

UOB's 3Q23 core net profit¹ up 5% YoY to S\$1.5 billion

Core franchise delivered strong growth in fees and interest income

UOB Group (UOB) posted S\$1.5 billion in core net profit for the third quarter of 2023 (3Q23), up 5% year on year (YoY). The resilient performance was driven by strong income growth from higher net fee income and net interest income.

The Group's 3Q23 performance was supported by its diversified growth drivers across wholesale and retail businesses. Net fee income grew 14% YoY to S\$591 million, led by higher credit card fees, wealth management fees as well as loan-related fees. Credit card fees almost doubled to a record high of S\$104 million as consumer confidence continued.

Net interest margin expanded 14 basis points, driving net interest income up by 9% YoY. Other non-interest income rose 1% YoY as higher customer-related treasury income was moderated by lower valuation on investments due to a volatile market.

On a quarter-on-quarter (QoQ) basis, net interest margin moderated as liquidity surplus was deployed into high-quality, lower-yielding assets. Customer-related treasury income grew 9% QoQ.

Credit costs in 3Q23 improved 11 basis points from last quarter to 19 basis points, with non-performing loan (NPL) ratio stable at 1.6%. The Group's balance sheet remained robust with healthy liquidity and Common Equity Tier 1 (CET1) ratio at 13.0%.

3Q23 key financial indicators

Core operating profit ¹ S\$2.0b - 3 % QoQ + 12% YoY	Core net profit ¹ S\$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 19 bps - 11 bps 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

Robust performance supported by resilient portfolio



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

“ The global economy remains uncertain and recent geopolitical tensions have added to market volatilities. At UOB, we have a resilient portfolio that allows us to ride through market cycles. Our core businesses performed well, with higher net interest income and record credit card fees.

Our Citigroup integration is on track. Integration for Indonesia, Thailand and Vietnam is progressing as planned after we successfully migrated all Citigroup customers in Malaysia to our platform.

The macroeconomic environment could remain bumpy. However, we expect the ASEAN region to stay resilient. Consumer sentiments remain strong and rising investment flows into the region will bolster growth.

For UOB, our strong balance sheet, backed by diversified revenue drivers, will help smoothen the ride ahead and we stand ready to support our customers in these uncertain times.”



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

Financial performance

	9M23	9M22	YoY	3Q23	2Q23	QoQ	3Q22	YoY
	S\$m	S\$m	+/(-)%	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
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
Allowance for credit and other losses	769	419	84	235	365	(35)	104	>100
Add: Associate and joint ventures	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 cost (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)

9M23 versus 9M22

Core net profit grew 33% to S\$4.6 billion from a year ago, driven by strong net interest income and trading and investment income. Including the one-off Citigroup integration expenses, net profit was at S\$4.3 billion.

Net interest income increased 26% from a year ago to S\$7.3 billion, led by robust net interest margin, which expanded 38 basis points to 2.12% on higher interest rates. Net fee income was at S\$1.7 billion. Credit card fees rose 64% to a new high of S\$257 million on the back of an enlarged regional franchise. This was moderated by cautious investor sentiments, leading to softer loan-related and wealth fees.

Other non-interest income doubled to S\$1.6 billion, driven by all-time high customer-related treasury income and good performance from trading and liquidity management activities. Total core expenses rose 20% to S\$4.3 billion to support strategic initiatives. As this was outpaced by income growth, cost-to-income ratio improved significantly by 2.7% points to 40.9%.

Total allowance increased from a year ago due to higher specific allowance on a few non-systemic corporate accounts, as well as pre-emptive general allowance set aside.

3Q23 versus 2Q23

Core net profit for the third quarter was 2% lower at S\$1.5 billion. Including the one-off integration expenses, net profit stood at S\$1.4 billion.

Net interest income was stable at S\$2.4 billion. Net interest margin moderated to 2.09% as liquidity surplus was deployed into high-quality, lower-yielding assets while loan margin was higher at 2.64%. Net fee income for the quarter was near an all-time high, powered by strong loan-related fees and record credit card fees. Customer-related treasury income delivered healthy momentum with a 9% increase. This performance was diluted by lower valuation on investments due to market volatility.

3Q23 core cost-to-income ratio was stable at 41.0%. Total credit costs on loans were lower at 19 basis points for the quarter as the release of pre-emptive general allowance offset the higher specific allowance.

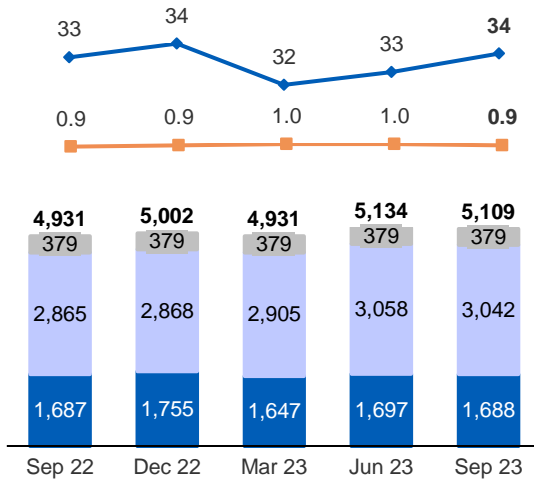
3Q23 versus 3Q22

Net interest income rose 9%, led by a 14 basis points uplift in net interest margin. Fee income was 14% higher, largely due to loan-related, credit card and wealth fees. In tandem with strong income growth and disciplined cost management, the core cost-to-income ratio improved from 42.6% to 41.0%. Total credit cost on loans increased to 19 basis points on higher specific allowance, partially offset by the write-back of general allowance.



