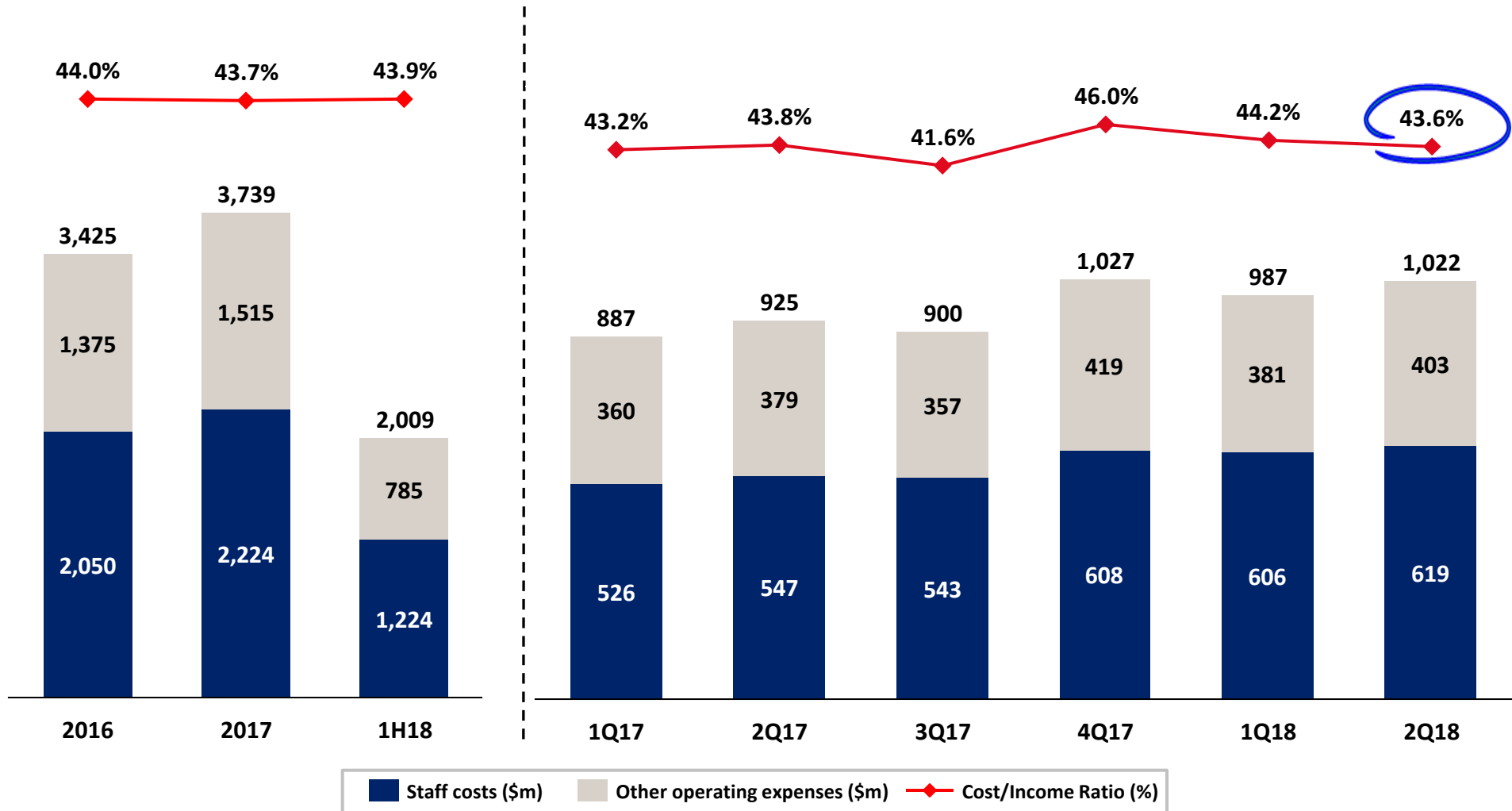


Note:

¹ Expenses directly attributable to fee income are presented net of fee income. Certain comparative figures have been restated to conform with the current period's presentation.

Cost/Income ratio improved QoQ to 43.6%

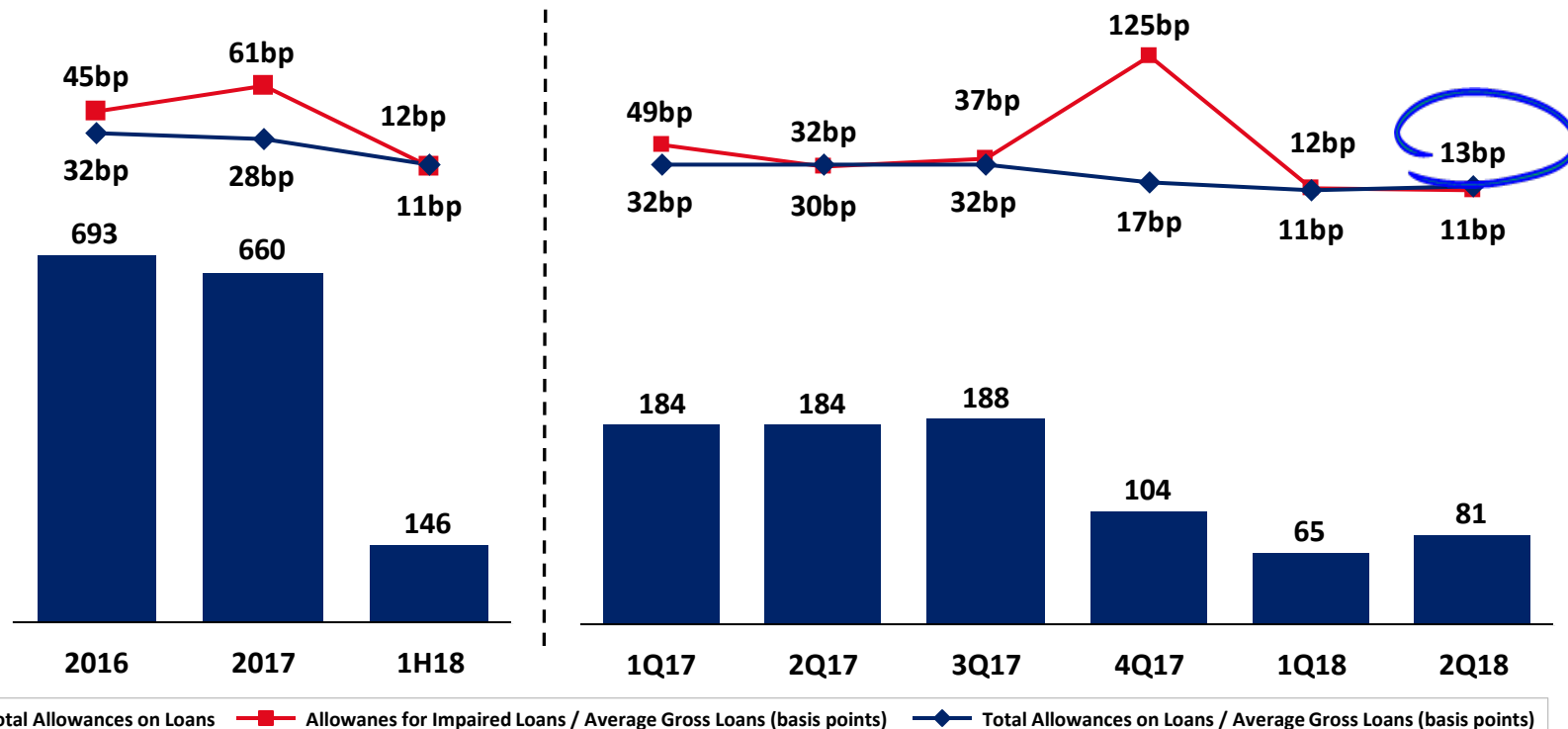
Operating Expenses and Cost / Income Ratio



