



# UOB Group Financial Updates

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Group Chief Financial Officer

For the First Half / Second Quarter Ended 30 June 2024

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## Key Highlights

- **Second-quarter core net profit stable at \$1.5b**, supported by healthy customer franchise in loan and fee activities while asset quality remained resilient
- **Net interest income rose 2%** to \$2.4b, led by **three basis points increase in net interest margin to 2.05%** on improved funding costs, coupled with loan growth of 2%
- **Fee income near record level**, backed by strong pick up in loan and wealth fees. Trading and investment income normalised from last quarter's exceptional high, with **sustained momentum in customer-related treasury income**
- **Stable credit quality** with NPL ratio unchanged at 1.5% and total credit costs on loans at 24 basis points
- **Strong capital and funding positions** with CET1 ratio at 13.4% as profits accretion supported seasonal dividend payout and asset growth



Core net profit after tax <sup>1</sup>

**\$1.5b** - 5% QoQ  
- 1% YoY

Net Interest Margin

**2.05%** + 0.03%pt QoQ  
- 0.07%pt YoY

Fee Income

**\$618m** + 7% QoQ  
+ 18% YoY

NPL ratio

**1.5%** unchanged QoQ  
- 0.1%pt YoY

CET 1 ratio

**13.4%** - 0.5%pt QoQ  
- 0.2%pt YoY

(1) Excluding one-off expenses

## 2Q24 Core net profit down 5% QoQ to \$1.5 billion

*Healthy client franchise growth while trading and investment income eased from LQ's record high*



	1H24 \$m	1H23 \$m	YoY +/(-)%	2Q24 \$m	1Q24 \$m	QoQ +/(-)%	2Q23 \$m	YoY +/(-)%
Net interest income	4,763	4,846	(2)	2,401	2,362	2	2,437	(1)
Net fee income	1,198	1,075	11	618	580	7	524	18
Other non-interest income	1,038	1,144	(9)	457	581	(21)	581	(21)
<b>Total income</b>	<b>6,998</b>	<b>7,065</b>	<b>(1)</b>	<b>3,476</b>	<b>3,523</b>	<b>(1)</b>	<b>3,542</b>	<b>(2)</b>
Less: Total expenses	2,926	2,889	1	1,452	1,475	(2)	1,448	0
<b>Operating profit</b>	<b>4,072</b>	<b>4,177</b>	<b>(3)</b>	<b>2,024</b>	<b>2,048</b>	<b>(1)</b>	<b>2,093</b>	<b>(3)</b>
Less: Amortisation of intangible assets	13	10	34	7	7	(4)	5	32
Less: Allowance for credit and other losses	395	534	(26)	232	163	43	365	(36)
Add: Associate & Joint Venture	56	51	11	31	26	21	26	21
<b>Core net profit</b>	<b>3,054</b>	<b>3,084</b>	<b>(1)</b>	<b>1,489</b>	<b>1,566</b>	<b>(5)</b>	<b>1,507</b>	<b>(1)</b>
Less: One-off expenses								
- Citi integration costs (net of tax)	143	159	(10)	64	79	(19)	92	(30)
<b>Net profit (including one-off expenses)</b>	<b>2,912</b>	<b>2,925</b>	<b>(0)</b>	<b>1,425</b>	<b>1,487</b>	<b>(4)</b>	<b>1,415</b>	<b>1</b>

# Healthy growth across business franchise



## Income by business segment

	1H24	1H23	YoY
	\$'m	\$'m	
Group Retail	2,695	2,711	(1%)
Group Wholesale Banking	3,415	3,570	(4%)

## Group Retail

Tapping on rising affluence in Southeast Asia on enlarged franchise



**+18%**

increase<sup>1</sup> in **CASA** balance



**+11%**

pickup<sup>1</sup> in **card billings** across ASEAN markets



**+27%**

growth<sup>1</sup> in **wealth management** income<sup>4</sup>, with AUM at \$182b

## Group Wholesale Banking

Amid intense competition for quality assets, underlying franchise delivered growth backed by roll-out of regional platforms



**+7%**

YoY growth in **CASA**, with ASEAN-4<sup>2</sup> growing at 13%<sup>3</sup>



**+9%**

YoY growth in **trade** loans, with ASEAN-4<sup>2</sup> growing at 16%<sup>3</sup>

