UOB Group Financial Updates

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Group Chief Financial Officer

For the First Quarter Ended 31 March 2023

Financial Highlights

1Q23 key financial indicators

Core operating profit (1)
$2.1b
+ 9% QoQ
+ 60% YoY

Core net profit after tax (1)
$1.6b
+ 13% QoQ
+ 74% YoY

Core return on equity (1)
14.9%
+ 1.1%pt QoQ
+ 6.1%pt YoY

Core cost/Income ratio (1)
40.9%
- 1.7%pt QoQ
- 3.9%pt YoY

NPL ratio
1.6%
no change QoQ
no change YoY

Credit costs
25bps
+ 4bps QoQ
+ 6bps YoY

NSFR ratio
121%
+ 5%pt QoQ
+ 8%pt YoY

CET 1 ratio
14.0%
+ 0.7%pt QoQ
+ 0.9%pt YoY

1Q23 Core Net Profit at another New High of $1.6b

- NIM moderated to 2.14% from liquidity surplus placed into high quality assets and increase in funding costs.
- Fee income registered double-digit 14% growth, led by wealth management on the back of improved investor sentiments. Loan-related fees rebounded from last quarter's low. Card fees sustained momentum despite a seasonally softer quarter.
- Treasury and investment income surged to all-time high, boosted by stronger customer-related treasury income, as well as improved performance from trading and liquidity management activities.
- Core Cost/Income ratio improved to 40.9% from strong income growth and disciplined spending. Record high profits drove Return on equity to 14.9% (excluding one-off expenses).
- Asset quality resilient with NPL ratio at 1.6%. Pre-emptive general allowance set aside, resulting in total credit costs of 25bp and increasing performing loans coverage to 1.0%
- Liquidity, funding and capital positions strengthened. CET1 ratio increased 70bp to 14.0%.

(1) Excluding one-off expenses

Performance by Segment

- Retail benefitted from strong growth in deposits and margins, pickup in cards and augmented by Citi consumer business
- Wholesale performance driven by margin expansion and treasury customer flows
- Global Markets captured broad-based opportunities in bonds, FX, rates and commodities, moderated by rising costs of funds

Operating Profit [1]	1Q23 $m	1Q22 $m	YoY +/(-) %
Group Retail [1]	**795**	376	>100
Group Wholesale Banking	**1,420**	1,033	38
Global Markets	**97**	138	(30)

(1) Excluding one-off expenses

Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia

Scale Acquisition with Digital

Scale UOB TMRW across ASEAN to digitally acquire at low cost

>7m
Retail customers
77% are
digitally enabled

>225k
New to bank customers
acquired in 1Q23,
59% digitally acquired

Deepen Engagement with Eco-system Partnerships

Leverage combined regional franchise in growing the number of multi-markets partnerships to drive customer engagement and lifetime value

40
Strategic multi-markets partnerships, amongst >1,000 in-country partnerships

2x
Credit card fees almost doubled year on year

Leverage data insights to drive Omni-channel Offerings

Embrace data insights to digitalise customer experiences & processes; repurpose branches for more advisory needs

S$160b
Assets under management (AUM)[1,2]
▲ 14% YoY

~3x
Higher average revenue generation by omni-channel vs traditional customers

1. Of which 60% are from customers overseas. 2. Refers to Privilege Banking, Privilege Reserve and Private Bank.

Wholesale customers

- Growing regional franchise, capturing cross-border opportunities

Strengthening Connectivity

Across our ASEAN footprint and global network

+19%
Cross border income[1]; Formed 24% of GWB income

+30%
Suppliers and distributors[2] within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+41%
Income from Non-Real Estate & Hospitality and Non-FIG sectors[1]

+23%
Global Financial Institutions Group (FIG) income[1]

Deepening Digitalisation

For secure and efficient transactions

+114%
Cashless payments to businesses in the region[3]

+13%
Digital banking transactions by businesses across the Group[4]

1. Year on year growth for Feb-23 YTD. 2. As of Feb-23. 3. Refers to payments made on Corporate PayNow, DuitNow and PromptPay in Singapore, Malaysia and Thailand. 4. Refers to digital banking transactions via UOB Infinity/BIBPlus

Performance by Geography

- Continued momentum in quarterly growth across Singapore, ASEAN-4 and the developed markets
- Well connected overseas franchise, coupled with uplift from Citi consolidation; overseas contribution at 41% to Group operating profit

Core operating profit [1]	**1Q23 $m**	**4Q22 $m**	**QoQ +/(-)%**	**1Q22 $m**	**YoY +/(-)%**
Singapore	**1,233**	1,204	2	697	77
ASEAN-4	**465**	401	16	319	46
Malaysia	**224**	195	15	171	31
Thailand	**171**	135	27	100	72
Indonesia	**64**	67	(4)	45	42
Vietnam	**6**	5	17	3	>100
North Asia	**153**	170	(10)	147	4
Greater China	**137**	162	(15)	130	5
Others	**16**	8	87	16	(4)
Rest of the world	**232**	138	69	139	67
Total	**2,083**	1,912	9	1,301	60
Overseas contribution (%) [1]	**40.8**	37.0	3.8	46.4	(5.6)

