

UOB posts S\$906 million in first quarter net profit *Customer franchise and asset quality remains resilient*

UOB Group (UOB) has posted S\$906 million in net profit for the first quarter of 2022 (1Q22), down 11% quarter on quarter (QoQ), amid market volatilities.

The Group's customer franchise remained strong, with higher net interest income due to quality loan growth and disciplined pricing.

Total fees were flat QoQ. Loan-related fees hit a new high with 14% growth QoQ, but were offset by a decline in credit card, wealth management and fund management fees, which were affected by market sentiment. Trading and investment income saw a double-digit drop from impact on hedges as interest rates rose. As a result, total income dropped slightly by 3% to S\$2.4 billion.

Credit costs in 1Q22 normalised to 19 basis points given the higher general allowance write-back in the previous quarter. The Group's asset quality and balance sheet stayed resilient with adequate level of liquidity. The Common Equity Tier 1 (CET1) ratio remained healthy at 13.1%.

1Q22 key financial indicators

Operating profit S\$1.30b - 3% QoQ - 7% YoY	Net profit after tax S\$906m - 11% QoQ - 10% YoY
Cost/Income ratio 44.8% - 0.2%pt QoQ + 1.0%pt YoY	Credit costs 19bps + 7bps QoQ - 10bps YoY
NPL ratio 1.6% No change QoQ + 0.1%pt YoY	Customer loans S\$320b + 3% QoQ + 9% YoY
NSFR ratio 113% - 3%pt QoQ - 8%pt YoY	CET1 ratio 13.1% - 0.4%pt QoQ - 1.2%pt YoY

Optimistic of the recovery of Southeast Asia



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

“ Geopolitical tensions and uncertainties on the global growth outlook have led to market volatilities. Despite that, our core businesses held up well, with quality loans growth, record loan-related fees and better margins.

We remain focused on supporting businesses to help them seize opportunities as borders reopen. The trade and investment corridors between ASEAN and China place us in a unique position to serve customers. The current disruptions to global supply chains will shore up the importance of the role of our region.

We are making good progress in our Citi integration and our digital initiatives. And our own green efforts and support for our customers to make positive impact are seeing results. We aim to announce our net zero plans by the end of this year.

We remain optimistic of the recovery of our region and the longer-term potential of Southeast Asia. With our strong balance sheet, backed by healthy capital and liquidity positions, we are well positioned to navigate these uncertain times together with our customers and the community. ”

Financial performance

	1Q22 S\$m	4Q21 S\$m	QoQ +/(-)%	1Q21 S\$m	YoY +/(-)%
Net interest income	1,686	1,677	1	1,529	10
Net fee income	572	580	(1)	619	(8)
Others	101	177	(43)	338	(70)
Total income	2,359	2,434	(3)	2,486	(5)
Less: Total expenses	1,058	1,095	(3)	1,089	(3)
Operating profit	1,301	1,339	(3)	1,397	(7)
Less: Impairment charge	178	112	59	201	(11)
Add: Associate & Joint Ventures	29	19	55	32	(8)
Net Profit	906	1,017	(11)	1,008	(10)

1Q22 versus 4Q21

The Group reported net profit of S\$906 million, 11% lower than the previous quarter, as geopolitical uncertainties led to lower non-customer-related trading and investment income, coupled with lower general allowance write-back.

Net interest income increased 1%, led by a 3% loan growth and two basis-point improvement in net interest margin to 1.58%. Net fee and commission income was largely flat at S\$572 million, with strong demand for lending and advisory business propelling loan-related fees to grow 14% to a new high of S\$194 million. However, this was tempered by seasonally lower credit card spend and lower wealth and fund management fees on the back of dampened market sentiment.

Customer-related treasury income grew 18%, as customers were keen to hedge their risk. However, this was more than offset by impact from hedges as interest rates rose and unrealised mark-to-market on investments. Therefore, other non-interest income fell 43% to S\$101 million.

Total operating expenses decreased 3% in tandem with lower income. Hence, cost-to-income ratio held steady at 44.8%. Total allowance was 59% higher, mainly due to higher general allowance write-back in the previous quarter. As such, total credit costs on loans normalised to 19 basis points in 1Q22.

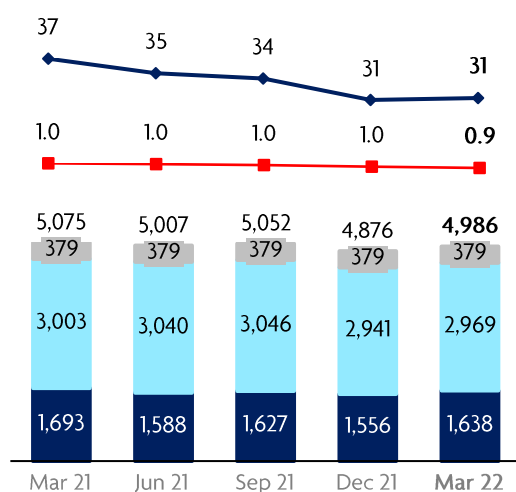
1Q22 versus 1Q21

Net interest income increased 10%, led by loan growth of 9%. Net fee and commission income declined 8%, largely due to lower wealth management and fund management as the market outlook this year is more subdued. Other non-interest income similarly decreased from impact on hedges, resulting in lower non-customer-related trading and investment income, although customer-related treasury income was stable.

