UOB's 1Q23 core net profit[1] rose to record S$1.6 billion

Resilient earnings supported by strong balance sheet fundamentals

UOB Group (UOB) has posted a record S$1.6 billion in core net profit for the first quarter of 2023 (1Q23), up 74% compared with the same period last year, delivering resilient performance with continued income growth.

Net interest margin expanded 56 basis points driving net interest income up by 43%. Non-interest income surged on record high trading and investment income, which more than offset the decline in net fee and commission income.

The Group's 1Q23 performance was underpinned by growth across wholesale, global markets and retail businesses. On a quarter-on-quarter basis, wealth management fees rebounded strongly from improved investor sentiments. Credit card fees also sustained momentum.

Credit costs in 1Q23 stayed within expectations at 25 basis points, with non-performing loan (NPL) ratio stable at 1.6%. The Group's balance sheet remained robust with adequate liquidity and Common Equity Tier 1(CET1) ratio at 14.0%.

1Q23 key financial indicators

Core operating profit[1]
S$2.1b
+ 9% QoQ
+ 60% YoY

Core net profit[1]
S$1.6b
+ 13% QoQ
+ 74% YoY

Core return on equity[1]
14.9%
+ 1.1%pt QoQ
+ 6.1%pt YoY

Core cost/Income ratio[1]
40.9%
- 1.7%pt QoQ
- 3.9%pt YoY

NPL ratio
1.6%
No change QoQ
No change YoY

Credit costs
25bps
+ 4bps QoQ
+ 6bps YoY

NSFR ratio
121%
+ 5%pt QoQ
+ 8%pt YoY

CET 1 ratio
14.0%
+ 0.7%pt QoQ
+ 0.9%pt YoY

Robust performance supported by strong fundamentals

Mr. Wee Ee Cheong,
Deputy Chairman and
Chief Executive Officer, UOB

"Recent pockets of banking instabilities in the US and Europe have led to some market volatility and added to concerns over the global growth outlook. Amid the challenging operating environment, our prudent management and long-term focus have put us in good stead.

We delivered record profits this quarter backed by our core businesses and diversified growth drivers. We also focused on strengthening our balance sheet, so that we can continue to support our customers through market cycles.

Our Citigroup integration is progressing well. We are on track to close in Indonesia by the end of the year after completing our acquisition in Malaysia, Thailand and Vietnam. As we scale up our regional franchise, we will continue to invest in capabilities and to forge partnerships.

Asia is poised to register growth this year and we are well-positioned to ride on the region's economic recovery with our strong balance sheet, backed by healthy capital and liquidity positions."

[1] excluded the one-off expenses related to the acquisition of Citigroup's Malaysia, Thailand and Vietnam consumer banking business.

Financial performance

	1Q23 S$'m	4Q22 S$'m	QoQ +/(-)%	1Q22 S$'m	YoY +/(-)%
Net interest income	2,409	2,560	(6)	1,686	43
Net fee income	552	485	14	572	(4)
Other non-interest income	563	285	98	101	>100
Total income	**3,524**	**3,330**	**6**	**2,359**	**49**
Less: Total operating expenses	1,440	1,418	2	1,058	36
Operating profit	**2,083**	**1,912**	**9**	**1,301**	**60**
Less: Amortisation of intangible assets	5	3	57	-	NM
Allowance for credit and other losses	169	184	(8)	178	(5)
Add: Associate and joint ventures	25	28	(10)	29	(13)
Net profit	**1,577**	**1,398**	**13**	**906**	**74**
Less: One-off expenses					
Citi integration cost (net of tax)	67	70	(5)	-	NM
Stamp duty	-	176	NM	-	-
Net profit (including one-off expenses)	**1,511**	**1,152**	**31**	**906**	**67**

1Q23 versus 4Q22

Core net profit for 1Q23 registered another record quarter at S$1.58 billion. Including the one-off expenses, net profit increased 31% to S$1.51 billion.