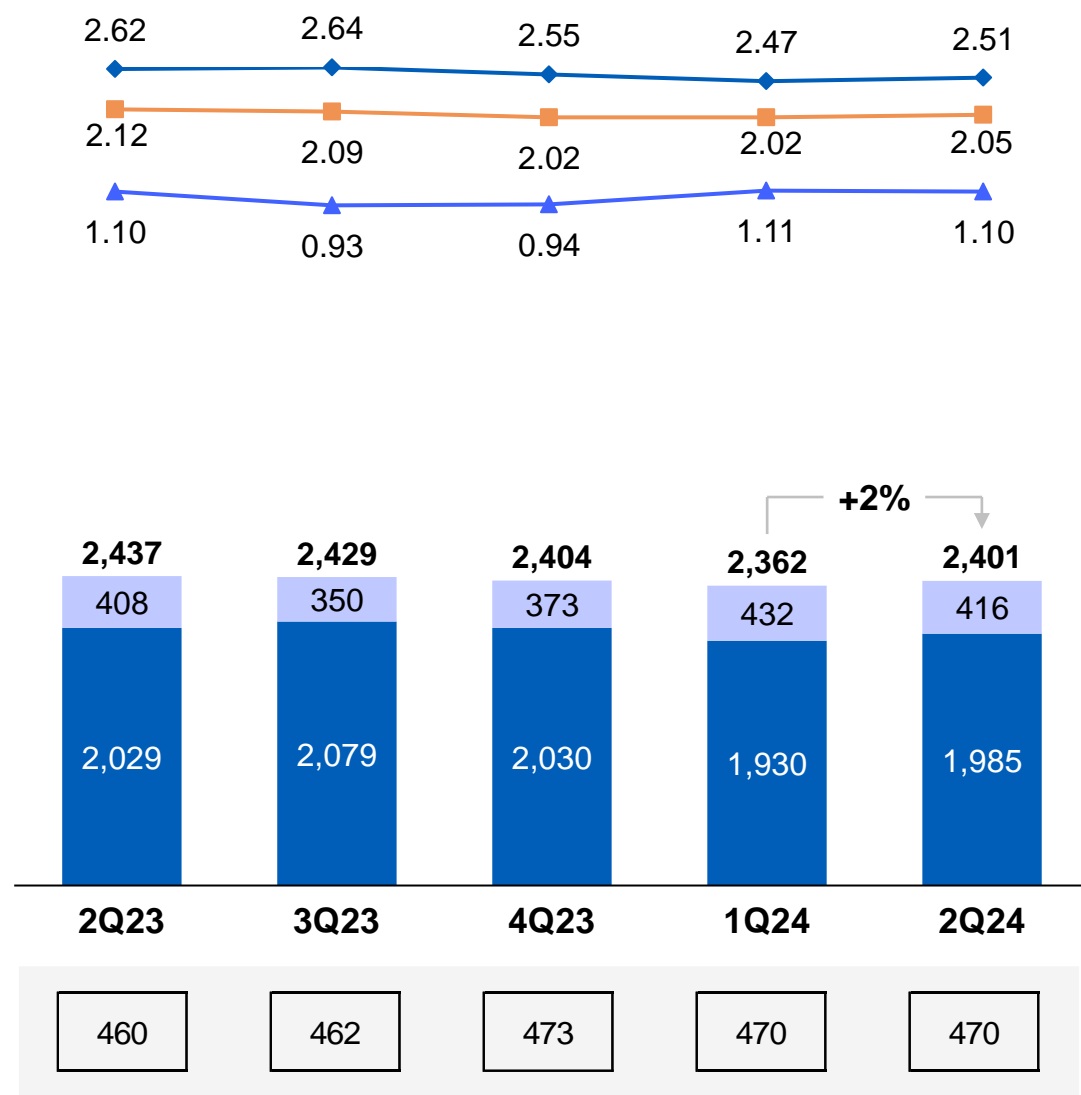
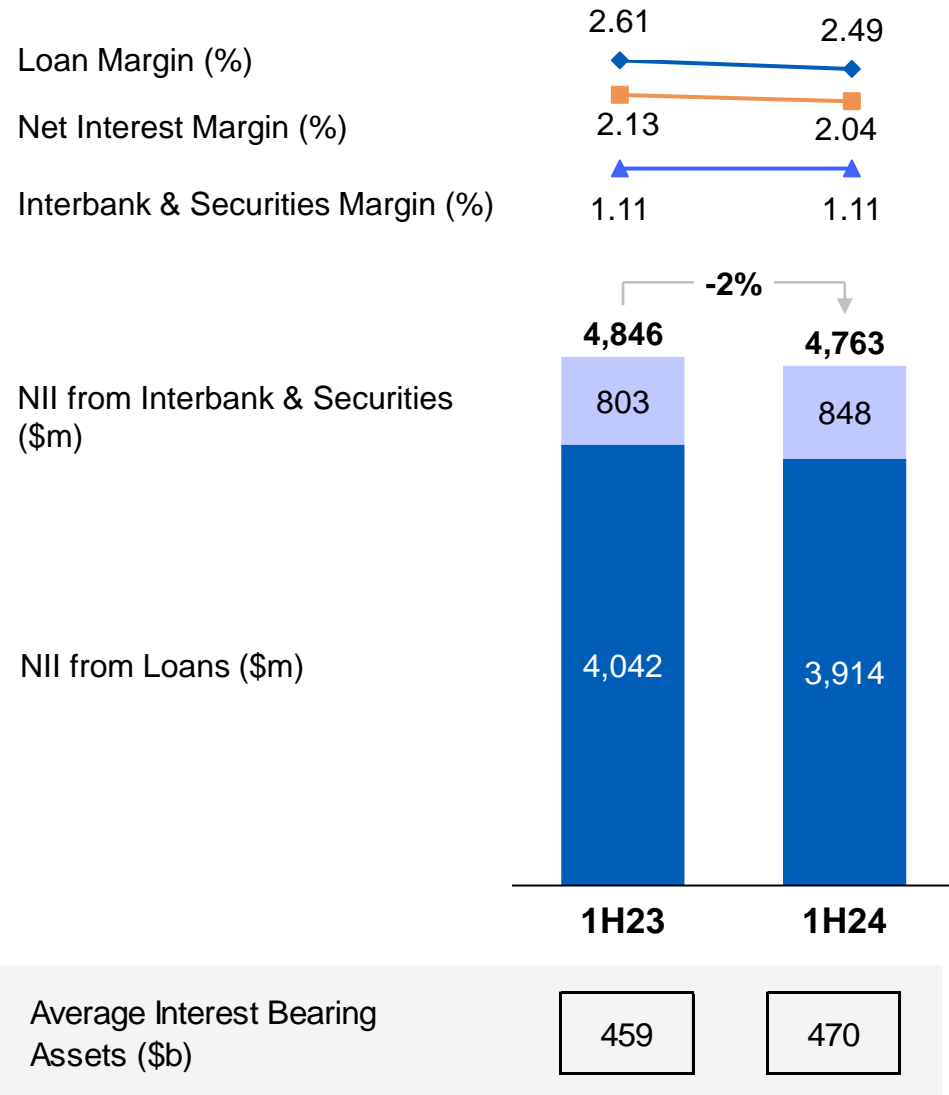


