UOB

UOB Group

Resilient earnings with strong balance sheet

June 2023

Agenda

1. Overview of UOB Group
2. Macroeconomic Outlook
3. Strong UOB Fundamentals
4. Our Growth Drivers
5. Latest Financials

Overview of UOB Group

UOB Overview

Founding

Founded in August 1935 by a group of Chinese businessmen and Datuk Wee Kheng Chiang, grandfather of the present UOB Group CEO, Mr. Wee Ee Cheong.

Expansion

UOB has grown over the decades organically and through a series of strategic acquisitions. It is today a leading bank in Asia with an established presence in the Southeast Asia region. The Group has a global network of around 500 branches and offices in 19 countries and territories.

Key Statistics for 1Q23

- Gross loans : SGD316b (USD238b[1])
- Customer deposits : SGD374b (USD281b[1])
- Loan / Deposit ratio : 83.3%
- Net stable funding ratio : 121%
- All-currency liquidity coverage ratio : 154%[2]
- Common Equity Tier 1 ratio : 14.0%
- Leverage ratio : 7.0%
- Return on equity [3 4] : 14.9%
- Return on assets [4] : 1.25%
- Net interest margin : 2.14%
- Non-interest income / Total income : 31.6%
- Cost / Income [4] : 40.9%
- Non-performing loan ratio : 1.6%
- Credit Ratings

	Moody's	S&P	Fitch
Issuer rating (Senior unsecured)	Aa1	AA–	AA–
Outlook	Stable	Stable	Stable
Short-term rating	P-1	A-1+	F1+

Note: Financial statistics as at 31 March 2023

1. USD 1 = SGD 1.329638 as at 31 March 2023
2. Average for 1Q23
3. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions
4. Excluding one-off expenses

A leading Singapore bank; Established franchise in core market segments

UOB

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Group Retail

- Best Retail Bank in Singapore
- Strong player in credit cards and private residential home loan business

Group Wholesale Banking

- Best SME Bank in Singapore
- Seamless access to regional network for our corporate clients

Global Markets

- Strong player in Singapore dollar treasury instruments

UOB Group's recognition in the industry

THE ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES INTERNATIONAL AWARDS 2022

Best Retail Bank[1], 2022

Best SME Bank[2], 2022

EUROMONEY AWARDS FOR EXCELLENCE SINGAPORE 2022 BEST BANK

Best Bank[1], 2022

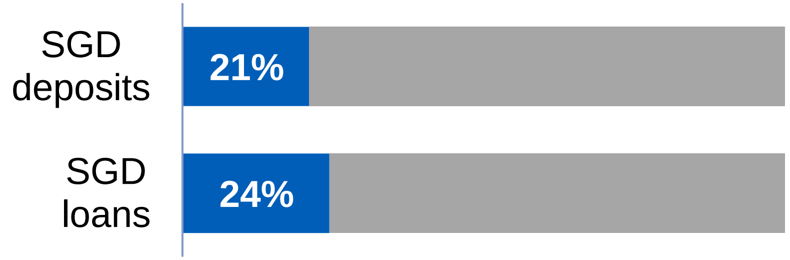
ASIAN BANKING & FINANCE RETAIL BANKING AWARDS 2022

Domestic Retail Bank of the Year[1], 2022

Source: Company reports

1. In Singapore 2. In Singapore and Asia Pacific

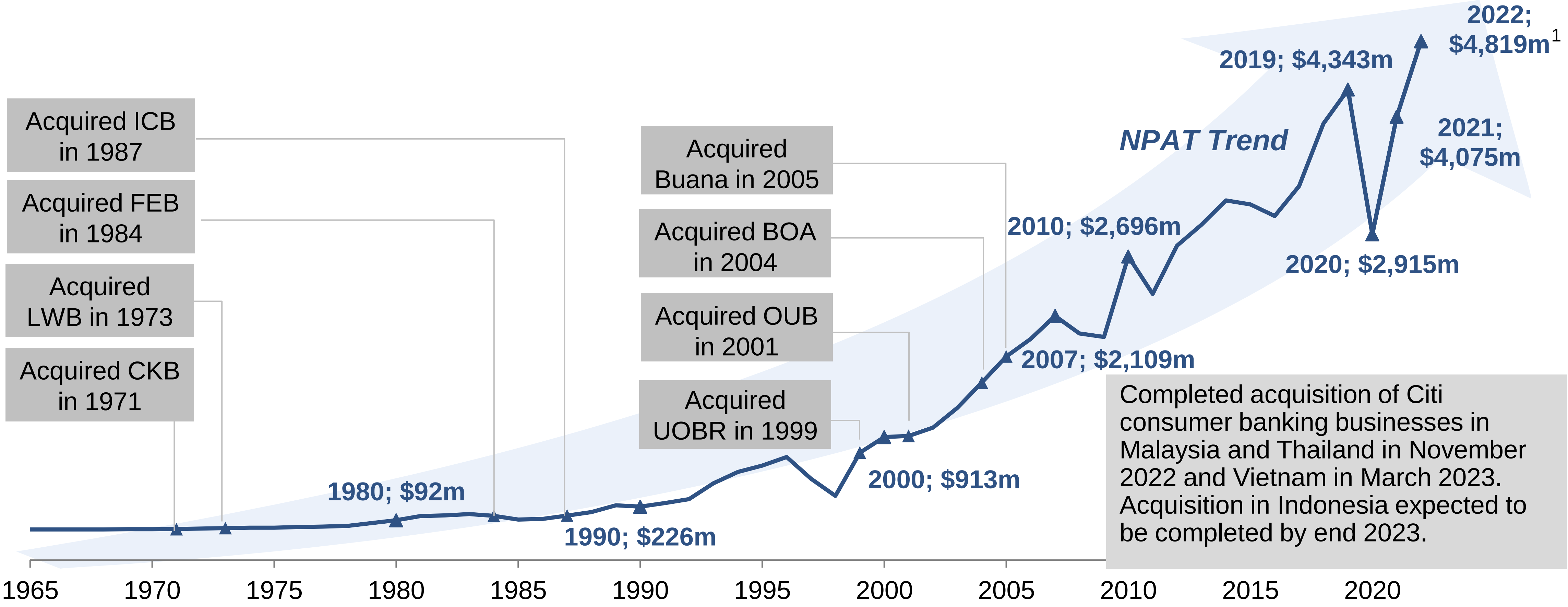
Sizeable domestic market share



Source: UOB, MAS (data as of 31 Mar 2023)

Proven track record of execution

- UOB Group's management has a proven track record in steering the Group through various global events and crises
- Stability of management team ensures consistent execution of strategies
- Disciplined management style which underpins the Group's overall resilience and sustained performance

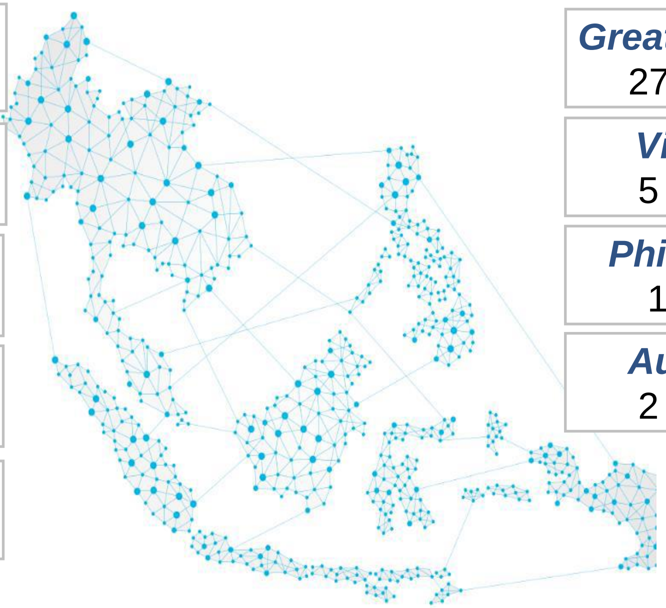


1. Excluding one-off expenses

Note: Bank of Asia Public Company Limited ("BOA"), Chung Khiaw Bank Limited ("CKB"), Far Eastern Bank Limited ("FEB"), Industrial & Commercial Bank Limited ("ICB"), Lee Wah Bank Limited ("LWB"), Overseas Union Bank Limited ("OUB"), Radanasin Bank Thailand ("UOBR")

Comprehensive regional banking franchise

Extensive regional footprint with ~500 offices



- Most diverse regional franchise among Singapore banks; effectively full control of regional subsidiaries
- Integrated regional platform improves operational efficiencies, enhances risk management and provides faster time-to-market and seamless customer service
- Organic growth strategies in emerging / new markets of China and Indo-China

1Q23 performance by segment

Group retail

Operating profit
SGD0.8b[2]
+>100% YoY

SGD160b[3]
Assets under management
+14% YoY

AUM from overseas customers
60%

Group wholesale banking

Operating profit
SGD1.4b
+38% YoY

24%[4]
Cross-border income to Group wholesale banking's income

1. Comprise Mainland China, Hong Kong SAR and Taiwan
2. Excluding one-off expenses
3. Refers to Privilege Banking, Privilege Reserve and Private Bank – including acquisition of Citigroup Malaysia and Thailand
4. As of Feb-2023

Why UOB?

Stable management	Integrated regional platform	Strong fundamentals	Balance growth with stability
▪ Proven track record in steering the bank through various global events and crises ▪ Stability of management team ensures consistent execution of strategies	▪ Entrenched domestic presence and deep local knowledge to address the needs of our targeted segments ▪ Truly regional bank with full ownership and control of regional subsidiaries	▪ Sustainable revenue channels as a result of carefully-built core businesses ▪ Strong capital and reserves, sound liquidity position and resilient asset quality – testament of solid foundation built on the premise of basic banking	▪ Continue to diversify portfolio, strengthen balance sheet, manage risks and build core franchise for the future ▪ Maintain long-term perspective to growth for sustainable shareholder returns

Macroeconomic Outlook

Growth Seen Holding Up Across Asian Economies in 2023 Amid Growing External Risks

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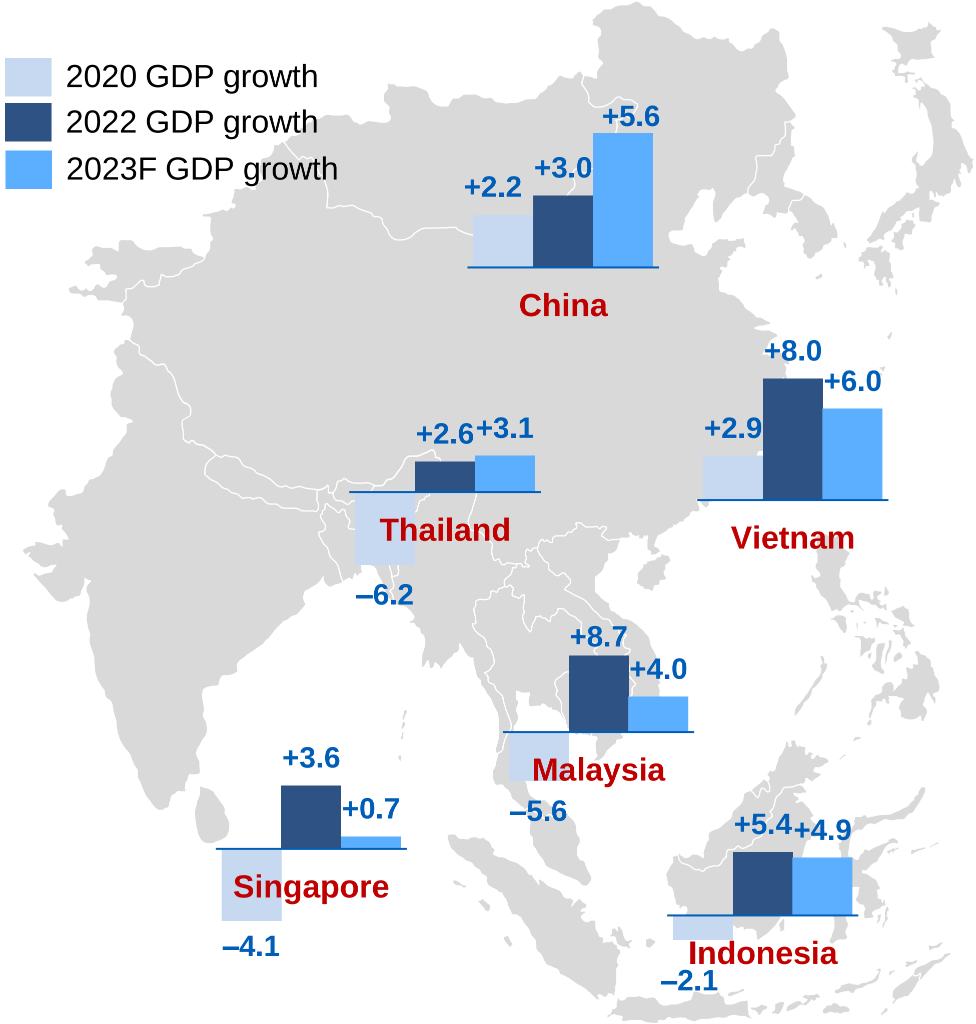
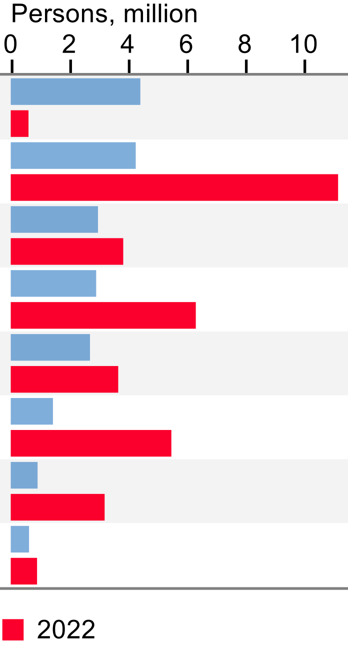


Source: UOB Global Economics & Markets Research forecasts

Tourism Rebound In Asia To Support Consumption Demand Amid Weaker Trade

Asia: Inbound Visitor Arrivals, YTD

	Latest YTD mn pax	2022 mn pax	2021 mn pax	2020 mn pax	2019 mn pax
Hong Kong	4.4	0.6	0.1	3.6	55.9
Thailand	4.3	11.2	0.4	6.7	39.9
Japan	3.0	3.8	0.2	4.1	31.9
Singapore	2.9	6.3	0.3	2.7	19.1
Vietnam	2.7	3.7	0.2	3.8	18.0
Indonesia	1.4	5.5	1.6	4.1	16.1
South Korea	0.9	3.2	1.0	2.5	17.5
Taiwan region	0.6	0.9	0.1	1.4	11.9



Source: Global Economics & Markets Research

Fed’s monetary policy tightening has likely reached terminal rate in May

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23F	3Q23F	4Q23F
US 10-Year Treasury	1.74	1.47	1.49	1.51	2.34	3.01	3.83	3.87	3.47	3.80	3.70	3.50
US Fed Funds	0.25	0.25	0.25	0.25	0.50	1.75	3.25	4.50	5.00	5.25	5.25	5.25
SG 3M SIBOR	0.44	0.43	0.43	0.44	0.79	1.91	3.17	4.25	4.19	4.33	4.33	4.33
SG 3M SOR	0.36	0.24	0.21	0.36	0.95	2.06	3.28	4.21	4.09	4.13		
SG 3M SORA	0.23	0.13	0.13	0.19	0.27	0.76	1.97	3.10	3.54	3.94	4.25	4.27
MY Overnight Policy Rate	1.75	1.75	1.75	1.75	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00
TH 1-Day Repo	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.25	1.75	1.75	1.75	1.75
ID 7-Day Reverse Repo	3.50	3.50	3.50	3.50	3.50	3.50	4.25	5.50	5.75	5.75	5.75	5.75
CH 1-Year Loan Prime Rate	3.85	3.85	3.85	3.80	3.70	3.70	3.65	3.65	3.65	3.65	3.65	3.65

Fed officials scaled back rate hike expectations this year due to the financial sector turmoil, but they sill raised their benchmark Fed Funds Target Rate (FFTR) by 25-bps each in Mar and May, as they sought to balance the risk of a credit crunch against inflation data which remained elevated. We expect no rate cuts this year and this terminal rate of 5.25% to last through 2023.

