UOB Group Financial Updates

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Group Chief Financial Officer

For the First Half / Second Quarter Ended 30 June 2023

Financial Highlights

2Q23 key financial indicators

Core operating profit [1]
$2.1b
no change QoQ
+ 38% YoY

Core net profit after tax [1]
$1.5b
- 4% QoQ
+ 35% YoY

Core return on equity [1]
14.1%
- 0.8%pt QoQ
+ 3.1%pt YoY

Core cost/Income ratio [1]
40.9%
no change QoQ
- 2.9%pt YoY

NPL ratio
1.6%
no change QoQ
- 0.1%pt YoY

Credit costs
30bps
+ 5bps QoQ
+ 8bps YoY

NSFR ratio
121%
no change QoQ
+ 10%pt YoY

CET 1 ratio
13.6%
- 0.4%pt QoQ
+ 0.5%pt YoY

UOB

Strong Core Net Profit at $1.5b for 2Q23

- Another quarter of strong core net profit at $1.5b and core ROE at 14.1%
- 2Q23 NIM moderated to 2.12% as liquidity surplus was deployed into high quality lower yielding assets while loan margin held up at 2.62%
- Fee income eased quarter on quarter from softer loan fees, while cautious investor sentiments hampered wealth recovery.
- Trading and investment income registered another record quarter.
- 2Q23 Core Cost/Income ratio unchanged at 40.9% from disciplined spending.
- Credit costs were higher at 30 basis points largely due to a major Thailand corporate account, as well as pre-emptive general allowance set aside on prudence.
- Asset quality stayed resilient with stable NPL ratio at 1.6% and performing loans coverage maintained at 1.0%.
- Capital and funding positions remain strong, with CET1 at 13.6% and NSFR at 121%

(1) Excluding one-off expenses

Performance by Segment

- Retail performance buoyed by Citi franchise, wider margin and deposit growth, coupled with lift in card and wealth activities
- Wholesale supported by sustained margin expansion and treasury customer momentum, cushioning softer loan volumes
- Global Markets capitalised on opportunities in commodities, rates and bonds, moderated by rising cost of funds

Operating Profit [(1)]	1H23 $m	1H22 $m	YoY +/(-) %	2Q23 $m	1Q23 $m	QoQ +/(-) %
Group Retail [(1)]	**1,529**	820	86	**735**	795	(8)
Group Wholesale Banking	**2,788**	2,181	28	**1,368**	1,420	(4)
Global Markets	**144**	221	(35)	**48**	97	(51)

(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, 78% are digitally enabled

+47%
Year on year increase of new-to-bank customers acquired vs 1H22, 56% 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

45
Strategic multi-markets partnerships to cater for our customers growing lifestyle needs

+51%
Year on year growth in credit card fees in 1H23

Leverage data insights to drive Omni-channel Offerings

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

S$165b
Assets under management (AUM)[1,2]
▲ 19% YoY

~2x
Higher average revenue generation by omni-channel customers vs other customers

1. Of which 59% 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

+17%
Cross border income[1]; Formed 23% of GWB income

+35%
Suppliers and distributors[2] within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+28%
Income from Non-Real Estate & Hospitality and Non-FIG sectors[1]

+25%
Global Financial Institutions Group (FIG) income[1]

Deepening Digitalisation

For secure and efficient transactions

+103%
Cashless payments to businesses in the region[3]

+8%
Digital banking transactions by businesses across the Group[4]

