UOB Group Financial Updates

Lee Wai Fai
Group Chief Financial Officer

For the Financial Year / Fourth Quarter Ended 31 December 2022

Financial Highlights

	FY22	4Q22
Core operating profit [1]	**$6.6b** + 20% YoY	**$1.9b** + 5% QoQ
Core net profit [1]	**$4.8b** + 18% YoY	**$1.4b** No change QoQ
Core Cost/Income ratio [1]	**43.3%** - 0.8%pt YoY	**42.6%** No change QoQ
Credit costs	**20bps** No change YoY	**21bps** + 4 bps QoQ

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

Customer loans
$320b
- 1% QoQ
+ 3% YoY

NSFR
116%
+ 2%pt QoQ
No change YoY

CET 1 ratio
13.3%
+ 0.5%pt QoQ
- 0.2%pt YoY

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Full year core earnings up 18% to a new high of $4.8b boosted by strong NII and stable asset quality

- Including one-off expenses, net profit was $4.6b for FY22 and $1.2b for 4Q22
- 4Q22 NII grew 15% to a new record, driven by 27 bps uplift in NIM
- Positive momentum in credit cards fees from higher customer spends and boosted by Citi consolidation. Wealth and loan fees were muted amid a softer quarter
- Asset quality remained resilient with NPL ratio at 1.6%, including Citi. FY total credit costs maintained at 20bps
- Loans grew 5% YoY and unchanged QoQ on constant currency basis
- Healthy CET1 ratio at 13.3%, post Citi acquisition
- Proposed final dividend increased 25% to 75 cents per share

(1) Excluding one-off expenses

Well-timed acquisition complementing the ASEAN strategy

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Financial impact so far

Positive boost to income drivers

~10bps
lift in NIM

~20%
growth in card fees

Costs[1] in tandem with income

Mid-40%
CIR

Asset quality stable

Mid-single digit
within expectation

Our 2026 Promise

- Group to remain well capitalised
- ROE > 13%
- RoRWA > 2%
- Maintain dividend payout ratio of 50%

(1) Excluding one-time expenses

Integration progress

- Completed the acquisition of Citigroup's consumer portfolio in Malaysia and Thailand on 1 Nov 2022
- Indonesia and Vietnam to come onboard in 2023

Well-positioned to compete with a larger consumer banking franchise

- Business momentum sustained and profit accretive
- ASEAN-4 income mix closer to 30% mark

Income and ASEAN franchise augmented by Citi

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Accelerate growth in customer base

+1.3m

net customers addition from Citi Malaysia and Thailand

Digitally-enabled customers

>80%

of customers have either mobile or internet banking

Strong cards player in region

2x

Citi customers' average spend per credit card vs industry

Augment wealth franchise

~20%

Lift from Citi on assets under management in Malaysia and Thailand

Stronger regional contribution

	Pre-Acquisition[1]		Post-Acquisition[1]
ASEAN-4 mix of Group income (%)	25	+ 4% pt	29

1. In Nov and Dec 2022

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 >70% are digitally enabled

>800k
New to bank customers acquired, 55% are 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

30
Strategic multi-markets partnerships, amongst >1,000 in-country partnerships

+25%
Year on year growth in credit card fees

Leverage data insights to drive Omni-channel Offerings

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

S$154b
Assets under management (AUM)[1,2]
▲ 11% 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

+12%
Cross border income[1]; Formed 28% of GWB income

+29%
Suppliers and distributors[2] within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+21%
Income from Real Estate & Hospitality sectors[1]

+25%
Global Financial Institutions Group income[3]

Deepening Digitalisation

For secure and efficient transactions

+85%
Cashless payments to businesses in the region[3]

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

1. Year on year growth in 2022. 2. As of YTD Nov '22. 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 Segment

- Retail supported by campaign-led deposit growth and wider margin, alongside stronger credit card activities, partly moderated by softer wealth income
- Wholesale driven by margin expansion and higher client activities across investment banking, transaction banking and treasury customer flows
- Global Markets impacted by steeper rise in funding costs which more than offset yields on securities, while non-interest income doubled, contributed by gains from foreign exchange and commodity trading

Operating Profit [1]	2022 $m	2021 $m	YoY +/(-) %	4Q22 $m	3Q22 $m	QoQ +/(-) %
Group Retail [1]	**2,085**	1,698	23	**692**	572	21
Group Wholesale Banking	**4,672**	3,689	27	**1,218**	1,273	(4)
Global Markets	**301**	374	(20)	**(18)**	98	(>100)

(1) Excluding one-off expenses

Performance by Geography

- FY22 performance improved across most markets
- Continued momentum in QoQ growth across Singapore and ASEAN
- Well connected overseas franchise continue to provide customers support on cross border activities, coupled with uplift from Citi consolidation; overseas contribution at 42% to Group operating profit

