



# UOB Group Financial Updates

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Group Chief Financial Officer

For the Nine Months / Third Quarter Ended 30 September 2022

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## Financial Highlights

### 3Q22 key financial indicators

Operating profit

**\$1.8b**

+ 20% QoQ  
+ 32% YoY

Net profit after tax

**\$1.4b**

+ 26% QoQ  
+ 34% YoY

Cost/Income ratio

**42.6%**

- 0.2%pt QoQ  
- 1.1%pt YoY

Credit costs

**17bps**

- 5bps QoQ  
- 3bps YoY

NPL ratio

**1.5%**

- 0.2%pt QoQ  
no change YoY

Customer loans

**\$323b**

+ 1% QoQ  
+ 6% YoY

NSFR ratio

**114%**

+ 3%pt QoQ  
- 11%pt YoY

CET 1 ratio

**12.8%**




- 0.3%pt QoQ  
- 0.7%pt YoY

## 3Q22 net profit at Record of \$1.4b supported by strong NII and lower credit cost

- 3Q22 net interest income continued to register double digit growth to cross the \$2b mark, as NIM expanded 28bps to 1.95% this quarter
- Loan-related fees moderated from last quarter's high, while wealth fees remained soft, reflecting cautious investor sentiments
- Treasury and investment income surged on record-high customer-related treasury income, coupled with improved performance from trading and liquidity management activities amid market volatilities
- Asset quality stabilised with NPL ratio retreating to 1.5%. Total credit costs improved to 17bps this quarter
- Customer loan maintained steady growth of 1% QoQ and 6% YoY
- CET1 ratio healthy at 12.8%

## Performance by Segment

- Retail benefited from stronger margin and volume growth, moderated by softer wealth income
- Wholesale supported by expansion in margin and balance sheet, record investment banking and loan related fees, coupled with strong treasury customer flows
- Healthy growth in Global Markets with strong performance in 3Q driven by rates and commodity trading

		9M22	9M21	YoY	3Q22	2Q22	QoQ
		\$m	\$m	+/(-) %	\$m	\$m	+/(-) %
	<b>Operating Profit</b>						
	Group Retail	1,393	1,347	3	572	444	29
	Group Wholesale Banking	3,454	2,763	25	1,273	1,148	11
	Global Markets	319	301	6	98	83	18

# Wholesale customers

- Growing regional franchise, capturing cross-border opportunities



## Strengthening Connectivity

Across our ASEAN footprint and global network



**+16%**  
Cross border income<sup>1</sup>;  
Formed 29%<sup>2</sup> of GWB income



**+52%**  
Suppliers and distributors<sup>3</sup> within  
Financial Supply Chain  
Management (FSCM) solution



## Sector Specialisation

Building capabilities for  
greater diversification  
and risk mitigation



**+7%**  
Loan-related fees<sup>4</sup>



**+26%**  
Global Financial Institutions  
Group income<sup>4</sup>



## Deepening Digitalisation

For secure and  
efficient transactions



**+69%**  
Cashless payments to  
businesses in the region<sup>4,5</sup>



**+14%**  
Digital banking transactions by  
businesses across the Group<sup>4,6</sup>

1. Year on year growth for YTD Aug '22. 2. As of YTD Aug '22. 3. Year on year growth for YTD Jul '22. 4. Year on year growth in 9M22. 5. Refers to payments made on Corporate PayNow, DuitNow and PromptPay in Singapore, Malaysia and Thailand. 6. Refers to digital banking transactions via UOB Infinity/BIBPlus.

# Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia



## Building Scale & Deepening Engagement

Scale UOB TMRW across ASEAN, reduce cost to serve and deepen engagement to drive customer lifetime value

**500k**

New customers to be digitally acquired across the region by UOB TMRW by end of 2022

**2.4x**

Year on year growth<sup>1</sup> in UOB TMRW customers in Indonesia



## Growing Eco-system Partnerships

Embed partnerships and alternative data to digitally acquire at low cost, retain and reward customers

**>140**

Ecosystem partnerships in ASEAN to drive customer acquisition engagement and cost efficiencies

**1 in 4**

Digitally acquired customers from partnership referrals<sup>1</sup>



## Strengthening Omni-channel Offerings

Digitalise customer experiences & processes; repurpose branches for more advisory needs

**S\$140b**

Assets under management (AUM)<sup>1,2,3</sup>  
▲ 2% YoY

**+23%**

Year on year growth<sup>4</sup> in bancassurance annual premium equivalent (APE)

1. As at 9M22. 2. Of which 57% are from customers overseas. 3. Refers to Privilege Banking, Privilege Reserve and Private Bank. 4. As at 3Q22. From bancassurance partnership with Prudential.