1. Year on year growth for May-23 YTD. 2. As of May-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

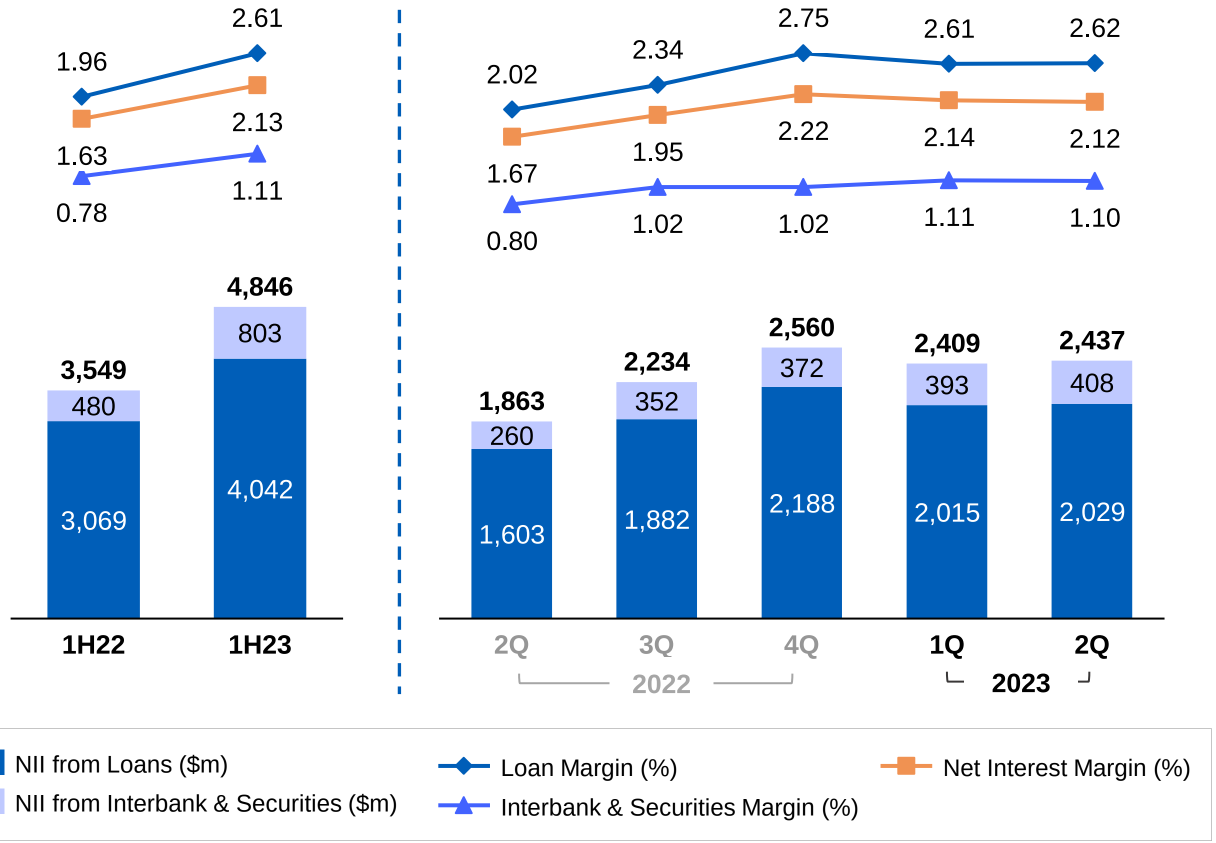
Financial Highlights

- Record 1H23 core net profit at $3.1b, driven by strong NII and T&I
- 2Q23 core net profit sustained above $1.5b driven by higher NII and all-time high T&I. These were partly offset by moderated fees and higher allowance

	1H23 $m	1H22 $m	YoY +/(-)%	2Q23 $m	1Q23 $m	QoQ +/(-)%	2Q22 $m	YoY +/(-)%
Net interest income	4,846	3,549	37	2,437	2,409	1	1,863	31
Net fee income	1,075	1,139	(6)	524	552	(5)	567	(8)
Other non-interest income	1,144	374	>100	581	563	3	273	>100
Total income	**7,065**	**5,061**	**40**	**3,542**	**3,524**	**1**	**2,702**	**31**
Less: Total expenses	2,889	2,241	29	1,448	1,440	1	1,184	22
Operating profit	**4,177**	**2,820**	**48**	**2,093**	**2,083**	**0**	**1,519**	**38**
Less: Amortisation of intangible assets	10	-	NM	5	5	(0)	-	NM
Less: Allowance for credit and other losses	534	315	69	365	169	>100	137	>100
Add: Associate & Joint Venture	51	52	(1)	26	25	2	23	13
Core net profit	**3,084**	**2,018**	**53**	**1,507**	**1,577**	**(4)**	**1,113**	**35**
Less: One-off expenses								
- Citi integration costs (net of tax)	159	-	NM	92	67	38	-	NM
Net profit (including one-off expenses)	**2,925**	**2,018**	**45**	**1,415**	**1,511**	**(6)**	**1,113**	**27**

