# UOB Group Financial Updates

Lee Wai Fai
Group Chief Financial Officer

For the First Half / Second Quarter Ended 30 June 2024

# 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

(1) Excluding one-off expenses

UOB

Core net profit after tax [1]

**$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

# 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) |
| **Total income** | **6,998** | **7,065** | **(1)** | **3,476** | **3,523** | **(1)** | **3,542** | **(2)** |
| Less: Total expenses | 2,926 | 2,889 | 1 | 1,452 | 1,475 | (2) | 1,448 | 0 |
| **Operating profit** | **4,072** | **4,177** | **(3)** | **2,024** | **2,048** | **(1)** | **2,093** | **(3)** |
| 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 |
| **Core net profit** | **3,054** | **3,084** | **(1)** | **1,489** | **1,566** | **(5)** | **1,507** | **(1)** |
| Less: One-off expenses | | | | | | | | |
| - Citi integration costs (net of tax) | 143 | 159 | (10) | 64 | 79 | (19) | 92 | (30) |
| **Net profit (including one-off expenses)** | **2,912** | **2,925** | **(0)** | **1,425** | **1,487** | **(4)** | **1,415** | **1** |

# Healthy growth across business franchise

## Income by business segment

| | 1H24 $'m | 1H23 $'m | *YoY* |
|---|---|---|---|
| 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[1] in **CASA** balance

**+11%**
pickup[1] in **card billings** across ASEAN markets

**+27%**
growth[1] in **wealth management** income[4], with AUM at $182b

## Group Wholesale Banking

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

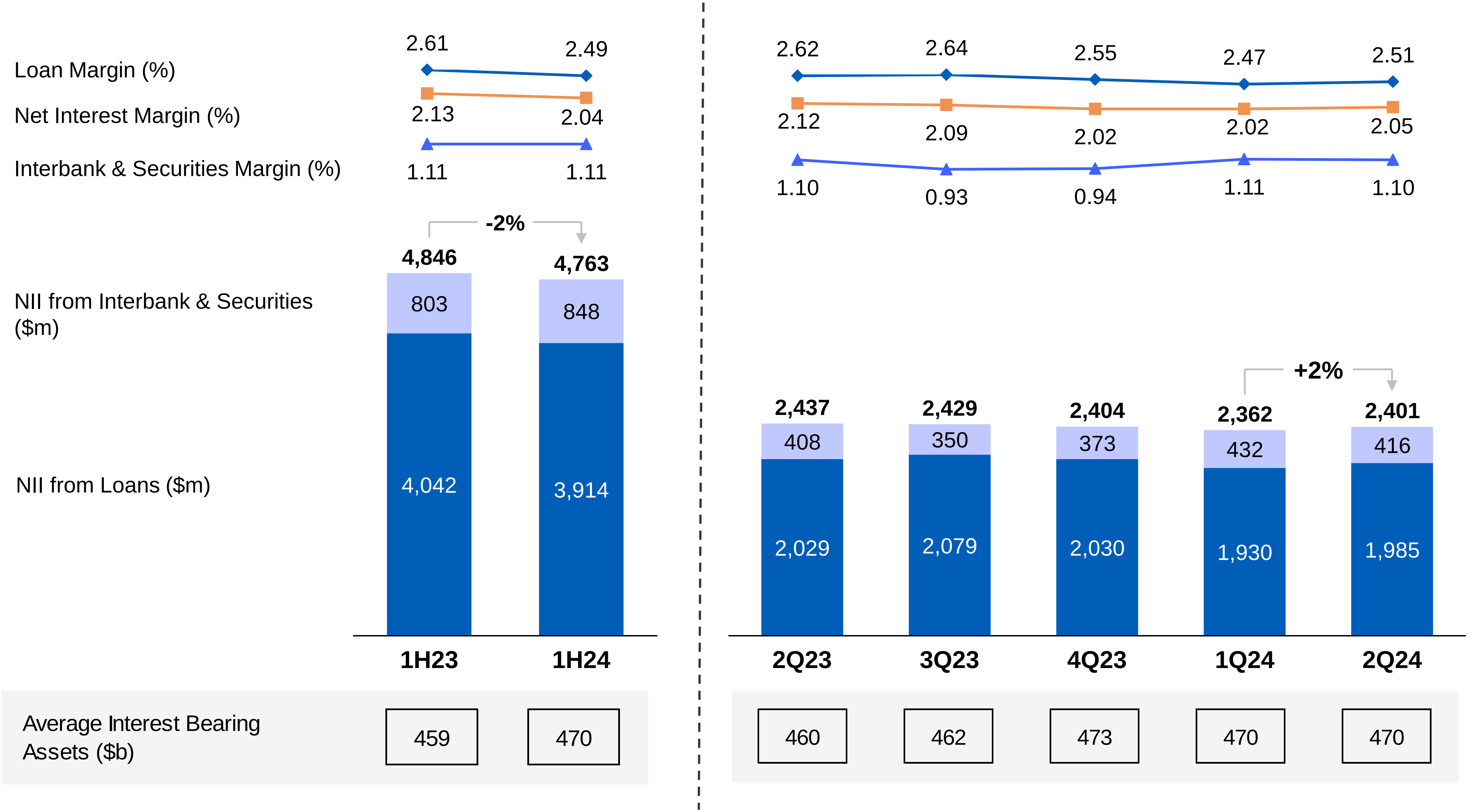
**+7%**
YoY growth in **CASA**, with ASEAN-4[2] growing at 13%[3]