## Performance by Geography

- Continued momentum in quarterly growth across Singapore, ASEAN, North Asia and the developed markets
- Strong YoY and QoQ growth in Singapore, while well connected overseas franchise continue to provide customers support on cross border activities; overseas contribution at 44% to Group operating profit

	9M22 \$m	9M21 \$m	YoY +/(-)%	3Q22 \$m	2Q22 \$m	QoQ +/(-)%
<b>Operating Profit</b>						
Singapore	2,621	2,101	25	1,078	845	28
<b>Rest of Southeast Asia</b>	1,023	1,029	(1)	386	318	21
Malaysia	549	541	2	216	162	34
Thailand	291	301	(3)	98	93	6
Indonesia	166	181	(8)	62	59	5
Vietnam	12	2	>100	7	3	>100
Others	5	4	16	3	1	>100
<b>North Asia</b>	500	452	11	180	173	4
Greater China	465	425	9	169	165	2
Others	36	27	30	11	8	41
<b>Rest of the world</b>	503	555	(9)	183	183	0
<b>Total</b>	<b>4,647</b>	<b>4,137</b>	<b>12</b>	<b>1,827</b>	<b>1,519</b>	<b>20</b>
<b>Overseas contribution (%)</b>	<b>43.6</b>	<b>49.2</b>	<b>(5.6)</b>	<b>41.0</b>	<b>44.3</b>	<b>(3.3)</b>

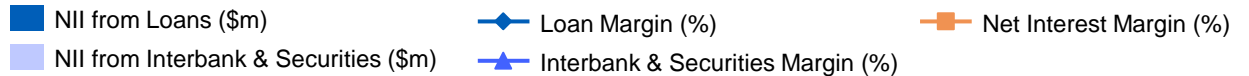
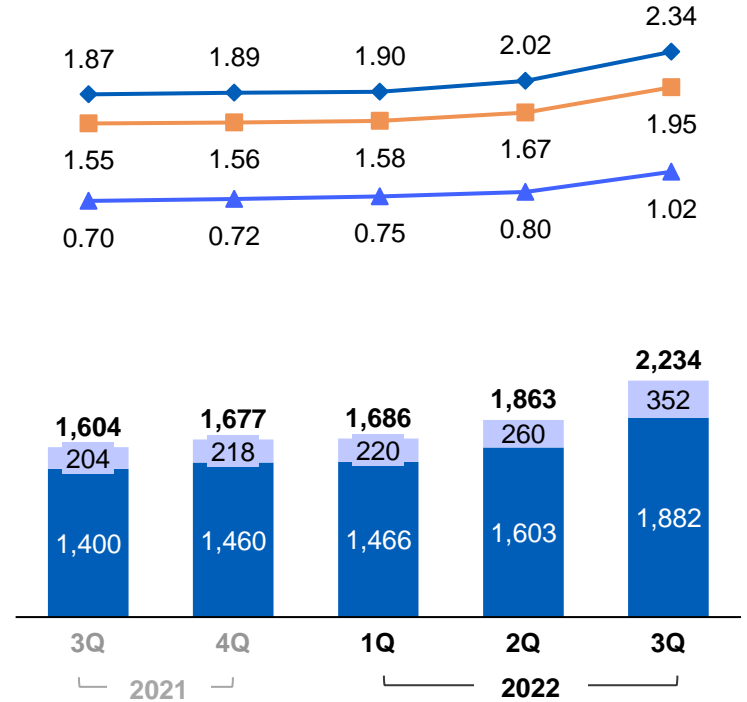
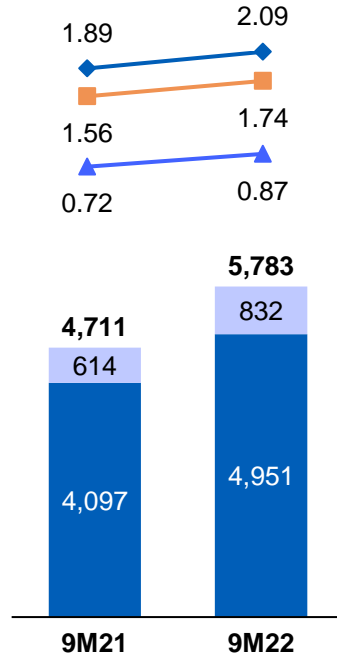
## Financial Highlights

- 3Q22 profits rose to new high of \$1.4b, driven by record quarter NII from NIM expansion, higher trading and investment income and lower specific allowances
- 9M22 profits up 12% supported by strong NII and lower credit costs. This was partly offset by lower wealth and fund management fees as investors remain cautious amid market volatility