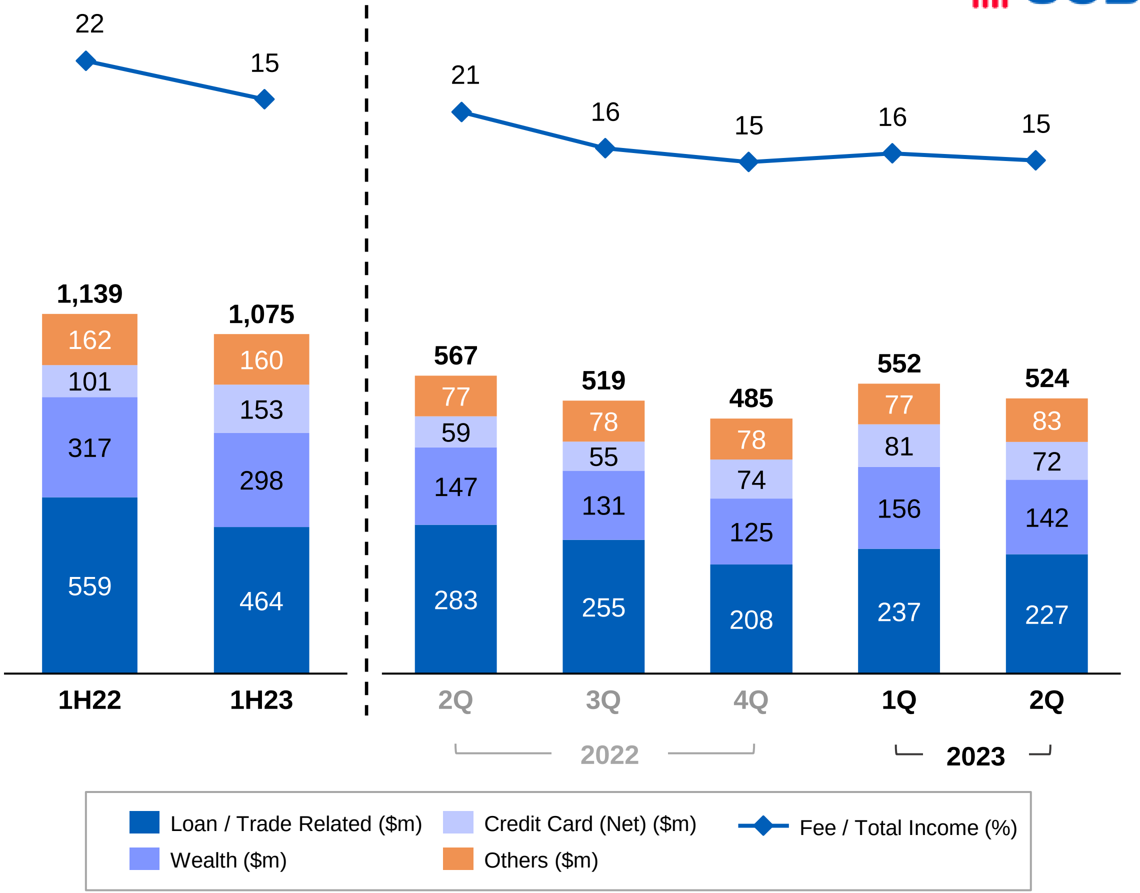
Net Interest Income and Margin

- NII rose 1% QoQ from longer calendar quarter
- Slight moderation in 2Q23 NIM due to excess liquidity deployed to high quality assets



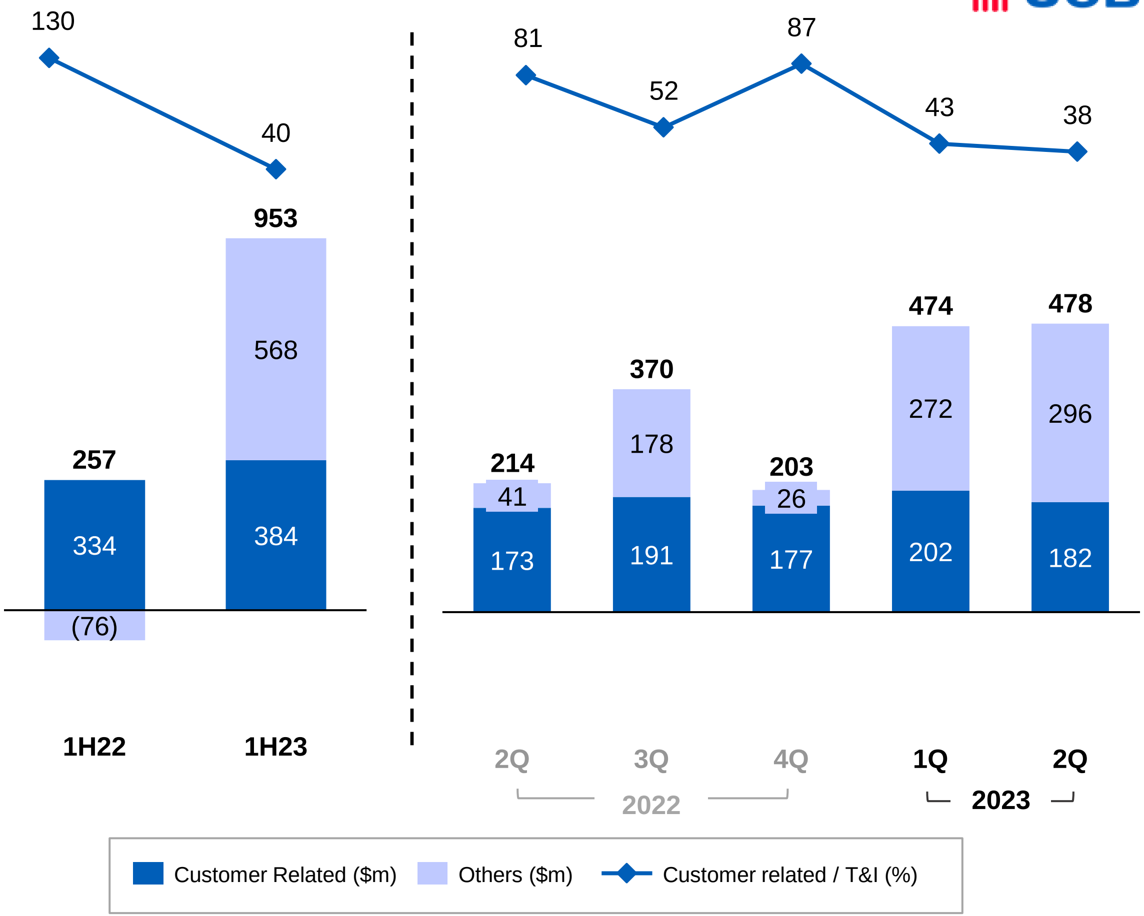
Fee Income

- Net fee income eased 5% QoQ
- Loan / trade related fees declined on softer lending activities
- Wealth fees recovery hampered by cautious investor sentiments
- Credit card fees sustained momentum after excluding LQ one-off adjustment on rebates