**+9%**
YoY growth in **trade** loans, with ASEAN-4[2] growing at 16%[3]

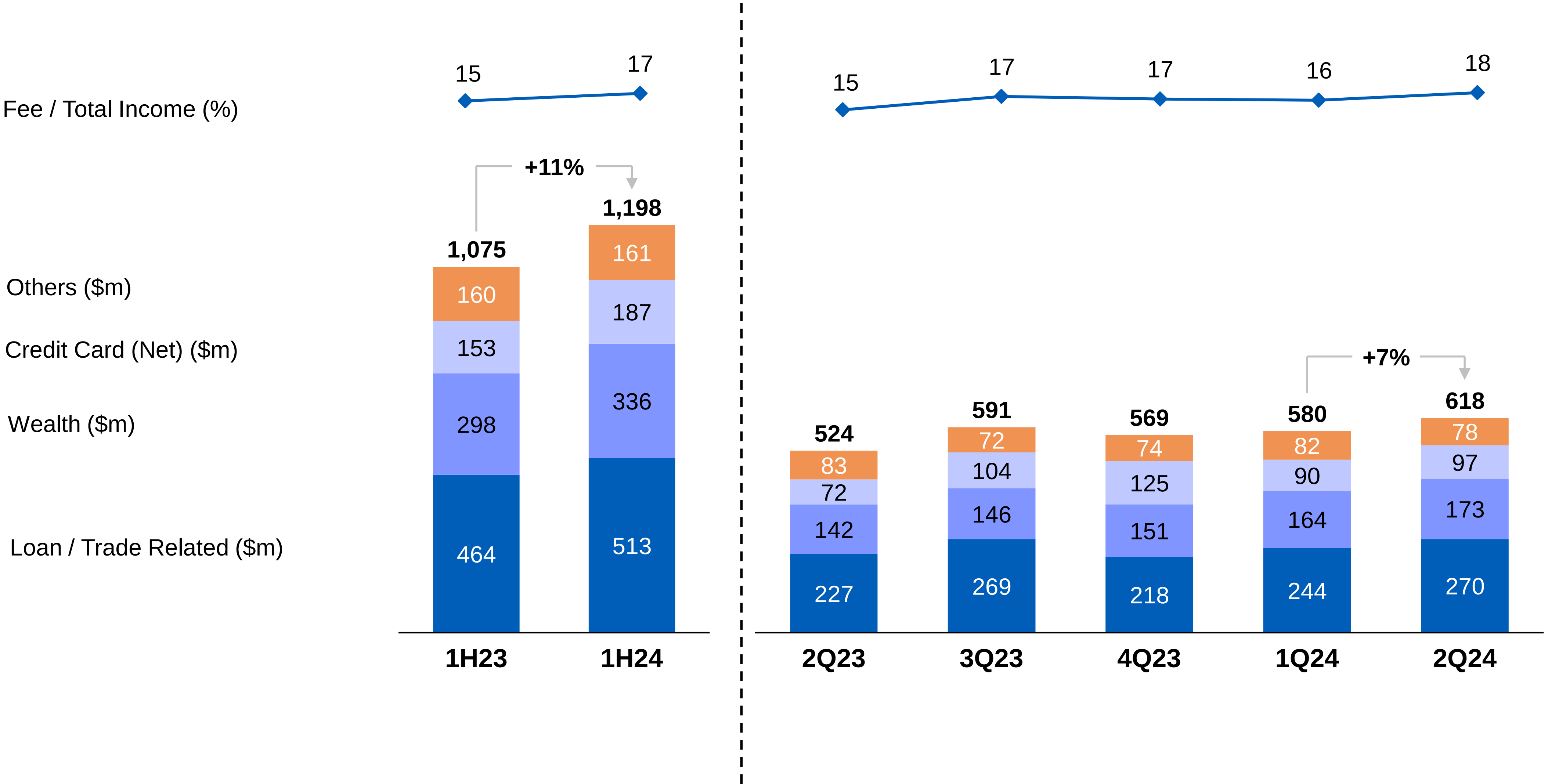
**65%**[5]
income contribution to GWB from **non-real estate sectors**, with ASEAN-4 at 83%[5]

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

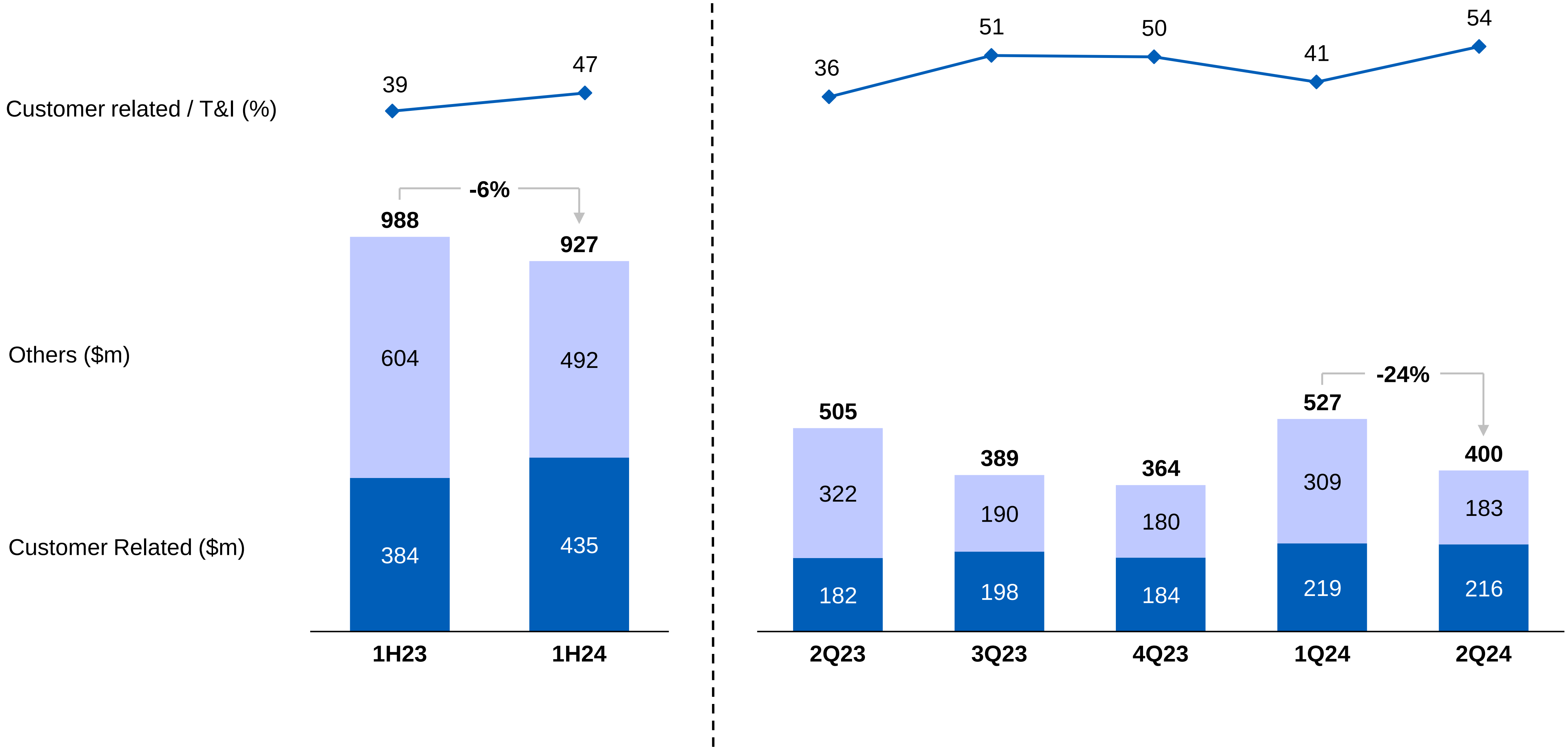
# NIM improved 3bps to 2.05% as loan margin widened