	9M22	9M21	YoY	3Q22	2Q22	QoQ	3Q21	YoY
	\$m	\$m	+/(-)%	\$m	\$m	+/(-)%	\$m	+/(-)%
Net interest income	5,783	4,711	23	2,234	1,863	20	1,604	39
Net fee income	1,658	1,776	(7)	519	567	(8)	576	(10)
Others	804	868	(7)	431	273	58	272	58
<b>Total income</b>	<b>8,245</b>	<b>7,356</b>	<b>12</b>	<b>3,184</b>	<b>2,702</b>	<b>18</b>	<b>2,453</b>	<b>30</b>
Less: Total expenses	3,598	3,218	12	1,357	1,184	15	1,072	27
<b>Operating profit</b>	<b>4,647</b>	<b>4,137</b>	<b>12</b>	<b>1,827</b>	<b>1,519</b>	<b>20</b>	<b>1,381</b>	<b>32</b>
Less: Impairment charge	419	546	(23)	104	137	(24)	163	(36)
Add: Assoc & JV	69	99	(30)	18	23	(22)	29	(38)
<b>Net profit</b>	<b>3,421</b>	<b>3,057</b>	<b>12</b>	<b>1,403</b>	<b>1,113</b>	<b>26</b>	<b>1,046</b>	<b>34</b>

# Net Interest Income and Margin

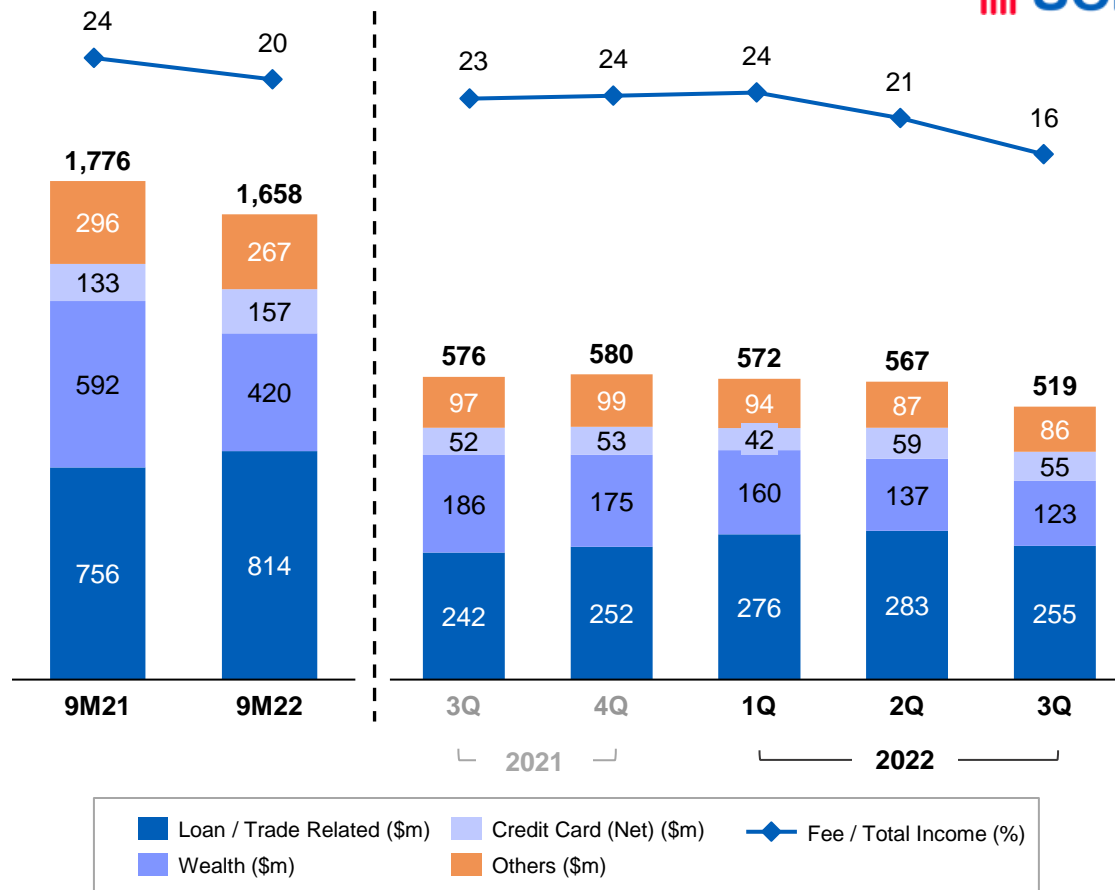
- 3Q22 NII crossed \$2b, up 20% QoQ driven by strong NIM expansion (+28bps) amid accelerated rate hikes
- YTD NII grew 23% YoY, boosted by NIM uplift (+18bps) on rising rates coupled with healthy loan growth of 6%





