

Announcement

Co. Reg. No. 193500026Z

ANNUAL GENERAL MEETING (AGM) TO BE HELD ON 21 APRIL 2025 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

7 April 2025, Singapore – United Overseas Bank Limited (UOB or the Bank) refers to the announcement of 21 March 2025 on our Notice of AGM, in particular, the invitation to shareholders to submit substantial and relevant questions in advance of the AGM. The Bank thanks shareholders for the questions submitted.

The Bank's responses to the questions received from shareholders up to 4 April 2025 are set out below.

1. Will UOB pay out dividends quarterly?

Our current practice of paying half-yearly dividends takes into account the overall industry norms and prudent capital management. We continue to review this on a periodic basis.

2. Does UOB have a structured leadership succession plan in place, and is the bank considering a successor from within the family or open to appointing someone from outside the family? Is there also a timeline for refreshing the broader management team given that many members are currently above the age of 60?

Taking a long-term and sustainable approach is fundamental to UOB and its founding family. This approach also applies to leadership development and succession planning for UOB. We have in place robust processes for people and leadership development to ensure smooth succession at the senior levels that will in turn ensure stable leadership. In considering successors for senior management roles, we evaluate both internal and external candidates for the best fit.

Senior management development and succession planning is an ongoing process. In 2024, we added new members to our senior management team to ensure continuity and drive progressive growth. Our new leadership team will continue to propel UOB forward and deliver sustainable value to all stakeholders.

3. For your Singapore market, I understand UOB has been quite focused on the retail customers, rather than the higher-income ones. Amidst rising uncertainties, and the retail customers potentially tightening their belt, how are you going to deal with potentially softer consumer spending, which might affect your earnings from card fees?

We serve retail customers across various segments. We have a balanced business across deposits, wealth management, secured loans (mortgages) and unsecured business, including cards and loans. This diversified model has served the Bank well.



Market uncertainties and volatilities will impact consumer sentiments, affecting their attitudes towards spending, savings, investments and loan commitments. We are vigilant and monitoring the evolving situation closely.

4. **Can I understand what your cost-income ratio for the ASEAN-4 bloc is? My understanding is that with the ASEAN markets, because of the lower purchasing power of those regions and the lower economies of scale, there might be a higher cost to income ratio for banking those segments. Can I understand how you're controlling those costs?**

Our cost-to-income ratio ("CIR") in UOB Malaysia, Thailand, Indonesia and Vietnam ("ASEAN 4") is higher than the UOB Group CIR of 44% as of FY24, as we are investing to strengthen our proposition as the bank of choice for aspiring ASEAN consumers.

Our acquisition of Citigroup consumer banking business in the ASEAN 4 markets enabled us to immediately double our customer base and bring forward our regional growth strategy by 5 years. It also required us to accelerate our investments to ensure the seamless migration of Citi customers onto the UOB platform. Over the last 2 years, we have incurred more than \$700m of one-off costs associated with the Citi acquisition. To date, we have integrated 3 out of the 4 markets that we acquired from Citi and will be completing the integration of the Vietnam portfolio this year. With the rolling off of the one-off costs, our Group CIR declined from 45% in FY23 to 44% in FY24.

Moving ahead, as we reap the synergies of an enlarged customer base and step up on our cross-selling efforts across the region, we expect the ASEAN 4 CIR to decline over the next few years, which will support our target of achieving a low 40s% CIR by 2026.

5. **You also mentioned a desire to accelerate ASEAN growth. I'm worried though of specific spots where your consumer loan book might be impaired - for example, Thailand has been weaker economically. Do you see a trend in your ASEAN-4 retail customers being unable to pay off their loans/unsecured credit card debt, and how do you see that impacting your portfolio? How are you managing the risks there?**

Our consumer businesses in the region target the affluent and mass affluent segments, which have been more resilient throughout economic cycles. Our lending portfolios are also predominantly secured.

Apart from impact from transitory frictions relating to the integration of the Citigroup portfolio last year, we have not observed any material deterioration in our consumer portfolios in ASEAN 4. In the context of the current environment, we are managing our portfolios more cautiously through tightened origination in higher risk segments and proactive exposure management.

By Order of the Board

Jeffrey Beh
Company Secretary