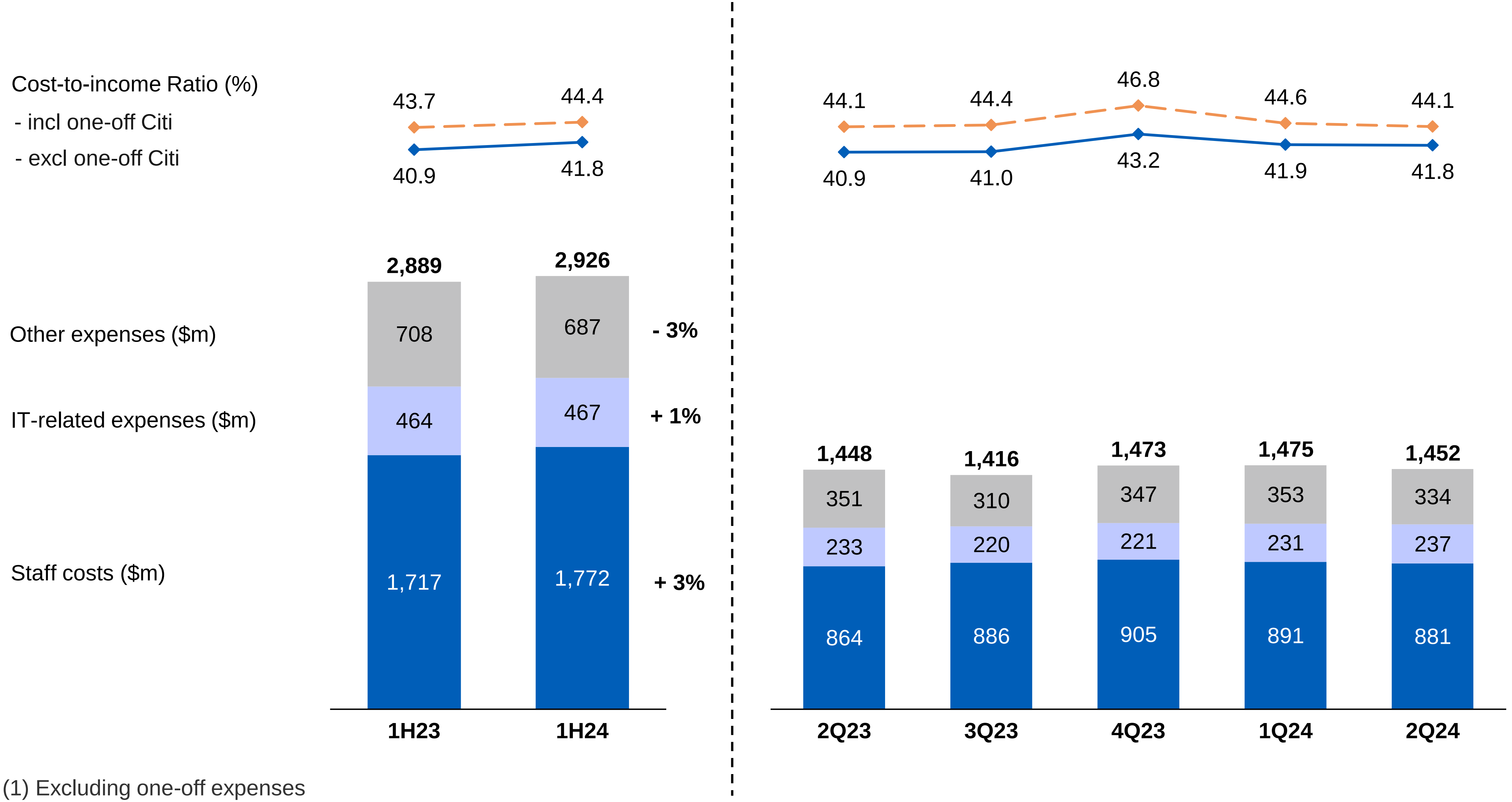
# 2Q24 fees near record high, backed by strong pick up in loan and wealth