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

Stable total allowances

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 all exposures

Allowances for Non-Impaired Loans and others (\$m)

Allowances for Impaired Loans and others (\$m)

Total Allowances (\$m)

	2016	2017	1H18
Allowances for Non-Impaired Loans and others (\$m)	(349)	(747)	18
Allowances for Impaired Loans and others (\$m)	942	1,475	152
Total Allowances (\$m)	594	727	170

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Allowances for Non-Impaired Loans and others (\$m)	(93)	12	(26)	(641)	(9)	27
Allowances for Impaired Loans and others (\$m)	279	168	247	781	88	64
Total Allowances (\$m)	186	180	221	140	80	90

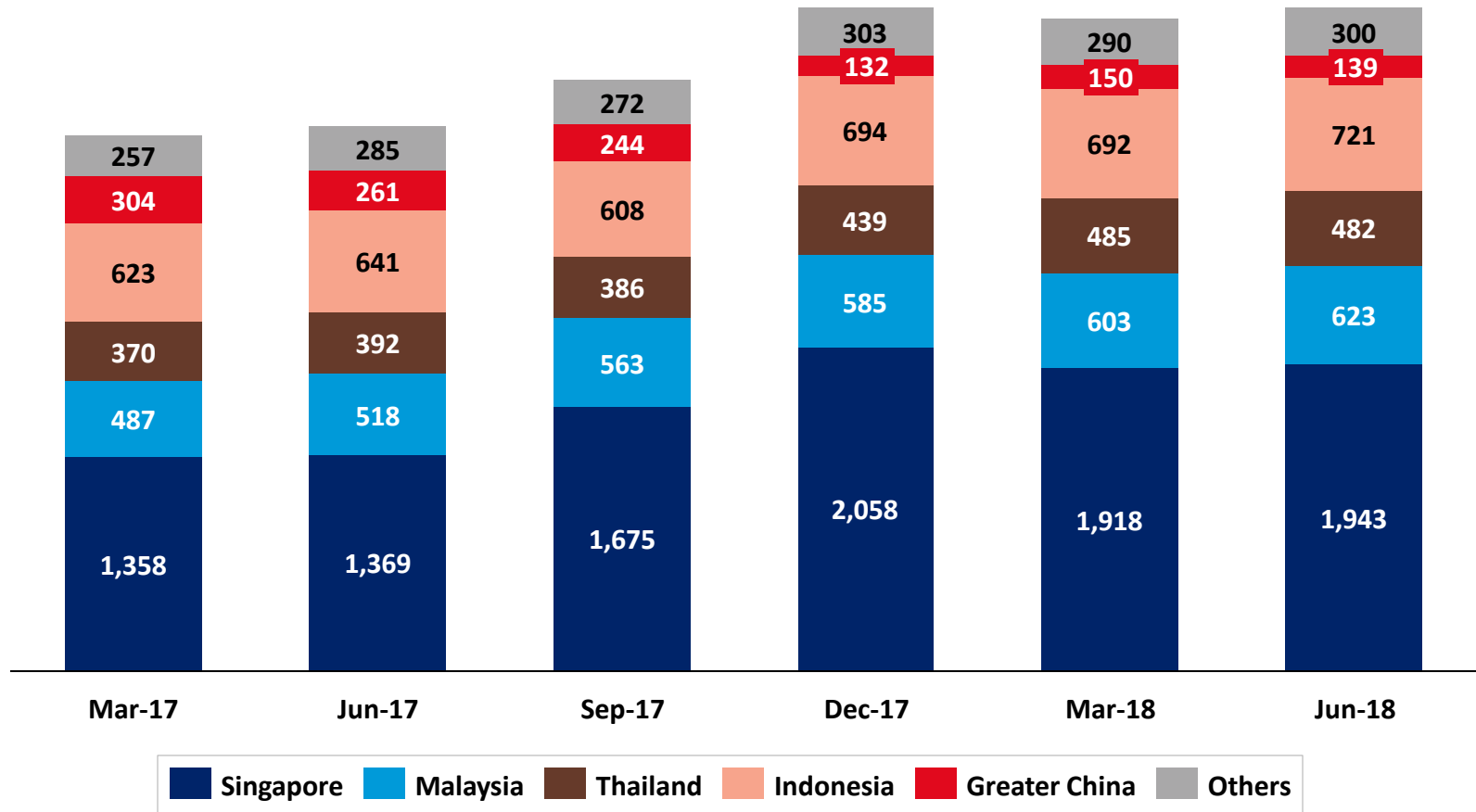
New NPA formation stayed at normalised level

	1Q17 \$m	2Q17 \$m	3Q17 \$m	4Q17 \$m	1Q18 \$m	2Q18 \$m
NPA at start of period	3,480	3,543	3,587	3,919	4,389	4,323
New NPA	424	537	799	1,167	416	436
Upgrades, recoveries and translations	(293)	(255)	(369)	(354)	(310)	(212)
Write-offs	(68)	(238)	(98)	(343)	(172)	(143)
NPA at end of period	3,543	3,587	3,919	4,389	4,323	4,404

NPL ratio remained stable

NPL (\$m)	3,399	3,466	3,748	4,211	4,138	4,208
NPL Ratio	1.5%	1.5%	1.6%	1.8%	1.7%	1.7%

NPL (\$m)

