UOB

UOB Group Financial Updates

Lee Wai Fai
Group Chief Financial Officer

For the Nine Months / Third Quarter Ended 30 September 2023

Financial Highlights

3Q23 key financial indicators

Core operating profit (1)
$2.0b
- 3% QoQ
+ 12% YoY

Core net profit after tax (1)
$1.5b
- 2% QoQ
+ 5% YoY

Core return on equity (1)
13.9%
- 0.2%pt QoQ
- 0.1%pt YoY

Core cost/Income ratio (1)
41.0%
+ 0.1%pt QoQ
- 1.6%pt YoY

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

Credit costs
19bps
- 11bps QoQ
+ 2bps YoY

NSFR ratio
121%
no change QoQ
+ 7%pt YoY

CET 1 ratio
13.0%
- 0.6%pt QoQ
+ 0.2%pt YoY

3Q23 Core Net Profit at $1.5b, Sustained momentum in fees and treasury customer flows

- Core net profit at $1.5b, with Core return on equity at 13.9%
- Net interest income was unchanged from last quarter, as the wider loan margin was weighed down by lower margin on excess liquidity. NIM eased to 2.09%
- 3Q23 fee income was near all-time high, powered by strong loan-related fees and credit card fees which hit a new record
- Customer-related treasury income sustained momentum
- 3Q23 Core Cost/Income ratio stable at 41.0% as spending kept pace with income growth
- Lower credit costs at 19 basis points for the quarter as the release of general allowance reserves more than offset the higher specific allowances
- Asset quality remained stable with NPL ratio unchanged at 1.6%
- Strong capital and funding positions maintained, with CET1 ratio at 13.0% and NSFR at 121%

(1) Excluding one-off expenses

Performance by Segment

- Retail augmented by Citi, alongside higher rates, record card fees and wealth rebound
- Wholesale driven by wider margin and sustained treasury customer flows
- Global Markets seized opportunities in commodities and rates, offset by funding cost pressures

Operating Profit [1]	9M23 $m	9M22 $m	YoY +/(-) %	3Q23 $m	2Q23 $m	QoQ +/(-) %
Group Retail [1]	**2,287**	1,393	64	**758**	735	3
Group Wholesale Banking	**4,167**	3,454	21	**1,379**	1,368	1
Global Markets	**161**	319	(50)	**17**	48	(65)

(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

>7.5m
Retail customers, 77% are digitally enabled

+28%
Year-on-year increase of new-to-bank customers acquired vs 9M22, 54% 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

S$104m
Record-high quarterly net credit card fees in 3Q23, +89% 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$170b
Assets under management (AUM)[1,2]
▲ 21% 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

+14%
Cross border income[1]; Formed 24% 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

+21%
Global Financial Institutions Group (FIG) income[1]

+17%
Income from Non-Real Estate & Hospitality and Non-FIG sectors[1]

Deepening Digitalisation

For secure and efficient transactions

+100%
Cashless payments to businesses in the region[3]

+12%
Digital banking transactions by businesses across the Group[4]