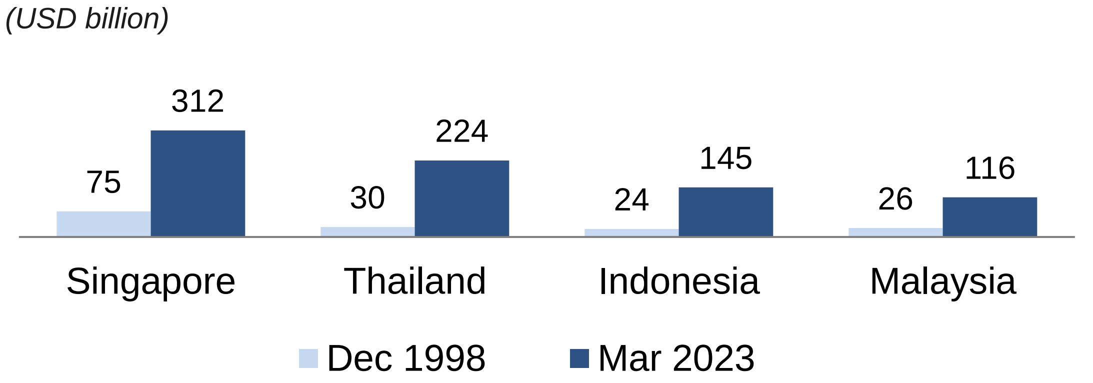
The Monetary Authority of Singapore (MAS), in its scheduled monetary policy statement (MPS) release on 14 Apr (2023) kept policy unchanged after five preceding rounds of policy tightening since Oct 2021. The MAS provided a downbeat assessment for growth, and now sees both upside and downside risks to inflation (versus just upside risks previously). We now expect the current tightening cycle to have ended and the MAS to maintain this pause in the next Oct meeting.

Asian central banks have raised interest rates at a more moderate pace than the Fed, and many have either entered into a pause or on the cusp of peak rates in the current cycle by 1H23. Economic activities have shown signs of slowdown, following multi-year high inflation and interest rates, but GDP growth across the region will likely stay positive in 2023.

Source: UOB Global Economics & Markets Research forecasts

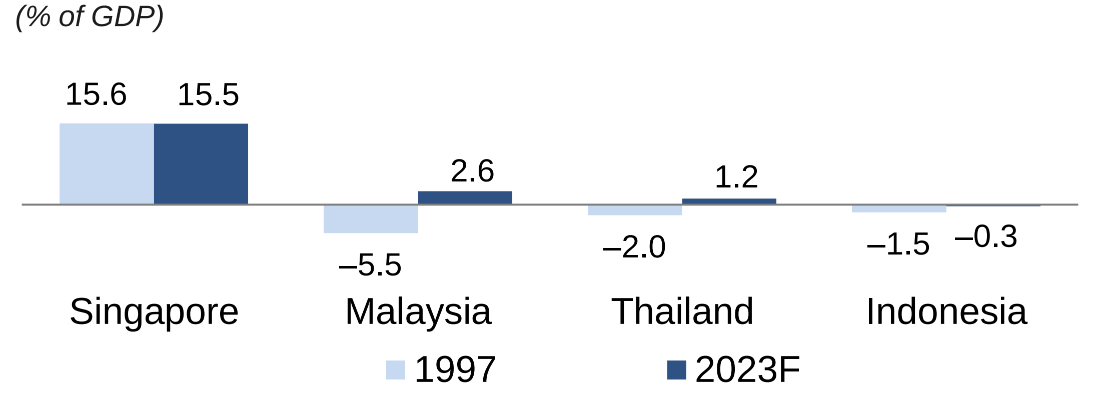
Macro resilience across key Southeast Asian markets

Significantly Higher Foreign Reserves



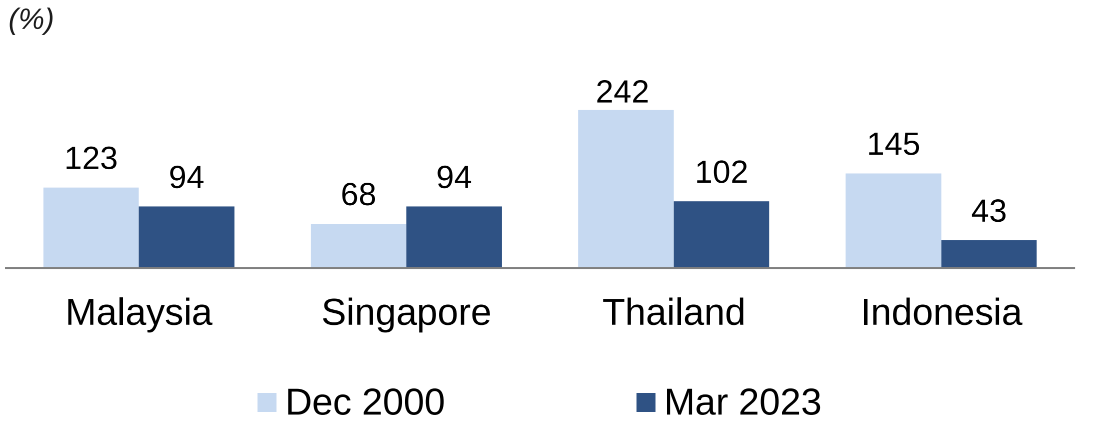
Sources: World Bank, International Monetary Fund

Improved Current Account Balances



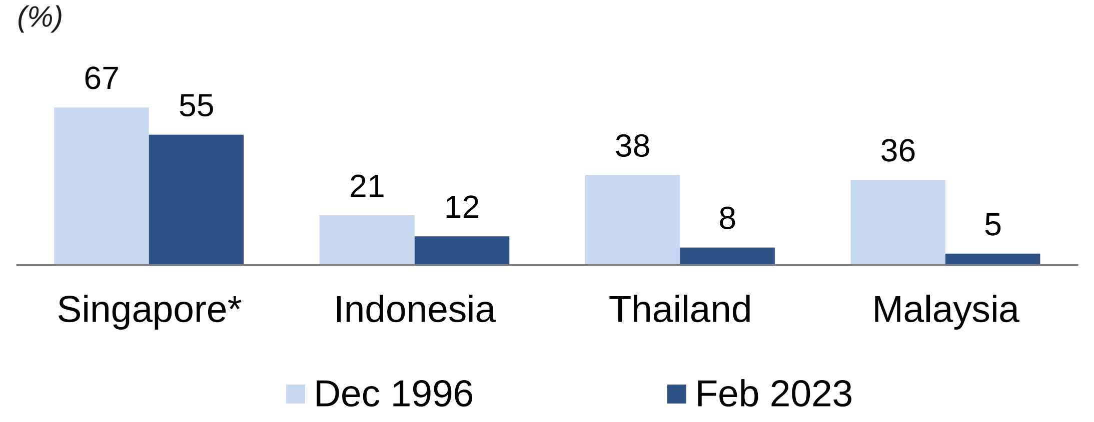
Source: International Monetary Fund

Lower Debt to Equity Ratio



Total debt to equity ratio = total ST and LT borrowings divided by total equity, multiplied by 100; sources: MSCI data from Bloomberg

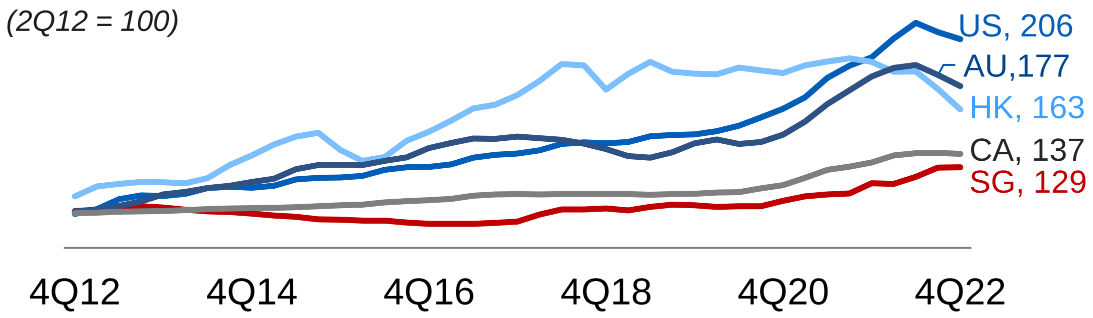
Lower Foreign Currency Loan Mix



* Foreign currency loans in 1996 approximated by using total loans of Asia Currency Units; sources: Central banks

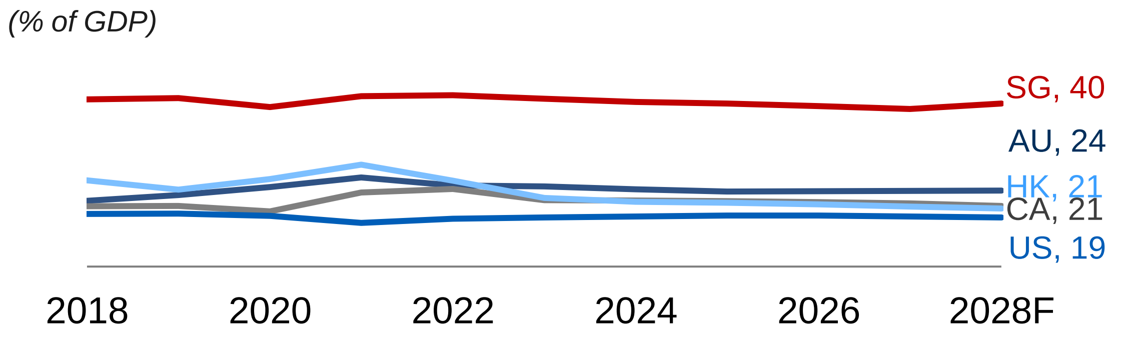
Singapore mortgages remain a low-risk asset class

Low risk of housing bubble due to cooling measures



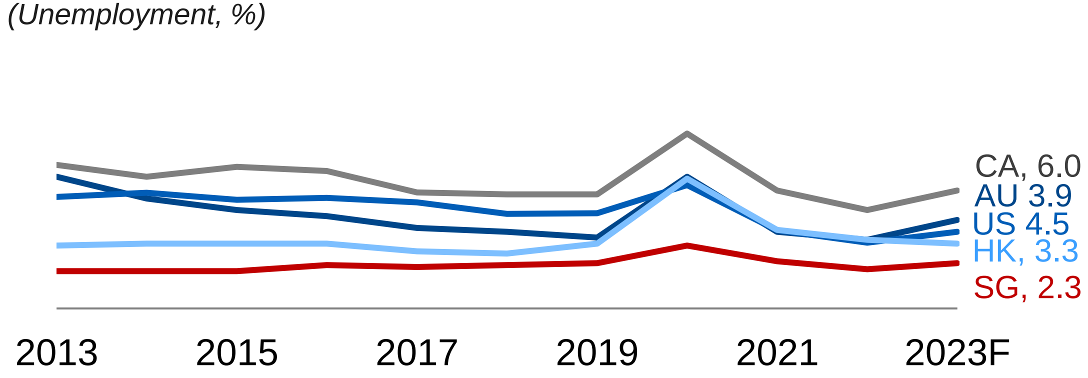
Sources: CEIC, UOB Economic-Treasury Research

High national savings rate



Sources: IMF, UOB Economic-Treasury Research

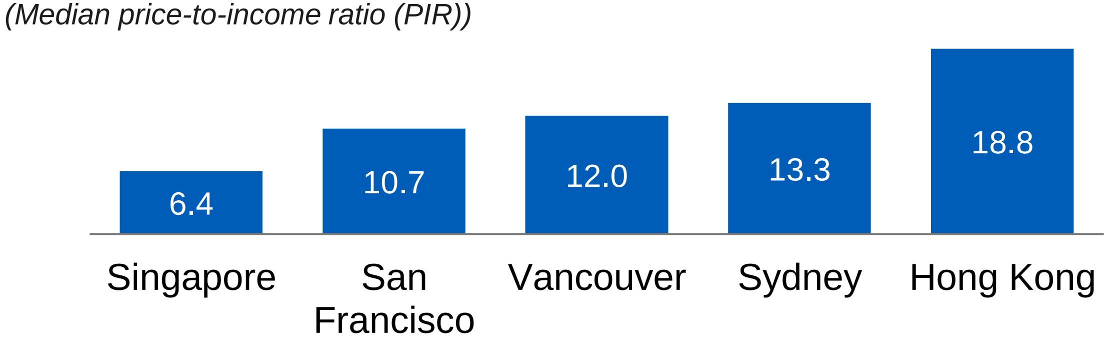
Low unemployment underscores housing affordability and support for mortgage servicing



Sources: Macrobond, UOB Economic-Treasury Research

Note: AU: Australia; CA: China; HK: Hong Kong; SG: Singapore; US: United States

Singapore private residential housing stays affordable as median price-to-income ratio remains low



As of 3Q22, based on 2023 edition of Urban Reform Institute report
Singapore's PIR calculated based on condominium price of S$1.41m and medium monthly household income of S$18.5k.
Sources: Singapore Statistics, Urban Reform Institute, Frontier Centre for Public Policy, UOB Economic-Treasury Research

Global regulators delayed capital rules by a year

Year	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27
Basel III capital ratios	Phased-in						**Full**								
IFRS 9	→					Start									
LCR[1]			Phased-in				**Full**								
NSFR[2]	→					Start									
SACCR[3]	→							**Start date (pending)**							
TLAC[4]							Phased-in			**Full**					
Basel IV[5]												**Phased-in**			
-- MCRMR[6]	→										Start				
-- Leverage ratio			Disclosure phase			Start	→				Revised[7]				

"Retained earnings are one of the major sources of … highest quality capital that banks hold. They have to earn a decent return for intermediating credit, otherwise they will do less of it."