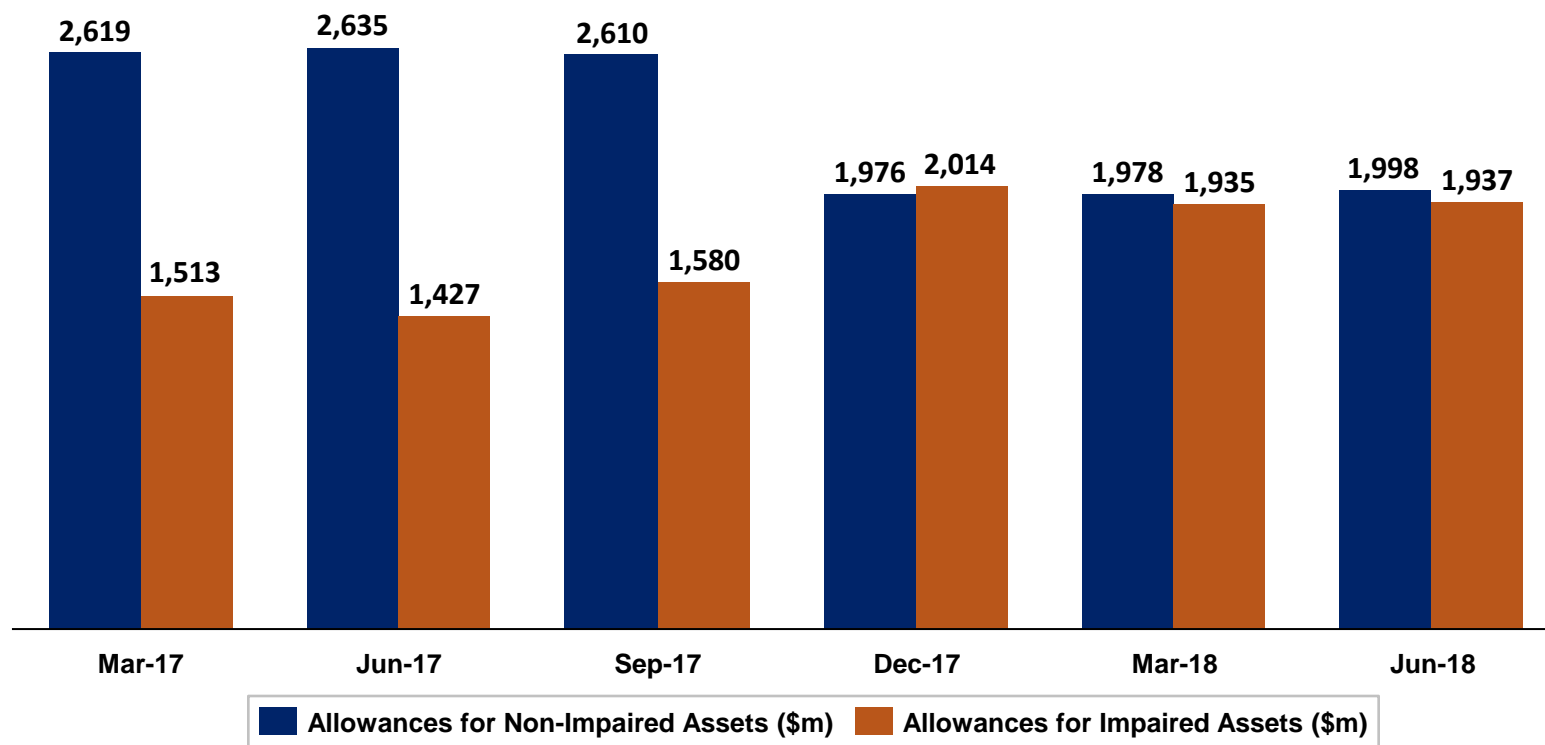


Note: Non-performing loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation/operation (for non-individuals) and residence (for individuals).

Adequate NPA coverage

Total Allowances (\$m)	4,132	4,062	4,190	3,990	3,913	3,935
NPA coverage (%)	117	113	107	91	91	89
Unsecured NPA coverage (%)	232	232	223	187	190	190

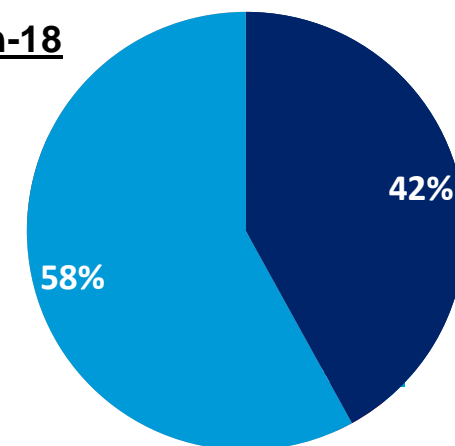
Total Allowances (\$m)



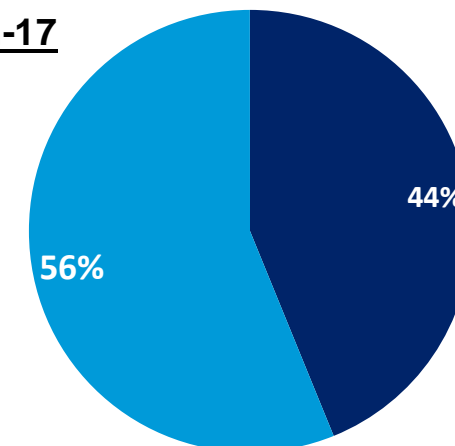
Strong capital used to support broad-based loan growth across the Group

Gross Loans	Jun-18 \$b	Jun-17 \$b	+/(-) %	Mar-18 \$b	+/(-) %
Singapore	131	125	4	129	2
Regional:	94	79	18	89	6
Malaysia	29	26	11	29	1
Thailand	16	14	13	16	0
Indonesia	11	12	(6)	10	4
Greater China	38	28	37	34	13
Others	25	23	12	24	8
Total	250	228	10	241	4

Jun-18



Jun-17

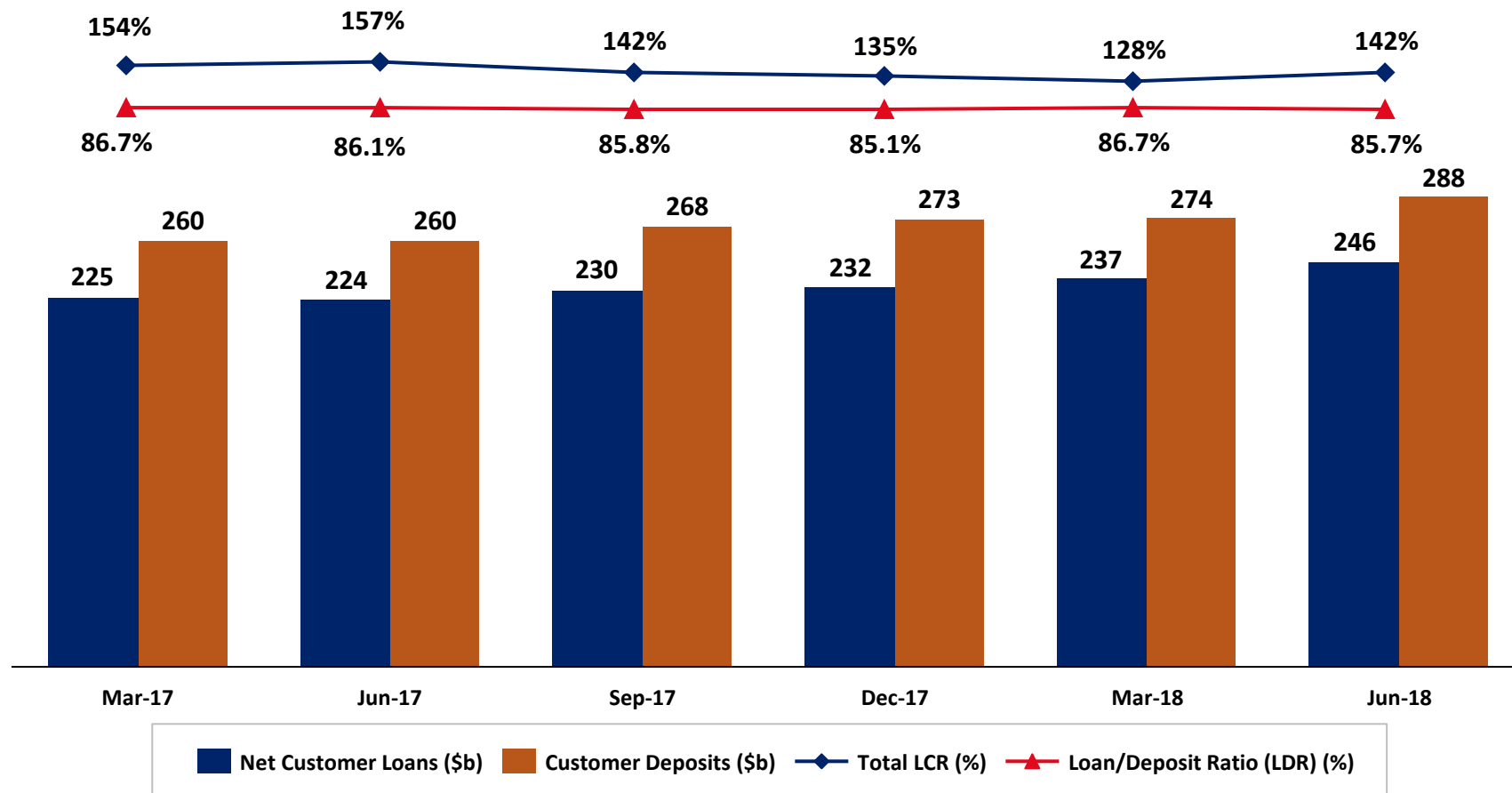


Group Retail Group Wholesale

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 with LCR at 142% and NSFR at 110%