1. Year-on-year growth for Aug-23 YTD. 2. Estimates as of Sep-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

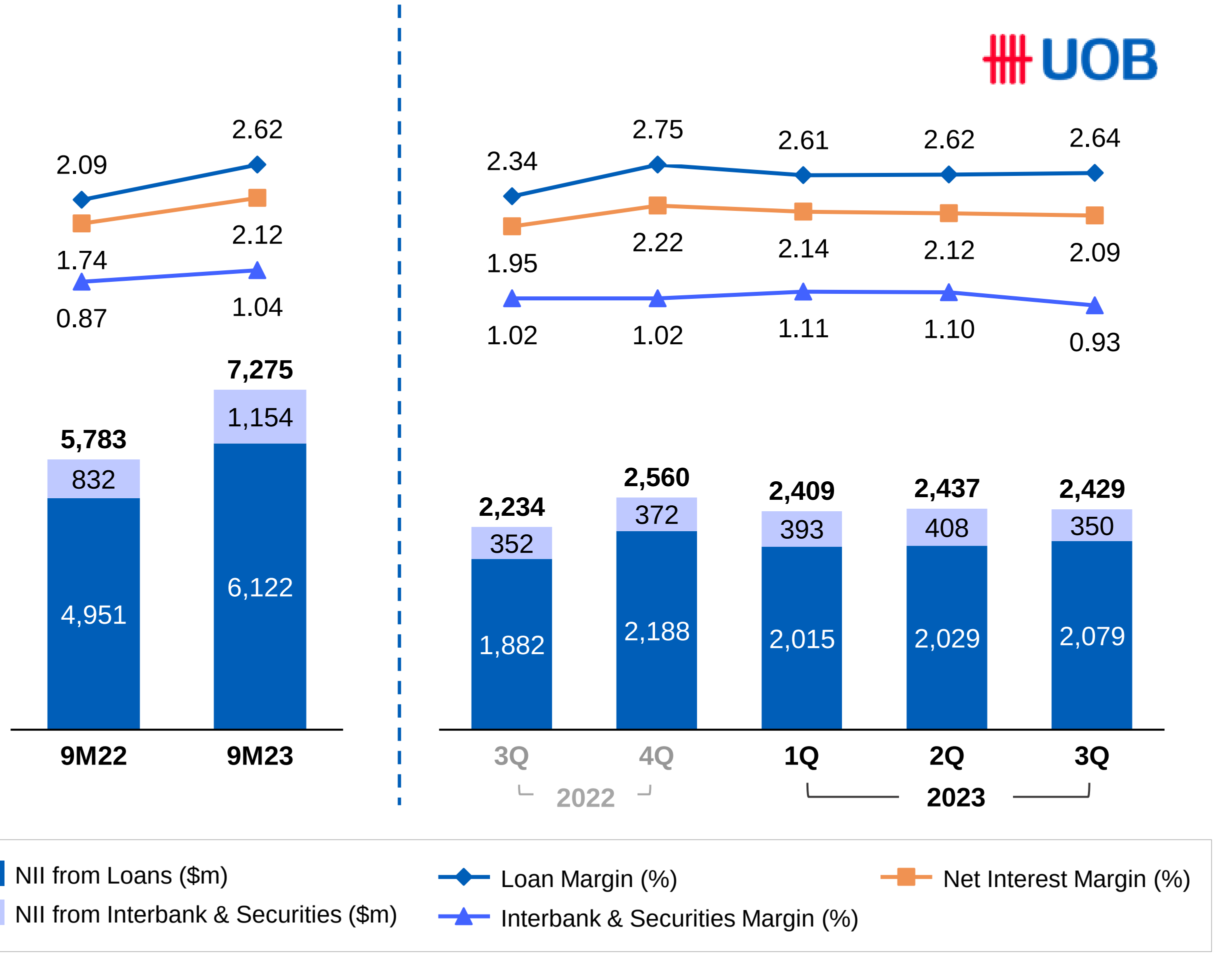
Financial Highlights

- 9M23 Core net profit up 33%, driven by strong NII and trading and investment income
- 3Q23 core net profit of $1.5b supported by near all-time high fee income and lower credit loss allowance

	9M23 $m	9M22 $m	YoY +/(-)%	3Q23 $m	2Q23 $m	QoQ +/(-)%	3Q22 $m	YoY +/(-)%
Net interest income	7,275	5,783	26	2,429	2,437	(0)	2,234	9
Net fee income	1,666	1,658	0	591	524	13	519	14
Other non-interest income	1,581	804	97	436	581	(25)	431	1
Total income	**10,522**	**8,245**	**28**	**3,457**	**3,542**	**(2)**	**3,184**	**9**
Less: Total expenses	4,305	3,598	20	1,416	1,448	(2)	1,357	4
Operating profit	**6,217**	**4,647**	**34**	**2,041**	**2,093**	**(3)**	**1,827**	**12**
Less: Amortisation of intangible assets	17	-	NM	7	5	37	-	NM
Less: Allowance for credit and other losses	769	419	84	235	365	(35)	104	>100
Add: Associate & Joint Venture	71	69	2	20	26	(23)	18	12
Core net profit	**4,563**	**3,421**	**33**	**1,479**	**1,507**	**(2)**	**1,403**	**5**
Less: One-off expenses								
- Citi integration costs (net of tax)	255	-	NM	97	92	5	-	NM
Net profit (including one-off expenses)	**4,308**	**3,421**	**26**	**1,382**	**1,415**	**(2)**	**1,403**	**(1)**