– Mr Ravi Menon, Managing Director, Monetary Authority of Singapore, 20 April 2017

"While the reforms are necessary to strengthen the banking system over the long term, they will require banks to make considerable operational adjustments which they would be hard pressed to make under current challenging conditions."

– Media Release, Monetary Authority of Singapore, 7 April 2020

Source: BCBS

1. Liquidity Coverage Ratio
2. Net Stable Funding Ratio
3. Standardised Approach for measuring Counterparty Credit Risk exposure (MAS has not announced implementation date)
4. Total Loss Absorbing Capacity (not applicable to Singapore banks)
5. Basel IV: Revised standards for credit risk, market risk, operational risk, leverage ratio, output floor and related disclosure requirements
6. Minimum Capital Requirements for Market Risk replaced Fundamental Review of the Trading Book
7. Revised definition on exposure measure

Basel III across the region

	BCBS	Singapore	Malaysia	Thailand	Indonesia
Minimum CET1 CAR	4.5%	6.5%[1]	4.5%	4.5%	4.5%
Minimum Tier 1 CAR	6.0%	8.0%[1]	6.0%	6.0%	6.0%
Minimum Total CAR	8.0%	10.0%[1]	8.0%	8.5%	8.0%
Capital Conservation Buffer	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical Buffer [2]	n/a	0%	0%	0%	0%
D-SIB Buffer	n/a	2.0%	1.0%	1.0%	1.0%–2.5%[3]
Minimum Leverage Ratio	3.0%	3.0%	3.0%	3.0%	3.0%
Minimum LCR	100%	100%	100%	100%	100%
Minimum NSFR	100%	100%	100%	100%	100%

Source: Regulatory notifications

1. Includes 2% for D-SIB (domestic-systemically important banks) buffer for the three Singapore banks
2. Each regulator determines its own level of countercyclical capital buffer
3. According to the regulations, capital surcharge for Indonesia D-SIBs are classified into four buckets based on the tier 1 capital (Bucket 1 – 1%, Bucket 2 – 1.5%, Bucket 3 – 2%, Bucket 4 – 2.5%)

Impact of Basel IV[1] likely to be manageable

- Retail credit
- Wholesale credit
- Others

Lower RWA	Higher RWA
LGD[2] floor of Retail Mortgage cut to 5% from 10%	LGD[2] and PD[3] floors introduced for QRRE[4] and Other Retail
Unsecured corporate FIRB[5] LGD[2] cut to 40% from 45%	CCF[6] for unconditional cancellable commitments raised to 10% from 0%
CCF[6] for general commitments cut to 40% from 75%	PD[3] floor of bank asset class raised to 5bp from 3bp
Higher haircuts and lower FIRB[5] secured LGD	RWA[7] output floor set at 72.5% of that of standardised approach
Removal of 1.06 multiplier for IRB[8] RWA[7]	Fundamental review of the trading book

Source: BCBS

1. Basel IV: Reducing variation in risk-weighted assets
2. Loss given default
3. Probability of default
4. Qualifying revolving retail exposures
5. Foundation internal rating-based approach
6. Credit conversion factor
7. Risk weighted assets
8. Internal rating-based approach

Strong UOB Fundamentals

Strong UOB fundamentals

UOB

Strong management with proven track record

- Proven track record in steering UOB through various global events and crises
- Stability of management team ensures consistent execution of strategies

Consistent and focused financial management

- Responsible yet prudent approach in extending loan relief to customers
- Continued investment in talent and technology to build capabilities in a disciplined manner
- More than 50% of Group earnings from home market of Singapore (AAA sovereign rating)

Disciplined management of balance sheet strengths

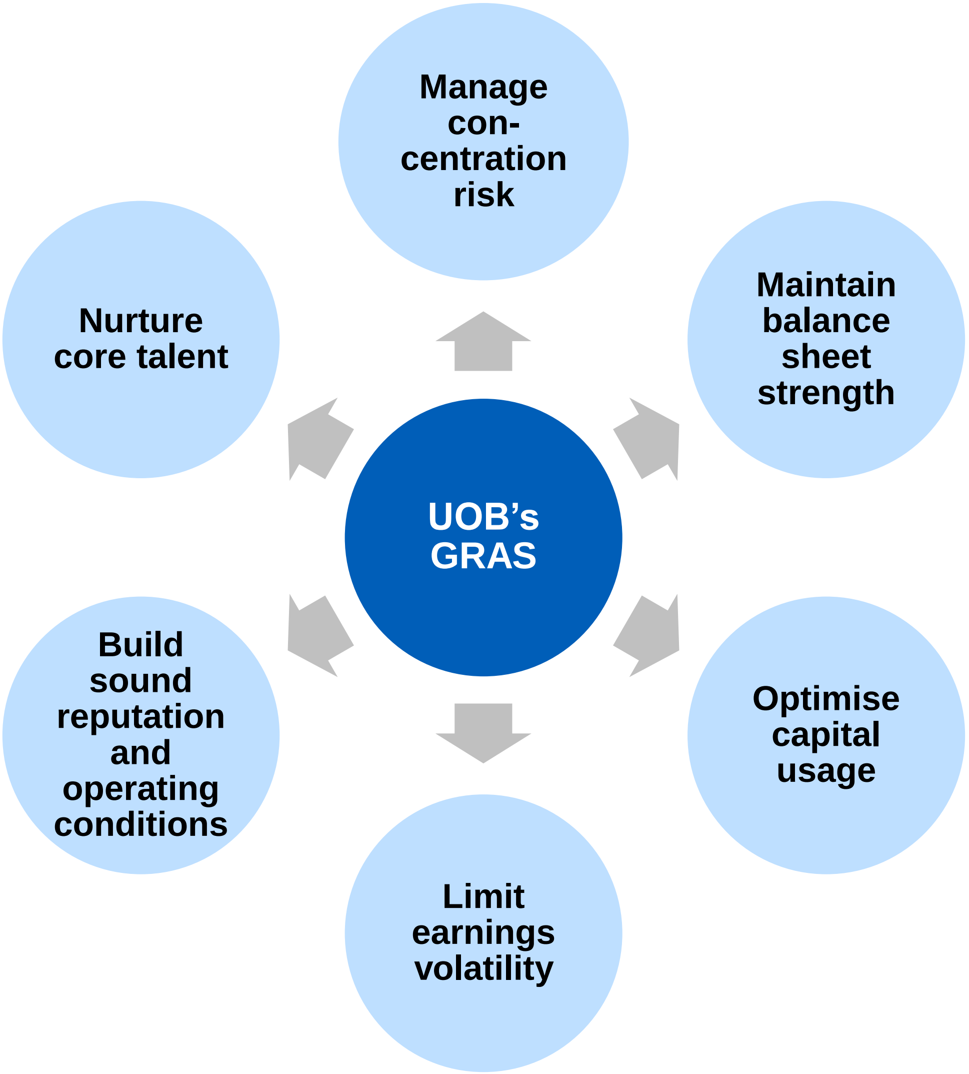
- Strong Common Equity Tier 1 capital adequacy ratio of 14.0% as at 31 March 2023
- Diversified funding and sound liquidity, with 83.3% loan/deposit ratio
- Strengthened coverage, with general allowance on loans (including RLAR) covering 1.0% of performing loans

Delivering on regional strategy

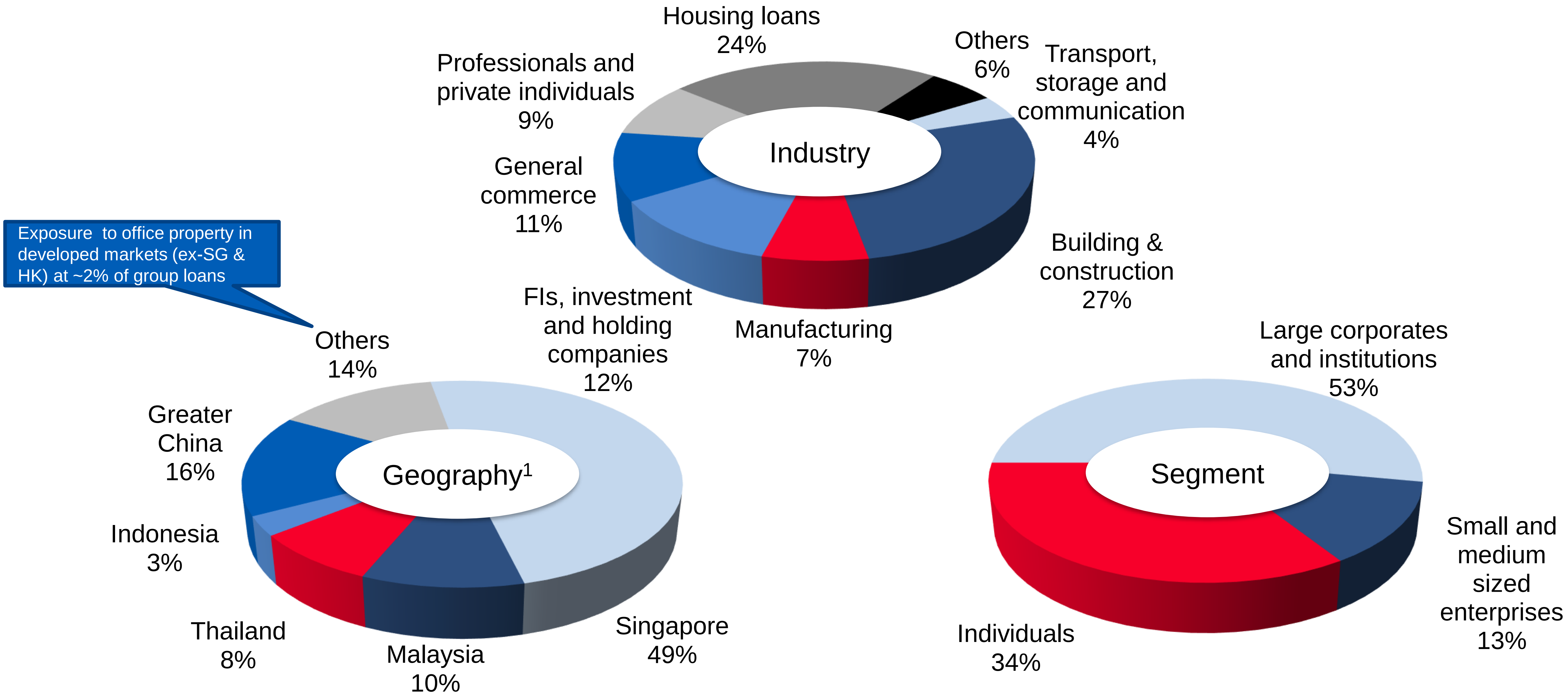
- Holistic regional bank, with full control of overseas subsidiaries
- Focus on profitable niche segments and intra-regional flows
- Entrenched domestic presence and deep local knowledge to address needs of our targeted segments

Managing risks for stable growth

- **Prudent approach has been key to delivering sustainable returns over the years**
- **Institutionalised framework through Group Risk Appetite Statement (GRAS):**
  - Outlines risk and return objectives to guide strategic decision-making
  - Comprises 6 dimensions and 14 metrics
  - Entails instilling prudent culture as well as establishing policies and guidelines
  - Invests in capabilities, leverage integrated regional network to ensure effective implementation across key markets and businesses



Diversified loan portfolio



1, Loans by geography are classified according to where credit risks reside, largely represented by the borrower's country of incorporation / operation (for non-individuals) and residence (for individuals)

Note: Financial statistics as at 31 Mar 2023

Disciplined balance sheet management

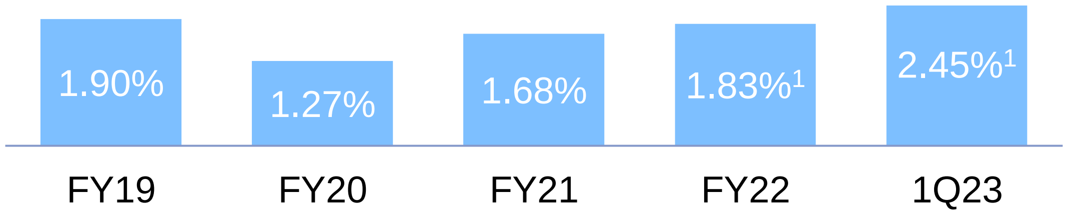
Focus on balance sheet efficiency

Healthy portfolio quality

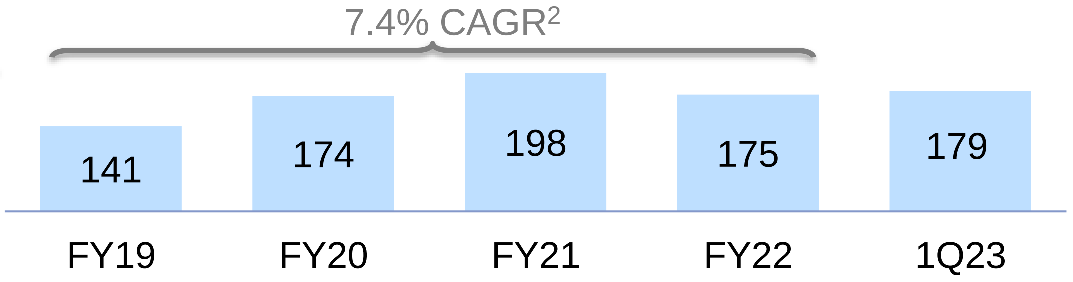
Proactive liability management

Robust capitalisation

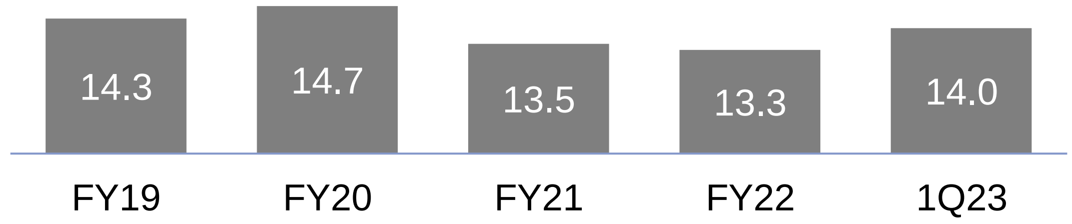
Return on risk-weighted assets



Current Account Saving Account Balances (SGD b)



Common Equity Tier 1 ratio (%)



Notes
1. Excluding one-off expenses
2. Compound annual growth rate over 3 years (FY19 to FY22)

UOB's responsible financing journey: pragmatic and progressive

UOB

Overview of UOB Group's Responsible Financing Journey

	Establishing	Improving	Strengthening and Evolving	
	2015 - 2016	2017 - 2018	2019 - 2021	2022
Key Milestone	• Launched the Group Responsible Financing Policy. • Began to incorporate ESG clauses into Letters of Offer.	• Enhanced ESG monitoring and reporting to improve oversight on potential controversies. • Implemented ESG risk classification to better manage ESG risk in portfolio. • Adopted the ABS Haze Diagnostics Checklist as transboundary haze pollution shrouded the region.	• Strengthened due diligence process with enhanced checklist and climate-related questions. • Tightened stance in thermal coal mining sector, coal fired power sector, as well as palm oil sector. • Established the bank's Environmental Risk Management (EnRM) Framework, and disclosed our responsible financing sector policies on our corporate website. • All employees in relevant roles completed an industry-wide e-learning module on responsible financing.	• Announced our net zero commitments and targets for six sectors. To this end, we committed to exit financing for the thermal coal sector by 2039 and to cease new project financing for upstream Oil & Gas projects approved for development after 2022. • Adopted the ABS Environmental Risk Questionnaire to further strengthen our approach on climate risk assessment, as well as engagement with our corporate customers on the identification of environmental risks and sustainable financing opportunities. • Conducted 2022 bank-wide ESG risk assessment capacity building workshops with a strong focus on climate risk management.