Net interest income eased 6% to S$2.41 billion, partly due to a shorter quarter, as well as lower net interest margin (NIM). NIM moderated to 2.14% from liquidity surplus placed into high quality assets and increase in funding costs. Net fee income registered a double-digit growth of 14% to S$552 million, led by recovery of wealth management fees from improved investor sentiments, as well as loan-related fees which rebounded from last quarter's low. Credit card fees sustained momentum, boosted by the Group's acquisition of Citigroup's consumer banking business in three markets.

Other non-interest income surged to S$563 million. Customer-related treasury income reached new heights supported by hedging demand. The improved performance from trading and liquidity management activities also boosted trading and investment income to an all-time high.

Total core operating expenses increased 2% from the previous quarter. This was outpaced by strong income growth, with cost-to-income ratio improving to 40.9%. The Group continued to invest in building capabilities to drive strategic initiatives while maintaining cost management discipline.

Total allowance declined 8% on lower specific allowance. However, additional general allowance was made to strengthen coverage on prudence.

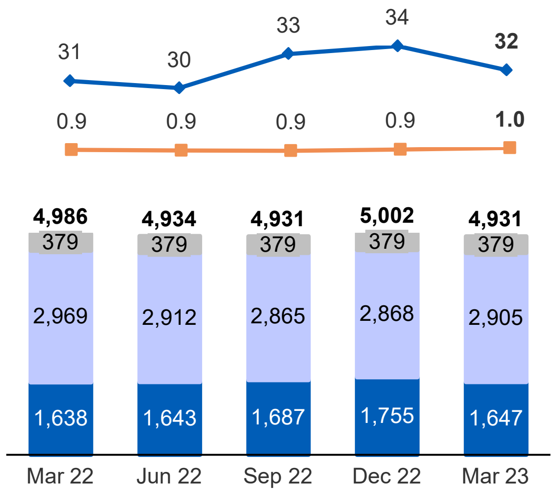
1Q23 versus 1Q22

Net interest income rose 43% to S$2.41 billion, bolstered by 56 basis points uplift in net interest margin. Net fee and commission income was lower at S$552 million due to softer loan-related and wealth management fee compared to a year ago. Other non-interest income surged on record high trading and investment income.

With income growth outpacing the increase in total core operating expenses, cost-to-income ratio decreased 3.9% points to 40.9%. Total allowance fell 5% as more pre-emptive provisions had been taken a year ago.

Asset quality

Allowance coverage



	Mar 22	Jun 22	Sep 22	Dec 22	Mar 23
NPL ratio (%)	1.6	1.7	1.5	1.6	**1.6**
Total credit costs on loans (bps)	19	22	17	21	**25**

Specific allowance ($m) General allowance ($m) RLAR ($m)

Specific allowance/NPA (%) General allowance on loans include RLAR/Performing loans (%)

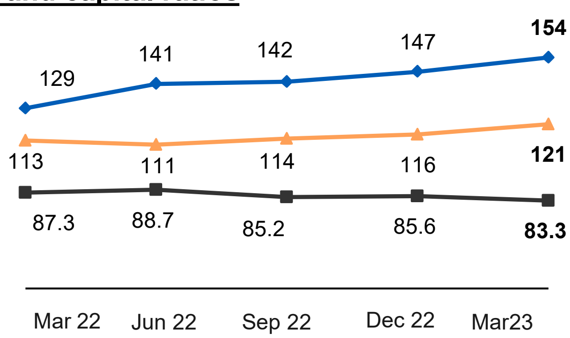
Asset quality stayed resilient with non-performing loan (NPL) ratio stable at 1.6%.

The Group maintained prudent levels of general allowance on loans, with total credit costs at 25 basis points and performing loans coverage at 1.0%.

Non-performing assets coverage was stable at 96% or 212% after taking collateral into account.

Capital, funding and liquidity positions

Liquidity and capital ratios



	Mar 22	Jun 22	Sep 22	Dec 22	Mar23
CET1 ratio (%)	13.1	13.1	12.8	13.3	**14.0**

All-currency LCR (%) NSFR (%) LDR (%)

The Group's capital, funding and liquidity positions strengthened further this quarter.

The average all-currency liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) improved to 154% and 121% respectively.