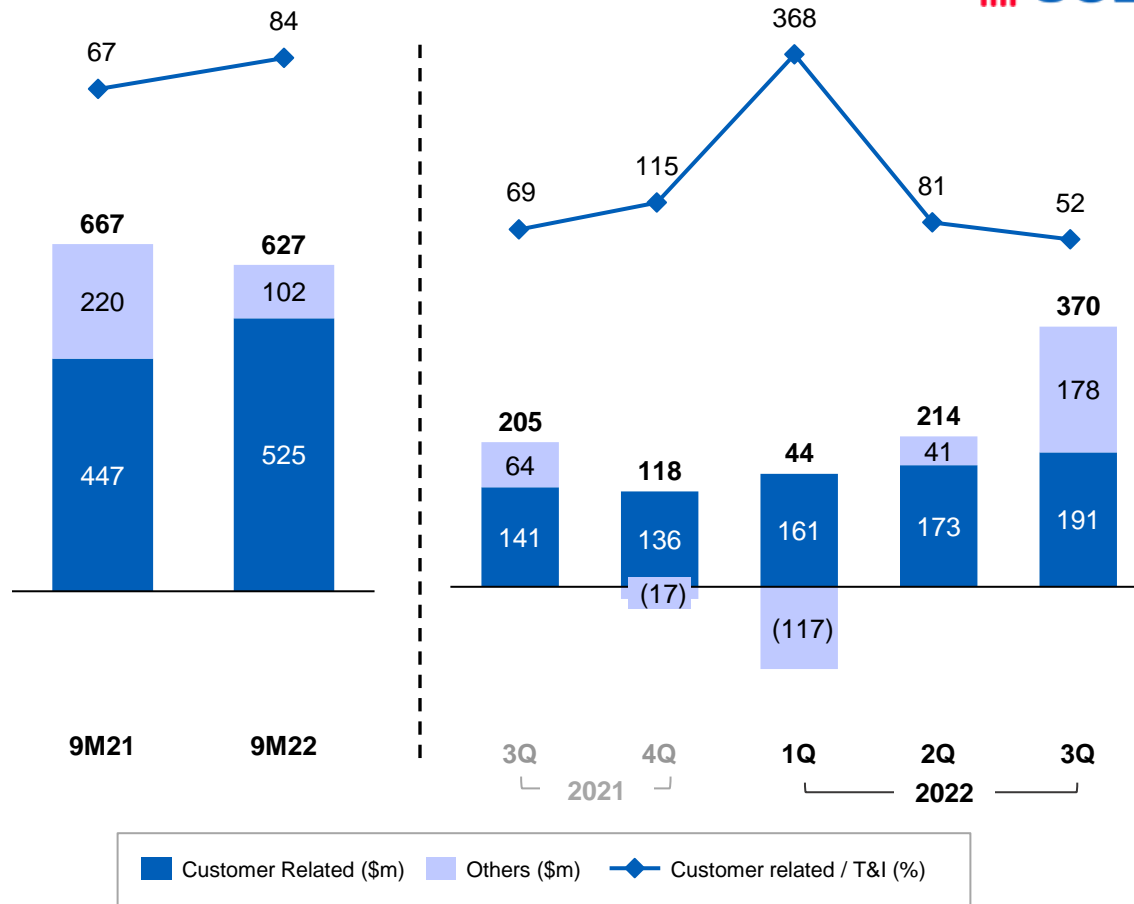
# Fee Income

- 9M22 loan fees grew to a new high spurred by trade and investment growth. Credit card fees were also higher as customer spends rebounded with borders reopening
- Wealth fees were muted as investors remained cautious amid market volatility
- 3Q22 loan-related fees moderated after a stellar 2Q22. Wealth fees remained soft amid subdued market sentiments