* Green Finance Industry Taskforce

TCFD Implementation - Climate Scenario Analysis

UOB

Qualitative Transition Risk Assessment	Transition Risk Scenario Analysis Pilot	Physical Risk Pilot Analysis	Improved Methodology
2019	**2020**	**2021**	**2022**

• Completed qualitative assessment in 2019, referencing SASB's Materiality Map® and Moody's Environmental Risks Global Heatmap.
• Identified carbon-intensive segments most likely to be impacted by climate change:
Metals and mining
Transportation
Building Materials
Forestry
Energy
Chemicals
Agriculture
	• Partnered an internationally recognised environmental consultancy in climate scenario analysis in 2020
	• Three pathways of climate scenarios based on research by IEA and OECD:
	  • An orderly transition where early actions are taken to reduce emissions to meet climate targets (high carbon price scenario)
	  • A disorderly transition where delayed and drastic actions are taken to meet climate targets (moderate carbon price scenario)
	  • Business-as-usual where no actions are taken (low carbon price scenario)
		• Conducted a pilot physical risk analysis involving approximately 2,000 wholesale banking customers (~80% of the total wholesale banking exposure) and retail banking property mortgages focusing on our major markets that are most vulnerable to physical risks, i.e. Malaysia, Thailand and Indonesia.
		• The analysis utilised a bottom-up approach with customers' operating and asset locations overlaid on various climate hazard maps to determine their vulnerability to seven physical hazards in short-, mid-, and long-term horizons up to 2050 over three IPCC climate scenarios.
		• In addition, we also refreshed our transition risk analysis.
			• Partnered with a leading global consultancy and developed an improved climate risk assessment methodology and uplift the internal capacity of the Bank.
			• The improved methodology integrates multiple climate risk drivers, considers both transition risk and physical risk, and includes sector specific approach for high-risk sectors, as well as a general approach for other sectors.
			• The detailed methodology and assessment results have been disclosed in UOB's FY2022 Sustainability Report. Overall, the average change in projected credit risk profile of our assessed portfolio over time was not significant across all scenarios.

Key Milestone

Future Plan | **Metrics and Targets** To disclose our climate related progress in line with our net zero commitments

Comparison against peers

Moody's	S&P	Fitch		Standalone Strength *Moody's baseline credit assessment*	Cost Management *Costs/income ratio*	Returns *Return on average assets (annualised)*	Liquidity *Loan/deposit ratio*
Aa1	AA–	AA–	**UOB**	a1	41%[1]	1.3%[1]	83%
Aa1	AA–	AA–	**OCBC**	a1	37%	1.6%	79%
Aa1	AA–	AA–	**DBS**	a1	38%	1.4%	79%
A3	A–	A+	**HSBC**	a3	38%	1.5%	60%
A3	BBB+	A	**SCB**	baa1	61%	0.7%	56%
A2	A–	AA–	**BOA**	a3	62%	1.1%	54%
A3	BBB+	A	**Citi**	baa1	62%	0.8%	48%
Aa3	AA–	A+	**CBA**	a2	44%	0.8%	103%
Aa3	AA–	A+	**NAB**	a2	45%	0.7%	120%
Aa1	AA–	AA-	**RBC**	a2	51%	0.7%	68%
Aa2	AA–	AA-	**TD**	a1	50%	0.9%	72%
A3	A–	n.r.	**CIMB**	baa2	47%	1.0%	88%
A3	A–	n.r.	**MBB**	a3	48%	1.0%	91%

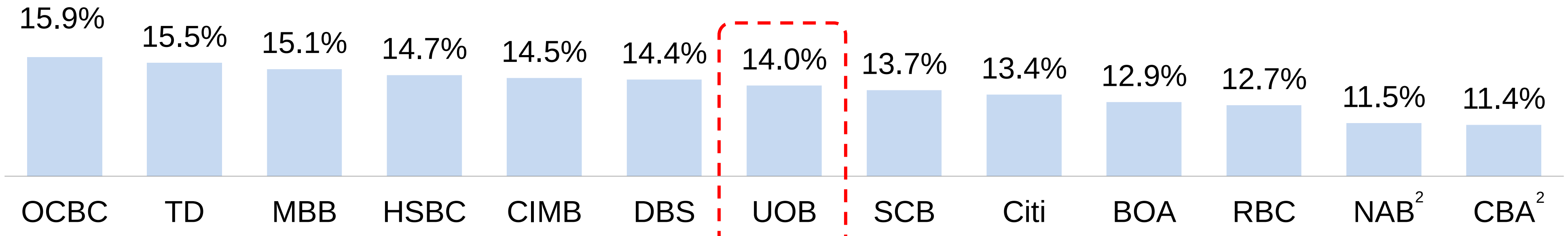
1. Excluding one-off expenses

Source: Company reports, Credit rating agencies (updated as of 03 May 2023)

Financial data based on period ended 31 Mar 23, except for CIMB (31 Dec 22), CBA (Half-year ended 31 Dec 22), NAB (Full-year ended 30 Sep 22), & RBC/TD (period ended 31 Jan 23)

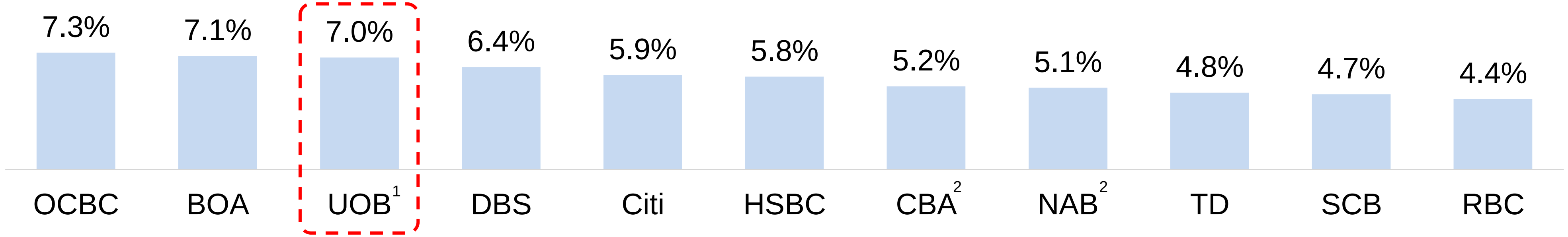
Capital and leverage ratios

Reported Common Equity Tier 1 CAR



	OCBC	TD	MBB	HSBC	CIMB	DBS	UOB	SCB	Citi	BOA	RBC	NAB[2]	CBA[2]
Return on Average Equity (annualised)	14.7%	16.1%	10.7%	25.5%	10.2%	18.6%	14.9%[1]	11.9%	9.5%	12.5%	12.6%	12.1%	13.6%

Reported Leverage Ratio



1. Excluding one-off expenses
2. CBA's and NAB's common equity Tier 1 CARs based on APRA's standards; their respective internationally comparable ratio was 18.5% (31 Dec 22) and 16.89% (30 Sep 22)

Source: Company reports

Financial data based on period ended 31 Mar 23, except for CIMB (31 Dec 22), CBA (Half-year ended 31 Dec 22), NAB (Full-year ended 30 Sep 22), & RBC/TD (period ended 31 Jan 23)

Strong investment grade credit ratings

UOB

Moody's Investors Service ***Aa1 / P-1***

- Capital good by global standards
- Deposit-funded and liquid balance sheet
- Traditional banking presence in Singapore, Malaysia and other markets

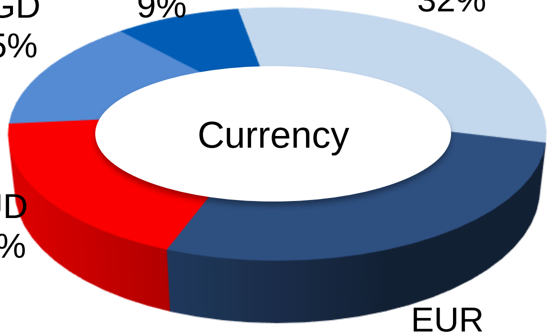
S&P Global Ratings ***AA– / A-1+***

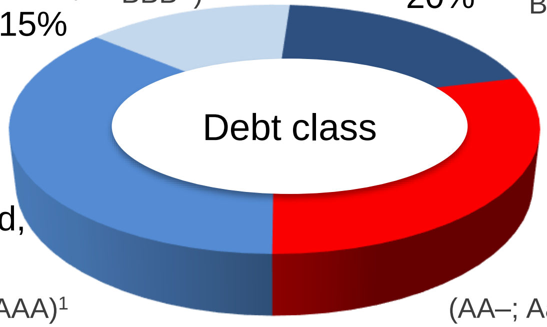
- Well-established market position, strong funding and prudent management record
- Will maintain its capitalisation and asset quality while pursuing regional growth

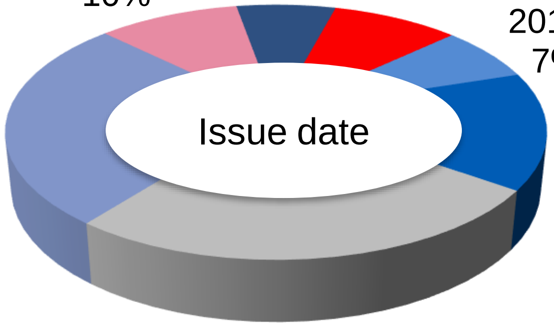
FitchRatings ***AA– / F1+***

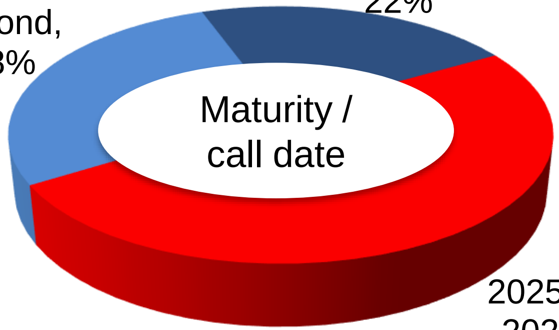
- Sound capital and high loan-loss buffers
- Disciplined funding strategy, supported by its strong domestic franchise

A regular issuer in key debt capital markets globally









Source: Credit rating agencies
Note: The pie charts represent outstanding UOB's public rated issuances as of 17 Apr 23; for more details, please refer to https://www.uobgroup.com/investor-relations/capital-and-funding-information/group-securities.html
1. The issuance ratings are by Fitch Ratings, Moody's Investors Service and S&P Global Ratings, respectively

Our Growth Drivers

Our growth drivers

UOB

Realise full potential of our integrated platform

- Provides us with ability to serve expanding regional needs of our customers
- Improves operational efficiency, enhances risk management, seamless customer experience and faster time to market

Sharpen regional focus

- Global macro environment remains uncertain but the region's long-term fundamentals continue to remain strong
- Region is our growth engine in view of growing intra-regional flows and rising consumer affluence, leveraging digitalisation and partnerships

Reinforce fee income growth

- Grow fee income to offset competitive pressures on loans and improve return on risk weighted assets
- Increase client wallet share size by intensifying cross-selling efforts, focusing on service quality and expanding range of products and services

Long-term growth perspective

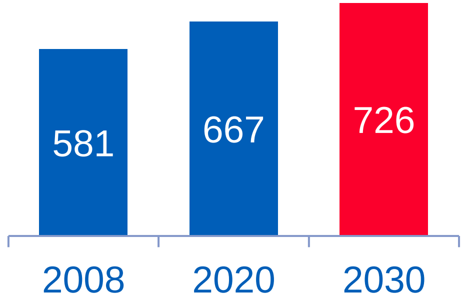
- Disciplined approach in executing growth strategy, balancing growth with stability
- Focus on risk adjusted returns; ensure balance sheet strength and robust capital through economic cycles

Southeast Asia's immense long-term potential

UOB

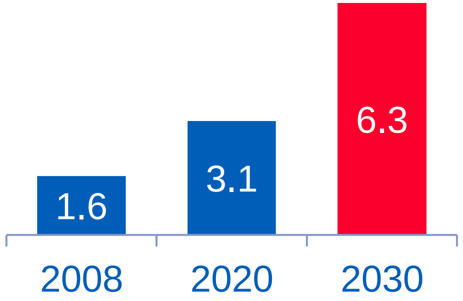
Population

(Million persons)



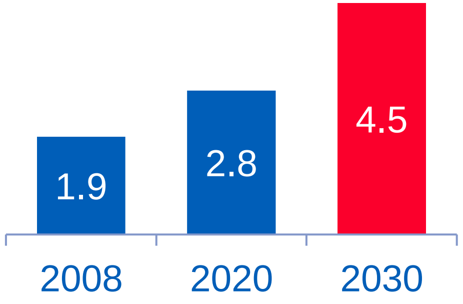
GDP[1]

(USD trillion)