(1) Excluding one-off expenses

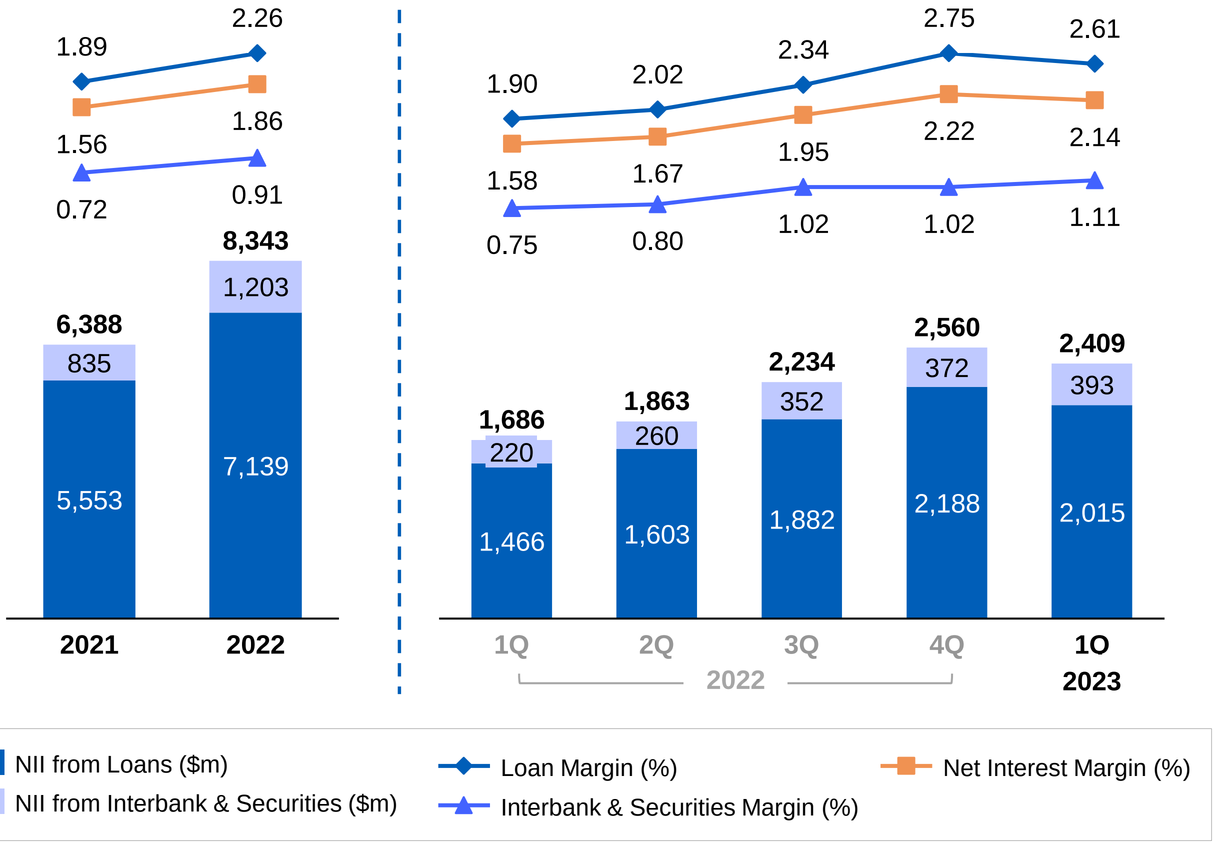
Financial Highlights

- 1Q23 core profits rose 13% QoQ to reach another record at $1.6 billion, boosted by fee as well as trading and investment income
- Including one-off expenses, profits rose 31% to $1.5 billion

	1Q23 $m	4Q22 $m	QoQ +/(-)%	1Q22 $m	YoY +/(-)%
Net interest income	2,409	2,560	(6)	1,686	43
Net fee income	552	485	14	572	(4)
Other non-interest income	563	285	98	101	>100
Total income	**3,524**	**3,330**	**6**	**2,359**	**49**
Less: Total expenses	1,440	1,418	2	1,058	36
Operating profit	**2,083**	**1,912**	**9**	**1,301**	**60**
Less: Amortisation of intangible assets	5	3	57	-	NM
Less: Allowance for credit and other losses	169	184	(8)	178	(5)
Add: Associate & Joint Venture	25	28	(10)	29	(13)
Net profit	**1,577**	**1,398**	**13**	**906**	**74**
Less: One-off expenses					
- Citi integration costs (net of tax)	67	70	(5)	-	NM
- Stamp Duty	-	176	NM	-	-
Net profit (including one-off expenses)	**1,511**	**1,152**	**31**	**906**	**67**