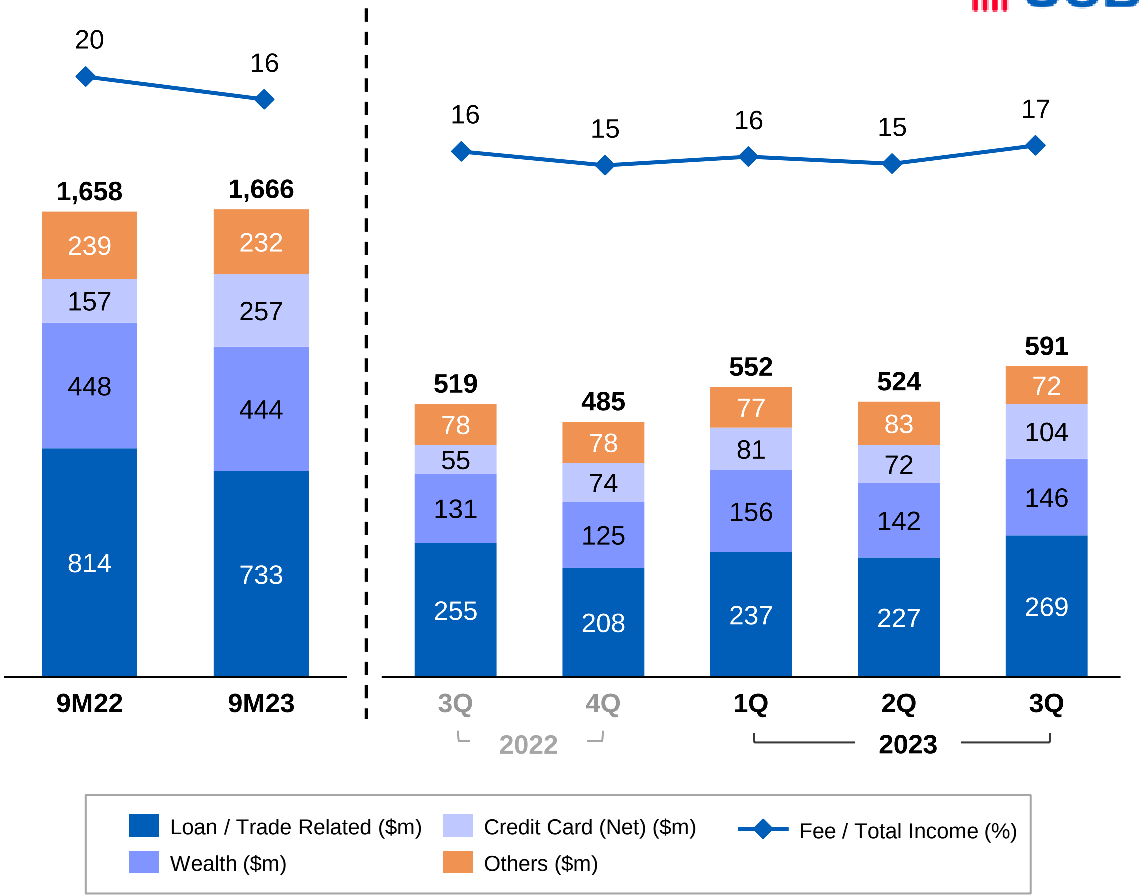
Net Interest Income and Margin

- Higher NII and NIM YoY from higher interest rate environment
- 3Q23 core franchise loan margin expanded to 2.64%, while NIM moderated to 2.09% from lower margin on excess liquidity