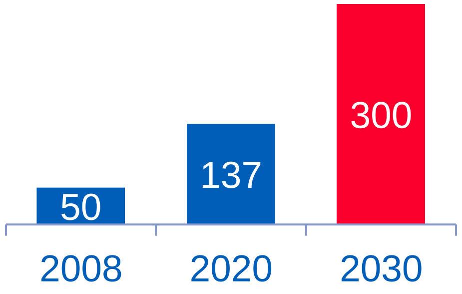
Trade[2]

(USD trillion)



FDI[3]

(USD billion)



Southeast Asia's immense growth prospects…

- Third largest population globally, after China and India
- Young demographics, with 382 million below 35 years old
- Fifth largest economic bloc globally by GDP[1]
- Fourth largest trading group globally
- Third largest recipient of inward FDI[3] globally

… that UOB is uniquely placed to capture

- Most diverse regional franchise among Singapore banks
- Full effective control of regional subsidiaries and integrated platform

1. Gross domestic product 2. Comprises exports and imports 3. Foreign direct investments

Source: Macrobond, UOB Global Economics and Markets Research

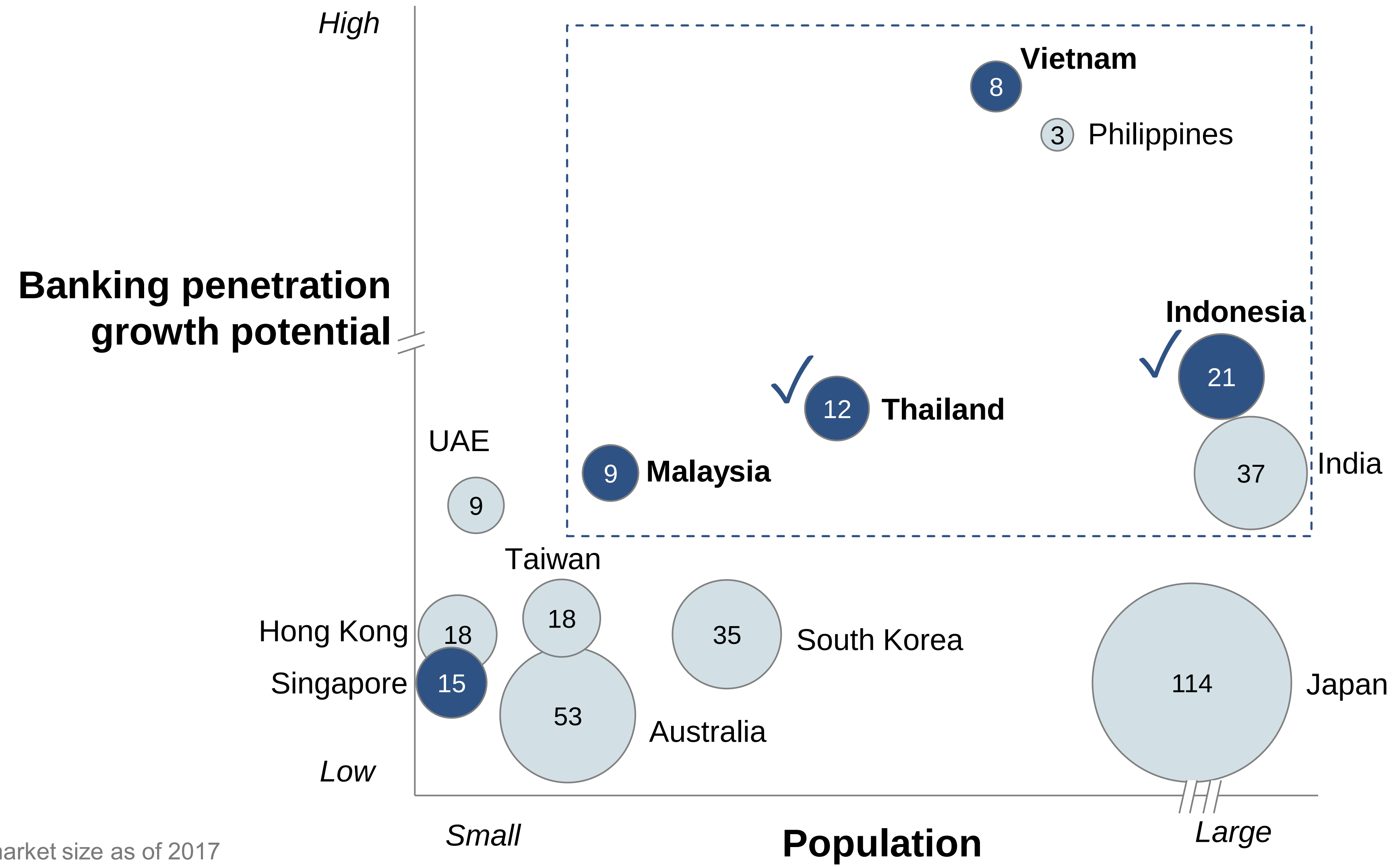
Strong retail presence in high potential regional markets

2019 retail banking pool sizes

USD b

Denotes UOB's core markets in Southeast Asia

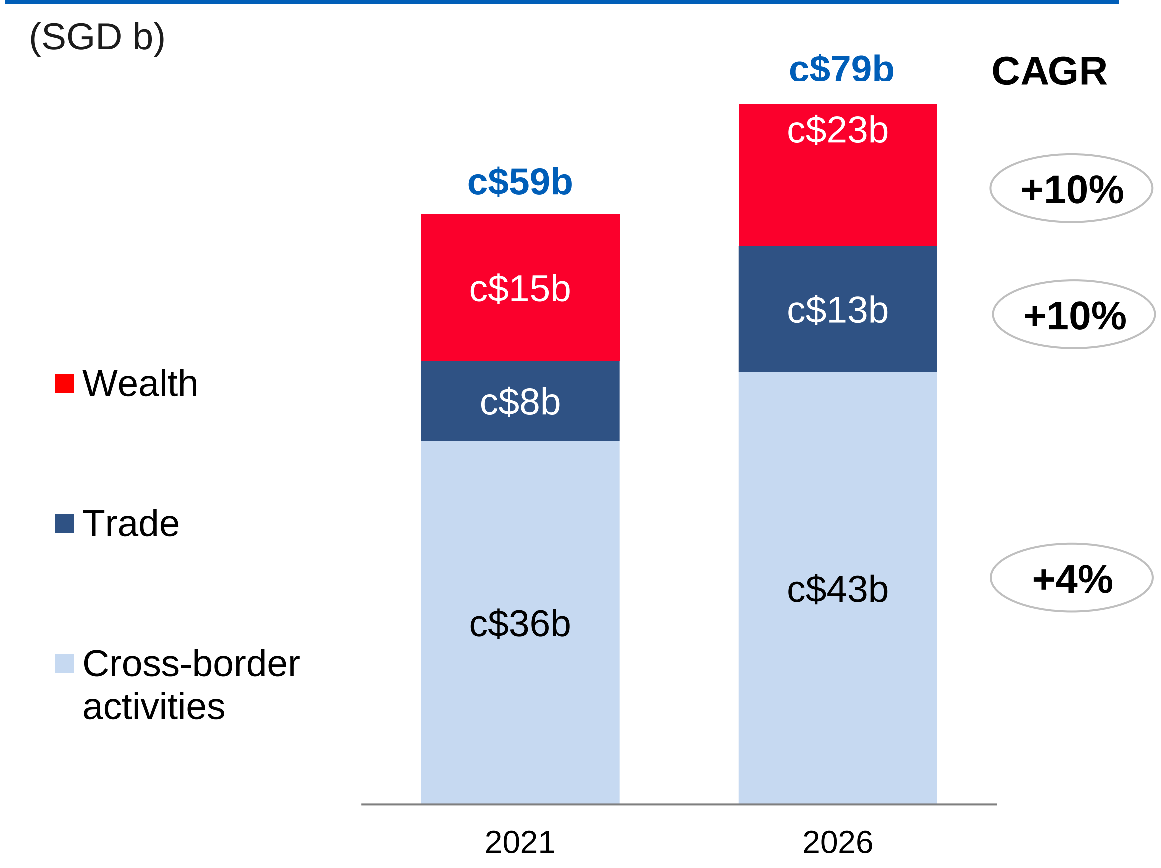
TMRW by UOB *was launched in Thailand (March 2019) and Indonesia (August 2020)*



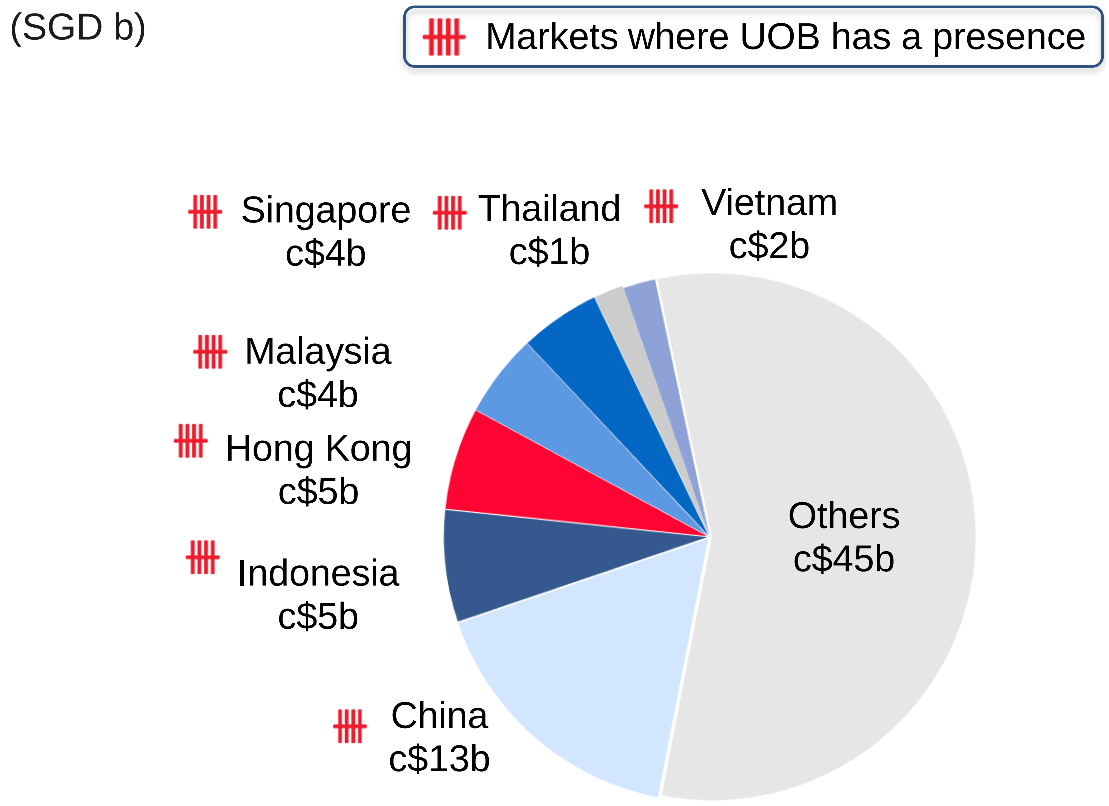
Note: UAE and Japan's retail banking market size as of 2017
Source: BCG banking pools (2019), World Bank (2017)

Revenue potential from 'connecting the dots' in the region

Industry's potential connectivity revenue



Industry's potential connectivity revenue (2026)



Note: '*Trade*' and '*cross-border activities*' capture both inbound and outbound flows of Southeast Asia, with '*trade*' comprising exports and imports while '*cross-border activities*' comprising foreign direct investments and M&A. '*Wealth*' captures offshore and onshore assets booked in Singapore as a wealth hub. Incorporating BCG analysis, these are converted into banking revenue potential

Source: Boston Consulting Group's analysis, Boston Consulting Group Global Banking Revenue pool

Consumers

- Tapping on rising affluence and growing digitalisation in Southeast Asia

Scale Acquisition with Digital

Scale UOB TMRW across ASEAN to digitally acquire at low cost

>7m
Retail customers
77% are
digitally enabled

>225k
New to bank customers
acquired in 1Q23,
59% 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

40
Strategic multi-markets partnerships, amongst >1,000 in-country partnerships

2x
Credit card fees almost doubled year on year

Leverage data insights to drive Omni-channel Offerings

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

S$160b
Assets under management (AUM)[1,2]
▲ 14% YoY

~3x
Higher average revenue generation by omni-channel vs traditional customers

1. Of which 60% 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

+19%
Cross border income[1]; Formed 24% of GWB income

+30%
Suppliers and distributors[2] within Financial Supply Chain Management (FSCM) solution

Sector Specialisation

Building capabilities for greater diversification and risk mitigation

+41%
Income from Non-Real Estate & Hospitality and Non-FIG sectors[1]

+23%
Global Financial Institutions Group (FIG) income[1]

Deepening Digitalisation

For secure and efficient transactions

+114%
Cashless payments to businesses in the region[3]

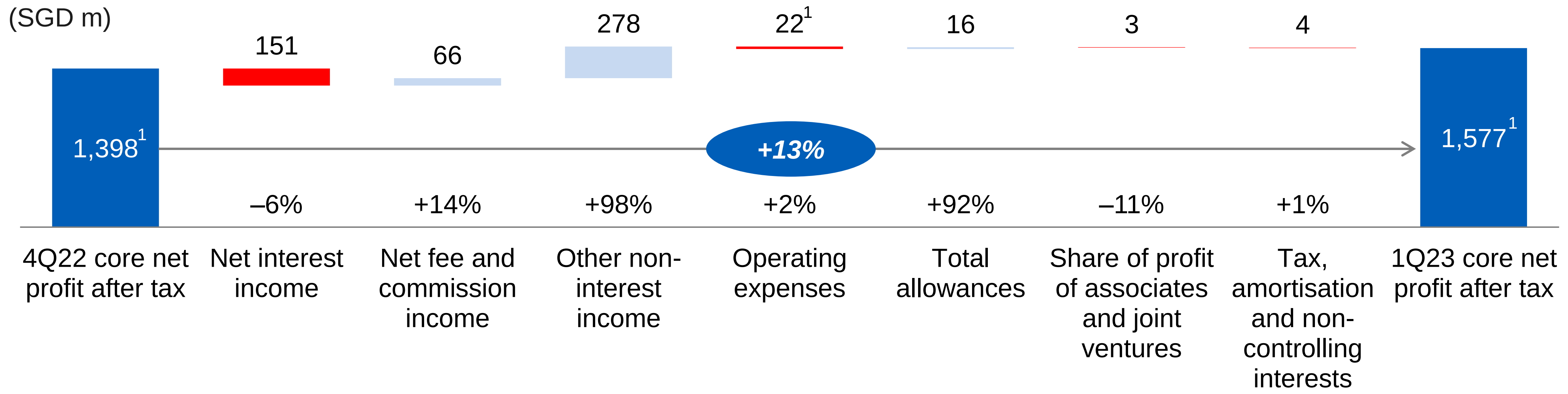
+13%
Digital banking transactions by businesses across the Group[4]