Core operating profit [1]	2022 $m	2021 $m	YoY +/(-)%	4Q22 $m	3Q22 $m	QoQ +/(-)%
Singapore	**3,824**	2,805	36	**1,204**	1,078	12
Rest of Southeast Asia	**1,427**	1,327	8	**404**	386	5
Malaysia	**744**	689	8	**195**	216	(10)
Thailand	**425**	407	5	**135**	98	37
Indonesia	**233**	221	5	**67**	62	8
Vietnam	**17**	4	>100	**5**	7	(26)
Others	**8**	6	44	**3**	3	21
North Asia	**670**	605	11	**170**	180	(6)
Greater China	**626**	568	10	**162**	169	(4)
Others	**44**	36	21	**8**	11	(25)
Rest of the world	**637**	740	(14)	**134**	183	(26)
Total	**6,559**	5,476	20	**1,912**	1,827	5
Overseas contribution (%) [1]	**41.7**	48.8	(7.1)	**37.0**	41.0	(4.0)

(1) Excluding one-off expenses

Financial Highlights

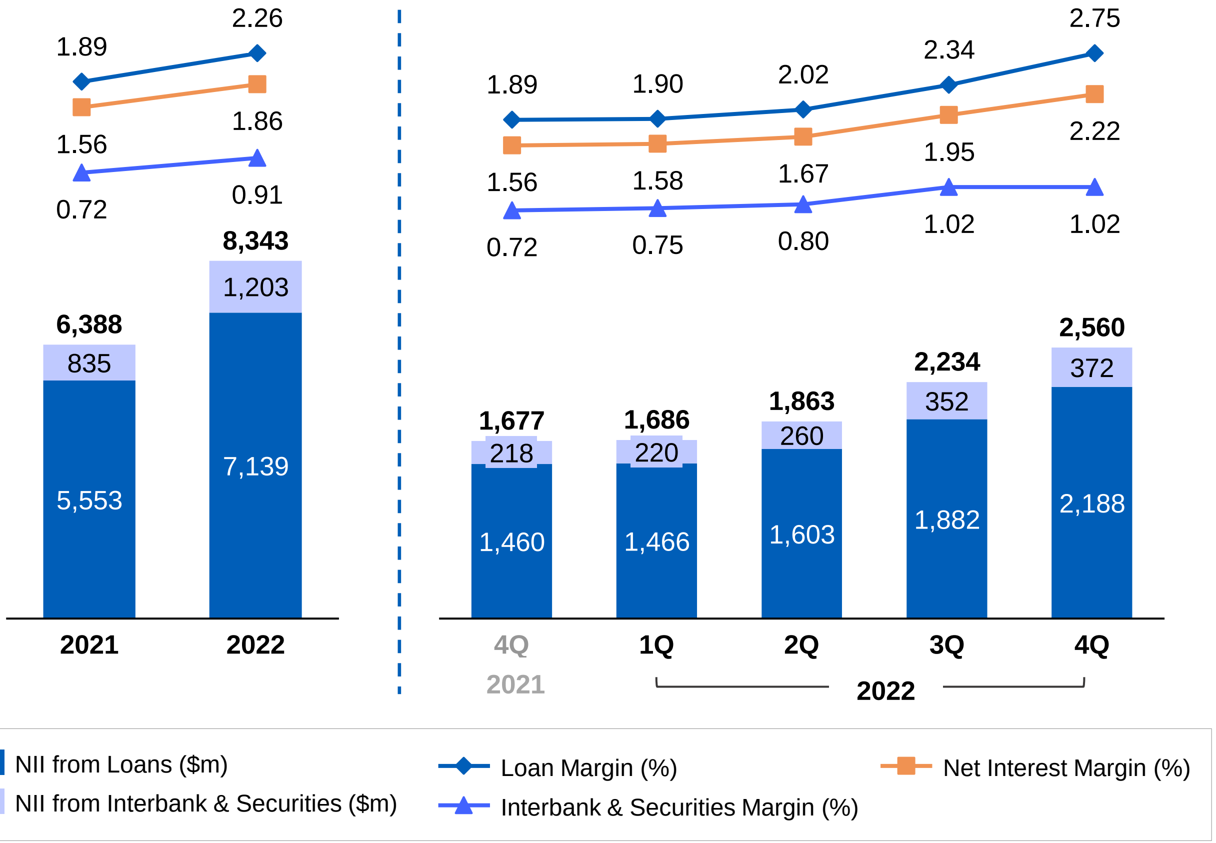
- Core FY profits rose 18% to a new high of $4.8b, boosted by record NII from strong margin expansion. This was partly offset by lower wealth and fund management fees as investor sentiments remained subdued

- 4Q22 profits down 18% QoQ on one-off expenses. Excluding one-off expenses, profits largely flat alongside seasonally softer quarter

	2022 $m	2021 $m	YoY +/(-)%	4Q22 $m	3Q22 $m	QoQ +/(-)%	4Q21 $m	YoY +/(-)%
Net interest income	8,343	6,388	31	2,560	2,234	15	1,677	53
Net fee income	2,143	2,357	(9)	485	519	(7)	580	(16)
Others	1,089	1,044	4	285	431	(34)	177	62
Total income	**11,575**	**9,789**	**18**	**3,330**	**3,184**	**5**	**2,434**	**37**
Less: Total expenses	5,016	4,313	16	1,418	1,357	4	1,095	29
Operating profit	**6,559**	**5,476**	**20**	**1,912**	**1,827**	**5**	**1,339**	**43**
Less : Amortisation of intangible assets	3	-	NM	3	-	NM	-	NM
Less: Impairment charge	603	657	(8)	184	104	78	112	65
Add: Assoc & JV	97	118	(17)	28	18	59	19	50
Net profit	**4,819**	**4,075**	**18**	**1,398**	**1,403**	**(0)**	**1,017**	**37**
Less: One-off expenses								
- Citi integration costs (net of tax)	70	-	NM	70	-	NM	-	NM
- Stamp Duty	176	-	NM	176	-	NM	-	NM
Net profit (including one-off expenses)	**4,573**	**4,075**	**12**	**1,152**	**1,403**	**(18)**	**1,017**	**13**