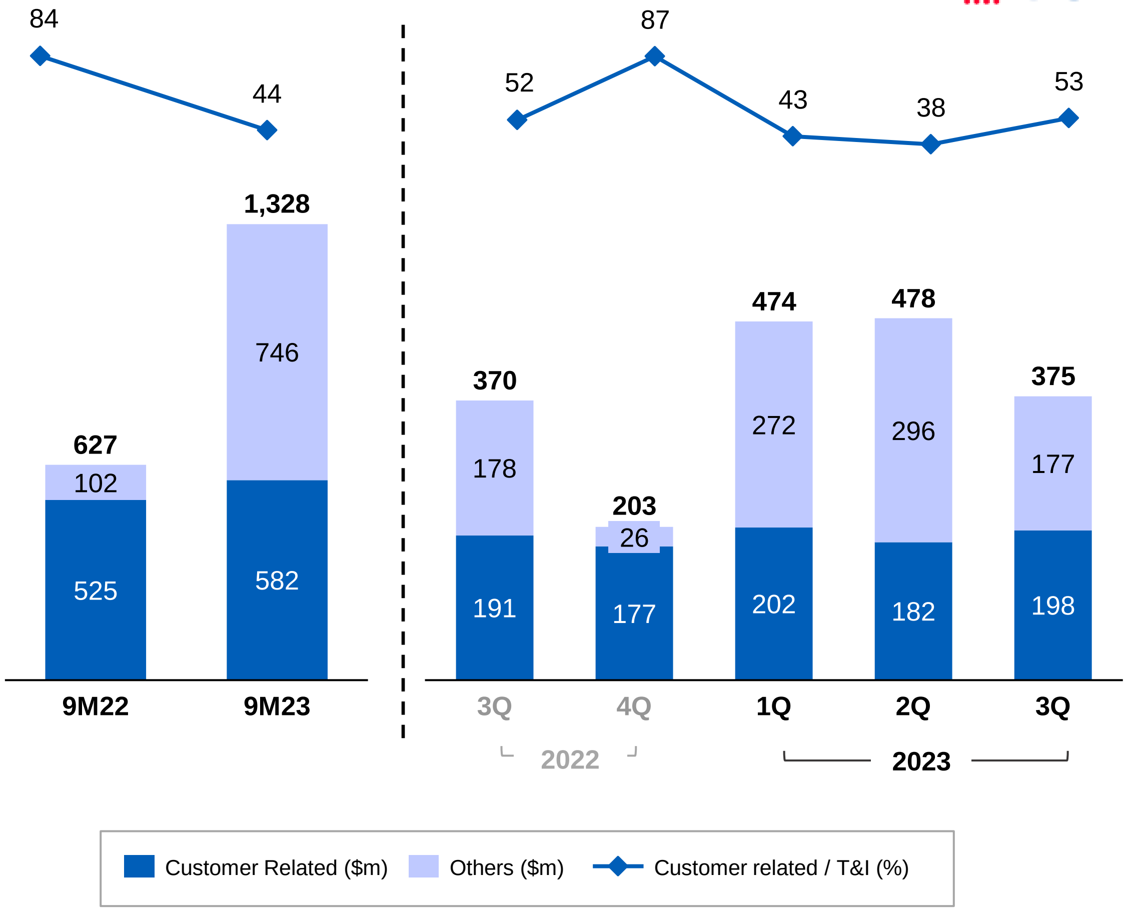
Fee Income

- 3Q23 Net fee income near all-time high
- Credit card fees hit new record while loan-related fees rebounded
- Modest wealth fees recovery amid cautious investor sentiments



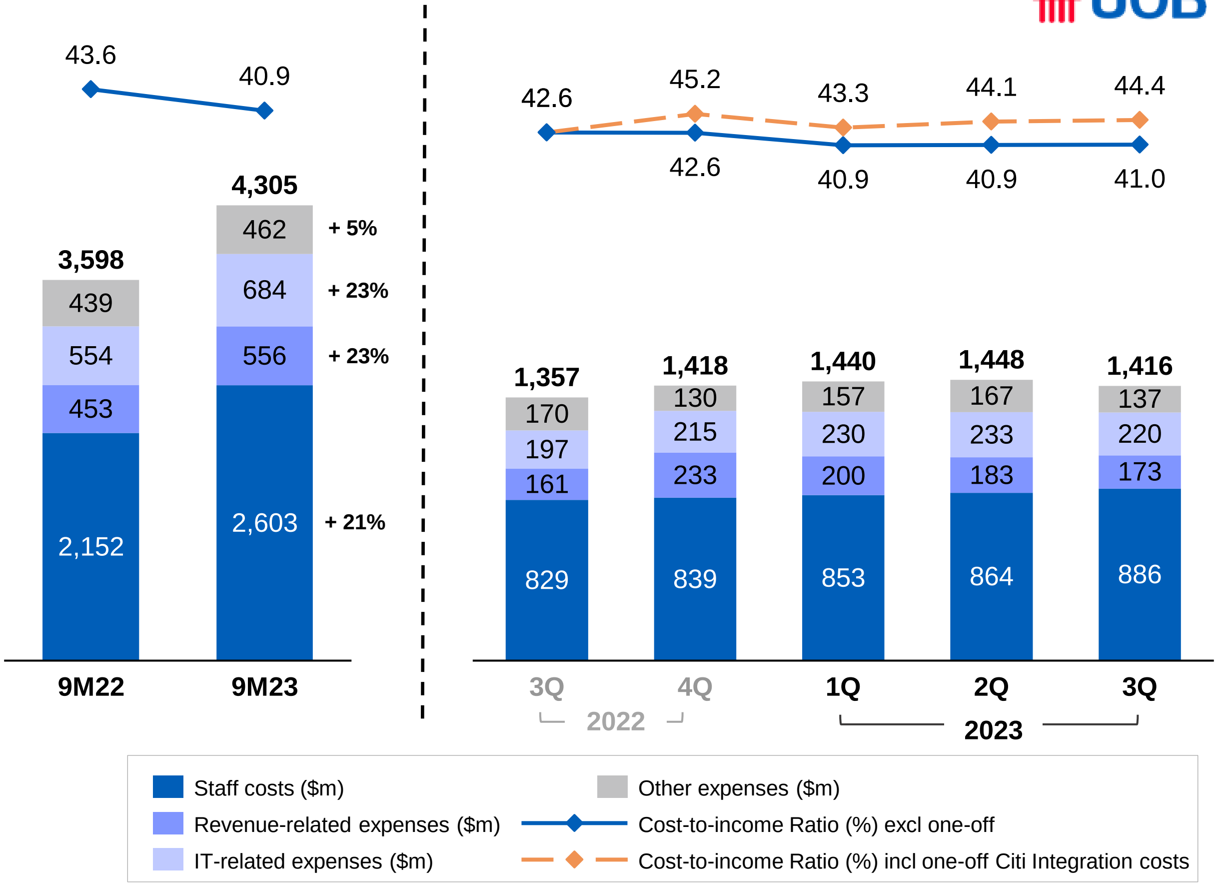
Trading & Investment Income

- Customer-related treasury income sustained momentum
- Trading and liquidity management activities continued to deliver good performance
- Other T&I income affected by valuation volatility on investments



Core Expenses and Cost / Income Ratio (1)

- CIR stable at 41.0%, as expenses kept pace with income growth
- Continued discipline in spending to support strategic investments