1. Year on year growth for Feb-23 YTD. 2. As of Feb-23. 3. Refers to payments made on Corporate PayNow, DuitNow and PromptPay in Singapore, Malaysia and Thailand. 4. Refers to digital banking transactions via UOB Infinity/BIBPlus

Latest Financials

1Q23 financial overview

Core Net Profit After Tax Movement, 1Q23 vs 4Q22

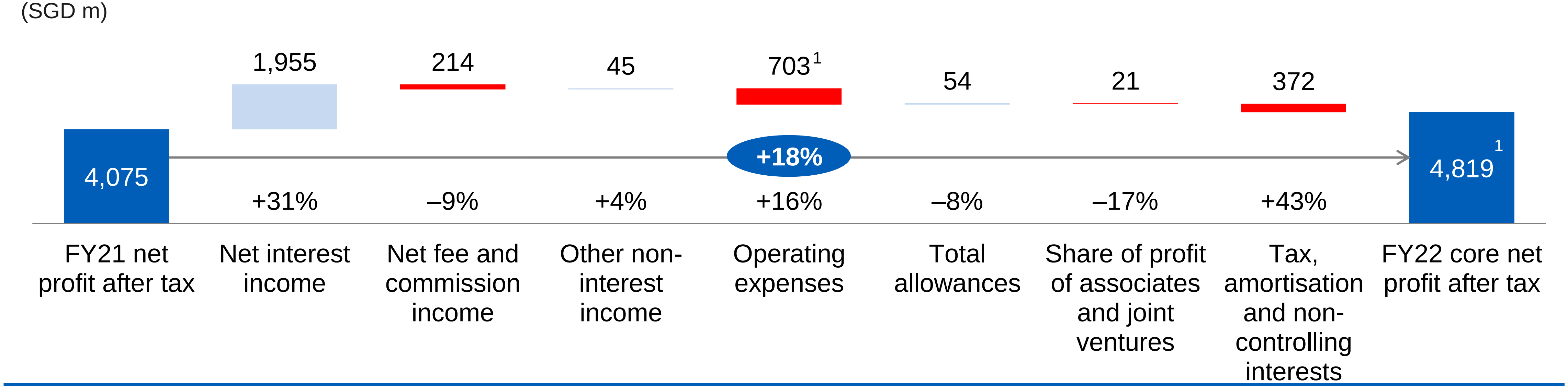


Key Indicators	1Q23	4Q22	QoQ Change	1Q22	YoY Change
Net interest margin (%) [2]	2.14	2.22	–0.08% pt	1.58	+0.56% pt
Non-interest income / Income (%)	31.6	23.1	+8.5% pt	28.5	+3.1% pt
Cost / Income ratio (%) [1]	40.9	42.6	–1.7% pt	44.8	–3.9% pt
Return on equity (%) [1, 2, 3]	14.9	13.8	+1.1% pt	8.8	+6.1% pt

1. Excluding one-off expenses
2. Computed on an annualised basis
3. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions

2022 financial overview

Core Net Profit After Tax Movement, 2022 vs 2021



Key Indicators	2022	2021	YoY Change
Net interest margin (%)	1.86	1.56	+0.30% pt
Non-interest income / Income (%)	27.9	34.7	–6.8% pt
Cost / Income ratio (%) [1]	43.3	44.1	–0.8% pt
Return on equity (%) [1, 2]	11.9	10.2	+1.7% pt

1. Excluding one-off expenses
2. Calculated based on profit attributable to equity holders of the Bank, net of perpetual capital securities distributions

Performance by Geography

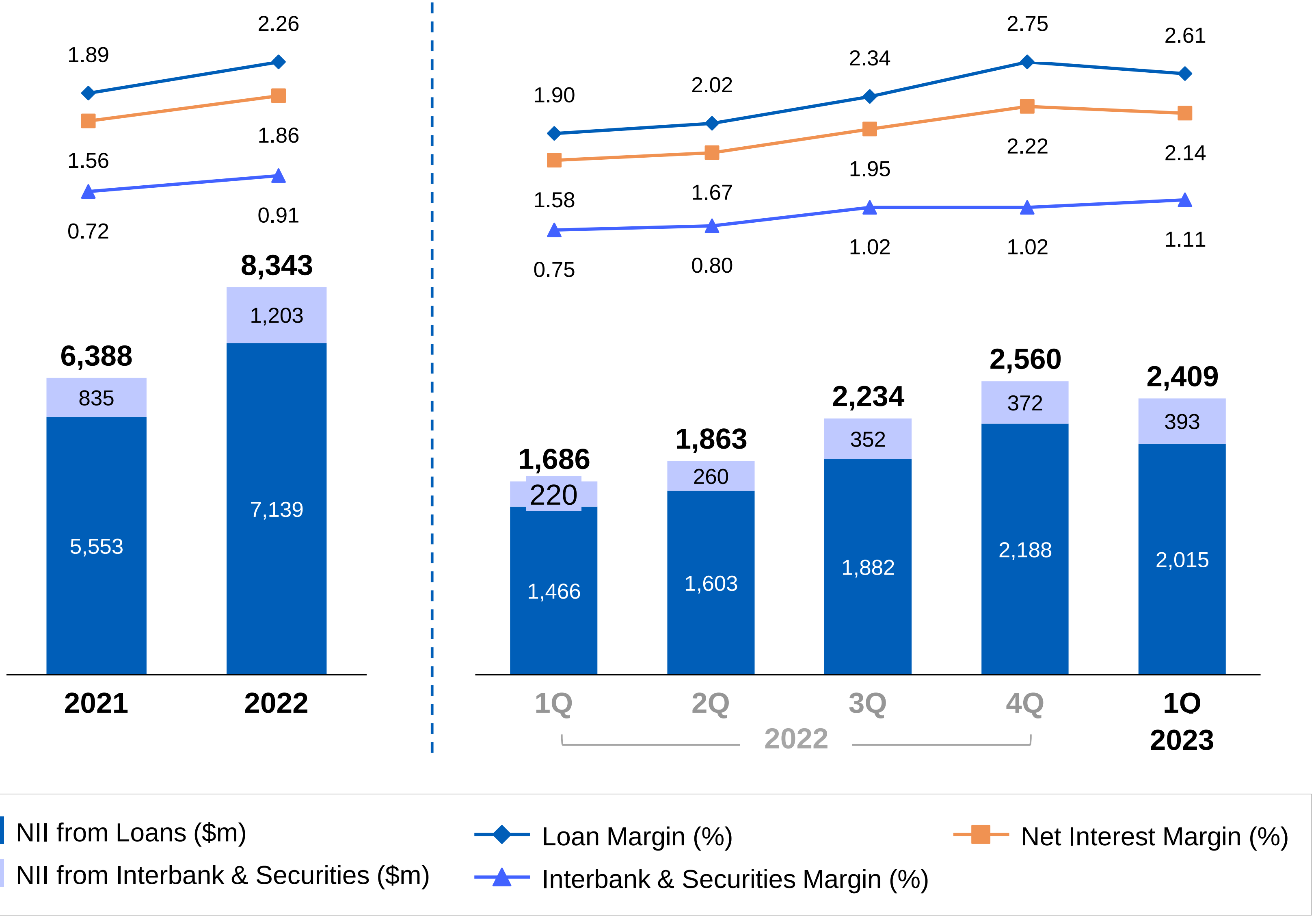
- Continued momentum in quarterly growth across Singapore, ASEAN-4 and the developed markets
- Well connected overseas franchise, coupled with uplift from Citi consolidation; overseas contribution at 41% to Group operating profit

Core operating profit [1]	1Q23 $m	4Q22 $m	QoQ +/(-)%	1Q22 $m	YoY +/(-)%
Singapore	**1,233**	1,204	2	697	77
ASEAN-4	**465**	401	16	319	46
Malaysia	**224**	195	15	171	31
Thailand	**171**	135	27	100	72
Indonesia	**64**	67	(4)	45	42
Vietnam	**6**	5	17	3	>100
North Asia	**153**	170	(10)	147	4
Greater China	**137**	162	(15)	130	5
Others	**16**	8	87	16	(4)
Rest of the world	**232**	138	69	139	67
Total	**2,083**	1,912	9	1,301	60
Overseas contribution (%) [1]	**40.8**	37.0	3.8	46.4	(5.6)

(1) Excluding one-off expenses

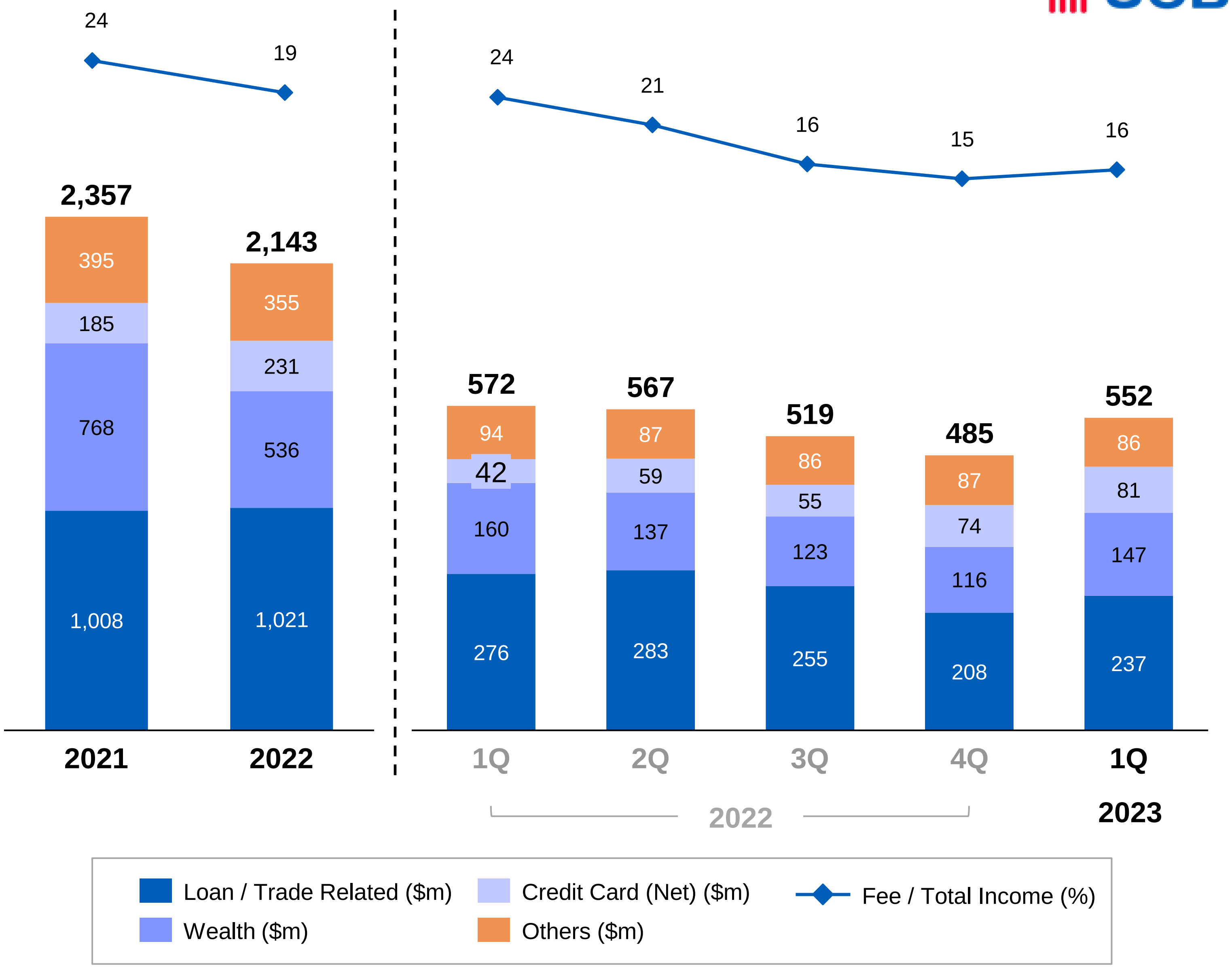
Net Interest Income and Margin

- 1Q23 NII eased 6%, partly due to a shorter quarter, as well as lower net interest margin
- NIM moderated to 2.14% from liquidity surplus placed into high quality assets and increase in funding costs



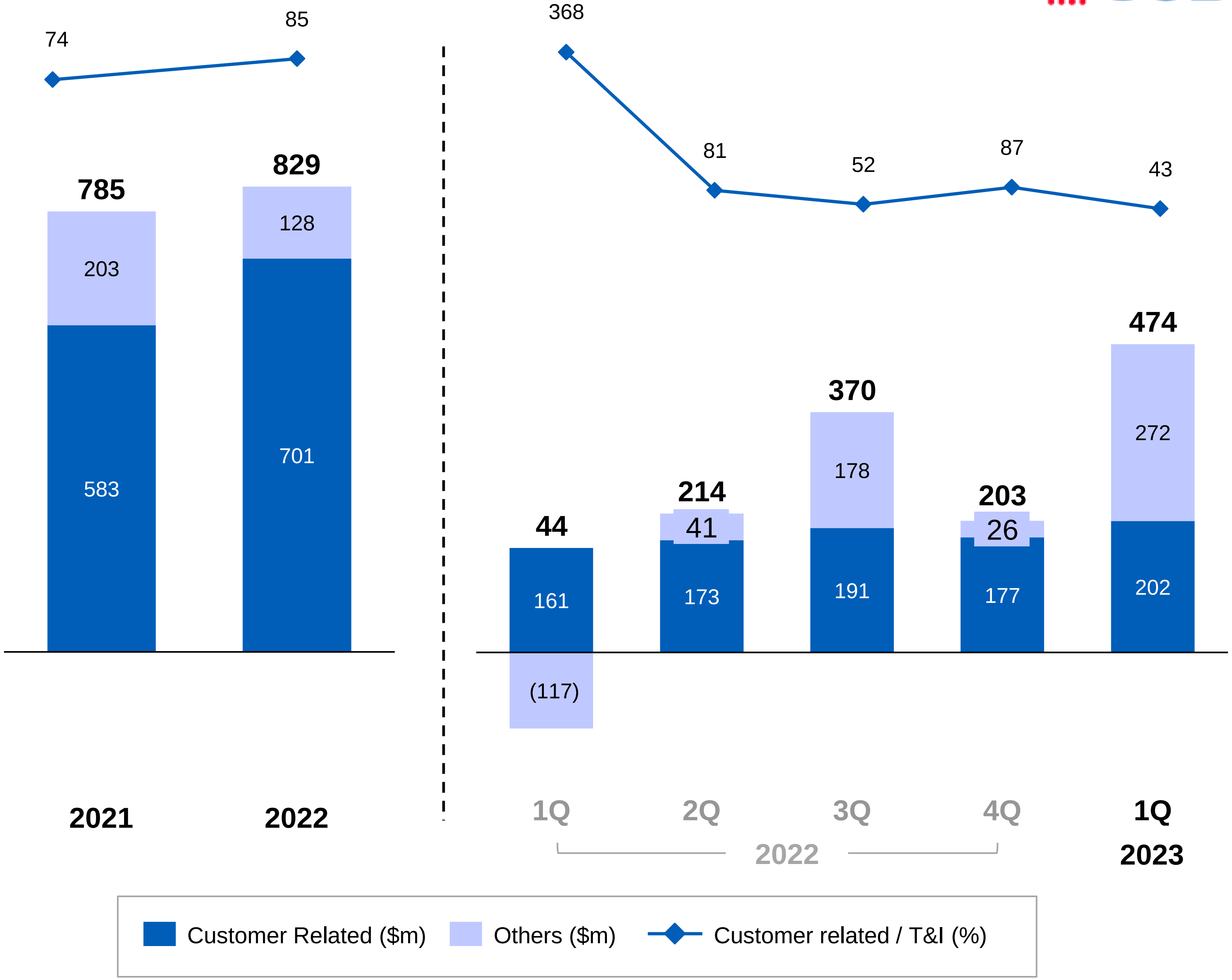
Fee Income

- Net fee income rose 14% QoQ
- Wealth management fees recovered from improved investor sentiments
- Loan-related fees rebounded while credit card fees sustained momentum despite seasonally softer quarter