**65%**<sup>5</sup>

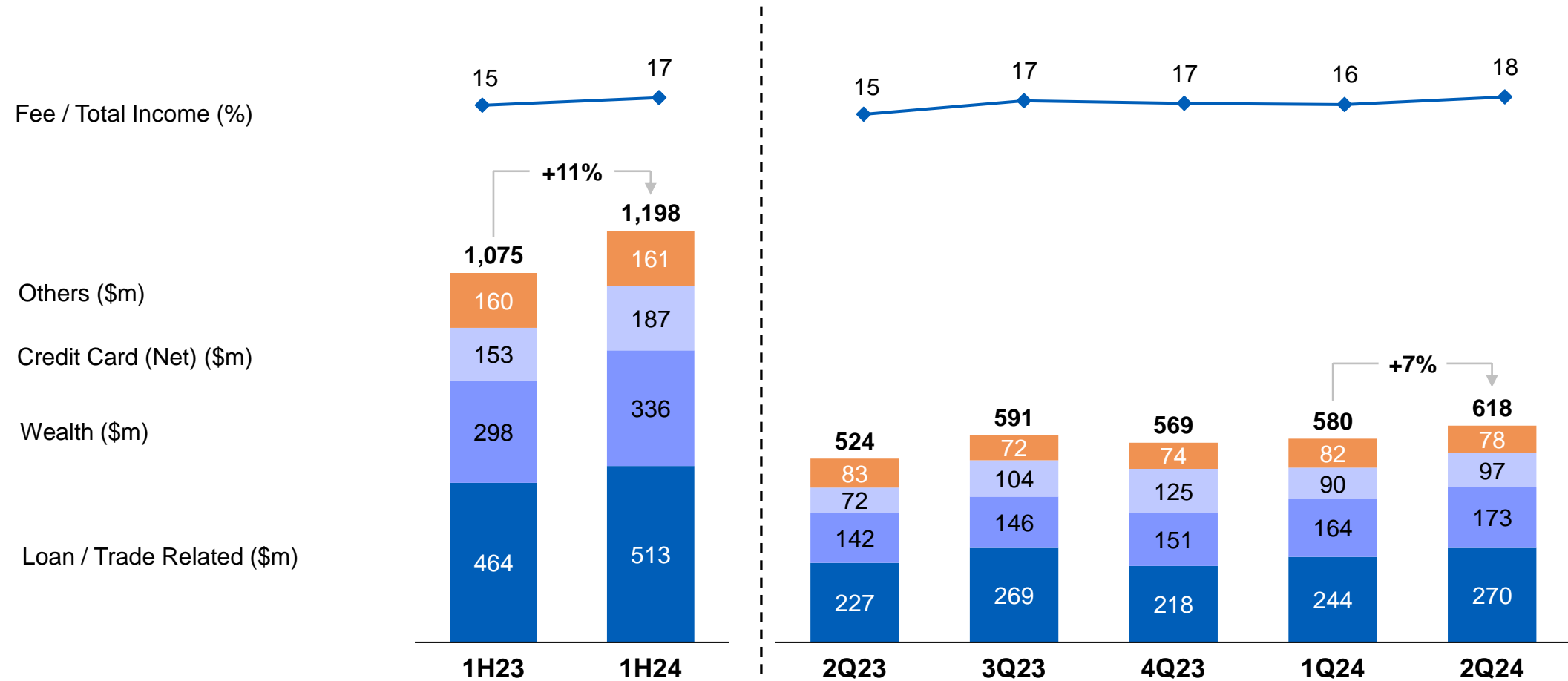
income contribution to **GWB** from **non-real estate sectors**, with ASEAN-4 at 83%<sup>5</sup>

1. Represents year-on-year growth for 1H24
2. ASEAN-4 comprises Indonesia, Malaysia, Thailand and Vietnam
3. Constant-currency growth rate
4. Comprises wealth management fees and income jointly recognised with Global Markets
5. Based on YTD May 2024; excludes Business Banking

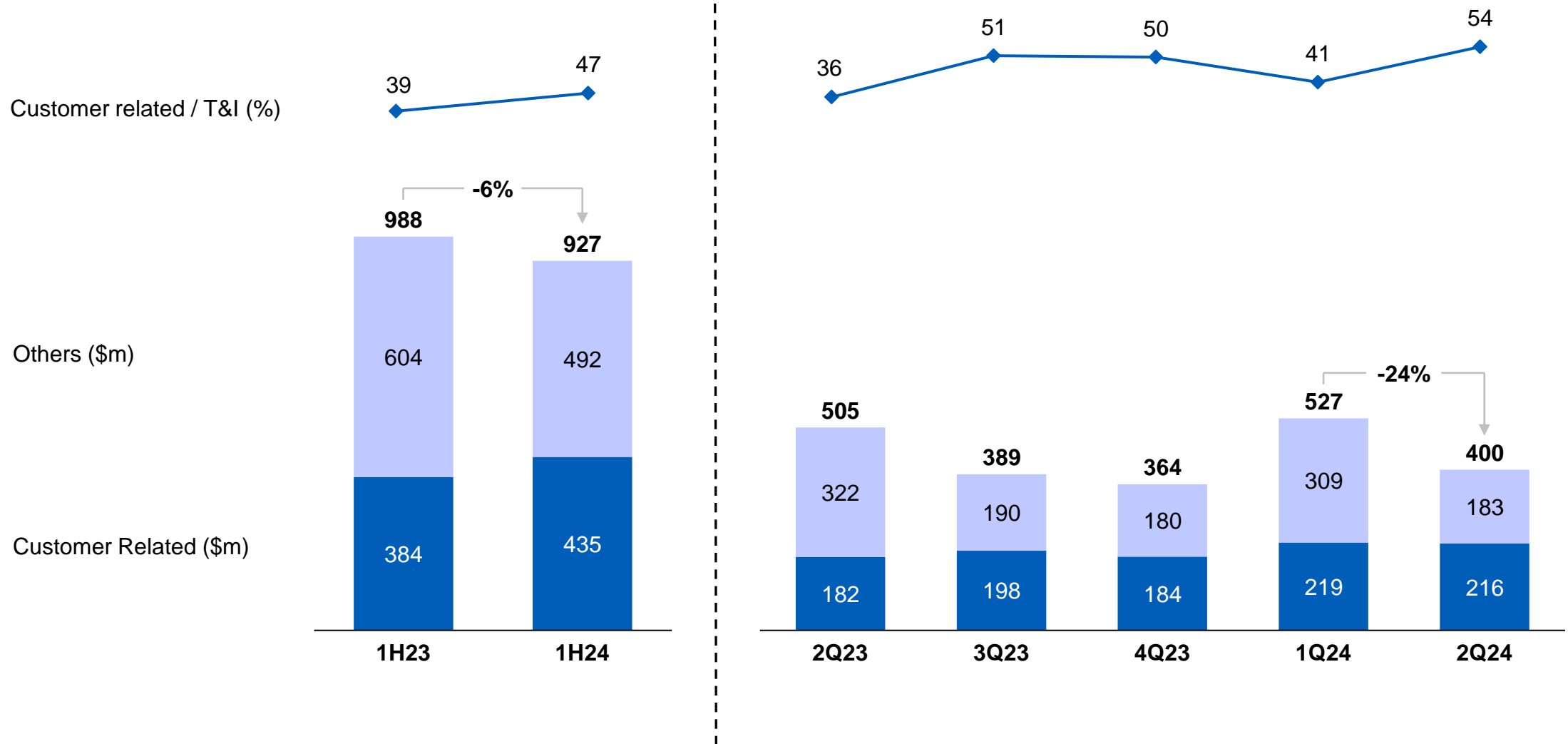
# NIM improved 3bps to 2.05% as loan margin widened



