

UOB's 3Q22 net profit climbed 34% to S\$1.4 billion *Boosted by record net interest income*

UOB Group (Group) posted a record high of S\$1.4 billion net profit for the third quarter (3Q22), up 34% year on year driven by strong net interest income, higher customer-related treasury income and lower credit allowance.

Net interest margin expanded 40 basis points, driving net interest income up by 39%, which more than offset the 10% decline in net fee and commission income. Other non-interest income grew 58% as customer demand for hedging activities accelerated.

The Group's 3Q22 performance was propelled by diversified growth across the wholesale and retail businesses. Cross-border income grew steadily while credit card fees were higher and the mortgage business remained resilient.

Credit costs in 3Q22 improved 5 basis points from last quarter to 17 basis points as asset quality stabilised with non-performing loan (NPL) ratio down to 1.5%. The Group's balance sheet stayed robust with healthy liquidity and Common Equity Tier 1 (CET1) ratio at 12.8%.

3Q22 key financial indicators

Operating profit S\$1.83b + 20% QoQ + 32% YoY	Net profit after tax S\$1.40b + 26% QoQ + 34% YoY
Cost/Income ratio 42.6% - 1.2%pt QoQ - 1.1%pt YoY	Credit costs 17bps - 5bps QoQ - 3bps YoY
NPL ratio 1.5% - 0.2%pt QoQ No change YoY	Customer loans S\$323b + 1% QoQ + 6% YoY
NSFR ratio 114% + 3%pt QoQ - 11%pt YoY	CET 1 ratio 12.8% - 0.3%pt QoQ - 0.7%pt YoY

Robust performance supported by rising margins



Mr. Wee Ee Cheong,
Deputy Chairman and
Chief Executive Officer, UOB

“ UOB has achieved a strong quarter of record high net profit, buoyed by higher net interest income and customer-related treasury income. While uncertainties continue to cloud the global economy, we expect the ASEAN economies to show resilience and avoid a recession.

We have recently launched our brand refresh, where we laid out our sharpened purpose – to build the future of ASEAN. We want to be a truly regional bank that grows with our customers and helps them achieve their ambitions.

Across ASEAN, we are making meaningful progress in growing our franchise. Our award-winning digital platform, UOB TMRW, reached a significant milestone in August, achieving 1 million digitally-acquired customers. This platform will also be key in serving our incoming Citibank customers across the region.

Looking ahead, the global economic outlook remains challenging. As a long-term bank, we will stand by our customers to ride through this economic cycle with them. We will uphold our promise to do right by our customers and our stakeholders.”



Financial performance

	9M22 S\$m	9M21 S\$m	YoY +/(-)%	3Q22 S\$m	2Q22 S\$m	QoQ +/(-)%	3Q21 S\$m	YoY +/(-)%
Net interest income	5,783	4,711	23	2,234	1,863	20	1,604	39
Net fee income	1,658	1,776	(7)	519	567	(8)	576	(10)
Others	804	868	(7)	431	273	58	272	58
Total income	8,245	7,356	12	3,184	2,702	18	2,453	30
Less: Total expenses	3,598	3,218	12	1,357	1,184	15	1,072	27
Operating profit	4,647	4,137	12	1,827	1,519	20	1,381	32
Less: Impairment charge	419	546	(23)	104	137	(24)	163	(36)
Add: Assoc & JV	69	99	(30)	18	23	(22)	29	(38)
Net Profit	3,421	3,057	12	1,403	1,113	26	1,046	34

9M22 versus 9M21

Net profit surged 12% to S\$3.42 billion in 9M22 on strong net interest income and lower credit allowance.

Net interest income increased 23% to S\$5.78 billion led by robust net interest margin expansion of 18 basis points to 1.74% on rising interest rates and loan growth of 6%. Net fee and commission income declined 7% to S\$1.66 billion, from muted wealth and fund management fees as investors remained cautious amid market volatility. However, loan-related fees were at record high of S\$565m, spurred by trade and investment growth. Credit card fees were also higher as customer spends rebounded following the reopening of borders.