# 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



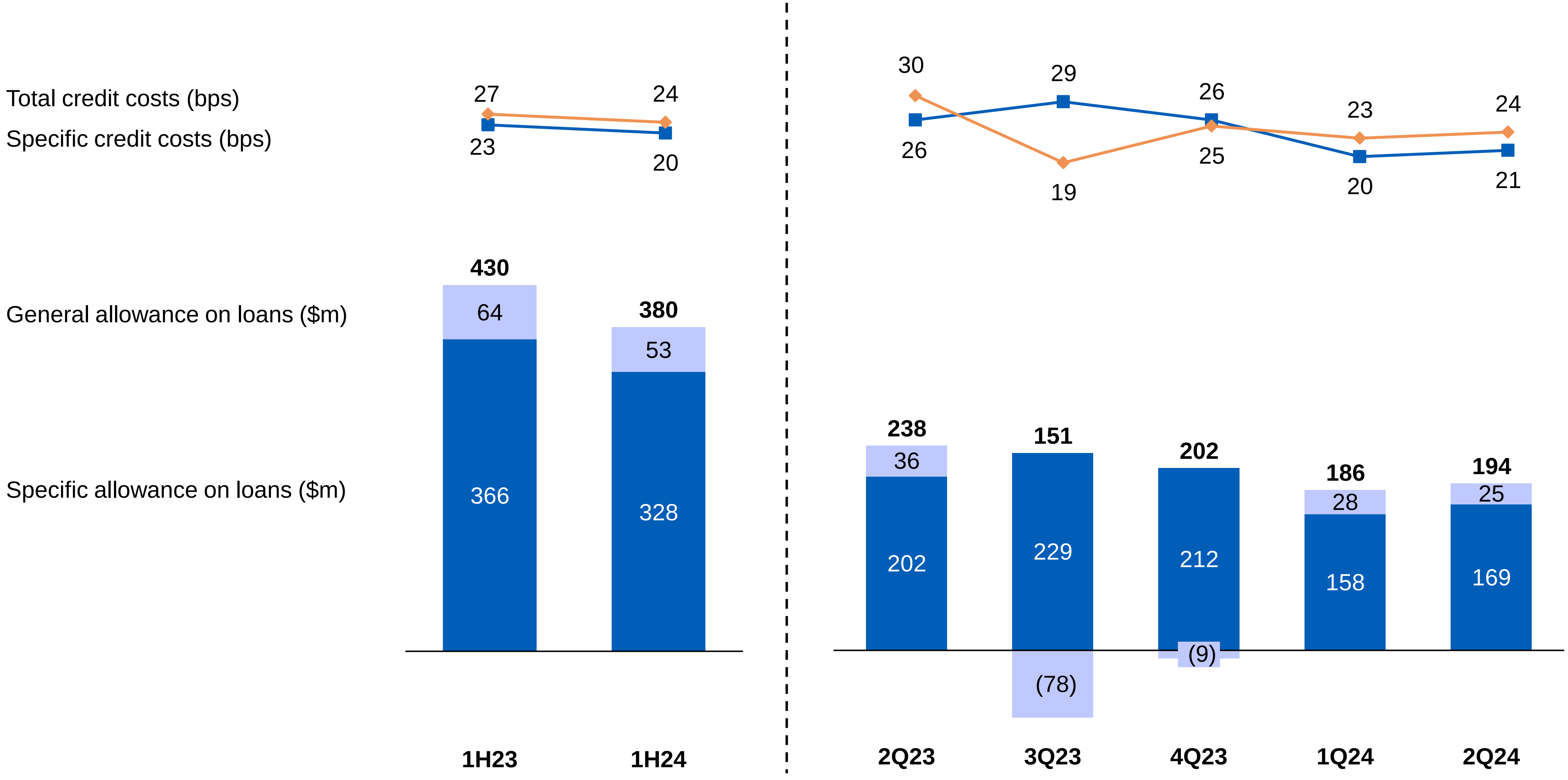

(1) Excluding one-off expenses

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

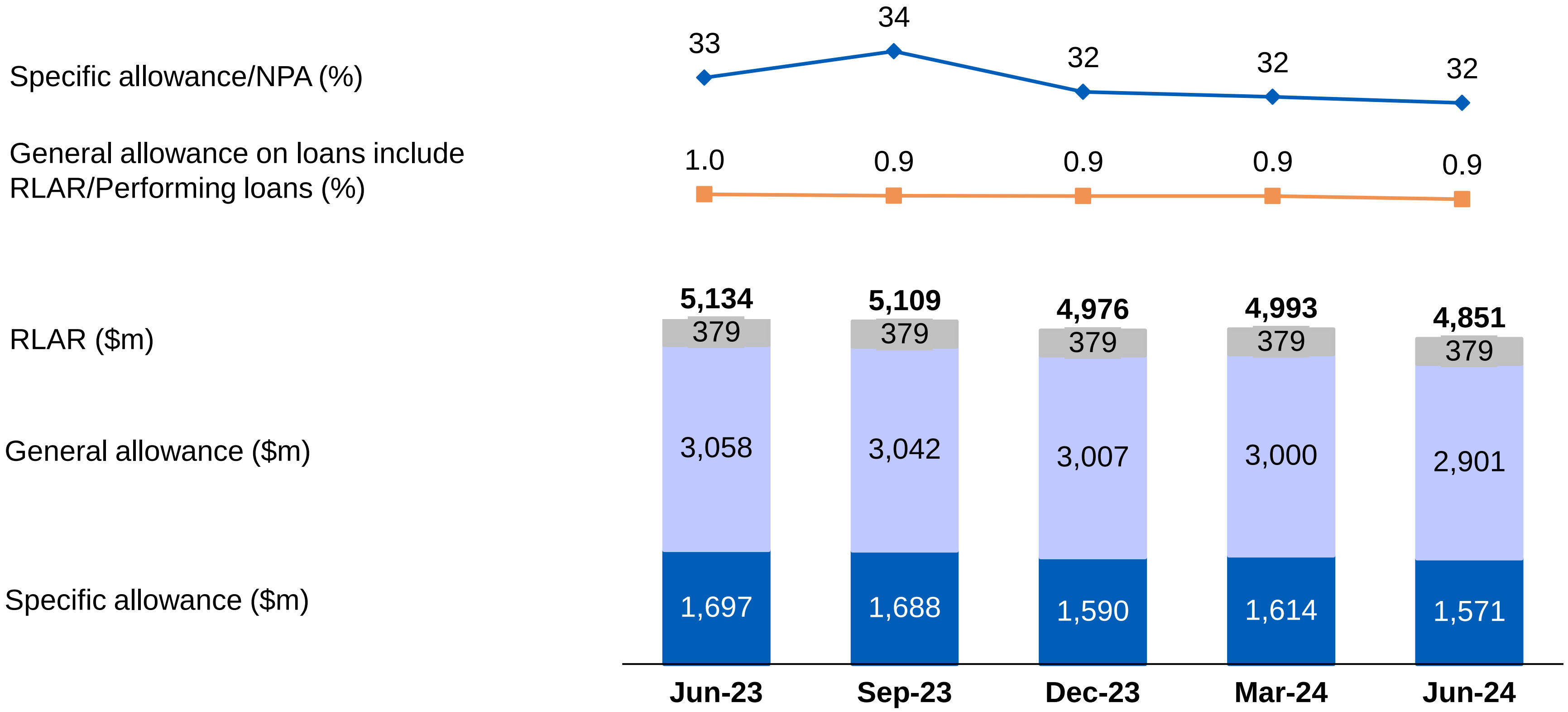
UOB

| ($m) | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|---|---|---|---|---|---|
| **NPAs at start of period** | 5,150 | 5,192 | 5,011 | 4,946 | 5,051 |
| Non-individuals | | | | | |
| 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) |
| **NPAs at end of period** | 5,192 | 5,011 | 4,932 | 5,051 | 4,952 |
| Add: Citi acquisition | | | 14 | | |