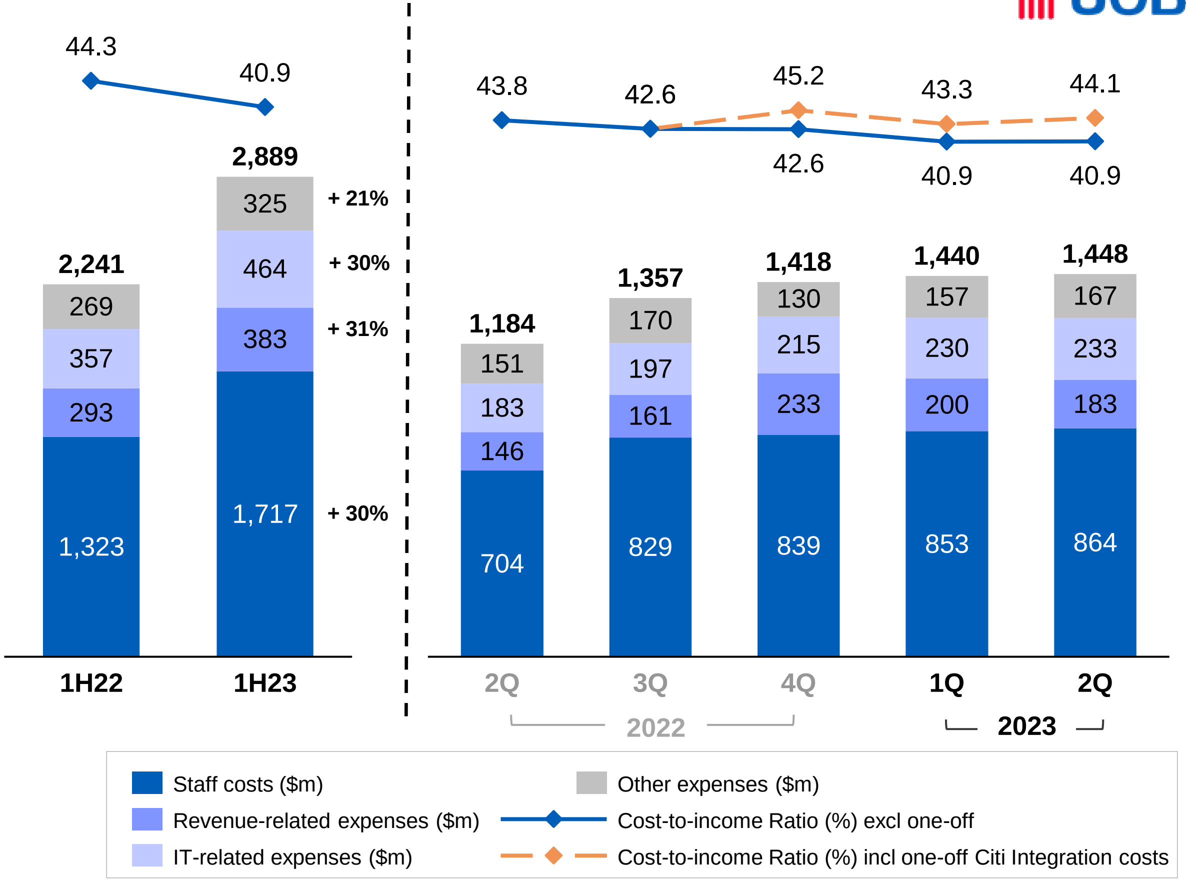
Trading & Investment Income

- Another record quarter for T&I
- Resilient customer-related treasury income, supported by hedging demands
- Good performance from trading and liquidity management activities



Core Expenses and Cost / Income Ratio (1)

- CIR unchanged at 40.9% on the back of disciplined spending
- Continued focus on investments to enhance capabilities to drive strategic initiatives