(1) Excluding one-off expenses

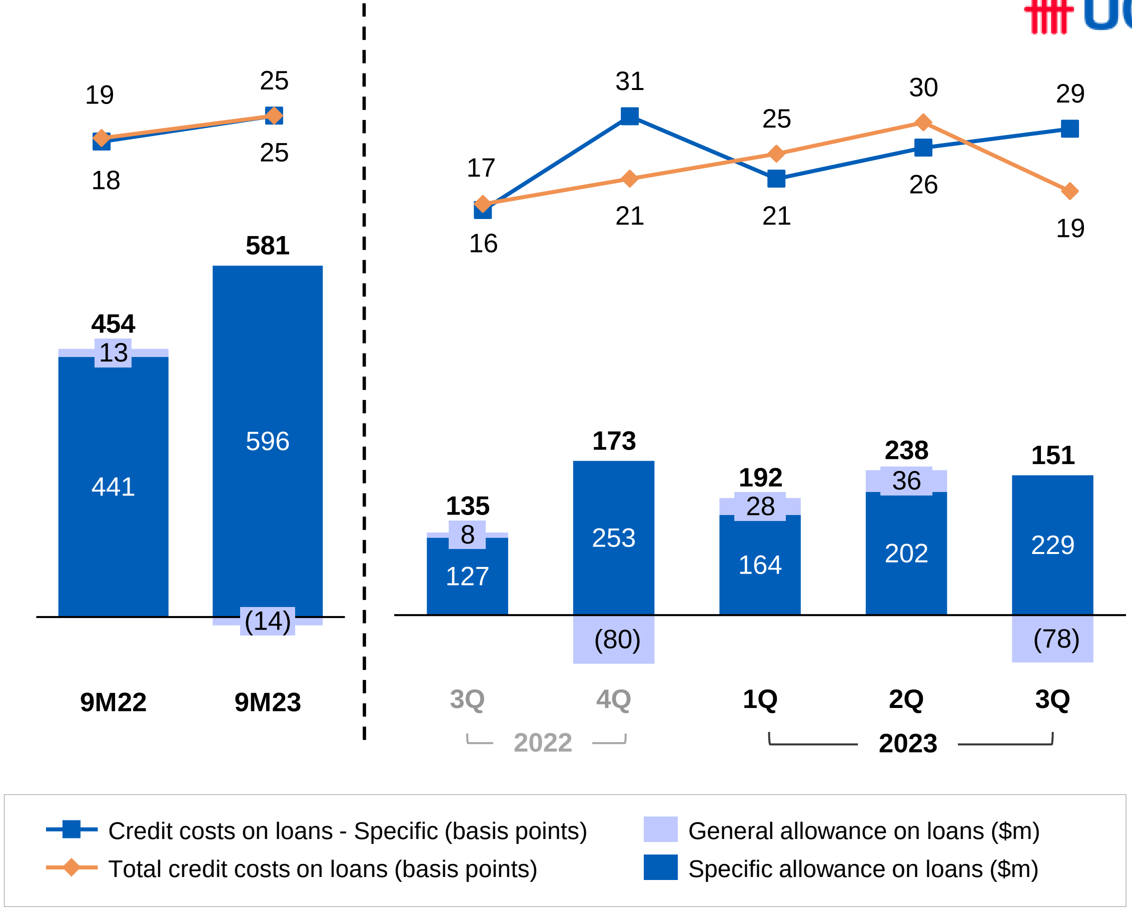
Non-Performing Assets

- Resilient asset quality with lower NPA formation and NPL unchanged at 1.6%
- Credit portfolio well-collateralised with SP/NPA stable at 34%

($m)	2022 3Q	2022 4Q	2023 1Q	2023 2Q	2023 3Q
NPAs at start of period	5,422	5,037	5,127	5,150	5,192
Non-individuals					
New NPAs	214	395	301	364	267
Less:					
Upgrades and recoveries	448	322	80	137	298
Write-offs	60	121	218	65	150
	5,128	4,989	5,130	5,312	5,011
Individuals	(91)	(27)	13	(120)	0
NPAs at end of period	5,037	4,962	5,143	5,192	5,011
Add: Citi acquisition		165	7		
NPAs at end of period including Citi	5,037	5,127	5,150	5,192	5,011
NPL Ratio (%)	1.5	1.6	1.6	1.6	**1.6**
Specific allowance/NPA (%)	33	34	32	33	**34**

