UOB Group Financial Updates

Lee Wai Fai
Group Chief Financial Officer

For the Financial Year / Fourth Quarter Ended 31 December 2023

Financial Highlights

	FY23	4Q23
Core net profit (1)	**$6.1b** + 26% YoY	**$1.5b** + 1% QoQ
Core return on equity(1)	**14.2%** + 2.3%pt YoY	**13.8%** - 0.1%pt QoQ
Core Cost/Income ratio (1)	**41.5%** - 1.8%pt YoY	**43.2%** + 2.2%pt QoQ
Credit costs	**25bps** + 5 bps YoY	**25bps** + 6 bps QoQ

NPL ratio
1.5%
- 0.1%pt QoQ
- 0.1%pt YoY

Customer loans
$321b
+ 1% QoQ
No change YoY

NSFR
120%
- 1%pt QoQ
+ 4%pt YoY

CET 1 ratio
13.4%
+ 0.4%pt QoQ
+ 0.1%pt YoY

UOB

Full-year Core Net Profit rose 26% to record $6.1 billion

- Core net profit sustained at $1.5b for 4Q23. FY23 rose 26% to $6.1b, with core return on equity at 14.2%
- Including one-off expenses, net profit was $1.4b for 4Q23 and $5.7b for FY23
- 4Q23 net interest margin moderated to 2.02%. Fee income eased from normalized loan-related fees, but credit card fees registered a new high, coupled with wealth fees recovery
- On full year basis, FY23 income surged from higher net interest income, record card fees, as well as strong performance in treasury customer flows, trading and investment activities. This outpaced the broad-based expense growth, hence core cost to income ratio improved to 41.5%
- Asset quality remained stable with NPL ratio at 1.5%. FY23 total credit costs at 25bps were within expectation
- Strong capital and liquidity positions with CET1 ratio at 13.4% and NSFR at 120%

(1) Excluding one-off expenses

FY23 Performance by Segment

- Retail accelerated by enlarged regional franchise, proactive marketing campaigns, record card fees and higher rates
- Wholesale growth led by margin expansion and record investment banking fees, cushioning softer credit demand
- Global Markets saw non-interest income more than double from commodities trading and liquidity management, moderated by rising cost of funds

Operating Profit [1]	2023 $m	2022 $m	YoY +/(-) %	4Q23 $m	3Q23 $m	QoQ +/(-) %
Group Retail [1]	**3,104**	2,085	49	**817**	758	8
Group Wholesale Banking	**5,393**	4,672	15	**1,227**	1,379	(11)
Global Markets	**153**	301	(49)	**(8)**	17	(>100)

(1) Excluding one-off expenses

Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia

UOB

Scale Acquisition with Digital

Scale UOB TMRW across ASEAN to digitally acquire at low cost

>8m
Retail customers, 76% are digitally enabled

Close to 1m
New-to-bank customers acquired in 2023
▲ 14% YoY
53% 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

45
Strategic multi-markets partnerships to cater for our customers growing lifestyle needs

S$125m
Another record-high quarterly credit card fees in 4Q23,
▲ 21% QoQ

Leverage data insights to drive Omni-channel Offerings

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

S$176b
Assets under management (AUM)[1,2]
▲ 14% YoY

~2x
Higher average revenue generation by omni-channel customers vs other customers

1. Of which 61% 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

+9%
Cross border income [1];
Formed 25% of GWB income

+43%
Suppliers and distributors within Financial Supply Chain Management (FSCM) solution [1]

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+13%
Global Financial Institutions Group (FIG) income[1]

+10%
Income from Non-Real Estate & Hospitality and Non-FIG sectors [1]

Deepening Digitalisation

For secure and efficient transactions

+83%
Cashless payments to businesses in the region[2]

+15%
Digital banking transactions by businesses across the Group [3]

1. 2023 year on year growth. 2. Refers to payments made on Corporate PayNow, DuitNow and PromptPay in Singapore, Malaysia and Thailand. 3. Refers to digital banking transactions via UOB Infinity/BIBPlus