| **NPAs at end of period including Citi** | 5,192 | 5,011 | 4,946 | 5,051 | 4,952 |
| **NPL Ratio (%)** | 1.6 | 1.6 | 1.5 | 1.5 | **1.5** |

# Prudent reserve build with total credit costs at 24bps



# Provision coverage remains healthy

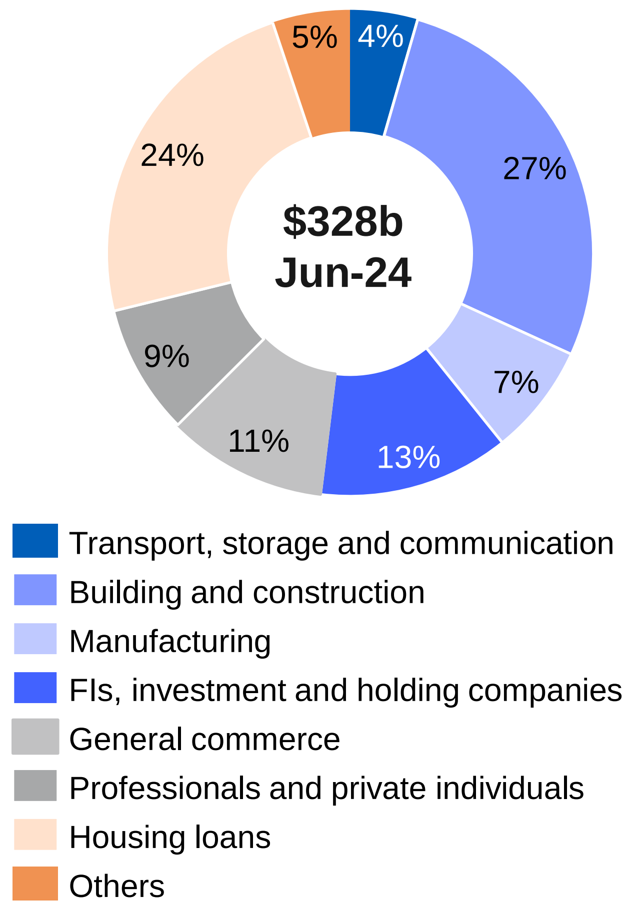



| | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
|---|---|---|---|---|---|
| NPA coverage (%) [1] | 99 | 102 | 101 | 99 | **98** |
| Unsecured NPA coverage (%) [1] | 209 | 205 | 209 | 204 | **214** |

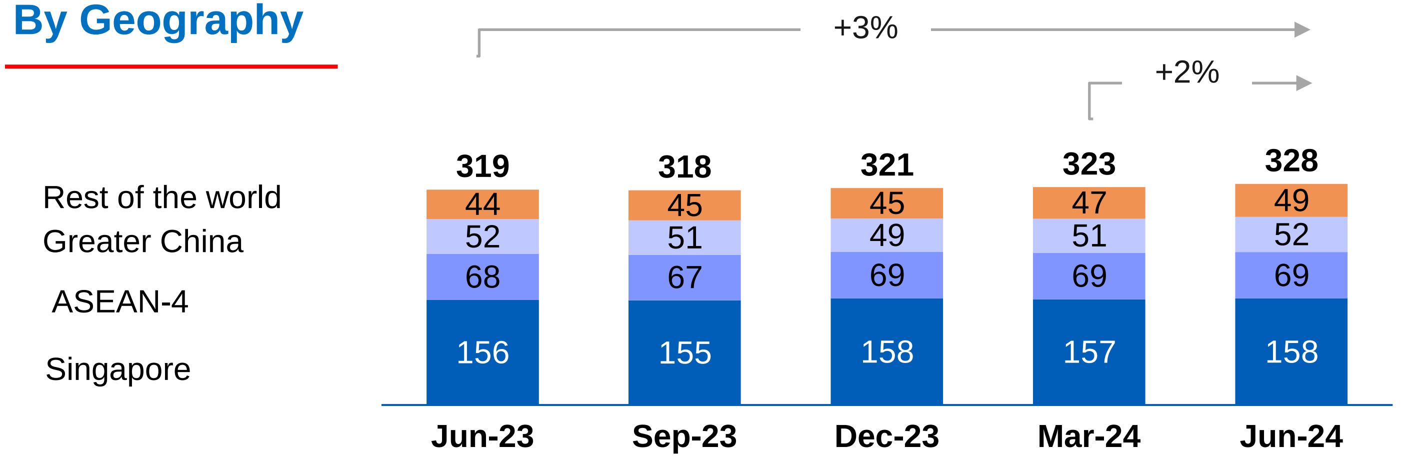
(1) Includes RLAR (Regulatory loss allowance reserve) as part of total allowance