# 2Q24 fees near record high, backed by strong pick up in loan and wealth



# Customer-related treasury income sustained momentum, while non-customer T&I eased from last quarter all-time high

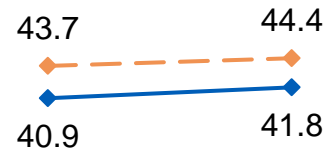


# Marginal increase in 1H24 core expenses on tight cost discipline

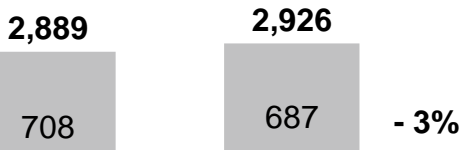


Cost-to-income Ratio (%)

- incl one-off Citi
- excl one-off Citi



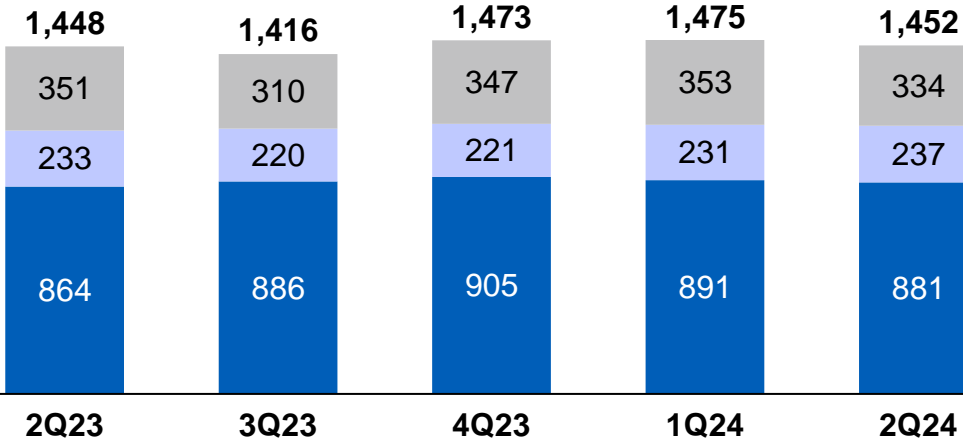
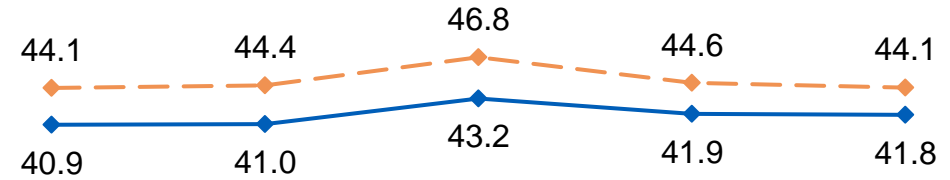
Other expenses (\$m)



IT-related expenses (\$m)



Staff costs (\$m)



(1) Excluding one-off expenses



## Asset quality broadly stable with NPL ratio unchanged at 1.5%



(\$m)	2Q23	3Q23	4Q23	1Q24	2Q24
<b>NPAs at start of period</b>	5,150	5,192	5,011	4,946	5,051
<u>Non-individuals</u>					
New NPAs	364	267	389	249	438
Less:					
Upgrades and recoveries	137	298	288	183	289
Write-offs	65	150	218	34	238
	5,312	5,011	4,894	4,979	4,962
Individuals	(120)	0	38	72	(10)
<b>NPAs at end of period</b>	5,192	5,011	4,932	5,051	4,952
Add: Citi acquisition			14		
<b>NPAs at end of period including Citi</b>	5,192	5,011	4,946	5,051	4,952
<b>NPL Ratio (%)</b>	1.6	1.6	1.5	1.5	1.5

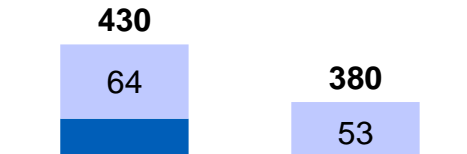
# Prudent reserve build with total credit costs at 24bps



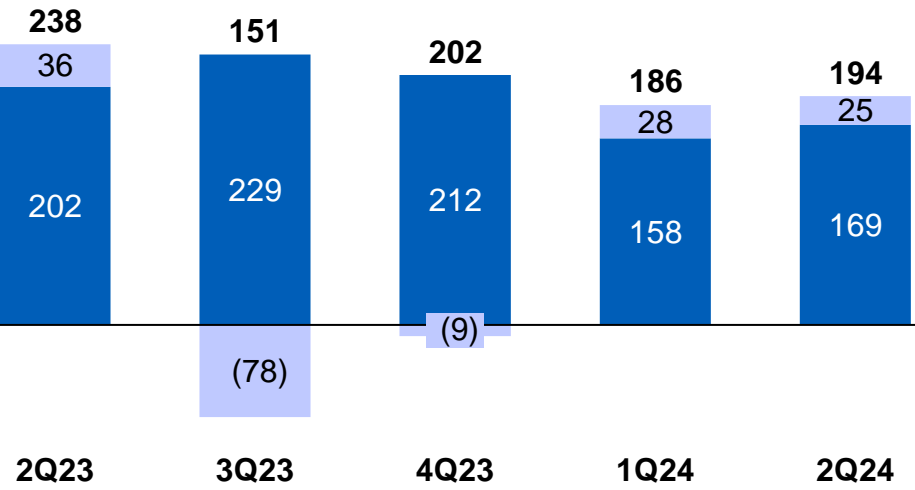
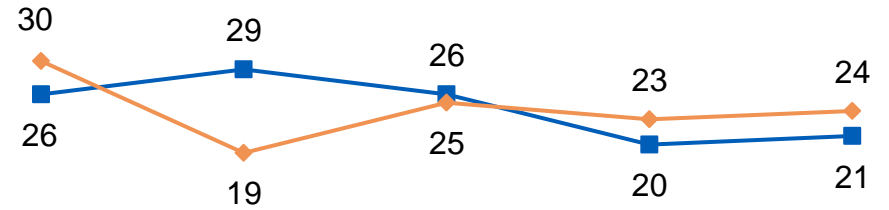
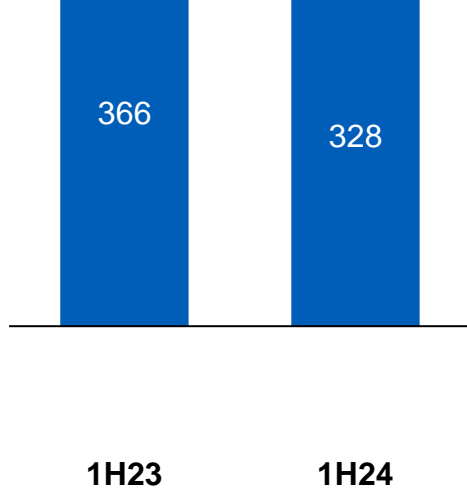
Total credit costs (bps)  
Specific credit costs (bps)