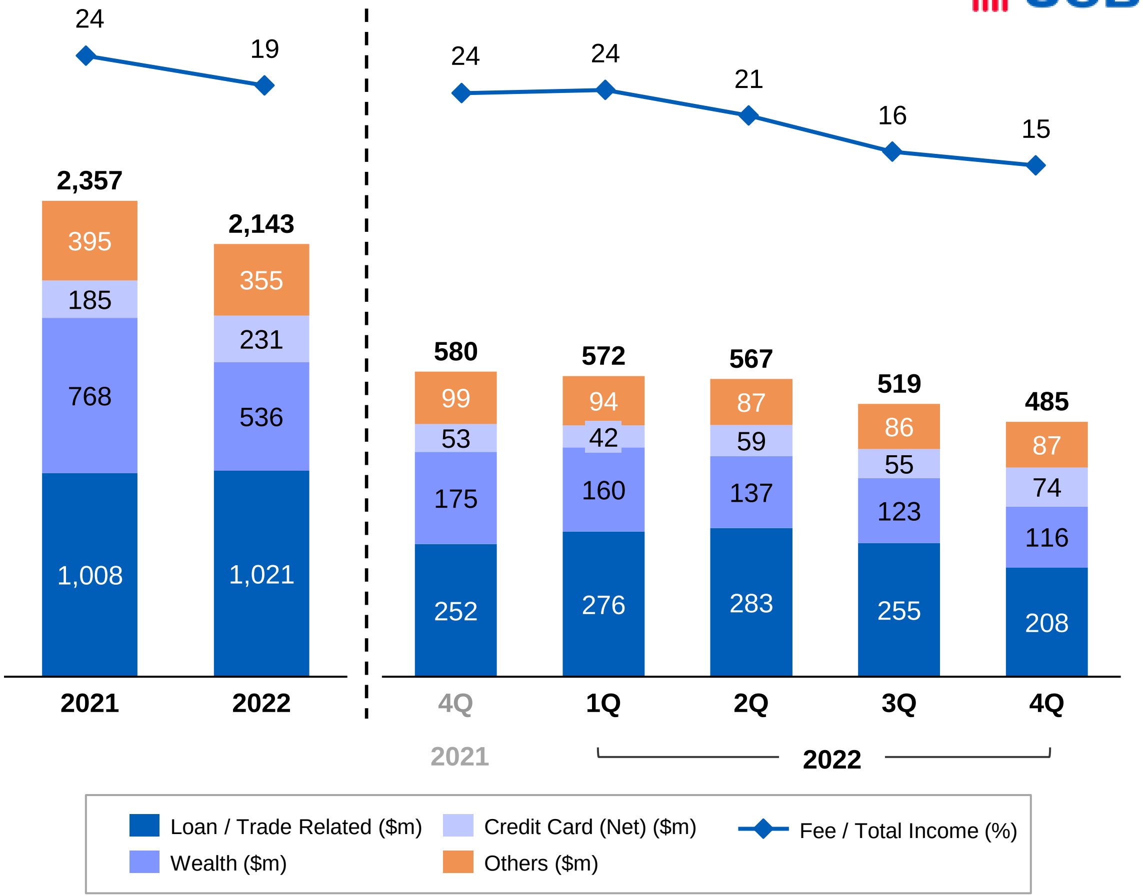
Net Interest Income and Margin

- 4Q22 NII reached new high, up 15% QoQ boosted by continued NIM expansion (+27bps)
- FY NII grew 31% YoY as NIM widened 30bps on aggressive rate hikes and healthy loan momentum