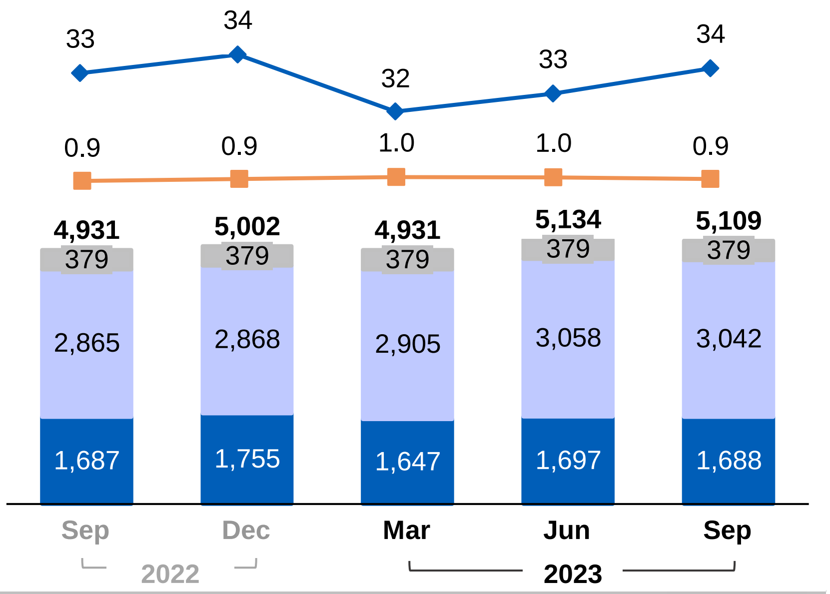
Total Allowance on Loans

- Increase in 3Q23 net credit costs within expectation
- Total credit costs improved to 19 bps from release of general allowance reserves



Allowance Coverage

- Adequate reserve buffer with prudent coverage for performing loans at 0.9%
- NPA coverage remained adequate at 102% or 205% taking collateral into account



	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
NPA coverage (%) [2]	98	98	96	99	**102**
Unsecured NPA coverage (%) [2]	207	207	212	209	**205**

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

- 9M23 Core operating profit surged to $6.2b
- ASEAN-4 benefitted from Citi consolidation
- Overseas contribution at 42% to Group operating profit

Core operating profit [1]	9M23 $m	9M22 $m	YoY +/(-)%	3Q23 $m	2Q23 $m	QoQ +/(-)%
Singapore	**3,605**	2,621	38	**1,188**	1,184	0
ASEAN-4	**1,300**	1,018	28	**389**	446	(13)
Malaysia	**596**	549	8	**184**	188	(2)
Thailand	**537**	291	84	**173**	193	(10)
Indonesia	**155**	166	(6)	**34**	57	(41)
Vietnam	**12**	12	4	**(2)**	8	(>100)
North Asia	**554**	500	11	**211**	190	11
Greater China	**496**	465	7	**186**	172	8
Others	**58**	36	62	**25**	17	45
Rest of the world	**758**	508	49	**253**	273	(8)
Total	**6,217**	4,647	34	**2,041**	2,093	(3)
Overseas contribution (%) [1]	**42.0**	43.6	(1.6)	**41.8**	43.4	(1.6)

(1) Excluding one-off expenses

Gross Loans

- Loans relatively unchanged QoQ and YoY on constant currency basis

	Sep-23 $b	Jun-23 $b	Sep-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**155**	156	165	(1)	(6)
ASEAN-4	**67**	68	62	(1)	9
Malaysia	**32**	32	29	(0)	9
Thailand	**24**	24	20	(0)	21
Indonesia	**10**	10	11	(2)	(13)
Vietnam	**2**	2	2	(3)	14
North Asia	**56**	55	57	1	(2)
Greater China	**51**	52	54	(1)	(5)
Others	**4**	4	3	20	42
Rest of the world	**40**	40	40	0	1
Total	**318**	319	323	(0)	(2)
At constant FX basis	*318*	*318*	*318*	*0*	*0*

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

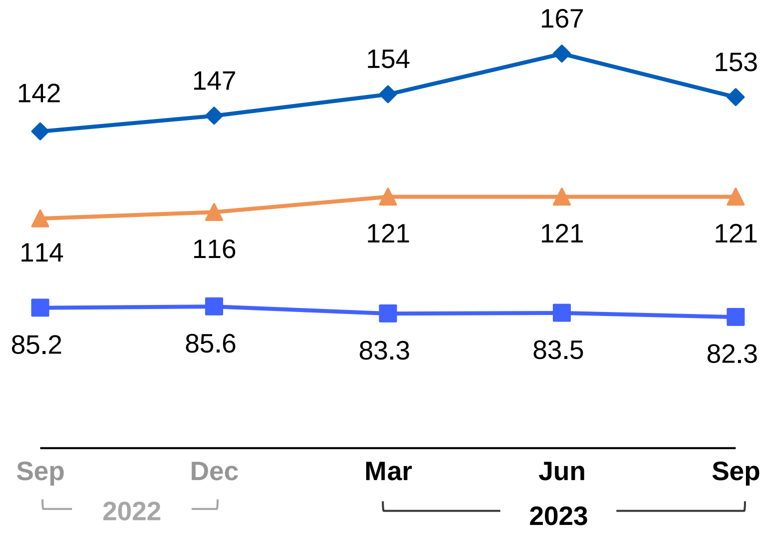
- Customer deposits up 1% QoQ, alongside improved CASA ratio at 48.2%