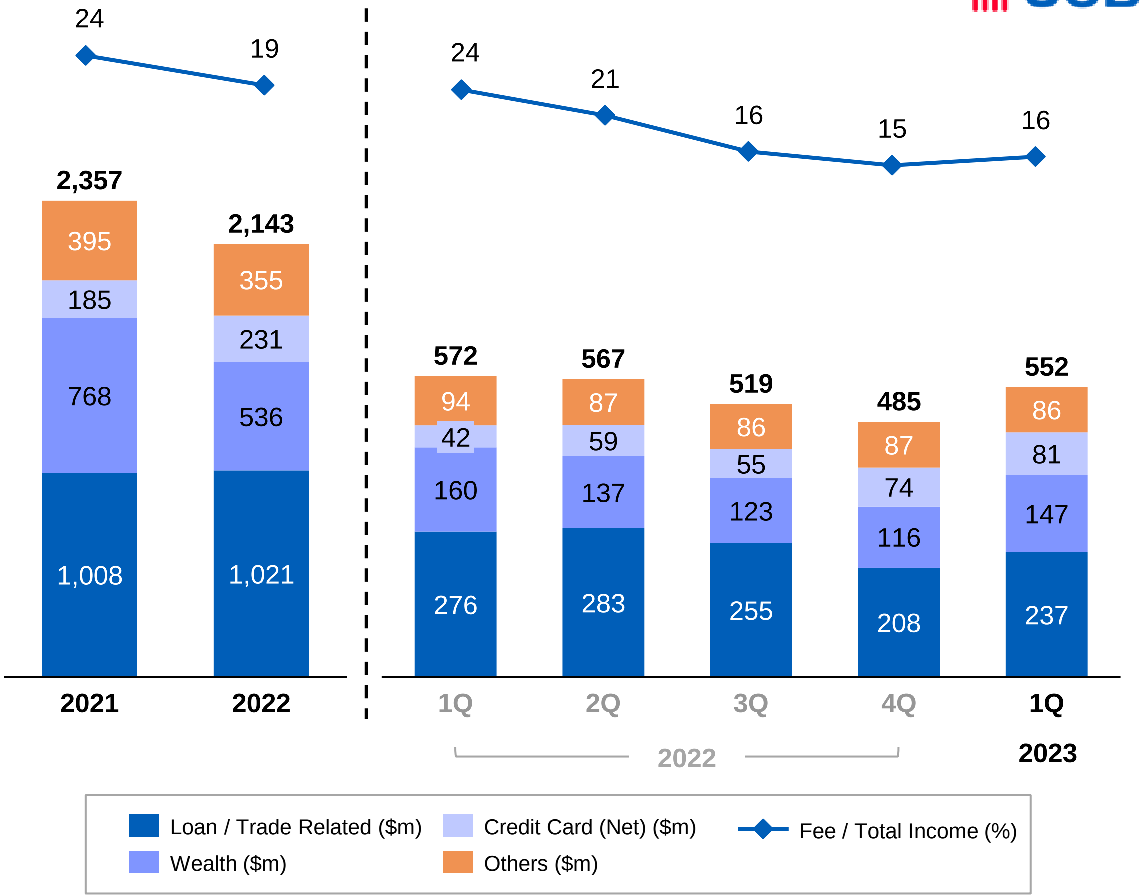
Net Interest Income and Margin

- 1Q23 NII eased 6%, partly due to a shorter quarter, as well as lower net interest margin
- NIM moderated to 2.14% from liquidity surplus placed into high quality assets and increase in funding costs