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

## By Industry

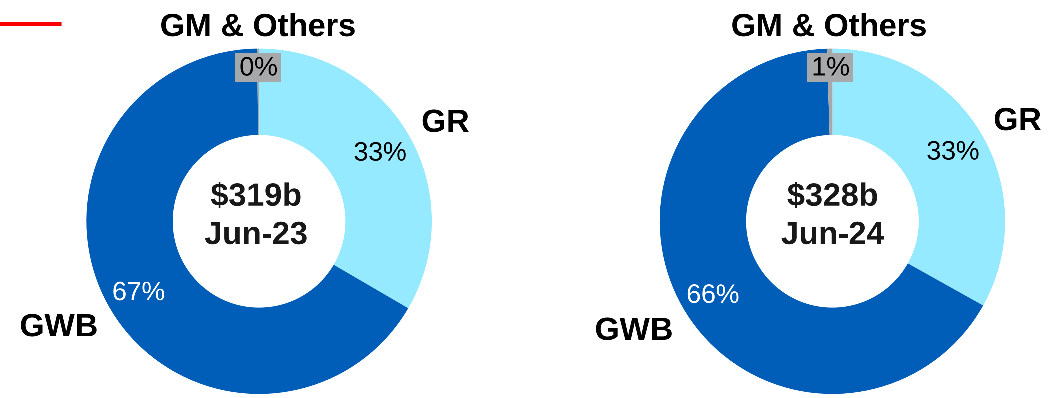



## By Geography

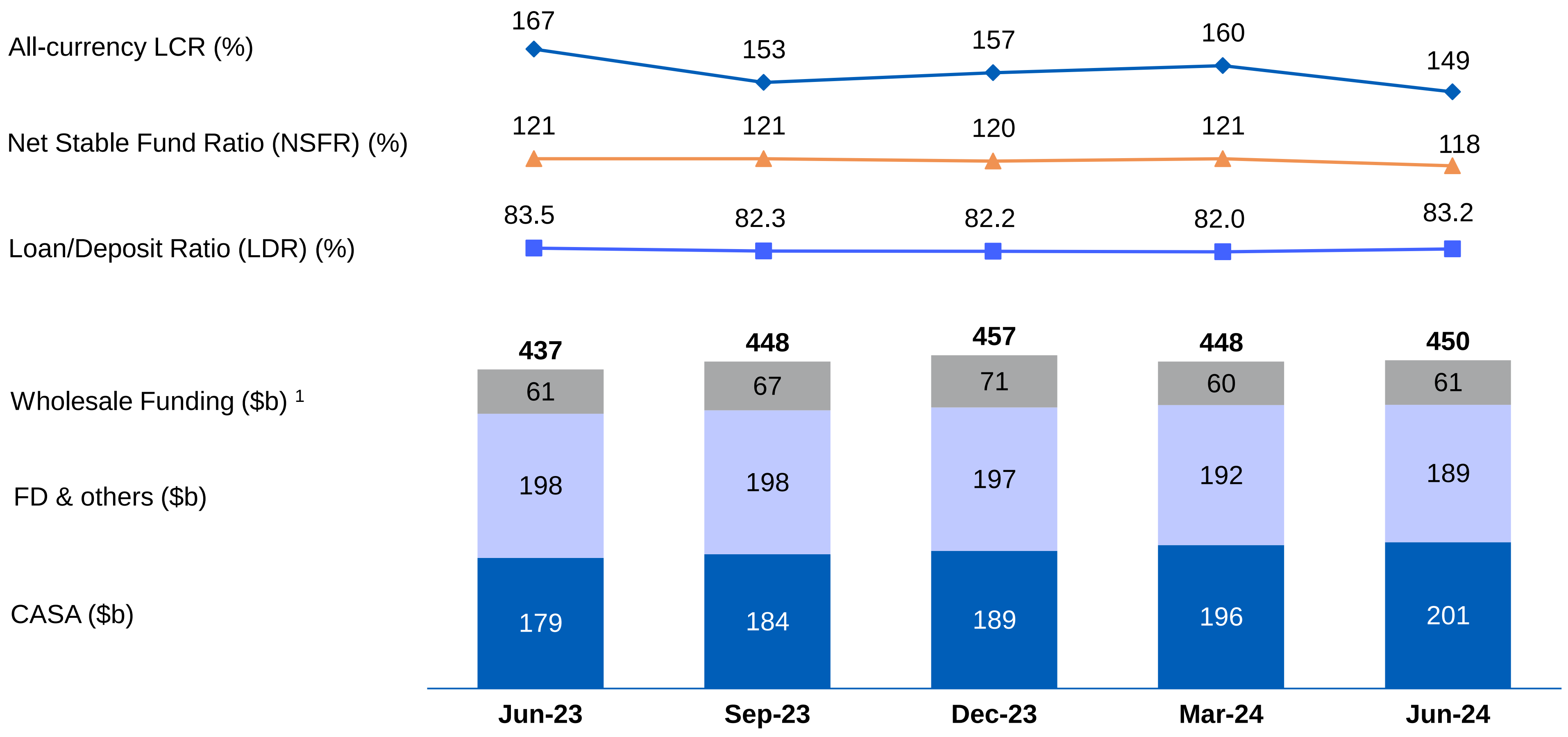



Note: Loans are classified based on where credit risks reside, represented by country of incorporation/operation for non-individuals and residence for individuals.