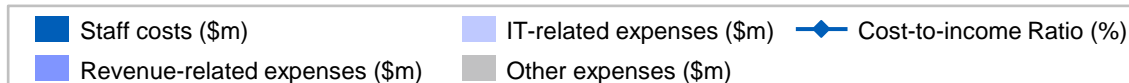
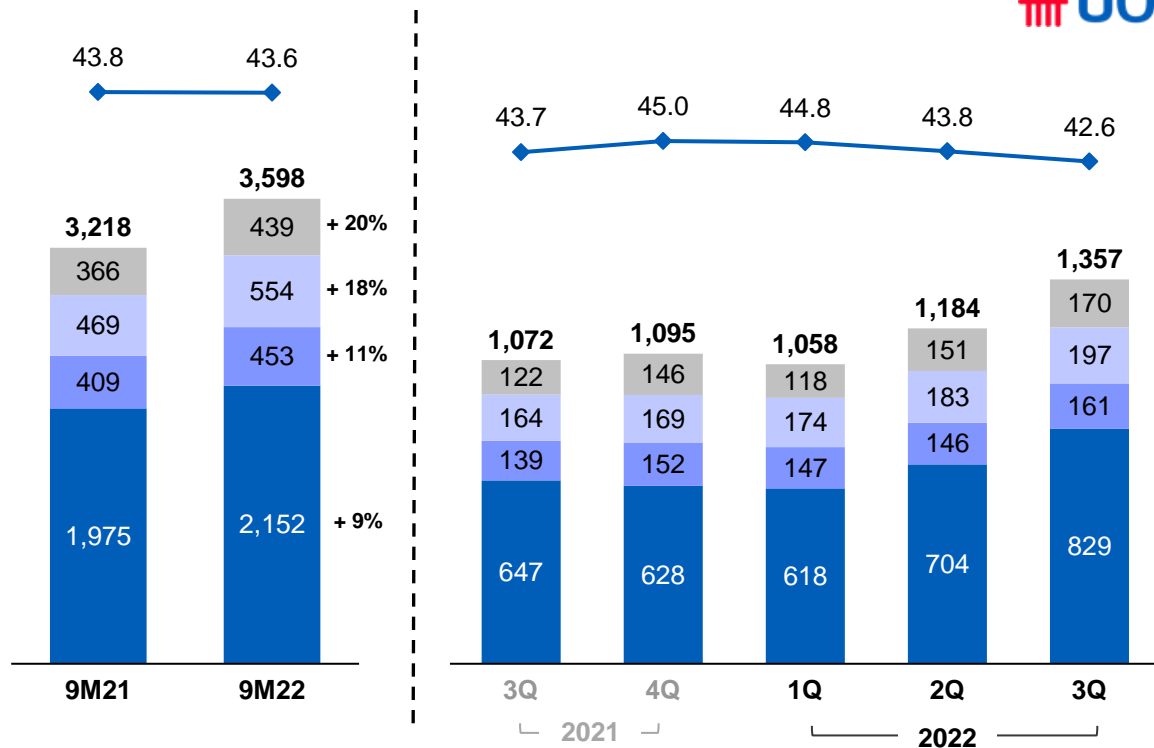
# Trading & Investment Income

- Continued momentum for customer-related income from increased hedging demand
- Others surged on improved performance from trading and liquidity management activities amid market volatilities



## Expenses and Cost / Income Ratio

- Higher expenses in line with income growth and strategic investments
- 3Q22 CIR improved to 42.6% on the back of strong income growth



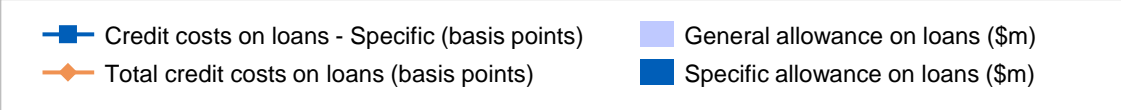
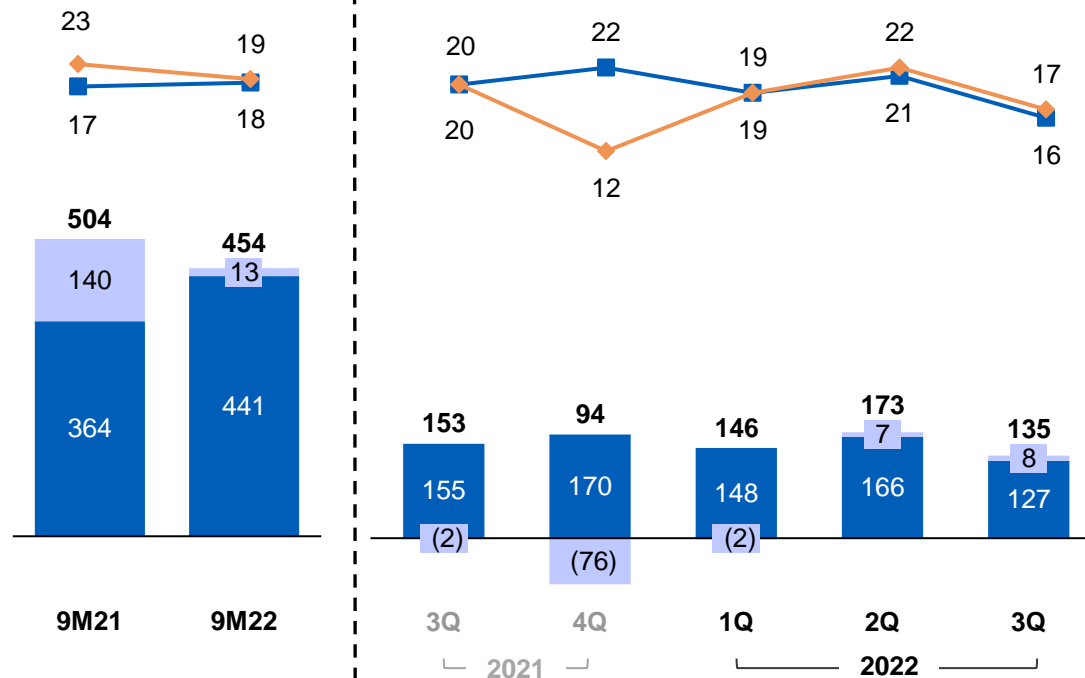
## Non-Performing Assets

- Asset quality stabilised with lower NPA formation this quarter and NPL ratio retreating to 1.5%
- SP/NPA stable at 33%