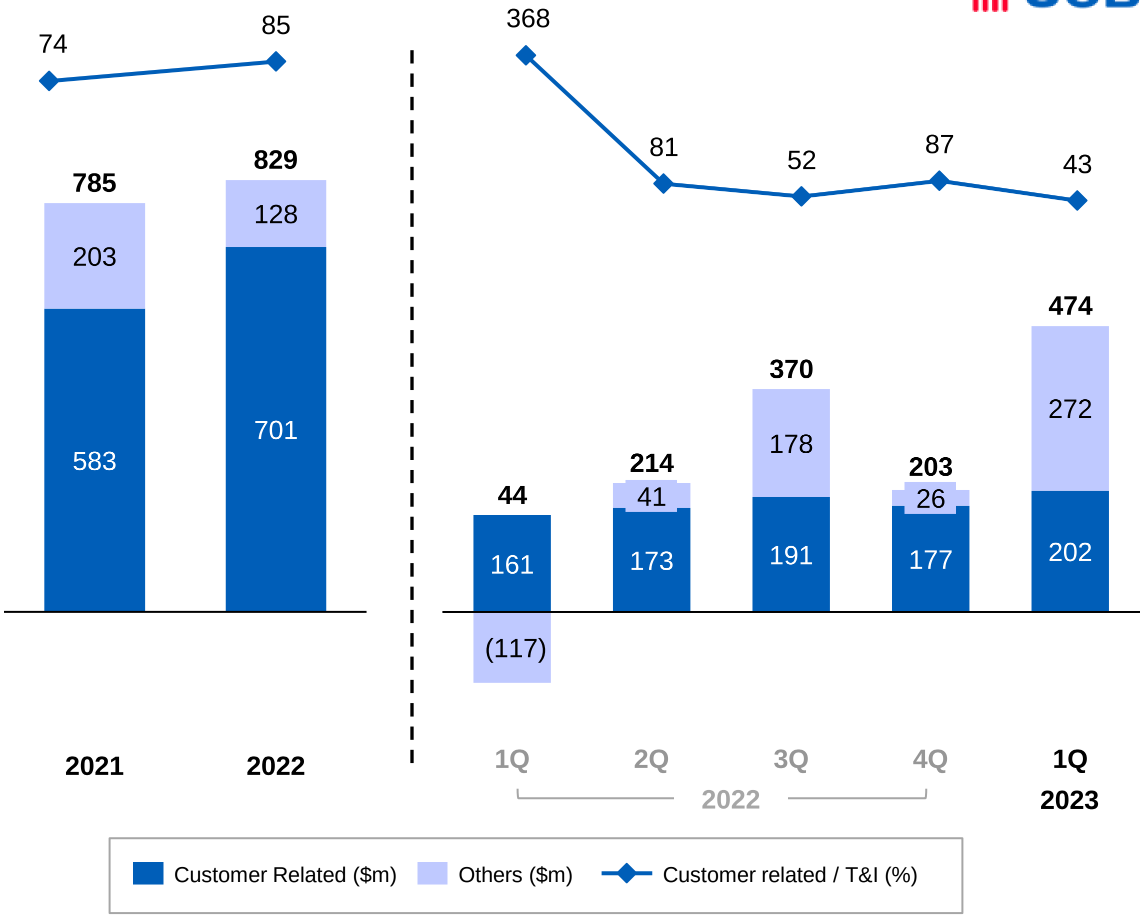
Fee Income

- Net fee income rose 14% QoQ
- Wealth management fees recovered from improved investor sentiments
- Loan-related fees rebounded while credit card fees sustained momentum despite seasonally softer quarter