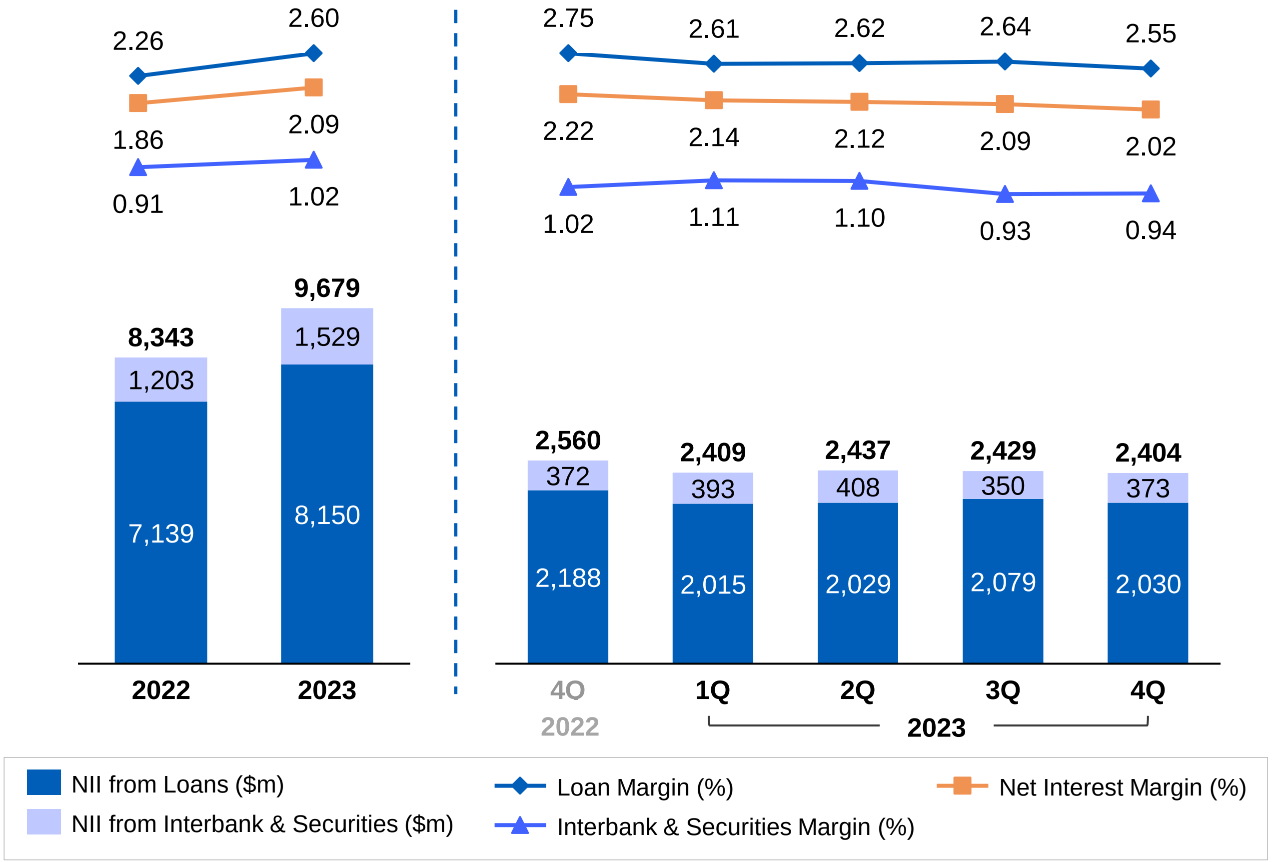
Financial Highlights

- Core FY net profit rose 26% to a new high of $6.1b, driven by strong NII and trading and investment income
- 4Q23 core net profit largely unchanged from last quarter. Lower operating profit was offset by reduction in credit loss allowance

	2023 $m	2022 $m	YoY +/(-)%	4Q23 $m	3Q23 $m	QoQ +/(-)%	4Q22 $m	YoY +/(-)%
Net interest income	9,679	8,343	16	2,404	2,429	(1)	2,560	(6)
Net fee income	2,235	2,143	4	569	591	(4)	485	17
Other non-interest income	2,018	1,089	85	438	436	0	285	54
Total income	**13,932**	**11,575**	**20**	**3,410**	**3,457**	**(1)**	**3,330**	**2**
Less: Total expenses	5,778	5,016	15	1,473	1,416	4	1,418	4
Operating profit	**8,154**	**6,559**	**24**	**1,937**	**2,041**	**(5)**	**1,912**	**1**
Less: Amortisation of intangible assets	24	3	>100	7	7	(0)	3	>100
Less: Allowance for credit and other losses	921	603	53	152	235	(36)	184	(18)
Add: Associate & Joint Venture	93	97	(5)	22	20	11	28	(22)
Core net profit	**6,060**	**4,819**	**26**	**1,498**	**1,479**	**1**	**1,398**	**7**
Less: One-off expenses								
- Citi integration costs (net of tax)	350	70	>100	94	97	(2)	70	35
- Stamp duty paid	-	176	NM	-	-	-	176	NM
Net profit (including one-off expenses)	**5,711**	**4,573**	**25**	**1,403**	**1,382**	**2**	**1,152**	**22**