(1) Excluding one-off expenses

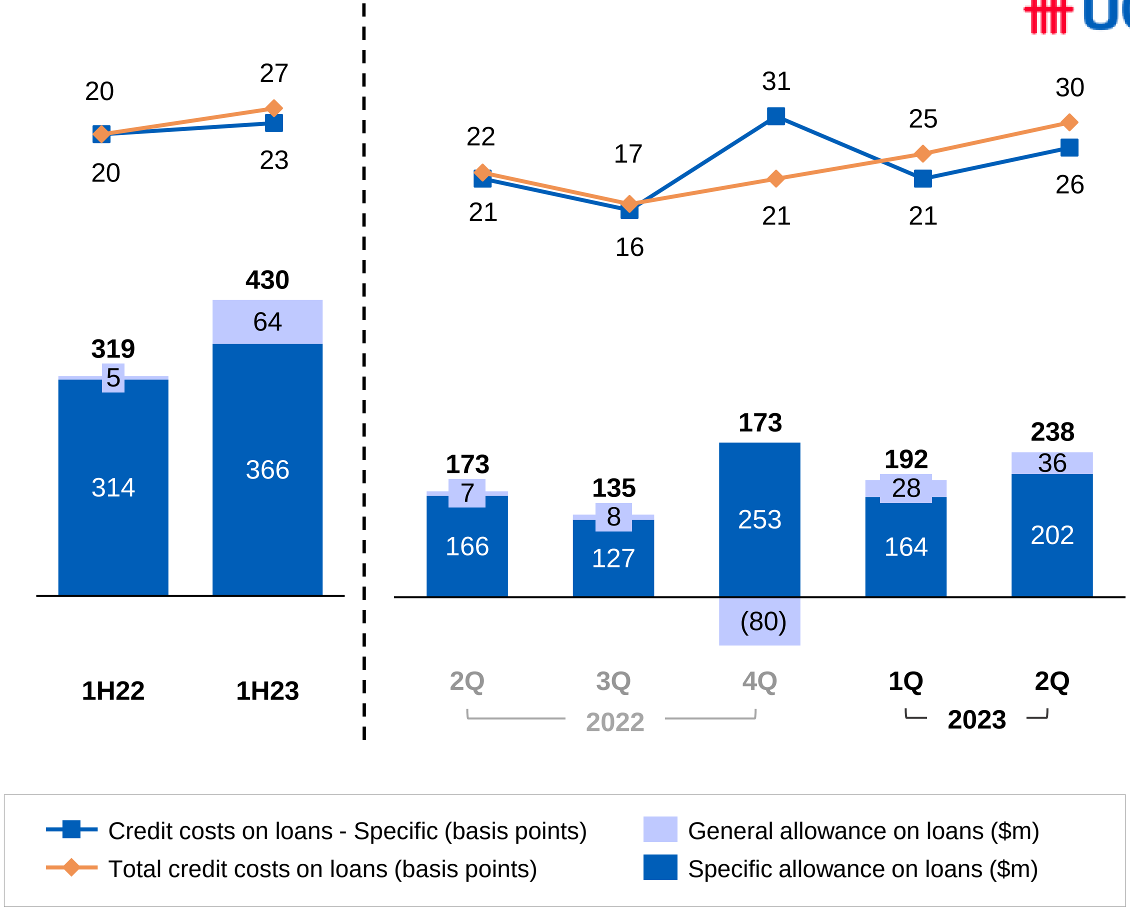
Non-Performing Assets

- Asset quality remained resilient and portfolio well-collateralized with SP/NPA stable at 33%

($m)	2022 2Q	2022 3Q	2022 4Q	2023 1Q	2023 2Q
NPAs at start of period	5,289	5,422	5,037	5,127	5,150
<u>Non-individuals</u>					
New NPAs	661	214	395	301	364
Less:					
Upgrades and recoveries	363	448	322	80	137
Write-offs	123	60	121	218	65
	5,464	5,128	4,989	5,130	5,312
Individuals	(42)	(91)	(27)	13	(120)
NPAs at end of period	5,422	5,037	4,962	5,143	5,192
Add: Citi acquisition	-	-	165	7	-
NPAs at end of period including Citi	5,422	5,037	5,127	5,150	5,192
NPL Ratio (%)	1.7	1.5	1.6	1.6	**1.6**
Specific allowance/NPA (%)	30	33	34	32	**33**

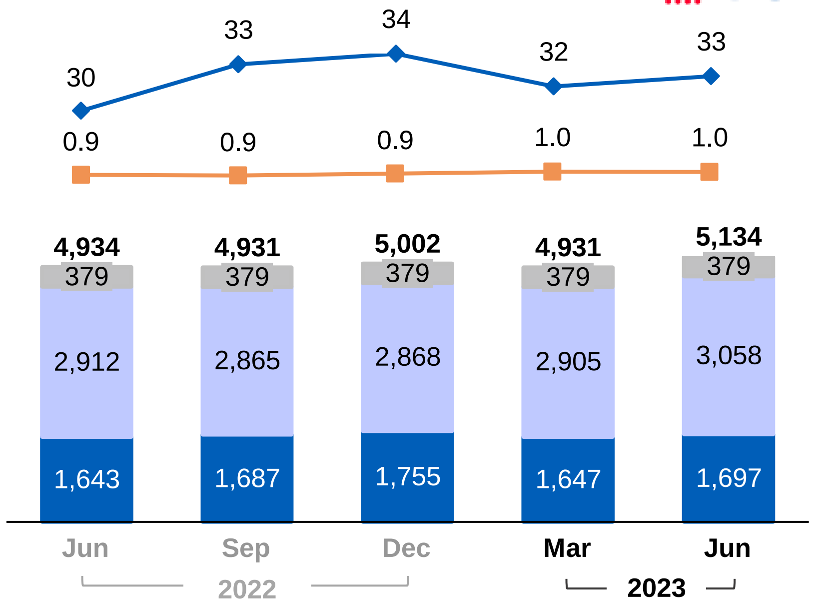
Total Allowance on Loans

- Specific allowance higher this quarter largely due to a major Thailand corporate account
- Pre-emptive general allowance set aside to maintain prudent provisioning level; total credit costs on loans increased to 30bp for 2Q23



Allowance Coverage

- Adequate reserve buffer with prudent coverage for performing loans at 1.0%
- NPA coverage stable at 99% or 209% taking collateral into account



	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023
NPA coverage (%) [2]	91	98	98	96	**99**
Unsecured NPA coverage (%) [2]	185	207	207	212	**209**

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.