(\$m)	2021		2022		
	3Q	4Q	1Q	2Q	3Q
<b>NPAs at start of period</b>	4,547	4,772	5,077	5,289	5,422
<u>Non-individuals</u>					
New NPAs	251	670	462	661	214
<i>Less:</i>					
Upgrades and recoveries	73	172	207	363	448
Write-offs	42	205	36	123	60
	4,683	5,065	5,296	5,464	5,128
Individuals	89	12	(7)	(42)	(91)
<b>NPAs at end of period</b>	4,772	5,077	5,289	5,422	5,037
<b>NPL Ratio (%)</b>	1.5	1.6	1.6	1.7	1.5
<b>Specific allowance/NPA (%)</b>	34	31	31	30	33

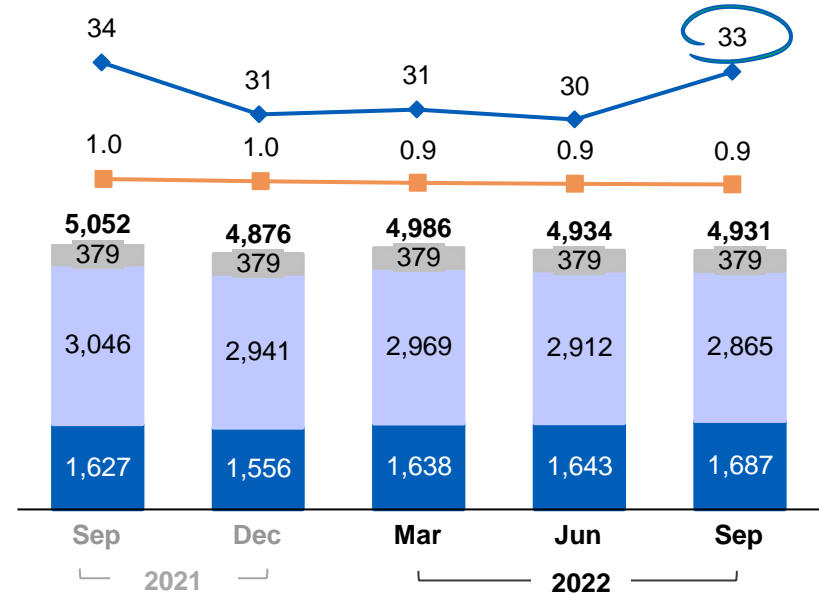
# Total Allowance on Loans

- 3Q22 credit cost improved to 17bps due mainly to lower specific allowance

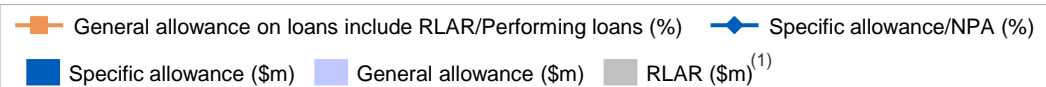


# Allowance Coverage

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



<b>NPA coverage (%)</b> <sup>(2)</sup>	106	96	94	91	<b>98</b>
<b>Unsecured NPA coverage (%)</b> <sup>(2)</sup>	265	239	216	185	<b>207</b>



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

- Continued quality growth of 1% QoQ mainly from term and trade loans
- Broad based YoY growth of 6% across Singapore, Greater China and the Western World
- SE Asia loan book grew 7% YoY on constant currency basis

	Sep-22 \$b	Jun-22 \$b	Sep-21 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	165	163	158	1	4
<b>Rest of Southeast Asia</b>	<b>63</b>	<b>64</b>	<b>62</b>	<b>(2)</b>	<b>0</b>
Malaysia	29	30	29	(1)	(0)
Thailand	20	21	20	(5)	0
Indonesia	11	11	11	(3)	3
Vietnam	2	2	2	2	(5)
Others	1	1	1	(2)	22
<b>North Asia</b>	<b>57</b>	<b>56</b>	<b>53</b>	<b>1</b>	<b>8</b>
Greater China	54	53	50	2	9
Others	3	4	3	(14)	(7)
<b>Rest of the world</b>	<b>39</b>	<b>38</b>	<b>32</b>	<b>3</b>	<b>21</b>
<b>Total</b>	<b>323</b>	<b>322</b>	<b>306</b>	<b>1</b>	<b>6</b>

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

- Maintained focus on stable funding
- 3Q22 CASA ratio lower at 49.8%, largely due to the influx of flight to safety fixed deposits