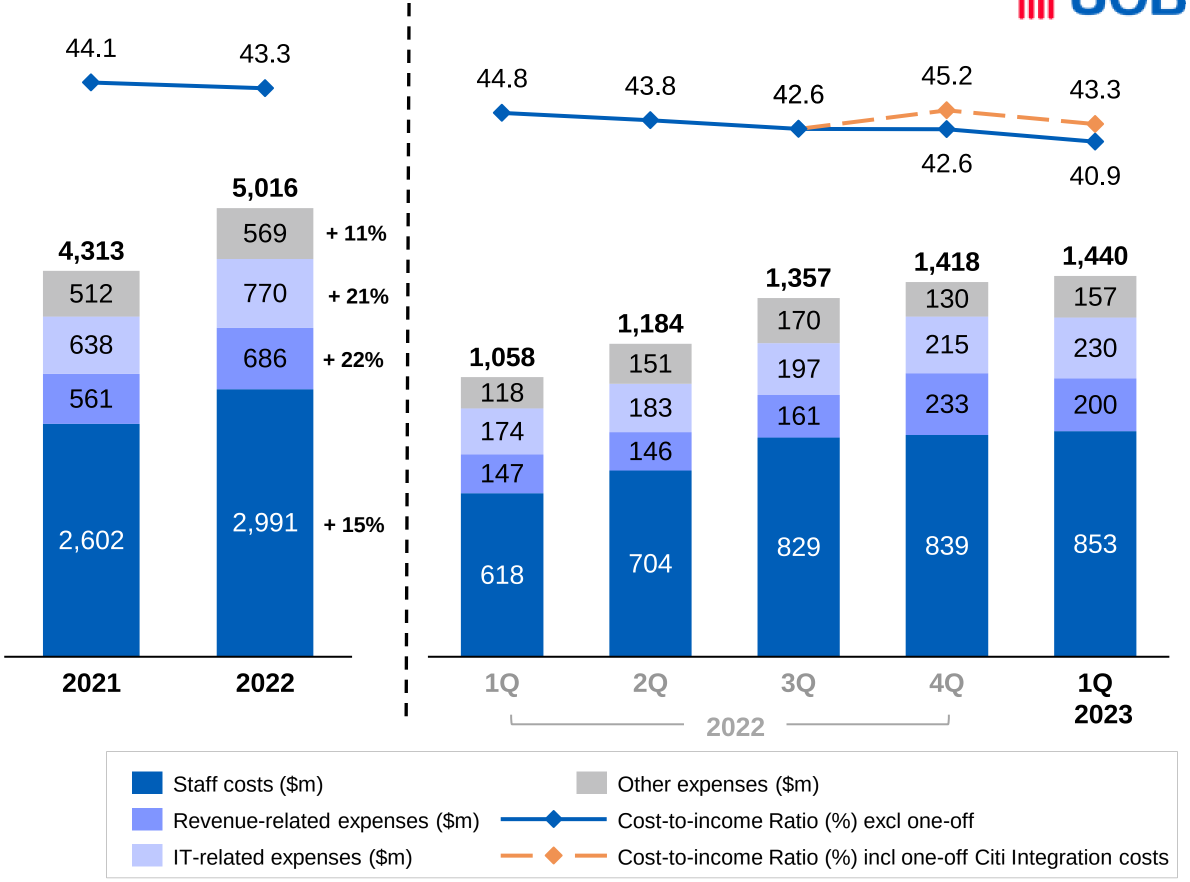
Trading & Investment Income

- Customer-related treasury income at new high, supported by hedging demand
- Good performance from trading and liquidity management activities



Core Expenses and Cost / Income Ratio [1]

- CIR improved to 40.9% on the back of strong income growth and disciplined spending
- Continued focus on investments to enhance capabilities to drive strategic initiatives



(1) Excluding one-off expenses

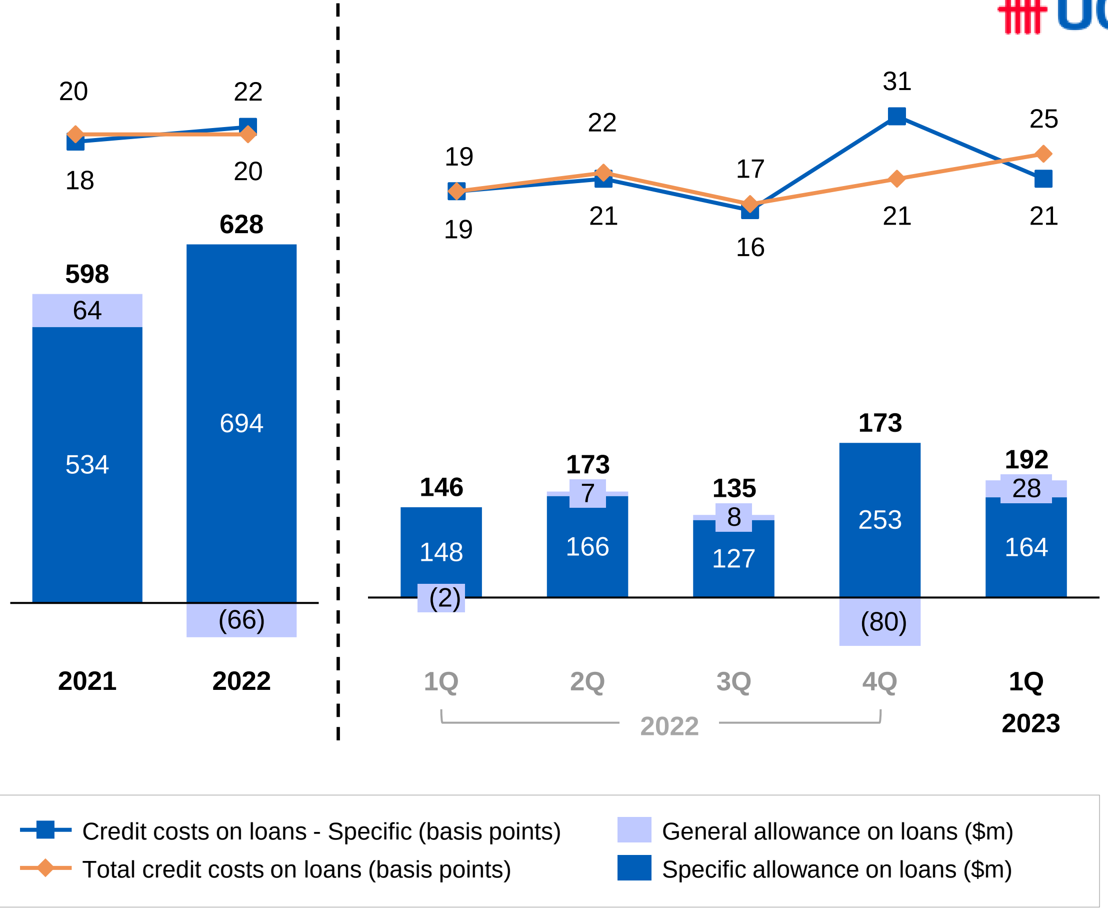
Non-Performing Assets

- Asset quality remained resilient and portfolio well-collateralized with SP/NPA stable at 32%

($m)	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2023 1Q
NPAs at start of period	5,077	5,289	5,422	5,037	5,127
Non-individuals					
New NPAs	462	661	214	395	301
Less:					
Upgrades and recoveries	207	363	448	322	80
Write-offs	36	123	60	121	218
	5,296	5,464	5,128	4,989	5,130
Individuals	(7)	(42)	(91)	(27)	13
NPAs at end of period	5,289	5,422	5,037	4,962	5,143
Add: Citi acquisition	-	-	-	165	7
NPAs at end of period including Citi	5,289	5,422	5,037	5,127	5,150
NPL Ratio (%)	1.6	1.7	1.5	1.6	**1.6**
Specific allowance/NPA (%)	31	30	33	34	**32**