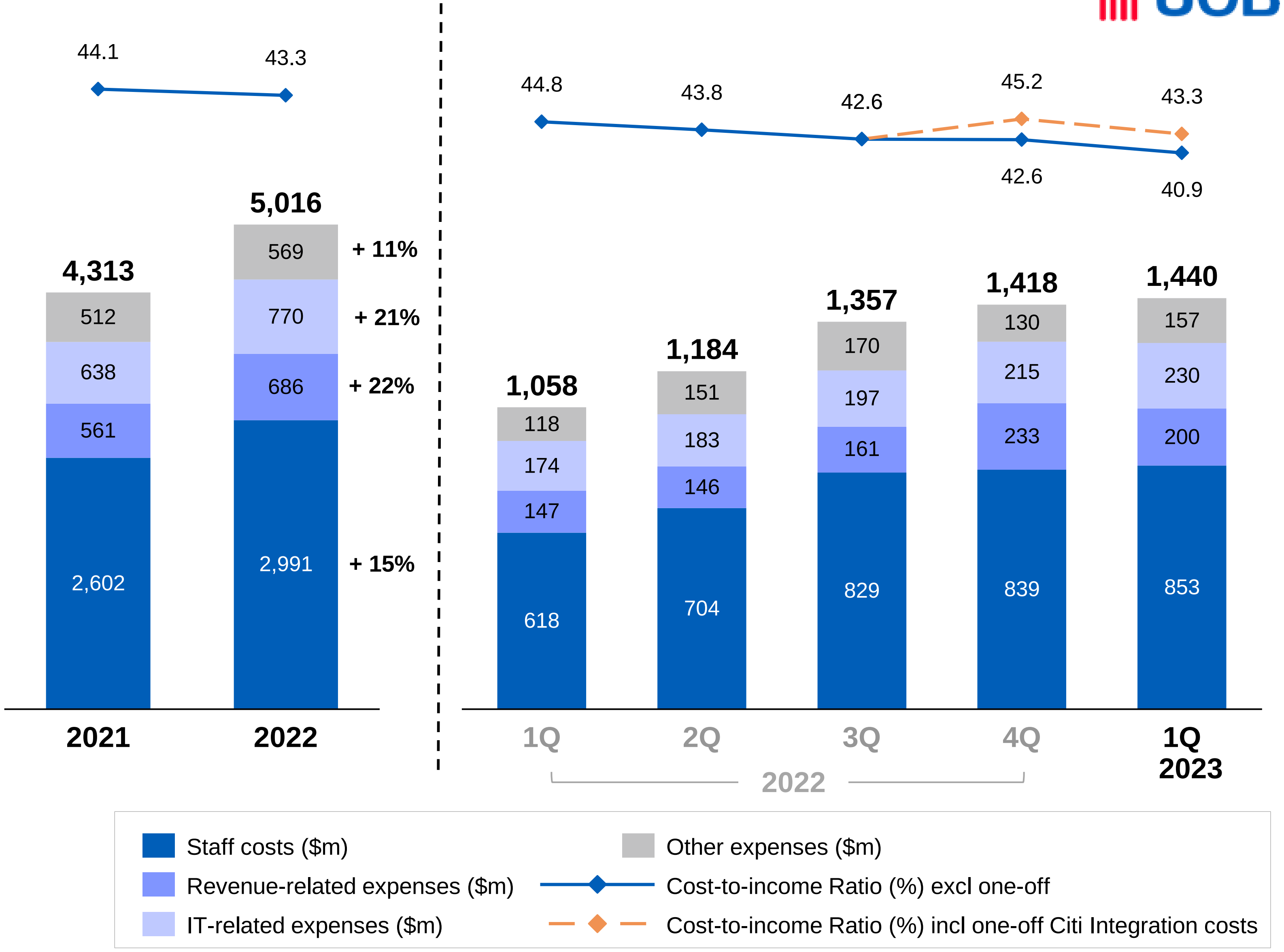
Trading & Investment Income

- Customer-related treasury income at new high, supported by hedging demand
- Good performance from trading and liquidity management activities



Core Expenses and Cost / Income Ratio [1]

- CIR improved to 40.9% on the back of strong income growth and disciplined spending
- Continued focus on investments to enhance capabilities to drive strategic initiatives



(1) Excluding one-off expenses

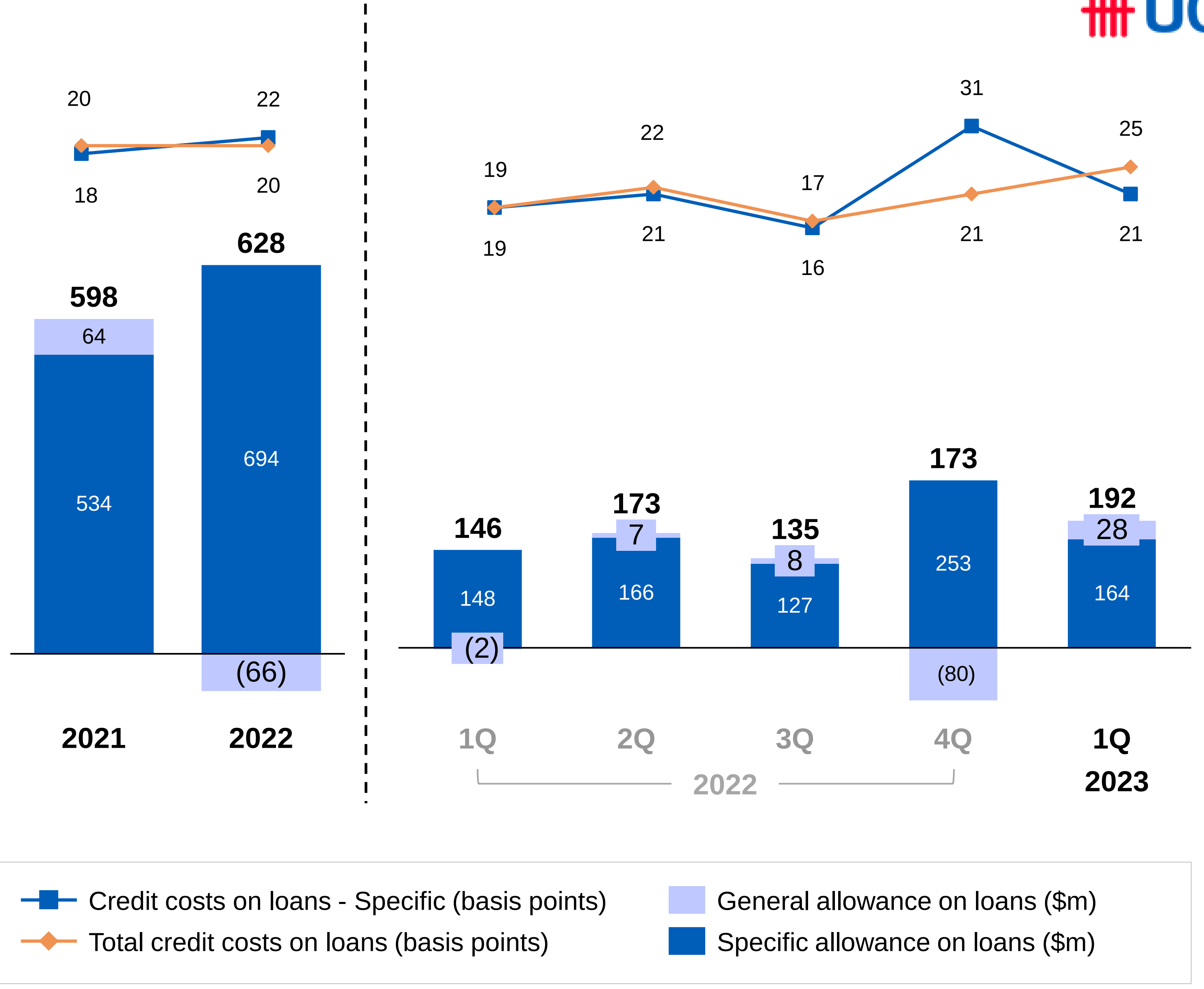
Non-Performing Assets

- Asset quality remained resilient and portfolio well-collateralized with SP/NPA stable at 32%

($m)	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2023 1Q
NPAs at start of period	5,077	5,289	5,422	5,037	5,127
Non-individuals					
New NPAs	462	661	214	395	301
Less:					
Upgrades and recoveries	207	363	448	322	80
Write-offs	36	123	60	121	218
	5,296	5,464	5,128	4,989	5,130
Individuals	(7)	(42)	(91)	(27)	13
NPAs at end of period	5,289	5,422	5,037	4,962	5,143
Add: Citi acquisition	-	-	-	165	7
NPAs at end of period including Citi	5,289	5,422	5,037	5,127	5,150
NPL Ratio (%)	1.6	1.7	1.5	1.6	**1.6**
Specific allowance/NPA (%)	31	30	33	34	**32**

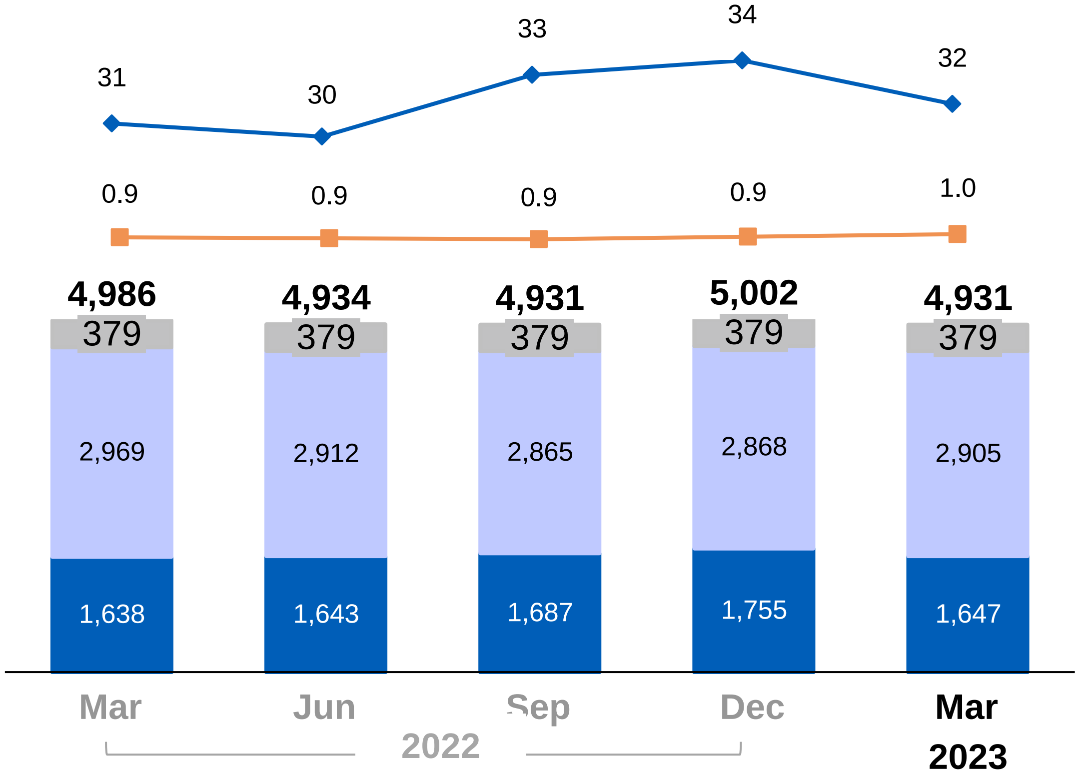
Total Allowance on Loans

- General allowance set aside to maintain prudent levels of provisioning



Allowance Coverage

- Adequate reserve buffer with prudent coverage for performing loans at 1.0%
- NPA coverage stable at 96% or 212% taking collateral into account



	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023
NPA coverage (%) [(2)]	94	91	98	98	**96**
Unsecured NPA coverage (%) [(2)]	216	185	207	207	**212**

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

Specific allowance ($m) — General allowance ($m) — RLAR [(1)] ($m)

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.