	Sep-23 $b	Jun-23 $b	Sep-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**262**	261	256	0	2
ASEAN-4	**72**	70	67	2	7
Malaysia	**34**	34	31	1	9
Thailand	**26**	25	22	3	14
Indonesia	**10**	10	11	3	(12)
Vietnam	**2**	2	2	8	7
North Asia	**25**	22	23	12	8
Greater China	**24**	22	23	12	7
Others	**0**	0	0	22	>100
Rest of the world	**24**	24	29	1	(17)
Total Customer Deposits	**382**	377	375	1	2
Wholesale funding (1)	**67**	61	68	10	(2)
Total funding	**448**	437	443	2	1
CASA/Deposit Ratio (%)	**48.2**	47.6	49.8	0.6	(1.6)

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

Liquidity Ratios

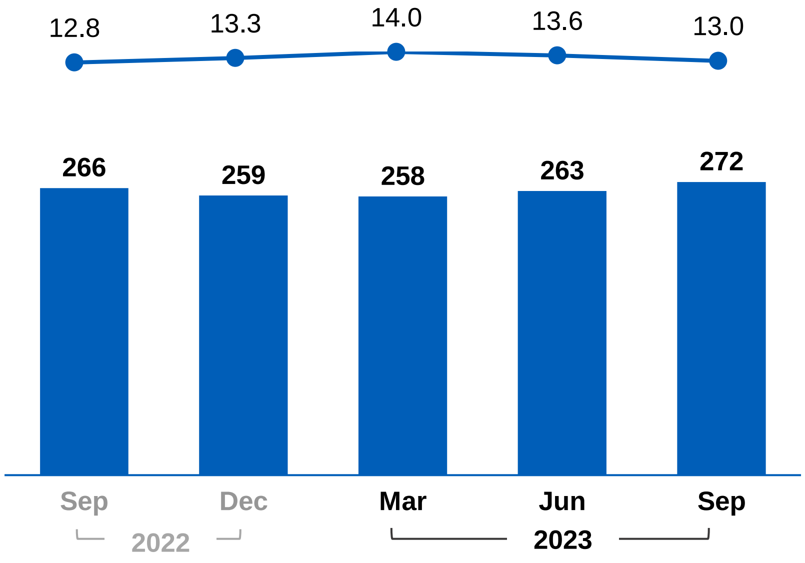
- Funding and liquidity positions remained strong with LCR at 153% and NSFR at 121%