Performance by Geography

- 1H23 Core operating profit surged to $4.2b
- ASEAN-4 benefited from Citi consolidation
- Overseas contribution at 42% to Group operating profit

Core operating profit [1]	1H23 $m	1H22 $m	YoY +/(-)%	2Q23 $m	1Q23 $m	QoQ +/(-)%
Singapore	**2,418**	1,542	57	**1,184**	1,233	(4)
ASEAN-4	**911**	635	43	**446**	465	(4)
Malaysia	**412**	333	24	**188**	224	(16)
Thailand	**364**	193	89	**193**	171	13
Indonesia	**122**	104	17	**57**	64	(11)
Vietnam	**14**	5	>100	**8**	6	46
North Asia	**343**	320	7	**190**	153	24
Greater China	**310**	295	5	**172**	137	26
Others	**33**	24	35	**17**	16	9
Rest of the world	**505**	323	57	**273**	232	18
Total	**4,177**	2,820	48	**2,093**	2,083	0
Overseas contribution (%) [1]	**42.1**	45.3	(3.2)	**43.4**	40.8	2.6

(1) Excluding one-off expenses

Gross Loans

- Loans grew 1% QoQ driven by Singapore, North Asia and developed markets
- YoY growth of 1% on constant currency basis

	Jun-23 $b	Mar-23 $b	Jun-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**156**	155	163	1	(4)
ASEAN-4	**68**	68	63	(1)	7
Malaysia	**32**	33	30	(3)	8
Thailand	**24**	24	21	(0)	15
Indonesia	**10**	10	11	0	(14)
Vietnam	**2**	2	2	3	21
North Asia	**55**	53	56	3	(1)
Greater China	**52**	50	53	4	(2)
Others	**4**	4	4	0	2
Rest of the world	**40**	39	39	3	3
Total	**319**	316	322	1	(1)
At constant FX basis	*319*	*316*	*316*	*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

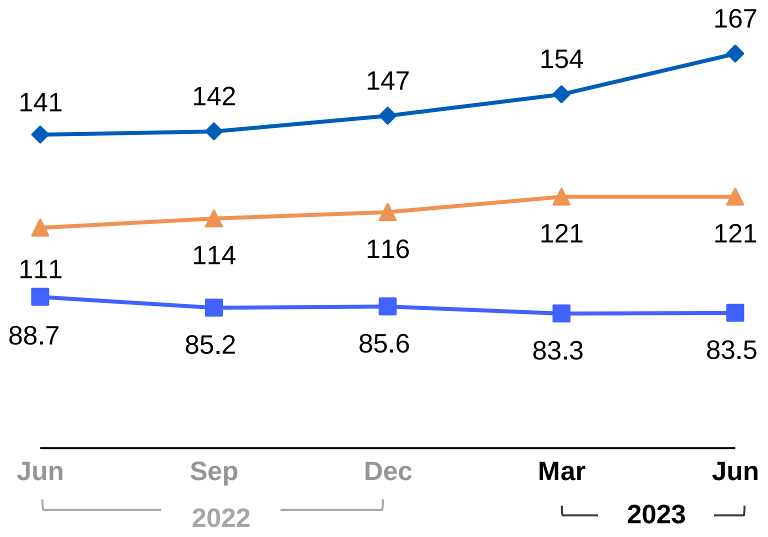
- Customer deposits up 1% QoQ, alongside stable CASA ratio at 47.6%

	Jun-23 $b	Mar-23 $b	Jun-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**261**	254	245	3	7
ASEAN-4	**70**	73	66	(4)	7
Malaysia	**34**	34	31	1	8
Thailand	**25**	26	22	(6)	11
Indonesia	**10**	11	11	(12)	(8)
Vietnam	**2**	2	2	(3)	18
North Asia	**22**	22	22	(1)	1
Greater China	**22**	22	22	(1)	(0)
Others	**0**	0	0	(1)	>100
Rest of the world	**24**	25	26	(6)	(7)
Total Customer Deposits	**377**	374	358	1	5
Wholesale funding [1]	**61**	60	74	0	(18)
Total funding	**437**	435	432	1	1
CASA/Deposit Ratio (%)	**47.6**	47.9	54.7	(0.3)	(7.1)

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

Liquidity Ratios

- Funding and liquidity positions remained strong with LCR at 167% and NSFR at 121%