Customer-related treasury income grew 17% driven by hedging demands and investment opportunities. However, the Group's non-interest income declined 7% to S\$804 million from impact on hedges and lower valuation on investments in a volatile market.

Total operating expenses increased 12% in tandem with higher income. Total allowance declined 23% mainly on lower general allowance, with total credit costs on loans improving to 19 basis points.

3Q22 versus 2Q22

Net interest income rose 20% to a new high of S\$2.23 billion, driven by 28 basis points uplift in net interest margin to 1.95%. Net fee and commission income was lower at S\$519 million as loan-related fees moderated from last quarter's high, while wealth management fees remained soft amid subdued market sentiments. Other non-interest income surged on record high customer-related treasury income, as well as improved performance from trading and liquidity management activities amid market volatilities.

On the back of strong income growth, cost-to-income ratio decreased 1.2% points to 42.6%. Total allowances fell 24% on lower specific allowances, which resulted in an improvement of total credit costs on loans by 5 basis points to 17 basis points.

3Q22 versus 3Q21

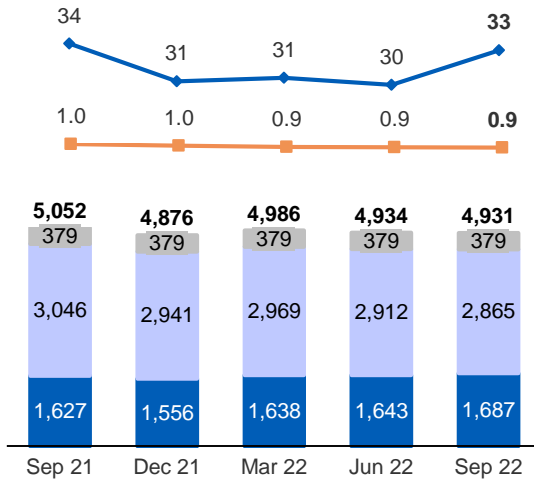
Net interest income grew 39%, led by 40 basis points expansion in net interest margin and 6% loan growth. Net fee and commission income declined 10% largely due to lower wealth and fund management fees. Other non-interest income surged 58% largely on higher customer-related treasury income.

Total operating expenses were 27% higher, in line with higher income. Total allowances fell 36% on lower specific allowances.



Asset quality

Allowance coverage



Asset quality stabilised with non-performing loan (NPL) ratio retreating to 1.5%. Total credit costs improved to 17 basis points.

Allowance coverage remained adequate with non-performing assets (NPA) coverage at 98% or 207% after taking collateral into account.

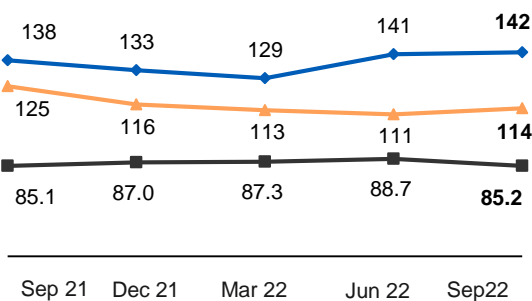
Strong reserve buffer with coverage for performing loans maintained prudently at 0.9% of performing loans.

NPL ratio (%)	1.5	1.6	1.6	1.7	1.5
Total credit costs on loans (bps)	20	12	19	22	17

■ Specific allowance (\$m)
 ■ General allowance (\$m)
 ■ RLAR (\$m)
◆ Specific allowance/NPA (%)
 ◆ General allowance on loans include RLAR/Performing loans (%)

Capital, funding and liquidity positions

Liquidity and capital ratios



The Group's liquidity and funding positions strengthened with this quarter's average all-currency liquidity coverage ratio (LCR) at 142% and net stable funding ratio (NSFR) at 114%. Loan-to-deposit ratio (LDR) was healthy at 85.2%.

CET1 ratio eased to 12.8% largely due to interim dividends for 2022 and remained well above the minimum regulatory requirements.