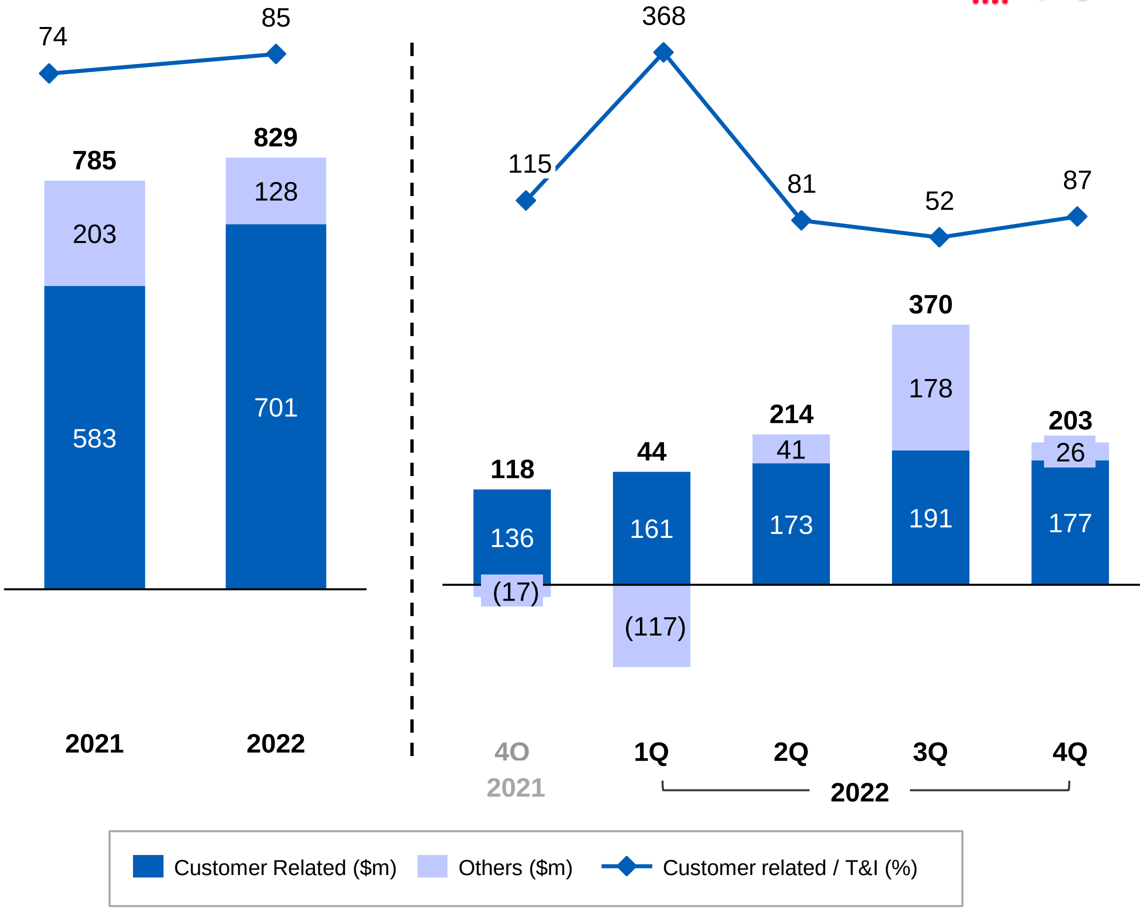
Fee Income

- Stellar performance in credit card activities in FY22 and 4Q22 from higher customer spends and boosted by Citi consolidation
- Wealth and fund management fees eased as investors sentiments remained subdued alongside seasonally softer quarter