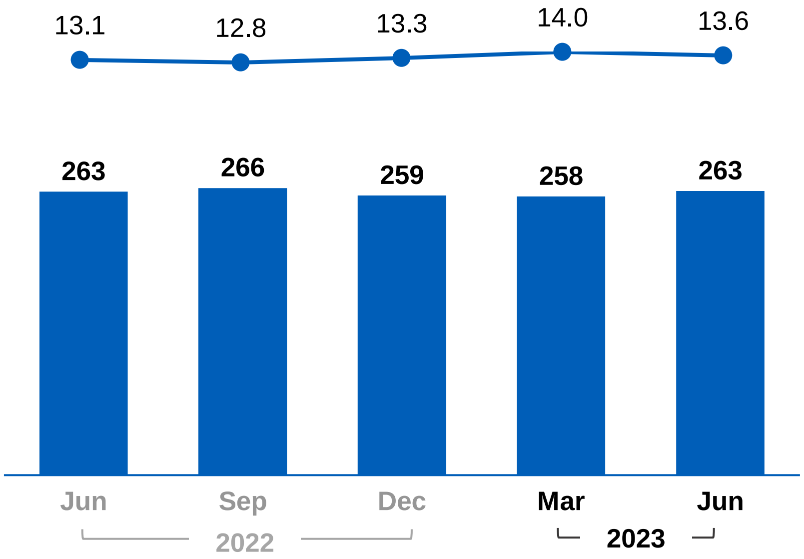


USD LDR (%)	72.3	64.2	60.0	60.7	62.9

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

Capital

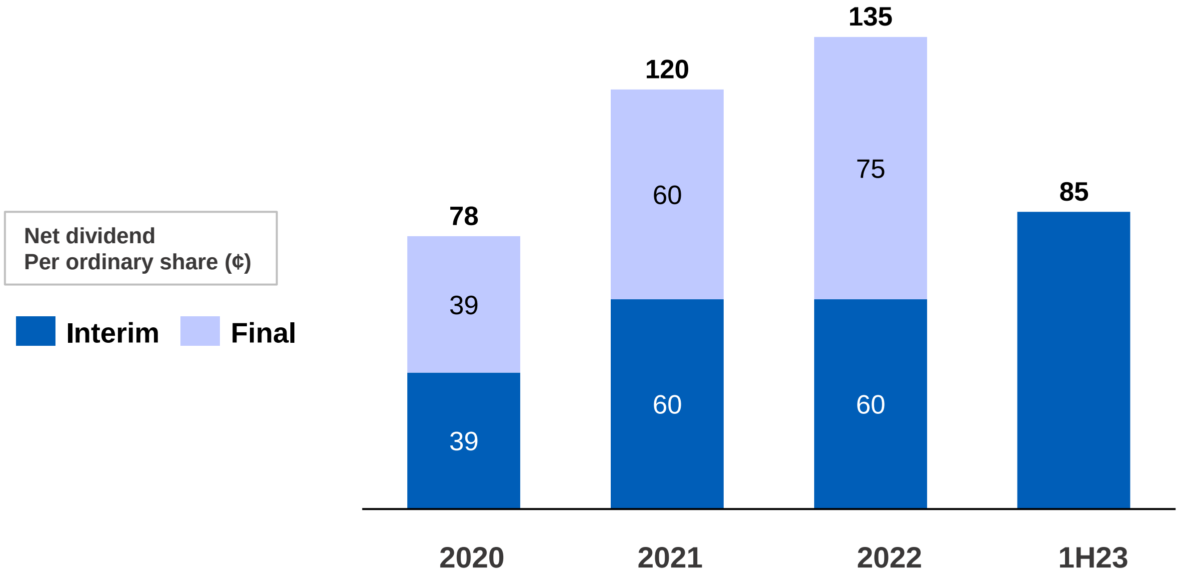
- CET1 ratio steady at 13.6%



Leverage ratio (%)	6.6	6.4	6.6	7.0	7.0

Dividends

- Committed to consistent and sustainable returns to shareholders
- Interim dividend of 85 cents per share



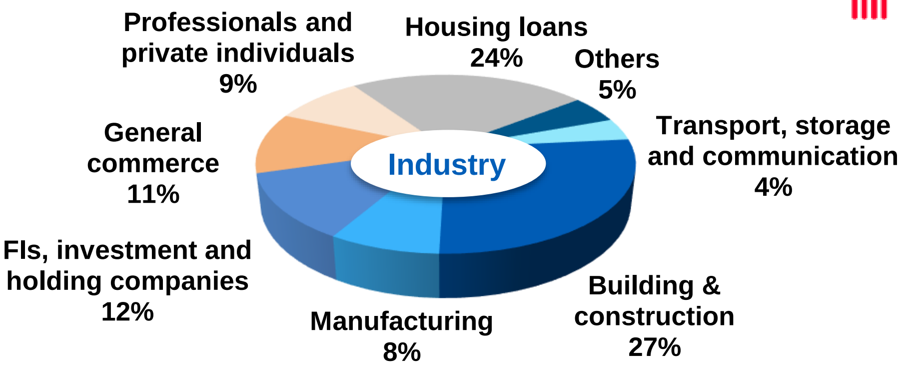
	2020	2021	2022	1H23
Payout amount ($m)	1,304	2,011	2,263	1,424
Payout ratio (%)	45 ^	49	49	49

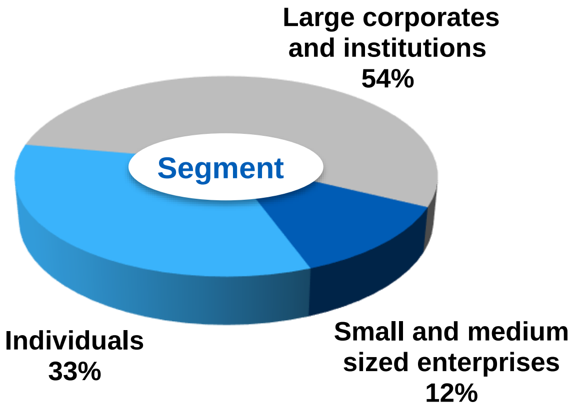
^ Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