USD LDR (%)	**64.2**	**60.0**	**60.7**	**62.9**	**60.7**

Capital

- Healthy CET1 ratio at 13.0%, post FY23 interim dividend payout

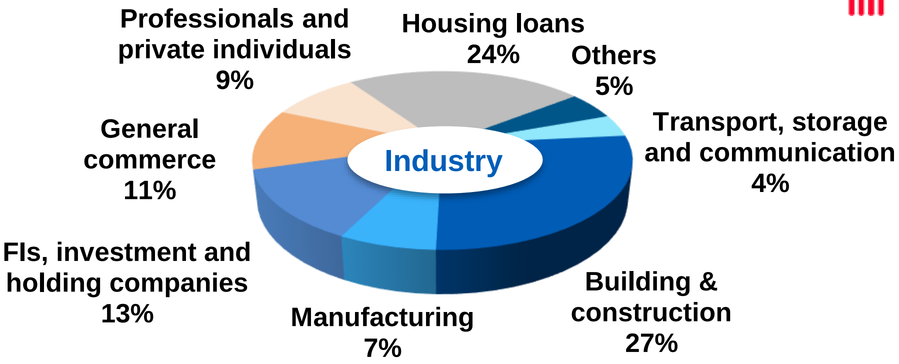


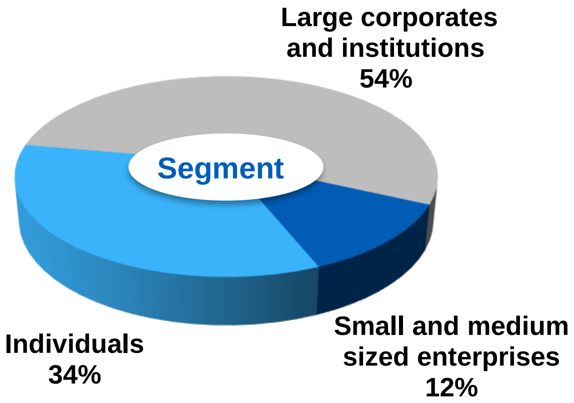
Leverage ratio (%)	6.4	6.6	7.0	7.0	6.8

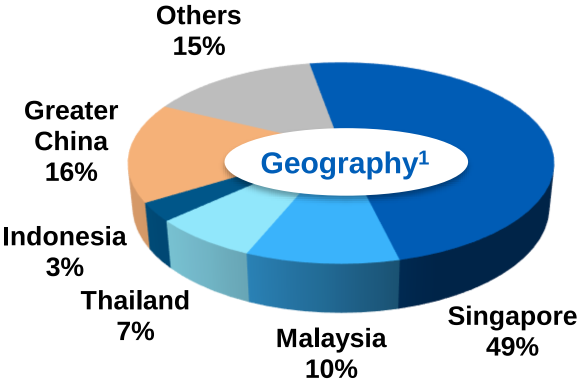
Appendix

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

Diversified Loan Portfolio

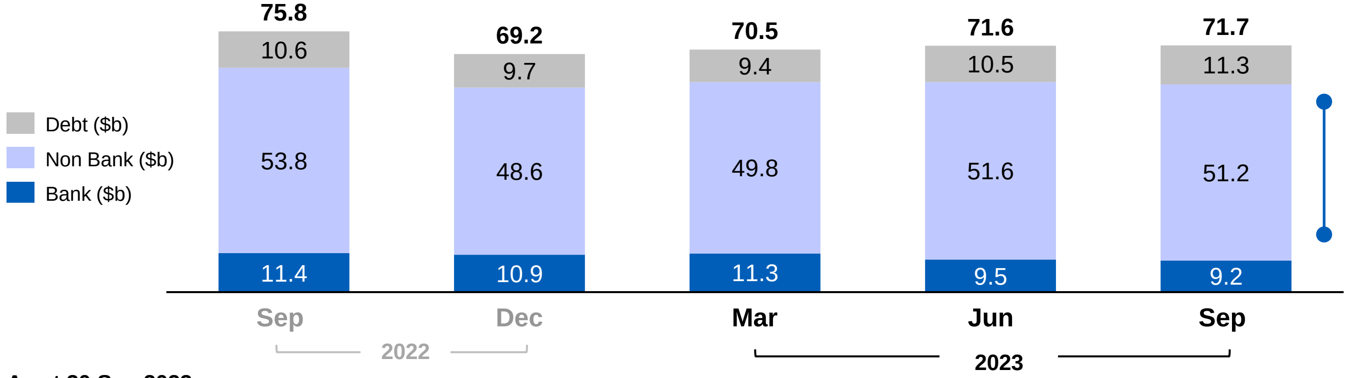






Note: Financial statistics as at 30 September 2023
1. Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

Exposure to Greater China



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

As at 30 Sep 2023:

Mainland China exposure

($23.4b or 5% of total assets)

Bank exposure ($6.8b)

- ~30% 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 ~15% of total bank exposure

Non-bank exposure ($12.2b)

- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~70% denominated in RMB and ~60% with <1 year tenor
- NPL ratio at 0.7%

Hong Kong SAR exposure

($43.5b or 8% of total assets)

Bank exposure ($0.7b)

- ~90% are to foreign banks

Non-bank exposure ($36.8b)

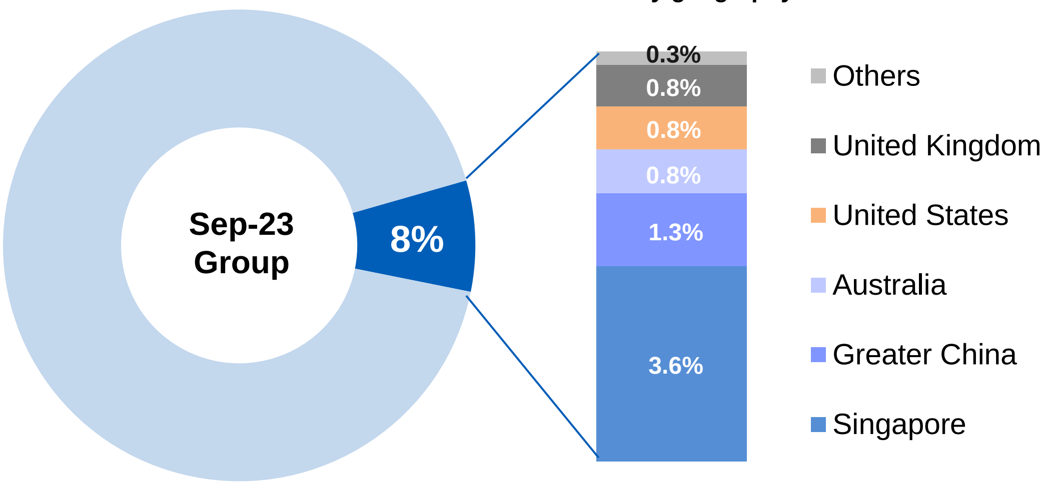
- Exposure mainly to corporate and institutional clients
- ~55% with <1 year tenor
- NPL ratio at 1.4%

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%

Commercial Real Estate - Office exposure is ~8% of loans



Thank You

Right By You