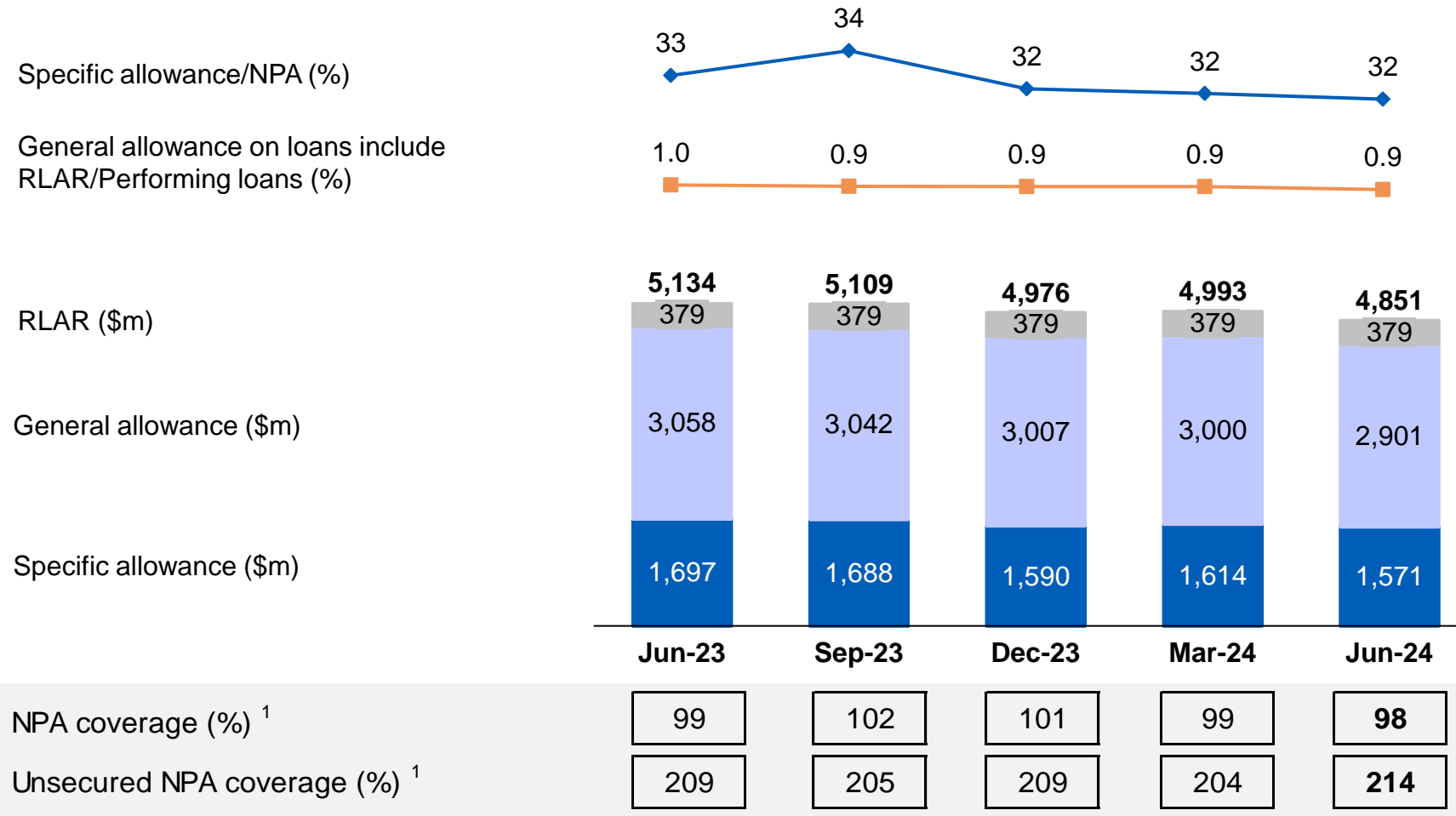
General allowance on loans (\$m)



Specific allowance on loans (\$m)