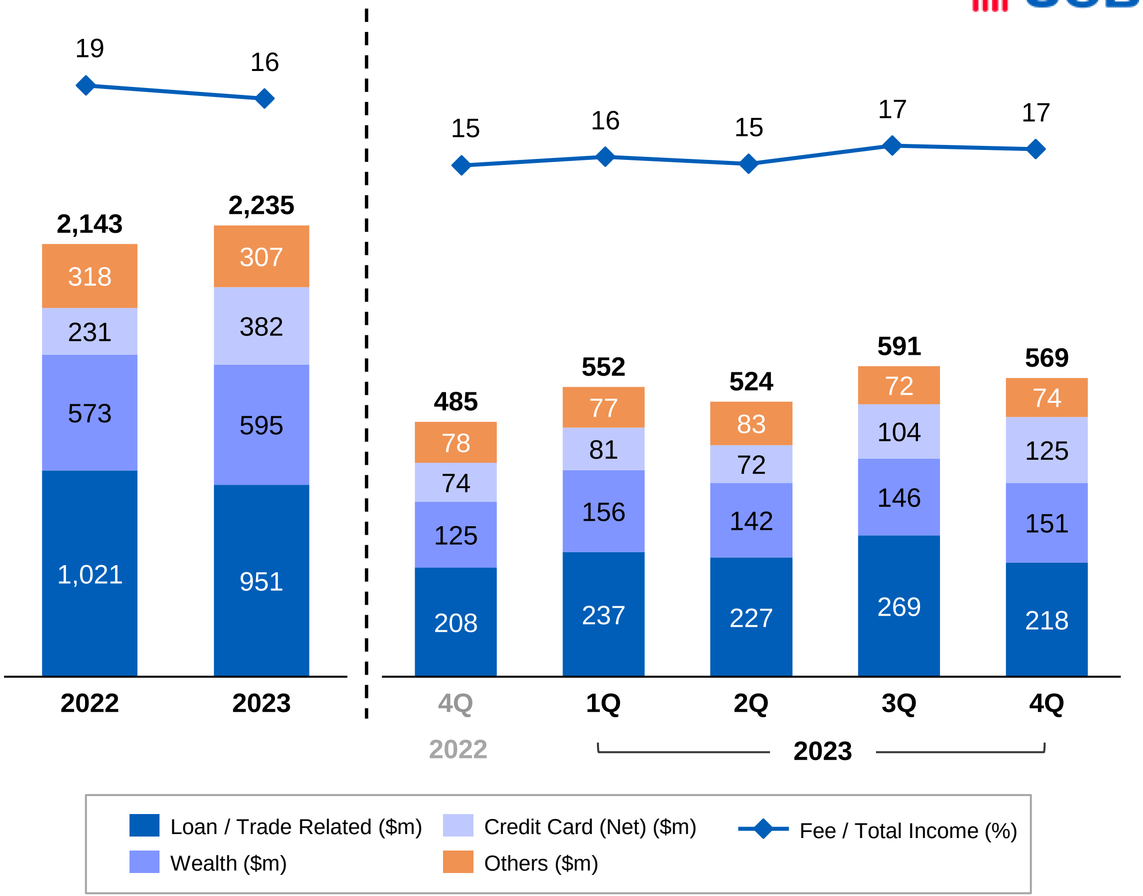
Net Interest Income and Margin

- Higher NII and NIM YoY from higher interest rate environment
- 4Q23 NIM moderated to 2.02% mainly from loan margin compression due to competition for high quality credits



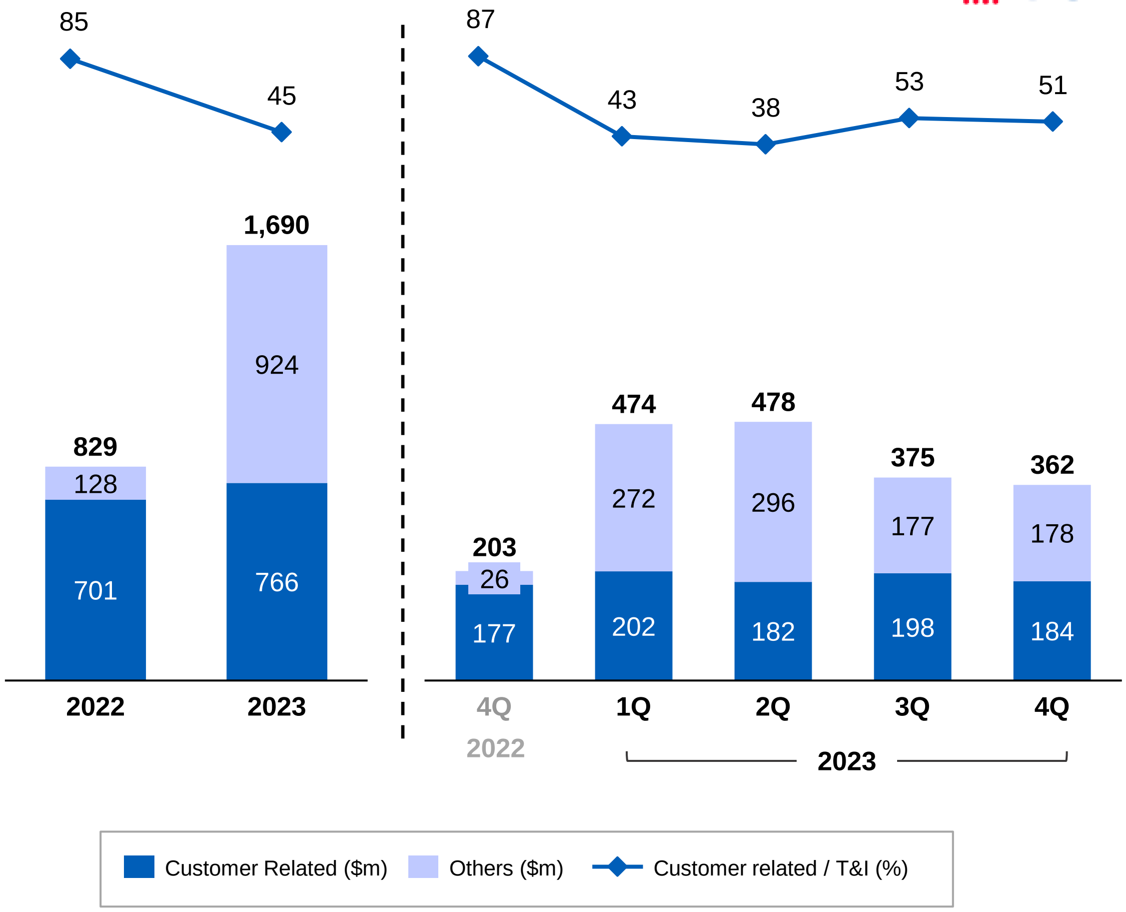
Fee Income

- 4Q23 credit card fees continued strong momentum to register a new high, boosted by higher card spending on an enlarged regional franchise
- Wealth fees saw modest recovery
- Loan-related fees eased amid cautious corporate sentiments