Customer Loans and Deposits; LDR, LCR and NSFR



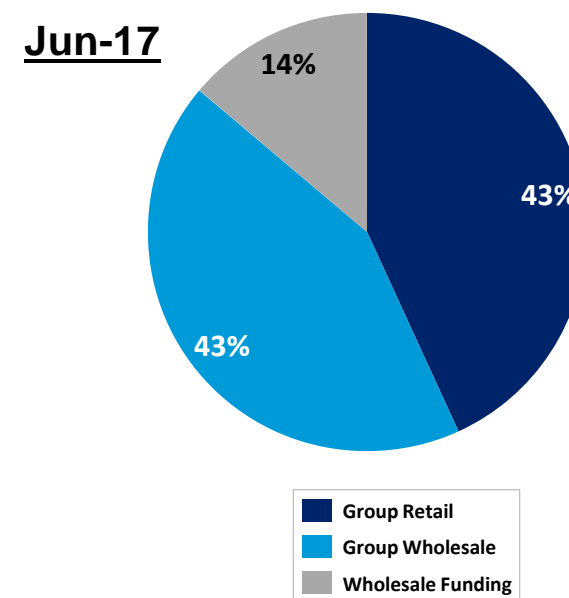
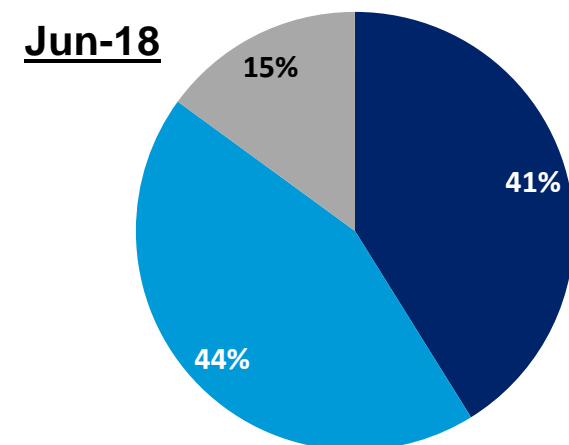
NSFR (%)

111

110

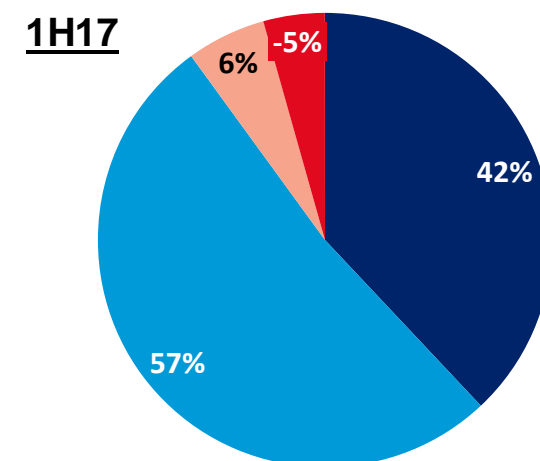
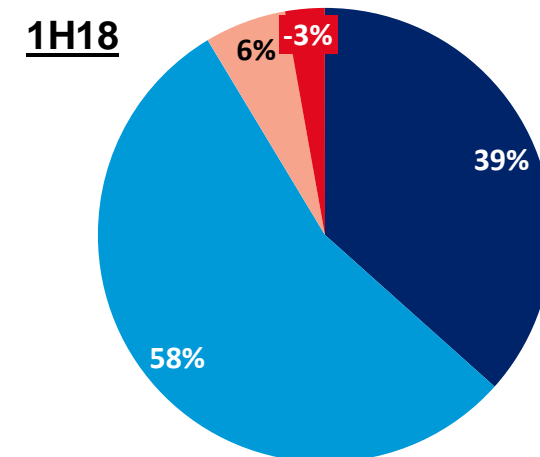
Strong funding position in anticipation of further rate hikes

Customer Deposits	Jun-18 \$b	Jun-17 \$b	+/(-) %	Mar-18 \$b	+/(-) %
Singapore	192	180	7	184	5
Regional:	74	65	14	71	4
Malaysia	30	27	12	30	2
Thailand	17	14	17	17	(2)
Indonesia	7	8	(7)	7	5
Greater China	20	16	24	18	11
Others	22	15	42	19	15
Total customer deposits	288	260	11	274	5
Wholesale funding	48	40	19	41	16
Total funding	335	300	12	315	6



Good performance by all business segments

Segment Operating Profit	1H18	1H17	+ / (-)
	\$m	\$m	%
Group Retail (GR)	1,016	992	2
Group Wholesale Banking (GWB)	1,482	1,336	11
Global Markets (GM)	145	134	8
Others *	(79)	(107)	27
Total	2,564	2,355	9

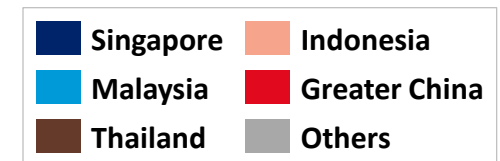
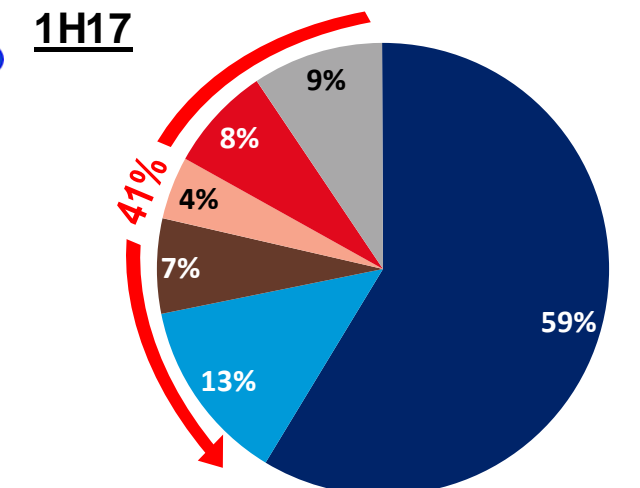
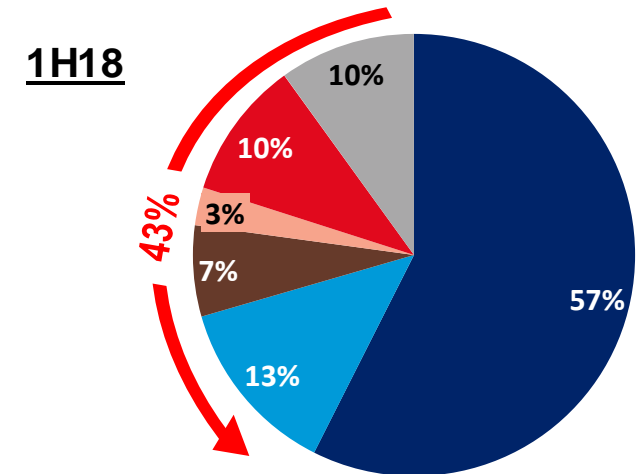