CET1 ratio rose 70 basis points from previous quarter to 14.0%.

For more information about UOB, please visit www.UOBGroup.com.

First Quarter 2023 Performance Highlights
27 April 2023

Financial Highlights 1Q23

	1Q23	4Q22	+/(-) %	**1Q22**	+/(-) %
Selected income statement items (S$m)					
Net interest income	**2,409**	2,560	(6)	1,686	43
Net fee income	**552**	485	14	572	(4)
Other non-interest income	**563**	285	98	101	>100
Total income	**3,524**	3,330	6	2,359	49
Less: Total operating expenses	**1,440**	1,418	2	1,058	36
Operating profit	**2,083**	1,912	9	1,301	60
Less: Amortisation of intangible assets	**5**	3	57	-	NM
Allowance for credit and other losses	**169**	184	(8)	178	(5)
Add: Share of profit of associates and joint ventures	**25**	28	(10)	29	(13)
Net profit before tax	**1,935**	1,753	10	1,152	68
Less: Tax and non-controlling interests	**358**	355	1	246	45
Net profit after tax	**1,577**	1,398	13	906	74
Less: One-off expenses			-		-
Citi integration cost (net of tax)	**67**	70	(5)	-	NM
Stamp duty	**-**	176	NM	-	-
Net profit (including one-off expenses) [1]	**1,511**	1,152	31	906	67
Selected balance sheet items (S$m)					
Gross customer loans	**315,999**	319,663	(1)	319,999	(1)
Customer deposits	**374,121**	368,553	2	361,747	3
Total assets	**501,909**	504,260	(0)	475,847	5
Shareholders' equity [1]	**45,961**	43,366	6	42,892	7
Risk-weighted assets	**258,138**	259,098	(0)	267,550	(4)
Key financial ratios (%)					
Net interest margin [2]	**2.14**	2.22		1.58	
Cost/Income ratio[3]	**40.9**	42.6		44.8	
Credit costs on loans (bp) [2]					
General	**4**	(10)		-	
Specific	**21**	31		19	
Total	**25**	21		19	
NPA coverage ratio	**96**	98		94	
NPL ratio [4]	**1.6**	1.6		1.6	
Return on average ordinary shareholders' equity [2,3,5]	**14.9**	13.8		8.8	
Return on average total assets [2,3]	**1.25**	1.11		0.77	
Loan/Deposit ratio [6]	**83.3**	85.6		87.3	
Liquidity coverage ratios ("LCR") [7,11]					
All-currency	**154**	147		129	
Singapore Dollar	**280**	255		343	
Net stable funding ratio ("NSFR") [8,11]	**121**	116		113	
Capital adequacy ratios					
Common Equity Tier 1	**14.0**	13.3		13.1	
Tier 1	**15.4**	14.4		14.0	
Total	**17.7**	16.7		15.8	
Leverage ratio [9]	**7.0**	6.6		6.9	
Earnings per ordinary share ($) [2,5]					
Basic	**3.54**	3.14		2.13	
Diluted	**3.52**	3.13		2.11	
Net asset value ("NAV") per ordinary share ($) [10]	**25.27**	24.24		24.23	

Notes:

1 Relate to amount attributable to equity holders of the Bank.
2 Computed on an annualised basis.
3 Excluding one-off expenses
4 Refer to non-performing loans as a percentage of gross customer loans.
5 Calculated based on profit attributable to equity holders of the Bank net of perpetual capital securities distributions.
6 Refer to net customer loans and customer deposits.
7 Figures reported are based on average LCR for the respective periods, calculated based on MAS Notice 651. A minimum requirement of Singapore Dollar LCR of 100% and all-currency LCR of 100% shall be maintained at all times.
8 NSFR is calculated based on MAS Notice 652 which requires a minimum of 100% to be maintained.
9 Leverage ratio is calculated based on MAS Notice 637 which requires a minimum ratio of 3%.
10 Perpetual capital securities are excluded from the computation.
11 Public disclosure required under MAS Notice 651 and 653 are available in the UOB website at www.UOBgroup.com/investor-relations/financial/index.html.