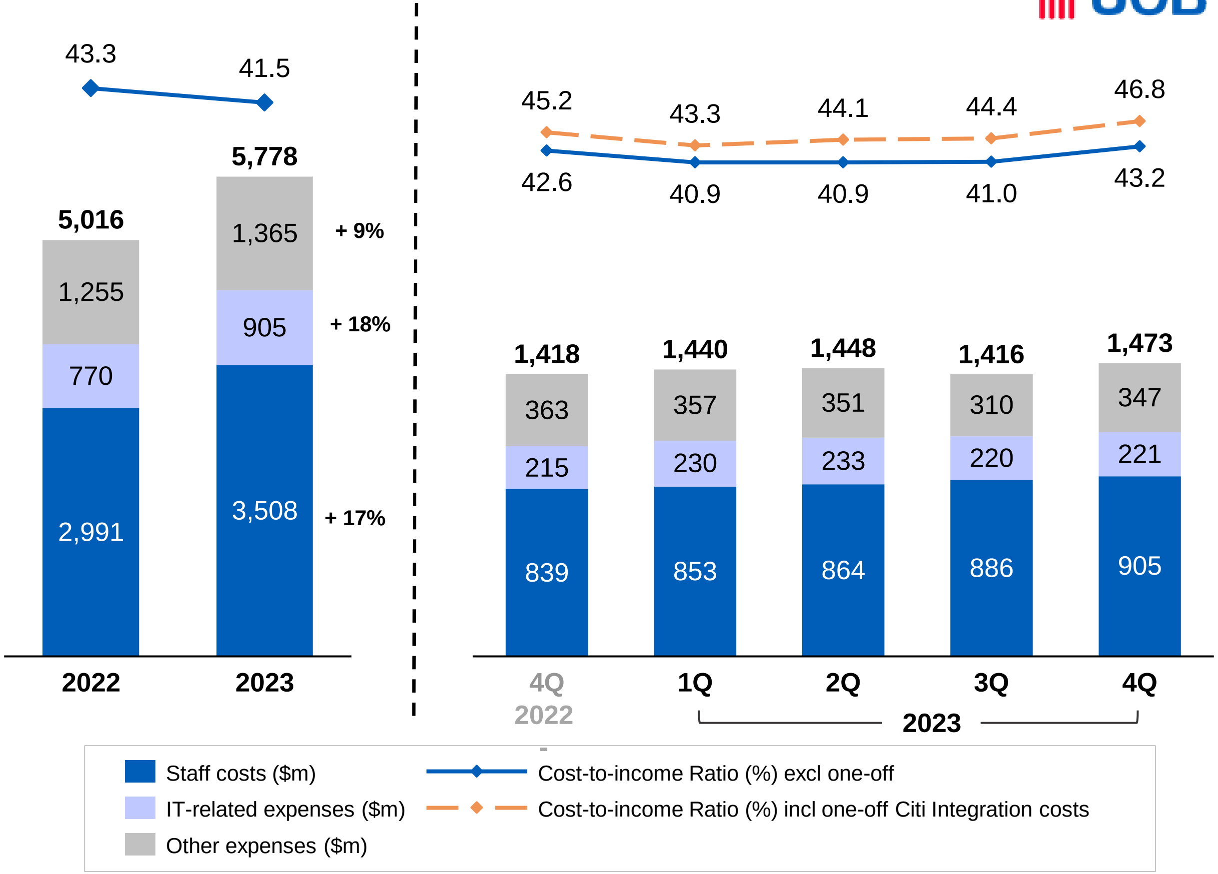
Trading & Investment Income

- Customer-related treasury income sustained momentum
- Trading and liquidity management activities continued to deliver good performance



Core Expenses and Cost / Income Ratio (1)

- FY23 CIR improved to 41.5% on the back of strong income growth and disciplined spending
- Broad-based expense growth to support strategic initiatives