	Sep-22 \$b	Jun-22 \$b	Sep-21 \$b	QoQ +/(-)%	YoY +/(-)%
Singapore	256	245	241	5	7
<b>Rest of Southeast Asia</b>	<b>67</b>	<b>66</b>	<b>64</b>	<b>2</b>	<b>4</b>
Malaysia	31	31	32	(0)	(3)
Thailand	22	22	20	0	13
Indonesia	11	11	9	7	21
Vietnam	2	2	3	19	(35)
Others	0	0	0	5	4
<b>North Asia</b>	<b>23</b>	<b>22</b>	<b>25</b>	<b>4</b>	<b>(9)</b>
Greater China	23	22	25	4	(9)
Others	0	0	0	23	7
<b>Rest of the world</b>	<b>28</b>	<b>25</b>	<b>25</b>	<b>12</b>	<b>15</b>
Total Customer Deposits	375	358	355	5	6
Wholesale funding <sup>(1)</sup>	68	74	49	(8)	39
Total funding	443	432	403	3	10
<b>CASA/Deposit Ratio (%)</b>	<b>49.8</b>	<b>54.7</b>	<b>55.8</b>	<b>(4.9)</b>	<b>(6.0)</b>

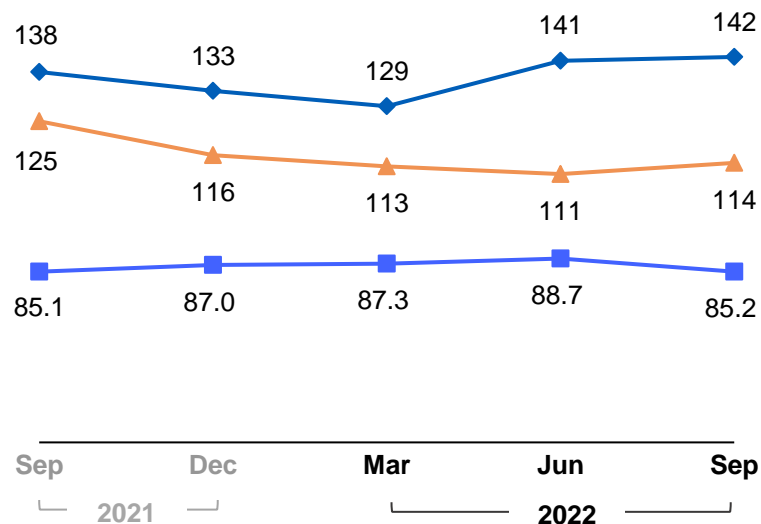
Note:

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



## Liquidity Ratios

- Liquidity and funding positions strengthened with 3Q22 LCR at 142% and NSFR at 114%



USD LDR (%)

60.4

61.6

66.3

72.3

64.2

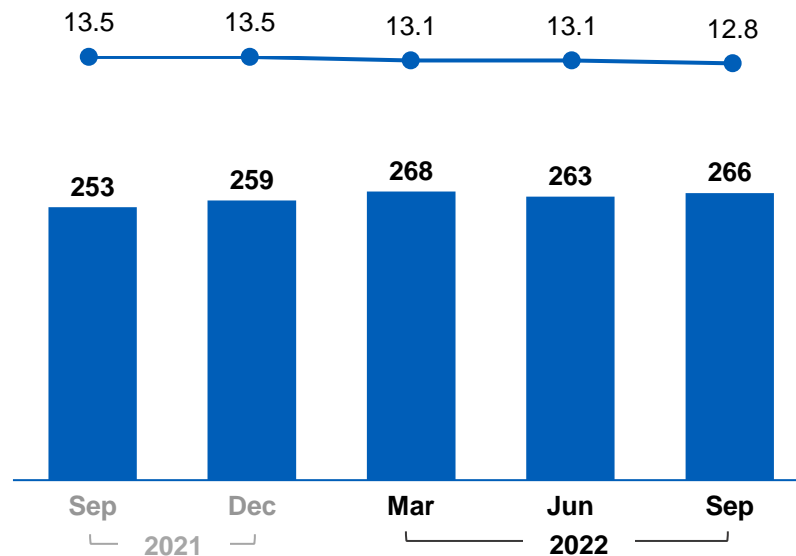
◆ All-currency LCR (%)      ■ Loan/Deposit Ratio (LDR) (%)  
▲ Net Stable Fund Ratio (NSFR) (%)<sup>(1)</sup>

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 phased back by 1 April 2022.

## Capital

- CET1 ratio remained healthy at 12.8%, post FY22 interim dividend payout
- Resilient capital position despite impact from market valuation volatility



Leverage ratio (%)