# Provision coverage remains healthy

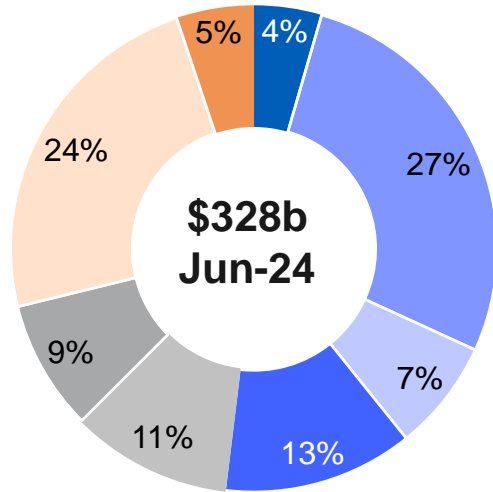


(1) Includes RLAR (Regulatory loss allowance reserve) as part of total allowance

# Continued signs of recovery in loan demand, driven by both trade and mortgages

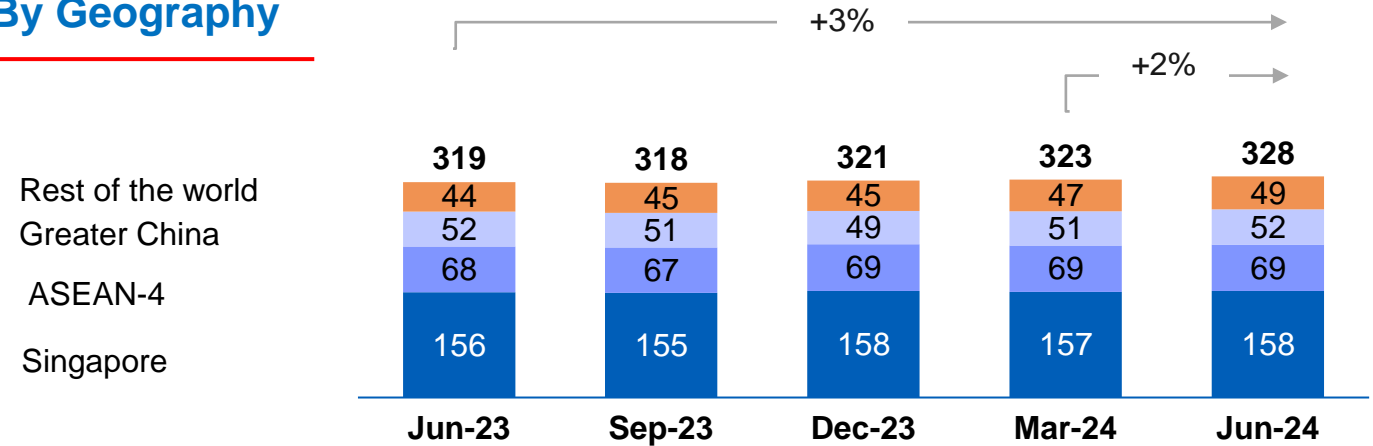


## By Industry



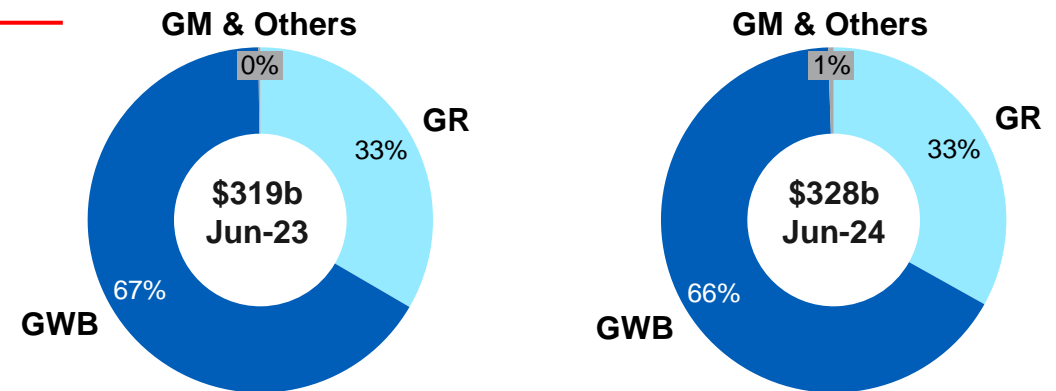
- Transport, storage and communication
- Building and construction
- Manufacturing
- FIs, investment and holding companies
- General commerce
- Professionals and private individuals
- Housing loans
- Others