(1) Excluding one-off expenses

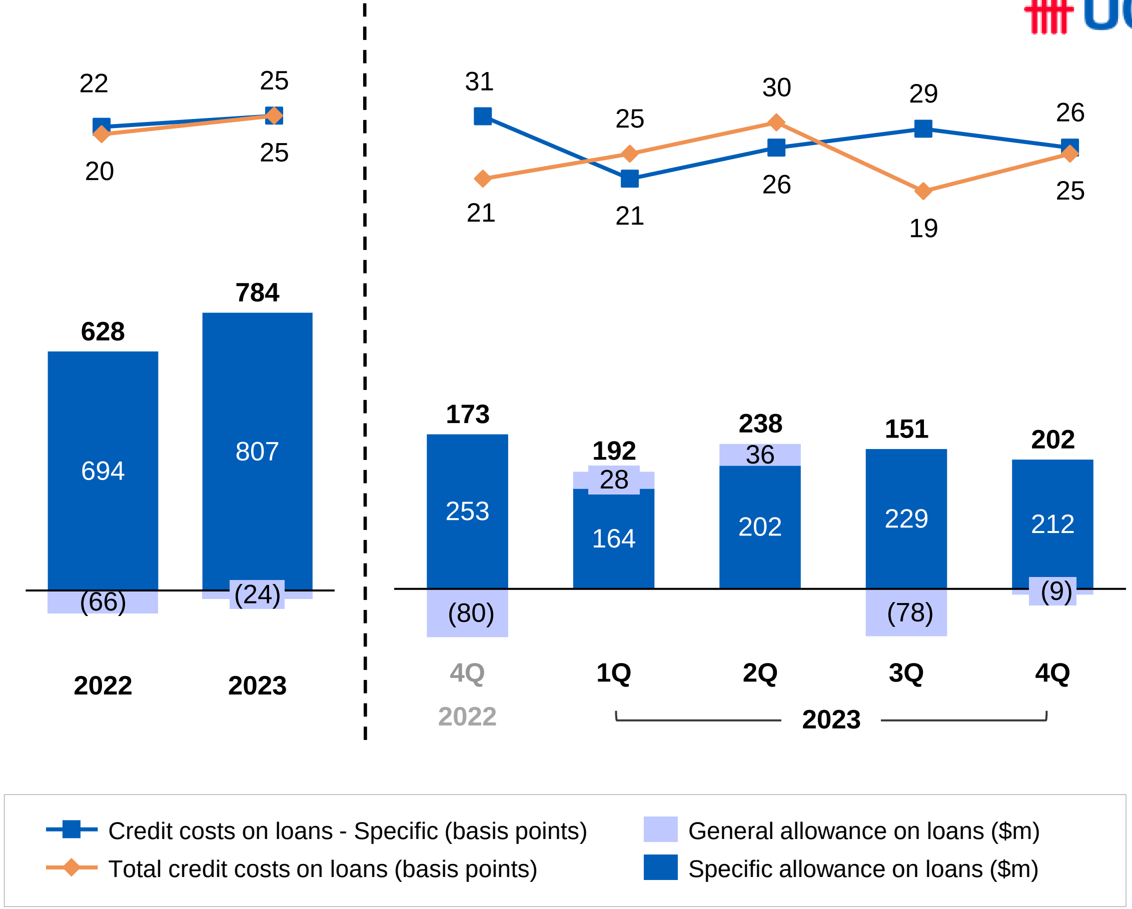
Non-Performing Assets

- Stable asset quality with NPL ratio at 1.5%. New NPA formation more than offset by recoveries and write-offs
- Credit portfolio well-collateralized with SP/NPA stable at 32%

	2022	2023			
($m)	4Q	1Q	2Q	3Q	4Q
NPAs at start of period	5,037	5,127	5,150	5,192	5,011
<u>Non-individuals</u>					
New NPAs	395	301	364	267	389
Less:					
Upgrades and recoveries	322	80	137	298	288
Write-offs	121	218	65	150	218
	4,989	5,130	5,312	5,011	4,894
Individuals	(27)	13	(120)	0	38
NPAs at end of period	4,962	5,143	5,192	5,011	4,932
Add: Citi acquisition	165	7			14
NPAs at end of period including Citi	5,127	5,150	5,192	5,011	4,946
NPL Ratio (%)	1.6	1.6	1.6	1.6	**1.5**
Specific allowance/NPA (%)	34	32	33	34	**32**

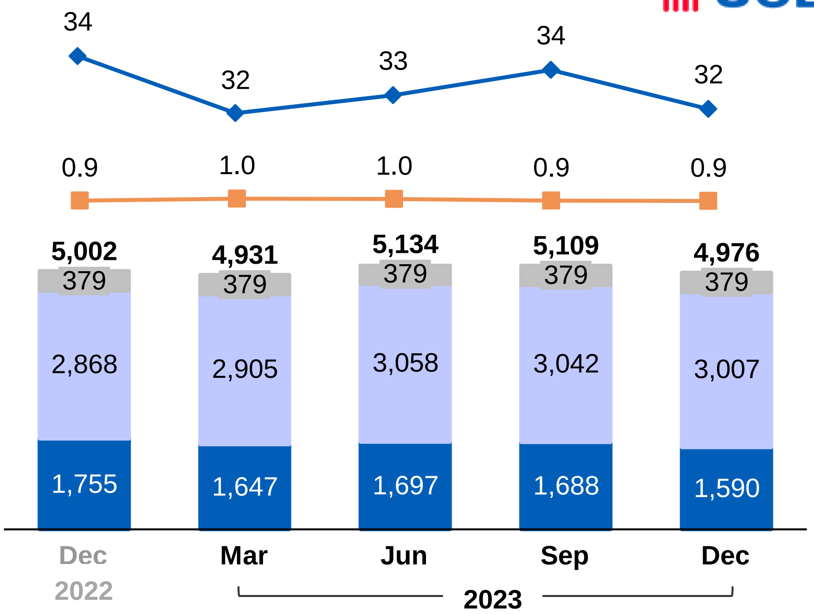
Total Allowance on Loans

- FY23 credit costs at 25bps were within expectation



Allowance Coverage

- Reserve buffer remained adequate with prudent coverage for performing loans at 0.9%
- Sound NPA coverage at 101% or 209% taking collateral into account



	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023
NPA coverage (%) [(2)]	98	96	99	102	**101**
Unsecured NPA coverage (%) [(2)]	207	212	209	205	**209**

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.