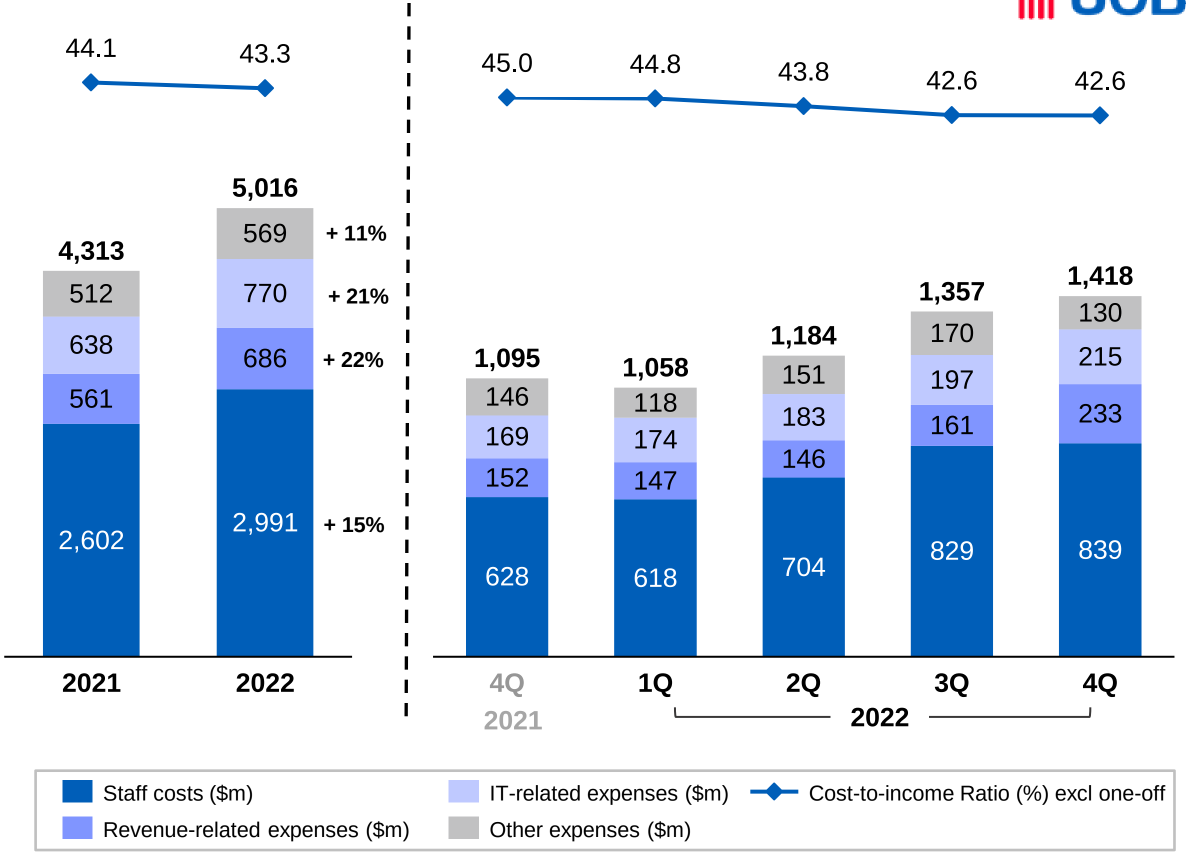
Trading & Investment Income

- Customer related treasury income grew 20% year on year driven by hedging demands
- Others affected by valuation headwinds



Core Expenses and Cost / Income Ratio [(1)]

- FY22 CIR improved to 43.3% on the back of strong income growth and disciplined spending
- Continued focus on strategic investments in people and technology to enhance capabilities and improve customer experience



(1) Excluding one-off expenses

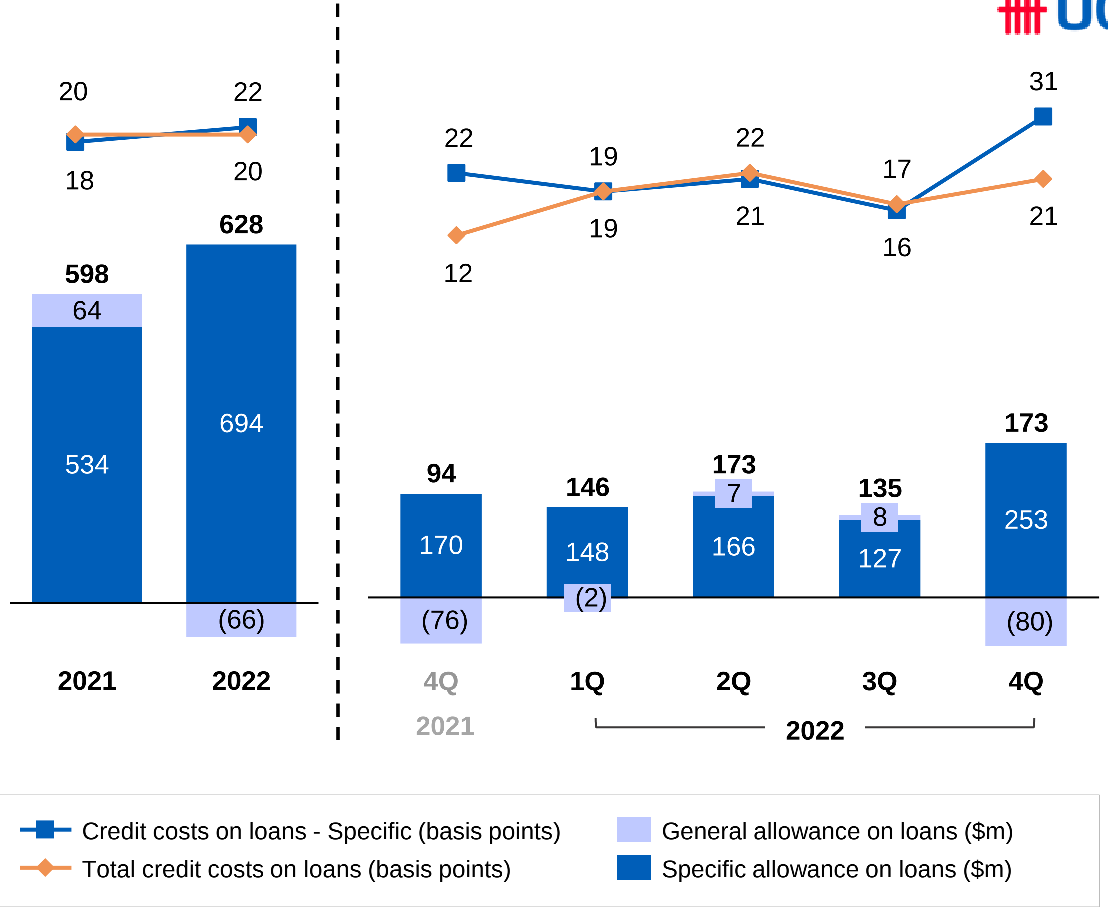
Non-Performing Assets

- Asset quality remained resilient with NPL ratio increasing slightly to 1.6% this quarter
- SP/NPA stable at 34%

($m)	2021 4Q	2022 1Q	2022 2Q	2022 3Q	2022 4Q
NPAs at start of period	4,772	5,077	5,289	5,422	5,037
Non-individuals					
New NPAs	670	462	661	214	395
Less:					
Upgrades and recoveries	172	207	363	448	322
Write-offs	205	36	123	60	121
	5,065	5,296	5,464	5,128	4,989
Individuals	12	(7)	(42)	(91)	(27)
NPAs at end of period	5,077	5,289	5,422	5,037	4,962
Add: Citi acquisition	-	-	-	-	165
NPAs at end of period including Citi	5,077	5,289	5,422	5,037	5,127
NPL Ratio (%)	1.6	1.6	1.7	1.5	**1.6**
Specific allowance/NPA (%)	31	31	30	33	**34**