## By Segment



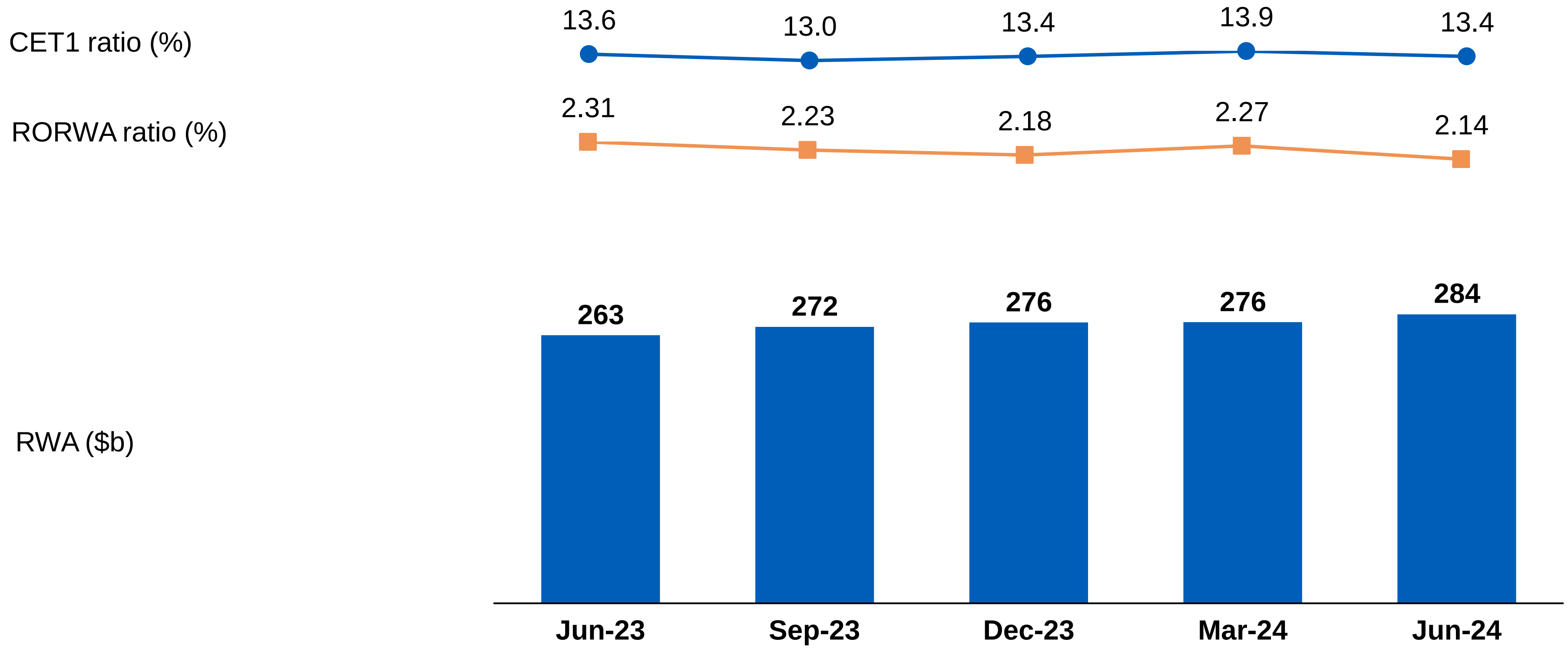
# Sound liquidity and funding base with CASA growth supported by successful promotional campaigns




| | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 |
|---|---|---|---|---|---|
| CASA/Deposit Ratio (%) | 47.6 | 48.2 | 48.9 | 50.6 | 51.5 |

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

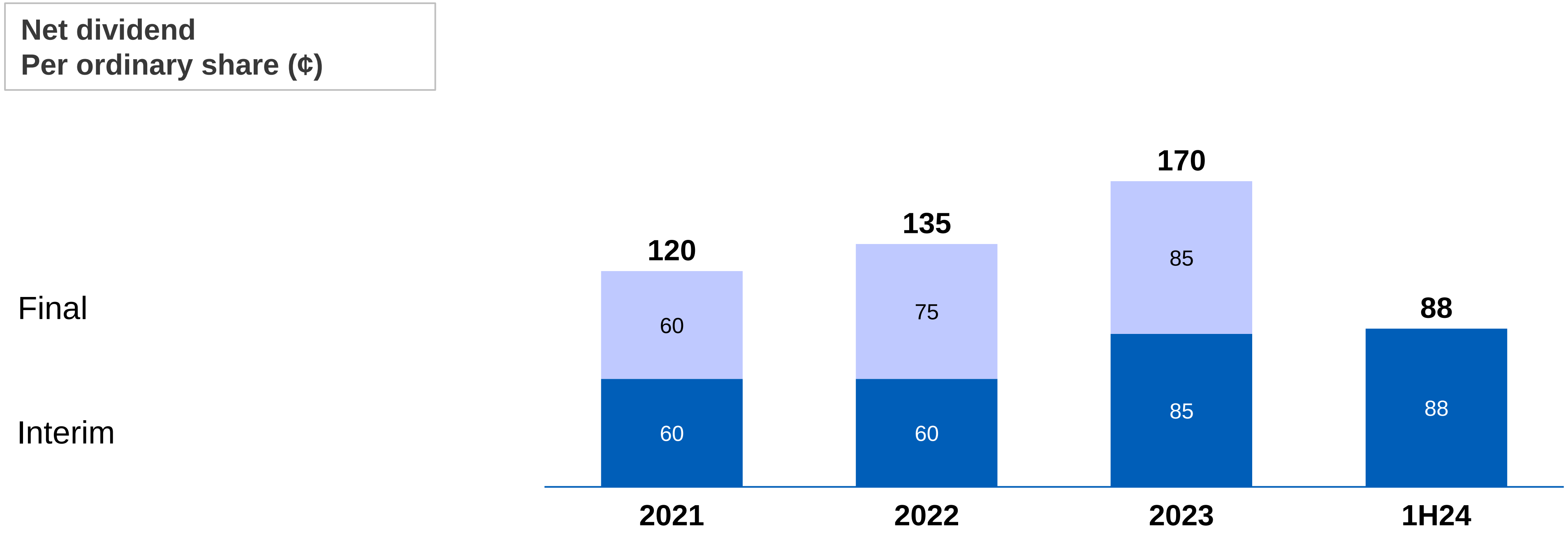
# CET1 ratio remains healthy at 13.4%




| | | | | | |
|---|---|---|---|---|---|
| Leverage ratio (%) | 7.0 | 6.8 | 6.9 | 7.0 | **7.1** |