FY23 Performance by Geography

- Performance improved across most markets
- ASEAN-4 benefited from Citi consolidation
- Well connected overseas franchise continue to provide customers support on cross border activities
- Overseas contribution at 43% of Group operating profit

Core operating profit [1]	2023 $m	2022 $m	YoY +/(-)%	4Q23 $m	3Q23 $m	QoQ +/(-)%
Singapore	**4,657**	3,824	22	**1,052**	1,188	(11)
ASEAN-4	**1,770**	1,419	25	**470**	389	21
Malaysia	**873**	744	17	**277**	184	51
Thailand	**700**	425	64	**163**	173	(6)
Indonesia	**186**	233	(20)	**31**	34	(8)
Vietnam	**11**	17	(36)	**(2)**	(2)	(6)
North Asia	**716**	670	7	**162**	211	(23)
Greater China	**643**	626	3	**147**	186	(21)
Others	**73**	44	66	**15**	25	(38)
Rest of the world	**1,011**	645	57	**253**	253	0
Total	**8,154**	6,559	24	**1,937**	2,041	(5)
Overseas contribution (%) [1]	**42.9**	41.7	1.2	**45.7**	41.8	3.9

(1) Excluding one-off expenses

Gross Loans

- Loans grew 1% QoQ and 2% YoY on constant currency basis

	Dec-23 $b	Sep-23 $b	Dec-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**158**	155	160	2	(2)
ASEAN-4	**69**	67	69	3	1
Malaysia	**32**	32	33	(1)	(5)
Thailand	**25**	24	23	7	8
Indonesia	**10**	10	10	2	(4)
Vietnam	**2**	2	2	7	31
North Asia	**54**	56	52	(3)	4
Greater China	**49**	51	49	(4)	1
Others	**5**	4	3	3	54
Rest of the world	**40**	40	39	1	4
Total	**321**	318	320	1	0
At constant FX basis	*321*	*317*	*316*	*1*	*2*

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

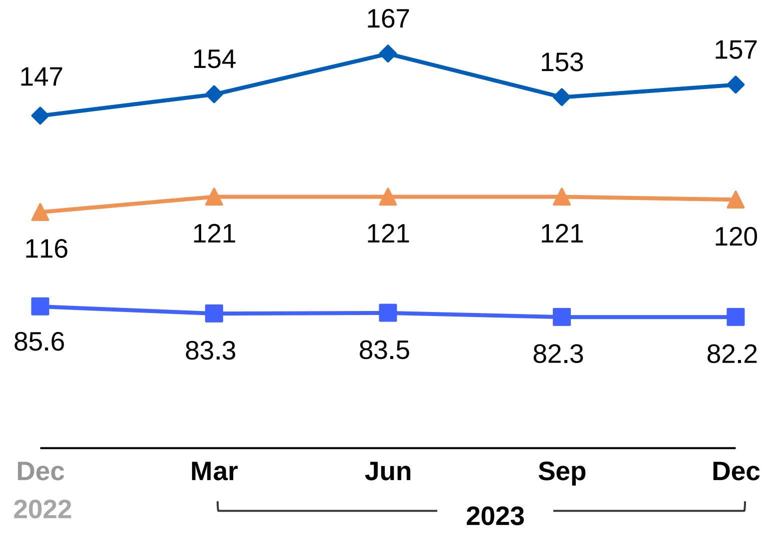
- Customer deposits up 1% QoQ and 5% YoY, alongside improved CASA ratio at 48.9%

	Dec-23 $b	Sep-23 $b	Dec-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**264**	262	249	1	6
ASEAN-4	**73**	72	71	2	3
Malaysia	**34**	34	34	0	1
Thailand	**27**	26	26	5	4
Indonesia	**10**	10	10	3	4
Vietnam	**2**	2	1	(8)	49
North Asia	**24**	25	21	(2)	14
Greater China	**24**	24	21	(2)	14
Others	**0**	0	0	(21)	29
Rest of the world	**24**	24	28	1	(13)
Total Customer Deposits	**385**	382	369	1	5
Wholesale funding (1)	**71**	67	68	7	5
Total funding	**457**	448	436	2	5
CASA/Deposit Ratio (%)	**48.9**	48.2	47.5	0.7	1.4