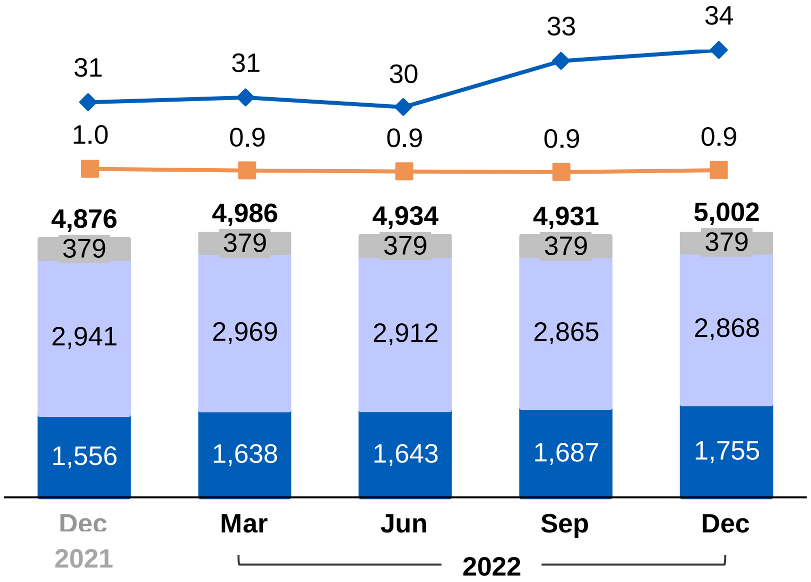
Total Allowance on Loans

- FY22 credit costs at 20bps
- 4Q22 credit costs higher due mainly to higher specific allowance on a few non-systemic accounts



Allowance Coverage

- Adequate reserve buffer with prudent coverage for performing loans at 0.9%
- NPA coverage remained adequate at 98% or 207% taking collateral into account



	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022
NPA coverage (%) [2]	96	94	91	98	**98**
Unsecured NPA coverage (%) [2]	239	216	185	207	**207**

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

- Loan relatively unchanged QoQ and YoY growth of 5% on constant currency basis
- Broad based YoY growth across most territories
- Consolidation of Citi added 11% to ASEAN loan book in 4Q22

	Dec-22 $b	Sep-22 $b	Dec-21 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**160**	165	158	(3)	2
Rest of Southeast Asia	**69**	63	63	11	9
Malaysia	**33**	29	30	13	12
Thailand	**23**	20	21	20	13
Indonesia	**10**	11	10	(9)	(1)
Vietnam	**2**	2	2	(8)	(0)
Others	**1**	1	1	(3)	(2)
North Asia	**52**	57	53	(9)	(2)
Greater China	**49**	54	49	(10)	(0)
Others	**3**	3	4	(4)	(26)
Rest of the world	**38**	39	37	(2)	3
Total	**320**	323	311	(1)	3
At constant FX basis	*320*	*320*	*305*	*(0)*	*5*

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

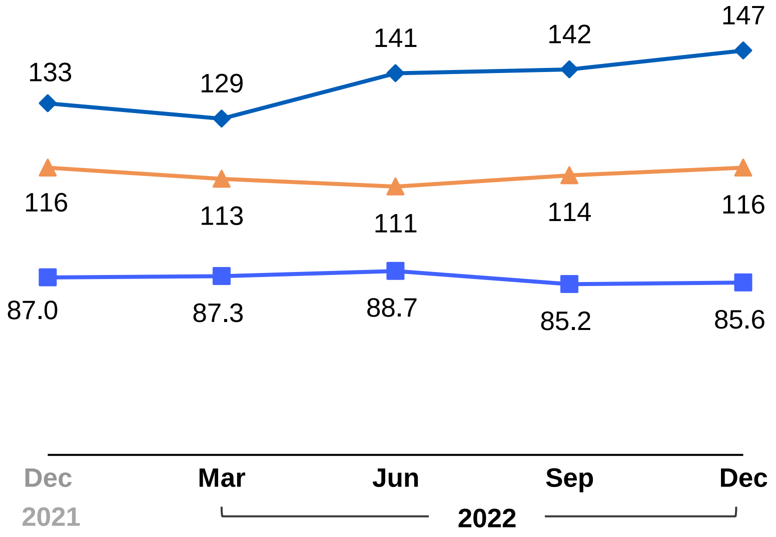
- Continue to focus on stable funding
- CASA ratio at 47.5%, largely due to campaign-led fixed deposit growth