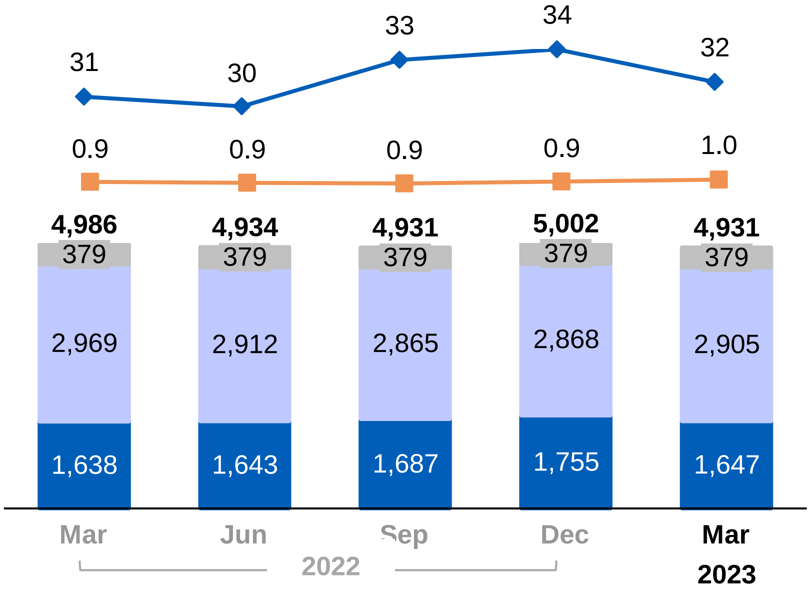
Total Allowance on Loans

- General allowance set aside to maintain prudent levels of provisioning



Allowance Coverage

- Adequate reserve buffer with prudent coverage for performing loans at 1.0%
- NPA coverage stable at 96% or 212% taking collateral into account



	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
NPA coverage (%) (2)	94	91	98	98	**96**
Unsecured NPA coverage (%) (2)	216	185	207	207	**212**

General allowance on loans include RLAR/Performing loans (%)   Specific allowance/NPA (%)

Specific allowance ($m)   General allowance ($m)   RLAR ($m)(1)

Notes:
(1) 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.
(2) Includes RLAR as part of total allowance.

Gross Loans

- Lower loans QoQ as corporates pared down their borrowings while trade and mortgage were stable
- YoY growth of 1% on constant currency basis, led by 9% increase in ASEAN-4 portfolio with uplift from Citi consolidation

	Mar-23 $b	Dec-22 $b	Mar-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**155**	160	162	(3)	(4)
ASEAN-4	**68**	69	63	(0)	9
Malaysia	**33**	33	30	(1)	11
Thailand	**24**	23	21	1	13
Indonesia	**10**	10	10	(4)	(8)
Vietnam	**2**	2	2	24	11
North Asia	**53**	52	56	4	(5)
Greater China	**50**	49	51	2	(3)
Others	**4**	3	5	24	(19)
Rest of the world	**39**	39	39	(1)	1
Total	**316**	320	320	(1)	(1)
At constant FX basis	*316*	*319*	*313*	*(1)*	*1*

Note: Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

Total Funding

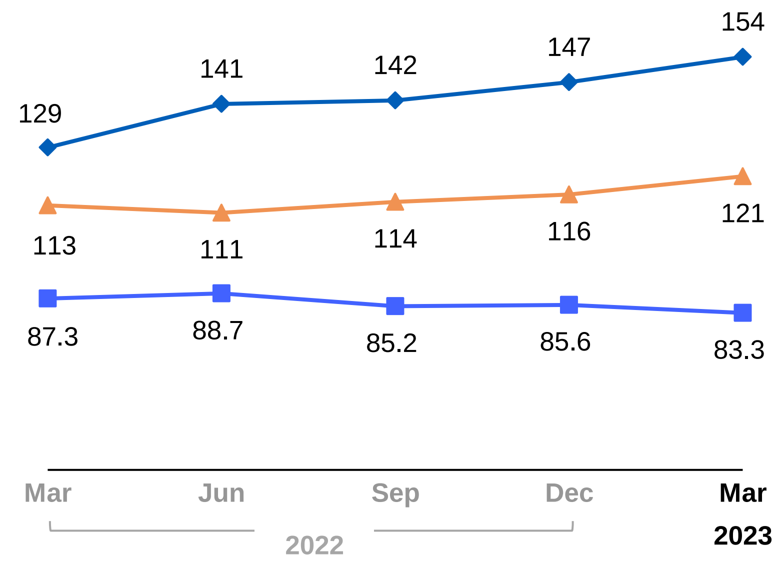
- Continue to focus on stable funding
- Customer deposits up 2% QoQ, alongside improvement in CASA to 47.9% on concerted fixed deposit-gathering efforts