## By Geography

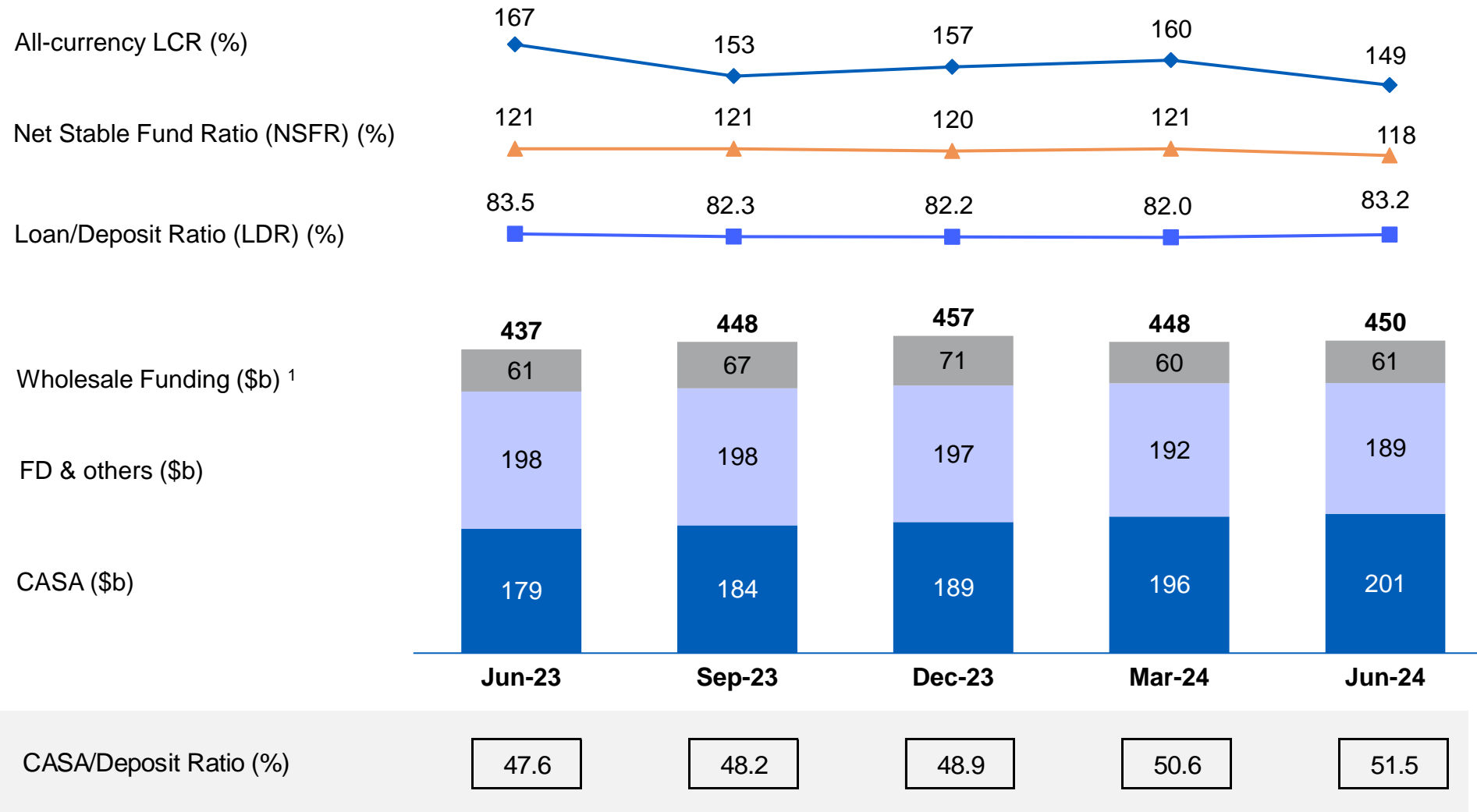


Note: Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

## By Segment

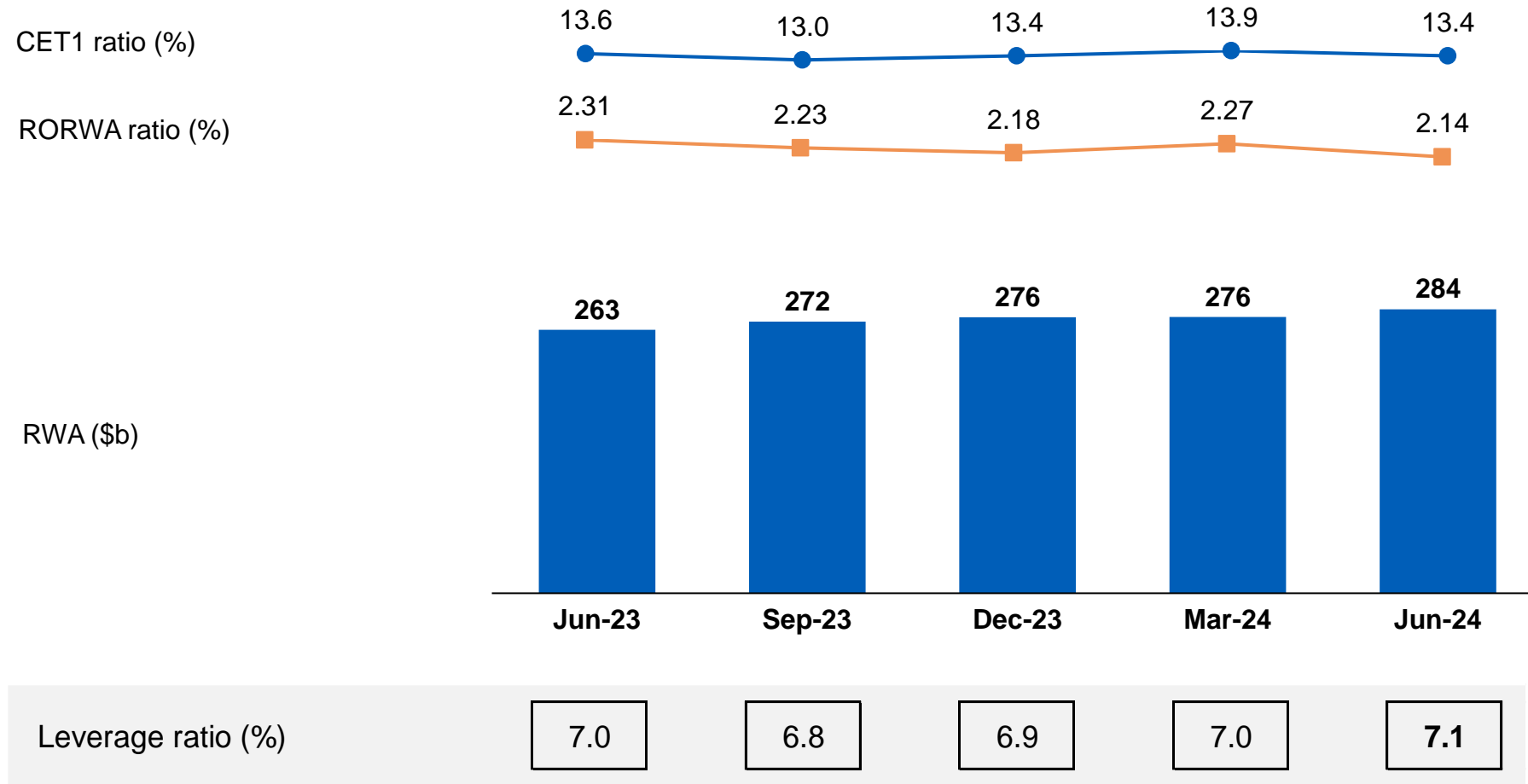


# Sound liquidity and funding base with CASA growth supported by successful promotional campaigns



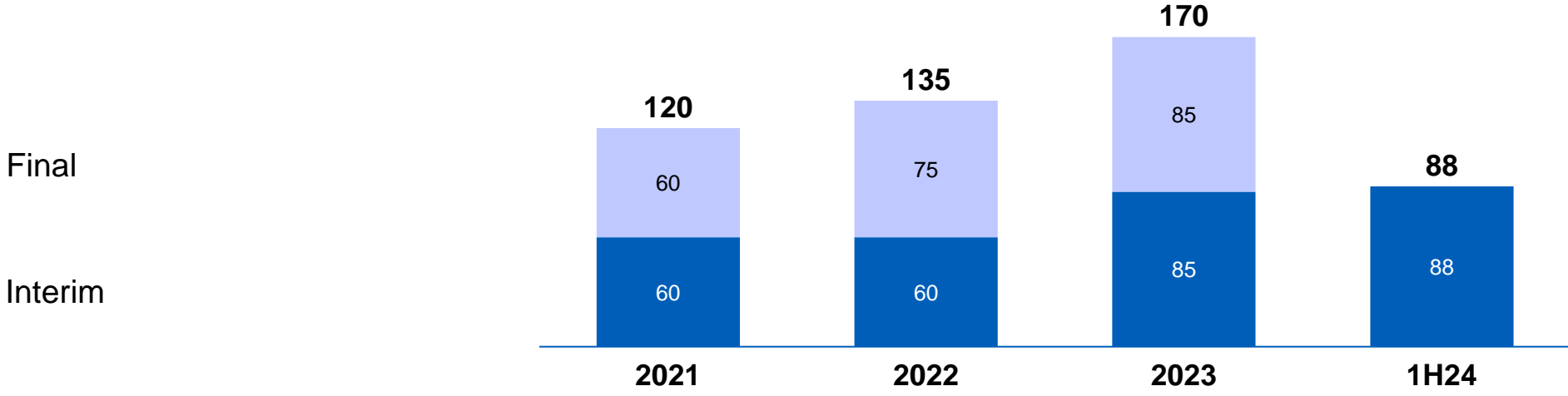
(1) Comprising debt issuances, perpetual capital securities and interbank liabilities.