	Dec-22 $b	Sep-22 $b	Dec-21 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**249**	256	240	(3)	4
Rest of Southeast Asia	**71**	67	67	6	7
Malaysia	**34**	31	32	8	6
Thailand	**26**	22	22	15	17
Indonesia	**10**	11	9	(13)	3
Vietnam	**1**	2	3	(34)	(60)
Others	**0**	0	0	6	17
North Asia	**21**	23	24	(8)	(13)
Greater China	**21**	23	24	(8)	(13)
Others	**0**	0	0	53	21
Rest of the world	**27**	28	22	(3)	24
Total Customer Deposits	**369**	375	353	(2)	5
Wholesale funding [(1)]	**68**	68	52	0	31
Total funding	**436**	443	405	(1)	8
CASA/Deposit Ratio (%)	**47.5**	49.8	56.2	(2.3)	(8.7)

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

Liquidity Ratios

- Liquidity and funding positions strengthened with LCR at 147% and NSFR at 116%



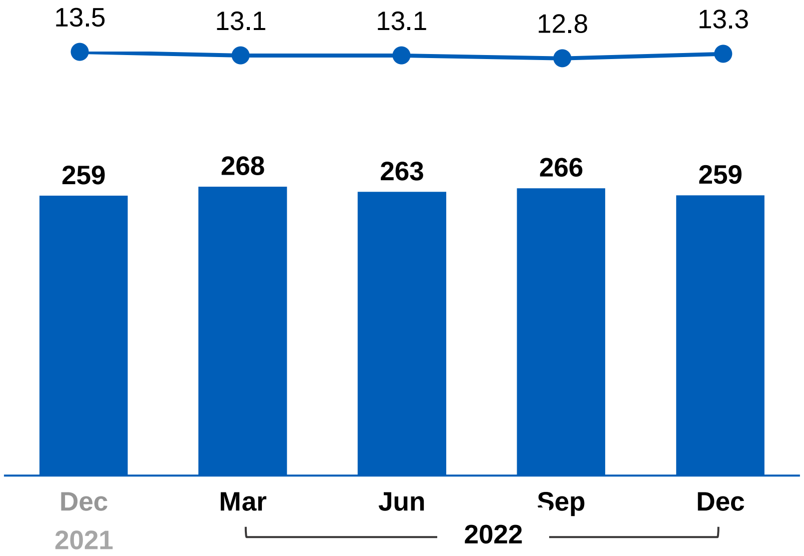
	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022
USD LDR (%)	**61.6**	**66.3**	**72.3**	**64.2**	**60.0**

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

- Post Citi acquisition, CET1 ratio healthy at 13.3%

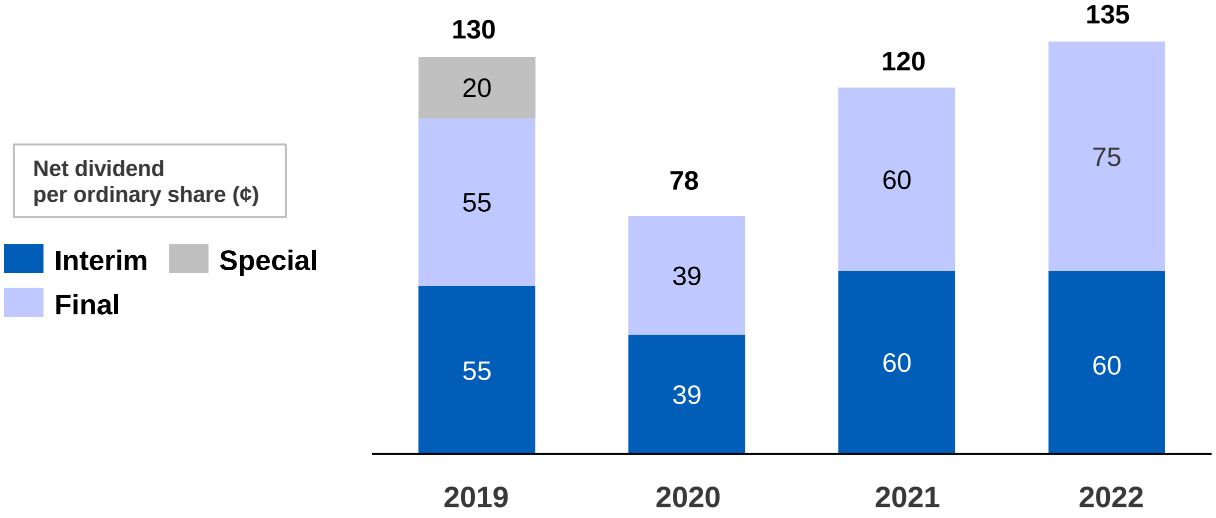


Leverage ratio (%)	7.2	6.9	6.6	6.4	6.6

RWA ($b) | CET1 ratio (%)

Dividends

- Committed to consistent and sustainable returns to shareholders
- Proposed final dividend of 75 cents per share