	Mar-23 $b	Dec-22 $b	Mar-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**254**	249	248	2	2
ASEAN-4	**73**	71	65	3	12
Malaysia	**34**	34	32	(1)	6
Thailand	**26**	26	23	3	17
Indonesia	**11**	10	10	12	11
Vietnam	**2**	1	1	56	87
North Asia	**22**	21	24	5	(8)
Greater China	**22**	21	24	5	(9)
Others	**0**	0	0	35	>100
Rest of the world	**25**	28	25	(9)	1
Total Customer Deposits	**374**	369	362	2	3
Wholesale funding [1]	**60**	68	56	(11)	7
Total funding	**435**	436	418	(0)	4
CASA/Deposit Ratio (%)	**47.9**	47.5	55.9	0.4	(8.0)

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

Liquidity Ratios

- Funding and liquidity positions strengthened further with LCR at 154% and NSFR at 121%



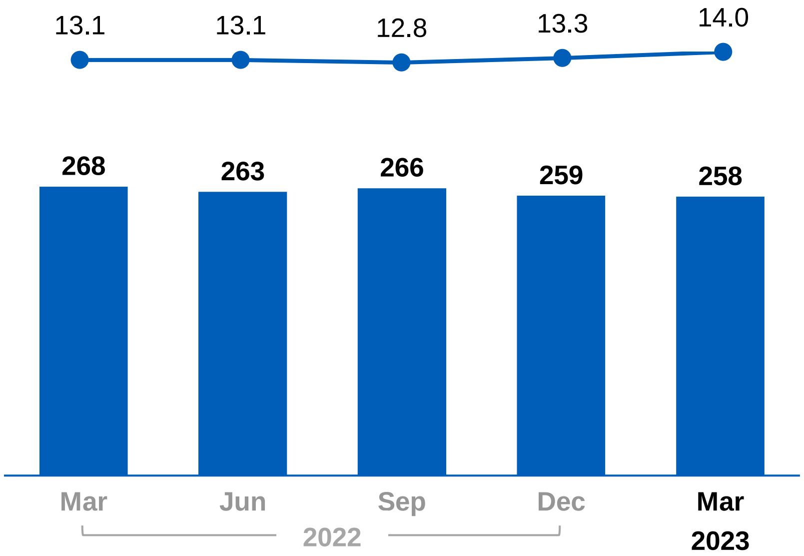
USD LDR (%)	**66.3**	**72.3**	**64.2**	**60.0**	**60.7**

All-currency LCR (%)
Loan/Deposit Ratio (LDR) (%)
Net Stable Fund Ratio (NSFR) (%)[1]

Note:
(1) MAS granted the banks relief on required stable funding (RSF) factors for the period from 8 April 2020 to 30 September 2021. The RSF factors will be gradually phase back by 1 April 2022.