# Interim dividend increased to 88 cents per share

UOB

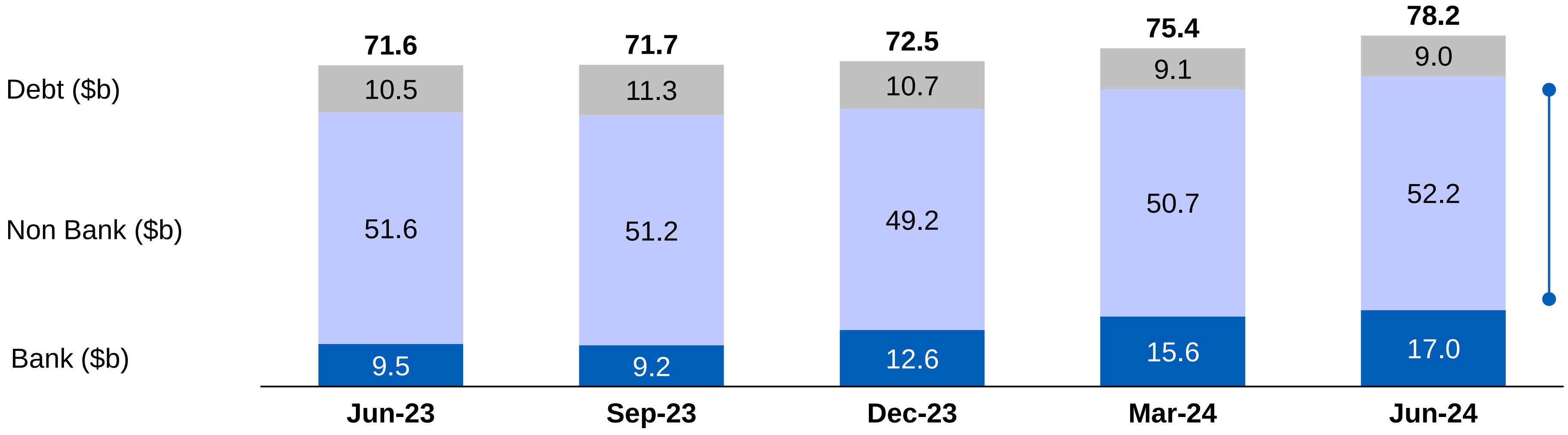



| | 2021 | 2022 | 2023 | 1H24 |
|---|---|---|---|---|
| Payout amount ($m) | 2,011 | 2,263 | 2,846 | 1,473 |
| Payout ratio (%) | 49 | 49 | 50 | 51 |

# Appendix

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

# Exposure to Greater China




- ~$2b in loans to Chinese developers (*1% of group loans*)

## 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

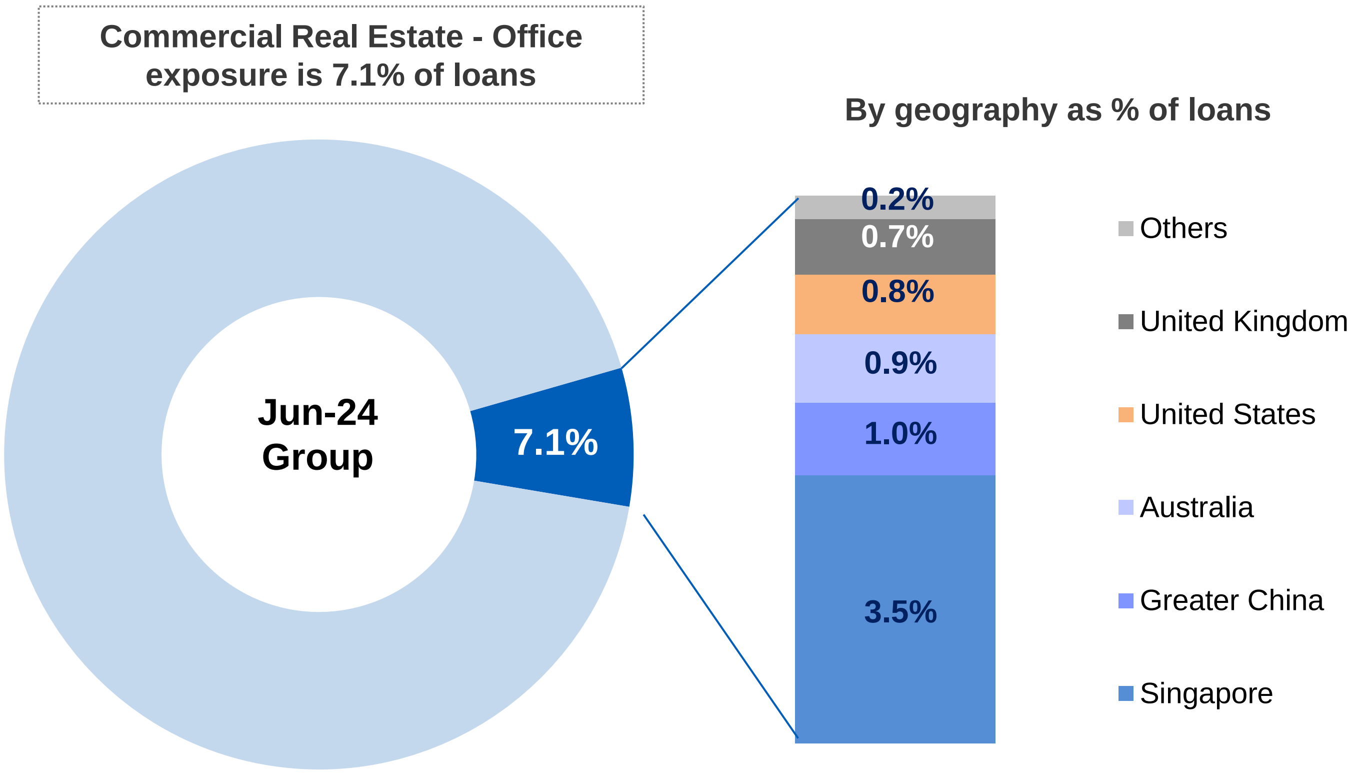
**Non-bank exposure ($36.3b)**

- 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

- 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