* Comprises Investment Management, Central Treasury and Corporate Functions



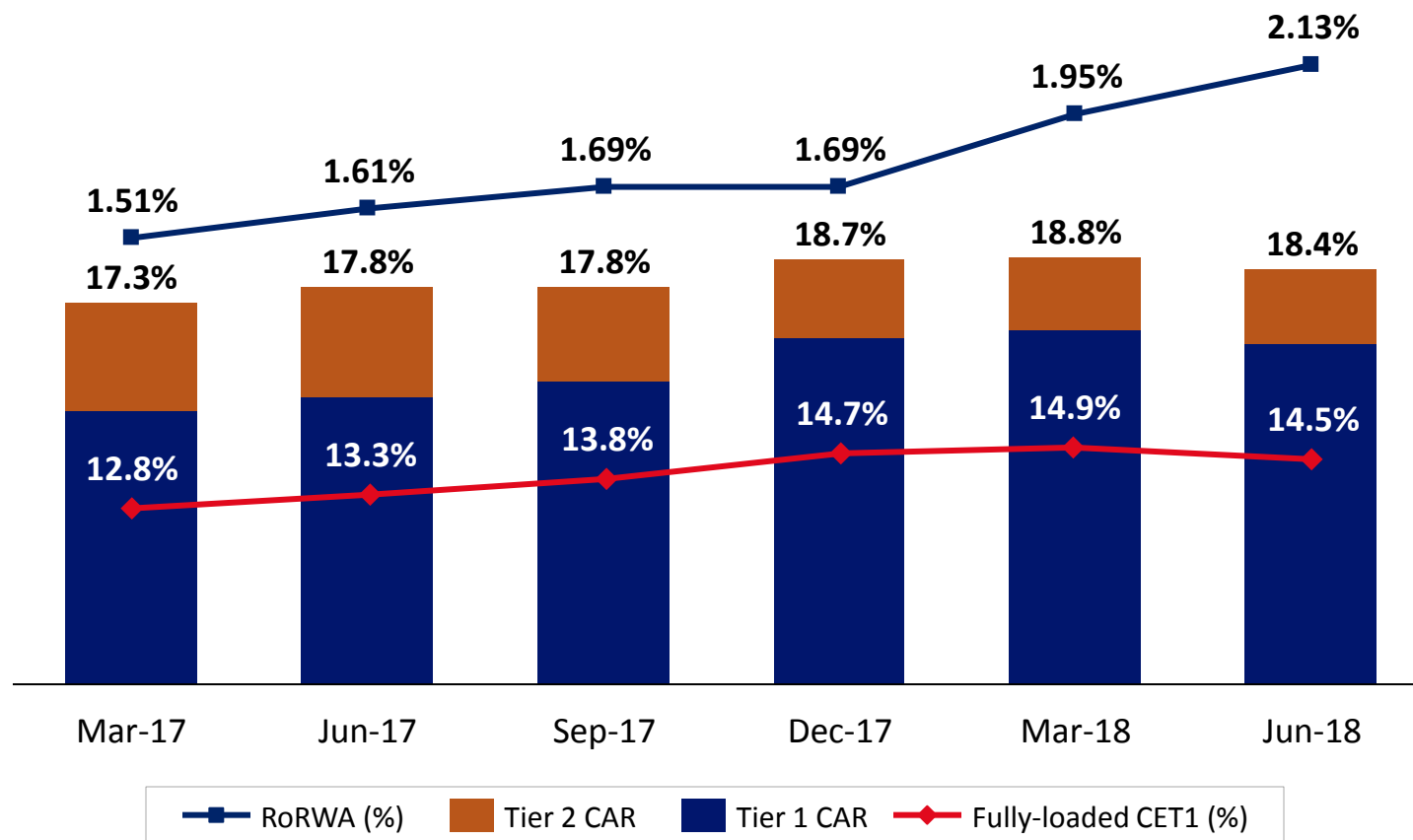
Regional operating profit up 12% YoY in constant currency

Operating Profit	1H18 \$m	1H17 \$m	+/(-) %	At constant FX rate +/(-) %
Singapore	1,458	1,378	6	6
Regional:	855	756	13	12
Malaysia	331	312	6	1
Thailand	196	161	22	18
Indonesia	71	82	(14)	(6)
Greater China	258	201	28	33
Others	251	220	14	18
Total	2,564	2,355	9	9



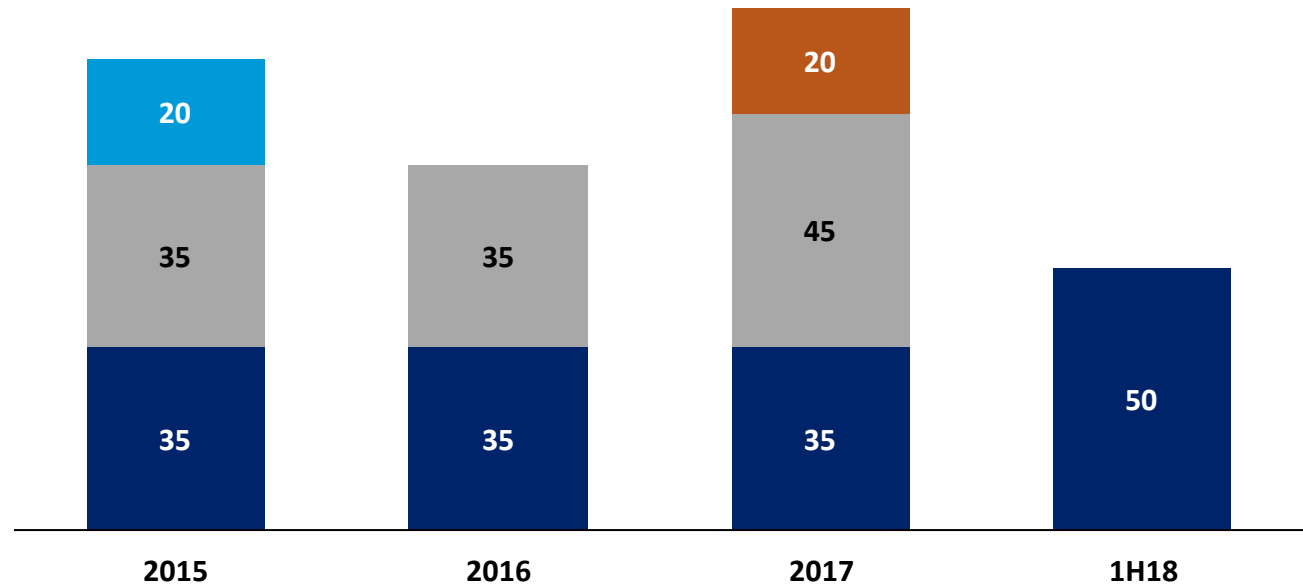
Strong capital position with improving RoRWA

Capital Adequacy Ratios (CAR) and RoRWA



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

Increase in interim core dividend to 50 cents at 1H18



**Net dividend
per ordinary share (¢)**

■ Interim ■ Final ■ Special ■ UOB 80th anniversary

	2015	2016	2017	1H18
Payout amount (\$m)	1,444	1,135	1,660	835
Payout ratio (%)	45	37	49	41



Appendix :

Performance of Major Territories

- Singapore
- Malaysia
- Thailand
- Indonesia
- Greater China

Exposure to China

Singapore – Key Financials

	1H18 \$m	1H17 \$m	+/(-) %	2Q18 \$m	1Q18 \$m	+/(-) %
Net interest income	1,719	1,446	19	887	832	7
Net fee income	619	551	12	302	317	(5)
Other non-interest income	258	392	(34)	154	104	48
Total income	2,596	2,390	9	1,342	1,254	7
Less: Expenses	1,138	1,011	13	581	557	4
Operating profit	1,458	1,378	6	761	697	9
Less: Total allowances	47	254	(82)	11	36	(69)
Add: Assoc & JV	38	24	57	19	18	6
Profit before tax	1,449	1,148	26	770	679	13

Financial indicators (%)

Net interest margin	1.50	1.32		1.51	1.49	
Cost/Income ratio	43.8	42.3		43.3	44.5	
Customer loans (net) - \$b	146.2	139.6	5%	146.2	143.0	2%
Loan/Deposit ratio	76.2	77.7		76.2	77.9	
NPL ratio ^	1.9	1.5		1.9	2.0	

^ Based on location where the non-performing loans and gross loans are booked.