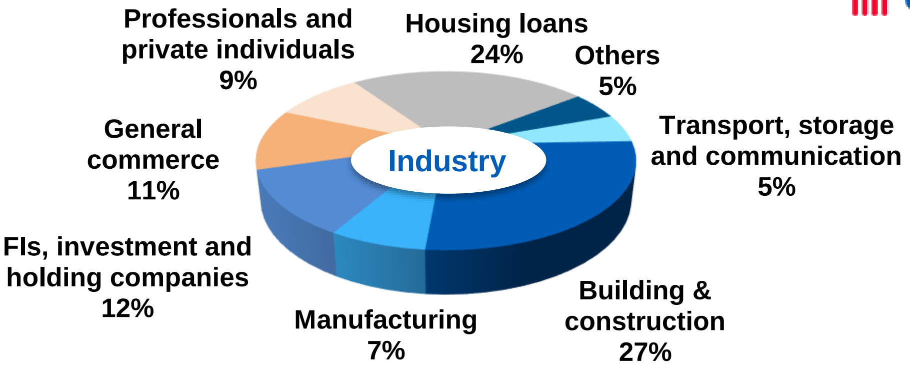
	2019	2020	2021	2022
Payout amount ($m)	2,171	1,304	2,011	2,261
Payout ratio (%)	50	45 ^	49	49
Payout ratio (excl special dividends (%)	42	45 ^	49	49

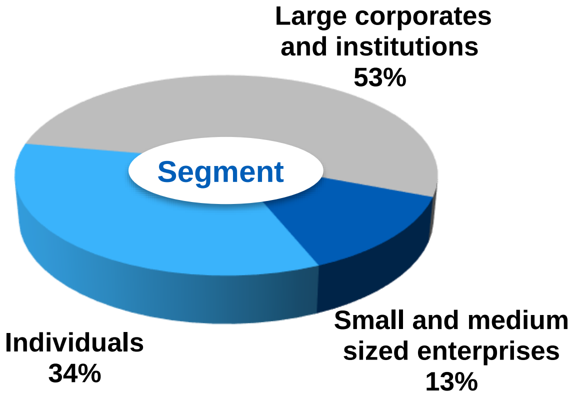
^ Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

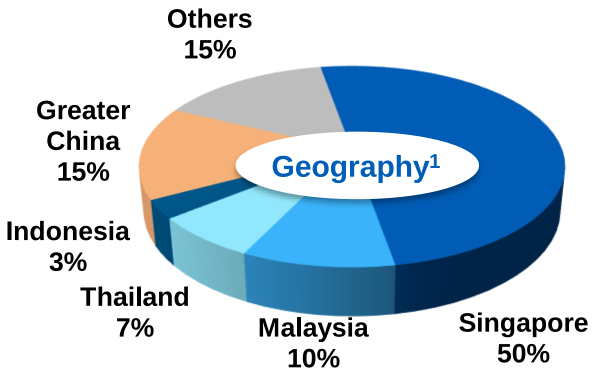
Appendix

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

Diversified loan portfolio



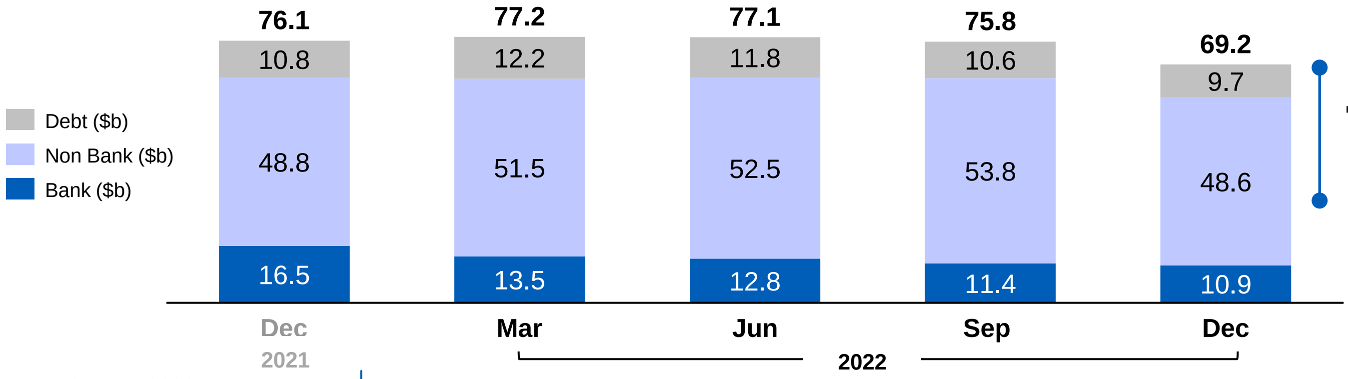




Note: Financial statistics as at 31 December 2022

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



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

As at 31 Dec 2022:

Mainland China exposure

($22.3b or 4% of total assets)

Bank exposure ($8.3b)
- ~40% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~65% of total bank exposure
- 99% with <1 year tenor; trade accounts for ~40% of total bank exposure

Non-bank exposure ($11.2b)
- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~60% denominated in RMB and ~50% with <1 year tenor
- NPL ratio at 0.6%

Hong Kong SAR exposure

($40.8b or 8% of total assets)

Bank exposure ($0.8b)
- ~80% are to foreign banks

Non-bank exposure ($34.5b)
- Exposure mainly to corporate and institutional clients
- ~50% with <1 year tenor
- NPL ratio at 1.1%

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 December 2022, outstanding loans to the commodities segment remain modest and represented 6% of total loans

Dec 22	Oil and Gas (O&G)		Other Commodity Segments[2]	Total
	Upstream industries[1]	Traders / downstream industries		
Outstanding loans	S$1.9b	S$8.0b	S$8.8b	S$18.7b
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