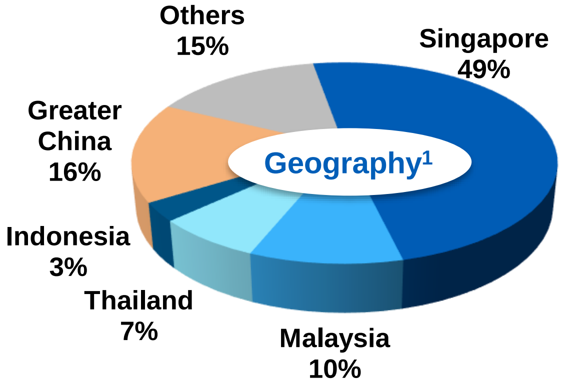
Appendix

- Loan Portfolio
- Exposure to Greater China
- Exposure to Commercial Real Estate - Office

Diversified Loan Portfolio

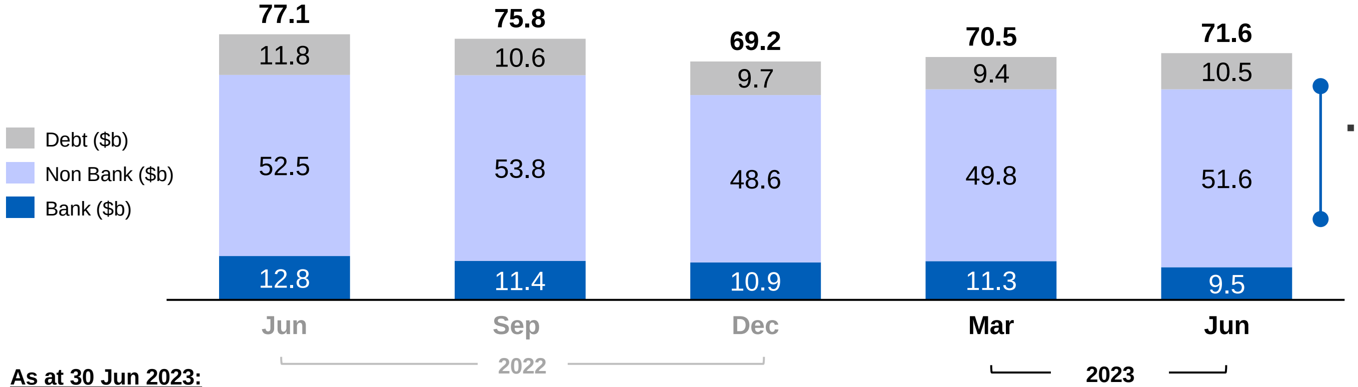






Note: Financial statistics as at 30 June 2023
1. Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

Exposure to Greater China



- ~$2.8b in loans to Chinese developers (*1% of group loans*)

As at 30 Jun 2023:

Mainland China exposure

($21.9b or 4% of total assets)

Bank exposure ($7.7b)

- ~35% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~70% of total bank exposure
- ~99% with <1 year tenor; trade accounts for ~20% of total bank exposure

Non-bank exposure ($10.9b)

- 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 0.7%

Hong Kong SAR exposure

($43.8b or 9% of total assets)

Bank exposure ($0.4b)

- ~85% are to foreign banks

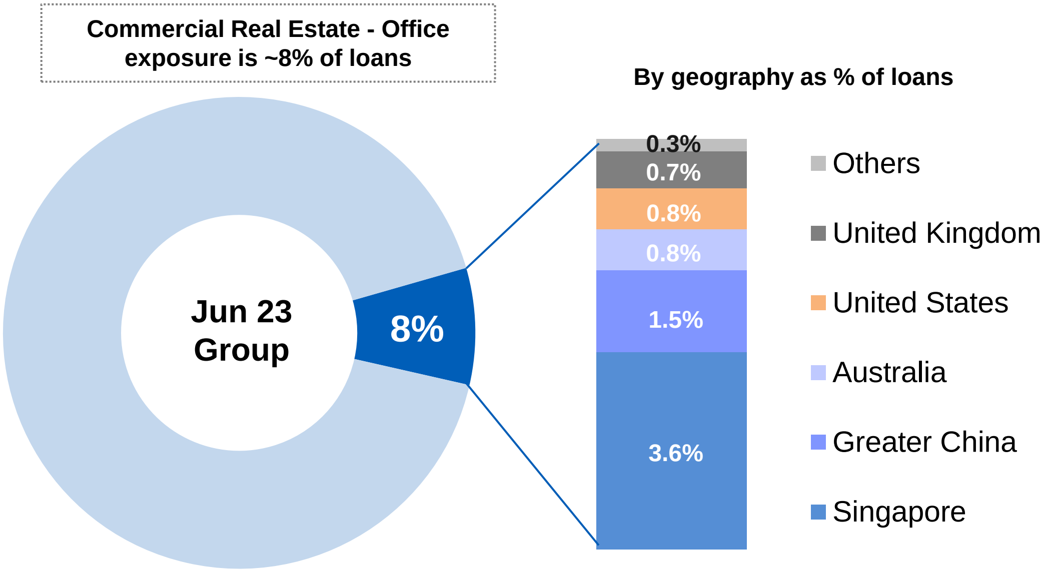
Non-bank exposure ($37.3b)

- Exposure mainly to corporate and institutional clients
- ~55% with <1 year tenor
- NPL ratio at 1.4%

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 Commercial Real Estate - Office

- Almost half of office exposure is in Singapore
- Overseas exposure backed by strong sponsors
- Largely secured by class-A office properties
- Average LTV around 50-60%



Thank You

Right By You