Malaysia – Key Financials

	1H18 RM'm	1H17 RM'm	+/(-) %	2Q18 RM'm	1Q18 RM'm	+/(-) %
Net interest income	1,069	1,060	1	543	526	3
Net fee income	314	293	7	145	169	(14)
Other non-interest income	182	151	21	78	104	(25)
Total income	1,565	1,504	4	766	799	(4)
Less: Expenses	582	528	10	291	291	-
Operating profit	983	976	1	475	508	(6)
Less: Total allowances	82	12	>100	45	37	22
Profit before tax	901	964	(7)	430	471	(9)
Profit before tax (S\$m)	304	308	(1)	145	159	(9)
<i>Average Exchange rate</i>	2.97	3.13		2.97	2.96	
<u>Financial indicators (%)</u>						
Net interest margin	2.12	2.20		2.07	2.16	
Cost/Income ratio	37.2	35.1		38.0	36.4	
Customer loans (net) - RM'b	86.7	81.3	7%	86.7	85.0	2%
Loan/Deposit ratio	96.8	96.1		96.8	97.4	
NPL ratio ^	1.8	1.6		1.8	1.6	

^ Based on location where the non-performing loans and gross loans are booked.

Thailand – Key Financials

	1H18 THB'm	1H17 THB'm	+/(-) %	2Q18 THB'm	1Q18 THB'm	+/(-) %
Net interest income	8,258	7,513	10	4,189	4,069	3
Net fee income	2,392	2,276	5	1,158	1,234	(6)
Other non-interest income	539	427	26	283	256	11
Total income	11,189	10,216	10	5,630	5,559	1
Less: Expenses	6,503	6,229	4	3,351	3,152	6
Operating profit	4,686	3,987	18	2,279	2,407	(5)
Less: Total allowances	1,397	1,583	(12)	833	564	48
Profit before tax	3,289	2,404	37	1,446	1,843	(22)
Profit before tax (\$m)	137	97	41	60	77	(23)
<i>Average Exchange rate</i>	23.95	24.73		24.13	23.81	
<u>Financial indicators (%)</u>						
Net interest margin	3.35	3.54		3.36	3.33	
Cost/Income ratio	58.1	61.0		59.5	56.7	
Customer loans (net) - THB'b	356.7	322.1	11%	356.7	348.4	2%
Loan/Deposit ratio	88.4	91.8		88.4	86.3	
NPL ratio ^	3.2	2.9		3.2	3.2	

^ Based on location where the non-performing loans and gross loans are booked.

Indonesia – Key Financials

	1H18 IDR'b	1H17 IDR'b	+/(-) %	2Q18 IDR'b	1Q18 IDR'b	+/(-) %
Net interest income	1,664	1,652	1	861	803	7
Net fee income	366	380	(4)	188	178	6
Other non-interest income	231	213	8	102	129	(21)
Total income	2,261	2,245	1	1,151	1,110	4
Less: Expenses	1,527	1,462	4	776	751	3
Operating profit	734	782	(6)	375	359	4
Less: Total allowances	200	361	(45)	256	(56)	>100
Profit/(loss) before tax	534	421	27	119	415	(71)
Profit/(loss) before tax (\$m)	51	44	16	11	40	(71)
<i>Average Exchange rate</i>	10,385	9,515		10,397	10,382	
<u>Financial indicators (%)</u>						
Net interest margin	4.16	4.05		4.22	4.09	
Cost/Income ratio	67.5	65.1		67.4	67.7	
Customer loans (net) - IDR't	66.0	66.8	(1%)	66.0	62.1	6%
Loan/Deposit ratio	87.5	89.7		87.5	86.9	
NPL ratio ^	1.6	3.7		1.6	1.2	

^ Based on location where the non-performing loans and gross loans are booked.

Greater China – Key Financials

	1H18 \$m	1H17 \$m	+/(-) %	2Q18 \$m	1Q18 \$m	+/(-) %
Net interest income	207	196	6	103	104	(1)
Net fee income	86	49	78	40	46	(12)
Other non-interest income	149	122	22	87	62	42
Total income	442	366	21	231	212	9
Less: Expenses	185	165	12	91	93	(2)
Operating profit	258	201	28	139	118	18
Less: Total allowances	37	10	>100	26	11	>100
Add: Assoc & JV	21	23	(8)	11	10	7
Profit before tax	242	214	13	124	118	6
<u>Financial indicators (%)</u>						
Net interest margin	0.90	1.04		0.84	0.97	
Cost/Income ratio	41.8	45.1		39.6	44.1	
Customer loans (net) - \$b	32.1	22.4	44%	32.1	28.5	13%
Loan/Deposit ratio	162.5	140.6		162.5	159.3	
NPL ratio ^	0.2	0.5		0.2	0.3	

^ Based on location where the non-performing loans and gross loans are booked.

Exposure to China

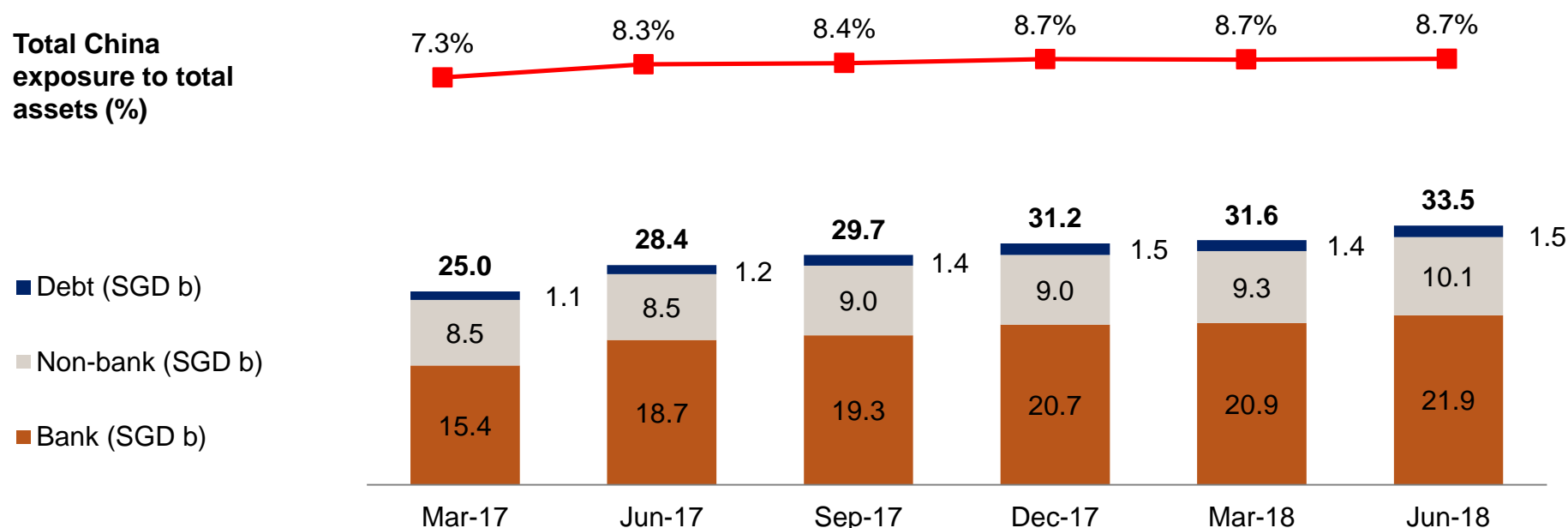
Bank exposure as of 30 June 2018

- Bank exposure accounted for 65% of total exposure to China
- Top 5 domestic banks and 3 policy banks accounted for 70% 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 2018

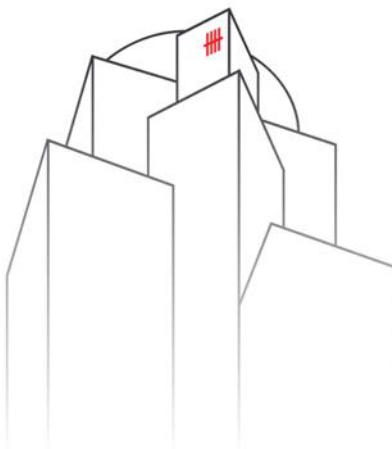
- Target customers include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- NPL ratio at 0.7%
- 50% denominated in RMB
- 50% with <1 year tenor

Total China exposure to total assets (%)



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).