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

Liquidity Ratios

- Liquidity remained ample with LCR at 157% and NSFR at 120%

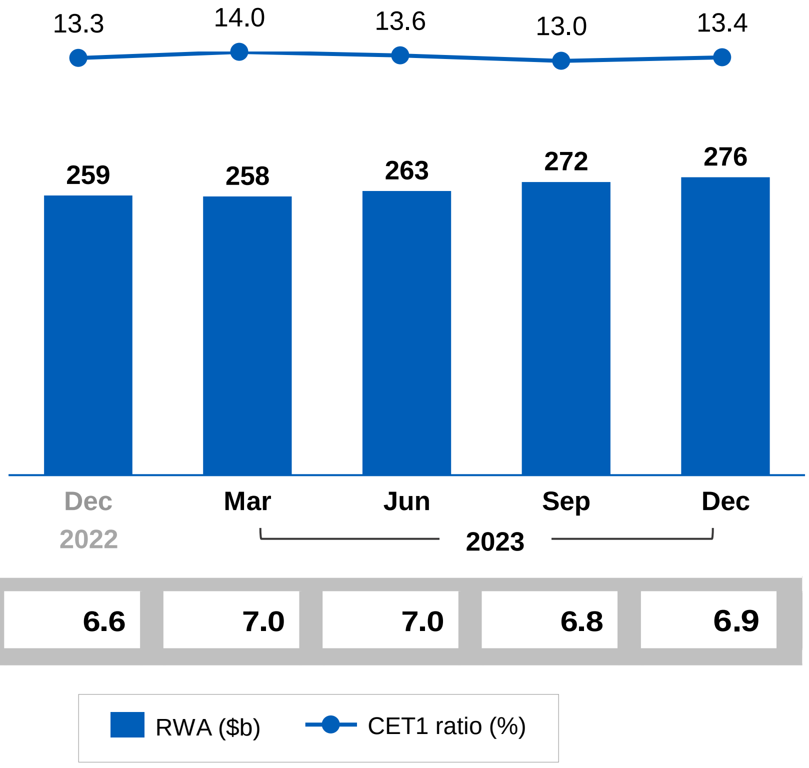


USD LDR (%)	60.0	60.7	62.9	60.7	56.5

All-currency LCR (%) Loan/Deposit Ratio (LDR) (%)
Net Stable Fund Ratio (NSFR) (%)

Capital

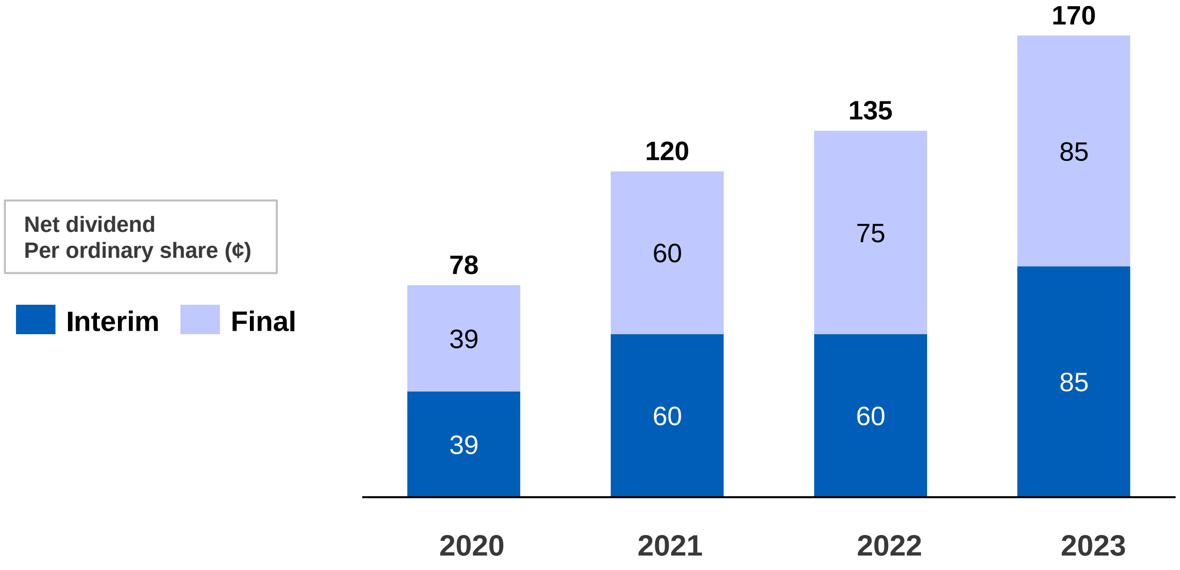
- Healthy CET1 ratio at 13.4%



	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023
Leverage ratio (%)	**6.6**	**7.0**	**7.0**	**6.8**	**6.9**

Dividends

- Committed to consistent and sustainable returns to shareholders
- Proposed final dividend of 85 cents per share



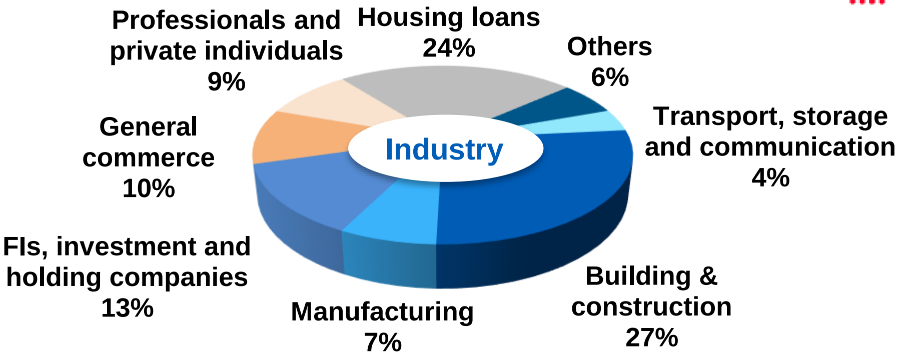
	2020	2021	2022	2023
Payout amount ($m)	1,304	2,011	2,263	2,844
Payout ratio (%)	45 ^	49	49	50

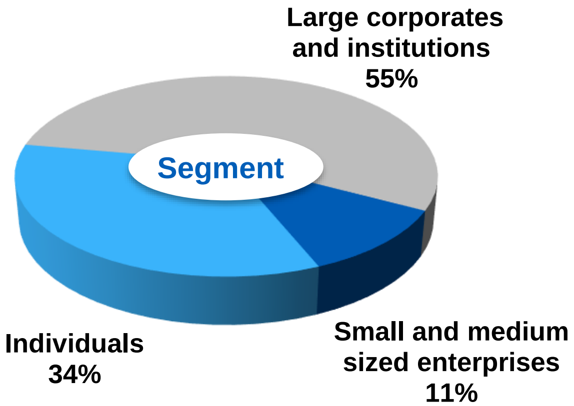
^ Dividend for 2020 is in line with Monetary Authority of Singapore's call for banks to cap the total dividends per share (DPS) at 60% of 2019's DPS.