Capital

- Strong CET1 ratio at 14.0%

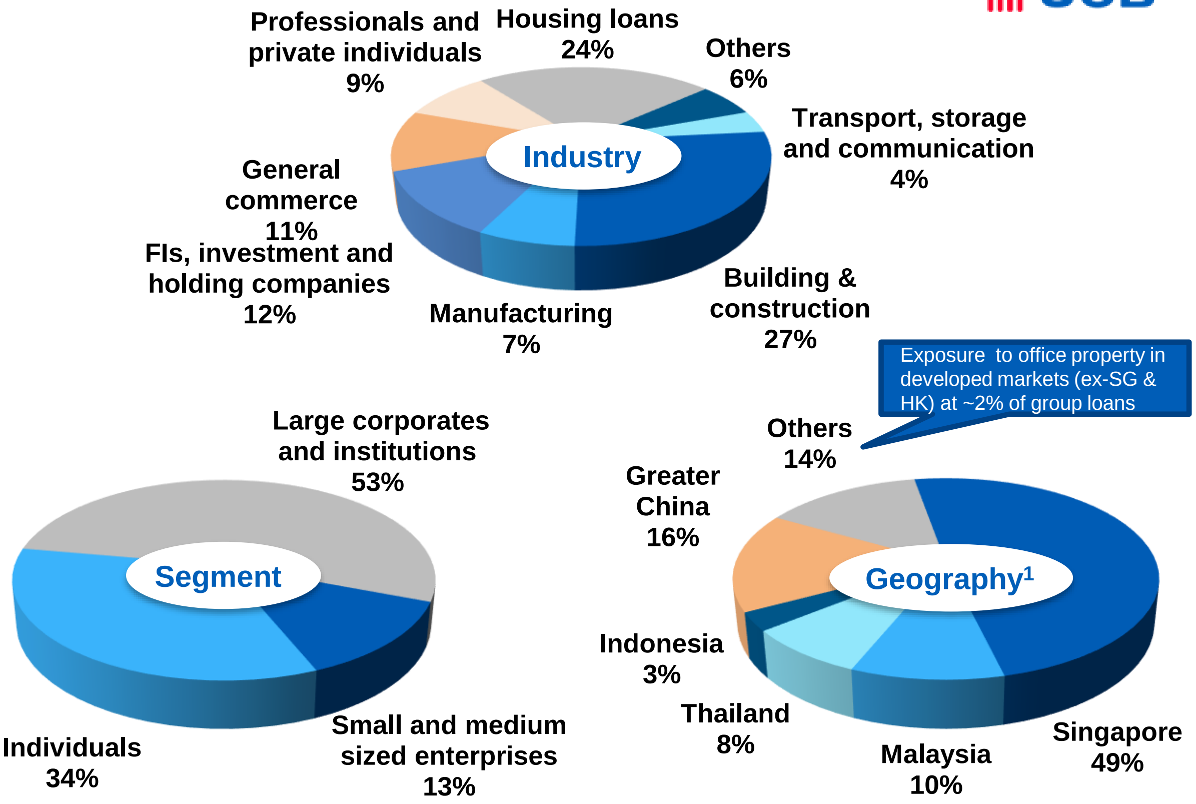


Leverage ratio (%)	**6.9**	**6.6**	**6.4**	**6.6**	**7.0**

Appendix

- Loan portfolio
- Exposure to Greater China
- Exposure to Oil & Gas sector

Diversified Loan portfolio



Note: Financial statistics as at 31 March 2023
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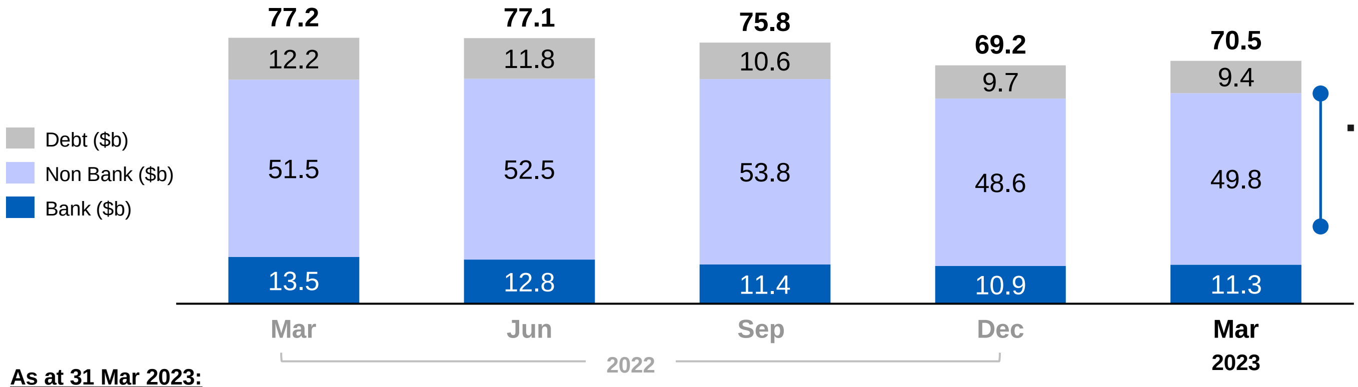
Exposure to Greater China



- ~$3b in loans to Chinese developers (*1% of group loans*)

<u>As at 31 Mar 2023:</u>

Mainland China exposure

($21.8b or 4% of total assets)

Bank exposure ($8.6b)

- ~40% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~60% of total bank exposure
- ~100% with <1 year tenor; trade accounts for ~20% of total bank exposure

Non-bank exposure ($10.7b)

- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~65% denominated in RMB and ~55% with <1 year tenor
- NPL ratio at 0.8%

Hong Kong SAR exposure

($42.3b or 8% of total assets)

Bank exposure ($0.9b)

- ~95% are to foreign banks

Non-bank exposure ($35.7b)

- Exposure mainly to corporate and institutional clients
- ~50% with <1 year tenor
- NPL ratio at 1.5%

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 Segment

- As of 31 March 2023, outstanding loans to the commodities segment remain modest and represented 6% of total loans

Mar 23	Oil and Gas (O&G)		Other Commodity Segments[2]	Total
	Upstream industries[1]	Traders / downstream industries		
Outstanding loans	S$1.9b	S$7.7b	S$8.3b	S$17.9b
Percentage of total loans	3%		3%	6%

Outstanding O&G exposure is to downstream players and traders which are mainly national oil companies (NOCs) and global firms, while short-term structured loans account for a significant share of the remainder.

A considerable portion of upstream exposure is to NOCs and international oil companies, while vulnerable accounts were already classified and their collateral value marked down (by as much as 90%) by end 2017.

Note:
(1) O&G upstream industries include offshore service companies.
(2) Other commodity segments refer to agribusiness, metals and mining.

Thank You

Right By You