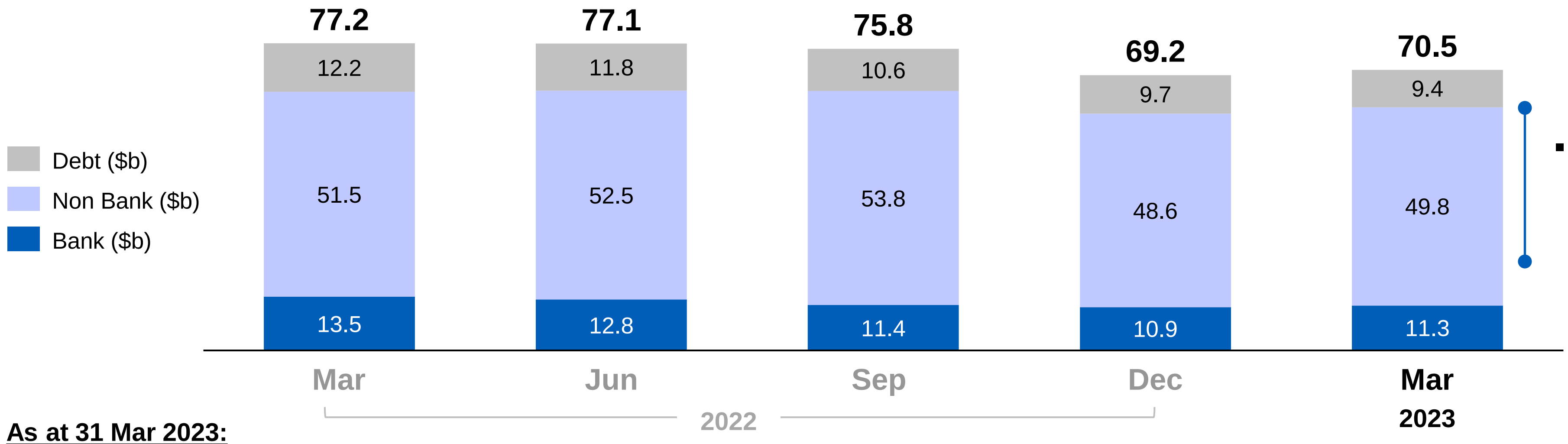
Gross Loans

- Lower loans QoQ as corporates pared down their borrowings while trade and mortgage were stable
- YoY growth of 1% on constant currency basis, led by 9% increase in ASEAN-4 portfolio with uplift from Citi consolidation

	Mar-23 $b	Dec-22 $b	Mar-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**155**	160	162	(3)	(4)
ASEAN-4	**68**	69	63	(0)	9
Malaysia	**33**	33	30	(1)	11
Thailand	**24**	23	21	1	13
Indonesia	**10**	10	10	(4)	(8)
Vietnam	**2**	2	2	24	11
North Asia	**53**	52	56	4	(5)
Greater China	**50**	49	51	2	(3)
Others	**4**	3	5	24	(19)
Rest of the world	**39**	39	39	(1)	1
Total	**316**	320	320	(1)	(1)
At constant FX basis	*316*	*319*	*313*	*(1)*	*1*

Note: 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



- ~$3b in loans to Chinese developers (*1% of group loans*)

As at 31 Mar 2023:

Mainland China exposure

($21.8b or 4% of total assets)

Bank exposure ($8.6b)

- ~40% of total exposure to Mainland China, with top 5 domestic banks and 3 policy banks accounting for ~60% of total bank exposure
- ~100% with <1 year tenor; trade accounts for ~20% of total bank exposure

Non-bank exposure ($10.7b)

- Client base include top-tier state-owned enterprises, large local corporates and foreign investment enterprises
- ~65% denominated in RMB and ~55% with <1 year tenor
- NPL ratio at 0.8%

Hong Kong SAR exposure

($42.3b or 8% of total assets)

Bank exposure ($0.9b)

- ~95% are to foreign banks

Non-bank exposure ($35.7b)

- Exposure mainly to corporate and institutional clients
- ~50% with <1 year tenor
- NPL ratio at 1.5%

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 Commodities Segment

- As of 31 March 2023, outstanding loans to the commodities segment remain modest and represented 6% of total loans

Mar 23	Oil and Gas (O&G)		Other Commodity Segments[2]	Total
	Upstream industries[1]	Traders / downstream industries		
Outstanding loans	S$1.9b	S$7.7b	S$8.3b	S$17.9b
Percentage of total loans	3%		3%	6%

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.

Total Funding

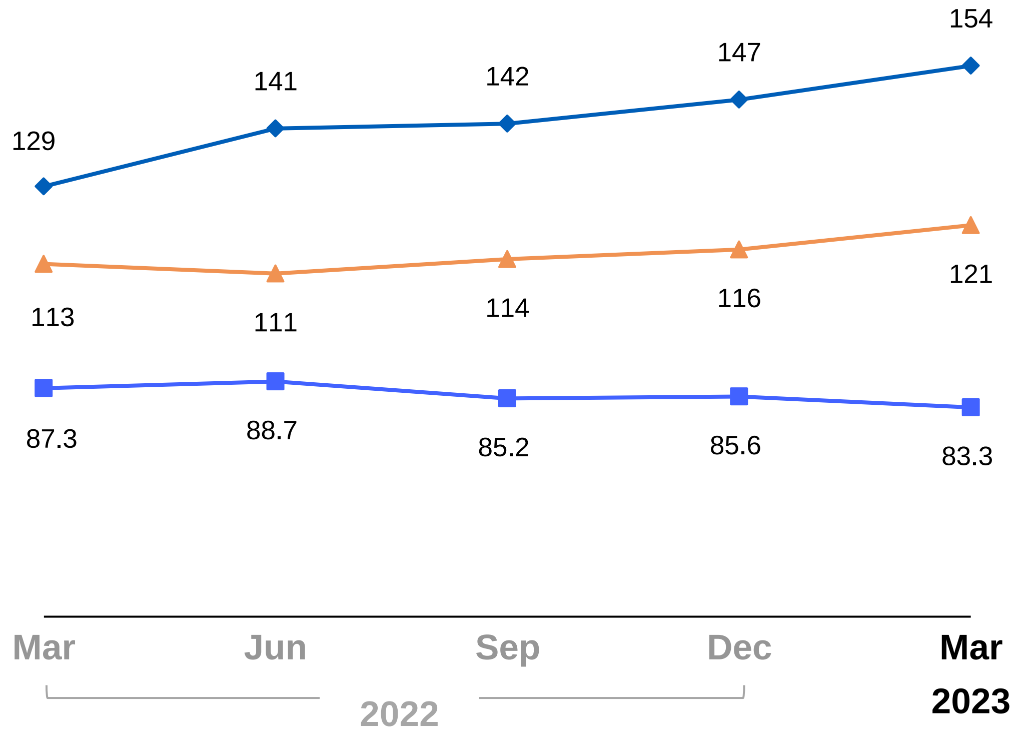
- Continue to focus on stable funding
- Customer deposits up 2% QoQ, alongside improvement in CASA to 47.9% on concerted fixed deposit-gathering efforts

	Mar-23 $b	Dec-22 $b	Mar-22 $b	QoQ +/(-)%	YoY +/(-)%
Singapore	**254**	249	248	2	2
ASEAN-4	**73**	71	65	3	12
Malaysia	**34**	34	32	(1)	6
Thailand	**26**	26	23	3	17
Indonesia	**11**	10	10	12	11
Vietnam	**2**	1	1	56	87
North Asia	**22**	21	24	5	(8)
Greater China	**22**	21	24	5	(9)
Others	**0**	0	0	35	>100
Rest of the world	**25**	28	25	(9)	1
Total Customer Deposits	**374**	369	362	2	3
Wholesale funding [1]	**60**	68	56	(11)	7
Total funding	**435**	436	418	(0)	4
CASA/Deposit Ratio (%)	**47.9**	47.5	55.9	0.4	(8.0)

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

Liquidity Ratios

- Funding and liquidity positions strengthened further with LCR at 154% and NSFR at 121%



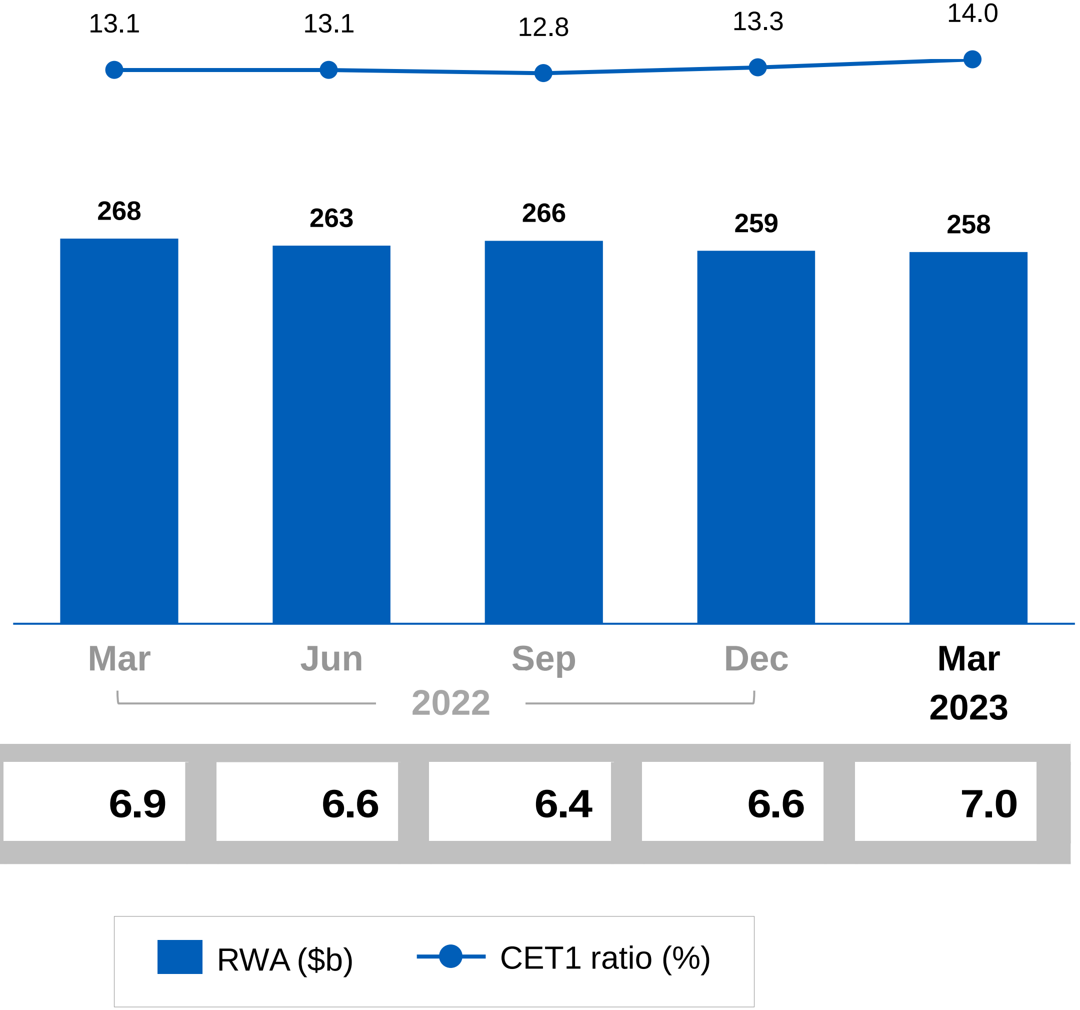
USD LDR (%)	66.3	72.3	64.2	60.0	60.7

All-currency LCR (%)
Loan/Deposit Ratio (LDR) (%)
Net Stable Fund Ratio (NSFR) (%)[1]

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 phase back by 1 April 2022.

Capital

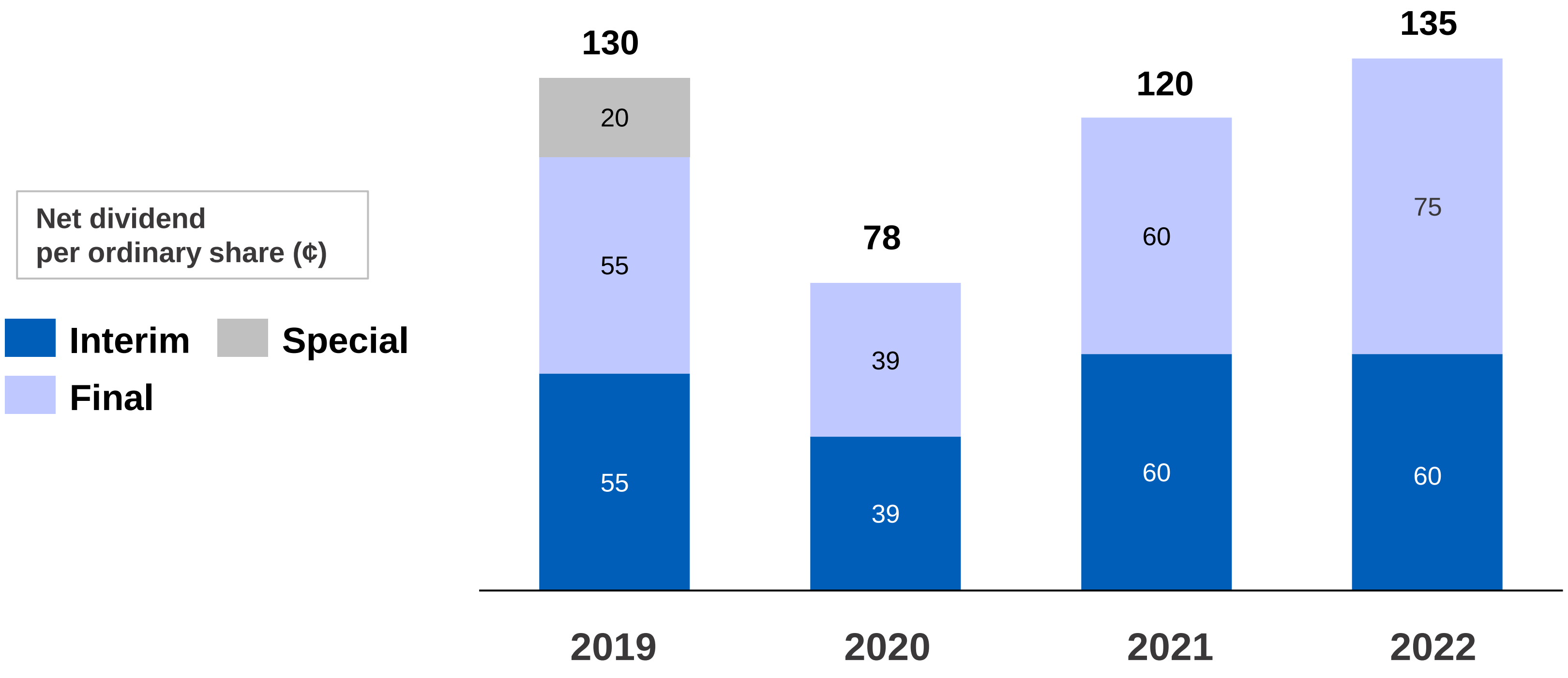
- Strong CET1 ratio at 14.0%



Leverage ratio (%)	**6.9**	**6.6**	**6.4**	**6.6**	**7.0**

Dividends

- Committed to consistent and sustainable returns to shareholders



	2019	2020	2021	2022
Payout amount ($m)	2,171	1,304	2,011	2,261
Payout ratio (%)	50	45 ^	49	49
Payout ratio (excl special dividends (%)	42	45 ^	49	49

^ 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.

Right By You