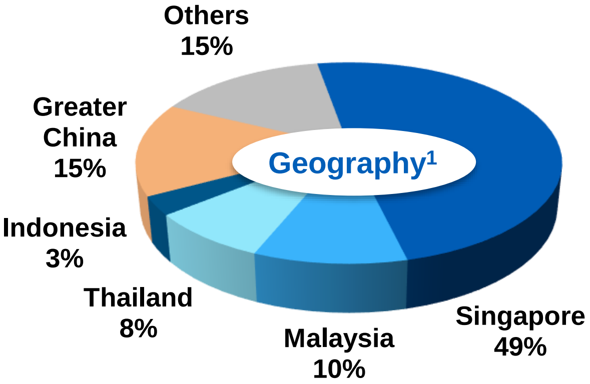
Appendix

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

Diversified loan portfolio



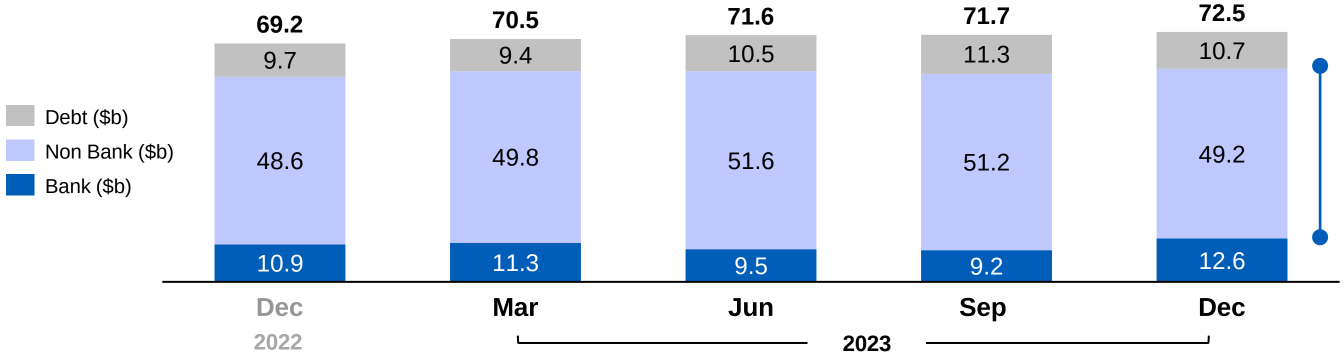




Note: Financial statistics as at 31 December 2023

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



- ~$2.2b in loans to Chinese developers (*1% of group loans*)

As at 31 Dec 2023:

Mainland China exposure

($25.0b or 5% of total assets)

Bank exposure ($9.0b)

- ~35% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~80% of total bank exposure
- ~99% with <1 year tenor; trade accounts for ~10% of total bank exposure

Non-bank exposure ($11.4b)

- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~70% denominated in RMB and ~60% with <1 year tenor
- NPL ratio at 0.9%

Hong Kong SAR exposure

($41.6b or 8% of total assets)

Bank exposure ($1.0b)

- ~95% are to foreign banks

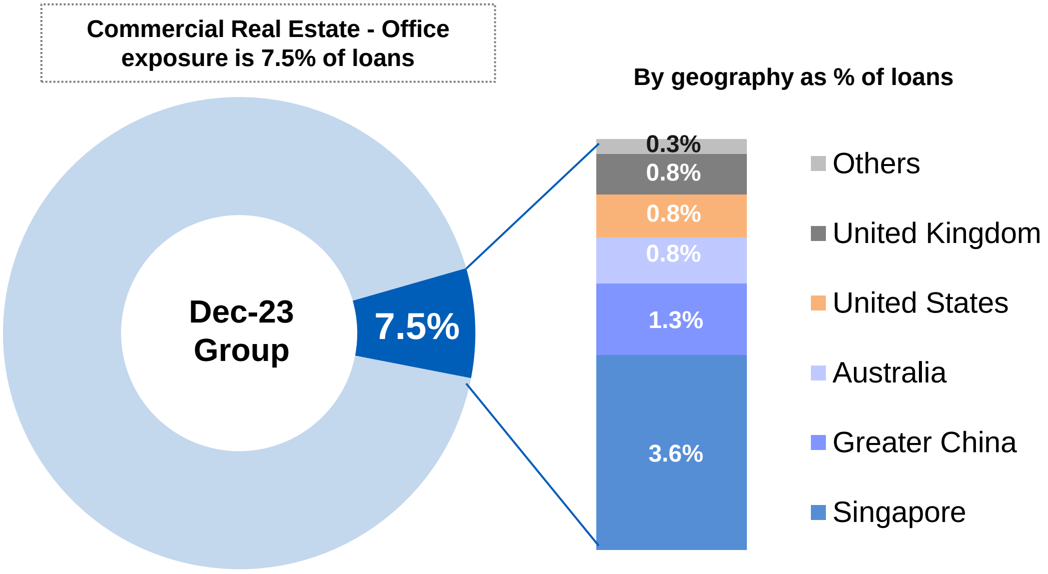
Non-bank exposure ($35.1b)

- Exposure mainly to corporate and institutional clients
- ~65% with <1 year tenor
- NPL ratio at 1.3%

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