CET1 ratio (%)	13.5	13.5	13.1	13.1	12.8
-----------------------	------	------	------	------	-------------

◆ All-currency LCR (%)
 ◆ NSFR (%)
 ■ LDR (%)

For more information about UOB, please visit www.UOBGroup.com.

Disclaimer: This material that follows is a presentation of general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate. UOB accepts no liability whatsoever with respect to the use of this document or its content.

Singapore Company Registration Number: 193500026Z



Financial Highlights 3Q22

	9M22	9M21	+ / (-) %	3Q22	2Q22	+ / (-) %	3Q21	+ / (-) %
Selected income statement items (\$m)								
Net interest income	5,783	4,711	23	2,234	1,863	20	1,604	39
Net fee and commission income	1,658	1,776	(7)	519	567	(8)	576	(10)
Other non-interest income	804	868	(7)	431	273	58	272	58
Total income	8,245	7,356	12	3,184	2,702	18	2,453	30
Less: Operating expenses	3,598	3,218	12	1,357	1,184	15	1,072	27
Operating profit	4,647	4,137	12	1,827	1,519	20	1,381	32
Less: Allowances for credit and other losses	419	546	(23)	104	137	(24)	163	(36)
Add: Share of profit of associates and joint ventures	69	99	(30)	18	23	(22)	29	(38)
Net profit before tax	4,297	3,691	16	1,741	1,405	24	1,247	40
Less: Tax and non-controlling interests	876	634	38	338	292	16	200	69
Net profit after tax ¹	3,421	3,057	12	1,403	1,113	26	1,046	34
Selected balance sheet items (\$m)								
Gross customer loans	323,443	306,083	6	323,443	321,677	1	306,083	6
Customer deposits	374,822	354,559	6	374,822	358,051	5	354,559	6
Total assets	511,125	457,659	12	511,125	493,288	4	457,659	12
Shareholders' equity ¹	42,200	41,841	1	42,200	42,257	(0)	41,841	1
Risk-weighted assets	265,961	252,810	5	265,961	262,695	1	252,810	5
Key financial ratios (%)								
Net interest margin ²	1.74	1.56		1.95	1.67		1.55	
Cost/Income ratio	43.6	43.8		42.6	43.8		43.7	
Credit costs on loans (bp) ²								
General	1	6		1	1		-	
Specific	18	17		16	21		20	
Total	19	23		17	22		20	
NPA coverage ratio	98	106		98	91		106	
NPL ratio ³	1.5	1.5		1.5	1.7		1.5	
Return on average ordinary shareholders' equity ^{2,4}	11.2	10.2		14.0	11.0		10.4	
Return on average total assets ²	0.94	0.92		1.13	0.92		0.93	
Loan/Deposit ratio ⁵	85.2	85.1		85.2	88.7		85.1	
Liquidity coverage ratios ("LCR") ^{6,10}								
All-currency	137	136		142	141		138	
Singapore Dollar	288	305		252	270		360	
Net stable funding ratio ("NSFR") ^{7,10}	114	125		114	111		125	
Capital adequacy ratios								
Common Equity Tier 1	12.8	13.5		12.8	13.1		13.5	
Tier 1	13.8	14.4		13.8	14.0		14.4	
Total	16.2	16.8		16.2	16.4		16.8	
Leverage ratio ⁸	6.4	7.1		6.4	6.6		7.1	
Earnings per ordinary share (\$) ^{2,4}								
Basic	2.68	2.39		3.30	2.62		2.46	
Diluted	2.67	2.38		3.29	2.61		2.44	
Net asset value ("NAV") per ordinary share (\$) ⁹	23.54	23.56		23.54	23.81		23.56	

Notes:

- 1 Relate to amount attributable to equity holders of the Bank.
- 2 Computed on an annualised basis.
- 3 Refer to non-performing loans as a percentage of gross customer loans.
- 4 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
- 5 Refer to net customer loans and customer deposits.
- 6 Figures reported are based on average LCR for the respective periods, calculated based on MAS Notice 651. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times.
- 7 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained.
- 8 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
- 9 Perpetual capital securities are excluded from the computation.
- 10 Public disclosure required under MAS Notice 651 and 653 are available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.