Thank You



First Half 2018 Results

Record Quarterly Earnings; Healthy Balance Sheet Growth

Wee Ee Cheong

Deputy Chairman and Chief Executive Officer

3 August 2018

Record Earnings – Healthy Contributions from Core Business

- **2Q18 profit exceeded \$1bn; 1H18 profit at \$2.05bn, ▲ 24% YoY**
 - Both net interest income and fee income saw strong growth in 1H18

- **Net interest income ▲ 13% YoY to \$3.01bn**
 - Loans ▲ 10% YoY; increase was broad-based across most markets and industries
 - NIM ▲ 9bps to 1.83%, as short-term rates rise

- **Non-interest income lifted mainly by fee income (▲ 15% YoY)**

- **Cost-to-income ratio stable at 43.9%**
 - Continue to invest in infrastructure and technology to enhance capabilities

Disciplined Balance Sheet Management

▪ Healthy portfolio quality

- 11bps credit cost on NPL lower YoY
- NPL ratio stable at 1.7%
- Adequate non-performing assets reserve cover: 89%, or 190% including collateral

▪ Improved balance sheet efficiency

- Stronger RoRWA¹ driven mainly by higher profit

▪ Proactive liability management

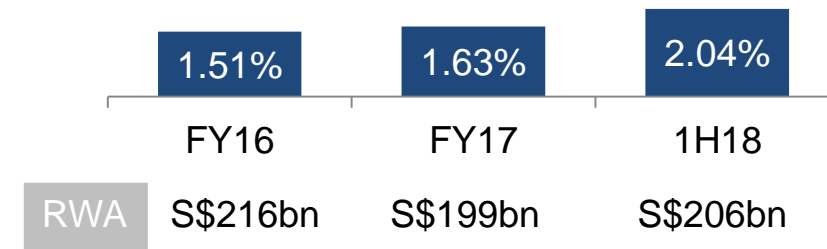
- Liquidity Coverage Ratios³: S\$ (206%) and all-currency (142%)
- Net stable funding ratio: 110%, above regulatory requirement

▪ Robust capital; 14.5% CET1 ratio

▪ Interim dividend / share ▲ to 50 cents, vs 35 cents in 1H17

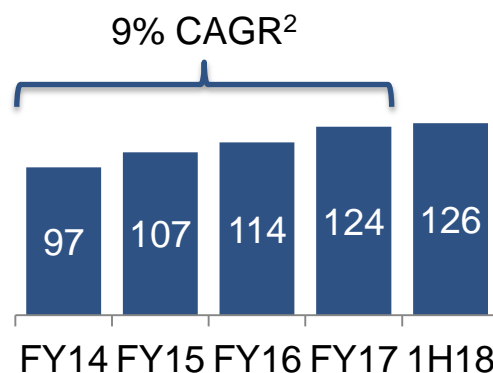
Balance Sheet Efficiency a Key Priority

RoRWA¹

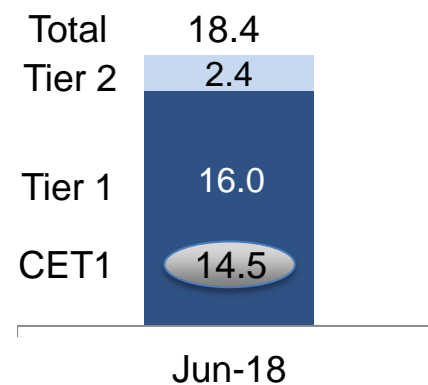


Liability Management and Capital

Group CASA (S\$bn)



Capital Adequacy Ratios (%)



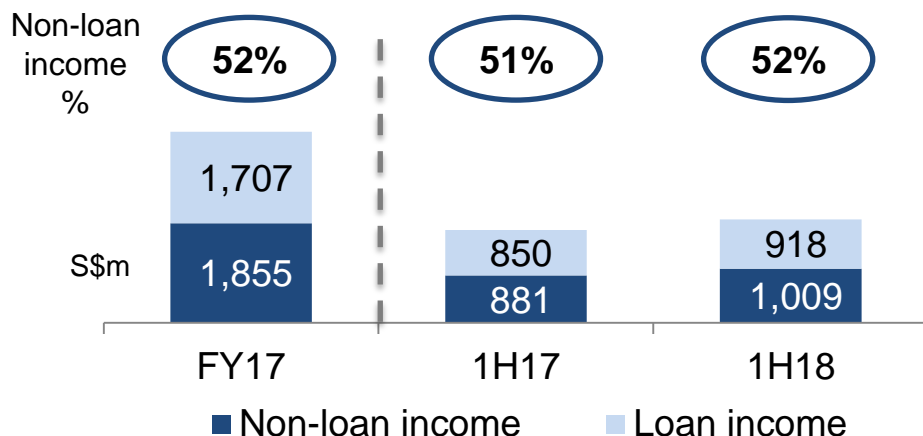
1. Return on average risk-weighted assets (RoRWA) is computed on an annualised basis for 1H18.

2. Compound annual growth rate (CAGR) computed over 3 years (2014 to 2017)

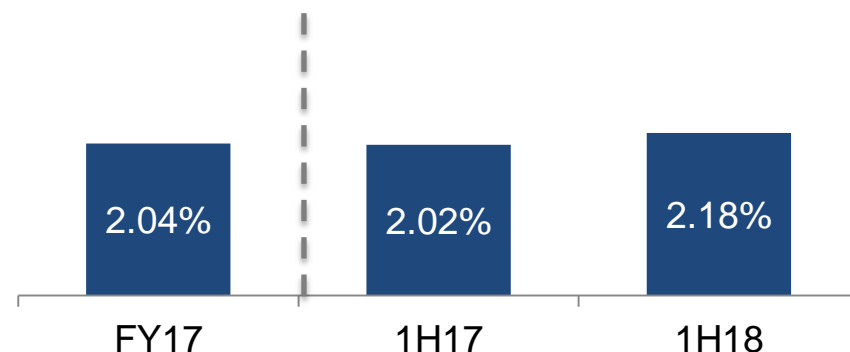
3. Average ratios for second quarter of 2018