Asset quality

Allowance coverage



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

The Group maintained prudent levels of general allowance on loans, with performing loans coverage at 0.9%.

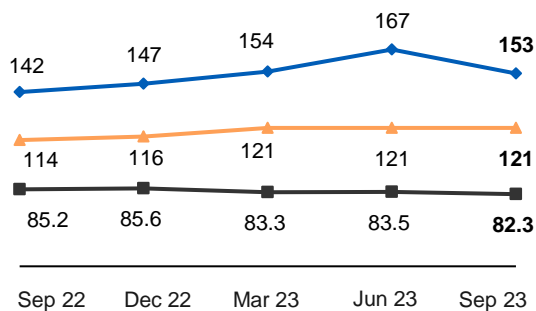
Non-performing assets coverage strengthened to 102% or 205% after taking collateral into account.

NPL ratio (%)	1.5	1.6	1.6	1.6	1.6
Total credit costs on loans (bps)	17	21	25	30	19

■ Specific allowance (\$m)
 ■ General allowance (\$m)
 ■ RLAR (\$m)
◆ Specific allowance/NPA (%)
 ◆ General allowance on loans include RLAR/Performing loans (%)

Capital, funding and liquidity positions

Liquidity and capital ratios



The Group's capital, funding and liquidity positions remained healthy this quarter.

The average all-currency liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) were at 153% and 121% respectively.

CET1 ratio eased to 13.0% due to 2023 interim dividend payment but remained well above the minimum regulatory requirement.

CET1 ratio (%)	12.8	13.3	14.0	13.6	13.0
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◆ All-currency LCR (%)
 ◆ NSFR (%)
 ■ LDR (%)

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

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Singapore Company Registration Number: 193500026Z



Financial Highlights 3Q23

	9M23	9M22	+/(-) %	3Q23	2Q23	+/(-) %	3Q22	+/(-) %
Selected income statement items (\$m)								
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
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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
Allowance for credit and other losses	769	419	84	235	365	(35)	104	>100
Add: Share of profit of associates and joint ventures	71	69	2	20	26	(23)	18	12
Net profit before tax	5,502	4,297	28	1,818	1,749	4	1,741	4
Less: Tax and non-controlling interests	939	876	7	339	242	40	338	0
Core net profit after tax¹	4,563	3,421	33	1,479	1,507	(2)	1,403	5
Less: One-off expenses								
Citi integration cost (net of tax)	255	-	NM	97	92	5	-	NM
Net profit (including one-off expenses)¹	4,308	3,421	26	1,382	1,415	(2)	1,403	(1)
Selected balance sheet items (\$m)								
Gross customer loans	318,164	323,443	(2)	318,164	318,979	(0)	323,443	(2)
Customer deposits	381,611	374,822	2	381,611	376,762	1	374,822	2
Total assets	515,887	511,125	1	515,887	505,563	2	511,125	1
Shareholders' equity ¹	45,248	42,200	7	45,248	45,689	(1)	42,200	7
Risk-weighted assets	271,558	265,961	2	271,558	263,399	3	265,961	2
Key financial ratios (%)								
Net interest margin ²	2.12	1.74		2.09	2.12		1.95	
Cost/Income ratio ³	40.9	43.6		41.0	40.9		42.6	
Credit costs on loans (bp) ²								
General	-	1		(10)	4		1	
Specific	25	18		29	26		16	
Total	25	19		19	30		17	
NPA coverage ratio	102	98		102	99		98	
NPL ratio ⁴	1.6	1.5		1.6	1.6		1.5	
Return on average ordinary shareholders' equity ^{2,3,5}	14.3	11.2		13.9	14.1		14.0	
Return on average total assets ^{2,3}	1.20	0.94		1.16	1.19		1.13	
Loan/Deposit ratio ⁶	82.3	85.2		82.3	83.5		85.2	
Liquidity coverage ratios ("LCR") ^{7,11}								
All-currency	158	137		153	167		142	
Singapore Dollar	357	288		398	391		252	
Net stable funding ratio ("NSFR") ^{8,11}	121	114		121	121		114	
Capital adequacy ratios								
Common Equity Tier 1	13.0	12.8		13.0	13.6		12.8	
Tier 1	14.4	13.8		14.4	15.0		13.8	
Total	16.6	16.2		16.6	17.3		16.2	
Leverage ratio ⁹	6.8	6.4		6.8	7.0		6.4	
Earnings per ordinary share (\$) ^{2,5}								
Basic	3.36	2.68		3.23	3.30		3.30	
Diluted	3.34	2.67		3.22	3.29		3.29	
Net asset value ("NAV") per ordinary share (\$) ¹⁰	24.89	23.54		24.89	25.11		23.54	

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.