# CET1 ratio remains healthy at 13.4%



# Interim dividend increased to 88 cents per share

Net dividend  
Per ordinary share (¢)



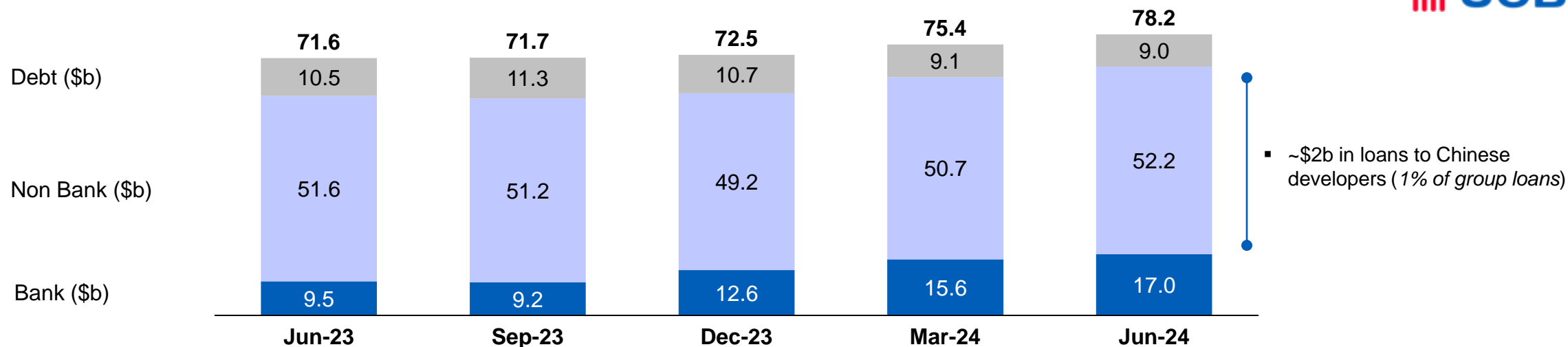
Payout amount (\$m)	2,011	2,263	2,846	1,473
Payout ratio (%)	49	49	50	51

# Appendix

- **Exposure to Greater China**
- **Exposure to Commercial Real Estate - Office**



# Exposure to Greater China



## Mainland China

### Bank exposure (\$13.1b)

- ~45% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~80% of total bank exposure
- ~100% with <1 year tenor; trade accounts for ~5% of total bank exposure

### Non-bank exposure (\$11.7b)

- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~65% denominated in RMB and ~60% with <1 year tenor
- NPL ratio at 3.0%

## Hong Kong SAR

### Bank exposure (\$1.8b)

- ~80% are to foreign banks

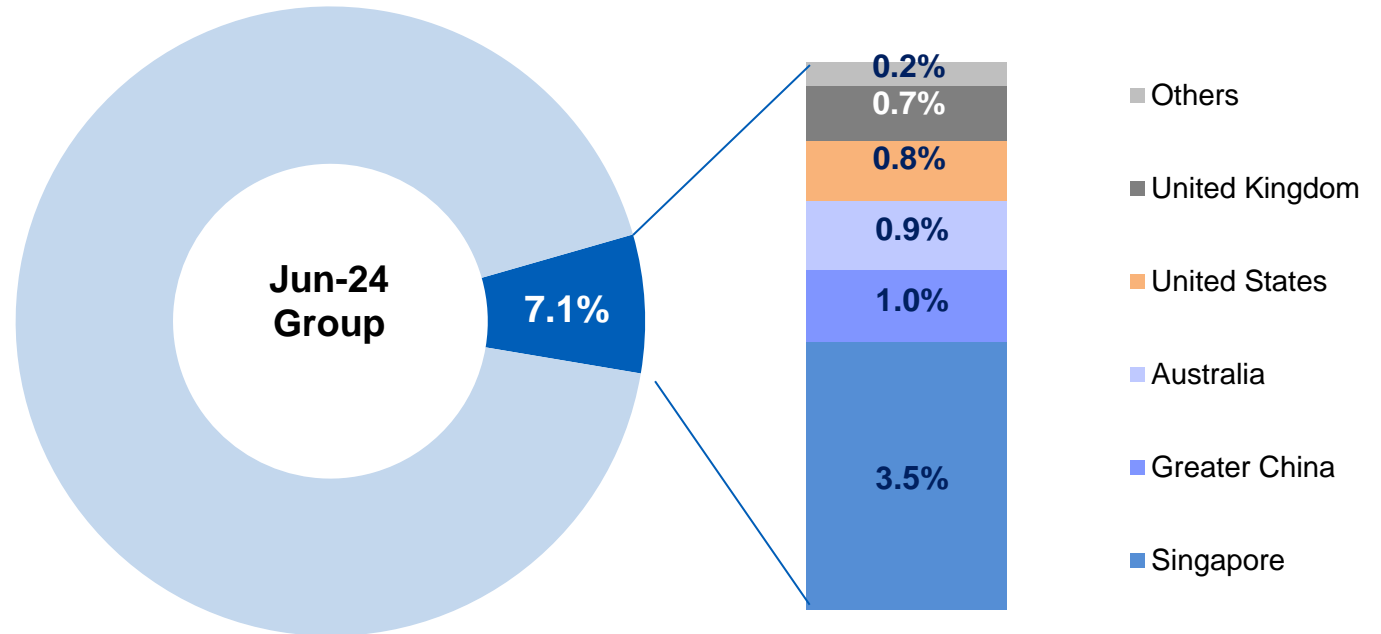
### Non-bank exposure (\$36.3b)

- Exposure mainly to corporate and institutional clients
- ~60% with <1 year tenor
- NPL ratio at 1.9%

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

Commercial Real Estate - Office exposure is 7.1% of loans



- 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%

**Thank You**



**Right By You**