Total operating expenses was 3% lower in line with lower income. Total allowance fell 11% on lower general allowances, with total credit costs on loans being 10 basis points lower.

Asset quality

Allowance coverage



Asset quality remained resilient with the non-performing loan (NPL) ratio stable at 1.6%. Total credit costs at 19 basis points were in line with expectations.

Allowance coverage remained adequate with non-performing assets (NPA) coverage at 94% or 216% after taking collateral into account. The performing loans reserve buffer was maintained prudently at 0.9%.

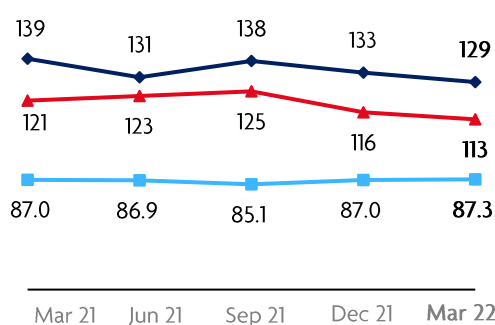
NPL ratio (%)	1.5	1.5	1.5	1.6	1.6
Total credit costs on loans (bps)	29	20	20	12	19

■ 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 liquidity and funding positions remained healthy with this quarter's average all-currency liquidity coverage ratio (LCR) at 129% and net stable funding ratio (NSFR) at 113%, well above the minimum regulatory requirements. Loan-to-deposit ratio (LDR) was stable at 87.3%.

CET1 ratio eased to 13.1%, largely from asset growth as the Group continues to support its customers to meet their financial needs.

CET1 ratio (%)	14.3	14.2	13.5	13.5	13.1
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◆ All-currency LCR (%) ■ NSFR (%) ■ LDR (%)

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

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Financial Highlights

	1Q22	4Q21	+ / (-) %	1Q21	+ / (-) %
Selected income statement items (\$m)					
Net interest income	1,686	1,677	1	1,529	10
Net fee and commission income	572	580	(1)	619	(8)
Other non-interest income	101	177	(43)	338	(70)
Total income	2,359	2,434	(3)	2,486	(5)
Less: Operating expenses	1,058	1,095	(3)	1,089	(3)
Operating profit	1,301	1,339	(3)	1,397	(7)
Less: Allowances for credit and other losses	178	112	59	201	(11)
Add: Share of profit of associates and joint ventures	29	19	55	32	(8)
Net profit before tax	1,152	1,246	(8)	1,227	(6)
Less: Tax and non-controlling interests	246	229	8	219	12
Net profit after tax ¹	906	1,017	(11)	1,008	(10)
Selected balance sheet items (\$m)					
Gross customer loans	319,999	310,800	3	293,267	9
Customer deposits	361,747	352,633	3	331,979	9
Total assets	475,847	459,323	4	440,749	8
Shareholders' equity ¹	42,892	42,633	1	41,700	3
Risk-weighted assets	267,550	259,067	3	236,008	13
Key financial ratios (%)					
Net interest margin ²	1.58	1.56		1.57	
Cost/Income ratio	44.8	45.0		43.8	
Credit costs on loans (bp) ²					
General	-	(10)		19	
Specific	19	22		10	
Total	19	12		29	
NPA coverage ratio	94	96		112	
NPL ratio ³	1.6	1.6		1.5	
Return on average ordinary shareholders' equity ^{2,4}	8.8	10.0		10.2	
Return on average total assets ²	0.77	0.89		0.93	
Loan/Deposit ratio ⁵	87.3	87.0		87.0	
Liquidity coverage ratios ("LCR") ^{6,10}					
All-currency	129	133		139	
Singapore Dollar	343	321		274	
Net stable funding ratio ("NSFR") ^{7,10}	113	116		121	
Capital adequacy ratios					
Common Equity Tier 1	13.1	13.5		14.3	
Tier 1	14.0	14.4		15.4	
Total	15.8	16.6		17.9	
Leverage ratio ⁸	6.9	7.2		7.5	
Earnings per ordinary share (\$) ^{2,4}					
Basic	2.13	2.39		2.36	
Diluted	2.11	2.38		2.35	
Net asset value ("NAV") per ordinary share (\$) ⁹	24.23	24.08		23.42	

Notes:

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