7.1


7.2

6.9

6.6

6.4

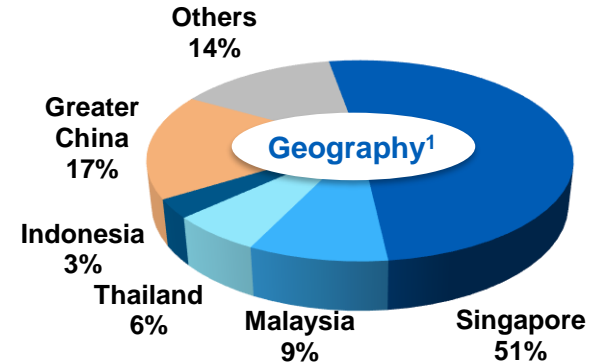
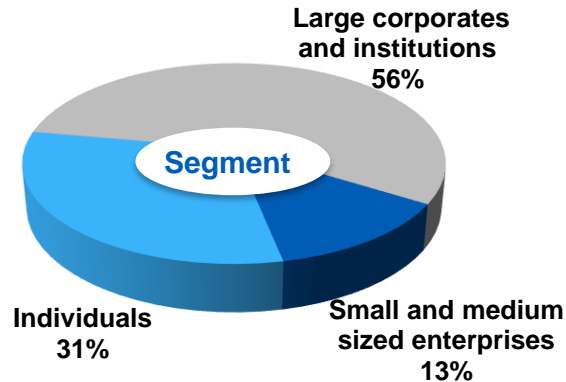
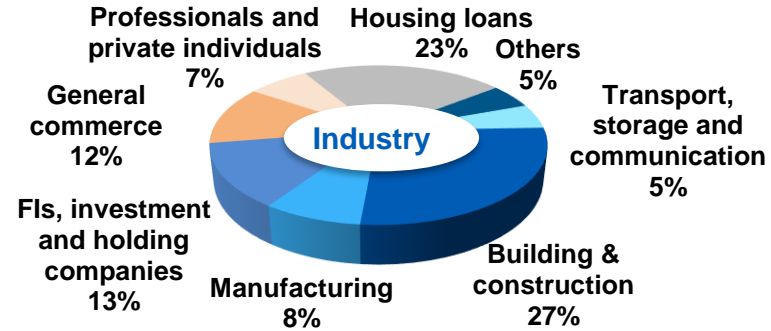
 RWA (\$b)

 CET1 ratio (%)

# Appendix

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

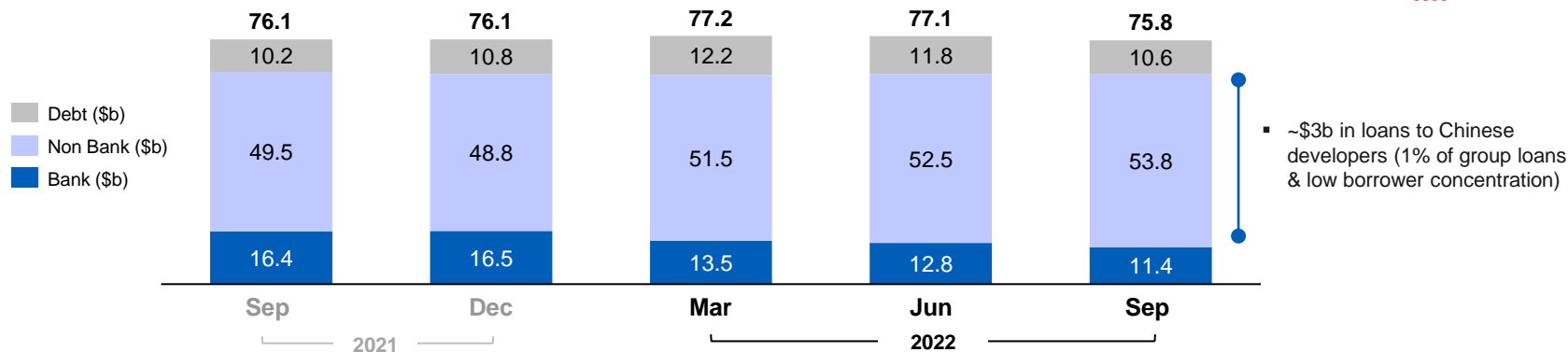
## Diversified loan portfolio



Note: Financial statistics as at 30 September 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



## As at 30 Sep 2022:

### Mainland China exposure

(\$23.1b or 5% of total assets)

#### Bank exposure (\$7.7b)

- ~35% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~60% of total bank exposure
- 99% with <1 year tenor; trade accounts for ~40% of total bank exposure

#### Non-bank exposure (\$12.2b)

- 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 0.4%

### Hong Kong SAR exposure

(\$43.6b or 9% of total assets)

#### Bank exposure (\$1.0b)

- ~70% are to foreign banks

#### Non-bank exposure (\$37.4b)

- Exposure mainly to corporate and institutional clients
- ~55% with <1 year tenor
- NPL ratio at 1.1%

## Exposure to Commodities Segment

- As of 30 September 2022, outstanding loans to the commodities segment remain modest and represented 7% of total loans

Sep 22	Oil and Gas (O&G)		Other Commodity Segments <sup>2</sup>	Total
	Upstream industries <sup>1</sup>	Traders / downstream industries		
Outstanding loans	S\$2.4b	S\$9.3b	S\$9.4b	S\$21.1b
Percentage of total loans	4%		3%	7%

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**