Wholesale Banking: Income Diversification Remains Key

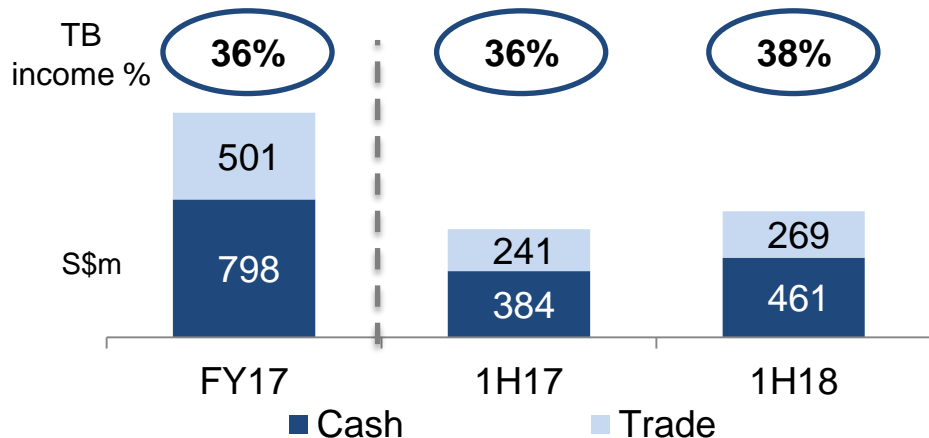
Income from Non-Loan: +15% YoY in 1H18



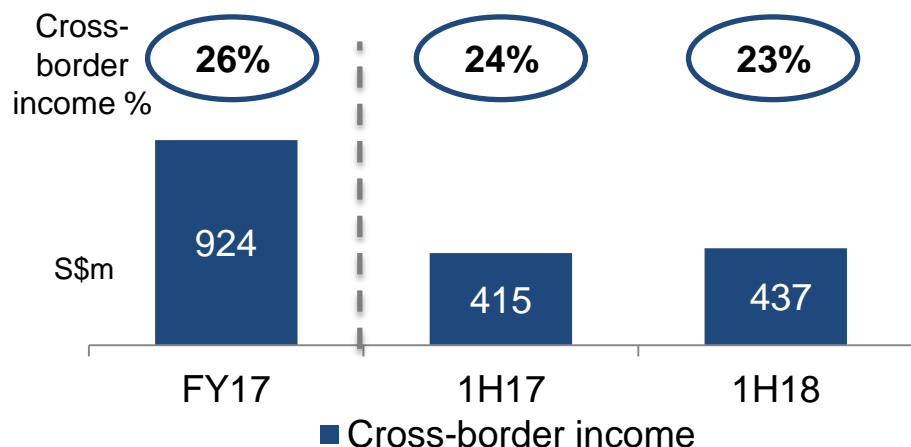
Segment RoRWA¹: +0.16% pt YoY in 1H18



Income from Transaction Banking: +17% YoY in 1H18



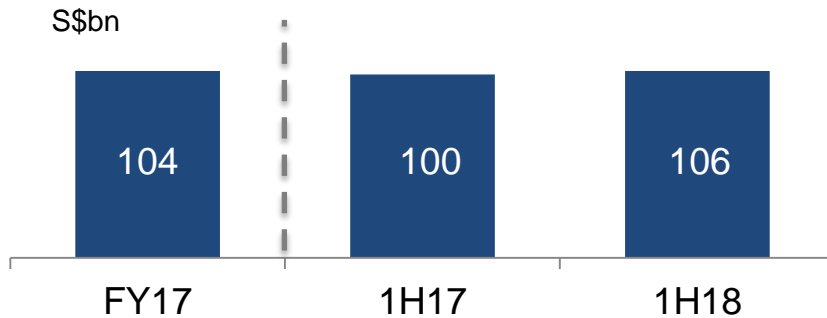
Cross-border income: +5% YoY in 1H18



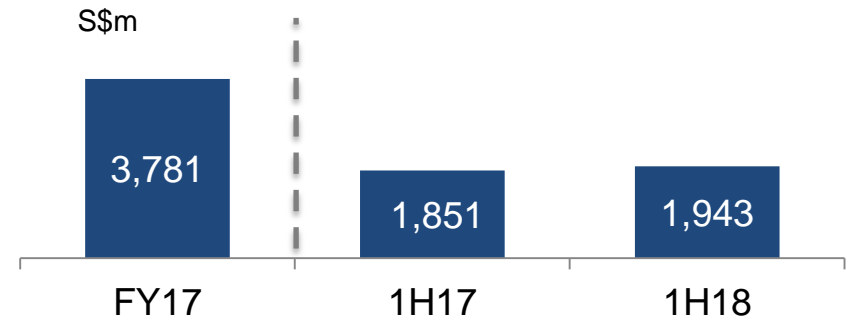
1. RoRWA: Ratio of "Operating profit" to "Average segment RWA"

Retail Banking: Steady Improvement in Performance

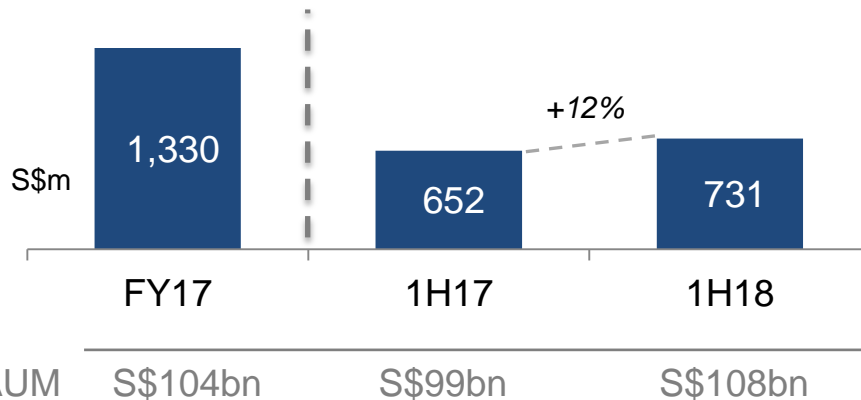
Gross Loans (Group Retail¹): +6% YoY in 1H18



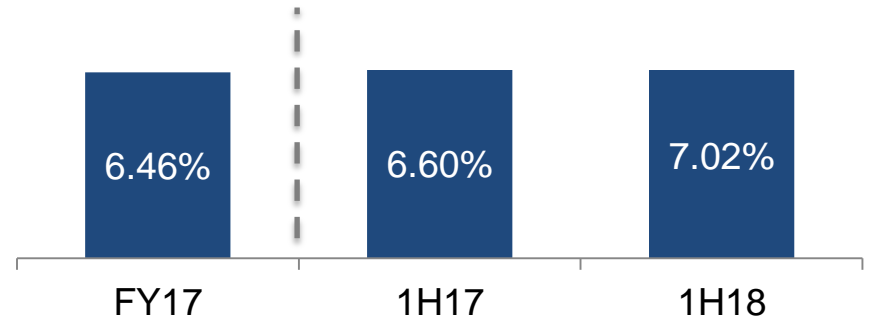
Income³ (Group Retail¹) +5% YoY in 1H18



High Affluent² Income: +12% YoY in 1H18



Segment RoRWA⁴ +0.42% pt YoY in 1H18



1. Includes Business Banking
2. High Affluent comprises Privilege Banking and High Net Worth (Privilege Reserve + Private Bank) segments.
3. Income includes fee and commission income that is net of directly attributable expenses.
4. RoRWA: Ratio of "Operating profit" to "Average segment RWA"

Harnessing Technology and Innovation to Enhance the Customer Experience

- **Keep our customers at the centre**
 - Provide an omni-channel experience
 - Offer relevant, seamless, smarter, simpler and safer solutions
 - Increase performance and productivity
- **Invest for the future**
 - Strengthen capabilities in technology and people
 - Collaborate with ecosystem partners
 - Incorporate innovations into our end-to-end solutions
- **Scale up our regional customer franchise**
 - Deepen relationships
 - Sharpen focus on the “mobile first” and “mobile only”
 - Wrap technology in the human touch

- **Near-term uncertainties for global economy and Singapore**
 - Trade tensions between US and China, slowing China's economy
 - Impact of government's recent property market measures
- **Confidence in Asia's long-term potential, underpinned by intra-regional investment flows and rising affluence**
 - UOB is well-positioned, given our unique regional footprint, diversified customer franchise and strong balance sheet
 - Strengthening capabilities to tap connectivity opportunities

Thank You



RIGHT BY YOU

